The views presented here are those of the author and do not necessarily reflect those of the Federal Reserve Bank of New York or the Federal Reserve System.
Elicitation of Probabilistic Beliefs

What do you think is the percent chance that, over the next 12 months:

the rate of inflation will be 12% or more
the rate of inflation will be between 8% and 12%
the rate of inflation will be between 4% and 8%
the rate of inflation will be between 2% and 4%
the rate of inflation will be between 0% and 2%
the rate of deflation will be between 0% and 2%
the rate of deflation will be between 2% and 4%
the rate of deflation will be between 4% and 8%
the rate of deflation will be between 8% and 12%
the rate of deflation will be 12% or more

% Total

To verify that your responses add up to 100%, press “Add.”
Example of Fitted Density

<table>
<thead>
<tr>
<th>Mean</th>
<th>Median</th>
<th>IQR</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2</td>
<td>5.4</td>
<td>5.9</td>
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Chart 1: Inflation Expectations
One-year and three-year ahead expected inflation rates

Chart 2: Home Price Change Expectations
Median expected home price change, one-year ahead

Chart 3: Commodity Price Change Expectations
One-year ahead

Chart 4: Earnings Growth Expectations
Median expected earnings growth, one-year ahead

Chart 5: Household Income Growth Expectations
Median point prediction, one-year ahead

Chart 6: Change in Credit Availability

Chart 7: Inflation Uncertainty
One-year ahead

Income

Education

Numeracy

Possible Explanations for Consumers’ Greater Dispersion of Expectations and Greater Right-Skewness

- Different inflation concepts
- Differences in information set and expectation-formation process
- Differences in numeracy, cognitive skills, understanding
- Loss aversion
Chart 8: Dispersion in Survey of Consumer Expectations
Point Forecast

Chart 9: Median Inflation Expectations
Blue Chip Survey (BC) and Survey of Professional Forecasters (SPF)

Chart 10: Dispersion in Inflation Expectations
Blue Chip Survey (BC) and Survey of Professional Forecasters (SPF)