



Turkish Survey of Expectations: Methodological Changes, Sample Fixing and Use in Policy

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This paper documents recent changes we made in the methodology of the Turkish Survey of Expectations. In particular, we introduce a novel approach to measure individual uncertainty about medium term inflation expectations. Our findings suggest that disagreement among participants is higher and more volatile than average individual uncertainty, and hence it is the main factor in the dynamics of total uncertainty. Moreover, we develop a fixed subsample of forecasters chosen with respect to their response rates. Results show that the subsample fails to significantly improve forecast performance over trimmed mean. Finally, we discuss how medium term inflation expectations serve as an important input to the monetary policy decision process in Turkey.

Keywords: Uncertainty; disagreement; unbiased samples.