Social Media as a Monetary Policy Tool? Evidence from a Survey Experiment

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Abstract

This article examines forms of direct monetary policy communication and their impact on inflation expectations and the public's perception of the central bank. To this end, an experiment was conducted in August 2024 with three groups of respondents representative of the Czech population, the first of which was exposed to a monetary policy statement, the second to a related Facebook post, and the third to no information. Respondents who were exposed to the above-mentioned texts significantly reduced their inflation expectations and the link between those inflation expectations and perceived current inflation. At the same time, their knowledge of the monetary policy of the Czech National Bank (CNB) improved somewhat. However, none of the groups of respondents changed their opinion on the CNB, with the exception of a slight improvement in the assessment of its communication in the case of the group exposed to the Facebook post.

1. Introduction

Social networks have become an integral part of everyday life and a major communication channel for media outlets, private companies, and public institutions. For public institutions, their appeal lies in the ability not only to reach a broad audience, but also to deliver messages directly to the public through easily accessible platforms. Traditional media do not offer this advantage, as their messaging is often outside the direct control of the institution. Similarly, content published on an institution's website typically reaches only those actively seeking specific information. Therefore, a key advantage of central bank communication via social networks is the ability to convey information directly and proactively to users of these platforms.

Today, communication is increasingly recognized as a standalone tool of monetary policy. This is due not only to its influence on the expectations channel within the monetary policy transmission mechanism, but also to its role in supporting transparency and accountability (Binder, 2017). As central bank communication has become an important topic, research has shifted toward understanding how the general public receives and responds to such communication. Evidence suggests that communication can indeed shape consumer expectations. For example, Binder (2017) finds that the announcement of a 2% inflation target by the US Federal Reserve increased the anchoring of inflation expectations among households well-informed about Fed policy. Similarly, Szyszko et al. (2022) report that the perceived tone of central bank communication—particularly in press releases and meeting minutes—affects inflation expectations among households in Central European countries, even after controlling for past inflation and the industrial production index. However, households tend to be inattentive or unresponsive to changes in the monetary policy framework. Coibion et al. (2023) find that only a small proportion of households noticed the Fed's announcement of average inflation targeting, and those who did not adjust their expectations accordingly.

The effectiveness of monetary policy communication may depend on the channel through which the public receives the message, as well as on the form of the message itself. For instance, Ash et al. (2024) suggest that audiovisual recordings of the European Central Bank (ECB) President's press conferences are more effective in shaping inflation expectations than their written counterparts. While traditional media reflect the sentiment of central bank communication relatively well (Picault et al., 2022) and also mostly seem to understand and be attentive to the central bank's decisions in the case of the Czech National Bank (Böhm et al., 2009), Coibion et al. (2022) argue that direct messages from central banks—such as explicit inflation targets or official statements—have a greater impact on consumer expectations than messages mediated by the news media. Given the stronger influence of direct communication and the relatively low accessibility of technical statements published on central bank websites, social media emerges as a promising channel. It offers a direct and continuous way for central banks to engage with the public, as emphasized by the Bank for International Settlements (De Fiore et al., 2022).

This paper presents an experimental study on the effects of central bank communication on the general public, focusing on inflation expectations as well as knowledge and perceptions of the central bank. The study makes three main contributions. First, it compares the previously unexamined effect of social media communication with the effect of traditional direct communication, represented by a monetary policy statement. Second, it employs two realistic examples of monetary policy communication that the public might actually encounter. This approach complements existing literature that typically relies on simplified informational treatments (e.g., *"The inflation rate in the Czech Republic in July 2024 was 2.2%"*), which allow for clear causal inference but may lack external validity. By using real-world communication formats, this study seeks to provide more externally valid insights. Third, instead of focusing just on the value of inflation expectations,

it analyzes their mechanism of formation. Specifically, the paper examines how strongly respondents' inflation expectations are shaped by their perceptions of current inflation, and whether this adaptiveness can be reduced through communication treatments.

Both the aforementioned communication formats prove effective in influencing respondents' inflation expectations at the one- and three-year horizons and in reducing their adaptive reliance on perceptions of current inflation. Additionally, both treatments increase the likelihood of respondents being familiar with the Czech National Bank's (CNB) 2% inflation target, which supports the anchoring of inflation expectations. However, neither treatment significantly improves respondents' understanding of the transmission mechanism between interest rates and inflation, nor does either increase trust in the CNB. The only statistically significant difference between the two treatments lies in the perception of the CNB's communication: exposure to the Facebook post increases the likelihood of a more favorable assessment, whereas the monetary policy statement does not yield a statistically significant effect in this regard. The Facebook post also reduces the backward-lookingness of short-term inflation expectations somewhat more than the monetary policy statement. However, the difference between their marginal effects becomes statistically significant at relatively high levels of perceived inflation. Overall, both treatments seem to have an effect on shaping inflation expectations and at least partly on disseminating knowledge about the inflation target.

Beyond the main findings, the study offers additional insights into the relationship between individual characteristics and inflation expectations in the context of their adaptive nature. Education seems to play a role in the formation of long-term inflation expectations, even in the context of adaptive inflation expectations. However, the effect of education does not produce a significant effect on short-term inflation expectations, with the exception of vocationally trained respondents, who reported higher inflation expectations. The effect of education is complemented by the financial sophistication of an individual, reflecting the benefits of putting financial knowledge into practice with respect to both short- and long-term inflation expectations. Furthermore, male respondents tend to be better informed about the CNB than female respondents, while older individuals generally exhibit higher inflation expectations than would be predicted by their current inflation perception, possess less knowledge about the CNB, and hold more negative views of the institution.

The remainder of this paper is organized as follows. Section 2 uses recent empirical literature to describe how households' inflation expectations are formed, building the foundations for the subsequent analysis. Section 3 outlines the design, execution, and circumstances of the survey and the description of the resulting dataset. Section 4 presents a descriptive analysis and several stylized facts. Section 5 introduces the methodology for the in-depth analysis. Section 6 reports and interprets the main results. Finally, Section 7 concludes with a summary of the key findings and limitations of the study.

2. How Households Form Inflation Expectations

According to the contemporary economic literature, households deviate from theoretical models of rational expectations when forming inflation expectations. Instead, they rely on rules of thumb, heuristics, and adaptive learning. There are several specific factors that influence inflation expectations. First, people tend to put more weight on inflation experienced earlier in life. Malmendier and Nagel (2016) illustrate this factor with intergenerational differences in expected inflation in the 1980s. While the expectations of younger people increased relatively quickly with an increase in actual inflation, older people reacted less. The impact of lifetime experience is also illustrated by

Goldfayn-Frank and Wohlfart (2020), who found that eastern Germans reported higher inflation expectations even long after the reunification of Germany. The German Democratic Republic (GDR) practiced a planned economy, where prices were administratively given and inflation was almost non-existent. The effects of the subsequent substantial inflation shock in East Germany resulted in higher inflation expectations of East German households, and this experience has had a lasting impact.

The second factor forming inflation expectations is salient price changes. These are connected to items people pay more attention to because households consume them more regularly (D'Acunto et al., 2021b) and/or their prices are more volatile (Dietrich, 2024). This mechanism also creates discrepancies between demographic groups based on their shopping habits. An example is the "gender inflation gap" reflecting the higher inflation expected by women. D'Acunto et al. (2021) argue that this is a result of traditional gender roles, as women are more likely to shop for groceries than men, groceries generally have more volatile prices, and people tend to pay attention to price increases rather than decreases. On the other hand, men tend to form their expectations based on gasoline prices (Weber et al., 2021). The Bank of England's Inflation Attitudes Survey also notes the importance of salient prices, as 65% of British respondents determine their inflation expectations based on food and drinks and 36% based on utilities, while only 4% relate to the official numbers (Rowe, 2016). In addition to the gap between men and women, other demographic factors play a role in shaping inflation expectations. Older people tend to have higher inflation expectations. The same holds for households with lower income and lower education (D'Acunto et al., 2024).

Another important factor is news and other sources of information. The Consumer Expectations Survey of the ECB indicates that roughly 50% of Europeans use traditional media to get information about inflation, 29% get information from official authorities, and one-tenth of the respondents use social media (D'Acunto et al., 2024). The same survey also shows that the traditional media mostly serve older respondents, while younger respondents notice direct communication channels (the central bank's website and social media) more often. The news media in particular may also shape the understanding of inflation and beliefs connected to it. This is especially noticeable in the US, where the media environment is more polarized compared to Europe (Fletcher et al., 2020). Binetti et al. (2024) show that viewers of the right-leaning Fox News and listeners of the public service NPR have opposing views. While Fox News viewers tend to blame the government for inflation, NPR listeners rather blame businesses. NPR listeners also pay more attention to the social costs of inflation and are less convinced that the inflation rate can be reduced by lowering economic activity.

High-inflation episodes also shape inflation expectations. In line with the rational inattention mechanism (Sims, 2003), Weber et al. (2025) show that the attentiveness of households to news about inflation increases during times of elevated inflation. This may not be a uniform process across the entire population. A Kansas City Fed analysis (Glover, 2022) shows that an initial signal of rising underlying inflation expectations may be gauged from disagreement among households as the distribution of their expectations becomes more dispersed. This is followed by an increase in the median of expected inflation, as happened in the US in 2021 and 2022.

The central bank and its communication may also be a significant factor in shaping households' expectations. Major experimental studies examining the effect of central bank communication have emerged. Targeted communication can have a significant effect, as shown by a field experiment conducted by the ECB (Jung and Mongelli, 2025), in which showing respondents monetary policy briefings significantly improved their understanding of the ECB's monetary policy and boosted the anchoring of their inflation expectations. A study by Nghiem et al. (2024) using a randomized control trial (RCT) experiment shows that providing German respondents with quantitative inflation

projections or the 2% inflation target of the ECB can improve anchoring of their three-year inflation expectations. Another approach was taken by Brouwer and de Haan (2022), where all respondents in an RCT experiment received information about the ECB's goal, but only some were informed about how the ECB strives to achieve it. Those respondents who received both pieces of information reported inflation expectations closer to the ECB's inflation target. Even though central bank communication seems to be effective in affecting the inflation expectations of households, the effect may not be long-lasting. As Coibion et al. (2022) suggest, the effect of information treatments weakens 3 months after the treatment takes place and vanishes after 6 months.

De Fiore et al. (2025) also suggest that greater knowledge about the central bank matters, as households with better knowledge of their central bank's mandate report lower inflation expectations. McCowage and Rickards (2024), using data from a survey of Australian households, show that respondents with higher financial literacy (correlated with gender and previous education) and more accurate knowledge of the Reserve Bank of Australia's inflation target report more anchored inflation expectations.

In the case of the Czech Republic, Brázdik et al. (2024) tested the connection of short- and long-term inflation expectations to the CNB's inflation target, its inflation forecast, and lagged inflation in the context of the high-inflation period of 2021–2023. The inflation target was proved to play a significant role in shaping households' short-term inflation expectations. However, its estimated effect declined over the course of the inflation crisis. The CNB's inflation forecast exhibited lower power over inflation expectations than the inflation target, with a decreasing tendency seen already before the inflation crisis, and its effect turned insignificant during the second wave of the COVID-19 pandemic and at the beginning of 2023, when the actual inflation rate was peaking. On the other hand, the effect of the lagged inflation rate gained traction during the period of high inflation. In contrast to short-term inflation expectations, the inflation target kept its anchoring power over long-term inflation expectations, and the effect of lagged inflation increased by a substantially lower magnitude, even though it gained statistical significance.

3. Survey

3.1 Context of the Survey

Between 2021 and 2023, the Czech Republic experienced a period of elevated inflation in the aftermath of the COVID-19 pandemic and as a consequence of Russia's aggression in Ukraine. Inflation peaked at 18% in September 2022 before declining toward the CNB's 2% target in January 2024. This period of high inflation was accompanied by increased inflation expectations among all relevant economic agents. Financial market analysts' one-year inflation expectations reached 7.3% in November 2022; non-financial corporations' inflation expectations peaked at 10.3% in Q3 2022; and the average household's one-year inflation expectations climbed as high as 26.2% in July 2022. The evolution of these indicators is illustrated in Figure 1.

The inflation situation stabilized in 2024. By August 2024, the inflation rate had remained within the ±1 percentage point tolerance band for seven consecutive months (2.2% in July 2024). All agents' inflation expectations decreased, with analysts expecting 2.1% and corporations 3.8% one year ahead. Only households' inflation expectations remained significantly above the two percent inflation target (10.6% in August 2024). However, this cannot be considered a lasting symptom of the elevated inflation, since households' inflation expectations had already been fluctuating around 10% prior to the COVID-19 period. Since all other indicators, including the CNB's summer fore-

cast, which expected CPI inflation at 1.9% at the one-year horizon, were close to the inflation target, the circumstances of the survey did not signal any significant concerns for the analysis.

Figure 1: *Actual CPI Inflation and Inflation Expected by Relevant Groups of Economic Agents*
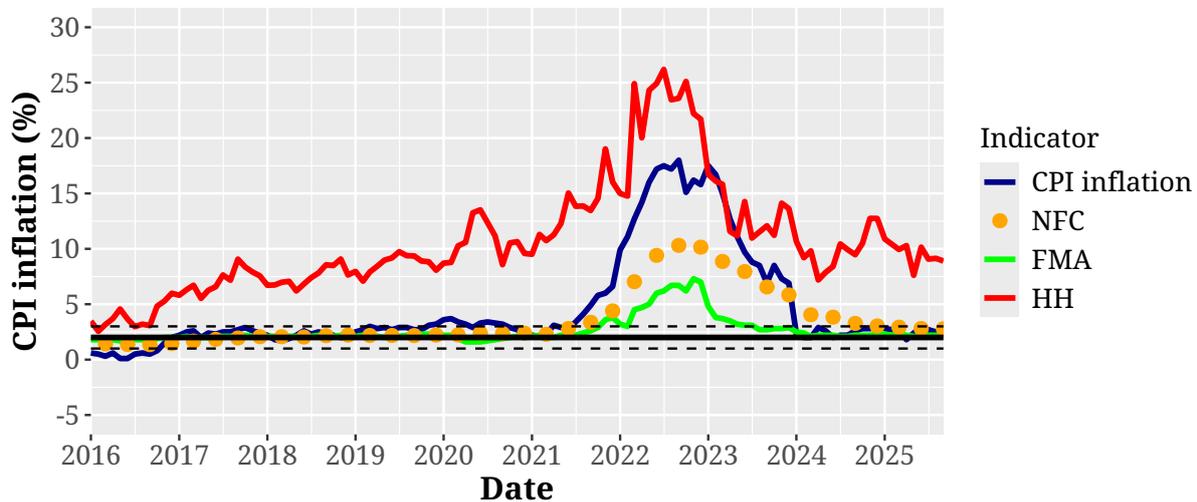
Note: Figure 1 shows actual CPI inflation and inflation expected by groups of economic agents. NFC denotes non-financial corporations, FMA financial market analysts, and HH households. The solid and dashed black lines show the CNB's inflation target and the limits of its tolerance band.
Source: Czech National Bank

3.2 Questionnaire Design

The survey used in this study builds on recent advancements in measuring household inflation expectations. Since the primary objective is to examine the impact of central bank communication on inflation expectations, the questionnaire includes three key questions: one about perceived inflation over the past 12 months, one about inflation expected over the next 12 months, and one about inflation expected in three years.

The formulation of these questions presents a challenge. As Weber (2022) notes, researchers must carefully consider whether to use the term "inflation" or a simpler phrase like "change in prices in general." Van der Klaauw et al. (2008) warn that some respondents may not understand "inflation," while Bruine de Bruin et al. (2017) find that consumers are generally familiar with the term. The recent period of high inflation may have further increased familiarity with the term, consistent with the theory of rational inattention (Sims, 2003), as inflation became a prominent topic in public discourse and the media. Conversely, using the term "change in prices" may cause respondents to focus on specific items rather than overall inflation (van der Klaauw et al., 2008). As no universally accepted practice exists—as evidenced by the differing approaches used in surveys by the ECB, the Federal Reserve, and the University of Michigan—this paper adopts a compromise: the questions use the term "inflation" but include a brief explanatory note in parentheses to clarify its meaning as a macroeconomic indicator. Moreover, in the case of three-year inflation expectations, a specific time window was clarified (July 2026–July 2027). This addition was aimed at limiting cumulative responses over the whole three-year period.

A central component of the research design is priming—providing respondents with informa-

tion intended to influence their answers. To implement this effectively, a clear baseline must be established. While Grebe and Tillman (2022) use a point-estimate question on inflation expectations in the pre-treatment stage followed by a probabilistic question, this paper begins with perceived current inflation. This choice is supported by evidence that perceived and expected inflation are highly correlated both in Czechia and across Europe (Huber et al., 2023; Arioli et al., 2017). All subsequent questions serve as the post-treatment stage, allowing the study to assess whether the treatments reduce the degree to which respondents' expectations adapt to perceived inflation.

The following questions shift the focus toward institutional knowledge and attitudes concerning the Czech National Bank (CNB), inspired by Haldane et al.'s (2020) "three Es" of monetary policy communication: Explain, Engage, and Educate.

The first institutional question assesses knowledge of the CNB's 2% inflation target. This is critical for anchoring inflation expectations, as individuals who are aware of this target tend to report expectations closer to it (Dräger & Nghiem, 2025). D'Acunto et al. (2021b) also stress the importance of central bank communication in reaching less financially literate households. The next question evaluates respondents' understanding of how interest rates affect inflation. Although most people grasp that policy rates affect borrowing and saving rates, the broader transmission mechanism between interest rates and inflation is less well understood. This lack of understanding may weaken the effect of monetary policy on household expectations. Therefore, respondents are asked how inflation is likely to respond to an increase in interest rates.

Next, the survey gauges trust in the CNB, a crucial factor in the effectiveness of monetary policy. Individuals who trust the central bank are more likely to consider its actions when forming their own expectations (Jamilov, 2021). Trust is measured using a 4-point Likert scale ("Certainly trust" to "Certainly mistrust"), without a neutral option, to encourage respondents to express a clear stance and not conceal weak leanings in the form of a neutral opinion (Bishop, 1987). The anonymity of the survey further supports candid responses.

Two additional 4-point Likert scale questions address perceptions of CNB communication. The first asks whether the CNB communicates its actions in an understandable and sufficient manner. The second explores respondents' interest in learning more about the CNB's goals, instruments, and activities. If the public expresses interest in learning more, this suggests an opportunity for the CNB to expand its outreach via social media, particularly as current information channels may be less effective or convey ambiguous messages.

The final two questions move beyond monetary policy. One asks about respondents' expectations regarding their financial situation over the next 12 months, helping assess whether the treatments influence their personal financial outlook. The last question gauges generalized social trust—whether respondents believe people can generally be trusted. While seemingly unrelated, this question serves an instrumental purpose. If a causal relationship between trust in the CNB and inflation expectations is explored, it is likely endogenous, as anticipated by Christelis et al. (2020). Generalized trust may serve as an instrumental variable: related to institutional trust but unlikely to affect inflation expectations directly or through other channels. A relationship between interpersonal trust, social capital, and trust in an institution was suggested by Putnam (2015) and is frequently found in the World Values Survey and the European Social Survey.

The whole questionnaire can be found in Appendix D.

3.3 Treatments and Survey Execution

The survey was conducted with three comparable groups of respondents, each representative of the Czech population. The total sample comprises 1,822 individuals: 600 received a treatment in the form of the CNB's official monetary policy statement of early August 2024; 609 were exposed to a related Facebook post; and 613 formed the control group, which received no treatment. Stratified sampling was used to ensure representativeness across key demographic attributes, including gender, age, education, region of residence, and size of municipality. The survey was administered by the research agency IPSOS, with data collected between August 5 and August 12, 2024. All respondents were drawn from the IPSOS online panel comprising more than 15,000 individuals.

The treatments were designed to convey the same core message in two distinct formats. The first treatment consisted of the official monetary policy statement released by the CNB Bank Board following its meeting on August 1, 2024. The second treatment presented a condensed version of this message in the form of a Facebook post published around the same time. While both formats communicated the same content, they differed in the level of detail and intended audience. The policy statement was formal, detailed, and primarily targeted at journalists, financial professionals, and economic experts. In contrast, the Facebook post presented a shorter message to reach a broader, less specialized audience via social media. Both treatments, along with their English translations, are included in Appendix C.

The execution of the survey was as follows: First, a respondent from the online panel received an invitation email with a link to the survey, where they initially submitted their stratification information to verify their suitability for the survey. Second, the respondent received and answered the first question regarding his currently perceived inflation so that it was not affected by the eventual treatment. Third, respondents received (or did not receive) their treatments according to the assigned group. The MP statement was presented as plain text and the Facebook post as a screenshot. The survey was designed so that the respondent would spend at least 30 seconds with the treatment and would not be able to return to it afterward. After the treatment stage, the respondent answered all remaining questions regarding inflation expectations, knowledge, and opinions about the CNB.

3.4 Additional Data

In addition to the survey responses, the data collected by IPSOS includes a broad range of socio-demographic characteristics for each respondent, drawn from its permanent panel. These include age, sex, education level, socio-economic status, income (individual and household), and district of residence for stratification purposes. The dataset also includes more detailed attributes. These cover household gas usage, financial product ownership, preferred supermarkets, media consumption habits, such as whether the respondent watches TV, listens to the radio, or uses the internet, and which channels or websites they access, and what political party the respondent voted for in the 2021 parliamentary election.

These variables offer valuable options for use as control variables in regression analyses. Age, sex, and education are standard socio-demographic controls. Financial product ownership serves as a proxy for financial literacy and sophistication. Inflation directly impacts the real value of savings and investments, so individuals with a broader portfolio are expected to be more economically informed. The dataset includes binary indicators for eight types of financial products—checking account, savings account, credit account, consumer loan, credit card, mortgage, pension savings plan, and investments of any kind. These are analyzed using Multiple Correspondence Analysis (MCA)—a categorical analogue of principal component analysis (Abdi and Valentin, 2007). The

first MCA dimension reflects a high level of financial sophistication, positively associated with owning a pension plan or investment product and negatively associated with having high-cost consumer debt.

Finally, media consumption patterns offer insights into the type of content respondents engage with. While MCA of internet usage categories did not yield a dimension with a clear interpretation, a simple index was constructed. It identifies whether respondents consume news, financial content, or social and political information, and whether they use traditional media such as TV and radio. These are considered the primary channels through which CNB-related information is likely to reach the public. The index ranges from 0 to 1, and it cumulatively adds individual listed channels.

4. Descriptive Analysis

According to the Kolmogorov-Smirnov test and the statistical description of the sample and subgroups, the groups are sufficiently similar, and their composition should not pose any concerns for further analysis. A statistical summary of the main socio-demographic variables, along with summaries of responses that do not suggest significant treatment effects, is provided in Appendix A (Tables A.1–A.6). Table 1 presents summary statistics for the first three questions: perceived current inflation and inflation expectations for the next one and three years. The conclusion that the groups are indeed comparable is further supported by the consistency of perceived inflation across them.

Table 1: Perceived Inflation and Inflation Expectations

	Statement	Facebook	Control	Whole sample
Perceived inflation				
Mean	10.79%	11.59%	11.26%	11.17%
Median	6.00%	5.00%	6.00%	5.00%
Trimmed mean (50%)	6.35%	6.06%	6.55%	6.28%
SD	14.25	15.77	15.14	15.01
Inflation expectations (1Y)				
Mean	5.54%	5.69%	9.93%	6.96%
Median	3.00%	3.00%	5.00%	3.00%
Trimmed mean (50%)	2.35%	2.95%	5.63%	3.65%
SD	8.52	9.84	14.04	11.10
Inflation expectations (3Y)				
Mean	7.17%	7.54%	12.71%	9.12%
Median	4.00%	4.00%	6.00%	4.00%
Trimmed mean (50%)	4.09%	3.94%	6.80%	4.74%
SD	10.42	11.52	17.01	13.56

Note: Table 1 shows descriptive statistics of inflation perceptions and expectations for individual groups and the whole sample. Statement is a group that received a monetary policy statement as a treatment, Facebook received a Facebook post, and Control denotes a control group.

In contrast, the results for inflation expectations already indicate a potential treatment effect. While one-year inflation expectations in the control group declined only modestly to an average of 9.93%, those in the Statement and Facebook groups decreased more substantially, reaching 5.54% and 5.69%, respectively. Additional evidence supporting the effectiveness of the treatments comes from

the correlations between perceived and expected inflation within the groups. The overall correlation for the full sample is 0.65, while the correlations for the Statement, Facebook, and control groups are 0.56, 0.54, and 0.82, respectively. Moreover, the Kolmogorov-Smirnov test reveals significant differences for both treatment groups with respect to the control group ($p < 1.98 * 10^{-12}$ for both treatments). On the other hand, the distributions of inflation expectations are not significantly different between the two treatment groups ($p = 0.32$). The Anderson-Darling test provides a similar result ($p = 1.3 * 10^{-46}$).

The three-year inflation expectations reveal an even greater contrast, as expectations in the control group increased relative to perceived inflation. As shown in Table 1, the effects of the monetary policy statement and the Facebook post are similar. This is reflected in the standard deviation of inflation expectations, which may serve as a proxy for disagreement among respondents. The standard deviation declined in both treatment groups, although the Facebook group exhibited a slightly higher standard deviation than the Statement group. The differences are again highlighted by both the Kolmogorov-Smirnov test ($p = 1.9 * 10^{-9}$ in the case of the Facebook treatment, $p = 3.6 * 10^{-8}$ for the MP statement, and $p = 0.99$ when comparing the treated groups) and the Anderson-Darling test ($p = 7.2 * 10^{-21}$).

Figure 2: Inflation Expected in One Year by the Respondents
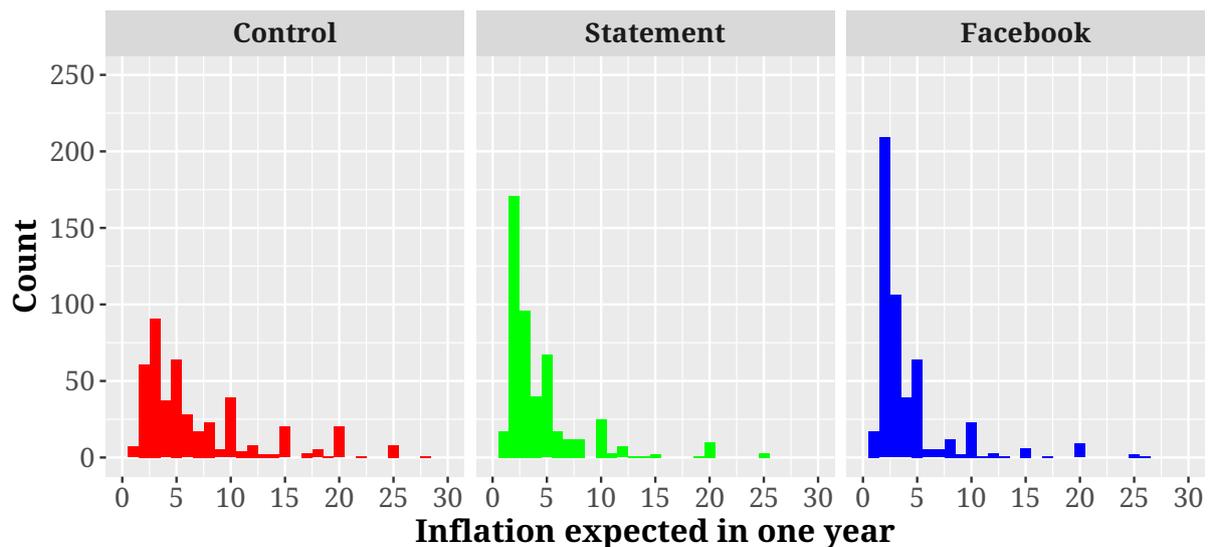
Note: Figure 2 shows histograms of inflation expectations at the one-year horizon across the groups of respondents. The histograms are trimmed at 30% to maintain legibility and relevance.
Source: Author's survey

Further insights can be drawn from the histograms in Figures 2 and 3, which depict the distribution of inflation expectations at the one- and three-year horizons, respectively. Respondents in both treatment groups more frequently reported expectations of exactly 2% inflation at both horizons. At the three-year horizon, treated respondents also more frequently expected an inflation rate of 3% compared to those in the control group. Exposure to the treatments also reduced the number of respondents expecting one-year inflation of 5% or higher and a three-year inflation rate of 8%, 12%, 20%, 40%, or 50%. The histograms also confirm that once expectations exceed 10%, respondents tend to report values in multiples of five or ten. This finding aligns with prior literature (Binder, 2017; Reiche and Meyler, 2022, among others). Overall, these patterns suggest that the treatments

were effective in anchoring inflation expectations around the CNB's inflation target of 2%, or at least within its tolerance band of 1–3%.

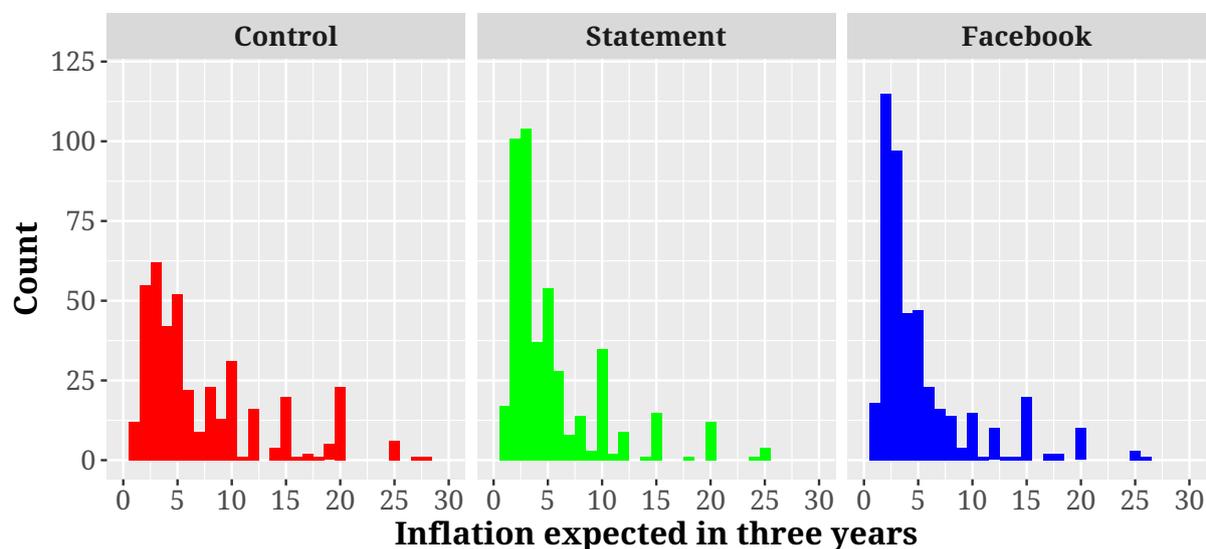**Figure 3: Inflation Expected in Three Years by the Respondents**

Note: Figure 3 shows histograms of inflation expectations at the three-year horizon across the groups of respondents. The histograms are trimmed at 30% to maintain legibility and relevance.
Source: Author's survey

A notable difference among the groups is also evident in respondents' knowledge of the CNB's inflation target. These results are shown in Table 2. Participants exposed to either form of treatment correctly identified the target in over half of the cases, compared to only 35.6% in the control group. A potential effect of the treatments is also supported by Pearson's Chi-squared test ($p = 2.3 * 10^{-11}$) and Fisher's exact test ($p = 2.2 * 10^{-11}$). This finding highlights the relatively low level of awareness of the inflation target among the Czech population and suggests that exposure to CNB communication may improve public knowledge. As with inflation expectations, the Facebook post does not appear to offer any additional effect over the monetary policy statement in this regard.

Table 2: Knowledge of the CNB's Inflation Target

	Statement	Facebook	Control	Whole sample
0%	20 (3.33%)	11 (1.81%)	16 (2.61%)	47 (2.58%)
1%	36 (6.00%)	42 (6.90%)	26 (4.24%)	104 (5.71%)
2%	329 (54.83%)	333 (54.68%)	218 (35.56%)	880 (48.30%)
3%	57 (9.50%)	53 (8.70%)	91 (14.85%)	201 (11.03%)
Varies over time	112 (18.67%)	121 (19.87%)	157 (25.61%)	390 (21.41%)
Don't know/No answer	46 (7.67%)	49 (8.05%)	105 (17.13%)	200 (10.98%)
N	600	609	613	1822

Note: Table 2 summarizes the answers to the question regarding the CNB's inflation target. The first column shows the possible answers that were presented to the respondents. The correct answer is *2%*. The specific wording of the answer is as follows: "Do you know what inflation the CNB is aiming for?"

The final observable difference concerns the assessment of the CNB's communication, summarized in Table 3. The most favorable evaluations came from respondents in the group that received the Facebook post as a treatment. While the difference is less pronounced than in the case of inflation expectations or knowledge of the inflation target, the results suggest that social media communication may have a modestly positive effect on public perception. This is supported by both the Kruskal-Wallis rank sum test ($p = 0.002$) and the Mann-Whitney U test, where $p = 0.0003$ when comparing the results of the Facebook and control groups.

Table 3: Assessment of the CNB's Communication

	Statement	Facebook	Control	Whole sample
Certainly YES	37 (6.2%)	30 (4.9%)	18 (2.9%)	85 (4.7%)
Rather YES	226 (37.7%)	273 (44.8%)	211 (34.4%)	710 (39.0%)
Rather NO	237 (39.5%)	211 (34.7%)	259 (42.3%)	707 (38.8%)
Certainly NO	65 (10.8%)	50 (8.2%)	68 (11.1%)	183 (10.0%)
Don't know/No answer	35 (5.8%)	45 (7.4%)	57 (9.3%)	137 (7.5%)
N	600	609	613	1822

Note: Table 3 summarizes the answers to the question regarding the assessment of the CNB's communication. The specific wording of the answer is as follows: "How do you assess the CNB's communication with the public? Would you say that the CNB explains its actions and the measures it takes in a way that is understandable to you personally?"

5. Methodology

Since the dataset includes variables that can be treated as numerical, binary, and ordered categorical, the analysis employs three distinct linear regression methods. In the case of numerical variables, MM-estimation is used to account for the effect of outliers in the relationship between expected and perceived inflation. Since there is a significant number of outliers (as shown in Figure 4), which, however, may be interpreted as genuine answers, it is appropriate not to trim or winsorize the data but rather to use a robust estimation technique to study central tendencies within the data. Binary variables are analyzed using logistic regression (logit) and ordered variables are inspected with ordered logistic regression. When necessary, ordered logistic regression is supplemented by generalized ordered logistic regression to account for potential violations of the proportional odds assumption.

MM-estimation is used for regressions where the dependent variables—one-year and three-year inflation expectations—are numerical. The estimation follows Yohai (1987) and combines the high efficiency of the M-estimator (Huber, 1964) and the high breakdown point of the S-estimator (Rousseeuw and Yohai, 1984). The regression equations are specified as follows:

$$\pi_{1,i}^e = \beta_0 + \beta_1 \pi_i^p + \beta_2 MPS_i + \beta_3 FB_i + \sum_{k=1}^{n} \beta_k X_{i,k} + \varepsilon_i, \tag{1}$$

$$\pi_{3,i}^e = \beta_0 + \beta_1 \pi_i^p + \beta_2 MPS_i + \beta_3 FB_i + \sum_{k=1}^{n} \beta_k X_{i,k} + \varepsilon_i, \tag{2}$$

where $\pi_{1,i}^e$ and $\pi_{3,i}^e$ denote the inflation expectations of respondent i at the one-year and three-year horizons, respectively. π_i^p represents perceived inflation in July 2024 and serves both as a common baseline for all respondent groups, since they answered the question before any treatments were applied, and as a measure of the adaptiveness (or backward-looking nature) of their inflation

expectations. MPS_i and FB_i are dummy variables indicating, respectively, whether respondent i belongs to the group that received the monetary policy statement as treatment or the group that received the related Facebook post. The variable vector $X_{i,k}$ denotes control variables, including age, level of education attained, sex, financial sophistication, and internet use.

Figure 4: Boxplots of Perceived and Expected Inflation
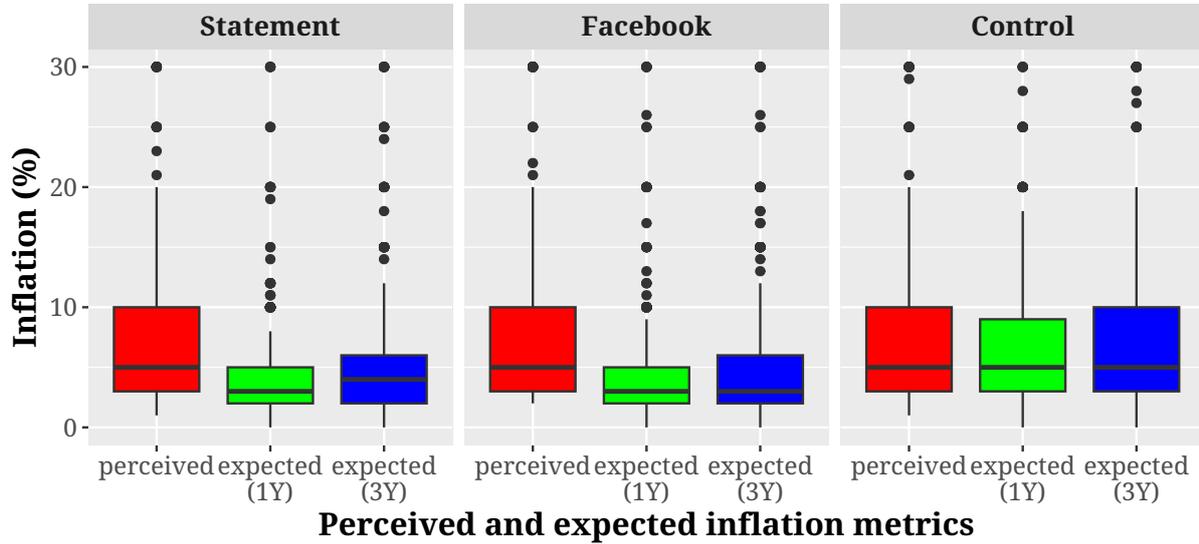
Note: Figure 4 shows boxplots of perceived inflation and inflation expectations at the one- and three-year horizon across the groups of respondents. The vertical axis is trimmed at 30% to maintain legibility.
Source: Author's survey

Since the effect size of the treatments may be linked to the level of perceived inflation, the above-specified equations will also be supplemented by two interaction terms:

$$\pi_{1,i}^e = \beta_0 + \beta_1 \pi_i^p + \beta_2 MPS_i + \beta_3 FB_i + \beta_4 (\pi_i^p * MPS_i) + \beta_5 (\pi_i^p * FB_i) + \sum_{k=1}^{n} \beta_k X_{i,k} + \varepsilon_i, \qquad (3)$$

where $\pi_i^p * MPS_i$ and $\pi_i^p * FB_i$ represent the interaction terms of perceived inflation and the respective treatments.

Logistic regression is applied to the questions assessing respondents' knowledge of the CNB's inflation target and their basic understanding of how interest rates affect inflation. Since each question has only one correct and desirable answer, the responses can be treated as binary variables. Accordingly, three variables are constructed. The first variable, $tgt_{2,i}$, takes the value of 1 if respondent i correctly identified the 2% inflation target. The second variable, $tgt_{ch,i}$, equals 1 if respondent i selected the answer "*The inflation target varies over time.*" This response reflects the weakest anchoring of inflation expectations and serves to assess whether the treatments reduce the number of such respondents. The third variable, $tm_{lower,i}$, identifies respondents who correctly answered that higher interest rates lead to a lower inflation rate.

$$P(tgt_{2,i} = 1|X_i) = \frac{exp(\beta_0 + \beta_1 \pi_i^p + \beta_2 MPS_i + \beta_3 FB_i + \sum_{k=1}^{K} \beta_k X_{i,k})}{1 + exp(\beta_0 + \beta_1 \pi_i^p + \beta_2 MPS_i + \beta_3 FB_i + \sum_{k=1}^{K} \beta_k X_{i,k})}, \qquad (4)$$

$$P(tgt_{ch,i} = 1|X_i) = \frac{exp(\beta_0 + \beta_1 \pi_i^p + \beta_2 MPS_i + \beta_3 FB_i + \sum_{k=1}^{K} \beta_k X_{i,k})}{1 + exp(\beta_0 + \beta_1 \pi_i^p + \beta_2 MPS_i + \beta_3 FB_i + \sum_{k=1}^{K} \beta_k X_{i,k})}, \tag{5}$$

$$P(tm_{lower,i} = 1|X_i) = \frac{exp(\beta_0 + \beta_1 \pi_i^p + \beta_2 MPS_i + \beta_3 FB_i + \sum_{k=1}^{K} \beta_k X_{i,k})}{1 + exp(\beta_0 + \beta_1 \pi_i^p + \beta_2 MPS_i + \beta_3 FB_i + \sum_{k=1}^{K} \beta_k X_{i,k})} \tag{6}$$

These three regressions are intended to examine how the treatments influence familiarity with the two most important aspects of the CNB's monetary policy, which are essential for anchoring and guiding inflation expectations.

The final group of variables consists of ordered categorical variables measured on 4- or 5-point Likert scales. These can be analyzed in two main ways. The most appropriate and conservative approach is to use an ordered logit regression, which preserves their ordinal nature. Alternatively, the variables can be treated as numerical; however, this approach is generally recommended only when the scale includes a sufficiently large number of categories or intervals (Norman, 2010). Given the limited number of response options, treating these variables as numerical is not ideal, though it may still serve as a comparison with the main analysis. The results of these linear regressions are presented in Appendix A.2.

Several approaches exist for implementing ordered logit models. The simplest is the proportional odds (or parallel-lines) model. However, this method rests on a potentially restrictive assumption: the proportional odds assumption, which posits that the effect of independent variables is consistent across all response thresholds (Wolfe and Goulde, 1998). This assumption can be evaluated using the Brant-Wald test, which identifies which variables may violate it. If the assumption is not met, a generalized ordered logit model is employed, following Williams (2006). This model relaxes the proportional odds assumption for selected variables (e.g., variable FB_i in equation 7). This approach avoids both the overly restrictive assumptions of the parallel-lines model and the less parsimonious multinomial logit, which relaxes the assumption for all regressors at the cost of losing the ordinal structure of the dependent variable.

$$P(Y_i > j) = \frac{exp(\alpha_j + \beta_1 * MPS_i + \beta_{2j} * FB_i + \beta_3 * \pi_i^p + \sum_{k=1}^{K} \beta_k X_{ik})}{1 + exp(\beta_{0,j} + \beta_1 * MPS_i + \beta_{2j} * FB_i + \beta_3 * \pi_i^p + \sum_{k=1}^{K} \beta_k X_{ik})}, \tag{7}$$

The analysis is conducted in RStudio using the functions *clm* (Cumulative Link Model, developed by Christensen, 2018, and equivalent to a generalized ordered logistic regression) and *polr* (Ordered Logistic Regression), depending on the outcome of the Brant-Wald test. Specifically, if the Brant-Wald test fails to reject the null hypothesis of proportional odds, the *polr* function is used. In all cases, the Brant-Wald test did not indicate the need for a generalized ordered logit, as the null hypothesis of the proportional odds assumption could not be rejected.

6. Results and Discussion

6.1 Inflation Expectations

The initial results of the analysis, presented in Table 4, show that the inflation expectations of Czech households, as represented by the sample, are backward-looking. Across the whole sample, for every one percentage point increase in perceived current inflation, expected inflation increases by 0.13 percentage points on average. Both treatments prove to be effective in reducing inflation expectations. The monetary policy statement reduces inflation expectations by 1.5 percentage

points on average, while the Facebook post lowers one-year inflation expectations by 1.7 percentage points. These effects are not significantly different from each other in all the basic specifications ($p \in (0.08; 0.10)$). More detail may be found in the last column of Table 4, which shows the interaction terms between the treatments and perceived inflation. Whereas the adaptiveness of inflation expectations increases dramatically for untreated respondents, reaching a similar magnitude as in Huber et al. (2023), the treatments reduce the degree of this adaptiveness significantly. The coefficients of the interaction variables are significantly different ($p < 0.001$). This suggests that the Facebook post is more potent in reducing the adaptiveness of inflation expectations.

Table 4: Inflation Expected in One Year

Independent variables	Baseline	Squared age	Financial variable	Internet use	Interaction
Intercept	2.492***	2.437***	2.376***	2.526***	-1.256***
	(0.330)	(0.690)	(0.336)	(0.330)	(0.301)
Perceived inflation	0.134***	0.133***	0.134***	0.130***	0.905***
	(0.007)	(0.007)	(0.007)	(0.007)	(0.010)
MP statement	-1.494***	-1.494***	-1.494***	-1.482***	2.751***
	(0.155)	(0.155)	(0.155)	(0.155)	(0.176)
MPS*Perceived inf.					-0.826***
					(0.014)
Facebook post	-1.744***	-1.744***	-1.742***	-1.739***	2.805***
	(0.155)	(0.155)	(0.155)	(0.155)	(0.170)
FB*Perceived inf.					-0.873***
					(0.013)
Male	0.053	0.052	0.083	0.079	0.164
	(0.129)	(0.130)	(0.131)	(0.130)	(0.115)
Age	0.025***	0.028	0.026***	0.026***	0.023***
	(0.005)	(0.035)	(0.005)	(0.005)	(0.005)
Age^2		-0.000			
		(0.000)			
Vocational education	0.900**	0.894**	0.935**	0.903**	0.607*
	(0.292)	(0.299)	(0.293)	(0.292)	(0.255)
High school	0.397	0.392	0.472	0.417	0.155
	(0.275)	(0.281)	(0.278)	(0.275)	(0.242)
College and higher	0.238	0.231	0.360	0.286	0.173
	(0.282)	(0.290)	(0.290)	(0.283)	(0.252)
Financial sophistication			-0.254		-0.273*
			(0.143)		(0.125)
Internet news				-0.437	
				(0.268)	
N	1422	1422	1422	1422	1422
Adjusted R^2	0.271	0.271	0.273	0.268	0.861

Note: Table 4 shows a robust linear regression with inflation expected in one year as the dependent variable. The results displayed are estimated using MM-estimation with heteroskedasticity-robust standard errors. The standard errors are displayed in parentheses. Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001.

However, looking at the marginal effects of the treatments across the perceived inflation levels (Figure 5), the difference between the marginal effects becomes statistically significant only at perceived inflation of 19%. This value borders on being an outlier as depicted in Figure 4, and the difference between the two effects may not be policy-relevant.

Figure 5: Marginal Effects of MP Statement and Facebook Post (One-year Inflation Expectations)
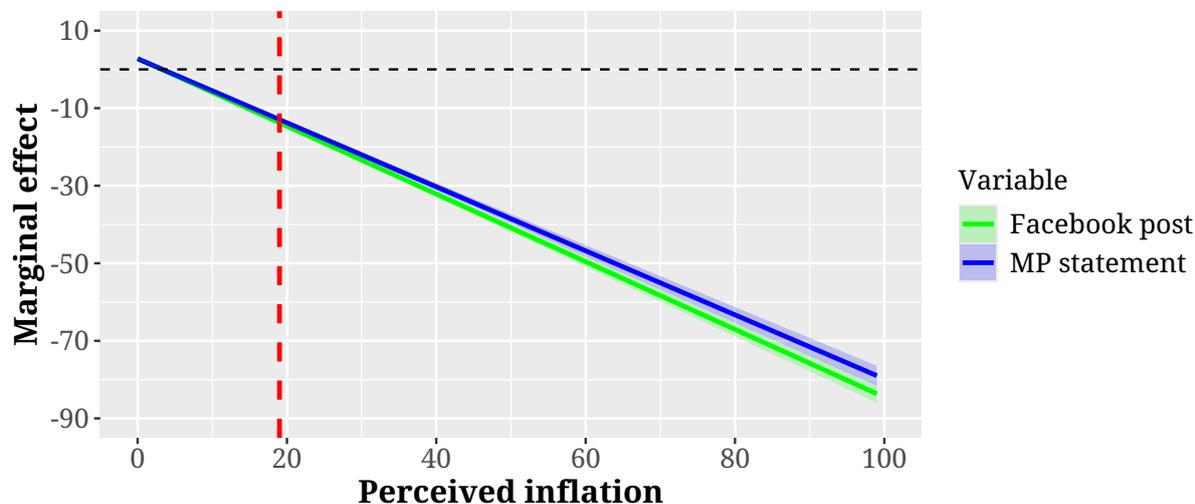
Note: Figure 5 shows the marginal effects of the monetary policy statement and the Facebook post on the values of perceived inflation. The difference between the marginal effects is statistically significant beyond perceived inflation of 19%.

Source: Author's survey

The findings about short-term inflation expectations are reinforced by the analysis of three-year inflation expectations shown in Table 5. In this case, inflation expectations appear even more backward-looking: a one percentage point increase in perceived inflation results in a 0.19 percentage point increase in expected inflation three years ahead over the whole sample. When interaction variables are used, respondents from the control groups react by 0.92 percentage points. This is a concerning result from the perspective of monetary policy. Since the three-year horizon extends well beyond the CNB's typical monetary policy horizon of 12 to 18 months, inflation expectations should, in principle, remain at the CNB inflation target, independent of current inflation levels. A possible explanation is that the prolonged period of elevated inflation over the past two years may have succeeded in unanchoring even long-term expectations. Alternatively, respondents may not fully comprehend how inflation targeting operates or what the monetary policy horizon of the CNB is.

The effects of the two treatments are similar at the three-year horizon in terms of both the decrease of inflation expectations and the reduction of the adaptiveness of inflation expectations. Both treatments reduce inflation expectations by roughly 1.7 percentage points. The capacity of the treatments to reduce the adaptiveness of three-year inflation expectations to perceived inflation is similar to the one-year horizon, and the hypothesis that the treatments have the same effect cannot be rejected ($p = 0.40$). The marginal effects are displayed in Figure 6 and their confidence intervals also indicate no statistically significant difference between the two treatments.

The Facebook post does not produce a significantly different effect compared to the MP statement, despite having the potential to convey a more accessible message to the general population. Some differences are visible in the case of short-term inflation expectations, but they are statistically insignificant or associated with very high rates of perceived inflation, which may imply the differences may not have relevant practical implications.

Table 5: Inflation Expected in Three Years

| Independent variables	Baseline	Squared age	Financial variable	Internet use	Interaction
Intercept	4.959***	4.467***	4.754***	5.166***	1.222*
	(0.501)	(1.047)	(0.509)	(0.500)	(0.525)
Perceived inflation	0.188***	0.133***	0.185***	0.186***	0.921***
	(0.010)	(0.010)	(0.010)	(0.010)	(0.013)
MP statement	-1.671***	-1.668***	-1.670***	-1.672***	2.633***
	(0.235)	(0.235)	(0.234)	(0.234)	(0.294)
MPS*Perceived inf.					-0.819***
					(0.021)
Facebook post	-1.692***	-1.691***	-1.691***	-1.694***	2.424***
	(0.237)	(0.237)	(0.236)	(0.237)	(0.290)
FB*Perceived inf.					-0.801***
					(0.020)
Male	-0.138	-0.146	-0.075	-0.108	0.101
	(0.198)	(0.199)	(0.219)	(0.199)	(0.201)
Age	0.015	0.043	0.017*	0.016*	0.018*
	(0.008)	(0.053)	(0.008)	(0.008)	(0.008)
Age^2		-0.000			
		(0.001)			
Vocational education	-0.458	-0.514	-0.424	-0.456	-0.886*
	(0.449)	(0.458)	(0.448)	(0.449)	(0.447)
High school	-1.084*	-1.133**	-0.957*	-1.051*	-1.343**
	(0.424)	(0.431)	(0.426)	(0.424)	(0.425)
College and higher	-1.076*	-1.138*	-0.871*	-1.017*	-1.210**
	(0.433)	(0.444)	(0.443)	(0.435)	(0.444)
Financial sophistication			-0.451*		-0.451*
			(0.219)		(0.219)
Internet news				-0.523	
				(0.411)	
N	1327	1327	1327	1327	1327
Adjusted R^2	0.237	0.237	0.237	0.237	0.801

Note: Table 5 shows a robust linear regression with inflation expected in three years as the dependent variable. The results displayed are estimated using MM-estimation with heteroskedasticity-robust standard errors. The standard errors are displayed in parentheses. Significance levels: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$.

Other results concern the control variables, such as the impact of education and financial sophistication. The national high school and grammar school curricula in the Czech Republic include content on financial literacy, with the concept of inflation embedded in citizenship education (specifically in the chapter "*People and the world of work,*" section "*The national economy and the role of the state in the economy*"). It would therefore be reasonable to expect that higher levels of education reduce inflation expectations with respect to perceived inflation. No such effect is observed in Table 4. In fact, it seems that respondents with vocational education tend to expect higher inflation than inflation perceptions would imply. On the other hand, the three-year inflation expectations of respondents with at least high-school education seem to be more than 1 percentage point lower. This may reflect some effect of education on decoupling long-term inflation expectations from inflation perceptions.

Respondents with greater financial sophistication tend to adjust their inflation expectations downward relative to what would be implied by their perceived inflation. The estimated difference in expected inflation between an individual with the lowest financial sophistication score (-2.210) and an individual with the highest score (1.406) is approximately 1 percentage point in the short term

and 1.6 percentage points in the long term. This is consistent with the author's expectations, as financially sophisticated individuals should be more likely to seek information about future inflation to make informed decisions about the real returns on their investments.

Figure 6: Marginal Effects of MP Statement and Facebook Post (Three-year Inflation Expectations)
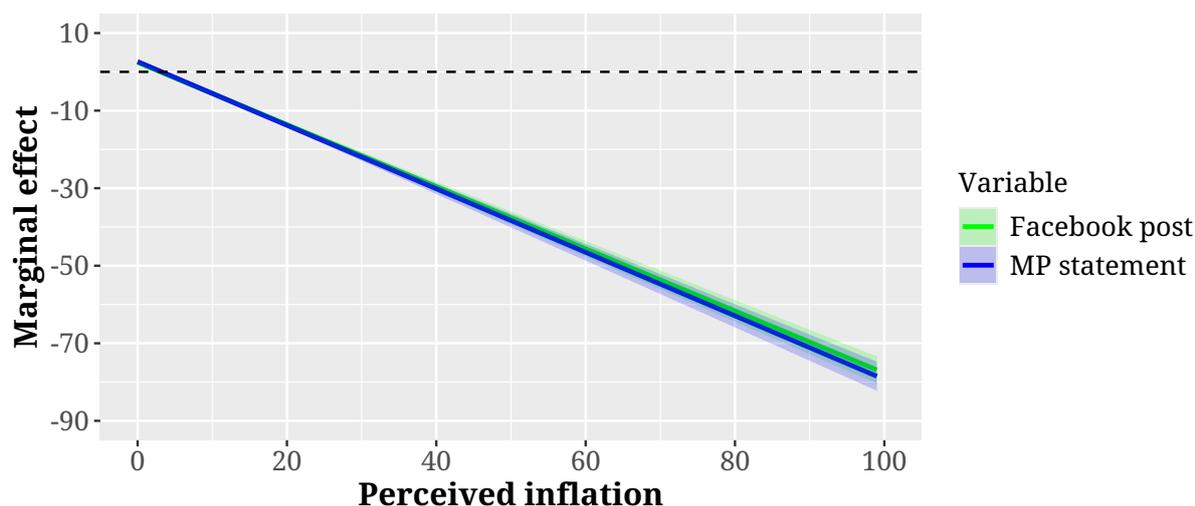
Note: Figure 6 shows the marginal effects of the monetary policy statement and the Facebook post on the values of perceived inflation. There is no significant difference between the marginal effects.
Source: Author's survey

There is no significant difference between men and women. Both men and women tend to rely on the adaptive mechanism of inflation expectations to a similar degree, even though they may reflect a different set of price signals and information, as specified in Section 2. Still, this does not mean that men and women expect the same inflation rate. In fact, men reported average expected inflation of 5.7% one year ahead, whereas women expected 8% on average.

Age is a significant predictor when treated as a linear variable. Each additional year of age increases one-year inflation expectations by 0.02–0.03 percentage points. At the three-year horizon, the effect is lower, but also statistically significant. This suggests that older respondents form their inflation expectations at a higher level than would be implied solely by their inflation perceptions. One possible explanation lies in differences in consumption patterns: in Czechia, pensioners spend a larger share of their income on items that are typically more volatile in price (Komárek and Polák, 2023). Indeed, the consumption basket for pensioners has become more expensive than that of the average household. However, this effect alone does not fully explain the higher inflation expectations among older individuals, as it is likely incorporated into the effect of perceived inflation.

Malmendier and Nagel (2016) suggest that the way people form inflation expectations is related to their lifetime experience with inflation. According to this view, younger people update their expectations more rapidly. Given that inflation declined sharply in January 2024 and the survey was conducted in August 2024, it is plausible that younger respondents had already adapted to the new, more stable environment, whereas older individuals may have remained cautious, continuing to expect higher inflation despite having observed its recent decline.

6.1.1 Impact of Knowledge of the Inflation Target on Inflation Expectations

As the inflation target should represent an important nominal anchor for all agents in the economy, it is also worth examining whether respondents who know the 2% inflation target express more anchored expectations. Unfortunately, this cannot be analyzed on the whole sample, as the results for the treated groups would be confounded by the effect of the treatment. Therefore, only respondents from the control group who demonstrate genuine knowledge of the target are examined. The approach to the analysis is the same as for the treatments. The only difference is that the treatment variables are replaced with a binary inflation-target variable representing correct identification of the CNB's inflation target. Given the relatively low number of observations, and thus the relatively low stability of the results, the following analysis is restricted to a purely observational dimension.

Table 6: Inflation Expected in One Year (Effect of Knowledge of Inflation Target)

Independent variables	Baseline	Squared age	Financial variables	Internet use	Interaction
Intercept	-1.400*	2.498	-1.793*	-0.393	-1.975***
	(0.679)	(1.391)	(0.695)	(0.668)	(0.662)
Perceived inflation	0.910***	0.624***	0.906***	0.619***	0.925***
	(0.013)	(0.172)	(0.013)	(0.017)	(0.013)
Target	-0.220	-0.817**	-0.190	-0.797***	2.038***
	(0.276)	(0.276)	(0.276)	(0.271)	(0.342)
Target*Perceived inf.					-0.481***
					(0.036)
Male	0.078	0.165	0.191	0.117	0.244
	(0.247)	(0.267)	(0.277)	(0.271)	(0.260)
Age	0.032**	-0.133	0.037***	0.043***	0.035***
	(0.011)	(0.071)	(0.011)	(0.011)	(0.010)
Age^2		0.002*			
		(0.001)			
Vocational education	0.453	1.194	0.536	0.738	0.726
	(0.644)	(0.650)	(0.644)	(0.648)	(0.608)
High school	-0.200	0.742	-0.051	0.343	0.048
	(0.607)	(0.614)	(0.609)	(0.611)	(0.575)
College and higher	-0.307	1.168	0.616	0.754	0.700
	(0.630)	(0.635)	(0.643)	(0.631)	(0.606)
Financial sophistication			-0.687*		-0.747**
			(0.278)		(0.269)
Internet news				-0.276	
				(0.562)	
N	437	437	437	437	437
Adjusted R^2	0.923	0.774	0.922	0.772	0.931

Note: Table 6 shows a robust linear regression with inflation expected in one year as the dependent variable. The dataset is limited to the respondents in the control group. The results displayed are estimated using MM-estimation with heteroskedasticity-robust standard errors. The standard errors are displayed in parentheses. Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001.

Although the results are mixed across specifications, Table 6 indicates a possible anchoring effect of the inflation target on untreated respondents. Genuine knowledge, i.e., correct identification of the CNB's inflation target, lowers short-term inflation expectations in some model specifications and mitigates the backward-looking nature of short-term inflation expectations in the specification with an interaction term.

Table 6 also supports several results from the previous regressions. Inflation expectations are

significantly more adaptive in the case of respondents in the control group, even though the magnitude of the effect of perceived inflation is ambiguous. Inflation expectations increase with respondents' age and are not significantly related to their level of education. On the other hand, financial sophistication appears to play an important role.

Table 7: Inflation Expected in Three Years (Effect of Knowledge of Inflation Target)

Independent variables	Baseline	Squared age	Financial variables	Internet use	Interaction
Intercept	2.066	4.112	1.706	2.078	1.691
	(1.170)	(2.502)	(1.203)	(1.169)	(1.208)
Perceived inflation	0.929***	0.930***	0.929***	0.928***	0.930***
	(0.018)	(0.018)	(0.018)	(0.018)	(0.019)
Target	-1.009*	-1.032*	-0.963*	-0.951*	-0.930
	(0.475)	(0.477)	(0.477)	(0.477)	(0.615)
Target*Perceived inf.					-0.014
					(0.058)
Male	-0.015	0.045	0.081	0.055	0.074
	(0.478)	(0.481)	(0.483)	(0.482)	(0.485)
Age	0.039*	-0.079	0.043*	0.043*	0.043*
	(0.019)	(0.129)	(0.019)	(0.019)	(0.019)
Age^2		0.001			
		(0.002)			
Vocational education	-1.979	-1.795	-1.884	-2.043	-1.867
	(1.110)	(1.131)	(1.115)	(1.101)	(1.118)
High school	-2.350*	-2.171*	-2.207*	-2.296*	-2.196*
	(1.053)	(1.074)	(1.106)	(1.053)	(1.066)
College and higher	-2.406*	-2.217*	-2.094	-2.332*	-2.087
	(1.091)	(1.117)	(1.121)	(1.092)	(1.123)
Financial sophistication			-0.612		-0.619
			(0.484)		(0.485)
Internet news				-1.234	
				(1.006)	
N	437	437	437	437	437
Adjusted R^2	0.873	0.873	0.873	0.873	0.873

Note: Table 7 shows a robust linear regression with inflation expected in three years as the dependent variable. The dataset is limited to the respondents in the control group. The results displayed are estimated using MM-estimation with heteroskedasticity-robust standard errors. The standard errors are displayed in parentheses. Significance levels: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$.

Contrary to one-year inflation expectations, in the case of three-year expectations (Table 7), the effect of perceived inflation is stable and significant across specifications. A one percentage point increase in perceived current inflation adds 0.93 percentage points to inflation expected in three years. The same holds for the linear effect of inflation-target knowledge, which reduces expected inflation by roughly 1 percentage point. However, the interaction term between inflation-target knowledge and perceived inflation is not statistically significant, implying that genuine knowledge of the CNB's inflation target does not appear to relax the backward-looking nature of long-term inflation expectations.

Similarly to the full dataset, education plays a significant role in reducing long-term inflation expectations, as untreated respondents with at least a high school education have significantly lower inflation expectations than respondents with only elementary education. Vocational education also decreases inflation expected in three years, but this effect is not statistically significant. Older respondents tend to report significantly higher inflation expected in three years, with each

additional year of age adding 0.04 percentage points to expected inflation. Contrary to the results for short-term inflation expectations, financial sophistication does not lower long-term inflation expectations.

6.1.2 Effect of Trust on Inflation Expectations

According to the results of the two-stage residual inclusion regression (2SRI) presented in Table 8, trust in the CNB significantly reduces respondents' inflation expectations. It is evident that the trust variable should not have been treated as continuous, as the difference in inflation expectations between respondents who certainly mistrust the CNB (the base group) and those who rather mistrust it is greater than the difference between any other adjacent response categories. Given that the incremental decreases in inflation expectations between the remaining categories are smaller, the relationship between trust in the CNB and inflation expectations appears to be non-linear.

Table 8: Two-stage Residual Inclusion Regression Assessing the Relationship between Trust and Inflation Expectations

Independent variable	Baseline	Financial variables	Internet use
Intercept	15.201***	15.406***	15.528***
	(1.614)	(1.748)	(1.656)
Rather mistrust	-5.205***	-5.521***	-5.179***
	(1.146)	(1.214)	(1.147)
Rather trust	-7.362***	-7.997***	-7.328***
	(1.161)	(1.223)	(1.162)
Certainly trust	-9.248***	-10.008***	-9.182***
	(1.483)	(1.540)	(1.485)
Male	-2.076***	-2.033***	-2.006***
	(0.520)	(0.546)	(0.526)
Age	0.007	0.010	0.009
	(0.021)	(0.022)	(0.021)
Vocational	0.803	1.210	0.821
	(1.127)	(1.180)	(1.127)
High school	-2.102	-1.556	-2.051
	(1.074)	(1.137)	(1.075)
College or higher	-3.615***	-2.797*	-3.503**
	(1.110)	(1.194)	(1.117)
Financial sophistication		-2.239***	
		(0.612)	
Internet news			-0.328
			(0.373)
Trust (residuals)	0.460*	0.470*	0.462*
	(0.229)	(0.238)	(0.229)
N	1428	1428	1428
Adj. R^2	0.072	0.093	0.071

Note: Table 8 shows a two-stage residual inclusion regression with the dependent variable being inflation expected by the respondent in one year. The instrumental variable used to assess the relationship between trust and expected inflation is trust in other people. The standard errors are displayed in parentheses. Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001.

Even though R^2 is relatively low and the results should be treated with caution, the non-linearity identified may have the following explanation: individuals with a strong negative opinion of the CNB may be convinced that the institution fails to fulfill its mandate. As a result, they expect

high inflation since they do not believe the CNB is either capable of or (perhaps more importantly) willing to prevent it. Conversely, individuals who *rather mistrust* the CNB may have some lingering doubts about their own judgment and may at least acknowledge that the CNB aims to maintain price stability, even if they might disagree with the methods used. This basic level of institutional trust can serve as a minimal anchor that prevents inflation expectations from rising excessively. While higher levels of trust further reduce inflation expectations, the marginal benefit is not as strong as that initial shift from outright mistrust to partial trust.

Among other factors, men appear to have significantly lower inflation expectations than women, which complements the earlier analysis in this section. Thus, this paper does not challenge the well-established finding in the economic literature that men tend to have lower inflation expectations than women. However, it adds a nuance that men and women rely on the mechanism of backward-looking formation of inflation expectations to a similar degree.

Respondents with higher education also exhibit significantly lower inflation expectations compared to those with only elementary education (the base group). This effect remains statistically significant even when controlling for financial sophistication. Completion of secondary education is associated with a reduction in inflation expectations as well, although the effect is statistically significant only at the 10% level. Financial sophistication is also associated with lower inflation expectations, and this effect appears more solid than that of education.

Given that the residuals from the first-stage regression are statistically significant in the second stage, endogeneity is indeed present, and the use of an instrumental variable approach is justified. The Hausman test supports this conclusion ($p = 0.04$).

6.2 Knowledge about the CNB and Its Monetary Policy

Both treatments are effective in enhancing respondents' awareness of the CNB's inflation target. As shown in Figure 7, the Facebook post increases the odds of correctly identifying the target by 140%, while the monetary policy statement does so by 120%. Moreover, the Facebook post reduces the odds of incorrectly identifying the target as variable over time by 28%, and the monetary policy statement achieves a 47% reduction (see Figures B.2 and B.3 in Appendix B). In both cases, the treatment effects are not statistically different from each other.

These results suggest that the treatments strengthen the anchoring of inflation expectations not only by improving knowledge of the specific inflation target, but also by reducing the uncertainty about the target, especially by lowering the probability of selecting the most problematic response, namely, that the target varies over time. This misperception implies a complete lack of a stable nominal anchor.

Higher perceived inflation is associated with lower odds of correctly identifying the inflation target and higher odds of incorrectly assuming that the target is variable. Specifically, each additional percentage point of perceived inflation reduces the odds of correct identification by 3.2% while increasing the odds of selecting the least desirable answer by 1.3%. This suggests that individuals who perceive higher inflation may believe either that the inflation target is higher than 2% or that the CNB changes its target opportunistically.

Male respondents exhibit consistently better knowledge of the CNB's inflation target even after accounting for perceived inflation. This is consistent with existing literature, which finds that men are generally more interested in financial matters and more inclined to take risks in pursuit of

wealth accumulation (Prince, 1993). Men also tend to be more active investors, executing more trades (Barber and Odean, 2001), and are therefore more motivated to seek relevant information. These financial patterns persist today, as men have 91% higher odds of investing in stocks than women (Furnham et al., 2024). Tranfaglia et al. (2024) also identify a financial literacy gender gap, indicating that it stems partly from true knowledge and partly from greater confidence of men.

Figure 7: Familiarity with the CNB's Target (Financial Control Variable)
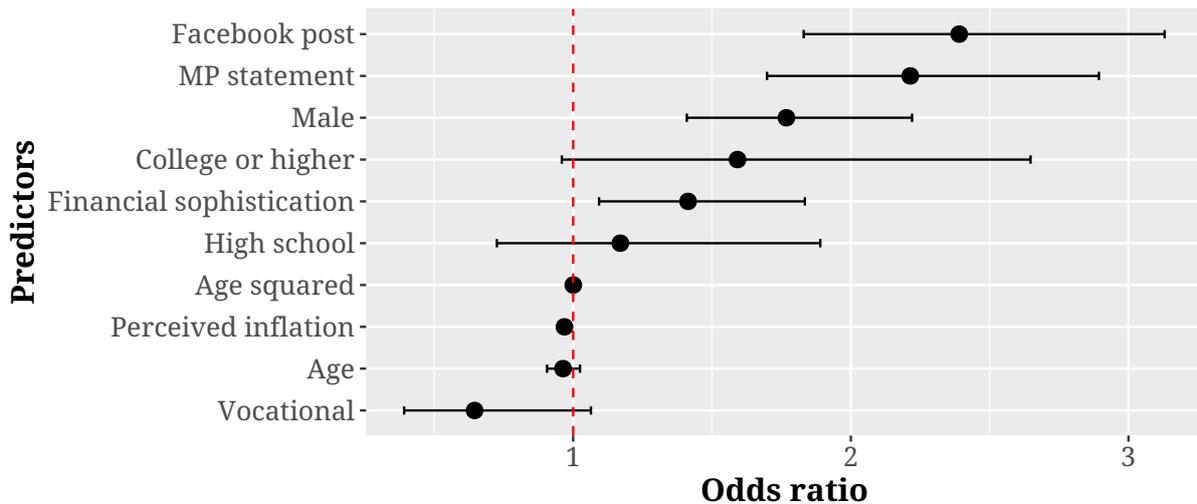
Note: Figure 7 shows which independent variables are associated with better knowledge of the CNB's 2% inflation target. The results are displayed as odds ratios.
*Source:* Author's survey

College-educated respondents are more likely to correctly identify the 2% target, but the effect becomes statistically insignificant once financial sophistication is included in the model, suggesting that it is not just formal education per se, but rather the active use of financial knowledge, that drives the correct response. Grammar schools successfully impart the information, though its retention appears to be stronger among those who act upon that knowledge and become financially sophisticated.

Figure B.1 (in Appendix B) also highlights that respondents who use internet sources on related topics show higher odds of correctly identifying the inflation target. This may be due to their regular exposure to CNB communication, such as press conferences or interviews with board members, intermediated through various media channels, where the inflation target is frequently mentioned.

However, Figure 8 shows that the treatments did not significantly increase the odds of correctly answering that higher interest rates reduce inflation, a basic tenet of monetary policy. This may be partly due to how the principle is communicated: in both treatments, it is presented indirectly, often in reverse (e.g., "*inflation is (expected to be) high/low, therefore interest rates should be increased/decreased*"), unlike the inflation target, which is stated more explicitly. Also, the purpose of the monetary policy statements is to provide information on the current deliberations of the central bank board, not to educate the general population, so such information is probably outside the scope of the statements.

Figure 8: Familiarity with the Relationship between Interest Rates and Inflation (Financial Control Variable)
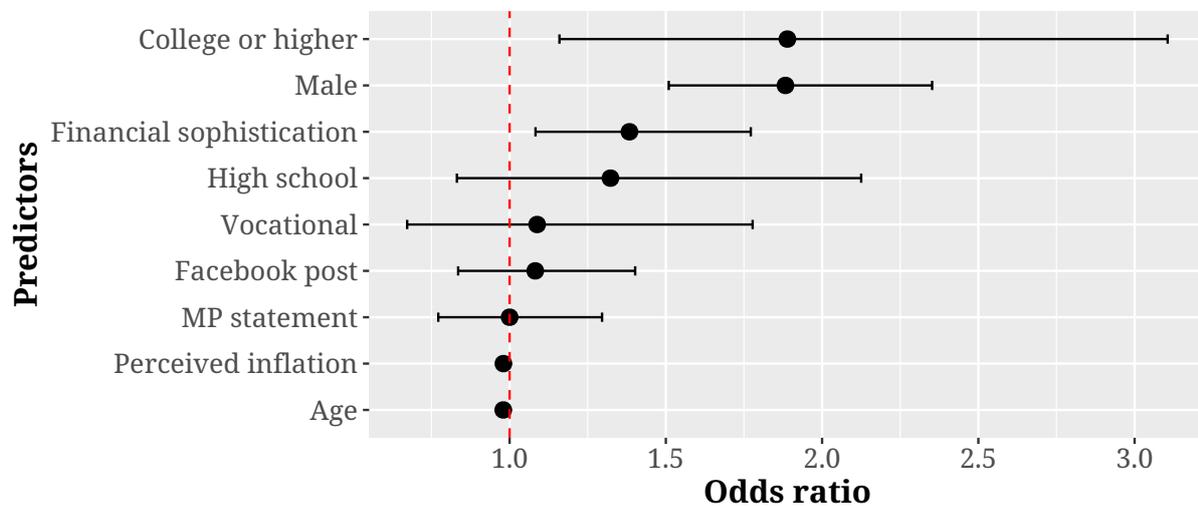
Note: Figure 8 shows which independent variables are associated with better knowledge of the relationship between interest rates and inflation, specifically that an increase in interest rates should result in a decrease in inflation. The results are displayed as odds ratios.

Source: Author's survey

As with the inflation target, male respondents show higher odds of providing the correct answer, likely for similar reasons. Each unit increase in age or perceived inflation is associated with a 2% decrease in the odds of a correct response. This relationship between higher perceived inflation and a worse understanding of monetary transmission further underscores the importance of both clearly communicating the inflation target and educating the public about the underlying mechanism as anchors for expectations, albeit separately from the monetary policy statement.

The effect of financial sophistication is positive. Since inflation and interest rates directly affect real investment returns—particularly in the case of bonds and treasury securities—it is in the interest of financially sophisticated individuals to understand their interrelation. Similarly, respondents who seek related information online are more likely to correctly identify the transmission mechanism (see Figure B.4 in Appendix B).

In summary, the formats of CNB communication used in this paper may partly fulfill some educative purpose. They succeed in delivering simple, factual information about the inflation target, thereby supporting the anchoring of expectations. On the other hand, they do not have the same effect regarding the relationship between interest rates and inflation. However, educating the broader population about this relationship by means of the monetary policy statement would likely be counterproductive, as it may obscure other, more important information.

6.3 Respondents' Opinions about the CNB

Even though the survey was carefully designed to reasonably maximize the variation within the sample to achieve meaningful and significant results (see Section 3.2), the fits of models concerning opinions about the CNB (measured by McFadden's R^2) are very low. Therefore, all results in this section should be interpreted with caution and treated as observations without serious implications.

Figures 9 and B.5 (in Appendix B) show that the only significant contributors to trust in the CNB are financial sophistication and browsing the internet for related information. As illustrated before, both factors are associated with better knowledge, suggesting that being informed and trusting the CNB may be related phenomena. A plausible interpretation can be found in van der Cruijsen et al. (2021), whose analysis indicates that individuals with higher financial literacy tend to have greater trust in financial institutions in general. Similarly, PytlikZillig et al. (2017) show that as individuals gain more domain-specific knowledge, they rely less on extrapolating their trust in the government or public sector to specific institutions, such as the central bank in this case. Binder et al. (2025) also show that trust in the Federal Reserve is significantly affected by partisan affiliation and that voters who support the incumbent president have the highest trust in the Fed.

Figure 9: Trust in the CNB (Financial Control Variable)
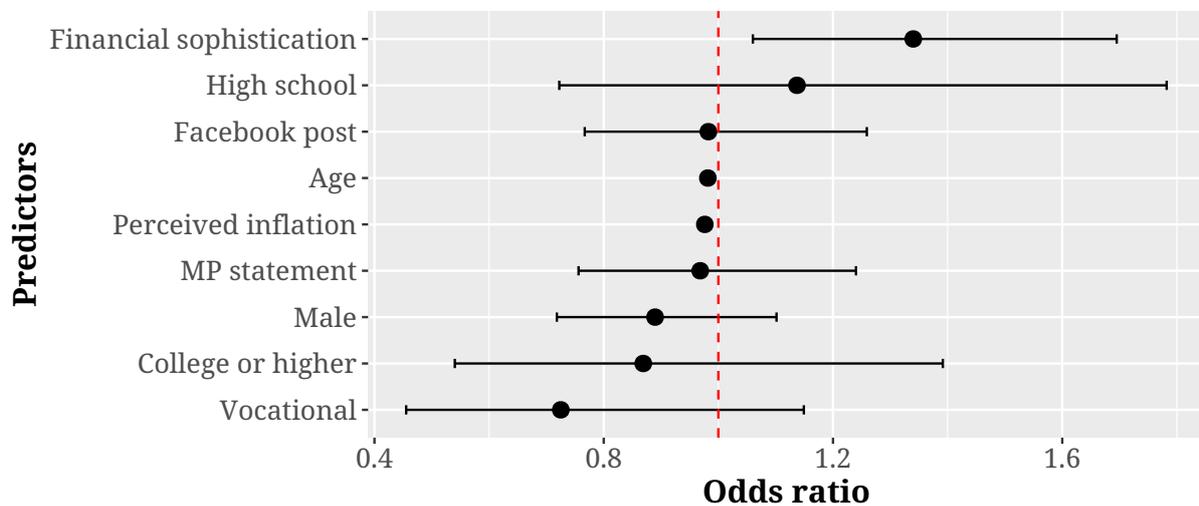
Note: Figure 9 shows which independent variables are associated with higher trust in the CNB. The results are displayed as odds ratios.
*Source:* Author's survey

According to a survey conducted by the Public Opinion Research Center (CVVM) in autumn 2024, trust in the Czech government was low: only 23% of citizens trusted it, while 75% expressed mistrust. However, the CNB remains one of the most trusted institutions in the country, with 76% of Czech citizens expressing trust in it in September 2025 according to the STEM Institute for Empirical Research.

Neither of the treatments significantly increases the likelihood that respondents will provide a more favorable response. A possible explanation is that while knowledge and information can be updated relatively quickly, opinions and beliefs are more deeply rooted, integrated with identity and personal values, and formed over time. As a result, a one-time exposure to the treatments is ineffective. However, repeated exposure over an extended period may eventually persuade respondents to reconsider their views (Jiang et al., 2024).

Perceived inflation and age have a negative effect on trust in the CNB. An increase in perceived current inflation reduces the odds of trusting the CNB more by 2.5%, while each additional year of

age reduces the odds by 1.8%. While these effects may appear modest, their implications become clearer when contextualized. For instance, a respondent who reported 20% perceived inflation (at the higher end of the 1.5 IQR depicted in the Figure 4 boxplots) has 45% lower odds of trusting the CNB compared to someone who perceived inflation at 2%, which roughly reflected reality in July 2024, when the inflation rate in Czechia was 2.2%. The decline in trust associated with higher inflation perceptions is intuitive: individuals who believe inflation is high may assume the CNB is failing to attain its price stability mandate, thereby undermining its institutional credibility.

Figure 10: Opinions about the CNB's Communication (Financial Control Variable)
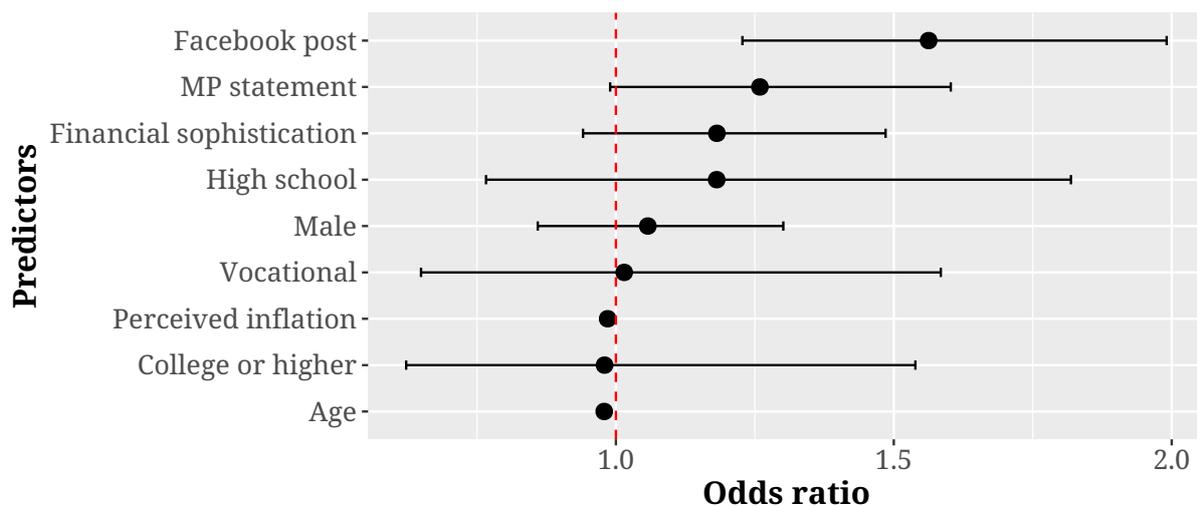
Note: Figure 10 shows which independent variables are associated with higher odds of the respondent having a more positive opinion about the understandability and clarity of the CNB's communication. The results are displayed as odds ratios.
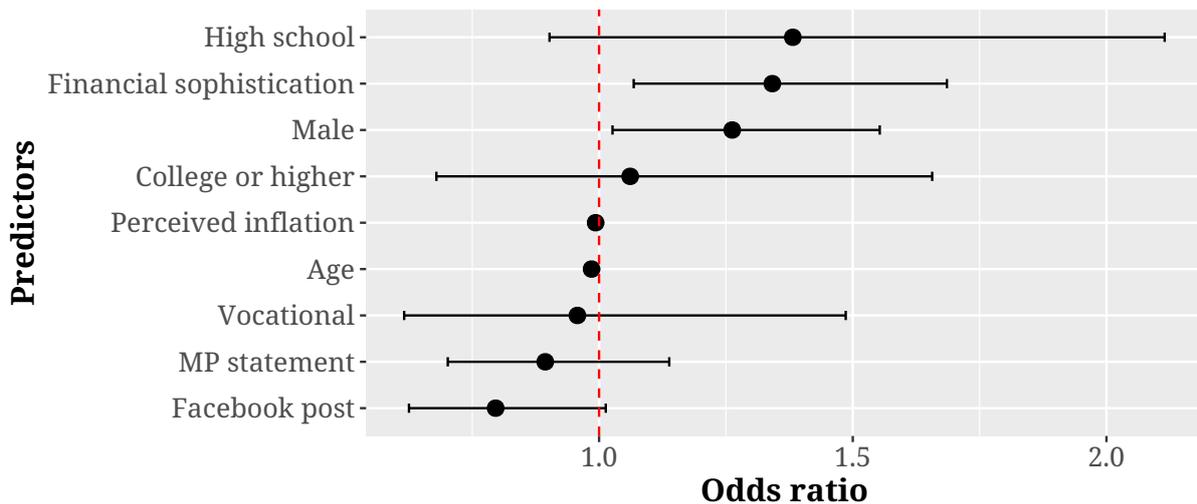
Source: Author's survey

The regressions examining whether respondents find the CNB's communication clear and understandable (Figures 10 and B.6) reveal a notable difference between the effects of the two treatments. The monetary policy statement yields statistically significant results only at the 10% level. In contrast, exposure to the Facebook post significantly increases the odds of a more favorable response, with an estimated impact roughly twice that of the monetary policy statement. Specifically, the Facebook post increases the odds of shifting to a higher response category (e.g., from "Rather NO" to "Rather YES") by 57%. However, according to the Wald test, the difference between the treatments is statistically significant only at the 10% level ($p = 0.08$). Significantly higher odds of a better evaluation of CNB communication are also associated with respondents using the internet to inform themselves about related issues (see Figure B.6).

Conversely, both age and perceived inflation are negatively associated with respondents' evaluations of CNB communication. A one percentage point increase in perceived inflation decreases the odds of a more favorable view by 0.7%, while each additional year of age reduces the odds by 1.4%. In contrast to previous regressions, financial sophistication does not play a significant role in assessing the clarity of the CNB's communication, nor does educational attainment.

As shown in Figure 11, interest in receiving more information from or about the CNB does not appear to be significantly influenced by either treatment, as all model specifications yield statis-

tically insignificant estimates (see Table A.15 in Appendix A). This complements earlier findings suggesting that although respondents rate Facebook posts somewhat more positively, the posts do not make CNB communication significantly more engaging. That said, financially sophisticated

**Figure 11: Interest in More Information about the CNB (Financial Control Variable)**

Note: Figure 11 shows which independent variables are associated with higher odds of the respondent being more interested in information about the CNB and its monetary policy. The results are displayed as odds ratios.
Source: Author's survey

respondents are 35% more likely to shift to a higher response category. This result is unsurprising, given that such individuals often have a vested interest in staying informed about CNB decisions (e.g., those with mortgages or holdings in bonds and treasuries). On the other hand, respondents who frequently search for related information online (depicted in Figure B.7 in Appendix B) do not express significantly greater interest in learning more about the CNB. A possible explanation is that these individuals are already satisfied with the information available from other sources.

As with the previous questions, both age and perceived inflation reduce the likelihood of a more favorable response. Specifically, each additional year of age reduces the odds by 1.5%, and each percentage point increase in perceived inflation lowers the odds by less than 1%. Nonetheless, perceived inflation is only marginally significant in most specifications and becomes statistically insignificant in a model that includes the financial variable. In contrast to the previous regressions, the linear regression in Appendix A (Table A.14) reveals a potentially U-shaped relationship between age and interest in CNB information, as the squared term is statistically significant. This suggests that the oldest and the youngest respondents may be more interested in further information than their middle-aged counterparts.

Figure 12 shows that none of the treatments significantly affect respondents' financial expectations. Although the Facebook post appears to increase the odds of a more optimistic response, the effect is statistically significant only at the 10% level. Financial expectations are influenced by a broader set of factors beyond inflation and interest rates. These factors are likely subjective and vary across individuals, and may not align with the central bank's outlook.

Figure 12: Expectations of Future Personal Financial Situation (Financial Control Variable)
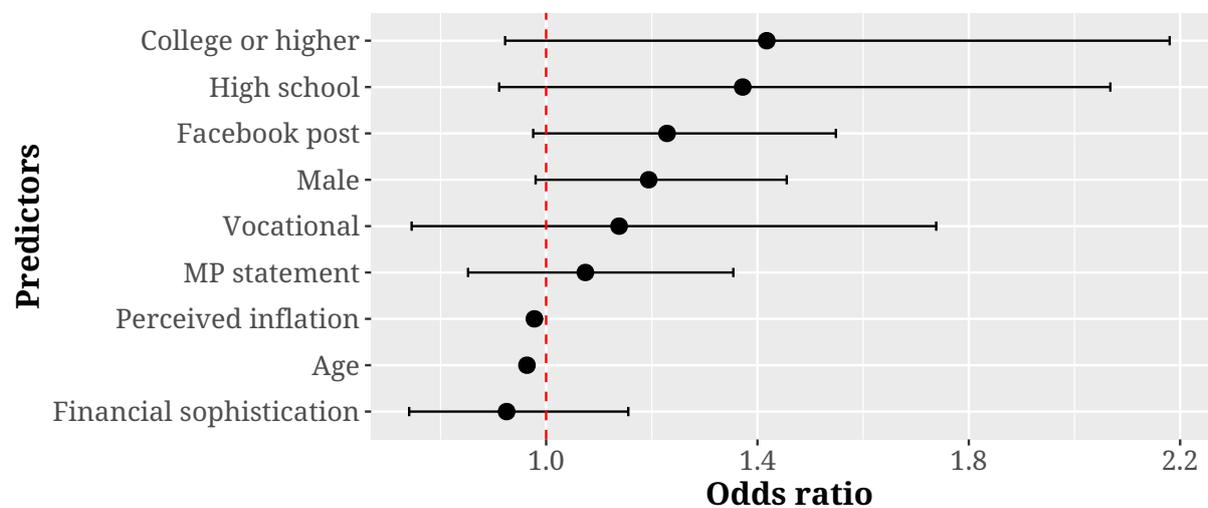
Note: Figure 12 shows which independent variables are associated with higher odds of the respondent having more optimistic expectations about their future financial situation. The results are displayed as odds ratios.

Source: Author's survey

Only respondents who use the internet to inform themselves about the CNB and other economic matters appear to have significantly higher odds of viewing their future financial situation more favorably (see Figure B.8). It is reasonable to assume that these individuals are more familiar with current economic conditions. In the summer of 2024, the economic outlook was improving. With inflation remaining close to the central bank's target, and amid accelerating economic growth (0.6% yoy in Q2 2024, compared to −0.8% a year prior) and solid wage increases (6.5% yoy in Q2 2024), these respondents may have incorporated this positive information into their financial expectations.

The negative impact observed among older respondents and those who perceive higher inflation reinforces the broader pattern associated with these two variables. Overall, these groups tend to hold more pessimistic expectations regarding both the general economic situation and their personal financial outlook, as reflected in their inflation perceptions, opinions, and financial expectations. This may represent a unifying mechanism underlying their higher inflation expectations and lower levels of trust and approval of the CNB. This rise in pessimism is consistent with research by Tetzner et al. (2024), which finds that the level of pessimism tends to increase moderately over the course of an individual's lifetime.

7. Conclusion

Monetary policy communication is a vital tool for central banks, supporting both the practical implementation of monetary policy and the core principles on which modern central banking is founded—independence, transparency, and accountability. Recent experimental research has confirmed that individuals are receptive to factual statements about central banks, monetary policy, and economic outcomes. This paper contributes to the literature by analyzing treatments that individuals may realistically encounter and that are fully controlled by the central bank: a monetary policy statement and a related Facebook post. The inclusion of social media communication represents

an innovation in this research area, as there is limited evidence on whether this communication channel provides any tangible benefits over traditional ones.

The results indicate that both treatments are effective in reducing inflation expectations and their degree of backward-lookingness among members of the general population, whose expectations are often elevated. Thus, direct communication from the central bank appears to be effective in anchoring inflation expectations. Additionally, both treatments serve a basic educational purpose by increasing awareness of the CNB's inflation target. However, they do not effectively convey the intended relationship between interest rates and inflation. Furthermore, the treatments have no significant effect on trust in the central bank or on stimulating interest in it. Nevertheless, the Facebook post shows some additional potential: respondents exposed to it rated the CNB's communication more favorably.

Beyond the main findings, the analysis highlights the benefits of financial literacy for the central bank. Respondents with greater financial sophistication tend to have less adaptive inflation expectations, better knowledge of the CNB, and more favorable opinions about the institution. Another promising group consists of respondents who use the internet to stay informed about news, finances, and social issues, or who regularly follow TV or radio channels. These individuals also demonstrate greater knowledge about the CNB and are more likely to approve of its communication. The level of general education plays a significant role in lowering long-term inflation expectations compared to the level implied by inflation perceived by the respondents. Still, it does not improve their opinions about the central bank, though it does modestly enhance their basic knowledge of monetary policy.

This study has several limitations that should be acknowledged. First, it is not possible to determine which specific elements of the treatments influenced respondents' inflation expectations. This trade-off was accepted in order to create an experimental setting that closely mirrors real-world conditions. Second, the study cannot assess the persistence of the observed effects or whether repeated exposure to the treatments would influence attitudes that are more deeply rooted in personal opinion rather than objective facts. Third, the regressions regarding opinions offer a relatively weak fit. Therefore, their results should be viewed as useful observations, but strong conclusions and practical implications should be avoided.

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Appendix A: Tables

A.1 Descriptive Statistics

Table A.1: Sample Structure

	Statement	Facebook	Control	Whole sample
Gender				
Male	301 (50.2%)	316 (51.2%)	300 (48.9%)	917 (50.3%)
Female	299 (49.8%)	293 (48.8%)	313 (51.1%)	905 (49.7%)
Age				
18–24	63 (10.5%)	63 (10.3%)	59 (9.6%)	185 (10.2%)
25–34	98 (16.3%)	103 (16.9%)	112 (18.2%)	313 (17.2%)
35–44	135 (22.5%)	150 (24.6%)	145 (23.7%)	430 (23.6%)
45–54	156 (26.0%)	150 (24.6%)	151 (24.6%)	457 (25.5%)
55–65	148 (24.7%)	143 (23.4%)	146 (23.8%)	437 (24.0%)
Education				
Elementary	43 (7.1%)	49 (8.0%)	43 (7.0%)	135 (7.4%)
Apprenticeship	187 (31.2%)	189 (31.0%)	189 (30.8%)	565 (31.0%)
High school	226 (37.7%)	221 (36.3%)	243 (39.6%)	690 (37.9%)
University	144 (24.0%)	150 (24.6%)	138 (22.5%)	432 (23.7%)
Residence				
≤1,000 inhabitants	99 (16.5%)	102 (16.7%)	106 (17.3%)	307 (16.8%)
1,001–5,000 inh.	126 (21.0%)	127 (20.9%)	140 (22.8%)	393 (21.6%)
5,001–20,000 inh.	109 (18.2%)	107 (17.6%)	105 (17.1%)	321 (17.6%)
20,001–100,000 inh.	130 (21.7%)	127 (20.9%)	115 (18.8%)	372 (20.4%)
>100,000 inh.	136 (22.7%)	146 (24.0%)	147 (24.0%)	429 (23.5%)
Total	600	609	613	1822

Note: Table A.1 displays the structure of the sample and its subgroups according to the attributes that were used to define the quotas for the selection of individual respondents. The numbers in parentheses denote the relative count with respect to the given subgroup or the whole sample. Statement refers to the group that received the monetary policy statement as a treatment, Facebook received the Facebook post, and Control serves as a control group.

Table A.2: Trust in the CNB

	Statement	Facebook	Control	Whole sample
Certainly YES	56 (9.3%)	58 (9.5%)	50 (8.2%)	164 (9.0%)
Rather YES	310 (51.7%)	330 (54.2%)	346 (56.4%)	986 (54.1%)
Rather NO	160 (26.7%)	154 (25.3%)	144 (23.5%)	458 (25.1%)
Certainly NO	35 (5.8%)	38 (6.2%)	42 (6.9%)	115 (6.3%)
Don't know/No answer	39 (6.5%)	29 (7.8%)	31 (5.1%)	99 (5.4%)
N	600	609	613	1822

Note: Table A.2 shows a summary of answers to the question regarding trust in the CNB. The specific wording of the answer is as follows: "Do you trust the Czech National Bank?"

Table A.3: Interest in More Information about the CNB

	Statement	Facebook	Control	Whole sample
Certainly YES	107 (17.8%)	97 (15.9%)	115 (18.8%)	319 (17.5%)
Rather YES	277 (46.2%)	276 (45.3%)	292 (47.6%)	845 (46.4%)
Rather NO	142 (23.7%)	168 (27.6%)	139 (22.7%)	449 (24.6%)
Certainly NO	35 (5.8%)	19 (3.1%)	22 (3.6%)	76 (4.2%)
Don't know/No answer	39 (6.5%)	49 (8.1%)	45 (7.3%)	133 (7.3%)
N	600	609	613	1822

Note: Table A.3 shows a summary of answers to the question regarding interest in more information from the CNB. The specific wording of the answer is as follows: "Would you be interested in more information on the purpose, tools, and activities of the CNB?"

Table A.4: Relationship between Interest Rates and Inflation

	Statement	Facebook	Control	Whole sample
Increasing interest rates leads to lower inflation	260 (43.3%)	279 (45.8%)	256 (41.8%)	795 (43.6%)
Increasing interest rates leads to higher inflation	272 (45.3%)	254 (41.7%)	274 (44.7%)	800 (43.91%)
Increasing interest rates does not affect inflation	68 (11.3%)	76 (12.5%)	83 (13.5%)	227 (12.5%)
N	600	609	613	1822

Note: Table A.4 shows a summary of answers to the question regarding the opinion on the relationship between interest rate hikes and inflation. The specific wording of the answer is as follows: "In your opinion, what is the effect of interest rate increases on inflation?"

Table A.5: Expectations of Future Change in Financial Situation

	Statement	Facebook	Control	Whole sample
Certainly WORSEN	32 (5.3%)	35 (5.8%)	47 (7.8%)	114 (6.3%)
Rather WORSEN	161 (26.8%)	133 (21.8%)	169 (27.6%)	463 (25.4%)
Stay the same	257 (42.8%)	272 (44.7%)	235 (38.3%)	764 (41.9%)
Rather IMPROVE	103 (17.2%)	134 (22.0%)	120 (19.6%)	357 (19.6%)
Certainly IMPROVE	27 (4.5%)	18 (3.0%)	22 (3.6%)	67 (3.7%)
Don't know/No answer	20 (3.3%)	17 (2.8%)	20 (3.3%)	57 (3.1%)
N	600	609	613	1822

Note: Table A.5 shows a summary of answers to the question regarding expectations of future change in the respondents' financial situation. The specific wording of the answer is as follows: "How do you think your financial situation will change over the next 12 months?"

Table A.6: Trust in Other People

	Statement	Facebook	Control	Whole sample
Certainly YES	19 (3.2%)	14 (2.3%)	9 (1.5%)	42 (2.3%)
Rather YES	201 (33.5%)	188 (30.9%)	208 (33.9%)	597 (32.8%)
Rather NO	298 (49.7%)	300 (49.3%)	302 (49.3%)	900 (49.4%)
Certainly NO	64 (10.7%)	77 (12.6%)	69 (11.3%)	210 (11.5%)
Don't know/No answer	18 (3.0%)	30 (4.9%)	25 (4.1%)	73 (4.0%)
N	600	609	613	1822

Note: Table A.6 shows a summary of answers to the question regarding trust in people in general. The specific wording of the answer is as follows: "Do you think people can be trusted in general?"

A.2 Regression Analysis

Table A.7: Logistic Regression Regarding Correct Identification of 2% Inflation Target

Independent variable	Baseline	Age squared	Financial variables	Internet use
Intercept	-0.507	-0.086	0.279	-0.038
	(0.289)	(0.613)	(0.629)	(0.614)
Perceived inflation	-0.033***	-0.033***	-0.032***	-0.032***
	(0.005)	(0.005)	(0.005)	(0.005)
MP statement	0.791***	0.789***	0.795***	0.778***
	(0.136)	(0.135)	(0.136)	(0.136)
Facebook post	0.881***	0.878***	0.871***	0.875***
	(0.137)	(0.137)	(0.137)	(0.137)
Male	0.600***	0.607***	0.570***	0.567***
	(0.115)	(0.115)	(0.116)	(0.116)
Age	0.000	-0.024	-0.037	-0.030
	(0.005)	(0.031)	(0.031)	(0.031)
Age^2		0.000	0.000	0.000
		(0.000)	(0.000)	(0.000)
Vocational	-0.456	-0.417	-0.439	-0.417
	(0.249)	(0.254)	(0.255)	(0.255)
High school	0.195	0.230	0.157	0.207
	(0.237)	(0.242)	(0.244)	(0.242)
College or higher	0.554*	0.598*	0.465	0.541*
	(0.247)	(0.253)	(0.259)	(0.255)
Financial sophistication			0.346**	
			(0.132)	
Internet news				0.721**
				(0.245)
N	1510	1510	1510	1510
Pseudo-R^2	0.102	0.102	0.105	0.106

Note: Table A.7 shows a logistic regression with the dependent variable being equal to 1 if the respondent answered that the CNB targets an inflation rate of 2%. The results are displayed as log-odds ratios. The standard errors are displayed in parentheses. Significance levels:
*$p < 0.05$, **$p < 0.01$, ***$p < 0.001$.

Table A.8: Logistic Regression Regarding Wrong Identification of Variable Inflation Target

Independent variable	Baseline	Age squared	Financial variables	Internet use
Intercept	-1.343***	-1.413	-1.450	-1.425
	(0.339)	(0.740)	(0.756)	(0.741)
Perceived inflation	0.013**	0.013**	0.013**	0.013**
	(0.004)	(0.004)	(0.004)	(0.004)
MP statement	-0.447**	-0.447**	-0.448**	-0.438**
	(0.161)	(0.161)	(0.161)	(0.161)
Facebook post	-0.333*	-0.332*	-0.331*	-0.327*
	(0.157)	(0.158)	(0.158)	(0.158)
Male	-0.606***	-0.608***	-0.604***	-0.584***
	(0.137)	(0.138)	(0.139)	(0.139)
Age	0.007	0.011	0.013	0.014
	(0.005)	(0.037)	(0.037)	(0.037)
Age^2		-0.000	-0.000	-0.000
		(0.000)	(0.000)	(0.000)
Vocational	0.430	0.425	0.428	0.426
	(0.284)	(0.289)	(0.289)	(0.289)
High school	-0.039	-0.043	-0.034	-0.028
	(0.279)	(0.283)	(0.285)	(0.283)
College or higher	-0.316	-0.322	-0.306	-0.288
	(0.295)	(0.301)	(0.307)	(0.302)
Financial sophistication			-0.039	
			(0.156)	
Internet news				-0.381
				(0.300)
N	1510	1510	1510	1510
Pseudo-R^2	0.046	0.046	0.046	0.047

Note: Table A.8 shows a logistic regression with the dependent variable being equal to 1 if the respondent answered that the inflation target of the CNB varies over time. The results are displayed as log-odds ratios. The standard errors are displayed in parentheses. Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001.

Table A.9: Logistic Regression Regarding Correct Identification of MP Transmission Mechanism

Independent variable	Baseline	Age squared	Financial variables	Internet use
Intercept	0.127	0.294	0.273	-0.279
	(0.282)	(0.595)	(0.288)	(0.298)
Perceived inflation	-0.021***	-0.021***	-0.020***	-0.020***
	(0.005)	(0.005)	(0.005)	(0.005)
MP statement	-0.002	-0.003	0.000	-0.025
	(0.132)	(0.132)	(0.132)	(0.133)
Facebook post	0.088	0.086	0.079	0.074
	(0.132)	(0.132)	(0.132)	(0.133)
Male	0.671***	0.673***	0.633***	0.614***
	(0.112)	(0.112)	(0.113)	(0.113)
Age	-0.019***	-0.029	-0.020***	-0.021***
	(0.004)	(0.030)	(0.004)	(0.004)
Age^2		0.000		
		(0.000)		
Vocational	0.122	0.139	0.084	0.113
	(0.247)	(0.253)	(0.248)	(0.248)
High school	0.365	0.380	0.280	0.324
	(0.236)	(0.241)	(0.239)	(0.237)
College or higher	0.782**	0.800**	0.636*	0.688**
	(0.245)	(0.252)	(0.251)	(0.246)
Financial sophistication			0.325**	
			(0.126)	
Internet news				0.346***
				(0.079)
N	1510	1510	1510	1510
Pseudo-R^2	0.058	0.058	0.061	0.067

Note: Table A.9 shows a logistic regression with the dependent variable being equal to 1 if the respondent answered that an increase in interest rates is associated with a decrease in inflation. The results are displayed as log-odds ratios. The standard errors are displayed in parentheses. Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001.

Table A.10: Linear Regression Regarding Trust in the CNB

Independent variable	Baseline	Age squared	Financial variables	Internet use
Intercept	3.098***	3.233***	3.151***	3.029***
	(0.097)	(0.191)	(0.099)	(0.104)
Perceived inflation	-0.009***	-0.009***	-0.009***	-0.009***
	(0.002)	(0.002)	(0.002)	(0.002)
MP statement	-0.004	-0.005	-0.004	-0.008
	(0.045)	(0.045)	(0.045)	(0.045)
Facebook post	-0.004	-0.005	-0.008	-0.007
	(0.046)	(0.046)	(0.046)	(0.046)
Male	-0.038	-0.036	-0.053	-0.049
	(0.039)	(0.039)	(0.039)	(0.039)
Age	-0.006***	-0.014	-0.007***	-0.007***
	(0.002)	(0.010)	(0.002)	(0.002)
Age^2		0.000		
		(0.000)		
Vocational	-0.092	-0.079	-0.108	-0.094
	(0.091)	(0.093)	(0.091)	(0.090)
High school	0.075	0.085	0.041	0.067
	(0.087)	(0.088)	(0.087)	(0.086)
College or higher	0.002	0.016	-0.053	-0.016
	(0.088)	(0.091)	(0.090)	(0.088)
Financial sophistication			0.115**	
			(0.042)	
Internet news				0.058*
				(0.028)
N	1458	1458	1458	1458
Adjusted R^2	0.052	0.051	0.056	0.054

Note: Table A.10 shows a linear regression with the dependent variable being trust in the CNB coded from 1 (*Certainly mistrust*) to 4 (*Certainly trust*). The results displayed are estimated using ordinary least squares with heteroskedasticity-robust standard errors. The standard errors are displayed in parentheses. Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001.

Table A.11: Ordered Logistic Regression Regarding Trust in the CNB

Independent variable	Baseline	Financial variables	Internet use
Perceived inflation	-0.024***	-0.024***	-0.024***
	(0.004)	(0.004)	(0.004)
MP statement	-0.039	-0.032	-0.048
	(0.126)	(0.126)	(0.126)
Facebook post	-0.008	-0.018	-0.013
	(0.126)	(0.126)	(0.126)
Male	-0.078	-0.117	-0.110
	(0.108)	(0.109)	(0.109)
Age	-0.017***	-0.019***	-0.018***
	(0.004)	(0.004)	(0.004)
Vocational	-0.284	-0.321	-0.283
	(0.235)	(0.236)	(0.235)
High school	0.207	0.129	0.191
	(0.227)	(0.230)	(0.228)
College or higher	-0.006	-0.140	-0.046
	(0.234)	(0.241)	(0.235)
Financial sophistication		0.293*	
		(0.120)	
Internet news			0.165*
			(0.076)
Thresholds			
Certainly mistrust→Rather mistrust	-3.883***	-4.025***	-3.689***
	(0.298)	(0.304)	(0.311)
Rather mistrust→Rather trust	-1.810***	-1.946***	-1.611***
	(0.278)	(0.284)	(0.292)
Rather trust→Certainly trust	1.234***	1.106***	1.439***
	(0.277)	(0.283)	(0.293)
N	1458	1458	1458
Pseudo-R^2	0.026	0.029	0.028

Note: Table A.11 shows an ordered logistic regression with the dependent variable being trust in the CNB coded in four categories displayed in thresholds. The results are displayed as log-odds ratios. The standard errors are displayed in parentheses. Significance levels: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$.

Table A.12: Linear Regression Regarding CNB's Communication

Independent variable	Baseline	Age squared	Financial variables	Internet use
Intercept	2.697***	2.729***	2.728***	2.621***
	(0.103)	(0.215)	(0.105)	(0.108)
Perceived inflation	-0.006***	-0.006***	-0.006***	-0.006***
	(0.001)	(0.001)	(0.001)	(0.001)
MP statement	0.087	0.087	0.088	0.083
	(0.047)	(0.047)	(0.047)	(0.047)
Facebook post	0.159***	0.159***	0.158***	0.156**
	(0.047)	(0.047)	(0.047)	(0.047)
Male	0.018	0.018	0.009	0.005
	(0.040)	(0.040)	(0.041)	(0.040)
Age	-0.008***	-0.010	-0.008***	-0.008***
	(0.002)	(0.011)	(0.002)	(0.002)
Vocational	0.029	0.032	0.019	0.027
	(0.088)	(0.089)	(0.088)	(0.087)
High school	0.091	0.093	0.071	0.082
	(0.084)	(0.085)	(0.085)	(0.084)
College or higher	0.023	0.026	-0.010	0.002
	(0.087)	(0.089)	(0.089)	(0.087)
Financial sophistication			0.069	
			(0.044)	
Internet news				0.065*
				(0.028)
N	1432	1432	1432	1432
Adjusted R^2	0.034	0.033	0.035	0.037

Note: Table A.12 shows a linear regression with the dependent variable being the assessment of whether CNB communication is clear and understandable coded from 1 (*Certainly no*) to 4 (*Certainly yes*). The results displayed are estimated using ordinary least squares with heteroskedasticity-robust standard errors. The standard errors are displayed in parentheses. Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001.

Table A.13: Ordered Logistic Regression Regarding CNB's Communication

Independent variable	Baseline	Financial variables	Internet use
Perceived inflation	-0.015***	-0.015***	-0.015***
	(0.004)	(0.004)	(0.004)
MP statement	0.227	0.230	0.218
	(0.123)	(0.123)	(0.123)
Facebook post	0.447***	0.446***	0.438***
	(0.123)	(0.123)	(0.123)
Male	0.074	0.056	0.045
	(0.105)	(0.106)	(0.106)
Age	-0.021***	-0.021***	-0.022***
	(0.004)	(0.004)	(0.004)
Vocational	0.036	0.015	0.043
	(0.226)	(0.227)	(0.227)
High school	0.214	0.167	0.195
	(0.217)	(0.220)	(0.218)
College or higher	0.056	-0.021	0.013
	(0.224)	(0.231)	(0.225)
Financial sophistication		0.167	
		(0.116)	
Internet news			0.177*
			(0.074)
Thresholds			
Certainly NO→Rather NO	-2.940***	-3.014***	-2.739***
	(0.281)	(0.286)	(0.293)
Rather YES→NO	-0.617*	-0.690*	-0.411
	(0.267)	(0.272)	(0.280)
Rather YES→Certainly YES	2.306***	2.236***	2.519***
	(0.284)	(0.289)	(0.299)
N	1432	1432	1432
Pseudo-R^2	0.019	0.019	0.021

Note: Table A.13 shows an ordered logistic regression with the dependent variable being the assessment of whether CNB communication is clear and understandable coded in four categories displayed in thresholds. The results are displayed as log-odds ratios. The standard errors are displayed in parentheses. Significance levels: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$.

Table A.14: Linear Regression Regarding Interest in Further Information about the CNB

Independent variable	Baseline	Age squared	Financial variables	Internet use
Intercept	3.072***	3.500***	3.653***	3.463***
	(0.104)	(0.219)	(0.224)	(0.220)
Perceived inflation	-0.003*	-0.003*	-0.003	-0.003*
	(0.001)	(0.001)	(0.001)	(0.001)
MP statement	-0.054	-0.056	-0.056	-0.058
	(0.049)	(0.049)	(0.049)	(0.049)
Facebook post	-0.084	-0.088	-0.092	-0.089
	(0.049)	(0.049)	(0.049)	(0.049)
Male	0.104*	0.111**	0.095*	0.102*
	(0.041)	(0.041)	(0.042)	(0.042)
Age	-0.006***	-0.030**	-0.035**	-0.031**
	(0.002)	(0.011)	(0.011)	(0.011)
Age^2		0.0003**	0.0003**	0.0003*
		(0.0001)	(0.0001)	(0.0001)
Vocational	-0.016	0.025	0.016	0.025
	(0.090)	(0.092)	(0.091)	(0.091)
High school	0.155	0.190*	0.158	0.185*
	(0.086)	(0.087)	(0.088)	(0.087)
College or higher	0.075	0.120	0.064	0.107
	(0.089)	(0.091)	(0.093)	(0.091)
Financial sophistication			0.138**	
			(0.046)	
Internet news				0.045
				(0.029)
N	1436	1436	1436	1436
Adjusted R^2	0.024	0.027	0.032	0.028

Note: Table A.14 shows a linear regression with the dependent variable being whether the respondent would be interested in further information from the CNB coded from 1 (*Certainly no*) to 4 (*Certainly yes*). The results displayed are estimated using ordinary least squares with heteroskedasticity-robust standard errors. The standard errors are displayed in parentheses. Significance levels: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$.

***Table A.15: Ordered Logistic Regression Regarding Interest in Further Information about the CNB***

Independent variable	Baseline	Financial variables	Internet use
Perceived inflation	-0.007*	-0.007	-0.007*
	(0.004)	(0.004)	(0.004)
MP statement	-0.113	-0.112	-0.120
	(0.123)	(0.123)	(0.123)
Facebook post	-0.220	-0.228	-0.224
	(0.123)	(0.123)	(0.123)
Male	0.265*	0.233*	0.245*
	(0.105)	(0.106)	(0.106)
Age	-0.014**	-0.015***	-0.014**
	(0.004)	(0.004)	(0.004)
Vocational	-0.010	-0.044	-0.019
	(0.224)	(0.225)	(0.224)
High school	0.401	0.323	0.380
	(0.214)	(0.217)	(0.216)
College or higher	0.192	0.060	0.153
	(0.221)	(0.227)	(0.223)
Financial sophistication		0.294*	
		(0.116)	
Internet news			0.107
			(0.073)
Thresholds			
Certainly NO→Rather NO	-3.730***	-3.873***	-3.612***
	(0.293)	(0.299)	(0.304)
Rather YES→NO	-1.399**	-1.538***	-1.280***
	(0.263)	(0.269)	(0.275)
Rather YES→Certainly YES	0.985***	0.854**	1.107***
	(0.261)	(0.267)	(0.275)
N	1436	1436	1436
Pseudo-R^2	0.013	0.015	0.013

Note: Table A.15 shows an ordered logistic regression with the dependent variable being whether the respondent would be interested in further information from the CNB coded in four categories displayed in thresholds. The results are displayed as log-odds ratios. The standard errors are displayed in parentheses. Significance levels: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$.

Table A.16: Linear Regression Regarding the Respondents' Expected Financial Situation

Independent variable	Baseline	Age squared	Financial variables	Internet use
Intercept	3.581***	4.225***	3.562***	3.474***
	(0.120)	(0.254)	(0.122)	(0.126)
Perceived inflation	-0.010***	-0.010***	-0.010***	-0.010***
	(0.002)	(0.002)	(0.002)	(0.002)
MP statement	0.044	0.042	0.045	0.386
	(0.057)	(0.057)	(0.057)	(0.057)
Facebook post	0.094	0.090	0.095	0.090
	(0.056)	(0.056)	(0.057)	(0.056)
Male	0.085	0.095*	0.090	0.068
	(0.048)	(0.048)	(0.049)	(0.048)
Age	-0.017***	-0.054***	-0.017***	-0.018***
	(0.002)	(0.013)	(0.002)	(0.002)
Age^2		0.0004**		
		(0.0001)		
Vocational	0.061	0.121	0.066	0.058
	(0.103)	(0.105)	(0.103)	(0.099)
High school	0.140	0.193	0.151	0.127
	(0.099)	(0.100)	(0.100)	(0.099)
College or higher	0.158	0.223*	0.176	0.129
	(0.102)	(0.105)	(0.105)	(0.103)
Financial sophistication			-0.041	
			(0.054)	
Internet news				0.090**
				(0.034)
N	1486	1486	1486	1486
Adj. R^2	0.083	0.088	0.083	0.087

Note: Table A.16 shows a linear regression with the dependent variable being the expected direction of the respondents' financial situation coded from 1 (*Certainly worse*) to 5 (*Certainly better*). The results displayed are estimated using ordinary least squares. The standard errors are displayed in parentheses. Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001.

Table A.17: Ordered Logistic Regression Regarding the Respondents' Expected Financial Situation

Independent variable	Baseline	Financial variables	Internet use
Perceived inflation	-0.022***	-0.022***	-0.023***
	(0.004)	(0.004)	(0.004)
MP statement	0.073	0.072	0.063
	(0.118)	(0.118)	(0.118)
Facebook post	0.205	0.206	0.200
	(0.118)	(0.118)	(0.118)
Male	0.168	0.177	0.135
	(0.100)	(0.101)	(0.101)
Age	-0.037***	-0.037***	-0.038***
	(0.004)	(0.004)	(0.004)
Vocational	0.122	0.129	0.111
	(0.216)	(0.216)	(0.216)
High school	0.296	0.316	0.268
	(0.207)	(0.209)	(0.207)
College or higher	0.315	0.349	0.257
	(0.214)	(0.219)	(0.215)
Financial sophistication		-0.078	
		(0.113)	
Internet news			0.169*
			(0.071)
Thresholds			
Certainly WORSE→Rather WORSE	-4.436***	-4.405***	-4.244***
	(0.284)	(0.288)	(0.295)
Rather WORSE→Neither WORSE or BETTER	-2.256***	-2.224***	-2.059***
	(0.261)	(0.247)	(0.273)
Neither WORSE or BETTER→Rather BETTER	-0.295	-0.262	-0.094
	(0.253)	(0.257)	(0.267)
Rather BETTER→Certainly BETTER	1.843***	1.876***	2.046***
	(0.273)	(0.277)	(0.286)
N	1486	1486	1486
Pseudo-R^2	0.036	0.036	0.037

Note: Table A.17 shows an ordered logistic regression with the dependent variable being the expected direction of the respondents' financial situation coded in five categories displayed in thresholds. The results are displayed as log-odds ratios. The standard errors are displayed in parentheses. Significance levels: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$.

Appendix B: Figures

Figure B.1: Familiarity with the CNB's Target (Internet Use Control Variable)
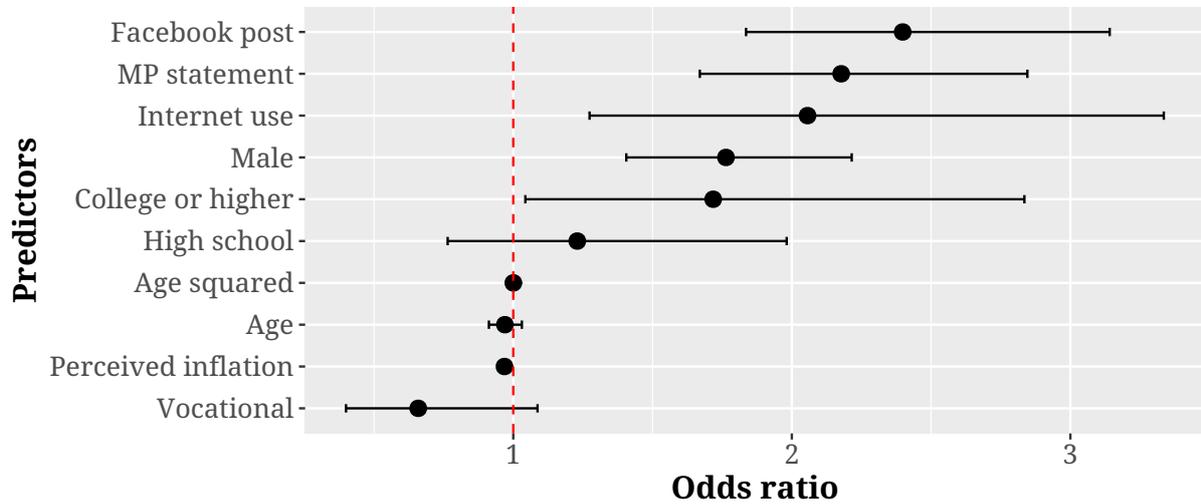
Note: Figure B.1 shows which independent variables are associated with better knowledge of the CNB's 2% inflation target. The results are displayed as odds ratios.
Source: Author's survey

Figure B.2: Variable Inflation Target (Financial Control Variable)
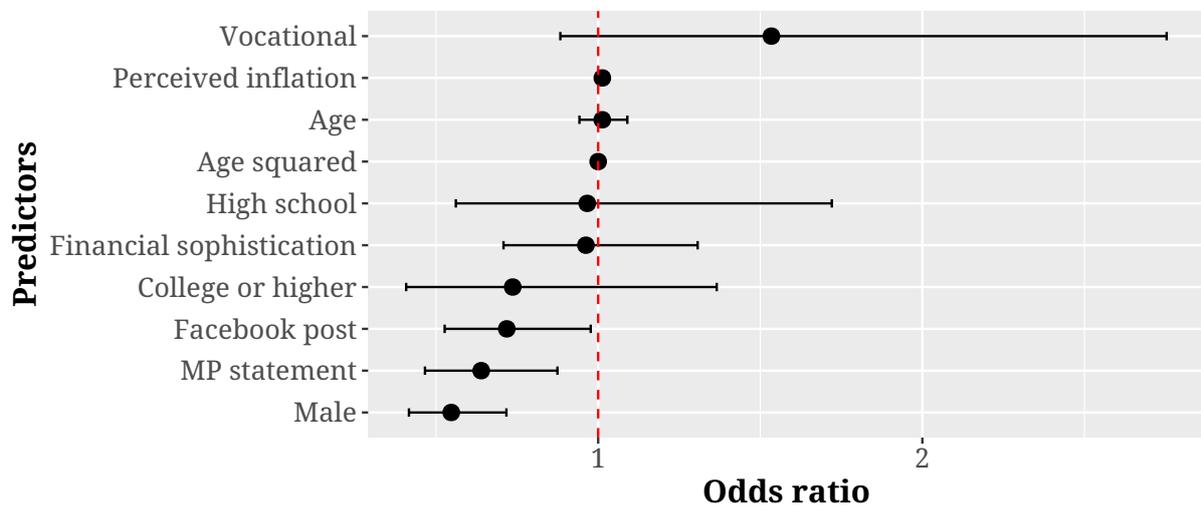
Note: Figure B.2 shows which independent variables are associated with the respondent wrongly referring to the inflation target as varying over time. The results are displayed as odds ratios.
Source: Author's survey

Figure B.3: Variable Inflation Target (Internet Use Control Variable)
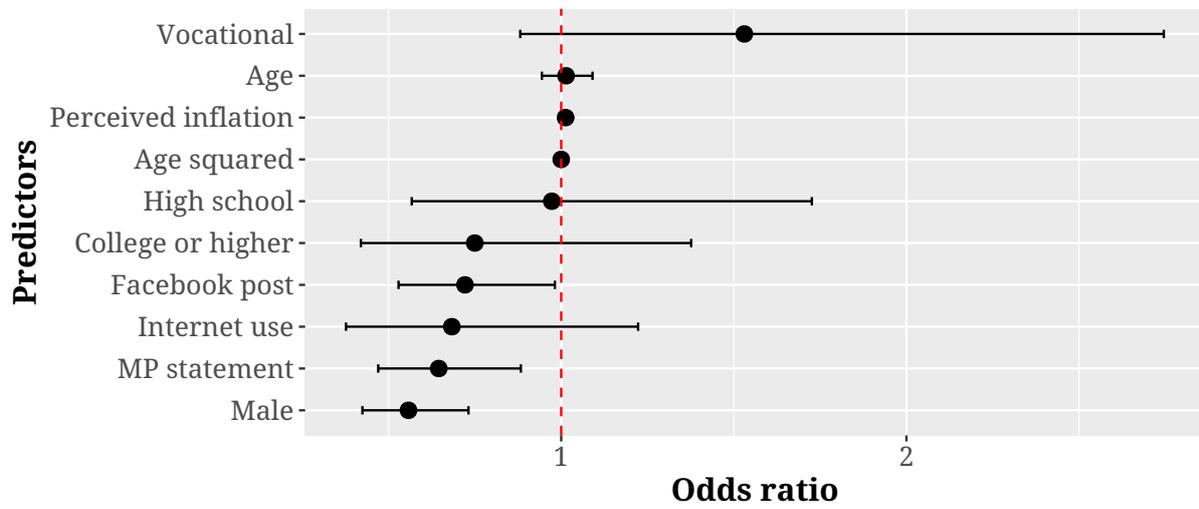
Note: Figure B.3 shows which independent variables are associated with the respondent wrongly referring to the inflation target as varying over time. The results are displayed as odds ratios.
Source: Author's survey

Figure B.4: Familiarity with the Relationship between Interest Rates and Inflation (Internet Use Control Variable)
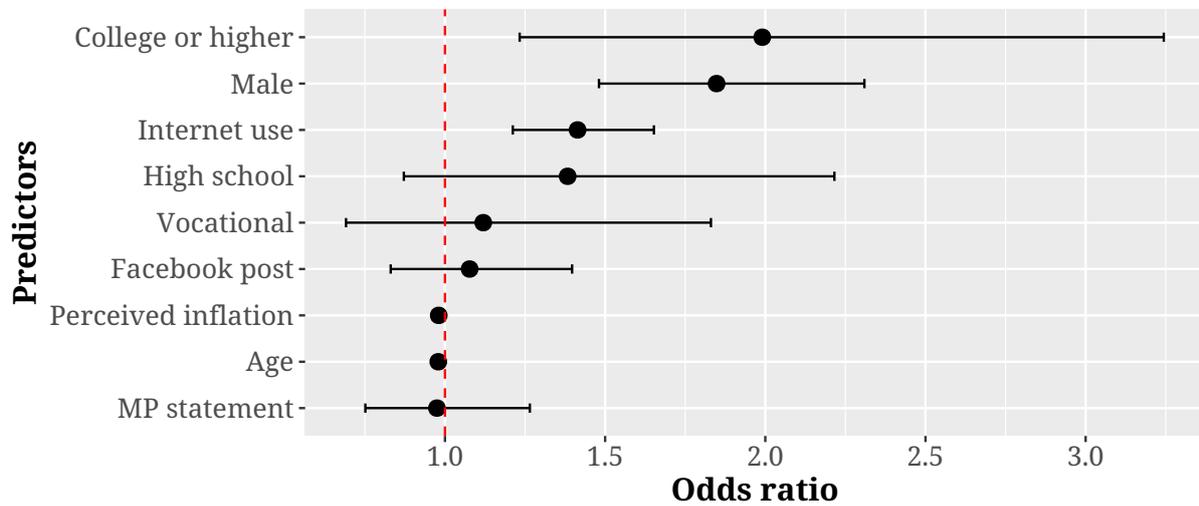
Note: Figure B.4 shows which independent variables are associated with better knowledge of the relationship between interest rates and inflation, specifically that an increase in interest rates should result in a decrease in inflation. The results are displayed as odds ratios.
Source: Author's survey

Figure B.5: Trust in the CNB (Internet Use Control Variable)
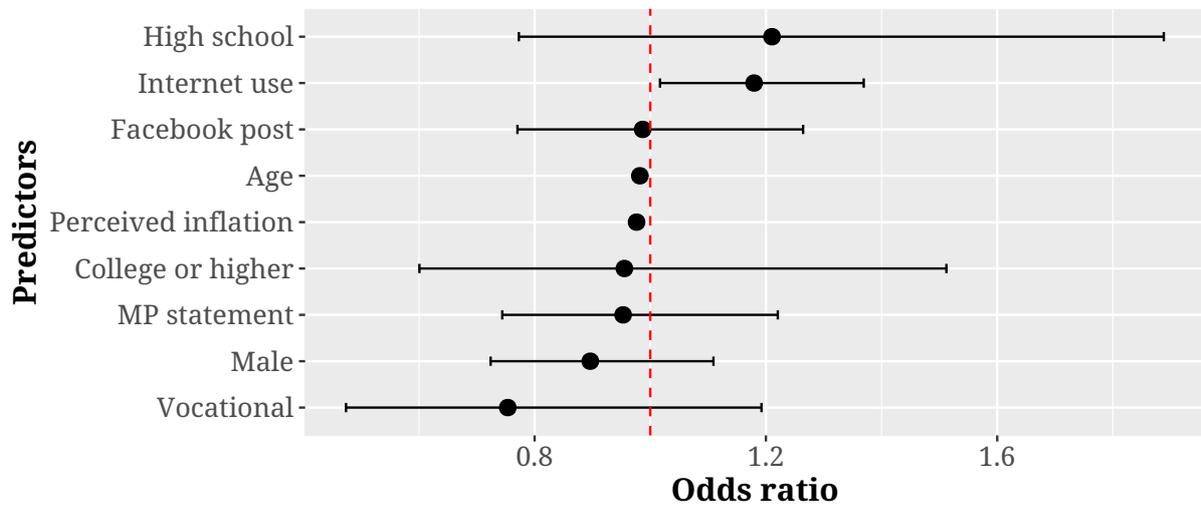
Note: Figure B.5 shows which independent variables are associated with higher trust in the CNB. The results
are displayed as odds ratios.
Source: Author's survey

Figure B.6: Opinions about the CNB's Communication (Internet Use Control Variable)
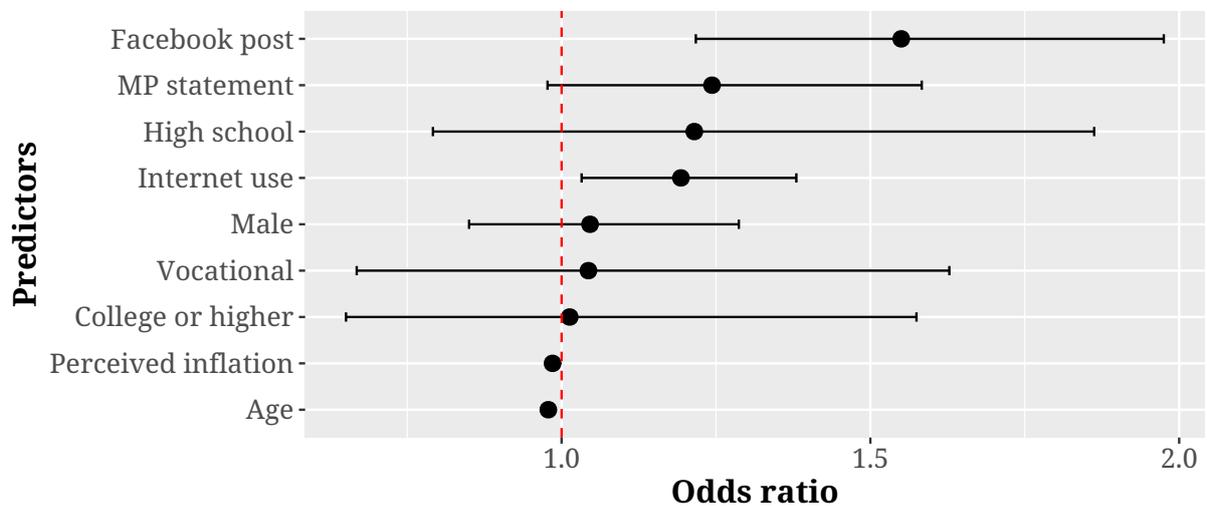
Note: Figure B.6 shows which independent variables are associated with higher odds of the respondent hav-
ing a more positive opinion about the understandability and clarity of the CNB's communication.
Source: Author's survey

Figure B.7: Interest in More Information about the CNB (Internet Use Control Variable)
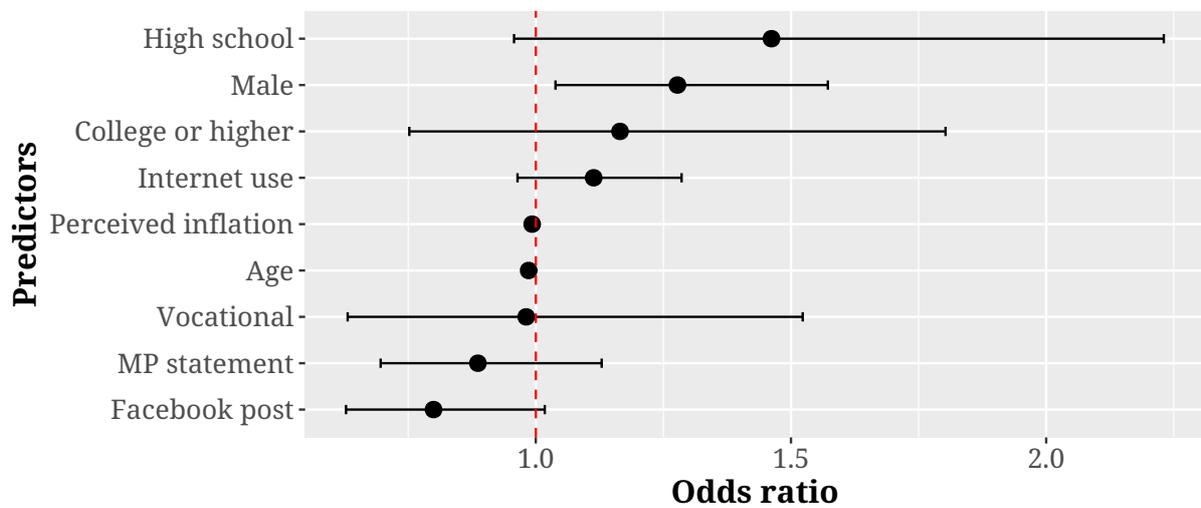
Note: Figure B.7 shows which independent variables are associated with higher odds of the respondent being more interested in information about the CNB and its monetary policy. The results are displayed as odds ratios.
Source: Author's survey

Figure B.8: Expectations of Future Personal Financial Situation (Internet Use Control Variable)
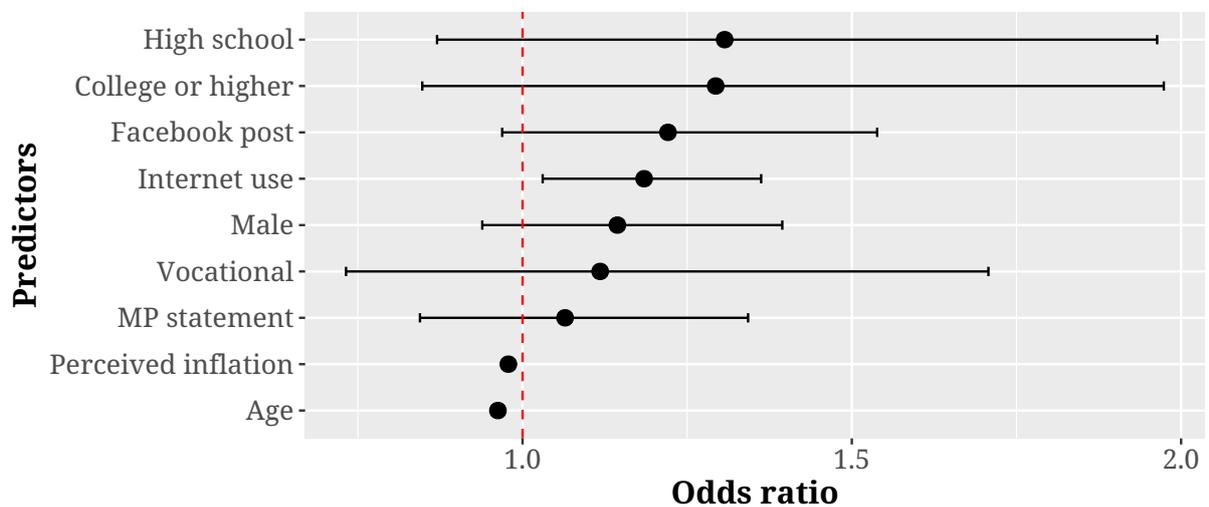
Note: Figure B.8 shows which independent variables are associated with higher odds of the respondent having more optimistic expectations about their future financial situation. The results are displayed as odds ratios.
Source: Author's survey

Appendix C: Treatments

C.1 CNB Monetary Policy Statement of August 1, 2024—Original Text

Rozhodnutí

Bankovní rada na svém dnešním jednání snížila dvoutýdenní repo sazbu o 0,25 procentního bodu na 4,5 %. Ve stejném rozsahu snížila i ostatní základní sazby. Pro toto rozhodnutí hlasovalo všech sedm členů bankovní rady.

Přijaté rozhodnutí se opírá o novou makroekonomickou prognózu. Ta implikuje mírný pokles krátkodobých tržních úrokových sazeb.

Inflace se od začátku letošního roku pohybuje poblíž inflačního cíle 2 %. V únoru, březnu a červnu dokonce dosáhla přesně 2 %. V zemi tak byla obnovena cenová stabilita.

ČNB začala v prosinci loňského roku opatrně snižovat úrokové sazby. Boj s inflací ale nekončí. Základní repo sazba postupně klesla ze 7 % na 4,5 %, tedy o 2,5 procentního bodu, čímž byla zmírněna restrikce měnové politiky.

Nastavení měnové politiky přesto zůstává přísné. Reálné úrokové sazby jsou kladné a tlumí úvěrovou aktivitu, a tudíž i tvorbu peněz v ekonomice, a následně inflaci.

Bankovní rada i nadále spatřuje v ekonomice určité proinflační tlaky. Jejich zesílení by znamenalo, že by se inflace v následujících čtvrtletích odpoutala trvaleji od cíle směrem k horní hranici tolerančního pásma. I proto bankovní rada považuje za nezbytné vytrvat v přísné měnové politice a další snižování sazeb pečlivě zvažovat, případně k němu přistupovat velmi opatrně.

Na příštích jednáních bude bankovní rada vycházet z vyhodnocení nově dostupných dat a jejich implikací pro výhled inflace. Úvahy o nastavení sazeb se budou odvíjet zejména od vyhodnocení setrvalosti nízkoinflačního prostředí, vývoje kurzu koruny, působení fiskální politiky na ekonomiku, analýzy napětí na trhu práce, vývoje domácí i zahraniční poptávky a kroků klíčových zahraničních centrálních bank. Bankovní rada též bude vyhodnocovat transmisi snížení úrokových sazeb do úvěrové aktivity, cen aktiv a následně do reálné ekonomické aktivity.

Bankovní rada konstatuje, že proces snižování sazeb může být kdykoliv přerušen či zastaven na stále restriktivních úrovních spolu s tím, jak se úrokové sazby přibližují k neutrálním hodnotám.

Bankovní rada potvrzuje své odhodlání pokračovat v přísné měnové politice tak, aby se inflace dlouhodobě stabilizovala poblíž dvouprocentního cíle.

Ekonomický vývoj

HDP ve druhém kvartále vzrostl podle předběžného odhadu ČSÚ mezičtvrtletně o 0,3 % a meziročně o 0,4 %. K meziročnímu růstu přispěla jak zahraniční poptávka, tak zejména spotřeba domácností. S poklesem inflace totiž dochází k obnovení růstu reálných příjmů domácností.

Ekonomika je ale podle našich analýz stále pod svým potenciálem a poptávka z domácí i zahraniční ekonomiky zůstává slabá. Proti jejímu výraznějšímu oživení působí zejména utlumená důvěra domácností a firem v ekonomický vývoj.

Napětí na trhu práce se mírně snižuje, ale nezaměstnanost zůstává nízká. Růst průměrné mzdy v prvním čtvrtletí dosáhl 7 %. Z historického pohledu zůstává mírně zvýšený. Tento růst je prozatím absorbován ziskovými maržemi a nevyvolává další zvýšení cen. K materializaci rizika vzniku mzdově-inflační spirály tak zřejmě nedochází.

Výhled

Prognóza sekce měnové předpokládá, že se inflace v následujících měsících bude pohybovat okolo 2 % a v závěru roku dočasně mírně vzroste vlivem efektu základny z loňského roku. Letos tak dosáhne v průměru 2,2 % a v příštím roce 2 %. Jádrová inflace bude nadále zvýšená. V letošním roce dosáhne v průměru 2,5 %, příští rok klesne na 2,3 %.

HDP Česka podle prognózy letos vzroste o 1,2 % a v příštím roce ekonomický růst zrychlí na 2,8 %. Očekáváme, že postupně poroste zejména spotřeba domácností, jejíž úroveň je stále pod předcovidovou úrovní.

Rizika a nejistoty

Bankovní rada vyhodnotila rizika a nejistoty prognózy v souhrnu jako zhruba vyrovnaná. Rizikem ve směru vyšší inflace jsou zvýšené mzdové požadavky v soukromém i veřejném sektoru. Případný nadměrný růst celkových výdajů veřejného sektoru by vedl i k riziku inflačního působení státního rozpočtu. Dalším proinflačním rizikem je vyšší než předpokládaná setrvačnost růstu cen služeb a přerušení dezinflace u obchodovatelných statků, která doposud vyplývala zejména z odeznění problémů na straně nabídky. Na delším horizontu je proinflačním rizikem možné zrychlení tvorby peněz v ekonomice plynoucí z případného výrazného oživení úvěrové aktivity, a to zejména na realitním trhu. Naopak výrazným rizikem ve směru nižší inflace je zhoršení globální hospodářské aktivity a slabší výkon německé a potažmo české ekonomiky. Nejistotou výhledu zůstává budoucí nastavení zahraniční měnové politiky.

Zákonný mandát

Bankovní rada ujišťuje veřejnost, že kroky ČNB budou dostatečné k udržení cenové stability v souladu se zákonným mandátem. Bankovní rada je zároveň připravena adekvátně reagovat na případné naplnění rizik prognózy.

C.2 CNB Monetary Policy Statement of August 1, 2024—English Translation

Decision

At its meeting today, the Bank Board lowered the two-week repo rate by 0.25 percentage point to 4.5%. It also lowered the other key rates by the same amount. All seven board members voted in favour of this decision.

The decision is underpinned by a new macroeconomic forecast. The forecast implies a modest decline in short-term market interest rates.

Inflation has been close to the 2% target since the beginning of this year. It was even exactly 2% in February, March and June. Price stability was thus restored in the Czech Republic.

The CNB started lowering interest rates cautiously in December 2023. However, the fight against inflation is not over. The key repo rate has gradually fallen from 7% to 4.5%, i.e. by 2.5 percentage points. This has moderated monetary policy restriction.

Monetary policy nonetheless remains tight. Real interest rates are positive and are dampening lending activity, and hence the creation of money in the economy, and, in turn, inflation.

The Bank Board still sees some inflationary pressures in the economy. A strengthening of those pressures would mean that inflation would diverge for longer from the target towards the upper boundary of the tolerance band in the quarters ahead. Therefore, the Bank Board considers it necessary to persist with tight monetary policy and carefully consider any further rate cuts, approaching them with great caution.

At its meetings ahead, the Bank Board will base its decisions on an assessment of newly available data and their implications for the inflation outlook. Its considerations about the interest rate settings will depend mainly on an evaluation of the persistence of the low-inflation environment, exchange rate developments, the effect of fiscal policy on the economy, an analysis of the tightness in the labour market, the evolution of domestic and external demand, and the actions of key foreign central banks. The Bank Board will also assess the transmission of interest rate cuts to lending activity, asset prices and subsequently real economic activity.

The Bank Board states that the interest rate reduction process can be paused or terminated at any time at levels that are still restrictive as rates approach their neutral levels.

The Bank Board confirms its determination to continue its tight monetary policy in order to stabilise inflation near the 2% target in the long term.

Economic developments
According to the CZSO's flash estimate, GDP rose by 0.3% quarter on quarter and 0.4% year on year in 2024 Q2. External demand and above all household consumption both contributed to the year-on-year growth. With inflation falling, real household income growth is recovering.

However, according to our analyses, the economy is still below its potential and domestic and external demand remain weak. A stronger recovery is being counteracted mainly by subdued household and corporate confidence in the economy.

The labour market tightness is easing slowly, but unemployment remains low. Average wage growth stood at 7% in 2024 Q1. It remains slightly elevated from a historical perspective. This growth has so far been absorbed by profit margins and is not inducing further price increases. The risk of a wage-price spiral thus does not seem to be materialising.

Outlook
The Monetary Department's forecast expects inflation to fluctuate around 2% in the months ahead and temporarily rise somewhat at the close of the year due to base effects. It will thus average 2.2% this year and 2% next year. Core inflation will remain elevated. It will average 2.5% this year and fall to 2.3% next year.

According to the forecast, Czech GDP will grow by 1.2% this year and economic growth will accelerate to 2.8% next year. We expect above all household consumption, which is still below the pre-Covid level, to rise gradually.

Risks and uncertainties
The Bank Board assessed the risks and uncertainties of the forecast as broadly balanced overall. Increased wage demands in the private and public sector are an inflationary risk. Potential excessive growth in total public sector spending would also lead to a risk of the state budget having an inflationary effect. Higher-than-expected inertia in services inflation and a halt in tradables disinflation, which has so far been due mainly to fading supply-side problems, are additional upside risks. An inflationary risk in the longer term is a potential acceleration of money creation in the economy stemming from a significant recovery in lending activity, especially on the property market. By contrast, a downturn in global economic activity and weaker German – and hence Czech – economic output are a significant downside risk to inflation. The future monetary policy stance abroad remains an uncertainty of the outlook.

Statutory mandate
The Bank Board assures the public that the CNB's actions will be sufficient to maintain price stability in accordance with its statutory mandate. In addition, the Bank Board is ready to react appropriately to any materialisation of the risks of the forecast.

C.3 Facebook Post of August 1, 2024—Original Screenshot

Figure C.1: Facebook Post of the CNB Reflecting the Content of the Monetary Policy Statement

Source: Facebook page of the CNB

C.4 Facebook Post of August 1, 2024—English Translation

The CNB Bank Board has lowered the policy interest rates by 0.25 percentage points. The key 2W repo rate is therefore 4.50%. More about today's decision and about how the economy will develop.

"Inflation has been close to the 2% target since the beginning of this year. It was even exactly 2% in February, March and June. Price stability was thus restored in the Czech Republic," said Governor Aleš Michl, opening the press conference after the Bank Board meeting with good news.

The Bank Board still sees some inflationary pressures in the economy. Therefore, the governor added:

- "The CNB started lowering interest rates cautiously in December 2023. However, the fight against inflation is not over."
- "The Bank Board considers it necessary to persist with tight monetary policy and carefully consider any further rate cuts, approaching them with great caution."
- "The Bank Board confirms its determination to continue its tight monetary policy in order to stabilise inflation near the 2% target in the long term."

And what does the new forecast say about future economic developments?

Inflation
Inflation will fluctuate around 2% in the months ahead and temporarily rise somewhat at the close of the year due to base effects. It will thus average 2.2% this year and 2% next year.

GDP
According to the forecast, Czech GDP will grow by 1.4% this year and economic growth will accelerate to 2.7% next year. Household consumption, which is still below the pre-Covid level, will rise gradually.

Appendix D: Questionnaire

1. How high do you think annual inflation (price increases over the past year expressed as a percentage) is now?

- *Open question, point estimate*

2. How high inflation (price increases expressed as a percentage) do you expect over the next 12 months?

- *Open question, point estimate*

3. How high inflation (price increases expressed as a percentage) do you expect in three years (i.e., inflation for the period July 2026 to July 2027)?

- *Open question, point estimate*

4. Do you know what inflation the CNB is aiming for?

- *3%*
- *2%*
- *1%*
- *0%*
- *The inflation target varies over time.*

5. In your opinion, what is the effect of interest rate increases on inflation?

- *An increase in interest rates increases inflation*
- *An increase in interest rates decreases inflation*
- *An increase in interest rates does not affect inflation*

6. Do you trust the Czech National Bank?

- *Certainly YES*
- *Rather YES*
- *Rather NO*
- *Certainly NO*

7. How do you assess the CNB's communication with the public? Would you say that the CNB explains its actions and the measures it takes in a way that is understandable to you personally?

- *Certainly YES*
- *Rather YES*
- *Rather NO*
- *Certainly NO*

8. Would you be interested in more information on the purpose, tools, and activities of the CNB?

- *Certainly YES*
- *Rather YES*
- *Rather NO*
- *Certainly NO*

9. How do you think your financial situation will change over the next 12 months?

- *Certainly, it will IMPROVE*
- *Rather, it will IMPROVE*
- *It will neither IMPROVE nor WORSEN*
- *Rather, it will WORSEN*
- *Certainly, it will WORSEN*

10. Do you think people can be trusted in general?

- *Certainly YES*
- *Rather YES*
- *Rather NO*
- *Certainly NO*

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