

French households and inflation from 2022 to 2024

How did they perceive the wave of inflation and its decline?

Since 2022, the Banque de France, together with the CSA Institute, has conducted three successive annual surveys among just under 15,000 French residents to gauge their perception of inflation between 2022 and 2024. Although inflation was still a major issue for respondents at the end of 2024, they had clearly perceived the decline in inflation following the sharp rise in prices in 2022-23. Fuel and food prices are the focus of much attention and have greatly impacted the changes in inflation perceptions. Households fear inflation because they believe that their income only adjusts partially to price increases. Three-quarters of respondents consider that prices have risen faster than their income in euro, while data show that, on average, purchasing power has remained fairly resilient to the wave of inflation (although this average masks disparities).

Vincent Bignon
Press and Communication Directorate

JEL Codes
E3, E5

Erwan Gautier
Business Surveys, Microeconomic and Structural Analysis Directorate

3%

half of households expect an inflation rate of less than 3% in 2025

25%

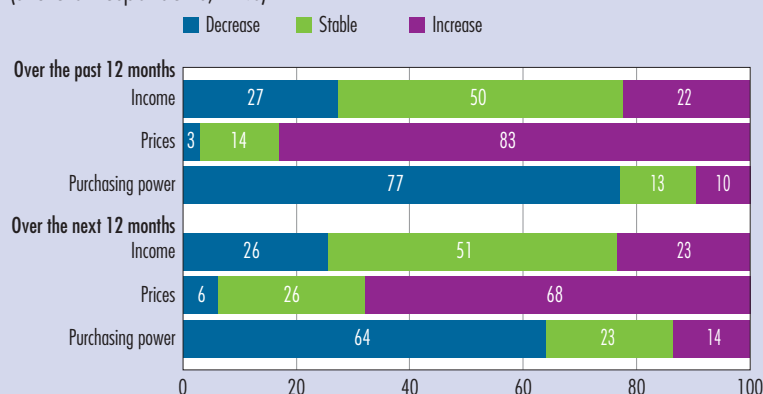
the share of respondents that perceived a fall in fuel prices in 2024

76%

the share of households that believe that their income in euro has increased less quickly than prices over the last twelve months (at end-2024)

Perceptions and expectations of the qualitative trend in prices and income in France

(share of respondents, in %)



Sources: Banque de France and CSA Institute, survey conducted from 17 October to 9 November 2024.

Interpretation: 27% of respondents indicate that household income (in euro) in France has decreased over the past 12 months.

Note: Responses to qualitative questions on the trend in prices and household income in France over the past 12 and next 12 months.

Like many countries around the world, France experienced a wave of inflation that began in late 2021, peaked in late 2022-early 2023 and then fell rapidly and sharply in 2024 (see Chart 1). From summer 2021 to the end of 2022, rising energy prices contributed to the resurgence of inflation. Then, from summer 2022 to autumn 2023, rising food prices kept inflation high. The products most impacted by inflation were therefore mainly those purchased by households on a daily basis. This affected households' perception of inflation, and sometimes much more than observed inflation (Bignon and Gautier, 2022).

In order to closely monitor households' perceptions of the different stages of this inflationary shock, the Banque de France, together with the CSA Institute, conducted three successive annual surveys, involving a total of just under 15,000 people: the first between May and June 2022 (Bignon and Gautier, 2022); the second in March 2023 (Bignon and Gautier, 2023); and the third between October and November 2024 (see Chart 1). These three surveys make it possible to track changes in households' inflation perceptions and expectations, as well as their perceptions of the prices of everyday products at key moments during the wave of inflation. In addition,

in the surveys conducted in 2023 and 2024, households were asked for the first time about their perceptions of income adjustments in response to the inflationary shock (see Appendix 1).

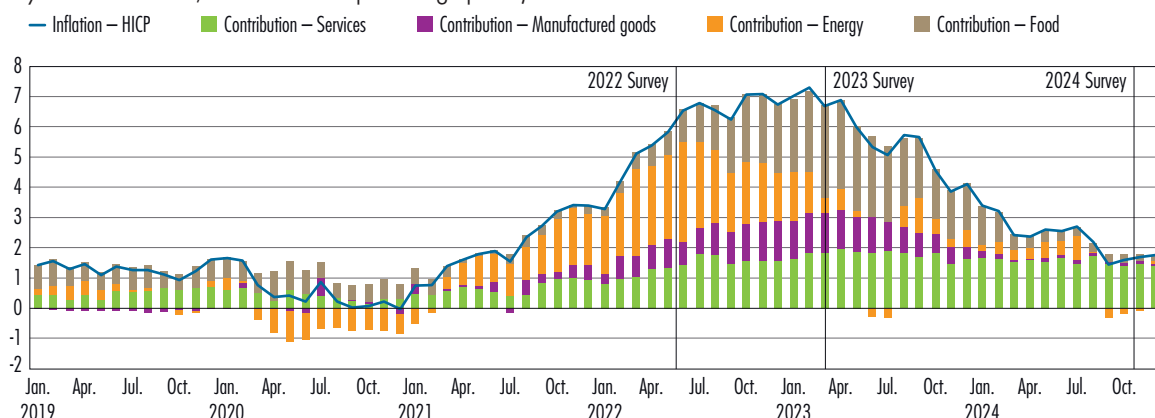
Three main lessons can be drawn from these surveys.

First, respondents perceived a decline in inflation in 2024: one in two respondents believed that inflation was below 5% in 2024, compared with only one in ten in 2023. Households also expected inflation to be lower in 2025: half of those surveyed believed it would be below 3%, reflecting their confidence in the continued decline in inflation.

Second, households were particularly sensitive to the decrease in petrol prices and the stabilisation of food prices. While a significant proportion of households had perceived sharp increases in fuel or food prices in 2022 and 2023, respondents observed in 2024 that these prices were rising less rapidly or even falling. This was reflected in their overall inflation perceptions. However, these perceptions continue to systematically overestimate inflation. In particular, households that report a higher share of their budget spent on food tend to believe that inflation has been higher than average.

C1 Inflation in France and its components, 2019-2024

(year-on-year inflation in %, contributions in percentage points)



Source: Eurostat; authors' calculations.

Note: HICP, Harmonised Index of Consumer Prices.

Third, three-quarters of households believed that their income in euro did not increase in 2024, while several measures based on actual income indicate that it grew faster than inflation. Similarly, three-quarters of households considered that prices had risen much faster than their income, and therefore that their purchasing power had declined. This is due both to an overestimation of actual inflation and to the perception that their income has not increased at all.

1 Households perceived the decrease in inflation in 2024 and expect disinflation to continue in 2025

The share of respondents who consider purchasing power to be an economic priority fell in 2024

The higher inflation between the end of 2021 and 2023 drew households' attention to this economic phenomenon, especially as inflation had remained low between 2013 and 2020 (0.9% on average, year-on-year). Inflation and purchasing power were the main concerns of French households at the time, with two-thirds of respondents to our surveys in 2022 and 2023 indicating that this was one of their current economic priorities. By the end of 2024, in line with the decline in inflation, this share had dropped by more than 15 percentage points, while remaining at a high level of 45%.

The decline in inflation was correctly perceived by households: at the end of 2024, one in six respondents indicated that prices had not risen in the previous twelve months, compared with almost zero in 2022 and 2023 when inflation was high (see Table 1). Furthermore, a greater number of respondents believed that prices would not rise over the next 12 months: at the end of 2024, one-third of those surveyed expected prices to remain stable or fall, compared with just 15% in 2022 and 2023.¹

Respondents expect disinflation to continue in 2025

As can be observed over the long term and in other countries (Weber et al., 2022), households generally overestimate inflation. However, they have a good perception of overall trends over time.

The median inflation expectation fell by half between 2023 and 2024, dropping from 10% to 5%. It is now lower than in 2022 (see Table 1).² In 2024, households expected inflation to continue to fall: their median expectation for 2025 was 3%, well below their perception of inflation in 2024. Households therefore believed that inflation would be lower in the coming year, thus amplifying the trend seen in 2023, unlike in 2022 when they expected prices to continue rising.

Perceived and expected inflation between 2022 and 2024

	2022 survey	2023 survey	2024 survey
Qualitative question (as a % of responses)			
<i>Over the past 12 months, prices...</i>			
have increased	96	99	83
have remained stable	3	1	14
have decreased	1	0	3
<i>Over the next 12 months, prices will...</i>			
increase	90	86	68
remain stable	8	10	26
decrease	2	3	6
Qualitative question (price change in %)			
<i>Over the past 12 months</i>			
Average	10.3	14.1	9.1
Median	6.0	10.0	5.0
<i>Over the next 12 months</i>			
Average	8.8	9.1	5.4
Median	6.0	7.0	3.0
Actual inflation (HICP, %)	6.2	6.7	1.6

Sources: Banque de France and CSA Institute, surveys conducted from 28 April to 11 June 2022, from 28 February to 28 March 2023 and from 17 October to 9 November 2024; Eurostat, HICP.

Note: The proportion of respondents who indicated that prices had increased/remaind stable/decreased over the past twelve months (perception) or will do so over the next twelve months (expectations). Median: the value that divides all responses into two equal groups: 50% of responses are above/below the median. "Actual HICP inflation" (Harmonised Index of Consumer Prices) is inflation at the time of the survey (May-June 2022, March 2023, and Oct.-Nov. 2024).

¹ These percentages are similar to those obtained from the INSEE monthly consumer confidence survey.

² The median is the value that divides all responses into two equal groups: 50% of responses are above/below the median.

BOX 1

What are the main factors that will contribute to inflation over the next twelve months?

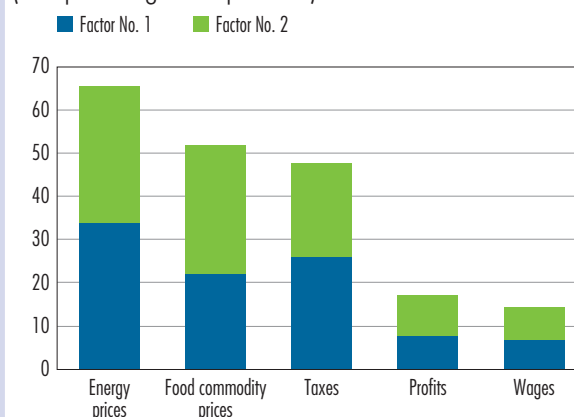
For survey respondents, the main factor that will contribute to inflation over the next twelve months is the changes in the cost of raw materials: nearly two-thirds of respondents mentioned energy prices as one of the factors that will contribute to inflation (see chart). More than half of respondents, mainly women and those with lower incomes, also mentioned food prices. These respondents also expect inflation to be higher by slightly more than one percentage point (pp) than other households.

This perception contrasts with the scenario of most forecasters, such as INSEE (2024) and the Banque de France (2025a), which consider that service prices will drive inflation in 2025 as these prices will reflect past wage increases. However, few survey respondents mentioned wages or corporate profits as one of the factors driving inflation in 2025, which suggests that they do not believe that wage-price or price-profit loops may contribute significantly to inflation.

Finally, for a large share of respondents, taxes appear to be one of the main factors underlying price increases. In particular, those who mentioned taxation as a source of future inflation also had higher inflation expectations than average (+1.6 pp compared with the average of respondents who did not mention taxation as a source of future inflation), which suggests that the uncertain public finance situation at the end of 2024 may have influenced their inflation expectations.

The main factors perceived as contributing to inflation over the next twelve months

(as a percentage of respondents)



Sources: Banque de France and CSA Institute, survey conducted from 17 October to 9 November 2024; Eurostat, Harmonised Index of Consumer Prices (HICP).

Notes: Percentage of responses to the question "In your opinion, what will be the two factors that will contribute to inflation over the next 12 months?".

The blue section corresponds to the proportion of respondents who ranked the inflation factor shown on the x-axis as the main factor contributing to inflation, while the green section corresponds to the proportion of respondents who ranked it as the second main factor.

2 In 2024, households perceived a decline in the prices of everyday products such as petrol and food

The prices of everyday products (fuel, food) had a notable impact on households' perceptions of inflation in 2022 and 2023, via three mechanisms (Banque de France, 2025b). First, households tend to remember large price increases

more easily than small price changes. And fuel and food prices changed the most in recent years (see Chart 1 above). Second, households tend to remember price increases more easily than price decreases; here again, fuel and food prices rose significantly in 2022 and 2023, respectively. Third, households pay more attention to the prices of products they buy frequently (Cavallo et al., 2017), and they overestimate their weight in their purchases.

Between 2022 and 2024, respondents had a good perception of the general trend in fuel and food prices

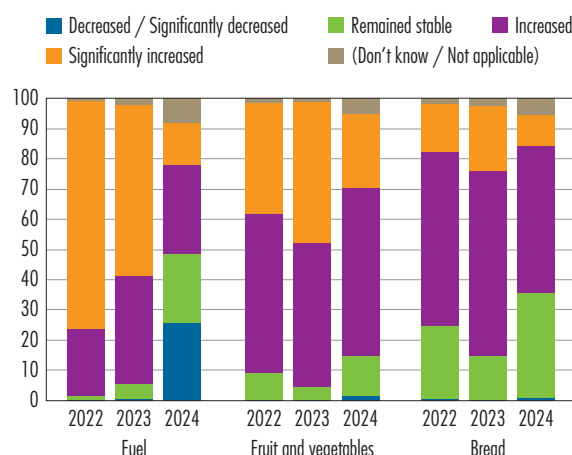
In 2022, close to three-quarters of individuals reported that petrol prices had risen significantly. This proportion declined gradually in 2023 and then more sharply in 2024 (see Chart 2). A quarter of respondents even perceived the drop in fuel prices that started during 2024. Similarly, while households perceived the rise in fruit and vegetable prices in 2023, when it peaked, a greater number of them also noted that these prices were not rising as fast in 2024.

However, while the overall trend over the three year period seems to have been correctly assessed, a large share of respondents in 2024 believed that fuel or food prices had risen over the previous 12 months, while, according to INSEE, at the time of the survey, food prices had stabilised and fuel prices had decreased. This persistent perception that prices have risen every year since 2022 can be explained by the fact that households tend to remember price increases more easily, especially when they have been significant in the past. Furthermore, this overestimation can be explained by the fact that respondents compare today's price levels with those before the wave of inflation, whereas inflation refers to a price increase over the previous twelve months (ECB, 2025). This would lead them to overestimate the rise in food prices in 2024 and therefore overall inflation.

Individuals' perceptions of changes in the prices of everyday products influence the level of perceived inflation

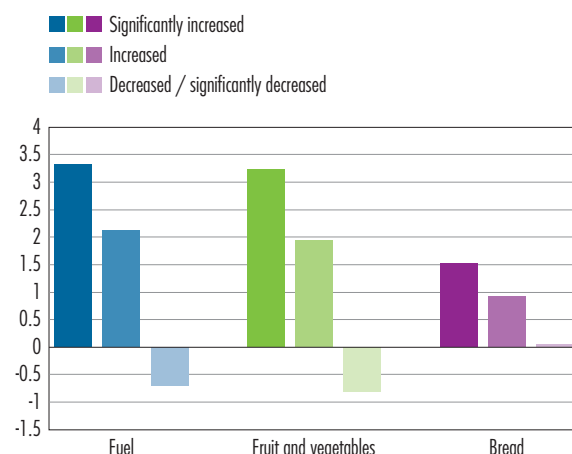
Between 2022 and 2024, individuals who believed that fuel prices and fruit and vegetable prices had "significantly increased" perceived, on average, inflation to be more than 3 percentage points higher than those who reported that these prices had "remained stable" (see Chart 3). This effect is much weaker for bread, and as Bignon and Gautier (2022) show, it is non-existent for the prices of other products such as household appliances. Thus, when, at the end of 2024, households perceived a smaller increase in fuel prices and fruit and vegetable prices, this resulted in a more moderate perception of overall inflation.

C2 Household opinion on the trend in prices of everyday products (as a percentage of respondents)



Sources: Banque de France and CSA Institute, surveys conducted from 28 April to 11 June 2022, from 28 February to 28 March 2023 and from 17 October to 9 November 2024. Note: Percentage of responses to the question "In your opinion, over the past 12 months, have the prices of [xx]: significantly decreased, decreased, remained stable, increased, significantly increased, don't know (don't know/not applicable)?"

C3 Effect of perceived changes in the prices of everyday products on perceived inflation between 2022 and 2024 (in percentage points)



Sources: Banque de France and CSA Institute, surveys conducted from 28 April to 11 June 2022, from 28 February to 28 March 2023 and from 17 October to 9 November 2024. Notes: The chart shows the effect of responses on changes in the prices of everyday products on overall perceived inflation. The results are to be understood relative to the response "stable"; i.e., a respondent who indicates that fuel prices have significantly increased will have a perception of inflation that is nearly 3.5 percentage points higher than a respondent who indicates that prices have remained stable.

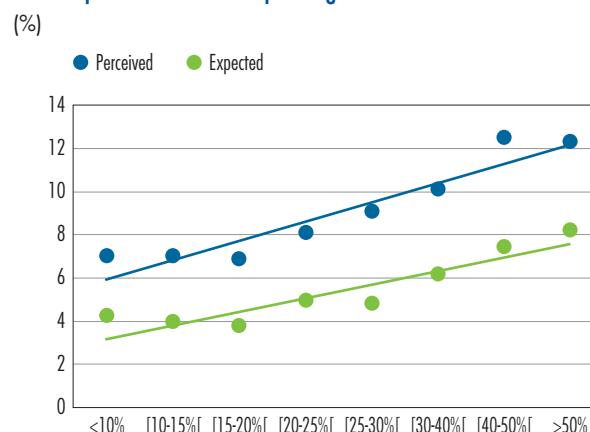
However, the 2024 survey shows that the perception of a decline in fuel prices has an asymmetric impact on a households' perceived level of inflation. A decline in petrol prices leads to a lower overall inflation perception of around 0.5 percentage points, while an increase is associated with a higher perception of 2 to 3 percentage points. In other words, perceived inflation reacts more to price increases than to price decreases, which helps explain why perceived inflation remains relatively high at the end of 2024 compared with observed inflation.

Finally, households are more or less exposed to changes in fuel and food prices, depending on how often they purchase these products or their share in each household's budget. A household that buys petrol frequently generally has a higher perception of inflation than one that buys it less often (Bignon and Gautier, 2022).

In the survey conducted at the end of 2024, households were asked directly for the first time about their perception of the share of their budget spent on food (see Box 2). Perceived inflation increases with the share of the budget spent on food (see Chart 4): on average, perceived

inflation in 2024 was 6% for respondents who consider that food accounts for less than 10% of their budget. But it was 12% for those who consider that food accounts for more than half of their consumption.

C4 Average perceived or expected inflation according to the perceived share of spending on food in 2024



Sources: Banque de France and CSA Institute, survey conducted from 17 October to 9 November 2024.

Note: The chart shows the average perceived or expected inflation based on the declared value of consumer spending on food (averages are calculated based on declared value ranges).

BOX 2

Perceptions of the share of the consumer budget spent on food

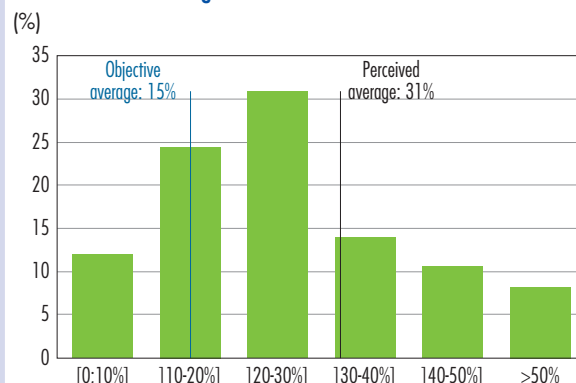
Food accounts for a significant share of household consumer spending. In the INSEE consumer price index, food represents 15% of the average household basket. However, when households are asked about the share of their budget spent on food, they indicate on average twice as much (30%). This difference can be explained in particular by the frequency of these everyday purchases. On average, between 2022 and 2024, close to one-third of respondents reported that they shopped for food more than once a week, and over half did so once a week. Households thus tend to overestimate the share of this expense in their budget.

In addition, there are significant differences between individuals in their perception of the share of food in their budget. One in five respondents believe that it is less than 20%, while another fifth believe that it is more than 40% (see chart on the following page). Certain discrepancies reflect objective differences in individuals' situations. According to INSEE, the measured share of food in the budgets of lower-income households is 5 percentage points higher than that of

.../...

higher-income households. In the survey, the differences in perception according to income level are of the same order: respondents earning more than EUR 4,000 believe that the share of their budget spent on food is 6 percentage points lower than that of respondents with a monthly income below EUR 1,500. However, objective factors do not fully explain the differences in perception. Women, for example, report a higher average share of their budget spent on food than men, which could reflect a gender-based division of domestic tasks (Bénassy-Quéré et al., 2024) and therefore an overestimation of the share of food when one is responsible for household purchases.

Breakdown among respondents of the estimated share of food in the household budget in 2024



Sources: Banque de France and CSA Institute, survey conducted from 17 October to 9 November 2024.

Eurostat, Harmonised Index of Consumer Prices (HICP).

Interpretation: The x-axis corresponds to the range of the share of the consumption budget spent on food as estimated by the respondent. The y-axis corresponds to the proportion of respondents.

Note: The "objective average" corresponds to the weight of food items (excluding tobacco) in the HICP (Harmonised Index of Consumer Prices) in France.

3 At the end of 2024, three-quarters of respondents believed that their income had increased less than prices over the past 12 months

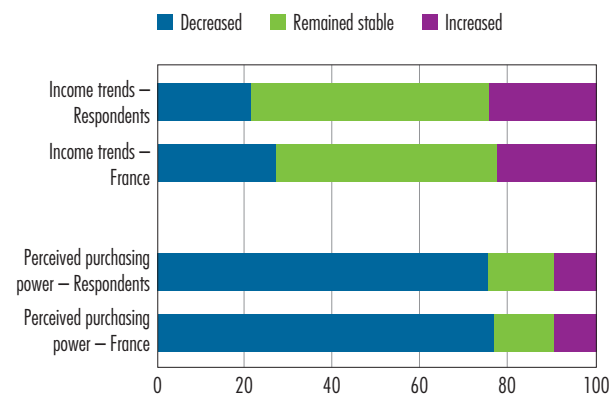
Households fear price increases, particularly because they expect that their income will not adjust, or will only adjust very partially, to the inflationary shock. As a result, they fear that their purchasing power will decline (Shiller, 1997, and Stancheva, 2024), which could then have a lasting impact on their consumption and saving behaviour (Malmendier and Sheng Shen, 2024).

Three-quarters of respondents believe that their income in euro has not increased over the past 12 months

At the end of 2024, 55% of respondents indicated that their income in euro – defined as all wages, pensions, benefits and allowances paid by the government, as well as income from savings – had remained unchanged over the previous 12 months, while 20% said it had dropped (see Chart 5). On average, the perceived change in income was even slightly negative (–1% over the past

C5 Households' perceptions of income and purchasing power trends in 2024

(as a percentage of responses)



Sources: Banque de France and CSA Institute, survey conducted from 17 October to 9 November 2024.

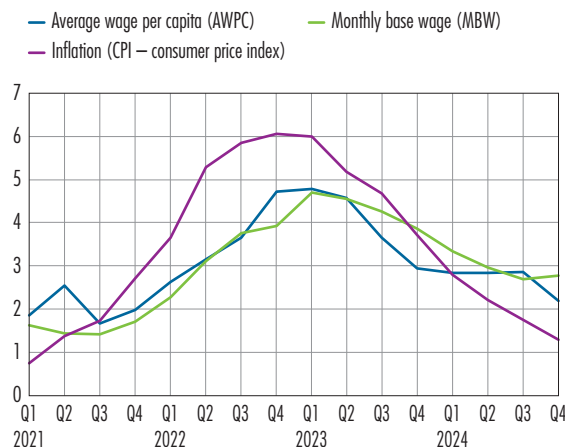
Note: "Income": percentage of responses to qualitative questions on past changes in household income in euro or changes observed in France; "perceived purchasing power" is measured as the difference between the perception of income growth and the perception of inflation for each respondent, and the % of respondents for whom the difference is positive, zero or negative is calculated.

year).³ When asked about the national trend in overall household income, their responses were fairly similar: less than a quarter of respondents believed that it had increased. This perception that income has remained unchanged or declined contrasts with actual income growth measures, which show that household income has mostly increased on average in current euro terms. For example, the year-on-year growth in base wages or average wages per capita in the market sector (including bonuses and overtime) averaged around +3% in 2024 (in line with observations made in early 2024 on wage agreements signed in industries and companies, see Baudry et al., 2024; see Chart 6). Beyond wage income, social benefits were also raised by +4.6% in April 2024, and pensions by +5.3% in January 2024. Overall, according to INSEE, household income rose by an average of +4.5% in 2024 (see Chart 7).⁴ On average, respondents therefore seem to underestimate nominal income growth. Several studies confirm this observation based on similar surveys conducted recently among households in the euro area (Baumann et al., 2025), the United States (Stancheva, 2024) and Canada (Jain et al., 2024).

How do households perceive the reaction of their income to the inflationary shock? For three-quarters of respondents, the perceived change in income in euro over the past 12 months was lower than that in prices (see Chart 8 below).⁵ This finding holds true whether respondents were asked about changes in their own income or in the income of all households in France. In other words, households perceive that income in euro has been very rigid and has not adjusted to the inflationary shock. Across all quantitative responses to the survey, the correlation between the perceived increase in prices and the rise in income in euro is even slightly negative on average: the higher the perceived inflation, the lower the perceived increase in income in euro. Similarly, using data from household surveys in the United States and Canada, Hajdini et al. (2022) and Jain et al. (2024) show that households perceive a small adjustment in wages and income to the inflationary shock.⁶

C6 Changes in wages and inflation

(year-on-year, %)

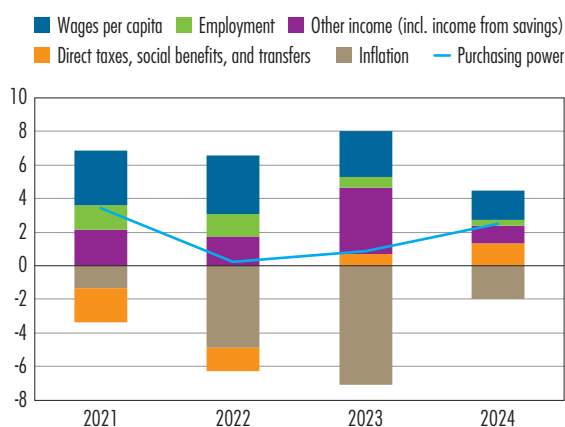


Sources: French National Institute of Statistics and Economic Studies – INSEE (CPI), Ministry of Labour (base wages), Banque de France (AWPC adjusted for short-time work).

Note: Changes are measured year-on-year (average over a quarter for inflation).

C7 Changes in purchasing power and its components

(in percentage points, excl. Purchasing power in %)



Source: French National Institute of Statistics and Economic Studies – INSEE (national accounts); Banque de France calculations.

Note: Changes in purchasing power correspond to the difference between changes in gross disposable income and inflation (measured using the household consumption deflator). Gross disposable income includes income from work (which can be broken down into wages and employment) and other types of income, including interest, dividends, life insurance income, and property income. Gross disposable income also includes social benefits and transfers received by households. Taxes paid by households are deducted from gross disposable income.

³ By way of comparison, an ECB survey of thousands of households shows that French households expected an average income change of close to 0 in November 2024.

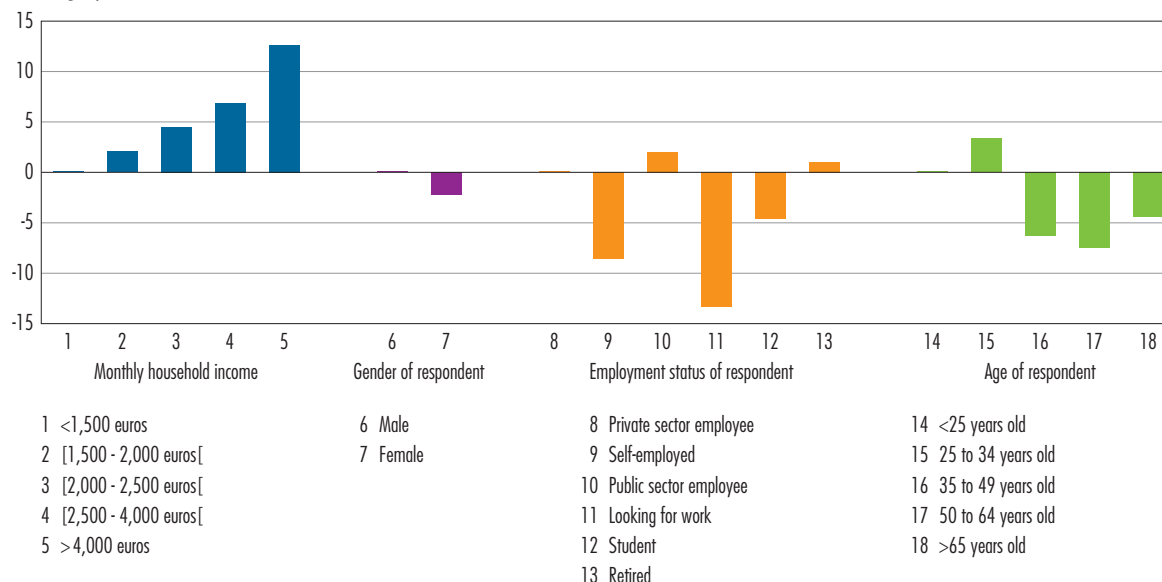
⁴ See also Appendix 2 for a comparison of year-end income changes and CPI inflation since 2020, in particular at the end of 2024 when the survey was conducted.

⁵ See Baumann et al. (2025) for a comparison between euro area countries.

⁶ The correlation between perceived income growth and perceived/expected inflation lies between 0 and 0.2 in these studies.

C8 Effect of the respondent's sociodemographic characteristics on the probability of perceiving an increase in income in euro over the last 12 months, in 2024

(in percentage points)



Sources: Banque de France and CSA Institute, survey conducted from 17 October to 9 November 2024.

Note: The results are expressed as a deviation from a reference category, which is always the first category in the section shown on the x-axis (i.e., income below EUR 1,500, male, private sector employee, and under 25 years of age). Thus, the probability that a household with a monthly income above EUR 4,000 will report that its income has increased is more than 10 percentage points higher than for a household with a monthly income of EUR 1,500 or less.

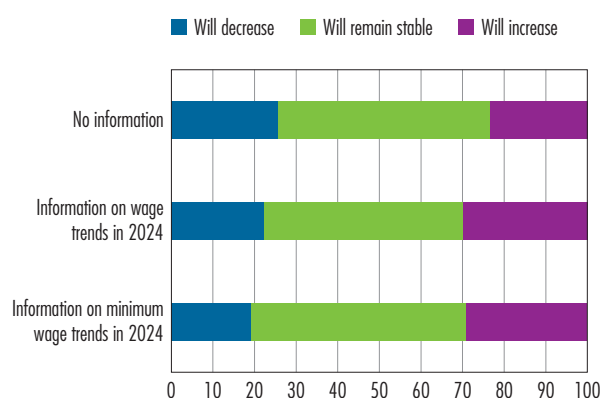
However, this perception of an absence of income adjustment to inflation contrasts with the existence in France of explicit indexation mechanisms for certain types of income such as the minimum wage, retirement pensions and social benefits, whose changes are also widely covered by the media. Similarly, although private sector wages (excluding the minimum wage) are not indexed, they have nevertheless partially adjusted to inflation, albeit with a time lag. In 2024, they grew on average faster than inflation (see Chart 6 above and Appendix 2). Overall, according to INSEE, household purchasing power, measured as the difference between total household income growth and inflation, has on average held up fairly well against the inflationary shock. In 2024, it even rose by an average of 2.5% (see Chart 7 above). However, households perceived a sharp decline in their purchasing power in 2024: half of respondents perceived a decrease of more than 6% (in absolute terms), with this gap explained by both an overestimation of inflation and an underestimation of nominal income growth.

Perceptions of income growth in euro differ across individuals

Respondents with the highest incomes were more likely to perceive that their income has increased (see Chart 9). This could be explained by stronger growth in savings income between 2022 and 2024, which may have contributed more to the rise in the highest incomes. At the same time, however, the lowest-paid employees also experienced stronger wage growth due to increases in the minimum wage (Smic Expert Group, 2024). On average, the differences in perceptions of income growth between private sector employees, public sector employees and retirees were small. This result may be surprising given that, for example, retirement pensions were indexed, whereas wages above the minimum wage were not, and the civil service index was not adjusted in 2024. On the contrary, unemployed, self-employed or student respondents were more likely than other respondents to perceive a smaller increase.

C9 Households' expectations regarding income trends in France in 2025, by household group

(as a percentage of responses)



Sources: Banque de France and CSA Institute, survey conducted from 17 October to 9 November 2024.

Interpretation: The chart shows the responses to the question "Over the next 12 months, would you say that, on average, household income in euro in France will increase/remains stable/decrease?" Responses are divided into three groups, each comprising one-third of respondents. One-third received no information before being asked the question (the "no information" group). One-third (the "information on wage trends in 2024" group) received the following information in advance: "On average, according to INSEE, wages in the private sector have increased by just under 3% over the past 12 months." One-third (the "information on minimum wage trends in 2024" group) received the following information in advance: "Over the whole of 2024, the minimum wage will have increased by around 3%."

Note: INSEE, French National Institute of Statistics and Economic Studies.

Finally, age also played a role: fewer people aged between 35 and 64 perceived a rise in their income. Overall, while the perception that income did not increase in 2024 was widely shared by all household categories, some differences in perception are difficult to link to objective income measures because income structures can vary between individuals, and changes in the different sources of income may have been heterogeneous over the period.

Receiving information about past income trends influences income growth expectations

Income growth expectations in France for 2025 are similar to income growth perceptions in 2024: three-quarters of respondents anticipate that incomes in France will not increase. Some of this pessimism regarding income growth in France could be explained by an underestimation of actual income trends over the past 12 months. To measure the impact of receiving more accurate information, survey respondents were given different objective information before answering a question about their expectations regarding income growth in France. Some of those surveyed were informed of wage increases at the time of the survey (just under 3%), another group was informed of the increase in the minimum wage (close to 3% over the whole of 2024), and a final group received no information.

The groups that received information on past wage trends in France are more optimistic than others about future income growth in France: 30% of those who received this information believe that income will rise in 2025, compared with only 23% in the group that received no information (see Chart 9). In other words, increasing the level of information on macroeconomic income trends has a positive and statistically significant effect on households' income expectations. Numerous other studies have shown that providing accurate information reduces inflation overestimation (Weber et al., 2022). The results of this survey suggest that better information on income can also help lower underestimation of income growth.

This finding may have important implications, as households' relatively pessimistic perceptions of their purchasing power could delay their consumption and investment decisions and encourage them to save more, thereby limiting economic growth in the following quarters.

References

Banque de France (2025a)

Macroeconomic interim projections – March 2025, 12 March.

[Download the document](#)

Banque de France (2025b)

"Les perceptions de l'inflation", *Dialogue &co*, season 1, episode 3.

[Listen to the podcast](#)

Baudry (L.), Gautier (E.) and Tarrieu (S.) (2024)

"Negotiated wage increases for 2024: where do we stand?", *Eco Notepad*, No. 349, Banque de France, 27 March.

[Download the document](#)

Baumann (A.), Caprari (L.), Kocharkov (G.) and Kouvavas (O.) (2025)

"Are real incomes increasing or not? Household perceptions and their role for consumption", *Economic Bulletin of the ECB*, No. 1/2025, pp. 45-49.

[Download the document](#)

Bénassy-Quéré (A.), Bignon (V.) and Gautier (E.) (2024)

"Women and the inflationary shock of 2022-23", *Eco Notepad*, No. 345, Banque de France, 8 March.

[Download the document](#)

Bignon (V.) and Gautier (E.) (2022)

"French households and inflation in 2022", *Banque de France Bulletin*, No. 243/1, November-December.

[Download the document](#)

Bignon (V.) and Gautier (E.) (2023)

"French households and inflation in 2023 – The virtuous triangle of "information, knowledge and trust" contributes to price stability", *Banque de France Bulletin*, No. 249/2, November-December.

[Download the document](#)

Cavallo (A.), Cruces (G.) and Perez-Truglia (R.) (2017)

"Inflation Expectations, Learning, and Supermarket Prices: Evidence from Survey Experiments", *American Economic Journal: Macroeconomics*, Vol. 9, No. 3, July, pp. 1-35.

European Central Bank (2025)

"What is inflation?".

[Download the document](#)

Hajdini (I.), Knotek (E. S.), Leer (J.), Pedemonte (M.), Rich (R. W.) and Schoenle (R.) (2022)

"Low Passthrough from Inflation Expectations to Income Growth Expectations: Why People Dislike Inflation", *Working Paper*, No. 22-21, Federal Reserve Bank of Cleveland, June, revised on 27 March 2023.

Insee (2024)

"Activity awaiting renewed confidence", *Economic Outlook*, 17 December.

Jain (M.), Kostyshyna (O.) and Zhang (X.) (2024)

"How do people view wage and price inflation?", *Journal of Monetary Economics*, Vol. 145, No. C, article No. 103552.

Malmendier (U.) and Sheng Shen (L.) (2024).

"Scarred Consumption", *American Economic Journal Macroeconomics*, Vol. 16, No. 1, January, pp. 322-355.

Shiller (R. J.) (1997)

"Why Do People Dislike Inflation?", chapter from *Reducing Inflation Motivation and Strategy*, National Bureau of Economic Research, 30 September, pp. 13-70.

Smic expert group (2024)

Salaire minimum interprofessionnel de croissance – Rapport du groupe d'experts, 28 November.

Stancheva (S.) (2024)

"Why Do We Dislike Inflation?", *Brookings Papers on Economic Activity*, spring, Vol. 2024, No. 1, pp. 1-46.

Weber (M.), D'Acunto (F.), Gorodnichenko (Y.) and Coibion (O.) (2022)

"The subjective inflation expectations of households and firms: Measurement, determinants, and implications", *Journal of Economic Perspectives*, Vol. 36, No. 3, summer, pp. 157-184.

Appendix 1

Three annual household surveys between 2022 and 2024

Between 2022 and 2024, the Banque de France conducted three annual surveys together with the CSA institute at three key moments during the inflationary period:

- the first between 28 April and 11 June 2022, when inflation was close to its peak, driven by energy prices (Bignon and Gautier, 2022);
- the second between 28 February and 28 March 2023, when inflation had just peaked and was being fueled by rising food prices (Bignon and Gautier, 2023);
- and the third between 17 October and 9 November 2024, when inflation had dropped significantly to below 2%.

The surveys covered 5,054 individuals in 2022, 5,028 in 2023, and 4,049 in 2024. The survey respondents were individuals over the age of 18, representative of the French population in terms of age, gender, region, and level of education. Respondents completed the questionnaire during a 10 minute telephone interview.

The questionnaire included around 20 questions on monetary policy and inflation and a small number of questions aimed at collecting sociodemographic information about the respondent (age, postcode, educational attainment, etc.).

The **main questions on inflation** asked in the three surveys conducted between 2022 and 2024 were the following:

*In general, over the past 12 months, would you say that prices in France:
... have increased / ... have remained stable /
... have decreased?*

*In your opinion, by what percentage have prices increased/decreased over the past 12 months?
Please give a percentage between 0% and 100%.*

*In your opinion, over the next 12 months, prices in France will:
... increase / ... remain stable / ... decrease?*

In your opinion, by what percentage will prices increase/decrease over the next 12 months? Answer in% between 0% and 100%.

Over the past 12 months, in your opinion, have the prices of the following products: significantly increased, increased, remained stable, decreased, or significantly decreased?

The products about which households were questioned may have varied from one year to the next. Three products were systematically included in the survey between 2022 and 2024: bread, petrol, and fruit/vegetables. The products about which households were questioned included clothing and footwear (2022-2023), household appliances (2022), health products and services (2022-2023), mobile phones and internet (2022 and 2024), electricity, and butter (2024).

In 2024, there was also a question about the **underlying causes of inflation** for the coming year.

In your opinion, which of the following will contribute most to price increases over the coming year? Two answers are possible.

1. The price of food raw materials
2. The price of energy (petrol, gas, and electricity)
3. Wage growth
4. Corporate profits
5. Increase in taxes
9. Don't know

Finally, in the surveys conducted in 2023 and 2024, respondents were asked **several questions on income trends**.

*Over the past 12 months, would you say that your income in euro... [if necessary, specify: income includes salary, allowances, benefits, pensions, retirement income]:
... has increased / ... has remained stable / ... has decreased?*

In your opinion, by what percentage has your income increased/decreased over the past 12 months? Answer in% between 0% and 100%.

*Over the next 12 months, would you say that your income in euro:
... will increase / ... will remain stable / ... will decrease?*

In your opinion, by what percentage will your income increase/decrease over the next 12 months? Answer in% between 0% and 100%.

*Over the past 12 months, would you say that the amount of household income in euro in France:
... has increased / ... has remained stable / ... has decreased?*

In your opinion, by what percentage has household income in France increased/decreased over the past 12 months? Answer in% between 0% and 100%.

Respondents are then divided into three subgroups.

One-third of the sample receives no additional information.

One-third of the sample receives the following information: "On average, according to INSEE, salaries in the private sector have increased by just under 3% over the last 12 months."

The last third receives the following information: "Over the whole of 2024, the minimum wage will have increased by around 3%."

All respondents then answer the following question:

*Over the next 12 months, would you say that, on average, household income in France will:
... increase / ... remain stable / ... decrease?*

In your opinion, by what percentage will household income in France increase/decrease over the next 12 months? Answer in% between 0% and 100%.

Appendix 2

Changes in household income in France

The main measure of household income is **gross disposable income (GDI)**, which is calculated by INSEE. It corresponds to a measure of the income available to households for consumption or investment: it includes all types of labour income (in particular, wages), property income (interest, dividends, etc.) and land income (rent, for example), as well as social benefits received by households (social security benefits and pensions, for example). Taxes and social security contributions paid by households are deducted. To obtain a measure that is as close as possible to individual income, GDI is calculated per consumption unit, i.e. by taking into account the structure of households. Between 2021 and 2024, **gross disposable income per consumption unit** grew faster than inflation: this growth was driven in particular by (i) the decline in unemployment observed over the period, which raised overall income from work paid to households, (ii) growth in property income

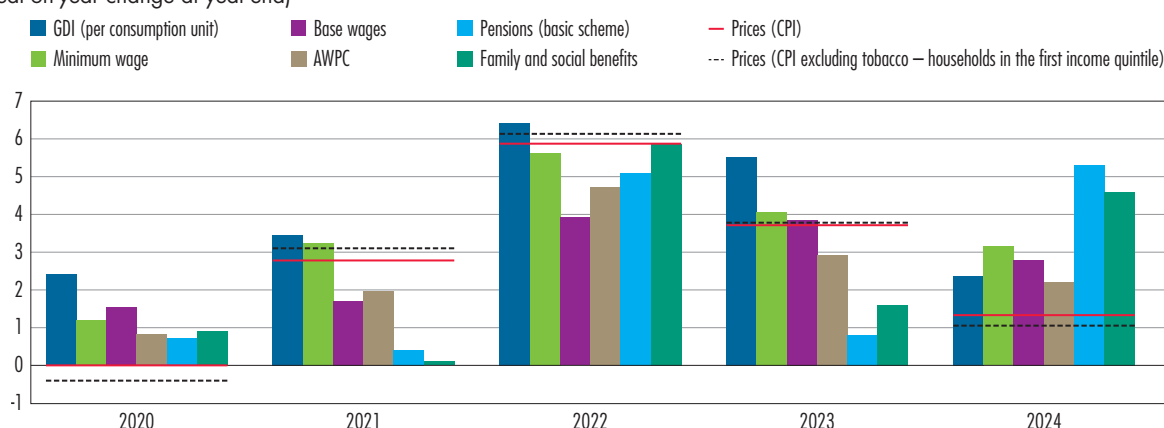
(in particular interest income linked to higher rates on savings passbooks or higher returns on life insurance contracts), (iii) wage growth, and rises in social benefits (see chart).

As regards labour income, the **minimum wage** is indexed to inflation excluding tobacco for the lowest income quintile and to half of the purchasing power gains of basic wages. It is adjusted annually and whenever inflation exceeds 2%. It has therefore risen rapidly and kept pace with inflation. In 2021 and 2024, it even rose faster than inflation due to its indexation to half of the purchasing power gains of base wages.

Base wages and average wages per capita (AWPC) also increased, but lagged behind the rise in inflation due to delays in wage negotiations and revisions. Initially, wages therefore rose at a slightly slower pace than inflation

Year-on-year change in gross disposable income (per consumption unit), wages and social benefits

(%, year-on-year change at year-end)



Sources: French National Institute of Statistics and Economic Studies – INSEE (CPI, minimum wage and GDI), Ministry of Labour (basic wages), Banque de France (AWPC adjusted for short-time work), Directorate for Research, Studies, Assessment and Statistics – Drees (pensions, basic scheme).

Interpretation: Changes are measured over one year (as a percentage in the last month/quarter of the year).

Notes: GDI, gross disposable income; AWPC, average wage per capita; CPI, consumer price index; CPI excluding tobacco – households in the 1st quintile of living standards: consumer price index calculated on the basis of the consumption basket excluding tobacco of the fifth of households with the lowest living standards.

in 2021 and 2022, but since 2023 and especially 2024, wages have climbed faster than inflation. Overall, however, between the end of 2020 and the end of 2024, wages rose slightly less than consumer prices on average: the former increased by around 13% on average, compared with just under 15% for the latter. This increase varied according to wage levels: relatively lower wages (particularly those close to the minimum wage) rose at a rate closer to that of inflation and more strongly than higher wages (see Smic Expert Group, 2024).

Social benefits were indexed to inflation excluding tobacco during the inflationary period, but this indexation is annual (in January for retirement pensions and in April for family

and social benefits), which sometimes caused adjustments to lag behind inflation. **Retirement pensions** were raised by 1% at the beginning of 2022, followed by a frontloaded increase of 4% in July 2022. In 2023, the rise was lower because it took into account the frontloaded increase in 2022. Finally, in 2024, the increase was higher than inflation because it depended on the inflation observed in the previous year. The **rise in family and social benefits** (family allowances, active solidarity income [RSA], etc.) followed a similar pattern, with a frontloaded increase in July 2022, followed by a more significant increase in April 2024 due to their indexation to past inflation. Overall, social benefits rose at the same pace as prices over the 2022-24 period.

Published by
Banque de France

Managing Editor
Claude Piot

Editor-in-Chief
Claude Cornélis

Editor
Caroline Corcy

Translator/English Editor
Stéphanie Evans

Technical production
Studio Creation
Press and Communication
ISSN 1952-4382

To subscribe to the Banque de France's publications
<https://www.banque-france.fr/en/alertes/abonnements>

