Abstract:
This article focuses on enterprise inflation expectations in Slovakia. Firstly, we propose a quantitative measure for enterprise inflation expectations based on results derived from the business tendency survey. The probability method (Carlson and Parkin method) is used for this purpose. Secondly, we proceed to test two specific models of enterprise inflation expectations formation in Slovakia – the rationality assumption model and the hybrid model assuming that inflation expectations can be partially forward-looking and partially backward-looking. Finally, we assess if the transmission of inflation expectations from one sector to another one can exist. Our analysis is conducted for companies operating in industry, construction, retail trade and services. Seasonally adjusted data from January 2002 (beginning of the business tendency surveys in Slovakia) to May 2015 are used, although some tests are done specifically for the post-euro introduction period (from January 2009).

Keywords:
inflation expectations, business tendency survey, probability method, rationality tests, inflation expectations transmission

JEL Classification: C32, E31, E37