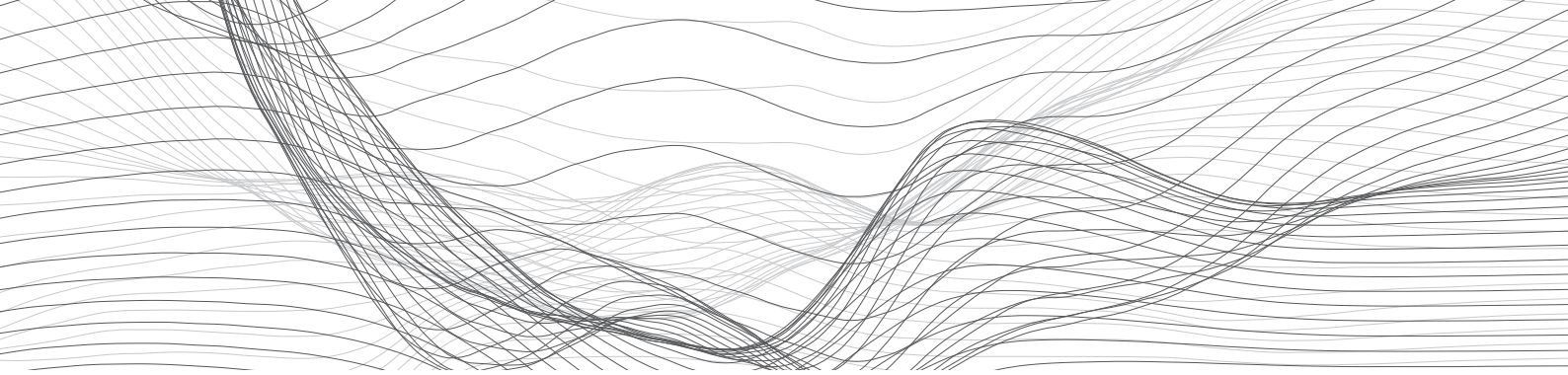

Do Swiss households revise their inflation expectations after monetary policy announcements?

Alexander Goetz, Lucas Kyriacou, Florence Miguet Heimlicher, Stefanie Siegrist

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Do Swiss households revise their inflation expectations after monetary policy announcements?*

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Abstract

This paper investigates the impact of monetary policy announcements (MPAs) on household inflation expectations using microdata from the Swiss Consumer Sentiment Survey. Employing an event study approach, we reveal an asymmetric response: while policy rate hikes or decisions to keep rates constant reduce household inflation expectations, rate cuts fail to elicit a reaction. The effect is particularly robust for short-term expectations, with a much less clear-cut influence on long-term expectations. Households across the expectation distribution – both moderate and extreme – react to announcements, indicating a broad impact. We find that household reactions are driven primarily by the anticipated component of policy rate changes, whereas surprising moves tend to be interpreted as signals of new information regarding inflationary pressure. Finally, we report that demographic heterogeneity matters: the effect of MPAs is driven by German-speaking households and tertiary-educated individuals, while others show no consistent response, underscoring the importance of targeted communication strategies for effective monetary policy transmission.

JEL codes: E31, E52, E71, D84

Keywords: Household inflation expectations, household heterogeneity, event study, monetary policy, central bank communication, reaction to news

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1 Introduction

Household inflation expectations play a central role in economic analysis, shaping consumption, investment, wage bargaining, and the effectiveness of monetary policy. Central banks, including the Swiss National Bank (SNB), closely monitor these expectations to maintain price stability (Hepenstrick et al., 2024). Short-term inflation expectations are driven primarily by immediate economic conditions, reflecting current concerns or recent media coverage. Long-term expectations, by contrast, depend on the credibility of the central bank and its demonstrated commitment to price stability. This distinction matters: short-term expectations shape intertemporal household decisions – such as consumption and saving – while long-term expectations anchor forward-looking choices, including wage-setting behavior and investment decisions. Understanding how both types of expectations form is therefore essential for anticipating macroeconomic dynamics and designing effective monetary policy.

Many standard monetary models assume that households form their inflation expectations rationally and under full information, a premise that empirical research increasingly challenges (Coibion et al., 2018). In practice, heterogeneity in information access and cognitive bias generate persistent dispersion in household expectations that rational models fail to accommodate. Microlevel studies have identified several key drivers of this heterogeneity. Short-term expectations are particularly sensitive to salient price changes (e.g., food and energy), news coverage, personal experiences, and individual characteristics, such as age and education (Coibion, D'Acunto, et al., 2022; D'Acunto & Weber, 2024). Long-term expectations, by contrast, evolve more steadily but tend to be more dispersed and to overestimate the central bank's inflation target (Binder & Rodrigue, 2018; Charalambakis et al., 2024). The high dispersion may reflect households' difficulty in distinguishing transitory from persistent shocks, cognitive biases, or limited understanding of long-term inflation dynamics.[1]

To deepen the understanding of how households form inflation expectations, empirical research has increasingly turned to randomized controlled trials (RCTs) and event studies. RCTs reveal that targeted information can significantly shape expectations, although the impact depends on the content and information channel (Coibion, Gorodnichenko, & Weber, 2022; Coibion, Gorodnichenko, et al., 2023). For example, forward guidance on interest rates influences both inflation and interest rate expectations, albeit with limited effects on perceived real rates (Coibion, Georgarakos, Gorodnichenko, & Weber, 2023). Similarly, forward guidance can influence the whole term structure of household inflation expectations (Dräger et al., 2024) over the subsequent year (Roth et al., 2023). Households also adjust their expectations in response to new information, with revisions proportional to the strength of the signal and inversely related to the precision of their prior beliefs (Armantier et al., 2016).

Recent RCT evidence also shows that shifts in households inflation expectations have measurable real economic consequences. For example, Coibion, Gorodnichenko, and Weber (2022) and Coibion, Georgarakos, Gorodnichenko, and Van Rooij (2023) report that households that raise their inflation expectations following a randomized information treatment subsequently reduce spending on durable goods, which is consistent with a revision of expected future real income. These findings underscore the importance of understanding how households update their inflation expectations in response to policy-related information in real-world settings.

[1] Binder (2020) demonstrates that the lowering of long-term inflation expectations at the upper end of the distribution seems to reflect improvement in consumers' general economic sentiment rather than stronger anchoring of inflation expectations.

While RCTs are well suited to isolating specific determinants of expectation formation, event studies offer a complementary perspective by capturing real-world responses to naturally occurring events. This approach is particularly valuable for assessing how households react to macroeconomic news (e.g., monetary policy announcements) in their everyday environment. However, the empirical evidence from event studies remains mixed, leaving open how households update inflation expectations in response to macroeconomic news. Some studies find that central bank announcements have no direct effect on inflation or interest rate expectations but primarily increase public awareness of monetary policy (De Fiore et al., 2022; Lamla & Vinogradov, 2019). There is also evidence that particular consumer price index (CPI) releases can increase household attention but not necessarily inflation expectations (Binder, 2021). Recent work, however, documents measurable revisions in the inflation expectations of households (Binder et al., 2024, 2026) and firms (Di Pace et al., 2025) in response to macroeconomic data releases and policy communication.

This paper advances our understanding of how households form inflation expectations by employing an event study approach to analyze Swiss household responses to economic news between January 2023 and July 2025. Focusing on the Swiss National Bank's (SNB's) quarterly monetary policy announcements (MPAs) as a key public information source, we use daily survey data to estimate their impact on both short-term (1-year) and long-term (5-year) inflation expectations. By examining household-level heterogeneity, we also explore how responses differ across demographic groups. This analysis not only sheds light on how households process new economic information but also reveals the uneven ways in which news shapes individual expectations.[2]

We add to the literature along five main dimensions. First, our analysis reveals an asymmetry in household reactions to MPAs. Policy rate hikes or decisions to keep rates constant lead to a reduction in inflation expectations. In contrast, rate cuts fail to elicit a meaningful response. This asymmetry suggests that central bank communication may be more effective at tempering inflationary concerns than at stimulating expectations during easing cycles. These findings align with broader discussions on the limits of forward guidance and the challenges of managing expectations in low-inflation environments (Weber et al., 2025). Second, we find that the impact of MPAs is particularly robust for short-term expectations, whereas the effect on long-term expectations is much less clear-cut. This pattern corroborates previous research indicating that households struggle to form indicative long-term inflation expectations. Third, the reaction to announcements is not confined to households with moderate expectations; even those with extreme views adjust their expectations, implying that policy communication influences a broad spectrum of the population. Fourth, a deeper examination of the drivers of these reactions highlights the role of anticipation. Households respond in a coherent way when policy announcements align with prior expectations, suggesting a good understanding of central bank interventions. However, surprising policy moves tend to be interpreted as signals of new information. Finally, our findings reveal considerable heterogeneity in how different demographic groups process monetary policy signals. The aggregate effects are primarily driven by German-speaking households and tertiary-educated individuals. The limited response among French- and Italian-speaking households suggests linguistic-regional differences in media coverage and news reporting, or broader cultural factors. Meanwhile, the lack of response among individuals with less formal education may stem from disparities in media consumption. These differences underscore the importance of targeted communication strategies for effective monetary policy transmission.

[2]In contrast to many other advanced economies, Switzerland's government debt ratio is very low and remained stable during the period under observation (see more details in Federal Department of Finance). As such, fiscal dominance is not a concern.

The paper is structured as follows. Section 2 introduces the dataset, detailing the setting and the key variables used in the empirical analysis. Section 3 outlines the event study methodology, explaining how survey responses are compared to assess the impact of economic news on inflation expectations. Section 4 presents the empirical results of the effect of MPAs on inflation expectations. Section 5 discusses the robustness of our findings. Section 6 presents insights into the characteristics of the households driving our results and on the role of information intensity. Finally, Section 7 concludes with a summary of the key insights, their implications for monetary policy, and suggestions for future research.

2 Data

Our analysis draws on data from the Swiss Consumer Sentiment Survey, which collects daily information on household inflation expectations across Switzerland. The survey's rolling design enables the identification of responses recorded immediately after macroeconomic news is released, offering an ideal framework to examine how households update their expectations in response to new information. The following subsections outline the survey's structure, summary statistics, and data preparation process.

2.1 Swiss Consumer Sentiment Survey

The data come from the Swiss Consumer Sentiment Survey, administered by the State Secretariat for Economic Affairs (SECO). Originally conducted quarterly since 1972, the survey underwent a comprehensive redesign in 2023, with a transition to continuous data collection through a rolling cross-section (RCS) design. Under this approach, new samples are launched at regular intervals, with each subsample managed identically to ensure consistent contact patterns and probabilities. For online surveys with offline recruitment, reminder letters are dispatched at uniform intervals across subsamples, ensuring that interviews conducted within each weekly interval constitute a random subsample (Lutz et al., 2024).

Since January 2023, an independent random sample of the Swiss population aged 16 and over has been invited weekly to participate in the survey via postal invitation. Nonrespondents receive a reminder letter several weeks later. The survey is administered exclusively online (Computer Assisted Web Interview, CAWI) in German, French, or Italian, with precise response times recorded. Sampling is stratified according to Switzerland's seven major regions.

A notable strength of the Swiss Consumer Sentiment Survey is its substantial sample size. On average, 58.7 responses are collected daily, with a median of 51. The interquartile range of 36 to 79 responses indicates moderate daily variability, while the peak daily participation of 175 responses demonstrates the survey's capacity to capture heightened engagement on specific days. For a visual overview of response rates across the full sample period, see Figure A2 in the Appendix.

As part of the 2023 redesign, the survey introduced two questions on household numerical price expectations, following the global trend toward incorporating quantitative price and inflation questions into primarily qualitative survey programs (Armantier et al., 2017). These new questions elicit quantitative assessments of expected price changes over two distinct horizons: within the next 12 months and five years from the reporting month. The questions are tailored to each respondent's prior qualitative answer, enhancing relevance and clarity.[3]

[3]The SECO survey frames questions in terms of price development rather than inflation, on the basis of the assumption that price-related questions are more comprehensible to the average household. However, the literature suggests that

Question on price change (1-year ahead, in percent)

Question: "*By what percentage, in your view, will prices* [*rise*]/[*fall*] *in the next 12 months?* "[4]

Answer: Specified in %. Number with one decimal place.

Question on price change (5-year ahead, in percent)

Question: "*In your view, how much will prices* [*rise*]/[*fall*] *in* [*current year +5*] *compared to the previous year* [*current year +4*]*?* "[5]
Answer: Specified in %. Number with one decimal place.

2.2 Development of inflation expectations

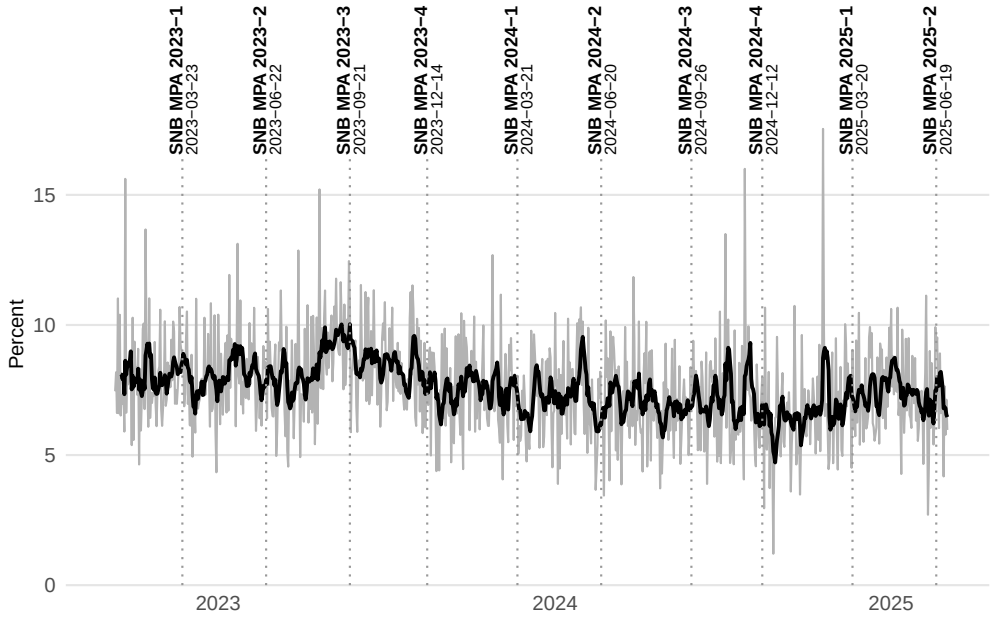
Figure 1 presents the daily unweighted means of expected inflation at the 1-year and 5-year horizons. Both series exhibit high day-to-day variability, reflecting substantial fluctuations in household expectations. The upper panel (Figure 1a) illustrates short-term expectations, which rose modestly until mid-2023 before gradually declining through the end of 2024. In 2025, expectations became more volatile, likely because of heightened global uncertainty. The lower panel (Figure 1b) depicts long-term expectations, which followed a smooth upward trend from early 2023 to early 2025.

responses to price questions tend to exhibit greater biases (Armantier et al., 2012) and dispersion (Armantier et al., 2013) than those concerning inflation. These considerations should be borne in mind when interpreting the study's findings.

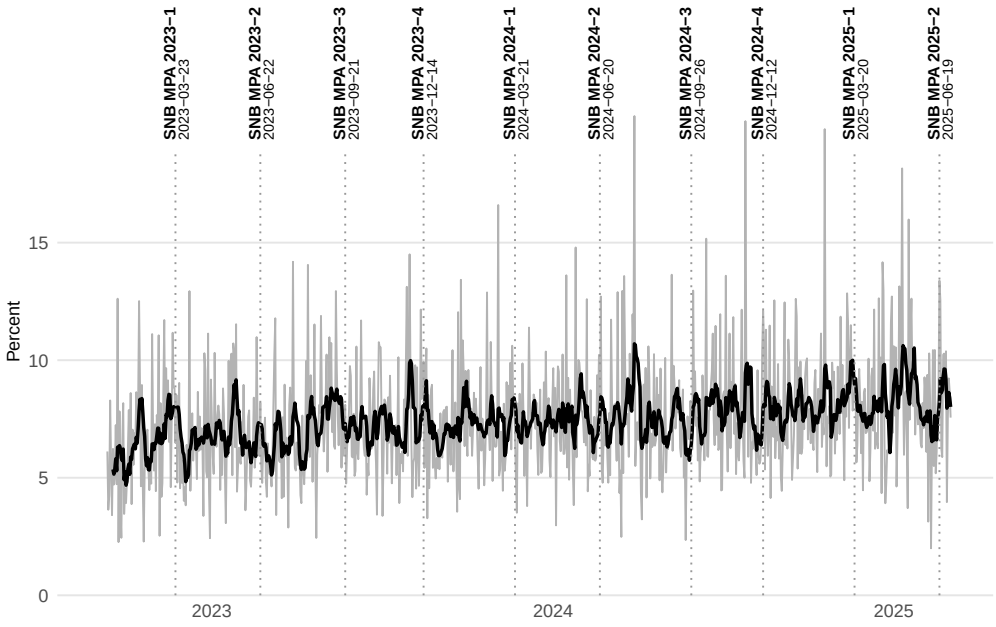
[4]If the qualitative question before was answered with "prices will remain virtually unchanged", the quantitative question reads: "*You stated earlier that prices will remain virtually unchanged in the next 12 months. Do you mean that prices will remain exactly the same or do you expect a small change? Please indicate your estimate of the percentage change in prices over the next 12 months. If you think that prices will fall slightly, please use a minus* $(-)$ *sign.*"

[5]If the qualitative question before was answered with "prices will remain virtually unchanged", the quantitative question reads: "*You stated earlier that prices in* [*current year +5*] *will remain virtually unchanged compared to the previous year* [*current year + 4*]*. Do you mean that prices will remain exactly the same or do you expect a small change? Please indicate your estimate of the percentage change in prices in* [*current year + 5*] *compared to the previous year* [*current year + 4*]*. If you think that prices will fall slightly, please use a minus* $(-)$ *sign.*"

Figure 1: Daily means of inflation expectations



(a) Short-term (1 year ahead)



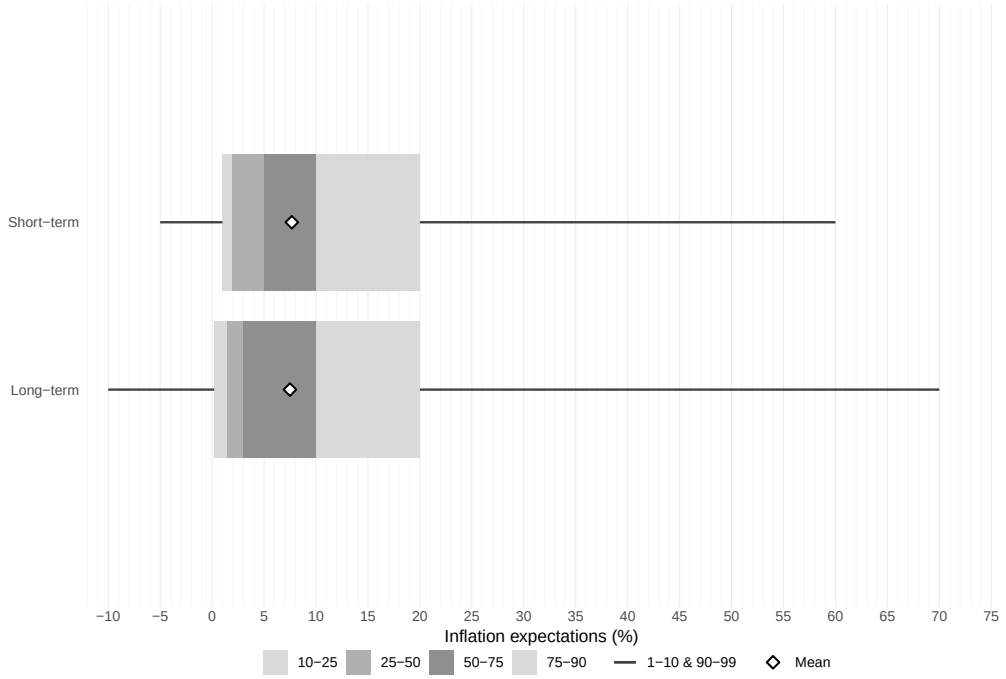
(b) Long-term (5-year ahead)

Note: The black line shows a 7-day moving average of the daily unweighted means in gray.

The divergence between short- and long-term expectations may be attributable to broader global economic trends. While temporary factors – such as supply chain disruptions and energy price volatility – primarily influence short-term expectations, trust in central bank policies and structural shifts in fiscal or trade policies may shape long-term expectations (Coibion, D'Acunto, et al., 2022). These patterns underscore the importance of monitoring both short- and long-term expectations as complementary indicators of economic sentiment and household behavior.

Figure 2 summarizes the dispersion of inflation expectations using quantile-band bars (10–25, 25–50, 50–75, and 75–90 percentiles), thin lines for the 1–10 and 90–99 percentiles, and a marker indicating the mean. Short-term expectations have a mean of 7.7%, a median of 5%, and a standard deviation of 11.8 percentage points; long-term expectations have a mean of 7.5%, a median of 3%, and a standard deviation of 15.3 percentage points. Thus, while short-term expectations are centered at a higher median (5% vs. 3%), the long-term distribution displays a heavier upper tail and greater overall dispersion.

Figure 2: Dispersion of responses to inflation expectation questions



2.3 News events: monetary policy announcements

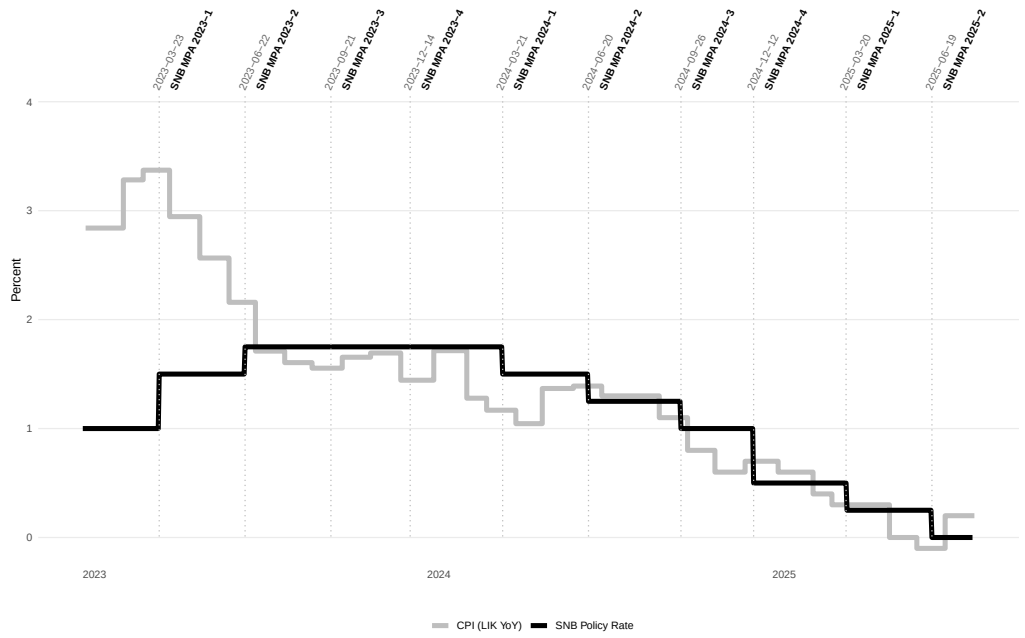
This study employs an event study methodology to assess how households update their inflation expectations in response to economic news. The analysis focuses on household reactions to quarterly MPA by the SNB. During the sample period, all MPAs took place as scheduled, with decisions consistently released on Thursdays and no extraordinary announcements. The SNB publishes its monetary policy decision through a written press release ("monetary policy assessment") at 09:30 CET, which serves as the official communication and presents the policy decision, economic outlook, and conditional inflation forecast. This release is followed by a press conference at 10:00 CET, where the Governing Board explains the decision and answers questions from the media.

This regularity provides a robust setting for evaluating the informational content of various announcement types (for example, a policy rate cut) and their differential effects on short- and long-term inflation expectations.

Figure 3 tracks the evolution of the SNB policy rate and CPI inflation during the observation period, from January 1, 2023, to July 31, 2025. Ten MPAs are marked in the figure, offering a visual representation of their temporal distribution. The first two announcements in the sample involved further monetary tightening, as the SNB incrementally raised its policy rate between June 2022 and June 2023 to counter rising inflation. As inflationary pressures subsided in the second half of 2023, the SNB maintained its policy rate. From early 2024, with inflation continuing to decline,

the SNB began to ease monetary policy by lowering the policy rate. This transition from restrictive to accommodative policy within the sample period provides an ideal context for investigating household reactions to different monetary policy stances and identifying potential asymmetries in response.

Figure 3: Evolution of the SNB policy rate and CPI inflation



2.4 Outlier treatment and missing values

Household inflation expectations often include unrealistically large positive or negative values. Unlike professional forecasters or financial market participants, households may lack consistent access to economic information or the expertise to provide accurate answers. As a result, their responses can be influenced by idiosyncratic factors, misinterpretations, or survey fatigue (see, among others, Attanasio, 2009; Delavande et al., 2011; Gautier & Montornès, 2025).

Given that extreme values can distort statistical estimates – skewing means, standard deviations, and regression results, particularly in smaller samples – correcting for outliers is essential. This is especially important in event studies, where the goal is to identify the average effect of economic news. By mitigating the influence of outliers, we ensure that our findings reflect the behavior of the broader population rather than a few anomalous observations.

For our baseline estimates, we control for outliers by restricting our sample to households with *moderate* or *reasonable* inflation expectations. We define *moderate* expectations as those falling within bounds constructed from Switzerland's historical inflation experience since 1970. Specifically, we compute the standard deviation of historical inflation and define the admissible range as the historical minimum minus two standard deviations and the historical maximum plus two standard deviations, corresponding to intervals of -6.4% and $+16.9\%$, respectively. This construction allows for expectations that substantially exceed historically realized inflation outcomes while still excluding values that are implausible relative to Switzerland's macroeconomic experience. Apply-

ing this restriction reduces the sample by 11% for short-term expectations and 13% for long-term expectations.[6]

For robustness checks, we employ two alternative outlier treatments. First, we estimate Huber regressions, a robust regression technique that downweights influential observations and outliers. This approach is standard in the literature on survey-based inflation expectations of households (see, among others, Coibion, Georgarakos, Gorodnichenko, & Van Rooij, 2023; Coibion, Gorodnichenko, & Weber, 2022). The regression is specified as a weighted least squares (WLS) model, utilizing Huber weights assigned through an iterative procedure. Observations with larger residuals are assigned lower weights, ranging from 0 to 1.[7] Second, we use winsorization to cap extreme values at specified percentiles while preserving the overall distribution. For our analysis, we winsorize individual responses at the 0.1^{th} and 99.9^{th} percentiles, resulting in a range of $[-30\%, +150\%]$ for short-term expectations and $[-40\%, +227\%]$ for long-term expectations.

Finally, nonresponses to inflation expectation questions (e.g., "don't know" or "not specified") are treated as missing values and excluded from the analysis.

2.5 Demographic, socioeconomic and regional variables

The dataset includes a comprehensive set of variables for each respondent household, covering inflation expectations, economic perceptions, and detailed individual characteristics. These individual characteristics include age, gender, education, household structure, relationship status, area of residence, language, working status, and whether the respondent is the household lead, offering insights into household heterogeneity. *Age* is recorded as a continuous variable, with a sample mean of approximately 48 years. *Education* ranges from "No formal education" (approximately 1% of respondents) to "University" (over 22%). *Gender* is nearly evenly distributed, with a slight majority of the respondents being male (approximately 59%). *Single status* distinguishes between respondents who are "Single" (approximately 32%), in "Other arrangements" (approximately 12%), or "not single" (approximately 56%). *Working status* categorizes respondents as "Full-time", "Part-time", or "Not working", with approximately half of all respondents employed full-time. *Household lead* identifies respondents who are the main decision-makers in their household; approximately 45% fall into this group. Finally, *Area of residence* (*BFS region*) captures geographic location, with the highest representation from "Espace Mittelland" (approximately 21%) and the lowest from "Ticino" (approximately 6%).[8]. A detailed description of all the variables, including categories and coding, is provided in Table B1 in Appendix B.

Table 1 presents descriptive statistics for our two event-study estimation samples: the *moderate 1y* sample, which includes only observations with short-term inflation expectations within the interval $[-6.4\%, 16.9\%]$, and the *moderate 5y* sample, defined analogously on the basis of long-term inflation expectations. In both samples, households with missing values for any individual characteristics shown in Table 1 are excluded. For categorical variables, the table reports the share of respondents in each category, distinguishing between two groups: $Post$ based on responses collected from days $t+1$ to $t+3$ following an MPA and *Other* based on all remaining observations.[9] For continuous variables, the table provides sample means for both groups $Post$ and *Other*.

[6] A detailed comparison of the sample composition and statistical tests are available in Table B2 in the Appendix B.

[7] The Huber regressions we compute in R are analogous to the implementation of the Stata function *rreg*. The procedure is described in the function manual available here: https://www.stata.com/manuals/rrreg.pdf.

[8] The BFS regions are defined by the Federal Statistical Office (FSO) for statistical and analytical purposes, grouping areas with similar characteristics to facilitate regional analysis

[9] The choice of these two groups $Post$ and *Other* is due to our estimation strategy, which is rationalized in Subsection 3.1.

The distributions of individual characteristics are very similar across the *Post* and *Other* groups in both the *moderate 1y* and *moderate 5y* samples. For most characteristics, chi-square tests for categorical variables and t-tests for continuous variables fail to reject equality at the 5% significance level. Two exceptions arise for age (in the *moderate 1y* sample) and working status (in both samples), where statistically significant differences are observed.[10]

This sample compositional difference between the *Post* and *Other* groups would be a concern for our empirical strategy only if it were endogenous, i.e., if the event under study itself induced the composition shift. To test for this, we restrict the comparison of *Post* and *Other* to the same days of the week and find that the sample compositions by working status are similar (see Table B3 in the Appendix). These results provide evidence that the differences are not driven by the MPAs but reflect systematic response patterns within the week, as working individuals are more likely to respond to the survey later in the week (Friday–Sunday).

[10] The age differences are closely linked to variation in working status. See Figure B11 in the Appendix.

Table 1: Descriptive statistics of individual characteristics

	Moderate 1y sample			Moderate 5y sample		
Variable	Post	Other	p	Post	Other	p
Age	47.9	48.9	0.039	47.9	48.5	0.213
Gender			0.461			0.556
Male	59.4	58.3		59.9	59.0	
Female	40.6	41.7		40.1	41.0	
Education			0.285			0.154
No formal education	1.1	1.5		1.0	1.5	
Mandatory school	6.0	6.6		5.6	6.5	
Apprenticeship	26.3	27.1		26.2	27.0	
Academic high school	8.8	8.9		9.7	9.0	
Higher vocational training	20.3	21.6		19.6	21.4	
University of Applied Sciences	13.7	12.1		13.6	12.2	
University	23.9	22.2		24.3	22.3	
Language			0.221			0.164
French-speaking	22.2	20.7		22.4	20.6	
Otherwise	77.8	79.3		77.6	79.4	
Single			0.399			0.661
No	56.6	54.7		55.8	54.7	
Yes	32.2	33.1		33.0	33.4	
Other	11.2	12.1		11.1	11.9	
Working status			0.005			0.005
Full-time	52.5	48.6		53.8	49.4	
Part-time	23.5	23.3		23.0	23.2	
Not working	24.1	28.1		23.2	27.4	
Household structure			0.482			0.547
Single-person household	15.8	17.2		15.1	17.1	
Couple without children	35.4	36.1		36.2	35.8	
Couple with children	36.0	33.9		35.1	34.4	
Single-parent household with children	8.5	8.1		8.7	8.0	
Non-family household	4.4	4.7		4.9	4.7	
Household lead			0.986			0.853
No	54.5	54.6		55.1	54.8	
Yes	45.5	45.4		44.9	45.2	
Area of living: BFS region			0.718			0.288
Lake Geneva region	17.3	15.7		17.8	15.5	
Espace Mittelland	20.2	21.4		19.4	21.6	
Northwestern Switzerland	13.3	13.7		12.5	13.8	
Zurich	19.4	18.8		20.0	19.0	
Eastern Switzerland	13.8	14.0		14.2	14.0	
Central Switzerland	10.8	10.6		10.7	10.5	
Ticino	5.3	5.8		5.4	5.5	
Observations	1218	47357		1050	41041	

Notes: The table compares the distribution of individual characteristics between the two groups $Post$ and *Other* for two estimation samples: the *moderate 1y* sample (columns (1)–(3)) includes respondents with moderate short-term inflation expectations; the *moderate 5y* sample (columns (4)–(6)) includes those with moderate long-term expectations. Both samples exclude observations with missing data in any of the variables. $Post$ comprises all observations collected within the three days following an MPA and *Other* comprises all remaining observations outside these postevent windows. For each categorical variable, the table reports the share of respondents in each category; for continuous variables, the table reports sample means. The two columns p report the p-values of the test for equality between $Post$ and *Other* groups using t-tests for continuous variables and chi-square tests for categorical variables. Percentage shares may not sum to 100 due to rounding.

3 Estimation approach

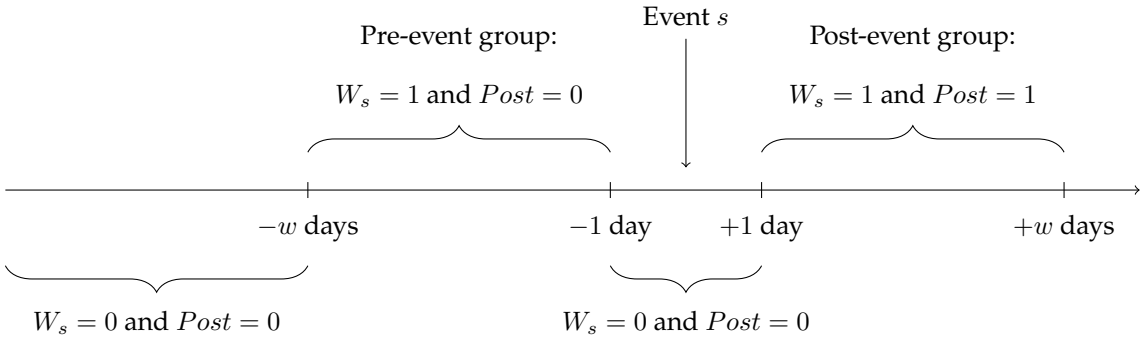
To assess how household quantitative inflation expectations respond to economic news, we employ an event study methodology using the daily survey data described in Subsection 2.1. Our analysis focuses specifically on the effects of quarterly MPAs. By leveraging the full sample of daily observations and identifying expectation shifts within a narrow window surrounding these announcements, we isolate the causal impact of macroeconomic news propagation on inflation expectations. This approach, which controls for event- and calendar-specific effects as well as individual household characteristics, builds on event study methods that are commonly used to analyze financial market responses (Swanson, 2021) and recent adaptations used to study household (De Fiore et al., 2022) and firm (Yotzov et al., 2026) survey data at lower frequencies.

3.1 Illustration of our event study

Figure 4 illustrates the event window W around each MPA event s. The responses collected between one day and w days after the event day t are regarded as the postevent group ($Post_i^w = 1$). In our estimation approach, we build on the whole sample of observations to compare the inflation expectations of the postevent group with those recorded on all other days. Importantly, we ensure the isolation of the effect of the MPA on household expectations by controlling for other influences, such as event-specific effects (W_s), day-of-the-week (DOW) effects, and individual household characteristics.

Our baseline is specified with $w = 3$ such that we regard households answering on days $t+1$, $t+2$, and $t+3$ as potentially being exposed to the information of the MPA. We intentionally exclude the event day itself from both the pre- and postevent groups (i.e., $W_s = 0$ and $Post_i^w = 0$ at $t = 0$), as information from the SNB press release and press conference might take time to propagate to survey respondents. A respondent who answers at 8:00 AM on the decision day has not yet been exposed to the 09:30 AM announcement. For a respondent who answers at 12:00 PM, we cannot exclude the possibility that he has not been exposed to the information given in the announcement.

Figure 4: Event window W around event s



Our approach to estimating causal effects is subject to two potential biases. First, because the survey records each household's inflation expectations only once, differences in the characteristics of households surveyed at different times could introduce bias in the estimated effects. However, as documented in Subsection 2.5, the $Post$ and *Other* samples are highly similar across most observable characteristics. The remaining differences reflect within-week response patterns rather

than MPA-induced selection, suggesting that this source of bias is unlikely to materially affect our estimates.[11]

Second, the estimated effects may be confounded by contemporaneous news surrounding our events that also influence inflation expectations. To mitigate this bias, we define a narrow window after the event day to estimate the impact of the specific MPA isolated from interfering events.[12]

3.2 Estimating the average effect of MPA

First, we estimate the combined effect of all ten MPAs in our sample. In the spirit of Lamla and Vinogradov (2019), we use a pooled estimation strategy as specified in Equation (1) to quantify the average effect of MPA s on inflation expectations:

$$\pi_i = \alpha + \beta Post_i^w + \sum_{s=1}^{10} \gamma_s W_{s,i}^w + \theta Z_i + \zeta D_i + \epsilon_i \tag{1}$$

where the dependent variable π_i represents the expected change in consumer prices reported by household i for either the 1-year horizon or the 5-year horizon.[13] The dummy variable $Post_i^w$ equals 1 for households that respond during the w postevent days (our baseline is: $w = 3$)[14] after either one of the ten MPAs s and 0 on any other day in the sample. Thus, the coefficient of interest β captures the average effect of an MPA on the outcome variable – household inflation expectations.

To control for information that is unrelated to the event of interest but common to both households surveyed before (preevent group) and those surveyed after (postevent group) the announcements, we include event fixed effects $W_{s,i}^w$ (analogous to time fixed effects), spanning over w days prior to and w days after the event s but excluding the event day itself. This adjustment also accounts for varying economic and monetary conditions over the sample period, ensuring that our estimates isolate the effect of the events abstracted from their contemporaneous environment. The vector Z_i comprises control variables for household characteristics, including *gender*, *age*, *education*, *household structure*, *household lead*, *civil status*, and *working status*. We further control for the household's *region of residence* and the *language* in which the survey was completed. Additionally, as participation rates vary by the days of the week (see Subsection A.1 in Appendix A), we include six DOW fixed effects D_i in our estimation (defining Thursdays – the day of the MPA – as the reference category). This controls for average inflation expectations fluctuating across the individual DOW.[15] All the results are presented using heteroskedasticity-robust standard errors to accommodate nonconstant error variance.

In a second step, we extend Equation (1) to account for the informational content of each event, following De Fiore et al. (2022). Specifically, we estimate the following:

$$\pi_i = \alpha + \beta Post_i^w + \delta Post_i^w \times d^{class} + \sum_{s=1}^{10} \gamma_s W_{s,i}^w + \theta Z_i + \zeta D_i + \epsilon_i \tag{2}$$

[11] In Appendix B.3.2 and B.4, we provide further evidence for the identifying assumption that our postevent effects are not confounded by endogenous changes in sample composition.

[12] Throughout the sample period, no scheduled releases of Swiss economic indicators – such as CPI or GDP – coincide with the windows of MPA.

[13] The 1-year and 5-year ahead numerical inflation expectations are elicited through the two survey questions described in Subsection 2.1.

[14] Estimates based on alternative event window sizes are shown in Subsection 5.1.

[15] See Hennrich and Wohlrabe (2025) for empirical evidence of DOW effects in business surveys.

where the postevent group indicator $Post_i^w$ is interacted with d_i^{class}, a variable that is used to classify each event according to its informational content. Estimating the pooled effect of all MPAs may mask mutually offsetting shifts, particularly if policy rate hikes and cuts drive postevent inflation expectations in opposite directions. We therefore distinguish between hikes and cuts using either a dummy variable (*Dummy cut policy rate*) or a continuous measure (Δ *policy rate*).[16]

In the third step, we decompose the change in the policy rate into an anticipated (*Anticipated* Δ *policy rate*) and a surprise (*Surprise* Δ *policy rate*) component. This allows us to capture additional heterogeneity regarding the informational content of MPAs.

3.3 Estimating the effect of individual MPAs

To dissect the pooled effect we find for all MPAs, we additionally estimate the individual effect of each announcement observed between January 2023 and July 2025, in the spirit of Binder et al. (2024). This approach entails including an individual dummy variable $Post_{s,i}^w$ for each of the ten MPAs separately instead of pooling all events (all postevent days) into one variable. We estimate:

$$\pi_i = \alpha + \sum_{s=1}^{10} \beta_s Post_{s,i}^w + \sum_{s=1}^{10} \gamma_s W_{s,i}^w + \theta Z_i + \zeta D_i + \epsilon_i \tag{3}$$

where the coefficient β_s identifies the effect of an individual MPA s on the outcome variable.

4 Results

In this section, we establish that Swiss households adjust their inflation expectations in response to MPAs. By pooling all announcements as explained in Subsection 3.2, we identify a systematic response of short-term inflation expectations to the announcements. When differentiated by policy decisions, we find that inflation expectations decline following monetary policy tightening and after announcements that leave the policy stance unchanged, whereas we find no statistically significant reaction to monetary policy easing.

Furthermore, our results suggest that the households' response is shaped by the predictability of the content of the MPA. We find that announcements aligning with expectations influence inflation expectations effectively and consistently, underscoring the importance of *anticipated* policy moves and forward-looking communication. In contrast, *surprise* policy changes seem to introduce new information, resulting in more ambiguous household reactions. Thus, our findings provide evidence that both the nature of the policy decision (i.e., whether it involves a rate hike or a cut) and the predictability of the announced decision jointly shape households' reactions to the MPA.

4.1 Main results

Table 2 presents the main results showing how MPAs influence household inflation expectations. The coefficient estimates are obtained from estimating the pooled regression for all MPAs, as we outline in Subsection 3.2 and formalize in Equations (1) and (2). In our main analysis, we focus on households with *moderate* inflation expectations, as explained in the discussion of extreme observations in Subsection 2.4.

[16] As shown in Figure 3, policy rate changes range from +0.5 percentage points (March 2023) to −0.5 percentage points (December 2024) for the ten MPAs in our sample.

Columns (1) and (2) of Table 2 reveal that, on average, households reduce their inflation expectations by 0.3 to 0.4 percentage points after an MPA. This effect is statistically significant at the 10% level for short-term expectations and at the 5% level for long-term expectations. These results suggest that households systematically lower their inflation expectations following an MPA, regardless of its content.

One interpretation is that household expectations are initially biased upward, and the MPA serves as a correction to the household's information set. Alternatively, the pooled effect may mask an asymmetric response to policy easing versus tightening. To explore this potential heterogeneity, we interact the $Post$ dummy with indicator variables capturing the announcement's specific content, distinguishing between policy rate hikes, cuts, and stable rates, as well as the magnitude of the policy rate change. Our estimation sample includes the following ten announcements in chronological order: two events with rate hikes, two with no change, and six with rate cuts (see Subsection 2.3).

Columns (3) to (6) of Table 2 decompose the average effect of MPA by informational content. When controlling only for the direction of the policy decision (Columns (3) and (4)), we find that households significantly reduce their short- and long-term inflation expectations by 0.5 percentage points in response to either a rate hike (monetary policy tightening) or an unchanged policy stance. In contrast, monetary policy easing elicits no adjustment in expectations: a test of joint significance confirms that the combined effect of the $Post$ dummy and the interaction term ($Post \times$ *Dummy cut policy rate*) is statistically indistinguishable from zero.[17] When accounting for both the direction and magnitude of the announced policy rate change (Columns (5) and (6)), households significantly lower their expectations when the policy rate is held constant. While the estimate is not statistically significant, the negative coefficient on the interaction term offers further evidence for the downward revision in expectations following policy tightening.[18]

Table 2: Effects of MPA: baseline specification

	Specification 1		Specification 2		Specification 3	
Inflation expectations	1y	5y	1y	5y	1y	5y
	(1)	(2)	(3)	(4)	(5)	(6)
Post	-0.27*	-0.36**	-0.49**	-0.49*	-0.30*	-0.39**
	(0.16)	(0.17)	(0.24)	(0.26)	(0.16)	(0.18)
Post ×			0.39	0.21		
Dummy cut policy rate			(0.31)	(0.33)		
Post ×					-0.43	-0.33
Δ policy rate					(0.54)	(0.58)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes	Yes	Yes	Yes
Event-window fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
DOW fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	48,575	42,091	48,575	42,091	48,575	42,091
Adjusted R^2	0.04	0.03	0.04	0.03	0.04	0.03

Notes: The table shows the coefficient estimates from estimating Equation (1) in Columns (1) and (2), and Equation (2) in Columns (3) to (6). *Post* is a dummy variable indicating the postevent group observations captured 1 to 3 days after the MPA. *Dummy cut policy rate* indicates the events that announced a policy rate cut and Δ *policy rate* indicates the size of the policy rate change (continuous variable ranging from -0.5 pp to +0.5 pp, as shown in Figure 3). *Moderate* inflation expectations sample as described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

[17] The F-statistic for the joint significance of the easing effect is 0.267 for short-term expectations and 1.507 for long-term expectations.

[18] These results are robust to alternative event window sizes, as presented in Subsection 5.1.

4.2 Considering monetary policy surprises

Monetary policy communication plays a pivotal role in shaping household inflation expectations, as documented by Coibion, Gorodnichenko, and Weber (2022). However, household responses to policy announcements may depend on whether the policy action is anticipated or unanticipated and on how households interpret the embedded macroeconomic information. *Anticipated* policy rate adjustments – those aligned with central bank guidance – should move household inflation expectations in the direction intended by the central bank. Through this channel, anticipated tightening should lower inflation expectations, while anticipated easing should raise them. In contrast, *surprise* (i.e., unanticipated) adjustments to the policy rate are not necessarily interpreted by households as pure monetary policy shocks (interventions aimed at steering inflation expectations toward the target). Instead, such surprises may be perceived as (new) information revealing the central bank's assessment of future economic conditions and inflationary pressures.[19] For households that face substantial information friction (see, for instance, Link et al., 2023), the informational element of a *surprise* policy adjustment may dominate their interpretation. In this case, surprise monetary policy tightening may paradoxically increase inflation expectations. Thus, while anticipated policies help stabilize expectations, surprise decisions may elicit counterintuitive reactions through their information signal.

To test this hypothesis, we employ three distinct measures of monetary policy surprises. The first measure – *Consensus* – is based on professional forecasters' projections, where we compare the average expected 3-month interest rate in the current quarter (from Consensus Economics) with the announced policy rate. The second and third measures rely on financial market data. The second measure – *Borner* – is borrowed from Borner (2025), where monetary surprise is extracted from high-frequency interest rate futures. The third measure – *Boneva* – is based on the work of Boneva et al. (2025), where monetary policy surprise is defined as the first principal component of surprises extracted from fixed-income derivatives around policy announcements. The two financial market-based measures, *Borner* and *Boneva*, are highly correlated ($\rho = 0.88$). Their correlation with the *Consensus* measure is slightly lower but remains substantial: ($\rho = 0.61$ with *Borner* and $\rho = 0.51$ with *Boneva*).

Table 3 shows the effect of a change in the policy rate, split into two continuous variables: an *anticipated* and a *surprise* rate change. Across all specifications, the coefficient on the $Post$ dummy remains negative (as in the main results in Table 2), although it is statistically significant only in the specification based on the *Consensus* measure. Furthermore, the coefficient estimates for both *anticipated* and *surprise* policy rate changes are consistent across specifications. The results imply that households, on average, lower their short- and long-term inflation expectations in response to an *anticipated* increase in the policy rate. This estimate is statistically significant only for the *Consensus* measure, suggesting that the information set available to households when they form their expectations is more closely aligned with that of professional forecasters than with that of financial market participants.

Additionally, our results in Table 3 suggest that households increase their inflation expectations following a *surprise* policy rate increase. One plausible explanation for this counterintuitive reaction is that households interpret surprise tightening as providing new information about inflationary pressures, suggesting that inflation may persist longer than previously anticipated. Con-

[19] There is a growing body of literature showing that policy surprises often combine multiple components, including monetary policy shocks and informational elements related to either the central bank's private information or its response to recent public news (see for instance Bauer & Swanson, 2023; Jarocinski & Karadi, 2020; Miranda-Agrippino & Ricco, 2021; Nakamura & Steinsson, 2018).

versely, a surprise easing would trigger a downward adjustment. To contextualize these results within the ten MPAs in our sample, the following subsection presents individual estimates for each event. This allows us to examine whether the observed pattern is driven by specific individual announcements.

Table 3: Effects of MPA: *anticipated* versus *surprise* rate changes

	Consensus		Borner		Boneva	
Inflation expectations	1y	5y	1y	5y	1y	5y
	(1)	(2)	(3)	(4)	(5)	(6)
Post	-0.25·	-0.36**	-0.08	-0.15	-0.17	-0.23
	(0.17)	(0.18)	(0.20)	(0.21)	(0.18)	(0.19)
Post ×	-1.9**	-1.3·	-0.88·	-0.80	-0.62	-0.54
Anticipated Δ policy rate	(0.78)	(0.82)	(0.58)	(0.63)	(0.55)	(0.59)
Post ×	3.5**	2.3	3.1*	3.5*	6.0·	7.5*
Surprise Δ policy rate	(1.6)	(1.8)	(1.7)	(1.9)	(3.7)	(4.0)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes	Yes	Yes	Yes
Event-window fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
DOW fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	48,575	42,091	48,575	42,091	48,575	42,091
Adjusted R^2	0.04	0.03	0.04	0.03	0.04	0.03

Notes: The table shows the coefficient estimates from estimating Equation (2). $Post$ is a dummy variable indicating the postevent group observations captured 1 to 3 days after the MPA. *Anticipated* Δ *policy rate* indicates the size of the anticipated component of the policy rate change (continuous variable) and *Surprise* Δ *policy rate* indicates the size of the unanticipated component of the policy rate change (continuous variable). The measures of the components of Δ *policy rate* are described in Subsection 4.2. *Moderate* inflation expectations sample as described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

4.3 Dissecting individual announcements

To deepen our understanding of how MPAs shape household inflation expectations, Tables 4 and 5 report the individual effects of each announcement ($Post^w_{s,i}$), controlling for the contemporaneous environment through event window fixed effects ($W^w_{s,i}$). These results are estimated using Equation (3).[20]

For short-term inflation expectations, the results largely corroborate our pooled estimates. During the initial phase of our sample (2023), when monetary policy remained restrictive, household inflation expectations were significantly higher than the sample average (as indicated by positive event fixed effects). While the $Post_s$ estimates are not always statistically significant, MPAs during this period generally lowered expectations. In contrast, during the subsequent easing phase, household inflation expectations aligned more closely with the sample average, and the effects of the announcements became more heterogeneous and statistically insignificant.

One event stands out: the March 2024 monetary policy decision, which marked the first rate cut of the cycle. The decision came largely as a surprise easing to financial market participants and professional forecasters, and households responded by notably lowering their inflation expectations, as shown in Table 4. In its 21 March 2024 monetary policy assessment, the SNB stated that "The easing of monetary policy has been made possible because the fight against inflation over the past two and a half years has been effective. For some months now, inflation has been back below 2% and thus in the range the SNB equates with price stability." This statement not only flagged inflation as being under control but also explicitly referenced the short-term inflation development.

[20]We explain the ten monetary policy decisions in chronological order in Subsection 2.3.

In addition, the SNB conditional inflation forecast published in its press release showed a large downward revision of short-term inflation (see Figure 5, Panel (a)). The evidence presented in the previous subsection is consistent with the interpretation that households perceived the unanticipated easing as a signal of diminished inflationary pressure, although our design cannot separate whether households were responding to the SNB communication, the forecast revision, or the rate cut itself.

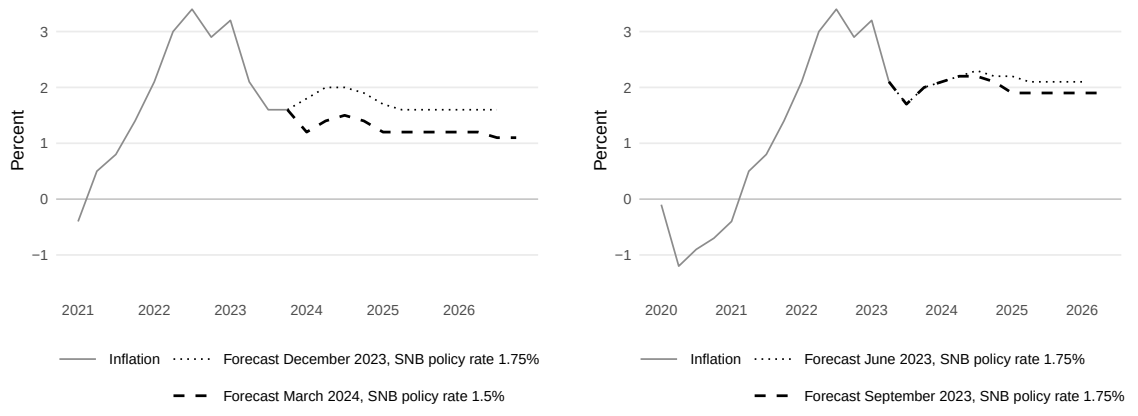
To further examine the effect of this event on our results, we exclude it from our estimation of Equation (1) and Equation (2) using the *Consensus* measure. While our baseline coefficient estimates, as presented in Columns (1), (3) and (5) of Table 2, do not change significantly, the coefficient on the *Surprise* Δ *policy rate* of Column (1) of Table 3 remains positive but becomes statistically insignificant. This suggests that the fall (rise) in household inflation expectations following an unanticipated policy rate cut (hike) is driven primarily by the March 2024 MPA. A similar single-event response is documented for the U.S. by Binder et al. (2026), who find that the September 2025 FOMC decision – the first rate cut in nine months – lowered household inflation expectations, with consistent estimates across event study, RCT, and hypothetical-vignette designs.

Table 4: Effects of individual MPA: short-term expectations

	W_s		$Post_s$	
MPA 23.03.2023 (hike)	0.92***	(0.28)	-0.22	(0.45)
MPA 22.06.2023 (hike)	0.81***	(0.27)	-0.48	(0.47)
MPA 21.09.2023 (stable)	1.27***	(0.32)	-0.80.	(0.51)
MPA 14.12.2023 (stable)	0.82**	(0.34)	-0.52	(0.48)
MPA 21.03.2024 (cut)	0.04	(0.29)	-1.02**	(0.43)
MPA 20.06.2024 (cut)	-0.23	(0.25)	-0.51	(0.43)
MPA 26.09.2024 (cut)	-0.23	(0.37)	0.76	(0.53)
MPA 12.12.2024 (cut)	-0.30	(0.24)	0.15	(0.53)
MPA 20.03.2025 (cut)	0.03	(0.36)	-0.36	(0.49)
MPA 19.06.2025 (cut)	-0.54	(0.41)	0.70	(0.51)

Notes: The table shows the coefficient estimates for each of the ten MPAs in our sample from estimating Equation (3) for short-term inflation expectations, with the announced policy rate change stated in parentheses. W_s is the fixed effect of the announcement s. $Post_s$ is a dummy variable indicating the postevent group observations captured 1 to 3 days after the announcement s. *Moderate* inflation expectations sample as described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

Figure 5: SNB conditional inflation forecasts (y-o-y) around two MPAs



(a) Conditional inflation forecast of March 2024

(b) Conditional inflation forecast of September 2023

The individual estimates for long-term inflation expectations reveal a less distinct pattern than those for short-term expectations (see Table 5). Long-term expectations exhibit greater inertia, showing little correlation with realized inflation over our sample period. While realized inflation gradually declined, long-term expectations followed a slight upward trend, a pattern partially captured by the event fixed effects (W_s). Additionally, the $Post_s$ estimates follow no systematic pattern across announcements; only two decisions display a significantly negative effect on long-term inflation expectations: September 2023 and March 2025. One of these stands out: the September 2023 monetary policy decision, which marked the end of the tightening cycle. The decision to stay on hold came mostly as a surprise for financial market participants and professional forecasters, and households responded by notably lowering their inflation expectations, especially at the long end, as shown in Table 5. In its 21 September 2023 monetary policy assessment, the SNB stated that "The significant tightening of monetary policy over recent quarters is countering remaining inflationary pressure." This statement explicitly referenced the long-term inflation path. In addition, the SNB conditional inflation forecast published in its press release showed unchanged inflation in the short term and a downward revision in the long term, with long-term inflation falling below 2% for the first time since the start of the inflation surge (see Figure 5, Panel (b)). This unanticipated decision appears to have been interpreted by households as an information signal of diminished inflationary pressure.

To further examine the effect of this event on our results for long-term inflation expectations, we exclude it from our estimation of Equation (1) and find that it is the main driver of the baseline results presented in Columns (2), (4) and (6) of Table 2. These findings corroborate prior research suggesting that households struggle more to form long-term inflation expectations than short-term expectations.

Table 5: Effects of individual MPA: long-term expectations

	W_s		$Post_s$	
MPA 23.03.2023 (hike)	-0.50*	(0.28)	-0.34	(0.47)
MPA 22.06.2023 (hike)	-0.10	(0.27)	-0.46	(0.52)
MPA 21.09.2023 (stable)	0.45	(0.33)	-1.51***	(0.52)
MPA 14.12.2023 (stable)	-0.03	(0.35)	0.18	(0.51)
MPA 21.03.2024 (cut)	-0.10	(0.28)	-0.29	(0.51)
MPA 20.06.2024 (cut)	0.58**	(0.28)	-0.64	(0.48)
MPA 26.09.2024 (cut)	0.35	(0.41)	-0.14	(0.54)
MPA 12.12.2024 (cut)	0.16	(0.30)	0.19	(0.61)
MPA 20.03.2025 (cut)	0.36	(0.38)	-0.78.	(0.52)
MPA 19.06.2025 (cut)	0.33	(0.46)	0.21	(0.56)

Notes: The table shows the coefficient estimates for each of the then MPA in our sample from estimating Equation (3) for long-term inflation expectations, with the announced policy rate change stated in parentheses. W_s is the fixed effect of the announcement s. $Post_s$ is a dummy variable indicating the postevent group observations captured 1 to 3 days after the announcement s. *Moderate* inflation expectations sample as described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

5 Robustness analysis

Our main results presented in the preceding section provide evidence that Swiss households respond to MPAs. This finding is more pronounced than what has been documented in previous literature for household expectations in other countries (see Binder et al., 2024; De Fiore et al., 2022; Lamla & Vinogradov, 2019). To assess the robustness of our results, we reestimate Equations (1)

and (2) using alternative event window sizes and outlier correction approaches. As expected, longer windows gradually diminish the impact of the events, leading to less precise estimates. Similarly, alternative outlier corrections – where we exclude fewer observations – slightly weaken the effect. Nevertheless, our core findings remain robust for households' short-term inflation expectations. With respect to long-term expectations, some evidence for an impact of MPAs persists, but the underlying reasoning channel is more elusive and difficult to identify.

5.1 Alternative event window sizes

The main results from our baseline estimation of short-term inflation expectations prove largely robust to alternative event window sizes w after the day of MPA s. Table 6 presents the estimation results when a four-day window is used instead of our three-day baseline. Increasing the window size slightly reduces the magnitude and statistical significance of the estimated coefficients.

For long-term inflation expectations, the estimated coefficients retain the same signs as in the baseline specification, but they are no longer statistically significant. Our results for long-term inflation expectations should therefore be interpreted with caution.[21]

Table 6: Effect of MPA: 4-day window

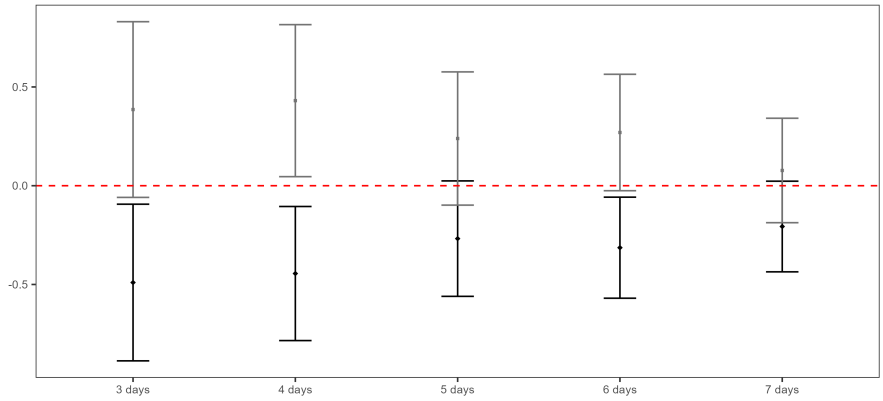
	Specification 1		Specification 2		Specification 3	
Inflation expectations	1y	5y	1y	5y	1y	5y
	(1)	(2)	(3)	(4)	(5)	(6)
Post	-0.20·	-0.20	-0.44**	-0.30	-0.26*	-0.21
	(0.13)	(0.14)	(0.21)	(0.22)	(0.14)	(0.15)
Post × Dummy cut policy rate			0.43·	0.17		
			(0.27)	(0.29)		
Post × Δ policy rate					-0.72·	-0.12
					(0.48)	(0.51)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes	Yes	Yes	Yes
Event-window fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
DOW fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	48,575	42,091	48,575	42,091	48,575	42,091
Adjusted R^2	0.04	0.03	0.04	0.03	0.04	0.03

Notes: The table shows the estimated coefficients from Equation (1) in Columns (1) and (2), and Equation (2) in Columns (3) to (6). $Post$ is a dummy variable indicating the postevent group observations captured 1 to 4 days after the event. *Dummy cut policy rate* indicates the events that communicated a cut in the policy rate and Δ *policy rate* indicates the size of the cut or hike in the policy rate (continuous variable). *Moderate* inflation expectations sample as described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

Figure 6 displays the coefficient estimates for short-term inflation expectations from estimating Equation (2) for different event window sizes w (relating to Specification 2 for the baseline ($w = 3$) in Table 2). The results reveal that both the magnitude and the statistical significance of the effects of MPAs decrease as the window size expands. This pattern suggests two possible interpretations: either the impact of MPA is short-lived, or the inclusion of competing news over longer windows dilutes the signal of the announcements, resulting in less precise estimates.

[21] We also tested whether including the event day in the postevent sample affects our results. For short-term inflation expectations, it has no influence on our results. For long-term inflation expectations, however, our results are weaker in terms of both magnitude and significance.

Figure 6: Effect of MPA on short-term inflation expectations by event window size



Notes: The figure shows the estimates of coefficients $Post$ (in black) and *Post* $\times$ *Dummy cut policy rate* (in grey) (Specification 2 of Equation (2)) for short-term inflation expectations by different event window sizes w (indicated on the horizontal axis). $w = 3$ days pertains to our baseline estimates in Table 2 (Column (3)). *Moderate* inflation expectations sample as described in Subsection 2.4. The error bands display confidence intervals from heteroskedasticity-robust standard errors at a 10% statistical significance level.

5.2 Alternative outlier correction

For our baseline estimation, we restrict the sample to households with *moderate* inflation expectations. To evaluate the sensitivity of our results to this restriction, we reestimate the main specifications using two alternative outlier treatments: Huber regressions (WLS with Huber weights) and winsorization, as established in Subsection 2.4.

As shown in Tables 7 and 8, including more observations in the sample does not substantively change our findings. However, as anticipated, the precision of the estimates generally declines.

For short-term inflation expectations, the results obtained using Huber regressions are virtually identical to our baseline findings, in terms of both coefficient magnitude and statistical significance. Although the sample size in the Huber regression is substantially larger than that in our baseline estimation (Table 2), the Huber weighting scheme effectively downweights observations outside the range of *moderate* expectations, thereby preserving the robustness of our results.[22]

With respect to long-term inflation expectations, the use of the Huber regression influences our main result. Specifically, households significantly reduce their inflation expectations following an MPA, regardless of its content.[23] While the Huber weighting scheme assigns zero weight to the most extreme inflation expectations and downweights observations outside the range of *moderate* expectations, observations between -35% and -6.5% and between $+17\%$ and $+35\%$ appear to play a disproportionate role.[24]

As shown in Figures 1 and 2, long-term inflation expectations exhibit greater volatility and dispersion than their short-term counterparts. The high dispersion may reflect several underlying factors: households' difficulties in distinguishing between transitory and persistent shocks, cognitive biases that foster divergent views on the future path of inflation, or challenges in understanding the concept of long-term inflation itself. Such dispersion may, in turn, account for the lack of robustness observed in our main results. The formation of long-term inflation expectations could be influenced by at least three distinct channels. First, some households may apply similar reasoning

[22] Figure C12 in Appendix C illustrates the weights assigned to observations in the Huber regression, showing that inflation expectations outside the bounds of the *moderate* sample receive considerably lower weights.

[23] According to an F-test on Specification 2 in Table 7, the sum of the negative coefficient on the $Post$ dummy and the positive coefficient on the interaction term ($Post \times$ *Dummy cut policy rate*) is significantly different from zero.

[24] See Figure C12 in Appendix C.

to both short- and long-term expectations, adjusting both similarly in response to MPAs (Charalambakis et al., 2024). Second, households with well-anchored expectations might not react to an MPA as suggested by theory. Third, the announcement itself could prompt a reassessment of expectations, particularly if households realize that their perceived inflation target exceeds the central bank's stated target.[25]

Table 7: Effects of MPA: Huber regression outlier correction

	Specification 1		Specification 2		Specification 3	
Inflation expectations	1y	5y	1y	5y	1y	5y
	(1)	(2)	(3)	(4)	(5)	(6)
Post	-0.29·	-0.41***	-0.48*	-0.41**	-0.31·	-0.41***
	(0.18)	(0.13)	(0.28)	(0.19)	(0.19)	(0.13)
Post × Dummy cut policy rate			0.33	0.02		
			(0.35)	(0.25)		
Post × Size Δ policy rate					-0.25	-0.07
					(0.62)	(0.44)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes	Yes	Yes	Yes
Event-window fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
DOW fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	54,375	44,760	54,375	44,750	54,375	44,749
Adjusted R^2	0.05	0.05	0.05	0.05	0.05	0.05

Notes: The table shows the coefficient estimates from estimating Equation (1) in Columns (1) and (2), and Equation (2) in Columns (3) to (6). *Post* is a dummy variable indicating the postevent group observations captured 1 to 3 days after the MPA. *Dummy cut policy rate* indicates the events that communicated a cut in the policy rate and Δ *policy rate* indicates the size of the policy rate change (continuous variable ranging from -0.5 pp to +0.5 pp, as shown in Figure 3). Sample corrected for outliers as referenced in the title and described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

When the winsorized sample is used, the sign and statistical significance of the coefficient estimates for short-term inflation expectations remain consistent, but their magnitude increases noticeably. This suggests that households near the center of the inflation expectation distribution as well as those in the tails respond to MPAs, although the latter households make adjustments to a greater extent.

With respect to long-term inflation expectations, the estimates also increase in size, but they lose their statistical significance. As previously discussed with the Huber regression estimates, this pattern reflects the greater heterogeneity in how households adjust their long-term expectations in response to MPAs.

[25]Studies in the US context, for instance, show that households tend to overestimate the FED inflation target. In 2023, the median estimate for the target rate was 3% (Pfajfar & Winkler, 2025), while a notable share of households even placed it above 10% in 2018 (Coibion, Gorodnichenko, & Weber, 2022).

Table 8: Effects of MPA: winsorized sample

	Specification 1		Specification 2		Specification 3	
Inflation expectations	1y	5y	1y	5y	1y	5y
	(1)	(2)	(3)	(4)	(5)	(6)
Post	-0.69*	-0.77	-1.2*	-1.3	-0.81*	-0.98·
	(0.40)	(0.63)	(0.62)	(0.99)	(0.41)	(0.66)
Post × Dummy cut policy rate			0.91	0.97		
			(0.79)	(1.2)		
Post × Δ policy rate					-1.5	-2.6
					(1.2)	(2.1)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes	Yes	Yes	Yes
Event-window fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Weekday fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	54,700	48,331	54,700	48,331	54,700	48,331
Adjusted R^2	0.04	0.03	0.04	0.03	0.04	0.03

Notes: The table shows the coefficient estimates from estimating Equation (1) in Columns (1) and (2), and Equation (2) in Columns (3) to (6). *Post* is a dummy variable indicating the postevent group observations captured 1 to 3 days after the MPA. *Dummy cut policy rate* indicates the events that announced a policy rate cut and Δ *policy rate* indicates the size of the policy rate change (continuous variable ranging from -0.5 pp to +0.5 pp, as shown in Figure 3). Winsorized sample as described in Subsection 2.4; sample capped at 0.1th and 99.9th percentiles, discarding most extreme observations outside [-30%, +150%] for short-term expectations resp. outside [-40%, +227%] for long-term expectations. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

6 Discussion

Our results show that households revise their inflation expectations following MPAs. In this section, we explore two potential mechanisms underlying this finding. First, we investigate whether the estimated average effects reflect a broad-based response across households or are instead driven by specific subgroups of households. Second, we investigate whether media coverage and information intensity mediate the transmission of announcements into household beliefs. The evidence presented in Subsection 6.2 is descriptive and aims to provide a first insight into potential mechanisms.

6.1 Heterogeneity in household characteristics

Leveraging the rich data on households' demographic, socioeconomic, and regional characteristics, we conduct a heterogeneity analysis by estimating subgroup-specific effects. We partition the sample along these dimensions, which allows us to identify which types of households (respectively individuals within households) adjust their inflation expectations in response to MPAs.

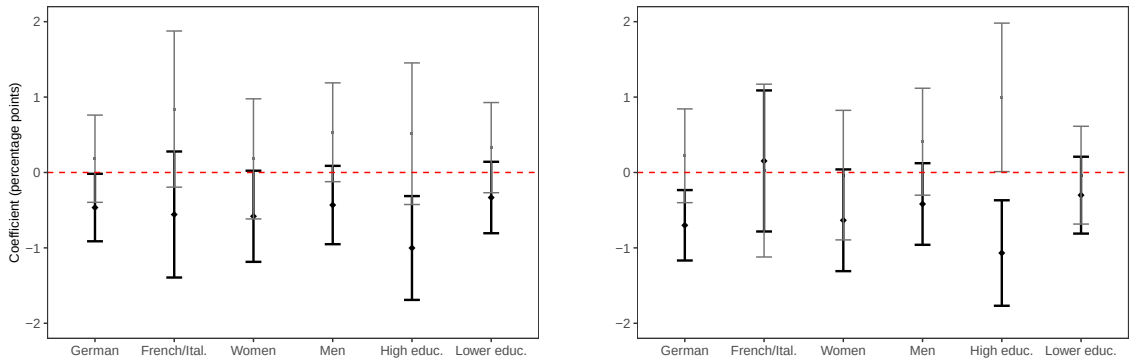
Tables D5 and D6 in the Appendix present subgroup estimates of the effect of MPAs on inflation expectations. We find that MPAs do not uniformly influence households but primarily affect specific subgroups. For both short- and long-term inflation expectations, the aggregate effects reported in Subsection 4.1 are driven mainly by the responses of two subgroups: German-speaking households and individuals with a higher education level. As Figure 7 shows, individuals in those subgroups significantly lower their short- and long-term inflation expectations following an MPA, but the reaction is asymmetric, as we find for the aggregate sample: the downward adjustment in expectations is driven primarily by restrictive or stable monetary policy stances, which are indicated by the black coefficient markers in Figure 7.

While German-speaking households respond in an economically meaningful way, French- and Italian-speaking households present no consistent reaction to MPAs according to our results. Given that the SNB communicates in all three official languages and English, the limited response sug-

gests potential differences in media coverage and news reporting across linguistic regions in Switzerland. For example, Bieri (2025) highlights marked variations in the tone of economic news between German-language and French/Italian-language media, with evidence from a text-based sentiment analysis. Alternatively, the contrasting responses might also arise from cultural differences. Bolliger (2024), for instance, reports that inflation expectations and perceptions among households in French-speaking regions are significantly less responsive to news than those among households in German-speaking areas.

Finally, Figure 7 highlights that tertiary-educated individuals react to MPAs, whereas individuals with less formal education respond weakly, with a response near zero. This finding aligns with the results of Coibion, Gorodnichenko, and Weber (2022), who show that individuals with low formal educational attainment in the U.S. do not respond to news reporting on MPAs but are the group that is least informed about inflation. The same authors conclude that monetary policy information transmission via standard news outlets is not successful in influencing a potentially quite large group in the population.

Figure 7: Subgroup effects of MPAs on inflation expectations



(a) short-term inflation expectations

(b) long-term inflation expectations

Notes: Coefficient estimates for Specification (2) differentiated by household subgroups: $Post$ (in black) and $Post \times$ *Dummy cut policy rate* (in gray). Full set of subgroup coefficients displayed in Tables D5 and D6 in the Appendix. Error bands indicate confidence intervals at the 10% significance level.

6.2 Media coverage and information intensity

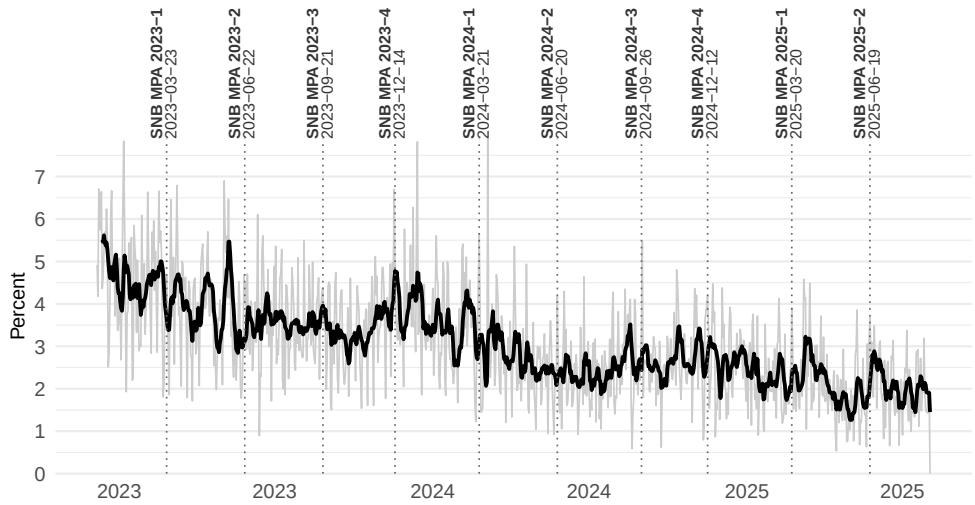
A growing body of literature examines how media coverage and central bank communication reach households and influence their beliefs. Lamla and Vinogradov (2019) report that MPAs increase households' awareness but, on average, do not systematically shift their beliefs – even if some effects are observed among better-informed households. Binder et al. (2024) provides some evidence that FOMC meetings with a press conference have a stronger influence on households inflation expectations than meetings without. De Fiore et al. (2024) show that FOMC communication is generally well represented in the media and that households reduce their inflation expectations when media coverage becomes more hawkish – particularly during periods of high and volatile inflation. For firms, Yotzov et al. (2026) show that responses to CPI releases are strongest when media coverage is high, underscoring the role of the attention channel. Related evidence indicates strong media reactions to monetary policy communication (e.g., coverage spikes around announcement days) and increased public information searches following monetary policy events.[26]

[26]See Di Pace et al. (2025) for descriptive evidence that MPAs increase media coverage; Arteaga (2024) and Rast (2024) for evidence that Google searches increase around monetary policy events.

To test whether households' reactions to MPAs are moderated by media coverage and attention, we construct two measures of daily information intensity. First, we construct a Swiss media coverage index, which is based on the daily number of press articles mentioning *inflation*, retrieved from Swissdox@LiRI (University of Zurich).[27] Second, we employ a Google Trends search-intensity series for the term *inflation*, aggregated into a single daily series by averaging across overlapping query windows, following the splicing and averaging procedure proposed by Eichenauer et al. (2022).[28]

As illustrated by Figures 8 and 9, information intensity is substantially higher in the early period of our sample – when inflation was elevated and monetary policy was tightening – which is consistent with the idea that media coverage and attention to news is endogenous to salience.[29]

Figure 8: Swiss media coverage index



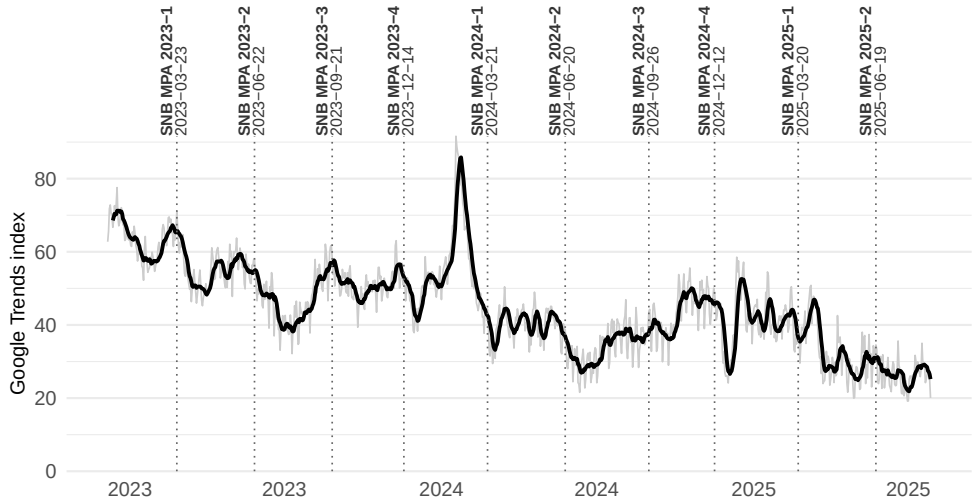
Notes: The figure shows the Swiss media coverage index for inflation, measured as the daily share of press articles mentioning *inflation* relative to the total number of press articles published on that day. The light grey line displays the raw daily series, while the black line shows a smoothed series (7-day moving average). Data are retrieved from Swissdox@LiRI (n.d.).

[27]The constructed Swiss media coverage index is equal to the number of press articles mentioning *inflation* on day t divided by the total number of press articles published on day t.

[28]While media coverage and Google Trends capture distinct constructs – media reports increase salience (information supply), whereas searches reflect actively initiated information demand – the two series are closely correlated in our sample ($\rho = 0.59$).

[29]Chahrour et al. (2025) provide evidence of more frequent media coverage of inflation in periods of elevated inflation.

Figure 9: Google Trends search intensity



Notes: The figure displays a daily Google Trends search-intensity index for the term *inflation*. The Google Trends series are normalized to lie between 0 and 100, where higher values indicate greater relative search intensity. The daily series is constructed by aggregating multiple overlapping Google Trends query windows into a single continuous time series, following the splicing and averaging procedure proposed by Eichenauer et al. (2022).

To assess whether information intensity influences households' reaction to MPAs, we map our two daily series into two event-level indicators, both called *High attention before event*. For each MPA, we average our information intensity indicator over the four days before the event (-4 to -1) and standardize the newly obtained series. We focus on the information intensity before the announcement to prevent endogeneity bias: the content of the monetary policy decision may influence media reporting and households' internet searches. On the basis of these two event-level indicators, we reestimate Equation (2) and interact *High attention before event* with the $Post$ dummy and with ($Post \times$ *Dummy cut policy rate*).

Given that long-term inflation expectations exhibit greater dispersion than their short-term counterparts, we focus on short-term inflation expectations in this subsection. As shown in Table 9, the $Post$ dummy coefficient estimates remain negative but are no longer statistically significant. However, Column (1) shows that the effect of the announcement becomes stronger when the media coverage is higher than average. This amplification effect is only marginally statistically significant, however (15% significance level). The results suggest that in periods of high media coverage, households are more attentive to MPAs and adjust their inflation expectations accordingly. As observed by comparing the media coverage and search intensity in Figures 8 and 9 to the inflation regimes illustrated in Figure 3, periods of high information intensity are highly correlated with the episodes of elevated inflation and monetary policy tightening in our sample.

As discussed in Subsection 4.1, the pooled effects presented in Columns (1) and (3) may mask an asymmetric response to policy easing versus tightening. To explore this potential heterogeneity, we control for the content of MPAs using the *Dummy cut policy rate*, as shown in Columns (2) and (4). While none of the resulting estimates are statistically significant, they reveal some notable patterns. First, under tightening or stable policy stances, information intensity appears to have no effect on households' adjustment of inflation expectations (the coefficient estimate is near zero). Second, during easing cycles, our results suggest that information intensity does not amplify households' responses to MPAs (there is a negative but not statistically significant coefficient on the triple interaction term). However, these estimates remain imprecise, reflecting the limited number of easing announcements under high information intensity. Within the scope of our

analysis, the evidence suggests that heightened information intensity – particularly during easing cycles – does not amplify the effect of MPAs on households inflation expectations.

Given that our analysis of information intensity yields largely inconclusive results, a promising avenue for future research lies in examining the content or tone of media coverage surrounding MPAs. Building on the methodology of De Fiore et al. (2024), constructing an indicator that captures how these announcements are framed in the media, for example, as hawkish, neutral, or dovish, could provide valuable insights. Another fruitful approach, inspired by Lamla and Lein (2014) and Chahrour et al. (2025), would be to develop an indicator summarizing the sentiment of media reports regarding inflation news before MPAs. Such efforts could help clarify the mechanisms through which media narratives influence household expectations.

Table 9: Effects of MPA on short-term inflation expectations: information intensity

	1-year inflation expectations			
	Media coverage		Google Trends	
	(1)	(2)	(3)	(4)
Post	-0.10	-0.41	-0.20	-0.79
	(0.19)	(0.44)	(0.17)	(0.75)
Post × High attention before event	-0.29·	-0.07	-0.23	0.24
	(0.18)	(0.32)	(0.17)	(0.56)
Post × Dummy cut policy rate		0.36		0.47
		(0.49)		(0.80)
Post × Dummy cut policy rate ×		-0.40		-0.79
High attention before event		(0.46)		(0.75)
Socio-demographic controls	Yes	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes	Yes
Event-window fixed effects	Yes	Yes	Yes	Yes
DOW fixed effects	Yes	Yes	Yes	Yes
Observations	48,575	48,575	48,575	48,575
Adjusted R^2	0.04	0.04	0.04	0.04

Notes: The table shows the estimated coefficients from Equation (2). *Post* is a dummy variable indicating the postevent group observations captured 1 to 3 days after the event. *Dummy cut policy rate* indicates the events that communicated a cut in the policy rate. *High attention before event* is a continuous variable that indicates the level of information intensity 3 days to 1 day before the event either measured by our event-level indicator media coverage (Columns (1) and (2)) or Google Trend (Columns (3) and (4)). *Moderate* inflation expectations sample as described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

7 Conclusion

In this paper, the impact of MPAs on household inflation expectations is analyzed using microdata from the Swiss Consumer Sentiment Survey. Our findings reveal a distinct asymmetry in household reactions: while policy rate hikes and decisions to keep rates constant consistently reduce inflation expectations, rate cuts fail to elicit a significant response. This suggests that central bank communication is more effective in anchoring inflation expectations during tightening cycles than in stimulating them during easing phases, a finding that aligns with broader literature on the limits of forward guidance in low-inflation environments (e.g. Coibion, Gorodnichenko, & Weber, 2022; Weber et al., 2025).

Furthermore, we report that this transmission mechanism is nuanced by the expectation horizon and the informational content of the policy. The impact is robust for short-term expectations but much less clear-cut for the long term, corroborating the presumption that households struggle to form stable long-term inflation views. Additionally, our results suggest that while anticipated measures drive the primary response, policy surprises trigger a signaling effect, where households parse the MPA decision as new information about underlying economic fundamentals. Crucially,

these adjustments are not confined to households with moderate inflation expectations; the policy communication influences a broad spectrum of the population, including those with more extreme beliefs.

Finally, our analysis reveals heterogeneity in how different demographic groups process monetary policy signals. The aggregate effects are primarily driven by German-speaking households and tertiary-educated individuals. The limited response among French- and Italian-speaking households as well as individuals with less formal education, suggests frictions in monetary policy transmission, whether due to linguistic-regional differences in media coverage and news reporting, disparities in media consumption, or broader cultural factors. These findings underscore the importance of targeted communication strategies for effective monetary policy transmission across language regions and demographic groups (Coibion, Gorodnichenko, & Weber, 2022).

Our findings indicate that the inflation expectations of Swiss households respond to MPAs. Theoretically, adjustments in these expectations matter because they directly influence household consumption decisions. In the Swiss context, recent work by Bruhin et al. (2025) provides evidence for this responsiveness: using high-frequency transactional data, the authors show that monetary policy shocks have rapid and economically meaningful effects on household spending.[30] In light of their finding that MPAs transmit to consumption patterns in Switzerland, our results corroborate that the underlying mechanism may work through adjustments in Swiss households' inflation expectations.

Given that MPAs influence both inflation expectations and consumer spending, a bridging contribution of future research would be to explore how households form their expectations from economic news and, critically, which types of information are most salient to them and which type of communication is most influential. This would yield valuable insights for central banks, helping them refine their communication strategies and enhance the effectiveness of monetary policy in guiding expectations.

[30] This finding also aligns with complementary evidence from Spain, where high-frequency data reveal that consumption and output adjust within weeks following monetary policy shocks (Buda et al., 2025).

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Appendix

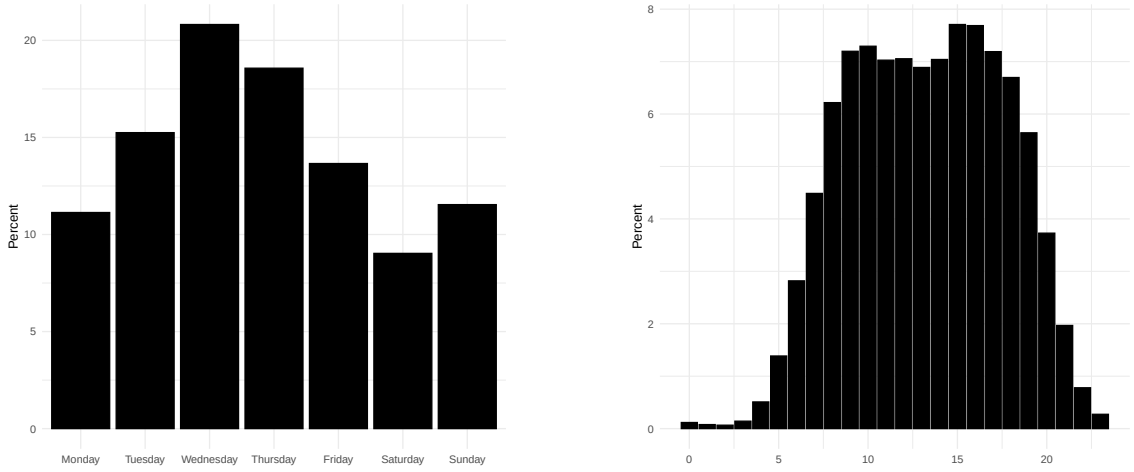
A Description of survey data

A.1 Temporal structure of survey answers

Household response behavior exhibits systematic variation across both days of the week and hours of the day, as illustrated in Figure A1. The day of the week distribution (Figure A1a) indicates that survey participation is highest on Wednesdays and Thursdays, with a marked decline over weekends. This midweek pattern likely reflects both the timing of survey invitations and household availability during standard working days. To account for potential differences in preferences or constraints between households responding on weekends versus weekdays, DOW fixed effects are included in all the estimations.

The hourly distribution of responses (Figure A1b) reveals that the majority of the interviews are conducted between 9:00 AM and 6:00 PM, with peak activity occurring in the late morning and early afternoon. Participation outside this core period – particularly during late evening and early morning hours – is substantially lower, suggesting limited household availability during these times.

Figure A1: Distribution of survey responses

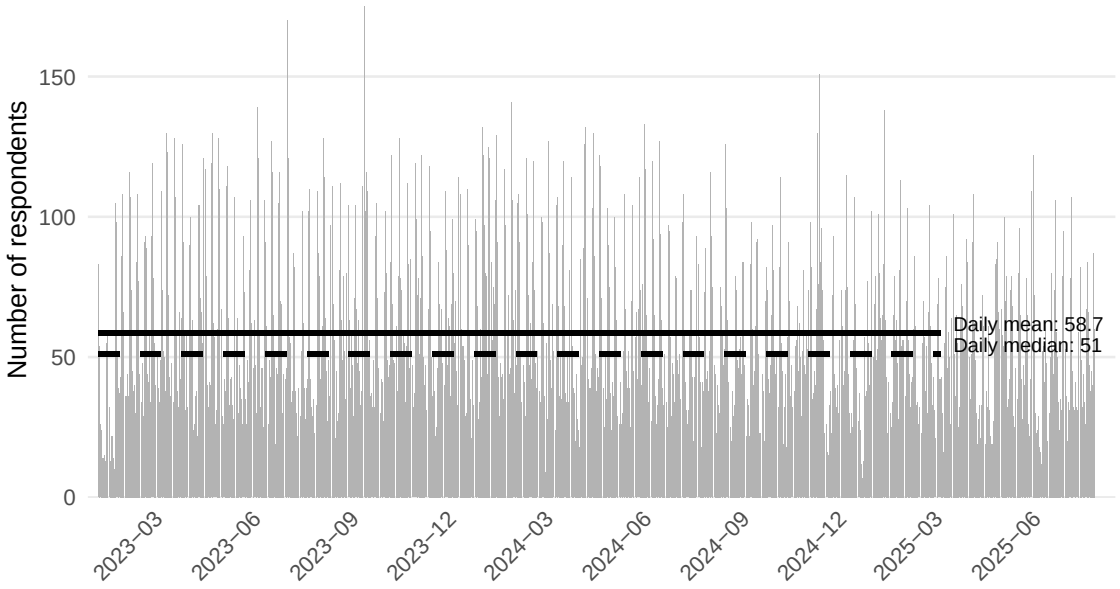


(a) By day of the week

(b) By hour of the day

Figure A2 displays the daily number of survey responses. Since January 2023, an independent random sample of the Swiss population aged 16 and older has been invited weekly to participate in the survey via postal invitation. Nonrespondents receive a reminder letter several weeks later. The overall response rate averages 48%.

Figure A2: Survey responses over time



A.2 Qualitative and quantitative inflation expectations

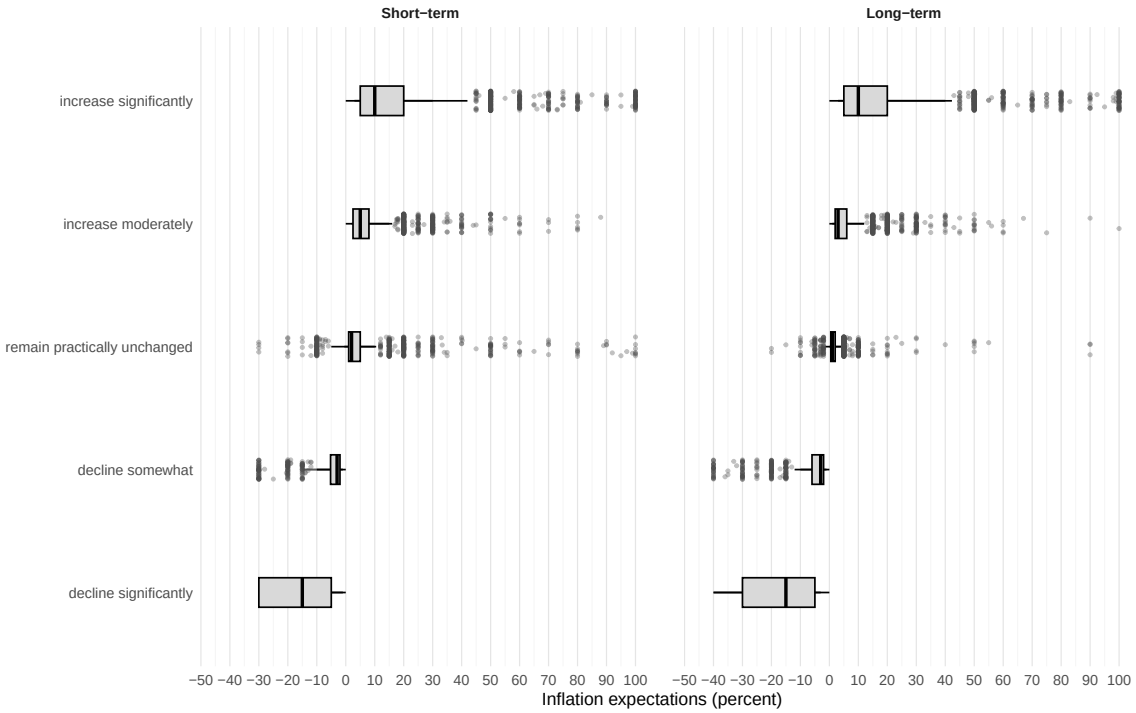
The relationship between qualitative and quantitative inflation expectations is illustrated in Figure A3. The x-axis in both panels represents the respondents' quantitative inflation expectations as percentages, ranging from -50% to $+100\%$, while the y-axis categorizes their qualitative assessments of expected price developments. These categories span from "decline significantly" to "increase significantly". The survey design ensures consistency between qualitative and quantitative inflation expectations since respondents who indicate an expected price increase in the qualitative question can enter only positive values in the quantitative response field, and vice versa.

For short-term expectations (1 year ahead; right panel), households reporting that prices are expected to "decline significantly" provide negative quantitative estimates, clustering around a median of approximately -30%. As qualitative responses shift toward "remain practically unchanged", corresponding quantitative expectations stabilize near 0%. Households anticipating price increases report higher quantitative expectations, with medians of approximately 3% for "increase moderately" and 10% for "increase significantly". Notably, the variability of responses increases with higher inflation expectations, indicating greater uncertainty in the upper tail of the distribution.

With respect to long-term expectations (5 years ahead; left panel), the patterns are somewhat less dispersed. Negative expectations are concentrated below 0% for households that expect prices to "decline significantly" or "decline somewhat". The respondents who anticipate prices to "remain practically unchanged" report a median quantitative expectation of approximately 1%, whereas those expecting increases provide medians of approximately 3% ("increase moderately") and 5% ("increase significantly"). The narrower interquartile ranges for long-term expectations compared to short-term expectations suggest reduced variability and greater stability.

Overall, these results reveal a consistent, monotonic relationship between qualitative and quantitative responses: as qualitative inflation expectations increase, so do the corresponding quantitative estimates. This alignment suggests that respondents interpret the survey questions coherently.

Figure A3: Quantitative inflation expectations across qualitative response brackets



The pronounced dispersion in short-term expectations likely reflects the heterogeneity in households' information sets and the different economic developments over the sample period.

B Composition of sample

B.1 Description of individual characteristics

Table B1: Description of individual characteristics

Variable	Description and factor levels / data type
Age	Continuous variable: Respondent's age in years
Gender	Binary indicator: 1 = Female, 0 = Male
Education	Categorical variable: 1 = No formal education completed (*reference category*), 2 = Mandatory school (primary and lower secondary), 3 = Apprenticeship, 4 = Academic high school or professional baccalaureate, 5 = Higher vocational training (e.g., federal certificate or diploma), 6 = University of Applied Sciences, 7 = University
Area of living (BFS region)	Categorical variable: 1 = Lake Geneva region, 2 = Espace Mittelland, 3 = Northwestern Switzerland, 4 = Zurich (*reference category*), 5 = Eastern Switzerland, 6 = Central Switzerland, 7 = Ticino
Language	Binary indicator: 1 = French-speaking, 0 = Otherwise (German or Italian)
Household structure	Categorical variable: 1 = Single-person household (*reference category*), 2 = Couple without children, 3 = Couple with children, 4 = Single-parent household with children, 5 = Non-family household (e.g., shared accommodation)
Household lead	Binary indicator: 1 = Respondent is (sole) household lead, 0 = Otherwise
Single	Categorical variable: 0 = Married or in registered partnership (*reference category*), 1 = Single or separated, 2 = Other
Working status	Categorical variable: 1 = Full-time employment ($\geq$90%) (*reference category*), 2 = Part-time employment, 3 = Not working

B.2 Composition of the sample over time

Figures B4 to B10 illustrate the evolution over time of key individual variables, providing insights into the composition of the sample. These figures reveal a stable distribution of characteristics over time, supporting the representativeness and reliability of the data for analyses of subgroup dynamics and heterogeneity in inflation expectations.

Figure B4: Shares over whole sample period: Gender

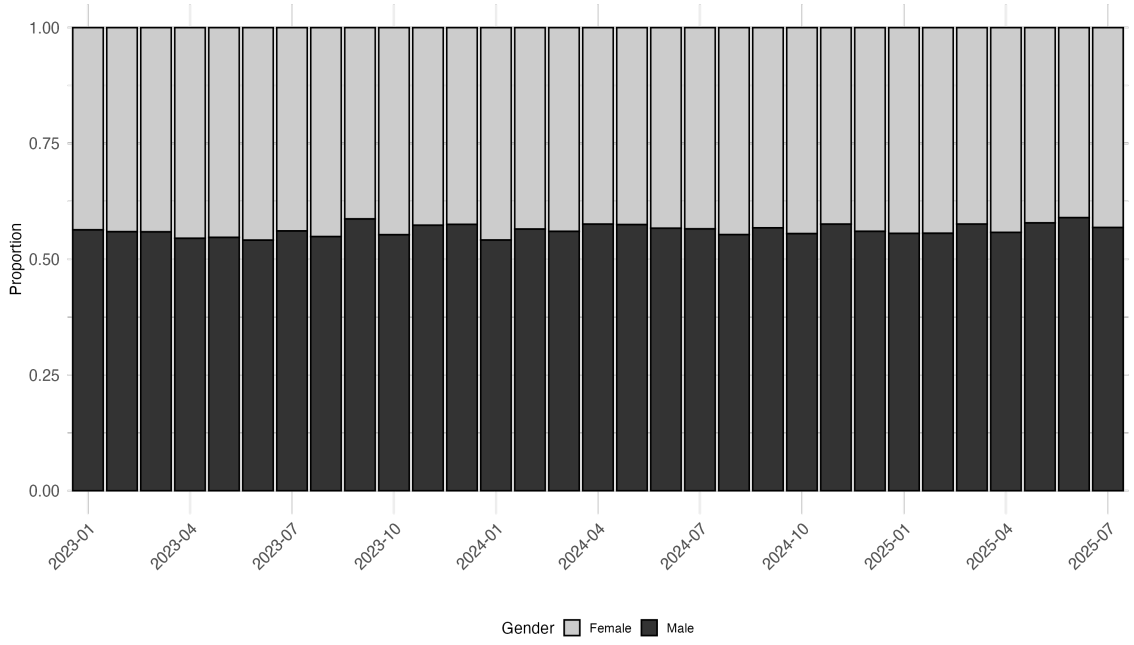


Figure B5: Shares over whole sample period: Education

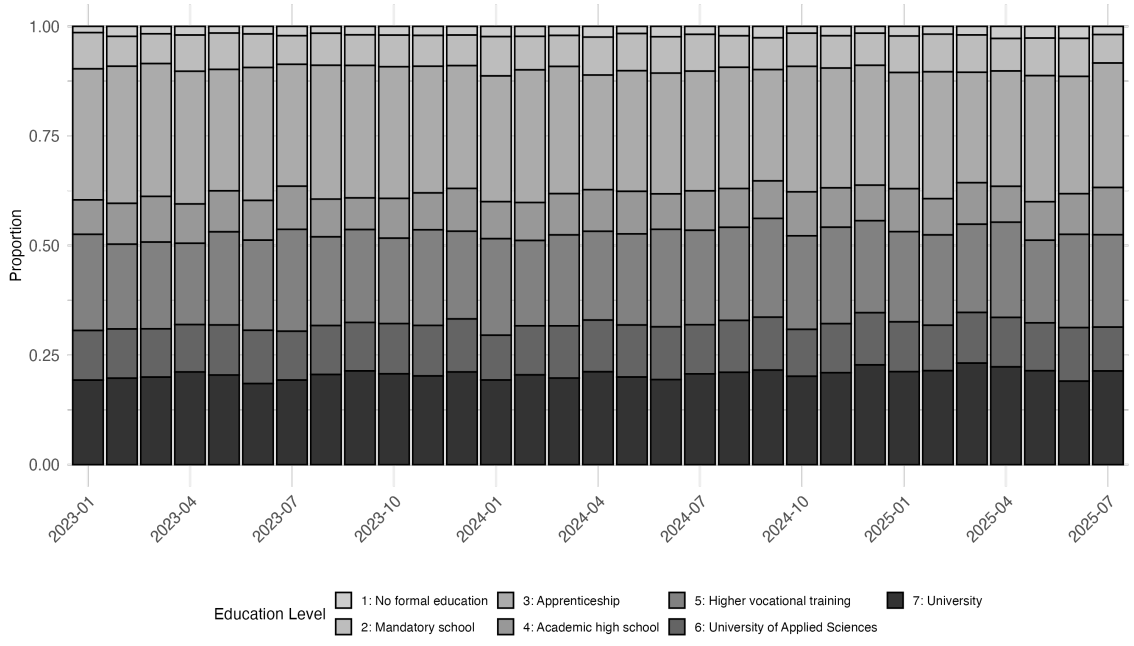


Figure B6: Shares over whole sample period: Area of residence (BFS regions)

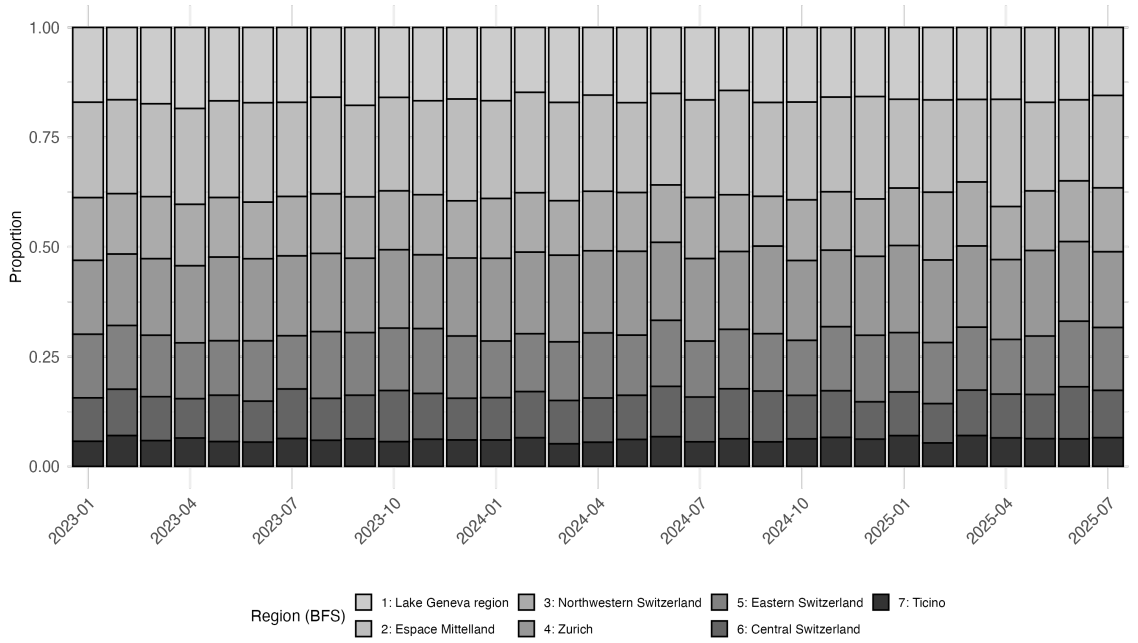


Figure B7: Shares over whole sample period: Household structure

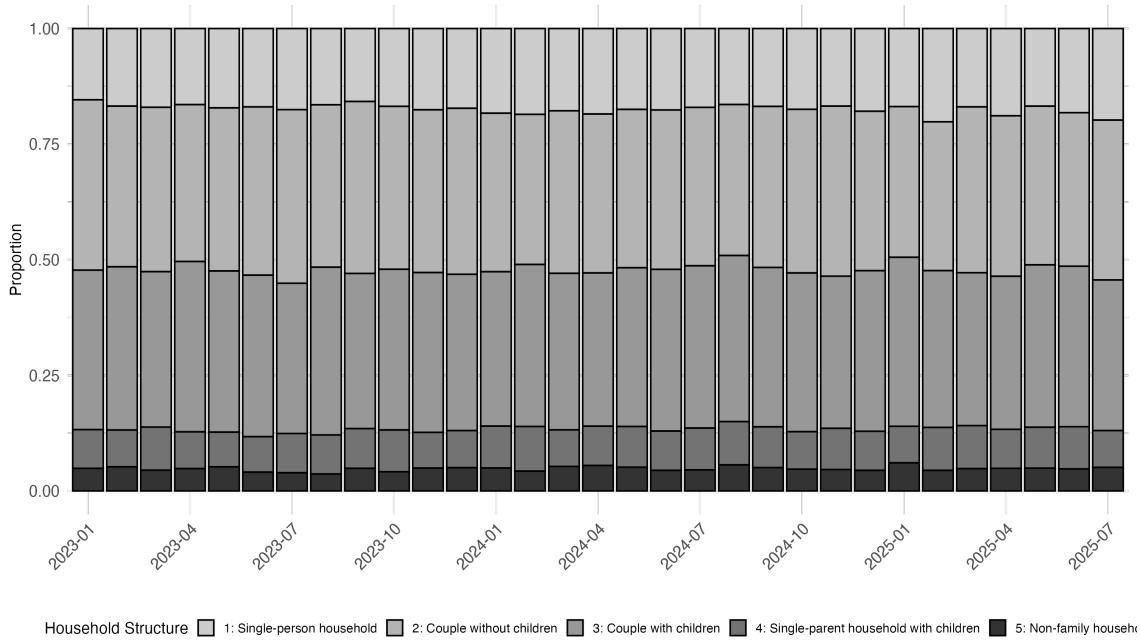


Figure B8: Shares over whole sample period: Household lead

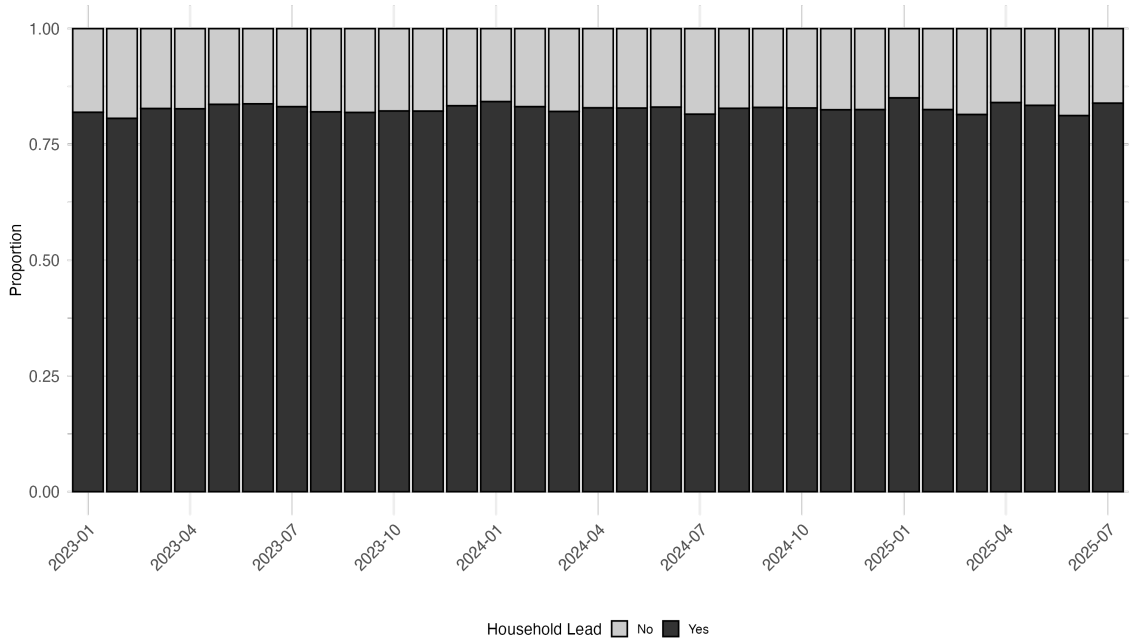


Figure B9: Shares over whole sample period: Single

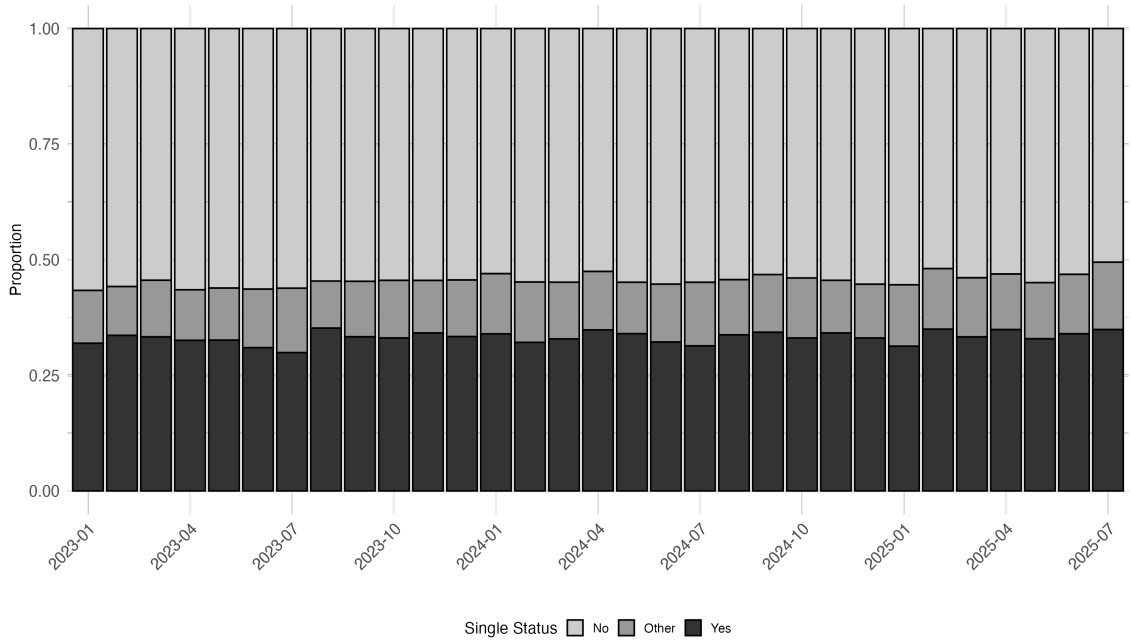
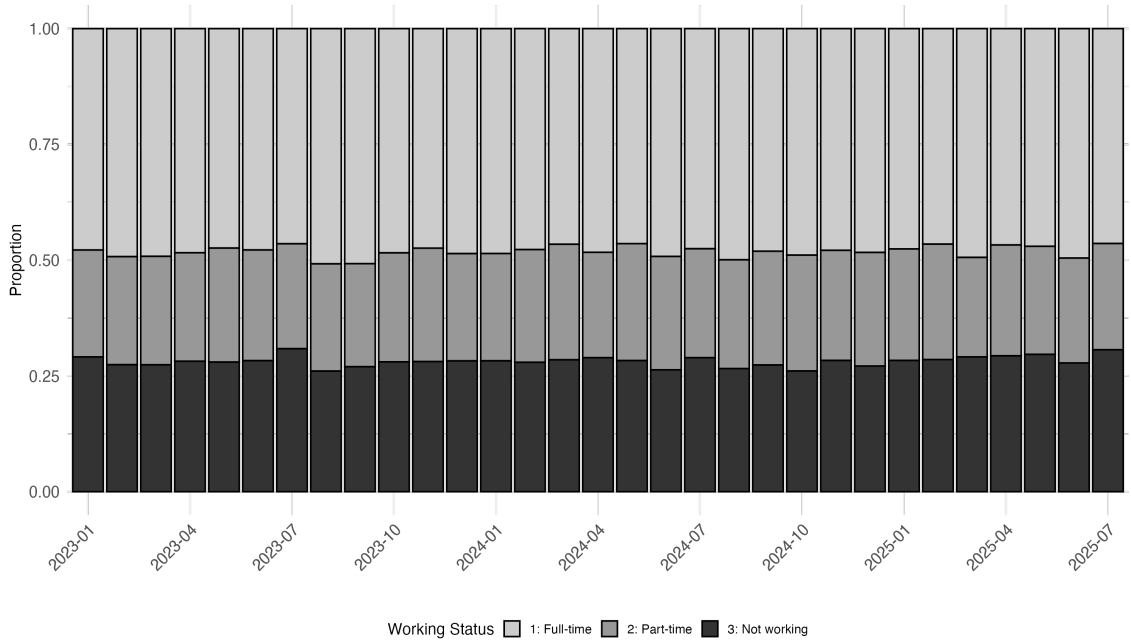


Figure B10: Shares over whole sample period: Working status



B.3 Comparison of samples

In this subsection, we document the similarities and differences in the composition of the subsamples used in the empirical analysis of this paper and establish their comparability.

B.3.1 Moderate samples vs. full sample

Restricting the sample to households with moderate inflation expectations produces systematic yet interpretable shifts in sample composition, as shown in Table B2. Relative to the full sample, both the *moderate 1y* and *moderate 5y* samples include a higher proportion of university-educated and full-time employed individuals, which is consistent with extreme inflation beliefs being more prevalent among less educated and nonworking households. The moderate samples also exhibit a pronounced gender imbalance, with the share of male respondents increasing from 50% in the full sample to nearly 59%. In contrast, average age remains very similar across samples, with the *moderate 1y* sample being not significantly different from the full sample ($p > 0.10$) and not presenting differences in economically meaningful ways. Further differences emerge along the linguistic, household, and regional dimensions. French-speaking households are underrepresented in the moderate sample, whereas German- and Italian-speaking households are more prevalent. Households with moderate expectations are slightly more likely to be couple households – particularly those without children – and to identify the respondent as the household lead, whereas single-person and nonfamily households are somewhat less frequent. Regional composition differs modestly but significantly, with households from the Lake Geneva region and Ticino underrepresented and those from Zurich and Espace Mittelland slightly overrepresented.

Table B2: Descriptive statistics of individual characteristics: comparison of samples

	Moderate 1y	Moderate 5y	Full sample	p_{1y}	p_{5y}
Age	48.8	48.5	48.7	0.201	0.036
Gender				0.000	0.000
Male	58.4	59.0	50.0		
Female	41.6	41.0	50.0		
Education				0.000	0.000
No formal education	1.5	1.5	2.7		
Mandatory school	6.6	6.5	9.5		
Apprenticeship	27.1	27.0	30.6		
Academic high school	8.9	9.0	9.2		
Higher vocational training	21.6	21.4	19.5		
University of Applied Sciences	12.2	12.3	10.1		
University	22.3	22.3	18.3		
Language				0.000	0.000
French-speaking	20.7	20.6	23.5		
Otherwise	79.3	79.4	76.5		
Single				0.000	0.000
No	54.8	54.7	53.8		
Yes	33.1	33.4	33.0		
Other	12.1	11.9	13.2		
Working status				0.000	0.000
Full-time	48.7	49.5	44.5		
Part-time	23.3	23.2	25.3		
Not working	28.0	27.3	30.2		
Household structure				0.000	0.000
Single-person household	17.2	17.0	18.3		
Couple without children	36.1	35.8	34.3		
Couple with children	34.0	34.4	33.8		
Single-parent household with children	8.1	8.0	8.8		
Non-family household	4.7	4.7	4.8		
Household lead				0.000	0.000
No	54.6	54.8	51.9		
Yes	45.4	45.2	48.1		
Area of living: BFS region				0.000	0.000
Lake Geneva region	15.8	15.6	17.7		
Espace Mittelland	21.4	21.5	21.8		
Northwestern Switzerland	13.7	13.7	13.1		
Zurich	18.8	19.1	17.1		
Eastern Switzerland	14.0	14.0	13.4		
Central Switzerland	10.6	10.5	10.0		
Ticino	5.8	5.5	6.9		
Observations	48575	42091	86171		

Notes: The table compares the distribution of individual characteristics between three samples: the *moderate 1y* sample (column 1) includes respondents with moderate short-term inflation expectations; the *moderate 5y* sample (column 2) includes those with moderate long-term expectations; the *full* sample (column 3) includes all respondents, irrespective of the level of their numerical expectations. All samples exclude observations with missing data in any of the variables. For each categorical variable, the table reports the share of respondents in each category; for continuous variables, the table reports sample means. The column p_{1y} reports p-values of the test for equality between the *moderate 1y* and the full sample; p_{5y} reports the same for the *moderate 5y* sample where t-tests are used for continuous variables and chi-square tests for categorical variables. Percentage shares may not add up to 100 due to rounding.

B.3.2 $Post$ vs. *Other* observations conditional on the day of the week

Table B3 compares two groups: $Post$ based on responses collected from days $t+1$ to $t+3$ following an MPA and $Other_{SDOW}$ based on the observations collected during the same days of the week (Friday to Sunday) in weeks without MPAs. This comparison addresses the concern that shifts in inflation expectations between the $Post$ group and the *Other* group may arise mechanically from systematic response patterns over the week rather than from the impact of the MPA.

Once we condition on the same days of the week, differences in individual characteristics largely disappear. In particular, age and working status distributions are statistically indistinguishable between the $Post$ and $Other_{SDOW}$ group in both the *moderate 1y* and *moderate 5y* samples. A similar balance holds across gender, education, household structure, regional location, and language groups.

These results indicate that the composition differences documented in Section 2.5 are driven by general survey participation patterns over the week – most notably higher response rates among full-time workers toward the end of the week – rather than by selection into the $Post$ group induced by MPAs. This finding underpins the identifying assumption that postevent effects are not confounded by endogenous changes in sample composition.

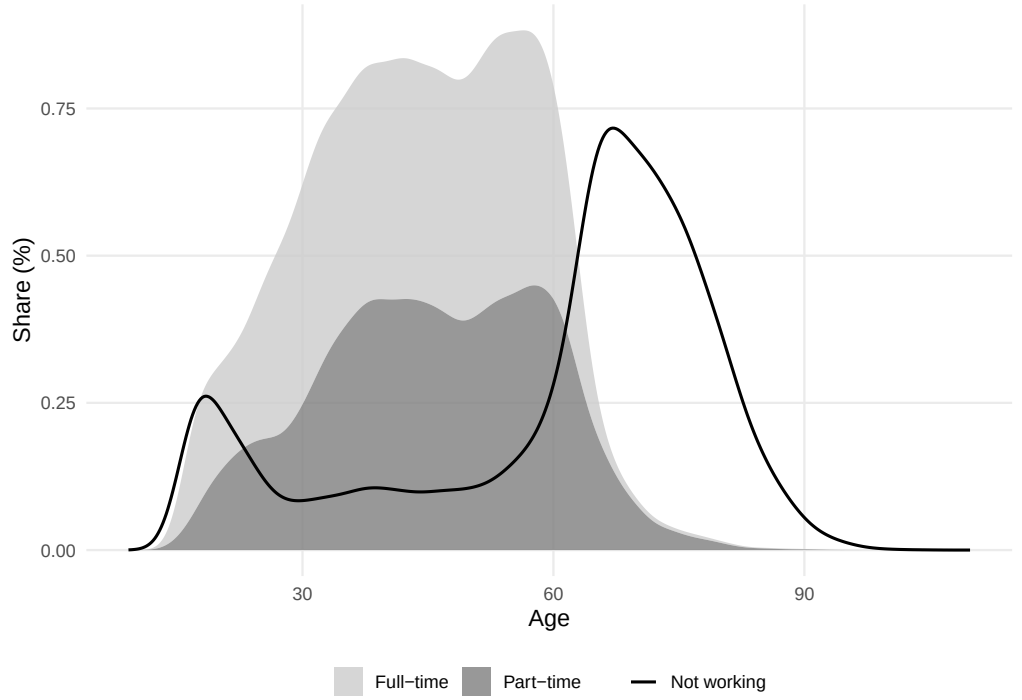
Table B3: Comparison of samples: *Post* vs. *Other* samples restricted to the same DOW

	Moderate 1y sample			Moderate 5y sample		
Variable	Post	Other$_{SDOW}$	p	Post	Other$_{SDOW}$	p
Age	47.9	48.4	0.319	47.9	48.1	0.674
Gender			0.581			0.672
Male	59.4	58.6		59.9	59.2	
Female	40.6	41.4		40.1	40.8	
Education			0.739			0.432
No formal education	1.1	1.5		1.0	1.5	
Mandatory school	6.0	6.4		5.6	6.3	
Apprenticeship	26.3	25.9		26.2	26.0	
Academic high school	8.8	8.8		9.7	8.9	
Higher vocational training	20.3	21.4		19.6	21.3	
University of Applied Sciences	13.7	12.5		13.6	12.4	
University	23.9	23.5		24.3	23.7	
Language			0.144			0.081
French-speaking	22.2	20.4		22.4	20.1	
Otherwise	77.8	79.6		77.6	79.9	
Single			0.206			0.499
No	56.6	53.9		55.8	54.0	
Yes	32.2	33.9		33.0	34.0	
Other	11.2	12.1		11.1	11.9	
Working status			0.428			0.301
Full-time	52.5	51.3		53.8	51.8	
Part-time	23.5	23.0		23.0	23.0	
Not working	24.1	25.7		23.2	25.3	
Household structure			0.500			0.486
Single-person household	15.8	17.5		15.1	17.3	
Couple without children	35.4	35.7		36.2	35.3	
Couple with children	36.0	34.0		35.1	34.6	
Single-parent household with children	8.5	8.2		8.7	8.0	
Non-family household	4.4	4.6		4.9	4.7	
Household lead			0.707			0.918
No	54.5	55.1		55.1	55.4	
Yes	45.5	44.9		44.9	44.6	
Area of living: BFS region			0.754			0.421
Lake Geneva region	17.3	15.5		17.8	15.2	
Espace Mittelland	20.2	20.2		19.4	20.6	
Northwestern Switzerland	13.3	13.4		12.5	13.4	
Zurich	19.4	19.8		20.0	20.1	
Eastern Switzerland	13.8	14.1		14.2	14.1	
Central Switzerland	10.8	11.2		10.7	10.9	
Ticino	5.3	5.9		5.4	5.8	
Observations	1218	15687		1050	13606	

Notes: The table compares the distribution of individual characteristics between the two groups $Post$ and $Other_{SDOW}$, for two estimation samples: the *moderate 1y* sample (columns (1)–(3)) includes respondents with moderate short-term inflation expectations; the *moderate 5y* sample (columns (4)–(6)) includes those with moderate long-term expectations. Both samples exclude observations with missing data in any of the variables. Both samples exclude observations with missing data in any of the variables. $Post$ comprises all observations collected within the three days following an MPA and $Other_{SDOW}$ comprises all observations collected on Fridays, Saturdays, and Sundays in weeks without MPA. For each categorical variable, the table reports the share of respondents in each category; for continuous variables, the table reports sample means. The two columns p report the p-values of the test for equality between $Post$ and $Other_{SDOW}$ groups using t-tests for continuous variables and chi-square tests for categorical variables. Percentage shares may not sum to 100 due to rounding.

B.3.3 Additional figures

Figure B11: Age distribution by working status



B.4 Working-status subgroup effects

To further assess whether sample compositional differences between postevent observations and nonpost observations (by working status) influence our main results, we reestimate the baseline specifications separately for the different employment subgroups. Across all the subgroups, the estimated postannouncement effects are negative and qualitatively similar, supporting the interpretation that compositional shifts do not drive our main results.

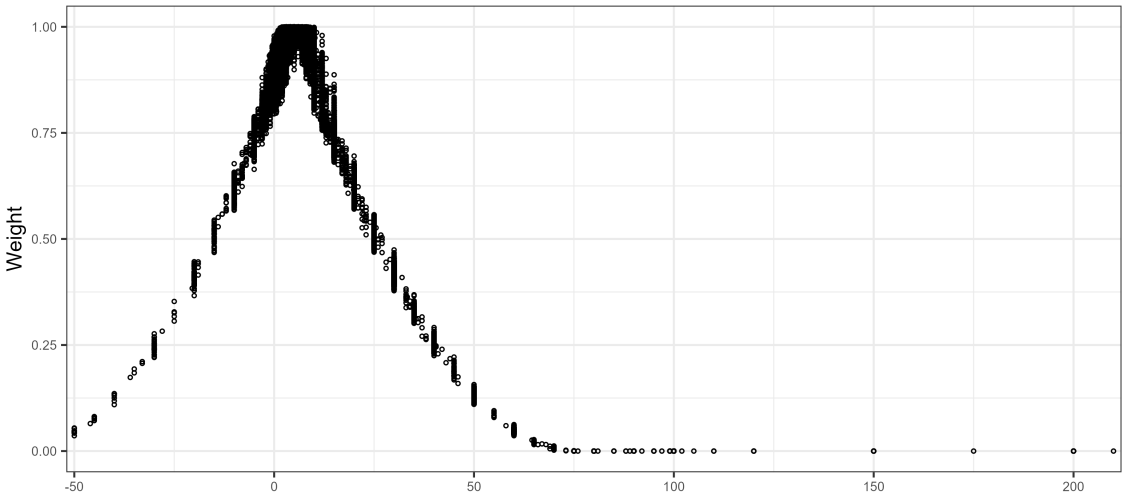
Table B4: Subgroup effects of MPAs on short-term inflation expectations by working status

	Specification 1			Specification 2			Specification 3		
Sample	full-time	part-time	not working	full-time	part-time	not working	full-time	part-time	not working
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Post	-0.12	-0.49·	-0.46·	-0.30	-0.68	-0.79*	-0.13	-0.59*	-0.47·
	(0.22)	(0.32)	(0.30)	(0.35)	(0.47)	(0.46)	(0.23)	(0.33)	(0.32)
Post × Dummy cut policy rate				0.31	0.34	0.63			
				(0.44)	(0.63)	(0.59)			
Post × Size Δ policy rate							-0.20	-1.2	-0.28
							(0.75)	(1.1)	(1.0)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Event-window fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DOW fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	23,663	11,312	13,600	23,663	11,312	13,600	23,663	11,312	13,600
Adjusted R^2	0.04	0.03	0.03	0.04	0.03	0.03	0.04	0.03	0.03

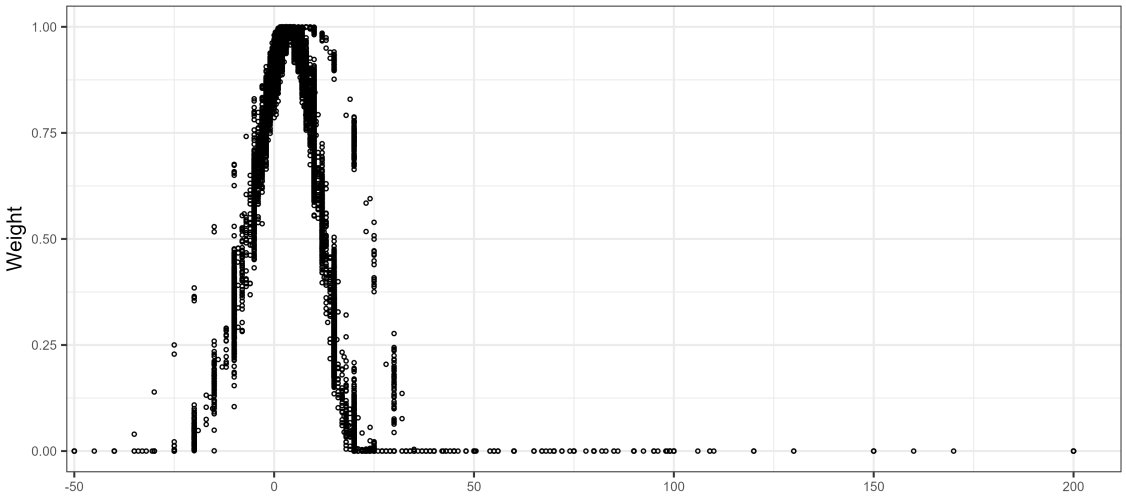
Notes: The table shows the coefficient estimates for short-term inflation expectations from estimating Equation (1) in columns marked with *Specification 1* respectively Equation (2) in the columns marked with *Specification 2* and *Specification 3*. The estimates stem from sub-samples containing only observations of the group specified in the column header. "full-time", "part-time", "not working" covers responses from full-time, part-time, resp. not working individuals only. *Post* is a dummy variable indicating the postevent group observations captured 1 to 3 days after the MPA. *Dummy cut policy rate* indicates the events that announced a policy rate cut and Δ *policy rate* indicates the size of the policy rate change (continuous variable ranging from -0.5 pp to +0.5 pp, as shown in Figure 3). *Moderate* inflation expectations sample as described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

C Alternative outlier treatment: Huber regressions

Figure C12: Huber weights



(a) Short-term inflation expectations



(b) Long-term inflation expectations

Notes: The figures display the weights assigned to the observations of the full sample (no prior outlier correction) in the Huber regression version of Equation (2), where we regress inflation expectations (short-term in upper figure, long-term in lower figure) on the $Post$ dummy variable and the classification of the MPA (Specification 2 in Table 7). The Huber weights illustrated here are computed according to the implementation of the Stata function *rreg*.

D Subgroup Effects

Table D5: Subgroup effects of MPAs on short-term inflation expectations

	Specification 1		Specification 2		Specification 1		Specification 2		Specification 1		Specification 2	
Sample	german	fr. + ital.	german	fr. + ital.	women	men	women	men	tertiary educ. (2)	non-tertiary educ. (2)	tertiary educ. (2)	non-tertiary educ. (2)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Post	-0.36**	-0.04	-0.47*	-0.56	-0.48*	-0.13	-0.58·	-0.43	-0.72**	-0.13	-1.0**	-0.33
	(0.18)	(0.32)	(0.27)	(0.51)	(0.25)	(0.20)	(0.37)	(0.32)	(0.30)	(0.19)	(0.42)	(0.29)
Post ×			0.18	0.84			0.18	0.53			0.51	0.33
Dummy cut policy rate			(0.35)	(0.63)			(0.48)	(0.40)			(0.57)	(0.36)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Event-window fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DOW fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	35,648	12,927	35,648	12,927	20,221	28,354	20,221	28,354	10,808	37,767	10,808	37,767
Adjusted R^2	0.03	0.02	0.03	0.02	0.02	0.04	0.02	0.04	0.03	0.02	0.03	0.03

Notes: The table shows the coefficient estimates for short-term inflation expectations from estimating Equation (1) in columns marked with *Specification 1*, and Equation (2) in the columns marked with *Specification 2*. The estimates stem from sub-samples containing only observations of the group specified in the column header. "german" resp. "fr.+ ital." covers responses in German resp. French and Italian only; "women" respectively "men" covers responses from women respectively men only; "high educ." covers respondents with a university degree and "low educ." covers respondents with education levels below university. $Post$ is a dummy variable indicating the postevent group observations captured 1 to 3 days after the MPA. *Dummy cut policy rate* indicates the events that communicated a cut in the policy rate. *Moderate* inflation expectations sample as described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

Table D6: Subgroup effects of MPAs on long-term inflation expectations

	Specification 1		Specification 2		Specification 1		Specification 2		Specification 1		Specification 2	
Sample	german	fr. + ital.	german	fr. + ital.	women	men	women	men	tertiary educ. (2)	non-tertiary educ. (2)	tertiary educ. (2)	non-tertiary educ. (2)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Post	-0.58***	0.17	-0.70**	0.15	-0.65**	-0.18	-0.63·	-0.42	-0.53*	-0.30·	-1.1**	-0.30
	(0.20)	(0.35)	(0.28)	(0.57)	(0.27)	(0.22)	(0.41)	(0.33)	(0.32)	(0.20)	(0.43)	(0.31)
Post ×			0.22	0.02			-0.04	0.41			1.0*	-0.04
Dummy cut policy rate			(0.38)	(0.70)			(0.52)	(0.43)			(0.60)	(0.39)
Socio-demographic controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Event-window fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DOW fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	31,034	11,057	31,034	11,057	17,268	24,823	17,268	24,823	9,391	32,700	9,391	32,700
Adjusted R^2	0.02	0.02	0.02	0.02	0.02	0.04	0.02	0.04	0.01	0.01	0.01	0.03

Notes: The table shows the coefficient estimates for long-term inflation expectations from estimating Equation (1) in columns marked with *Specification 1*, and Equation (2) in the columns marked with *Specification 2*. The estimates stem from sub-samples containing only observations of the group specified in the column header. "german" resp. "fr.+ ital." covers responses in German resp. French and Italian only; "women" respectively "men" covers responses from women respectively men only; "high educ." covers respondents with a university degree and "low educ." covers respondents with education levels below university. $Post$ is a dummy variable indicating the postevent group observations captured 1 to 3 days after the MPA. *Dummy cut policy rate* indicates the events that communicated a cut in the policy rate. *Moderate* inflation expectations sample as described in Subsection 2.4. Heteroskedasticity-robust standard errors are reported in parentheses. Statistical significance levels: ***: 0.01, **: 0.05, *: 0.1, .: 0.15.

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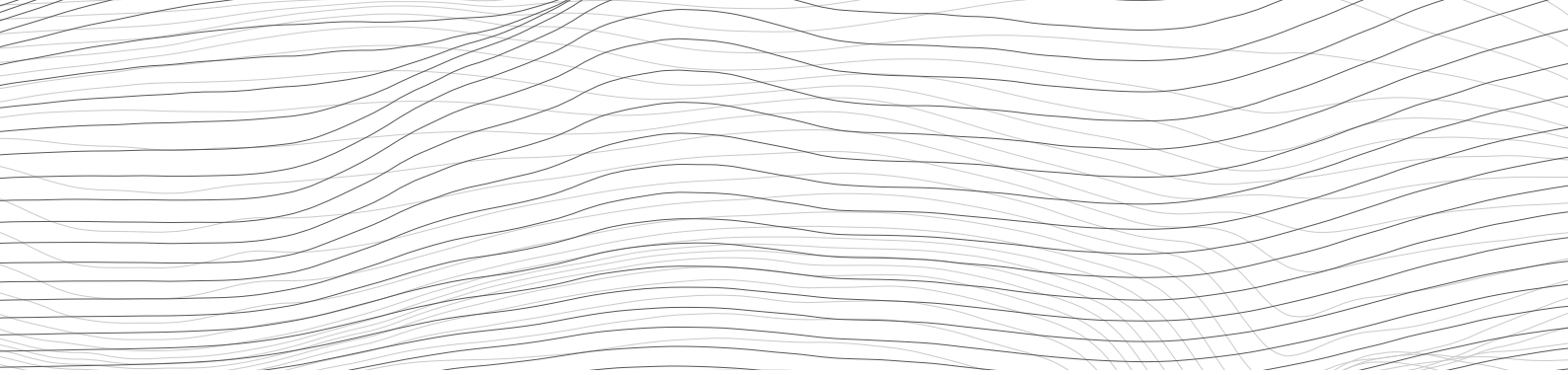

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