

# The Effect of Inflation Uncertainty on Household Expectations and Spending<sup>\*</sup>

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## **Abstract**

We use a new Canadian household survey to examine how inflation uncertainty influences inflation expectations and spending. Through randomized information interventions, we provide inflation statistics with or without second moments, creating variations in households' inflation uncertainty. All information types effectively lower inflation expectations and uncertainty. While communicating inflation uncertainty does not affect expectations or uncertainty levels, it increases the probability assigned to expected inflation near communicated ranges. Using Nielsen IQ Homescanner data, we find that higher inflation expectations and uncertainty reduce household spending on goods. Communicating inflation statistics with ranges increases spending by lowering expectations and reducing uncertainty.

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# 1 Introduction

Managing inflation expectations has been a critical challenge for central banks worldwide during the COVID-19 pandemic and the post-pandemic inflation surge, accompanied by macroeconomic uncertainty and uncertainty about inflation. Central banks take different approaches to communicating their inflation outlooks and the uncertainty surrounding their forecasts, and these strategies have evolved over time. For example, the Bank of England and the European Central Bank publish their inflation forecasts with confidence intervals, Bank of Canada and Banco de México provide only point forecast, and Bank of Japan provides inflation forecasts of different board members. Communication about inflation and monetary policy has been shown to significantly effect household inflation expectations and their spending [Coibion et al., 2022, 2023a,b]. While macroeconomic uncertainty about economic growth can have negative causal impact on the decisions of firms [Kumar et al., 2023] and households [Coibion et al., 2024], the effect of uncertainty surrounding inflation on expectations and consumption decisions of households has not been explored yet.

This paper assesses the causal impact of communicating uncertainty about inflation on household inflation expectations and spending decisions using a large representative survey of Canadian households conducted in April–May 2020. Within the survey, we implement a randomized control trial providing different types of information about inflation statistics, with a particular focus on the associated uncertainty surrounding these statistics. Our information treatments included past inflation, the inflation target of the Bank of Canada (with or without information about the inflation target control range), the Bank of Canada one-year-ahead inflation outlook (with or without a 95% confidence interval), and professional forecasters’ one-year-ahead inflation forecasts (with or without a range of outlooks), where information about ranges conveys uncertainty about inflation. Our analysis investigates how communication about inflation uncertainty influences households’ inflation expectations, subjective uncertainty regarding future inflation and spending decisions. To assess the persistence of the information effects, we conducted a follow-up survey of the same households in November and December 2020. We also identify demographic groups that benefit the most from communication.

Before our information interventions, survey respondents were largely uninformed about publicly available information about inflation. The average respondent believed that the Bank of Canada inflation target was 6.7% and its outlook for one-year-ahead inflation was 6.9% (whereas both were 2%). Only about one-third of our survey respondents reported being

aware of the publicly available information provided in the interventions. Respondents were relatively more informed about past inflation and the target than inflation forecasts. A similar lack of knowledge has been previously reported by [Coibion et al. \[2022\]](#), [Binder \[2017\]](#). [Coibion et al. \[2022\]](#) observe that less than 20% of U.S. households know the Fed’s inflation target and 40% believe it is 10% or higher. On average, our survey participants expected inflation to be 7.9 percent over the next year and reported substantial uncertainty around this forecast as measured by interquartile range of their subjective probability distribution of 6.6 percentage points. These findings indicate the potential for information interventions to guide household expectations.

All of our information interventions significantly lowered respondents’ inflation expectations toward the provided inflation rate, with treatment effects ranging between 0.25 and 0.80 percentage points, and reduced the dispersion in the inflation expectations among respondents. The treatments also decreased uncertainty surrounding respondents’ expected inflation by 0.2 to 0.5 percentage points. The information interventions reduced the probabilities respondents assigned to extreme inflation outcomes and increased the probabilities assigned close to the inflation target control range. Participants’ inflation expectations were more responsive to forward-looking information – inflation forecasts by the Bank of Canada or professional forecasters – than information about past inflation, consistent with findings in [[Coibion et al., 2022](#), [D’Acunto et al., 2020](#), [Mokhtarzadeh and Petersen, 2021](#)].

We introduce new evidence about how households respond to communication of uncertainty surrounding inflation statistics. Surprisingly, our results demonstrate that communicating uncertainty about inflation does not have detrimental effects on inflation expectations—neither on their level nor on their uncertainty about future inflation. Information about inflation uncertainty neither weakens the effects of information interventions nor unanchors inflation expectations. In fact, providing information about the Bank of Canada’s inflation outlook with a confidence interval is significantly more effective at anchoring both point and probabilistic expectations than providing only point forecast. Information interventions with inflation uncertainty are most impactful in reducing subjective uncertainty of individuals with high prior levels of subjective uncertainty. This is because inflation uncertainty in our information treatments is lower than the average prior uncertainty of participants.

Overall, we find limited persistent effects of our information interventions on consumer expectations, consistent with the literature [[Cavallo et al., 2017](#), [Coibion et al., 2023a,b](#), [Ehrmann et al., 2023](#)]. For example, communicating the Bank of Canada’s outlook and professional

forecasts precisely (without uncertainty) continues to have anchoring effects on the level of expected inflation when we resurvey households six months later. Our finding suggests that *simpler* communication may be easier for households to retain information, which is consistent with [Bholat et al. \[2019\]](#).

Does it matter to *whom* uncertainty about inflation is communicated? We observe some differences in the impact on inflation expectations across demographics among respondents when they first received the information. The groups who typically have the most unanchored inflation expectations (young and those with lower levels of education) are more responsive to information about inflation presented without uncertainty. And in our follow-up survey six months later, we find that age and education plays an important in retaining information communicated with uncertainty: precise communication more effectively anchors inflation expectations among young people and those with lower levels of education.<sup>1</sup> On the other hand, the inflation expectations of those with university degree and above are 1.2 percentage points lower in Wave 2 when treated with information containing inflation uncertainty than in treatments without uncertainty. These results suggest that information about inflation uncertainty is more cognitively demanding to process and may not be universally useful in managing inflation expectations.

We further show the effects of communicating about inflation on households' spending decisions using spending data from Nielsen IQ's Homescanner Panel. We find that cumulative non-durable household spending of treated respondents is between 5 and 12% higher over the three and six months horizons following our survey, while their durable spending increases by between 15 and 30%. Importantly, communication about inflation with uncertainty significantly strengthens the effects of the information interventions on household spending. Households spend 3% more on non-durable goods and 9% more on durable goods when the information is presented with uncertainty. Our results suggest that communication about inflation with uncertainty does not have detrimental effects, and rather, boosts consumer spending.

We examine two channels by which the information interventions influence household spending: the level of inflation expectations and uncertainty about inflation. We find that the causal impact of inflation expectations and uncertainty about future inflation on household

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<sup>1</sup>[D'Acunto et al. \[2020\]](#) also find that communicating simpler information about the Federal Reserve's monetary policy targets and objectives is more effective with communication about instruments, especially among less-sophisticated demographic groups.

spending is negative. Our information interventions served to anchor inflation expectations by lowering the level of inflation expectations and uncertainty about future inflation, thus leading to an overall positive effect of information treatments on household spending. First, a 1 percentage point decrease in inflation expectations led to 4.2% increase in total spending during the three months following the information intervention, with 3.6% increase in non-durable spending. Second, a 1 percentage point decrease in uncertainty about future inflation led to 12% increase in total spending, with 11% increase in non-durables. To the best of our knowledge, we present the first evidence of the causal impact of uncertainty about inflation on *realized* consumer spending. Our findings contribute to the literature on the impact of uncertainty on economic decisions. Macroeconomic uncertainty can have significant negative effects on real decisions: uncertainty about economic growth has a significant negative impact on firms' decisions regarding employment, investment, and sales [Kumar et al., 2023] and on household spending [Coibion et al., 2024]. Fischer et al. [2024] show a negative impact of inflation uncertainty on *expected* spending growth.

The existing evidence about the impact of inflation expectations on consumer spending decisions is mixed. Our findings of the negative impact of inflation expectations on consumer spending are consistent with Coibion et al. [2023a] and Binder and Brunet [2022]. Coibion et al. [2023a] find that expectations for higher inflation are associated with lower purchases of durables, while Binder and Brunet [2022] find a negative relationship between expected inflation and expected spending on cars. Households tend to associate higher inflation with negative developments in the economy [Candia et al., 2021, Stancheva, 2024] and, therefore, can reduce their spending when they expect higher inflation. However, Coibion et al. [2021] find a positive impact of higher inflation expectations on non-durable spending.

Our main contribution is to provide evidence about the impact of communicating inflation uncertainty on household inflation expectations and spending decisions. Our paper is the first to document the benefits of communicating uncertainty around inflation not only on inflation expectations but also on spending decisions. Furthermore, we show heterogeneity in the impact of communicating uncertainty about inflation across demographic groups, which suggests an important role for tailored central bank communication with different demographics.

## 2 Data and Survey Design

Data collection was conducted through a two-wave survey administered by the survey company Nielsen IQ and sponsored by the Bank of Canada. Participants were based in Canada and belonged to the Nielsen IQ HomeScanner Panel, a longitudinal representative panel that tracks household purchases and invites panelists to participate in online consumer surveys. Among its many benefits, this panel had not previously participated in surveys related to macroeconomic conditions or monetary policy. Wave 1 included a randomized control trial and was conducted between April 13 and May 7, 2020. In Wave 2, a follow-up survey was conducted six months later between November 23 and December 11, 2020. All respondents' survey data were matched to their spending data.

### 2.1 Design of the randomized control trial

The Wave 1 survey consisted of three parts. In the first part, we elicited respondents' prior inflation expectations for the next 12 months and their demographic characteristics. In the second part, respondents were either presented with randomly assigned information about inflation or placed in a control group that received no information. In the third part, we elicited respondents' posterior inflation expectations.

In the Wave 1 survey, participants were asked to provide their one-year-ahead inflation expectations using both point forecasts and subjective probability distributions. The survey questions were designed similarly to those used in the FRBNY's Survey of Consumer Expectations [Armantier et al., 2017] and the Canadian Survey of Consumer Expectations [CSCE, 2024]. The survey questions can be found in Online Appendix A. For the subjective probability distributions, participants were instructed to assign probabilities to different bins representing inflation ranges. The bins consisted of ranges of less than -12%, -12% to -8%, -8% to -4%, -4% to -4%, -2% to 0%, 0% to 2%, 2% to 4%, 4% to 8%, 8% to 12%, and greater than 12%. Respondents were reminded to ensure the total probabilities summed to 100, and if not, they were prompted to adjust their responses accordingly.

We estimated each respondent's density function based on their answers to the probability distribution question using parametric technique from [Engelberg et al., 2009]. From these density functions, we calculated the interquartile range (difference between the 75th and 25th percentiles) as a measure of each respondent's uncertainty about future inflation ( $E_i \text{iqr}_{1yr}$ ). We also computed the density mean ( $E_i \pi_{1yr}^{mean}$ ) and the median ( $E_i \pi_{1yr}^{median}$ ) of their inflation expectations.

The survey included questions on respondents’ employment status, and various demographic characteristics such as age, gender, education level, income, and province of residence. Respondents also indicated their familiarity with the concept of inflation and the ease of expressing inflation as a number.

Six months after the Wave 1 survey, we conducted a follow-up survey with the same group of respondents to examine the persistence of the information interventions on their expectations. In the Wave 2 survey, participants were asked about their one-year-ahead inflation expectations. Notably, Wave 2 did not include any information interventions; all respondents received the same survey content.

## 2.2 Treatments

We designed the information treatments to assess how uncertainty surrounding inflation statistics influences household inflation expectations and spending. The design of our information experiment is similar to others in the literature [[Gorodnichenko et al., 2022](#), [Ehrmann et al., forthcoming](#), [Hoffmann et al., 2022](#)]. Each survey participant was randomly assigned to one treatment after completing the first part of the survey. The treatments, detailed in [Table 1](#), provided factually accurate and publicly available information from various sources: past inflation over the last 12 months from Statistics Canada, the Bank of Canada’s inflation target, the Bank of Canada’s inflation forecast for the next year (from the Bank of Canada Monetary Policy Report [[Monetary Policy Report, 2020](#)]), and the mean forecast of inflation over the next year from professional forecasters (Consensus Economics). After receiving the information, participants were asked if they were already aware of it before proceeding with follow-up questions regarding their expectations.

We exogenously varied the degree of precision conveyed to respondents about these different inflation statistics. Information about the Bank’s inflation target, its inflation forecast, and the forecasts of professional forecasters was presented either as a point value or a point within a range.<sup>2</sup> A range conveys the uncertainty about inflation statistic. For example, an inflation-target-control range indicates some flexibility in the targeting approach [[Bank of Canada, 2021b](#)] and, as such, inherently communicates uncertainty about the inflation out-

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<sup>2</sup>The evidence about the role of precision in the design of inflation targets on the anchoring of inflation expectations of professional forecasters is mixed. [Ehrmann \[2021\]](#) finds better anchoring when inflation targeting includes range around point target, whereas [Grosse Steffen \[2021\]](#) find better anchoring with point inflation target, and [Castelnuovo et al. \[2003\]](#) shows no difference in anchoring of long-term expectations from targets with or without a range.



come. Variation in communicated uncertainty allows us to evaluate the trade-off between the coordination benefits associated with the point information and the potentially lower credibility assigned to overly precise targets and outlooks [Mishkin and Westelius, 2008]. The points and ranges are comparable across treatments and are of similar orders of magnitude. There are some slight differences across treatments, from 1.7% forecast by professional forecasters to a 2.0% Bank target and forecast. The ranges differ across treatments by 0.2 to 0.4 percentage points. And while the Bank of Canada inflation target range and confidence interval around their forecast were symmetric, the professional forecaster’s range was slightly skewed downward.

Information from different sources and different horizons may also be viewed differently by the survey respondents when they formulate their inflation forecasts for the next year. For example, some may view inflation forecasts by the Bank of Canada or by professional forecasters as more relevant for inflation expectations over the next year than the inflation target or past inflation. Past inflation can also serve as a useful starting point for formulating their inflation forecasts for the future, especially given the ample evidence of backward-looking expectations of inflation [Jonung, 1981, Malmendier and Nagel, 2011].

## 2.3 Sample description

Our survey was conducted over two waves. During Wave 1, survey invitations were sent to roughly 10,000 household panelists, of which 5082 participants completed the survey (about 50% response rate). Table 2 presents summary statistics on the demographic composition of the sample groups across the treatment and control groups in each wave of the experiment. Between 632 and 638 people were randomly assigned into each information treatment in Wave 1, and 66-70% of these respondents completed the follow-up survey in Wave 2.

Table 2 illustrates that the treatment groups were well balanced across key demographic characteristics such as age, gender, education, income and province of residence. The mean participant was in their early- to mid-50s, had some college education, and earned an income in the CAD\$40-100K range. Females made up 70% of the respondents in each treatment. This was a result of the composition of the Nielsen IQ Homescanner panel being based on shoppers as women are more likely to do the household shopping [Frank and Frenette, 2021].

On average, prior inflation expectations elicited in our Wave 1 survey were relatively high, ranging between 7% and 8% (average of 7.9 percent), while actual inflation was around



1.9%. This pattern aligns with findings from the Canadian Survey of Consumer Expectations [CSCE, 2024], reflecting a well-documented upward bias in household inflation expectations [Axelrod et al., 2018, Tenreyro, 2019, Schembri, 2020]. There was significant disagreement among respondents about one-year-ahead inflation, with a cross-section standard deviation between 12 to 15 percentage points. Participants also reported high subjective uncertainty about their expected inflation (interquartile range of subjective probability distribution), ranging from 5.75 to 7.23 percentage points across different treatments (with an average of 6.6 percentage points). Additionally, survey participants were not well informed about Bank of Canada’s inflation target or inflation forecast, with the average household believing the Bank’s inflation target was 6.7% and the outlook for one-year-ahead inflation was 6.9% (both were 2% at the time). Summary statistics of respondents’ expectations are available in Table B1 of Online Appendix B.

Despite being publicly available, the treatment information was novel to the vast majority of respondents. Only a relatively small proportion of respondents (8 to 35 percent) reported being aware of the presented information (Figure 1). Respondents showed greater awareness of past inflation (29 percent) and the Bank’s inflation target (28 percent and 35 percent with range) – topics more frequently discussed in the media – compared with their awareness of the inflation forecasts from the Bank or professional forecasters. Additionally, respondents were more aware of the Bank’s inflation forecasts (26 percent; 17 percent with confidence interval) than those of professional forecasters (8 percent; and 12 percent with range), indicating that information from the Bank holds greater prominence and visibility among the Canadian public. Awareness levels varied significantly across demographic groups. Males, individuals with higher levels of education or income reported more frequently being aware of the treatment information. However, no consistent pattern was observed across age groups. Older respondents (aged 55+) showed relatively higher awareness of past inflation compared with younger group, potentially due to their experiences with high inflation episodes [Mallendier and Nagel, 2011, Cavallo et al., 2017].

Respondents who stated that they were already aware of the Bank of Canada’s inflation target had more accurate (i.e. lower) perceptions of the Bank’s inflation target of 2% than those who were not aware (Figure 2, Panels A and B). Those aware reported that Bank of Canada’s target was 4.2 percent on average, and those unaware – 7.4 percent on average. Similarly, participants who reported being aware of the Bank of Canada inflation forecast (2% at the time) had more accurate views of this forecast (Figure 2, Panels C and D). On average, aware participants thought the Bank’s forecast was 3.9 percent, whereas unaware

participants thought it was 7.5 percent. Overall, participants’ perceptions about the Bank’s inflation target and its inflation forecast were highly dispersed (Figure 2, Panels E and F).

### 3 Communication and Expectations

The distributions of Wave 1 posterior point inflation forecasts are presented in the top panel of Figure 3. The prior expectations of the entire sample are in dark purple. All information treatments reduced one-year-ahead inflation expectations, with fewer extreme forecasts and more forecasts within the 0 to 4% range. Bank of Canada and professional forecasts had a stronger anchoring effect on respondents’ expectations compared with past inflation and the Bank of Canada inflation target. The dispersion of inflation expectations among participants decreased across all treatments, with standard deviations of inflation expectations dropping from 12-15 percentage points in priors to approximately 8-10 percentage points in posteriors.

A similar pattern is observed in the posterior probabilities assigned to different inflation ranges after the information interventions. The top panel of Figure 4 shows the average probabilities assigned to different inflation ranges before and after the information interventions. The control group’s posterior probability distribution adjust minimally with re-sampling. All information treatments thin the tails of the probability distributions and shift the probability mass toward the provided information ranges (0 to 4%). As with point forecasts, the effects are more pronounced in information treatments with inflation forecasts. These treatments also decrease individual uncertainty regarding expected inflation, with uncertainty levels falling from 5.75 to 7.25 percentage points in prior expectations to 4.75 to 5.53 percentage points in posterior expectations (Table B1).

Binscatter plots illustrate that all information treatments influenced the posterior beliefs of survey participants. If the treatment information is effective, then the relationship between the posterior and prior beliefs should be weaker for the treatment groups relative to the control group. We find this is the case for one-year-ahead inflation expectations in all of our information treatments. The slopes of the binscatters for the treated groups are less than the slope of the control group for inflation expectations (Figure 5, Panel A).<sup>3</sup> This result is statistically significant: all treatments except for PastInflation have weakened the link between posterior and prior inflation expectations (Table C1). The information interventions also affected participants’ posterior uncertainty about future inflation (Figure 6, Panel A), with

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<sup>3</sup>This observation also holds for both mean and median density inflation expectations (Figure C1 and C2 in Online Appendix C.)

all treatments (except BankForecast) statistically significantly weakening the posteriors' link to the priors (Table C1).

Lastly, the information provisions increased the level of the posterior probability assigned to the inflation target range relative to the control group (Figure 4). The steeper slope of the treated groups relative to the control group (Figure 7, Panel A) is indicative of the *upward* revision in the probability. This effect is statistically significant in all treatments except for BankTarget and BankTargetRange (Table C1).

We use the following general econometric strategy to evaluate the impact of different treatments on participants' revisions of their inflation expectations following Gorodnichenko et al. [2022]:

$$E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior} = a + b_0 Treatment_i + b_1 X_i + error_i \quad (1)$$

where  $E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior}$  is a measure describing the revision in the one-year-ahead inflation expectations by individual  $i$  and  $X_i$  are control variables for demographic characteristics (age, gender, education level, income level, province of residence), knowledge of inflation and ease of expressing inflation as a number.

Equation 1 is estimated for several indicators describing one-year-ahead inflation expectations: point forecasts, subjective uncertainty about expected inflation and probability assigned to expected inflation being in the inflation-target-control range (0 to 4%). Table 3 presents the estimation results. The odd-numbered columns show estimates for revisions in Wave 1, while the even-numbered columns show estimates for revisions in Wave 2 relative to the priors in Wave 1.<sup>4</sup>

All information treatments significantly reduce both point inflation expectations of one-year-ahead inflation in Wave 1.<sup>5</sup> The effects range from approximately 0.2 percentage points for PastInflation to 0.8 percentage points for the ProfForecastRange (column (1) of Table 3). These effects are statistically significant at the 1% level, controlling for demographic characteristics. Information interventions related to the Bank of Canada's inflation target and past inflation exhibit weaker effects on inflation expectations compared with information

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<sup>4</sup>Additional results for the variables based on the probabilistic distribution including mean and median of fitted distribution and probabilities assigned to each bin in the distributional question are available in Online Appendix C.2.

<sup>5</sup>The results for density mean and median expectations in Table C3 are similar to the results for point expectations in Table 3.

about forecasts from both the Bank of Canada and professional forecasters.<sup>6</sup> Information about forecasts is more relevant and simpler to use for our participants when responding to questions about their inflation forecasts, consistent with [Bholat et al. \[2019\]](#).

We also find that higher self-reported awareness and lower observed knowledge gaps of provided information are associated with significantly smaller revisions. These findings align with the principles of Bayesian updating [[Coibion et al., 2018](#)], suggesting that beliefs adjust more if the information is novel to the individual, though the magnitude of the updating is quite small.<sup>7</sup>

All information treatments reduce respondents' uncertainty regarding their inflation expectations. Column (3) in [Table 3](#) demonstrates the immediate reduction in uncertainty following the treatment information in Wave 1, ranging from 0.2 percentage points in the BankTarget to 0.5 percentage points in the ProffForecastRange. While all treatments reduce inflation uncertainty, information about past inflation and the Bank's target (range) is less effective than forecasts from the Bank of Canada and professional forecasters. Likewise, all information treatments lead to respondents assigning increased probabilities to the 0-4% range (column (5) of [Table 3](#)), containing the provided treatment information. The probabilities assigned to both the left and right tails are reduced after the interventions (for more details, see [Online Appendix C.2](#)).

The effects of the information interventions are mostly short-lived. The bottom panels of [Figure 3](#) and [Figure 4](#) present the distributions of forecasts elicited in Wave 2 relative to the prior expectations elicited in Wave 1. The anchoring effects of the most information interventions appear to have dissipated. As shown in the even-numbered columns of [Table 3](#), the Wave 2 expectations of most treatment groups do not show significant differences compared with the control group for most of the treatments. This lack of persistence in the effects of information treatments is a well-documented phenomenon in the literature [[Blinder et al., 2022](#)].

However, we find that some treatments have persistent impact. Information related to the Bank and professionals' forecasts, when communicated with precision, leads to persistently lower inflation expectations by 0.56 to 0.65 percentage points six months later. This suggests that simpler information may be easier to retain [[Bholat et al., 2019](#)]. We also observe

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<sup>6</sup>More detailed analysis comparing these treatments is provided in [Online Appendix C.3](#).

<sup>7</sup>See [Table C7](#) in [Online Appendix C.3](#) for more details.

persistent reduction in subjective uncertainty by 0.4 percentage points in Bank of Canada forecast treatment and by 0.46 percentage points in treatment with professional forecast communicated with a range. This significant and persistent anchoring effect is also observed in the mean and median density inflation expectations in treatment with Bank of Canada forecast with confidence interval respondents probabilistic expectations (Table C3). Persistent impact of information interventions has been documented by Cavallo et al. [2017], Coibion et al. [2023a,b], Ehrmann et al. [2023].

## 4 Communicating Ranges and Uncertainty

We experimentally varied the degree of precision in our inflation target and forecast information treatments to gauge the impact of imprecision and uncertainty (as conveyed by ranges) on inflation expectation formation. In this section, we document how the inclusion of ranges influences revisions in posterior expectations..

### 4.1 Effects on inflation expectations

The binscatter plots in the bottom panels of Figure 5, Figure 6 and Figure 7 compare the impact of precise and imprecise communication on revisions in respondents’ posterior beliefs about one-year-ahead inflation. Information provided with a range has a stronger impact on posterior inflation expectations than information without a range, without controlling for participants’ characteristics. Regression analysis controlling for such characteristics shows statistically significant difference for all treatments with ranges (Table C2), with communication of BankTarget with a range driving this result. While we see no notable differences in respondents’ posterior subjective uncertainty about future inflation when the information is presented imprecisely in Figure 6 (Panel B), regressions show that communication with ranges is more effective at influencing posterior subjective uncertainty than information without ranges (Table C2). And in particular, communication of BankForecast with a range and ProfForecasts with a range has larger impact on uncertainty than communicating these forecasts without a range. Communication of ranges does not appear to have a stronger impact on the probability assigned to the target range (Figure 7), which is consistent with regression analysis (Table C2) as two types of treatments have opposite impacts: communicating BankForecasts with a range strengthens the link, whereas communicating ProfForecast with a range weakens this link.

We use the following general econometric strategy to evaluate the impact of communicating uncertainty about inflation on the revisions in participants’ views about inflation:

$$E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior} = a + b_0 Range_i^T + b_1 X_i + error_i \quad (2)$$

where  $E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior}$  is a measure describing the revision in the one-year-ahead inflation expectations in Waves 1 and 2 and  $X_i$  is a matrix of control variables, as in [Equation 1](#).

We introduce a binary variable,  $Range_i^T$ , which takes the value of 1 for treatments involving ranges and 0 otherwise.<sup>8</sup> We conduct separate regressions for each type of information provided—Bank’s target, Bank’s forecast, professional forecast—and pool our analysis for both targets and forecasts (all). We define  $T$  to represent different types of information presented with and without ranges:  $T = \{All, BankTarget, BankForecast, ProfForecast\}$ . In [Table 4](#), we present the results of the estimations of [Equation 2](#). The reported coefficients indicate the estimated additional revisions attributed to the inclusion of a range around the communicated statistic.<sup>9</sup>

Communicating a range does not reduce the extent to which Wave 1 participants adjust their expectations downward following an information intervention (column 1). Overall, ranges do not significantly affect respondents’ revisions of subjective uncertainty about inflation (column (3) in Panel B of [Table 4](#)).

Does prior uncertainty influence the responsiveness of respondents’ posterior uncertainty to communication with a range? To explore this, we plot the relationship between respondents’ initial uncertainty and their revision in uncertainty, considering the precision of the provided information. We use a fractional polynomial fit to capture this relationship, and the mean estimate is accompanied by 95% confidence intervals. [Figure 8](#) depicts a downward-sloping relationship between initial uncertainty and revisions in uncertainty, suggesting that respondents with greater initial uncertainty revise their inflation expectations more significantly downward.

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<sup>8</sup>We exclude the PastInflation data from our analysis as it does not have a complementary treatment involving information with a range.

<sup>9</sup>Our results are robust using revisions in mean and median density expectations as shown in [Table C3](#). Detailed results for each bin of the probability distribution can be found in the bottom panels of [Table C4](#) in Online Appendix.

To formally address this question, we estimate the following general specification:

$$E_{iqr}^{posterior}_{1yr} - E_{iqr}^{prior}_{1yr} = a + b_0 E_{iqr}^{prior}_{1yr} + b_1 Range_i^T + b_2 Range_i^T \times E_{iqr}^{prior}_{1yr} + b_3 X_i + error_i \quad (3)$$

We observe a greater downward revision in uncertainty among respondents exhibiting higher levels of prior uncertainty (Table 5). Presenting a range does not initially have a significant effect on respondents with low levels of uncertainty (coefficient on variable  $Range_i^T$  is not significant in column (1)). In fact, for those with the lowest levels of uncertainty in the BankForecast treatments, presenting a range actually increases their posterior uncertainty by 0.369 pp. However, the inclusion of a range leads to a notable reduction in posterior uncertainty for respondents with higher levels of initial uncertainty (coefficient of -0.02 on the interaction term (column (1)), particularly when the Bank’s forecast is presented with a confidence interval (coefficient of -0.238). The impact of communicating ranges on people with the highest prior uncertainties persists six months later, driven mostly by communicating the BankForecast with a confidence interval (coefficient of -0.0169 on the interaction term, column (6)). However, being exposed to information about the BankTarget with a range increases the uncertainty in Wave 2 among those with higher prior uncertainty (coefficient of 0.04, column (4)).

When information is presented with ranges, the probability assigned to the 0-4% inflation range increase by 1.75 percentage points (column (5) of Table 4), driven by a 2.8 percentage point increase from the BankForecast with a confidence interval and a 3.4 percentage point increase from the ProfForecast with a range (column (5) of Table 4). Communicating ranges impacts respondents’ probability distributions for expected inflation by shrinking the right tail and increasing the mass in the 2% to 4% range. When a range is included, there is an overall increase of 2.6 percentage points in the probabilities assigned to the 2% to 4% inflation range (Table C4 in Online Appendix). Specifically, the ProfForecastRange increases this probability by 3.7 percentage points (column (7) in Panel A of Table C4). Additionally, including a range leads respondents to reduce the probability mass assigned to the upper tail of their inflation expectations. Providing information about range results in an additional 2.4 percentage point decrease in the ”above 12%” category, with reductions of 3.1 percentage points in both the BankTarget and ProfForecast (column (10) in Table C4). Finally, providing information about ranges does not significantly or consistently impact the probabilities assigned to deflation.



## 4.2 Effects of communicating ranges on coordination

Central banks face a trade-off between focusing public attention on a specific inflation point statistic and maintaining credibility by communicating the inherent uncertainty surrounding inflation. In this section, we investigate whether communicating ranges enhances the credibility of the information provided. We examine two dimensions of credibility: credibility of the point in the communicated range and credibility of the range.

[Table 6](#) shows the shares of participants whose one-year-ahead inflation forecast aligns with point inflation statistic (exactly or within 0.5 percentage points) and the shares of participants whose expectations fall within the range provided in our information treatments. For comparison, we also include the proportion of participants whose expectations fall within the relevant range without receiving treatment information about it.

Notably, none of the respondents in the PastInflation treatment had prior inflation expectations equal to past inflation, and only two out of 637 respondents used it as their posterior inflation expectation. This indicates limited coordination on past inflation statistic when forming expectations. All other information interventions increased the proportion of respondents whose posterior expectations were aligned with the precisely communicated information, ranging from 8 to 25 percentage points. The PastInflation and ProfForecastRange treatments exhibited the lowest anchoring influence, while the BankForecast and BankForecastCI treatments showed the highest levels of coordinating expectations on the provided information. Our findings indicate that most participants do not simply *parrot back* the communicated information in their posterior forecast. Instead, they consider both the communicated information and their prior expectations when revising their expectations.

To assess the impact of communicating uncertainty on the coordination on the provided information, we employ the following general probit regression model:

$$\mathbb{1}_i^Y = a + b_0 Range_i^T + b_1 X_i + \epsilon_i \quad (4)$$

Here,  $\mathbb{1}_i^Y$  represents one of two indicator variables. The first indicator,  $\mathbb{1}_i^{point}$ , takes the value 1 if the respondent's forecast is equal to the point statistic and 0 otherwise. The second indicator,  $\mathbb{1}_i^{inrange}$ , is equal to 1 if the respondent's forecast falls within the range of the information intervention and 0 otherwise. [Equation 4](#) is estimated separately for treatments with and without a range (BankTarget, BankForecast, and ProfForecast) as well as a pooled regression combining all six treatments. The estimation results are presented in [Table 7](#).

We present the estimation results for all respondents and for those with priors outside the communicated ranges. Respondents with prior expectations outside the ranges provided in information interventions may revise their expectations more than those with priors inside the ranges as the information about range presents more novelty to them, consistent with Bayesian updating.

Our analysis reveals that including ranges has a limited impact on the coordination in inflation expectations on the communicated point statistic or range. When a range is presented alongside information about the Bank’s inflation target or outlook, the coordination on the point statistic remains unaffected. However, presenting a range of professional forecast significantly decreases the likelihood of coordination on the point forecast by 5.85 percentage points.

The communication of ranges has a modest impact on the anchoring of expectations in the communicated range. Only in BankForecastCI do we see a modest 4.6 percentage point increase in the likelihood of posterior expectations falling in the communicated range. The coordination of expectations to the range is stronger among respondents whose prior expectations were outside of the range, by 3.83 percentage points overall and 5.3 percentage point in BankTarget and 4.86 percentage points in BankForecast treatments. Finally, none of the observed effects persist when we resurvey respondents six months later in Wave 2.

Does it matter to *whom* uncertainty is communicated? In Wave 1, the effects of communicating ranges on expectations are generally similar across demographics. Younger respondents revise their expectations less than older cohorts in response to information with uncertainty. When presented with the range of professional forecasts, the least-educated respondents adjust their inflation expectations downward by roughly one percentage point less than those with higher levels of education.

However, we find that age and education play meaningful roles in the persistence of the impact of communicating ranges in Wave 2. Precise communication effectively anchors expectations among young people and those with lower education levels. When presented precisely, these demographics are more likely to retain inflation information for six months. However, participants with higher levels of education were able to retain more complex information about inflation with range over time. Our findings suggest that different types of information can serve different groups of population best. Estimation results are available in [Appendix D](#).

## 5 The effect of inflation expectations and uncertainty about inflation on household spending decisions

We next evaluate the impact of inflation expectations and uncertainty about inflation on respondents' spending decisions. We combine respondents' survey data with their daily household spending obtained from the Nielsen IQ Homescanner Panel. These data include households' expenditures on frequently purchased items such food and household items. Non-durables account for about 98% of observations and 95% of spending, with food and beverages counting for 80% of total spending and 87% of observations. We conduct our analysis using total spending, spending on durables and non-durables.

### 5.1 Effects of communication on nominal spending

We begin by examining the effects of the information interventions on household spending. We estimate the effects of each individual treatment on cumulative log household spending using the following specification:

$$\log(\text{spending})_{i,t+h}^J = a + b_0 \text{Treatment}_i + b_1 \log(\text{spending})_{i,t-1}^J + b_2 X_i + \epsilon_{i,t+h} \quad (5)$$

where  $\log(\text{spending})_{i,t+h}^J$  is the natural logarithm of the spending type  $J$  of the household of respondent  $i$  during period of length  $h$  following the information treatment. We consider four horizons,  $h = 1, 3, 6, 12$ , to estimate the impact on the cumulative spending over one, three, six and twelve months following the information intervention.  $\log(\text{spending})_{i,t-1}^J$  is the natural logarithm of the spending type  $J$  one month before the information intervention. We perform estimations for the following types of spending  $J$ : total spending, spending on durables and spending on non-durables. The results of estimations are reported in [Table 8](#).

All information interventions significantly increase total nominal spending immediately, in the first 1 month following the survey, by between 5 and 11 percent. The effects are persistent: three-, six- and twelve-month spending of treated respondents is significantly higher than that of the control group. The effects are very similar when we focus on non-durable spending. The reaction of respondents' durable spending behaviour is less consistent across treatments. The strongest effects can be observed in the Range treatments, with BankForecast and ProfForecast with ranges leading to a 28-30% increase in durable spending after 3 months. The effects of the treatment interventions wane by the 6 month mark.

We evaluate the effects of communicating inflation with ranges on nominal spending by estimating the following specification:

$$\log(spending)_{i,t+h}^J = a + b_0 Range_i^T + b_1 \log(spending)_{i,t-1}^J + b_2 X_i + \epsilon_{i,t+h} \quad (6)$$

The results are presented in [Table 9](#). Relative to precise communication, information presented with ranges increases cumulative total and nondurable spending by between 3 to 4 percent at the one-, three-, and six-month horizons. For durable spending, we observe no significant differences relative to precise communication in the first month following the survey. However, at the three-month mark, households that received inflation statistics with ranges spent 13% more than those who received a precise statistic. After six months, cumulative spending is 9% higher for those who were in one of the three treatments with ranges.

## 5.2 Effects of inflation expectations on nominal spending

Next, we characterize how inflation expectations affect household spending following the information intervention. Our econometric strategy follows the approach from [Coibion et al. \[2021\]](#):

$$\log(spending)_{i,t+h}^J = \beta E_i \pi_{1yr}^{posterior} + \gamma E_i \pi_{1yr}^{prior} + \kappa \log(spending)_{i,t-1}^J + \theta X_i + \epsilon_{i,t+h} \quad (7)$$

where  $E_i \pi_{1yr}^{posterior}$  is posterior inflation expectations of participant  $i$ , and  $E_i \pi_{1yr}^{prior}$  is prior inflation expectations of participant  $i$ ,  $\log(spending)_{i,t}$  is the natural logarithm of the spending of the household of respondent  $i$  during one month before the treatment. For estimation for spending of type  $J$ ,  $E_i \pi_{1yr}^{posterior}$  is instrumented using the following equation:

$$E_i \pi_{1yr,i}^{posterior} = a + b_0 Treatment_i + b_1 E_i \pi_{1yr,i}^{prior} + b_2 \log(spending)_{i,t-1}^J + b_3 X_i + error_i \quad (8)$$

As in [Coibion et al. \[2021\]](#), we use Huber regressions in the first stage, and then apply a jackknife procedure to eliminate the impact of influential observations. Coefficient  $\beta$  in [Equation 7](#) provides an estimate of causal impact of inflation expectations on household spending decisions.

We use the same approach to estimate the causal impact of uncertainty about future inflation on household spending using [Equation 7](#) and [Equation 8](#) with  $E_i iqr_{1yr,i}^{posterior}$  instead

of  $E_i\pi_{1yr}^{posterior}$  and with  $E_i\pi_{1yr}^{prior}$  instead of  $E_i\pi_{1yr}^{prior}$ . And finally, we estimate the impact of probability assigned to the inflation target range on the consumer spending as a measure of how certain respondents are about low inflation in the future on their spending. We use Equation 7 and Equation 8 with  $E_i\pi_{1yr}^{target,post}$  instead of  $E_i\pi_{1yr}^{posterior}$  and with  $E_i\pi_{1yr}^{target,prior}$  instead of  $E_i\pi_{1yr}^{prior}$ .

We present estimation results of Equation 7 in Table 10. First, this table shows that, for most of the estimations, the first-stage F-statistic is above 10 thus indicating that the treatments generate sufficient variation in inflation expectations. For estimations with spending on durables, the F-statistic is below 10 indicating a weak instrument. The fit of regressions for durables is quite low compared with the fit for total spending and spending on non-durables. Data from Nielsen IQ Homescanner cover mostly frequently purchased items such as food and household items, and coverage of durables is relatively sparse. This contributes to the weaker estimations results with durable spending.

Second, we find significant negative effects of inflation expectations on total spending, on spending on non-durables and on durables at the 3-month horizon. Additionally, our results show negative effects of inflation expectations on durables at 1-month, 6-month and 12-month horizons. Quantitatively, the impact of inflation expectations on durable spending is stronger than the impact on non-durable spending. At the 3-month horizon, a 1-percentage-point increase in inflation expectations led to a 4.2% decline in total spending, an 11% decline in durable spending and a 3.6% decline in non-durable spending.

Negative effects of inflation expectations on spending have been previously documented by Coibion et al. [2023a] and Binder and Brunet [2022]. Coibion et al. [2023a] show that higher inflation expectations led to lower purchases of durables in Dutch data, and Binder and Brunet [2022] find a negative relationship between expected inflation and expected spending on cars in the U.S. Households tend to associate higher inflation with negative developments in the economy [Candia et al., 2021, Stancheva, 2024] and, therefore, can reduce their spending when they expect higher inflation. However, Coibion et al. [2021] find positive impacts of higher inflation expectations on non-durable spending.

Estimates of the impact of uncertainty about expected inflation on spending are presented in Table 11. Higher uncertainty about inflation led to lower total spending at 3-month, 6-month and 12-month horizons and lower spending on non-durables at 6-month and 12-month horizons. Thus, the effect of uncertainty on household spending is more persistent than the

effect of inflation expectations lasting 3 months following the treatment. An increase of uncertainty by 1-percentage-point led to a decline in total spending by 13% in the first 3 months after the treatment and by 6.5% in the 6 months after the treatment. Spending on non-durables declined by 7% during the first month after the treatment and by 11% in the following three months in response to a 1 percentage point increase in uncertainty. Higher uncertainty about inflation has reduced spending on durables 6 and 12 months following the treatment (but the first-stage F-statistic indicates a weak instrument).

Finally, estimates of the impact of probability assigned to the inflation target range on consumer spending are presented in [Table 12](#). We find that a higher probability assigned to 0 to 4% range, i.e. being more certain that inflation will be low in the future, has a positive effect on consumer total spending in the 3 months following the treatment. A 1-percentage-point increase in the probability results in a 1% increase in total spending, a 0.7% increase in non-durable spending and a 2.7% increase in durable spending (however, the instrument is weak for durable spending). These results underscores the importance of low and stable inflation, a mandate of many central banks.

Our results about the causal impact of inflation uncertainty on realized consumer spending are new to the literature. To the best of our knowledge, we provide the first results of the causal impact of uncertainty about future inflation on *realized* consumer spending. [Coibion et al. \[2024\]](#) showed negative impact of macroeconomic uncertainty based on uncertainty about economic growth on realized consumer spending. [Fischer et al. \[2024\]](#) provide evidence about the negative impact of inflation uncertainty on households' *expected* spending growth.

Our information treatments reduce both inflation expectations and uncertainty about expected inflation as discussed above. Our information treatments stimulated household spending as shown in [Tables 8](#). Inflation expectations were reduced by 0.2 to 0.8 percentage points across different treatments ([Table 3](#)), implying that total spending over 3 months following the information intervention increased by about 0.8% to 3.4% (using coefficient of -0.043 from [Table 10](#)). Uncertainty about expected inflation was reduced by 0.2 to 0.5 percentage points across different treatments ([Table 3](#)), implying increase of total spending over 3 months following the treatment of 2.6% to 6.4% (coefficient of -0.133 in [Table 11](#)). Probability assigned to 0 to 4% range increased by about 2 to 6 percentage points, implying increase in total spending by 2.0 to 6.2% in total spending 3 month following the information treatment (coefficient of 0.010 in [Table 12](#)).

## 6 Discussion

This paper examines the value of providing direct communication to households about inflation and about the uncertainty around inflation statistics. All types of information about inflation are effective in managing inflation expectations, with more relevant information about outlooks being more effective than information about recent inflation or inflation target. On average, we do not observe negative impact of communicating about inflation uncertainty on either inflation expectations or respondents’ subjective uncertainty about future inflation, with some heterogeneity in persistence across demographic groups. Rather, we see positive effects of communicating inflation uncertainty on the distributional inflation expectations being more centered around the communicated ranges and realized household total spending and non-durable spending. Greater confidence in low future inflation boosts household spending and underscores the importance of low and stable inflation, a mandate of many central banks.

The challenges of central bank communication with public are well-known [Blinder et al., 2022]. The impacts of information interventions tend to fade over time. For example, Coibion et al. [2023c] note that people quickly forget information about the Federal Reserve’s announcement about their recent move to average inflation targeting. We also observe that the impact of our information interventions on inflation expectations did not persist in most cases during our follow-up survey six months later. The exceptions are for precisely communicated inflation outlooks by the Bank of Canada and professional forecasters. This persistent effect of precise information is more pronounced among respondents with lower levels of education and highlights the value of relevant and easy-to-use information. These results imply the need for repeated and tailored communication with different segments of the population.

Furthermore, information retention can be improved by providing context and explanation of the communicated statistics. Ehrmann et al. [2023] show evidence from a recent ECB survey experiment that the positive anchoring effects of central bank communication about inflation targets can persist six months later when it is supplemented with economic background, such as explanations of how inflation targeting helps to stabilise the economy and contributes to economic growth and employment. Repeat messaging may also be necessary for the ongoing management of expectations. However, repeat messaging not only comes with a pecuniary cost but also has the consequences of creating desensitization and misprocessing of information. Lu et al. [2015] document an inverted U-shape relationship between repetition and revision in beliefs. Moreover, the demographic groups whose expectations



are most unanchored (lower income, younger people, females) are also the ones who report experiencing higher information overload, especially when it is obtained over the computer or social media [[Holton and Chyi, 2012](#)].

We conclude by pointing to some fruitful areas for future research. There are many ways to communicate uncertainty; for example, using more words indicating risks and uncertainty [[Cieslak et al., 2021](#)], visually with box and dot plots as well as using projections with densities. [Bholat et al. \[2019\]](#) show that visuals are more effective at improving comprehension than are written summaries of the Bank of England’s Inflation Reports. Research exploring how people respond to these different presentation styles will further our understanding of how policymakers can more effectively communicate with the public. Public perceptions of and attitudes toward the central bank can influence the success of monetary policy. In uncertain times, being vague about objectives and outlooks can help to improve credibility and may be a useful strategy [[Stein, 1989](#), [Salle et al., 2019](#), [Jia and Wu, 2022](#)].

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# Figures and tables

Figure 1: Proportions of participants who reported being aware of the intervention information

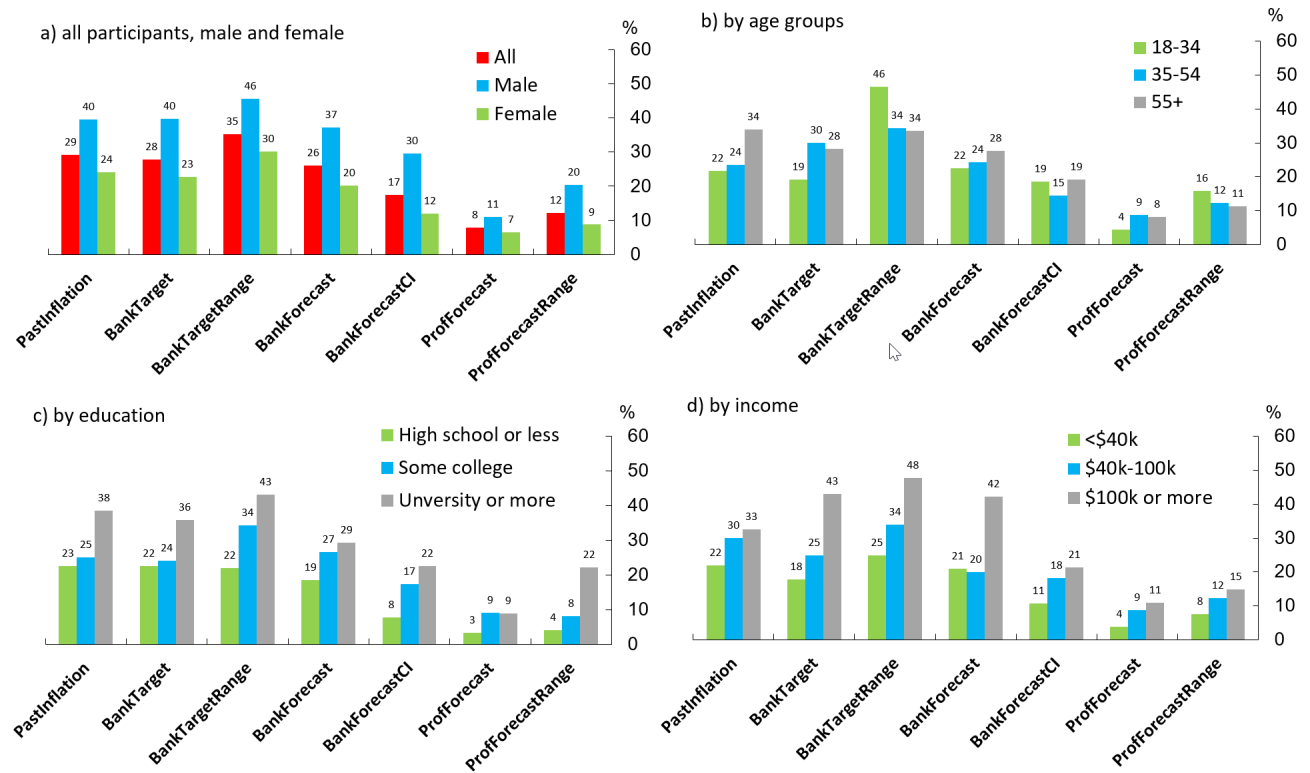


Figure 2: Histograms of perceptions about Bank of Canada inflation target and Bank of Canada inflation forecast

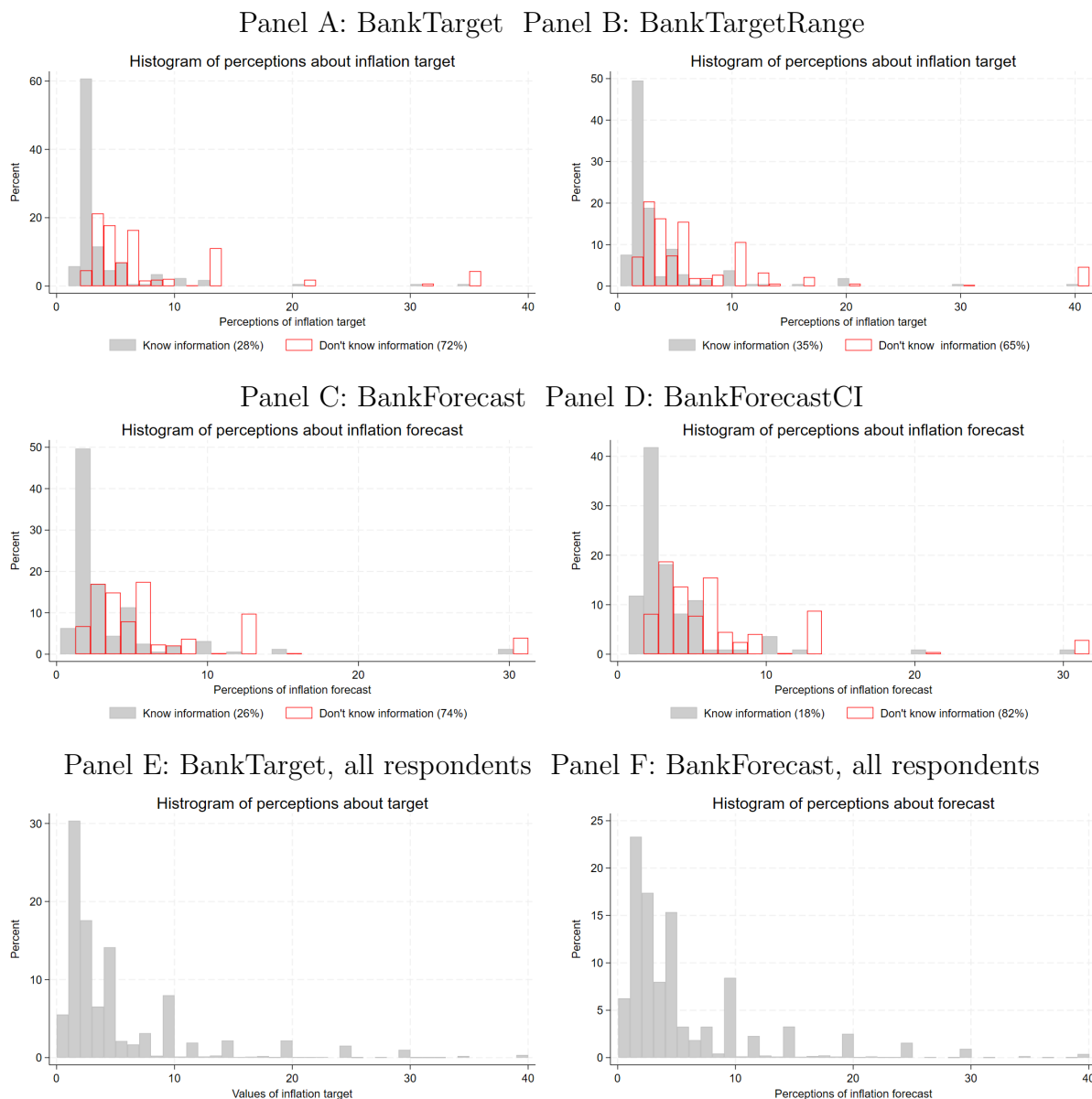




Figure 3: Distribution of one-year-ahead inflation point forecasts, posteriors by treatment compared with priors

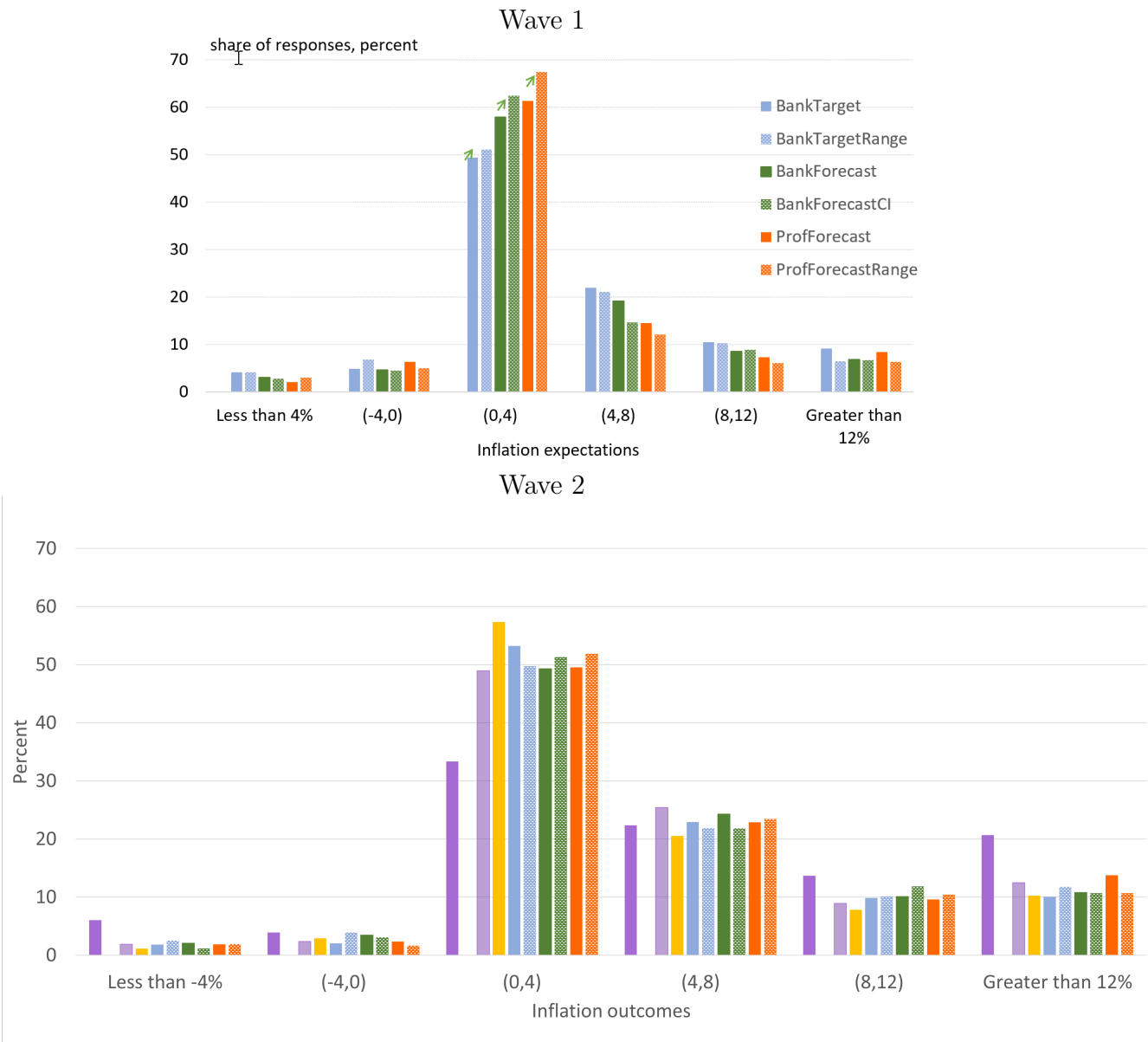


Figure 4: Expected probability distribution for one-year-ahead inflation, posteriors by treatment compared with priors

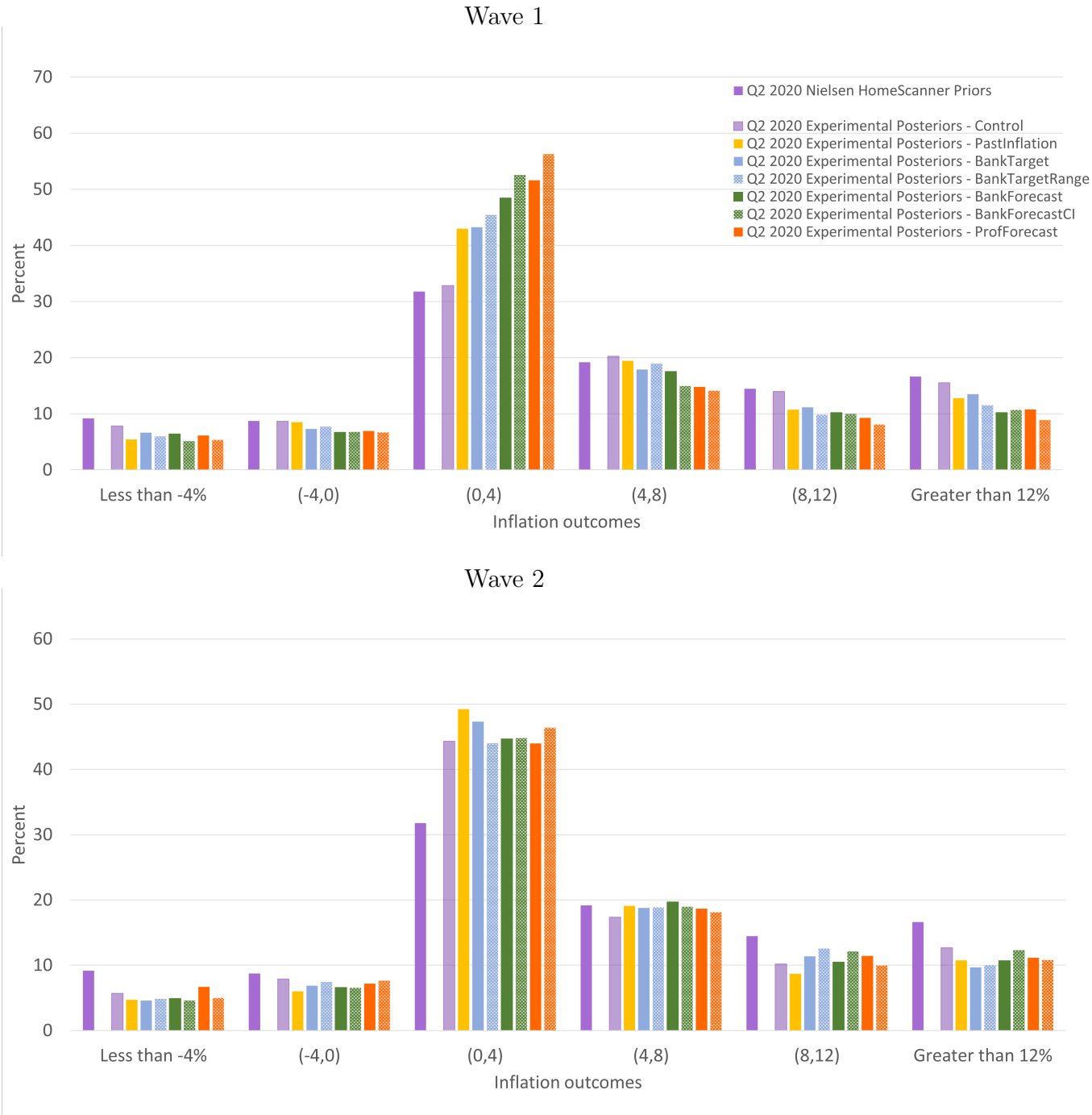


Figure 5: Binscatter plots of posterior and prior 1-year-ahead inflation expectations

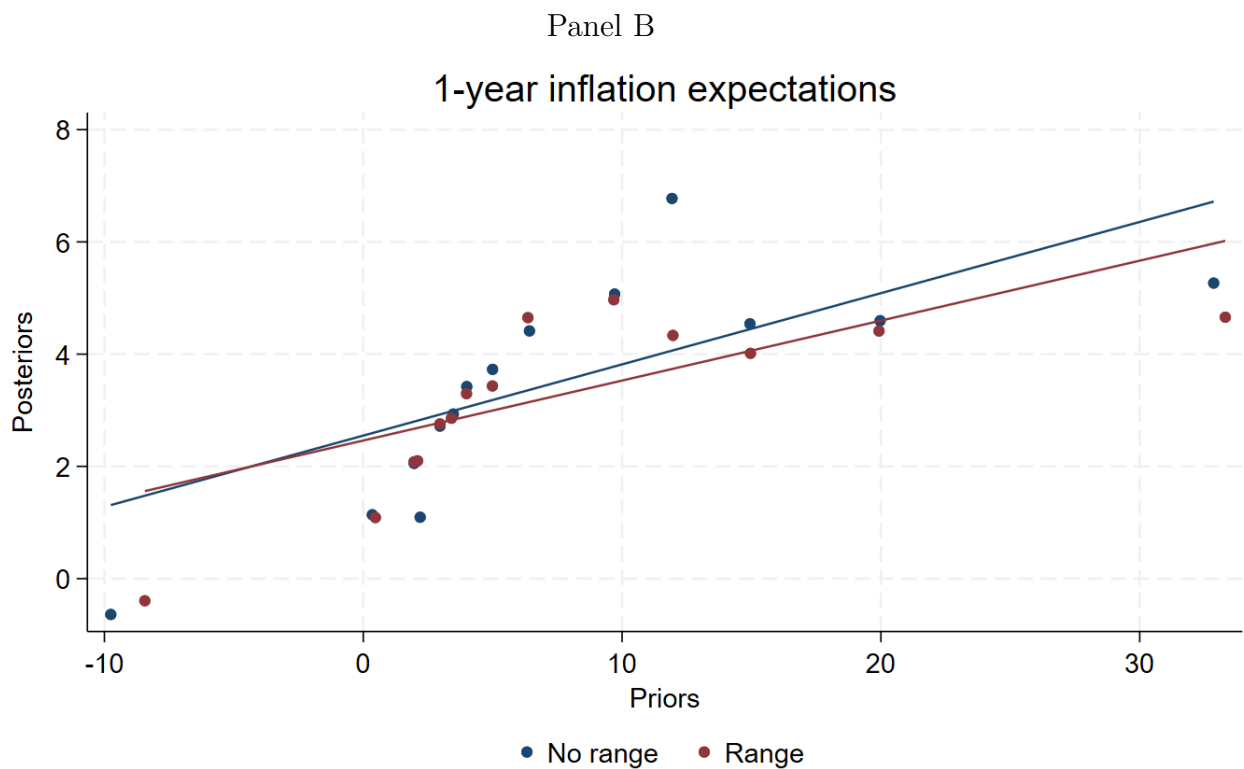
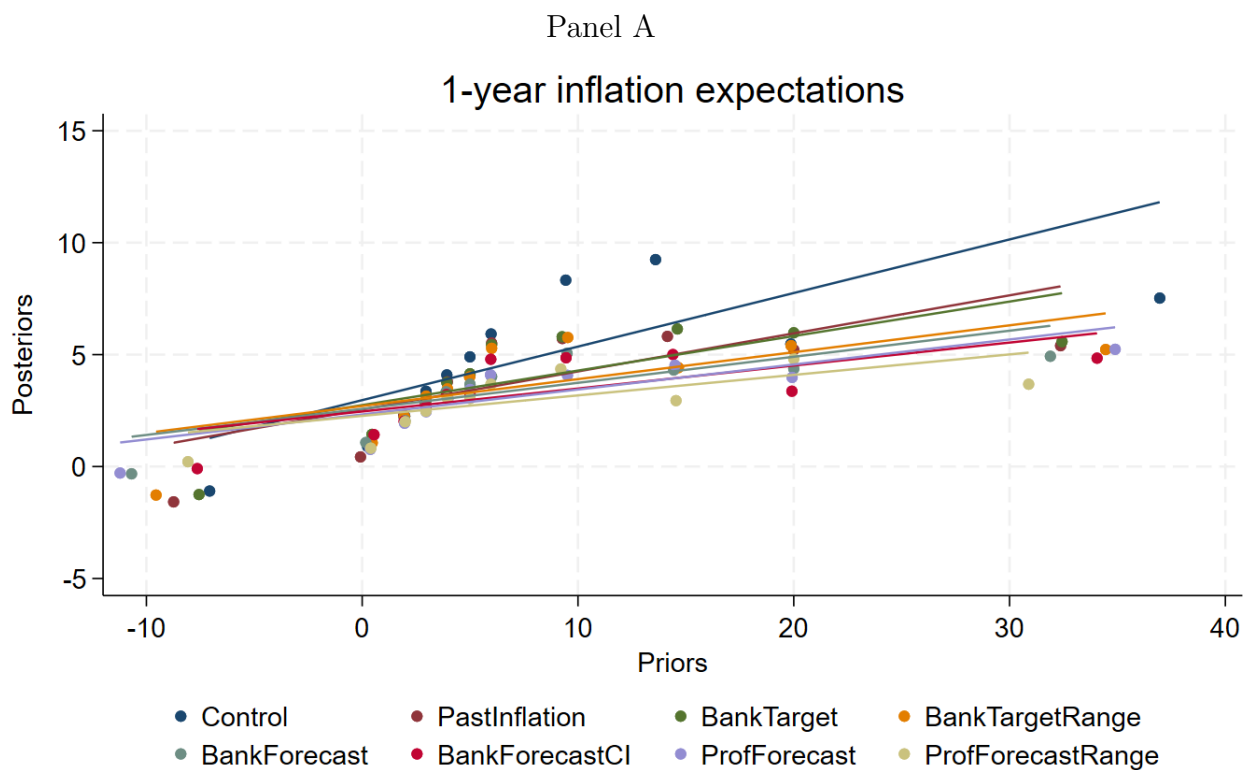


Figure 6: Binscatter plots of posterior and prior uncertainty about 1-year-ahead inflation expectations

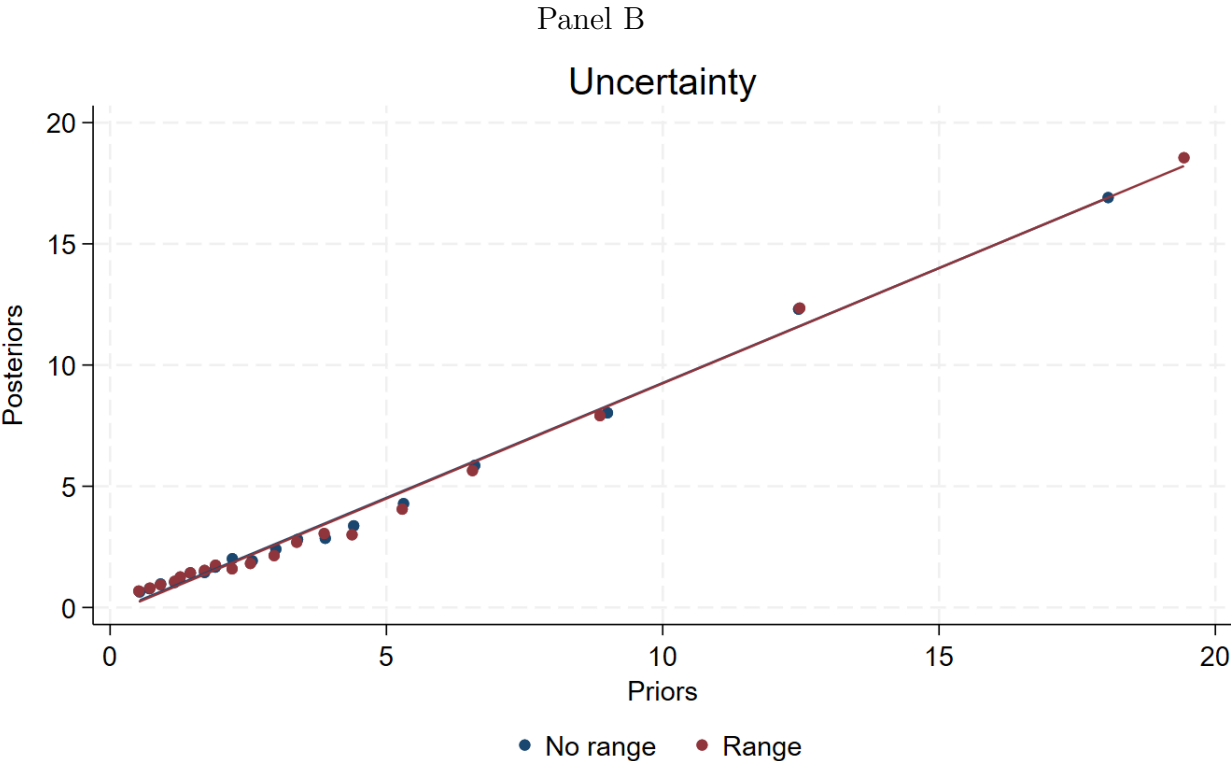
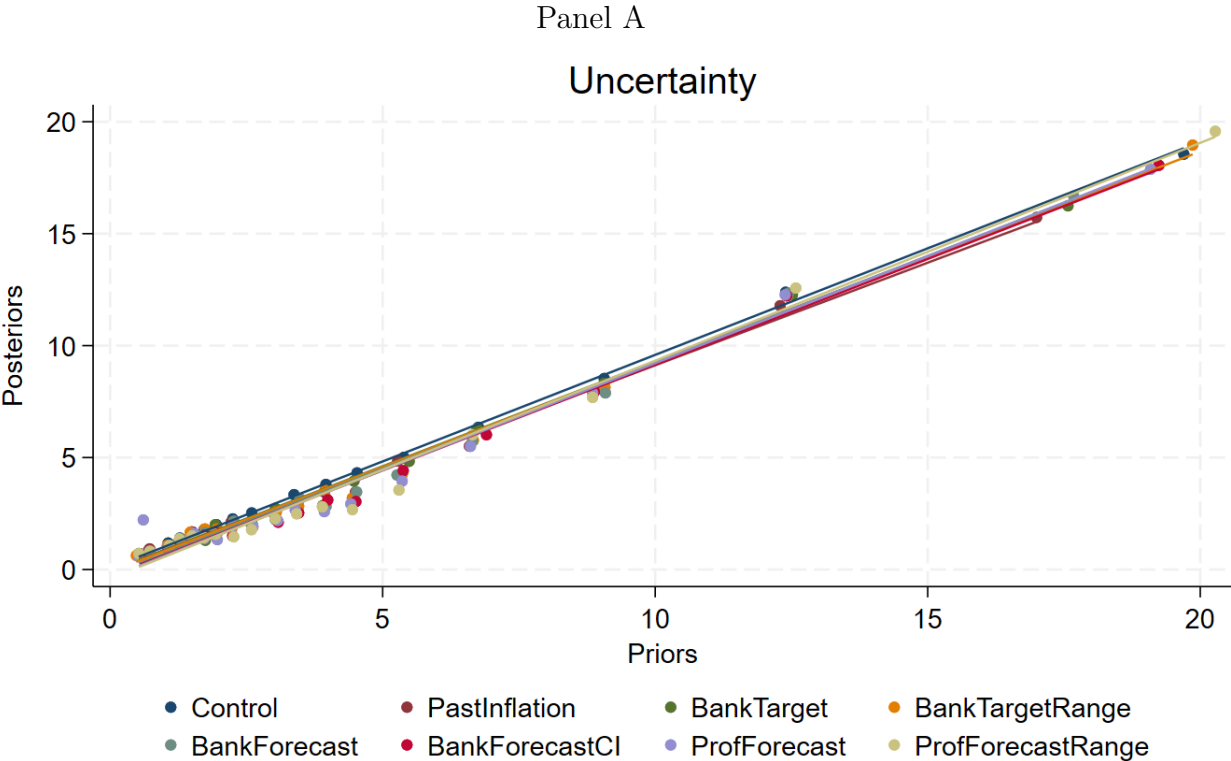


Figure 7: Binscatter plots of posterior and prior probability assigned to the target range

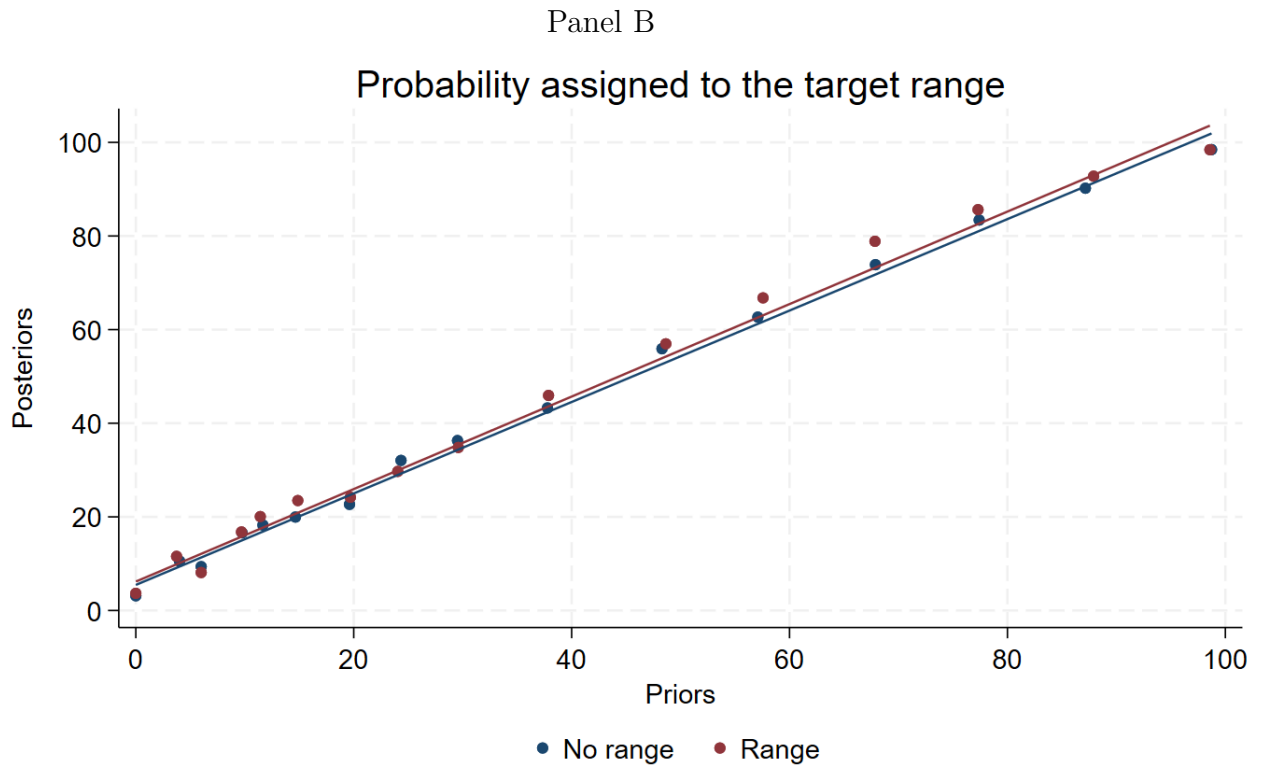
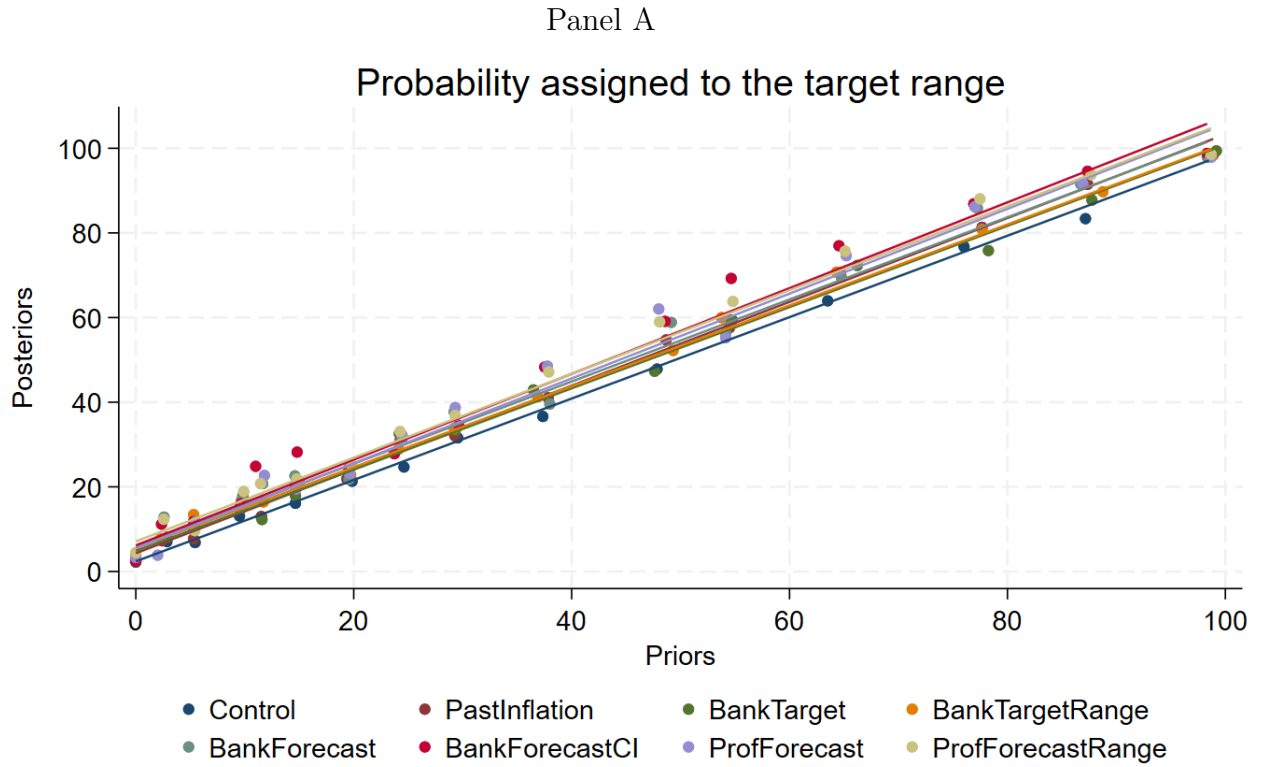


Figure 8: Communication of ranges and uncertainty

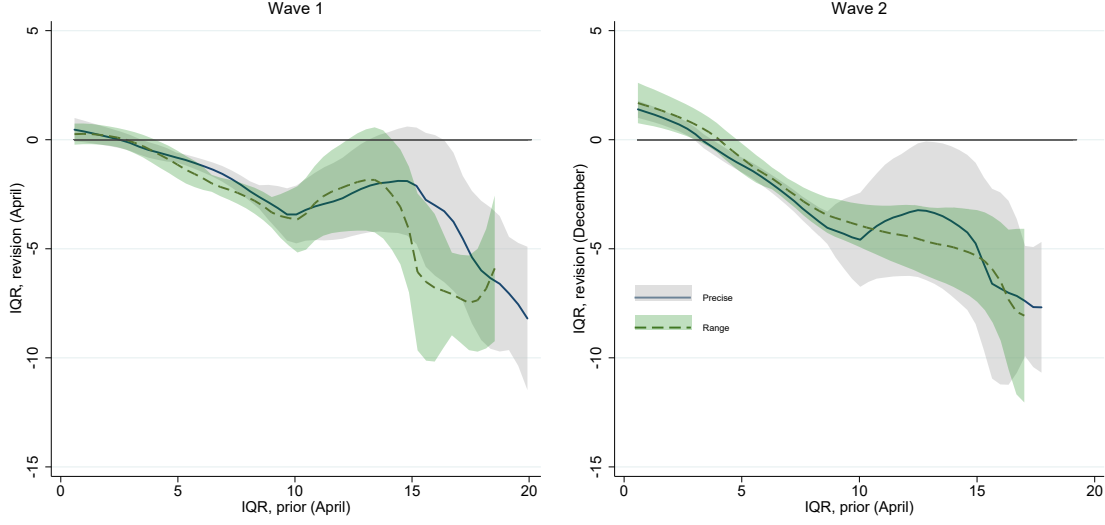


Table 1: Summary of information interventions

| Treatment              | Summary   | Information  |
|------------------------|---|--|
| T1: PastInflation      | Past inflation over the last 12 months  | “On average during the last year, January 2019 to January 2020, yearly inflation in Canada was 1.9%.”  |
| T2: BankTarget         | The Bank of Canada’s inflation target   | “The Bank of Canada’s inflation target is 2%.”   |
| T3: BankTargetRange    | The Bank of Canada’s inflation target with the inflation-control target range | “The Bank of Canada’s inflation target is 2% with a range between 1% and 3%.”  |
| T4: BankForecast       | The Bank of Canada’s inflation forecast over the next year                    | “According to the Bank of Canada, inflation is forecast to be around 2% over the next year.”   |
| T5: BankForecastCI     | The Bank of Canada’s inflation forecast with a confidence interval            | “According to the Bank of Canada, inflation is forecast to be around 2% over the next year with a 90% chance of being between 1.4 and 2.6%.”     |
| T6: ProffForecast      | The mean professional forecast of inflation over the next year                | “According to Canadian professional forecasters, inflation is forecast to be 1.7% over the next year.”   |
| T7: ProffForecastRange | The mean and range of professional forecasts of inflation over the next year  | “According to Canadian professional forecasters, inflation is forecast to be 1.7% over the next year, with forecasts ranging from 1.2% to 2.1%.” |

Table 2: Summary statistics about demographic composition

|                       | PastInflation     | BankTarget       | BankTarget<br>Range | BankForecast     | BankForecast<br>CI | ProfForecast     | ProfForecast<br>Range | Control          | Wave 2<br>only   |
|-----------------------|-------------------|------------------|---------------------|------------------|--------------------|------------------|-----------------------|------------------|------------------|
| <b>Age</b>            | 55.18<br>(14.14 ) | 54.23<br>(14.29) | 53.54<br>(14.65)    | 55.21<br>(13.82) | 53.00<br>(14.56)   | 53.83<br>(14.59) | 53.99<br>(13.60)      | 55.02<br>(14.02) | 51.48<br>(14.54) |
| <b>Female</b>         | 0.67              | 0.69             | 0.67                | 0.66             | 0.70               | 0.69             | 0.71                  | 0.69             | 0.67             |
| <b>Education</b>      |                   |                  |                     |                  |                    |                  |                       |                  |                  |
| High school or less   | 0.18              | 0.20             | 0.17                | 0.19             | 0.18               | 0.19             | 0.19                  | 0.19             | 0.18             |
| College               | 0.50              | 0.45             | 0.48                | 0.45             | 0.47               | 0.46             | 0.48                  | 0.46             | 0.46             |
| University+           | 0.32              | 0.35             | 0.35                | 0.36             | 0.35               | 0.35             | 0.33                  | 0.34             | 0.36             |
| <b>Income</b>         |                   |                  |                     |                  |                    |                  |                       |                  |                  |
| Less than 40K         | 0.23              | 0.25             | 0.24                | 0.23             | 0.23               | 0.25             | 0.21                  | 0.24             | 0.21             |
| 40-100K               | 0.51              | 0.49             | 0.49                | 0.51             | 0.47               | 0.51             | 0.52                  | 0.50             | 0.50             |
| More than 100K        | 0.26              | 0.27             | 0.27                | 0.26             | 0.30               | 0.24             | 0.27                  | 0.26             | 0.28             |
| <b>Province</b>       |                   |                  |                     |                  |                    |                  |                       |                  |                  |
| Atlantic              | 0.1               | 0.1              | 0.1                 | 0.1              | 0.1                | 0.1              | 0.1                   | 0.1              | 0.1              |
| QC                    | 0.2               | 0.2              | 0.2                 | 0.2              | 0.2                | 0.2              | 0.2                   | 0.2              | 0.2              |
| ON                    | 0.4               | 0.4              | 0.4                 | 0.4              | 0.4                | 0.4              | 0.4                   | 0.4              | 0.4              |
| MB, SK                | 0.1               | 0.1              | 0.1                 | 0.1              | 0.1                | 0.1              | 0.1                   | 0.1              | 0.1              |
| AB                    | 0.1               | 0.1              | 0.1                 | 0.1              | 0.1                | 0.1              | 0.1                   | 0.2              | 0.1              |
| BC                    | 0.1               | 0.1              | 0.1                 | 0.1              | 0.1                | 0.1              | 0.1                   | 0.1              | 0.1              |
| Number of respondents |                   |                  |                     |                  |                    |                  |                       |                  |                  |
| Wave 1                | 637               | 635              | 635                 | 633              | 638                | 635              | 632                   | 637              | –                |
| Wave 2                | 449               | 436              | 433                 | 436              | 422                | 428              | 421                   | 425              | 1414             |

*Notes:* This table presents shares of each group and average age and its standard deviations in parentheses for each treatment.



Table 3: Estimation results for revisions in one-year expectations

|                            | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i iqr_{1yr}^{post}$<br>(3) | $E_i iqr_{1yr}^{Wave2}$<br>(4) | $E_i prob_{1yr}^{target, post}$<br>(5) | $E_i prob_{1yr}^{target, Wave2}$<br>(6) |
|----------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|--|---|
| PastInflation              | -0.241***<br>(0.05)           | -0.178<br>(0.23)               | -0.269***<br>(0.05)           | -0.221<br>(0.17)               | 2.755***<br>(0.50)                     | 3.414*<br>(1.80)                        |
| BankTarget                 | -0.218***<br>(0.05)           | -0.037<br>(0.24)               | -0.213***<br>(0.05)           | -0.231<br>(0.18)               | 2.227***<br>(0.48)                     | 0.976<br>(1.80)                         |
| BankTargetRange            | -0.328***<br>(0.05)           | -0.124<br>(0.23)               | -0.249***<br>(0.05)           | -0.290<br>(0.18)               | 2.885***<br>(0.49)                     | 1.042<br>(1.76)                         |
| BankForecast               | -0.469***<br>(0.05)           | -0.564**<br>(0.24)             | -0.369***<br>(0.05)           | -0.402**<br>(0.18)             | 3.988***<br>(0.53)                     | 1.811<br>(1.77)                         |
| BankForecastCI             | -0.571***<br>(0.06)           | -0.237<br>(0.23)               | -0.455***<br>(0.05)           | 0.051<br>(0.17)                | 6.103***<br>(0.56)                     | -1.145<br>(1.76)                        |
| ProfForecast               | -0.732***<br>(0.06)           | -0.654***<br>(0.24)            | -0.489***<br>(0.05)           | -0.112<br>(0.17)               | 4.637***<br>(0.56)                     | 2.099<br>(1.78)                         |
| ProfForecastRange          | -0.794***<br>(0.06)           | 0.023<br>(0.23)                | -0.477***<br>(0.06)           | -0.464***<br>(0.18)            | 6.296***<br>(0.59)                     | 4.023**<br>(1.78)                       |
| young                      | 0.080<br>(0.06)               | -0.386<br>(0.25)               | -0.025<br>(0.05)              | 0.101<br>(0.19)                | -0.002<br>(0.55)                       | -6.905***<br>(1.76)                     |
| senior                     | 0.068**<br>(0.03)             | -0.496***<br>(0.14)            | -0.004<br>(0.03)              | -0.209**<br>(0.10)             | -0.407<br>(0.33)                       | 0.250<br>(0.99)                         |
| female                     | -0.165***<br>(0.03)           | -0.459***<br>(0.13)            | -0.055*<br>(0.03)             | -0.307***<br>(0.09)            | 1.442***<br>(0.31)                     | -0.426<br>(0.97)                        |
| some college               | 0.088**<br>(0.04)             | -0.018<br>(0.18)               | 0.063<br>(0.04)               | 0.391***<br>(0.14)             | 0.166<br>(0.40)                        | 0.426<br>(1.21)                         |
| university                 | 0.073<br>(0.05)               | -0.007<br>(0.19)               | 0.032<br>(0.05)               | 0.228<br>(0.15)                | 0.848*<br>(0.45)                       | 6.317***<br>(1.36)                      |
| \$40K-\$100K               | -0.032<br>(0.04)              | 0.478***<br>(0.16)             | -0.045<br>(0.04)              | -0.020<br>(0.12)               | 1.410***<br>(0.38)                     | 3.036***<br>(1.13)                      |
| \$100K+                    | -0.024<br>(0.05)              | 0.301<br>(0.19)                | -0.057<br>(0.05)              | 0.174<br>(0.14)                | 1.559***<br>(0.47)                     | 2.813**<br>(1.41)                       |
| Dknow inflation well       | 0.019<br>(0.04)               | -0.119<br>(0.16)               | 0.002<br>(0.04)               | -0.342***<br>(0.12)            | -0.094<br>(0.38)                       | -0.389<br>(1.13)                        |
| Deasy to express inflation | 0.098***<br>(0.03)            | 0.311**<br>(0.14)              | 0.153***<br>(0.03)            | 0.228**<br>(0.10)              | -0.488<br>(0.33)                       | 2.158**<br>(1.03)                       |
| constant                   | -0.198*<br>(0.11)             | -0.883*<br>(0.47)              | -0.059<br>(0.11)              | -0.684*<br>(0.35)              | -0.036<br>(1.10)                       | 7.684**<br>(3.49)                       |
| N                          | 3842                          | 3095                           | 4211                          | 3110                           | 4337                                   | 3432                                    |
| r2                         | 0.0684                        | 0.0233                         | 0.0304                        | 0.0181                         | 0.0461                                 | 0.0247                                  |

Notes: This table presents the estimation results for Equation 1. The dependent variable is the variable listed at the top of each column relative to its prior. All regressions control for demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 4: Estimation results for revisions in one-year expectations, precise vs. range

|                     | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i iqr_{1yr}^{post}$<br>(3) | $E_i iqr_{1yr}^{Wave2}$<br>(4) | $E_i prob_{1yr}^{target, post}$<br>(5) | $E_i prob_{1yr}^{target, Wave2}$<br>(6) |
|---------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|--|---|
| Range, all          | -0.059<br>(0.05)              | 0.291**<br>(0.14)              | -0.040<br>(0.04)              | 0.005<br>(0.10)                | 1.753***<br>(0.41)                     | -0.317<br>(1.01)                        |
| constant            | -0.902***<br>(0.18)           | -0.816<br>(0.55)               | -0.547***<br>(0.14)           | -0.665*<br>(0.38)              | 4.373***<br>(1.52)                     | 9.963***<br>(3.66)                      |
| N                   | 3025                          | 2329                           | 3194                          | 2329                           | 3321                                   | 2569                                    |
| R <sup>2</sup>      | 0.0255                        | 0.0244                         | 0.0111                        | 0.0121                         | 0.0310                                 | 0.0214                                  |
| Range, BankTarget   | -0.102*<br>(0.06)             | -0.021<br>(0.26)               | -0.016<br>(0.05)              | -0.039<br>(0.19)               | 0.489<br>(0.47)                        | 0.174<br>(1.82)                         |
| constant            | -0.283<br>(0.22)              | 0.894<br>(0.93)                | -0.420**<br>(0.17)            | -0.307<br>(0.65)               | 3.112*<br>(1.62)                       | 1.751<br>(7.08)                         |
| N                   | 968                           | 773                            | 1026                          | 791                            | 1043                                   | 863                                     |
| R <sup>2</sup>      | 0.0222                        | 0.0545                         | 0.0133                        | 0.0455                         | 0.0398                                 | 0.0425                                  |
| Range, BankForecast | -0.097<br>(0.09)              | 0.423*<br>(0.25)               | -0.089<br>(0.06)              | 0.436**<br>(0.20)              | 2.848***<br>(0.84)                     | -3.858**<br>(1.69)                      |
| constant            | -1.280***<br>(0.38)           | -1.333<br>(0.91)               | -0.549**<br>(0.27)            | -1.299*<br>(0.72)              | 11.428***<br>(3.36)                    | 9.779<br>(6.11)                         |
| N                   | 1016                          | 780                            | 1066                          | 775                            | 1173                                   | 857                                     |
| R <sup>2</sup>      | 0.0385                        | 0.0331                         | 0.0202                        | 0.0365                         | 0.0478                                 | 0.0449                                  |
| Range, ProfForecast | 0.030<br>(0.10)               | 0.646**<br>(0.25)              | 0.050<br>(0.08)               | -0.299*<br>(0.18)              | 3.419***<br>(1.29)                     | 1.292<br>(1.81)                         |
| constant            | -1.902***<br>(0.38)           | -2.111**<br>(0.95)             | -0.419<br>(0.29)              | -0.548<br>(0.64)               | 2.519<br>(4.47)                        | 16.427***<br>(5.64)                     |
| N                   | 1037                          | 763                            | 1108                          | 769                            | 1248                                   | 849                                     |
| R <sup>2</sup>      | 0.0635                        | 0.0489                         | 0.0507                        | 0.0246                         | 0.0679                                 | 0.0608                                  |

Notes: This table presents the estimation results for equation Equation 2. The dependent variable is the variable listed at the top of each column relative to its prior. All regressions control for demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 5: Role of prior uncertainty on impact of communicating with ranges.

|  | T=All                         |                                | T=BankTarget                  |                                | T=BankForecast                |                                | T=ProfForecast                |                                |
|--|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|
|  | $E_{iqr}^{post}_{1yr}$<br>(1) | $E_{iqr}^{Wave2}_{1yr}$<br>(2) | $E_{iqr}^{post}_{1yr}$<br>(3) | $E_{iqr}^{Wave2}_{1yr}$<br>(4) | $E_{iqr}^{post}_{1yr}$<br>(5) | $E_{iqr}^{Wave2}_{1yr}$<br>(6) | $E_{iqr}^{post}_{1yr}$<br>(7) | $E_{iqr}^{Wave2}_{1yr}$<br>(8) |
| $E_{iqr}^{prior}_{1yr}$                  | 0.925***<br>(0.00780)         | 0.0492***<br>(0.00990)         | 0.931***<br>(0.0104)          | 0.00303<br>(0.00432)           | 0.948***<br>(0.0133)          | 0.0156**<br>(0.00704)          | 0.908***<br>(0.0165)          | 0.0542***<br>(0.0180)          |
| $Range_i^T$                              | -0.0142<br>(0.0467)           | 0.0360<br>(0.0752)             | -0.0496<br>(0.0607)           | -0.293**<br>(0.119)            | 0.369***<br>(0.0847)          | 0.255**<br>(0.116)             | 0.0704<br>(0.112)             | -0.0680<br>(0.132)             |
| $Range_i^T \times E_{iqr}^{prior}_{1yr}$ | -0.0201**<br>(0.00908)        | -0.0149<br>(0.0120)            | -0.00354<br>(0.0119)          | 0.0403**<br>(0.0164)           | -0.238***<br>(0.0224)         | -0.0169**<br>(0.00798)         | -0.0337<br>(0.0255)           | -0.00970<br>(0.0227)           |
| Constant                                 | -0.155<br>(0.160)             | 1.877***<br>(0.227)            | -0.259<br>(0.202)             | 2.259***<br>(0.379)            | -0.423<br>(0.312)             | 1.894***<br>(0.441)            | 0.122<br>(0.338)              | 1.769***<br>(0.382)            |
| Observations                             | 3,324                         | 2,214                          | 1,051                         | 754                            | 1,112                         | 740                            | 1,131                         | 720                            |
| R-squared                                | 0.952                         | 0.054                          | 0.966                         | 0.067                          | 0.895                         | 0.039                          | 0.864                         | 0.080                          |

Notes: This table presents the estimation results of Equation 3. The dependent variable is the variable listed at the top of each column relative to its prior. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 6: Shares of inflation expectations at the mid-point and in the range of treatment information in priors and posteriors

|                        | Past<br>Inflation | Bank<br>Target | Bank<br>TargetRange | Bank<br>Forecast | Bank<br>ForecastCI | Prof<br>Forecast | Prof<br>ForecastRange |
|------------------------|-------------------|----------------|---------------------|------------------|--------------------|------------------|-----------------------|
| point, prior           | 0                 | 10.4           | 10.4                | 10.9             | 11.6               | 0                | 0                     |
| point, posterior       | 0.3               | 22.7           | 23.1                | 35.7             | 36.8               | 14.7             | 8.2                   |
| point, Wave 2          | 0.2               | 17.4           | 18.7                | 15.8             | 19.7               | 0                | 0                     |
| point (0.5), prior     | 10                | 10.9           | 10.6                | 11.5             | 11.8               | 11.8             | 10.1                  |
| point (0.5), posterior | 18.6              | 23.3           | 23.3                | 36.2             | 38.2               | 42.4             | 41.8                  |
| point (0.5), Wave 2    | 18.5              | 18.3           | 18.7                | 16.1             | 20.1               | 19.2             | 21.9                  |
| inrange, prior         | NA                | 25.8           | 25.2                | 12.6             | 13.8               | 12               | 10.1                  |
| inrange, posterior     | NA                | 41.6           | 43.5                | 37.6             | 41.8               | 42.7             | 44.4                  |
| inrange, Wave 2        | NA                | 44.7           | 40.4                | 19.5             | 23.2               | 19.4             | 21.9                  |

Table 7: Estimation results about credibility of mid-point and range information

| PANEL A                    |                     | $1_{i,t}^{point,post}$  |                        |                        |                      | $1_{i,t}^{inrange,post}$  |                        |                        |  |
|----------------------------|---------------------|-------------------------|------------------------|------------------------|----------------------|---------------------------|------------------------|------------------------|--|
|                            | T=All<br>(1)        | T=BankTarget<br>(2)     | T=BankForecast<br>(3)  | T=ProfForecast<br>(4)  | T=All<br>(5)         | T=BankTarget<br>(6)       | T=BankForecast<br>(7)  | T=ProfForecast<br>(8)  |  |
| $Range_i^T$                | -0.0168<br>(0.0139) | 0.00145<br>(0.0239)     | 0.0134<br>(0.0274)     | -0.0585***<br>(0.0172) | 0.0255<br>(0.0162)   | 0.0183<br>(0.0283)        | 0.0464*<br>(0.0279)    | 0.0177<br>(0.0285)     |  |
| Observations               | 3,771               | 1,252                   | 1,264                  | 1,255                  | 3,771                | 1,252                     | 1,264                  | 1,255                  |  |
| Pseudo R <sup>2</sup>      | 0.0147<br>(9)       | 0.0176<br>(10)          | 0.0216<br>(11)         | 0.0712<br>(12)         | 0.0170<br>(13)       | 0.0230<br>(14)            | 0.0216<br>(15)         | 0.0257<br>(16)         |  |
| <b>prior outside range</b> |                     |                         |                        |                        |                      |                           |                        |                        |  |
| $Range_i^T$                | -0.0119<br>(0.0139) | 0.00813<br>(0.0231)     | 0.0187<br>(0.0278)     | -0.0495***<br>(0.0179) | 0.0383**<br>(0.0169) | 0.0530*<br>(0.0290)       | 0.0486*<br>(0.0286)    | 0.0204<br>(0.0298)     |  |
| Observations               | 3,119               | 927                     | 1,091                  | 1,101                  | 3,119                | 927                       | 1,091                  | 1,101                  |  |
| Pseudo R <sup>2</sup>      | 0.0269              | 0.0486                  | 0.0327                 | 0.0795                 | 0.0269               | 0.0562                    | 0.0306                 | 0.0334                 |  |
| PANEL B                    |                     | $1_{i,t}^{point,Wave2}$ |                        |                        |                      | $1_{i,t}^{inrange,Wave2}$ |                        |                        |  |
|                            | T=All<br>(17)       | T=BankTarget<br>(18)    | T=BankForecast<br>(19) | T=ProfForecast<br>(20) | T=All<br>(21)        | T=BankTarget<br>(22)      | T=BankForecast<br>(23) | T=ProfForecast<br>(24) |  |
| $Range_i^T$                | 0.0176<br>(0.0128)  | 0.0138<br>(0.0262)      | 0.0395<br>(0.0263)     | 0.00583<br>(0.0179)    | -0.0445<br>(0.0344)  | 0.0410<br>(0.0282)        | 0.0240<br>(0.0278)     | 0.0240<br>(0.0278)     |  |
| Observations               | 2,567               | 865                     | 856                    | 2,567                  | 865                  | 856                       | 846                    | 846                    |  |
| Pseudo R <sup>2</sup>      | 0.0127<br>(24)      | 0.0217<br>(25)          | 0.0157<br>(26)         | 0.0246<br>(27)         | 0.0379<br>(28)       | 0.0260<br>(29)            | 0.0538<br>(30)         | 0.0538<br>(30)         |  |
| <b>prior outside range</b> |                     |                         |                        |                        |                      |                           |                        |                        |  |
| $Range_i^T$                | 0.0197<br>(0.0120)  | 0.0215<br>(0.0261)      | 0.0396<br>(0.0253)     | 0.0177<br>(0.0179)     | -0.0387<br>(0.0376)  | 0.0427<br>(0.0274)        | 0.0409<br>(0.0280)     | 0.0409<br>(0.0280)     |  |
| Observations               | 2,106               | 633                     | 734                    | 2,106                  | 633                  | 734                       | 739                    | 739                    |  |
| Pseudo R <sup>2</sup>      | 0.0143              | 0.0268                  | 0.0181                 | 0.0237                 | 0.0435               | 0.0240                    | 0.0615                 | 0.0615                 |  |

Notes: This table presents estimated results for Equation 4. These regressions control for all demographic characteristics. Standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Estimations for  $1_{i,t}^{midpoint}$  for  $T = ProfForecast$  were not performed in Wave 2 because nobody forecast inflation equal to the mean professional forecast (Table 6).

Table 8: Estimation results for spending decisions

|                            | during 1 month<br>(1) | Actual spending after treatment |                        | during 12 months<br>(4) |
|----------------------------|-----------------------|---------------------------------|------------------------|-------------------------|
|                            |                       | during 3 months<br>(2)          | during 6 months<br>(3) |                         |
| <b>Total spending</b>      |                       |                                 |                        |                         |
| PastInflation              | 0.073**<br>(0.03)     | 0.068**<br>(0.03)               | 0.066**<br>(0.03)      | 0.059**<br>(0.03)       |
| BankTarget                 | 0.082**<br>(0.03)     | 0.072**<br>(0.03)               | 0.069**<br>(0.03)      | 0.055*<br>(0.03)        |
| BankTargetRange            | 0.105***<br>(0.04)    | 0.107***<br>(0.03)              | 0.110***<br>(0.03)     | 0.097***<br>(0.03)      |
| BankForecast               | 0.037<br>(0.04)       | 0.049<br>(0.03)                 | 0.048<br>(0.03)        | 0.030<br>(0.03)         |
| BankForecastCI             | 0.060*<br>(0.04)      | 0.074**<br>(0.03)               | 0.063**<br>(0.03)      | 0.060**<br>(0.03)       |
| ProfForecast               | 0.051<br>(0.03)       | 0.055*<br>(0.03)                | 0.059*<br>(0.03)       | 0.064**<br>(0.03)       |
| ProfForecastRange          | 0.140***<br>(0.03)    | 0.113***<br>(0.03)              | 0.092***<br>(0.03)     | 0.081***<br>(0.03)      |
| constant                   | 2.023***<br>(0.20)    | 6.504***<br>(0.05)              | 7.189***<br>(0.04)     | 8.011***<br>(0.04)      |
| Observations               | 4498                  | 4522                            | 4419                   | 4174                    |
| R <sup>2</sup>             | 0.179                 | 0.208                           | 0.218                  | 0.239                   |
| <b>Durable spending</b>    |                       |                                 |                        |                         |
| PastInflation              | 0.309***<br>(0.12)    | 0.320***<br>(0.09)              | 0.221***<br>(0.08)     | 0.245***<br>(0.08)      |
| BankTarget                 | 0.227**<br>(0.11)     | 0.162*<br>(0.09)                | 0.177**<br>(0.08)      | 0.184**<br>(0.08)       |
| BankTargetRange            | 0.304**<br>(0.12)     | 0.308***<br>(0.10)              | 0.269***<br>(0.08)     | 0.262***<br>(0.08)      |
| BankForecast               | 0.223*<br>(0.11)      | 0.220**<br>(0.09)               | 0.191**<br>(0.08)      | 0.154*<br>(0.08)        |
| BankForecastCI             | 0.231*<br>(0.12)      | 0.326***<br>(0.10)              | 0.273***<br>(0.08)     | 0.221***<br>(0.08)      |
| ProfForecast               | 0.283**<br>(0.12)     | 0.302***<br>(0.09)              | 0.237***<br>(0.08)     | 0.341***<br>(0.08)      |
| ProfForecastRange          | 0.341***<br>(0.12)    | 0.351***<br>(0.09)              | 0.289***<br>(0.08)     | 0.315***<br>(0.08)      |
| constant                   | 2.534***<br>(0.24)    | 2.863***<br>(0.18)              | 3.377***<br>(0.16)     | 4.101***<br>(0.15)      |
| Observations               | 1520                  | 2790                            | 3508                   | 3917                    |
| R <sup>2</sup>             | 0.0272                | 0.0255                          | 0.0372                 | 0.0738                  |
| <b>Nondurable spending</b> |                       |                                 |                        |                         |
| PastInflation              | 0.070**<br>(0.03)     | 0.066**<br>(0.03)               | 0.063**<br>(0.03)      | 0.062**<br>(0.03)       |
| BankTarget                 | 0.087**<br>(0.03)     | 0.078**<br>(0.03)               | 0.070**<br>(0.03)      | 0.059*<br>(0.03)        |
| BankTargetRange            | 0.096***<br>(0.03)    | 0.100***<br>(0.03)              | 0.104***<br>(0.03)     | 0.094***<br>(0.03)      |
| BankForecast               | 0.034<br>(0.04)       | 0.044<br>(0.03)                 | 0.040<br>(0.03)        | 0.031<br>(0.03)         |
| BankForecastCI             | 0.061*<br>(0.03)      | 0.070**<br>(0.03)               | 0.057*<br>(0.03)       | 0.058*<br>(0.03)        |
| ProfForecast               | 0.050<br>(0.03)       | 0.052*<br>(0.03)                | 0.054*<br>(0.03)       | 0.063**<br>(0.03)       |
| ProfForecastRange          | 0.143***<br>(0.03)    | 0.109***<br>(0.03)              | 0.084***<br>(0.03)     | 0.078***<br>(0.03)      |
| constant                   | 1.993***<br>(0.21)    | 6.458***<br>(0.05)              | 7.146***<br>(0.04)     | 7.965***<br>(0.04)      |
| Observations               | 4492                  | 4518                            | 4414                   | 4172                    |
| R <sup>2</sup>             | 0.187                 | 0.214                           | 0.224                  | 0.243                   |

Notes: This table presents the estimation results for Equation 5. These regressions control for all demographic characteristics and a one-month lag of monthly spending. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 9: Effects of communicating ranges on nominal spending

|                            | during 1 month<br>(1) | Actual spending after treatment<br>during 3 months<br>(2) | during 6 months<br>(3) | during 12 months<br>(4) |
|----------------------------|-----------------------|---|------------------------|-------------------------|
| <b>Total spending</b>      |                       |   |                        |                         |
| Range $^{All}_i$           | 0.045**<br>(0.02)     | 0.040**<br>(0.02)   | 0.030*<br>(0.02)       | 0.031*<br>(0.02)        |
| constant                   | 2.453***<br>(0.05)    | 6.603***<br>(0.05)  | 7.275***<br>(0.05)     | 8.077***<br>(0.05)      |
| Observations               | 3366                  | 3382  | 3308                   | 3138                    |
| R <sup>2</sup>             | 0.174                 | 0.202   | 0.213                  | 0.235                   |
| <b>Durable spending</b>    |                       |   |                        |                         |
| Range $^{All}_i$           | 0.080<br>(0.07)       | 0.126**<br>(0.05)   | 0.102**<br>(0.05)      | 0.067<br>(0.05)         |
| constant                   | 2.551***<br>(0.24)    | 2.940***<br>(0.19)  | 3.588***<br>(0.17)     | 4.295***<br>(0.16)      |
| Observations               | 1138                  | 2099  | 2616                   | 2935                    |
| R <sup>2</sup>             | 0.0374                | 0.0300  | 0.0383                 | 0.0684                  |
| <b>Nondurable spending</b> |                       |   |                        |                         |
| Range $^{All}_i$           | 0.043**<br>(0.02)     | 0.035*<br>(0.02)  | 0.028<br>(0.02)        | 0.027<br>(0.02)         |
| constant                   | 2.445***<br>(0.04)    | 6.556***<br>(0.05)  | 7.228***<br>(0.05)     | 8.033***<br>(0.05)      |
| Observations               | 3361                  | 3377  | 3303                   | 3136                    |
| R <sup>2</sup>             | 0.180                 | 0.206   | 0.219                  | 0.239                   |

*Notes:* This table presents the estimation results for Equation 6. These regressions control for all demographic characteristics and a one-month lag of monthly spending. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 10: Effect of inflation expectations on spending decisions

|                             | during 1 month<br>(1) | Actual spending after treatment<br>during 3 months<br>(2) | during 6 months<br>(3) | during 12 months<br>(4) |
|-----------------------------|-----------------------|---|------------------------|-------------------------|
| <b>Total spending</b>       |                       |   |                        |                         |
| $E_i \pi_{1yr}^{posterior}$ | -0.018<br>(0.02)      | -0.043***<br>(0.01)                                       | -0.020<br>(0.01)       | -0.010<br>(0.01)        |
| Observations                | 3913                  | 3915  | 3808                   | 3595                    |
| R-squared                   | 0.496                 | 0.562   | 0.605                  | 0.625                   |
| First-stage F-statistic     | 17.35                 | 19.09   | 18.85                  | 17.88                   |
| <b>Durables</b>             |                       |   |                        |                         |
| $E_i \pi_{1yr}^{posterior}$ | -0.129***<br>(0.04)   | -0.120***<br>(0.04)                                       | -0.140***<br>(0.05)    | -0.138***<br>(0.05)     |
| Observations                | 1039                  | 2191  | 2804                   | 3192                    |
| R-squared                   | 0.0533                | 0.0164  | 0.0258                 | 0.0909                  |
| First-stage F-statistic     | 8.08                  | 14.98   | 12.65                  | 14.49                   |
| <b>Nondurables</b>          |                       |   |                        |                         |
| $E_i \pi_{1yr}^{posterior}$ | -0.009<br>(0.02)      | -0.037**<br>(0.01)  | -0.017<br>(0.01)       | -0.007<br>(0.01)        |
| Observations                | 3907                  | 3912  | 3819                   | 3600                    |
| R-squared                   | 0.497                 | 0.570   | 0.615                  | 0.627                   |
| First-stage F-statistic     | 17.70                 | 18.91   | 18.58                  | 17.37                   |

*Notes:* This table presents the estimation results for Equation 7. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 11: Effect of uncertainty about inflation on spending decisions

|                         | during 1 month<br>(1) | Actual spending after treatment<br>during 3 months<br>(2) | during 6 months<br>(3) | during 12 months<br>(4) |
|-------------------------|-----------------------|---|------------------------|-------------------------|
| <b>Total spending</b>   |                       |   |                        |                         |
| $E_i iqr^{posterior}$   | -0.069<br>(0.04)      | -0.133***<br>(0.04)                                       | -0.065*<br>(0.04)      | -0.057*<br>(0.03)       |
| Observations            | 3720                  | 3717  | 3625                   | 3429                    |
| R-squared               | 0.473                 | 0.523   | 0.572                  | 0.598                   |
| First-stage F-statistic | 11.47                 | 11.12   | 9.789                  | 9.67                    |
| <b>Durables</b>         |                       |   |                        |                         |
| $E_i iqr^{posterior}$   | 0.029<br>(0.13)       | -0.153<br>(0.13)  | -0.452***<br>(0.16)    | -0.359***<br>(0.12)     |
| Observations            | 975                   | 2020  | 2646                   | 3011                    |
| R-squared               | 0.0393                | 0.0543  | 0.0661                 | 0.0627                  |
| First-stage F-statistic | 4.179                 | 6.380   | 5.574                  | 7.99                    |
| <b>Nondurables</b>      |                       |   |                        |                         |
| $E_i iqr^{posterior}$   | -0.076*<br>(0.04)     | -0.114***<br>(0.04)                                       | -0.050<br>(0.04)       | -0.036<br>(0.04)        |
| Observations            | 3721                  | 3714  | 3641                   | 3431                    |
| R-squared               | 0.468                 | 0.532   | 0.577                  | 0.602                   |
| First-stage F-statistic | 11.55                 | 10.85   | 10.09                  | 9.36                    |

*Notes:* This table presents the estimation results for Equation 7 with uncertainty used instead of inflation expectations. These regressions control for all demographic characteristics. Results are based on Huber regressions in the first stage and a jackknife procedure to eliminate the impact of influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 12: Effect of probability in 0 to 4% range on spending decisions

|                                | during 1 month<br>(1) | Actual spending after treatment<br>during 3 months<br>(2) | during 6 months<br>(3) | during 12 months<br>(4) |
|--------------------------------|-----------------------|---|------------------------|-------------------------|
| <b>Total spending</b>          |                       |   |                        |                         |
| $E_i prob_{1yr}^{target,post}$ | 0.004<br>(0.004)      | 0.010**<br>(0.004)  | 0.002<br>(0.004)       | 0.005<br>(0.003)        |
| Observations                   | 3670                  | 3681  | 3574                   | 3384                    |
| R-squared                      | 0.494                 | 0.554   | 0.585                  | 0.605                   |
| First-stage F-statistic        | 16.03                 | 14.47   | 12.79                  | 12.64                   |
| <b>Durables</b>                |                       |   |                        |                         |
| $E_i prob_{1yr}^{target,post}$ | -0.002<br>(0.01)      | 0.027**<br>(0.01)   | 0.023<br>(0.01)        | 0.028**<br>(0.01)       |
| Observations                   | 1009                  | 1989  | 2590                   | 2916                    |
| R-squared                      | 0.0276                | 0.0572  | 0.0594                 | 0.108                   |
| First-stage F-statistic        | 4.992                 | 8.805   | 7.093                  | 9.362                   |
| <b>Nondurables</b>             |                       |   |                        |                         |
| $E_i prob_{1yr}^{target,post}$ | 0.005<br>(0.004)      | 0.007*<br>(0.004)   | 0.001<br>(0.004)       | 0.005<br>(0.003)        |
| Observations                   | 3669                  | 3686  | 3572                   | 3393                    |
| R-squared                      | 0.495                 | 0.564   | 0.591                  | 0.600                   |
| First-stage F-statistic        | 15.86                 | 14.31   | 13.04                  | 13.46                   |

*Notes:* This table presents the estimation results for Equation 7 with probability instead of inflation expectations. These regressions control for all demographic characteristics. Results are based on Huber regressions in the first stage and a jackknife procedure to eliminate the impact of influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

# Online Appendix for The Effects of Inflation Uncertainty on Household Expectations and Spending

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Appendix A: Survey questions

Appendix B: Summary statistics

Appendix C: Additional results on treatment effects

C.1 Link between posterior and prior beliefs

C.2 Results for the probability distributions

C.3 The effects of communicating past inflation and inflation target

C.4 The role of awareness and knowledge gap in the expectations revisions

Appendix D: The heterogeneity in effects across demographic characteristics

## A Survey questions

## B Summary statistics

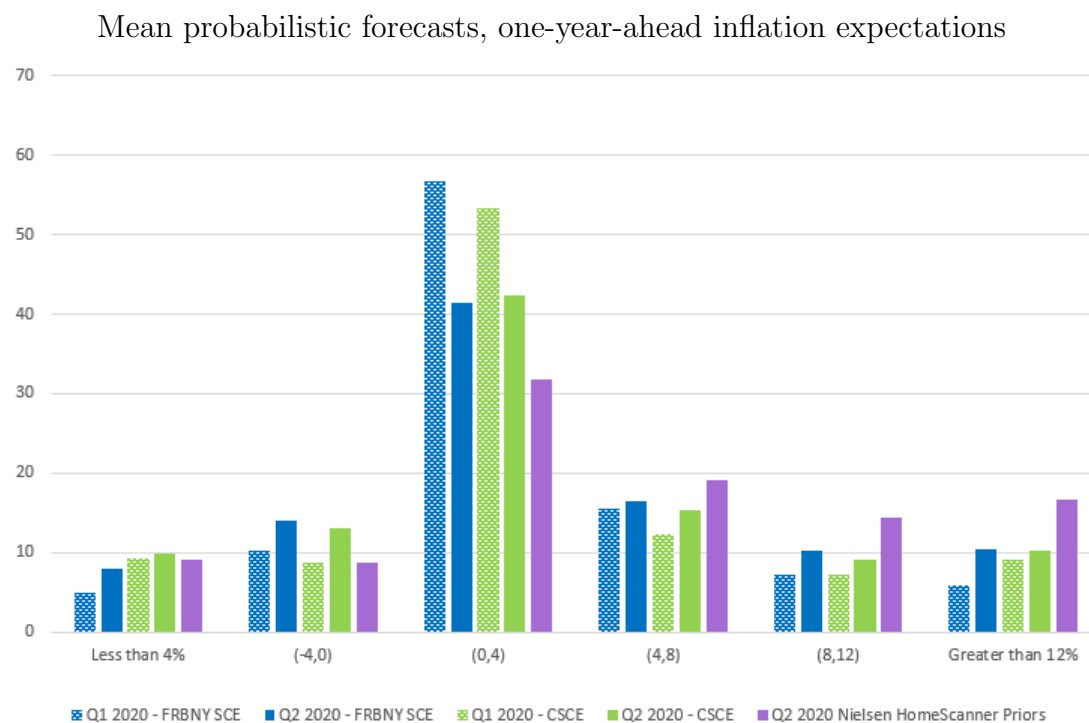
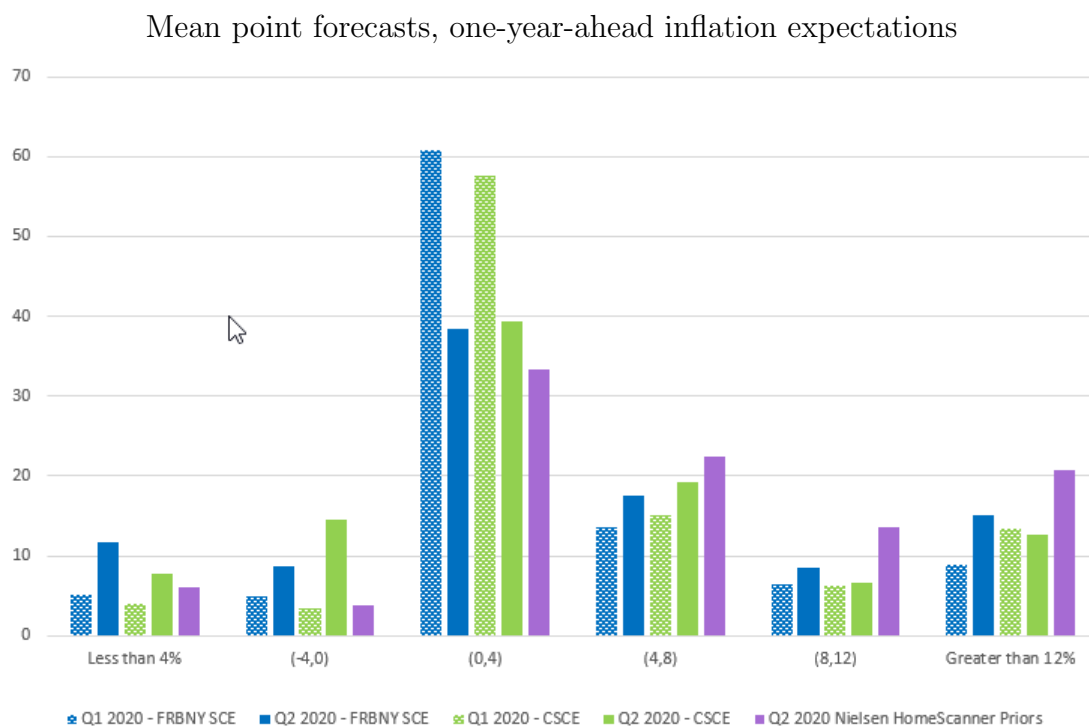
Table B1: Summary statistics about inflation expectations and uncertainty.

|                           |                                    |      | Past<br>inflation | Bank<br>target | BankTarget<br>with range | BoC<br>forecast | BoC forecast<br>with CI | Prof<br>forecast | Prof forecast<br>with range | Control | Wave 2 |
|---------------------------|------------------------------------|------|-------------------|----------------|--------------------------|-----------------|-------------------------|------------------|-----------------------------|---------|--------|
| <b>Priors, Wave 1</b>     | $E_i \pi_{1yr}^{prior}$            | Mean | 7.20              | 7.78           | 7.94                     | 7.83            | 7.92                    | 8.27             | 8.09                        | 7.81    |        |
|                           |                                    | SD   | 12.40             | 13.06          | 13.82                    | 12.7            | 12.89                   | 15.10            | 12.77                       | 13.91   |        |
|                           | $E_i \pi_{1yr}^{mean,prior}$       | Mean | 5.32              | 5.56           | 6.42                     | 5.85            | 6.21                    | 4.76             | 5.5                         | 5.03    |        |
|                           |                                    | SD   | 11.17             | 12.32          | 15.54                    | 13.19           | 17.64                   | 11.08            | 6.50                        | 9.87    |        |
|                           | $E_i \pi_{1yr}^{median,prior}$     | Mean | 5.16              | 5.34           | 5.91                     | 5.50            | 6.00                    | 4.68             | 5.31                        | 4.86    |        |
|                           |                                    | SD   | 9.11              | 9.89           | 12.39                    | 10.38           | 15.13                   | 8.75             | 5.85                        | 7.95    |        |
|                           | $E_i iqr_{1yr}^{prior}$            | Mean | 5.75              | 6.57           | 7.25                     | 7.07            | 7.23                    | 6.61             | 6.12                        | 6.44    |        |
|                           |                                    | SD   | 12.18             | 14.12          | 17.96                    | 15.09           | 20.91                   | 12.6             | 6.79                        | 10.64   |        |
|                           | $E_i \text{Bank target}^{prior}$   | Mean | 6.78              | 6.20           | 6.44                     | 6.78            | 6.32                    | 7.63             | 6.54                        | 6.98    |        |
|                           |                                    | SD   | 11.08             | 8.45           | 9.53                     | 9.42            | 8.66                    | 13.06            | 10.66                       | 11.34   |        |
|                           | $E_i \text{Bank forecast}^{prior}$ | Mean | 6.7               | 7.02           | 6.48                     | 7.03            | 6.40                    | 7.62             | 7.15                        | 6.77    |        |
|                           |                                    | SD   | 9.44              | 9.20           | 9.18                     | 10.33           | 7.93                    | 11.89            | 11.12                       | 8.99    |        |
| <b>Posteriors, Wave 1</b> | $E_i \pi_{1yr}^{post}$             | Mean | 5.58              | 5.05           | 4.72                     | 4.53            | 4.84                    | 4.87             | 4.05                        | 7.12    |        |
|                           |                                    | SD   | 8.87              | 8.39           | 9.11                     | 10.14           | 9.29                    | 8.42             | 10.04                       | 12.27   |        |
|                           | $E_i \pi_{1yr}^{mean,post}$        | Mean | 5.02              | 5.06           | 5.02                     | 4.19            | 4.18                    | 3.06             | 3.87                        | 5.04    |        |
|                           |                                    | SD   | 11.47             | 12.64          | 12.70                    | 9.68            | 12.45                   | 17.28            | 9.15                        | 12.78   |        |
|                           | $E_i \pi_{1yr}^{median,post}$      | Mean | 4.70              | 4.79           | 4.7                      | 4.02            | 3.97                    | 3.05             | 3.63                        | 4.84    |        |
|                           |                                    | SD   | 8.88              | 9.81           | 10.39                    | 7.8             | 9.71                    | 13.64            | 7.31                        | 10.17   |        |
|                           | $E_i iqr_{1yr}^{post}$             | Mean | 5.03              | 5.53           | 5.16                     | 5.06            | 4.75                    | 5.29             | 5.45                        | 6.73    |        |
|                           |                                    | SD   | 12.94             | 14.51          | 14.78                    | 11.24           | 14.36                   | 19.43            | 24.72                       | 19.08   |        |
|                           | $E_i \pi_{1yr}^{Wave2}$            | Mean | 6.04              | 6.13           | 6.19                     | 5.76            | 6.00                    | 6.67             | 6.16                        | 6.19    | 6.90   |
|                           |                                    | SD   | 9.90              | 11.5           | 9.22                     | 8.33            | 10.09                   | 10.26            | 9.57                        | 10.58   | 11.00  |
|                           | $E_i \pi_{1yr}^{mean,Wave2}$       | Mean | 4.10              | 4.18           | 4.85                     | 4.86            | 5.43                    | 4.03             | 4.06                        | 4.08    | 5.07   |
|                           |                                    | SD   | 4.87              | 4.20           | 13.74                    | 10.37           | 14.43                   | 5.48             | 4.81                        | 6.04    | 7.30   |
|                           | $E_i \pi_{1yr}^{median,Wave2}$     | Mean | 4.04              | 4.10           | 4.61                     | 4.54            | 5.07                    | 3.98             | 3.93                        | 4.16    | 4.84   |
|                           |                                    | SD   | 4.76              | 4.08           | 10.84                    | 8.21            | 11.14                   | 4.90             | 4.34                        | 5.21    | 5.98   |
|                           | $E_i iqr_{1yr}^{Wave2}$            | Mean | 3.95              | 3.74           | 4.37                     | 4.54            | 5.08                    | 4.27             | 4.12                        | 4.44    | 4.90   |
|                           |                                    | SD   | 5.58              | 4.60           | 15.15                    | 12.29           | 16.07                   | 6.15             | 5.96                        | 7.02    | 8.90   |
|                           | $E_i \text{Bank target}^{Wave2}$   | Mean | 5.21              | 5.42           | 4.91                     | 5.03            | 5.14                    | 6.12             | 5.47                        | 5.10    | 6.15   |
|                           |                                    | SD   | 9.31              | 7.93           | 7.62                     | 6.45            | 6.91                    | 9.90             | 9.65                        | 6.66    | 10.13  |
|                           | $E_i \text{Bank forecast}^{Wave2}$ | Mean | 5.47              | 5.54           | 5.3                      | 5.27            | 5.73                    | 5.4              | 5.52                        | 5.03    | 6.62   |
|                           |                                    | SD   | 8.87              | 7.32           | 7.96                     | 6.95            | 8.99                    | 7.56             | 8.73                        | 5.81    | 10.16  |

Notes: This table presents means and standard deviations for each treatment.



Figure B1: Comparison of one-year-ahead inflation expectations in our survey (Nielsen Homescanner, priors), FRBNY SCE and CSCE



## C Additional results on treatment effects

### C.1 Link between posterior and prior beliefs

We estimate the following regressions to assess the impact of treatment information on the link between posterior and prior beliefs following the approach in [Gorodnichenko et al. \[2022\]](#):

$$E_i Y_{1yr}^{posterior} = c_0 + c_1 Treatment_i + c_2 Treatment_i E_i Y_{1yr}^{prior} + c_3 X_i + error_i \quad (C1)$$

where  $E_i Y_{1yr}^{posterior}$  is a measure describing posterior one-year-ahead inflation expectations by individual  $i$ , and  $E_i Y_{1yr}^{prior}$  is a measure describing prior one-year-ahead inflation expectations and  $X_i$  are control variables as in [Equation 1](#). If the information treatments lower posterior inflation expectations or lower posterior uncertainty about expected inflation, the link between posterior and prior expectations would weaken, implying that the estimated coefficient  $\hat{c}_2 < 0$ . The estimation results are presented in [Table C1](#).

To estimate the impact of the communication with ranges on the link between posterior and prior beliefs about inflation, we estimate equation similar to [Equation C1](#):

$$E_i Y_{1yr}^{posterior} = d_0 + d_1 Range_i^T + d_2 Range_i^T E_i Y_{1yr}^{prior} + d_3 X_i + error_i \quad (C2)$$

where  $Range_i^T$  is a dummy variable for treatments communicated with range as defined in [Equation 2](#). If the information treatments with ranges lower posterior inflation expectations or lower posterior uncertainty about expected inflation more than treatments without the range, the link between posterior and prior expectations would weaken, implying that the estimated coefficient  $\hat{d}_2 < 0$ . The estimation results are presented in [Table C2](#).

Table C1: Estimation results for posterior expectations

|  | $E_i Y_{1yr}^{posterior}$    |                              |  |
|--|------------------------------|------------------------------|--|
|  | $Y_{1yr} = \pi_{1yr}$<br>(1) | $Y_{1yr} = iqr_{1yr}$<br>(2) | $Y_{1yr} = prob_{1yr}^{target}$<br>(3) |
| PastInflation                                  | -0.257***<br>(0.0634)        | 0.026<br>(0.0622)            | 2.096***<br>(0.6825)                   |
| BankTarget                                     | -0.232***<br>(0.0641)        | -0.128*<br>(0.0659)          | 2.508***<br>(0.6485)                   |
| BankTargetRange                                | 1.636***<br>(0.0807)         | -0.152**<br>(0.0657)         | 3.367***<br>(0.6875)                   |
| BankForecast                                   | 2.636***<br>(0.0786)         | -0.404***<br>(0.0755)        | 4.357***<br>(0.7689)                   |
| BankForecastCI                                 | 2.357***<br>(0.0702)         | 0.753***<br>(0.0688)         | 4.355***<br>(0.7802)                   |
| ProfForecast                                   | 2.286***<br>(0.0726)         | 1.314***<br>(0.0734)         | 3.601***<br>(0.7546)                   |
| ProfForecastRange                              | 2.274***<br>(0.0687)         | 1.352***<br>(0.0796)         | 5.978***<br>(0.8718)                   |
| $E_i Y_{1yr}^{prior}$                          | 0.993***<br>(0.0021)         | 0.962***<br>(0.0092)         | 0.959***<br>(0.0091)                   |
| PastInflation $\times E_i Y_{1yr}^{prior}$     | -0.005<br>(0.0052)           | -0.109***<br>(0.0094)        | 0.026*<br>(0.0147)                     |
| BankTarget $\times E_i Y_{1yr}^{prior}$        | -0.011*<br>(0.0063)          | -0.040***<br>(0.015)         | -0.001<br>(0.0131)                     |
| BankTargetRange $\times E_i Y_{1yr}^{prior}$   | -0.645***<br>(0.0097)        | -0.057***<br>(0.0106)        | -0.005<br>(0.0137)                     |
| BankForecast $\times E_i Y_{1yr}^{prior}$      | -0.965***<br>(0.0075)        | -0.01<br>(0.0156)            | 0.009<br>(0.0151)                      |
| BankForecastCI $\times E_i Y_{1yr}^{prior}$    | -0.957***<br>(0.0063)        | -0.640***<br>(0.0183)        | 0.063***<br>(0.0156)                   |
| ProfForecast $\times E_i Y_{1yr}^{prior}$      | -0.965***<br>(0.0069)        | -0.887***<br>(0.0152)        | 0.049***<br>(0.0161)                   |
| ProfForecastRange $\times E_i Y_{1yr}^{prior}$ | -0.981***<br>(0.0059)        | -0.889***<br>(0.0172)        | 0.033**<br>(0.0163)                    |
| constant                                       | -0.024<br>(0.1284)           | -0.130<br>(0.1242)           | 1.350<br>(1.2029)                      |
| N  | 4038                         | 4197                         | 4287                                   |
| R <sup>2</sup>                                 | 0.957                        | 0.968                        | 0.883                                  |

Notes: This table presents the estimation results for Equation C1. The dependent variable is the variable listed at the top of each column relative to its prior. All regressions control for demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table C2: Estimation results for posterior expectations

|  | $E_i Y_{1yr}^{posterior}$ |                       |                                 |
|--|---------------------------|-----------------------|---------------------------------|
|  | $Y_{1yr} = \pi_{1yr}$     | $Y_{1yr} = iqr_{1yr}$ | $Y_{1yr} = prob_{1yr}^{target}$ |
|  | (1)<br>(1)                | (2)<br>(2)            | (3)<br>(3)                      |
| Range, all                                       | -0.100<br>(0.0739)        | -0.017<br>(0.0464)    | 1.310**<br>(0.6215)             |
| $E_i Y_{1yr}^{prior}$                            | 0.073***<br>(0.0067)      | 0.924***<br>(0.0080)  | 0.954***<br>(0.0081)            |
| Range, all $\times E_i Y_{1yr}^{prior}$          | -0.016*<br>(0.0085)       | -0.021**<br>(0.0089)  | 0.017<br>(0.0113)               |
| constant   | 2.177***<br>(0.2141)      | -0.185<br>(0.1620)    | 6.221***<br>(1.6938)            |
| $N$  | 3302                      | 3239                  | 3303                            |
| $R^2$  | 0.137                     | 0.952                 | 0.818                           |
| Range, BankTarget                                | 2.060***<br>(0.1452)      | -0.059<br>(0.0617)    | 0.665<br>(0.6423)               |
| $E_i Y_{1yr}^{prior}$                            | 0.634***<br>(0.0178)      | 0.928***<br>(0.0111)  | 0.972***<br>(0.0084)            |
| Range, BankTarget $\times E_i Y_{1yr}^{prior}$   | -0.550***<br>(0.0208)     | -0.002<br>(0.0123)    | -0.003<br>(0.0122)              |
| constant   | 1.136**<br>(0.4513)       | -0.284<br>(0.2069)    | 4.338**<br>(1.7203)             |
| $N$  | 1114                      | 1026                  | 1031                            |
| $R^2$  | 0.681                     | 0.965                 | 0.929                           |
| Range, BankForecast                              | -0.254**<br>(0.1155)      | 0.331***<br>(0.0887)  | -0.509<br>(1.5300)              |
| $E_i Y_{1yr}^{prior}$                            | 0.049***<br>(0.0096)      | 0.942***<br>(0.0140)  | 0.853***<br>(0.0193)            |
| Range, BankForecast $\times E_i Y_{1yr}^{prior}$ | 0.005<br>(0.0125)         | -0.207***<br>(0.0228) | 0.089***<br>(0.0262)            |
| constant   | 2.607***<br>(0.3248)      | -0.339<br>(0.3325)    | 18.195***<br>(4.2826)           |
| $N$  | 1112                      | 1098                  | 1220                            |
| $R^2$  | 0.133                     | 0.887                 | 0.676                           |
| Range, ProfForecast                              | -0.027<br>(0.0898)        | 2.010***<br>(0.1037)  | 7.949***<br>(2.5567)            |
| $E_i Y_{1yr}^{prior}$                            | 0.028***<br>(0.0069)      | 0.921***<br>(0.0159)  | 0.740***<br>(0.0304)            |
| Range, ProfForecast $\times E_i Y_{1yr}^{prior}$ | -0.016*<br>(0.0090)       | -0.841***<br>(0.0223) | -0.086**<br>(0.0428)            |
| constant   | 2.088***<br>(0.2651)      | -0.417<br>(0.3167)    | 16.033***<br>(5.3681)           |
| $N$  | 1016                      | 1067                  | 1218                            |
| $R^2$  | 0.111                     | 0.840                 | 0.376                           |

Notes: This table presents the estimation results for Equation C2. The dependent variable is the variable listed at the top of each column relative to its prior. All regressions control for demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

## C.2 Additional results for the probabilistic expectations

Figure C1: Binscatter plots of posterior and prior mean density 1-year-ahead inflation expectations

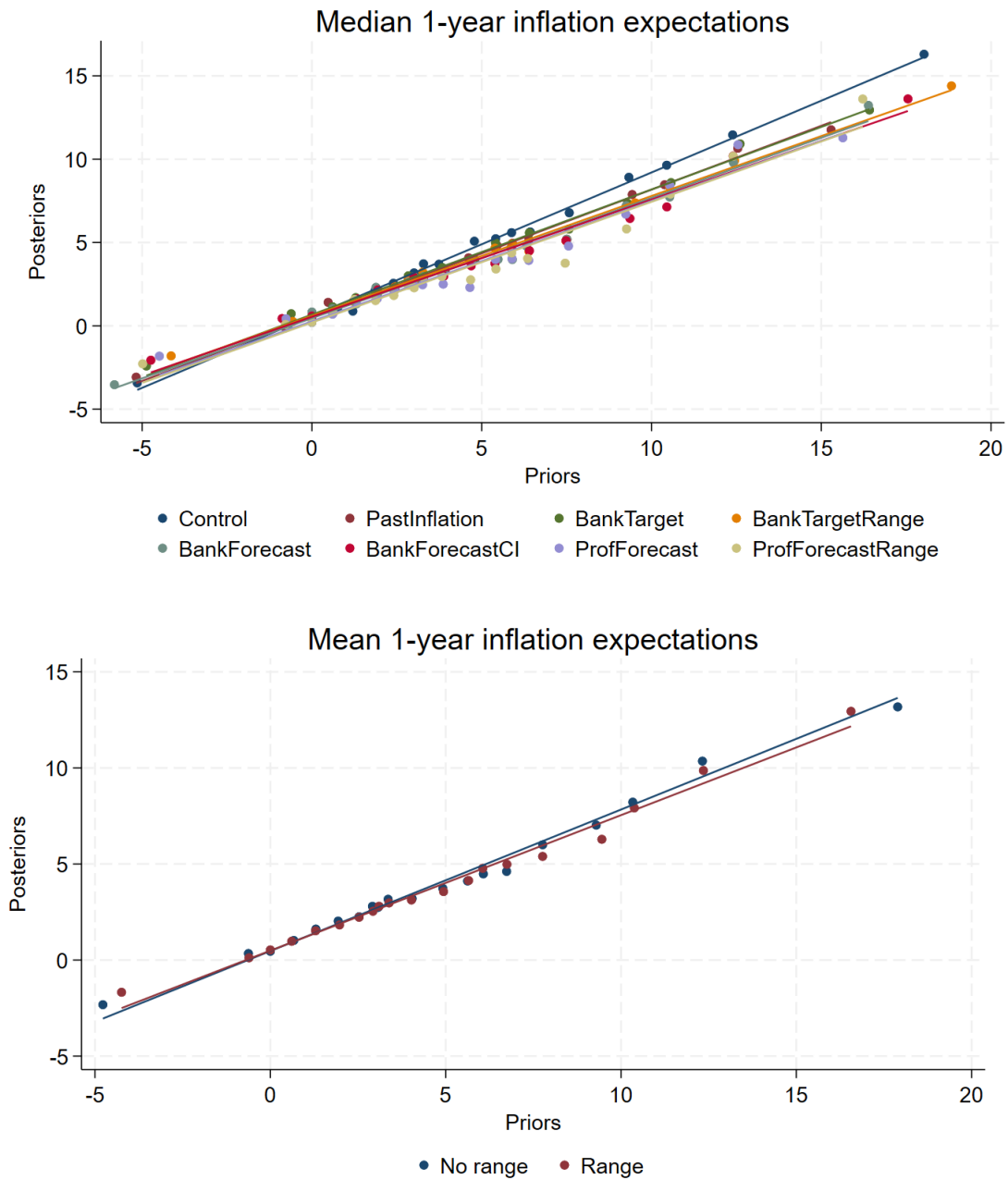


Figure C2: Binscatter plots of posterior and prior median density 1-year-ahead inflation expectations

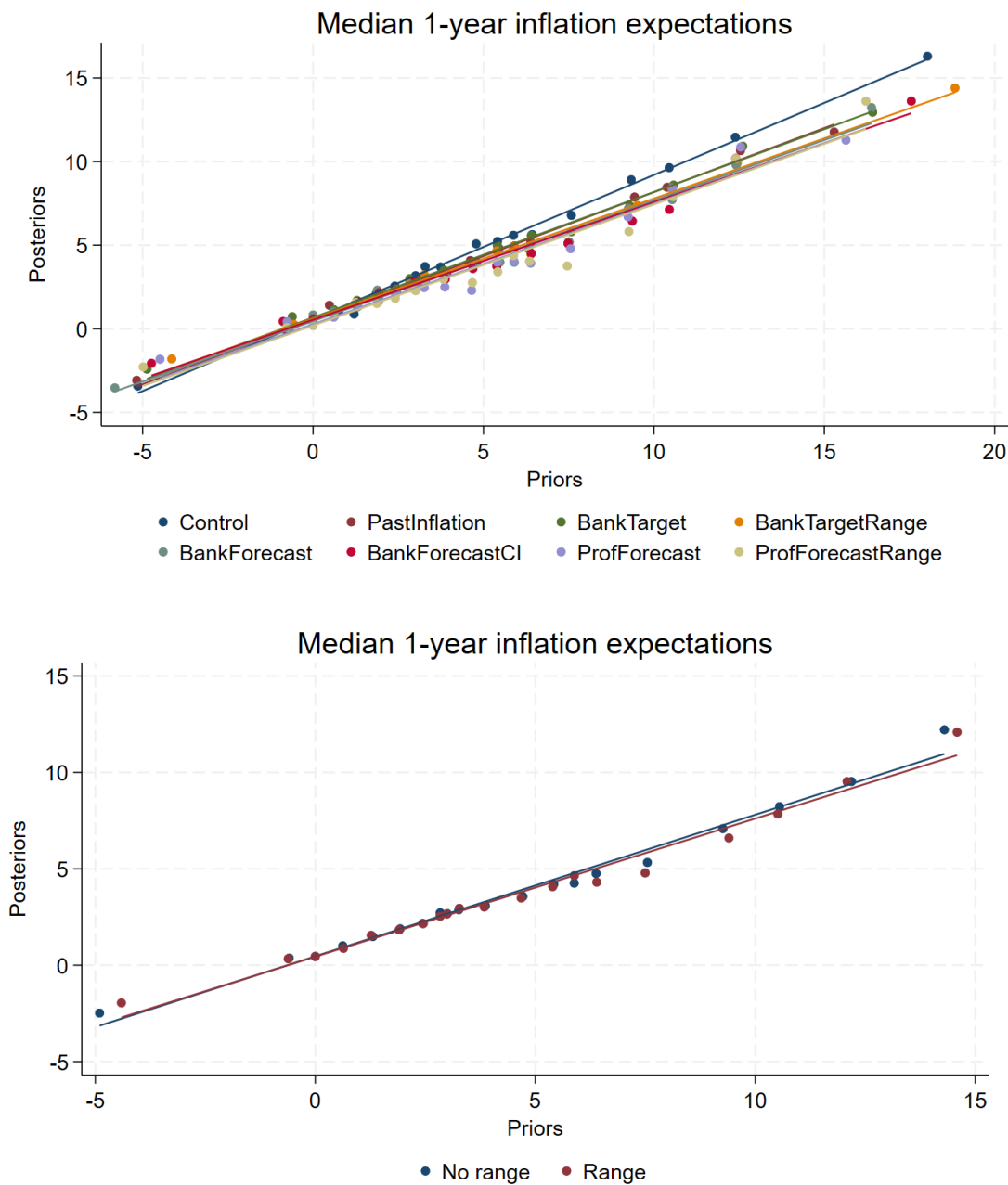


Table C3: Estimation results for revisions in mean and median density one-year expectations

|                                 | $E_i \pi_{1yr}^{mean,post}$<br>(1) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(2) | $E_i \pi_{1yr}^{median,post}$<br>(3) | $E_i \pi_{1yr}^{median,Wave2}$<br>(4) |
|---------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|
| <b>Panel A</b>                  |                                    |                                     |                                      |                                       |
| PastInflation                   | -0.369***<br>(0.07)                | -0.067<br>(0.24)                    | -0.288***<br>(0.07)                  | -0.210<br>(0.23)                      |
| BankTarget                      | -0.304***<br>(0.07)                | -0.111<br>(0.24)                    | -0.202***<br>(0.07)                  | -0.071<br>(0.23)                      |
| BankTargetRange                 | -0.500***<br>(0.08)                | -0.466**<br>(0.24)                  | -0.430***<br>(0.07)                  | -0.503**<br>(0.23)                    |
| BankForecast                    | -0.529***<br>(0.08)                | -0.488**<br>(0.24)                  | -0.480***<br>(0.07)                  | -0.532**<br>(0.23)                    |
| BankForecastCI                  | -0.587***<br>(0.08)                | -0.137<br>(0.24)                    | -0.488***<br>(0.07)                  | -0.248<br>(0.23)                      |
| ProfForecast                    | -0.726***<br>(0.08)                | -0.309<br>(0.24)                    | -0.716***<br>(0.08)                  | -0.438*<br>(0.24)                     |
| ProfForecastRange               | -0.712***<br>(0.08)                | -0.536**<br>(0.24)                  | -0.674***<br>(0.07)                  | -0.539**<br>(0.23)                    |
| young                           | 0.092<br>(0.08)                    | 0.426*<br>(0.25)                    | -0.012<br>(0.07)                     | 0.324<br>(0.25)                       |
| senior                          | 0.016<br>(0.05)                    | -0.213<br>(0.14)                    | -0.017<br>(0.04)                     | -0.135<br>(0.13)                      |
| female                          | -0.199***<br>(0.05)                | -0.184<br>(0.13)                    | -0.201***<br>(0.04)                  | -0.169<br>(0.13)                      |
| some college                    | 0.060<br>(0.06)                    | 0.043<br>(0.18)                     | 0.023<br>(0.06)                      | 0.062<br>(0.17)                       |
| university                      | 0.035<br>(0.07)                    | 0.086<br>(0.19)                     | 0.042<br>(0.06)                      | 0.077<br>(0.18)                       |
| \$40K-\$100K                    | 0.031<br>(0.06)                    | 0.327**<br>(0.16)                   | 0.063<br>(0.06)                      | 0.243<br>(0.16)                       |
| \$100K+                         | 0.105<br>(0.07)                    | 0.141<br>(0.19)                     | 0.134**<br>(0.07)                    | 0.011<br>(0.19)                       |
| $D_{know}$ inflation well       | -0.013<br>(0.06)                   | -0.007<br>(0.16)                    | 0.003<br>(0.05)                      | 0.107<br>(0.15)                       |
| $D_{easy}$ to express inflation | 0.203***<br>(0.05)                 | -0.010<br>(0.14)                    | 0.155***<br>(0.05)                   | -0.008<br>(0.14)                      |
| constant                        | 0.079<br>(0.17)                    | -0.987**<br>(0.48)                  | -0.112<br>(0.15)                     | -0.859*<br>(0.47)                     |
| $N$                             | 4529                               | 3281                                | 4486                                 | 3297                                  |
| $R^2$                           | 0.0296                             | 0.0109                              | 0.0309                               | 0.00992                               |
| <b>Panel B</b>                  |                                    |                                     |                                      |                                       |
| Range, all                      | -0.094<br>(0.06)                   | -0.089<br>(0.14)                    | -0.085<br>(0.05)                     | -0.086<br>(0.14)                      |
| constant                        | -0.448**<br>(0.22)                 | -0.994*<br>(0.54)                   | -0.648***<br>(0.21)                  | -0.976* *<br>(0.51)                   |
| $N$                             | 3473                               | 2459                                | 3453                                 | 2467                                  |
| $R^2$                           | 0.0163                             | 0.00918                             | 0.0163                               | 0.00680                               |
| Range, BankTarget               | -0.172**<br>(0.08)                 | -0.397<br>(0.25)                    | -0.194***<br>(0.07)                  | -0.488**<br>(0.24)                    |
| constant                        | -0.041<br>(0.30)                   | 0.328<br>(0.93)                     | -0.007<br>(0.28)                     | 0.344<br>(0.91)                       |
| $N$                             | 1117                               | 828                                 | 1096                                 | 832                                   |
| $R^2$                           | 0.0270                             | 0.0426                              | 0.0335                               | 0.0457                                |
| Range, BankForecast             | -0.068<br>(0.10)                   | 0.291<br>(0.25)                     | -0.056<br>(0.10)                     | 0.278<br>(0.24)                       |
| constant                        | -1.209***<br>(0.42)                | -2.266**<br>(0.96)                  | -1.604***<br>(0.38)                  | -1.970**<br>(0.88)                    |
| $N$                             | 1170                               | 819                                 | 1173                                 | 812                                   |
| $R^2$                           | 0.0354                             | 0.0214                              | 0.0417                               | 0.0219                                |
| Range, ProfForecast             | -0.007<br>(0.11)                   | -0.125<br>(0.24)                    | 0.018<br>(0.11)                      | 0.008<br>(0.24)                       |
| constant                        | -0.263<br>(0.40)                   | -1.313<br>(0.87)                    | -0.505<br>(0.40)                     | -1.578*<br>(0.87)                     |
| $N$                             | 1162                               | 812                                 | 1166                                 | 821                                   |
| $R^2$                           | 0.0320                             | 0.0365                              | 0.0285                               | 0.0293                                |

Notes: This table presents the estimation results for Equation 1. The dependent variable is the variable listed at the top of each column relative to its prior. All regressions control for demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table C4: Estimation results for the revisions in the probability distributions in Wave 1 and Wave 2

|                                    | below -12%<br>(1)  | (-12,-8)<br>(2)     | (-8,-4)<br>(3)      | (-4,-2)<br>(4)      | (-2,0)<br>(5)      | (0,2)<br>(6)        | (2,4)<br>(7)        | (4,8)<br>(8)        | (8,12)<br>(9)       | Above 12%<br>(10)   |
|------------------------------------|--------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>PANEL A: posteriors, Wave 1</b> |                    |                     |                     |                     |                    |                     |                     |                     |                     |                     |
| <b>PastInflation</b>               | -0.718<br>(0.44)   | -1.098***<br>(0.33) | -0.671**<br>(0.33)  | -0.668*<br>(0.41)   | 0.545<br>(0.66)    | 4.345***<br>(1.46)  | 5.588***<br>(1.58)  | -0.709<br>(1.26)    | -3.186***<br>(0.98) | -2.848**<br>(1.29)  |
| <b>BankTarget</b>                  | -0.137<br>(0.44)   | -0.776**<br>(0.33)  | -0.394<br>(0.33)    | -0.584<br>(0.41)    | -0.739<br>(0.66)   | 2.02<br>(1.46)      | 7.946***<br>(1.58)  | -2.224*<br>(1.27)   | -2.541***<br>(0.98) | -1.991<br>(1.29)    |
| <b>BankTargetRange</b>             | -0.33<br>(0.44)    | -1.252***<br>(0.33) | -0.486<br>(0.33)    | -0.287<br>(0.41)    | -0.839<br>(0.66)   | 2.914**<br>(1.46)   | 9.408***<br>(1.58)  | -1.193<br>(1.27)    | -3.851***<br>(0.98) | -3.974***<br>(1.30) |
| <b>BankForecast</b>                | -0.141<br>(0.44)   | -0.649*<br>(0.33)   | -0.674**<br>(0.33)  | -1.079***<br>(0.41) | -0.959<br>(0.66)   | 5.158***<br>(1.46)  | 10.145***<br>(1.58) | -2.668**<br>(1.26)  | -3.576***<br>(0.98) | -5.274***<br>(1.29) |
| <b>BankForecastCI</b>              | -0.651<br>(0.44)   | -1.306***<br>(0.33) | -0.920***<br>(0.33) | -1.119***<br>(0.4)  | -0.865<br>(0.66)   | 7.048***<br>(1.45)  | 12.307***<br>(1.57) | -5.044***<br>(1.26) | -3.859***<br>(0.98) | -4.856***<br>(1.29) |
| <b>ProfForecast</b>                | -0.355<br>(0.44)   | -0.786**<br>(0.33)  | -0.745**<br>(0.33)  | -1.292***<br>(0.41) | -0.438<br>(0.66)   | 15.261***<br>(1.46) | 3.310**<br>(1.58)   | -5.203***<br>(1.27) | -4.534***<br>(0.98) | -4.977***<br>(1.29) |
| <b>ProfForecastRange</b>           | -0.551<br>(0.44)   | -0.976***<br>(0.33) | -0.960***<br>(0.33) | -1.393***<br>(0.41) | -0.693<br>(0.66)   | 16.452***<br>(1.46) | 6.682***<br>(1.58)  | -6.158***<br>(1.26) | -5.603***<br>(0.98) | -6.704***<br>(1.29) |
| constant                           | -0.417<br>(0.80)   | -1.083<br>(0.66)    | 0.316<br>(0.57)     | 1.872**<br>(0.84)   | 0.924<br>(1.09)    | 2.074<br>(2.53)     | -1.768<br>(2.79)    | 0.256<br>(2.38)     | -0.761<br>(1.93)    | -1.928<br>(2.21)    |
| <i>N</i>                           | 4997               | 4997                | 4997                | 4997                | 4998               | 4998                | 4997                | 4998                | 5002                | 5003                |
| <i>R</i> <sup>2</sup>              | 0.00301            | 0.00712             | 0.00814             | 0.00637             | 0.00581            | 0.0712              | 0.0333              | 0.0121              | 0.0205              | 0.0382              |
| Range, all                         | 0.008<br>(0.23)    | -0.072<br>(0.20)    | 0.119<br>(0.18)     | -0.063<br>(0.27)    | 0.104<br>(0.34)    | 1.184<br>(0.83)     | 2.600***<br>(0.88)  | -0.511<br>(0.73)    | -0.960<br>(0.59)    | -2.425***<br>(0.68) |
| <i>N</i>                           | 3758               | 3758                | 3758                | 3758                | 3759               | 3759                | 3758                | 3758                | 3760                | 3761                |
| <i>R</i> <sup>2</sup>              | 0.00225            | 0.00564             | 0.00761             | 0.00470             | 0.00781            | 0.0167              | 0.0134              | 0.00425             | 0.0118              | 0.0370              |
| Range, <b>BankTarget</b>           | -0.128<br>(0.43)   | -0.301<br>(0.34)    | 0.290<br>(0.34)     | 0.563<br>(0.56)     | -0.052<br>(0.63)   | 1.573<br>(1.15)     | 2.267<br>(1.48)     | 0.353<br>(1.23)     | -1.446<br>(0.98)    | -3.098***<br>(1.15) |
| <i>N</i>                           | 1246               | 1246                | 1246                | 1246                | 1247               | 1246                | 1246                | 1246                | 1246                | 1247                |
| <i>R</i> <sup>2</sup>              | 0.00834            | 0.0214              | 0.0223              | 0.00995             | 0.0114             | 0.0202              | 0.0287              | 0.00991             | 0.0126              | 0.0404              |
| Range, <b>BankForecast</b>         | 0.071<br>(0.38)    | 0.078<br>(0.38)     | 0.023<br>(0.31)     | -0.215<br>(0.45)    | 0.130<br>(0.55)    | 1.032<br>(1.22)     | 1.908<br>(1.54)     | -1.563<br>(1.25)    | -0.665<br>(1.07)    | -0.864<br>(1.21)    |
| <i>N</i>                           | 1260               | 1260                | 1260                | 1260                | 1260               | 1260                | 1260                | 1260                | 1261                | 1261                |
| <i>R</i> <sup>2</sup>              | 0.0135             | 0.00888             | 0.0170              | 0.0134              | 0.0123             | 0.0223              | 0.0255              | 0.0116              | 0.0254              | 0.0485              |
| Range, <b>ProfForecast</b>         | 0.066<br>(0.41)    | 0.048<br>(0.30)     | 0.077<br>(0.28)     | -0.421<br>(0.38)    | 0.156<br>(0.59)    | 0.657<br>(1.75)     | 3.727**<br>(1.54)   | -0.496<br>(1.31)    | -0.670<br>(1.06)    | -3.146***<br>(1.20) |
| <i>N</i>                           | 1252               | 1252                | 1252                | 1252                | 1252               | 1253                | 1252                | 1252                | 1253                | 1253                |
| <i>R</i> <sup>2</sup>              | 0.00847            | 0.0216              | 0.0151              | 0.0128              | 0.0187             | 0.0326              | 0.0229              | 0.0153              | 0.0162              | 0.0547              |
| <b>PANEL B: posteriors, Wave 2</b> |                    |                     |                     |                     |                    |                     |                     |                     |                     |                     |
|                                    | (11)               | (12)                | (13)                | (14)                | (15)               | (16)                | (17)                | (18)                | (19)                | (20)                |
| <b>PastInflation</b>               | 0.376<br>(0.65)    | -0.354<br>(0.55)    | -0.404<br>(0.53)    | -0.097<br>(0.70)    | -1.998**<br>(1.02) | 1.837<br>(1.86)     | 3.436<br>(2.22)     | -0.266<br>(2.07)    | -0.323<br>(1.64)    | -1.256<br>(1.88)    |
| <b>BankTarget</b>                  | -0.224<br>(0.65)   | -1.195**<br>(0.55)  | 0.063<br>(0.53)     | 0.505<br>(0.70)     | -1.245<br>(1.03)   | 1.350<br>(1.87)     | 0.634<br>(2.24)     | 1.519<br>(2.08)     | 1.438<br>(1.65)     | -2.261<br>(1.90)    |
| <b>BankTargetRange</b>             | -0.017<br>(0.66)   | -0.155<br>(0.55)    | 0.078<br>(0.54)     | 0.016<br>(0.70)     | -0.031<br>(1.03)   | 1.525<br>(1.88)     | -0.749<br>(2.25)    | 1.803<br>(2.09)     | 1.100<br>(1.66)     | -3.566*<br>(1.90)   |
| <b>BankForecast</b>                | -0.526<br>(0.65)   | -0.952*<br>(0.55)   | -0.014<br>(0.53)    | 0.810<br>(0.70)     | -1.359<br>(1.02)   | -0.163<br>(1.87)    | 1.769<br>(2.23)     | 2.751<br>(2.08)     | -0.810<br>(1.65)    | -2.032<br>(1.89)    |
| <b>BankForecastCI</b>              | 0.532<br>(0.66)    | -0.278<br>(0.56)    | 0.251<br>(0.54)     | 0.515<br>(0.71)     | -0.858<br>(1.03)   | 1.247<br>(1.89)     | -0.807<br>(2.25)    | 1.923<br>(2.10)     | 0.292<br>(1.67)     | -1.607<br>(1.91)    |
| <b>ProfForecast</b>                | 0.920<br>(0.66)    | -0.357<br>(0.56)    | 0.477<br>(0.54)     | 0.278<br>(0.71)     | 0.171<br>(1.03)    | 1.048<br>(1.88)     | 0.329<br>(2.25)     | 1.555<br>(2.09)     | -1.203<br>(1.66)    | -2.167<br>(1.91)    |
| <b>ProfForecastRange</b>           | -0.169<br>(0.66)   | -0.119<br>(0.56)    | 0.047<br>(0.54)     | 0.291<br>(0.71)     | 0.020<br>(1.03)    | 2.730<br>(1.88)     | 0.410<br>(2.25)     | -0.581<br>(2.09)    | -0.717<br>(1.66)    | -1.579<br>(1.91)    |
| constant                           | 2.102*<br>(1.27)   | 0.492<br>(1.07)     | -0.735<br>(1.04)    | -0.771<br>(1.36)    | 0.121<br>(1.98)    | 3.600<br>(3.63)     | 4.131<br>(4.33)     | -2.395<br>(4.03)    | -3.349<br>(3.20)    | -4.845<br>(3.67)    |
| <i>N</i>                           | 3432               | 3432                | 3432                | 3432                | 3433               | 3432                | 3432                | 3434                | 3435                | 3437                |
| <i>R</i> <sup>2</sup>              | 0.0153             | 0.00726             | 0.00409             | 0.00469             | 0.00594            | 0.0118              | 0.00591             | 0.00781             | 0.00568             | 0.00987             |
| Range, all                         | 0.020<br>(0.36)    | 0.655**<br>(0.32)   | -0.068<br>(0.32)    | -0.241<br>(0.41)    | 0.539<br>(0.59)    | 1.041<br>(1.09)     | -1.255<br>(1.27)    | -0.878<br>(1.20)    | 0.450<br>(0.98)     | -0.111<br>(1.08)    |
| <i>N</i>                           | 2569               | 2569                | 2569                | 2569                | 2570               | 2569                | 2569                | 2570                | 2571                | 2572                |
| <i>R</i> <sup>2</sup>              | 0.0121             | 0.00708             | 0.00439             | 0.00548             | 0.00377            | 0.0126              | 0.00735             | 0.00790             | 0.00672             | 0.00955             |
| Range, <b>Bank target</b>          | 0.304<br>(0.68)    | 1.095**<br>(0.52)   | 0.023<br>(0.54)     | -0.222<br>(0.79)    | 1.320<br>(1.05)    | 0.200<br>(1.94)     | -1.461<br>(2.20)    | -0.285<br>(2.14)    | -0.207<br>(1.70)    | -1.353<br>(1.80)    |
| <i>N</i>                           | 863                | 863                 | 863                 | 863                 | 864                | 863                 | 863                 | 863                 | 864                 | 865                 |
| <i>R</i> <sup>2</sup>              | 0.0313             | 0.0340              | 0.0130              | 0.0240              | 0.0154             | 0.0258              | 0.0212              | 0.0237              | 0.0107              | 0.0249              |
| Range, <b>Bank forecast</b>        | 1.065*<br>(0.57)   | 0.742<br>(0.63)     | 0.205<br>(0.58)     | -0.191<br>(0.64)    | 0.536<br>(1.02)    | 1.129<br>(1.83)     | -2.498<br>(2.24)    | -0.320<br>(2.08)    | 1.122<br>(1.72)     | -0.057<br>(1.96)    |
| <i>N</i>                           | 857                | 857                 | 857                 | 857                 | 857                | 857                 | 857                 | 857                 | 858                 | 858                 |
| <i>R</i> <sup>2</sup>              | 0.0265             | 0.0163              | 0.0143              | 0.0109              | 0.0136             | 0.0250              | 0.0194              | 0.0174              | 0.0249              | 0.0318              |
| Range, <b>Prof Forecast</b>        | -1.204**<br>(0.61) | 0.198<br>(0.51)     | -0.427<br>(0.57)    | -0.026<br>(0.72)    | -0.136<br>(1.00)   | 1.235<br>(1.91)     | 0.147<br>(2.24)     | -2.375<br>(2.07)    | 0.690<br>(1.71)     | 1.214<br>(1.90)     |
| <i>N</i>                           | 849                | 849                 | 849                 | 849                 | 849                | 849                 | 849                 | 850                 | 849                 | 849                 |
| <i>R</i> <sup>2</sup>              | 0.0338             | 0.00825             | 0.0230              | 0.0150              | 0.00990            | 0.0346              | 0.0191              | 0.0260              | 0.0171              | 0.0247              |

Notes: This table presents the estimation results for Equation 1 in Panel A and for Equation 2 in Panel B. All regressions control for demographic characteristics. Results are from OLS regressions, standard errors are in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.



### C.3 The effects of communicating past inflation and inflation target

#### Impact of communicating past inflation

We estimate the following general specification to quantify the impact of communicating information about past versus communicating information about future (forecasts) and versus communicating information about the Bank of Canada’s mandate (Bank inflation target) or both:

$$E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior} = a + b_0 \text{PastInflation}_i + b_1 X_i + error_i \quad (C3)$$

where  $E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior}$  is a measure describing the revision in one-year-ahead inflation expectations in Waves 1 and 2, as described in [Equation 1](#). The variable  $\text{PastInflation}_i$  is a dummy that takes the value of 1 for information treatment about past inflation and the value of 0 for other treatments. The estimated  $\hat{a}$  represents the baseline comparisons: target (BankTarget and BankTargetRange); forecasts (BankForecast, BankForecastCI, Profforecast and ProfforecastRange); or the rest of the treatments combined. The results of the estimations of [Equation C3](#) are presented in [Table C5](#) and [Table C6](#).

We find that the communication of past inflation is less effective in anchoring inflation expectations toward the communicated information than the communication of forecasts of the Bank or professional forecasters. Information about past inflation is less effective at reducing expectations of the level of inflation, both point and density expectations, and uncertainty about expected inflation than all other treatments. Furthermore, information about past inflation is less effective at anchoring expectations in the inflation-target-control range than other treatments. Interestingly, information about past inflation has a positive impact on the probability assigned to inflation close to the target range between 2% to 4% in Wave 2 relative to the inflation forecasts, Bank targets, and all other treatments. The information about past inflation might be more salient to the respondents and easier to retain and recall six months later.

Comparisons of PastInflation vs BankTarget do not indicate statistically significant differences between these treatments either on the level of the point or the density inflation expectations, or the uncertainty about expected inflation. PastInflation has a lower impact on the probability assigned to expected inflation in the range of 2% to 4% in Wave 1 than does BankTarget but it has a higher impact on this probability and the probability assigned to the target range in Wave 2.

## Impact of communicating the Bank’s inflation target

Next, we estimate the following general specification to quantify the impact of communicating information about the Bank of Canada’s inflation target versus its inflation forecasts:

$$E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior} = a + b_0 \text{BankTarget}_i + b_1 X_i + \text{error}_i \quad (\text{C4})$$

where  $E_i Y_{1yr}^{posterior}$  is a measure describing posteriors about one-year-ahead inflation expectations in Waves 1 and 2, as used and described in [Equation 1](#). The variable  $\text{BankTarget}_i$  is a dummy that takes the value of 1 for information treatment about the Bank’s target and 0 for other treatments. The estimated  $\hat{a}$  represents the baseline comparisons. The results of the estimations of [Equation C4](#) are presented in [Table C5](#) and [Table C6](#).

We find that communication about the Bank’s target is less effective in anchoring inflation expectations toward the communicated information than information about forecasts of the Bank or professional forecasters. Information about the Bank’s target reduces the level of both point and density inflation expectations as well as the uncertainty about the expected inflation less than do treatments with forecasts. Furthermore, information about the Bank’s target increases the probability assigned to the range close to the inflation-target-control range less than does information about inflation forecasts.

There could be two reasons for finding that the Bank’s target is less effective at anchoring inflation expectations than inflation forecasts are. First, it may be difficult for people to translate information about the Bank’s target into an inflation forecast as our treatment did not provide any explanation about what the Bank’s target means for monetary policy and inflation. [Ehrmann et al. \[2023\]](#) find that education about the meaning of a monetary policy regime is crucial for managing inflation expectations. Second, some respondents may have considered that the Bank’s target may not be achieved over the next 12 months as “Canada’s inflation-targeting framework helps to ensure that inflation will return to 2 percent over the *medium term*” [[Bank of Canada, 2021a](#)] and, thus, they have not revised their expectations for inflation over the next 12 months toward the provided information.

Table C5: Estimation results for revisions in one-year expectations: comparison of treatments

|                          | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i \pi_{1yr}^{mean,post}$<br>(3) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(4) | $E_i \pi_{1yr}^{median,post}$<br>(5) | $E_i \pi_{1yr}^{median,Wave2}$<br>(6) | $E_i iq_{1yr}^{post}$<br>(7) | $E_i iq_{1yr}^{Wave2}$<br>(8) | $E_i prob_{1yr}^{target,post}$<br>(9) | $E_i prob_{1yr}^{target,Wave2}$<br>(10) |
|--------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|------------------------------|-------------------------------|---------------------------------------|---|
| BankTarget               | 0.413***<br>(0.05)            | 0.261*<br>(0.15)               | 0.264***<br>(0.06)                 | 0.074<br>(0.15)                     | 0.306***<br>(0.06)                   | 0.141<br>(0.14)                       | 0.235***<br>(0.04)           | -0.032<br>(0.11)              | -3.926***<br>(0.44)                   | -0.614<br>(1.08)                        |
| constant (Forecasts)     | -1.040***<br>(0.18)           | -0.766<br>(0.54)               | -0.578***<br>(0.22)                | -1.055**<br>(0.53)                  | -0.798***<br>(0.21)                  | -1.064**<br>(0.51)                    | -0.612***<br>(0.14)          | -0.616*<br>(0.37)             | 7.049***<br>(1.64)                    | 10.029***<br>(3.63)                     |
| N                        | 2994                          | 2327                           | 3468                               | 2458                                | 3457                                 | 2467                                  | 3236                         | 2370                          | 3390                                  | 2569                                    |
| R <sup>2</sup>           | 0.0420                        | 0.0240                         | 0.0199                             | 0.00910                             | 0.0217                               | 0.00695                               | 0.0189                       | 0.0121                        | 0.0434                                | 0.0216                                  |
| BankForecast             | 0.236***<br>(0.07)            | -0.086<br>(0.17)               | 0.194**<br>(0.08)                  | 0.142<br>(0.17)                     | 0.235***<br>(0.07)                   | 0.116<br>(0.17)                       | 0.098*<br>(0.05)             | 0.112<br>(0.13)               | -2.531***<br>(0.74)                   | -2.772**<br>(1.24)                      |
| constant (ProfForecasts) | -1.624***<br>(0.26)           | -1.360**<br>(0.66)             | -0.790***<br>(0.29)                | -1.781***<br>(0.65)                 | -1.105***<br>(0.28)                  | -1.739***<br>(0.63)                   | -0.512***<br>(0.20)          | -0.746<br>(0.46)              | 7.985***<br>(2.83)                    | 14.257***<br>(4.29)                     |
| N                        | 2049                          | 1549                           | 2349                               | 1631                                | 2350                                 | 1636                                  | 2202                         | 1565                          | 2483                                  | 1706                                    |
| R <sup>2</sup>           | 0.0423                        | 0.0184                         | 0.0266                             | 0.0129                              | 0.0249                               | 0.00928                               | 0.0205                       | 0.0131                        | 0.0456                                | 0.0354                                  |
| BankTarget               | 0.301***<br>(0.04)            | 0.232<br>(0.15)                | 0.186***<br>(0.05)                 | 0.016<br>(0.14)                     | 0.220***<br>(0.05)                   | 0.100<br>(0.14)                       | 0.187***<br>(0.04)           | -0.036<br>(0.11)              | -2.473***<br>(0.36)                   | -0.977<br>(1.05)                        |
| constant (All others)    | -0.830***<br>(0.15)           | -1.302***<br>(0.49)            | -0.484**<br>(0.19)                 | -1.442***<br>(0.49)                 | -0.714***<br>(0.18)                  | -1.416***<br>(0.47)                   | -0.448***<br>(0.12)          | -0.555<br>(0.34)              | 5.393***<br>(1.31)                    | 10.604***<br>(3.39)                     |
| N                        | 3409                          | 2728                           | 4040                               | 2882                                | 3995                                 | 2893                                  | 3781                         | 2785                          | 3854                                  | 3012                                    |
| R <sup>2</sup>           | 0.0324                        | 0.0226                         | 0.0174                             | 0.00947                             | 0.0180                               | 0.00845                               | 0.0154                       | 0.0130                        | 0.0262                                | 0.0232                                  |
| PastInflation            | 0.438***<br>(0.06)            | 0.190<br>(0.19)                | 0.342***<br>(0.07)                 | 0.339*<br>(0.19)                    | 0.367***<br>(0.07)                   | 0.261<br>(0.18)                       | 0.207***<br>(0.05)           | 0.059<br>(0.13)               | -4.329***<br>(0.59)                   | 1.756<br>(1.44)                         |
| constant (Forecasts)     | -1.206***<br>(0.20)           | -2.014***<br>(0.57)            | -0.664***<br>(0.25)                | -2.152***<br>(0.57)                 | -0.984***<br>(0.23)                  | -2.036***<br>(0.55)                   | -0.366**<br>(0.16)           | -0.596<br>(0.40)              | 6.487***<br>(1.96)                    | 12.576***<br>(3.94)                     |
| N                        | 2548                          | 1950                           | 2914                               | 2057                                | 2897                                 | 2060                                  | 2748                         | 1981                          | 2884                                  | 2149                                    |
| R <sup>2</sup>           | 0.0433                        | 0.0192                         | 0.0261                             | 0.0164                              | 0.0255                               | 0.0153                                | 0.0201                       | 0.0147                        | 0.0374                                | 0.0326                                  |
| PastInflation            | 0.025<br>(0.05)               | -0.066<br>(0.20)               | 0.011<br>(0.07)                    | 0.219<br>(0.21)                     | 0.006<br>(0.06)                      | 0.078<br>(0.20)                       | -0.045<br>(0.04)             | 0.070<br>(0.15)               | 0.229<br>(0.45)                       | 2.303<br>(1.61)                         |
| constant (BankTarget)    | -0.383**<br>(0.17)            | -0.909<br>(0.73)               | -0.241<br>(0.25)                   | -1.333*<br>(0.74)                   | -0.382*<br>(0.22)                    | -1.298*<br>(0.73)                     | -0.171<br>(0.14)             | -0.422<br>(0.54)              | 3.412**<br>(1.49)                     | 4.796<br>(5.83)                         |
| N                        | 1471                          | 1174                           | 1687                               | 1253                                | 1666                                 | 1258                                  | 1585                         | 1222                          | 1622                                  | 1306                                    |
| R <sup>2</sup>           | 0.0213                        | 0.0457                         | 0.0252                             | 0.0247                              | 0.0216                               | 0.0261                                | 0.0143                       | 0.0367                        | 0.0149                                | 0.0334                                  |
| PastInflation            | 0.285***<br>(0.05)            | 0.080<br>(0.18)                | 0.227***<br>(0.07)                 | 0.280<br>(0.18)                     | 0.239***<br>(0.06)                   | 0.178<br>(0.17)                       | 0.110**<br>(0.04)            | 0.053<br>(0.13)               | -1.730***<br>(0.46)                   | 1.873<br>(1.37)                         |
| constant (All others)    | -0.844***<br>(0.15)           | -1.242**<br>(0.49)             | -0.483**<br>(0.20)                 | -1.488***<br>(0.48)                 | -0.712***<br>(0.18)                  | -1.424***<br>(0.47)                   | -0.416***<br>(0.12)          | -0.574*<br>(0.34)             | 4.607***<br>(1.27)                    | 10.000***<br>(3.38)                     |
| N                        | 3411                          | 2728                           | 4046                               | 2882                                | 3999                                 | 2893                                  | 3773                         | 2785                          | 3820                                  | 3012                                    |
| R <sup>2</sup>           | 0.0282                        | 0.0219                         | 0.0173                             | 0.0101                              | 0.0172                               | 0.00852                               | 0.0112                       | 0.0130                        | 0.0209                                | 0.0235                                  |

Notes: This table presents the estimation results for Equation C3 and Equation C4. Regressions control for demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table C6: Estimation results for revisions in probabilities for one-year expectations: comparison of treatments.

|                                    | below -12%<br>(1)  | (-12,-8)<br>(2)  | (-8,-4)<br>(3)    | (-4,-2)<br>(4)    | (-2,0)<br>(5)      | (0,2)<br>(6)         | (2,4)<br>(7)        | (4,8)<br>(8)       | (8,12)<br>(9)      | Above 12%<br>(10)  |
|------------------------------------|--------------------|------------------|-------------------|-------------------|--------------------|----------------------|---------------------|--------------------|--------------------|--------------------|
| <b>Panel A: posteriors, Wave 1</b> |                    |                  |                   |                   |                    |                      |                     |                    |                    |                    |
| BankTarget vs Forecasts            | 0.307<br>(0.25)    | -0.050<br>(0.21) | 0.384**<br>(0.19) | 0.360<br>(0.28)   | -0.126<br>(0.36)   | -8.461***<br>(0.87)  | 0.895<br>(0.93)     | 2.475***<br>(0.77) | 1.446**<br>(0.63)  | 2.717***<br>(0.73) |
| <i>N</i>                           | 3758               | 3758             | 3758              | 3758              | 3759               | 3759                 | 3758                | 3758               | 3760               | 3761               |
| <i>R</i> <sup>2</sup>              | 0.00266            | 0.00562          | 0.00857           | 0.00511           | 0.00782            | 0.0406               | 0.0114              | 0.00687            | 0.0125             | 0.0374             |
| BankForecast vs ProfForecast       | 0.075<br>(0.28)    | -0.293<br>(0.24) | 0.306<br>(0.21)   | 0.648**<br>(0.29) | -0.758*<br>(0.40)  | -10.050***<br>(1.06) | 6.253***<br>(1.09)  | 2.947***<br>(0.90) | 1.293*<br>(0.75)   | -0.205<br>(0.85)   |
| <i>N</i>                           | 2512               | 2512             | 2512              | 2512              | 2512               | 2513                 | 2512                | 2512               | 2514               | 2514               |
| <i>R</i> <sup>2</sup>              | 0.00456            | 0.00559          | 0.00846           | 0.00839           | 0.00997            | 0.0573               | 0.0243              | 0.00979            | 0.0168             | 0.0413             |
| BankTarget vs Other                | 0.357<br>(0.24)    | -0.109<br>(0.20) | 0.300*<br>(0.18)  | 0.244<br>(0.27)   | -0.142<br>(0.35)   | -7.041***<br>(0.82)  | 1.436<br>(0.89)     | 2.058***<br>(0.75) | 0.773<br>(0.61)    | 2.047***<br>(0.69) |
| <i>N</i>                           | 4382               | 4382             | 4382              | 4382              | 4383               | 4383                 | 4382                | 4382               | 4385               | 4386               |
| <i>R</i> <sup>2</sup>              | 0.00220            | 0.00440          | 0.00671           | 0.00454           | 0.00538            | 0.0320               | 0.0115              | 0.00523            | 0.0109             | 0.0311             |
| Past inflation vs Forecasts        | -0.257<br>(0.31)   | 0.295<br>(0.26)  | 0.409*<br>(0.23)  | 0.607*<br>(0.32)  | 0.101<br>(0.45)    | -7.126***<br>(1.16)  | -2.769**<br>(1.20)  | 2.200**<br>(1.02)  | 3.271***<br>(0.83) | 3.417***<br>(0.93) |
| <i>N</i>                           | 3136               | 3136             | 3136              | 3136              | 3136               | 3137                 | 3136                | 3136               | 3139               | 3139               |
| <i>R</i> <sup>2</sup>              | 0.00329            | 0.00363          | 0.00725           | 0.00706           | 0.00545            | 0.0329               | 0.0121              | 0.00675            | 0.0178             | 0.0368             |
| Past inflation vs BankTarget       | -0.553<br>(0.36)   | 0.319<br>(0.28)  | 0.044<br>(0.27)   | 0.249<br>(0.44)   | 0.222<br>(0.53)    | 1.322<br>(1.01)      | -3.756***<br>(1.27) | -0.416<br>(1.11)   | 1.892**<br>(0.86)  | 0.812<br>(0.98)    |
| <i>N</i>                           | 1870               | 1870             | 1870              | 1870              | 1871               | 1870                 | 1870                | 1870               | 1871               | 1872               |
| <i>R</i> <sup>2</sup>              | 0.00821            | 0.0141           | 0.0128            | 0.00615           | 0.00524            | 0.0187               | 0.0263              | 0.00809            | 0.0176             | 0.0267             |
| Past inflation vs all other        | -0.353<br>(0.31)   | 0.305<br>(0.26)  | 0.288<br>(0.23)   | 0.488<br>(0.35)   | 0.138<br>(0.45)    | -4.348***<br>(1.07)  | -3.077***<br>(1.15) | 1.337<br>(0.97)    | 2.811***<br>(0.79) | 2.562***<br>(0.90) |
| <i>N</i>                           | 4382               | 4382             | 4382              | 4382              | 4383               | 4383                 | 4382                | 4382               | 4385               | 4386               |
| <i>R</i> <sup>2</sup>              | 0.00198            | 0.00465          | 0.00642           | 0.00480           | 0.00536            | 0.0195               | 0.0125              | 0.00397            | 0.0135             | 0.0310             |
|                                    | below -12%<br>(11) | (-12,-8)<br>(12) | (-8,-4)<br>(13)   | (-4,-2)<br>(14)   | (-2,0)<br>(15)     | (0,2)<br>(16)        | (2,4)<br>(17)       | (4,8)<br>(18)      | (8,12)<br>(19)     | Above 12%<br>(20)  |
| <b>Panel B: posteriors, Wave 2</b> |                    |                  |                   |                   |                    |                      |                     |                    |                    |                    |
| BankTarget vs Forecasts            | -0.309<br>(0.38)   | -0.262<br>(0.34) | -0.129<br>(0.34)  | -0.199<br>(0.44)  | -0.143<br>(0.62)   | 0.300<br>(1.15)      | -0.505<br>(1.35)    | 0.178<br>(1.28)    | 1.896*<br>(1.03)   | -1.024<br>(1.15)   |
| <i>N</i>                           | 2569               | 2569             | 2569              | 2569              | 2570               | 2569                 | 2569                | 2570               | 2571               | 2572               |
| <i>R</i> <sup>2</sup>              | 0.0124             | 0.00565          | 0.00443           | 0.00543           | 0.00346            | 0.0123               | 0.00703             | 0.00770            | 0.00795            | 0.00985            |
| BankForecast vs ProfForecast       | -0.411<br>(0.42)   | -0.408<br>(0.40) | -0.164<br>(0.40)  | 0.358<br>(0.48)   | -1.233*<br>(0.71)  | -1.364<br>(1.32)     | 0.087<br>(1.57)     | 1.848<br>(1.46)    | 0.839<br>(1.20)    | 0.088<br>(1.35)    |
| <i>N</i>                           | 1706               | 1706             | 1706              | 1706              | 1706               | 1706                 | 1706                | 1707               | 1707               | 1707               |
| <i>R</i> <sup>2</sup>              | 0.0150             | 0.00672          | 0.0109            | 0.00723           | 0.00524            | 0.0158               | 0.00910             | 0.0125             | 0.0113             | 0.0163             |
| BankTarget vs Other                | -0.355<br>(0.36)   | -0.285<br>(0.33) | -0.013<br>(0.32)  | -0.086<br>(0.41)  | 0.160<br>(0.59)    | 0.130<br>(1.11)      | -1.109<br>(1.31)    | 0.582<br>(1.24)    | 1.845*<br>(0.98)   | -1.185<br>(1.12)   |
| <i>N</i>                           | 3012               | 3012             | 3012              | 3012              | 3013               | 3012                 | 3012                | 3014               | 3015               | 3017               |
| <i>R</i> <sup>2</sup>              | 0.0125             | 0.00606          | 0.00311           | 0.00580           | 0.00363            | 0.0123               | 0.00552             | 0.00646            | 0.00602            | 0.00970            |
| Past inflation vs Forecast         | 0.160<br>(0.46)    | 0.076<br>(0.44)  | -0.600<br>(0.43)  | -0.596<br>(0.51)  | -1.517**<br>(0.77) | 0.526<br>(1.44)      | 3.029*<br>(1.74)    | -1.555<br>(1.62)   | 0.326<br>(1.29)    | 0.608<br>(1.51)    |
| <i>N</i>                           | 2149               | 2149             | 2149              | 2149              | 2149               | 2149                 | 2149                | 2151               | 2151               | 2152               |
| <i>R</i> <sup>2</sup>              | 0.0158             | 0.00648          | 0.00809           | 0.00718           | 0.00556            | 0.0149               | 0.00736             | 0.0106             | 0.00634            | 0.0150             |
| Past inflation vs Target           | 0.550<br>(0.56)    | 0.370<br>(0.47)  | -0.470<br>(0.45)  | -0.393<br>(0.61)  | -1.349<br>(0.87)   | 0.582<br>(1.63)      | 3.247*<br>(1.91)    | -2.049<br>(1.84)   | -1.613<br>(1.39)   | 1.736<br>(1.61)    |
| <i>N</i>                           | 1306               | 1306             | 1306              | 1306              | 1307               | 1306                 | 1306                | 1307               | 1308               | 1310               |
| <i>R</i> <sup>2</sup>              | 0.0231             | 0.0210           | 0.00937           | 0.0192            | 0.0142             | 0.0202               | 0.0173              | 0.0132             | 0.0113             | 0.0157             |
| Past inflation vs all other        | 0.291<br>(0.46)    | 0.178<br>(0.42)  | -0.553<br>(0.41)  | -0.508<br>(0.52)  | -1.445*<br>(0.76)  | 0.552<br>(1.41)      | 3.131*<br>(1.67)    | -1.742<br>(1.57)   | -0.339<br>(1.25)   | 0.966<br>(1.43)    |
| <i>N</i>                           | 3012               | 3012             | 3012              | 3012              | 3013               | 3012                 | 3012                | 3014               | 3015               | 3017               |
| <i>R</i> <sup>2</sup>              | 0.0123             | 0.00587          | 0.00371           | 0.00611           | 0.00482            | 0.0124               | 0.00645             | 0.00679            | 0.00487            | 0.00948            |

Notes: This table presents the estimation results for [Equation C3](#) and [Equation C4](#). Regressions control for demographic characteristics. Results are from OLS regressions. Standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

## C.4 The role of awareness and knowledge gap in the expectations revisions

Table C7: Estimation results for revisions for one-year expectations

|                            | PastInflation |          | BankTarget |          | BankTargetRange |           | BankForecast |           | BankForecastCI |           | ProfForecast |           | ProfForecastRange |           |
|----------------------------|---------------|----------|------------|----------|-----------------|-----------|--------------|-----------|----------------|-----------|--------------|-----------|-------------------|-----------|
|                            | (1)           | (2)      | (3)        | (4)      | (5)             | (6)       | (7)          | (8)       | (9)            | (10)      | (11)         | (12)      | (13)              | (14)      |
| DKnow PastInflation        | 0.212***      | -0.070   |            |          |                 |           |              |           |                |           |              |           |                   |           |
|                            | (0.07)        | (0.08)   |            |          |                 |           |              |           |                |           |              |           |                   |           |
| DKnow BankTarget           |               |          | 0.066      | -0.078   |                 |           |              |           |                |           |              |           |                   |           |
|                            |               |          | (0.05)     | (0.07)   |                 |           |              |           |                |           |              |           |                   |           |
| gap <sup>target</sup>      |               |          | -0.003     | -0.005   | -0.000          | -0.003    |              |           |                |           |              |           |                   |           |
|                            |               |          | (0.00)     | (0.01)   | (0.01)          | (0.01)    |              |           |                |           |              |           |                   |           |
| DKnow BankTargetRange      |               |          |            |          | 0.058           | -0.358*** |              |           |                |           |              |           |                   |           |
|                            |               |          |            |          | (0.11)          | (0.13)    |              |           |                |           |              |           |                   |           |
| DKnow BankForecast         |               |          |            |          |                 |           | 0.494***     | -0.939*** |                |           |              |           |                   |           |
|                            |               |          |            |          |                 |           | (0.13)       | (0.23)    |                |           |              |           |                   |           |
| gap <sup>forecast</sup>    |               |          |            |          |                 |           | 0.008        | 0.025     | -0.040*        | 0.059***  |              |           |                   |           |
|                            |               |          |            |          |                 |           | (0.01)       | (0.02)    | (0.02)         | (0.02)    |              |           |                   |           |
| DKnow BankForecastCI       |               |          |            |          |                 |           |              |           | 0.088          | -0.570*** |              |           |                   |           |
|                            |               |          |            |          |                 |           |              |           | (0.17)         | (0.19)    |              |           |                   |           |
| DKnow ProfForecast         |               |          |            |          |                 |           |              |           |                |           | 0.051        | -0.115    |                   |           |
|                            |               |          |            |          |                 |           |              |           |                |           | (0.26)       | (0.27)    |                   |           |
| DKnow ProfForecastRange    |               |          |            |          |                 |           |              |           |                |           |              |           | 0.442**           | -0.690*** |
|                            |               |          |            |          |                 |           |              |           |                |           |              |           | (0.22)            | (0.24)    |
| Dknow inflation well       | 0.166*        | -0.222** | 0.134*     | -0.177*  | -0.001          | 0.113     | -0.133       | -0.441    | -0.194         | 0.200     | -0.083       | 0.206     | -0.166            | 0.017     |
|                            | (0.09)        | (0.11)   | (0.08)     | (0.11)   | (0.14)          | (0.17)    | (0.17)       | (0.29)    | (0.22)         | (0.25)    | (0.19)       | (0.21)    | (0.23)            | (0.25)    |
| Deasy to express inflation | -0.006        | -0.074   | -0.071     | -0.075   | 0.173           | -0.237    | 0.185        | -0.458**  | 0.544***       | -0.778*** | 0.396**      | -0.724*** | 0.003             | 0.052     |
|                            | (0.07)        | (0.08)   | (0.06)     | (0.08)   | (0.13)          | (0.15)    | (0.14)       | (0.23)    | (0.19)         | (0.21)    | (0.17)       | (0.19)    | (0.20)            | (0.21)    |
| constant                   | -0.376        | 0.257    | -0.257     | 0.948*** | -0.510          | 1.679***  | -0.916**     | 0.605     | -1.551**       | 1.077     | -2.288***    | 3.522***  | -1.682***         | 2.471***  |
|                            | (0.24)        | (0.28)   | (0.16)     | (0.24)   | (0.38)          | (0.50)    | (0.46)       | (0.77)    | (0.69)         | (0.72)    | (0.57)       | (0.61)    | (0.59)            | (0.70)    |
| N                          | 478           | 505      | 435        | 441      | 470             | 501       | 487          | 549       | 508            | 530       | 521          | 533       | 525               | 550       |
| r2                         | 0.0958        | 0.0502   | 0.0612     | 0.0482   | 0.0618          | 0.0755    | 0.0587       | 0.121     | 0.0628         | 0.118     | 0.103        | 0.0874    | 0.0761            | 0.0853    |

Notes: Estimation results for revisions from equation  $E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior} = a + b_0 D_i^{Know} + b_1 gap^{forecast/target} + b_2 X_i + error_i$  are presented in **odd-numbered** columns. Estimation results for absolution revisions from equation  $|E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior}| = a + b_0 D_i^{Know} + b_1 gap^{forecast/target} + b_2 X_i + error_i$  are presented in **even-numbered** columns. These regressions also control for married status, presence of children, responding in English/French, and province. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

## D The heterogeneity in effects across demographic characteristics

Does it matter to *whom* uncertainty is communicated? To assess whether the impact of communicating with a range differs across demographic groups, we estimate the following equation:

$$E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior} = a + b_0 Range_i + b_1 Range_i \times Demographic_i + b_2 X_i + \epsilon_{i,t} \quad (D1)$$

where  $Demographic_i$  is a demographic characteristic of individual  $i$ . We estimate this equation by focusing the interaction of one demographic characteristic at a time, either gender, age, education, or income.  $Y_{i,t}$  is our set of dependent variables, which we described earlier. The estimation results can be found in [Table D1](#) - [Table D4](#).

We also looked into how the impact of information interventions differs for each treatment by demographic characteristic of the respondents:

$$E_i Y_{1yr}^{posterior} - E_i Y_{1yr}^{prior} = \alpha + \beta_0 Treatment_i + \beta_1 Treatment_i \times Demographic_i + \beta_2 X_i + \epsilon_{i,t} \quad (D2)$$

These estimation results of this regression are presented in [Table D5](#) - [Table D8](#).

Table D1: Estimation results of the revisions about one-year expectations: treatments with range by age group

|                              | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i \pi_{1yr}^{mean,post}$<br>(3) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(4) | $E_i \pi_{1yr}^{median,post}$<br>(5) | $E_i \pi_{1yr}^{median,Wave2}$<br>(6) | $E_i iqr_{1yr}^{post}$<br>(7) | $E_i iqr_{1yr}^{Wave2}$<br>(8) | $E_i prob_{1yr}^{target,post}$<br>(9) | $E_i prob_{1yr}^{target,Wave2}$<br>(10) |
|------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| Range, all                   | -0.033<br>(0.08)              | 0.268<br>(0.26)                | -0.150<br>(0.09)                   | -0.323<br>(0.25)                    | -0.148*<br>(0.09)                    | -0.420*<br>(0.24)                     | -0.021<br>(0.06)              | 0.171<br>(0.18)                | 2.132***<br>(0.70)                    | -0.449<br>(1.74)                        |
| young                        | -0.048<br>(0.12)              | -1.460***<br>(0.49)            | -0.210<br>(0.15)                   | -0.019<br>(0.47)                    | -0.404***<br>(0.15)                  | -0.239<br>(0.46)                      | 0.114<br>(0.10)               | 0.241<br>(0.33)                | -0.280<br>(1.10)                      | -8.295***<br>(2.97)                     |
| senior                       | 0.024<br>(0.07)               | -0.883***<br>(0.24)            | -0.025<br>(0.09)                   | -0.515**<br>(0.22)                  | -0.062<br>(0.09)                     | -0.531**<br>(0.22)                    | 0.058<br>(0.06)               | -0.074<br>(0.16)               | -0.819<br>(0.63)                      | -0.100<br>(1.60)                        |
| Range, all × young           | 0.306*<br>(0.17)              | 1.616**<br>(0.64)              | 0.539***<br>(0.21)                 | 0.586<br>(0.62)                     | 0.640***<br>(0.20)                   | 0.785<br>(0.59)                       | -0.219<br>(0.14)              | -0.429<br>(0.45)               | -0.009<br>(1.54)                      | 5.663<br>(4.19)                         |
| Range, all × senior          | -0.107<br>(0.10)              | -0.151<br>(0.32)               | 0.005<br>(0.12)                    | 0.323<br>(0.31)                     | -0.002<br>(0.12)                     | 0.464<br>(0.29)                       | 0.003<br>(0.08)               | -0.238<br>(0.22)               | -0.666<br>(0.89)                      | -0.473<br>(2.18)                        |
| constant                     | -0.896***<br>(0.18)           | -0.771<br>(0.56)               | -0.418*<br>(0.22)                  | -0.897*<br>(0.54)                   | -0.625***<br>(0.21)                  | -0.842<br>(0.51)                      | -0.557***<br>(0.14)           | -0.736*<br>(0.38)              | 4.257***<br>(1.54)                    | 9.918***<br>(3.71)                      |
| N                            | 3019                          | 2333                           | 3475                               | 2456                                | 3457                                 | 2466                                  | 3190                          | 2331                           | 3329                                  | 2569                                    |
| R <sup>2</sup>               | 0.0271                        | 0.0270                         | 0.0182                             | 0.00972                             | 0.0191                               | 0.00787                               | 0.0118                        | 0.0125                         | 0.0313                                | 0.0220                                  |
| Range, BankTarget            | 0.087<br>(0.10)               | -1.226***<br>(0.44)            | -0.215*<br>(0.12)                  | -0.983**<br>(0.41)                  | -0.198*<br>(0.12)                    | -1.050***<br>(0.40)                   | -0.160**<br>(0.08)            | -0.150<br>(0.29)               | 0.754<br>(0.76)                       | 3.222<br>(2.95)                         |
| young                        | 0.048<br>(0.14)               | -1.916***<br>(0.74)            | -0.190<br>(0.19)                   | -1.048<br>(0.77)                    | -0.224<br>(0.18)                     | -0.861<br>(0.73)                      | 0.014<br>(0.12)               | -0.839<br>(0.53)               | 0.479<br>(1.21)                       | -5.161<br>(4.63)                        |
| senior                       | 0.089<br>(0.09)               | -2.225***<br>(0.40)            | -0.037<br>(0.12)                   | -1.513***<br>(0.39)                 | -0.055<br>(0.11)                     | -1.450***<br>(0.38)                   | -0.061<br>(0.07)              | -0.501*<br>(0.27)              | -1.090<br>(0.71)                      | 3.045<br>(2.91)                         |
| Range, BankTarget × young    | -0.029<br>(0.20)              | 2.453**<br>(1.01)              | 0.373<br>(0.28)                    | 1.440<br>(1.02)                     | 0.236<br>(0.27)                      | 1.227<br>(0.99)                       | 0.244<br>(0.17)               | 1.033<br>(0.72)                | -1.786<br>(1.72)                      | -2.539<br>(6.88)                        |
| Range, BankTarget × senior   | -0.364***<br>(0.13)           | 1.759***<br>(0.55)             | 0.012<br>(0.16)                    | 0.832<br>(0.52)                     | -0.040<br>(0.16)                     | 0.829<br>(0.51)                       | 0.228**<br>(0.10)             | 0.057<br>(0.39)                | -0.174<br>(0.98)                      | -5.110<br>(3.83)                        |
| constant                     | -0.377*<br>(0.22)             | 1.382<br>(0.95)                | -0.008<br>(0.30)                   | 0.624<br>(0.93)                     | -0.011<br>(0.28)                     | 0.603<br>(0.91)                       | -0.366**<br>(0.18)            | -0.233<br>(0.65)               | 2.981*<br>(1.66)                      | -0.147<br>(7.21)                        |
| N                            | 968                           | 774                            | 1112                               | 827                                 | 1096                                 | 832                                   | 1028                          | 790                            | 1041                                  | 863                                     |
| R <sup>2</sup>               | 0.0295                        | 0.0665                         | 0.0283                             | 0.0469                              | 0.0343                               | 0.0492                                | 0.0169                        | 0.0477                         | 0.0408                                | 0.0453                                  |
| Range, BankForecast          | -0.027<br>(0.17)              | 1.251***<br>(0.45)             | 0.015<br>(0.17)                    | 0.214<br>(0.44)                     | -0.027<br>(0.16)                     | 0.078<br>(0.43)                       | 0.097<br>(0.10)               | 0.350<br>(0.34)                | 3.335**<br>(1.42)                     | -4.001<br>(3.02)                        |
| young                        | 0.279<br>(0.26)               | -1.942**<br>(0.93)             | -0.217<br>(0.31)                   | -0.467<br>(0.89)                    | -0.235<br>(0.28)                     | -0.467<br>(0.86)                      | 0.258<br>(0.19)               | 0.243<br>(0.55)                | -1.386<br>(2.35)                      | 9.083<br>(6.32)                         |
| senior                       | -0.049<br>(0.15)              | 0.238<br>(0.39)                | 0.183<br>(0.16)                    | -0.049<br>(0.36)                    | -0.040<br>(0.15)                     | -0.204<br>(0.35)                      | 0.097<br>(0.10)               | -0.575*<br>(0.31)              | -0.662<br>(1.30)                      | -2.001<br>(2.53)                        |
| Range, BankForecast × young  | -0.077<br>(0.35)              | 0.919<br>(1.15)                | 0.391<br>(0.37)                    | 0.409<br>(1.15)                     | 0.289<br>(0.34)                      | 0.202<br>(1.08)                       | -0.706***<br>(0.25)           | -0.608<br>(0.77)               | 1.602<br>(3.11)                       | -10.440<br>(7.91)                       |
| Range, BankForecast × senior | -0.109<br>(0.21)              | -1.443***<br>(0.55)            | -0.224<br>(0.22)                   | 0.084<br>(0.54)                     | -0.107<br>(0.21)                     | 0.292<br>(0.51)                       | -0.243*<br>(0.14)             | 0.232<br>(0.42)                | -1.166<br>(1.81)                      | 1.441<br>(3.72)                         |
| constant                     | -1.317***<br>(0.39)           | -1.548*<br>(0.92)              | -1.220***<br>(0.42)                | -2.243**<br>(0.96)                  | -1.613***<br>(0.38)                  | -1.921**<br>(0.89)                    | -0.570**<br>(0.28)            | -1.238*<br>(0.73)              | 11.279***<br>(3.40)                   | 10.606*<br>(6.18)                       |
| N                            | 1018                          | 780                            | 1170                               | 819                                 | 1171                                 | 812                                   | 1070                          | 775                            | 1171                                  | 857                                     |
| R <sup>2</sup>               | 0.0386                        | 0.0441                         | 0.0378                             | 0.0216                              | 0.0427                               | 0.0221                                | 0.0273                        | 0.0381                         | 0.0486                                | 0.0470                                  |
| Range, ProfForecast          | -0.199<br>(0.17)              | 1.003**<br>(0.44)              | -0.101<br>(0.19)                   | 0.074<br>(0.44)                     | -0.015<br>(0.18)                     | 0.012<br>(0.44)                       | 0.012<br>(0.14)               | 0.384<br>(0.31)                | 3.052<br>(2.18)                       | -3.360<br>(3.23)                        |
| young                        | -0.452*<br>(0.26)             | -1.208<br>(0.89)               | 0.005<br>(0.30)                    | 1.630**<br>(0.81)                   | -0.361<br>(0.30)                     | 0.969<br>(0.84)                       | -0.111<br>(0.24)              | 1.548**<br>(0.63)              | 2.257<br>(3.44)                       | -25.339***<br>(4.94)                    |
| senior                       | -0.045<br>(0.16)              | -0.618<br>(0.41)               | 0.034<br>(0.18)                    | 0.127<br>(0.41)                     | 0.117<br>(0.18)                      | 0.140<br>(0.41)                       | 0.067<br>(0.13)               | 0.755***<br>(0.27)             | -2.331<br>(1.97)                      | -2.231<br>(2.99)                        |
| Range, ProfForecast × young  | 0.759**<br>(0.38)             | 3.001**<br>(1.22)              | 0.827*<br>(0.43)                   | -0.088<br>(1.07)                    | 1.015**<br>(0.42)                    | 0.761<br>(1.07)                       | -0.977**<br>(0.39)            | -2.341***<br>(0.87)            | 3.176<br>(5.07)                       | 24.552***<br>(6.93)                     |
| Range, ProfForecast × senior | 0.287<br>(0.22)               | -0.857<br>(0.54)               | 0.042<br>(0.24)                    | -0.313<br>(0.54)                    | -0.087<br>(0.23)                     | -0.083<br>(0.53)                      | 0.174<br>(0.18)               | -0.904**<br>(0.39)             | 0.113<br>(2.74)                       | 4.810<br>(4.00)                         |
| constant                     | -1.778***<br>(0.38)           | -2.096**<br>(0.98)             | -0.214<br>(0.41)                   | -1.404<br>(0.89)                    | -0.493<br>(0.40)                     | -1.520*<br>(0.90)                     | -0.424<br>(0.31)              | -0.845<br>(0.64)               | 2.733<br>(4.51)                       | 19.314***<br>(5.83)                     |
| N                            | 1036                          | 763                            | 1164                               | 812                                 | 1162                                 | 821                                   | 1112                          | 768                            | 1248                                  | 849                                     |
| R <sup>2</sup>               | 0.0670                        | 0.0611                         | 0.0349                             | 0.0369                              | 0.0331                               | 0.0291                                | 0.0650                        | 0.0360                         | 0.0682                                | 0.0702                                  |

Notes: This table presents the estimation results for equation Equation D1. The dependent variable is the variable listed at the top of each column relative to its prior. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table D2: Estimation results of the revisions about one-year expectations: treatments with range by education group

|                                    | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i \pi_{1yr}^{mean,post}$<br>(3) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(4) | $E_i \pi_{1yr}^{median,post}$<br>(5) | $E_i \pi_{1yr}^{median,Wave2}$<br>(6) | $E_i iqr_{1yr}^{post}$<br>(7) | $E_i iqr_{1yr}^{Wave2}$<br>(8) | $E_i prob_{1yr}^{target,post}$<br>(9) | $E_i prob_{1yr}^{target,Wave2}$<br>(10) |
|------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| Range, all                         | 0.069<br>(0.13)               | 1.313***<br>(0.37)             | -0.127<br>(0.14)                   | -0.460<br>(0.35)                    | -0.153<br>(0.14)                     | -0.375<br>(0.34)                      | -0.015<br>(0.09)              | 0.039<br>(0.28)                | 0.795<br>(0.94)                       | -1.863<br>(2.30)                        |
| some college                       | 0.244**<br>(0.10)             | 0.592*<br>(0.31)               | -0.016<br>(0.11)                   | -0.443<br>(0.29)                    | -0.033<br>(0.11)                     | -0.336<br>(0.28)                      | 0.084<br>(0.08)               | 0.476**<br>(0.22)              | 0.302<br>(0.76)                       | -0.045<br>(1.91)                        |
| university+                        | 0.293***<br>(0.11)            | 0.643**<br>(0.32)              | 0.063<br>(0.12)                    | -0.019<br>(0.30)                    | 0.091<br>(0.12)                      | -0.008<br>(0.29)                      | 0.084<br>(0.08)               | 0.175<br>(0.23)                | 0.489<br>(0.83)                       | 2.997<br>(2.07)                         |
| Range, all × some college          | -0.100<br>(0.15)              | -1.143***<br>(0.43)            | 0.165<br>(0.17)                    | 0.841**<br>(0.41)                   | 0.168<br>(0.16)                      | 0.701*<br>(0.39)                      | 0.061<br>(0.11)               | -0.308<br>(0.32)               | 0.372<br>(1.11)                       | 0.314<br>(2.73)                         |
| Range, all × university+           | -0.212<br>(0.15)              | -1.306***<br>(0.43)            | -0.117<br>(0.17)                   | -0.037<br>(0.42)                    | -0.027<br>(0.17)                     | -0.089<br>(0.40)                      | -0.139<br>(0.11)              | 0.246<br>(0.32)                | 2.406**<br>(1.20)                     | 4.076<br>(2.90)                         |
| constant                           | -0.954***<br>(0.19)           | -1.300**<br>(0.57)             | -0.449**<br>(0.22)                 | -0.888<br>(0.55)                    | -0.631***<br>(0.21)                  | -0.906*<br>(0.53)                     | -0.567***<br>(0.40)           | -0.653*<br>(0.15)              | 4.959***<br>(1.58)                    | 10.830***<br>(3.79)                     |
| N                                  | 3019                          | 2328                           | 3475                               | 2456                                | 3455                                 | 2466                                  | 3193                          | 2331                           | 3331                                  | 2569                                    |
| R <sup>2</sup>                     | 0.0261                        | 0.0280                         | 0.0174                             | 0.0125                              | 0.0171                               | 0.00935                               | 0.0126                        | 0.0140                         | 0.0328                                | 0.0222                                  |
| Range, BankTarget                  | -0.268<br>(0.17)              | 1.682**<br>(0.67)              | 0.010<br>(0.22)                    | -0.835<br>(0.63)                    | -0.255<br>(0.20)                     | -0.948<br>(0.64)                      | -0.173<br>(0.13)              | 1.265**<br>(0.53)              | 0.839<br>(1.05)                       | -6.178<br>(4.46)                        |
| some college                       | -0.033<br>(0.12)              | 0.500<br>(0.57)                | -0.190<br>(0.16)                   | -1.167**<br>(0.51)                  | -0.431***<br>(0.15)                  | -1.023*<br>(0.52)                     | 0.056<br>(0.09)               | 1.604***<br>(0.43)             | 0.920<br>(0.88)                       | -6.655*<br>(3.59)                       |
| university+                        | 0.158<br>(0.13)               | 1.533**<br>(0.59)              | 0.027<br>(0.17)                    | 0.115<br>(0.52)                     | -0.242<br>(0.16)                     | 0.038<br>(0.53)                       | 0.068<br>(0.10)               | 1.590***<br>(0.43)             | -0.205<br>(0.92)                      | -5.851<br>(3.89)                        |
| Range, BankTarget × some college   | 0.342*<br>(0.19)              | -1.337*<br>(0.77)              | -0.028<br>(0.24)                   | 1.559**<br>(0.73)                   | 0.227<br>(0.23)                      | 1.576**<br>(0.74)                     | 0.244<br>(0.15)               | -1.709***<br>(0.61)            | -0.696<br>(1.28)                      | 5.195<br>(5.18)                         |
| Range, BankTarget × university+    | 0.026<br>(0.19)               | -2.836***<br>(0.79)            | -0.430*<br>(0.25)                  | -0.699<br>(0.74)                    | -0.126<br>(0.24)                     | -0.665<br>(0.74)                      | 0.108<br>(0.15)               | -1.262**<br>(0.60)             | -0.033<br>(1.30)                      | 11.203**<br>(5.46)                      |
| constant                           | -0.214<br>(0.22)              | 0.034<br>(0.99)                | -0.138<br>(0.31)                   | 0.419<br>(0.96)                     | -0.022<br>(0.29)                     | 0.386<br>(0.95)                       | -0.386*<br>(0.18)             | -0.864<br>(0.70)               | 3.115*<br>(1.68)                      | 4.579<br>(7.32)                         |
| N                                  | 967                           | 774                            | 1116                               | 829                                 | 1107                                 | 834                                   | 1027                          | 795                            | 1047                                  | 863                                     |
| R <sup>2</sup>                     | 0.0279                        | 0.0694                         | 0.0309                             | 0.0600                              | 0.0373                               | 0.0624                                | 0.0158                        | 0.0576                         | 0.0398                                | 0.0466                                  |
| Range, BankForecast                | 0.036<br>(0.24)               | 0.677<br>(0.60)                | -0.581**<br>(0.25)                 | 0.085<br>(0.58)                     | -0.368<br>(0.24)                     | 0.233<br>(0.52)                       | -0.190<br>(0.17)              | -0.138<br>(0.52)               | -0.783<br>(2.07)                      | 0.552<br>(3.90)                         |
| some college                       | 0.488**<br>(0.19)             | -0.108<br>(0.50)               | -0.015<br>(0.19)                   | -0.250<br>(0.46)                    | 0.076<br>(0.18)                      | -0.330<br>(0.44)                      | 0.087<br>(0.13)               | -0.129<br>(0.42)               | -3.583**<br>(1.55)                    | 1.960<br>(3.30)                         |
| university+                        | 0.227<br>(0.20)               | -0.376<br>(0.50)               | 0.057<br>(0.21)                    | 0.324<br>(0.49)                     | 0.156<br>(0.20)                      | 0.092<br>(0.47)                       | 0.092<br>(0.14)               | -0.330<br>(0.42)               | 0.114<br>(1.78)                       | 4.046<br>(3.55)                         |
| Range, BankForecast × some college | -0.174<br>(0.28)              | -0.339<br>(0.70)               | 0.801***<br>(0.29)                 | 0.655<br>(0.69)                     | 0.503*<br>(0.28)                     | 0.363<br>(0.64)                       | 0.205<br>(0.19)               | 0.468<br>(0.60)                | 4.977**<br>(2.35)                     | -4.818<br>(4.65)                        |
| Range, BankForecast × university+  | -0.138<br>(0.29)              | -0.268<br>(0.72)               | 0.390<br>(0.31)                    | -0.189<br>(0.70)                    | 0.211<br>(0.29)                      | -0.345<br>(0.65)                      | 0.021<br>(0.20)               | 0.883<br>(0.59)                | 3.271<br>(2.58)                       | -6.266<br>(4.92)                        |
| constant                           | -1.340***<br>(0.40)           | -1.447<br>(0.96)               | -0.984**<br>(0.43)                 | -2.229**<br>(0.96)                  | -1.465***<br>(0.39)                  | -2.019**<br>(0.90)                    | -0.493*<br>(0.29)             | -1.011<br>(0.74)               | 13.474***<br>(3.52)                   | 7.723<br>(6.39)                         |
| N                                  | 1016                          | 780                            | 1176                               | 817                                 | 1174                                 | 814                                   | 1070                          | 775                            | 1163                                  | 857                                     |
| R <sup>2</sup>                     | 0.0388                        | 0.0333                         | 0.0406                             | 0.0246                              | 0.0444                               | 0.0237                                | 0.0219                        | 0.0386                         | 0.0511                                | 0.0462                                  |
| Range, ProfForecast                | 0.988***<br>(0.28)            | 1.892***<br>(0.65)             | 0.179<br>(0.27)                    | -0.500<br>(0.64)                    | 0.086<br>(0.28)                      | -0.407<br>(0.63)                      | 0.260<br>(0.19)               | -0.666<br>(0.46)               | 5.378*<br>(2.79)                      | 1.276<br>(3.71)                         |
| some college                       | 0.935***<br>(0.24)            | 1.587***<br>(0.55)             | 0.193<br>(0.22)                    | 0.334<br>(0.52)                     | 0.280<br>(0.23)                      | 0.466<br>(0.52)                       | -0.033<br>(0.16)              | 0.250<br>(0.37)                | 5.075**<br>(2.23)                     | 5.715*<br>(3.10)                        |
| university+                        | 1.063***<br>(0.25)            | 0.921<br>(0.58)                | -0.003<br>(0.23)                   | -0.380<br>(0.55)                    | 0.200<br>(0.24)                      | -0.149<br>(0.54)                      | -0.107<br>(0.17)              | -0.657<br>(0.40)               | 4.087*<br>(2.43)                      | 10.552***<br>(3.39)                     |
| Range, ProfForecast × some college | -1.188***<br>(0.32)           | -1.913**<br>(0.75)             | -0.253<br>(0.31)                   | 0.284<br>(0.72)                     | -0.158<br>(0.32)                     | 0.323<br>(0.72)                       | -0.106<br>(0.22)              | 0.020<br>(0.53)                | -4.613<br>(3.36)                      | -3.095<br>(4.54)                        |
| Range, ProfForecast × university+  | -1.062***<br>(0.32)           | -0.931<br>(0.75)               | -0.181<br>(0.32)                   | 0.660<br>(0.74)                     | 0.012<br>(0.33)                      | 0.717<br>(0.73)                       | -0.444*<br>(0.24)             | 0.929*<br>(0.54)               | 0.160<br>(3.54)                       | 4.015<br>(4.88)                         |
| constant                           | -2.348***<br>(0.41)           | -2.630***<br>(1.02)            | -0.338<br>(0.41)                   | -1.069<br>(0.93)                    | -0.525<br>(0.42)                     | -1.301<br>(0.92)                      | -0.528*<br>(0.30)             | -0.284<br>(0.68)               | 1.418<br>(4.57)                       | 16.409***<br>(5.77)                     |
| N                                  | 1037                          | 765                            | 1160                               | 812                                 | 1170                                 | 821                                   | 1097                          | 769                            | 1248                                  | 849                                     |
| R <sup>2</sup>                     | 0.0748                        | 0.0562                         | 0.0321                             | 0.0376                              | 0.0291                               | 0.0305                                | 0.0538                        | 0.0310                         | 0.0708                                | 0.0634                                  |

Notes: This table presents the estimation results for Equation D1. The dependent variable is the variable listed at the top of each column relative to its prior. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.



Table D3: Estimation results of the revisions about one-year expectations: treatments with range by income groups

|                                  | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i \pi_{1yr}^{mean,post}$<br>(3) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(4) | $E_i \pi_{1yr}^{median,post}$<br>(5) | $E_i \pi_{1yr}^{median,Wave2}$<br>(6) | $E_i iqr_{1yr}^{post}$<br>(7) | $E_i iqr_{1yr}^{Wave2}$<br>(8) | $E_i prob_{1yr}^{target,post}$<br>(9) | $E_i prob_{1yr}^{target,Wave2}$<br>(10) |
|----------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| Range, all                       | -0.313***<br>(0.11)           | 0.649**<br>(0.32)              | -0.105<br>(0.13)                   | 0.025<br>(0.30)                     | -0.208*<br>(0.13)                    | 0.112<br>(0.30)                       | -0.010<br>(0.08)              | 0.099<br>(0.23)                | 2.009**<br>(0.82)                     | -0.340<br>(1.91)                        |
| \$40K-\$100k                     | -0.214**<br>(0.09)            | 0.385<br>(0.28)                | -0.044<br>(0.11)                   | 0.373<br>(0.26)                     | -0.066<br>(0.11)                     | 0.292<br>(0.26)                       | -0.051<br>(0.07)              | -0.015<br>(0.20)               | 2.693***<br>(0.72)                    | 4.398**<br>(1.78)                       |
| \$100k +                         | -0.076<br>(0.10)              | 0.281<br>(0.32)                | 0.002<br>(0.12)                    | 0.230<br>(0.31)                     | -0.057<br>(0.12)                     | 0.006<br>(0.30)                       | -0.094<br>(0.08)              | 0.075<br>(0.23)                | 2.235***<br>(0.84)                    | 0.912<br>(2.14)                         |
| Range, all×\$40K-\$100k          | 0.386***<br>(0.13)            | -0.429<br>(0.38)               | -0.031<br>(0.15)                   | -0.209<br>(0.36)                    | 0.088<br>(0.15)                      | -0.359<br>(0.35)                      | -0.049<br>(0.10)              | -0.145<br>(0.28)               | -0.443<br>(1.02)                      | -1.717<br>(2.42)                        |
| Range, all×\$100k +              | 0.192<br>(0.14)               | -0.502<br>(0.42)               | 0.091<br>(0.16)                    | -0.036<br>(0.40)                    | 0.263<br>(0.16)                      | -0.064<br>(0.39)                      | -0.021<br>(0.10)              | -0.077<br>(0.29)               | -0.155<br>(1.11)                      | 3.442<br>(2.79)                         |
| constant                         | -0.109<br>(0.21)              | 0.560<br>(0.95)                | 0.002<br>(0.31)                    | -0.023<br>(0.95)                    | 0.092<br>(0.29)                      | -0.090<br>(0.93)                      | -0.435**<br>(0.18)            | -0.249<br>(0.70)               | 2.721<br>(1.67)                       | 3.532<br>(7.14)                         |
| N                                | 967                           | 772                            | 1117                               | 826                                 | 1106                                 | 832                                   | 1025                          | 795                            | 1051                                  | 863                                     |
| R <sup>2</sup>                   | 0.0333                        | 0.0606                         | 0.0276                             | 0.0502                              | 0.0364                               | 0.0545                                | 0.0144                        | 0.0472                         | 0.0426                                | 0.0485                                  |
| Range, BankTarget                | -0.471***<br>(0.13)           | 0.740<br>(0.54)                | -0.265<br>(0.18)                   | 0.460<br>(0.52)                     | -0.473***<br>(0.17)                  | 0.465<br>(0.52)                       | 0.044<br>(0.10)               | -0.176<br>(0.42)               | 1.794**<br>(0.91)                     | -4.812<br>(3.48)                        |
| \$40K-\$100k                     | -0.325***<br>(0.10)           | 0.201<br>(0.49)                | 0.142<br>(0.15)                    | 0.434<br>(0.46)                     | -0.126<br>(0.14)                     | 0.273<br>(0.45)                       | 0.147*<br>(0.09)              | -0.761**<br>(0.37)             | 2.095**<br>(0.88)                     | 1.489<br>(3.33)                         |
| \$100k +                         | -0.300**<br>(0.12)            | 1.120*<br>(0.57)               | 0.323*<br>(0.18)                   | 1.042*<br>(0.55)                    | 0.045<br>(0.17)                      | 0.845<br>(0.53)                       | -0.022<br>(0.10)              | 0.266<br>(0.41)                | 1.367<br>(1.00)                       | -9.282**<br>(3.98)                      |
| Range, BankTarget×\$40K-\$100k   | 0.556***<br>(0.15)            | -0.538<br>(0.65)               | 0.134<br>(0.21)                    | -0.717<br>(0.62)                    | 0.316<br>(0.20)                      | -0.801<br>(0.62)                      | -0.122<br>(0.12)              | 0.344<br>(0.51)                | -2.341**<br>(1.17)                    | 3.742<br>(4.36)                         |
| Range, BankTarget×\$100k +       | 0.268<br>(0.17)               | -1.791**<br>(0.71)             | 0.086<br>(0.23)                    | -1.849***<br>(0.69)                 | 0.376*<br>(0.22)                     | -1.991***<br>(0.67)                   | -0.009<br>(0.13)              | -0.059<br>(0.52)               | -0.718<br>(1.24)                      | 12.665***<br>(4.90)                     |
| constant                         | -0.109<br>(0.21)              | 0.560<br>(0.95)                | 0.002<br>(0.31)                    | -0.023<br>(0.95)                    | 0.092<br>(0.29)                      | -0.090<br>(0.93)                      | -0.435**<br>(0.18)            | -0.249<br>(0.70)               | 2.721<br>(1.67)                       | 3.532<br>(7.14)                         |
| N                                | 967                           | 772                            | 1117                               | 826                                 | 1106                                 | 832                                   | 1025                          | 795                            | 1051                                  | 863                                     |
| R <sup>2</sup>                   | 0.0333                        | 0.0606                         | 0.0276                             | 0.0502                              | 0.0364                               | 0.0545                                | 0.0144                        | 0.0472                         | 0.0426                                | 0.0485                                  |
| Range, BankForecast              | -0.180<br>(0.20)              | 0.941*<br>(0.55)               | -0.028<br>(0.23)                   | -0.175<br>(0.55)                    | -0.007<br>(0.22)                     | -0.086<br>(0.52)                      | -0.052<br>(0.14)              | 0.748<br>(0.47)                | 3.580**<br>(1.75)                     | 0.498<br>(3.33)                         |
| \$40K-\$100k                     | -0.034<br>(0.17)              | 0.808*<br>(0.46)               | -0.117<br>(0.19)                   | 0.547<br>(0.45)                     | 0.049<br>(0.18)                      | 0.509<br>(0.43)                       | -0.014<br>(0.12)              | 0.776*<br>(0.40)               | 4.072***<br>(1.47)                    | 4.486<br>(2.98)                         |
| \$100k +                         | 0.058<br>(0.19)               | 0.193<br>(0.55)                | 0.034<br>(0.22)                    | -0.258<br>(0.53)                    | 0.117<br>(0.21)                      | -0.444<br>(0.53)                      | -0.163<br>(0.14)              | 0.291<br>(0.44)                | 5.154***<br>(1.73)                    | 9.846***<br>(3.67)                      |
| Range, BankForecast×\$40K-\$100k | 0.122<br>(0.25)               | -0.690<br>(0.66)               | -0.094<br>(0.27)                   | 0.321<br>(0.65)                     | -0.159<br>(0.26)                     | 0.105<br>(0.61)                       | -0.144<br>(0.17)              | -0.394<br>(0.54)               | 1.056<br>(2.16)                       | -4.372<br>(4.20)                        |
| Range, BankForecast×\$100k +     | 0.071<br>(0.26)               | -0.581<br>(0.72)               | 0.020<br>(0.29)                    | 1.073<br>(0.71)                     | 0.102<br>(0.28)                      | 1.048<br>(0.67)                       | 0.114<br>(0.18)               | -0.376<br>(0.58)               | -4.298*<br>(2.28)                     | -8.031*<br>(4.72)                       |
| constant                         | -1.243***<br>(0.38)           | -1.599*<br>(0.96)              | -1.212***<br>(0.42)                | -1.932*<br>(1.00)                   | -1.585***<br>(0.38)                  | -1.655*<br>(0.94)                     | -0.533*<br>(0.28)             | -1.460*<br>(0.76)              | 10.744***<br>(3.37)                   | 7.549<br>(6.39)                         |
| N                                | 1012                          | 783                            | 1170                               | 819                                 | 1165                                 | 813                                   | 1073                          | 775                            | 1170                                  | 857                                     |
| R <sup>2</sup>                   | 0.0386                        | 0.0349                         | 0.0356                             | 0.0240                              | 0.0427                               | 0.0249                                | 0.0221                        | 0.0371                         | 0.0525                                | 0.0464                                  |
| Range, ProfForecast              | -0.304<br>(0.26)              | 0.314<br>(0.57)                | -0.062<br>(0.24)                   | -0.126<br>(0.51)                    | -0.233<br>(0.24)                     | 0.080<br>(0.51)                       | 0.190<br>(0.18)               | -0.143<br>(0.39)               | 8.452***<br>(2.75)                    | 1.799<br>(3.28)                         |
| \$40K-\$100k                     | -0.263<br>(0.20)              | 0.057<br>(0.46)                | -0.214<br>(0.20)                   | 0.136<br>(0.45)                     | -0.191<br>(0.20)                     | -0.001<br>(0.45)                      | -0.167<br>(0.15)              | 0.209<br>(0.33)                | 7.346***<br>(2.22)                    | 8.014***<br>(3.06)                      |
| \$100k +                         | 0.032<br>(0.23)               | -0.525<br>(0.55)               | -0.400*<br>(0.24)                  | -0.191<br>(0.51)                    | -0.404*<br>(0.24)                    | -0.548<br>(0.51)                      | -0.236<br>(0.19)              | -0.103<br>(0.39)               | 4.621*<br>(2.68)                      | 3.735<br>(3.60)                         |
| Range, ProfForecast×\$40K-\$100k | 0.482*<br>(0.29)              | 0.160<br>(0.66)                | -0.037<br>(0.29)                   | -0.305<br>(0.62)                    | 0.227<br>(0.29)                      | -0.468<br>(0.62)                      | -0.205<br>(0.22)              | -0.450<br>(0.46)               | -9.347***<br>(3.31)                   | -4.502<br>(4.20)                        |
| Range, ProfForecast×\$100k +     | 0.268<br>(0.32)               | 0.914<br>(0.74)                | 0.289<br>(0.32)                    | 0.590<br>(0.69)                     | 0.484<br>(0.32)                      | 0.616<br>(0.69)                       | -0.130<br>(0.25)              | 0.227<br>(0.52)                | -0.151<br>(3.80)                      | 7.186<br>(5.04)                         |
| constant                         | -1.728***<br>(0.39)           | -1.948**<br>(0.99)             | -0.221<br>(0.41)                   | -1.205<br>(0.91)                    | -0.393<br>(0.41)                     | -1.483<br>(0.91)                      | -0.484<br>(0.31)              | -0.568<br>(0.67)               | 0.885<br>(4.59)                       | 17.429***<br>(5.85)                     |
| N                                | 1035                          | 760                            | 1161                               | 812                                 | 1167                                 | 821                                   | 1110                          | 770                            | 1248                                  | 849                                     |
| R <sup>2</sup>                   | 0.0655                        | 0.0516                         | 0.0326                             | 0.0387                              | 0.0303                               | 0.0327                                | 0.0520                        | 0.0277                         | 0.0736                                | 0.0663                                  |

Notes: This table presents the estimation results for Equation D1. The dependent variable is the variable listed at the top of each column relative to its prior. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table D4: Estimation results of the revisions about one-year expectations: treatments with range by gender

|                              | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i \pi_{1yr}^{mean,post}$<br>(3) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(4) | $E_i \pi_{1yr}^{median,post}$<br>(5) | $E_i \pi_{1yr}^{median,Wave2}$<br>(6) | $E_i iqr_{1yr}^{post}$<br>(7) | $E_i iqr_{1yr}^{Wave2}$<br>(8) | $E_i prob_{1yr}^{target,post}$<br>(9) | $E_i prob_{1yr}^{target,Wave2}$<br>(10) |
|------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| Range, all                   | -0.030<br>(0.07)              | 0.763***<br>(0.22)             | -0.043<br>(0.09)                   | 0.380*<br>(0.22)                    | -0.104<br>(0.08)                     | 0.349<br>(0.22)                       | 0.002<br>(0.06)               | 0.091<br>(0.15)                | 1.846***<br>(0.63)                    | -1.292<br>(1.75)                        |
| female                       | -0.263***<br>(0.07)           | -0.215<br>(0.21)               | -0.323***<br>(0.08)                | 0.069<br>(0.21)                     | -0.371***<br>(0.08)                  | 0.064<br>(0.20)                       | -0.031<br>(0.05)              | -0.259*<br>(0.15)              | 2.882***<br>(0.59)                    | -0.589<br>(1.58)                        |
| Range, all × female          | -0.047<br>(0.10)              | -0.786***<br>(0.29)            | -0.081<br>(0.11)                   | -0.742***<br>(0.29)                 | 0.030<br>(0.11)                      | -0.689**<br>(0.28)                    | -0.068<br>(0.08)              | -0.141<br>(0.21)               | -0.146<br>(0.83)                      | 1.468<br>(2.15)                         |
| constant                     | -0.916***<br>(0.18)           | -1.003*<br>(0.56)              | -0.476**<br>(0.22)                 | -1.203**<br>(0.54)                  | -0.638***<br>(0.21)                  | -1.171**<br>(0.52)                    | -0.568***<br>(0.14)           | -0.710*<br>(0.38)              | 4.325***<br>(1.54)                    | 10.432***<br>(3.73)                     |
| $N$                          | 3025                          | 2330                           | 3476                               | 2455                                | 3453                                 | 2466                                  | 3194                          | 2330                           | 3321                                  | 2569                                    |
| $R^2$                        | 0.0256                        | 0.0259                         | 0.0164                             | 0.0112                              | 0.0163                               | 0.00856                               | 0.0113                        | 0.0122                         | 0.0310                                | 0.0216                                  |
| Range, BankTarget            | -0.229**<br>(0.09)            | 0.667*<br>(0.39)               | -0.067<br>(0.12)                   | 0.273<br>(0.40)                     | -0.189*<br>(0.11)                    | 0.265<br>(0.39)                       | -0.008<br>(0.07)              | -0.104<br>(0.28)               | 0.761<br>(0.74)                       | 6.547**<br>(3.12)                       |
| female                       | -0.204***<br>(0.08)           | -0.268<br>(0.38)               | -0.175<br>(0.12)                   | 0.045<br>(0.37)                     | -0.274***<br>(0.11)                  | 0.034<br>(0.37)                       | 0.004<br>(0.07)               | -0.426<br>(0.28)               | 1.579**<br>(0.69)                     | 5.044*<br>(2.83)                        |
| Range, BankTarget × female   | 0.206*<br>(0.12)              | -1.133**<br>(0.52)             | -0.173<br>(0.16)                   | -1.064**<br>(0.51)                  | -0.009<br>(0.15)                     | -1.185**<br>(0.51)                    | -0.013<br>(0.10)              | 0.101<br>(0.37)                | -0.420<br>(0.95)                      | -9.450**<br>(3.78)                      |
| constant                     | -0.219<br>(0.21)              | 0.444<br>(0.95)                | -0.116<br>(0.31)                   | -0.059<br>(0.94)                    | -0.012<br>(0.29)                     | -0.145<br>(0.93)                      | -0.427**<br>(0.18)            | -0.263<br>(0.66)               | 2.980*<br>(1.67)                      | -2.130<br>(7.13)                        |
| $N$                          | 967                           | 774                            | 1119                               | 828                                 | 1096                                 | 833                                   | 1026                          | 790                            | 1043                                  | 863                                     |
| $R^2$                        | 0.0238                        | 0.0580                         | 0.0277                             | 0.0468                              | 0.0335                               | 0.0502                                | 0.0134                        | 0.0456                         | 0.0399                                | 0.0502                                  |
| Range, BankForecast          | -0.019<br>(0.14)              | 0.614<br>(0.37)                | -0.022<br>(0.16)                   | 0.632<br>(0.39)                     | -0.053<br>(0.15)                     | 0.618<br>(0.38)                       | -0.159<br>(0.10)              | 0.295<br>(0.29)                | 5.452***<br>(1.37)                    | -6.549**<br>(2.85)                      |
| female                       | -0.184<br>(0.14)              | -0.193<br>(0.36)               | -0.307**<br>(0.15)                 | 0.386<br>(0.36)                     | -0.289**<br>(0.14)                   | 0.426<br>(0.35)                       | -0.082<br>(0.10)              | -0.514*<br>(0.29)              | 4.182***<br>(1.22)                    | -0.688<br>(2.61)                        |
| Range, BankForecast × female | -0.131<br>(0.19)              | -0.339<br>(0.49)               | -0.072<br>(0.20)                   | -0.566<br>(0.50)                    | -0.005<br>(0.19)                     | -0.553<br>(0.48)                      | 0.110<br>(0.13)               | 0.228<br>(0.39)                | -3.971**<br>(1.73)                    | 4.243<br>(3.57)                         |
| constant                     | -1.305***<br>(0.38)           | -1.370<br>(0.92)               | -1.232***<br>(0.42)                | -2.372**<br>(0.97)                  | -1.612***<br>(0.38)                  | -2.055**<br>(0.89)                    | -0.518*<br>(0.28)             | -1.269*<br>(0.72)              | 10.559***<br>(3.39)                   | 10.769*<br>(6.24)                       |
| $N$                          | 1016                          | 784                            | 1171                               | 819                                 | 1173                                 | 812                                   | 1073                          | 775                            | 1179                                  | 857                                     |
| $R^2$                        | 0.0387                        | 0.0329                         | 0.0356                             | 0.0223                              | 0.0419                               | 0.0229                                | 0.0204                        | 0.0370                         | 0.0499                                | 0.0450                                  |
| Range, ProfForecast          | 0.152<br>(0.15)               | 1.293***<br>(0.39)             | -0.029<br>(0.17)                   | 0.296<br>(0.38)                     | -0.104<br>(0.16)                     | 0.291<br>(0.39)                       | 0.254*<br>(0.13)              | 0.175<br>(0.28)                | -2.608<br>(1.95)                      | -4.665<br>(3.15)                        |
| female                       | -0.442***<br>(0.15)           | -0.036<br>(0.36)               | -0.481***<br>(0.17)                | -0.257<br>(0.37)                    | -0.584***<br>(0.16)                  | -0.276<br>(0.37)                      | -0.071<br>(0.12)              | 0.135<br>(0.26)                | 2.930<br>(1.91)                       | -5.710**<br>(2.82)                      |
| Range, ProfForecast × female | -0.201<br>(0.20)              | -1.024**<br>(0.51)             | 0.036<br>(0.22)                    | -0.642<br>(0.49)                    | 0.200<br>(0.22)                      | -0.428<br>(0.49)                      | -0.320*<br>(0.17)             | -0.728**<br>(0.36)             | 9.537***<br>(2.59)                    | 8.919**<br>(3.86)                       |
| constant                     | -1.966***<br>(0.38)           | -2.349**<br>(0.95)             | -0.250<br>(0.40)                   | -1.554*<br>(0.88)                   | -0.428<br>(0.41)                     | -1.732*<br>(0.89)                     | -0.535*<br>(0.30)             | -0.808<br>(0.65)               | 6.423<br>(4.63)                       | 19.768***<br>(5.87)                     |
| $N$                          | 1036                          | 765                            | 1161                               | 812                                 | 1166                                 | 821                                   | 1107                          | 768                            | 1248                                  | 849                                     |
| $R^2$                        | 0.0638                        | 0.0527                         | 0.0320                             | 0.0379                              | 0.0291                               | 0.0298                                | 0.0530                        | 0.0295                         | 0.0740                                | 0.0651                                  |

Notes: This table presents the estimation results for Equation D1. The dependent variable is the variable listed at the top of each column relative to its prior. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table D5: Estimation results for the revisions in one-year expectations by age groups

|                                   | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i \pi_{1yr}^{mean,post}$<br>(3) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(4) | $E_i \pi_{1yr}^{median,post}$<br>(5) | $E_i \pi_{1yr}^{median,Wave2}$<br>(6) | $E_i iqr_{1yr}^{post}$<br>(7) | $E_i iqr_{1yr}^{Wave2}$<br>(8) | $E_i prob_{1yr}^{target,post}$<br>(9) | $E_i prob_{1yr}^{target,Wave2}$<br>(10) |
|-----------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| <b>PastInflation</b>              | -0.489***<br>(0.09)           | -0.114<br>(0.36)               | -0.506***<br>(0.12)                | -0.660<br>(0.41)                    | -0.304***<br>(0.11)                  | -0.698*<br>(0.40)                     | -0.226***<br>(0.08)           | 0.303<br>(0.32)                | 3.386***<br>(0.83)                    | 6.407**<br>(3.21)                       |
| <b>BankTarget</b>                 | -0.277***<br>(0.09)           | 1.530***<br>(0.39)             | -0.244**<br>(0.11)                 | 0.700*<br>(0.42)                    | -0.116<br>(0.11)                     | 0.737*<br>(0.41)                      | -0.242***<br>(0.08)           | 0.280<br>(0.32)                | 3.166***<br>(0.76)                    | 0.259<br>(3.14)                         |
| <b>BankTargetRange</b>            | -0.165*<br>(0.09)             | 0.318<br>(0.39)                | -0.549***<br>(0.12)                | -0.376<br>(0.40)                    | -0.415***<br>(0.11)                  | -0.402<br>(0.39)                      | -0.417***<br>(0.08)           | 0.161<br>(0.32)                | 4.438***<br>(0.79)                    | 3.821<br>(2.91)                         |
| <b>BankForecast</b>               | -0.430***<br>(0.10)           | -0.386<br>(0.40)               | -0.648***<br>(0.13)                | -0.566<br>(0.40)                    | -0.461***<br>(0.12)                  | -0.469<br>(0.40)                      | -0.501***<br>(0.09)           | 0.018<br>(0.33)                | 5.184***<br>(0.85)                    | 3.557<br>(3.00)                         |
| <b>BankForecastCI</b>             | -0.519***<br>(0.10)           | 0.770*<br>(0.41)               | -0.606***<br>(0.13)                | -0.223<br>(0.44)                    | -0.428***<br>(0.12)                  | -0.312<br>(0.43)                      | -0.393***<br>(0.08)           | 0.509<br>(0.33)                | 7.104***<br>(0.92)                    | 0.668<br>(3.24)                         |
| <b>ProfForecast</b>               | -0.620***<br>(0.10)           | 0.077<br>(0.41)                | -0.797***<br>(0.14)                | -0.670<br>(0.45)                    | -0.755***<br>(0.13)                  | -0.640<br>(0.45)                      | -0.629***<br>(0.09)           | -0.475<br>(0.33)               | 6.085***<br>(0.94)                    | 7.402**<br>(3.29)                       |
| <b>ProfForecastRange</b>          | -0.959***<br>(0.11)           | 1.032***<br>(0.37)             | -0.812***<br>(0.12)                | -0.743*<br>(0.40)                   | -0.749***<br>(0.12)                  | -0.809**<br>(0.39)                    | -0.570***<br>(0.09)           | -0.146<br>(0.33)               | 7.413***<br>(0.95)                    | 3.922<br>(3.02)                         |
| young                             | 0.091<br>(0.11)               | 0.580<br>(0.70)                | 0.006<br>(0.22)                    | 1.158<br>(0.71)                     | 0.045<br>(0.19)                      | 0.708<br>(0.68)                       | -0.044<br>(0.15)              | 0.569<br>(0.56)                | 1.209<br>(1.51)                       | -9.532**<br>(4.58)                      |
| senior                            | 0.081<br>(0.06)               | 0.423<br>(0.33)                | -0.067<br>(0.10)                   | -0.364<br>(0.37)                    | -0.008<br>(0.09)                     | -0.190<br>(0.36)                      | -0.099<br>(0.07)              | 0.223<br>(0.29)                | 1.020<br>(0.62)                       | 3.504<br>(2.82)                         |
| <b>PastInflation</b> × young      | 0.143<br>(0.21)               | -0.528<br>(0.91)               | 0.316<br>(0.29)                    | -0.241<br>(0.91)                    | 0.221<br>(0.26)                      | 0.329<br>(0.87)                       | -0.014<br>(0.19)              | -0.428<br>(0.67)               | -0.889<br>(1.98)                      | -2.290<br>(6.17)                        |
| <b>PastInflation</b> × senior     | 0.377***<br>(0.11)            | -0.023<br>(0.48)               | 0.202<br>(0.16)                    | 1.025**<br>(0.51)                   | -0.019<br>(0.15)                     | 0.790<br>(0.50)                       | -0.093<br>(0.11)              | -0.820**<br>(0.39)             | -1.007<br>(1.08)                      | -4.672<br>(4.00)                        |
| <b>BankTarget</b> × young         | 0.008<br>(0.19)               | -2.488**<br>(0.98)             | -0.324<br>(0.30)                   | -2.391**<br>(1.04)                  | -0.444<br>(0.28)                     | -1.831*<br>(0.98)                     | 0.100<br>(0.20)               | -1.175<br>(0.77)               | -0.801<br>(2.04)                      | 4.981<br>(6.37)                         |
| <b>BankTarget</b> × senior        | 0.056<br>(0.11)               | -2.337***<br>(0.50)            | -0.047<br>(0.15)                   | -1.078**<br>(0.52)                  | -0.085<br>(0.14)                     | -1.129**<br>(0.51)                    | 0.032<br>(0.10)               | -0.707*<br>(0.39)              | -1.609<br>(1.00)                      | 0.528<br>(3.94)                         |
| <b>BankTargetRange</b> × young    | -0.032<br>(0.19)              | -0.036<br>(0.96)               | 0.218<br>(0.31)                    | -0.668<br>(0.97)                    | 0.049<br>(0.28)                      | -0.251<br>(0.95)                      | 0.312<br>(0.20)               | -0.372<br>(0.73)               | -3.722*<br>(2.06)                     | 2.422<br>(7.06)                         |
| <b>BankTargetRange</b> × senior   | -0.369***<br>(0.11)           | -0.742<br>(0.49)               | 0.053<br>(0.16)                    | -0.121<br>(0.51)                    | -0.049<br>(0.15)                     | -0.176<br>(0.50)                      | 0.267**<br>(0.11)             | -0.725*<br>(0.40)              | -2.178**<br>(1.03)                    | -5.355<br>(3.75)                        |
| <b>BankForecast</b> × young       | -0.046<br>(0.20)              | -2.322**<br>(1.14)             | -0.175<br>(0.36)                   | -1.713<br>(1.11)                    | -0.229<br>(0.32)                     | -1.202<br>(1.09)                      | 0.299<br>(0.23)               | -0.194<br>(0.76)               | -2.622<br>(2.29)                      | 17.058**<br>(7.86)                      |
| <b>BankForecast</b> × senior      | -0.116<br>(0.12)              | -0.106<br>(0.50)               | 0.233<br>(0.17)                    | 0.284<br>(0.51)                     | -0.003<br>(0.15)                     | 0.007<br>(0.50)                       | 0.208*<br>(0.11)              | -0.653<br>(0.40)               | -1.749<br>(1.12)                      | -4.569<br>(3.78)                        |
| <b>BankForecastCI</b> × young     | 0.113<br>(0.21)               | -1.487<br>(0.95)               | 0.141<br>(0.28)                    | -1.323<br>(1.00)                    | -0.002<br>(0.26)                     | -1.035<br>(0.95)                      | -0.369*<br>(0.21)             | -0.769<br>(0.75)               | -0.666<br>(2.19)                      | 7.538<br>(6.69)                         |
| <b>BankForecastCI</b> × senior    | -0.177<br>(0.13)              | -1.469***<br>(0.51)            | -0.001<br>(0.17)                   | 0.299<br>(0.54)                     | -0.135<br>(0.16)                     | 0.241<br>(0.52)                       | -0.045<br>(0.11)              | -0.626<br>(0.40)               | -1.676<br>(1.20)                      | -4.129<br>(3.96)                        |
| <b>ProfForecast</b> × young       | -0.527**<br>(0.23)            | -1.688<br>(1.11)               | 0.003<br>(0.34)                    | 0.356<br>(1.06)                     | -0.558*<br>(0.33)                    | 0.002<br>(1.08)                       | -0.035<br>(0.23)              | 0.777<br>(0.84)                | -0.795<br>(2.47)                      | -14.240**<br>(6.62)                     |
| <b>ProfForecast</b> × senior      | -0.176<br>(0.13)              | -1.034**<br>(0.51)             | 0.132<br>(0.18)                    | 0.524<br>(0.55)                     | 0.149<br>(0.17)                      | 0.312<br>(0.54)                       | 0.260**<br>(0.12)             | 0.491<br>(0.39)                | -2.380**<br>(1.19)                    | -6.976*<br>(4.01)                       |
| <b>ProfForecastRange</b> × young  | 0.254<br>(0.25)               | 0.879<br>(1.04)                | 0.543<br>(0.34)                    | 0.123<br>(0.97)                     | 0.424<br>(0.31)                      | 0.817<br>(0.92)                       | -0.195<br>(0.25)              | -1.660**<br>(0.84)             | -0.073<br>(2.42)                      | 11.358*<br>(6.71)                       |
| <b>ProfForecastRange</b> × senior | 0.206<br>(0.13)               | -1.811***<br>(0.48)            | 0.118<br>(0.17)                    | 0.332<br>(0.51)                     | 0.085<br>(0.16)                      | 0.378<br>(0.49)                       | 0.193*<br>(0.12)              | -0.339<br>(0.40)               | -1.879<br>(1.24)                      | -1.170<br>(3.85)                        |
| constant                          | -0.220*<br>(0.13)             | -1.372***<br>(0.50)            | 0.136<br>(0.17)                    | -0.921*<br>(0.53)                   | -0.128<br>(0.16)                     | -0.841<br>(0.52)                      | -0.003<br>(0.11)              | -0.985**<br>(0.40)             | -0.853<br>(1.15)                      | 6.294<br>(3.90)                         |
| N                                 | 3871                          | 3090                           | 4524                               | 3280                                | 4485                                 | 3294                                  | 4206                          | 3109                           | 4347                                  | 3432                                    |
| R <sup>2</sup>                    | 0.0768                        | 0.0378                         | 0.0322                             | 0.0182                              | 0.0354                               | 0.0162                                | 0.0370                        | 0.0250                         | 0.0483                                | 0.0309                                  |

Notes: This table presents the results for Equation D2. The dependent variable is the variable listed at the top of each column relative to its prior. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table D6: Estimation results for the revisions in one-year expectations by education groups

|                                       | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i \pi_{1yr}^{mean,post}$<br>(3) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(4) | $E_i \pi_{1yr}^{median,post}$<br>(5) | $E_i \pi_{1yr}^{median,Wave2}$<br>(6) | $E_i iqr_{1yr}^{post}$<br>(7) | $E_i iqr_{1yr}^{Wave2}$<br>(8) | $E_i prob_{1yr}^{target,post}$<br>(9) | $E_i prob_{1yr}^{target,Wave2}$<br>(10) |
|---------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| <b>PastInflation</b>                  | -0.171<br>(0.11)              | -0.883<br>(0.58)               | -0.501***<br>(0.18)                | 0.165<br>(0.59)                     | -0.509***<br>(0.17)                  | -0.061<br>(0.58)                      | -0.489***<br>(0.14)           | 0.434<br>(0.49)                | 3.291***<br>(1.27)                    | -1.796<br>(4.22)                        |
| <b>BankTarget</b>                     | -0.270**<br>(0.13)            | -1.147*<br>(0.61)              | -0.243<br>(0.18)                   | 0.778<br>(0.62)                     | 0.002<br>(0.18)                      | 0.695<br>(0.62)                       | -0.352***<br>(0.12)           | -0.821<br>(0.52)               | 1.294<br>(1.08)                       | 6.278<br>(4.29)                         |
| <b>BankTargetRange</b>                | -0.651***<br>(0.16)           | 0.208<br>(0.60)                | -0.208<br>(0.21)                   | -0.080<br>(0.64)                    | -0.257<br>(0.20)                     | -0.241<br>(0.64)                      | -0.456***<br>(0.14)           | 0.344<br>(0.51)                | 2.760**<br>(1.18)                     | -0.623<br>(4.62)                        |
| <b>BankForecast</b>                   | -0.751***<br>(0.13)           | -0.790<br>(0.57)               | -0.486***<br>(0.18)                | 0.038<br>(0.59)                     | -0.640***<br>(0.17)                  | 0.002<br>(0.58)                       | -0.460***<br>(0.13)           | 0.250<br>(0.49)                | 5.463***<br>(1.26)                    | -0.565<br>(4.35)                        |
| <b>BankForecastCI</b>                 | -0.780***<br>(0.16)           | -0.145<br>(0.57)               | -1.001***<br>(0.20)                | 0.219<br>(0.62)                     | -0.838***<br>(0.19)                  | 0.295<br>(0.58)                       | -0.678***<br>(0.14)           | 0.238<br>(0.51)                | 4.066***<br>(1.38)                    | -1.072<br>(4.25)                        |
| <b>ProfForecast</b>                   | -1.266***<br>(0.17)           | -2.234***<br>(0.61)            | -0.770***<br>(0.19)                | 0.215<br>(0.63)                     | -0.959***<br>(0.20)                  | -0.119<br>(0.62)                      | -0.480***<br>(0.13)           | 0.815*<br>(0.48)               | 2.713**<br>(1.20)                     | -3.708<br>(3.99)                        |
| <b>ProfForecastRange</b>              | -0.567***<br>(0.14)           | -0.217<br>(0.59)               | -0.461**<br>(0.19)                 | -0.567<br>(0.64)                    | -0.597***<br>(0.19)                  | -0.829<br>(0.64)                      | -0.313***<br>(0.12)           | 0.056<br>(0.49)                | 3.557***<br>(1.29)                    | -1.014<br>(4.29)                        |
| some college                          | 0.017<br>(0.08)               | -0.539<br>(0.13)               | 0.129<br>(0.13)                    | 0.464<br>(0.52)                     | 0.021<br>(0.12)                      | 0.385<br>(0.52)                       | -0.080<br>(0.09)              | 0.820**<br>(0.41)              | -0.951<br>(0.83)                      | -1.392<br>(3.72)                        |
| university +                          | -0.044<br>(0.08)              | -0.497<br>(0.48)               | -0.033<br>(0.14)                   | 0.537<br>(0.52)                     | -0.105<br>(0.13)                     | 0.459<br>(0.51)                       | 0.011<br>(0.10)               | 0.740*<br>(0.42)               | -0.314<br>(0.93)                      | 3.359<br>(3.93)                         |
| <b>PastInflation</b> some college     | -0.110<br>(0.13)              | 0.687<br>(0.67)                | -0.080<br>(0.21)                   | -0.476<br>(0.70)                    | 0.067<br>(0.20)                      | -0.431<br>(0.68)                      | 0.198<br>(0.16)               | -0.436<br>(0.55)               | 0.127<br>(1.46)                       | 4.095<br>(4.98)                         |
| <b>PastInflation</b> university +     | -0.125<br>(0.14)              | 1.089<br>(0.68)                | 0.453***<br>(0.21)                 | -0.026<br>(0.70)                    | 0.492**<br>(0.20)                    | 0.152<br>(0.68)                       | 0.349**<br>(0.17)             | -1.124**<br>(0.55)             | -0.980<br>(1.58)                      | 10.031*<br>(5.28)                       |
| <b>BankTarget</b> some college        | -0.099<br>(0.15)              | 0.904<br>(0.71)                | -0.269<br>(0.21)                   | -1.729**<br>(0.72)                  | -0.412**<br>(0.21)                   | -1.449**<br>(0.72)                    | 0.187<br>(0.14)               | 0.602<br>(0.58)                | 2.414*<br>(1.32)                      | -5.128<br>(5.05)                        |
| <b>BankTarget</b> university +        | 0.160<br>(0.15)               | 1.819**<br>(0.71)              | 0.148<br>(0.22)                    | -0.381<br>(0.71)                    | -0.072<br>(0.21)                     | -0.348<br>(0.71)                      | 0.133<br>(0.14)               | 0.728<br>(0.58)                | 0.255<br>(1.38)                       | -8.880*<br>(5.28)                       |
| <b>BankTargetRange</b> some college   | 0.386**<br>(0.18)             | -0.170<br>(0.69)               | -0.327<br>(0.24)                   | -0.056<br>(0.73)                    | -0.201<br>(0.22)                     | 0.176<br>(0.72)                       | 0.344**<br>(0.16)             | -0.960*<br>(0.58)              | 0.936<br>(1.39)                       | 1.218<br>(5.23)                         |
| <b>BankTargetRange</b> university +   | 0.309*<br>(0.18)              | -0.623<br>(0.69)               | -0.344<br>(0.25)                   | -0.960<br>(0.74)                    | -0.209<br>(0.23)                     | -0.914<br>(0.73)                      | 0.115<br>(0.16)               | -0.468<br>(0.58)               | 0.045<br>(1.48)                       | 3.161<br>(5.54)                         |
| <b>BankForecast</b> some college      | 0.331**<br>(0.15)             | 0.431<br>(0.68)                | -0.149<br>(0.22)                   | -0.797<br>(0.69)                    | 0.075<br>(0.20)                      | -0.746<br>(0.68)                      | 0.140<br>(0.15)               | -0.750<br>(0.56)               | -2.058<br>(1.48)                      | 3.200<br>(5.05)                         |
| <b>BankForecast</b> university +      | 0.263<br>(0.16)               | 0.121<br>(0.67)                | 0.060<br>(0.23)                    | -0.414<br>(0.70)                    | 0.308<br>(0.21)                      | -0.508<br>(0.69)                      | 0.066<br>(0.16)               | -0.764<br>(0.56)               | -0.079<br>(1.63)                      | 2.309<br>(5.31)                         |
| <b>BankForecastCI</b> some college    | 0.222<br>(0.18)               | 0.050<br>(0.67)                | 0.510**<br>(0.23)                  | -0.250<br>(0.72)                    | 0.378*<br>(0.22)                     | -0.522<br>(0.68)                      | 0.369**<br>(0.16)             | -0.388<br>(0.57)               | 2.382<br>(1.59)                       | 0.652<br>(4.98)                         |
| <b>BankForecastCI</b> university +    | 0.200<br>(0.18)               | -0.229<br>(0.68)               | 0.437*<br>(0.24)                   | -0.621<br>(0.72)                    | 0.422*<br>(0.23)                     | -0.811<br>(0.69)                      | 0.134<br>(0.16)               | -0.067<br>(0.57)               | 4.101**<br>(1.76)                     | -1.051<br>(5.23)                        |
| <b>ProfForecast</b> some college      | 0.538***<br>(0.19)            | 2.141***<br>(0.71)             | 0.080<br>(0.23)                    | -0.304<br>(0.73)                    | 0.277<br>(0.23)                      | -0.069<br>(0.72)                      | 0.076<br>(0.16)               | -0.711<br>(0.55)               | 3.616**<br>(1.49)                     | 7.216<br>(4.81)                         |
| <b>ProfForecast</b> university +      | 0.620***<br>(0.19)            | 1.497**<br>(0.71)              | 0.022<br>(0.24)                    | -1.073<br>(0.74)                    | 0.280<br>(0.24)                      | -0.803<br>(0.72)                      | -0.128<br>(0.16)              | -1.573***<br>(0.55)            | 2.520<br>(1.59)                       | 7.404<br>(5.05)                         |
| <b>ProfForecastRange</b> some college | -0.427**<br>(0.17)            | 0.187<br>(0.69)                | -0.328<br>(0.22)                   | 0.199<br>(0.73)                     | -0.169<br>(0.22)                     | 0.476<br>(0.73)                       | -0.021<br>(0.14)              | -0.580<br>(0.56)               | 2.459<br>(1.54)                       | 3.137<br>(5.00)                         |
| <b>ProfForecastRange</b> university + | -0.180<br>(0.17)              | 0.421<br>(0.68)                | -0.280<br>(0.23)                   | -0.175<br>(0.74)                    | -0.031<br>(0.23)                     | 0.175<br>(0.73)                       | -0.484***<br>(0.16)           | -0.646<br>(0.56)               | 7.522***<br>(1.76)                    | 10.099*<br>(5.32)                       |
| constant                              | -0.131<br>(0.14)              | -0.409<br>(0.59)               | 0.078<br>(0.19)                    | -1.389**<br>(0.63)                  | -0.051<br>(0.18)                     | -1.210*<br>(0.62)                     | 0.010<br>(0.12)               | -1.047**<br>(0.49)             | 1.099<br>(1.28)                       | 9.760**<br>(4.54)                       |
| N                                     | 3876                          | 3088                           | 4531                               | 3283                                | 4504                                 | 3297                                  | 4212                          | 3114                           | 4401                                  | 3432                                    |
| R <sup>2</sup>                        | 0.0767                        | 0.0321                         | 0.0357                             | 0.0184                              | 0.0359                               | 0.0174                                | 0.0391                        | 0.0282                         | 0.0608                                | 0.0298                                  |

Notes: This table presents the results for Equation D2. The dependent variable is the variable listed at the top of each column relative to its prior. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table D7: Estimation results for the revisions in one-year expectations by income group

|   | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i \pi_{1yr}^{mean,post}$<br>(3) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(4) | $E_i \pi_{1yr}^{median,post}$<br>(5) | $E_i \pi_{1yr}^{median,Wave2}$<br>(6) | $E_i iqr_{1yr}^{post}$<br>(7) | $E_i iqr_{1yr}^{Wave2}$<br>(8) | $E_i prob_{1yr}^{target,post}$<br>(9) | $E_i prob_{1yr}^{target,Wave2}$<br>(10) |
|---|-------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| <b>PastInflation</b>                    | -0.216**<br>(0.10)            | -0.578<br>(0.49)               | -0.422**<br>(0.17)                 | -0.133<br>(0.49)                    | -0.410***<br>(0.16)                  | -0.358<br>(0.48)                      | -0.205*<br>(0.12)             | 0.036<br>(0.35)                | 2.019*<br>(1.07)                      | 1.432<br>(3.60)                         |
| <b>BankTarget</b>                       | -0.045<br>(0.10)              | -0.235<br>(0.52)               | -0.217<br>(0.16)                   | -0.546<br>(0.53)                    | 0.074<br>(0.15)                      | -0.461<br>(0.52)                      | -0.210**<br>(0.10)            | 0.115<br>(0.37)                | 1.219<br>(0.99)                       | 2.812<br>(3.59)                         |
| <b>BankTargetRange</b>                  | -0.538***<br>(0.12)           | 0.392<br>(0.50)                | -0.494***<br>(0.17)                | -0.136<br>(0.52)                    | -0.427***<br>(0.16)                  | 0.024<br>(0.52)                       | -0.205*<br>(0.11)             | 0.016<br>(0.37)                | 3.206***<br>(1.01)                    | -2.366<br>(3.53)                        |
| <b>BankForecast</b>                     | -0.426***<br>(0.11)           | -0.357<br>(0.51)               | -0.201<br>(0.17)                   | -0.448<br>(0.51)                    | -0.319**<br>(0.16)                   | -0.445<br>(0.51)                      | -0.241**<br>(0.12)            | -0.601<br>(0.39)               | 2.346**<br>(1.12)                     | -0.518<br>(3.59)                        |
| <b>BankForecastCI</b>                   | -0.578***<br>(0.12)           | 0.370<br>(0.52)                | -0.186<br>(0.18)                   | -0.481<br>(0.54)                    | -0.214<br>(0.17)                     | -0.439<br>(0.52)                      | -0.316***<br>(0.12)           | 0.090<br>(0.39)                | 4.037***<br>(1.23)                    | -0.020<br>(3.51)                        |
| <b>ProfForecast</b>                     | -0.628***<br>(0.12)           | -0.440<br>(0.51)               | -0.326**<br>(0.16)                 | -0.008<br>(0.51)                    | -0.391**<br>(0.16)                   | -0.052<br>(0.50)                      | -0.313***<br>(0.11)           | 0.233<br>(0.35)                | 2.000*<br>(1.09)                      | -2.692<br>(3.33)                        |
| <b>ProfForecastRange</b>                | -0.966***<br>(0.15)           | 0.000<br>(0.54)                | -0.259<br>(0.19)                   | -0.187<br>(0.52)                    | -0.303*<br>(0.17)                    | -0.030<br>(0.52)                      | -0.231*<br>(0.12)             | 0.057<br>(0.37)                | 3.726***<br>(1.30)                    | 0.371<br>(3.54)                         |
| \$40K-\$100K                            | -0.028<br>(0.07)              | 0.722*<br>(0.42)               | 0.311***<br>(0.12)                 | 0.552<br>(0.44)                     | 0.311***<br>(0.11)                   | 0.550<br>(0.43)                       | 0.074<br>(0.09)               | 0.136<br>(0.30)                | -0.445<br>(0.81)                      | 1.452<br>(3.21)                         |
| \$100K +                                | 0.008<br>(0.08)               | 0.251<br>(0.46)                | 0.273**<br>(0.14)                  | -0.252<br>(0.50)                    | 0.223*<br>(0.13)                     | -0.312<br>(0.50)                      | 0.045<br>(0.10)               | 0.733**<br>(0.33)              | -0.310<br>(0.95)                      | -0.814<br>(3.66)                        |
| <b>PastInflation</b> × \$40K-\$100K     | -0.015<br>(0.12)              | 0.437<br>(0.60)                | -0.067<br>(0.20)                   | -0.082<br>(0.59)                    | 0.003<br>(0.18)                      | -0.007<br>(0.58)                      | -0.169<br>(0.14)              | -0.111<br>(0.43)               | 1.005<br>(1.29)                       | 0.246<br>(4.43)                         |
| <b>PastInflation</b> × \$100K +         | -0.083<br>(0.14)              | 0.660<br>(0.64)                | 0.303<br>(0.22)                    | 0.479<br>(0.67)                     | 0.418**<br>(0.21)                    | 0.657<br>(0.66)                       | 0.062<br>(0.15)               | -0.759<br>(0.46)               | 1.979<br>(1.51)                       | 7.919<br>(5.14)                         |
| <b>BankTarget</b> × \$40K-\$100K        | -0.251**<br>(0.12)            | -0.228<br>(0.62)               | -0.179<br>(0.19)                   | 0.037<br>(0.63)                     | -0.441**<br>(0.18)                   | -0.021<br>(0.61)                      | 0.063<br>(0.12)               | -0.644<br>(0.46)               | 2.052*<br>(1.24)                      | 0.196<br>(4.42)                         |
| <b>BankTarget</b> × \$100K +            | -0.187<br>(0.13)              | 1.090<br>(0.67)                | -0.015<br>(0.21)                   | 1.613**<br>(0.70)                   | -0.213<br>(0.20)                     | 1.538**<br>(0.69)                     | -0.077<br>(0.14)              | -0.266<br>(0.48)               | 0.963<br>(1.36)                       | -8.480*<br>(5.02)                       |
| <b>BankTargetRange</b> × \$40K-\$100K   | 0.348**<br>(0.14)             | -0.738<br>(0.60)               | -0.074<br>(0.20)                   | -0.542<br>(0.62)                    | -0.125<br>(0.19)                     | -0.786<br>(0.61)                      | -0.046<br>(0.13)              | -0.472<br>(0.46)               | -0.181<br>(1.26)                      | 4.122<br>(4.37)                         |
| <b>BankTargetRange</b> × \$100K +       | 0.076<br>(0.15)               | -0.524<br>(0.65)               | 0.066<br>(0.22)                    | -0.102<br>(0.68)                    | 0.171<br>(0.21)                      | -0.344<br>(0.67)                      | -0.065<br>(0.14)              | -0.350<br>(0.48)               | 0.250<br>(1.39)                       | 5.342<br>(4.87)                         |
| <b>BankForecast</b> × \$40K-\$100K      | -0.009<br>(0.13)              | -0.198<br>(0.61)               | -0.466**<br>(0.21)                 | -0.020<br>(0.61)                    | -0.250<br>(0.19)                     | -0.061<br>(0.60)                      | -0.129<br>(0.14)              | 0.562<br>(0.47)                | 2.435*<br>(1.37)                      | 1.190<br>(4.38)                         |
| <b>BankForecast</b> × \$100K +          | -0.167<br>(0.15)              | -0.415<br>(0.68)               | -0.357<br>(0.23)                   | -0.069<br>(0.69)                    | -0.148<br>(0.22)                     | -0.203<br>(0.70)                      | -0.224<br>(0.15)              | -0.362<br>(0.51)               | 3.354**<br>(1.56)                     | 6.978<br>(5.04)                         |
| <b>BankForecastCI</b> × \$40K-\$100K    | -0.055<br>(0.15)              | -0.776<br>(0.62)               | -0.610***<br>(0.22)                | 0.231<br>(0.64)                     | -0.488**<br>(0.20)                   | -0.021<br>(0.62)                      | -0.223<br>(0.14)              | 0.224<br>(0.46)                | 5.153***<br>(1.52)                    | -2.495<br>(4.39)                        |
| <b>BankForecastCI</b> × \$100K +        | 0.074<br>(0.16)               | -0.737<br>(0.66)               | -0.352<br>(0.23)                   | 0.868<br>(0.69)                     | -0.144<br>(0.21)                     | 0.756<br>(0.67)                       | -0.106<br>(0.15)              | -0.614<br>(0.50)               | 1.240<br>(1.59)                       | 0.470<br>(4.84)                         |
| <b>ProfForecast</b> × \$40K-\$100K      | -0.204<br>(0.14)              | -0.277<br>(0.61)               | -0.463**<br>(0.20)                 | -0.522<br>(0.62)                    | -0.366*<br>(0.20)                    | -0.593<br>(0.61)                      | -0.292**<br>(0.14)            | -0.158<br>(0.43)               | 4.803***<br>(1.40)                    | 7.401*<br>(4.27)                        |
| <b>ProfForecast</b> × \$100K +          | -0.037<br>(0.16)              | -0.312<br>(0.69)               | -0.683***<br>(0.23)                | -0.140<br>(0.69)                    | -0.571**<br>(0.22)                   | -0.328<br>(0.68)                      | -0.081<br>(0.15)              | -1.062**<br>(0.48)             | 3.770**<br>(1.57)                     | 5.268<br>(4.81)                         |
| <b>ProfForecastRange</b> × \$40K-\$100K | 0.213<br>(0.17)               | -0.259<br>(0.63)               | -0.581***<br>(0.22)                | -0.858<br>(0.61)                    | -0.475**<br>(0.20)                   | -1.075*<br>(0.61)                     | -0.244*<br>(0.14)             | -0.529<br>(0.45)               | 2.678*<br>(1.54)                      | 2.074<br>(4.33)                         |
| <b>ProfForecastRange</b> × \$100K +     | 0.157<br>(0.19)               | 0.513<br>(0.67)                | -0.549**<br>(0.24)                 | 0.399<br>(0.69)                     | -0.459**<br>(0.22)                   | 0.239<br>(0.68)                       | -0.413**<br>(0.16)            | -0.955*<br>(0.49)              | 7.139***<br>(1.82)                    | 10.995**<br>(5.11)                      |
| constant                                | -0.205*<br>(0.12)             | -0.996*<br>(0.57)              | -0.124<br>(0.18)                   | -0.988*<br>(0.59)                   | -0.293*<br>(0.17)                    | -0.941<br>(0.58)                      | -0.170<br>(0.12)              | -0.842**<br>(0.40)             | 1.861<br>(1.28)                       | 9.708**<br>(4.23)                       |
| N                                       | 3848                          | 3096                           | 4534                               | 3286                                | 4490                                 | 3297                                  | 4203                          | 3110                           | 4404                                  | 3432                                    |
| R <sup>2</sup>                          | 0.0734                        | 0.0277                         | 0.0348                             | 0.0155                              | 0.0364                               | 0.0155                                | 0.0349                        | 0.0246                         | 0.0593                                | 0.0317                                  |

Notes: This table presents the results for Equation D2. The dependent variable is the variable listed at the top of each column relative to its prior. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

Table D8: Estimation results for the revisions in one-year expectations by gender

|                                   | $E_i \pi_{1yr}^{post}$<br>(1) | $E_i \pi_{1yr}^{Wave2}$<br>(2) | $E_i \pi_{1yr}^{mean,post}$<br>(3) | $E_i \pi_{1yr}^{mean,Wave2}$<br>(4) | $E_i \pi_{1yr}^{median,post}$<br>(5) | $E_i \pi_{1yr}^{median,Wave2}$<br>(6) | $E_i iqr_{1yr}^{post}$<br>(7) | $E_i iqr_{1yr}^{Wave2}$<br>(8) | $E_i prob_{1yr}^{target,post}$<br>(9) | $E_i prob_{1yr}^{target,Wave2}$<br>(10) |
|-----------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| <b>PastInflation</b>              | -0.115<br>(0.08)              | -0.141<br>(0.35)               | -0.369***<br>(0.12)                | 0.345<br>(0.37)                     | -0.349***<br>(0.11)                  | 0.426<br>(0.36)                       | -0.228***<br>(0.08)           | -0.372<br>(0.25)               | 4.028***<br>(0.92)                    | 11.725***<br>(3.11)                     |
| <b>BankTarget</b>                 | -0.102<br>(0.08)              | -0.195<br>(0.37)               | -0.171<br>(0.12)                   | 0.062<br>(0.38)                     | -0.093<br>(0.11)                     | 0.255<br>(0.36)                       | -0.267***<br>(0.08)           | -0.263<br>(0.28)               | 1.454*<br>(0.85)                      | 1.091<br>(3.06)                         |
| <b>BankTargetRange</b>            | -0.335***<br>(0.09)           | 0.329<br>(0.35)                | -0.257**<br>(0.12)                 | 0.223<br>(0.37)                     | -0.288**<br>(0.11)                   | 0.396<br>(0.35)                       | -0.266***<br>(0.08)           | -0.365<br>(0.25)               | 2.388***<br>(0.82)                    | 6.754**<br>(2.99)                       |
| <b>BankForecast</b>               | -0.444***<br>(0.09)           | -0.677*<br>(0.35)              | -0.361***<br>(0.12)                | -0.471<br>(0.36)                    | -0.386***<br>(0.11)                  | -0.424<br>(0.35)                      | -0.360***<br>(0.08)           | -0.331<br>(0.25)               | 2.995***<br>(0.89)                    | 5.299*<br>(2.92)                        |
| <b>BankForecastCI</b>             | -0.485***<br>(0.09)           | -0.219<br>(0.36)               | -0.305**<br>(0.13)                 | 0.206<br>(0.37)                     | -0.354***<br>(0.12)                  | 0.202<br>(0.37)                       | -0.534***<br>(0.09)           | -0.036<br>(0.26)               | 7.462***<br>(1.02)                    | -0.413<br>(2.91)                        |
| <b>ProfForecast</b>               | -0.631***<br>(0.09)           | -0.781**<br>(0.35)             | -0.420***<br>(0.13)                | -0.042<br>(0.37)                    | -0.403***<br>(0.13)                  | 0.048<br>(0.37)                       | -0.498***<br>(0.09)           | -0.432*<br>(0.26)              | 4.847***<br>(0.98)                    | 8.812***<br>(3.11)                      |
| <b>ProfForecastRange</b>          | -0.500***<br>(0.09)           | 0.454<br>(0.37)                | -0.494***<br>(0.12)                | 0.279<br>(0.37)                     | -0.569***<br>(0.12)                  | 0.307<br>(0.37)                       | -0.409***<br>(0.09)           | -0.332<br>(0.28)               | 5.058***<br>(0.93)                    | 4.414<br>(2.97)                         |
| female                            | -0.004<br>(0.06)              | -0.362<br>(0.33)               | 0.039<br>(0.10)                    | 0.364<br>(0.35)                     | -0.052<br>(0.09)                     | 0.592*<br>(0.34)                      | -0.062<br>(0.07)              | -0.412<br>(0.25)               | 0.992<br>(0.70)                       | 4.747*<br>(2.67)                        |
| <b>PastInflation</b> × female     | -0.246**<br>(0.10)            | -0.063<br>(0.47)               | 0.020<br>(0.15)                    | -0.666<br>(0.48)                    | 0.109<br>(0.14)                      | -1.028**<br>(0.47)                    | -0.066<br>(0.10)              | 0.258<br>(0.34)                | -1.627<br>(1.12)                      | -12.826***<br>(3.83)                    |
| <b>BankTarget</b> × female        | -0.236**<br>(0.10)            | 0.237<br>(0.48)                | -0.192<br>(0.15)                   | -0.289<br>(0.49)                    | -0.168<br>(0.14)                     | -0.535<br>(0.47)                      | 0.081<br>(0.10)               | 0.064<br>(0.36)                | 1.462<br>(1.05)                       | -0.424<br>(3.79)                        |
| <b>BankTargetRange</b> × female   | -0.002<br>(0.11)              | -0.783*<br>(0.47)              | -0.370**<br>(0.15)                 | -1.123**<br>(0.48)                  | -0.223<br>(0.15)                     | -1.472***<br>(0.47)                   | 0.029<br>(0.10)               | 0.127<br>(0.35)                | 1.212<br>(1.05)                       | -8.876**<br>(3.71)                      |
| <b>BankForecast</b> × female      | -0.094<br>(0.11)              | 0.220<br>(0.47)                | -0.244<br>(0.16)                   | 0.008<br>(0.48)                     | -0.145<br>(0.15)                     | -0.141<br>(0.47)                      | -0.014<br>(0.11)              | -0.151<br>(0.36)               | 2.169*<br>(1.14)                      | -5.551<br>(3.69)                        |
| <b>BankForecastCI</b> × female    | -0.194<br>(0.12)              | -0.039<br>(0.47)               | -0.421***<br>(0.16)                | -0.556<br>(0.49)                    | -0.208<br>(0.15)                     | -0.728<br>(0.47)                      | 0.123<br>(0.11)               | 0.145<br>(0.35)                | -1.333<br>(1.24)                      | -1.377<br>(3.67)                        |
| <b>ProfForecast</b> × female      | -0.241**<br>(0.12)            | 0.214<br>(0.48)                | -0.463***<br>(0.17)                | -0.433<br>(0.49)                    | -0.500***<br>(0.16)                  | -0.783<br>(0.48)                      | 0.016<br>(0.11)               | 0.530<br>(0.35)                | 0.462<br>(1.22)                       | -10.304***<br>(3.81)                    |
| <b>ProfForecastRange</b> × female | -0.538***<br>(0.12)           | -0.666<br>(0.48)               | -0.325**<br>(0.16)                 | -1.259***<br>(0.48)                 | -0.164<br>(0.15)                     | -1.319***<br>(0.47)                   | -0.105<br>(0.11)              | -0.179<br>(0.36)               | 3.091**<br>(1.23)                     | -0.951<br>(3.73)                        |
| constant                          | -0.343***<br>(0.13)           | -0.938*<br>(0.51)              | -0.067<br>(0.17)                   | -1.309**<br>(0.51)                  | -0.197<br>(0.16)                     | -1.325***<br>(0.51)                   | -0.058<br>(0.11)              | -0.646*<br>(0.37)              | 0.528<br>(1.23)                       | 4.000<br>(3.83)                         |
| $N$                               | 3887                          | 3095                           | 4523                               | 3283                                | 4496                                 | 3295                                  | 4210                          | 3105                           | 4397                                  | 3432                                    |
| $R^2$                             | 0.0713                        | 0.0249                         | 0.0328                             | 0.0139                              | 0.0342                               | 0.0138                                | 0.0313                        | 0.0198                         | 0.0532                                | 0.0301                                  |

Notes: This table presents the results for Equation D2. The dependent variable is the variable listed at the top of each column relative to its prior. These regressions control for all demographic characteristics. Results are from Huber robust regressions to control for outliers and influential observations. Robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.