

Consumer expectation surveys will facilitate the process of designing a forward-looking monetary policy: Yaseen Anwar

The Governor, State Bank of Pakistan, Mr. Yaseen Anwar has said that the consumer expectation surveys will facilitate the process of designing a forward-looking monetary policy in the country. 'Such surveys will help us study the inflation expectations and economic confidence of households and their reaction to economic and policy decisions', he added.

Speaking at the inaugural ceremony of the Centre for Survey Research (CSR) at SBP, Karachi this afternoon, he said that these expectation surveys are based on households' perceptions about current as well as future economic conditions. 'Expectations regarding inflation, interest rates, stock prices, and employment are important for policy formulation,' he said, adding that this explains why many developed and developing countries are using household surveys for policy research purposes.

Mr. Anwar said that until recent times, a documentation of the expectations channel at the household level and one that is nationally representative of Pakistan was not available with either SBP or the private sector. It was this very fact which made it all the more important for the State Bank of Pakistan, being the central bank of the country, to enhance its efforts to collect information on expectations, he said and added: 'this will allow us to undertake meaningful research, well-supported by first-hand knowledge of the situation in the country.'

He said that it was against this backdrop that the idea of undertaking households' expectation and confidence surveys was developed. 'I am glad that we have the support of a reputable institution like Institute of Business Administration. The groundwork has been laid by both the institutions to make the project a real success. It should be noted that the survey is of particular importance in that it is the first such exercise undertaken on 'full- scale' level in Pakistan. In this regard, a pilot project was completed last July, which enabled us to stop, rethink and ultimately adopt the most appropriate strategy to steer this idea into practice,' he added.

SBP Governor said that this joint effort between SBP's Research Department and Professors in Accounting and Law, Computer Sciences, Economics, Statistics of the Institute of Business Administration will go a long way in providing a reliable set of information regarding consumers' expectations in Pakistan. 'Apart from its instantaneous contribution towards the process of policy formulation, I hope that this project will be of great help to future generations of policy makers in Pakistan, primarily by bi-monthly documenting consumers' expectations, he added.

Mr. Anwar said: 'I am grateful to Institute of Business Administration for joining hands with State Bank of Pakistan in order to undertake this venture which is also being continuously

peer-reviewed by international and domestic institutions. I sanguinely believe that today's Inaugural Ceremony will prove to be the start of a long-term relationship between both the institutions as well as a beneficial exercise for the national economy'.

Speaking on the occasion, Director, Institute of Business Administration (IBA), Dr. Ishrat Husain recognized the efforts of State Bank of Pakistan in formulating consumer expectation survey and also appreciated it (SBP) for undertaking such a research of national level and importance. He said that both SBP & IBA will keep working together in future to build such economic intelligence tools with a view to developing a better understanding of country's economy.
