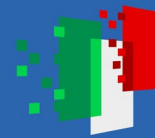




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# Missione 4

## Istruzione e Ricerca

### Spoke 3 – Household Sustainability

Napoli, 26-27 October 2023

Panel on Consumer Expectations  
Tullio Jappelli (Federico II)



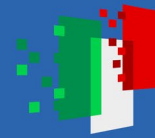
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## Motivation

## The sample

## The questionnaire

## Preliminary results from the pilot

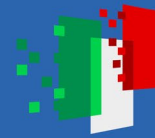
## Looking forward



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## Motivation

We build upon international experiences to provide an infrastructure to:

- Elicit high frequency individual expectations and behaviors.
- Perform policy analysis.
- Run survey experiments, data and method validations, etc.

Examples:

**New York Fed:** Survey of Consumer Expectations (SCE) collects information on consumers' views and expectations regarding inflation, employment, income, and household finances.

**European Central Bank (ECB):** The Consumer Expectation Survey (CES) collects monthly data on households' expectations on about 10,000 households from the six largest euro area economies (Germany, France, Italy, Spain, the Netherlands and Belgium).

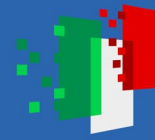
**Social Economic Lab (Harvard):** exploring through surveys determinants of social preferences, attitudes, and perceptions.



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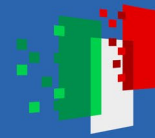
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## The Consumer Expectations Panel – CEP: **Sample**

- Sample is drawn from a larger representative sample of 120,000 **Italians**.
- Survey aimed at the **population aged 18-75 residing in Italy, using CAWI method**.
- **Pilot** administered in September (N=100). October survey (Wave 1) is just completed.
- **5,000 panel interviews: October 2023, February 2024, April 2024, July 2024**.
- Replenishment, with random sampling, of observations that exit the sample in subsequent interviews.
- Waves 5 to 8 from October 2024 to July 2025



## The Consumer Expectations Panel – CEP: Questionnaire

- Questionnaire has two parts
- **Common**, stable part of 10-12 minutes, repeated in all surveys
- **Special sections** of about 5-6 minutes:
  - may change at each survey;
  - total duration of about 15-20 minutes.
- Possibility of introducing one or more sections of "**experiments**", in which the overall sample is divided into 4/5 random sub-samples to allow for treatment and control designs
- Availability of sample weights, zip code, and socio-economic characteristics of the panel.

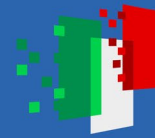


## Target sample and population

	Target Sample (%)	Population (%)
Males		49.58
Females		50.42
Age 18-34		23.72
Age 35-54		38.55
Age 55-75		37.73
Less than high school		19.40
High school		44.52
College		36.08
Employed		51.24
Not employed		48.76
North-West		26.65
North-East		19.45
Center		19.81
South/Islands		34.09
Total observations	5,000	43,316,415

Italian resident population 18-75 is stratified along:

- Geographical area of residence
- Age group
- Gender
- Employment
- Education



## The questionnaire: Demographics, C, Y, W

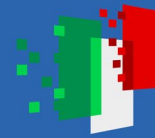
- **Section A. Demographics and labor:** age, city, ZIP code, education, sector and type of employment.
- **Section B. Income:** monthly household earnings and disposable income, individual earnings, income, social transfers, number of days in teleworking, probability of employment (if unemployed) and probability of unemployment (if employed).
- **Section C. Household wealth:** financial wealth (brackets), debt (brackets), ownership of transaction accounts, bonds, stocks, retirement plans, life insurance; casualty insurance and health insurance.
- **Section D. Consumption:** monthly consumption (brackets), electricity and gas bills (brackets); health expenditures (brackets).



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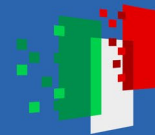


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## The questionnaire: **Section E** on **expectations**

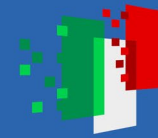
- Disposable income, individual earnings, consumption, health expenditures, energy and electricity bills, house prices, intention to buy durables, intention to borrow
- Expected retirement age and replacement rate
- Expected interest rate on financial investment and mortgage rate
- Aggregate variables: economic growth, inflation, unemployment rate



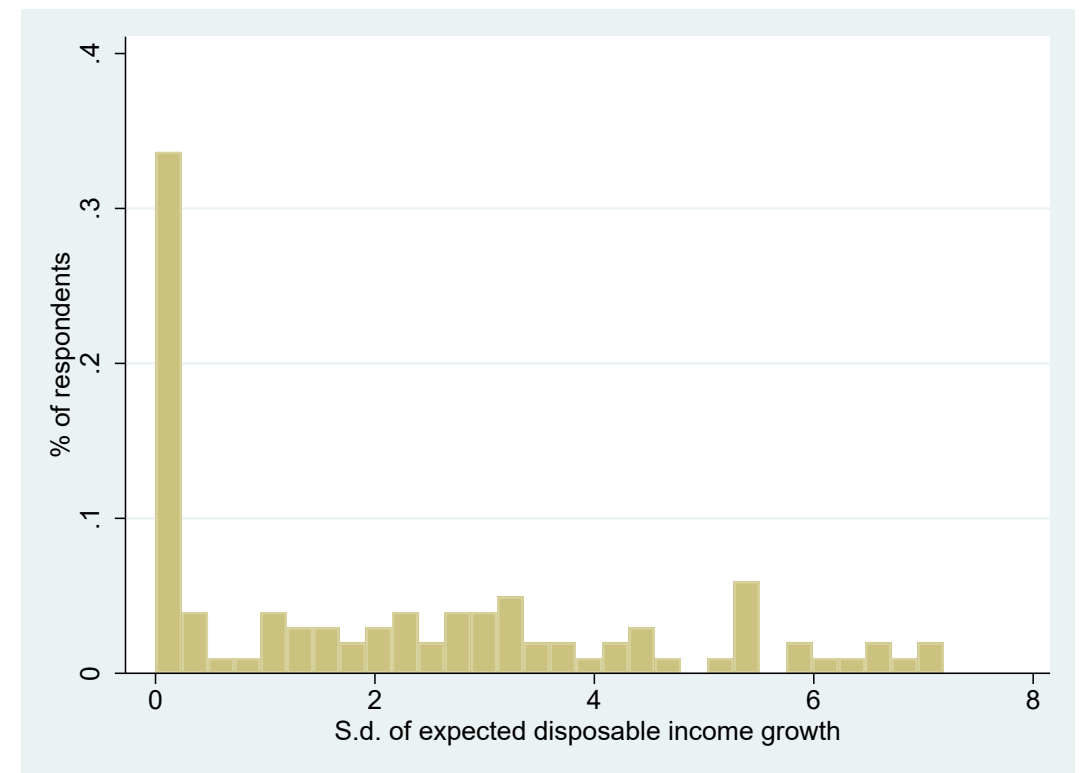
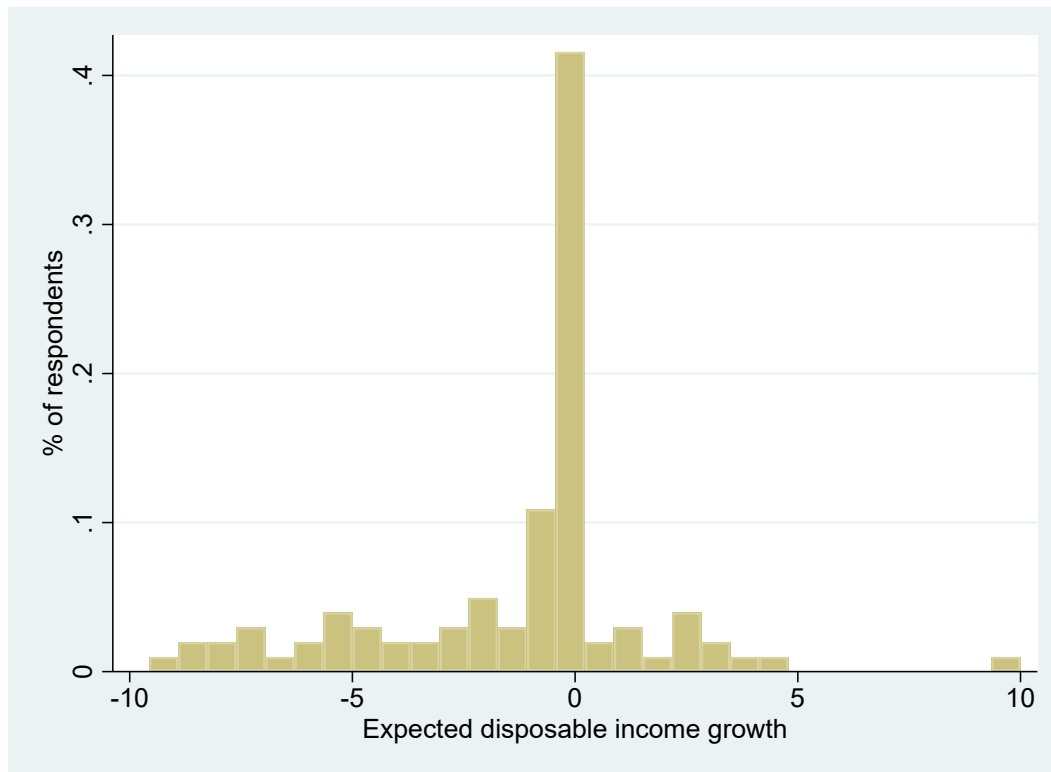


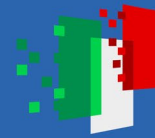
## Framework to elicit subjective expectations

C, Y, W ecc	Percentage
Fall by more than 8%	X
Fall between 6 and 8%	X
Fall between 4 and 6%	X
Fall between 2 and 4%	X
Fall between 0 and 2%	X
Will remain constant	X
Increase between 0 and 2%	X
Increase between 2 and 4%	X
Increase between 4 and 6%	X
Increase between 6 and 8%	X
Increase more than 8%	X
Total	100

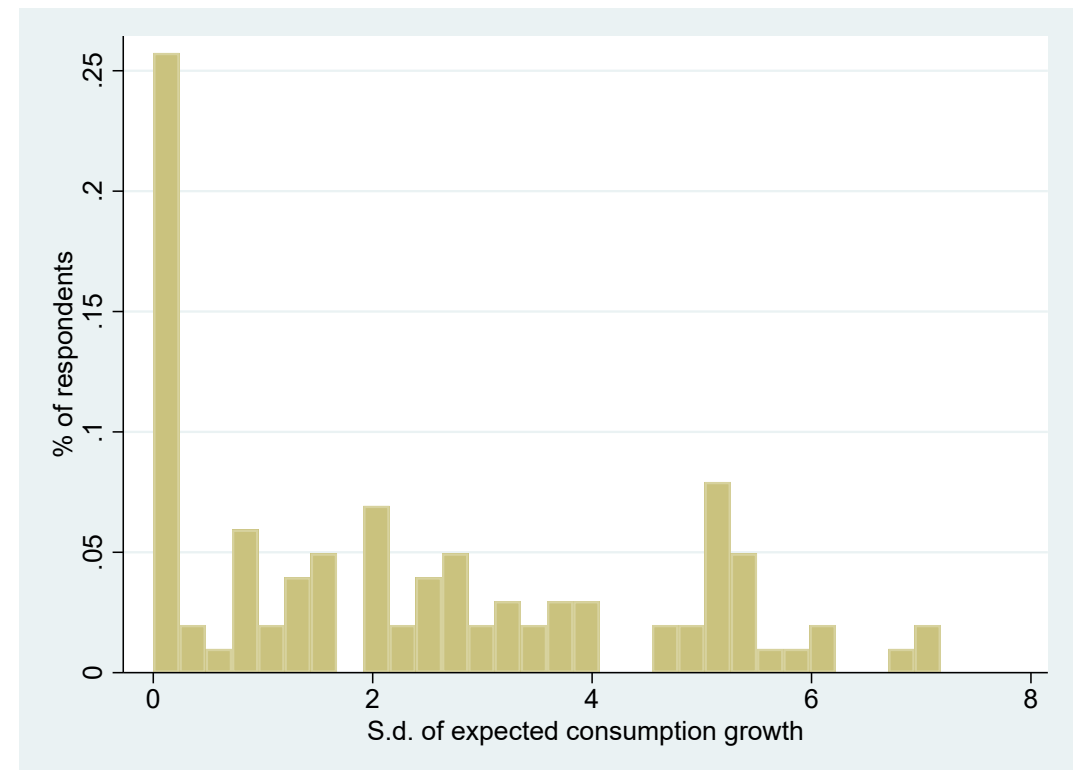
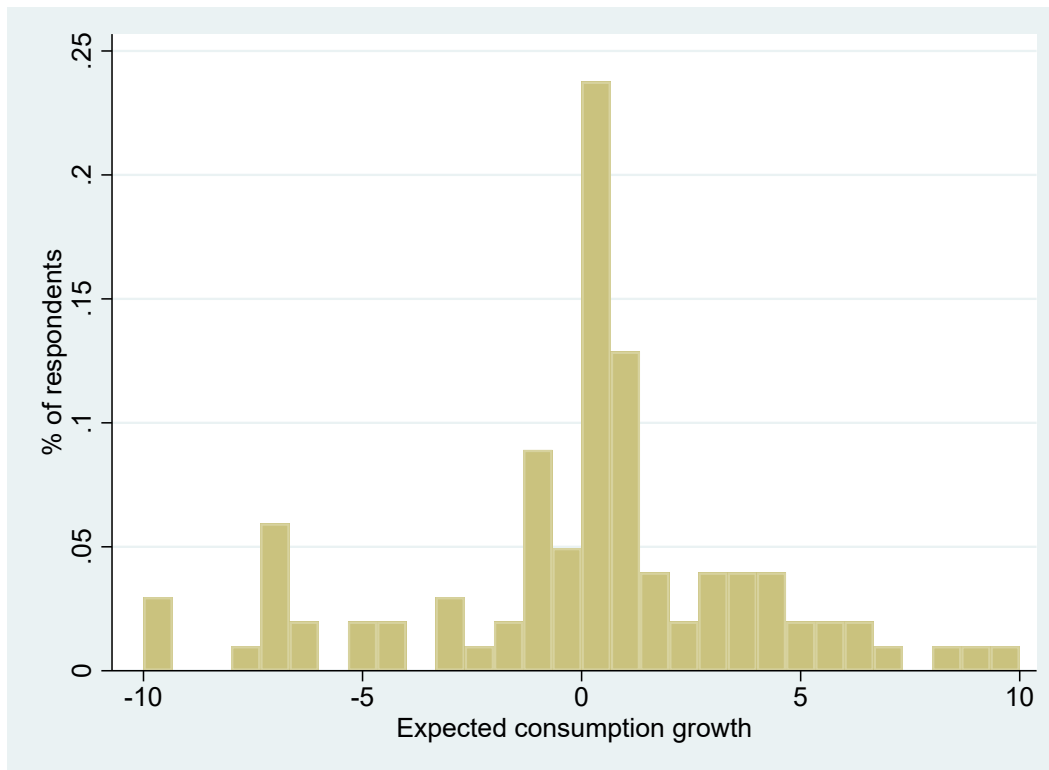


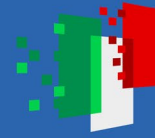
## Example from pilot: Expectations of monthly **income growth** 12 months ahead (N=100)



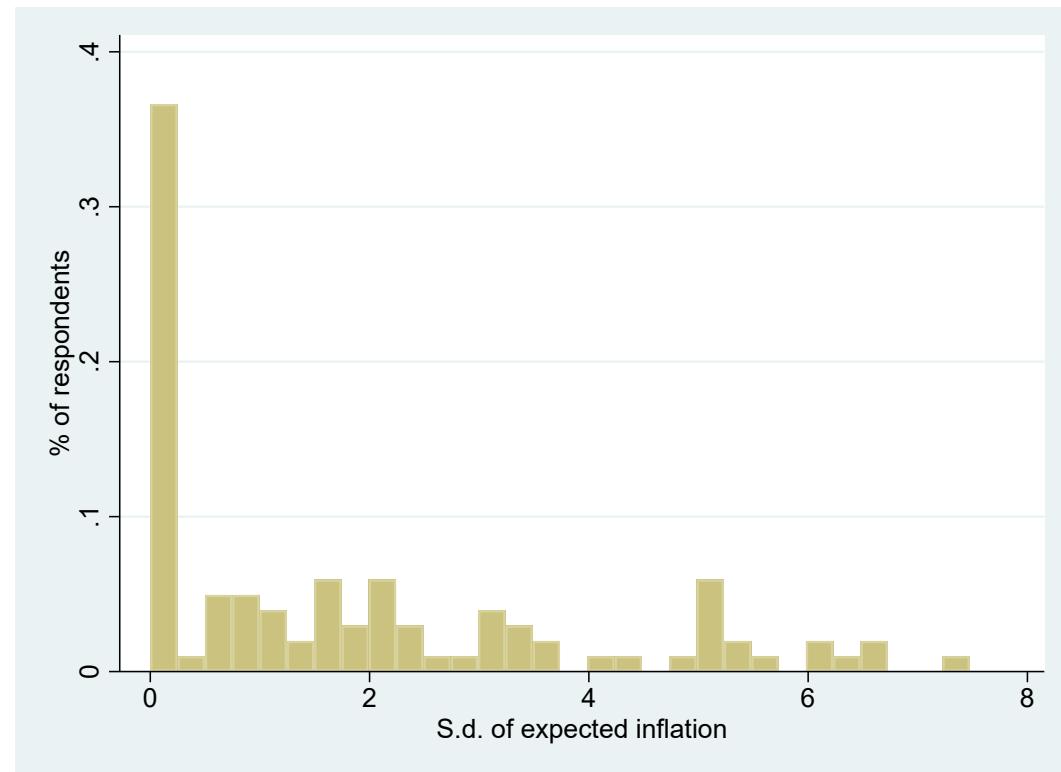
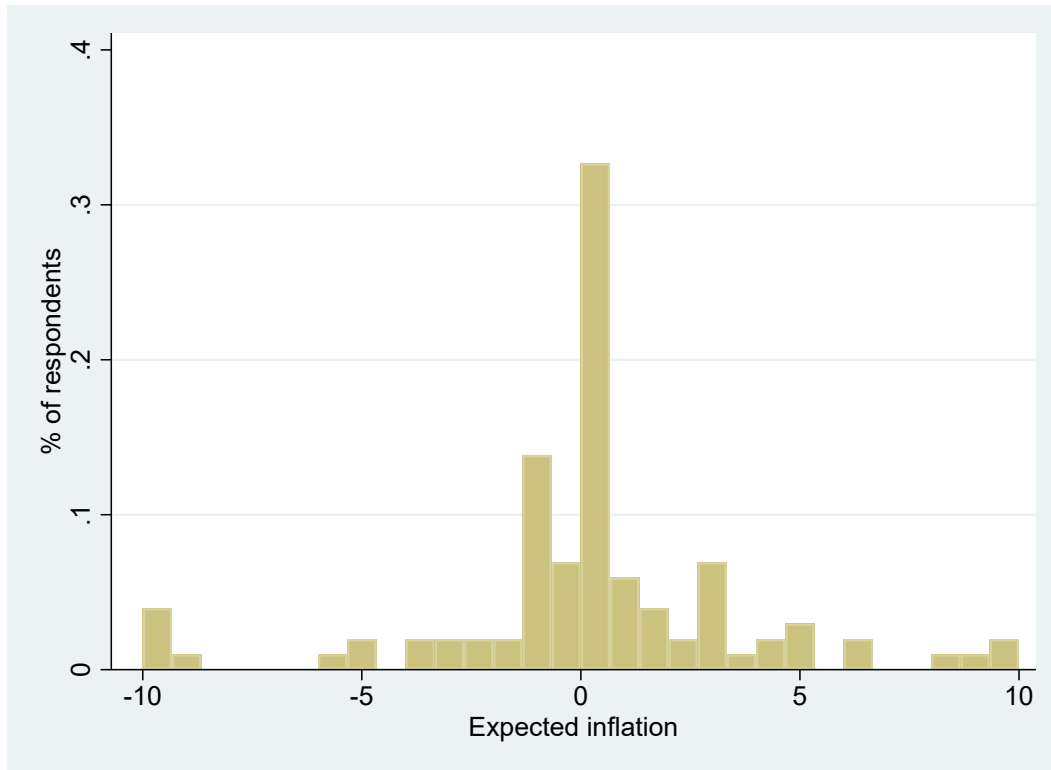


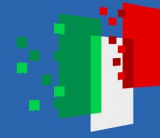
## Example from pilot: Expectations of monthly **consumption growth** 12 months ahead (N=100)



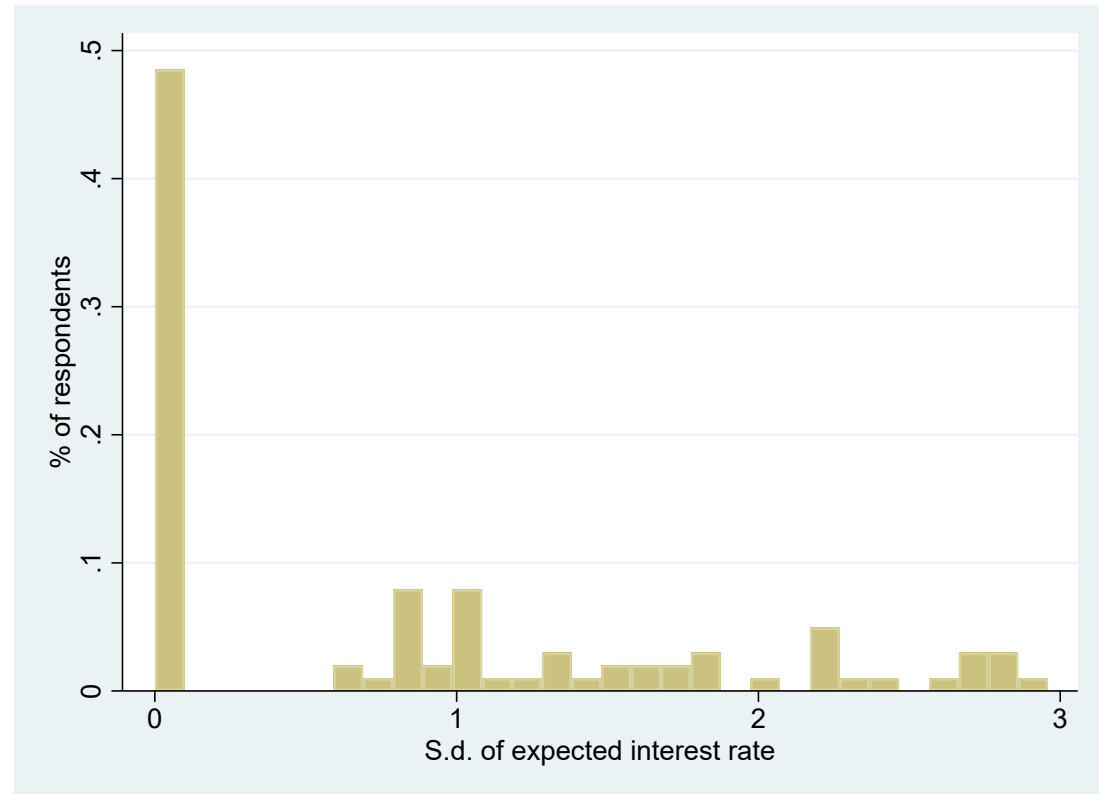
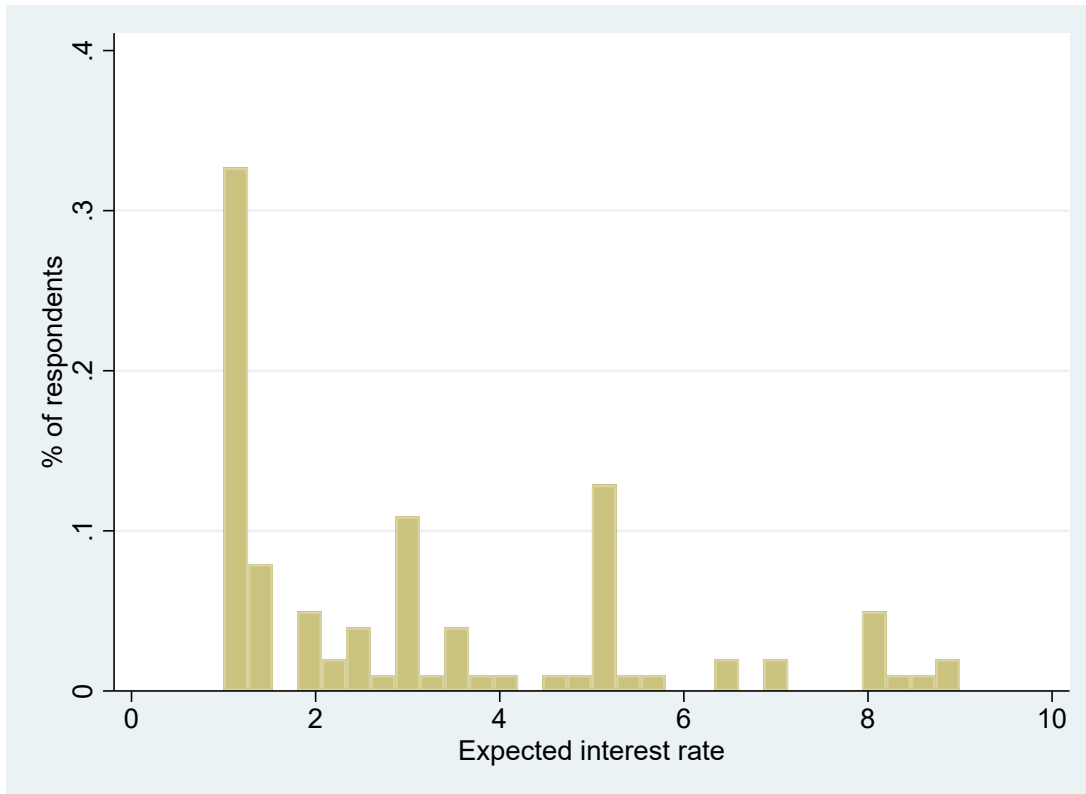


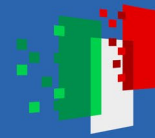
## Example from pilot: Expectations of **inflation** 12 months ahead (N=100)





## Example from pilot: Expectations of **nominal interest rate** 12 months ahead (N=100)



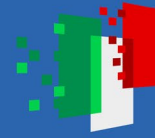


## The questionnaire: **Section F** on perceptions of catastrophic risks

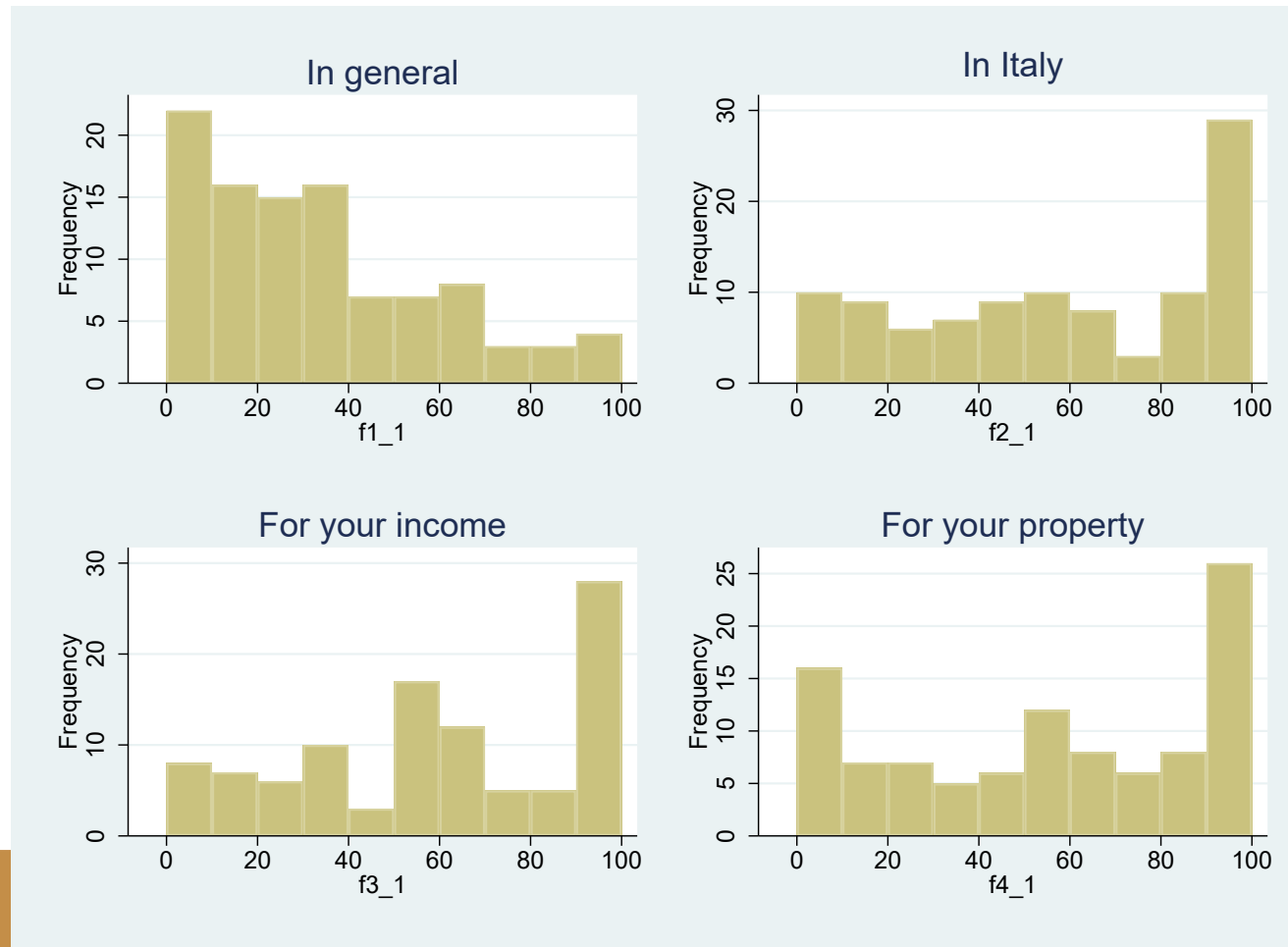
1. A large-scale conflict, leading to nuclear war
2. A disruptive technological innovation that leads to the loss of many jobs
3. An IT crisis that paralyzes the country's activities
4. A collapse of financial markets comparable to that of 2008
5. The end of democracy and the advent of a dictatorship
6. A political crisis with the end of the European Union and the collapse of the euro
7. Social tensions, created by growing inequalities, immigration, etc
8. A new pandemic, of similar intensity to Covid-19
9. Natural disasters linked to climate change (floods, droughts, landslides, fires, etc.)
10. An extreme event linked to a strong earthquake

**Think about each of these events and indicate on a scale from 1 to 100:**

- How likely you think each event will **occur in our country** in the next 5 years.
- How likely you think it will have **economic consequences** in the next 5 years in our country.
- How serious will be the consequence in the next 5 years for the **income of your household**.
- How serious will be the consequences in the next 5 years for the **real properties (house, land) of your household**.

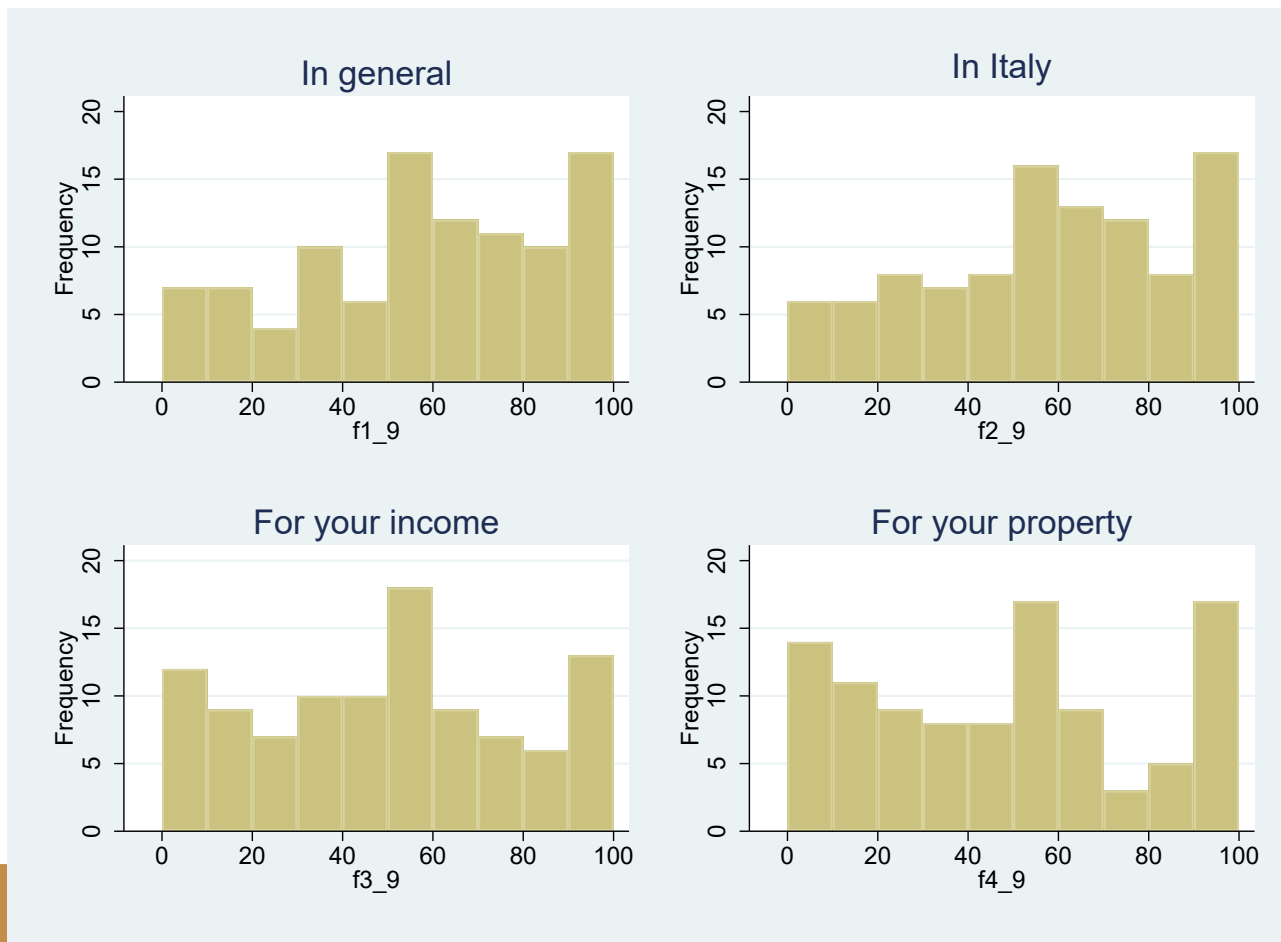


## Example from the pilot: How likely it is that a **large-scale conflict** will occur (first panel) and have consequences? (N=100)





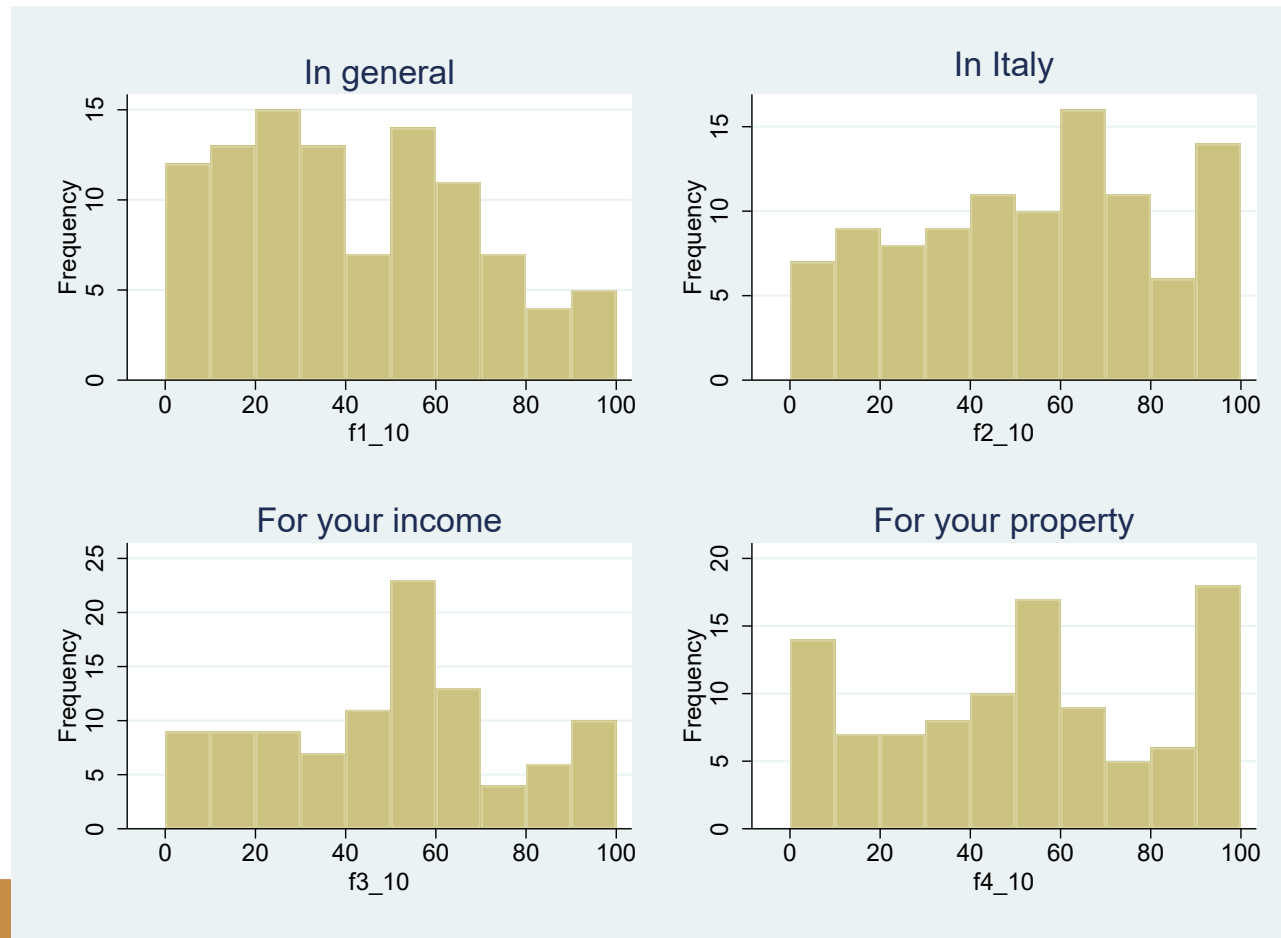
Example from the pilot: How likely it is that **natural disasters** (floods, droughts, landslides, fires, etc.) will occur (first panel) and have consequences? (N=100)







## Example from the pilot: How likely it is that a **strong earthquake** will occur (first panel) and have consequences? (N=100)





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## Merging with environmental data

The survey includes the **ZIP code and ISTAT city ID**.

Advantage of the online survey: it is quite dispersed geographically, and not stratified by city as other surveys based on in-person interviews.

We can merge with environmental data (city ID) indicators of «objective» environmental risks. So far we have identified two indicators:

1. Fraction of the population in the city exposed to **risk of landslides**.
2. Fraction of the population in the city exposed to **risk of floods**.

We plan to include other indicators, such as risk of earthquakes or eruptions, and possibly construct an overall indicator of environmental risk.

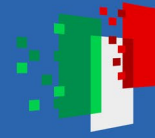
**Next steps:** (1) relate perceptions to objective indicators; (2) check correlation about perceptions; (3) relate perceptions with outcomes.



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## A tool to analyze policy issues and check validity of the data

### Special sections

Literacy: Energy, Environmental, Digital, Financial

Awareness of social policy instruments

Understanding policy tradeoffs

### Survey experiments

Our contract allows us to address different questions for up to 4 or 5 randomly selected sub-samples.  
Randomness allows identification

### Experimenting different methods

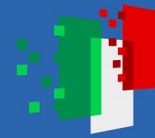
Subjective expectations (say, of future income) can be elicited using different formats (point vs. probabilistic, sensitivity to intervals, probability density function vs. CDF, etc)



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## Distribution of data to GRINS participants and to the general public

- We will upload the **questionnaire and bulletin** with aggregate indicators shortly after data are released.
- Microdata can be distributed to outside users through the Amelia platform, or other websites (omitting city code and zip code)
- **Issue to be discussed**: when to release the data after an embargo period for data cleaning, imputation, etc.



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## Contribution to platform and sustainability after 2025

### Contribution to the data platform:

- Microdata
- Quarterly reports on household expectations (Y, C, W), asset prices, macro variables.

### After 2025

- Long-run sustainability: researchers and private or public institutions might be interested in designing special sections, commissioning specific reports, etc.