

Inflation Expectation and Scheduled/Actual Spending: Evidence from Japanese Panel Data*

Mika Akesaka[§]

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Abstract

This study examines the relationship between inflation expectation and scheduled/actual spending using micro panel data from the Japan Household Panel Survey on Consumer Preferences and Satisfaction. Japanese households have experienced low and stable interest rates for a prolonged period. Hence, it is suitable for a test of the standard theoretical model that higher inflation expectations increase consumer spending at the zero lower bound of interest rates. The results show that consumers increase their scheduled consumption when they have a higher inflation expectation. However, when compared with actual consumption reported in the panel data of the following year, there is no statistically significant increase in their actual consumption.

Keywords: inflation expectation, consumption, panel data

JEL Classification Codes: E21, E31, E52

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[§]Institute of Social and Economic Research, Osaka University 6-1, Mihogaoka, Ibaraki, Osaka 567-0047, Japan; Email: mika.akesaka@gmail.com