

## ONLINE APPENDIX FOR

# HOW DOES CONSUMPTION RESPOND TO NEWS ABOUT INFLATION? FIELD EVIDENCE FROM A RANDOMIZED CONTROL TRIAL<sup>\*</sup>

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**Wave 1: QUESTIONNAIRE (to be fielded: March 30, 2018)**

**PROGRAMMING INFORMATION**

**QUESTION BLOCK**

12. This question is being asked to all participants in this survey. These participants are representative of the Dutch population.

Please choose a number from zero to 100.

We will take your number as well as the numbers chosen by other participants to calculate the average number. The winning number will be the number that is closest to **two-thirds (2/3)** of the average number.

The participant who filled in the winning number will receive 500 euro (if more participants have filled in the winning number, the 500 euro will be divided equally among the winners).

Please take your time to answer this question.

Your chosen number is: ..... <input type="checkbox"/> I do not want participate
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13. Like you, other participants in this survey are asked to choose a number from zero to 100, with the goal of making their choice as close as possible to **two-thirds (2/3)** of the average choice of all participants. What percentage of other participants do you think chooses a number that falls in the listed ranges in the table below?

<b>Chosen numbers</b>	<b>Percentage of other participants</b>	
From 0 to 9.99	.....	%
From 10 to 19.99	.....	%
From 20 to 29.99	.....	%
From 30 to 39.99	.....	%
From 40 to 49.99	.....	%
From 50 to 59.99	.....	%
From 60 to 69.99	.....	%
From 70 to 79.99	.....	%
From 80 to 89.99	.....	%
From 90 to 100	.....	%
<b>Total</b> (the percentages should sum to 100):	100	%

I do not know

1. How much did your household spend in **total** on purchases of **durable goods** in the last three months (January 2018 to March 2018)?  
 Durable goods are goods that last in time, including for instance cars, electronics, kitchen appliances, furniture, house maintenance, jewelries, etc. (please exclude purchases of houses, apartments, etc.). Please provide an answer in euros.

Answer:..... euros
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... I did not buy any durables  
... I do not know

2. What do you think your household's spending on purchases of **durable goods** will be per month in the next three months (April, May and June)? Please provide an answer in euros.

April: ..... euros  
... I do not have plans to buy durables in this month  
... I do not know

May: ..... euros  
... I do not have plans to buy durables in this month  
... I do not know

June: ..... euros  
... I do not have plans to buy durables in this month  
... I do not know

3. What was your households' **average** monthly spending on **nondurable goods and services** in the last three months (January 2018 to March 2018)?

Nondurable goods and services include for instance food, tobacco, alcohol, gasoline, clothing, haircuts, transportation, and other small services and nondurable goods that do not last in time. Please provide an answer in euros.

Answer: ..... euros per month  
... I do not know

4. What do you think your household's spending on **nondurable goods and services** will be per month in the next three months (April, May and June)? Please provide an answer in euros.

April: ..... euros  
... I do not know

May: ..... euros  
... I do not know

June: ..... euros  
... I do not know

5. How much higher or lower do you think **your household's** spending on **nondurable goods and services** will be in the next twelve months compared to the past twelve months?

Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the points in the column should sum to 100)

	<b>Points</b>
Spending increases 8% or more	.....
Spending increases 4% or more, but less than 8%	.....

Spending increases 2% or more, but less than 4%	.....
Spending increases 1% or more, but less than 2%	.....
Spending increases or decreases less than 1%	.....
Spending decreases 1% or more, but less than 2%	.....
Spending decreases 2% or more, but less than 4%	.....
Spending decreases 4% or more, but less than 8%	.....
Spending decreases 8% or more	.....
<b>Total</b> (the points should sum to 100)	100

I do not know

6. How much higher or lower do you think total spending on **nondurable goods and services** will be for the Dutch economy (that is, **all households in the Netherlands**) in the next twelve months compared to the last twelve months.

Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the points in the column should sum to 100)

	<b>Points</b>
Spending increases 8% or more	.....
Spending increases 4% or more, but less than 8%	.....
Spending increases 2% or more, but less than 4%	.....
Spending increases 1% or more, but less than 2%	.....
Spending increases or decreases less than 1%	.....
Spending decreases 1% or more, but less than 2%	.....
Spending decreases 2% or more, but less than 4%	.....
Spending decreases 4% or more, but less than 8%	.....
Spending decreases 8% or more	.....
<b>Total</b> (the points should sum to 100)	100

I do not know

7. **The previous question was also asked to other households in the Netherlands.** We would like to know what your opinion is about what **other** households think will happen to total spending on **nondurable goods and services** in the Dutch economy in the next twelve months compared to the last twelve months.

Please allocate 100 points in the table below indicating how likely you think it is that other households in the Netherlands indicated the listed changes. (Note that the points in the column should sum to 100)

	<b>Points</b>
Spending increases 8% or more	.....
Spending increases 4% or more, but less than 8%	.....
Spending increases 2% or more, but less than 4%	.....
Spending increases 1% or more, but less than 2%	.....
Spending increases or decreases less than 1%	.....
Spending decreases 1% or more, but less than 2%	.....
Spending decreases 2% or more, but less than 4%	.....
Spending decreases 4% or more, but less than 8%	.....
Spending decreases 8% or more	.....
<b>Total</b> (the points should sum to 100)	100

I do not know

8. How much higher or lower do you think **your household's total net income** will be over the next twelve months compared to the last twelve months?

Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the points in the column should sum to 100)

	<b>Points</b>
Net income increases 8% or more	.....
Net income increases 4% or more, but less than 8%	.....
Net income increases 2% or more, but less than 4%	.....
Net income increases 1% or more, but less than 2%	.....
Net income increases or decreases less than 1%	.....
Net income decreases 1% or more, but less than 2%	.....
Net income decreases 2% or more, but less than 4%	.....
Net income decreases 4% or more, but less than 8%	.....
Net income decreases 8% or more	.....
<b>Total</b> (the points should sum to 100)	<b>100</b>

[ ] I do not know

9. How much higher or lower do you think **consumer prices** in general in the Netherlands are now compared to **twelve months earlier**? Please provide a change in percentage terms. If you think prices on average decreased, please fill in a negative percentage (insert a minus sign for the number). If you think prices on average increased, please fill in a positive percentage. If you think prices on average did not change, please fill in 0 (zero).

Answer: .....	%
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10. How much do you think **consumer prices** in general will change in the **next twelve months** in the Netherlands? Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the probabilities in the column should sum to 100)

	<b>Points</b>
Consumer prices increase 8% or more	.....
Consumer prices increase 4% or more, but less than 8%	.....
Consumer prices increase 2% or more, but less than 4%	.....
Consumer prices increase 1% or more, but less than 2%	.....
Consumer prices increase or decreases less than 1%	.....
Consumer prices decrease 1% or more, but less than 2%	.....
Consumer prices decrease 2% or more, but less than 4%	.....
Consumer prices decrease 4% or more, but less than 8%	.....
Consumer prices decrease 8% or more	.....
<b>Total</b> (the points should sum to 100)	<b>100</b>

11. How much money did you have in your checking and savings accounts and in cash on the day **before** your last regular paycheck arrived? Please do not include fixed term deposits, stocks, bonds, mutual funds, or retirement accounts, etc.

Answer: ..... euros  
... I do not know

*If value: Don't Know*

Please provide an estimate of the money you had in your checking and savings accounts and in cash on the day **before** your last regular paycheck arrived, using the categories listed below. Please do not include fixed term deposits, stocks, bonds, mutual funds, or retirement accounts, etc.

- 0 – 249 euro
- 250 – 499 euro
- 500 – 999 euro
- 1,000 – 2,499 euro
- 2,500 – 4,999 euro
- 5,000 – 9,999 euro
- 10,000 – 14,999 euro
- 15,000 - 19,999 euro
- 20,000 – 29,999 euro
- 30,000 - 39,999 euro
- 40,000 - 49,999 euro
- 50,000 - 59,999 euro
- 60,000 - 69,999 euro
- 70,000 – 79,999 euro
- 80,000 – 89,999 euro
- 90,000 – 99,999 euro
- 100,000 – 149,999 euro
- 150,000 – 199,999 euro
- 200,000 – 249,999 euro
- 250,000 – 299,999 euro
- 300,000 – 399,999 euro
- 400,000 – 499,999 euro
- 500,000 euro or more

I do not know

## EXPERIMENT & Follow-up

**3 groups of respondents** (~900 each, randomly selected).

- a) Group A is the control group. Skip straight to “Follow-up questions” below.
- b) Group B is first treatment group. They are read INFORMATION 1 below, then are asked follow-up questions below.
- c) Group C is second treatment group. They are read INFORMATION 2 below, then are asked follow-up questions below.

**INFORMATION 1 (for respondents in Group B):** “Before we proceed, we would like to share the following information with you. In a public release **available to all Dutchmen** at no charge, the Dutch Statistical Office recently reported that the percent increase in consumer prices in February compared to 12 months earlier in the Netherlands was 1.2%”.

**INFORMATION 2 (for respondents in Group C):** “Before we proceed, we would like to share the following information **only with you** and a few other households. The Dutch Statistical Office recently reported that the percent increase in consumer prices compared in February to 12 months earlier in the Netherlands was 1.2%”.

### *Follow-up Questions:*

**Instructions: (Question 14 is skipped by respondents in group A, but asked to respondents in groups B and C)**

14. What percentage of Dutchmen (aged 18 and older) do you think knows this information?

Answer: ..... %  
... I do not know

15. How much higher or lower do you think **your household’s** spending on **nondurable goods and services** will be in the next twelve months compared to the last twelve months?

Please provide an answer in percentage terms. If you think your household’s spending on nondurable goods and services on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think your household’s spending on nondurable goods and services on average will increase, please fill in a positive percentage. If you think your household’s spending on nondurable goods and services on average will not change, please fill in 0 (zero).

Answer: ..... %  
... I do not know

16. How much higher or lower do you think total spending on **nondurable goods and services** will be for the Dutch economy (that is, **all households in the Netherlands**) in the next twelve months compared to the last twelve months.

Please provide an answer in percentage terms. If you think total spending on nondurable goods and services for the Dutch economy on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think total spending on nondurable goods and services for the Dutch economy on average will increase, please fill in a positive percentage. If you think total spending on nondurable goods and services for the Dutch economy on average will not change, please fill in 0 (zero)

Answer: ..... %  
...I do not know

17. **The previous question was also asked to other households in the Netherlands.** We would like to know what your opinion is about what **other** households think will happen to total spending on **nondurable goods and services** in the Dutch economy in the next twelve months compared to the last twelve months.

Please provide an answer in percentage terms. If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will increase, please fill in a positive percentage. If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will not change, please fill in 0 (zero).

Answer: ..... %  
...I do not know

18. How much higher or lower do you think **your household's total net income** will be over the next twelve months compared to the last twelve months? Please provide an answer in percentage terms.

Please provide an answer in percentage terms. If you think that your household's total net income will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think that your household's total net income will increase, please fill in a positive percentage. If you think that your household's total net income will not change, please fill in 0 (zero).

Answer: ..... %  
... I do not know

19. How much do you think **consumer prices** in general will change in the next twelve months in the Netherlands?

Please provide an answer in percentage terms. If you think consumer prices on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think consumer prices on average will increase, please fill in a positive percentage. If you think consumer prices on average will not change, please fill in 0 (zero).

Answer: ..... %

20. Finally, the last three questions. Suppose you had €100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow: more than €102, exactly €102, less than €102

More than €102  
 Exactly €102  
 Less than €102  
 I do not know

21. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account: more than today; exactly the same, less than today?

More than today  
 Exactly the same  
 Less than today  
 I do not know

22. Do you think that the following statement is 'true' or 'false'? Buying a company stock usually provides a safer return than a stock mutual fund.

True  
 False  
 I do not know



**WAVE 2: QUESTIONNAIRE (to be fielded in May 2018)**

1. How much did your household spend on purchases of **durable goods** in the month April 2018?  
Durable goods are goods that last in time, including for instance cars, electronics, kitchen appliances, furniture, house maintenance, jewelries, etc. (please exclude purchases of houses, apartments, etc.). Please provide an answer in euros.

Answer:..... euros  
... I did not buy any durables... I do not know

2. What do you think your household's spending on purchases of **durable goods** will be per month in the next two months (May and June)? Please provide an answer in euros.

May: ..... euros  
... I do not have plans to buy durables in this month  
... I do not know  
  
June: ..... euros  
... I do not have plans to buy durables in this month  
... I do not know

3. What was your households' spending on **nondurable goods and services** in the month April 2018?  
Nondurable goods and services include for instance food, tobacco, alcohol, gasoline, clothing, haircuts, transportation, and other small services and nondurable goods that do not last in time. Please provide an answer in euros.

April: ..... euros  
... I do not know

4. What do you think your household's spending on **nondurable goods and services** will be per month in the next two months (May and June)? Please provide an answer in euros.

May: ..... euros  
... I do not know  
  
June: ..... euros  
... I do not know

15. How much higher or lower do you think **your household's** spending on **nondurable goods and services** will be in the next twelve months compared to the last twelve months?

Please provide an answer in percentage terms. If you think your household's spending on nondurable goods and services on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think your household's spending on nondurable goods and services on average will increase, please fill in a positive percentage. If you think your household's spending on nondurable goods and services on average will not change, please fill in 0 (zero).

Answer: ..... %  
... I do not know

16. How much higher or lower do you think total spending on **nondurable goods and services** will be for the Dutch economy (that is, **all households in the Netherlands**) in the next twelve months compared to the last twelve months.

Please provide an answer in percentage terms. If you think total spending on nondurable goods and services for the Dutch economy on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think total spending on nondurable goods and services for the Dutch economy on average will increase, please fill in a positive percentage. If you think total spending on nondurable goods and services for the Dutch economy on average will not change, please fill in 0 (zero)

Answer: ..... %  
...I do not know

17. **The previous question was also asked to other households in the Netherlands.** We would like to know what your opinion is about what **other** households think will happen to total spending on **nondurable goods and services** in the Dutch economy in the next twelve months compared to the last twelve months.

Please provide an answer in percentage terms. If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will increase, please fill in a positive percentage. If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will not change, please fill in 0 (zero).

Answer: ..... %  
...I do not know

18. How much higher or lower do you think **your household's total net income** will be over the next twelve months compared to the last twelve months? Please provide an answer in percentage terms.

Please provide an answer in percentage terms. If you think that your household's total net income will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think that your household's total net income will increase, please fill in a positive percentage. If you think that your household's total net income will not change, please fill in 0 (zero).

Answer: ..... %  
... I do not know

8. Now we are interested in how likely you think your income will change. How much higher or lower do you think **your household's total net income** will be over the next twelve months compared to the last twelve months?

Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the points in the column should sum to 100)

	Points
Net income increases more than 8%	.....

Net income increases more than 4%, but less than 8%	.....
Net income increases more than 2%, but less than 4%	.....
Net income increases more than 1%, but less than 2%	.....
Net income increases or decreases no more than 1%	.....
Net income decreases more than 1%, but less than 2%	.....
Net income decreases more than 2%, but less than 4%	.....
Net income decreases more than 4%, but less than 8%	.....
Net income decreases more than 8%	.....
<b>Total</b> (the points should sum to 100)	100

I do not know

9. How much higher or lower do you think **consumer prices** in general in the Netherlands are now compared to **twelve months earlier**? Please provide a change in percentage terms. If you think prices on average decreased, please fill in a negative percentage (insert a minus sign for the number). If you think prices on average increased, please fill in a positive percentage. If you think prices on average did not change, please fill in zero.

Answer: ..... %

19. How much do you think **consumer prices** in general will change in the next twelve months in the Netherlands?

Please provide an answer in percentage terms. If you think consumer prices on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think consumer prices on average will increase, please fill in a positive percentage. If you think consumer prices on average will not change, please fill in 0 (zero).

Answer: ..... %

10. Now we are interested in how likely you think consumer prices will change. How much do you think **consumer prices** in general will change in the **next twelve months** in the Netherlands? Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the probabilities in the column should sum to 100)

	<b>Points</b>
Consumer prices increase more than 10%	.....
Consumer prices increases more than 5%, but less than 10%	.....
Consumer prices increases more than 3%, but less than 5%	.....
Consumer prices increases more than 1%, but less than 3%	.....
Consumer prices increases or decreases no more than 1%	.....
Consumer prices decreases more than 1%, but less than 3%	.....
Consumer prices decreases more than 3%, but less than 5%	.....
Consumer prices decreases more than 5%, but less than 10%	.....
Consumer prices decreases more than 10%	.....
<b>Total</b> (the points should sum to 100):	100

**WAVE 3: QUESTIONNAIRE (to be fielded in June 2018)**

1. How much did your household spend on purchases of **durable goods** in the month May 2018?  
Durable goods are goods that last in time, including for instance cars, electronics, kitchen appliances, furniture, house maintenance, jewelries, etc. (please exclude purchases of houses, apartments, etc.). Please provide an answer in euros.

Answer:..... euros  
... I did not buy any durables... I do not know

2. What do you think your household's spending on purchases of **durable goods** will be in June? Please provide an answer in euros.

June: ..... euros  
... I do not have plans to buy durables in this month  
... I do not know

3. What was your households' spending on **nondurable goods and services** in the month May 2018?  
Nondurable goods and services include for instance food, tobacco, alcohol, gasoline, clothing, haircuts, transportation, and other small services and nondurable goods that do not last in time. Please provide an answer in euros.

May: ..... euros  
... I do not know

4. What do you think your household's spending on **nondurable goods and services** will be in June? Please provide an answer in euros.

June: ..... euros  
... I do not know

15. How much higher or lower do you think **your household's** spending on **nondurable goods and services** will be in the next twelve months compared to the last twelve months?

Please provide an answer in percentage terms. If you think your household's spending on nondurable goods and services on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think your household's spending on nondurable goods and services on average will increase, please fill in a positive percentage. If you think your household's spending on nondurable goods and services on average will not change, please fill in 0 (zero).

Answer: ..... %  
... I do not know

16. How much higher or lower do you think total spending on **nondurable goods and services** will be for the Dutch economy (that is, **all households in the Netherlands**) in the next twelve months compared to the last twelve months.

Please provide an answer in percentage terms. If you think total spending on nondurable goods and services for the Dutch economy on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think total spending on nondurable goods and services for the Dutch economy on average will increase, please fill in a positive percentage. If you think total spending on nondurable goods and services for the Dutch economy on average will not change, please fill in 0 (zero)

Answer: ..... %  
 ...I do not know

17. **The previous question was also asked to other households in the Netherlands.** We would like to know what your opinion is about what **other** households think will happen to total spending on **nondurable goods and services** in the Dutch economy in the next twelve months compared to the last twelve months.

Please provide an answer in percentage terms. If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will increase, please fill in a positive percentage. If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will not change, please fill in 0 (zero).

Answer: ..... %  
 ...I do not know

18. How much higher or lower do you think **your household's total net income** will be over the next twelve months compared to the last twelve months? Please provide an answer in percentage terms.

Please provide an answer in percentage terms. If you think that your household's total net income will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think that your household's total net income will increase, please fill in a positive percentage. If you think that your household's total net income will not change, please fill in 0 (zero).

Answer: ..... %  
 ... I do not know

8. Now we are interested in how likely you think your income will change. How much higher or lower do you think **your household's total net income** will be over the next twelve months compared to the last twelve months?

Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the points in the column should sum to 100)

	<b>Points</b>
Net income increases more than 8%	.....
Net income increases more than 4%, but less than 8%	.....
Net income increases more than 2%, but less than 4%	.....
Net income increases more than 1%, but less than 2%	.....
Net income increases or decreases no more than 1%	.....
Net income decreases more than 1%, but less than 2%	.....

Net income decreases more than 2%, but less than 4%	.....
Net income decreases more than 4%, but less than 8%	.....
Net income decreases more than 8%	.....
<b>Total</b> (the points should sum to 100)	100

I do not know

9. How much higher or lower do you think **consumer prices** in general in the Netherlands are now compared to **twelve months earlier**? Please provide a change in percentage terms. If you think prices on average decreased, please fill in a negative percentage (insert a minus sign for the number). If you think prices on average increased, please fill in a positive percentage. If you think prices on average did not change, please fill in zero.

Answer: ..... %

19. How much do you think **consumer prices** in general will change in the next twelve months in the Netherlands?

Please provide an answer in percentage terms. If you think consumer prices on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think consumer prices on average will increase, please fill in a positive percentage. If you think consumer prices on average will not change, please fill in 0 (zero).

Answer: ..... %

11. Now we are interested in how likely you think consumer prices will change. How much do you think **consumer prices** in general will change in the **next twelve months** in the Netherlands? Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the probabilities in the column should sum to 100)

	<b>Points</b>
Consumer prices increase more than 10%	.....
Consumer prices increases more than 5%, but less than 10%	.....
Consumer prices increases more than 3%, but less than 5%	.....
Consumer prices increases more than 1%, but less than 3%	.....
Consumer prices increases or decreases no more than 1%	.....
Consumer prices decreases more than 1%, but less than 3%	.....
Consumer prices decreases more than 3%, but less than 5%	.....
Consumer prices decreases more than 5%, but less than 10%	.....
Consumer prices decreases more than 10%	.....
<b>Total</b> (the points should sum to 100):	100

#### WAVE 4: QUESTIONNAIRE (to be fielded in July 2018)

1. How much did your household spend on purchases of **durable goods** in the month June 2018?  
Durable goods are goods that last in time, including for instance cars, electronics, kitchen appliances, furniture, house maintenance, jewelries, etc. (please exclude purchases of houses, apartments, etc.). Please provide an answer in euros.

Answer:..... euros  
... I did not buy any durables  
... I do not know

3. What was your households' spending on **nondurable goods and services** in the month June 2018?  
Nondurable goods and services include for instance food, tobacco, alcohol, gasoline, clothing, haircuts, transportation, and other small services and nondurable goods that do not last in time. Please provide an answer in euros.

Answer: ..... euros  
... I do not know

15. How much higher or lower do you think **your household's** spending on **nondurable goods and services** will be in the next twelve months compared to the last twelve months?

Please provide an answer in percentage terms. If you think your household's spending on nondurable goods and services on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think your household's spending on nondurable goods and services on average will increase, please fill in a positive percentage. If you think your household's spending on nondurable goods and services on average will not change, please fill in 0 (zero).

Answer: ..... %  
... I do not know

16. How much higher or lower do you think total spending on **nondurable goods and services** will be for the Dutch economy (that is, **all households in the Netherlands**) in the next twelve months compared to the last twelve months.

Please provide an answer in percentage terms. If you think total spending on nondurable goods and services for the Dutch economy on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think total spending on nondurable goods and services for the Dutch economy on average will increase, please fill in a positive percentage. If you think total spending on nondurable goods and services for the Dutch economy on average will not change, please fill in 0 (zero)

Answer: ..... %  
...I do not know

17. **The previous question was also asked to other households in the Netherlands.** We would like to know what your opinion is about what **other** households think will happen to total spending on **nondurable goods and services** in the Dutch economy in the next twelve months compared to the last twelve months.

Please provide an answer in percentage terms. If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will increase, please fill in a positive percentage. If you think that other households in the Netherlands believe that total spending on nondurable goods and services for the Dutch economy on average will not change, please fill in 0 (zero).

Answer: ..... %  
 ...I do not know

18. How much higher or lower do you think **your household's total net income** will be over the next twelve months compared to the last twelve months? Please provide an answer in percentage terms.

Please provide an answer in percentage terms. If you think that your household's total net income will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think that your household's total net income will increase, please fill in a positive percentage. If you think that your household's total net income will not change, please fill in 0 (zero).

Answer: ..... %  
 ... I do not know

8. Now we are interested in how likely you think your income will change. How much higher or lower do you think **your household's total net income** will be over the next twelve months compared to the last twelve months?

Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the points in the column should sum to 100)

	<b>Points</b>
Net income increases more than 8%	.....
Net income increases more than 4%, but less than 8%	.....
Net income increases more than 2%, but less than 4%	.....
Net income increases more than 1%, but less than 2%	.....
Net income increases or decreases no more than 1%	.....
Net income decreases more than 1%, but less than 2%	.....
Net income decreases more than 2%, but less than 4%	.....
Net income decreases more than 4%, but less than 8%	.....
Net income decreases more than 8%	.....
<b>Total</b> (the points should sum to 100)	<b>100</b>

[ ] I do not know

9. How much higher or lower do you think **consumer prices** in general in the Netherlands are now compared to **twelve months earlier**? Please provide a change in percentage terms. If you think prices on average decreased, please fill in a negative percentage (insert a minus sign for the number). If you think prices on average increased, please fill in a positive percentage. If you think prices on average did not change, please fill in zero.

Answer: ..... %



19. How much do you think **consumer prices** in general will change in the next twelve months in the Netherlands?

Please provide an answer in percentage terms. If you think consumer prices on average will decrease, please fill in a negative percentage (insert a minus sign for the number). If you think consumer prices on average will increase, please fill in a positive percentage. If you think consumer prices on average will not change, please fill in 0 (zero).

Answer: .....	%
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10. Now we are interested in how likely you think consumer prices will change. How much do you think **consumer prices** in general will change in the **next twelve months** in the Netherlands? Please allocate 100 points in the table below indicating how likely the listed changes are. (Note that the probabilities in the column should sum to 100)

	<b>Points</b>
Consumer prices increase more than 10%	.....
Consumer prices increases more than 5%, but less than 10%	.....
Consumer prices increases more than 3%, but less than 5%	.....
Consumer prices increases more than 1%, but less than 3%	.....
Consumer prices increases or decreases no more than 1%	.....
Consumer prices decreases more than 1%, but less than 3%	.....
Consumer prices decreases more than 3%, but less than 5%	.....
Consumer prices decreases more than 5%, but less than 10%	.....
Consumer prices decreases more than 10%	.....
<b>Total</b> (the points should sum to 100):	<b>100</b>

## APPENDIX C

### TREATMENT OF OUTLIERS AND INFLUENTIAL OBSERVATIONS

Because of significant noise in both expectations and consumption data, we use the following approach to minimize the effect of outliers. In the first stage, we use the Huber-robust regression to identify influential observations (Huber-robust regression is an M-estimator). At the first stage, a simple OLS regression is fitted to calculate Cook's  $D$  statistic. Observations with  $D > 1$  are excluded. Then the estimator works iteratively: i) run a regression to compute residuals; ii) compute weights from absolute residuals (larger residuals lead to lower weights); iii) run a regression with weights; iv) iterate between ii) and (iii) until the change in weights is below a threshold (see help for STATA's `rreg` command for more details.) In the process of running Huber-robust regressions, we generate a weight  $\omega$  that quantifies the influence of each observation. In this step, Huber-robust regressions effectively eliminate (i.e., assign weight  $\omega = 0$ ) observations with extreme predictions for future inflation (e.g., 100 percent inflation in the next 12 months). In the second stage, we use jackknife to identify influential observations. That is, we run IV regressions (which use weights  $\omega$ ) by dropping one observation at a time and recording the resulting coefficient  $\beta$ . We identify observation  $i$  as influential if it moves  $\beta$  by a magnitude greater than a certain threshold. To ensure that we apply the same threshold across specifications, we normalize estimated  $\beta$ s by the standard error of  $\beta$  estimated on the full sample. Belsley, Kuh and Welsch (1980, p. 28) identify influential observations as those that move the coefficient of interest by more than  $2/\sqrt{\# obs}$  (given the number of observations per wave, this would mean that the threshold is approximately 0.05), but it is also common practice to use a threshold of 1 (Bollen and Jackman 1990, p. 267). We use a threshold of 0.1 for specifications estimated on a single wave and 0.05 for specifications estimated on data pooled across waves. These thresholds eliminate less than 1 percent of the sample.

Belsley, A. David, Edwin Kuh, and Roy E. Welsch. 1980. *Regression Diagnostics: Identifying Influential Data and Sources of Collinearity*. New York: Wiley.

Bollen, A. Kenneth, and Robert W. Jackman. 1990. Regression diagnostics: An expository treatment of outliers and influential cases. In *Modern Methods of Data Analysis*, ed. J. Fox and J. S. Long, 257–291. Newbury Park, CA: Sage.