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INFORMATION TREATMENTS, HYPOTHETICALS, AND EVENT STUDIES:
COMPARATIVE ESTIMATES

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Information Treatments, Hypotheticals, and Event Studies: Comparative Estimates
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ABSTRACT

We study how consumer expectations respond to monetary policy announcements using a two-wave survey experiment around the September 2025 FOMC meeting. We compare three commonly used approaches to identifying causal effects on expectations: hypothetical ("vignette") scenarios, randomized control trials, and event studies. All three identification strategies yield qualitatively similar results: a rate cut reduces short- and long-run inflation expectations, raises expectations of economic activity, and lowers unemployment expectations. The estimated magnitudes are similar across the randomized controlled trial and event-study approaches, but relatively larger for vignette-based measures. Within-respondent comparisons further show that individuals who revise their expectations more in response to vignette scenarios also exhibit larger revisions following actual policy announcements and experimental information treatments.

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A randomized controlled trials registry entry is available at
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1 Introduction

Identifying the causal effects of monetary policy announcements on consumer and firm inflation expectations has become a major focus of research in empirical macroeconomics. Researchers typically rely on one of three methodological approaches: (1) survey-based information experiments, or randomized control trials (RCTs); (2) surveys with “vignettes,” asking respondents to provide expectations under various (randomly assigned) hypothetical scenarios; and (3) event studies, surveying respondents in a short time window before and after a policy announcement. Each approach relies on different assumptions and uses different exogenous variation to estimate effects on expectations. In an RCT, identification comes from the (post-information provision) difference in expectations between randomly drawn treatment and control groups. In a vignette study, it comes from cross-subject differences across hypothetical scenarios that are often randomly assigned. In an event study, it comes from differences between pre-announcement and post-announcement waves assuming that possible (unobserved) confounding factors hardly change across the short pre- and post-announcement periods. These approaches also differ in their practical limitations and implementation costs, especially in large-scale surveys. Importantly, it is not obvious *a priori* that they yield the same conclusions as existing studies typically utilize one of the three.

The main contribution of this paper is to investigate whether these three approaches yield similar estimates when applied to the same population and the same policy event. To this end, we estimate the effects of the Federal Reserve’s 25 basis point rate cut on September 17, 2025—the first rate cut in nine months—on US consumers’ inflation expectations using all three approaches.

We designed a special-purpose survey that we fielded in two waves, on September 14-15 and September 18-19 (shortly before and after the FOMC announcement). In Wave 1, all participants provided baseline expectations of inflation and other economic variables. A subset of respondents then participated in a vignette study, in which they provided conditional expectations under different, randomly assigned, hypothetical scenarios (rate cuts or hikes of different magnitudes that will be announced in the FOMC meeting).

Wave 2 included both recontacted respondents from Wave 1 as well as a fresh group of

respondents who did not participate in the first wave. All Wave 2 respondents provided their inflation expectations and also reported whether they heard news of the FOMC decision before being randomized into a control group or treatment group. The control group received no information, while the treatment group was informed that “The Federal Reserve decided to lower the federal funds rate by 0.25 percentage points at its meeting on September 16-17.” Expectations on various macroeconomic variables were re-elicited after the information provision stage.

This design allows us to compute three distinct estimates of the effects of the rate cut on expectations. For the vignette estimates, we compare Wave 1 expectations across hypothetical scenarios. For the RCT estimates, we compare Wave 2 expectations between the treated and control groups. For the event study estimates, we compare pre-FOMC expectations from Wave 1 with post-FOMC expectations from Wave 2. Because the same respondents appear across multiple comparisons, we can also examine *within-respondent* consistency—whether individuals who revise their expectations more in response to a hypothetical scenario also revise more when receiving actual information or experiencing the real-world announcement. We find that estimates are qualitatively similar across all three approaches and that within-respondent consistency is high. This is useful knowledge for researchers who may, in some circumstances, find hypothetical questions less costly to implement in a single wave than pre- and post-event survey waves.

Other papers that use RCTs to study the effects of monetary policy on consumer expectations include [Binder and Rodrigue \(2018\)](#); [Binder \(2020\)](#); [Coibion, Gorodnichenko and Weber \(2022\)](#); [Coibion, Georgarakos, Gorodnichenko and Weber \(2023a\)](#); [Coibion, Gorodnichenko, Knotek II and Schoenle \(2023b\)](#), and many others. For a review, see, e.g., [Fuster and Zafar \(2023\)](#), [Binder and Ryngaert \(2025\)](#), or [D’Acunto, Charalambakis, Georgarakos, Kenny, Meyer and Weber \(2025\)](#). Notably, [Knotek, Mitchell, Pedemonte and Shiroff \(2024\)](#) use RCTs to study the effects of the Fed’s rate hikes in 2022 on consumer expectations, and find that average treatment effects are small. However, they show that treatment effects are larger among respondents who had not previously heard news of the rate hikes and who took sufficient time to read the treatment. Experimental evidence from [Binder, Kuang and Tang \(2025\)](#) shows that consumers’ house price expectations also respond heterogeneously to monetary policy communications.

A closely-related vignette study, by [Andre, Pizzinelli, Roth and Wohlfart \(2022\)](#), finds sub-

stantial heterogeneity in how households respond to hypothetical monetary policy shocks. Like us, they find that households are more likely to expect unemployment to fall and inflation to fall in response to an interest rate cut (while experts are much more likely to expect inflation to increase).¹

Lamla and Vinogradov (2019) use the event study approach by surveying consumers in the days before and after FOMC press conferences from 2015 through 2018. They find that respondents surveyed after the press conference are more likely to report hearing news about the Fed, but that the announcements do not affect inflation expectations on average. Binder, Campbell and Ryngaert (2024) use the event study approach and daily data from the Federal Reserve Bank of New York’s Survey of Consumer Expectations to study the effects of monetary policy announcements and macroeconomic data releases on consumer inflation expectations, and find that only certain monetary policy announcements have significant effects on expectations.

2 Survey Details

This section describes the methodological details and summary statistics from our two survey waves. Appendix B provides the complete questionnaires.

2.1 Wave 1

We conducted Wave 1 on September 14 and 15, 2025, using Prolific, an online survey platform widely used in academic research. Participants were recruited through Prolific’s panel and compensated approximately \$2 per completed response. The survey took an average of 8 minutes to complete and gathered valid responses from 4,858 participants.

We collected detailed demographic and financial information, including respondents’ state of residence, employment status (and industry, if employed), home ownership status, household income, liquid asset holdings, financial investments, gender, age, and education.

To elicit expectations, we asked respondents to provide their expected change in key macroeconomic variables. Specifically, participants reported their one-year-ahead inflation expecta-

¹This research, and ours, is also related to the literature on consumers’ understanding of macroeconomic relationships and the effects of monetary policy; see Carvalho and Nechio (2014) and Dräger, Lamla and Pfajfar (2016).

tions using a probabilistic format, assigning probabilities to ten possible inflation or deflation scenarios over the next 12 months. We also asked for a five-year-ahead point forecast of inflation, as well as beliefs about the Federal Open Market Committee's (FOMC) monetary policy decision at the upcoming September meeting. In addition, respondents reported other expectations such as the change in overall economic activity and the unemployment rate over the coming year.

Figure 1 displays respondents' expectations of inflation and of the FOMC decision from this stage of the survey. The median one-year-ahead inflation expectation was 3.4%, with a mean of 4.0%. About 37% of respondents expected a 25 basis point rate cut, while 29% expected no rate change and 22% expected a 25 basis point hike. Only 6% and 7%, respectively, expected a 50 basis point cut or hike.

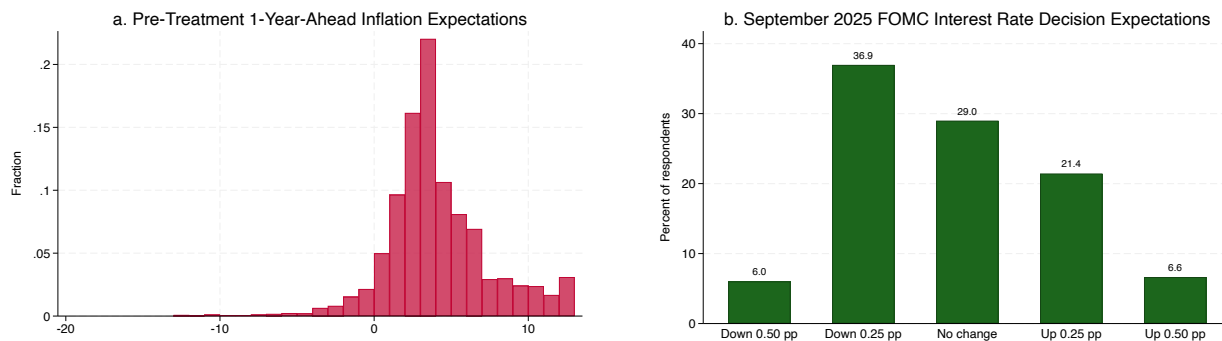


Figure 1: PRE-TREATMENT INFLATION AND FEDERAL FUNDS RATE EXPECTATIONS

Notes: The left panel shows the distribution of respondents' pre-treatment 1-year-ahead inflation expectations. The right panel displays the distribution of respondents' expected FOMC monetary policy decision for the September 2025 meeting.

Respondents were then randomly assigned into a "control" group or one of five vignette groups, with approximately 800 participants assigned to each group. Participants in the control group received no policy scenario, whereas those in the vignette groups were presented with one of five hypothetical FOMC policy outcomes: a 50 basis point rate cut, a 25 basis point rate cut, no change in the policy rate, a 25 basis point rate hike, or a 50 basis point rate hike.

For example, respondents in the 25 basis point rate-cut group were shown the following vignette:

“Imagine that in its upcoming meeting on September 16–17, the Federal Reserve decides to lower the federal funds rate by 0.25 percentage points.”

Following this, respondents in every vignette group provided their expectations for key macroeconomic variables subject to the assigned policy scenario. Specifically, they reported their expectations for one-year-ahead inflation, five-year-ahead (medium-run) inflation, and expected changes in overall economic activity and the unemployment rate. The questions subject to scenarios followed a structured format, first asking participants to indicate the direction of the expected change (e.g., whether they anticipated inflation or deflation, or an increase or decrease in economic activity) and then to quantify the magnitude of that change. The survey flow is summarized in Appendix Figure A.1. Demographic characteristics of the full sample and each experimental group are summarized in Appendix Table A.1, and pre-treatment expectations of long-run inflation, unemployment, and economic activity are displayed in Appendix Figure A.2.

2.2 Wave 2

We launched Wave 2 shortly after the September 17, 2025 FOMC meeting. The follow-up survey was fielded on Prolific approximately 24 hours after the announcement and remained open for two days. We recontacted a subset of participants from Wave 1, specifically those who had been assigned to the Wave 1 (no scenario) control group or to the hypothetical-scenario group that received the scenario in which the Fed would lower the policy rate by 25 basis points. About 650 respondents from each of the two groups (roughly 80% of the original 800 per group) completed the follow-up. Among these recontacted respondents, roughly 90% completed the survey within 24 hours of launch, and nearly all remaining responses were received within 48 hours. To complement the recontacted sample, we also recruited a new group of around 800 participants on the same platform who had not participated in Wave 1. This group serves as a contemporaneous control for post-FOMC comparisons.

Appendix Table A.2 summarizes demographic characteristics for the full sample, the recontacted participants, and the newly recruited control group. The two samples exhibit broadly similar observable characteristics, indicating minimal selective attrition between the two survey waves.

In Wave 2, instead of asking respondents what they expected the Fed would decide in September, we asked what they had heard about the actual September 2025 Fed decision. The participant pool therefore consists of (i) recontacted respondents from Wave 1—those originally in the con-

trol group and those in the 25 basis point rate-cut scenario—and (ii) newly recruited participants who joined after the FOMC meeting. Including both returning and new "control" respondents allows us to assess whether prior exposure to hypothetical scenarios influences subsequent attention to or interpretation of real-world policy news.

In the pre-treatment stage, all Wave 2 participants answered the same set of questions as in Wave 1, reporting both point and probabilistic forecasts for one-year-ahead inflation, together with expectations for medium-run inflation, economic activity, and unemployment. These responses were collected before any new information was provided and therefore capture participants' natural updating based on public exposure to the FOMC decision and related media coverage.

In the information-provision stage, participants from the recontacted groups were randomly assigned to one of two conditions. The control group received no additional information, whereas the treatment group was explicitly informed of the Fed's actual decision:

“The Federal Reserve decided to lower the federal funds rate by 0.25 percentage points at its meeting on September 16–17.”

This stage was conducted only with the recontacted participants to allow comparison of information effects within the same individuals across waves. Following the information treatment, expectations were re-elicited for the same set of key variables, including one-year-ahead inflation, five-year-ahead (medium-run) inflation, expected economic activity, and expected unemployment. The Wave 2 pre- and post-treatment questionnaires closely followed the structure and wording of the Wave 1 pre- and post-vignette modules to ensure consistency in interpretation and measurement across waves. Appendix Figure A.3 summarizes the survey flow, and Appendix Table A.2 reports pre-treatment expectations. The results show no statistically significant differences between the recontacted and newly recruited groups.

2.3 Summary and Notation of Inflation Expectations Measures

As a result of our survey design, for each survey respondent i , we have some subset of the following measures of inflation expectations:

- Let $\pi_{i,1}^{pre}$ denote pre-vignette inflation expectations in wave 1. We have this measure for all 4,858 participants in wave 1.
- Let $\pi_{i,1}^{hyp}$ denote post-vignette inflation expectations in wave 1. We have this measure for 4,067 participants from wave 1 (all except those in the control group).
- Let $\pi_{i,2}^{pre}$ denote pre-treatment inflation expectations in wave 2. We have this measure for all 2,107 participants in wave 2 (of whom 1,308 are from the follow-up sample).
- Let $\pi_{i,2}^{rct}$ denote post-treatment inflation expectations in wave 2. We have this measure for all 1,308 recontacted participants in wave 2 (both treatment and control groups).

Analogous expectations measures are available for longer-run inflation, unemployment, and economic activity. As we will describe in the following sections, identification of the effects of monetary policy announcement on expectations under different research designs is based on comparisons of various pairs of these measures.

3 Vignette Estimates

First, we use the Wave 1 responses to the vignette study to estimate the effect of policy rate changes on expectations. Figure 2 provides a visual representation of the main results. Respondents associate rate hikes with *higher* future inflation and rate cuts with lower future inflation. This is true at both the one-year and five-year horizons. The figure also shows that respondents associate rate cuts with greater economic activity and lower unemployment. These findings are qualitatively similar to the results of the vignettes in Andre, Pizzinelli, Roth and Wohlfart (2022).

To quantify the effect of a monetary policy announcement on inflation expectations using the vignette method, we regress respondents' inflation expectations from the hypothetical scenario ($\pi_{i,1}^{hyp}$) on the interest rate change in that scenario. Table 1 presents the results. In column (1), we see that respondents associate a one percentage point increase in the federal funds rate with a 7.4 percentage point increase in expected inflation over the next twelve months. Equivalently, a 25 basis point rate cut is associated with a decrease in inflation expectations of 1.8 percentage points. Column (2) shows that results are nearly identical if we control for respondents' prior

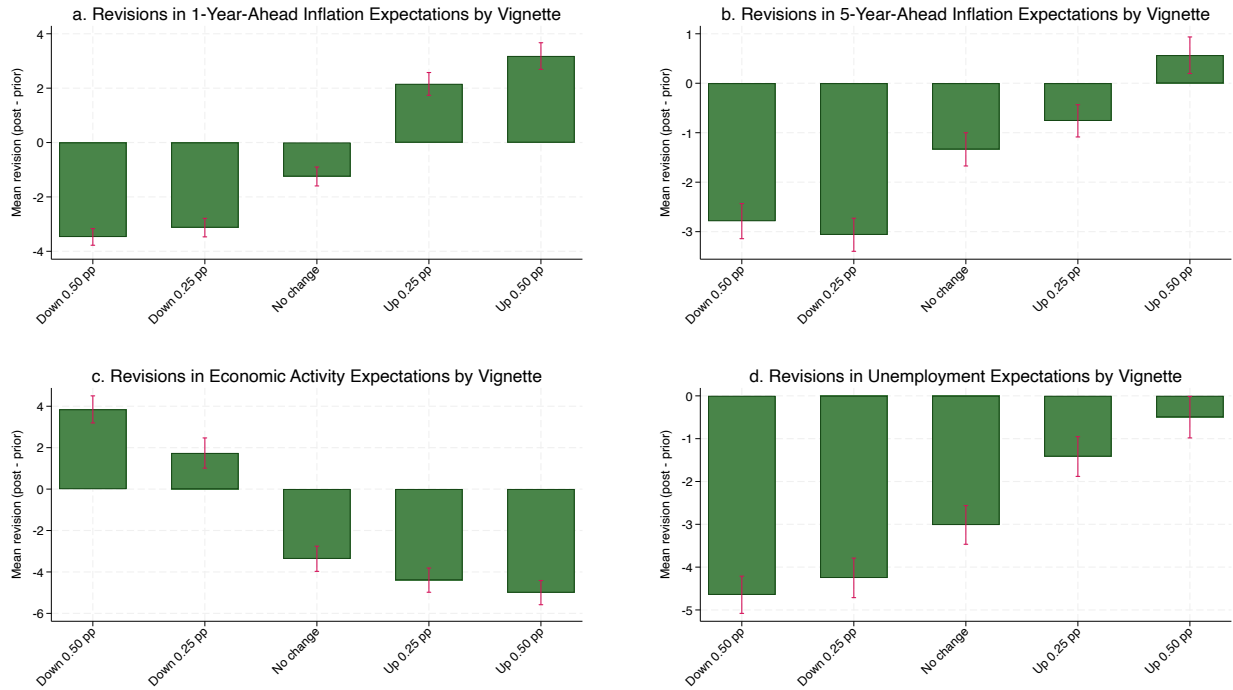


Figure 2: REVISIONS IN ECONOMIC EXPECTATIONS BY RATE CHANGE SCENARIO

Notes: Each panel shows the average revision in respondents' expectations, defined as the difference between expectations subject to the assigned vignette and unconditional expectations for the same macroeconomic variable. Revisions therefore reflect how respondents adjust their beliefs after being shown a given hypothetical change in the federal funds rate. The x-axis indicates the assigned interest rate change scenario (–0.50 pp, –0.25 pp, no change, +0.25 pp, and +0.50 pp). Panel (a) plots revisions in 1-year-ahead inflation expectations, panel (b) shows revisions in 5-year-ahead inflation expectations, panel (c) shows revisions in expectations about overall economic activity over the next year, and panel (d) shows revisions in unemployment expectations over the next year. Positive values indicate upward revisions in expectations relative to respondents' unconditional beliefs. Bars represent mean changes, and vertical lines denote 95% confidence intervals.

inflation expectations (those reported before the vignette, $\pi_{i,1}^{pre}$). Finally, in column (3), we regress inflation expectations on the interest rate shock, defined as the difference between the interest rate change in the assigned hypothetical scenario and the interest rate change that the respondent expected the FOMC to make at its meeting. Results are similar; a 25 basis point cut is associated with 1.4 percentage points lower inflation expectations.

Table 1: EFFECT OF HYPOTHETICAL INTEREST CHANGE ON INFLATION EXPECTATIONS

	(1)	(2)	(3)
Interest rate change	7.359*** (0.243)	7.393*** (0.239)	
Interest rate shock			5.612*** (0.210)
Prior inflation expectation		0.317*** (0.030)	0.371*** (0.031)
Constant	3.325*** (0.457)	1.728*** (0.451)	2.403*** (0.464)
Demographics	✓	✓	✓
Observations	4067	4067	4067
R-squared	0.200	0.233	0.205

Notes: This table studies how respondents' inflation expectations respond to a hypothetical change in the federal funds rate. The dependent variable is respondents' 1-year-ahead inflation expectations (in percentage). Column (1) reports the estimated effect of the hypothetical interest rate change on inflation expectations. Column (2) adds a control for pre-treatment inflation expectations. Column (3) replaces the interest rate change with the difference between the assigned hypothetical interest rate change and the respondent's prior expected change in the federal funds rate. The results indicate that higher hypothetical interest rates are associated with higher expected inflation, and the magnitude of this effect remains robust when controlling for demographics and prior inflation expectations. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Analogous tables for longer-run inflation, economic activity, and unemployment expectations are in Appendix Tables A.4, A.5, and A.6. Respondents associate a 25 basis point rate cut with 0.6 to 0.9 percentage points lower long-run inflation, with unemployment that is lower by 0.8 to 1.1 percentage points, and with economic activity that is higher by 2.2 to 2.3 percentage points. Interestingly, expectations are consistent with Okun's law in the sense that effects on output expectations are about twice as large as effects on unemployment expectations.²

As an alternative specification, Appendix Tables A.7–A.10 report the average treatment effect of each hypothetical scenario on expectation revisions, using the “no change” group as the

²Ball, Jalles and Loungani (2015) show that professional forecasters' expectations are also consistent with Okun's law.

reference category. The dependent variable is the revision in expectations, defined as the difference between post-vignette and pre-vignette beliefs. The “no change” group captures the expected trajectory of beliefs absent a policy change, while the remaining coefficients measure each scenario’s effect relative to this baseline.

Relative to this baseline, the treatment effects are large and monotonic (Appendix Table A.7). Respondents shown a 50 basis point rate assumed increase revised their inflation expectations 4.4 percentage points higher than the no-change group, while those shown a 25 basis point increase revised 3.4 percentage points higher. In the other direction, a 25 basis point rate cut is associated with an additional 1.9 percentage point decrease in inflation expectations relative to no change scenario, and a 50 basis point cut with a 2.2 percentage point decrease. Results are robust to the inclusion of demographic controls (Column 2), and controlling for prior inflation expectations barely changes the treatment effects (e.g., the coefficient on “Up 50” moves from 4.43 to 4.45), confirming that they are driven by the randomized vignette assignment rather than by differences in priors or unobserved characteristics across groups.

This pattern is consistent across outcomes. For 5-year-ahead inflation expectations (Appendix Table A.8), effects are smaller in magnitude but maintain the same monotonic ordering: a 50 basis point increase raises expectations by 1.9 percentage points relative to no change, while a 25 basis point cut lowers them by 1.7 percentage points. For economic activity (Appendix Table A.9), the signs are as expected: rate cuts increase expected economic activity (by 5.1 to 7.3 percentage points relative to no change) while rate increases decrease it (by 1.0 to 1.7 percentage points). For unemployment (Appendix Table A.10), rate increases raise expected unemployment (by 1.6 to 2.5 percentage points) while rate cuts lower it (by 1.2 to 1.6 percentage points). These results are consistent with the continuous specification in Table 1 and confirm that the effects are not driven by any particular functional form assumption.

4 RCT Estimates

Next, we estimate the effect of an interest rate cut on expectations using evidence from the RCT component of Wave 2 of our survey. Figure 3 summarizes respondents’ knowledge of the FOMC’s September 2025 announcement prior to the information-provision stage. We show

results for both the follow-up sample, who participated in Wave 1 of our survey, and the new sample, who were newly recruited for Wave 2. Among these samples, 57.4 percent and 55.4 percent of respondents, respectively, knew that the FOMC cut interest rates by 25 basis points. The nearly identical knowledge among the two samples suggests that participation in Wave 1 did not prompt respondents to be more attentive to monetary policy between the survey waves.

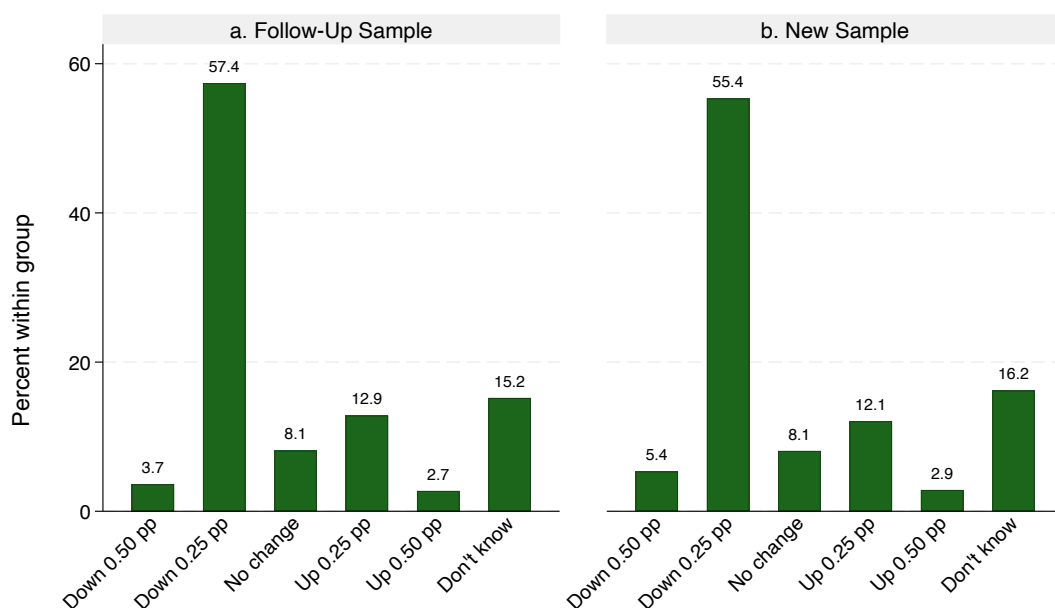


Figure 3: WHAT HOUSEHOLDS HEARD ABOUT SEPTEMBER 2025 FOMC DECISION

Notes: This figure shows the distribution of respondents’ knowledge about the September 2025 FOMC decision. Panel (a) reports results for the follow-up sample, and panel (b) reports results for the new sample. The x-axis categories indicate respondents’ beliefs about the FOMC policy decision: whether they heard the federal funds rate was decreased, left unchanged, increased, or if they did not know. Responses of “Down 0.25 pp” correspond to the actual policy decision and therefore indicate that respondents correctly recalled or had heard the FOMC announcement. Bars show the percentage of respondents within each group selecting each response option.

Figure 4 shows post-treatment expectations for the control and treatment groups. Respondents who received the information treatment have lower short- and long-run inflation expectations, higher expectations of economic activity, and lower expectations of unemployment—all qualitatively consistent with the vignette results from wave 1.

To estimate the effect of an interest rate change on expectations, we regress post-treatment inflation expectations on a treatment dummy variable. Table 2 presents the results. The first two columns show that respondents who are exposed to the treatment have inflation expectations that are around 0.8 percentage points lower (0.85 in column 1; 0.83 in column 2, which adds

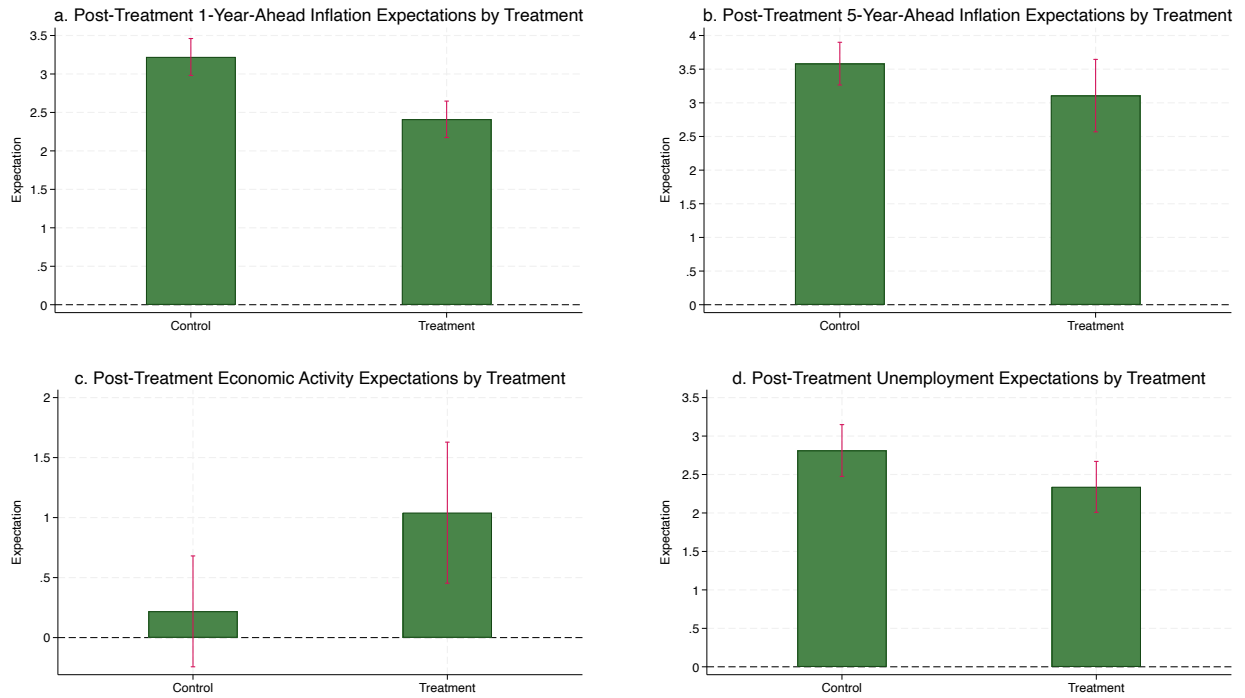


Figure 4: WAVE 2 OUTCOMES BY TREATMENT: (A) 1-YEAR INFLATION, (B) 5-YEAR INFLATION, (C) ECONOMIC ACTIVITY, (D) UNEMPLOYMENT.

Notes: This figure shows respondents' post-treatment expectations following the randomized controlled trial. Respondents were randomly assigned to a control or a treatment group. The treatment group received information about the actual outcome of the September 2025 FOMC decision—a 0.25 percentage point reduction in the federal funds rate, while the control group did not. Panel (a) plots 1-year-ahead inflation expectations, panel (b) plots 5-year-ahead inflation expectations, panel (c) plots expectations for overall economic activity over the next year, and panel (d) plots unemployment expectations over the next year. Bars represent mean post-treatment expectations by treatment status, with vertical lines denoting 95% confidence intervals. On average, respondents who received the information reported lower inflation and unemployment expectations but higher expected economic activity relative to the control group.

a control for pre-treatment expectations). Columns (3) and (4) show results separately for respondents who already knew about the rate cut and for those who did not. For the former, for whom the treatment provided no new information, the treatment did not change inflation expectations. The treatment effect was driven by respondents who were not already aware of the rate cut, for whom the treatment effect was about 1.9 percentage points. Column (5) reports a Huber robust regression interacting the treatment with pre-treatment expectations. The negative interaction (-0.49) indicates that treated respondents place substantially less weight on their prior inflation expectations: the coefficient on priors falls from 0.74 for the control group to 0.25 for the treatment group, suggesting that the information treatment causes respondents to update away from their priors.

Table 2: INFORMATION TREATMENT EFFECT ON 1-YEAR-AHEAD INFLATION EXPECTATIONS

	(1) Full sample	(2) Full sample	(3) Heard	(4) Not heard	(5) Full sample
Treatment	-0.849*** (0.172)	-0.833*** (0.156)	0.026 (0.199)	-1.937*** (0.224)	0.452** (0.194)
Pre-treatment expectation		0.454*** (0.032)	0.618*** (0.044)	0.386*** (0.046)	0.741*** (0.031)
Treatment $\times$ Pre-treatment expectation					-0.494*** (0.045)
Constant	3.650*** (0.576)	1.790*** (0.516)	1.184* (0.695)	4.090*** (0.678)	0.092 (0.402)
Demographics	✓	✓	✓	✓	✓
Observations	1308	1308	751	557	1308
R-squared	0.040	0.226	0.323	0.296	0.363

Notes: This table shows the effect of the information treatment, providing respondents with the actual monetary policy decision of the September 2025 FOMC meeting (a 0.25 percentage point reduction in the federal funds rate), on 1-year-ahead inflation expectations. The dependent variable is respondents' 1-year-ahead inflation expectations (in percentage). Column (1) reports the estimated effect of the information treatment on post-treatment inflation expectations, controlling for demographic characteristics. Column (2) adds a control for respondents' pre-treatment inflation expectations. Columns (3) and (4) repeat the specification in column (2) separately for respondents who had heard about the FOMC decision ("Heard") and those who had not ("Not heard"), respectively. Column (5) reports a Huber robust regression with the treatment interacted with pre-treatment expectations. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Tables A.11, A.12, and A.13 show analogous results for expectations of long-run inflation, economic activity, and unemployment. In all cases, the treatment effect is driven by those who had not previously heard about the FOMC decision and is qualitatively consistent

with the vignette estimates. The treatment reduces 5-year-ahead inflation expectations by 0.5 percentage points for the full sample, or 0.8 percentage points for respondents who were not already aware of the rate cut. It increases economic activity expectations by 0.8 percentage points (1.7 for those unaware) and reduces unemployment expectations by 0.4 percentage points (0.9 for those unaware).

5 Event Study Estimates

Our final estimates come from an event study method comparing expectations across the two survey waves. The identification assumption is that changes in expectations between waves are attributable to the FOMC announcement that occurred between them all else (including unobserved consumer characteristics) equal. This assumption is supported by the narrow time window separating the two waves.

Figure 5 compares expectations across waves, restricting to control-group respondents in each wave so that exposure to vignettes in wave 1 does not contaminate the comparison. Inflation and unemployment expectations declined between waves, while economic activity expectations increased substantially.

To obtain our event study estimates of the effect of an interest rate change on expectations, we regress respondents' inflation expectations on a dummy variable "Post" indicating that they took the survey after the FOMC meeting and demographic controls. For Wave 2 respondents, these inflation expectations are the pre-treatment expectations (from prior to exposure to the information treatment). Table 3 presents the results. Column (1) includes all respondents in both waves of the survey. For this full sample, inflation expectations are 0.8 percentage points lower for respondents who took the survey after the FOMC announcement. Column (2) restricts the sample to the balanced panel of recontacted respondents who participated in both waves. Column (3) uses the same sample as column (2) and includes respondent fixed effects. The coefficient on "Post" is -0.72 percentage points in both columns (2) and (3), similar to the full sample estimates.

In columns (4) and (5), we split the balanced panel sample by whether or not respondents report that they heard news about the announcement. As should be expected, the announcement

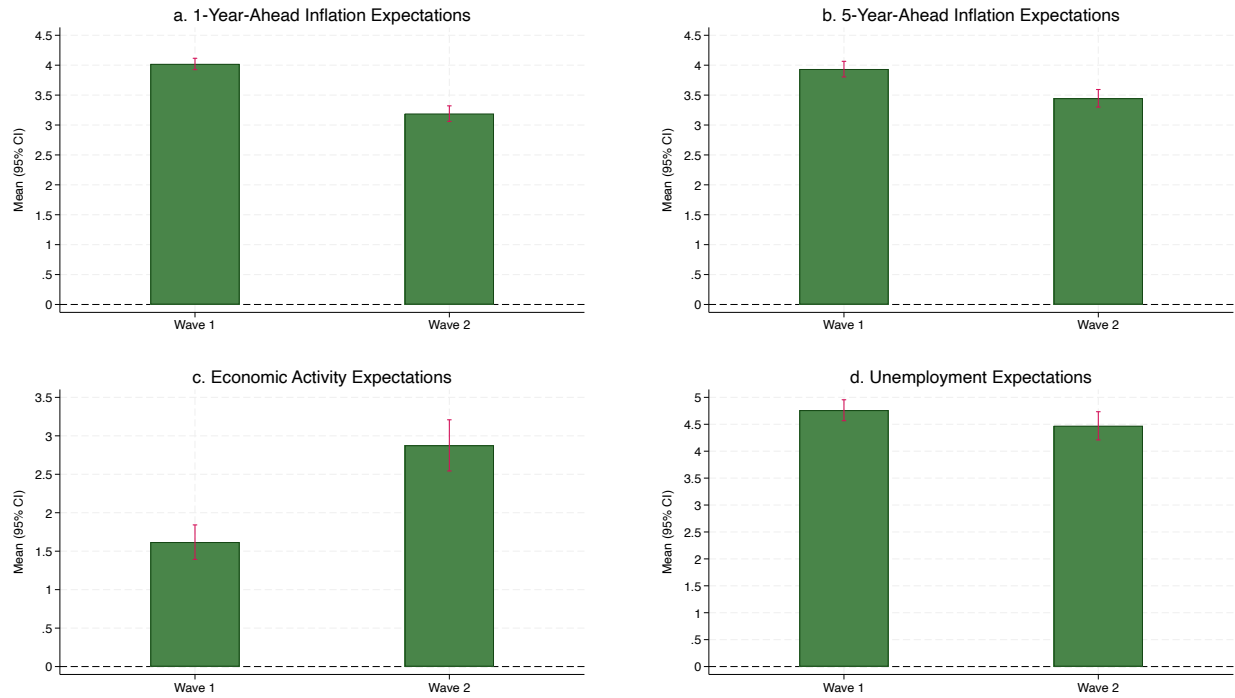


Figure 5: WAVE 1 VS WAVE 2 OUTCOMES: (A) 1-YEAR INFLATION, (B) 5-YEAR INFLATION, (C) ECONOMIC ACTIVITY, (D) UNEMPLOYMENT.

Notes: This figure shows average pre- and post-FOMC expectations across the two survey waves. Wave 1 was conducted shortly before the September 2025 FOMC meeting, and Wave 2 was conducted shortly afterward. Each panel plots the mean of respondents' expectations for a specific macroeconomic variable: (a) 1-year-ahead inflation, (b) 5-year-ahead inflation, (c) overall economic activity over the next year, and (d) unemployment over the next year. Bars represent mean expectations in each wave, with vertical lines denoting 95% confidence intervals.

effect comes exclusively from respondents who heard the news, for whom inflation expectations declined by 1.3 percentage points after the announcement. For respondents who did not hear the news, the coefficient is close to zero and statistically insignificant.

Table 3: EVENT-STUDY ESTIMATES OF ANNOUNCEMENT EFFECT ON 1-YEAR-AHEAD INFLATION EXPECTATIONS

	(1) Full sample	(2) Balanced Panel	(3) Balanced Panel FE	(4) Heard	(5) Not heard
post	-0.815*** (0.081)	-0.721*** (0.121)	-0.721*** (0.062)	-1.271*** (0.151)	0.022 (0.192)
Constant	5.059*** (0.221)	4.692*** (0.349)	3.877*** (0.031)	3.470*** (0.466)	4.966*** (0.514)
Demographics	✓	✓		✓	✓
Observations	6968	2616	2616	1502	1114
R-squared	0.031	0.033	0.874	0.053	0.042

Notes: This table shows how respondents' 1-year-ahead inflation expectations changed following the September 2025 FOMC meeting. The dependent variable is respondents' 1-year-ahead inflation expectations (in percentage points). The key independent variable, *post*, equals one for observations collected after the FOMC meeting (Wave 2) and zero for those collected before the meeting (Wave 1), and thus measures the effect of the FOMC meeting on inflation expectations. Column (1) reports the estimated change in inflation expectations for the full sample. Column (2) restricts the sample to respondents in the recontacted Wave 1 control group, while Column (3) controls for the individual-level fixed effect. Columns (4) and (5) split sample by whether respondent has heard news of the FOMC announcement. Demographic control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

As shown in Appendix Tables A.14, A.15, and A.16, the event-study estimates for long-run inflation expectations, economic activity expectations, and unemployment expectations are also qualitatively consistent with our estimates using the other two identification strategies. Long-run inflation expectations decline by 0.5 percentage points for the full sample (column 1), or 0.9 percentage points among respondents who heard the announcement, a smaller decline than for short-run inflation expectations. Economic activity expectations rise by 1.3 percentage points for the full sample, and by 1.7 percentage points among those who heard the news. The full-sample decline in unemployment expectations (-0.28) is only marginally significant, but reaches 0.6 percentage points among respondents who heard the announcement. In each case, the change in expectations comes from the respondents who heard the announcement, and not from other respondents.

6 Consistency of Estimates

The previous sections have shown that all three identification strategies yield qualitatively consistent estimates: a rate cut reduces inflation expectations (more so for short-run than for long-run expectations), lowers unemployment expectations, and raises economic activity expectations.

Table 4 summarizes our estimates from each approach. The magnitudes are also fairly consistent across identification strategies. In fact, the RCT and event study estimates of the effect of a rate cut on inflation expectations are nearly identical. Vignette estimates are larger in magnitude than those from the RCT and the event study, partly reflecting the fact that the vignette row captures mean revisions without a control group, whereas the RCT estimate nets out baseline updating through comparison with untreated respondents.

Table 4: EFFECT OF A 25 BP RATE CUT ON EXPECTATIONS ACROSS DESIGNS

	Inflation	5-year-ahead inflation	Economic growth	Unemployment
Vignette	-3.129*** (0.185)	-3.118*** (0.187)	1.743*** (0.394)	-4.049*** (0.251)
RCT	-0.774*** (0.181)	-0.717** (0.295)	1.029*** (0.388)	-0.214 (0.258)
Event study				
Total	-0.721*** (0.062)	-0.371*** (0.102)	1.272*** (0.227)	-0.244 (0.187)
Heard	-1.271*** (0.080)	-0.924*** (0.115)	1.690*** (0.275)	-0.595*** (0.216)
Not heard	0.022 (0.085)	0.375** (0.185)	0.229 (0.333)	0.229 (0.333)

Notes: This table summarizes the estimated effect of a 25 basis point federal funds rate cut on households' expectations under three elicitation designs: the hypothetical vignette, the randomized information provision RCT, and an event-study approach around FOMC announcements. The four columns correspond to short-run (1-year-ahead) inflation expectations, long-run (5-year-ahead) inflation expectations, expected economic growth, and expected unemployment. To ensure comparability across rows, all estimates restrict the sample to respondents from the Wave 1 control group or the 25 bp rate-cut vignette group who also participated in Wave 2, and none include demographic controls. Vignette effects are the mean expectation revision for the 25 bp rate-cut vignette group. RCT effects are the coefficient on the treatment dummy. Event study estimates report the mean within-respondent revision between waves, with bootstrap standard errors (500 replications). The "Heard" and "Not heard" rows split the event study sample by whether the respondent correctly reported the FOMC decision.

This section further probes the consistency of estimates by examining *within-respondent* consistency of expectations revisions.

Within-Respondent Consistency Recall from section 2.3 that, across our two survey waves, we collected the following four measures of inflation expectations: wave 1 pre-vignette expectations $\pi_{i,1}^{pre}$, wave 1 post-vignette expectations $\pi_{i,1}^{hyp}$, wave 2 pre-treatment expectations $\pi_{i,2}^{pre}$, and wave 2 post-treatment expectations $\pi_{i,2}^{rct}$. Some subset of these measures is available for each respondent. We can use these to define the following measures of expectations revisions:

- Let $Rev_i^{hyp} = (\pi_{i,1}^{hyp} - \pi_{i,1}^{pre}) * -0.25/\Delta r_i$, where Δr_i is the hypothetical interest rate change that respondent i was asked to consider. Thus, for a respondent who was asked to consider a 25 basis point rate cut, Rev_i^{hyp} is simply the difference between her expectations in the hypothetical scenario and her prior expectations. For respondents asked to consider a 25 basis points rate hike, the sign is flipped. This measures how a respondent revises her expectations in response to a hypothetical 25 basis point rate cut.
- Let $Rev_i^{rct} = \pi_{i,2}^{rct} - \pi_{i,2}^{pre}$. This measures how a respondent revises her expectations in response to an information treatment informing her of a 25 basis point rate cut.
- Let $Rev_i^{event} = \pi_{i,2}^{pre} - \pi_{i,1}^{pre}$. This measures how a respondent revises her expectations immediately following an actual 25 basis point rate cut.

Consider the pairwise comparisons of these revision measures. All comparisons draw on respondents from the 25 basis point rate-cut vignette group (group 5) who also participated in Wave 2, ensuring that the same underlying population is used throughout. The available sample sizes differ across comparisons because Rev_i^{rct} requires assignment to the Wave 2 treatment group: we have measures of Rev_i^{hyp} and Rev_i^{rct} for the 313 respondents who were assigned to the treatment group in Wave 2; we have measures of Rev_i^{hyp} and Rev_i^{event} for all 647 respondents who returned for Wave 2 (in either the treatment or control group); and we have measures of Rev_i^{event} and Rev_i^{rct} for the same 313 treatment-group respondents.

To make these comparisons, we run cross-sectional bivariate regressions of one revision measure on another:

$$Rev_i^{rct} = \alpha + \beta Rev_i^{hyp} + \gamma' C_i + \varepsilon_i, \quad (6.1)$$

$$Rev_i^{event} = \alpha + \beta Rev_i^{hyp} + \gamma' C_i + \varepsilon_i, \quad (6.2)$$

$$Rev_i^{rct} = \alpha + \beta Rev_i^{event} + \gamma' C_i + \varepsilon_i, \quad (6.3)$$

where C_i is a vector of respondent-specific controls.

Estimates are shown in Tables 5, 6, and 7, respectively. We see that, although the vignette estimates are larger in magnitude than the other estimates, they are strongly correlated with those estimates at the individual level.

From Table 5, a one percentage point revision in inflation expectations in the hypothetical vignette is associated with a 0.70 percentage point revision in the RCT. The relationship is also strong for 5-year inflation ($\beta = 0.54$), economic activity ($\beta = 0.53$), and unemployment ($\beta = 0.32$).

Table 6 shows that respondents' hypothetical revisions also predict their actual belief updating after the FOMC announcement. The coefficients are positive and significant for all four outcomes: 0.20 for 1-year inflation, 0.53 for 5-year inflation, 0.48 for economic activity, and 0.83 for unemployment. This suggests that respondents broadly anticipate the direction and size of their belief updates when responding to a hypothetical question.

Table 7 compares the RCT and event-study revisions within the same respondents. The coefficients are positive and significant, though smaller in magnitude for inflation (0.18 for 1-year, 0.22 for 5-year) than for economic activity (0.45) and unemployment (0.29). Table 8 is analogous but restricts the sample to respondents who heard about the rate cut. For these respondents, the consistency is stronger: for example, the coefficient on 1-year inflation revisions rises from 0.18 to 0.44. This higher correlation makes sense, as the treatment effect in RCTs measures the effect on expectations *conditional* on exposure to the information. The event-study effects in Table 7 are unconditional, while the sample limitation in Table 8 provides estimated effects conditional on self-reported exposure.

Table 5: WITHIN-RESPONDENTS CONSISTENCY: RCT AND HYPOTHETICAL VIGNETTE

	(1)	(2)	(3)	(4)
Inflation	0.700*** (0.036)			
5-year-ahead inflation		0.539*** (0.086)		
Economic activities			0.530*** (0.026)	
Unemployment				0.324*** (0.021)
Constant	2.743** (1.090)	-3.796 (3.221)	-3.873 (2.562)	1.885 (1.440)
Controls	✓	✓	✓	✓
Observations	313	311	313	313
R-squared	0.763	0.692	0.860	0.860

Notes: This table reports the estimated coefficient β from the regression $\text{Rev}_i^{\text{rct}} = \alpha + \beta \text{Rev}_i^{\text{hyp}} + \gamma' C_i + \varepsilon_i$, estimated among respondents who both completed the hypothetical vignette and received the treatment in the RCT in the follow-up wave across each macroeconomic variables. The coefficient β captures the within-respondent consistency between revisions in expectations based on the hypothetical scenario and those based on the randomized information treatment. The table reports estimates for four outcomes: one-year-ahead inflation, five-year-ahead inflation, expected economic activity, and expected unemployment. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Table 6: WITHIN-RESPONDENTS CONSISTENCY: HYPOTHETICAL VIGNETTE AND EVENT

	(1)	(2)	(3)	(4)
Inflation	0.200*** (0.034)			
5-year-ahead inflation		0.529*** (0.042)		
Economic activities			0.481*** (0.024)	
Unemployment				0.834*** (0.026)
Constant	-1.236* (0.708)	0.205 (1.132)	-2.319 (1.722)	-0.183 (0.899)
Controls	✓	✓	✓	✓
Observations	647	645	647	647
R-squared	0.210	0.468	0.661	0.855

Notes: This table reports the estimated coefficient β from the regression $\text{Rev}_i^{\text{event}} = \alpha + \beta \text{Rev}_i^{\text{hyp}} + \gamma' C_i + \varepsilon_i$, estimated among respondents who both completed the hypothetical vignette and the follow-up wave across each macroeconomic variables. The coefficient β captures the within-respondent consistency between revisions in expectations based on the hypothetical scenario and those based on the event study. The table reports estimates for four outcomes: one-year-ahead inflation, five-year-ahead inflation, expected economic activity, and expected unemployment. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Table 7: WITHIN-RESPONDENTS CONSISTENCY: RCT AND EVENT

	(1)	(2)	(3)	(4)
Inflation	0.176** (0.081)			
5-year-ahead inflation		0.216** (0.109)		
Economic activities			0.452*** (0.057)	
Unemployment				0.286*** (0.024)
Constant	-0.008 (1.458)	-6.746** (2.915)	-5.609 (5.399)	2.028 (1.280)
Controls	✓	✓	✓	✓
Observations	313	311	313	313
R-squared	0.215	0.639	0.579	0.803

Notes: This table reports the estimated coefficient β from the regression $\text{Rev}_i^{\text{rct}} = \alpha + \beta \text{Rev}_i^{\text{event}} + \gamma' C_i + \varepsilon_i$, estimated among respondents who received the treatment in the RCT in the follow-up wave across each macroeconomic variables. The coefficient β captures the within-respondent consistency between revisions in expectations based on the RCT and those based on the event study. The table reports estimates for four outcomes: one-year-ahead inflation, five-year-ahead inflation, expected economic activity, and expected unemployment. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Table 8: WITHIN-RESPONDENTS CONSISTENCY: RCT AND EVENT (THOSE WHO WERE AWARE OF THE RATE CUT)

	(1)	(2)	(3)	(4)
Inflation	0.436*** (0.122)			
5-year-ahead inflation		0.306** (0.152)		
Economic activities			0.517*** (0.081)	
Unemployment				0.289*** (0.030)
Constant	3.328** (1.629)	-1.328 (3.057)	-6.822 (8.039)	3.444* (1.791)
Controls	✓	✓	✓	✓
Observations	181	180	181	181
R-squared	0.401	0.666	0.681	0.856

Notes: This table reports the estimated coefficient β from the regression $\text{Rev}_i^{\text{rct}} = \alpha + \beta \text{Rev}_i^{\text{event}} + \gamma' C_i + \varepsilon_i$, estimated among respondents who received the treatment in the RCT in the follow-up wave across each macroeconomic variables and were aware of the the 25 basis point rate cut in September 2025. The coefficient β captures the within-respondent consistency between revisions in expectations based on the RCT and those based on the event study. The table reports estimates for four outcomes: one-year-ahead inflation, five-year-ahead inflation, expected economic activity, and expected unemployment. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

7 Conclusions

This paper has estimated the effects of a 25 basis point rate cut on consumers' macroeconomic expectations using three distinct identification strategies: hypothetical scenarios, a survey-based randomized control trial, and an event study surrounding an actual rate cut decision in September 2025. We found, consistently, that the rate cut reduced inflation expectations, contrary to economic theory. In line with theory, the rate cut reduced unemployment expectations and increased expectations of economic growth under all three identification strategies.

The similarity of our estimates across approaches may be reassuring to researchers who rely on any of the three. In particular, our study lends credibility to work relying on randomly assigned "vignettes" to study how consumers would respond to hypothetical scenarios. The consumers in our survey seemed to quite accurately respond to the hypothetical question in the sense that their expectations revisions following the Fed's actual rate cut were similar to those they reported when asked to consider a hypothetical rate cut scenario prior to the announcement. Moreover, these results are also aligned with those from an event study fielded in a narrow time window—shortly before and after the policy announcement. These findings are relevant for the optimal design of survey experiments and their efficient implementation in large-scale surveys.

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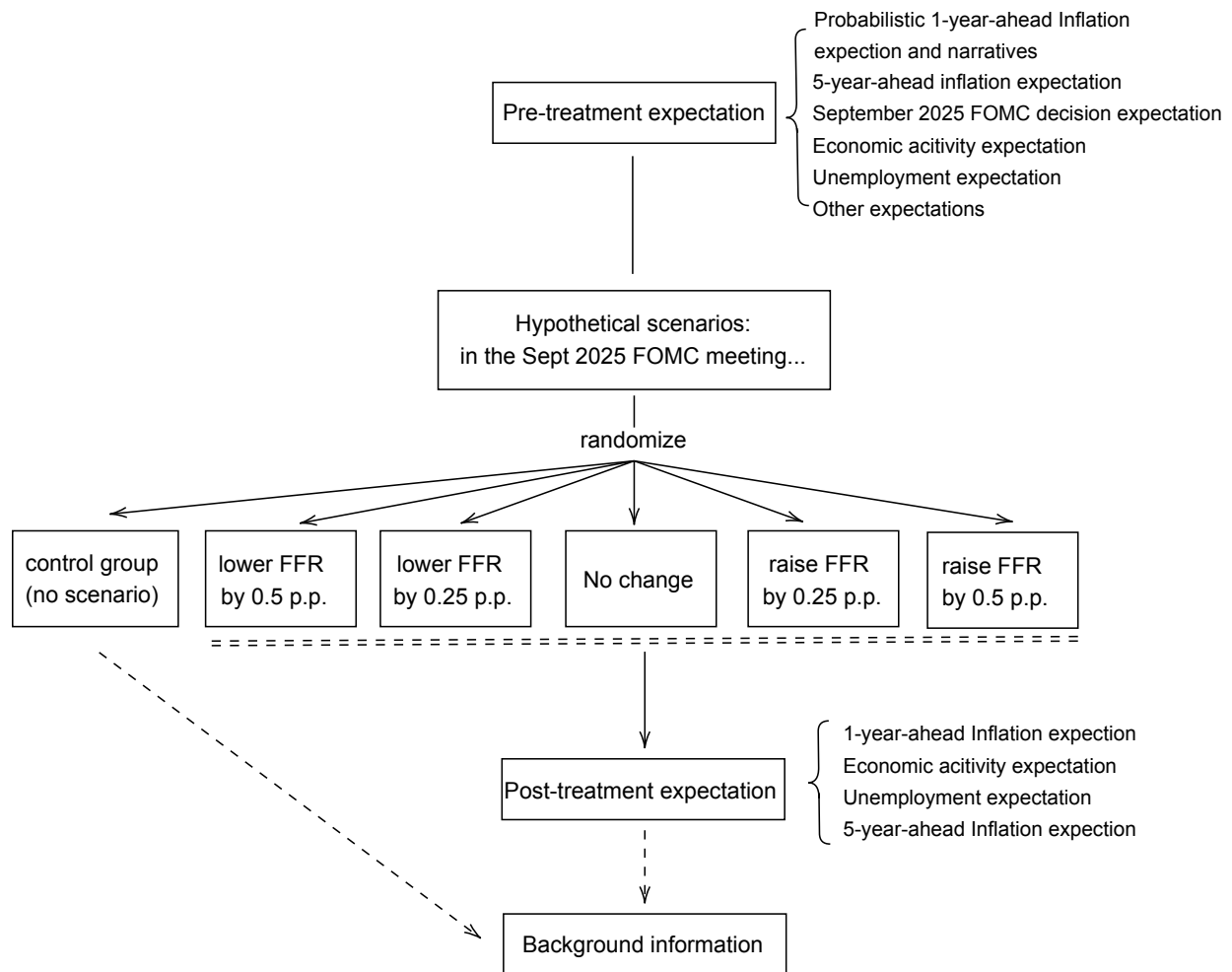
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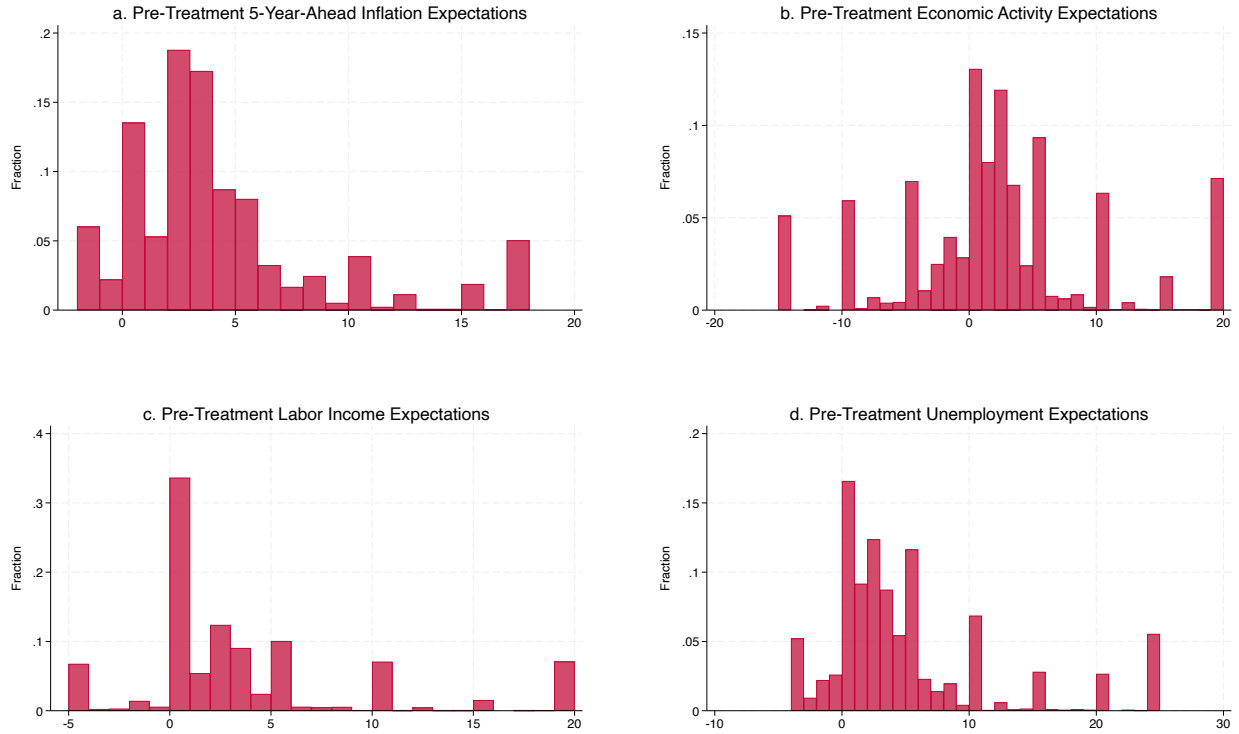
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Appendix A Appendix Tables and Figures

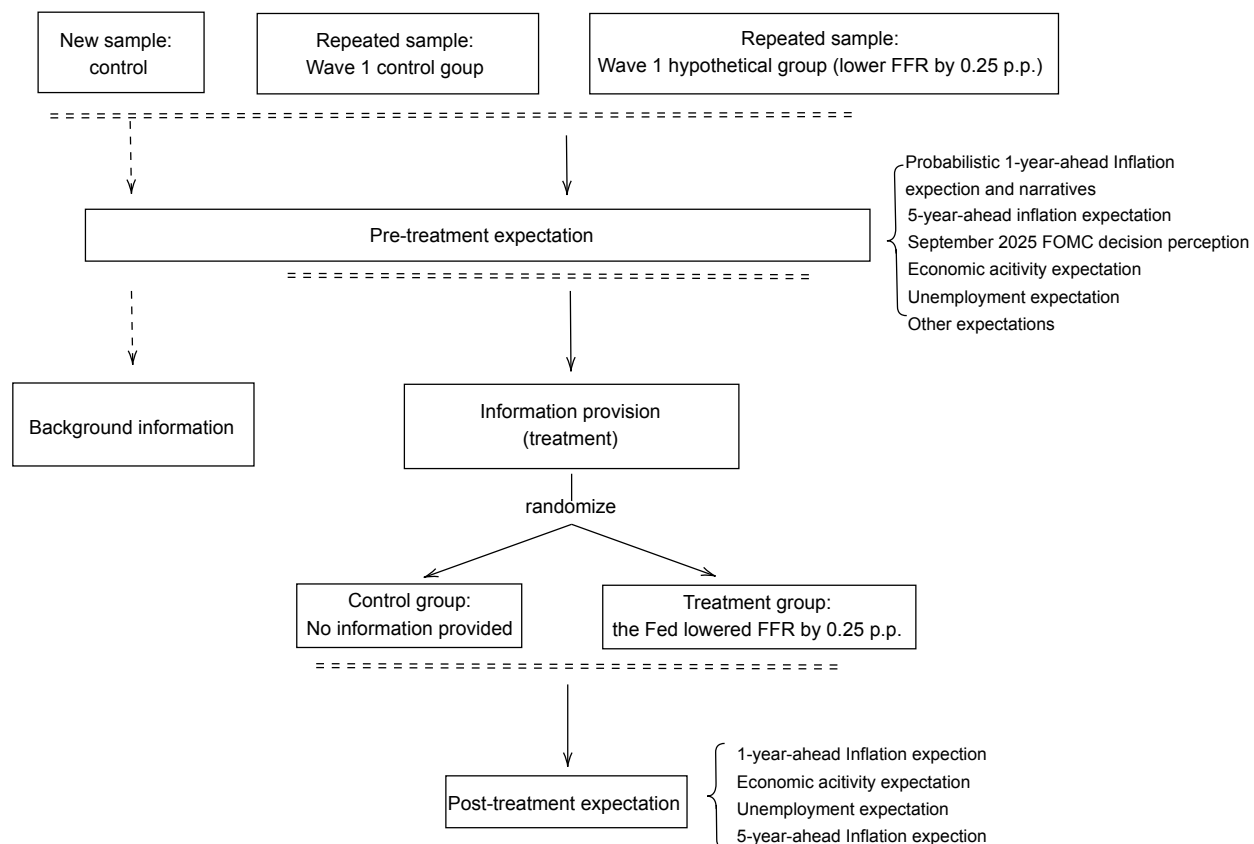


Appendix Figure A.1: WAVE 1 SURVEY FLOW

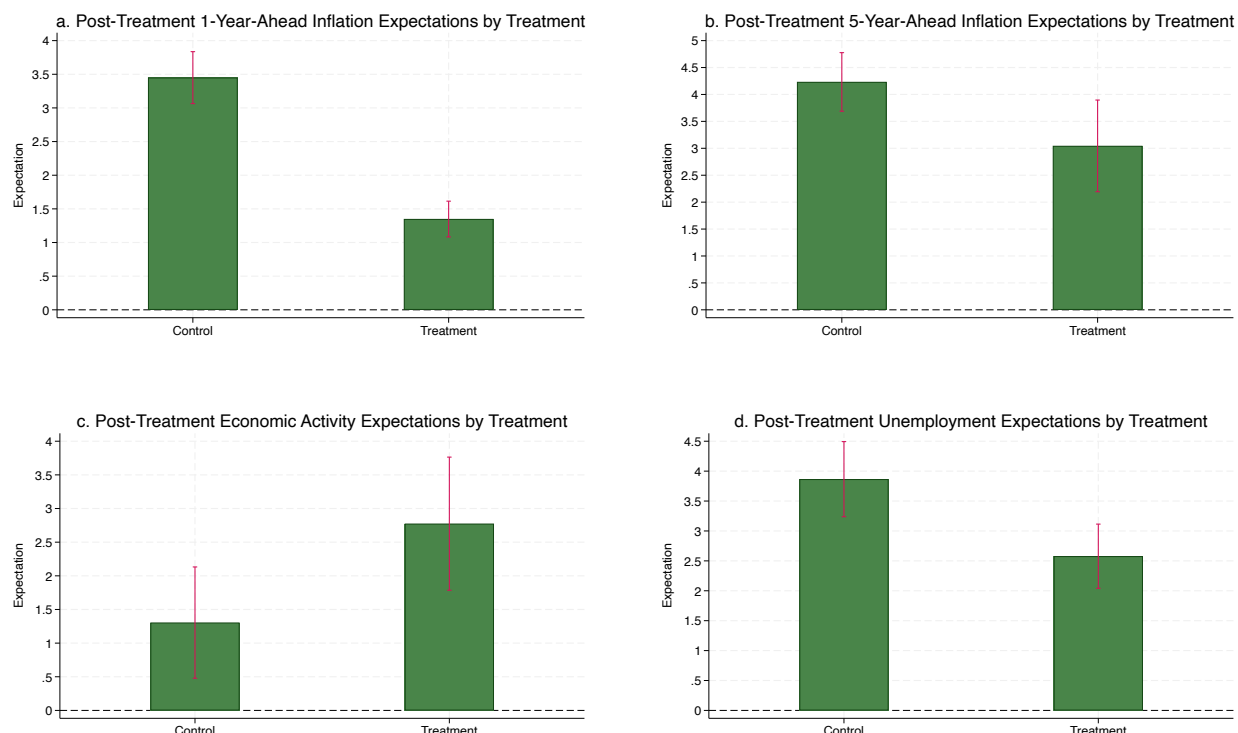


Appendix Figure A.2: PRE-TREATMENT ECONOMIC EXPECTATIONS

Notes: Each panel shows distributions of respondents' pre-treatment expectations for key macroeconomic variables. Panel (a) plots the distribution of 5-year-ahead inflation expectations, panel (b) shows expectations about overall economic activity over the next year, panel (c) shows expected changes in labor income over the next year, and panel (d) shows expected changes in unemployment over the next year. All variables are measured prior to the vignette treatment and expressed in percentage points.



Appendix Figure A.3: WAVE 2 SURVEY FLOW



Appendix Figure A.4: WAVE 2 OUTCOMES BY TREATMENT (RESPONDENTS WHO HAD NOT HEARD THE FOMC NEWS): (A) 1-YEAR INFLATION, (B) 5-YEAR INFLATION, (C) ECONOMIC ACTIVITY, (D) UNEMPLOYMENT.

Notes: This figure shows post-treatment expectations following the randomized controlled trial (RCT) for respondents who had not correctly identified the September 2025 FOMC decision. Respondents were randomly assigned to a control or treatment group. The treatment group received information about the actual policy decision (a 0.25 percentage point reduction in the federal funds rate), while the control group did not. Panel (a) plots 1-year-ahead inflation expectations, panel (b) plots 5-year-ahead inflation expectations, panel (c) plots expectations for overall economic activity, and panel (d) plots unemployment expectations. Bars represent mean post-treatment expectations by treatment status, with vertical lines denoting 95% confidence intervals.

Appendix Table A.1: DEMOGRAPHIC COMPOSITION AND PRE-TREATMENT EXPECTATIONS BY VIGNETTE ASSIGNMENT (WAVE 1)

	Full sample	Control	No change	Up 50	Up 25	Down 25	Down 50	p-value
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Age	43.93	44.60	44.01	43.72	44.76	44.19	44.64	0.61
Female	0.57	0.57	0.58	0.56	0.59	0.56	0.61	0.37
College degree	0.63	0.65	0.64	0.62	0.62	0.62	0.64	0.69
Full-time employed	0.43	0.44	0.42	0.41	0.46	0.42	0.44	0.30
Household income >\$50k	0.25	0.26	0.22	0.27	0.26	0.25	0.23	0.23
Financial investment	0.42	0.41	0.41	0.43	0.45	0.41	0.39	0.17
1-year inflation expectation (%)	4.02	4.03	4.11	4.00	3.98	3.84	4.16	0.51
5-year inflation expectation (%)	3.93	3.91	3.92	3.90	4.07	3.76	4.04	0.80
Expected labor income change (%)	3.33	3.36	3.46	3.70	3.29	3.10	3.08	0.27
Expected FFR (p.p.)	2.28	2.36	2.41	1.89	2.32	2.65	2.06	0.56
Expected economic activity change (%)	1.62	1.75	2.06	1.91	0.95	1.83	1.20	0.54
Expected unemployment change (p.p.)	4.76	5.03	5.03	4.72	4.54	4.69	4.56	0.54

Notes: This table reports the demographic composition of respondents in Wave 1 by control group and vignette treatment groups. Each entry shows the mean of the corresponding variable within each group. The final column reports p-values from one-way ANOVA tests for differences across groups. Demographic variables include age, gender, college education, full-time employment status, household income, financial investment, and key pre-treatment macroeconomic expectation variables (inflation, economic activity, unemployment, labor income, and federal funds rate). We do not find statistically significant differences across groups based on the ANOVA tests.

Appendix Table A.2: DEMOGRAPHIC COMPOSITION AND PRE-TREATMENT EXPECTATIONS BY REPEATED AND NEW SAMPLE (WAVE 2)

	Full sample	Repeated sample		New sample	p-value
	(1)	(2)	(3)	(4)	(5)
		Control	Treatment		
Age	43.79	44.76	45.56	41.58	0.81
Female	0.53	0.55	0.52	0.52	0.31
College degree	0.63	0.64	0.64	0.62	0.43
Full-time employed	0.43	0.44	0.45	0.41	0.19
Household income >\$50k	0.25	0.23	0.29	0.24	0.35
Financial investment	0.42	0.42	0.39	0.44	0.13
1-year inflation expectation	3.19	3.16	3.14	3.26	0.41
5-year inflation expectation	3.45	3.31	3.53	3.49	0.66
Expected labor income change	3.87	4.00	3.93	3.72	0.38
Expected economic activity change	2.88	3.04	2.79	2.80	0.41
Expected unemployment change (p.p.)	4.47	4.57	4.30	4.53	0.75

Notes: This table reports the demographic composition and pre-treatment expectations of respondents in Wave 2 by follow-up status and treatment assignment. Each entry shows the mean of the corresponding variable within each group. Demographic variables include age, gender, college education, full-time employment status, household income, financial investment, and key pre-treatment macroeconomic expectation variables (inflation, economic activity, unemployment, and labor income).

Appendix Table A.3: DEMOGRAPHIC AND SOCIOECONOMIC CORRELATES OF HEARING THE CORRECT INTEREST RATE DECISION AFTER SEP 2025 FOMC MEETING

	(1) Recontacted sample	(2) New sample	(3) Pooled
Employment			
Full time	0.033 (0.052)	-0.082 (0.062)	-0.014 (0.039)
Part time	0.045 (0.056)	-0.032 (0.070)	0.015 (0.043)
Others	-0.020 (0.056)	-0.008 (0.074)	-0.022 (0.044)
Homeowner	-0.028 (0.031)	-0.065* (0.037)	-0.041* (0.024)
HH income (categorized)	0.006 (0.006)	0.015* (0.008)	0.009* (0.005)
Female	-0.045* (0.027)	-0.043 (0.035)	-0.047** (0.021)
Age (binned)	0.082*** (0.010)	0.031** (0.014)	0.064*** (0.008)
College degree	0.056* (0.030)	0.070* (0.038)	0.061** (0.024)
Financial investment	0.089** (0.036)	0.174*** (0.047)	0.126*** (0.029)
Liquid assets			
Middle	0.068* (0.037)	0.106** (0.049)	0.084*** (0.029)
Top	0.102** (0.045)	0.160*** (0.060)	0.124*** (0.036)
Region			
Midwest	-0.013 (0.041)	0.018 (0.052)	-0.003 (0.032)
South	-0.055 (0.035)	0.038 (0.047)	-0.023 (0.028)
West	-0.008 (0.039)	-0.024 (0.052)	-0.016 (0.031)
Constant	0.189*** (0.065)	0.255*** (0.086)	0.218*** (0.051)
Observations	1308	802	2110
R-squared	0.106	0.121	0.102

Notes: This table examines demographic and socioeconomic correlates of correctly identifying the September 2025 FOMC policy decision (a 0.25 percentage point reduction in the federal funds rate). The dependent variable is an indicator equal to one if the respondent correctly reported that the federal funds rate was lowered by 0.25 percentage point, and zero otherwise. Column (1) uses the recontacted sample from Wave 1, column (2) uses the newly recruited respondents in Wave 2, and column (3) reports pooled results combining both samples. Explanatory variables include employment status, homeownership, household income (categorized), gender, age group, college education, financial investment status, liquidity of assets, and census region. Across samples, respondents who are older, college educated, have financial investments, or hold higher levels of liquid assets are more likely to have correctly heard about the FOMC's rate cut. In contrast, female respondents and homeowners are somewhat less likely to have heard the correct decision. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Table A.4: EFFECT OF HYPOTHETICAL INTEREST CHANGE ON 5-YEAR-AHEAD INFLATION EXPECTATIONS

	(1)	(2)	(3)
Interest rate change	3.597*** (0.195)	3.610*** (0.184)	
Interest rate shock			2.526*** (0.165)
Prior inflation expectation		0.332*** (0.019)	0.355*** (0.019)
Constant	3.063*** (0.376)	1.217*** (0.355)	1.536*** (0.360)
Demographics	✓	✓	✓
Observations	4067	4064	4064
R-squared	0.095	0.212	0.190

Notes: This table studies how respondents' 5-year-ahead inflation expectations respond to a hypothetical change in the federal funds rate. The dependent variable is respondents' 5-year-ahead inflation expectations (in percentage). Column (1) reports the estimated effect of the hypothetical interest rate change on inflation expectations. Column (2) adds a control for pre-treatment inflation expectations. Column (3) replaces the interest rate change with the difference between the assigned hypothetical interest rate change and the respondent's prior expected change in the federal funds rate. The results indicate that higher hypothetical interest rates are associated with higher expected 5-year-ahead inflation, and the magnitude of this effect remains robust when controlling for demographics and prior inflation expectations. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Table A.5: EFFECT OF HYPOTHETICAL INTEREST CHANGE ON ECONOMIC ACTIVITY EXPECTATIONS

	(1)	(2)	(3)
Interest rate change	-9.382*** (0.324)	-9.440*** (0.312)	
Interest rate shock			-8.913*** (0.275)
Prior economic activity expectation		0.233*** (0.019)	0.207*** (0.018)
Constant	2.339*** (0.596)	1.827*** (0.572)	0.546 (0.561)
Demographics	✓	✓	✓
Observations	4067	4067	4067
R-squared	0.191	0.245	0.303

Notes: This table studies how respondents' economic activity expectations respond to a hypothetical change in the federal funds rate. The dependent variable is respondents' 1-year-ahead expectations about overall economic activity (in percentage). Column (1) reports the estimated effect of the hypothetical interest rate change on economic activity expectations. Column (2) adds a control for pre-treatment economic activity expectations. Column (3) replaces the interest rate change with the difference between the assigned hypothetical interest rate change and the respondent's prior expected change in the federal funds rate. The results indicate that higher hypothetical interest rates are associated with lower expected economic activity, and the magnitude of this effect remains robust when controlling for demographics and prior economic activity expectations. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Table A.6: EFFECT OF HYPOTHETICAL INTEREST CHANGE ON UNEMPLOYMENT EXPECTATIONS

	(1)	(2)	(3)
Interest rate change	4.492*** (0.156)	4.504*** (0.150)	
Interest rate shock			3.402*** (0.129)
Prior unemployment expectation		0.163*** (0.012)	0.184*** (0.012)
Constant	2.737*** (0.329)	1.366*** (0.310)	1.770*** (0.320)
Demographics	✓	✓	✓
Observations	4067	4067	4067
R-squared	0.176	0.256	0.231

Notes: This table studies how respondents' unemployment expectations respond to a hypothetical change in the federal funds rate. The dependent variable is respondents' 1-year-ahead unemployment expectations (in percentage points). Column (1) reports the estimated effect of the hypothetical interest rate change on unemployment expectations. Column (2) adds a control for pre-treatment unemployment expectations. Column (3) replaces the interest rate change with the difference between the assigned hypothetical interest rate change and the respondent's prior expected change in the federal funds rate. The results indicate that higher hypothetical interest rates are associated with higher expected unemployment, and the magnitude of this effect remains robust when controlling for demographics and prior unemployment expectations. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Table A.7: AVERAGE TREATMENT EFFECT ON INFLATION EXPECTATIONS

	(1)	(2)
No change	-1.248*** (0.177)	-2.474*** (0.504)
Relative to no change		
Up 50	4.429*** (0.306)	4.453*** (0.306)
Up 25	3.404*** (0.278)	3.412*** (0.278)
Down 25	-1.880*** (0.248)	-1.856*** (0.248)
Down 50	-2.223*** (0.236)	-2.243*** (0.236)
Demographics		✓
Observations	4067	4067
R-squared	0.189	0.192

Robust standard errors in parentheses.

Appendix Table A.8: AVERAGE TREATMENT EFFECT ON 5-YEAR-AHEAD INFLATION EXPECTATIONS

	(1)	(2)
No change	-1.336*** (0.171)	-2.307*** (0.475)
Relative to no change		
Up 50	1.903*** (0.254)	1.929*** (0.255)
Up 25	0.576** (0.238)	0.607** (0.238)
Down 25	-1.727*** (0.241)	-1.715*** (0.242)
Down 50	-1.451*** (0.249)	-1.465*** (0.249)
Demographics		✓
Observations	4064	4064
R-squared	0.066	0.071

Robust standard errors in parentheses.

Appendix Table A.9: AVERAGE TREATMENT EFFECT ON ECONOMIC ACTIVITY EXPECTATIONS

	(1)	(2)
No change	-3.364*** (0.310)	-1.885** (0.819)
Relative to no change		
Up 50	-1.634*** (0.430)	-1.680*** (0.427)
Up 25	-1.031** (0.429)	-1.078** (0.427)
Down 25	5.104*** (0.484)	5.102*** (0.483)
Down 50	7.211*** (0.455)	7.293*** (0.455)
Demographics		✓
Observations	4067	4067
R-squared	0.130	0.139

Robust standard errors in parentheses.

Appendix Table A.10: AVERAGE TREATMENT EFFECT ON UNEMPLOYMENT EXPECTATIONS

	(1)	(2)
No change	-3.015*** (0.230)	-5.948*** (0.617)
Relative to no change		
Up 50	2.517*** (0.337)	2.607*** (0.332)
Up 25	1.598*** (0.330)	1.679*** (0.325)
Down 25	-1.237*** (0.329)	-1.218*** (0.325)
Down 50	-1.631*** (0.319)	-1.647*** (0.314)
Demographics		✓
Observations	4067	4067
R-squared	0.054	0.084

Robust standard errors in parentheses.

Appendix Table A.11: INFORMATION TREATMENT EFFECT ON 5-YEAR-AHEAD INFLATION EXPECTATIONS

	(1) Full sample	(2) Full sample	(3) Heard	(4) Not heard	(5) Full sample
Treatment	-0.492 (0.301)	-0.471* (0.285)	-0.141 (0.364)	-0.831* (0.457)	0.387 (0.346)
Pre-treatment expectation		0.609*** (0.051)	0.639*** (0.075)	0.626*** (0.080)	0.769*** (0.055)
Treatment × Pre-treatment expectation					-0.282*** (0.080)
Constant	8.113*** (0.977)	5.618*** (0.895)	4.482*** (1.161)	7.362*** (1.412)	2.188*** (0.719)
Demographics	✓	✓	✓	✓	✓
Observations	1308	1308	751	557	1308
R-squared	0.124	0.226	0.226	0.256	0.209

Notes: This table shows the effect of the information treatment, providing respondents with the actual monetary policy decision of the September 2025 FOMC meeting (a 0.25 percentage point reduction in the federal funds rate), on 5-year-ahead inflation expectations. The dependent variable is respondents' 5-year-ahead inflation expectations (in percentage points). Column (1) reports the estimated effect of the information treatment on post-treatment inflation expectations, controlling for demographic characteristics. Column (2) adds a control for respondents' pre-treatment inflation expectations. Columns (3) and (4) repeat the specification in column (2) separately for respondents who had heard about the FOMC decision ("Heard") and those who had not ("Not heard"), respectively. Column (5) reports a Huber robust regression with the treatment interacted with pre-treatment expectations. On average, receiving this information about the 0.25 percentage point rate cut reduced 5-year-ahead inflation expectations by approximately 0.5 percentage points. This effect is concentrated among respondents who had not previously heard the news. In contrast, the estimated effect for those who had already heard about the decision is small and statistically insignificant. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Table A.12: INFORMATION TREATMENT EFFECT ON ECONOMIC ACTIVITY EXPECTATIONS

	(1) Full sample	(2) Full sample	(3) Heard	(4) Not heard	(5) Full sample
Treatment	0.809** (0.382)	0.906*** (0.320)	0.157 (0.351)	1.731*** (0.569)	-0.024 (0.248)
Pre-treatment expectation		0.486*** (0.028)	0.490*** (0.036)	0.487*** (0.042)	0.596*** (0.021)
Treatment × Pre-treatment expectation					0.045 (0.030)
Constant	0.004 (1.238)	-1.812* (1.086)	-2.282* (1.199)	-3.282* (1.819)	-0.336 (0.672)
Demographics	✓	✓	✓	✓	✓
Observations	1308	1308	751	557	1308
R-squared	0.010	0.314	0.380	0.300	0.579

Notes: This table shows the effect of the information treatment, providing respondents with the actual monetary policy decision of the September 2025 FOMC meeting (a 0.25 percentage point reduction in the federal funds rate), on 1-year-ahead expectations about overall economic activity. The dependent variable is respondents' 1-year-ahead expectations for economic activity (in percentage points). Column (1) reports the estimated effect of the information treatment on post-treatment expectations, controlling for demographic characteristics. Column (2) adds a control for respondents' pre-treatment economic activity expectations. Columns (3) and (4) repeat the specification in column (2) separately for respondents who had heard about the FOMC decision ("Heard") and those who had not ("Not heard"), respectively. Column (5) reports a Huber robust regression with the treatment interacted with pre-treatment expectations. On average, receiving the information about the 0.25 percentage point rate cut increased 1-year-ahead expectations for economic activity by approximately 0.8 percentage points. This effect is driven by respondents who had not previously heard the news. In contrast, the estimated effect for those who had already heard about the decision is small and statistically insignificant. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Table A.13: INFORMATION TREATMENT EFFECT ON UNEMPLOYMENT EXPECTATIONS

	(1) Full sample	(2) Full sample	(3) Heard	(4) Not heard	(5) Full sample
Treatment	-0.423* (0.238)	-0.322* (0.188)	0.102 (0.215)	-0.920*** (0.340)	-0.072 (0.175)
Pre-treatment expectation		0.452*** (0.024)	0.456*** (0.033)	0.454*** (0.035)	0.584*** (0.017)
Treatment × Pre-treatment expectation					-0.099*** (0.024)
Constant	4.247*** (0.790)	1.723*** (0.629)	1.013 (0.674)	2.824*** (1.073)	0.678* (0.411)
Demographics	✓	✓	✓	✓	✓
Observations	1308	1308	751	557	1308
R-squared	0.027	0.394	0.405	0.383	0.624

Notes: This table shows the effect of the information treatment, providing respondents with the actual monetary policy decision of the September 2025 FOMC meeting (a 0.25 percentage point reduction in the federal funds rate), on 1-year-ahead unemployment expectations. The dependent variable is respondents' 1-year-ahead unemployment expectations (in percentage points). Column (1) reports the estimated effect of the information treatment on post-treatment unemployment expectations, controlling for demographic characteristics. Column (2) adds a control for respondents' pre-treatment unemployment expectations. Columns (3) and (4) repeat the specification in column (2) separately for respondents who had heard about the FOMC decision ("Heard") and those who had not ("Not heard"), respectively. Column (5) reports a Huber robust regression with the treatment interacted with pre-treatment expectations. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Table A.14: EVENT-STUDY EFFECT ON 5-YEAR-AHEAD INFLATION EXPECTATIONS

	(1) Full sample	(2) Balanced Panel	(3) Balanced Panel FE	(4) Heard	(5) Not heard
post	-0.492*** (0.099)	-0.369** (0.153)	-0.371*** (0.102)	-0.922*** (0.169)	0.375 (0.267)
Constant	5.457*** (0.297)	4.924*** (0.431)	3.786*** (0.051)	3.014*** (0.489)	5.364*** (0.692)
Demographics	✓	✓		✓	✓
Observations	6959	2613	2610	1500	1113
R-squared	0.024	0.023	0.783	0.031	0.028

Notes: This table shows how respondents' 5-year-ahead inflation expectations changed following the September 2025 FOMC meeting. The dependent variable is respondents' 5-year-ahead inflation expectations (in percentage points). The key independent variable, *post*, equals one for observations collected after the FOMC meeting (Wave 2) and zero for those collected before the meeting (Wave 1), and thus measures the effect of the FOMC meeting on medium-term inflation expectations. Column (1) reports the estimated change in inflation expectations for the full sample. Column (2) restricts the sample to respondents in the recontacted Wave 1 control group, while Column (3) controls for the individual-level fixed effect. Columns (4) and (5) split sample by whether respondent has heard news of the FOMC announcement. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Table A.15: EVENT-STUDY EFFECT ON ECONOMIC ACTIVITY EXPECTATIONS

	(1) Full sample	(2) Balanced Panel	(3) Balanced Panel FE	(4) Heard	(5) Not heard
post	1.251*** (0.204)	1.272*** (0.309)	1.272*** (0.222)	1.690*** (0.381)	0.708 (0.507)
Constant	2.063*** (0.533)	1.510* (0.884)	1.628*** (0.111)	0.561 (1.118)	2.190 (1.354)
Demographics	✓	✓		✓	✓
Observations	6968	2616	2616	1502	1114
R-squared	0.013	0.014	0.743	0.041	0.015

Notes: This table shows how respondents' expectations for overall economic activity changed following the September 2025 FOMC meeting. The dependent variable is respondents' 1-year-ahead expectations for economic activity (in percentage). The key independent variable, *post*, equals one for observations collected after the FOMC meeting (Wave 2) and zero for those collected before the meeting (Wave 1), and thus measures the effect of the FOMC meeting on expectations of future economic activity. Column (1) reports the estimated change in expectations for the full sample. Column (2) restricts the sample to respondents in the recontacted Wave 1 control group, while Column (3) controls for the individual-level fixed effect. Columns (4) and (5) split the sample by whether the respondent has heard news of the FOMC announcement. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix Table A.16: EVENT-STUDY EFFECT ON UNEMPLOYMENT EXPECTATIONS

	(1) Full sample	(2) Balanced Panel	(3) Balanced Panel FE	(4) Heard	(5) Not heard
post	-0.280* (0.164)	-0.244 (0.245)	-0.244 (0.184)	-0.595** (0.283)	0.229 (0.422)
Constant	7.804*** (0.440)	5.993*** (0.629)	4.652*** (0.092)	4.356*** (0.773)	6.230*** (1.003)
Demographics	✓	✓		✓	✓
Observations	6968	2616	2616	1502	1114
R-squared	0.039	0.025	0.724	0.030	0.029

Notes: This table shows how respondents' unemployment expectations changed following the September 2025 FOMC meeting. The dependent variable is respondents' 1-year-ahead unemployment expectations (in percentage points). The key independent variable, *post*, equals one for observations collected after the FOMC meeting (Wave 2) and zero for those collected before the meeting (Wave 1), and thus measures the effect of the FOMC meeting on expectations of future unemployment. Column (1) reports the estimated change in expectations for the full sample. Column (2) restricts the sample to respondents in the recontacted Wave 1 control group, while Column (3) controls for the individual-level fixed effect. Columns (4) and (5) split sample by whether respondent has heard news of the FOMC announcement. Control variables include employment status, homeownership, household income, gender, age group, college education, adequacy of financial investments, liquidity of assets, and census region. Robust standard errors are reported in parentheses. Statistical significance is denoted by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$.

Appendix B Survey Questions

Survey 1 Questionnaire [pre-FOMC announcement]

Section 1: Pre-treatment expectation

We would like to ask you about the rate of inflation or deflation in the United States (Note: inflation is the percentage increase in overall prices in the economy, most commonly measured by the Consumer Price Index, and deflation corresponds to the percentage decrease in overall prices)

Q1 [randomly flip option sequence]. What do you think the rate of inflation/ deflation (the opposite of inflation) will be in the US over the next 12 months?

- (a) Inflation (overall prices will increase by) []%
- (b) Neither inflation nor deflation (overall prices will stay unchanged)
- (c) Deflation (overall prices will decrease by) []%

Q2. In your own words, what are the main reasons you expect inflation/ deflation/ neither inflation nor deflation in the US over the next 12 months?

Please answer in as much detail as possible using at least two sentences. Alternatively, you can use voice recording to record your answer.

[Assignment into one of the two questions below]

Q3(v1) [if Q1 = a or b]. In THIS question, you will be asked about the probability (PERCENT CHANCE) of possible price changes in the future. The percent chance must be a number between 0 and 100 and the sum of your answers must add up to 100.

What do you think is the percent chance that, over the **next 12 months...**

	Percent Chance
the rate of inflation will be 12% or more	
the rate of inflation will be between 8% and 12%	
the rate of inflation will be between 4% and 8%	

the rate of inflation will be between 2% and 4%	_____
the rate of inflation will be between 0% and 2%	_____
the rate of deflation (opposite of inflation) will be between 0% and 2%	_____
the rate of deflation (opposite of inflation) will be between 2% and 4%	_____
the rate of deflation (opposite of inflation) will be between 4% and 8%	_____
the rate of deflation (opposite of inflation) will be between 8% and 12%	_____
the rate of deflation (opposite of inflation) will be 12% or more	_____
% Total [TOTAL ANSWERS FROM ABOVE – MUST SUM TO 100%]	_____

Q3(v2) [if Q1 = c]. In THIS question, you will be asked about the probability (PERCENT CHANCE) of possible price changes in the future. The percent chance must be a number between 0 and 100 and the sum of your answers must add up to 100.

What do you think is the percent chance that, over the **next 12 months...**

	Percent Chance
the rate of deflation (opposite of inflation) will be 12% or more	_____
the rate of deflation (opposite of inflation) will be between 8% and 12%	_____
the rate of deflation (opposite of inflation) will be between 4% and 8%	_____
the rate of deflation (opposite of inflation) will be between 2% and 4%	_____
the rate of deflation (opposite of inflation) will be between 0% and 2%	_____
the rate of inflation will be between 0% and 2%	_____
the rate of inflation will be between 2% and 4%	_____
the rate of inflation will be between 4% and 8%	_____
the rate of inflation will be between 8% and 12%	_____
the rate of inflation will be 12% or more	_____
% Total [TOTAL ANSWERS FROM ABOVE – MUST SUM TO 100%]	_____

Q4 [randomly flip option sequence]. What do you think the rate of inflation/ deflation (the opposite of inflation) will be in the US between September 2027 and September 2028?

- (a) Inflation (overall prices will increase by) []%
- (b) Neither inflation nor deflation (overall prices will stay unchanged)
- (c) Deflation (overall prices will decrease by) []%

Definition. The **federal funds rate** is one of the most important interest rates in the economy and is set by the Federal Reserve. The federal funds rate influences interest rates on various important financial products, such as savings accounts, consumer loans, mortgages, and loans to firms.

Q5 [randomly flip option sequence]. What do you expect the Federal Reserve to do with the federal funds rate at the upcoming meeting on September 16th-17th?

- (a) Raise by 0.50 percentage point
- (b) Raise by 0.25 percentage point
- (c) Keep unchanged (i.e. 0 percentage point change)
- (d) Lower by 0.25 percentage point
- (e) Lower by 0.50 percentage point

Q6. We would like to ask you about your views on possible changes of different economic indicators over the next 12 months in the US. If you think that there will be an increase compared to current levels fill in a positive number, while if you think that there will be a decrease fill in a negative number. If you think that there will be no change fill in 0.

Over the next 12 months, what do you think will be the percent change in:

Your total household pre-tax labor income _____ percent

Economic activity _____ percent

Unemployment _____ percentage point

The federal funds rate _____ percentage point

Q7. We recently re-optimised the virtual design of our survey. To make sure that you can easily select answer options, we ask you to please select both “strongly disagree” and “strongly agree” to continue. Otherwise, you will leave the survey.

- (a) Strongly agree
- (b) Agree
- (c) Neither strongly agree or disagree
- (d) Disagree
- (e) Strongly disagree

Section 2: Hypothetical Scenario Instruction screen:

[Randomization into one of the following screens]

T0 screen:

[No scenario is provided.]

[Shown in in treatment groups] Before you proceed, we would like you to think about the following scenario.

T1 screen:

Imagine that in its upcoming meeting on September 16th-17th, the Federal Reserve decides to keep the federal funds rate **unchanged**.

T2 screen:

Imagine that in its upcoming meeting on September 16th-17th, the Federal Reserve decides to **raise** the federal funds rate **by 0.5 percentage point**.

T3 screen:

Imagine that in its upcoming meeting on September 16th-17th, the Federal Reserve decides to **raise** the federal funds rate **by 0.25 percentage point**.

T4 screen:

Imagine that in its upcoming meeting on September 16th-17th, the Federal Reserve decides to **lower** the federal funds rate **by 0.25 percentage point**.

T5 screen:

Imagine that in its upcoming meeting on September 16th-17th, the Federal Reserve decides to **lower** the federal funds rate **by 0.5 percentage point**.

Section 3. Conditional-scenario expectations (T1-T5 groups only)

Q8. How do you think [*a rise/reduction in federal funds rates by 0.25/0.5 percentage point or no change in federal funds rates (depending on the treatment group assignment)*] will affect, if at all, each of the following over the next 12 months?

	Decrease	No effect	Increase
1. Overall prices	☐	☐	☐
2. Economic activity	☐	☐	☐
3. Unemployment	☐	☐	☐

For 1. Overall prices

Q9 [IF Decrease]. By about what percentage do you think **overall prices** will decrease over the next twelve months because of this scenario?

_____ percent

Q9 [IF Increase]. By about what percentage do you think **overall prices** will increase over the next twelve months because of this scenario?

_____ percent

For 2. Economic activity

Q10 [IF Decrease]. By about what percentage do you think **economic activity** will decrease over the next twelve months because of this scenario?

_____ percent

Q10 [IF Increase]. By about what percentage do you think **economic activity** will increase over the next twelve months because of this scenario?

_____ percent

For 3. Unemployment

Q11 [IF Decrease]. By about what percentage do you think **unemployment** will decrease over the next twelve months because of this scenario?

_____ percentage point

Q11 [IF Increase]. By about what percentage do you think **unemployment** will increase over the next twelve months because of this scenario?

_____ percentage point

Q13 [randomly flip option sequence]. How do you think [*a rise/reduction in federal funds rates by 0.25/0.5 percentage point or no change in federal funds rates (depending on the treatment group assignment)*] will affect, if at all, the overall level of prices **between September 2027 and September 2028**?

- (a) Decrease
- (b) No effect
- (c) Increase

Q14 [IF Decrease]. By about what percentage do you think **overall prices** will increase/ decrease **between September 2027 and September 2028** because of this scenario?

_____ percent

Q14 [IF Increase]. By about what percentage do you think **overall prices** will increase/ decrease **between September 2027 and September 2028** because of this scenario?

_____ percent

Section 4: Background

Q15. What is the state of your primary residence? (dropdown menu)

Q16. How would you describe your present employment situation?

Working full-time (for someone or self-employed)

- Working part-time (for someone or self-employed)
- Not working, but would like to work
- Not actively looking for work
- Student, at school or in training
- Other (please specify)

Q16b (If Q2 = “Working full-time” or “Working part -time”) What kind of business or industry does your main job belong to?

- Agriculture, Forestry, Fishing or Hunting
- Mining, Quarrying, or Oil and Gas Extraction
- Utilities
- Construction
- Manufacturing
- Wholesale Trade

- Retail Trade
- Transportation or Warehousing
- Information Services (including Publishing or Media)
- Banking, Finance, or Insurance
- Real Estate, or Rental & Leasing Services
- Professional, Technical, or Business Services
- Education
- Health Care or Social Assistance
- Arts, Entertainment, or Recreation
- Hotel, Accommodation, Restaurant, or Food Services
- Other Services (except Government)
- Government, including Military
- Other

Q17. Which of the following best characterizes your household:

- Own our house/apartment without a mortgage
- Own our house/apartment and have a fixed-rate mortgage
- Own our house/apartment and have a variable-rate mortgage
- Rent our house/apartment
- Other

Q18. Which category represents your total household pre-tax labor income during the past 12 months?

- Less than \$10,000
- \$10,000 to \$19,999
- \$20,000 to \$29,999
- \$30,000 to \$39,999
- \$40,000 to \$49,999
- \$50,000 to \$59,999
- \$60,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 to \$149,999
- \$150,000 to \$199,999
- \$200,000 or more

Q19. Does your household have total financial investments (excluding housing) worth more than one month of combined household income?

- Yes
- No

Q20. What is your gender?

- Male
- Female
- Other
- Prefer not to answer

Q21. What is your age (dropdown menu)

Q22. What is the highest level of school you have completed, or the highest degree you have received?

- Less than high school
- High school diploma
- Some college but no degree
- Bachelor's Degree or higher

Survey 2 Questionnaire [post-FOMC announcement]

Section 1: Pre-treatment expectation

We would like to ask you about the rate of inflation or deflation in the United States (Note: inflation is the percentage increase in overall prices in the economy, most commonly measured by the Consumer Price Index, and deflation corresponds to the percentage decrease in overall prices)

Q1 [randomly flip option sequence]. What do you think the rate of inflation/ deflation (the opposite of inflation) will be in the US over the next 12 months?

- (a) Inflation (overall prices will increase by) []%
- (b) Neither inflation nor deflation (overall prices will stay unchanged)
- (c) Deflation (overall prices will decrease by) []%

[Assignment into one of the two questions below]

Q2(v1) [if Q1 = a or b]. In THIS question, you will be asked about the probability (PERCENT CHANCE) of possible price changes in the future. The percent chance must be a number between 0 and 100 and the sum of your answers must add up to 100.

What do you think is the percent chance that, over the **next 12 months...**

	Percent Chance
the rate of inflation will be 12% or more	_____
the rate of inflation will be between 8% and 12%	_____
the rate of inflation will be between 4% and 8%	_____
the rate of inflation will be between 2% and 4%	_____
the rate of inflation will be between 0% and 2%	_____
the rate of deflation (opposite of inflation) will be between 0% and 2%	_____
the rate of deflation (opposite of inflation) will be between 2% and 4%	_____
the rate of deflation (opposite of inflation) will be between 4% and 8%	_____
the rate of deflation (opposite of inflation) will be between 8% and 12%	_____
the rate of deflation (opposite of inflation) will be 12% or more	_____
% Total [TOTAL ANSWERS FROM ABOVE – MUST SUM TO 100%]	_____

Q2(v2) [if Q1 = c]. In THIS question, you will be asked about the probability (PERCENT CHANCE) of possible price changes in the future. The percent chance must be a number between 0 and 100 and the sum of your answers must add up to 100.

What do you think is the percent chance that, over the **next 12 months...**

	Percent Chance
the rate of deflation (opposite of inflation) will be 12% or more	_____
the rate of deflation (opposite of inflation) will be between 8% and 12%	_____
the rate of deflation (opposite of inflation) will be between 4% and 8%	_____
the rate of deflation (opposite of inflation) will be between 2% and 4%	_____
the rate of deflation (opposite of inflation) will be between 0% and 2%	_____
the rate of inflation will be between 0% and 2%	_____
the rate of inflation will be between 2% and 4%	_____
the rate of inflation will be between 4% and 8%	_____
the rate of inflation will be between 8% and 12%	_____
the rate of inflation will be 12% or more	_____
% Total [TOTAL ANSWERS FROM ABOVE – MUST SUM TO 100%]	_____

Q3 [randomly flip option sequence]. What do you think the rate of inflation/ deflation (the opposite of inflation) will be in the US between September 2027 and September 2028?

- (a) Inflation (overall prices will increase by) []%
- (b) Neither inflation nor deflation (overall prices will stay unchanged)
- (c) Deflation (overall prices will decrease by) []%

Q4 [randomly flip the first 5 option sequence]. To the best of your knowledge, what did the Federal Reserve decide regarding the federal funds rate at the recent meeting on September 16th-17th?

- (i) Raise by 0.50 percentage point
- (ii) Raise by 0.25 percentage point
- (iii) Keep unchanged (i.e. 0 percentage point change)
- (iv) Lower by 0.25 percentage point
- (v) Lower by 0.50 percentage point
- (vi) I have not heard anything/ I don't know

Q5. We would like to ask you about your views on possible changes of different economic indicators over the next 12 months in the US. If you think that there will be an increase

compared to current levels fill in a positive number, while if you think that there will be a decrease fill in a negative number. If you think that there will be no change fill in 0.

Over the next 12 months, what do you think will be the percent change in:

Your total household pre-tax labor income _____ percent

Economic activity _____ percent

Unemployment _____ percent point

The federal funds rate _____ percent point

Q6. We recently re-optimised the virtual design of our survey. To make sure that you can easily select answer options, we ask you to please select both “strongly disagree” and “strongly agree” to continue. Otherwise, you will leave the survey.

- Strongly agree
- Agree
- Neither strongly agree or disagree
- Disagree
- Strongly disagree

Below is for the matched hypothetical vignette treatment group in Wave 1 and control group in Wave 1 only

Section 2: Information Treatment

Instruction Screen

[Random assignment into one of the following two screens]

Control group:

No information is provided

Treatment group:

Before you proceed, we would like to provide you with the following information.

The Federal Reserve decided to **lower** the federal funds rate **by 0.25 percentage point** at the recent meeting on September 16th-17th.

Section 3: Post-Treatment Expectation

Q7. How do you expect each of the following to change, if at all, over the next 12 months?

	Decrease	No change	Increase
1. Overall prices	☐	☐	☐
2. Economic activity	☐	☐	☐
3. Unemployment	☐	☐	☐

For 1. Overall prices

Q8. In your own words, what are the main reasons you expect inflation/ deflation/ neither inflation nor deflation in the US over the next 12 months?

Please answer in as much detail as possible using at least two sentences. Alternatively, you can use voice recording to record your answer.

Q9 [IF Decrease]. By about what percentage do you think **overall prices** will decrease over the next twelve months?

_____ percent

Q9 [IF Increase]. By about what percentage do you think **overall prices** will increase over the next twelve months?

_____ percent

For 2. Economic activity

Q10 [IF Decrease]. By about what percentage do you think **economic activity** will decrease over the next twelve months?

_____ percent

Q10 [IF Increase]. By about what percentage do you think **economic activity** will increase over the next twelve months?

_____ percent

For 3. Unemployment

Q11 [IF Decrease]. By about what percentage point do you think **unemployment** will decrease over the next twelve months?

_____ percentage point

Q11 [IF Increase]. By about what percentage point do you think **unemployment** will increase over the next twelve months?

_____ percentage point

Q12 [randomly flip option sequence]. What do you expect will happen to the overall level of prices between **September 2027 and September 2028**, if anything?

- a. Decrease
- b. No change
- c. Increase

Q13 [IF Decrease]. By about what percentage do you think **overall prices** will increase/ decrease **between September 2027 and September 2028**?

_____ percent

Q13 [IF Increase]. By about what percentage do you think **overall prices** will increase/ decrease **between September 2027 and September 2028**?

_____ percent