Homeownership and Attention to Inflation: Evidence from Information Treatments*

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July 24, 2026

Whose inflation expectations drive spending decisions? Using randomized information treatments on U.S. households, we show that the answer depends on homeownership status. Renters revise their inflation expectations strongly in response to new information but do not adjust durable purchases. Homeowners update their beliefs more modestly but significantly increase durable spending when they do. This negative covariance between belief updating and spending response implies that average estimates conflate groups with opposite behavior. We trace the asymmetry to differences both in attention to inflation and in the available margins of adjustment: homeowners act through durables, while renters, who are more likely to be liquidity constrained, increase nondurable spending in the short run. These findings have implications for the design of central bank communication, the measurement of expectation-spending elasticities, and the modeling of heterogeneous attention in HANK frameworks.

Keywords: Homeownership, mortgages, consumption, inflation expectations.

JEL codes: D12, D84, E21, E31, R21, C93

* We thank Rüdiger Bachmann, Bernardo Candia, Efrem Castelnuovo, Olivier Coibion, Chen Lian, Emi Nakamura, Alessia Russo, Jón Steinsson, and seminar participants at ASSA 2026, ifo Institute, UC Berkeley and Padova for useful comments and suggestions. We thank Sharath Sonti for excellent research assistance. Financial support from the European Union - NextGenerationEU (PRIN 2022 on "Inflation: Causes, Consequences, and Policy Implications", CUP: C53D23002650006, project code: 2022A9PAT3) is gratefully acknowledged. The usual disclaimers apply. Authors' accounts: jessica.piccolo.1@phd.unipd.it, ygorodni@econ.berkeley.edu

1 Introduction

"Nowadays people can be divided into three classes: the haves, the have-nots, and the have-not-paid-for-what-they-haves."
— Earl Wilson

"The question is whose inflation expectations matter... When I was a policy maker, I used to group respondents as high and low attention participants."
— Ben Bernanke

The transmission of inflation expectations to aggregate demand is a cornerstone of modern monetary economics, yet a fundamental question remains open: among the heterogeneous households that populate the economy, whose expectations actually drive spending decisions? This question has first-order consequences for three active research agendas. For macroeconomic modeling, heterogeneous-agent frameworks predict that aggregate demand responses depend on the joint distribution of beliefs and spending propensities (e.g., Mitman et al. 2022), but this object has been rather understudied. For monetary policy communication, the effectiveness of forward guidance and the like hinges on whether the households whose beliefs are easiest to shift are also those whose behavior responds, that is, a match between reach and impact. And for understanding expectation formation itself, competing theories (e.g., rational inattention vs. debt-driven salience vs. experience-based learning) can sharply disagree about which households should track inflation closely (Link et al. 2026). We provide new evidence on all three fronts by exploiting homeownership status as a dimension that simultaneously shapes incentives to attend to inflation, capacity to act on beliefs, and exposure to price-level changes.

Indeed, housing is a key dimension in this context: it is the dominant asset and liability on most household balance sheets, it jointly determines nominal exposure to inflation, collateral capacity, and the margins along which spending can adjust, and homeownership status crisply partitions the population into groups with different financial relationships to price-level changes. Specifically, outright homeowners hold a real asset that is widely viewed as a hedge against inflation (Han 2010, 2013, Malmendier and Wellsjo 2024); mortgagors combine this asset position with long-term nominal liabilities whose real burden unexpected inflation directly erodes (Auclert 2019); and renters hold neither the asset nor the liability, instead facing a housing cost that adjusts to aggregate inflation only gradually due to the nominal rigidity of lease contracts

(Genesove 2003). These three elements generate distinct incentives to monitor inflation, distinct capacities to act on updated beliefs, and distinct welfare consequences of forecast errors.

Using randomized information experiments on over 26,000 U.S. households between 2021 and 2023, we show that homeownership generates a stark asymmetry: renters strongly revise their inflation expectations in response to new information but do not adjust durable spending, whereas homeowners update their beliefs less strongly but significantly increase purchases when they do. This negative covariance in the causal estimates for information updating and consumer spending implies that representative-agent estimates of the expectation-spending elasticity can be misleading, that communication policies face a transmission bottleneck, and that asset exposure rather than nominal debt can drive the allocation of attention to inflation.

These results are not obvious ex ante. Homeowners without mortgages may be more attentive because housing wealth covaries positively with the price level, making inflation salient for their financial position (Li and Sinha 2023). Mortgagors face an additional incentive through debt erosion, though recent evidence suggests that households poorly understand this channel (Schnorpfeil et al. 2023). While long-term leases can protect renters from inflationary shocks, liquidity constraints are more likely to be binding, thus forcing this group to be more attentive to price changes (Mullainathan and Shafir 2013). The net ranking is therefore an empirical question that our RCT strategy is positioned to credibly answer.

Our results document systematic differences across homeownership groups in both dimensions. Homeowners exhibit small responses to the information treatments, implying that their prior expectations already incorporated much of the provided information. Renters display significantly larger revisions, particularly in response to forward-looking treatments such as the Fed's inflation target and the FOMC's forecasts, suggesting lower prior awareness of inflation dynamics in the sense of Weber et al. (2025). We then leverage the exogenous variation in inflation expectations induced by these treatments to estimate their causal effect on household spending. For homeowners, a one percentage point increase in inflation expectations raises the probability of durable purchases by 1.5 percentage points, with the largest effects observed for cars and electronics. Renters show no comparable response on the durable margin. In contrast, using high-frequency scanner data, we find that renters increase nondurable spending in the months immediately following the treatment, while homeowners show no adjustment along this margin. Together, these patterns suggest that inflation expectations shift desired spending across groups, but the margin of adjustment depends on households' housing arrangement.

Our paper contributes to the literature examining the relationship between inflation expecta-

tions and household spending (e.g., R. Bachmann et al. 2015, Crump et al. 2022, D'Acunto et al. 2016, Burke and Ozdagli 2023, Dräger and Nghiem 2021), and in particular to the strand using randomized controlled trials to identify causal effects (e.g., Armantier et al. 2016, Cavallo et al. 2017, Roth and Wohlfart 2020, Binder and Rodrigue 2018, Coibion et al. 2023). Our work is closely related to Coibion et al. (2022), who use a subset of the same dataset to show that higher inflation expectations induced by information treatments increase nondurable spending but reduce durable purchases, and to Candia (2024), who shows that this relationship depends on the inflation environment. Both studies estimate average effects across all households in the Nielsen Homescan Panel. Our main contribution is to show that these averages mask substantial heterogeneity: the observed relationship between inflation expectations and durable consumption is primarily driven by homeowners, while renters exhibit limited responsiveness. In addition, we document an asymmetric pattern for nondurables — renters increase short-run spending while homeowners do not — establishing homeownership as a key channel of heterogeneity in how expectations respond to news and influence consumption.

While several studies examine how demographic characteristics influence the level of inflation expectations (e.g., Bruine de Bruin et al. 2010, D'Acunto et al. 2021, Reiche 2023, O. Bachmann et al. 2021, D'Acunto et al. 2023, Masolo and Monti 2024), fewer have studied how these characteristics shape the *processing* of information. We contribute by documenting differences in how homeowners, mortgagors, and renters react to identical information. Our findings relate to Minina et al. (2024), who show that Dutch renters respond more strongly to inflation information than homeowners. In a non-experimental setting, however, stronger revisions among renters may simply reflect their higher starting point. Our RCT framework addresses this identification challenge: random assignment combined with within-individual measurement of priors and posteriors allows us to estimate the weight placed on new information conditional on prior beliefs, thus isolating differences in information processing from differences in initial beliefs.

Our results also connect to the literature on inflation inequality (Hobijn and Lagakos 2005, Kaplan and Schulhofer-Wohl 2017, Argente and Lee 2021, Jaravel 2021). We emphasize a complementary channel: differences in awareness and responsiveness rather than differences in price baskets. Renters appear less informed about inflation and less able to act on updated beliefs through durable spending, suggesting that inattentive households at the lower end of the wealth spectrum may face greater exposure to inflation's redistributive effects.

Finally, we contribute to the literature on central bank communication and household expectations (see Blinder et al. (2024) for a survey). Claus and Nguyen (2020) and Ahn et al. (2024)

show that homeownership shapes responses to monetary policy shocks and interest rate information. We extend this work from monetary policy to inflation, showing that housing status similarly conditions how households process and act on inflation-related communication.

Our results have direct implications for macroeconomic modeling too. In heterogeneous-agent models, the aggregate effects of inflation expectations depend on how belief revisions translate into household spending. We show that this mapping is far from uniform. Households that update their expectations the most are not those whose durable spending responds the most, and the relevant spending margin differs systematically with homeownership and balance-sheet position. Models that assume homogeneous attention to inflation therefore risk mismeasuring both the aggregate effects of expectation shocks and their distribution across households. Incorporating heterogeneity in homeownership and debt exposure provides a natural way to discipline these channels in quantitative HANK models.

Our paper is structured as follows. Section 2 describes the survey. Section 3 analyzes the effects of the random provision of information on inflation expectations for the three homeownership groups. Section 4 compares the effects of the exogenous variation of inflation expectations on household consumption for homeowners, mortgagors, and renters, and discusses the possible channels underlying our results. Section 5 concludes.

2 Data and survey design

2.1 The Nielsen Homescan Panel

The data used for this analysis come from the Nielsen Homescan Panel, a quarterly survey collecting household perceptions and expectations regarding economic variables. Respondents in the Nielsen Homescan Panel are drawn from the larger Kilts-Nielsen Consumer Panel (KNCP), managed by AC Nielsen. The KNCP includes approximately 80,000 U.S. households who report demographic details and consumption behaviors. These households provide information such as household size, income, ZIP code, marital status, and dynamic purchasing data (e.g., products bought, outlets used, and prices paid). To ensure representativeness, Nielsen balances the panel across demographic dimensions: household size, income, age and education of household heads, presence of children, race/ethnicity, and occupation. Sample characteristics are monitored weekly, with adjustments made as needed. Recruitment occurs online, and participation is incentivized through monthly prize draws, points for data submission, and access to a Nielsen-specific

gift catalog. The panel has an annual retention rate of over 80%.

Our data consist of 20 waves administered between April 2018 and December 2023. Building on established consumer surveys such as the Michigan Survey of Consumers and the New York Federal Reserve's Survey of Consumer Expectations, the design includes custom questions on employment status, financial constraints, savings, and spending behavior, alongside inflation and unemployment expectations. Additionally, each wave features ad hoc questions on specific topics that vary across waves.

For this paper, we focus on the survey waves that gather information on respondents' housing situations, include randomized controlled trials (RCTs) focused on information treatments about inflation, and allow us to observe durable consumption choices made within six months of the treatment. Although a typical wave includes between 15,000 and 25,000 respondents, our analysis is restricted to the subsample of individuals for whom all relevant variables — homeownership status, participation in the RCT, and data on durable consumption — are available.

2.2 Survey design

A key element of our analysis is the set of five randomized controlled trials (RCTs) conducted across five waves of the Nielsen Homescan Panel: 2021Q2, 2021Q3, 2022Q3, 2022Q4, and 2023Q3. Figure 1 illustrates the time series of the Consumer Price Index (CPI), highlighting both the timing of each survey wave and the observed inflation rates at the time when each wave was distributed.

Although each questionnaire includes some variation in its content, all waves contain the key questions described here, presented in the same order.[1] First, households report their homeownership status, identifying themselves as homeowners without a mortgage, homeowners with a mortgage, or renters. Later waves of the survey asked respondents to indicate whether they have a fixed-rate or variable-rate mortgage. Because only a relatively small group of people reports having a variable-rate mortgage, we combine fixed- and variable-rate mortgages into one group. The survey question also allows people to report other living arrangements (e.g., a college dormitory). Because this group of respondents is too small and diverse to have statistical power, we exclude respondents with this arrangement.

Next, participants indicate whether they purchased a durable item (a house or apartment, a car or other vehicle, or a large home appliance or electronic product) within the past six months,

[1] The text of the survey questions is reported in Appendix B.

and whether they plan to purchase such an item in the next 12 months.

We then elicit inflation expectations for the next 12 months. Specifically, we ask respondents to report their subjective probability distributions for inflation by assigning probabilities to a pre-set menu of scenarios (intervals). Using the midpoints of each bin, along with fixed values for the tails,[2] we construct the implied mean and standard deviation of the reported subjective expectations. These pre-treatment expectations serve as priors in our analysis.

Survey participants are then randomly assigned to either a control group, which receives no additional information, or one of several treatment groups, which are exposed to specific inflation-related information. Specifically, for the purpose of this paper, we focus on three types of information treatments: (i) past inflation over the previous 12 months, (ii) the Federal Reserve's inflation target, and (iii) the Federal Open Market Committee's (FOMC) short-term inflation forecast.[3] Figure 2 illustrates the relative positioning of the information provided in each wave, alongside the mean and median prior beliefs for each wave. In some of the waves, we have additional treatment groups who are provided with other information not related to inflation. To ensure consistency across survey waves, we exclude these groups from the analysis.

Following the treatment, we re-measure inflation expectations (posteriors) as point predictions. We use a different formulation for the posterior question to minimize survey fatigue and to ensure that the control group is not "spooked" by facing the same question twice within a short time period.[4]

To measure durable spending behavior after the treatment, we rely on responses from a survey wave fielded in the following quarter. In particular, we focus on the answer to the yes/no question (i.e., the extensive margin) on whether the respondent purchased a durable item (house, a car, or a big home appliance) within the prior six months. This design allows us to estimate the effect of shifts in inflation expectations induced by the treatments on durable consumption behavior in the months following the intervention.

Table 1 reports the sample size for each wave. It provides a breakdown of households by

[2]We use mid-points of the bins to compute the implied mean. For the top bin (inflation will be greater than 12%) we use 14% as the mid-point. For the bottom bin (deflation will be greater than 12%), we use -14% as the mid-point.

[3]For example, information treatments in 2021 Q2 were: *"Over the last twelve months, the inflation rate in the U.S. (as measured by the Consumer Price Index) was 2.6%."*, *"The inflation rate that the Federal Reserve tries to achieve on average is 2% per year."*, *"The U.S. Federal Open Market Committee (which sets short-term interest rates) forecasts a 2.3% inflation rate in 2021."*

[4]Using a different elicitation format for posterior beliefs is standard practice in survey experiments to reduce the risk that respondents infer the experimenter's intent from the question design, biasing their answers toward perceived expectations.

homeownership categories (homeowners without a mortgage, homeowners with a mortgage, and renters) as well as by treatment groups, both for the pooled sample covering all waves and separately by wave. In addition, the table shows the share of households that reported purchasing durable goods in the subsequent wave, based on responses to the question about past durable purchases.

2.3 Weights

When analyzing expectations data, we face two practical challenges. First, housing status is not randomly assigned. For example, homeowners without a mortgage tend to be older and renters tend to be less educated. As a result, the relationship between the housing status and how people form inflation expectations may be driven by factors other than housing status. To bring our analysis closer to causal interpretation, we need to correct for possible selection effects. To this end, we estimate a multinomial probit regression with homeownership status as the dependent variable and a set of regressors, including gender, age (and its square), presence of children, household size, region, income categories, education, and time fixed effects.[5] Using the estimated coefficients (reported in Table 2), we compute propensity scores and derive Inverse Probability Weights (IPW) to balance the sample. As shown in Figure A1, the IPW weights make the distributions of several background variables associated with homeownership (age, income, household size) more similar across groups, thereby improving comparability.

Second, survey data are noisy with many outliers and other influential observations. We recode inflation expectations (both priors and posteriors) as missing if expectations are below 0 or above 20 percent, which excludes 2.8% of the total sample. Then we calculate weights from a Huber (1964) robust regression. In this regression, posterior expectations are regressed on prior expectations, homeownership status, treatment dummies, and their interactions, with all variables weighted by the IPW. To be clear, the final estimation weights, used to compute moments and regression coefficients, are constructed as the product of the IPW weights, and the Huber weights. This approach ensures both balance and robustness in our analyses.[6]

[5]Our results remain robust to the inclusion of additional control variables in the computation of the weights, such as the number of panel waves the respondent participated in, and financial constraints, measured by the ability to cover unexpected expenses.

[6]Our findings are robust to not using weights. All tables and figures computed without weights are presented in Appendix A.

2.4 Preliminary facts on prior expectations

As a first pass at the data, we examine the distribution of 12-month-ahead inflation expectations prior to any information treatment, by homeownership and by wave. The main summary statistics are reported in Table 3, while Figure 3 displays the histograms for wave 2021:Q2 as an example. Figure 4 shows the mean of such expectations for the full sample, by homeownership, and by survey wave. The figure also displays the standard deviation and the median for each subgroup. All summary statistics are computed using the weights described earlier. Several stylized facts emerge.

First, across all groups and time periods considered, the distribution of priors exhibits three key features: (i) considerable dispersion, (ii) positive right skewness, with the mean consistently exceeding the median, and (iii) sluggish adjustment to current inflation levels. Specifically, mean expectations are persistently below observed inflation, except in 2023Q3, when mean and median expectations range between 5% and 6%, despite actual inflation having already fallen to 3.5%. These patterns align closely with findings in the existing literature on survey data (D'Acunto et al. 2024).

Focusing on heterogeneity by homeownership status, we find no economically or statistically significant differences in inflation expectations prior to the treatment. The means and dispersions are similar across homeowners, mortgagors, and renters, both in the pooled sample and within individual waves. This indicates that, regardless of homeownership status, households enter the experiment with broadly similar prior beliefs about inflation.[7]

However, similar unconditional priors do not necessarily imply similar levels of attention to inflation. Indeed, attention is better understood as a response to a controlled signal. The experimental variation introduced below allows us to identify precisely this margin, by comparing how different homeownership groups update their expectations in response to identical information treatments and whether these updates translate into differences in spending behavior.

[7] While Table 3 and Figure 4 report the cross-sectional mean and variance of prior inflation expectations, Table A1 presents the distribution of uncertainty in those priors, measured as the variance of the subjective distribution elicited from the probability-bin question. Renters' expectations are more uncertain than homeowners' and mortgagors' across all waves.

3 Attention to inflation

3.1 Conceptual framework

In a basic Bayesian framework, the posterior expectations of respondent i are a weighted average of prior expectations and the new information received through the treatment:

$$Posterior_i = (1 - G^g_\tau) \cdot Prior_i + G^g_\tau \cdot Signal_i \tag{1}$$

where G represents the Kalman gain, which captures the relative weight individuals assign to the new information, g is the homeownership group (homeowners, mortgagors, renters) and τ is the treatment group. A higher G implies that the signal is perceived as more informative, leading to a stronger update in expectations.

This framework allows us to interpret observed patterns of expectation updates as indicators of prior knowledge and attention to inflation, providing a lens through which to evaluate heterogeneity across homeownership groups in the empirical analysis. In particular, one can use $(1 - G)$ to gauge the degree of attention to the information that is provided in a signal: higher values of $(1 - G)$ correspond to individuals being more aware of publicly available information in $Signal$ and thus putting a higher weight on the prior. Intuitively, individuals who are already well-informed about inflation should display minimal revisions, reflecting lower perceived informativeness of the signal. In the extreme case of Full-Information Rational Expectations (FIRE), publicly available information should already be incorporated into priors, implying $(1 - G) = 1$; that is, respondents do not revise their beliefs at all (posteriors are equal to priors) because respondents already know $Signal$. On the other hand, a low value of $(1 - G)$ corresponds to respondents being surprised by the publicly available information in $Signal$ which is consistent with respondents being inattentive to this information.

Naturally, how much inflation-related information from statistical agencies or central banks is incorporated in the priors depends on the costs and benefits of acquiring and processing this information. While this optimization problem can be rather complex, Weber et al. (2025) show that, under fairly general conditions, $(1 - G)$ is a summary statistic for how much attention is paid to information in $Signal$.

3.2 Empirical specification

To map equation (1) and the RCTs into a regression, we can re-write Bayesian updating for each group $g \in \{\text{Homeowners, Mortgagors, Renters}\}$ as follows:

$$\begin{aligned} \textit{Posterior}_i = &\alpha^g \cdot \textit{Prior}_i \\ &+ \sum_{\tau \in \{\pi^{\text{actual}}, \pi^*, \pi^{\text{forecast}}\}} \mathbb{1}\{i \in \tau\} \cdot \left[\delta_\tau^g + \phi_\tau^g \cdot \textit{Prior}_i\right] \\ &+ \textit{wave FE} + \textit{error} \end{aligned} \tag{2}$$

In this specification, *Posterior* represents inflation expectations measured after the treatment, while *Prior* denotes inflation expectations measured before the treatment. τ represents treatment groups, with the control group serving as the reference category. The model also incorporates interactions between prior expectations and treatment dummies to capture the heterogeneous effects of different types of information on inflation expectations. We include wave fixed effects to account for time-specific shocks. We do not include other controls in this specification because treatment assignment is randomized, so identification of the treatment effect does not rely on covariate adjustment. We will include a rich set of controls when we examine the robustness of our estimates. We estimate the regression using the weights defined in Section 2.3 to correct for possible selection into a homeownership status.

The coefficient α^g measures the relationship between prior and posterior expectations in the control group - specifically, individuals who do not receive any treatment. Under the assumption of no new information, the posteriors should equal the priors, implying $\alpha^g = 1$. However, differences in measurement between priors and posteriors may cause deviations from this theoretical benchmark.

Coefficient δ_τ^g measures the "level" effect, which is the product of the Kalman gain G and the difference between $Signal$ and the average prior in the sample. Thus, δ_τ^g can be positive or negative depending on the sign of the difference.

The coefficients ϕ_τ^g measure learning effects induced by the treatments. Specifically, they capture how the slope linking priors and posteriors changes for each treatment group, relative to the control group. In Bayesian terms, $\alpha^g + \phi_\tau^g$ represents the weight that households assign to prior beliefs (that is, $1 - G$ in equation (1)), with $1 - (\alpha^g + \phi_\tau^g)$ indicating the weight placed on the new information. If $\phi_\tau^g = 0$, the treatment has no impact on beliefs, and posteriors remain anchored to priors. A negative $\phi_\tau^g \in [-1, 0)$, however, suggests that treated households assign less weight to their priors, implying greater responsiveness to the information provided.

We will use $(\alpha^g + \phi_\tau^g)$ as a measure of attention that respondents have to information provided in the treatments, with higher values indicating higher attention. Because α^g may deviate from one (recall that priors and posteriors are measured with different questions), we also consider $(\alpha^g + \phi_\tau^g)/\alpha^g$, that is, the coefficient on the prior for a treatment group scaled by the coefficient on the prior for the control group.

3.3 Estimated attention

Table 4 reports the estimates of the regression coefficients, while Figure 5 illustrates the linear combination of coefficients $(\alpha^g + \phi_\tau^g)$ that measure the weight assigned to prior beliefs in forming posterior expectations for each group, defined by treatment and homeownership. Panel B of Figure 5 presents the linear combinations scaled by the weight assigned to prior beliefs in the control group for each homeownership category, allowing for easier comparability across treatments.

Focusing first on the control group, we find that the weight assigned to prior beliefs is consistently less than one across all groups. This indicates that, even in the absence of any information treatments, posteriors deviate from priors. Such deviations can be attributed to differences in how priors and posteriors are elicited — priors as a probability distribution and posteriors as point estimates. Importantly, we detect no statistically significant differences in the weight assigned to priors across housing status groups in the control condition.

Turning to the effects of the information treatments, the coefficient of the interaction between prior beliefs and treatment (ϕ_τ^g) is negative and statistically significant. This result indicates that households consistently revise their expectations in response to the information provided, placing less weight on their priors and more weight on the new signal. However, the magnitude of these revisions (measured by the linear combination of coefficients $\alpha^g + \phi_\tau^g$ displayed in Figure 5) varies by treatment type and housing status, highlighting important heterogeneity.

For the treatment providing information about past inflation, we find no significant differences in responsiveness across homeownership groups. The point estimate for renters remains lower than that for homeowners, although the confidence intervals overlap. This pattern is consistent with all groups being similarly informed about past inflation.

For the treatment providing information about the Federal Reserve's inflation target, we observe clear heterogeneity. Homeowners — both with and without mortgages — are the least responsive, reflecting higher awareness of the Fed's objective. Differences between these two groups are not statistically significant. Renters are the most responsive, suggesting lower prior

knowledge about the information received in the treatment.

For the treatment providing information about the Federal Open Market Committee's (FOMC) short-term inflation forecast, we observe a similar pattern: homeowners are again the least responsive, consistent with greater baseline attentiveness; mortgagors display an intermediate level of responsiveness, suggesting moderate prior awareness relative to other groups; renters are the most responsive, reinforcing the interpretation that they have limited prior knowledge about inflation and are therefore more reactive to new information.

The results presented in Figure 5 reveal heterogeneity in attention across treatments, a pattern consistent across all homeownership status groups. When households receive information about past inflation, their expectations remain more anchored to prior beliefs, assigning a higher weight to the prior. In contrast, treatments involving the inflation forecast and inflation target lead to larger revisions in expectations. One explanation of these differences is that forward-looking information, such as the FOMC's inflation forecast and the Fed's inflation target, is perceived as more relevant for future inflation and thus given greater weight in expectation formation. Alternatively, these treatments may introduce less familiar information, making them more surprising and, consequently, more influential—suggesting that respondents may be less attentive to this type of information in general.

Are these patterns consistent across survey waves? Figure 6 illustrates the weight assigned to prior inflation expectations in the formation of posterior expectations, analyzed separately for each wave. The ranking of attention levels among homeowners, mortgagors, and renters remains remarkably stable over time. In the control group, the confidence intervals for the weight of prior beliefs overlap across all three housing status groups in every wave, indicating no statistically significant differences in attention levels among untreated households. However, in the treatment groups, as shown in the pooled data, the estimates for homeowners and mortgagors frequently overlap, while the estimates for renters are consistently and significantly lower. This suggests that renters assign less weight to their prior beliefs when processing new information, reflecting a persistently lower level of attentiveness to inflation-related information. These findings indicate that renters' lower attention to inflation information is a persistent feature of their expectations formation process, showing little variation across survey waves. By contrast, homeowners and mortgagors consistently demonstrate higher attentiveness, maintaining more stable and informed expectations over time.

3.4 Interpreting the Heterogeneity in Attention

The previous section established two facts. In the control group, the weight placed on prior beliefs is statistically indistinguishable across housing-status groups. Under treatment, however, the weight on priors declines for all groups, but least for homeowners and most for renters. Our reading of the evidence is therefore that housing status shapes households' incentives to pay attention to inflation (Weber et al., 2025), and that these incentives operate through differential economic exposure to price changes.

There could be alternative explanations. The heterogeneity in updating could reflect differences in prior uncertainty, since less confident respondents should optimally discount their priors. It could reflect differences in trust in the information source. Or it could reflect demographic characteristics correlated with homeownership rather than housing status itself. In this section, we discuss why attention differs across housing groups and show that the alternative explanations cannot account for the patterns in the data.

3.4.1 Economic Exposure and Attention

Why should attention to inflation differ by housing status? Our hypothesis is that households allocate attention according to the economic relevance of inflation. When inflation has more immediate consequences for a household's balance sheet or cost of living, the benefits of monitoring inflation increase, leading households to place greater weight on inflation-related information. This hypothesis is supported by recent evidence in Link et al. (2026), who document that exposure is one of the key drivers of attention to inflation.

Homeowners provide the natural benchmark. Housing typically represents the largest asset on the household balance sheet, making inflation particularly relevant for their financial position. This interpretation is consistent with Li and Sinha (2023), who show that purchasing a home—particularly at younger ages—strengthens the relationship between economic sentiment and inflation expectations. Homeowners' expectations are less volatile and more closely aligned with their assessment of macroeconomic conditions, suggesting that they devote greater attention to inflation.[8]

[8] A narrower version of this mechanism is that attention responds to recent housing capital gains rather than to homeownership itself. We examine this possibility by splitting respondents' counties of residence according to local house-price appreciation over the previous year, distinguishing between areas with above- and below-median house-price growth. Homeowners in high- and low-appreciation areas exhibit statistically indistinguishable treatment effects (Appendix Figure A3). This finding suggests that attention is associated with holding housing wealth itself, rather than with recent local house-price appreciation.

If households internalize the effect of inflation on nominal debt, mortgagors should devote even greater attention to inflation than outright homeowners, since unexpected inflation reduces the real value of their outstanding mortgage balance. Our results provide little support for this prediction. Across most specifications, mortgagors are statistically indistinguishable from homeowners, while under the FOMC treatment they lie between homeowners and renters. This pattern is consistent with the evidence in Schnorpfeil et al. (2023). In a large-scale randomized controlled trial among customers of a major German bank, they show that although households generally understand that inflation erodes the real value of nominal assets, fewer than one-quarter recognize that it also erodes the real value of nominal debt. Moreover, indebted households are no more aware of this mechanism than other respondents. This suggests that mortgage debt does not generate additional attention beyond that associated with homeownership itself. The composition of our sample reinforces this interpretation: the vast majority of mortgagors hold fixed-rate mortgages (Figure A4), and therefore they are not immediately affected by changes in inflation or interest rates.

By contrast, renters face a much weaker and less immediate transmission of inflation to their housing costs. Figure 7 plots the evolution of overall inflation (CPI) and rent-specific CPI over the period covered by our survey waves.[9] Rent inflation adjusts only gradually to changes in aggregate inflation, implying that current inflation provides relatively little information about renters' near-term housing costs. In addition, many renters are protected by rent-control provisions or long-term leases with fixed rents, further delaying the pass-through of inflation to their cost of living. As a result, renters have weaker incentives to monitor inflation and incorporate new inflation information into their expectations. Their lower reliance on prior beliefs is therefore consistent with a rational allocation of attention.

Taken together, the evidence supports the exposure hypothesis. Mortgagors, whose effective exposure closely resembles that of homeowners, display similar levels of attention, whereas renters, whose housing costs respond only gradually to inflation, are substantially less attentive. Importantly, these differences are economically meaningful, as they translate into heterogeneous spending responses documented in subsequent sections.

[9]For comparison, the figure also plots the evolution of house prices, which exhibit substantially larger cyclical fluctuations.

3.4.2 Alternative Explanations

In this subsection, we examine if alternative explanations can rationalize our results. To this end, we use data available to us from our surveys as well as evidence reported by other studies.

Prior uncertainty

Differences in updating could reflect differences in prior uncertainty rather than attention. In a Bayesian framework, less confident respondents optimally assign a lower weight to their priors. Renters are indeed more uncertain: the variance of their subjective prior distribution is higher than that of homeowners and mortgagors (Appendix Tables A1 and A4). If uncertainty drives the heterogeneity, the differences in prior weight across housing groups should vanish once we account for it.

As a first check, controlling directly for prior uncertainty leaves the estimated differences in prior weight across homeownership groups unchanged (Appendix Figure A5). We then test the alternative more sharply by letting the Kalman gain vary with uncertainty. For each group $g \in \{\text{Homeowners, Mortgagors, Renters}\}$ we estimate:

$$\begin{aligned} \textit{Posterior}_i = &\alpha^g \cdot \textit{Prior}_i + \beta^g \cdot \textit{Prior}_i \cdot U_i + \gamma^g \cdot U_i \\ &+ \sum_{\tau \in \{\pi^{\text{actual}}, \pi^*, \pi^{\text{forecast}}\}} \mathbb{1}\{i \in \tau\} \cdot \left[\delta_\tau^g + \phi_\tau^g \cdot \textit{Prior}_i\right] \\ &+ \sum_{\tau \in \{\pi^{\text{actual}}, \pi^*, \pi^{\text{forecast}}\}} \mathbb{1}\{i \in \tau\} \cdot \left[\lambda_\tau^g \cdot U_i + \mu_\tau^g \cdot U_i \cdot \textit{Prior}_i\right] \\ &+ \textit{wave FE} + \textit{error} \end{aligned} \tag{3}$$

where U_i is an indicator equal to one if respondent i's prior uncertainty is above the median in the wave sample. This specification adds a full set of uncertainty interactions to equation (2), so both the baseline weight on the prior and its response to each treatment can differ by uncertainty level.

Table A5 presents the results. First, uncertain respondents place less weight on their prior even in the control group: their beliefs are less persistent, as Bayesian updating predicts. Second, the treatment effects on the weight of the prior do not depend on uncertainty. The triple interactions *Prior* $\times$ *Treatment* $\times$ U are jointly insignificant for homeowners ($p = 0.21$) and renters ($p = 0.87$). For mortgagors we reject joint insignificance ($p = 0.03$), but the rejection comes from a positive coefficient on the FOMC treatment: uncertain mortgagors discount their priors *less*, not more. This runs against an uncertainty-based account of the updating patterns.

Hence, the heterogeneity in updating across housing groups is not an artifact of renters' higher uncertainty.

Trust in the information source

An alternative explanation is that renters perceive the information treatments as less credible. If so, they would place less weight on the signals and rely more heavily on their prior beliefs, generating a pattern that could be mistaken for inattention. Two pieces of evidence weigh against this. First, using a question eliciting trust in the U.S. Federal Reserve, available in one survey wave (2023:Q3), we find that differences across housing groups are economically small: renters display no significantly lower trust than homeowners (Appendix Table A6). Second, the trust explanation has another prediction. Information about past inflation can be verified, whereas the inflation target and the FOMC forecast concern future outcomes and are therefore less directly verifiable; if differences in credibility were driving our results, respondents should place greater weight on the past-inflation signal than on the forward-looking ones. The data reject this prediction. Across all housing groups, respondents place the greatest weight on their priors following the past-inflation treatment and the least weight following the inflation-target and FOMC-forecast treatments—that is, they respond least to the only signal that can be directly verified. This pattern is inconsistent with an explanation based on differential trust in the information source.

Correlated characteristics rather than homeownership

A third possibility is that the observed heterogeneity reflects characteristics correlated with housing status rather than homeownership itself. Homeowners and renters differ systematically in several observable dimensions, including income, education, age, and location, that may independently affect belief updating. Although random assignment within housing groups ensures identification of the treatment effects, and the inverse probability weights account for observable selection into homeownership, we further assess this possibility by augmenting our baseline specification with a rich set of demographic controls: gender, age and age squared, number of children, household size, region, income group, and education group. These controls capture several alternative mechanisms. Age proxies for lifetime inflation experience (Malmendier & Wellsjo, 2024), region absorbs differences in local economic conditions, income captures socioeconomic status beyond housing status, while education proxies for individuals' understanding of macroeconomic concepts (Piccolo et al., 2026) and is correlated with financial literacy (Lusardi & Mitchell, 2014). If the estimated heterogeneity merely reflected these correlated characteris-

tics, controlling for them should attenuate the differences across housing groups.

We find (Appendix Figure A6) that estimated treatment effects remain virtually unchanged: homeowners continue to place greater weight on their prior beliefs, whereas renters rely more heavily on the experimental information. Hence, the observed heterogeneity cannot be explained by observable demographic differences correlated with housing status.

4 Inflation expectations and household spending

The previous section documents that housing status affects how attentive households are to inflation. However, these results do not tell us how households use this information for their spending decisions. For example, homeownership can relax financial frictions and thus can make consumer spending more sensitive to changes in inflation expectations. This section studies whether there is indeed a difference in the propensity to spend on durable and nondurable goods across various groups. In particular, we leverage RCT-induced variation in beliefs to estimate causal effects of inflation expectations on spending.

4.1 IV approach

To assess how exogenous changes in inflation expectations influence spending decisions, we exploit the variation in beliefs induced by the information treatments, using an instrumental variables (IV) approach. This strategy allows us to isolate the causal effect of inflation expectations on household spending behavior by leveraging the random assignment of treatments as an exogenous source of variation in expectations.

Following Coibion and Gorodnichenko (2026), we estimate the effects of inflation expectations on each category of durable goods:

$$\begin{aligned} y_{t+1,i} =& \beta^g \textit{Posterior}_{t,i} + \psi^g \textit{Prior}_{t,i} \\ &+ \textit{controls}_{t,i} + \textit{wave dummies} + \textit{error} \\ &\text{for } g \in \{\text{Homeowners, Mortgagors, Renters}\} \end{aligned} \tag{4}$$

The dependent variable $y_{t+1,i}$ measures household spending and is defined as either durable purchases (extensive margin) or nondurable expenditure (intensive margin). The vector *controls* includes demographic and socioeconomic characteristics — such as gender, age, age squared,

number of children, household size, region, income categories, and education[10] — as well as wave dummies to capture time fixed effects. Note that since all survey waves include both treated and control respondents, any aggregate changes in consumption patterns or other common shocks during this unusual period are differenced out by the experimental design. To deal with outliers and other influential observations, we use the jackknife procedure recommended in Coibion and Gorodnichenko (2026).

Our key regressor of interest is posterior inflation expectations (*Posterior*), which we instrument using equation (2). The coefficients β^g capture the *causal* effect of inflation expectations (exogenously moved by the information treatments) on consumer spending in the months following the treatments for each housing status group g. To be clear, the coefficients on *Prior* and other regressors do not have causal interpretations.

4.2 Durable spending

First, our analysis focuses on the extensive margin of durable consumption, defined as whether households report purchasing durable goods in the period following the treatments. Durable spending is measured in the subsequent wave, conducted one quarter after treatment, where households are asked to report whether they had purchased a house or apartment, a car or other vehicle, or a large home appliance or electronic product in the preceding six months. Summary statistics (Table 1) indicate that, across waves, approximately 11% of respondents report purchasing a large home appliance or electronic product, 7% report purchasing a car, and less than 2% report purchasing a home.

We estimate equation (4) using $\textit{BoughtDurables}_{t+1} \times 100$ as the dependent variable, where $\textit{BoughtDurables}_{t+1}$ is an indicator equal to one if respondent i reports purchasing a durable good in the subsequent wave of the survey. We also control for respondents' plans to buy the corresponding durable good over the next 12 months.

We observe a clear pattern in the estimates (Table 5). Homeowners, both with and without mortgages, show a statistically significant increase in the probability of purchasing durable goods in response to higher inflation expectations. For homeowners with a mortgage, a 1 percentage point increase in inflation expectations leads to a 1 percentage point increase in the likelihood of purchasing a durable good of any kind. The propensity to spend reaches 1.5 percentage points

[10]Our results remain robust to including uncertainty in prior inflation expectations as an additional control. Inflation uncertainty is measured as the variance of the subjective probability distribution for inflation (see Appendix B for the question wording).

for homeowners without mortgages.[11] Disaggregating by category, the effect remains statistically significant for car purchases and big-ticket items. However, the effect is not significant for housing purchases, likely reflecting the low incidence of home purchases within the sample.

In contrast, renters display no significant response to changes in inflation expectations. For this group, the estimated effects are close to zero and lack statistical significance, suggesting that higher inflation expectations do not translate into changes in durable spending behavior.[12]

4.3 Nondurable spending

To examine whether the exogenous variation in inflation expectations induced by the treatment affects nondurable spending, we merge our survey data with detailed household expenditure data from the Nielsen Homescan panel. The Nielsen data provide high-frequency information on household purchases, primarily covering nondurable goods. Participating households are equipped with scanning devices and record each purchase, generating detailed and timely measures of spending.

Because scanner data are available at higher frequencies, we aggregate spending to the monthly frequency.[13] To limit measurement error and the influence of extreme values, we exclude households flagged by Nielsen for insufficient reporting[14] and observations with implausibly low or high spending (below $20 per capita or above $5,000 per household per month).[15]

We estimate equation (4) using log total nondurable spending as the dependent variable. Using monthly aggregation, Figure 8 shows that in the first three months following the treatment, renters significantly increase nondurable spending. In contrast, spending responses are not statistically significant for homeowners and are negative for mortgagors. At longer horizons (4, 6, and 12 months), the effect for renters dissipates, while homeowners and mortgagors exhibit mild negative responses. The economic magnitude of the estimated responses is fairly small, which is

[11] The magnitude of these effects is comparable to estimates from other surveys, such as Georgarakos et al. (2024), who analyzes a European sample.

[12] One might be concerned that the strength of the instrument varies across homeownership groups. This is not the case in our data: the first-stage F-statistics exceed the conventional threshold of 10 for all combinations of homeownership status and durable good category, both in the specifications with estimation weights (Table 5) and without (Table A7). In addition, we re-estimate all specifications with LIML, which is more robust to weak instruments: the results are comparable in terms of magnitude and significance.

[13] We also consider "survey-wave" frequency which measures cumulative spending between the treatment wave and the subsequent wave. Results are broadly similar and are reported in the appendix (Figure A7)

[14] Nielsen applies internal sample filters requiring households to meet a minimum monthly expenditure threshold, adjusted for household size, to remain in the panel.

[15] Observations removed under these criteria account for 0.65% of households in our sample.

consistent with a low intertemporal elasticity of substitution of nondurable spending covered by Nielsen.

4.4 Margins and channels of adjustment

Our analysis shows that the response of consumption to inflation expectations differs sharply across homeownership groups and spending categories. Homeowners—both with and without mortgages—adjust durable purchases when inflation expectations move, while exhibiting little response in nondurables. Renters display the opposite pattern: no systematic response in durables, but a short-run increase in nondurable spending.

Inflation expectations can affect consumption through multiple channels. Higher expected inflation lowers the relative price of current consumption, generating an intertemporal substitution motive. At the same time, inflation expectations may signal lower real income or heightened macroeconomic uncertainty, dampening spending (Candia et al. 2020, Coibion et al. 2022, Coibion et al. 2023). Our IV strategy identifies the *net* effect of these competing forces.

Exploiting the panel structure of our data and the time variation in inflation, we examine how the relative strength of these mechanisms varies across homeownership groups. Figure 9 shows that during the high-inflation periods of 2021–2022, higher inflation expectations increase durable purchases, consistent with a dominant intertemporal substitution effect. When inflation declines sharply in 2023Q3, the effect turns negative, consistent with a stronger income or uncertainty channel. Crucially, this time variation is largely driven by homeowners. Renters exhibit no durable response across periods. Thus, consistent with Candia (2024), the effect of inflation expectations on durable purchases depends on the inflation environment, but this pattern is likely driven by homeowners' behavior.

Households, however, need not adjust all spending categories symmetrically. Durable purchases are lumpy and often require financing, whereas nondurables are high-frequency and more easily adjusted. The same shift in expectations may therefore be implemented along different margins depending on financial capacity. Our results point toward a constraints-based interpretation in which renters face binding liquidity and borrowing frictions on the durable margin. Durable purchases typically require access to credit, while renters face spending commitments such as rent (Chetty and Szeidl 2007) and are more likely to be financially constrained. Figure 10 supports this mechanism: the effect of inflation expectations on durable spending is significant among unconstrained households but close to zero for individuals with liquidity constraints,

defined as the inability to cover an unexpected expense equal to one month of income.[16]

This evidence suggests that financial constraints can be a key factor behind renters' lack of durable adjustment. To examine how financial constraints interact with housing status, we estimate a specification that allows the effect of inflation expectations on durable purchases to vary jointly by housing status and liquidity constraints. The results (Figure 11) show that the durable response is concentrated among unconstrained outright homeowners and mortgagors: for both groups, higher inflation expectations significantly raise the probability of purchasing a durable good in the months following the treatment, with effects roughly twice the size of the corresponding baseline estimates. Constrained homeowners, if anything, reduce durable spending, consistent with higher expected inflation representing a shock to their purchasing power. Crucially, renters do not adjust durable purchases regardless of their constraint status: even renters with sufficient resources to cover an unexpected expense show no significant response. This finding indicates that liquidity constraints do not account for the asymmetry across housing status groups. Rather, the two dimensions operate at distinct margins: housing status determines whether the durable margin is relevant to the household, while liquidity determines whether it can be exercised. We interpret the baseline asymmetry accordingly: homeownership shapes the set of adjustment margins available to the household, and financial constraints govern the capacity to act on them.

The time variation provides further support. When inflation rises, constrained households may be unable to move forward durable purchases because doing so requires borrowing. When inflation falls, however, reducing spending does not require relaxing a borrowing constraint. Consistent with this asymmetry, Figure 9 shows that in 2023Q3—the period of sharp inflation decline—the effect of posterior inflation expectations on durable spending turns negative across groups and is nearly significant for renters. This pattern aligns with the view that renters are constrained primarily on the expansion margin.

The nondurable evidence offers a complementary test of this mechanism. Following the treatment, renters increase nondurable spending in the first three months, with the effect dissipating thereafter. This short-lived response is consistent with front-loading or stockpiling of nondurable, storable goods when higher prices are anticipated, followed by offsetting adjustments as the budget constraint binds.

[16]The wording of the question is: "Suppose that you had to make an unexpected payment equal to one month of your after-tax income, would you have sufficient financial resources (access to credit, savings, loans from relatives or friends, etc.) to pay for the entire amount? Yes/No/Don't know/Prefer not to answer". Holding household characteristics constant, renters in our dataset are 15% more likely to be liquidity constrained than homeowners.

Collectively, the evidence suggests that heterogeneity in consumption responses reflects differences in balance-sheet capacity. Inflation expectations shift desired spending, but households adjust along the margin they can afford: homeowners primarily through durables, and renters—when they respond—through short-run nondurable spending.

5 Conclusion

Our central finding is a negative covariance between belief updating and spending response: the households whose inflation expectations are easiest to shift (renters) are not those whose spending on durable goods responds, while the households that do adjust durables (homeowners) update their beliefs more modestly. This disconnect has direct consequences for how we measure the expectation–spending link, design central bank communication, and model the transmission of inflation expectations in heterogeneous-agent frameworks.

Three findings drive this conclusion. First, when exposed to identical information treatments about past inflation, the Fed's target, or the FOMC's forecast, renters revise their expectations more than homeowners, consistent with lower baseline attentiveness to inflation dynamics. Second, when expectations are exogenously raised, homeowners increase durable purchases while renters show no response on this margin. Third, renters instead adjust nondurable spending in the short run, a margin that is less sensitive to credit constraints. Together, these patterns imply that the available margin of adjustment, not just the direction of the belief revision, can determine how expectations translate into demand.

For central bank communication, our results identify a transmission bottleneck. Forward guidance and other public announcements could be effective at moving the beliefs of renters, that is, the group least likely to adjust durable spending in response. On the other hand, homeowners, whose spending does respond, are less sensitive to public signals because they are more informed. Targeted strategies (e.g., embedding inflation information in mortgage-related communications or linking forward guidance to housing-market conditions) may improve the alignment between reach and impact. More broadly, our findings highlight the potential complementarity between communication policies and interventions that relax binding financial constraints: shifting renters' expectations has limited demand effects when those households cannot act on the durable margin, whereas even modest expectation shifts among unconstrained homeowners generate measurable spending responses.

For quantitative macroeconomic models, our findings suggest three features to target. First,

the Kalman gain governing expectation updating should vary with housing status, not just income or wealth. Standard HANK models typically allow heterogeneity in marginal propensities to consume but assume homogeneous information processing; our evidence is inconsistent with this assumption. Second, the marginal propensity to spend on durables out of an expectation shock is concentrated among asset-rich, unconstrained households, which is the opposite of the standard MPC ranking for income shocks. This implies that the distributional incidence of expectation-driven demand can differ qualitatively from demand induced by transfers. Third, the aggregate demand response to an inflation expectations shock is smaller than a representative-agent model would predict, because the households that update the most contribute the least to demand for durables. Calibrating these features requires data on the joint distribution of attention and spending capacity, which our experiment provides.

Several caveats apply. Our durable spending measure captures the extensive margin only. The nondurable spending data from the Nielsen Homescan panel primarily cover only grocery and household items. Housing status is not randomly assigned; despite our inverse probability weighting approach, residual selection into homeownership cannot be ruled out entirely. Finally, our sample period (2021–2023) spans an unusual inflationary episode characterized by rapid price increases followed by sharp disinflation. Whether the documented patterns extend to low-inflation environments remains an open question. Future research could address these concerns by linking experimental variation to administrative credit records, by repeating the design in low-inflation environments, or by distinguishing between rent-specific and aggregate inflation signals. In addition, one could further explore the channels through which inflation expectations influence consumption decisions across different household groups, paying particular attention to the role of information frictions, credit constraints, and wealth dynamics. In any case, the current evidence has a clear message: whose expectations matter for aggregate demand depends not only on who updates their beliefs, but on who can act on them, and these are not the same households.

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Variable	Total	2021Q2	2021Q3	2022Q3	2022Q4	2023Q3
No. observations	26443	8238	2929	4114	5182	5980
Homeowner	39.52	38.76	38.89	39.01	40.45	40.42
Mortgagor	37.03	38.95	38.65	35.49	34.79	36.61
Renter	23.45	22.29	22.47	25.5	24.76	22.98
Control group	46.13	71.56	24.89	61.93	29.06	25.43
Treatment: past inflation	18.1	9.55	24.92	12.81	23.79	25.22
Treatment: inflation target	17.94	9.48	25.23	12.71	23.81	24.52
Treatment: FOMC forecast	17.83	9.41	24.96	12.54	23.33	24.83
Did buy durable good	18.49	17.96	18.13	20.06	17.12	19.5
Did buy a car	7.34	7.92	6.33	7.22	6.63	7.63
Did buy a house	1.73	1.86	1.89	1.64	1.85	1.43
Did buy a big ticket item	11.2	9.9	11.92	13.21	10.16	12.28
No. observations	19276	6558	2092	2883	3408	4335
Mean non-durable spending ($/month)	868.48	859.6	800.03	863.47	958.07	848.37

Table 1: **Sample size and distribution of key variables, by wave**. Durable consumption is measured as a binary indicator (yes/no) based on purchases reported one wave after treatment. The sample is restricted to observations with non-missing values for homeownership, treatment assignment, and prior and posterior inflation expectations. As a result, there are no missing values for homeownership status or treatment assignment in the final estimation sample.

Variables	Renters	Mortgagors
Gender: female	-0.054 (0.018)***	0.048 (0.016)***
Age	-0.022 (0.003)***	0.020 (0.003)***
Age square/100	-0.028 (0.003)***	-0.042 (0.003)***
Has children	0.308 (0.029)***	0.298 (0.027)***
Household size	-0.130 (0.009)***	-0.001 (0.008)
Region: East	-0.195 (0.025)***	-0.277 (0.024)***
Region: Central	-0.497 (0.024)***	-0.154 (0.022)***
Region: South	-0.466 (0.022)***	-0.189 (0.020)***
Income under $5000	1.208 (0.050)***	-0.847 (0.056)***
Income bracket $5000-$7999	1.253 (0.077)***	-0.941 (0.092)***
Income bracket $8000-$9999	1.685 (0.071)***	-0.804 (0.087)***
Income bracket $10,000-$11,999	1.535 (0.058)***	-0.835 (0.069)***
Income bracket $12,000-$14,999	1.482 (0.050)***	-0.770 (0.056)***
Income bracket $15,000-$19,999	1.437 (0.042)***	-0.554 (0.044)***
Income bracket $20,000-$24,999	1.286 (0.038)***	-0.522 (0.038)***
Income bracket $25,000-$29,999	1.202 (0.038)***	-0.409 (0.036)***
Income bracket $30,000-$34,999	1.069 (0.037)***	-0.342 (0.035)***
Income bracket $35,000-$39,999	0.998 (0.039)***	-0.270 (0.036)***
Income bracket $40,000-$44,999	0.938 (0.040)***	-0.203 (0.036)***
Income bracket $45,000-$49,999	0.877 (0.039)***	-0.236 (0.035)***
Income bracket $50,000-$59,999	0.778 (0.033)***	-0.190 (0.028)***
Income bracket $60,000-$69,999	0.704 (0.036)***	-0.016 (0.030)
Income bracket $70,000-$99,999	0.450 (0.028)***	0.004 (0.022)
No college	0.042 (0.021)**	-0.074 (0.019)***
Some college	0.193 (0.019)***	0.039 (0.017)**
Constant	1.549 (0.095)***	0.544 (0.093)***
Observations	76193	76193

Table 2: **Multinomial probit regression used to compute the IPW**. The group of homeowners without mortgage is the base outcome. The omitted categories are: “West" for the variable region; “Graduate" for the variable education; “Income bracket 100,000-124,999" for the variable income.

	Panel A (Weighted)					Panel B (Unweighted)				
Group	Mean	St.Dev.	p10	Median	p90	Mean	St.Dev.	p10	Median	p90
Pooled data										
Whole Sample	5.76	3.79	1	5.5	11.05	5.92	3.97	1	5.7	12
Homeowners	5.72	3.81	1	5.35	11.2	5.94	3.93	1	5.7	12
Mortgagors	5.79	3.76	1	5.6	11	5.94	3.89	1	5.75	11.6
Renters	5.79	3.81	1	5.7	11.05	5.85	4.16	.41	5.51	12
2021Q2										
Whole Sample	4.67	3.51	1	3.65	10	4.9	3.74	.98	3.9	10.45
Homeowners	4.58	3.48	1	3.5	10	4.86	3.71	1	3.76	10.4
Mortgagors	4.73	3.49	1	3.75	10	4.92	3.67	1	3.9	10.4
Renters	4.72	3.58	.9	3.75	10	4.91	3.9	.34	4.01	10.82
2021Q3										
Whole Sample	5.17	3.59	1	4.57	10.2	5.37	3.82	.82	4.85	11
Homeowners	5.35	3.74	1	4.8	11	5.49	3.81	1	5	11.6
Mortgagors	5.12	3.44	1	4.57	10	5.28	3.65	1	4.8	10.44
Renters	5.01	3.61	.81	4.4	10.38	5.33	4.11	.2	4.77	12
2022Q3										
Whole Sample	7.15	3.87	1.6	7	12.4	7.12	4.01	1.2	7	12.8
Homeowners	7.08	3.87	1.6	6.8	12.4	7.22	3.96	1.5	7.05	12.8
Mortgagors	7.18	3.84	1.42	7.24	12.2	7.21	3.93	1.35	7.29	12.64
Renters	7.2	3.9	1.78	7.05	12.67	6.84	4.17	.8	6.8	12.67
2022Q4										
Whole Sample	6.7	3.74	1.27	6.25	12	6.77	3.96	1	6.4	12.05
Homeowners	6.59	3.79	1.2	6.06	11.85	6.8	3.86	1.25	6.25	12
Mortgagors	6.71	3.75	1.4	6.35	12	6.82	3.88	1.2	6.5	12
Renters	6.79	3.68	1.32	6.45	11.7	6.64	4.23	.45	6.41	12.61
2023Q3										
Whole Sample	5.73	3.74	1	5.4	11.12	6.02	3.94	1	5.7	12
Homeowners	5.68	3.75	1	5.3	11.2	5.97	3.88	1	5.7	12
Mortgagors	5.98	3.75	1.15	5.7	11.45	6.2	3.86	1.11	5.93	12
Renters	5.5	3.7	.6	5.15	11	5.84	4.15	.24	5.45	12

Table 3: **Summary statistics of prior inflation expectations, by wave and by homeownership status.** The summary statistics presented in panel A account for estimation weights as defined in section 2.3, while those in panel B are computed without weighting.

	(1) Posterior	(2) Posterior	(3) Posterior
Prior	0.610***	0.597***	0.576***
	(0.010)	(0.010)	(0.012)
Treatment: past π	0.893***	0.873***	1.188***
	(0.116)	(0.121)	(0.152)
Treatment: π target	0.168	0.047	0.313**
	(0.111)	(0.111)	(0.133)
Treatment: FOMC forecast	0.096	0.207*	0.493***
	(0.109)	(0.110)	(0.130)
Prior x Treatment: past π	-0.193***	-0.196***	-0.213***
	(0.018)	(0.018)	(0.022)
Prior x Treatment: π target	-0.279***	-0.272***	-0.365***
	(0.018)	(0.018)	(0.020)
Prior x Treatment: FOMC forecast	-0.298***	-0.366***	-0.393***
	(0.018)	(0.018)	(0.020)
Constant	3.480***	3.612***	3.491***
	(0.092)	(0.093)	(0.112)
Observations	10144	9416	5764
R-squared	0.439	0.439	0.449
Housing group	H	M	R

Table 4: **Effect of prior expectations and information treatments in the formation of posterior expectations, by homeownership status.** Estimates obtained through weighted OLS, using weights defined in Section 2.3. Table A2 presents the unweighted results. Pooled data from waves 2021Q2, 2021Q3, 2022Q3, 2022Q4, 2023Q3. Including wave fixed effects. Robust standard errors in parentheses, clustered by household. */**/*** refer to p-values lower than 0.10/0.05/0.01, respectively. Table A3 reports the p-values from tests assessing whether the weight of the prior differs significantly between homeownership groups.

Category: Bought home/car/big item						
Item	Homeownership status	Posterior	Std. Error	Observations	R-squared	First stage F
Bought home/car/big item	H	1.485***	(0.550)	6205	0.049	99.355
Bought home/car/big item	M	1.037**	(0.492)	5260	0.066	126.536
Bought home/car/big item	R	0.693	(0.489)	2905	0.104	93.440
Category: Bought a car						
Item	Homeownership status	Posterior	Std. Error	Observations	R-squared	First stage F
Bought a car	H	0.698***	(0.241)	6196	0.023	101.020
Bought a car	M	0.699***	(0.243)	5250	0.049	130.271
Bought a car	R	0.279	(0.188)	2918	0.052	106.247
Category: Bought a big ticket item						
Item	Homeownership status	Posterior	Std. Error	Observations	R-squared	First stage F
Bought a big ticket item	H	1.272***	(0.384)	6201	0.043	102.285
Bought a big ticket item	M	1.198***	(0.313)	5240	0.059	130.018
Bought a big ticket item	R	0.234	(0.297)	2920	0.073	96.953
Category: Bought a home						
Item	Homeownership status	Posterior	Std. Error	Observations	R-squared	First stage F
Bought a home	H	0.013	(0.050)	6224	0.066	106.055
Bought a home	M	0.057	(0.039)	5275	0.023	135.985
Bought a home	R	0.078*	(0.046)	2940	0.039	108.195

Table 5: **Effect of Posterior t on having bought any durable good, a car, a big-ticket item, a home, in the last 6 months (wave $t+1$), by homeownership.** Estimates obtained with Jackknife technique. The estimation uses estimation weights defined in Section 2.3. Table A7 presents the unweighted results. First stage: posterior t instrumented using willingness to buy durables in t, prior, treatment dummies, and interactions between priors and treatment dummies. Controls: gender, age, age^2, children, household size, region, income categories, education, wave dummies. All variables in the 1st stage are measured in wave t. Pooled data from waves 2021Q2, 2021Q3, 2022Q3, 2022Q4, 2023Q3. Robust standard errors in parentheses, clustered by household. */**/*** refer to p-values lower than 0.10/0.05/0.01, respectively. Table A8 reports the p-values from tests assessing whether the effect of inflation expectations on durable purchases differs significantly between homeownership groups.

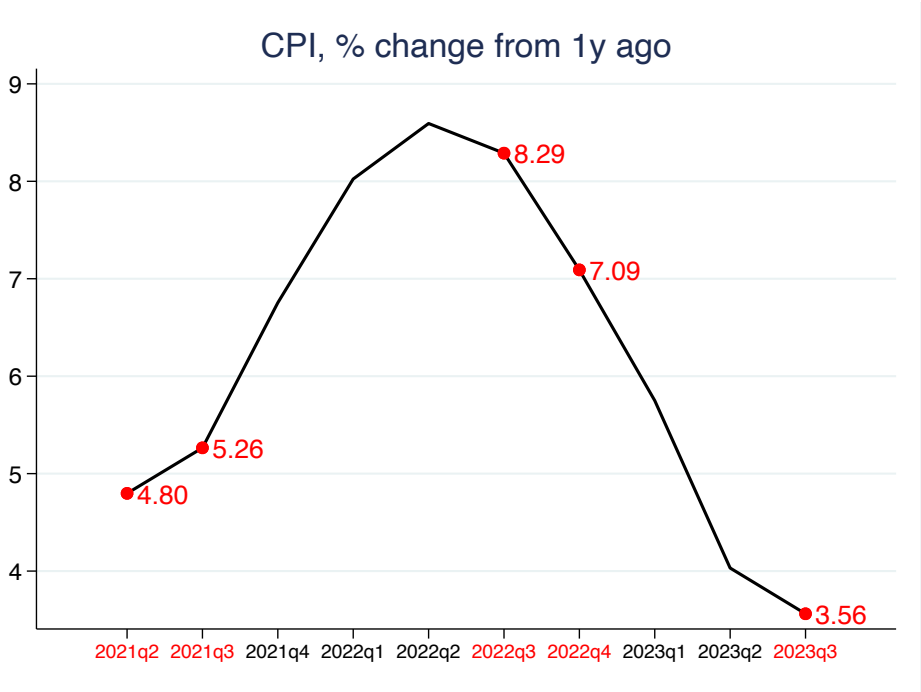

Figure 1: **Year-on-year Consumer Price Index (CPI) at quarterly frequency**. The red markers indicate the quarters during which the survey waves analyzed in this paper were conducted.
Source of the data: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CPIAUCSL, January 8, 2025.

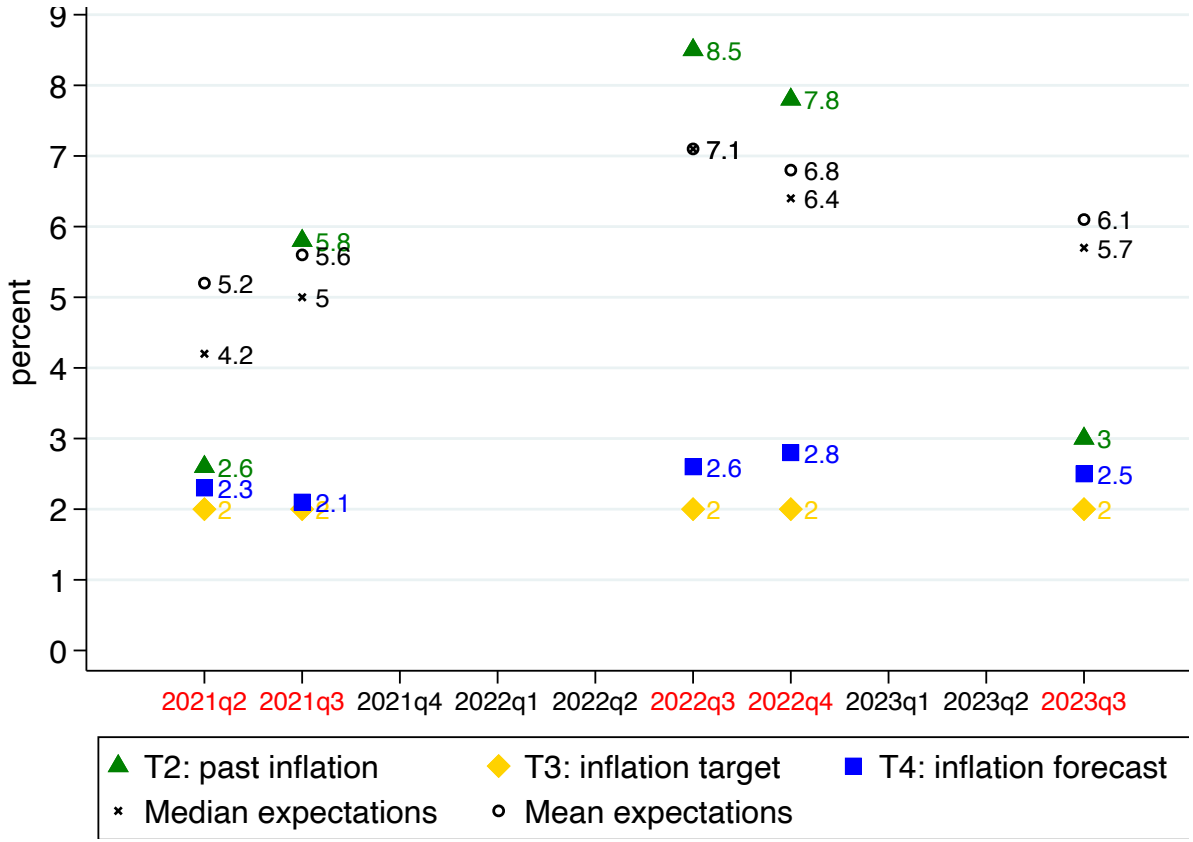

Figure 2: **Expectations and treatments**. The figure compares mean and median prior inflation expectations in each wave with the information treatments households received in each wave of the survey

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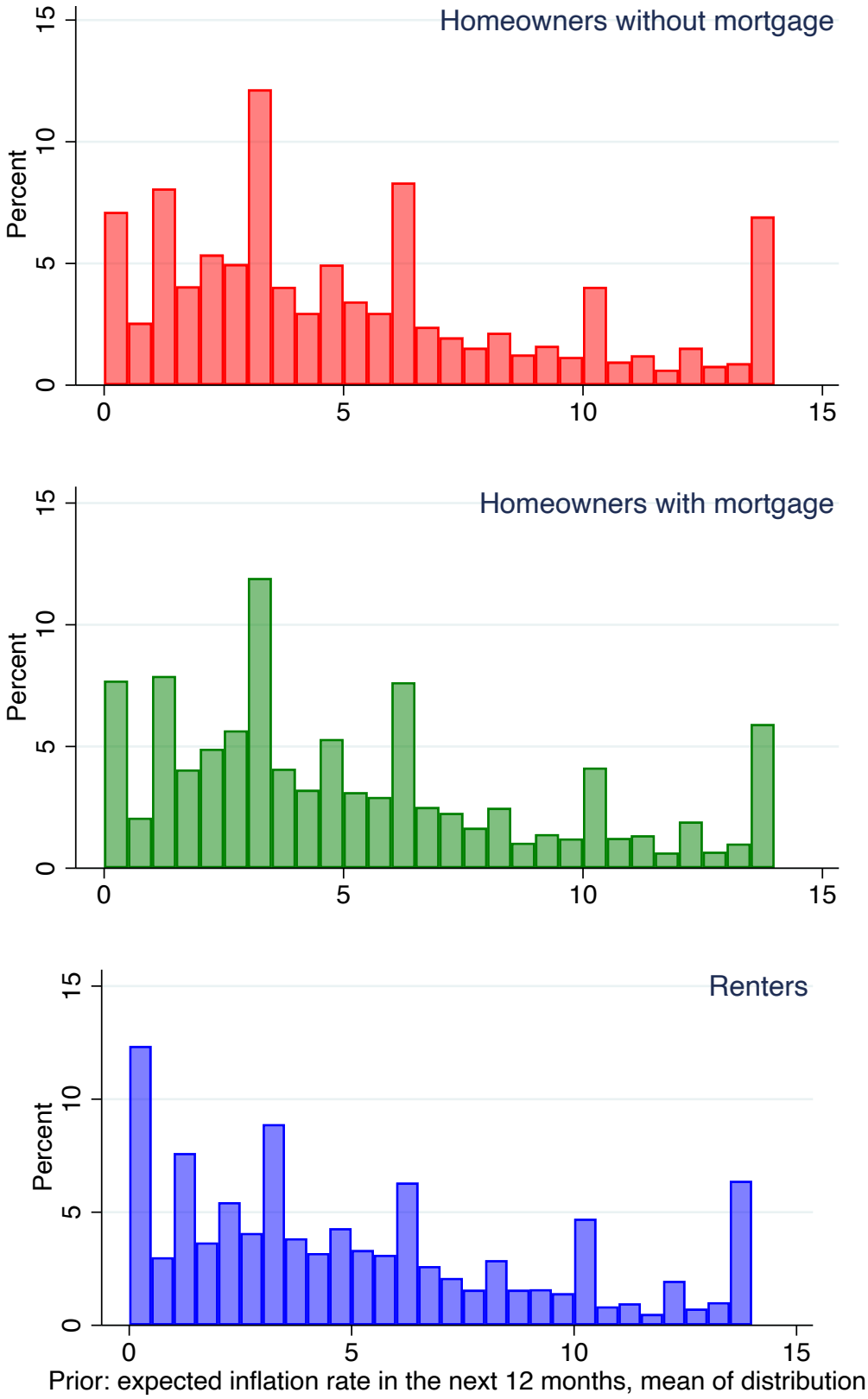

Figure 3: **Distribution of prior inflation expectations (implied mean) by homeownership status in wave 2021:Q2**.

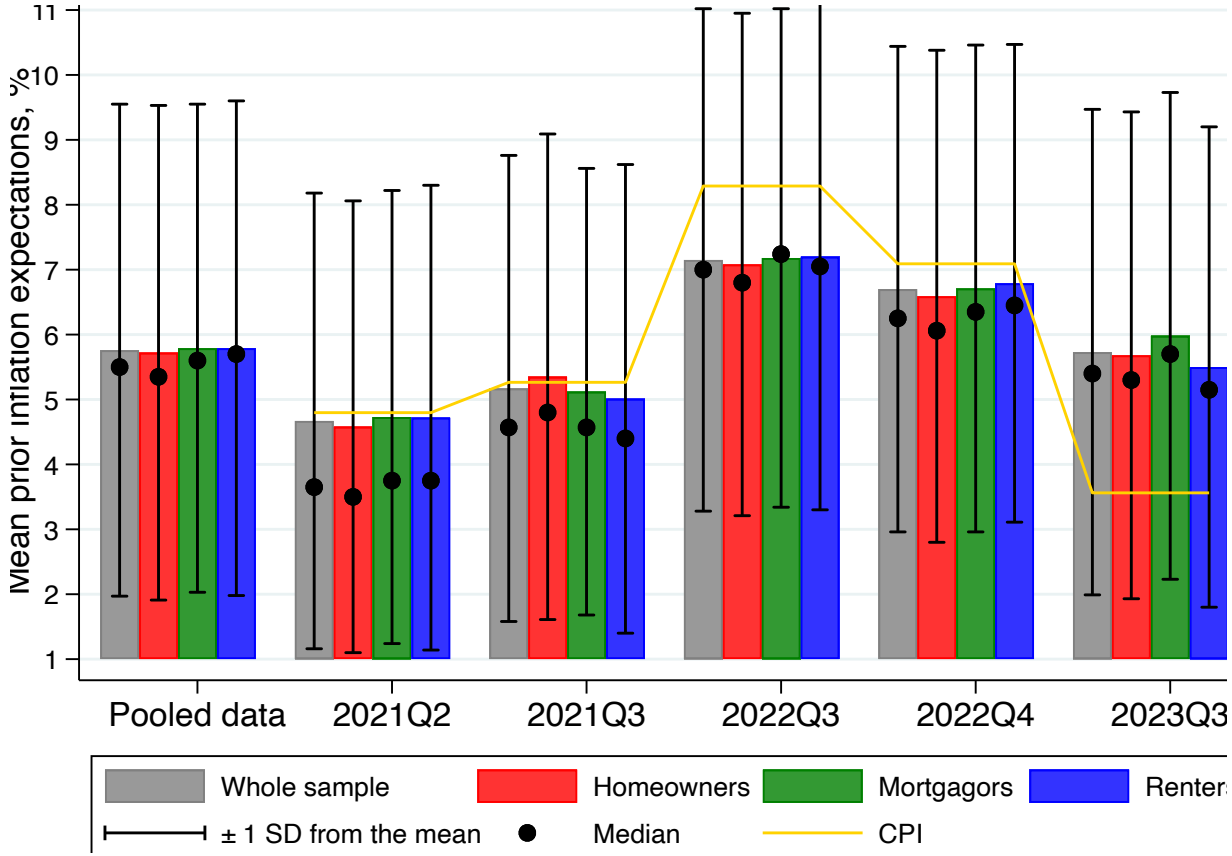

Figure 4: **Prior inflation expectations by wave and homeownership status**. The bars represent the mean expectation for each group, along with median expectations (black dots). The error bars represent one standard deviation above and below the mean. The yellow line represents the year-on-year Consumer Price Index (CPI) at the time of each wave (source of CPI data: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CPIAUCSL, January 8, 2025). All means, medians and standard deviations are computed using estimation weights as defined in Section 2.3.

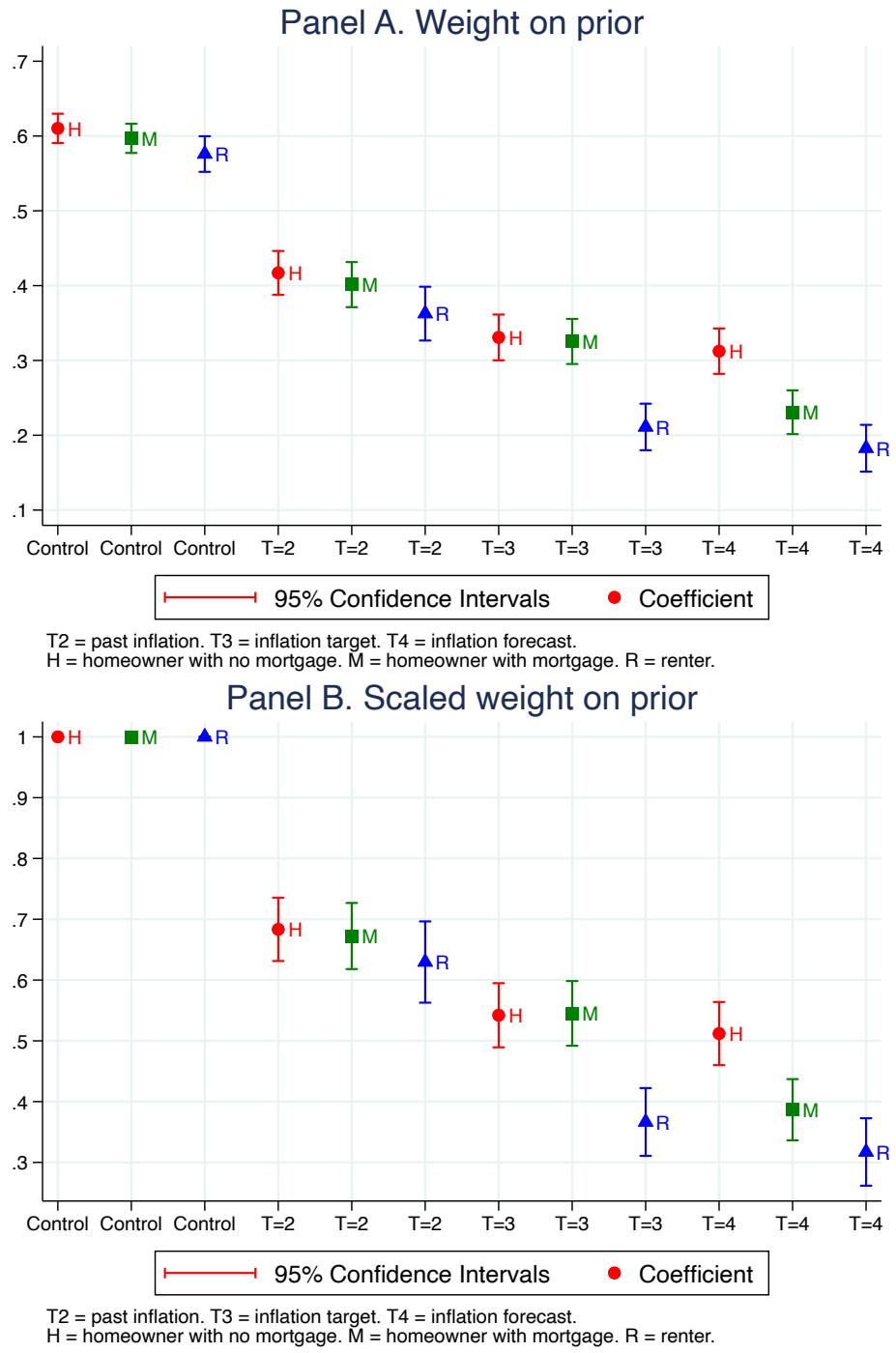

Figure 5: **Weight of the prior.** Panel A: The figure reports the weight assigned to prior inflation expectations in the formation of posterior expectations. The coefficients shown represent the linear combinations of regression estimates presented in Table 4, computed on the pooled data. Table A3 reports the p-values from tests assessing whether the weight of the prior differs significantly between homeownership groups. Panel B: The figure reports the scaled weight assigned to prior inflation expectations in the formation of posterior expectations. Scaling ensures that the weight of the prior for each homeownership status in the control group equals one, facilitating comparability across groups. The coefficients shown represent linear combinations of regression estimates presented in Table 4, normalized by the weight of the prior for the corresponding status group in the control group. All estimates are computed using estimation weights as defined in Section 2.3. Figure A2 presents the unweighted results.

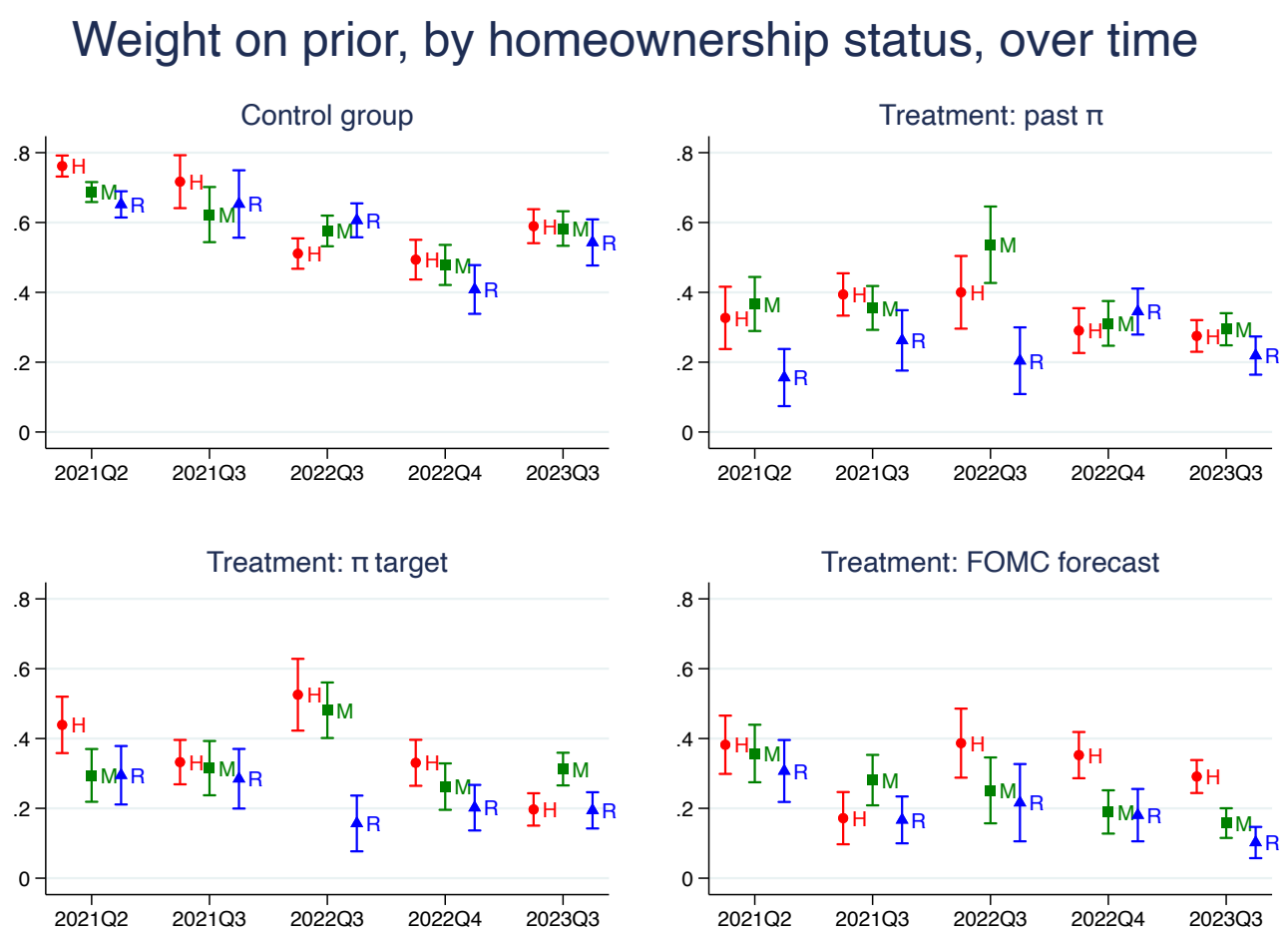

Figure 6: **Weight on prior, over time.** The figure reports the weight assigned to prior inflation expectations in the formation of posterior expectations, separately for each wave. All estimates are computed using estimation weights as defined in Section 2.3.

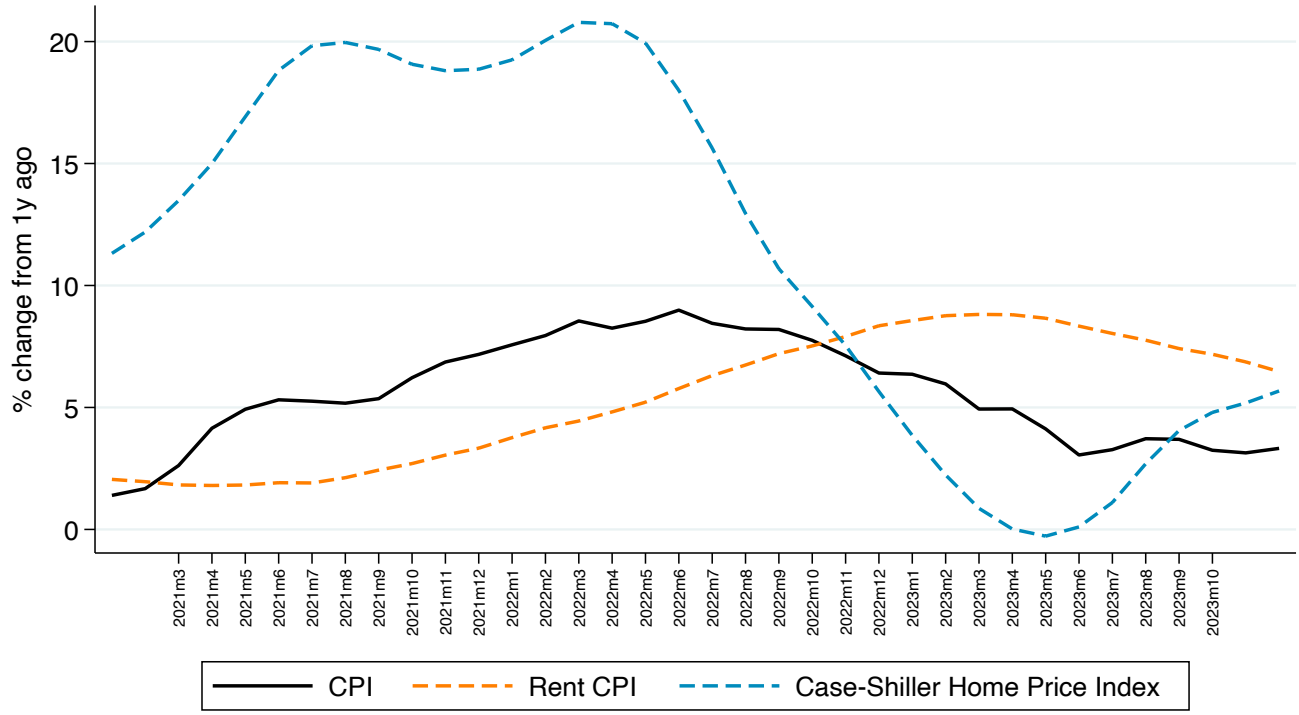

Figure 7: **CPI, rent CPI and Case-Shiller Home Price Index**. Monthly year-on-year CPI and CPI for rent on primary residence, during the time period covered by the survey waves. Source of CPI data: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CPIAUCSL, January 8, 2025. Source of CPI for rent on primary residence: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: Rent of Primary Residence in U.S. City Average [CUUR0000SEHA], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CUUR0000SEHA, January 9, 2025. Source for Case-Shiller Home Price Index: S&P Dow Jones Indices LLC, S&P CoreLogic Case-Shiller U.S. National Home Price Index [CSUSHPINSA], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CSUSHPINSA, March 5, 2025.

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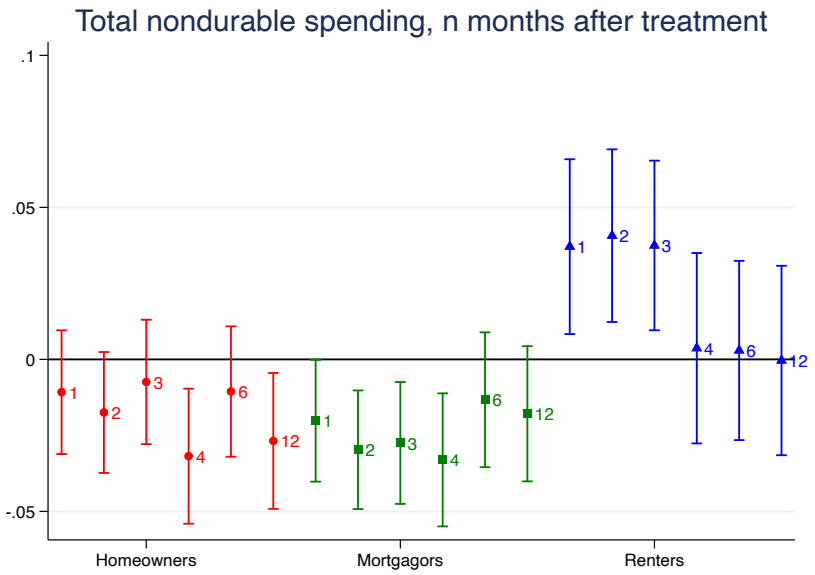

Figure 8: **Effect of inflation expectations on nondurable spending in the months following the treatment, by homeownership status.** Coefficients are estimated separately by homeownership group for spending in the 1st, 2nd, 3rd, 4th, 6th, and 12th months after treatment. All estimates use the estimation weights described in Section 2.3.

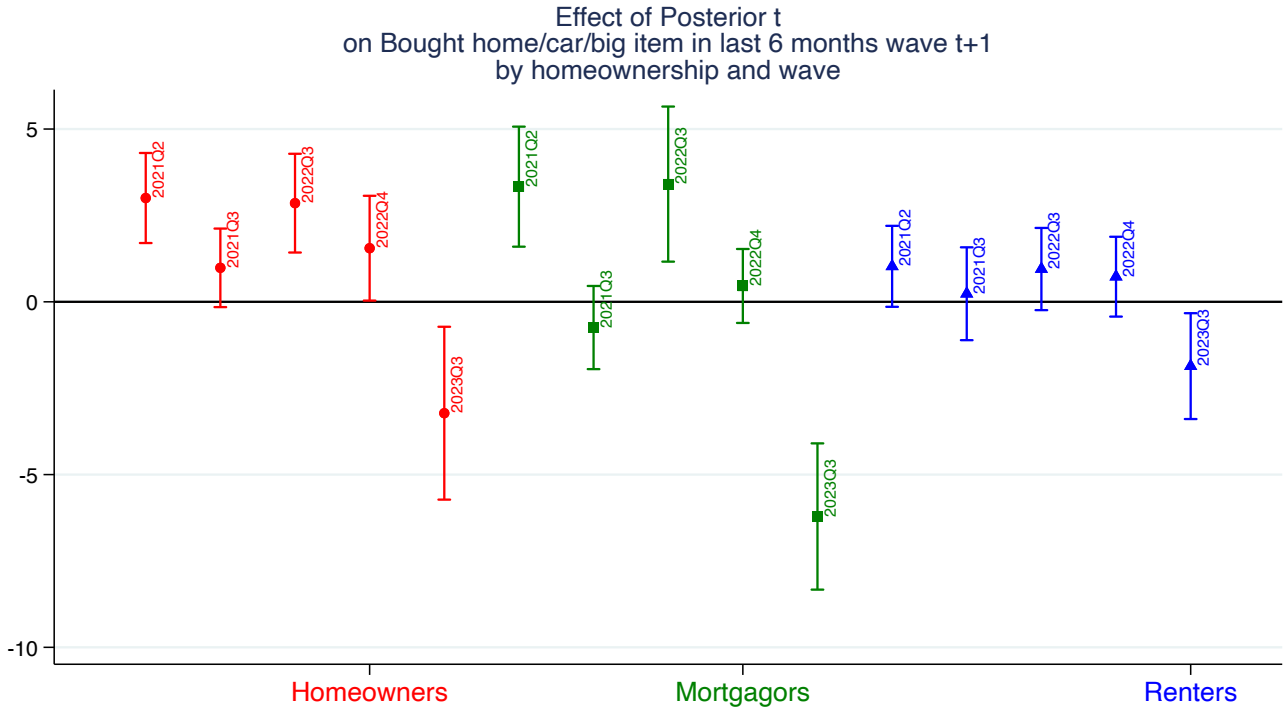

Figure 9: **Effect of inflation expectations on purchases of durable goods of any kind in the months following the treatment, by homeownership status and wave.** All estimates are computed using estimation weights as defined in Section 2.3. Figure A9 displays the unweighted results.

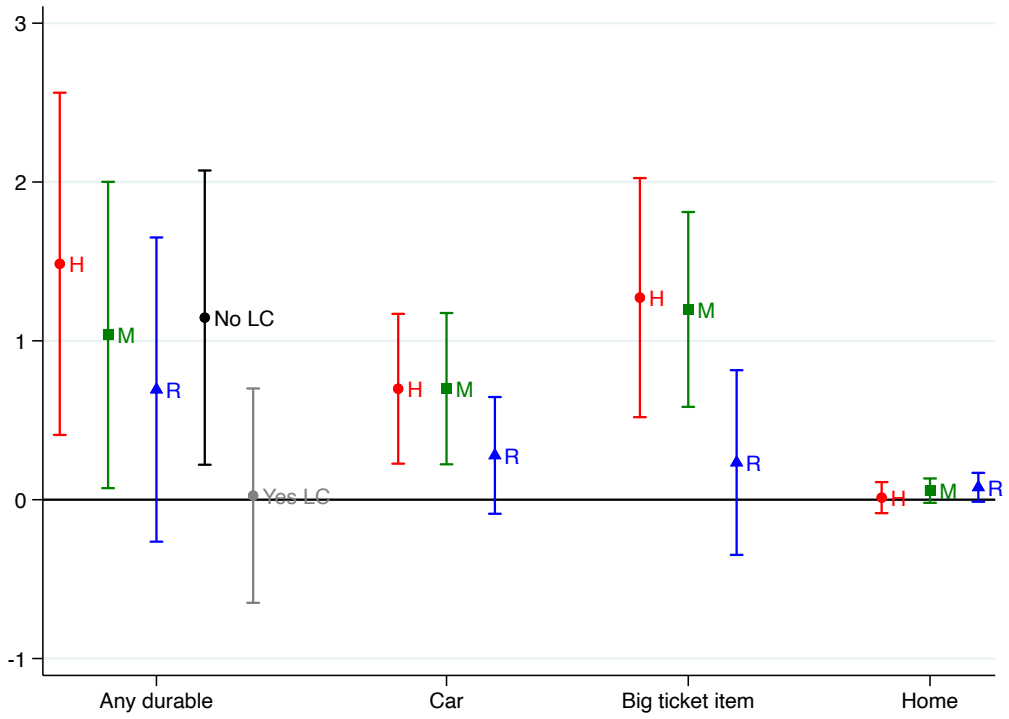

Figure 10: **Effect of inflation expectations on purchases of durable goods (cars, big items, homes) in the months following the treatment, by homeownership status.** The coefficients shown represent the linear combinations of regression estimates presented in Table 5, computed on the pooled data. The coefficients 'No LC' and 'Yes LC' correspond to individuals without and with liquidity constraints, respectively, where liquidity constraints are defined as the inability to cover an unexpected expense equal to one month of income (see Appendix B for question wording). All estimates are computed using estimation weights as defined in Section 2.3. Figure A8 displays the unweighted results.

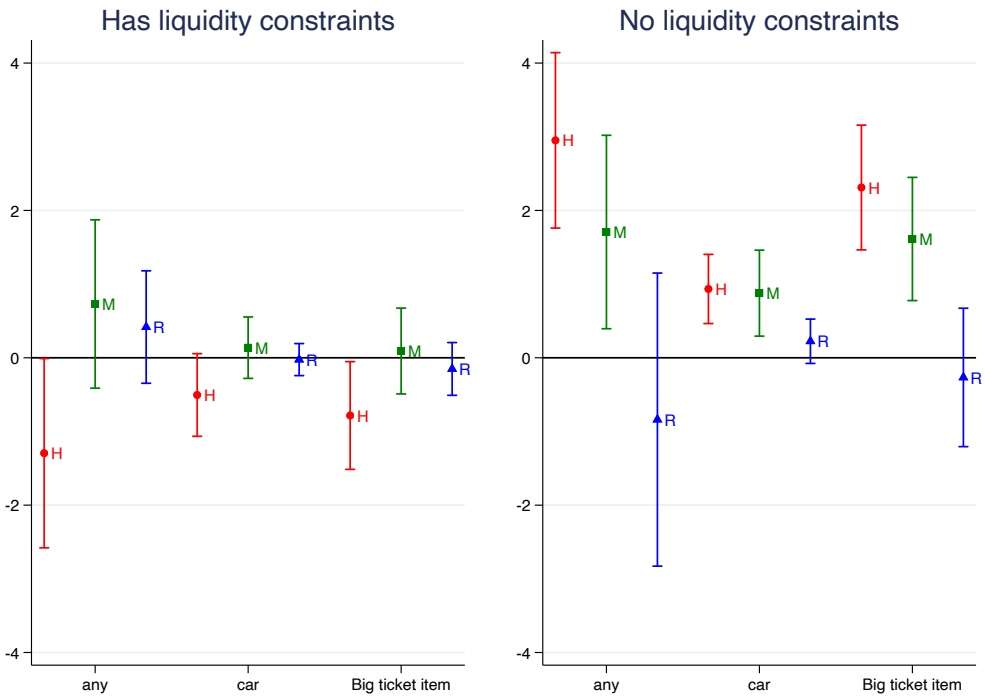

Figure 11: **Effect of inflation expectations on purchases of durable goods (cars, big items, homes) in the months following the treatment, by homeownership status and liquidity constraints**. Liquidity constraints are defined as the inability to cover an unexpected expense equal to one month of income (see Appendix B for question wording). Estimates are computed using estimation weights as defined in Section 2.3.

Online Appendix

Appendix A: Additional Tables and Figures

	Panel A (Weighted)		Panel B (Unweighted)	
Group	Mean	St.Dev.	Mean	St.Dev.
Pooled data				
Whole Sample	15.85	25.58	18.34	27.98
Homeowners	15.14	24.9	15.9	26.4
Mortgagors	15.13	24.63	16.84	26.23
Renters	17.52	27.32	24.81	31.97
2021Q2				
Whole Sample	12.81	22.74	15.49	25.51
Homeowners	11.79	21.44	13.41	23.8
Mortgagors	11.62	20.84	13.86	23.14
Renters	15.68	26.27	21.97	30.76
2021Q3				
Whole Sample	15.6	25.17	18.33	28.21
Homeowners	14.62	24.3	16.04	26.38
Mortgagors	14.73	23.82	16.53	26.68
Renters	17.78	27.56	25.38	32.45
2022Q3				
Whole Sample	16.56	25.69	19.38	28.34
Homeowners	16.2	25.34	17.24	27.3
Mortgagors	17.06	25.72	18.3	27.3
Renters	16.4	26.03	24.15	30.71
2022Q4				
Whole Sample	16.81	26.92	19.6	29.37
Homeowners	16.44	25.96	16.49	26.7
Mortgagors	16.84	27.55	18.68	28.93
Renters	17.18	27.3	25.97	32.97
2023Q3				
Whole Sample	18.58	27.49	20.45	29.3
Homeowners	17.66	27.31	17.73	28.51
Mortgagors	17.68	26.13	18.86	26.83
Renters	20.77	29.09	27.76	33.02

Table A1: **Summary statistics of uncertainty in inflation expectations, by wave and homeownership status**. Uncertainty is measured as the variance of the individual subjective distribution over future inflation, elicited by asking respondents to assign probabilities to bins for the 12-month inflation rate. The table reports the cross-sectional moments (mean and SD) of this variable by homeownership status and wave. Panel A applies estimation weights as defined in Section 2.3; Panel B reports unweighted statistics.

	Homeowners	Mortgagors	Renters
	(1)	(2)	(3)
	Posterior	Posterior	Posterior
Prior	0.505	0.490	0.383
	(0.018)***	(0.019)***	(0.025)***
Treatment: past π	0.258	-0.043	0.101
	(0.199)	(0.212)	(0.294)
Treatment: π target	-0.489	-1.037	-0.854
	(0.203)**	(0.199)***	(0.284)***
Treatment: FOMC forecast	-0.603	-0.745	-0.724
	(0.202)***	(0.212)***	(0.299)**
Prior x Treatment: past π	-0.097	-0.092	-0.124
	(0.030)***	(0.032)***	(0.041)***
Prior x Treatment: π target	-0.155	-0.132	-0.161
	(0.031)***	(0.031)***	(0.042)***
Prior x Treatment: FOMC forecast	-0.162	-0.201	-0.142
	(0.031)***	(0.033)***	(0.043)***
Constant	4.177	4.309	5.791
	(0.164)***	(0.168)***	(0.220)***
Observations	10450.000	9793.000	6200.000
R-squared	0.202	0.190	0.106
Housing group	H	M	R

Table A2: **Effect of prior expectations and information treatments in the formation of posterior expectations, by homeownership status.** Estimates obtained through OLS, without using estimation weights. Pooled data from waves 2021Q2, 2021Q3, 2022Q3, 2022Q4, 2023Q3. Including wave fixed effects. Robust standard errors in parentheses, clustered by household. */**/*** refer to p-values lower than 0.10/0.05/0.01, respectively.

	Control group
Comparison	P-value
Homeowners and Mortgagors	.329
Homeowners and Renters	.05
Mortgagors and Renters	.275
	Treatment group: past π
Comparison	P-value
Homeowners and Mortgagors	.926
Homeowners and Renters	.448
Mortgagors and Renters	.503
	Treatment group: π target
Comparison	P-value
Homeowners and Mortgagors	.757
Homeowners and Renters	.002
Mortgagors and Renters	.001
	Treatment group: FOMC forecast
Comparison	P-value
Homeowners and Mortgagors	.007
Homeowners and Renters	0
Mortgagors and Renters	.281

Table A3: **Significance of differences in prior weights for posterior inflation expectations across homeownership groups.** The null hypothesis states that prior weights are equal between the two groups. A p-value below 0.05 indicates rejection of the null, implying a significant difference in coefficients. P-values are derived from t-tests on regression coefficients in a model regressing posterior expectations on prior expectations, homeownership status dummies, treatment groups, and their interactions. The two groups are considered to assign the same weight to the prior if the coefficient of the relevant interaction term is not significant. Robust standard errors in parentheses, clustered by household. */**/*** refer to p-values lower than 0.10/0.05/0.01, respectively.

	Inflation Uncertainty
Renter	4.386***
	(0.353)
Mortgagor	-0.446
	(0.280)
Controls	Yes
R-squared	0.090
Observations	76193

Table A4: **Homeownership status and uncertainty in prior inflation expectations.** Uncertainty is measured as the variance of the subjective distribution of inflation expectations derived from the probability-bin question (see Appendix B for question wording). The regressors of interest are *Mortgagor* and *Renter*, with homeowners without a mortgage as the omitted category. Renters exhibit significantly higher uncertainty, while mortgagors are not statistically different from homeowners. Robust standard errors in parentheses, clustered by household. */**/*** refer to p-values lower than 0.10/0.05/0.01, respectively.

	(1) Posterior	(2) Posterior	(3) Posterior
Prior	0.657***	0.657***	0.635***
	(0.011)	(0.011)	(0.014)
Prior x Above-median uncertainty	-0.073***	-0.125***	-0.114***
	(0.023)	(0.021)	(0.026)
T (past π)	0.743***	0.905***	1.231***
	(0.134)	(0.137)	(0.198)
T (π target)	0.298**	0.336**	0.533***
	(0.132)	(0.133)	(0.175)
T (FOMC forecast)	0.145	0.625***	0.681***
	(0.123)	(0.133)	(0.159)
Above-median prior uncertainty	1.405***	1.583***	1.246***
	(0.136)	(0.131)	(0.163)
T (past π) x Above-median uncertainty	0.123	-0.169	-0.078
	(0.235)	(0.244)	(0.301)
T (π target) x Above-median uncertainty	-0.413*	-0.665***	-0.464*
	(0.223)	(0.222)	(0.259)
T (FOMC forecast) x Above-median uncertainty	-0.188	-1.096***	-0.312
	(0.224)	(0.218)	(0.255)
Prior x T (past π)	-0.159***	-0.194***	-0.220***
	(0.021)	(0.021)	(0.027)
Prior x T (π target)	-0.269***	-0.278***	-0.379***
	(0.022)	(0.022)	(0.025)
Prior x T (FOMC forecast)	-0.285***	-0.405***	-0.400***
	(0.021)	(0.022)	(0.024)
Prior x T (past π) x Above-median uncertainty	-0.079**	0.005	0.021
	(0.040)	(0.040)	(0.046)
Prior x T (π target) x Above-median uncertainty	-0.046	-0.011	0.029
	(0.040)	(0.038)	(0.042)
Prior x T (FOMC forecast) x Above-median uncertainty	-0.047	0.104***	-0.003
	(0.041)	(0.038)	(0.042)
Observations	10144	9416	5764
R-squared	0.456	0.455	0.461
P-value joint signif. of Prior x Treatment x Uncertainty	.214	.026	.865
Housing group	H	M	R

Table A5: **Effect of prior expectations and information treatments in the formation of posterior expectations, by homeownership status and prior uncertainty.** The table reports weighted OLS estimates of posterior inflation expectations on prior expectations, treatment indicators, an indicator for above-median prior uncertainty, and their full set of two- and three-way interactions. The last row reports the p-value of a joint F-test that all *Prior* $\times$ *Treatment* $\times$ *Above-median uncertainty* coefficients are zero. Robust standard errors in parentheses. */**/*** refer to p-values lower than 0.10/0.05/0.01, respectively.

	Trust in the Fed
Renter	-0.0165
	(0.0365)
Controls	Yes
R-squared	0.047
Observations	12618

Table A6: **Trust in the Federal Reserve and renter status**. OLS regression of trust on a renter indicator and basic covariates. Trust is measured on a 1–7 scale from a question asking how much respondents trust the Fed to adequately manage inflation and unemployment (1 = "no trust at all", 7 = "complete trust"). The sample is restricted to the 2023:Q3 wave, the only one containing both the trust and homeownership questions. Robust standard errors in parentheses. */**/*** refer to p-values lower than 0.10/0.05/0.01, respectively.

Category: Any durable (car, home, big ticket item)						
Item	Homeownership status	Posterior	Std. Error	Observations	R-squared	First stage F
Bought home/car/big item$_{t+1}$	H	2.177***	(0.642)	6367	0.007	38.316
Bought home/car/big item$_{t+1}$	M	1.275**	(0.631)	5498	0.043	41.722
Bought home/car/big item$_{t+1}$	R	0.087	(0.611)	3048	0.095	13.488
Category: Car						
Item	Homeownership status	Posterior	Std. Error	Observations	R-squared	First stage F
Bought a car$_{t+1}$	H	1.151***	(0.266)	6294	-0.007	35.438
Bought a car$_{t+1}$	M	1.135***	(0.313)	5408	0.017	40.158
Bought a car$_{t+1}$	R	0.484**	(0.189)	3063	0.045	15.030
Category: Big ticket item						
Item	Homeownership status	Posterior	Std. Error	Observations	R-squared	First stage F
Bought a big ticket item$_{t+1}$	H	1.416***	(0.411)	6320	0.018	42.990
Bought a big ticket item$_{t+1}$	M	1.804***	(0.442)	5442	0.008	39.356
Bought a big ticket item$_{t+1}$	R	0.020	(0.287)	3042	0.046	15.174
Category: Home						
Item	Homeownership status	Posterior	Std. Error	Observations	R-squared	First stage F
Bought a home$_{t+1}$	H	0.102**	(0.046)	6354	0.043	32.801
Bought a home$_{t+1}$	M	0.101*	(0.052)	5467	0.024	13.760
Bought a home$_{t+1}$	R	0.025	(0.025)	3126	0.012	16.934

Table A7: **Effect of inflation expectations on purchases of durable goods in the months following the treatment, by homeownership status. Computed without using estimation weights**. These estimates are computed without using the estimation weights defined in Section 2.3. Robust standard errors in parentheses, clustered by household. */**/*** refer to p-values lower than 0.10/0.05/0.01, respectively.

	Category: Any durable (car, home, big ticket item)
Comparison	P-value
Homeowners vs Mortgagors	0.031
Homeowners vs Renters	0.026
Mortgagors vs Renters	0.587
	Category: Car
Comparison	P-value
Homeowners vs Mortgagors	0.713
Homeowners vs Renters	0.036
Mortgagors vs Renters	0.105
	Category: Big ticket item
Comparison	P-value
Homeowners vs Mortgagors	0.033
Homeowners vs Renters	0.173
Mortgagors vs Renters	0.822
	Category: Home
Comparison	P-value
Homeowners vs Mortgagors	0.413
Homeowners vs Renters	0.847
Mortgagors vs Renters	0.479

Table A8: **Significance of differences in the effect of inflation expectations on durable goods purchases across homeownership groups.** The null hypothesis states that the effect of inflation expectations on durable consumption is the same for both groups. A p-value below 0.05 indicates rejection of the null, suggesting a significant difference in coefficients. P-values are derived from t-tests on regression coefficients in an IV regression, where posterior inflation expectations and their interactions with homeownership status are instrumented using prior expectations, treatment groups, homeownership status, and all their interactions. The second stage includes willingness to buy durables and control variables as regressors. The two groups are considered to have the same response to inflation expectations if the coefficient of the interaction between inflation expectations and homeownership status is not significant.

Figure A1: **Covariate balance before and after IPW reweighting**. Kernel density estimates of age, income, and household size by homeownership status, computed without weights (left) and with inverse probability weights (right).

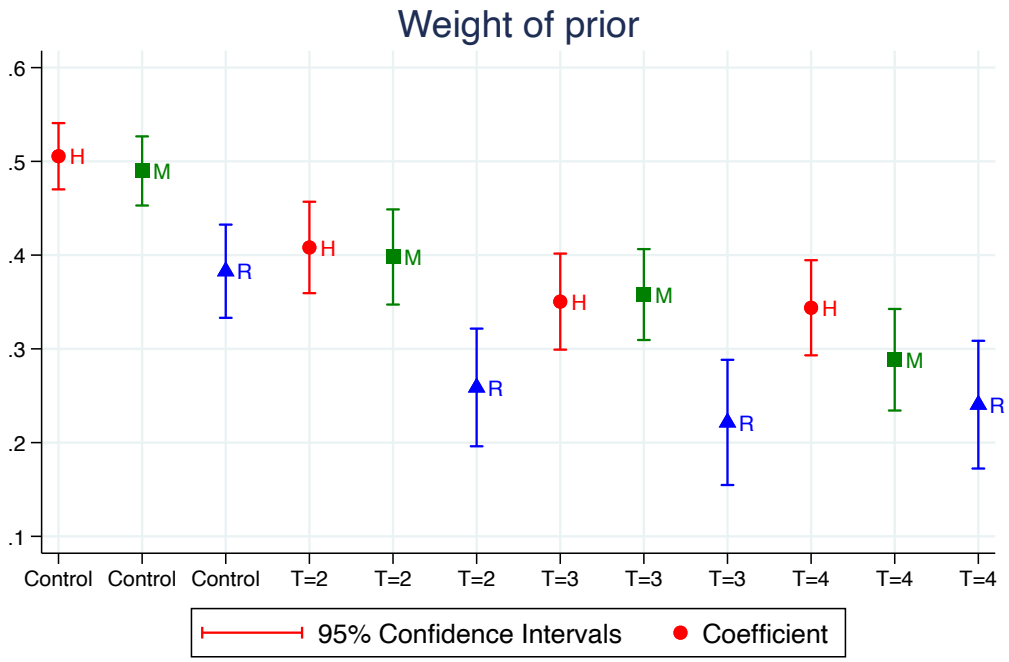

Figure A2: **Weight of the prior, computed without using estimation weights.** The figure reports the weight assigned to prior inflation expectations in the formation of posterior expectations. These estimates are computed without using the estimation weights defined in Section 2.3.

Figure A3: **Weight on prior expectations (scaled), by homeownership status and local house-price growth** The figure reports the scaled weight assigned to prior inflation expectations in the formation of posterior expectations, separately by homeownership status and by whether the respondent's county of residence experienced above- or below-median house-price appreciation over the previous year in a given quarter. The weight of prior in the control group equals one for each homeownership status, facilitating comparability across groups. The coefficients shown are linear combinations of the estimates from equation 2, augmented with interactions with an indicator for above-median local house-price growth. Bars denote 95% confidence intervals based on robust standard errors.

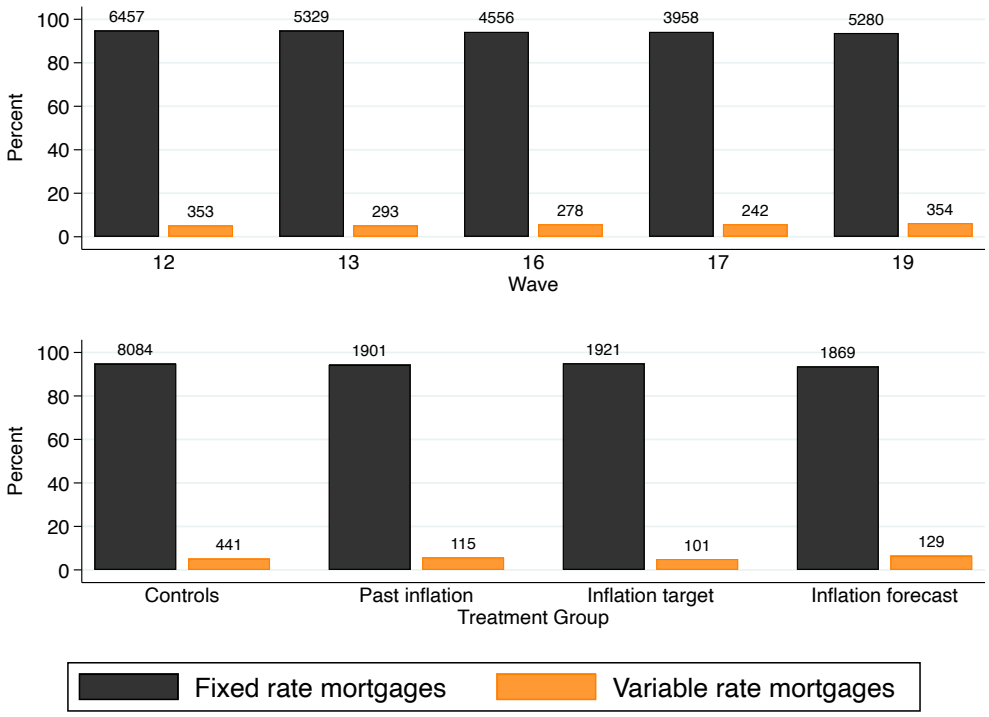

Figure A4: **Composition of mortgage contracts, by wave and by treatment group.** The figure reports the number and share of mortgagors holding a fixed-rate versus a variable-rate mortgage. Top panel splits mortgagors by survey wave; bottom panel splits them by treatment group. Shares are expressed as a percentage of all mortgagors.

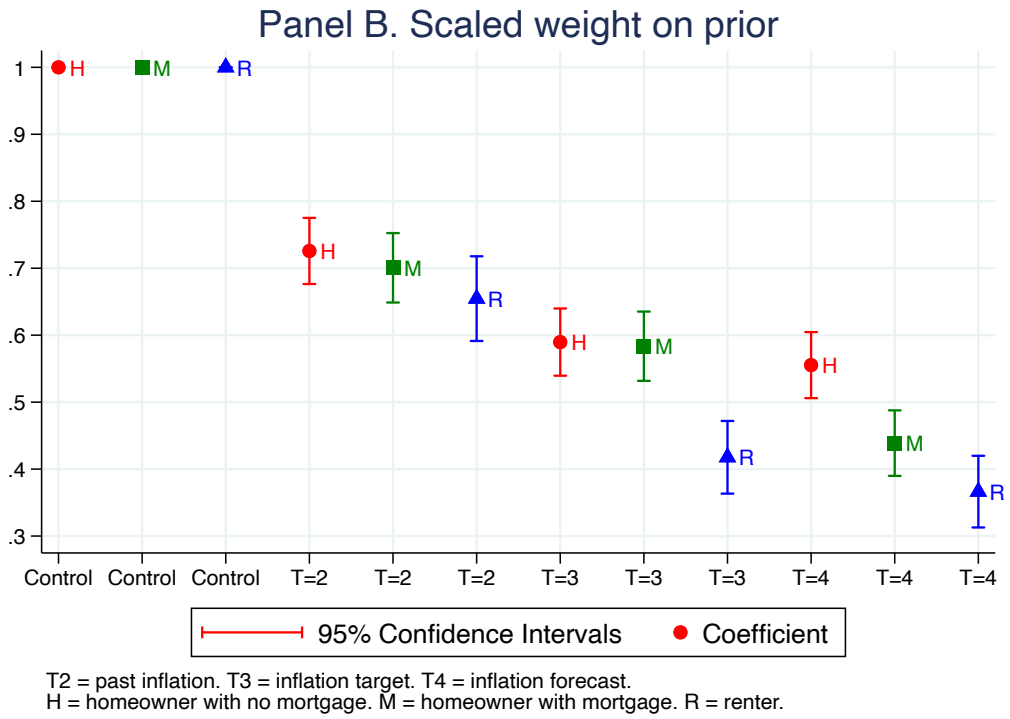

Figure A5: **Weight of the prior, controlling for inflation uncertainty.** Uncertainty is measured as the variance of the subjective distribution of inflation expectations derived from the probability-bin question (see Appendix B for question wording). These estimates are computed with the estimation weights defined in Section 2.3.

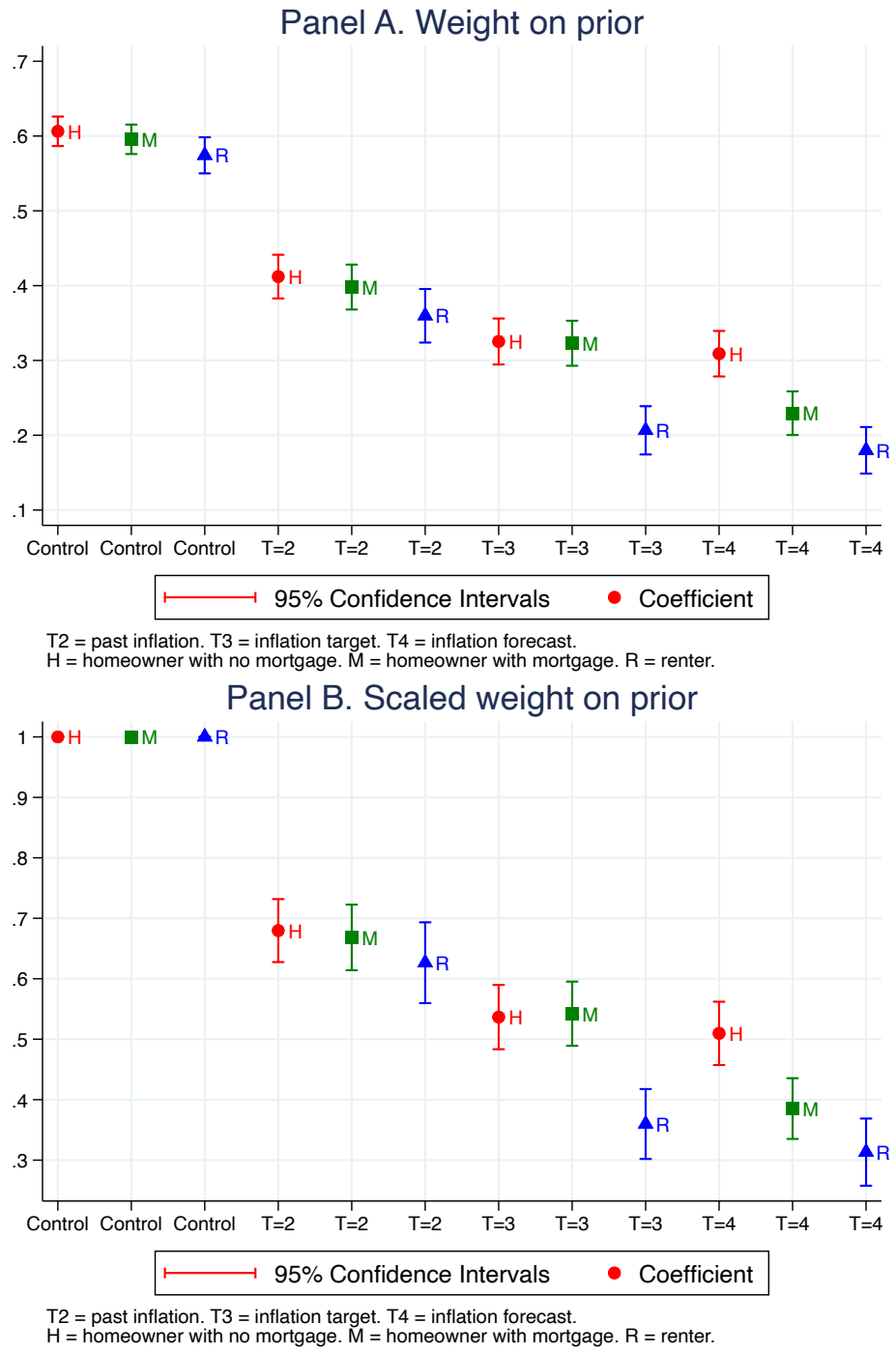

Figure A6: **Weight on the prior, controlling for household characteristics** The figure replicates Figure 5, adding a full vector of controls: gender, age and age squared, number of children, household size, region, income group, and education group. Estimates use the estimation weights defined in Section 2.3.

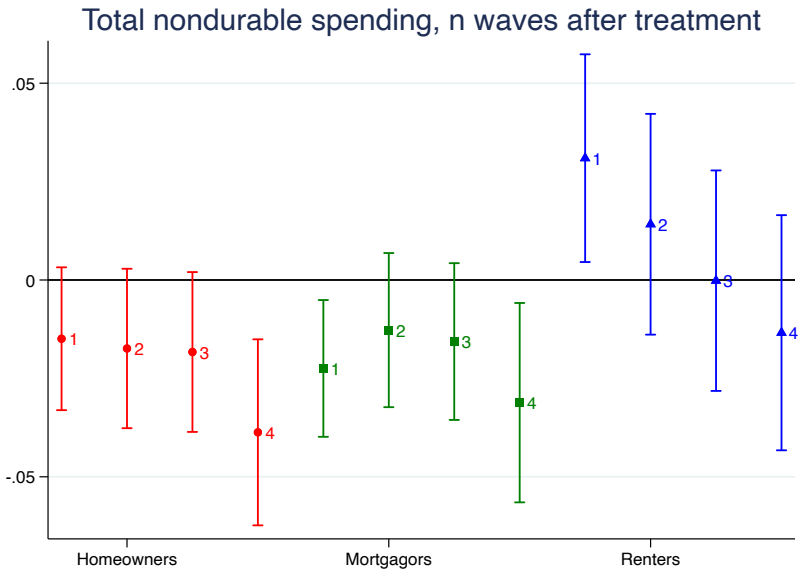

Figure A7: **Effect of inflation expectations on purchases of nondurable goods in the waves following the treatment, by homeownership status.** These estimates are computed using the estimation weights defined in Section 2.3.

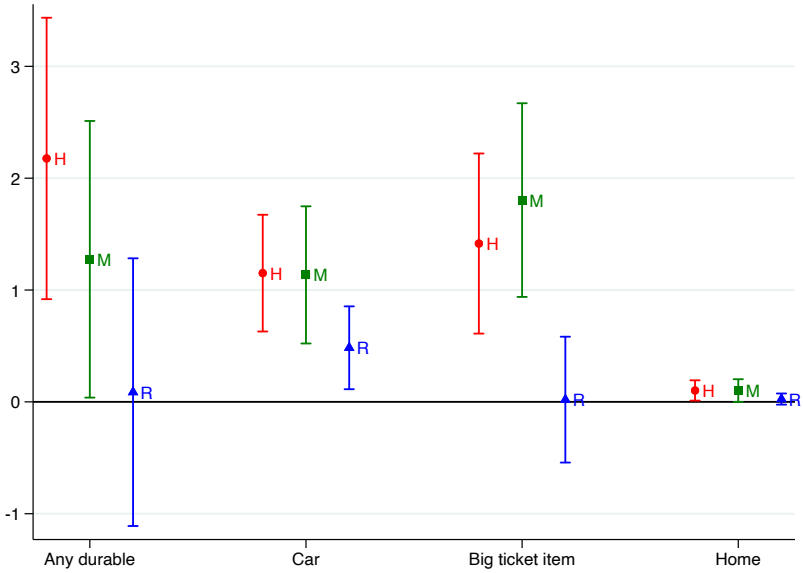

Figure A8: **Effect of inflation expectations on purchases of durable goods (cars, big items, homes) in the months following the treatment, by homeownership status.** All estimates are computed without estimation weights.

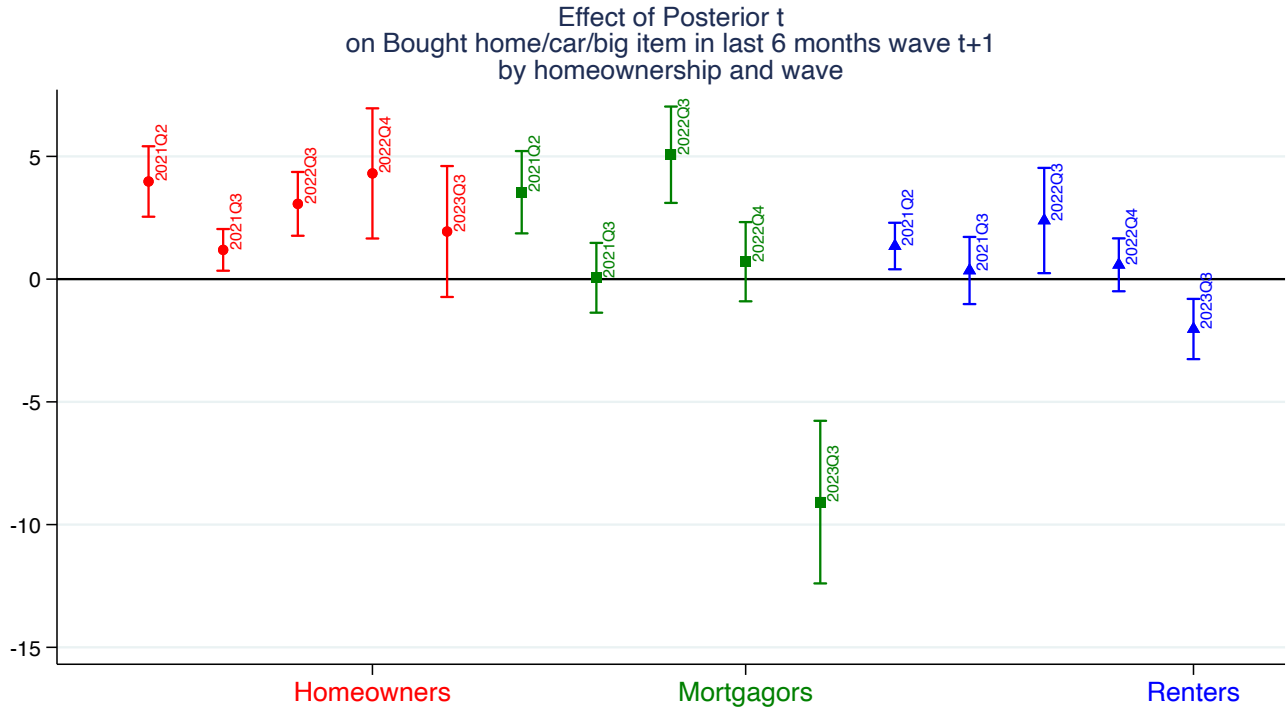

Figure A9: **Effect of inflation expectations on purchases of durable goods of any kind in the months following the treatment, by homeownership status and wave.** All estimates are computed without estimation weights.

Appendix B: Survey questions

This appendix provides the verbatim wording of the survey questions from which the variables used in the analysis were derived. All waves included in the analysis employed identical phrasing for these questions. For illustration, we refer to the questionnaire from the wave administered in 2021:Q2.

Homeownership Status

- *Which of the following best characterizes your household?*
  - Own our house/apartment without a mortgage
  - Own our house/apartment with a fixed-rate mortgage
  - Own our house/apartment with a variable-rate mortgage
  - Rent our house/apartment
  - Other

Durable Spending

- *Over the last 6 months, did you buy a new home, car, or other major big-ticket item (e.g., fridge, TV, furniture)?*
  - Yes
  - No
- *Which of the following did you purchase in the last 6 months? (Select all that apply.)*
  - A house/apartment
  - A car or other vehicle
  - A large home appliance or electronics
  - None of the above
- *Do you currently plan to buy a new home, car, or other major big-ticket item (e.g., fridge, TV, furniture) in the next 12 months?*
  - Yes
  - No
- *Which of the following do you plan to purchase in the next 12 months? Please select all that apply.*
  - A house/apartment

- A car or other vehicle
- A large home appliance or electronics
- None of the above

Inflation Expectations (Priors)

- *We would like to ask you about the rate of inflation/deflation. (Note: inflation is the percentage rise in overall prices in the economy, most commonly measured by the Consumer Price Index, and deflation corresponds to when prices are falling). In this question, please indicate the probability (PERCENT CHANCE) of something happening. 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 percentage chance that, over the next 12 months...*
  - 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 MUST SUM TO 100%] _____

Inflation Expectations (Posteriors)

- *What do you think the inflation rate (as measured by the Consumer Price Index) is going to be over the next 12 months? Please provide your answer as a percentage change from current prices. If you expect inflation, please enter a positive number. If you expect deflation, please enter a negative number. If you think there was neither inflation nor deflation, please enter zero.* _____

Liquidity constraints

- Suppose that you had to make an unexpected payment equal to one month of your after-tax income, would you have sufficient financial resources (access to credit, savings, loans from relatives or friends, etc.) to pay for the entire amount?

- Yes
- No
- Don’t know/Prefer not to answer