



CPO briefing

Cost of living special

**Inflation is coming down.
The cost-of-living crisis is over.**

CPOs can breathe a sigh of relief as inflationary pressures on wage bills recede. Yes – and no.

The latest data from **Ipsos Cost of Living Monitor** shows that the world’s workers haven’t got the inflation memo.

Nearly two in three (65%) say inflation will rise in the next year – and this is up on earlier in the year. More also now think that their food shopping bill will rise in the coming months. This is affecting low-and-middle income consumers the most – more of whom say they are now finding it hard to manage financially.

This will likely affect employee expectations in the coming months on the need for enhanced pay offers. There is a clear ‘lag’ in perceptions.

Telling employees that inflation is coming down may reflect economic facts – but sometimes perceptions trump reality.

65%

think the rate of inflation will increase in their country in the next 12 months. This figure is up 7pp since April.

- Rates may be falling but further price rises expected.
- Highest figure recorded since 2022 (69%).
- In the UK, the expectation that inflation will rise is up 23pp since April.

72%

across 32 countries think the cost of their food shopping will increase in the next six months. Up from 67% in April.

- In addition, more than 3 in 5 (62%) of the world’s citizens believe inflation won’t return to normal for at least another year.
- This is contributing to nearly 2 in 5 (37%) who say they are feeling worse off than before the pandemic.

Price rises may be slowing, but perceptions of inflation are a different story

How well would you say you are managing financially these days? (% finding it difficult / very difficult)

Key:

- Low income level
- Middle income level
- High income level
- Low- and middle-income consumers are struggling more
- In the last two years the gap in outlook between high income consumers and everyone else has been rising.

