



Inflation Expectations Survey¹

(IES)

Survey Month: February 2016

¹The reported survey findings represent the views of respondents.

1. **In February 2016, the Bank of Mauritius conducted the 30th Inflation Expectations Survey, whose response rate was 96 per cent.** 50 stakeholders were randomly chosen from the financial and real sectors of the economy. 48 of them provided responses to the survey.
2. **With regard to how respondents viewed the 1.3 per cent headline inflation rate² recorded for January 2016,** 56.3 per cent of respondents considered this rate as being low, while 35.4 per cent of them judged it to be appropriate. 8.3 per cent of respondents deemed that the rate was high.
3. **With regard to respondents' best description of the movement of prices over the preceding 12 months,** 64.6 per cent of respondents felt that prices of goods and services had gone up, while 20.8 per cent were of the opinion that prices had gone down. 14.6 per cent of respondents viewed that prices had remained unchanged.
4. **Respondents were asked to provide the three main factors that accounted for the prevailing inflation pattern** and 68.8 per cent of them indicated that external factors accounted for the primary source of inflation in Mauritius. The change in exchange rate of the rupee was considered by 50 per cent of respondents as being the second most important factor. The change in aggregate demand was regarded by 56.3 per cent of respondents as the third most important factor.
5. **When asked about the movement of prices over the next 12 months,** 72.9 per cent of respondents stated that they expected prices to go up. 12.5 per cent of respondents said that they were anticipating a decline in prices. 14.6 per cent of respondents envisaged that prices would remain unchanged.

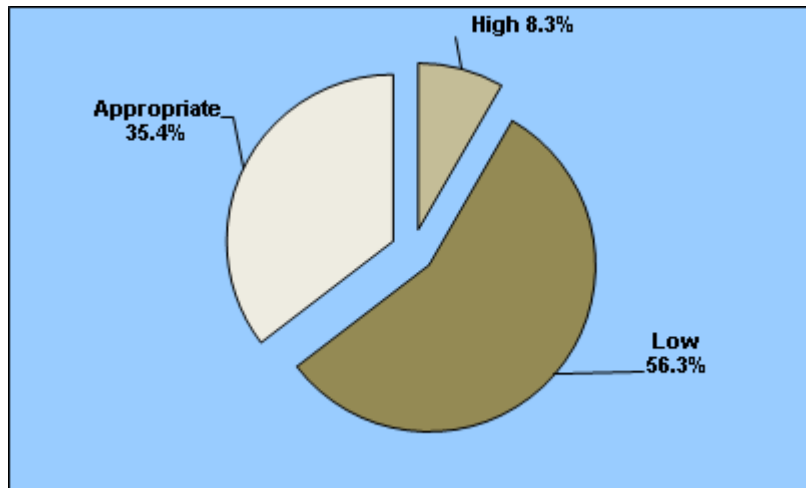
²Headline inflation is measured by comparing the average level of prices, as measured by the CPI, during a twelve-month period with the average level during the corresponding previous twelve-month period.

6. **Respondents were requested to provide their expectations of headline inflation for June 2016, December 2016 and a year ahead.**
- **June 2016:** 91.7 per cent of respondents were expecting the rate of inflation to be below 3.0 per cent, while 2.1 per cent of respondents were anticipating the inflation rate to range between 3.0 per cent and 4.4 per cent. 6.2 per cent of respondents were envisaging an inflation rate of over 4.4 per cent.
 - **December 2016:** 83.4 per cent of respondents were expecting the rate of inflation to be below 3.0 per cent, while 10.4 per cent of respondents were anticipating the inflation rate to range between 3.0 per cent and 4.4 per cent. 6.2 per cent of respondents were envisaging an inflation rate of over 4.4 per cent.
 - **A year ahead:** 70.9 per cent of the respondents were expecting the inflation rate to be lower than 3.0 per cent, while 20.8 per cent them were anticipating the inflation rate to be between 3.0 per cent and 4.4 per cent. 8.3 per cent of respondents were anticipating that the inflation rate would exceed 4.4 per cent.
7. **The mean headline inflation rates expected by respondents were** 1.9 per cent for June 2016; 2.2 per cent for December 2016 ; and 2.4 per cent a year ahead (i.e., January 2017);

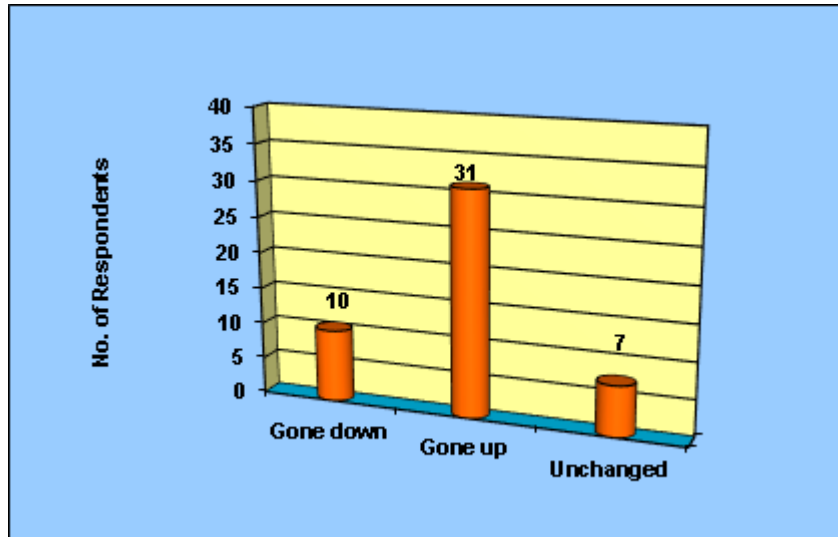
Research and Economic Analysis Department
11 March 2016

Graphical representation of responses

Q1.1. Headline inflation for the month of January 2016 was 1.3 per cent. Do you perceive this rate to be.....?



Q1.2. Which of the following best describes the movement of prices over the past 12 months?



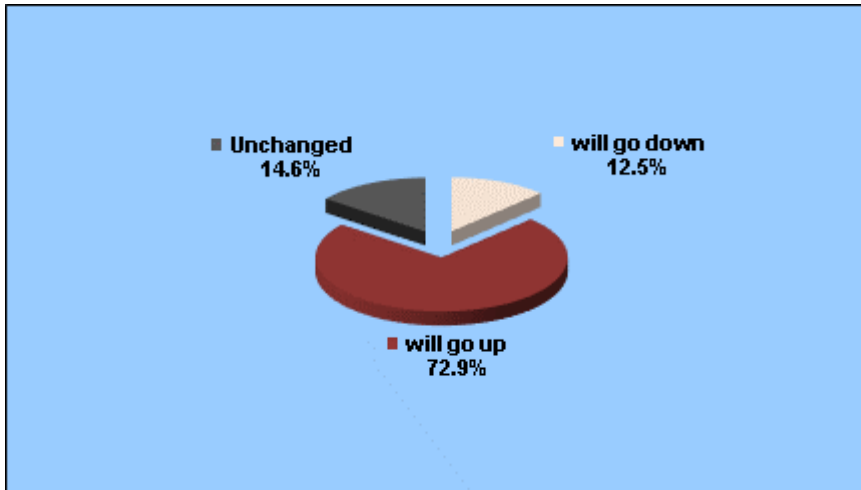
QI.3. Which of the following factors account for the current inflation pattern?

(Ranking in order of importance starting with 1 for most important)

Factors	Rank(starting with 1 for most important)		
	1	2	3
Fiscal policy	1	4	3
Change in interest rates	1	2	2
Change in exchange rates	8	24	5
External factors	33	9	4
Wage policy	2	1	5
Change in aggregate demand	3	8	27
Other	0	0	2

QII.1. Which of the following would best describe the movement of prices over the

next 12 months?



QII.2 What is your expectation of headline inflation in (a) **June 2016**, (b) **December**

2016 and (c) **a year ahead?**

