



Inflation Expectations Survey¹

(IES)

Survey Month: May 2017

¹The reported survey findings represent the views of respondents.

1. **The Bank of Mauritius conducted the 35th Inflation Expectations Survey in May 2017.** Out of 50 stakeholders randomly chosen from the financial and real sectors of the economy, 42 provided responses to the survey.
2. **With regard to how respondents viewed the 1.5 per cent headline inflation rate² recorded for April 2017,** 54.8 per cent of respondents considered this rate as being low, while 40.4 per cent of them judged it to be broadly appropriate. However, 4.8 per cent deemed it high.
3. **For the three main factors that accounted for the prevailing inflation pattern,** 2 out of 3 respondents indicated that external factors accounted for the primary source of inflation in Mauritius. The change in exchange rate was considered by 47.6 per cent of respondents as being the second most important factor. The change in aggregate demand was regarded by 40.5 per cent of respondents as being the third most important factor.
4. **Respondents were requested to provide their expectations of headline inflation for December 2017, a year ahead and for June 2018.**
 - **December 2017:** 31.0 per cent of respondents were expecting the rate of inflation to be below 2.0 per cent, while 61.9 per cent of respondents were anticipating the inflation rate to range between 2.0 per cent and 3.0 per cent. 7.1 per cent of respondents were envisaging an inflation rate of over 3.0 per cent.
 - **A year ahead:** 11.9 per cent of the respondents were expecting the inflation rate to be below 2.0 per cent, while 81.0 per cent of them were anticipating the inflation rate to be between 2.0 per cent and 3.0 per cent. 7.1 per cent of respondents reported that the inflation rate would exceed 3.0 per cent.
 - **June 2018:** 2.4 per cent of respondents were expecting the rate of inflation to be below 2.0 per cent, while 81.0 per cent of respondents were anticipating the inflation rate to range between 2.0 per cent and 3.0 per cent. 16.6 per cent of respondents were envisaging an inflation rate of over 3.0 per cent.

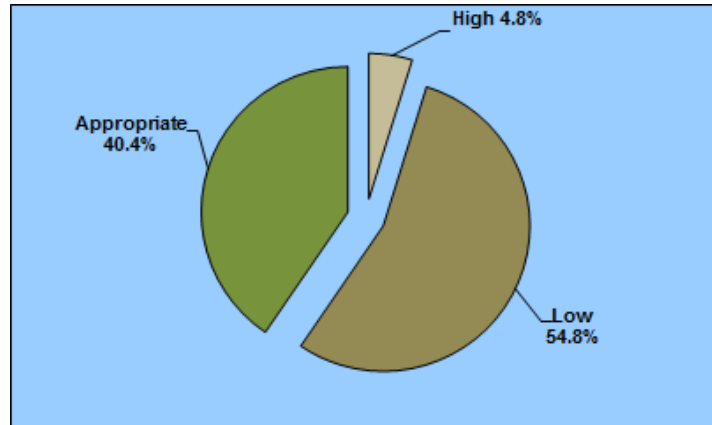
²Headline inflation is measured by comparing the average level of prices, as measured by the CPI, during a twelve-month period with the average level during the corresponding previous twelve-month period.

5. **The mean headline inflation rates expected by respondents were** 2.3 per cent for December 2017; 2.5 per cent a year ahead (i.e. April 2018) and 2.7 per cent for June 2018.

Research and Economic Analysis Department
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Graphical representation of responses

Q1.1. Headline inflation for the month of April 2017 was 1.5 per cent. Do you perceive this rate to be.....?



Q1.2. 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	4	2	3
Change in interest rates	1	1	3
Change in exchange rates	6	20	13
External factors	28	8	1
Wage policy	0	2	3
Change in aggregate demand	3	9	17
Other	0	0	2

Q1.3. What is your expectation of headline inflation in (a) **December 2017**, (b) a **year ahead** and (c) **June 2018**?

