



# **Inflation Expectations Survey<sup>1</sup>**

## **(IES)**

**Survey Month: August 2021**

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<sup>1</sup>The reported survey findings represent the views of respondents.

1. The Bank carried out its 52<sup>nd</sup> Inflation Expectations Survey in August 2021. Out of 50 stakeholders randomly chosen from the financial and real sectors of the economy, 40 responded to the survey. The findings of the survey are thus based on these 40 responses.
2. With regard to the headline inflation<sup>2</sup> rate of 2.6 per cent in July 2021, 57.5 per cent of respondents considered this rate as being low. 27.5 per cent of respondents deemed this rate as being appropriate, while the remaining 15.0 per cent viewed the rate to be high.
3. With regard to the three major factors underpinning the current inflation environment, 82.5 per cent of respondents indicated that the change in the rupee exchange rate were the primary source of inflation in Mauritius. External factors were considered by 67.5 per cent of respondents as being the second most important factor. The change in aggregate demand was regarded by 52.5 per cent of respondents as being the third most important factor.
4. Respondents were requested to provide their expectations of headline inflation for December 2021, June 2022, and a year ahead.
  - **December 2021:** 5.0 per cent of the respondents are expecting the inflation rate to be below 2.5 per cent, while 80.0 per cent of them are anticipating the inflation rate to be between 2.5 per cent and 3.5 per cent. 15.0 per cent of respondents reported that the inflation rate would exceed 3.5 per cent.
  - **June 2022:** 2.5 per cent of the respondents are expecting the rate of inflation to be below 2.5 per cent, while 65.0 per cent of respondents are anticipating the inflation rate to range from 2.5 per cent to 3.5 per cent. 32.5 per cent of respondents are expecting an inflation rate of over 3.5 per cent.
  - **A year ahead:** 2.5 per cent of respondents are expecting the rate of inflation to be below 2.5 per cent, while 52.5 per cent of respondents are anticipating the inflation rate to range between 2.5 per cent and 3.5 per cent. 45.0 per cent of respondents are expecting an inflation rate of over 3.5 per cent.

5. Adjusted for outliers\*, headline inflation rates expected by respondents are 3.2 per cent for December 2021, 3.5 per cent for June 2022, and 3.6 per cent a year ahead (i.e. July 2022).

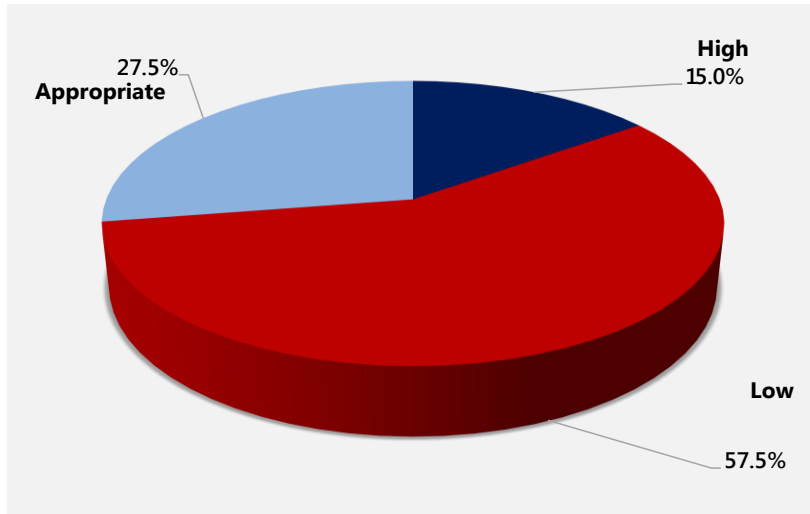
<sup>2</sup> Headline inflation is measured by comparing the average level of prices, as measured by the CPI, during a twelve-month period with the average level during the corresponding previous twelve-month period.

\*Note: Observations outside the interval  $[\hat{Y} - 4\sigma; \hat{Y} + 4\sigma]$  are considered as outliers, where  $\hat{Y}$  and  $\sigma$  denote the mean and the standard deviation of  $Y$ , respectively.

**Economic Analysis & Research and Statistics Department**  
**14 September 2021**

## Graphical representation of responses

**Q1.1.** Headline inflation for the month of **July 2021** was **2.6 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	0	3	1
Change in interest rates	0	0	4
Change in rupee exchange rate	33	4	0
External factors	7	27	3
Change in aggregate demand	0	4	21
Wage policy	0	1	3
Domestic supply shocks	0	0	4
Other	0	1	4

**Q1.3.** What is your expectation of headline inflation in **(a) December 2021**, **(b) June 2022** and **(c) a year ahead**?

