



Inflation Expectations Survey¹

(IES)

Survey Month: August 2020

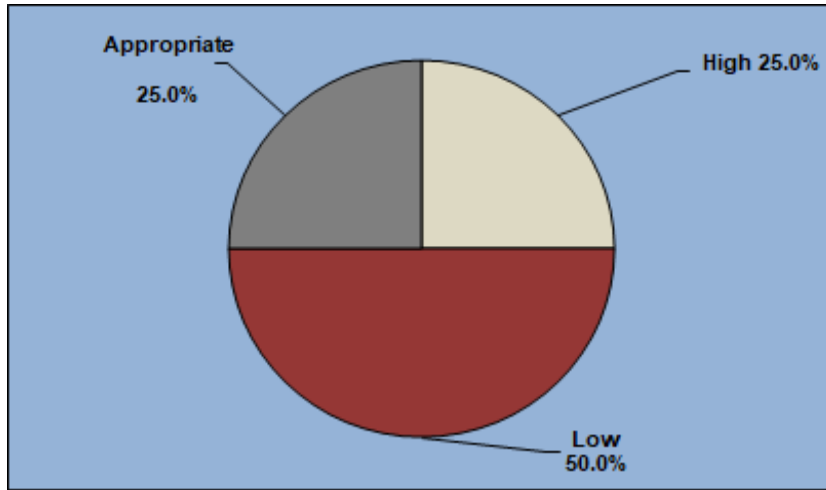
¹The reported survey findings represent the views of respondents.

1. The Bank of Mauritius carried out its 48th Inflation Expectations Survey in August 2020. Out of 50 stakeholders randomly chosen from the financial and real sectors of the economy, 40 responded to the survey. Thus, the findings are based on these 40 responses.
2. With regard to the headline inflation² rate of 1.8 per cent in July 2020, 50 per cent of respondents considered this rate as being low. 25 per cent of respondents deemed this rate as being appropriate, while the remaining 25 per cent viewed the rate to be high.
3. With regard to the three major factors underpinning the current inflation outturn, 67.5 per cent of respondents indicated that the *change in the rupee exchange rate* was the primary source of inflation in Mauritius. *External factors* and *Change in aggregate demand* were regarded more or less at par as being the other key factors.
4. Respondents were requested to provide their expectations of headline inflation for December 2020, June 2021 and a year ahead.
 - **December 2020:** 2.5 per cent of the respondents were expecting the inflation rate to be below 2.0 per cent, while 87.5 per cent of them were anticipating the inflation rate to be between 2.0 per cent and 3.0 per cent. 10.0 per cent of respondents reported that the inflation rate would exceed 3.0 per cent.
 - **June 2021:** 2.5 per cent of the respondents were expecting the rate of inflation to be below 2.0 per cent, while 72.5 per cent of respondents were anticipating the inflation rate to range from 2.0 per cent to 3.0 per cent. 25.0 per cent of respondents were envisaging an inflation rate of over 3.0 per cent.
 - **A year ahead:** 2.5 per cent of respondents were expecting the rate of inflation to be below 2.0 per cent, while 67.5 per cent of respondents were anticipating the inflation rate to range between 2.0 per cent and 3.0 per cent. 30.0 per cent of respondents were expecting an inflation rate of over 3.0 per cent.
5. The mean headline inflation rates expected by respondents were 2.5 per cent for December 2020; 3.0 per cent for June 2021 and 3.1 per cent a year ahead (i.e. July 2021).

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.

Graphical representation of responses

Q1.1. Headline inflation for the month of **July 2020** was **1.8 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	1	4
Change in exchange rates	27	8	2
External factors	8	19	8
Change in aggregate demand	3	3	19
Wage policy	0	2	1
Domestic supply shocks	0	3	5
Other	2	1	0

Q1.3. What is your expectation of headline inflation in **(a) December 2020**, **(b) June 2021** and **(c) a year ahead?**

