



Inflation Expectations Survey¹

(IES)

Survey Month: February 2020

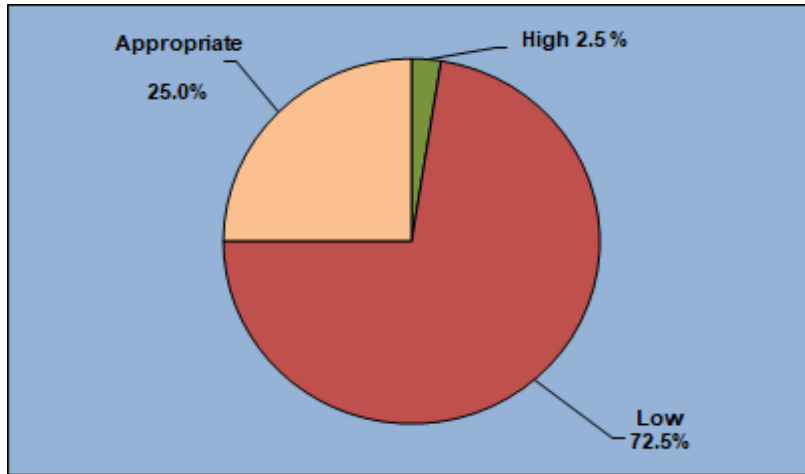
¹The reported survey findings represent the views of respondents.

1. The Bank of Mauritius carried out its 46th Inflation Expectations Survey in February 2020. Out of 50 stakeholders randomly chosen from the financial and real sectors of the economy, 40 responded to the survey. The findings are, therefore, based on the 40 responses.
2. With regard to the 0.6 per cent headline inflation rate² recorded for January 2020, 72.5 per cent of respondents considered this rate as being low. 25.0 per cent of respondents deemed this rate as being appropriate, while 2.5 per cent viewed the rate to be high.
3. With regard to the three major factors underpinning the current inflation outturn, 62.5 per cent of respondents indicated that external factors were the primary source of inflation in Mauritius. The change in the rupee exchange rate was considered by 50.0 per cent of respondents as being the second most important factor. The change in aggregate demand was regarded by 42.5 per cent of respondents as being the third most important factor.
4. Respondents were requested to provide their expectations of headline inflation for June 2020, December 2020 and a year ahead.
 - **June 2020:** 95.0 per cent of the respondents were expecting an inflation rate of lower than 3.0 per cent, and the remaining 5.0 per cent of respondents were expecting an inflation rate of over 3.0 per cent.
 - **December 2020:** 85.0 per cent of respondents were expecting the rate of inflation to be below 3.0 per cent, whereas 15.0 per cent of respondents were expecting an inflation rate of over 3.0 per cent.
 - **A year ahead:** 82.5 per cent of the respondents were expecting the rate of inflation to be below 3.0 per cent, while 17.5 per cent of respondents were envisaging an inflation rate of over 3.0 per cent.
5. The mean headline inflation rates expected by respondents were 1.5 per cent for June 2020; 2.0 per cent for December 2020 and 2.2 per cent a year ahead (i.e. January 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 **January 2020** was **0.6 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	4	0
Change in interest rates	1	0	3
Change in exchange rates	4	20	7
External factors	25	3	6
Change in aggregate demand	3	9	17
Wage policy	3	1	4
Domestic supply shocks	4	3	2
Other	0	0	1

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

