



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

## **(IES)**

**Survey Month: February 2018**

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

1. **The Bank of Mauritius carried out its 38<sup>th</sup> Inflation Expectations Survey in February 2018.** Out of 50 stakeholders randomly chosen from the financial and real sectors of the economy, 41 responded to the survey. Hence, findings are based on these 41 responses.
2. **With regard to the 4.0 per cent headline inflation rate<sup>2</sup> recorded for January 2018,** 51.2 per cent of respondents considered this rate as being broadly appropriate, while 9.8 per cent deemed this rate as being low. However, 31.7 per cent of them judged it to be high, and the remaining 7.3 per cent viewed it as being too high.
3. **With regard to three major factors underpinning the current inflation environment,** 63.4 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 31.7 per cent of respondents as being the second most important factor. The change in aggregate demand was regarded by 34.1 per cent of respondents as being the third most important factor.
4. **Respondents were requested to provide their expectations of headline inflation for June 2018, December 2018 and a year ahead.**
  - **June 2018:** 7.3 per cent of the respondents were expecting the inflation rate to be below 3.0 per cent, while 87.8 per cent of them were anticipating the inflation rate to be between 3.0 per cent and 4.5 per cent. 4.9 per cent of respondents reported that the inflation rate would exceed 4.5 per cent.
  - **December 2018:** 4.9 per cent of the respondents were expecting the rate of inflation to be below 3.0 per cent, while 73.2 per cent of respondents were anticipating the inflation rate to range between 3.0 per cent and 4.5 per cent. 21.9 per cent of respondents were envisaging an inflation rate of over 4.5 per cent.
  - **A year ahead:** 7.3 per cent of respondents were expecting the rate of inflation to be below 3.0 per cent, while 68.3 per cent of respondents were anticipating the

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<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.

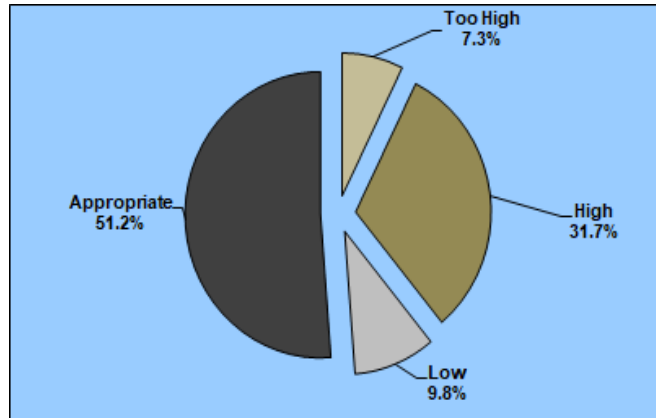
inflation rate to range between 3.0 per cent and 4.5 per cent. 24.4 per cent of respondents were expecting an inflation rate of over 4.5 per cent.

5. **The mean headline inflation rates expected by respondents were** 4.0 per cent for June 2018; 4.1 per cent for December 2018 and 4.3 per cent a year ahead (i.e. January 2019).

**Research and Economic Analysis Department**  
**16 March 2018**

## Graphical representation of responses

**Q1.1.** Headline inflation for the month of January 2018 was 4.0 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	3	2	1
Change in interest rates	3	1	3
Change in exchange rates	0	13	13
External factors	26	7	3
Wage policy	2	5	5
Change in aggregate demand	4	12	14
Other	3	1	2

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

