



Inflation Expectations Survey¹

(IES)

Survey Month: February 2021

¹The reported survey findings represent the views of respondents.

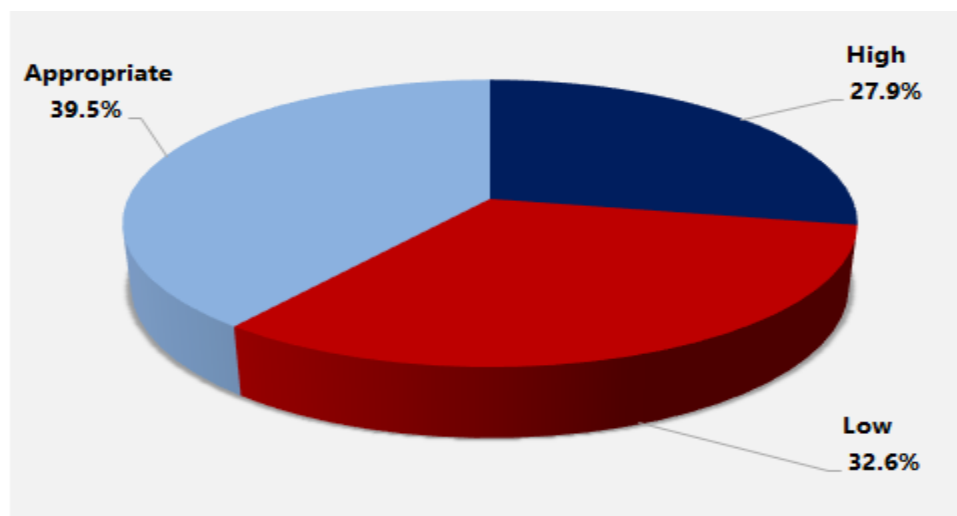
1. The Bank carried out its 50th Inflation Expectations Survey in February 2021. Out of 50 stakeholders randomly chosen from the financial and real sectors of the economy, 43 responded to the survey. The findings of the survey are thus based on these 43 responses.
2. With regard to the headline inflation² rate of 2.5 per cent in January 2021, 39.5 per cent of respondents considered this rate as being appropriate. 32.6 per cent of respondents deemed this rate as being low, while the remaining 27.9 per cent viewed the rate to be high.
3. With regard to the three major factors underpinning the current inflation environment, 74.4 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 60.5 per cent of respondents as being the second most important factor. The change in aggregate demand was regarded by 55.8 per cent of respondents as being the third most important factor.
4. Respondents were requested to provide their expectations of headline inflation for June 2021, December 2021 and a year ahead.
 - **June 2021:** 14.0 per cent of the respondents were expecting the inflation rate to be below 2.5 per cent, while 81.4 per cent of them were anticipating the inflation rate to be between 2.5 per cent and 3.5 per cent. 4.6 per cent of respondents reported that the inflation rate would exceed 3.5 per cent.
 - **December 2021:** 4.7 per cent of respondents were expecting the rate of inflation to be below 2.5 per cent, while 86.0 per cent of respondents were anticipating the inflation rate to range between 2.5 per cent and 3.5 per cent. 9.3 per cent of respondents were expecting an inflation rate of over 3.5 per cent.
 - **A year ahead:** 2.3 per cent of the respondents were expecting the rate of inflation to be below 2.5 per cent, while 83.7 per cent of respondents were anticipating the inflation rate to range from 2.5 per cent to 3.5 per cent. 14.0 per cent of respondents were envisaging an inflation rate of over 3.5 per cent.
5. Adjusted for outliers*, the mean headline inflation rates expected by respondents are 2.7 per cent for June 2021, 3.1 per cent for December 2021 and 3.2 per cent a year ahead (i.e. January 2022).

² 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 σ denote the mean and the standard deviation of Y , respectively.

Graphical representation of responses

Q1.1. Headline inflation for the month of **January 2021** was **2.5 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	0	0	5
Change in interest rates	2	2	3
Change in rupee exchange rate	32	9	0
External factors	8	26	5
Change in aggregate demand	1	4	24
Wage policy	0	2	0
Domestic supply shocks	0	0	2
Other	0	0	4

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

