



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

## **(IES)**

**Survey Month: May 2020**

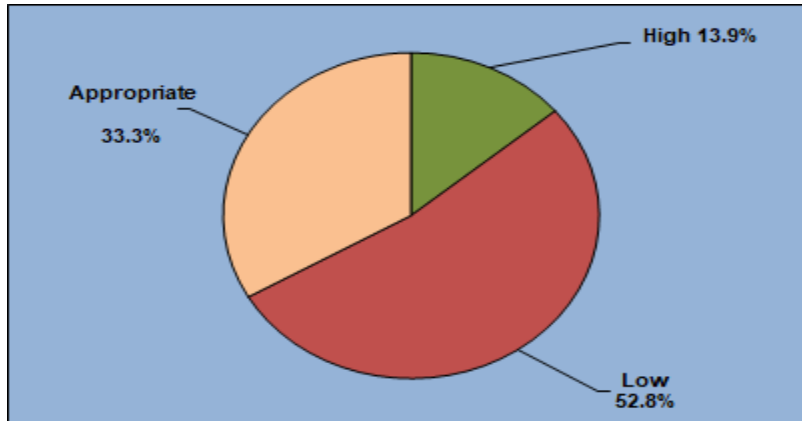
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<sup>1</sup>The reported survey findings represent the views of respondents.

1. The Bank of Mauritius carried out its 47<sup>th</sup> Inflation Expectations Survey in May 2020. Out of 50 stakeholders randomly chosen from the financial and real sectors of the economy, 36 responded to the survey. Thus, the findings are based on these 36 responses.
2. With regard to the headline inflation rate of 1.5 per cent in April 2020, 52.8 per cent of respondents considered this rate as being low. 33.3 per cent of respondents deemed this rate as being appropriate, while 13.9 per cent viewed the rate to be high.
3. With regard to the three major factors underpinning the current inflation outturn, 33.3 per cent of respondents indicated that the change in the rupee exchange rate was the primary source of inflation in Mauritius. External factors were considered by 38.9 per cent of respondents as being the second most important factor. The change in aggregate demand was regarded by 47.2 per cent of respondents as being the third most important factor.
4. Respondents were requested to provide their expectations of headline inflation for December 2020, a year ahead and June 2021.
  - **December 2020:** 11.1 per cent of the respondents were expecting the inflation rate to be below 2.0 per cent, while 41.7 per cent of them were anticipating the inflation rate to be between 2.0 per cent and 3.0 per cent. 47.2 per cent of respondents reported that the inflation rate would exceed 3.0 per cent.
  - **A year ahead:** 11.1 per cent of the respondents were expecting the rate of inflation to be below 2.0 per cent, while 33.3 per cent of respondents were anticipating the inflation rate to range from 2.0 per cent to 3.0 per cent. 55.6 per cent of respondents were envisaging an inflation rate of over 3.0 per cent.
  - **June 2021:** 11.1 per cent of respondents were expecting the rate of inflation to be below 2.0 per cent, while 25.0 per cent of respondents were anticipating the inflation rate to range between 2.0 per cent and 3.0 per cent. 63.9 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 3.3 per cent for December 2020; 3.7 per cent a year ahead (i.e. April 2021) and 3.8 per cent for June 2021.

## Graphical representation of responses

**Q1.1.** Headline inflation for the month of **April 2020** was **1.5 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	1	3
Change in interest rates	1	1	0
Change in exchange rates	12	12	7
External factors	11	14	7
Change in aggregate demand	3	1	17
Wage policy	0	2	0
Domestic supply shocks	3	5	2
Other	6	0	0

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

