



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

## **(IES)**

**Survey Month: May 2021**

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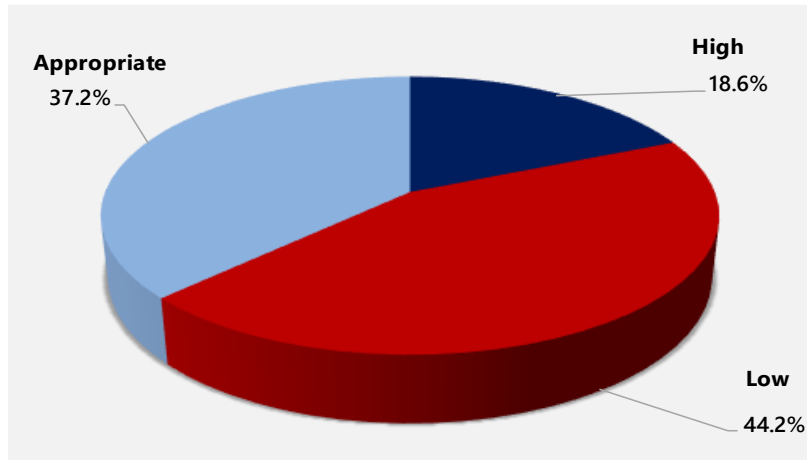
<sup>1</sup>The reported survey findings represent the views of respondents.

1. The Bank carried out its 51<sup>st</sup> Inflation Expectations Survey in May 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 inflation<sup>2</sup> rate of 1.9 per cent in April 2021, 44.2 per cent of respondents considered this rate as being low. 37.2 per cent of respondents deemed this rate as being appropriate, while the remaining 18.6 per cent viewed the rate to be high.
3. With regard to the three major factors underpinning the current inflation environment, 69.8 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 65.1 per cent of respondents as being the second most important factor. The change in aggregate demand was regarded by 60.5 per cent of respondents as being the third most important factor.
4. Respondents were requested to provide their expectations of headline inflation for December 2021, a year ahead and June 2022.
  - **December 2021:** 27.9 per cent of the respondents were expecting the inflation rate to be below 2.5 per cent, while 72.1 per cent of them were anticipating the inflation rate to be between 2.5 per cent and 3.5 per cent.
  - **A year ahead:** 14.0 per cent of the 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 from 2.5 per cent to 3.5 per cent.
  - **June 2022:** 9.3 per cent of respondents were expecting the rate of inflation to be below 2.5 per cent, while 81.4 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.
5. Headline inflation rates expected by respondents are 2.7 per cent for December 2021, 3.0 per cent a year ahead (i.e. April 2022) and 3.1 per cent for June 2022.

<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.

## Graphical representation of responses

**Q1.1.** Headline inflation for the month of **April 2021** was **1.9 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	1	1	5
Change in interest rates	0	1	2
Change in rupee exchange rate	30	9	1
External factors	10	28	2
Change in aggregate demand	1	3	26
Wage policy	0	1	1
Domestic supply shocks	1	0	3
Other	0	0	3

**Q1.3.** What is your expectation of headline inflation in (a) **December 2021**, (b) **a year ahead** and (c) **June 2022**?

