



Inflation Expectations Survey¹

(IES)

Survey Month: November 2020

¹The reported survey findings represent the views of respondents.

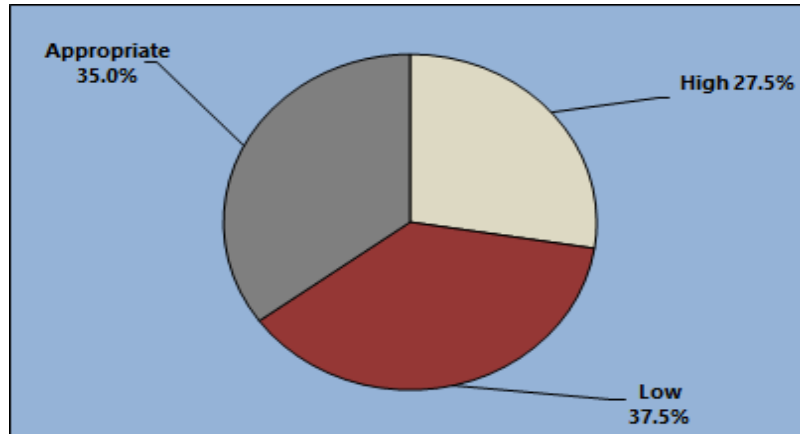
1. The Bank carried out its 49th Inflation Expectations Survey in November 2020. Out of 50 stakeholders randomly chosen from the financial and real sectors of the economy, 40 responded to the survey. The findings of the survey are thus based on these 40 responses.
2. With regard to the headline inflation² rate of 2.1 per cent in October 2020, 37.5 per cent of respondents considered this rate as being low. 35.0 per cent of respondents deemed this rate as being appropriate, while the remaining 27.5 per cent viewed the rate to be high.
3. With regard to the three major factors underpinning the current inflation outturn, 67.5 per cent of respondents viewed the *change in the rupee exchange rate* as the primary source of inflation in Mauritius. *External factors* and *Change in aggregate demand* were more or less considered as being the other key factors.
4. Respondents were requested to provide their expectations of headline inflation for June 2021, a year ahead and December 2021.
 - **June 2021:** 5.0 per cent of the respondents were expecting the inflation rate to be below 2.0 per cent, while 57.5 per cent of them were anticipating the inflation rate to be between 2.0 per cent and 3.0 per cent. 37.5 per cent of respondents reported that the inflation rate would exceed 3.0 per cent.
 - **A year ahead:** 5.0 per cent of respondents were expecting the rate of inflation to be below 2.0 per cent, while 52.5 per cent of respondents were anticipating the inflation rate to range between 2.0 per cent and 3.0 per cent. 42.5 per cent of respondents were expecting an inflation rate of over 3.0 per cent.
 - **December 2021:** 2.5 per cent of the respondents were expecting the rate of inflation to be below 2.0 per cent, while 52.5 per cent of respondents were anticipating the inflation rate to range from 2.0 per cent to 3.0 per cent. 45.0 per cent of respondents were envisaging an inflation rate of over 3.0 per cent.
5. Adjusted for outliers*, the mean headline inflation rates expected by respondents are 3.0 per cent for June 2021, 3.2 per cent a year ahead (i.e. October 2021) and 3.3 per cent for December 2021.

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 **October 2020 was 2.1 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	2
Change in interest rates	0	0	3
Change in rupee exchange rate	27	10	1
External factors	10	23	4
Change in aggregate demand	2	2	23
Wage policy	0	4	2
Domestic supply shocks	1	1	3
Other	0	0	2

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

