

BANK OF MAURITIUS

web site: <http://bom.intnet.mu>

COMMUNIQUE: 1ST INFLATION EXPECTATIONS SURVEY

The Bank of Mauritius conducted its first Inflation Expectations Survey¹ towards the end of November 2008 to find out the outlook on inflation by stakeholders. Inflation expectations are a key input into the monetary policy-making process.

A questionnaire was e-mailed to 50 stakeholders from the financial and real sectors of the economy. 40 responded to the survey, thereby giving a response rate of 80 per cent. The survey findings are based on these 40 responses.²

With respect to how respondents perceived the 9.9 per cent inflation rate for the twelve months ended October 2008, 50% of respondents considered this rate to be too high while 40% judged it to be high. 7.5% of respondents deemed this rate as being appropriate and 2.5% viewed this rate as being low.

With regard to their best description of the movement of prices over the preceding 12 months, 87.5% of respondents indicated that prices of goods and services had gone up while 7.5% were of the opinion that prices had gone down. 5% of respondents viewed that prices had remained unchanged.

With respect to the three main factors accounting for the prevailing inflation pattern, external factors were viewed by 90% of respondents as the primary source of inflation in Mauritius. Wage policy and monetary policy were each regarded by 40% of respondents as the second most important factor. The third most important factor was identified by 40% of respondents as monetary policy, 22.5% of respondents as fiscal policy and 20% of respondents as wage policy.

¹*A copy of the questionnaire is attached for ease of reference.*

²*The results of the Survey represent views of the respondents and in no way reflect the views of the Bank of Mauritius.*

In relation to movement of prices over the following 12 months, 67.5% of respondents expected prices to go down while 25% of respondents anticipated an increase in prices. 7.5% of respondents expected that prices would remain unchanged.

Finally, respondents were requested to provide their expectations of the rate of inflation for fiscal year 2008-09, calendar year 2009 and fiscal year 2009-10. 72.5% of respondents expected an inflation rate of 8.0 per cent or higher for fiscal year 2008-09, while 37.5% of respondents thought that it would be 9.0 per cent or higher. 45% of respondents anticipated an inflation rate of below 8.0 per cent for calendar year 2009, while 32.5% of respondents thought that it would be 9.0 per cent or higher. 52.5% of respondents expected an inflation rate of below 8.0 per cent for fiscal year 2009-10, but 32.5% of respondents believed that it would be 9.0 per cent or higher.

The mean inflation rate expected by the respondents was 8.5% for fiscal year 2008-09, 7.9% for calendar year 2009 and 7.4% for fiscal year 2009-10.

The Bank thanks all the participants and looks forward to continued collaboration on future surveys.

The second Inflation Expectations Survey is scheduled during February 2009.

12 February 2009

Bank of Mauritius



BANK OF MAURITIUS

INFLATION EXPECTATIONS SURVEY

SURVEY MONTH: NOVEMBER 2008

The purpose of this Survey is to find out expected price movements as perceived by analysts and decision-makers.

Please e-mail back this survey form not later than 3 December 2008 at Infsurvey@bom.intnet.mu

Name of Institution:

All individual responses will be kept in strict confidentiality.

I. CURRENT INFLATION PERCEPTIONS

1. Inflation as at end October 2008 was 9.9 per cent. Do you perceive this rate to be

- (a) Too High
- (b) High
- (c) Low
- (d) Appropriate *(Please tick as appropriate)*

2. Which of the following best describes the movement of prices over the past 12 months?

- (a) Gone down
- (b) Gone up
- (c) Unchanged *(Please tick as appropriate)*

3. Based on your opinion, which of the following factors account for the current inflation pattern?

Please rank three of these factors in order of importance starting with 1 for most important.

- (a) Fiscal Policy (Change in government expenditure/taxation)
- (b) Monetary Policy (Change in interest rates)
- (c) External Factors (Movements of commodity prices)
- (d) Wage Policy (pay awards and compensation of employees)
- (e) Increase in Investment
- (f) Other (please specify).....

II. EXPECTED CHANGE IN INFLATION

1. Which of the following would best describe the movement of prices over the next 12 months?

- (a) Go down
- (b) Go up
- (c) Unchanged *(Please tick as appropriate)*

2. What is your expectation of inflation in? (*Please provide a numerical figure*)

- (a) June 2009
- (b) December 2009
- (c) June 2010

Thank you for participating in our Survey

Contact Person:.....

Contact Number:.....

Designation:.....

Email:.....