



# *Inflation Expectations Survey* *(IES)*

*Survey Month: December 2009*

*(The reported survey findings represent the views of respondents and not necessarily those of the Bank of Mauritius.)*

## Introduction

The Fifth Inflation Expectations Survey was carried out in December 2009. Out of the 50 stakeholders chosen from the financial and real sectors of the economy, 46 responded to the survey. The survey findings are thus based on these 46 responses.

## Findings of the IES

1. With respect to how respondents perceived the 2.9 per cent inflation rate for the twelve months ended November 2009, 67.4 per cent of respondents considered this rate as being appropriate while 21.7 per cent judged it to be low. 10.9 per cent of respondents viewed this rate as being high.

2. With regard to their best description of the movement of prices over the preceding 12 months, 39.1 per cent of respondents indicated that prices of goods and services had gone down while 37.0 per cent were of the opinion that prices had gone up. 23.9 per cent of respondents viewed that prices were unchanged.

3. Concerning the three main factors that accounted for the prevailing inflation pattern, *external factors* were viewed by 67.4 per cent of respondents as the primary source of inflation in Mauritius. *Wage policy* was regarded by 30.4 per cent of respondents as the second most important factor while 37.0 per cent of respondents viewed *monetary policy* as the third most important factor.

4. In relation to movement of prices over the following 12 months, 76.1 per cent of respondents expected prices to go up, while 13.0 per cent of respondents expected that prices would remain unchanged. 10.9 per cent of respondents anticipated a decrease in prices.

5. Finally, respondents were requested to provide their expectations of the rate of inflation for the twelve months ending June 2010, December 2010 and June 2011.

- June 2010: 50.0 per cent of respondents expect inflation to be 3.5% or less while 45.7 per cent expect inflation to be between 3.6% and 5%. 4.3 per cent of respondents anticipate inflation to be higher than 5%.

- December 2010: 30.4 per cent of respondents expect inflation to be 3.5% or below while 47.8 per cent expect inflation to range between 3.6% and 5%. 21.8 per cent of respondents anticipate inflation to be above 5%.
- June 2011: 8.7 per cent of respondents expect inflation to be 3.5% or less while 34.8 per cent expect inflation to be within between 3.6% and 5%. 56.5 per cent of respondents anticipate inflation to be higher than 5%.

6. The mean inflation rates expected by respondents were 3.8%, 4.5% and 5.3% respectively for the twelve months ending June 2010, December 2010 and June 2011.

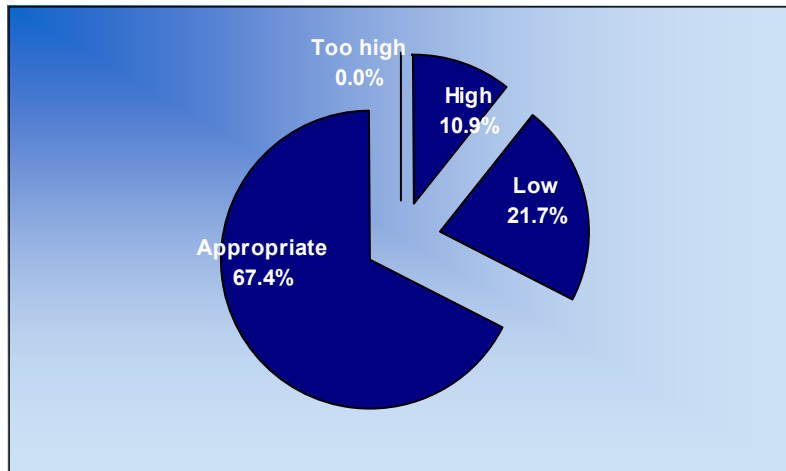
**Monetary and Financial Statistics Section**

**Statistics Division**

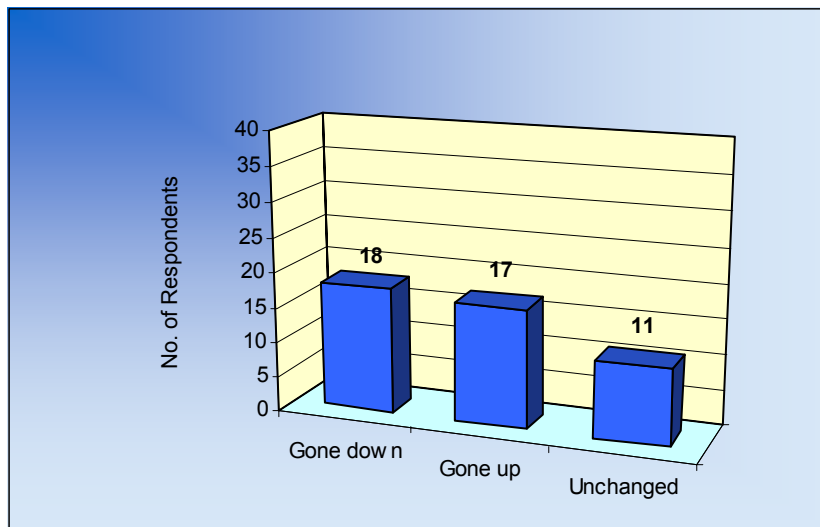
**27 January 2010**

## Graphical Representation of Responses

**Q1.1.** Inflation for the twelve-month period ended November 2009 was 2.9 per cent. Do you perceive this rate to be.....?



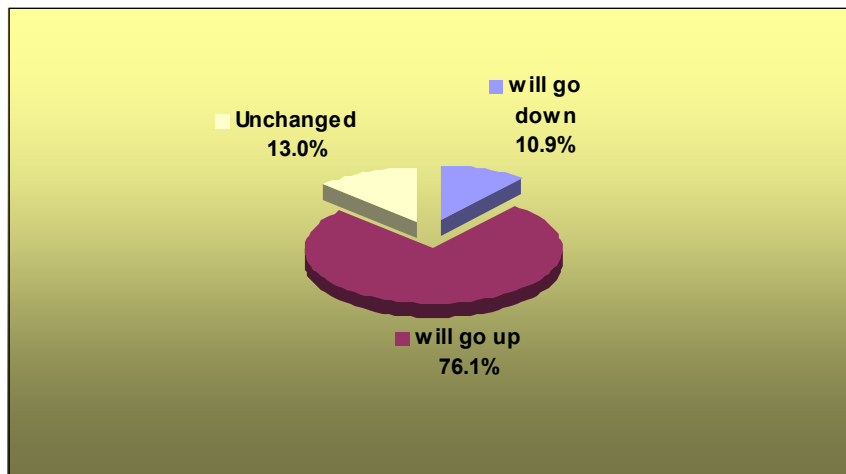
**Q1.2.** Which of the following best describes the movement of prices over the past 12 months?



**QI.3.** 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	6	2	6
Monetary policy	3	12	17
External factors	31	8	2
Wage policy	0	14	13
Fall in aggregate demand	6	9	7
Other	0	1	1

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



**QII.2** What is your expectation of inflation in (a) June 2010; (b) December 2010; and (c) June 2011?

