



Inflation Expectations Survey

(IES)

Survey Month: June 2010

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

Introduction

The seventh Inflation Expectations Survey was carried out in June 2010. Out of the 50 stakeholders chosen from the financial and real sectors of the economy, 45 responded to the survey. Consequently, the findings are based on these 45 responses.

Findings of the IES

1. With respect to how respondents perceived the 1.8 per cent inflation rate for the twelve month ended May 2010, 64.5 per cent of respondents considered this rate as being low while 33.3 per cent of respondents judged it to be appropriate. 2.2 per cent of respondents viewed that this rate was high.
2. With regard to their best description of the movement of prices over the preceding 12 months, 64.5 per cent of respondents indicated that prices of goods and services had gone up, while 13.3 per cent of respondents were of the opinion that prices had gone down. 22.2 per cent of respondents viewed that prices remained unchanged.
3. Concerning the three main factors that accounted for the prevailing inflation pattern, *external factors* were viewed by 84.4 per cent of respondents as accounting for the primary source of inflation in Mauritius. 37.8 per cent of respondents viewed *fall in aggregate demand* as the second most important factor and *monetary policy* was regarded by 42.2 per cent of respondents as the third most important factor.
4. In relation to movement of prices over the next 12 months, 84.5 per cent of respondents expected prices to go up, while 11.1 per cent of respondents expected that prices would remain unchanged. 4.4 per cent of respondents anticipated a decrease in prices.
5. Respondents were also requested to provide their expectations of the rate of inflation for the twelve month ending December 2010, June 2011 and December 2011.
 - December 2010: 57.8 per cent of respondents were expecting inflation to be 3% or less while 33.3 per cent of respondents were expecting inflation to be between 3.1% and 4%. 8.9 per cent of respondents were anticipating inflation to be higher than 4%.

- June 2011: 28.9 per cent of respondents were expecting inflation to be 3% or below and 40.0 per cent of respondents were expecting inflation to range from 3.1% to 4%. 31.1 per cent of respondents were anticipating inflation to be above 4%.
- December 2011: 22.2 per cent of respondents were expecting inflation to be 3.0% or less while 28.9 per cent of respondents were expecting inflation to be within 3.1% and 4%. 48.9 per cent of respondents were anticipating inflation to be higher than 4%.

6. The mean inflation rates expected by respondents were 3.1%, 3.6% and 4.3% respectively, for the twelve months ending December 2010, June 2011 and December 2011.

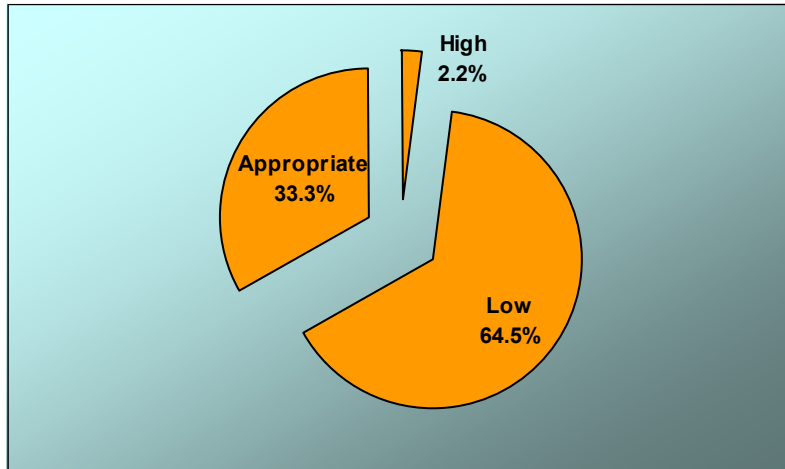
Monetary and Financial Statistics Section

Statistics Division

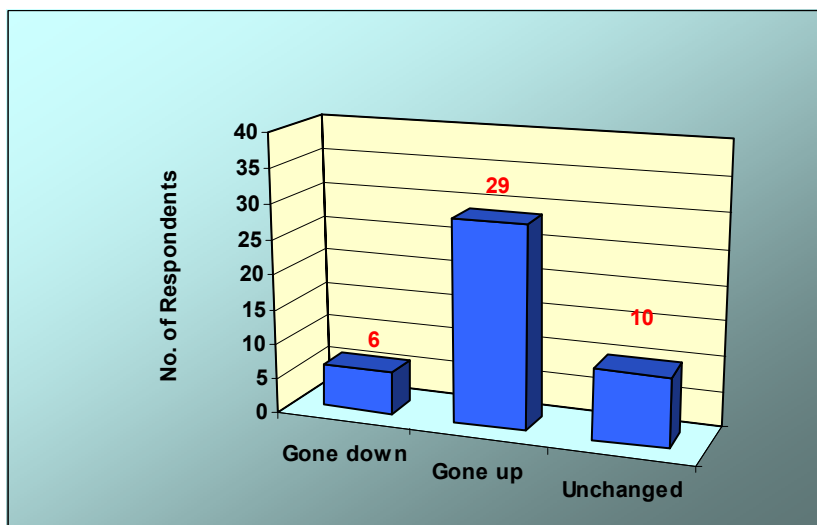
28 July 2010

Graphical Representation of Responses

Q1.1. Inflation for the twelve-month period ended May 2010 was 1.8 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?

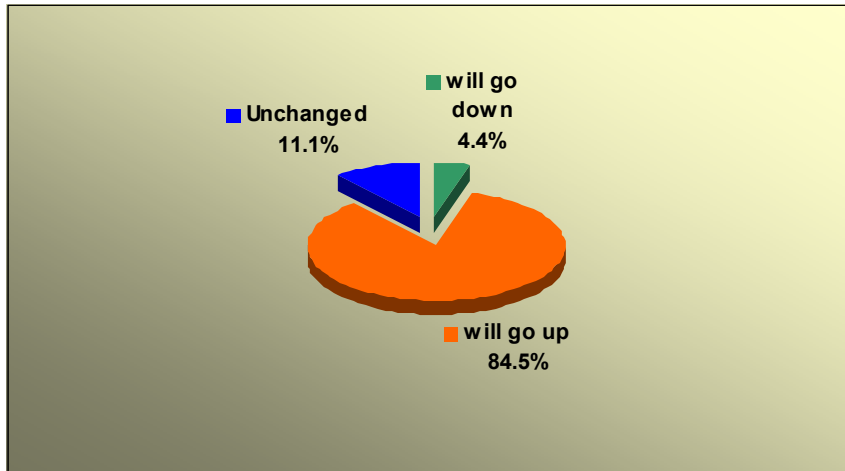


QI.3. Which of the following factors account for the current inflation pattern?

(Ranking in order of importance starting with 1 for most important)

Factors	Rank(starting with 1 for most important)		
	1	2	3
Fiscal policy	3	3	5
Monetary policy	0	12	19
External factors	38	3	4
Wage policy	0	10	6
Fall in aggregate demand	3	17	8
Other	1	0	3

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) **December 2010**; (b) **June 2011**; and (c) **December 2011**?

