Inflation Expectations Survey

(IES)

Survey Month: February 2012

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

Introduction

The Bank of Mauritius carried out its **14th** Inflation Expectations Survey in February 2012. Out of the 50 stakeholders chosen from the financial and real sectors of the economy, 47 responded to the survey. Consequently, the findings are based on these 47 responses.

Findings of the IES

1. With respect to how respondents perceived the 6.4 per cent inflation rate for the twelve month ended January 2012, 61.7 per cent of respondents considered this rate as being high while 6.4 per cent judged it to be low. 17.0 per cent of respondents deemed this rate as being appropriate and 14.9 per cent viewed it as being too high.

2. With regard to their best description of the movement of prices over the preceding 12 months, 83.0 per cent of respondents indicated that prices of goods and services had gone up, while 6.4 per cent of respondents were of the opinion that prices had gone down. 10.6 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 78.7 per cent of respondents as accounting for the primary source of inflation in Mauritius. *Change in aggregate demand* was considered by 29.8 per cent of respondents as being the second most important factor. *Monetary policy* was regarded by 31.9 per cent of respondents as the third most important factor.

4. In relation to movement of prices over the next 12 months, 68.1 per cent of respondents expected prices to go up, while 21.3 per cent of respondents anticipated a decrease in prices. 10.6 per cent of respondents expected that prices would remain unchanged.

5. Respondents were also requested to provide their expectations of the rate of inflation for the twelve month ending June 2012, December 2012 and a year ahead.

- *June 2012:* None of the respondents were expecting inflation to be less than 4.5% while 68.1 per cent of respondents were expecting inflation to range from 4.5% to 6.5%. 31.9 per cent of respondents were anticipating inflation to be above 6.5%.

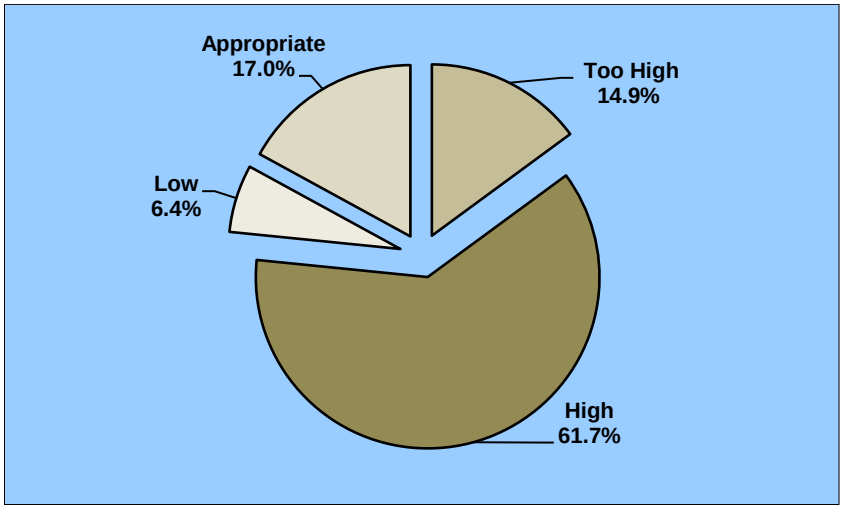
- *December 2012:* None of the respondents were expecting inflation to be lower than 4.5% while 59.6 per cent of respondents were expecting inflation to be within 4.5% to 6.5%. 40.4 per cent of respondents were anticipating inflation to be above 6.5%.
- *A year ahead:* 2.1 per cent of respondents were expecting inflation to be less than 4.5% and 53.2 per cent of respondents were expecting inflation to range from 4.5% to 6.5%. 44.7 per cent of respondents were anticipating inflation to be beyond 6.5%.

6. The mean inflation rates expected by respondents were 6.3%, 6.4% and 6.4% respectively, for the twelve months ending June 2012, December 2012 and a year ahead.

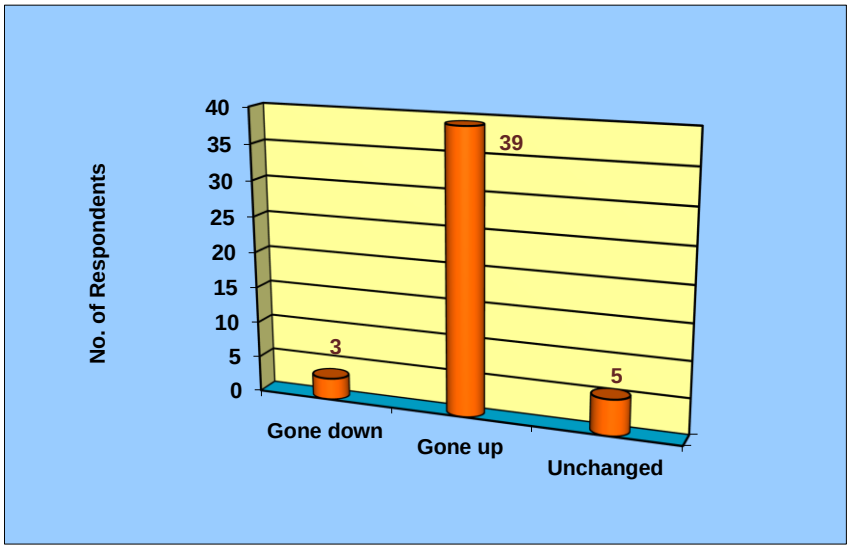
Statistics Division
15 March 2012

Graphical Representation of Responses

QI.1. Inflation for the twelve-month period ended January 2012 was 6.4 per cent. Do you perceive this rate to be……?



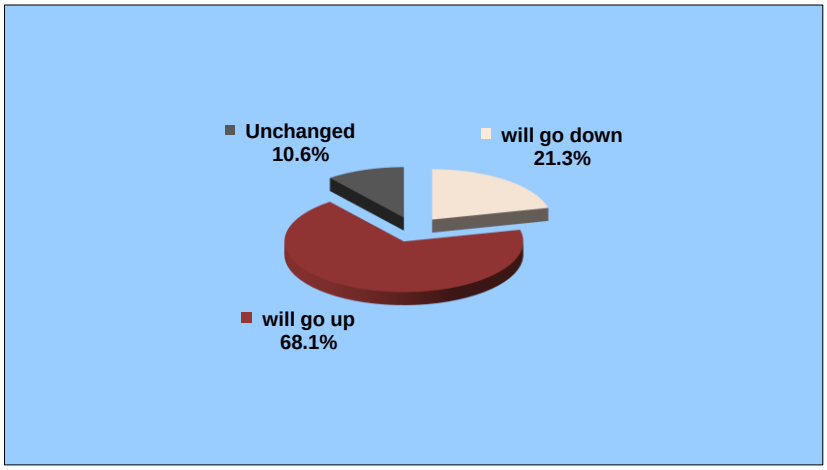
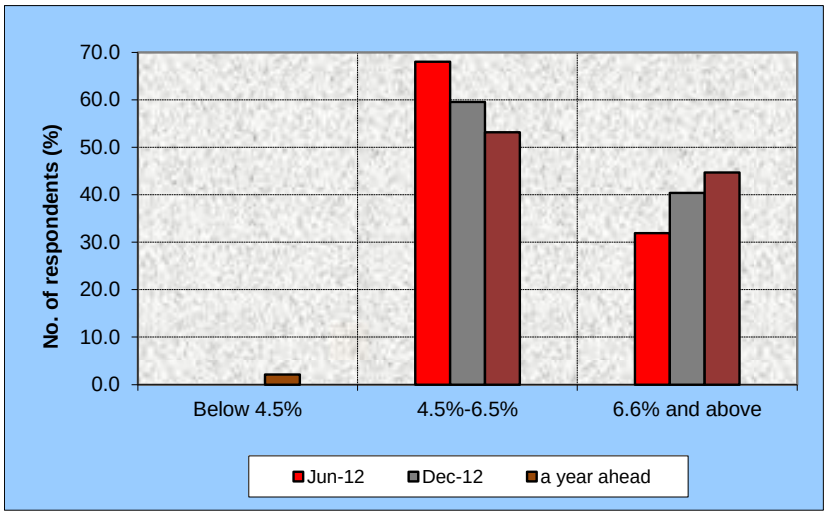
QI.2. Which of the following best describes the movement of prices over the past 12 months?



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	2	10	11
Monetary policy	2	10	15
External factors	37	6	3
Wage policy	1	7	5
Change in aggregate demand	3	14	13
Other	2	0	0

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 headline inflation in (a) **June 2012,** (b) **December 2012** and (c) **a year ahead?**