



Inflation Expectations Survey *(IES)*

Survey Month: May 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 15th Inflation Expectations Survey in May 2012. From the 50 stakeholders chosen from the financial and real sectors of the economy, a 100 per cent response rate was achieved. Consequently, the findings are based on these 50 responses.

Findings of the IES

1. With respect to how respondents perceived the 5.6 per cent inflation rate for the twelve month ended April 2012, 46.0 per cent of respondents considered this rate as being high while 12.0 per cent judged it to be low. 38.0 per cent of respondents deemed this rate as being appropriate and 4.0 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, 70.0 per cent of respondents indicated that prices of goods and services had gone up, while 14.0 per cent of respondents were of the opinion that prices had gone down. 16.0 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 80.0 per cent of respondents as accounting for the primary source of inflation in Mauritius. *Change in aggregate demand* was considered by 36.0 per cent of respondents as being the second most important factor. *Monetary policy* was regarded by 36.0 per cent of respondents as the third most important factor.

4. In relation to movement of prices over the next 12 months, 76.0 per cent of respondents expected prices to go up, while 18.0 per cent of respondents anticipated a decrease in prices. 6.0 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 December 2012, a year ahead and June 2013.

- December 2012: 2.0 per cent of the respondents were expecting inflation to be less than 4.5% while 88.0 per cent of respondents were expecting inflation to

range from 4.5% to 6.5%. 10.0 per cent of respondents were anticipating inflation to be above 6.5%.

- A year ahead: 6.0 per cent of the respondents were expecting inflation to be lower than 4.5% while 78.0 per cent of respondents were expecting inflation to be within 4.5% to 6.5%. 16.0 per cent of respondents were anticipating inflation to be above 6.5%.
- June 2013: 6.0 per cent of respondents were expecting inflation to be less than 4.5% and 70.0 per cent of respondents were expecting inflation to range from 4.5% to 6.5%. 24.0 per cent of respondents were anticipating inflation to be beyond 6.5%.

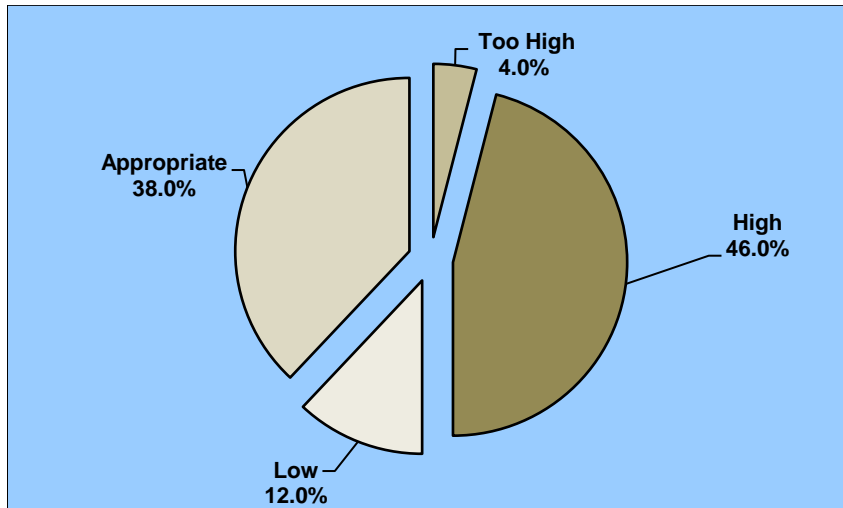
6. Adjusted for outliers*, the mean inflation rates expected by respondents were 5.7%, 5.9% and 6.0% respectively, for the twelve months ending December 2012, a year ahead and June 2013.

**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.*

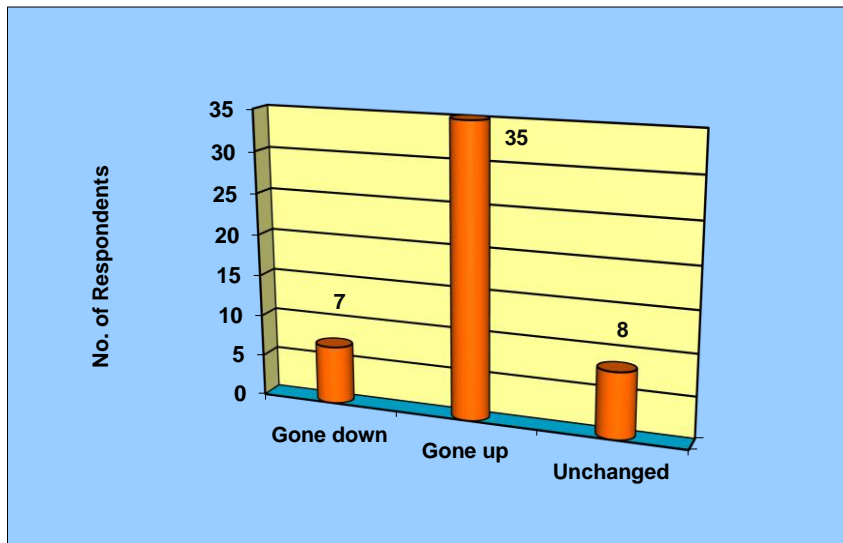
**Statistics Division
06 June 2012**

Graphical Representation of Responses

QI.1. Inflation for the twelve-month period ended April 2012 was 5.6 per cent.
Do you perceive this rate to be.....?



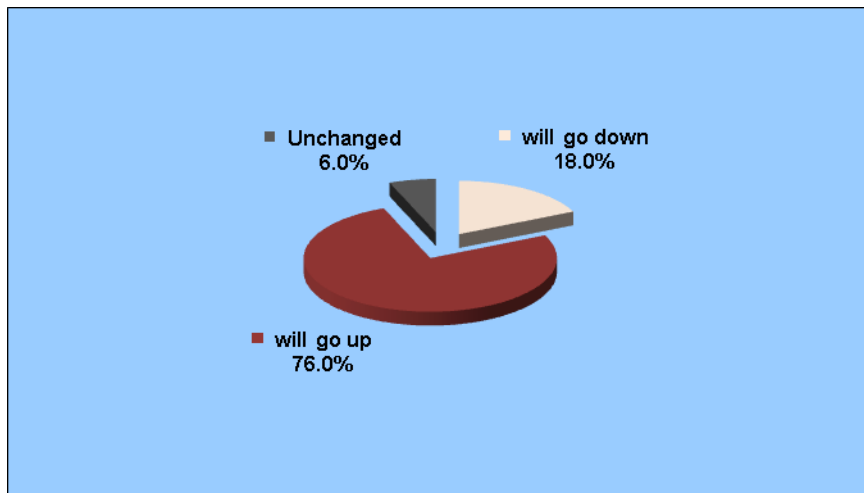
QI.2. Which of the following best describes the movement of prices over the past 12 months?



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	1	8	11
Monetary policy	4	13	18
External factors	40	6	2
Wage policy	1	4	6
Change in aggregate demand	2	18	13
Other	2	1	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) **December 2012**, (b) a year ahead and (c) **June 2013**?

