



# *Inflation Expectations Survey* *(IES)*

***Survey Month: May 2013***

*(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 19<sup>th</sup> Inflation Expectations Survey in May 2013. From the 50 stakeholders chosen from the financial and real sectors of the economy, 49 responded to the survey. Consequently, the findings are based on these 49 responses.

## Findings of the IES

1. With respect to how respondents perceived the 3.6 per cent inflation rate for the twelve month ended April 2013, 63.3 per cent of respondents considered this rate as being appropriate while 22.5 per cent of respondents viewed it to be low. Out of total respondents, 12.2 per cent deemed this rate as being high and 2.0 per cent replied that it was too high.
2. With regard to their best description of the movement of prices over the preceding 12 months, 75.5 per cent of respondents indicated that prices of goods and services had gone up, while 16.3 per cent of respondents were of the opinion that prices had gone down. 8.2 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 67.3 per cent of respondents as accounting for the primary source of inflation in Mauritius. *Change in aggregate demand* was considered by 34.7 per cent of respondents as being the second most important factor. *Change in exchange rates* was regarded by 34.7 per cent of respondents as the third most important factor.
4. In relation to movement of prices over the next 12 months, 85.7 per cent of respondents expected prices to go up, while 10.2 per cent of respondents anticipated a decrease in prices. 4.1 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 2013, a year ahead and June 2014.

- December 2013: 61.2 per cent of the respondents were expecting inflation to be less than 4.5% while 36.7 per cent of respondents were expecting inflation to range from 4.5% to 6.5%. 2.1 per cent of respondents were anticipating inflation to be above 6.5%.
- A year ahead: 49.0 per cent of respondents were expecting inflation to be less than 4.5% and 49.0 per cent of respondents were expecting inflation to range from 4.5% to 6.5%. 2.0 per cent of respondents were anticipating inflation to be beyond 6.5%.
- June 2014: 36.7 per cent of the respondents were expecting inflation to be lower than 4.5% while 63.3 per cent of respondents were expecting inflation to be within 4.5% to 6.5%. None of the respondents were anticipating inflation to be above 6.5%.

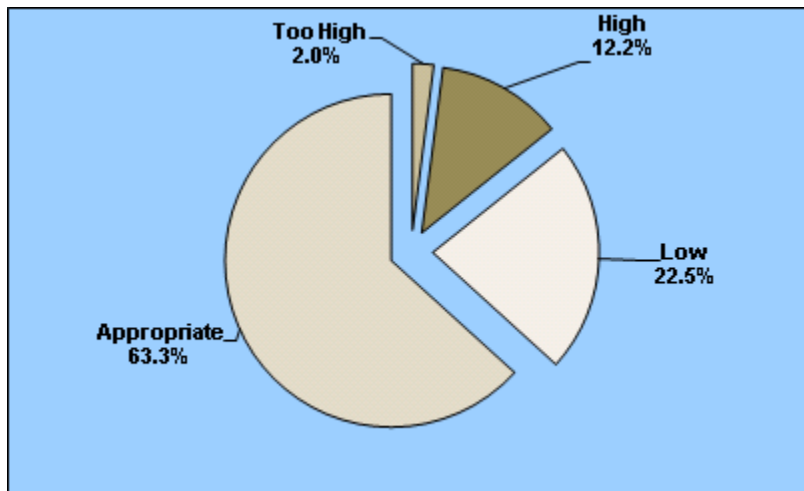
6. Adjusted for outliers\*, the mean inflation rates expected by respondents were 4.3%, 4.7% and 4.8% respectively, for the twelve months ending December 2013, a year ahead and June 2014.

*\*Note: Observations outside the interval  $[\hat{Y} - 4\sigma; \hat{Y} + 4\sigma]$  are considered as outliers, where  $\hat{Y}$  and  $\sigma$  denote the mean and the standard deviation of  $Y$ , respectively.*

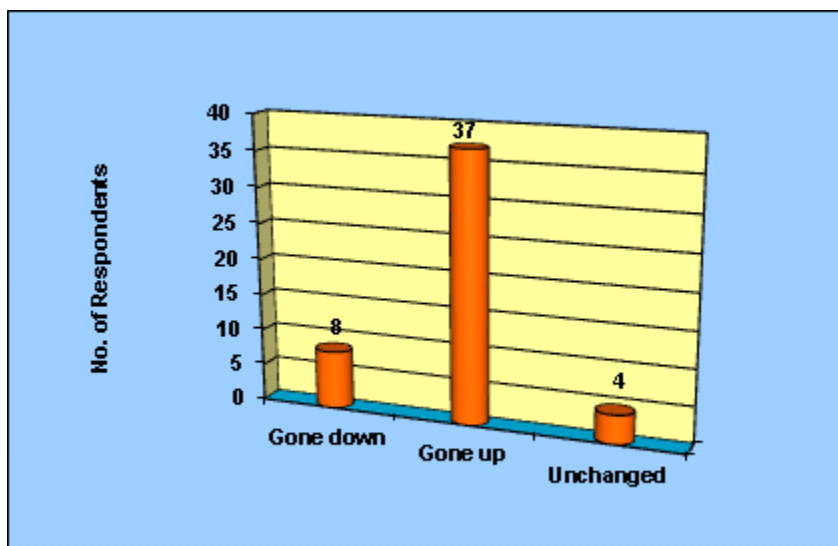
**Statistics Division**  
**05 June 2013**

## Graphical Representation of Responses

**Q1.1.** Inflation for the twelve-month period ended April 2013 was 3.6 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?

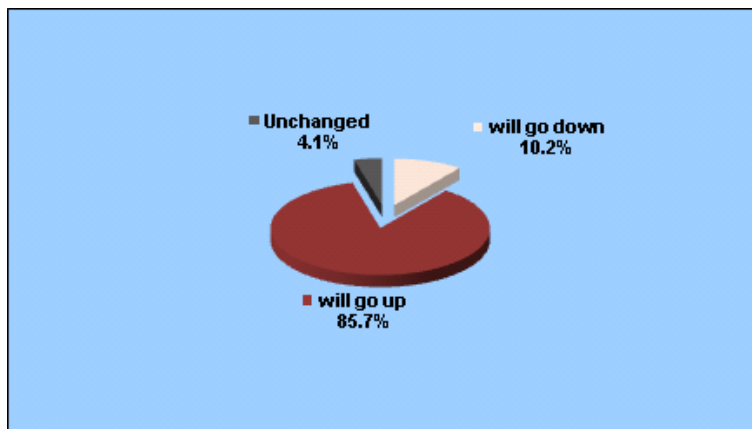


**QI.3.** Which of the following factors account for the current inflation pattern?

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

Factors	Rank(starting with 1 for most important)		
	1	2	3
Fiscal policy	2	2	3
Monetary policy	1	6	6
Exchange rate	4	13	17
External factors	33	7	4
Wage policy	4	4	7
Change in aggregate demand	4	17	12
Other	1	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) **December 2013**, (b) a year ahead and (c) **June 2014**?

