



Inflation Expectations Survey *(IES)*

Survey Month: May 2014

(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 23rd Inflation Expectations Survey in May 2014. From 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 4.0 per cent headline inflation* rate for the month of April 2014, 60.0 per cent of respondents considered this rate as being appropriate while 11.1 per cent of respondents viewed it to be low. Out of total respondents, 28.9 per cent deemed this rate as being high.

(*Headline inflation is measured by comparing the average level of prices, as measured by the CPI, during a twelve-month period with the average level during the corresponding previous twelve-month period.)

2. With regard to their best description of the movement of prices over the preceding 12 months, 93.3 per cent of respondents indicated that prices of goods and services had gone up, while 6.7 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 71.1 per cent of respondents as accounting for the primary source of inflation in Mauritius. *Change in aggregate demand* was considered by 40.0 per cent of respondents as being the second most important factor. *Change in exchange rates* was regarded by 33.3 per cent of respondents as the third most important factor.

4. In relation to movement of prices over the next 12 months, 77.8 per cent of respondents expected prices to go up, while 4.4 per cent of respondents anticipated a decrease in prices. 17.8 per cent of respondents expected that prices would remain unchanged.

5. Respondents were also requested to provide their expectations of headline inflation for December 2014, a year ahead and June 2015.

- December 2014: 55.6 per cent of the respondents were expecting inflation to be less than 4.5% while 44.4 per cent of respondents were expecting inflation to

range from 4.5% to 6.5%. None of the respondents were anticipating inflation to be above 6.5%.

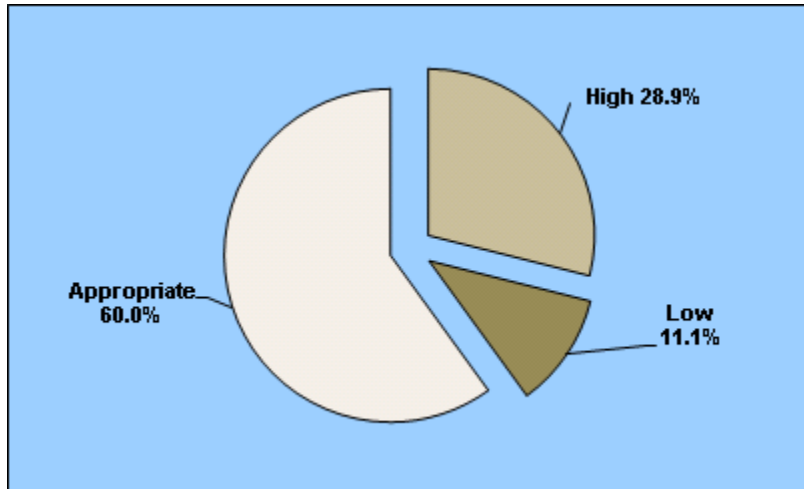
- *A year ahead:* 42.2 per cent of the respondents were expecting inflation to be lower than 4.5% while 57.8 per cent of respondents were expecting inflation to be within 4.5% to 6.5%. None of the respondents were anticipating inflation to be above 6.5%.
- *June 2015:* 33.3 per cent of the respondents were expecting inflation to be less than 4.5% and 66.7 per cent of respondents were expecting inflation to range from 4.5% to 6.5%. None of the respondents were expecting inflation to be beyond 6.5%.

6. The mean headline inflation rates expected by respondents were 4.4%, 4.6% and 4.7% respectively, for December 2014, a year ahead and June 2015.

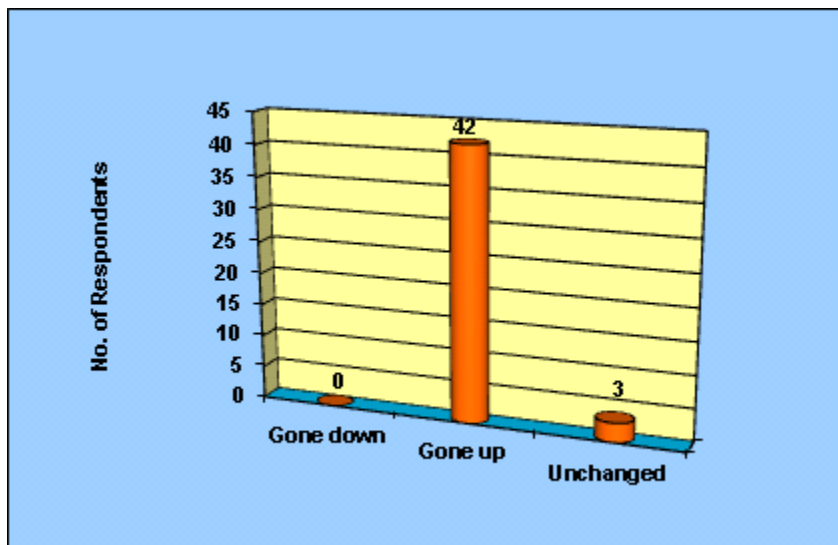
**Statistics Division
06 June 2014**

Graphical Representation of Responses

QI.1. Headline Inflation for the month of April 2014 was 4.0 per cent. Do you perceive this rate to be.....?



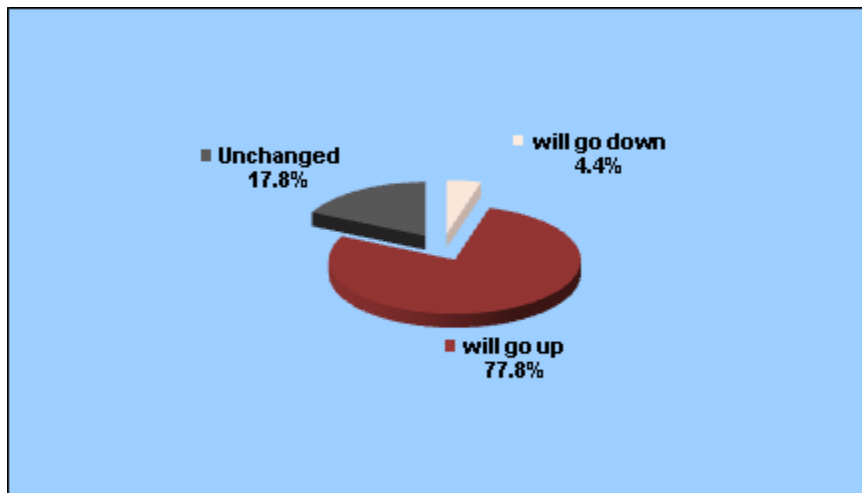
QI.2. Which of the following best describes the movement of prices over the past 12 months?



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	3	2	4
Change in interest rates	1	4	2
Change in exchange rates	3	12	15
External factors	32	4	5
Wage policy	2	5	4
Change in aggregate demand	4	18	14
Other	0	0	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 headline inflation in (a) **December 2014**, (b) a year ahead and (c) **June 2015**?

