



Inflation Expectations Survey
(IES)

Survey Month: May 2015

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

1. **The Bank of Mauritius carried out its 27th Inflation Expectations Survey in May 2015.** From the 50 stakeholders randomly chosen from the financial and real sectors of the economy, 48 provided responses to the survey. The findings are thus based on the 48 responses received.
2. **With respect to how respondents perceived the 2.2 per cent headline inflation* rate recorded for the month of April 2015,** 54.2 per cent of respondents considered this rate as being appropriate, while 41.6 per cent of them judged it to be low. 4.2 per cent of respondents deemed it high.
3. **With regard to their best description of the movement of prices over the preceding 12 months,** 77.1 per cent of respondents indicated that prices of goods and services had gone up, while 12.5 per cent were of the opinion that prices had gone down. 10.4 per cent of respondents viewed that prices had remained unchanged.
4. **Concerning the major factors that would account for the prevailing inflation pattern,** *External Factors* and *Change in exchange rates* were equally regarded by 43.8 per cent of respondents as accounting for the primary source of inflation in Mauritius.
5. **In relation to movement of prices over the next 12 months,** 77.1 per cent of respondents expected prices to go up, while 8.3 per cent of respondents anticipated a decrease in prices. 14.6 per cent of respondents expected that prices would remain unchanged.

(*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.)

6. **Respondents were also requested to provide their expectations of headline inflation for December 2015, a year ahead and June 2016.**

- December 2015: 87.5 per cent of respondents are expecting inflation to be below 4.5% while 10.4 per cent of respondents are expecting inflation to range between 4.5% and 6.5%. 2.1 per cent of respondents are anticipating inflation to be over 6.5%.
- A year ahead: 87.5 per cent of the respondents are expecting inflation to be lower than 4.5% while 6.3 per cent of respondents are expecting inflation to be within 4.5% to 6.5%. 6.2 per cent of respondents are anticipating inflation to be above 6.5%.
- June 2016: 77.1 per cent of the respondents are expecting inflation to be less than 4.5% and 16.7 per cent of respondents are expecting inflation to range from 4.5% to 6.5%. 6.2 per cent of respondents are expecting inflation to be beyond 6.5%.

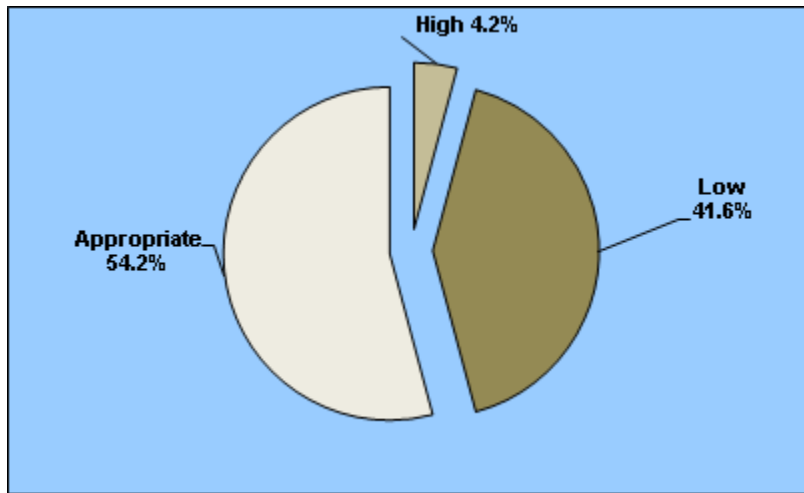
7. Adjusted for outliers[^], **the mean headline inflation rates expected by respondents are** 3.3% for December 2015, 3.6% a year ahead and 3.8% for June 2016.

[^]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.

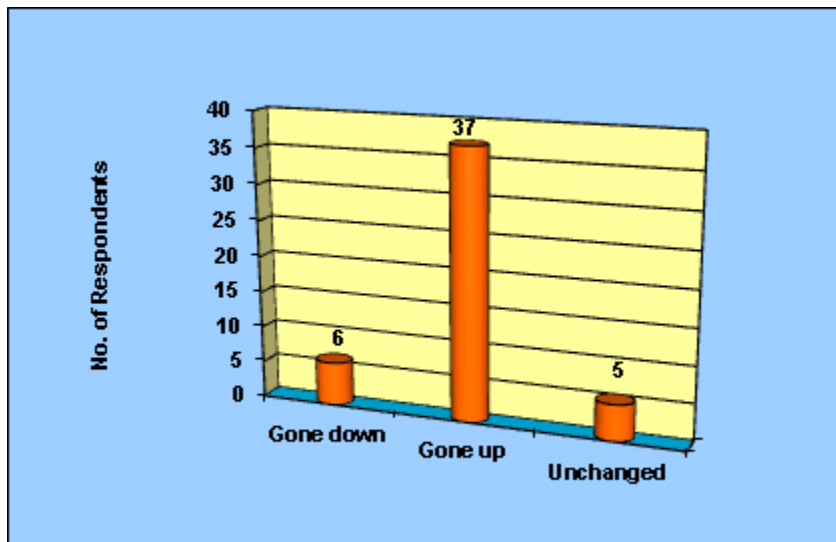
**Statistics Division
12 June 2015**

Graphical Representation of Responses

Q1.1. Headline Inflation for the month of April 2015 was 2.2 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?

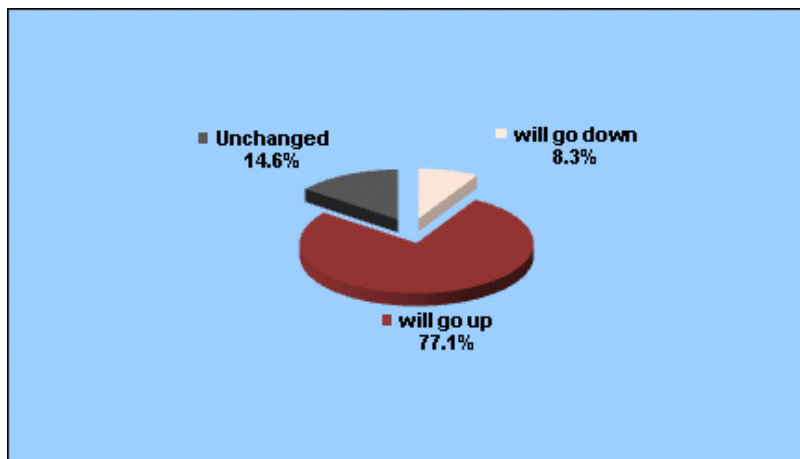


QI.3. Which of the following factors account for the current inflation pattern?

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

| Factors | Rank(starting with 1 for most important) | | |
|----------------------------|--|----|----|
| | 1 | 2 | 3 |
| Fiscal policy | 1 | 5 | 8 |
| Change in interest rates | 0 | 1 | 1 |
| Change in exchange rates | 21 | 15 | 6 |
| External factors | 21 | 19 | 4 |
| Wage policy | 2 | 2 | 7 |
| Change in aggregate demand | 3 | 6 | 21 |
| 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 2015**, (b) a year ahead and (c) **June 2016**?

