



# **Inflation Expectations Survey<sup>1</sup>**

## **(IES)**

**Survey Month: August 2015**

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<sup>1</sup>The reported survey findings represent the views of respondents.

1. **The Bank of Mauritius conducted its 28<sup>th</sup> Inflation Expectations Survey in August 2015 and the response rate for the survey was 94 per cent.** 50 stakeholders were randomly chosen from the financial and real sectors of the economy and 47 of them provided responses to the survey.
2. **With regard to how respondents viewed the 1.5 per cent headline inflation rate<sup>2</sup> recorded for July 2015,** 55.3 per cent of respondents considered this rate as being low, while 38.3 per cent of them judged it to be appropriate. 6.4 per cent of respondents deemed it high.
3. **With regard to respondents' best description of the movement of prices over the preceding 12 months,** 74.5 per cent of respondents observed that prices of goods and services had gone up, while 14.9 per cent were of the opinion that prices had gone down. 10.6 per cent of respondents viewed that prices had remained unchanged.
4. **Respondents were asked to provide the three main factors that accounted for the prevailing inflation pattern,** and 53.2 per cent of them indicated that external factors accounted for the primary source of inflation in Mauritius. The change in exchange rates of the rupee was considered by 42.6 per cent of respondents as being the second most important factor. The change in aggregate demand was regarded by 51.1 per cent of respondents as the third most important factor.
5. **When asked about the movement of prices over the next 12 months,** 80.9 per cent of respondents stated that they expected prices to go up, while 10.6 per cent of them said that they were anticipating a decline in prices. 8.5 per cent of respondents envisaged that prices would remain unchanged.

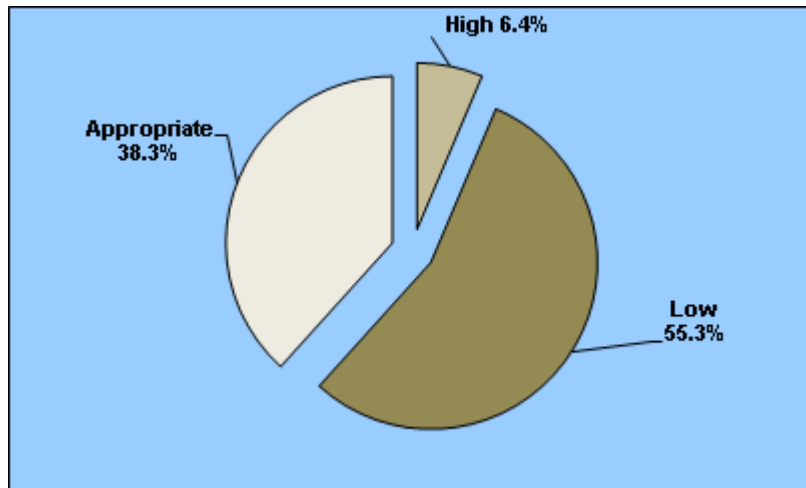
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<sup>2</sup>Headline inflation is measured by comparing the average level of prices, as measured by the CPI, during a twelve-month period with the average level during the corresponding previous twelve-month period.

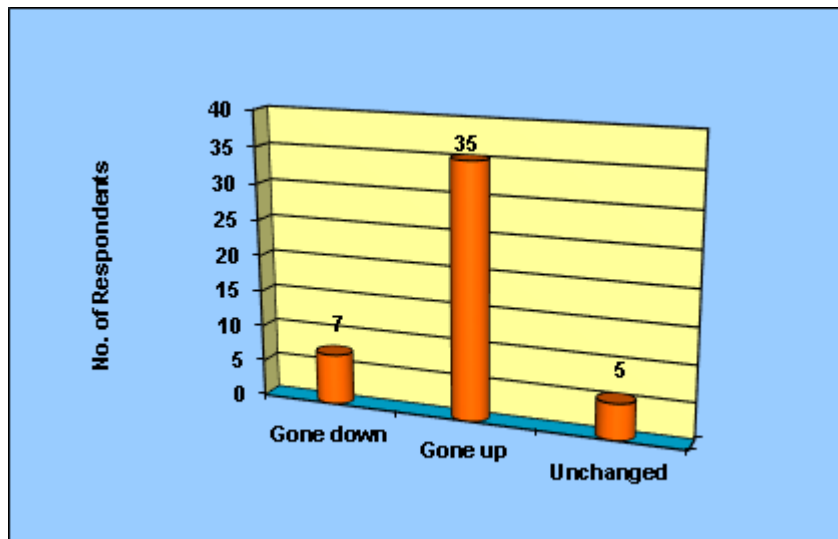
6. **Respondents were also asked to provide their expectations of headline inflation for December 2015, June 2016 and a year ahead.**
- **December 2015 and June 2016:** 91.5 per cent of respondents were expecting the rate of inflation to be below 4.5 per cent while 8.5 per cent of respondents were anticipating the inflation rate to range between 4.5 per cent and 6.5 per cent. None of the respondents were envisaging an inflation rate of over 6.5 per cent.
  - **A year ahead:** 83.0 per cent of the respondents were expecting the inflation rate to be lower than 4.5 per cent while 17.0 per cent them were anticipating the inflation rate to be between 4.5 per cent and 6.5 per cent. None of the respondents were anticipating that the inflation rate would exceed 6.5 per cent.
8. **The mean headline inflation rates expected by respondents were** 2.6 per cent for December 2015; 3.0 per cent for June 2016; and 3.2 per cent a year ahead (i.e., July 2016).

## Graphical representation of responses

**Q1.1.** Headline Inflation for the month of July 2015 was 1.5 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?



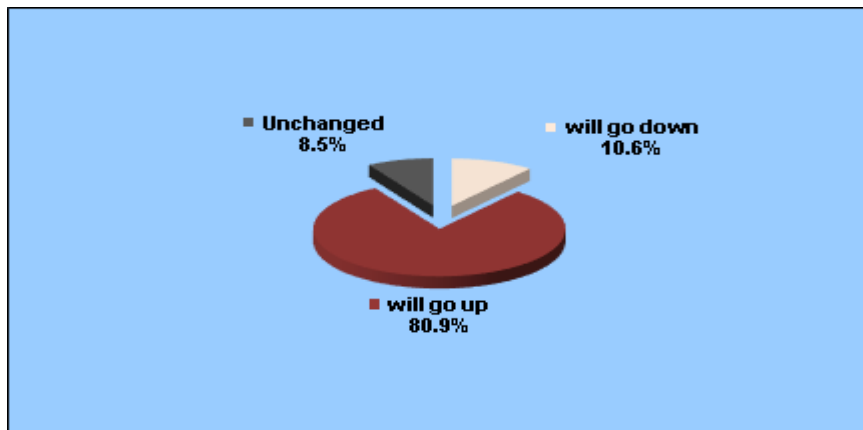
**QI.3.** Which of the following factors account for the current inflation pattern?

*(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	3	5
Change in interest rates	1	0	2
Change in exchange rates	15	20	6
External factors	25	16	4
Wage policy	1	1	5
Change in aggregate demand	3	7	24
Other	1	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) **June**

**2016** and (c) **a year ahead?**

