BUREAU FOR ECONOMIC RESEARCH

Private Bag 5050, Stellenbosch, 7599
Fax (021) 883 3101 Tel. (021) 887 2810
E-mail: gjkk@sun.ac.za

INFLATION EXPECTATION SURVEY RESULTS – 2012Q2

Survey conducted during	2012Q1				2012Q2			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2012	6.2	6.2	6.0	**6.1**	5.9	6.2	6.2	**6.1**
2013	5.6	6.5	6.2	**6.1**	5.3	6.3	6.5	**6.0**
2014	5.5	6.5	6.0	**6.0**	5.3	6.4	6.6	**6.1**
Economic growth (% change in real GDP) during the year								
2012	2.8	2.9	2.8	**2.8**	2.8	2.8	3.0	**2.8**
2013	3.4	3.1	3.2	**3.2**	3.3	3.0	3.2	**3.2**
Prime overdraft rate at the end of								
2012	9.3	9.2	9.2	**9.2**	9.0	9.2	9.1	**9.1**
2013	10.2	9.6	9.9	**9.9**	9.5	9.6	9.2	**9.5**
Yield on R207 at the end of								
2012	8.14			**8.14**	7.76			**7.76**
2013	8.39			**8.39**	8.16			**8.16**
Rand/US dollar at the end of								
2012	7.92	8.07	7.95	**7.98**	8.09	8.40	8.60	**8.36**
2013	8.14	8.32	8.21	**8.22**	8.25	8.59	8.92	**8.59**
M3 money supply growth during the year								
2012	7.7			**7.7**	7.1			**7.1**
2013	9.0			**9.0**	8.5			**8.5**
Salary and wage increase during the year								
2012	7.9	7.5	8.0	**7.8**	7.5	7.5	7.8	**7.6**
2013	7.9	7.7	8.0	**7.8**	7.5	7.6	8.6	**7.9**
Percentage utilisation of production capacity in manufacturing during the year								
2012	81.3			**81.3**	79.8			**79.8**
2013	82.6			**82.6**	81.2			**81.2**

This summary of survey results is our way of thanking you for participating in the survey. Please consult our webpage at www.ber.ac.za for an in-depth analysis of the survey results. Ons sien uit na u terugvoering in die volgende opname.

BUSINESS CONFIDENCE *

	10Q4	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2
Business sector							
Agriculture	35	44	50	50	50	44	63
Manufacturing	36	39	34	27	37	48	39
Wholesale	28	52	58	29	43	33	38
Retail	23	26	30	28	32	25	30
Services **	54	49	44	30	42	60	44

* Unweighted percentage gross of respondents to the SA Reserve Bank's Inflation Expectation Survey that rated prevailing business conditions as satisfactory. 0 = extreme lack of confidence, 50 = neither pessimistic nor optimistic and 100 = extreme confidence

** Including local authorities, hotels, travel agents, real estate agents and financial brokers.

REFERENCES MADE TO THE INFLATION EXPECTATION SURVEY IN THE STATEMENTS OF THE MONETARY POLICY COMMITTEE (MPC)

- Inflation expectations for 2011 as reflected in the survey conducted by the Bureau for Economic Research (BER) at Stellenbosch University had been declining for six consecutive quarters, but remained unchanged in the second quarter of 2011. Expectations for 2012 increased marginally, but remained within the target range, and declined for 2013. The average inflation expectation for the three main categories of respondents was 5,3 per cent for 2011 and 5,8 per cent for the next two years. (21 July 2011)

- Inflation expectations, as reflected in the survey conducted in the third quarter of 2011 by the Bureau for Economic Research at Stellenbosch University remain on average within the target range for the forecast period ending 2013. Inflation is expected to average 5,5 per cent in 2011 and 5,9 per cent in both 2012 and 2013. This represents slight upward adjustments for all three years. While financial analysts and trade union officials expect inflation to remain within the target range over the forecast period, business executives expect average inflation to exceed moderately the upper end of the target range in the coming two years. (22 September 2011)

- Inflation expectations, as reflected in the survey conducted by the Bureau for Economic Research at Stellenbosch University in the fourth quarter of 2011, have increased moderately but have remained relatively anchored around the upper end of the inflation target range. Inflation is expected to average 6,1 per cent in 2012, compared with 5,9 per cent expected in the previous survey. Expectations for 2013 increased from 5,9 per cent to 6,0 per cent. All categories of respondents revised their forecasts moderately upwards for both years, except for business executives whose expectations for inflation in 2013 remained unchanged at 6,3 per cent. (19 January 2012)

- Inflation expectations, as reflected in the Survey of Inflation Expectations conducted by the Bureau for Economic Research (BER) at Stellenbosch University during the first quarter of 2012, appear to have remained relatively anchored around the upper end of the inflation target range. Respondents expect inflation to average 6,1 per cent in both 2012 and 2013, and 6,0 per cent in 2014. Compared with the previous survey, the forecast for 2012 is unchanged, while that for 2013 is up by 0,1 percentage point. Business executives are the most pessimistic, with expectations of 6,5 per cent for both 2013 and 2014. The expectations of financial analysts are marginally higher than those reflected in the latest Reuters survey of market analysts which shows expected inflation to average 6,2 per cent in 2012 and 5,7 per cent in the following two years. (29 March 2012)