

# PRESS RELEASE

**ENQUIRIES:**

Mr George Kershoff  
Deputy Director  
Tel. 021 887 2810

Cell. 083 407 0358

## Results of the BER Inflation Expectation Survey – Second Quarter of 2008

**Embargo: Thursday, 12 June 2008, 15:00**

*ISSUED BY JENNY TERWIN*

During the second quarter of 2008, CPIX inflation expectations in respect of all forecast years increased further relative to the first quarter. They increased from 7.8% to 8.9% in respect of 2008, from 7.0% to 7.9% in respect of 2009 and from 6.7% to 7.2% in respect of 2010.

Of the three social groups, analysts revised their forecasts upwards by the biggest margin. They were followed by the business sector. The trade union movement made the smallest upward revision. In actual fact, they made no change to their 2010 forecast.

All social groups expect CPIX inflation to decline over the forecast period. This finding stands in contrast to that of 08Q1, when business people and trade union leaders forecast no change in CPIX inflation over the forecast period. Analysts now expect a 3.8 percentage point decline (from 9.6% to 5.8%), trade union leaders a 1.0 percentage point decline (from 8.4% to 7.4%) and business people a 0.5 percentage point decline (from 8.8% to 8.3%) in CPIX inflation between 2008 and 2010.

Only analysts foresee CPIX inflation to be within the target range and then only by 2010. In the 08Q1 survey, analysts still forecast CPIX inflation to be below 6% in both 2009 and 2010.

Similar to CPIX inflation expectations, CPI headline inflation expectations also increased by a big margin relative to 08Q1.

Household inflation expectations rose significantly from 8.1% during 08Q1 to 9.5% during 08Q2.

The latest results are discussed in more detail in a report that appears on our webpage at [www.ber.ac.za](http://www.ber.ac.za).

The second quarter survey of financial analysts, business executives and representatives of the trade union movement was conducted between 25 April and 26 May 2008 and the results computed on 27 May 2008. The fieldwork for the household survey was done between 5 and 18 April 2008 and the results processed on 27 May 2008.

**Financial analysts, business people and representatives of the trade union movement:**

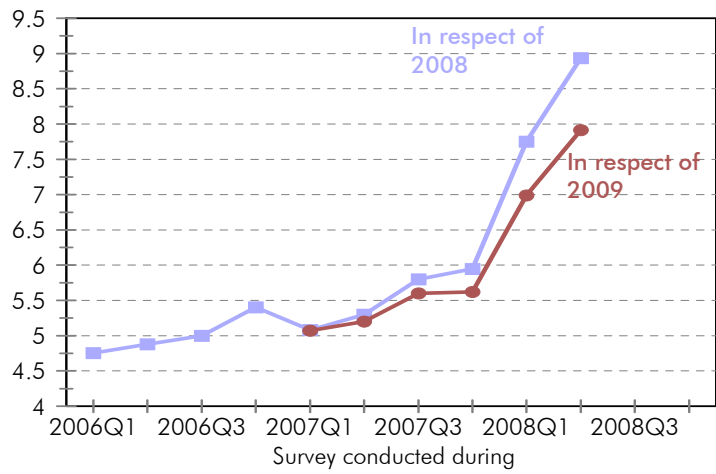
Survey conducted during	2008Q1				2008Q2			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
<b>Overall CPI inflation during the year</b>								
2008	8.4	8.1	8.2	<b>8.2</b>	9.6	9.5	9.2	<b>9.5</b>
2009	5.2	8.1	8.0	<b>7.1</b>	6.8	9.3	8.9	<b>8.3</b>
2010	4.8	7.9	7.7	<b>6.8</b>	5.3	8.8	7.9	<b>7.3</b>
<b>CPIX inflation during the year</b>								
2008	8.1	7.6	7.5	<b>7.8</b>	9.6	8.8	8.4	<b>8.9</b>
2009	5.9	7.5	7.5	<b>7.0</b>	7.0	8.7	8.1	<b>7.9</b>
2010	5.4	7.4	7.4	<b>6.7</b>	5.8	8.3	7.4	<b>7.2</b>

**Households:**

Avg price increase during the year 2008	<b>8.1</b>		<b>9.5</b>
---	------------	--	------------

### CPIX INFLATION EXPECTATIONS

(annual averages)



### HOUSEHOLD INFLATION EXPECTATIONS

(annual averages)

