

SURVEY PUBLICATION | SECOND QUARTER 2026

# Survey of Inflation Expectations

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## EXECUTIVE SUMMARY

- The global energy shock, due to the war between the US and Iran, had a negative impact on the inflation expectations of all four social groups. For the professional groups, current-year expectations surged from 3.6% to 4.4%.
- Similarly, their five-year expectations increased from 3.6% to 4.1%.
- Household inflation expectations increased further following a marginal uptick in the first quarter; one-year expectations were measured at 6.0% (5.4% previously), while five-year expectations rose from 8.4% to 9.1%.
- Yet, the wage expectations of the respondents were virtually unaffected. They anticipate wages to rise by 4.8% this year and next (4.7% previously).
- Economic growth expectations were revised lower by all three professional groups. On average, they expect GDP growth of only 1.2% in 2026, down from 1.5% in the first quarter.

Survey conducted during	2026Q1				2026Q2			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2026	3.3	3.7	3.8	<b>3.6</b>	4.3	4.5	4.3	<b>4.4</b>
2027	3.3	3.7	3.8	<b>3.6</b>	3.7	4.3	4.4	<b>4.2</b>
2028	3.2	3.9	3.7	<b>3.6</b>	3.4	4.0	4.4	<b>3.9</b>
5 years	3.2	4.0	3.7	<b>3.6</b>	3.5	4.2	4.7	<b>4.1</b>

Figure 1: Headline CPI inflation during the year

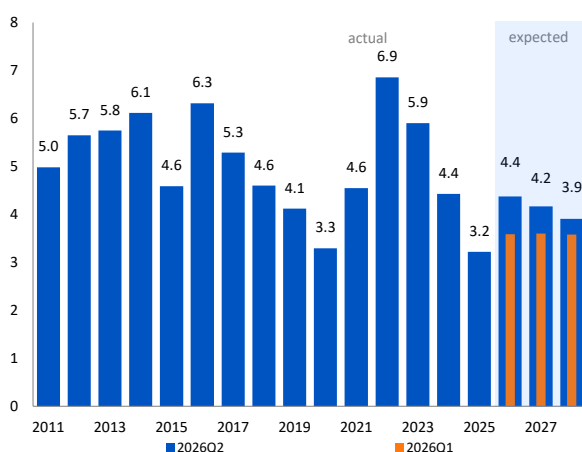
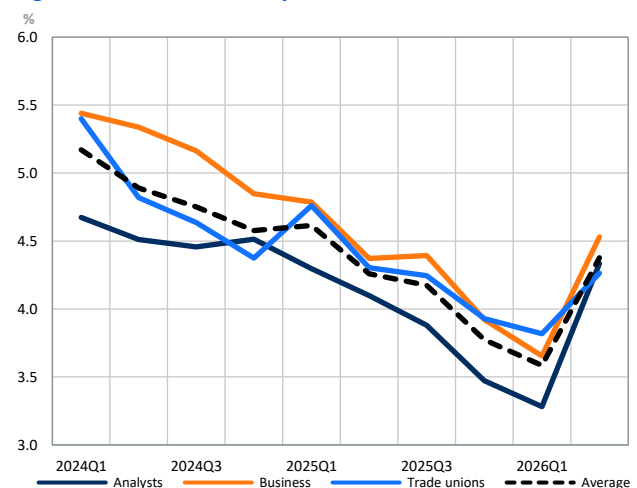


Figure 2: CPI inflation expectations: 2026



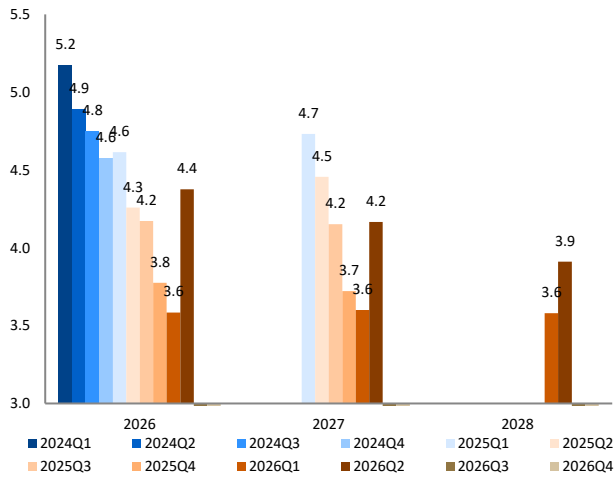
# Headline CPI inflation expectations of analysts, business people and trade unions

The second-quarter survey was conducted against a backdrop of heightened geopolitical tensions in the Middle East. *(At the end of February, the US launched a military attack on Iran. Consequently, Iran closed the Strait of Hormuz, resulting in a significant interruption in the global fuel supply.)* The Brent crude oil price surged from \$70 per barrel by the end of February to more than \$100 by the middle of March and remained high through the survey period. As a result, the petrol price in South Africa increased by 34% from February to May, and the diesel price by 77%. These developments coincided with higher inflation expectations among both professional respondents and households.

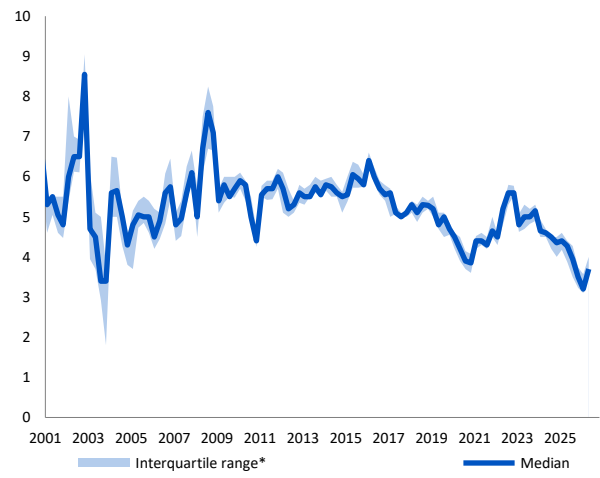
Against this backdrop of higher energy prices during the survey period, all three professional groups revised their inflation expectations higher across the forecast horizon. On average, respondents now expect headline consumer inflation of 4.4% in 2026, up from 3.6% previously. Similarly, they expect inflation of 4.2% next year, 3.9% in 2028 and 4.1% on average for the next five years (compared to 3.6% previously, for all these periods). Among the three professional groups, analysts foresee the quickest return towards the 3% target; they expect inflation to subside to 3.5% by 2028. Business people and trade unions are slightly more sceptical, anticipating 4.0% and 4.4% respectively.

Regarding expectations for the next five years, trade unions revised their forecast the most, from 3.7% to 4.7%. Among the professional groups, they now expect the highest rate. Analysts continue to report the lowest expectations, anticipating inflation of only 3.5% (compared to 3.2% before). Business managers made the smallest revision, an upward adjustment of 0.2 percentage points (% pts) to 4.2%.

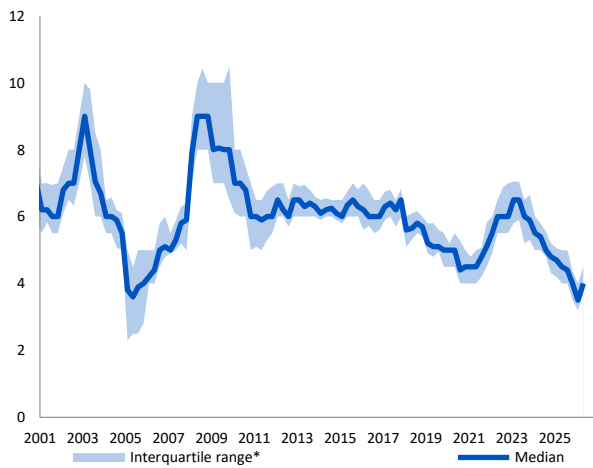
**Figure 3: Per survey quarter (average)**



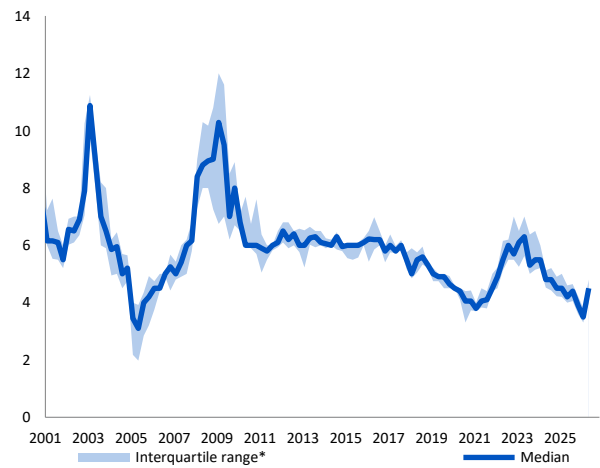
**Figure 4: Analysts: one year ahead**



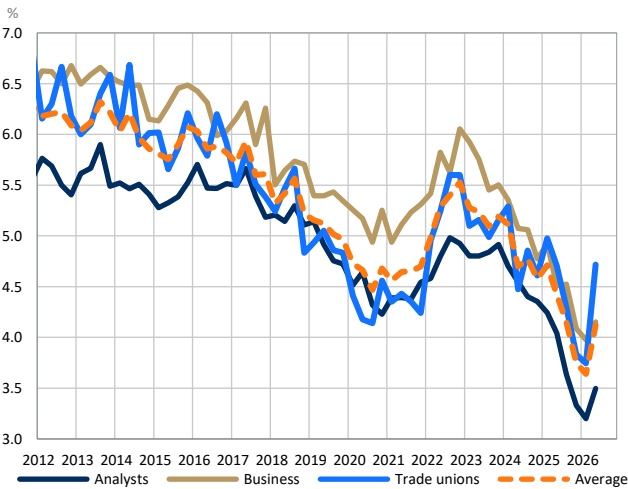
**Figure 5: Business people: one year ahead**



**Figure 6: Trade unions: one year ahead**



**Figure 7: Over the next 5 years**

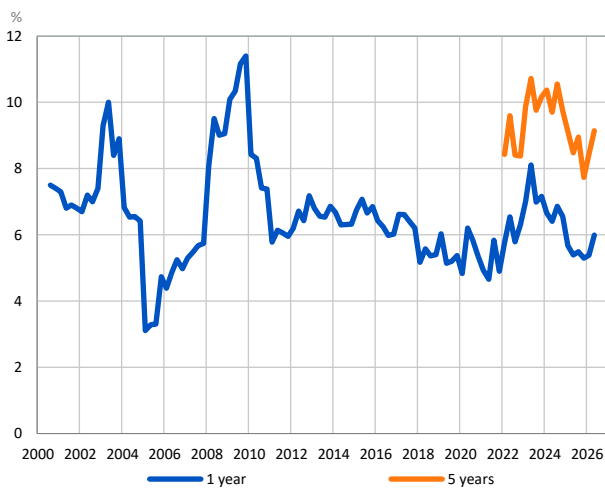


\* If all the values from a specific survey quarter are sorted from high to low and divided into four equal quarters, 25% of the values fall above and 25% below the shaded area and the middle 50% falls within it. A wider interquartile range indicates higher disagreement among the respondents and a narrower range more agreement. The extent of disagreement may be related to, but does not necessarily measure, uncertainty. The position of the average relative to the top and bottom of the range provides some clues on the skewness of the distribution of the responses. For instance, a few very high values may pull the average closer to the top of the range, because the distribution of the responses has a long tail to the right.

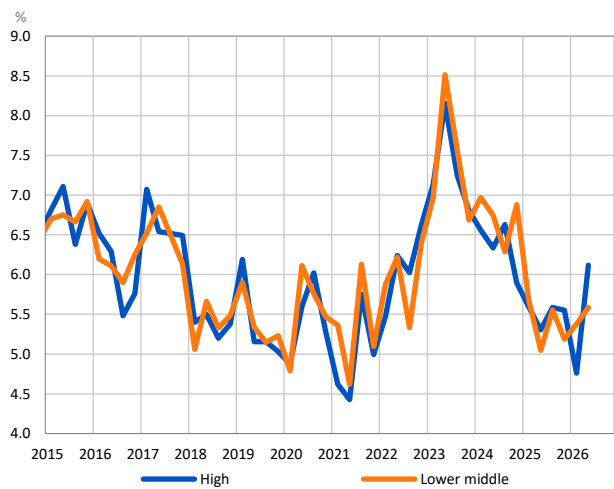
# Household inflation expectations

Household expectations were also significantly affected by the energy price shock, ending the decline evident since mid-2023. Twelve-month inflation expectations increased from 5.4% in the first quarter to 6.0% in the second quarter, while their five-year expectations rose from 8.4% to 9.1%. The increase was more pronounced among high-income households, whose 12-month inflation expectations rose from 4.8% to 6.1%. By comparison, the expectations of lower-middle-income households increased from 5.4% to 5.6%.

**Figure 8: Households' expectation: Total**



**Figure 9: Per income group (one year ahead)**

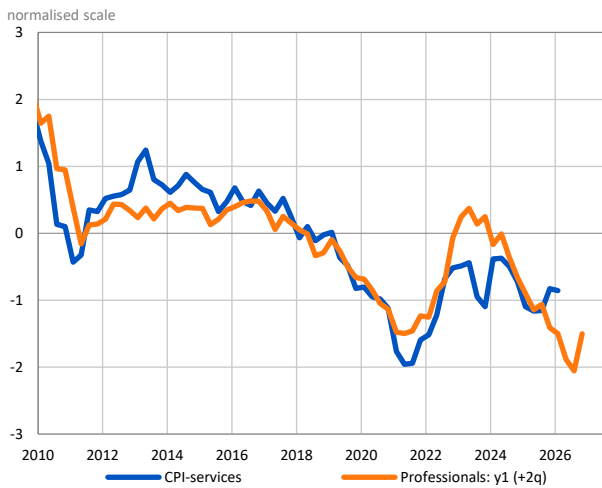


# Additional analytical data

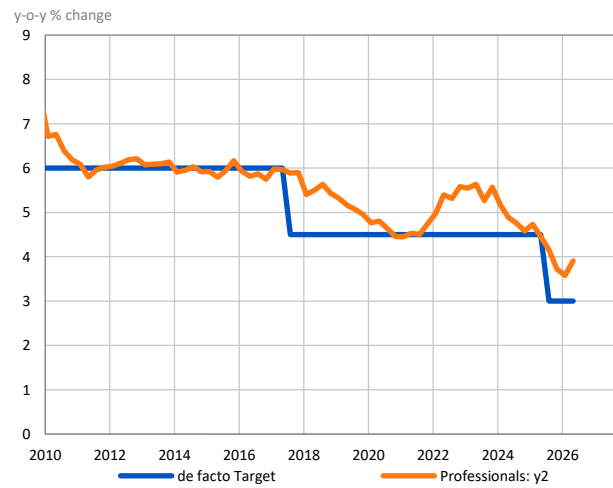
Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	$\Delta$	$\sigma_{\Delta}$
Professionals: y1 <sup>1</sup>	% y-o-y	4.7	5.7	6.7	4.8	4.5	4.6	4.3	4.2	3.8	3.6	4.2	0.6	0.3
<b>Difference with the de facto target:</b>														
Professionals: y2 <sup>2</sup>	% y-o-y	-0.5	0.4	1.3	0.3	0.1	0.2	0.0	1.2	0.7	0.6	0.9	0.3	0.3
<b>Price indicators from other BER surveys*:</b>														
Absa-PMI: prices <sup>3</sup>	%	63	73	84	62	61	68	62	60	55	61	85	24	8
BER-Retail survey: selling prices <sup>4</sup>	Net %	20	41	61	43	17	38	33	31	24	18	64	46	15
BER-Manufac. survey: selling prices <sup>5</sup>	Net %	17	32	47	37	30	22	19	21	31	16	31	15	12

\* Percentage rating prices higher  
 1 - 87% correlation with CPI-services 2q ahead  
 2 - 61% correlation with the de facto CPI target  
 3 - 69% correlation with CPI-goods 3q ahead  
 4 - 75% correlation with CPI-goods 1q ahead  
 5 - 70% correlation with CPI-headline and goods 2q ahead  
 y1 – next year  
 y2 – the year after next  
 +2q – two quarters forward

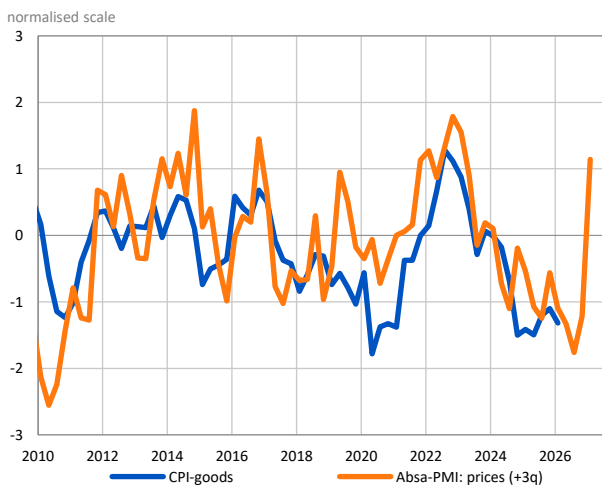
**Figure 10: Professionals - one year ahead**



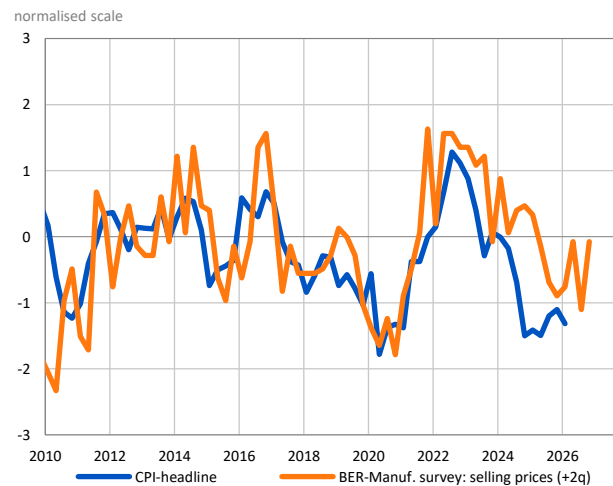
**Figure 11: Professionals - two years ahead**



**Figure 12: Absa PMI - prices**



**Figure 13: BER Manuf. Survey – selling prices**



During the second quarter of 2026, professional expectations for the next year surged by 0.6% pts, double its standard deviation. However, this was from a very low base and indicates that services inflation might increase only moderately two quarters down the line. The other BER price indices also increased by more than one standard deviation, indicating more intense inflationary pressure in headline and goods inflation, two to three quarters ahead, respectively.

## Forecasts of the other indicators

During the second quarter of 2026, the survey respondents from the three professional groups, on average, expected that wages will increase by 4.8% in both this year and next year. Their forecast is virtually unchanged (up by only 0.1% pts) from the previous quarter, despite the significant increase in inflation expectations. Among the three groups, analysts anticipate lower wage growth (4.7% this year and 4.2% next year), whereas trade unions expect a 5.3% increase next year. Business managers expect wage increases of just below 5% in both years.

As in the first quarter, analysts still foresee growth of 7.2% in the M3 money supply. However, they now expect this growth rate to soften slightly to 7.0% next year (0.2% pts lower than their previous forecast).

Another consequence of the geopolitical turmoil in the Middle East was an initial depreciation in the exchange rate of the rand to the US dollar. The rand weakened from R16.12 per dollar to R16.39 during the first and the second quarter survey periods. Against this backdrop, the survey respondents also adjusted their forecast of the exchange rate accordingly (weaker by 40c this year and 17c next year). They now foresee the rand to trade at R16.64. at the end of 2026 and at R16.66 at the end of 2027. The three groups have very similar forecasts, ranging from R16.38 to R16.85. Among them, only trade unionists expect the rand to strengthen next year.

Regarding the prime overdraft rate, the survey respondents no longer anticipate a downward trend. In fact, they now expect the prime rate to be 10.50% by the end of 2026, up by 50 basis points (bps) from their first quarter expectations. Yet, they still expect the interest rate to decline by 25 bps next year, to 10.25%. Among the professional groups, all three expect 10.50% by the end of this year. While analysts forecast the rate declining to 9.75% by the end of 2027, businesses and trade unions expect 10.25% and 10.50%, respectively.

Another consequence of the US-Iran war is higher risk priced into government bonds. As such, the 10-year yield in South Africa increased by 65 bps from the previous to the latest survey periods. Against this background, analysts also revised their forecast of this yield upward. They now expect rates of 8.52% and 8.17% by the end of this year and next, up by 60 and 48 bps, respectively.

Sentiment regarding economic growth soured in the second quarter among all three professional groups. They now expect GDP growth of only 1.2% in 2026, down from 1.5% in the first quarter. Thereafter, they foresee a slight acceleration to 1.5% in 2027. There is no significant divergence among the three groups; analysts expect growth to accelerate by 0.5% pts (to 1.6% next year), while trade unions foresee growth rising by only 0.2% pts (to 1.4%). Meanwhile, business managers forecast growth rising from 1.1% this year to 1.4% next year.

Analysts downwardly revised their forecast of the utilisation of production capacity in manufacturing during 2026 and 2027. They now expect it to be 77.2% this year and 77.9% next year. In the first quarter, they expected 78% and 78.5% respectively.

Figure 14: Salary and wage increases during the year

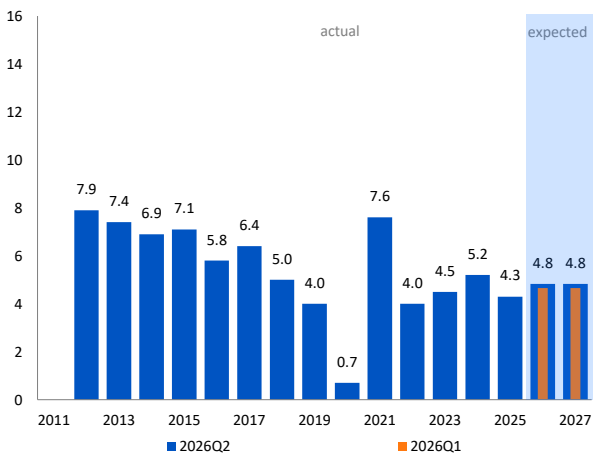


Figure 15: M3 money supply growth during the year

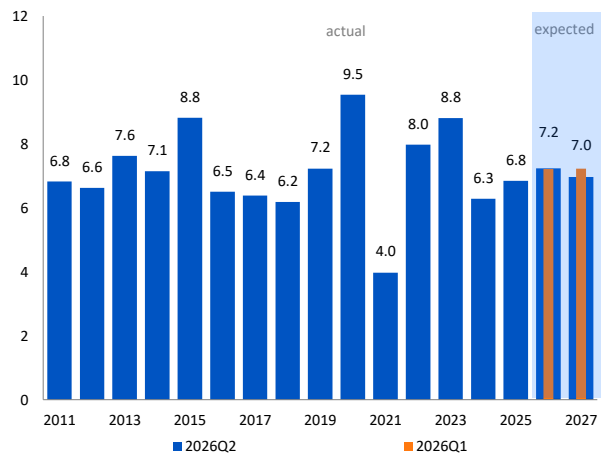


Figure 16: Rand/US dollar at the end of the year

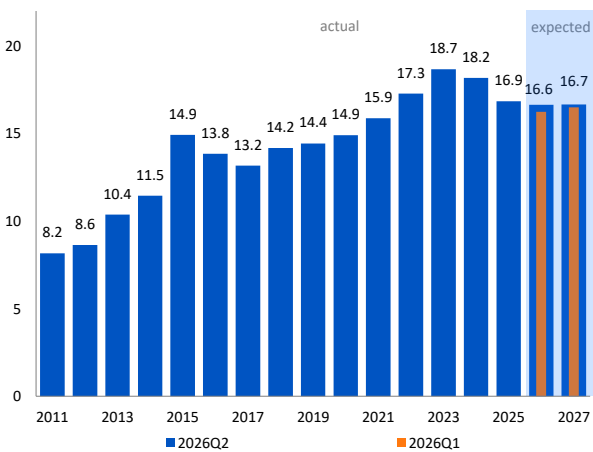


Figure 17: Prime overdraft rate at the end of the year

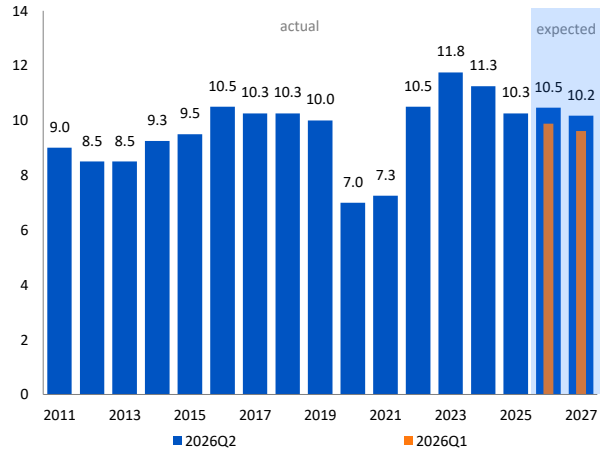


Figure 18: Ten-year gov. bond yield at the end of the year

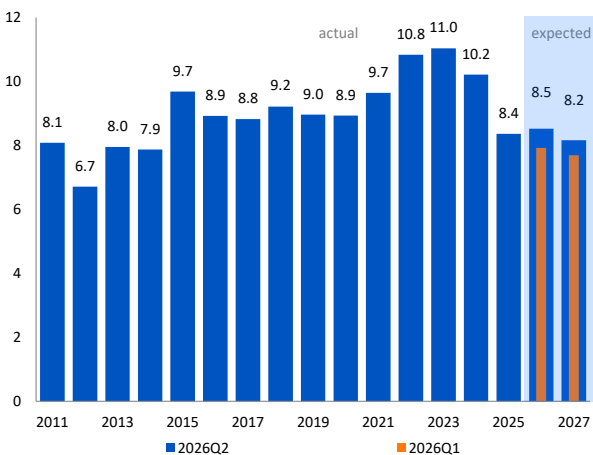
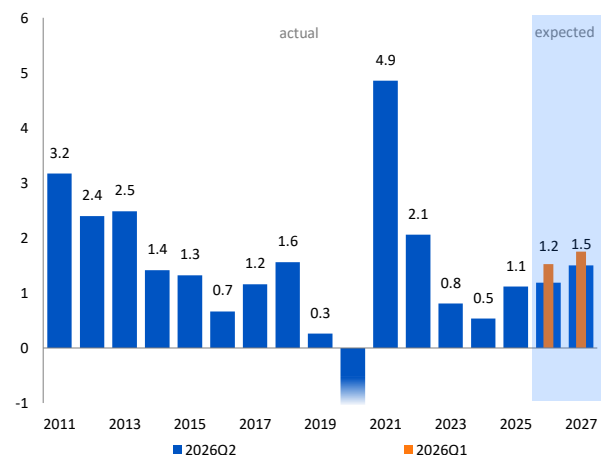


Figure 19: Economic growth during the year



# Appendix

## SURVEY DATA AND DATES

**Table 1: Summary of the survey results**

Survey conducted during	2026Q1				2026Q2			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
<b>Headline CPI inflation during the year</b>								
2026	3.3	3.7	3.8	<b>3.6</b>	4.3	4.5	4.3	<b>4.4</b>
2027	3.3	3.7	3.8	<b>3.6</b>	3.7	4.3	4.4	<b>4.2</b>
2028	3.2	3.9	3.7	<b>3.6</b>	3.4	4.0	4.4	<b>3.9</b>
5 years	3.2	4.0	3.7	<b>3.6</b>	3.5	4.2	4.7	<b>4.1</b>
<b>Salary and wage increase during the year</b>								
2026	4.1	4.7	5.1	<b>4.7</b>	4.7	4.8	5.0	<b>4.8</b>
2027	4.0	4.8	5.2	<b>4.7</b>	4.2	4.9	5.3	<b>4.8</b>
<b>M3 money supply growth during the year</b>								
2026	7.2			<b>7.2</b>	7.2			<b>7.2</b>
2027	7.2			<b>7.2</b>	7.0			<b>7.0</b>
<b>Rand/US dollar at the end of</b>								
2026	16.13	16.52	16.07	<b>16.24</b>	16.38	16.68	16.85	<b>16.64</b>
2027	16.34	16.87	16.27	<b>16.49</b>	16.45	16.87	16.66	<b>16.66</b>
<b>Prime overdraft rate at the end of</b>								
2026	9.51	9.89	10.25	<b>9.88</b>	10.54	10.40	10.45	<b>10.47</b>
2027	9.14	9.68	10.00	<b>9.61</b>	9.88	10.24	10.39	<b>10.17</b>
<b>Yield on the 10-year government bond at the end of</b>								
2026	7.93			<b>7.93</b>	8.52			<b>8.52</b>
2027	7.69			<b>7.69</b>	8.17			<b>8.17</b>
<b>Economic growth (% change in real GDP) during the year</b>								
2026	1.7	1.4	1.5	<b>1.5</b>	1.2	1.1	1.3	<b>1.2</b>
2027	1.9	1.6	1.8	<b>1.7</b>	1.6	1.4	1.4	<b>1.5</b>
<b>Percentage utilisation of production capacity in manufacturing during the year</b>								
2026	78.0			<b>78.0</b>	77.2			<b>77.2</b>
2027	78.5			<b>78.5</b>	77.9			<b>77.9</b>
<b>Households: Average price increase over</b>								
The next 12 months				<b>5.4</b>	<b>6.0</b>			
The next 5 years				<b>8.4</b>	<b>9.1</b>			

**Table 2: Dates when the surveys were conducted**

	Analysts, businesses and trade unions			Households		
	Mail questionnaires	Date of return	Process results	Fieldwork		Process results
2023Q1	20-Feb	09-Mar	10-Mar	27-Feb -	09-Mar	13-Mar
2023Q2	19-Jun	29-Jun	30-Jun	05-Jun -	15-Jun	21-Jun
2023Q3	14-Aug	31-Aug	01-Sep	15-Aug -	24-Aug	30-Aug
2023Q4	20-Nov	07-Dec	08-Dec	13-Nov -	24-Nov	28-Nov
2024Q1	19-Feb	07-Mar	08-Mar	26-Feb -	08-Mar	12-Mar
2024Q2	10-Jun	27-Jun	28-Jun	03-Jun -	14-Jun	19-Jun
2024Q3	12-Aug	29-Aug	30-Aug	19-Aug -	30-Aug	03-Sep
2024Q4	18-Nov	05-Dec	06-Dec	11-Nov -	22-Nov	26-Nov
2025Q1	17-Feb	06-Mar	07-Mar	24-Feb -	07-Mar	12-Mar
2025Q2	19-May	05-Jun	06-Jun	02-Jun -	13-Jun	20-Jun
2025Q3	18-Aug	04-Sep	05-Sep	18-Aug -	29-Aug	05-Sep
2025Q4	17-Nov	04-Dec	05-Dec	10-Nov -	21-Nov	28-Nov
2026Q1	16-Feb	05-Mar	06-Mar	16-Feb -	25-Feb	06-Mar
2026Q2	18-May	04-Jun	05-Jun	18-May -	29-May	05-Jun

*In 2026Q2, 27 analysts, 114 business people, 11 trade unions and 500 households participated.*

**Table 3: Historical data of analysts, businesses and trade unions (average %)**

CPI	Average				Analysts				Business				Trade unions				Next five years			
	Survey quarter	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028	Average	Analysts	Business
2023Q1	5.5				4.6				6.2				5.8				5.3	4.8	5.9	5.1
2023Q2	5.6				4.7				6.3				5.8				5.2	4.8	5.8	5.2
2023Q3	5.3				4.8				5.7				5.3				5.1	4.8	5.5	5.0
2023Q4	5.6				4.7				6.0				6.0				5.2	4.9	5.5	5.2
2024Q1	5.3	5.2			4.7	4.7			5.6	5.4			5.6	5.4			5.1	4.7	5.4	5.3
2024Q2	5.0	4.9			4.6	4.5			5.5	5.3			5.0	4.8			4.7	4.5	5.1	4.5
2024Q3	4.8	4.8			4.4	4.5			5.3	5.2			4.7	4.6			4.8	4.4	5.1	4.9
2024Q4	4.5	4.6			4.3	4.5			4.8	4.8			4.6	4.4			4.6	4.4	4.8	4.6
2025Q1	4.3	4.6	4.7		3.9	4.3	4.3		4.6	4.8	4.8		4.5	4.8	5.0		4.7	4.2	4.9	5.0
2025Q2	3.9	4.3	4.5		3.4	4.1	4.2		4.3	4.4	4.5		4.0	4.3	4.7		4.4	4.0	4.5	4.7
2025Q3	3.8	4.2	4.2		3.4	3.9	3.7		4.2	4.4	4.5		3.8	4.2	4.2		4.2	3.6	4.5	4.3
2025Q4	3.7	3.8	3.7		3.3	3.5	3.4		3.9	3.9	4.0		3.8	3.9	3.8		3.7	3.3	4.1	3.8
2026Q1		3.6	3.6	3.6		3.3	3.3	3.2		3.7	3.7	3.9		3.8	3.8	3.7	3.6	3.2	4.0	3.7
2026Q2		4.4	4.2	3.9		4.3	3.7	3.4		4.5	4.3	4.0		4.3	4.4	4.4	4.1	3.5	4.2	4.7
2026Q3																				
2026Q4																				

**Table 4: Historical data of households (average %)**

Survey quarter	Total	Gender		Race				Income				Age			
		Male	Female	Blacks	Coloureds	Indians	Whites	High	Higher middle	Lower middle	Low	16-24	25-34	35-49	50+
<b>1-year expectations</b>															
2024Q2	6.4	6.8	6.1	6.3	6.9	5.2	7.2	6.3	6.4	6.7	6.0	6.4	6.5	6.7	5.9
2024Q3	6.9	6.8	6.9	7.0	6.0	7.8	6.4	6.6	6.7	6.3	8.1	7.6	6.3	6.9	6.8
2024Q4	6.6	6.0	7.1	6.5	6.6	5.9	7.2	5.9	6.8	6.9	7.0	6.3	6.6	6.2	7.3
2025Q1	5.7	5.8	5.5	5.6	5.4	6.1	6.3	5.6	5.1	5.7	6.2	5.2	5.2	5.5	7.0
2025Q2	5.4	5.0	5.8	5.3	5.9	5.0	5.7	5.3	6.1	5.0	5.1	5.4	5.0	5.5	5.7
2025Q3	5.5	5.8	5.3	5.3	5.6	6.5	6.5	5.6	5.2	5.6	5.4	5.6	4.9	5.6	6.0
2025Q4	5.3	5.4	5.2	5.2	4.8	5.4	6.1	5.6	4.8	5.2	5.4	5.7	4.4	5.2	5.9
2026Q1	5.4	4.9	5.8	5.3	6.0	4.1	6.4	4.8	5.0	5.4	6.2	5.3	5.2	5.1	6.0
2026Q2	6.0	5.3	6.6	5.8	5.8	9.8	6.7	6.1	6.3	5.6	5.9	6.2	5.4	6.0	6.7
<b>5-year expectations</b>															
2024Q2	9.7	9.8	9.6	9.6	9.9	9.5	10.2	9.7	10.1	10.0	9.2	10.3	10.0	9.4	9.0
2024Q3	10.6	9.5	11.6	10.4	11.0	13.6	10.6	11.8	9.9	9.9	11.3	10.7	9.6	10.4	11.6
2024Q4	9.7	9.3	10.2	9.4	11.1	9.0	11.9	9.3	9.8	9.9	10.4	9.2	9.4	9.9	10.7
2025Q1	9.1	9.1	9.1	8.7	10.7	11.0	10.4	10.5	8.5	9.3	8.8	8.6	8.5	9.8	9.5
2025Q2	8.5	8.4	8.5	8.1	9.8	11.5	9.8	9.4	8.6	8.3	7.7	7.9	8.0	8.5	9.4
2025Q3	8.9	9.2	8.7	8.5	9.5	11.2	11.5	10.2	9.4	8.0	8.0	9.3	7.8	9.6	9.2
2025Q4	7.7	7.2	8.2	7.4	7.8	9.0	10.1	7.7	7.7	8.2	7.2	6.9	8.0	7.6	8.3
2026Q1	8.4	7.9	9.0	7.9	10.6	6.9	12.6	8.5	8.3	7.8	9.0	8.3	7.4	9.1	9.0
2026Q2	9.1	8.9	9.4	9.0	10.4	10.6	8.1	9.2	8.5	9.9	8.3	9.2	9.1	9.1	9.2

Note: The survey method was switched from face-to-face interviews to telephone calls in the third quarter of 2019. The results of the telephone call surveys are likely to be more volatile than face-to-face interviews due to the smaller sample size, non-weighting and treatment of non-respondents. Care should be taken when considering the results of consecutive quarters especially for smaller demographic groups, such as all races other than Blacks, the low-income group and the 50+ age group.

Contact the BER for more descriptive statistics for the current quarter.

# HISTORICAL INFORMATION PROVIDED TO RESPONDENTS

## Analysts, business people and trade union officials

### 2022

What do you expect the ...	Average				
	2017-21	2021	2022	2023	2024
average headline inflation rate (as measured by the percentage change in the CPI) to be during the year:	4.4	4.6			

### 2023

What do you expect the ...	Average				
	2018-22	2022	2023	2024	2025
average headline inflation rate (as measured by the percentage change in the CPI) to be during the year:	4.7	6.9			

### 2024

What do you expect the ...	Average				
	2019-23	2023	2024	2025	2026
average headline inflation rate (as measured by the percentage change in the CPI) to be during the year:	4.9	5.9			

### 2025

What do you expect the ...	Average				
	2020-24	2024	2025	2026	2027
average headline inflation rate (as measured by the percentage change in the CPI) to be during the year:	5.0	4.4			

### 2026

What do you expect the ...	Average				
	2021-25	2025	2026	2027	2028
average overall inflation rate (as measured by the percentage change in the CPI) to be during the year:	5.0	3.2			

## Households

### 2023

Over the past five years prices increased by on average 4.7 per cent per year. During 2022 prices increased by 6.9 per cent. By about how much do you expect prices in general to increase during the next 12 months?

### 2024

Over the past five years prices increased by on average 4.9 per cent per year. During 2023 prices increased by 5.9 per cent. By about how much do you expect prices in general to increase during the next 12 months?

### 2025

Over the past five years prices increased by on average 5.0 per cent per year. During 2024 prices increased by 4.4 per cent. By about how much do you expect prices in general to increase during the next 12 months?

### 2026

Over the past five years prices increased by on average 5.0 per cent per year. During 2025 prices increased by 3.2 per cent. By about how much do you expect prices in general to increase during the next 12 months?

## CONTACT US

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