

SURVEY PUBLICATION | FOURTH QUARTER 2025

Survey of Inflation Expectations

Nicolaas van der Wath | wnwath@sun.ac.za

EXECUTIVE SUMMARY

- In the fourth quarter of 2025 (the first survey after the inflation target changed to 3%), the two- and five-year inflation expectations of the three professional groups, on average, fell to a record low of 3.7% (from 4.2% before).
- Next-year expectations were also down by a significant margin (0.4% pts) to 3.8%.
- Household inflation expectations resumed its downward trend, after a brief pause in the third quarter; one-year expectations were observed at 5.3% (5.5% previously).
- In contrast to their lower inflation outlook, during the fourth quarter, the professional groups did not downwardly revise their forecast of wage growth. They anticipate salaries to rise by 4.7% next year.
- The survey respondents expect GDP growth of 1.3% next year, which is very similar to what they anticipated previously.

Survey conducted during	2025Q3				2025Q4			
	Analysts	Business managers	Trade union officials	Average	Analysts	Business managers	Trade union officials	Average
Headline CPI inflation during the year								
2025	3.4	4.2	3.8	3.8	3.3	3.9	3.8	3.7
2026	3.9	4.4	4.2	4.2	3.5	3.9	3.9	3.8
2027	3.7	4.5	4.2	4.2	3.4	4.0	3.8	3.7
5 years	3.6	4.5	4.3	4.2	3.3	4.1	3.8	3.7

Figure 1: Headline CPI inflation during the year

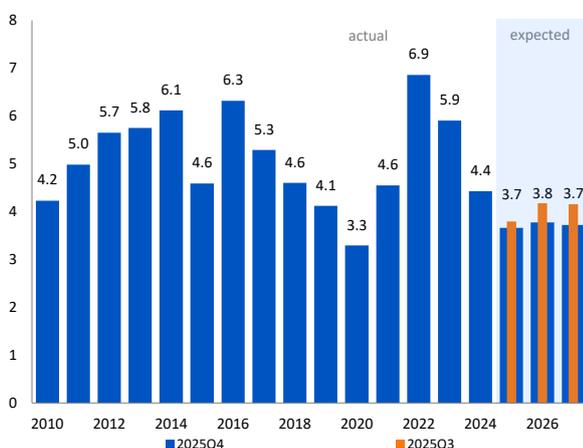
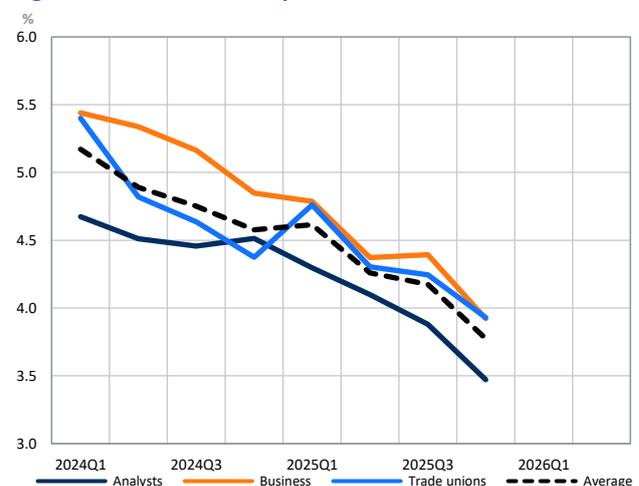


Figure 2: CPI inflation expectations: 2026



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

In the fourth quarter of 2025, the average inflation expectations of the three professional groups subsided significantly; it dropped by around ½ a percentage point (% pt) for 2026, 2027 and the next five years. The respondents now expect headline inflation to be 3.8% next year and 3.7% thereafter, which is a record low¹. This significant downward revision happened against the backdrop where the Minister of Finance announced a new inflation target of 3% (down from a midpoint target of 4.5% previously) during the Medium Term Budget Policy Statement (MTBPS) on 12 November. *Actual reported headline inflation moved sideways around 3.5% from the period of the third to the fourth quarter survey.*

Among the professional groups, both business people and trade union officials adjusted their long-run forecasts (two and five years ahead) down by around 0.5% pts, while analysts did so by only 0.3% pts (but they were at a lower level to start). Indeed, analysts expect the lowest inflation two years from now (at 3.4%) while business people anticipate it to stabilise around 4%. In the middle, trade unions foresee inflation of 3.8% in 2027. As such, none of the groups yet expect inflation to stabilise in the long run around the new 3% target, but the broad-based downward shift is nonetheless remarkable.

¹ Two-year ahead expectations were surveyed since 2000Q2 and five-year average expectations since 2011Q3.

Figure 3: Per survey quarter

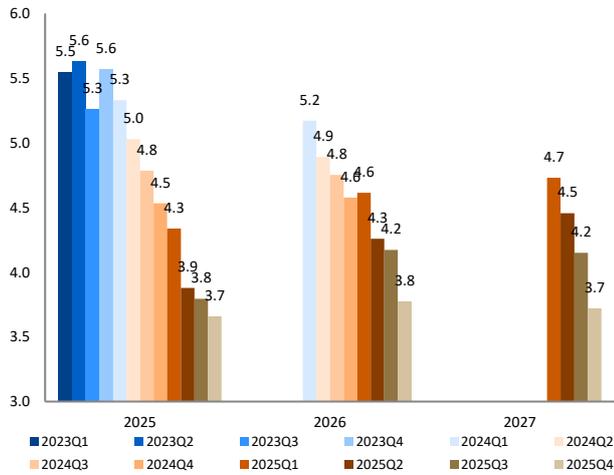


Figure 4: Analysts: one year ahead

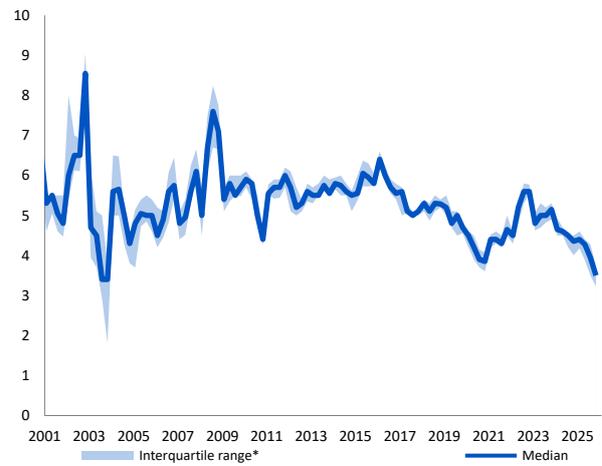


Figure 5: Business people: one year ahead

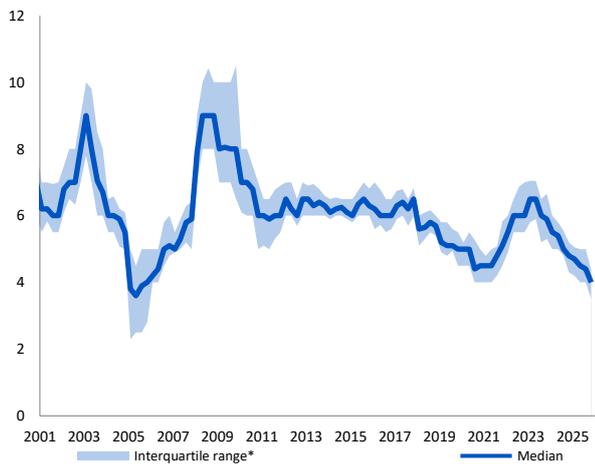


Figure 6: Trade unions: one year ahead

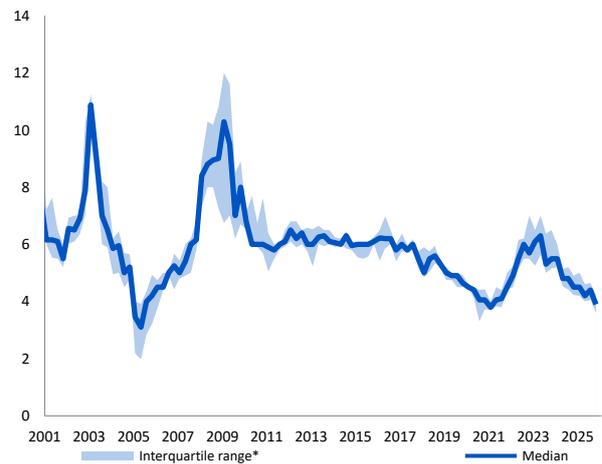
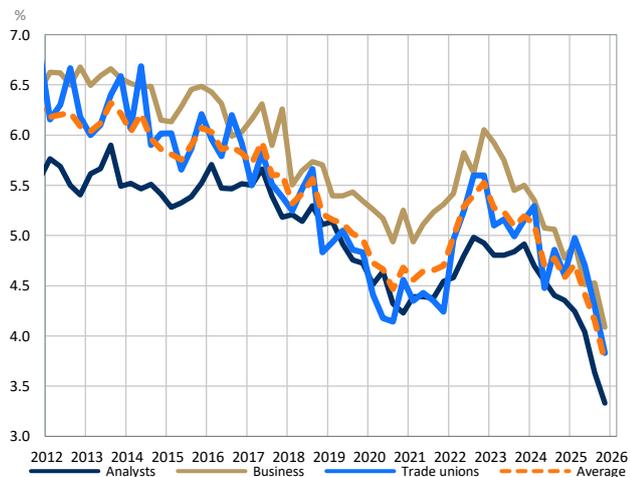


Figure 7: Over the next 5 years



* 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 inflation expectations resumed its downward trend in the fourth quarter of 2025, after a brief pause in the third quarter; one-year expectations were observed at 5.3% (5.5% previously). This is now the lowest in four years, after reaching a recent peak of 8.1% in the second quarter of 2023.

Similar to the three professional groups above, households' five-year inflation expectations receded significantly, from 8.9% in the third quarter to 7.7% in the fourth (a 1.2% pt drop).

Figure 8: Households expectation: Total

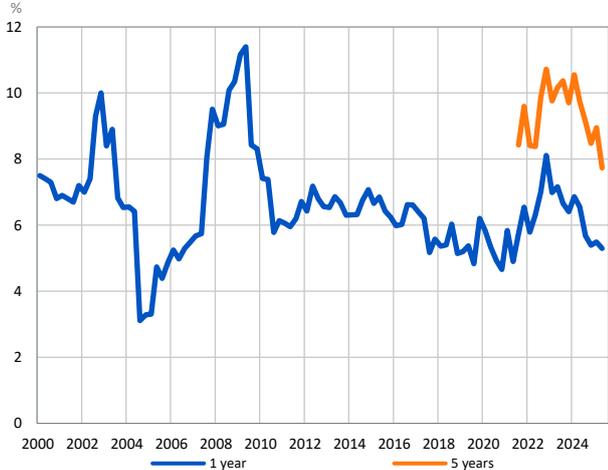
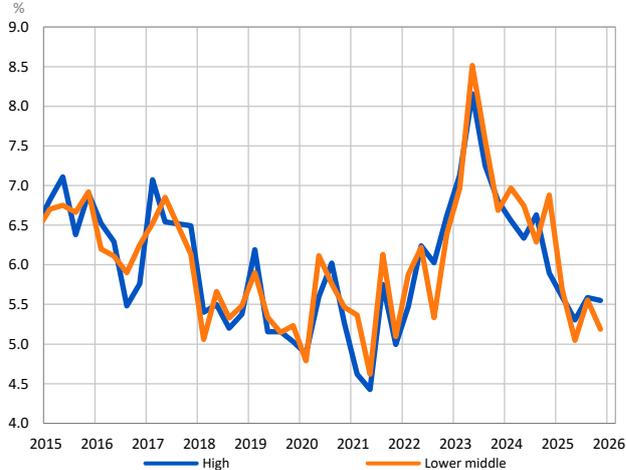


Figure 9: Per income group (one year ahead)



Forecasts of the other variables

In contrast to their lower inflation outlook, during the fourth quarter, the professional groups did not downwardly revise their forecast of wage growth. They anticipate salaries to rise by 4.7% next year, which is virtually the same as the 4.8% they expected in the third quarter. Among them, only analysts lowered their forecast, from 4.3% to 4.0%, while trade unions retained theirs at 5.1%. Business people also expect wages to rise around 5% in 2026.

Analysts indicated they expect the M3 money supply to increase by 6.8% in 2026. This is 0.2% pts higher than what they foresaw in the third quarter, and counterintuitive given their lower inflation forecast. *This upward revision was made against the background of reported M3 growth increasing from 6.8% in July to 7.5% in October.*

Between the third and fourth quarter survey periods, the rand appreciated from R17.66 per US dollar to R17.16. Against this backdrop, the survey respondents also foresee a stronger exchange rate next year. On average, they now expect the rand to trade at R17.41 by the end of 2026, compared to a forecast of R18.17 in the third quarter. The new forecast is for the rand to be 76c stronger than before. The forecasts of the three groups are not widely dispersed; they expect the rand to trade in a range of R17.09 (analysts) to R17.65 (business people) by the end of next year.

On average, the three professional groups still expect a prime overdraft rate of 10.00% by the end of next year. This implies they anticipate only one cut of 25 basis points (bps) during 2026, from the current rate of 10.25%. However, the underlying views among them diverged somewhat. Analysts lowered their forecast by 50 bps to 9.50%, while trade unions increased theirs by 25 bps to 10%. Business people reduced their outlook on the prime interest rate from 10.25% to 10%. *The SA Reserve Bank lowered the policy interest rate during the period of the latest survey by 25 bps, with the prime rate declining from 10.5% to 10.25%.*

Regarding the yield on the 10-year government bond, analysts now foresee it to be much lower than they did before. During the third quarter, they still expected the yield to be around 9.50% by the end of 2026; now, they expect a yield of only 8.62%, which is 86 bps lower than before. *This revision was done against the backdrop where the actual yield subsided from 9.62% to 8.70% during the respective survey periods.*

In the fourth quarter of 2025, the survey respondents expected GDP growth of 1.3% in 2026, which is very similar to the 1.2% they foresaw in the third quarter. Among them, only trade unions did not revise their forecast up; they still expect growth of 1.2% as before. Business people expect a similar growth rate, though somewhat better than previously (0.9%). On the optimistic side, analysts now foresee growth of 1.6% next year (up from 1.4%).

Analysts revised their forecast of the utilisation of production capacity in manufacturing during 2026 up by 0.3% pts to 78.9%. They expect it to be 0.7% pts higher than this year.

Figure 10: Salary and wage increases during the year

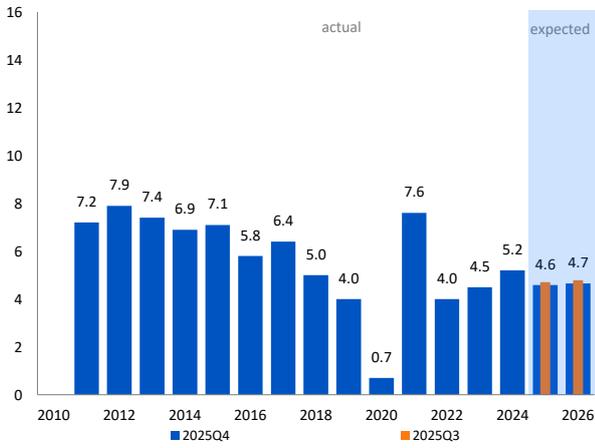


Figure 11: M3 money supply growth during the year

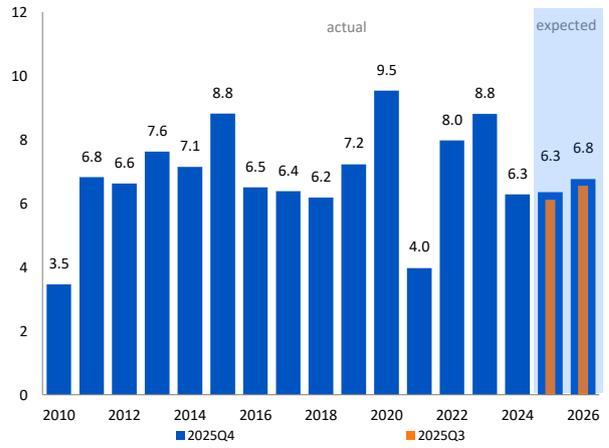


Figure 12: Rand/US dollar at the end of the year

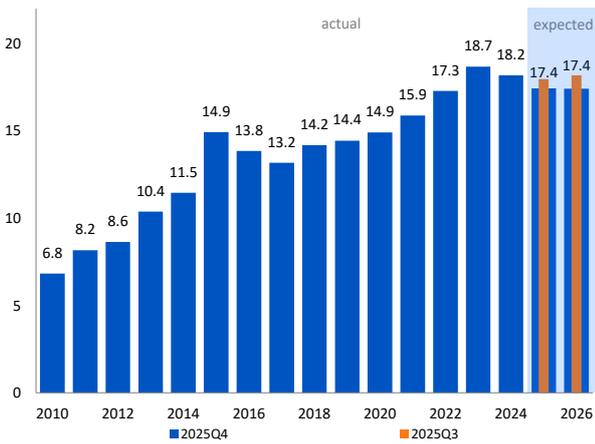


Figure 13: Prime overdraft rate at the end of the year

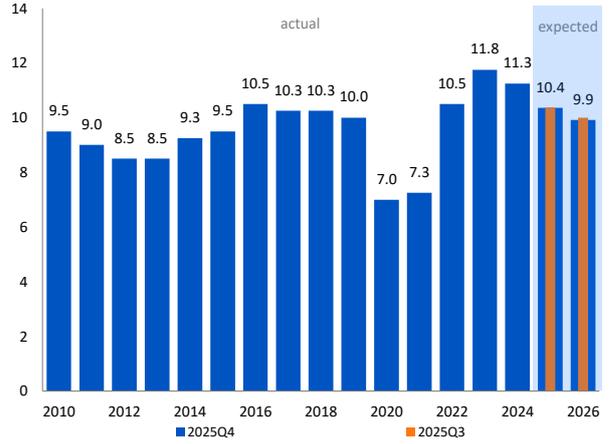


Figure 14: Ten-year gov. bond yield at the end of the year

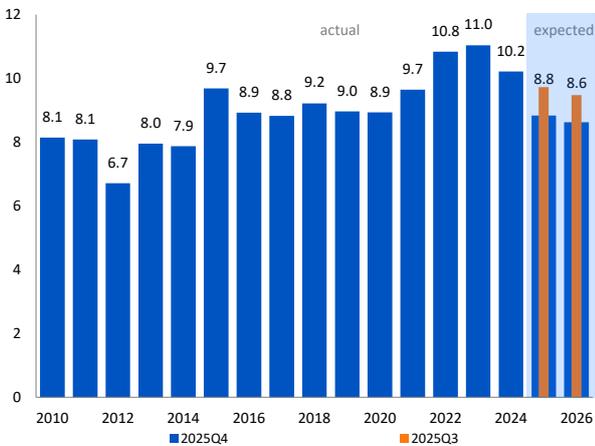
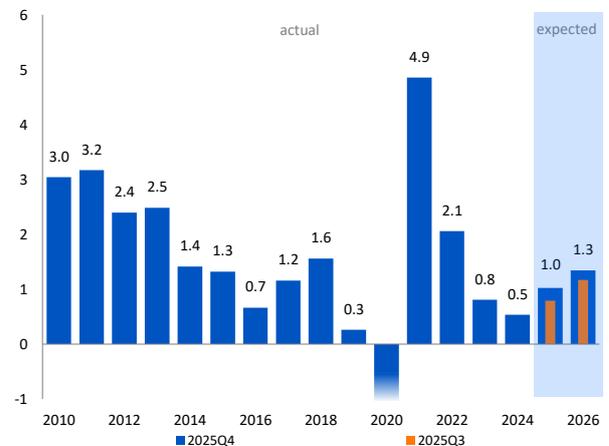


Figure 15: Economic growth during the year



Appendix

SURVEY DATA AND DATES

Table 1: Summary of the survey results

Survey conducted during	2025Q3				2025Q4			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2025	3.4	4.2	3.8	3.8	3.3	3.9	3.8	3.7
2026	3.9	4.4	4.2	4.2	3.5	3.9	3.9	3.8
2027	3.7	4.5	4.2	4.2	3.4	4.0	3.8	3.7
5 years	3.6	4.5	4.3	4.2	3.3	4.1	3.8	3.7
Salary and wage increase during the year								
2025	4.4	4.9	4.9	4.7	4.1	4.8	4.8	4.6
2026	4.3	5.0	5.1	4.8	4.0	4.9	5.1	4.7
M3 money supply growth during the year								
2025	6.1			6.1	6.3			6.3
2026	6.6			6.6	6.8			6.8
Rand/US dollar at the end of								
2025	17.64	18.10	18.15	17.96	17.21	17.53	17.56	17.43
2026	17.59	18.55	18.38	18.17	17.09	17.65	17.48	17.41
Prime overdraft rate at the end of								
2025	10.29	10.43	10.39	10.37	10.17	10.43	10.48	10.36
2026	9.96	10.18	9.86	10.00	9.58	10.06	10.11	9.92
Yield on the 10-year government bond at the end of								
2025	9.73			9.73	8.83			8.83
2026	9.48			9.48	8.62			8.62
Economic growth (% change in real GDP) during the year								
2025	0.9	0.6	0.8	0.8	1.2	0.9	1.0	1.0
2026	1.4	0.9	1.2	1.2	1.6	1.2	1.2	1.3
Percentage utilisation of production capacity in manufacturing during the year								
2025	77.9			77.9	78.2			78.2
2026	78.6			78.6	78.9			78.9
Households: Average price increase over								
The next 12 months				5.5				5.3
The next 5 years				8.9				7.7

Table 2: Dates when the surveys were conducted

	Analysts, businesses and trade unions			Households		
	Mail questionnaires	Date of return	Process results	Fieldwork		Process results
2022Q3	20-Jul	01-Sep	02-Sep	15-Aug -	22-Aug	25-Aug
2022Q4	21-Nov	08-Dec	09-Dec	14-Nov -	23-Nov	25-Nov
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

In 2025Q4, 30 analysts, 127 business people, 10 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				
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027	Average	Analysts	Business	Trade unions	
2022Q1	5.0				4.5				5.4				5.0				5.0	4.6	5.4	5.0	
2022Q2	5.4				4.6				5.9				5.7				5.3	4.8	5.8	5.2	
2022Q3	5.3				4.7				5.7				5.5				5.4	5.0	5.6	5.6	
2022Q4	5.6				4.9				6.0				5.8				5.5	4.9	6.1	5.6	
2023Q1	5.8	5.5			4.9	4.6			6.6	6.2			6.1	5.8			5.3	4.8	5.9	5.1	
2023Q2	6.0	5.6			5.1	4.7			6.6	6.3			6.2	5.8			5.2	4.8	5.8	5.2	
2023Q3	5.5	5.3			5.0	4.8			6.0	5.7			5.6	5.3			5.1	4.8	5.5	5.0	
2023Q4	5.7	5.6			5.1	4.7			6.2	6.0			5.8	6.0			5.2	4.9	5.5	5.2	
2024Q1	5.4	5.3	5.2		5.0	4.7	4.7		5.8	5.6	5.4		5.5	5.6	5.4		5.1	4.7	5.4	5.3	
2024Q2	5.3	5.0	4.9		5.0	4.6	4.5		5.6	5.5	5.3		5.3	5.0	4.8		4.7	4.5	5.1	4.5	
2024Q3	5.1	4.8	4.8		4.8	4.4	4.5		5.4	5.3	5.2		5.0	4.7	4.6		4.8	4.4	5.1	4.9	
2024Q4	4.7	4.5	4.6		4.5	4.3	4.5		4.9	4.8	4.8		4.6	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

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+
1-year expectations															
2023Q4	7.2	6.9	7.4	6.9	8.1	7.2	8.1	6.8	8.0	6.7	7.4	7.0	7.2	7.1	7.4
2024Q1	6.7	6.0	7.3	6.6	6.6	6.8	7.3	6.6	6.4	7.0	6.6	6.6	6.2	6.4	7.5
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
5-year expectations															
2023Q4	10.2	10.1	10.2	9.7	12.0	10.7	12.2	10.7	10.5	10.0	9.4	11.5	9.3	9.7	11.0
2024Q1	10.4	10.2	10.6	10.2	10.7	10.2	11.5	10.7	10.4	10.8	10.5	10.4	10.0	10.2	11.0
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

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

2021					
	Average				
What do you expect the ...	2016-20	2020	2021	2022	2023
average overall inflation rate (as measured by the percentage change in the CPI) to be during the year:	4.7	3.3			
2022					
	Average				
What do you expect the ...	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					
	Average				
What do you expect the ...	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					
	Average				
What do you expect the ...	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					
	Average				
What do you expect the ...	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			

Households

- 2022**
Over the past five years prices increased by on average 4.4 per cent per year. During 2021 prices increased by 4.6 per cent. By about how much do you expect prices in general to increase during the next 12 months?
- 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?

CONTACT US

Tel: +27 (21) 808 9779

Email: wnwath@sun.ac.za

Click [here](#) for previous editions of this publication.

Please refer to the glossary on the **BER website** for explanations of technical terms.

Copyright, South African Reserve Bank



Copyright for this publication is held by the South African Reserve Bank. The Bureau for Economic Research (BER), a division of Stellenbosch University, conducts the survey and publishes this report on behalf of the Reserve Bank. Although reasonable professional skill, care and diligence are exercised to record and interpret all information correctly, Stellenbosch University, its division BER, the author(s) and the Reserve Bank do not accept any liability for any direct or indirect loss whatsoever that might result from unintentional inaccurate data and interpretations provided by the BER as well as any interpretations by third parties. Stellenbosch University and the Reserve Bank accept no liability for the consequences of any decisions or actions taken by any third party on the basis of information provided in this publication. The views, conclusions or opinions contained in this publication are those of the BER and do not necessarily reflect those of Stellenbosch University or the Reserve Bank.