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Inflation Expectations Survey: 2025Q3

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Broad-based decline in inflation expectations

In the third quarter of 2025, on average, the three social groups lowered their longer-term inflation expectations. They now expect headline inflation in the next five years to average 4.2%, which is 0.2 percentage points (% pts) lower than during the second quarter, and the lowest rate on record (2011). Similarly, they lowered their expectations for headline inflation in 2027 by 0.3% pts to 4.2%, the lowest in 20 years. Among the three social groups, analysts and trade union officials both made similar downward revisions, though analysts expect five-year inflation to average at 3.6%, while trade unionists expect 4.3%. Business people are the exception; they made no changes to their previous forecast for 2027 or the five-year average and still expect an average of 4.5% for the latter.

These downward revisions were made against the backdrop of the SA Reserve Bank's (SARB) announcement of a change to the preferred inflation target at the end of July (just before the survey period). From now on, the SARB will target inflation at 3.0% rather than at the 4.5% midpoint. However, long-term inflation expectations have already been on a declining trend since the beginning of 2024.

In the case of the near-term expectations of the three social groups, on average, they lowered their forecast of headline inflation by 0.1% pts for both 2025 and 2026, to 3.8% and 4.2% respectively. All three social groups did some slight downward revisions, with analysts now expecting 3.9% next year, business people 4.5% and trade unions 4.3%.

At 5.5%, the one-year inflation expectations of households were virtually unchanged from the second to the third quarter. In this case the expectations for the various income groups were very similar.

Similar to their view on lower consumer inflation, during the third quarter, the survey respondents also downwardly revised their forecast of wage increases. They now expect salaries to rise by 4.7% this year and 4.8% next year, compared to 4.9% and 5.1% previously.

Economic growth expectations continued to be eroded among all three social groups, though by a smaller margin than previously. On average, they expect GDP growth of 0.8% this year, accelerating to 1.2% next year (0.9% and 1.2% previously).

SUMMARY OF THE SURVEY RESULTS

Survey conducted during	2025Q2				2025Q3			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2025	3.4	4.3	4.0	3.9	3.4	4.2	3.8	3.8
2026	4.1	4.4	4.3	4.3	3.9	4.4	4.2	4.2
2027	4.2	4.5	4.7	4.5	3.7	4.5	4.2	4.2
5 years	4.0	4.5	4.7	4.4	3.6	4.5	4.3	4.2
Salary and wage increase during the year								
2025	4.5	5.1	5.1	4.9	4.4	4.9	4.9	4.7
2026	4.7	5.1	5.5	5.1	4.3	5.0	5.1	4.8
M3 money supply growth during the year								
2025	6.3			6.3	6.1			6.1
2026	6.6			6.6	6.6			6.6
Rand/US dollar at the end of								
2025	18.09	18.35	18.30	18.25	17.64	18.10	18.15	17.96
2026	18.17	18.53	18.46	18.39	17.59	18.55	18.38	18.17
Prime overdraft rate at the end of								
2025	10.36	11.05	10.88	10.76	10.29	10.43	10.39	10.37
2026	10.18	10.54	10.51	10.41	9.96	10.18	9.86	10.00
Yield on the 10-year government bond at the end of								
2025	10.21			10.21	9.73			9.73
2026	9.92			9.92	9.48			9.48
Economic growth (% change in real GDP) during the year								
2025	1.1	0.7	0.9	0.9	0.9	0.6	0.8	0.8
2026	1.6	0.9	1.2	1.2	1.4	0.9	1.2	1.2
Percentage utilisation of production capacity in manufacturing during the year								
2025	77.7			77.7	77.9			77.9
2026	78.2			78.2	78.6			78.6
Households: Average price increase over								
The next 12 months				5.4	5.5			
The next 5 years				8.5	8.9			

Background

In 2001, the South African Reserve Bank (SARB) commissioned the BER to conduct a quarterly survey to measure inflation expectations and other macro-economic variables related to inflation¹. Four social groups are covered, namely analysts, business people, senior representatives of trade unions and households. This is done because each group has a different perspective and impact on inflation. For instance, business people affect prices in the real economy, while analysts affect financial markets. In contrast, trade union representatives and households – in their role as employees – affect wage increases, which, in turn, have a big impact on inflation.

The results of the inflation expectations survey are one of many factors that the Monetary Policy Committee (MPC) of the SARB considers when it decides on the interest rate. The MPC will be concerned if inflation expectations increase, inflation expectations are significantly above the lower of the inflation target range of 3% to 6% and / or the other inflation indicators deteriorate. Rising inflation expectations may, for example, lead to higher wage demands as workers feel they need to be compensated for the higher expected inflation in future. Businesses may also adjust their price increases upwards if demand is robust enough. To prevent higher expectations from becoming a reality, the SARB may be forced to increase the interest rate. The opposite happens if inflation expectations and other indicators decline.

The 2025 third quarter survey of financial analysts, business executives and representatives of the trade union movement was conducted between 18 August and 4 September 2025 and the results were computed on 5 September 2025.

The latest results are discussed in more detail in a report that appears on our webpage at www.ber.ac.za.

The inflation expectations release dates for 2025 are as follows:

12 December

¹ Click [here](#) for more information about the survey method and [here](#) for the findings of academic research based on it.