

SURVEY PUBLICATION | SECOND QUARTER 2025

# Survey of Inflation Expectations

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## EXECUTIVE SUMMARY

- In the second quarter of this year, the survey respondents, on average, downwardly revised their forecast of headline consumer inflation during 2025 to 3.9%, from 4.4%. They foresee it rising gradually to 4.5% in 2027 (previously 4.7%).
- Over the next five years, they expect it to stabilise at 4.4%, very close to the current target midpoint.
- The one-year-ahead inflation expectations of households fell to 5.4%, from 5.7% previously. This is the lowest in three and a half years.
- The survey respondents upwardly revised their forecast of wage increases. They now expect salaries to rise by 4.9% this year and 5.1% next year (4.5% and 4.8% previously).
- All three social groups are now more pessimistic on economic growth than before; they expect GDP to expand by only 0.9% this year, compared to 1.2% before.

Survey conducted during	2025Q1				2025Q2			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2025	3.9	4.6	4.5	<b>4.4</b>	3.4	4.3	4.0	<b>3.9</b>
2026	4.3	4.8	4.8	<b>4.6</b>	4.1	4.4	4.3	<b>4.3</b>
2027	4.4	4.8	5.0	<b>4.7</b>	4.2	4.5	4.7	<b>4.5</b>
5 years	4.3	4.9	5.0	<b>4.7</b>	4.0	4.5	4.7	<b>4.4</b>

Figure 1: Headline CPI inflation during the year

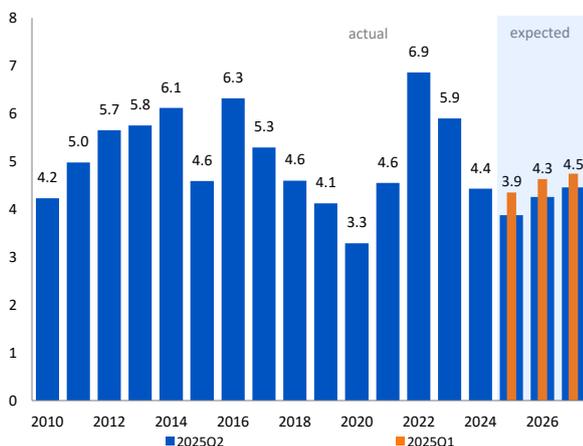
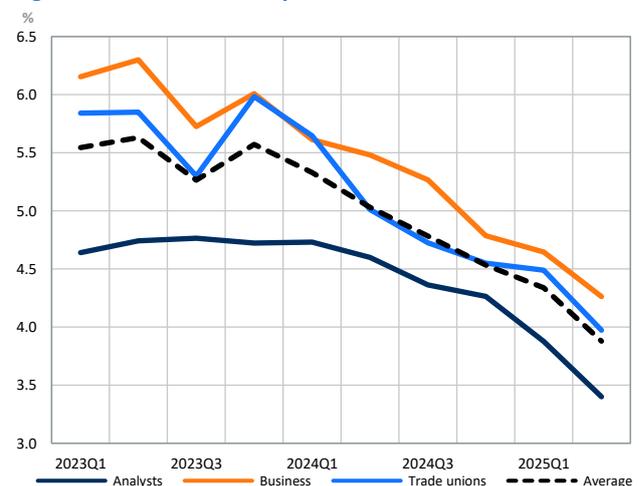


Figure 2: CPI inflation expectations: 2025



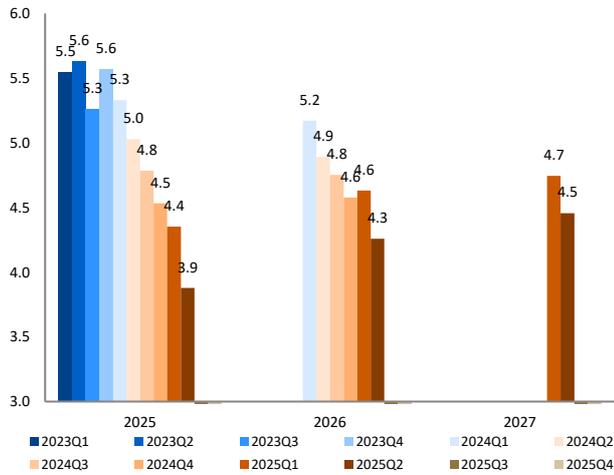
# Headline CPI inflation expectations of analysts, business people and trade unions

The second quarter survey reflects a broad-based and significant decline in the inflation expectations of the survey respondents. This decline was present among all three social groups and for the entire forecast horizon. On average, the respondents expect that headline consumer inflation will be 3.9% during 2025, then rise gradually to 4.3% in 2026 and 4.5% in 2027. In the first quarter survey, they still expected 4.4%, 4.6% and 4.7% respectively. It is the first time in more than four years that expectations for the current year have fallen below 4%. This downward revision was done against the backdrop where reported annual consumer inflation fell from 3.0% in December 2024 to 2.8% in April 2025.

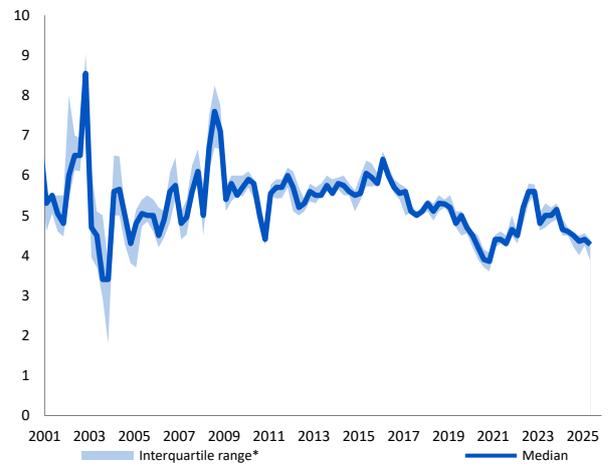
Among the three social groups, analysts have the lowest expectations at 3.4% this year, then rising to 4.1% next year and 4.2% in 2027. Business people anticipate the highest inflation rate this year (at 4.3%), though trade unionists forecast it to rise to 4.7% by 2027. In the first quarter, trade unions still expected inflation to rise to 5% over the next two years.

Regarding their five-year inflation expectations, all three social groups made a downward revision. On average, they now expect a rate of 4.4%, which is 0.3 percentage points (% pts) lower than previously. Among them, business people and trade unions expect inflation around the 4.5% target midpoint, while analysts expect a lower rate of 4.0%.

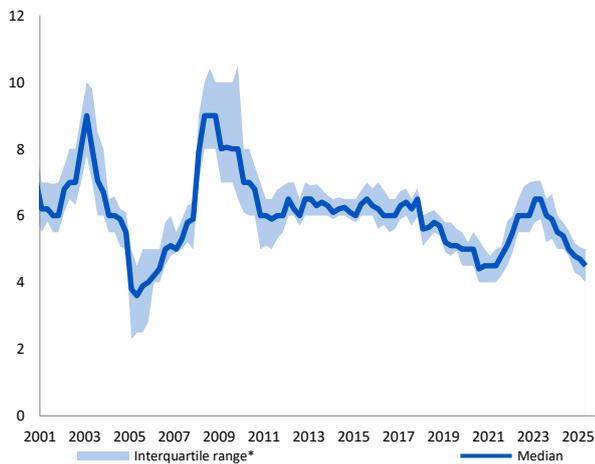
**Figure 3: Per survey quarter**



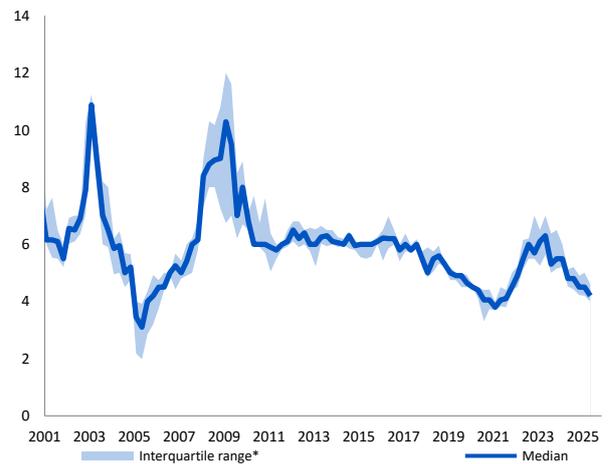
**Figure 4: Analysts: one year ahead**



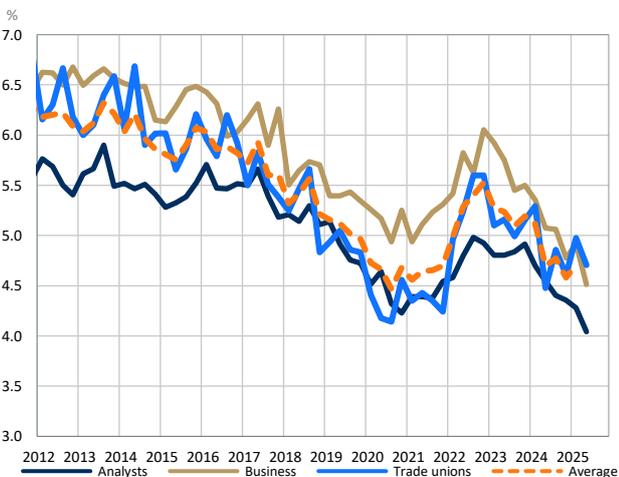
**Figure 5: Business people: one year ahead**



**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

During the second quarter, the inflation expectations of households for the next 12 months decreased to 5.4%, from 5.7% before. This is the lowest rate since the fourth quarter of 2021. Interestingly, there was a divergence between the outlook of men and women. Men now have a lower expectation relative to the first quarter (at 5% from 5.8%) and above women (now at 5.8% vs. 5.5%). In terms of income groups, both higher and lower income groups anticipate lower inflation in the next year, while the outcome for the middle-income groups is mixed.

Similarly, household expectations of inflation over the next 5 years declined, from 9.1% to 8.5%. In this case, both men and women anticipate lower inflation.

Figure 8: Households expectation: Total

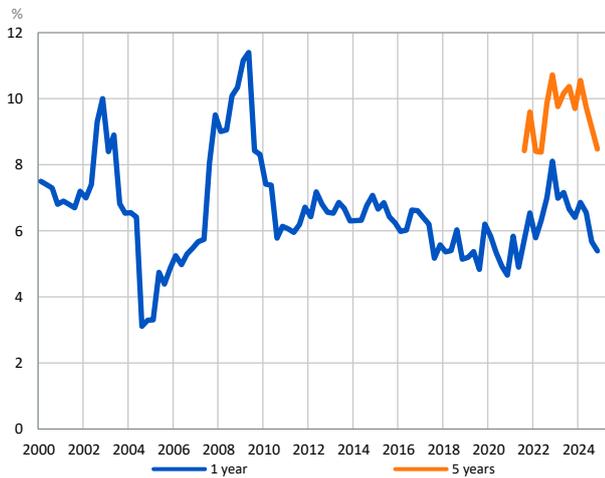
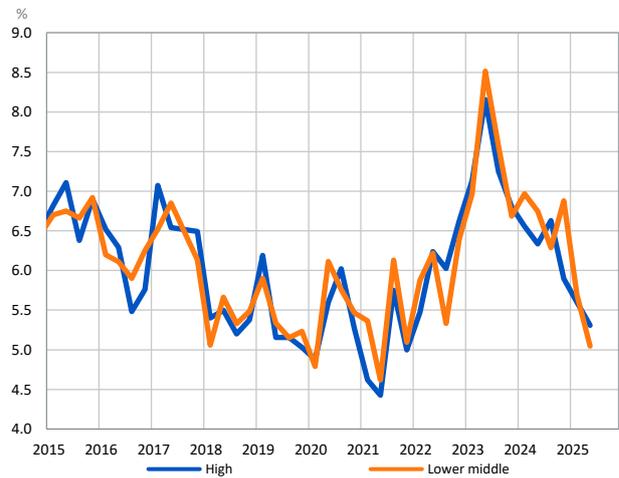


Figure 9: Per income group (one year ahead)



## Forecasts of the other variables

In contrast to their view on lower consumer inflation, the survey respondents upwardly revised their forecast of wage increases during the second quarter. They now expect salaries to rise by 4.9% this year and 5.1% next year, compared to 4.5% and 4.8% previously. Among the three social groups, there was a divergence in views; analysts revised their forecast down for both years, to 4.5% and 4.7% respectively. In contrast, business people revised their forecast for 2025 up from 4.1% to 5.1%, where they expect it will remain until 2026. Trade unions also expect an increase of 5.1% this year, then rising to 5.5% next year.

Regarding the M3 money supply, analysts expect it to grow by 6.3% this year and then accelerate slightly to 6.6% next year. This forecast is lower by 0.8% pts for both years compared to expectations during the first quarter.

From the period of the first to the second quarter surveys, the rand appreciated from R18.43 to R17.19 per US dollar. Against this backdrop, the survey respondents also revised their exchange rate forecasts to be stronger. On average, they revised it by 25c to R18.25 at the end of this year, and by 35c to R18.39 at the end of next year. This revision was mostly driven by trade unionists, who now foresee the rand around the mid-R18 per dollar for both years, compared to a previously weaker R19 per dollar by the end of 2026. Currently, business people have a very similar view to trade unions. Meanwhile, analysts remain more optimistic, expecting the rand to trade closer to R18 per US dollar by the end of both years.

On average, the survey respondents still expect the prime overdraft rate to be 10.75% at the end of this year. However, they now expect it to drop an additional 25 basis points (bps) towards the end of next year (to 10.50%). There is some divergence of opinion among the three social groups. Analysts became more dovish, revising their forecast down to 10.25% for both years. In contrast, business people anticipate the prime rate to remain at 11% until the end of 2025 (most of them answered the survey before the MPC lowered the repo rate by 25 bps on 29 May). Still, they expect it to drop to 10.50% by the end of next year. Currently, trade unions have a similar view.

During the second quarter survey, analysts revised their forecast of the yield on the 10-year government bond up by 30bps to 10.21% at the end of 2025, then subsiding to 9.92% at the end of 2026. This revision was done despite the actual rate dropping by 18 bps to 10.27% between the consecutive survey periods.

On the topic of economic growth, all three social groups are now more pessimistic than before. On average, they expect GDP to expand by 0.9% this year, compared to 1.2% before. For 2026, they anticipate growth of 1.2%, lower than the 1.4% expected during the first quarter. Among the social groups, business people have the lowest forecast (below 1% for both years), while analysts remain the most optimistic, despite making the largest downward revision. They now forecast GDP growth of 1.1% this year, rising to 1.6% next year. Trade unions are more in line with business people, as they expect growth below 1% in 2025, though edging up to 1.2% in 2026.

Analysts downwardly revised their forecast of the utilisation of production capacity in manufacturing by 0.2% pts for both this and next year, to 77.7% and 78.2% respectively.

Figure 10: Salary and wage increases during the year

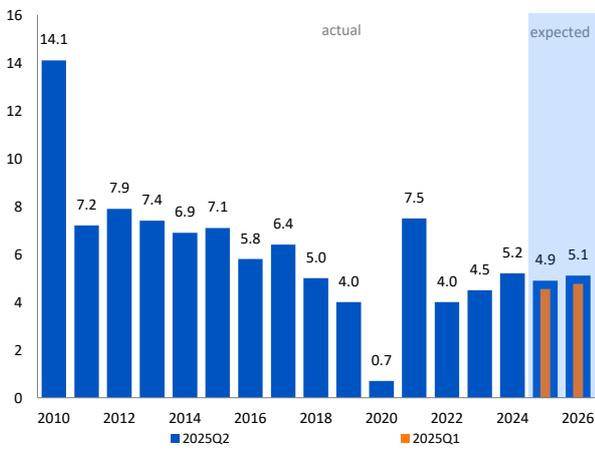


Figure 11: M3 money supply growth during the year

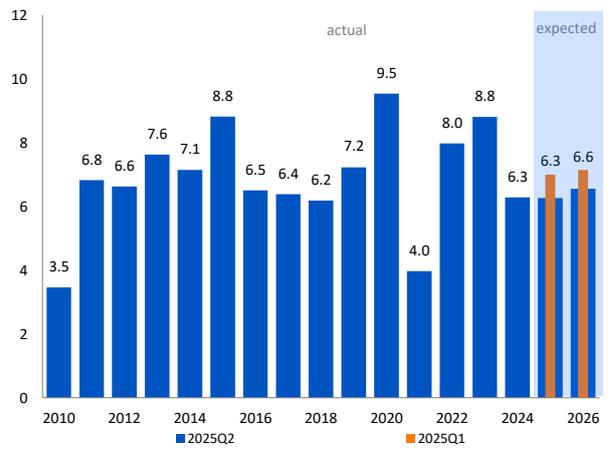


Figure 12: Rand/US dollar at the end of the year

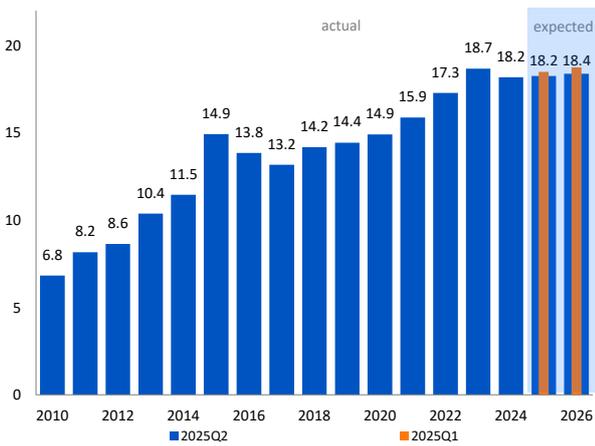


Figure 13: Prime overdraft rate at the end of the year

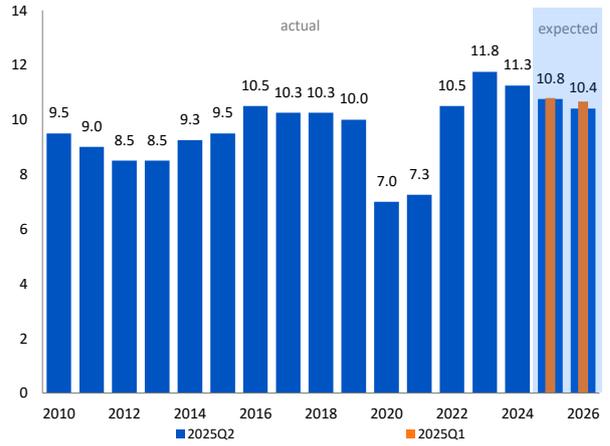


Figure 14: Ten-year gov. bond yield at the end of the year

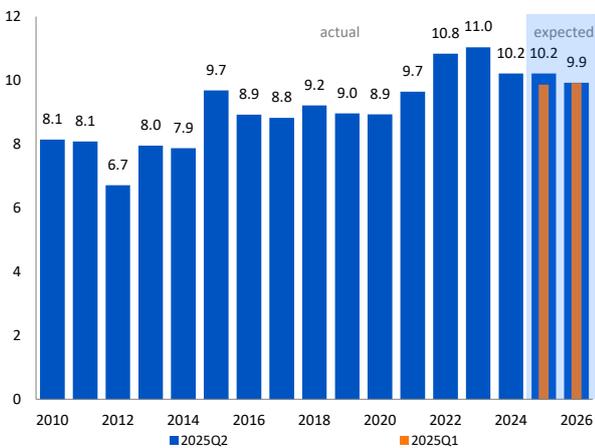
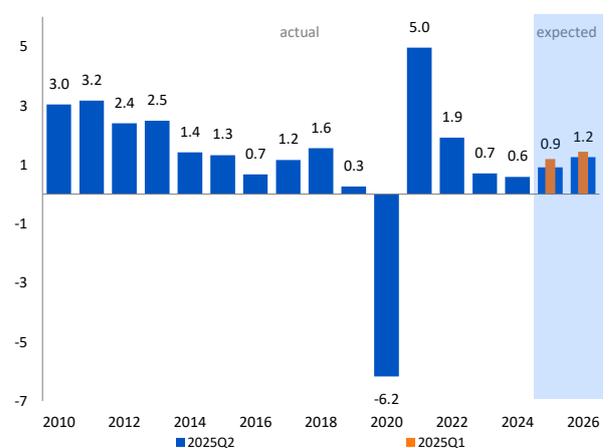


Figure 15: Economic growth during the year



# Appendix

## SURVEY DATA AND DATES

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

Survey conducted during	2025Q1				2025Q2			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
<b>Headline CPI inflation during the year</b>								
2025	3.9	4.6	4.5	<b>4.4</b>	3.4	4.3	4.0	<b>3.9</b>
2026	4.3	4.8	4.8	<b>4.6</b>	4.1	4.4	4.3	<b>4.3</b>
2027	4.4	4.8	5.0	<b>4.7</b>	4.2	4.5	4.7	<b>4.5</b>
5 years	4.3	4.9	5.0	<b>4.7</b>	4.0	4.5	4.7	<b>4.4</b>
<b>Salary and wage increase during the year</b>								
2025	4.8	4.1	4.7	<b>4.5</b>	4.5	5.1	5.1	<b>4.9</b>
2026	4.8	4.4	5.1	<b>4.8</b>	4.7	5.1	5.5	<b>5.1</b>
<b>M3 money supply growth during the year</b>								
2025	7.0			<b>7.0</b>	6.3			<b>6.3</b>
2026	7.1			<b>7.1</b>	6.6			<b>6.6</b>
<b>Rand/US dollar at the end of</b>								
2025	18.12	18.44	18.94	<b>18.50</b>	18.09	18.35	18.30	<b>18.25</b>
2026	18.21	18.96	19.06	<b>18.74</b>	18.17	18.53	18.46	<b>18.39</b>
<b>Prime overdraft rate at the end of</b>								
2025	10.58	11.04	10.78	<b>10.80</b>	10.36	11.05	10.88	<b>10.76</b>
2026	10.50	10.58	10.91	<b>10.66</b>	10.18	10.54	10.51	<b>10.41</b>
<b>Yield on the 10-year government bond at the end of</b>								
2025	9.86			<b>9.86</b>	10.21			<b>10.21</b>
2026	9.92			<b>9.92</b>	9.92			<b>9.92</b>
<b>Economic growth (% change in real GDP) during the year</b>								
2025	1.6	0.8	1.2	<b>1.2</b>	1.1	0.7	0.9	<b>0.9</b>
2026	1.9	1.0	1.4	<b>1.4</b>	1.6	0.9	1.2	<b>1.2</b>
<b>Percentage utilisation of production capacity in manufacturing during the year</b>								
2025	77.9			<b>77.9</b>	77.7			<b>77.7</b>
2026	78.4			<b>78.4</b>	78.2			<b>78.2</b>
<b>Households: Average price increase over</b>								
The next 12 months				<b>5.7</b>				<b>5.4</b>
The next 5 years				<b>9.1</b>				<b>8.5</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
2022Q1	12-Jan	24-Feb	25-Feb	21-Feb - 04-Mar		08-Mar
2022Q2	11-May	23-Jun	24-Jun	06-Jun - 20-Jun		22-Jun
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

*In 2025Q2, 28 analysts, 132 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				
	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		4.4	4.6	4.7		3.9	4.3	4.4		4.6	4.8	4.8		4.5	4.8	5.0		4.7	4.3	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																					
2025Q4																					

**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>															
2023Q2	8.1	8.0	8.2	7.9	9.5	8.1	8.5	8.2	8.2	8.5	7.7	8.6	7.7	7.4	10.2
2023Q3	7.0	6.9	7.0	6.9	7.1	9.2	6.9	7.3	6.0	7.6	6.9	7.2	7.1	6.4	7.3
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
<b>5-year expectations</b>															
2023Q2	10.7	10.7	10.7	10.4	10.3	10.9	14.1	12.3	10.7	10.6	9.3	11.2	10.1	10.8	11.3
2023Q3	9.8	9.6	10.0	9.4	13.1	8.7	9.7	10.5	8.7	9.6	10.0	10.4	9.4	8.6	10.8
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

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

### 2022

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

### 2023

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

### 2024

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

### 2025

	Average 2020-24	2024	2025	2026	2027
What do you expect the ... 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

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