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# Inflation Expectations Survey: 2026Q2

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## Oil price shock lifts inflation expectations

Against the backdrop of the war between the US and Iran and 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).

Household expectations were also significantly affected by the energy price shock, ending the downward trend 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%.

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 percentage point) from the previous quarter, despite the significant increase in inflation expectations.

Sentiment regarding economic growth soured in the second quarter among all three professional groups. On average, they now expect GDP growth of only 1.2% in 2026, down from 1.5% in the first quarter.

## 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>

# 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 inflation<sup>1</sup>. 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, are significantly above the inflation target of 3% and/or if other inflation indicators deteriorate. Rising inflation expectations may, for example, lead to higher wage demands as workers feel they need to be compensated for higher expected inflation in the 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 2026 second-quarter survey of financial analysts, business executives and representatives of the trade union movement was conducted between 18 May and 4 June 2026 and the results were computed on 5 June 2025.

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 inflation expectations release dates for 2026 are as follows:

16 September

8 December

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