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Inflation Expectations Survey: 2026Q1

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Inflation expectations continue to moderate

In the first quarter of 2026, the average inflation expectations for the next five years, of the three professional groups, continued its declining trend (from a recent peak of 5.5% at the end of 2022). This time the drop was only marginal, from 3.7% to 3.6%, but it nonetheless represents a record low. All three groups made a downward revision of 0.1 percentage point (% pt), compared to the previous quarter. On the lower end, analysts expect inflation to average 3.2% over the next five years; at the higher end, business managers forecast 4.0%. Trade unions are in the middle at 3.7%.

The three groups expect inflation to be very stable over this five-year period, with headline inflation at 3.6% this year, next year and in 2028. During the previous survey, the three groups were expecting inflation of 3.8% in 2026. Analysts and trade union officials expect inflation to subside marginally between 2027 and 2028, while business managers anticipate a small increase. Analysts forecast a rate of 3.2% in 2028, trade unions 3.7% and businesses 3.9%.

Household inflation expectations for the next 12 months ticked up slightly to 5.4% in the first quarter of 2026, from 5.3% previously. The downward trend seems to have bottomed out now; this is the same level that it was in the second quarter of 2025.

During the first quarter of 2026, the survey respondents from the three professional groups, on average, expected that wages will increase by 4.7% this year and next year. The forecast for 2026 is unchanged from the previous quarter, despite inflation expectations ticking down.

All three professional groups became slightly more optimistic regarding economic growth this year. On average, they now anticipate GDP growth of 1.5% in 2026, up by 0.2% pts from their fourth-quarter forecast. They expect a small acceleration to 1.7% next year.

SUMMARY OF THE SURVEY RESULTS

Survey conducted during	2025Q4				2026Q1			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2026	3.5	3.9	3.9	3.8	3.3	3.7	3.8	3.6
2027	3.4	4.0	3.8	3.7	3.3	3.7	3.8	3.6
2028					3.2	3.9	3.7	3.6
5 years	3.3	4.1	3.8	3.7	3.2	4.0	3.7	3.6
Salary and wage increase during the year								
2026	4.0	4.9	5.1	4.7	4.1	4.7	5.1	4.7
2027					4.0	4.8	5.2	4.7
M3 money supply growth during the year								
2026	6.8			6.8	7.2			7.2
2027					7.2			7.2
Rand/US dollar at the end of								
2026	17.09	17.65	17.48	17.41	16.13	16.52	16.07	16.24
2027					16.34	16.87	16.27	16.49
Prime overdraft rate at the end of								
2026	9.58	10.06	10.11	9.92	9.51	9.89	10.25	9.88
2027					9.14	9.68	10.00	9.61
Yield on the 10-year government bond at the end of								
2026	8.62			8.62	7.93			7.93
2027					7.69			7.69
Economic growth (% change in real GDP) during the year								
2026	1.6	1.2	1.2	1.3	1.7	1.4	1.5	1.5
2027					1.9	1.6	1.8	1.7
Percentage utilisation of production capacity in manufacturing during the year								
2026	78.9			78.9	78.0			78.0
2027					78.5			78.5
Households: Average price increase over								
The next 12 months				5.3				5.4
The next 5 years				7.7				8.4

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 inflation target of 3% and/or 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 first-quarter survey of financial analysts, business executives and representatives of the trade union movement was conducted between 16 February and 5 March 2026 and the results were computed on 6 March 2025. This was the second survey after the inflation target changed to 3%.

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 2026 are as follows:

30 June

16 September

8 December

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