

SURVEY PUBLICATION | THIRD QUARTER 2025

Survey of Inflation Expectations

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EXECUTIVE SUMMARY

- 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% (compared to 4.4% before). This is the lowest forecast since the addition of this question to the survey (in 2011).
- Near-term expectations were down by 0.1% pt for both 2025 and 2026, to 3.8% and 4.2%. The one and five-year-ahead expectation is thus equal, at 4.2%.
- At 5.5%, the one-year inflation expectations of households were virtually unchanged from the second to the third quarter. Their five-year forecast increased from 8.5% to 8.9%.
- The survey respondents also downwardly revised their forecast of wage increases. They now expect salaries to rise by 4.7% in 2025 (from 4.9%) and 4.8% (5.1%) in 2026.
- Expectations for economic growth eroded further, though by a smaller margin than before; respondents expect growth of 0.8% in 2025 (0.9%) and 1.2% (unchanged) in 2026.

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

Figure 1: Headline CPI inflation during the year

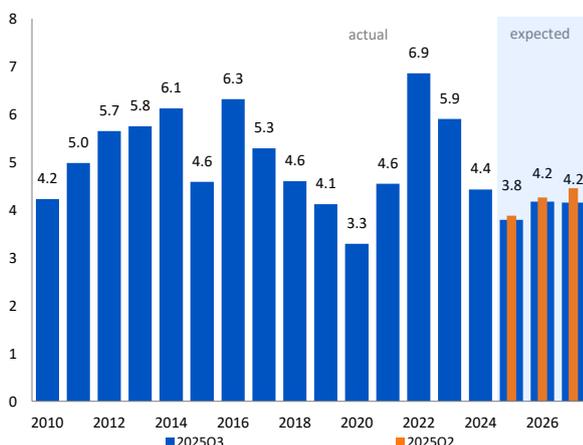
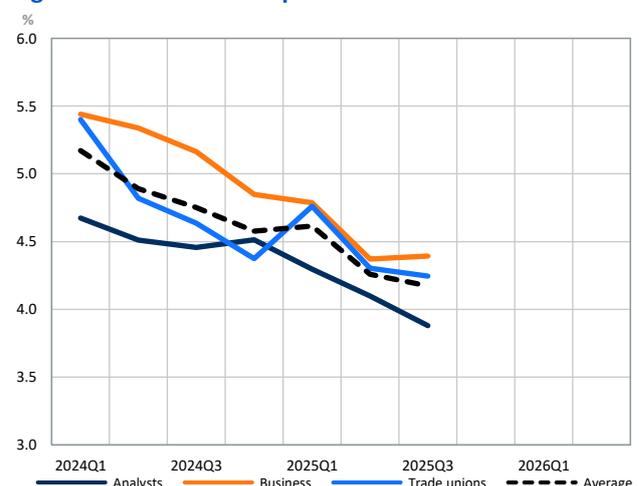


Figure 2: CPI inflation expectations: 2026



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

In the 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%.

Figure 3: Per survey quarter

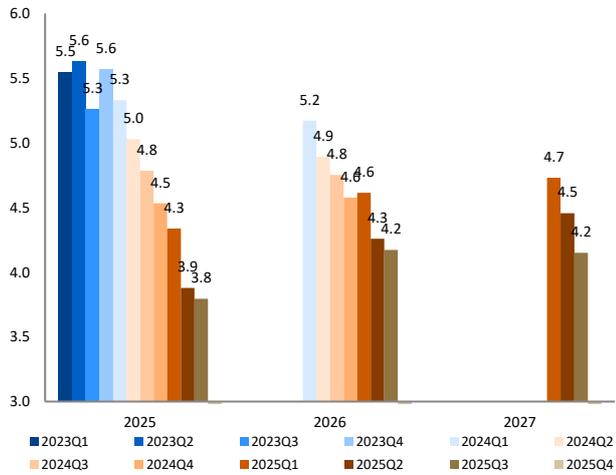


Figure 4: Analysts: one year ahead

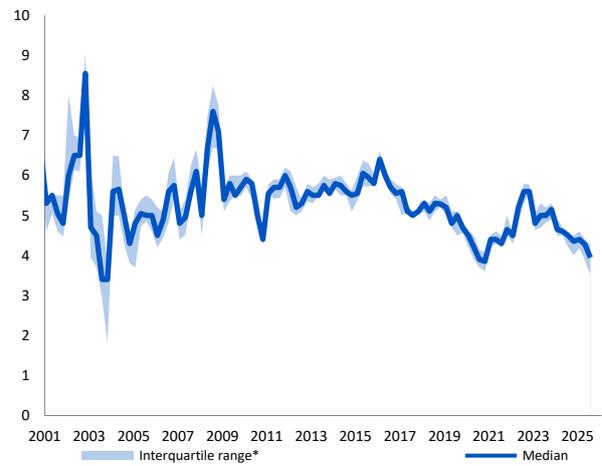


Figure 5: Business people: one year ahead

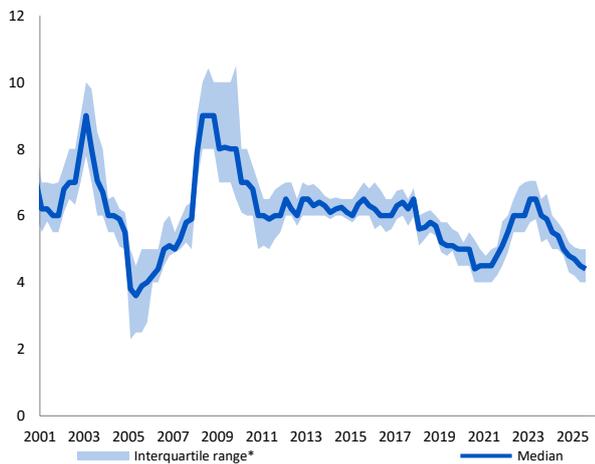


Figure 6: Trade unions: one year ahead

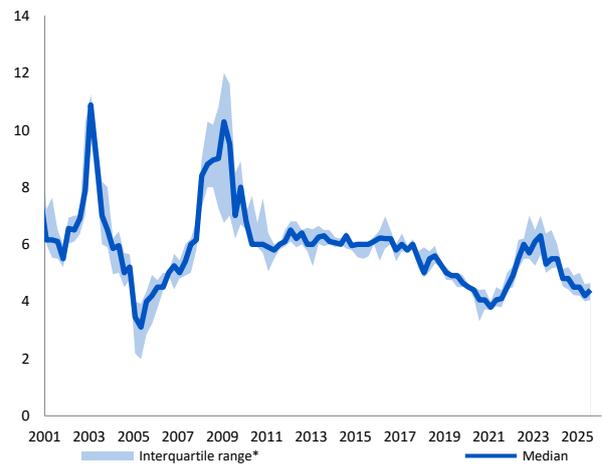
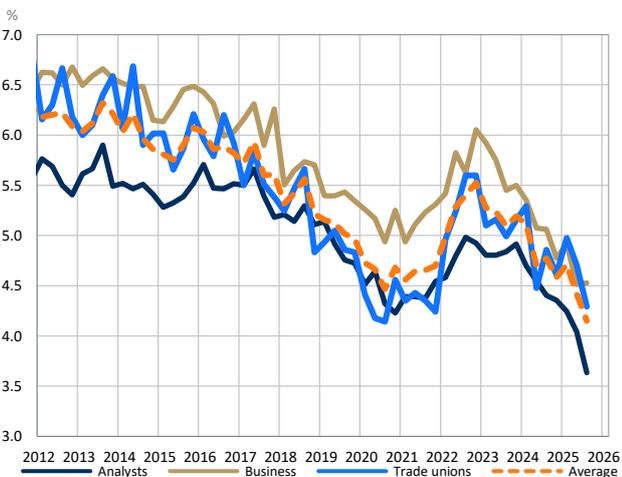


Figure 7: Over the next 5 years



* 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

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.

Unlike the three professional groups above, households' five-year inflation expectations ticked up to 8.9% in the third quarter of 2025, from 8.5% in the second quarter. Still, their expectations remain the second lowest since the end of 2022. The uptick was most prominent among high-income households, who also have higher inflation long-run expectations than the low-income groups.

Figure 8: Households expectation: Total

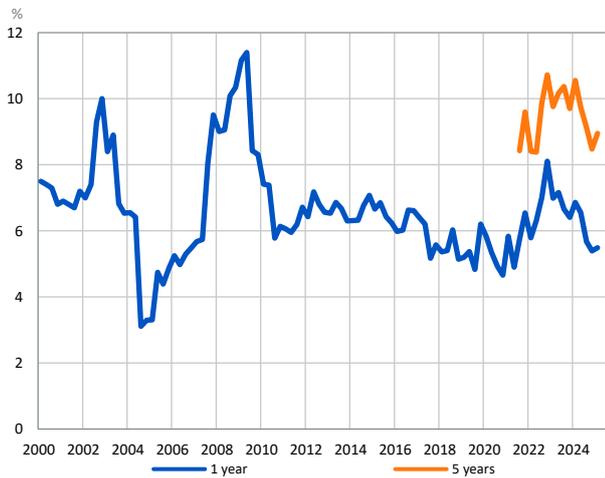
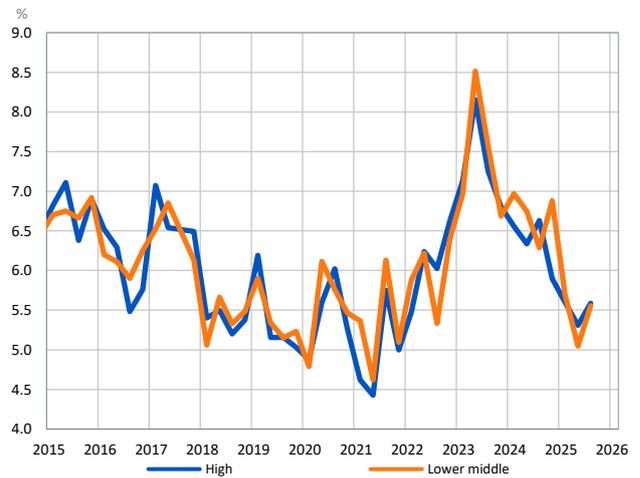


Figure 9: Per income group (one year ahead)



Forecasts of the other variables

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. All three social groups lowered their respective forecasts for both years, though business people did so only slightly. Both analysts and trade union officials lowered their forecasts for 2026 by 0.4% pts. That said, analysts are the only group that expects wages to rise by less than 5% next year.

Analysts anticipate that the growth in the M3 money supply will accelerate from 6.1% this year to 6.6% next year, which is in line with their expectation that headline inflation will also accelerate. This forecast for 2026 is unchanged from the one in the second quarter.

On average, the three social groups now expect the rand to trade at R17.96 per US dollar by the end of this year and at R18.17 by the end of 2026. These rates are somewhat stronger than expected in the second quarter (R18.25 and R18.39). Analysts are the most optimistic about the currency as they are the only group that expects the rand to trade below R18 per dollar in both years. They also made the largest downward revision to their forecast, especially for next year (by 58c, business people +2c and trade unions -8c). *These downward revisions were done against the backdrop where the rand appreciated, on average, between the two survey periods by 23c to R17.66/\$.*

Between the second and third quarter surveys, the SARB lowered the repo rate by 25 basis points (bps) to 7.00% (translating to a prime overdraft rate of 10.50%). Analysts anticipated this and therefore did not lower their forecast of the prime rate at the end of this year; they still expect 10.25%. The other two social groups, however, expected a prime rate of 11% previously, and now both lowered their forecasts for the end of this year to 10.50%. All three groups expect more interest rate cuts next year; analysts and trade unions to 10.00% and business people to 10.25%. On average, the three groups forecast a prime rate of 10.25% by the end of 2026.

During the third quarter survey, analysts forecast the yield on the 10-year government bond to drop by 25bps, from 9.73% by the end of 2025 to 9.48% by the end of 2026. For next year, this forecast is down by 44bps. *This revision happened against the backdrop where the actual rate fell by 64bps between the second and third quarter survey periods (to an average of 9.62%).*

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). Analysts and trade unions are more optimistic regarding 2026, as they expect growth of 1.4% and 1.2%, respectively. Business people foresee GDP growth to remain below 1% next year.

Analysts revised their forecast of the utilisation of production capacity in manufacturing up by 0.2% pts to 77.9% this year and by 0.4% pts to 78.6% next year.

Figure 10: Salary and wage increases during the year

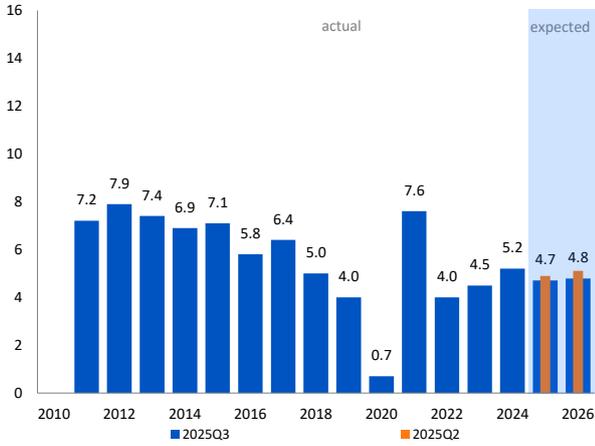


Figure 11: M3 money supply growth during the year

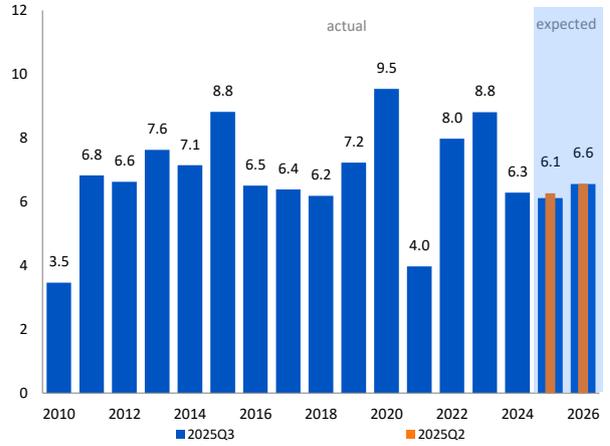


Figure 12: Rand/US dollar at the end of the year

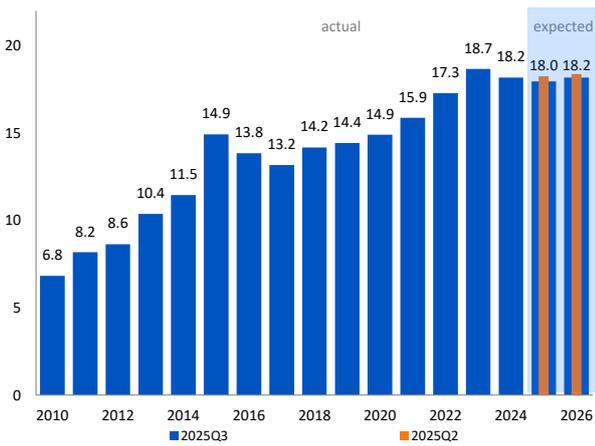


Figure 13: Prime overdraft rate at the end of the year

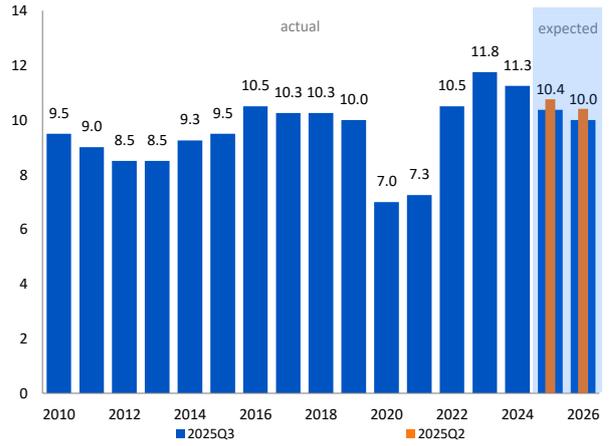


Figure 14: Ten-year gov. bond yield at the end of the year

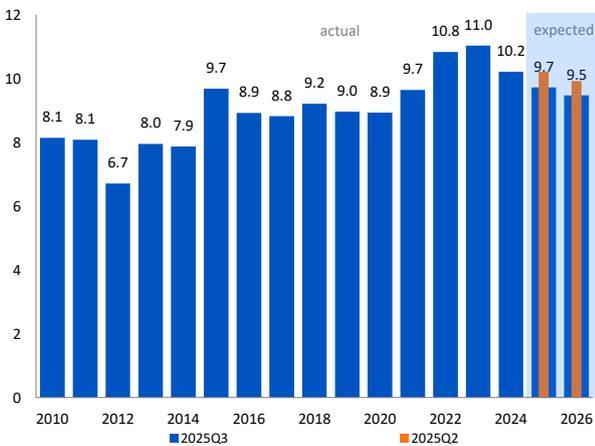
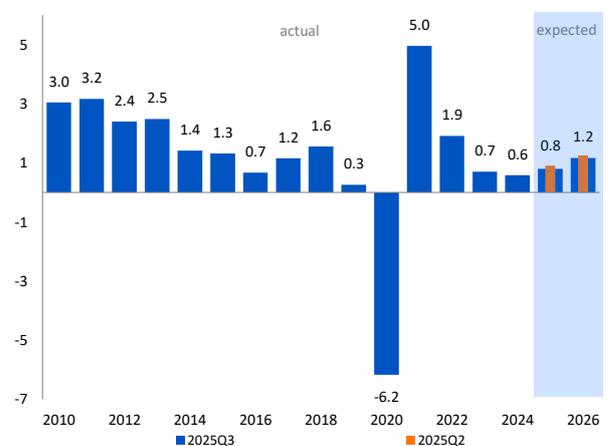


Figure 15: Economic growth during the year



Appendix

SURVEY DATA AND DATES

Table 1: Summary of the survey results

Survey conducted during	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

Table 2: Dates when the surveys were conducted

	Analysts, businesses and trade unions			Households		
	Mail questionnaires	Date of return	Process results	Fieldwork		Process results
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
2025Q3	18-Aug	04-Sep	05-Sep	18-Aug -	29-Aug	05-Sep

In 2025Q3, 30 analysts, 119 business people, 11 trade unions and 543 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																					

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															
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
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
5-year expectations															
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
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

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?

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