

SURVEY PUBLICATION | FIRST QUARTER 2025

Survey of Inflation Expectations

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EXECUTIVE SUMMARY

- In the first quarter of this year, the survey respondents, on average, downwardly revised their forecast of headline consumer inflation during 2025 to 4.3%, from 4.5%. They foresee it rising gradually to 4.7% in 2027.
- Over the next five years, they expect it to stabilise at 4.7%, slightly above the targeted midpoint.
- The one-year-ahead inflation expectations of households fell to 5.7%, from 6.6% previously. It is now the lowest it has been in three years.
- The three social groups expect salaries and wages to rise by 4.5% this year (4.9% previously) and then accelerate to 4.8% next year.
- On average, they anticipate economic growth of only 1.2% this year (1.5% previously). Looking beyond, growth is expected to increase slightly to 1.4% in 2026.

Survey conducted during	2024Q4				2025Q1			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2025	4.3	4.8	4.6	4.5	3.9	4.6	4.5	4.3
2026	4.5	4.8	4.4	4.6	4.3	4.8	4.8	4.6
2027					4.3	4.8	5.0	4.7
5 years	4.4	4.8	4.6	4.6	4.2	4.9	5.0	4.7

Figure 1: Headline CPI inflation during the year

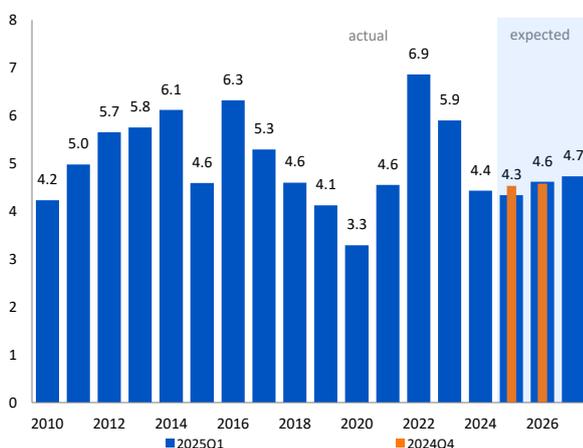
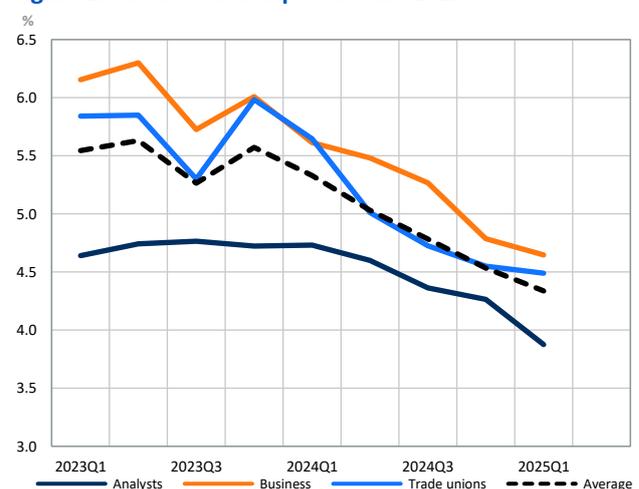


Figure 2: CPI inflation expectations: 2025



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

As usual, the reference values given in the survey questionnaire are updated in the first quarter of every year. Respondents of the survey are given the previous year's inflation value as a reference point when responding to the survey. With inflation slowing notably through 2024, respondents' experience of the rate of change in price levels as well as the average inflation included in the question came down. The reference for headline CPI declined from 5.9% for 2023 (included in the 2024 surveys) to 4.4% for 2024 (included in the 2025 surveys).

Against this backdrop, the survey respondents revised their forecast of headline consumer inflation in 2025 slightly down from 4.5% to 4.3%. This was despite a slight uptick in reported annual inflation between the two survey periods (from 2.8% in October to 3.2% in January). Looking further, their expectations for 2026 were unchanged at 4.6%, though they expect a slight increase to 4.7% in 2027 (surveyed for the first time). Analysts are more optimistic among the three social groups, expecting inflation of only 3.9% this year, then stabilising at 4.3% in the following two years. Business people anticipate a rate of 4.6% this year, then 4.8% over the next two years. On the pessimistic side, trade union officials forecast an acceleration from 4.5% in 2025 to 5.0% by 2027.

Compared with their previous forecast of inflation in 2025, all three groups made a downward revision. However, for 2026, only analysts lowered their forecast; trade unionists increased theirs, while business people held on to their previous view.

Regarding inflation over the next five years, the three social groups anticipate an average of 4.7%, marginally above the targeted midpoint and slightly up from 4.6% before. Among them, on the lower end, analysts foresee a rate of 4.2%, while both business people and trade unions expect a rate close to 5.0%. Analysts were the only group to revise this forecast lower (from 4.4%).

Figure 3: Per survey quarter

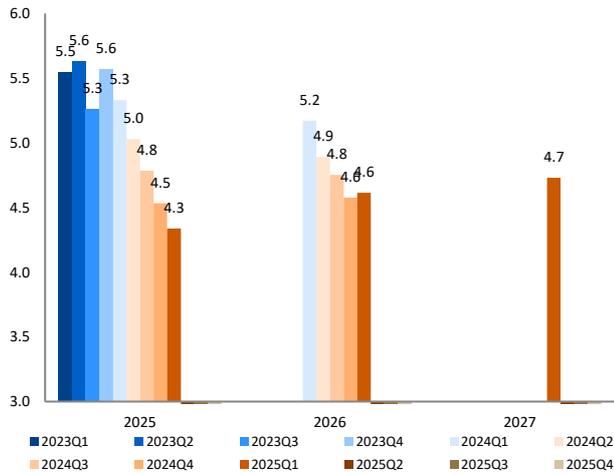


Figure 4: Analysts: one year ahead

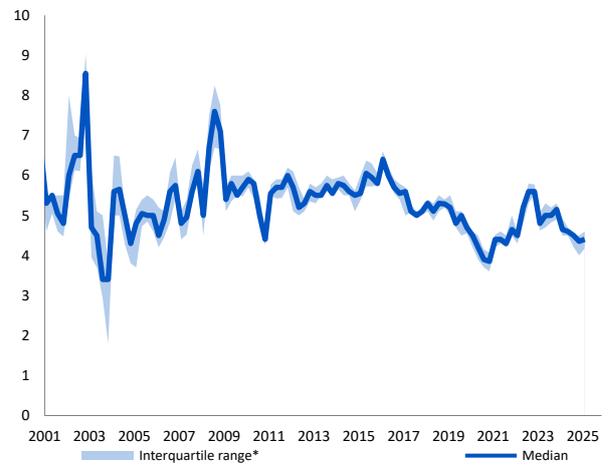


Figure 5: Business people: one year ahead

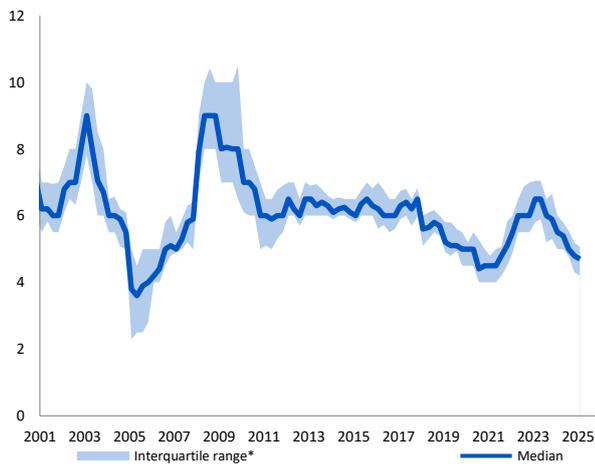


Figure 6: Trade unions: one year ahead

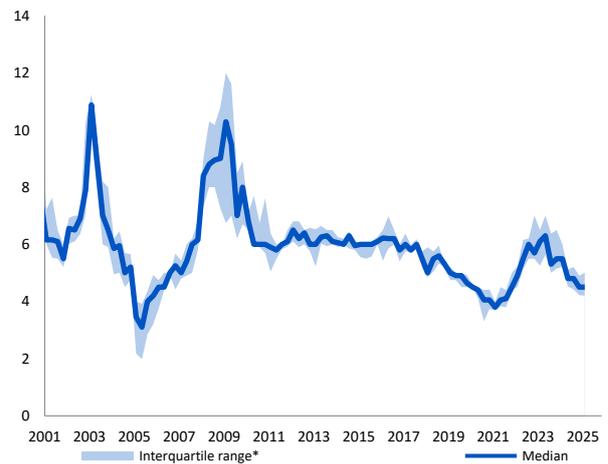
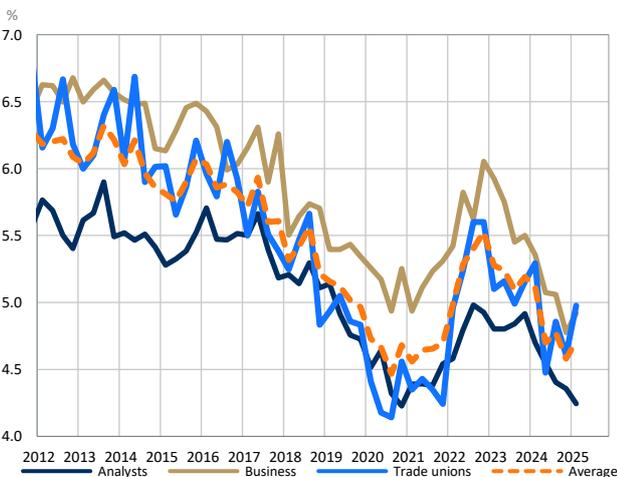


Figure 7: Over the next 5 years



* 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

Against a similar background as for the social groups above, with the reference value in the questionnaire being adjusted downwards and actual inflation being relatively low in recent months, households also revised their forecast of inflation in the next year down significantly. They now expect a rate of 5.7% in the next 12 months, compared to 6.6% during the fourth quarter of last year. This is a downward revision of 0.9 percentage points (% pts), slightly less than the drop in the reference value (of 1.5% pts).

During the first quarter, households also downwardly revised their forecast of inflation in the next five years, from 9.7% to 9.1%. It is now the lowest it has been in two years. Among the various income groups, there was general agreement that inflation might be lower the next year than previously expected, though over five years, the high-income group upwardly revised their expectations.

Figure 8: Households expectation: Total

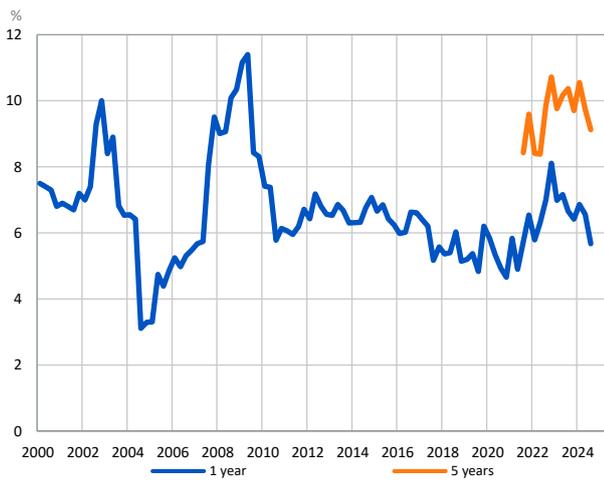
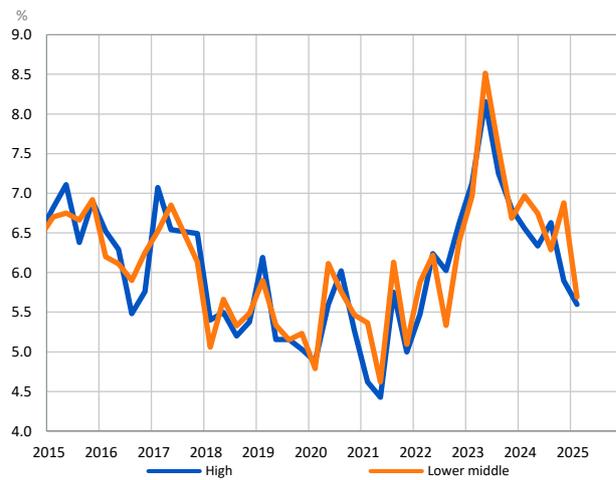


Figure 9: Per income group (one year ahead)



Forecasts of the other variables

In line with their lower inflation forecast during the first quarter of 2025, the three social groups also lowered their expectations for an increase in salaries and wages in 2025. They now foresee, on average, that wages will rise by 4.5% this year, which is lower by 0.4% pts compared to their fourth-quarter forecast. However, they foresee a more substantial increase next year (4.8%). Among the three social groups, business people expect the lowest wage increases in both years (4.1% and 4.4% respectively). The forecasts of the other two groups are closer to the 5% mark for both years.

Analysts revised their forecast for the growth rate in the M3 money supply downwards from 7.5% to 6.9%. Looking beyond this year, analysts expect M3 growth to maintain momentum into 2026 (7.0%).

Regarding the exchange rate of the rand to the US dollar, the survey respondents are now slightly more pessimistic. None of them expect the rand to trade below R17 per dollar anymore. On average, they foresee the currency to trade at R18.48 per dollar by the end of this year, which is 32c weaker than their previous forecast. From this point on, they expect the rand to depreciate further to R18.73 by the end of 2026. Among the social groups, on the firmer side, analysts expect the rand to trade below R18.20 per dollar in both years. Meanwhile, the other two groups expect it to trade around R19 per dollar towards next year's end.

During the first quarter survey, the respondents, on average, expected the prime interest rate to recede to 10.75% by the end of this year, implying only one cut of 25 basis points (bps) from the current 11%. This is higher than the 10.50% they expected during the previous survey, which would have implied two more 25bps rate cuts. It was business people and analysts who revised their forecasts of the prime interest rate higher. Business people expect no interest rate cuts this year, but cuts of 50bps next year. Analysts are still optimistic about cuts of 50bps this year (though 75bps previously) and none in 2026. Trade unionists still expect a 25bps cut this year, followed by a 25bps *hike* next year.

Similar to the change in their view on the prime interest rate, analysts also revised their forecast on the 10-year government yield upwards during the first quarter of 2025. They now expect a yield of 9.94% at the end of this year, which is 29 bps higher than what they forecasted in the fourth quarter. Looking forward, they expect this yield to only marginally creep up to 9.98% by the end of 2026.

On average, the survey respondents expect economic growth of 1.2% in 2025, slightly lower than the 1.5% anticipated during the fourth quarter survey. Note that the survey took place before the release of the 2024Q4 GDP data. Looking further ahead, they forecast economic growth to accelerate very little, reaching only 1.4% in 2026. Among the three social groups, business people are more pessimistic about economic growth and analysts are slightly more optimistic. Trade unions are in between. Business people expect GDP to expand by a mere 0.8% in 2025 and 1.0% in 2026, whereas analysts anticipate 1.6% and 1.9%, respectively.

Analysts revised their forecast of the utilisation of production capacity in manufacturing in 2025 slightly downward, from 79.3% to 77.9%. From 2025 to 2026, they expect it to improve marginally to 78.3%.

Figure 10: Salary and wage increases during the year

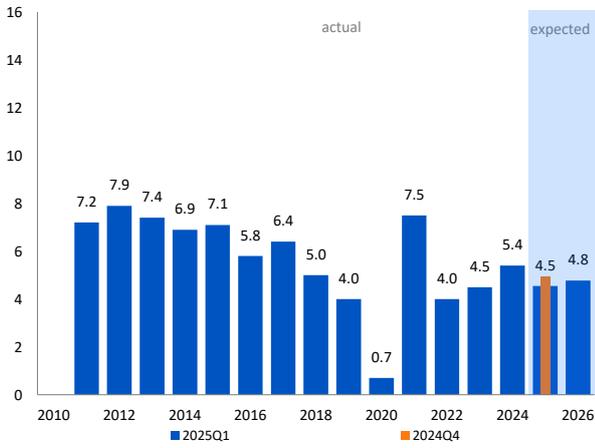


Figure 11: M3 money supply growth during the year

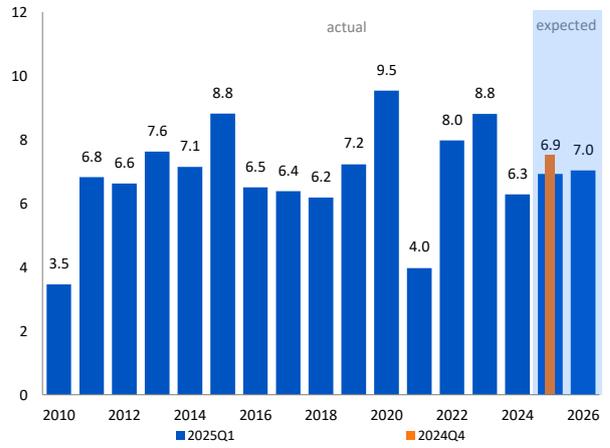


Figure 12: Rand/US dollar at the end of the year

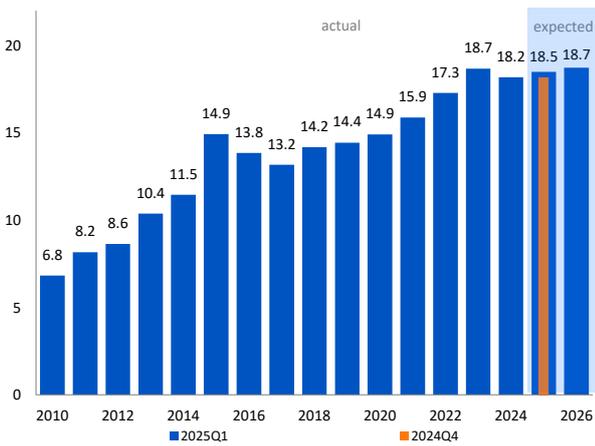


Figure 13: Prime overdraft rate at the end of the year

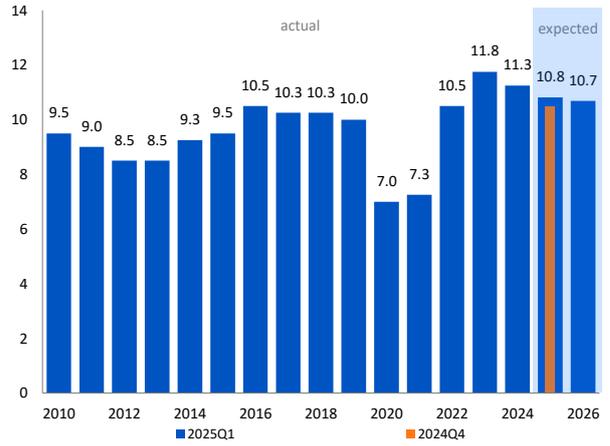


Figure 14: Ten-year gov. bond yield at the end of the year

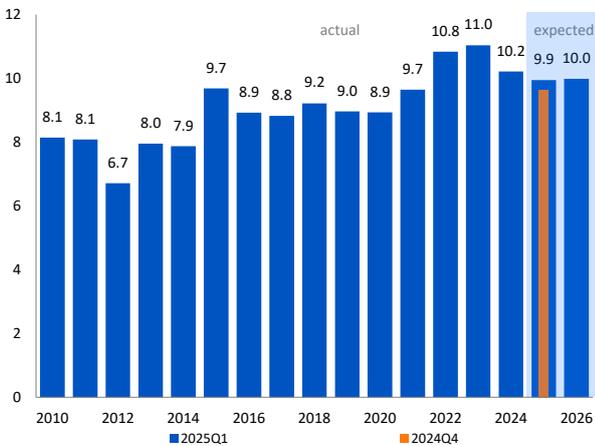
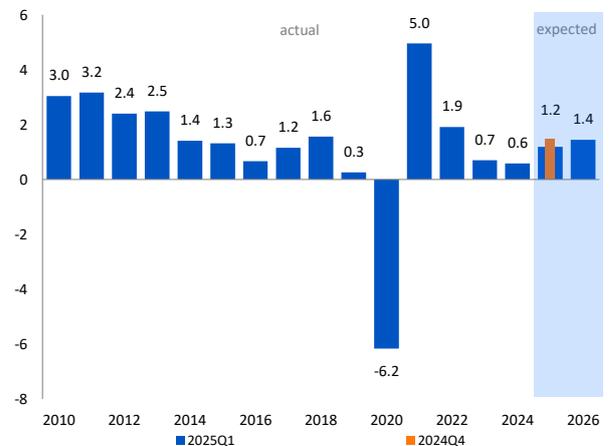


Figure 15: Economic growth during the year



Appendix

SURVEY DATA AND DATES

Table 1: Summary of the survey results

Survey conducted during	2024Q4				2025Q1			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2025	4.3	4.8	4.6	4.5	3.9	4.6	4.5	4.3
2026	4.5	4.8	4.4	4.6	4.3	4.8	4.8	4.6
2027					4.3	4.8	5.0	4.7
5 years	4.4	4.8	4.6	4.6	4.2	4.9	5.0	4.7
Salary and wage increase during the year								
2025	4.7	5.0	5.1	4.9	4.8	4.1	4.7	4.5
2026					4.8	4.4	5.1	4.8
M3 money supply growth during the year								
2025	7.5			7.5	6.9			6.9
2026					7.0			7.0
Rand/US dollar at the end of								
2025	17.69	18.29	18.51	18.16	18.07	18.44	18.94	18.48
2026					18.17	18.96	19.06	18.73
Prime overdraft rate at the end of								
2025	10.35	10.47	10.66	10.49	10.62	11.04	10.78	10.81
2026					10.57	10.58	10.91	10.68
Yield on the 10-year government bond at the end of								
2025	9.65			9.65	9.94			9.94
2026					9.98			9.98
Economic growth (% change in real GDP) during the year								
2025	1.7	1.3	1.4	1.5	1.6	0.8	1.2	1.2
2026					1.9	1.0	1.4	1.4
Percentage utilisation of production capacity in manufacturing during the year								
2025	79.3			79.3	77.9			77.9
2026					78.3			78.3
Households: Average price increase over								
The next 12 months				6.6				5.7
The next 5 years				9.7				9.1

Table 2: Dates when the surveys were conducted

	Analysts, businesses and trade unions				Households			
	Mail questionnaires	Date of return	Process results		Fieldwork		Process results	
2021Q4	13-Oct	09-Dec	10-Dec		14-Nov	-	25-Nov	30-Nov
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

In 2025Q1, 24 analysts, 141 business people, 9 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		4.3	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																					
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+
1-year expectations															
2023Q1	7.0	7.1	7.0	6.8	8.0	6.7	7.6	7.1	7.6	7.0	6.4	6.7	7.0	7.2	7.1
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
5-year expectations															
2023Q1	9.9	9.9	9.8	9.4	11.1	10.2	12.1	11.1	10.6	8.8	8.5	10.1	10.2	9.6	8.7
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

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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