

SURVEY PUBLICATION | FOURTH QUARTER 2024

Survey of Inflation Expectations

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EXECUTIVE SUMMARY

- On average, analysts, business people and trade union officials think that consumer inflation will now stabilise at the 4.5%-target midpoint. They foresee it to be around this level from 2024 to 2026.
- Even in the longer run (the next five years), they foresee inflation practically at the target midpoint.
- The one-year-ahead inflation expectations of households ticked down by 0.3 percentage points (% pts) to 6.6%. As such, their expectations have drifted relatively sideways this year.
- On average, the three social groups still expect GDP growth of only 1% in 2024 and 1.5% in 2025.
- In the case of salaries and wages, the three groups now anticipate these to increase by less than 5% this year and next (4.8% and 4.9% respectively).

Survey conducted during	2024Q3				2024Q4			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2024	4.8	5.4	5.0	5.1	4.5	4.8	4.5	4.6
2025	4.4	5.3	4.7	4.8	4.3	4.8	4.5	4.5
2026	4.5	5.2	4.6	4.8	4.5	4.8	4.3	4.6

Figure 1: Headline CPI inflation during the year

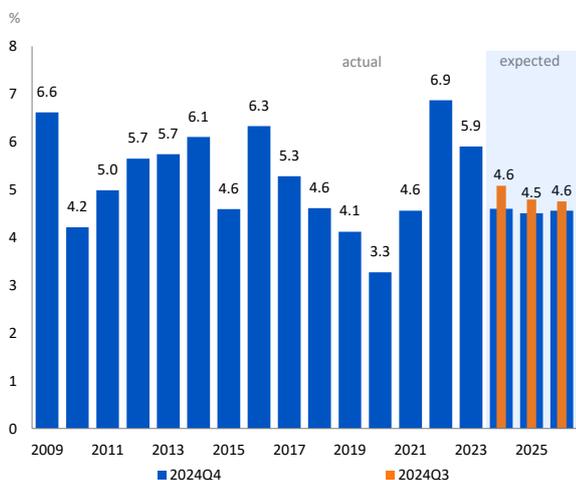
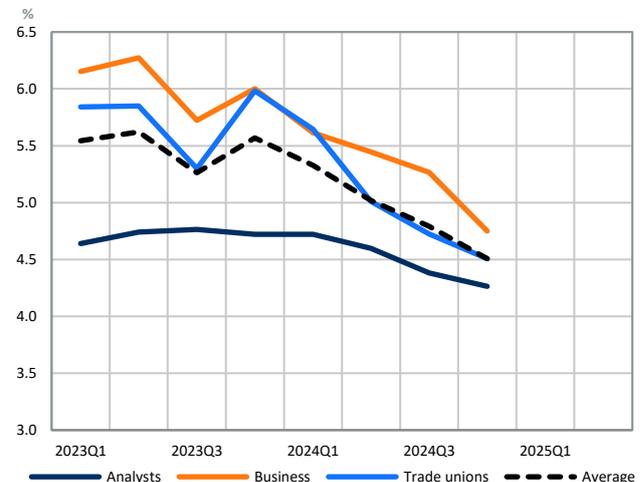


Figure 2: CPI inflation expectations: 2025



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

From the time of the third quarter survey to the fourth quarter survey, reported headline inflation subsided significantly, from 4.6% in July to 2.8% in October. Against this background, business people especially, but also trade union officials, lowered their expectations of inflation in both 2025 and 2026. In contrast, the outlook of analysts (which was already lower) was practically unchanged between these two quarters. Consequently, the combined average forecast of the three groups is that inflation will decline to 4.5% in 2025, which is 0.3 percentage points (% pts) lower than the 4.8% they still anticipated in the previous survey. Their revision for 2026, when they expect inflation to average 4.6%, was nearly of a similar size. The last time their inflation expectations were this low was in the middle of 2021, when reported inflation was still at 4.7%, before peaking above 7% early in 2023.

The forecasts of the three social groups are now much more aligned than before. All three groups expect, for both 2025 and 2026, inflation to be around the 4.5% midpoint of the target range of the SA Reserve Bank. Analysts and trade union officials forecast inflation to be 4.5% or lower, while businesses expect a slightly higher rate at 4.8% in both years.

Regarding inflation over the next five years, the three social groups now anticipate an average of 4.6%, basically at the targeted midpoint. This is marginally lower than the 4.8% they expected before. On the lower end, analysts foresee a rate of 4.4%, followed by trade unionists at 4.6% and, on the higher end, business people at 4.8%.

Figure 3: Per survey quarter

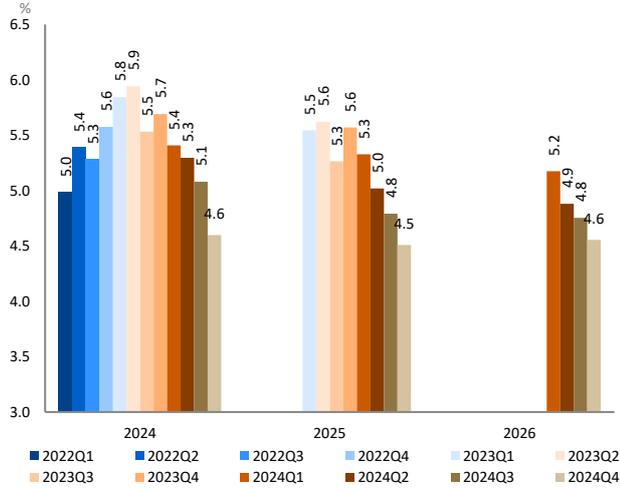


Figure 4: Analysts: one year ahead

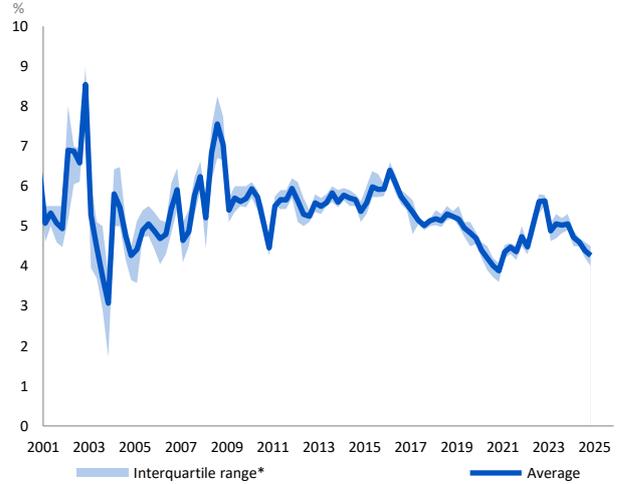


Figure 5: Business people: one year ahead

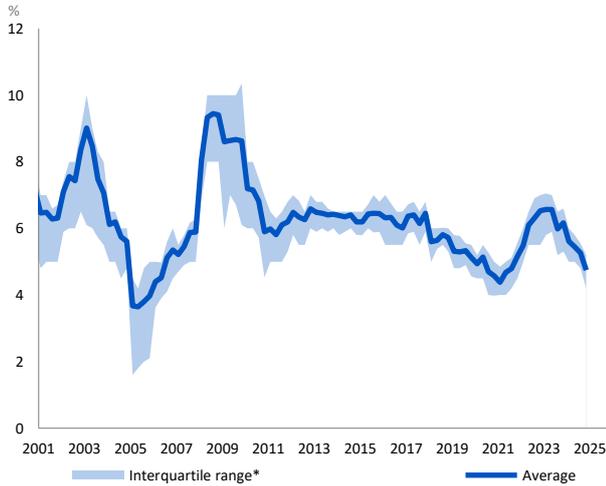


Figure 6: Trade unions: one year ahead

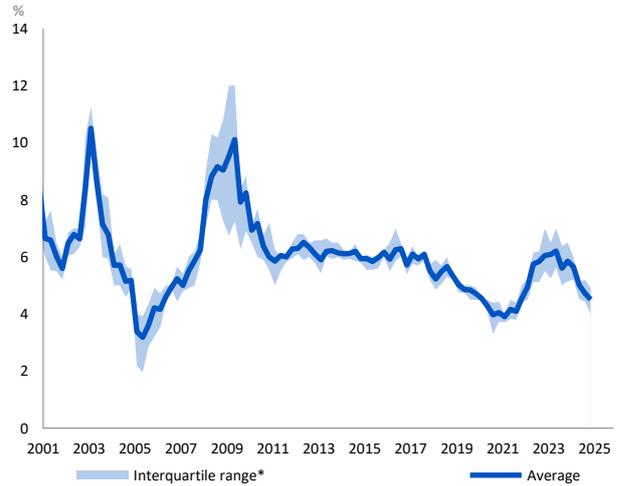
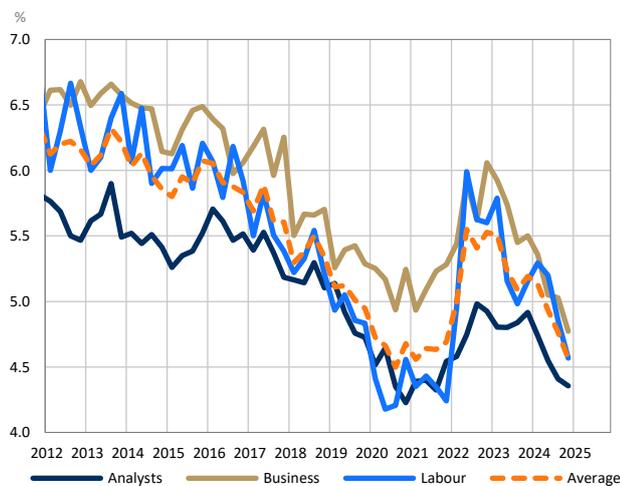


Figure 7: Over the next 5 years



* 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

The one-year-ahead inflation expectations of households fell from 6.9% in the third quarter to 6.6% in the fourth quarter. Though lower, it is not that much further down compared to the 6.7% expected in the first quarter of 2024. As such, expectations practically moved sideways this year. Even more so, their five-year-ahead expectations have remained stuck around the 10% level since 2023 –again dipping just below this level in the fourth quarter. Among the various income groups, one-year expectations fell below the 6% mark for the high-income group, while the lower-income groups still expect inflation closer to 7%.

Figure 8: Households expectation: Total

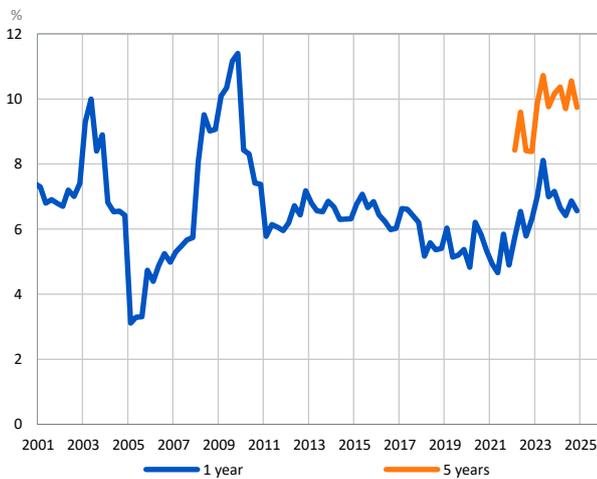
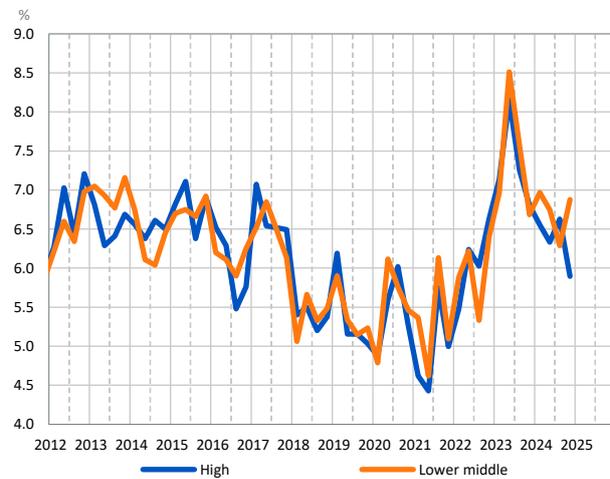


Figure 9: Per income group (one year ahead)



Forecasts of the other variables

The forecasts of the three social groups for GDP growth in 2024, converged around 1% during the fourth quarter survey. As a result, the average was virtually unchanged compared to the third quarter. Similarly, for 2025, the combined average forecast remained at 1.5%. To break it down, analysts anticipate growth of 1.7%, followed by trade unionists at 1.4% and business people expect 1.3%.

Between the time of the third and fourth quarter surveys, the prime overdraft rate was lowered by 50 basis points (bps) from 11.75% to 11.25%. This was in line with the combined average forecast of the three social groups during the third quarter survey. However, analysts expected a 75-bps drop in 2024, which did not transpire. Looking forward, the average forecast is unchanged at 10.50% by the end of 2025. However, analysts are once again more dovish, expecting the prime rate to fall to 10.25%, in contrast to trade unionists who expect 10.75% and business people in the middle at 10.50%.

Analysts expect the yield on the ten-year government bond to decline by 40 bps, from 10.05% at the end of 2024 to 9.65% at the end of 2025. Previously, they still expected a yield of 10.09% at the end of next year. This revision was made against the backdrop of the actual yield declining by 43 bps from the third to the fourth quarter survey (to 10.14%).

Regarding the exchange rate of the rand, the outlook of the three social groups was very similar between the third and fourth quarters. On average, they now expect the rand to trade at R18.16 per US dollar by the end of 2024 and R18.15 at the end of 2025. However, among the social groups, the outlook of trade unionists diverged from the other two. They now foresee a weaker rand than they did before, whereas the other two groups expect a slightly stronger rand. Analysts remain the only group that expects the rand to appreciate below R18 per dollar (to R17.69 at the end of 2025). The other two groups anticipate rates between R18.30 and R18.50 at that time.

Analysts made a slight upward adjustment to their forecast for the growth in the M3 money supply next year, from 7.3% to 7.5%. This is an acceleration from the 6.7% foreseen for this year.

In the case of salaries and wages, the combined average forecast of the three social groups is that it will increase by less than 5% this year and next. Previously they still expected an increase of 5.0% and 5.3% for these two years, respectively. Now, they anticipate 4.8% and 4.9%. Most of this change was driven by trade unionists, who lowered their forecast for next year by 0.8% pts to 5.1%. Analysts held on to their previous forecast of 4.7%, while business people made a small downward revision of 0.2% pts to 5.0%.

There was no major change in the forecast by analysts of the utilisation of production capacity in manufacturing. From 2024 to 2025, they expect it to improve marginally from 78.4% to 79.3%.

Figure 10: Economic growth during the year

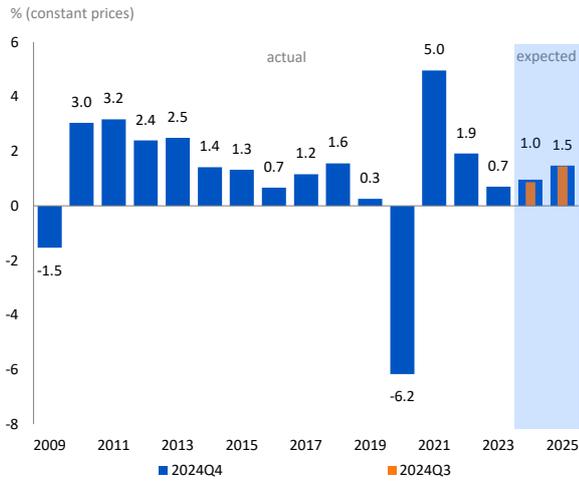


Figure 11: Prime overdraft rate at the end of the year

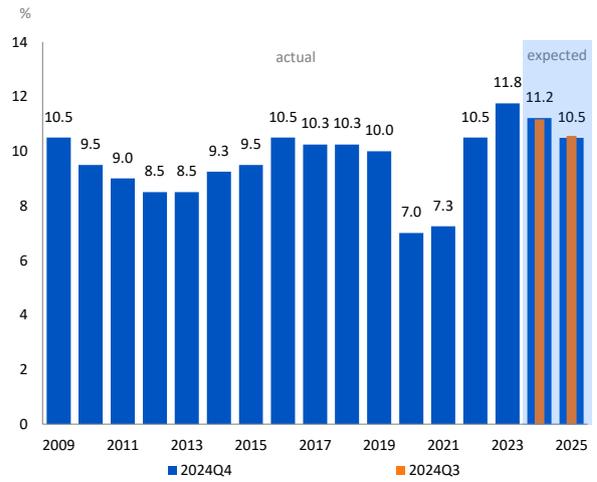


Figure 12: Ten-year gov. bond yield at the end of the year

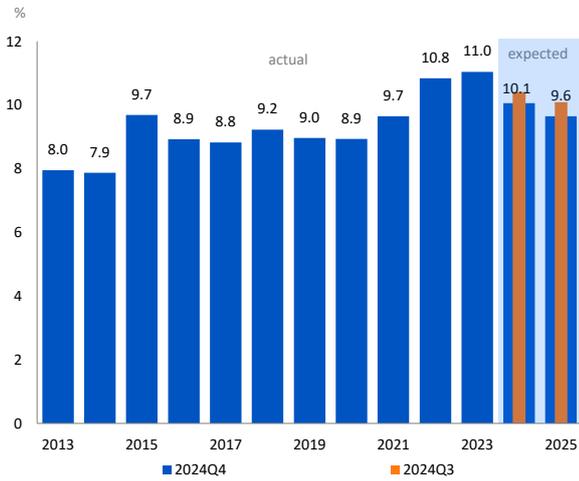


Figure 13: M3 money supply growth during the year

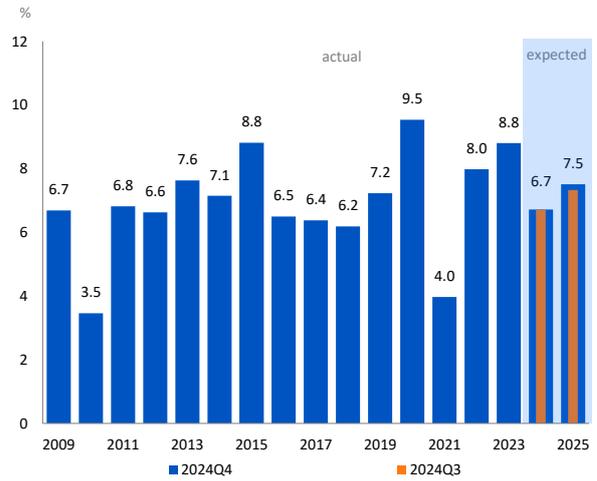


Figure 14: Rand/US dollar at the end of the year

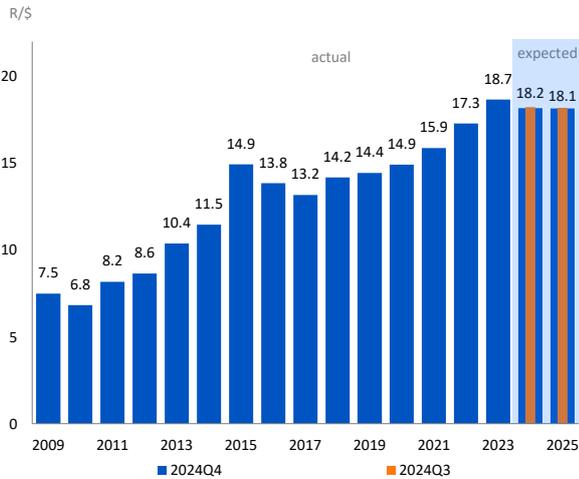
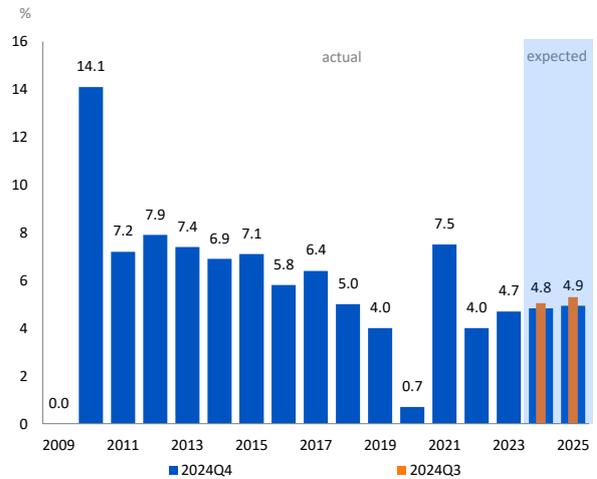


Figure 15: Salary and wage increases during the year



Appendix

SURVEY DATA AND DATES

Table 1: Summary of the survey results

Survey conducted during	2024Q3				2024Q4			
	Analysts	Business people	Trade union officials	Average	Analysts	Business people	Trade union officials	Average
Headline CPI inflation during the year								
2024	4.8	5.4	5.0	5.1	4.5	4.8	4.5	4.6
2025	4.4	5.3	4.7	4.8	4.3	4.8	4.5	4.5
2026	4.5	5.2	4.6	4.8	4.5	4.8	4.3	4.6
Economic growth (% change in real GDP) during the year								
2024	1.0	0.8	0.7	0.9	1.0	0.9	1.0	1.0
2025	1.9	1.3	1.2	1.5	1.7	1.3	1.4	1.5
Prime overdraft rate at the end of								
2024	11.03	11.22	11.25	11.17	11.21	11.16	11.28	11.22
2025	10.42	10.48	10.78	10.56	10.35	10.47	10.65	10.49
Yield on the 10-year government bond at the end of								
2024	10.40			10.40	10.05			10.05
2025	10.09			10.09	9.65			9.65
Rand/US dollar at the end of								
2024	17.96	18.42	18.27	18.22	17.90	18.17	18.40	18.16
2025	17.92	18.54	18.12	18.19	17.69	18.30	18.46	18.15
M3 money supply growth during the year								
2024	6.7			6.7	6.7			6.7
2025	7.3			7.3	7.5			7.5
Salary and wage increase during the year								
2024	4.5	5.0	5.6	5.0	4.7	4.9	4.9	4.8
2025	4.7	5.2	5.9	5.3	4.7	5.0	5.1	4.9
Percentage utilisation of production capacity in manufacturing during the year								
2024	78.2			78.2	78.4			78.4
2025	79.4			79.4	79.3			79.3
Households: Average price increase over								
The next 12 months				6.9				6.6
The next 5 years				10.6				9.7

Table 2: Dates when the surveys were conducted

	Analysts, businesses and trade unions			Households		
	Mail questionnaires	Date of return	Process results	Fieldwork		Process results
2021Q2	12-May	24-Jun	25-Jun	07-Jun	-	17-Jun
2021Q3	21-Jul	02-Sept	03-Sept	16-Aug	-	01-Sept
2021Q4	13-Oct	09-Dec	10-Dec	14-Nov	-	30-Nov
2022Q1	12-Jan	24-Feb	25-Feb	21-Feb	-	08-Mar
2022Q2	11-May	23-Jun	24-Jun	06-Jun	-	22-Jun
2022Q3	20-Jul	01-Sept	02-Sept	15-Aug	-	25-Aug
2022Q4	21-Nov	08-Dec	09-Dec	14-Nov	-	25-Nov
2023Q1	20-Feb	09-Mar	10-Mar	27-Feb	-	13-Mar
2023Q2	19-Jun	29-Jun	30-Jun	05-Jun	-	21-Jun
2023Q3	14-Aug	31-Aug	01-Sept	15-Aug	-	30-Aug
2023Q4	20-Nov	07-Dec	08-Dec	13-Nov	-	28-Nov
2024Q1	19-Feb	07-Mar	08-Mar	26-Feb	-	12-Mar
2024Q2	10-Jun	27-Jun	28-Jun	03-Jun	-	19-Jun
2024Q3	12-Aug	29-Aug	30-Aug	19-Aug	-	03-Sept
2024Q4	18-Nov	05-Dec	06-Dec	11-Nov	-	26-Nov

In 2024Q4, 28 analysts, 144 business people, 13 trade unions and 500 households participated.

Table 3: Historical data of analysts, businesses and trade unions (average %)

CPI	Total				Analysts				Business				Trade unions				Next five years			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	Total	Analysts	Business	Trade unions
2021Q1	4.4				4.4				4.7				4.2				4.6	4.4	4.9	4.4
2021Q2	4.5				4.5				5.0				4.2				4.6	4.4	5.1	4.4
2021Q3	4.5				4.4				5.0				4.1				4.6	4.3	5.2	4.3
2021Q4	4.7				4.5				5.3				4.4				4.7	4.5	5.3	4.2
2022Q1	5.0	5.0			4.5	4.5			5.5	5.4			5.0	5.0			5.0	4.6	5.4	5.0
2022Q2	5.6	5.4			5.1	4.6			6.1	5.9			5.7	5.7			5.6	4.7	5.9	6.0
2022Q3	5.9	5.3			5.6	4.7			6.3	5.7			5.8	5.4			5.4	5.0	5.6	5.6
2022Q4	6.1	5.6			5.6	4.9			6.5	6.0			6.1	5.8			5.5	4.9	6.1	5.6
2023Q1	6.3	5.8	5.5		5.6	4.9	4.6		6.8	6.6	6.2		6.5	6.1	5.8		5.5	4.8	5.9	5.8
2023Q2	6.5	5.9	5.6		5.9	5.1	4.7		6.9	6.6	6.3		6.6	6.2	5.9		5.2	4.8	5.7	5.2
2023Q3	6.1	5.5	5.3		5.9	5.0	4.8		6.3	6.0	5.7		6.0	5.6	5.3		5.1	4.8	5.5	5.0
2023Q4	6.1	5.7	5.6		5.8	5.1	4.7		6.4	6.2	6.0		6.0	5.9	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	5.4	5.3		5.3	5.0	4.8	4.9	4.5	5.1	5.2
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	5.0	4.9
2024Q4		4.6	4.5	4.6		4.5	4.3	4.5		4.8	4.8	4.8		4.5	4.5	4.3	4.6	4.4	4.8	4.6

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																
2022Q4	6.3	5.9	6.4	6.2	7.3	5.5	7.1	6.6	5.9	6.4	5.7	5.6	6.1	6.4	7.7	
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	
5-year expectations																
2022Q4	8.4	8.3	9.3	8.4	12.2	13.7	13.9	9.4	9.3	8.7	8.1	9.5	8.9	9.0	11.2	
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	

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.

Erratum: A technical error in the database resulted in the data for the White and Indian populations group being swapped from 2022Q1 to 2024Q3. This has been corrected.

Contact the BER for more descriptive statistics for the current quarter.

HISTORICAL INFORMATION PROVIDED TO RESPONDENTS

Analysts, business people and trade union officials

2020

	Average 2015-19	2019	2020	2021	2022
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	4.1			

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			

Households

2021
Over the past five years prices increased by on average 4.7 per cent per year. During 2020 prices increased by 3.3 per cent. By about how much do you expect prices in general to increase during the next 12 months?

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?

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