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SURVEY PUBLICATION | THIRD QUARTER 2026

Survey of Inflation Expectations

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EXECUTIVE SUMMARY

- The increase in professional inflation expectations seen in the second quarter stabilised in the third quarter. Current-year expectations remained at 4.4%, while five-year expectations eased from 4.1% to 4.0%.
- Expectations for 2027 and 2028 edged lower to 4.0% and 3.8%, from 4.2% and 3.9% previously.
- Household inflation expectations declined sharply, reversing much of the increase recorded in the second quarter. One-year expectations fell to 4.9% from 6.0% previously, while five-year expectations declined from 9.1% to 8.3%.
- Wage expectations remained relatively stable. Respondents expect wages to rise by 5.0% this year and 4.8% next year, compared with 4.8% for both years in the previous quarter.
- GDP growth expectations were virtually unchanged for both 2026 and 2027, at 1.2% this year and 1.6% next year.

Survey conducted during	2026Q2				2026Q3			
	Analysts	Business people	Trade union officials	**Average**	Analysts	Business people	Trade union officials	**Average**
Headline CPI inflation during the year								
2026	4.3	4.5	4.3	**4.4**	4.3	4.5	4.3	**4.4**
2027	3.8	4.3	4.4	**4.2**	3.7	4.3	4.1	**4.0**
2028	3.4	4.0	4.4	**3.9**	3.4	4.2	3.9	**3.8**
5 years	3.5	4.1	4.7	**4.1**	3.5	4.2	4.3	**4.0**

Figure 1: Headline CPI inflation during the year

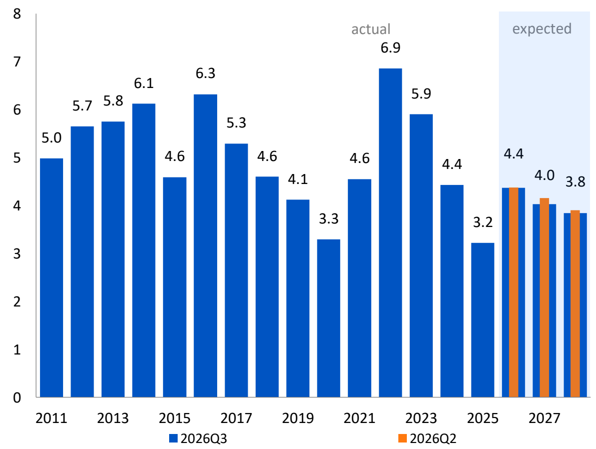
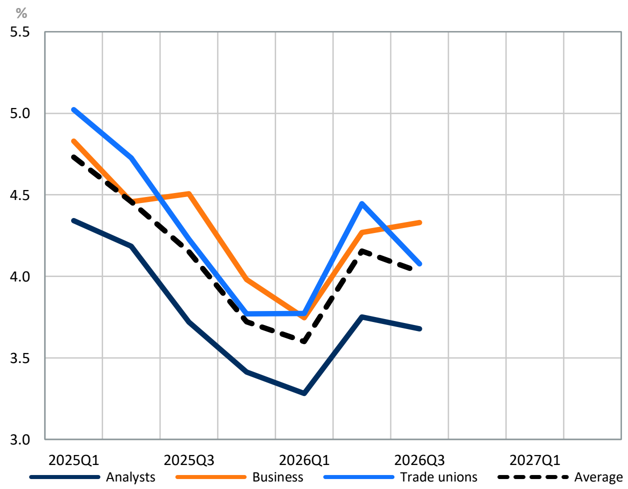


Figure 2: CPI inflation expectations: 2027



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

The third-quarter survey was conducted against a backdrop of continued geopolitical tensions in the Middle East. The energy-price shock associated with the US-Iran conflict pushed inflation expectations sharply higher in the previous quarter. In the third quarter, however, professional inflation expectations were broadly stable to lower across the forecast horizon, while household expectations eased markedly.

On average, the three professional groups expect headline consumer inflation of 4.4% in 2026, unchanged from the previous survey. They expect inflation of 4.0% in 2027, down from 4.2% in the previous quarter, 3.8% in 2028, down from 3.9%, and 4.0% over the next five years, down from 4.1%. Analysts foresee the quickest return towards the 3% target, expecting 3.4% by 2028, compared with 4.2% for business people and 3.9% for trade unions.

Regarding expectations for the next five years, trade unions revised their forecast downward the most, from 4.7% to 4.3%. Analysts continue to report the lowest expectations, unchanged at 3.5%, while business managers revised their forecast slightly upward from 4.1% to 4.2%. The average declined by 0.1 percentage points (% pts), to 4.0%.

Figure 3: Per survey quarter (average)

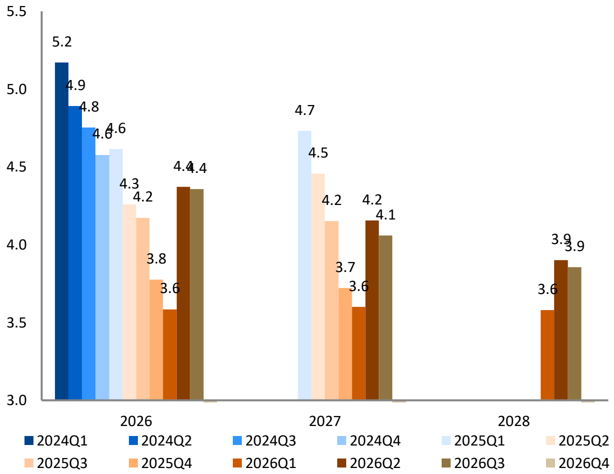


Figure 4: Analysts: one year ahead

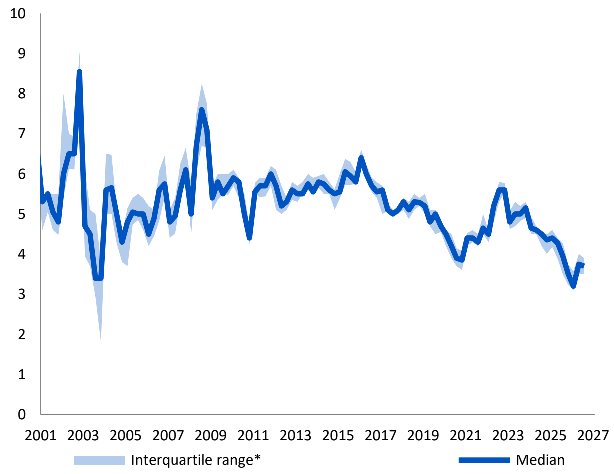


Figure 5: Business people: one year ahead

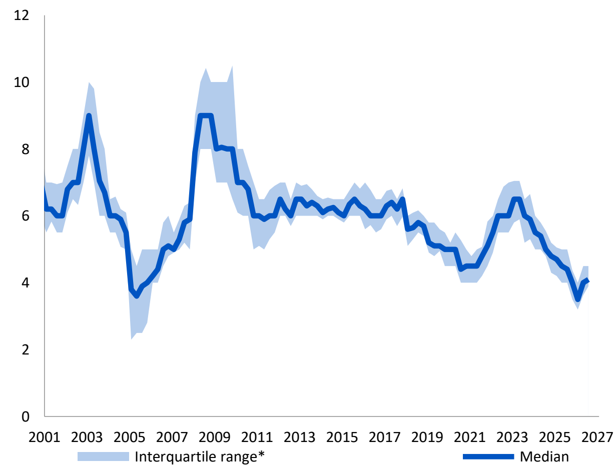


Figure 6: Trade unions: one year ahead

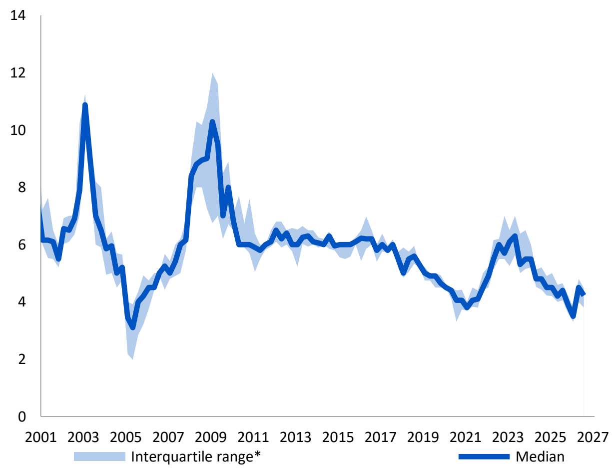
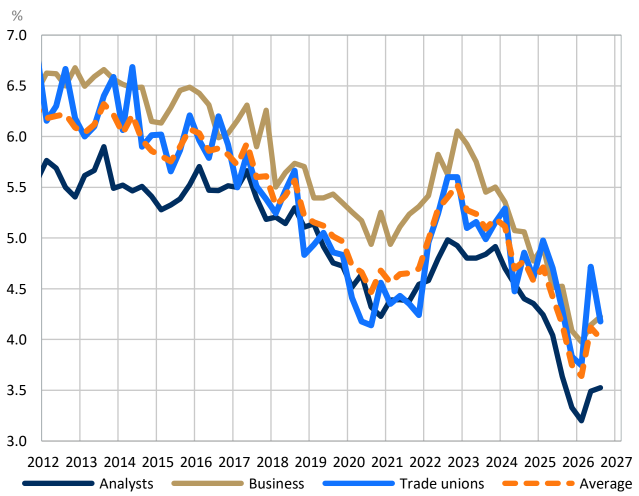


Figure 7: Over the next 5 years



* 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

Household expectations declined sharply in the third quarter, more than reversing the increase recorded in the second quarter. Twelve-month inflation expectations fell from 6.0% to 4.9%, their lowest level in nearly five years. Meanwhile, five-year expectations declined from 9.1% to 8.3%. The decline was broad-based: high-income households reduced their 12-month expectations from 6.1% to 5.4%, while lower-middle-income households reduced theirs from 5.6% to 4.7%.

Figure 8: Households' expectation: Total

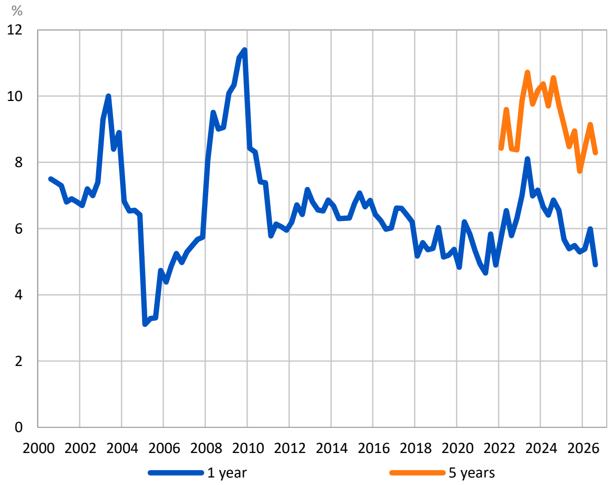
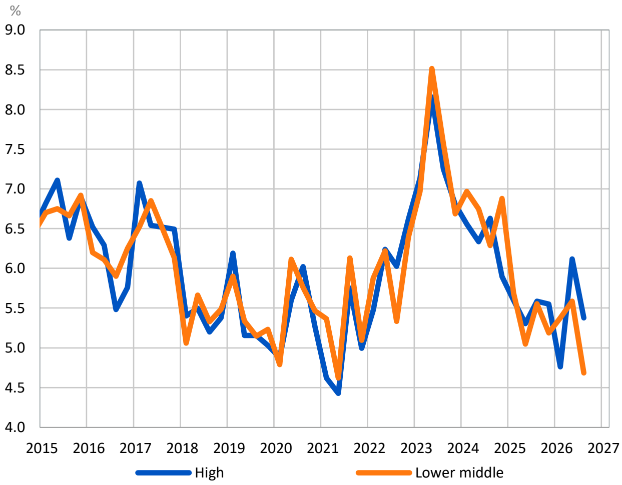


Figure 9: Per income group (one year ahead)



Additional analytical data

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	Δ	σ_Δ
Professionals: y1 [1]	% y-o-y	4.7	5.7	6.7	4.5	4.6	4.3	4.2	3.8	3.6	4.2	4.0	-0.1	0.3
Difference with the de facto target:														
Professionals: y2 [2]	% y-o-y	-0.5	0.4	1.3	0.1	0.2	0.0	1.2	0.7	0.6	0.9	0.8	-0.1	0.3
Price indicators from other BER surveys*:														
Absa-PMI: prices [3]	%	63	73	83	61	68	62	60	55	61	81	67	-14	8
BER-Retail survey: selling prices [4]	Net %	20	41	61	17	38	33	31	24	18	64	47	-17	15
BER-Manufac. survey: selling prices [5]	Net %	17	32	47	30	22	19	21	31	16	31	36	5	12

** Percentage rating prices higher*
1 - 87% correlation with CPI-services 2q ahead
2 - 61% correlation with the de facto CPI target
3 - 69% correlation with CPI-goods 3q ahead
4 - 75% correlation with CPI-goods 1q ahead
5 - 70% correlation with CPI-headline and goods 2q ahead
y1 – next year
y2 – the year after next
+2q – two quarters forward

Figure 10: Professionals - one year ahead

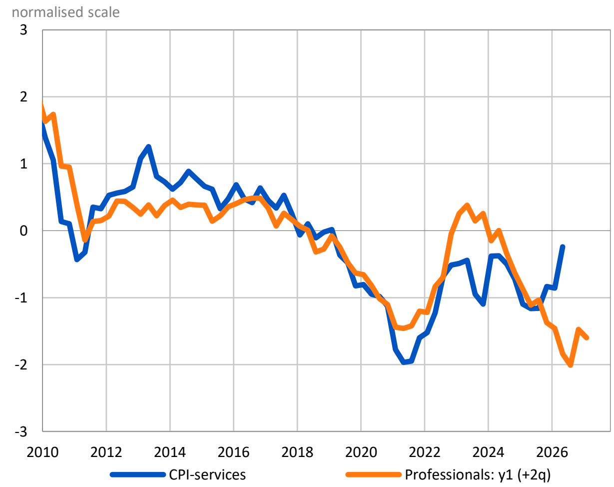


Figure 11: Professionals - two years ahead

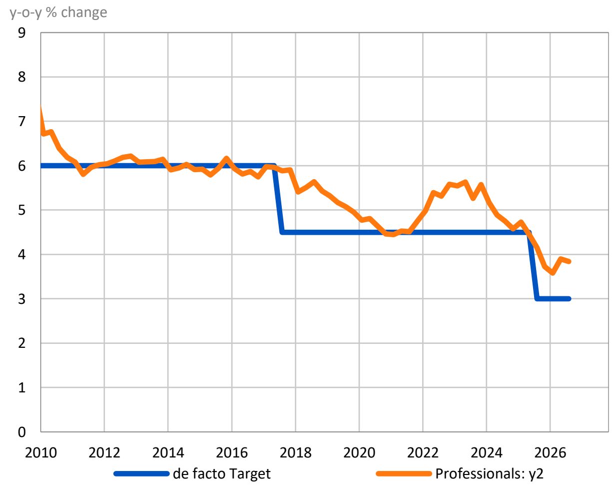


Figure 12: Absa PMI - prices

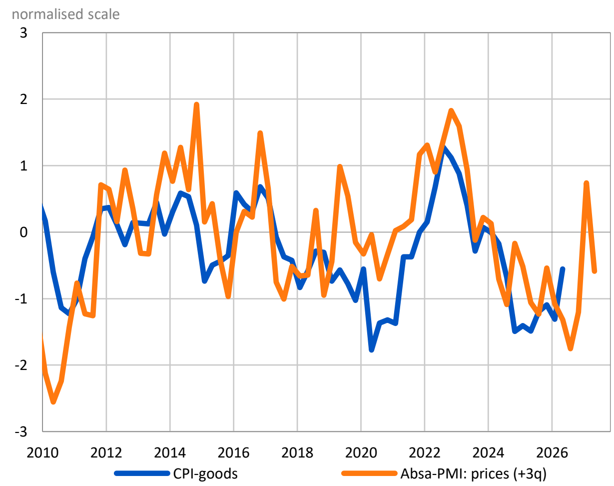
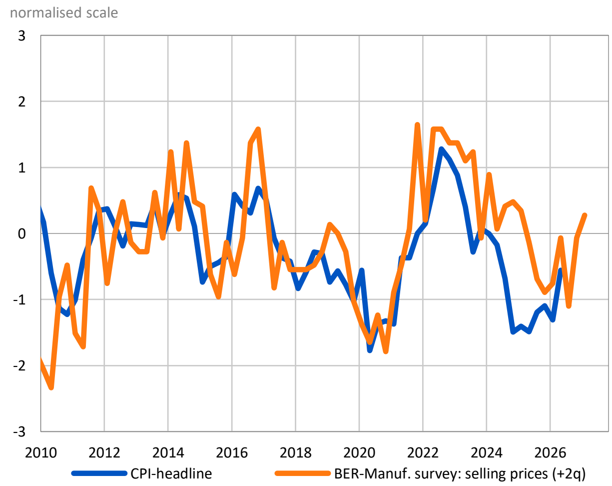


Figure 13: BER Manuf. Survey – selling prices



During the third quarter of 2026, professional expectations for the next year remained more than one standard deviation below average, suggesting that the recent uptick in services inflation may be temporary. The Absa PMI and BER Retail survey price indices also declined, by 14 and 17 points respectively, indicating less intense pressure on goods inflation one to three quarters ahead. In contrast, the Manufacturing survey selling-price index increased by 5 points, suggesting modest upward pressure on headline inflation, two quarters ahead.

Forecasts of the other indicators

During the third quarter of 2026, respondents from the three professional groups, on average, expected wages to increase by 5.0% this year and 4.8% next year. The forecast for this year increased by 0.2% pts compared to the previous quarter, while that for next year remained unchanged. Analysts expect wage growth of 5.0% this year and 4.4% next year. Business managers and trade unions expect 5.1% and 4.9%, respectively, in both years.

Analysts now foresee M3 money supply growth of 7.6% this year, up from 7.2% previously. However, they expect growth to soften to 6.8% next year, broadly unchanged from the previous forecast of 6.9%.

The rand averaged R16.07 per US dollar during the third-quarter survey period, 38c stronger than in the second quarter. Against this backdrop, respondents, on average, now expect the rand to trade at R16.35 per US dollar at the end of 2026 and R16.43 at the end of 2027. These forecasts are between 20c and 30c stronger than in the previous survey. Trade unions expect the rand to remain at R16.31 in 2027, while analysts and business people anticipate a mild depreciation (of 7c and 17c, respectively).

Respondents still expect the prime overdraft rate to be 10.50% by the end of 2026, though they now anticipate it will decline by 50 basis points (bps) next year, compared to 25 bps previously. Among the groups, analysts and business managers expect the rate to remain unchanged until the end of 2026, while trade unions anticipate it to be lowered by 25 bps. By the end of 2027, businesses expect a prime rate of 10.25% by December, while the other two groups expect 10.0%.

The outlook for the 10-year government bond yield was broadly stable. Analysts now expect a yield of 8.50% at the end of 2026, easing to 8.21% at the end of 2027. Previously, they expected yields of8.51% and 8.15% for these two years.

The economic growth outlook changed little in the third quarter. Respondents continue to expect GDP growth of 1.2% in 2026, while the forecast for 2027 increased to 1.6%, from 1.5% previously. Analysts expect 1.2% and 1.7%, business managers 1.1% and 1.4%, and trade unions 1.2% and 1.6%, respectively. As such, all three groups expect a moderate acceleration in economic growth next year.

Analysts made no significant change to their forecast of manufacturing capacity utilisation. They now expect it to be 77.4% in 2026, up from a previous forecast of 77.2%. They expect a slight improvement in 2027 to 77.8%, broadly unchanged from the previous forecast.

Figure 14: Salary and wage increases during the year

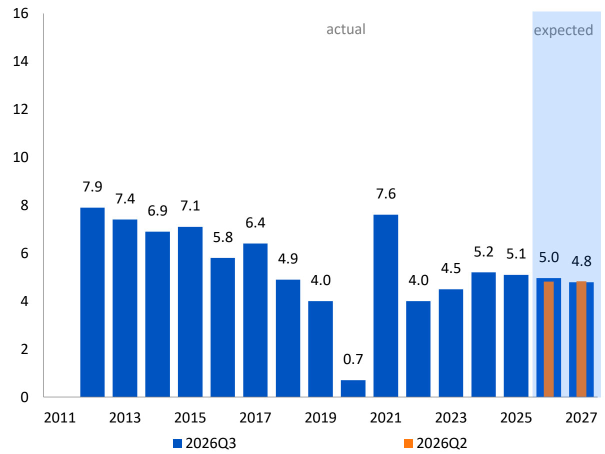


Figure 15: M3 money supply growth during the year

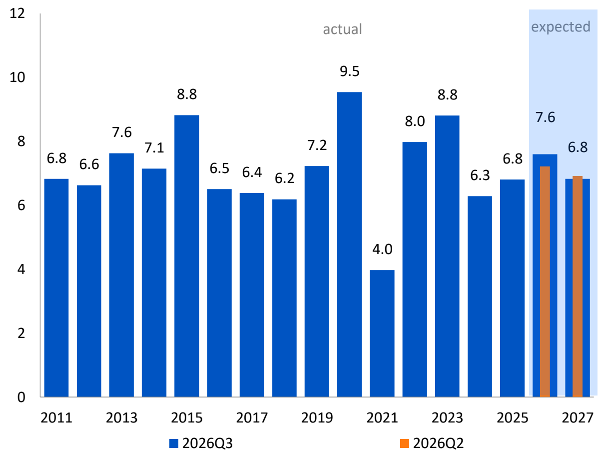


Figure 16: Rand/US dollar at the end of the year

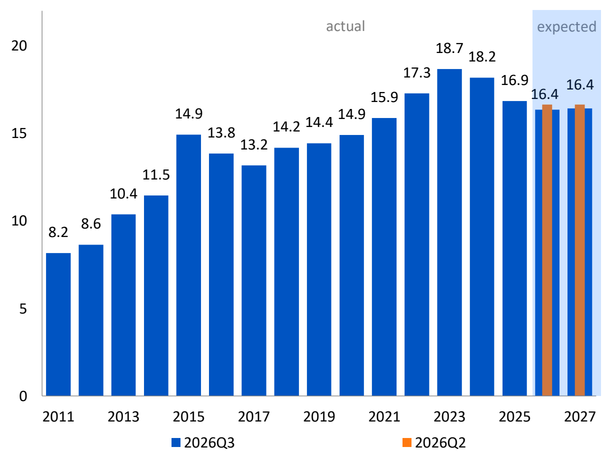


Figure 17: Prime overdraft rate at the end of the year

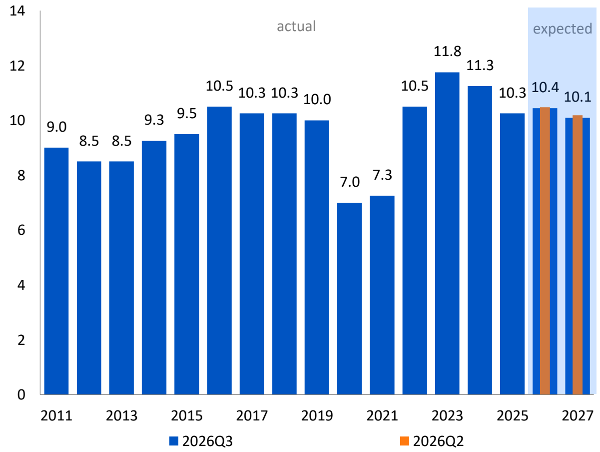


Figure 18: Ten-year gov. bond yield at the end of the year

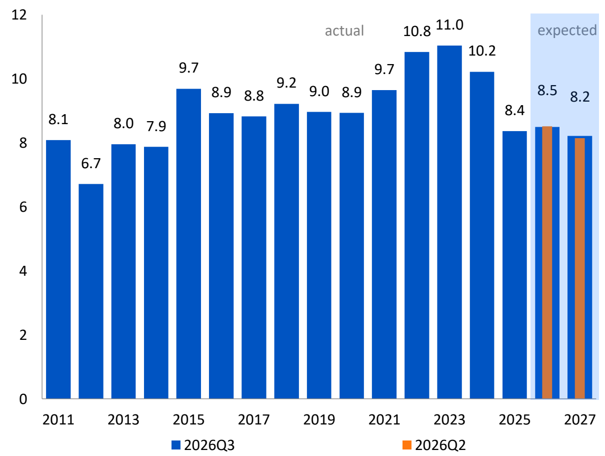
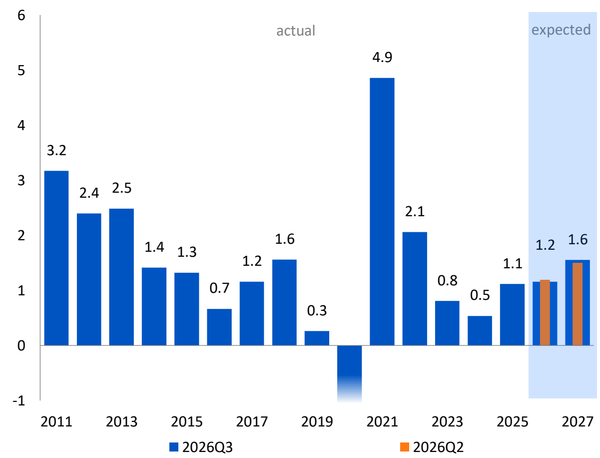


Figure 19: Economic growth during the year



Appendix

SURVEY DATA AND DATES

Table 1: Summary of the survey results

Survey conducted during	2026Q2				2026Q3			
	Analysts	Business people	Trade union officials	**Average**	Analysts	Business people	Trade union officials	**Average**
Headline CPI inflation during the year								
2026	4.3	4.5	4.3	**4.4**	4.3	4.5	4.3	**4.4**
2027	3.8	4.3	4.4	**4.2**	3.7	4.3	4.1	**4.0**
2028	3.4	4.0	4.4	**3.9**	3.4	4.2	3.9	**3.8**
5 years	3.5	4.1	4.7	**4.1**	3.5	4.2	4.3	**4.0**
Salary and wage increase during the year								
2026	4.7	4.8	5.0	**4.8**	5.0	5.1	4.9	**5.0**
2027	4.2	4.9	5.3	**4.8**	4.4	5.1	4.9	**4.8**
M3 money supply growth during the year								
2026	7.2			**7.2**	7.6			**7.6**
2027	6.9			**6.9**	6.8			**6.8**
Rand/US dollar at the end of								
2026	16.38	16.68	16.85	**16.64**	16.34	16.41	16.31	**16.35**
2027	16.45	16.85	16.66	**16.65**	16.41	16.58	16.31	**16.43**
Prime overdraft rate at the end of								
2026	10.54	10.42	10.45	**10.47**	10.59	10.39	10.34	**10.44**
2027	9.91	10.25	10.39	**10.18**	10.05	10.16	10.07	**10.09**
Yield on the 10-year government bond at the end of								
2026	8.51			**8.51**	8.50			**8.50**
2027	8.15			**8.15**	8.21			**8.21**
Economic growth (% change in real GDP) during the year								
2026	1.2	1.1	1.3	**1.2**	1.2	1.1	1.2	**1.2**
2027	1.6	1.4	1.4	**1.5**	1.7	1.4	1.6	**1.6**
Percentage utilisation of production capacity in manufacturing during the year								
2026	77.2			**77.2**	77.4			**77.4**
2027	77.9			77.9	77.8			**77.8**
Households: Average price increase over								
The next 12 months				**6.0**				**4.9**
The next 5 years				**9.1**				**8.3**

Table 2: Dates when the surveys were conducted

	Analysts, businesses and trade unions			Households			
	Mail questionnaires	**Date of return**	**Process results**	**Fieldwork**			**Process results**
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
2025Q4	17-Nov	04-Dec	05-Dec	10-Nov	-	21-Nov	28-Nov
2026Q1	16-Feb	05-Mar	06-Mar	16-Feb	-	25-Feb	06-Mar
2026Q2	18-May	04-Jun	05-Jun	18-May	-	29-May	05-Jun
2026Q3	17-Aug	03-Sep	04-Sep	17-Aug	-	26-Aug	03-Sep

In 2026Q3, 24 analysts, 115 business people, 14 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			
Survey quarter	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028	Average	Analysts	Business	Trade unions
2023Q1	5.5				4.6				6.2				5.8				5.3	4.8	5.9	5.1
2023Q2	5.6				4.7				6.3				5.8				5.2	4.8	5.8	5.2
2023Q3	5.3				4.8				5.7				5.3				5.1	4.8	5.5	5.0
2023Q4	5.6				4.7				6.0				6.0				5.2	4.9	5.5	5.2
2024Q1	5.3	5.2			4.7	4.7			5.6	5.4			5.6	5.4			5.1	4.7	5.4	5.3
2024Q2	5.0	4.9			4.6	4.5			5.5	5.3			5.0	4.8			4.7	4.5	5.1	4.5
2024Q3	4.8	4.8			4.4	4.5			5.3	5.2			4.7	4.6			4.8	4.4	5.1	4.9
2024Q4	4.5	4.6			4.3	4.5			4.8	4.8			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	3.7	3.8	3.7		3.3	3.5	3.4		3.9	3.9	4.0		3.8	3.9	3.8		3.7	3.3	4.1	3.8
2026Q1		3.6	3.6	3.6		3.3	3.3	3.2		3.7	3.7	3.9		3.8	3.8	3.7	3.6	3.2	4.0	3.7
2026Q2		4.4	4.2	3.9		4.3	3.8	3.4		4.5	4.3	4.0		4.3	4.4	4.4	4.1	3.5	4.1	4.7
2026Q3		4.4	4.1	3.9		4.3	3.7	3.4		4.5	4.3	4.2		4.3	4.2	4.0	4.0	3.5	4.2	4.2
2026Q4																				

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															
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
2025Q4	5.3	5.4	5.2	5.2	4.8	5.4	6.1	5.6	4.8	5.2	5.4	5.7	4.4	5.2	5.9
2026Q1	5.4	4.9	5.8	5.3	6.0	4.1	6.4	4.8	5.0	5.4	6.2	5.3	5.2	5.1	6.0
2026Q2	6.0	5.3	6.6	5.8	5.8	9.8	6.7	6.1	6.3	5.6	5.9	6.2	5.4	6.0	6.7
2026Q3	4.9	4.8	5.0	4.7	5.4	4.5	6.2	5.4	5.1	4.7	4.5	4.0	4.4	5.5	5.7
5-year expectations															
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
2025Q4	7.7	7.2	8.2	7.4	7.8	9.0	10.1	7.7	7.7	8.2	7.2	6.9	8.0	7.6	8.3
2026Q1	8.4	7.9	9.0	7.9	10.6	6.9	12.6	8.5	8.3	7.8	9.0	8.3	7.4	9.1	9.0
2026Q2	9.1	8.9	9.4	9.0	10.4	10.6	8.1	9.2	8.5	9.9	8.3	9.2	9.1	9.1	9.2
2026Q3	8.3	7.7	8.8	7.8	10.1	9.4	11.0	9.2	7.7	7.9	8.2	7.3	7.9	9.2	8.8

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

2022

What do you expect the …	Average 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

What do you expect the …	Average 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

What do you expect the …	Average 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

What do you expect the …	Average 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			

2026

What do you expect the …	Average 2021-25	2025	2026	2027	2028
average overall inflation rate (as measured by the percentage change in the CPI) to be during the year:	5.0	3.2			

Households

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?

2026
Over the past five years prices increased by on average 5.0 per cent per year. During 2025 prices increased by 3.2 per cent. By about how much do you expect prices in general to increase during the next 12 months?

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Click **here** for previous editions of this publication.
Please refer to the glossary on the **BER website** for explanations of technical terms.