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Inflation Expectations Survey: 2026Q3

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Household inflation expectations down in Q3

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.

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%.

The three professional groups, on average, expect 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.

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.

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**

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 inflation[1]. 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, are significantly above the inflation target of 3% and/or if 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 third-quarter survey of financial analysts, business executives and representatives of the trade union movement was conducted between 17 August and 3 September 2026 and the results were computed on 4 September 2026.

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:

8 December