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Headline: Singapore's inflation expectations moderate to 3.23%

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Demand for accommodation has continued to be weak.

Singapore's expected inflation expectations have moderated to 3.23%, off its three-year high in the March 2017 survey.

According to the latest quarterly survey for Singapore Index of Inflation Expectations (SInDEx) by the Sim Kee Boon Institute for Financial Economics (SKBI) at Singapore Management University (SMU), a few factors presented counterbalancing forces on prices.

"On one hand, with a loosening labour market the wage pressures have subsided somewhat. The demand for accommodation, a significant component of household budget, has continued to be weak as a result of additional housing supply coming on board, thereby keeping a persistent downward pressure on rental prices," the survey said.

Additionally, other factors like the Service & Conservancy Charges rebates might have also put downward pressure on overall price levels. More so, the private road transportation costs have gone up slightly.

"The upward price pressure also came from increased prices of energy, water and some administrative costs (such as increased parking fees) which have had a knock-on effect on prices," SMU noted.

It furthered, "It appears, the net impact of these opposing price pressures have resulted in an overall decline in the inflation expectations of Singaporean households."

This against the common perception that consumer sentiment across the globe is buoyant despite headwinds to globalisation.

"The world economic growth is on firmer footing, as evidenced by the normalisation of the monetary policy by the US Federal Reserve Board firmly under way with slow but deliberate increases in the benchmark interest rates on the back of stronger job growth," SMU said.

Meanwhile, the European Central Bank's announcement of not cutting interest rate any further might be construed as a baby step towards normalisation despite continuing stimulus spending through its trillion Euro bond buying activity.

On the other hand, the Japanese economy is showing continued signs of recovery with wage increases finally outstripping a low but positive inflation rate. Big emerging economies like China and India are also showing signs of growth, slowly but surely overcoming structural issues like low productivity growth and rise in inequality.

"However, this consumer optimism of the nascent growth is clouded by political and policy uncertainties surrounding the new US administration, negotiations by post-BREXIT UK government and rise of protectionism in election results elsewhere in the European Union," SMU stated.