

# S'poreans see inflation rate of 3.2% in next 12 months: Poll

This is up from 2.9% prediction in previous quarter's survey by SMU, DBS Group Research

Singaporeans believe overall or headline inflation will rise slightly to 3.2 per cent over the next 12 months, according to the results of a September poll out yesterday.

This is up from the 2.9 per cent rate predicted in a poll done in the previous quarter.

Both polls were conducted under the Singapore Index of Inflation Expectations by Singapore Management University (SMU) and DBS Group Research.

Meanwhile, respondents in the latest poll expected core inflation - price hikes excluding housing and private road transport - to come in at 3.3 per cent for the year ahead, up from 3.1 per cent forecast in the June poll.

The latest poll was led by SMU assistant professor of finance (education) Aurobindo Ghosh.

The quarterly online survey interviews around 500 individuals representing a cross section of Singaporean households.

DBS Group Research is a co-sponsor and research partner, together with the Sim Kee Boon Institute for Financial Economics at SMU.

The September poll showed that



The quarterly online poll by SMU and DBS Group Research interviews around 500 individuals representing a cross section of Singaporean households. The latest survey showed that inflation expectations across all categories have either stayed the same or inched up quarter on quarter. ST FILE PHOTO

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The component indices that saw an increase in predicted inflation

rates were transport, healthcare, education, recreation and communications.

The survey findings were released yesterday, a week after the

Monetary Authority of Singapore (MAS) announced that it would reduce slightly the pace of appreciation for the Singapore dollar, in its first easing in three years.

The MAS had said that a modest pickup in gross domestic product growth next year will likely keep inflationary pressures muted.

The central bank narrowed its pro-

jection for this year's headline inflation to 0.5 per cent, and expects headline inflation to average 0.5 per cent to 1.5 per cent next year.

It also predicted that core inflation will come in at the lower end of the 1 per cent to 2 per cent forecast range for this year, and average 0.5 per cent to 1.5 per cent next year.

The marginal uptick in Singaporeans' inflation expectations last month is thus "a tad surprising", against the backdrop of monetary easing, economic and political uncertainty, and dimmed growth expectations. Prof Ghosh said yesterday.

However, there is a natural tendency for survey-based inflation expectation measures to often be biased upwards despite adjustments, he added.

This has been widely observed in survey-based methods in the University of Michigan Surveys of Consumers in the United States, and more recently in New Zealand and Italy.

"It is therefore premature to read anything major from the latest findings," Prof Ghosh said.

Meanwhile, DBS Bank chief economist and managing director of group research Taimur Baig said yesterday that inflation remains low worldwide, with Singapore at the centre of that narrative.

"While such a trend is likely to persist, signs of a short-term bottom in inflation, both actual and expected, have emerged. Food and energy prices are low, but not falling any further," Mr Baig added.

The results of the DBS-SMU survey are consistent with the approximate 3 per cent medium-term inflation expectations in Singapore, according to Mr Baig.

Over the next five years, Singaporeans believe overall or headline inflation will rise to 4.1 per cent, up from 3.9 per cent in June.

Expectations of core inflation in the five years ahead stayed largely stable at 3.9 per cent, compared with 3.8 per cent in the June poll.