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Headline: Singaporeans' inflation expectations remain at record 5-year lows: SInDEX



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SINGAPOREANS' inflation expectations for the year ahead have remained at a five-year low, weighed down by subdued global and domestic demands.

According to findings of the latest quarterly survey for the Singapore Index of Inflation Expectations (SInDEX), the median one-year-ahead headline inflation (or CPI-All Items inflation) stayed flat at 2.63 per cent from June 2016, its lowest level since the survey's inception in September 2011.

Compared to the historical median headline inflation expectations (since September 2011) average of 3.54 per cent and the more recent third-quarter average of 2.78 per cent, the current one-year-ahead median headline inflation is significantly lower, said the SInDEX report.

It added: "Despite weak global growth prospects and headwinds from political uncertainty in the US and the eurozone, representative Singaporean households surveyed believe that one-year-ahead expected price changes seem to be plateauing."

The SInDEX is compiled by the Sim Kee Boon Institute for Financial Economics (SKBI) at the Singapore Management University (SMU).

SMU assistant professor of finance Aurobindo Ghosh, who is the principal investigator of the SInDEX Project, pointed to a global backdrop of political and economic uncertainty, driven by near-term risks of the financial markets, the fallout of the "Brexit" vote and the upcoming US elections.

"(These) seem to be weighing down consumer demand despite a surge in consumer confidence in the US to levels not seen since the recession. Against this backdrop, with persistently low oil prices and subdued demand from the emerging economies

particularly China, Singaporean consumers are expecting this low inflation environment to persist."