

Consumer expectations of inflation at 4-year low: Poll

Singaporeans see 2.74% rise this year, amid weaker growth prospects and low oil prices

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Singaporeans' inflation expectations have fallen to a four-year low amid lacklustre global sentiment and the recent stock market turmoil, according to a quarterly survey out yesterday.

Consumers polled last month were also concerned about headwinds such as persistently low oil prices and future interest rate

hikes, the latest Singapore Index of Inflation Expectations (SInDEx) by the Singapore Management University (SMU) showed.

The data was collected online from about 500 consumers.

The results showed that respondents expect prices to go up by 2.74 per cent over the next 12 months, the lowest reading since the poll's inception in September 2011. The latest number was also down from the 2.92 per cent recorded in the previous survey last September.

This shows Singapore households are "probably expecting weaker prospects of global growth and domestic price pressures, and consequently expect overall inflation will be subdued", SMU said.

Dr Aurobindo Ghosh, an assistant professor of finance from the Lee Kong Chian School of Business, said poll respondents were swayed by domestic and global factors.

The much-anticipated interest rate lift-off by the United States Federal Reserve last month from near-zero levels has created uncertainty over the speed and timing of subsequent increases, said Dr Ghosh, who co-created the SInDEx. Globally depressed demand, par-

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ticularly from emerging markets, and the persistent commodity price downturn might have also reduced overall inflation expectations, he added.

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The survey also measured core inflation expectations, which moderated to 2.85 per cent last month – its lowest level since the index's inception – from 2.91 per cent last September. Core inflation strips out accommodation and private road transport costs to better gauge everyday expenses.

Those who own their homes and use public transport, however, expect core inflation to come in at 2.67 per cent in the latest survey, down from 2.73 per cent in September's poll. These respondents are "possibly more informed about the Singapore core inflation rate" as they are not directly affected by changes in accommodation or private transport costs, SMU said.

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