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Singapore consumers are expecting inflation to ease in the next one to five years, according to a survey by the Singapore Management University (SMU) and MasterCard.

File photo: Pedestrians cross the street along the Orchard Road shopping area in Singapore. (AFP/Roslan Rahman)

SINGAPORE: Singapore consumers are expecting inflation to ease in the next one to five years, according to a survey by the Singapore Management University (SMU) and MasterCard.

An online poll of around 400 respondents in Singapore showed that consumers expect headline inflation of 3.85 per cent for the year ahead in September, down from 3.91 per cent in June.

This is the lowest it has been since the SKBI-MasterCard Singapore Index of Inflation Expectations (SInDEx) was first started in September 2011.

The survey attributed this to a moderation in imported inflation owing to subdued demand and weak growth in regional economies such as China and India.

Meanwhile, core inflation expectations (excluding accommodation and private transportation) also moderated to 4.03 per cent in September from 4.05 per cent in June, according to the poll.

For 2013, the Singapore government is projecting the CPI-All Items inflation to come in at the upper half of the 2 to 3 per cent forecast range.

The MAS (Monetary Authority of Singapore) Core Inflation is expected to be 1.5 to 2 per cent in 2013.

Assistant Professor Aurobindo Ghosh, co-creator of SInDEx, and Project Director of SMU SKBI said: "CPI-All Inflation came down from the first quarter of 2013 owing to a slew of macro-prudential factors like property cooling measures and restrictions in car loans, and an emphasis on deleveraging of household debt and disbursement of HDB's S&CC (Service & Conservancy Charges) rebates.

"The combined effect of all these measures was mostly not anticipated a year ahead. Academic literature has also shown that inflation expectations are quite persistent or 'sticky', and is often slow to react downwards."

Asst Prof Ghosh said there is also an expectation of pass-through costs, including domestic costs such as wages, rental, and imported costs like oil prices which might have caused elevated expectations of price rises in the medium term.

He said: "For policymakers, this might indicate some risks to anchoring of medium term inflation expectations for both headline rate and inflation rate without accommodation and private transportation costs."

- CNA/fa