

Singaporeans expect inflation to rise in 2026 from global trade policies, rising fuel prices: survey

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THE majority of Singaporeans expect inflation to increase in the next year due to global trade policies and rising fuel prices, according to the *Singapore Index of Inflation Expectations* survey published on Wednesday (Apr 22).

Of those surveyed in March, 88.3 per cent expect inflation to rise over the medium term or next one year, up from 83.4 per cent in the previous quarterly survey in December 2025. Only 5 per cent of Singaporeans polled expect inflation to go down over the next year, a slight dip from the 6 per cent recorded last December.

Among the respondents expecting inflation to increase over the next year, the top reason cited (64 per cent) was geopolitical uncertainties and conflicts between Hamas and Israel, Ukraine and Russia, and Iran and Israel.

This was followed by supply chain disruptions (13.3 per cent) and higher trade policy uncertainty such as tariffs (9 per cent).

Among those expecting inflation to decline, the top reason cited was the uncertain impact of supply chain disruptions being resolved (28 per cent). Next were central banks keeping interest rates high (20 per cent), the slowdown in global growth (20 per cent) and more competition leading to lower prices (16 per cent).

Now in its 59th edition, the *Singapore Index of Inflation Expectations* survey – which is published every quarter online – polls 500 individuals representing a cross section of Singapore households.

DBS Group Research and the Singapore Management University's (SMU) Sim Kee Boon Institute for Financial Economics are co-sponsors and research partners of the survey. The survey was led by SMU assistant professor of finance Aurobindo Ghosh.

Headline inflation expectations

Meanwhile, headline inflation expectations for one year ahead slid to 3.3 per cent in March, from 3.5 per cent in December.

This was slightly below the average first-quarter inflation expectations for one year ahead of 3.5 per cent recorded since the index was published in the Q3 2011.

Overall inflation expectations for components of the consumer price index (CPI) declined to 3 per cent in March, from 3.1 per cent in December.

Inflation expectations for major



Among those expecting inflation to decline, the top reason cited was the uncertain impact of supply chain disruptions (28%) being resolved.
PHOTO: REUTERS

CPI components over a one-year-ahead period were unchanged for the categories of food; housing and utilities; healthcare; information and communications; as well as miscellaneous goods and services including personal care.

There was a slight decline in expected inflation for the categories of education; household durables and services; recreation; sport and culture; and clothing and footwear. In contrast, inflation expectations increased for transportation.

"Flattening or decline in inflation expectations across most categories, except for direct oil price-related components like transportation, signals consumers expect price increases to be muted over the next 12 months," said the survey.

The survey team also conducted free-response polls on overall inflation expectations, which reduce potential behavioural biases by informing respondents of current aggregated economic data. On this, it found that headline inflation expectations for one year ahead slid to 2.8 per cent in March, from 3 per cent in December.

The survey found that Singaporeans polled in March expect a slight negative impact on the country's economic growth over the next 12 months.

This was in response to increased geopolitical uncertainties and fragilities in the global order, including ongoing and emerging conflicts, and strategic policy uncertainty affecting global trade.

Prof Ghosh said the potential of a lingering supply crunch and surge in prices of commodities – such as oil, natural gas and by-products of the petrochemical industry – pose "a clear and present threat to the surge in inflationary pressures globally".

"While negotiations are ongoing to resolve the crisis, and showing positive signs for the continuous opening of the Strait of Hormuz as the fragile ceasefire takes shape,

central banks around the world, including the Monetary Authority of Singapore, are keeping a close watch," he added.

Expectations of higher overall expenses

In addition, Singaporeans expect their overall expenses in the next 12 months to increase slightly, the survey revealed. They also expect their household situation to remain unchanged economically and financially in the next 12 months.

Compared to last year, they expect a slight negative impact on business conditions in the next 12 months, while expecting conditions for buying bigger-ticket items such as household appliances or furniture to slightly worsen in the next 12 months.

Taimur Baig, DBS chief economist and managing director of group research, said: "With pump prices rising and other energy-related pressure points in the pipeline, hits to consumer and business sentiment are inevitable."

Under current economic conditions, respondents expect only a slight increase in overall inflation expectations one year ahead, but expect a moderate increase five years ahead.

Due to geopolitical conditions, they expect inflation to increase slightly for components such as food; transport; housing and utilities; healthcare; education; household durables and services; recreation; sport and culture; information and communication; clothing and footwear; and miscellaneous goods and services.

About 6.9 per cent of respondents polled in March expect more than a 10 per cent reduction in salary in the next 12 months, up from 5.9 per cent in December.

The expectation of median salary increments in March – of between 1 and 5 per cent – remained unchanged, compared to the survey in December.