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Headline: Half of Singaporeans expect inflation to decline in the next 12 months

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Consumers cite three reasons for the shift in their expectations.

More Singaporeans (50%) now expect inflation to decline in the next 12 months, the Singapore Index of Inflation Expectations Survey revealed.

In the December 2022 edition of the survey, only 41% believed that price pressures will ease within a year.

According to the survey, consumers are now more positive about their inflation expectations because central banks in major economies are raising interest rates (41%), and there has been a slowdown in global growth (35%).

Consumers also expect the resolution of pandemic-induced supply chain disruptions to relieve price pressures.

Whilst more Singaporeans think prices will decrease, some believe otherwise.

Based on the survey, 41% of consumers still expect inflation to increase in the next 12 months, likely because of central banks in major economies raising interest rates (36%), higher demand due to the relaxation of pandemic restrictions (27%) and geopolitical uncertainties due to the Ukraine-Russia conflict (23%).

Some (11%) also cited lingering supply chain disruptions to push prices up.

Meanwhile, the survey also found that consumers are divided on whether the current economic conditions will negatively impact one-year-ahead and five-year-ahead overall inflation.

Consumers are unsure whether current economic conditions will positively or negatively impact food, transportation, housing & utilities, healthcare, clothing & footwear, and household durables & services.