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Headline: High uncertainty fuels a divided inflation outlook among Singaporeans

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Singaporeans' one-year-ahead inflation expectations have dipped to 4.2% in June 2024.

Singaporeans are split on future price trends, with 45.2% expecting a decrease and 45.4% predicting an increase in the next year, the June 2024 Singapore Index of Inflation Expectations Survey (SinDEX) of DBS and Singapore Management University (SMU) revealed.

DBS and SMU said the survey results show “the cognitive dissonance and disagreements coming from the high level of uncertainty that is plaguing the global economy, policy environment and fallout of ongoing conflicts in the medium term of one year.”

Compared to the March survey, the percentage of Singaporeans expecting inflation to decline and increase slightly dipped.

Amongst Singaporeans expecting inflation to drop, 36% credit central banks' high interest rates, 32% attribute it to slowing global growth, and 22% to the resolution of supply chain issues.

Singaporeans who believe inflation will increase point to several factors: 37% cite central banks in major economies raising interest rates, 29% mention geopolitical uncertainties from conflicts like Hamas-Israel and Ukraine-Russia, 24% blame high demand due to eased pandemic measures, 16% highlight fiscal measures like the GST hike, and 13.5% note ongoing supply chain disruptions.

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Overall, Singaporeans' one-year-ahead inflation expectations have dipped to 4.2% in June 2024 from 4.9% in March 2024.

“Responding to global cues of geo-political tensions in a largely bifurcated global order, fallout from ongoing conflicts between Hamas and Israel and Ukraine and Russia, and ‘higher for longer’ global interest rates in place to tackle petulant inflationary pressures, particularly by the US Federal Reserve Board, Singaporean consumers expect a slight negative impact on the country’s economic growth over the next 12 months,” DBS and SMU reported.