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Consumer inflation expectations in Singapore have increased, according to the latest Singapore Index of Inflation Expectations (SInDEx) by DBS and the Sim Kee Boon Institute for Financial Economics at Singapore Management University (SMU), even as official inflation data and forecasts point to relative stability.

The survey, conducted between 24 and 30 March 2025, found that the overall Consumer Price Index Inflation Expectations (CPIEx) rose to 5% in March 2025, up from 4.4% in December 2024.

This increase comes as one-year-ahead headline inflation expectations remained unchanged at 3.8%, consistent with the previous quarter and in line with figures reported since June 2024.

The rise in CPIEx reflects higher expectations in several key components. Among the 10 categories tracked, expectations increased in seven, including food, transportation, education, and household durables, whilst remaining flat in others such as housing, healthcare, and personal care. This shift suggests that consumers are anticipating price pressures in a broad range of everyday expenses.

By contrast, data from the Monetary Authority of Singapore’s (MAS) March 2025 Survey of Professional Forecasters projected headline inflation for 2025 at 1.7%, and core inflation at 1.5%. Official data from the Department of Statistics showed that headline inflation rose 0.9% year-on-year in February, with core inflation at 0.6%.

Free-response survey data further revealed an increase in perceived inflation. After adjusting for potential behavioural biases, core CPIEx expectations rose to 5% in March 2025, up from 4.2% in December.

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This figure excludes volatile components like accommodation and private transport, and is considered by researchers to reflect longer-term inflation sentiment more accurately.

Interestingly, the survey also recorded a near-perfect split in public sentiment, with 44.4% of respondents expecting inflation to rise over the next 12 months, whilst an equal proportion foresee a decline.

Researchers noted this as a “perfect cognitive dissonance,” suggesting diverging expectations based on contrasting scenarios, such as a possible trade war increasing prices or a global slowdown dampening demand.

Amongst those expecting inflation to fall, the top reasons cited were slower global growth (30.7%), uncertain trade policies (26.6%), and the role of high interest rates (14.8%). Those expecting inflation to rise pointed to increased demand post-pandemic (23.8%), global central bank policies (21.7%), and ongoing geopolitical conflicts (20.1%).

The survey also found that Singaporeans anticipate a shift in their household spending patterns in the next 12 months, with a larger budget share expected for food, transport, housing, healthcare, and miscellaneous services. The researchers said these adjustments may reflect evolving post-pandemic behaviours such as continued remote work and increased online grocery shopping.

Salary expectations also showed modest optimism. Only 3.8% of respondents expect a salary reduction of over 5%, down from 5.1% in December 2024. Most respondents still anticipate a salary increment between 1% and 5%, unchanged from the previous survey.

Despite stable core and headline inflation figures, the uptick in consumer expectations across several categories and the divergence in sentiment underscore a heightened sense of economic uncertainty, particularly for a trade-dependent economy like Singapore.

The next MAS monetary policy review is scheduled for July 2025.