

Singapore businesses urged to act as inflation views split

44% expect inflation to rise, while another 44% expect it to fall.



Singaporean consumers are split on the direction of inflation, signalling uncertainty in future spending patterns that businesses must prepare for, according to the latest findings from the DBS-SKBI Singapore Index of Inflation Expectations (SInDEx).

Based on the 55th round of the SInDEx survey conducted in March 2025 by the Sim Kee Boon Institute for Financial Economics (SKBI) at Singapore Management University (SMU), 44.4% of respondents expect inflation to decrease over the next year, while an equal 44.4% believe it will rise.

The dissonance illustrates the expectations that prices might rise if a trade war happens, but they might go down if a recession follows.

Dr Aurobindo Ghosh, Assistant Professor of Finance at SMU and Principal Investigator of the DBS-SKBI SInDEx Inflation Expectations Project, noted that the uncertainty stems from both global protectionist measures and domestic economic concerns.

“Businesses, particularly for trade dependent countries, including the United States, China and Singapore, of course, are facing unprecedented levels of uncertainty,” he said. “They are affected by both trade and tariffs and non-tariff barriers that are there, and so they’re bracing for the changes.”

To navigate the uncertain outlook, Dr Ghosh advised a three-pronged strategy.

“First, the supply side of the story. Having a very diversified supply chain is always good for businesses, so they should actually have suppliers and longer term contracts across in the region,” he said. “Second, demand, they should really try to keep their clients and customers and possibly absorb some of the costs. And finally, from the employment side, they should really try to reduce job cuts as much as possible.”

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When asked which would have a greater impact on consumer confidence—trade war or recession—Dr Ghosh noted that both are deeply interconnected.

“Trade is often the trigger, and consumer confidence is an effect,” he said. “I would think that the fear of recession is probably a little higher than the trade tariffs, which can be negotiated to some extent.”