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About 64% of Singaporeans cited global conflict as the main driver of higher prices.

Inflation expectations for transportation rose to 3.5% in March from 3% last December, highlighting growing energy-related cost pressures, according to a Singapore Management University (SMU)-DBS report.

The increase makes the sector the only major category to record a rise in inflation expectations.

About 64% of Singaporeans cited geopolitical conflicts as the main reason for expecting higher inflation, followed by supply chain disruptions (13.3%) and trade policy uncertainty, such as tariffs (9%).

“Energy shock is permeating through the global economy. With pump prices rising and other energy-related pressure points in the pipeline, hits to consumer and business sentiment are inevitable,” said DBS Bank Chief Economist Taimur Baig.

Aurobindo Ghosh, Assistant Professor of Finance at SMU, noted that tensions involving Iran and Israel, including threats to the Strait of Hormuz — which accounts for about 20% of global oil and gas shipments — could drive further inflationary pressures.

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In a separate RHB report, analysts said Singapore is facing a cost-push shock from the tensions, with higher energy prices feeding through to electricity, transport, and broader consumer prices.

Sentiment around business conditions has also weakened, with respondents expecting slightly worse job prospects and a deterioration in conditions for big-ticket purchases over the next 12 months.

“Over the next five years, business conditions are also likely to worsen slightly according to respondents,” Ghosh added.

The report showed one-year-ahead headline inflation expectations eased to 3.3% in March, whilst overall Consumer Price Index Inflation expectations edged down to 3% from 3.1% in December. Food, housing, and healthcare components remained stable or edged lower.

Meanwhile, RHB raised its 2026 inflation forecast to 2.5% from 1.5%, even as it maintained GDP growth at around 3% with downside risks to 2.5% if tensions escalate.

Those expecting cost pressures to decline cited the uncertain impact of the resolution of supply chain disruptions (28%), central banks keeping interest rates high (20%), and a slowdown in global growth (20%).

“We expect the recent bump in inflation expectations to be modest, given the proactive way the supply chain is being managed by the authorities and monetary policy measures, recent and forthcoming, by the Monetary Authority of Singapore,” Baig added.