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Headline: Inflation expectations in Singapore lowest in nearly 3 years: SMU

## Inflation expectations in Singapore lowest in nearly 3 years: SMU

**Property cooling measures and temporary increase in COEs helped moderate overall inflation expectations, according to Singapore Management University.**

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File photo: Prospective home buyers at a condominium showroom in Singapore.

SINGAPORE: Inflation expectations in Singapore fell to its lowest since a Singapore Management University (SMU) survey began nearly three years ago, helped by the Government's property cooling measures and expectations that car prices will stabilise.

SMU's Singapore Index of Inflation Expectations for inflation over the next one year (SInDEX1) stood at 3.74 per cent in June, down from 3.80 per cent in December last year. The reading was the lowest since the university began compiling the index in September 2011, it said in a press release on Monday (July 21).

The composite five-year-ahead Singapore Index of Inflation Expectations (SInDEX5) moderated to 4.51 per cent in June from 4.56 per cent in December 2013. The five-year reading was also the lowest since the series began.

"Property prices in Singapore have reacted to curbs in debt servicing ratios, and slight temporary increase in vehicle quota have dampened car prices. We see this reflected

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in the moderation of overall inflation expectations," said Assistant Professor Aurobindo Ghosh, co-creator and director of the SInDEX Project at SMU's Sim Kee Boon Institute for Financial Economics (SKBI).

"However, the Monetary Authority of Singapore recently projected that there is an upward pressure on the Singapore core inflation without accommodation and private transportation, possibly from the tight labour market and other pass-through costs," he added.

The SInDEX - originally developed by SKBI in collaboration with MasterCard - is derived from an online survey of around 400 randomly selected individuals representing a cross-section of Singapore households.

- CNA/kk