

**Publication: Singapore Business Review Online**

**Date: 16 October 2018**

**Headline: Singapore inflation expectations for 2019 falls to 2.88%**

## **Singapore inflation expectations for 2019 falls to 2.88%**

It is lower than the historical average of 3.41%.

Median inflation expectations for 2019 slid down to 2.88% from Q2's expectation which was at 3.11%, according to the quarterly survey for the Singapore Index of Inflation Expectations (SInDEx) by the Sim Kee Boon Institute for Financial Economics (SKB Institute) at the Singapore Management University (SMU).

Compared to the historical average of 3.41% , the current one-year-ahead headline inflation is substantially lower.

This is a result of the strength of the US economy, the subsequent policy normalisation and new trade deals despite the ongoing trade war between US and China and its impact on domestic products, according to the research findings.

"Whilst core inflation is expected to edge up further in the months ahead, our survey shows that inflation expectations are well contained," SKB institute director Prof. Dave Fernandez said regarding the results of the survey.

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Researchers also found inflation expectations for transportation and housing had eased, whilst food and healthcare inflation remained unchanged at 2% and 3%, respectively.

Data from the Five-year-Ahead median headline (CPI-All Items) inflation expectations increased from 3.77% in June to 3.81% in September. This is still significantly lower than the historical average of 4.23% since September 2011, when the survey began.

SMU assistant professor of finance Aurobindo Ghosh, the SInDEx project's principal investigator, noted how central banks may resort to a more "deliberate approach and keep their policy more accommodative", whilst others may "tighten their own monetary policy" to keep pace with the surging US dollar.

The Monetary Authority of Singapore (MAS) decided to increase the slope of the S\$NEER policy band back in 12 October.