# Warning signs of deflation are growing stronger

Excess global supply is depressing prices and the glut is not likely to atrophy

### Gary Shilling

osediving from March After nosediving from warrunthrough May as lockdowns devastated US household spending, consumer prices rebounded in the following four months.

Some fear this is the start of a resurgence of inflation. The Federal Reserve Bank of New York's survey of consumer inflation expec-

tations shows a jump from 2.4 per cent to 3 per cent for both one and three years shad. If you think serious inflation is coming, you do not believe in the coming, you do not believe in the wide of the company of you can be company of the company

a fraction of what they produce. China's consumer spending is just 39 per cent of gross domestic product, compared with 68 per cent in the US, resulting in a saving glut of the US, resulting in a saving glut is unlikely to atrophy even if the United States-China which was the US, and the US, a

riod of time before tightening mon-eatry policy.

To be sure, the Fed is not alone among central banks in failing to spark inflation to an acceptable leven. On a micro level, the panderic has shown the power of supply and demand to determine prices. With many still house-bound, the cost of food at home last month was up.

With globalisation Western technology is combined with cheap Asian labour to produce a vast array of goods and,

increasingly, services. But Asian consumers purchase only a fraction of what they produce. China's consumer spending is just 39 per cent of gross domestic product, compared with 68 per cent in the US, resulting in a saving glut that is highly

nearly deserted schools and work-places, food costs fell 3.4 per cent, according to the Bureau of Labour

according to the Bureau of Labour Statistics. Statistics. The displacement in Inflation be-the displacement of the Inflation be-the displacement of the Inflation of the books rose 4.1 per cent last month from a year earlier. Cable and satel-liet TV-fees rose 5 per cent, newspa-pers cost 5.6 per cent more, medi-ing products prices climbed 4.5 per cent and bicycle prices jumped 1.3 per cent.

ing products prices climbed 4.5 per cent and bicycle prices jumped 1.3 per cent and bicycle prices jumped 1.3 per cent and bicycle prices jumped 1.3 per cent and bicycle prices in the prices dropping 25 per cent, men's figure from them planning desidency prices and the prices prices that women's decess prices tambling 16.8 per cent and women's decess prices tambling 16.8 per cent, batel from the prices and prices are also revealed in slumping energy prices, and the prices of the prices o

states inflatio overstates inflation in a number of ways, including its accounting for housing. The statistics assume that home owners rent their abodes from themselves, paying market rental rates. This owner's equivalent rent com-

abundant and cheaper than before the pandemic.

Mr Trump's contraction of Corolt-3 bias brought home the perfect of the pandemic of the pandem

that became permanent as employers abandoned hopes for a quick, research and the property of t

 The writer is the author of The Age Of Deleveraging: Investment Strategies For A Decade Of Slow Growth And Deflation.

Gateway to a Great Life This feature is the second of a four-part series by Great Easter

## After health-scare grief, huge healthcare

With health insurance covering his hefty medical fees, Mr Madanlal Aitabir was able to focus on making a remarkable recovery walking again after two years of paralysis



## By JEREMY THESEIRA

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Tom suffering a stroke, becoming parabysed and then having his business shufbysed and then having his business shufbysed and then having his business shufbysed and the stroke of the stroke of the stroke of the
last six years have been an inspiring journey
from adversity to hope.

If just happened, 2004, He resolved for the
type of the stroke of the stroke of the stroke
the stroke of the stroke of the stroke of the
tweakness in his legs and hearing his son, then
the franticulty calling for an ambulance before
blacking out that fateful Saturday morning.
When he registed conceivances at Khoo
When he registed conceivances at Khoo
Hen had suffered a stroke. Doctors operated on
He had suffered a stroke. Doctors operated on
Him for six hours after they discovered a growth
pressing on the nerves of his lower back. Depitted the stroke of the stroke of the stroke of the
"It was the worst news I ever heard in my life."
The never for so useless," says Mr Alabih, who
broke down when he received the news.

Year below admitted to an SPD relabilitation cen-

He spent the next nine months in recovery be-pre being admitted to an SPD rehabilitation cen-

fore being admitted on a SPD rehabilitation cere. SPD personalsy shown as the Society for the Physically pleashed, as local chartry that growther the properties of the SPD research of th

ndependent." His elder son, 29, and daughter, 24, are mar-ed and have their own homes. Mr Aitabir and his wife divorced in 2016. He now lives with his youngest son, 22, in a rental Housing Board flat in Woodlands

in Woodlands.

Calamity struck again this year. He was forced
to shutter his tattoo studio in Yishun following
the Covid-19 circuit breaker measures implemented on April 7.

It pays to be prepared

Thankfully, owe the last six months, Mr Aitabir has been able to rely on his savings and stay alloat by continuing his tattoo business from home after the circuit bresler measures were home after the circuit bresler measures were But he is most garted for his health insurance plans, specifically integrated shield plans (IPs.) which covered the total cost of his estimated five-figure medical and rehabilitation fees. The second of the property of the second of the property of

mentary private health insurance for him is few years before his strucked, at I dirk I have been "When I was able-bodied, I didn't how." When I was able-bodied, I didn't how was allowed to live I ha addition to hospitalisation insurance, Market I have been been been been been been been from other forms of health insurance coverage. I may appear of the proper of the property of the surance, which covers stroke. When Arabbir's habilitation costs could have been covered by disability insurance as well, I be plement this loss of frome. would have received plement his loss of inc

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## Enhanced coverage

compulsory basic health insurance plan that subsidises hospitalisation costs for Singaporeans and permanent residents.		
	MediShield Life	Integrated Shield Plans*
Hospital/ward	Class B2/C wards	Class A/B1 wards in public

Health IPs. Great Eastern is one of seven private

as premium waivers wit living (ADLs) and addition	h the inability to perform or onal monthly payouts.	ne of the activities of daily
	CareShield Life	Supplementary Pla

	CareShield Life
Monthly benefit	\$600
Criteria	Inability to perform least three ADLs^^^

ng, going to the toilet, walking or mo

## A piece of advice



Great Eastern financial representative Johnny Tan (left) explains why you should consider extra coverage on top of MediShield and CareShield Life.

nore do I need?
hees schmes provide the insured with basic he
italisation and disability coverage at an affordal
rice, fully paid for by MediSave.
With rising healthcare costs, additional insurance v
rovide greater financial support in the event of illin
evere disability, or loss of income caused by an une
ceted accident or debilitating diseases, like stroke.

I lead a safe lifestyle. Are integrated shield

plans adequate?

Certainly not. Shield plans mainly cover hospitalisa-

tion and related treatments. Even with a safe lifestyle, we are still exposed to sudden unforesceable situations and should plan ahead for Italian successful plan ahead for Italian successful plan ahead for loss of income, critical illness and personal accident will provide you with greater peace of inind so daily living and acce costs can be defrayed in such unfortunate events.

As a young and healthy individual, I don't see a need for health insurance at the moment and would rather invest my money. Growing our wealth is always more attractive than and would rather invest my money. Growing our wealth is always more attractive never 10 within 60 crunevlers or ill health.

The key difference is that we can buy investments, but we can thu you for health. I would strongly encourage that you prachase health insurance while you are young and in good health wheel premiums are more affortable.

Prepare for the unexpected with supplementary health coverage.

\$300-\$5.000^\*

