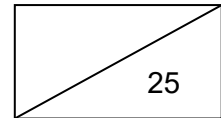
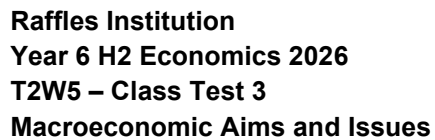


CLASS: _____



Singapore had experienced annual deflation in a number of years; 2020: -0.5%, 2015: -0.5%, 2002: -0.4%, and 1998: -0.3%. With the exception of 2015, deflation in 2020, 2002, and 1998 were during economic recession period.

- (a) Explain one possible demand-side cause and one possible supply-side cause of deflation in Singapore. [10]
- (b) Discuss whether deflation or inflation is more damaging for Singapore's economy. [15]

This image shows a full page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings on the page.