



Consumer Price Developments in April 2017

CPI-All Items inflation was lower in April, coming in at 0.4% compared to 0.7% in March, on account of base effects associated with the timing of the disbursement of Service & Conservancy Charges (S&CC) rebates.¹ In comparison, MAS Core Inflation rose to 1.7% in April from 1.2% in the previous month, due to the stronger pickup in the cost of electricity and gas².

CPI-All Items inflation eased to 0.4% y-o-y in April

CPI-All Items inflation moderated to 0.4% in April, from 0.7% in the previous month. This was attributable to the larger 6.7% decline in the cost of accommodation, compared to the 4.0% fall in March. While actual and imputed rentals declined at the same rate as in the previous month, the cost of housing maintenance & repairs fell sharply on a year-ago basis, as S&CC rebates were disbursed to households in April 2017, but not in the same month last year.

The larger negative contribution of accommodation cost to CPI-All Items inflation was partially offset by the stronger 18.7% increase in the cost of electricity and gas in April, as compared to 4.2% in March. This in turn reflected a steeper increase in electricity tariffs on a year-ago basis on the back of higher global oil prices.

Private road transport inflation also inched up to 7.0% from 6.9% in March, owing to the faster pace of increase in car and petrol prices.

Services inflation edged up to 1.7% in April from 1.6% in March, largely on account of higher telecommunications services fees, following price declines in the previous month.

Meanwhile, food inflation was stable at 1.3% in April, as the rise in non-cooked food inflation was offset by the smaller increase in the prices of prepared meals.

CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation moderated to 1.5% in April

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) eased to 1.5% in April, from 1.8% in the previous month, due to the disbursement of S&CC rebates in April.

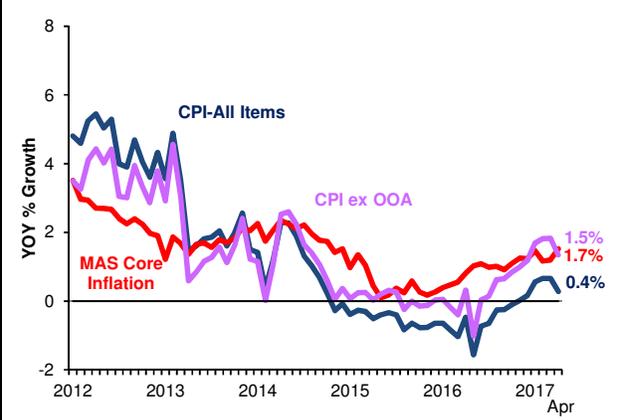
MAS Core Inflation rose to 1.7% in April

MAS Core Inflation came in at 1.7% in April, higher than the 1.2% in the preceding month. This largely reflected the stronger pickup in the cost of electricity and gas.

¹ S&CC rebates, which lower the housing maintenance & repair cost component, were disbursed in May last year, but in April this year. Hence, there will be a negative contribution to year-on-year inflation in April but a positive contribution in May from the S&CC rebates. The other months of disbursement remain in July and October.

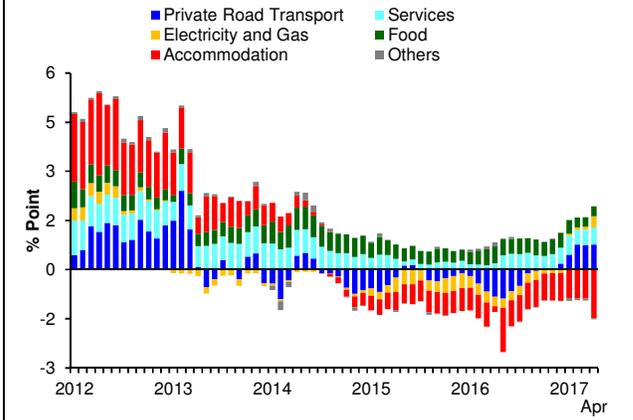
² Electricity and gas includes electricity, liquefied petroleum gas (LPG) & gas (for domestic use).

CPI-All Items, CPI-ex OOA and MAS Core Inflation



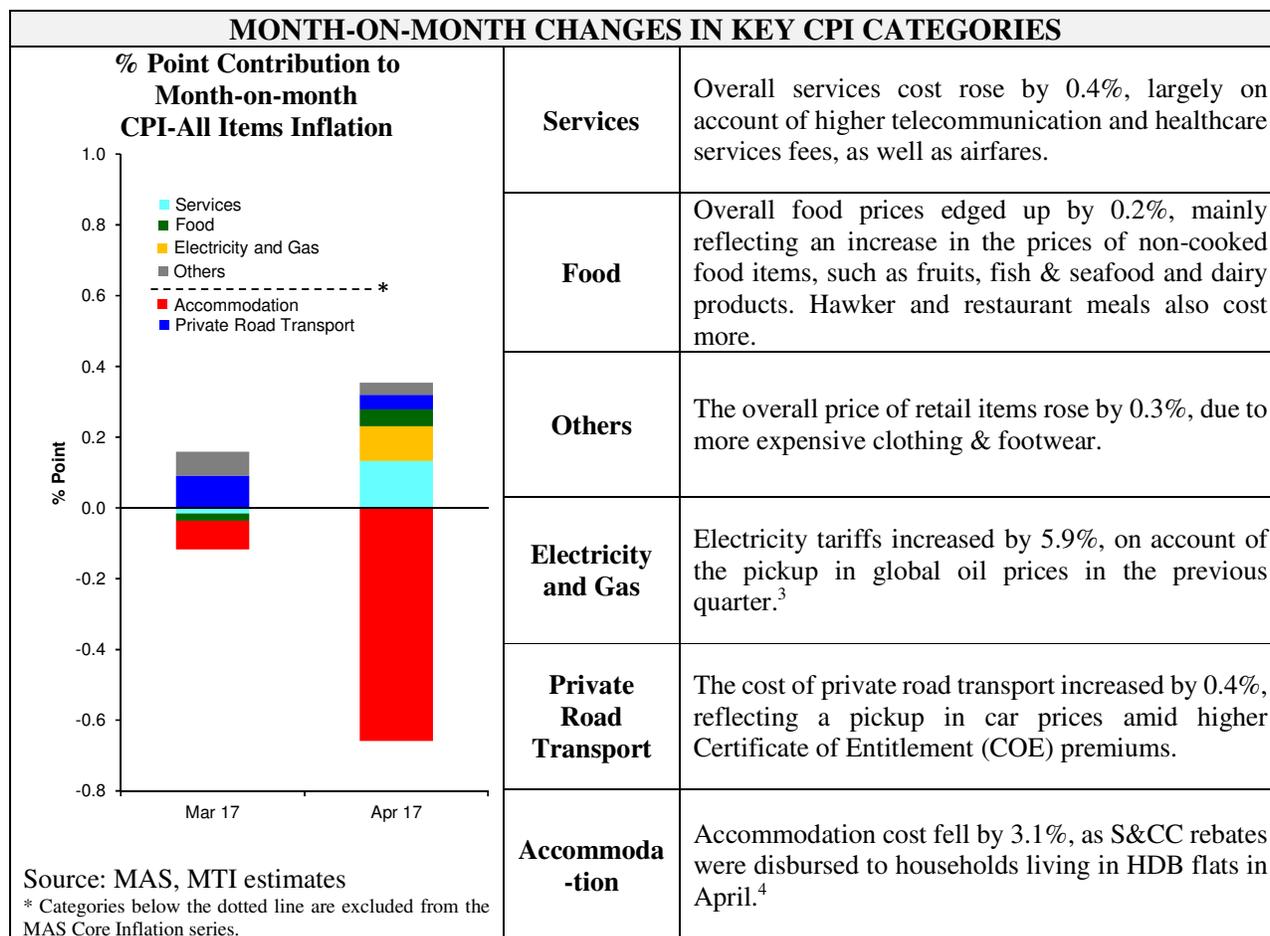
Source: Department of Statistics

% Point Contribution to Year-on-year CPI-All Items Inflation



Source: MAS, MTI estimates

On a month-on-month basis, CPI-All Items inflation fell to -0.3% in April, from 0% in March, while MAS Core Inflation rose to 0.5% from 0% over the same period.



Price Movements (m-o-m) for Selected CPI Sub-categories

Sub-categories With Largest Price Increases				Sub-categories With Largest Price Declines or No Price Changes			
Group	Weight (%)	M-o-M % Growth		Group	Weight (%)	M-o-M % Growth	
↑ Fuel & utilities	3.4	3.3		↓ Accommodation	22.9	-3.1	
↑ Fruits	0.8	1.8		↓ Non-alcoholic beverages	0.5	-1.2	
↑ Other travel & transport ^	1.3	1.4		↓ Household durables	1.8	-0.7	
↑ Communication	3.9	1.2		↓ Vegetables	1.0	-0.6	
↑ Clothing & Footwear	2.7	0.8		↓ Other food ~	0.3	-0.2	
↑ Sugar, preserves & confectionery	0.3	0.7		↓ Fast food	0.9	-0.1	
↑ Medical & dental treatment	4.8	0.7		↓ Personal effects #	0.6	-0.1	
↑ Fish & Seafood	1.2	0.7		- Catered food	0.2	0.0	
↑ Milk, Cheese & Eggs	0.9	0.6		- School textbooks & related study guides	0.1	0.0	
↑ Recreation & entertainment	3.9	0.6		- Other miscellaneous expenditure *	0.7	0.0	

^ The "other travel & transport" group includes sea transport, air transport, etc.

~ The "other food" group includes food items such as sauces, spices and other condiments.

The "personal effects" group includes travel goods, handbags and wallets and "accessories" such as costume jewellery and watches.

* The "other miscellaneous expenditure" group includes social support services, life insurance, etc.

³ The fuel cost component of the electricity tariff for each quarter is calculated based on the average forward fuel oil and dated Brent oil prices in the first two-and-a-half month period in the preceding quarter.

⁴ In April 2017, 1-, 2-, 3- and 4-room HDB households received a 1-month S&CC rebate, while 5-room and Executive/Multi-Generation HDB households received a 0.5-month rebate.

Outlook

External inflationary pressures have picked up amid a turnaround in global commodity markets. Global oil prices have risen from their trough in the previous year, and are likely to average higher in 2017, although upward pressures would be capped by elevated inventories as well as rising US crude oil production. Administrative price adjustments⁵ will also contribute to a temporary increase in inflation this year. Overall, domestic sources of inflation remain relatively muted. Conditions in the labour market have slackened, and this is expected to dampen underlying wage pressures, even as commercial and retail rents have continued to ease. The subdued economic environment will also limit the extent to which businesses pass on higher costs to consumers.

For 2017, MAS Core Inflation is expected to average 1–2%, compared with 0.9% in 2016, while CPI-All Items inflation is projected to rise to 0.5–1.5% from -0.5% last year. The projected pickup in inflation can be attributed to the positive contribution of energy-related components and the impact of administrative price increases, rather than generalised demand-induced price pressures.

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⁵ These include the upward revision in car park charges and household refuse collection fees which took effect from December 2016 and January 2017 respectively, as well as upcoming increases in water prices and service & conservancy charges (S&CC). U-Save rebates, which have also been increased and will partially offset the impact of higher water prices, are not taken into account in the CPI.

Annex: Price Indicators

CPI – All Items

The CPI is commonly used as a measure of consumer price changes in the economy. It tracks the change in prices of a fixed basket of consumption goods and services commonly purchased by the general resident households over time.

The CPI covers only consumption expenditure incurred by resident households. It excludes non-consumption expenditures such as purchases of houses, shares and other financial assets and income taxes etc.

The CPI – All Items provides a comprehensive overview of the prices of consumer goods and services. Nevertheless, useful information can also be revealed by complementary CPI series derived by excluding specific items in the All Items basket. For example, two other CPI series reported on a monthly basis are the CPI less imputed rentals on owner-occupied accommodation and the MAS Core Inflation.

CPI less imputed rentals on owner-occupied accommodation

Accommodation, one of the groups in the Housing & Utilities category of the CPI, comprises “rented and owner-occupied accommodation”, as well as “housing maintenance & repairs”. A significant share of the Accommodation group is “owner-occupied accommodation (OOA)” cost, which is meant to reflect the costs to homeowners of utilising the flow of services provided by their homes over an extended period of time. As the cost of using housing services is not directly observed for homeowners, it is proxied by market rentals.

Changes in the CPI imputed rentals on OOA, however, have no direct impact on the monthly cash expenditure of most households in Singapore as they already own their homes. Hence, the CPI less imputed rentals on OOA is compiled as an additional indicator to track households’ actual expenditures. Actual rentals paid on rented homes are still included in this measure.

MAS Core Inflation

The Monetary Authority of Singapore (MAS) monitors a core inflation measure that excludes the components of “Accommodation” and “Private Road Transport”. These items are excluded as they tend to be significantly influenced by supply-side administrative policies and are volatile. Core inflation is meant to capture the generalised and persistent price changes that are driven by underlying demand conditions. It thus provides useful information for monetary policy which has the objective of ensuring price stability in the medium term.

CPI Statistics

Detailed CPI statistics can be found in the Department of Statistics’ release titled “Singapore Consumer Price Index for April 2017”. This release also contains further information on the various price indicators published.

http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpiapr2017.pdf

MAS Core Inflation

A detailed review of MAS Core Inflation can be found in “A Review of the Core Inflation Measure for Singapore”

http://www.mas.gov.sg/~media/resource/publications/staff_papers/StaffPaperNo51.pdf

Table A.1
Consumer Price Index

	All Items	Food	Clothing & Footwear	Housing & Utilities	Household Durables & Services	Health Care	Transport	Comms	Recreation & Culture	Education	Miscellaneous Goods & Services	All-Items, S.A.
Weights	10000	2167	273	2625	475	615	1579	385	788	615	478	10000
	YOY % Growth											Index (2014=100)
2016 Apr	-0.5	2.3	1.8	-1.9	0.2	1.1	-5.4	-1.9	1.0	3.1	0.6	98.7
May	-1.6	2.2	-0.3	-6.4	3.3	1.0	-5.7	-0.1	1.1	3.2	0.2	98.8
Jun	-0.7	2.1	0.2	-4.2	3.4	0.7	-4.3	0.4	1.6	3.2	0.5	98.8
Jul	-0.7	2.1	-1.8	-4.3	3.2	0.4	-3.5	0.9	1.2	3.6	0.2	99.0
Aug	-0.3	2.0	-1.9	-4.3	3.2	0.8	-0.7	1.1	1.0	3.4	0.1	99.0
Sep	-0.2	2.2	-1.2	-4.3	3.1	0.6	-0.5	0.2	1.2	3.3	-0.3	99.0
Oct	-0.1	1.9	-0.2	-3.8	3.2	0.9	-0.2	-0.3	1.0	3.2	-0.4	99.0
Nov	0.0	2.0	-0.2	-3.7	2.6	2.4	-0.3	-0.6	0.8	3.2	0.8	99.1
Dec	0.2	2.0	-0.1	-3.8	2.1	2.9	0.8	-0.8	0.9	3.2	0.0	99.2
2017 Jan	0.6	1.9	-1.5	-3.2	2.1	2.5	2.8	0.4	0.5	3.5	0.0	99.4
Feb	0.7	1.3	-0.2	-3.1	1.5	2.6	4.2	0.7	0.5	3.6	-0.6	99.6
Mar	0.7	1.3	-0.9	-3.2	1.6	2.8	4.5	-0.4	0.3	3.6	0.2	99.6
Apr	0.4	1.3	0.5	-4.6	0.8	3.0	4.7	1.0	0.3	3.2	0.1	99.3

Source: Singapore Department of Statistics

S.A.: Seasonally Adjusted

Table A.2
Selected Inflation Indicators

	CPI	MAS Core Inflation	CPI Less Imputed Rental on OOA	Import Price Index	Non-fuel Primary Commodities	OPEC Oil Price
	YOY % GROWTH					
2016 Apr	-0.5	0.8	0.3	-10.2	-5.4	-33.7
May	-1.6	1.0	-1.0	-9.1	-5.2	-30.5
Jun	-0.7	1.1	0.0	-8.2	-1.8	-23.9
Jul	-0.7	1.0	0.1	-6.8	0.6	-21.2
Aug	-0.3	1.0	0.6	-5.2	2.1	-5.2
Sep	-0.2	0.9	0.6	-4.1	2.7	-4.3
Oct	-0.1	1.1	0.8	-1.1	4.1	6.3
Nov	0.0	1.3	1.0	0.9	12.2	6.7
Dec	0.2	1.2	1.2	8.8	13.8	53.9
2017 Jan	0.6	1.5	1.7	11.3	17.7	96.2
Feb	0.7	1.2	1.8	11.9	19.6	85.8
Mar	0.7	1.2	1.8	8.6	11.6	45.2
Apr	0.4	1.7	1.5	N.A.	5.9	35.9

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available