



Consumer Price Developments in December 2019

MAS Core Inflation rose to 0.7% on a year-on-year (y-o-y) basis in December 2019, from 0.6% in November, mainly due to higher services inflation. Similarly, CPI-All Items inflation picked up to 0.8% y-o-y in December, from 0.6% in the preceding month.

For the whole of 2019, MAS Core Inflation was 1.0%, lower than the 1.7% recorded in 2018. Meanwhile, CPI-All Items inflation rose to 0.6% in 2019, from 0.4% in 2018.

CPI-All Items inflation increased to 0.8% y-o-y in December

CPI-All Items inflation was 0.8% y-o-y in December, higher than the 0.6% in November, largely on account of an increase in private road transport and services inflation.

Private road transport costs rose by 3.1% y-o-y in December, up from the 2.3% increase in the previous month. This was mostly due to a larger increase in petrol prices, which outweighed the smaller increases in the prices of cars and motorcycles & scooters.

Services inflation picked up to 1.3% y-o-y in December, from 1.1% in the preceding month, on the back of a larger increase in telecommunication services fees, education services fees and higher airfares.

Accommodation costs decreased by 0.1% y-o-y in December, easing from the 0.2% drop in November, as housing rentals declined more gradually.

Food inflation edged up to 1.8% y-o-y in December, from 1.7% in November, due to a faster pace of increase in the prices of non-cooked food and prepared meals.

The cost of electricity & gas declined by 11.4% y-o-y in December, extending the 11.8% drop in the previous month, as the Open Electricity Market (OEM) continued to have a dampening effect on electricity prices.

The cost of retail goods fell by 0.7% y-o-y in December, steeper than the 0.5% fall in November. This was because the costs of recreation & entertainment goods and clothing & footwear registered larger declines, negating the rise in the prices of personal care products.

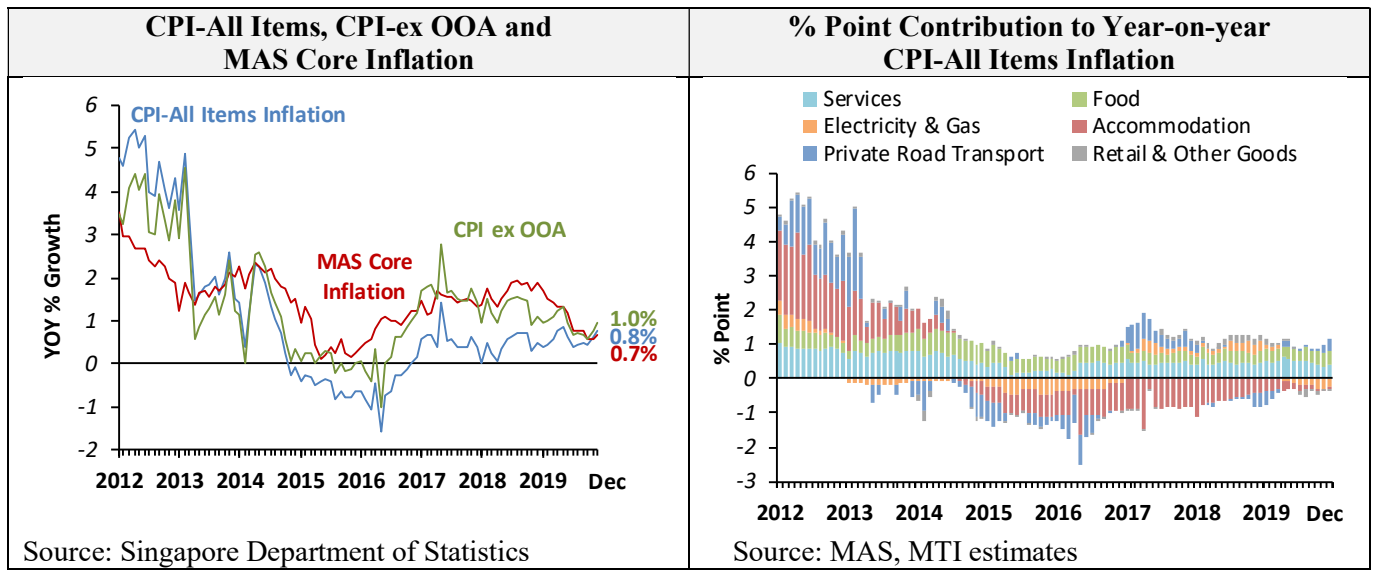
CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation rose to 1.0% y-o-y in December

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) picked up to 1.0% y-o-y in December, from 0.8% in November, due to an increase in private road transport and services inflation.

MAS Core Inflation came in higher at 0.7% y-o-y in December

MAS Core Inflation, which excludes the costs of accommodation and private road transport, edged up to 0.7% y-o-y in December, from 0.6% in the previous month, mainly on account of higher services inflation.

[Detailed CPI statistics can be found in the Department of Statistics' release on "Singapore Consumer Price Index for December 2019 and year 2019".¹]



¹ <https://www.singstat.gov.sg/-/media/files/publications/economy/cpidec19.pdf>

On a month-on-month basis, CPI-All Items rose by 0.3% in December, the same pace of increase as in November. Meanwhile, MAS Core Inflation increased to 0.4% in December, from -0.1% in the previous month.

MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES

% Point Contribution to Month-on-month CPI-All Items Inflation		
<p>Source: MAS, MTI estimates * Categories below the dotted line are excluded from the MAS Core Inflation series.</p>		
	Services	Services costs rose by 0.8%, mainly reflecting higher airfares, telecommunication services fees and holiday expenses.
	Food	Food prices edged up by 0.2% due to an increase in the prices of restaurant and hawker meals, as well as non-cooked food items such as fish & seafood.
	Accommodation	Accommodation costs remained unchanged from the previous month, as housing rentals and maintenance & repair costs stayed broadly the same.
	Electricity & Gas	The cost of electricity & gas declined by 0.2% due to the dampening effect of the OEM on electricity prices.
	Private Road Transport	Private road transport costs dipped by 0.2% as a fall in car prices and Electronic Road Pricing charges outweighed an increase in petrol prices.
	Retail & Others	The overall cost of retail items edged down by 0.2%, mainly on account of a decline in the prices of clothing & footwear and recreation & entertainment goods.

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

Sub-categories With Largest Price Increases				Sub-categories With Largest Price Declines			
Group	Weight (%)	M-o-M % Growth		Group	Weight (%)	M-o-M % Growth	
↑ Other travel & transport ^	1.3	7.2		↓ Non-alcoholic beverages	0.5	-0.7	
↑ Fish & Seafood	1.2	1.9		↓ Milk, Cheese & Eggs	0.9	-0.6	
↑ Holiday Expenses	3.5	1.8		↓ Fruits	0.8	-0.6	
↑ Communication	3.9	1.6		↓ Clothing & Footwear	2.7	-0.6	
↑ Oils & Fats	0.2	0.8		↓ Other food ~	0.3	-0.6	
↑ Medical products, appliances & equipment	1.4	0.8		↓ Recreation & entertainment	3.9	-0.4	
↑ Vegetables	1.0	0.7		↓ Sugar, preserves & confectionery	0.3	-0.3	
↑ Public road transport	3.0	0.6		↓ Alcoholic drinks & tobacco	1.0	-0.3	
↑ Personal Care	2.4	0.6		↓ Personal effects #	0.6	-0.2	
↑ Meat	1.2	0.3		↓ Household durables	1.8	-0.2	

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

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

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

Outlook

In the quarters ahead, external sources of inflation are likely to remain benign, amid weak demand conditions, and generally well-supplied food and oil commodity markets. However, oil prices could be volatile in the near term, reflecting geopolitical risks. On the domestic front, labour market conditions are softening slightly, which would lower wage growth in 2019 and 2020 compared to 2018. At the same time, non-labour costs such as retail rents should stay subdued, and any cost pass-through to consumers would be constrained by the subdued economic environment.

MAS Core Inflation averaged 1.0% in 2019 and is expected to come in within the range of 0.5–1.5% in 2020. CPI-All Items inflation was 0.6% in 2019 and is projected to average 0.5–1.5% in 2020 as the negative contribution of imputed rentals to headline inflation dissipates.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 January 2020

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 December 2019 and year 2019”. This release also contains further information on the various price indicators published.
<https://www.singstat.gov.sg/-/media/files/publications/economy/cpidec19.pdf>

MAS Core Inflation

A detailed review of MAS Core Inflation can be found in “A Review of the Core Inflation Measure for Singapore”
https://www.mas.gov.sg/-/media/MAS/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)
2018 Dec	0.5	1.4	2.6	0.1	0.8	1.6	-2.6	-2.7	1.7	3.2	1.4	100.0
2019 Jan	0.4	1.4	2.5	-0.5	0.7	1.7	-1.8	-2.9	0.9	3.2	1.4	100.1
Feb	0.5	1.4	1.2	-0.4	0.8	1.7	-1.2	-2.4	0.7	2.7	1.3	100.3
Mar	0.6	1.6	0.1	-0.3	0.4	1.5	-0.3	-1.0	1.3	2.7	-0.3	100.2
Apr	0.8	1.3	-1.3	-1.0	1.4	1.2	1.4	-0.5	2.1	2.6	0.0	100.6
May	0.9	1.4	-0.9	-0.7	1.1	1.4	1.6	-1.1	2.3	2.6	0.3	100.7
Jun	0.6	1.4	-0.6	-0.8	1.1	1.1	0.6	-1.7	1.8	2.5	0.4	100.4
Jul	0.4	1.4	-2.1	-1.5	0.9	1.3	0.9	-2.2	1.3	2.4	0.3	100.5
Aug	0.5	1.6	-2.7	-1.3	0.8	0.9	1.1	-0.3	0.6	2.4	0.1	100.6
Sep	0.5	1.6	-0.9	-1.3	0.6	1.4	0.8	-0.9	0.9	2.1	0.0	100.6
Oct	0.4	1.7	-1.8	-1.6	0.3	1.2	1.2	-1.0	0.6	1.8	0.4	100.7
Nov	0.6	1.7	-1.1	-1.4	0.8	0.0	2.1	0.7	0.6	1.8	0.1	100.6
Dec	0.8	1.8	-1.6	-1.2	0.7	-0.1	2.8	2.6	-0.2	2.1	0.3	100.8

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	S&P Non-Energy GSCI Index	Brent Crude Spot Prices
	YOY % GROWTH					
2018 Dec	0.5	1.9	1.1	2.3	-2.2	57.4
2019 Jan	0.4	1.7	0.9	1.9	-5.0	59.4
Feb	0.5	1.5	1.0	3.8	-5.5	64.0
Mar	0.6	1.4	1.1	5.2	-4.5	66.1
Apr	0.8	1.3	1.2	4.5	-4.5	71.2
May	0.9	1.3	1.3	1.0	-8.8	71.3
Jun	0.6	1.2	1.0	-1.5	-4.3	64.2
Jul	0.4	0.8	0.7	-2.5	1.9	63.9
Aug	0.5	0.8	0.7	-3.9	-2.2	59.0
Sep	0.5	0.7	0.7	-4.9	-0.2	62.8
Oct	0.4	0.6	0.6	-6.8	0.7	59.7
Nov	0.6	0.6	0.8	-4.9	1.7	63.2
Dec	0.8	0.7	1.0	N.A.	2.6	67.2

Source: Singapore Department of Statistics, S&P Dow Jones Indices, U.S. Energy Information Administration

N.A.: Not available