



Consumer Price Developments in April 2016

CPI-All Items inflation was -0.5% year-on-year (y-o-y) in April

CPI-All Items declined at a slower rate of 0.5% in April, compared to the 1.0% fall in March, largely due to the low base associated with the disbursement of Service & Conservancy Charges (S&CC) rebates in April last year.¹

Accommodation cost decreased by a more moderate 0.9%, compared to the 3.2% drop in the previous month. While actual and imputed rentals fell at a faster pace, the cost of housing maintenance & repairs rose on a year-ago basis, as S&CC rebates were disbursed to households in April 2015 but not in the same month this year.

Private road transport cost fell by 7.1%, faster than the 5.9% decline a month earlier. This was mainly due to a larger decline in car prices amid weaker Certificate of Entitlement (COE) premiums, as well as a bigger drop in petrol pump prices.

Services inflation rose to 0.7% from 0.4% a month earlier, mainly on account of a stronger pickup in the cost of holiday travel and domestic services.² In addition, the disinflationary effects from the waiver of national examination fees since April last year dissipated on a year-ago basis.³

The cost of electricity, liquefied petroleum gas & gas fell by a more moderate 13.9% compared to the 14.9% decline in March. This was due to a smaller reduction in electricity tariffs, reflecting the low base in April last year.⁴

Food inflation edged up to 2.3% from 2.2% in the previous month, driven by a larger increase in the prices of non-cooked food items, including fish & seafood and fruits.

CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) increased by 0.3%

CPI less imputed rentals on owner-occupied accommodation (OOA) rose by 0.3% in April, after falling by 0.4% in March. This was on account of the larger increase in housing maintenance & repair costs given the low base associated with the disbursement of the S&CC rebates in April last year.

¹ S&CC rebates, which affect the housing maintenance & repair cost component, were disbursed in April, July and October last year, and will be disbursed in May, July, and October this year. As a result, base effects will raise CPI-All Items inflation in April but lower it in May.

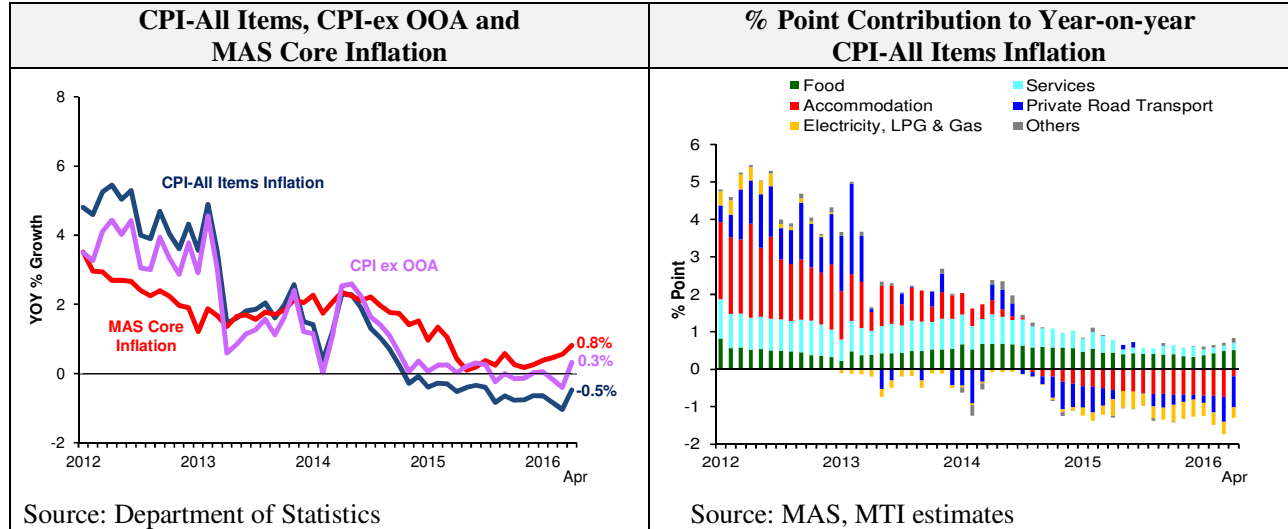
² Include salaries and government levies for foreign domestic workers, costs of other domestic house cleaning services, etc.

³ As announced in Budget 2015, examination fees were waived with effect from April 2015 for Singaporeans in Government-funded schools taking the Primary School Leaving Examination (PSLE), GCE 'N' and 'O' levels, as well as for Singaporeans enrolled full-time in polytechnics and Institutes of Technical Education (ITE).

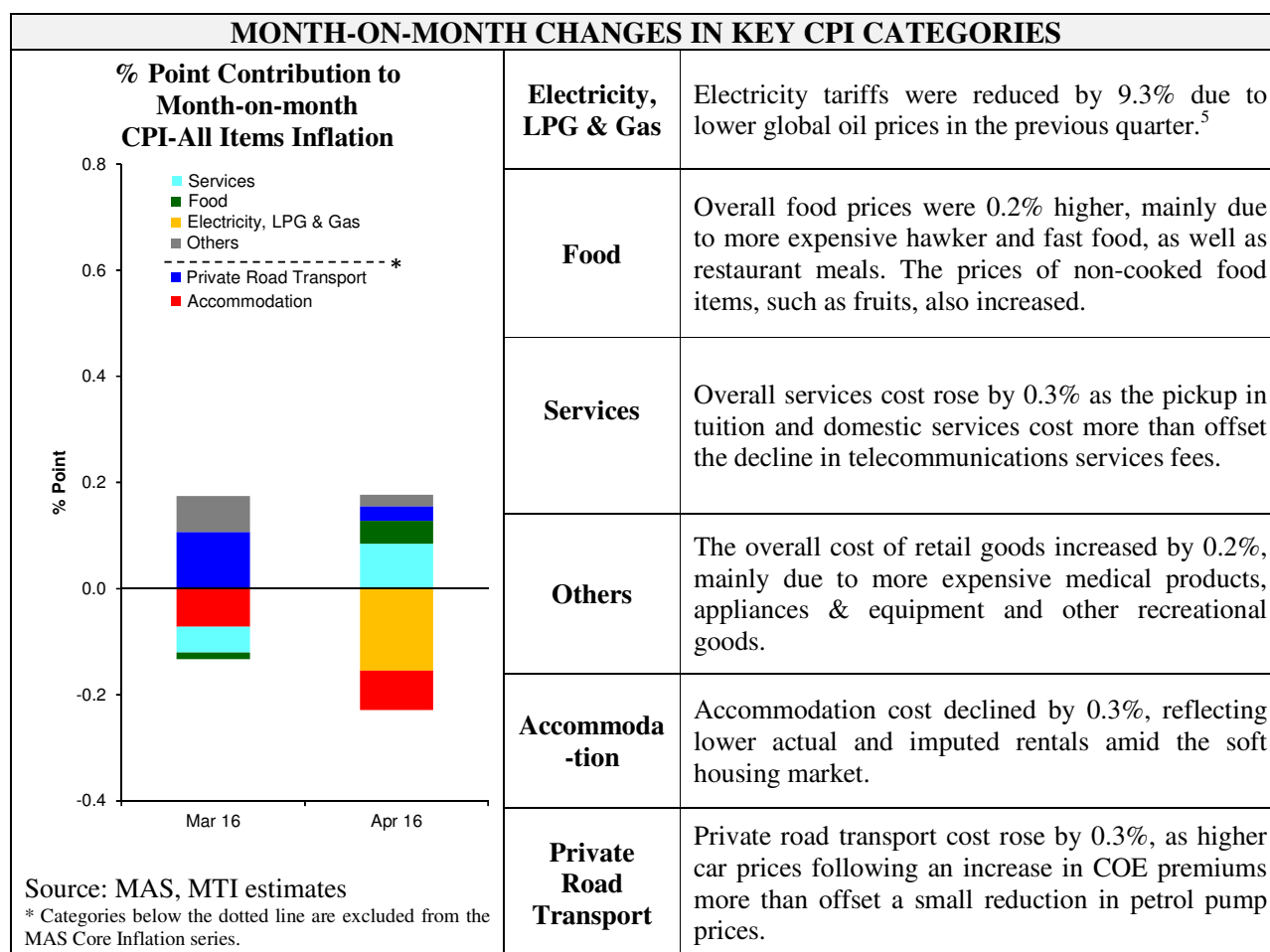
⁴ Following the sharp fall in global oil prices in Q1 2015, electricity tariffs were cut by 10.4% on a month-on-month basis in April 2015.

MAS Core Inflation rose to 0.8% in April

MAS Core Inflation, which excludes the costs of accommodation and private road transport, edged up to 0.8% in April from 0.6% a month ago, mainly due to higher services inflation as well as a smaller decline in electricity tariffs.



On a month-on-month basis, CPI-All Items inflation fell to -0.1% in April, compared to 0% in March. MAS Core Inflation remained similar to the previous month, at 0%.



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
↑ Fruits	0.8	2.7	↓ Fuel & utilities	3.4	-5.4
↑ Fast food	0.9	1.1	↓ Other food ~	0.3	-1.1
↑ Household services & Supplies	3.0	1.0	↓ Oils & Fats	0.2	-1.0
↑ Sugar, preserves & confectionery	0.3	0.8	↓ Clothing & Footwear	2.7	-0.6
↑ Catered food	0.2	0.8	↓ Fish & Seafood	1.2	-0.5
↑ Medical products, appliances & equipment	1.4	0.7	↓ Non-alcoholic beverages	0.5	-0.5
↑ Tuition & other fees	6.1	0.6	↓ Meat	1.2	-0.4
↑ Recreation & entertainment	3.9	0.6	↓ Accommodation	22.9	-0.3
↑ Bread & Cereals	1.4	0.4	↓ Vegetables	1.0	-0.3
↑ Medical & dental treatment	4.8	0.4	↓ Communication	3.9	-0.2

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

⁵ The fuel cost component of the electricity tariff is based on the average forward fuel oil and dated Brent prices in the first two and a half months in the preceding quarter, and makes up approximately half of the electricity tariff.

Outlook

External sources of inflation are likely to remain muted given ample supply buffers in the major commodity markets and weak global demand conditions. Notably, global oil prices are expected to average lower for the whole of 2016 compared to last year. On the domestic front, the labour market is expected to see slightly reduced tightness, with wage growth projected to slow over the course of 2016. The pass-through of wage costs to consumer prices will also be constrained by the subdued economic growth environment.

MAS Core Inflation is expected to pick up gradually over the course of the year, as the disinflationary effects of oil⁶ as well as budgetary⁷ and other one-off measures ease. However, the increase in core inflation will be mild, given the weak external price outlook, subdued economic growth prospects, and a reduction in labour market tightness. For the whole of 2016, MAS Core Inflation is likely to be in the lower half of the 0.5–1.5% forecast range, barring a sharp rise in global oil prices. Meanwhile, car prices and housing rentals will continue to dampen overall inflationary pressures, as a large supply of car COEs and residential units is expected to come on-stream this year. CPI-All Items inflation is projected to remain negative throughout 2016, and average -1.0–0.0% for the whole year.

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MINISTRY OF TRADE AND INDUSTRY

23 May 2016

⁶ With global Brent oil prices currently expected to be slightly higher in H2 2016 compared to H1, the year-on-year drag of direct oil-related items on core inflation is likely to become smaller towards the end of the year.

⁷ The budgetary measures include medical subsidies under the Pioneer Generation Package, the reduction in the concessionary foreign domestic worker levy, as well as the abolition of national examination fees for Singaporeans implemented last year.

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 2016”. 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/cpiapr2016.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)
2015 Apr	-0.5	2.1	-2.0	-3.7	1.7	-0.4	-1.4	2.1	-0.3	3.2	-0.4	99.9
May	-0.4	1.8	-	-3.8	-2.0	-0.2	0.9	0.3	-0.1	3.1	-0.3	99.6
Jun	-0.3	2.0	0.2	-3.9	-1.8	-0.3	0.9	0.5	0.1	3.1	-0.1	99.5
Jul	-0.4	1.9	0.8	-3.5	-2.0	-0.4	0.1	-0.2	0.3	3.6	-0.7	99.7
Aug	-0.8	1.9	-0.9	-3.6	-2.2	-0.5	-2.3	-0.2	0.4	3.7	-0.4	99.3
Sep	-0.6	1.8	2.3	-3.6	-1.5	0.7	-2.2	-1.5	0.7	3.5	0.1	99.3
Oct	-0.8	1.8	1.0	-4.3	-1.6	0.6	-1.7	-0.6	0.4	3.7	-0.5	99.3
Nov	-0.8	1.6	1.4	-4.2	-1.3	-0.5	-1.1	-0.9	0.8	3.7	-0.5	99.0
Dec	-0.6	1.5	1.2	-4.2	-1.3	-0.7	-0.9	-0.1	1.4	3.7	-	99.1
2016 Jan	-0.6	1.7	2.6	-4.0	-1.4	0.7	-1.5	-0.7	0.8	2.6	0.3	99.0
Feb	-0.8	2.0	2.5	-4.1	-0.6	0.7	-2.9	-0.9	0.1	2.4	0.5	98.8
Mar	-1.0	2.2	1.3	-4.2	-0.3	0.7	-4.3	-1.8	0.4	2.4	0.6	98.9
Apr	-0.5	2.3	1.8	-1.9	0.2	1.1	-5.4	-1.9	1.0	3.1	0.6	98.9

Source: Singapore Department of Statistics

S.A.: Seasonally Adjusted

- : Nil or negligible

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					
2015 Apr	-0.5	0.4	-	-12.5	-19.5	-45.3
May	-0.4	0.1	0.2	-11.1	-17.3	-41.1
Jun	-0.3	0.2	0.3	-11.6	-16.1	-44.2
Jul	-0.4	0.4	0.3	-13.5	-18.0	-48.7
Aug	-0.8	0.2	-0.2	-14.2	-19.7	-54.9
Sep	-0.6	0.6	-	-13.6	-18.0	-53.3
Oct	-0.8	0.3	-0.2	-11.2	-17.5	-47.1
Nov	-0.8	0.2	-0.1	-10.2	-20.5	-46.4
Dec	-0.6	0.3	-	-8.7	-19.3	-43.4
2016 Jan	-0.6	0.4	0.1	-5.9	-16.7	-40.2
Feb	-0.8	0.5	-0.2	-11.0	-15.0	-46.9
Mar	-1.0	0.6	-0.4	-10.3	-9.6	-33.9
Apr	-0.5	0.8	0.3	N.A.	-7.0	-33.7

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available

- : Nil or negligible