



Consumer Price Developments in August 2019

MAS Core Inflation was 0.8% on a year-on-year (y-o-y) basis in August, unchanged from July, as a steeper fall in the costs of retail goods and electricity & gas was offset by higher food and services inflation. Meanwhile, CPI-All Items inflation edged up to 0.5% y-o-y in August, from 0.4% in the previous month, reflecting higher private road transport inflation and a smaller decline in accommodation costs.

CPI-All Items inflation increased to 0.5% y-o-y in August

CPI-All Items inflation rose to 0.5% y-o-y in August, from 0.4% in July, due to higher private road transport inflation and a smaller decline in accommodation costs.

Food inflation picked up slightly to 1.6% y-o-y in August, from 1.4% in the previous month. This was on account of a larger increase in the cost of non-cooked food items, as well as higher food services inflation.

The cost of retail goods declined by 1.5% y-o-y in August, larger than the 1.0% fall in July. The steeper drop primarily reflected a sharper decline in the cost of medical products, household durables, household supplies and clothing & footwear items, as well as a slower pace of increase in the cost of personal care products.

The cost of electricity & gas fell at faster pace of 7.8% y-o-y in August, compared to the 7.0% decline in July, due to the dampening effect of the nationwide launch of the Open Electricity Market (OEM) on electricity prices.

Services inflation edged up to 1.7% y-o-y in August, from 1.6% in July. This was on account of higher telecommunication services fees and a larger pickup in air fares, which more than offset a slower pace of increase in holiday expenses and fees for recreational & cultural services.

Private road transport costs increased by 0.6% y-o-y in August, slightly faster than the 0.3% rise in July, as a smaller decline in motorcycle & scooter prices outweighed a larger fall in petrol prices.

Accommodation costs fell by 0.7% y-o-y in August, moderating from the 0.9% drop in July, due to a more gradual decline in housing rentals.

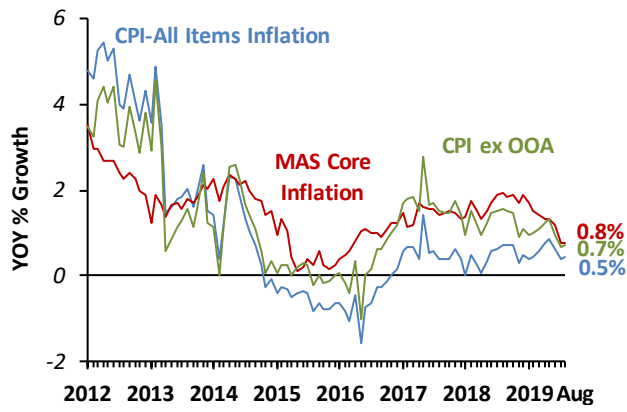
CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation stayed at 0.7% y-o-y in August

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) was 0.7% y-o-y in August, the same rate as in July. Higher inflation for food, services and private road transport broadly offset a larger decline in the costs of retail goods and electricity & gas.

MAS Core Inflation was stable at 0.8% y-o-y in August

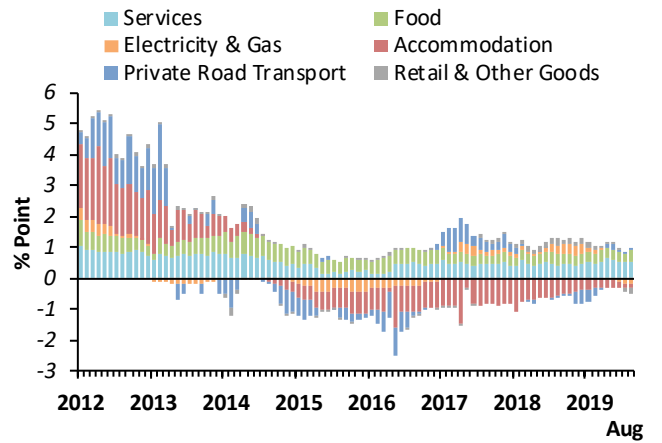
MAS Core Inflation, which excludes the costs of accommodation and private road transport, was unchanged from July at 0.8% y-o-y, as a steeper fall in the costs of retail goods and electricity & gas offset higher food and services inflation.

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



Source: Singapore Department of Statistics

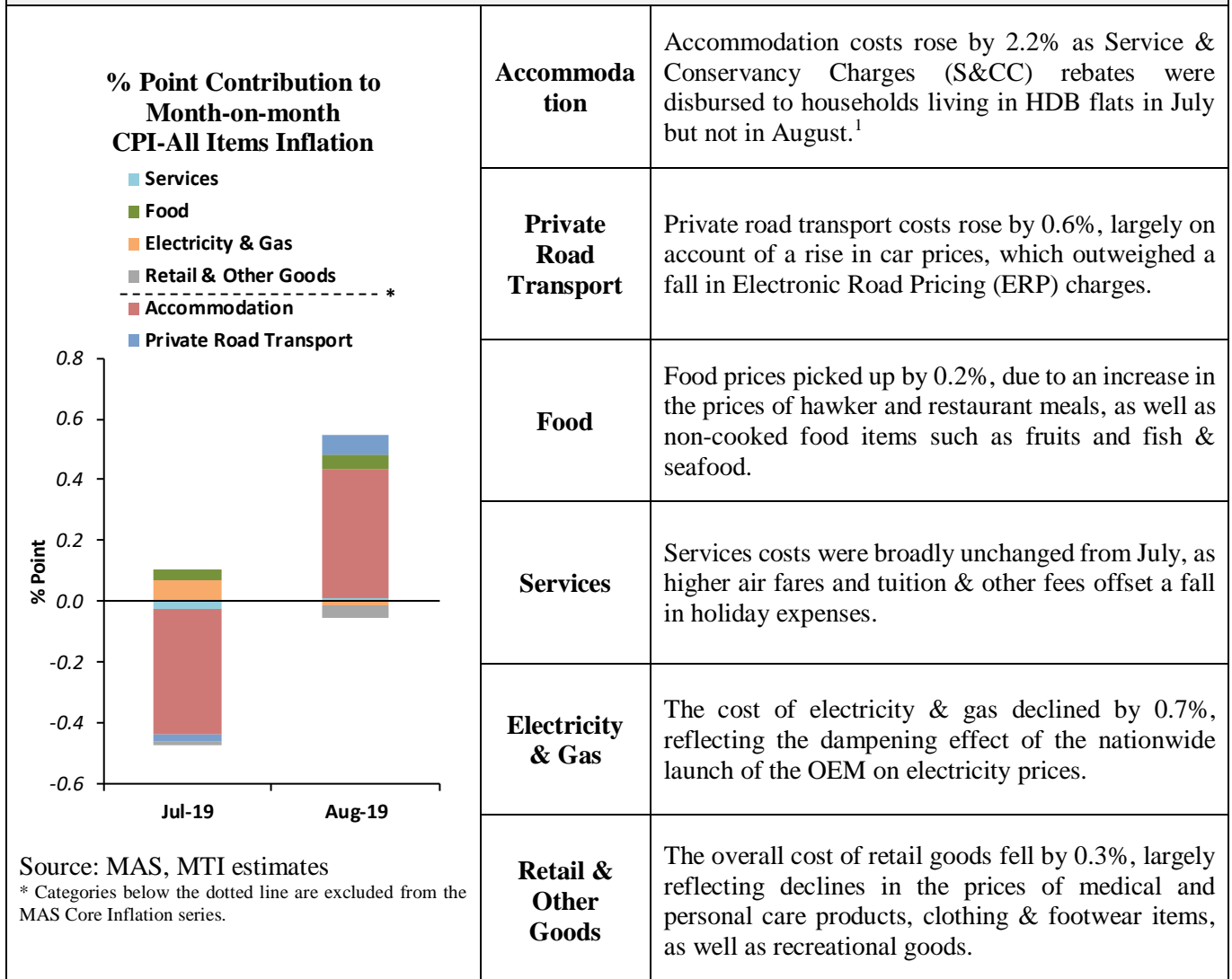
% Point Contribution to Year-on-year CPI-All Items Inflation



Source: MAS, MTI estimates

On a month-on-month basis, CPI-All Items rose by 0.5% in August, reversing the 0.4% fall in July. Meanwhile, MAS Core Inflation eased to 0% in August, from 0.1% in the previous month.

MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES



Accommodation	Accommodation costs rose by 2.2% as Service & Conservancy Charges (S&CC) rebates were disbursed to households living in HDB flats in July but not in August. ¹
Private Road Transport	Private road transport costs rose by 0.6%, largely on account of a rise in car prices, which outweighed a fall in Electronic Road Pricing (ERP) charges.
Food	Food prices picked up by 0.2%, due to an increase in the prices of hawker and restaurant meals, as well as non-cooked food items such as fruits and fish & seafood.
Services	Services costs were broadly unchanged from July, as higher air fares and tuition & other fees offset a fall in holiday expenses.
Electricity & Gas	The cost of electricity & gas declined by 0.7%, reflecting the dampening effect of the nationwide launch of the OEM on electricity prices.
Retail & Other Goods	The overall cost of retail goods fell by 0.3%, largely reflecting declines in the prices of medical and personal care products, clothing & footwear items, as well as recreational 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	2.2	↓ Medical products, appliances & equipment	1.4	-1.3
↑ Accommodation	22.9	2.2	↓ Holiday Expenses	3.5	-1.1
↑ Fruits	0.8	1.7	↓ Sugar, preserves & confectionery	0.3	-0.7
↑ Private road transport	11.5	0.6	↓ Oils & Fats	0.2	-0.6
↑ Fish & Seafood	1.2	0.4	↓ Non-alcoholic beverages	0.5	-0.5
↑ Fast food	0.9	0.3	↓ Vegetables	1.0	-0.5
↑ Meat	1.2	0.3	↓ Personal Care	2.4	-0.4
↑ Tuition & other fees	6.1	0.3	↓ Fuel & utilities	3.4	-0.4
↑ Hawker food (incl. food courts)	8.1	0.3	↓ Personal effects #	0.6	-0.4
↑ Milk, Cheese & Eggs	0.9	0.3	↓ Clothing & Footwear	2.7	-0.3

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

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

¹ In July 2019, 1- and 2-room HDB households received a 1-month S&CC rebate, while 3-, 4-, 5-room and Executive/Multi-Generation HDB households received a 0.5-month rebate.

Outlook

For the rest of 2019, external sources of inflation are likely to be benign. Despite recent volatility, global oil prices for the full year are still expected to average lower than in the previous year. On the domestic front, labour market conditions have largely held up, contributing to moderate wage increases and higher unit labour costs. However, an acceleration in inflationary pressures is unlikely against the backdrop of slower GDP growth, uncertainties in the global economy, as well as the continuing restraining effects of MAS' monetary policy tightening in 2018.

MAS Core Inflation is expected to come in within the lower half of the 1–2% forecast range in 2019. Meanwhile, CPI-All Items inflation is expected to average 0.5–1.5% in 2019. Private road transport costs could pick up slightly this year as compared to 2018, while accommodation costs are likely to decline at a slower pace.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

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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 August 2019”. This release also contains further information on the various price indicators published.

<https://www.singstat.gov.sg/-/media/files/publications/economy/cpiaug19.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 Aug	0.7	1.7	2.8	-0.6	0.7	2.0	-0.2	-1.5	1.6	2.4	1.1	100.1
Sep	0.7	1.6	1.8	-0.5	0.8	2.0	-0.1	-1.6	1.2	2.9	1.1	100.1
Oct	0.7	1.4	1.2	-0.2	0.9	1.8	-0.5	-1.2	1.0	3.2	1.1	100.2
Nov	0.3	1.4	0.8	0.0	0.7	1.6	-2.8	-3.0	0.9	3.2	1.4	99.9
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

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 Aug	0.7	1.9	1.6	10.2	-1.4	72.5
Sep	0.7	1.8	1.5	10.4	-3.4	78.9
Oct	0.7	1.9	1.5	10.4	-2.4	81.0
Nov	0.3	1.7	0.9	5.7	-4.1	64.7
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	-2.1	1.9	63.9
Aug	0.5	0.8	0.7	N.A.	-2.2	59.0

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

N.A.: Not available