



Consumer Price Developments in February 2019

In February 2019, MAS Core Inflation eased to 1.5% on a year-on-year (y-o-y) basis, from 1.7% in January, due to smaller increases in the costs of services, retail items and electricity & gas.¹ Despite lower core inflation, CPI-All Items inflation edged up to 0.5% y-o-y, from 0.4% in the previous month, due to more gradual declines in private road transport and accommodation costs.

CPI-All Items inflation came in higher at 0.5% y-o-y in February

CPI-All Items inflation picked up slightly to 0.5% y-o-y in February, from 0.4% in January, mainly on account of more gradual declines in private road transport and accommodation costs, which outweighed lower inflation for services, retail items and electricity & gas.

Private road transport costs decreased by 2.3% y-o-y in February, less than the 3.4% drop in the preceding month, due to smaller declines in both car and petrol prices.

Accommodation costs fell by 1.6% y-o-y in February, slower than the 1.9% decline in the previous month. This was due to a more gradual fall in housing rentals, as well as a larger increase in the cost of housing maintenance & repairs.

Food inflation came in at 1.4% in February, unchanged from the preceding month, as a larger increase in the prices of prepared meals was offset by a smaller rise in the prices of non-cooked food items.

The cost of electricity & gas rose at a slower pace of 5.5% y-o-y in February compared to the 6.5% increase in January. This reflected the effect of the phased nationwide launch of the Open Electricity Market (OEM) on electricity prices.

The overall cost of retail items rose by 1.1% y-o-y in February, easing from the 1.4% increase recorded in January, mainly on account of a smaller rise in the prices of clothing & footwear.

Services inflation moderated to 1.5% y-o-y in February, from 1.7% in the previous month. This was due to a slower pace of increase in education services fees as well as airfares.

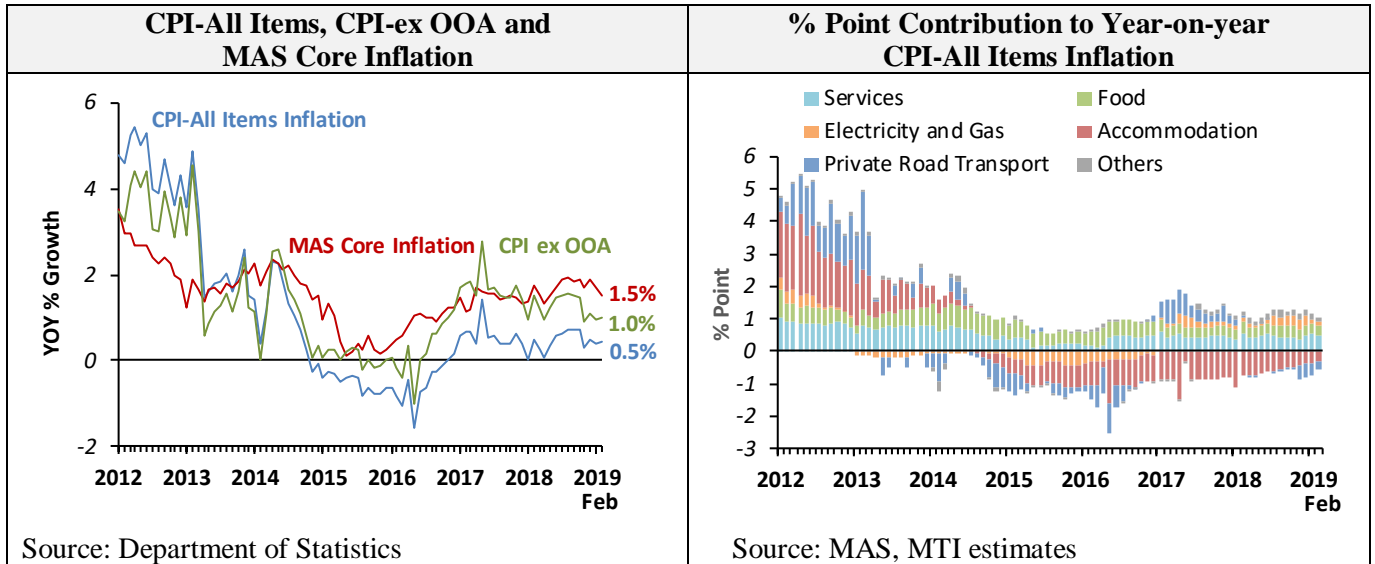
CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation picked up to 1.0% y-o-y in February

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) rose slightly to 1.0% y-o-y in February, from 0.9% in the preceding month, as the more gradual pace of decline in private road transport costs outweighed the smaller increases in the costs of services, retail items and electricity & gas.

¹ Electricity & gas includes electricity, liquefied petroleum gas (LPG) and gas (for domestic use).

MAS Core Inflation came in lower at 1.5% y-o-y in February

MAS Core Inflation, which excludes the costs of accommodation and private road transport, eased to 1.5% y-o-y in February, from 1.7% in the previous month. This mainly reflected lower inflation for services, retail items and electricity & gas.



On a month-on-month basis, CPI-All Items increased by 0.5% in February, reversing the 0.3% fall in January. Meanwhile, MAS Core Inflation rose to 0.2% from 0.1% in the previous month.

MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES

MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES	
<p>% Point Contribution to Month-on-month CPI-All Items Inflation</p> <p>Legend:</p> <ul style="list-style-type: none"> Services (Light Blue) Food (Green) Electricity and Gas (Orange) Others (Grey) Accommodation (Red) Private Road Transport (Dark Blue) <p>Jan-19: Total contribution is -0.3%. Components: Accommodation (-0.2%), Private Road Transport (0.0%), Electricity and Gas (-0.1%), Services (0.0%), Food (0.0%), Others (0.0%).</p> <p>Feb-19: Total contribution is 0.5%. Components: Accommodation (0.3%), Services (0.1%), Food (0.05%), Private Road Transport (0.05%), Electricity and Gas (-0.05%), Others (-0.05%).</p> <p>Source: MAS, MTI estimates * Categories below the dotted line are excluded from the MAS Core Inflation series.</p>	<p>Accommodation</p> <p>Accommodation costs increased by 1.8% as Service & Conservancy Charges (S&CC) rebates were disbursed to households living in HDB flats in January, but not in February.²</p>
	<p>Services</p> <p>The overall cost of services rose by 0.4%, mainly due to higher holiday expenses and airfares. Telecommunication services fees and medical & dental treatment fees also increased.</p>
	<p>Food</p> <p>Overall food prices picked up by 0.3% due to a rise in the prices of prepared meals and non-cooked food items. There were broad-based price increases for prepared meals. For non-cooked food items, price increases for vegetables, dairy products, fruits and meat outweighed a fall in the cost of fish & seafood.</p>
	<p>Private Road Transport</p> <p>Private road transport costs edged up by 0.2% as higher car, motorcycle and petrol prices more than offset lower Electronic Road Pricing (ERP) charges.</p>
	<p>Electricity & Gas</p> <p>The cost of electricity & gas declined by 0.7%, reflecting the effect of the phased nationwide launch of the OEM on electricity prices.</p>
	<p>Others</p> <p>The overall cost of retail items dipped by 0.2% on account of a fall in the prices of personal care products, clothing & footwear as well as recreation & entertainment goods, which more than offset a rise in the prices of household durables & supplies.</p>

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	2.9		↓ Fish & Seafood	1.2	-1.4	
↑ Accommodation	22.9	1.8		↓ Personal Care	2.4	-0.7	
↑ Holiday Expenses	3.5	1.5		↓ Fuel & utilities	3.4	-0.4	
↑ Vegetables	1.0	1.2		↓ Other food ~	0.3	-0.3	
↑ Oils & Fats	0.2	1.1		↓ Clothing & Footwear	2.7	-0.3	
↑ Milk, Cheese & Eggs	0.9	1.0		↓ Non-alcoholic beverages	0.5	-0.2	
↑ Fast food	0.9	0.7		↓ Recreation & entertainment	3.9	-0.2	
↑ Catered food	0.2	0.7		↓ Medical products, appliances & equipment	1.4	-0.2	
↑ Household durables	1.8	0.6					
↑ Fruits	0.8	0.6					

^ 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.

Outlook

External sources of inflation have receded as global oil prices fell sharply in Q4 2018, mainly on oversupply concerns. As a result, global oil prices are expected to be lower this year compared to 2018. On the domestic front, supportive labour market conditions should underpin wage growth and continuing price pressures. However, the extent of overall price increases will be capped by greater market competition in several consumer segments, such as telecommunications, electricity and retail. In 2019, MAS Core Inflation and CPI-All Items inflation are projected to be in the ranges of 1.5–2.5% and 0.5–1.5%, respectively.

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

<https://www.singstat.gov.sg/-/media/files/publications/economy/cpifeb19.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)
2018 Feb	0.5	1.5	0.7	-2.1	0.8	2.5	0.6	-0.1	1.6	2.9	0.4	99.7
Mar	0.2	1.4	1.2	-2.0	0.7	2.1	-0.5	-0.3	0.6	3.0	1.0	99.6
Apr	0.1	1.4	0.8	-2.3	0.7	2.0	-0.7	-1.3	0.7	2.9	0.5	99.9
May	0.4	1.3	0.6	-2.0	0.8	2.3	0.0	-0.8	1.2	2.9	1.1	99.8
Jun	0.6	1.5	1.5	-1.8	0.9	2.4	0.3	0.2	1.4	2.9	1.2	99.8
Jul	0.6	1.5	2.3	-1.0	0.5	2.0	-0.3	0.2	1.7	2.4	0.9	100.2
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

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 Feb	0.5	1.7	1.5	-2.0	4.4	65.3
Mar	0.2	1.5	1.2	0.1	5.1	66.0
Apr	0.1	1.3	0.9	0.7	6.7	72.1
May	0.4	1.5	1.2	5.3	6.9	77.0
Jun	0.6	1.7	1.5	8.0	5.6	74.4
Jul	0.6	1.9	1.5	10.1	-2.8	74.3
Aug	0.7	1.9	1.6	10.1	-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	64.8
Dec	0.5	1.9	1.1	2.5	-2.2	57.4
2019 Jan	0.4	1.7	0.9	2.6	-5.0	59.4
Feb	0.5	1.5	1.0	N.A.	-5.5	64.0

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

N.A.: Not available