



Consumer Price Developments in May 2019

MAS Core Inflation was 1.3% on a year-on-year (y-o-y) basis in May, unchanged from April, as higher retail and food inflation broadly offset a steeper decline in the cost of electricity & gas.¹ However, CPI-All Items inflation rose to 0.9% y-o-y in May, from 0.8% in the previous month, due to upward pressures from the non-core components of CPI (i.e., accommodation and private road transport costs).

CPI-All Items inflation came in higher at 0.9% y-o-y in May

CPI-All Items inflation edged up to 0.9% y-o-y in May, from 0.8% in April. This was driven by a more modest decline in accommodation costs as well as higher private road transport, retail and food inflation, which outweighed a larger fall in electricity & gas costs.

Accommodation costs fell at a more moderate pace of 1.0% y-o-y in May compared to the 1.4% drop in the previous month. This reflected a slower pace of decline in housing rentals, as well as a stronger pickup in the cost of housing maintenance & repairs.

The cost of private road transport rose by 1.5% y-o-y in May, higher than the 1.1% increase in the preceding month, mainly on account of a steeper rise in car prices which more than offset a smaller increase in petrol prices.

The overall cost of retail items recorded a larger 0.5% y-o-y increase in May compared to the 0.2% rise in April. This mostly reflected an upturn in the prices of personal effects, as well as smaller declines in the costs of recreation & entertainment goods, clothing & footwear and medical products, appliances & equipment.

Food inflation came in at 1.4% y-o-y in May, slightly higher than the 1.3% in the previous month, largely due to a faster pace of increase in the prices of prepared meals.

Services inflation was 2.0% y-o-y in May, unchanged from April, as a stronger pickup in holiday expenses was offset by a larger decline in the cost of telecommunication services fees as well as smaller increases in airfares and recreational & cultural services fees.

The cost of electricity & gas fell by 4.0% y-o-y in May, steeper than the 2.8% drop in the preceding month, due to the dampening effect of the phased nationwide launch of the Open Electricity Market (OEM) on electricity prices.

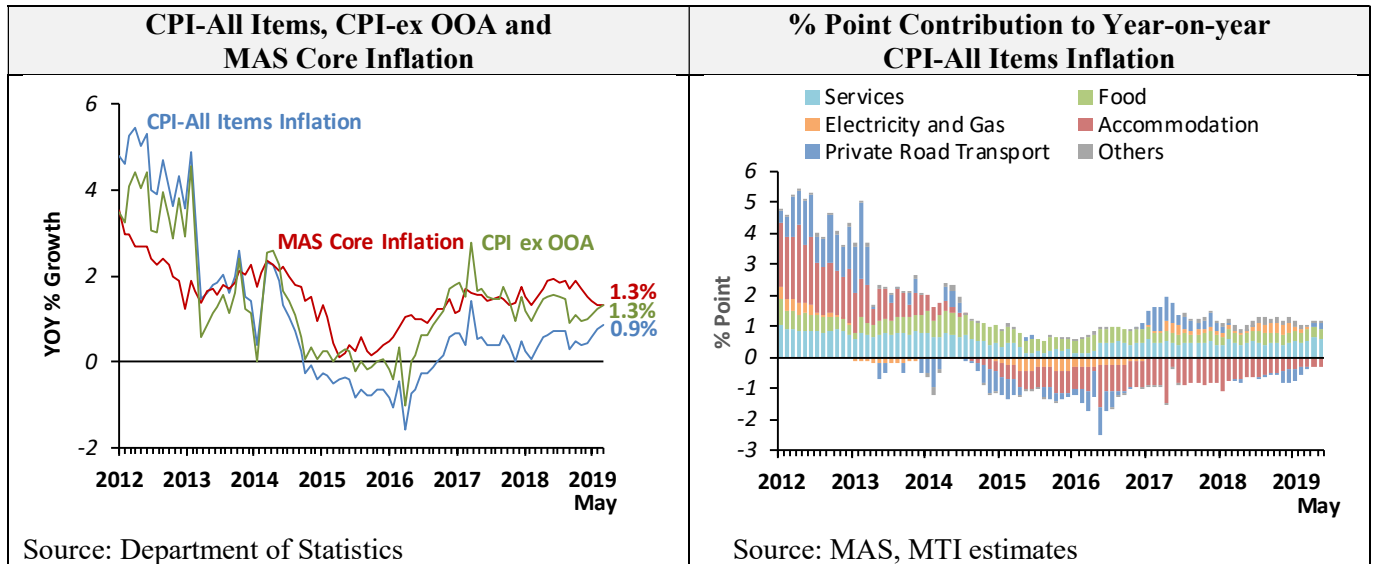
CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation increased slightly to 1.3% y-o-y in May

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) edged up to 1.3% y-o-y in May, from 1.2% in April, as a faster pace of increase in retail, food, private road transport and housing maintenance & repairs costs outweighed a larger fall in the cost of electricity & gas.

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

MAS Core Inflation was unchanged at 1.3% y-o-y in May

MAS Core Inflation, which excludes the costs of accommodation and private road transport, came in at 1.3% y-o-y in May, unchanged from the previous month, as higher retail and food inflation broadly offset a steeper decline in the cost of electricity & gas.



On a month-on-month basis, CPI-All Items rose by 0.7% in May, a reversal from the 0.3% decline in April. Meanwhile, MAS Core Inflation eased to 0%, 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>Apr-19: Total contribution is -0.3%. Components: Accommodation (-0.7%), Services (0.2%), Electricity and Gas (0.1%), Private Road Transport (0.3%).</p> <p>May-19: Total contribution is 0.7%. Components: Accommodation (0.6%), Private Road Transport (0.1%), Food (0.1%), Services (0.1%), Electricity and Gas (-0.1%), Others (-0.1%).</p>	Accommodation	The cost of accommodation rose by 3.3% in May, as rebates for Service & Conservancy Charges (S&CC) were disbursed to households living in HDB flats in April, but not in May. ²
	Private Road Transport	Private road transport costs increased by 0.7% due to higher car and petrol prices.
	Food	Overall food prices rose by 0.2%, mainly due to an increase in the prices of hawker and restaurant meals. Non-cooked food items were also more expensive on account of a pickup in the prices of vegetables, fish & seafood and dairy products, which outweighed a fall in the prices of meat and bread & cereals.
	Others	The overall cost of retail items edged up by 0.2%, as a rise in the prices of recreation & entertainment goods and personal effects more than offset a decline in the prices of household durables.
	Electricity and Gas	The cost of electricity & gas dropped by 1.2%, reflecting the dampening effect of the phased nationwide launch of the OEM on electricity prices.
	Services	Services costs dipped by 0.1%, mainly due to lower airfares and telecommunication services fees, which outweighed the higher cost of healthcare services.

Source: MAS, MTI estimates
* Categories below the dotted line are excluded from the MAS Core Inflation series.

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
↑ Accommodation	22.9	3.3	↓ Other travel & transport ^	1.3	-1.9
↑ Vegetables	1.0	1.5	↓ Other food ~	0.3	-1.0
↑ Personal effects #	0.6	1.2	↓ Fuel & utilities	3.4	-0.7
↑ Private road transport	11.5	0.7	↓ Meat	1.2	-0.7
↑ Fish & Seafood	1.2	0.7	↓ Non-alcoholic beverages	0.5	-0.4
↑ Milk, Cheese & Eggs	0.9	0.6	↓ Bread & Cereals	1.4	-0.4
↑ Sugar, preserves & confectionery	0.3	0.4	↓ Household durables	1.8	-0.3
↑ Medical products, appliances & equipment	1.4	0.3	↓ Communication	3.9	-0.3
↑ Fruits	0.8	0.3	↓ Alcoholic drinks & tobacco	1.0	-0.1
↑ Hawker food (incl. food courts)	8.1	0.3	↓ Household services & Supplies	3.0	-0.1

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

^ 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.

² In April 2019, 1- to 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

For the rest of 2019, external sources of inflation are likely to be benign. Global oil prices for the full year are currently not expected to exceed last year's average. Global food prices should also only pick up slightly on average. On the domestic front, labour market conditions have remained firm and will support moderate wage increases, such that unit labour costs should continue to rise. 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 near the mid-point of the forecast range of 1–2% 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 this year.

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

<https://www.singstat.gov.sg/-/media/files/publications/economy/cpimay19.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 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
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

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 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	2.2	-5.0	59.4
Feb	0.5	1.5	1.0	4.1	-5.5	64.0
Mar	0.6	1.4	1.1	5.4	-4.5	66.1
Apr	0.8	1.3	1.2	4.2	-4.5	71.2
May	0.9	1.4	1.3	N.A.	-8.8	71.3

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

N.A.: Not available