



Consumer Price Developments in November 2019

MAS Core Inflation was 0.6% on a year-on-year (y-o-y) basis in November. This was unchanged from October as lower services inflation was offset by a smaller decline in the cost of retail goods. Meanwhile, CPI-All Items inflation rose to 0.6% y-o-y in November, from 0.4% in the previous month.

CPI-All Items inflation came in higher at 0.6% y-o-y in November

CPI-All Items inflation was 0.6% y-o-y in November, higher than the 0.4% in October. This was due to an increase in private road transport inflation and smaller declines in the costs of retail goods and accommodation, even as services inflation eased.

Private road transport inflation rose to 2.3% y-o-y in November, from 1.0% in the previous month, reflecting higher petrol prices and Electronic Road Pricing (ERP) charges.

The cost of retail goods fell by 0.5% y-o-y in November, less than the 0.8% drop in October. Notwithstanding the downward pressure exerted by a fall in the price of personal care products, the cost of retail goods saw a more moderate pace of decline due to smaller drops in the costs of household durables and clothing & footwear.

Accommodation costs decreased by 0.2% y-o-y in November, easing from the 0.4% drop in October, as housing rentals declined more gradually.

The cost of electricity & gas declined by 11.8% y-o-y in November, less than the 12.5% drop in the previous month, as the Open Electricity Market (OEM) had a smaller dampening effect on electricity prices following a slowdown in new take-up rates.

Food inflation was 1.7% y-o-y in November, unchanged from the preceding month, as a slower pace of increase in the cost of non-cooked food offset a faster pace of increase in the prices of prepared meals.

Services inflation edged down to 1.1% in November, from 1.2% in October, largely due to a smaller increase in medical & dental treatment fees¹, even though telecommunication services fees rose after two consecutive months of decline.

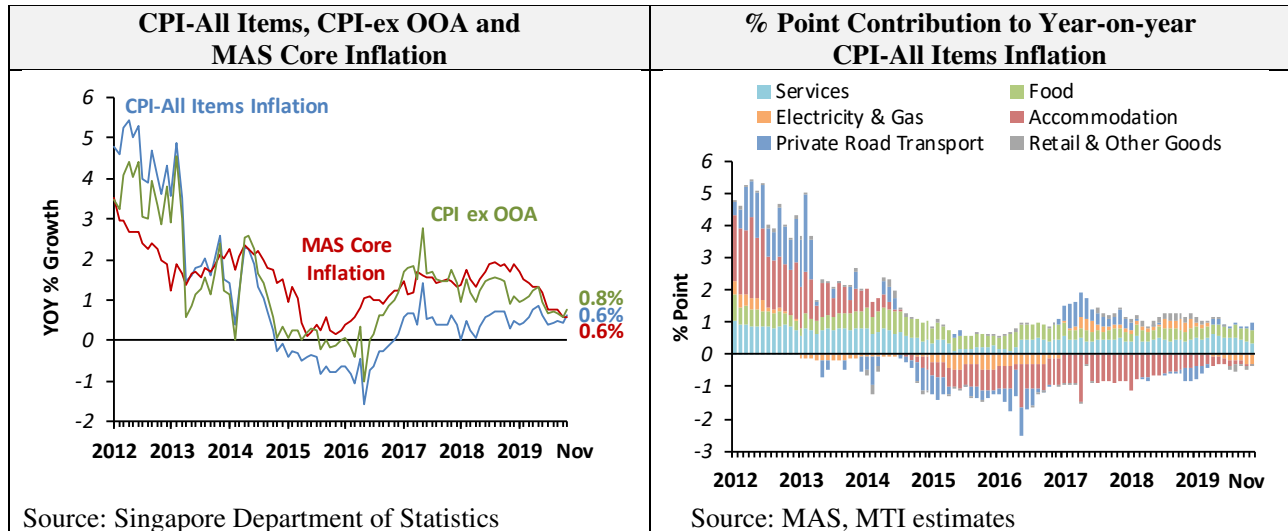
CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation rose to 0.8% y-o-y in November

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) was 0.8% y-o-y in November, higher than the 0.6% in October. This was due to an increase in private road transport inflation and a smaller decline in the cost of retail goods, even as services inflation slowed.

¹ With effect from 1 November 2019, medical and dental subsidies to Community Health Assist Scheme (CHAS) cardholders were enhanced and additional subsidies were provided to the Merdeka Generation seniors for outpatient care at polyclinics, public Specialist Outpatient Clinics and CHAS clinics.

MAS Core Inflation was stable at 0.6% y-o-y in November

MAS Core Inflation, which excludes the costs of accommodation and private road transport, was unchanged from October at 0.6% y-o-y, as lower services inflation was offset by a smaller decline in the cost of retail goods.



On a month-on-month basis, CPI-All Items rose by 0.3% in November, reversing the 0.4% fall in October. Meanwhile, MAS Core Inflation fell to -0.1% in November, from 0% 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 (Blue) Food (Green) Electricity & Gas (Orange) Retail & Other Goods (Grey) Accommodation (Red) Private Road Transport (Dark Blue) <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 rose by 2.2% as Service & Conservancy Charges (S&CC) rebates were disbursed to households living in HDB flats in October, but not in November.²</p>
	<p>Private Road Transport</p> <p>Private road transport costs edged up by 0.1%, as higher petrol prices and ERP charges outweighed a fall in car prices.</p>
	<p>Electricity & Gas</p> <p>The cost of electricity & gas declined by 0.3% due to the dampening effect of the OEM on electricity prices.</p>
	<p>Food</p> <p>Food prices remained unchanged from the previous month, as an increase in the prices of prepared meals was broadly offset by a fall in the prices of non-cooked food items such as fish & seafood.</p>
	<p>Retail & Others</p> <p>The overall cost of retail items edged down by 0.2%, as a decline in the prices of personal care products, medical products and telecommunication equipment outweighed a rise in the prices of household durables and clothing & footwear.</p>
	<p>Services</p> <p>Services costs dipped by 0.2%, reflecting a fall in medical & dental treatment fees.</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
↑ Accommodation	22.9	2.2	↓ Fish & Seafood	1.2	-1.7
↑ Clothing & Footwear	2.7	0.9	↓ Medical products, appliances & equipment	1.4	-1.3
↑ Household durables	1.8	0.7	↓ Medical & dental treatment	4.8	-1.3
↑ Vegetables	1.0	0.7	↓ Personal Care	2.4	-1.2
↑ Bread & Cereals	1.4	0.5	↓ Oils & Fats	0.2	-0.9
↑ Fast food	0.9	0.4	↓ Non-alcoholic beverages	0.5	-0.8
↑ Alcoholic drinks & tobacco	1.0	0.1	↓ Fruits	0.8	-0.6
↑ Other travel & transport ^	1.3	0.1	↓ Sugar, preserves & confectionery	0.3	-0.3
↑ Private road transport	11.5	0.1	↓ Milk, Cheese & Eggs	0.9	-0.2
↑ Hawker food (incl. food courts)	8.1	0.1	↓ Communication	3.9	-0.2

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

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. This 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 weaker economic environment.

MAS Core Inflation is expected to come in at the lower end of the 1–2% range in 2019, and average 0.5–1.5% in 2020. CPI-All Items inflation is projected to be around 0.5% in 2019, and 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 December 2019

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

<https://www.singstat.gov.sg/-/media/files/publications/economy/cpinov19.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

Weights	All Items	Food	Clothing & Footwear	Housing & Utilities	Household Durables & Services	Health Care	Transport	Comms	Recreation & Culture	Education	Miscellaneous Goods & Services	All-Items, S.A.
	10000	2167	273	2625	475	615	1579	385	788	615	478	10000
YOY % Growth												Index (2014=100)
2018 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
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

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 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	-2.5	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	N.A.	1.7	63.2

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

N.A.: Not available