



## Consumer Price Developments in April 2018

In April 2018, CPI-All Items inflation and MAS Core Inflation edged down to 0.1% and 1.3% respectively, from 0.2% and 1.5% in the previous month. The slower pace of price increases was seen across several major categories of the CPI basket. On a month-on-month basis, MAS Core Inflation rose to 0.3%, from -0.2% in the preceding month.

### *CPI-All Items inflation eased to 0.1% year-on-year (y-o-y) in April*

CPI-All Items inflation came in lower at 0.1% y-o-y in April, compared to 0.2% in the preceding month. This was due to smaller increases in the prices of retail items, electricity & gas<sup>1</sup> and services, as well as a steeper fall in the cost of private road transport.

The overall cost of retail items rose by 0.9% in April, lower than the 1.3% increase in March, due to a steeper year-ago decline in the prices of personal care products, as well as a drop in the prices of recreation and entertainment goods.

The cost of electricity & gas rose at a more moderate pace of 3.7% in April, compared to 6.2% in the previous month, reflecting a smaller increase in electricity tariffs.

Services inflation eased to 1.3% in April, from 1.4% in the preceding month, as a larger decline in telecommunication services fees and more modest increases in airfares and recreational & cultural services fees outweighed a stronger pickup in holiday expenses.

Food inflation was stable at 1.4% in April, as a faster pace of increase in the cost of prepared meals was offset by a smaller increase in the prices of non-cooked food items.

The cost of private road transport fell by 0.8% in April, larger than the 0.6% decline in March. This was due to a decline in car prices on a year-ago basis following a fall in Certificate of Entitlement (COE) premiums, which more than offset a steeper increase in petrol prices.

The cost of accommodation fell by 3.6% in April, larger than the 3.4% decline in the preceding month, as a smaller increase in the cost of housing maintenance & repairs more than offset a slower pace of decline in housing rentals.

### *CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation moderated to 0.9% in April*

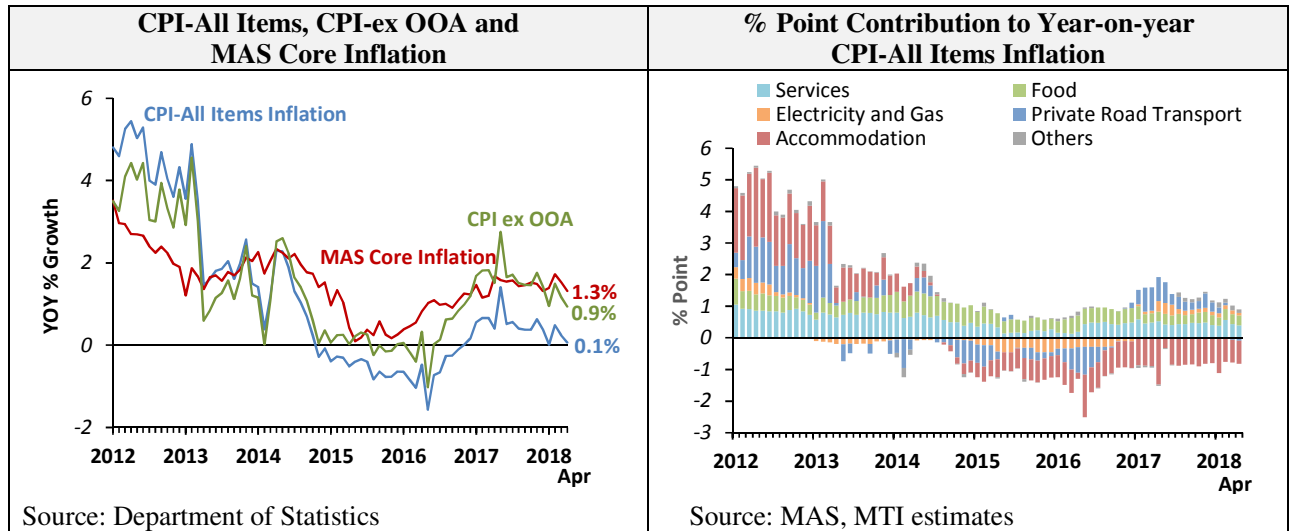
Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) was lower at 0.9% in April compared to 1.2% in the previous month, largely on account of a smaller increase in the prices of retail items and electricity & gas.

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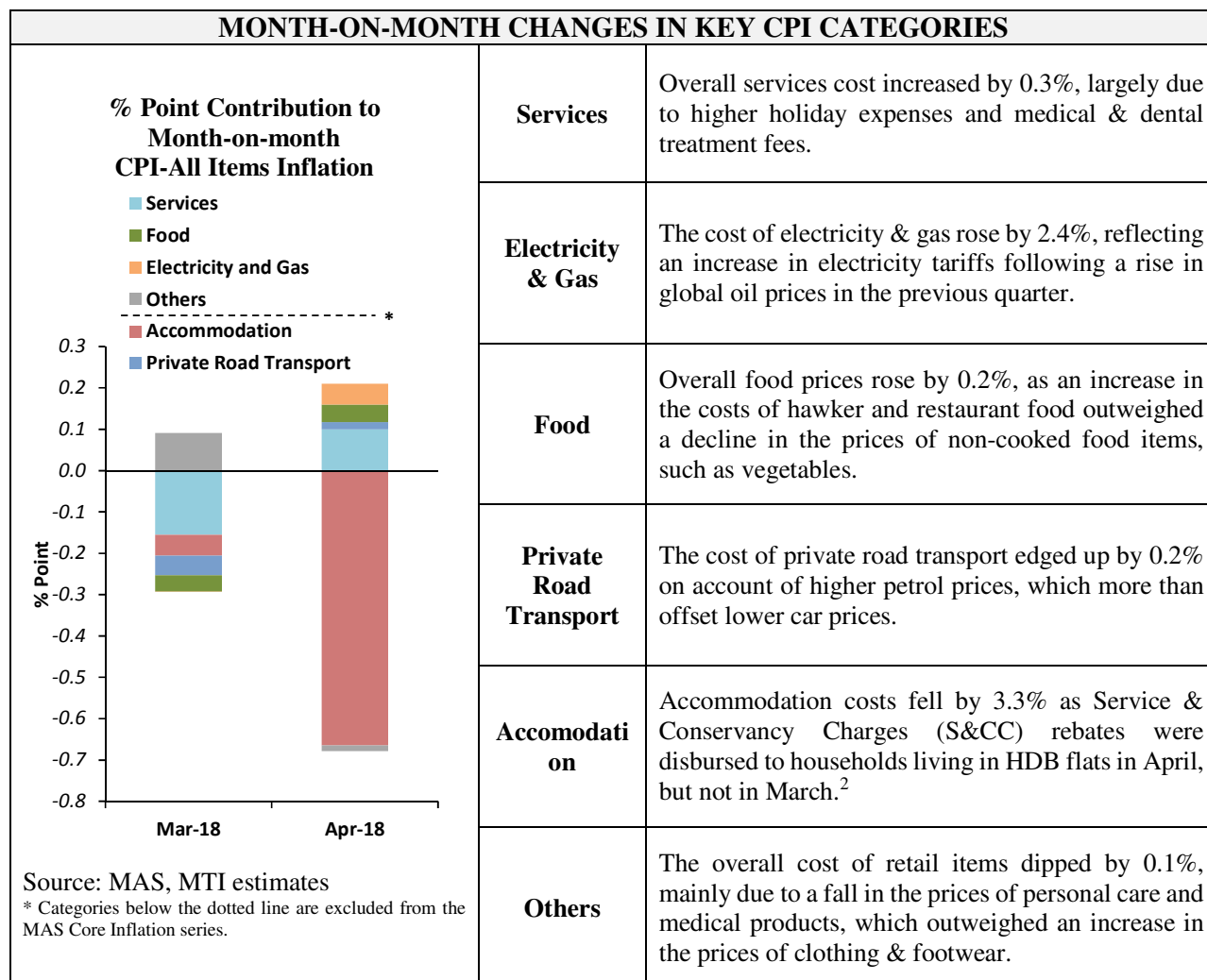
<sup>1</sup> Electricity & gas includes electricity, liquefied petroleum gas (LPG) and gas (for domestic use).

**MAS Core Inflation came in lower at 1.3% in April**

MAS Core Inflation, which excludes the costs of accommodation and private road transport, eased to 1.3% in April from 1.5% in March, mainly reflecting lower retail inflation and a smaller increase in electricity tariffs.



**On a month-on-month basis, CPI-All Items fell by 0.5% in April, larger than the decline of 0.2% in the previous month. On the other hand, prices in the core CPI basket rose by 0.3%, reversing the fall of 0.2% in March.**



### Price Movements (m-o-m) for Selected CPI Sub-categories

Sub-categories With Largest Price Increases			Sub-categories With Largest Price Declines or No Price Changes		
Group	Weight (%)	M-o-M % Growth	Group	Weight (%)	M-o-M % Growth
↑ Fuel & utilities	3.4	1.6	↓ Accommodation	22.9	-3.3
↑ Sugar, preserves & confectionery	0.3	1.3	↓ Vegetables	1.0	-1.9
↑ Oils & Fats	0.2	1.1	↓ Other food ~	0.3	-1.0
↑ Holiday Expenses	3.5	0.9	↓ Catered food	0.2	-0.7
↑ Fruits	0.8	0.9	↓ Personal Care	2.4	-0.5
↑ Meat	1.2	0.8	↓ Medical products, appliances & equipment	1.4	-0.4
↑ Medical & dental treatment	4.8	0.8	↓ Household durables	1.8	-0.3
↑ Other travel & transport ^	1.3	0.5	↓ Personal effects #	0.6	-0.3
↑ Clothing & Footwear	2.7	0.4	↓ Fish & Seafood	1.2	-0.3
↑ Restaurant food	4.9	0.3	↓ Non-alcoholic beverages	0.5	-0.3

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

^ 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.

<sup>2</sup>

In April 2018, 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

On the external front, imported inflation is likely to rise mildly. Global oil prices have rallied since the start of 2018 and are expected to average higher for the full year as compared to 2017. Meanwhile, global food commodity prices are projected to rise slightly as global demand strengthens amid ample supply conditions.

Domestic sources of inflation are expected to increase alongside a faster pace of wage growth and a pickup in domestic demand. However, the extent of consumer price increases will remain moderate, as retail rents have stayed relatively subdued and firms' pricing power may be constrained by market competition.

MAS Core Inflation is expected to rise gradually over the course of 2018 to average at the upper half of the 1–2% forecast range, should economic conditions evolve as expected. Similarly, CPI-All Items inflation is projected to come in at the upper half of the 0–1% forecast range for the full year. Accommodation costs are forecast to fall by a smaller extent than in 2017, while private road transport inflation should decline in 2018 as the inflationary effects from previous administrative measures dissipate.<sup>3</sup>

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<sup>3</sup> The administrative measures are the expiry of the one-year road tax rebates and the upward revision in parking fees in August and December 2016, respectively.

## **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 2018”. 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/cpiapr2018.pdf](http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpiapr2018.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](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)
2017 Apr	0.4	1.3	0.5	-4.6	0.8	3.0	4.7	1.0	0.3	3.2	0.1	99.9
May	1.4	1.5	1.9	0.1	0.7	2.4	3.8	0.8	-0.2	3.2	-0.1	99.4
Jun	0.5	1.4	1.9	-2.0	0.3	2.5	1.8	-0.6	-0.1	3.2	0.2	99.3
Jul	0.6	1.4	2.6	-2.5	1.0	2.9	2.0	0.3	-0.1	2.8	0.5	99.6
Aug	0.4	1.2	1.6	-2.3	1.2	2.5	1.4	0.1	0.3	2.7	0.1	99.4
Sep	0.4	1.2	0.5	-2.3	0.8	2.5	1.1	1.3	0.4	2.7	0.7	99.4
Oct	0.4	1.5	0.7	-2.7	0.7	2.2	1.1	1.0	0.7	2.6	0.9	99.6
Nov	0.6	1.5	0.7	-2.4	1.0	2.0	2.6	1.5	0.8	2.6	-0.4	99.7
Dec	0.4	1.4	-0.2	-2.3	1.1	1.9	1.4	0.5	0.4	2.6	0.1	99.6
2018 Jan	0.0	1.1	1.0	-3.6	1.2	2.3	0.7	0.0	0.8	2.8	0.5	99.5
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	99.7
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

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	World Bank Non-Energy Commodity Index	OPEC Oil Price
	YOY % GROWTH					
2017 Apr	0.4	1.7	1.5	9.5	4.2	35.9
May	1.4	1.6	2.8	5.6	2.8	13.9
Jun	0.5	1.5	1.7	3.2	-0.7	-1.4
Jul	0.6	1.6	1.7	4.2	1.7	10.0
Aug	0.4	1.4	1.5	5.0	3.6	15.1
Sep	0.4	1.5	1.5	4.9	5.9	24.6
Oct	0.4	1.5	1.5	3.4	6.1	15.9
Nov	0.6	1.5	1.8	4.1	2.8	40.5
Dec	0.4	1.3	1.4	-0.4	2.0	20.0
2018 Jan	0.0	1.4	1.0	-0.2	3.1	27.3
Feb	0.5	1.7	1.5	-0.1	3.0	18.9
Mar	0.2	1.5	1.2	1.4	4.3	26.9
Apr	0.1	1.3	0.9	N.A.	8.9	33.0

Source: Singapore Department of Statistics, World Bank and Bloomberg

N.A.: Not available