



## Consumer Price Developments in November 2018

In November 2018, MAS Core Inflation eased to 1.7% on a year-on-year (y-o-y) basis, from 1.9% in October, due to smaller increases in the costs of services, retail items and electricity & gas<sup>1</sup>. CPI-All Items inflation fell to 0.3% y-o-y in November, from 0.7% in the previous month, mainly reflecting a steeper fall in private road transport costs which outweighed a slower pace of decline in accommodation costs.

### *CPI-All Items inflation eased to 0.3% y-o-y in November*

CPI-All Items inflation moderated to 0.3% y-o-y in November, from 0.7% in the preceding month. This was largely due to a sharper fall in private road transport costs, and to a lesser extent, smaller increases in the prices of services, retail items and electricity & gas, which more than offset a slower pace of decline in accommodation costs.

Private road transport costs fell by 3.6% y-o-y in November, steeper than the 0.6% decline in October, due to lower car prices amid a fall in Certificate of Entitlement (COE) premiums, as well as a smaller rise in petrol prices.

Services inflation came in lower at 1.2% y-o-y in November, compared to 1.4% in the previous month, as a larger decline in telecommunication services fees and a more modest increase in holiday expenses outweighed a stronger pickup in recreational & cultural services fees.

The overall cost of retail items rose by 1.1% y-o-y in November, moderating from the 1.3% increase in October. This mostly reflected lower inflation for telecommunication equipment, clothing & footwear items, household durables and medical products, which more than offset a larger increase in the prices of personal care products.

The cost of electricity & gas increased at a slower pace of 15.4% y-o-y in November, compared to the 16.6% rise in the preceding month. The lower rate of inflation reflected the effect of the phased nationwide launch of the Open Electricity Market (OEM) on electricity prices.

Food inflation came in at 1.4% y-o-y in November, unchanged from the previous month, as price increases for both non-cooked food items and prepared meals remained broadly the same.

Accommodation costs fell by 2.1% y-o-y in November, less than the 2.5% decline in October, on account of a more gradual fall in housing rentals, as well as a larger increase in the cost of housing maintenance & repairs.

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

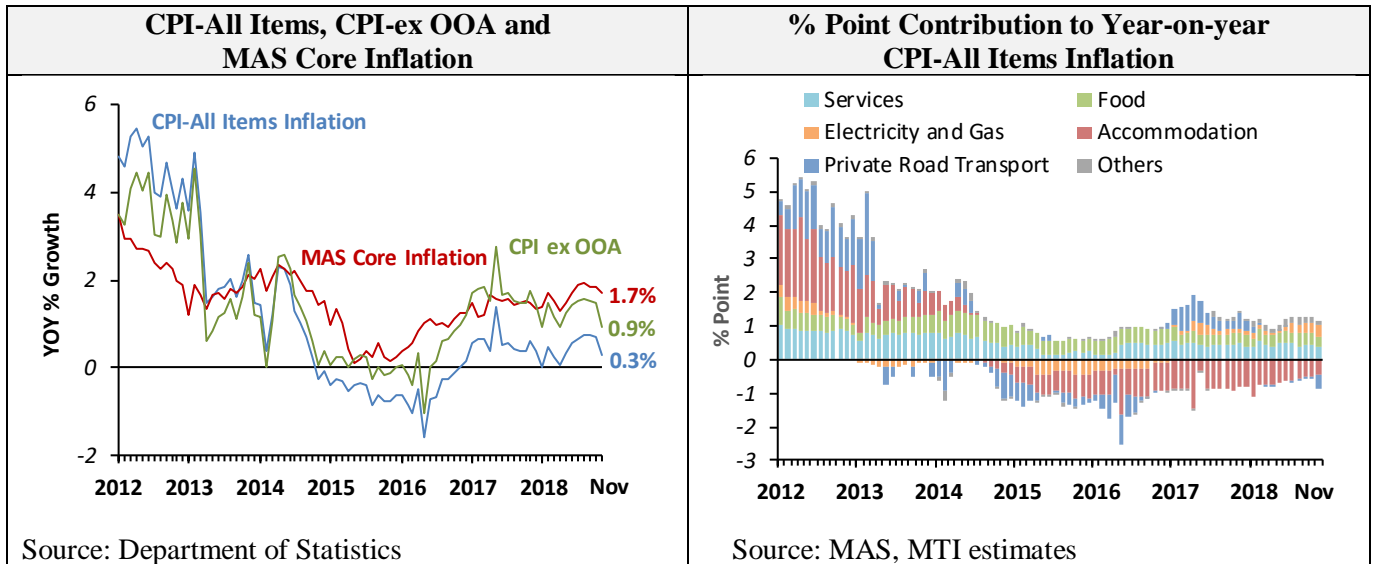
Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) fell to 0.9% y-o-y in November, from 1.5% in the previous month, largely due to lower private road transport and services inflation.

---

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

**MAS Core Inflation came in lower at 1.7% y-o-y in November**

MAS Core Inflation, which excludes the costs of accommodation and private road transport, eased to 1.7% y-o-y in November, from 1.9% in the preceding month. This was due to lower services, retail, as well as electricity & gas inflation.



**On a month-on-month basis, CPI-All Items inflation rose to 0.2% in November, from -0.3% in October. Meanwhile, MAS Core Inflation came in at -0.1% in November, compared to 0.2% in the previous month.**

### MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES

MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES	
<p><b>% Point Contribution to Month-on-month CPI-All Items Inflation</b></p> <p>Legend:</p> <ul style="list-style-type: none"> <li>Services (Light Blue)</li> <li>Food (Green)</li> <li>Electricity and Gas (Orange)</li> <li>Others (Grey)</li> <li>Accommodation (Red)</li> <li>Private Road Transport (Dark Blue)</li> </ul> <p>Oct-18: Total contribution is -0.3%. Components: Accommodation (-0.45%), Services (0.05%), Food (0.01%), Electricity and Gas (0.02%), Others (0.01%), Private Road Transport (0.01%).</p> <p>Nov-18: Total contribution is 0.2%. Components: Accommodation (0.4%), Services (-0.05%), Food (0.01%), Electricity and Gas (-0.02%), Others (-0.05%), Private Road Transport (-0.12%).</p>	<p><b>Accommodation</b></p> <p>Accommodation costs rose by 2.0% as Service &amp; Conservancy Charges (S&amp;CC) rebates were disbursed to households living in HDB flats in October, but not in November.<sup>2</sup></p>
	<p><b>Food</b></p> <p>Overall food prices inched up by 0.1% due to an increase in the prices of hawker meals and non-cooked food items such as vegetables, which more than offset a decline in the prices of fruits and fish &amp; seafood.</p>
	<p><b>Electricity &amp; Gas</b></p> <p>The cost of electricity &amp; gas fell by 1.1%, reflecting lower electricity prices following the phased nationwide launch of the OEM.</p>
	<p><b>Services</b></p> <p>Services costs edged down by 0.1%, mainly on account of a decline in telecommunication services fees and holiday expenses, which outweighed higher recreational &amp; cultural services fees, airfares as well as medical &amp; dental treatment fees.</p>
	<p><b>Others</b></p> <p>The overall cost of retail items dipped by 0.5%, largely due to a fall in the prices of telecommunication equipment, medical products, household durables and personal care products.</p>
	<p><b>Private Road Transport</b></p> <p>Private road transport costs fell by 1.2%, reflecting a decline in petrol prices, Electronic Road Pricing (ERP) charges, as well as motorcycle prices amid lower COE premiums.</p>

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	2.0	↓ Communication	3.9	-1.8
↑ Vegetables	1.0	1.4	↓ Private road transport	11.5	-1.2
↑ Oils & Fats	0.2	1.2	↓ Medical products, appliances & equipment	1.4	-1.1
↑ Other travel & transport ^	1.3	1.2	↓ Sugar, preserves & confectionery	0.3	-0.9
↑ Recreation & entertainment	3.9	0.3	↓ Non-alcoholic beverages	0.5	-0.8
↑ Milk, Cheese & Eggs	0.9	0.3	↓ Fuel & utilities	3.4	-0.7
↑ Medical & dental treatment	4.8	0.2	↓ Household durables	1.8	-0.6
↑ Clothing & Footwear	2.7	0.2	↓ Fruits	0.8	-0.6
↑ Hawker food (incl. food courts)	8.1	0.1	↓ Fish & Seafood	1.2	-0.4
↑ Bread & Cereals	1.4	0.1	↓ Personal effects #	0.6	-0.4

^ 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 October 2018, 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

External sources of inflation have increased in recent quarters. Notwithstanding recent volatility, global oil prices have come in higher on a year-on-year basis, and inflation for non-oil imports has also picked up. On the domestic front, the improving labour market should underpin a faster pace of wage growth in 2018 and 2019, compared to 2017. Growth in the unit labour cost for services has picked up recently. As domestic demand strengthens further, there could be a greater pass-through of higher import and labour costs to consumer prices. However, the extent of overall price increases will be capped by greater market competition in several consumer segments, such as telecommunications, electricity and retail.

MAS Core Inflation is expected to rise modestly in the months ahead, and come in within the forecast range of 1.5–2% in 2018 and 1.5–2.5% in 2019. CPI-All Items inflation is projected to be about 0.5% in 2018, before picking up to 1–2% in 2019 as the overall drag from accommodation and private road transport costs lessens.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

24 December 2018

## **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 2018”. This release also contains further information on the various price indicators published.*

*<https://www.singstat.gov.sg/-/media/files/publications/economy/cpinov18.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 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
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	99.9
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	100.3
Nov	0.3	1.4	0.8	0.0	0.7	1.6	-2.8	-3.0	0.9	3.2	1.4	100.0

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					
2017 Nov	0.6	1.5	1.8	4.1	7.1	62.7
Dec	0.4	1.3	1.4	-0.4	5.8	64.4
2018 Jan	0.0	1.4	1.0	-0.2	5.4	69.1
Feb	0.5	1.7	1.5	-0.1	4.4	65.3
Mar	0.2	1.5	1.2	1.5	5.1	66.0
Apr	0.1	1.3	0.9	1.7	6.7	72.1
May	0.4	1.5	1.2	6.6	6.9	77.0
Jun	0.6	1.7	1.5	9.1	5.6	74.4
Jul	0.6	1.9	1.5	10.0	-2.8	74.3
Aug	0.7	1.9	1.6	9.2	-1.4	72.5
Sep	0.7	1.8	1.5	9.2	-3.4	78.9
Oct	0.7	1.9	1.5	9.4	-2.4	81.0
Nov	0.3	1.7	0.9	N.A.	-4.1	64.8

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

N.A.: Not available