



Consumer Price Developments in October 2019

MAS Core Inflation moderated to 0.6% on a year-on-year (y-o-y) basis in October, from 0.7% in September, due to a steeper decline in the cost of electricity & gas and a slower pace of increase in services costs. CPI-All Items inflation eased to 0.4% y-o-y in October, from 0.5% in September.

CPI-All Items inflation eased to 0.4% y-o-y in October

CPI-All Items inflation dipped to 0.4% y-o-y in October from 0.5% in September. This was due to a steeper decline in the cost of electricity & gas and lower services inflation, even though accommodation costs fell by a smaller amount, and food and private road transport inflation picked up.

The cost of electricity & gas decreased by 12.5% y-o-y in October, a larger fall compared to the 8.3% drop in September. This was mainly due to lower electricity tariffs and the dampening effect of the nationwide launch of the Open Electricity Market (OEM) on electricity prices.

Services inflation slid to 1.2% y-o-y in October, from 1.4% in September, reflecting a slower pace of increase in holiday expenses, as well as education services and medical & dental treatment fees.

The cost of retail goods fell by 0.8% y-o-y in October, the same pace of decline as in September. While there was a larger drop in the prices of clothing & footwear, household durables and alcoholic drinks & tobacco, this was offset by a smaller decline in the costs of recreation & entertainment goods, as well as higher prices of personal care and medical products following price declines in September.

Food inflation edged up to 1.7% y-o-y in October, from 1.6% in September, due to a larger increase in the prices of non-cooked food and prepared meals.

Private road transport inflation rose to 1.0% y-o-y in October, from 0.5% in the previous month. This was due to a larger increase in car prices, which outweighed a steeper fall in petrol prices.

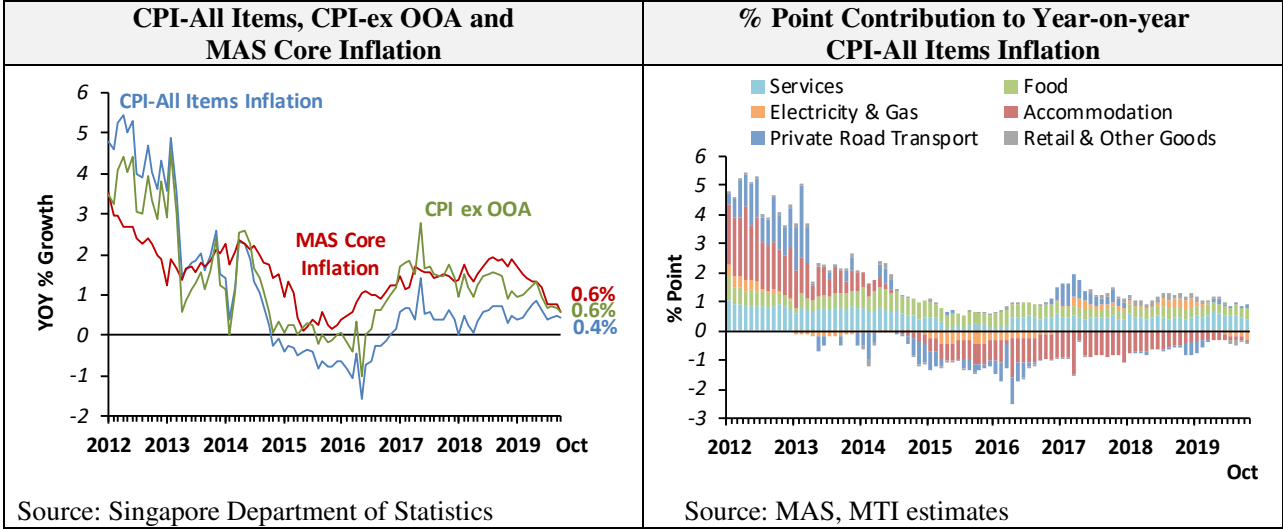
Accommodation costs fell by 0.4% y-o-y in October, easing from the 0.5% drop in September, on account of a more gradual decline in housing rentals.

CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation was 0.6% y-o-y in October

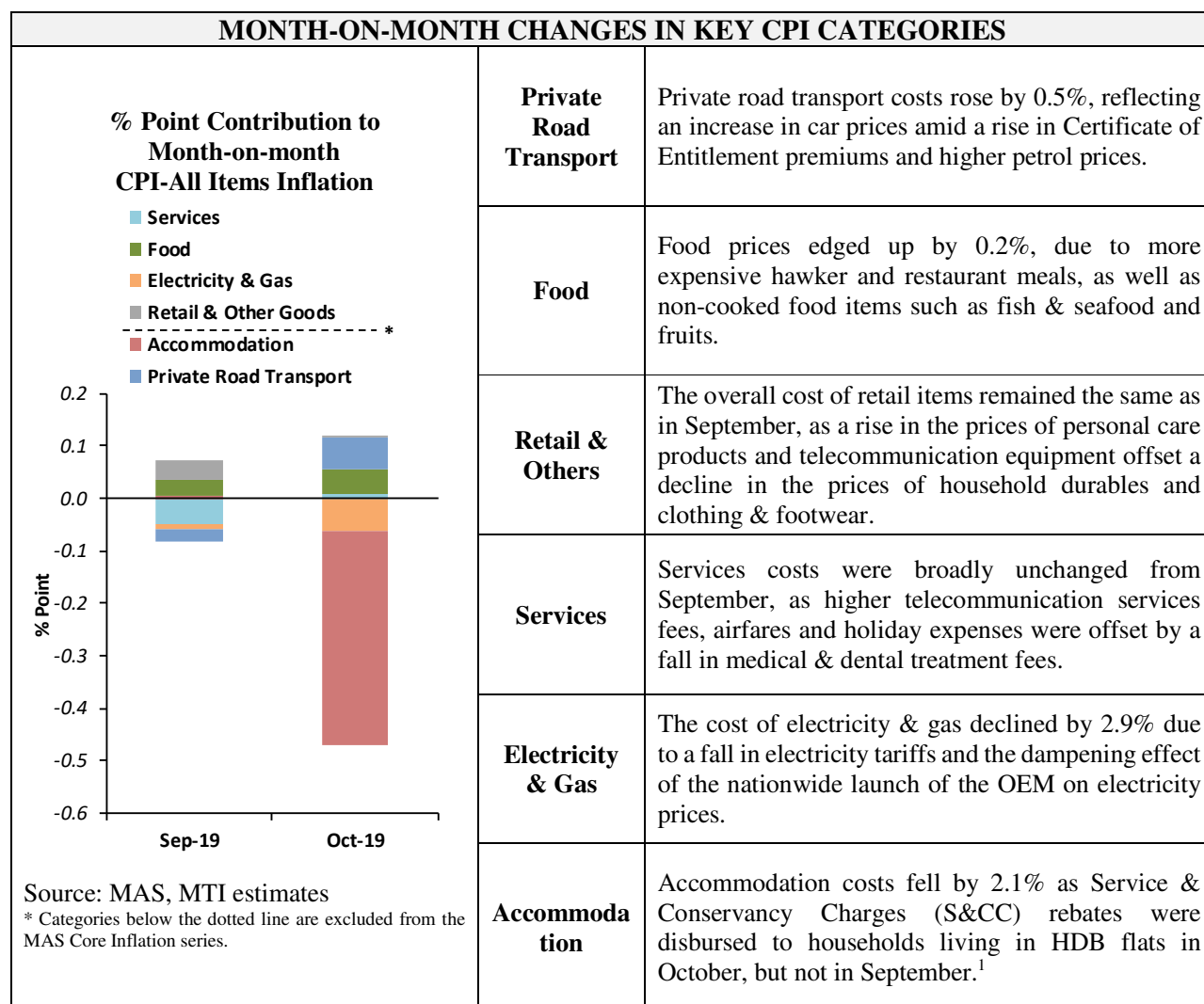
Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) was 0.6% y-o-y in October, slightly lower than the 0.7% in September. This was because of a larger fall in the cost of electricity & gas and lower services inflation, which more than offset higher food and private road transport inflation.

MAS Core Inflation moderated to 0.6% y-o-y in October

MAS Core Inflation, which excludes the costs of accommodation and private road transport, fell to 0.6% y-o-y in October from 0.7% in September, due to a steeper fall in the cost of electricity & gas and lower services inflation.



On a month-on-month basis, CPI-All Items inflation fell to -0.4% in October from 0% in the previous month. Meanwhile, MAS Core Inflation was 0% in October, the same as in September.



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		
↑ Fruits	0.8	1.8	↓ Accommodation	22.9	-2.1		
↑ Catered food	0.2	1.1	↓ Fuel & utilities	3.4	-1.9		
↑ Fish & Seafood	1.2	0.8	↓ Clothing & Footwear	2.7	-0.7		
↑ Personal Care	2.4	0.8	↓ Other food ~	0.3	-0.5		
↑ Non-alcoholic beverages	0.5	0.8	↓ Bread & Cereals	1.4	-0.4		
↑ Sugar, preserves & confectionery	0.3	0.6	↓ Household durables	1.8	-0.3		
↑ Communication	3.9	0.6	↓ Alcoholic drinks & tobacco	1.0	-0.3		
↑ Other travel & transport ^	1.3	0.6	↓ Oils & Fats	0.2	-0.2		
↑ Private road transport	11.5	0.5	↓ Medical & dental treatment	4.8	-0.2		
↑ Holiday Expenses	3.5	0.2	↓ Medical products, appliances & equipment	1.4	-0.2		

^ 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.

¹ In October 2019, 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

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 last year. 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% this year 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

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

<https://www.singstat.gov.sg/-/media/files/publications/economy/cpioct19.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

	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 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
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

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 Oct	0.7	1.9	1.5	10.4	-2.4	81.0
Nov	0.3	1.7	0.9	5.7	-4.1	64.7
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	N.A.	0.7	59.7

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

N.A.: Not available