



Consumer Price Developments in March 2020

Summary

- MAS Core Inflation fell to **-0.2%** on a year-on-year (y-o-y) basis in March, from **-0.1%** in February.
 - This was largely due to a steeper decline in the cost of services.
- Similarly, CPI-All Items inflation dipped to **0%** y-o-y in March, from **0.3%** in the previous month.
 - This mainly reflected a fall in the cost of private transport and a steeper decline in the cost of services.

Chart 1: MAS Core and CPI-All Items Inflation

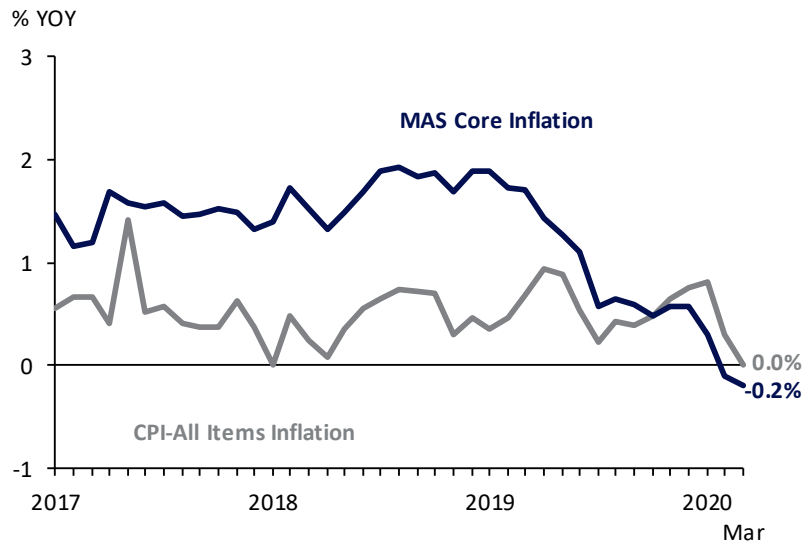
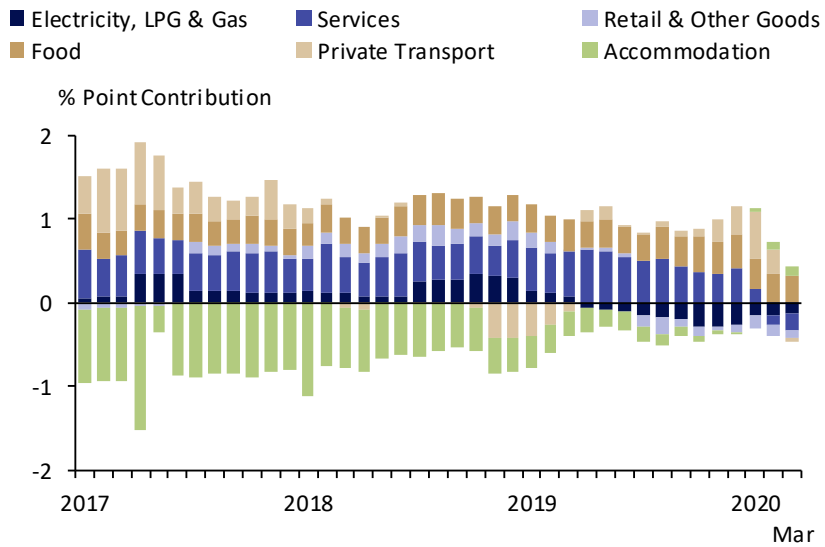


Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation

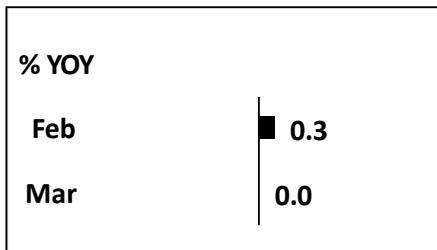


* Private transport and accommodation are excluded from the MAS Core Inflation series.

Source: MAS, MTI estimates

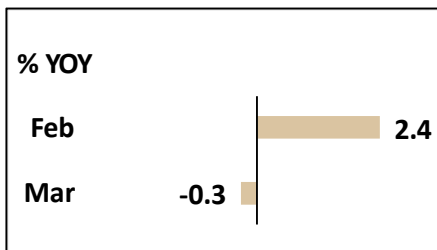
CPI-All Items inflation fell to 0% y-o-y in March

CPI-All Items



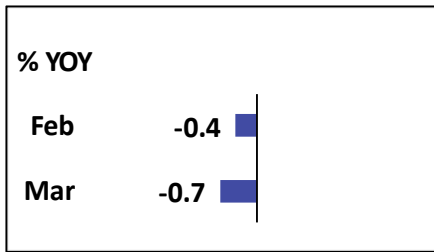
CPI-All Items inflation fell in March due to a decline in private transport costs and a larger drop in the cost of services.

Private Transport



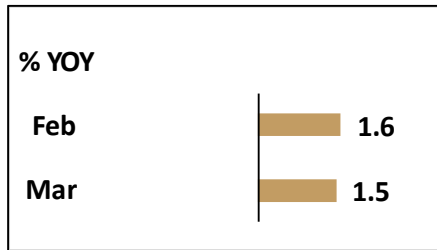
Private transport costs declined on the back of a fall in petrol prices and parking fees, as well as a smaller increase in the price of cars.

Services



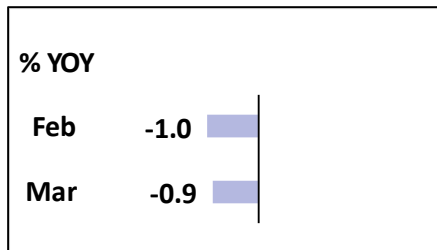
Lower costs for point-to-point transport services and telecommunication services, as well as larger declines in healthcare and holiday expenses drove the larger fall in services prices.

Food



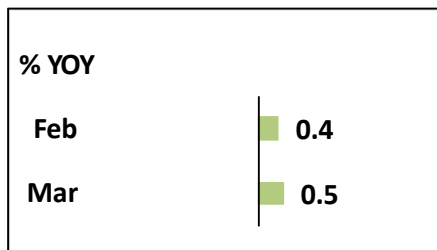
Food inflation edged down as the prices of restaurant food and non-cooked food recorded smaller increases.

Retail & Other Goods



The cost of retail & other goods fell at a slower pace on account of smaller price declines for recreational goods and medical products.

Accommodation



Accommodation costs registered a larger increase, in line with a stronger pickup in housing rentals.

Electricity & Gas



The pace of decline in the cost of electricity & gas eased as the Open Electricity Market (OEM) had a smaller dampening effect on electricity prices due to a slowdown in new take-up rates.

Outlook

In the quarters ahead, external sources of inflation are likely to remain benign amid weak global demand conditions. Oil prices should stay low for an extended period and will weigh on the prices of energy-related components in the CPI basket. At the same time, international measures to contain the COVID-19 outbreak have led to supply chain disruptions, which could put some upward pressure on imported food prices.

Prices of outbound travel-related items will decline given the sharp reduction in aviation and tourism activities globally. Domestically, the implementation of safe distancing measures and weaker labour market conditions will dampen consumer demand, thereby capping price increases for discretionary goods and services. Domestic cost pressures are likely to remain low as some degree of spare capacity in the economy emerges.

Inflation is thus expected to remain subdued. Both MAS Core Inflation and CPI-All Items inflation are forecast to average between -1% and 0% in 2020.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 April 2020

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.

MAS Core Inflation

The Monetary Authority of Singapore (MAS) monitors a core inflation measure that excludes the components of “Accommodation” and “Private 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 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.

CPI Statistics

Detailed CPI statistics can be found in the Department of Statistics' release titled "Singapore Consumer Price Index for March 2020". This release also contains further information on the various price indicators published.

<https://www.singstat.gov.sg/whats-new/latest-news/cpi-highlights>

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](https://www.mas.gov.sg/-/media/MAS/resource/publications/staff_papers/StaffPaperNo51.pdf)

Table A.1
Consumer Price Index of Key Categories
Index (2019=100)

	All Items	MAS Core	CPI Less Accommodation	CPI Less OOA	Food	Services	Retail & Other Goods	Electricity & Gas	Private Transport	Accommodation
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2019 Mar	99.972	100.030	99.801	99.980	99.700	99.820	100.616	103.846	98.564	100.580
Apr	99.753	100.027	100.302	99.717	99.667	100.171	100.413	99.372	101.788	97.802
May	100.325	99.879	100.255	100.410	99.779	99.838	100.468	98.223	102.282	100.574
Jun	100.038	99.899	99.881	100.058	99.862	100.104	99.799	97.430	99.787	100.595
Jul	99.587	99.881	99.794	99.503	99.947	99.944	99.433	100.718	99.325	98.853
Aug	100.209	99.961	100.079	100.252	100.163	100.021	99.386	100.044	100.715	100.672
Sep	100.147	99.936	99.988	100.170	100.297	99.795	99.719	99.540	100.272	100.711
Oct	99.930	100.013	100.204	99.901	100.433	100.031	99.732	96.636	101.236	98.957
Nov	100.254	99.952	100.107	100.285	100.459	99.854	99.872	96.387	100.944	100.775
Dec	100.445	100.253	100.333	100.504	100.615	100.591	99.291	96.167	100.765	100.842
2020 Jan	100.204	100.276	100.446	100.199	101.101	100.259	99.214	97.595	101.359	99.346
Feb	100.279	100.142	100.083	100.273	101.259	99.715	99.660	97.648	99.768	100.974
Mar	99.933	99.865	99.621	99.837	101.225	99.160	99.710	97.399	98.305	101.042

Note: For more information on the CPI items in the “Services” and “Retail & Other Goods” categories in this report, please refer to “MAS Core Inflation and Notes to Selected CPI Categories”. <https://www.mas.gov.sg/statistics>