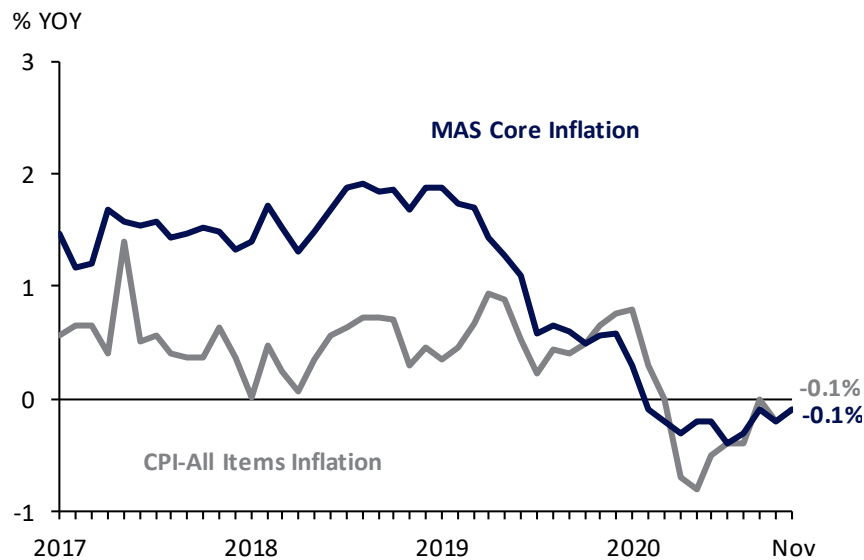


## Consumer Price Developments in November 2020

### Summary

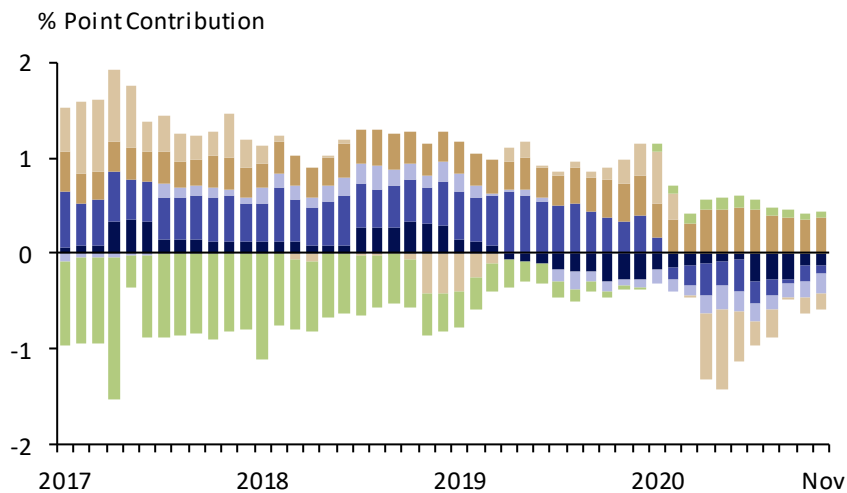
- Both MAS Core Inflation and CPI-All Items inflation came in at **-0.1%** on a year-on-year (y-o-y) basis in November, compared to **-0.2%** in October.
  - The slower rate of decline in November was mainly due to a smaller fall in the costs of services and electricity & gas, as well as higher food inflation.
  - Meanwhile, private transport and accommodation inflation stayed broadly unchanged in November compared to October.

**Chart 1: MAS Core and CPI-All Items Inflation**



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

■ Electricity, LPG & Gas     ■ Services     ■ Retail & Other Goods  
■ Food     ■ Private Transport     ■ Accommodation

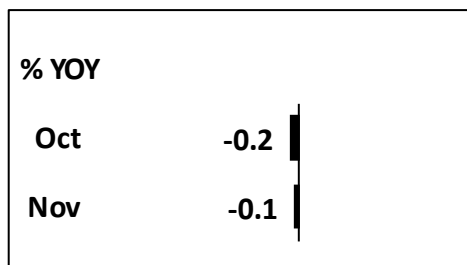


\* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

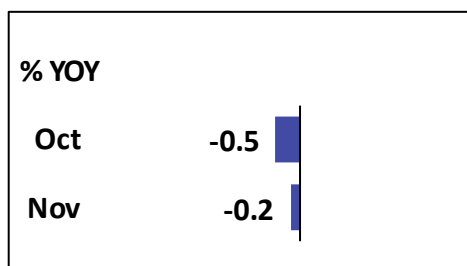
## CPI-All Items inflation was -0.1% y-o-y in November

### CPI-All Items



CPI-All Items fell at a more gradual pace on the back of a smaller reduction in the costs of services and electricity & gas, as well as a higher food inflation.

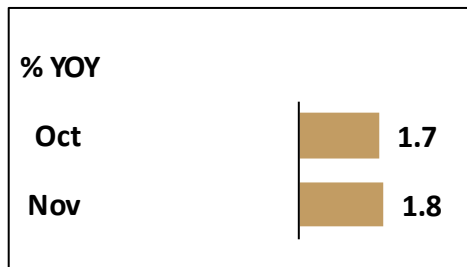
### Services



Services costs registered a more moderate fall in November, mainly due to a smaller decline in outpatient services fees and an increase in recreational & cultural services costs.<sup>1</sup>

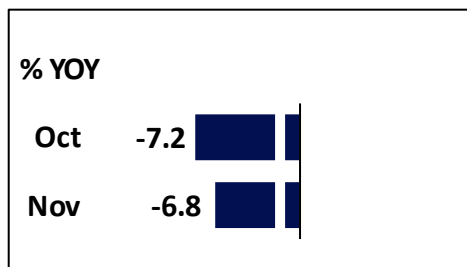
<sup>1</sup> The slower rate of decline in services costs was also driven by a smaller fall in airfares in November as compared to October. However, airfares (together with most of the components in the holiday expenses CPI) were imputed using the overall change in CPI-All Items as they have not been available since April 2020 due to international travel restrictions. For more details, please refer to the Technical Note in the Department of Statistics' release titled "Singapore Consumer Price Index for November 2020".

### Food



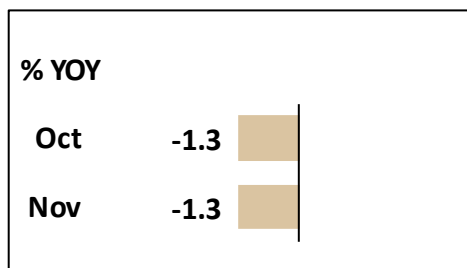
Food inflation edged up in November, primarily due to a steeper increase in the prices of non-cooked food and restaurant meals.

### Electricity & Gas



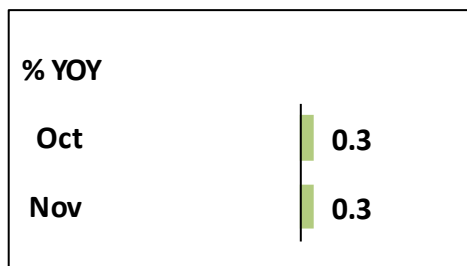
The cost of electricity & gas fell more modestly in November as targeted utilities rebates ceased in October 2020.<sup>2</sup>

### Private Transport



Private transport costs declined at the same pace as a larger increase in car prices was offset by a sharper fall in petrol costs.

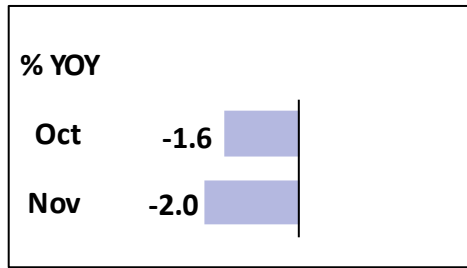
### Accommodation



Accommodation inflation remained unchanged as housing rents rose at a similar pace as in October.

<sup>2</sup> Keppel Electric offered a \$20 monthly rebate on the electricity bill of existing customers living in 1- and 2-room HDB flats for a period of 6 months from 1 May 2020. Similarly, City Gas offered a \$10 monthly rebate for the same duration to residents of 1- and 2-room HDB flats who use piped town gas. These rebates ended in October 2020.

## Retail & Other Goods



The cost of retail & other goods fell more sharply on account of a larger decline in the prices of clothing & footwear and a slower pace of increase in the cost of household durables.

## Outlook

In the quarters ahead, external inflation is likely to remain low amid weak demand conditions in key commodity markets and the persistence of negative output gaps in Singapore's major trading partners. On the domestic front, cost pressures are expected to stay subdued, with the accumulated slack in the labour market weighing on wages. Nevertheless, core inflation is forecast to turn mildly positive in 2021, as the disinflationary effects of government subsidies introduced this year fade and the demand for some domestic services gradually picks up.

Meanwhile, accommodation costs are expected to fall as rentals could soften, due in part to the decline in foreign employment. In comparison, private transport costs should rise modestly amid an anticipated reduction in the supply of Certificates of Entitlement (COEs) in 2021.

All in, both MAS Core Inflation and CPI-All Items inflation are forecast to come in between -0.5 and 0% in 2020. In 2021, MAS Core Inflation is expected to average 0–1%, while CPI-All Items inflation is projected to be between -0.5 and 0.5%.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 December 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 November 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
<b>Weights</b>	<b>10,000</b>	<b>6,582</b>	<b>7,803</b>	<b>8,250</b>	<b>2,110</b>	<b>3,173</b>	<b>1,111</b>	<b>188</b>	<b>1,221</b>	<b>2,197</b>
<b>2019 Nov</b>	100.254	99.952	100.107	100.285	100.459	99.854	99.872	96.387	100.944	100.775
<b>Dec</b>	100.445	100.253	100.333	100.504	100.615	100.591	99.291	96.167	100.765	100.842
<b>2020 Jan</b>	100.204	100.276	100.446	100.199	101.101	100.259	99.214	97.595	101.359	99.346
<b>Feb</b>	100.279	100.142	100.083	100.273	101.259	99.715	99.660	97.648	99.768	100.974
<b>Mar</b>	99.933	99.865	99.621	99.837	101.225	99.160	99.710	97.399	98.305	101.042
<b>Apr</b>	99.012	99.766	99.208	98.711	101.803	99.076	98.805	94.223	96.200	98.315
<b>May</b>	99.480	99.703	99.024	99.275	101.995	99.065	98.182	93.740	95.363	101.099
<b>Jun</b>	99.500	99.720	99.050	99.299	102.176	99.058	97.976	93.617	95.441	101.097
<b>Jul</b>	99.178	99.505	99.148	98.911	102.111	99.179	97.869	85.429	97.221	99.286
<b>Aug</b>	99.807	99.654	99.450	99.670	102.001	99.495	98.057	85.432	98.349	101.076
<b>Sep</b>	100.139	99.818	99.867	100.064	102.090	99.651	98.424	85.373	100.132	101.104
<b>Oct</b>	99.711	99.839	99.853	99.535	102.101	99.518	98.184	89.662	99.926	99.207
<b>Nov</b>	100.105	99.873	99.843	99.998	102.226	99.606	97.863	89.855	99.679	101.037

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>