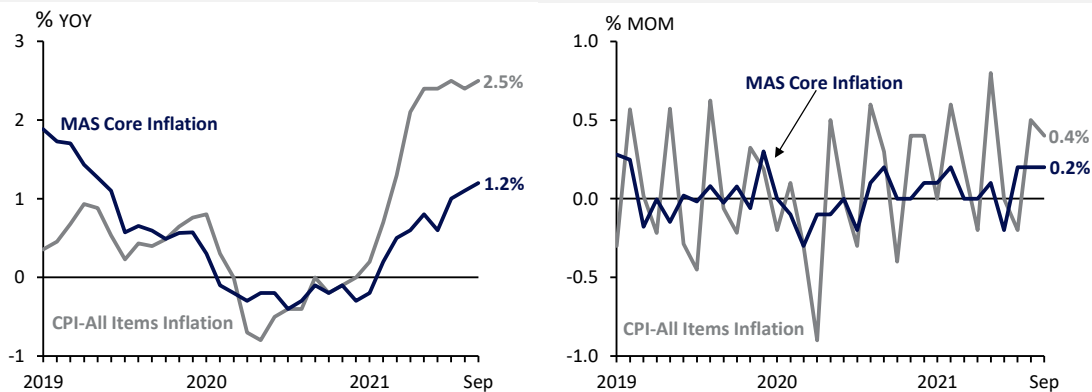


## Consumer Price Developments in September 2021

### Summary

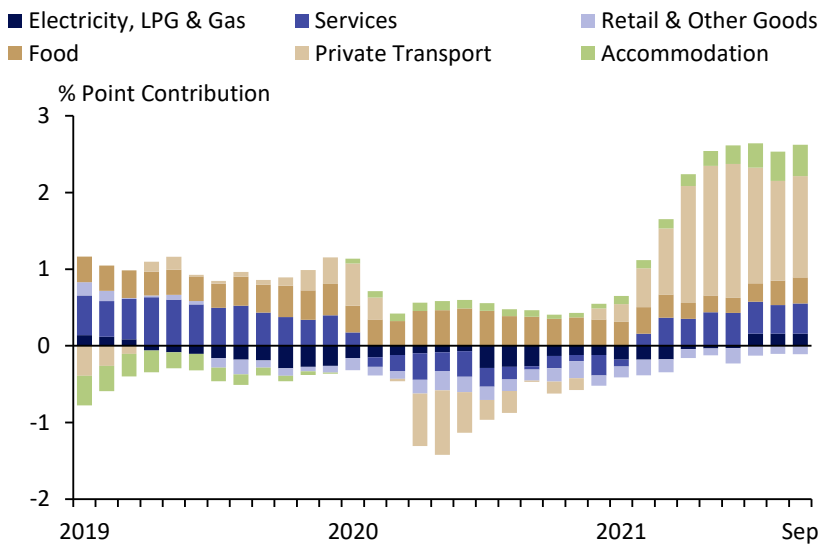
- MAS Core Inflation edged up to **1.2%** on a year-on-year (y-o-y) basis in September, from **1.1%** in August.
  - The increase was largely driven by higher food inflation.
- CPI-All Items inflation picked up slightly to **2.5%** y-o-y in September, from **2.4%** in August.
  - The rise reflected higher core and accommodation inflation.
- On a month-on-month (m-o-m) basis, core CPI rose by 0.2% in September, while CPI-All Items increased by 0.4%.<sup>1</sup>

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



<sup>1</sup> The m-o-m increase in CPI-All Items was primarily driven by a pickup in private transport costs as car prices rose strongly. Meanwhile, the m-o-m increase in core CPI was largely due to higher food prices and tuition & other fees.

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

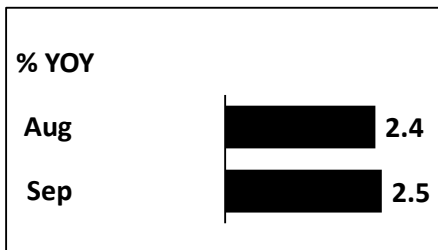


\* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

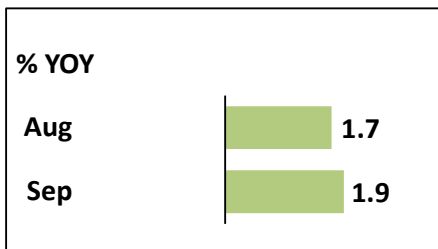
**CPI-All Items inflation edged up to 2.5% y-o-y in September.**

CPI-All Items



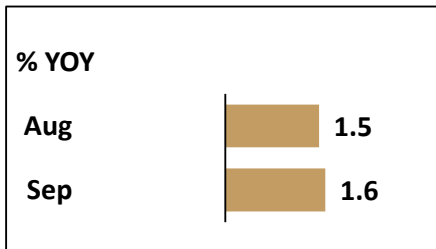
CPI-All Items inflation increased slightly, mainly on account of higher inflation for accommodation and food.

Accommodation



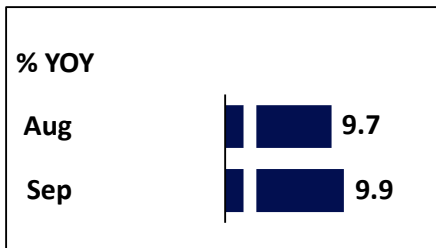
Accommodation costs picked up more strongly as housing rents rose at a faster rate.

### Food



Food inflation edged up as the prices of non-cooked food and prepared meals increased at a slightly faster pace.

### Electricity & Gas



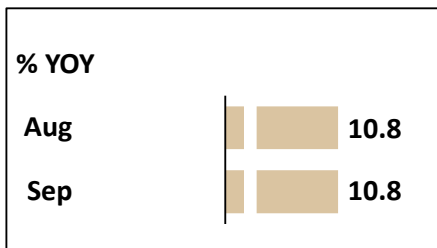
Electricity & gas costs rose more sharply on the back of the larger increase in average electricity prices paid by households under the Open Electricity Market (OEM).

### Services



Services inflation was stable as the pickup in inflation for holiday expenses<sup>2</sup> and hospital services was broadly offset by lower inflation for point-to-point transport services and recreational & cultural services.

### Private Transport



Private transport inflation remained unchanged as car prices rose at a pace similar to that in August. While there was a stronger price increase for motorcycles, it was broadly balanced out by the steeper decline in other private transport costs.

<sup>2</sup> As overseas travel remained limited in September, holiday expenses CPI was still largely imputed using the overall change in CPI-All Items, in line with international practice. Hence, the CPI for holiday expenses do not fully reflect the actual price changes for these services. For more details, please refer to the Technical Note in the Department of Statistics' release titled "Singapore Consumer Price Index for September 2021".

### Retail & Other Goods



The cost of retail & other goods fell at the same pace as the smaller drop in the prices of clothing & footwear was broadly offset by lower inflation for personal effects and the larger decline in the prices of non-durable household goods.

## Outlook

Global inflation has remained elevated and is likely to persist for some time. Notably, crude oil prices rose recently on the back of the OPEC+ decision to keep supply increases modest, while demand for oil also picked up following the rally in global natural gas prices. The supply-demand mismatch in various commodities and goods markets, as well as bottlenecks in global transportation, are likely to continue in the near term. As the global and regional recoveries progress, underlying inflation in Singapore's major trading partners should also gradually increase.

On the domestic front, as Singapore transits towards managing COVID-19 as an endemic norm, the domestic labour market recovery should continue. Wages have picked up and is anticipated to rise at a steady pace as slack in the labour market dissipates. As the domestic COVID-19 situation stabilises, consumer demand should pick up, allowing greater pass-through of accumulating business costs to consumer prices.

Rising imported and labour costs, alongside the recovery in domestic economic activity, will support a steady increase in core inflation in the quarters ahead. For 2021 as a whole, MAS Core Inflation will come in near the upper end of the 0–1% forecast range and is projected to increase further to 1–2% in 2022. CPI-All Items inflation is forecast to come in around 2% this year and average 1.5–2.5% next year. Amid construction delays, accommodation inflation should remain firm and continue to support CPI-All Items inflation in 2022. Meanwhile, private transport inflation is likely to moderate next year on the back of a slower pace of increase in COE premiums and petrol costs.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

25 October 2021

## **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 September 2021". 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>2020 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
<b>Dec</b>	100.469	99.977	100.286	100.418	102.253	99.743	98.070	89.686	101.949	101.119
<b>2021 Jan</b>	100.440	100.121	100.611	100.354	102.579	99.966	97.934	88.085	103.249	99.834
<b>Feb</b>	101.015	100.321	100.891	101.034	102.900	100.212	97.804	88.085	103.959	101.457
<b>Mar</b>	101.239	100.357	101.138	101.271	102.657	100.319	98.190	87.984	105.350	101.597
<b>Apr</b>	101.070	100.368	101.651	101.021	102.776	100.175	97.756	92.006	108.567	99.007
<b>May</b>	101.883	100.508	101.861	101.962	103.026	100.435	97.372	92.002	109.159	101.960
<b>Jun</b>	101.870	100.314	101.777	101.889	103.104	100.407	96.176	91.921	109.661	102.201
<b>Jul</b>	101.672	100.542	101.940	101.577	103.246	100.476	96.723	93.865	109.477	100.721
<b>Aug</b>	102.231	100.784	102.071	102.190	103.509	100.674	97.113	93.726	109.006	102.801
<b>Sep</b>	102.657	101.012	102.566	102.663	103.725	100.886	97.433	93.844	110.944	102.979

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>