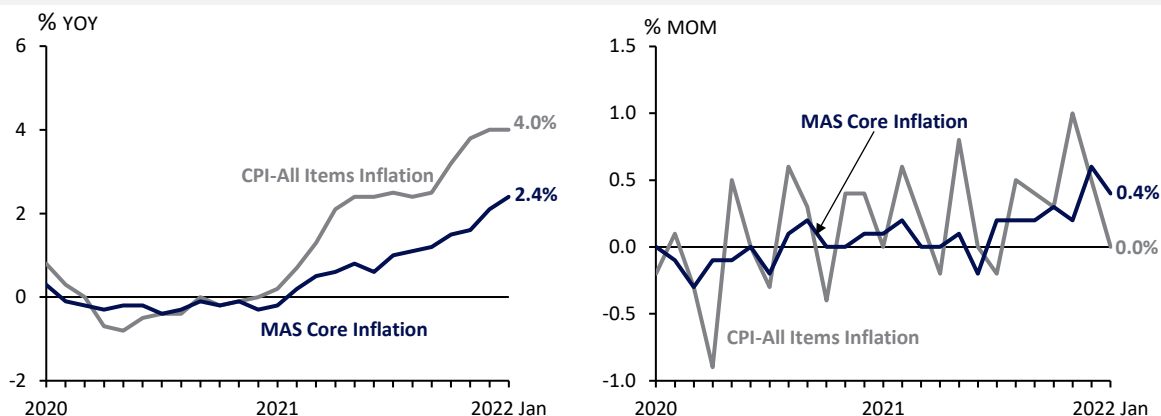


## Consumer Price Developments in January 2022

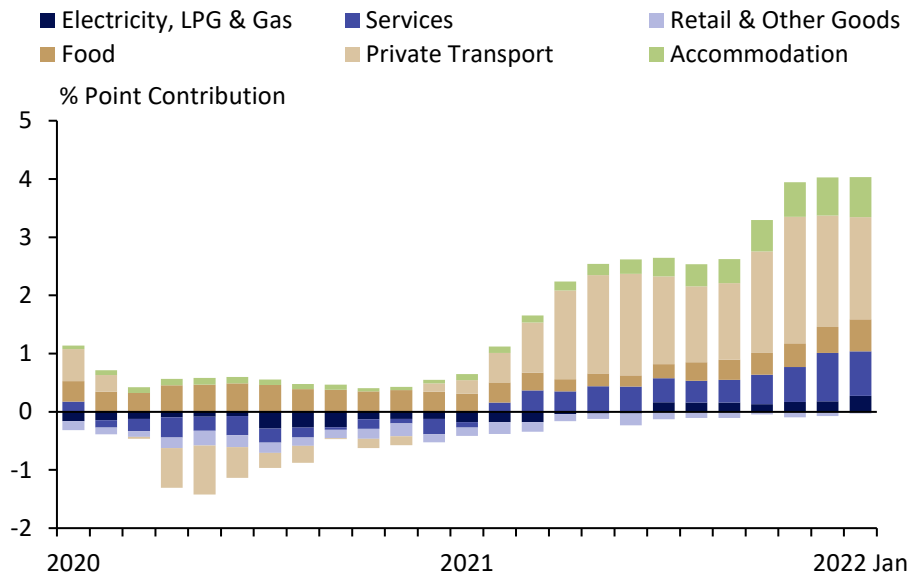
### Summary

- MAS Core Inflation rose to **2.4%** on a year-on-year (y-o-y) basis in January 2022, from **2.1%** in December 2021.
  - This was driven by higher inflation for food and electricity & gas, as well as a slower pace of decline in the cost of retail & other goods.
- CPI-All Items inflation came in at **4.0%** y-o-y in January, unchanged from the preceding month.
  - This was due to a moderation in private transport inflation offsetting higher core and accommodation inflation.
- On a month-on-month (m-o-m) basis, CPI-All Items remained the same (i.e., **0.0%**) while core CPI picked up by **0.4%** in January.

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



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

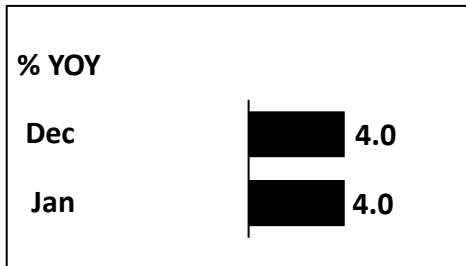


\* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

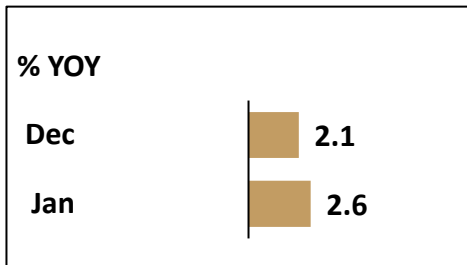
**CPI-All Items inflation remained at 4.0% y-o-y in January.**

**CPI-All Items**



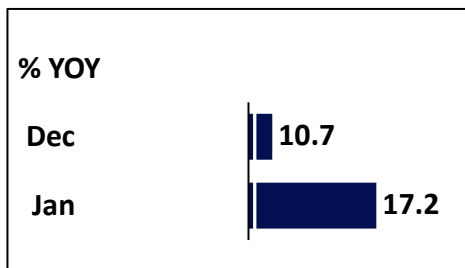
CPI-All Items inflation was unchanged, as lower private transport inflation offset the increase in core and accommodation inflation.

**Food**



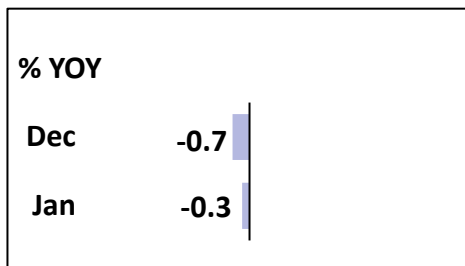
Food inflation picked up, reflecting higher inflation for both non-cooked food and prepared meals.

### Electricity & Gas



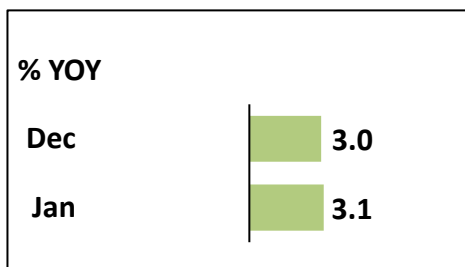
Electricity & gas inflation rose due to a steeper increase in electricity and gas tariffs.<sup>1</sup>

### Retail & Other Goods



The cost of retail & other goods fell at a slower pace as the prices of clothing & footwear and personal care products registered smaller declines, while that of medical products and household durables picked up more strongly.

### Accommodation



Accommodation inflation edged up due to a larger increase in housing rents.

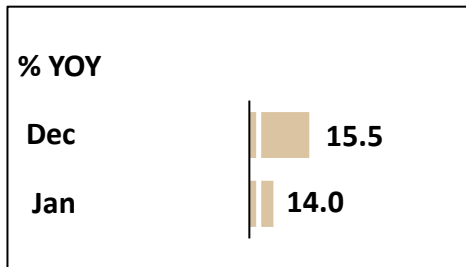
<sup>1</sup> Due to higher fuel costs, the electricity tariff for households (inclusive of GST) was raised to 27.22 cents per kilowatt hour (kWh) for Q1 2022, from 25.80 cents per kWh in the preceding quarter. Similarly, the gas tariff for households (inclusive of GST) was revised upwards to 21.62 cents per kWh from 20.37 cents per kWh over the same period. On a y-o-y basis, the electricity tariff rose by 22.6% in January, while the gas tariff increased by 17.3%.

## Services



Services inflation dipped as inflation for holiday expenses and airfares<sup>2</sup> fell, while telecommunication services fees declined more sharply. The pace of increase in domestic & household services costs also eased.

## Private Transport



Private transport inflation fell on account of a smaller increase in car prices.

<sup>2</sup>

With the introduction of Vaccinated Travel Lane (VTL) flights, the actual airfares for such flights are being progressively incorporated into the CPI, compared to the previous approach of imputing them using the overall change in CPI-All Items when there were no flights due to COVID-19. Airfares CPI fell sequentially in January, reflecting a moderation in base fares as well as lower cost of mandatory COVID-19 tests arising from the relaxation of testing requirements under the VTLs. This led to the smaller y-o-y increase in the cost of airfares in January as compared to December 2021. Nonetheless, as overseas travel was still limited, the airfares CPI for January remained largely imputed. For more details, please refer to the Technical Note in the Department of Statistics' release titled "Singapore Consumer Price Index for January 2022".

## Outlook

Global inflation has risen further recently and could stay high for some time before easing in the latter half of the year. In the near term, heightened geopolitical risks and tight supply conditions will keep crude oil prices elevated. Bottlenecks in global transportation and labour shortages in a number of Singapore's major trading partners are also likely to persist. While ongoing external supply constraints should ease in the second half of 2022, leading to some moderation in imported inflation, there remain upside risks to inflation from pandemic-related and geopolitical shocks that could further disrupt global supply chains.

The domestic labour market should continue to tighten and lead to strengthened wage pressures over the course of the year. Cost increases are likely to filter through to higher services prices as private consumption picks up. For the non-core CPI components, car and accommodation cost increases are likely to remain robust in the near term, keeping headline inflation elevated.

All in, MAS Core Inflation is forecast to pick up further in the near term, and could reach 3% by the middle of the year before easing in the second half of 2022 as external inflation recedes. Rising cost of air travel is expected to account for a significant part of the increase in core inflation in the near term. For 2022 as a whole, MAS Core Inflation is projected to average 2–3% while CPI-All Items inflation is forecast to come in within 2.5–3.5%.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 February 2022

## **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 January 2022". 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/-](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>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       |
| <b>Oct</b>      | 102.950       | 101.296      | 103.310                | 102.927      | 103.874      | 101.102      | 97.745               | 96.638            | 114.168           | 101.670       |
| <b>Nov</b>      | 103.959       | 101.516      | 104.021                | 104.079      | 104.147      | 101.505      | 97.011               | 98.834            | 117.520           | 103.740       |
| <b>Dec</b>      | 104.439       | 102.084      | 104.529                | 104.569      | 104.373      | 102.368      | 97.392               | 99.326            | 117.712           | 104.119       |
| <b>2022 Jan</b> | 104.472       | 102.516      | 104.897                | 104.515      | 105.197      | 102.384      | 97.678               | 103.199           | 117.734           | 102.963       |

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>



**Table A.2**  
**YOY Inflation for Key CPI Categories**

|                 | 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>2021 Jan</b> | 0.2           | -0.2         | 0.2                    | 0.2          | 1.5          | -0.3         | -1.3                 | -9.7              | 1.9               | 0.5           |
| <b>Feb</b>      | 0.7           | 0.2          | 0.8                    | 0.8          | 1.6          | 0.5          | -1.9                 | -9.8              | 4.2               | 0.5           |
| <b>Mar</b>      | 1.3           | 0.5          | 1.5                    | 1.4          | 1.4          | 1.2          | -1.5                 | -9.7              | 7.2               | 0.5           |
| <b>Apr</b>      | 2.1           | 0.6          | 2.5                    | 2.3          | 1.0          | 1.1          | -1.1                 | -2.4              | 12.9              | 0.7           |
| <b>May</b>      | 2.4           | 0.8          | 2.9                    | 2.7          | 1.0          | 1.4          | -0.8                 | -1.9              | 14.5              | 0.9           |
| <b>Jun</b>      | 2.4           | 0.6          | 2.8                    | 2.6          | 0.9          | 1.4          | -1.8                 | -1.8              | 14.9              | 1.1           |
| <b>Jul</b>      | 2.5           | 1.0          | 2.8                    | 2.7          | 1.1          | 1.3          | -1.2                 | 9.9               | 12.6              | 1.4           |
| <b>Aug</b>      | 2.4           | 1.1          | 2.6                    | 2.5          | 1.5          | 1.2          | -1.0                 | 9.7               | 10.8              | 1.7           |
| <b>Sep</b>      | 2.5           | 1.2          | 2.7                    | 2.6          | 1.6          | 1.2          | -1.0                 | 9.9               | 10.8              | 1.9           |
| <b>Oct</b>      | 3.2           | 1.5          | 3.5                    | 3.4          | 1.7          | 1.6          | -0.4                 | 7.8               | 14.3              | 2.5           |
| <b>Nov</b>      | 3.8           | 1.6          | 4.2                    | 4.1          | 1.9          | 1.9          | -0.9                 | 10.0              | 17.9              | 2.7           |
| <b>Dec</b>      | 4.0           | 2.1          | 4.2                    | 4.1          | 2.1          | 2.6          | -0.7                 | 10.7              | 15.5              | 3.0           |
| <b>2022 Jan</b> | 4.0           | 2.4          | 4.3                    | 4.1          | 2.6          | 2.4          | -0.3                 | 17.2              | 14.0              | 3.1           |