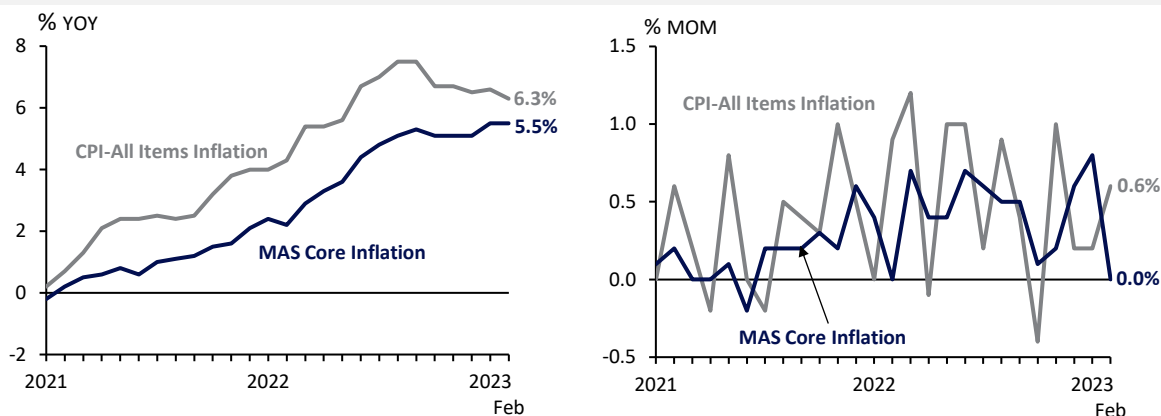


Consumer Price Developments in February 2023

Summary

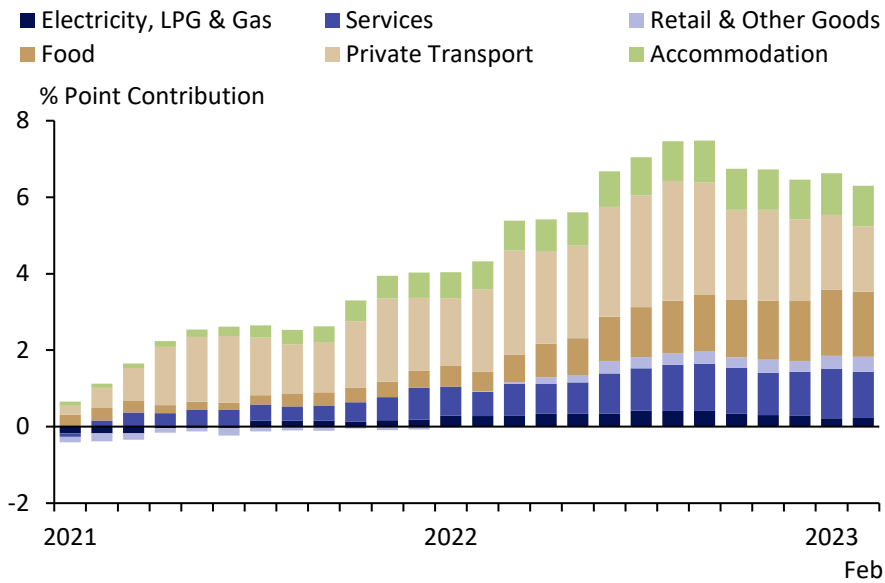
- MAS Core Inflation came in at **5.5%** on a year-on-year (y-o-y) basis in February, unchanged from January. On a month-on-month (m-o-m) basis, core inflation eased to **0%**, from **0.8%** in January when prices adjusted to the GST hike.
 - On a y-o-y basis, core inflation was unchanged as lower services inflation was broadly offset by higher inflation for retail & other goods and electricity & gas.
- CPI-All Items inflation fell to **6.3%** y-o-y in February, from **6.6%** in January.
 - This was mainly driven by lower private transport inflation.
 - On a m-o-m basis, CPI-All Items rose by **0.6%**, compared to **0.2%** in the preceding month.¹

Chart 1: MAS Core and CPI-All Items Inflation



¹ The m-o-m increase in CPI-All Items in February was driven by higher private transport and accommodation costs. The former reflected higher car prices, while the latter was largely due to Service & Conservancy Charges (S&CC) rebates being disbursed to households living in HDB flats in January, but not in February.

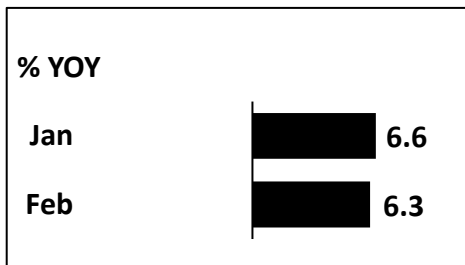
Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation



* Private transport and accommodation are excluded from the MAS Core Inflation measure.
Source: MAS, MTI estimates

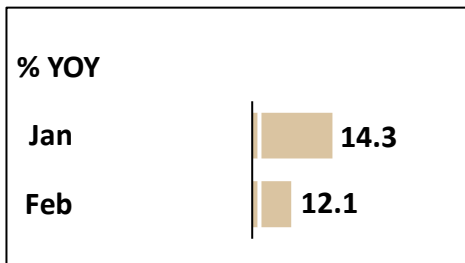
CPI-All Items inflation fell to 6.3% y-o-y in February.

CPI-All Items



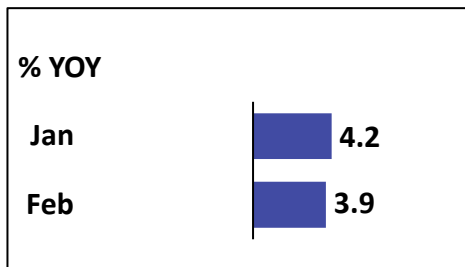
CPI-All Items inflation eased, mainly on account of lower private transport inflation.

Private Transport



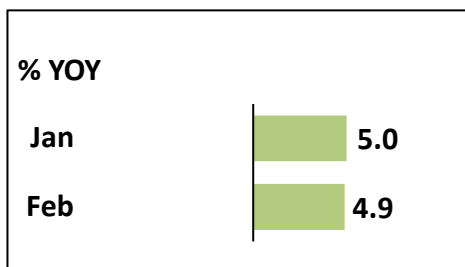
Private transport inflation slowed due to a smaller increase in car prices and a decline in petrol prices.

Services



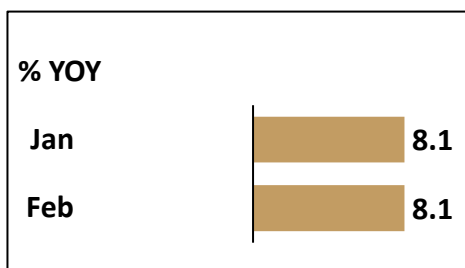
Services inflation moderated on the back of lower airfares.

Accommodation



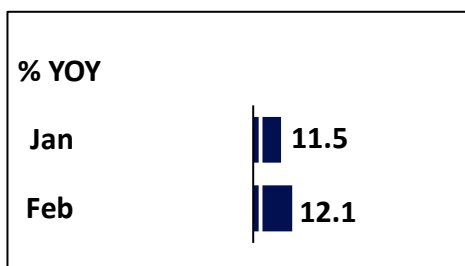
Accommodation inflation edged down as housing rents rose at a slower pace.

Food



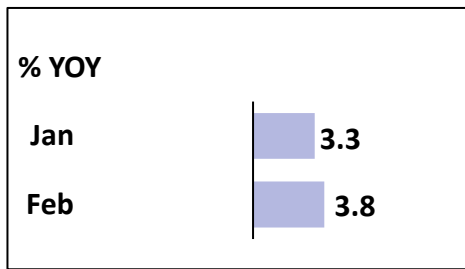
Food inflation was unchanged as a steeper increase in non-cooked food prices was offset by a smaller increase in the prices of prepared meals.

Electricity & Gas



Electricity & gas inflation picked up on the back of a larger increase in electricity costs.

Retail & Other Goods



Retail & other goods inflation rose due to the step-up in tobacco excise duty and a faster pace of increase in the prices of personal care products and recreational & cultural goods.

Outlook

Demand conditions in the major advanced economies have softened and global supply chain frictions have eased. More recently, prices of energy commodities have declined. However, global food commodity prices remain elevated and core inflation in the major advanced economies is still high. Growth in Asia is also expected to be resilient, thereby supporting regional inflation. Singapore's non-oil import prices could therefore remain relatively firm for some time.

On the domestic front, unit labour costs are expected to increase further in the near term. Amid resilient demand, businesses are expected to continue to pass through accumulated import, labour and other costs to consumer prices. Meanwhile, car and accommodation cost increases are likely to stay firm in the quarters ahead on the back of tight COE quotas for cars and strong demand for rental housing, respectively.

Taking into account all factors, MAS Core Inflation is expected to stay above 5% y-o-y in Q1 2023, as previously projected.² It will remain elevated in H1 2023 before slowing more discernibly in H2 2023 as the current tightness in the domestic labour market eases and global inflation moderates.

For 2023 as a whole, headline and core inflation are projected to average 5.5–6.5% and 3.5–4.5%, respectively. Excluding the transitory effects of the 1%-point increase in the GST to 8%, headline and core inflation are expected to come in at 4.5–5.5% and 2.5–3.5%, respectively. There are upside risks to the inflation outlook, including from fresh shocks to global commodity prices and more persistent-than-expected external and domestic sources of inflation.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 March 2023

² Please refer to the October 2022 MAS *Macroeconomic Review*, Chapter 4, Page 69.
(<https://www.mas.gov.sg/publications/macroeconomic-review/2022/volume-xxi-issue-2-oct-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 February 2023". 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
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2022 Feb	105.379	102.520	105.547	105.552	105.299	102.255	97.951	102.832	121.861	104.783
Mar	106.691	103.240	107.117	107.048	106.057	102.973	98.588	103.615	128.017	105.178
Apr	106.547	103.704	107.580	106.760	107.028	102.655	99.308	110.097	128.473	102.879
May	107.598	104.087	108.039	107.943	107.685	103.052	99.164	110.273	129.347	106.030
Jun	108.671	104.764	109.287	109.135	108.700	103.775	99.168	110.336	133.670	106.482
Jul	108.836	105.370	109.819	109.205	109.535	104.033	99.414	116.394	133.799	105.345
Aug	109.863	105.891	110.488	110.329	110.164	104.544	99.899	116.090	135.265	107.644
Sep	110.339	106.387	110.976	110.804	110.889	104.872	100.495	116.254	135.717	108.075
Oct	109.893	106.496	110.791	110.170	111.255	105.007	100.265	115.020	133.947	106.702
Nov	110.959	106.719	111.575	111.393	111.759	105.128	100.221	115.380	137.755	108.770
Dec	111.186	107.316	111.790	111.609	112.182	106.111	100.103	115.666	135.911	109.040
2023 Jan	111.397	108.195	112.313	111.733	113.743	106.669	100.861	115.037	134.513	108.142
Feb	112.019	108.173	112.622	112.444	113.818	106.270	101.676	115.321	136.608	109.876

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
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2022 Feb	4.3	2.2	4.6	4.5	2.3	2.0	0.2	16.7	17.2	3.3
Mar	5.4	2.9	5.9	5.7	3.3	2.6	0.4	17.8	21.5	3.5
Apr	5.4	3.3	5.8	5.7	4.1	2.5	1.6	19.7	18.3	3.9
May	5.6	3.6	6.1	5.9	4.5	2.6	1.8	19.9	18.5	4.0
Jun	6.7	4.4	7.4	7.1	5.4	3.4	3.1	20.0	21.9	4.2
Jul	7.0	4.8	7.7	7.5	6.1	3.5	2.8	24.0	22.2	4.6
Aug	7.5	5.1	8.2	8.0	6.4	3.8	2.9	23.9	24.1	4.7
Sep	7.5	5.3	8.2	7.9	6.9	4.0	3.1	23.9	22.3	4.9
Oct	6.7	5.1	7.2	7.0	7.1	3.9	2.6	19.0	17.3	4.9
Nov	6.7	5.1	7.3	7.0	7.3	3.6	3.3	16.7	17.2	4.8
Dec	6.5	5.1	6.9	6.7	7.5	3.7	2.8	16.5	15.5	4.7
2023 Jan	6.6	5.5	7.1	6.9	8.1	4.2	3.3	11.5	14.3	5.0
Feb	6.3	5.5	6.7	6.5	8.1	3.9	3.8	12.1	12.1	4.9