

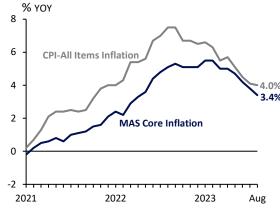


Consumer Price Developments in August 2023

Summary

- MAS Core Inflation moderated to 3.4% on a year-on-year (y-o-y) basis in August, from 3.8% in July.
 - o This reflected lower inflation for services, food and retail & other goods.
- CPI-All Items inflation eased to **4.0%** y-o-y in August, from **4.1%** in July.
 - This was due to declines in core and accommodation inflation, which more than offset an increase in private transport inflation.
- On a month-on-month (m-o-m) basis, core CPI rose by **0.1%** in August, on account of higher costs of food and services. CPI-All Items increased by **0.9%** over the same period as accommodation and private transport costs picked up.





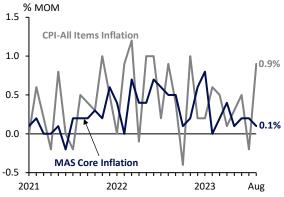
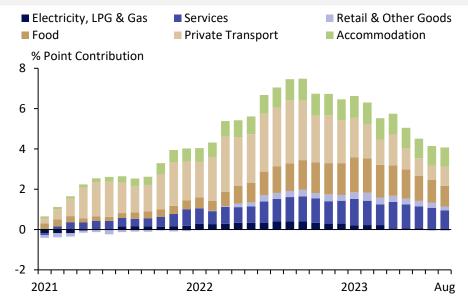


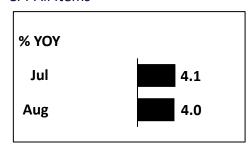
Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation



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

CPI-All Items inflation eased to 4.0% y-o-y in August.

CPI-All Items



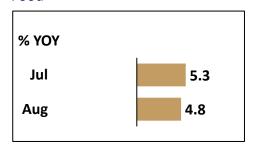
CPI-All Items inflation edged down as lower inflation for services, food, retail & other goods and accommodation more than offset higher private transport inflation.

Services



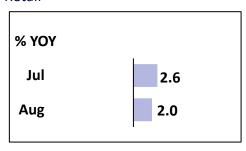
Services inflation declined on the back of smaller increases in holiday expenses, telecommunication services and recreational & cultural services costs, as well as a larger decline in airfares.

Food



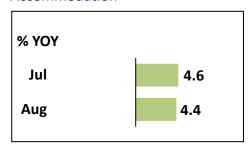
Food inflation moderated as the prices of prepared meals and non-cooked food rose more slowly.

Retail



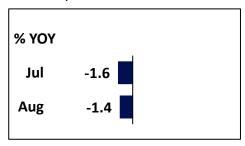
Retail & other goods inflation eased due to smaller price increases for household durables, and a fall in the prices of clothing & footwear.

Accommodation



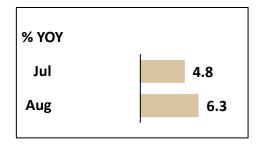
Accommodation inflation edged down as the pace of increase in housing rents eased.

Electricity & Gas



Electricity & gas costs continued to fall, albeit at a slower pace.

Private transport



Private transport inflation picked up as car prices saw a steeper increase while petrol prices recorded a smaller decline.

Outlook

Global supply chain frictions have largely eased, and food commodity prices remain below

year-ago levels. Consumer price inflation in Singapore's major trading partners has also been

on a gradual moderating trend. Thus, the prices of Singapore's imported goods overall have

continued to decline in year-on-year terms, notwithstanding increases in oil prices since July.

On the domestic front, unit labour costs are expected to rise further in the near term, though

at a slower pace. Businesses are likely to continue passing through higher labour costs to

consumer prices, albeit more gradually amid the slowdown in domestic economic activity.

Taking into account all factors, MAS Core Inflation is expected to moderate further over the

next few months as imported costs stay low compared to year-ago levels and the current

tightness in the domestic labour market eases.

Meanwhile, private transport inflation is expected to pick up in the near term, in view of

sustained strong demand for cars. Accommodation inflation should continue to moderate

over the course of the year, given the ramp-up in the supply of housing units available for

rental.

For 2023 as a whole, headline and core inflation are projected to average 4.5-5.5% 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 3.5–4.5% and 2.5–3.5%

respectively. Upside risks remain, including from fresh shocks to global energy and food

commodity prices and more persistent-than-expected tightness in the domestic labour

market. At the same time, there are also downside risks such as a sharper-than-projected

slowdown in the global economy which could induce a greater easing of inflationary pressures.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

25 September 2023

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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 August 2023". This release also contains further information on the various price indicators published.

https://www.singstat.gov.sq/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.sq/-

/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 CPI Less Food **Services** Retail & **Electricity Private** Accommo **Accommo** OOA Other & Gas dation **Transport** dation Goods Weights 10,000 6,582 7,803 8,250 2,110 3,173 1,111 188 1,221 2,197 110.329 99.899 109.863 105.891 110.488 110.164 104.544 116.090 135.265 107.644 **2022** Aug Sep 106.387 110.976 110.804 110.889 108.075 110.339 104.872 100.495 116.254 135.717 Oct 109.893 106.496 110.791 110.170 111.255 105.007 100.265 115.020 133.947 106.702 111.575 111.393 111.759 110.959 106.719 105.128 100.221 115.380 137.755 108.770 Nov 107.316 111.790 111.609 112.182 106.111 100.103 135.911 109.040 Dec 111.186 115.666 2023 Jan 111.397 108.195 112.313 111.733 113.743 106.669 100.861 115.037 134.513 108.142 Feb 112.019 108.173 112.622 112.444 113.818 106.270 101.676 115.321 136.608 109.876 108.441 113.233 113.035 114.243 Mar 112.583 106.424 101.858 116.237 139.066 110.274 Apr 112.669 108.856 114.019 113.058 114.636 107.085 102.214 113.105 141.854 107.873 108.957 113.615 113.422 115.061 107.072 138.723 113.034 101.918 113.890 110.971 May 114.219 114.002 109.163 107.513 111.293 Jun 113.576 115.101 101.811 113.784 141.475 Jul 113.309 109.383 114.202 113.562 115.293 107.744 101.976 114.494 140.174 110.139 114.303 109.465 114.845 114.685 115.479 107.829 101.874 143.849 114.415 112.378 Aug

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 Accommo dation	CPI Less OOA	Food	Services	Retail & Other Goods	Electricity & Gas	Private Transport	Accommo dation
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2022 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
Mar	5.5	5.0	5.7	5.6	7.7	3.4	3.3	12.2	8.6	4.8
Apr	5.7	5.0	6.0	5.9	7.1	4.3	2.9	2.7	10.4	4.9
May	5.1	4.7	5.2	5.1	6.8	3.9	2.8	3.3	7.2	4.7
Jun	4.5	4.2	4.5	4.5	5.9	3.6	2.7	3.1	5.8	4.5
Jul	4.1	3.8	4.0	4.0	5.3	3.6	2.6	-1.6	4.8	4.6
Aug	4.0	3.4	3.9	3.9	4.8	3.1	2.0	-1.4	6.3	4.4