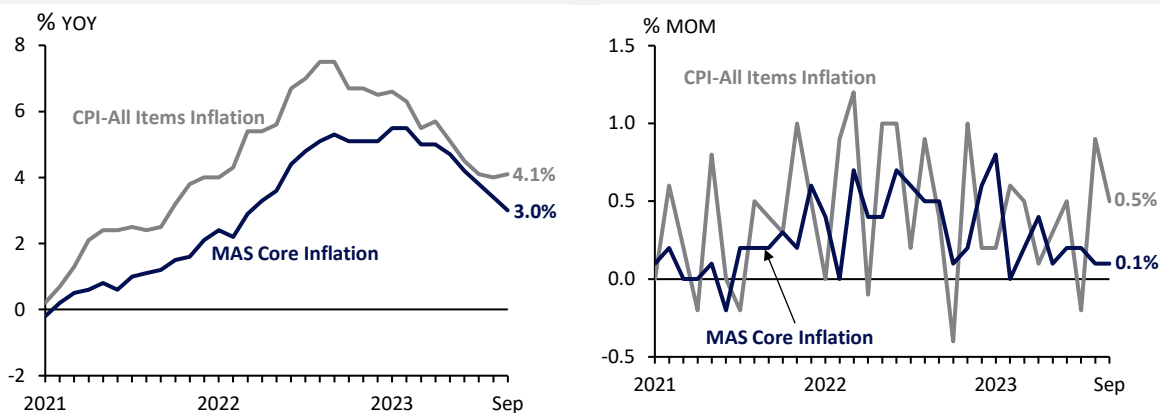


## Consumer Price Developments in September 2023

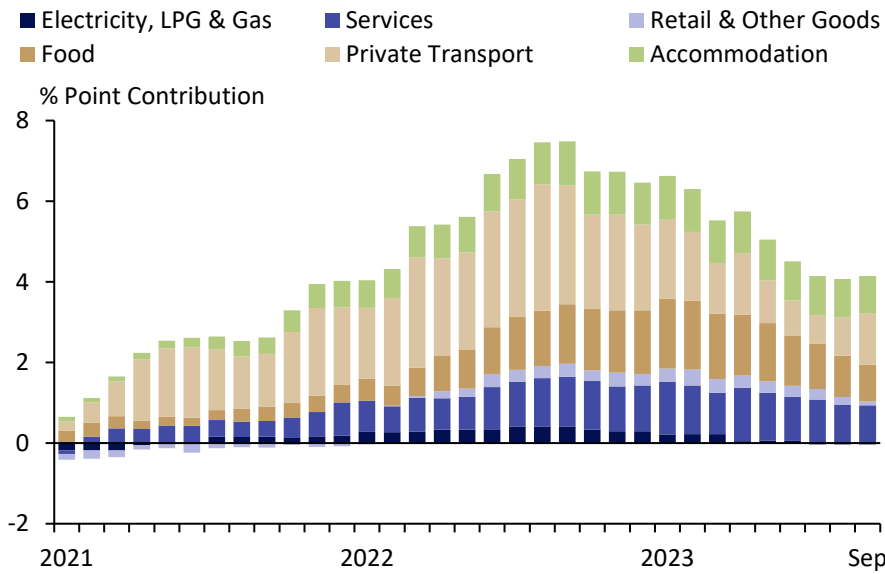
### Summary

- MAS Core Inflation eased to **3.0%** on a year-on-year (y-o-y) basis in September, from **3.4%** in August.
  - This was largely driven by lower inflation for food and retail & other goods.
- CPI-All Items inflation edged up to **4.1%** y-o-y in September, from **4.0%** in August.
  - This reflected a pickup in private transport inflation which more than offset the decline in core and accommodation inflation.
- On a month-on-month (m-o-m) basis, core CPI rose by **0.1%** in September, as the costs of services and food picked up. At the same time, CPI-All Items increased by **0.5%**, mainly due to higher private transport costs.

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



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

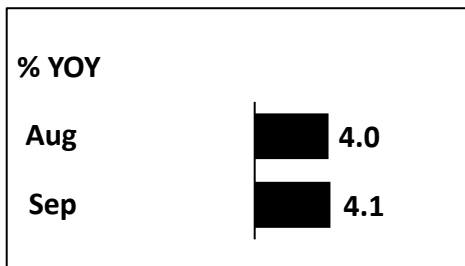


\* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

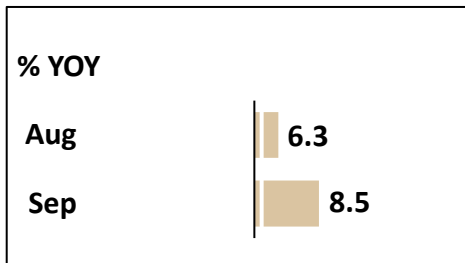
**CPI-All Items inflation rose to 4.1% y-o-y in September.**

**CPI-All Items**



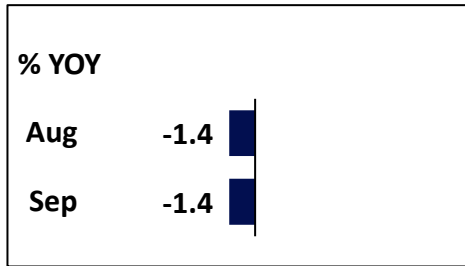
CPI-All Items inflation edged up as higher private transport inflation more than offset lower inflation for food, retail & other goods and accommodation.

**Private Transport**



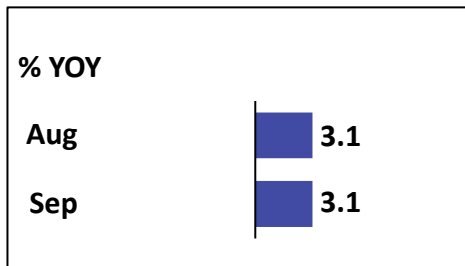
Private transport inflation rose on account of a faster pace of increase in car prices and a pickup in petrol prices.

### Electricity & Gas



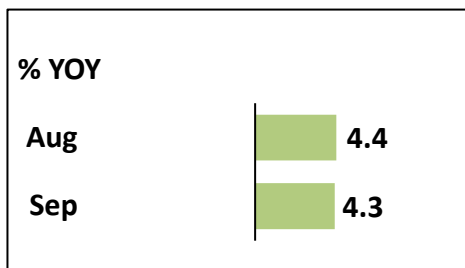
Electricity & gas costs fell at the same rate as in the previous month, as a smaller decline in electricity prices was broadly offset by a steeper fall in gas prices.

### Services



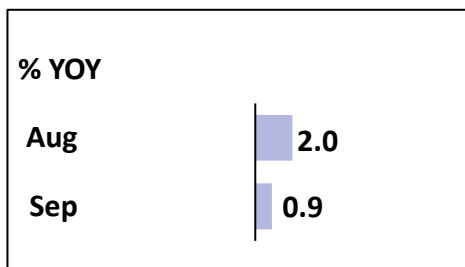
Services inflation was unchanged as a larger increase in the cost of telecommunication services was offset by a smaller pickup in holiday expenses.

### Accommodation



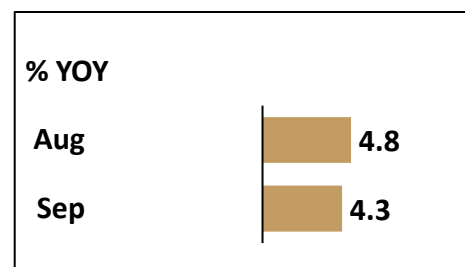
Accommodation inflation edged down as the pace of increase in housing rents moderated.

### Retail & Other Goods



Retail & other goods inflation slowed as the prices of personal care and medical goods registered smaller increases, while the costs of clothing & footwear and personal effects fell.

### Food



Food inflation dipped as the prices of non-cooked food and prepared meals rose at a slower pace.

## Outlook

Although crude oil prices have risen in recent months, global prices for most food commodities, as well as for intermediate and final manufactured goods, have continued to moderate. The stronger S\$ trade-weighted exchange rate should also further temper Singapore's import cost pressures in the quarters ahead.

On the domestic front, unit labour costs are expected to rise at a slower pace alongside the gradually cooling labour market. Businesses are likely to continue passing through higher labour costs to consumer prices, but at a more gradual pace.

MAS Core Inflation is projected to edge down to between 2.5–3.0% y-o-y by December, notwithstanding some monthly volatility from electricity & gas prices. In early 2024, core inflation is expected to be impacted by the increase in the GST rate as well as seasonal effects. However, core inflation should resume a broadly moderating trend over 2024, as import cost pressures decline and tightness in the domestic labour market continues to ease.

CPI-All Items inflation is likely to rise further in the coming months as a result of higher COE premiums. Nonetheless, private transport inflation should slowly moderate over the course of next year alongside an expected increase in COE quotas. Accommodation inflation is also projected to ease as the supply of completed housing units increases.

For 2023 as a whole, CPI-All Items inflation is expected to average around 5%, and MAS Core Inflation around 4%. In 2024, headline and core inflation are projected to average 3.0–4.0% and 2.5–3.5% respectively. Excluding the transitory effects of the 1%-point increase in the GST rate to 9%, headline and core inflation are expected to come in at 2.5–3.5% and 1.5–2.5% respectively.

Upside risks remain, including from fresh shocks to global energy and food commodity prices due to geopolitical conflicts and adverse weather events, 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 cost and price pressures.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 October 2023

## **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 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
<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>	110.339	106.387	110.976	110.804	110.889	104.872	100.495	116.254	135.717	108.075
<b>Oct</b>	109.893	106.496	110.791	110.170	111.255	105.007	100.265	115.020	133.947	106.702
<b>Nov</b>	110.959	106.719	111.575	111.393	111.759	105.128	100.221	115.380	137.755	108.770
<b>Dec</b>	111.186	107.316	111.790	111.609	112.182	106.111	100.103	115.666	135.911	109.040
<b>2023 Jan</b>	111.397	108.195	112.313	111.733	113.743	106.669	100.861	115.037	134.513	108.142
<b>Feb</b>	112.019	108.173	112.622	112.444	113.818	106.270	101.676	115.321	136.608	109.876
<b>Mar</b>	112.583	108.441	113.233	113.035	114.243	106.424	101.858	116.237	139.066	110.274
<b>Apr</b>	112.669	108.856	114.019	113.058	114.636	107.085	102.214	113.105	141.854	107.873
<b>May</b>	113.034	108.957	113.615	113.422	115.061	107.072	101.918	113.890	138.723	110.971
<b>Jun</b>	113.576	109.163	114.219	114.002	115.101	107.513	101.811	113.784	141.475	111.293
<b>Jul</b>	113.309	109.383	114.202	113.562	115.293	107.744	101.976	114.494	140.174	110.139
<b>Aug</b>	114.303	109.465	114.845	114.685	115.479	107.829	101.874	114.415	143.849	112.378
<b>Sep</b>	114.880	109.602	115.495	115.312	115.649	108.146	101.423	114.664	147.267	112.694

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>2022 Sep</b>	7.5	5.3	8.2	7.9	6.9	4.0	3.1	23.9	22.3	4.9
<b>Oct</b>	6.7	5.1	7.2	7.0	7.1	3.9	2.6	19.0	17.3	4.9
<b>Nov</b>	6.7	5.1	7.3	7.0	7.3	3.6	3.3	16.7	17.2	4.8
<b>Dec</b>	6.5	5.1	6.9	6.7	7.5	3.7	2.8	16.5	15.5	4.7
<b>2023 Jan</b>	6.6	5.5	7.1	6.9	8.1	4.2	3.3	11.5	14.3	5.0
<b>Feb</b>	6.3	5.5	6.7	6.5	8.1	3.9	3.8	12.1	12.1	4.9
<b>Mar</b>	5.5	5.0	5.7	5.6	7.7	3.4	3.3	12.2	8.6	4.8
<b>Apr</b>	5.7	5.0	6.0	5.9	7.1	4.3	2.9	2.7	10.4	4.9
<b>May</b>	5.1	4.7	5.2	5.1	6.8	3.9	2.8	3.3	7.2	4.7
<b>Jun</b>	4.5	4.2	4.5	4.5	5.9	3.6	2.7	3.1	5.8	4.5
<b>Jul</b>	4.1	3.8	4.0	4.0	5.3	3.6	2.6	-1.6	4.8	4.6
<b>Aug</b>	4.0	3.4	3.9	3.9	4.8	3.1	2.0	-1.4	6.3	4.4
<b>Sep</b>	4.1	3.0	4.1	4.1	4.3	3.1	0.9	-1.4	8.5	4.3