

Consumer Price Developments in November 2023

Summary

- MAS Core Inflation edged down to **3.2%** on a year-on-year (y-o-y) basis in November, from **3.3%** in October.
 - This was driven by lower inflation for retail & other goods, food, as well as electricity & gas.
- CPI-All Items inflation fell to **3.6%** y-o-y in November, from **4.7%** in October.
 - This was largely due to lower private transport inflation.
- On a month-on-month (m-o-m) basis, core CPI inched up by **0.1%** in November, as the prices of food and services rose. By contrast, CPI-All Items dipped by **0.2%** due to a fall in private transport costs.

Chart 1: MAS Core and CPI-All Items Inflation

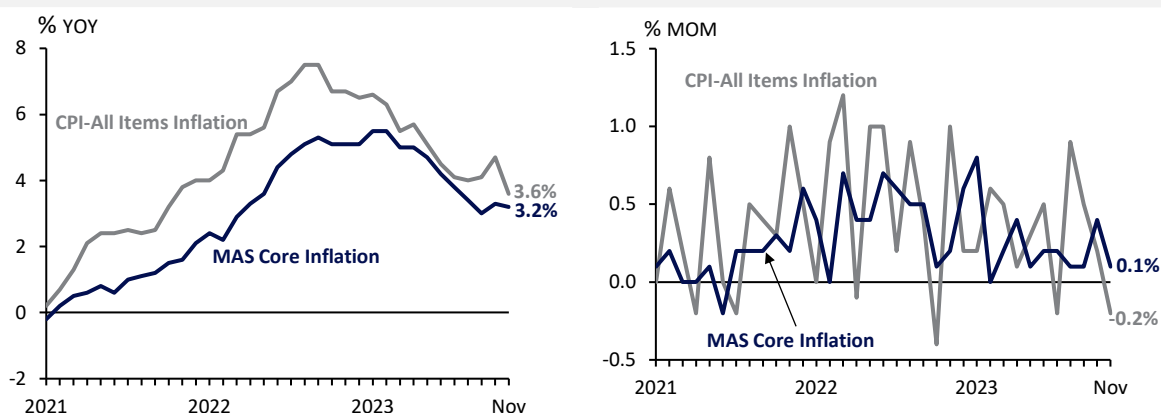
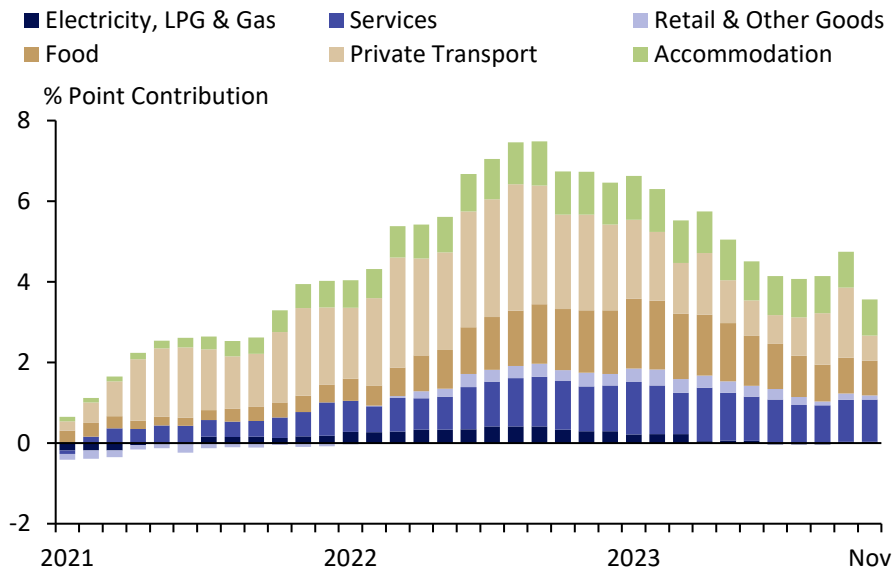


Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation



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

Source: MAS, MTI estimates

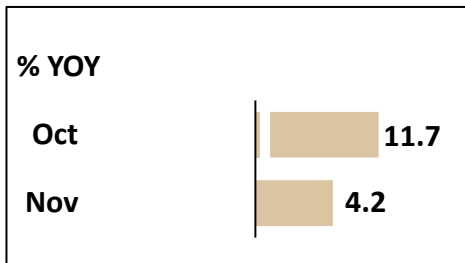
CPI-All Items inflation fell to 3.6% y-o-y in November.

CPI-All Items



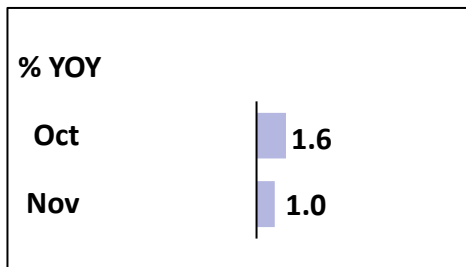
CPI-All Items inflation eased, mainly on the back of lower private transport inflation.

Private Transport



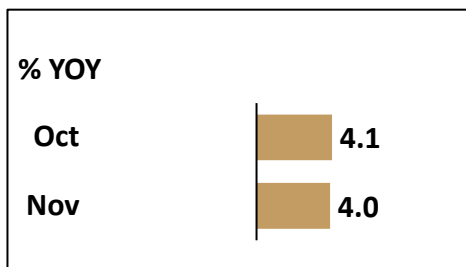
Private transport inflation declined as car prices rose at a much slower pace.

Retail & Other Goods



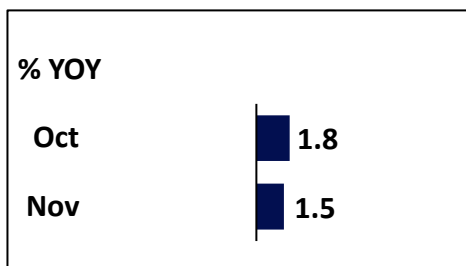
Retail & other goods inflation fell, largely on account of a decline in the prices of medical goods and household durables, as well as a smaller increase in the prices of personal care products.

Food



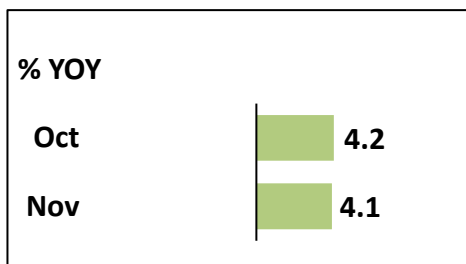
Food inflation edged down as the prices of prepared meals rose at a slower rate.

Electricity & Gas



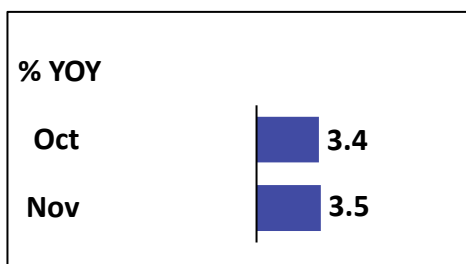
Electricity & gas inflation eased, due to a smaller increase in electricity costs.

Accommodation



Accommodation inflation moderated as the pace of increase in housing rents slowed slightly.

Services



Services inflation edged up, as the costs of outpatient services, recreational & cultural services and telecommunication services rose at a faster pace. At the same time, airfares posted a smaller decline.

Outlook

Global crude oil prices have been volatile in recent months, falling in November after having risen earlier. Meanwhile, global prices for most food commodities, as well as intermediate and final manufactured goods, have continued to fall. These factors, alongside the stronger S\$ trade-weighted exchange rate, should continue to 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 in tandem with the gradually cooling labour market. Businesses are likely to continue passing through higher labour costs to consumer prices, albeit at a more gradual pace.

MAS Core Inflation is projected to remain around current levels and come in at the upper end of the 2.5–3.0% range at year end. 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 the course of 2024, as import cost pressures decline and tightness in the domestic labour market continues to ease.

CPI-All Items inflation could remain volatile in the near term amid recent swings in COE premiums. Over the course of next year, CPI-All Items inflation is expected to decline as private transport inflation slows in tandem with 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

26 December 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 November 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 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
Mar	112.583	108.441	113.233	113.035	114.243	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
May	113.034	108.957	113.615	113.422	115.061	107.072	101.918	113.890	138.723	110.971
Jun	113.576	109.163	114.219	114.002	115.101	107.513	101.811	113.784	141.475	111.293
Jul	113.309	109.383	114.202	113.562	115.293	107.744	101.976	114.494	140.174	110.139
Aug	114.303	109.465	114.845	114.685	115.479	107.829	101.874	114.415	143.849	112.378
Sep	114.880	109.602	115.495	115.312	115.649	108.146	101.423	114.664	147.267	112.694
Oct	115.111	110.033	116.226	115.521	115.855	108.610	101.832	117.147	149.612	111.151
Nov	114.910	110.154	115.369	115.223	116.248	108.809	101.242	117.157	143.478	113.281

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 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
Sep	4.1	3.0	4.1	4.1	4.3	3.1	0.9	-1.4	8.5	4.3
Oct	4.7	3.3	4.9	4.9	4.1	3.4	1.6	1.8	11.7	4.2
Nov	3.6	3.2	3.4	3.4	4.0	3.5	1.0	1.5	4.2	4.1