

Consumer Price Developments in March 2024

Summary

- MAS Core Inflation eased to **3.1%** on a year-on-year (y-o-y) basis in March, from **3.6%** in February.
 - The decline was mainly driven by lower food and services inflation.
 - On a month-on-month (m-o-m) basis, core CPI fell by **0.2%**.
- CPI-All Items inflation slowed to **2.7%** y-o-y in March, from **3.4%** in February.
 - The slowdown was largely due to a decline in private transport costs, in addition to lower core inflation.
 - On a m-o-m basis, CPI-All Items fell by **0.1%**.

Chart 1: MAS Core and CPI-All Items Inflation

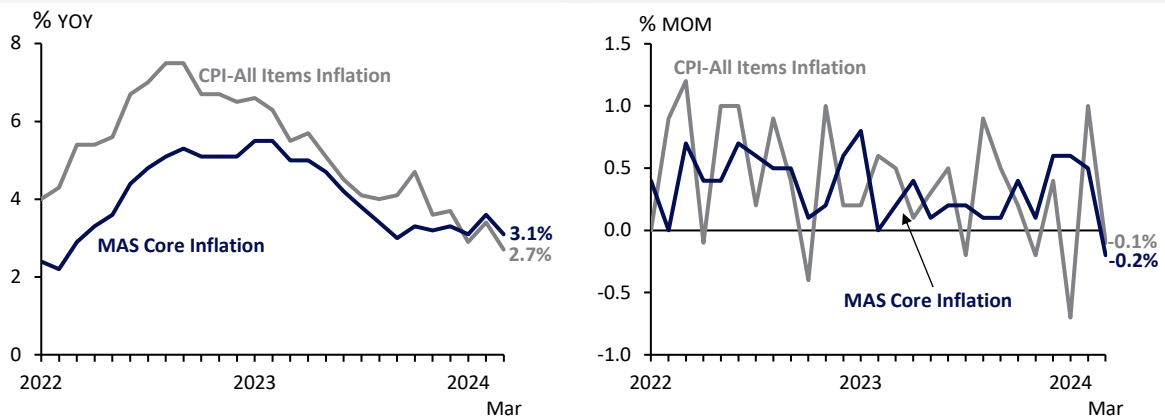
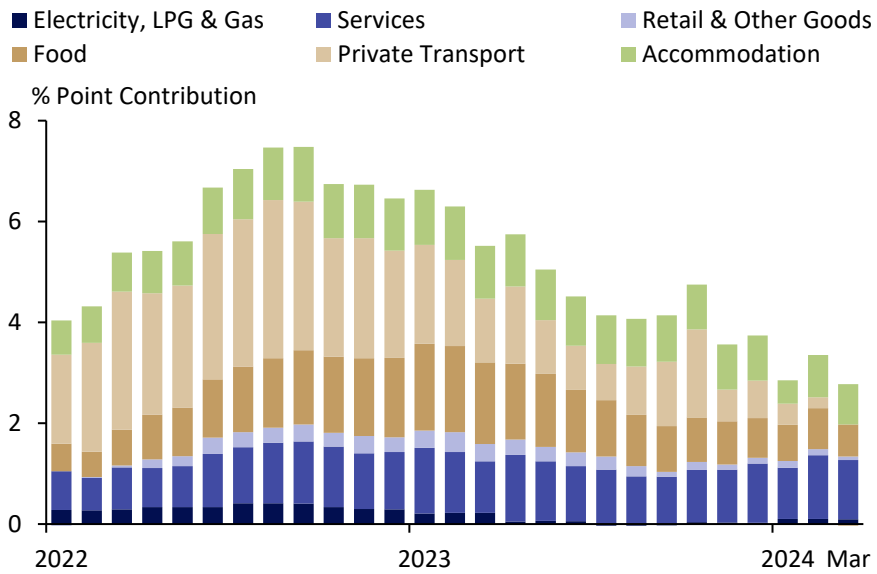


Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation



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

Source: MAS, MTI estimates

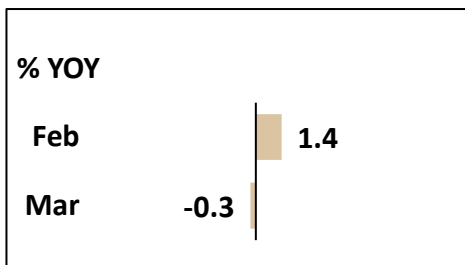
CPI-All Items inflation fell to 2.7% y-o-y in March.

CPI-All Items



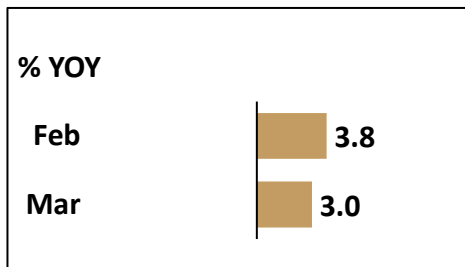
The decline in CPI-All Items inflation largely reflected a fall in private transport costs, as well as lower food and services inflation.

Private Transport



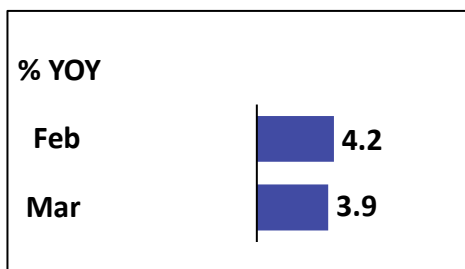
Private transport costs fell as car prices declined in tandem with lower COE premiums.

Food



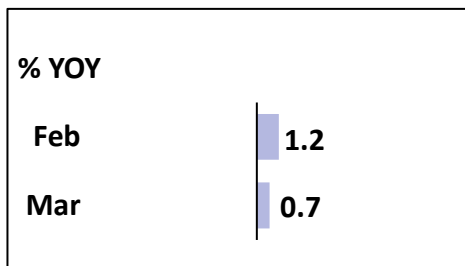
Food inflation eased, mainly due to a smaller increase in the prices of non-cooked food.

Services



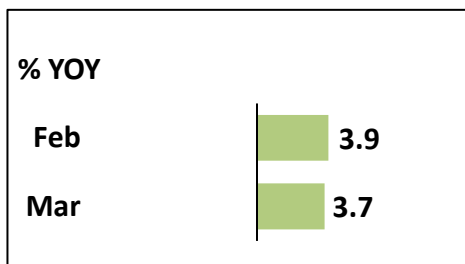
Services inflation moderated as airfares fell and holiday expenses rose at a slower pace.

Retail & Other Goods



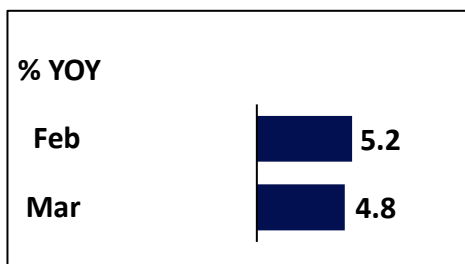
Retail & other goods inflation eased on account of a decline in the prices of clothing & footwear, and a more modest rate of increase in the prices of alcoholic drinks & tobacco.

Accommodation



Accommodation inflation edged down due to a smaller increase in housing rents.

Electricity & Gas



Electricity & gas inflation dipped as electricity costs rose at a more moderate pace.

Outlook

Although crude oil prices have risen in recent weeks, global prices for most food commodities, as well as intermediate and final manufactured goods, have continued to decline. In addition, inflation for services associated with overseas travel should moderate further over the course of the year as supply conditions in hospitality sectors around the world improve. The gradually strengthening S\$ trade-weighted exchange rate should also continue to temper Singapore's imported inflation in the months ahead.

On the domestic front, increases in unit labour costs have slowed in tandem with the cooling labour market. Nonetheless, businesses are likely to continue passing through the earlier increases in labour and other business costs to consumer prices, albeit at a reduced pace.

MAS Core Inflation is expected to stay on a gradual moderating trend over the rest of the year as import cost pressures continue to decline and tightness in the domestic labour market eases.

Amid the larger projected COE supply this year, private transport inflation is expected to be lower compared to last year. Accommodation inflation should also continue to ease as the supply of housing units available for rental increases over the course of the year.

For 2024 as a whole, both headline and core inflation are projected to average 2.5–3.5%. 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 1.5–2.5%.

However, risks to the inflation outlook remain. Fresh geopolitical shocks and adverse weather events around the world could put upward pressure on global energy and food commodity prices, as well as shipping costs. Domestically, a stronger-than-expected labour market could also lead to a re-acceleration in wage growth. Conversely, an unexpected weakening in the global economy could induce a greater easing of cost and price pressures.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 April 2024

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 expenditure division, 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 reflects the costs to homeowners of utilising the flow of services provided by their homes over an extended period of time. Given that the cost of using housing services is not directly observed for homeowners, it is computed based on the imputed rental concept under the rental equivalence method, i.e., proxied by market rentals. As for the CPI for “housing maintenance & repairs”, it takes into account the rebates for service & conservancy charges (S&CC) disbursed to households living in HDB flats in the applicable months.

Imputed rentals have no impact on the cash expenditures of most households in Singapore as they already own their homes, while the inclusion of S&CC rebates results in some volatility in the monthly CPI. As such, the CPI for “All Items less accommodation” and “All Items less

imputed rentals on owner-occupied accommodation” are compiled and published as additional indicators. For “All Items less imputed rentals on owner-occupied accommodation”, actual rentals paid on rented units are still included in the measure.

CPI Statistics

Detailed CPI statistics can be found in the Department of Statistics’ release titled “Singapore Consumer Price Index for March 2024”. 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/->

[/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
2023 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
Dec	115.343	110.866	115.844	115.684	116.340	110.241	101.191	117.168	142.681	113.562
2024 Jan	114.572	111.531	115.728	114.686	117.532	110.226	102.236	121.122	138.351	110.467
Feb	115.772	112.086	116.232	116.091	118.136	110.746	102.857	121.371	138.576	114.140
Mar	115.662	111.821	116.025	115.904	117.639	110.610	102.535	121.853	138.687	114.373

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
2023 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
Dec	3.7	3.3	3.6	3.7	3.7	3.9	1.1	1.3	5.0	4.1
2024 Jan	2.9	3.1	3.0	2.6	3.3	3.3	1.4	5.3	2.9	2.1
Feb	3.4	3.6	3.2	3.2	3.8	4.2	1.2	5.2	1.4	3.9
Mar	2.7	3.1	2.5	2.5	3.0	3.9	0.7	4.8	-0.3	3.7