

Consumer Price Developments in September 2024

Summary

- MAS Core Inflation edged up to **2.8%** on a year-on-year (y-o-y) basis in September, from **2.7%** in August.
 - This was due to an increase in retail & other goods inflation.
 - On a month-on-month (m-o-m) basis, core CPI rose by **0.1%**.
- CPI-All Items inflation eased to **2.0%** y-o-y in September, from **2.2%** in August.
 - This was mainly driven by a steeper fall in private transport costs, which more than offset the increase in core inflation.
 - On a m-o-m basis, CPI-All Items rose by **0.3%**.

Chart 1: MAS Core and CPI-All Items Inflation

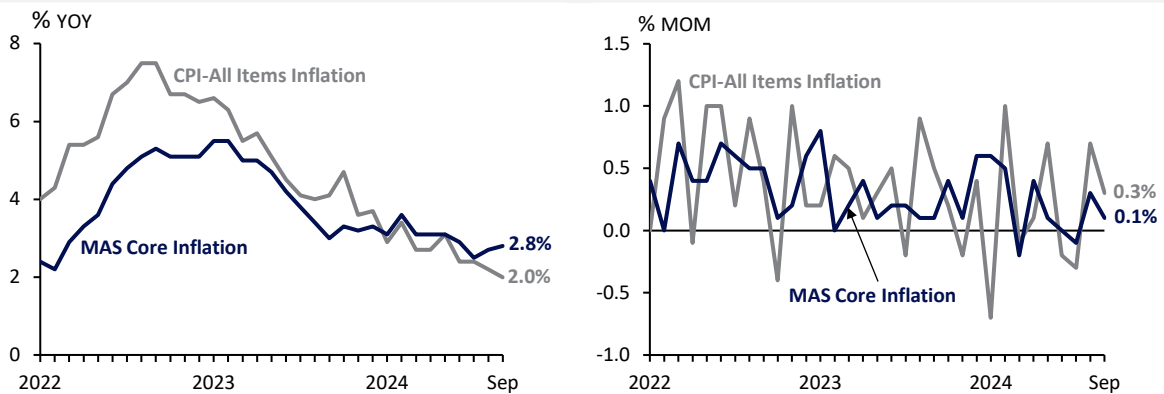
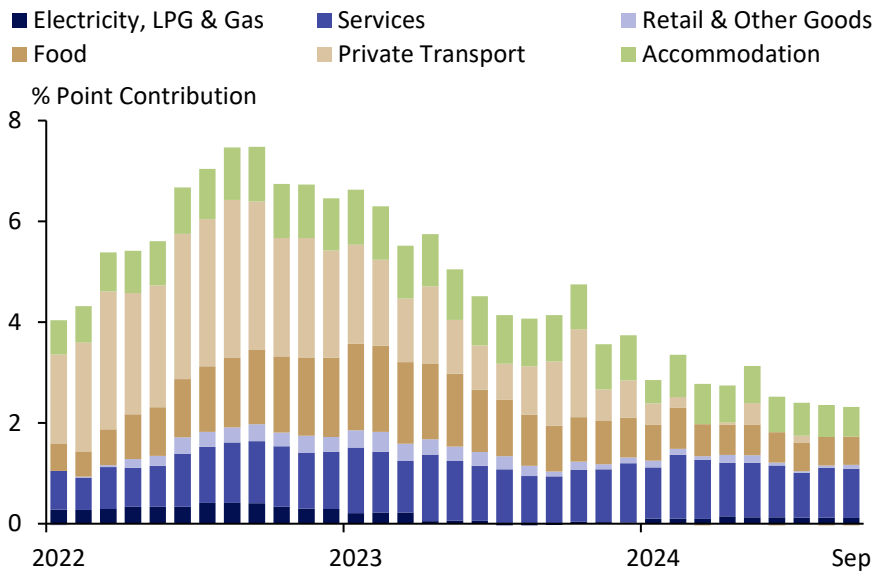


Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation

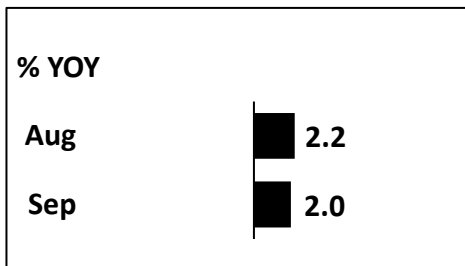


* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

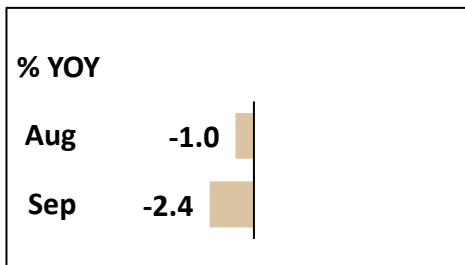
CPI-All Items inflation eased to 2.0% y-o-y in September.

CPI-All Items



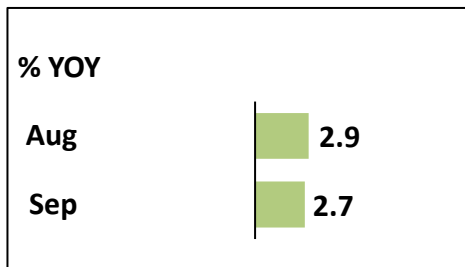
CPI-All Items inflation edged down, largely on account of a steeper fall in private transport costs.

Private Transport



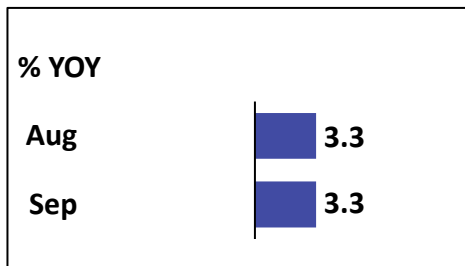
Private transport costs fell more sharply due to a larger decline in car prices alongside lower petrol prices.

Accommodation



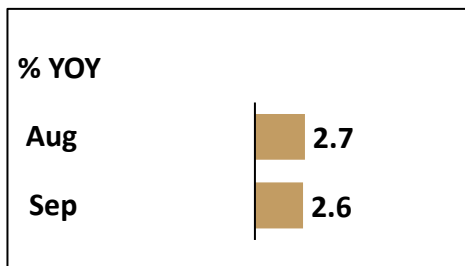
Accommodation inflation eased on account of a smaller increase in housing rents.

Services



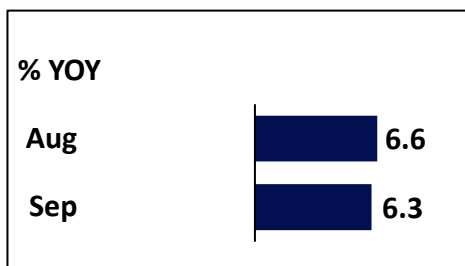
Services inflation was unchanged as a fall in telecommunications services fees was broadly offset by a larger increase in tuition & other fees, holiday expenses and health insurance costs.

Food



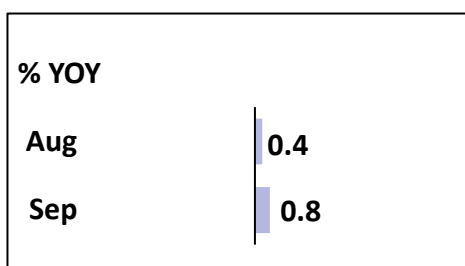
Food inflation edged down as food services prices rose at a slower pace.

Electricity & Gas



Electricity & gas inflation moderated as electricity prices rose at a slower pace.

Retail & Other Goods



Retail & other goods inflation picked up due to a smaller decline in clothing & footwear prices.

Outlook

Although global energy prices have been volatile in recent weeks, they have on average remained below the levels a year ago. Singapore's imported manufactured goods prices have also continued to be on a broad decline. Services inflation remains on a moderating trend and should ease further over the rest of 2024. Meanwhile, the gradually strengthening S\$ trade-weighted exchange rate should continue to temper Singapore's imported inflation. On the domestic front, unit labour costs are projected to rise more gradually alongside moderating nominal wage growth and improving productivity. The pass-through of earlier increases in labour costs to consumer prices has largely peaked and is expected to continue at a reduced pace.

All in, MAS Core Inflation is expected to stay on a gradual moderating trend and reach around 2% by end-2024. Core inflation is projected to average 2.5–3.0% in 2024 as a whole, and step down further to 1.5–2.5% in 2025.

Meanwhile, accommodation inflation is anticipated to come in lower next year as leasing demand moderates. This should partly offset an anticipated pickup in private transport inflation amid still-firm demand for cars. Taking these factors into account, CPI-All Items inflation is expected to come in at around 2.5% for the whole of 2024 and average 1.5–2.5% in 2025.

Risks to the inflation outlook are relatively balanced. Domestically, stronger-than-expected labour market conditions could lead to a slower easing in unit labour cost growth. An intensification of geopolitical tensions may lead to higher commodity prices and add to imported costs. Conversely, a significant downturn in the global economy could induce a greater easing of cost and price pressures, causing domestic inflation to come in materially lower than expected.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 October 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 September 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 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
Apr	115.764	112.219	116.916	115.976	117.839	110.855	103.827	121.752	142.238	111.671
May	116.574	112.340	117.081	116.918	118.332	110.913	103.437	121.756	142.640	114.773
Jun	116.323	112.299	116.711	116.573	118.361	111.190	102.366	121.686	140.493	114.946
Jul	116.028	112.162	116.736	116.166	118.368	110.897	102.315	122.007	141.392	113.515
Aug	116.829	112.457	117.153	117.101	118.553	111.391	102.321	121.944	142.466	115.679
Sep	117.123	112.620	117.498	117.430	118.693	111.677	102.213	121.900	143.790	115.792

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 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
Apr	2.7	3.1	2.5	2.6	2.8	3.5	1.6	7.6	0.3	3.5
May	3.1	3.1	3.1	3.1	2.8	3.6	1.5	6.9	2.8	3.4
Jun	2.4	2.9	2.2	2.3	2.8	3.4	0.5	6.9	-0.7	3.3
Jul	2.4	2.5	2.2	2.3	2.7	2.9	0.3	6.6	0.9	3.1
Aug	2.2	2.7	2.0	2.1	2.7	3.3	0.4	6.6	-1.0	2.9
Sep	2.0	2.8	1.7	1.8	2.6	3.3	0.8	6.3	-2.4	2.7