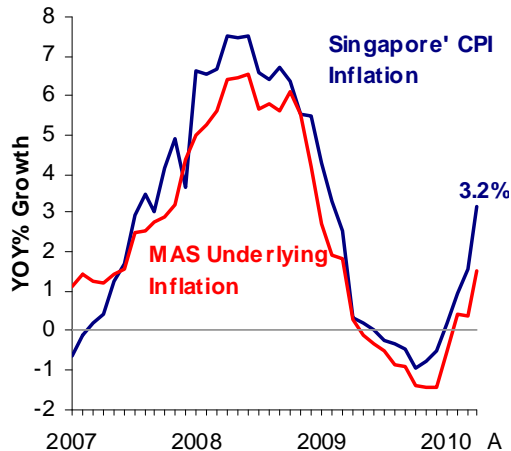
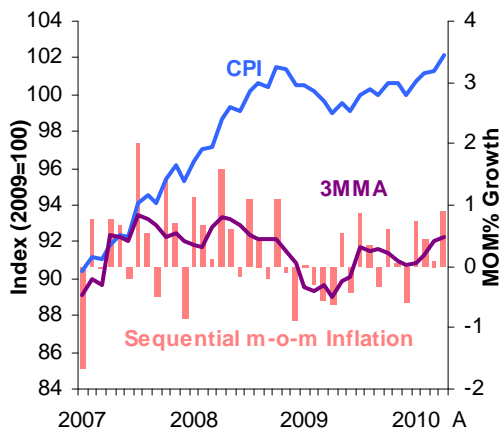


April 2010



Singapore's headline CPI inflation rose sharply to 3.2% y-o-y in April 2010, from 1.6% in March.

Private road transport costs remained the largest contributor to headline CPI inflation in April, reflecting significantly higher COE premiums and petrol pump prices from a year ago. In addition, costs of fuel & utilities and services such as recreation and holiday travel picked up in April. The MAS underlying inflation rate, which excludes the costs of private road transport and accommodation, also came in higher at 1.6%, compared to 0.4% in March.



On a month-on-month basis, the CPI was 0.9% higher in April.

Apart from communication and clothing & footwear, all major categories in the CPI recorded price increases. Private road transport costs, in particular, surged by 4.3%. On a three-month moving average basis, the CPI rose for the tenth consecutive month, indicating a sustained pick up in prices.

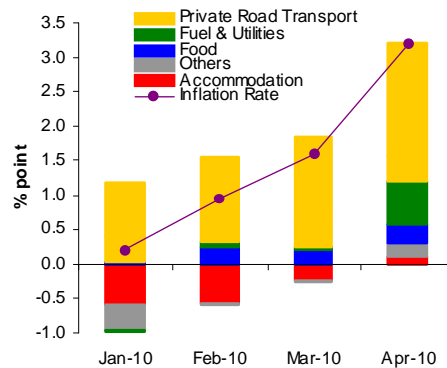
In 2010, CPI inflation is expected to average between 2.5% and 3.5%, while the MAS underlying inflation rate will average around 2%.

Headline CPI inflation turned to positive 0.9% y-o-y in Q1 2010, from -0.3% and -0.8% in the last two quarters of 2009 respectively. On a sequential basis, the CPI has trended higher since Q3 last year, largely due to increases in global oil and food commodity prices, as well as higher car prices. These two factors will continue to push headline inflation rates up for the rest of 2010. Other domestic sources of inflationary pressure, though presently subdued, could also emerge in the coming quarters as business costs increase in line with the expansion of the economy and tightening of the factor markets.

Headline CPI inflation jumped by 1.6% points in April, reflecting base effects ...

In April, headline CPI inflation doubled from March, with larger contributions from all major CPI categories. Notably, private road transport continued to account for the bulk of inflation. In addition, the cost of fuel & utilities surged by 19% y-o-y in April, from an increase of just 1.4% in March, contributing a fifth to overall inflation. This largely reflects a low base in April last year when electricity tariffs were cut by over 20%. Accommodation cost inflation also picked up, turning positive to 0.6% y-o-y in April, from -1.2% in March, against an exceptionally low base last April when additional S&CC rebates were administered to help households cope with the recession.

Chart:
Contribution to Headline CPI Inflation



Source: EPG, MAS estimates

... and strong sequential increase in the cost of private road transport.

MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES	
<p>Contribution to MOM CPI Inflation</p>	<p>Transport</p> <p>Car prices rose sharply in April following a \$15,000 increase in the average COE premium over the past two months – a consequence of stronger demand amidst a 30% cut in the COE supply. Petrol pump prices were also raised as global oil prices averaged US\$85 per barrel – the highest since September 2008.</p>
	<p>Housing</p> <p>Housing costs rebounded largely because rebates for S&CC and HDB rents were administered in March but not given out in April. There was also a 3% hike in electricity tariffs due to higher global oil prices.</p>
	<p>Recreation & Others</p> <p>Cost of recreation services, in particular, holiday travel packages, picked up as consumer demand recovered.</p>
	<p>Food</p> <p>The cost of non-cooked food rose only modestly as the impact of weather-related supply disruptions dissipated quickly with the end of the El Niño climate phenomenon.</p>
	<p>Health Care</p> <p>The cost of medical treatment resumed its uptrend, rising significantly for the fourth consecutive month after staying flat for the whole of last year.</p>
	<p>Education & Stationery</p> <p>School fees for some tertiary education institutions were adjusted upwards.</p>
	<p>Communication</p> <p>Promotional prices of bundled packages offered by telcos led to a fall in communication costs.</p>

Appendix Tables

Table A.1
Consumer Price Index

	All Items	Food	Clothing & Footwear	Housing	Transport	Comms	Educa-tion & Stationery	Health Care	Recreation & Others
Weights	10000	2205	341	2548	1553	475	735	586	1557
	INDEX (2009 = 100)								
2009 Apr	99.03	99.81	100.37	98.42	96.13	100.66	99.86	99.74	100.39
May	99.56	99.78	99.18	99.94	97.94	100.56	99.91	99.71	99.81
Jun	99.12	99.83	96.84	97.71	99.40	100.54	99.87	99.78	99.62
Jul	99.97	99.89	100.34	99.85	100.74	100.40	99.96	100.16	99.21
Aug	100.33	99.85	101.62	99.70	103.06	100.30	100.42	99.92	99.13
Sep	99.98	99.99	100.20	98.66	102.66	100.32	100.08	100.18	99.15
Oct	100.58	100.14	101.09	100.32	103.14	99.97	100.14	100.25	99.47
Nov	100.63	100.16	100.95	100.34	103.66	97.55	100.19	100.29	99.97
Dec	100.02	100.11	99.56	98.20	103.08	97.39	100.18	100.20	100.61
2010 Jan	100.77	100.30	98.96	100.72	104.01	96.17	101.21	100.73	99.85
Feb	101.20	101.02	98.22	100.72	104.39	98.29	101.88	100.63	100.48
Mar	101.28	100.83	101.01	100.12	105.50	98.62	101.87	100.76	100.38
Apr	102.20	100.97	100.95	101.26	108.99	96.52	102.04	101.26	101.15

Source: Singapore Department of Statistics

Table A.2
Selected Inflation Indicators

	CPI	MAS Underlying Index	Import Price Index	Non-fuel Primary Commodities	OPEC Oil Price
	YOY% GROWTH				
2009 Apr	0.3	0.3	-9.3	-31.7	-52.2
May	0.2	-0.1	-11.6	-27.0	-52.2
Jun	0.0	-0.3	-11.6	-25.8	-46.7
Jul	-0.3	-0.5	-13.5	-26.3	-50.8
Aug	-0.3	-0.8	-11.0	-18.0	-36.5
Sep	-0.5	-0.9	-10.2	-14.6	-30.7
Oct	-0.9	-1.4	-5.3	2.3	5.1
Nov	-0.8	-1.4	1.4	14.7	53.3
Dec	-0.5	-1.4	4.5	27.0	94.1
2010 Jan	0.2	-0.5	4.2	25.9	84.4
Feb	1.0	0.4	3.3	26.6	76.4
Mar	1.6	0.4	2.6	29.8	68.6
Apr	3.2	1.6	3.4	31.5	63.6

Source: Singapore Department of Statistics, IMF and Bloomberg