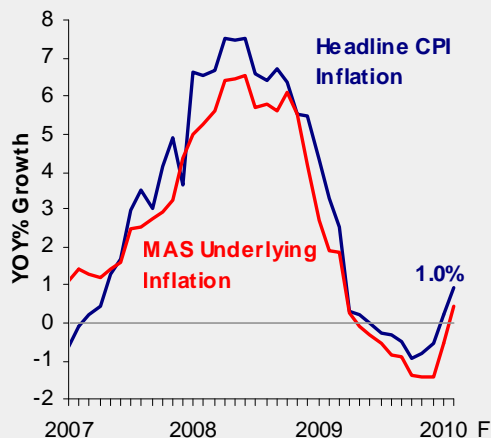




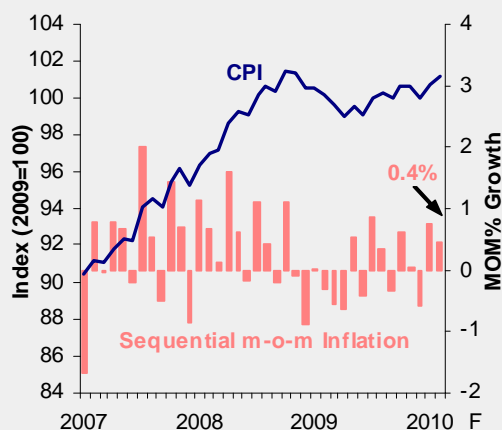
The Inflation Monthly

February 2010



Singapore's headline CPI inflation rose to 1.0% y-o-y in February 2010, from 0.2% in January.

Private road transport costs remained the largest contributor to headline CPI inflation in February, reflecting significantly higher car prices compared to a year ago. While y-o-y increases in food prices and recreation costs remained modest, they picked up considerably from last month. Consequently, the MAS underlying inflation rate, which excludes the costs of private road transport and accommodation, also came in higher at 0.4%, compared to -0.5% in January.



On a month-on-month basis, the CPI was 0.4% higher in February.

The price increase was fairly broad-based across most of the major categories. In particular, food prices picked up strongly during the Chinese New Year festive period and recreation costs rose as demand for holiday travel recovered.

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

The bulk of the price pressures for 2010 will likely come through the imported inflation channel, driven by higher oil and food commodity prices in the global markets, as well as from increased car prices, owing to cuts in COE supply. Meanwhile, domestic sources of inflation will be restrained in the first half of the year, but are likely to pick up in the second half, as business costs increase in line with the expansion of the economy and tightening of the factor markets.

Headline CPI inflation picked up for almost all the major categories.

The headline CPI inflation rate has risen for four consecutive months. Transport costs, in particular, have risen very sharply in recent months and are now more than 7% higher compared to a year ago.

Heatmap: Change in y-o-y Inflation Rates of Major CPI Categories

	All Items	Food	Clothing & Footwear	Housing	Transport	Communi-cation	Education & Stationery	Health Care	Recreation & Others
2009 Jan									
Feb									
Mar									
Apr									
May									
Jun									
Jul									
Aug									
Sep									
Oct									
Nov									
Dec									
2010 Jan									
Feb	1.0	1.2	-1.3	-2.0	7.6	-2.1	2.2	0.7	0.2

Note:

YOY Inflation Rate Compared to Preceding Month

Higher

Lower

Figures refer to the actual inflation rate recorded for the category

The CPI rose by 0.4% m-o-m in February 2010, due largely to higher costs of food and recreation.

MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES



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 Feb	100.24	99.84	99.48	102.80	97.06	100.41	99.70	99.94	100.29
Mar	99.67	99.92	100.51	100.87	95.84	100.60	99.71	99.85	100.64
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

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 Feb	3.3	1.9	-8.7	-32.9	-54.4
Mar	2.6	1.9	-8.7	-35.4	-53.7
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	26.5	84.4
Feb	1.0	0.4	3.3	28.1	76.4

Source: Singapore Department of Statistics, IMF and Bloomberg