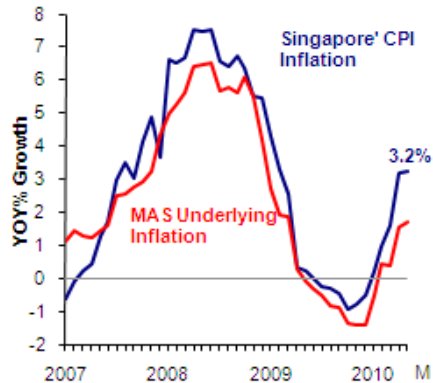


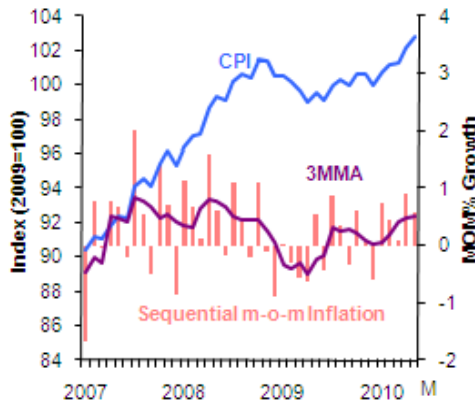
May 2010

### Singapore's headline CPI inflation was 3.2% y-o-y in May 2010, unchanged from April.



Private road transport costs remained the largest contributor to headline CPI inflation in May, due to the high COE premiums and global oil prices relative to the base last year. The MAS underlying inflation rate, which excludes the costs of private road transport and accommodation, picked up slightly to 1.7% in May, from 1.6% in April, due to the slight increase in food prices and services costs.

### On a month-on-month basis, the CPI was higher by 0.6% in May.



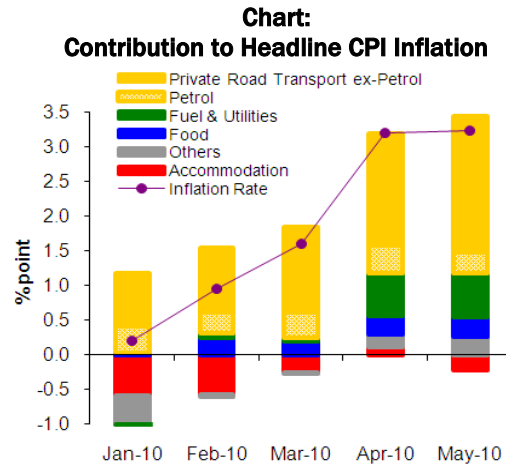
Apart from clothing & footwear, communications and recreation, all other major categories in the CPI registered price increases. Private road transport costs, in particular, climbed by 4.3%. On a three-month moving average basis, the CPI continued to rise in May.

### 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 up since Q3 last year, largely due to higher car prices as well as increases in global oil and food commodity prices. These two factors will continue to push headline inflation rates up for the rest of 2010. Other domestic sources of inflationary pressure could also emerge more strongly in the coming quarters as business costs increase, in line with the expansion of the economy and tightening of the factor markets.

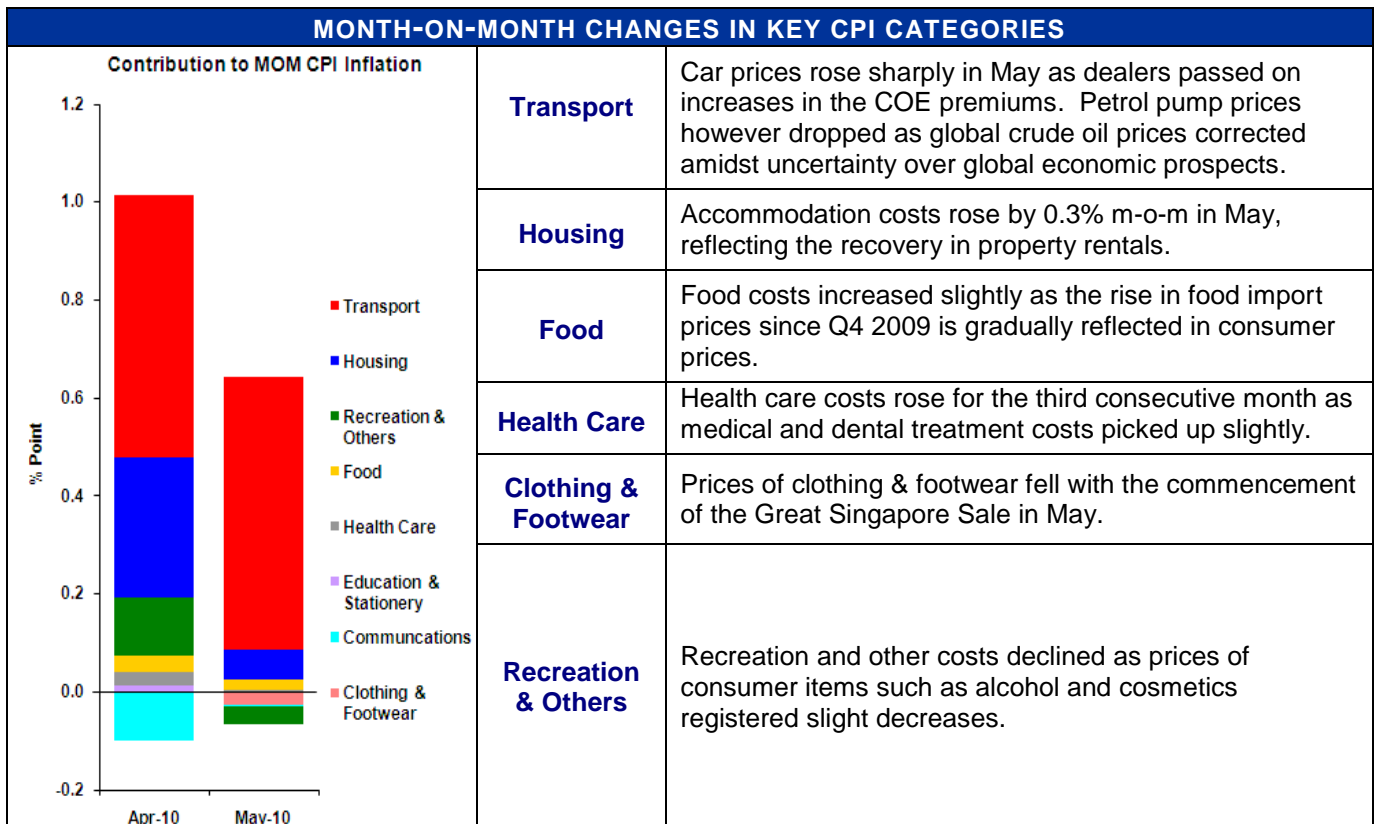
## Headline CPI inflation reached 3.2% in May, reflecting base effects ...

Headline CPI inflation in May was unchanged from April, with positive contributions from all major CPI categories except accommodation. Accommodation remained a drag on headline inflation as residential property rents have yet to recover to the levels a year ago. Private road transport continued to account for the bulk of price increases due to the sharp rise in COE premiums. Despite the month-on-month dip in oil prices, fuel & utilities' contribution to inflation persisted due to the effects of the low base last year when electricity tariffs were cut by over 20%.



Source: EPG, MAS estimates

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



## 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 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 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
May	102.79	101.07	100.20	101.51	112.65	96.43	102.04	101.33	100.91

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 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 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	3.5	30.8	63.6
May	3.2	1.7	2.2	17.7	30.7

Source: Singapore Department of Statistics, IMF and Bloomberg