



Consumer Price Developments in February 2017

CPI-All Items inflation rose to 0.7% in February from 0.6% in January on account of a larger increase in private road transport cost. In comparison, MAS Core Inflation eased to 1.2% from 1.5% in the previous month as a result of lower services and food inflation.

CPI-All Items inflation was 0.7% y-o-y in February

CPI-All Items inflation edged up to 0.7% in February from 0.6% in the preceding month, as a stronger pickup in private road transport cost more than offset lower services and food inflation.

Private road transport cost increased by 7.1%, higher than the 4.1% rise in the previous month due to the relatively low base in February last year.¹

Services inflation slowed to 1.5% in February from 1.9% a month earlier, largely because of a fall in air fares and a more modest increase in holiday expenses.

Food inflation moderated to 1.3% from 1.9% in January, due to the smaller rise in non-cooked food prices after Chinese New Year as well as the high base last year.²

Accommodation cost fell by 4.0% in February, extending the 3.9% decline in the previous month, amid continued softness in the housing rental market.

CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) rose by 1.8% in February

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) inched up to 1.8% in February from 1.7% in the previous month, due to the stronger pickup in private road transport cost.

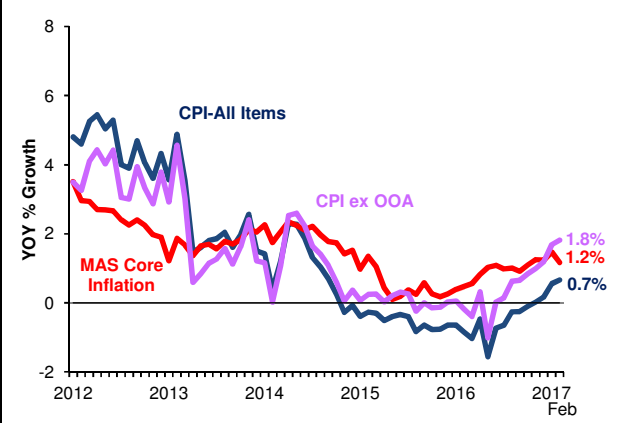
MAS Core Inflation eased to 1.2% in February

MAS Core Inflation was 1.2% in February, down from the 1.5% in January, owing to lower services and food inflation.

¹ Private road transport cost fell by 2.7% on a month-on-month basis in February 2016.

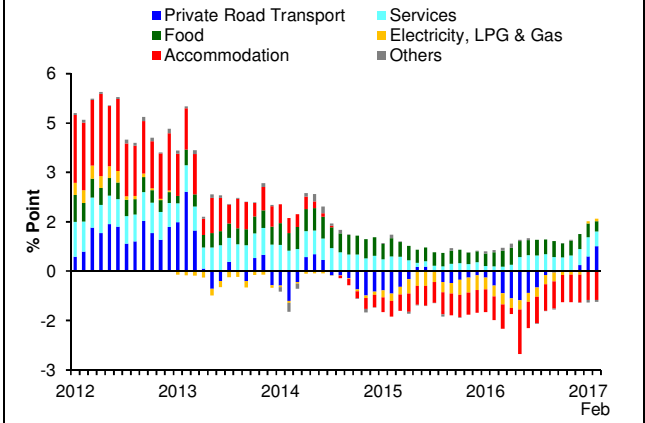
² Chinese New Year fell in January this year, but was in February last year. As such, food inflation in February 2017 was dampened by the high base a year ago when food prices saw a seasonal pickup during the Chinese New Year period.

CPI-All Items, CPI-ex OOA and MAS Core Inflation



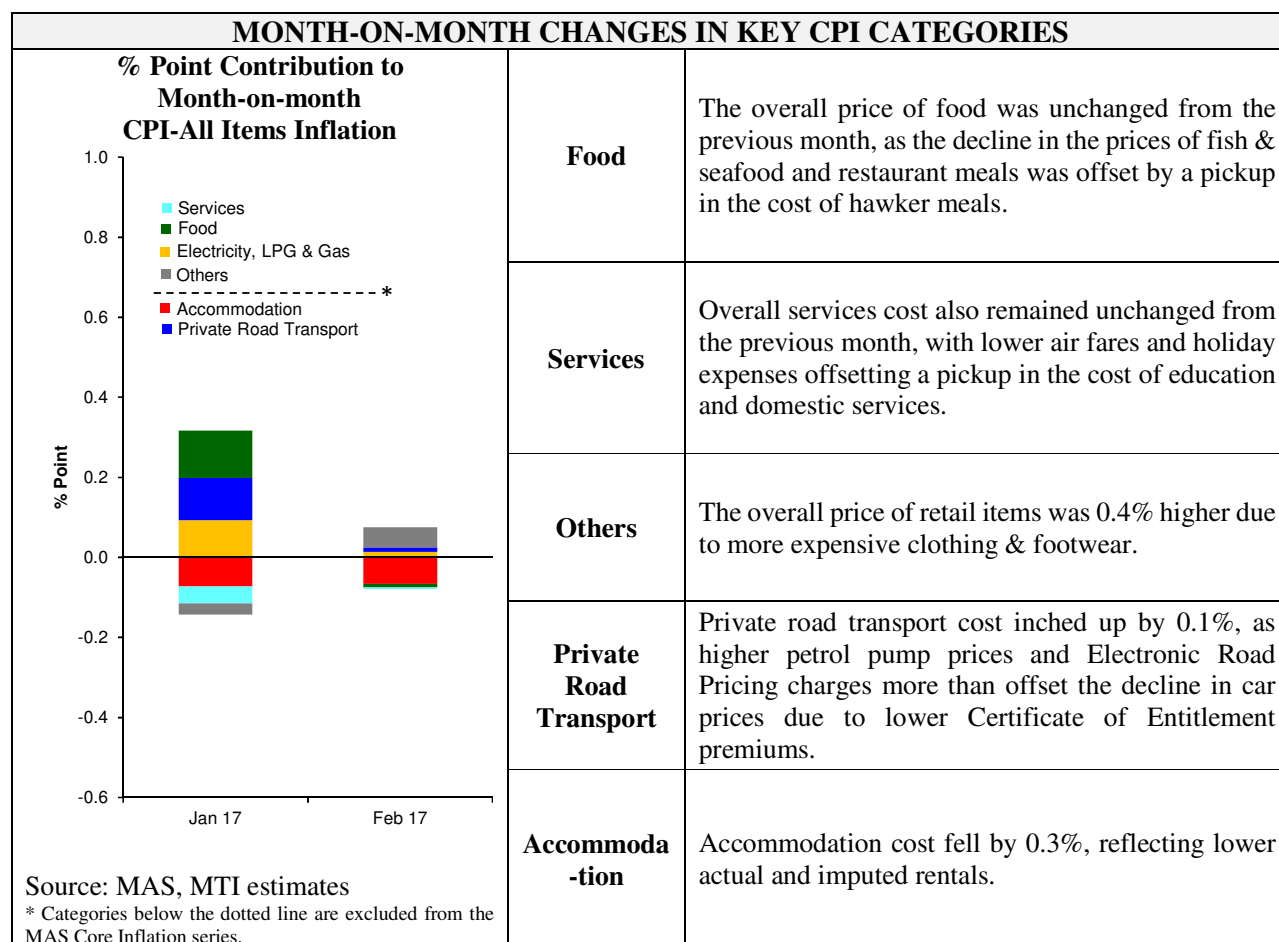
Source: Department of Statistics

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



Source: MAS, MTI estimates

On a month-on-month basis, CPI-All Items inflation eased to 0.0% in February from 0.2% in the previous month, while MAS Core Inflation dipped to 0.1% from 0.2%.



Price Movements (m-o-m) for Selected CPI Sub-categories

Sub-categories With Largest Price Increases			Sub-categories With Largest Price Declines or No Price Changes		
Group	Weight (%)	M-o-M % Growth	Group	Weight (%)	M-o-M % Growth
↑ Sugar, preserves & confectionery	0.3	1.5	↓ Fish & Seafood	1.2	-4.5
↑ Clothing & Footwear	2.7	1.3	↓ Other travel & transport ^	1.3	-2.5
↑ CATERED food	0.2	1.2	↓ Holiday Expenses	3.5	-1.2
↑ Fruits	0.8	1.1	↓ Medical products, appliances & equipment	1.4	-0.4
↑ Recreation & entertainment	3.9	1.0	↓ Accommodation	22.9	-0.3
↑ Personal effects #	0.6	0.7	↓ Personal Care	2.4	-0.3
↑ Vegetables	1.0	0.7	↓ Restaurant food	4.9	-0.1
↑ Other food ~	0.3	0.7	↓ Public road transport	3.0	-0.1
↑ Milk, Cheese & Eggs	0.9	0.7	- Other miscellaneous expenditure *	0.7	0.0
↑ Oils & Fats	0.2	0.6	- School textbooks & related study guides	0.1	0.0

^ The "other travel & transport" group includes sea transport, air transport, etc.

~ The "other food" group includes food items such as sauces, spices and other condiments.

* The "other miscellaneous expenditure" group includes social support services, life insurance, etc.

The "personal effects" group includes travel goods, handbags and wallets and "accessories" such as costume jewellery and watches.

Outlook

On the external front, imported inflation is likely to rise modestly on the back of a turnaround in global commodity markets. In particular, global oil prices are expected to average higher in 2017 as compared to last year, although upward pressures would be capped by existing inventories as well as an anticipated increase in US crude oil output. Domestically, overall price pressures should be muted. Amid a pullback in hiring, conditions in the labour market have slackened. This will cap underlying wage growth, even as non-labour business costs have eased. The subdued growth environment will also constrain the extent of cost pass-through to consumer prices.

For the whole of 2017, MAS Core Inflation is expected to average 1–2%, compared with 0.9% in 2016. CPI-All Items inflation is projected to pick up to 0.5–1.5% this year, from -0.5% in 2016. The firmer rate of inflation in 2017 largely reflects the contribution of energy-related components, as well as some administrative price increases³, rather than generalised demand-induced price pressures.

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³ These include the upward revision in car park charges and household refuse collection fees which took effect from December 2016 and January 2017 respectively, as well as upcoming increases in water prices and service & conservancy charges (S&CC).

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.

CPI less imputed rentals on owner-occupied accommodation

Accommodation, one of the groups in the Housing & Utilities category of the CPI, 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 is meant to reflect the costs to homeowners of utilising the flow of services provided by their homes over an extended period of time. As the cost of using housing services is not directly observed for homeowners, it is proxied by market rentals.

Changes in the CPI imputed rentals on OOA, however, have no direct impact on the monthly cash expenditure of most households in Singapore as they already own their homes. Hence, the CPI less imputed rentals on OOA is compiled as an additional indicator to track households’ actual expenditures. Actual rentals paid on rented homes are still included in this measure.

MAS Core Inflation

The Monetary Authority of Singapore (MAS) monitors a core inflation measure that excludes the components of “Accommodation” and “Private Road 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 Statistics

Detailed CPI statistics can be found in the Department of Statistics’ release titled “Singapore Consumer Price Index for February 2017”. This release also contains further information on the various price indicators published.

http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpifeb2017.pdf

MAS Core Inflation

A detailed review of MAS Core Inflation can be found in “A Review of the Core Inflation Measure for Singapore”

http://www.mas.gov.sg/~media/resource/publications/staff_papers/StaffPaperNo51.pdf

Table A.1
Consumer Price Index

	All Items	Food	Clothing & Footwear	Housing & Utilities	Household Durables & Services	Health Care	Transport	Comms	Recreation & Culture	Education	Miscellaneous Goods & Services	All-Items, S.A.
Weights	10000	2167	273	2625	475	615	1579	385	788	615	478	10000
	YOY % Growth											Index (2014=100)
2016 Feb	-0.8	2.0	2.5	-4.1	-0.6	0.7	-2.9	-0.9	0.1	2.4	0.5	98.7
Mar	-1.0	2.2	1.3	-4.2	-0.3	0.7	-4.3	-1.8	0.4	2.4	0.6	98.8
Apr	-0.5	2.3	1.8	-1.9	0.2	1.1	-5.4	-1.9	1.0	3.1	0.6	98.7
May	-1.6	2.2	-0.3	-6.4	3.3	1.0	-5.7	-0.1	1.1	3.2	0.2	98.8
Jun	-0.7	2.1	0.2	-4.2	3.4	0.7	-4.3	0.4	1.6	3.2	0.5	98.8
Jul	-0.7	2.1	-1.8	-4.3	3.2	0.4	-3.5	0.9	1.2	3.6	0.2	99.0
Aug	-0.3	2.0	-1.9	-4.3	3.2	0.8	-0.7	1.1	1.0	3.4	0.1	99.0
Sep	-0.2	2.2	-1.2	-4.3	3.1	0.6	-0.5	0.2	1.2	3.3	-0.3	99.0
Oct	-0.1	1.9	-0.2	-3.8	3.2	0.9	-0.2	-0.3	1.0	3.2	-0.4	99.0
Nov	0.0	2.0	-0.2	-3.7	2.6	2.4	-0.3	-0.6	0.8	3.2	0.8	99.1
Dec	0.2	2.0	-0.1	-3.8	2.1	2.9	0.8	-0.8	0.9	3.2	0.0	99.2
2017 Jan	0.6	1.9	-1.5	-3.2	2.1	2.5	2.8	0.4	0.5	3.5	0.0	99.4
Feb	0.7	1.3	-0.2	-3.1	1.5	2.6	4.2	0.7	0.5	3.6	-0.6	99.6

Source: Singapore Department of Statistics

S.A.: Seasonally Adjusted

Table A.2**Selected Inflation Indicators**

	CPI	MAS Core Inflation	CPI Less Imputed Rental on OOA	Import Price Index	Non-fuel Primary Commodities	OPEC Oil Price
	YOY % GROWTH					
2016 Feb	-0.8	0.5	-0.2	-11.0	-14.7	-46.9
Mar	-1.0	0.6	-0.4	-10.2	-8.0	-33.9
Apr	-0.5	0.8	0.3	-10.2	-5.4	-33.7
May	-1.6	1.0	-1.0	-9.1	-5.2	-30.5
Jun	-0.7	1.1	0.0	-8.2	-1.8	-23.9
Jul	-0.7	1.0	0.1	-6.8	0.6	-21.2
Aug	-0.3	1.0	0.6	-5.2	2.1	-5.2
Sep	-0.2	0.9	0.6	-4.1	2.7	-4.3
Oct	-0.1	1.1	0.8	-1.1	4.1	6.3
Nov	0.0	1.3	1.0	0.9	12.2	6.7
Dec	0.2	1.2	1.2	8.8	13.8	53.9
2017 Jan	0.6	1.5	1.7	11.3	17.6	96.2
Feb	0.7	1.2	1.8	N.A.	19.8	85.8

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available