



## Consumer Price Developments in June 2018

In June 2018, CPI-All Items inflation and MAS Core Inflation rose to 0.6% and 1.7% respectively, from 0.4% and 1.5% in the previous month, largely due to higher food and services inflation.

### ***CPI-All Items inflation rose to 0.6% year-on-year (y-o-y) in June***

CPI-All Items inflation came in higher at 0.6% y-o-y in June, compared to 0.4% in the preceding month. This mainly reflected a larger increase in the prices of food and services items.

Food inflation rose to 1.5% in June from 1.3% in May, as a faster pace of increase in the prices of non-cooked food items more than offset a slower pace of increase in the prices of prepared meals.

Services inflation edged up to 1.7% in June from 1.6% in the previous month, largely due to a stronger pickup in holiday expenses, as well as a rise in telecommunications services fees following the year-ago decline in May.

The overall cost of retail items increased by 1.6% in June, larger than the 1.3% rise in May. This mostly reflected a faster pace of increase in the prices of clothing & footwear, medical products, appliances & equipment, as well as a smaller year-ago decline in the prices of household durable goods.

Private road transport inflation rose to 0.4% in June from 0.1% in May, due to a smaller year-ago decline in car prices and a faster pace of increase in petrol prices.

The cost of accommodation fell by 3.0% in June, easing from the 3.2% decline in the preceding month. This reflected a more gradual decline in housing rentals.

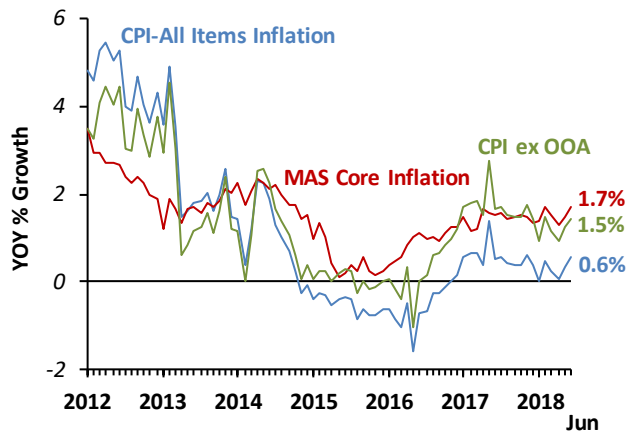
### ***CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation rose to 1.5% in June***

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) rose to 1.5% in June from 1.2% in the previous month, mainly on account of higher food and services inflation.

### ***MAS Core Inflation came in higher at 1.7% in June***

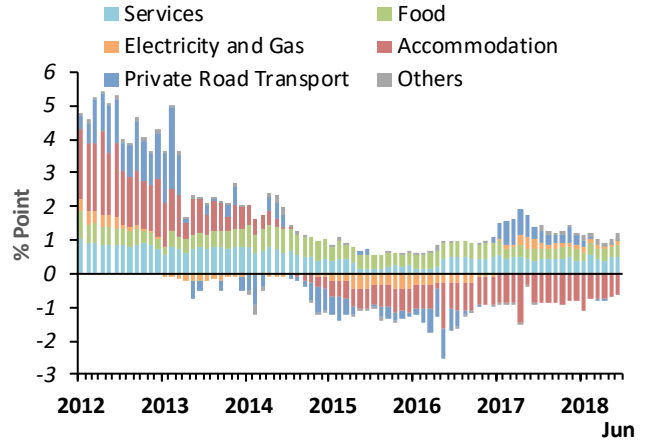
MAS Core Inflation, which excludes the costs of accommodation and private road transport, edged up to 1.7% in June from 1.5% in May, largely reflecting higher food and services inflation.

**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 rose by 0.1% in June, slower than the 0.6% increase in May. Meanwhile, MAS Core Inflation edged up to 0.2% in June from 0% in the previous month.**

### MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES

% Point Contribution to Month-on-month CPI-All Items Inflation	Services	
		Services costs increased by 0.4%, largely on account of higher holiday expenses and airfares.
<p><b>% Point Contribution to Month-on-month CPI-All Items Inflation</b></p> <p>Legend: Services (light blue), Food (green), Electricity and Gas (orange), Others (grey), Accommodation (red), Private Road Transport (dark blue)</p>	<b>Food</b>	Food prices rose by 0.2% due to an increase in the prices of hawker meals, as well as non-cooked food items such as fish & seafood and fruits.
	<b>Accommodation</b>	The cost of accommodation was unchanged from the previous month as lower actual and imputed rentals offset an increase in Service & Conservancy Charges (S&CC). <sup>1</sup>
	<b>Private Road Transport</b>	Private road transport costs fell by 0.7%, reflecting a decline in car prices on the back of lower Certificate of Entitlement (COE) premiums.
	<b>Others</b>	The overall cost of retail items dipped by 0.2%, mainly due to a fall in the prices of clothing & footwear.

Source: MAS, MTI estimates  
\* Categories below the dotted line are excluded from the MAS Core Inflation series.

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

Sub-categories With Largest Price Increases				Sub-categories With Largest Price Declines			
Group	Weight (%)	M-o-M % Growth	Group	Weight (%)	M-o-M % Growth		
↑ Other travel & transport <sup>^</sup>	1.3	2.3	↓ Clothing & Footwear	2.7	-0.9		
↑ Holiday Expenses	3.5	2.0	↓ Non-alcoholic beverages	0.5	-0.8		
↑ Fish & Seafood	1.2	1.4	↓ Private road transport	11.5	-0.7		
↑ Sugar, preserves & confectionery	0.3	1.2	↓ Milk, Cheese & Eggs	0.9	-0.2		
↑ Oils & Fats	0.2	1.2	↓ Household services & Supplies	3.0	-0.1		
↑ Fruits	0.8	0.8	↓ Personal effects #	0.6	-0.1		
↑ Other food ~	0.3	0.5	↓ Communication	3.9	-0.1		
↑ Meat	1.2	0.3	↓ Newspapers, books & stationery	0.5	-0.1		
↑ Personal Care	2.4	0.2					
↑ Bread & Cereals	1.4	0.2					

<sup>^</sup> The "other travel & transport" sub-group includes sea transport, air transport, etc.

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

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

<sup>1</sup> On 1 June 2018, S&CC for 15 town councils was raised. The increase in S&CC was announced in 2017 and phased over two years, with the first increase on 1 June 2017.

## Outlook

On the external front, imported inflation is likely to rise mildly. Global oil prices have rallied since the start of 2018 and are expected to average higher for the full year as compared to 2017. Meanwhile, global food commodity prices are projected to rise slightly as demand strengthens amid ample supply conditions.

Domestic sources of inflation are expected to increase alongside a faster pace of wage growth and a pickup in domestic demand. However, the extent of consumer price increases will remain moderate, as retail rents have stayed relatively subdued and firms' pricing power may be constrained by market competition.

MAS Core Inflation is expected to rise gradually over the course of 2018 to average in the upper half of the 1–2% forecast range, should economic conditions evolve as expected. Similarly, CPI-All Items inflation is projected to come within the upper half of the 0–1% forecast range for the full year. Accommodation costs are forecast to fall by a smaller extent than in 2017, while private road transport inflation should decline in 2018 as the inflationary effects from previous administrative measures dissipate.<sup>2</sup>

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 July 2018

---

<sup>2</sup> The administrative measures are the expiry of the one-year road tax rebates and the upward revision in parking fees in August and December 2016, respectively.

## 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 June 2018”. 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/cpijun2018.pdf](http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpijun2018.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](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)
2017 Jun	0.5	1.4	1.9	-2.0	0.3	2.5	1.8	-0.6	-0.1	3.2	0.2	99.3
Jul	0.6	1.4	2.6	-2.5	1.0	2.9	2.0	0.3	-0.1	2.8	0.5	99.6
Aug	0.4	1.2	1.6	-2.3	1.2	2.5	1.4	0.1	0.3	2.7	0.1	99.4
Sep	0.4	1.2	0.5	-2.3	0.8	2.5	1.1	1.3	0.4	2.7	0.7	99.4
Oct	0.4	1.5	0.7	-2.7	0.7	2.2	1.1	1.0	0.7	2.6	0.9	99.6
Nov	0.6	1.5	0.7	-2.4	1.0	2.0	2.6	1.5	0.8	2.6	-0.4	99.7
Dec	0.4	1.4	-0.2	-2.3	1.1	1.9	1.4	0.5	0.4	2.6	0.1	99.6
2018 Jan	0.0	1.1	1.0	-3.6	1.2	2.3	0.7	0.0	0.8	2.8	0.5	99.5
Feb	0.5	1.5	0.7	-2.1	0.8	2.5	0.6	-0.1	1.6	2.9	0.4	99.7
Mar	0.2	1.4	1.2	-2.0	0.7	2.1	-0.5	-0.3	0.6	3.0	1.0	99.7
Apr	0.1	1.4	0.8	-2.3	0.7	2.0	-0.7	-1.3	0.7	2.9	0.5	99.9
May	0.4	1.3	0.6	-2.0	0.8	2.3	0.0	-0.8	1.2	2.9	1.1	99.8
Jun	0.6	1.5	1.5	-1.8	0.9	2.4	0.3	0.2	1.4	2.9	1.2	99.9

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	World Bank Non-Energy Commodity Index	OPEC Oil Price
	YOY % GROWTH					
2017 Jun	0.5	1.5	1.7	3.2	-0.7	-1.4
Jul	0.6	1.6	1.7	4.2	1.7	10.0
Aug	0.4	1.4	1.5	5.0	3.6	15.1
Sep	0.4	1.5	1.5	4.9	5.9	24.6
Oct	0.4	1.5	1.5	3.4	6.1	15.9
Nov	0.6	1.5	1.8	4.1	2.8	40.5
Dec	0.4	1.3	1.4	-0.4	2.0	20.0
2018 Jan	0.0	1.4	1.0	-0.2	3.1	27.3
Feb	0.5	1.7	1.5	-0.1	3.0	18.9
Mar	0.2	1.5	1.2	1.5	4.2	26.9
Apr	0.1	1.3	0.9	1.7	9.0	33.0
May	0.4	1.5	1.2	6.6	8.8	50.6
Jun	0.6	1.7	1.5	N.A.	N.A.	62.0

Source: Singapore Department of Statistics, World Bank and Bloomberg

N.A.: Not available