



## Consumer Price Developments in January 2019

In January 2019, CPI-All Items inflation and MAS Core Inflation eased to 0.4% and 1.7% on a year-on-year (y-o-y) basis respectively, from 0.5% and 1.9% in the previous month. This largely reflected a slower pace of increase in the cost of electricity & gas<sup>1</sup>, which outweighed higher services inflation.

### *CPI-All Items inflation eased to 0.4% y-o-y in January*

CPI-All Items inflation came in lower at 0.4% y-o-y in January, compared to 0.5% in December, mainly on account of a smaller rise in the cost of electricity & gas, which more than offset the stronger pickup in the cost of services.

The cost of electricity & gas rose at a slower pace of 6.5% y-o-y in January, compared to the 14.6% increase in the previous month. This was largely due to a downward revision in electricity tariffs given lower oil prices in the preceding months<sup>2</sup>, as well as the effect of the phased nationwide launch of the Open Electricity Market (OEM) on electricity prices.

The overall cost of retail items rose by 1.4% y-o-y in January, easing from the 1.7% increase in December. This mostly reflected a steeper decline in the prices of telecommunication equipment and recreation & entertainment goods, as well as a slower pace of increase in the prices of household durables & supplies.

Food inflation came in at 1.4% y-o-y in January, unchanged from the preceding month, as price increases for both non-cooked food items and prepared meals remained broadly the same.

Services inflation picked up to 1.7% y-o-y in January, from 1.5% in the previous month. This was mainly on account of an increase in public transport fares<sup>3</sup>, which outweighed a smaller rise in holiday expenses.

Private road transport costs declined by 3.4% y-o-y in January, a moderation from the 3.7% fall in December, as the pace of reduction in car prices eased, more than offsetting lower petrol prices.

Accommodation costs fell by 1.9% y-o-y in January, the same pace of decline as in the previous month, as a more gradual fall in housing rentals offset a smaller rise in the cost of housing maintenance & repairs.

### *CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation moderated to 0.9% y-o-y in January*

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) moderated to 0.9% y-o-y in January, from 1.1% in the preceding month, as a smaller increase in the cost of electricity & gas more than offset higher services inflation.

---

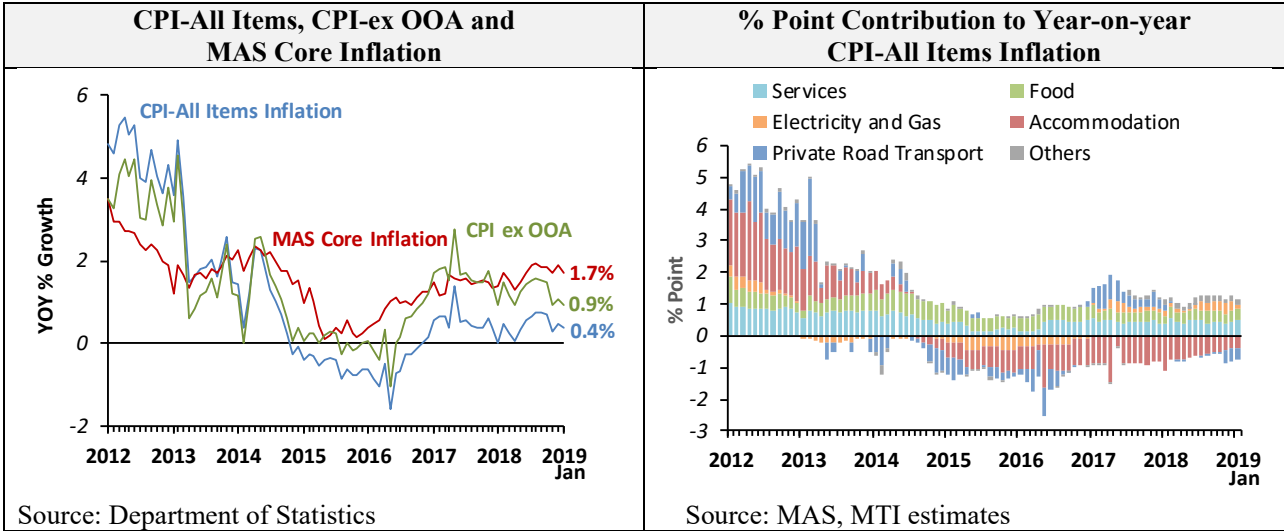
<sup>1</sup> Electricity & gas includes electricity, liquefied petroleum gas (LPG) and gas (for domestic use).

<sup>2</sup> The fuel cost component of the electricity tariff for each quarter is calculated based on the average forward fuel oil and dated Brent oil prices in the first two-and-a-half month period of the preceding quarter.

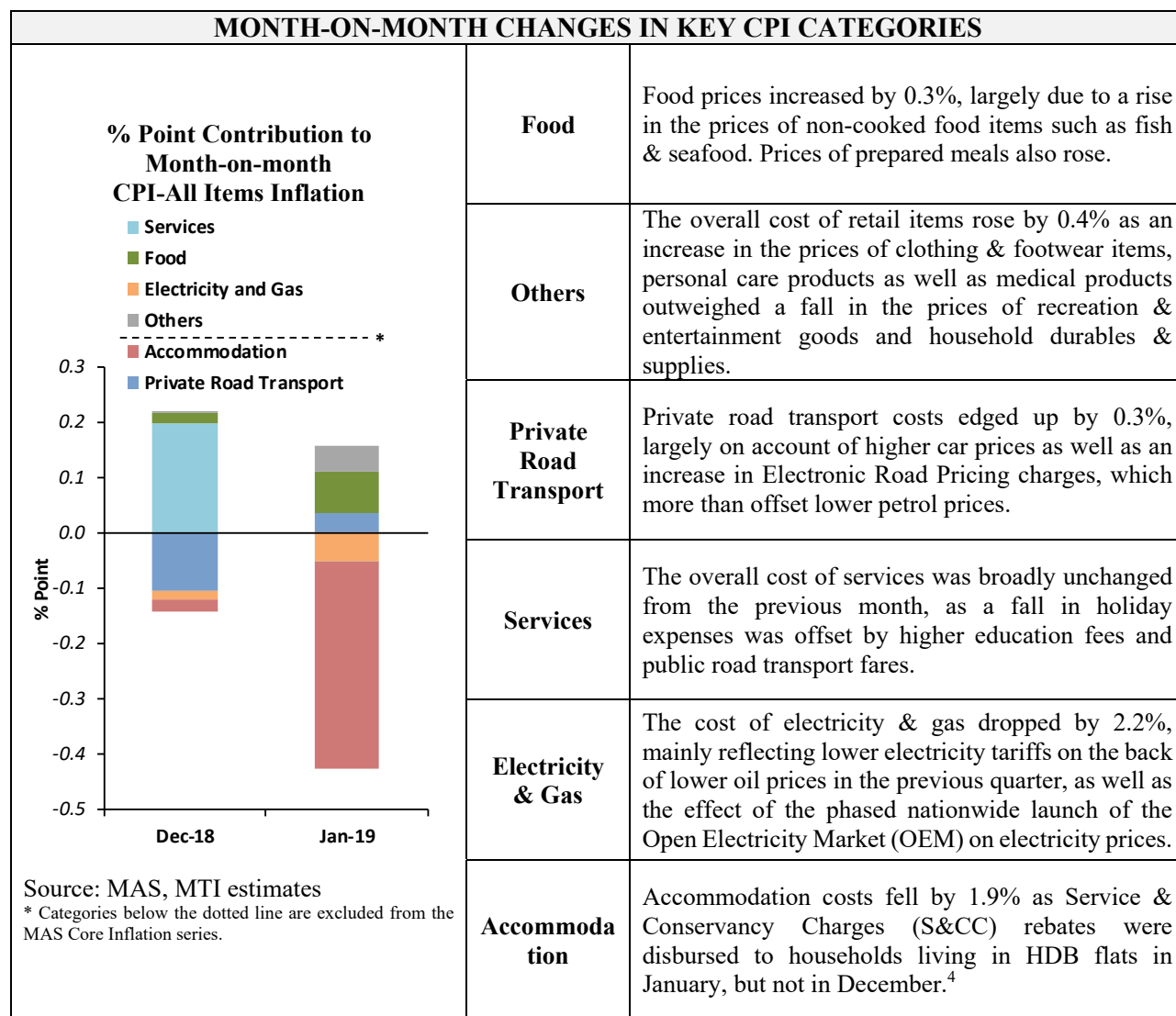
<sup>3</sup> Public transport fares were raised by 4.3% on 29 December 2018.

**MAS Core Inflation came in lower at 1.7% y-o-y in January**

MAS Core Inflation, which excludes the costs of accommodation and private road transport, eased to 1.7% y-o-y in January, from 1.9% in the previous month. This mainly reflected a slower pace of increase in the cost of electricity & gas, which outweighed higher services inflation.



**On a month-on-month basis, CPI-All Items fell by 0.3% in January, reversing the 0.1% increase in December. Meanwhile, MAS Core Inflation eased to 0.1% from 0.3% in the previous month.**



**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	
↑ Fish & Seafood	1.2	5.1		↓ Holiday Expenses	3.5	-4.0	
↑ Catered food	0.2	3.4		↓ Other travel & transport ^	1.3	-3.8	
↑ Public road transport	3.0	2.1		↓ Accommodation	22.9	-1.9	
↑ Tuition & other fees	6.1	1.3		↓ Fuel & utilities	3.4	-1.5	
↑ Personal Care	2.4	1.2		↓ Other food ~	0.3	-1.0	
↑ Medical products, appliances & equipment	1.4	1.0		↓ Oils & Fats	0.2	-0.6	
↑ Clothing & Footwear	2.7	0.8		↓ School textbooks & related study guides	0.1	-0.6	
↑ Medical & dental treatment	4.8	0.4		↓ Fruits	0.8	-0.5	
↑ Private road transport	11.5	0.3		↓ Sugar, preserves & confectionery	0.3	-0.4	
↑ Fast food	0.9	0.3		↓ Meat	1.2	-0.3	

^ 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.

## Outlook

External sources of inflation have receded as global oil prices fell sharply in Q4 2018, mainly on oversupply concerns. As a result, global oil prices are expected to be lower this year compared to 2018. On the domestic front, supportive labour market conditions should underpin wage growth and continuing price pressures. However, the extent of overall price increases will be capped by greater market competition in several consumer segments, such as telecommunications, electricity and retail.

Given the sharp decline in global oil prices in recent months, the forecast for CPI-All Items inflation in 2019 has been revised down to 0.5–1.5% from 1–2%. The forecast for MAS Core Inflation is unchanged at 1.5–2.5%.<sup>5</sup>

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

25 February 2019

---

<sup>5</sup>

This reflects the smaller weight of oil-related items in MAS Core Inflation.

## **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 January 2019”. This release also contains further information on the various price indicators published.*

*<https://www.singstat.gov.sg/-/media/files/publications/economy/cpijan19.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)
2018 Jan	0.0	1.1	1.0	-3.6	1.2	2.3	0.7	0.0	0.8	2.8	0.5	99.9
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	99.6
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	99.8
Jul	0.6	1.5	2.3	-1.0	0.5	2.0	-0.3	0.2	1.7	2.4	0.9	100.2
Aug	0.7	1.7	2.8	-0.6	0.7	2.0	-0.2	-1.5	1.6	2.4	1.1	100.1
Sep	0.7	1.6	1.8	-0.5	0.8	2.0	-0.1	-1.6	1.2	2.9	1.1	100.1
Oct	0.7	1.4	1.2	-0.2	0.9	1.8	-0.5	-1.2	1.0	3.2	1.1	100.2
Nov	0.3	1.4	0.8	0.0	0.7	1.6	-2.8	-3.0	0.9	3.2	1.4	99.9
Dec	0.5	1.4	2.6	0.1	0.8	1.6	-2.6	-2.7	1.7	3.2	1.4	100.0
2019 Jan	0.4	1.4	2.5	-0.5	0.7	1.7	-1.8	-2.9	0.9	3.2	1.4	100.1

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	S&P Non-Energy GSCI Index	Brent Crude Spot Prices
	YOY % GROWTH					
2018 Jan	0.0	1.4	1.0	-0.2	5.4	69.1
Feb	0.5	1.7	1.5	-0.1	4.4	65.3
Mar	0.2	1.5	1.2	1.5	5.1	66.0
Apr	0.1	1.3	0.9	1.7	6.7	72.1
May	0.4	1.5	1.2	6.6	6.9	77.0
Jun	0.6	1.7	1.5	9.1	5.6	74.4
Jul	0.6	1.9	1.5	10.0	-2.8	74.3
Aug	0.7	1.9	1.6	9.2	-1.4	72.5
Sep	0.7	1.8	1.5	9.2	-3.4	78.9
Oct	0.7	1.9	1.5	9.7	-2.4	81.0
Nov	0.3	1.7	0.9	3.6	-4.1	64.8
Dec	0.5	1.9	1.1	-0.7	-2.2	57.4
2019 Jan	0.4	1.7	0.9	N.A.	-5.0	59.4

Source: Singapore Department of Statistics, S&P Dow Jones Indices, U.S. Energy Information Administration

N.A.: Not available