



Consumer Price Developments in June 2019

MAS Core Inflation edged down to 1.2% on a year-on-year (y-o-y) basis in June, from 1.3% in May, due to lower services and retail inflation, as well as a steeper decline in the cost of electricity & gas.¹ CPI-All Items inflation moderated to 0.6% y-o-y in June, from 0.9% in the previous month. Apart from lower core inflation, this also reflected a fall in private road transport inflation and a larger drop in accommodation costs.

CPI-All Items inflation came in lower at 0.6% y-o-y in June

CPI-All Items inflation eased to 0.6% y-o-y in June, from 0.9% in May. This was due to lower private road transport, services and retail inflation, as well as a larger decline in the costs of electricity & gas and accommodation.

The cost of private road transport rose slightly by 0.2% y-o-y in June, moderating from the 1.5% increase in the previous month, mainly on account of a smaller rise in car prices and a decline in petrol prices.

Services inflation eased to 1.7% y-o-y in June, from 2.0% in May, largely reflecting smaller increases in holiday expenses and airfares, as well as a larger fall in telecommunication services fees.

The overall cost of retail items increased by 0.4% y-o-y in June, slightly lower than the 0.5% rise in May. The slower rate of inflation was primarily due to a larger decline in the prices of telecommunications equipment, medical products and goods for recreation & entertainment, which more than offset a faster pace of increase in the prices of personal care products as well as a smaller decline in the prices of clothing & footwear.

The cost of electricity & gas declined by 4.8% y-o-y in June, steeper than the 4.0% drop in the preceding month, due to the dampening effect of the nationwide launch of the Open Electricity Market (OEM) on electricity prices.

Accommodation costs fell at a slightly faster pace of 1.1% y-o-y in June as compared to the 1.0% decline in the previous month, as a smaller increase in the cost of housing maintenance & repairs outweighed a more gradual decline in housing rentals.

Food inflation was 1.4% y-o-y in June, unchanged from May, as an uptick in food services inflation broadly offset a smaller increase in the prices of non-cooked food items.

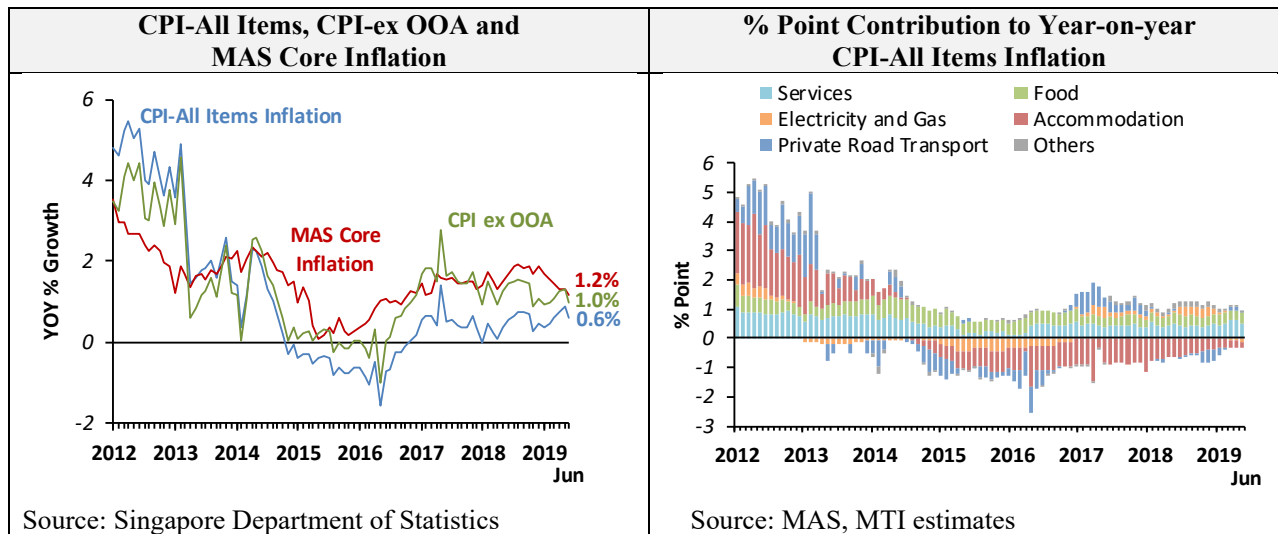
CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation fell to 1.0% y-o-y in June

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) moderated to 1.0% y-o-y in June, from 1.3% in the previous month. This reflected lower private road transport, services and retail inflation, as well as a steeper fall in the cost of electricity & gas and a smaller increase in the cost of housing maintenance & repairs.

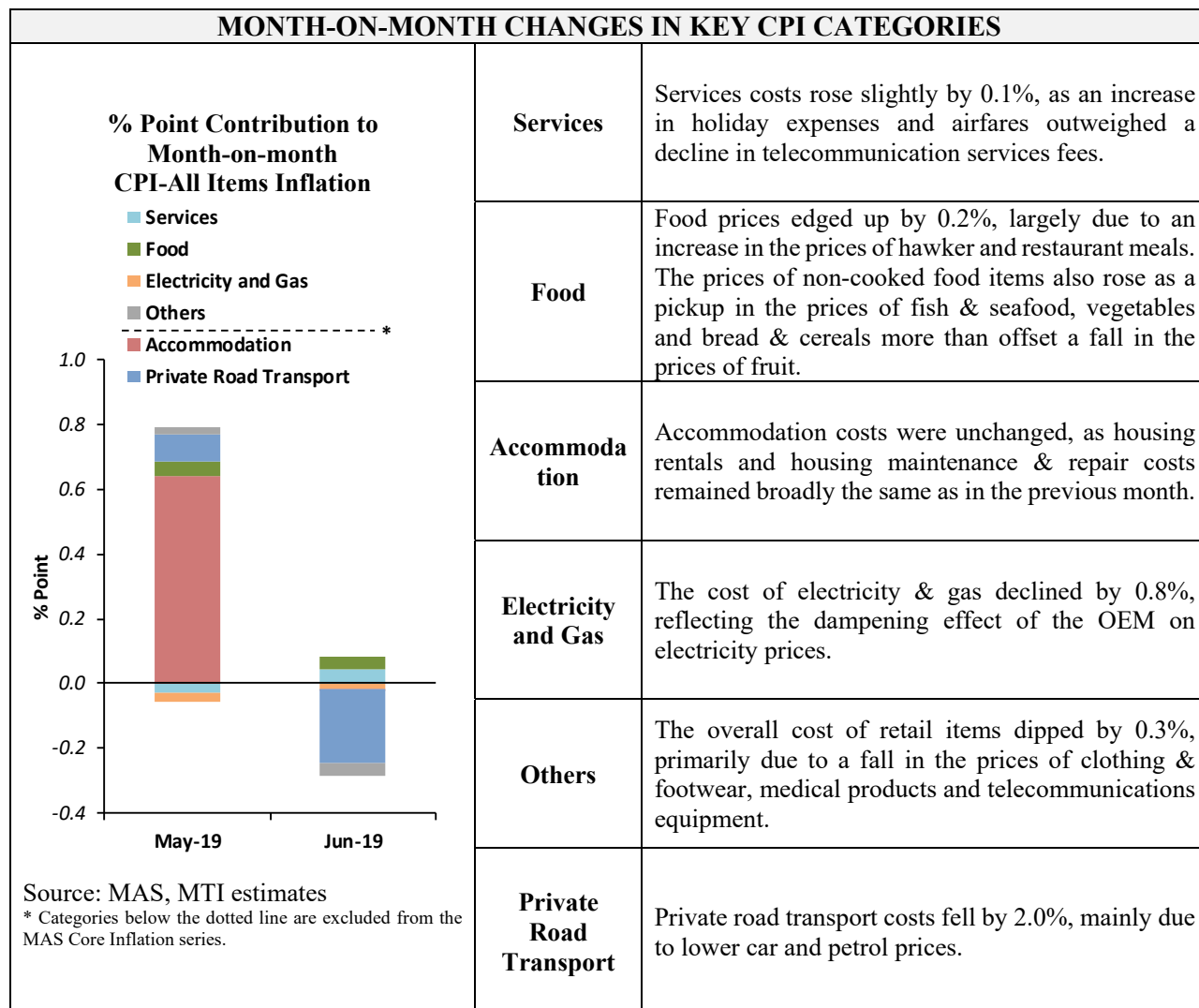
¹ Electricity & gas includes electricity, liquefied petroleum gas (LPG) and gas (for domestic use).

MAS Core Inflation eased to 1.2% y-o-y in June

MAS Core Inflation, which excludes the costs of accommodation and private road transport, eased to 1.2% y-o-y in June, from 1.3% in May. This was due to lower services and retail inflation, as well as a larger fall in the cost of electricity & gas.



On a month-on-month basis, CPI-All Items fell by 0.2% in June, a reversal from the 0.7% rise in May. Meanwhile, MAS Core Inflation in June was unchanged from the previous month, at 0%.



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 ^	1.3	1.9		↓ Private road transport	11.5	-2.0	
↑ Fish & Seafood	1.2	1.2		↓ Medical products, appliances & equipment	1.4	-1.2	
↑ Holiday Expenses	3.5	1.0		↓ Fruits	0.8	-1.2	
↑ Vegetables	1.0	0.6		↓ Communication	3.9	-0.7	
↑ Personal Care	2.4	0.6		↓ Clothing & Footwear	2.7	-0.7	
↑ Other food ~	0.3	0.5		↓ Personal effects #	0.6	-0.7	
↑ Bread & Cereals	1.4	0.4		↓ Oils & Fats	0.2	-0.7	
↑ Restaurant food	4.9	0.2		↓ Fuel & utilities	3.4	-0.5	
↑ Hawker food (incl. food courts)	8.1	0.2		↓ Non-alcoholic beverages	0.5	-0.5	
↑ Alcoholic drinks & tobacco	1.0	0.1		↓ Sugar, preserves & confectionery	0.3	-0.5	

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

^ 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

For the rest of 2019, external sources of inflation are likely to be benign. Global oil prices for the full year are currently not expected to exceed last year's average. On the domestic front, labour market conditions have largely held up and will support moderate wage increases, such that unit labour costs should continue to rise. However, an acceleration in inflationary pressures is unlikely against the backdrop of slower GDP growth, uncertainties in the global economy, as well as the continuing restraining effects of MAS' monetary policy tightening in 2018.

MAS Core Inflation is expected to come in near the mid-point of the forecast range of 1–2% in 2019. Meanwhile, CPI-All Items inflation is expected to average 0.5–1.5% in 2019. Private road transport costs could pick up slightly this year as compared to 2018, while accommodation costs are likely to decline at a slower pace this year.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 July 2019

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

<https://www.singstat.gov.sg/-/media/files/publications/economy/cpijun19.pdf>

MAS Core Inflation

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

https://www.mas.gov.sg/-/media/MAS/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 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
Feb	0.5	1.4	1.2	-0.4	0.8	1.7	-1.2	-2.4	0.7	2.7	1.3	100.3
Mar	0.6	1.6	0.1	-0.3	0.4	1.5	-0.3	-1.0	1.3	2.7	-0.3	100.2
Apr	0.8	1.3	-1.3	-1.0	1.4	1.2	1.4	-0.5	2.1	2.6	0.0	100.6
May	0.9	1.4	-0.9	-0.7	1.1	1.4	1.6	-1.1	2.3	2.6	0.3	100.7
Jun	0.6	1.4	-0.6	-0.8	1.1	1.1	0.6	-1.7	1.8	2.5	0.4	100.4

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 Jun	0.6	1.7	1.5	8.0	5.6	74.4
Jul	0.6	1.9	1.5	10.1	-2.8	74.3
Aug	0.7	1.9	1.6	10.1	-1.4	72.5
Sep	0.7	1.8	1.5	10.4	-3.4	78.9
Oct	0.7	1.9	1.5	10.4	-2.4	81.0
Nov	0.3	1.7	0.9	5.7	-4.1	64.8
Dec	0.5	1.9	1.1	2.5	-2.2	57.4
2019 Jan	0.4	1.7	0.9	2.2	-5.0	59.4
Feb	0.5	1.5	1.0	4.1	-5.5	64.0
Mar	0.6	1.4	1.1	5.4	-4.5	66.1
Apr	0.8	1.3	1.2	4.7	-4.5	71.2
May	0.9	1.3	1.3	1.4	-8.8	71.3
Jun	0.6	1.2	1.0	N.A.	-4.3	64.2

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

N.A.: Not available