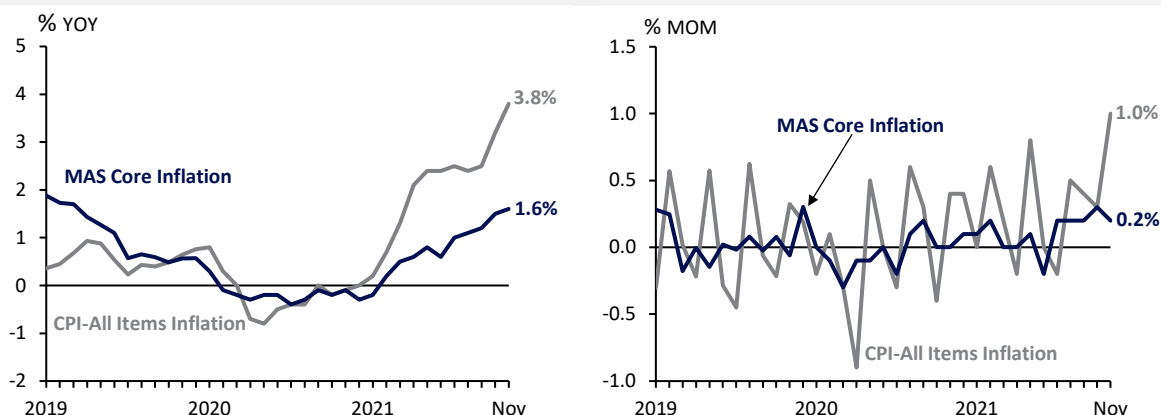


Consumer Price Developments in November 2021

Summary

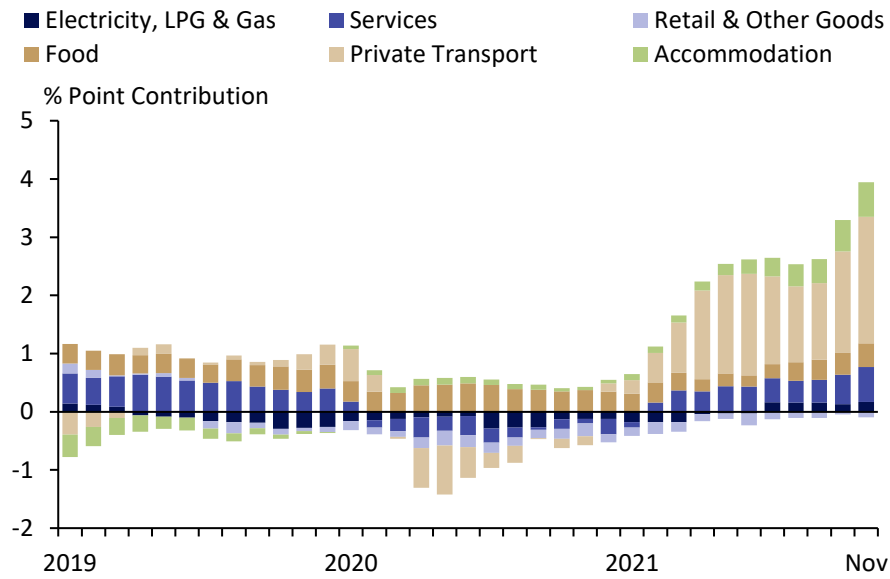
- MAS Core Inflation edged up to **1.6%** on a year-on-year (y-o-y) basis in November, from **1.5%** in October.
 - This primarily reflected an increase in services inflation.
- CPI-All Items inflation rose to **3.8%** y-o-y in November, from **3.2%** in October.
 - The uptick was driven by stronger private transport inflation, in addition to higher core inflation.
- On a month-on-month (m-o-m) basis, CPI-All Items increased by **1.0%** while core CPI rose by **0.2%** in November.¹

Chart 1: MAS Core and CPI-All Items Inflation



¹ The m-o-m increase in CPI-All Items was primarily driven by a sequential pickup in accommodation costs as rebates for Service & Conservancy Charges (S&CC) were disbursed to households living in HDB flats in October, but not in November.

Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation

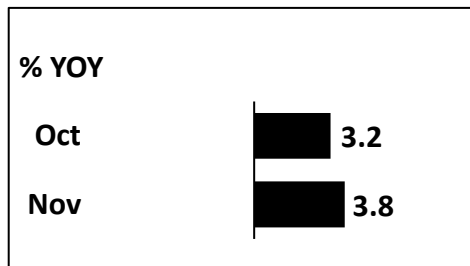


* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

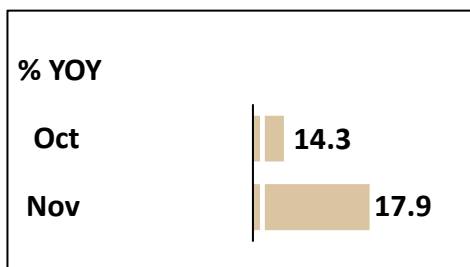
CPI-All Items inflation rose to 3.8% y-o-y in November.

CPI-All Items



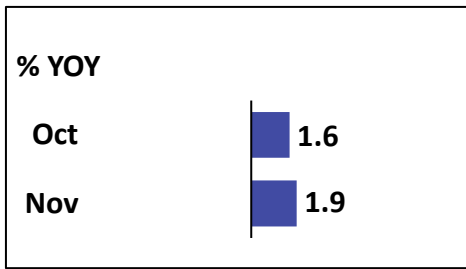
CPI-All Items inflation increased, largely due to higher private transport and services inflation.

Private Transport



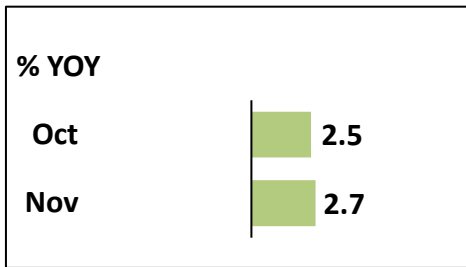
Private transport inflation rose on the back of a larger increase in car prices.

Services



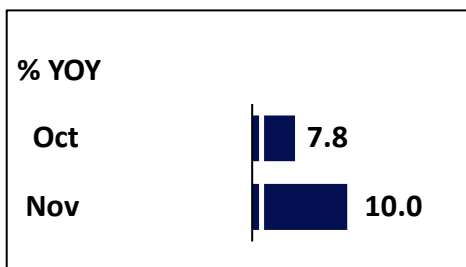
Services inflation picked up on account of a faster pace of increase in airfares² and a smaller decline in telecommunication services costs.

Accommodation



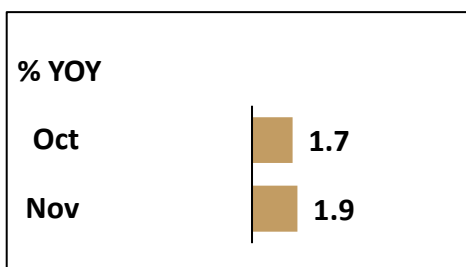
Accommodation inflation edged up as housing rents increased more rapidly.

Electricity & Gas



Electricity & gas costs saw a larger increase, primarily due to a decline in the number of households on standard price plans for electricity.³

Food

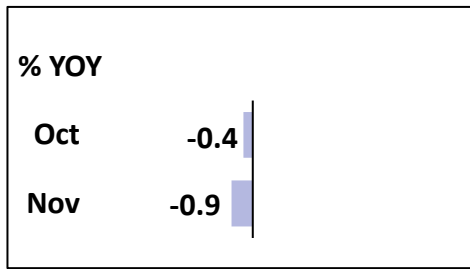


Food inflation rose on the back of higher non-cooked food inflation, while the inflation of prepared meals remained unchanged.

² With the easing of border restrictions and establishment of Vaccinated Travel Lanes, available data on airfares are progressively being incorporated into the CPI. Nonetheless, as overseas travel was still limited, the airfare CPI for November remained largely imputed using the overall change in CPI-All Items. For more details, please refer to the Technical Note in the Department of Statistics' release titled "Singapore Consumer Price Index for November 2021".

³ The exit of retailers under the Open Electricity Market (OEM) led to affected household accounts being transferred to SP Group. As standard price plans provided by retailers under the OEM are generally priced lower than the regulated tariff charged by SP Group, the decline in the number of households on OEM standard price plans contributed to the steeper increase in electricity costs.

Retail & Other Goods



The cost of retail & other goods fell more sharply, due to a larger decline in the price of clothing & footwear.

Outlook

Global inflation remains elevated and this is likely to persist for some time. Notably, firm crude oil prices are supported by tight supply conditions, as well as firm demand. The supply-demand mismatch in various commodities and goods markets, as well as bottlenecks in global transportation, are likely to continue in the near term. As the global and regional economic recoveries progress, underlying inflation in Singapore's major trading partners is also projected to gradually increase.

On the domestic front, the labour market recovery is expected to become more entrenched with the easing of COVID-19 restrictions and a pickup in economic activity. Wages have increased and are anticipated to continue to rise at a steady pace as slack in the labour market dissipates. As the domestic COVID-19 situation stabilises, consumer demand should strengthen, with the possibility of a greater pass-through of accumulating business costs to consumer prices.

Rising import and labour costs, alongside the recovery in domestic economic activity, will support a steady increase in core inflation in the quarters ahead. MAS Core Inflation is projected to average 0.9% for 2021 as a whole, and increase further to 1–2% in 2022. Given the sharp rise in private transport costs in recent months due to higher COE premiums, CPI-All Items inflation is expected to come in at 2.3% this year. In 2022, CPI-All Items inflation is forecast to average 1.5–2.5%. Amid construction delays, accommodation inflation should remain firm and continue to support CPI-All Items inflation in 2022. Meanwhile, private transport inflation is likely to moderate next year on the back of a slower pace of increase in COE premiums and petrol costs.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 December 2021

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.

MAS Core Inflation

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

CPI Statistics

Detailed CPI statistics can be found in the Department of Statistics' release titled "Singapore Consumer Price Index for November 2021". This release also contains further information on the various price indicators published.

<https://www.singstat.gov.sg/whats-new/latest-news/cpi-highlights>

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/-](https://www.mas.gov.sg/)

[/media/MAS/resource/publications/staff_papers/StaffPaperNo51.pdf](https://www.mas.gov.sg/media/MAS/resource/publications/staff_papers/StaffPaperNo51.pdf)

Table A.1
Consumer Price Index of Key Categories
Index (2019=100)

	All Items	MAS Core	CPI Less Accommodation	CPI Less OOA	Food	Services	Retail & Other Goods	Electricity & Gas	Private Transport	Accommodation
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2020 Nov	100.105	99.873	99.843	99.998	102.226	99.606	97.863	89.855	99.679	101.037
Dec	100.469	99.977	100.286	100.418	102.253	99.743	98.070	89.686	101.949	101.119
2021 Jan	100.440	100.121	100.611	100.354	102.579	99.966	97.934	88.085	103.249	99.834
Feb	101.015	100.321	100.891	101.034	102.900	100.212	97.804	88.085	103.959	101.457
Mar	101.239	100.357	101.138	101.271	102.657	100.319	98.190	87.984	105.350	101.597
Apr	101.070	100.368	101.651	101.021	102.776	100.175	97.756	92.006	108.567	99.007
May	101.883	100.508	101.861	101.962	103.026	100.435	97.372	92.002	109.159	101.960
Jun	101.870	100.314	101.777	101.889	103.104	100.407	96.176	91.921	109.661	102.201
Jul	101.672	100.542	101.940	101.577	103.246	100.476	96.723	93.865	109.477	100.721
Aug	102.231	100.784	102.071	102.190	103.509	100.674	97.113	93.726	109.006	102.801
Sep	102.657	101.012	102.566	102.663	103.725	100.886	97.433	93.844	110.944	102.979
Oct	102.950	101.296	103.310	102.927	103.874	101.102	97.745	96.638	114.168	101.670
Nov	103.959	101.516	104.021	104.079	104.147	101.505	97.011	98.834	117.520	103.740

Note: For more information on the CPI items in the “Services” and “Retail & Other Goods” categories in this report, please refer to “MAS Core Inflation and Notes to Selected CPI Categories”. <https://www.mas.gov.sg/statistics>

Table A.2
YOY Inflation for Key CPI Categories

	All Items	MAS Core	CPI Less Accommodation	CPI Less OOA	Food	Services	Retail & Other Goods	Electricity & Gas	Private Transport	Accommodation
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2020 Nov	-0.1	-0.1	-0.3	-0.3	1.8	-0.2	-2.0	-6.8	-1.3	0.3
Dec	0.0	-0.3	0.0	-0.1	1.6	-0.8	-1.2	-6.7	1.2	0.3
2021 Jan	0.2	-0.2	0.2	0.2	1.5	-0.3	-1.3	-9.7	1.9	0.5
Feb	0.7	0.2	0.8	0.8	1.6	0.5	-1.9	-9.8	4.2	0.5
Mar	1.3	0.5	1.5	1.4	1.4	1.2	-1.5	-9.7	7.2	0.5
Apr	2.1	0.6	2.5	2.3	1.0	1.1	-1.1	-2.4	12.9	0.7
May	2.4	0.8	2.9	2.7	1.0	1.4	-0.8	-1.9	14.5	0.9
Jun	2.4	0.6	2.8	2.6	0.9	1.4	-1.8	-1.8	14.9	1.1
Jul	2.5	1.0	2.8	2.7	1.1	1.3	-1.2	9.9	12.6	1.4
Aug	2.4	1.1	2.6	2.5	1.5	1.2	-1.0	9.7	10.8	1.7
Sep	2.5	1.2	2.7	2.6	1.6	1.2	-1.0	9.9	10.8	1.9
Oct	3.2	1.5	3.5	3.4	1.7	1.6	-0.4	7.8	14.3	2.5
Nov	3.8	1.6	4.2	4.1	1.9	1.9	-0.9	10.0	17.9	2.7