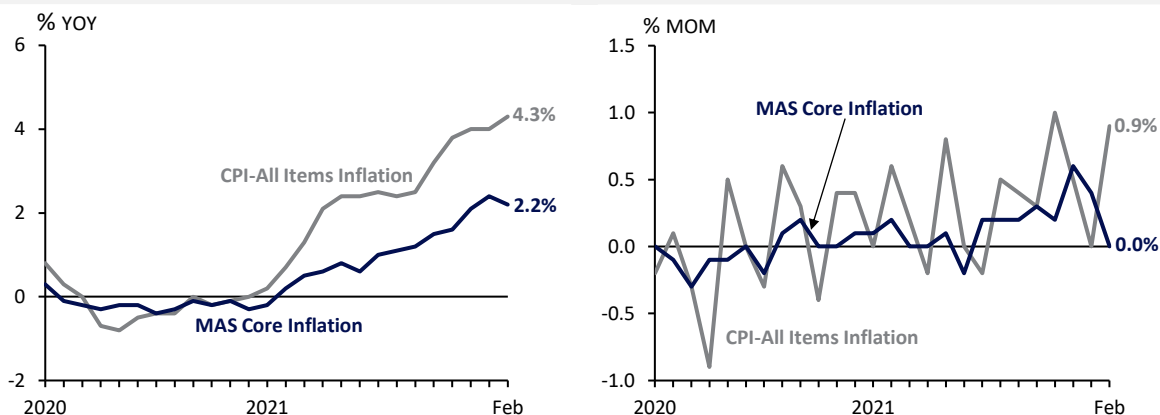


## Consumer Price Developments in February 2022

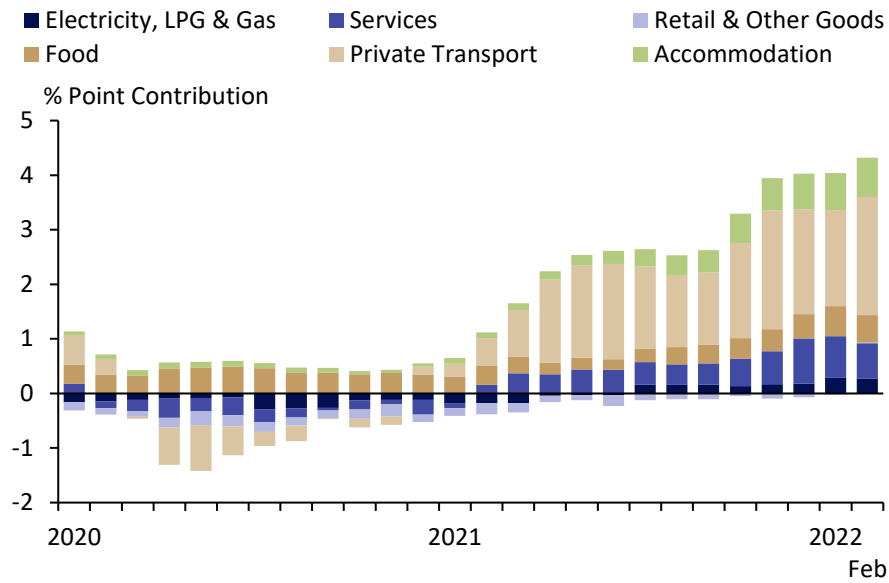
### Summary

- MAS Core Inflation eased to **2.2%** on a year-on-year (y-o-y) basis in February 2022, from **2.4%** in January.
  - This reflected lower inflation for services, food and electricity & gas.
- CPI-All Items inflation rose to **4.3%** y-o-y in February, from **4.0%** in the preceding month.
  - This was primarily due to higher private transport inflation which more than offset the decline in core inflation.
- On a month-on-month (m-o-m) basis, CPI-All Items increased by **0.9%** while core CPI was unchanged (i.e., **0%**) in February.

**Chart 1: MAS Core and CPI-All Items Inflation**



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

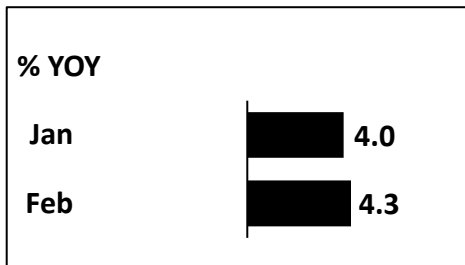


\* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

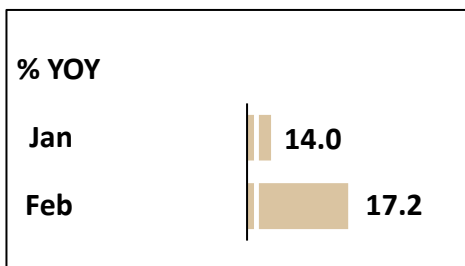
**CPI-All Items inflation rose to 4.3% y-o-y in February.**

CPI-All Items



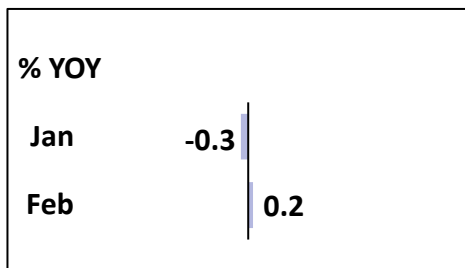
CPI-All Items inflation increased, mainly on account of higher private transport inflation.

Private Transport



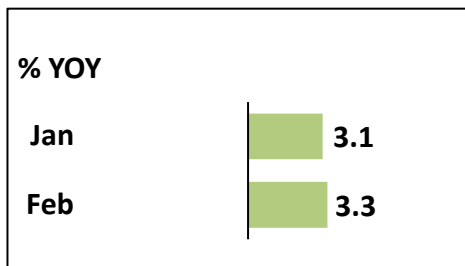
Private transport inflation rose markedly as car prices picked up at a stronger pace.

### Retail & Other Goods



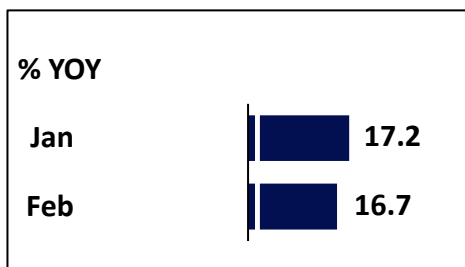
The cost of retail & other goods edged up due to a slower pace of decline in the price of clothing & footwear as well as a larger price increase for personal effects.

### Accommodation



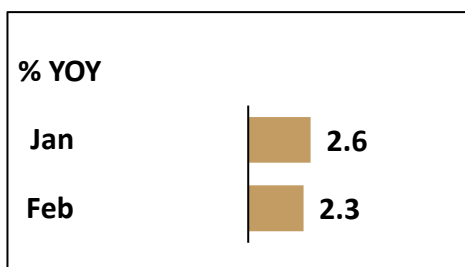
Accommodation inflation rose due to a larger increase in housing rents.

### Electricity & Gas



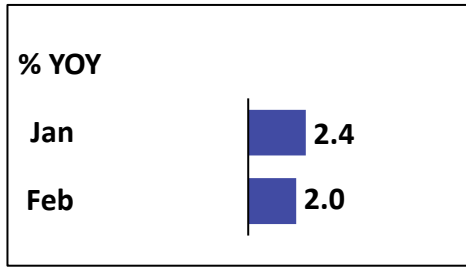
Electricity & gas prices rose at a slower pace as the average electricity prices paid by households under the Open Electricity Market (OEM) saw a smaller increase.

### Food



Food inflation eased, as lower inflation for non-cooked food such as fish & seafood, fruits and vegetables more than offset higher inflation for prepared meals.

## Services



Services inflation fell as the cost of telecommunication services fees declined more sharply, while inflation for holiday expenses eased. At the same time, inflation for airfares<sup>1</sup> moderated in February as the relaxation of testing requirements led to lower cost of mandatory COVID-19 tests under the Vaccinated Travel Lanes (VTLs).

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<sup>1</sup> With the introduction of VTLs, actual air travel costs are being progressively incorporated into the CPI, compared to the previous approach of imputing them using the overall change in CPI-All Items when there were no flights due to COVID-19. As overseas travel was still limited, the airfares CPI for February remained largely imputed. For more details, please refer to the Technical Note in the Department of Statistics' release titled "Singapore Consumer Price Index for February 2022".

## Outlook

Global inflation is expected to stay high for some time before easing in the latter half of the year. In the near term, heightened geopolitical risks and tight supply conditions will keep crude oil prices elevated. Supply-demand mismatches in commodity markets due in part to geopolitical factors, bottlenecks in global transportation, as well as labour shortages in a number of Singapore's major trading partners are also likely to persist. While ongoing external supply constraints should ease in the second half of 2022, leading to some moderation in imported inflation, there remain upside risks to inflation from geopolitical and pandemic-related shocks.

On the domestic front, the labour market should continue to tighten and lead to strengthened wage pressures over the course of the year. Cost increases are likely to filter through to higher services prices as private consumption picks up. For the non-core CPI components, car and accommodation cost increases are likely to remain strong in the near term, keeping headline inflation elevated.

MAS Core Inflation is forecast to pick up further in the near term, and could reach 3% by the middle of the year before easing in the second half of 2022 as external inflation recedes. The rising cost of air travel is expected to account for a significant part of the increase in core inflation in the near term. For 2022 as a whole, MAS Core Inflation is projected to average 2–3% while CPI-All Items inflation is forecast to come in within 2.5–3.5%.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 March 2022

## **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 February 2022". 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
<b>Weights</b>	<b>10,000</b>	<b>6,582</b>	<b>7,803</b>	<b>8,250</b>	<b>2,110</b>	<b>3,173</b>	<b>1,111</b>	<b>188</b>	<b>1,221</b>	<b>2,197</b>
<b>2021 Feb</b>	101.015	100.321	100.891	101.034	102.900	100.212	97.804	88.085	103.959	101.457
<b>Mar</b>	101.239	100.357	101.138	101.271	102.657	100.319	98.190	87.984	105.350	101.597
<b>Apr</b>	101.070	100.368	101.651	101.021	102.776	100.175	97.756	92.006	108.567	99.007
<b>May</b>	101.883	100.508	101.861	101.962	103.026	100.435	97.372	92.002	109.159	101.960
<b>Jun</b>	101.870	100.314	101.777	101.889	103.104	100.407	96.176	91.921	109.661	102.201
<b>Jul</b>	101.672	100.542	101.940	101.577	103.246	100.476	96.723	93.865	109.477	100.721
<b>Aug</b>	102.231	100.784	102.071	102.190	103.509	100.674	97.113	93.726	109.006	102.801
<b>Sep</b>	102.657	101.012	102.566	102.663	103.725	100.886	97.433	93.844	110.944	102.979
<b>Oct</b>	102.950	101.296	103.310	102.927	103.874	101.102	97.745	96.638	114.168	101.670
<b>Nov</b>	103.959	101.516	104.021	104.079	104.147	101.505	97.011	98.834	117.520	103.740
<b>Dec</b>	104.439	102.084	104.529	104.569	104.373	102.368	97.392	99.326	117.712	104.119
<b>2022 Jan</b>	104.472	102.516	104.897	104.515	105.197	102.384	97.678	103.199	117.734	102.963
<b>Feb</b>	105.379	102.520	105.547	105.552	105.299	102.255	97.951	102.832	121.861	104.783

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**

	<b>All Items</b>	<b>MAS Core</b>	<b>CPI Less Accommo dation</b>	<b>CPI Less OOA</b>	<b>Food</b>	<b>Services</b>	<b>Retail &amp; Other Goods</b>	<b>Electricity &amp; Gas</b>	<b>Private Transport</b>	<b>Accommo dation</b>
<b>Weights</b>	<b>10,000</b>	<b>6,582</b>	<b>7,803</b>	<b>8,250</b>	<b>2,110</b>	<b>3,173</b>	<b>1,111</b>	<b>188</b>	<b>1,221</b>	<b>2,197</b>
<b>2021 Feb</b>	0.7	0.2	0.8	0.8	1.6	0.5	-1.9	-9.8	4.2	0.5
<b>Mar</b>	1.3	0.5	1.5	1.4	1.4	1.2	-1.5	-9.7	7.2	0.5
<b>Apr</b>	2.1	0.6	2.5	2.3	1.0	1.1	-1.1	-2.4	12.9	0.7
<b>May</b>	2.4	0.8	2.9	2.7	1.0	1.4	-0.8	-1.9	14.5	0.9
<b>Jun</b>	2.4	0.6	2.8	2.6	0.9	1.4	-1.8	-1.8	14.9	1.1
<b>Jul</b>	2.5	1.0	2.8	2.7	1.1	1.3	-1.2	9.9	12.6	1.4
<b>Aug</b>	2.4	1.1	2.6	2.5	1.5	1.2	-1.0	9.7	10.8	1.7
<b>Sep</b>	2.5	1.2	2.7	2.6	1.6	1.2	-1.0	9.9	10.8	1.9
<b>Oct</b>	3.2	1.5	3.5	3.4	1.7	1.6	-0.4	7.8	14.3	2.5
<b>Nov</b>	3.8	1.6	4.2	4.1	1.9	1.9	-0.9	10.0	17.9	2.7
<b>Dec</b>	4.0	2.1	4.2	4.1	2.1	2.6	-0.7	10.7	15.5	3.0
<b>2022 Jan</b>	4.0	2.4	4.3	4.1	2.6	2.4	-0.3	17.2	14.0	3.1
<b>Feb</b>	4.3	2.2	4.6	4.5	2.3	2.0	0.2	16.7	17.2	3.3