

Consumer Price Developments in March 2022

Summary

- MAS Core Inflation rose to **2.9%** on a year-on-year (y-o-y) basis in March 2022, from **2.2%** in February.
 - This was driven by higher inflation for food and services.
- CPI-All Items inflation rose to **5.4%** y-o-y in March, from **4.3%** in the preceding month.
 - In addition to the pickup in core inflation, private transport and accommodation inflation also came in higher.
- On a month-on-month (m-o-m) basis, core CPI and CPI-All Items increased by **0.7%** and **1.2%** respectively in March.

Chart 1: MAS Core and CPI-All Items Inflation

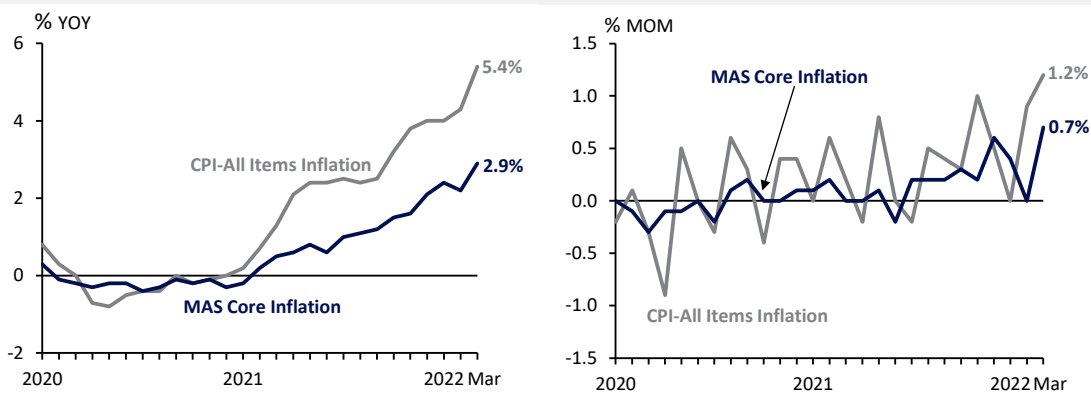
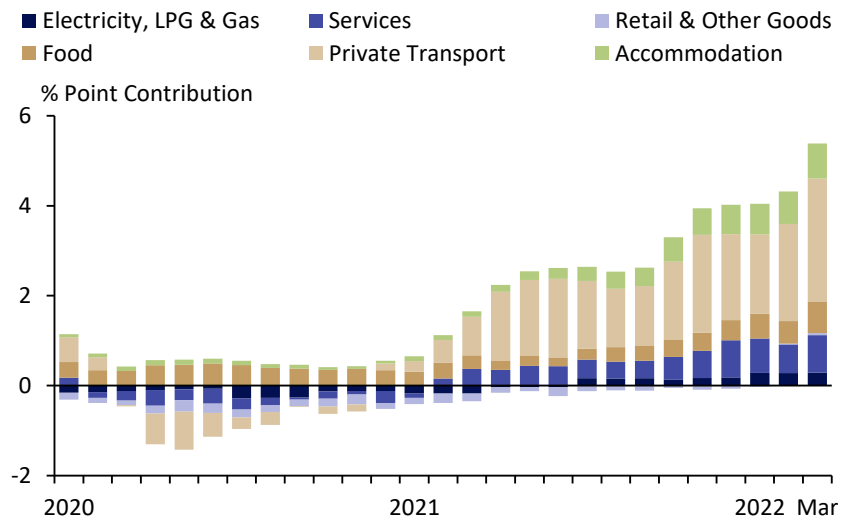


Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation

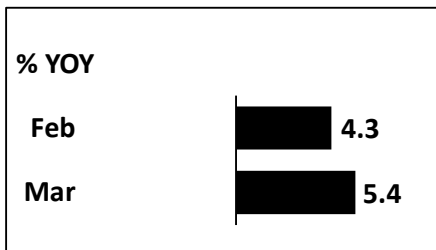


* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

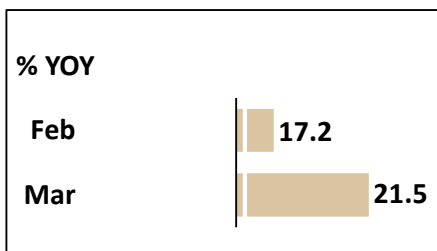
CPI-All Items inflation rose to 5.4% y-o-y in March.

CPI-All Items



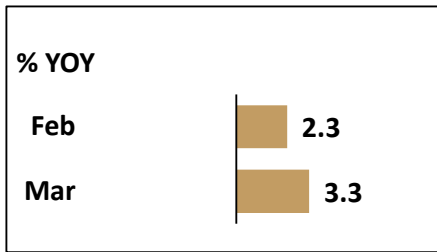
CPI-All Items inflation increased mainly on account of higher private transport, food and services inflation.

Private Transport



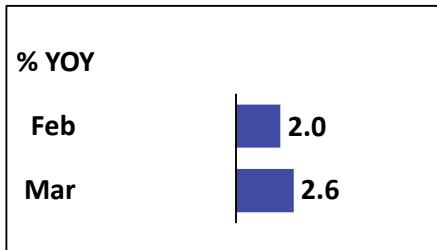
Private transport inflation picked up on the back of a larger increase in car and petrol prices.

Food



Food inflation rose as the prices of both non-cooked food and food services increased at a faster pace.

Services



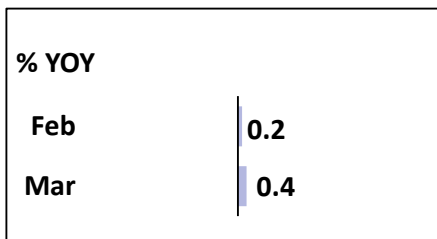
Services inflation was higher primarily due to a larger increase in the cost of other transport services¹ and holiday expenses. At the same time, the costs of recreational & cultural services and point-to-point transport services also picked up more strongly.

Accommodation



Accommodation inflation rose alongside a larger increase in housing rents.

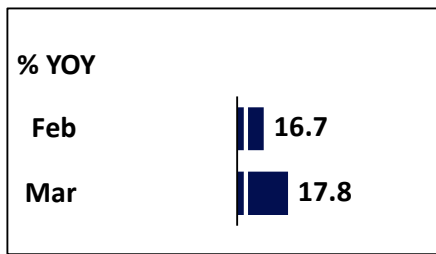
Retail & Other Goods



Retail & other goods inflation edged up as the costs of telecommunication equipment and personal care products rose, while the prices of recreational & cultural goods as well as alcoholic drinks & tobacco recorded steeper increases.

¹ With the introduction of Vaccinated Travel Lanes (VTLs), actual air and sea travel costs are being progressively incorporated into the CPI, compared to the previous approach of imputing them when travel was limited due to COVID-19. The CPI for other transport services (which includes both airfares and sea fares) rose more steeply in March, reflecting in part the inclusion of the costs of travel-related mandatory COVID-19 tests. For more details, please refer to the Technical Note in the Department of Statistics' release titled "Singapore Consumer Price Index for March 2022".

Electricity & Gas



Electricity & gas prices rose at a faster pace as the average electricity prices paid by households under the Open Electricity Market (OEM) saw a larger increase, against the backdrop of higher global oil prices.

Outlook

External inflationary pressures have intensified amid sharp increases in global commodity prices and renewed supply chain disruptions driven by both the Russia-Ukraine conflict and the regional pandemic situation. In the near term, heightened geopolitical risks and tight supply conditions will keep crude oil prices elevated. Supply-demand mismatches in other commodity markets, as well as bottlenecks in global transportation and regional supply chains, are also likely to persist.

On the domestic front, the labour market is expected to remain tight and support a firm pace of wage increases over the year. Amid improving demand, greater pass-through of accumulating business costs to consumer prices is likely to occur, keeping core inflation significantly above its historical average through the year.

MAS Core Inflation is forecast to pick up further in the coming months, before moderating towards the end of the year as some of the external inflationary pressures recede. However, there remain upside risks to inflation from the recent geopolitical and pandemic-related shocks. Meanwhile, with private transport and accommodation inflation expected to stay firm in the near term, headline inflation will pick up by more than core inflation this year. Accordingly, for the year as a whole, CPI-All Items inflation is forecast to come in between 4.5–5.5%, while MAS Core Inflation is projected to average 2.5-3.5%.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

25 April 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 March 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/->

[/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
2021 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
Dec	104.439	102.084	104.529	104.569	104.373	102.368	97.392	99.326	117.712	104.119
2022 Jan	104.472	102.516	104.897	104.515	105.197	102.384	97.678	103.199	117.734	102.963
Feb	105.379	102.520	105.547	105.552	105.299	102.255	97.951	102.832	121.861	104.783
Mar	106.691	103.240	107.117	107.048	106.057	102.973	98.588	103.615	128.017	105.178

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
2021 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
Dec	4.0	2.1	4.2	4.1	2.1	2.6	-0.7	10.7	15.5	3.0
2022 Jan	4.0	2.4	4.3	4.1	2.6	2.4	-0.3	17.2	14.0	3.1
Feb	4.3	2.2	4.6	4.5	2.3	2.0	0.2	16.7	17.2	3.3
Mar	5.4	2.9	5.9	5.7	3.3	2.6	0.4	17.8	21.5	3.5