

Consumer Price Developments in July 2022

Summary

- MAS Core Inflation rose to **4.8%** on a year-on-year (y-o-y) basis in July, from **4.4%** in June.
 - The pickup in inflation was mainly driven by stronger increases in the prices of food and electricity & gas.
- CPI-All Items inflation came in at **7.0%** y-o-y in July, up from **6.7%** in June.
 - Apart from higher core inflation, both private transport and accommodation inflation also increased in July.
- On a month-on-month (m-o-m) basis, core CPI and CPI-All Items rose by **0.6%** and **0.2%**, respectively.

Chart 1: MAS Core and CPI-All Items Inflation

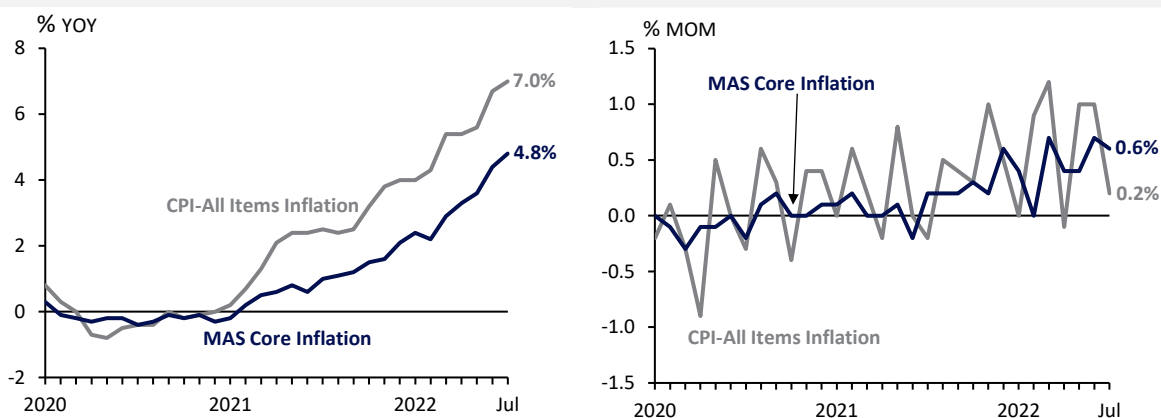
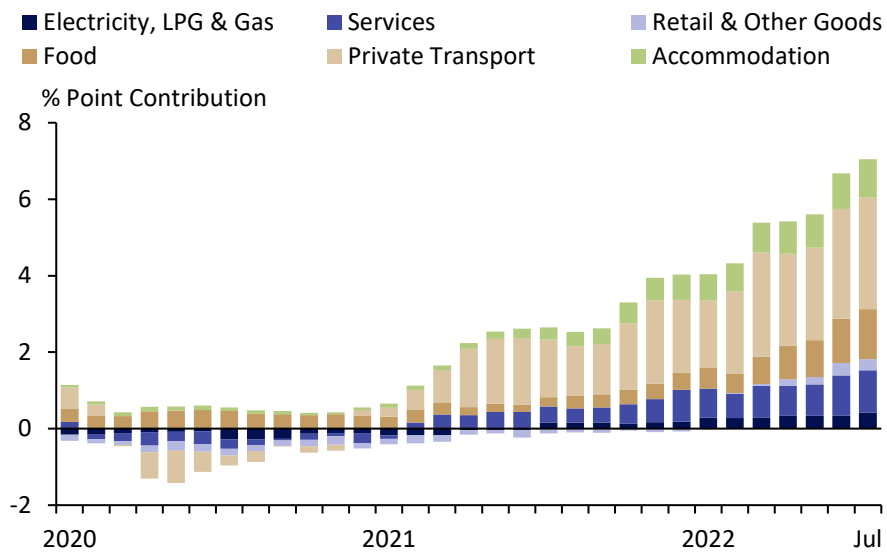


Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation

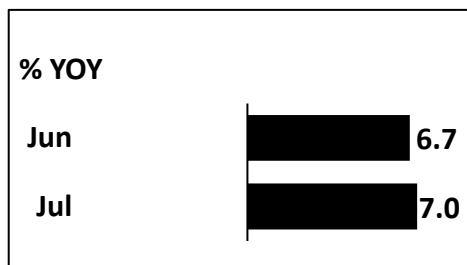


* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

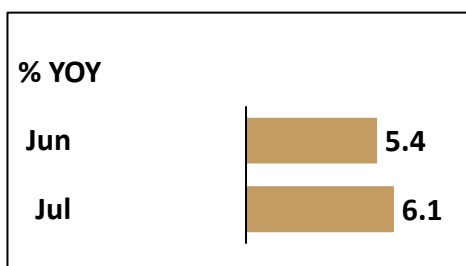
CPI-All Items inflation rose to 7.0% y-o-y in July.

CPI-All Items



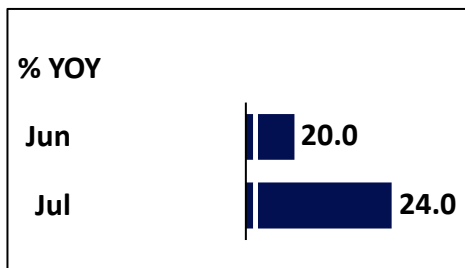
CPI-All Items inflation increased, mainly on account of higher inflation for food, electricity & gas and accommodation.

Food



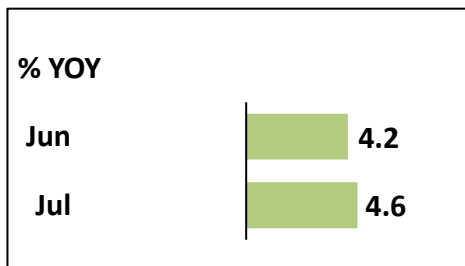
Food inflation came in higher due to steeper increases in the prices of both food services and non-cooked food.

Electricity & Gas



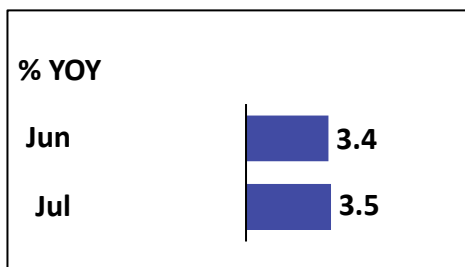
Electricity & gas inflation rose on the back of a larger increase in electricity and gas tariffs.¹

Accommodation



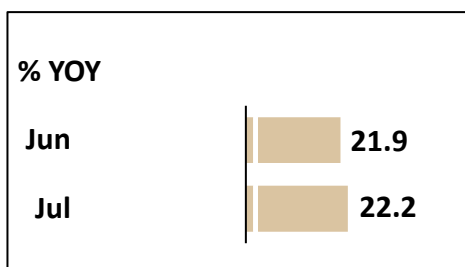
Accommodation inflation picked up due to a faster pace of increase in housing rents.

Services



Services inflation edged up as the costs of outpatient services, airfares² and recreational & cultural services recorded larger increases.

Private Transport

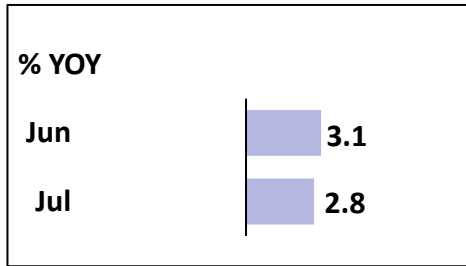


Private transport inflation rose due to a stronger pickup in car prices.

¹ Due to higher fuel costs, the electricity tariff for households (inclusive of GST) was raised to 32.28 cents per kilowatt hour (kWh) for Q3, from 29.90 cents per kWh in the preceding quarter. Similarly, the gas tariff for households (inclusive of GST) was revised upwards to 24.71 cents per kWh from 23.18 cents per kWh over the same period. On a y-o-y basis, the electricity tariff rose by 29.0% in Q3, compared to 23.9% in Q2. Similarly, the gas tariff increased by 25.1% y-o-y in Q3, following a 19.9% hike in Q2.

² A portion of the airfares CPI remained imputed in July as travel restrictions in some economies were still in place. For more details, please refer to the Technical Note in the Department of Statistics' release titled "Singapore Consumer Price Index for July 2022".

Retail & Other Goods



Prices of retail & other goods registered a slower pace of increase as telecommunication equipment and medicines & health products inflation declined. At the same time, the cost of personal effects fell.

Outlook

Globally, supply chain frictions have eased slightly and some commodity prices have levelled off. Nevertheless, global inflation is likely to stay elevated in the near term as key commodity markets continue to face supply constraints and labour markets in many major economies remain tight. In addition, the recovery in domestic demand in some regional economies as COVID-19 restrictions are eased could raise inflation in these economies. Hence, upward pressures on Singapore's import prices could persist.

On the domestic front, the labour market remains tight, keeping wage growth strong. Amid firm consumer spending, businesses are likely to pass on increases in the prices of fuel, utilities and other imported inputs, as well as labour costs, to consumer prices.

Hence, MAS Core Inflation is projected to stay elevated over the next few months, before it begins to ease towards the end of the year. Car and accommodation cost increases are also likely to stay firm for the rest of the year. For the full year, CPI-All Items inflation is expected to come in at 5.0–6.0%, while MAS Core Inflation is projected to average 3.0–4.0%. Fresh shocks to global commodity prices, as well as domestic wage pressures remain as upside risks to inflation.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 August 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 July 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
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2021 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
Apr	106.547	103.704	107.580	106.760	107.028	102.655	99.308	110.097	128.473	102.879
May	107.598	104.087	108.039	107.943	107.685	103.052	99.164	110.273	129.347	106.030
Jun	108.671	104.764	109.287	109.135	108.700	103.775	99.168	110.336	133.670	106.482
Jul	108.836	105.370	109.819	109.205	109.535	104.033	99.414	116.394	133.799	105.345

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 Accommo dation	CPI Less OOA	Food	Services	Retail & Other Goods	Electricity & Gas	Private Transport	Accommo dation
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2021 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
Apr	5.4	3.3	5.8	5.7	4.1	2.5	1.6	19.7	18.3	3.9
May	5.6	3.6	6.1	5.9	4.5	2.6	1.8	19.9	18.5	4.0
Jun	6.7	4.4	7.4	7.1	5.4	3.4	3.1	20.0	21.9	4.2
Jul	7.0	4.8	7.7	7.5	6.1	3.5	2.8	24.0	22.2	4.6