

Consumer Price Developments in March 2023

Summary

- MAS Core Inflation fell to **5.0%** on a year-on-year (y-o-y) basis in March, from **5.5%** in February.
 - This was driven by lower inflation for services, food and retail & other goods.
- CPI-All Items inflation eased to **5.5%** y-o-y in March, from **6.3%** in February.
 - This came on the back of a decline in private transport inflation, in addition to the fall in core inflation.
- On a month-on-month (m-o-m) basis, core CPI and CPI-All Items increased by **0.2%** and **0.5%**, respectively.

Chart 1: MAS Core and CPI-All Items Inflation

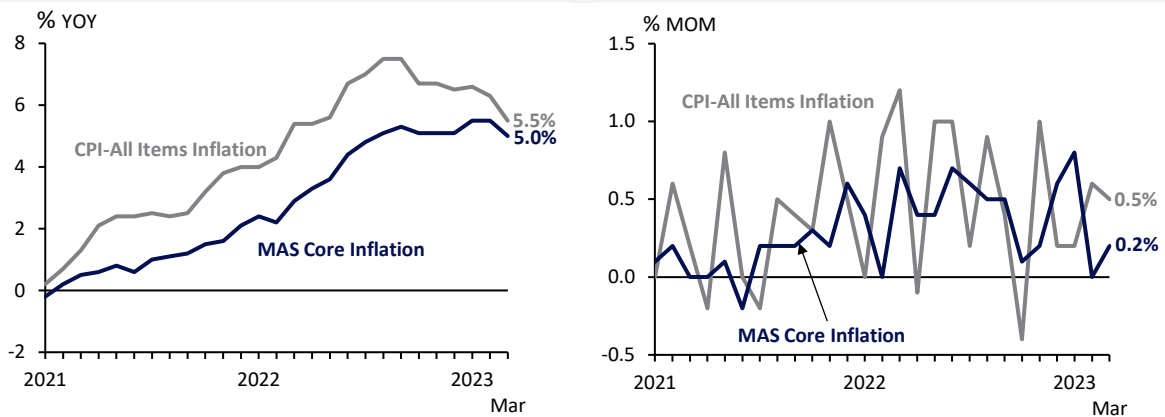
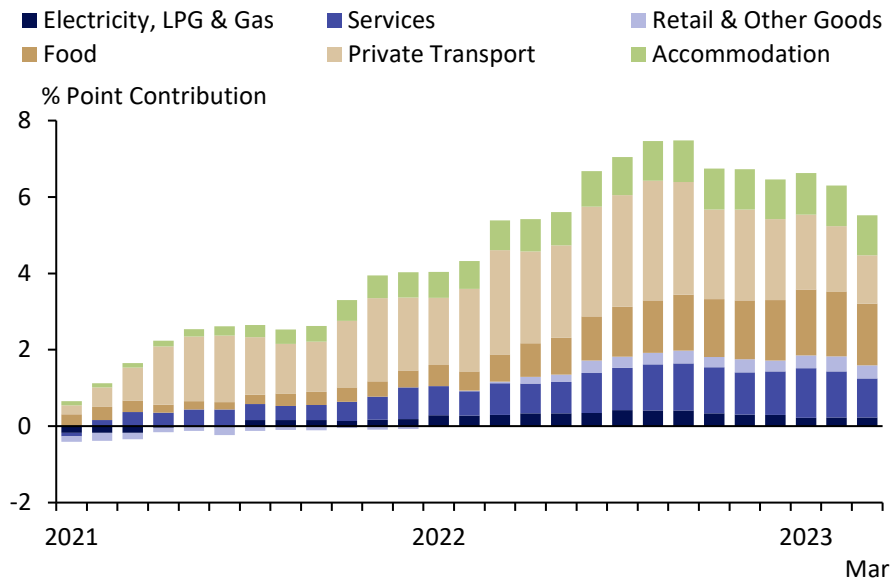


Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation

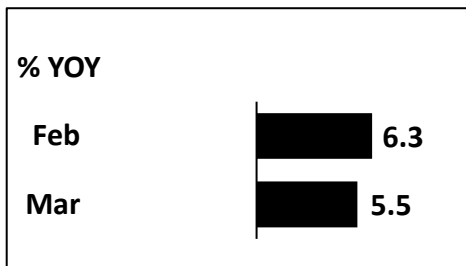


* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

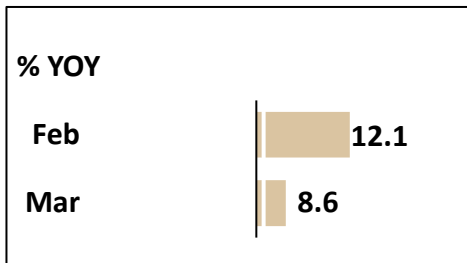
CPI-All Items inflation fell to 5.5% y-o-y in March.

CPI-All Items



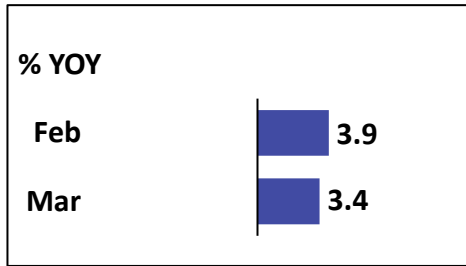
CPI-All Items inflation eased, mainly on account of lower inflation for private transport and services.

Private Transport



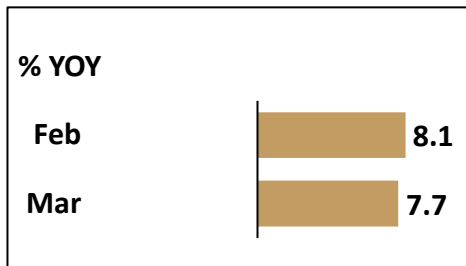
Private transport inflation fell due to a smaller increase in car prices and a steeper decline in petrol costs.

Services



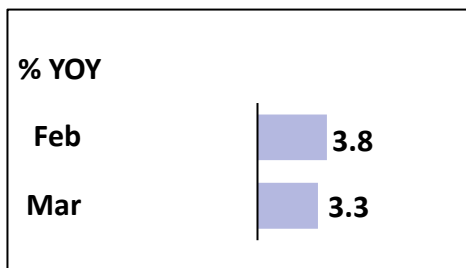
Services inflation moderated as point-to-point transport fares rose at a slower pace and other transport services costs fell.

Food



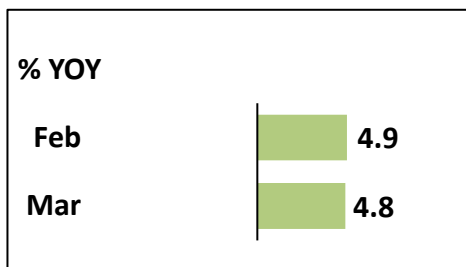
Food inflation eased on the back of smaller increases in the prices of prepared meals and non-cooked food.

Retail & Other Goods



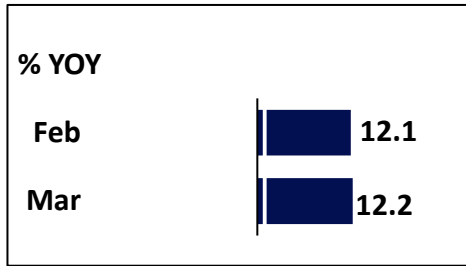
Inflation for retail & other goods dipped as the prices of personal care products and household durables rose at a slower pace. At the same time, prices of telecommunication equipment fell.

Accommodation



Accommodation inflation edged down as the pace of increase in housing rents moderated.

Electricity & Gas



Electricity & gas inflation rose slightly due to a larger increase in electricity costs.

Outlook

Global supply chain frictions have eased, and consumer goods inflation in the advanced economies has moderated, even as overall core inflation is still high. Energy and food commodity prices have fallen below their peaks seen last year. As a result, Singapore's import prices have declined on year-on-year terms.

On the domestic front, unit labour costs are expected to rise further in the near term. Businesses are expected to continue to pass through accumulated import, labour and other costs to consumer prices, albeit at a more moderate pace amid the slowdown in domestic economic activity. Meanwhile, car and accommodation cost increases could stay firm in the quarters ahead on the back of tight COE quotas for cars and strong demand for rental housing, respectively.

Taking into account all factors, MAS Core Inflation is expected to stay elevated in the next few months. Nonetheless, it will remain on a broad moderating path, before slowing more discernibly in H2 2023 as imported inflation falls further and the current tightness in the domestic labour market eases.

For 2023 as a whole, headline and core inflation are projected to average 5.5–6.5% and 3.5–4.5%, respectively. Excluding the transitory effects of the 1%-point increase in the GST to 8%, headline and core inflation are expected to come in at 4.5–5.5% and 2.5–3.5%, respectively. Upside risks remain, including from fresh shocks to global commodity prices and more persistent-than-expected tightness in the domestic labour market. At the same time, there are also downside risks such as a sharper-than-projected downturn in the advanced economies which could induce a general easing of inflationary pressures.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

24 April 2023

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 2023". 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
2022 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
Aug	109.863	105.891	110.488	110.329	110.164	104.544	99.899	116.090	135.265	107.644
Sep	110.339	106.387	110.976	110.804	110.889	104.872	100.495	116.254	135.717	108.075
Oct	109.893	106.496	110.791	110.170	111.255	105.007	100.265	115.020	133.947	106.702
Nov	110.959	106.719	111.575	111.393	111.759	105.128	100.221	115.380	137.755	108.770
Dec	111.186	107.316	111.790	111.609	112.182	106.111	100.103	115.666	135.911	109.040
2023 Jan	111.397	108.195	112.313	111.733	113.743	106.669	100.861	115.037	134.513	108.142
Feb	112.019	108.173	112.622	112.444	113.818	106.270	101.676	115.321	136.608	109.876
Mar	112.583	108.441	113.233	113.035	114.243	106.424	101.858	116.237	139.066	110.274

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
2022 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
Aug	7.5	5.1	8.2	8.0	6.4	3.8	2.9	23.9	24.1	4.7
Sep	7.5	5.3	8.2	7.9	6.9	4.0	3.1	23.9	22.3	4.9
Oct	6.7	5.1	7.2	7.0	7.1	3.9	2.6	19.0	17.3	4.9
Nov	6.7	5.1	7.3	7.0	7.3	3.6	3.3	16.7	17.2	4.8
Dec	6.5	5.1	6.9	6.7	7.5	3.7	2.8	16.5	15.5	4.7
2023 Jan	6.6	5.5	7.1	6.9	8.1	4.2	3.3	11.5	14.3	5.0
Feb	6.3	5.5	6.7	6.5	8.1	3.9	3.8	12.1	12.1	4.9
Mar	5.5	5.0	5.7	5.6	7.7	3.4	3.3	12.2	8.6	4.8