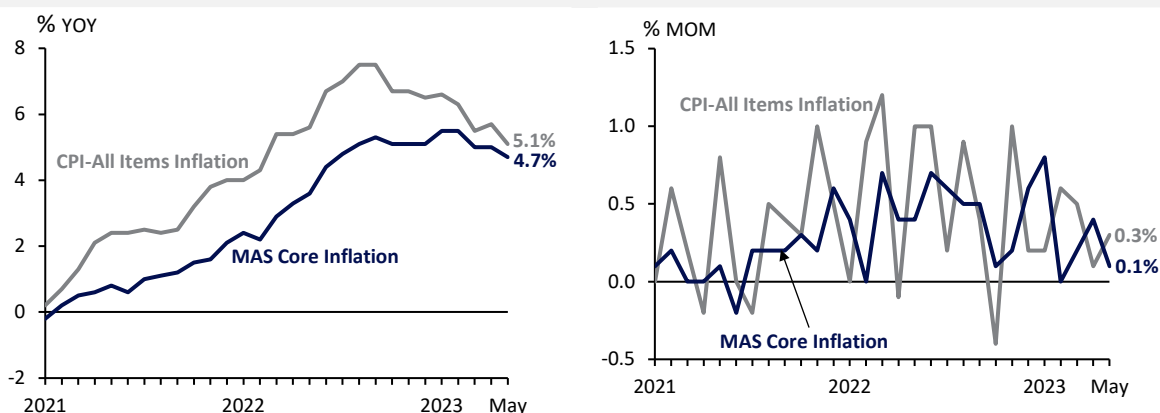


Consumer Price Developments in May 2023

Summary

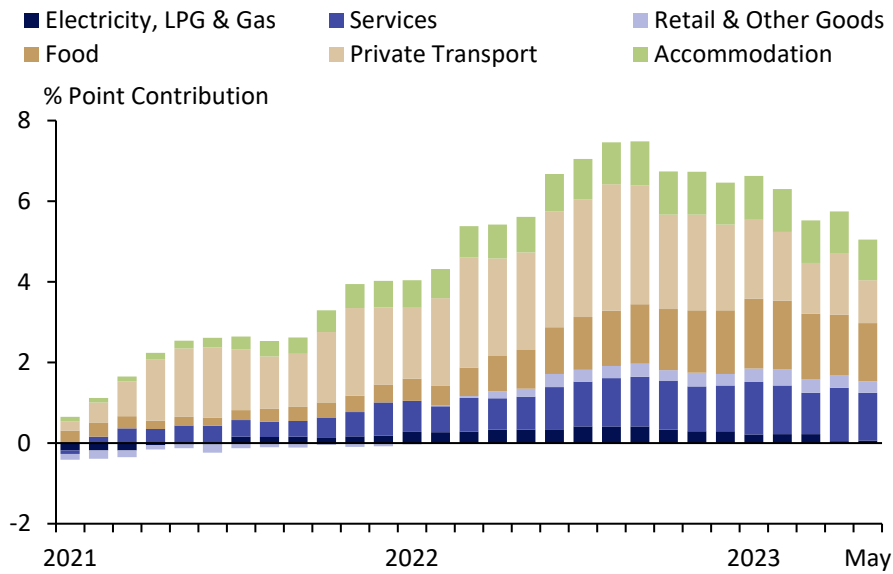
- MAS Core Inflation fell to **4.7%** on a year-on-year (y-o-y) basis in May, from **5.0%** in April.
 - This was mainly driven by a decline in inflation for services and food.
- CPI-All Items inflation eased to **5.1%** y-o-y in May, from **5.7%** in April.
 - This largely reflected a fall in private transport inflation, in addition to lower core inflation.
- On a month-on-month (m-o-m) basis, core CPI edged up by **0.1%** in May, mainly due to higher food prices. CPI-All Items rose by **0.3%** over the same period on the back of an increase in accommodation costs alongside the rise in core CPI.¹

Chart 1: MAS Core and CPI-All Items Inflation



¹ The month-on-month increase in accommodation costs was primarily due to rebates for Service & Conservancy Charges (S&CC) being disbursed to households living in HDB flats in April, but not in May.

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

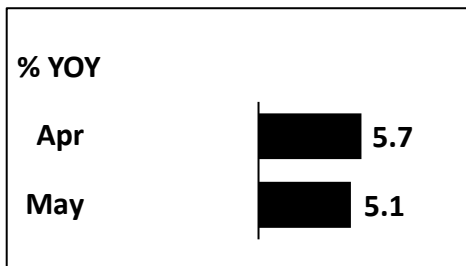


* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

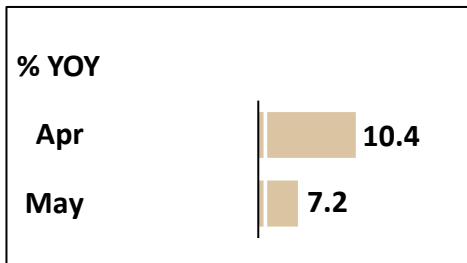
CPI-All Items inflation fell to 5.1% y-o-y in May.

CPI-All Items



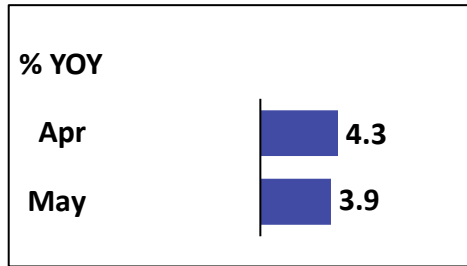
CPI-All Items inflation eased, mainly on account of lower inflation for private transport, services and food.

Private Transport



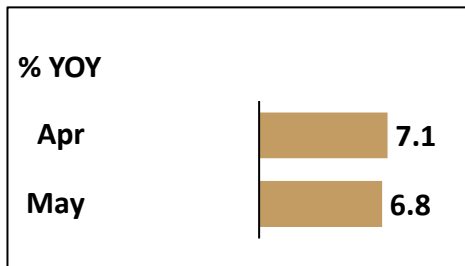
Private transport inflation declined as car prices rose at a slower pace and petrol prices saw a sharper fall.

Services



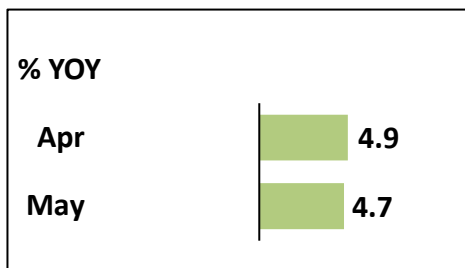
Services inflation moderated on the back of smaller increases in holiday expenses and point-to-point transport services costs.

Food



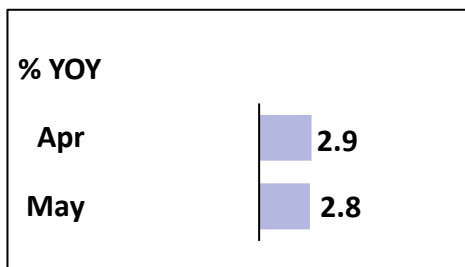
Food inflation eased due to lower inflation for food services.

Accommodation



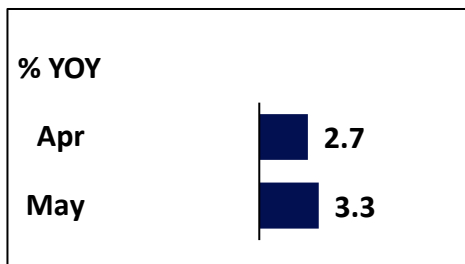
Accommodation inflation dipped as housing rents rose at a slower pace.

Retail & Other Goods



Inflation for retail & other goods edged down as the prices of clothing & footwear and household durables recorded smaller increases.

Electricity & Gas



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

Outlook

Global supply chain frictions and consumer goods inflation in the advanced economies have continued to ease. Global energy and food commodity prices have also moderated further. As a result, prices of Singapore's imported goods have continued to decline on year-on-year terms.

On the domestic front, unit labour costs are expected to rise further in the near term. At the same time, businesses are expected to continue passing through higher labour costs to consumer prices, albeit at a more moderate pace amid the slowdown in domestic economic activity.

Taking into account all factors, MAS Core Inflation is expected to moderate further in H2 2023 as imported costs are reduced and the current tightness in the domestic labour market eases.

Meanwhile, with the increase in COE quota and ramp-up in the supply of housing units available for rental, private transport and accommodation inflation are expected to moderate over the course of the year.

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

23 June 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 May 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/->

[/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 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 |
| Apr | 112.669 | 108.856 | 114.019 | 113.058 | 114.636 | 107.085 | 102.214 | 113.105 | 141.854 | 107.873 |
| May | 113.034 | 108.957 | 113.615 | 113.422 | 115.061 | 107.072 | 101.918 | 113.890 | 138.723 | 110.971 |

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 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 |
| Apr | 5.7 | 5.0 | 6.0 | 5.9 | 7.1 | 4.3 | 2.9 | 2.7 | 10.4 | 4.9 |
| May | 5.1 | 4.7 | 5.2 | 5.1 | 6.8 | 3.9 | 2.8 | 3.3 | 7.2 | 4.7 |