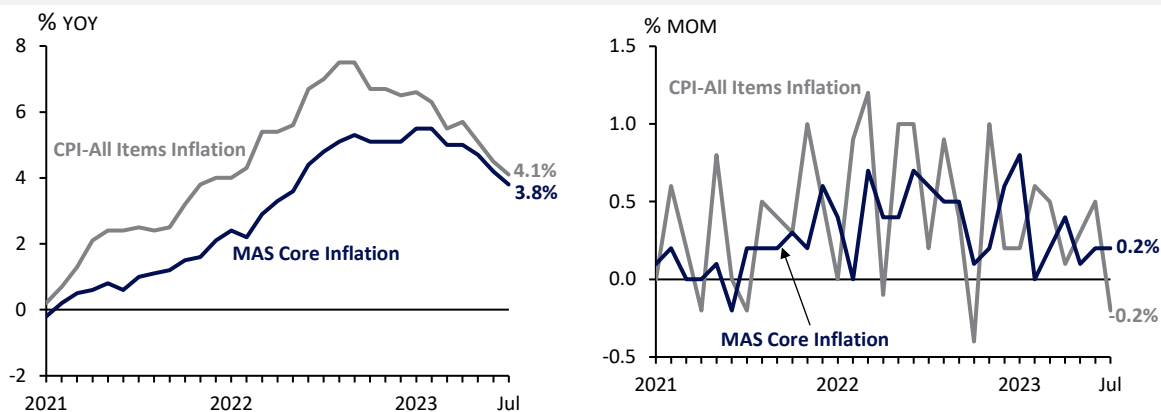


Consumer Price Developments in July 2023

Summary

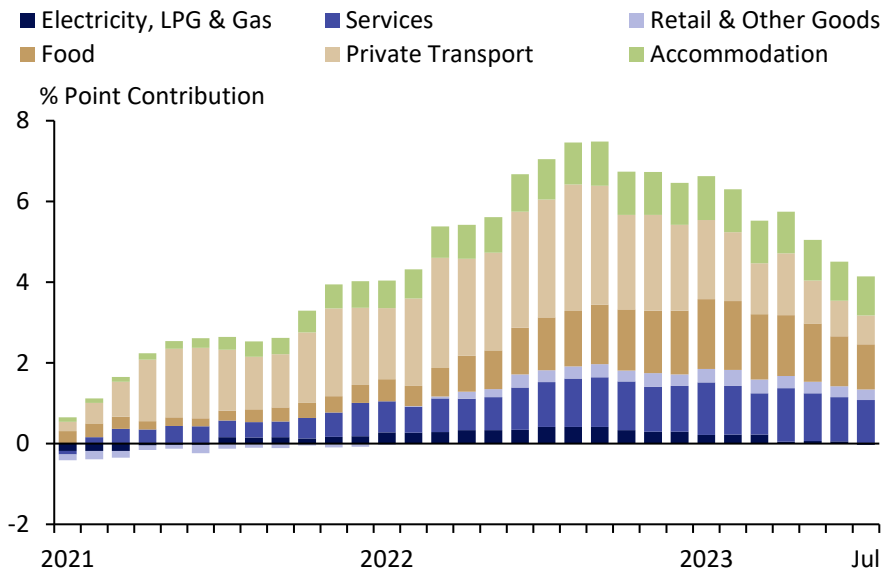
- MAS Core Inflation fell to **3.8%** on a year-on-year (y-o-y) basis in July, from **4.2%** in June.
 - The decline was mainly due to a smaller increase in food prices and a fall in electricity & gas costs.
- CPI-All Items inflation eased to **4.1%** y-o-y in July, from **4.5%** in June.
 - This reflected lower private transport inflation, in addition to the decline in core inflation.
- On a month-on-month (m-o-m) basis, core CPI rose by **0.2%** in July, largely due to an increase in the costs of services and food. Meanwhile, CPI-All Items decreased by **0.2%** over the same period on account of lower accommodation¹ and private transport costs.

Chart 1: MAS Core and CPI-All Items Inflation



¹ The m-o-m decline in accommodation costs was primarily due to the disbursement of rebates for Service & Conservancy Charges to households living in HDB flats in July.

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

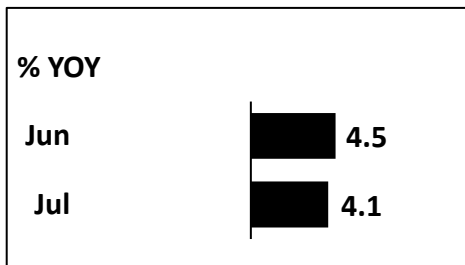


* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

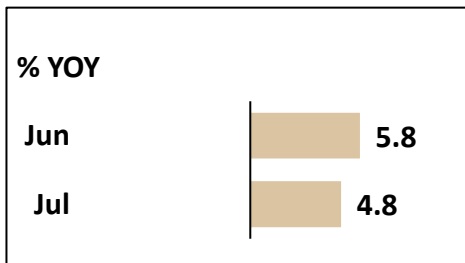
CPI-All Items inflation eased to 4.1% y-o-y in July.

CPI-All Items



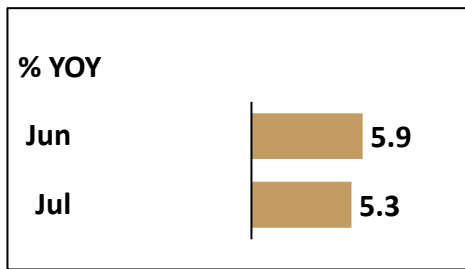
CPI-All Items inflation fell, mainly on account of lower inflation for private transport and food, as well as a decline in the cost of electricity & gas.

Private Transport



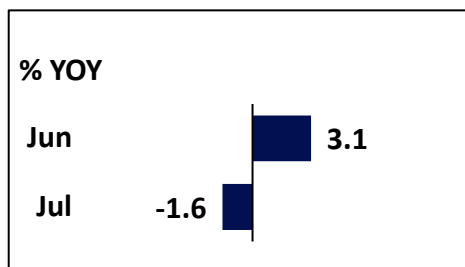
Private transport inflation declined as car prices rose more slowly.

Food



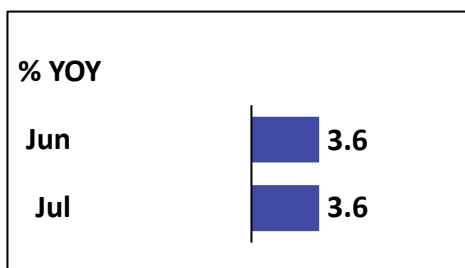
Food inflation eased as the pace of increase in the prices of prepared meals and non-cooked food moderated.

Electricity & Gas



Electricity & gas costs fell due to lower electricity and gas tariffs compared to a year ago.²

Services



Services inflation was broadly unchanged as a smaller increase in the cost of outpatient services and a decline in airfares were offset by a larger increase in holiday expenses.

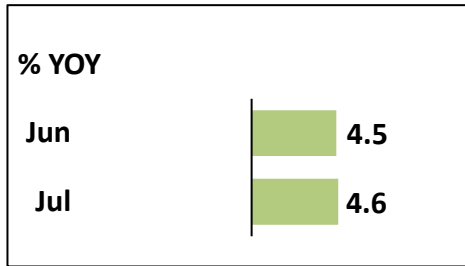
Retail



Retail & other goods inflation edged down on the back of a smaller increase in the prices of clothing & footwear.

² The regulated electricity tariff for households (inclusive of GST) fell at a steeper pace of 7.2% y-o-y in Q3, compared to the 0.9% decline in Q2. At the same time, the gas tariff for households (inclusive of GST) dropped by 4.2% y-o-y in Q3, a reversal from the 1.0% increase in Q2.

Accommodation



Accommodation inflation inched up due to an increase in Service & Conservancy Charges (S&CC) from a year ago.³

³ On 1 June 2023, it was announced that 15 town councils would raise their S&CC over two years, on 1 July 2023 and 1 July 2024. Eligible households would continue to receive their usual S&CC rebates.

Outlook

Global supply chain frictions have largely eased, and energy and food commodity prices remain below year-ago levels. Consumer price inflation in Singapore's major trading partners has also been on an easing trend. As a result, the prices of Singapore's imported goods have continued to decline in year-on-year terms.

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

Taking into account all factors, MAS Core Inflation is expected to moderate further over the next few months as imported costs stay low compared to year-ago levels 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 4.5–5.5% 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 3.5–4.5% and 2.5–3.5%, respectively. Upside risks remain, including from fresh shocks to global food 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 slowdown in the global economy which could induce a general easing of inflationary pressures.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 August 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 July 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 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
Jun	113.576	109.163	114.219	114.002	115.101	107.513	101.811	113.784	141.475	111.293
Jul	113.309	109.383	114.202	113.562	115.293	107.744	101.976	114.494	140.174	110.139

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 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
Jun	4.5	4.2	4.5	4.5	5.9	3.6	2.7	3.1	5.8	4.5
Jul	4.1	3.8	4.0	4.0	5.3	3.6	2.6	-1.6	4.8	4.6