



Consumer Price Developments in November 2015

CPI-All Items inflation came in at -0.8% year-on-year (y-o-y) in November

CPI-All Items inflation was -0.8% in November, unchanged from October. While the decline in private road transport cost was more modest, CPI-All Items inflation remained unchanged as food and services inflation eased.

Food inflation moderated to 1.6% from 1.8% in October, on account of a slower rise in the prices of non-cooked food and restaurant meals.

Overall services inflation edged down to 0.7% from 0.8% in October. This mainly reflected the lower cost of healthcare services following the introduction of MediShield Life.¹ Meanwhile, holiday travel cost rose at a faster pace, alongside a more moderate decline in air fares.

Accommodation cost was 3.0% lower in November, similar to the drop in the previous month, reflecting the soft housing rental market.

Private road transport cost fell by a more modest 1.7%, compared to the 2.3% decline in October, largely due to higher petrol pump prices compared to a year ago.

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) was -0.1% in November

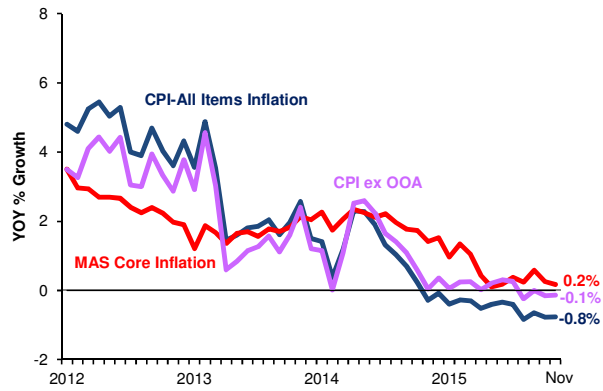
CPI less imputed rentals on owner-occupied accommodation (OOA) declined by 0.1% in November, compared to a fall of 0.2% in October, mainly due to the smaller drop in private road transport cost.

MAS Core Inflation eased to 0.2% in November

MAS Core Inflation, which excludes the costs of accommodation and private road transport, came in at 0.2% compared to 0.3% in the previous month, largely reflecting the lower food and services inflation.

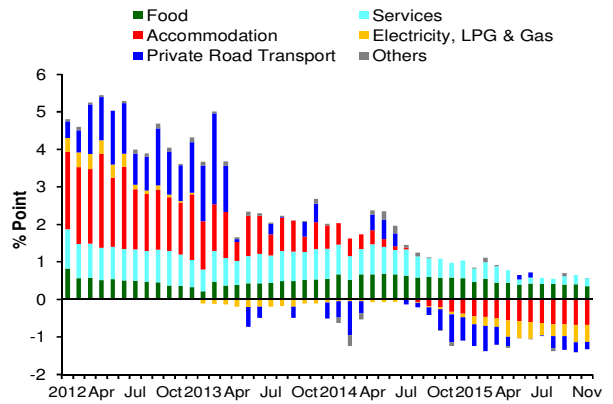
¹ From 1 November 2015, MediShield was replaced by MediShield Life, a mandatory basic health insurance scheme, which provides enhanced coverage benefits, and covers all Singapore citizens and permanent residents for life. The reduction in healthcare costs in November takes into account government subsidies and support for MediShield Life premiums.

CPI-All Items, CPI-ex OOA and MAS Core Inflation



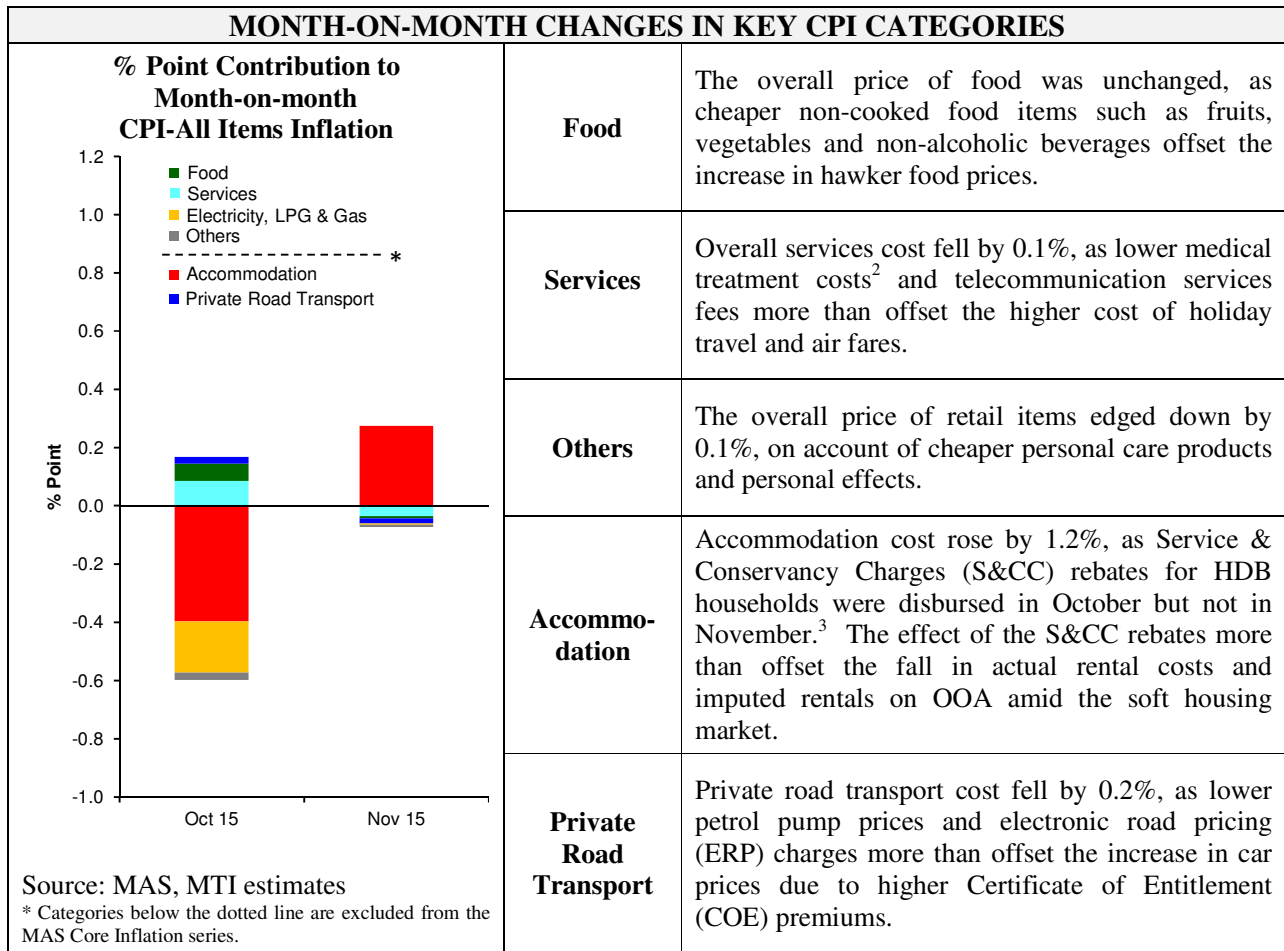
Source: Department of Statistics

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



Source: MAS, MTI estimates

On a month-on-month basis, CPI-All Items rose by 0.2% in November following the 0.4% decline in October. MAS Core Inflation was -0.1%, unchanged from the previous month.



Price Movements (m-o-m) for Selected CPI Sub-categories

Sub-categories With Largest Price Increases				Sub-categories With Largest Price Declines			
	Group	Weight (%)	M-o-M % Growth		Group	Weight (%)	M-o-M % Growth
↑	Other travel & transport ^	1.3	2.0	↓	Medical & dental treatment	4.8	-1.6
↑	Accommodation	22.9	1.2	↓	Fruits	0.8	-1.3
↑	Meat	1.2	0.8	↓	Oils & Fats	0.2	-1.2
↑	Clothing & Footwear	2.7	0.5	↓	Non-alcoholic beverages	0.5	-1.2
↑	Holiday Expenses	3.5	0.5	↓	Personal effects #	0.6	-0.9
↑	Household services & Supplies	3.0	0.4	↓	Personal Care	2.4	-0.7
↑	Milk, Cheese & Eggs	0.9	0.3	↓	Vegetables	1.0	-0.6
↑	Other food ~	0.3	0.2	↓	Sugar, preserves & confectionery	0.3	-0.6
↑	Bread & Cereals	1.4	0.2	↓	Fish & Seafood	1.2	-0.4
↑	Medical products, appliances & equipment	1.4	0.1	↓	Newspapers, books & stationery	0.5	-0.3

^ The "other travel & transport" group includes air transport, sea transport, travel insurance, etc.

~ The "other food" group includes food items such as sauces, spices and other condiments.

The "personal effects" group includes travel goods, handbags and wallets and "accessories" such as costume jewellery and watches.

² This takes into account government subsidies and support for MediShield Life premiums.

³ As announced in Budget 2015, 1- and 2-room HDB households received 1-month S&CC rebates, while 3-, 4-, and 5-room HDB households received 0.5-month rebates in October 2015. No rebates were disbursed in November 2015.

Outlook

External sources of inflation are likely to stay generally benign, given ample supply buffers in the major commodity markets and weak global demand conditions. Notably, oil prices for the whole of 2016 are expected to remain low. While global food commodity prices could face some upward pressures due to the ongoing El Niño phenomenon, the price increases would be tempered by the availability of abundant food stockpiles. On the domestic front, some wage cost pressures remain, but their pass-through to consumer prices will continue to be constrained by the subdued economic growth environment.

MAS Core Inflation is expected to pick up gradually over the course of 2016 as the year-on-year disinflationary effects of lower oil prices⁴, as well as budgetary⁵ and other one-off measures, ease. For the full year, MAS Core Inflation is expected to come in at 0.5–1.5% in 2016, compared to around 0.5% in 2015. CPI-All Items inflation could continue to be dampened by lower car prices and imputed rentals on OOA, due to an expected increase in the supply of COEs and newly-completed housing units. It is projected to average between –0.5 and 0.5% in 2016, compared to around –0.5% this year.

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⁴ Direct oil-related items are expected to exert a smaller drag on core inflation in 2016 compared to 2015. While the sharp plunge in global oil prices in Q4 2014 had a relatively large dampening effect on year-on-year inflation of oil-related items in 2015, such base effects will become less significant in 2016.

⁵ The budgetary measures include medical subsidies under the Pioneer Generation Package, the reduction in the concessionary foreign domestic worker (FDW) levy, the abolition of national examination fees for Singaporeans, and road tax rebates.

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.

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.

MAS Core Inflation

The Monetary Authority of Singapore (MAS) monitors a core inflation measure that excludes the components of “Accommodation” and “Private Road 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 Statistics

Detailed CPI statistics can be found in the Department of Statistics’ release titled “Singapore Consumer Price Index for November 2015”. This release also contains further information on the various price indicators published.

http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpinov2015.pdf

MAS Core Inflation

A detailed review of MAS Core Inflation can be found in “A Review of the Core Inflation Measure for Singapore”

http://www.mas.gov.sg/~media/resource/publications/staff_papers/StaffPaperNo51.pdf

Table A.1
Consumer Price Index

	All Items	Food	Clothing & Footwear	Housing & Utilities	Household Durables & Services	Health Care	Transport	Comms	Recreation & Culture	Education	Miscellaneous Goods & Services	All-Items, S.A.
Weights	10000	2167	273	2625	475	615	1579	385	788	615	478	10000
	YOY % Growth											Index (2014=100)
2014 Nov	-0.3	2.8	-2.8	-1.5	0.9	1.9	-4.5	0.8	-0.2	3.1	1.3	99.8
Dec	-0.1	2.7	-1.7	-1.8	1.0	1.7	-3.0	1.3	-0.5	3.1	1.4	99.7
2015 Jan	-0.4	2.2	-2.3	-2.4	1.4	0.6	-3.1	1.1	-0.5	3.0	0.8	99.8
Feb	-0.3	2.5	-	-2.6	1.9	0.2	-3.7	1.1	0.3	3.6	1.4	99.5
Mar	-0.3	2.1	-0.8	-2.7	1.6	-0.2	-2.7	2.5	0.5	3.5	0.2	99.9
Apr	-0.5	2.1	-2.0	-3.7	1.7	-0.4	-1.4	2.1	-0.3	3.2	-0.4	99.3
May	-0.4	1.8	-	-3.8	-2.0	-0.2	0.9	0.3	-0.1	3.1	-0.3	99.8
Jun	-0.3	2.0	0.2	-3.9	-1.8	-0.3	0.9	0.5	0.1	3.1	-0.1	99.7
Jul	-0.4	1.9	0.8	-3.5	-2.0	-0.4	0.1	-0.2	0.3	3.6	-0.7	99.3
Aug	-0.8	1.9	-0.9	-3.6	-2.2	-0.5	-2.3	-0.2	0.4	3.7	-0.4	99.4
Sep	-0.6	1.8	2.3	-3.6	-1.5	0.7	-2.2	-1.5	0.7	3.5	0.1	99.4
Oct	-0.8	1.8	1.0	-4.3	-1.6	0.6	-1.7	-0.6	0.4	3.7	-0.5	99.0
Nov	-0.8	1.6	1.4	-4.2	-1.3	-0.5	-1.1	-0.9	0.8	3.7	-0.5	99.2

Source: Singapore Department of Statistics

S.A.: Seasonally Adjusted

- : Nil or negligible

Table A.2
Selected Inflation Indicators

	CPI	MAS Core Inflation	CPI Less Imputed Rental on OOA	Import Price Index	Non-fuel Primary Commodities	OPEC Oil Price
	YOY % GROWTH					
2014 Nov	-0.3	1.4	0.1	-7.7	-6.2	-28.0
Dec	-0.1	1.5	0.4	-13.1	-9.7	-44.9
2015 Jan	-0.4	1.0	0.1	-17.4	-11.6	-57.3
Feb	-0.3	1.3	0.2	-13.6	-14.5	-48.7
Mar	-0.3	1.0	0.3	-13.2	-18.1	-49.6
Apr	-0.5	0.4	-	-12.5	-19.5	-45.3
May	-0.4	0.1	0.2	-11.1	-17.3	-41.1
Jun	-0.3	0.2	0.3	-11.6	-16.1	-44.2
Jul	-0.4	0.4	0.3	-13.5	-18.0	-48.7
Aug	-0.8	0.2	-0.2	-14.2	-19.7	-54.9
Sep	-0.6	0.6	-	-13.6	-18.0	-53.3
Oct	-0.8	0.3	-0.2	-11.3	-17.6	-47.1
Nov	-0.8	0.2	-0.1	N.A.	-20.6	-46.4

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available

- : Nil or negligible