



Consumer Price Developments in April 2019

In April 2019, MAS Core Inflation eased to 1.3% on a year-on-year (y-o-y) basis, from 1.4% in March, as a fall in the cost of electricity & gas¹ and lower food inflation more than offset higher services inflation. Despite lower core inflation, CPI-All Items inflation rose to 0.8% y-o-y in April, from 0.6% in the previous month, due to a pickup in private road transport costs.

CPI-All Items inflation rose to 0.8% y-o-y in April

CPI-All Items inflation came in higher at 0.8% y-o-y in April, compared to 0.6% in March, as private road transport costs reversed the decline seen in March to post an increase in April. Together with higher services inflation, this outweighed the fall in the cost of electricity & gas and a smaller increase in the price of food items.

Private road transport costs rose by 1.1% y-o-y in April, reversing the 0.9% decline in March, mainly driven by higher car prices as well as a stronger pickup in petrol prices.

Services inflation came in at 2.0% y-o-y in April, higher than the 1.7% recorded in the previous month. This was mainly due to larger increases in holiday expenses, domestic services fees², as well as recreational & cultural services fees, which outweighed the smaller increase in healthcare services fees. At the same time, the rise in airfares also contributed to the pickup in services inflation.

The overall cost of retail items edged up by 0.2% y-o-y in April, slightly higher than the 0.1% increase in March. This largely reflected smaller declines in the prices of medical products and telecommunication equipment, as well as price increases in personal care products and household durables, which more than offset a fall in the prices of clothing & footwear items.

Accommodation costs fell by 1.4% y-o-y in April, the same pace of decline as in March, as a smaller increase in housing maintenance & repairs costs offset a more gradual decline in housing rentals.

Food inflation eased to 1.3% y-o-y in April, from 1.6% in March, as the prices of prepared meals and non-cooked food items registered a smaller increase.

The cost of electricity & gas fell by 2.8% y-o-y in April, reversing the 3.9% increase in the previous month. This was mainly due to lower electricity tariffs and the dampening effect of the phased nationwide launch of the Open Electricity Market (OEM) on electricity prices.

¹ Electricity & gas includes electricity, liquefied petroleum gas (LPG) and gas (for domestic use).

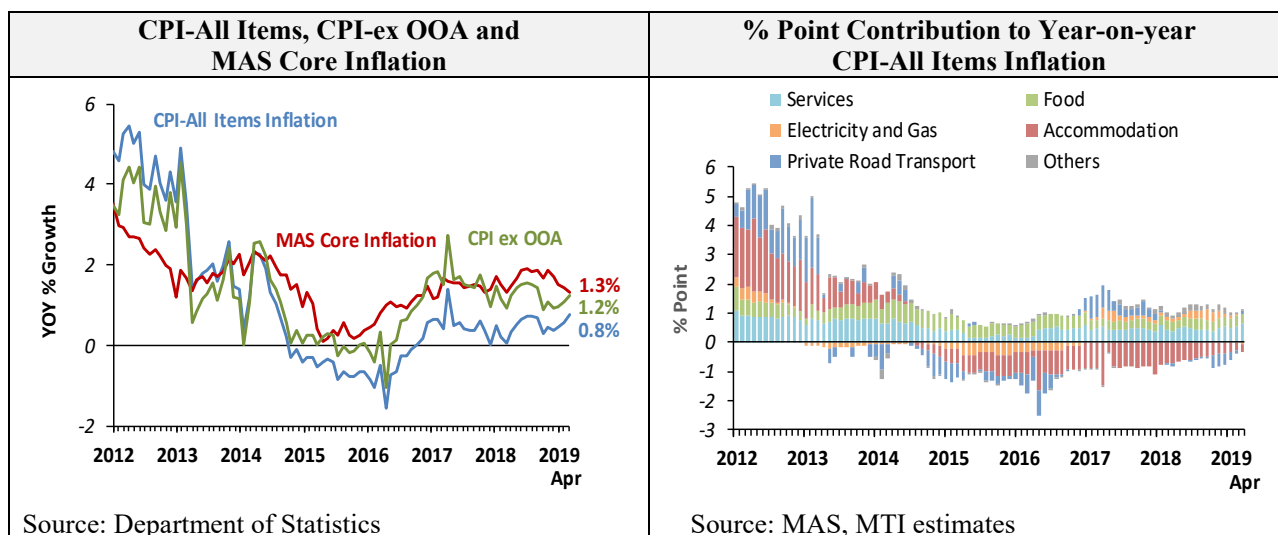
² As announced in Budget 2018, the non-concessionary foreign domestic worker monthly levy was raised in April 2019, from S\$265 to S\$300 for the first foreign domestic worker hired and to S\$450 for the second foreign domestic worker hired.

CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) inflation increased slightly to 1.2% y-o-y in April

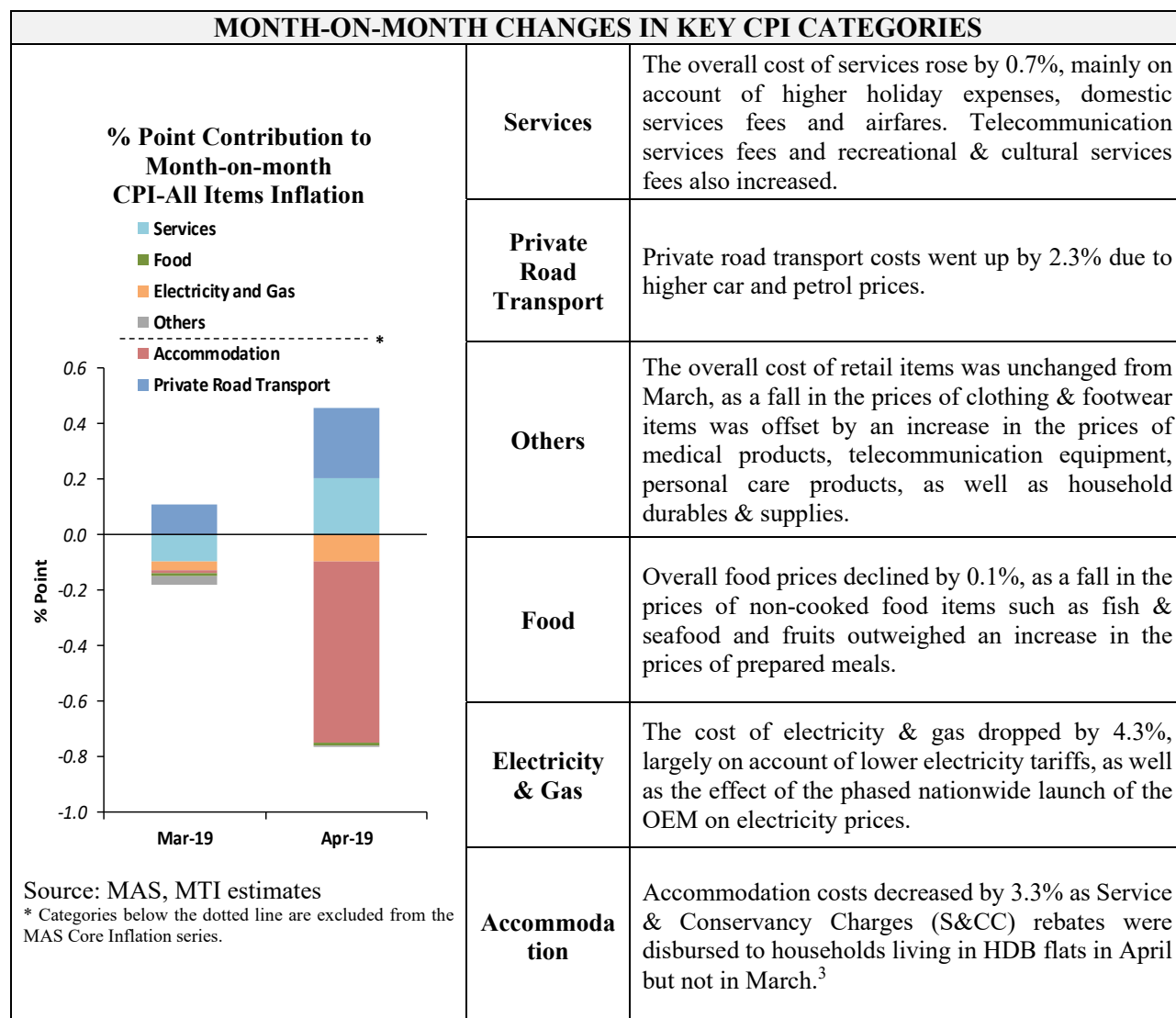
Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) edged up to 1.2% y-o-y in April, from 1.1% in March. This was due to the pickup in private road transport costs, as well as higher services inflation, which outweighed the fall in the cost of electricity & gas and lower food inflation.

MAS Core Inflation was lower at 1.3% y-o-y in April

MAS Core Inflation, which excludes the costs of accommodation and private road transport, came in at 1.3% y-o-y in April, lower than 1.4% in March. This was on account of a fall in the cost of electricity & gas and lower food inflation, which more than offset higher services inflation.



On a month-on-month basis, CPI-All Items fell by 0.3% in April, larger than the 0.1% decline in March. Meanwhile, MAS Core Inflation rose to 0.1%, a reversal from the 0.2% fall in March.



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	2.7		↓ Accommodation	22.9	-3.3	
↑ Private road transport	11.5	2.3		↓ Fuel & utilities	3.4	-2.8	
↑ Holiday Expenses	3.5	2.2		↓ Fruits	0.8	-1.2	
↑ Household services & Supplies	3.0	1.4		↓ Fish & Seafood	1.2	-1.0	
↑ Medical products, appliances & equipment	1.4	0.7		↓ Clothing & Footwear	2.7	-0.9	
↑ Communication	3.9	0.6		↓ Milk, Cheese & Eggs	0.9	-0.8	
↑ Recreation & entertainment	3.9	0.5		↓ Sugar, preserves & confectionery	0.3	-0.4	
↑ Bread & Cereals	1.4	0.5		↓ Personal effects #	0.6	-0.3	
↑ Vegetables	1.0	0.3		↓ Meat	1.2	-0.3	
↑ Newspapers, books & stationery	0.5	0.2		↓ Oils & Fats	0.2	-0.2	

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

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

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In April 2019, 1- to 4-room HDB households received a 1-month S&CC rebate, while 5-room and Executive/Multi-Generation HDB households received a 0.5-month rebate.

Outlook

For the rest of 2019, external sources of inflation are likely to be benign. While global oil prices have risen in recent months, they are currently not expected to exceed last year's average for 2019 as a whole. Global food prices should also only pick up slightly on average. On the domestic front, labour market conditions remain firm and will support moderate wage increases, such that unit labour costs should continue to rise. However, an acceleration in inflationary pressures is unlikely against the backdrop of slower GDP growth, uncertainties in the global economy, as well as the continuing restraining effects of MAS' monetary policy tightening in 2018.

MAS Core Inflation is expected to come in near the mid-point of the forecast range of 1–2% in 2019. Meanwhile, CPI-All Items inflation is expected to average 0.5–1.5% in 2019. Private road transport costs are projected to be largely unchanged from 2018, while accommodation costs are likely to decline at a slower pace this year.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

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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 April 2019”. This release also contains further information on the various price indicators published.

<https://www.singstat.gov.sg/-/media/files/publications/economy/cpiapr19.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)
2018 Apr	0.1	1.4	0.8	-2.3	0.7	2.0	-0.7	-1.3	0.7	2.9	0.5	99.9
May	0.4	1.3	0.6	-2.0	0.8	2.3	0.0	-0.8	1.2	2.9	1.1	99.8
Jun	0.6	1.5	1.5	-1.8	0.9	2.4	0.3	0.2	1.4	2.9	1.2	99.8
Jul	0.6	1.5	2.3	-1.0	0.5	2.0	-0.3	0.2	1.7	2.4	0.9	100.2
Aug	0.7	1.7	2.8	-0.6	0.7	2.0	-0.2	-1.5	1.6	2.4	1.1	100.1
Sep	0.7	1.6	1.8	-0.5	0.8	2.0	-0.1	-1.6	1.2	2.9	1.1	100.1
Oct	0.7	1.4	1.2	-0.2	0.9	1.8	-0.5	-1.2	1.0	3.2	1.1	100.2
Nov	0.3	1.4	0.8	0.0	0.7	1.6	-2.8	-3.0	0.9	3.2	1.4	99.9
Dec	0.5	1.4	2.6	0.1	0.8	1.6	-2.6	-2.7	1.7	3.2	1.4	100.0
2019 Jan	0.4	1.4	2.5	-0.5	0.7	1.7	-1.8	-2.9	0.9	3.2	1.4	100.1
Feb	0.5	1.4	1.2	-0.4	0.8	1.7	-1.2	-2.4	0.7	2.7	1.3	100.3
Mar	0.6	1.6	0.1	-0.3	0.4	1.5	-0.3	-1.0	1.3	2.7	-0.3	100.2
Apr	0.8	1.3	-1.3	-1.0	1.4	1.2	1.4	-0.5	2.1	2.6	0.0	100.6

Source: Singapore Department of Statistics

S.A.: Seasonally Adjusted

Table A.2**Selected Inflation Indicators**

	CPI	MAS Core Inflation	CPI Less Imputed Rental on OOA	Import Price Index	S&P Non-Energy GSCI Index	Brent Crude Spot Prices
	YOY % GROWTH					
2018 Apr	0.1	1.3	0.9	0.7	6.7	72.1
May	0.4	1.5	1.2	5.3	6.9	77.0
Jun	0.6	1.7	1.5	8.0	5.6	74.4
Jul	0.6	1.9	1.5	10.1	-2.8	74.3
Aug	0.7	1.9	1.6	10.1	-1.4	72.5
Sep	0.7	1.8	1.5	10.4	-3.4	78.9
Oct	0.7	1.9	1.5	10.4	-2.4	81.0
Nov	0.3	1.7	0.9	5.7	-4.1	64.8
Dec	0.5	1.9	1.1	2.5	-2.2	57.4
2019 Jan	0.4	1.7	0.9	2.2	-5.0	59.4
Feb	0.5	1.5	1.0	4.1	-5.5	64.0
Mar	0.6	1.4	1.1	5.2	-4.5	66.1
Apr	0.8	1.3	1.2	N.A.	-4.5	71.2

Source: Singapore Department of Statistics, S&P Dow Jones Indices, U.S. Energy Information Administration

N.A.: Not available