



## Consumer Price Developments in November 2012

### *Singapore's CPI-All Items inflation eased to 3.6% y-o-y in November*

CPI-All Items inflation moderated to 3.6% in November from 4.0% in October 2012, reflecting more moderate price increases across most major categories in the CPI basket.

Accommodation cost inflation was 6.6% in November, lower than the 6.8% in October due to slightly smaller rental increases for both private and HDB properties compared to a year ago. Private road transport costs also rose at a slower pace of 6.7% in November from 8.3% in the preceding month as the y-o-y rise in COE premiums eased. Together, accommodation and private road transport costs accounted for just under two-thirds of CPI-All Items inflation in November.

Services inflation inched down to 2.9% in November from 3.1% in October on account of smaller increases in the costs of holiday travel and medical treatment.

Prices of oil-related items in the CPI also went up at a slower pace in tandem with easing global crude oil inflation.

Food inflation was stable at 1.7% in November.

### *CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) rose at a slower pace of 2.9%*

Inflation as measured by CPI less imputed rentals on OOA (CPI-ex OOA) eased to 2.9% in November from 3.3% in October, reflecting smaller increases in the costs of private road transport, services and oil-related items.

### *MAS Core Inflation moderated to 2.0%*

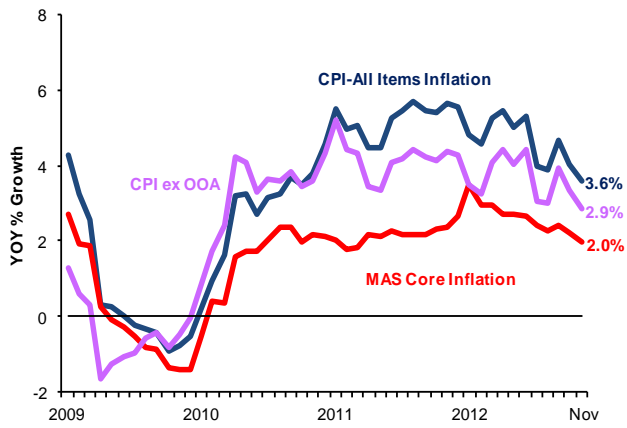
Excluding the costs of accommodation and private road transport, MAS Core Inflation eased to 2.0% in November from 2.2% in October due to lower contributions from services and oil-related items.

[Detailed CPI statistics can be found in the Department of Statistics' release on "Singapore Consumer Price Index for November 2012".<sup>1</sup> ]

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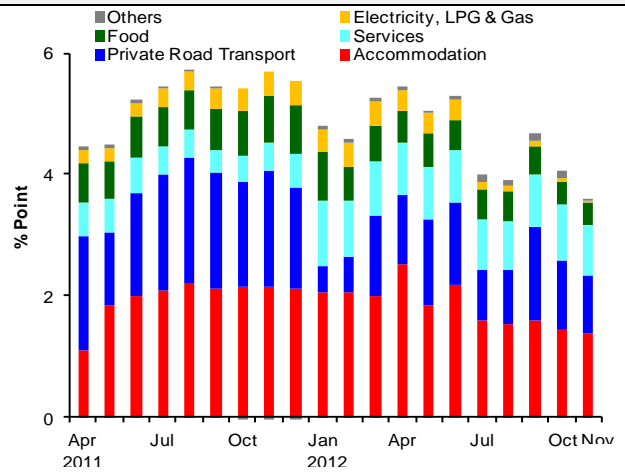
<sup>1</sup> <http://www.singstat.gov.sg/news/news/cpinov2012.pdf>

**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 0.1% in November 2012 after decreasing by 0.2% in the preceding month**

MONTH-ON-MONTH CHANGES IN KEY CPI CATEGORIES	
<p><b>% Point Contribution to Month-on-month CPI-All Items Inflation</b></p> <p>Source: MAS, MTI estimates * Categories below the dotted line are excluded from the MAS Core Inflation series.</p>	<p><b>Electricity, LPG &amp; Gas</b></p> <p>Piped gas tariffs fell by 0.8% m-o-m, while LPG prices rose by 0.5%.</p>
	<p><b>Food</b></p> <p>Non-cooked food prices went up by 0.2%, led by higher prices of vegetables and seafood. Cooked food prices rose marginally as prices of restaurant food and hawker food both edged up by 0.1%.</p>
	<p><b>Services</b></p> <p>Holiday travel was pricier compared to a month ago as demand picked up due to the school holidays. Together with more expensive medical treatment, this led overall services fees to increase by 0.1% m-o-m.</p>
	<p><b>Others</b></p> <p>Clothing &amp; footwear and household durables were 1.5% and 0.6% cheaper in November respectively. In contrast, prices of personal effects rose by 1.9% due to costlier leather &amp; travel goods.</p>
	<p><b>Private Road Transport</b></p> <p>ERP charges were adjusted downwards in November for the year-end school holidays, while petrol pump prices fell in tandem with the recent weakness in global fuel prices. However, these were more than offset by the 2.0% rise in COE premiums in October.</p>
	<p><b>Accommodation</b></p> <p>Leasing contracts for residential properties continued to be reset at higher rental values, which further pushed up both actual rental cost and imputed rentals on owner-occupied accommodation. This resulted in a 0.4% increase in overall accommodation cost.</p>

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

Sub-categories With Largest Price Increases				Sub-categories With Price Declines or No Price Changes			
	Sub-Group	Weight (%)	M-o-M % Growth		Sub-Group	Weight (%)	M-o-M % Growth
↑	Personal effects	0.8	1.9	↓	Clothing & footwear	3.4	-1.5
↑	Other travel & transport <sup>^</sup>	0.2	1.4	↓	Household durables	1.9	-0.6
↑	Hobbies & other miscellaneous	4.8	0.6	↓	Sugar, preserves & confectionery	0.3	-0.6
↑	Vegetables & vegetable products	1.1	0.5	↓	Fruits	0.9	-0.3
↑	Rice & other cereals	1.7	0.4	↓	Non-durable household goods	0.7	-0.2
↑	Accommodation	20.0	0.4	↓	Alcoholic drinks & tobacco	1.4	-0.2
↑	Non-alcoholic beverages	0.4	0.4	↓	Cooking Oils & Fats	0.2	-0.1
↑	Seafood	1.3	0.3	↓	Fuel & utilities	3.6	0.0
↑	Proprietary medicine & supplies	1.1	0.2	↓	Recreation & entertainment	3.2	0.0
↑	Private road transport	11.7	0.2	↓	Personal care	2.2	0.0

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

## **Outlook**

Given continued weakness in the global economy, imported inflation will be generally benign, although global food prices could face further upward pressures in the next few months due to weather-related supply disruptions. Meanwhile, the persistent tightness in the labour market will support wage increases in 2013, some of which will continue to be passed through to consumer prices. On the whole, MAS Core Inflation will be broadly stable and average around 2.5% this year and 2-3% in 2013.

CPI-All Items inflation will remain elevated in Q4 2012 and Q1 2013, reflecting significant contributions from imputed rentals on owner-occupied accommodation and car prices. For the full year, CPI-All Items inflation is likely to come in slightly above 4.5% in 2012 and 3.5-4.5% in 2013. For both years, accommodation and private road transport costs will together account for slightly over 60% of CPI-All Items inflation, while prices of commodity-related items and services will each contribute around one-fifth.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

24 December 2012

## **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, income and property 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.<sup>2</sup>

### **CPI less imputed rentals on owner-occupied accommodation**

Accommodation, one of the sub-groups in the Housing category of the CPI, comprises “rented and owner-occupied accommodation”, as well as “minor repairs & maintenance”. A significant share of the Accommodation subgroup 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.

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<sup>2</sup> See DOS’ “Singapore Consumer Price Index for November 2012” (<http://www.singstat.gov.sg/news/news/cpinov2012.pdf>) for further information on the various price indicators published. For a detailed review of MAS Core Inflation, refer to “A Review of the Core Inflation Measure for Singapore” ([www.mas.gov.sg/publications/staff\\_papers/MAS\\_Staff\\_Paper\\_No\\_51\\_Aug\\_2011.html](http://www.mas.gov.sg/publications/staff_papers/MAS_Staff_Paper_No_51_Aug_2011.html)).

**Table A.1**  
**Consumer Price Index**

	All Items	Food	Clothing & Footwear	Housing	Transport	Comms	Educa-tion & Stationery	Health Care	Recreation & Others	All-Items, S.A.
Weights	10000	2205	341	2548	1553	475	735	586	1557	10000
	YOY % Growth									Index (2009=100)
2011 Sep	5.5	3.1	0.1	9.6	11.4	-2.7	2.6	2.0	1.6	109.2
Oct	5.4	3.5	-0.8	9.9	10.5	-1.7	2.3	1.8	1.3	109.4
Nov	5.7	3.6	-0.6	10.0	11.6	-1.8	2.2	2.2	1.3	110.1
Dec	5.5	3.7	0.1	9.9	10.0	-1.9	2.2	2.7	1.7	110.8
2012 Jan	4.8	3.8	1.2	9.5	3.5	-0.5	3.0	3.2	3.5	111.5
Feb	4.6	2.6	1.6	9.5	4.4	-0.4	2.9	3.6	2.6	111.2
Mar	5.2	2.7	1.2	9.1	8.6	-0.1	3.0	3.9	2.3	112.3
Apr	5.4	2.4	1.3	11.1	7.5	0.1	3.6	4.3	1.5	112.7
May	5.0	2.5	0.4	8.2	9.2	0.0	3.6	4.3	1.6	112.9
Jun	5.3	2.3	1.2	9.7	8.7	0.2	3.6	4.6	1.3	113.1
Jul	4.0	2.3	2.5	6.4	5.7	0.2	3.4	5.1	1.3	112.9
Aug	3.9	2.3	1.2	6.1	6.0	0.3	3.3	5.1	1.2	113.4
Sep	4.7	2.1	2.4	6.4	9.6	0.4	3.4	4.9	1.6	114.3
Oct	4.0	1.7	2.0	5.6	7.5	0.0	3.6	5.2	1.8	113.9
Nov	3.6	1.7	-0.2	5.2	6.2	-0.1	3.5	5.0	1.6	114.2

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	Non-fuel Primary Commodities	OPEC Oil Price
	YOY % GROWTH					
2011 Sep	5.5	2.1	4.2	5.9	12.9	44.2
Oct	5.4	2.3	4.1	7.2	-0.8	33.1
Nov	5.7	2.4	4.4	7.5	-5.7	32.9
Dec	5.5	2.6	4.3	5.2	-12.2	21.2
2012 Jan	4.8	3.5	3.5	5.0	-14.1	20.2
Feb	4.6	3.0	3.3	2.4	-14.8	17.2
Mar	5.2	2.9	4.1	2.3	-12.4	11.9
Apr	5.4	2.7	4.4	0.6	-14.6	0.2
May	5.0	2.7	4.0	0.3	-14.5	-1.7
Jun	5.3	2.7	4.4	-1.5	-14.7	-13.8
Jul	4.0	2.4	3.0	-0.8	-11.6	-10.8
Aug	3.9	2.2	3.0	1.6	-11.4	3.0
Sep	4.7	2.4	3.9	-0.3	-8.0	2.8
Oct	4.0	2.2	3.3	-3.0	-1.0	1.9
Nov	3.6	2.0	2.9	N.A.	0.6	-2.9

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available