



Consumer Price Developments in November 2014

CPI-All Items inflation came in at -0.3% y-o-y in November

CPI-All Items inflation fell to -0.3% in November from 0.1% in October, mainly on account of base effects associated with fluctuations in car Certificate of Entitlement (COE) premiums. Price increases for other major categories, except food, also eased.

Private road transport cost declined by 7.0%, after the 5.6% decrease in October. This largely reflected the high base for car prices in the same period last year following the surge in COE premiums¹, while petrol pump prices also fell at a faster pace of 4.3% compared to a decline of 1.6% a month ago.

Accommodation cost was 1.2% lower, extending the 1.0% correction in October, as a result of the soft housing rental market.

Services inflation moderated to 1.4% from 1.7% in the preceding month, given lower holiday travel cost and a smaller increase in household services cost and medical treatment fees.

Food inflation rose to 2.9% in November from 2.8% a month earlier, due to price increases for non-cooked food items and prepared meals.

CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) declined by 0.1% in November

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) eased to -0.1% in November from 0.4% in October, largely reflecting a sharper decline in the cost of private road transport.

MAS Core Inflation moderated to 1.5% in November

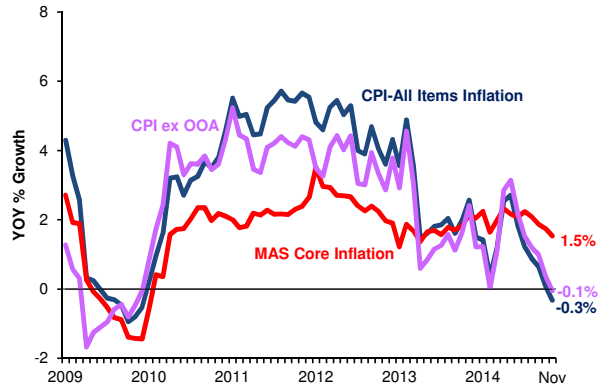
MAS Core Inflation, which excludes the costs of accommodation and private road transport, eased to 1.5% in November from 1.7% a month ago, mainly owing to the smaller increase in services fees.

[Detailed CPI statistics can be found in the Department of Statistics' release on "Singapore Consumer Price Index for November 2014".²]

¹ Car COE premiums rose sharply in October 2013. Given that COE premiums in a particular month are reflected in the CPI for private road transport in the subsequent month, this led to a substantial increase in the CPI for private road transport in November 2013.

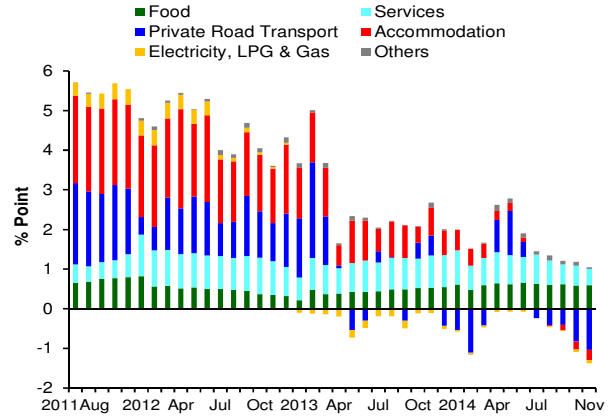
² http://www.singstat.gov.sg/news/press_releases/cpinov2014.pdf

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



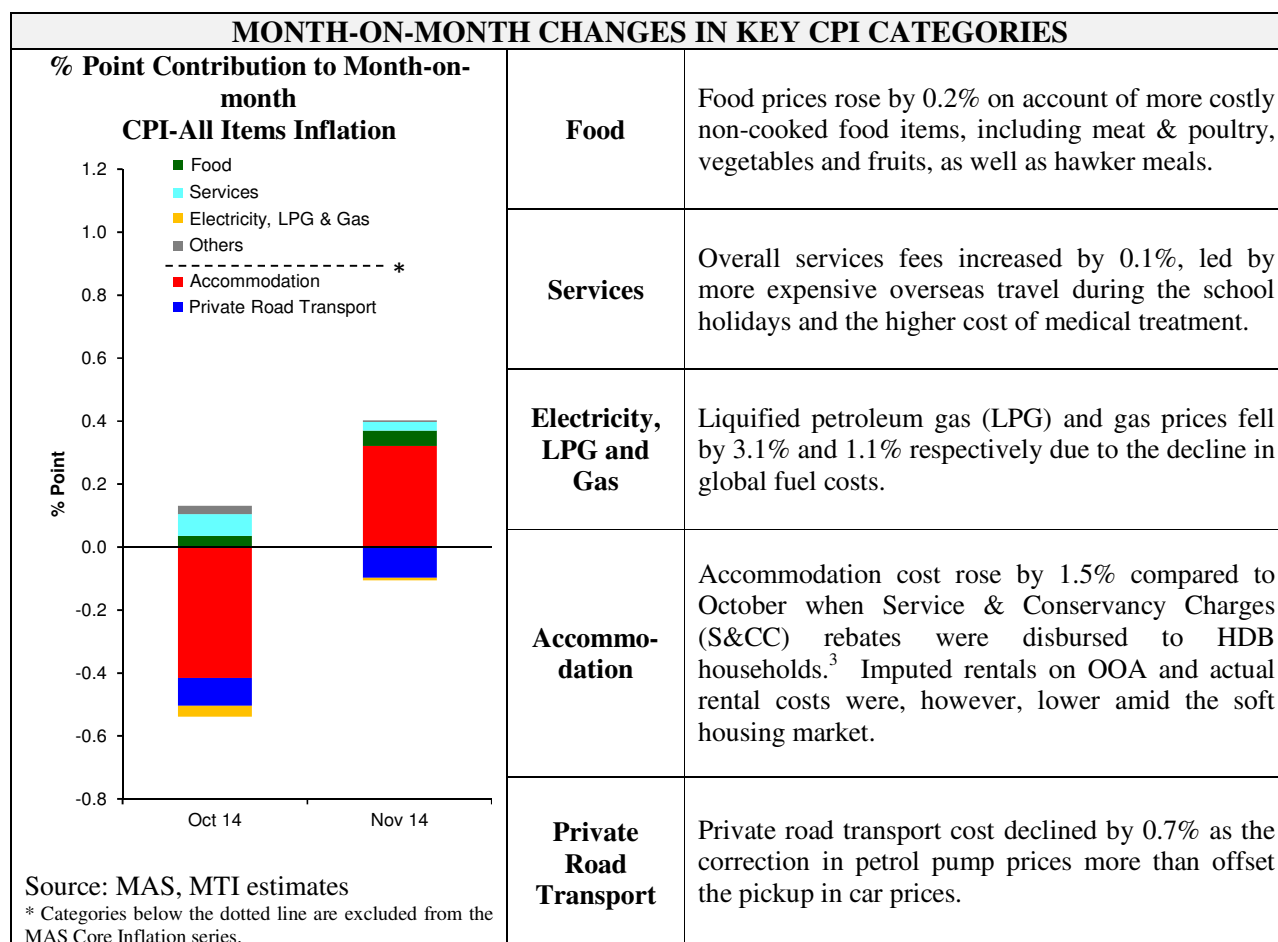
Source: Department of Statistics

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



Source: MAS, MTI estimates

On a month-on-month basis, CPI-All Items was 0.3% higher, following the 0.4% fall in October. MAS Core Inflation moderated to 0.1% from 0.2% in the previous month.



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
↑	Accommodation	20.0	1.5	↓	Private road transport	11.7	-0.7
↑	Vegetables & vegetable products	1.1	1.3	↓	Personal care	2.2	-0.4
↑	Fruits	0.9	0.8	↓	Sugar, preserves & confectionery	0.3	-0.3
↑	Hobbies & other miscellaneous expenditure *	4.8	0.6	↓	Seafood	1.3	-0.3
↑	Meat & Poultry	1.4	0.5	↓	Fuel & utilities	3.6	-0.2
↑	Personal effects #	0.8	0.5	↓	Proprietary medicine & supplies	1.1	-0.2
↑	Dairy Products & Eggs	1.0	0.5	↓	Household durables	1.9	-0.1
↑	Cooking Oils & Fats	0.2	0.4	-	Other food ~	0.3	0.0
↑	Other travel & transport ^	0.2	0.3	-	Non-durable household goods	0.7	0.0
↑	Clothing & Footwear	3.4	0.2	-	Rice & other cereals	1.7	0.0

* Holiday travel is subsumed under the "hobbies & other miscellaneous expenditure" sub-group.

The "personal effects" sub-group includes leather & travel goods and "accessories" such as watches and cosmetic jewellery.

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

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

³ The accommodation sub-group in the CPI comprises "rented accommodation", "imputed rentals on owner-occupied accommodation", "housing insurance premiums" and "minor repairs & maintenance". As announced in Budget 2014, 1- and 2-room HDB households received a 1-month S&CC rebate in October 2014, while 3-, 4- and 5-room HDB households received a 0.5-month rebate. No rebates were disbursed in November 2014.

Outlook

CPI-All Items inflation is expected to remain subdued amid the anticipated increase in the supply of car COEs and newly-completed housing units. For the full year, CPI-All Items inflation is projected to come in at 1–1.5% in 2014 and 0.5–1.5% in 2015.

MAS Core Inflation is likely to stay firm and average 2–2.5% in 2014 and 2–3% in 2015. With the economy at full employment, wage pressures are expected to persist and filter through to the prices of various services items, particularly those for which demand is firm. Domestic food inflation could also continue to be elevated in the near term, given the higher prices of regional food supplies.

However, external price developments on the whole are expected to stay generally benign for the rest of the year and in 2015, owing to ample supply buffers in the major commodity markets. Specifically, while there remains significant uncertainty over global oil prices, the recent sharp correction will dampen domestic inflation in the short-term. Should global oil prices be sustained at current low levels, CPI-All Items inflation and MAS Core Inflation could come in slightly below their respective forecast ranges in 2015.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 December 2014

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.⁴

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.

⁴ See DOS’ “Singapore Consumer Price Index for November 2014” (http://www.singstat.gov.sg/news/press_releases/cpinov2014.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” (http://www.mas.gov.sg/~media/resource/publications/staff_papers/StaffPaperNo51.pdf).

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)
2013 Oct	2.0	2.5	-1.0	1.1	2.3	-1.5	3.5	3.7	2.6	116.8
Nov	2.6	2.6	2.1	2.3	2.9	-1.5	3.5	3.6	3.1	117.1
Dec	1.5	2.7	-0.1	2.0	-2.1	-0.9	3.5	3.8	2.7	116.8
2014 Jan	1.4	3.0	-0.1	1.8	-2.7	-0.5	2.9	3.9	2.9	116.9
Feb	0.4	2.3	-1.7	1.5	-5.6	-0.5	2.9	4.0	1.5	117.0
Mar	1.2	2.9	-1.9	1.2	-2.1	-0.9	2.9	3.4	2.5	117.4
Apr	2.5	3.1	0.6	0.7	5.0	-0.5	2.9	3.5	2.9	117.1
May	2.7	3.0	-0.2	0.5	6.9	-0.3	2.9	3.2	2.4	117.7
Jun	1.8	3.2	-0.5	0.2	2.7	-0.8	2.8	3.2	2.1	116.9
Jul	1.2	3.0	-1.7	0.1	-0.8	-0.7	3.3	3.3	2.4	116.6
Aug	0.9	2.9	0.5	-0.1	-1.8	-0.6	2.8	3.4	1.7	117.1
Sep	0.6	3.0	-0.4	-0.5	-1.8	0.4	3.0	1.8	1.1	117.0
Oct	0.1	2.8	-0.8	-1.0	-4.0	0.5	2.7	1.9	1.3	116.5
Nov	-0.3	2.9	-2.1	-1.2	-5.3	0.5	2.7	1.8	0.8	116.9

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					
2013 Oct	2.0	1.8	1.6	-1.4	-3.1	-1.5
Nov	2.6	2.1	2.4	0.3	-2.6	-1.8
Dec	1.5	2.0	1.2	1.8	-3.0	1.2
2014 Jan	1.4	2.2	1.2	0.3	-6.2	-4.0
Feb	0.4	1.6	-	-1.1	-5.7	-6.5
Mar	1.2	2.0	1.1	-0.5	-1.2	-2.2
Apr	2.5	2.3	2.9	0.7	1.2	3.2
May	2.7	2.2	3.1	0.8	-1.2	4.8
Jun	1.8	2.1	2.2	-0.2	-2.9	6.8
Jul	1.2	2.2	1.5	-1.2	-2.2	1.1
Aug	0.9	2.1	1.2	-3.0	-2.9	-6.3
Sep	0.6	1.9	1.0	-3.5	-4.3	-11.7
Oct	0.1	1.7	0.4	-5.1	-6.5	-20.3
Nov	-0.3	1.5	-0.1	N.A.	-6.1	-28.0

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available