



Consumer Price Developments in February 2015

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

CPI-All Items inflation edged up to -0.3% in February from -0.4% in January 2015, on account of higher food and services inflation.

Food prices rose by 2.5%, compared to the 2.2% increase in January¹, as a result of the seasonal pickup in demand during the Chinese New Year period.

Services inflation increased to 1.5%, from 1.2% a month ago, largely led by the higher cost of holiday travel during the festive season and the rise in tuition & other fees.

Accommodation cost declined by 2.1%, extending the 1.9% fall in the previous month, reflecting the soft housing rental market.

Private road transport cost was 5.8% lower, following the 5.0% drop in January, due to the sharper correction in COE premiums. Meanwhile, petrol pump prices declined compared to a year ago, in tandem with the fall in global oil prices. However, the pace of decline slowed following the increase in petrol duty rates.

CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) rose by 0.2% in February

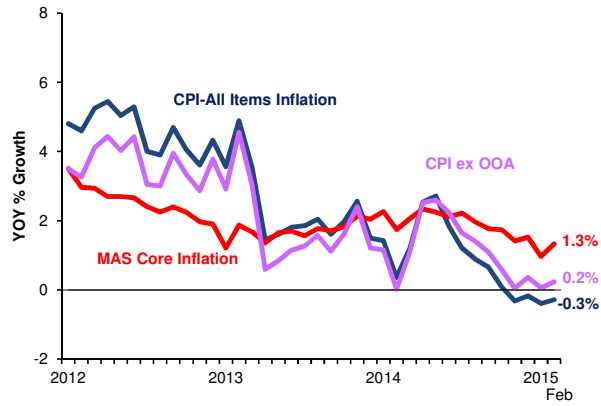
Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) edged up to 0.2% from 0.1% in January, on account of the stronger increase in food prices and services fees.

MAS Core Inflation rose to 1.3% in February

MAS Core Inflation, which excludes the costs of accommodation and private road transport, came in at 1.3% compared to 1.0% in the previous month, reflecting the stronger food and services inflation.

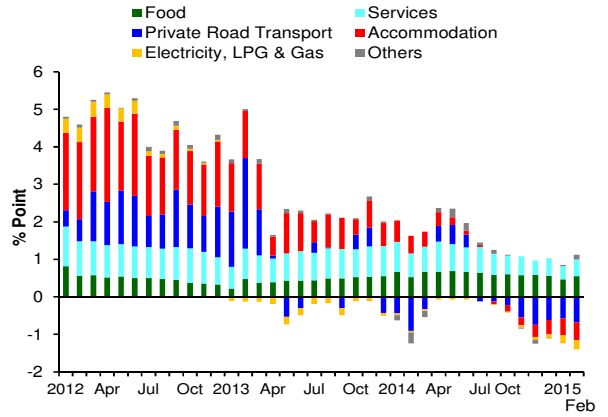
¹ Chinese New Year was in February this year but was in January last year. As such, food inflation in January 2015 was dampened by the high base a year ago when food prices rose significantly during the Chinese New Year period.

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



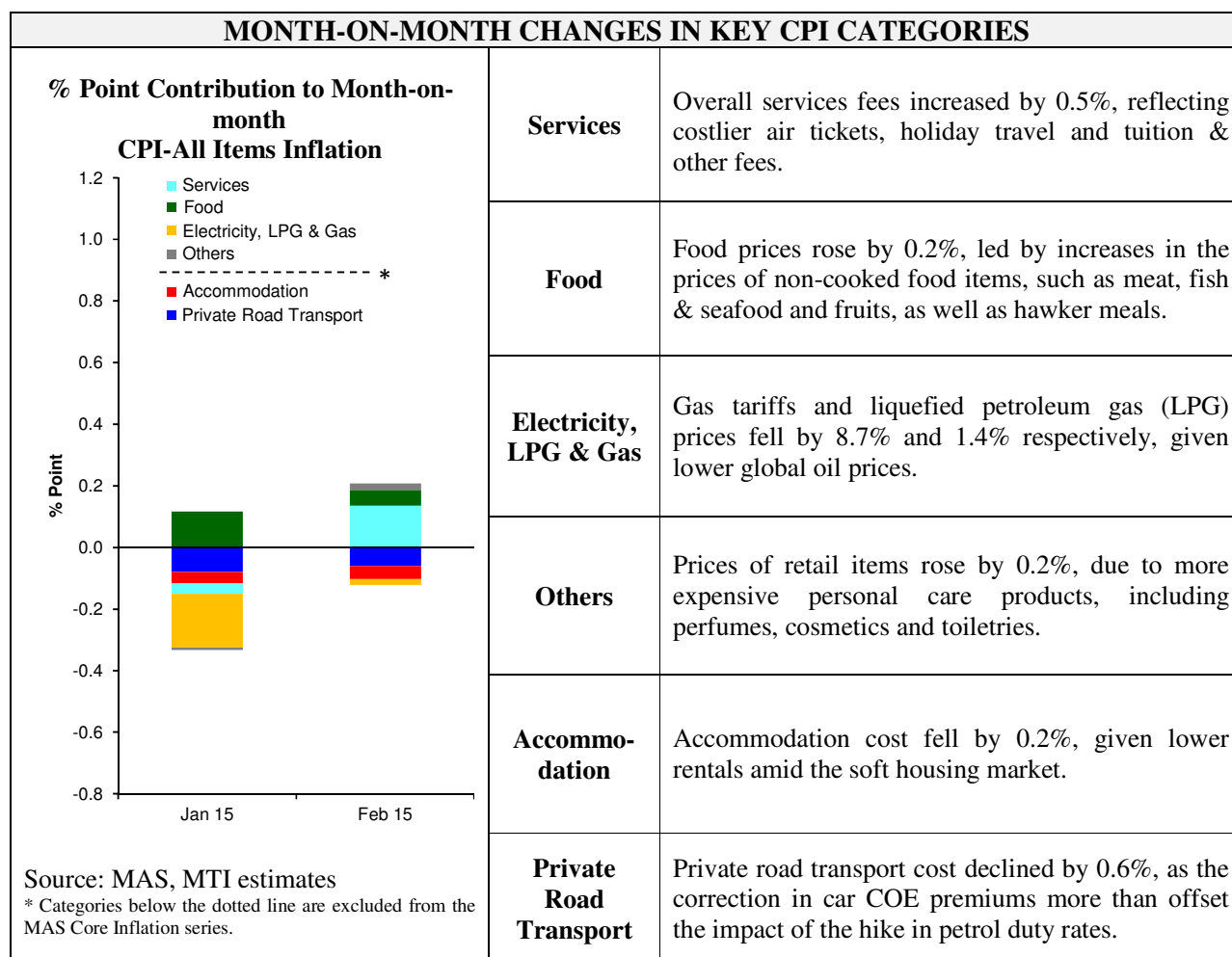
Source: Department of Statistics

% 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 February, after declining by 0.2% in January. MAS Core Inflation was 0.3% compared to -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 Largest Price Declines			
	Group	Weight (%)	M-o-M % Growth		Group	Weight (%)	M-o-M % Growth
↑	Fish & Seafood	1.2	5.1	↓	Non-alcoholic beverages	0.5	-1.2
↑	Other travel & transport ^	1.3	3.7	↓	Bread & Cereals	1.4	-1.1
↑	Holiday Expenses	3.5	1.3	↓	Vegetables	1.0	-1.0
↑	Meat	1.2	1.2	↓	Sugar, preserves & confectionery	0.3	-0.8
↑	Fruits	0.8	0.9	↓	Oils & Fats	0.2	-0.6
↑	Personal Care	2.4	0.8	↓	Private road transport	11.5	-0.6
↑	Household durables	1.8	0.4	↓	Fuel & utilities	3.4	-0.6
↑	Tuition & other fees	6.1	0.4	↓	Fast food	0.9	-0.5
↑	Household services & Supplies	3.0	0.4	↓	Medical products, appliances & equipment	1.4	-0.5
↑	Other miscellaneous expenditure #	0.7	0.3	↓	Milk Cheese & Eggs	0.9	-0.4

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

The "other miscellaneous expenditure" group includes social support services, life insurance, etc.

Outlook

External price developments are expected to be generally benign, given ample supply buffers in the major commodity markets. Notably, global oil prices are likely to be much lower for the whole of 2015 compared to the US\$93 average² recorded last year. Domestic food inflation could, however, continue to be firm in the near term due to higher prices of regional food supplies. At the same time, while domestic cost pressures will remain, the extent to which businesses will pass on accumulated costs to consumer prices could be constrained in the near term given the moderate economic growth environment. Car prices and imputed rentals on owner-occupied accommodation will also continue to dampen overall inflationary pressures amid the expected increase in the supply of COEs and newly-completed housing units.

MAS Core Inflation and CPI-All Items inflation could ease further, before rising in the second half of 2015 on account of some recovery in global oil prices and base effects associated with the low inflation in Q4 2014. For the whole year, CPI-All Items inflation and MAS Core Inflation are projected to average -0.5–0.5% and 0.5–1.5% respectively.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 March 2015

² This refers to the West Texas Intermediate (WTI) benchmark oil price.

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 February 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/cpifeb2015.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 Feb	0.4	2.5	-1.2	1.6	0.6	3.5	-5.7	-0.7	2.2	3.5	0.2	100.0
Mar	1.2	3.2	-1.1	1.3	2.9	3.3	-2.3	-1.1	2.3	3.5	0.8	100.1
Apr	2.3	3.1	0.8	1.1	1.5	3.4	3.2	-0.8	3.5	3.6	1.7	100.3
May	2.3	3.2	-0.2	0.5	2.1	3.0	4.0	-0.5	3.1	3.6	1.2	100.1
Jun	1.9	3.1	0.1	0.2	1.6	2.9	2.9	-0.9	2.5	3.5	1.1	99.9
Jul	1.3	3.0	-1.6	0.2	1.7	3.1	-0.4	-0.7	2.8	3.7	1.9	100.0
Aug	1.0	2.7	-0.2	-0.3	1.7	3.1	-0.4	-0.6	1.4	3.2	1.7	100.1
Sep	0.7	2.8	-1.3	-0.7	1.6	2.0	-1.1	0.8	0.5	3.4	1.1	99.9
Oct	0.2	2.7	-1.2	-1.0	1.3	2.0	-3.2	0.9	1.1	3.1	1.6	100.0
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

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					
2014 Feb	0.4	1.7	-	-1.1	-5.7	-6.5
Mar	1.2	2.1	1.1	-0.5	-1.2	-2.2
Apr	2.3	2.3	2.5	0.7	1.2	3.2
May	2.3	2.2	2.6	0.8	-1.2	4.8
Jun	1.9	2.1	2.2	-0.2	-2.9	6.8
Jul	1.3	2.2	1.6	-1.2	-2.2	1.1
Aug	1.0	2.0	1.4	-3.0	-2.9	-6.3
Sep	0.7	1.8	1.1	-3.5	-4.3	-11.7
Oct	0.2	1.7	0.6	-5.4	-6.4	-20.3
Nov	-0.3	1.4	0.1	-7.7	-6.1	-28.0
Dec	-0.1	1.5	0.4	-13.1	-10.0	-44.9
2015 Jan	-0.4	1.0	0.1	-17.3	-11.7	-57.3
Feb	-0.3	1.3	0.2	N.A.	-14.6	-48.7

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available