



## Consumer Price Developments in March 2015

### *CPI-All Items inflation was unchanged at -0.3% y-o-y in March*

CPI-All Items inflation was -0.3% in March, similar to that in February. While food inflation eased and accommodation cost fell more steeply, the decline in private road transport cost was more modest.

Food inflation moderated to 2.1% from 2.5% in February, on account of a slower rise in non-cooked food prices as demand eased after the Chinese New Year.

Services inflation was stable at 1.5%. The sharper increase in telecommunication services fees was offset by a decline in air fares and a smaller pick-up in hospitalisation charges.

Accommodation cost was 2.2% lower in March, extending the 2.1% decline in the previous month, as the housing rental market continued to soften.

Private road transport cost fell by a more moderate 4.0%, compared to the 5.8% drop in February, following the increase in petrol duty rates.

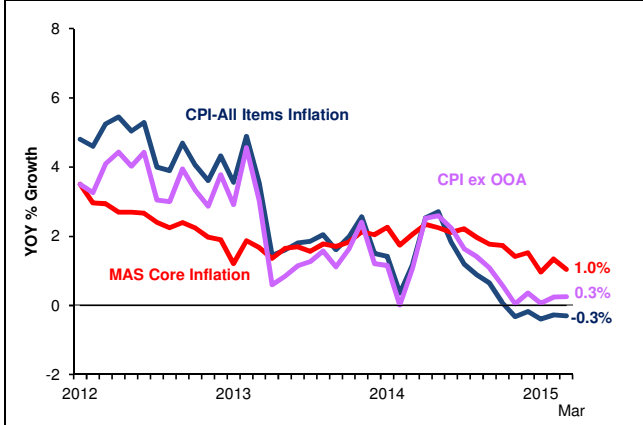
### *CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) rose by 0.3% in March*

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) edged up to 0.3% from 0.2% in February, on account of the more modest decline in private road transport cost.

### *MAS Core Inflation eased to 1.0% in March*

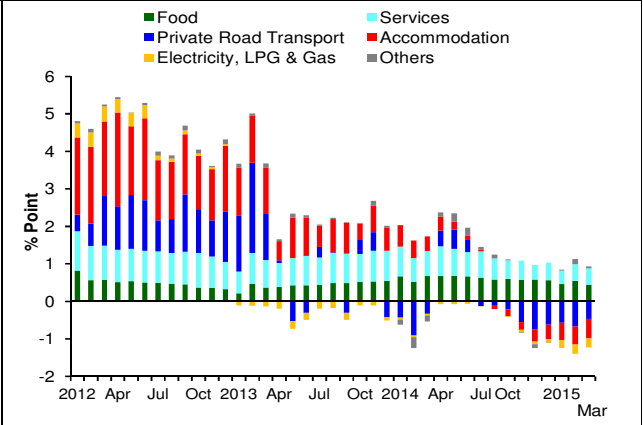
MAS Core Inflation, which excludes the costs of accommodation and private road transport, came in at 1.0% compared to 1.3% in the previous month, mainly reflecting the lower food inflation.

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



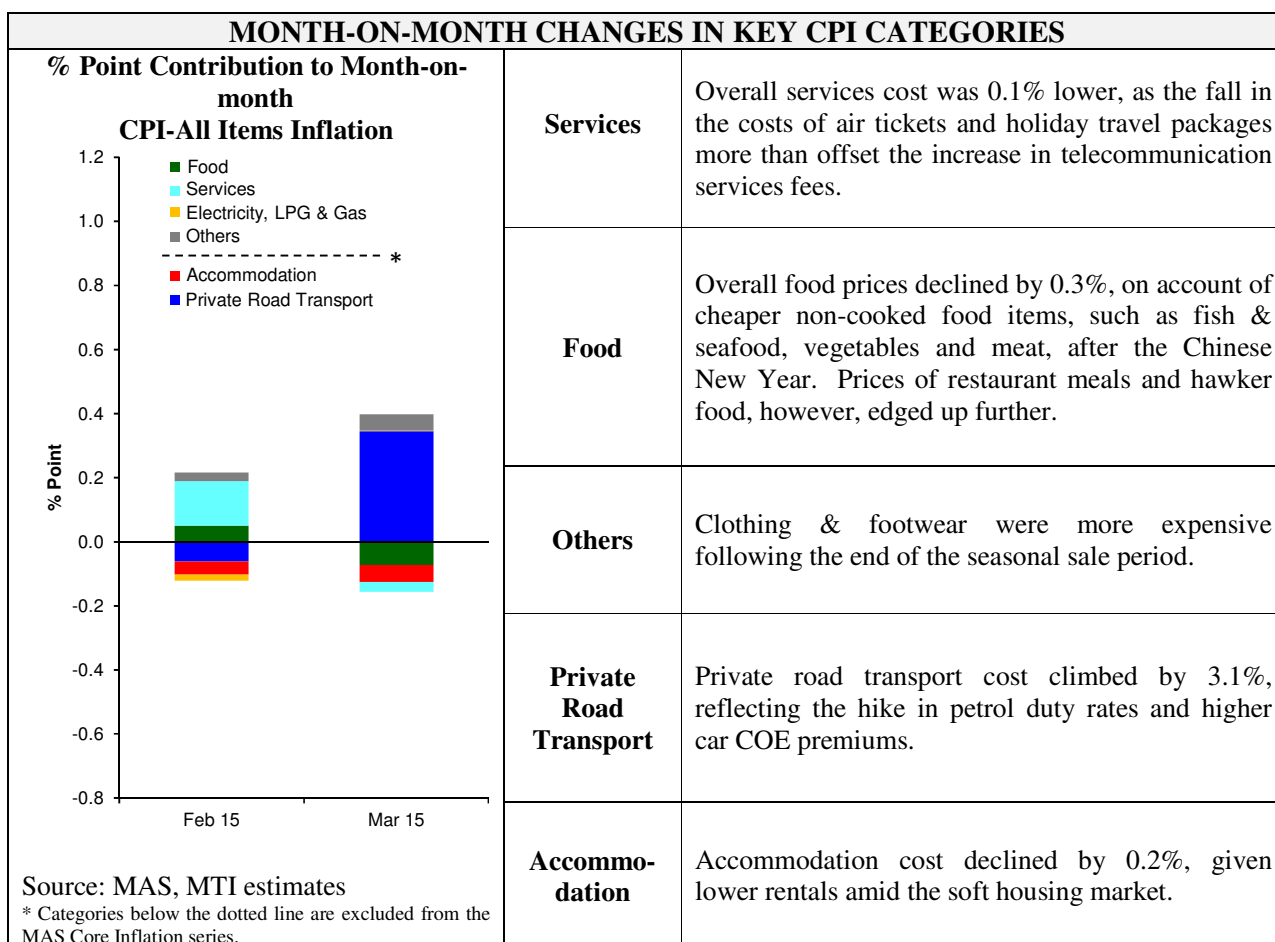
Source: Department of Statistics

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



Source: MAS, MTI estimates

**On a month-on-month basis, CPI-All Items increased by 0.2% in March, following a 0.1% rise in February. MAS Core Inflation was -0.1% compared to 0.3% 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
↑	Private road transport	11.5	3.1	↓	Other travel & transport <sup>^</sup>	1.3	-6.4
↑	Oils & Fats	0.2	2.7	↓	Fish & Seafood	1.2	-6.1
↑	Clothing & Footwear	2.7	2.3	↓	Vegetables	1.0	-1.7
↑	Sugar, preserves & confectionery	0.3	1.9	↓	Fruits	0.8	-1.3
↑	Other food <sup>~</sup>	0.3	1.9	↓	Meat	1.2	-1.0
↑	Communication	3.9	1.0	↓	Personal effects <sup>#</sup>	0.6	-0.6
↑	Bread & Cereals	1.4	1.0	↓	Milk Cheese & Eggs	0.9	-0.4
↑	Non-alcoholic beverages	0.5	0.8	↓	Accommodation	22.9	-0.2
↑	Recreation & entertainment	3.9	0.3	↓	Household durables	1.8	-0.2
↑	Alcoholic drinks & tobacco	1.0	0.3	↓	Medical products, appliances & equipment	1.4	-0.2

<sup>~</sup> The “other food” group includes food items such as sauces, spices and other condiments.

<sup>^</sup> The “other travel & transport” group includes air transport, sea transport, travel insurance, etc.

<sup>#</sup> The “personal effects” group includes travel goods, handbags and wallets and “accessories” such as costume jewellery and watches.

## Outlook

External sources of inflation should remain 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 average<sup>1</sup> recorded last year. Although underlying cost pressures stemming from the tight labour market remain, the pass-through to consumer prices could be constrained in the near term by the moderate growth environment. Car prices and imputed rentals on owner-occupied accommodation will also continue to dampen 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 towards the end of the year and into 2016, as global oil prices pick up and the effects of the enhanced medical subsidies fade. For 2015, 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

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<sup>1</sup> 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 March 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/cpimar2015.pdf](http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpimar2015.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](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 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
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

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 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	-9.8	-44.9
2015 Jan	-0.4	1.0	0.1	-17.4	-11.7	-57.3
Feb	-0.3	1.3	0.2	-13.8	-14.6	-48.7
Mar	-0.3	1.0	0.3	N.A.	-18.0	-49.6

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available