



## Consumer Price Developments in April 2015

### *CPI-All Items inflation came in at -0.5% y-o-y in April*

CPI-All Items inflation eased to -0.5% in April from -0.3% in March, mainly on account of a sharper price decline in oil-related items and a moderation in services inflation.

The cost of oil-related items fell by 11.7% in April, following the 7.9% decrease in the preceding month, as electricity tariffs were reduced further owing to lower global oil prices.

Services inflation eased to 1.1% from 1.5% a month earlier, largely led by a fall in holiday travel cost and the waiver of national examination fees.<sup>1</sup>

Food inflation was stable at 2.1%. While costs of prepared meals rose at a faster pace, this was offset by slower price increases in non-cooked food items.

Accommodation cost was 2.5% lower, extending the 2.2% decline in the previous month, reflecting the soft housing rental market.

Private road transport cost fell by a more modest 2.1% in April, compared to the 4.0% drop in March, largely due to the smaller correction in COE premiums on a year ago basis.

### *CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) was unchanged*

Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) eased to 0% in April, down from 0.3% a month earlier, given the reduction in electricity tariffs and moderation in services inflation.

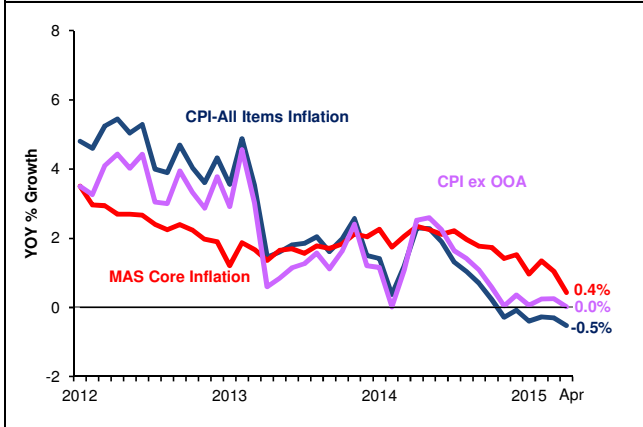
### *MAS Core Inflation fell to 0.4% in April*

MAS Core Inflation, which excludes the costs of accommodation and private road transport, came in at 0.4% compared to 1.0% in the previous month. This mainly reflected the lower electricity tariffs and services inflation.

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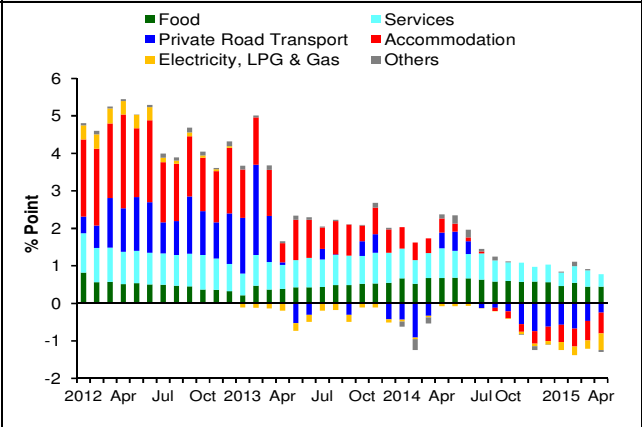
<sup>1</sup> As announced in Budget 2015, examination fees have been waived for Singaporeans in Government-funded schools taking the Primary School Leaving Examination (PSLE), GCE 'N' and 'O' levels, as well as for Singaporeans enrolled full-time in polytechnics and Institutes of Technical Education (ITE).

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



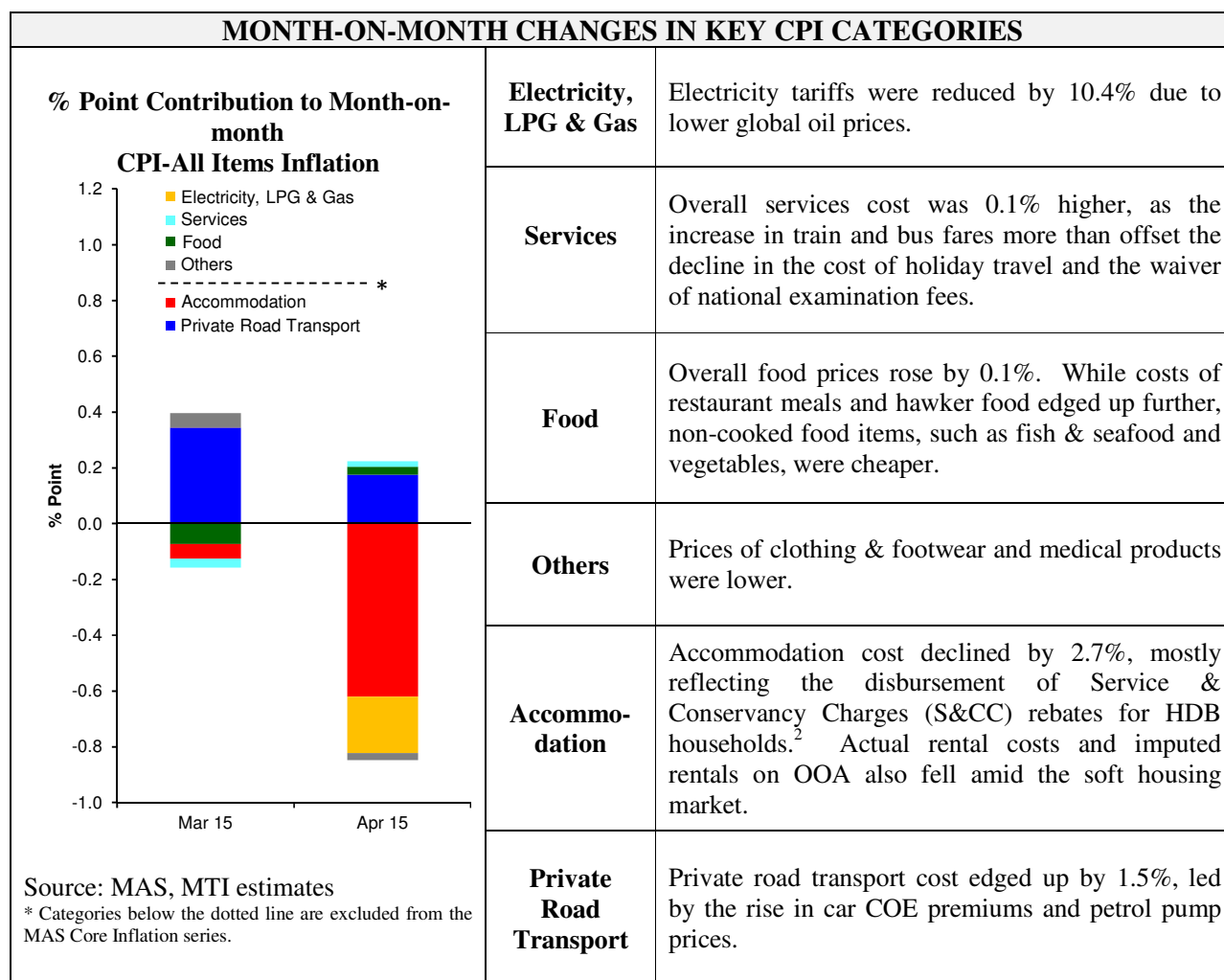
Source: Department of Statistics

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



Source: MAS, MTI estimates

**On a month-on-month basis, CPI-All Items fell by 0.6% in April, after rising by 0.2% in March. MAS Core Inflation was -0.3% compared to -0.1% 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 or No Price Changes		
Group	Weight (%)	M-o-M % Growth	Group	Weight (%)	M-o-M % Growth
↑ Sugar, preserves & confectionery	0.3	1.6	↓ Fuel & utilities	3.4	-6.4
↑ Private road transport	11.5	1.5	↓ Accommodation	22.9	-2.7
↑ Public road transport	3.0	1.5	↓ Fish & Seafood	1.2	-1.7
↑ Fruits	0.8	1.1	↓ Clothing & Footwear	2.7	-1.1
↑ Oils & Fats	0.2	0.9	↓ Other travel & transport ^	1.3	-0.9
↑ Personal effects #	0.6	0.6	↓ Holiday Expenses	3.5	-0.9
↑ Milk Cheese & Eggs	0.9	0.3	↓ Other food ~	0.3	-0.6
↑ Personal Care	2.4	0.3	↓ Vegetables	1.0	-0.5
↑ Hawker food (incl. food courts)	8.1	0.2	↓ Medical products, appliances & equipment	1.4	-0.3
↑ Non-alcoholic beverages	0.5	0.2	- Communication	3.9	0.0

# The "personal effects" group includes travel goods, handbags and wallets and "accessories" such as costume jewellery and watches.

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

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

<sup>2</sup> The government announced the disbursement of S&CC rebates for HDB households in Budget 2015. In April 2015, 1-, 2-, 3- and 4-room HDB households received 1-month S&CC rebates, while 5-room and Executive/Multi-Generation HDB households received 0.5-month rebates.

## 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>3</sup> recorded last year. Although underlying cost pressures stemming from the tight labour market remain, the pass-through to consumer prices is expected to be tempered in the near term by the moderate growth environment. At the same time, the suite of budgetary measures announced recently will help to alleviate some of the price pressures faced by consumers.<sup>4</sup> Car prices and imputed rentals on owner-occupied accommodation should also continue to dampen inflation, 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 budgetary measures dissipate. For 2015, MAS Core Inflation and CPI-All Items inflation are projected to average 0.5–1.5% and -0.5–0.5% respectively.

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<sup>3</sup> This refers to the West Texas Intermediate (WTI) benchmark oil price.

<sup>4</sup> The recent budgetary measures include the reduction in the concessionary foreign domestic helper levy, the one-year road tax rebates, and the abolition of national examination fees for Singaporeans. These are on top of the increase in medical subsidies, which will continue to dampen inflation on a year ago basis until early 2016.

## **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 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/cpiapr2015.pdf](http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpiapr2015.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 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
Apr	-0.5	2.1	-2.0	-3.7	1.7	-0.4	-1.4	2.1	-0.3	3.2	-0.4	99.3

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 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	-13.6	-14.6	-48.7
Mar	-0.3	1.0	0.3	-13.2	-18.0	-49.6
Apr	-0.5	0.4	-	N.A.	-19.6	-45.3

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available