



Consumer Price Developments in October 2015

CPI-All Items inflation came in at -0.8% y-o-y in October

CPI-All Items inflation eased to -0.8% in October from -0.6% in September, mainly due to the lower costs of oil-related and retail items.

The cost of oil-related items fell by 10.1%, extending the 8.4% decline in the preceding month, as electricity tariffs were reduced further on the back of softer global oil prices.

The overall price of retail items was 0.1% lower, a reversal from the 0.6% rise a month earlier, due to a smaller increase in the price of clothing & footwear and cheaper personal care products.

Food inflation remained unchanged at 1.8%, as the stronger pickup in the prices of non-cooked food and hawker food was offset by a more modest rise in the cost of restaurant meals.

Services inflation was stable at 0.8%. While the fall in telecommunication services fees moderated, this was offset by a sharper decrease in air fares and a smaller increase in the cost of holiday travel.

Accommodation cost was 3.0% lower, extending the 2.9% decline in the previous month, mainly reflecting the soft housing rental market.

Private road transport cost fell by a more moderate 2.3%, compared to the 3.2% drop in September, owing to a smaller decrease in petrol pump prices and higher electronic road pricing (ERP) charges.

CPI less imputed rentals on owner-occupied accommodation (CPI-ex OOA) fell slightly.

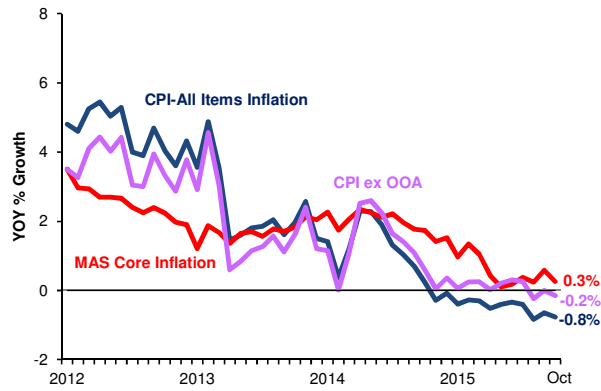
Inflation as measured by CPI less imputed rentals on owner-occupied accommodation (OOA) eased to -0.2% from 0.0% in September, due to the decline in the costs of oil-related and retail items.

MAS Core Inflation eased to 0.3% in October

MAS Core Inflation, which excludes the costs of accommodation and private road transport, moderated to 0.3% from 0.6% in September.¹ This mostly reflected the impact of lower electricity tariffs and prices of retail items.

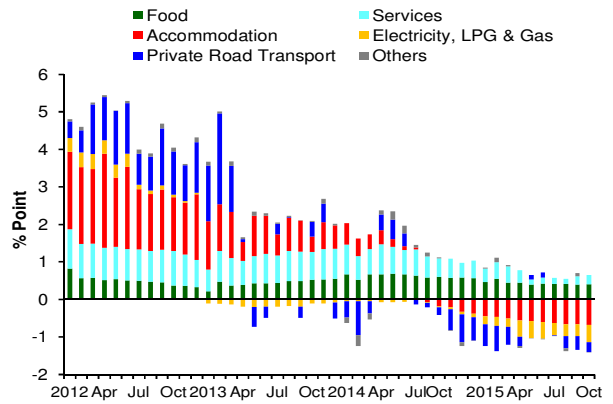
¹ The previous month's report had anticipated the lower MAS Core Inflation rate in October 2015, mainly on account of the reduction in electricity tariffs for Q4 2015.

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



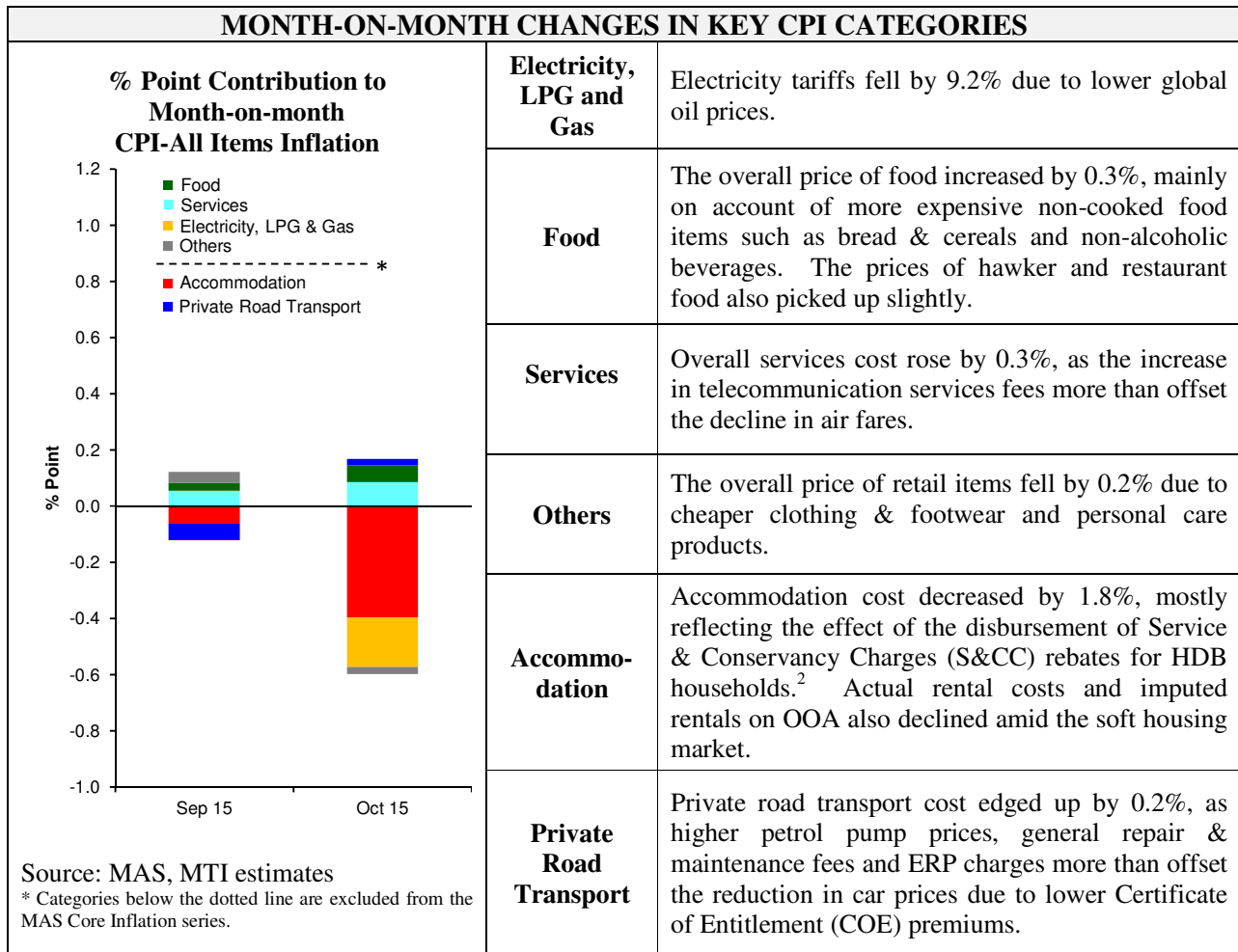
Source: Department of Statistics

% 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 -0.4% in October, after remaining unchanged in September. MAS Core Inflation eased 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 Largest Price Declines			
	Group	Weight (%)	M-o-M % Growth		Group	Weight (%)	M-o-M % Growth
↑	Non-alcoholic beverages	0.5	1.3	↓	Fuel & utilities	3.4	-5.6
↑	Communication	3.9	1.2	↓	Accommodation	22.9	-1.8
↑	Personal effects #	0.6	0.9	↓	Clothing & Footwear	2.7	-0.6
↑	Other food ~	0.3	0.6	↓	Other travel & transport ^	1.3	-0.5
↑	Bread & Cereals	1.4	0.6	↓	Personal Care	2.4	-0.4
↑	Sugar, preserves & confectionery	0.3	0.5	↓	Fish & Seafood	1.2	-0.3
↑	Milk Cheese & Eggs	0.9	0.4	↓	Household durables	1.8	-0.3
↑	Oils & Fats	0.2	0.4	↓	Medical products, appliances & equipment	1.4	-0.2
↑	Recreation & entertainment	3.9	0.4	↓	Alcoholic drinks & tobacco	1.0	-0.1
↑	Holiday Expenses	3.5	0.4	↓	Newspapers, books & stationery	0.5	-0.1

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

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

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

²

The government announced the disbursement of S&CC rebates for HDB households in Budget 2015. In October 2015, 1- and 2-room HDB households received a 1-month S&CC rebate, while 3-, 4-, and 5-room HDB households received a 0.5-month rebate.

Outlook

External sources of inflation are likely to stay generally benign, given ample supply buffers in the major commodity markets and weak global demand conditions. Oil prices for the whole of 2016 are expected to remain low, coming in at around this year's projection of US\$54 per barrel.³ While global food commodity prices could face some upward pressures due to the ongoing El Niño phenomenon, the price increases would be tempered by the availability of abundant food stockpiles. On the domestic front, some wage cost pressures remain, but their pass-through to consumer prices will continue to be constrained by the subdued economic growth environment.

MAS Core Inflation is expected to pick up gradually over the course of 2016 towards its historical average as the disinflationary effects of lower oil prices, as well as budgetary⁴ and other one-off measures, dissipate. For the full year, MAS Core Inflation is expected to come in at 0.5–1.5% in 2016, compared to around 0.5% in 2015. CPI-All Items inflation could continue to be dampened by lower car prices and imputed rentals on owner-occupied accommodation, amid an expected increase in the supply of COEs and newly-completed housing units. It is projected to average between –0.5–0.5% in 2016, compared to around –0.5% this year.

MONETARY AUTHORITY OF SINGAPORE

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³ This refers to the Brent benchmark oil price.

⁴ The budgetary measures include medical subsidies under the Pioneer Generation Package, the reduction in the concessionary foreign domestic worker (FDW) levy, the abolition of national examination fees for Singaporeans, and road tax rebates.

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 October 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/cpioc2015.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 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
May	-0.4	1.8	-	-3.8	-2.0	-0.2	0.9	0.3	-0.1	3.1	-0.3	99.8
Jun	-0.3	2.0	0.2	-3.9	-1.8	-0.3	0.9	0.5	0.1	3.1	-0.1	99.7
Jul	-0.4	1.9	0.8	-3.5	-2.0	-0.4	0.1	-0.2	0.3	3.6	-0.7	99.3
Aug	-0.8	1.9	-0.9	-3.6	-2.2	-0.5	-2.3	-0.2	0.4	3.7	-0.4	99.4
Sep	-0.6	1.8	2.3	-3.6	-1.5	0.7	-2.2	-1.5	0.7	3.5	0.1	99.4
Oct	-0.8	1.8	1.0	-4.3	-1.6	0.6	-1.7	-0.6	0.4	3.7	-0.5	99.0

Source: Singapore Department of Statistics

S.A.: Seasonally Adjusted

- : Nil or negligible

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 Oct	0.2	1.7	0.6	-5.4	-6.3	-20.3
Nov	-0.3	1.4	0.1	-7.7	-6.2	-28.0
Dec	-0.1	1.5	0.4	-13.1	-9.7	-44.9
2015 Jan	-0.4	1.0	0.1	-17.4	-11.6	-57.3
Feb	-0.3	1.3	0.2	-13.6	-14.5	-48.7
Mar	-0.3	1.0	0.3	-13.2	-18.1	-49.6
Apr	-0.5	0.4	-	-12.5	-19.5	-45.3
May	-0.4	0.1	0.2	-11.1	-17.3	-41.1
Jun	-0.3	0.2	0.3	-11.6	-16.1	-44.2
Jul	-0.4	0.4	0.3	-13.5	-18.0	-48.7
Aug	-0.8	0.2	-0.2	-14.2	-19.7	-54.9
Sep	-0.6	0.6	-	-13.6	-18.1	-53.3
Oct	-0.8	0.3	-0.2	N.A.	-17.7	-47.1

Source: Singapore Department of Statistics, IMF and Bloomberg

N.A.: Not available

- : Nil or negligible