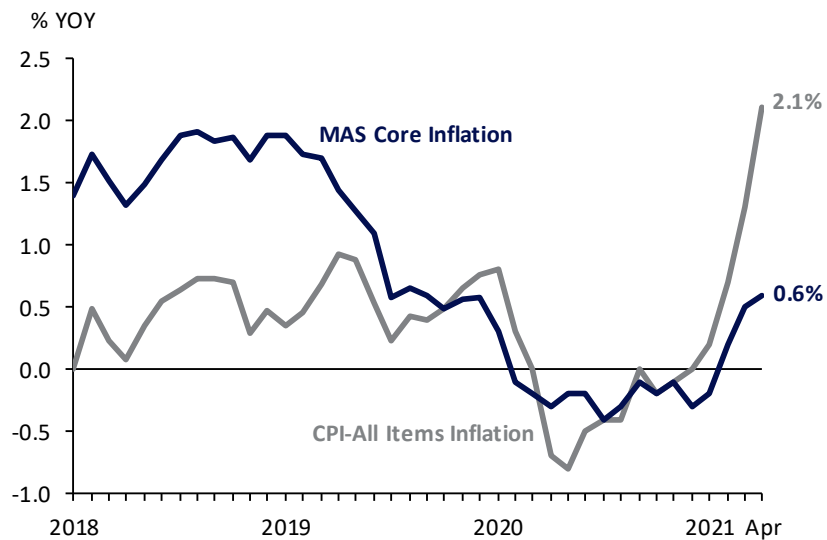


## Consumer Price Developments in April 2021

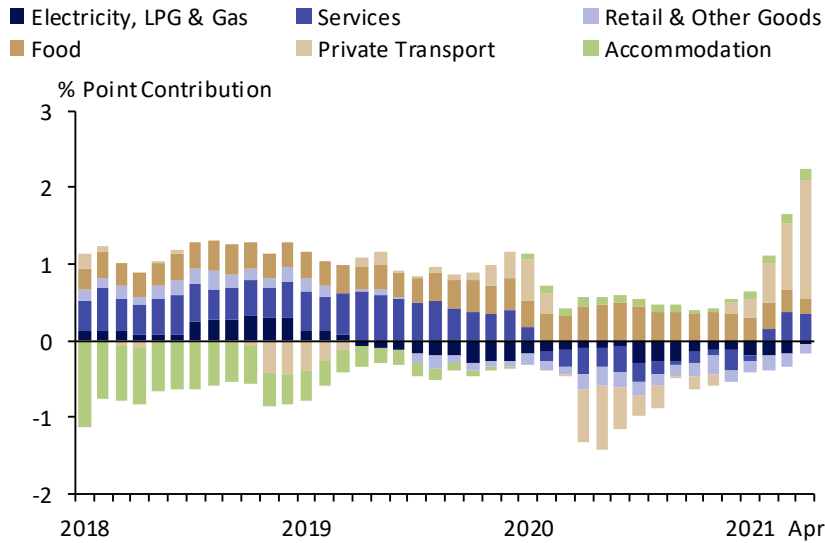
### Summary

- MAS Core Inflation edged up to **0.6%** on a year-on-year (y-o-y) basis in April, from **0.5%** in March.
  - This was driven by smaller declines in the costs of electricity & gas and retail & other goods.
- CPI-All Items inflation rose to **2.1%** y-o-y in April, from **1.3%** in March.
  - This reflected higher private transport and accommodation inflation, as well as the increase in core inflation.
- The increase in both core and headline y-o-y inflation was partly on account of the low base in April last year when prices fell sharply.

**Chart 1: MAS Core and CPI-All Items Inflation**



**Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation**

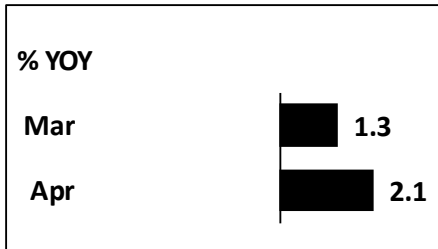


\* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

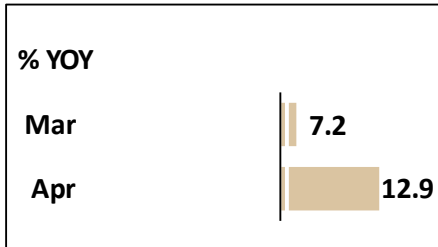
**CPI-All Items inflation rose to 2.1% y-o-y in April.**

CPI-All Items



CPI-All Items inflation picked up on the back of higher private transport and accommodation inflation, as well as smaller declines in the costs of electricity & gas and retail & other goods.

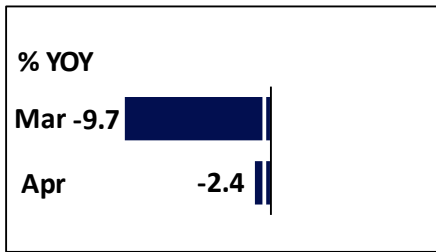
Private Transport



The rise in private transport inflation was mainly driven by a sharper increase in car prices, as well as a pickup in other private transport costs.<sup>1</sup>

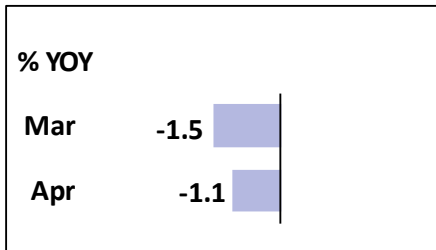
<sup>1</sup> The y-o-y increase in other private transport costs partly reflected the low base last year as these costs declined significantly in April 2020 when all Electronic Road Pricing (ERP) charges were suspended. As of April 2021, 12 of the ERP gantries have resumed charges.

### Electricity & Gas



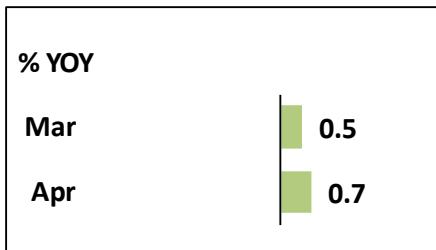
Electricity & gas prices fell at a slower pace due to upward revisions in electricity and gas tariffs.<sup>2</sup>

### Retail & Other Goods



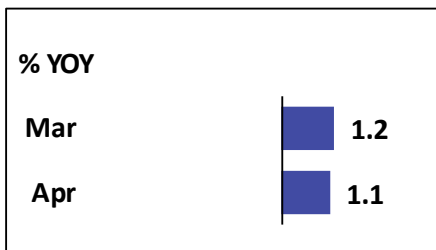
The cost of retail & other goods declined more gradually due to a rise in the prices of telecommunication equipment and personal effects, as well as a smaller reduction in the cost of personal care products.

### Accommodation



Accommodation inflation edged up as housing rents rose more strongly.

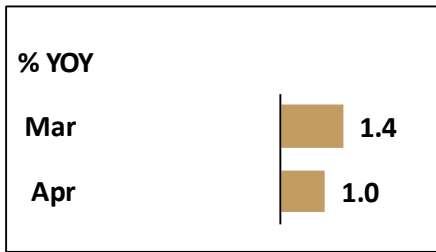
### Services



Services inflation eased, reflecting a fall in telecommunication services fees and lower health insurance inflation.

<sup>2</sup> Due to higher energy costs, the electricity tariff for households (inclusive of GST) was increased to 24.13 cents per kilowatt hour (kWh) for Q2 2021, from 22.21 cents per kWh in the preceding quarter. Similarly, the gas tariff for households (inclusive of GST) was raised to 19.33 cents per kWh from 18.44 cents per kWh over the same period. On a y-o-y basis, the electricity tariff fell by 2.0% in April, a smaller reduction compared to the 14.4% decline in March. The gas tariff rose by 5.6% y-o-y in April, after remaining unchanged on a y-o-y basis in March.

Food



Food inflation fell due to lower non-cooked food inflation.

## Outlook

External inflation has risen amid the recovery in global oil prices and turnaround in producer price inflation in the major economies. While there are some upside risks, the upward pressure on global inflation should ease in the latter part of this year. Surplus oil production capacity should cap large increases in oil prices, while negative output gaps in some of Singapore's major trading partners should moderate import price pressures.

On the domestic front, CPI-All Items inflation is expected to remain at around current rates in the near term, and ease in the second half of this year as base effects fade. MAS Core Inflation will continue to gradually increase, although the recent measures announced under Phase 2 (Heightened Alert) are projected to have a slight dampening effect on the pickup in underlying inflation. In addition, uncertainty in the economic outlook will weigh on consumer sentiment and hence price increases in the near term. For the year as a whole, wage growth is expected to be muted as slack in the labour market will take time to be fully absorbed, while commercial rents are projected to stay low. Meanwhile, private transport and accommodation costs should remain resilient on the back of firm demand for cars and rental accommodation.

In 2021, MAS Core Inflation is expected to average 0–1%, while CPI-All Items inflation is forecast to come in between 0.5 and 1.5%.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

24 May 2021

## **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.

### **MAS Core Inflation**

The Monetary Authority of Singapore (MAS) monitors a core inflation measure that excludes the components of “Accommodation” and “Private 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 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.

**CPI Statistics**

*Detailed CPI statistics can be found in the Department of Statistics' release titled "Singapore Consumer Price Index for April 2021". This release also contains further information on the various price indicators published.*

<https://www.singstat.gov.sg/whats-new/latest-news/cpi-highlights>

**MAS Core Inflation**

*A detailed review of MAS Core Inflation can be found in "A Review of the Core Inflation Measure for Singapore".*

<https://www.mas.gov.sg/->

[/media/MAS/resource/publications/staff\\_papers/StaffPaperNo51.pdf](https://www.mas.gov.sg/-/media/MAS/resource/publications/staff_papers/StaffPaperNo51.pdf)

**Table A.1**  
**Consumer Price Index of Key Categories**  
Index (2019=100)

	All Items	MAS Core	CPI Less Accommodation	CPI Less OOA	Food	Services	Retail & Other Goods	Electricity & Gas	Private Transport	Accommodation
<b>Weights</b>	<b>10,000</b>	<b>6,582</b>	<b>7,803</b>	<b>8,250</b>	<b>2,110</b>	<b>3,173</b>	<b>1,111</b>	<b>188</b>	<b>1,221</b>	<b>2,197</b>
<b>2020 Apr</b>	99.012	99.766	99.208	98.711	101.803	99.076	98.805	94.223	96.200	98.315
<b>May</b>	99.480	99.703	99.024	99.275	101.995	99.065	98.182	93.740	95.363	101.099
<b>Jun</b>	99.500	99.720	99.050	99.299	102.176	99.058	97.976	93.617	95.441	101.097
<b>Jul</b>	99.178	99.505	99.148	98.911	102.111	99.179	97.869	85.429	97.221	99.286
<b>Aug</b>	99.807	99.654	99.450	99.670	102.001	99.495	98.057	85.432	98.349	101.076
<b>Sep</b>	100.139	99.818	99.867	100.064	102.090	99.651	98.424	85.373	100.132	101.104
<b>Oct</b>	99.711	99.839	99.853	99.535	102.101	99.518	98.184	89.662	99.926	99.207
<b>Nov</b>	100.105	99.873	99.843	99.998	102.226	99.606	97.863	89.855	99.679	101.037
<b>Dec</b>	100.469	99.977	100.286	100.418	102.253	99.743	98.070	89.686	101.949	101.119
<b>2021 Jan</b>	100.440	100.121	100.611	100.354	102.579	99.966	97.934	88.085	103.249	99.834
<b>Feb</b>	101.015	100.321	100.891	101.034	102.900	100.212	97.804	88.085	103.959	101.457
<b>Mar</b>	101.239	100.357	101.138	101.271	102.657	100.319	98.190	87.984	105.350	101.597
<b>Apr</b>	101.070	100.368	101.651	101.021	102.776	100.175	97.756	92.006	108.567	99.007

Note: For more information on the CPI items in the “Services” and “Retail & Other Goods” categories in this report, please refer to “MAS Core Inflation and Notes to Selected CPI Categories”. <https://www.mas.gov.sg/statistics>