

Consumer Price Developments in January 2024

Summary

- MAS Core Inflation fell to **3.1%** on a year-on-year (y-o-y) basis in January, from **3.3%** in December.
 - This was driven by lower services and food inflation, notwithstanding the increase in the GST rate from 8% to 9% in January.
 - On a month-on-month (m-o-m) basis, core CPI rose by **0.6%**, due in part to the 1%-point GST rate increase.
- CPI-All Items inflation eased to **2.9%** y-o-y in January, from **3.7%** in December.
 - Apart from slower core inflation, both accommodation and private transport inflation also declined.
 - On a m-o-m basis, CPI-All Items fell by **0.7%**, as lower accommodation and private transport costs outweighed the increase in core CPI.

Chart 1: MAS Core and CPI-All Items Inflation

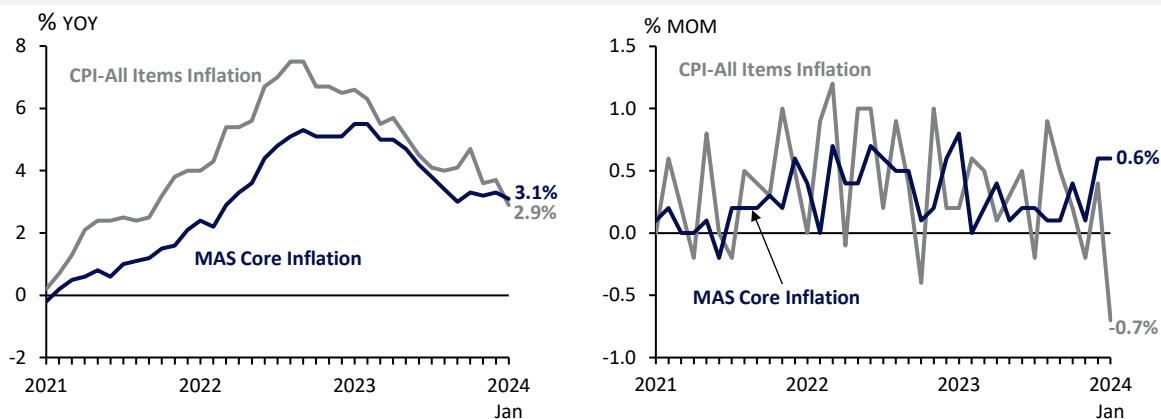
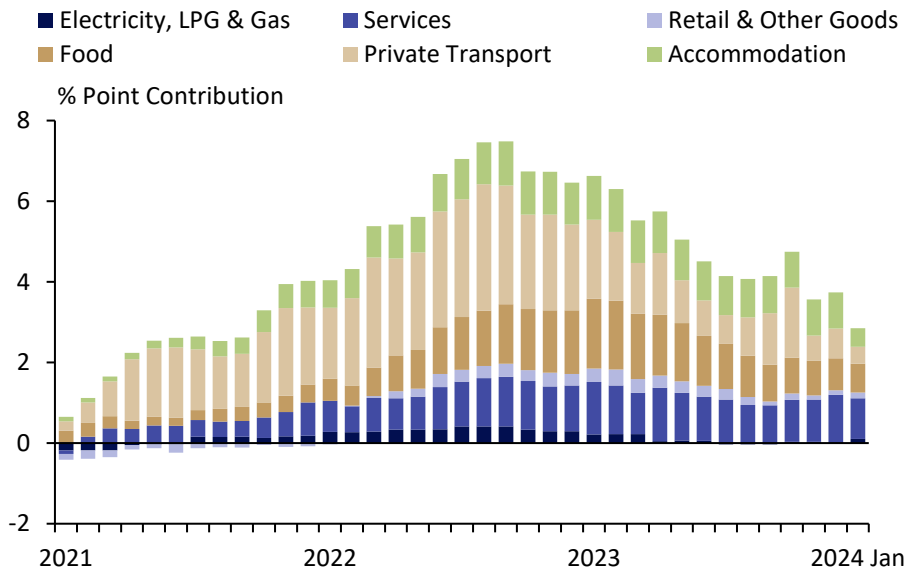


Chart 2: % Point Contribution to Year-on-year CPI-All Items Inflation

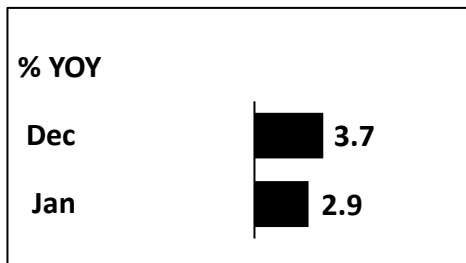


* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

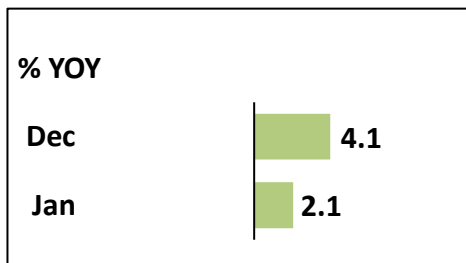
CPI-All Items inflation fell to 2.9% y-o-y in January.

CPI-All Items



CPI-All Items inflation moderated on account of lower inflation for accommodation, private transport, services and food.

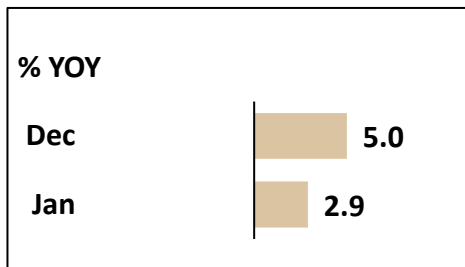
Accommodation



Accommodation inflation fell as a larger amount of Service & Conservancy Charges (S&CC) rebate was disbursed in January this year.¹

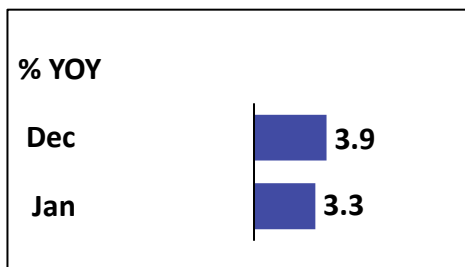
¹ As part of the Cost-of-Living Support Package announced in September 2023, eligible HDB households received an additional 0.5 month of S&CC rebate in January 2024. As this additional disbursement was not made in January 2023, y-o-y inflation in the housing maintenance & repair cost component of the CPI fell sharply in January this year.

Private Transport



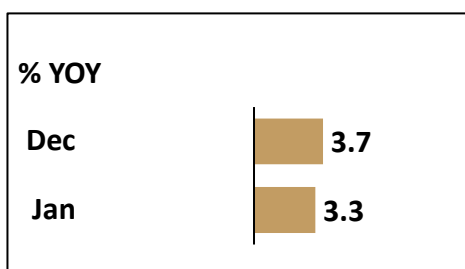
Private transport inflation declined due to a slower rate of increase in car prices, which in turn reflected lower COE premiums.

Services



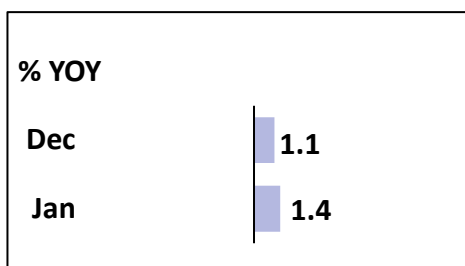
Services inflation eased on the back of a smaller increase in holiday expenses and a larger decline in airfares.

Food



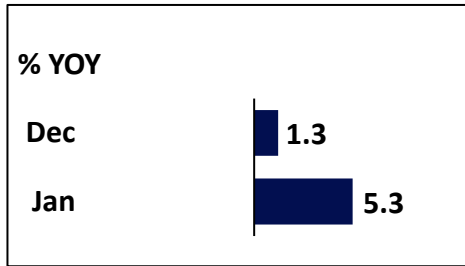
Food inflation moderated as the prices of cooked and non-cooked food rose at a more gradual pace.

Retail & Other Goods



Retail & other goods inflation picked up due to an increase in the prices of clothing & footwear, as well as medicines & health products. At the same time, the prices of personal effects recorded smaller declines.

Electricity & Gas



Electricity & gas inflation rose on account of larger increases in electricity and gas tariffs.²

² Due to increased energy costs and a higher carbon tax, the electricity tariff for households (inclusive of GST) rose to 32.58 cents per kilowatt hour (kWh) for Q1 2024, from 31.00 cents per kWh in the preceding quarter. Similarly, the gas tariff for households (inclusive of GST) was revised up to 25.23 cents per kWh from 24.21 cents per kWh over the same period. On a y-o-y basis, the electricity tariff increased by 4.2% in Q1 2024, while the gas tariff rose by 7.0% in the same quarter.

Outlook

Crude oil prices fell in Q4 2023 and are expected to remain at around current levels. Meanwhile, global prices for most food commodities, as well as intermediate and final manufactured goods, have continued to decline. Inflation for services associated with overseas leisure travel should continue moderating over the course of this year as supply conditions in international hospitality industries improve. These factors, alongside the stronger S\$ trade-weighted exchange rate, should continue to temper Singapore's imported inflation in the quarters ahead.

On the domestic front, increases in unit labour costs have slowed in tandem with the cooling labour market. Nonetheless, businesses are still likely to continue passing through higher labour and other business costs to consumer prices at a gradual pace.

Core inflation is expected to pick up in February, reflecting the effects of the Lunar New Year.³ Thereafter, core inflation should resume a gradual moderating trend over the rest of the year as import cost pressures continue to decline and tightness in the domestic labour market eases.

Amid the larger projected COE supply this year, private transport inflation is expected to be lower compared to last year. Accommodation inflation should also continue to ease as the supply of housing units available for rental increases over the course of the year.

For 2024 as a whole, both headline and core inflation are projected to average 2.5–3.5%. Excluding the transitory effects of the 1%-point increase in the GST rate to 9%, headline and core inflation are expected to come in at 1.5–2.5%.

Upside risks to inflation remain, including from fresh shocks to global energy and shipping costs due to geopolitical conflicts, higher food commodity prices from adverse weather events, as well as more persistent-than-expected tightness in the domestic labour market. Conversely, an unexpected weakening in the global economy could induce a faster easing of cost and price pressures.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

23 February 2024

³ Due to the Lunar New Year falling in January in 2023 but in February in 2024, seasonal factors will affect year-on-year outturns.

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 January 2024". 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
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2023 Jan	111.397	108.195	112.313	111.733	113.743	106.669	100.861	115.037	134.513	108.142
Feb	112.019	108.173	112.622	112.444	113.818	106.270	101.676	115.321	136.608	109.876
Mar	112.583	108.441	113.233	113.035	114.243	106.424	101.858	116.237	139.066	110.274
Apr	112.669	108.856	114.019	113.058	114.636	107.085	102.214	113.105	141.854	107.873
May	113.034	108.957	113.615	113.422	115.061	107.072	101.918	113.890	138.723	110.971
Jun	113.576	109.163	114.219	114.002	115.101	107.513	101.811	113.784	141.475	111.293
Jul	113.309	109.383	114.202	113.562	115.293	107.744	101.976	114.494	140.174	110.139
Aug	114.303	109.465	114.845	114.685	115.479	107.829	101.874	114.415	143.849	112.378
Sep	114.880	109.602	115.495	115.312	115.649	108.146	101.423	114.664	147.267	112.694
Oct	115.111	110.033	116.226	115.521	115.855	108.610	101.832	117.147	149.612	111.151
Nov	114.910	110.154	115.369	115.223	116.248	108.809	101.242	117.157	143.478	113.281
Dec	115.343	110.866	115.844	115.684	116.340	110.241	101.191	117.168	142.681	113.562
2024 Jan	114.572	111.531	115.728	114.686	117.532	110.226	102.236	121.122	138.351	110.467

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>

Table A.2
YOY Inflation for Key CPI Categories

	All Items	MAS Core	CPI Less Accommodation	CPI Less OOA	Food	Services	Retail & Other Goods	Electricity & Gas	Private Transport	Accommodation
Weights	10,000	6,582	7,803	8,250	2,110	3,173	1,111	188	1,221	2,197
2023 Jan	6.6	5.5	7.1	6.9	8.1	4.2	3.3	11.5	14.3	5.0
Feb	6.3	5.5	6.7	6.5	8.1	3.9	3.8	12.1	12.1	4.9
Mar	5.5	5.0	5.7	5.6	7.7	3.4	3.3	12.2	8.6	4.8
Apr	5.7	5.0	6.0	5.9	7.1	4.3	2.9	2.7	10.4	4.9
May	5.1	4.7	5.2	5.1	6.8	3.9	2.8	3.3	7.2	4.7
Jun	4.5	4.2	4.5	4.5	5.9	3.6	2.7	3.1	5.8	4.5
Jul	4.1	3.8	4.0	4.0	5.3	3.6	2.6	-1.6	4.8	4.6
Aug	4.0	3.4	3.9	3.9	4.8	3.1	2.0	-1.4	6.3	4.4
Sep	4.1	3.0	4.1	4.1	4.3	3.1	0.9	-1.4	8.5	4.3
Oct	4.7	3.3	4.9	4.9	4.1	3.4	1.6	1.8	11.7	4.2
Nov	3.6	3.2	3.4	3.4	4.0	3.5	1.0	1.5	4.2	4.1
Dec	3.7	3.3	3.6	3.7	3.7	3.9	1.1	1.3	5.0	4.1
2024 Jan	2.9	3.1	3.0	2.6	3.3	3.3	1.4	5.3	2.9	2.1