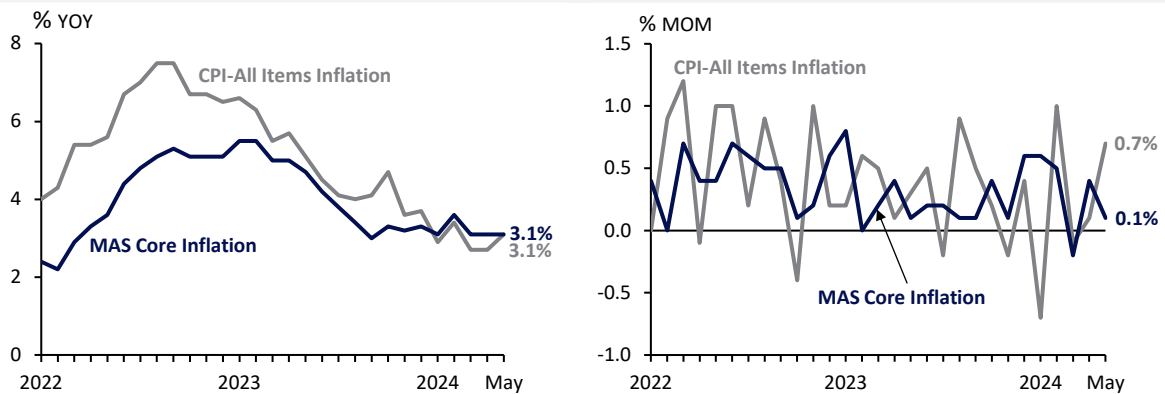


## Consumer Price Developments in May 2024

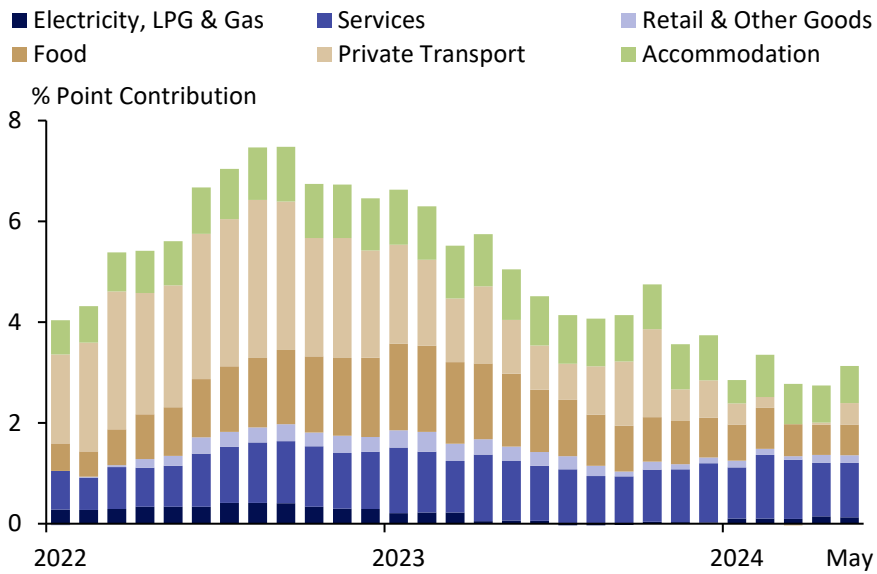
### Summary

- MAS Core Inflation came in at **3.1%** on a year-on-year (y-o-y) basis in May, unchanged from April.
  - An increase in services inflation was offset by lower electricity & gas and retail & other goods inflation.
  - On a month-on-month (m-o-m) basis, core CPI edged up by **0.1%**.
- CPI-All Items inflation rose to **3.1%** y-o-y in May, from **2.7%** in April.
  - This was driven by higher private transport inflation.
  - On a m-o-m basis, CPI-All Items increased by **0.7%**.

**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

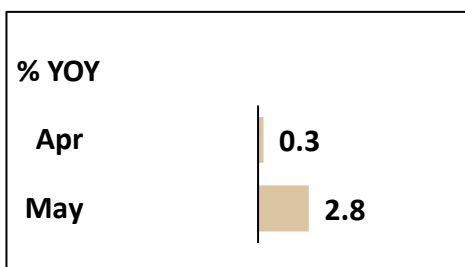
**CPI-All Items inflation increased to 3.1% y-o-y in May.**

CPI-All Items



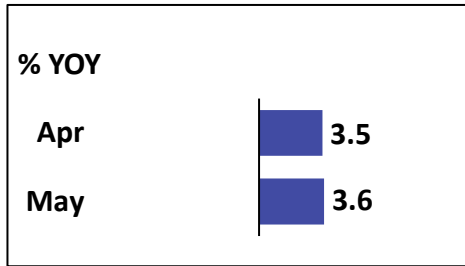
CPI-All Items inflation rose largely on account of higher private transport inflation.

Private Transport



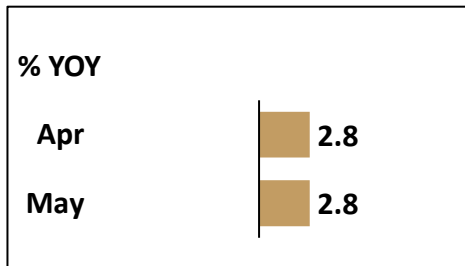
Private transport inflation picked up as the prices of cars and motorcycles rose and petrol prices increased at a faster pace.

### Services



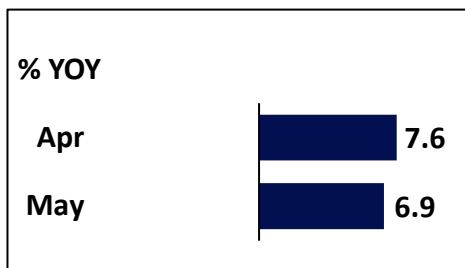
Services inflation edged up on the back of a larger increase in holiday expenses and a smaller decline in airfares.

### Food



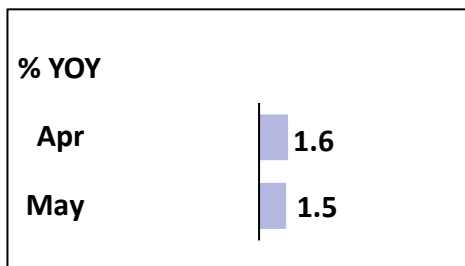
Food inflation was broadly unchanged, reflecting stable food services inflation, even as non-cooked food inflation registered a modest increase.

### Electricity & Gas



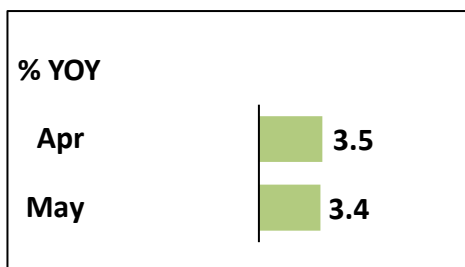
Electricity & gas inflation fell on account of a smaller increase in electricity prices.

### Retail & Other Goods



Retail & other goods inflation edged down due to a slower pace of increase in prices of personal effects as well as alcoholic beverages & tobacco.

### Accommodation



Accommodation inflation eased on account of smaller increases in housing rents.

## Outlook

Global prices of energy and most food commodities have remained relatively stable in recent months. The costs of Singapore's imported intermediate and final manufactured goods have also continued on a broad decline. Inflation for services associated with overseas travel has remained firm but should moderate further over the course of the year as the air transport and hospitality sectors around the world gradually restore supply. Meanwhile, the gradually strengthening S\$ trade-weighted exchange rate should continue to temper Singapore's imported inflation in the months ahead.

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

MAS Core Inflation is expected to stay on a gradual moderating trend over the rest of the year and step down more discernibly in Q4 2024, as import cost pressures continue to decline and tightness in the domestic labour market eases.

Private transport inflation is expected to moderate from last year amid the larger projected COE supply this 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%.

However, risks to the inflation outlook remain. Fresh geopolitical shocks, adverse weather events and further transportation disruptions around the world could put upward pressure on global energy and food commodity prices, as well as shipping costs. Domestically, a stronger-than-expected labour market could also lead to a re-acceleration in wage growth. Conversely, an unexpected weakening in the global economy could induce a greater easing of cost and price pressures.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

24 June 2024

## **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 expenditure division, 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 reflects the costs to homeowners of utilising the flow of services provided by their homes over an extended period of time. Given that the cost of using housing services is not directly observed for homeowners, it is computed based on the imputed rental concept under the rental equivalence method, i.e., proxied by market rentals. As for the CPI for “housing maintenance & repairs”, it takes into account the rebates for service & conservancy charges (S&CC) disbursed to households living in HDB flats in the applicable months.

Imputed rentals have no impact on the cash expenditures of most households in Singapore as they already own their homes, while the inclusion of S&CC rebates results in some volatility in the monthly CPI. As such, the CPI for “All Items less accommodation” and “All Items less

imputed rentals on owner-occupied accommodation” are compiled and published as additional indicators. For “All Items less imputed rentals on owner-occupied accommodation”, actual rentals paid on rented units are still included in the measure.

### **CPI Statistics**

*Detailed CPI statistics can be found in the Department of Statistics’ release titled “Singapore Consumer Price Index for May 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
<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>2023 May</b>	113.034	108.957	113.615	113.422	115.061	107.072	101.918	113.890	138.723	110.971
<b>Jun</b>	113.576	109.163	114.219	114.002	115.101	107.513	101.811	113.784	141.475	111.293
<b>Jul</b>	113.309	109.383	114.202	113.562	115.293	107.744	101.976	114.494	140.174	110.139
<b>Aug</b>	114.303	109.465	114.845	114.685	115.479	107.829	101.874	114.415	143.849	112.378
<b>Sep</b>	114.880	109.602	115.495	115.312	115.649	108.146	101.423	114.664	147.267	112.694
<b>Oct</b>	115.111	110.033	116.226	115.521	115.855	108.610	101.832	117.147	149.612	111.151
<b>Nov</b>	114.910	110.154	115.369	115.223	116.248	108.809	101.242	117.157	143.478	113.281
<b>Dec</b>	115.343	110.866	115.844	115.684	116.340	110.241	101.191	117.168	142.681	113.562
<b>2024 Jan</b>	114.572	111.531	115.728	114.686	117.532	110.226	102.236	121.122	138.351	110.467
<b>Feb</b>	115.772	112.086	116.232	116.091	118.136	110.746	102.857	121.371	138.576	114.140
<b>Mar</b>	115.662	111.821	116.025	115.904	117.639	110.610	102.535	121.853	138.687	114.373
<b>Apr</b>	115.764	112.219	116.916	115.976	117.839	110.855	103.827	121.752	142.238	111.671
<b>May</b>	116.574	112.340	117.081	116.918	118.332	110.913	103.437	121.756	142.640	114.773

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
<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>2023 May</b>	5.1	4.7	5.2	5.1	6.8	3.9	2.8	3.3	7.2	4.7
<b>Jun</b>	4.5	4.2	4.5	4.5	5.9	3.6	2.7	3.1	5.8	4.5
<b>Jul</b>	4.1	3.8	4.0	4.0	5.3	3.6	2.6	-1.6	4.8	4.6
<b>Aug</b>	4.0	3.4	3.9	3.9	4.8	3.1	2.0	-1.4	6.3	4.4
<b>Sep</b>	4.1	3.0	4.1	4.1	4.3	3.1	0.9	-1.4	8.5	4.3
<b>Oct</b>	4.7	3.3	4.9	4.9	4.1	3.4	1.6	1.8	11.7	4.2
<b>Nov</b>	3.6	3.2	3.4	3.4	4.0	3.5	1.0	1.5	4.2	4.1
<b>Dec</b>	3.7	3.3	3.6	3.7	3.7	3.9	1.1	1.3	5.0	4.1
<b>2024 Jan</b>	2.9	3.1	3.0	2.6	3.3	3.3	1.4	5.3	2.9	2.1
<b>Feb</b>	3.4	3.6	3.2	3.2	3.8	4.2	1.2	5.2	1.4	3.9
<b>Mar</b>	2.7	3.1	2.5	2.5	3.0	3.9	0.7	4.8	-0.3	3.7
<b>Apr</b>	2.7	3.1	2.5	2.6	2.8	3.5	1.6	7.6	0.3	3.5
<b>May</b>	3.1	3.1	3.1	3.1	2.8	3.6	1.5	6.9	2.8	3.4