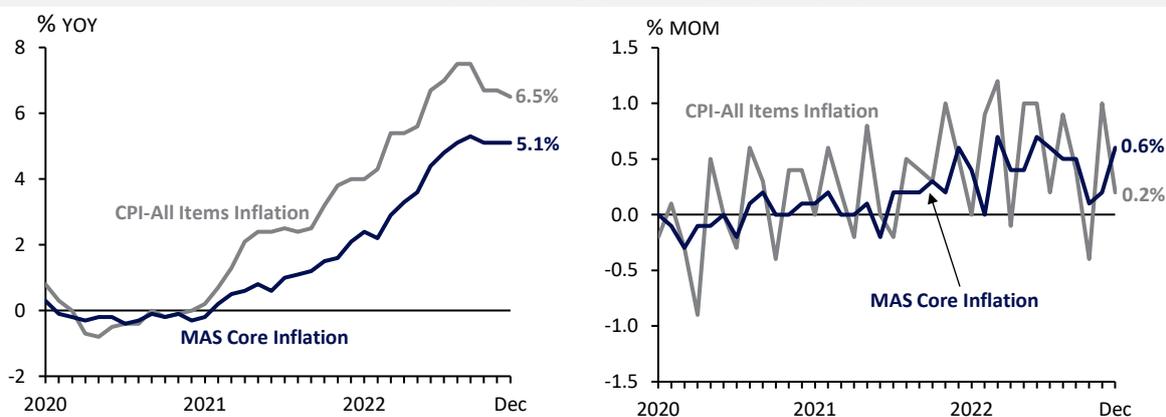


## Consumer Price Developments in December 2022

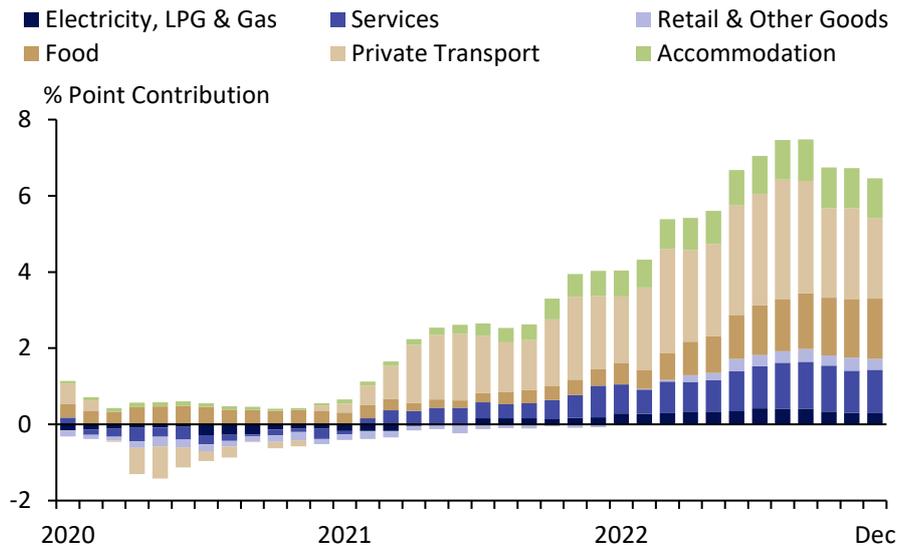
### Summary

- MAS Core Inflation came in at **5.1%** on a year-on-year (y-o-y) basis in December, unchanged from November.
  - This was because smaller price increases for retail & other goods and electricity & gas were offset by higher inflation for food and services.
- CPI-All Items inflation eased to **6.5%** y-o-y in December, from **6.7%** in November.
  - This was mainly due to slower private transport inflation.
- On a month-on-month (m-o-m) basis, core CPI increased by **0.6%** while CPI-All Items rose by **0.2%**.
- For 2022 as a whole, MAS Core Inflation averaged **4.1%**, higher than the **0.9%** recorded in 2021. Over the same period, CPI-All Items inflation came in at **6.1%**, up from **2.3%** in 2021.

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



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

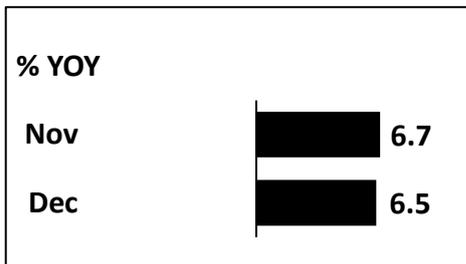


\* Private transport and accommodation are excluded from the MAS Core Inflation measure.

Source: MAS, MTI estimates

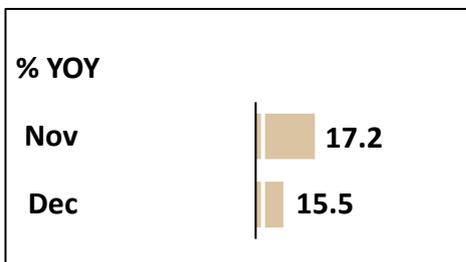
**CPI-All Items inflation eased to 6.5% in December.**

CPI-All Items



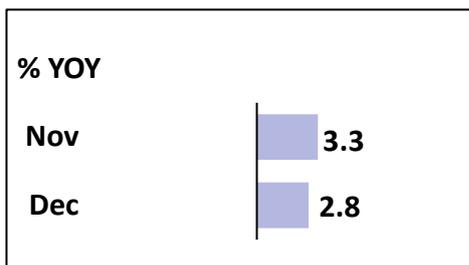
CPI-All Items inflation fell, largely on account of lower private transport inflation.

Private Transport



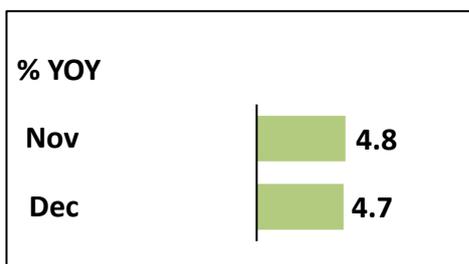
Private transport inflation moderated as car and petrol prices rose at a more gradual pace.

### Retail & Other Goods



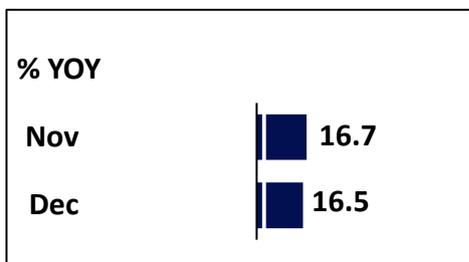
Retail & other goods inflation slowed on the back of a fall in the cost of telecommunication equipment and personal effects as well as smaller increases in the prices of clothing & footwear and household durables.

### Accommodation



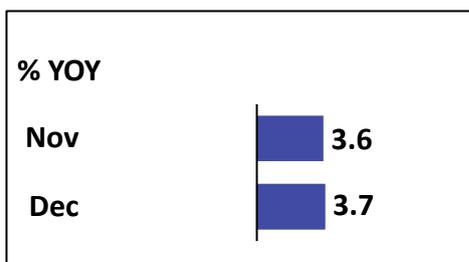
Accommodation inflation edged down as housing rents rose at a slower pace.

### Electricity & Gas



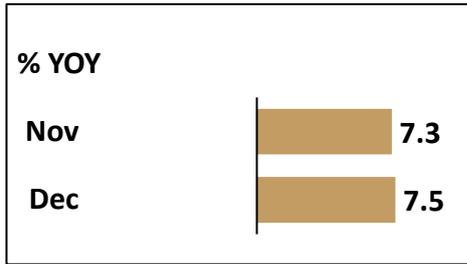
Electricity & gas inflation dipped, reflecting a smaller increase in electricity prices.

### Services



Services inflation edged up, mainly because of a larger increase in the cost of holiday expenses. At the same time, telecommunication services fees fell at a slower pace while tuition & other fees rose more steeply.

## Food



Food inflation picked up, primarily on account of higher non-cooked food inflation.

## Outlook

Demand conditions in major economies have softened while supply chain frictions have continued to ease. Prices of energy and food commodities had come off the peaks earlier in 2022 but remain elevated. In addition, labour markets in major advanced economies are still tight, keeping wage pressures strong. Overall, as accumulated costs pass through global value chains, Singapore's imported inflation is expected to remain firm for some time.

On the domestic front, unit labour costs are expected to increase further in the near term alongside robust wage growth. Although electricity tariffs have come down from their peak in Q3 2022, the cost of utilities is likely to remain elevated. As such, businesses are expected to continue to pass through accumulated import, labour and other costs to consumer prices amid resilient demand. Meanwhile, car and accommodation cost increases are likely to stay firm in the quarters ahead on the back of tight COE quotas for cars and strong demand for rental housing, respectively.

Against this backdrop, MAS Core Inflation is projected to stay elevated in the first half of this year before slowing more discernibly in H2 2023 as the current tightness in the domestic labour market eases and global inflation moderates.

For 2023 as a whole, taking into account all factors including the GST increase, headline and core inflation are projected to average 5.5–6.5% and 3.5–4.5%, respectively. Excluding the transitory effects of the GST hike, headline and core inflation are expected to come in at 4.5–5.5% and 2.5–3.5%, respectively. There are upside risks to the inflation outlook, including from fresh shocks to global commodity prices and more persistent-than-expected external and domestic sources of inflation.

MONETARY AUTHORITY OF SINGAPORE

MINISTRY OF TRADE AND INDUSTRY

25 January 2023

## **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 December 2022 and Full Year 2022". 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>2021 Dec</b>	104.439	102.084	104.529	104.569	104.373	102.368	97.392	99.326	117.712	104.119
<b>2022 Jan</b>	104.472	102.516	104.897	104.515	105.197	102.384	97.678	103.199	117.734	102.963
<b>Feb</b>	105.379	102.520	105.547	105.552	105.299	102.255	97.951	102.832	121.861	104.783
<b>Mar</b>	106.691	103.240	107.117	107.048	106.057	102.973	98.588	103.615	128.017	105.178
<b>Apr</b>	106.547	103.704	107.580	106.760	107.028	102.655	99.308	110.097	128.473	102.879
<b>May</b>	107.598	104.087	108.039	107.943	107.685	103.052	99.164	110.273	129.347	106.030
<b>Jun</b>	108.671	104.764	109.287	109.135	108.700	103.775	99.168	110.336	133.670	106.482
<b>Jul</b>	108.836	105.370	109.819	109.205	109.535	104.033	99.414	116.394	133.799	105.345
<b>Aug</b>	109.863	105.891	110.488	110.329	110.164	104.544	99.899	116.090	135.265	107.644
<b>Sep</b>	110.339	106.387	110.976	110.804	110.889	104.872	100.495	116.254	135.717	108.075
<b>Oct</b>	109.893	106.496	110.791	110.170	111.255	105.007	100.265	115.020	133.947	106.702
<b>Nov</b>	110.959	106.719	111.575	111.393	111.759	105.128	100.221	115.380	137.755	108.770
<b>Dec</b>	111.186	107.316	111.790	111.609	112.182	106.111	100.103	115.666	135.911	109.040

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>2021 Dec</b>	4.0	2.1	4.2	4.1	2.1	2.6	-0.7	10.7	15.5	3.0
<b>2022 Jan</b>	4.0	2.4	4.3	4.1	2.6	2.4	-0.3	17.2	14.0	3.1
<b>Feb</b>	4.3	2.2	4.6	4.5	2.3	2.0	0.2	16.7	17.2	3.3
<b>Mar</b>	5.4	2.9	5.9	5.7	3.3	2.6	0.4	17.8	21.5	3.5
<b>Apr</b>	5.4	3.3	5.8	5.7	4.1	2.5	1.6	19.7	18.3	3.9
<b>May</b>	5.6	3.6	6.1	5.9	4.5	2.6	1.8	19.9	18.5	4.0
<b>Jun</b>	6.7	4.4	7.4	7.1	5.4	3.4	3.1	20.0	21.9	4.2
<b>Jul</b>	7.0	4.8	7.7	7.5	6.1	3.5	2.8	24.0	22.2	4.6
<b>Aug</b>	7.5	5.1	8.2	8.0	6.4	3.8	2.9	23.9	24.1	4.7
<b>Sep</b>	7.5	5.3	8.2	7.9	6.9	4.0	3.1	23.9	22.3	4.9
<b>Oct</b>	6.7	5.1	7.2	7.0	7.1	3.9	2.6	19.0	17.3	4.9
<b>Nov</b>	6.7	5.1	7.3	7.0	7.3	3.6	3.3	16.7	17.2	4.8
<b>Dec</b>	6.5	5.1	6.9	6.7	7.5	3.7	2.8	16.5	15.5	4.7