



PRESS RELEASE

SINGAPORE CONSUMER PRICE INDEX

(2009 = 100)

JULY 2011

Highlights

- The consumer price index in July 2011 rose by 1.5 per cent over June 2011, as a result of higher costs of housing, transport, food as well as clothing & footwear. Excluding accommodation costs, the consumer price index was 1.0 per cent higher in July 2011.
- Compared to a year ago, the consumer price index increased by 5.4 per cent in July 2011, due largely to higher costs of accommodation, private road transport and food. The higher accommodation cost was largely contributed by higher imputed rentals of owner-occupied accommodation which has no impact on the cash expenditure of owner-occupied households. The higher transport cost was primarily due to the sharp increase in Certificate of Entitlement (COE) premiums compared to a year ago. Excluding accommodation costs, the consumer price index went up by 4.2 per cent compared to the same period last year.
- On a month-on-month basis, the MAS core inflation measure (which excludes the costs of accommodation and private road transport) was 0.5 per cent in July 2011. On a year-on-year basis, the MAS core inflation measure was 2.2 per cent.

Month-on-Month Changes

The consumer price index in July 2011 rose by 1.5 per cent compared with June 2011, as a result of higher costs of housing, transport, food as well as clothing & footwear. Housing cost increased by 3.2 per cent, reflecting mainly higher service & conservancy charges (S&CC) as rebates for S&CC were given in June 2011 but not in July 2011. Higher accommodation costs and electricity tariffs also contributed to the rise in housing cost. The cost of transport registered an increase of 2.7 per cent, due to higher prices of cars and petrol. Food prices crept up by 0.2 per cent, owing to dearer prepared meals, fresh fish as well as rice & other cereals. Dearer ready-made garments and

footwear led to a 1.6 per cent increase in prices of clothing & footwear. Excluding accommodation costs, the consumer price index was 1.0 per cent higher in July 2011.

Seasonally-Adjusted CPI

On a seasonally adjusted basis, the consumer price index rose by 0.6 per cent in July 2011. Excluding accommodation costs, the consumer price index crept up by 0.6 per cent in July 2011.

Year-on-Year Changes

Compared with July 2010, the consumer price index increased by 5.4 per cent in July 2011, on account of higher costs of housing, transport and food. Housing cost went up by 9.5 per cent, due mainly to higher accommodation cost. The higher accommodation cost was largely contributed by higher imputed rentals of owner-occupied accommodation which has no impact on the cash expenditure of owner-occupied households. Transport cost rose by 11.5 per cent, primarily due to the sharp increase in Certificate of Entitlement (COE) premiums compared to a year ago. Food prices were 3.0 per cent higher, reflecting dearer prepared meals, seafood, dairy products & eggs, meat & poultry as well as fruits. Excluding accommodation costs, the consumer price index was 4.2 per cent higher in July 2011 compared with the same period a year ago.

The consumer price index in January-July 2011 rose by 5.0 per cent compared with the same period last year. Excluding accommodation costs, the consumer price index increased by 4.2 per cent during the same period.

CONSUMER PRICE INDEX

(2009 = 100)

Group	Weights (%)	Index			% Change	
		Jul 2010	Jun 2011	Jul 2011	Jul 2011/ Jun 2011	Jul 2011/ Jul 2010
ALL ITEMS	100	103.1	107.1	108.7	1.5	5.4
Food	22	101.4	104.2	104.5	0.2	3.0
Clothing & Footwear	3	100.1	97.9	99.4	1.6	-0.6
Housing	25	102.5	108.7	112.2	3.2	9.5
Transport	16	111.5	121.0	124.3	2.7	11.5
Communication	5	97.6	96.0	96.2	0.1	-1.5
Education & Stationery	7	102.8	105.4	105.6	0.3	2.7
Health Care	6	102.5	104.0	104.3	0.4	1.8
Recreation & Others	16	100.9	102.3	102.5	0.1	1.6
All Items less Accommodation	80	103.6	106.8	107.9	1.0	4.2

Note: A technical note on the consumer price index is given in Annex 1.

MAS Core Inflation Measure

On a month-on-month basis, the MAS core inflation measure (which excludes the costs of accommodation and private road transport) was 0.5 per cent in July 2011. On a year-on-year basis, the MAS core inflation measure was 2.2 per cent.

Singapore Department of Statistics

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TECHNICAL NOTE

Concept and Definition

The consumer price index (CPI) is commonly used as a measure of consumer price inflation. It measures price changes in a fixed basket of consumption goods and services commonly purchased by the households over time. The selection of goods and services in the CPI basket as well as their weights are kept constant at the base period to ensure that any changes in the CPI reflect only price changes.

The weighting pattern for the 2009-based CPI was derived from the expenditure values collected from the Household Expenditure Survey (HES) conducted from October 2007 to September 2008. These expenditure values were updated to 2009, taking into account price changes between 2007/08 and 2009.

The CPI is compiled on a monthly basis. For longer periods, the CPI is derived by averaging the monthly indices. For example, the yearly CPI is derived by taking a simple average of the 12 months' indices for the year.

Scope and Coverage

The CPI covers only consumption expenditure incurred by resident households. It excludes non-consumption expenditures such as loan repayments, income and property taxes, purchase of houses, shares and other financial assets etc. Resident households are defined as households headed by a Singapore citizen or permanent resident.

The 2009-based CPI basket covered a total of 6,500 brands.

Measurement of Changes in the Consumer Price Index

To calculate month-on-month change, the difference between the CPI for the specific month and that for the preceding month expressed in percentage term is used. This measures the change in average prices between the two months and serves as a useful short-term indicator of price movement.

To measure the year-on-year change, the CPI for the specific month is compared with that for the same month of preceding year. Likewise, the annual inflation rate for a specific year is computed by comparing the average for the 12 monthly indices with that for the preceding year.

Pricing Indicator for Rented and Owner-Occupied Accommodation Index

For the computation of the rented accommodation index, actual rental data for the entire rental market obtained from administrative sources are used. These rental data refer to the actual rental for all housing units, regardless of when the leases were signed, i.e. including new and renewed leases signed in the period and existing leases signed earlier. This reflects the actual consumption pattern of the population renting accommodation as households are paying rentals according to the contract signed, and not all are paying rental at the prevailing market rates of the period. For the computation of the owner-occupied accommodation index in the CPI, DOS adopts the rental equivalence method which measures the shelter cost in terms of the expected rental the owner would have to pay if he were a tenant of the premise. The pricing indicator for owner-occupied accommodation is the rental data for the entire rental market.

Consumer Price Index for “All Items Less Accommodation”

Accommodation comprises “rented and owner-occupied accommodation”, as well as “minor repairs & maintenance”. Within accommodation, a significant share was attributed to “owner-occupied accommodation” cost which was computed based on the imputed rental concept under the rental equivalence method and hence, has no impact on the cash expenditure of owner-occupied households. In addition, under minor repairs & maintenance, the rebates for service & conservancy charges (S&CC) which are given to households living in HDB flats in different periods of the year also result in some volatility in the monthly CPI. Hence, the series on 'All Items less accommodation' is compiled as an additional indicator for interested users.

Monetary Authority of Singapore’s Core Inflation Measure

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

Seasonally-adjusted Consumer Price Index

The data series on CPI and its major components are seasonally-adjusted using the X-12 procedure. Seasonal adjustment is the process of estimating and removing seasonal effects from a time series. Users interested in the underlying price trends could refer to the seasonally adjusted data series.