



## SINGAPORE DEPARTMENT OF STATISTICS

### *PRESS RELEASE*

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## SINGAPORE CONSUMER PRICE INDEX

(2004 = 100)

APRIL 2009

### **Highlights**

- The consumer price index (CPI) in April 2009 fell by 1.1 per cent over March 2009. The decline was due mainly to lower costs of housing, food and "recreation & others".
- Compared with April 2008, the CPI in April 2009 was 0.7 per cent lower. This was the first decline registered since June 2005.
- For the period January-April 2009, the CPI was 1.4 per cent higher compared with the same period in 2008.

### **Month-on-Month Changes**

The consumer price index in April 2009 fell by 1.1 per cent over March 2009. The decline was attributed largely to lower costs of housing, food and "recreation & others". Housing cost receded by 4.2 per cent as a result of lower electricity tariffs and service & conservancy charges (S&CC) as more rebates for S&CC were given in April 2009 as compared with March 2009. Excluding accommodation costs, the consumer price index slid by 0.9 per cent. Food prices dropped by 0.2 per cent on account of cheaper vegetables, milk products, fruits and hen eggs. Lower cost of holiday travel depressed the costs for "recreation & others" by 0.6 per cent.

### *Seasonally-Adjusted CPI*

On a seasonally adjusted basis, the consumer price index in April 2009 was 1.5 per cent lower compared with March 2009.

## Year-on-Year Changes

Compared with April 2008, the consumer price index in April 2009 fell by 0.7 per cent due mainly to lower costs of transport & communication, housing and “recreation & others”. Reflecting cheaper petrol, as well as lower car prices and road tax, costs of transport and communication declined by 6.3 per cent. Housing cost dipped by 1.7 per cent as a result of lower electricity tariffs and service & conservancy charges (S&CC) as rebates for S&CC were given in April 2009 but not in April 2008. Excluding accommodation costs, the consumer price index slipped by 1.3 per cent in April 2009. As a result of lower cost of holiday travel, the costs for “recreation & others” fell by 0.3 per cent .

The consumer price index for the first four months of 2009 was 1.4 per cent higher compared with the same period of previous year. Excluding accommodation costs, the consumer price index rose by 0.3 per cent during the same period.

### CONSUMER PRICE INDEX

(2004 = 100)

Group	Weights (%)	Index			% Change	
		Apr 2008	Mar 2009	Apr 2009	Apr 2009/ Mar 2009	Apr 2009/ Apr 2008
<b>ALL ITEMS</b>	<b>100</b>	<b>109.8</b>	<b>110.2</b>	<b>109.0</b>	<b>-1.1</b>	<b>-0.7</b>
Food	23	112.6	116.8	116.6	-0.2	3.6
Clothing & Footwear	4	103.7	104.7	104.2	-0.4	0.4
Housing	21	114.8	117.7	112.8	-4.2	-1.7
Transport & Communication	22	103.0	96.4	96.5	0.1	-6.3
Education & Stationery	8	109.0	108.4	108.4	-	-0.5
Health Care	5	110.7	114.0	114.6	0.5	3.6
Recreation & Others	17	109.9	110.3	109.6	-0.6	-0.3

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

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## TECHNICAL NOTE

### Concept and Definition

The consumer price index (CPI) is one of the most useful indicators of inflation. It measures the change in the prices of a fixed basket of goods and services commonly purchased by the majority of households. The types and specifications of goods and services in the CPI basket as well as their weightage are kept constant to ensure that any changes in the index reflect pure price changes.

The weights for the new CPI series are compiled based on the results of the Household Expenditure Survey (HES) conducted from October 2002 to September 2003 and further updated to 2004. In the computation of the index for each item, the average price during 2004 is taken to be 100 index points from which indices of subsequent periods are compared to measure price change. The CPI is compiled on a monthly basis. For longer periods, the index is derived by averaging the monthly indices. Similarly, the whole-year index is calculated by taking the simple average of the 12 months' indices for the year.

### Scope and Coverage

The expenditure records of some 5,400 households were used to derive the weighting pattern for the new CPI series for the general population. These index households constituted the middle 90 per cent of all households with two or more persons by expenditure distribution. The remaining 10 per cent of the households in the two extreme ends were excluded for this purpose as their consumption patterns differed significantly from the general households.

The 2004-based CPI basket covers a total of 5,170 brands and varieties.

### Measurement of Changes in the Consumer Price Index

To calculate monthly change, the difference between the index of the month and that of 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 annual changes at one point of time, the index of the month is compared with that of the same month in the preceding year. Likewise, the annual inflation rate for any year is computed by comparing the average for the 12 monthly indices with that of the preceding year.

### **Consumer Price Index for “All Items Less Accommodation”**

Accommodation costs include rental, owner-occupied accommodation, minor repairs & maintenance. Reflecting the very high home ownership rate in Singapore, owner-occupied accommodation accounts for the largest share. Annual Value (AV) is used as the pricing indicator for owner-occupied accommodation, but as the majority of Singaporean households own their housing, there is no impact on the cash expenditure of households. Within 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 use by interested users.

### **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.