



## SINGAPORE DEPARTMENT OF STATISTICS

### *PRESS RELEASE*

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## SINGAPORE CONSUMER PRICE INDEX

(2004 = 100)

AUGUST 2009

### **Highlights**

- The consumer price index (CPI) in August 2009 rose by 0.4 per cent over July 2009. The rise was due mainly to higher costs of transport & communication, education & stationery, clothing & footwear and housing.
- Compared with August 2008, the CPI in August 2009 was lower by 0.3 per cent.
- For the period January-August 2009, the CPI was 0.5 per cent higher compared with the same period in 2008.

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

The consumer price index in August 2009 went up by 0.4 per cent over July 2009. The increase was mainly attributed to higher costs of transport & communication, education & stationery, clothing & footwear and housing. Costs of transport & communication increased by 1.7 per cent on account of higher prices of cars and petrol. Reflecting higher tuition fees at overseas universities, costs of education & stationery rose by 0.6 per cent. Prices of clothing & footwear increased by 1.4 per cent arising from dearer ready-made garments. Housing cost edged up by 0.2 per cent due mainly to higher gas tariffs. Excluding accommodation costs, the consumer price index rose by 0.5 per cent.

### *Seasonally-Adjusted CPI*

On a seasonally adjusted basis, the consumer price index in August 2009 was 0.4 per cent higher compared with July 2009.

## Year-on-Year Changes

Compared with August 2008, the consumer price index in August 2009 slipped by 0.3 per cent owing to lower costs of housing, “recreation & others” and transport & communication. As a result of lower electricity and gas tariffs as well as cheaper liquefied petroleum gas (LPG), housing cost fell by 1.6 per cent. Excluding accommodation costs, the consumer price index declined by 0.9 per cent in August 2009. Lower cost of holiday travel depressed the costs of “recreation & others” by 1.4 per cent. The 0.4 per cent decline in the costs of transport & communication was due mainly to cheaper petrol.

The consumer price index for the first eight months of 2009 was 0.5 per cent higher compared with the same period of previous year. Excluding accommodation costs, the consumer price index fell by 0.5 per cent during the same period.

### CONSUMER PRICE INDEX

(2004 = 100)

Group	Weights (%)	Index			% Change	
		Aug 2008	Jul 2009	Aug 2009	Aug 2009/ Jul 2009	Aug 2009/ Aug 2008
<b>ALL ITEMS</b>	<b>100</b>	<b>111.2</b>	<b>110.4</b>	<b>110.9</b>	<b>0.4</b>	<b>-0.3</b>
Food	23	115.3	116.6	116.4	-0.2	0.9
Clothing & Footwear	4	104.2	104.5	106.0	1.4	1.7
Housing	21	118.5	116.4	116.6	0.2	-1.6
Transport & Communication	22	101.9	99.7	101.5	1.7	-0.4
Education & Stationery	8	110.1	109.4	110.0	0.6	-0.1
Health Care	5	112.6	114.9	114.8	-0.1	2.0
Recreation & Others	17	109.7	108.2	108.1	-0.1	-1.4

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.