



SINGAPORE DEPARTMENT OF STATISTICS

PRESS RELEASE

SINGAPORE CONSUMER PRICE INDEX (2004 = 100) DECEMBER 2009 AND YEAR 2009

Highlights

- The consumer price index (CPI) in December 2009 fell by 0.5 per cent over November 2009. The decline was due mainly to lower costs of housing and transport & communication. Excluding accommodation costs, the consumer price index remained unchanged in December 2009.
- Compared with December 2008, the consumer price index remained stable in December 2009. Excluding accommodation costs, the consumer price index edged up by 0.1 per cent.
- For the year 2009, the consumer price index increased by 0.2 per cent compared with 2008. Excluding accommodation costs, the consumer price index for 2009 fell by 0.5 per cent.

Month-on-Month Changes

The consumer price index in December 2009 dipped by 0.5 per cent over November 2009. This was due mainly to lower costs of housing and transport & communication. Housing cost receded by 2.2 per cent as a result of lower service & conservancy charges (S&CC) as rebates for S&CC were given in December 2009 but not in November 2009. Arising from lower prices of cars which more than offset dearer petrol, costs of transport & communication fell by 0.5 per cent. Excluding accommodation costs, the consumer price index remained unchanged in December 2009.

Seasonally-Adjusted CPI

On a seasonally adjusted basis, the consumer price index in December 2009 was 0.3 per cent lower compared with November 2009. Excluding accommodation costs, the consumer price index moved up by 0.1 per cent.

Year-on-Year Changes

Compared with December 2008, the consumer price index remained stable in December 2009.

Higher costs of transport & communication and health care were offset by lower cost of housing. The 5.6 per cent decline in housing cost was mainly attributed to lower electricity and gas tariffs. Reflecting higher prices of cars and petrol, as well as fixed-line residential telephone subscription and call charges, the costs of transport & communication advanced by 4.7 per cent. Higher charges for dental treatment, medical insurance premiums and hospitalisation fees as well as dearer proprietary medicines caused the health care cost to move up by 2.3 per cent. Excluding accommodation costs, the consumer price index rose marginally by 0.1 per cent in December 2009 compared with the same period a year ago.

Consumer Price Index, 2009

Compared with the previous year, the consumer price index moved up by 0.2 per cent in 2009. This was lower than the corresponding increase of 6.5 per cent in 2008. The increase in 2009 was due mainly to higher costs of food and health care.

Food prices increased by 2.3 per cent as a result of dearer cooked food, rice & other cereals, fresh pork and fish. The main items responsible for the increase of 2.9 per cent in health care cost were hospitalisation fees, dental treatment charges and medical specialist services fees, as well as medical insurance premiums. Excluding accommodation costs, the consumer price index for 2009 fell by 0.5 per cent compared with 2008.

CONSUMER PRICE INDEX

(2004 = 100)

Group	Weights (%)	Index		% Change		
		Nov 09	Dec 09	Dec 09/ Nov 09	Dec 09/ Dec 08	2009 / 2008
All Items	100	111.8	111.2	-0.5	-	0.2
Food	23	117.0	116.9	-0.1	0.4	2.3
Clothing & Footwear	4	105.4	104.2	-1.1	1.1	1.1
Housing	21	118.5	116.0	-2.2	-5.6	-0.3
Transport & Communication	22	101.5	101.0	-0.5	4.7	-2.4
Education & Stationery	8	109.8	109.8	-	1.1	0.3
Health Care	5	115.4	115.3	-	2.3	2.9
Recreation & Others	17	110.8	111.4	0.6	0.2	-0.1
All Items less Accommodation	86	110.2	110.1	-	0.1	-0.5

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

Singapore Department of Statistics
25 January 2010

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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.