



## SINGAPORE DEPARTMENT OF STATISTICS

### *PRESS RELEASE*

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## SINGAPORE CONSUMER PRICE INDEX

(2009 = 100)

JANUARY 2010

### **Highlights**

- The consumer price index (CPI) in January 2010 rose by 0.7 per cent over December 2009. The increase was attributed primarily to higher costs of housing, transport and education & stationery. Excluding accommodation costs, the consumer price index went up by 0.3 per cent.
- Compared with January 2009, the consumer price index was higher by 0.2 per cent in January 2010. Excluding accommodation costs, the consumer price index increased by 1.0 per cent.

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

The consumer price index in January 2010 rose by 0.7 per cent over December 2009. This increase reflected mainly higher costs of housing, transport and education & stationery. Housing cost moved up by 2.6 per cent owing to higher electricity tariffs and service & conservancy charges (S&CC) as rebates for S&CC were given in December 2009 but not in January 2010. As a result of higher prices of cars and petrol, cost of transport climbed up by 0.9 per cent. Higher fees at commercial institutions, playgroups and childcare centres raised the costs of education & stationery by 1.0 per cent. Excluding accommodation costs, the consumer price index was 0.3 per cent higher in January 2010.

### *Seasonally-Adjusted CPI*

On a seasonally adjusted basis, the consumer price index in January 2010 was 0.4 per cent higher compared with December 2009. Excluding accommodation costs, the consumer price index rose by 0.3 per cent.

## Year-on-Year Changes

Compared with January 2009, the consumer price index in January 2010 rose by 0.2 per cent on account of higher costs of transport, followed by education & stationery and health care. With higher prices of cars and petrol, the cost of transport advanced by 7.1 per cent. The education & stationery index rose by 1.3 per cent due largely to higher fees at commercial institutions, playgroups and childcare centres. The 1.0 per cent increase in health care cost was attributed mainly to higher charges for dental treatment, medical specialist services and hospitalisation fees as well as dearer proprietary medicines. On the contrary, housing cost dropped by 2.4 per cent as a result of lower accommodation costs. Excluding accommodation costs, the consumer price index went up by 1.0 per cent in January 2010 compared with the same period a year ago.

### CONSUMER PRICE INDEX (2009 = 100)

| Group                               | Weights<br>(%) | Index        |              |              | % Change              |                       |
|-------------------------------------|----------------|--------------|--------------|--------------|-----------------------|-----------------------|
|                                     |                | Jan 2009     | Dec 2009     | Jan 2010     | Jan 2010/<br>Dec 2009 | Jan 2010/<br>Jan 2009 |
| <b>ALL ITEMS</b>                    | <b>100</b>     | <b>100.6</b> | <b>100.0</b> | <b>100.8</b> | <b>0.7</b>            | <b>0.2</b>            |
| Food                                | 22             | 100.2        | 100.1        | 100.3        | 0.2                   | 0.1                   |
| Clothing & Footwear                 | 3              | 98.3         | 99.6         | 99.0         | -0.6                  | 0.7                   |
| Housing                             | 25             | 103.2        | 98.2         | 100.7        | 2.6                   | -2.4                  |
| Transport                           | 16             | 97.2         | 103.1        | 104.0        | 0.9                   | 7.1                   |
| Communication                       | 5              | 100.6        | 97.4         | 96.2         | -1.3                  | -4.4                  |
| Education & Stationery              | 7              | 100.0        | 100.2        | 101.2        | 1.0                   | 1.3                   |
| Health Care                         | 6              | 99.8         | 100.2        | 100.7        | 0.5                   | 1.0                   |
| Recreation & Others                 | 16             | 101.4        | 100.6        | 99.9         | -0.7                  | -1.5                  |
| <b>All Items less Accommodation</b> | <b>80</b>      | <b>100.1</b> | <b>100.8</b> | <b>101.1</b> | <b>0.3</b>            | <b>1.0</b>            |

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 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.

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

Accommodation comprises “rental 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 and hence, has no impact on the cash expenditure of 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.

### **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.