



SINGAPORE DEPARTMENT OF STATISTICS

PRESS RELEASE

SINGAPORE CONSUMER PRICE INDEX

(2004 = 100)

JUNE 2009

Highlights

- The consumer price index (CPI) in June 2009 fell by 0.5 per cent over May 2009. The decline was due mainly to lower costs of housing, and clothing & footwear.
- Compared with June 2008, the CPI in June 2009 was lower by 0.5 per cent.
- For the period January-June 2009, the CPI was 0.8 per cent higher compared with the same period in 2008.

Month-on-Month Changes

The consumer price index in June 2009 fell by 0.5 per cent over May 2009. The decline was attributed largely to lower costs of housing and clothing & footwear. Housing cost dropped by 3.1 per cent due mainly to lower service and conservancy charges (S&CC) as rebates were given in June 2009 but not in May 2009. Excluding accommodation costs, the consumer price index rose by 0.2 per cent. Prices of clothing & footwear receded by 2.2 per cent on account of cheaper ready-made garments and footwear during the Great Singapore Sale period.

Seasonally-Adjusted CPI

On a seasonally adjusted basis, the consumer price index in June 2009 was 0.2 per cent higher compared with May 2009.

Year-on-Year Changes

Compared with June 2008, the consumer price index in June 2009 fell by 0.5 per cent due primarily to lower costs of transport & communication, housing and “recreation & others”. As a result of cheaper petrol, as well as lower car prices and road tax, costs of transport & communication declined by 4.7 per cent. Housing cost dipped by 0.7 per cent reflecting mainly lower electricity tariff. Excluding accommodation costs, the consumer price index slipped by 1.4 per cent in June 2009. Costs of “recreation & others” fell by 0.6 per cent as holiday travel cost less. However, food prices and health care cost increased during the same period.

The consumer price index for the first six months of 2009 was 0.8 per cent higher compared with the same period of previous year. Excluding accommodation costs, the consumer price index fell by 0.3 per cent during the same period.

CONSUMER PRICE INDEX

(2004 = 100)

Group	Weights (%)	Index			% Change	
		Jun 2008	May 2009	Jun 2009	Jun 2009/ May 2009	Jun 2009/ Jun 2008
ALL ITEMS	100	109.7	109.7	109.1	-0.5	-0.5
Food	23	114.2	116.5	116.5	-	2.0
Clothing & Footwear	4	98.8	102.9	100.6	-2.2	1.9
Housing	21	113.3	116.1	112.5	-3.1	-0.7
Transport & Communication	22	103.5	97.6	98.6	1.1	-4.7
Education & Stationery	8	108.7	108.4	108.7	0.3	-
Health Care	5	110.9	114.6	114.6	0.1	3.3
Recreation & Others	17	109.2	108.6	108.5	-0.1	-0.6

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

Singapore Department of Statistics
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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.