



## SINGAPORE DEPARTMENT OF STATISTICS

### *PRESS RELEASE*

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## SINGAPORE CONSUMER PRICE INDEX

(2009 = 100)

JUNE 2010

### **Highlights**

- The consumer price index in June 2010 fell by 1.0 per cent over May 2010 as a result of lower costs of transport, housing as well as clothing & footwear. Excluding accommodation costs, the consumer price index was 0.7 per cent lower.
- Compared with June 2009, the consumer price index increased by 2.7 per cent in June 2010, due to higher costs of transport, housing and food. Excluding accommodation costs, the consumer price index went up by 3.5 per cent.
- In the first half of 2010, the consumer price index rose by 2.0 per cent compared with the same period in 2009. Excluding accommodation costs, the consumer price index was 2.8 per cent higher during the same period.

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

The consumer price index in June 2010 fell by 1.0 per cent over May 2010 due largely to lower costs of transport, housing as well as clothing & footwear. The 2.7 per cent decline in the cost of transport resulted mainly from lower prices of cars and petrol. Housing cost fell by 1.6 per cent on account of lower service & conservancy charges (S&CC) as rebates for S&CC were given in June 2010 but not in May 2010. Prices of clothing & footwear decreased by 3.2 per cent, due to cheaper ready-made garments and footwear during the Great Singapore Sale period. Excluding accommodation costs, the consumer price index declined by 0.7 per cent in June 2010 compared with May 2010.

### *Seasonally-Adjusted CPI*

On a seasonally adjusted basis, the consumer price index in June 2010 fell by 0.4 per cent compared with May 2010. Excluding accommodation costs, the consumer price index slid by 0.5 per cent.

## Year-on-Year Changes

Compared with June 2009, the consumer price index moved up by 2.7 per cent in June 2010. The rise reflected mainly higher costs of transport, housing and food. Higher prices of cars and petrol contributed to the 10.3 per cent increase in the cost of transport. Following higher electricity and gas tariffs, housing cost rose by 2.3 per cent. Food prices went up by 1.2 per cent as a result of increased prices of prepared meals, vegetables, rice & other cereals as well as chilled meat. Excluding accommodation costs, the consumer price index increased by 3.5 per cent in June 2010 compared with the same period a year ago.

The consumer price index in the first half of 2010 rose by 2.0 per cent compared with the same period in 2009. Excluding accommodation costs, the consumer price index went up by 2.8 per cent over the same period.

### CONSUMER PRICE INDEX (2009 = 100)

Group	Weights (%)	Index			% Change	
		Jun 2009	May 2010	Jun 2010	Jun 2010/ May 2010	Jun 2010/ Jun 2009
<b>ALL ITEMS</b>	<b>100</b>	<b>99.1</b>	<b>102.8</b>	<b>101.8</b>	<b>-1.0</b>	<b>2.7</b>
Food	22	99.8	101.1	101.1	-	1.2
Clothing & Footwear	3	96.8	100.2	97.0	-3.2	0.1
Housing	25	97.7	101.5	99.9	-1.6	2.3
Transport	16	99.4	112.6	109.6	-2.7	10.3
Communication	5	100.5	96.4	97.6	1.3	-2.9
Education & Stationery	7	99.9	102.0	102.0	-	2.2
Health Care	6	99.8	101.3	101.6	0.3	1.8
Recreation & Others	16	99.6	100.9	100.4	-0.5	0.8
<b>All Items less Accommodation</b>	<b>80</b>	<b>99.3</b>	<b>103.4</b>	<b>102.7</b>	<b>-0.7</b>	<b>3.5</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.