



SINGAPORE DEPARTMENT OF STATISTICS

PRESS RELEASE

SINGAPORE CONSUMER PRICE INDEX

(2004 = 100)

MAY 2009

Highlights

- The consumer price index (CPI) in May 2009 rose by 0.6 per cent over April 2009. The increase was attributed largely to higher costs of housing and transport & communication.
- Compared with May 2008, the CPI in May 2009 fell by 0.3 per cent.
- For the period January-May 2009, the CPI was 1.1 per cent higher compared with the same period in 2008.

Month-on-Month Changes

The consumer price index in May 2009 rose by 0.6 per cent over April 2009. The increase was attributed largely to higher costs of housing and transport & communication. Housing cost advanced by 2.9 per cent due to higher service & conservancy charges (S&CC) as rebates were given in April 2009 but not in May 2009. Excluding accommodation costs, the consumer price index remained unchanged at previous month's level. Costs of transport & communication increased by 1.1 per cent on account of higher prices of cars and dearer petrol.

Seasonally-Adjusted CPI

On a seasonally adjusted basis, the consumer price index in May 2009 was 0.8 per cent higher compared with April 2009.

Year-on-Year Changes

Compared with May 2008, the consumer price index in May 2009 fell by 0.3 per cent due mainly to lower costs of transport & communication, education & stationery and “recreation & others”. Reflecting cheaper petrol, as well as lower car prices and road tax, costs of transport & communication declined by 5.8 per cent. The costs for education & stationery dipped by 0.4 per cent as a result of lower fees at childcare centres and overseas universities, as well as cheaper personal computers. Costs of “recreation & others” fell by 0.2 per cent as holiday travel cost less. However, costs of housing, food and health care increased during the same period. Excluding accommodation costs, the consumer price index dropped by 1.5 per cent in May 2009.

The consumer price index for the first five months of 2009 was 1.1 per cent higher compared with the same period of previous year. Excluding accommodation costs, the consumer price index fell marginally by 0.1 per cent during the same period.

CONSUMER PRICE INDEX

(2004 = 100)

Group	Weights (%)	Index			% Change	
		May 2008	Apr 2009	May 2009	May 2009/ Apr 2009	May 2009/ May 2008
ALL ITEMS	100	110.0	109.0	109.7	0.6	-0.3
Food	23	113.5	116.6	116.5	-0.1	2.6
Clothing & Footwear	4	102.0	104.2	102.9	-1.2	0.9
Housing	21	115.3	112.8	116.1	2.9	0.7
Transport & Communication	22	103.6	96.5	97.6	1.1	-5.8
Education & Stationery	8	108.9	108.4	108.4	-	-0.4
Health Care	5	110.7	114.6	114.6	-	3.5
Recreation & Others	17	108.9	109.6	108.6	-0.9	-0.2

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.