Glossary

GLOSSARY OF TERMS AND DEFINITIONS

Aggregation

The process of combining lower level price indices to produce higher level indices.

All Items

Highest level of the CPI, containing all the divisions, groups and classes.

Base period

The period with which all the other periods are compared. The base period for the current CPI is 2019 and the index for 2019 is set equal to 100 points.

Brand

The lowest level of aggregation in the CPI. The varieties of goods and services covered under a brand are usually relatively homogeneous.

Class

The third level of the COICOP structure. There are 91 classes in the 2019-based CPI.

Classification of Individual Consumption According to Purpose (COICOP)

This classification is designed for use in the collection and compilation of data that requires classifying individual consumption expenditure according to their primary "purpose" or "function".

Consumer Price Index (CPI)

The CPI is designed to measure the average price changes in a fixed basket of consumption goods and services commonly purchased by the resident households over time.

Consumers

Individual persons or groups of persons living together as households.

Cost of living index (COLI)

An index that measures the change between two periods in the minimum expenditures that would be incurred by a utility-maximizing consumer in order to maintain a given level of utility (or standard of living).

CPI basket

A specified set of quantities of goods and services commonly consumed by households and priced for the purpose of compiling the CPI.

Current month / year

The most recent period for which the index has been compiled.

Division

The first level of the COICOP structure. There are 10 main divisions in the 2019-based CPI.

Electronic prices

Data derived from the scanner/transaction information on sales of consumer goods obtained by scanning the bar codes for individual products at electronic points of sale in retail outlets.

Geometric mean of price relatives (GM)

An elementary price index defined as the un-weighted geometric average of the sample price relatives. Also known as the Jevons price index.

Group

The second level of the COICOP structure. There are 42 groups in the 2019-based CPI.

Hedonic regression

The use of a regression model for quality adjustment in which the price of a product is expressed as a function of its characteristics.

Household

A household refers to a group of two or more persons living together in the same house and sharing common food or other arrangements for essential living. It also includes a person living alone or a person living with others but having his own food arrangements. Although persons may be living in the same house, they may not be members of the same household.

Household consumption expenditure

Expenditure on consumer goods and services acquired, used or paid for by households. It excludes non-consumption expenditure such as loan repayments, income taxes, purchase of houses.

Household Expenditure Survey (HES)

The Household Expenditure Survey (HES) collects detailed information on the latest consumption expenditure of resident households in Singapore. Conducted once in five years since 1972/73, the HES also obtains households' demographic and socio-economic characteristics and ownership of consumer durables. Results of the survey are used for expenditure and income studies as well as to update the weighting pattern and the basket of goods and services for the compilation of the CPI.

Imputed rentals

A concept under the rental equivalence method and refers to the expected rental a homeowner would have to pay if he were a tenant of the premises. Imputed rentals have no direct impact on the monthly cash expenditure of most households in Singapore as they already own their homes.

Inflation

A term commonly used to refer to changes in price levels over a period of time. The annual inflation rate for any year is computed by taking the ratio of the CPI for the current year compared with that of the preceding year.

Link factor

A ratio used to join a new index series to an old index series to form a continuous series.

Linking

The technique used to join together two consecutive sequences of price indices that overlap in one or more periods to form one continuous series.

Online price collection

Extraction of prices from websites for the compilation of CPI, including web scraping which is an automated process that collects online prices.

Outlet

A shop, market, service establishment, internet seller, or other place from where goods and/or services are sold or provided to consumers.

Owner-occupied accommodation

Dwellings owned by the households that live in them. The dwellings are fixed assets that their owners use to produce housing services for their own consumption and these services being usually included within the scope of the CPI. The value of the services provided may be imputed by the rents payable on the market for equivalent accommodation.

Price change

The change in the price of a good or service of which the characteristics are unchanged; or the change in the price after adjusting for any change in quality.

Price index

A composite measure of the prices of items expressed relative to a defined base period.

Price movements

Changes in price levels between two or more periods. Movements can be expressed as price relatives, or as percentage changes.

Price relative

The ratio of the price of an individual product in one period to the price of that same product in some other period.

Price updating

A procedure whereby the quantities in an earlier period are revalued at the prices of a later period. For the 2019-based CPI, expenditure values collected from the Household Expenditure Survey (HES) 2017/18 were price updated to 2019, taking into account price changes between 2017/18 and 2019.

Quality adjustment

The process of adjusting the observed prices of a product to remove the effect of any changes in the quality of that product over time so that pure price change may be identified.

Rebasing

Rebasing refers to changing the base period of an index series. In the 2019-based CPI rebasing exercise, the base period was changed from 2014 to 2019.

Reference population

The set of households included within the scope of the index. For the 2019-based CPI, the reference population is all resident households in Singapore.

Resident households

Resident households refer to households headed by Singapore Citizens or Permanent Residents.

Specification

A description or list of the characteristics that can be used to identify an individual sampled product to be priced.

Subsidies

Refers to government financial assistance that lead to a reduction in the price of a specific individual good or service paid by households. Examples include rebates on Service and Conservancy Charges (S&CC), infant and childcare subsidies, education subsidies, public rental subsidies, as well as subsidies granted under the Community Health Assist Scheme (CHAS), Pioneer Generation Package (PGP) and Merdeka Generation Package (MGP).

Taxes

Financial charges applied to goods and services produced or delivered by registered suppliers engaged in taxable activity. Examples include Goods and Services Tax (GST), excise duty on cigarettes & alcoholic drinks as well as petrol & diesel duty.

Variety

An individual product that is selected for pricing within a brand (the lowest level of aggregation in the CPI).

Weights

The measure of the relative importance of each good or service in the basket, that is, their share as a proportion of total household expenditure.