



SINGAPORE CONSUMER PRICE INDEX BY HOUSEHOLD INCOME GROUP

January – June 2020

Overview

- In the first half of 2020 (1H 2020), the Consumer Price Index (CPI) – All Items for general households fell by 0.2 per cent on a year-on-year basis (y-o-y), a reversal from the 0.5 per cent increase registered in the second half of 2019.
- By household income groups, the CPI – All Items for the lowest 20% income group remained unchanged in 1H 2020, while CPI – All Items for the middle 60% and highest 20% income groups fell by 0.1 per cent and 0.2 per cent y-o-y respectively.
- Excluding imputed rentals on owner-occupied accommodation (OOA), the CPI for the lowest 20%, middle 60% and highest 20% income groups declined by 0.1 per cent, 0.2 per cent, and 0.3 per cent y-o-y respectively.

Main Contributors to the Change in CPI for All Household Income Groups, 1H 2020 over 1H 2019

- For all three income groups, the declines in holiday expenses and airfares¹, outpatient services costs², electricity costs³, petrol, and clothing & footwear prices were the main negative contributors to their respective CPI-All Items inflation rates. On the other hand, the main positive contributors were higher food prices and bus & train fares.

Comparison Across Household Income Groups

- Excluding imputed rentals on OOA, the CPI for the highest 20% income group fell by a larger extent as compared to the other income groups due to the following factors:
 - 1) The highest 20% income group saw a steeper decline in the costs of discretionary expenditure items such as holiday expenses and car prices, and these items also accounted for a larger share of its total expenditure.
 - 2) The fall in air fares and petrol prices had a larger impact on the CPI for the highest 20% income group as these expenditure items constituted a bigger share of its total expenditure.

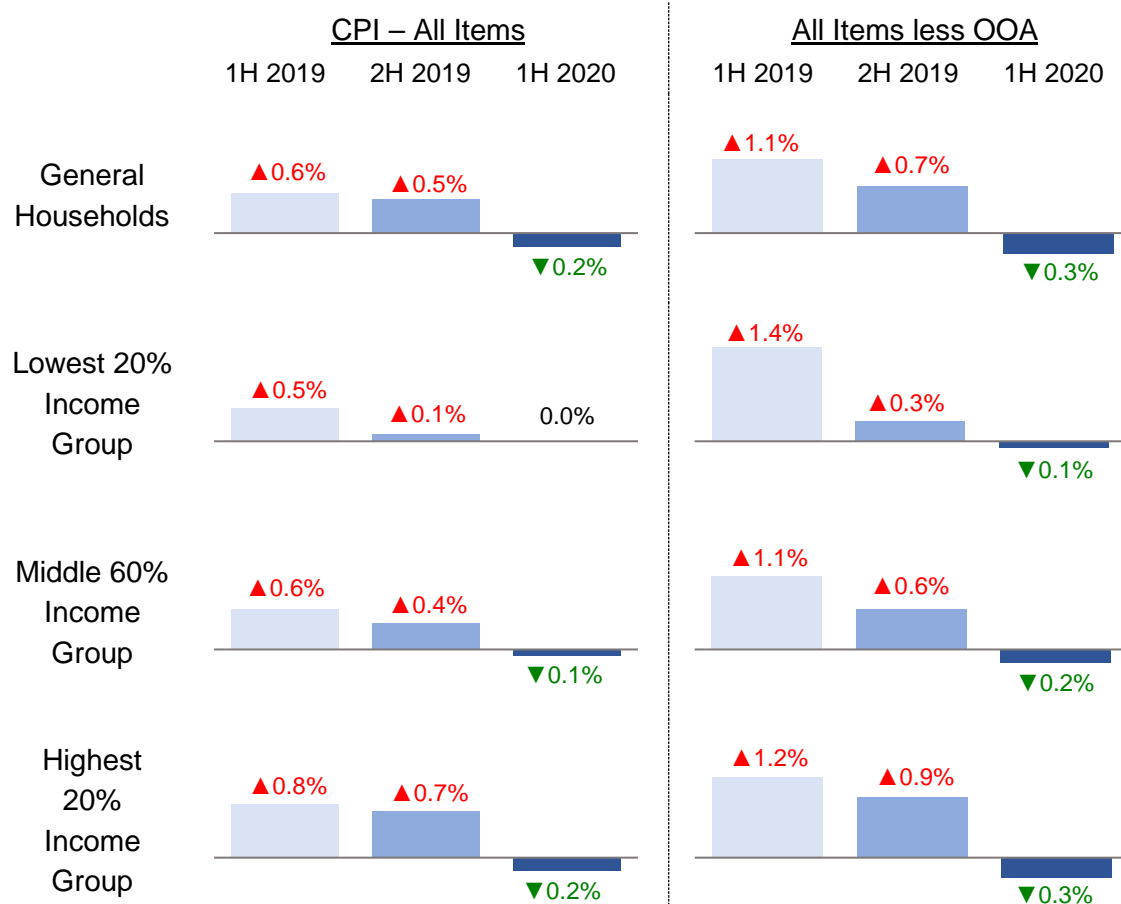
¹ These services were unavailable in Apr – Jun 20 due to international and safe distancing measures to contain the COVID-19 outbreak. As such, price changes of this category were imputed, in line with international guidelines. For more information, please refer to the Technical Note.

² This takes into account Government subsidies and support for MediShield Life premiums, including the progressive phasing down of the transitional subsidies provided over the first four years of MediShield Life.

³ The fall in the CPI for electricity was due in part to the phased nationwide launch of the Open Electricity Market (OEM).

- 3) On the other hand, the increase in bus & train fares and food prices had a smaller impact on the CPI for the highest 20% income group as these items accounted for a smaller share of its total expenditure.

Key Indicators^ Year-on-Year change



^ For more information on the coverage of these indicators, please refer to the Technical Note.

Rebasing of the Consumer Price Index

The Consumer Price Index (CPI) series by household income group have been rebased from the base year of 2014 to 2019. The corresponding CPI with base year 2019 for general households was released on 24 February 2020. The weighting pattern for the 2019-based CPI was derived from expenditure values collected in the Household Expenditure Survey (HES) conducted between October 2017 and September 2018. These expenditure values were updated to 2019 values by taking into account price changes between 2017/18 and 2019.

Singapore Department of Statistics

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(2019 as base year)

Household Income Group	All Items	Food	Clothing & Footwear	Housing & Utilities [^]	Household Durables & Services	Health Care*	Transport	Communication	Recreation & Culture	Education	Miscellaneous Goods & Services	All Items less Imputed Rentals on Owner-Occupied Accommodation
Weight Per 10,000												
General Households	10,000	2,110	212	2,484	493	655	1,707	411	789	663	476	8,250
Lowest 20%	10,000	2,325	138	3,424	452	939	933	472	525	406	386	7,529
Middle 60%	10,000	2,324	224	2,466	452	687	1,520	487	749	598	493	8,274
Highest 20%	10,000	1,770	210	2,299	560	544	2,141	292	903	807	474	8,380
Percent Change Over Corresponding Period of Previous Year												
<u>2020 Jan – Jun</u>												
General Households	-0.2	1.9	-3.3	-0.1	0.1	-1.7	-1.0	0.1	-1.8	-0.6	-0.8	-0.3
Lowest 20%	0.0	2.0	-3.0	-0.2	0.1	-2.4	-0.1	0.6	-1.2	-0.9	-0.2	-0.1
Middle 60%	-0.1	1.9	-3.4	-0.2	0.1	-2.2	-0.6	0.1	-1.5	-0.9	-0.8	-0.2
Highest 20%	-0.2	1.9	-3.2	0.1	0.1	-0.7	-1.6	0.0	-2.1	1.6	-0.7	-0.3
<u>2019 Jul – Dec</u>												
General Households	0.5	1.5	-2.0	-1.3	0.5	0.6	1.5	-0.5	0.6	2.2	0.3	0.7
Lowest 20%	0.1	1.4	-1.5	-1.4	0.1	0.5	1.4	0.4	0.4	1.8	0.1	0.3
Middle 60%	0.4	1.5	-2.0	-1.5	0.3	0.4	1.3	-0.5	0.5	2.1	0.2	0.6
Highest 20%	0.7	1.6	-2.1	-0.9	0.8	1.0	1.8	-0.7	0.6	2.1	0.4	0.9
<u>2019</u>												
General Households	0.6	1.5	-0.8	-1.0	0.8	1.1	0.8	-0.9	1.1	2.4	0.4	0.9
Lowest 20%	0.3	1.5	-0.4	-1.0	0.4	1.3	0.7	-0.1	0.8	2.0	0.6	0.9
Middle 60%	0.5	1.5	-0.7	-1.2	0.6	1.0	0.4	-0.9	1.0	2.4	0.4	0.8
Highest 20%	0.8	1.6	-0.9	-0.7	1.0	1.3	1.1	-1.1	1.1	2.4	0.2	1.0
<u>2018</u>												
General Households	0.4	1.4	1.4	-1.3	0.8	2.0	-0.5	-1.0	1.2	2.9	1.0	1.3
Lowest 20%	0.2	1.5	1.3	-1.6	0.6	2.4	-0.5	-0.9	1.2	3.1	2.6	1.8
Middle 60%	0.4	1.4	1.4	-1.5	0.7	2.1	-0.7	-1.0	1.1	2.9	1.4	1.3
Highest 20%	0.5	1.5	1.3	-1.1	0.9	1.8	-0.3	-1.0	1.3	2.8	0.1	1.1

* This takes into account Government subsidies and support for MediShield Life premiums, including the progressive phasing down of Transitional Subsidies over the first four years of MediShield Life.

[^] The nationwide launch of the Open Electricity Market (OEM) was implemented in phases. Since May 2019, households from all geographical zones have been able to switch to an OEM retailer.

Please refer to the SingStat Table Builder at www.singstat.gov.sg/tablebuilder for longer time series of CPI data by household income group.

TECHNICAL NOTE

Consumer Price Index for All Items

This is the highest level of the CPI, containing all the divisions, groups and classes.

Consumer Price Index for “All Items Less Imputed Rentals on Owner-Occupied Accommodation” (All Items less OOA)

The Owner-Occupied Accommodation (OOA) cost in CPI comprises rentals that are imputed for owner-occupied homes. Given that imputed rentals on OOA have no impact on the cash expenditure of owner-occupier households, an additional indicator of inflation, “CPI All Items less imputed rentals on owner-occupied accommodation”, is compiled.

Household Income Group

Household income group is based on ranking of resident households by their monthly household income from all sources (including imputed rental on owner-occupied accommodation).

Compilation of the Consumer Price Index in the Context of the COVID-19 Outbreak

The COVID-19 outbreak and the slew of measures implemented have led to the reduction and suspension of selected goods and services, and impacted the collection of prices and the compilation of the CPI. DOS has engaged several National Statistical Offices (NSOs) as well as international organisations such as International Labour Organisation (ILO), International Monetary Fund (IMF) and Eurostat to understand how best to respond to the current situation, including conceptual treatments for selected suspended services. Based on international recommendations and NSOs’ best practices, we have adopted those suitable to our local context, broadly as shown below:

- a) For those services that remain open, missing price observations will be replaced by price quotations obtained from other similar sources (e.g. online).
- b) Where prices are not available and/or if services are suspended, price imputation will be done by following the price direction of similar goods and services or higher level index, where appropriate; or carrying forward of last observable prices (i.e. imputing no price change). For example, prices of items with little or no expenditure will be imputed by following the price direction of other sub-indices in the All Items CPI, i.e. they will not contribute towards the monthly movement of the All Items CPI.