



# SINGAPORE CONSUMER PRICE INDEX<sup>1</sup> BY HOUSEHOLD INCOME GROUP

**July – December and Full Year 2020**

## Overview

### July – December 2020

- In the second half of 2020 (2H 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), unchanged from that recorded in the first half of 2020.
- By household income groups, the CPI-All Items declined by 0.2 per cent y-o-y for the lowest 20% income group, while that for the middle 60% and highest 20% income groups dipped by 0.1 per cent each.
- Excluding imputed rentals on owner-occupied accommodation (OOA), the CPI for the lowest 20%, middle 60% and highest 20% income groups fell by 0.4 per cent, 0.3 per cent and 0.2 per cent y-o-y respectively.

### Full Year 2020

- For the whole of 2020, the CPI-All Items for general households declined by 0.2 per cent, a reversal from the 0.6 per cent increase in 2019.
- By household income groups, the CPI-All Items dipped by 0.1 per cent for both the lowest 20% and middle 60% income groups, and 0.2 per cent for the highest 20% income group.
- Excluding imputed rentals on OOA, the CPI for all three income groups fell by 0.3 per cent each.

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<sup>1</sup> The COVID-19 situation has disrupted the collection of price data for some goods and services. More prices have thus been imputed, based on recommendations from the International Labour Organisation (ILO), International Monetary Fund (IMF) and Eurostat as well as best practices of other National Statistical Offices. For more information, please refer to the Technical Note.

## July – December 2020

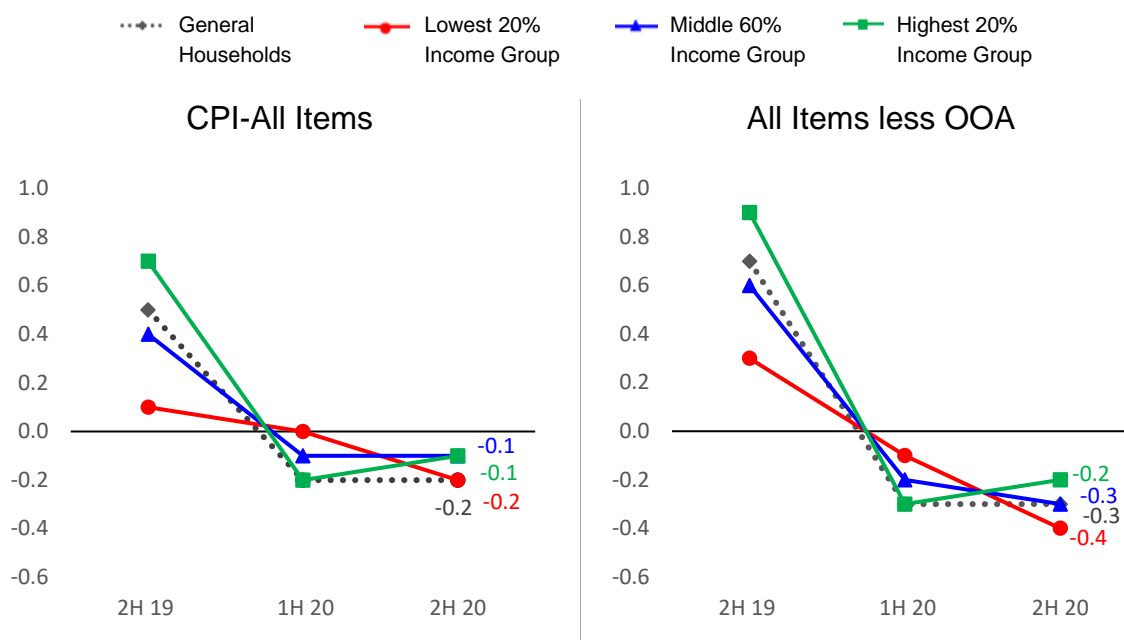
### Main Contributors<sup>2</sup> to the Change in CPI-All Items for All Household Income Groups, 2H 2020 over 2H 2019

- In 2H 2020, the main negative contributors to the CPI-All Items inflation rates of all three income groups were petrol, electricity<sup>3</sup>, outpatient services and clothing & footwear. On the other hand, the main positive contributors were food, car and bus & train fares.

### Comparison of CPI (Excluding OOA) Across Household Income Groups

- The CPI excluding imputed rentals on OOA for the lowest 20% income group fell more sharply than that for the other income groups in 2H 2020 mainly because:
  - The cost of outpatient services declined faster for the lowest 20% income households due to the higher subsidies provided to these households, while their electricity cost also fell by more than that for other income groups because of the rebates given by an electricity retailer to existing customers living in 1- and 2-room HDB flats.
  - The increase in car prices had a smaller impact on the CPI for the lowest 20% income group as cars had a smaller expenditure weight for this group.

### Change in Key Indicators<sup>4</sup> (Year-on-Year)



<sup>2</sup> "Holiday Expenses" was excluded from the analysis as the services in this category were either fully or partially unavailable in Apr – Dec 2020 due to international and safe distancing measures to contain the COVID-19 pandemic. Price changes for this category were thus imputed, in line with international guidelines. For more information, please refer to the Technical Note.

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

<sup>4</sup> For more information on the coverage of these indicators, please refer to the Technical Note.

## Full Year 2020

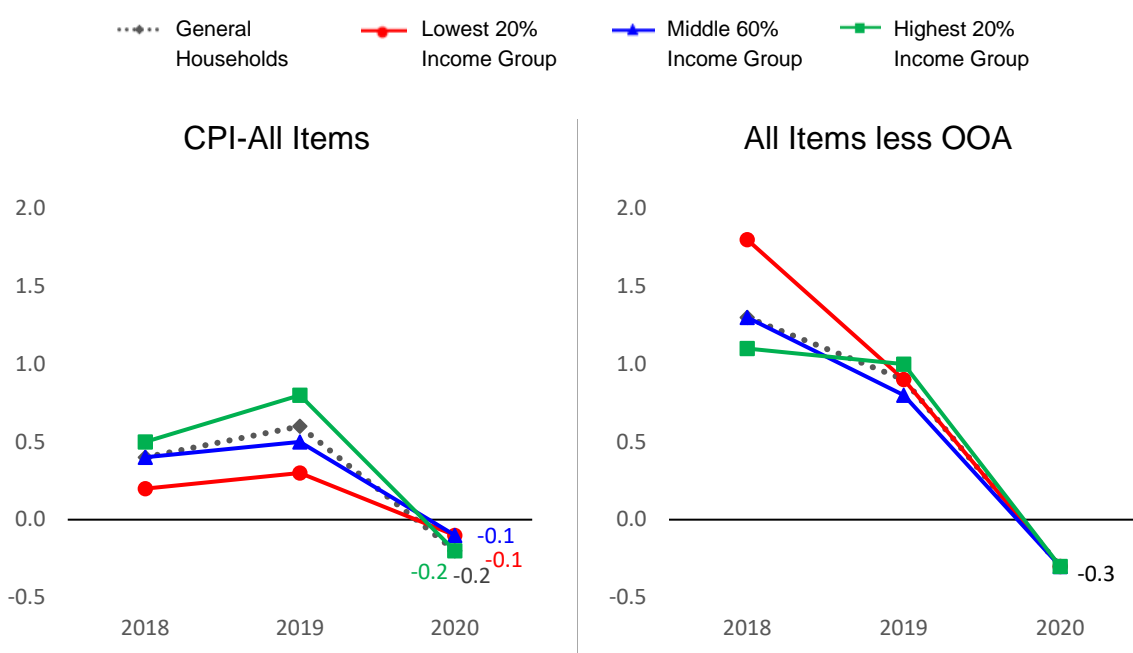
### Main Contributors to the Change in CPI-All Items for All Household Income Groups, 2020 over 2019

- In 2020, all three income groups incurred cheaper electricity, petrol, outpatient services and clothing & footwear, which collectively outweighed the effect of higher food prices and bus & train fares on their respective CPI-All Items.

### Comparison of CPI (Excluding OOA) Across Household Income Groups

- In 2020, the CPI excluding imputed rentals on OOA for all three income groups fell at the same pace. Although the contributors to the change in CPI were broadly the same for all three income groups, the extent of their effects on the income groups varied:
  - While electricity and outpatient services costs fell for all income groups, they had a larger dampening effect on the CPI for the lowest 20% income group. This was because the latter saw a larger decline in the costs of these items, and the items also accounted for a higher share of their expenditure basket.
  - On the other hand, even though the prices of petrol and clothing & footwear declined for all income groups, they exerted greater downward pressures on the CPIs of the middle 60% and highest 20% income groups because they accounted for a larger share of the expenditure of these groups.
  - Although all income groups saw an increase in bus & train fares and food prices, the increase had a smaller impact on the CPI of the highest 20% income group as these items accounted for a lower share of the group's total expenditure.

### Change in Key Indicators (Year-on-Year)



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**CONSUMER PRICE INDEX BY HOUSEHOLD INCOME GROUP**  
(2019 as base year)

Household Income Group	Expenditure Division											All Items less Imputed Rentals on Owner-Occupied Accommodation
	All Items	Food	Clothing & Footwear	Housing & Utilities^	Household Durables & Services	Health Care*	Transport	Communication	Recreation & Culture	Education	Miscellaneous Goods & Services	
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 Jul – Dec</u>												
General Households	-0.2	1.8	-4.4	-0.5	0.5	-1.4	-0.4	1.3	-1.8	-0.7	-1.6	-0.3
Lowest 20%	-0.2	1.9	-4.0	-1.0	0.5	-2.0	0.2	1.2	-1.4	-1.2	-0.7	-0.4
Middle 60%	-0.1	1.8	-4.6	-0.5	0.5	-1.8	-0.2	1.3	-1.6	-1.2	-1.5	-0.3
Highest 20%	-0.1	1.8	-4.2	-0.4	0.3	-0.5	-0.7	1.2	-2.2	1.6	-1.7	-0.2
<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>2020</u>												
General Households	-0.2	1.9	-3.8	-0.3	0.3	-1.5	-0.7	0.7	-1.8	-0.6	-1.2	-0.3
Lowest 20%	-0.1	2.0	-3.5	-0.6	0.3	-2.2	0.0	0.9	-1.3	-1.0	-0.4	-0.3
Middle 60%	-0.1	1.8	-4.0	-0.3	0.3	-2.0	-0.4	0.7	-1.6	-1.1	-1.1	-0.3
Highest 20%	-0.2	1.8	-3.7	-0.1	0.2	-0.6	-1.2	0.6	-2.2	1.6	-1.2	-0.3
<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

\* 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](http://www.singstat.gov.sg/tablebuilder) for longer time series and further breakdown of the CPI data by household income group at expenditure group and class level.

## TECHNICAL NOTE

### **Consumer Price Index for All Items**

This is the highest level of the CPI, containing all the expenditure 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 Pandemic**

The COVID-19 pandemic and the slew of measures implemented have led to the reduction and suspension of selected goods and services, and disrupted 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.