



SINGAPORE DEPARTMENT OF STATISTICS

PRESS RELEASE

SINGAPORE CONSUMER PRICE INDEX

(2004 = 100)

SEPTEMBER 2008

Month-on-Month Changes

The consumer price index in September 2008 remained at the same level as in August 2008.

Higher prices of food and dearer costs of housing and "recreation & others" were offset by lower costs of education & stationery, as well as transport and communication. Costs of education & stationery fell by 2.3 per cent reflecting mainly lower childcare centres charges and tuition fees at overseas universities. Cheaper petrol and lower car prices depressed the costs of transport & communication by 0.5 per cent. On the contrary, food prices increased by 0.3 per cent due to dearer fresh vegetables, cooked food and rice & other cereals. Higher cost of holiday travel and salary for foreign maids raised the index for "recreation & others" by 0.6 per cent. Housing cost rose by 0.4 per cent due to higher accommodation costs and dearer household durables which offset the service and conservancy charges (S&CC) rebates given in September 2008. Excluding accommodation costs, the consumer price index fell slightly by 0.1 per cent.

Seasonally-Adjusted CPI

On a seasonally adjusted basis, the consumer price index in September 2008 was 0.1 per cent higher compared with August 2008.

3-Month Moving Average CPI

On a 3-month moving average month-on-month basis, the consumer price index rose by 0.4 per cent in September 2008.

Year-on-Year Changes

Compared with September 2007, the consumer price index in September 2008 increased by 6.7 per cent due mainly to higher costs of housing and food. Arising from higher accommodation costs and electricity tariff, housing cost advanced by 14.6 per cent. Food prices increased by 8.2 per cent following dearer cooked food, rice & other cereals, fresh poultry, seafood, cooking oils, fresh vegetables and milk products. Excluding accommodation costs, the consumer price index rose by 5.2 per cent in September 2008 compared with that a year ago.

The consumer price index for the first nine months of 2008 was 6.9 per cent higher compared with the same period of previous year. Excluding accommodation costs, the consumer price index increased by 6.0 per cent during the same period.

CONSUMER PRICE INDEX

(2004 = 100)

Group	Weights (%)	Index			% Change	
		Sep 2007	Aug 2008	Sep 2008	Sep 2008/ Aug 2008	Sep 2008/ Sep 2007
ALL ITEMS	100	104.2	111.2	111.2	-	6.7
Food	23	106.9	115.3	115.7	0.3	8.2
Clothing & Footwear	4	101.6	104.2	104.3	-	2.6
Housing	21	103.9	118.5	119.0	0.4	14.6
Transport & Communication	22	98.7	101.9	101.5	-0.5	2.8
Education & Stationery	8	106.3	110.1	107.6	-2.3	1.3
Health Care	5	107.4	112.6	112.6	-	4.8
Recreation & Others	17	106.3	109.7	110.3	0.6	3.7

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. Another measure of monthly change is based on the 3-month moving average (3MMA) which even out the monthly volatility. It is defined as the difference between the average index of the

latest 3 months and the average index of the past 3 months up to the preceding month, expressed in percentage term.

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.