

# Headline inflation edges up, core inflation holds steady in May

HIGHER private road transport, retail and food inflation bumped Singapore's headline inflation higher in May, outstripping economists' estimates of 0.6 per cent and rising from 0.8 per cent in April, according to consumer price index (CPI) figures released by the Department of Statistics on Monday.

Meanwhile, core inflation, which strips out accommodation and private road transport costs, rose at the same pace as in April and in line with economists' forecasts. This came as higher retail and food inflation offset declines in electricity and gas costs.

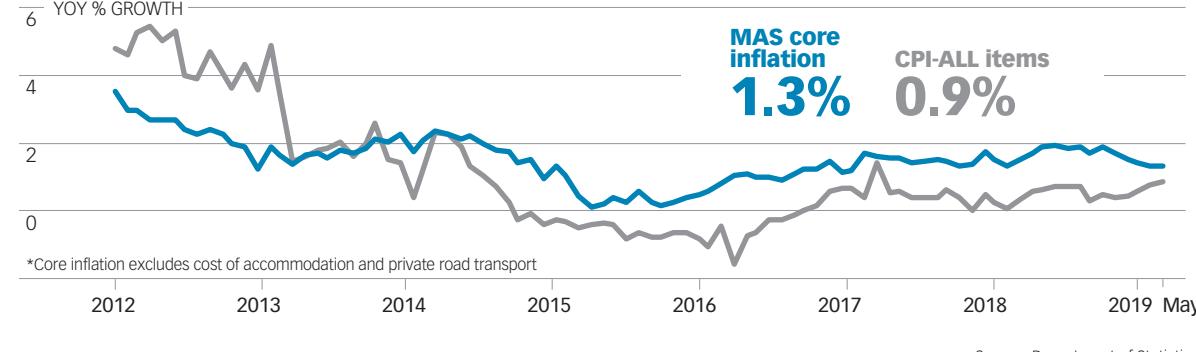
The Monetary Authority of Singapore (MAS) and the Ministry of Trade and Industry (MTI) maintained their inflation outlook from the previous month.

They said external sources of inflation are likely to be benign for the rest of 2019. Labour market conditions remain firm domestically and will support moderate wage increases, but inflationary pressures are unlikely to accelerate.

In a slight change from their outlook for previous months, MAS and MTI said they expect that private road transport costs could pick up slightly this year as compared with 2018. Meanwhile, accommodation costs are still expected to decline at a slower pace this year.

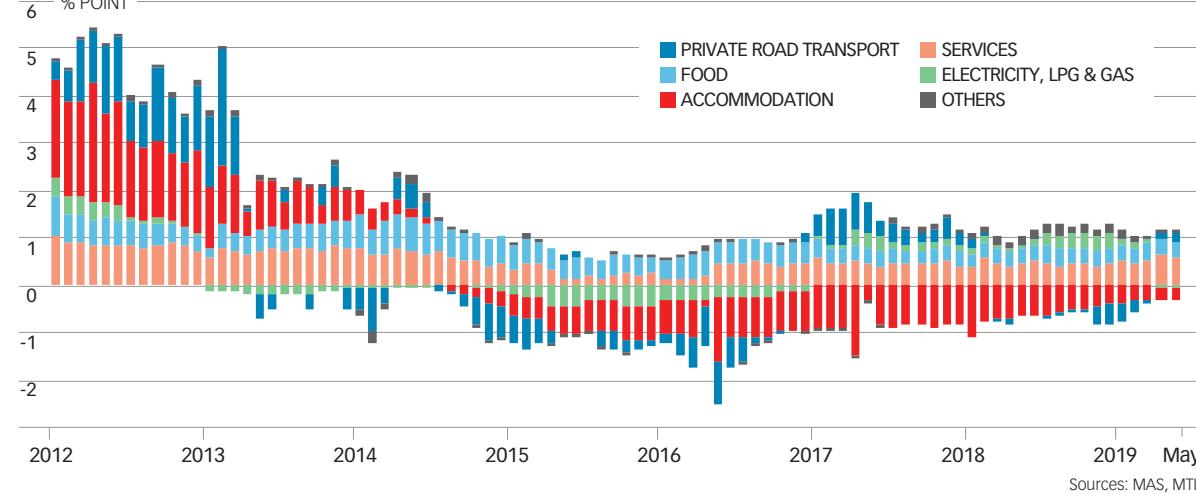
The MAS and the MTI continue to expect core inflation for 2019 to come in near the mid-point of the official forecast range of 1 to 2 per cent, and headline inflation is expected to average 0.5 to 1.5 per cent. **BY LEILA LAI**

## CPI-All items and MAS core inflation



Source: Department of Statistics

## % point contribution to year-on-year CPI-All Items Inflation



Sources: MAS, MTI

## Key CPI categories, y-o-y change

Category	April 2019	May 2019
Services	+2.0	+2.0
Food	+1.3	+1.4
Electricity and gas	-2.8	-4.0
Retail	+0.2	+0.5
NOT INCLUDED IN CORE INFLATION		
Private road transport	+1.1	+1.5
Accommodation	-1.4	-1.0

Sources: MAS, MTI



"Looking ahead, the inflation rhetoric is unlikely to deviate significantly going into the October monetary policy meeting... Essentially the dampened global growth prospects, coupled with the lingering US-China trade uncertainties, are likely to keep even any potential hint of hawkish intentions under a lid for the interim. Our full-year headline and core inflation forecasts remain at 1.0 per cent and 1.5 per cent y-o-y respectively." – OCBC economist Selena Ling