



Chapter 4 PRICES

OVERVIEW

In 2007, producer prices of oil surged in the later part of the year. Consumer prices also saw increases in all categories.

CONSUMER PRICE INDEX

[Tables 4.1, A3.1 and Charts 4.1–4.2]

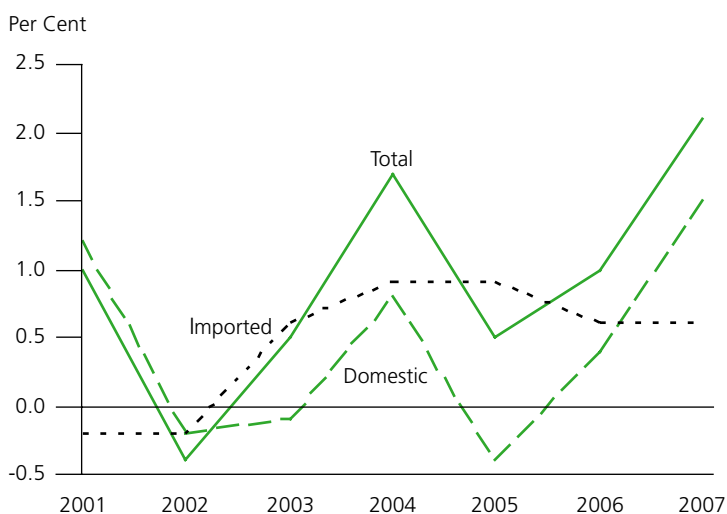
Higher inflation in 2007...

On a year-on-year basis, Singapore's consumer price index (CPI) rose 4.1 per cent in the final quarter of 2007, compared to the 2.7 per cent increase in the previous quarter. On a seasonally adjusted quarter-on-quarter basis, consumer prices rose 1.8 per cent, down from the 1.9 per cent in the previous quarter.

*Overall inflation
rose...*

SOURCES OF INFLATION

[Chart 4.1]



MEASURES OF INFLATION

[TABLE 4.1]

Measure	2004	2005	2006	2007p
Consumer Price Index	1.7	0.5	1.0	2.1
Domestic Supply Price Index	5.2	9.6	5.0	0.1
Export Price Index	0.2	2.1	2.1	-3.7
Import Price Index	1.7	5.2	2.9	-2.0
Singapore Manufacturing Product Price Index	4.6	5.7	2.4	-1.6
Gross Domestic Product Deflator	4.3	0.7	0.6	4.0

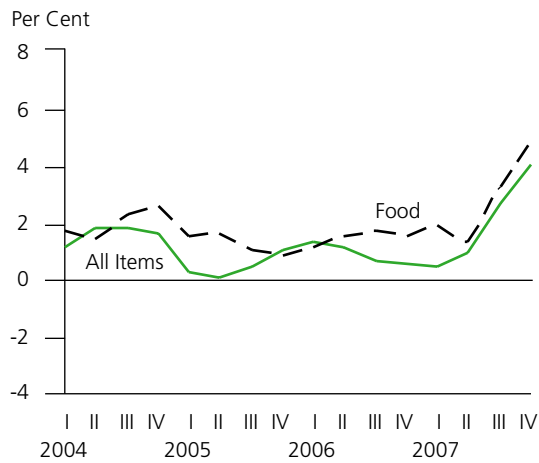
2004	2005	2006	2007p
Percentage Change Over Previous Year			
1.7	0.5	1.0	2.1
5.2	9.6	5.0	0.1
0.2	2.1	2.1	-3.7
1.7	5.2	2.9	-2.0
4.6	5.7	2.4	-1.6
4.3	0.7	0.6	4.0

Source: Singapore Department of Statistics

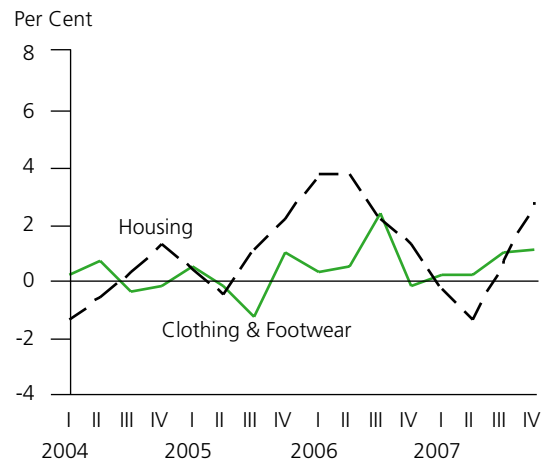
CHANGES IN CONSUMER PRICE INDEX

[Chart 4.2]

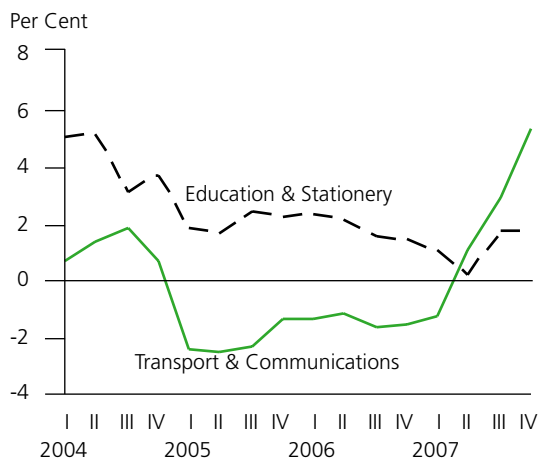
ALL ITEMS AND FOOD



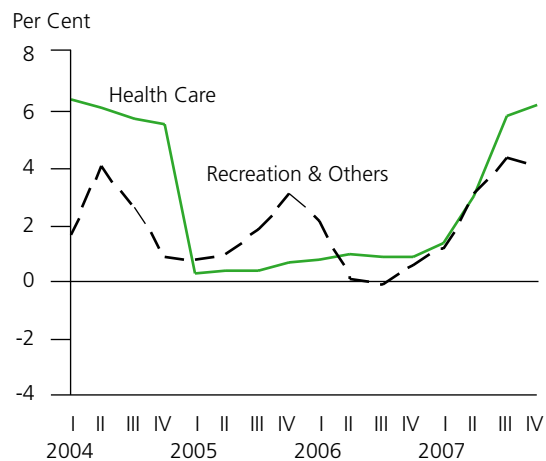
CLOTHING & FOOTWEAR AND HOUSING



TRANSPORT & COMMUNICATIONS AND EDUCATION & STATIONERY



HEALTH CARE AND RECREATION & OTHERS



For the whole year of 2007, the CPI rose by 2.1 per cent following the 1.0 per cent increase a year earlier. Both domestic and external factors contributed to CPI inflation in 2007. The items which contributed most to inflation were food and "recreation and others".

Among the broad categories of consumer expenditure, health care costs increased by 4.1 per cent, following an increase of 0.9 per cent in 2006. This was attributed to higher charges for daily ward & medical treatment, specialist services and general medical consultation. Recreation and other cost rose by 3.2 per cent as a result of the higher cost of holiday travel and salaries for foreign maids as well as higher prices of cigarettes. Food prices advanced by 2.9 per cent as prices of cooked food, fresh vegetables, milk products and fruits rose. Higher taxi fares, car prices and petrol prices contributed to the 2.0 per cent increase in transport & communication prices, which fell by 1.5 per cent in 2006. The 1.3 per cent increase in the education & stationery index stemmed mainly from higher tuition fees at universities, commercial institutions and kindergartens. Personal computers were, however, cheaper. Meanwhile, prices of clothing and footwear increased by 0.6 per cent. Housing costs rose by 0.4 per cent as higher costs for both owner-occupied and rented accommodation more than offset lower electricity tariffs.

PRODUCER PRICE INFLATION

[Tables 4.1, A3.2 and Charts 4.3]

Producer price inflation eased in the last quarter...

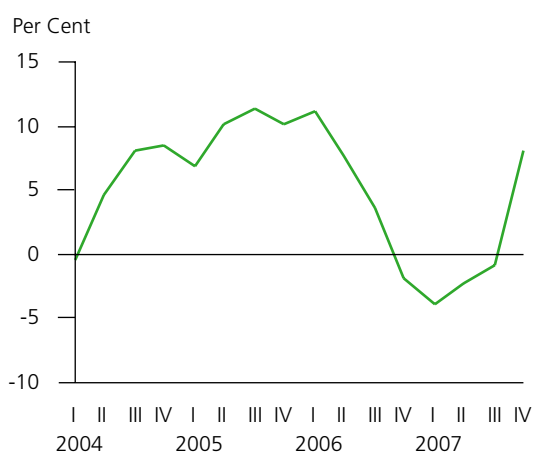
Producer, export and import prices rose in the fourth quarter, due to higher prices of petroleum and petroleum-related products. Compared to the third quarter, the domestic supply price index (DSPI) rose 2.7 per cent while the Singapore manufactured products price index (SMPPI) rose by 2.3 per cent. The import price index (IPI) rose 0.8 per cent and the export price index (EPI) rose 0.5 per cent.

For the year as a whole, the DSPI rose slightly by 0.1 per cent while the SMPPI, IPI and EPI fell by 1.6 per cent, 2.0 per cent and 3.7 per cent respectively due to cheaper computer and electronic peripherals.

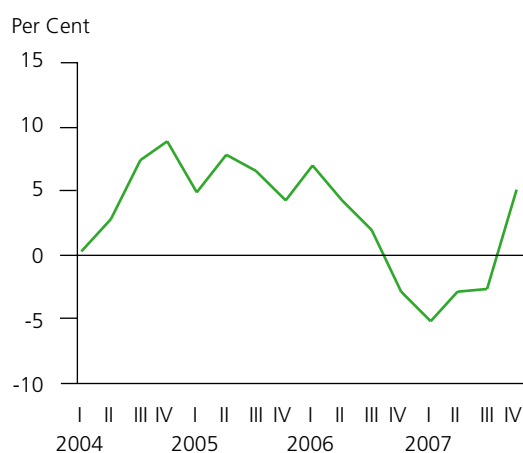
CHANGES IN PRICE INDICES

[Chart 4.3]

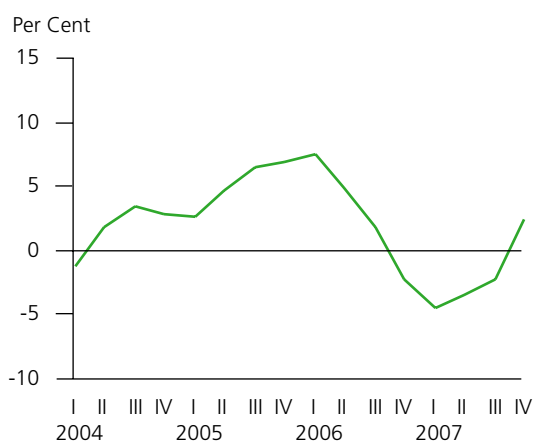
DOMESTIC SUPPLY PRICE INDEX



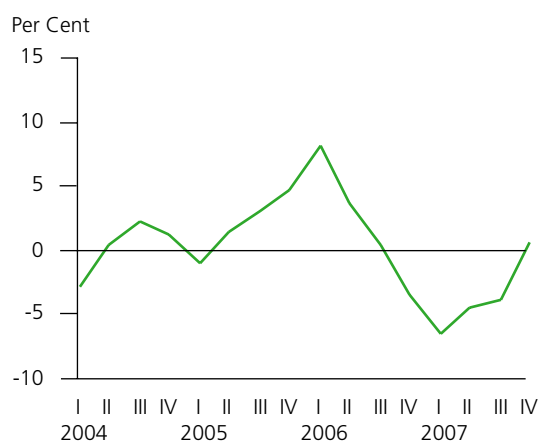
SINGAPORE MANUFACTURED PRODUCTS PRICE INDEX



IMPORT PRICE INDEX



EXPORT PRICE INDEX



GDP DEFLATOR

[Tables 4.2, A1.3 and A1.5]

GDP deflator rose in 2007...

The GDP deflator, the broadest measure of price changes of output in the economy, increased by 5.2 per cent in the fourth quarter. For the whole year, the GDP deflator rose by 4.0 per cent, higher than the 0.6 per cent increase in 2006. Sectors which saw increase in deflators include transport and storage, hotels and restaurants, financial services and business services. Meanwhile, the manufacturing, construction, wholesale and retail and information and communications sectors experienced declines in the deflators.

The private consumption expenditure deflator showed the fastest increase among expenditure deflators, at 5.6 per cent in 2007, compared with a 2.8 per cent increase in the year earlier. Singapore's terms of trade also improved in the year. The deflator for exports fell by 1.4 per cent, less than the 2.0 per cent decrease for imports of goods and services.

CHANGES IN GROSS DOMESTIC PRODUCT DEFLATOR

[TABLE 4.2]

	2004	2005	2006	2007p
	Percentage Change Over Previous Year			
OVERALL GDP DEFLATOR	4.3	0.7	0.6	4.0
Of Expenditure:				
Consumption	0.5	0.4	2.8	4.9
Private	0.0	0.4	2.8	5.6
Public	2.4	0.4	2.7	2.4
Gross Fixed Capital Formation	1.3	0.0	0.5	2.4
Exports Of Goods & Services	1.0	1.9	1.2	-1.4
Imports Of Goods & Services	0.2	2.0	0.7	-2.0
Of Output:				
Goods Producing Industries	8.0	-2.1	-0.5	-3.0
Manufacturing	9.2	-2.7	-1.0	-3.8
Construction	4.7	4.5	1.5	-0.6
Services Producing Industries	3.1	3.3	1.0	4.3
Wholesale & Retail Trade	2.9	9.2	-0.4	-1.9
Transport & Storage	7.6	0.5	-0.4	5.9
Hotels & Restaurants	2.4	3.8	5.7	8.6
Information & Communications	-2.7	1.6	2.4	-1.6
Financial Services	5.3	2.1	-1.3	7.6
Business Services	1.1	3.3	5.3	11.4

Source: Singapore Department of Statistics

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