

# Singapore: April inflation heats up but still slips below expectations

April headline inflation was steady at 5.4% while core inflation heated up to 3.3%



Source: Shutterstock

**3.3%** April core inflation

Lower than expected

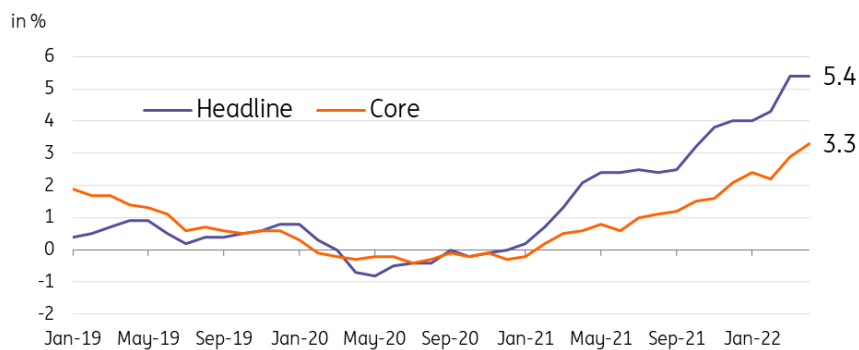
## Price pressures increase in April

Singapore's headline inflation was recorded at 5.4%, flat on the previous month as price pressures remained elevated. Meanwhile core inflation, the price gauge more closely monitored by the Monetary Authority of Singapore (MAS), breached the 3% level to reach 3.3% (from 2.9%).

Supply chain challenges, slowing global trade and elevated commodity prices all filtered through to Singapore inflation readings. Improving demand dynamics may have also contributed to

inflationary pressures, with March retail sales blowing past expectations. With supply chain issues not likely to abate any time soon, we expect price pressures to persist going into the second half of the year.

## Price pressures likely to persist in the near term



Source: Singapore Department of Statistics

## MAS to monitor impact of recent tightening

MAS has offloaded a flurry of tightening since late last year, capped off with a more aggressive adjustment last month. Core inflation was expected to average 3.0-3.5% for the year and thus the pickup of core inflation last April was factored into the preemptive MAS move. Price pressures are expected to remain elevated in the near term, although pressure on MAS to resort to additional tightening may have abated somewhat as actual inflation slipped below market consensus. Nonetheless, we expect MAS to remain watchful of price trends in the near term as they monitor the impact of their recent string of tightening moves.