Singapore's February inflation ticks up more than expected

February inflation rose 3.4% year-on-year in Singapore, partly due to the timing of the Lunar New Year celebration

3.6% YoY core inflation

Higher than expected

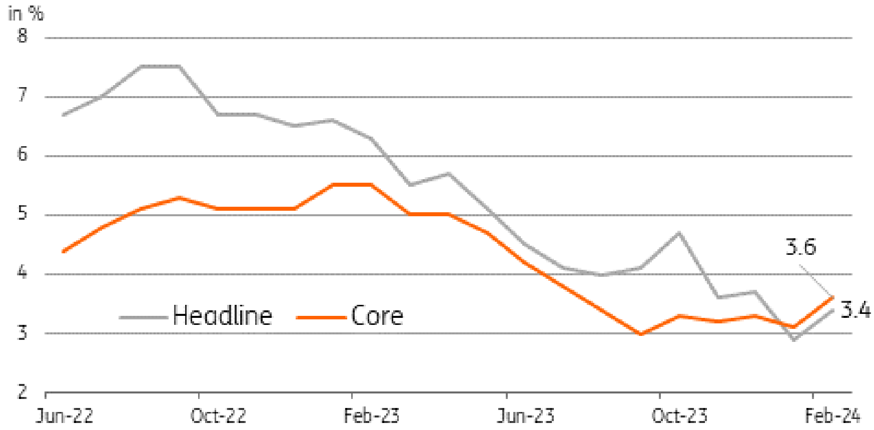
February inflation faster than expected

Inflation quickened to 3.4% year-on-year, outpacing the median estimate of 3.2% YoY and faster than the previous month's 2.9% YoY.

Prices were up 1% from January, with food inflation accelerating by 3.8%. Meanwhile, subsectors such as housing and utilities, household durables and services, and recreation and culture also posted faster inflation in February.

The pickup in inflation can be traced partly to base effects and the timing of the Lunar New Year in 2024.

February inflation ticks higher than expected due to timing of holiday



Source: Singapore Department of Statistics

Inflation to get a boost from the "Swift Effect"

Today's inflation report highlights the need for the Monetary Authority of Singapore (MAS) to maintain its hawkish stance and retain all policy settings in the near term. Core inflation, the MAS' preferred gauge of inflation, accelerated to 3.6% YoY, the fastest pace of expansion reported since July 2023 (3.8% YoY).

Meanwhile, price pressures are expected to intensify in March, with the full impact of the recent Taylor Swift concert series likely to give both headline and core inflation an added boost.

With inflation likely elevated in the near term, we expect the MAS to retain a hawkish hold for at least the first half of the year.

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