

# Singapore: Inflation heats up to 3.2% in October

Higher transport costs helped drive headline inflation well past expectations to 3.2% in October



Source: Shutterstock

**3.2%** October CPI inflation

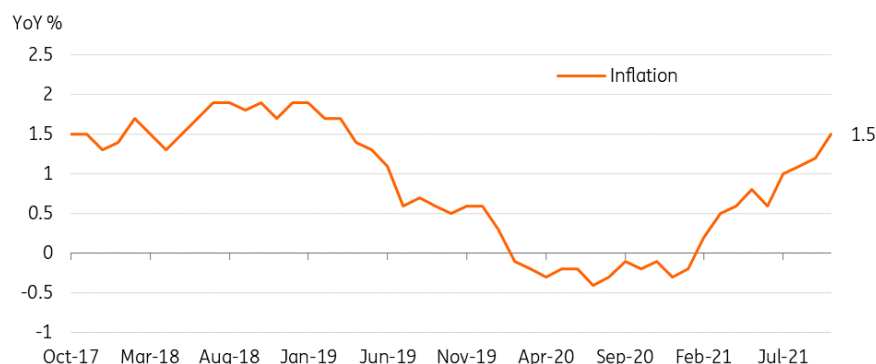
Higher than expected

## October inflation at 3.2%

Price pressures mounted as Singapore's October inflation rate rose to 3.2%, well above market expectations for a 2.5% gain. Transport inflation as well as inflation in recreation and culture helped drive the overall headline CPI inflation number to 3.2%. Core inflation rose to 1.5%. Almost all other sub components of the CPI basket faced higher inflation in October. Supply side bottlenecks may be blamed for the steady pickup in prices but the improving domestic outlook may also have had a hand in fanning inflation higher. With the economy on the mend and

mobility restrictions relaxed, we can expect prices to continue to heat up in the coming months, amidst the ongoing challenges faced by the global supply chain.

## Singapore core inflation sizzles at 1.5%



Source: Monetary Authority Singapore

## MAS on notice, hawkish bias to continue

The Monetary Authority of Singapore (MAS) surprised market participants last month by tightening its stance, citing the threat of rising inflation. The sustained pickup in prices appears to justify the earlier-than-anticipated tightening by MAS and the current trend of rising prices will likely keep MAS on their toes in the near term. We expect MAS to retain their hawkish bias in the coming months and we cannot rule out further tightening in the first half of 2022 should current price dynamics continue.