

Snap | 23 November 2022

SINGAPORE

# Singapore: Inflation surprises on the downside as price pressures ease

Inflation dipped below expectations after global crude oil prices slipped in September



Source: Shutterstock

# 5.1%

Lower than expected

## Core inflation for October

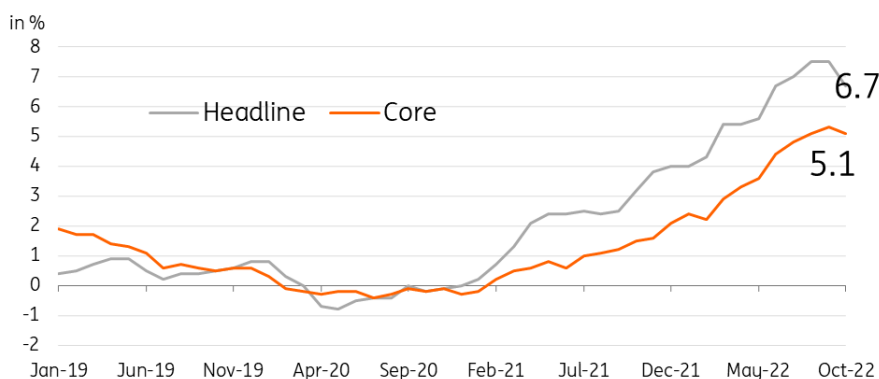
(year-on-year)

## Core inflation dips to 5.1%

Price pressures eased slightly in October with both headline and core inflation slipping below market consensus. Headline inflation dipped to 6.7% YoY, down from 7.5% and much lower than expectations for a 7.0% increase. Core inflation was also lower than consensus, settling at 5.1% YoY from 5.3%. The downside surprise for inflation was traced to slower price gains for utilities and transport, both moderating as global crude oil prices edged lower in September. Slower inflation was also recorded for clothing & footwear and recreation & culture, possibly as

consumers adjust to tighter liquidity conditions and elevated prices. Food inflation, however, was higher at 7.1% YoY compared to the previous month's 6.9%.

### Start of the turn? MAS monitors impact of recent aggressive tightening



Source: Singapore Department of Statistics

### Some breathing room but MAS likely to remain hawkish

Today's lower-than-expected inflation report gives the Monetary Authority of Singapore (MAS) some breathing room after core inflation finally eased after seven months of acceleration. The inflation reading also validates MAS's view that the recent string of aggressive tightening would feed through the economy and lower price pressures over the next few months. Despite the apparent turn in inflation, MAS will likely remain vigilant, maintaining its hawkish tone while monitoring the trajectory of core inflation.

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