

# Singapore's January inflation drops below expectations

Inflation in Singapore fell well below market expectations, settling at 2.9% year-on-year vs a 3.8% forecast



Source: Shutterstock

**2.9%** YoY change in CPI

Lower than expected

## January inflation drops to 2.9%

January inflation came in well below market expectations, registering a 2.9% YoY gain compared to expectations for a jump to 3.8% YoY. Consumer prices actually posted a 0.7% drop from the previous month.

Likewise, core inflation posted a slower pickup of 3.1% YoY compared to expectations for a 3.6% YoY rise.

We had expected the impact of the last round of GST increase to impact prices however the pass-through appears to have been less pronounced. Slower inflation for food and most services helped contribute to the downside surprise.

## MAS still likely in holding pattern despite inflation miss

Despite the downside surprise for January inflation, we believe the Monetary Authority of Singapore (MAS) will likely maintain its stance in the near term. Any adjustments to policy will likely still happen in the latter half of the year once inflation shows signs of convincingly heading back to and remaining close to the MAS inflation target.

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