By Global Markets | 23 February 2026

Singapore

Singapore's January CPI remain broadly mixed

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- Headline CPI rose by 1.4% YoY from 1.2% in December 2025, in line with consensus and our expectations (Consensus and OCBC: 1.4%). In contrast, core inflation eased to 1.0% YoY, down from 1.2% in December 2025.
- We anticipate that 1Q26 headline and core CPI will likely average around 1.4% YoY and 1.2% YoY, respectively. MAS's assessment of inflation risks remains similar to the previous month, with two-sided risks.
- Looking ahead, we expect that MAS will likely remain static at the April MPS to observe a few more months of inflation data before committing to a tightening move down the road.

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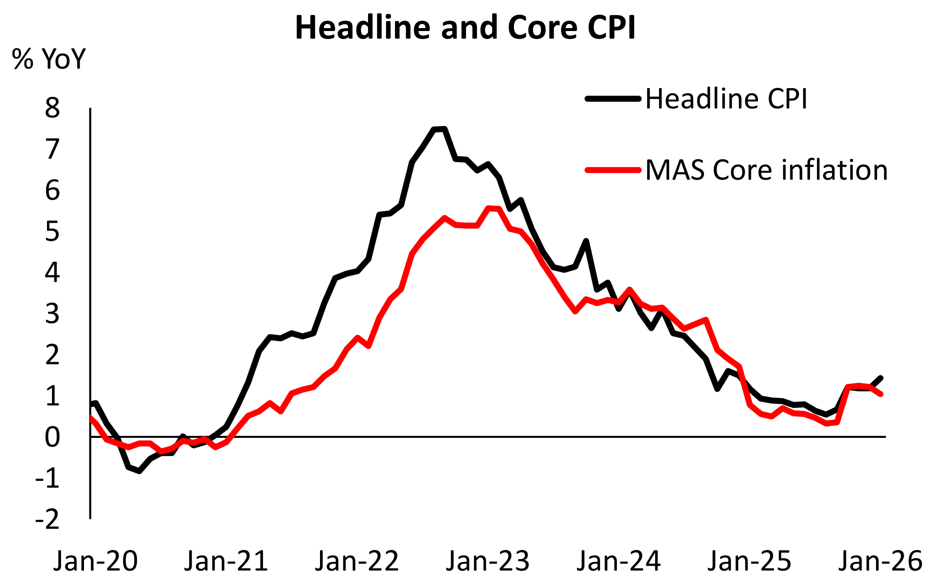
Highlights:

- **Headline CPI was in line with our forecast at 1.4% YoY,** but the dip in core inflation to 1.0% YoY was a surprise which was attributed to an easing in services inflation thanks to a larger decline in airfares and education fees for vocational and higher education costs. The latter is likely welcomed news since it marks a moderation after three straight months of 1.2% YoY increase in 4Q25 after staying subdued below the 1% YoY handle for the first three quarters of last year.

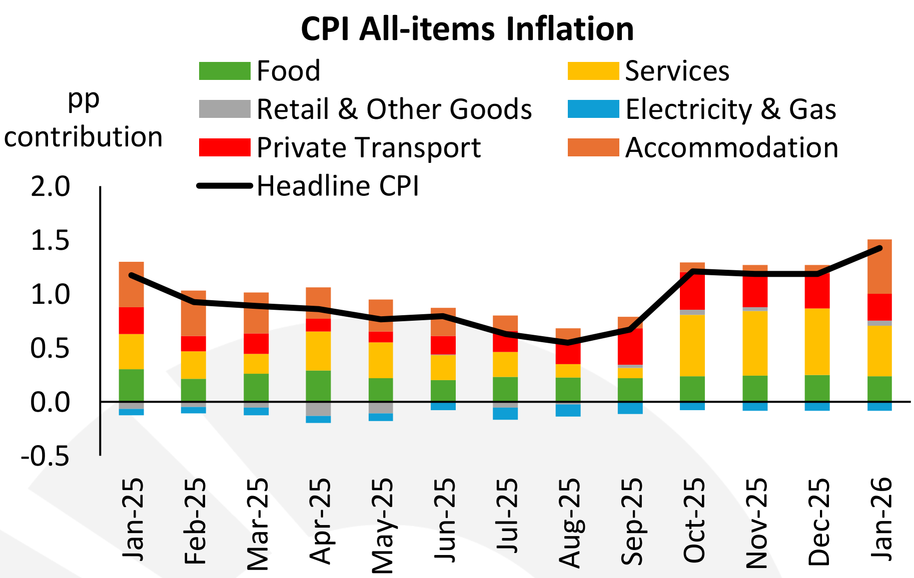
- **For the other key price segments,** accommodation costs actually accelerated from 0.3% YoY in December to 1.9% YoY in January, due to a jump in housing maintenance & repairs (partly due to lower S&CC rebates compared to a year ago for HDB flats), whilst retail & other goods also rose due to higher prices for appliances for personal care, whereas electricity & gas inflation and food inflation were unchanged YoY from December 2025. Note NTUC had frozen prices for all chilled pork, selected seafood and vegetables from 29 January to 3 March for Chinese New Year, as well extended discount schemes for seniors, Pioneer, Merdeka Generation members and CHAS cardholders to help with costs. Meanwhile, private transport inflation eased from 3.7% to 2.7% YoY due to a smaller increase in car prices and a sharper correction in petrol prices.

- **Given that CNY holidays fell in January 2025 but in February 2026, there could be some seasonal effects**. Nevertheless, we anticipate that 1Q26 headline and core CPI will likely average around 1.4% YoY and 1.2% YoY, respectively. The MAS assessment of inflation risks remains similar to the previous month, with two-sided risks. MAS citied a benign external cost environment where imported costs should continue to remain contained. While global crude oil prices have been creeping higher given the geopolitical tensions, especially revolving around Iran of late, but still remain lower than a year ago. Subdued producer prices in Asia, mainly China, should also cap price increases for many imported goods. Domestic cost pressures are the key determinant of the 2026 inflation outlook, given that unit labour costs should edge up due to labour market tightness. The policy intention from Budget FY2026 is clear with announced increases to the Local Qualifying Salary from 1 January 2027 and also the EP and S Pass qualifying salaries from 1 January 2028, which suggests that higher wage costs could continue to ratchet higher from next year. With the reduction in PARF announced in Budget 2026, the COE premiums for the 20 February tender had risen for Category A ($106,501) whereas that for Categories B and E had declined to $105,001 and $112,890 respectively.

- Looking ahead, **we expect that MAS will likely remain static at the April MPS** to observe a few more months of inflation data before committing to a tightening move down the road.



Source: Singstat, MAS, CEIC, OCBC Group Research.



Source: Singstat, CEIC, OCBC Group Research.