

Singapore

23 October 2025

Singapore's headline and core inflation ticked up to 0.7% and 0.4% in September.

Selena Ling
Head of Research and Strategy
lingssselena@ocbc.com

- Headline and core inflation ticked up to 0.7% and 0.4% in September.
- MAS retained its 2025 headline and core CPI forecast at between 0.5-1.0% and ~0.5%
- We tip headline and core CPI to creep higher to 0.6% and 0.5% respectively in 4Q25 to bring full year headline and core CPI to 0.7% and 0.5%.

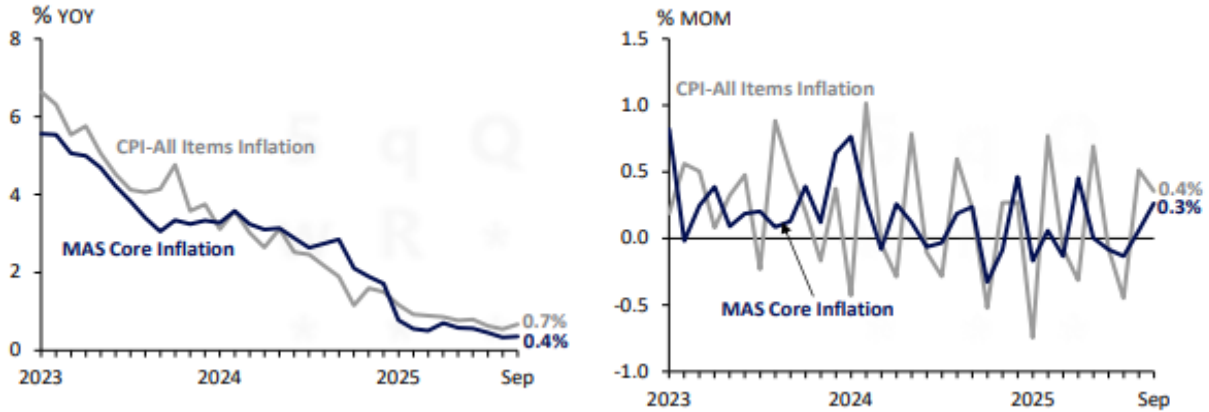
Singapore's September headline and core inflation ticked up to 0.7% and 0.4% respectively, above Bloomberg consensus forecast of 0.6% and 0.2% YoY and also our forecast of 0.6% and 0.3% YoY. Compared to August 2025, headline and core inflation both increased by 0.4% and 0.3% MoM respectively. The key drivers for headline inflation in September were private transportation (3.7% YoY versus 2.4% in August), while accommodation prices remained unchanged (0.4% YoY). For core inflation, higher prices were recorded in retail and other goods (0.3% YoY versus -0.2% in August), driven by a rise in the prices of furniture and appliances for personal care. Food (1.1% YoY) prices remained unchanged while lower prices were registered in electricity & gas (-5.8% YoY versus -5.7% in August) and services (0.3% YoY versus 0.4%).

MAS maintained its core inflation forecast to come in at ~0.5% while headline inflation at between 0.5-1.0% for 2025. MAS noted that imported inflation should continue to decline moderately and expects global crude prices to fall more gradually in 2026. Domestically, unit labour costs for services are likely to rise as productivity growth normalises, while private consumption is likely to remain steady amid a broadly resilient labour market. Looking ahead, the outlook to inflation remains uncertain. MAS noted supply shocks stemming from geopolitical developments could potentially lift imported and shipping costs abruptly. On the other hand, a sharper than-expected weakening in global demand could keep core inflation lower for longer, while a significant decline in global oil prices could also temporarily slow down the pace of price increases. Looking ahead, MAS expects headline and core inflation to average 0.5-1.5% in 2026.

We are looking for headline and core inflation to tick higher into 4Q25 to 0.6% and 0.5% respectively (i.e., likely bottomed). This would bring full year 2025 headline and core CPI to 0.7% and 0.5%, respectively. Base effects did play a part. But prices also rose for transport, healthcare, food, and education, owed mainly to domestic price adjustments. On private transportation, COE prices have rebounded in recent bidding exercises, partially owed to the growing demand for EVs which have driven some of the demand for COEs. In addition, cheaper goods from China may also have a shorter shelf life if China's anti-involution policies are successful. Notably, MAS did flag that core inflation would likely bottom and rise gradually going ahead. Hence, we believe that the MAS is unlikely to shift monetary policy stance for the January 2025 MPC per se.

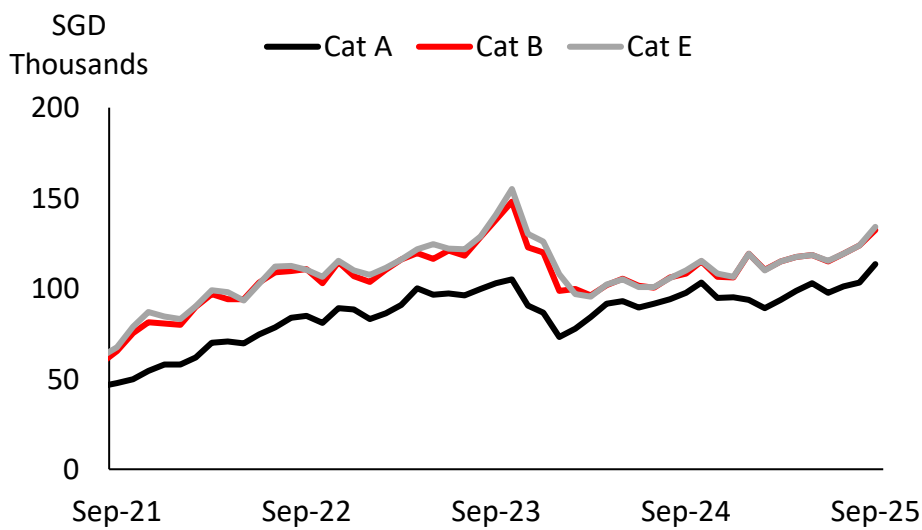
Follow our podcasts by searching 'OCBC Research Insights' on Telegram!

Chart 1: MAS Core and CPI-All Items Inflation



Source: MAS

Average COE Quota Price



Source: LTA, OCBC.

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathannq4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyionq1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Follow our podcasts by searching 'OCBC Research Insights' on Telegram!