

25 November 2025

Global Economics & Market Strategy

Singapore: Revising Full-Year CPI Projection for 2025 and 2026

- ◆ We downgrade our 2025 full-year headline and core inflation to 1.0% and 0.7%, respectively. For 2026, we expect the price pressures to edge higher to 1.5% YoY (headline) and 1.5% YoY (core).
- ◆ We hold our base case that the Monetary Authority of Singapore (MAS) will maintain its current policy parameters throughout 2026.
- ◆ Singapore’s headline CPI rose to 1.2% YoY in October (0.7% YoY growth in September), beating RHB’s projection of 1.0% YoY and Bloomberg’s estimates of 0.9% YoY. The core inflation jumped to 1.2% YoY versus 0.4% YoY in September.

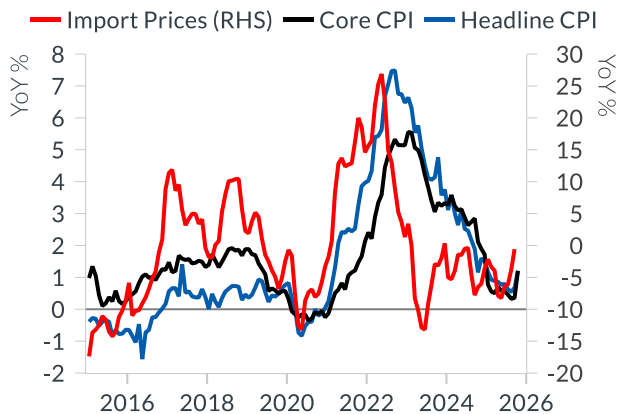
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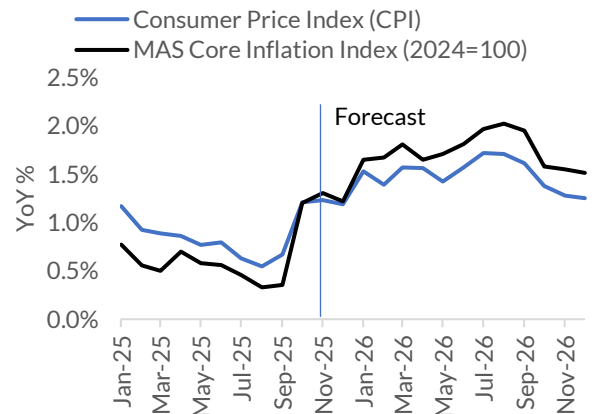
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Figure 1: Headline and core prices continue to rise from the September print...



Source: Macrobond, RHB Economics & Market Strategy

Figure 2: ... while 2026 may likely see inflation acceleration on the back of low base effects



Source: Macrobond, RHB Economics & Market Strategy

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Core Inflation Slated to Rise into 2H26

We downgrade our 2025 full-year headline and core inflation to 1.0% and 0.7%, respectively. For 2026, we expect the price pressures to edge higher to 1.5% YoY (headline) and 1.5% YoY (core). Our autoregression model suggests that Singapore's price pressures will pick up to around 1.4% YoY in 4Q25. The downgrade to our inflation forecasts reflects the slower-than-expected YTD outturn for both headline and core prices, rather than a weakening in underlying inflation dynamics. While prices have risen more moderately than anticipated, this does not imply easing pressure—our view that inflation will firm in the coming months remains intact. We expect inflation to continue rising into 1H26, supported by resilient domestic demand and stable external conditions. For 2026, both headline and core inflation are projected to reach about 1.5% YoY, aligning with MAS's official forecast range of 0.5% to 1.5%.

We draw three key observations from October's inflation print:

- Higher private transportation costs largely drive the rise in headline inflation.** Private transportation inflation increased to 3.8% YoY in October, up from 3.7% YoY in September, primarily due to rising car prices. Strong COE bidding, supported by resilient household incomes and a steady labour market, highlights robust underlying domestic demand. The continued willingness of households to purchase vehicles despite higher costs reinforces expectations of sustained domestic consumption and ongoing demand-driven inflationary pressures.
- Ongoing improving demand-led conditions should continue, suggesting that the headline inflation will pick up, averaging at 1.5% YoY into the last two months of the year.** Higher price increases in services, food, and retail have boosted overall inflation. Notably, services inflation picked up (1.8% YoY vs 0.3% YoY) due to faster increases in health insurance costs, healthcare services costs, and holiday expenses. This can be seen as the inflation in recreation & culture jumped to 1.1% YoY vs (-2.2% YoY in September) and retail continue to rise at 0.4% YoY from a 0.3% YoY in the previous month. The rebound in recreation and retail inflation reflects sustained tourism arrivals. Tourism arrivals in October rose to 1.38 million, up from 1.25 million in September, supporting the overall retail climate in Singapore. According to the [Singapore Tourism Board](#), tourist spending per visitor rose 24.4% from 2019 to 2024, driven by strong growth in accommodation, sightseeing, and entertainment, largely supported by a packed calendar of international events in 2024. Looking ahead, the strong festive and year-end demand, coupled with higher tourist arrivals, might boost spending in retail, F&B, accommodation, and entertainment. Higher hotel occupancy rates and increased consumption in tourism-related sectors are expected to contribute to rising services inflation in Singapore.
- Lower energy prices led to lower housing & utilities-related price pressures.** On a MoM basis, the housing & utilities component has declined by 1.5% from a flat 0.0% print in October. On a YoY basis, electricity & gas prices decreased by 4.0% due to a decline in electricity prices. The decline was partly attributable to tariff reductions implemented for the July to September period, reflecting the pass-through of lower global energy costs. This suggests that the continuous decrease in electricity & gas prices reflects the slowdown in international crude oil prices.

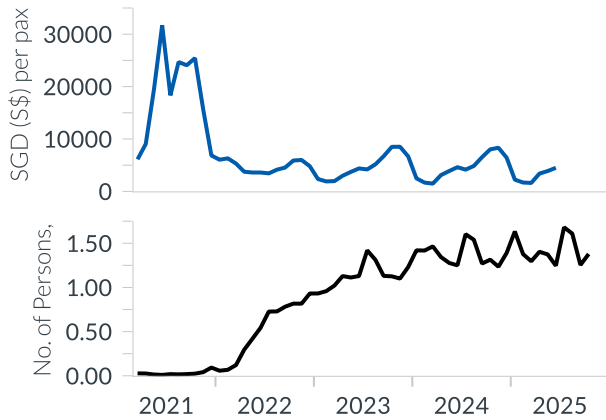
Looking into 2026, we see further upside bias to inflation risks, supported by (1) a positive economic outlook for Singapore, underpinned by healthy domestic and external conditions, and (2) low base effects from 2025. Demand-led conditions will play a role in determining inflationary pressures - Singapore's [3Q25 GDP print](#) reinforces our view that growth will remain resilient into 4Q25 and 2026. We have upgraded the 2025 full-year GDP forecast to 4.0% from 3.0%, with year-to-date expansion at 4.3%, extending the resilience observed in 1H25. External demand is expected to remain steady, supported by robust manufacturing and outward-oriented services. Private consumption is projected to rise to around 4.5% YoY in 4Q25, up from 3.6% YoY in 3Q25, suggesting that the current inflation uptick continues to reflect strong domestic momentum.

We hold our base case that the Monetary Authority of Singapore (MAS) will maintain its current policy parameters throughout 2026. Our model suggests that Singapore's core inflation will head towards 2.0% as early as July 2026, suggesting that any policy accommodation will not be in line with maintaining price stability. We interpret MAS's decision in October to maintain its current policy stance as keeping the S\$NEER on a +0.5% appreciation slope within a $\pm 2.0\%$ band. These estimates suggest that MAS is likely to keep its policy parameters unchanged, as there is little impetus for adjustment amid a relatively strong growth outlook and rising core CPI through 2026. Hence, our base case remains that MAS keep policy parameters unchanged at the next policy meeting in January 2026.

Singapore's headline CPI rose to 1.2% YoY in October (0.7% YoY growth in September), beating RHB's projection of 1.0% YoY and Bloomberg's estimates of 0.9% YoY. Core inflation jumped to 1.2% YoY from 0.4% YoY in September. CPI-all items inflation rose on account of higher inflation in services, food, retail & other goods and private transport, as well as a smaller decline in electricity & gas prices. Services inflation picked up by 1.8% YoY vs 0.3% YoY, while retail & other goods inflation ticked up (0.4% YoY vs 0.3% YoY) on account of a rise in the prices of clothing & footwear and personal effects. Food inflation edged higher (1.2% YoY vs 1.1% YoY) on the back of a faster increase in non-cooked food prices. In contrast, electricity & gas prices fell by 4.0% YoY compared to -5.8% YoY growth because of a smaller decline in electricity prices. Accommodation inflation moderated by 0.3% YoY (vs 0.4% YoY in September) due to a slower pace of increase in housing rents. On a seasonally adjusted month-on-month (MoM) basis, CPI stayed flat at 0.0%, moderating from a 0.4% rise in September. Accounting for the latest data, Singapore's headline and core CPI have averaged 0.8% and 0.6% year-to-date, respectively.

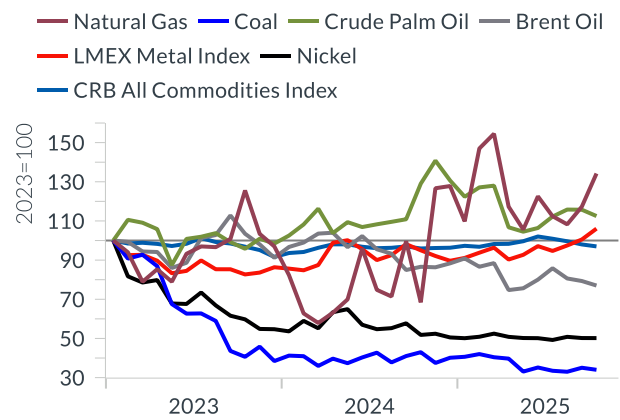
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Figure 3: Singapore's tourism arrivals have picked up, including tourist expenditure per pax



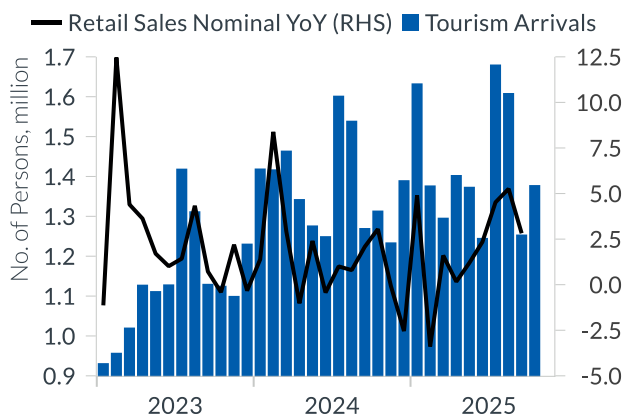
Source: Macrobond, RHB Economics & Market Strategy

Figure 4: Commodity prices remain soft; most are below 2023's handle



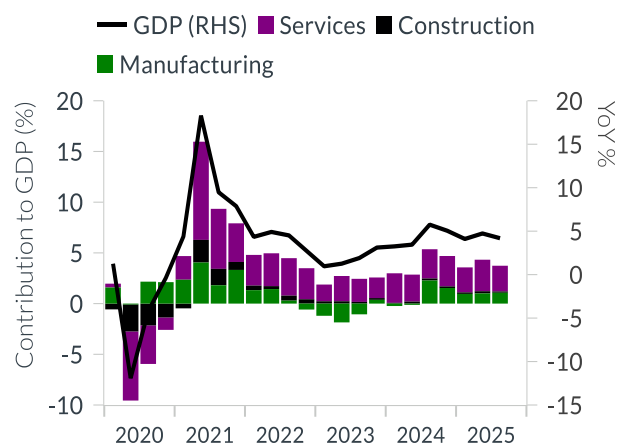
Source: Macrobond, RHB Economics & Market Strategy

Figure 5: Increase in tourism arrivals in the year might further support the retail climate



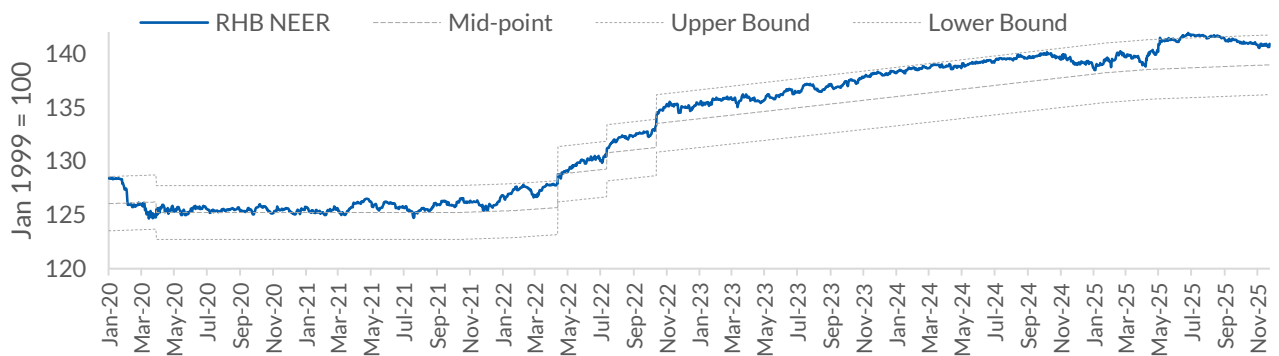
Source: Macrobond, RHB Economics & Market Strategy

Figure 6: GDP growth expected to be resilient into 2026, supported by steady external and domestic demand



Source: Macrobond, RHB Economics & Market Strategy

Figure 7: S\$NEER is at 1.34% above the midpoint, SGD to stay resilient given the current monetary policy



Source: RHB Economics & Market Strategy

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