

24 March 2025

Global Economics & Market Strategy

Singapore: Revising Our Inflation Outlook in 2025

- ◆ We revise Singapore’s full-year headline and core inflation to 1.6% (from 2.3%) and 1.1% (1.8%), respectively in 2025.
- ◆ Given the resilient economic outlook and moderate inflationary pressures, the Monetary Authority of Singapore (MAS) is expected to maintain its current policy settings in its MPC meeting in April.
- ◆ February’s CPI eased to 0.9% YoY, from 1.2% YoY in January, slightly lower than RHB’s and Bloomberg’s estimations of 1.0% YoY. The core inflation edged lower to 0.6% YoY versus 0.8% in January.

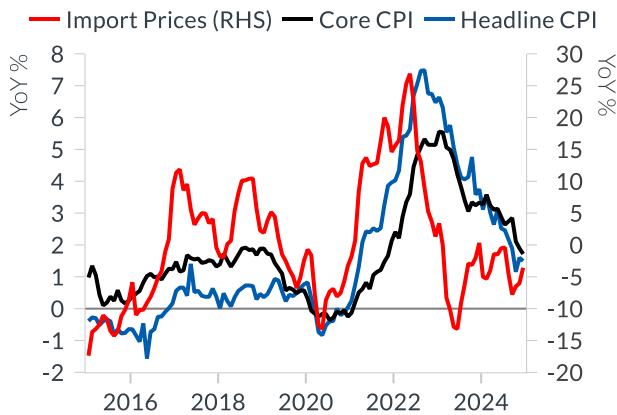
Acting Group Chief Economist & Head, Market Research

Barnabas Gan  
+65 6320 0804  
[barnabas.gan@rhbgroup.com](mailto:barnabas.gan@rhbgroup.com)

Associate Research Analyst

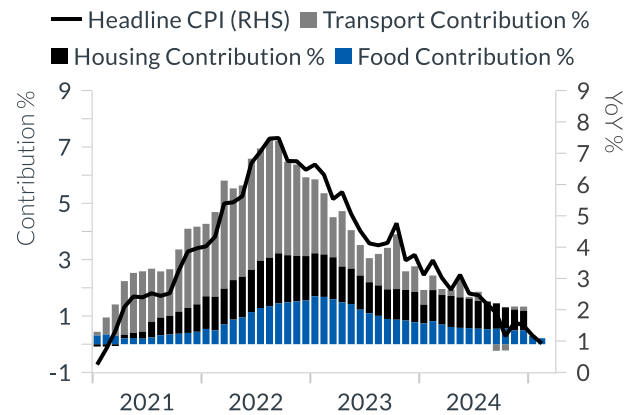
Laalitha Raveenthara  
+603 9280 2165  
[laalitha.raveenthara@rhbgroup.com](mailto:laalitha.raveenthara@rhbgroup.com)

Figure 1: Headline and core CPI edged lower-than-expected in February...



Source: Macrobond, RHB Economics & Market Strategy

Figure 2: ... dragged by an overall slowdown in all broad CPI categories



Source: Macrobond, RHB Economics & Market Strategy

24 March 2025

## MAS to Maintain its Stance on Manageable Inflation Pressures

We revise Singapore's full-year headline and core inflation to 1.6% (from 2.3%) and 1.1% (from 1.8%), respectively in 2025. Singapore's price pressures are expected to remain subdued this year, driven by softening global commodity prices and domestic demand pressures. Based on the average 0.2% month-on-month growth observed from 2011 to 2015, our autoregression (AR) model projects headline inflation to grow more slowly, at 1.6% year-on-year, in 2025. Our revised inflation forecasts are in line with the official estimates whereby the MAS projected core CPI to average between 1.0% - 2.0% and headline CPI to average between 1.5% - 2.5% for the year ahead.

The key reasons for the downgrade of our inflation forecast include: (1) slower-than-expected inflation print on a year-to-date basis, and (2) slowdown in the global commodity prices, which expected to drag the overall price movements in Singapore.

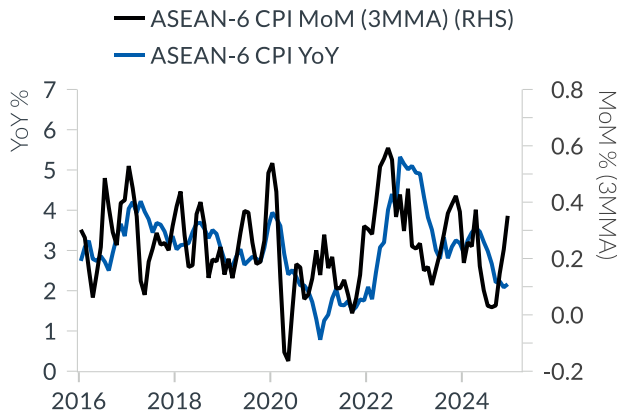
1. Slower-than-expected price pressured YTD. ASEAN price pressures are expected to be tame into this year, whereby we have recently [revised](#) full-year inflation lower for Indonesia and Malaysia's price pressures expected to [remain](#) mild throughout this year. Today's lower-than-expected headline CPI has reflected a moderation in private transport inflation, in addition to the fall in core inflation. Overall, Singapore's year-to-date headline and core CPI are up by merely 1.05% and 0.70%, respectively for the first two months in 2025.
2. Recent slow-down in the global commodity prices especially in key commodities such as food, energy and base metal are expected to drag the overall price pressures in Singapore. Inflationary pressures across regional economies are expected to stay muted in 2025, primarily driven by soft global commodity prices. Our base-case scenario forecasts lower energy prices for the year, with Trump's efforts to increase oil production potentially balancing out any upward risks from global demand, particularly given the backdrop of lower global interest rates. In terms of inflation, we anticipate moderate supply chain disruptions confined mainly to the US. Slowing US-driven external demand, due to tariffs, will help limit commodity price increase and keep inflationary pressures subdued throughout ASEAN. One key takeaway from today's CPI report is that, on a month-on-month basis, food prices (0.0% MoM) and transport prices (-0.8% MoM) remain subdued, continuing their decline from the previous month. This indicates that the softer inflation in Singapore is primarily driven by cost-push factors rather than demand-pull pressures.

Given the resilient economic outlook and moderate inflationary pressures, the Monetary Authority of Singapore (MAS) is expected to maintain its current policy settings in its MPC meeting in April. We anticipate MAS will likely to keep its policy parameters unchanged this year, with the balance of risk to further ease in 2H25. We maintain our base-case view, which anticipates easing inflation pressures driven by lower commodity prices and reduced geopolitical tensions. As per latest [MAS statement](#), Singapore's imported inflation is expected to stay moderate, supported by favourable supply outlooks for key food commodities and a predicted decline in global oil prices. Moreover, the officials cited that while rising trade tensions could drive inflation in some economies, their impact on Singapore's import prices will likely be counterbalanced by the disinflationary effects of weaker global demand. However, if global prices rise in the second half of 2025, expectations for declining global rates could diminish, potentially prompting renewed monetary tightening to ensure price stability. Given the increased external uncertainties, we believe a wait-and-see approach is necessary before adjusting policy parameters. Therefore, in line with MAS's current policy stance, we perceive the S\$NEER's gradient at +1.0% with a +/-2.0% band.

February's CPI eased to 0.9% YoY, from 1.2% YoY in January, slightly lower than RHB's and Bloomberg's estimations of 1.0% YoY. The core inflation edged lower to 0.6% YoY versus 0.8% in January. CPI-All Items inflation eased on the back of lower inflation across most major categories of the CPI basket. Private transport costs rose at a slower pace (1.6% YoY vs 2.8% YoY in January) due to smaller increases in car and petrol prices. Food inflation moderated (1.0% YoY vs 1.5% YoY in January) as the pace of increase in the prices of non-cooked food and prepared meals slowed. Meanwhile, electricity & gas prices fell more steeply (-3.1% YoY vs -2.9% YoY) on account of a larger drop in electricity prices and a decline in gas prices. Accommodation inflation was unchanged at 1.6% YoY as smaller increases in housing rents were offset by larger increases in housing maintenance & repair costs. Services inflation eased to 0.8% YoY (1.0% YoY in January), largely due to lower airfares and a steeper decline in holiday expenses. On a momentum basis, CPI rose 0.8% last month, rebounding from a 0.7% MoM fall in January.

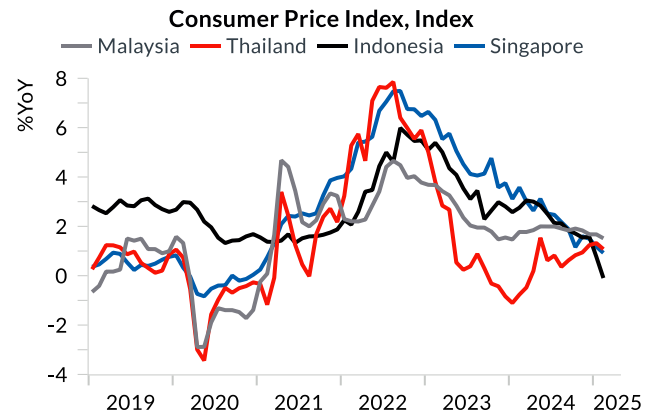
24 March 2025

**Figure 3: ASEAN-6 GDP-Weighted CPI momentum is gradually climbing, YoY rates still soft...**



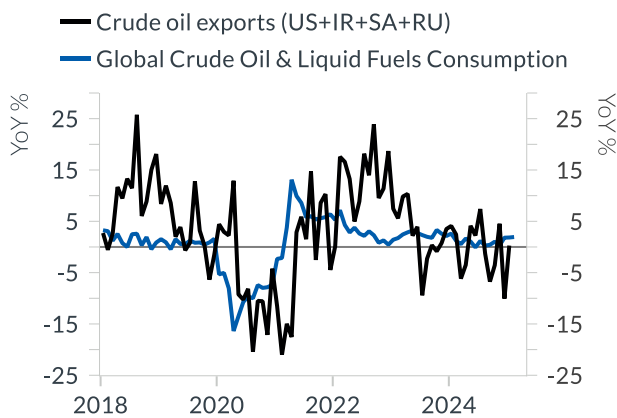
Source: Macrobond, RHB Economics & Market Strategy

**Figure 4: Inflation remain moderate across ASEAN, driven by lower volatile prices**



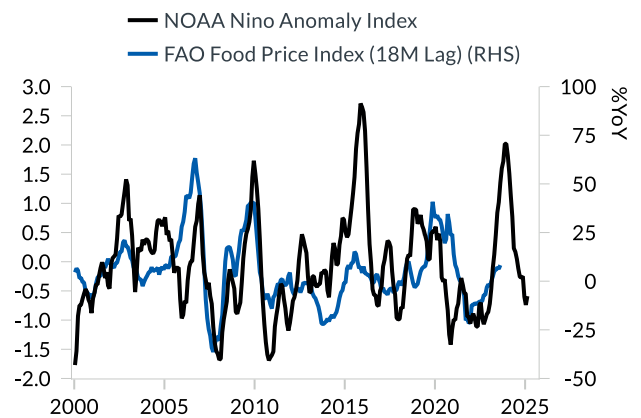
Source: Macrobond, RHB Economics & Market Strategy

**Figure 5: Global oil supplies growth is flat; key oil producers reacting to soft prices...**



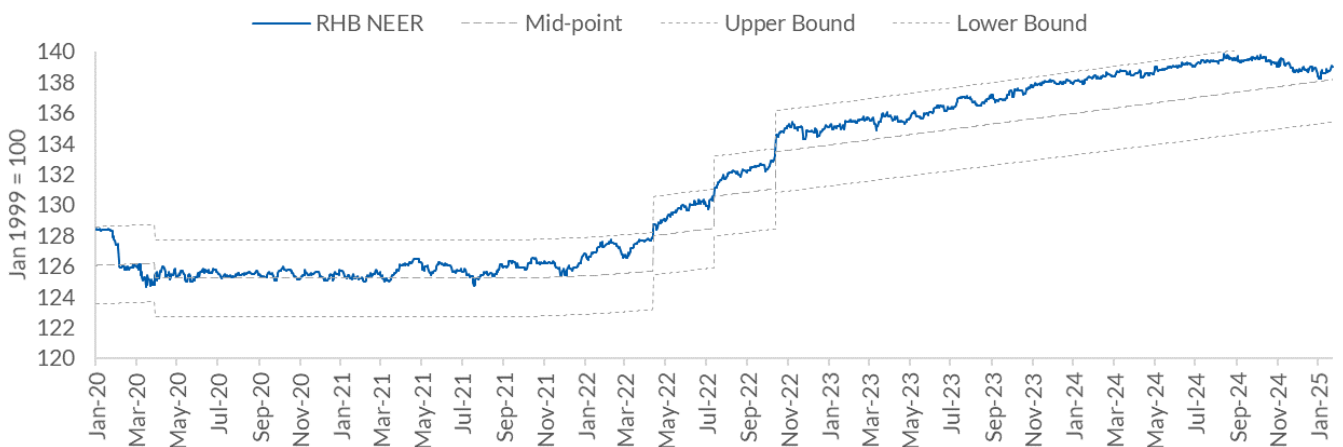
Source: Macrobond, RHB Economics & Market Strategy

**Figure 6: Weather conditions are back to normal, with food prices likely to see limited upside bias into 2025**



Source: Macrobond, RHB Economics & Market Strategy

**Figure 7: S\$NEER is at +0.62% above the mid-point. The policy is appropriate to ensure medium-term price stability.**



Source: RHB Economics & Market Strategy

24 March 2025

### Disclaimer Economics and Market Strategy

This report is prepared for information purposes only by the Economics and Market Strategy division within RHB Bank Berhad and/or its subsidiaries, related companies and affiliates, as applicable ("RHB").

All research is based on material compiled from data considered to be reliable at the time of writing, but RHB does not make any representation or warranty, express or implied, as to its accuracy, completeness or correctness.

Neither this report, nor any opinion expressed herein, should be construed as an offer to sell or a solicitation of an offer to acquire any securities or financial instruments mentioned herein. RHB (including its officers, directors, associates, connected parties, and/or employees) accepts no liability whatsoever for any direct or consequential loss arising from the use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without prior consent of RHB and RHB (including its officers, directors, associates, connected parties, and/or employees) accepts no liability whatsoever for the actions of third parties in this respect.

Recipients are reminded that the financial circumstances surrounding any company or any market covered in the reports may change since the time of their publication. The contents of this report are also subject to change without any notification.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

RHB (including its respective directors, associates, connected parties and/or employees) may own or have positions in securities or financial instruments of the company(ies) covered in this research report or any securities or financial instruments related thereto, and may from time to time add to, or dispose off, or may be materially interested in any such securities or financial instruments. Further, RHB does and seeks to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities or financial instruments of such company(ies), may sell them or buy them from customers on a principal basis and may also perform or seek to perform significant banking, advisory or underwriting services for or relating to such company(ies), as well as solicit such banking, advisory or other services from any entity mentioned in this research report.

RHB (including its respective directors, associates, connected parties and/or employees) do not accept any liability, be it directly, indirectly or consequential losses, loss of profits or damages that may arise from any reliance based on this report or further communication given in relation to this report, including where such losses, loss of profits or damages are alleged to have arisen due to the contents of such report or communication being perceived as defamatory in nature.



#### KUALA LUMPUR

**RHB Investment Bank Bhd**  
Level 3A, Tower One, RHB Centre  
Jalan Tun Razak  
Kuala Lumpur 50400  
Malaysia  
Tel : +603 9280 8888  
Fax : +603 9200 2216

#### JAKARTA

**PT RHB Sekuritas Indonesia**  
Revenue Tower, 11th Floor, District 8 - SCBD  
Jl. Jendral Sudirman Kav 52-53  
Jakarta 12190  
Indonesia  
Tel : +6221 509 39 888  
Fax : +6221 509 39 777

#### SINGAPORE

**RHB Bank Berhad (Singapore branch)**  
90 Cecil Street  
#04-00 RHB Bank Building  
Singapore 069531