(BN) Singapore Says Price Pressures More Persistent Than Expecte d (1)

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Singapore Says Price Pressures More Persistent Than Expected (1)
2012-03-23 06:27:28.904 GMT

(Updates with economist's comments in fourth paragraph.)

By Shamim Adam and Sarina Yoo

March 23 (Bloomberg) -- Singapore said inflationary pressures are more persistent than policy makers had expected and consumer price gains will remain elevated in the next few months even after slowing in February.

The consumer price index rose 4.6 percent last month from a year earlier, after climbing 4.8 percent in January, the Department of Statistics said in a statement today. That compares with a 4.9 percent median estimate of 17 economists surveyed by Bloomberg News. The core inflation rate was 3 percent in February.

Climbing crude prices, rising housing rents, more expensive private transportation and unemployment at a 14-year low may sustain price pressures even as growth slows, complicating policy for the Monetary Authority of Singapore. The central bank, which uses the exchange rate as a tool to manage inflation, usually reviews its stance in April and October.

"Transport inflation is likely to rebound and keep headline inflation high in coming months," said Kun Lung Wu, a Singapore-based economist at Credit Suisse Group AG. "The government might need to revise up its inflation forecast later this year. We expect the Singapore dollar to remain on an appreciation trend."

The Singapore dollar traded at S$1.2637 against its U.S.
counterpart at 1:45 p.m. local time, from S$1.2621 earlier today.

'More Persistent'

The Monetary Authority's measure of core inflation, which excludes accommodation and private transportation costs, may be about 3 percent in the next few months, the central bank and trade ministry said in a monthly statement on price trends today.

"The slight decline in February's CPI was due to the seasonal fall in the costs of non-cooked food and holiday travel and temporary drop" in car permit premiums, the two agencies said. "However, inflationary pressures since late last year have been more persistent than expected."

Prices fell 0.3 percent last month from January, today's report showed.

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