

Snap | 24 August 2026

SINGAPORE

Singapore inflation surprises lower, but upside risks keep MAS on tightening watch

Singapore inflation picked up in July but remained below expectations. With further utility tariff increases ahead, elevated oil prices, and potential weather-related effects on food prices, upside inflation risks remain intact, keeping the October Monetary Authority of Singapore meeting live for another modest policy tightening



We believe risks to the inflation outlook in Singapore remain skewed to the upside

Inflation picks up, but remains driven by energy-related costs

Singapore's CPI inflation edged up to 2.2% YoY in July from 1.9% in June but came in below market expectations of 2.4%. Core inflation accelerated more sharply, rising to 2.0% YoY from 1.6%, though it also undershot the consensus forecast of 2.2%. Despite the firmer year-on-year readings, underlying price momentum softened, with headline CPI declining 0.2% MoM.

The increase in headline inflation was driven largely by housing and utilities, where inflation accelerated to 1.3% YoY from 0.3% previously. Within this category, electricity prices rose 9% YoY while gas prices increased 6% YoY, reflecting the pass-through of higher energy costs. The

pickup in core inflation also suggests that elevated oil prices continue to feed through to a broader range of items, particularly food and airfares. Meanwhile, accommodation inflation rose to 0.8% YoY from 0.6%, reflecting higher rents and maintenance fees.

Upside inflation risks keep October MAS meeting live

Looking ahead, we believe risks to the inflation outlook remain skewed to the upside and expect core inflation to accelerate further in the coming months. First, ongoing uncertainty surrounding the US-Iran conflict is likely to keep global energy prices elevated, raising the risk of further pass-through into domestic goods and services prices. In addition, households in Singapore are facing a 17% increase in electricity tariffs between July and September, while town gas tariffs have risen by 7.1%. While part of this adjustment has already been reflected in July's data, the remaining pass-through is likely to support inflation over the next few months.

Second, the growing risk of El Niño could push up imported food costs, adding to inflationary pressures given Singapore's heavy reliance on food imports. Third, Singapore continues to benefit from robust AI-related investment and data centre activity, which could sustain domestic demand and contribute to upward pressure on services inflation.

In July, the MAS surprised markets by increasing the slope of the SGD NEER policy band "very slightly", signalling greater concern about inflation risks than investors had anticipated. While July's inflation data undershot consensus expectations, the continued acceleration in both headline and core inflation, coupled with persistent upside risks from energy, food and domestic demand, suggests the MAS may not be done tightening. As such, we believe the October policy meeting remains live and cannot rule out further modest policy tightening.

Author

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

THINK economic and financial analysis

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.