

MONETARY AUTHORITY OF SINGAPORE

MACROECONOMIC REVIEW



ECONOMIC POLICY GROUP

OCTOBER 2020/ VOLUME XIX/ ISSUE 2



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Special Features

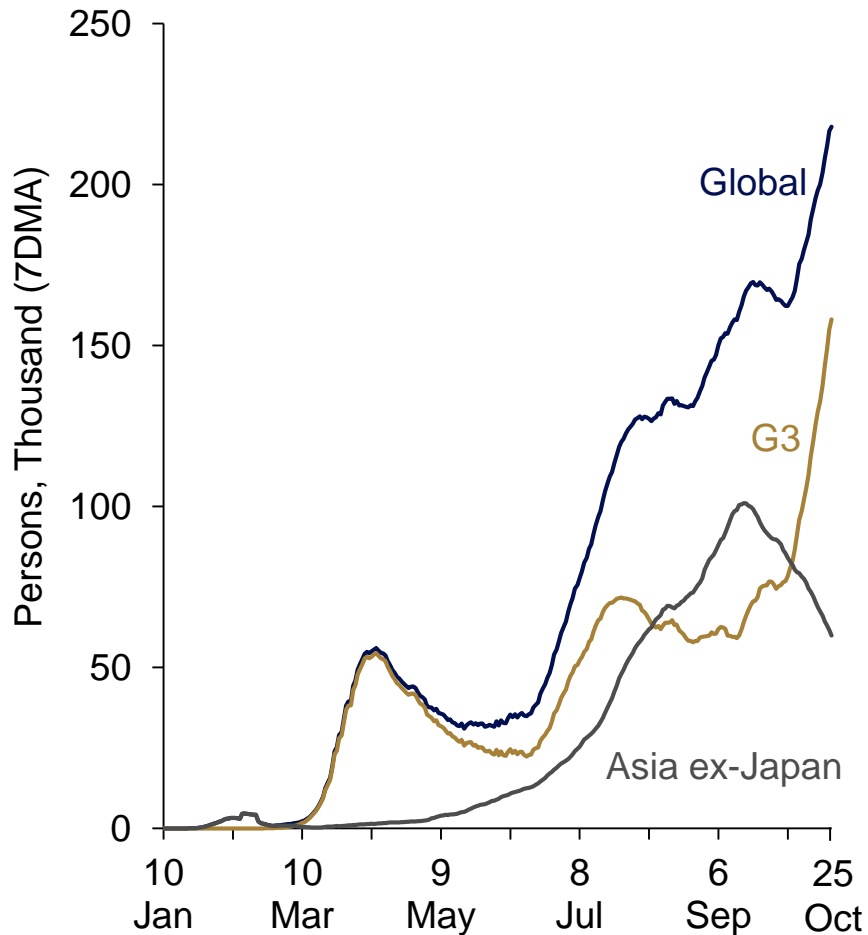


International Economy

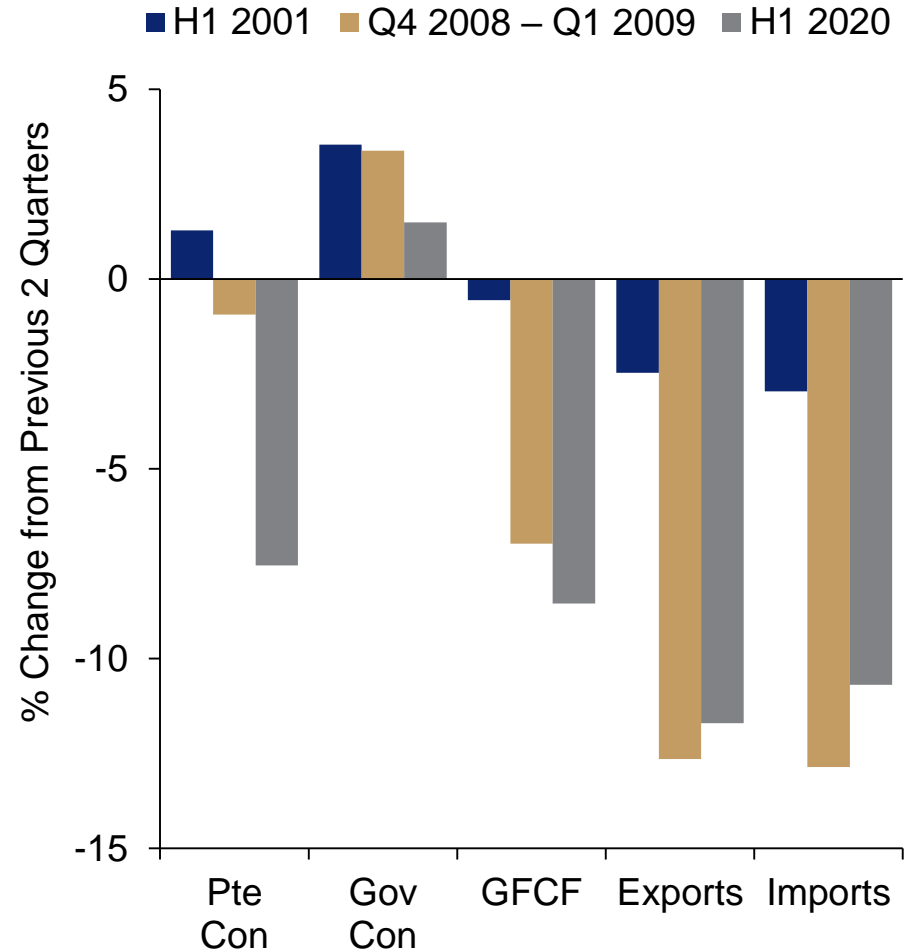
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The COVID-19 pandemic has triggered a deep global recession.

New COVID-19 Infections

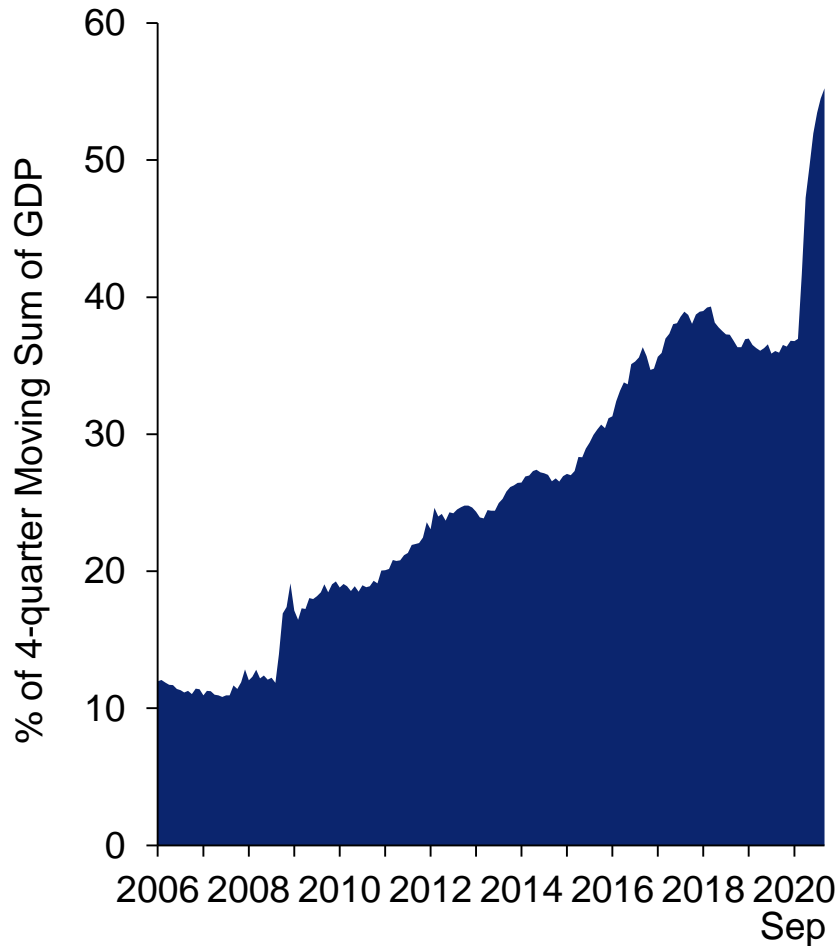


Global GDP Growth by Expenditure (NODX-weighted)

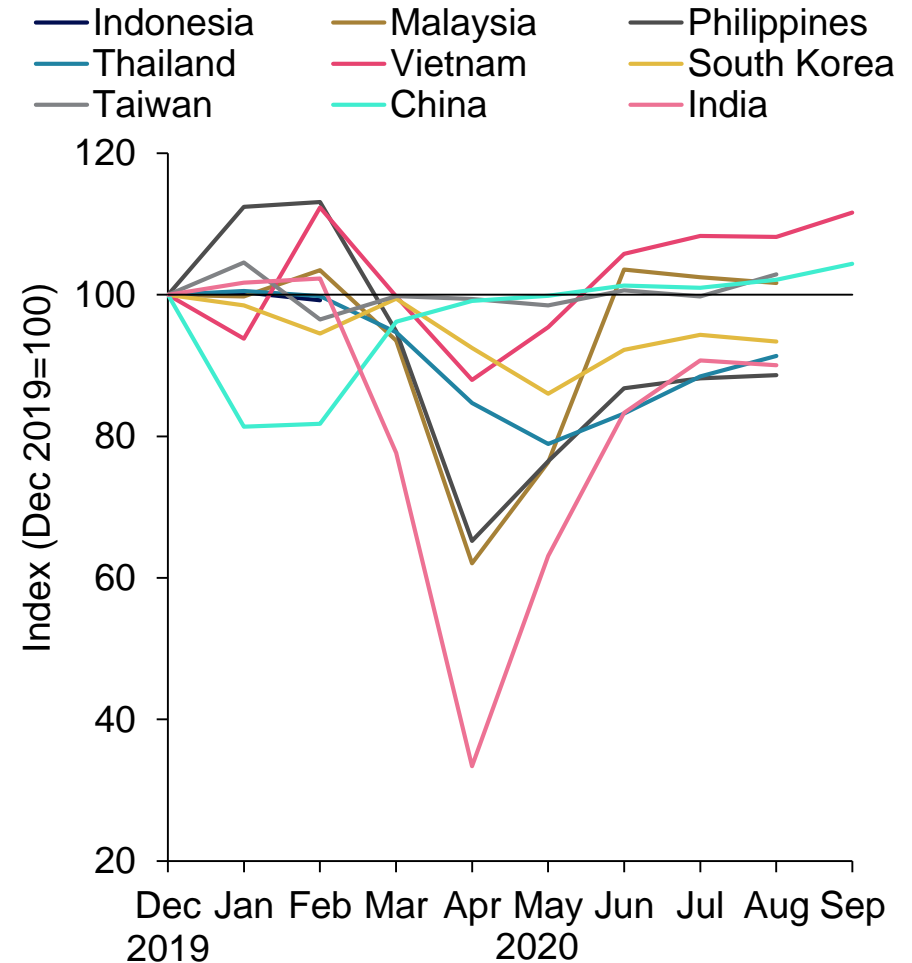


G3 rebound supported by substantial policy easing, while Asia ex-Japan has seen some early manufacturing recovery.

G3 Central Banks Balance Sheets

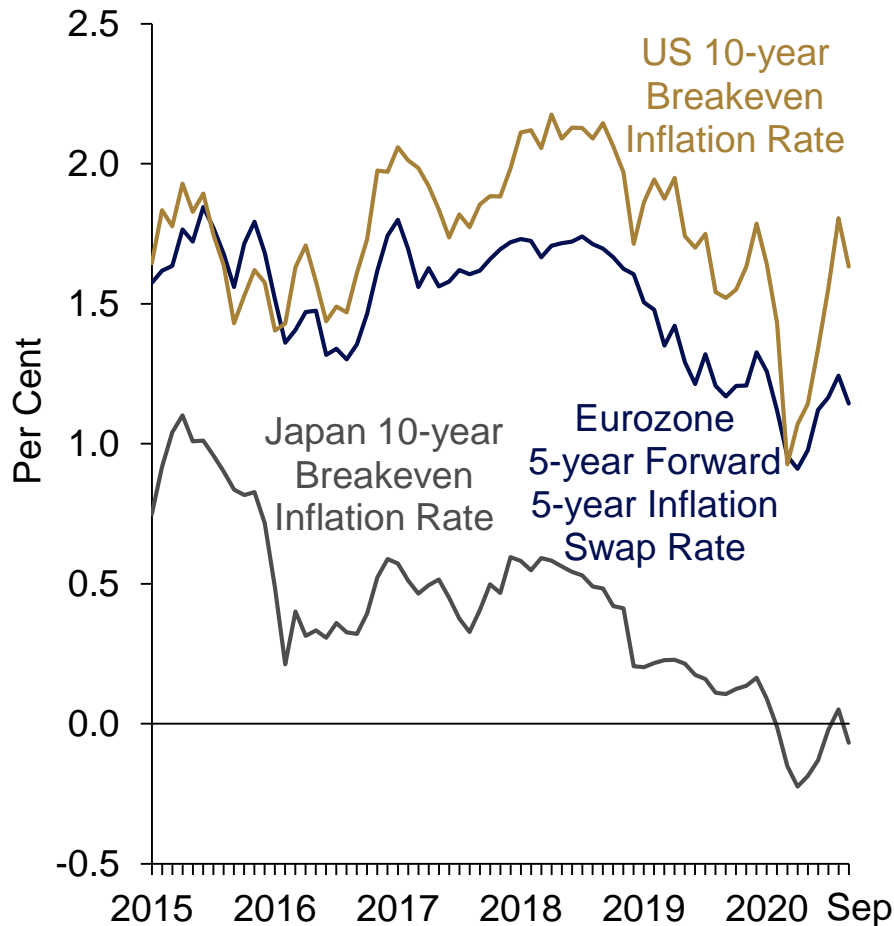


Asia ex-Japan Industrial Production

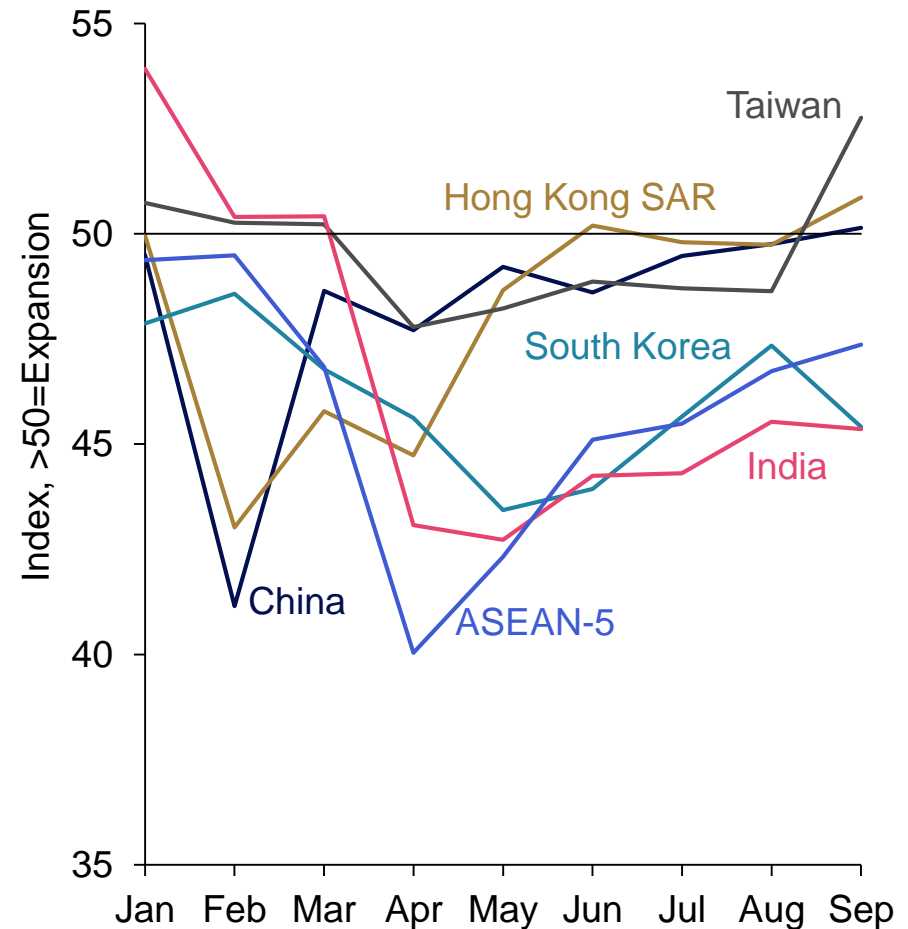


Persistent negative output gaps will weigh on global inflation.

G3 Inflation Expectations



Asia ex-Japan Employment PMI



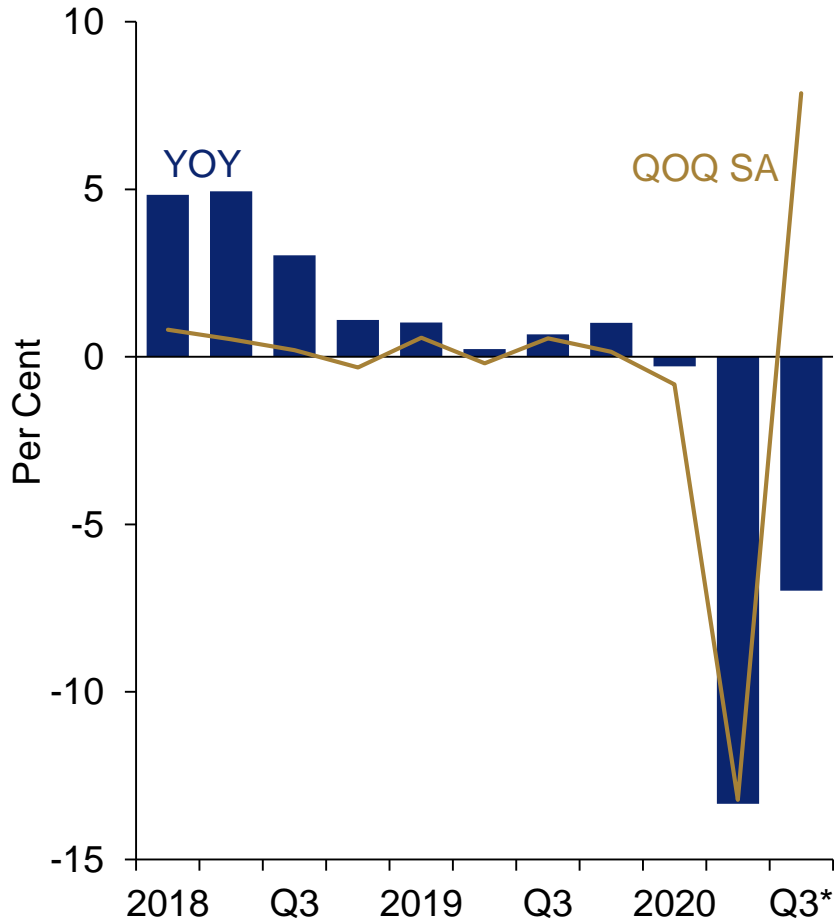


Domestic Economy

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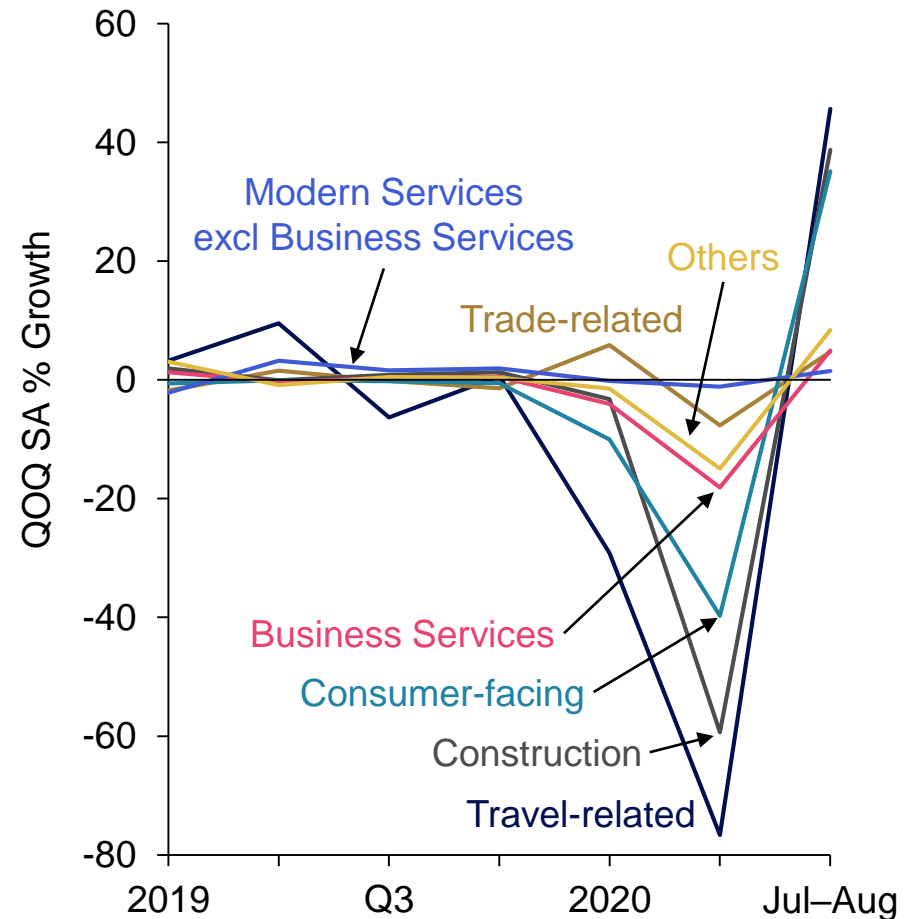
The Singapore economy turned around in Q3 after an unprecedented decline in Q2.

Singapore's GDP Growth



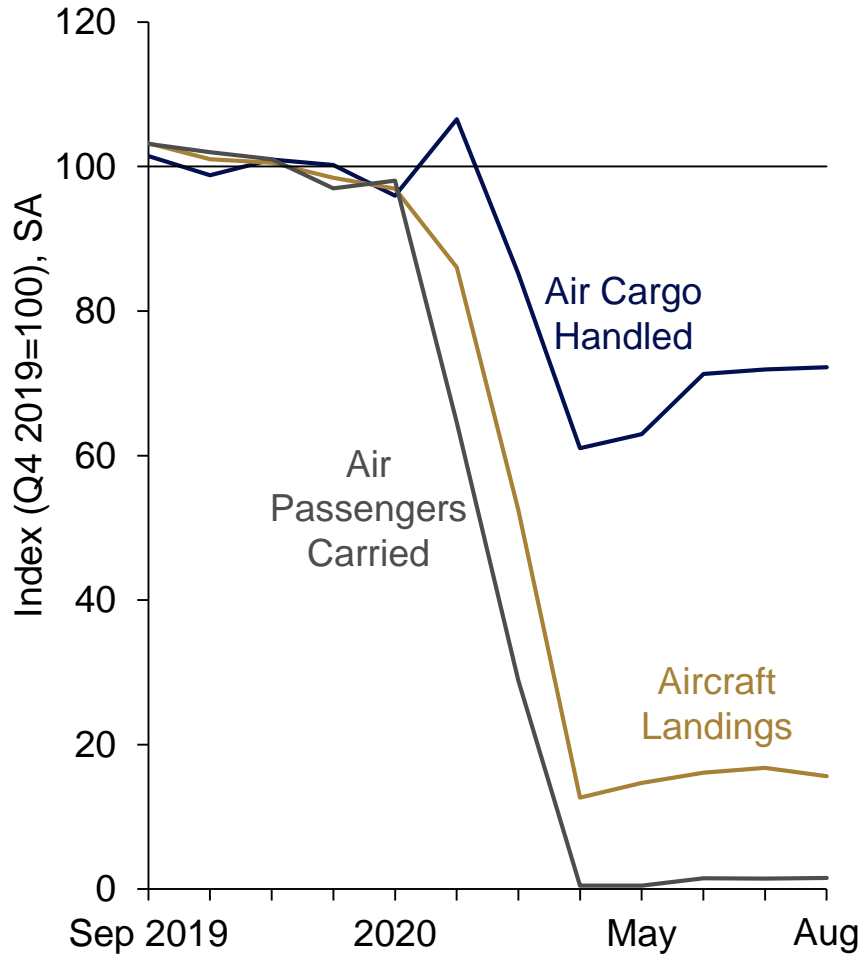
* Advance Estimates

Economic Activity Index

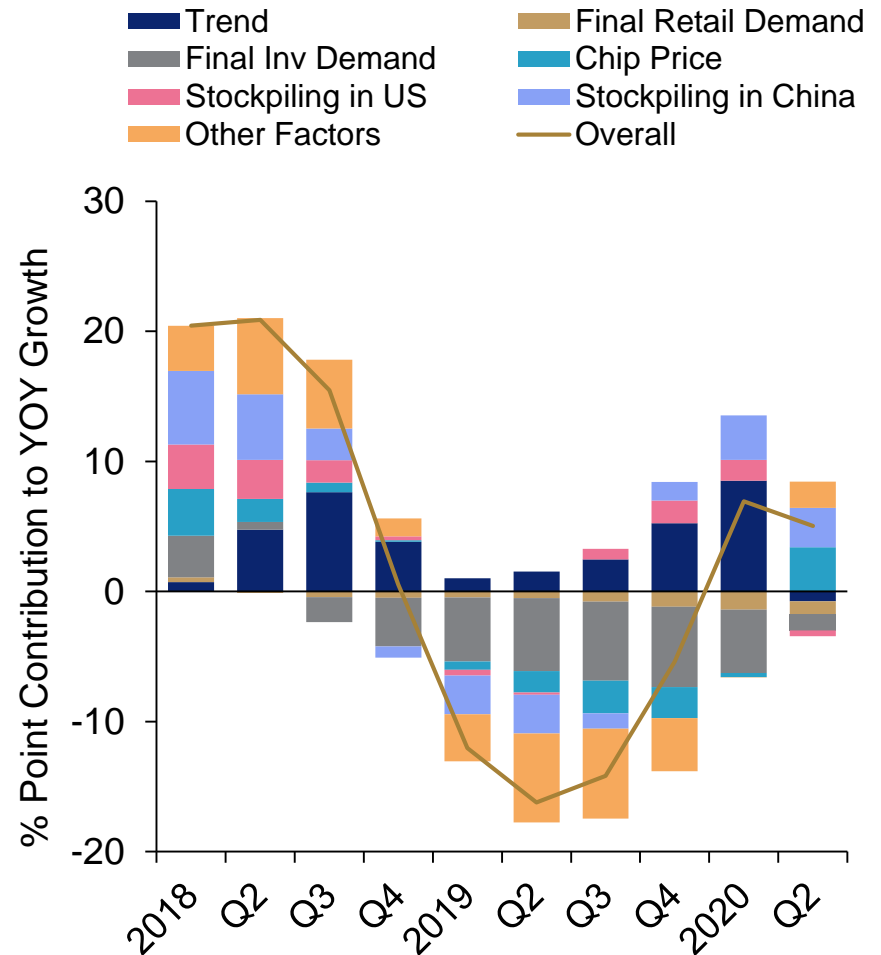


The economy's recovery trajectory is expected to be gradual and uneven.

Indicators of Air Transport

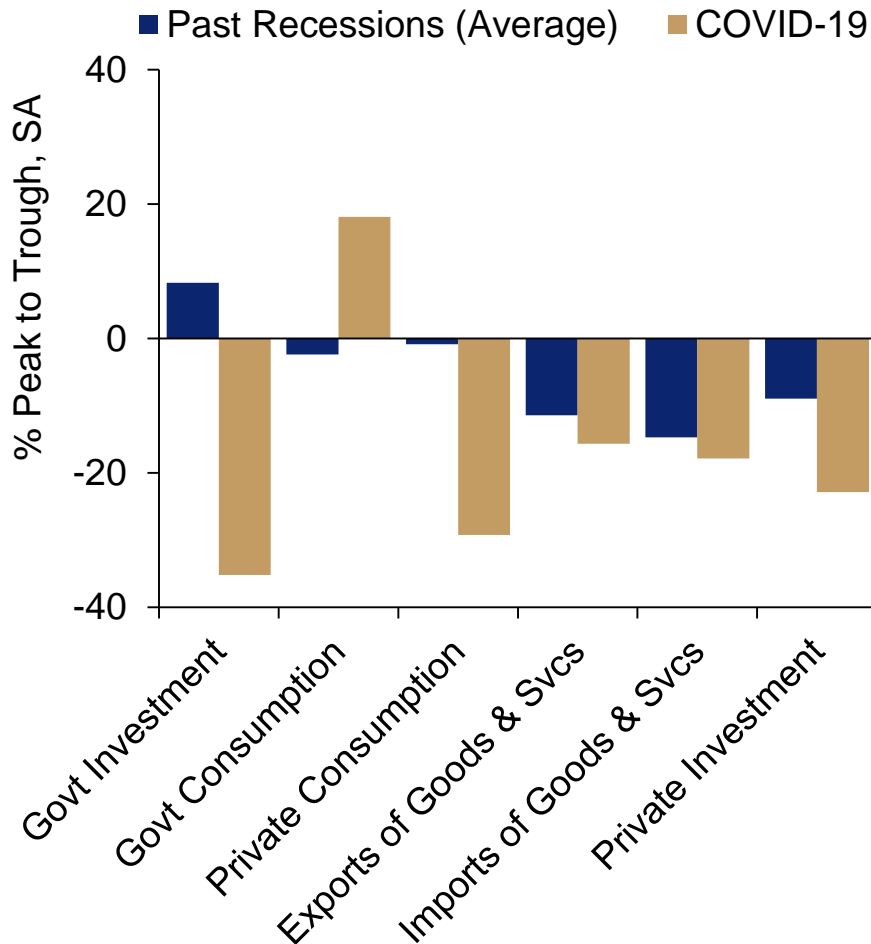


Decomposition of Global Chip Sales

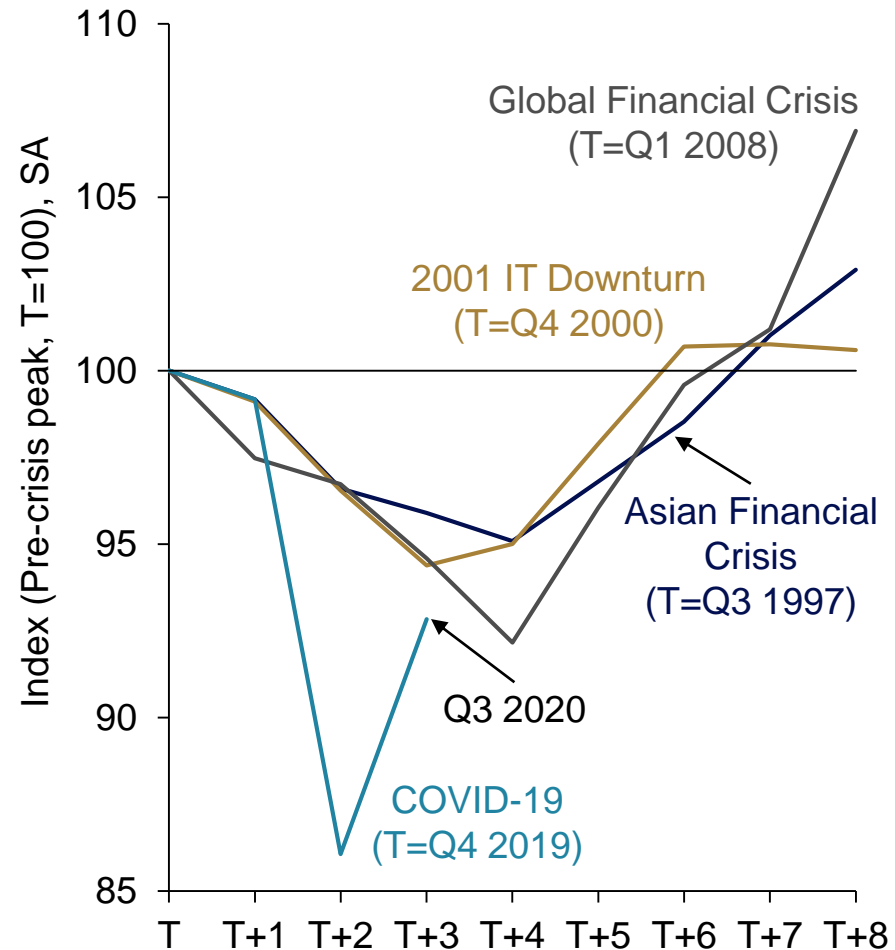


The current downturn has been deeper than previous recessions.

Change in Real Expenditure Components across Downturns



Singapore's GDP Profile Across Downturns (T=Peak Quarter)

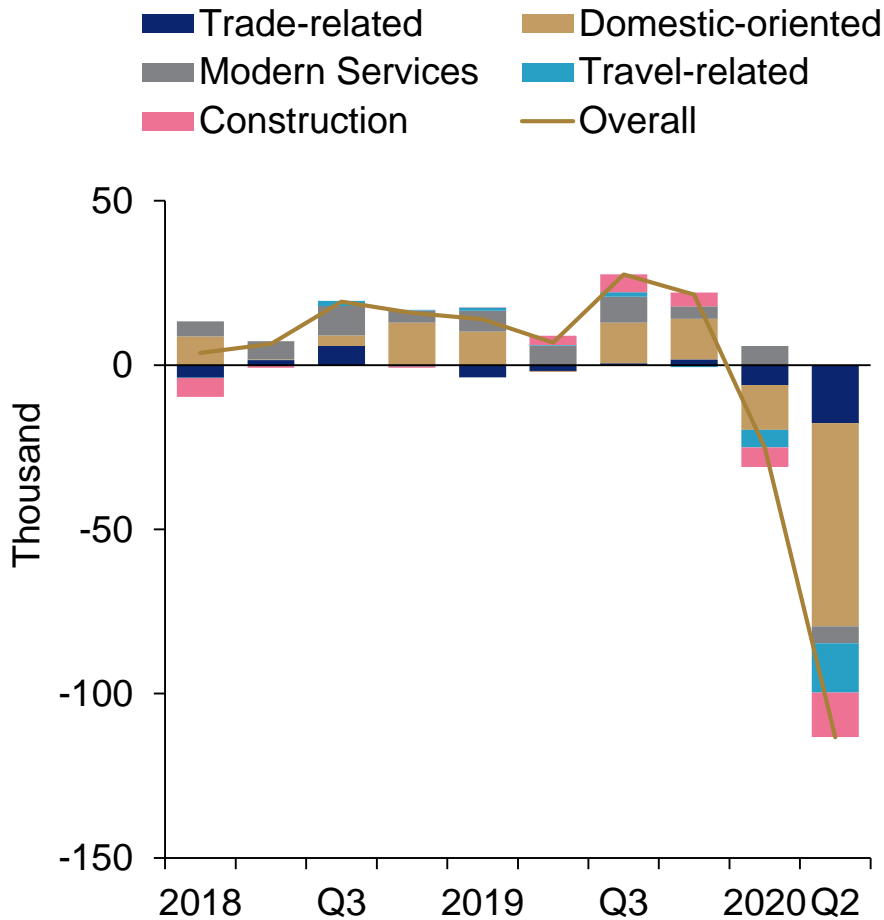




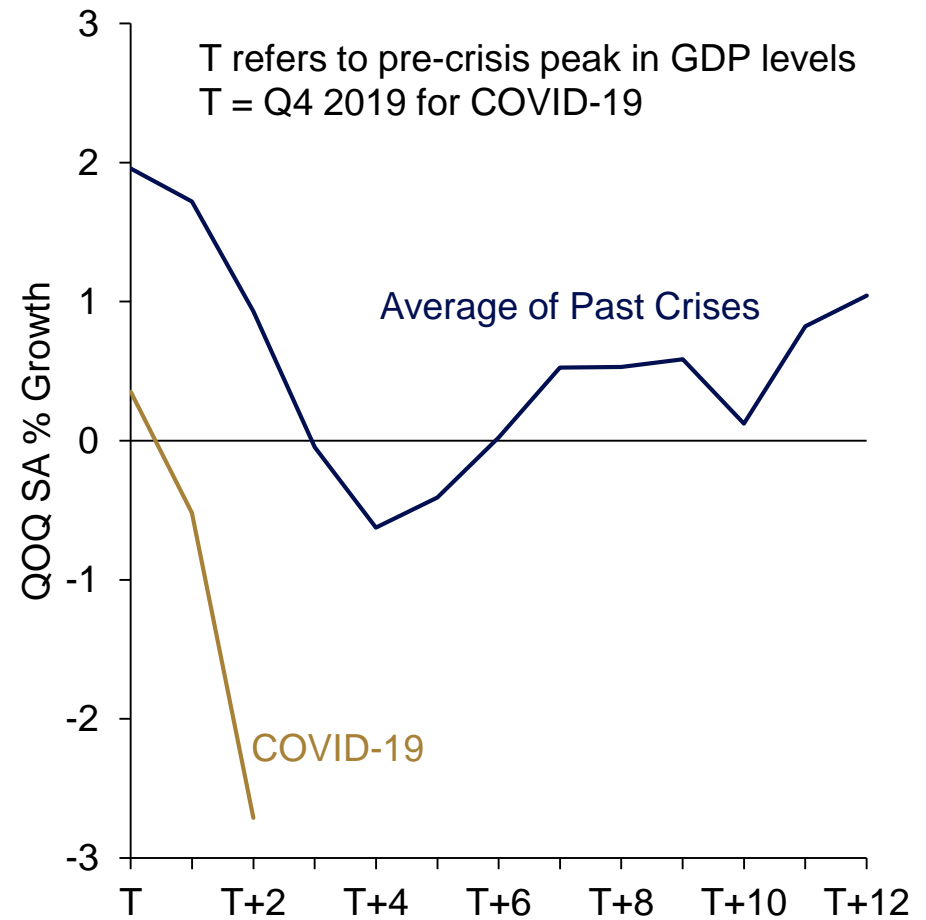
Labour Market and Inflation

COVID-19 disrupted the domestic labour market in Q2.

Employment Changes by Sector

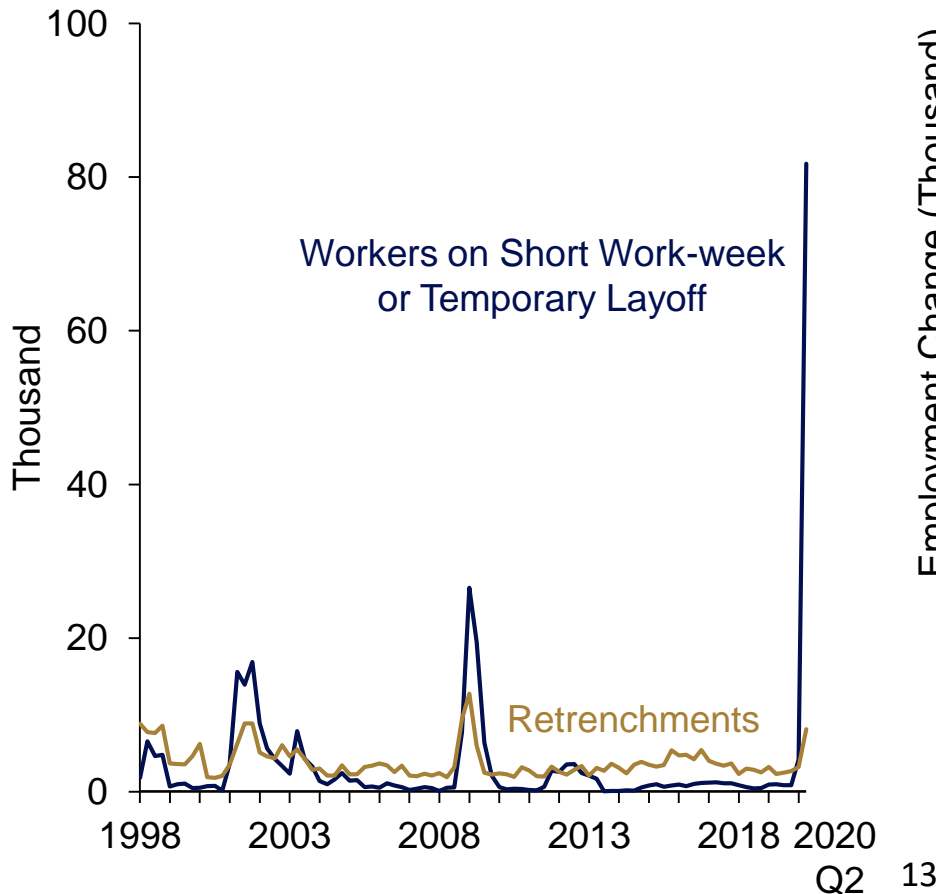


Employment Change in 2020 versus Past Crises

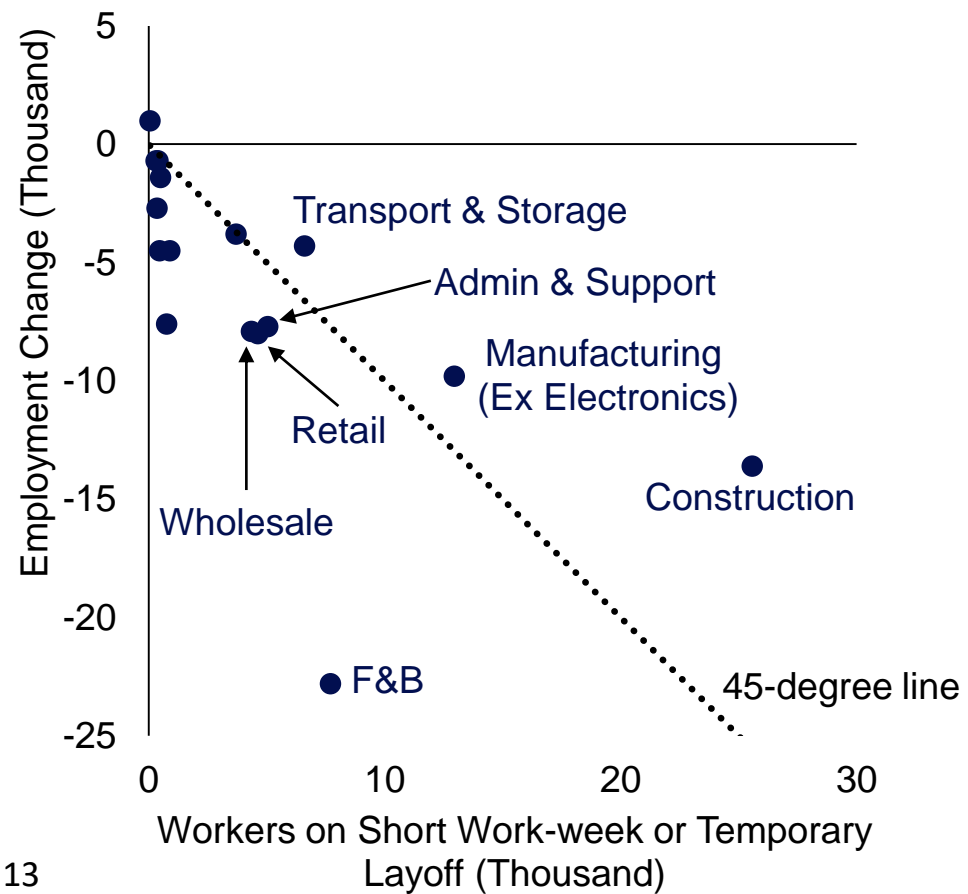


Labour market adjustments varied across sectors.

Retrenchments and Workers on Short Work-week or Temporary Layoff

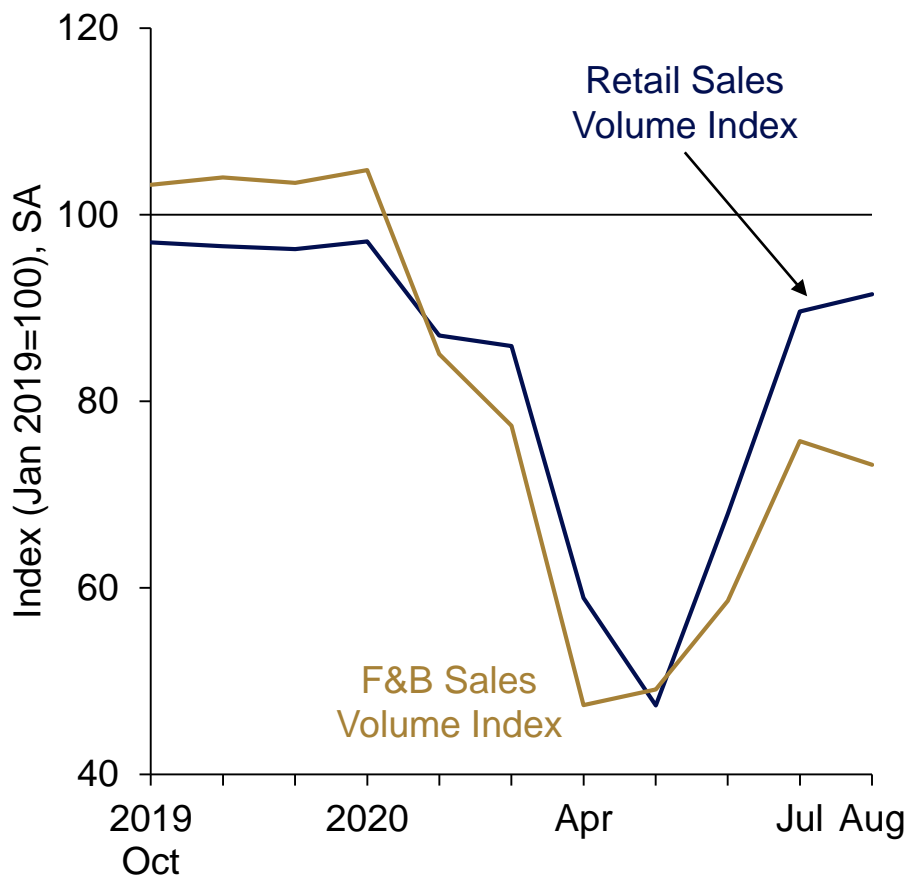


Workers on Short Work-week/ Temporary Layoff and Employment Changes by Industry in Q2 2020

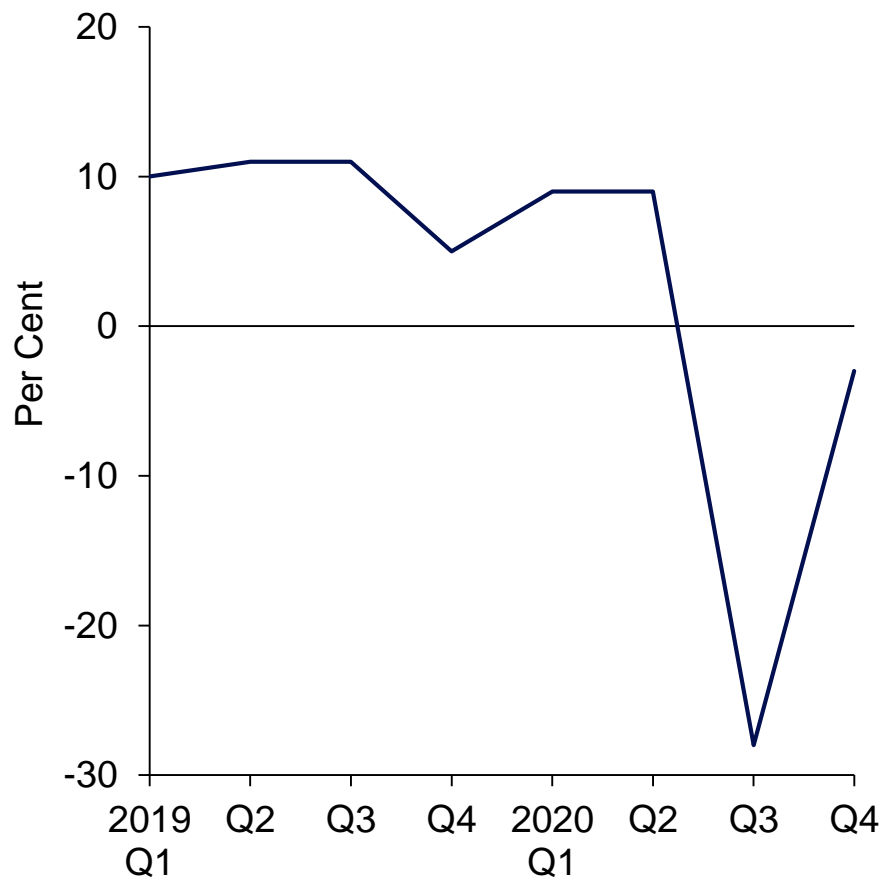


Some labour market slack will be absorbed as domestic activities resume.

Retail and F&B Sales Volume Indices

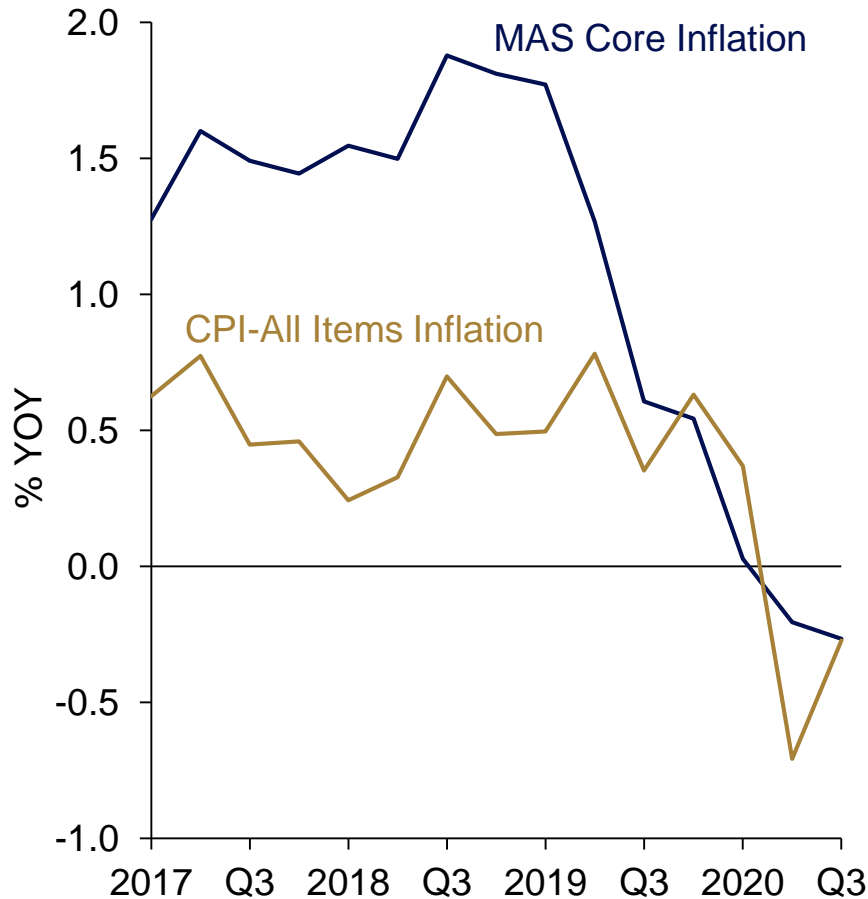


Q4 2020 ManpowerGroup Net Employment Outlook for Singapore

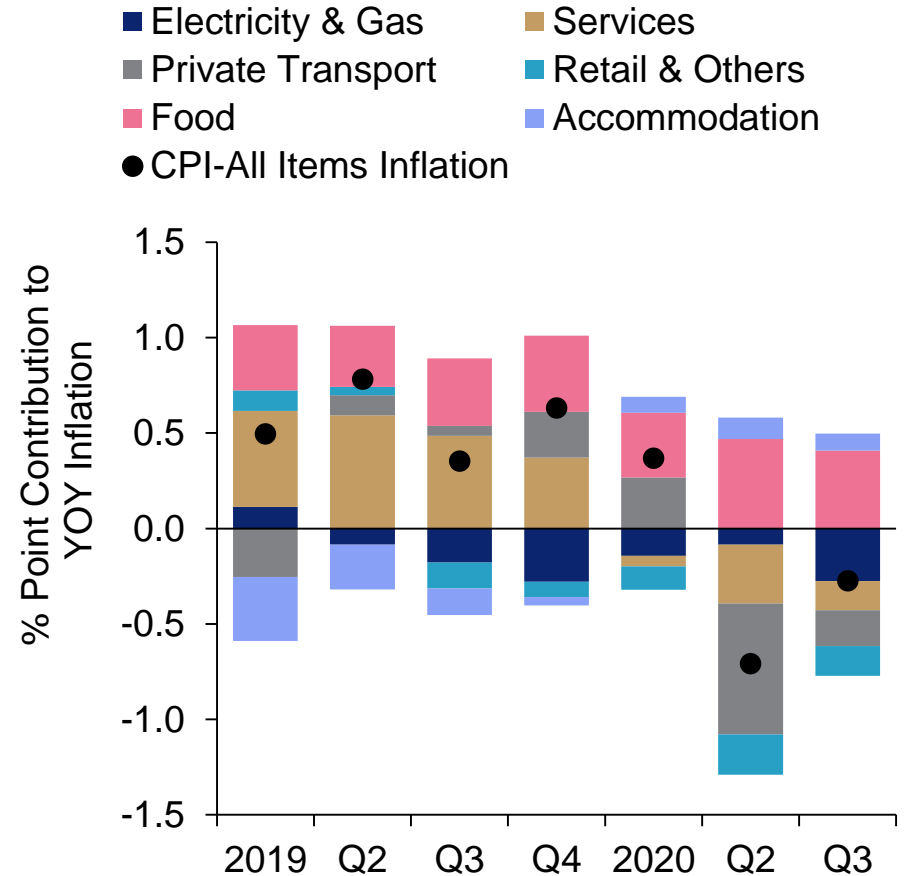


Inflation stayed negative even as disinflationary pressures eased.

CPI-All Items and MAS Core Inflation

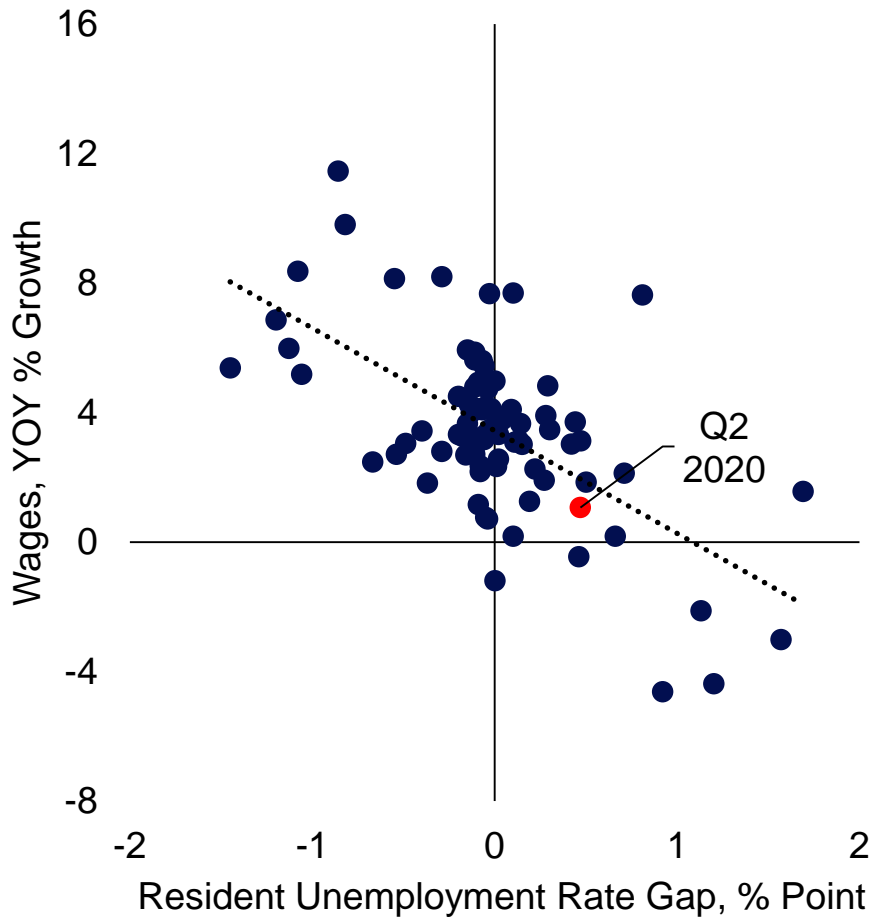


Decomposition of CPI-All Items Inflation

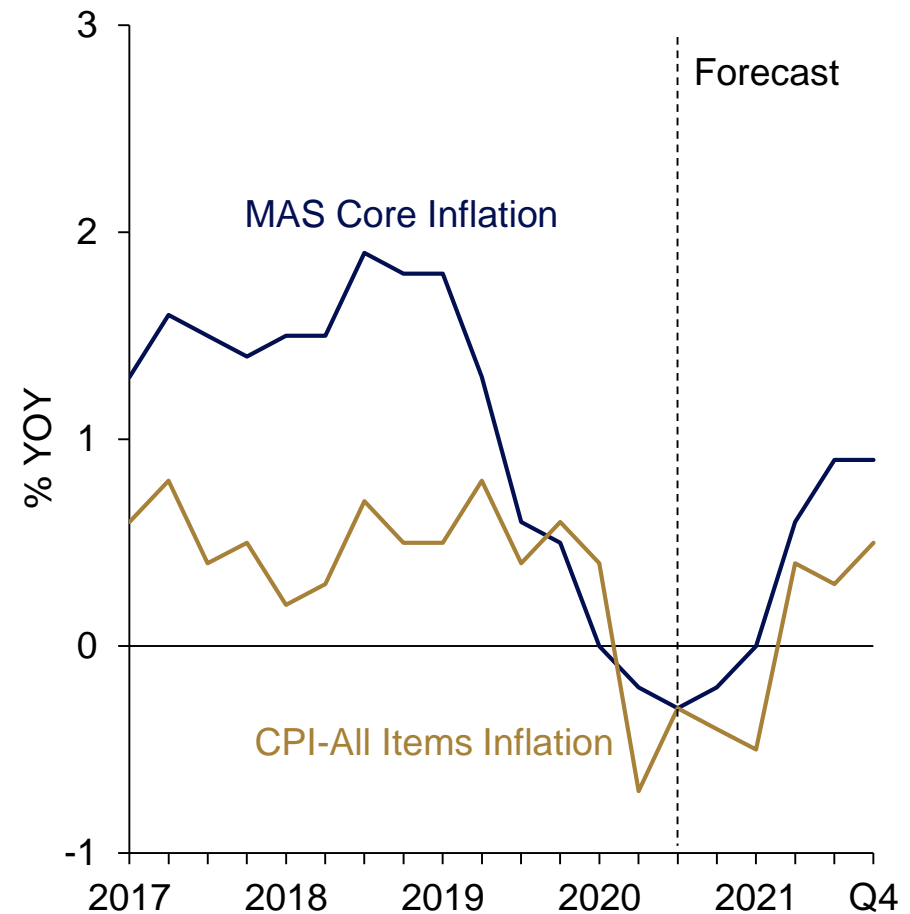


Core inflation will rise from its trough this year, but stay low next year.

Wage Philips Curve (Q1 2000 – Q2 2020)



CPI-All Items and MAS Core Inflation



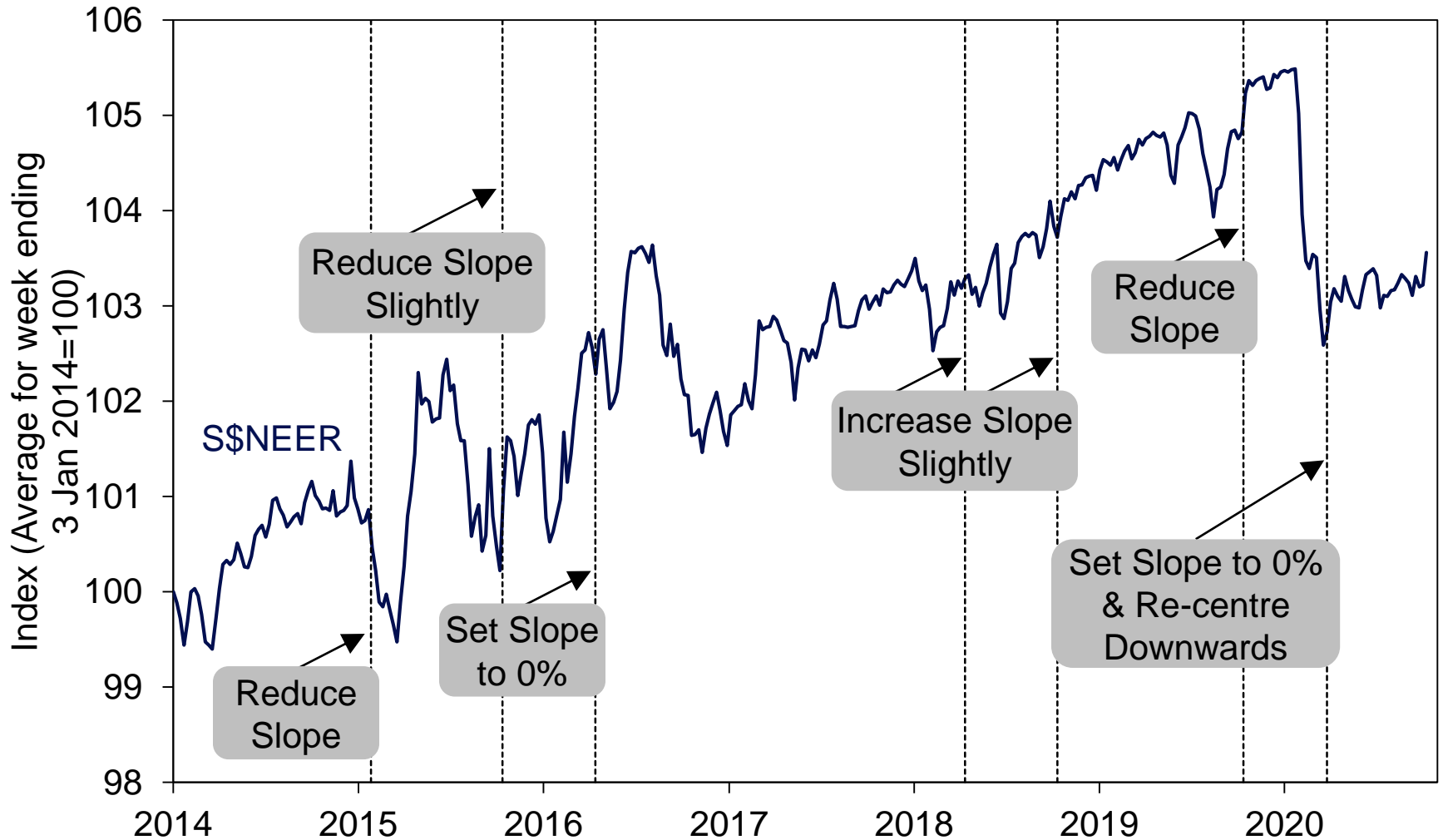


Macroeconomic Policy

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The monetary policy stance was maintained in the October review.



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