

# Macroeconomic Review

April 2021

Published twice a year, the *Macroeconomic Review* documents the Economic Policy Group's analysis and assessment of global and domestic economic developments, which forms the basis for the policy decision conveyed in the Monetary Policy Statement.



Scan to read the Macroeconomic Review online.

## Global Economic Outlook



GDP growth forecasts by EPG, MAS. Aggregates are weighted by country shares in Singapore's NODX.

### Forecasts for 2021

Global

6.2%

G3

5.2%

Asia ex-Japan

6.8%

### Global growth is expected to regain momentum in the coming quarters

The global economic recovery has been set back by a rise in COVID-19 infections in many countries. However, growth is expected to accelerate from Q2 2021 as vaccination programmes allow a gradual reopening of economies, and powerful policy stimulus gains traction. Higher commodity prices will contribute to a pickup in headline inflation in 2021, but underlying inflationary pressures will be capped as output gaps remain negative.



## Singapore's Economic Outlook

### GDP Growth

2021: Above 6%, barring setback

Above-trend growth, amid continued uncertainty

GDP growth is projected to be above-trend in 2021, supported by strengthening external demand. However, the economic recovery continues to be uneven across sectors, and significant uncertainties remain. There are both up and downside risks from the evolution of the pandemic and the strength of the external upturn, including the outlook for the global electronics cycle.

### MAS Core Inflation

2021: 0 to 1%

A gradual increase

Core inflation is expected to rise in tandem with global inflation and strengthening domestic consumption. Nonetheless, beyond the near term pick-up, the pace of price increases is unlikely to accelerate. Imported inflation should remain broadly contained, while domestic cost pressures should also stay subdued as labour market slack takes time to be fully absorbed.

## April 2021 Monetary Policy Decision

Maintain 0% p.a. rate of appreciation of the S\$NEER policy band.



Output is still below potential, with persistent weakness in some sectors.



MAS Core Inflation will rise from subdued levels, and stay below its historical average.

## Boxes and Special Features

### Box Article A

"RCEP's Impact on Trade and Growth in the Asia Pacific"

### Box Article B

"Labour Market Policy Responses to COVID-19"

### Box Article C

"Inflation Expectations and Household Consumption"

### Special Feature A

"Digital Sustainability and its Implications for Finance and Climate Change"

### Special Feature B

"A Multi-Country Quarterly Projection Model for MAS"