

Macroeconomic Review

April 2022

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 countries' shares in Singapore's NODX.

GDP Growth Forecasts for 2022

Global

3.9%

G3

3.0%

Asia ex-Japan

4.4%

Global growth to slow

The global economy rebounded in 2021 as more countries moved towards treating COVID-19 as endemic. The release of pent-up demand has pushed up inflation in many economies, reinforced by the sharp rise in commodity prices following the outbreak of the Russia-Ukraine conflict. Growth will slow in 2022 as the post-pandemic recovery matures and many countries tighten monetary policy. The moderation in growth should reduce inflationary pressures in 2023, barring further shocks.



Singapore's Economic Outlook

GDP Growth

2022: 3 to 5%

A broadening economic recovery

Activity in the domestic-oriented and travel-related clusters is expected to improve further in the coming quarters, alongside the substantial easing of domestic and border restrictions. The trade-related and modern services clusters could face some headwinds amid the dampened global economic outlook.

MAS Core Inflation

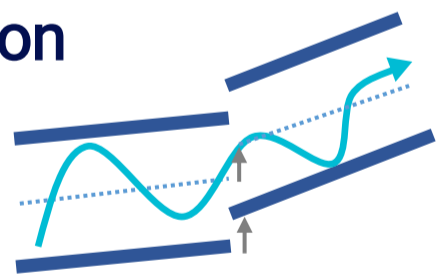
2022: 2.5 to 3.5%

Stronger imported and domestic costs to drive inflation higher

Sharply higher commodity prices and renewed supply chain disruptions will keep import prices elevated, while tight domestic labour market conditions will support higher wages and lead to a rise in unit labour costs. Amid firm demand conditions, businesses are likely to pass on accumulating costs to consumer prices.

April 2022 Monetary Policy Decision

Re-centred the mid-point of the policy band up and increased its slope slightly, with no change to the width



The economy should record a second consecutive year of above-trend growth, bringing output slightly above potential.



Core inflation will see a broad-based step-up in 2022. Underlying inflationary pressures remain a risk over the medium term.

Boxes and Special Features

Box Article A

"Revisiting the 1970s Inflation Shocks"

Special Feature A

"Invoicing Currency in Singapore's Merchandise Imports"

Special Feature B

"Macroeconomic Modelling at MAS"

Special Feature C

"The Roles of Central Banks – Evolution, or Demand and Supply?"