

MONETARY AUTHORITY OF SINGAPORE

MACROECONOMIC REVIEW



ECONOMIC POLICY GROUP

April 2022/ VOLUME XXI/ ISSUE 1



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Special Features

- A Invoicing Currency in Singapore's Merchandise Imports
- B Macroeconomic Modelling at MAS
- C The Roles of Central Banks — Evolution, or Demand and Supply?



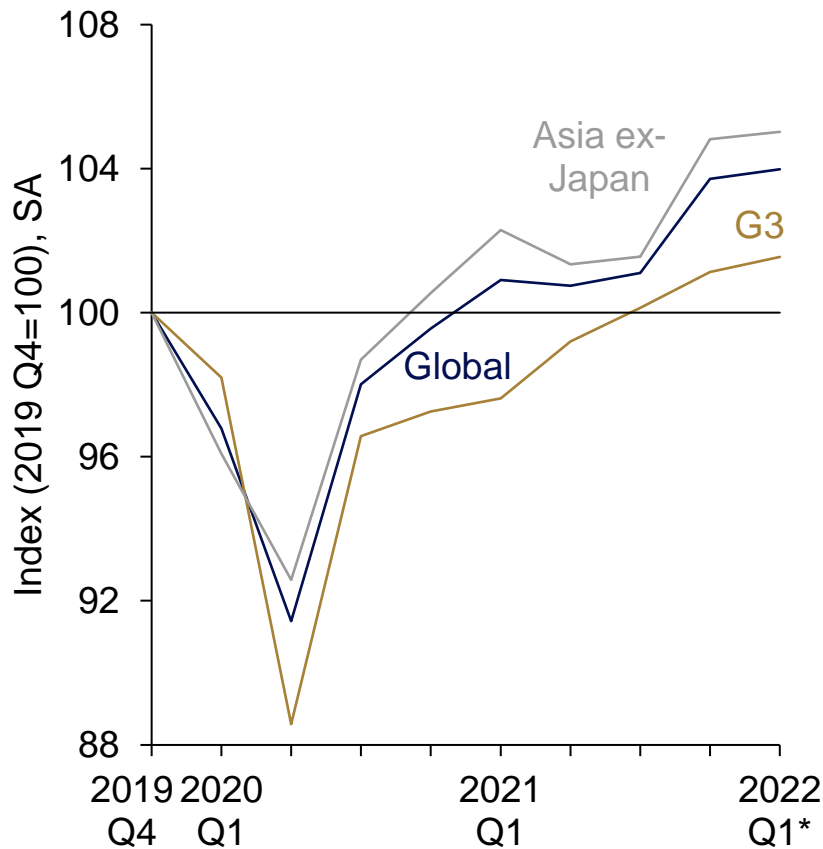
International Economy

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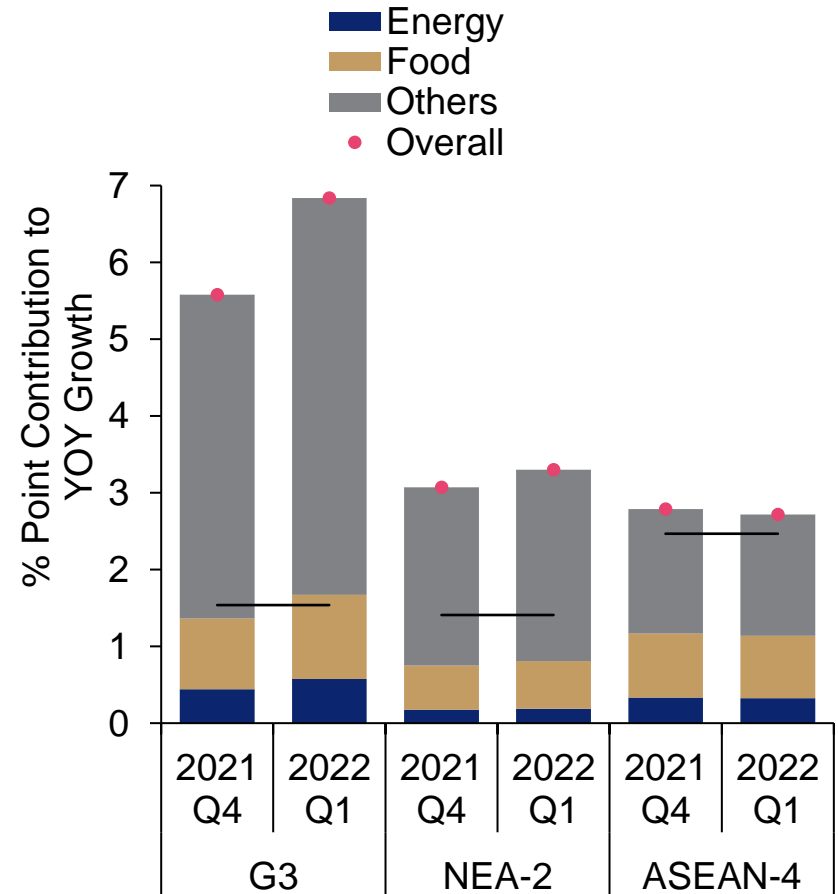
The strong global recovery has led to a significant pickup in inflation

Real GDP



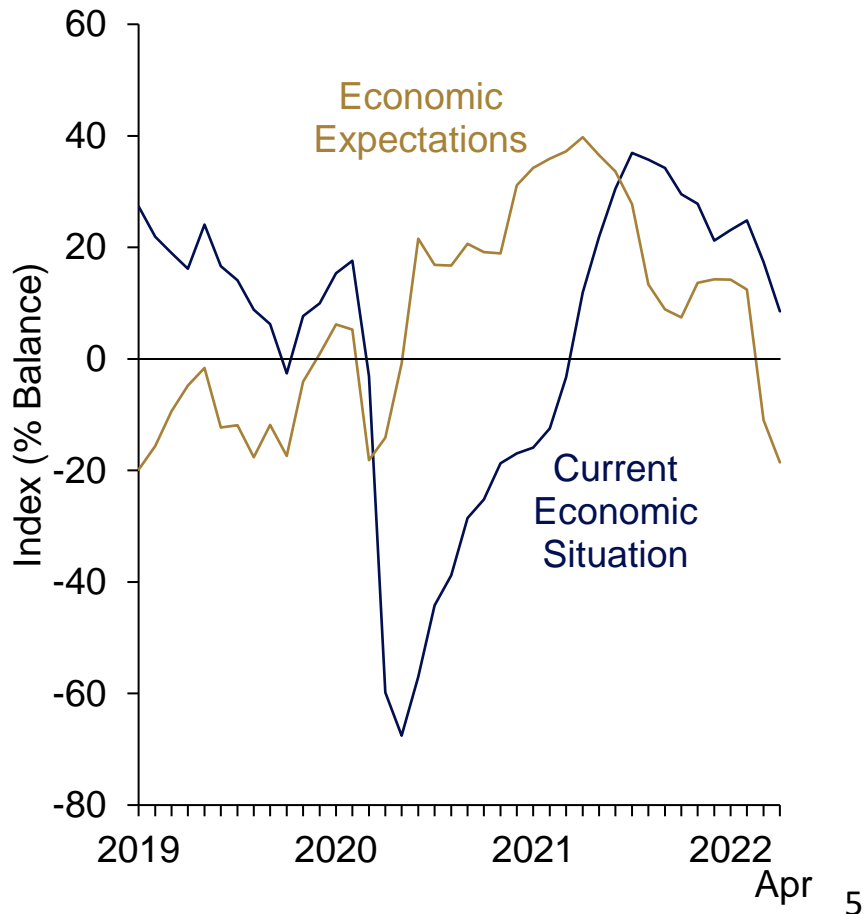
* Estimates

CPI Inflation

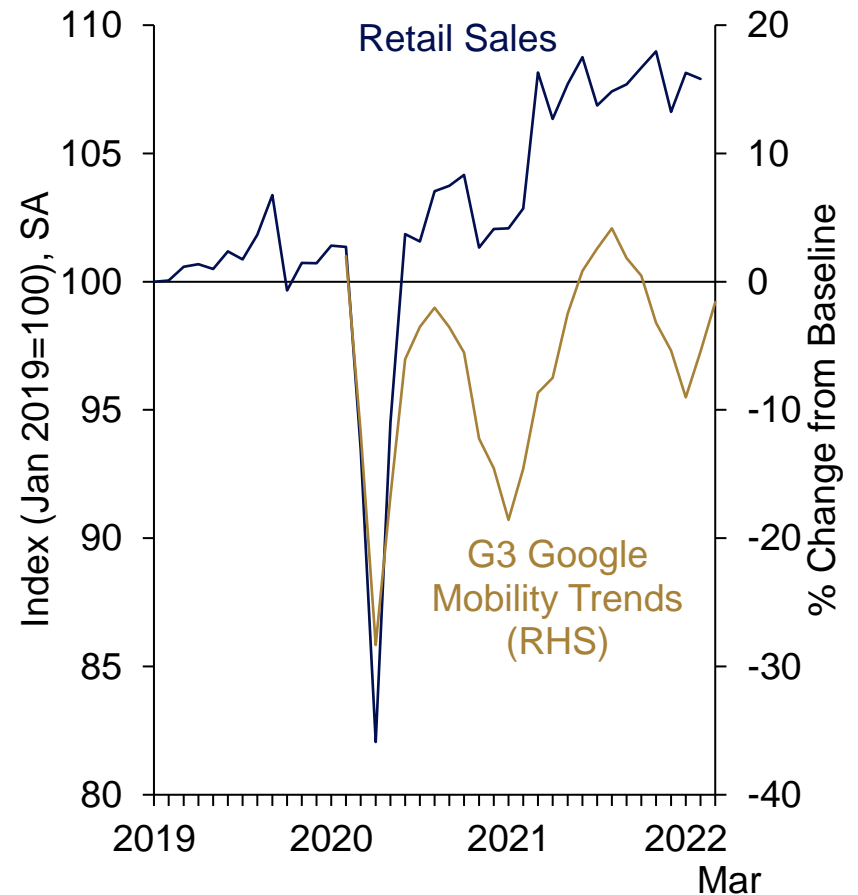


Global growth is expected to moderate but remain above trend in 2022

G3 Sentix Economic Index

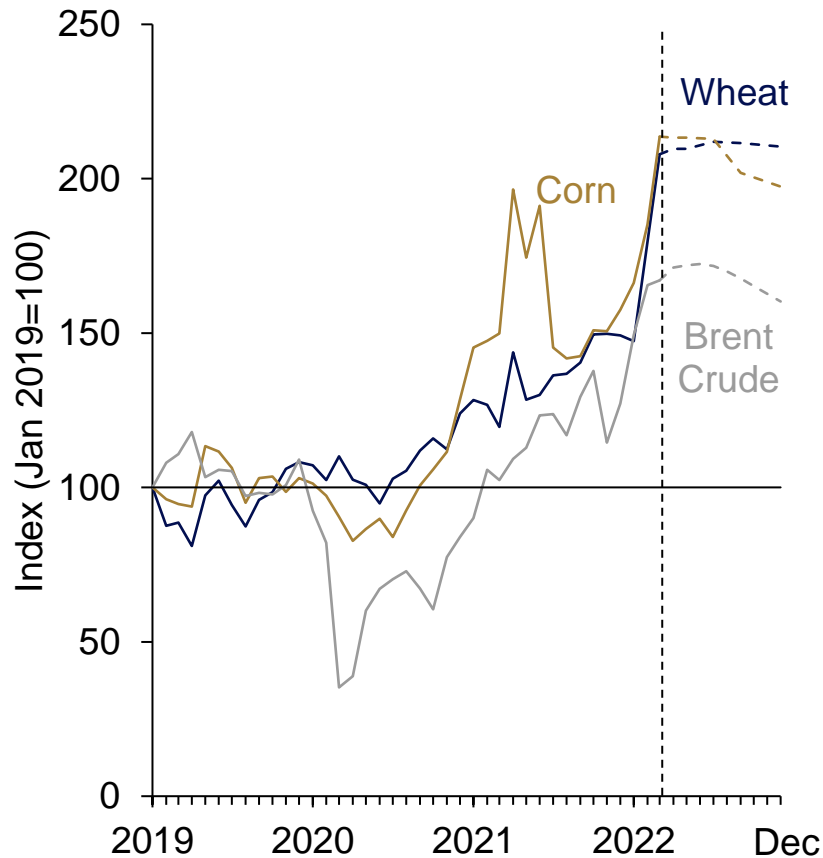


G3 Retail Sales and Population Mobility

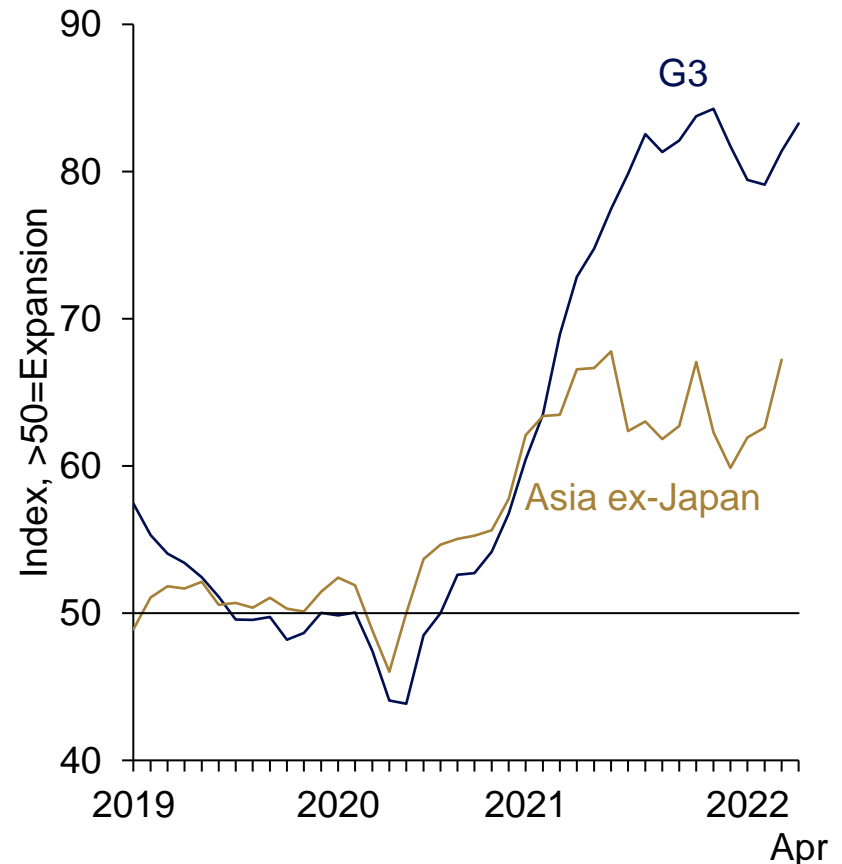


Global inflation will remain high in 2022, exacerbated by the Russia-Ukraine conflict

Commodity Spot and Futures Prices



Manufacturing PMI Input Prices



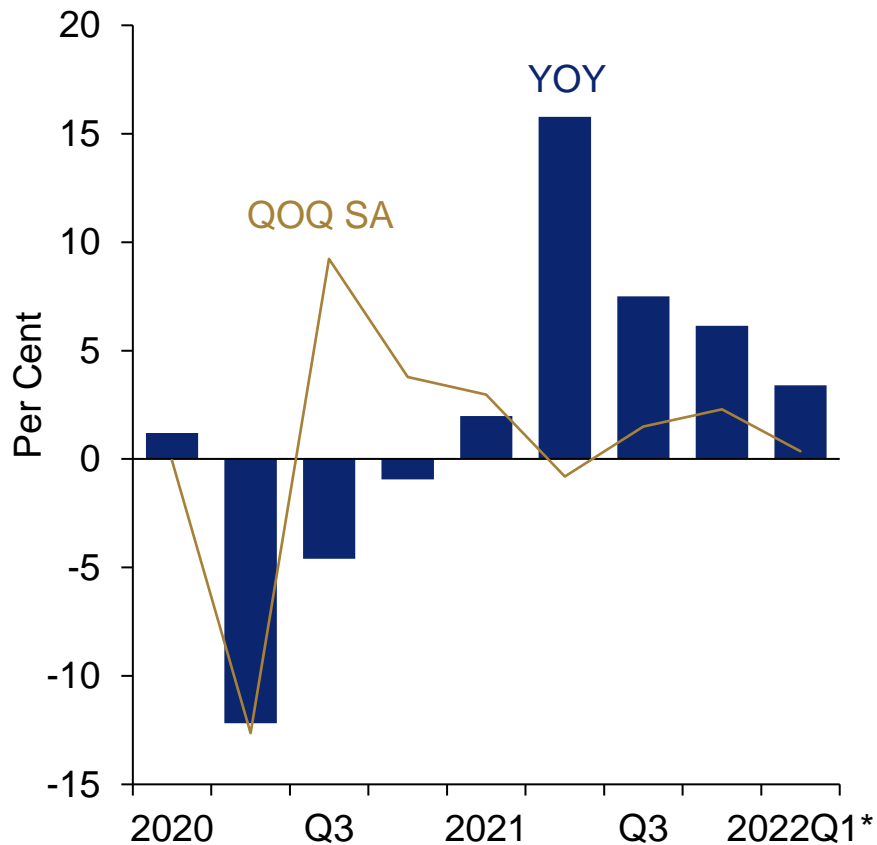


Singapore Economy

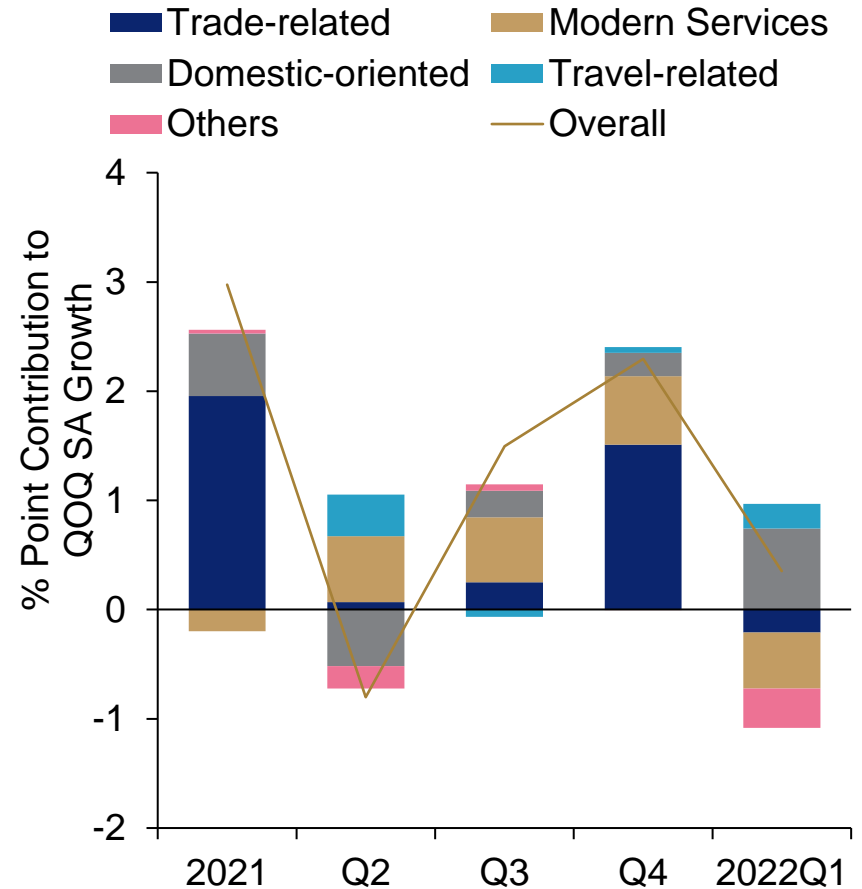
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Singapore's economy grew at a slower pace in Q1, driven by weaker activity in the external-oriented sectors

Singapore's GDP Growth



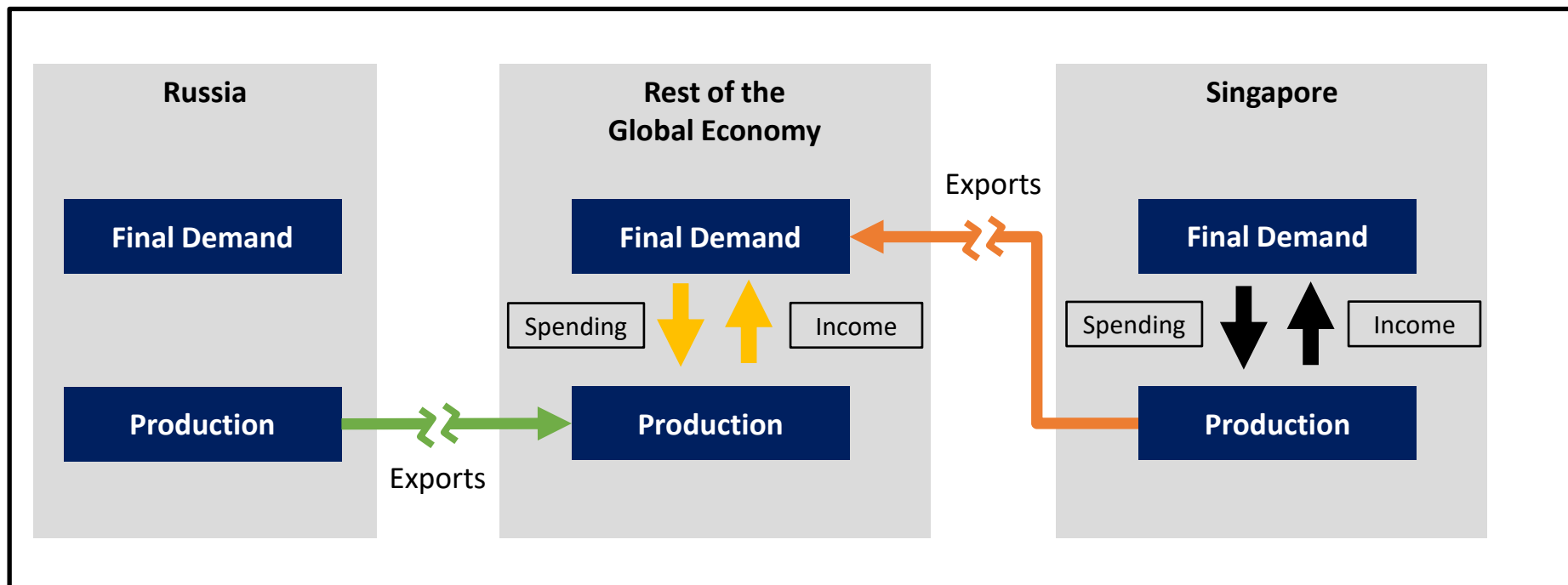
Contribution to GDP Growth



* Advance Estimates

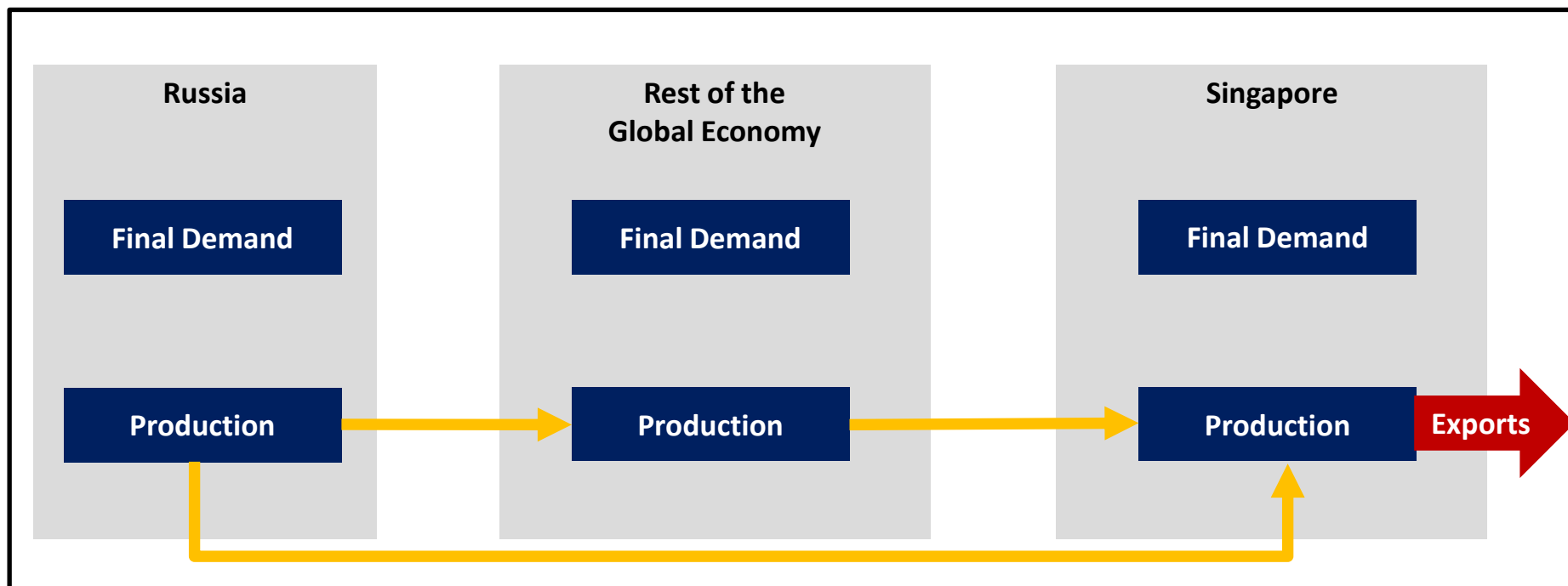
Singapore's exposure to Russia is small ...

Schematic diagram of Singapore's exposure to Russia through final demand in third countries



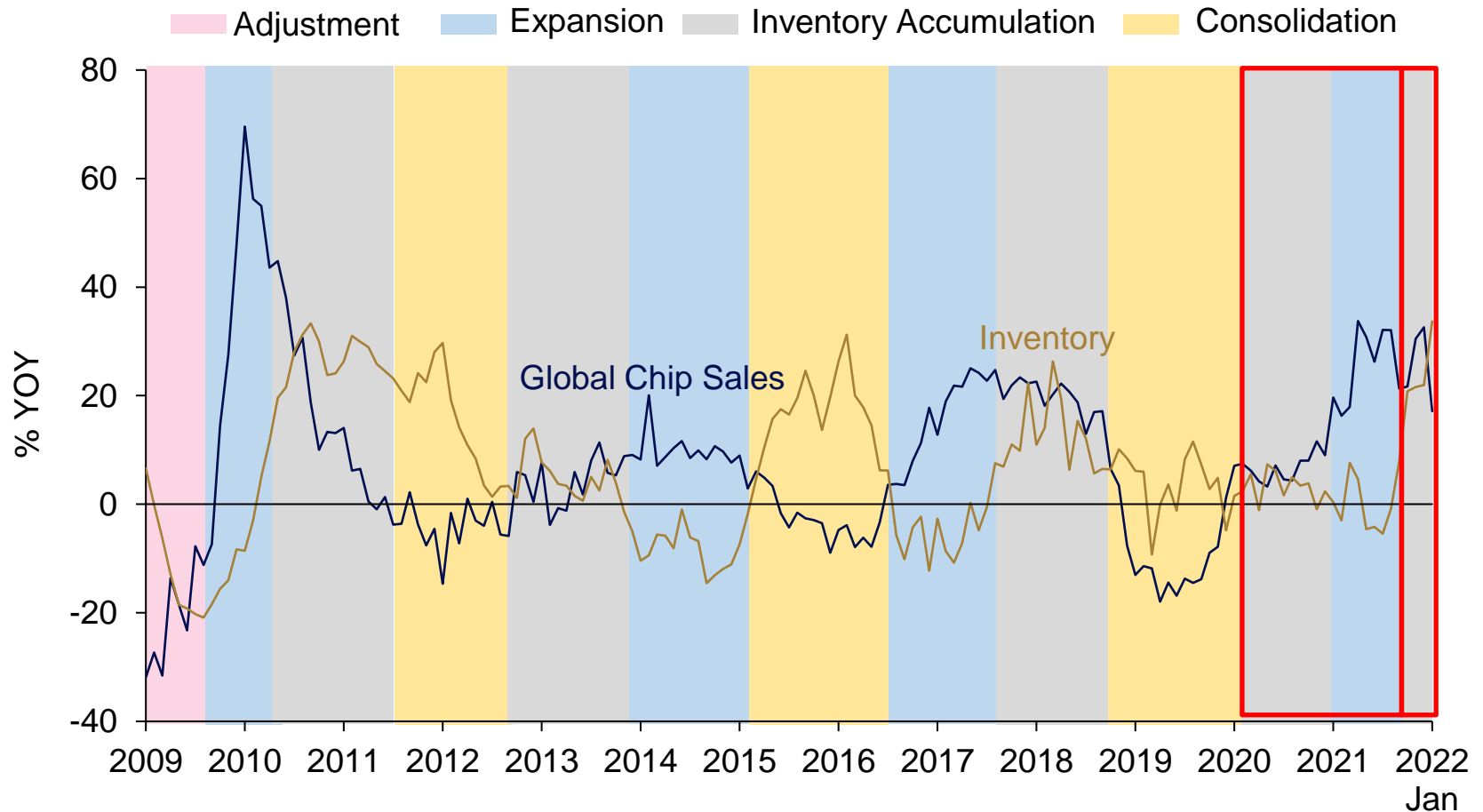
... but could be amplified by confidence effects

Schematic diagram of supply chain linkages between Singapore and Russia



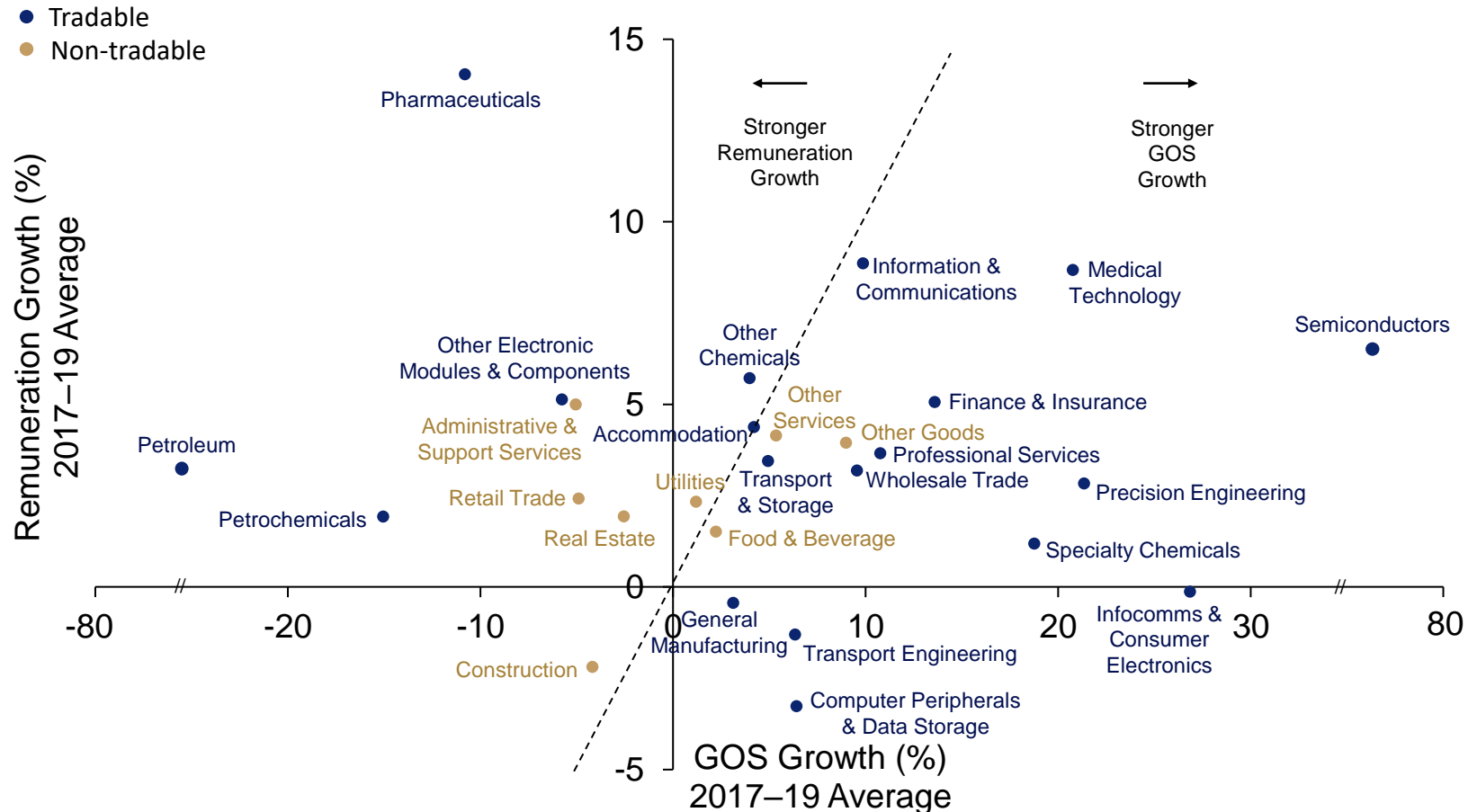
The global semiconductor industry could continue to accumulate inventory this year, before a consolidation takes place

Global chip sales and chip inventory



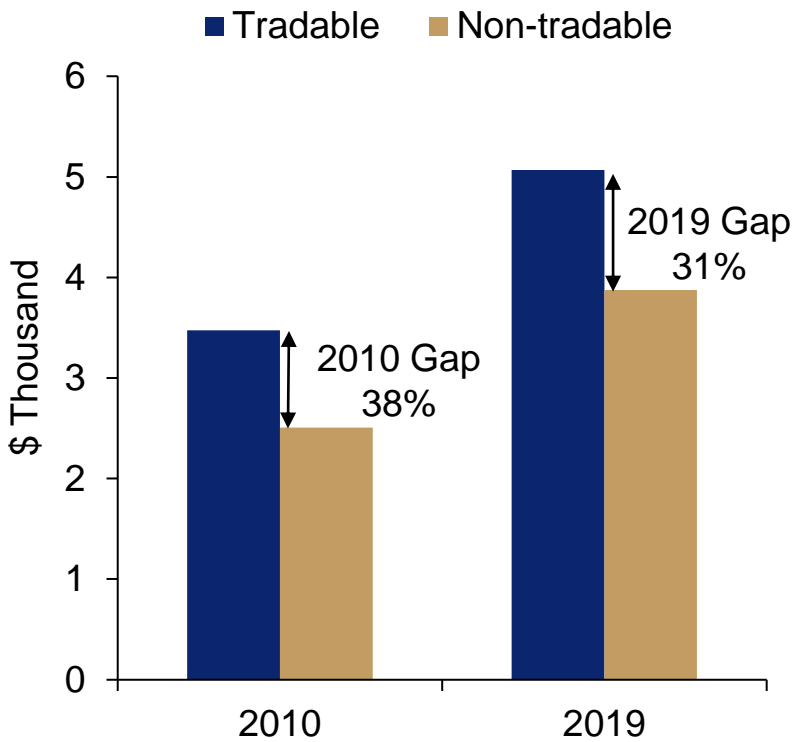
Returns in the high growth sectors accrued mainly to capital owners and specific clusters of skilled workers

Nominal GOS and remuneration growth by sector

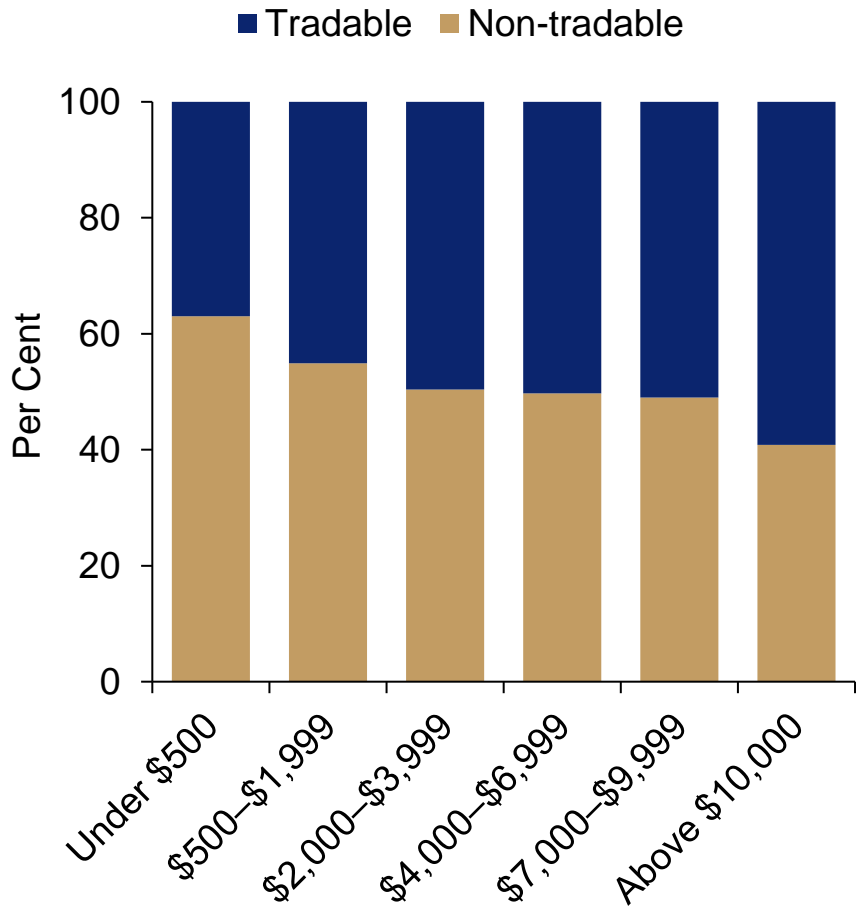


Lower- and middle-income households are likely to benefit most from the narrowing of the sectoral wage gap

Median gross monthly income from work of full-time employed residents



Share of workers by gross monthly income from work bands, June 2017



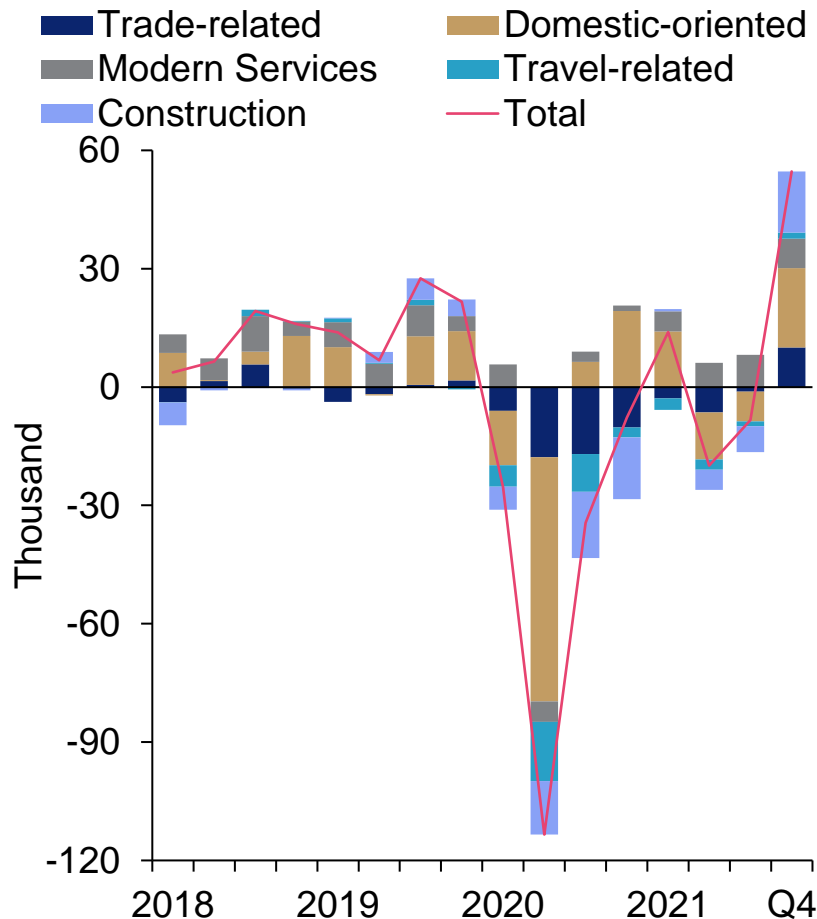
Note: Data shown are for June of each year and includes employer CPF. The gap in median gross monthly income from work is computed as the excess of median gross monthly income from work in the tradable sector compared to the non-tradable sector in the respective year.



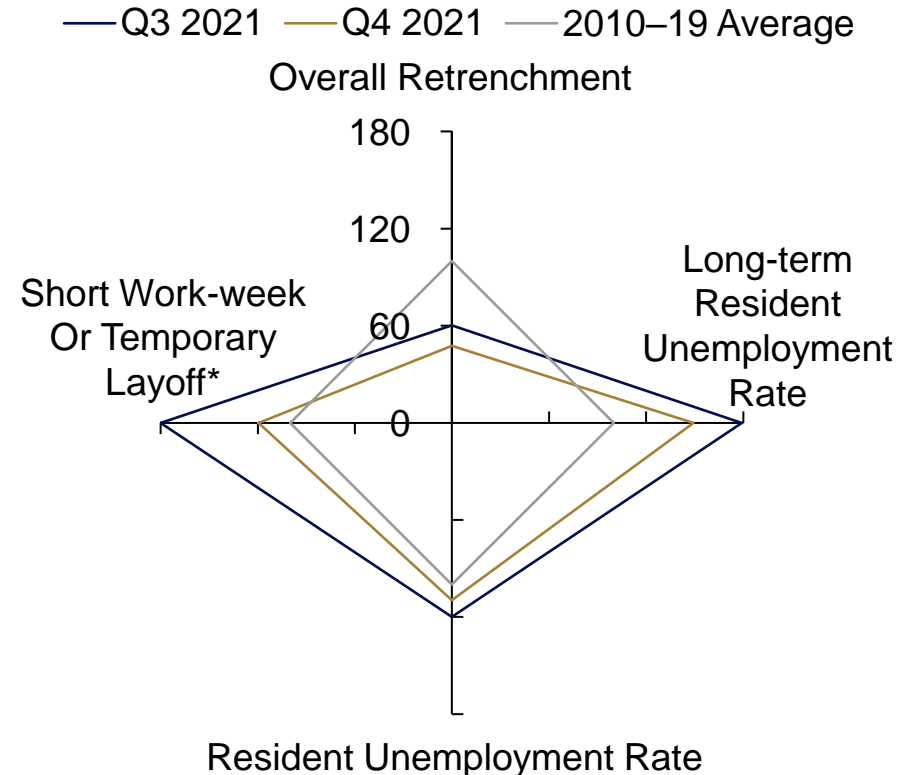
Labour Market and Inflation

The labour market tightened further in Q4 2021

Employment Changes by Broad Sectors



Labour Market Spare Capacity Indicators

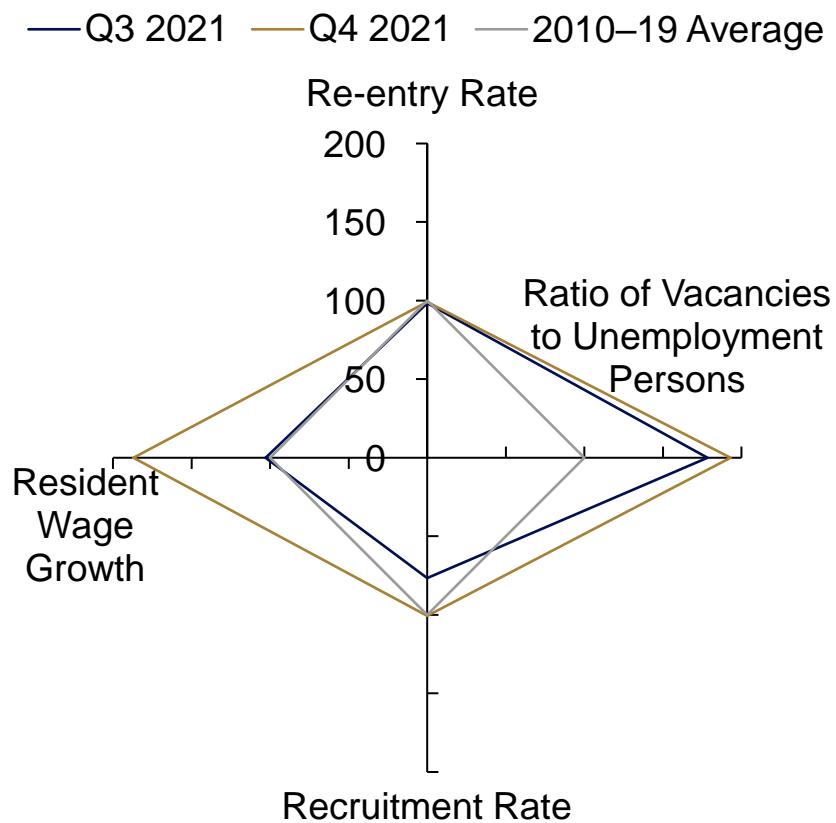


Note: All variables are indexed such that the 2010-19 historical average for each indicator takes a value of 100.

*Q3 2021 reading for short work-week or temporary layoff was 404 but was shown to take the maximum value of the axis in the chart above.

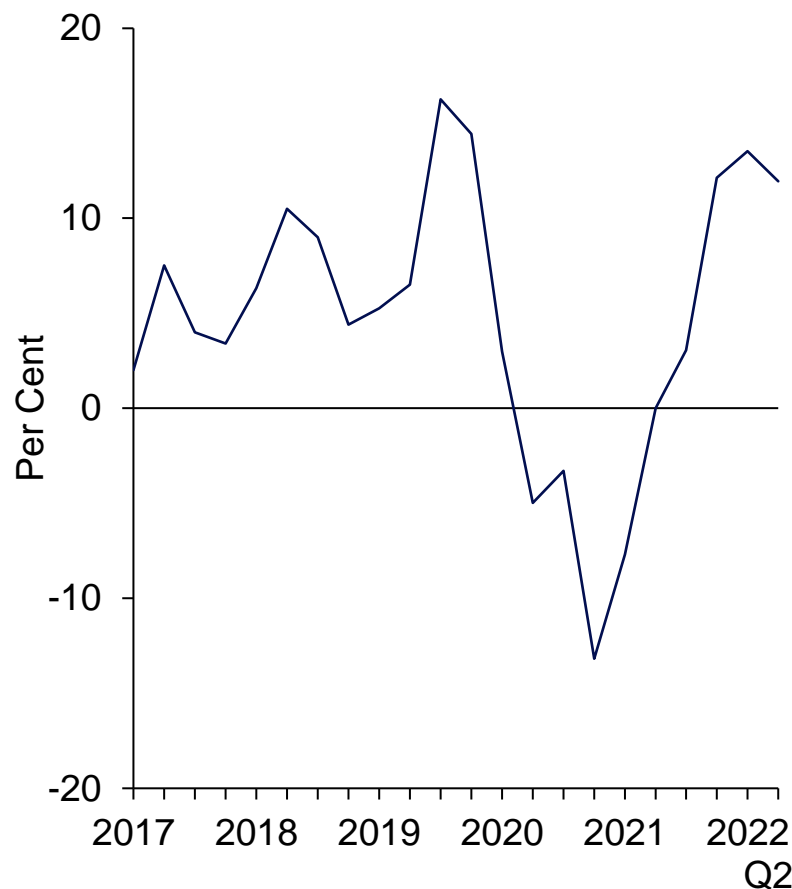
Nominal wage growth is anticipated to pick up in 2022 as resident unemployment rate remains low

Labour Demand Indicators



Note: All variables are indexed such that the 2010–19 historical average for each indicator takes a value of 100.

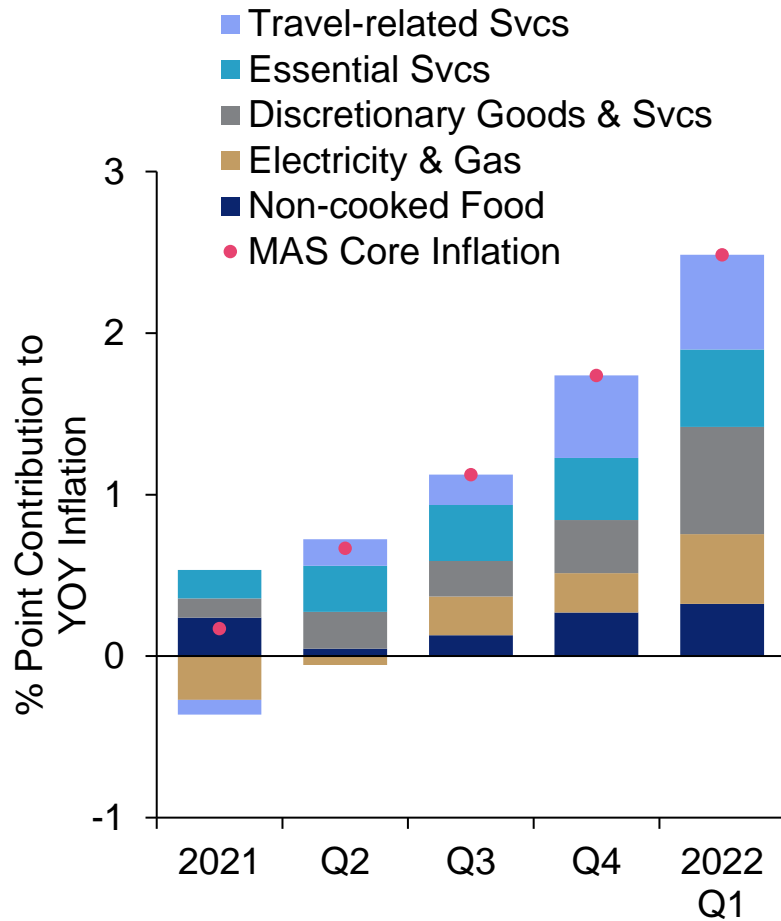
Employment Outlook for Singapore



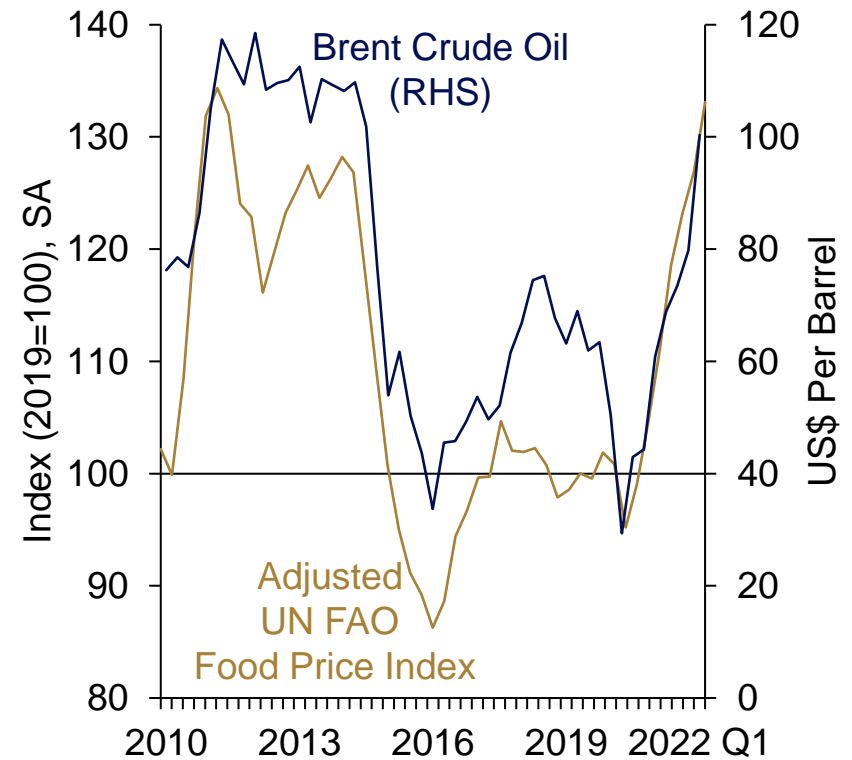
Note: Singapore Commercial Credit Bureau (SCCB) Business Optimism Index

Price pressures stepped up and broadened in Q1 2022

% Point Contribution to MAS Core Inflation



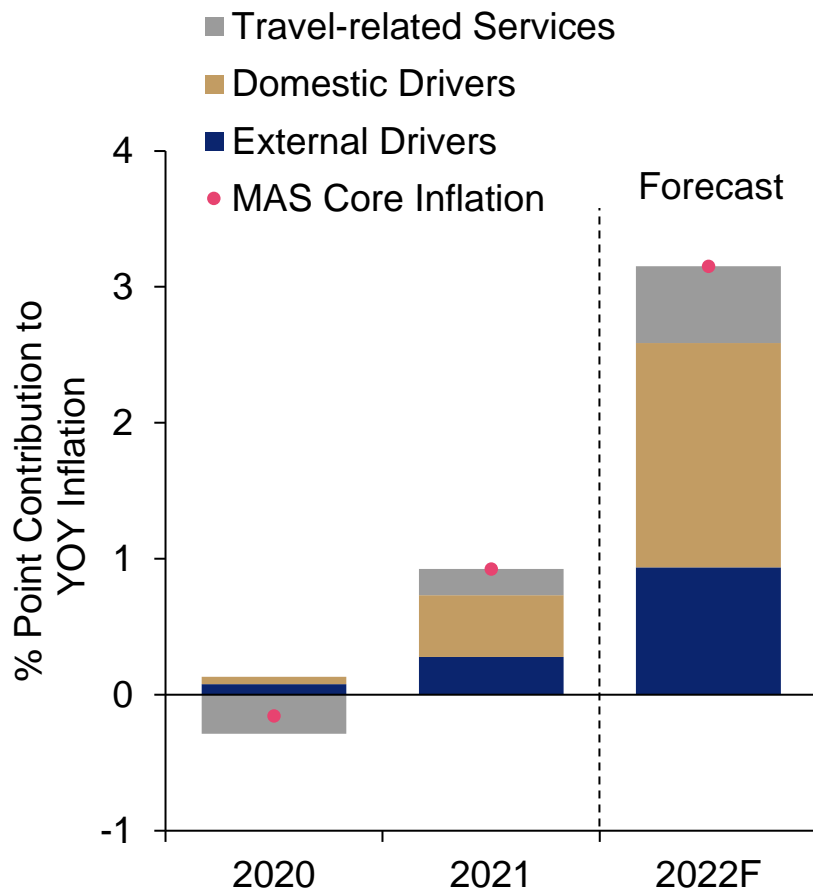
Brent Crude Oil and Global Food Commodity Prices



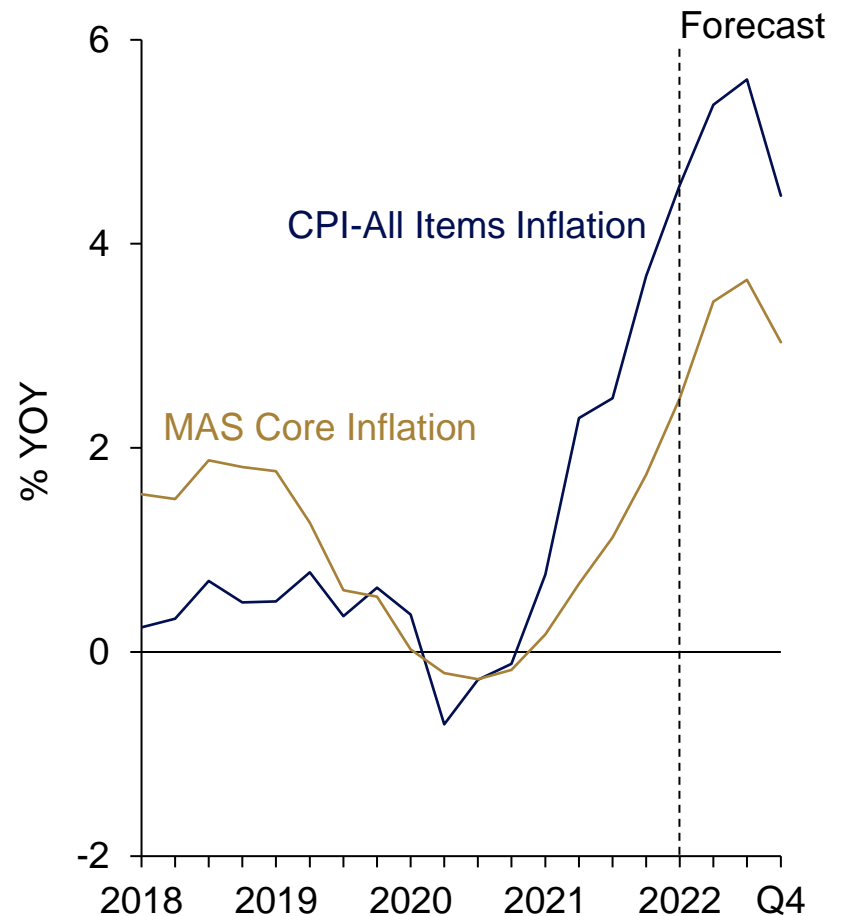
Note: The Adjusted UN FAO Food Price Index is computed based on the weights of the respective food components in the Singapore's IPI basket.

Stronger external and domestic cost pressures will keep core inflation above its historical average this year

% Point Contribution to MAS Core Inflation



CPI-All Items and MAS Core Inflation



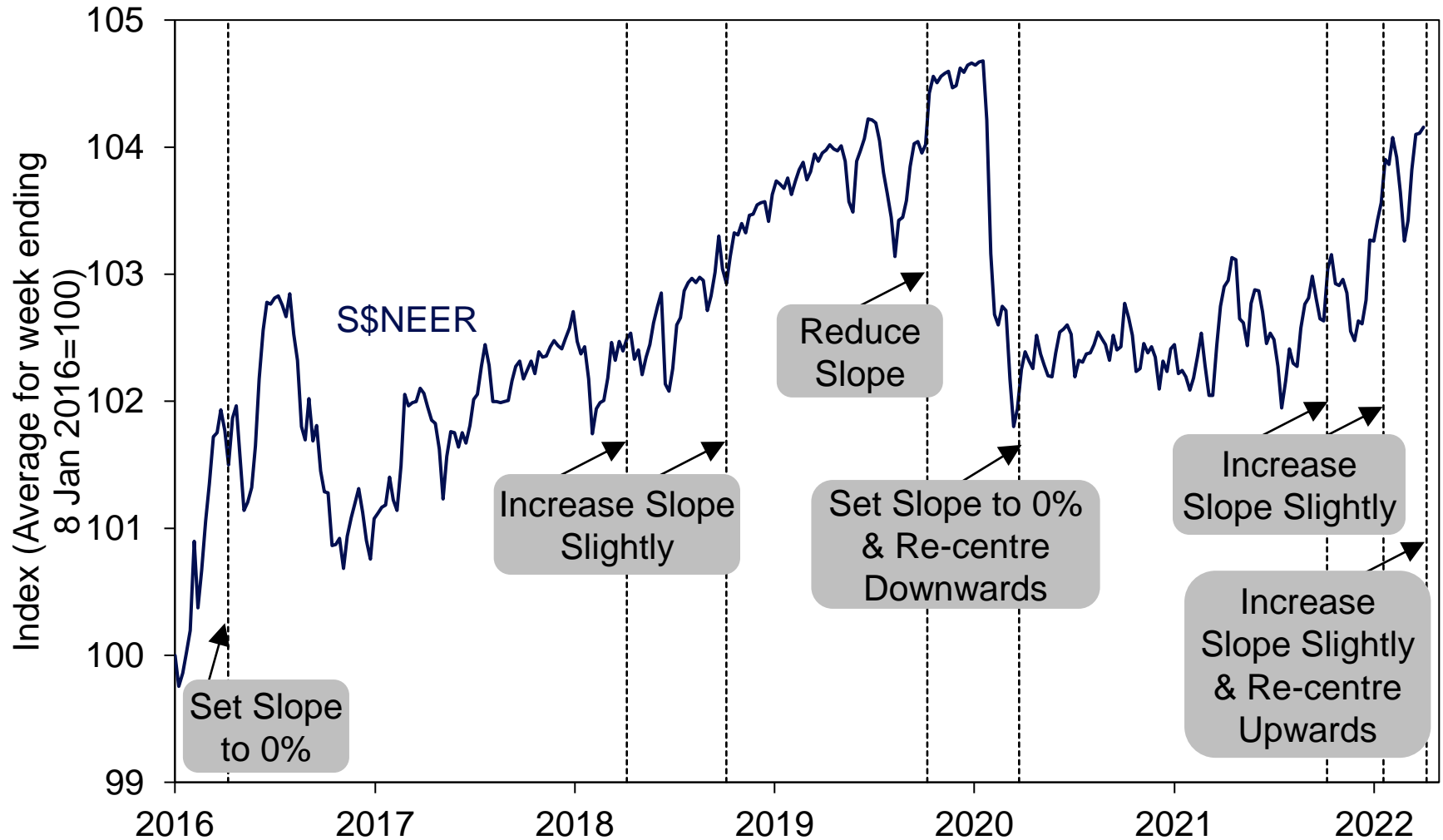


Macroeconomic Policy

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The mid-point of the S\$NEER was re-centered and the slope of the policy band was raised slightly in April



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