

Macroeconomic Review

April 2023

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



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Global Macroeconomic Outlook



Global economy expected to slow, tail risks have increased

Global economic activity is expected to slow over the coming quarters, as the rapid and simultaneous tightening in global monetary policy filters through to the real economy. Global headline inflation is forecast to moderate but core inflation remains above central banks' targets. Higher global interest rates have surfaced latent vulnerabilities within the financial system, and their recent manifestation in bank failures present risks to global financial stability and the growth outlook.



The Singapore Economy

MAS Core Inflation

2023: 3.5 to 4.5%

External and domestic cost pressures to ease

Core inflation momentum has declined. Barring fresh shocks to global supply, Singapore's imported inflation, which has turned negative, should fall further alongside lower commodity prices and the stronger S\$NEER. As the tightness in the domestic labour market eases, wage growth should moderate.

GDP Growth

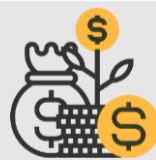
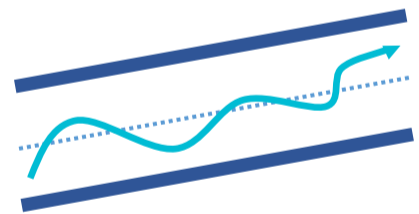
2023: 0.5 to 2.5%

Slowing growth, with downside risks

Singapore's economic growth prospects have become more uncertain, amid banking stresses abroad and weakness in the trade-related sectors. The impact of the global electronics downturn on Singapore has been accentuated by the deep and extensive trade linkages and electronics supply chains in the region.

April 2023 Monetary Policy Decision

Maintain the current appreciating path of the policy band, with no change to the width or level



Imported inflation is already negative. Core inflation has peaked and is expected to ease more discernibly over the second half of 2023 to end the year significantly lower. Maintaining an appreciating path for the S\$NEER means that monetary policy will continue to have a dampening effect on inflation.

Boxes and Special Features

Box Article A

"Labour Market Tightness and the Beveridge Curve in Singapore"

Box Article B

"Residential Rental Markets"

Box Article C

"A Simulation of the Macroeconomic Impact of Fiscal Transfers to Households using the Monetary Model of Singapore"

Special Feature A

"Is Higher Inflation Also More Persistent Inflation?"

Special Feature B

"Economic Forecasting in Singapore: The COVID-19 Experience"

Special Feature C

"Risk-Centric Monetary Policy"