

MONETARY AUTHORITY OF SINGAPORE

MACROECONOMIC REVIEW



ECONOMIC POLICY GROUP

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Contents

Chapters

1

The International Economy

2

The Singapore Economy

3

Labour Market and Inflation

Box A: Labour Market Tightness and the Beveridge Curve in Singapore

Box B: Residential Rental Markets

4

Macroeconomic Policy

Box C: A Simulation of the Macroeconomic Impact of Fiscal Transfers to Households using the Monetary Model of Singapore

A

Is Higher Inflation Also More Persistent Inflation? Threshold Effects on Inflation Persistence

B

Economic Forecasting in Singapore: The COVID-19 Experience

C

Risk-Centric Monetary Policy

Special Features



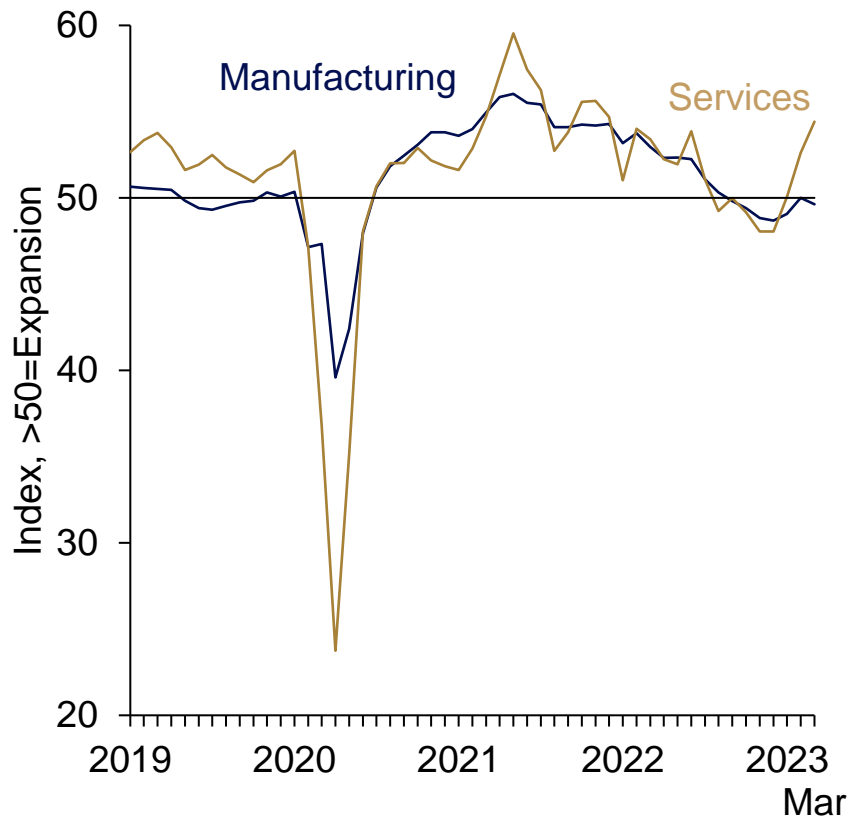
International Economy

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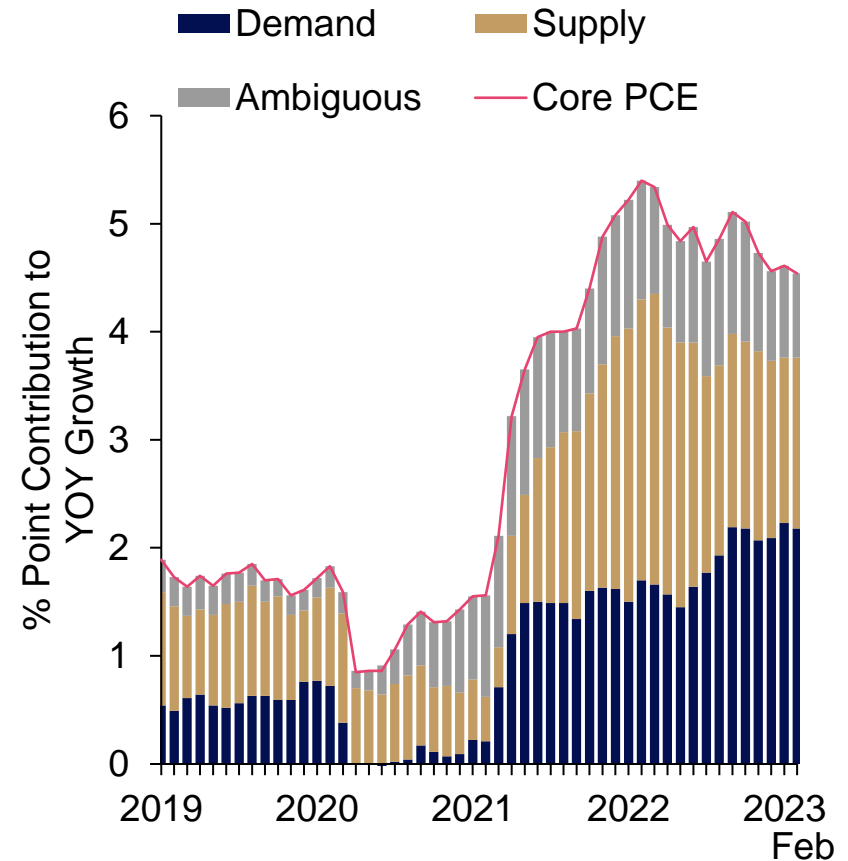
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Global growth demonstrated some resilience while core inflation remained sticky in early 2023

Global PMI



US Core PCE Inflation



Below trend growth is expected in most regions for the rest of 2023

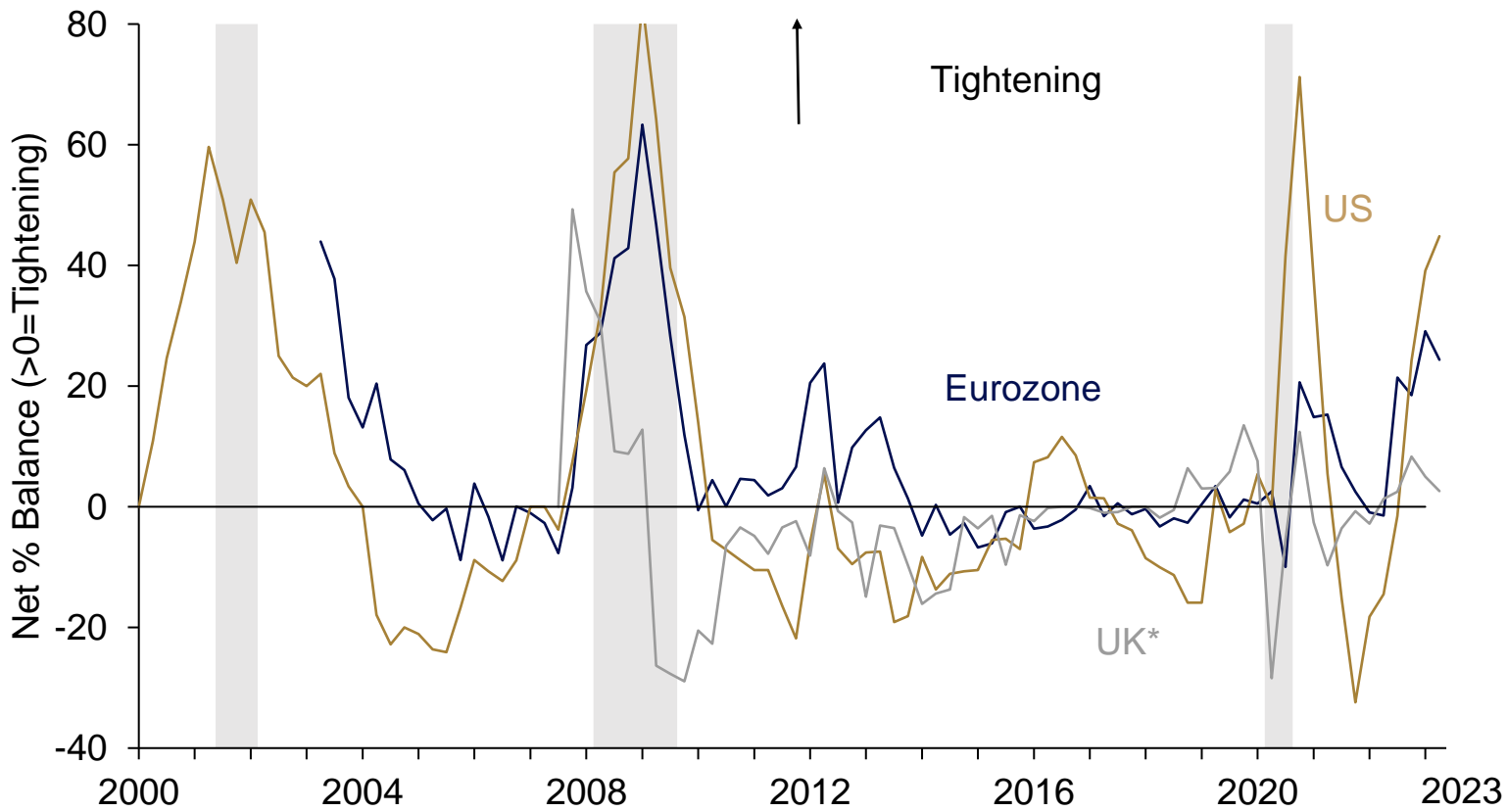
	QOQ SA (%)			Annual (%)		
	2022 Q4	2023 Q1*	2023 Q2*	2022	2023*	2024*
G3	0.3	0.2	-0.1	2.4	0.6	1.1
Asia ex-Japan	0.2	1.7	1.2	3.9	4.6	4.7
ASEAN-5	0.1	1.1	1.2	5.8	4.6	5.2
Global	0.3	1.0	0.6	3.3	2.8	3.1

Note: The G3 grouping refers to the Eurozone, Japan and the US, while the ASEAN-5 are Indonesia, Malaysia, the Philippines, Thailand and Vietnam. Asia ex-Japan comprises China, Hong Kong SAR, India, South Korea, Taiwan and the ASEAN-5.

All aggregates are weighted based on Singapore's value added by destination of final demand (using TiVA data).

Uncertainty in the global outlook and financial stability tail risks have increased

Net Percentage of Domestic Banks Tightening (Next three months)



* Inverted BoE survey on availability of corporate sector credit (next three months)
Note: Shaded regions represent US recessions

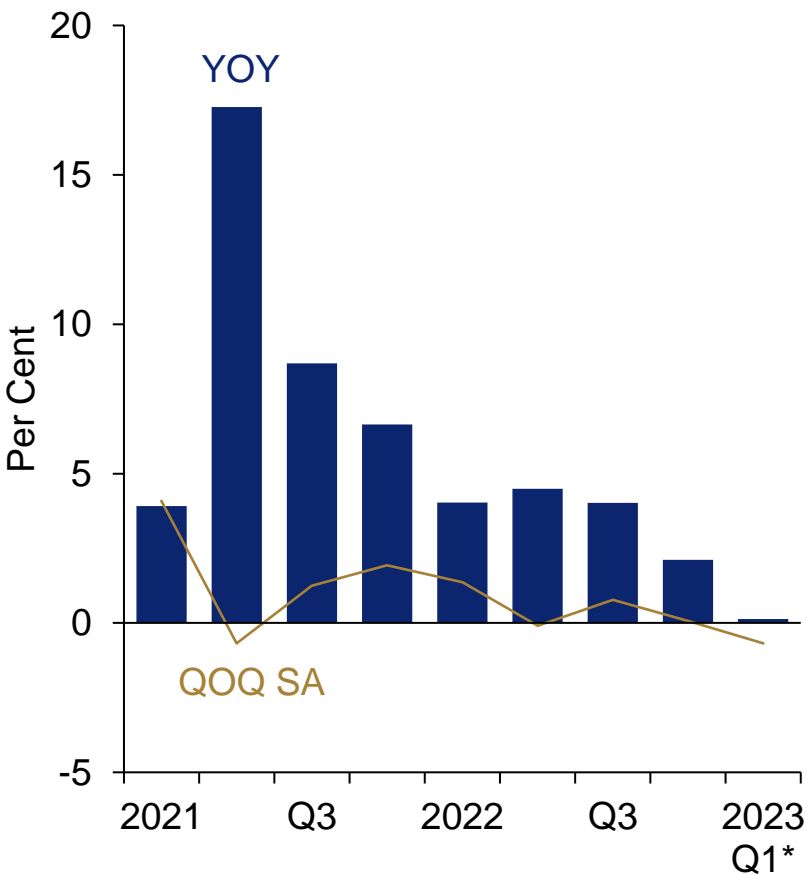


Singapore Economy

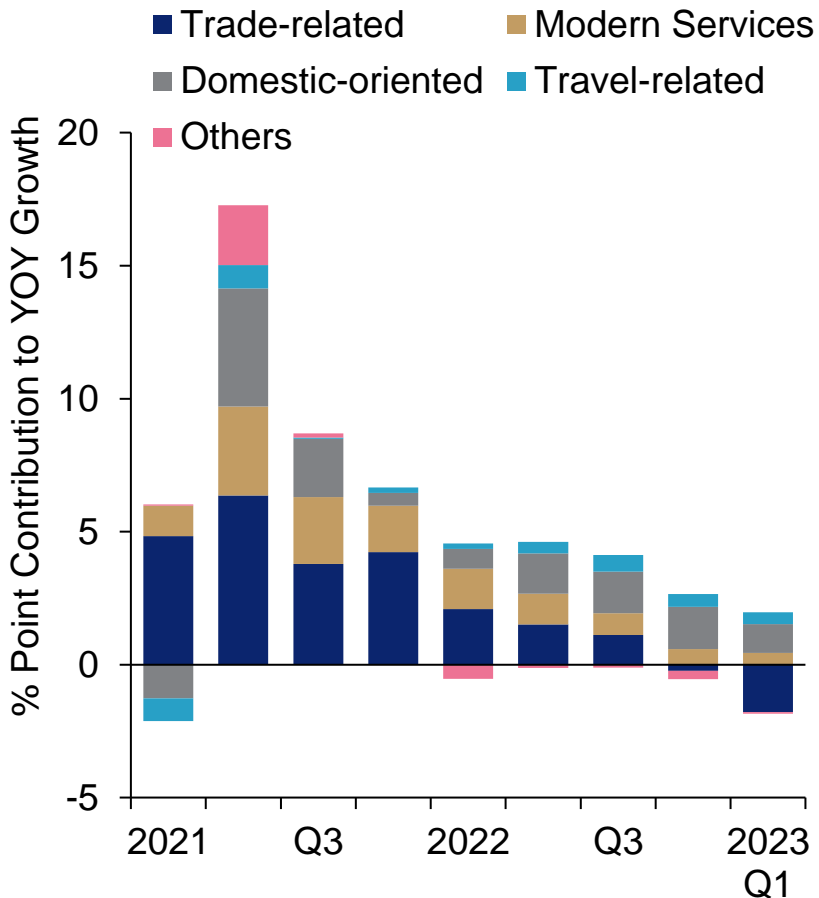
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The Singapore economy was weighed down by weakness in trade-related activities

Singapore's GDP Growth



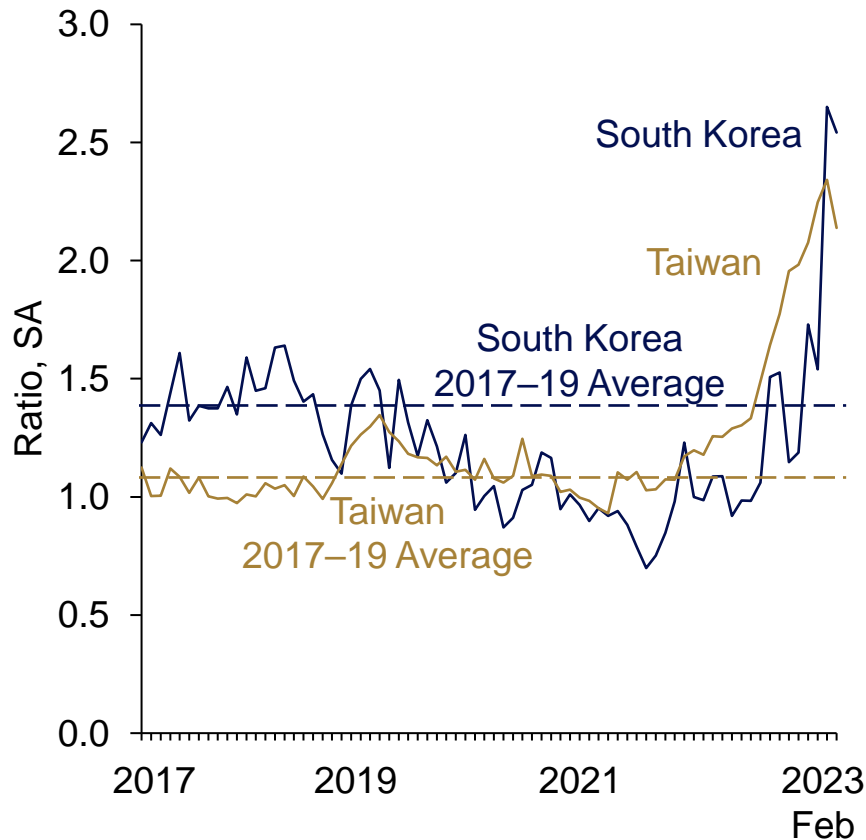
GDP Growth by Cluster



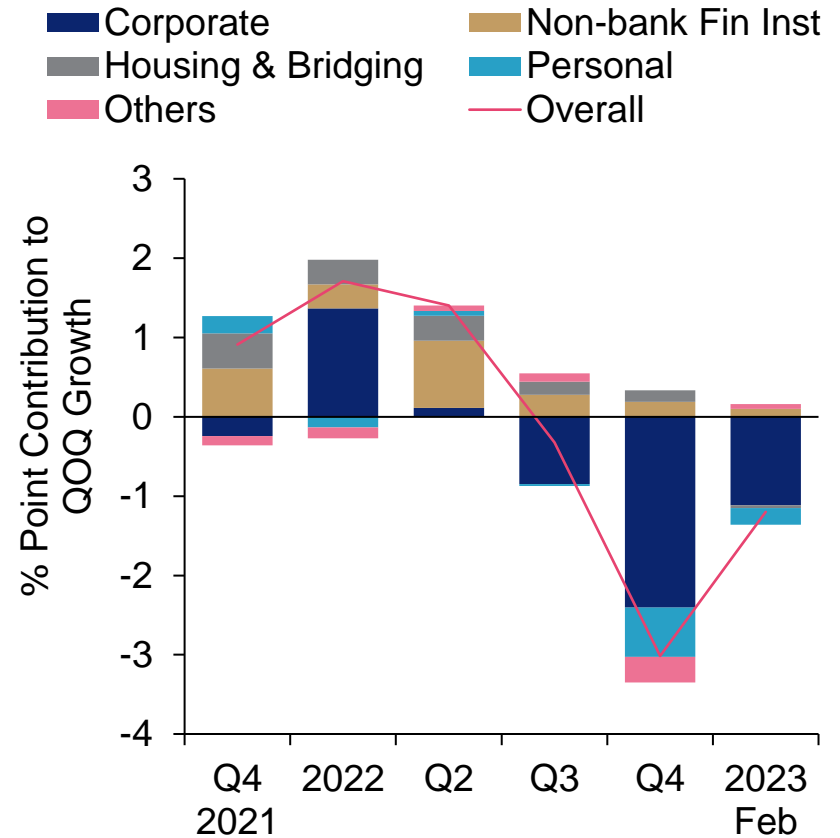
* Advance Estimates

Singapore's economic outlook is uncertain, with downside risks

Semiconductor inventory-to-shipment ratio by economy

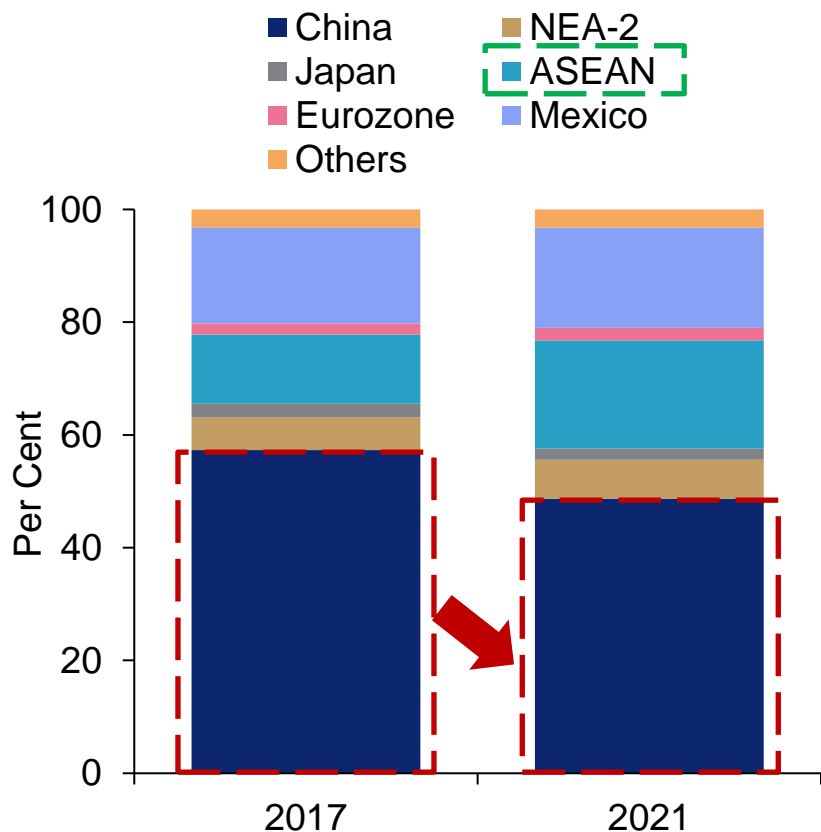


Non-bank loans to residents by loan type

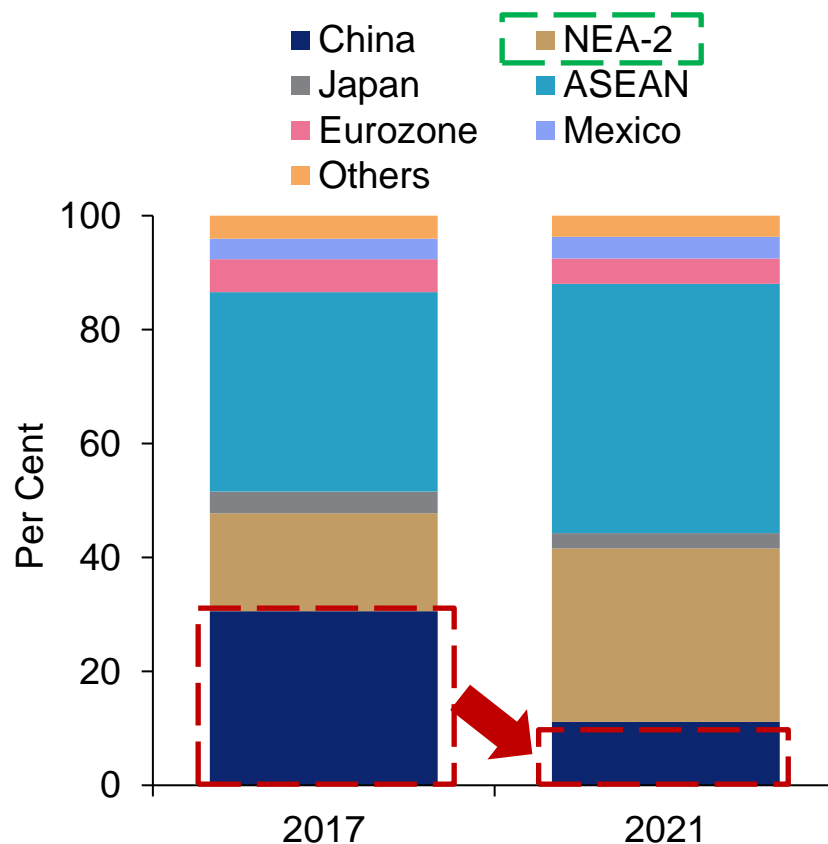


There has been some diversification away from bilateral US-China trade in the electronics GVC

Market shares of US imports of final electronics goods



Market shares of US imports of intermediate electronics goods

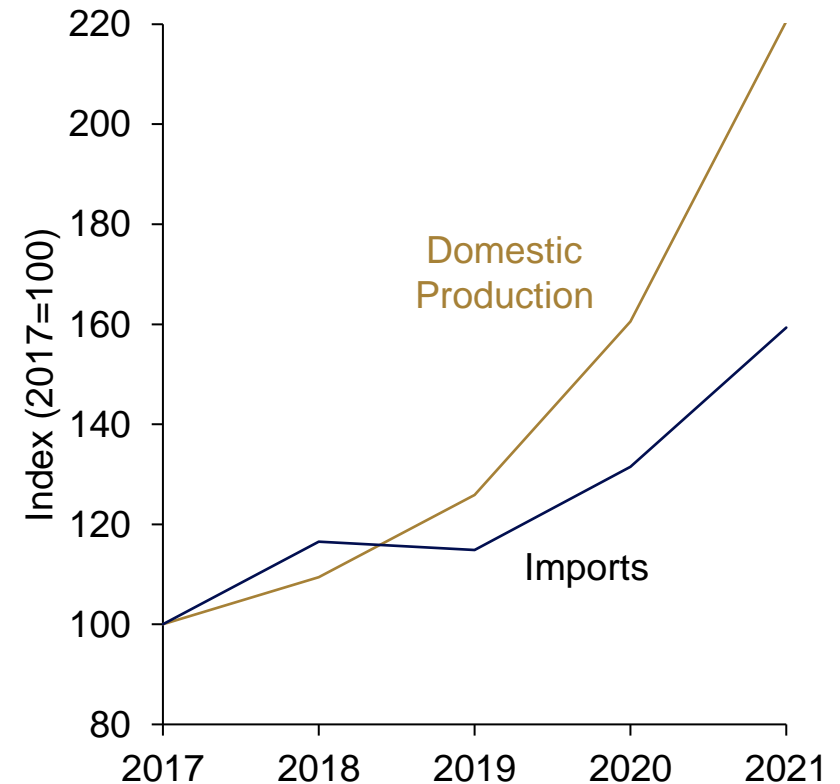


There are also signs of greater insourcing of electronics products, especially for semiconductors

Average annual growth (%) in global merchandise and electronics imports and output

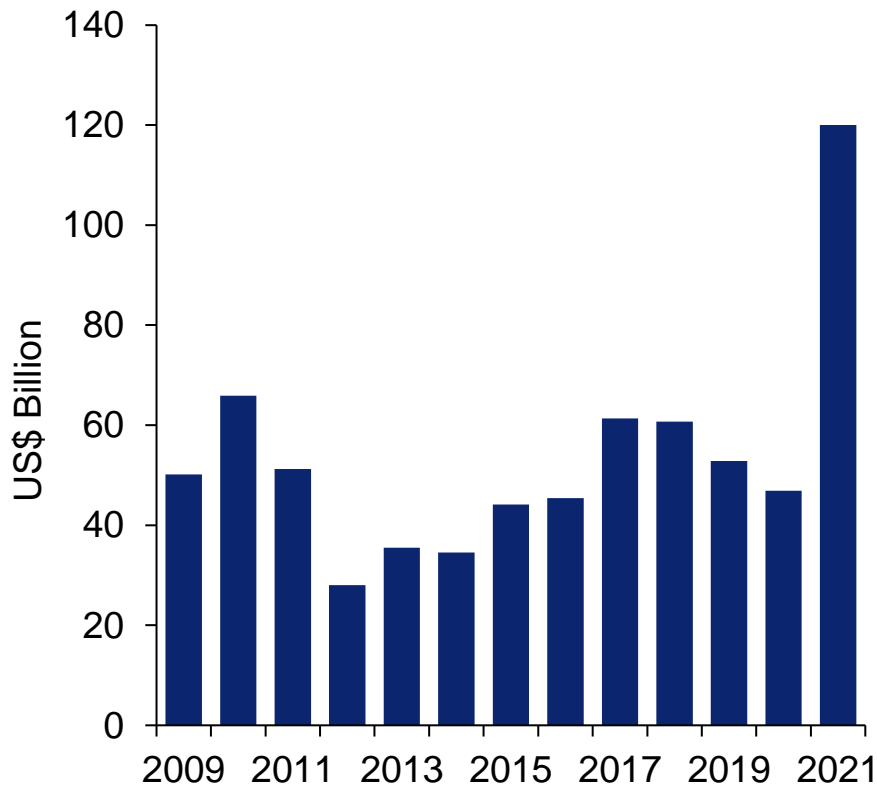
	Global Merchandise		Global Electronics	
	Imports	Output	Imports	Output
Rapid Globalisation (1998-2008)	10.9	5.2	8.7	5.5
Post-GFC (2009-2017)	1.8	3.1	4.1	3.2
Post-Trade War (2018-2021)	6.4	5.3	7.2	8.7

China's semiconductor production and imports



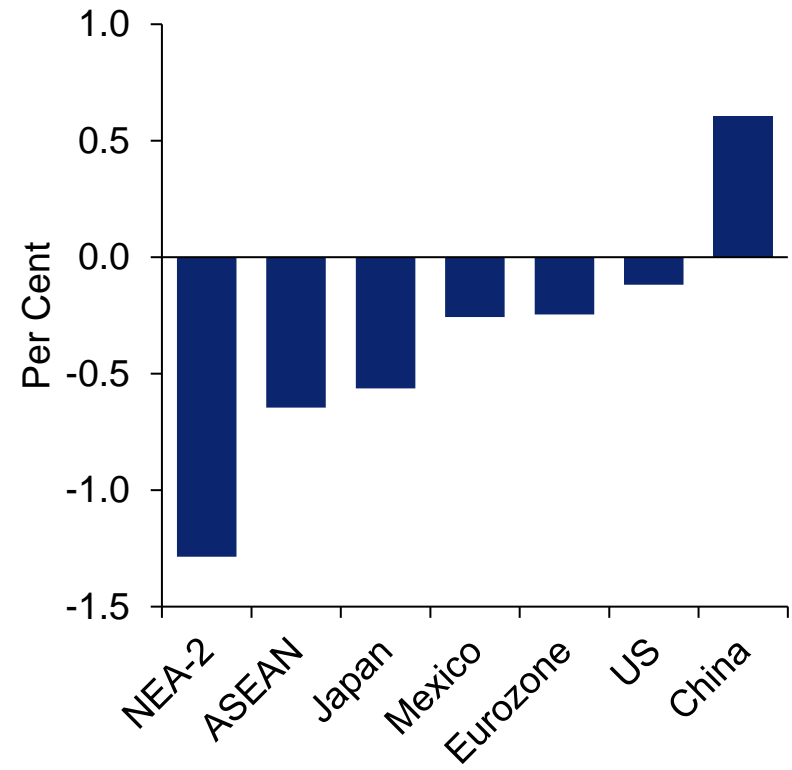
Increased insourcing in the US and China would weigh on other economies' electronics output

Global greenfield electronics investments



Source: UNCTAD World Investment Report 2022

Change in electronics' gross output from a 1% point decrease in both US' and China's electronics import intensity



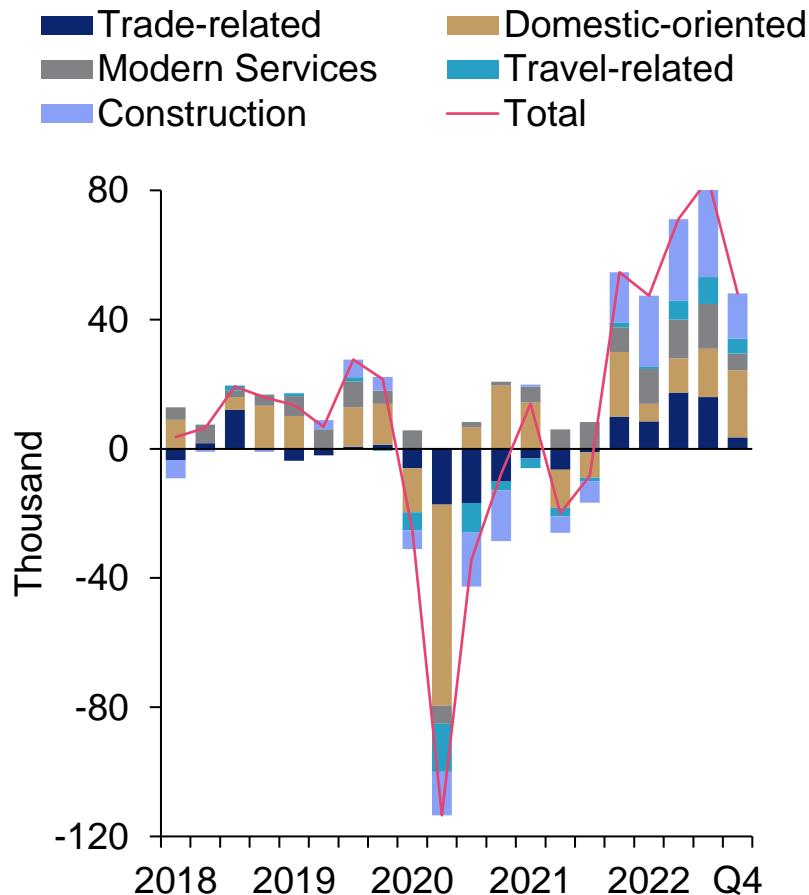
Note: Import intensity is defined as the percentage of imported intermediates in total intermediate consumption.



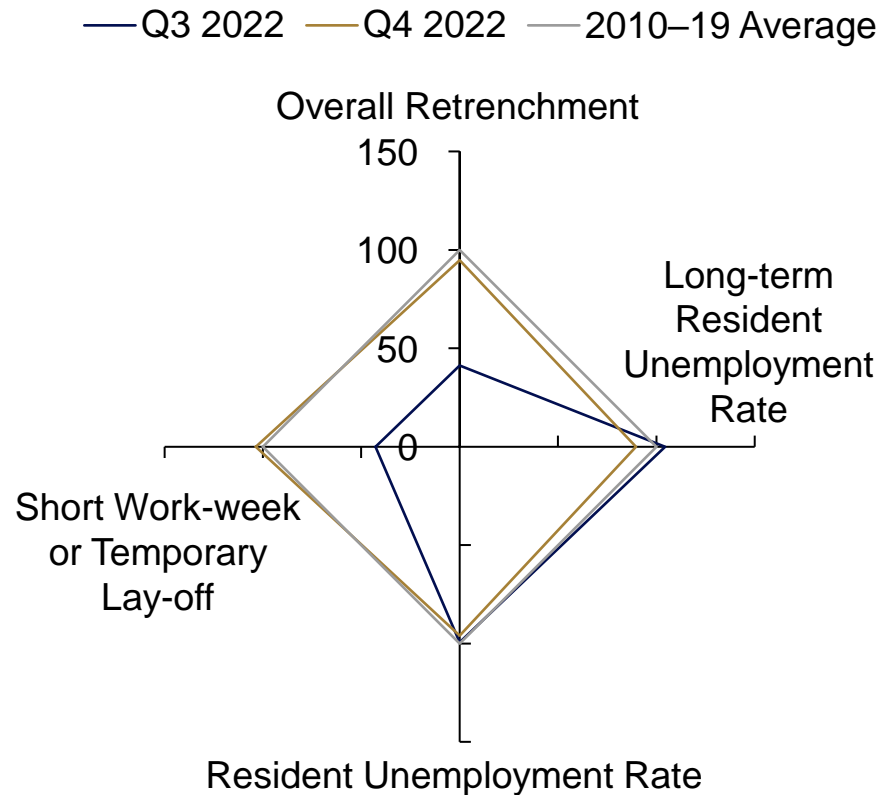
Labour Market and Inflation

Labour market tightness eased somewhat in Q4 last year

Employment Changes by Sector



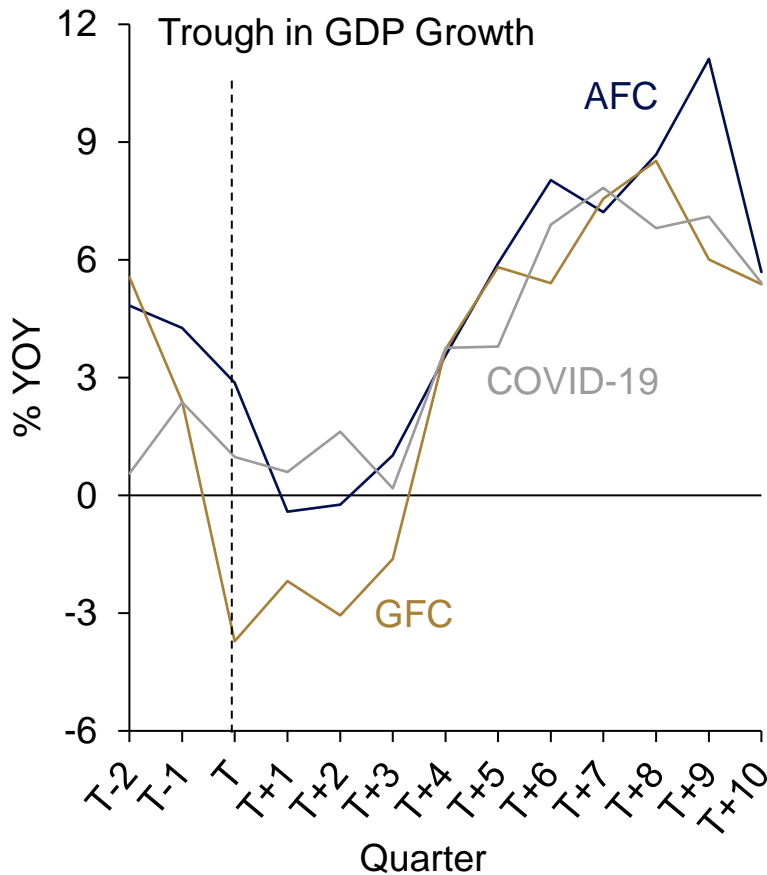
Labour market spare capacity indicators



Note: A smaller quadrilateral indicates tighter labour market conditions. All variables are indexed such that the 2010–19 historical average for each indicator takes a value of 100.

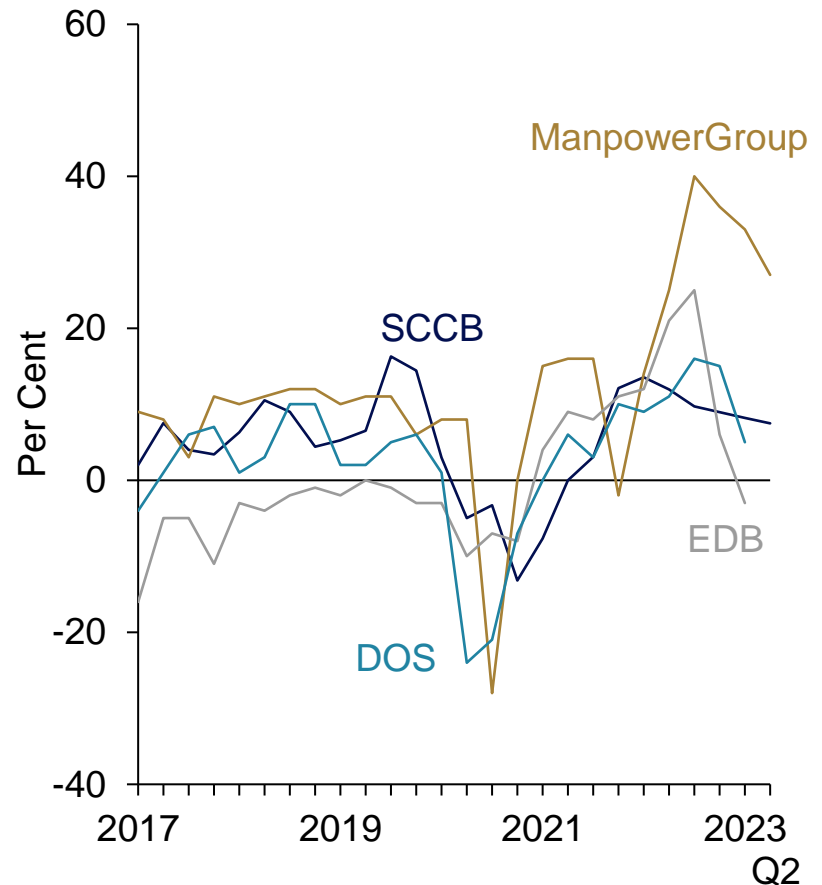
Softening external demand should lead to continued moderation in labour market tightness and wage growth

Post-crisis Trajectories in Resident Wage Growth



Note: T refers to Q3 1998 for Asian Financial Crisis (AFC), Q1 2009 for Great Financial Crisis (GFC) and Q2 2020 for COVID-19.15

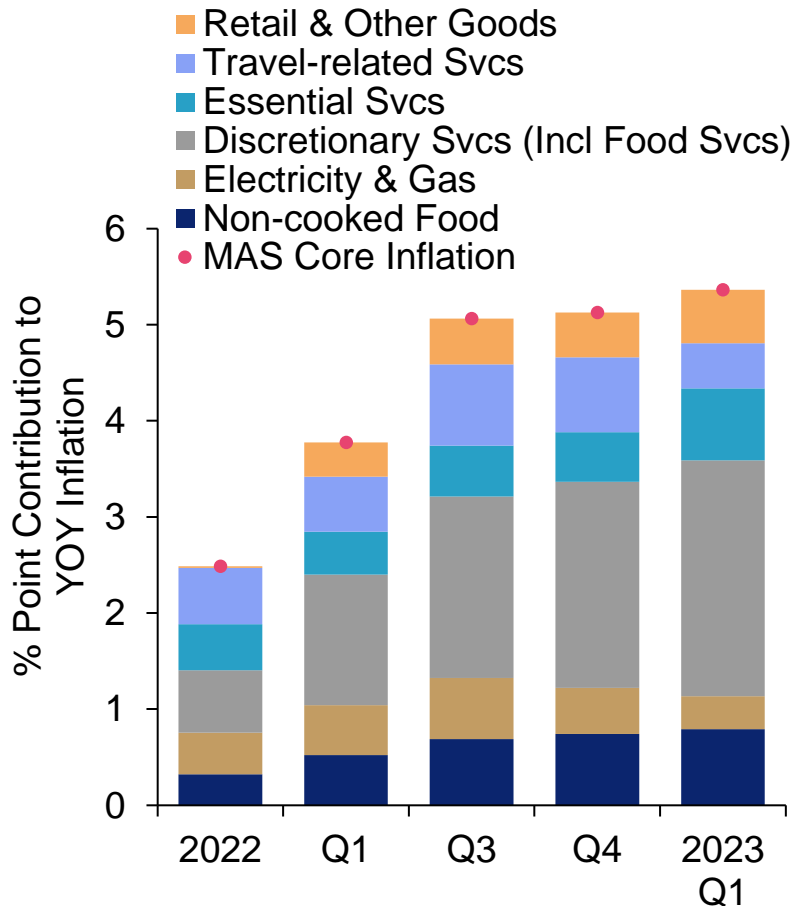
Net Employment Outlook



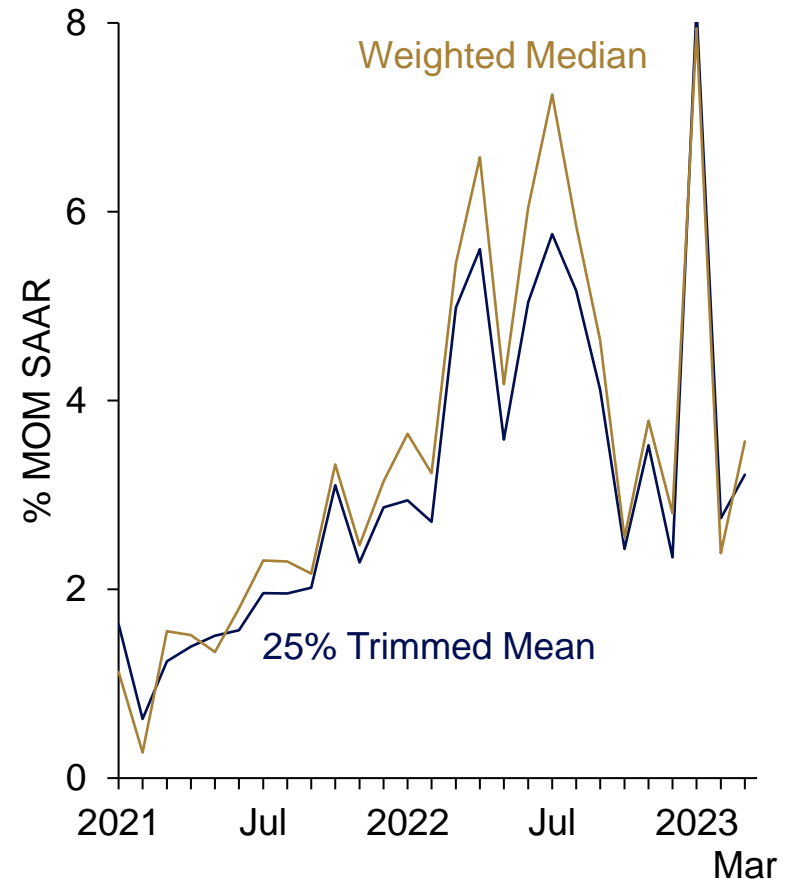
Note: Singapore Commercial Credit Bureau (SCCB)

Core inflation rose in Q1 2023 on account of the GST hike and the pass-through of accumulated business costs

Contribution to MAS Core Inflation

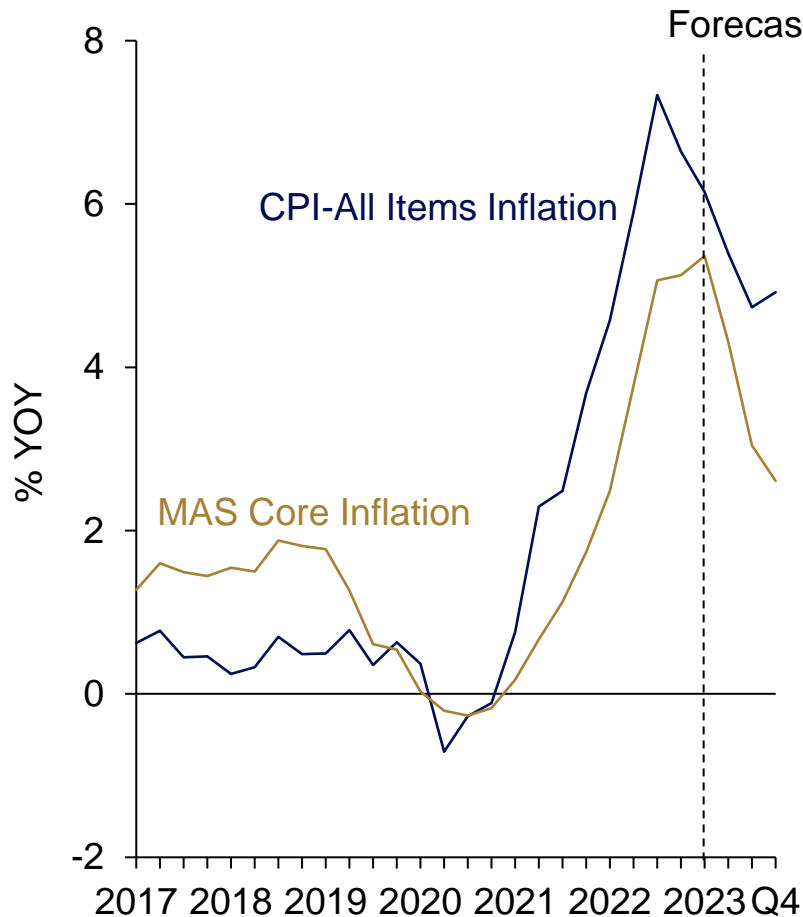


25% Trimmed Mean Inflation and weighted median inflation measure

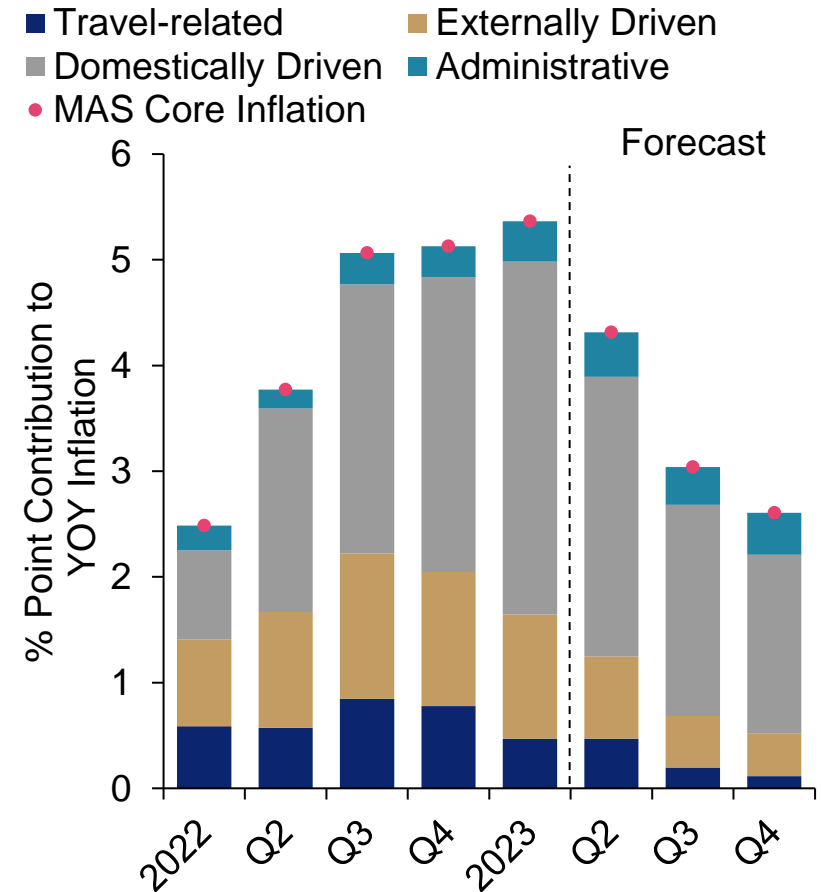


Core inflation will stay elevated in the next few months but expected to slow more discernibly in H2 this year

Core and Headline Inflation Forecasts

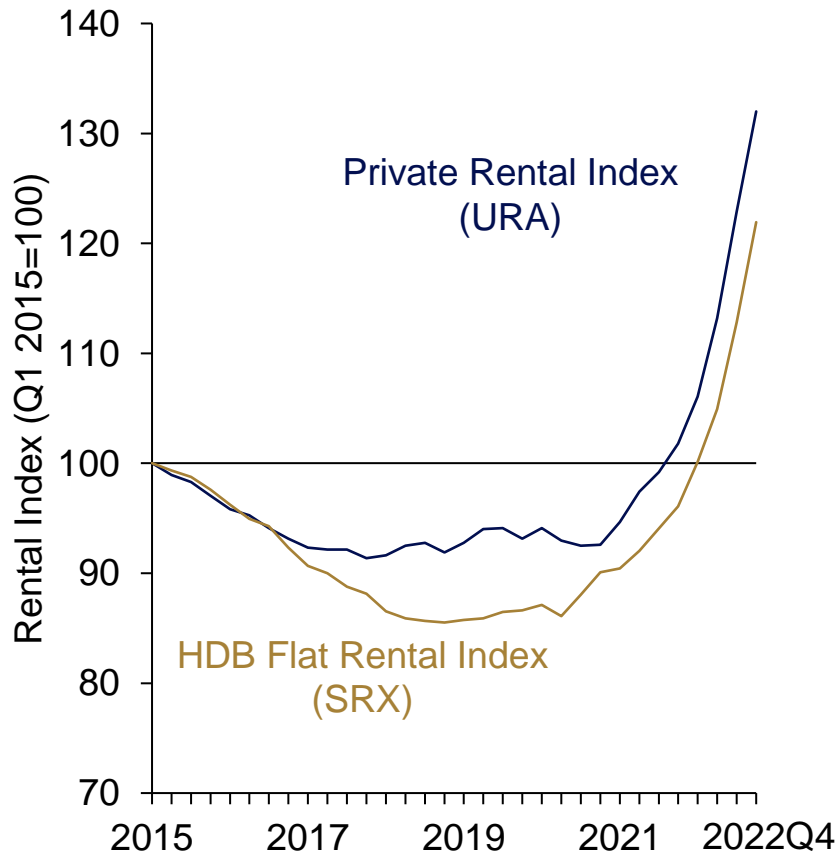


Contribution to MAS Core Inflation

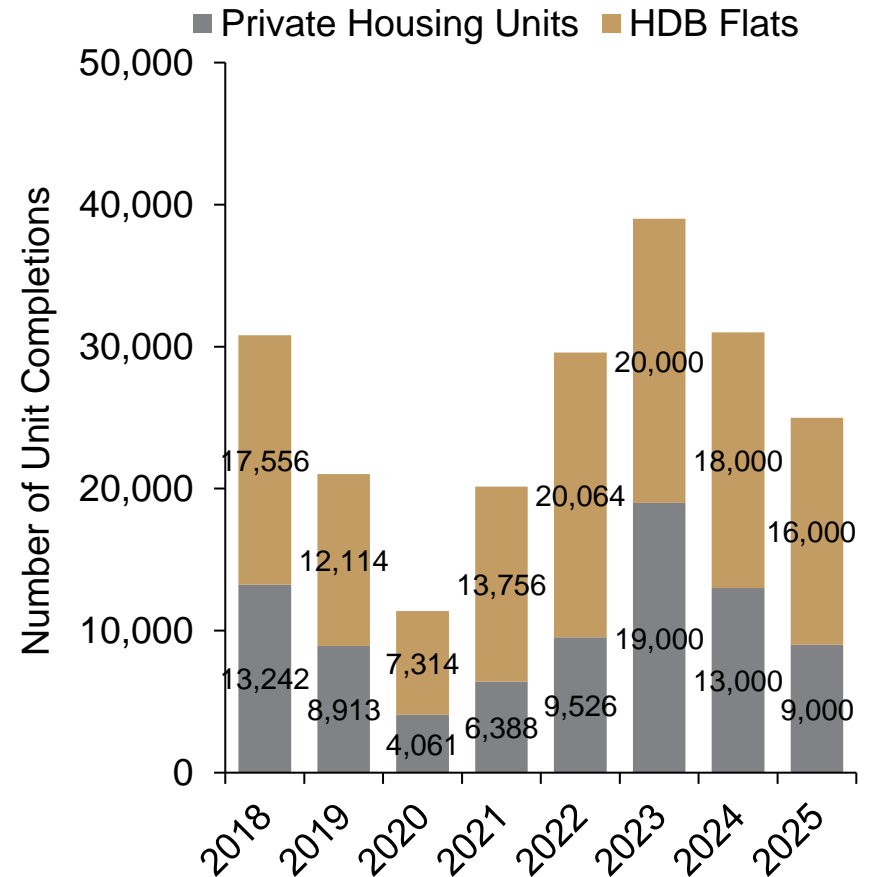


Box Article B: Residential Rental Markets

**Rental Cost Indices
(Base Period = Q1 2015)**



Historical and Projected Public and Private Residential Unit Completions



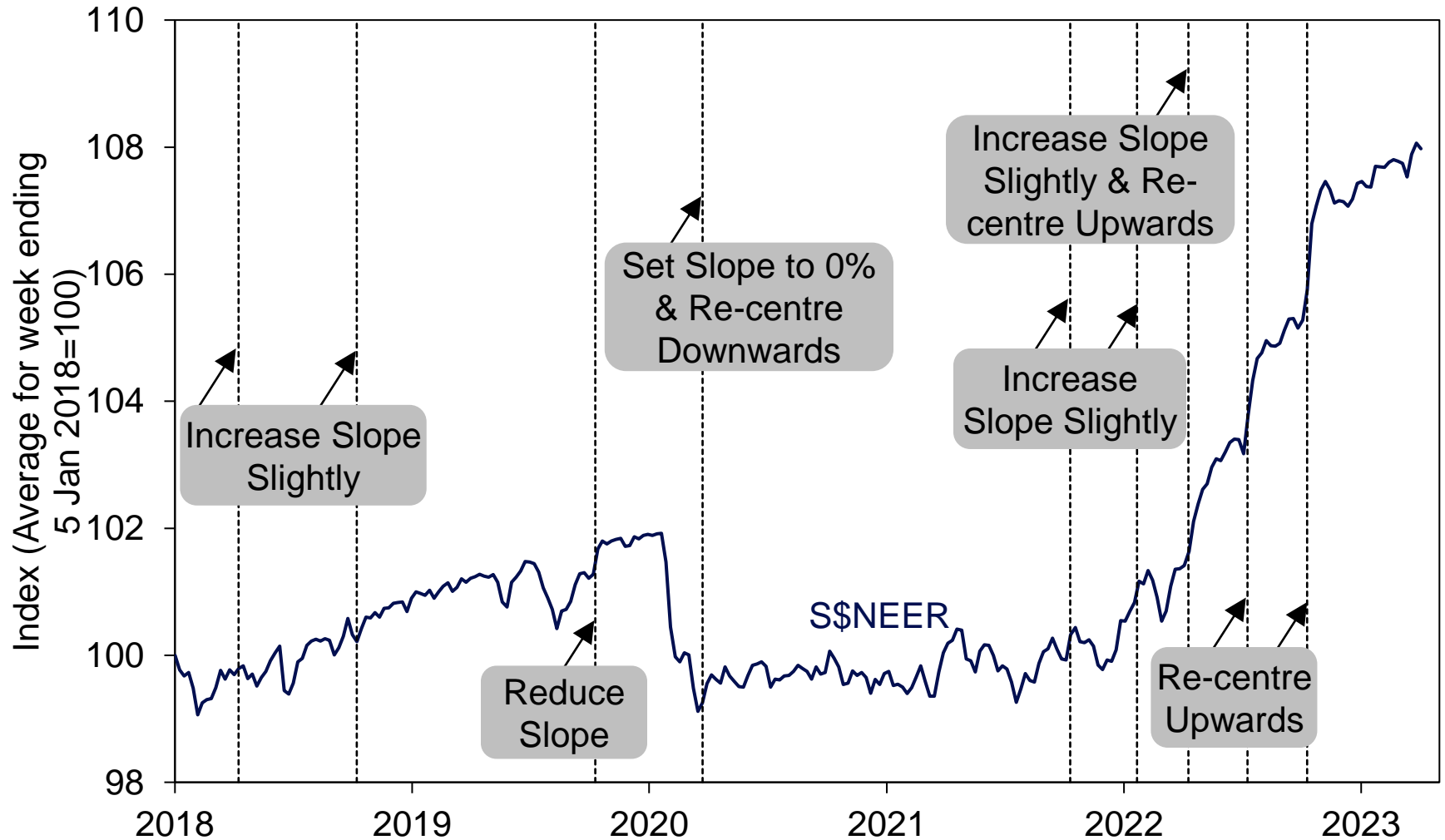


Macroeconomic Policy

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19

In April 2023, MAS kept the S\$NEER on its current appreciating path



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