

Macroeconomic Review

April 2024

Published twice a year in April and October, the *Macroeconomic Review* documents MAS Economic Policy Group's in-depth analysis and assessment of economic developments.



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Global Macroeconomic Outlook



Global economic growth to steadily expand, with last leg of disinflation uneven

Despite multi-decade high interest rates, the global economy has demonstrated considerable resilience. Global economic activity is set to ease slightly this year as tight macropolicy settings restrain growth for some economies. Meanwhile, the pace of global disinflation is expected to slow amid higher energy prices and a fading drag from lower goods prices. Looking ahead, the risks are tilted towards higher inflation amid geopolitical pressures on commodity prices and still-firm services inflation in the AEs, which could lead to a delayed or shallower monetary policy easing.



The Singapore Economy

GDP Growth

2024: 1 to 3%

Growth picks up amid broad alignment of global macroeconomic, tech and interest rate cycles

The trade-related and modern services clusters are expected to improve, supported by the ongoing recovery in the global electronics industry and the projected peaking of global policy interest rates. Meanwhile, growth in the travel-related and domestic-oriented clusters will continue to moderate but stay above trend.

MAS Core Inflation

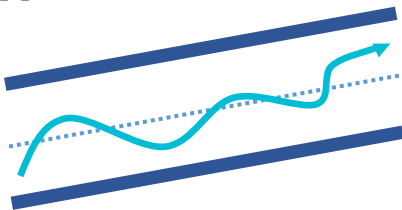
2024: 2.5 to 3.5%

Core inflation expected to be on a broadly moderating trajectory

Ongoing catch-up in consumer prices to higher cost levels will keep core inflation elevated in the very near term. However, overall imported cost pressures are projected to stay modest while domestic cost increases will slow with easing labour market tightness. MAS Core Inflation will remain on its gradual disinflation path over 2024.

April 2024 Monetary Policy Decision

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



As Singapore's GDP growth strengthens to around its potential rate over 2024, the slightly negative output gap should narrow and close by the end of the year. Inflation will remain close to current levels in the near term, before stepping down more discernibly in Q4 2024 and in 2025. The prevailing policy stance will keep a restraining effect on imported inflation as well as domestic cost pressures.

Boxes and Special Features

Box Article A

"Drivers of Labour Force Participation in Singapore"

Box Article B

"Alternative Measures of Inflation in Singapore"

Special Feature A

"Text Analysis of MAS Monetary Policy Statements"

Special Feature B

"Public Investment as a Stimulus Policy"

Special Feature C

"The Big Shift in Working Arrangements: Eight Ways Unusual"