

MONETARY AUTHORITY OF SINGAPORE

MACROECONOMIC REVIEW

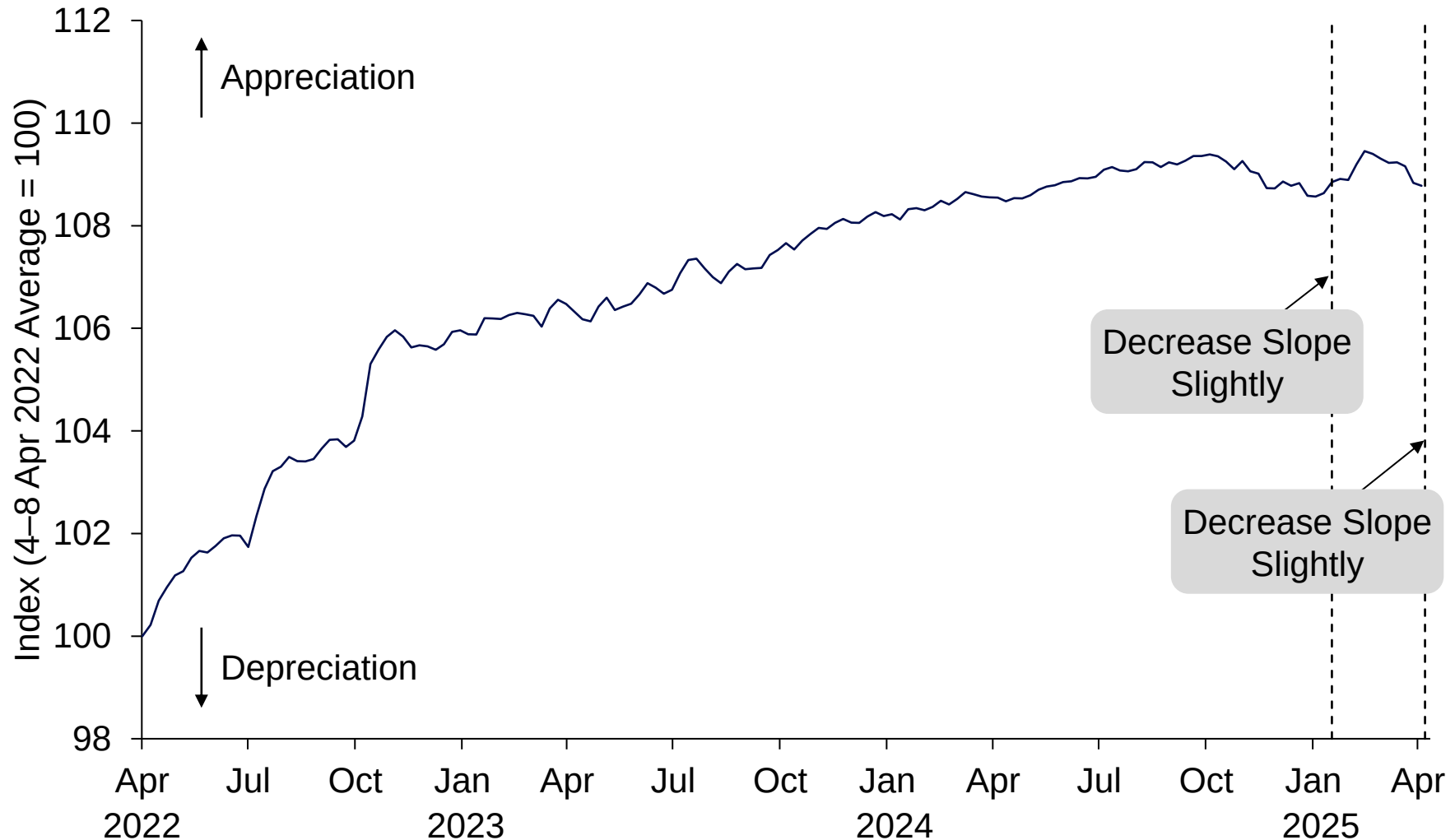


ECONOMIC POLICY GROUP

April 2025 / VOLUME XXIV / ISSUE 1



In April 2025, MAS reduced slightly the rate of appreciation of the S\$NEER policy band



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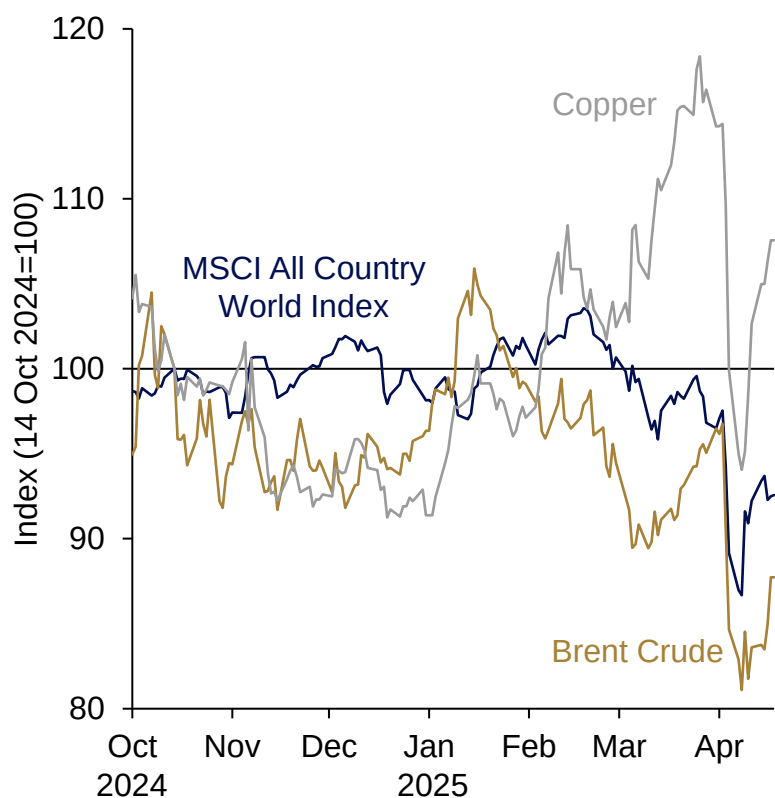
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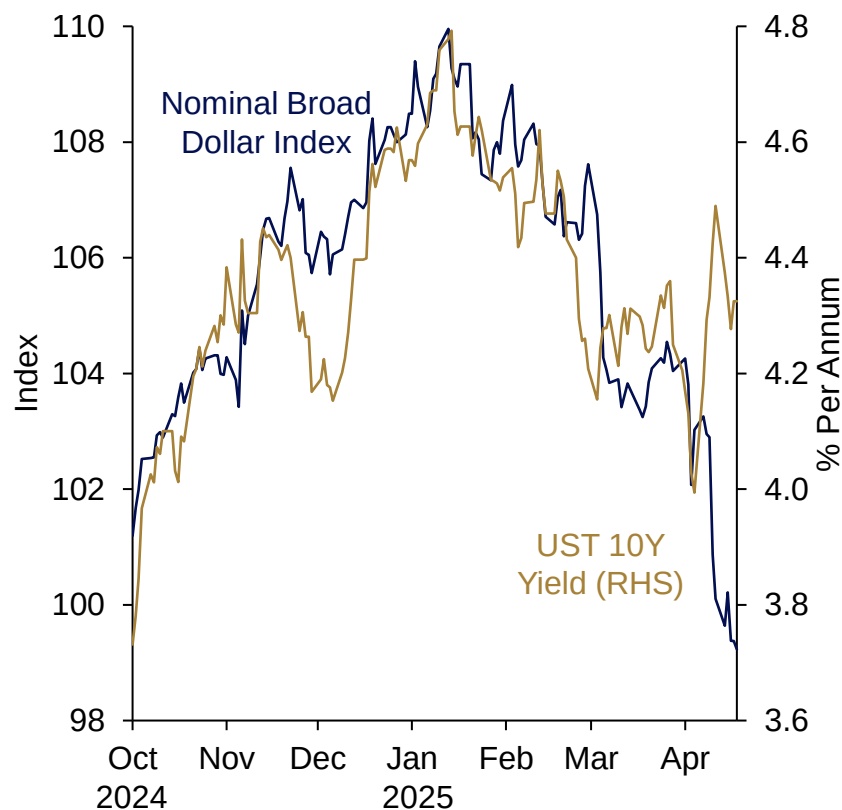
Financial Conditions

Global financial sentiment has weakened since early April, accompanied by broad-based US\$ easing

Selected Growth-Sensitive Assets

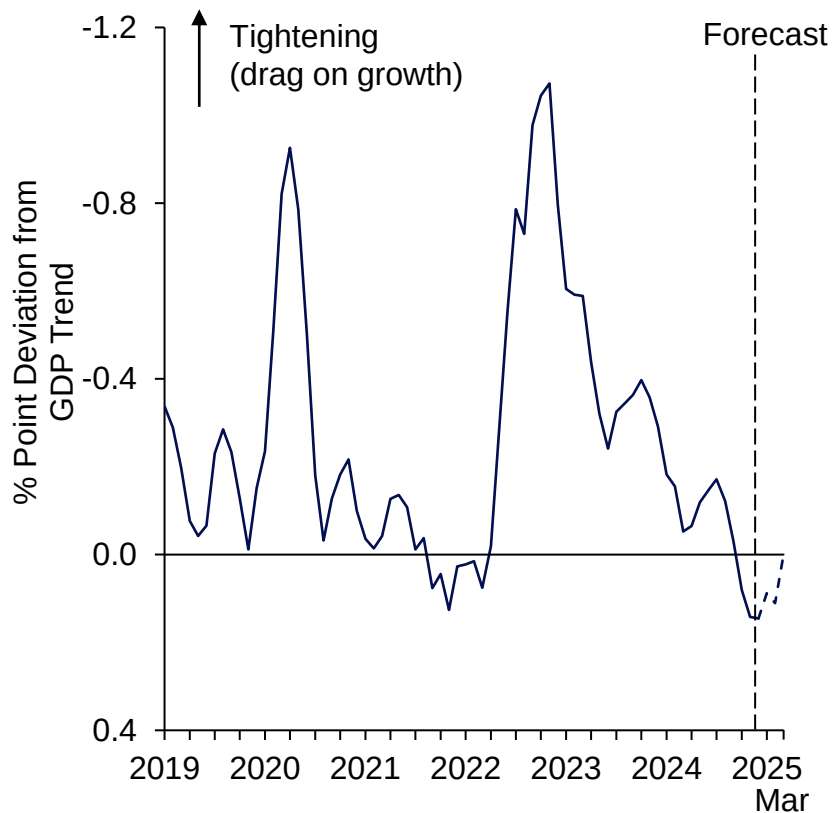


Dollar Index and US Treasury Yield



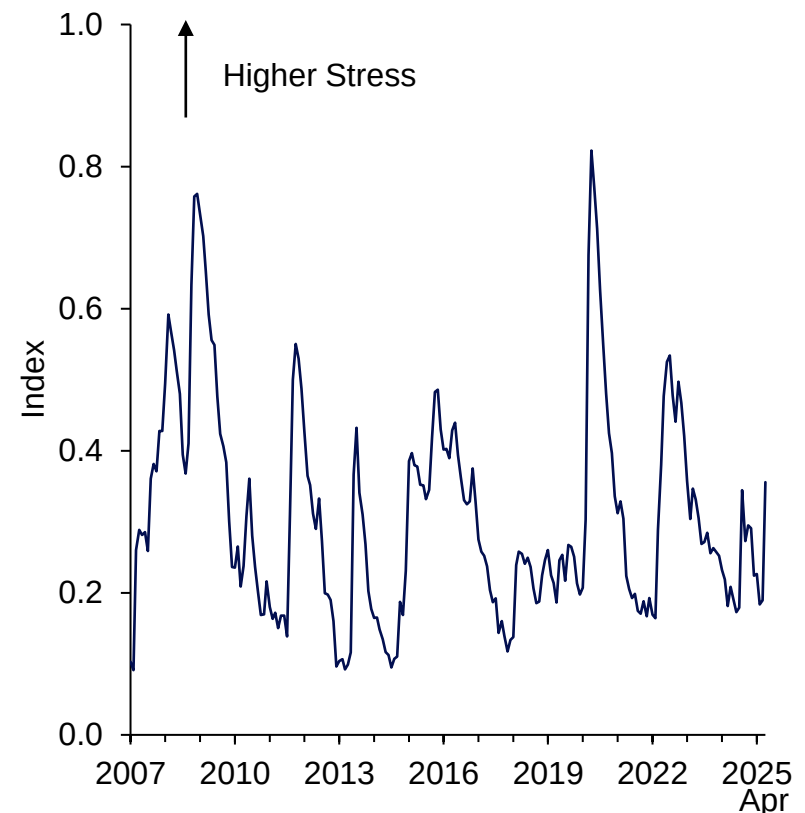
Domestic financial conditions were broadly neutral at the end of Q1 2025, but have since likely tightened

Domestic Financial Conditions



Note: 2025 Jan–Mar FCI values are estimates, with quarterly indicators used in the FCI nowcasted from their latest available Dec 2024 data.

Financial Stress Index



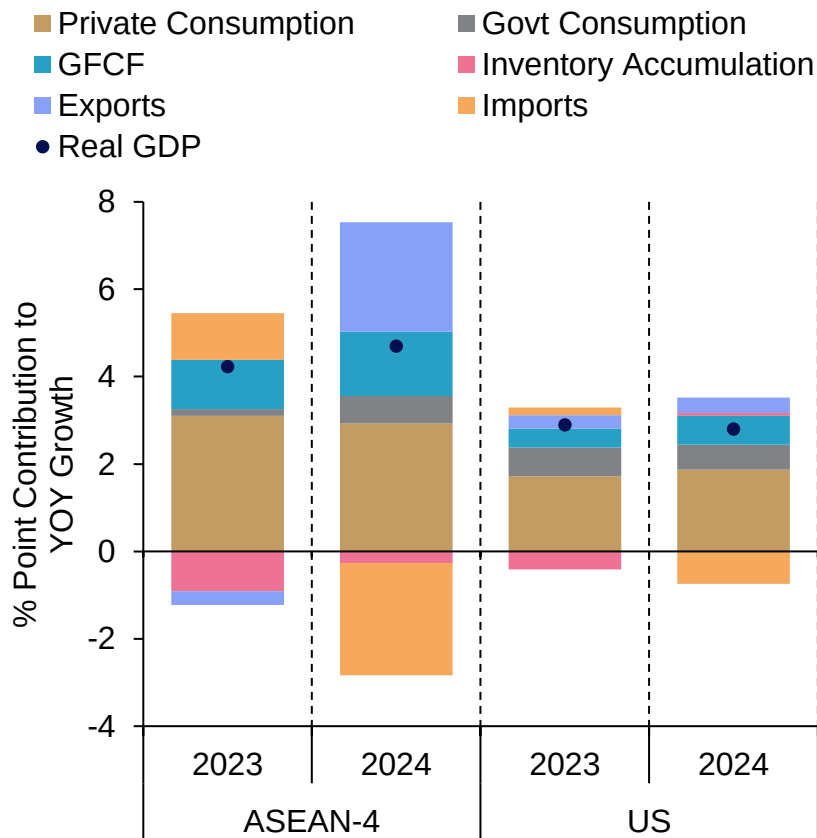
Note: The FSI is normalised to [0,1], with 1 indicating historic high levels of stress.



International Economy

Global growth was firm in 2024, with slower-than-expected disinflation in the G3

Decomposition of GDP Growth in the ASEAN-4 and the US

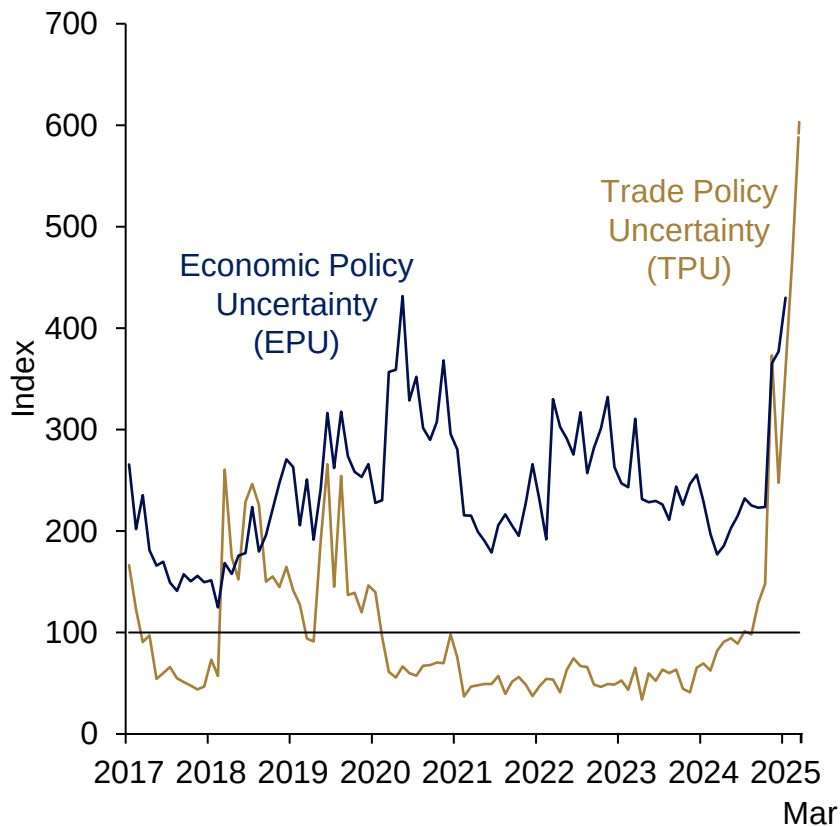


Inflation

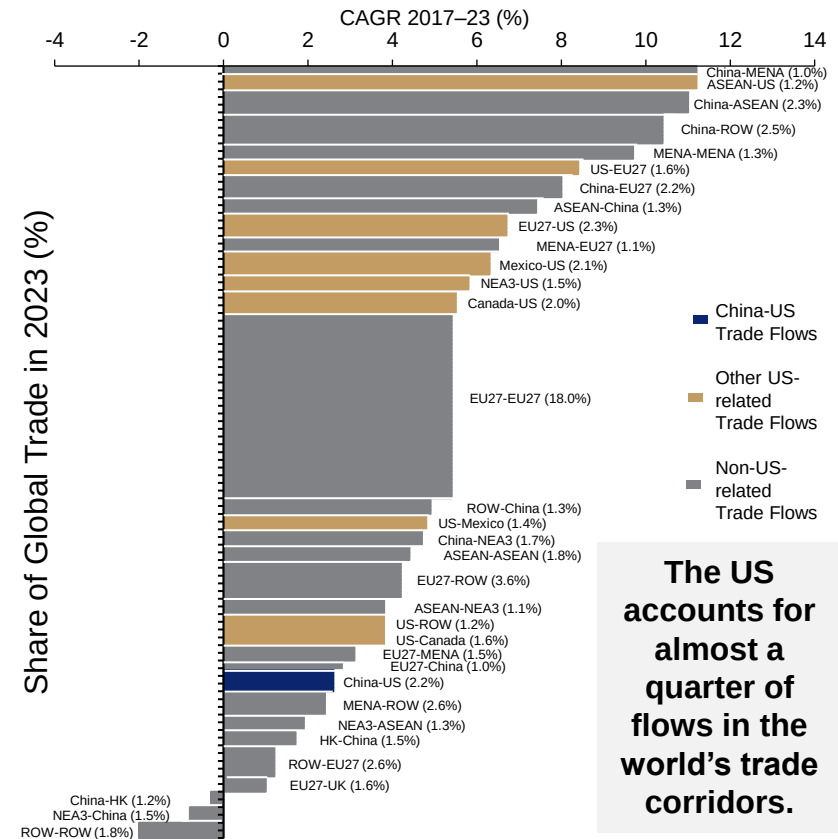
- Global headline inflation was unchanged at 2.0% y-o-y in Jan–Feb from H2 2024.
- However, there were disparities across regions.
- While the G3 economies saw some uptick in inflation, Asia remained in a low-inflation regime.

Prospects for global trade and growth have been revised down with the escalation in trade frictions

Global Policy Uncertainty



Major Trade Corridors in the World



The US accounts for almost a quarter of flows in the world's trade corridors.

Note: For the EPU Index, 100 refers to the average over the period 1985-2019, while the 100 in the TPU Index is a 1% share of news articles with mention of both “trade policy” and “uncertainty”.

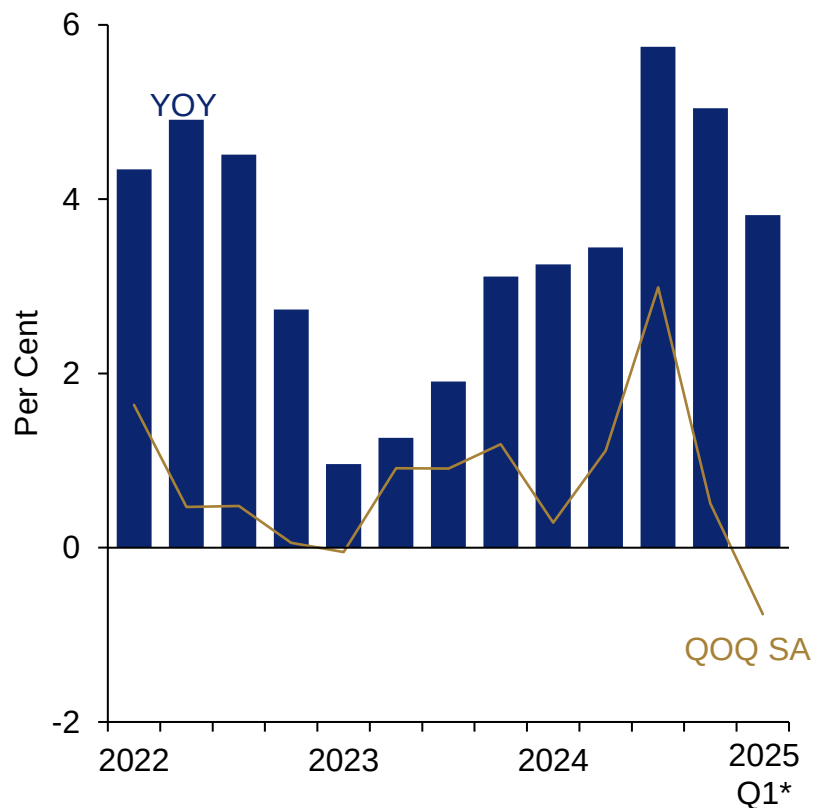
Note: i) The figures in the parenthesis represent the share of global trade in 2023, while the length represents CAGR over 2017–23; ii) For each corridor label, “economy A-economy B” refers to goods flow from A to B; iii) The major trade corridors above account for around 73% of global trade in 2023.



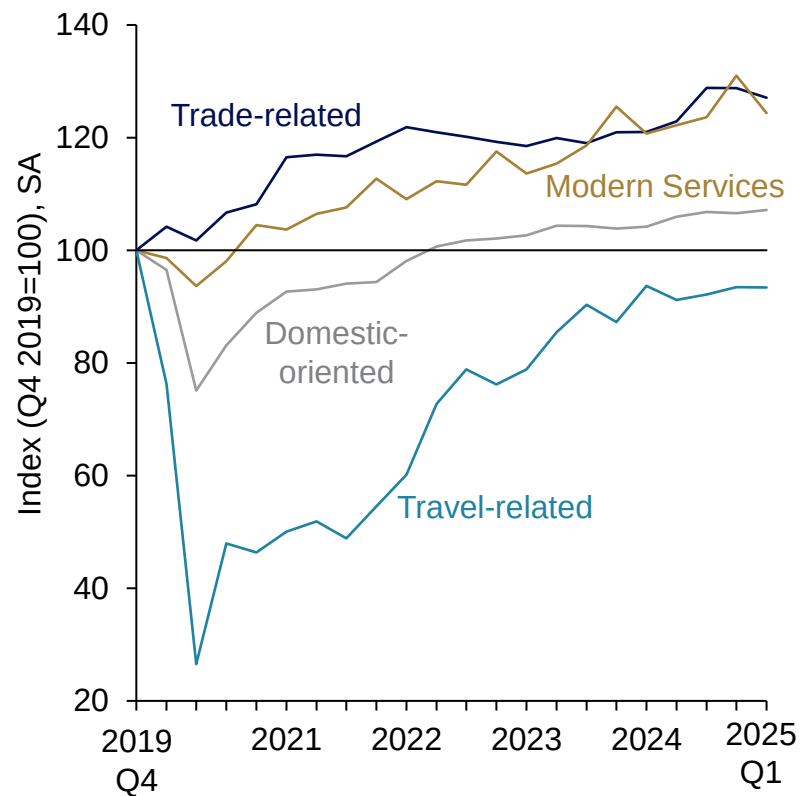
Singapore Economy

Growth in the Singapore economy eased in Q1 2025

Singapore's GDP Growth



Value Added of Broad Clusters



* Advance Estimates

Singapore is impacted directly by the tariffs....

Singapore's Direct Trade Exposure to US Tariff Actions

Tariff Action	Tariff Rate (%)	Share of Product in Singapore's Domestic Exports to US, 2024 (%)
Reciprocal Tariffs (excluding exempted products)	10	54.6
Product-specific Tariffs:		5.4
Steel and Aluminium	25	4.1
Automobiles & Parts	25	1.3
Exempted Products:		40.0
Semiconductors		1.6
Other Electronics & Semiconductor Equipment		15.0
Pharmaceuticals		12.3
Energy, Copper, Lumber, Minerals		11.1

... and indirectly through its linkages with regional economies

Singapore's Indirect VA Exposure to Reciprocal Tariffs by Key Economies

Economy	Reciprocal Tariff Rate (%)		Share of US Goods Imports, 2024 (%) [*]	Singapore's VA in US Imports from Partner Economy (% of Singapore's GDP)
	Pre-9 April	Post-9 April		
China	34 ^{**}	125 ^{**}	15.4	0.14
Vietnam	46	10	5.2	0.10
EU27	20	10	18.8	0.06
India	26	10	3.1	0.05
Thailand	36	10	2.1	0.05
Malaysia	24	10	1.5	0.03
Indonesia	32	10	1.4	0.03
South Korea	25	10	2.6	0.02
Taiwan	32	10	1.8	0.02

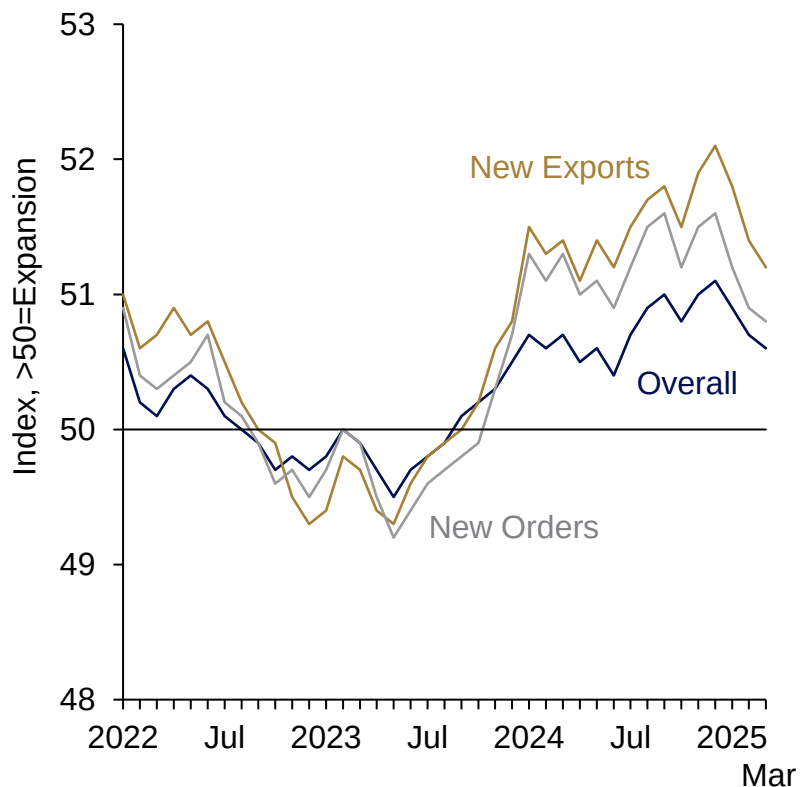
^{*} This is used to show the relative size of bilateral trade flows between the US and its import source economy.

^{**} Excludes the existing 20% tariffs levied by the US on China before 2 April.

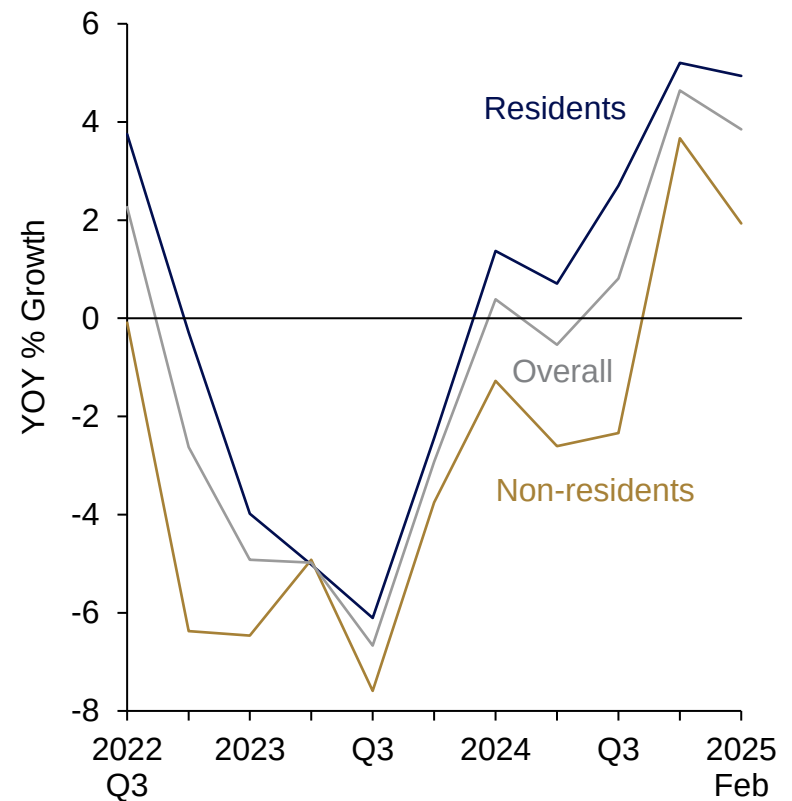
Note: Computations of trade shares exclude goods under separate product-specific tariffs (steel, aluminium, automobiles & parts) and exempted products (semiconductors, pharmaceuticals, semiconductor equipment, smartphones, laptops, TVs and other consumer electronics, energy, copper, lumber, and minerals not found in the US).

The challenging global trade environment will weigh on growth in the external-facing industries

Singapore Manufacturing PMI



Loans to Residents and Non-residents





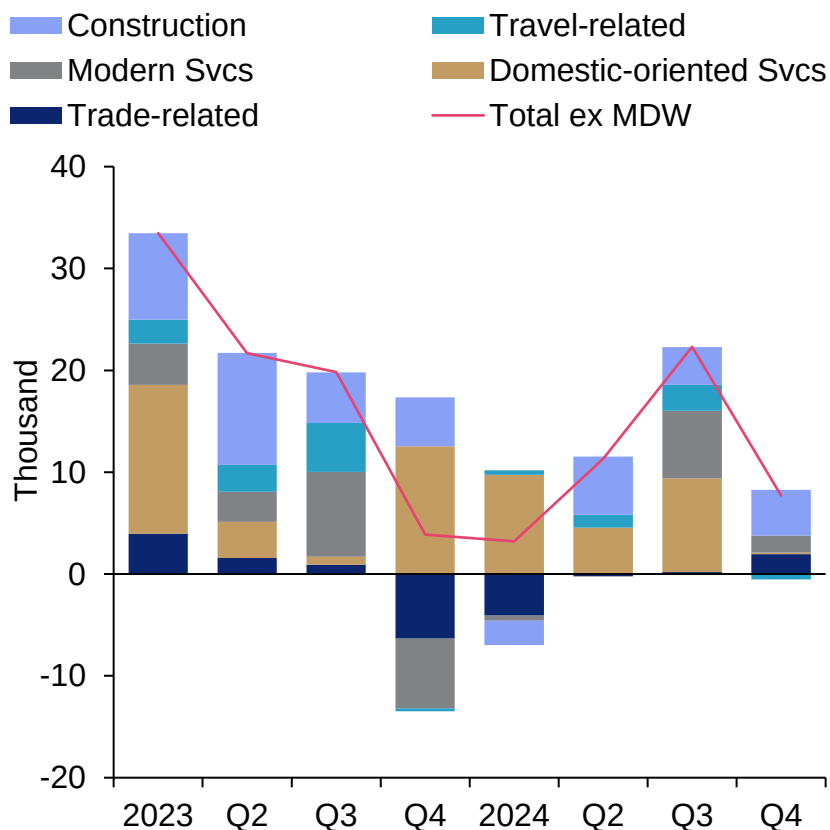
MAS



Labour Market and Inflation

Early signs of easing labour demand emerged in the last quarter of 2024

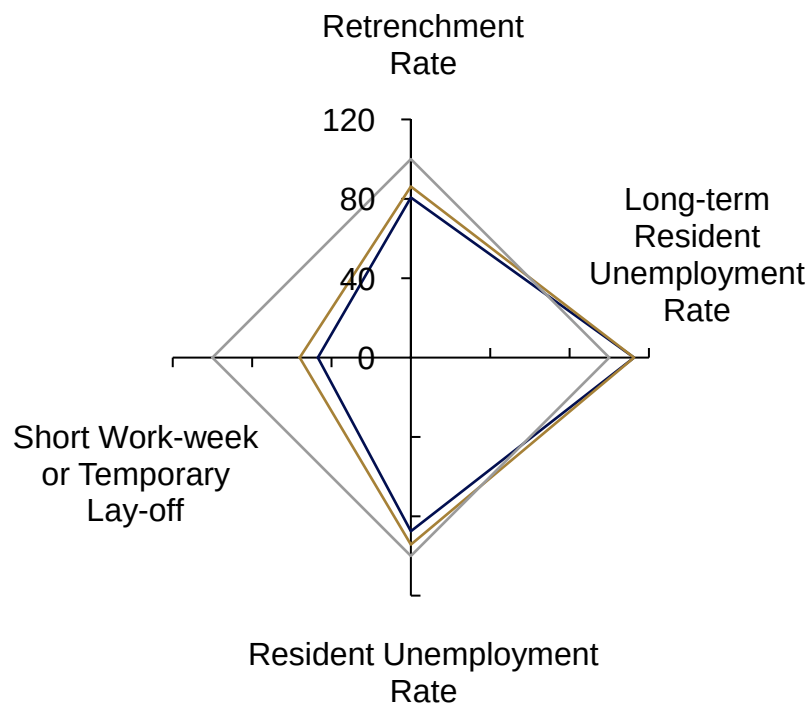
Q-O-Q Change in Total Employment by Broad Sector



Note: MDW refers to migrant domestic workers.

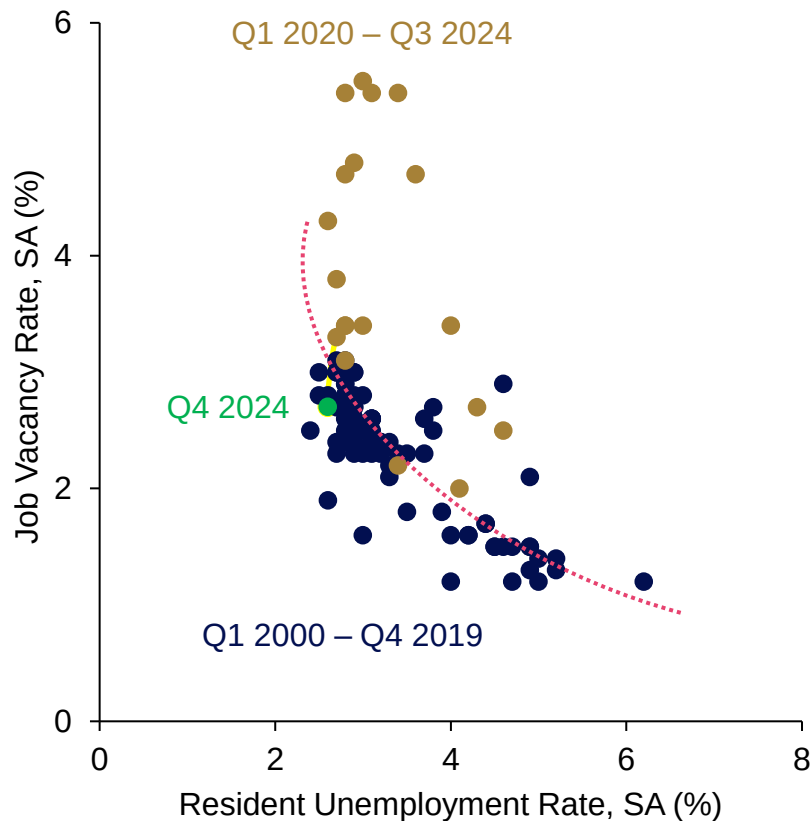
Labour Market Spare Capacity Indicators

— Q3 2024 — Q4 2024 — 2015–19 Average

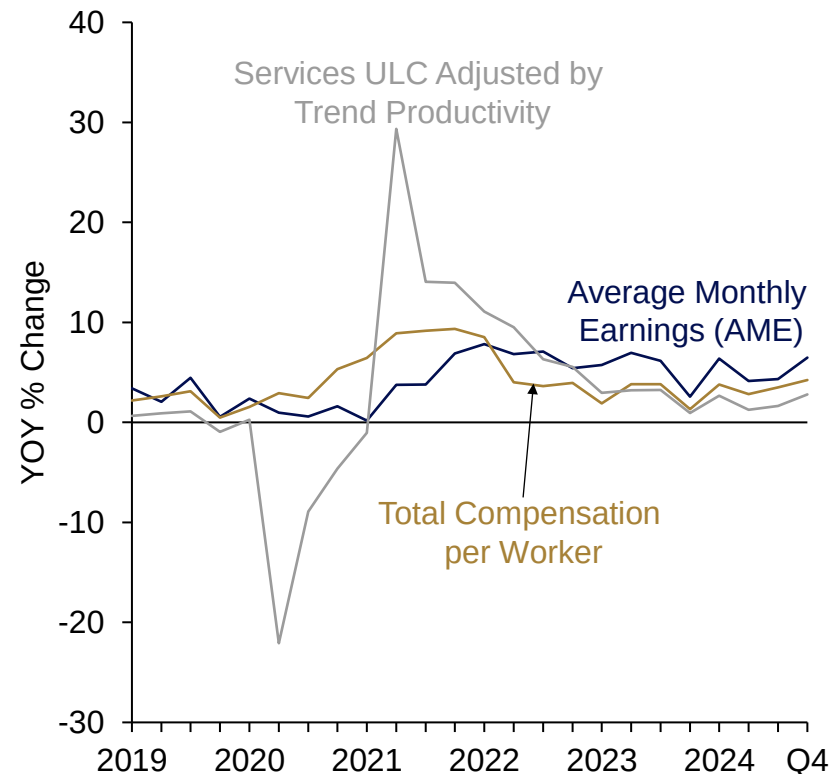


Employment could soften further this year, and cap labour cost increases

Singapore Beveridge Curve, Q1 2000–Q4 2024



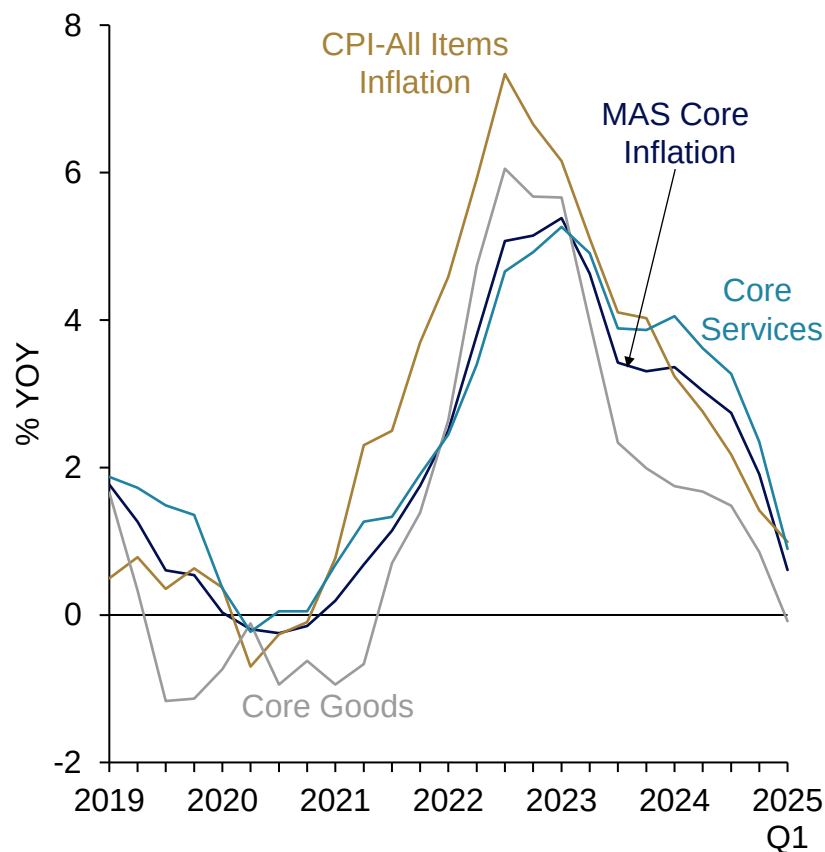
Labour Cost Indicators



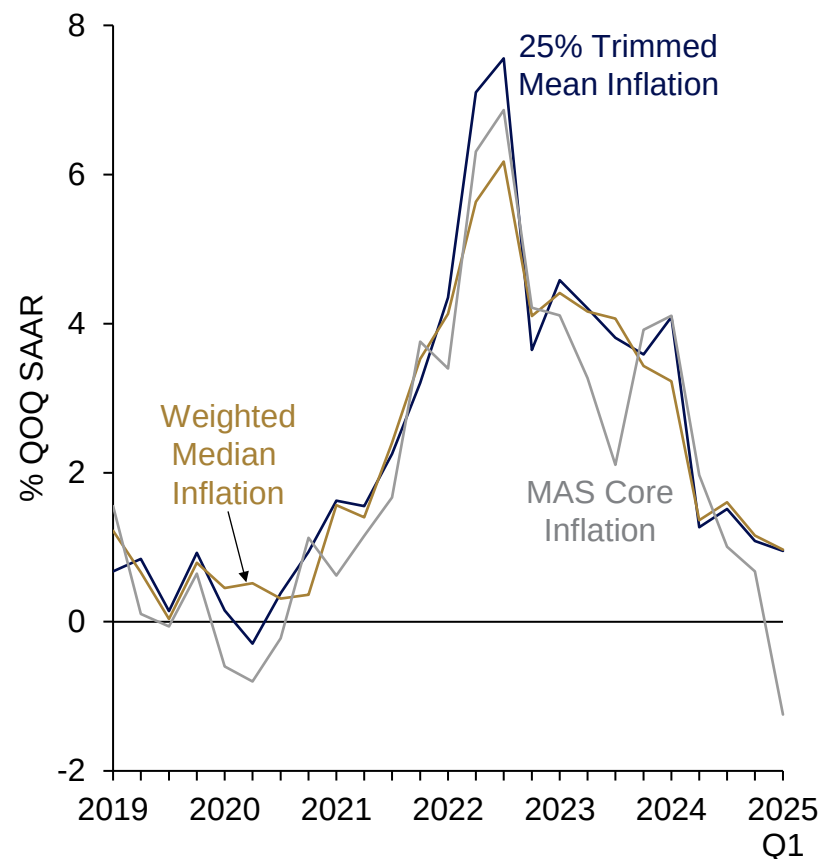
Note: Total compensation per worker refers to compensation of employees normalised by total employment. Services unit labour cost (ULC) adjusted by trend productivity refers to average labour cost in the services sector adjusted by trend services labour productivity (i.e., VA/employment).

Inflation fell in Q1, reflecting broad-based weakening in price pressures

MAS Core Inflation and CPI-All Items inflation



Alternative Measures of Core Inflation



Core inflation is expected to come in lower this year, averaging 0.5–1.5%

% Point Contribution to MAS Core Inflation

- Electricity & Gas
- Discretionary Svcs
- MAS Core Inflation
- Retail & Other Goods
- Essential Svcs
- Food
- Travel-related Svcs

