

MONETARY AUTHORITY OF SINGAPORE

MACROECONOMIC REVIEW



ECONOMIC POLICY GROUP

October 2021/ VOLUME XX/ ISSUE 2



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A

50 Years of Inflation Experience in Singapore

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Monetary Policy Strategy Review: The Fed and the ECB

Special Features



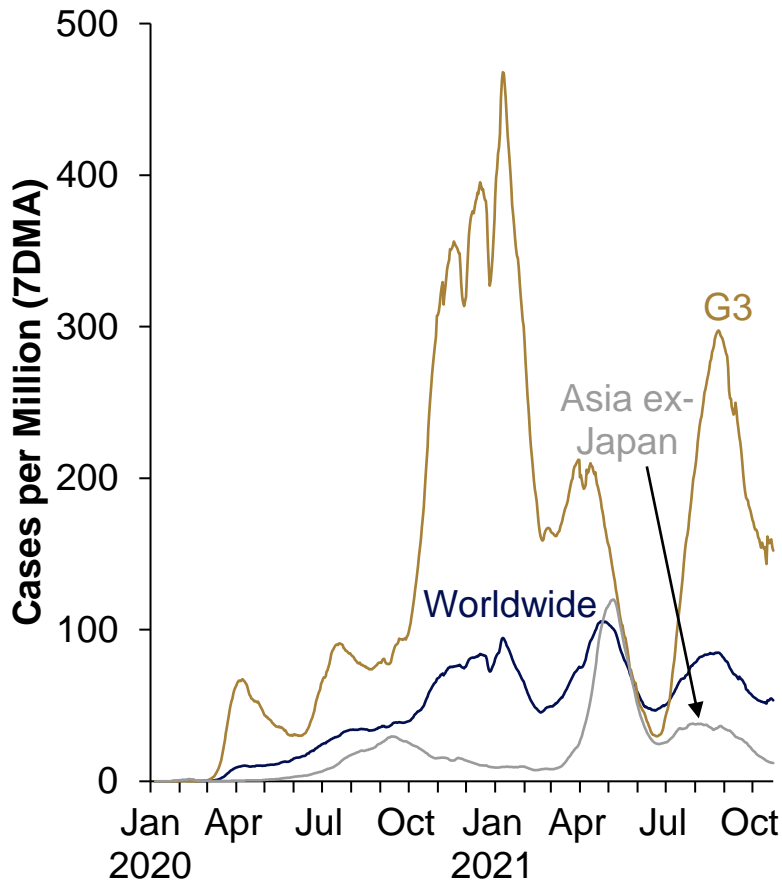
International Economy

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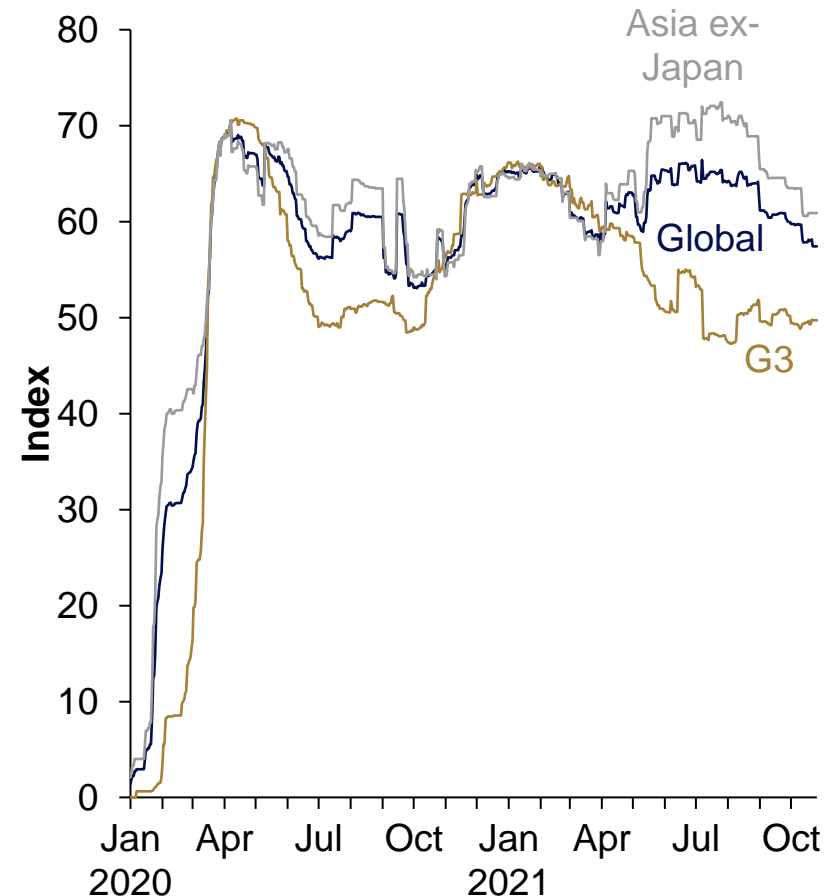
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The global recovery has been delayed by a renewed rise in COVID-19 cases

New COVID-19 Infections

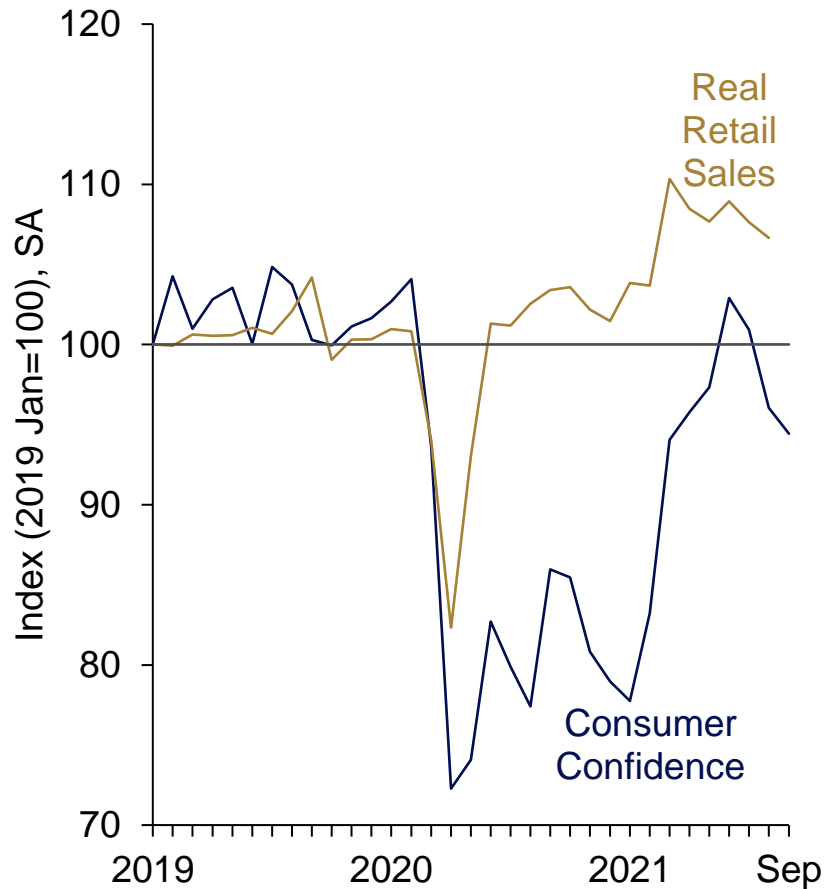


Stringency of Public Health Measures

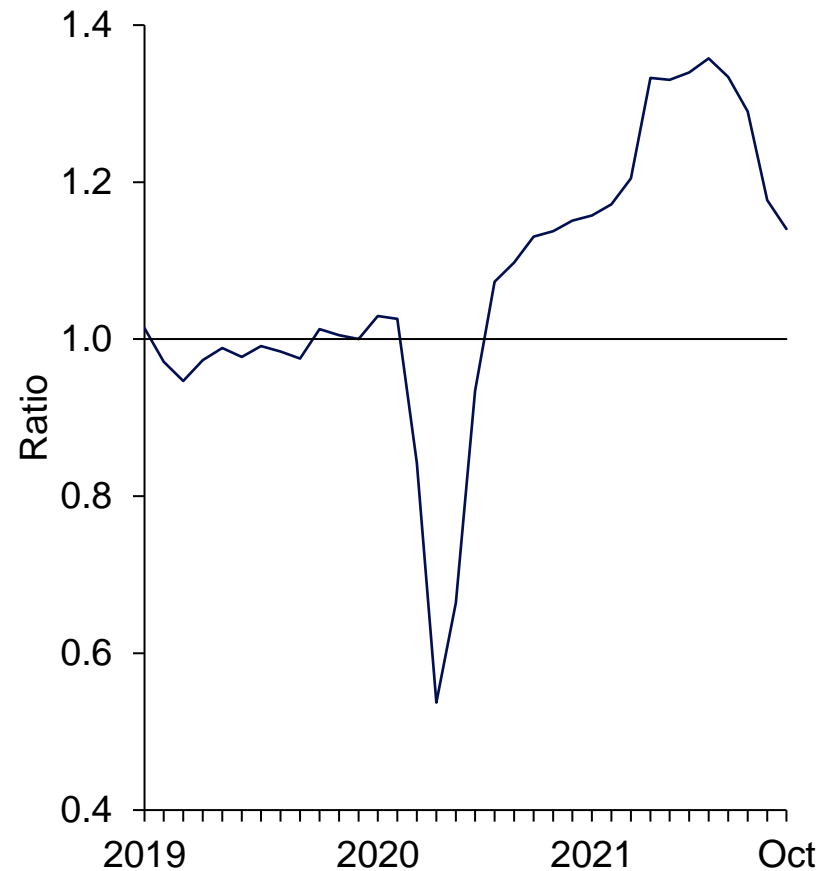


Robust private demand in the G3 is expected to support Asia ex-Japan exports

G3 Consumer Confidence and Real Retail Sales

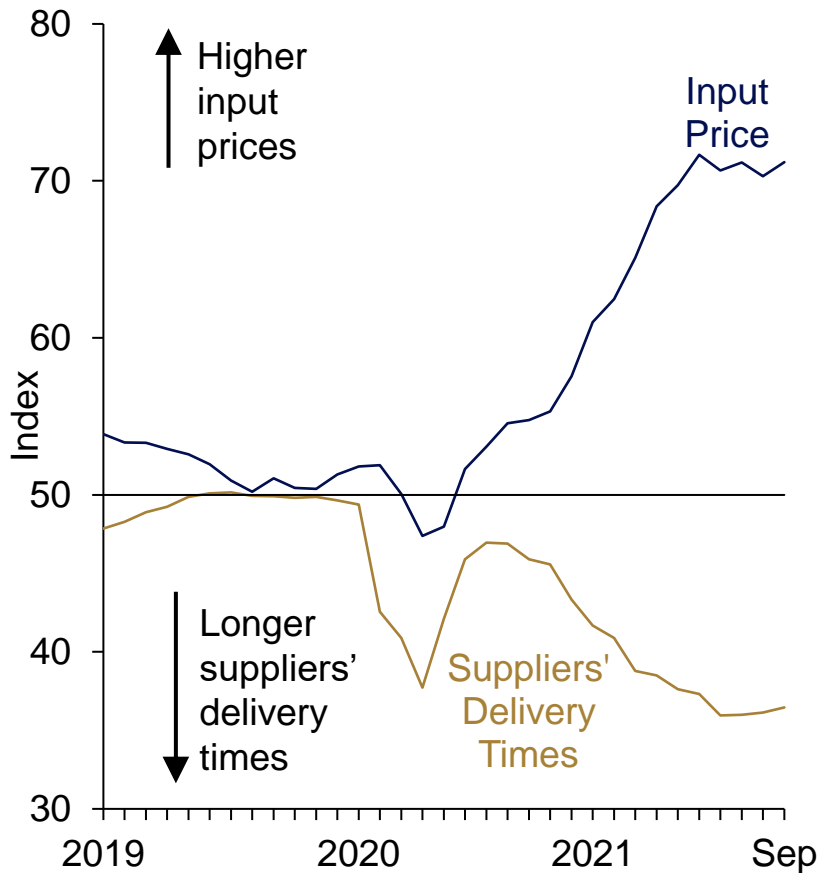


G3 PMI New Orders to Stocks of Finished Goods Ratio

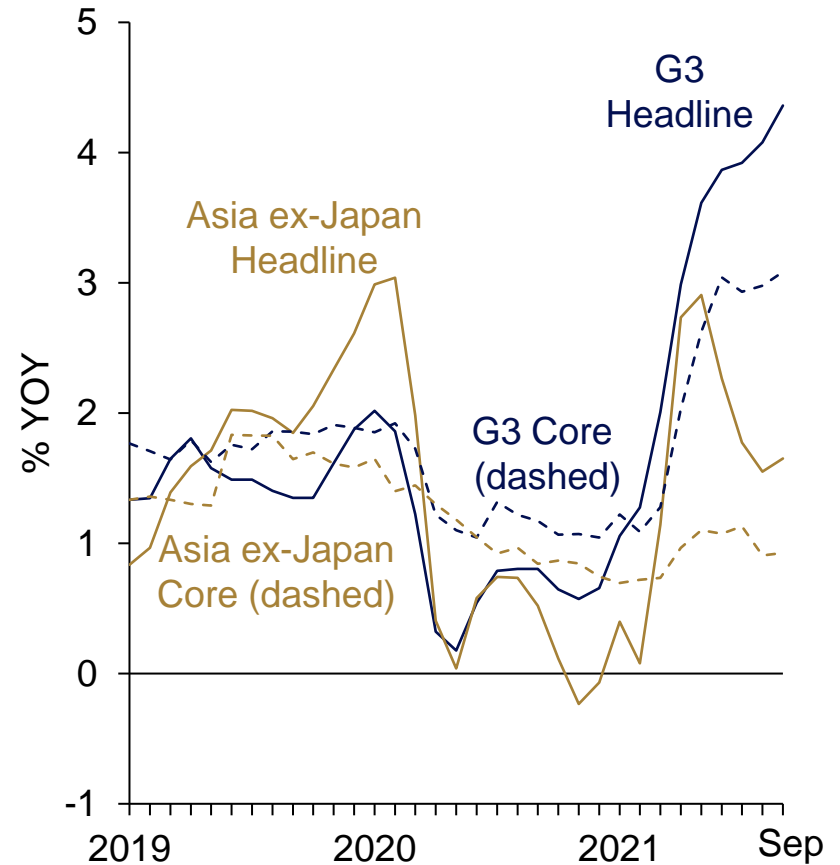


Supply constraints have contributed to higher inflation

d Global Manufacturing PMI Input Prices and Suppliers' Delivery Times



Headline and Core CPI Inflation



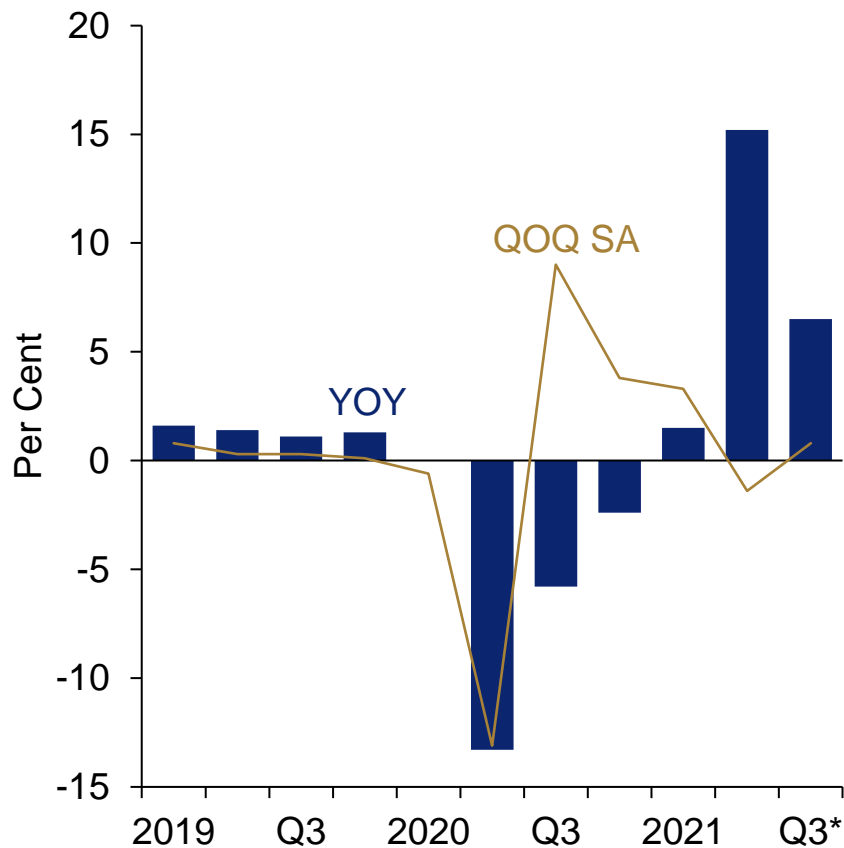


Singapore Economy

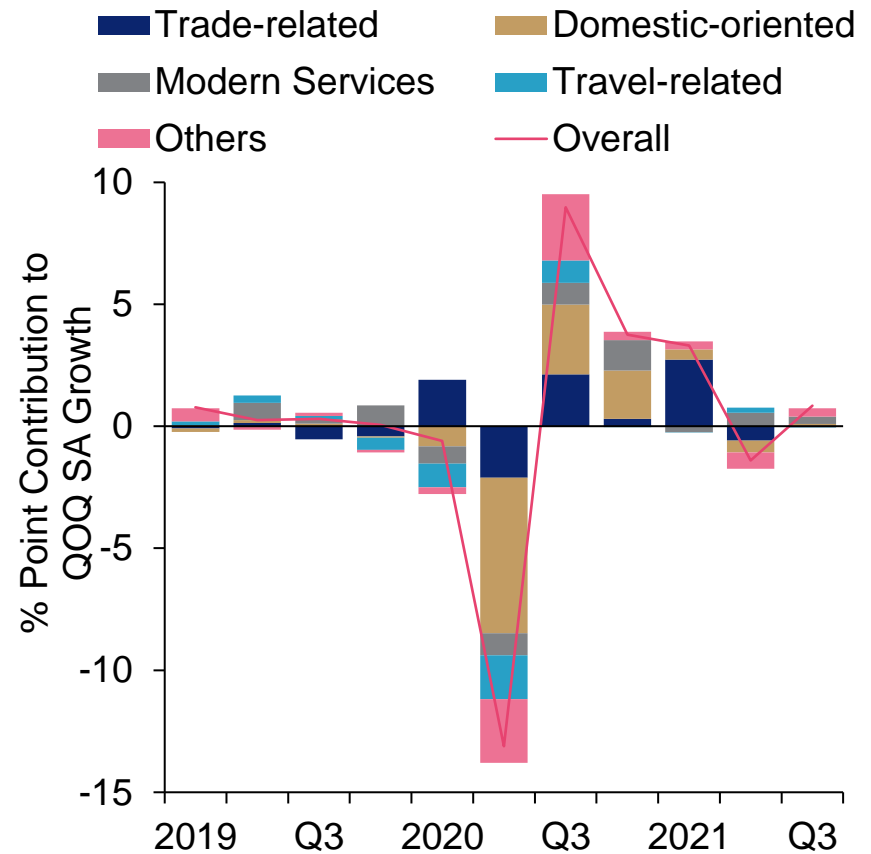
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Singapore's economic recovery experienced a setback in Q2 and early Q3 2021

Singapore's GDP Growth



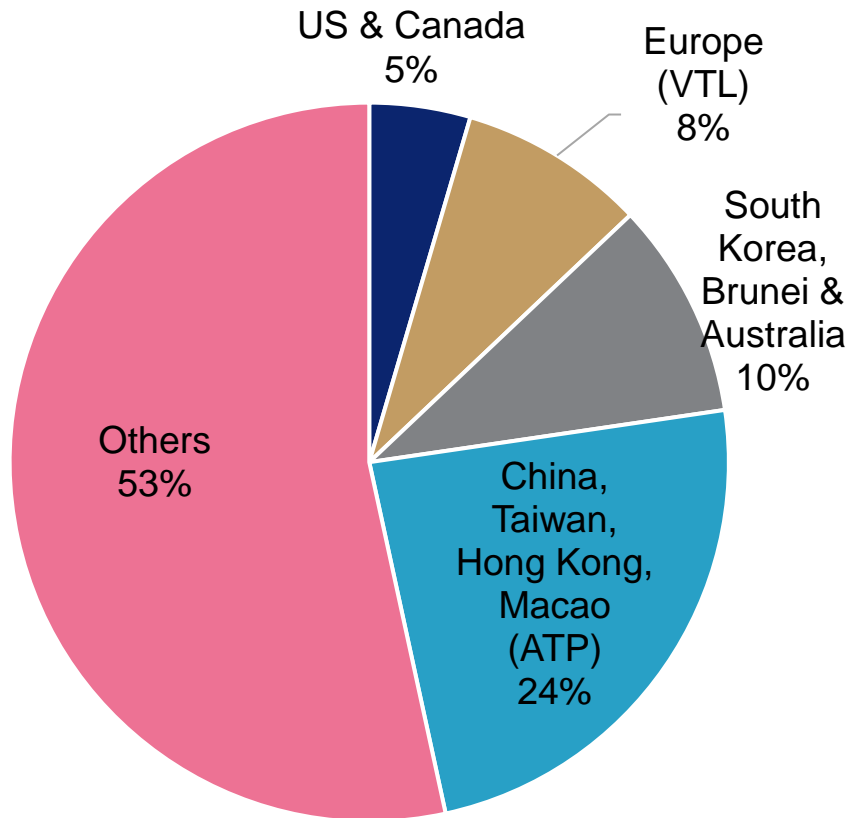
Contribution to GDP Growth



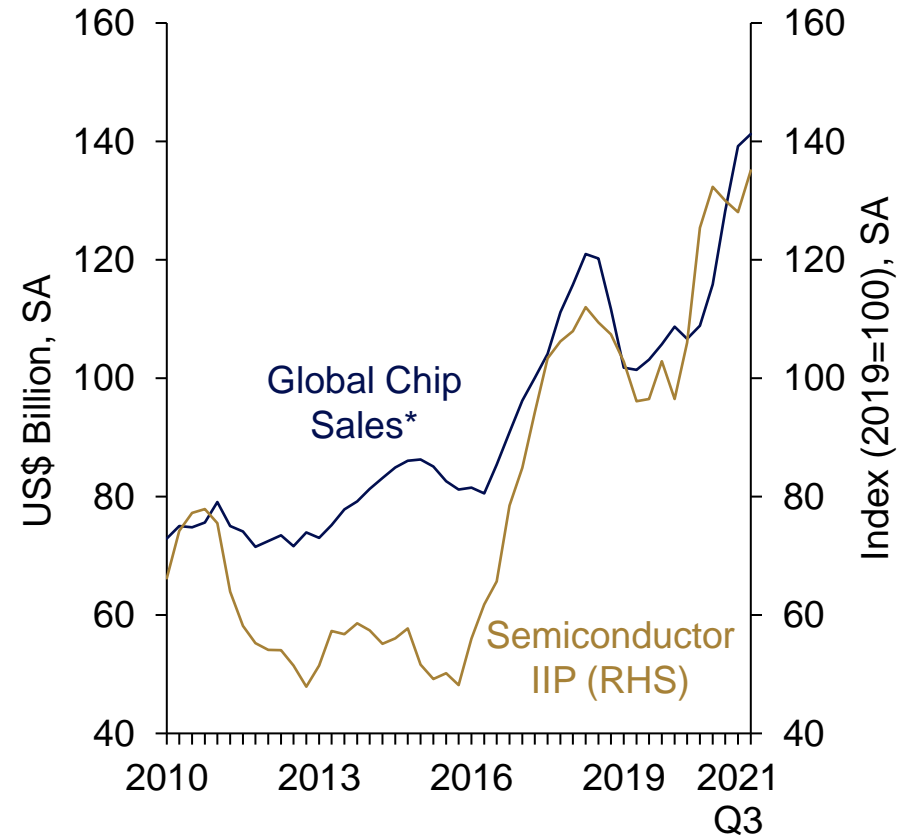
* Advance Estimates

The Singapore economy is expected to continue growing at an above-trend pace in 2022

Visitor Arrivals to Singapore, 2019



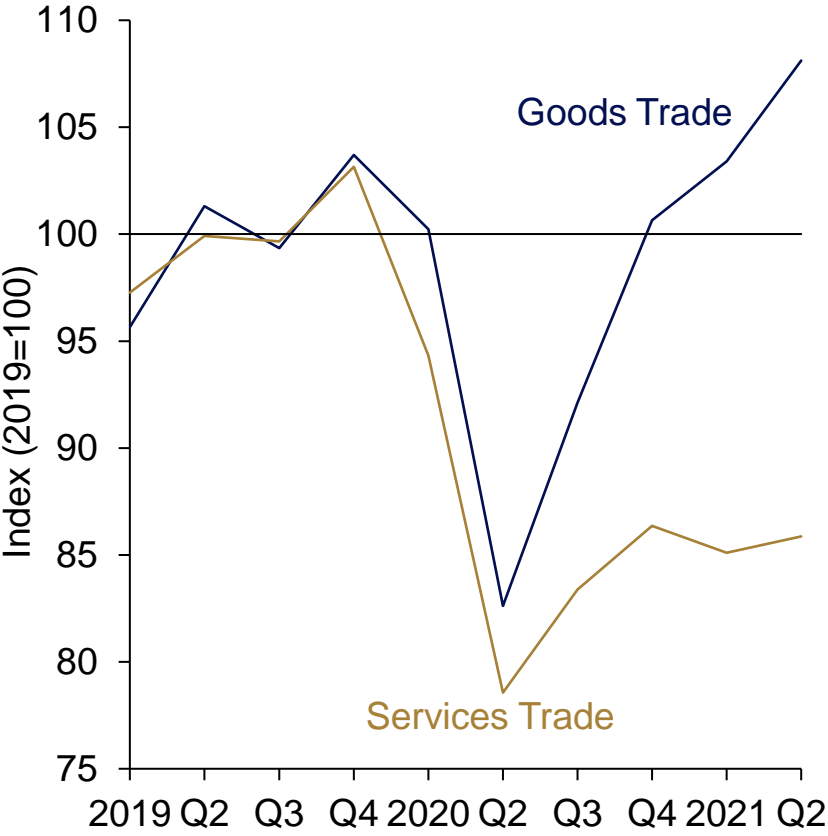
Global Chip Sales and Singapore's Semiconductor IIP



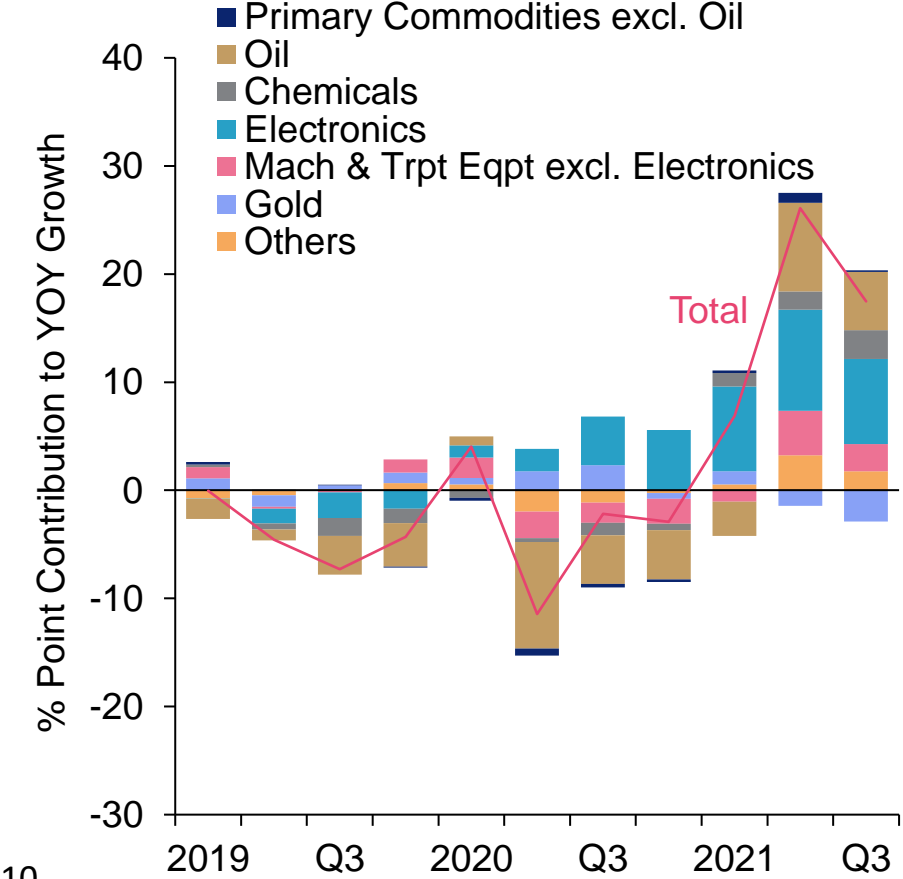
Note: VTL and ATP classifications announced as at 26 October 2021. Countries in Europe under the VTL scheme are Denmark, France, Germany, Italy, Netherlands, Spain, Switzerland and the UK.

Singapore's trade in goods was supported by strong global demand for electronics

Exports and Imports of Singapore's Goods and Services

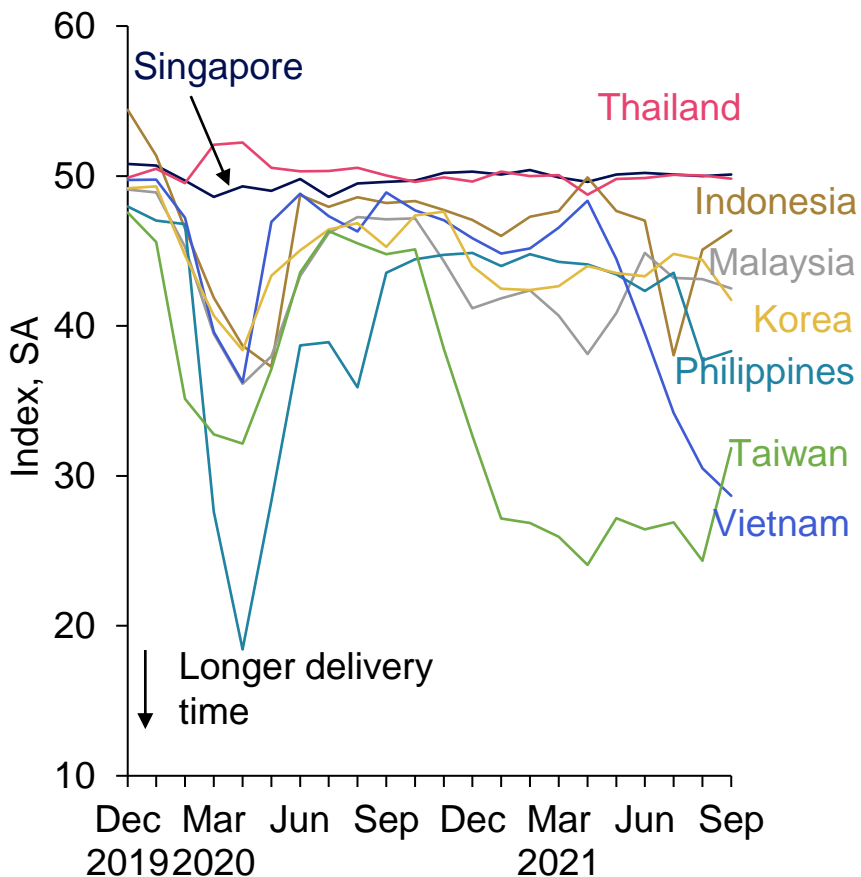


Exports by Product Type



Singapore's trade is well-diversified

Manufacturing PMI Suppliers' Delivery Times



Herfindahl-Hirschman Index for Singapore's Imports, 2020

Industry	Capital Goods	Intermediate Goods	Consumption Goods
All Goods	1,884	917	887
Electronics	3,311	2,176	2,630
Pharmaceuticals	-	1,892	785

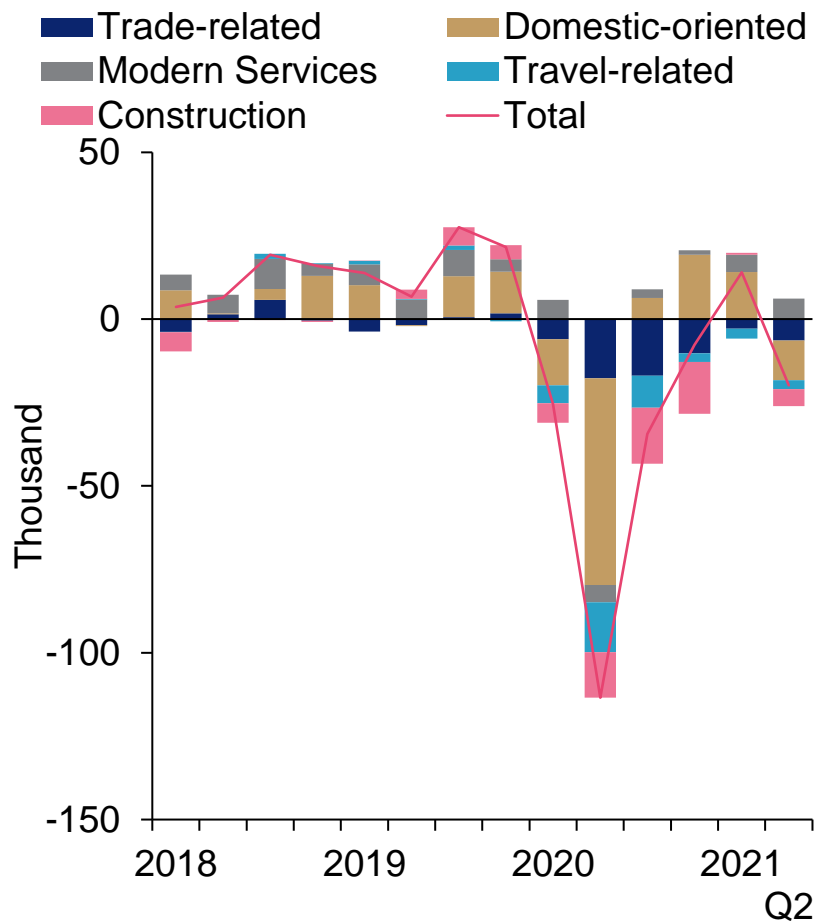
Note: The Herfindahl-Hirschman (HH) Index is a commonly accepted measure of market concentration. A HH index of less than 1,500 is generally considered geographically diversified, a value of 1,500 to 2,500 is moderately diversified, and an index of 2,500 or greater is deemed highly concentrated.



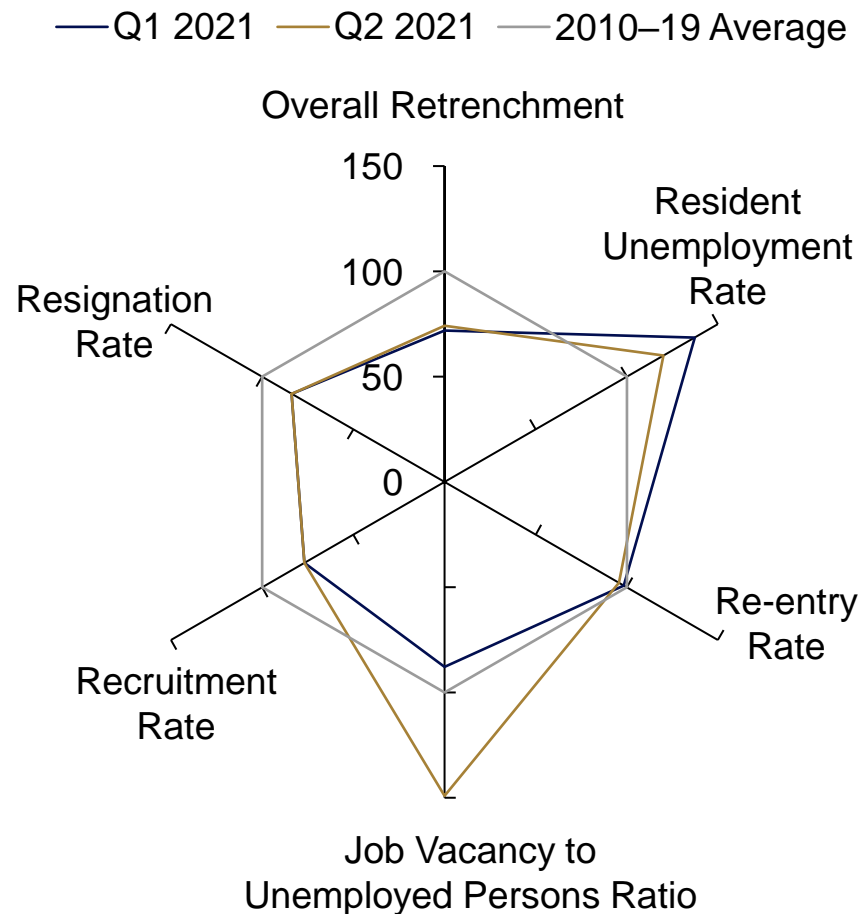
Labour Market and Inflation

The recovery momentum in the domestic labour market eased in Q2

Employment Changes by Broad Sectors

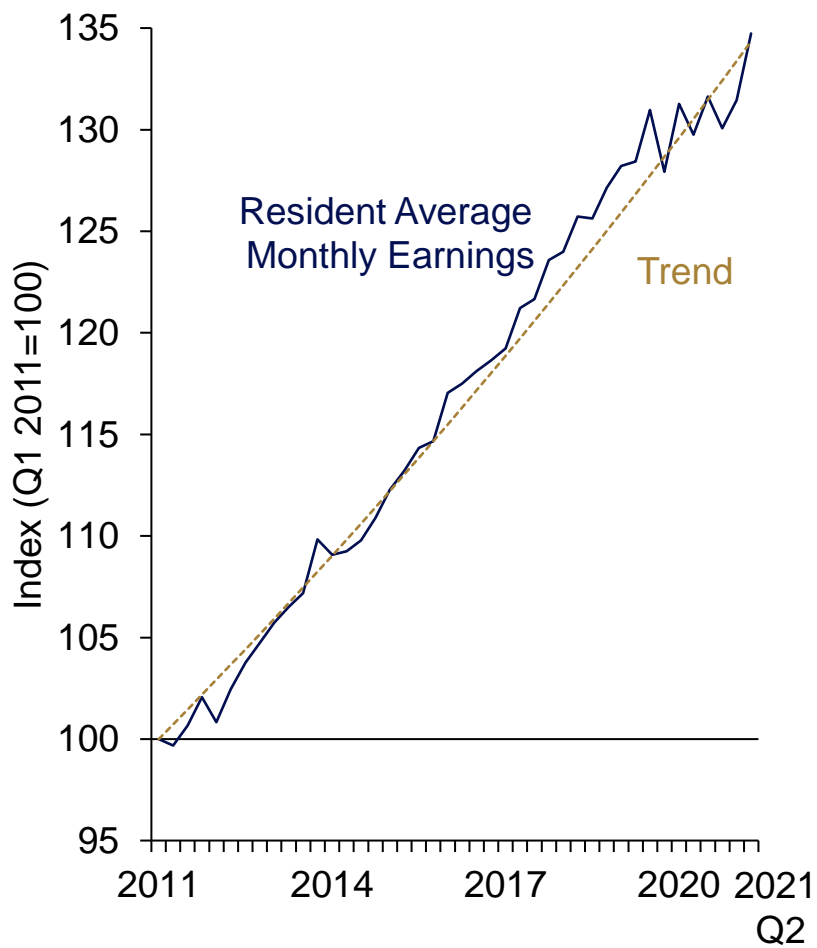


Labour Market Indicators

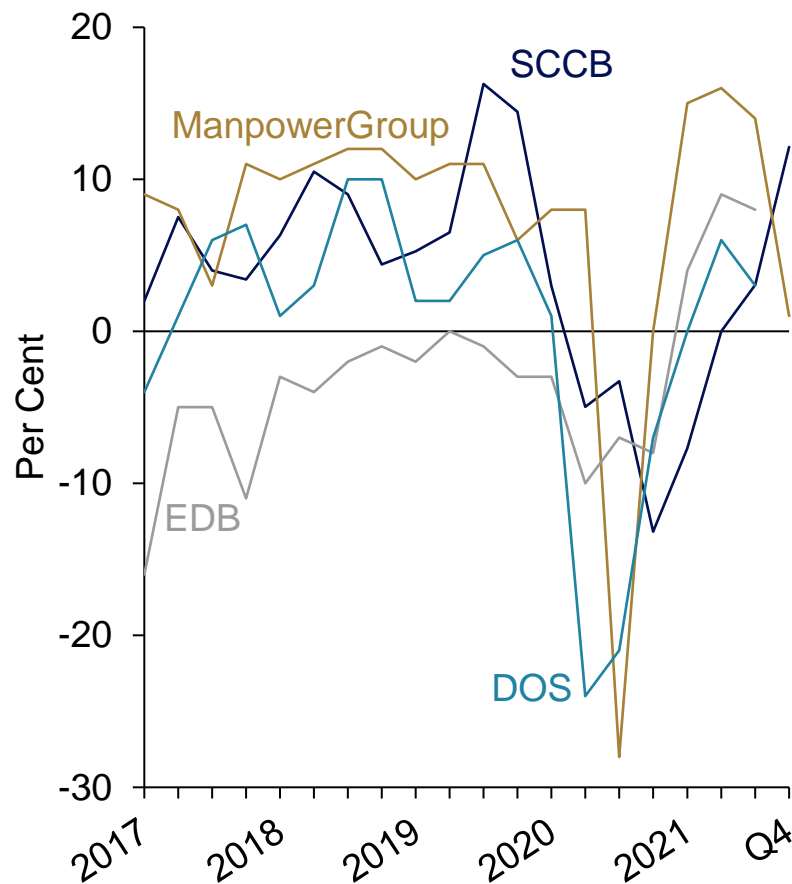


In 2022, resident unemployment rate should come in close to historical level and wage growth should rise

Average Monthly Earnings

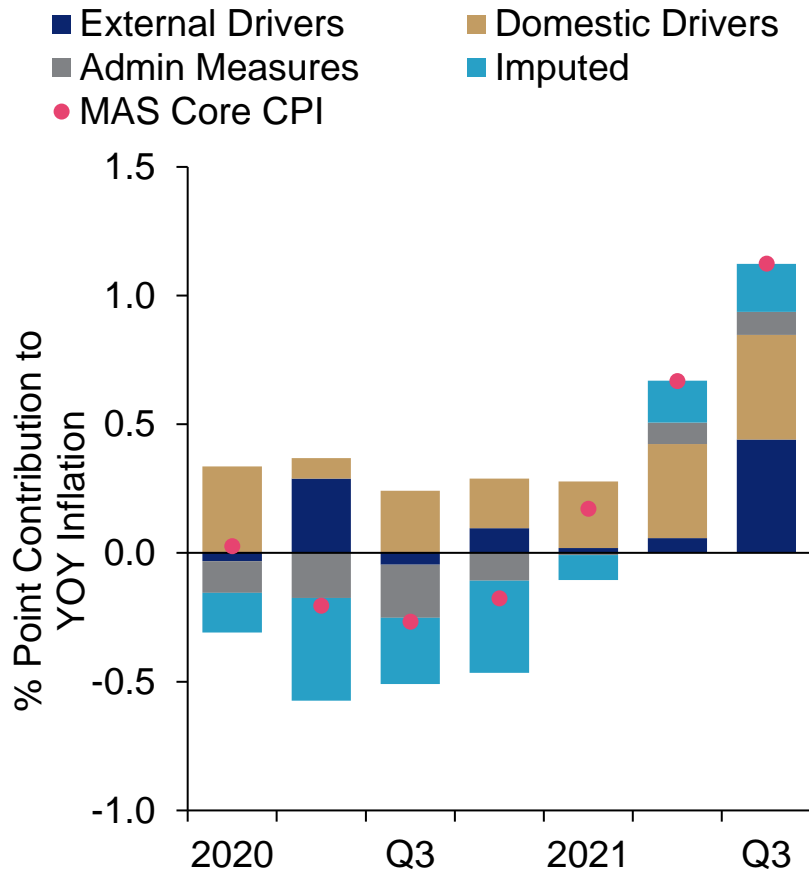


Employment Outlook for Singapore

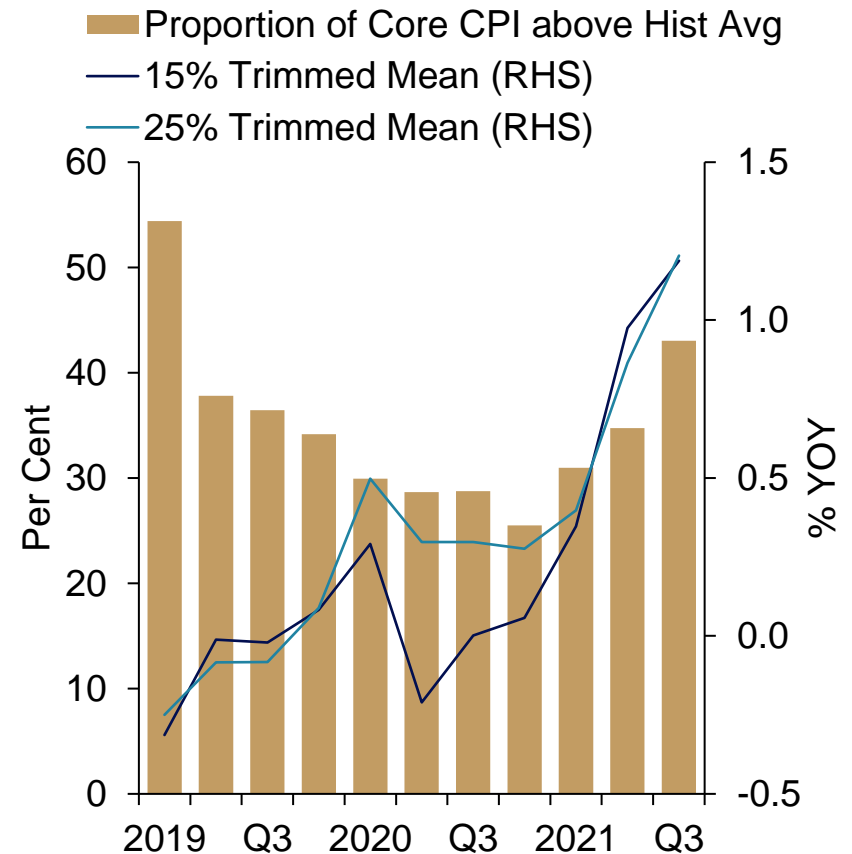


Inflationary pressures rose and broadened in Q3

% Point Contribution to MAS Core Inflation

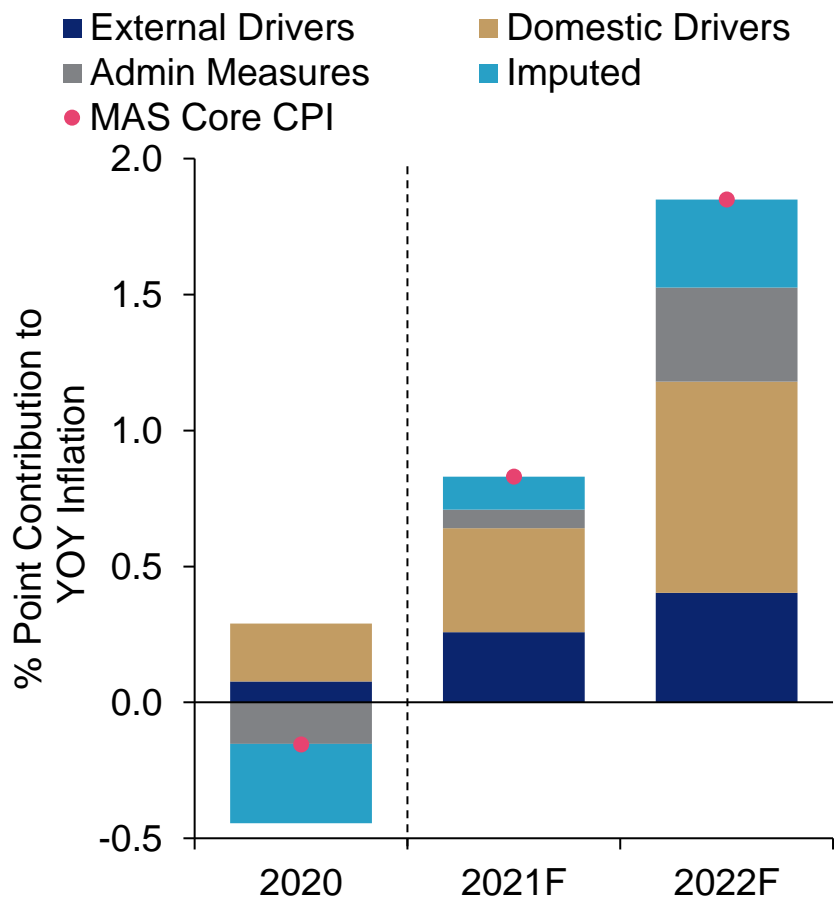


Weighted Proportion of Core CPI with Inflation Above Historical Average & Trimmed Mean Measures

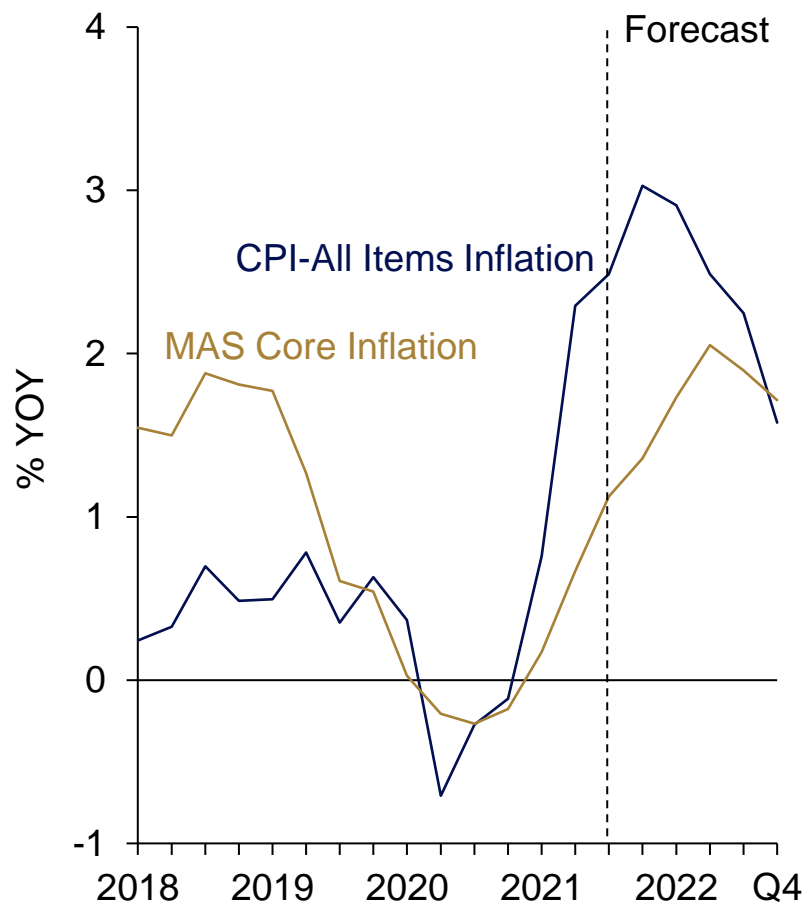


Inflation is projected to rise next year, on the back of strengthening domestic and imported costs

% Point Contribution to MAS Core Inflation



CPI-All Items and MAS Core Inflation



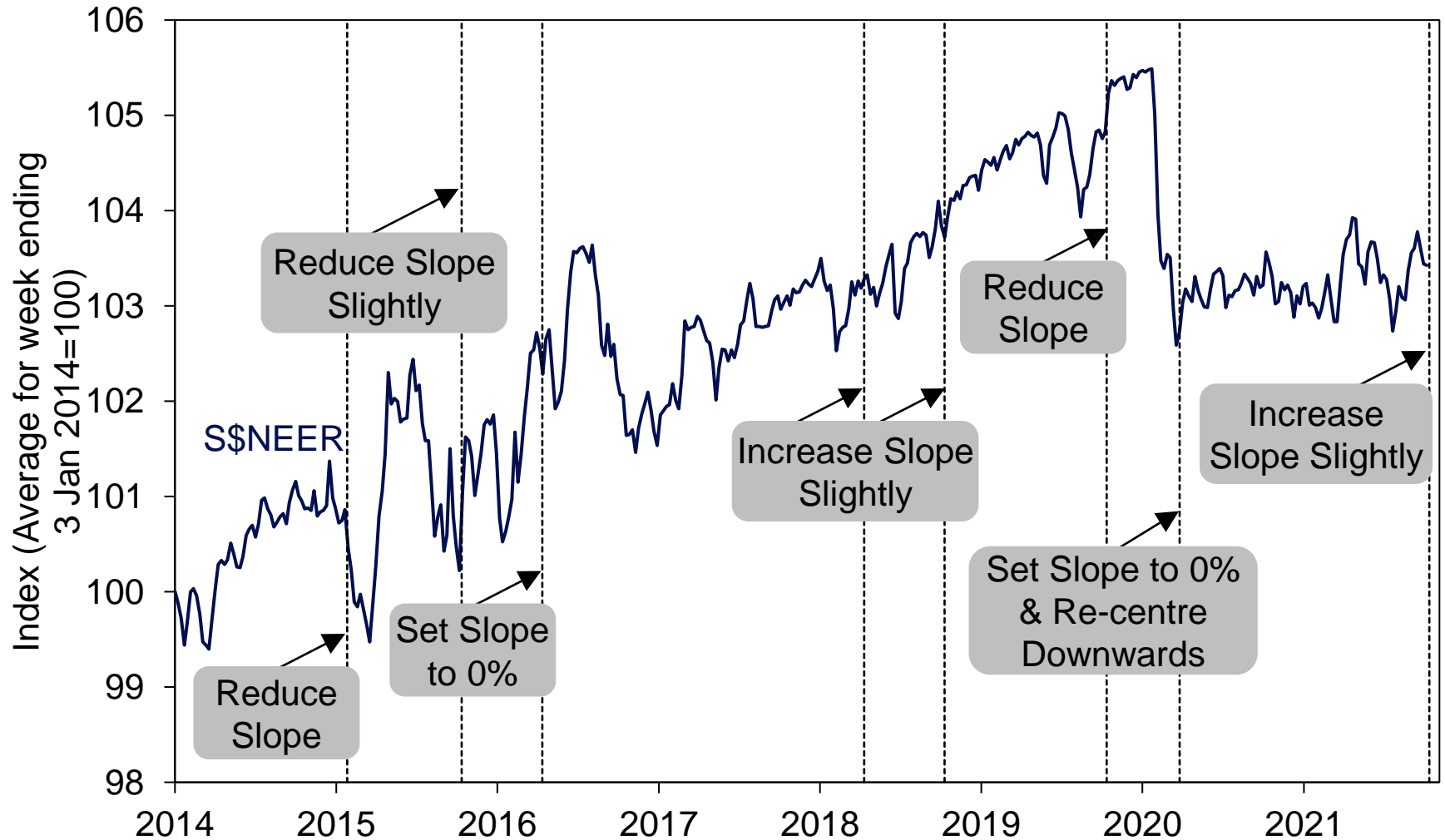


Macroeconomic Policy

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The slope of the S\$NEER policy band was raised slightly in October



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