

Macroeconomic Review

October 2022



Scan to read the Macroeconomic Review online.

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

Global Economic Outlook



Global growth and inflation outcomes are expected to remain on divergent paths in the coming quarters

The global economy is in a disequilibrium phase, characterised by worsening growth-inflation dynamics. A more adverse outcome in 2023 cannot be ruled out even as the US is currently expected to avoid a sharp full-year recession and the ASEAN region shows some resilience. In the quarters ahead, there is a risk that elevated inflation could lead to even tighter financial conditions, which could in turn weigh on already weakening economic activity.



Singapore's Economic Outlook

GDP Growth

2022: 3 to 4%

2023: below trend

Growth to moderate next year as external headwinds intensify

The trade-related cluster will weaken, amid slower external demand and a downturn in the global electronics industry. While the domestic-oriented and travel-related sectors should continue to recover, their growth momentum could ease as pent-up demand from economic reopening dissipates.

MAS Core Inflation

2022: around 4%

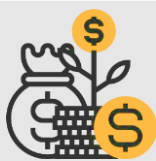
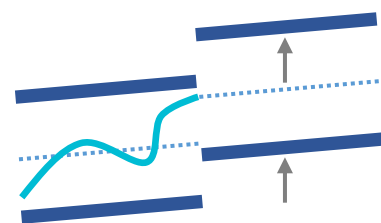
2023: 3.5% to 4.5%

Significant cost pressures to keep core inflation above trend

Cost pressures accumulating along production chains will continue to pass through, supporting consumer price pressures. Core inflation is expected to remain elevated into the first half of 2023 before moderating more discernibly in the second half as cost pressures ease and demand conditions soften.

October 2022 Monetary Policy Decision

Re-centred the mid-point of the policy band up to its prevailing level, with no change to the slope and width



Economic growth will come in below trend in 2023, which could cause the current mildly positive output gap to reverse.



Core Inflation is expected to remain elevated over the next few quarters, with the risk that it could be stronger than expected.

Boxes and Special Features

Box Article A

"Drivers of Inflation in the ASEAN+3 Economies"

Box Article B

"Review of MAS Money Market Operations in FY2021/22"

Special Feature A

"Effects of Higher Global Input Costs on Prices in Singapore"

Special Feature B

"Global Evidence on the Premium for Market Illiquidity"

Special Feature C

"Liquidity Dependence"