

MONETARY AUTHORITY OF SINGAPORE

MACROECONOMIC REVIEW



ECONOMIC POLICY GROUP

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Special Features

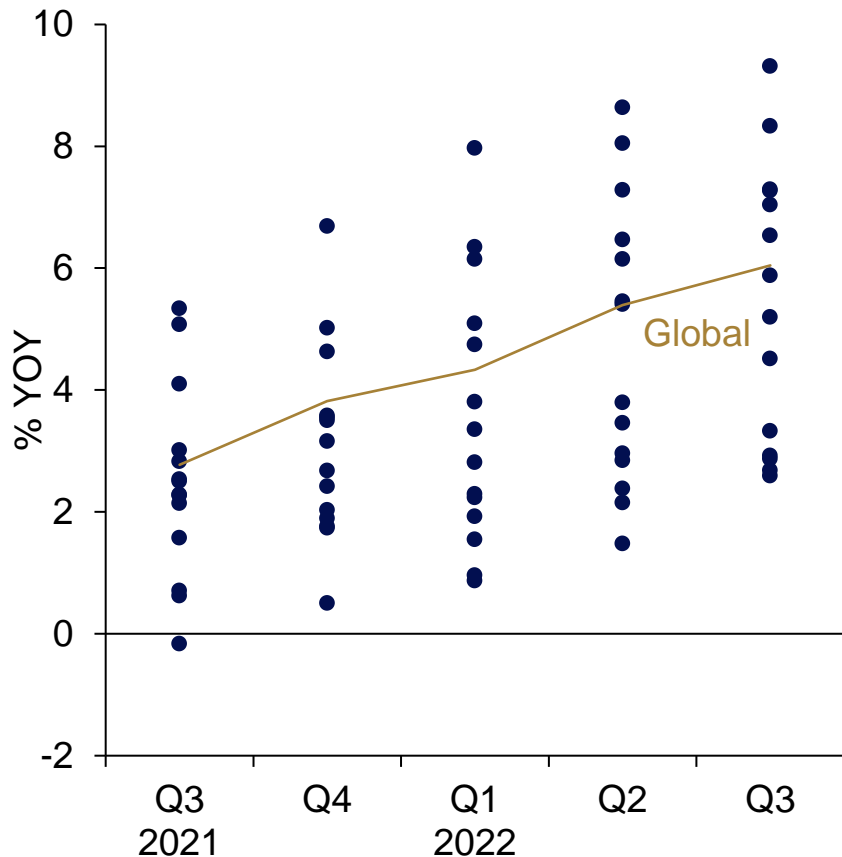


International Economy

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Global inflation-growth dynamics have worsened in recent months

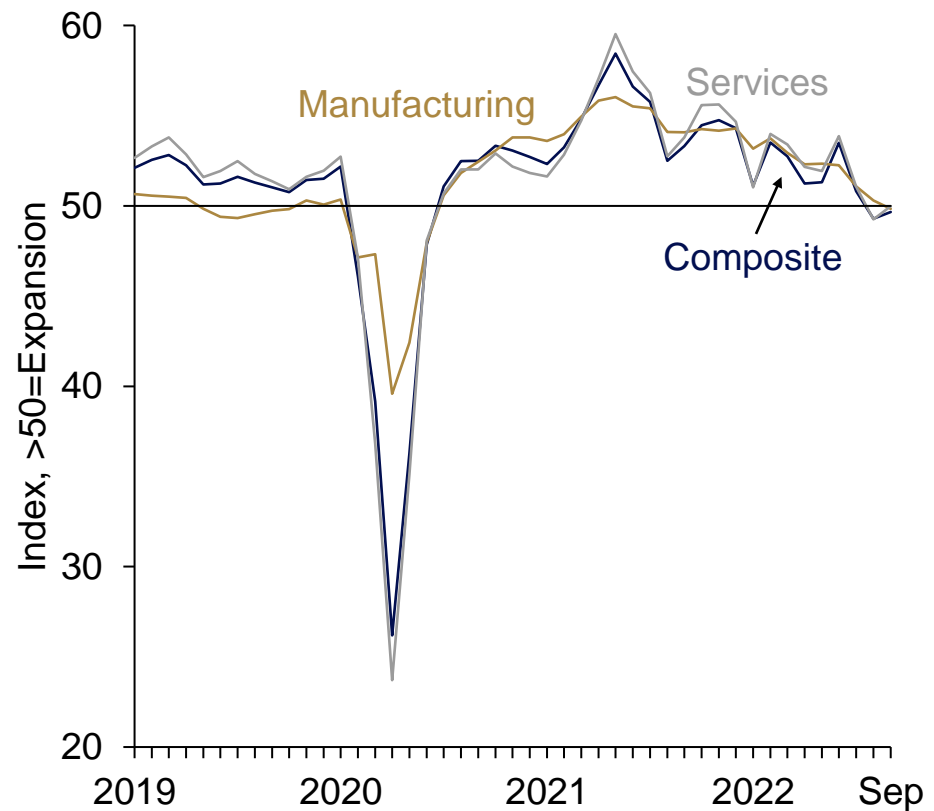
Headline Inflation



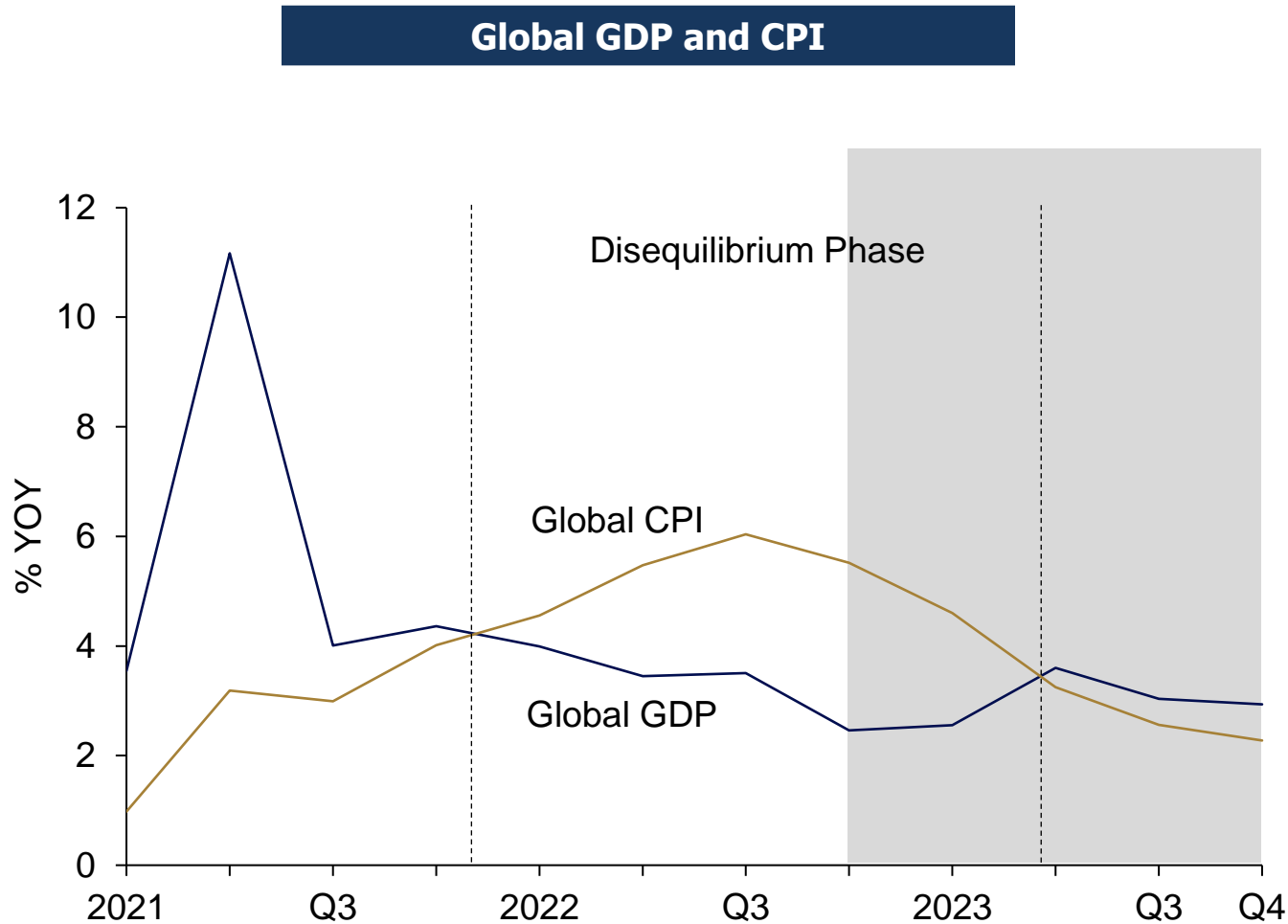
* Dots represent headline inflation in the G3, NEA-3, ASEAN-5, as well as China and Australia.

4

Global PMI



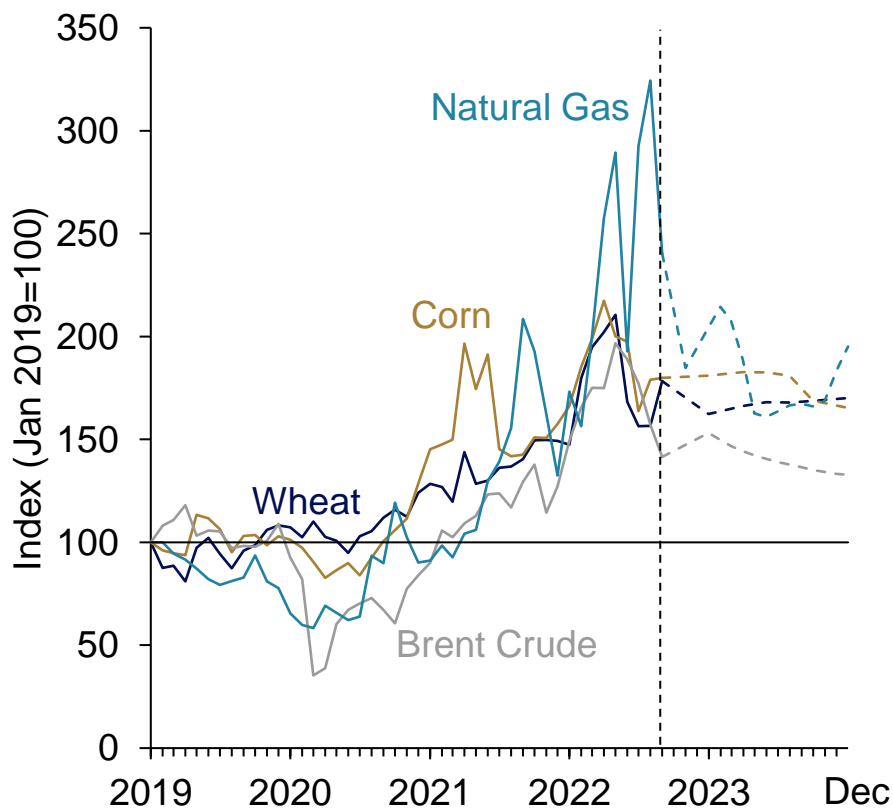
The global economy is expected to remain in a disequilibrium phase for the next few quarters



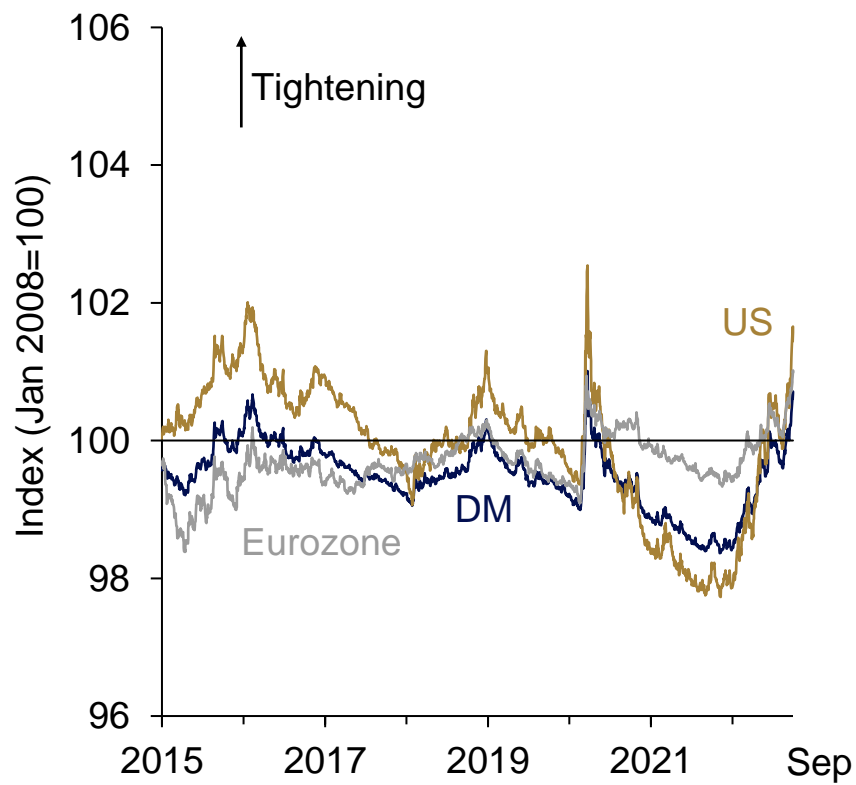
* Shaded area denotes EPG, MAS forecasts

A deeper and more protracted downturn remains a significant risk.

Commodity Prices



Financial Conditions Indices



* Solid lines denote spot prices and dotted lines denote futures prices.

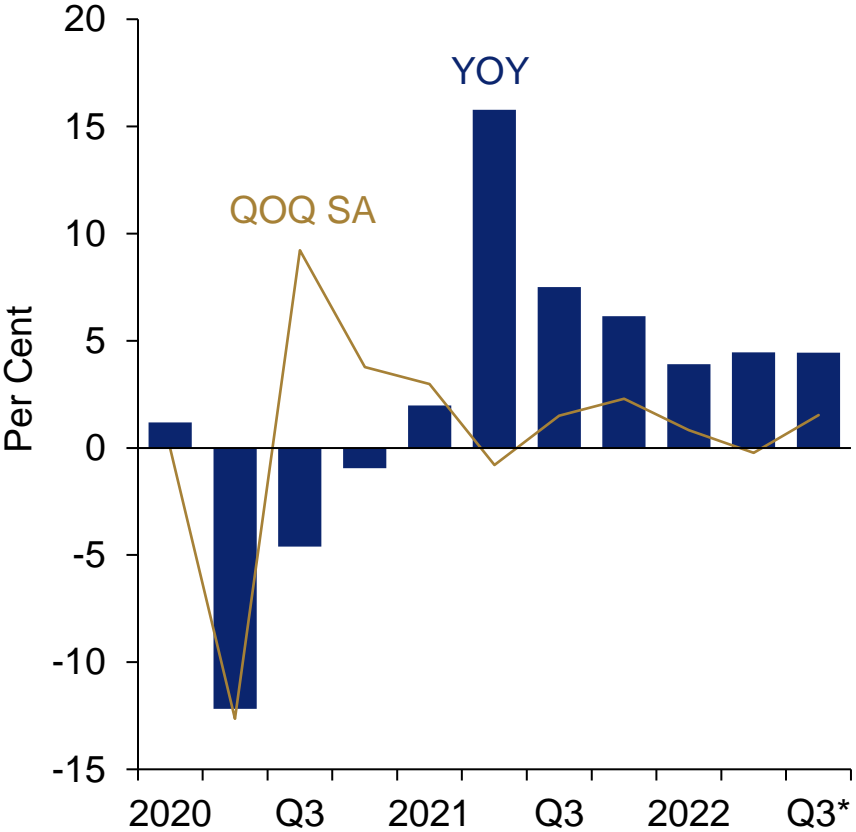


Singapore Economy

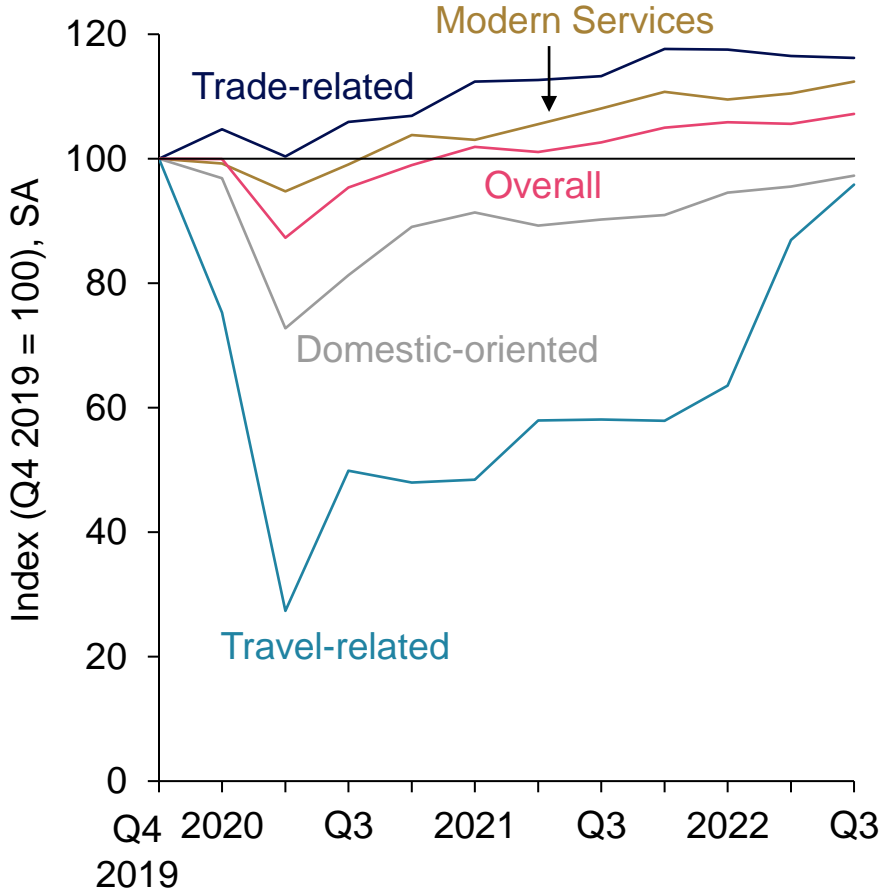
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Singapore's GDP growth in recent quarters was underpinned by the reopening of the economy

Singapore's GDP Growth



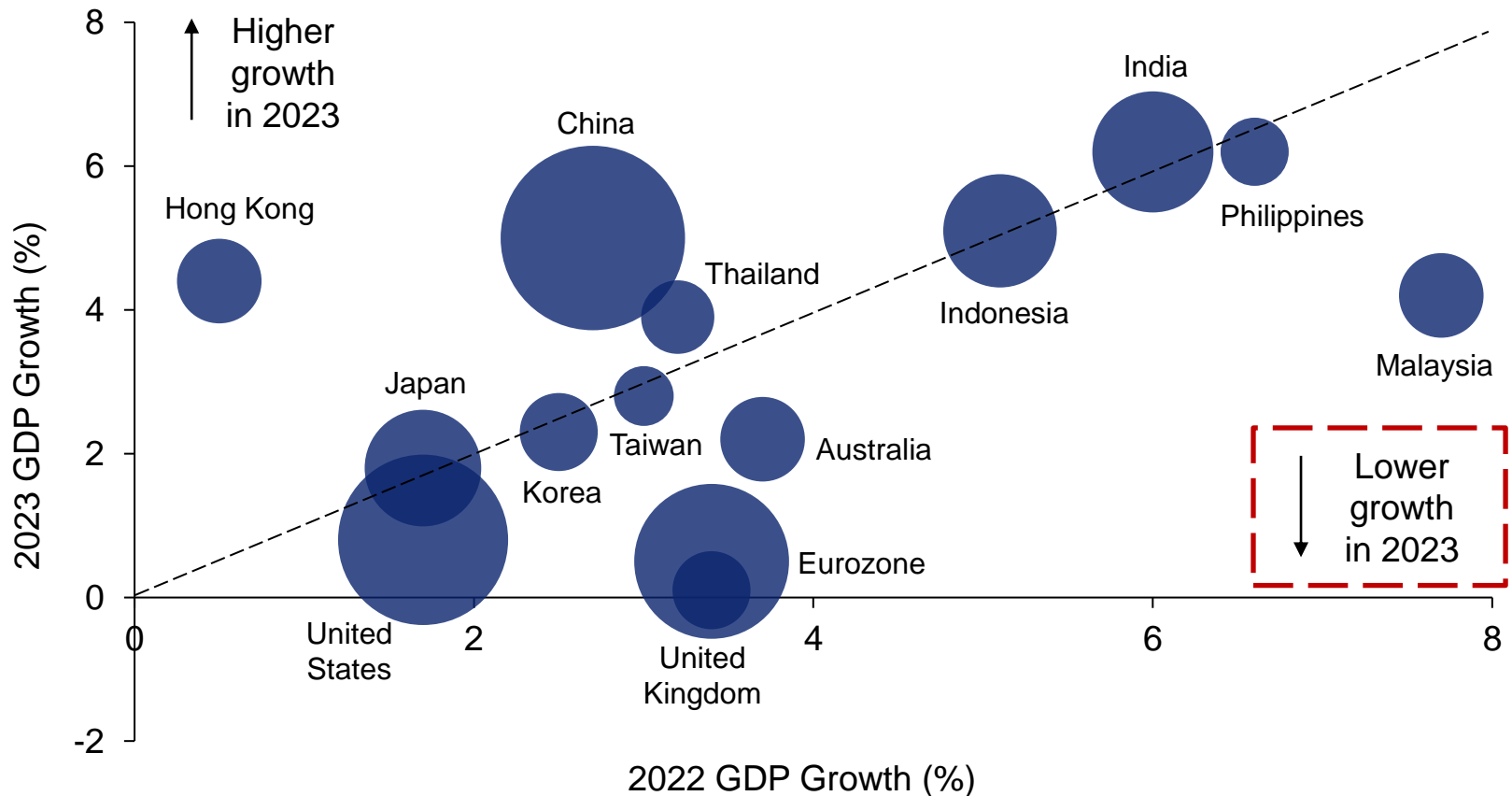
GDP Growth by Cluster



* Advance Estimates

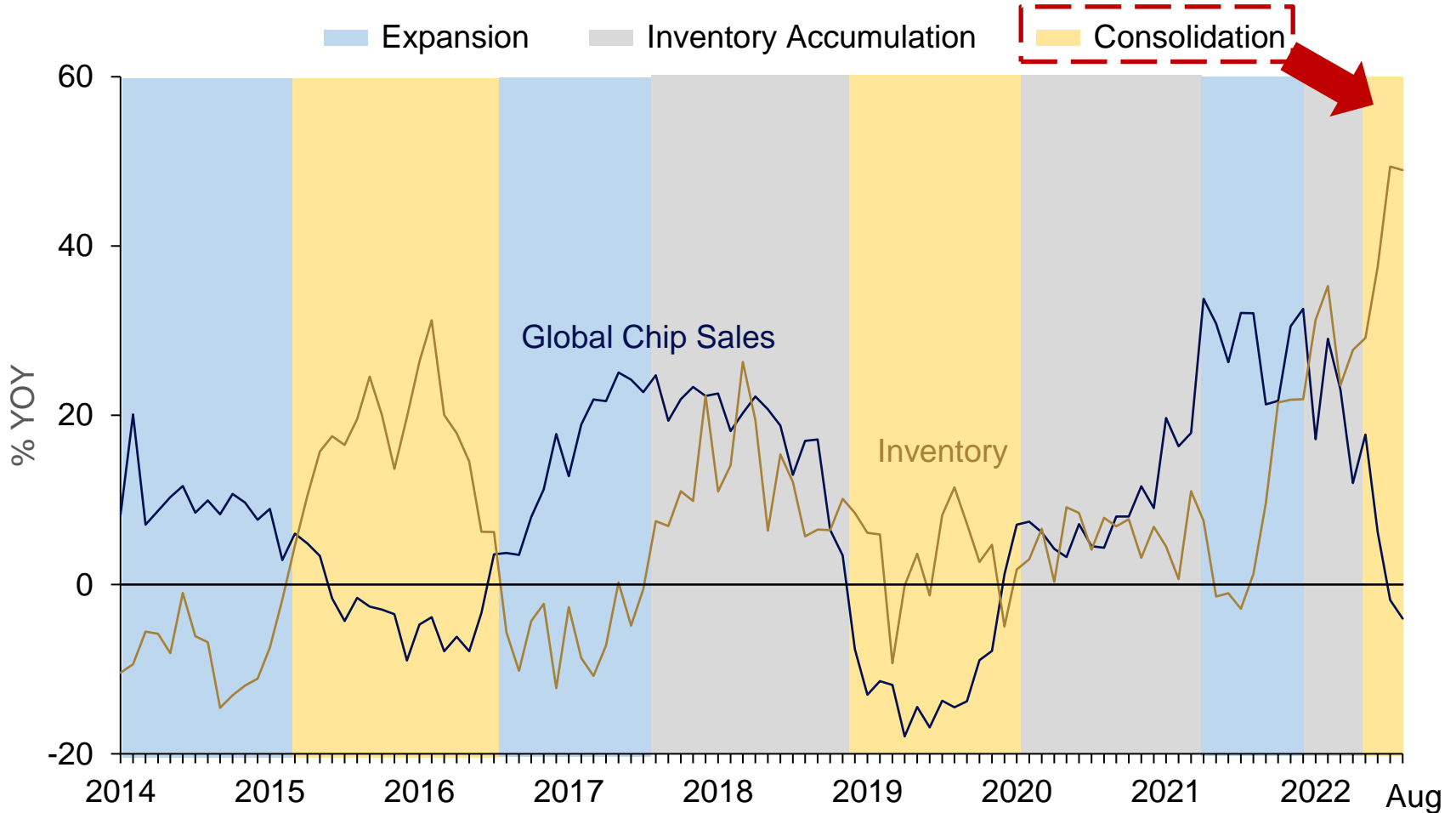
Many of Singapore's major trading partners are expected to post slower growth next year

Real GDP Growth Forecast for Singapore's Major Trading Partners



The global electronics industry has moved into a consolidation phase

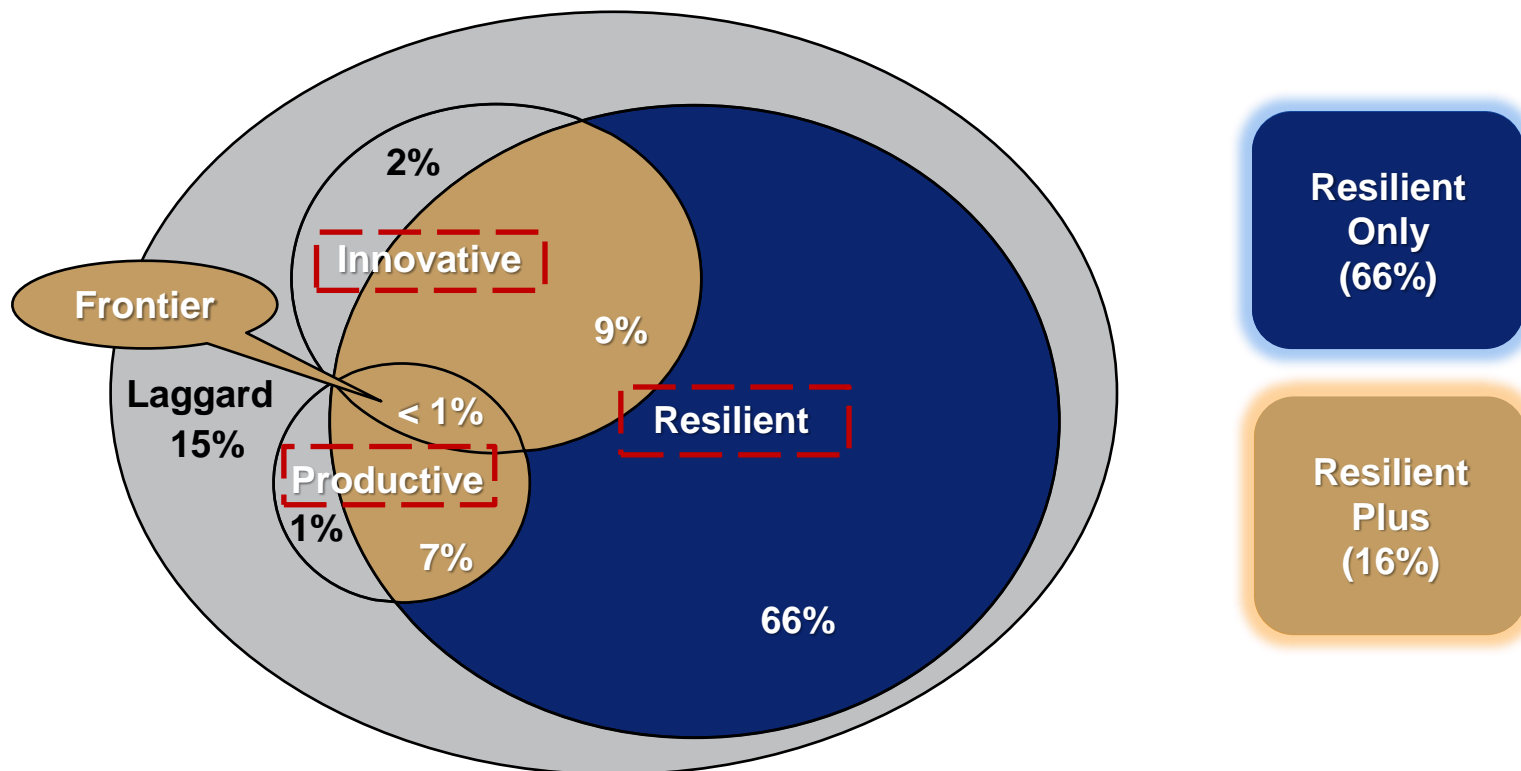
Global Chip Sales and Chip Inventory



A large share of firms in Singapore were resilient-only

Venn Diagram of Firm Archetypes*, 2019

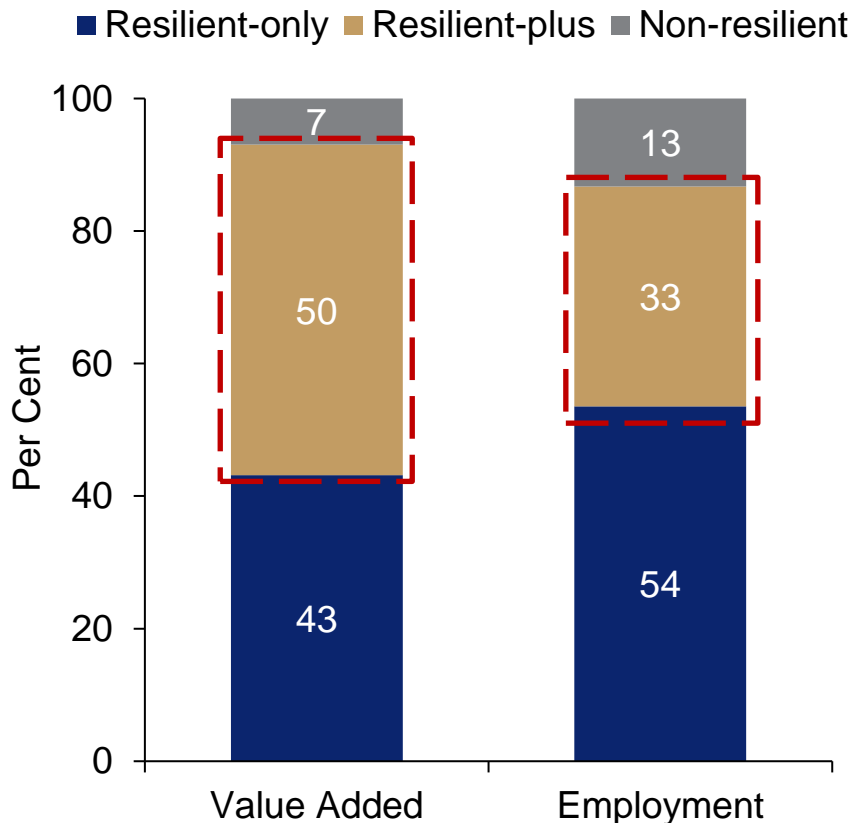
* Only firms with sufficient administrative data to measure these attributes were included in the study.



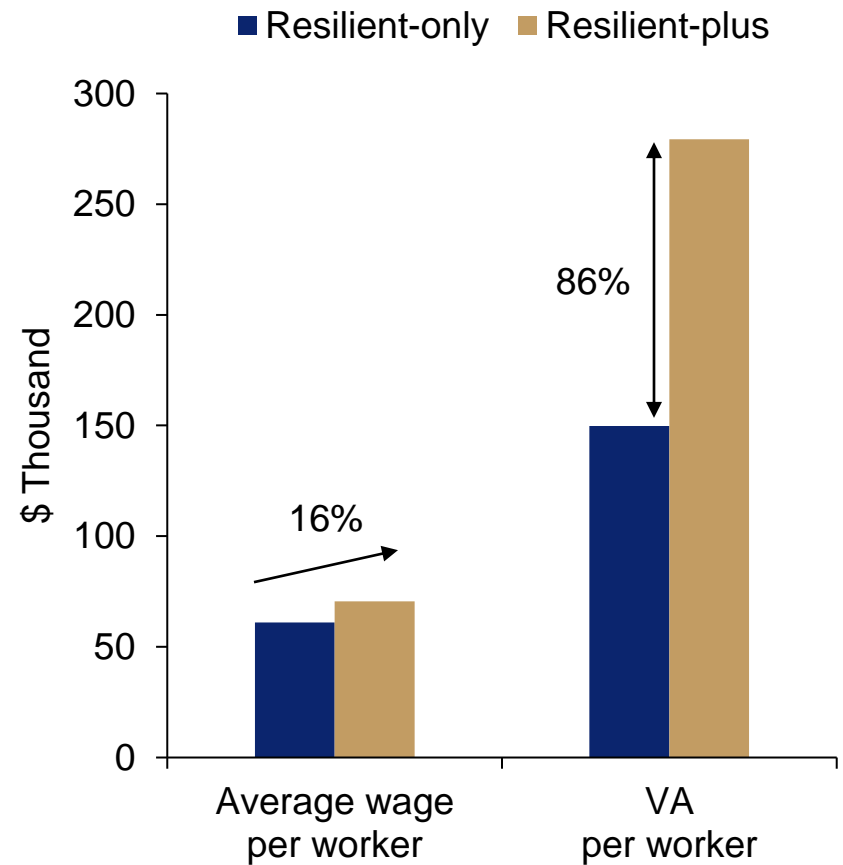
Note: Firms were considered financially resilient if they had healthy debt-servicing ability, adequate cash cover to meet short-term liabilities, or sufficient liquidity to cover cash burn. Firms were deemed productive if they had sustained high VA per worker and revenue growth in two out of the past three years. Firms were considered innovative if they reported R&D expenses, received innovation-related grants over the past three years, or if their tangible and intangible assets made up a considerable proportion of total assets.

Resilient-plus firms had wage and productivity premiums over resilient-only firms

Share of VA and Employment by Firm Archetype, 2019



Wage and Productivity Premium by Firm Archetype, 2019

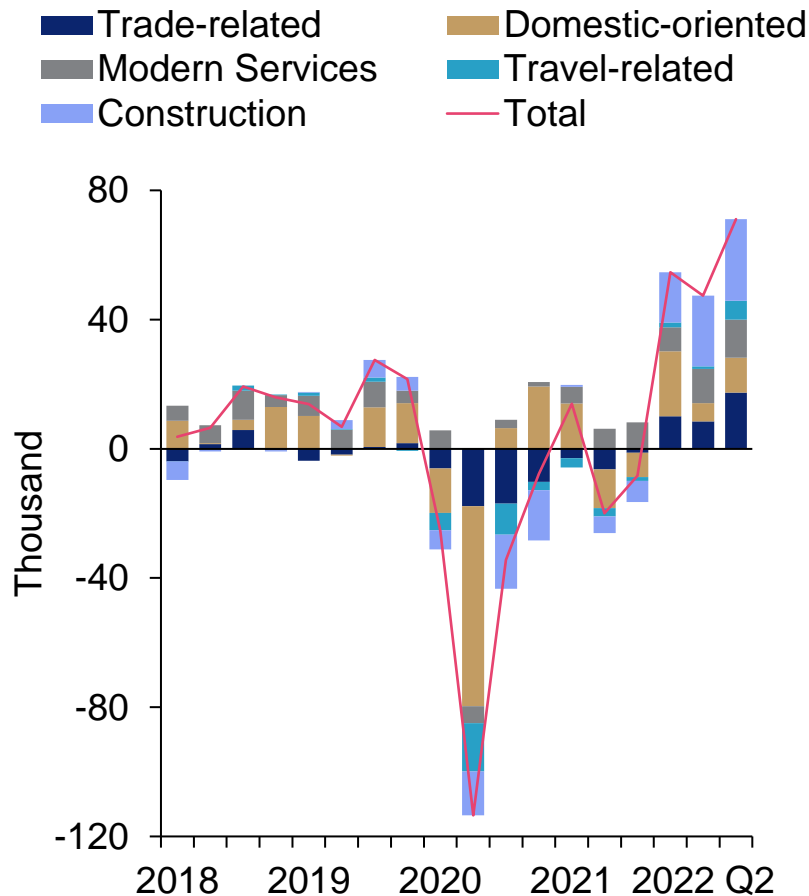




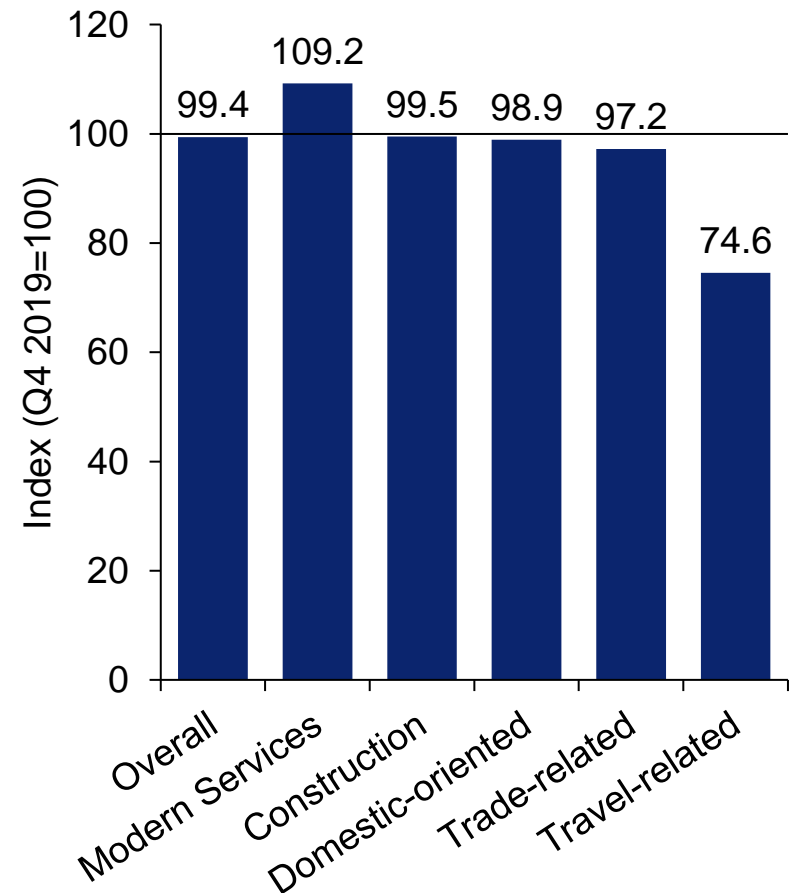
Labour Market and Inflation

Employment grew strongly and the labour market was tight overall in Q2 2022

Employment Changes by Sector

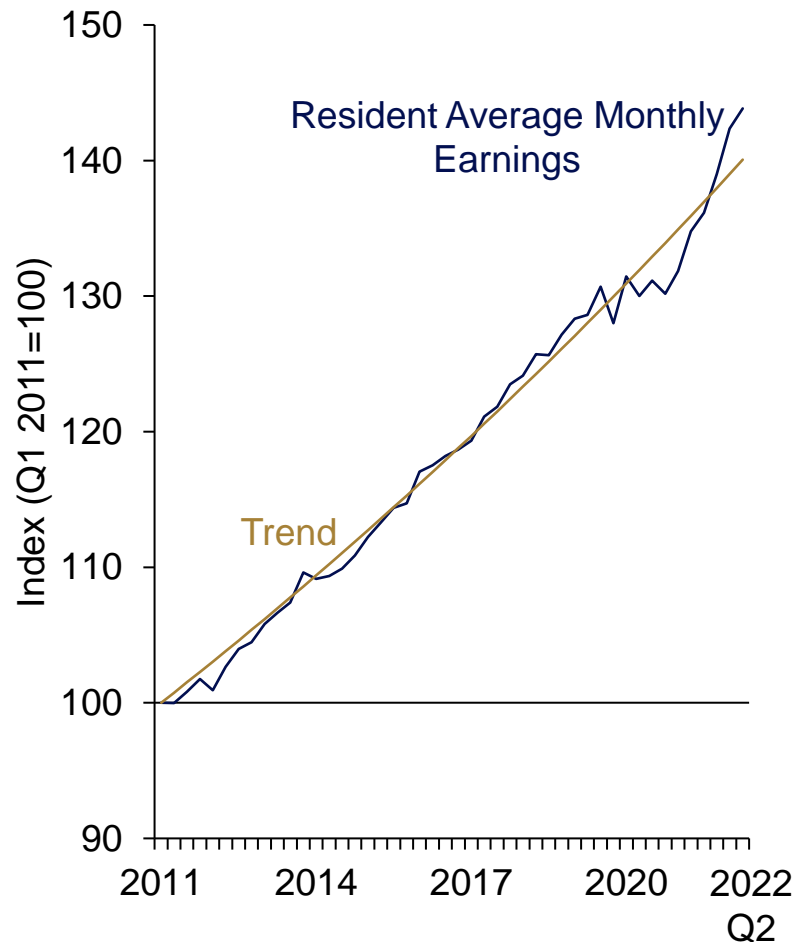


Employment in Q2 2022 Relative to Pre-COVID Level by Sector

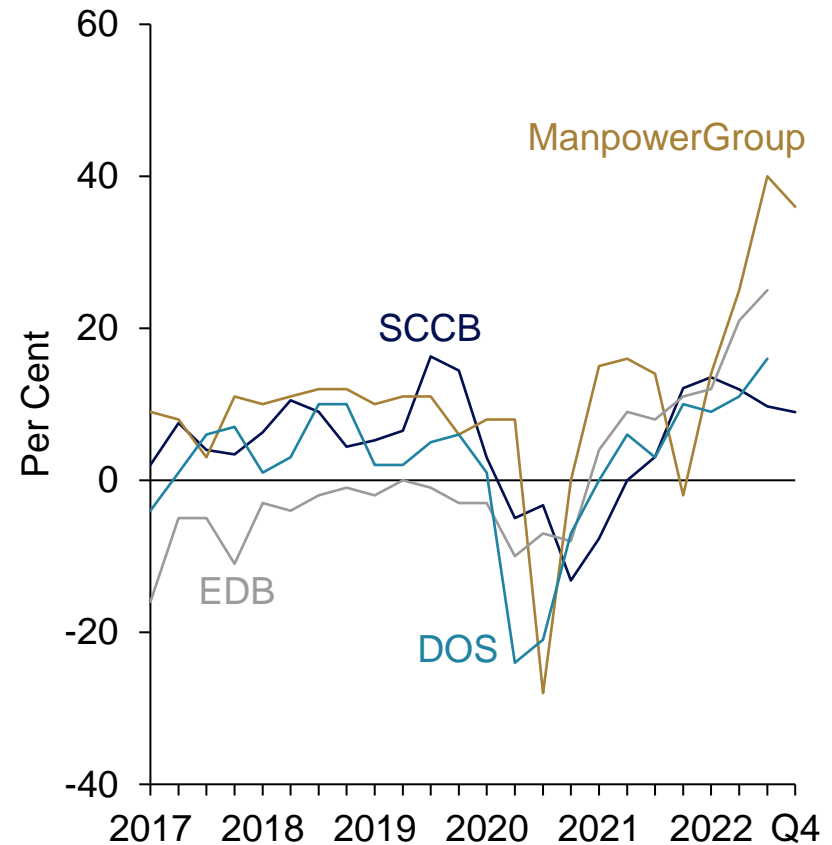


Weakening growth prospects will ease wage pressures, but labour demand would remain supported

Average Monthly Earnings



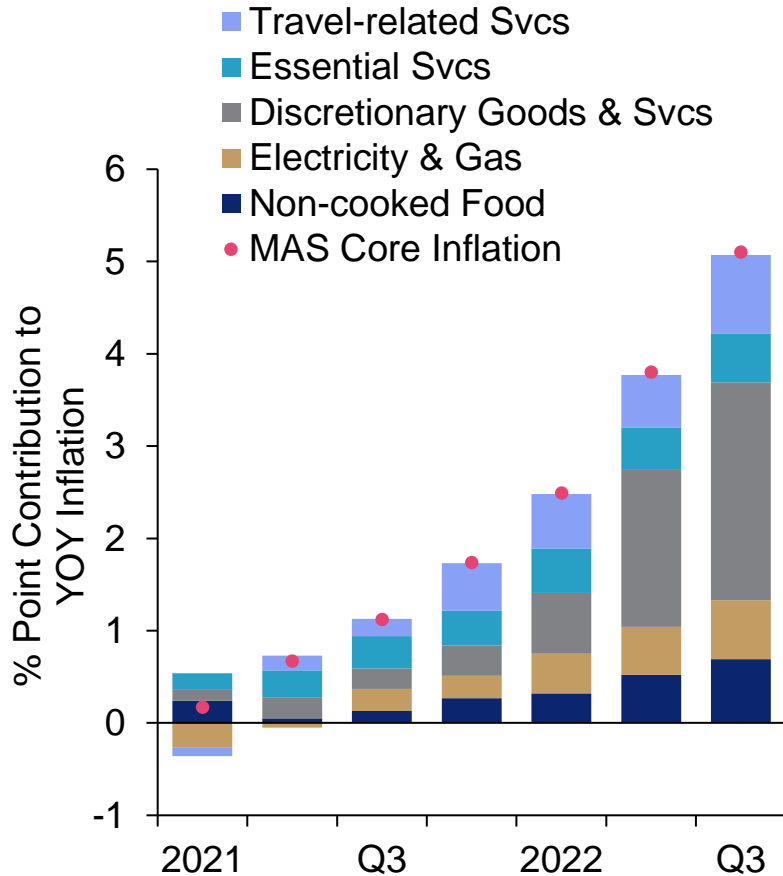
Net Employment Outlook



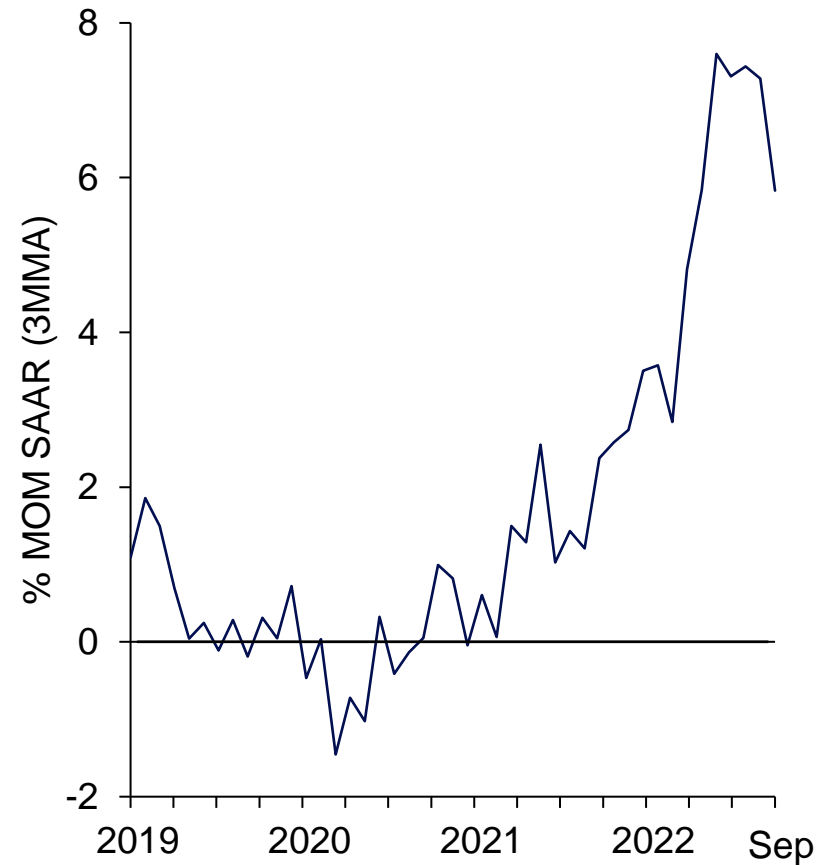
Note: Singapore Commercial Credit Bureau (SCCB) Business Optimism Index

Price pressures were firm and broad-based in Q3

Contribution to MAS Core Inflation

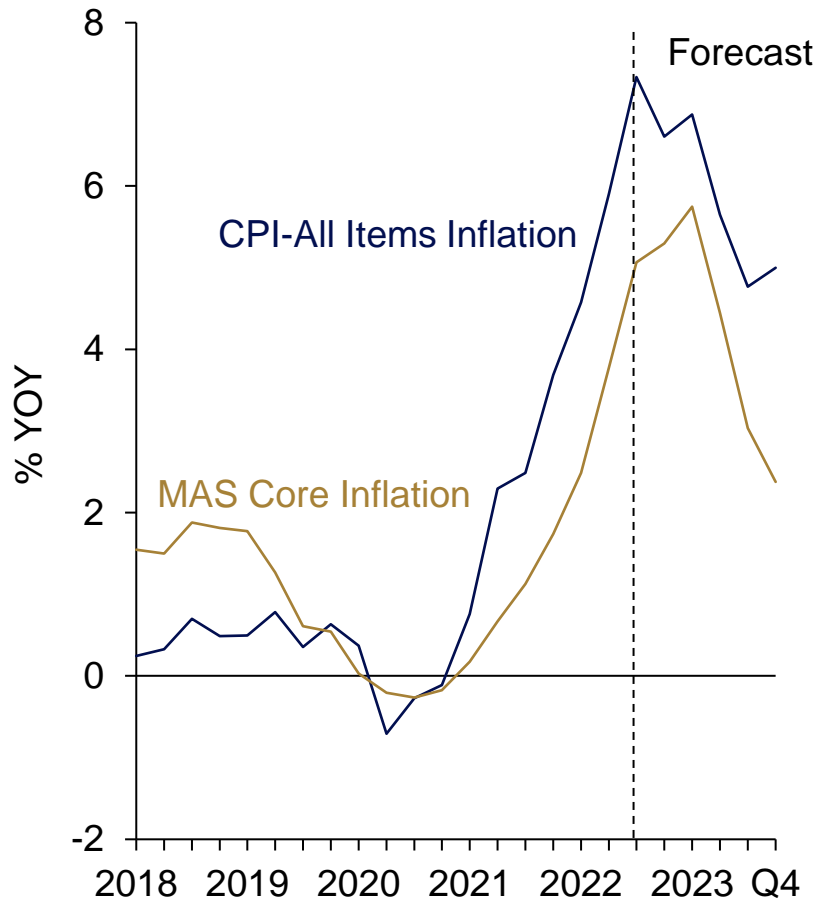


Underlying Inflation Momentum

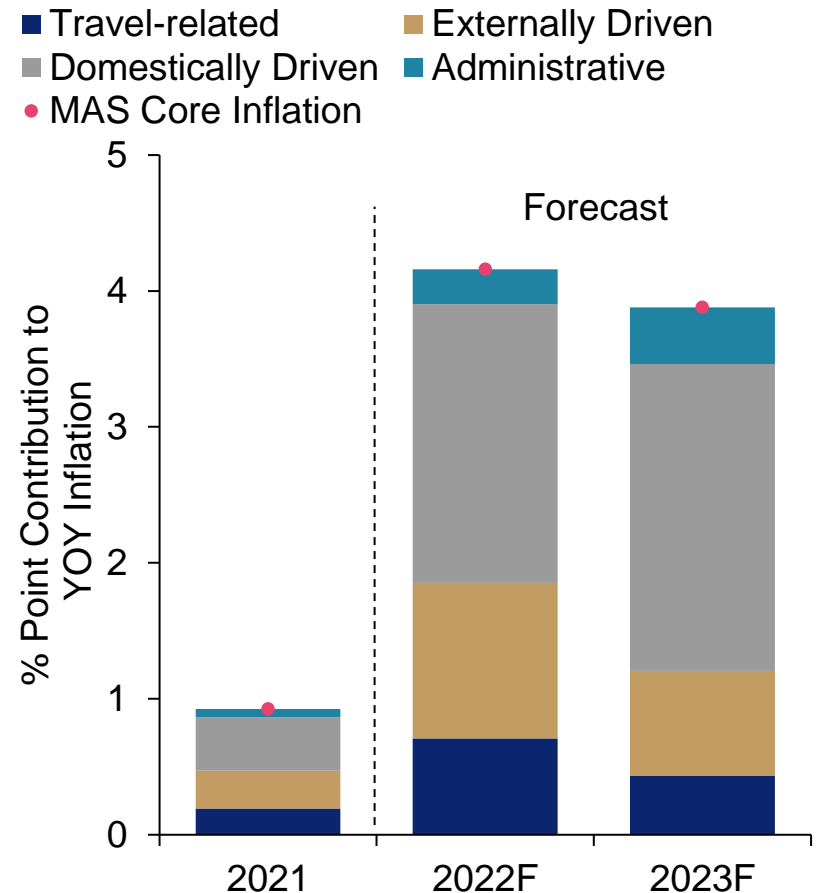


Lagged pass-through of accumulated business costs will keep core inflation elevated next year

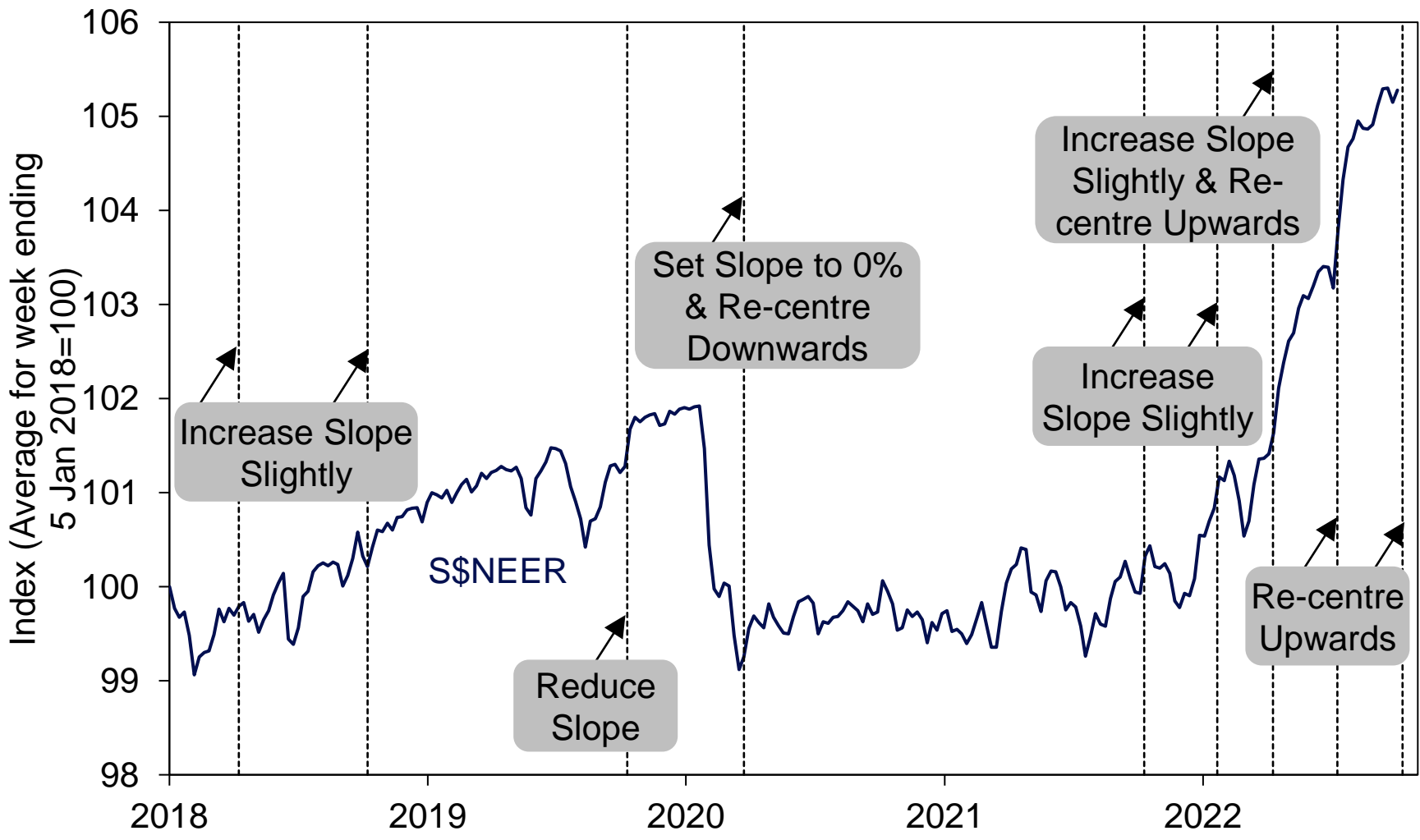
Core and Headline Inflation Forecasts



Contribution to MAS Core Inflation



The mid-point of the S\$NEER policy band was re-centred upwards in both July and October



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