
Contents

Preface	i
Highlights	ii-iii
Monetary Policy Statement	iv-v
1 Macroeconomic Developments	
1.1 External Developments	2
1.2 Domestic Economy	6
1.3 Macroeconomic Policy	13
<i>Box A: Trade and Regional Production Networks</i>	20
<i>Box B: Characterising the Present Downturn: Its Depth, Duration, Speed and Breadth</i>	24
2 Wage-Price Dynamics	
2.1 Labour Market	28
2.2 Inflation	31
3 Outlook	
3.1 External Outlook	36
3.2 Global IT Outlook	42
3.3 Outlook for the Singapore Economy	44
3.4 Labour Market	51
3.5 Inflation	54
3.6 Assessing the Macroeconomic Policy Mix	59
<i>Box C: The Jobs Credit Scheme: A Graphical Illustration</i>	67
Special Features	
Special Feature A: Sectoral, Industry and Employment Business Cycles in Singapore	70
<i>Box D: Filtering in the Frequency Domain</i>	81
Special Feature B: The Dollar's Future as an International Currency	83
Statistical Appendix	86
List of Selected Publications	95

LIST OF ABBREVIATIONS

ACU	Asian Currency Unit
AVA	Agri-Food and Veterinary Authority
BCA	Building & Construction Authority
bps	basis points
COE	Certificate of Entitlement
CPF	Central Provident Fund
CY	calendar year
DBU	Domestic Banking Unit
DLI	Domestic Liquidity Indicator
DOS	Department of Statistics
ECB	European Central Bank
EDB	Economic Development Board
EPD	Economic Policy Department
FAO	Food and Agriculture Organisation of the United Nations
FI	fiscal impulse
FY	financial year
GST	goods and services tax
HDB	Housing Development Board
IMF	International Monetary Fund
IRAS	Inland Revenue Authority of Singapore
MMS	Monetary Model of Singapore
MOF	Ministry of Finance
m-o-m	month-on-month
MPS	Monetary Policy Statement
MTI	Ministry of Trade and Industry
NAFTA	North American Free Trade Agreement
NBER	National Bureau of Economic Research
NEER	nominal effective exchange rate
NIEs	newly industrialised economies
NODX	non-oil domestic exports
NORX	non-oil re-exports
NTUC	National Trades Union Congress
OECD	Organisation of Economic Cooperation and Development
OPEC	Organisation of the Petroleum Exporting Countries
PMETs	professionals, managers, executives and technicians
PMI	Purchasing Managers Index
q-o-q	quarter-on-quarter
REER	real effective exchange rate
SAAR	seasonally adjusted annualised rate
SARS	Severe Acute Respiratory Syndrome
SIBOR	Singapore Interbank Offered Rate
SPUR	Skills Programme for Upgrading and Resilience
STI	Straits Times Index
UBCI	Unit Business Cost Index
ULC	Unit Labour Cost
USCI	Unit Services Cost Index
WTI	West Texas Intermediate
WTO	World Trade Organisation
y-o-y	year-on-year