macroeconomic review

briefing

29 October 2013

Contents of the *Macroeconomic Review*

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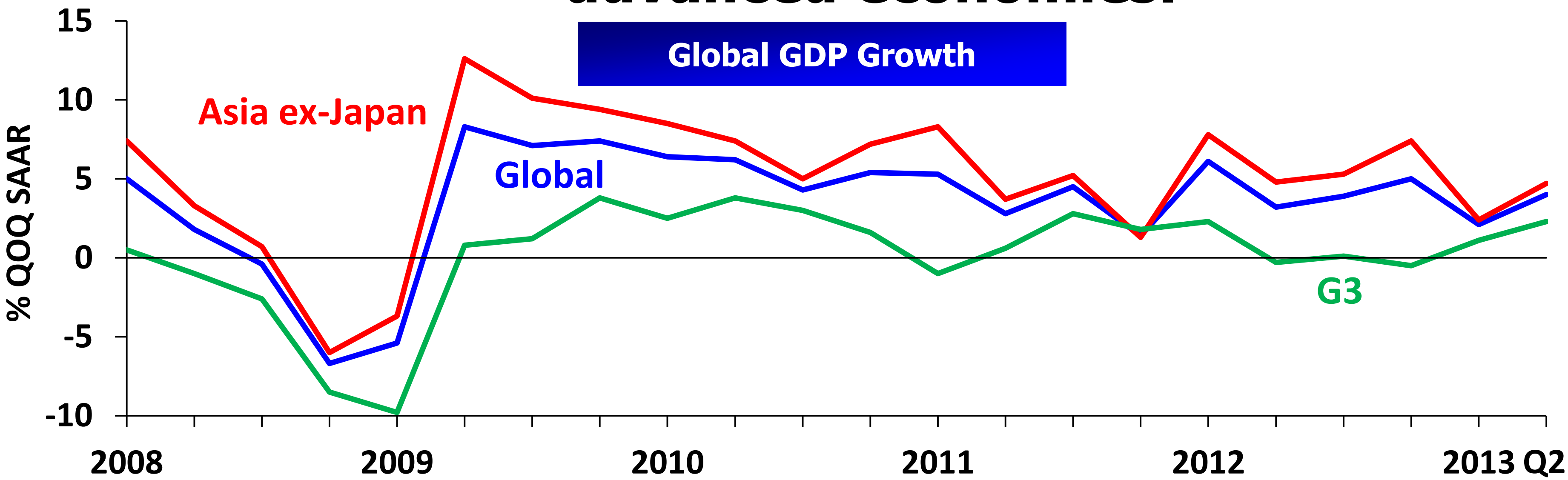
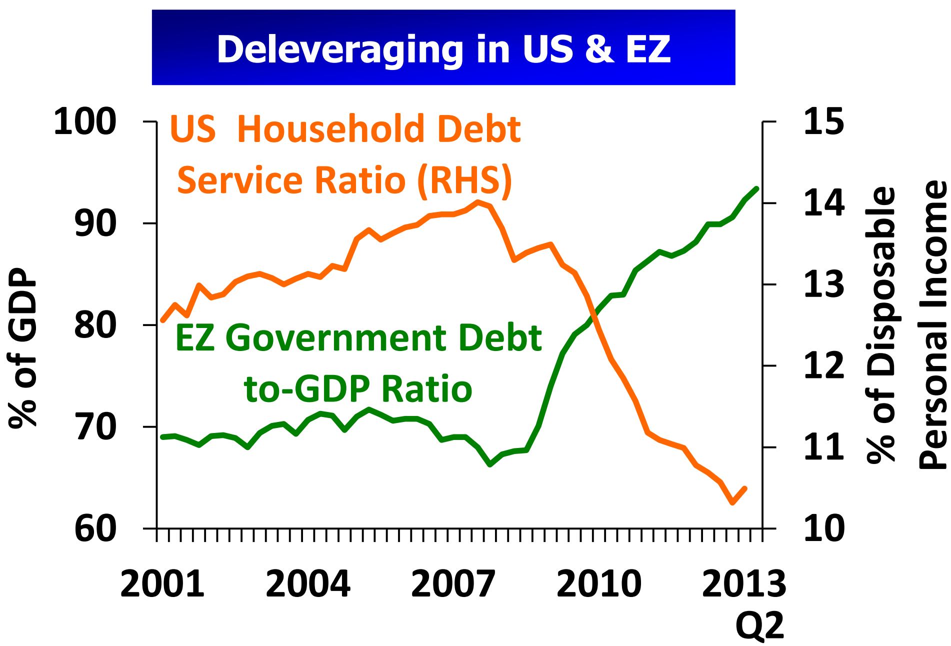
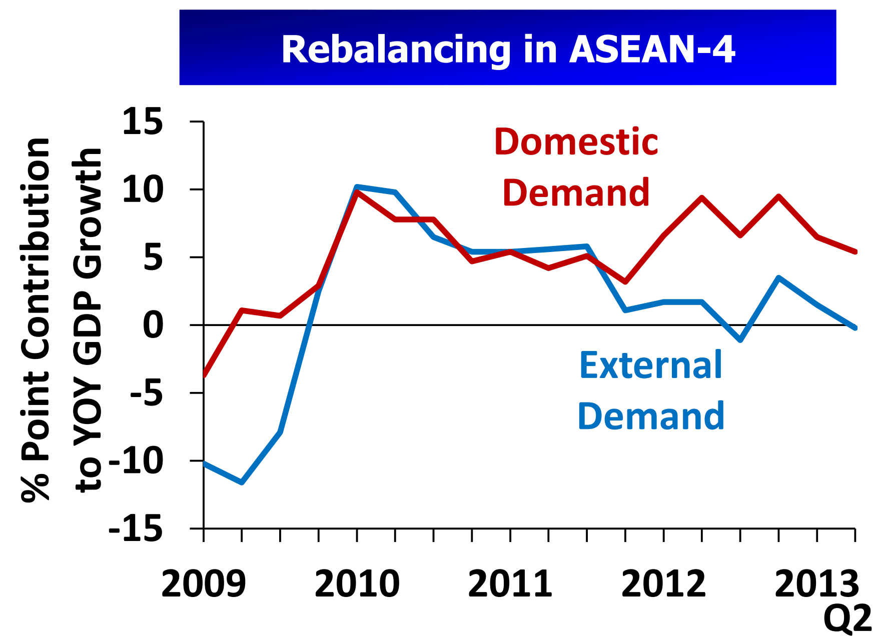
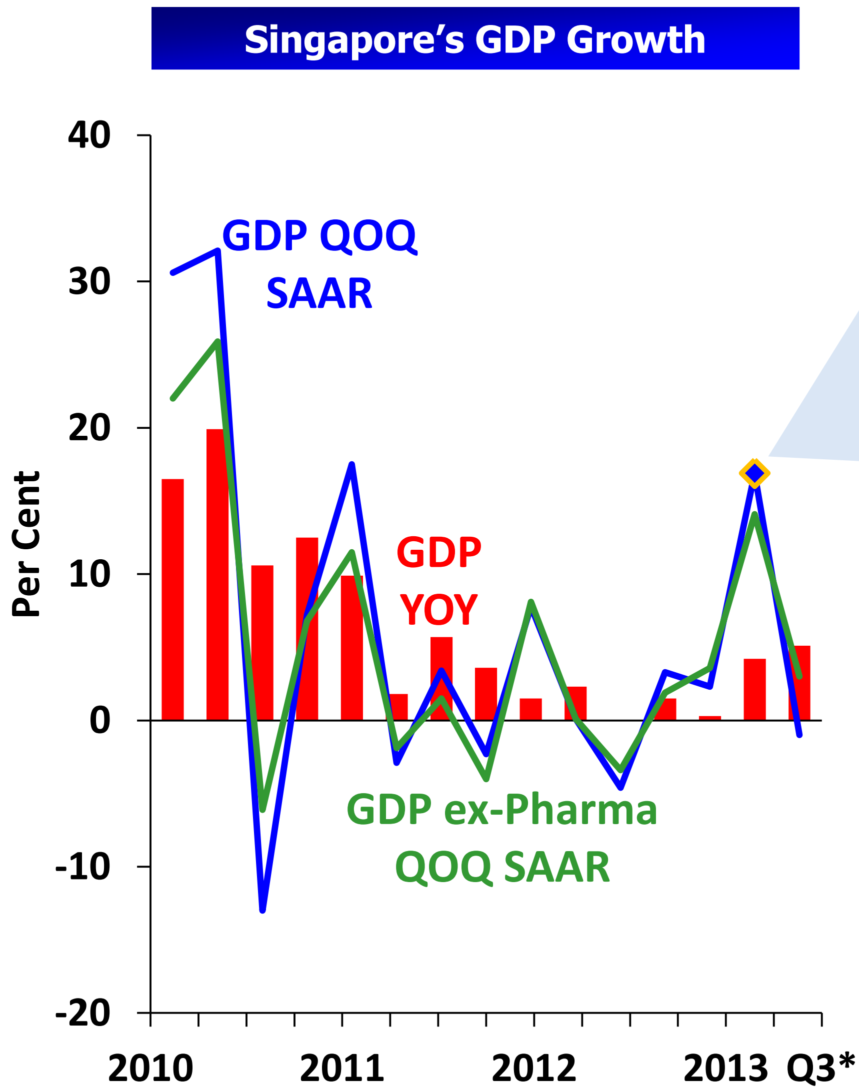
The global economy picked up in Q2 2013, supported by stronger growth in the advanced economies.



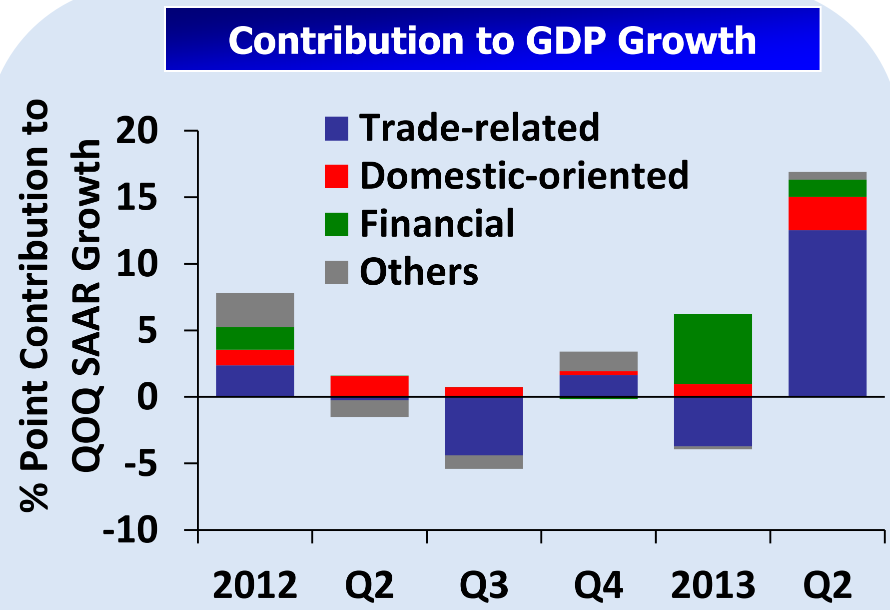


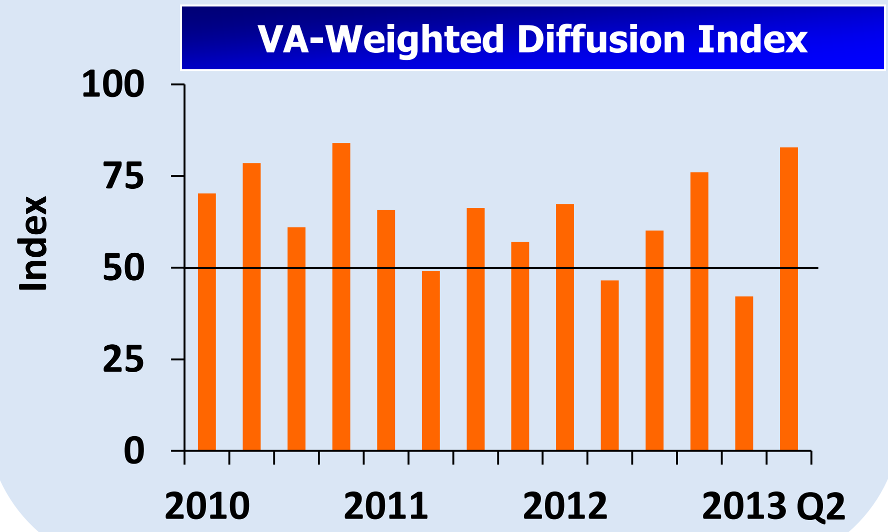


The Singapore economy saw a corresponding increase in GDP growth in Q2 2013…

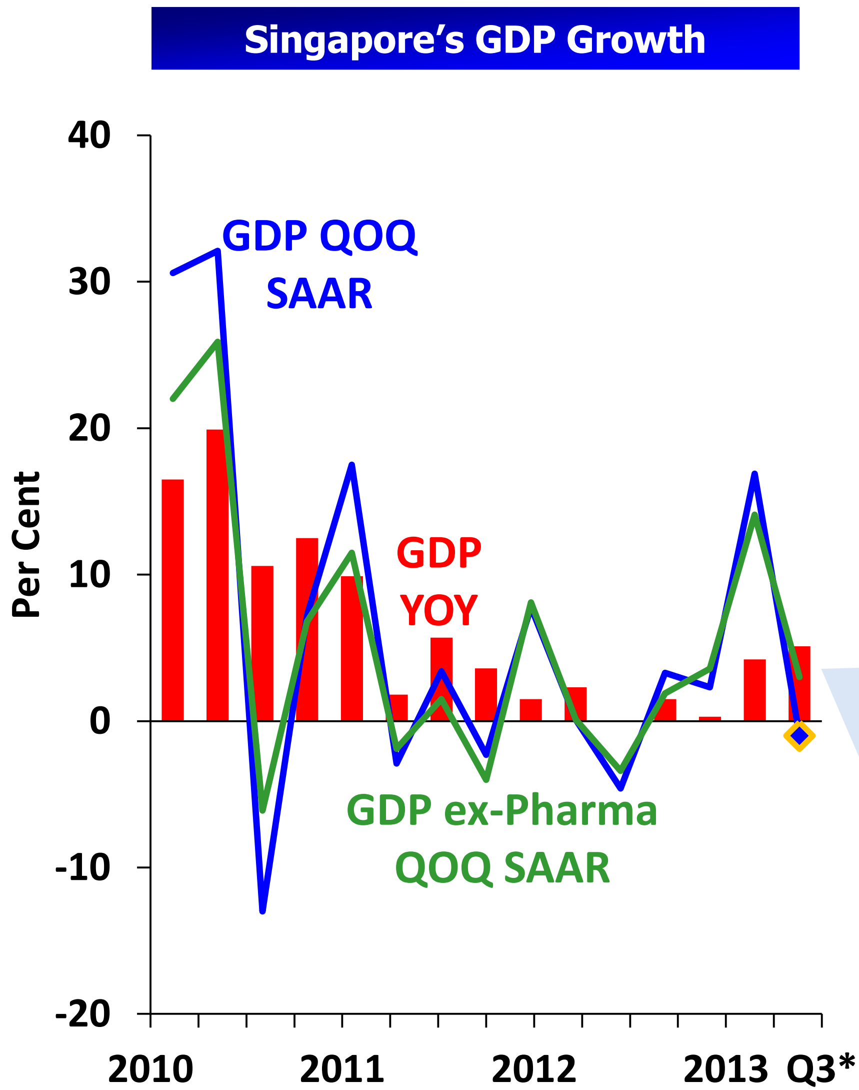


* *Advance Estimates.*

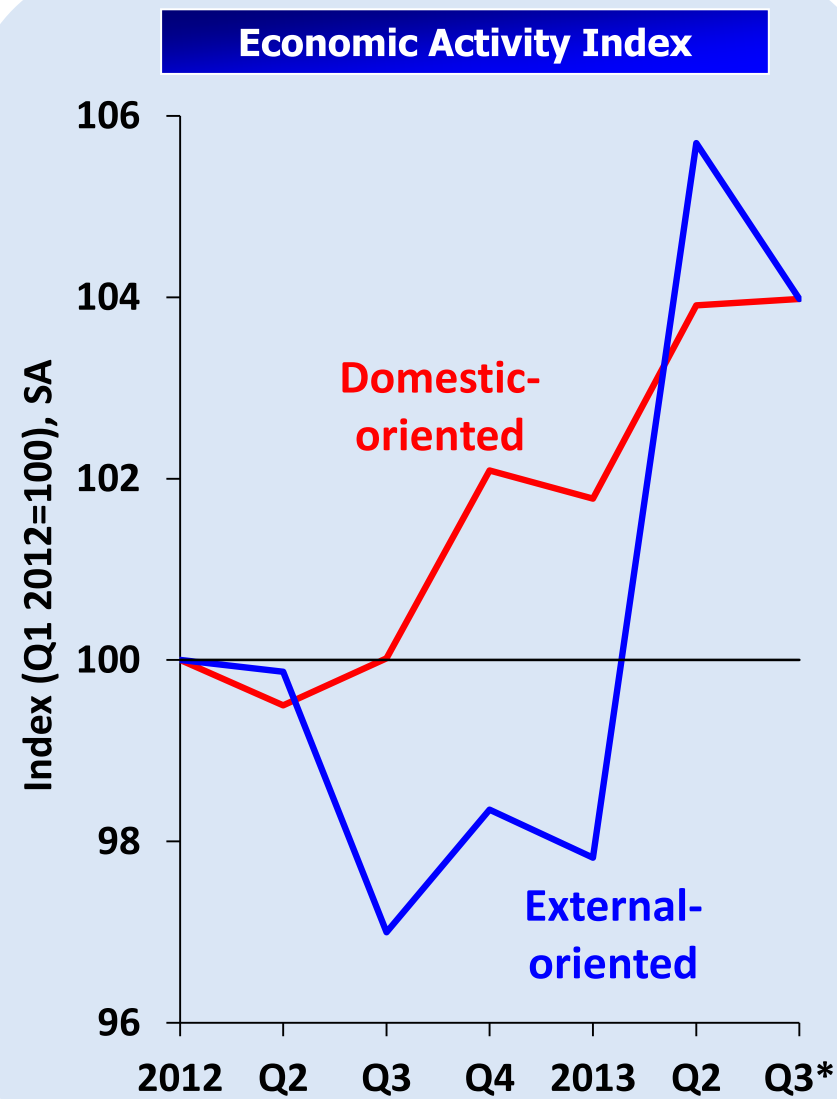




… although growth momentum slipped again in Q3.



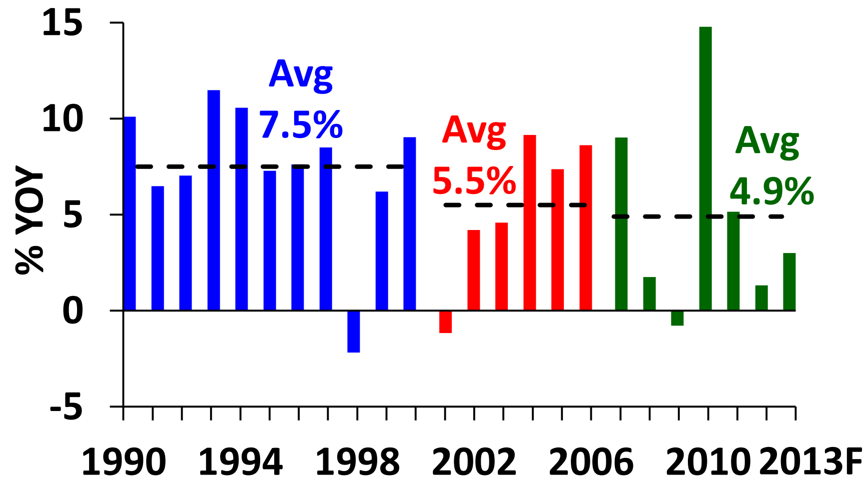
** Advance Estimates.*



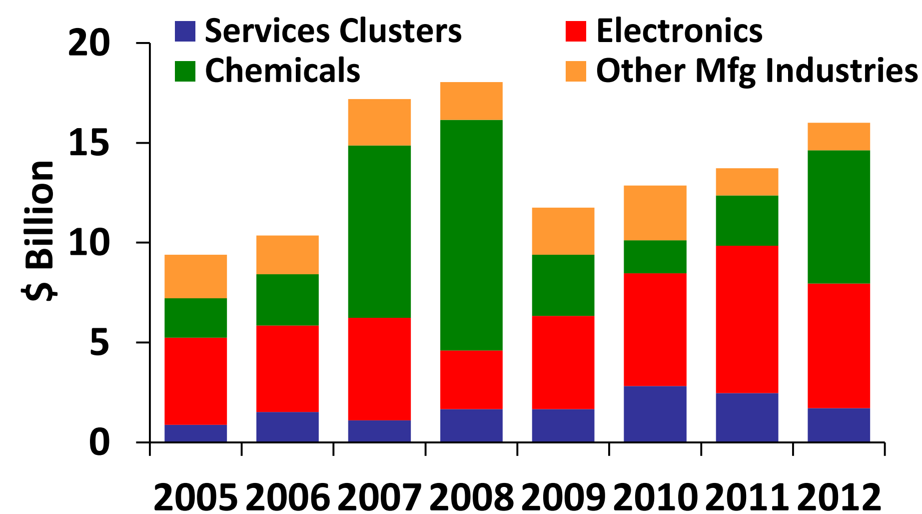
* Average of *Jul-Aug data*.

The economy may now be in a lower-growth, but elevated volatility phase for the short-term.

Singapore's GDP Growth



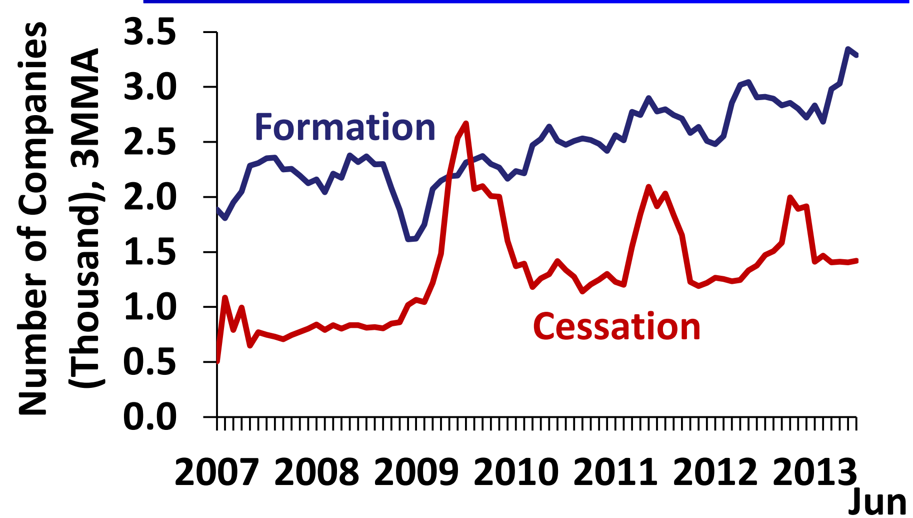
Business Investment Commitments



Summary Statistics of Singapore's Growth Episodes

Episodes	% QOQ SAAR	
	Mean	Standard Deviation
I: Q2 1985 – Q1 2008	7.12	7.31
II: Q2 2008 – Q3 2010	5.15	18.11
III: Q4 2010 – Q2 2013	4.23	7.23
IV: Q2 1985 – Q2 2013 (Historical average)	6.67	8.68

Company Formation and Cessation



Contents of the *Macroeconomic Review*

Chapter 1: Macroeconomic Developments

Box A: Review of MAS Money Market Operations in FY2012/13

Chapter 2: Wage-Price Dynamics

Box B: A New Keynesian Phillips Curve for Singapore

Chapter 3: Outlook

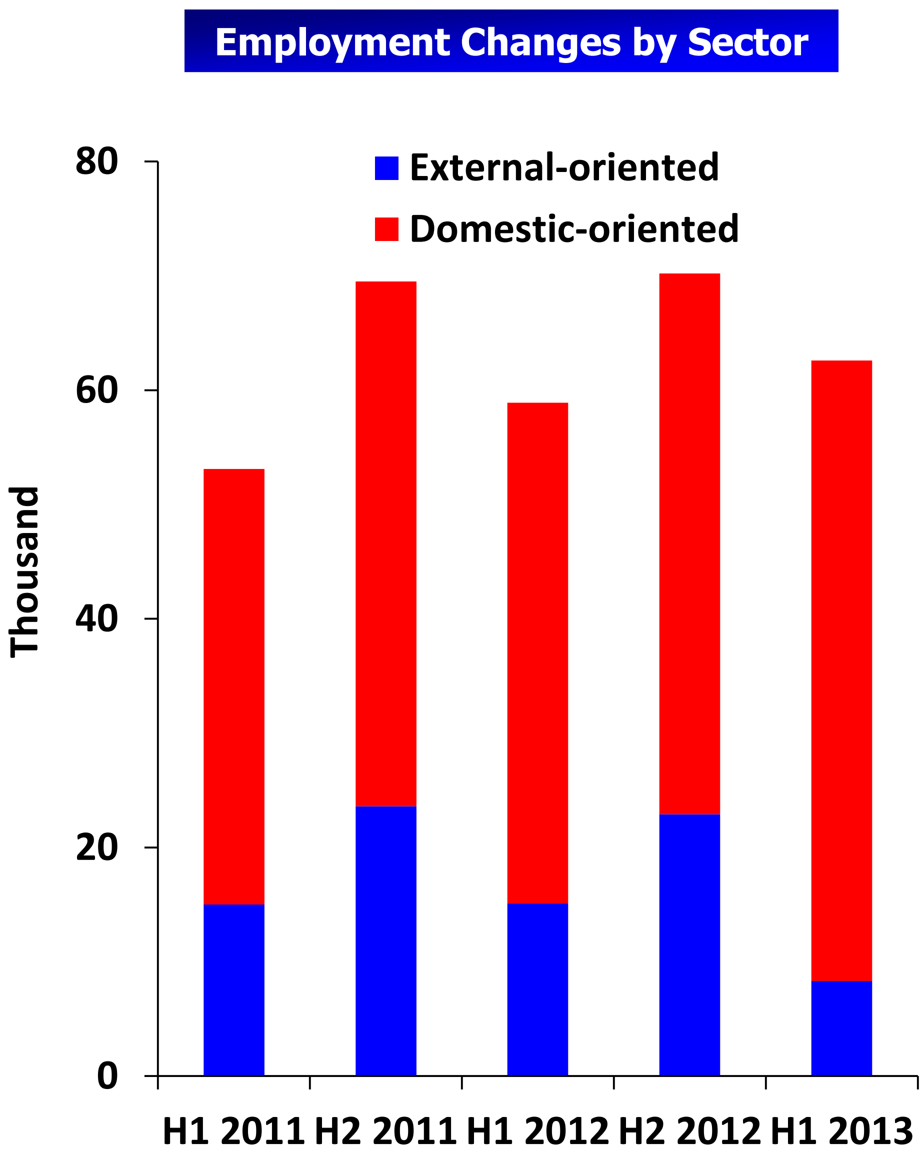
Box C: Shifts in Regional Trade

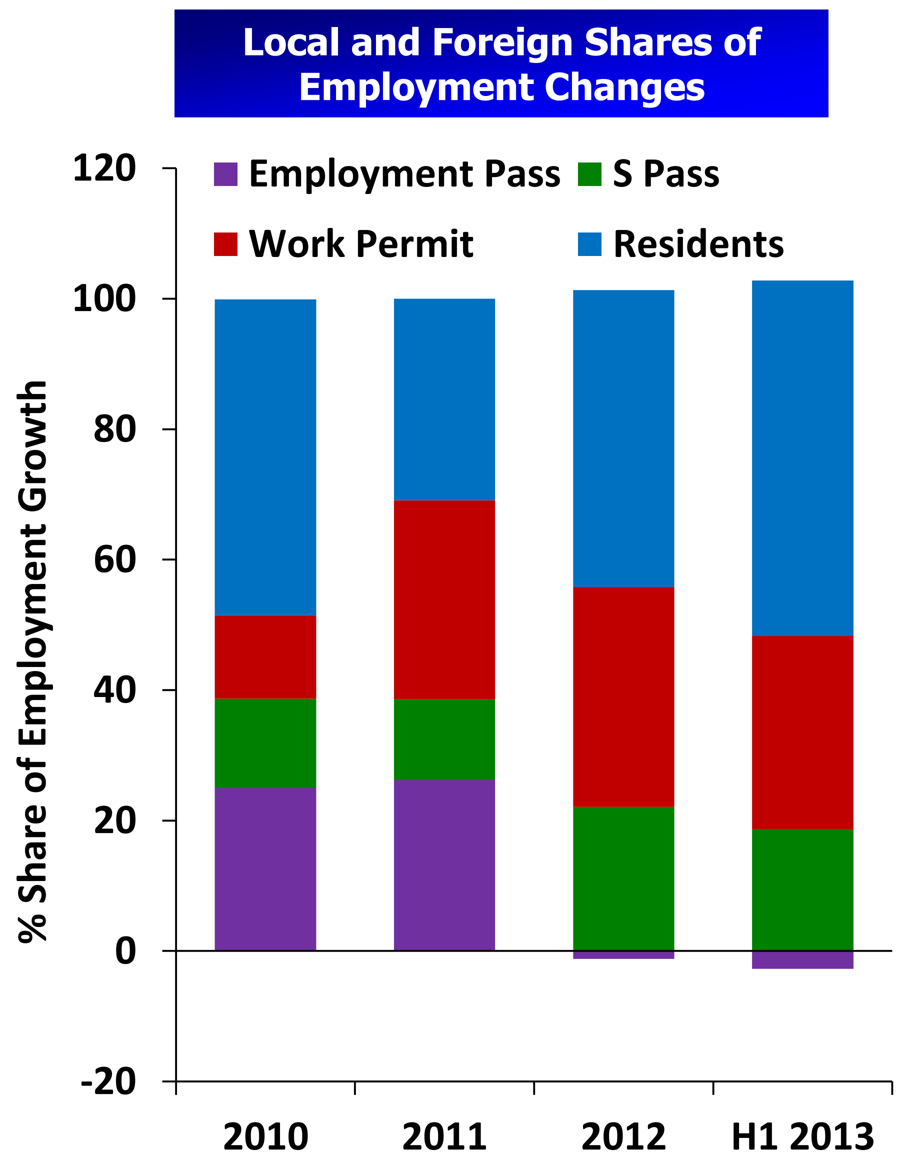
Special Features:

A: Enhancing Surveillance of the Singapore Economy: The Nowcasting Approach

B: Toward a New Understanding of Monetary Policy

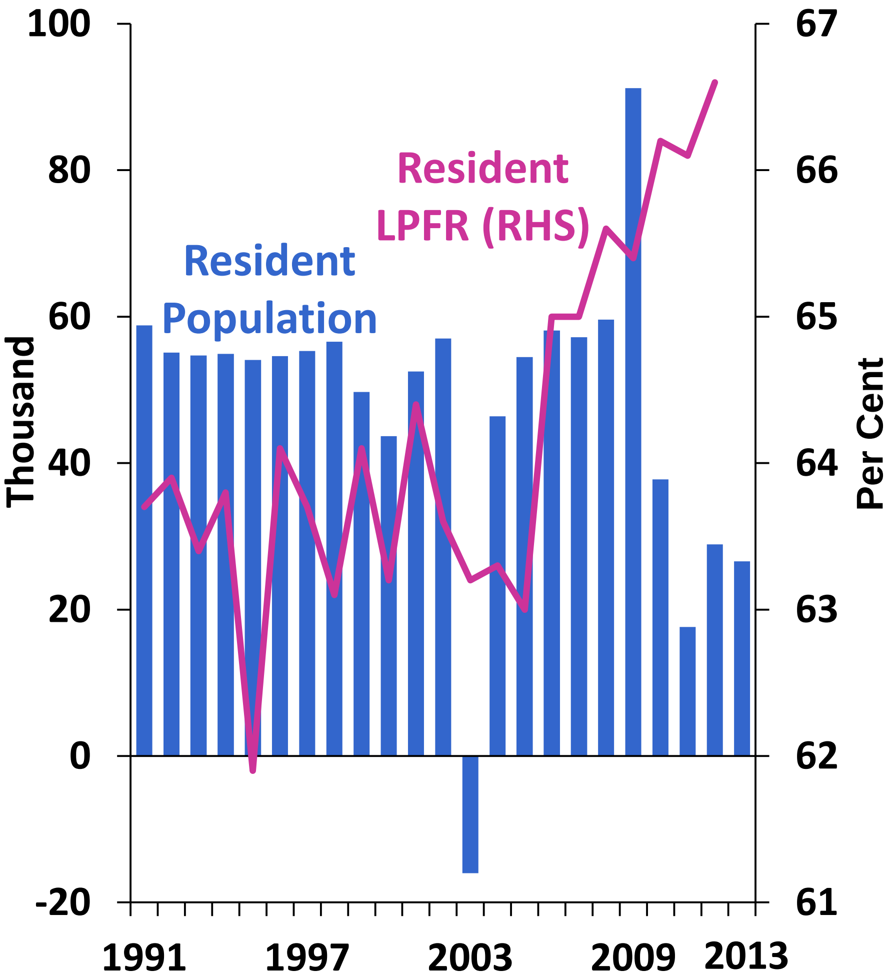
Employment growth was strong amid labour supply constraints…



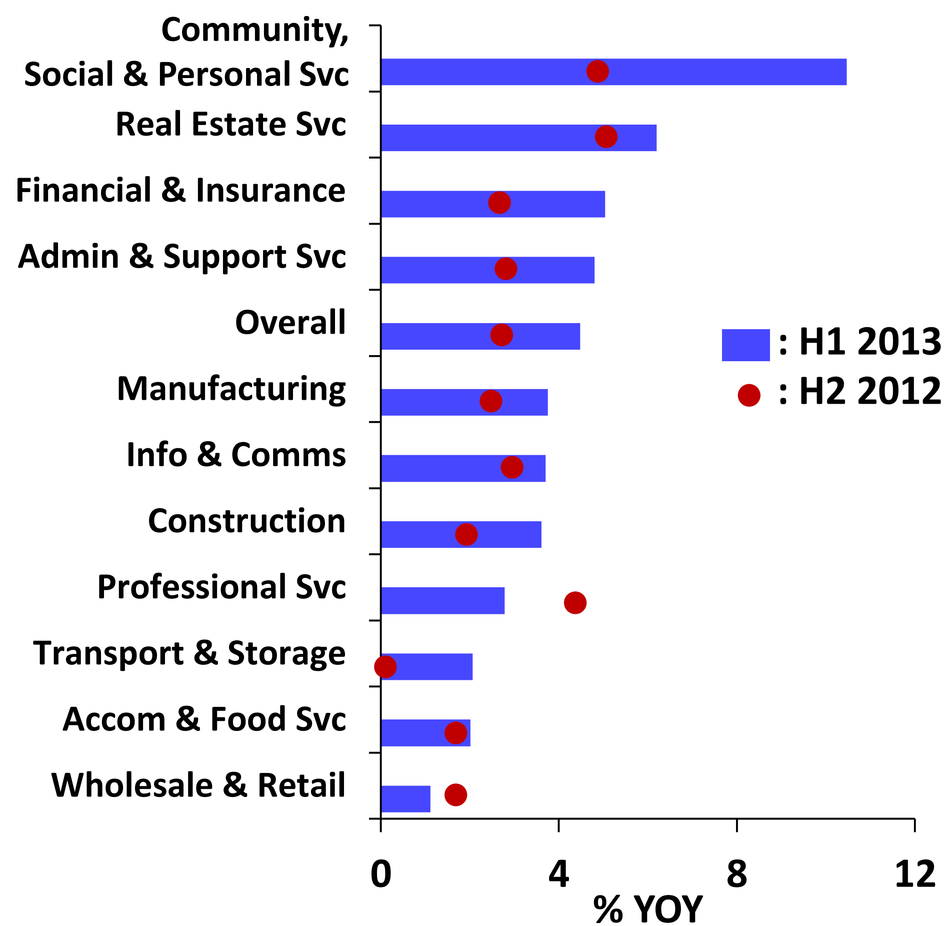


...as resident workers met the higher demand for labour, giving rise to wage pressures.

Resident Labour Force Participation Rate and Resident Population Change

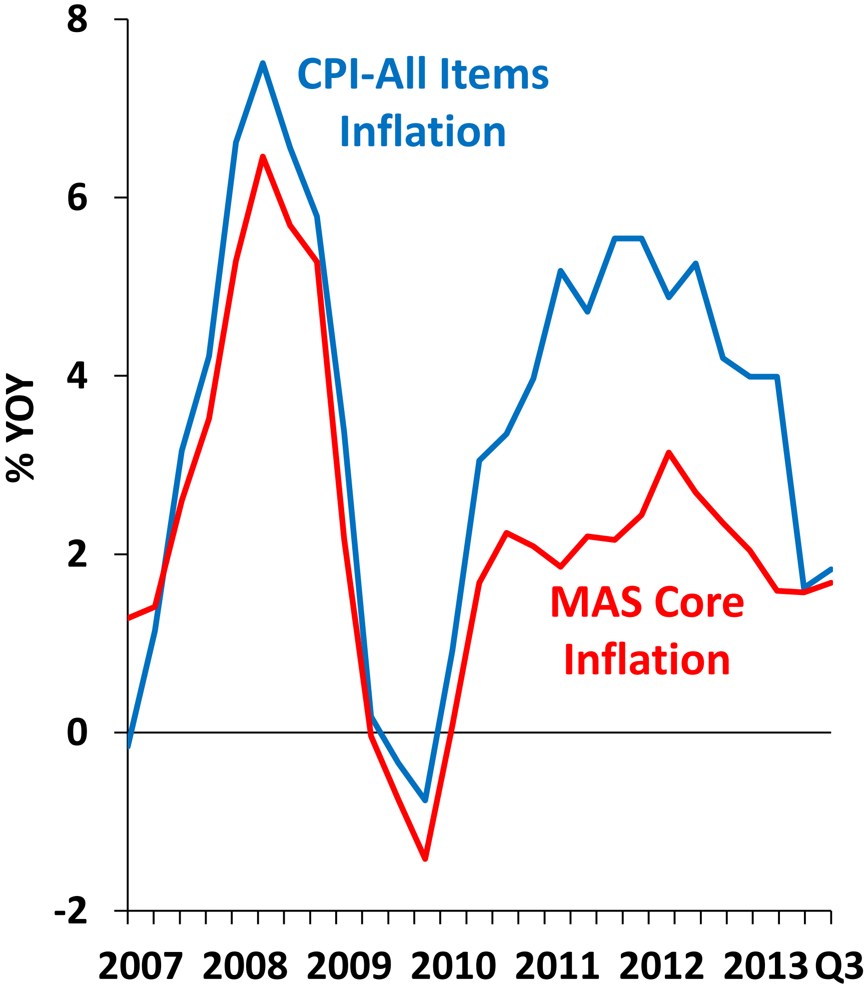


Resident Wage Growth by Sector

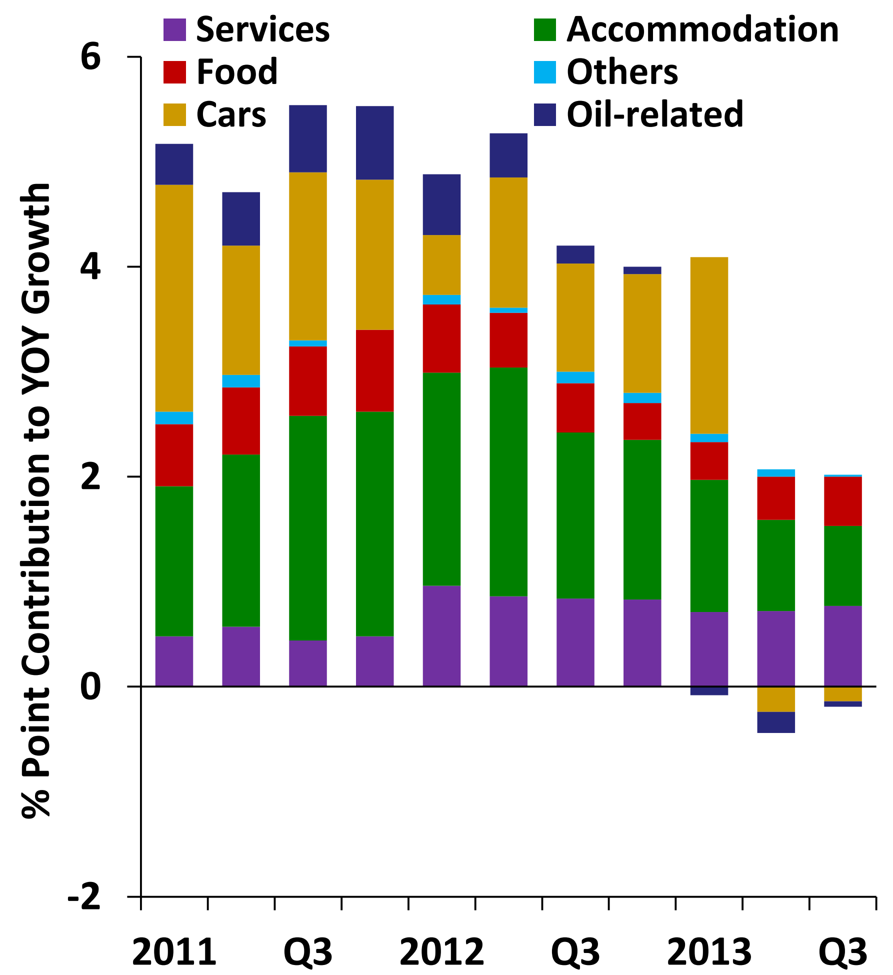


Core inflation which moderated in H1 2013 picked up in Q3.

CPI-All Items and MAS Core Inflation



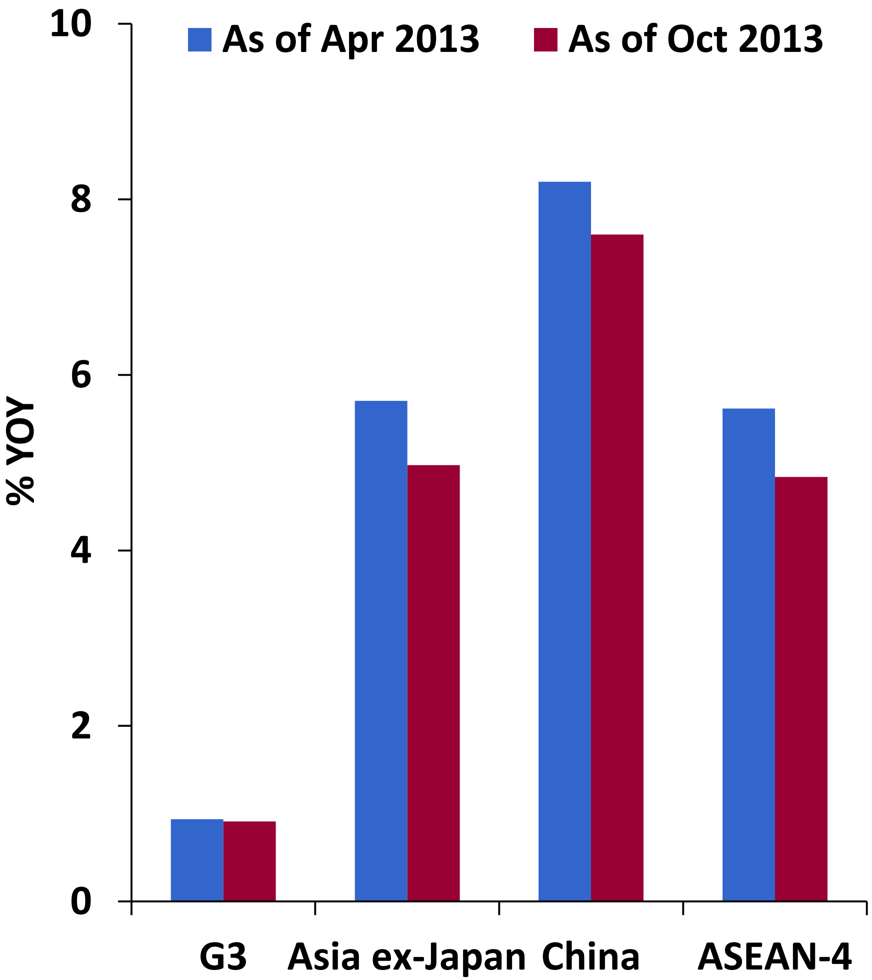
Contribution to CPI-All Items Inflation



Contents of the *Macroeconomic Review*

Economic momentum in the G3 is picking up but Asia ex-Japan faces new uncertainties.

Changes in 2013 GDP Growth Forecasts



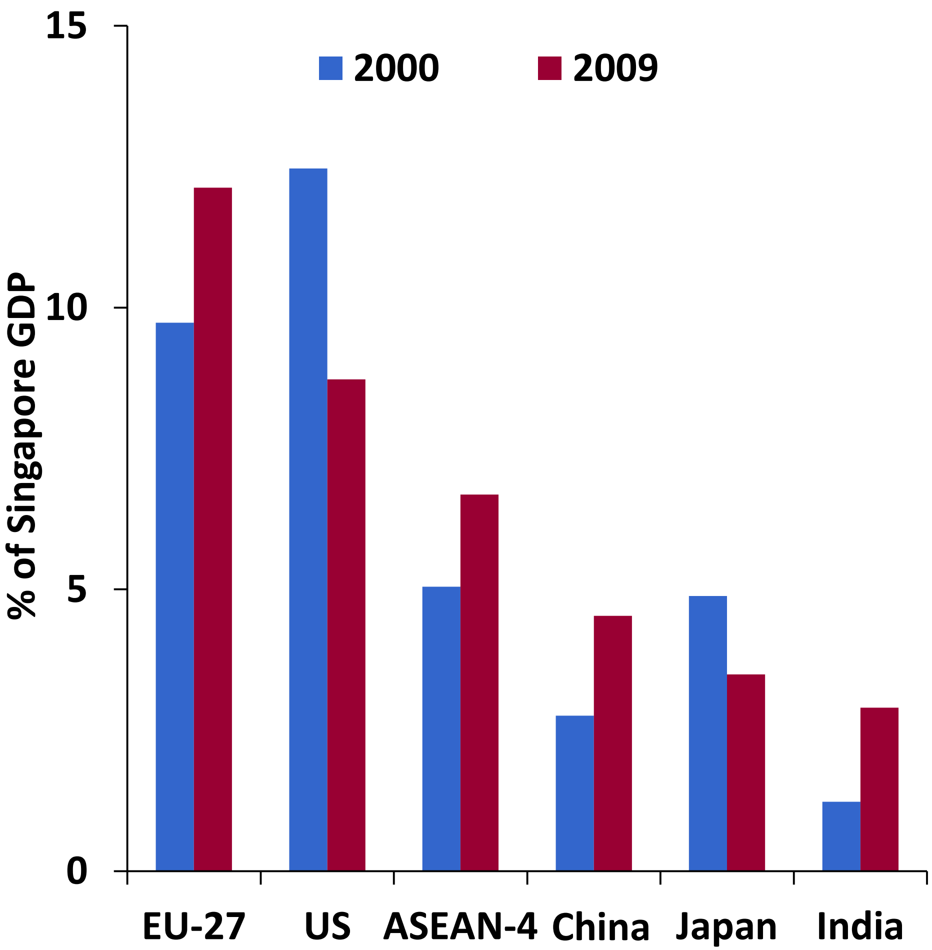
Consensus GDP Forecasts (%)

	2012	2013F	2014F
Total	**3.9**	**3.8**	**4.3**
G3	1.2	0.9	1.7
Asia ex-Japan	5.1	5.0	5.4
NIE-3	1.6	2.8	3.6
ASEAN-4	6.1	4.8	5.2
China	7.7	7.6	7.4
India	5.1	4.6	5.7

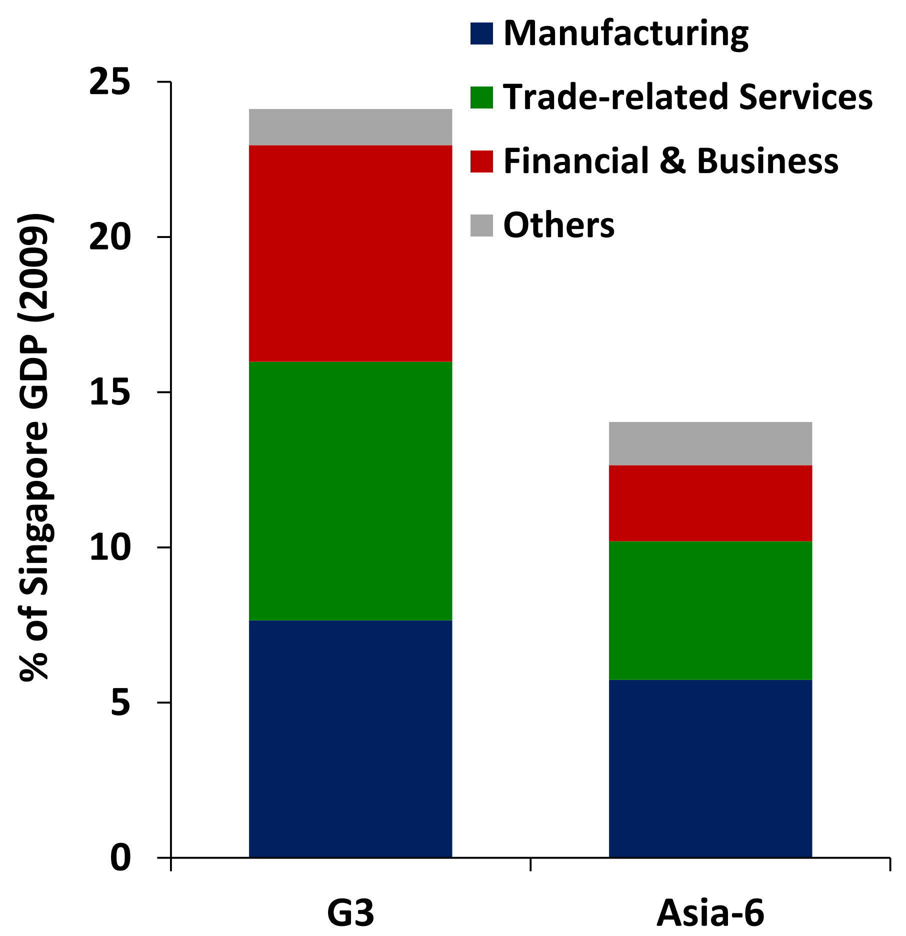
Singapore remains more exposed to the advanced economies than to emerging Asia.

Singapore's Value Added Embodied in Foreign Final Domestic Demand

By Destination

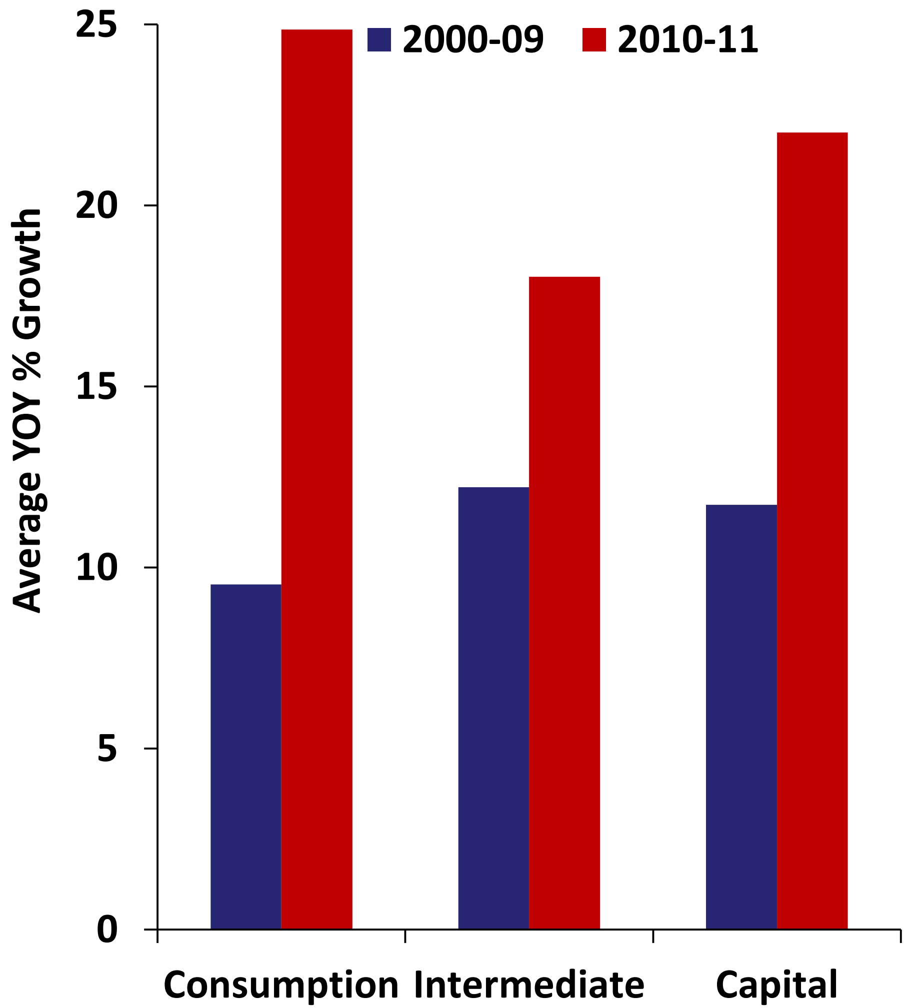


By Destination and Sector

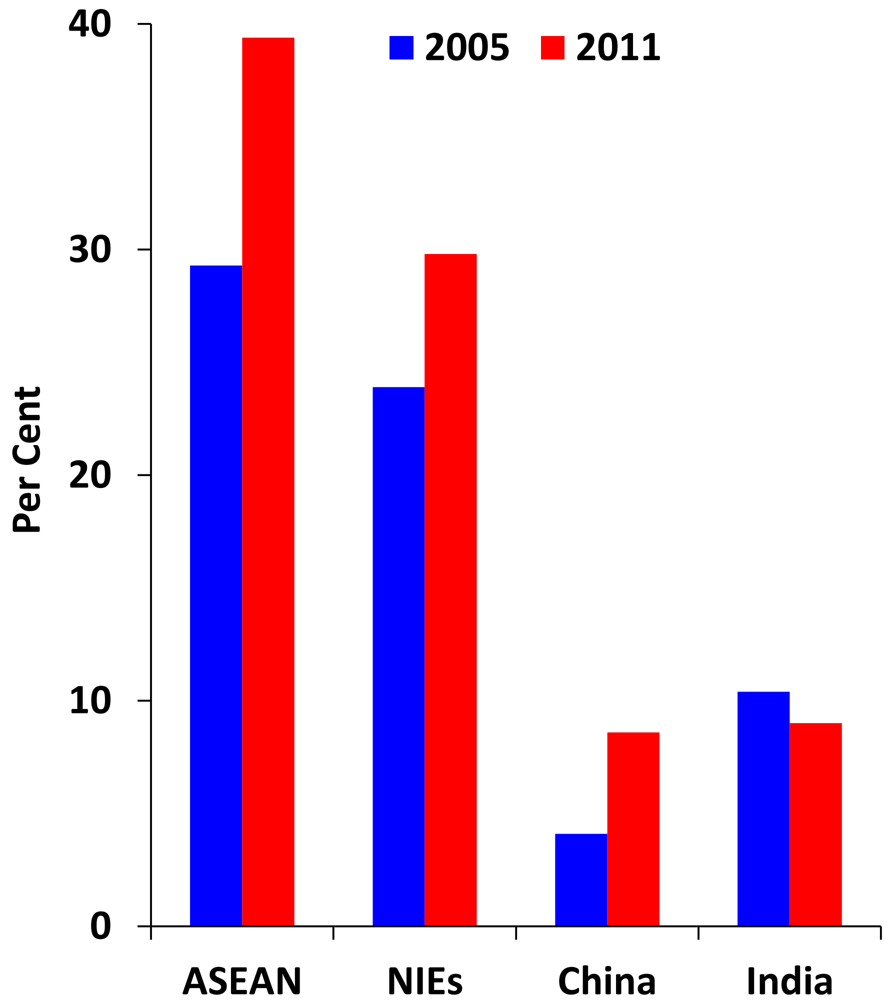


However, Asia will feature more prominently over the medium term.

Singapore's Goods Exports to Asia ex-Japan by Category

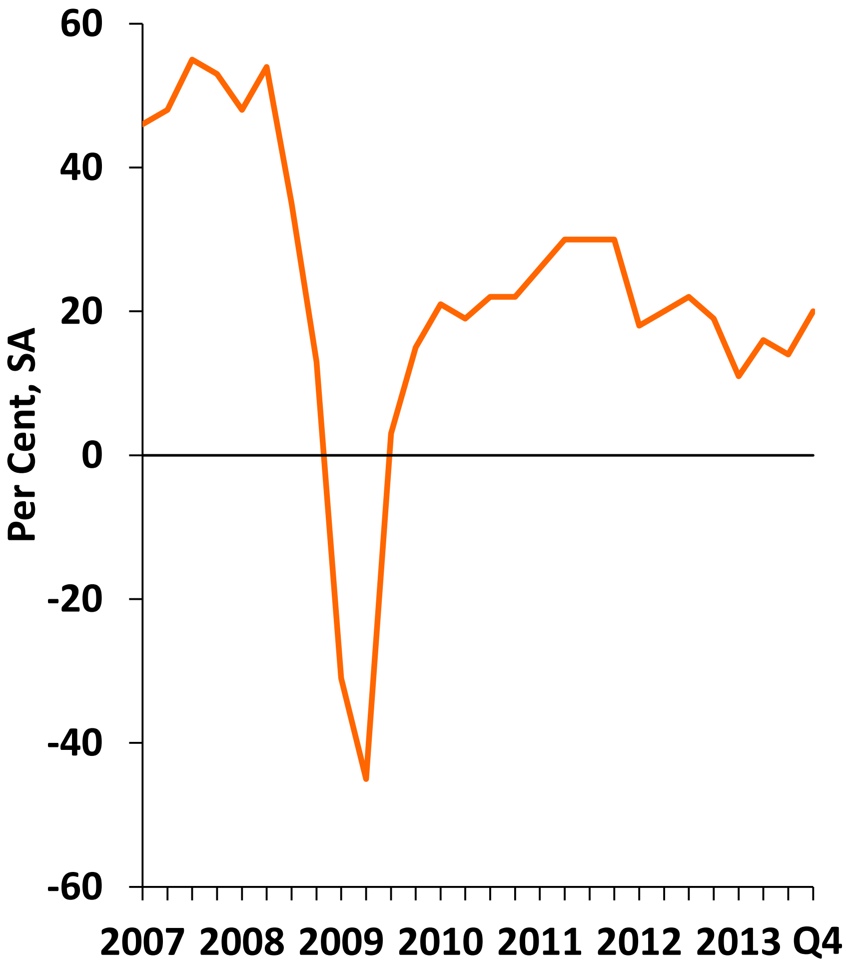


Singapore's Share of Asian Demand for Modern Services

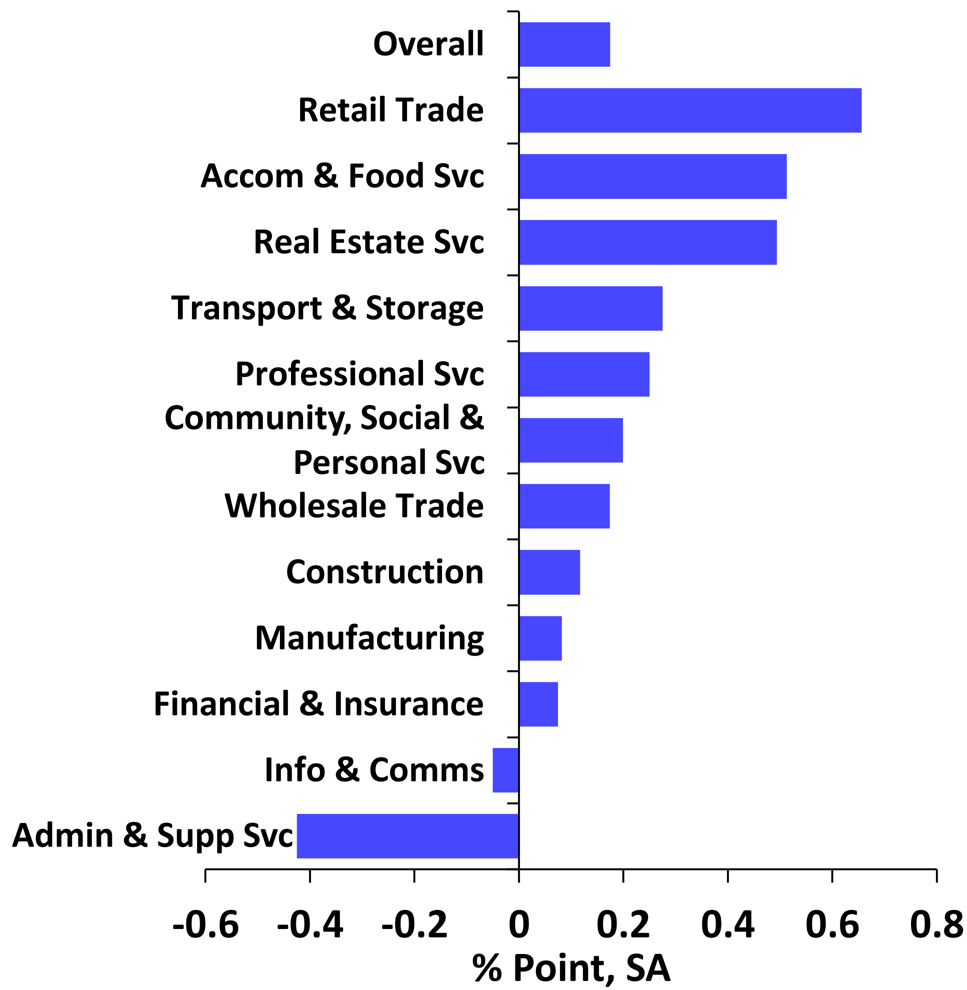


Employment growth will remain firm…

Net Employment Outlook

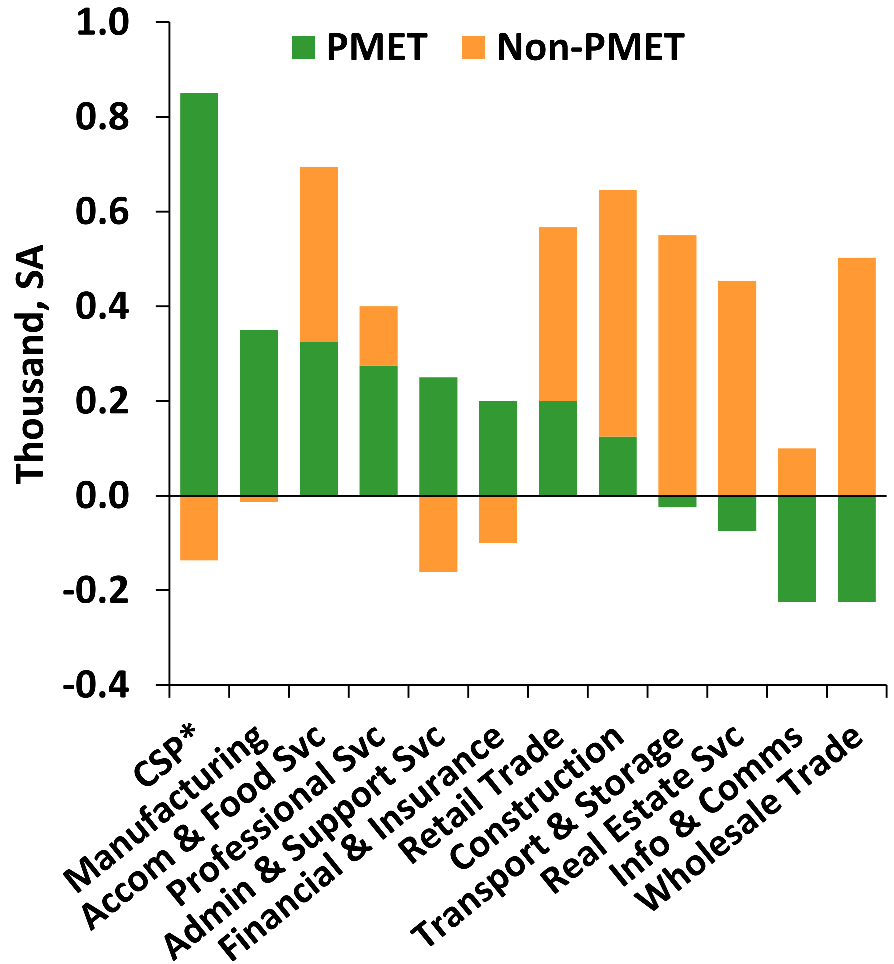


Change in Vacancy Rates by Sector (H1 2013 over 2012)



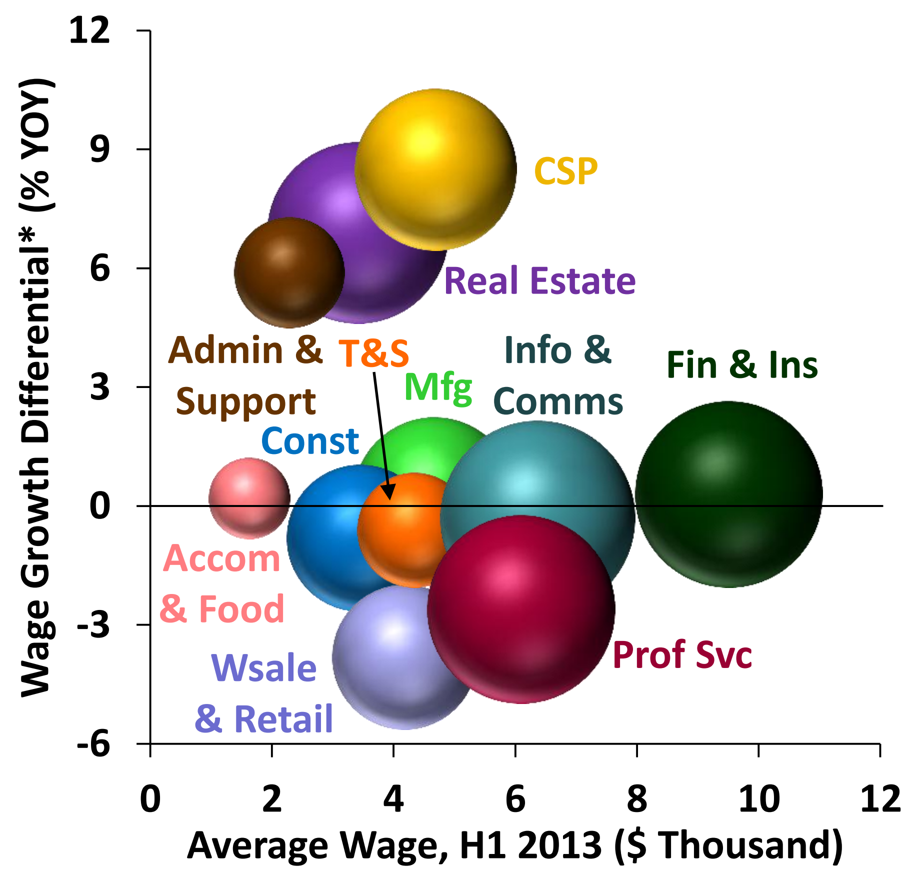
... which will present opportunities for PMETs and support upward pressure on wages.

Changes in Job Vacancies (H1 2013 over 2012)



* Community, Social & Personal Svc

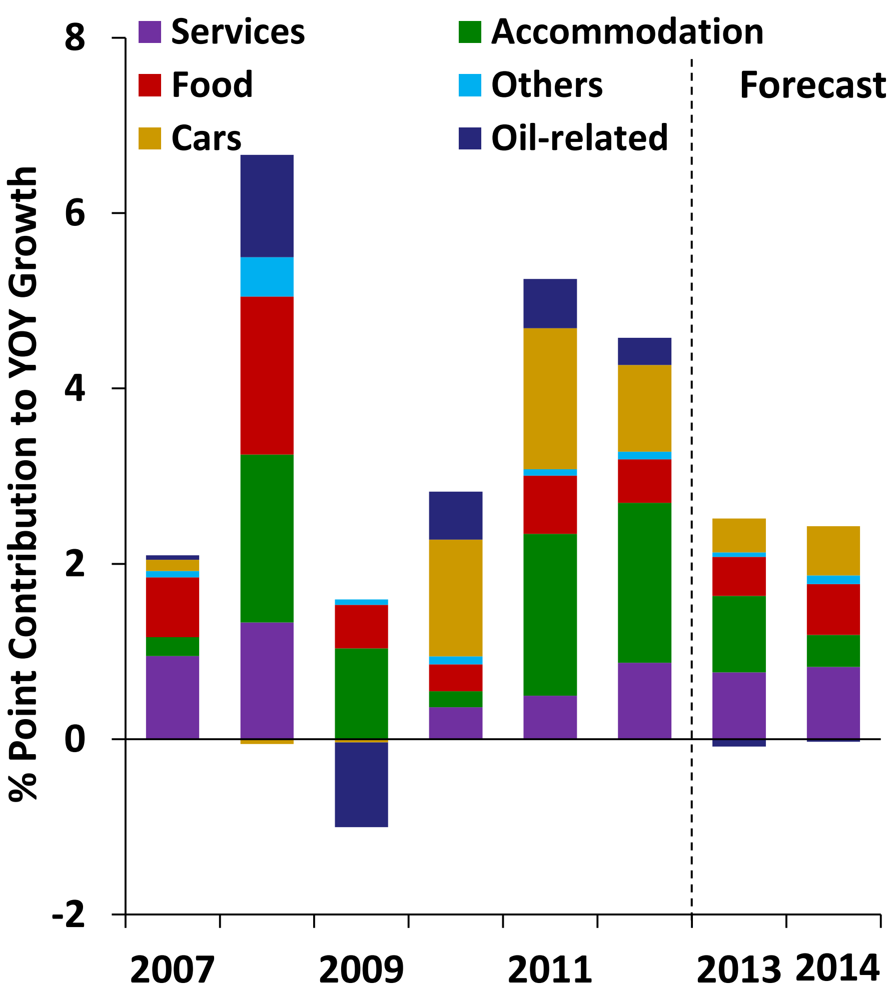
Changes in Wage Growth and Wage Levels by Sector



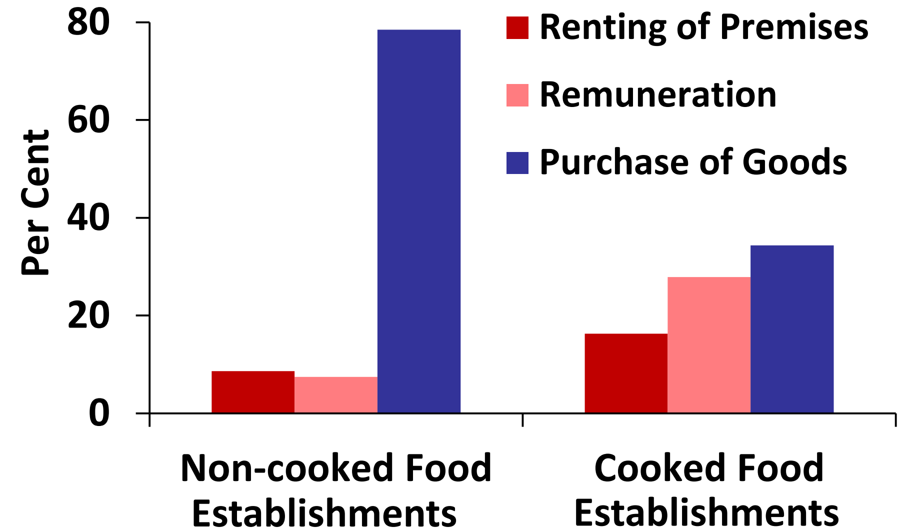
** The wage growth differential is the difference between y-o-y wage growth in H1 2013 and the 2008-12 average.*

Inflation will pick up over the next few quarters before tapering towards end-2014.

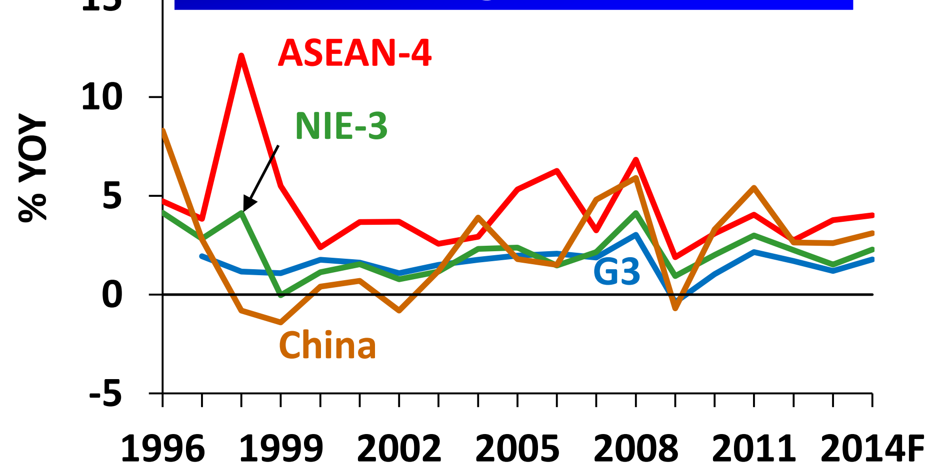
Contribution to CPI-All Items Inflation



Domestic cost pressures: Costs for F&B Establishments



CPI Inflation in Singapore's Major Trading Partners



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Q&A

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