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LIST OF ABBREVIATIONS

3MMA	three-month moving average
ACU	Asian Currency Unit
ASEAN	Association of Southeast Asian Nations
BOJ	Bank of Japan
COE	Certificate of Entitlement
CPF	Central Provident Fund
CPI	consumer price index
CSP	community, social & personal services
DBU	Domestic Banking Unit
DRC	Dependency Ratio Ceiling
ECB	European Central Bank
EIA	Energy Information Administration
EPG	Economic Policy Group
FDI	foreign direct investment
FI	Fiscal Impulse
GFC	Global Financial Crisis
HDB	Housing Development Board
ICT	information & communications technology
IMF	International Monetary Fund
IT	information technology
LFPR	labour force participation rate
LIBOR	London interbank offered rate
m-o-m	month-on-month
NEA	Northeast Asian economies
NEER	nominal effective exchange rate
NODX	non-oil domestic exports
OECD	Organisation for Economic Cooperation and Development
PBOC	People's Bank of China
PGP	Pioneer Generation Package
PIC	Productivity & Innovation Credit
PMET	professionals, managers, executives and technicians
PMI	Purchasing Managers' Index
q-o-q	quarter-on-quarter
QE	Quantitative Easing
R&D	research and development
REER	real effective exchange rate
SA	seasonally adjusted
SAAR	seasonally adjusted annualised rate
SIBOR	Singapore interbank offered rate
SME	small and medium enterprise
TFP	total factor productivity
ULC	unit labour cost
WTO	World Trade Organisation
y-o-y	year-on-year

Preface

The *Macroeconomic Review* is published twice a year in conjunction with the release of the MAS Monetary Policy Statement. The *Review* documents the **Economic Policy Group's (EPG)** analysis and assessment of macroeconomic developments in the Singapore economy, and shares with market participants, analysts and the wider public, the basis for the policy decisions conveyed in the Monetary Policy Statement. It also features in-depth studies undertaken by EPG on important economic issues facing Singapore.

In this issue, the presentation of the *Review* has been reorganised for improved flow of the narrative on macroeconomic developments. Chapters 1 and 2 cover the recent developments and outlook of the external and domestic economies, respectively. Labour market and consumer price dynamics are discussed in Chapter 3. Chapter 4 reviews the monetary and fiscal policy stance against the conjunctural and structural economic backdrop provided in the earlier Chapters.

The *Review* continues to feature our efforts in engaging both local and foreign academics. Special Feature A documents key issues regarding two of EPG's econometric models that were raised by participants, including from academia, at the MAS Macroeconomic Modelling Workshop which was held in August this year. We are pleased to have Professor John Taylor of Stanford University write Special Feature B of this issue, titled, "Re-normalise, Don't New-normalise Monetary Policy". We are also grateful to Professor Hoon Hian Teck of the SMU School of Economics for contributing Special Feature C on "Wage Subsidies as a Tool to Fight Recessions". The *Review* was edited by Associate Professor Peter Wilson.

The data used in the *Review* was drawn from the following government agencies, unless otherwise stated: BCA, CPF Board, DOS, EDB, HDB, IDA, IE Singapore, JTC, LTA, MOF, MOM, MND, MTI and URA.

The *Review* can be accessed in PDF format on the MAS website: <http://www.mas.gov.sg/Monetary-Policy-and-Economics/Monetary-Policy/Macroeconomic-Review.aspx>.

Hard copies of the *Review* may also be purchased at major bookstores, ordered online (<http://www.marketasia.com.sg>), or on an annual subscription basis (details can be found on the last page).