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LIST OF ABBREVIATIONS

3MMA	three-month moving average
ACU	Asian Currency Unit
AE	advanced economies
ASEAN	Association of Southeast Asian Nations
BOJ	Bank of Japan
CFE	Committee on the Future Economy
COE	Certificate of Entitlement
CPF	Central Provident Fund
CPI	consumer price index
DBU	Domestic Banking Unit
ECB	European Central Bank
EIA	Energy Information Administration
EPG	Economic Policy Group
FI	Fiscal Impulse
FOMC	Federal Open Market Committee
GFC	Global Financial Crisis
GFCF	gross fixed capital formation
GOS	gross operating surplus
GST	Goods and Services Tax
ICT	information and communications technology
IMF	International Monetary Fund
IT	information technology
LIBOR	London interbank offered rate
MMS	Monetary Model of Singapore
MNC	multinational corporation
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
OPEC	Organisation of the Petroleum Exporting Countries
PBOC	People's Bank of China
PMET	professionals, managers, executives and technicians
PMI	Purchasing Managers' Index
PPI	producer price index
q-o-q	quarter-on-quarter
REER	real effective exchange rate
SA	seasonally adjusted
SAAR	seasonally adjusted annualised rate
SIBOR	Singapore interbank offered rate
SME	small and medium enterprise
UBC	unit business cost
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.

To mark the 50th anniversary of the Currency Interchangeability Agreement between Singapore and Brunei Darussalam, EPG and the Autoriti Monetari Brunei Darussalam (AMBD) collaborated on a commemorative article. Box C presents a historical narrative of the currency arrangements in both territories that led to the Agreement, and explains why currency interchangeability has worked well for Singapore and Brunei. We would like to thank Mr Freddy Orchard for his comments on the article.

Also in this issue of the *Review*, Special Feature A presents the newly incorporated optimal control capability in EPG's flagship model, the Monetary Model of Singapore. As in past editions, we are pleased to highlight the research of visiting MAS Term Professors, and in this issue we are grateful to Professor Charles Engel from the University of Wisconsin–Madison for contributing Special Feature B on the role of exchange rates in international price adjustment. Our appreciation goes to Professor Euston Quah of the Nanyang Technological University for Special Feature C, which examines the pitfalls of applying cost-benefit analysis to developing countries. Finally, we would like to thank Associate Professor Peter Wilson for editing the *Review*.

The data used in the *Review* was drawn from the following government agencies, unless otherwise stated: BCA, CAAS, CPF Board, DOS, EDB, IE Singapore, LTA, MOF, MOM, MND, MPA, MTI, STB 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>.

Hard copies of the *Review* may also be purchased at major bookstores or ordered online (<http://www.marketasiabooks.com>).