

macroeconomic



REVIEW

briefing

26 April 2019



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Revisiting Monetary Policy Autonomy In Asia And Beyond: Trilemma, Dilemma Or 2.5 Lemma?

Special Features



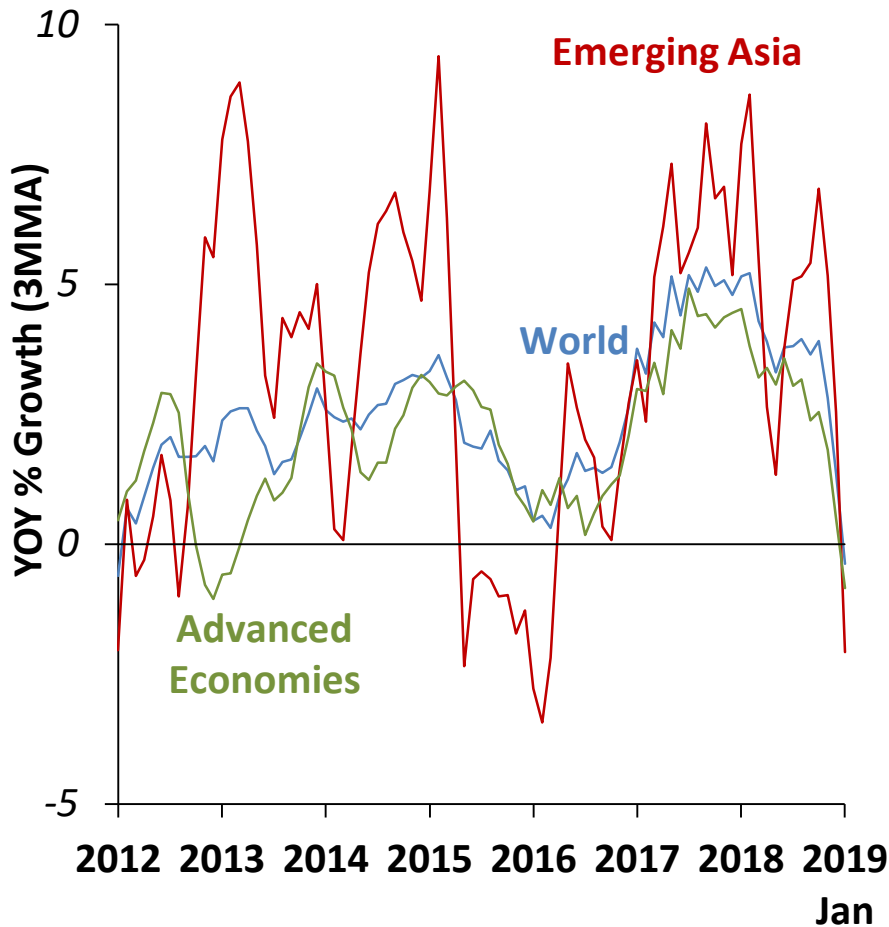
International Economy

Slower Global Growth

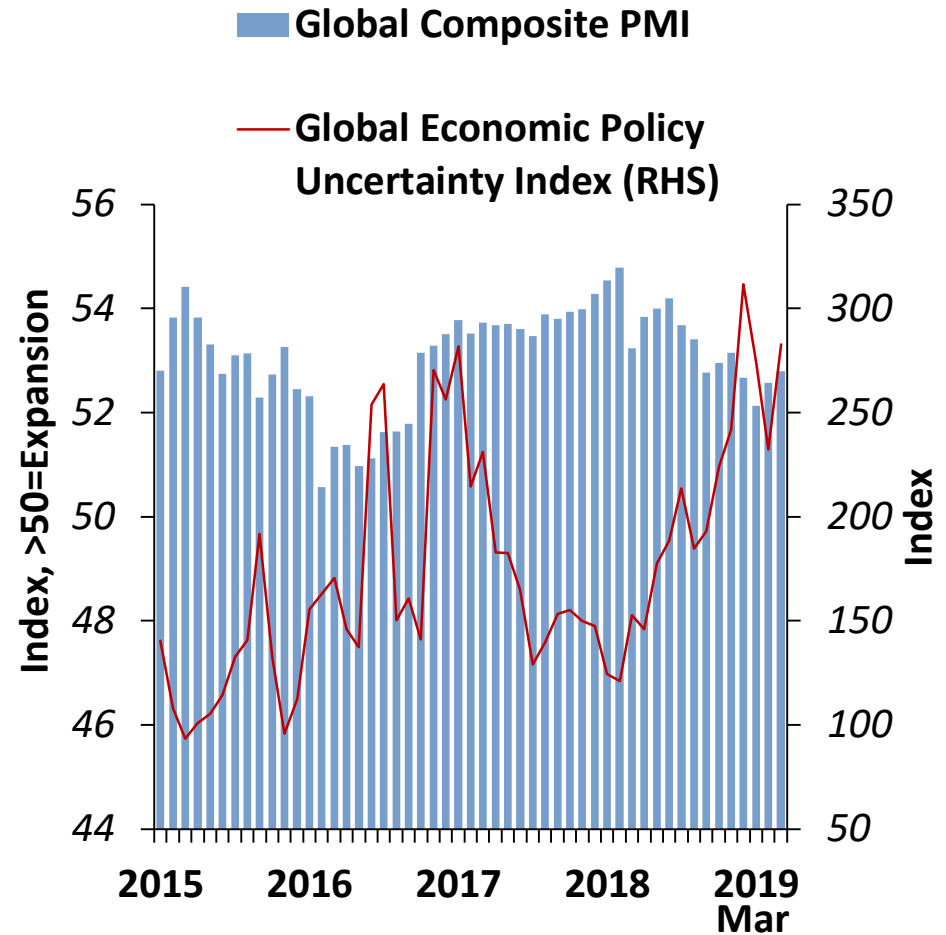
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Slower global growth amid weaker trade flows.

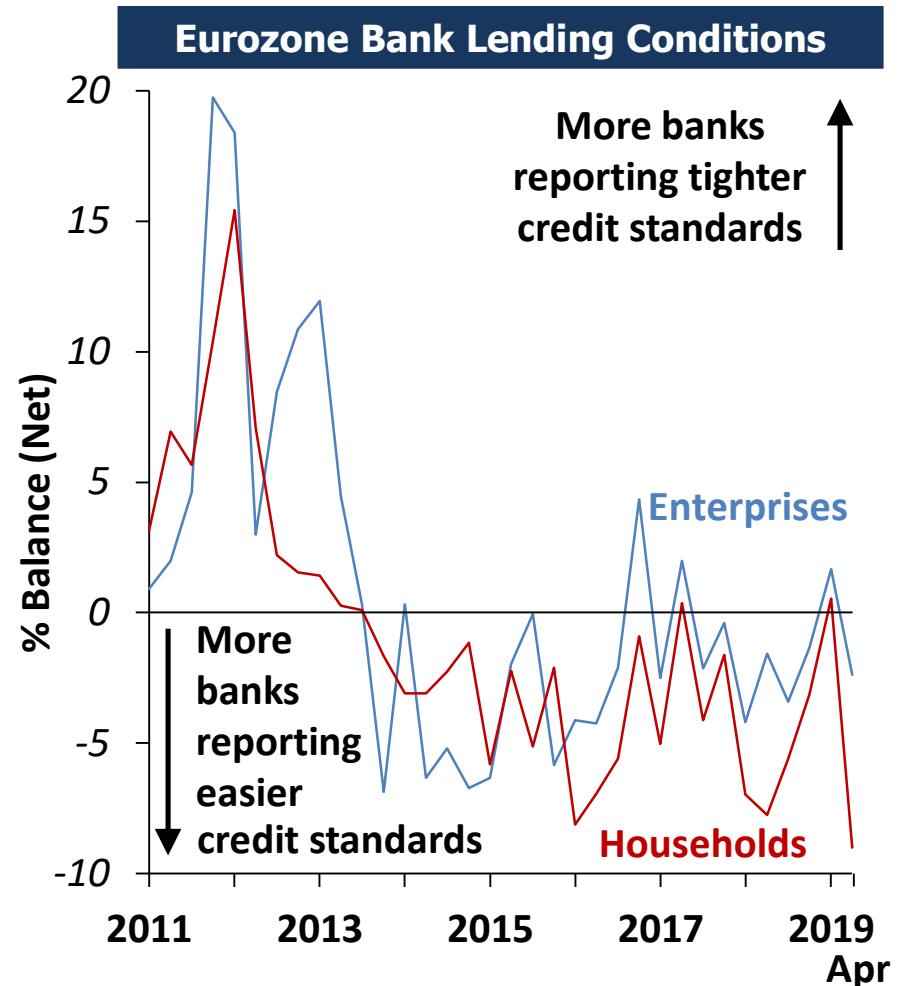
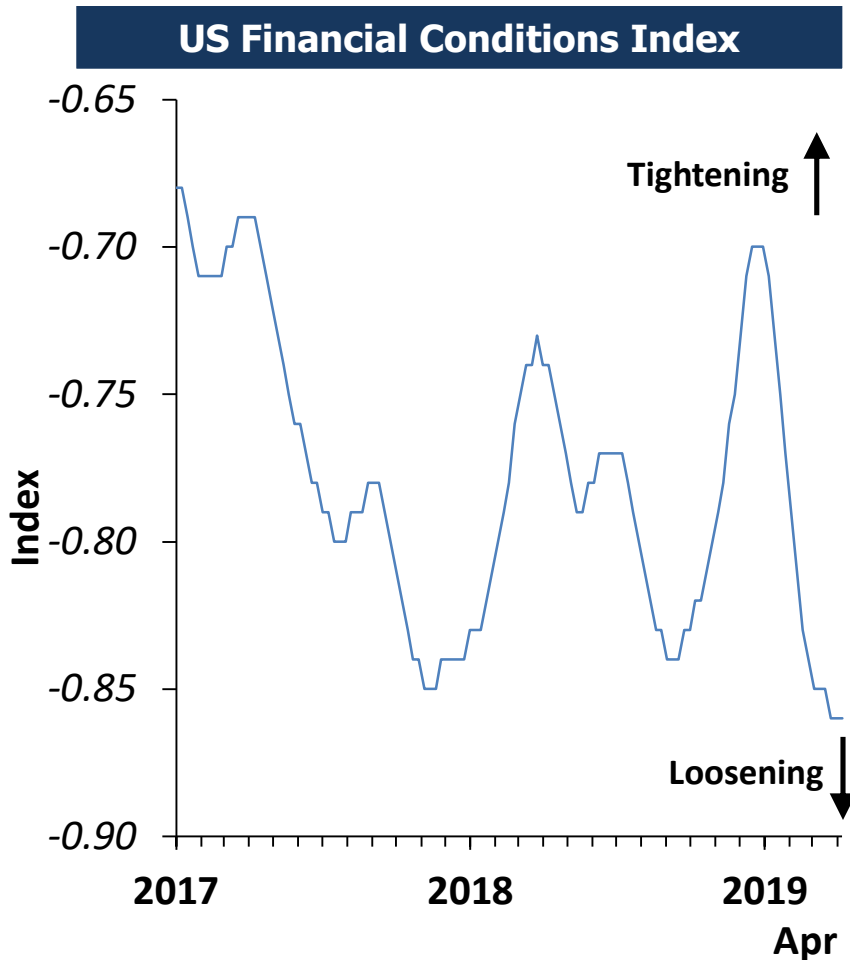
Global Trade Volumes



Global Composite PMI and Economic Policy Uncertainty Index

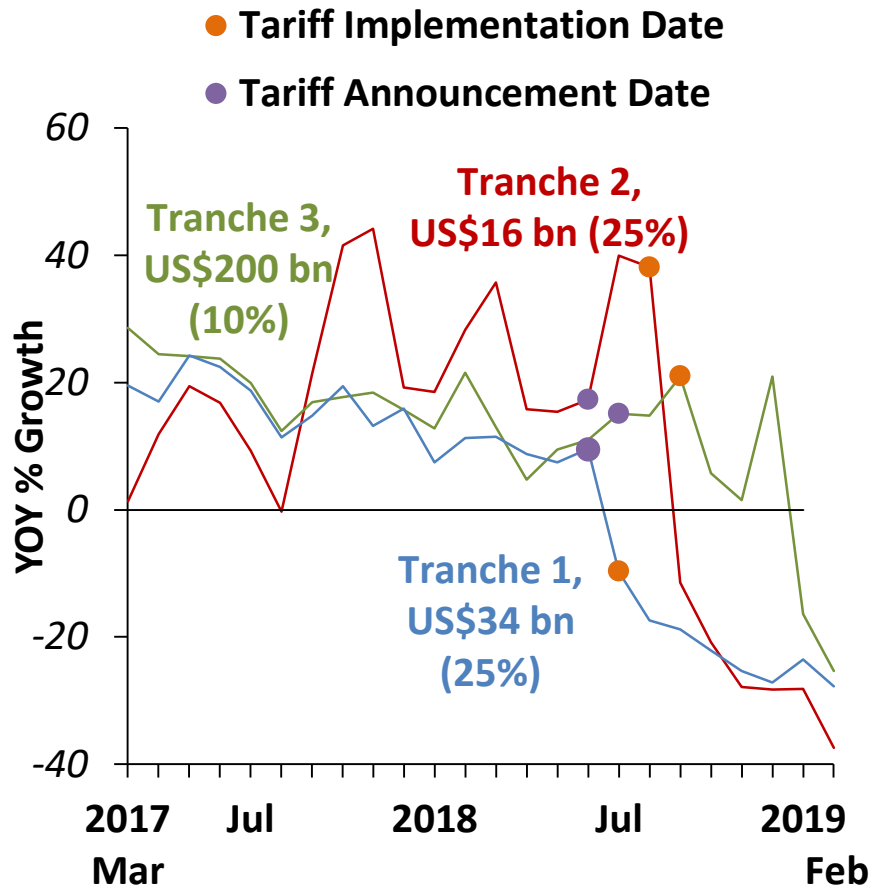


G3 growth will be supported by easier financial and credit conditions.

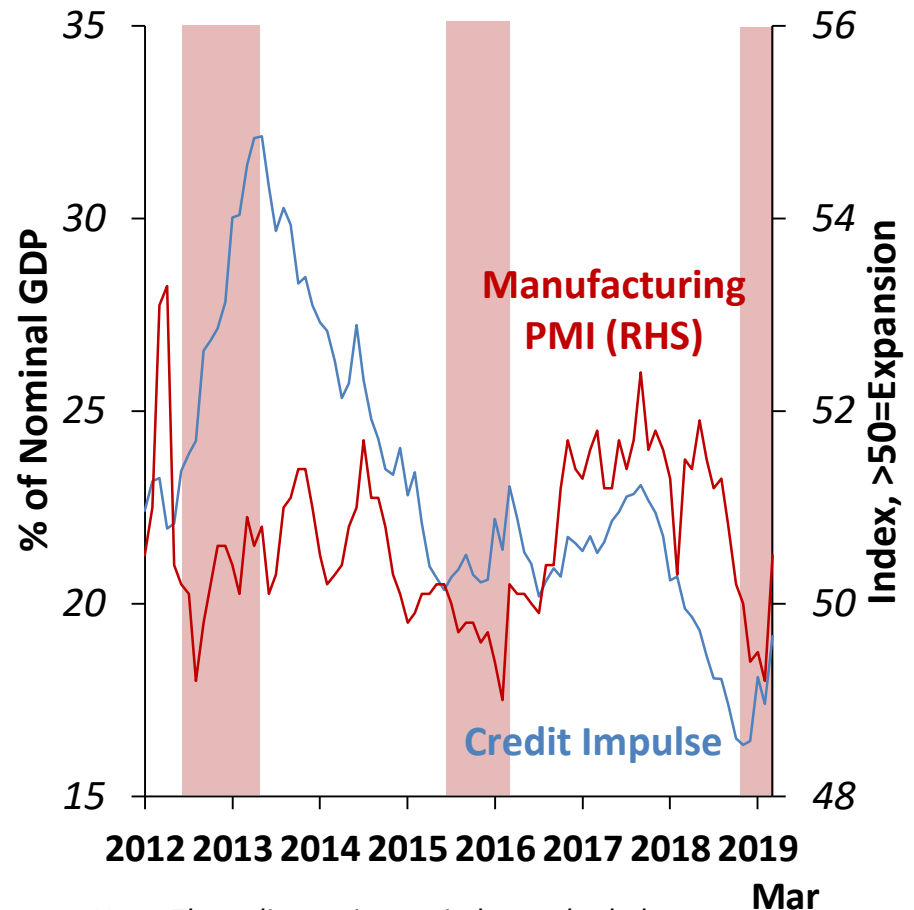


China's recent policy easing will help to support growth.

US Imports from China For Tariff-affected Goods

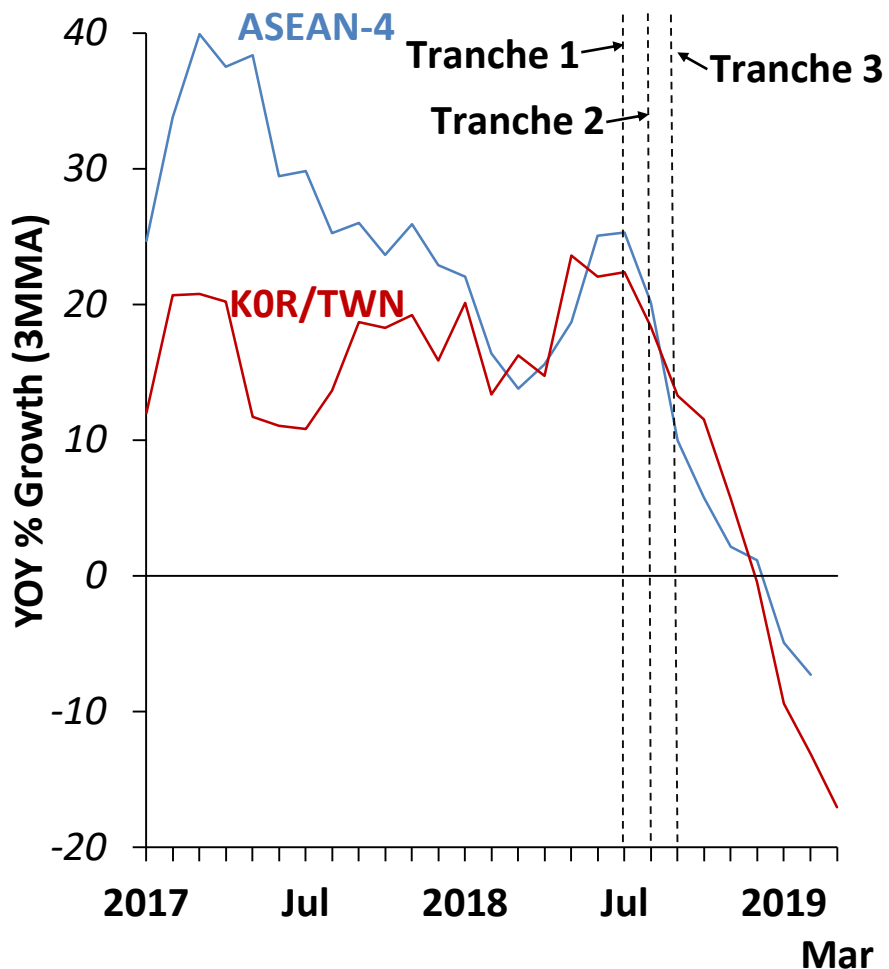


China's Credit Impulse and Manufacturing PMI

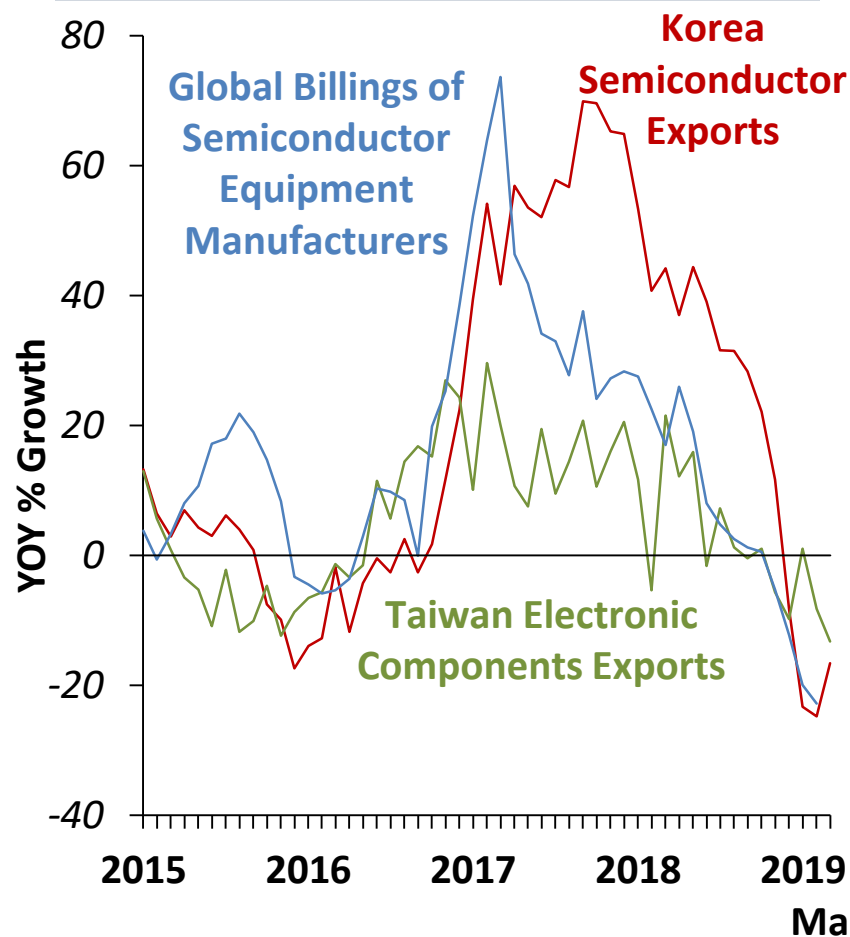


Korea, Taiwan, and ASEAN-4 will continue to face external headwinds in 2019.

ASEAN-4, Korea & Taiwan Exports to China



Korea and Taiwan Electronic Exports and Global Billings of Semiconductor Equipment Manufacturers





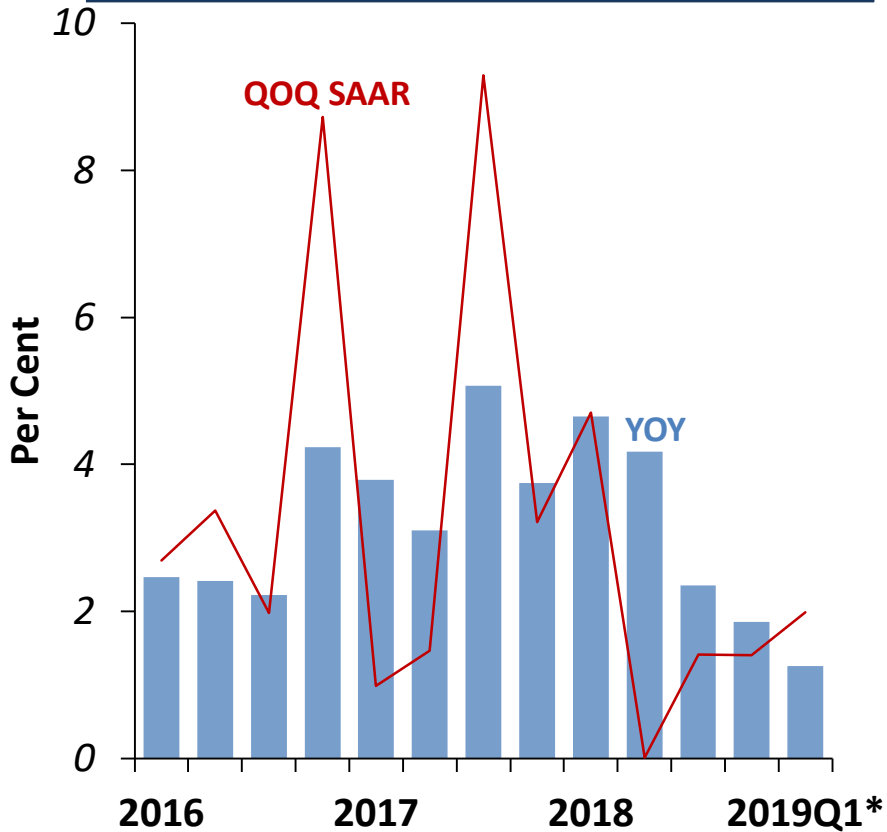
Domestic Economy

Evidence of Growth Weakness

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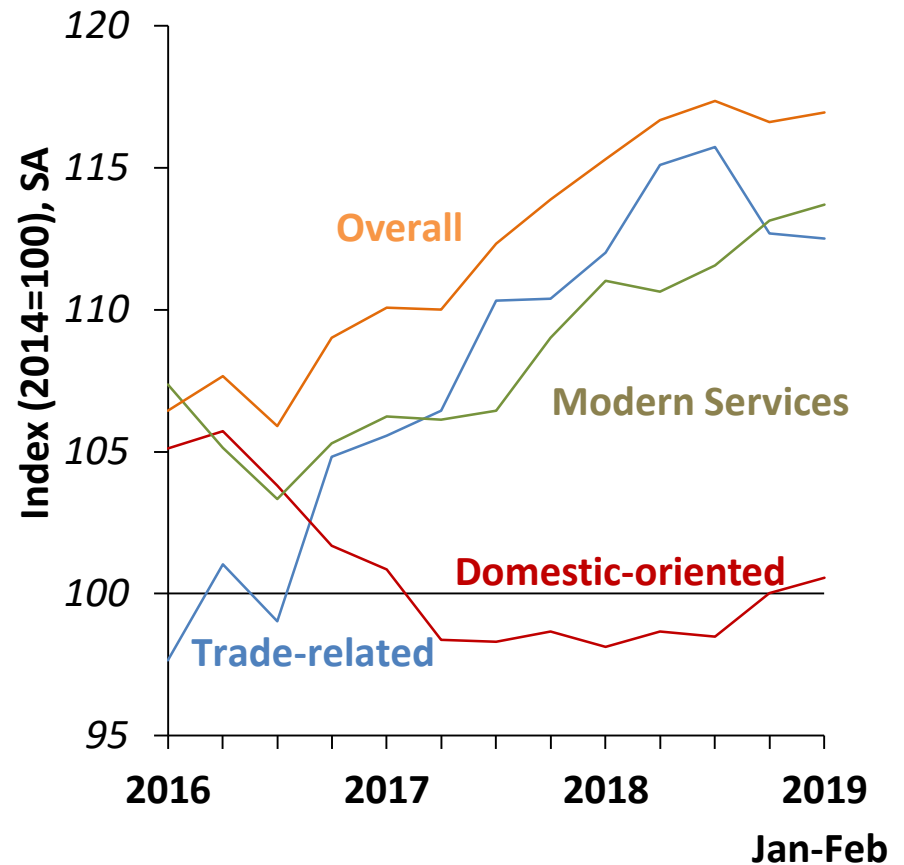
The Singapore economy transited to a slower pace of expansion.

Singapore's GDP Growth



* Advance Estimates

Economic Activity Index



An uncertain growth trajectory ahead.

2019F: Slightly below mid-point of 1.5–3.5%



1

Trade-related Cluster

- Slower growth in its key trading partners.
- Global electronics cycle will pose a further drag on electronics-related activities.



2

Modern Services Cluster

- Weaker prospects in financial intermediation and insurance segments.
- Upsides to activities arising from digital transformation.



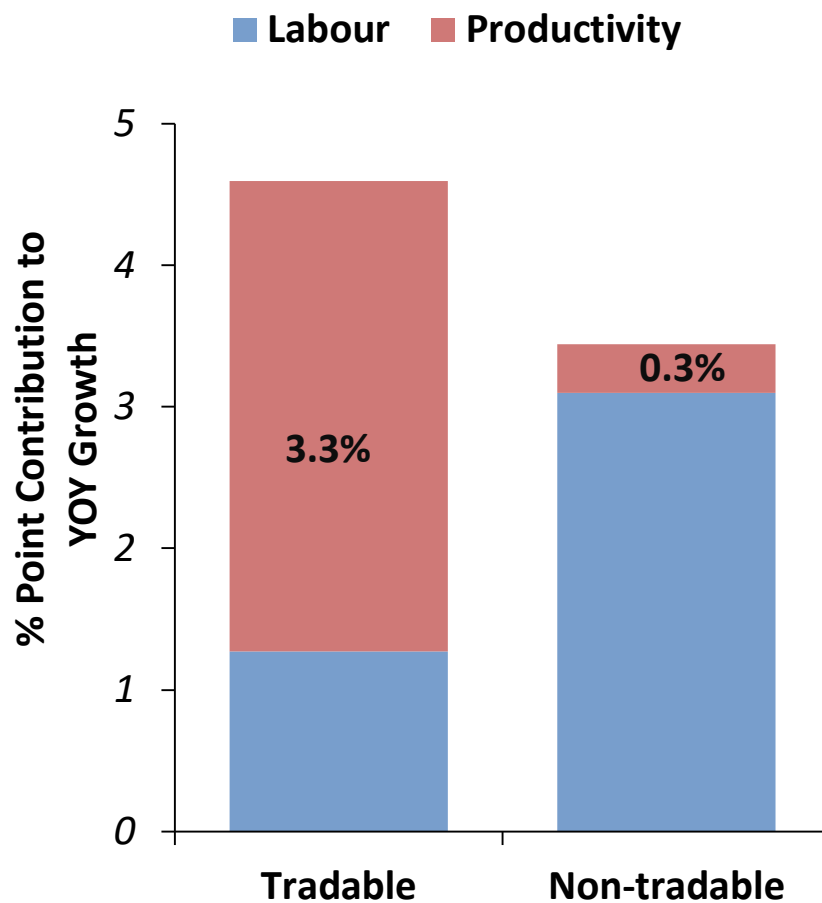
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Domestic-oriented Cluster

- Recovery led by construction sector.
- Stable labour market conditions could provide some support.

Productivity differences between the T and NT sectors reflect size and capital intensity of firms.

Supply-side Decomposition of GDP Growth, 2011–18 Average





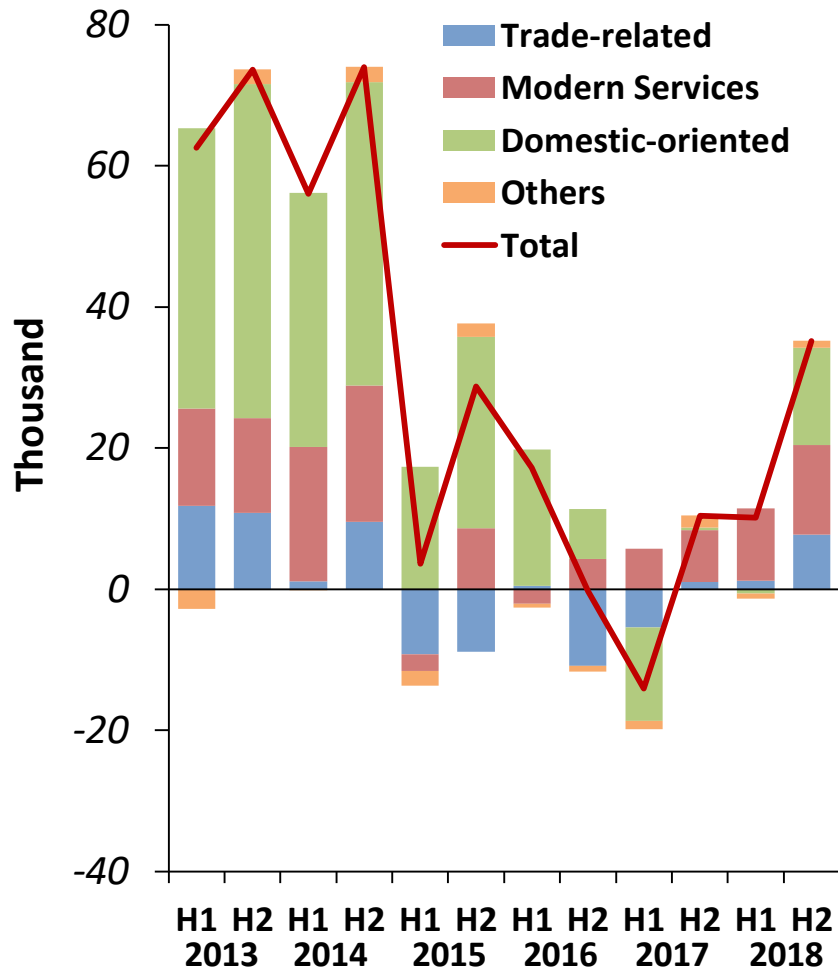
Labour Market and Inflation

Core Inflation is in Check

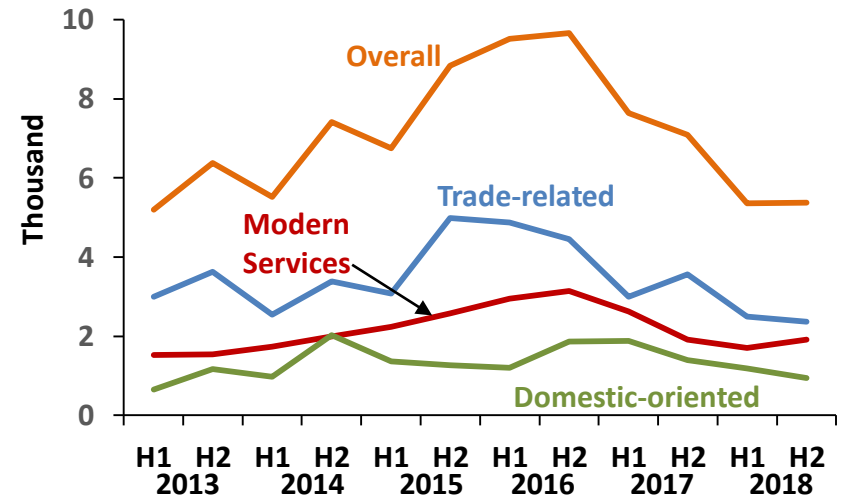
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Labour market conditions remained firm.

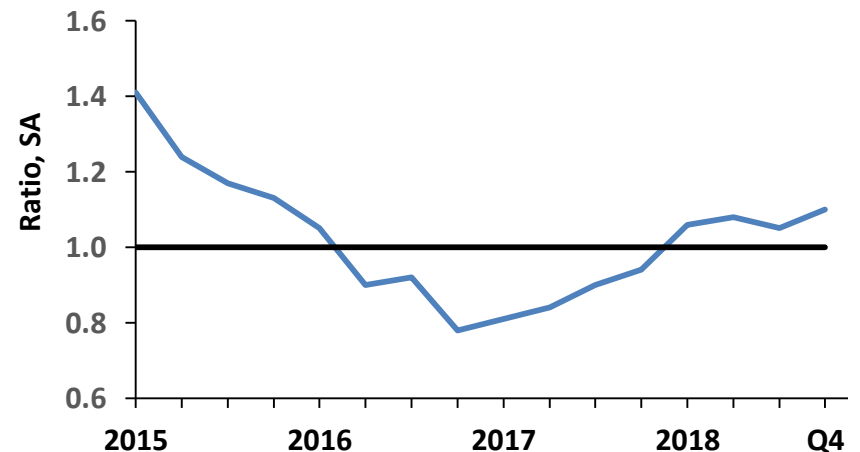
Employment Change by Sector



Retrenchment by Cluster

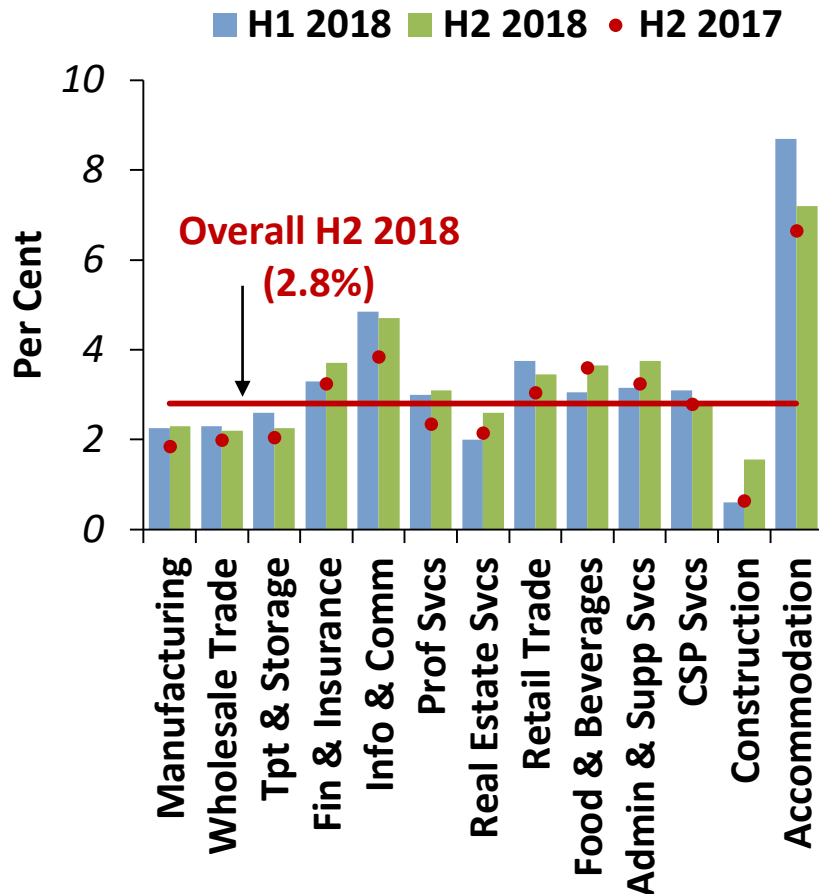


Vacancy-to-unemployment Ratio

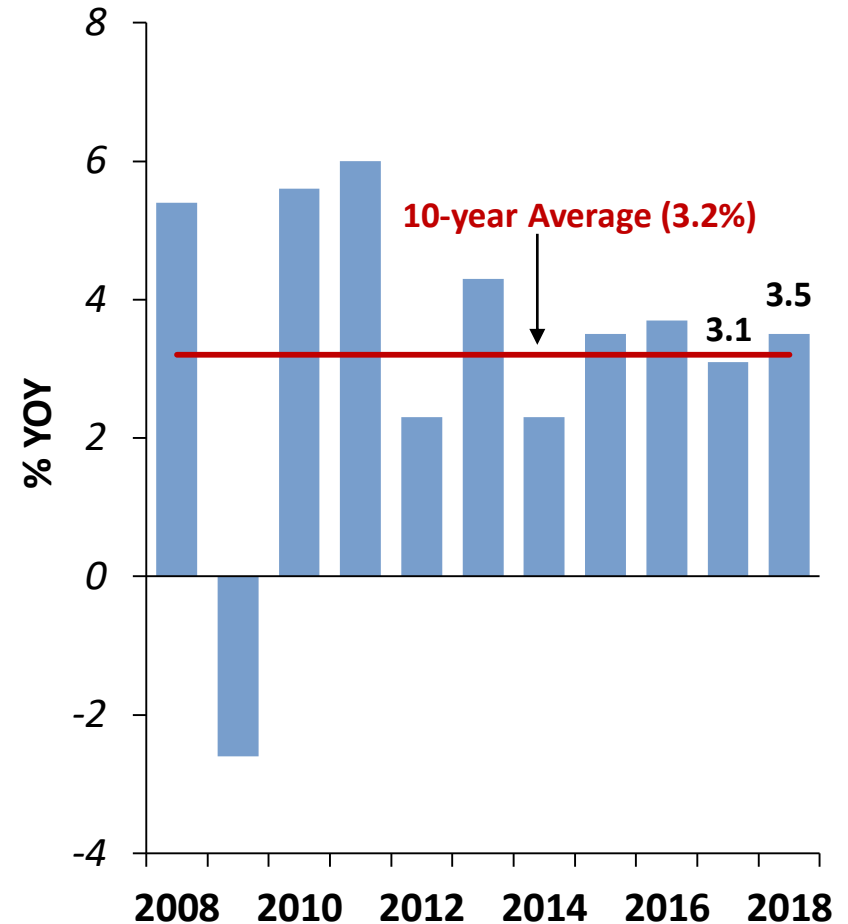


Vacancy rates rose last year, and resident wage growth is likely to moderate only slightly in 2019.

Vacancy Rates by Industry

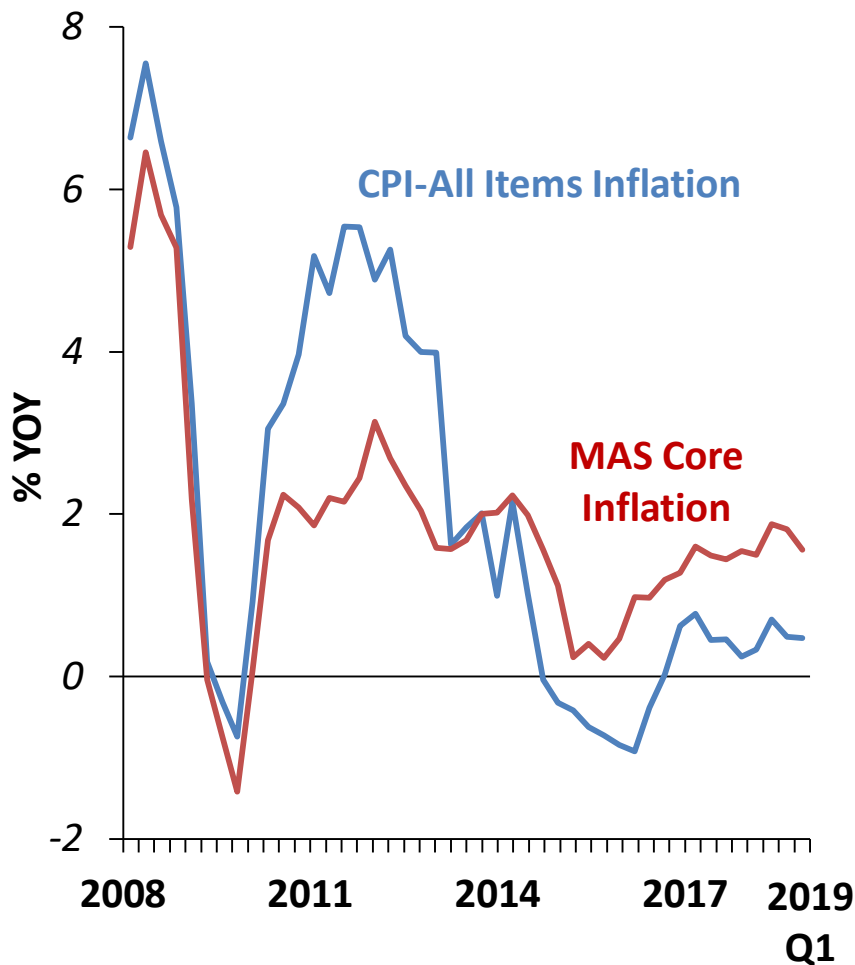


Resident Wage Growth

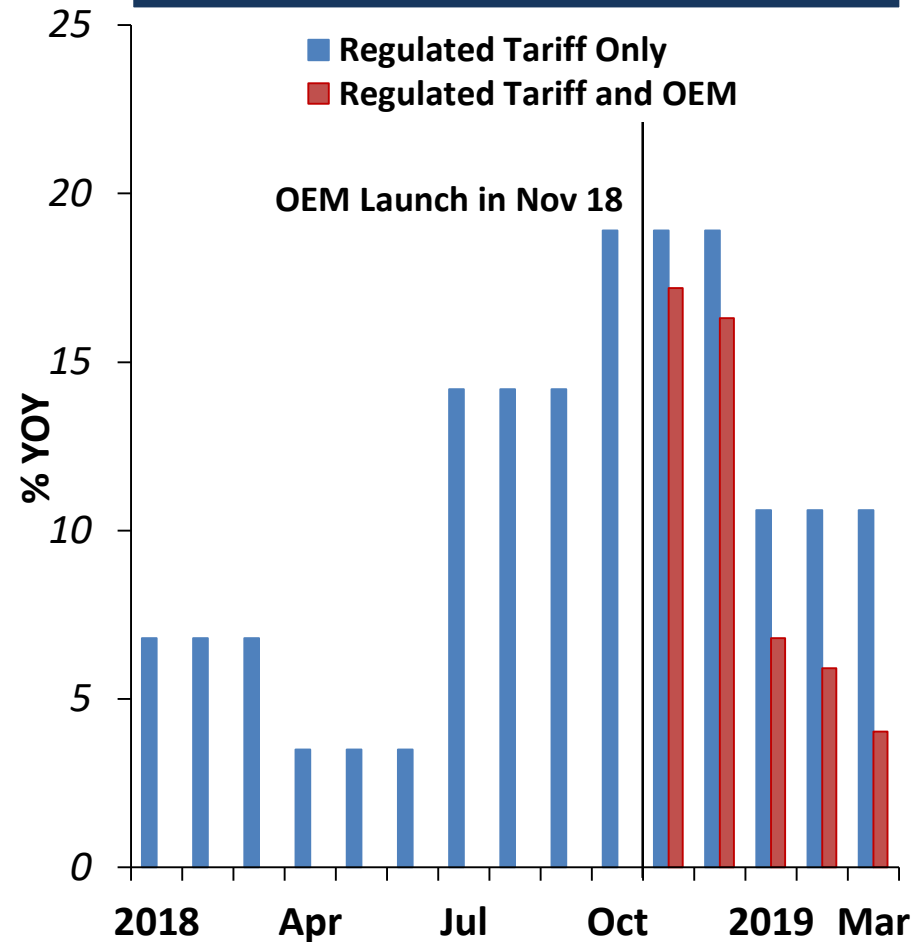


Inflation eased in Q1 2019, mainly due to a smaller increase in the cost of electricity & gas.

CPI-All Items and MAS Core Inflation

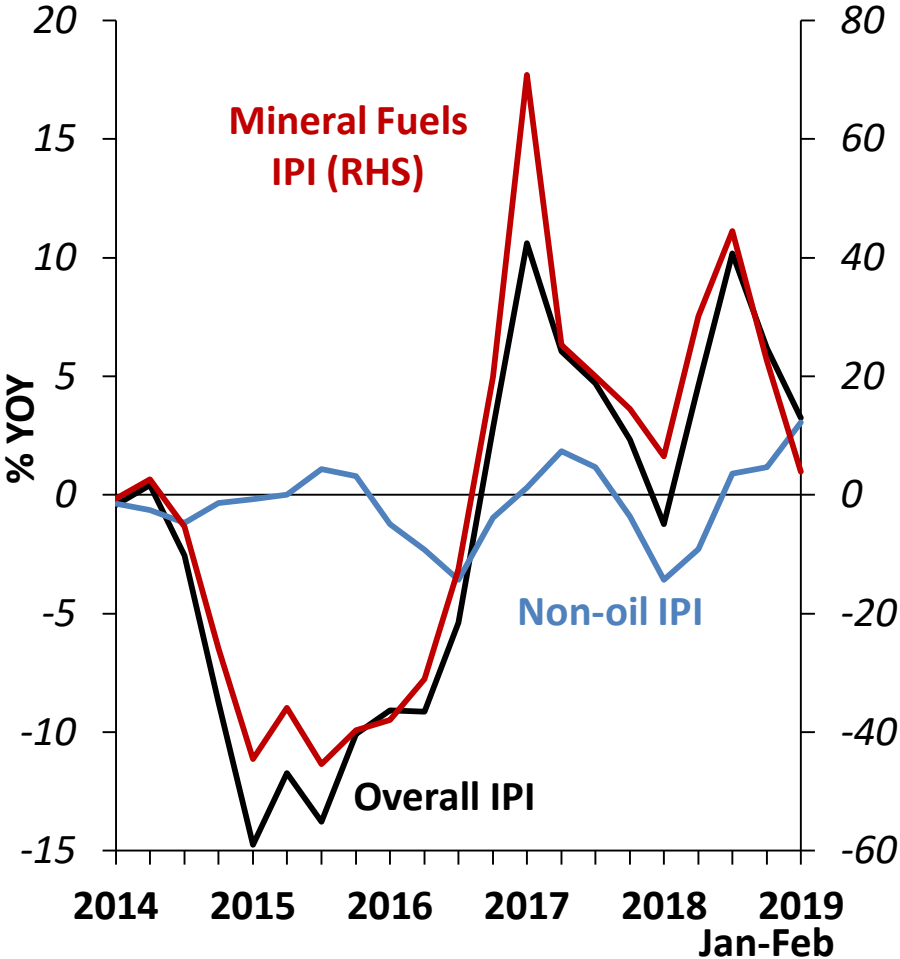


Electricity CPI Inflation under Regulated Tariff and OEM

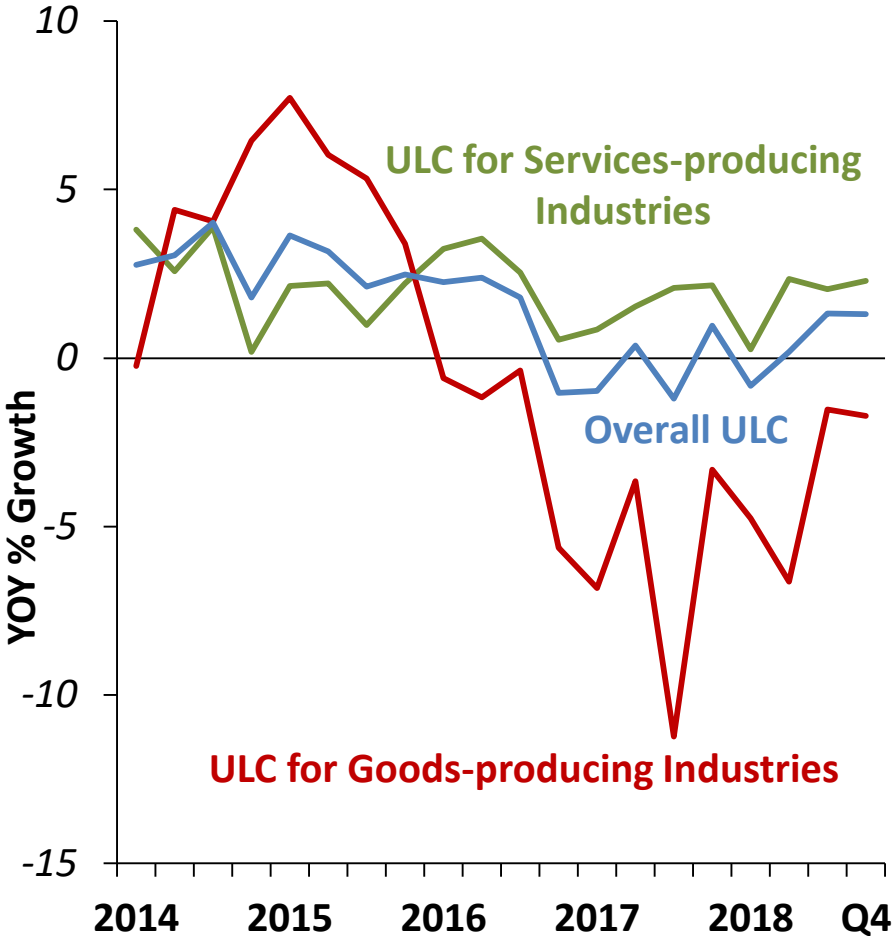


External sources of inflation are benign, while domestic cost pressures remain in check.

Components of Import Price Inflation

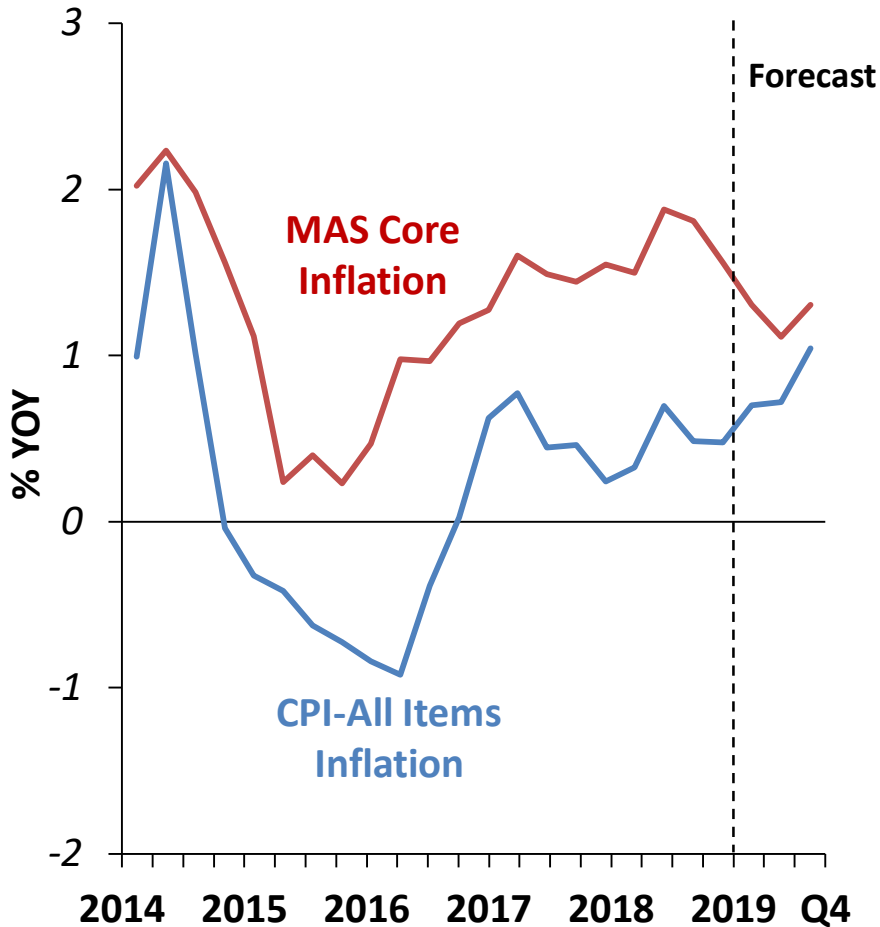


Unit Labour Cost Indices

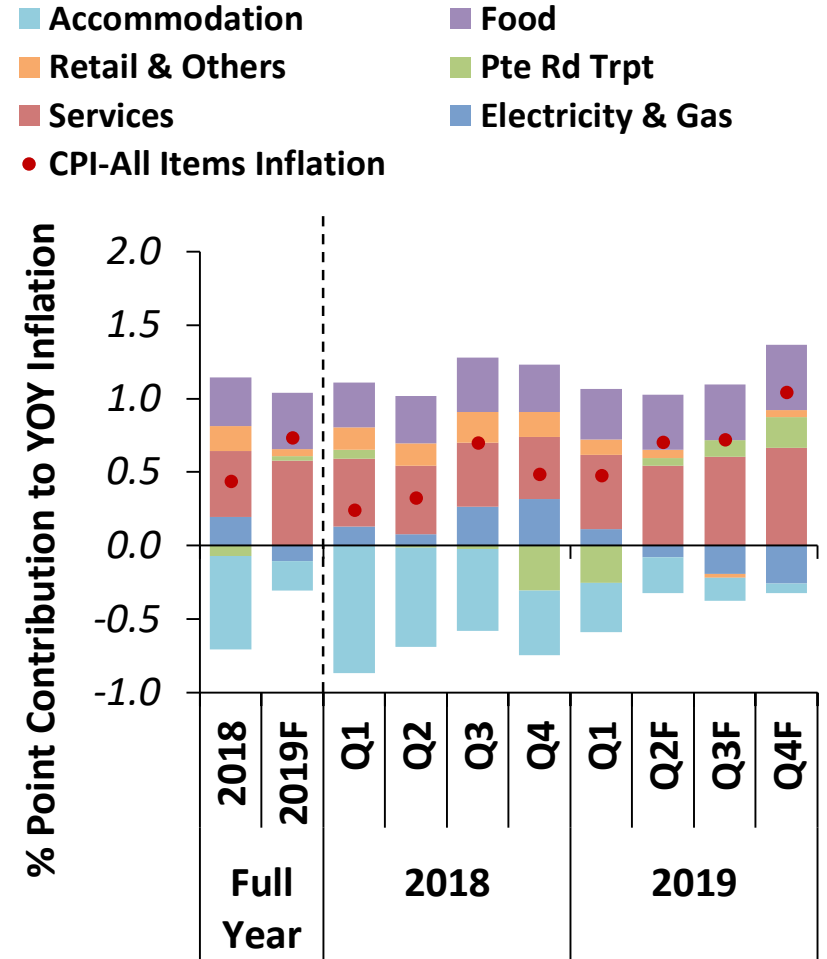


Core inflation is forecast at 1–2% this year.

CPI-All Items and MAS Core Inflation



Contribution to CPI-All Items Inflation





Macroeconomic Policy

Securing Medium-term Price Stability

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The monetary policy stance was maintained in April 2019.

