

macroeconomic



REVIEW

briefing
27 October 2017



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Special Features



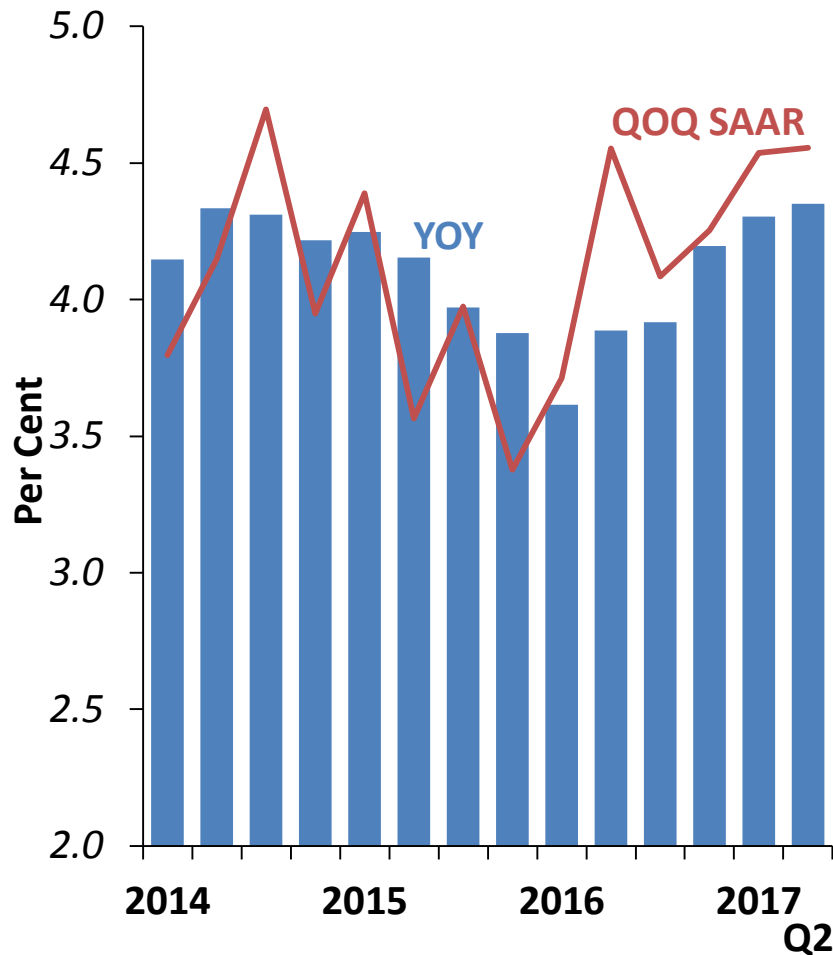
International Economy

Global Activity Gathers Pace Amid Low Inflation

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Global growth has accelerated, with faster expansions in almost all major regions.

Global GDP Growth



GDP Growth Forecasts (%)

	2017F	2018F
Total*	4.3	4.1
G3*	2.1	1.9
US	2.2	2.4
Japan	1.6	1.2
Eurozone	2.2	1.8
NEA-3*	2.9	2.4
Hong Kong	3.4	2.5
Korea	2.9	2.7
Taiwan	2.2	2.1
ASEAN-4*	5.1	4.9
Indonesia	5.1	5.3
Malaysia	5.4	4.9
Philippines	6.5	6.4
Thailand	3.6	3.5
China	6.8	6.4
India**	6.8	7.5

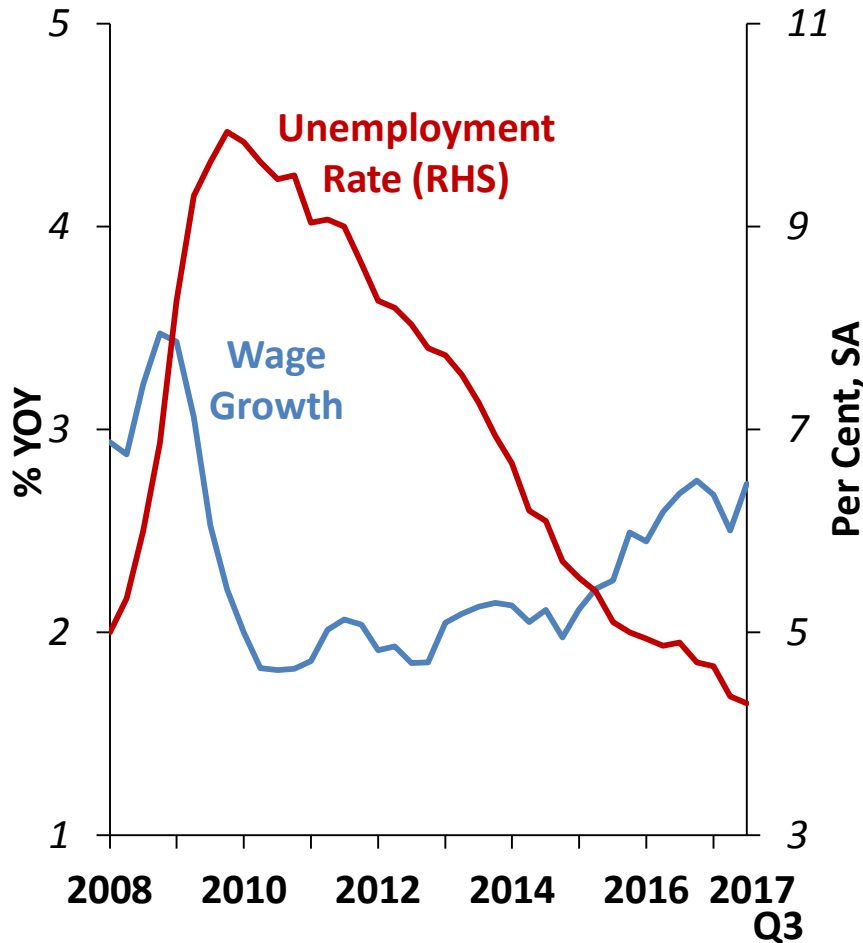
Source: CEIC, Consensus Economics, Oct 2017 and EPG, MAS estimates

* Weighted by shares in Singapore's NODX.

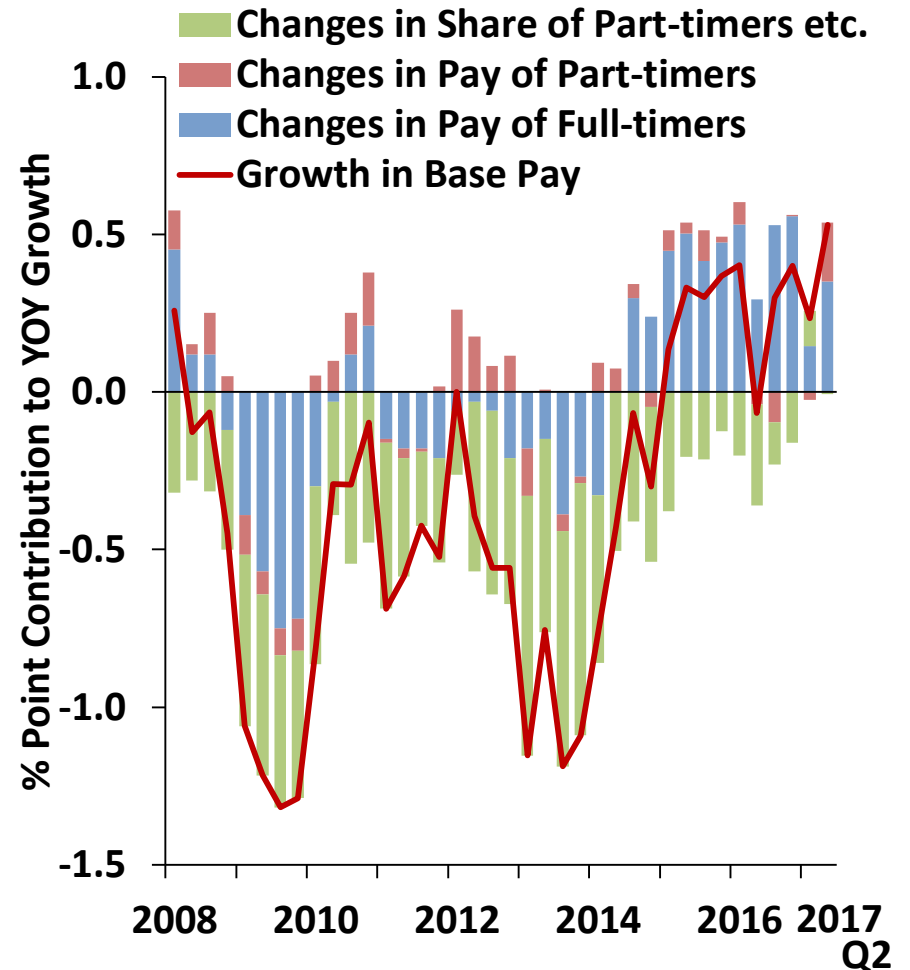
** Figures are reported on a Financial Year basis; FY2017 refers to the period from April 2017 to March 2018.

The G3 recovery is supported by improving labour markets.

US Unemployment and Wage Growth

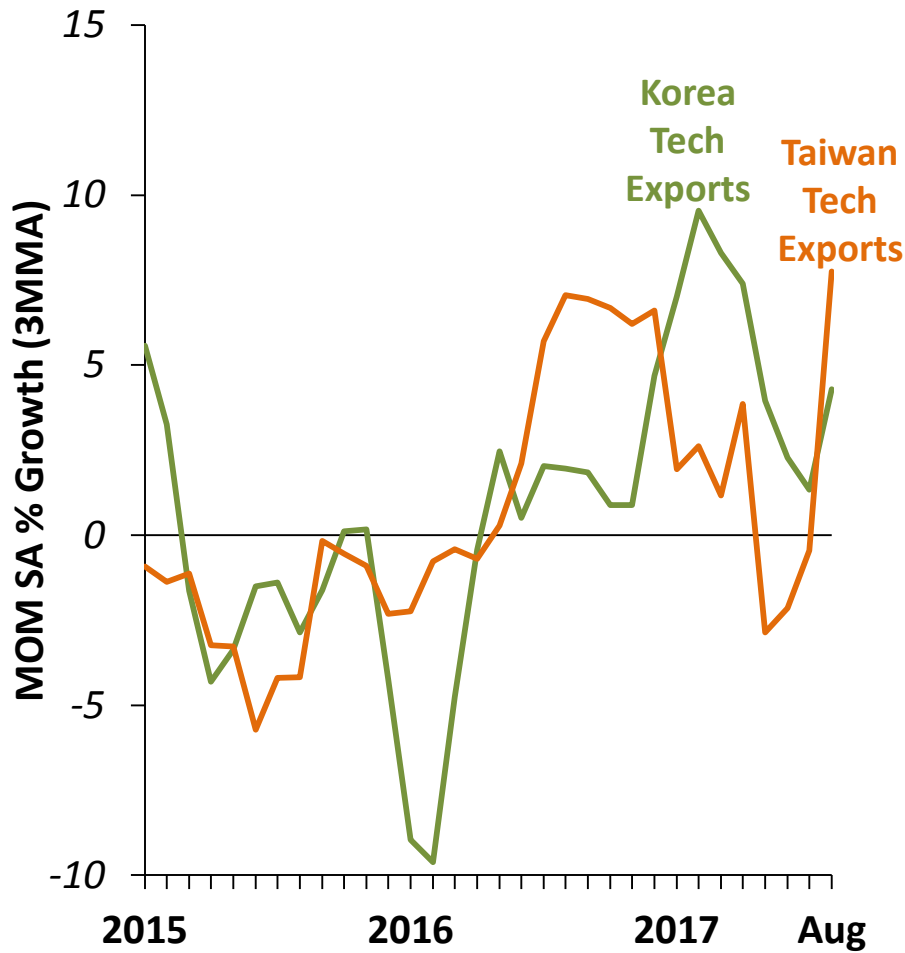


Decomposition of Base Pay Changes in Japan

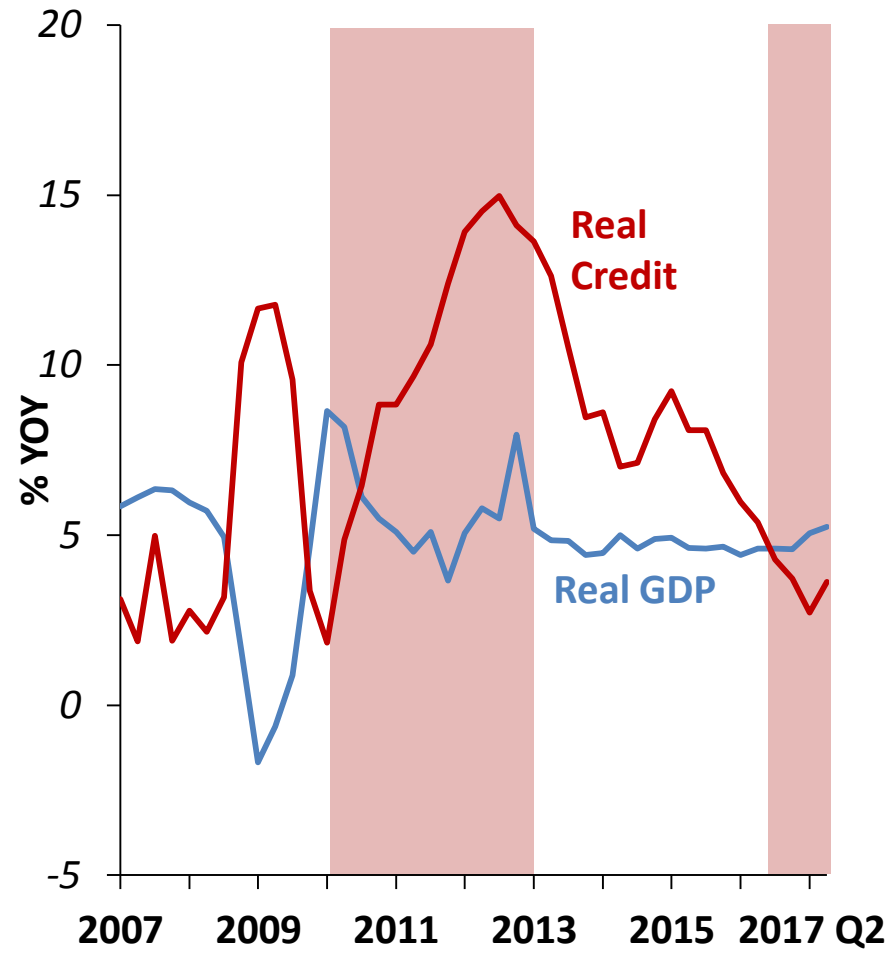


Asia is on a solid growth trajectory.

NEA-3 Electronics Exports and Industrial Production

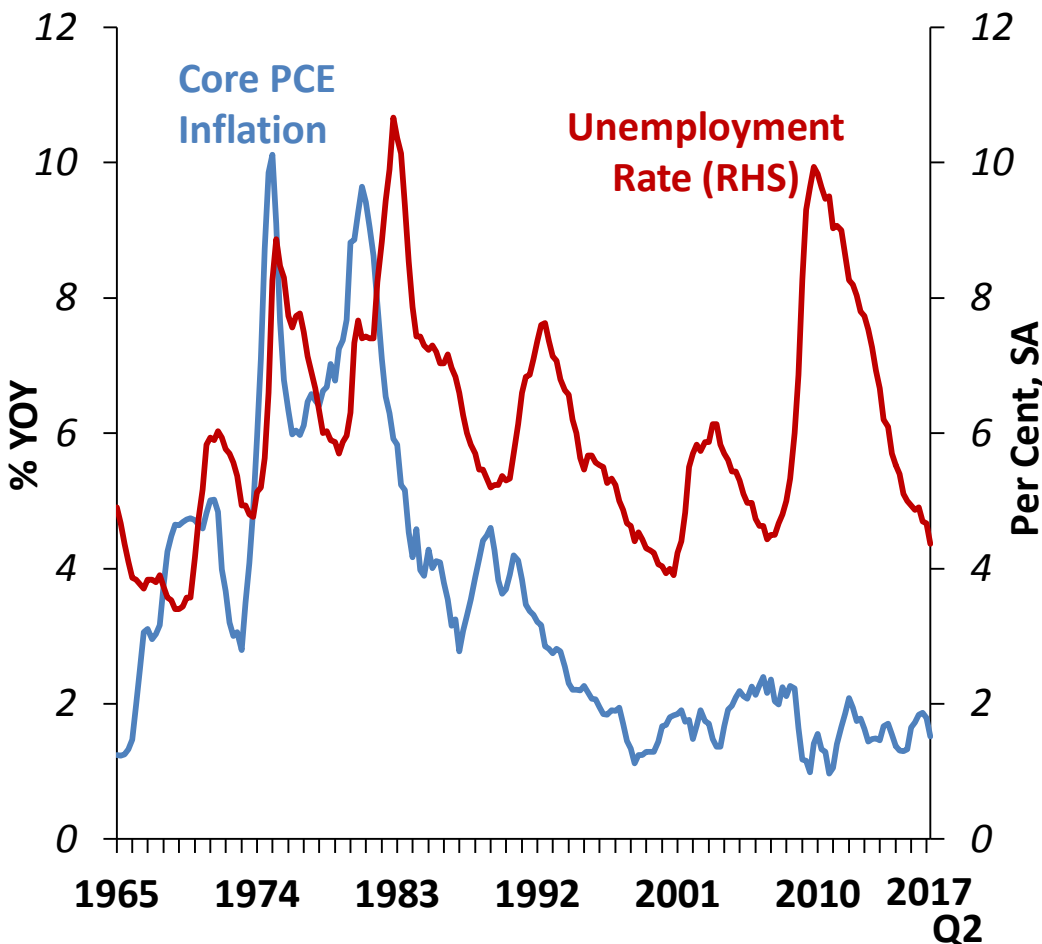


ASEAN-4 Real Credit and Real GDP Growth



Global inflation may have been dampened by structural factors.

US Core PCE Inflation and Unemployment



1

Expansion of global workforce, with entry of China, India and ex-Soviet economies.

2

Technological progress and global value chains exert downward pressure on tradable goods prices.

3

The rise of e-commerce and the “gig” economy, resulting in lower prices for goods and services on the internet.



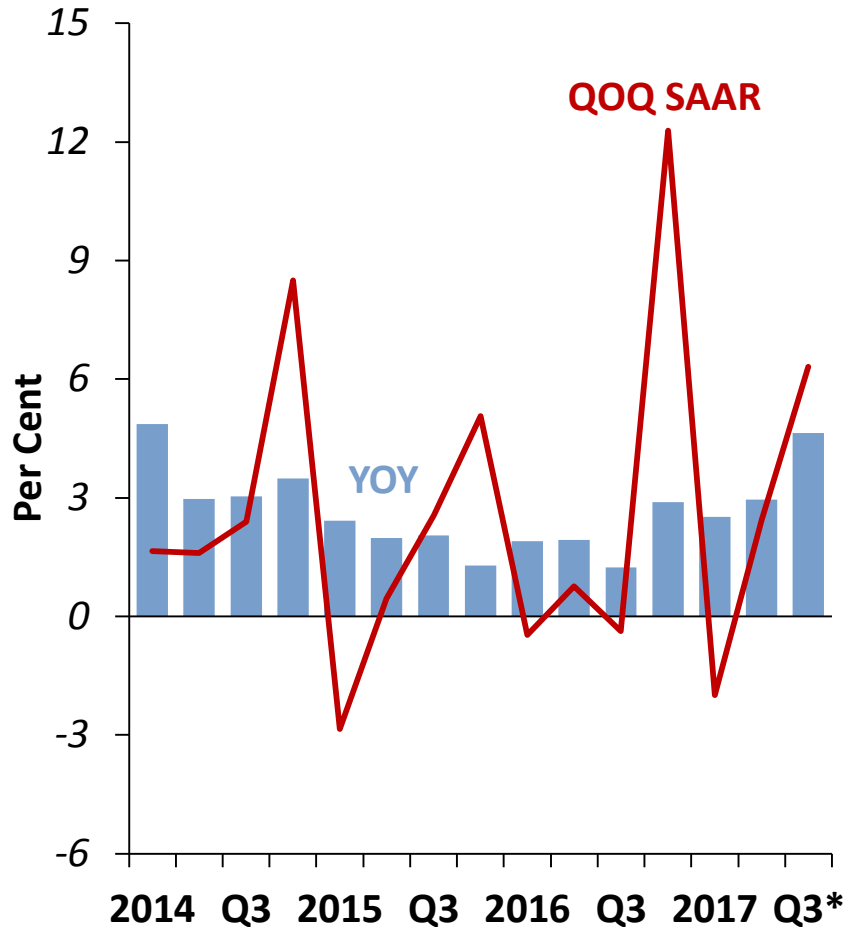
Domestic Economy

Some Upsides to Growth

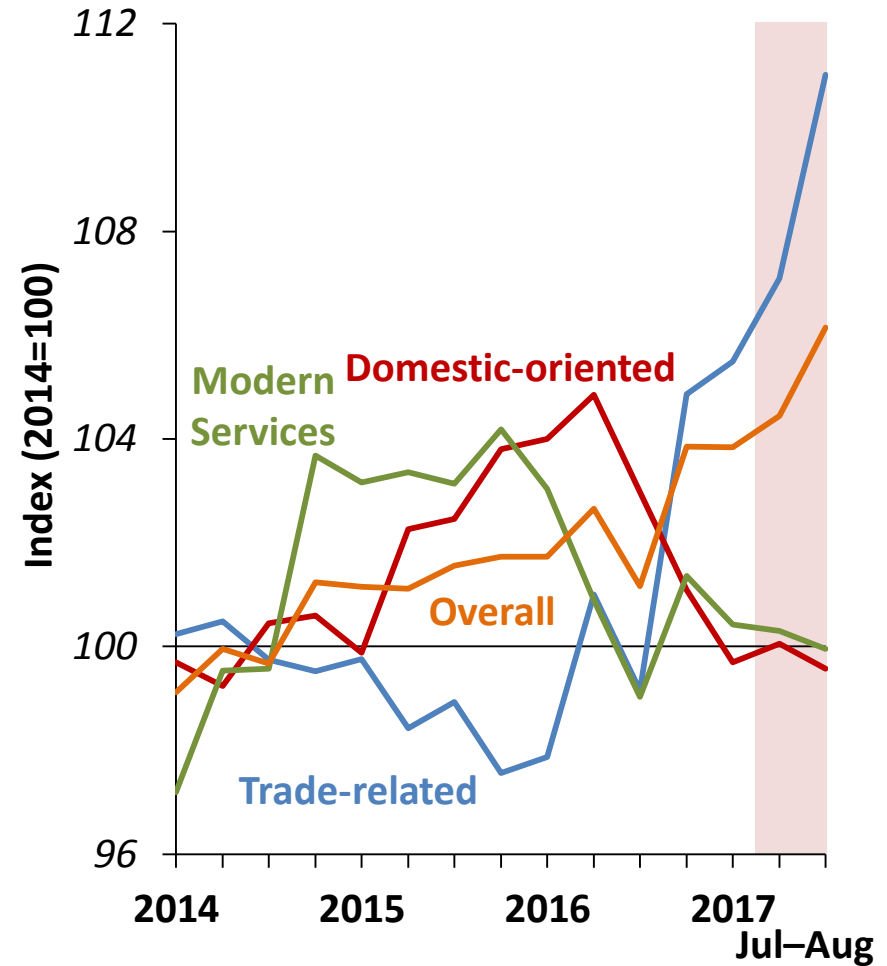
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Domestic economic activity has strengthened and broadened.

Singapore's GDP Growth



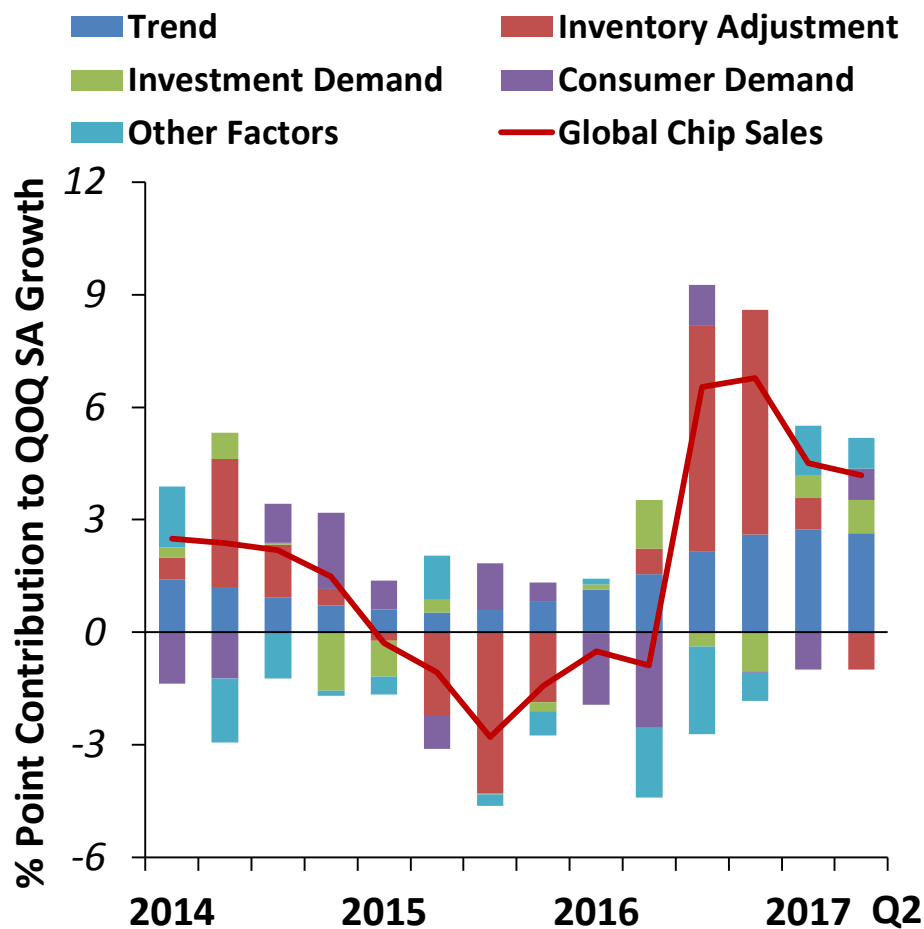
EPG's Economic Activity Index



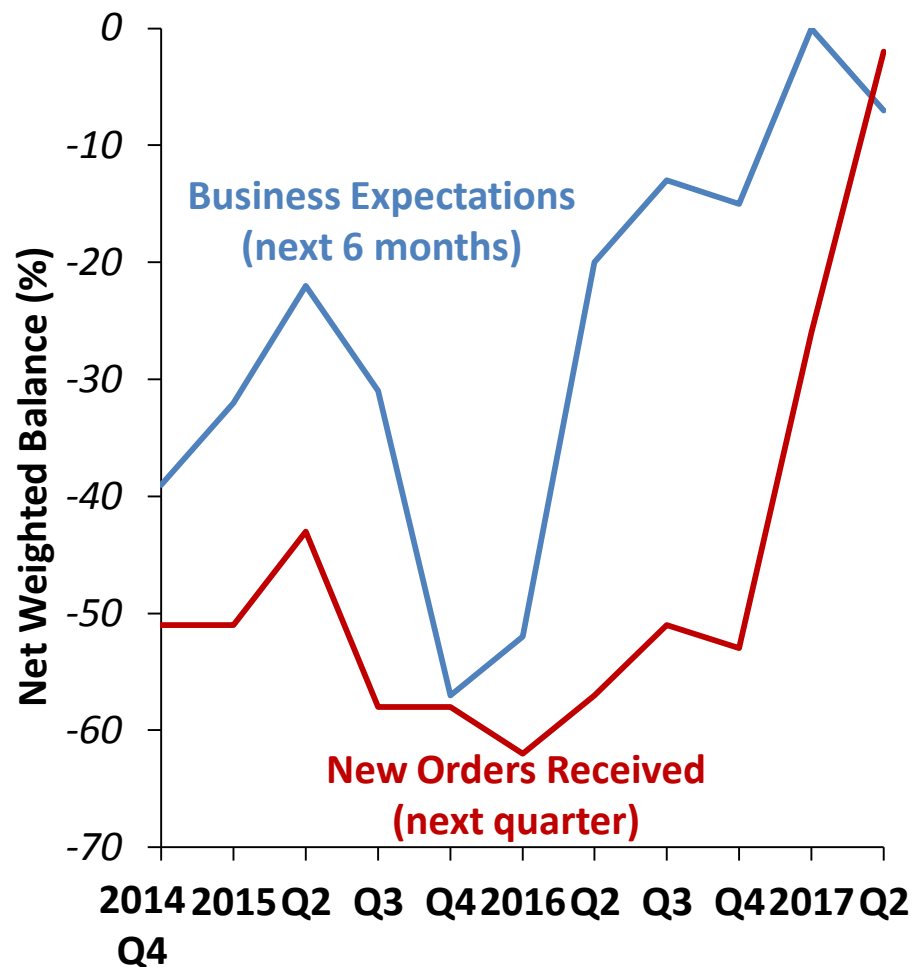
*Advance Estimates

Going forward, domestic growth outcomes will likely be more balanced.

Decomposition of Global Chip Sales



Marine & Offshore Engineering Outlook





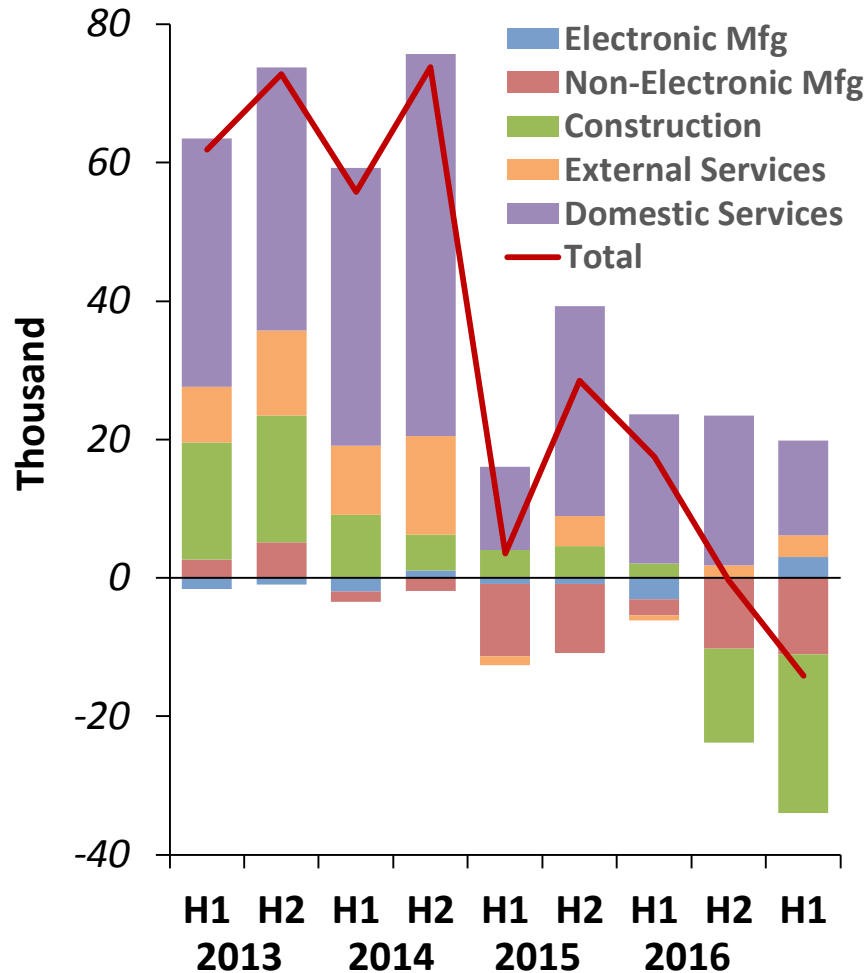
Labour Market and Inflation

Inflation is Contained and Stable

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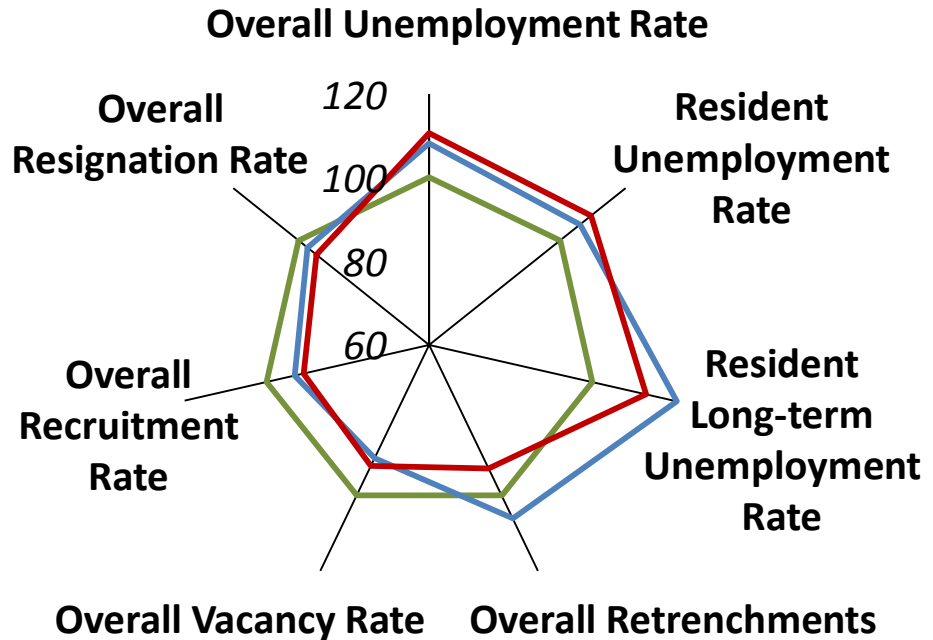
Excluding the construction and marine sectors, employment gains in H1 2017 were comparable to the same period last year.

Employment Change by Sector



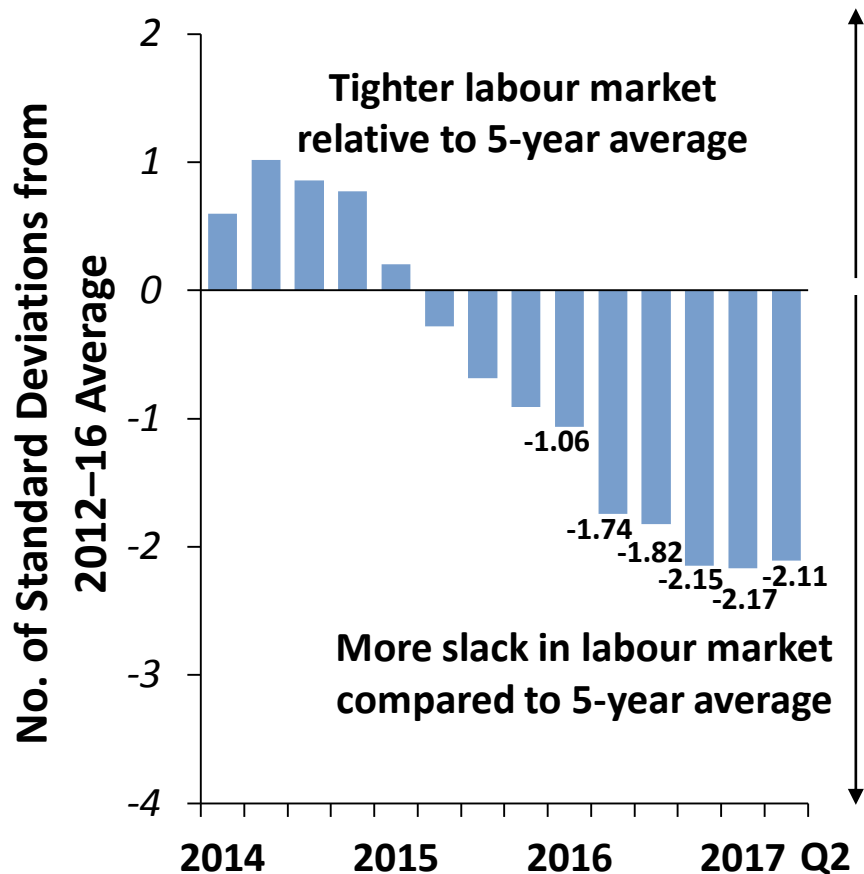
Labour Market Indicators

— 2015–16 Average — H2 2016
— H1 2017

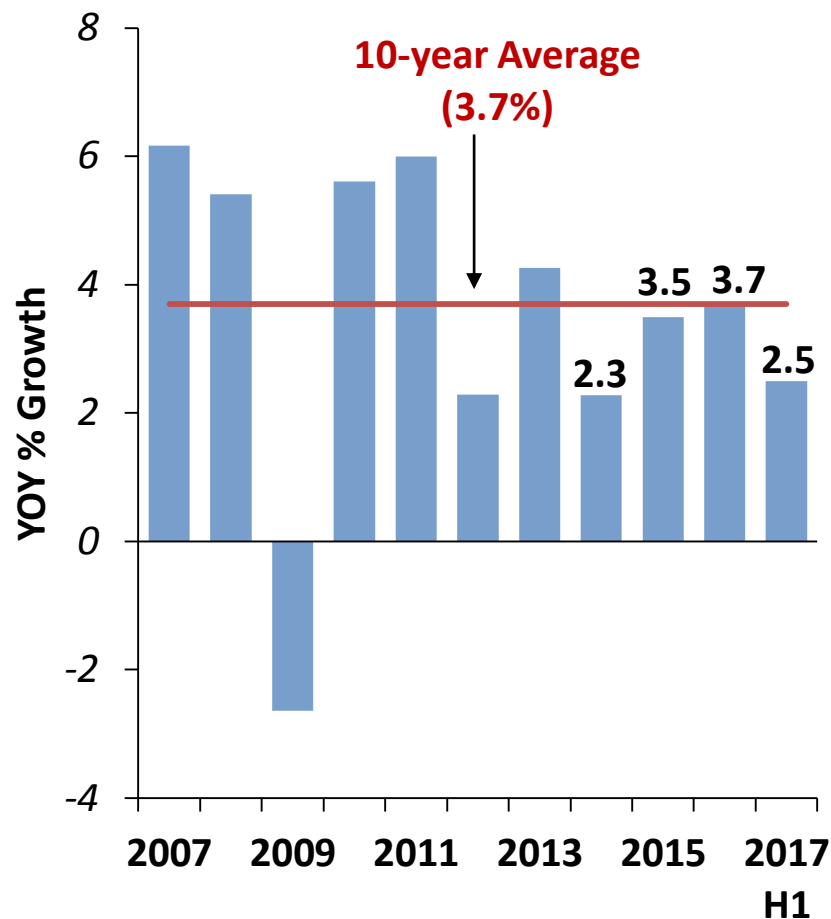


Wage pressures are unlikely to accelerate in the near term as labour market slack will take time to be absorbed.

Labour Market Pressure Indicator

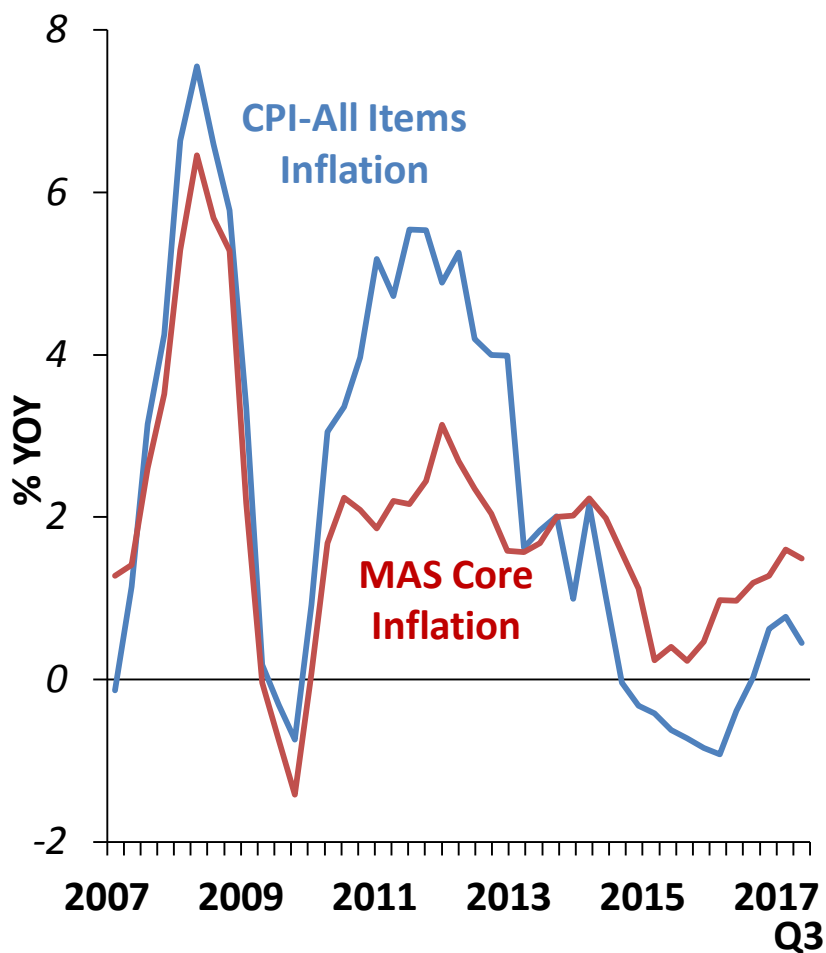


Resident Wage Growth

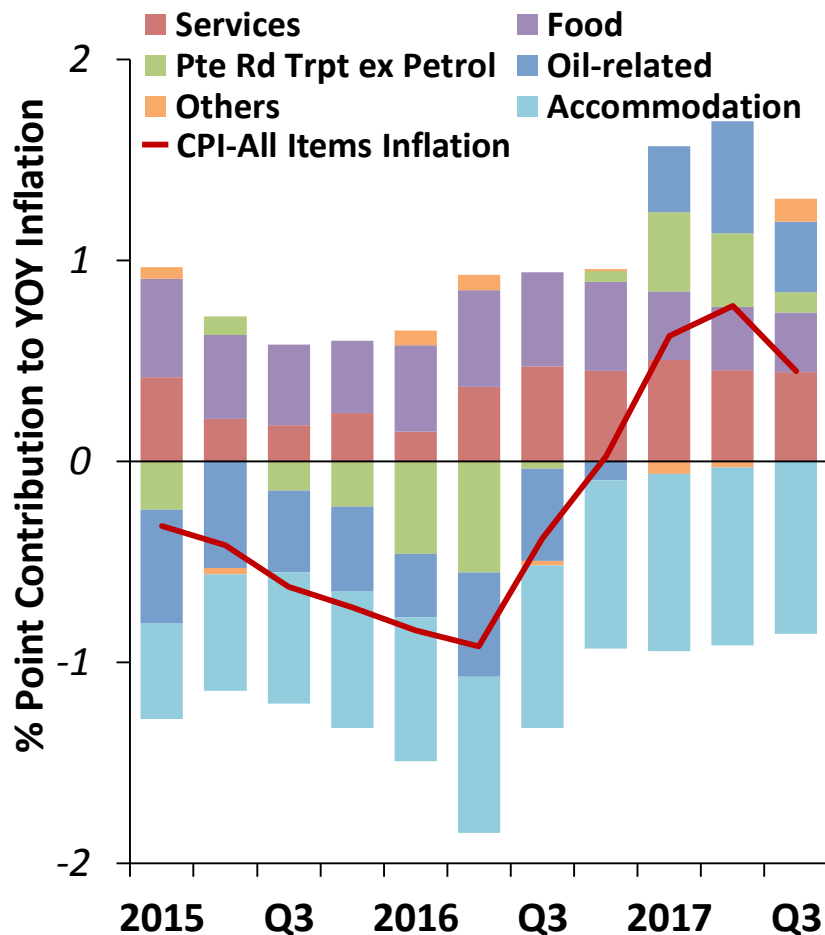


Inflation rose over H1 2017 but moderated in Q3.

CPI-All Items and MAS Core Inflation

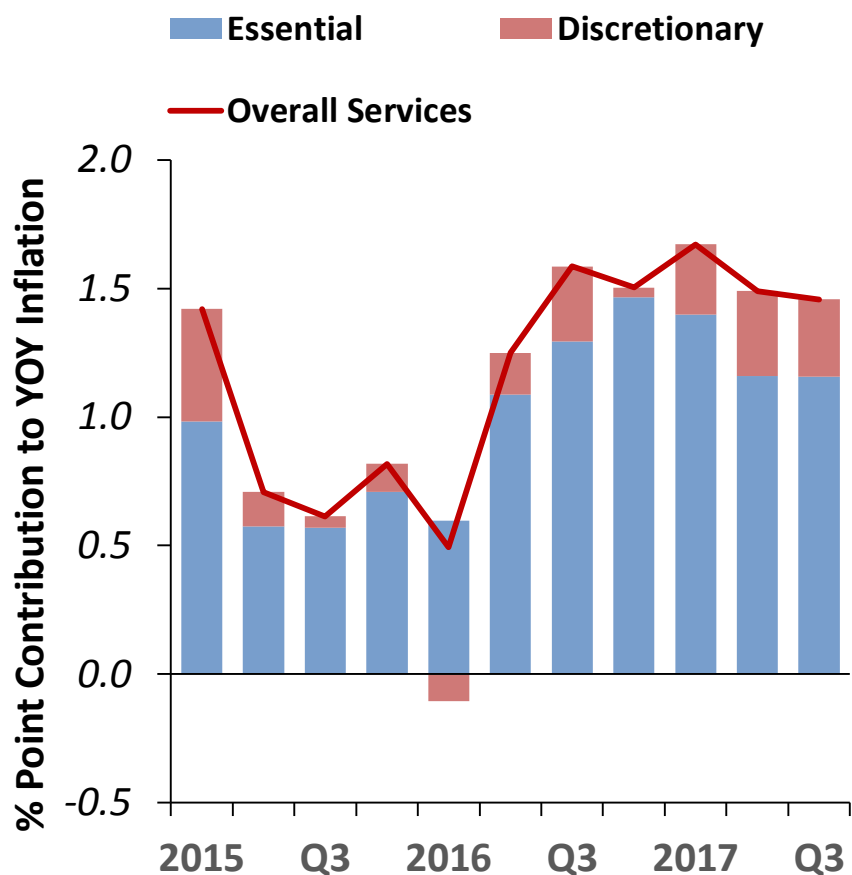


Contribution to CPI-All Items Inflation

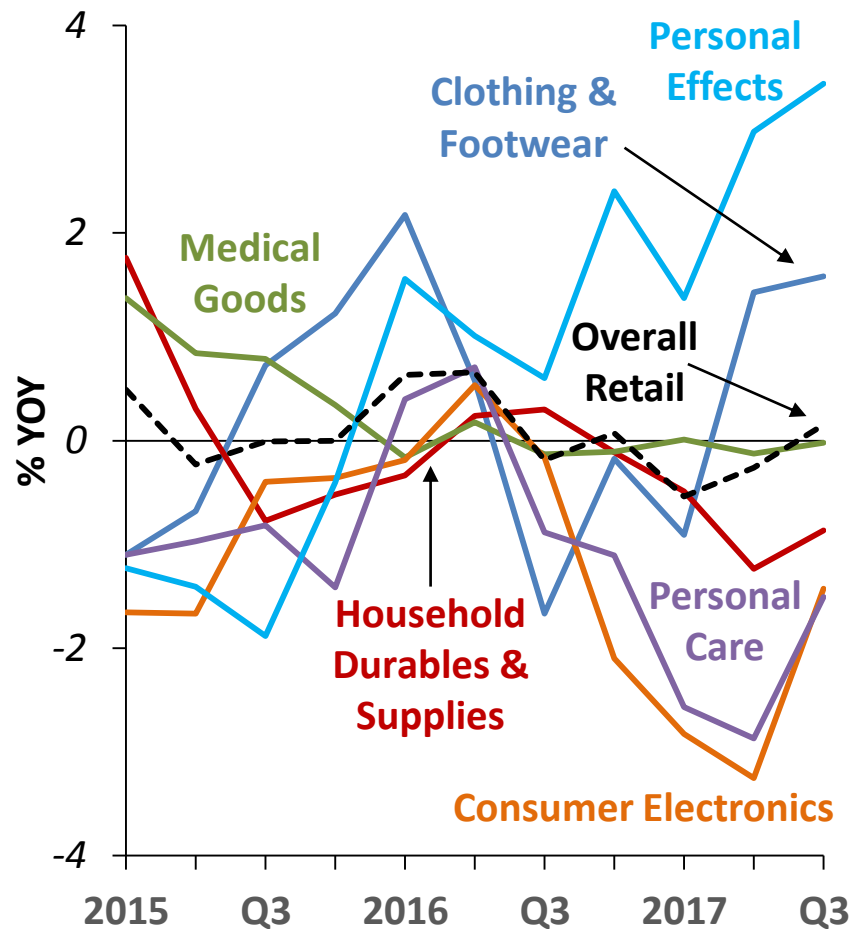


Services inflation was driven by essential services, while retail prices showed a mild increase.

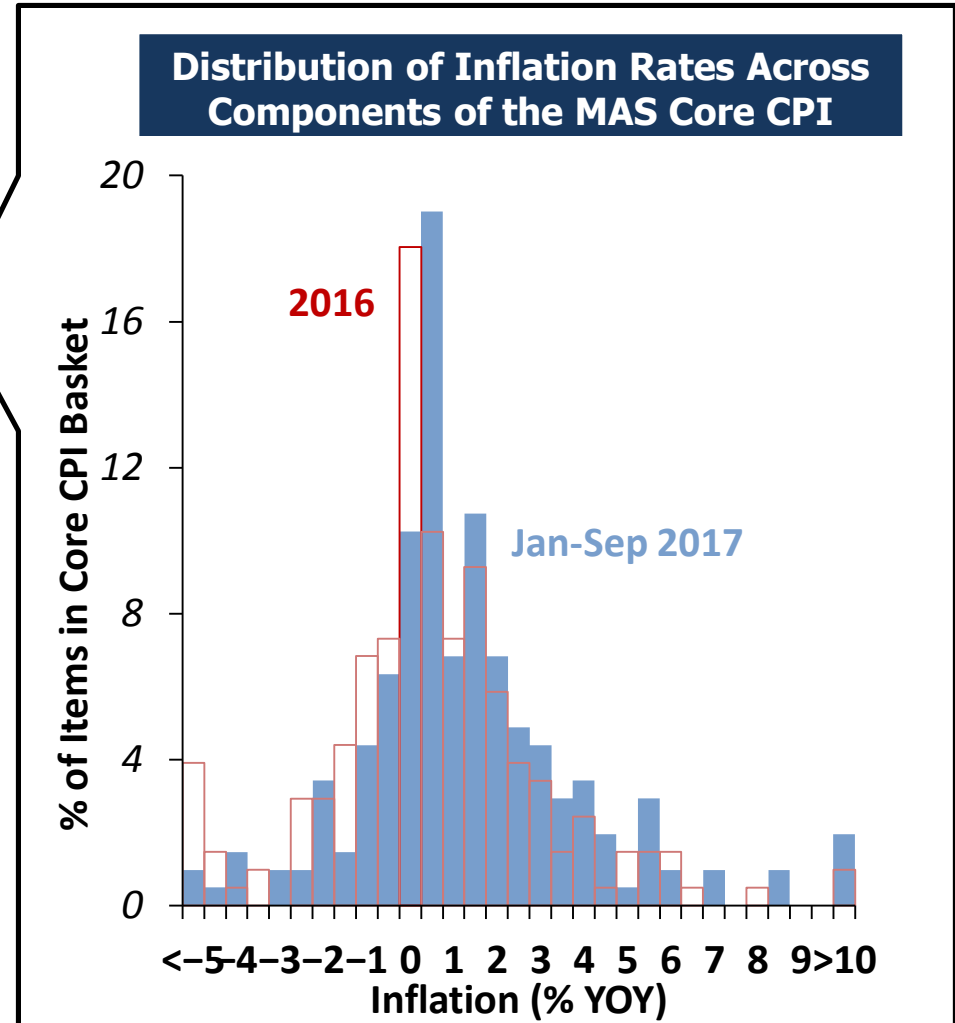
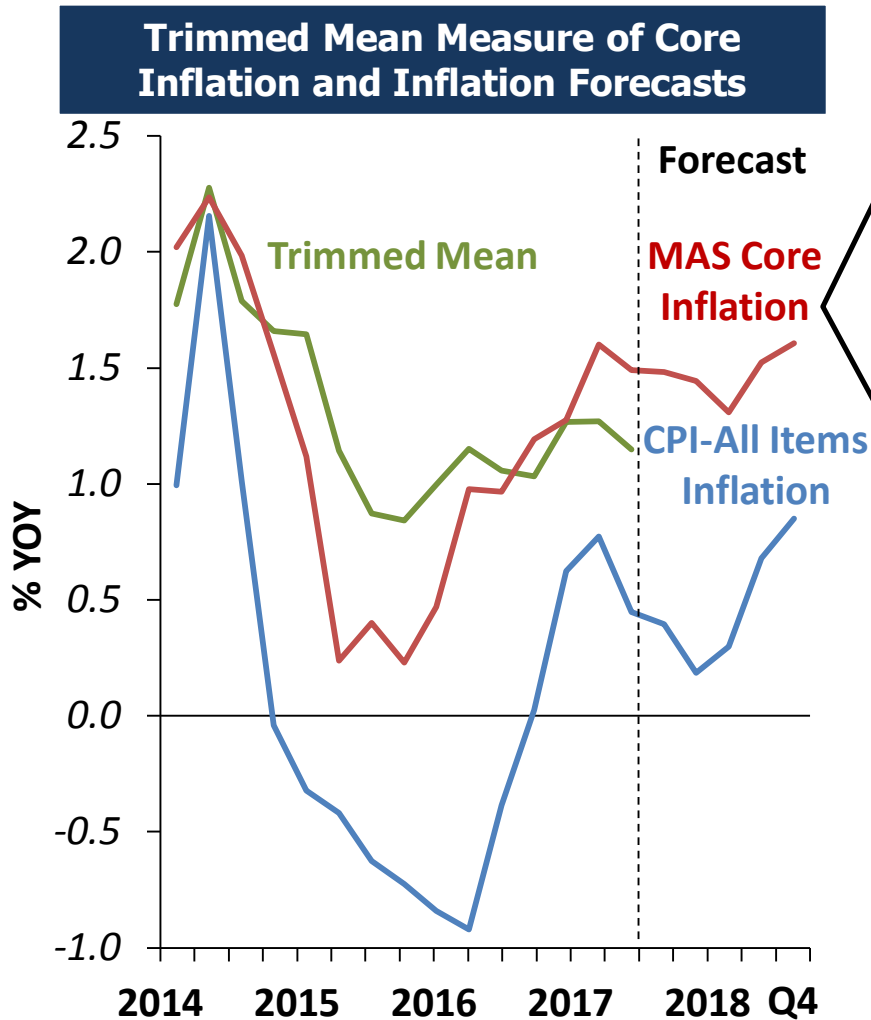
Contribution of Essential and Discretionary Services to Overall Services Inflation



Selected Retail CPI Components

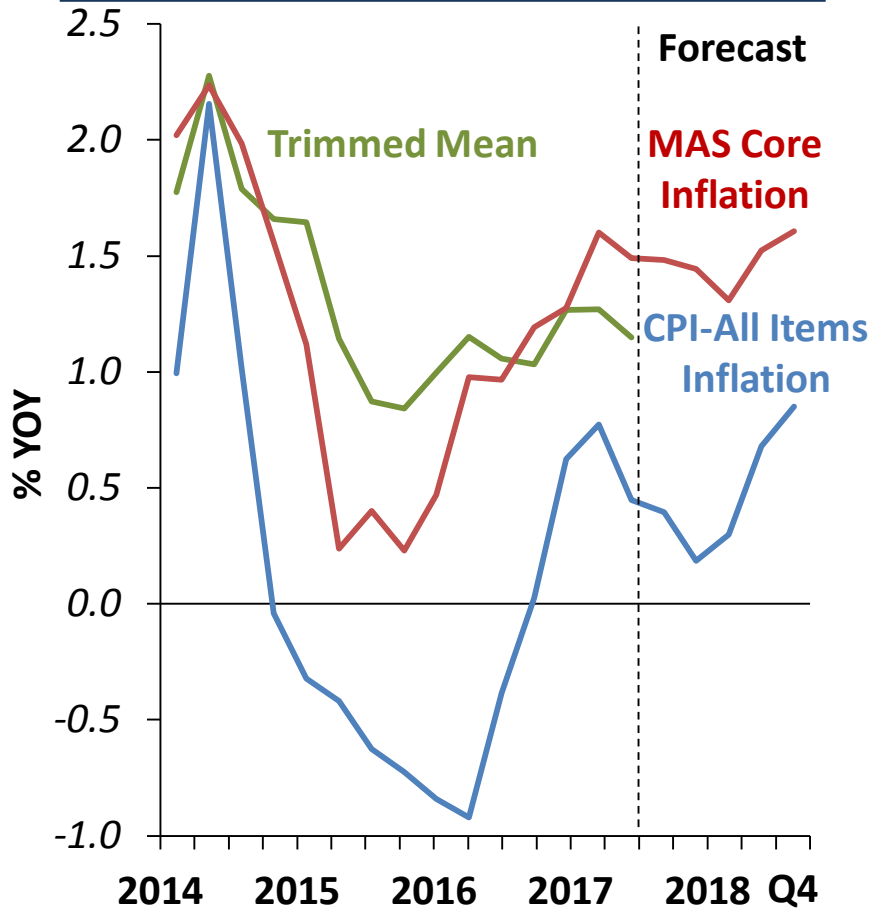


Deflationary risks have receded but inflationary pressures remain contained.

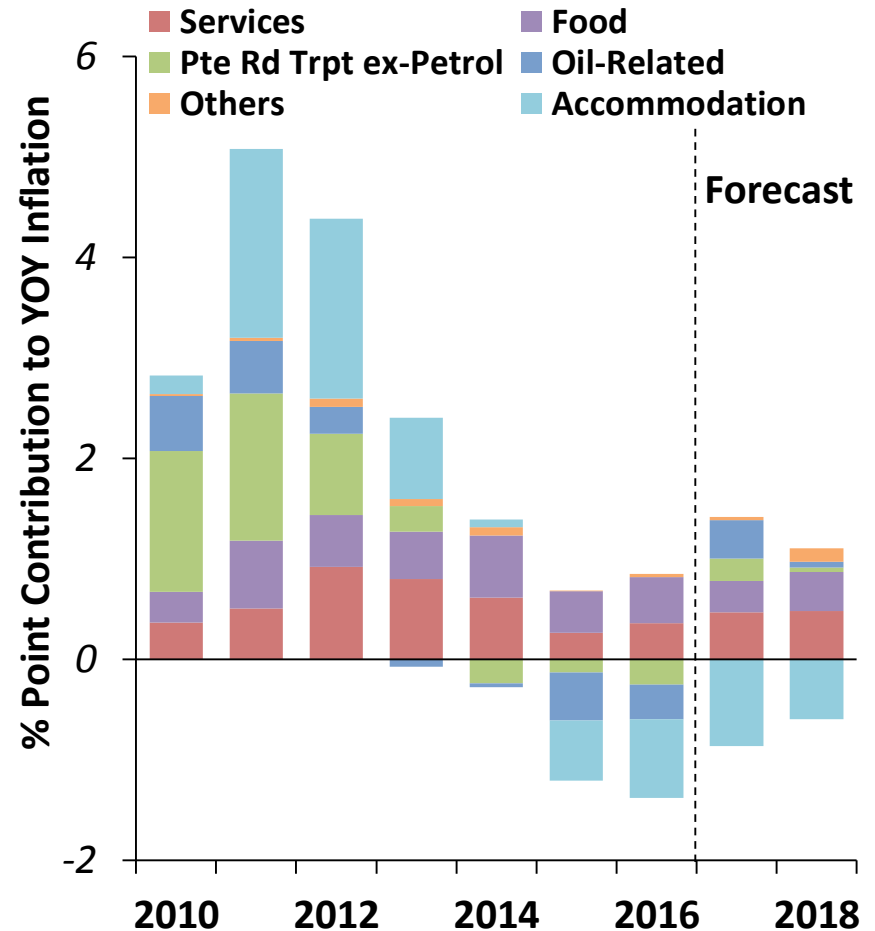


Deflationary risks have receded but inflationary pressures remain contained.

Trimmed Mean Measure of Core Inflation and Inflation Forecasts



Contribution to CPI-All Items Inflation



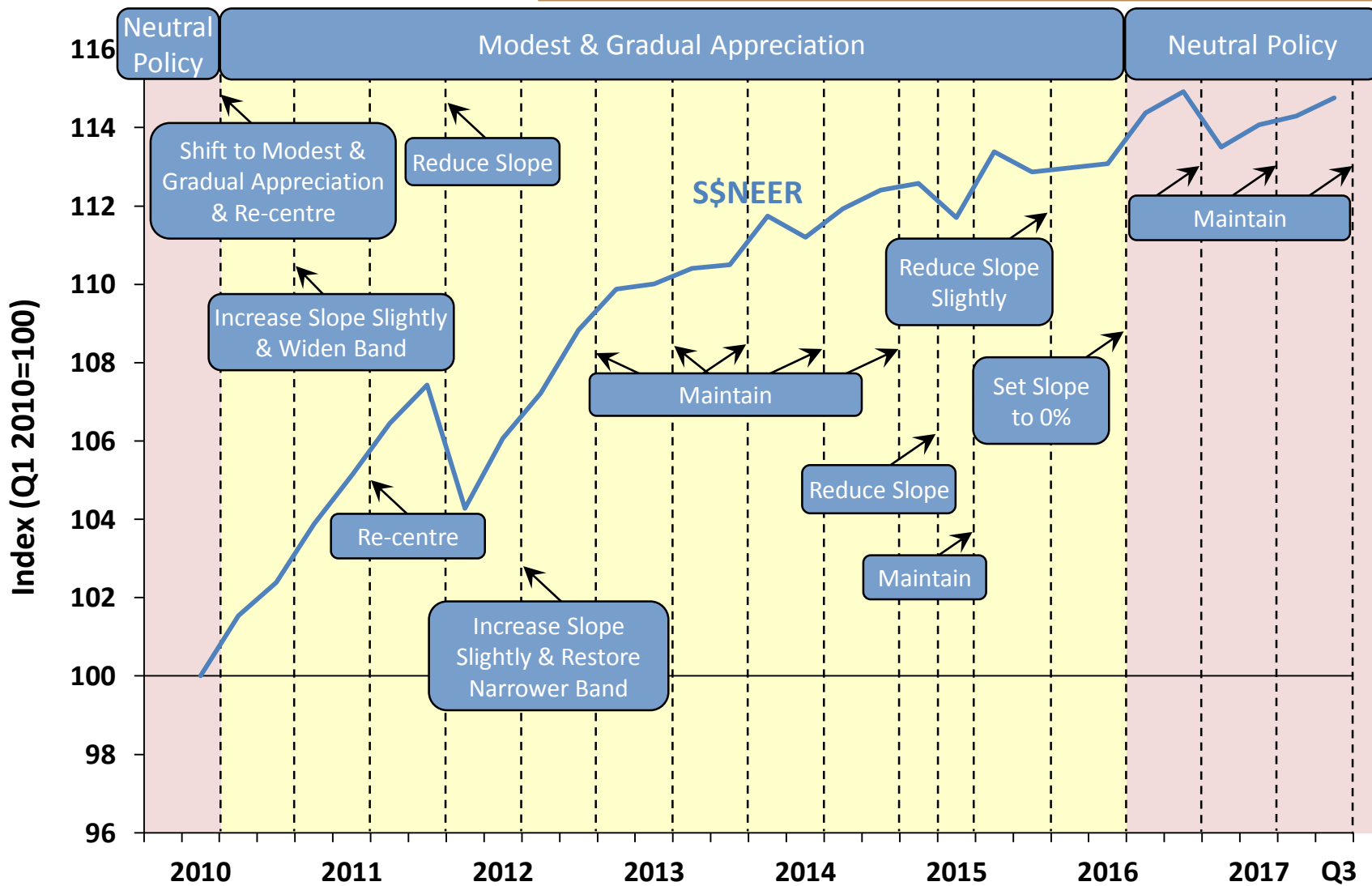


Macroeconomic Policy

Maintaining Price Stability As Growth Picks Up

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Keeping to a neutral monetary policy stance.



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REVIEW

Q&A



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