

macroeconomic



# REVIEW

briefing  
26 October 2018



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## Special Features

- A Shifts In Asia's Demand And Production Structure: A Value-Added Approach
- B The Impact of Technological Progress on Inflation: A Review
- C Understanding Current US Trade Policy Through the Lens of History
- D Market versus Government: Welfare-economic and Meso-economic Perspectives



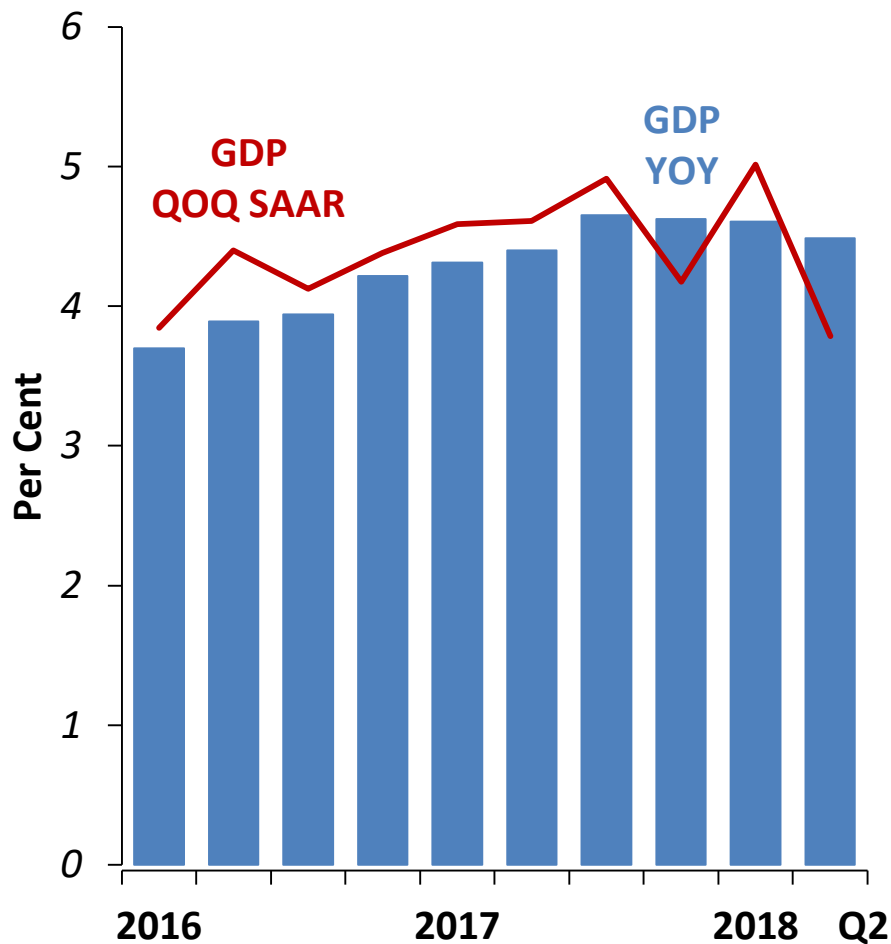
# International Economy

Global Growth Resilient Amid Regional Divergences

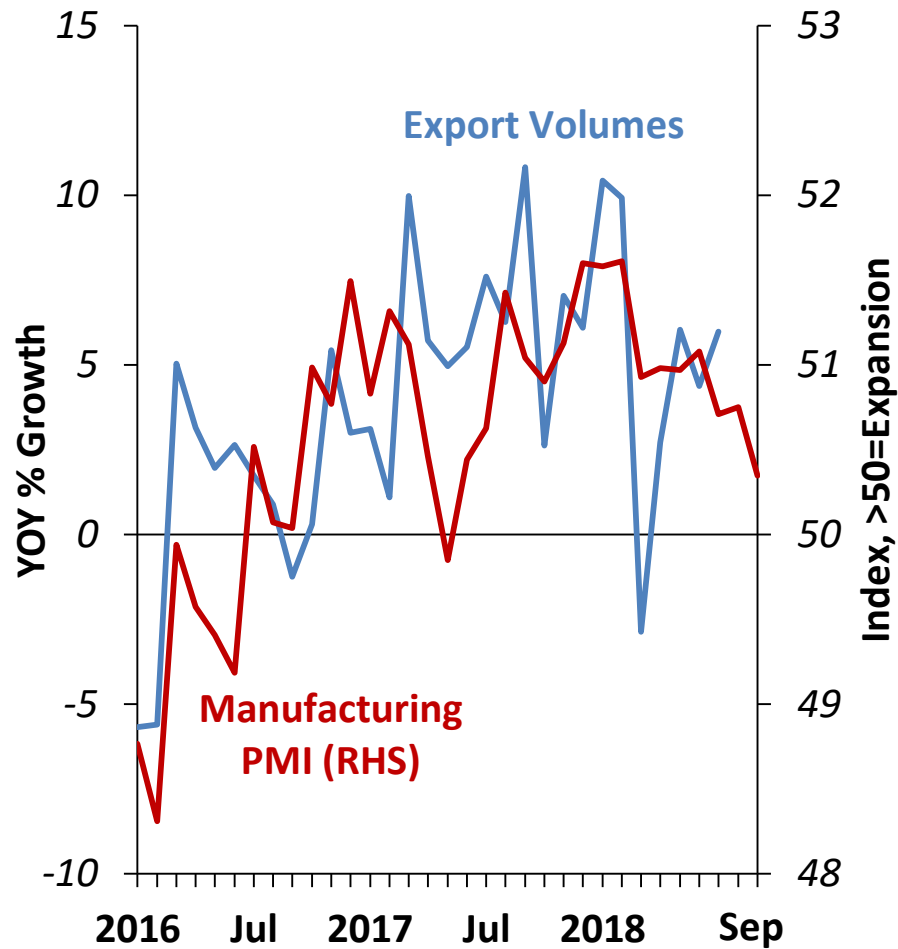
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# Global growth eased amid a moderation in Asian trade and production.

## Global GDP

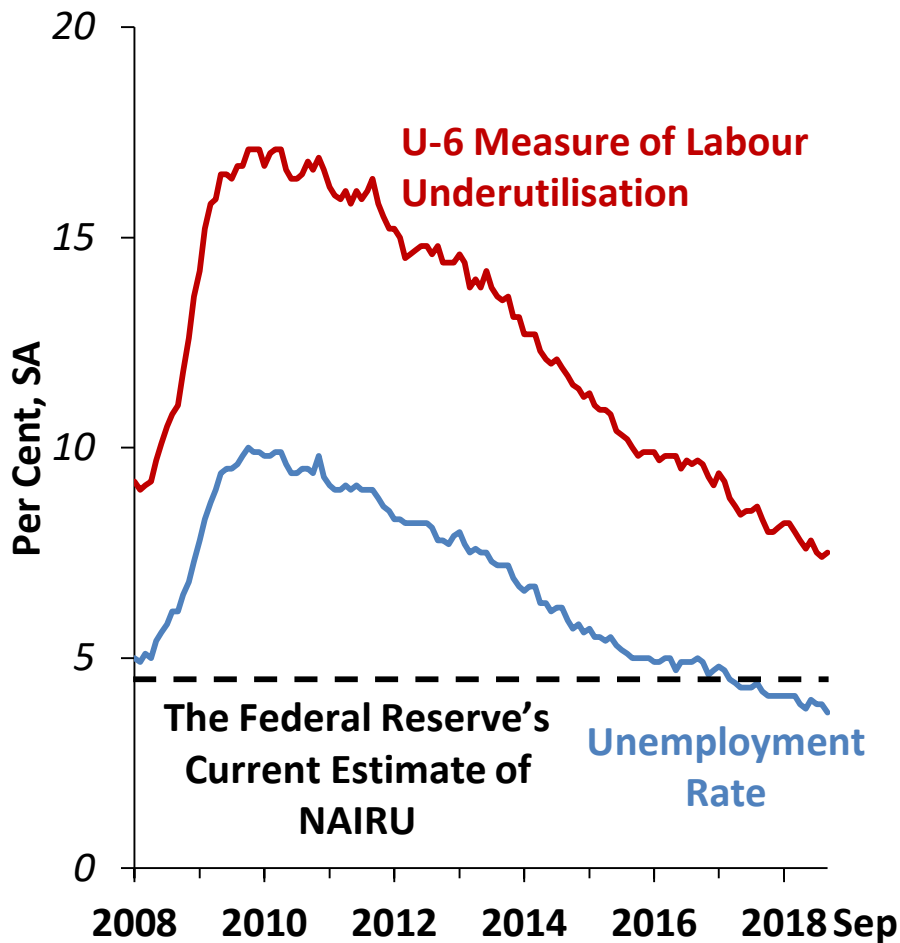


## Asia ex-Japan Trade Flows and Manufacturing PMI

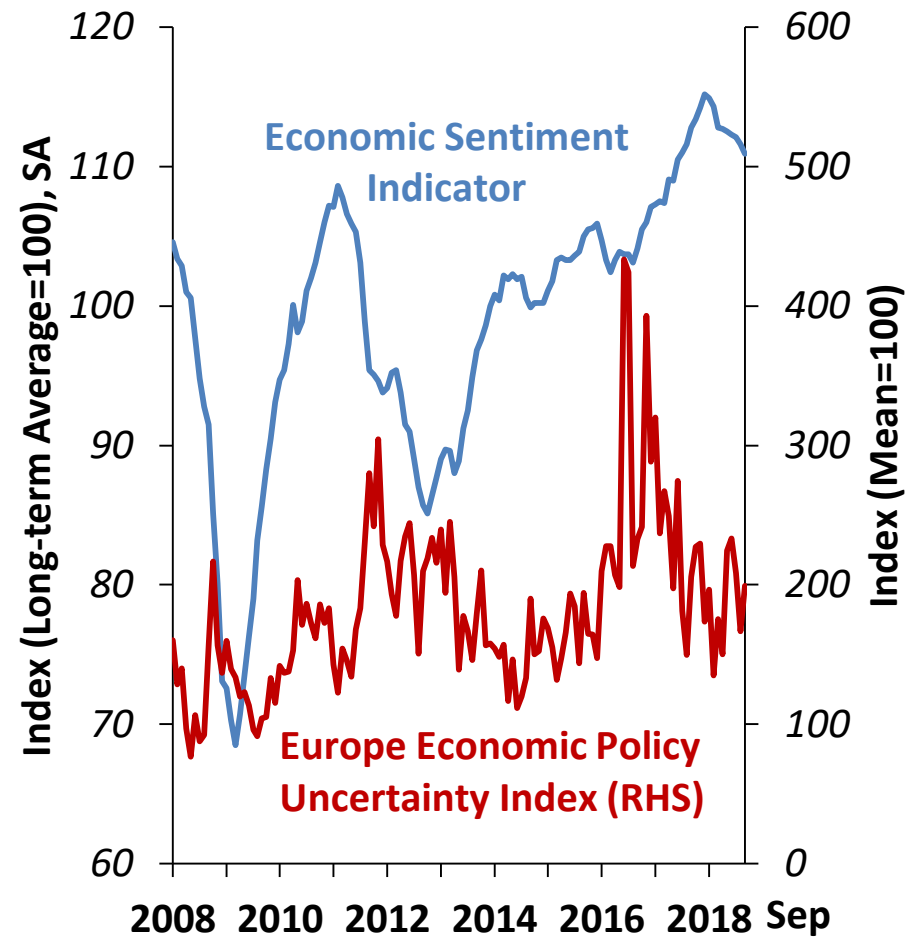


# The effects of US fiscal stimulus and resilient domestic demand will underpin growth in the G3.

**US Unemployment Rate and 'U-6' Measure of Labour Underutilisation**

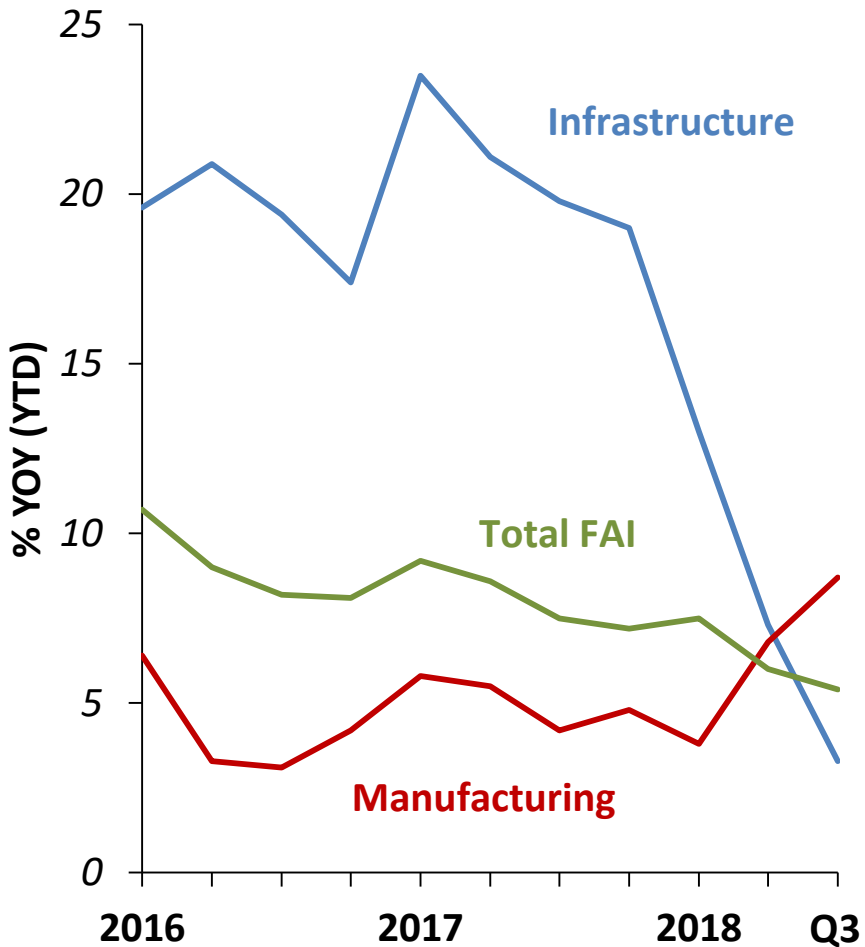


**Europe Economic Policy Uncertainty and Economic Sentiment Indicator**

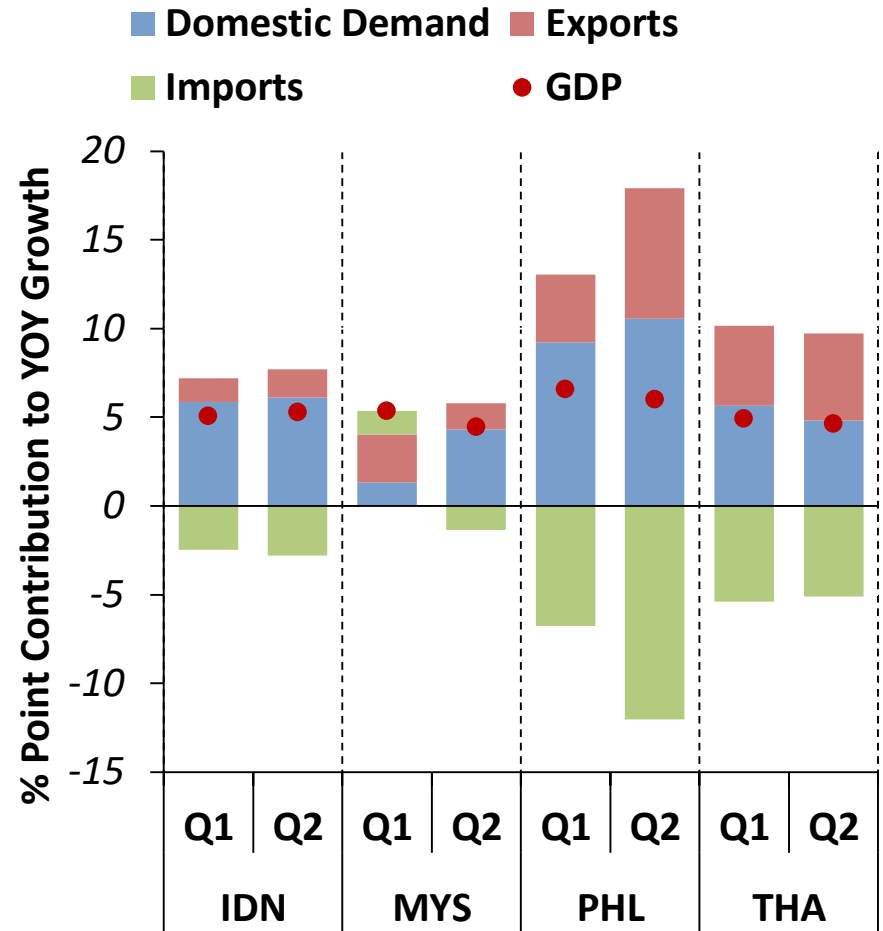


# Asia is slowing.

## China's Fixed Asset Investment Growth



## Contribution to ASEAN-4 GDP Growth





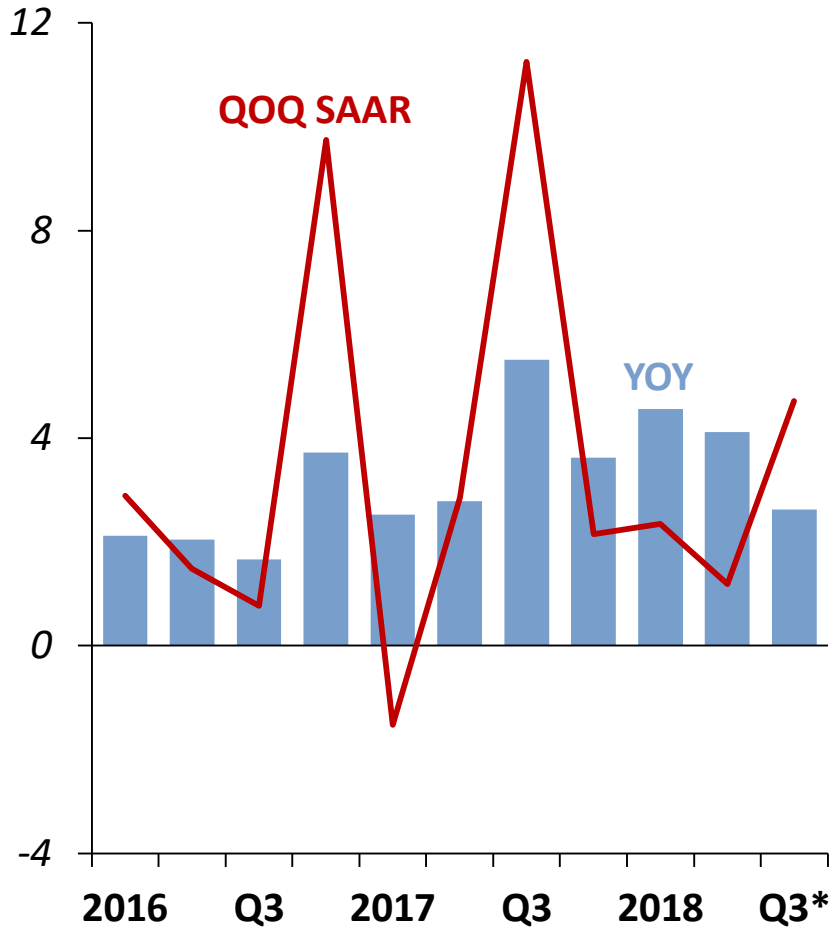
# Domestic Economy

Slower But Enduring Growth

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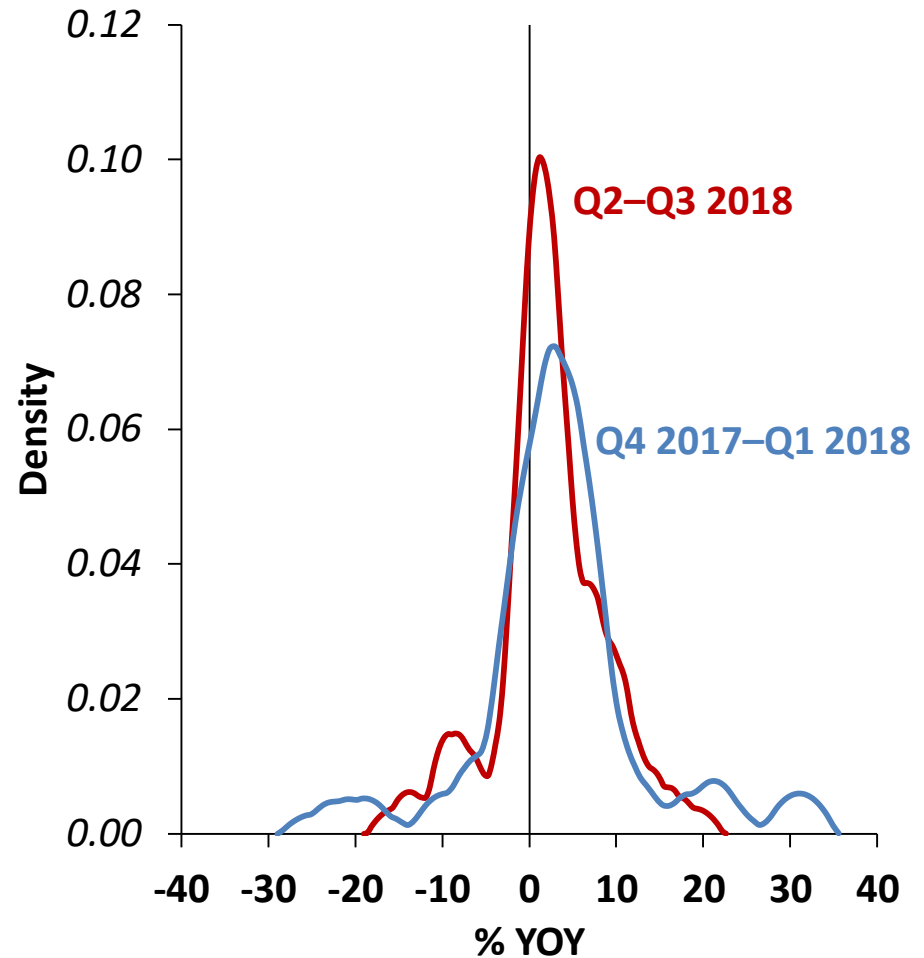
# The Singapore economy was resilient in the face of global headwinds.

## Singapore's GDP Growth



\* Advance Estimates

## Distribution of Industry VA Growth\*

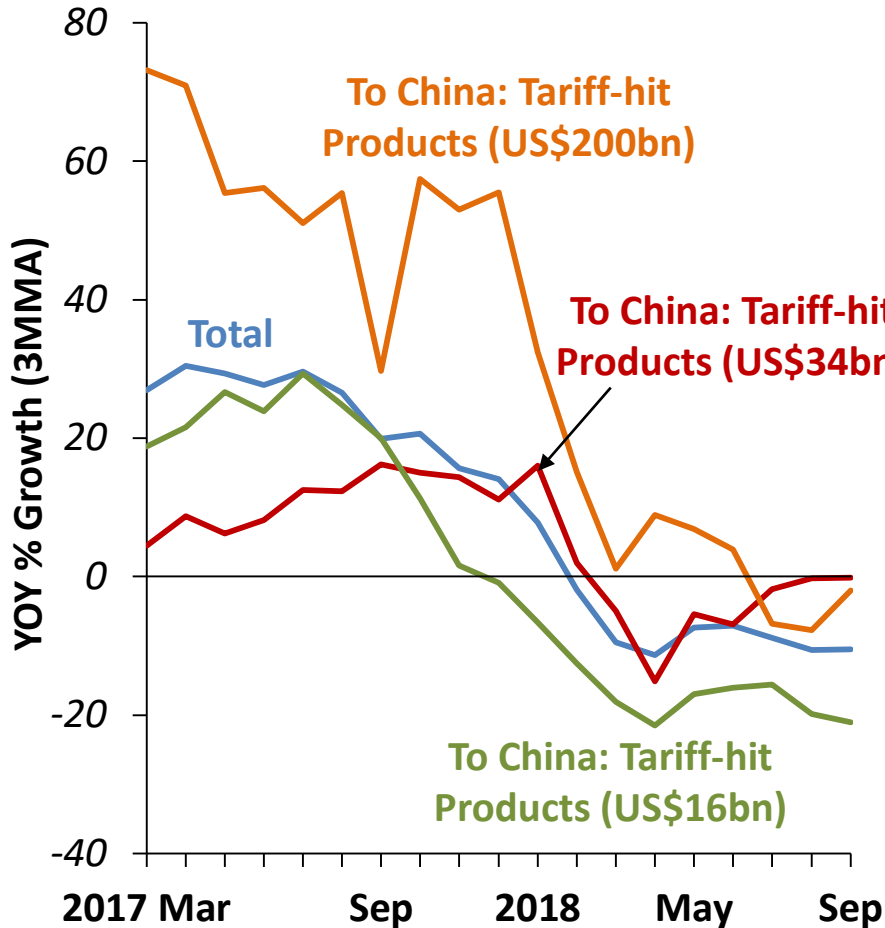


\* Estimated using a kernel smoother

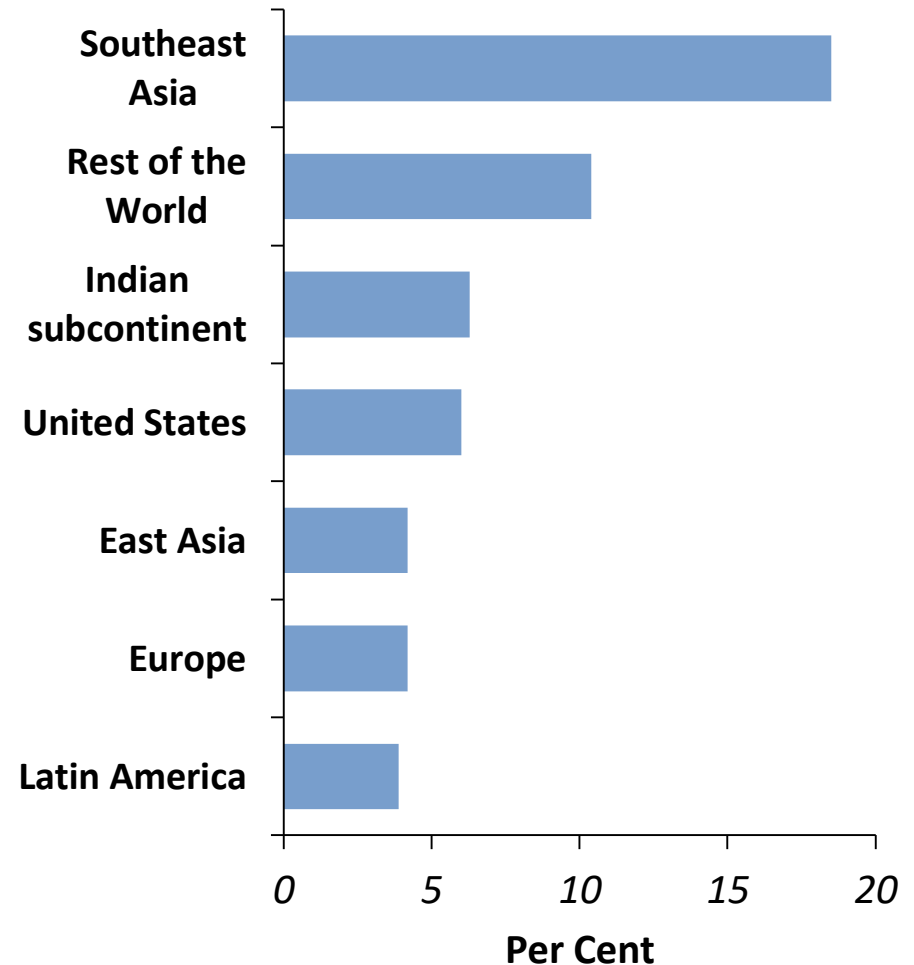


# Trade frictions have had limited impact on the Singapore economy thus far.

**Singapore's Exports to China**



**US Firms in China by Choice of Production Site Abroad**



# The growth drivers within the Singapore economy are likely to shift.

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2018F: Upper-half of 2.5–3.5%  
2019F: Moderate slightly from 2018



1

## Trade-related Cluster

- Trade frictions and resulting uncertainties could weigh on activity
- New sources of demand will provide some support for the electronics sector



2

## Modern Services Cluster

- Strong growth momentum of digital-related activities to be sustained
- Underpinned by digitalisation and innovation



3

## Domestic-oriented Cluster

- Sustained improvement in the labour market should boost demand
- Uptick will be uneven due to ongoing structural adjustments



# Labour Market and Inflation

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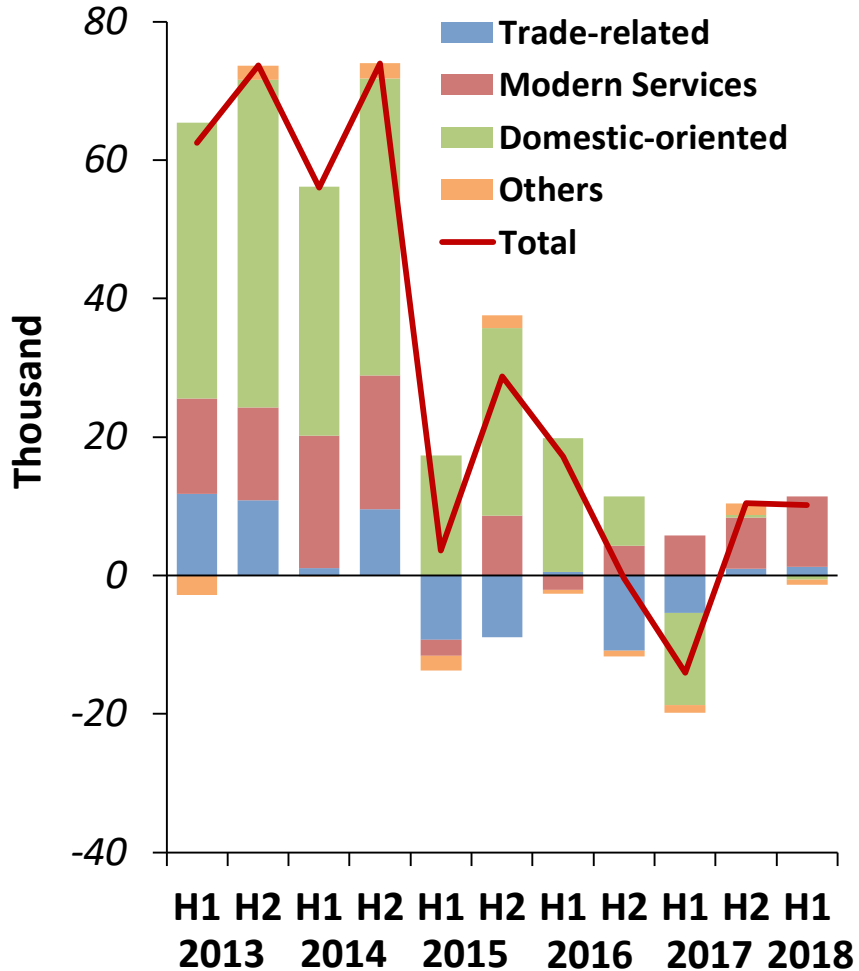
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Modest But Continuing Inflationary Pressures

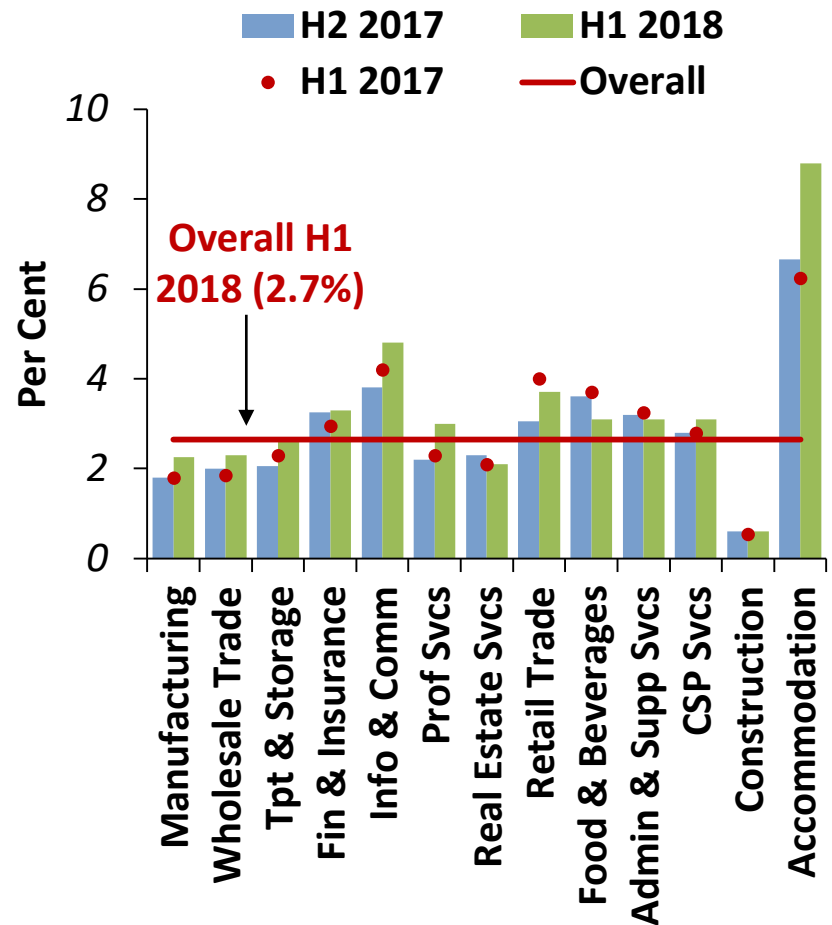
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# The labour market has shown continued improvement.

## Employment Change by Sector



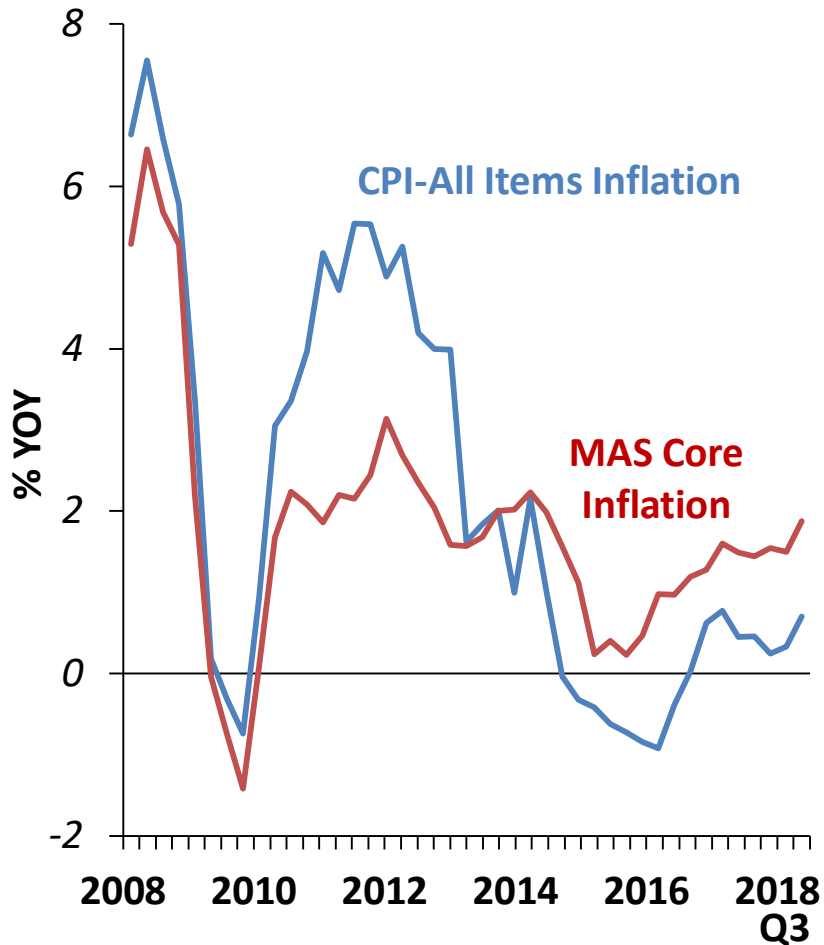
## Vacancy Rates by Industry



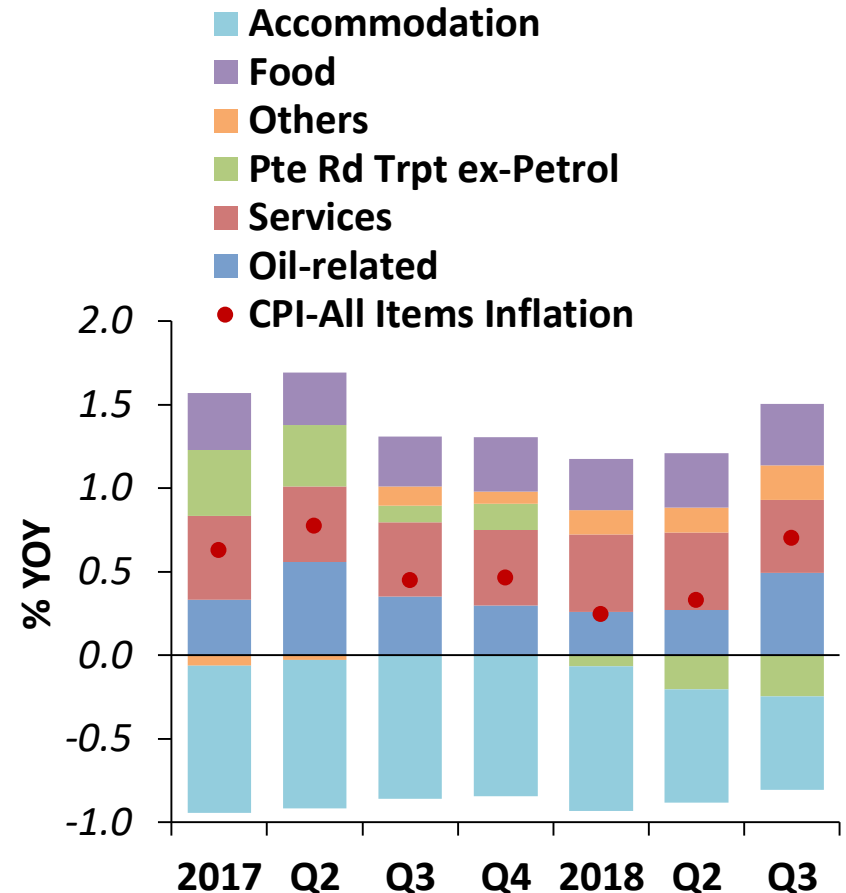


# Inflation picked up in Q3 2018, largely reflecting the pass-through of higher oil prices.

## CPI-All Items and MAS Core Inflation

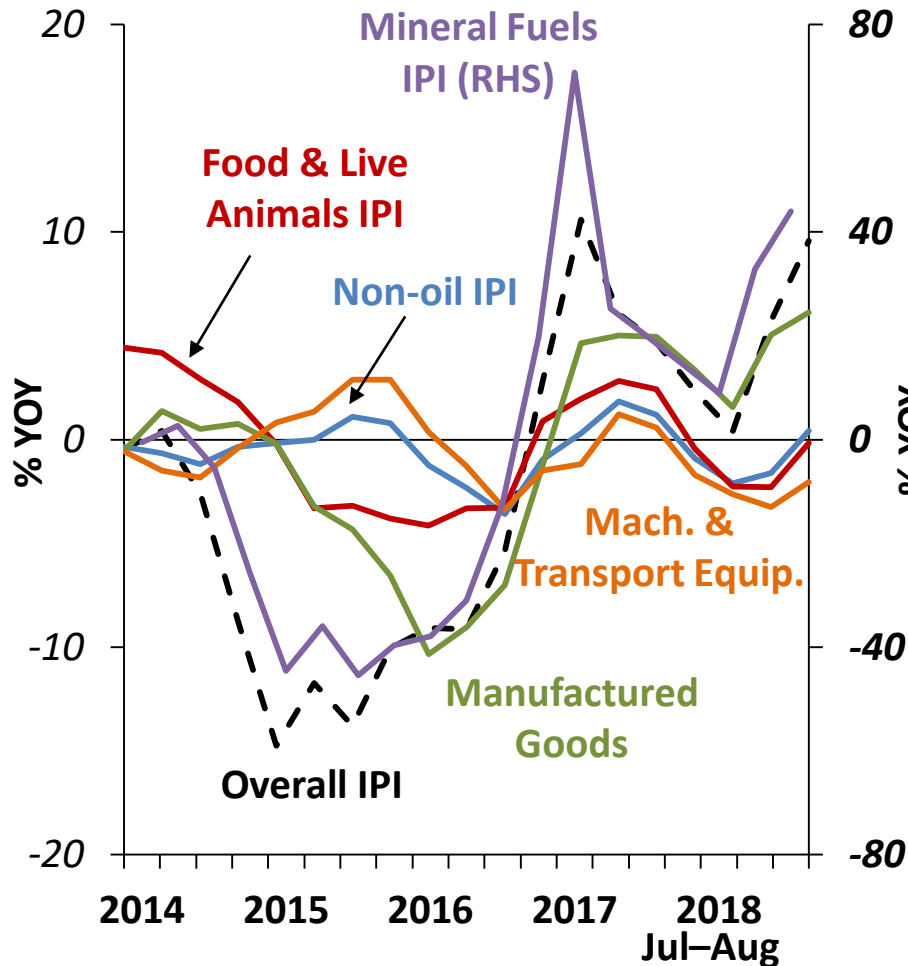


## Contribution to CPI-All Items Inflation

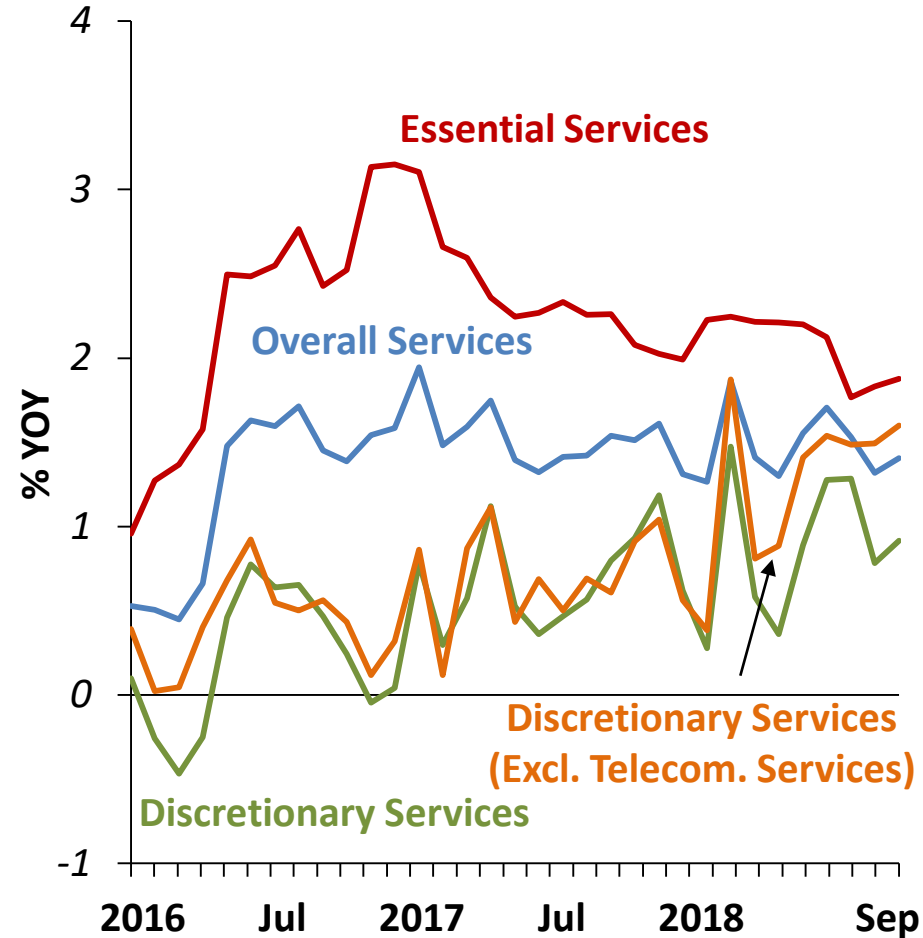


# The pass-through of higher import and labour costs to consumer prices could increase.

**Selected Components of Import Price Inflation**

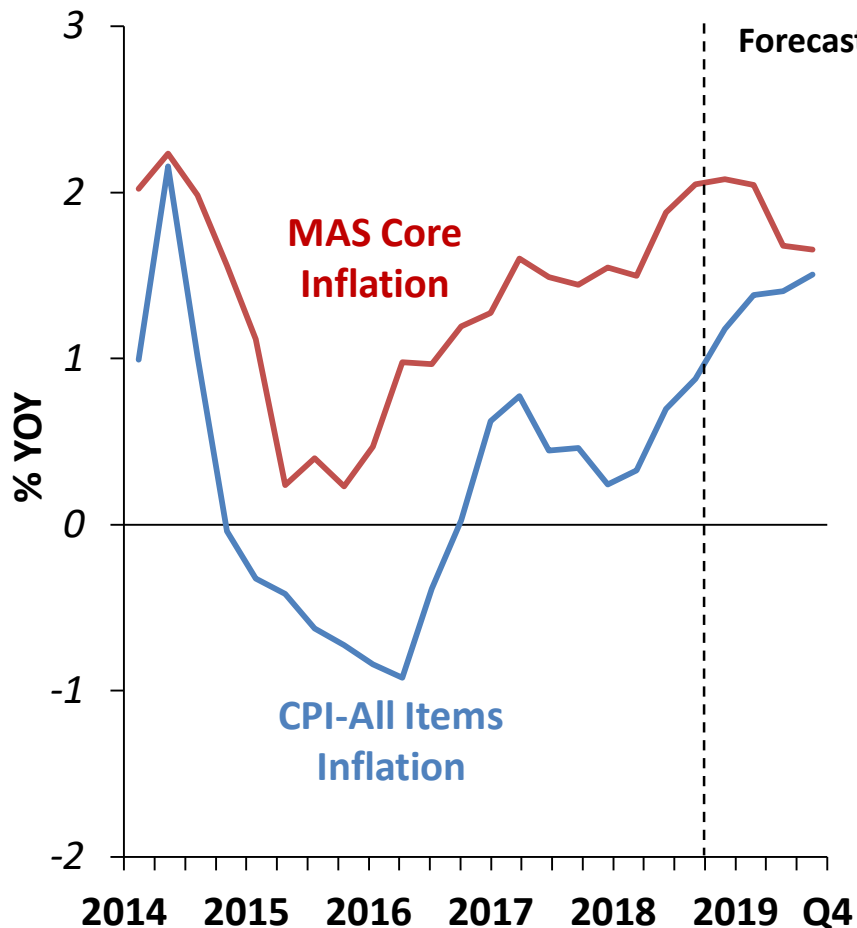


**Selected Services Inflation Measures**

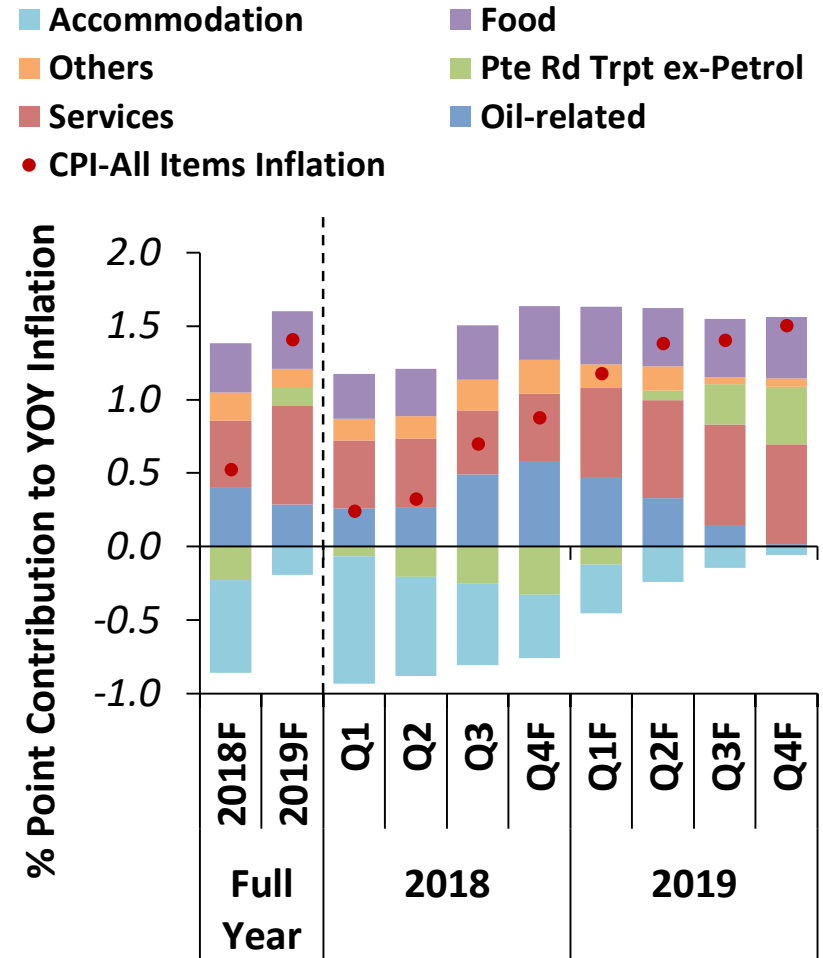


# There will be modest but continuing pressures on inflation in the near term.

## CPI-All Items and MAS Core Inflation



## Contribution to CPI-All Items Inflation





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# REVIEW

Q&A



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