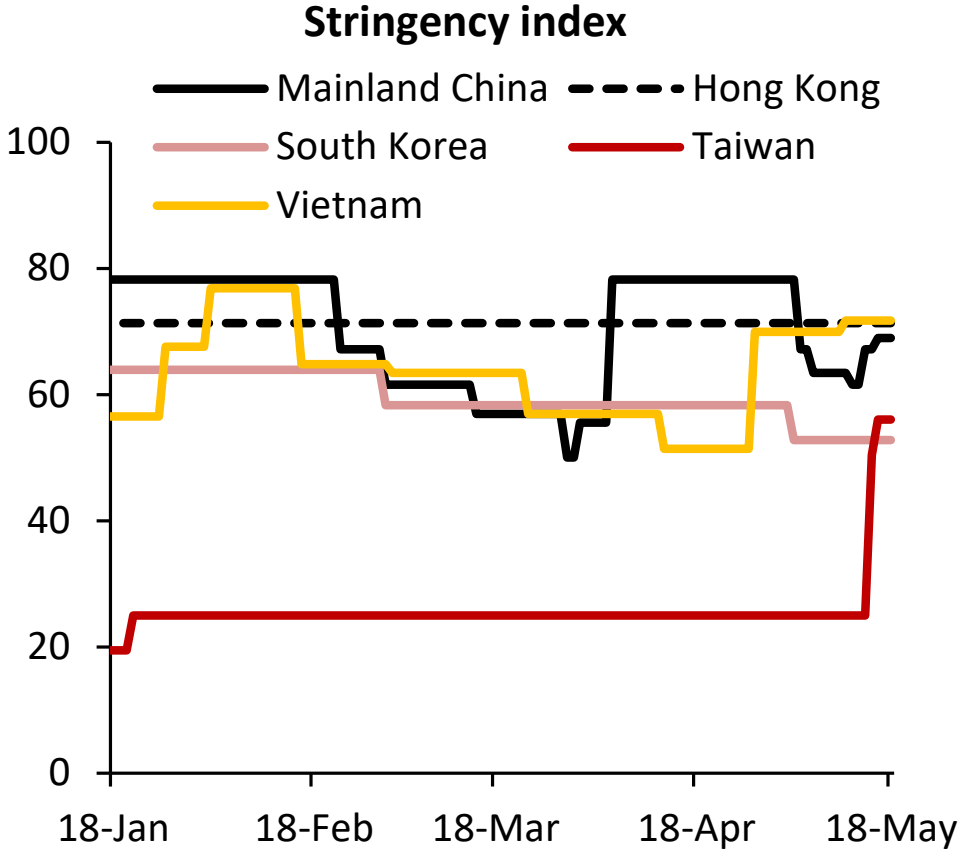


# Singapore Economic Roundtable

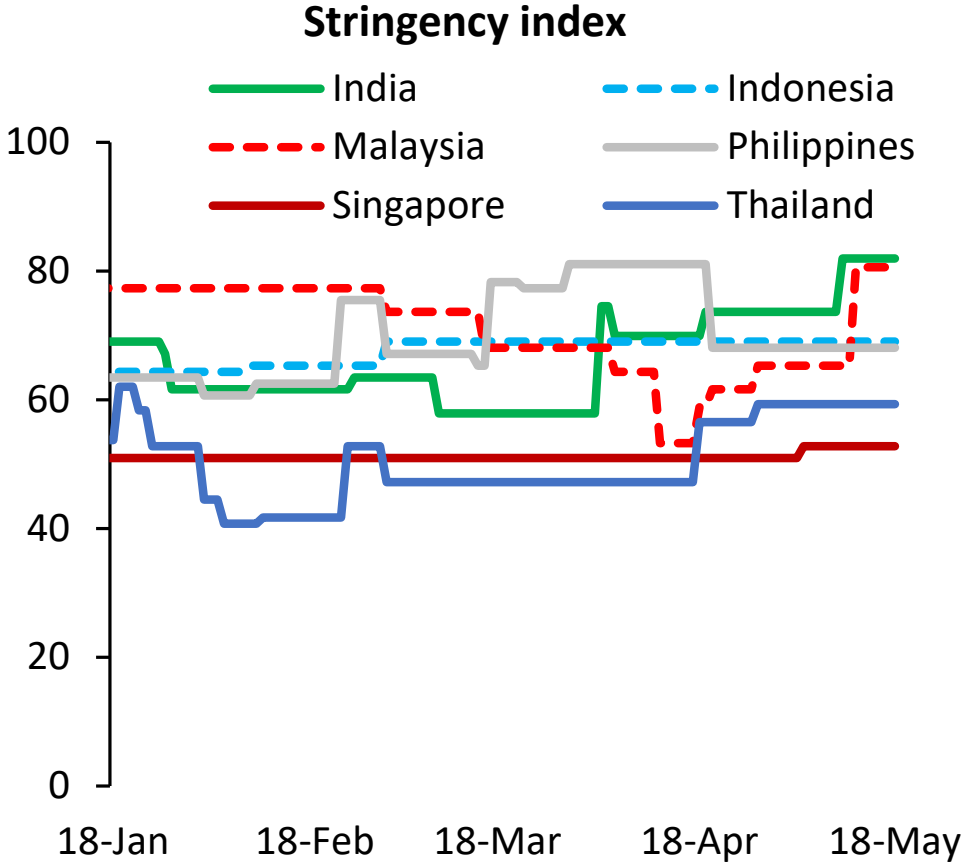
## Covid's cross-currents

*Taimur Baig, PhD, Chief Economist*  
Economics and Strategy, Group Research  
May 2021

# Wide divergence in policy stringency



Source: University of Oxford, DBS



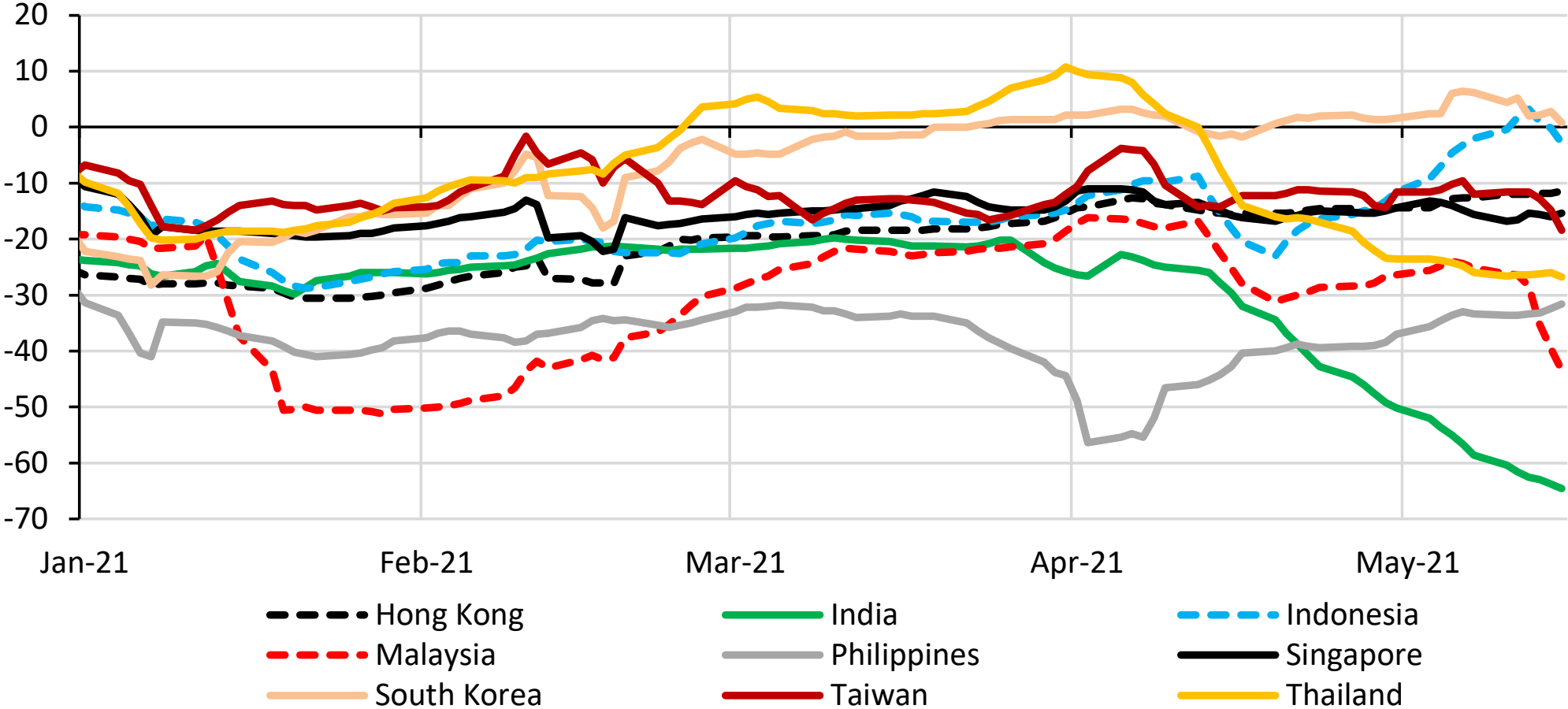
Source: University of Oxford, DBS.

Composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100. (100 = strictest). If policies vary at the subnational level, the index is shown as the response level of the strictest sub-region.

# Mobility getting affected

5 working day ma

## Retail and Recreation



Source: Community mobility reports, DBS. February 16, 2020 = 100

# SARS-CoV2 mutations

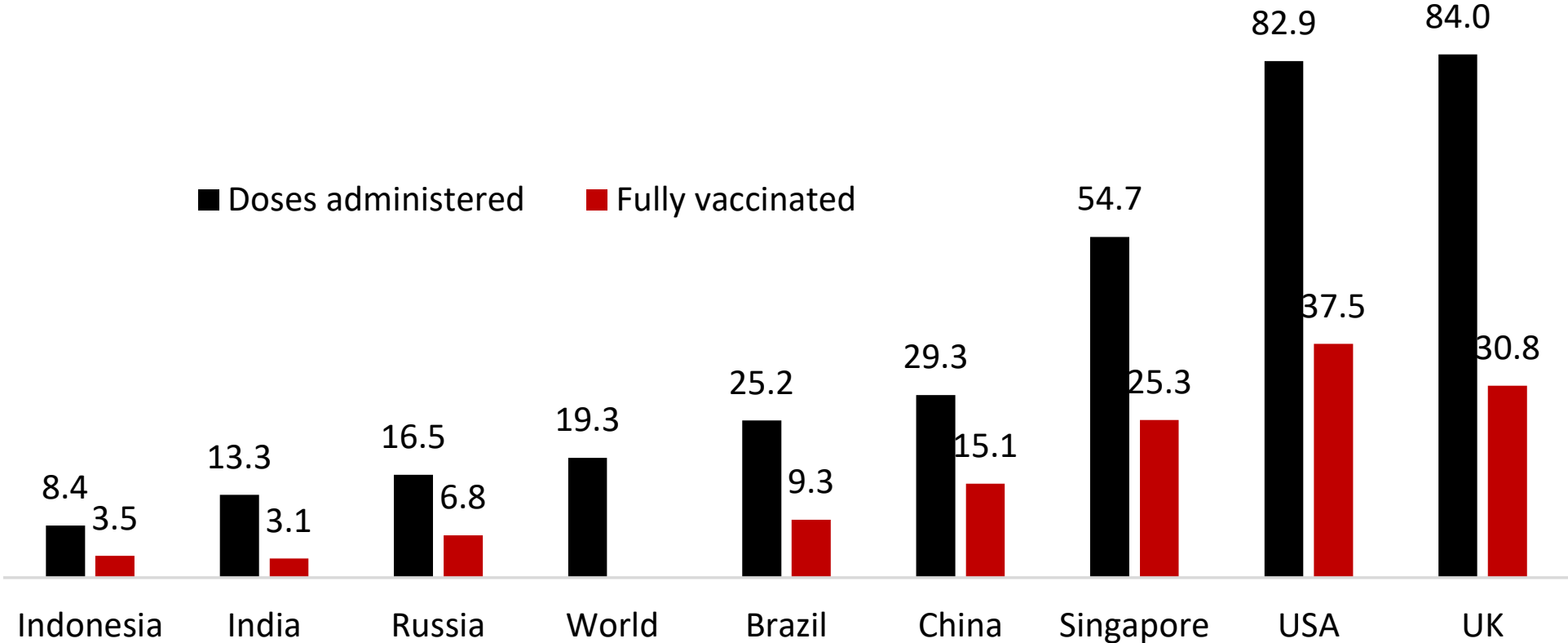
- Mutations: Copying errors from an infected cell
- Variants: Share the same inherited set of mutations

Variants of concern	Emerged in	Status
B.1.1.7	UK	50% more infectious than the common strain; 35% more deadly
B.1.351	South Africa	Reduced effectiveness of some vaccines
P.1	Brazil	Similar mutation to B.1.351
B.1.167	India	Appears to highly infectious and may be displaying vaccine resistance

# Vaccination and herd immunity

% of population

Vaccination rate



Source: CEIC, DBS. Data through May 17, 2021

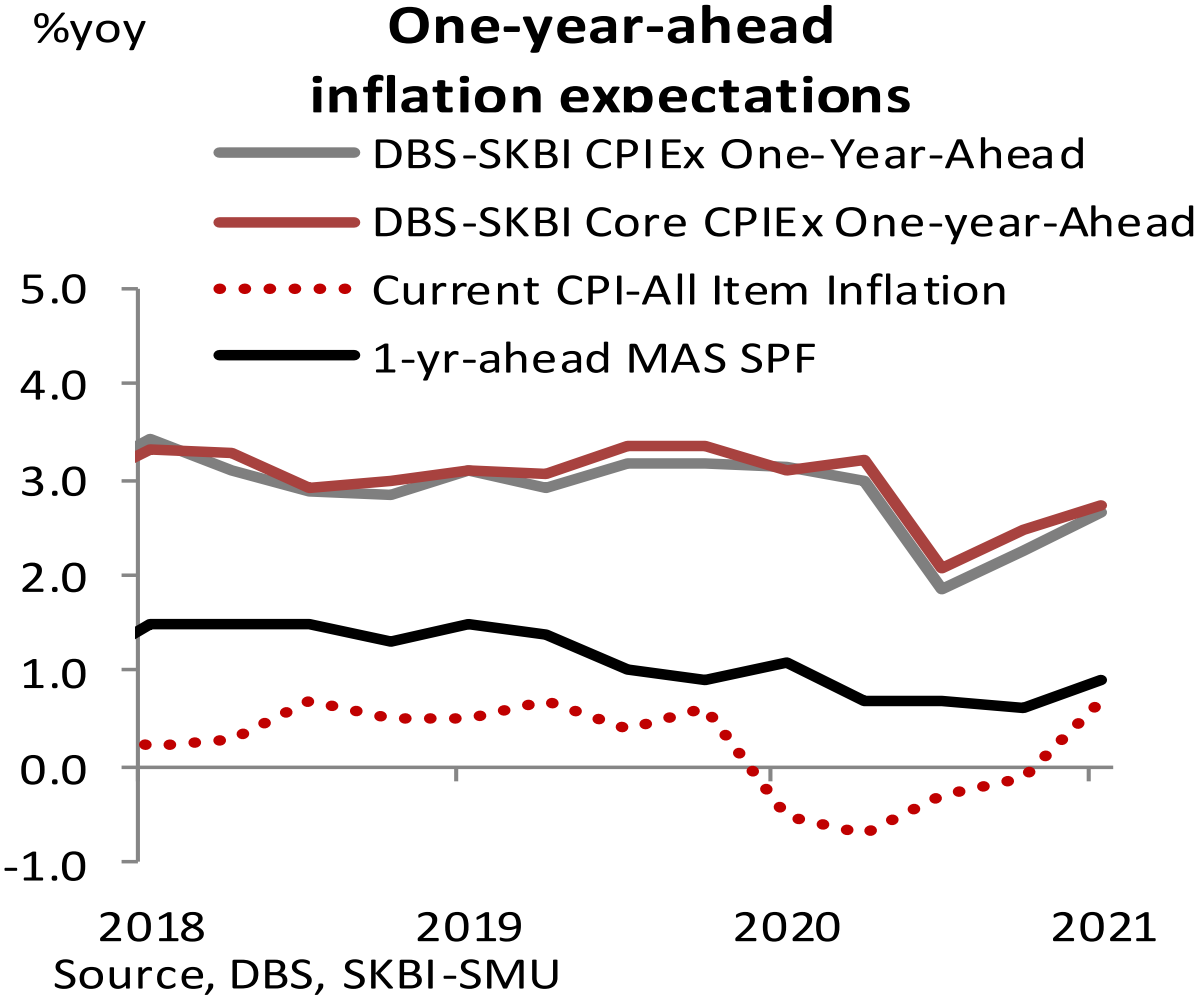
# Is herd immunity a mirage?

Substantially vaccinated societies are experiencing sharp drops in infections, hospitalisations, and deaths

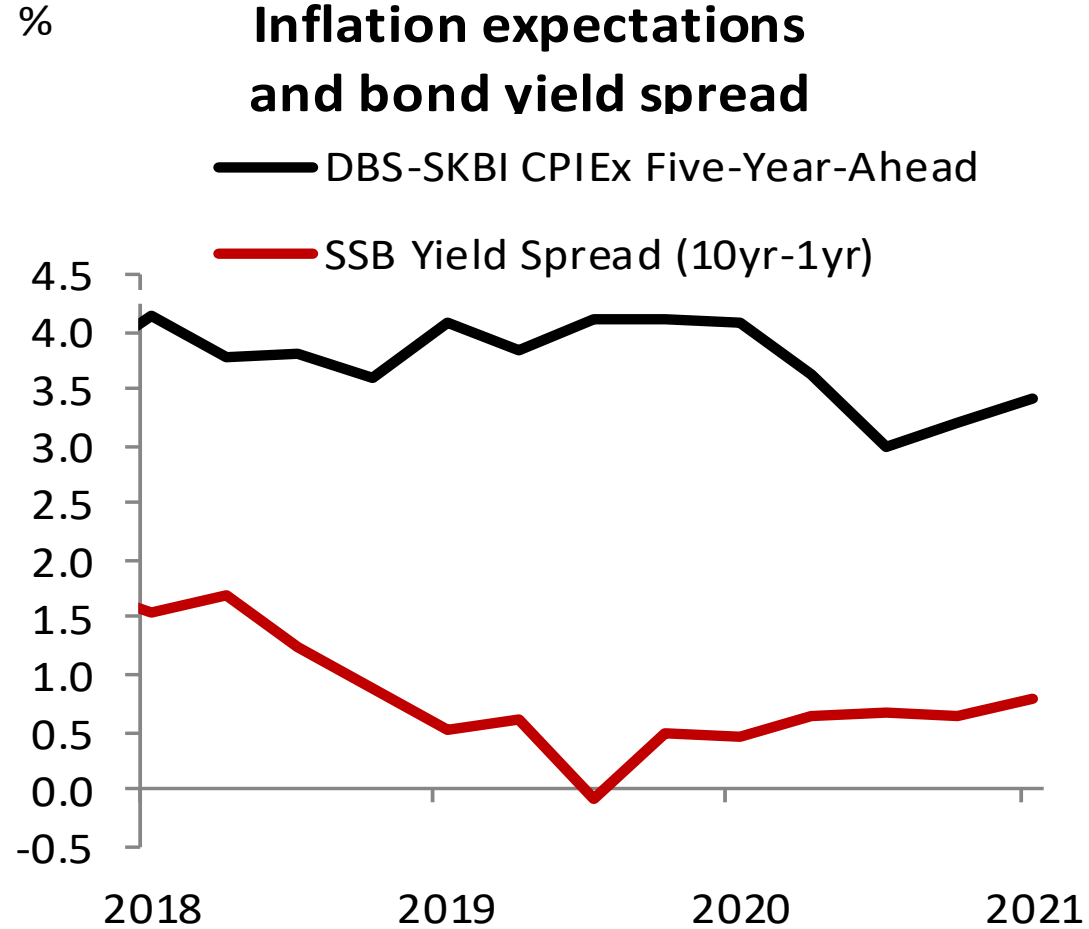
But there are numerous complicating factors:

- Vaccine hesitancy
- Virulent variants
- Children
- Developing countries
- Vaccine rationing

# Inflation expectations are normalising



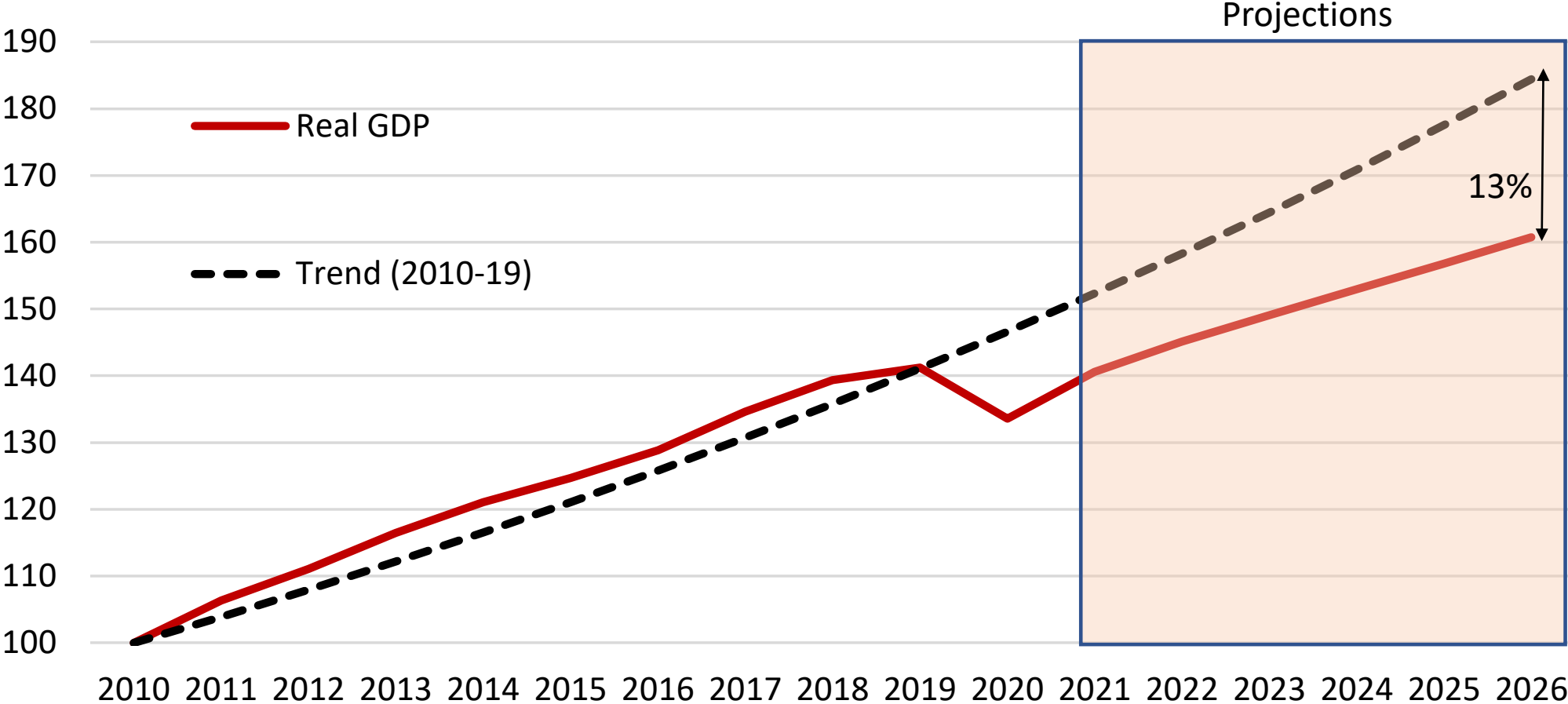
# Inflation expectations and bond yields



Source, DBS, SKBI-SMU



# Covid's scar



Source: IMF April 2021 World Economic Outlook, DBS

# Policy direction

## Near-term

- Timing of GST
- Delayed credit risk
- Business continuity signal to investors
- Fallout from crypto and tech correction
- Fiscal support for SMEs and households
- MAS vigilance toward next taper tantrum

# Policy direction

## Long-term

- Fin-tech
- Food-tech
- Health-tech
- Climate change
- High-end services (from Netflix to TikTok)
- High-end manufacturing (lobby Intel, TSMC, Foxconn?)

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