

5 December 2022

Can the Singapore Economy Stay Resilient in the Face of a Global Recession?

IPS 37th Singapore Economic Roundtable

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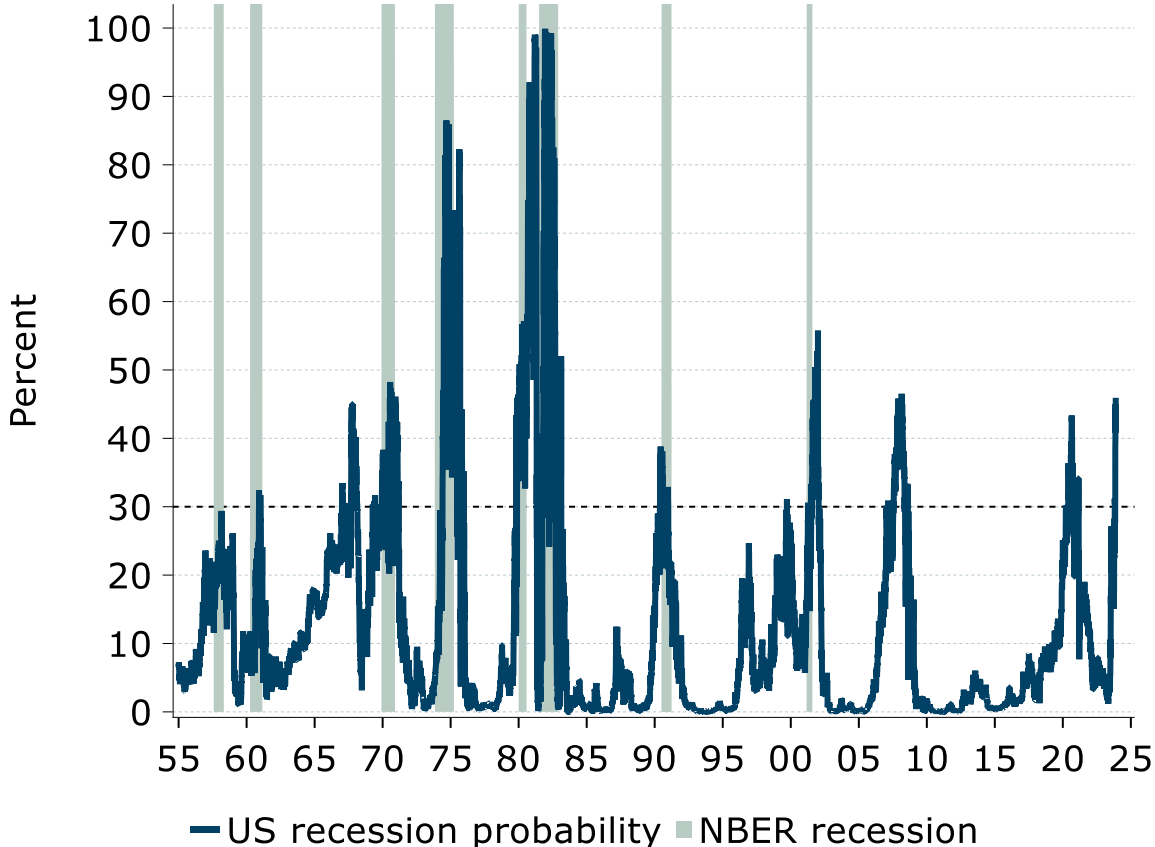


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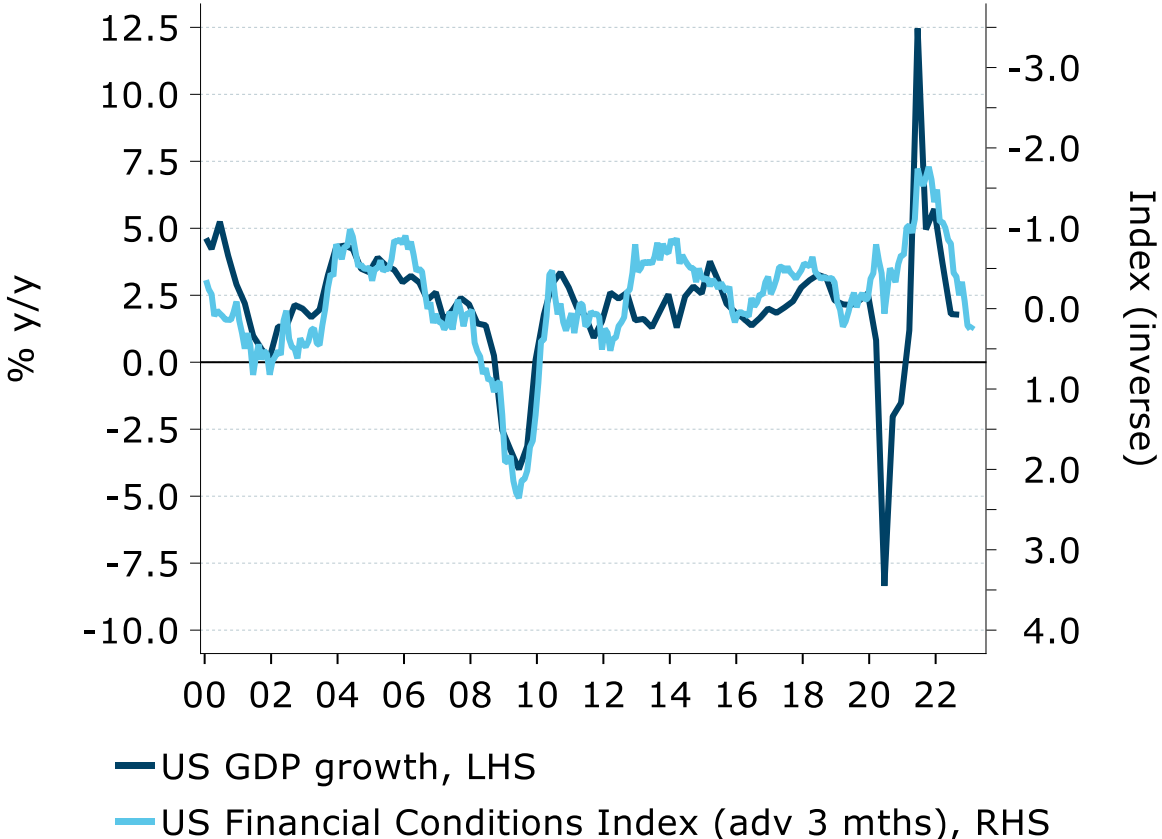
ODDS OF US RECESSION IS HIGH

Probability of recession next year passed a key threshold



Source: Fed, NBER, Bloomberg, Macrobond, ANZ Research

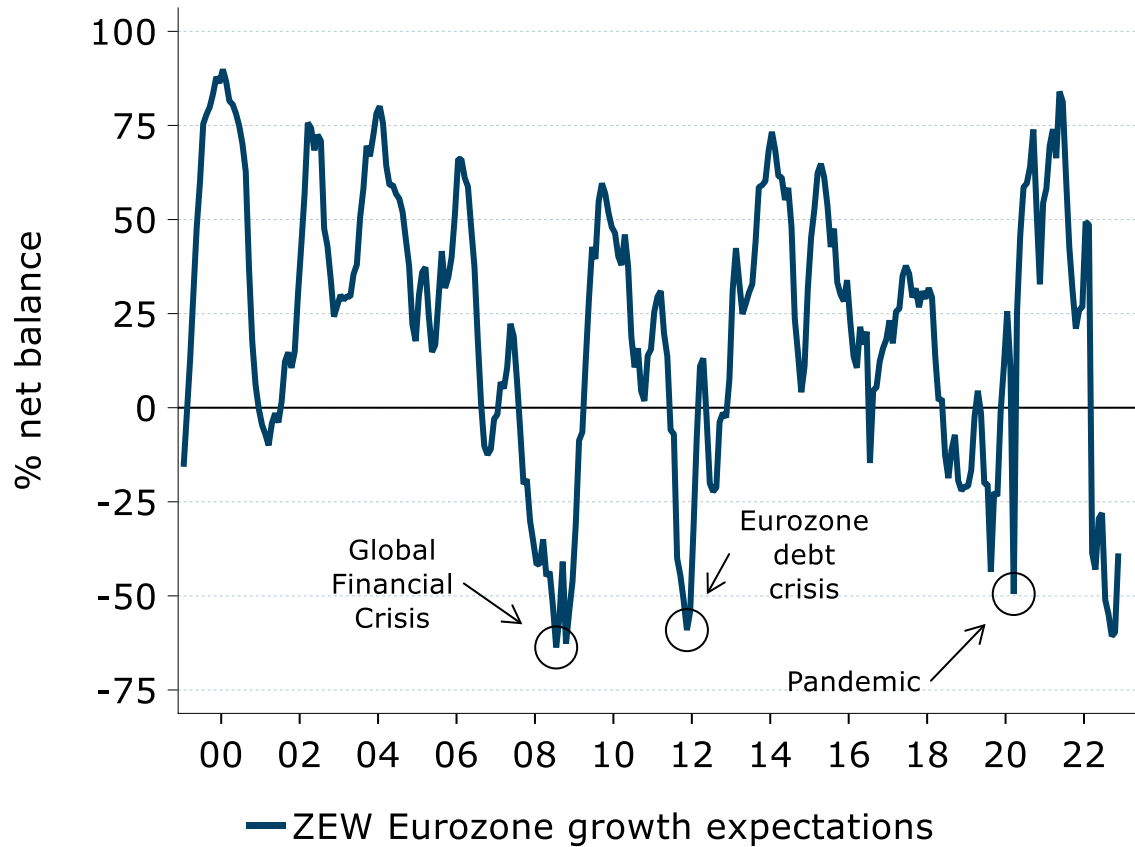
Financial conditions continue to tighten but is that enough for the Fed?



Source: Bloomberg, Macrobond, ANZ Research

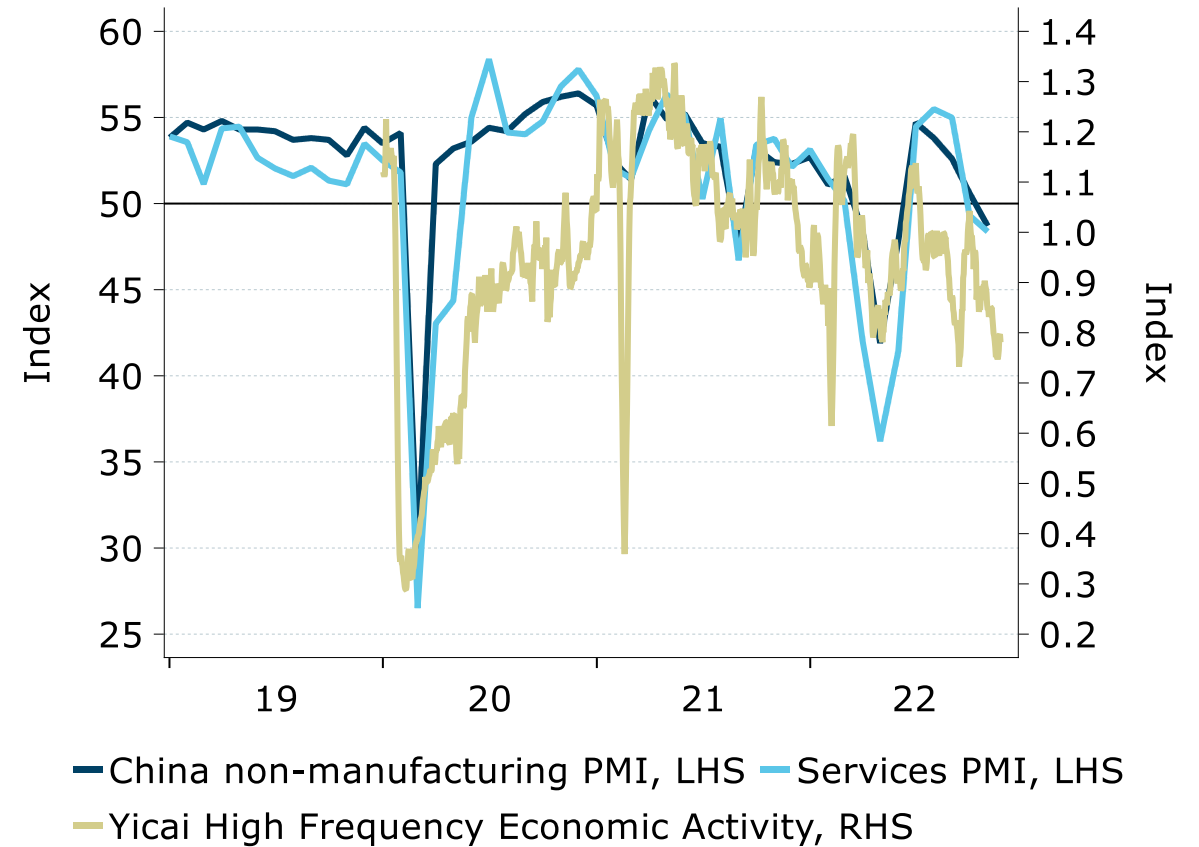
EUROPE DEPRESSED, CHINA SUPPRESSED

Eurozone growth expectations bleak



Source: ZEW, Bloomberg, Macrobond, ANZ Research

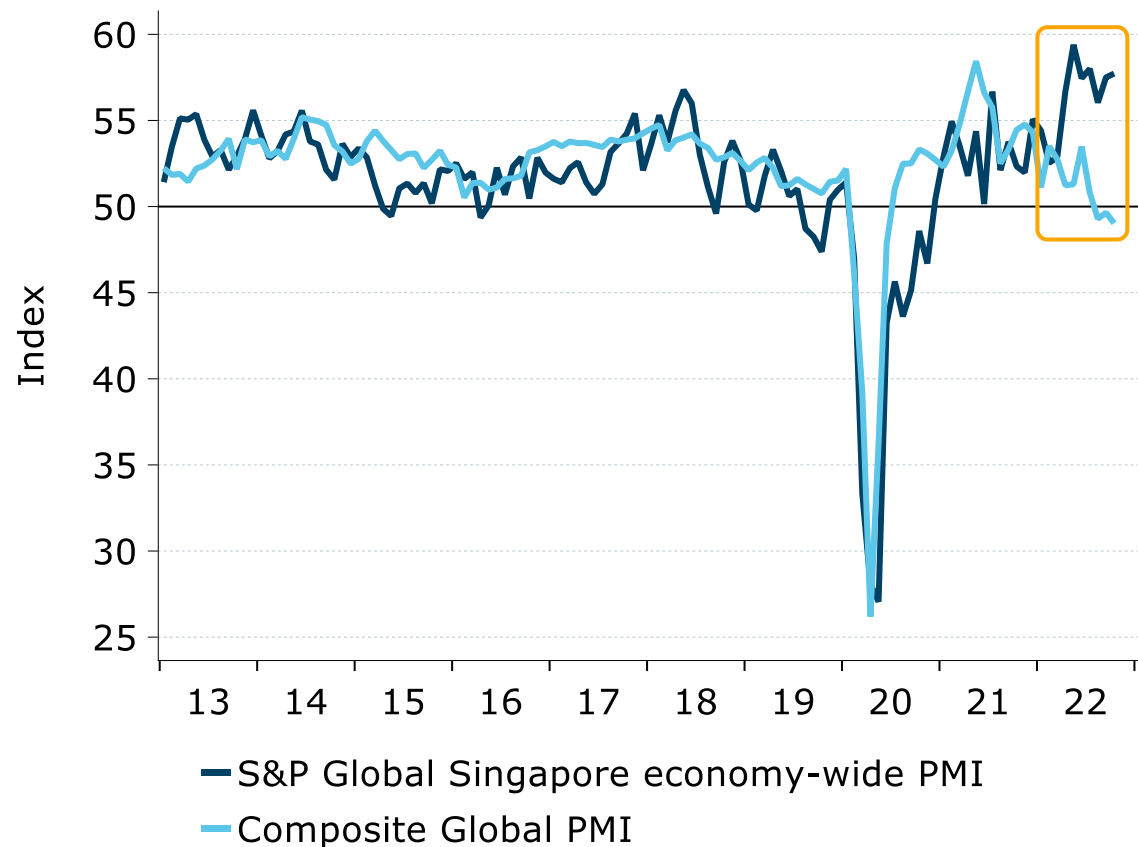
China's zero-COVID policy holding back economic activity



Source: YICAIRI, IHS Markit, Macrobond, ANZ Research

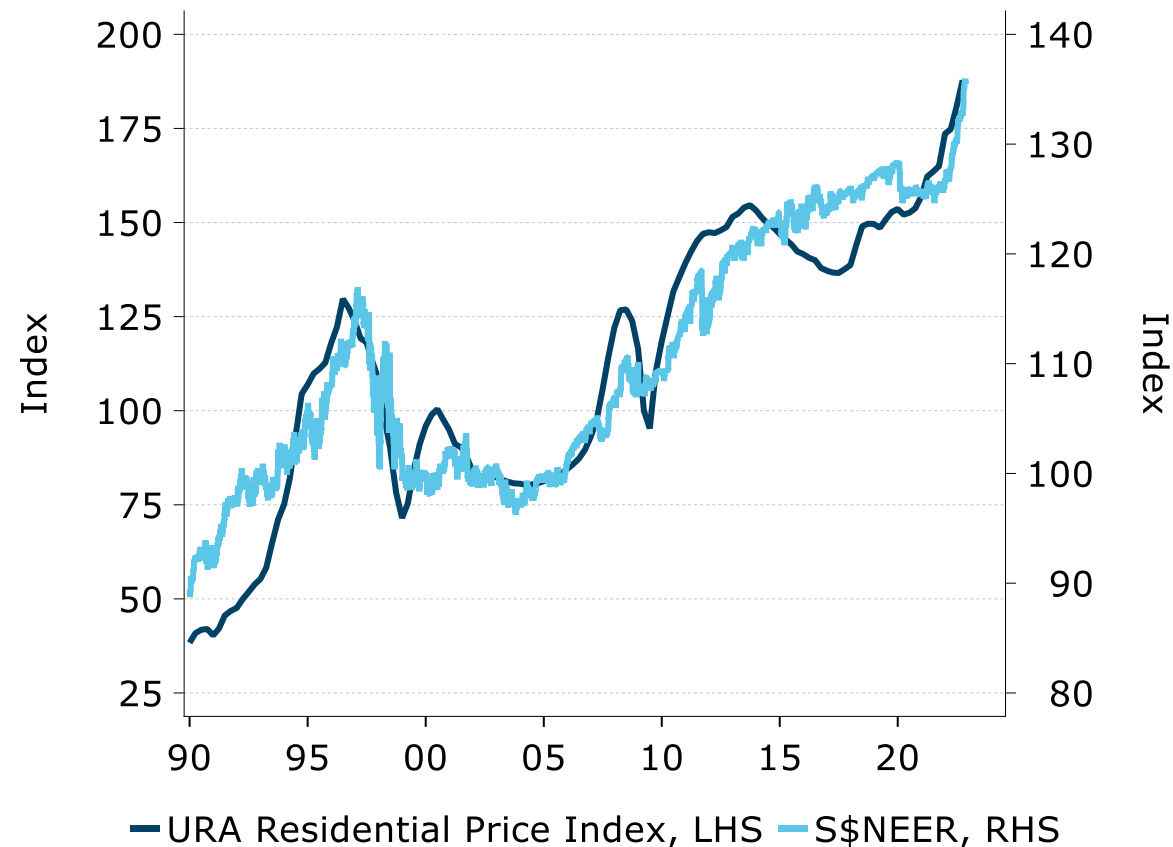
SINGAPORE GOING AGAINST THE GRAIN

Unusual divergence between Singapore and global economic activity



Source: S&P Global, Bloomberg, Macrobond, ANZ Research

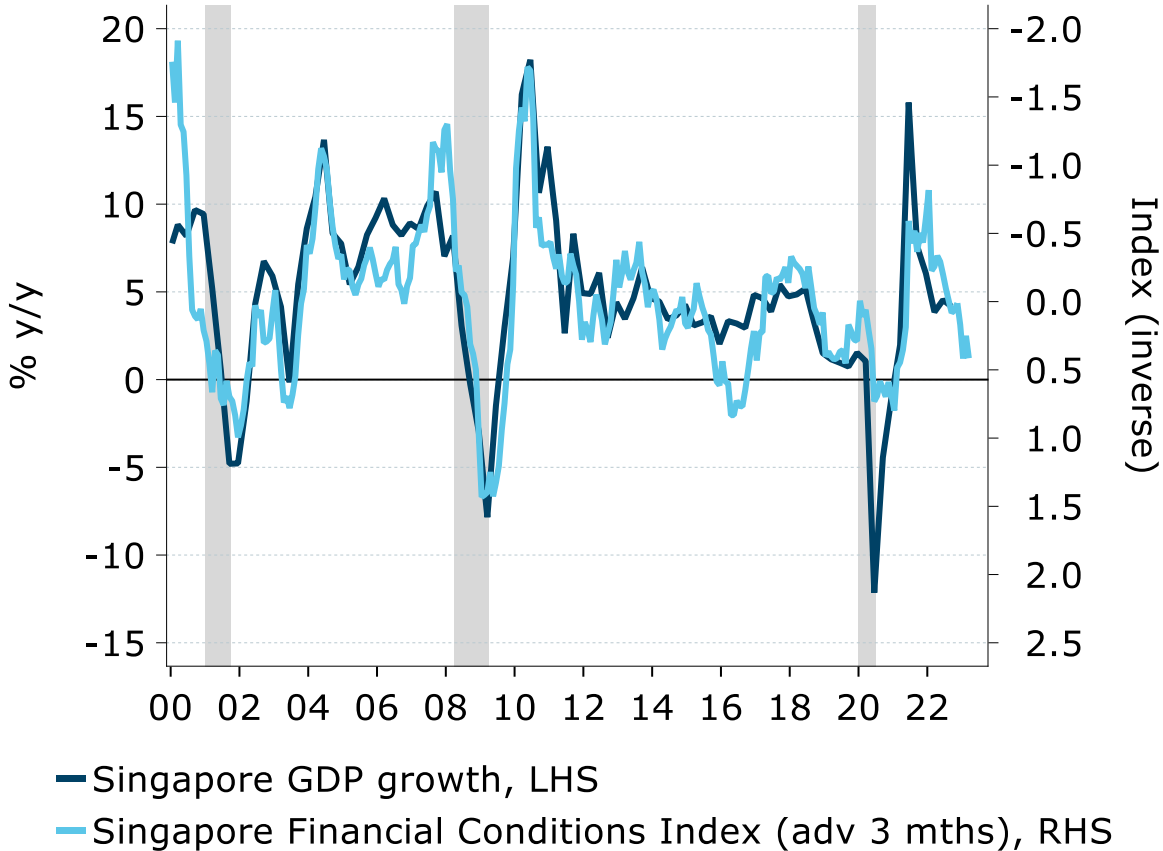
Property market still strong despite further cooling measures



Source: MAS, URA, Bloomberg, Macrobond, ANZ Research

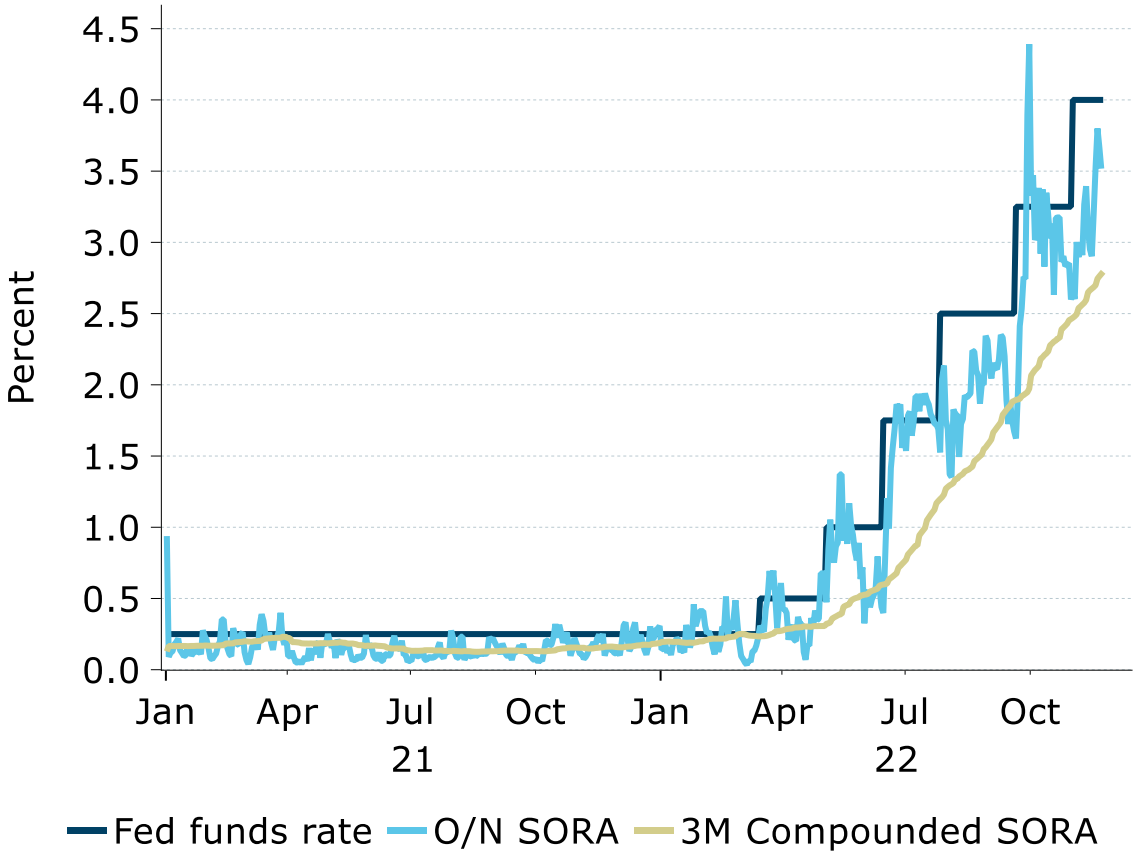
SINGAPORE GDP GROWTH WILL SLOW IN 2023

Tightening financial conditions consistent with a further slowdown in growth



Source: SingStat, BIS, MAS, SRX, Bloomberg, Macrobond, ANZ

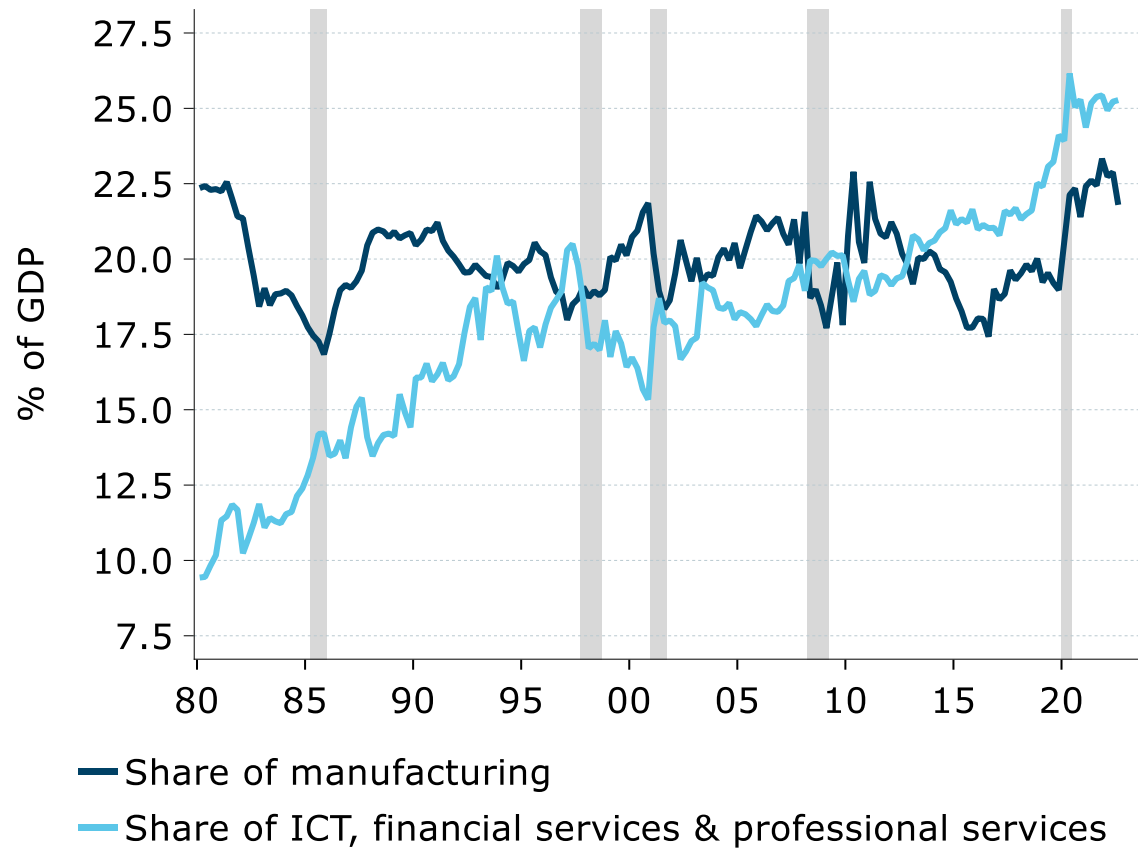
Further mortgage rate increases to come as 3M Compounded SORA catches up



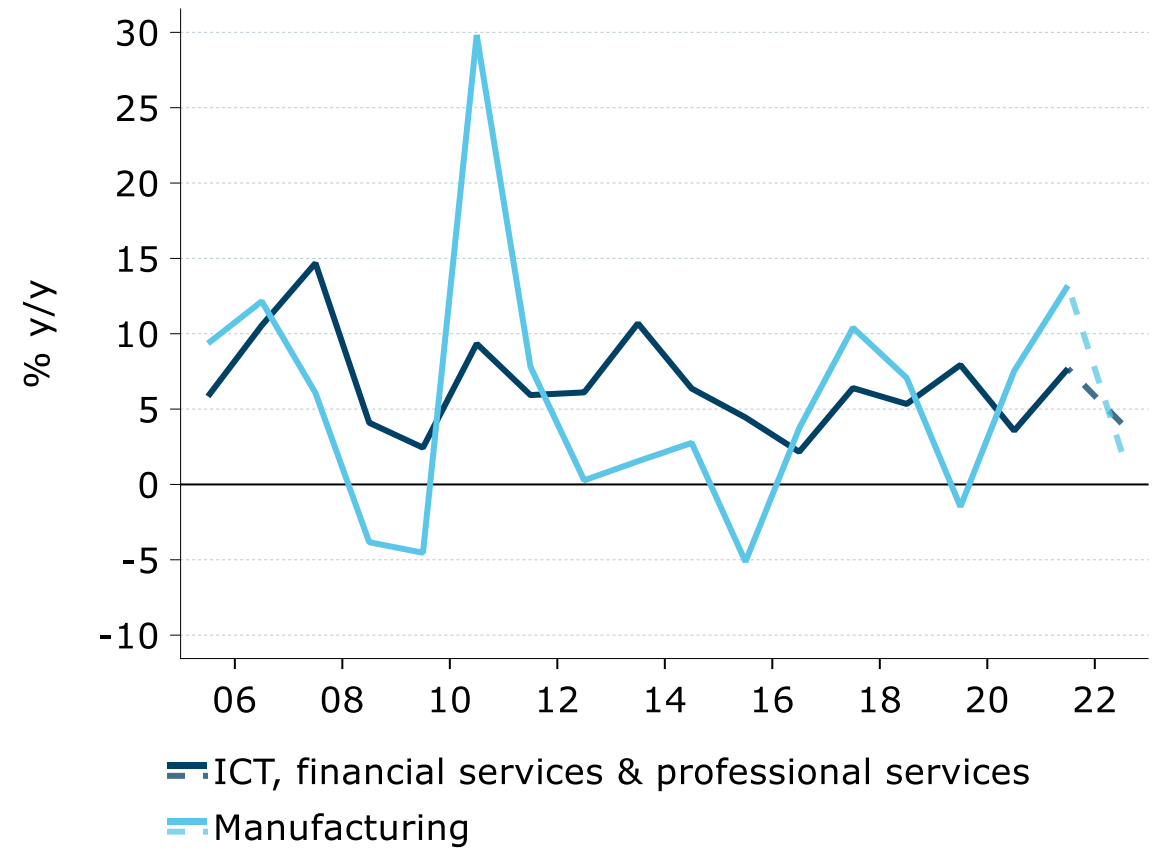
Source: Bloomberg, Macrobond, ANZ Research

EXTERNAL SECTOR DRAG MAY NOT BE AS LARGE

ICT, financial services & professional services a larger part of the economy, and is less volatile compared to manufacturing



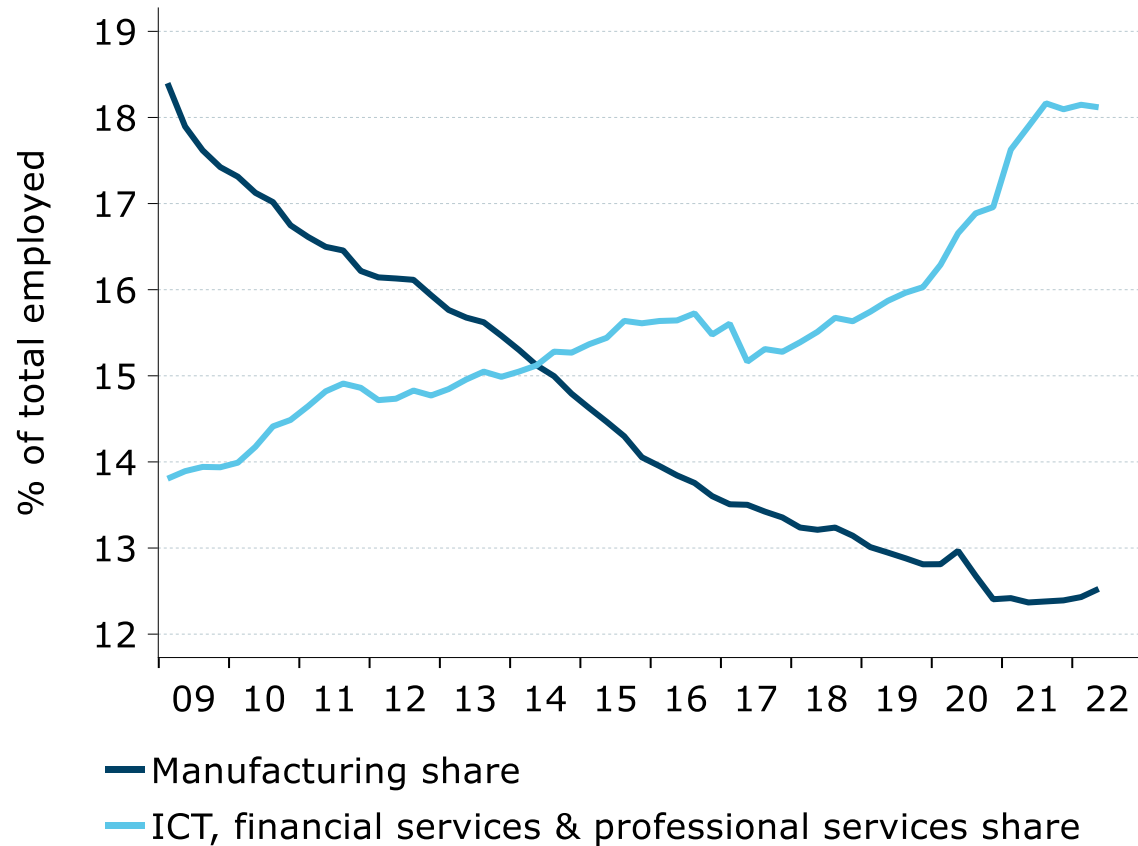
Source: SingStat, Bloomberg, Macrobond, ANZ Research



Source: SingStat, Bloomberg, Macrobond, ANZ Research

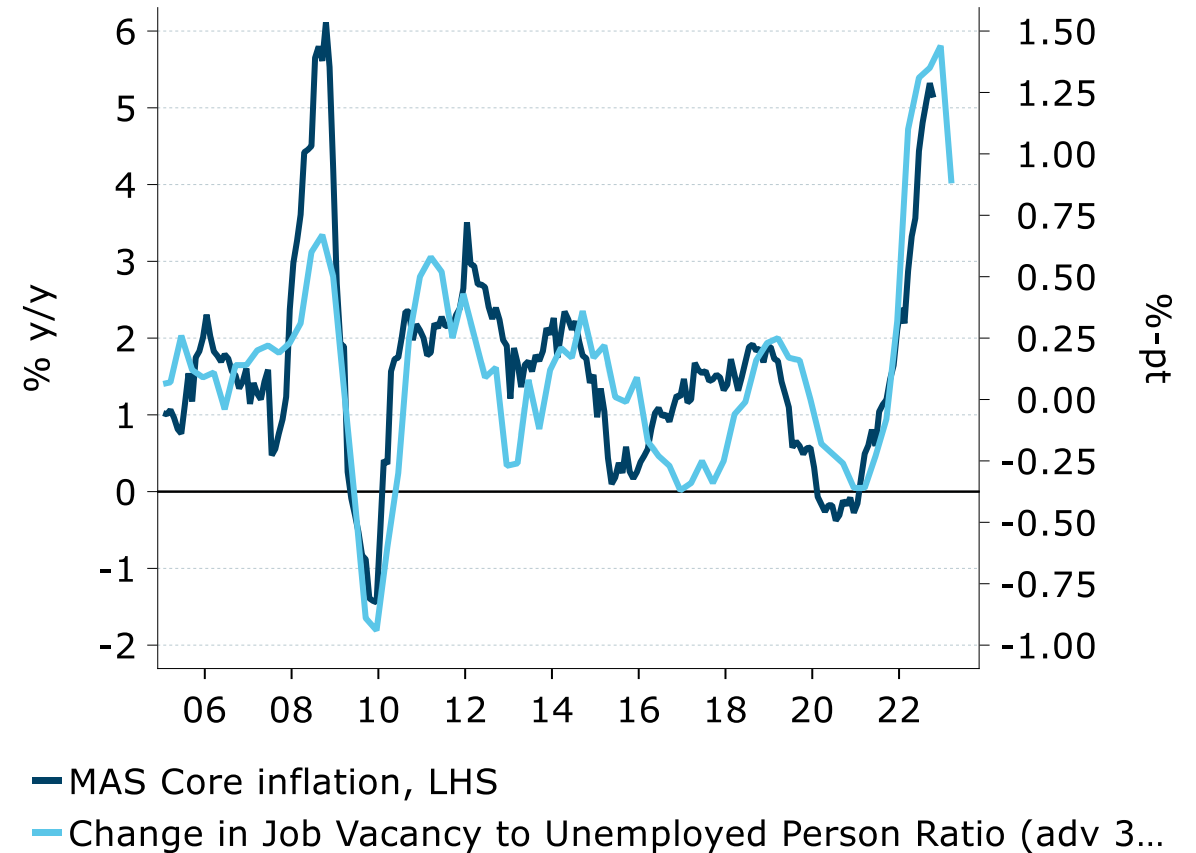
LABOUR MARKET TIGHTNESS TO CONTINUE

Manufacturing share of employment has steadily declined



Source: SingStat, Singapore Ministry of Manpower, Bloomberg,

Inflation pressure still high



Source: MAS, MOM, Bloomberg, Macrobond, ANZ Research

INFLATION

**May 2022 – chicken rice set
S\$5.50**

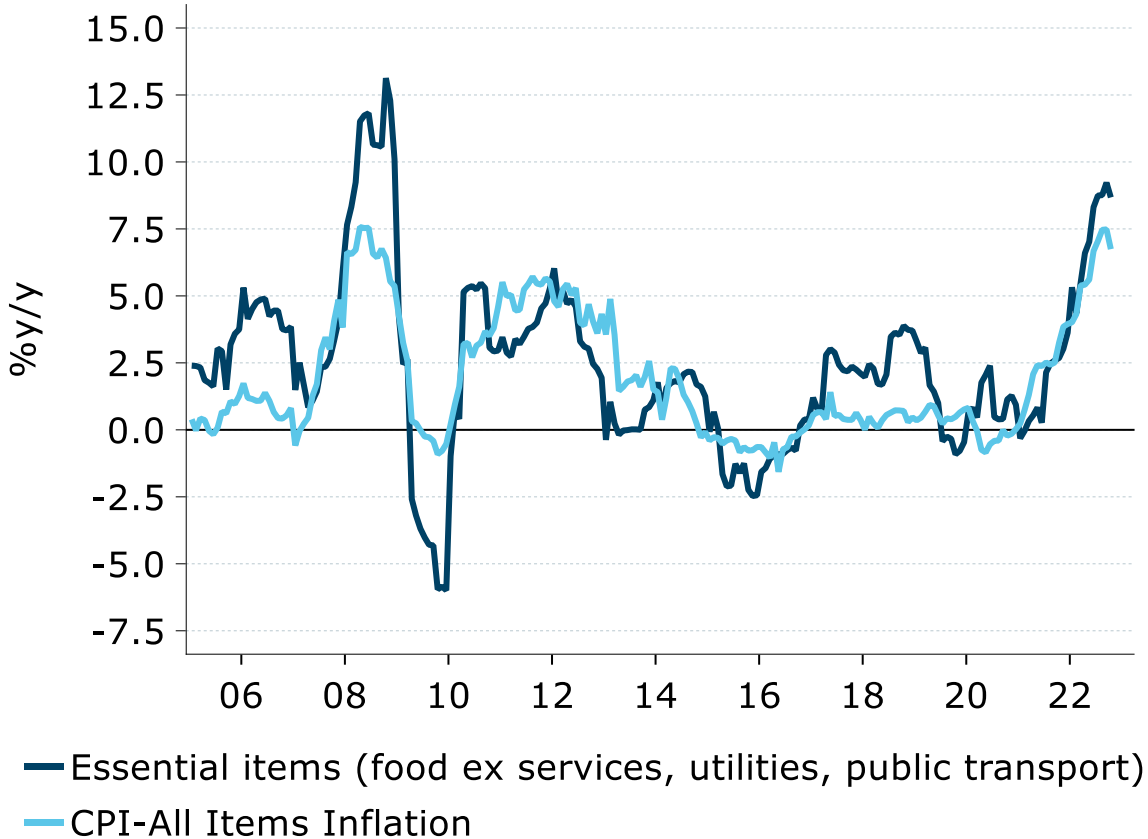


**November 2022 – same chicken rice set
S\$6.50**



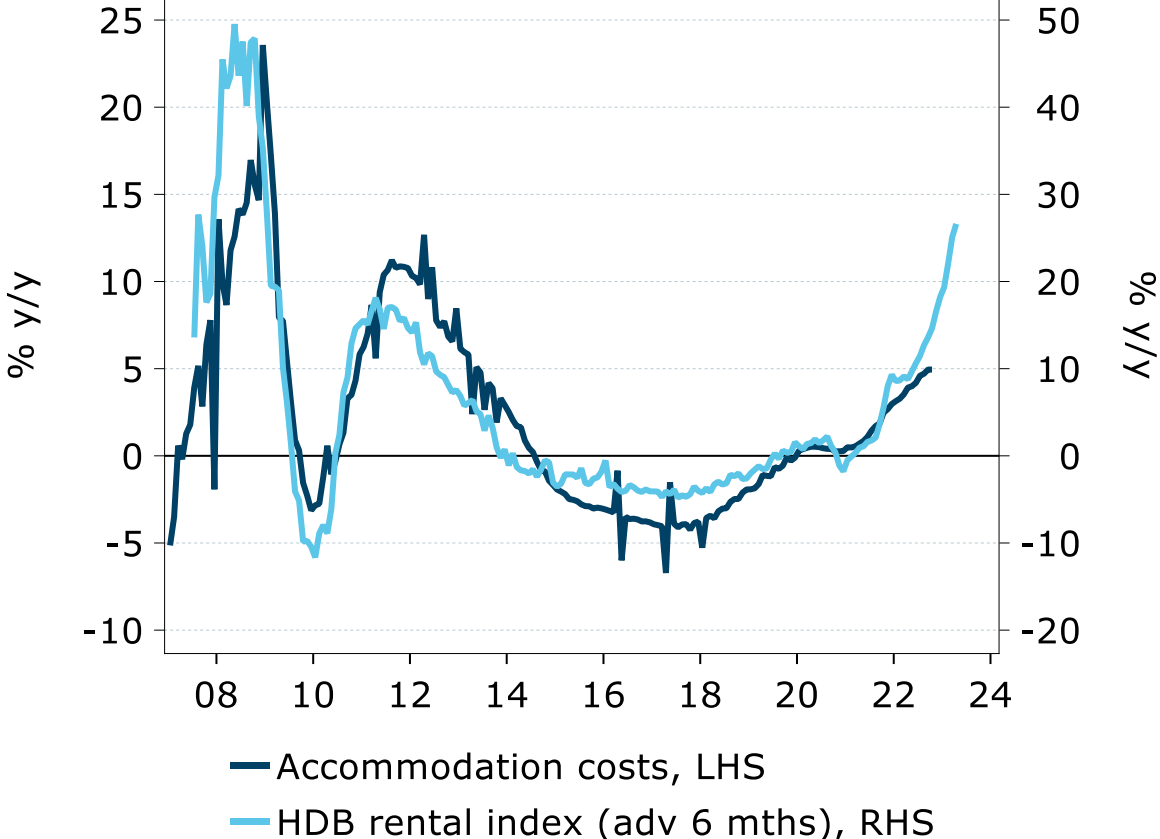
INFLATION SET TO STAY ELEVATED IN 2023 AND INTO 2024

Essentials vs CPI-All Items inflation



Source: SingStat, Bloomberg, Macrobond, ANZ Research

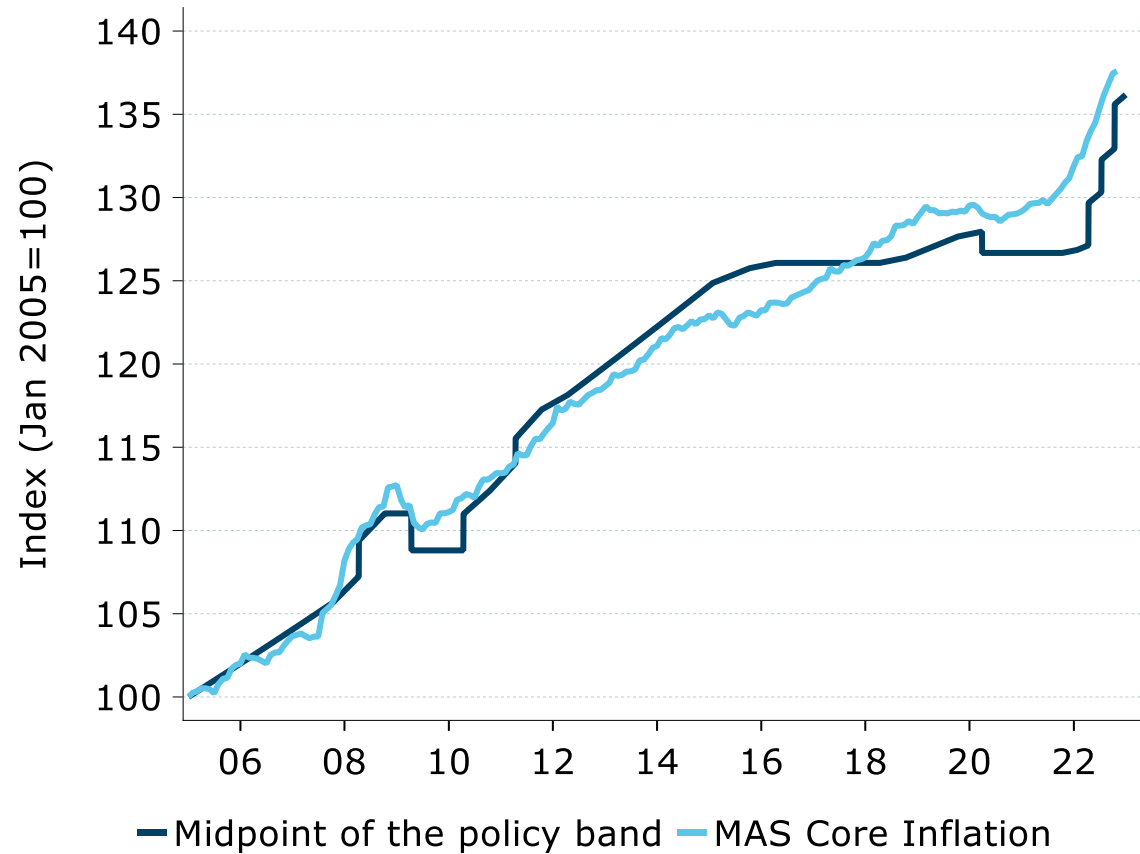
Rent increases to push accommodation costs higher into 2023



Source: SingStat, SRX, Macrobond, ANZ Research

MONETARY POLICY TIGHTENING CYCLE NOT OVER

Midpoint of policy band vs MAS Core Inflation



Source: MAS, SingStat, Bloomberg, Macrobond, ANZ Research

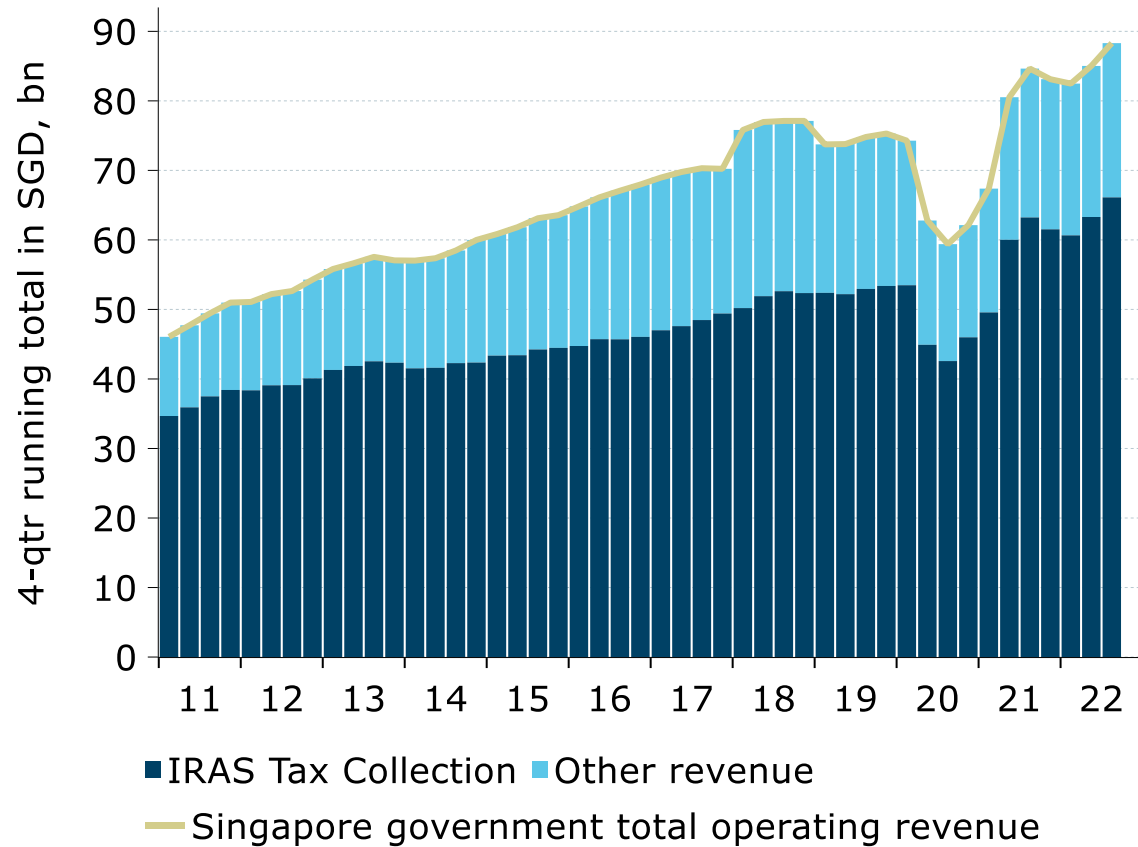
Policy rule points to need for further slope increases



Source: MAS, Bloomberg, Macrobond, ANZ Research

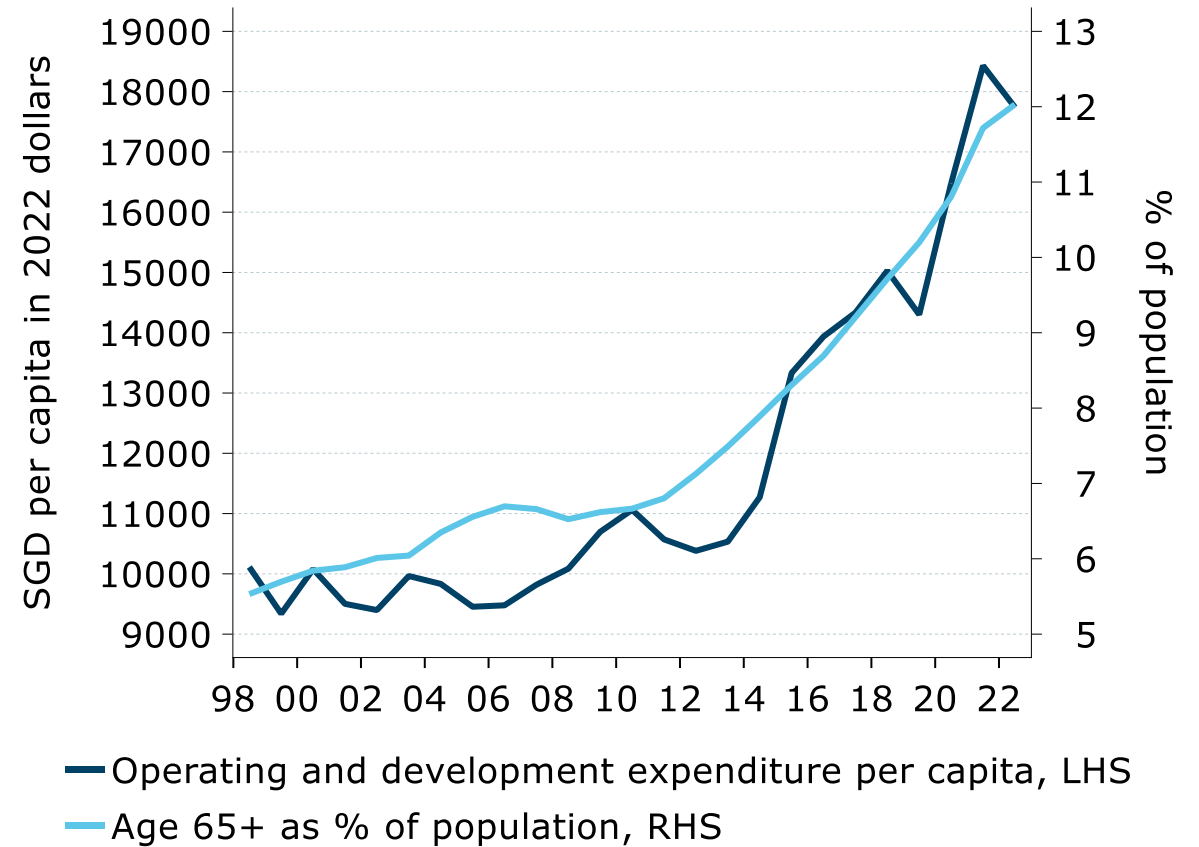
MORE FISCAL HEADROOM NEAR-TERM

Government tax revenue well ahead of budget forecasts



Source: SingStat, Bloomberg, Macrobond, ANZ Research

Higher government spending per capita



Source: MOF, SingStat, Bloomberg, Macrobond, ANZ Research

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Last updated: 1 September 2022

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