

Singapore: Outlook, Risks, and Policy Implications

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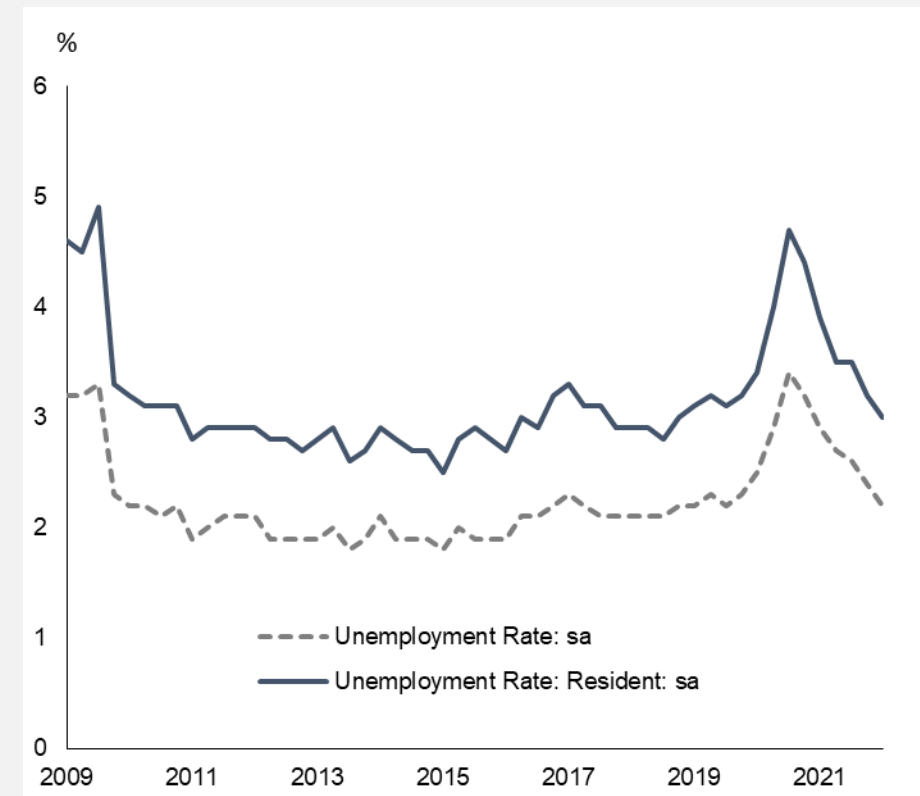
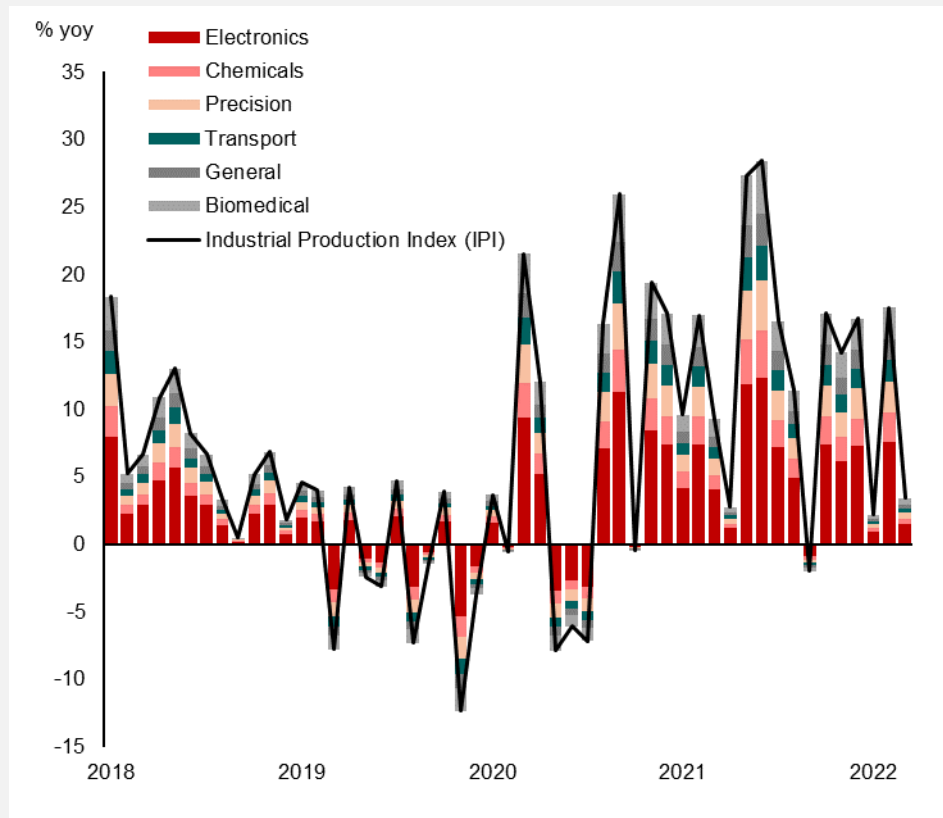
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Growth is expected to remain robust in 2022, with a continued decline in unemployment.

Industrial Production Index

Unemployment Rate

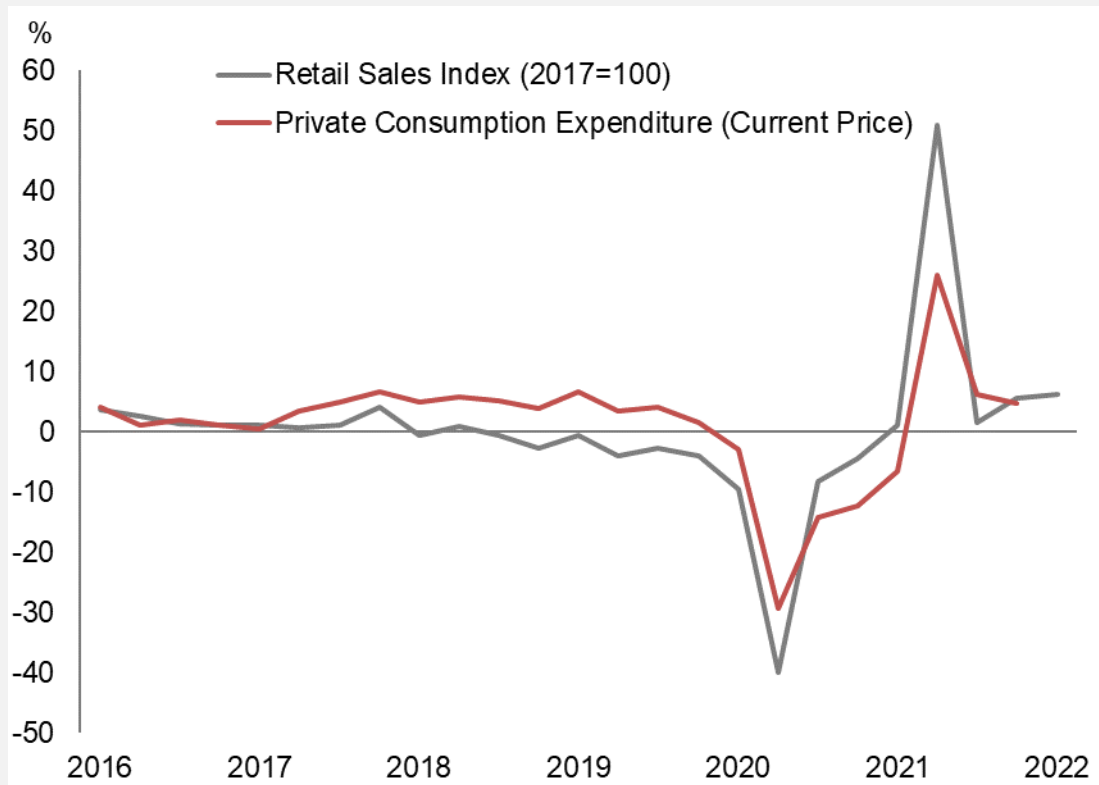


Source: Singapore Department of Statistics

Source: Ministry of Manpower

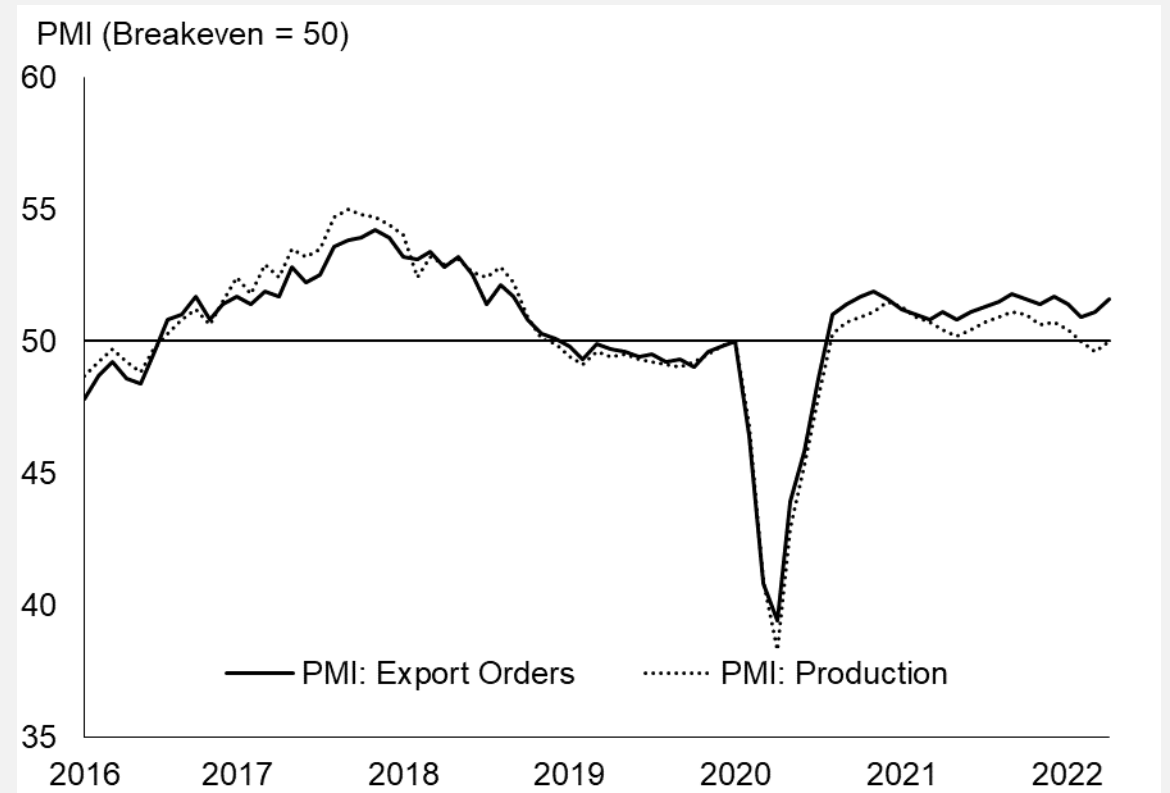
A retightening of containment measures, in Singapore or at the global level, in response to new and more virulent COVID-19 variants could undermine the economic recovery.

Retail Sales and Private Consumption



Source: Singapore Department of Statistics

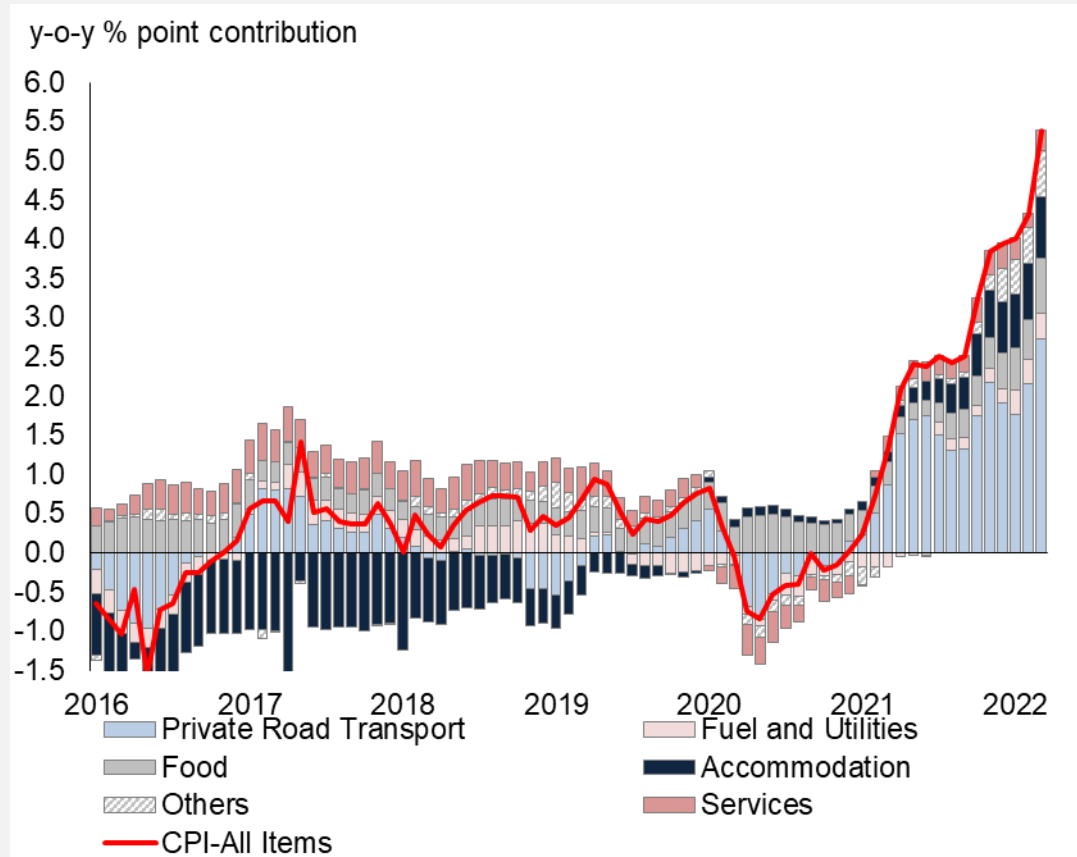
Purchasing Managers' Index



Source: IHS Markit

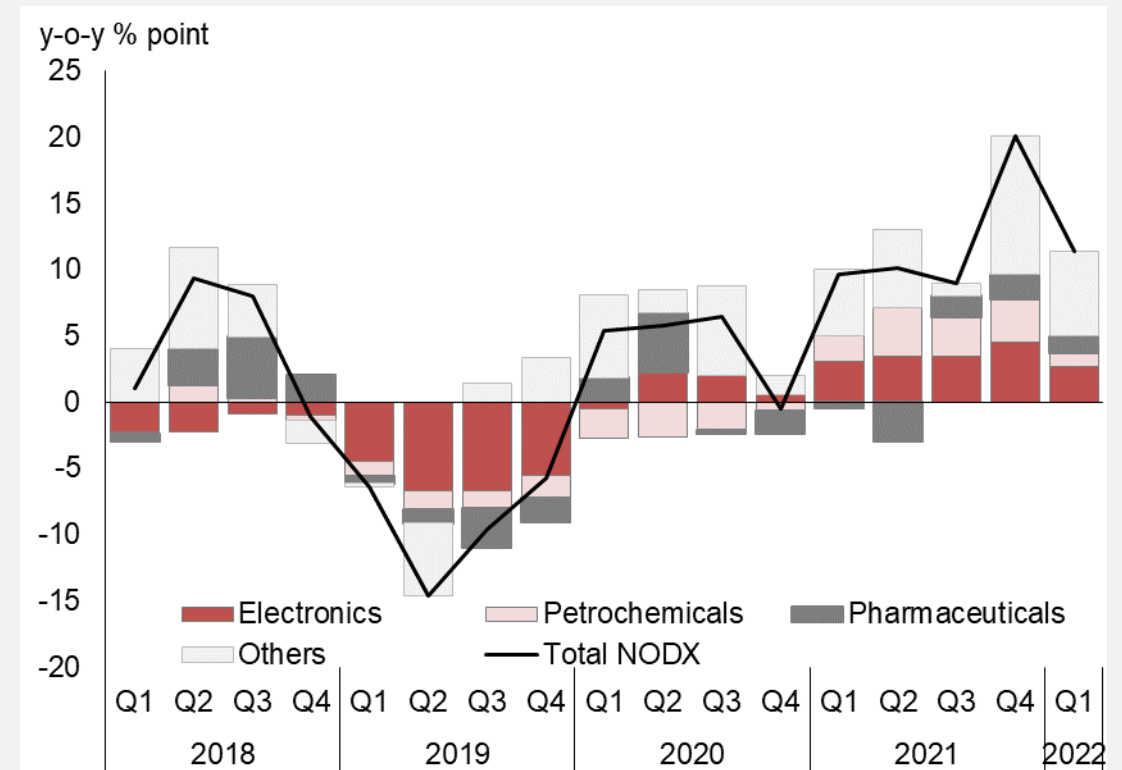
Prolonged mobility restrictions in China, and geopolitical risks, such as the Russia-Ukraine conflict, pose considerable risks to inflation and external demand.

Inflation



Source: Singapore Department of Statistics

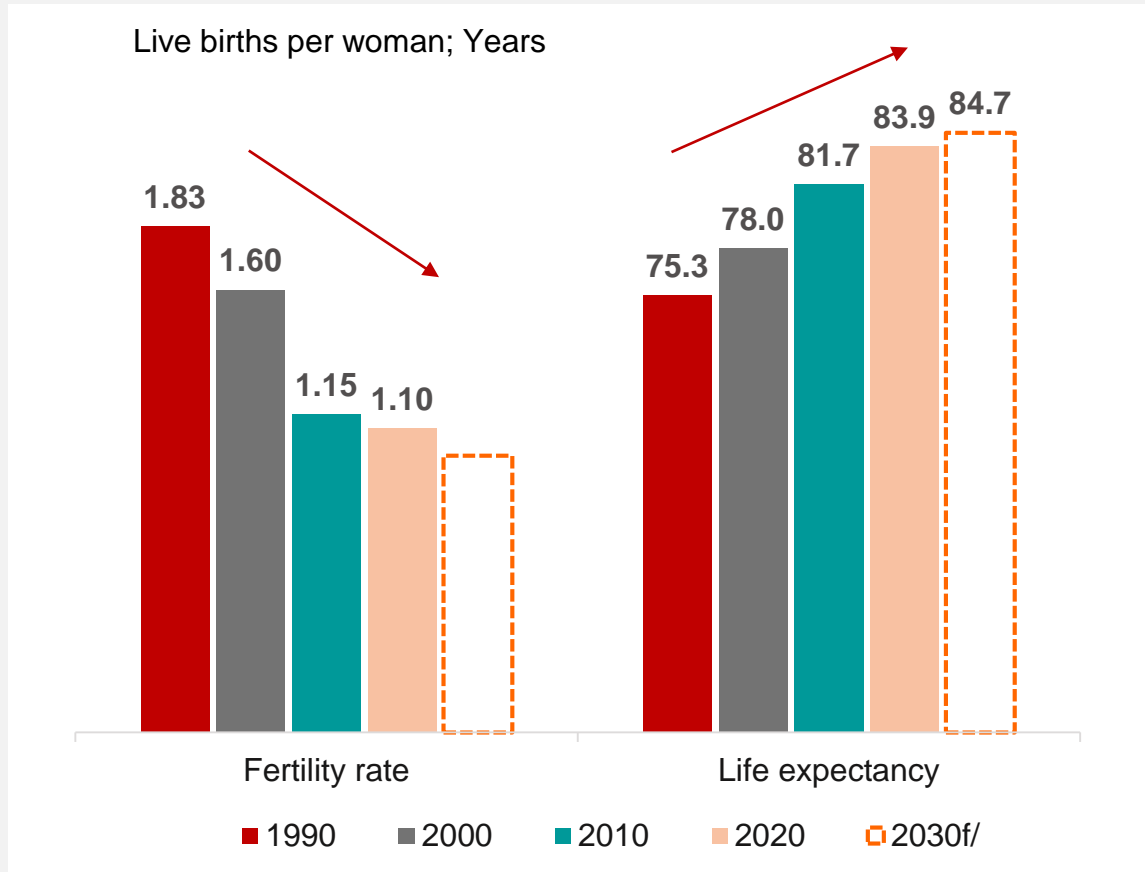
Exports



Source: Singapore Department of Statistics

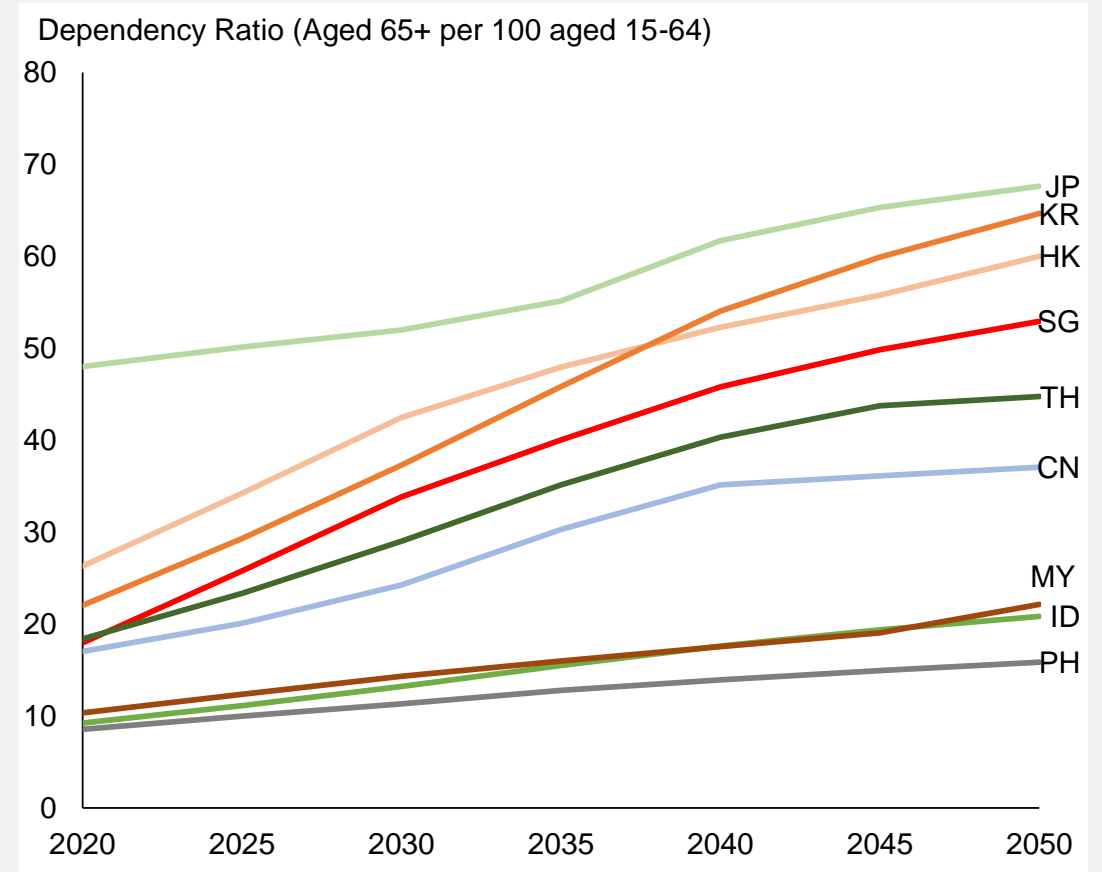
Healthcare spending needs from rapidly aging population will be significant

Singapore: Birth Rate and Life Expectancy



Source: Department of Statistics Singapore, United Nations World Population Prospects (2019)

Old Age Dependency Ratios



Source: World Population Prospects: The 2019 Revision, United Nations

Policy priorities

Fiscal

- Appropriate to exit from pandemic-era support strong recovery
- Measures to mitigate the higher costs of living are welcomed
- Remain flexible and be prepared to support the economy, if needed
- When the recovery is sustained and entrenched, raising up some taxes may be needed for long-term structural spending.

Monetary & Macroprudential

- Monetary policy normalisation was accelerated in view of the strong inflationary pressures
- Further tightening may be warranted should price pressures persist
- The tight macroprudential stance to cool the property market is welcomed

Structural

- Raising the long-term growth potential under Singapore Economy 2030
- Accelerate shift towards the green economy, but mindful of transition risks
- Ensure sufficient supply of manpower to meet demand for both skilled and unskilled workers

The pandemic has accelerated long-term structural shifts

Longer-term Shifts



Skills Training

- Renewed push in digital skills' training
- Expansion of Progressive Wage Model (PWM)
- Sufficient workforce



Technology & Finance

- New growth areas: FinTech, digital banking, green finance
- Spur growth in cross-border modern services



Climate Change

- Green Finance Action Plan
- Bond issuances to finance green infrastructure
- Carbon Tax

Summary

- Growth is expected to remain robust in 2022, with a continued decline in unemployment.
- A retightening of containment measures, in Singapore or at the global level, in response to new and more virulent COVID-19 variants could undermine the economic recovery.
- Prolonged mobility restrictions in China, and geopolitical risks, such as the Russia-Ukraine conflict, pose considerable risks to inflation and external demand.
- Withdrawal of fiscal policy support is appropriate and accelerated monetary policy normalization would rein in excessive inflationary pressures while ensuring sustainable growth in the medium-term.
- Longer-term policies should be focused on preparing businesses and workers for the digitally- and sustainability-driven economy.

Thank you.



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