



# **Singapore – Current Economic Developments**

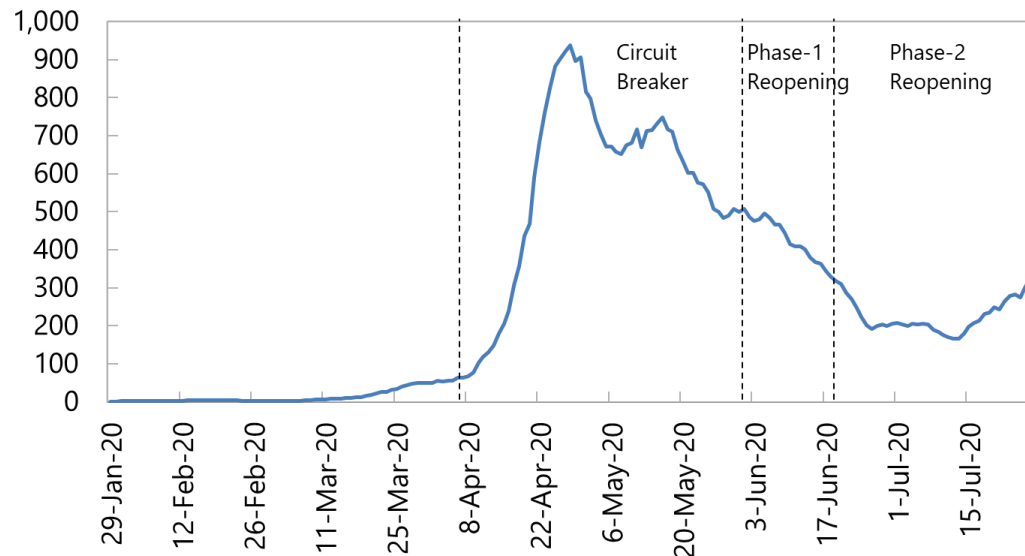
**JULY 30, 2020**

Jochen Schmittmann  
IMF Resident Representative

Singapore initially contained COVID-19 successfully, but the virus spread in foreign worker dormitories beginning in April.

### Singapore Daily New COVID-19 Cases

(Number; 10-Day Average)

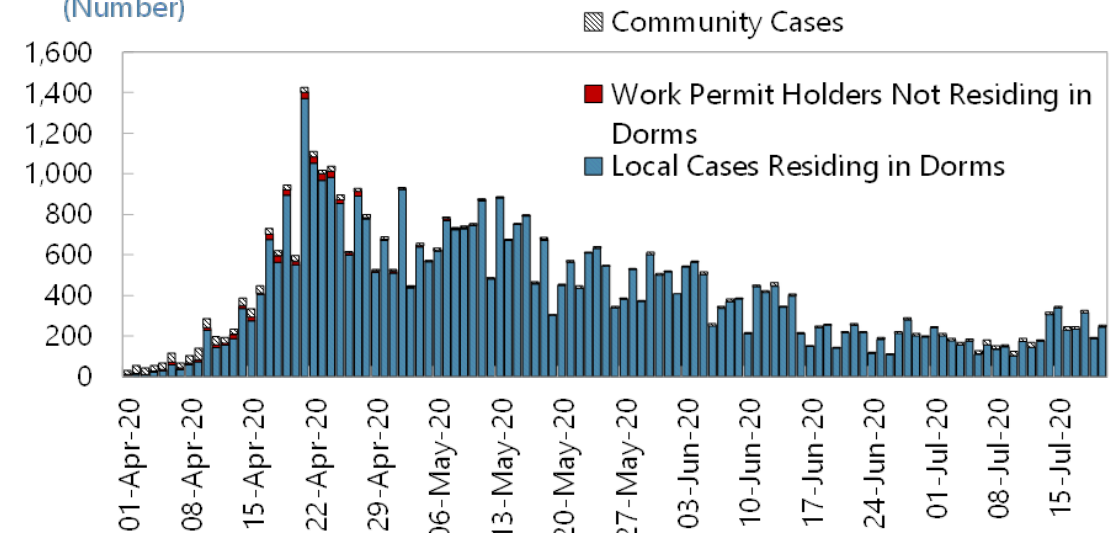


Sources: Johns Hopkins CSSE, European Centre for Disease Prevention and Control (ECDC)

Note: Dates follow ECDC Reporting Dates

### Singapore Virus Situation (Local Cases)

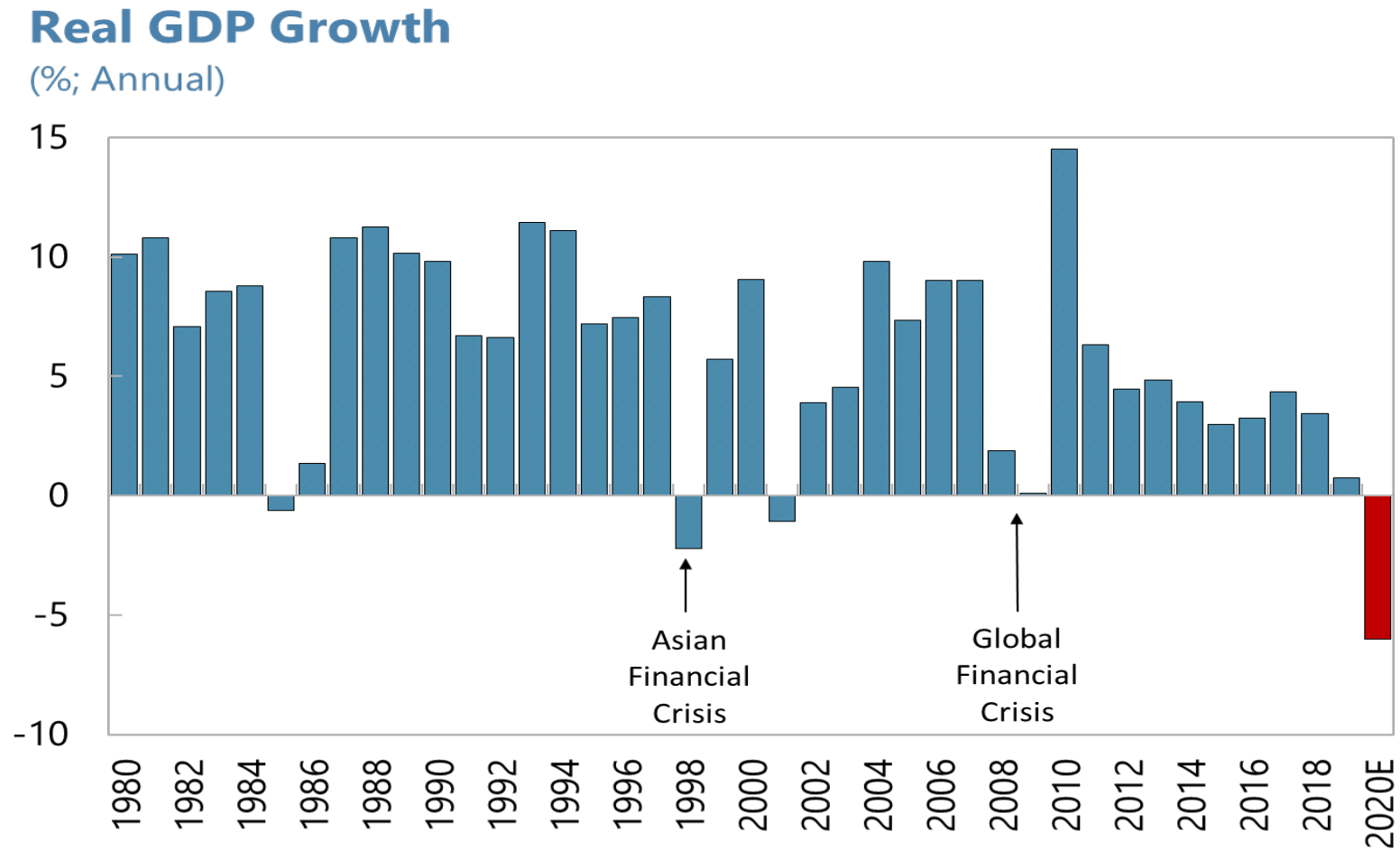
(Number)



Sources: CEIC, Singapore Ministry of Health, Johns Hopkins CSSE, European Centre for Disease Prevention and Control (ECDC), Various News Sources

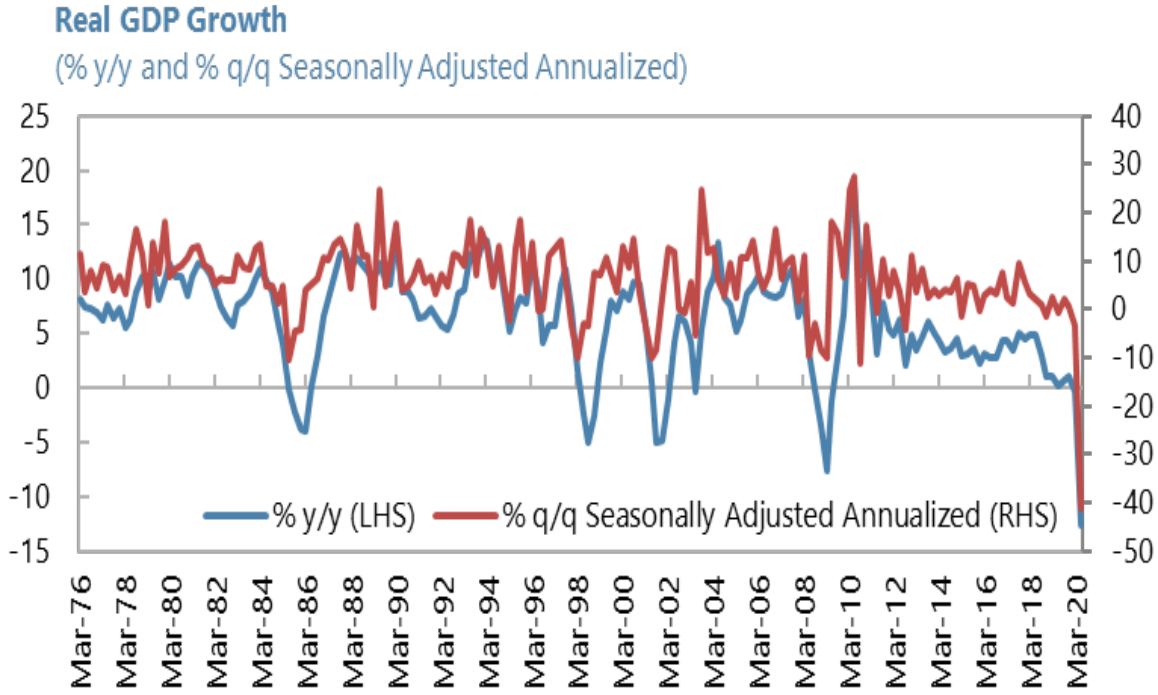
Note: Dates follow ECDC Reporting Dates. From May 20, community cases include work permit holders not residing in dorms.

The Singapore economy is going through its most severe downturn since Independence.

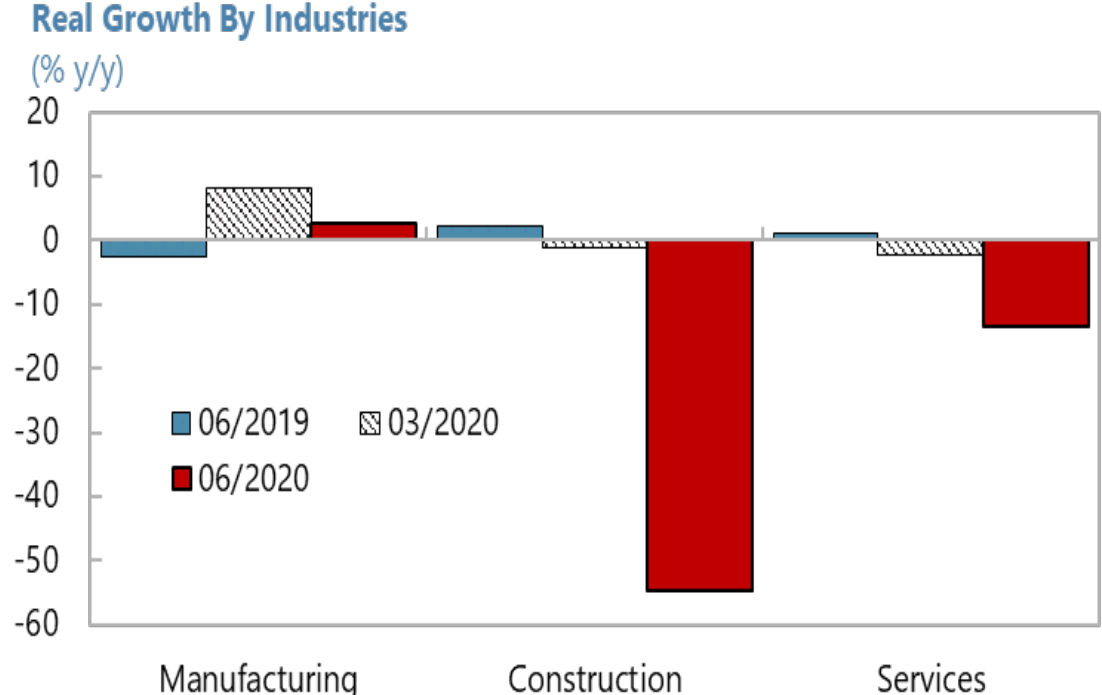


Sources: IMF. E=IMF staff estimate

In Q2, Singapore's economy contracted -12.6% y/y and -41.2% q/q seasonally adjusted annualized (flash estimate).



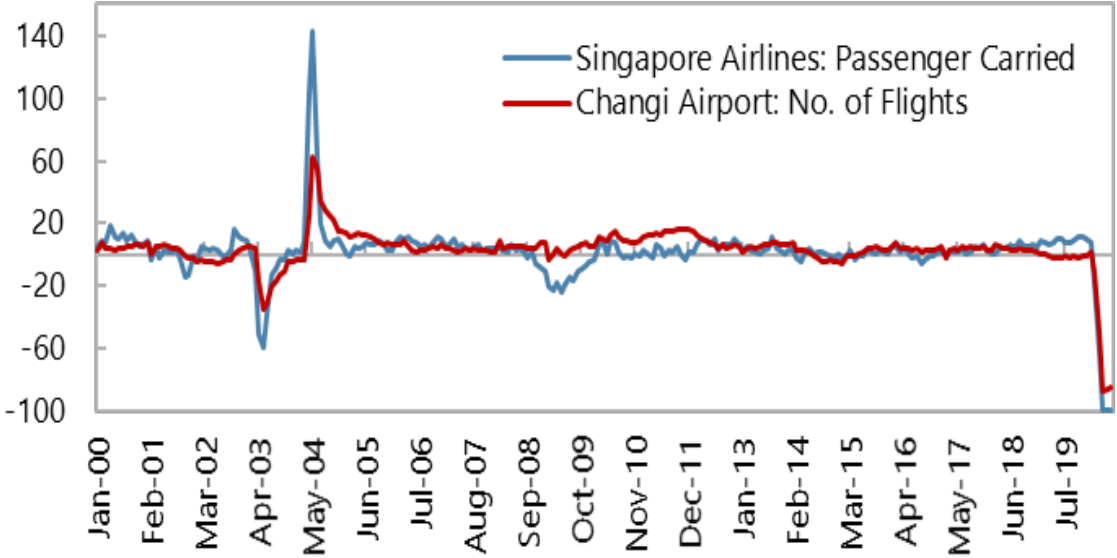
Source: CEIC



Source: CEIC

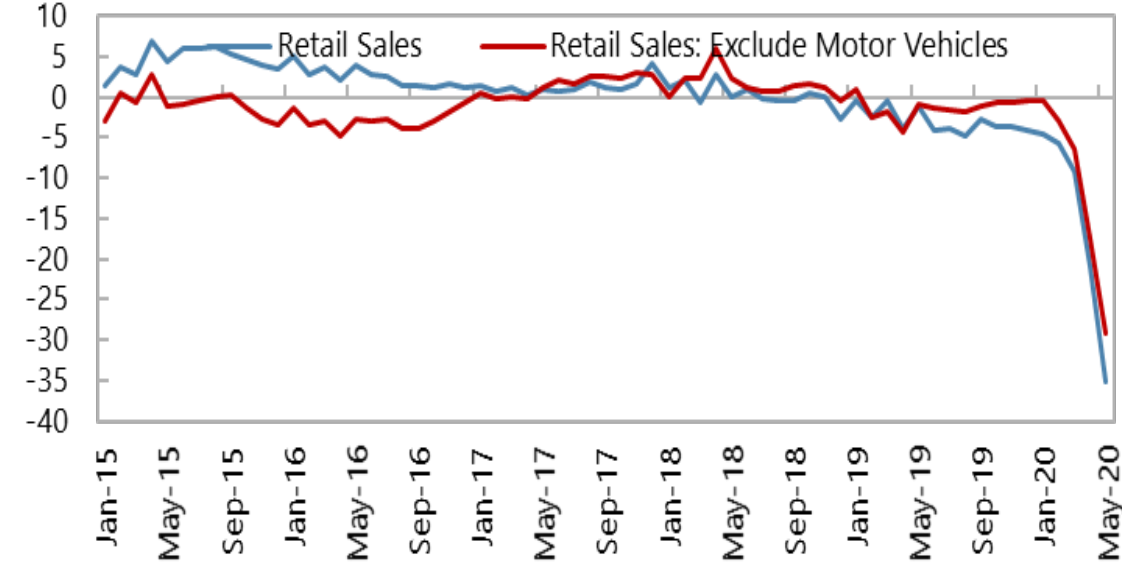
Construction, travel-related, and customer-facing services (retail, F&B) were hardest hit, but other services such as finance and ICT holding up well.

**Air Travel**  
(% y/y)



Source: CEIC

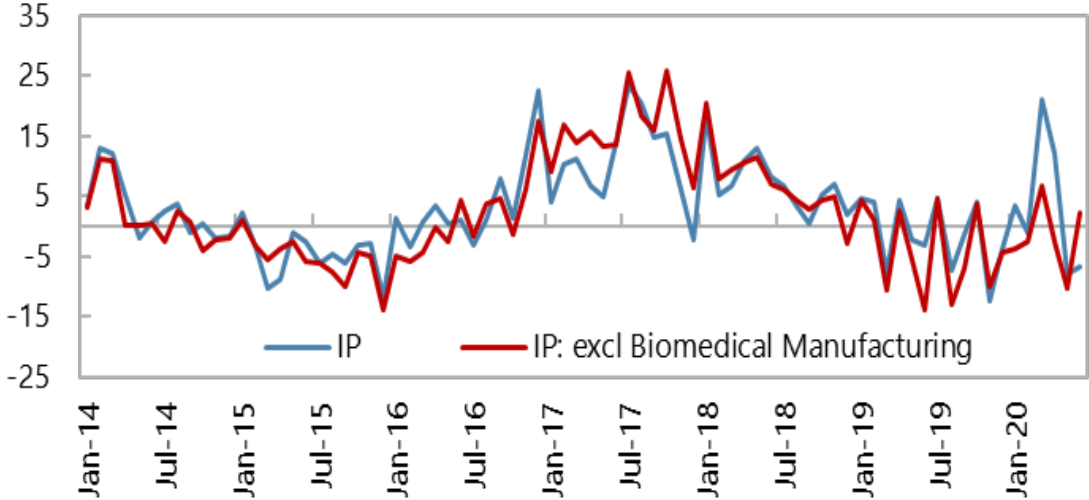
**Retail Sales**  
(Current Prices; % y/y, 3mma)



Source: CEIC

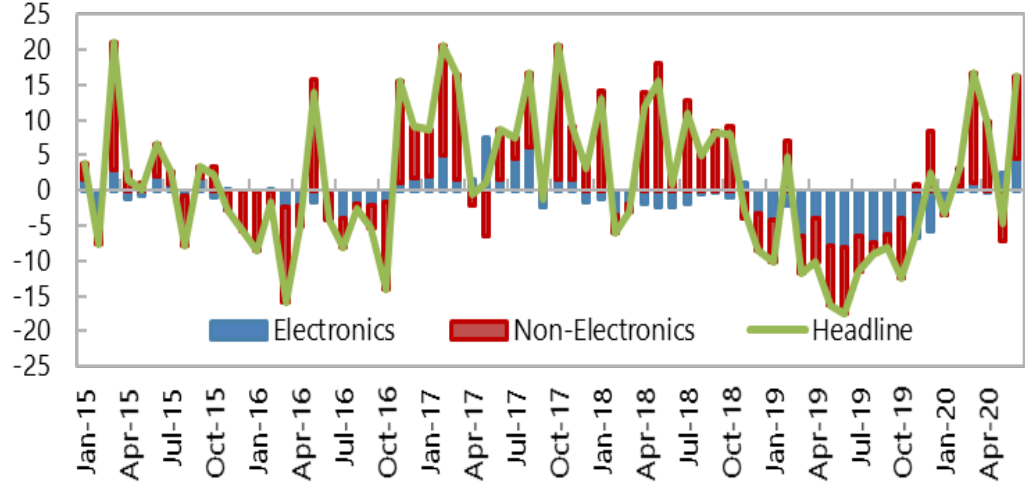
Manufacturing and exports held up well supported by electronics and pharma products.

**Industrial Production**  
(% y/y)



Source: CEIC

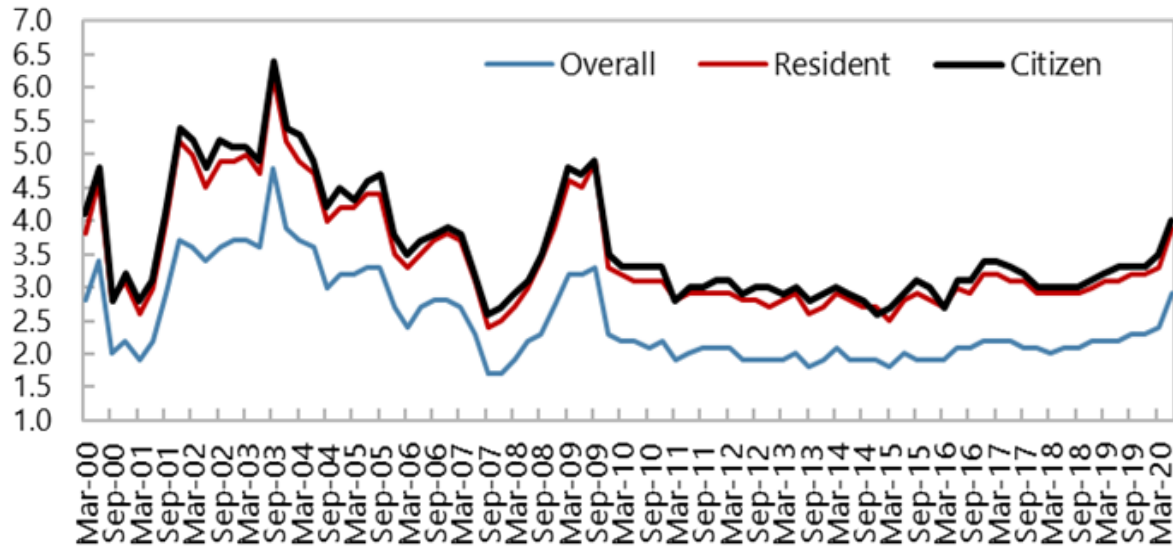
**Non-Oil Domestic Exports**  
(% y/y, percentage point contribution)



Source: CEIC

# The unemployment rate rose in Q2.

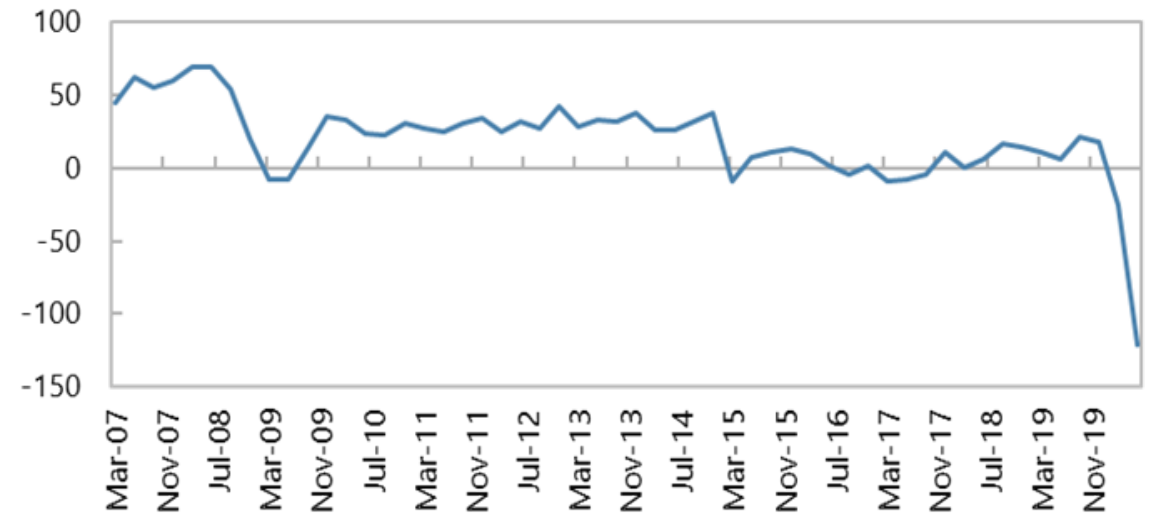
**Unemployment Rate**  
(%)



Source: CEIC

**Employment Change**

(Number of Workers, Excluding Foreign Domestic Workers; Thousands)

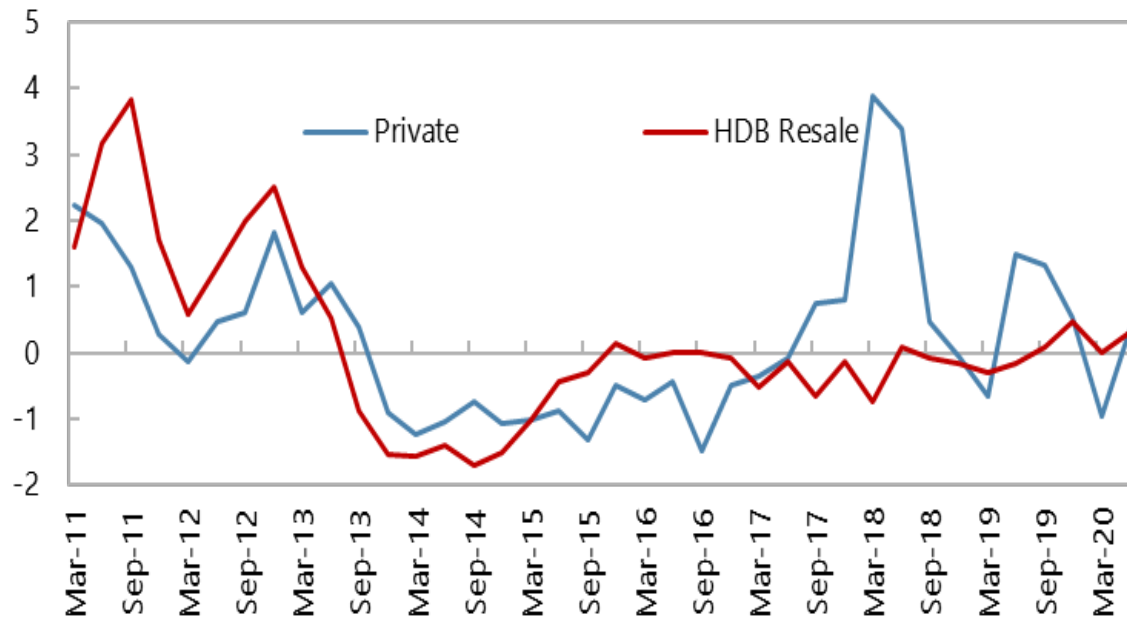


Source: Haver, MoM

# The property market has remained stable.

## Property Prices

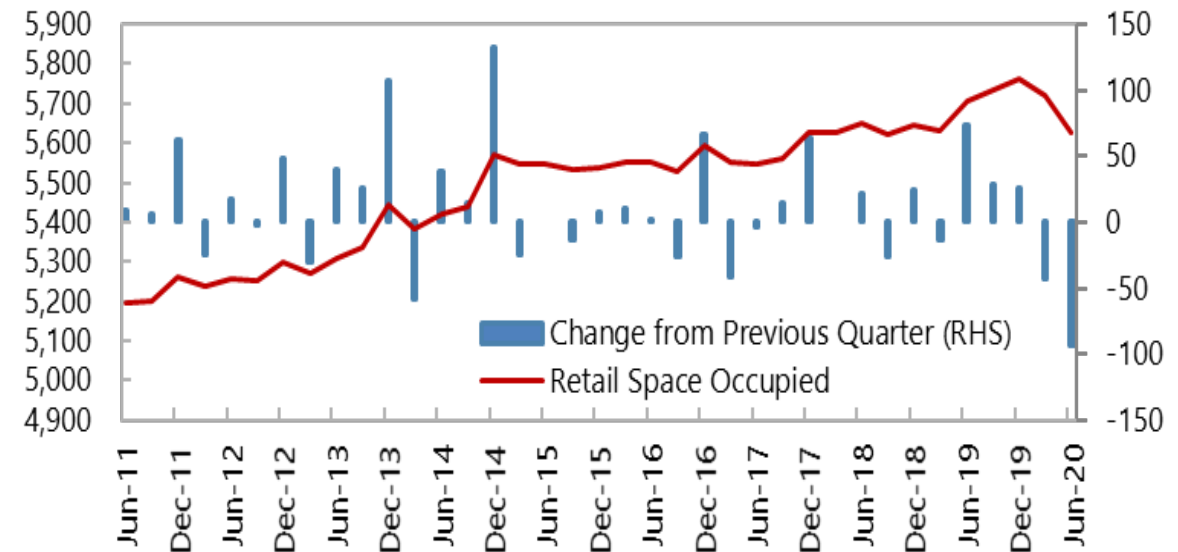
(% q/q)



Source: CEIC

## Retail Space Occupied

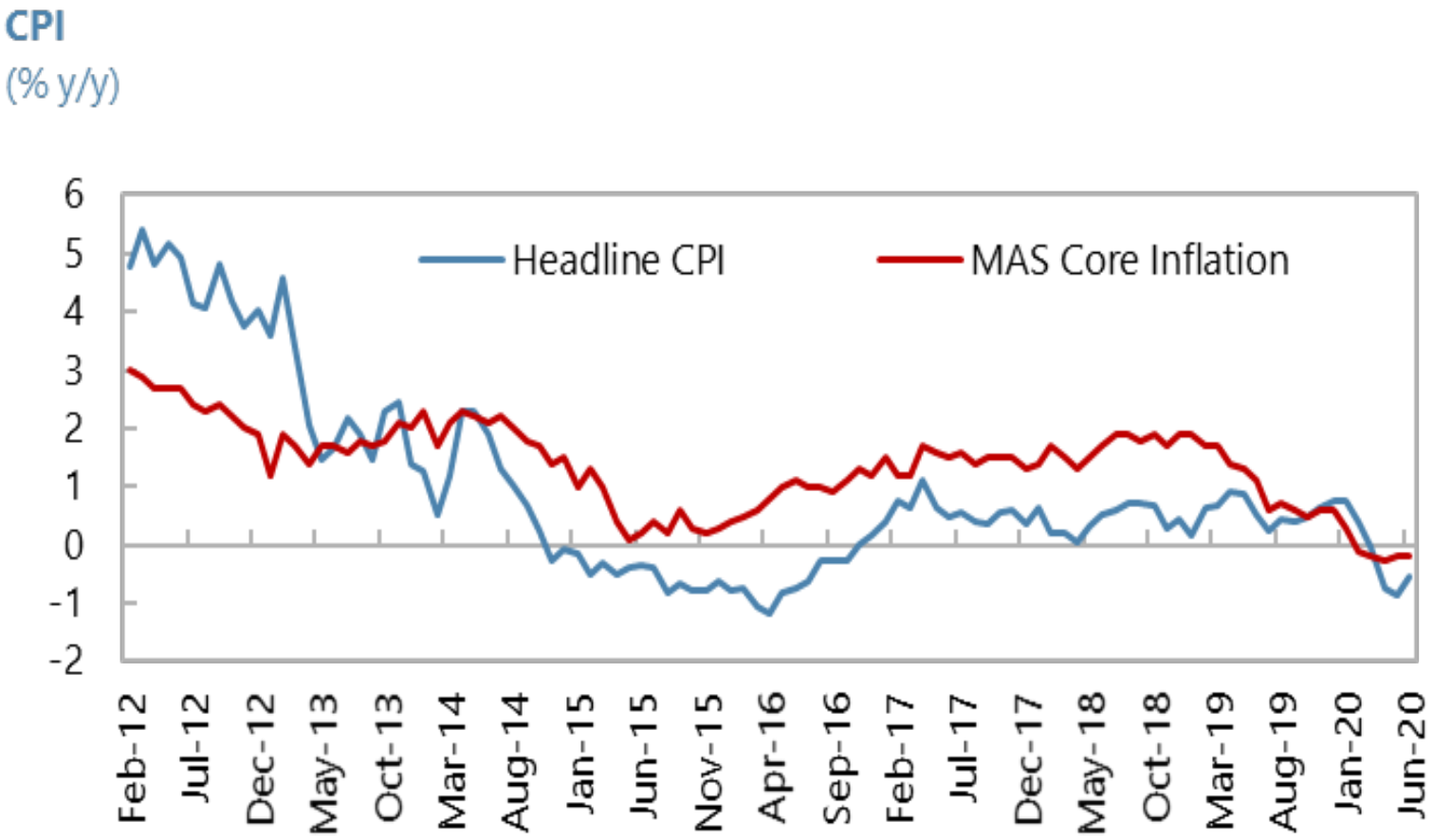
(LHS: Sqm thousands; RHS: Change from previous quarter)



Source: CEIC

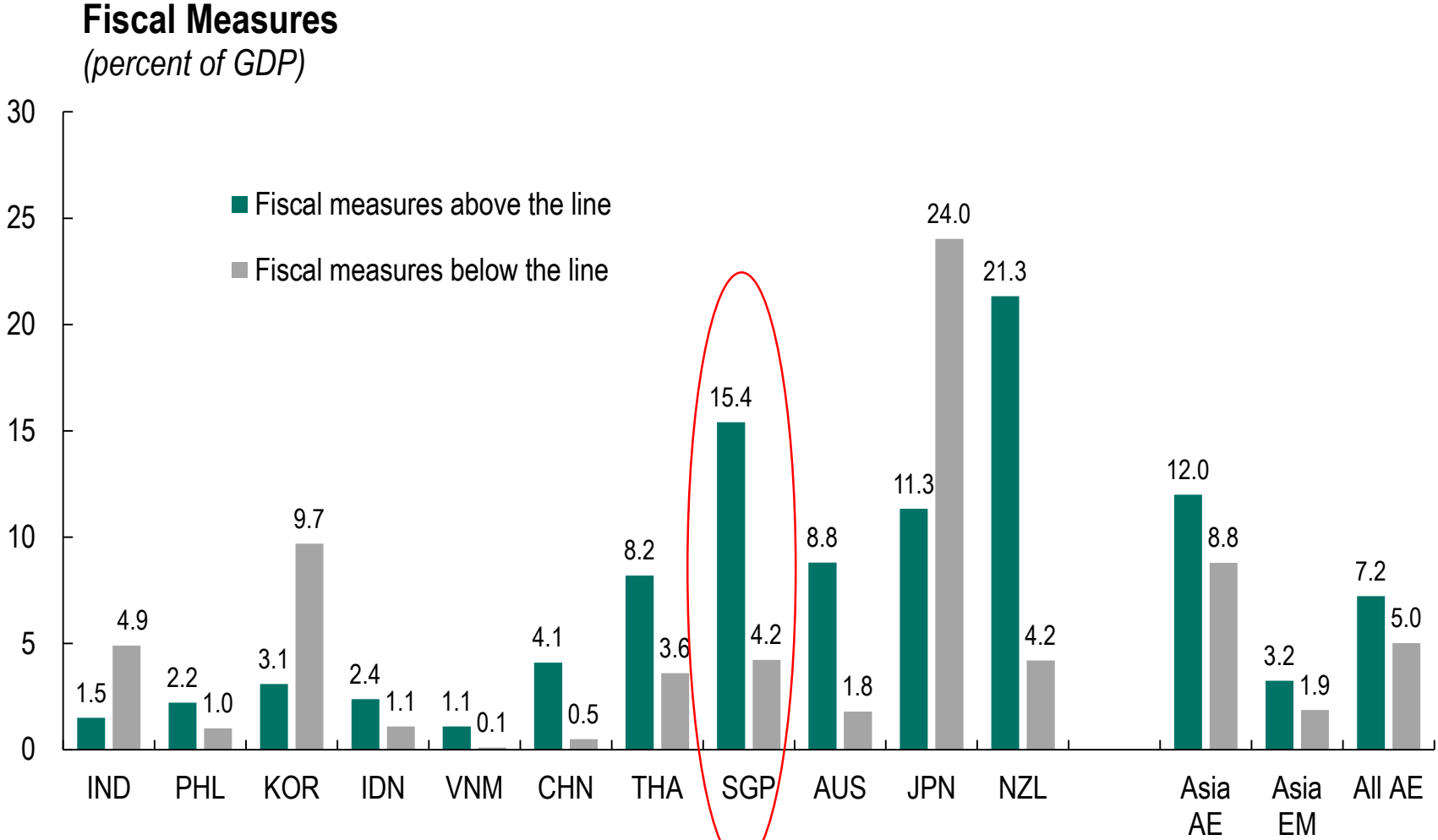


Inflation has turned negative.



Source: CEIC

# Singapore's fiscal response was swift and substantial.

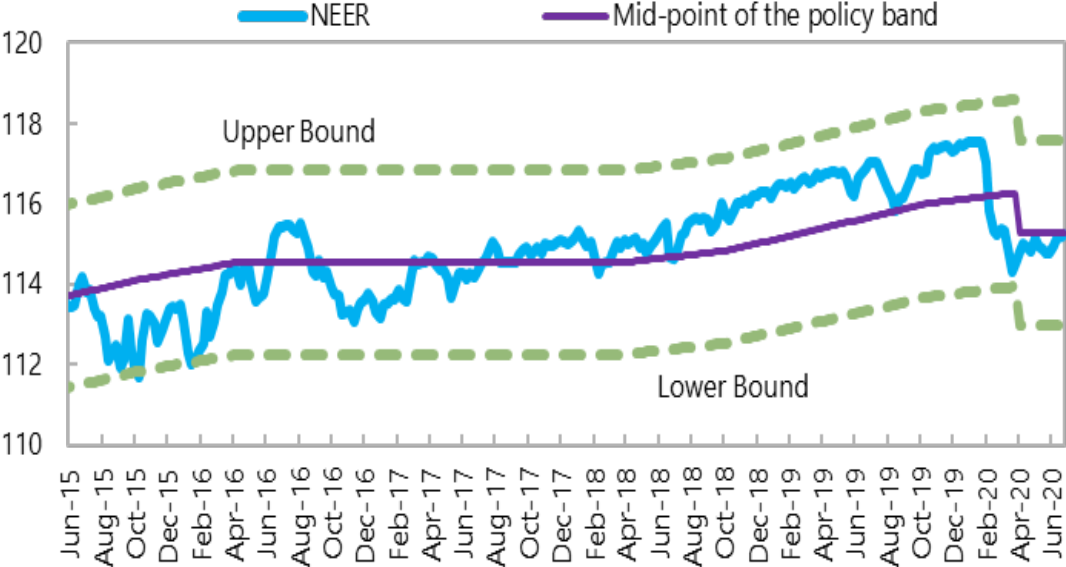


Sources: IMF Policy Tracker, WEO, and IMF staff calculations

# Monetary and financial policies have been focused on ensuring stability.

### Nominal Effective Exchange Rate and Policy Band

(Jan 1, 2010=100)

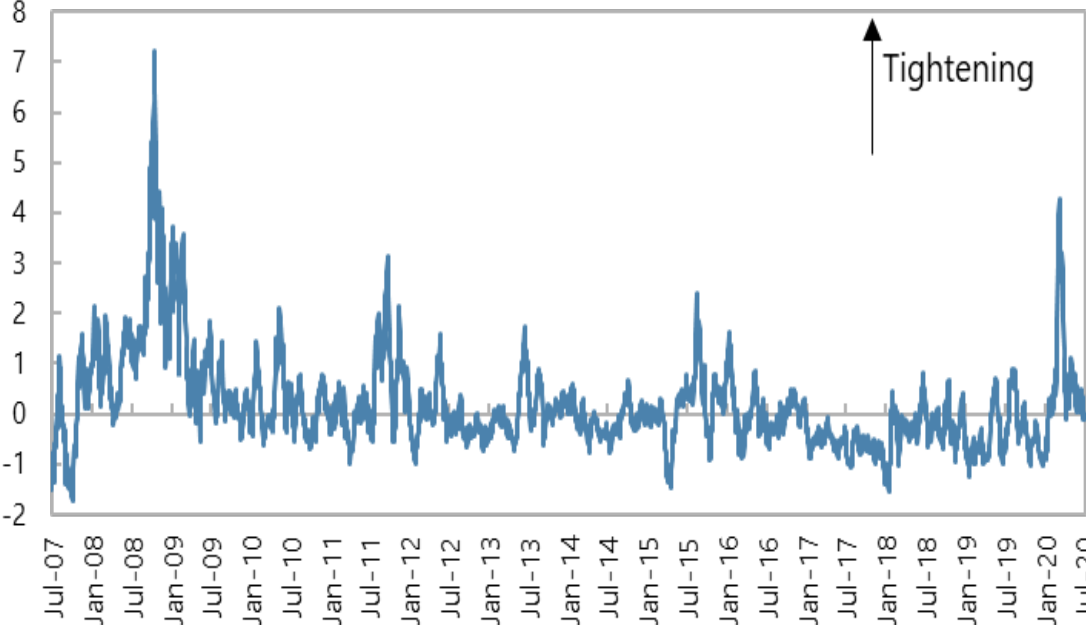


Sources: IMF

Note: Mid-point, lower and upper bounds of the policy band are staff estimates. Last observation: June 26, 2020.

### Financial Conditions Index

(Standard deviations; daily data)

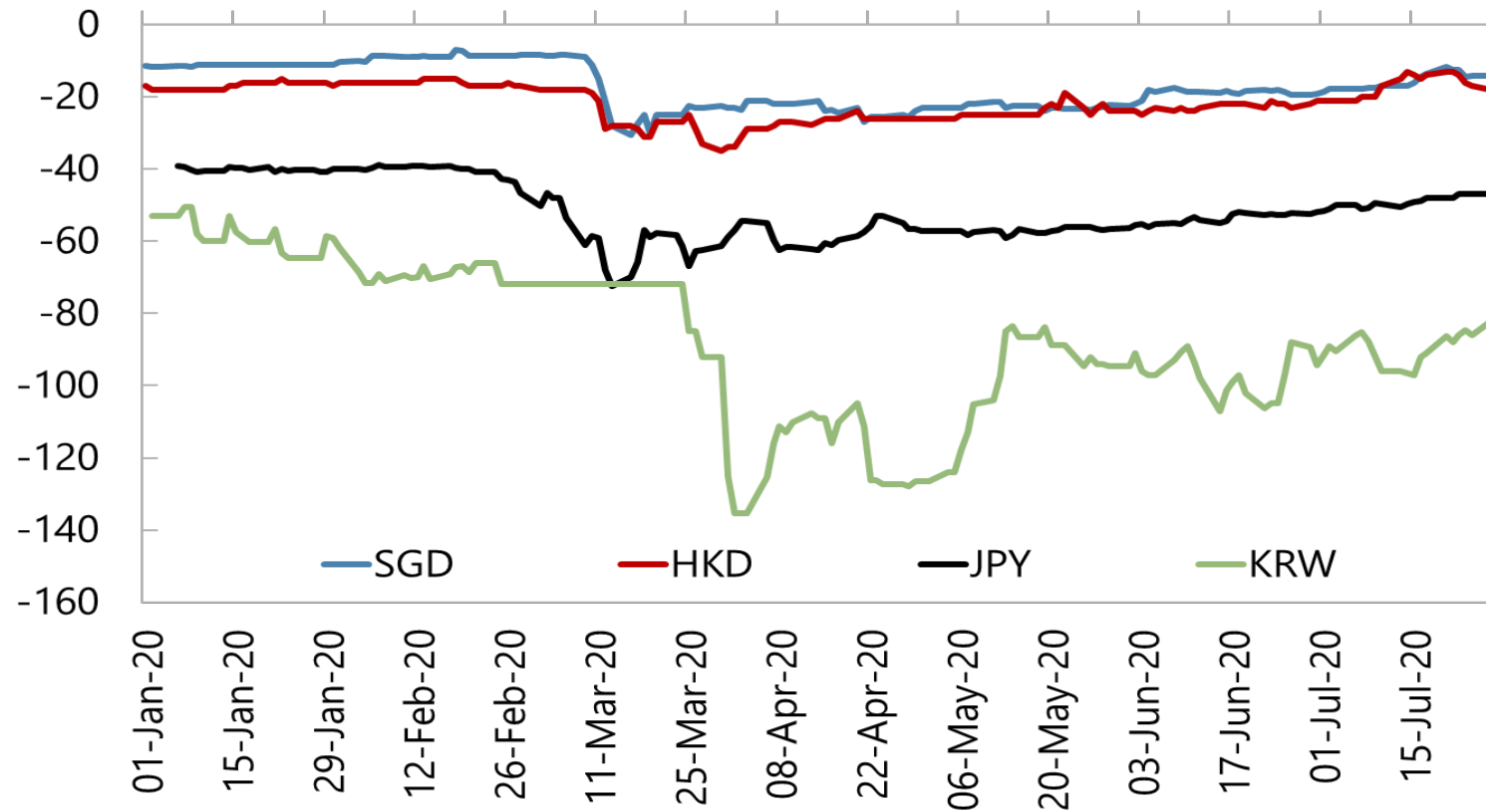


Sources: Bloomberg, CEIC, Haver, and IMF staff calculations

The MAS-Fed swap line helped ease USD funding pressures.

### 5-Year Cross Currency Basis

(Basis Points)



Sources: Bloomberg

Looking ahead, there are many challenges, but Singapore can draw on unique strengths in the post-COVID world.

**Large uncertainty and important risks...**

- Uncertainty around pandemic evolution
- Weaker external demand; GVC reconfiguration; geopolitical risks
- Risk of higher inequality – Singapore has a track record of maintain social mobility
- High leverage among some firms could weigh on recovery
- Global financial conditions could abruptly tighten again
- Prolonged sectoral issues and scarring (tourism, retail)

**...but Singapore's strengths can help it to seize opportunities :**

- Substantial fiscal policy buffers
- Strong focus pre-COVID on raising productivity and turn Singapore into a global innovation hub through incentives to automate and innovate
- Authorities doubling down on upskilling of workforce
- Focus on growth areas including fintech and sustainable finance

Thank you