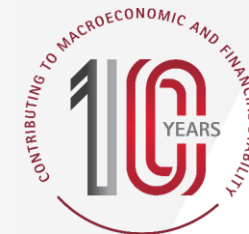


AMRO Annual Consultation Report on Singapore - 2021

Securing Economic Recovery and Transitioning to the New Normal

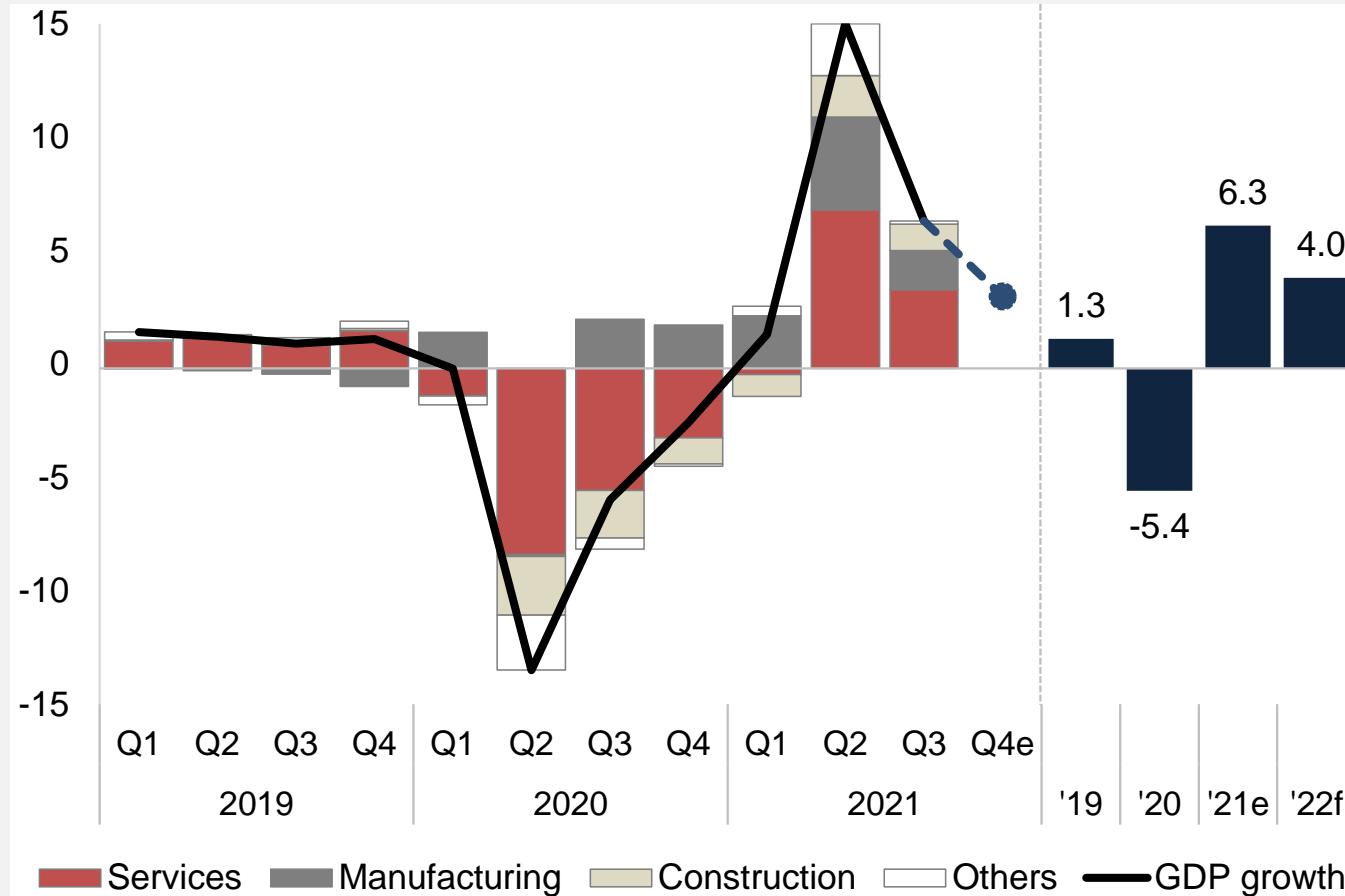
Chaipat Poonpatpibul, Group Head
Justin Lim, Economist

Media Briefing
November 8, 2021



Singapore's economy is expected to recover strongly in 2021 and 2022

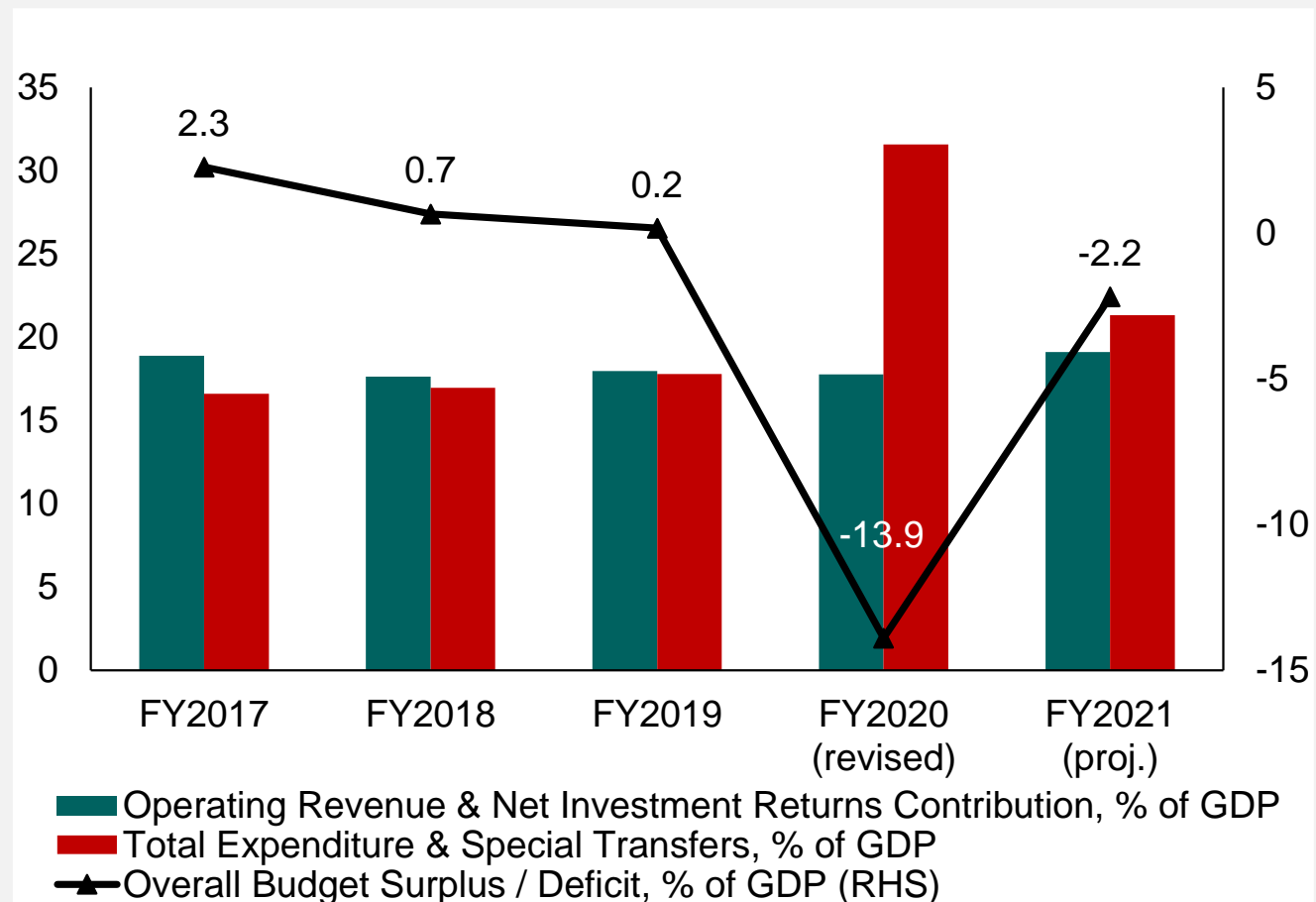
Quarterly and Annual Real GDP Growth—Actual, Forecast
(Percent year-over-year)



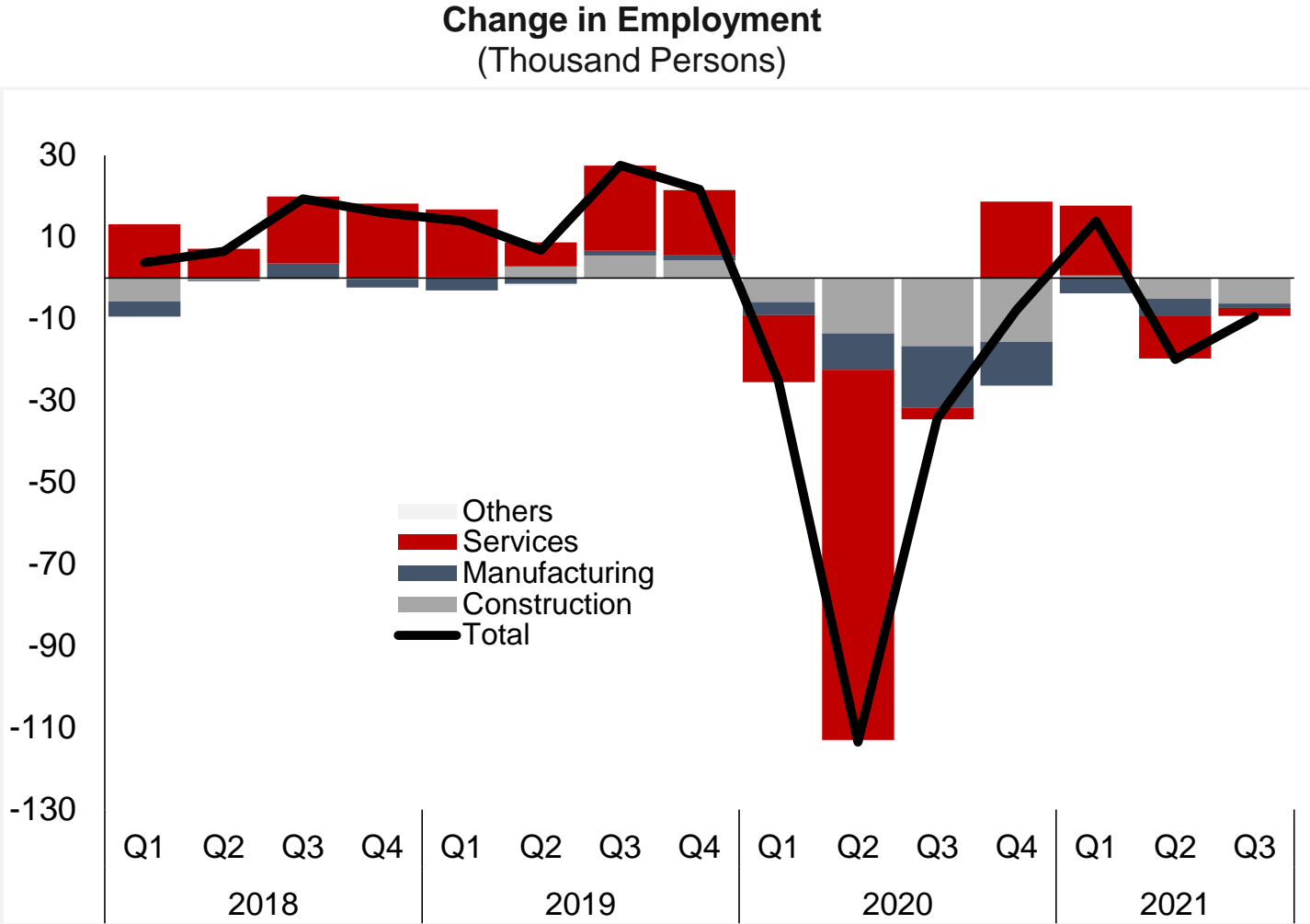
Sources: Singapore Department of Statistics, AMRO staff estimates and projections.

Unprecedented fiscal support has mitigated the pandemic's impact

Fiscal Revenue and Expenditure
(% of GDP)



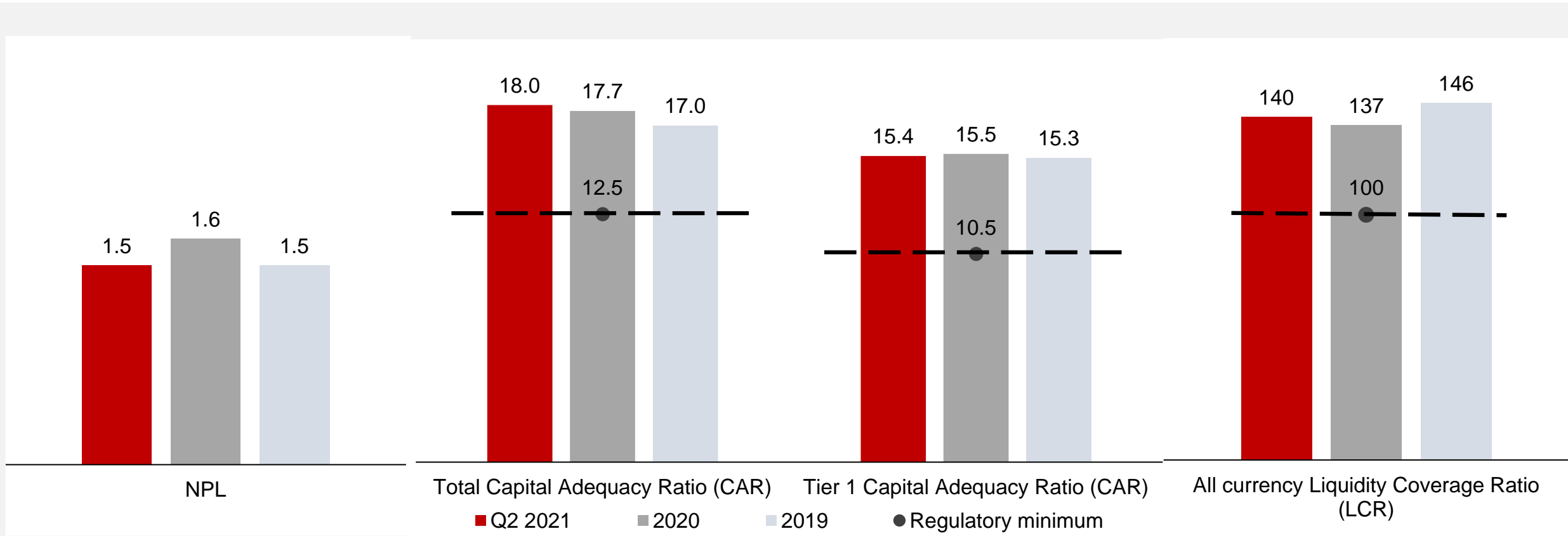
The labor market continues to improve but is uneven



Source: Singapore Department of Statistics.

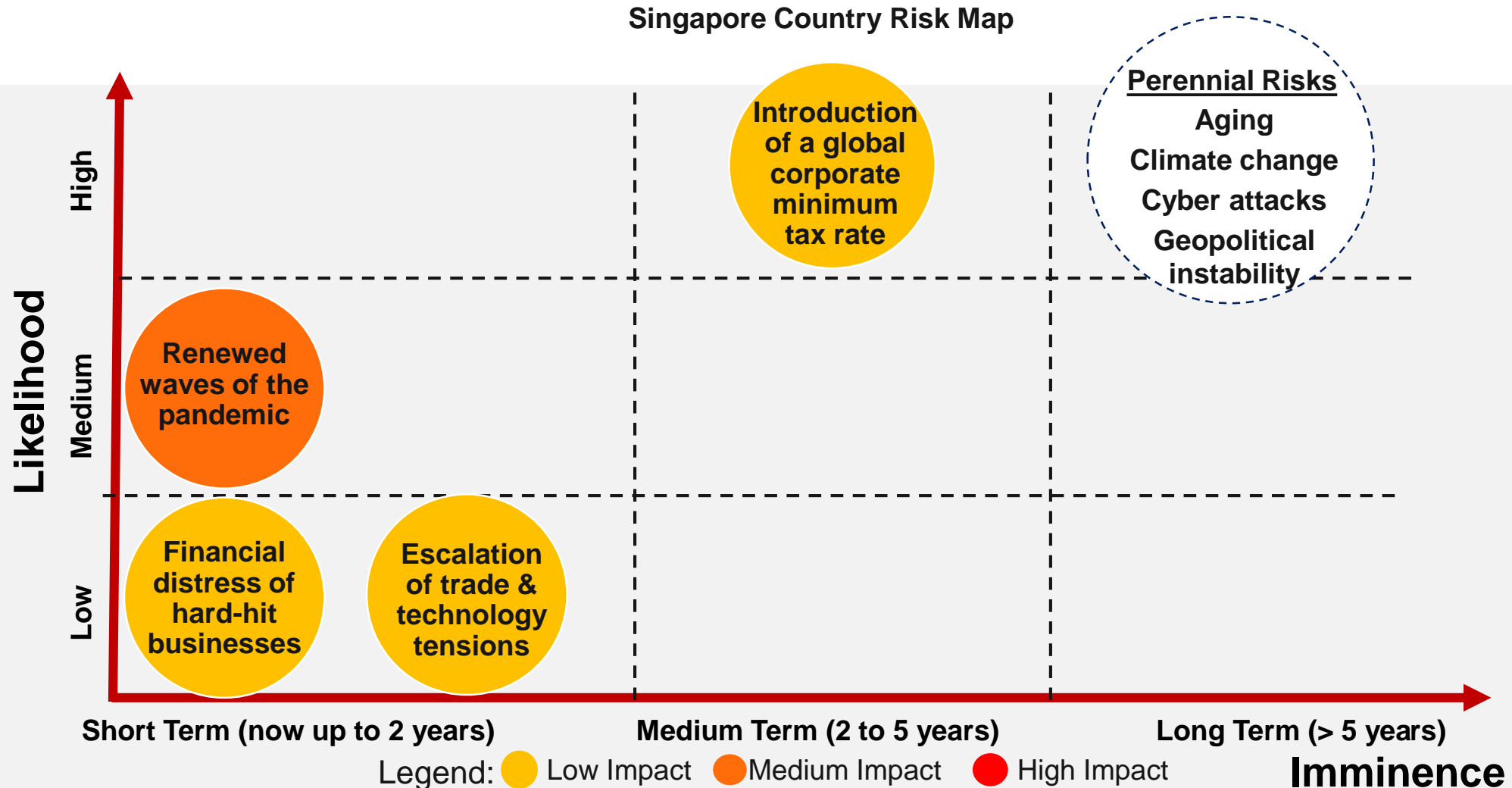
The financial sector has remained resilient

NPL Ratio, Capital and Liquidity Buffers of Local Banks
(Percent)



Sources: DBS, UOB and OCBC financial statements

A sharp resurgence of COVID-19 infections is the main risk



The pandemic has accelerated long-term structural shifts

Longer-term Shifts



Skills Training

- Reskill displaced workers
- Intensify digital skills' training
- Jobs redesign



Technology & Finance

- New growth areas: FinTech, digital banking, green finance
- Ensure sufficient manpower



Climate Change

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

Summary

- Singapore's economy is expected to recover strongly in 2021 and growth will likely continue to be firm in 2022, underpinned by the recovery in domestic economic activities and robust exports.
- The very large and timely fiscal support has largely mitigated the pandemic's impact on the economy.
- Singapore's financial sector has remained resilient. The credit support, debt relief, and bank regulatory forbearances have prevented a sharp increase in defaults and safeguarded financial stability.
- Targeted fiscal support for the affected businesses and workers may need to be extended further as the risk of a sharp resurgence of COVID-19 infections remains elevated.
- Beyond the pandemic, the accelerated shifts on many fronts present significant opportunities as well as challenges for Singapore.

Thank you



Contact Us

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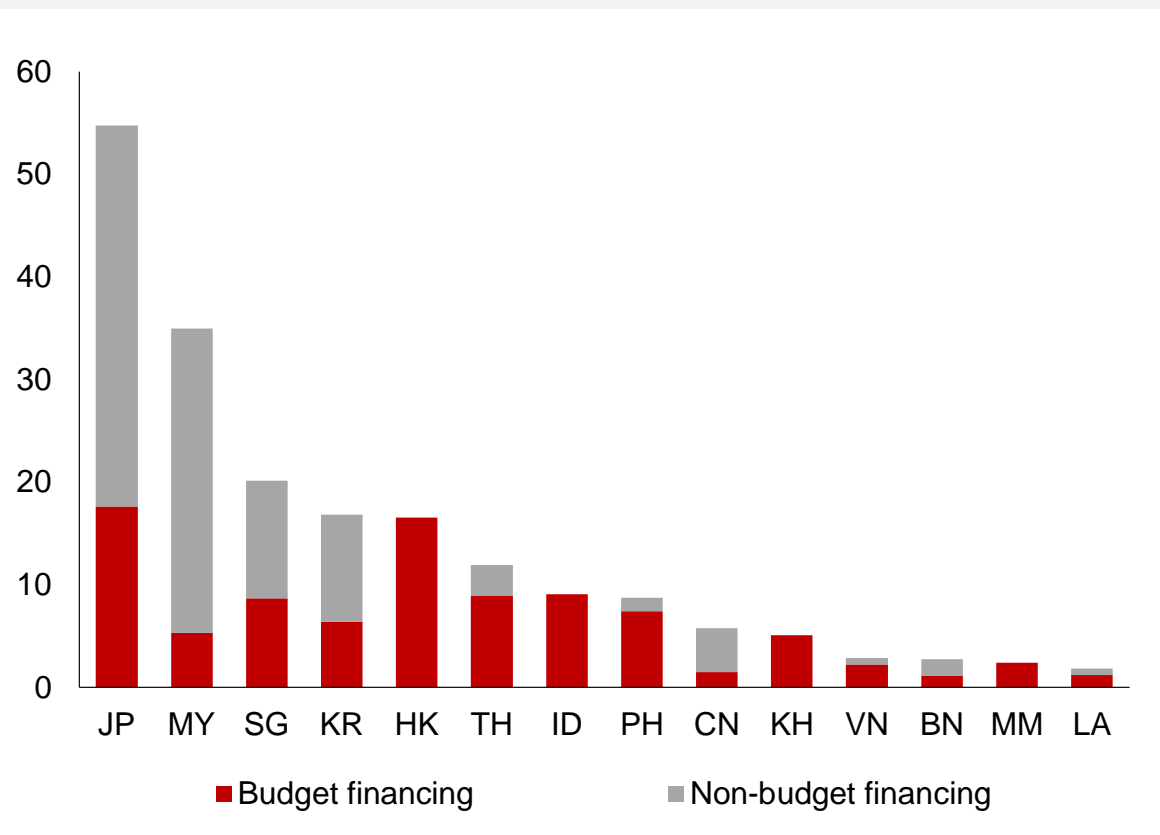
Tel: +65 6323 9844

Website: www.amro-asia.org

Selected Issues

Selected Issue 1: Fiscal support was not only sizable but have also accounted for the nature of health crisis and lessons learnt

ASEAN+3: Economic Stimuli
(Percent of GDP)



Comparison of Fiscal Packages Across Crisis Periods

Problem to address	Policy intention	1985 Crisis	AFC	Dot.com bubble	SARS	GFC	COVID-19
Health crisis	Strengthen public health capacity				✓		✓
	Support frontliners				✓		✓
	Make premiums affordable				✓		✓
Income shock to households	Support vulnerable households	✓	✓	✓	✓	✓	✓
	Maintain employment and strengthen workers' skills	✓	✓	✓	✓	✓	✓
Business distress	Reduce business costs	✓	✓	✓	✓	✓	✓
	Credit risk sharing and guarantees				✓		✓
Decline in investments	CPF rate cuts	✓	✓				
	Public infrastructure investment	✓	✓	✓		✓	
Contagion	Incentives for private investment	✓				✓	✓
	Boost confidence in the banking system through deposit guarantees and bridging loan programs					✓	
Asset bubble	Stabilize property markets		✓				

Sources: National authorities via Haver Analytics; AMRO staff estimates
Note: From February 1, 2020 to September 30, 2021. Based on governments' announced stimulus packages across regional economies. The non-budget financing component corresponds to the fraction of governments' announced economic relief/stimulus packages financed by non-budget resources, for example, funding from public funds, public financial institutions or entities, or fiscal reserves.

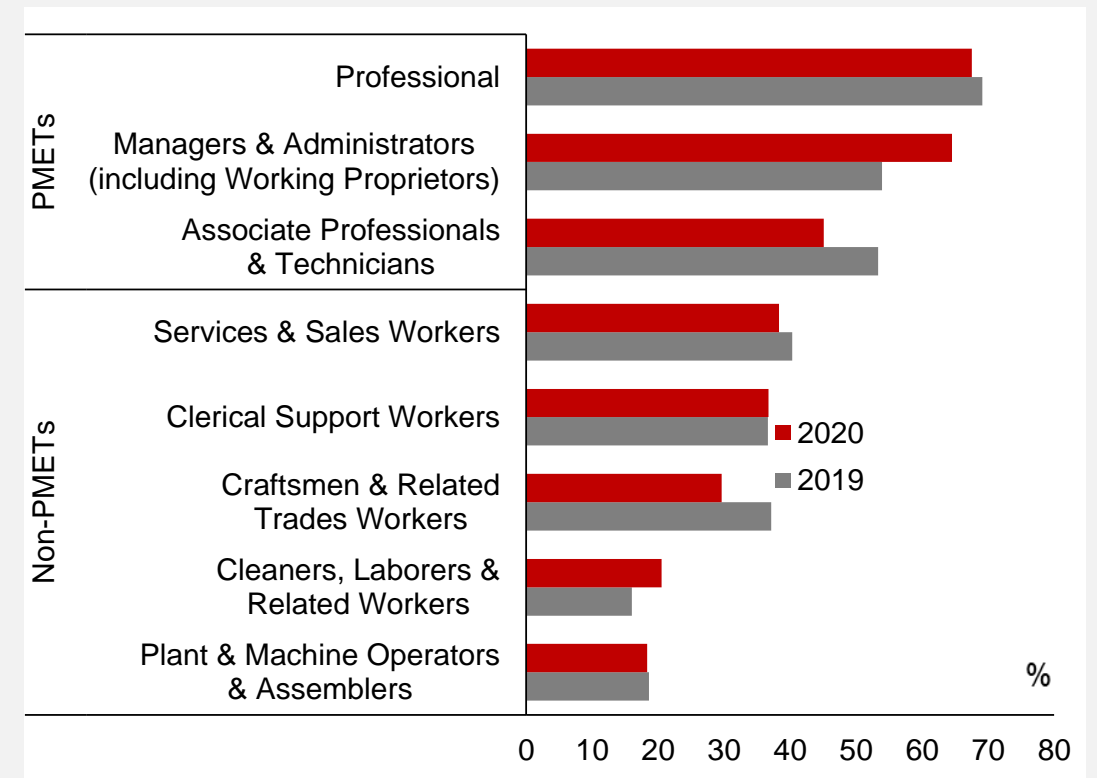
Sources:

Selected Issue 2: Workers face significant challenges in the new normal

Overall Unemployment Rate (%)



Training Participation Rate of Employed Residents by Occupation (%)

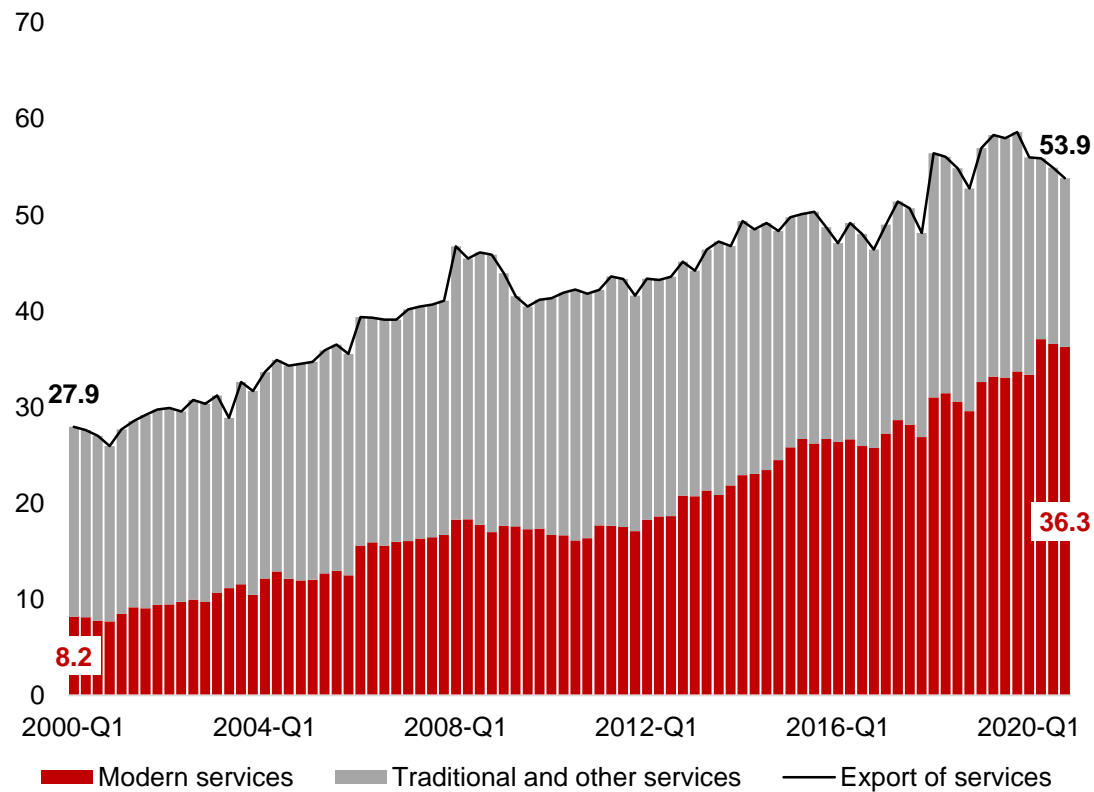


Sources: Ministry of Manpower, AMRO estimates

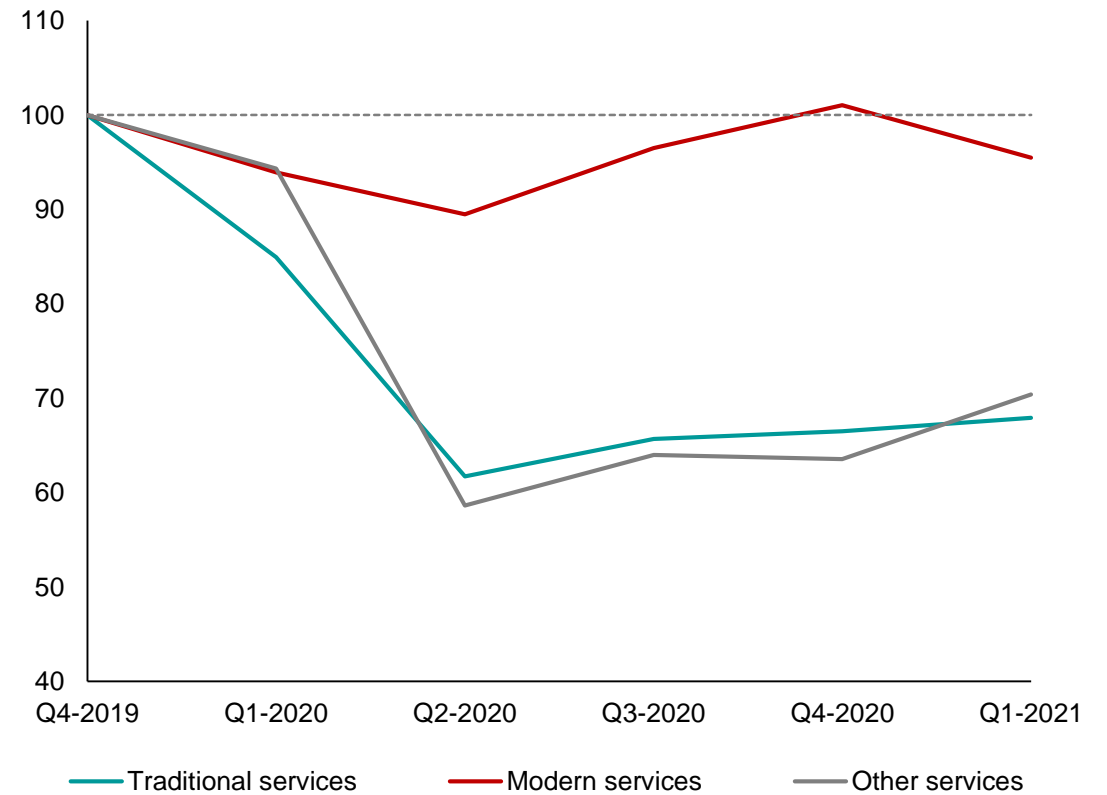
Source: Ministry of Manpower (2020), Labor Force in Singapore 2020

Selected Issue 3: Export of modern services is an increasingly important driver of growth, remaining resilient

Export of Services by Categories
(Percent share of GDP)



Exports of Services by Categories
(Index, Q4 2019 = 100)



Source: Singapore Department of Statistics via Haver Analytics; AMRO calculations.

Note: Traditional services refer to transportation services and travel receipts. Modern services refer to ICT, finance and insurance, charges for the use of Intellectual Property (IP), and professional services sectors.

Sources: Singapore Department of Statistics via Haver Analytics; AMRO calculations.

Note: Other services refer to construction services, manufacturing services on physical inputs owned by others, maintenance and repair services, government services and personal, cultural and recreational services.