

Singapore—Table of Common Indicators Required for Surveillance
(As of June 5, 2008)

	Date of Latest Observation	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Frequency of Publication ⁶
Exchange rates	Jun 2008	Jun 2008	D	D	D
International reserve assets and reserve liabilities of the Monetary Authorities ¹	Apr 2008	May 2008	M	M	M
Reserve/base money	Apr 2008	May 2008	M	M	M
Broad money	Apr 2008	May 2008	M	M	M
Central bank balance sheet	Apr 2008	May 2008	M	M	M
Consolidated balance sheet of the banking system	Apr 2008	May 2008	M	M	M
Interest rates ²	Jun 2008	Jun 2008	D	D	D
Consumer price index	Apr 2008	May 2008	M	M	M
Revenue, expenditure, balance and composition of financing ³ —general government ⁴	...	...	...	...	...
Revenue, expenditure, balance and composition of financing ³ —central government	Apr 2008	May 2008	M	M	M
Stocks of central government and central government-guaranteed debt ⁵	...	...	...	...	...
External current account balance	2008: Q1	May 2008	Q	Q	Q
Exports and imports of goods and services	2008: Q1	May 2008	M	M	M
GDP/GNP	2008: Q1	May 2008	Q	Q	Q
Gross external debt ⁷	2007: Q4	Mar 2008	Q	Q	Q
Net international investment position ⁸	2006	2007	A	A	A

¹ Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

² Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes, and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Daily (D); weekly (W); monthly (M); quarterly (Q); annually (A); irregular (I); and not available (NA).

⁷ Official external debt is zero.

⁸ The reported number does not include the net foreign asset position of the Government of Singapore's Investment Corporation.



INTERNATIONAL MONETARY FUND

Public Information Notice

EXTERNAL
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International Monetary Fund
700 19th Street, NW
Washington, D. C. 20431 USA

IMF Executive Board Concludes 2008 Article IV Consultation with Singapore

On July 16, 2008, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Singapore.¹

Background

Spillovers from the global slowdown and lingering turbulence in international financial markets have been propagated to Singapore mostly through the trade channel. After growing by about 7¾ percent last year, flagging exports have weighed on the pace of activity since late 2007. Relatedly, the current account surplus fell from 24 percent of GDP in 2007 to 14 percent of GDP in the first quarter of this year.

Inflation has risen significantly on the back of international and home-grown cost pressures, reaching a 26-year high of around 7 percent during January–April this year. Increases in food and energy prices have added to pressures from a hike in indirect taxes, a housing boom, and tighter labor markets. Housing prices have stabilized but there may remain some froth in the high-end market.

The global market turmoil has had only limited reverberations on Singapore's financial system. Credit spreads have widened, equity volatility has risen, and banks have incurred trading-related losses, including on structured credit products. Yet, none of these developments have had systemic implications, so far.

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board. At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities.

Monetary policy has been tightened further. Following a slight increase in the slope of its policy band for the nominal effective exchange rate of the Singapore dollar last October, in April 2008 the Monetary Authority of Singapore shifted the band up by an estimated 2 percent in response to inflation concerns and upward pressures on the exchange rate.

Fiscal policy has been loosened. After a sizable revenue overperformance last fiscal year (which ended in March), the FY 2008–09 budget is slightly expansionary. It focuses on improving competitiveness and supporting household disposable income through tax measures (including a one-off personal income tax rebate) and targeted cash transfers.

Executive Board Assessment

Executive Directors noted that the pragmatic macroeconomic policies and proactive structural reforms have underpinned Singapore's strong economic performance and increased resilience to adverse external shocks. Directors observed that, given the challenges of weakening global growth, ongoing turbulence in international financial markets, and mounting inflation pressures, the pace of economic activity in Singapore is likely to decline in the near term, with inflation remaining elevated. Against this background, ensuring that inflation expectations remain well anchored is a policy priority.

Directors agreed that, given the uncertainties in the global outlook facing Singapore's open economy, macroeconomic policies should remain flexible and pragmatic and seek an appropriate balance to sustain solid growth while containing inflationary pressures and maintaining macroeconomic stability.

Directors welcomed the recent steps by the Monetary Authority of Singapore to tighten the monetary policy stance further by adjusting the exchange rate target band. Directors noted the staff's assessment that the Singapore dollar remains weaker than the level implied by long-term fundamentals. However, given the downside risks to growth, many Directors favored maintaining the current policy mix in the short-term, with the authorities remaining ready to modify the policy stance going forward if necessary. These Directors felt that the extent of exchange rate undervaluation is difficult to gauge, and that given monetary policy lags, it would be sensible to assess the impact of the monetary tightening already in the pipeline before adjusting the policy stance. In this regard, indications of recent easing in wage pressures were welcomed.

A number of other Directors favored the staff's view that a further degree of rebalancing of the macroeconomic policy mix toward a somewhat tighter monetary stance and a looser fiscal policy would be desirable in the current conjuncture from both a domestic and an international perspective. Given the recent upsurge in inflation, they considered that a moderately faster pace of appreciation would help ensure that price expectations remain well-anchored and facilitate the needed external adjustment. These Directors acknowledged the difficulty of additional tightening when the external environment remains fragile, but observed that the width of the exchange rate policy band could provide flexibility to cope with adverse shocks. They also

considered that a stronger Singapore dollar would fend off upside risks to inflation, facilitate external adjustment, and create room in the near-term for additional targeted spending to alleviate the impact of rising prices on low-income households. Directors generally agreed that a gradual external adjustment is warranted in light of Singapore's exceptional trade and financial openness.

Directors agreed that, over the medium term, a broader reorientation of the policy mix is desirable. Singapore's ample fiscal reserves provide space for more spending on physical and social infrastructures once inflation risks abate, in line with the authorities' medium-term priorities.

Directors commended the Monetary Authority of Singapore for continuing efforts to bolster the already strong regulatory and supervisory frameworks, including by enhancing stress-testing and crisis management. In their view, this proactive approach has largely shielded domestic financial institutions from the impact of the global financial turmoil. Nonetheless, Directors noted that the risks of a price correction in some segments of the property market and the possibility of contagion through the trade and financial channels warrant continued vigilance.

Directors welcomed Singapore's participation in the Fund-facilitated initiative to identify best practices for sovereign wealth funds.

Public Information Notices (PINs) form part of the IMF's efforts to promote transparency of the IMF's views and analysis of economic developments and policies. With the consent of the country (or countries) concerned, PINs are issued after Executive Board discussions of Article IV consultations with member countries, of its surveillance of developments at the regional level, of post-program monitoring, and of ex post assessments of member countries with longer-term program engagements. PINs are also issued after Executive Board discussions of general policy matters, unless otherwise decided by the Executive Board in a particular case. The [staff report](#) (use the free [Adobe Acrobat Reader](#) to view this pdf file) for the 2008 Article IV Consultation with Singapore is also available.