

Centennial Asia Weekly Insights

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IS SINGAPORE SETTING ITSELF UP FOR A FALL?

- Singapore's position as a globally-competitive economic hub cannot be taken for granted. Further policy calibration is needed to tackle cyclical and structural challenges.
- The external sector outlook has been worsening in recent months, which will likely spill over into domestic demand as the post-pandemic boosts recede.
- The city-state has had a good few years due to sound pandemic management, adept investment promotion, and setbacks experienced by rival hubs such as Hong Kong.
- However, concerns over the costs of doing business, particularly in labour and rental costs, are early warning signs that firms may look elsewhere if these issues are not fixed.
- Structural shifts in policy are required, including enhancing regional integration with neighbours, rethinking the education system, and pro-competition policy reforms.

ASIAN URBANIZATION WARRANTS PLUGGING INFRASTRUCTURE GAPS

- Emerging Asia is on the cusp of a rapid expansion in its urban population. This brings with it exciting opportunities for employment and business activity.
- However, investments into infrastructure need to be made now to ensure that the needs of the expanded urban population can be met to avoid downsides such as congestion.
- The medium-term financing needs for infrastructure are significant, with the transport, energy, and telecommunications segments facing their own set of challenges.
- Both public and private sector finance need to work in tandem to meet this challenge.

REGIONAL UPDATES

- Korea's central bank kept its policy rate unchanged while pushing back against expectations of rate cuts in the year. Still-high inflation means that cuts are unlikely.
- Taiwan experienced continued headwinds in exports due to the technology cycle downturn. Inflation eases, weakening the case for further rate hikes.
- India's industrial production remained healthy alongside other indicators.
- China will experience cyclical headwinds despite healthy figures in loan and export growth. Overt policy stimulus is unlikely, but measures to restore confidence may help.

Centennial Asia Advisors is an independent research and advisory firm focused on emerging economies in the Asia Pacific. We specialize in the intersection of economics, politics, and international affairs.

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