

Finance Minister Tharman says Singapore's Financial Institutions Stable

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SINGAPORE: Singapore's financial institutions are well capitalised and regulated by the Monetary Authority of Singapore (MAS), says Finance Minister Tharman Shanmugaratnam.

He was speaking to reporters on Sunday at a community event where he joined Muslims to break fast.

Mr Tharman said: "We are glad that overall, if you look at what is happening in Singapore compared to other financial centres, confidence in the market has been retained."

But Mr Tharman said a technical recession - defined by two consecutive quarters of economic contraction - is possible in Singapore.

Nonetheless, he cautioned that it is important for Singapore not to have any knee-jerk reactions, and to continue to monitor the global financial situation closely before announcing any plans.

Singapore's non-oil domestic exports in August fell 13.8 per cent from the same month in 2007, the largest drop in the last year.

And with the current financial crisis, economists expect this figure to fall even further as global demand slows.

After all, the United States is Singapore's second largest export market after the European Union.

So will MAS adjust the value of the Sing dollar to boost exports?

Mr Tharman said: "The MAS has a time frame for announcing its exchange rate policy. Our next statement will be made in October. We try not to make statements in between. But I would emphasise that we tend to focus on the medium term rather than on having knee-jerk reactions to short-term developments."

Mr Tharman also said that the US and Europe economies have stabilised following the actions taken by their governments but problems remain and Singapore will have to watch the situation closely.

- CNA/ir