

» US DOWNTURN: WHAT SHAPE?

Prime Minister Lee Hsien Loong commented on three scenarios and their impact on Singapore.

V-shaped

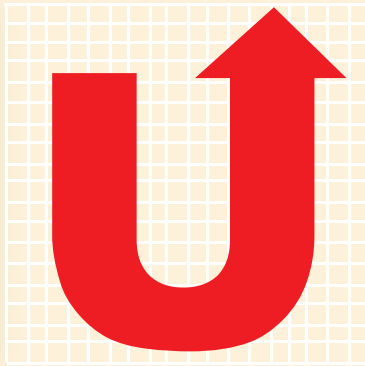
Mild recession in the first half of this year, with growth back on track later in the year. Projected by the US Federal Reserve Board. Best scenario for the US – and Singapore.



“I would expect V-shaped – if we’re lucky.”

U-shaped

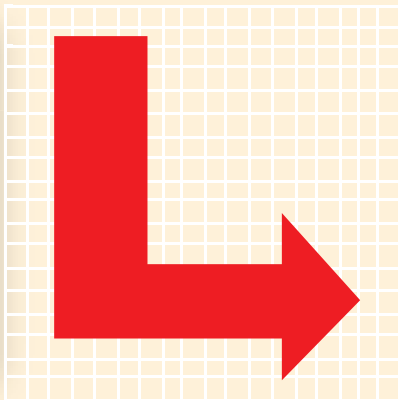
Underlying problems in the US housing market have not been solved, but postponed. The US economy takes time to sort out, maybe into next year. Singapore is slowed down significantly.



“Better plan on that.”

L-shaped

Most gloomy scenario. Japan suffered such an extended, severe downturn in the 1990s, for 10 years. If this happens to the US, Europe and Japan will be hit. Singapore will be in serious difficulties.



“Most analysts don’t think this is on the cards.”