

Chapter 6.1

MANUFACTURING

OVERVIEW

The manufacturing sector expanded by 1.4 per cent year-on-year in the fourth quarter of 2023, reversing the 4.9 per cent decline clocked in the preceding quarter. Growth was supported by output expansions in the electronics, chemicals and transport engineering clusters.

For the whole of 2023, the manufacturing sector contracted by 4.3 per cent, reversing the 2.7 per cent growth in 2022. All clusters saw a fall in output except for the transport engineering cluster.

OVERALL MANUFACTURING PERFORMANCE

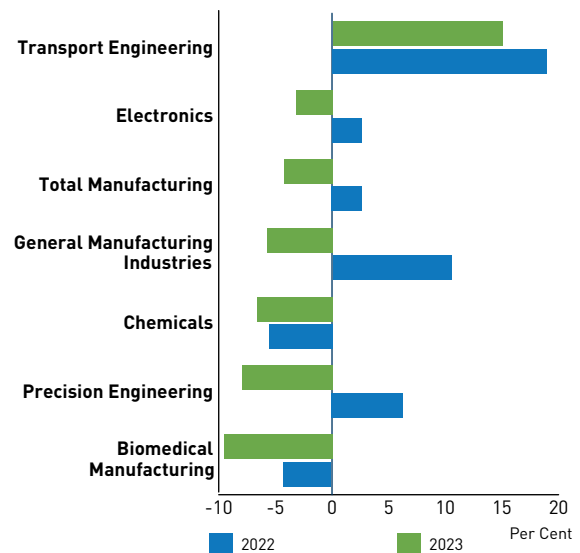
The manufacturing sector grew by 1.4 per cent year-on-year in the fourth quarter of 2023 on account of output expansions in the electronics, chemicals and transport engineering clusters (Exhibit 6.1).

For the whole of 2023, the manufacturing sector contracted by 4.3 per cent, reversing the 2.7 per cent growth in 2022. The decline in the sector was due to output contractions in all clusters except for the transport engineering cluster (Exhibit 6.2).

Exhibit 6.1: Manufacturing Growth Rates



Exhibit 6.2: Manufacturing Clusters' Growth



PERFORMANCE OF CLUSTERS

The electronics cluster grew by 8.3 per cent year-on-year in the fourth quarter, supported by a 13.5 per cent expansion in the semiconductors segment on account of improved demand in selected end markets such as smartphones. Meanwhile, output in the computer peripherals & data storage, infocomms & consumer electronics and other electronic modules & components segments fell by 13.5 per cent, 6.4 per cent and 2.9 per cent respectively. For the whole of 2023, the electronics cluster contracted by 3.2 per cent.

Output in the transport engineering cluster rose by 7.0 per cent year-on-year in the fourth quarter on account of expansions in the marine & offshore engineering (M&OE) and aerospace segments. The M&OE segment grew by 16.0 per cent, supported by a higher level of activity in the shipyards as well as an increased production of oilfield & gas field equipment. Output in the aerospace segment grew by 7.1 per cent with a higher level of demand for aircraft parts and more maintenance, repair and overhaul (MRO) jobs from commercial airlines on the back of strong air travel demand globally. By contrast, the land segment contracted by 14.0 per cent. For the full year, the transport engineering cluster expanded by 15.0 per cent.

The chemicals cluster grew by 1.6 per cent year-on-year in the fourth quarter, supported by output expansions across all segments except the petrochemicals segment. The specialties segment grew by 17.2 per cent on account of higher level of production of mineral oil and food additives. The other chemicals segment grew 4.1 per cent with higher output in fragrances, while the petroleum segment grew 1.4 per cent. Conversely, output of the petrochemicals segment fell by 8.5 per cent on account of plant maintenance shutdowns and weak market demand. For 2023 as a whole, output of the chemicals cluster declined by 6.7 per cent.

The general manufacturing cluster contracted by 3.6 per cent year-on-year in the fourth quarter, driven by output declines in the printing (-11.8 per cent) and miscellaneous (-7.4 per cent) segments. In particular, the miscellaneous segment recorded a lower level of production of batteries and structural metal products. On the other hand, the food, beverages & tobacco segment grew by 0.5 per cent. For the whole of 2023, the general manufacturing cluster contracted by 5.8 per cent.

Output in the precision engineering cluster fell by 7.2 per cent year-on-year in the fourth quarter. The precision modules & components segment shrank by 17.4 per cent due to lower production of plastic and metal precision components, optical instruments as well as dies, moulds, tools, jigs and fixtures. Meanwhile, the machinery & systems (M&S) segment contracted by 3.8 per cent, weighed down by lower production of measuring devices and mechanical engineering works. For 2023 as a whole, output in the precision engineering cluster declined by 8.0 per cent.

The biomedical manufacturing cluster contracted by 7.5 per cent year-on-year in the fourth quarter. This was largely due to a 17.3 per cent decline in pharmaceutical output, resulting from a lower level of production of biological products and a different mix of active pharmaceutical ingredients (APIs) being produced. On the other hand, output in the medical technology segment expanded by 6.9 per cent, supported by export demand for medical devices. For the whole of 2023, the biomedical manufacturing cluster declined by 9.6 per cent.