

MTI Forecasts Growth of Around 1.5 Per Cent in 2012 and 1.0 to 3.0 Per Cent in 2013

16 Nov 2012. The Ministry of Trade and Industry (MTI) announced today that it expects the Singapore economy to grow by around 1.5 per cent in 2012 and by 1.0 to 3.0 per cent in 2013.

Performance in Third Quarter 2012

Preliminary estimates show that the Singapore economy grew by 0.3 per cent on a year-on-year basis in the third quarter of 2012, following the 2.5 per cent increase in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 5.9 per cent, after growing by 0.5 per cent in the previous quarter.

The pullback in quarter-on-quarter growth momentum was largely due to the decline in externally-oriented sectors such as manufacturing and wholesale trade. On a quarter-on-quarter seasonally-adjusted annualised basis, the manufacturing sector contracted by 9.6 per cent, following flat growth in the preceding quarter. This was largely due to contraction in the electronics manufacturing cluster. On a year-on-year basis, the manufacturing sector declined by 0.8 per cent, compared to the 4.6 per cent expansion in the previous quarter.

The construction sector grew by 7.7 per cent on a year-on-year basis, compared to 12.3 per cent in the preceding quarter. On a quarter-on-quarter basis, the sector contracted by an annualised rate of 17.2 per cent, due to a decline in private sector building activities.

The wholesale & retail trade sector contracted by 0.3 per cent on a year-on-year basis, following the 0.4 per cent decline in the previous quarter. On a quarter-on-quarter basis, the annualised decline of the sector accelerated to 7.8 per cent from 0.4 per cent in the preceding quarter, mainly due to the decline in the wholesale trade segment. Although the transportation & storage sector grew by 1.4 per cent on a year-on-year basis, it registered a decline of 1.3 per cent on a quarter-on-quarter annualised basis.

The finance & insurance sector contracted by 2.7 per cent on a year-on-year basis, compared to a 0.3 per cent increase in the preceding quarter. On a quarter-on-quarter basis, the sector declined at an annualised rate of 4.6 per cent, reflecting sluggish activity in the forex trading and insurance segments. Growth in the business services sector moderated to 3.8 per cent on a year-on-year basis, from 4.3 per cent in the previous quarter. Weighed down by the decline in business and management consultancy activities, growth in the sector was flat on a quarter-on-quarter annualised basis.

The year-on-year growth of the accommodation & food services sector moderated to 2.0 per cent, from 2.9 per cent in the preceding quarter. The “other services” industries (which include arts, entertainment and recreation activities) contracted by 0.5 per cent on a year-on-year basis, following the 0.3 per cent decline in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, both sectors declined by 1.8 and 1.6 per cent respectively.

Economic Outlook for 2012

Singapore’s economic growth is expected to remain subdued for the rest of 2012. The electronics manufacturing cluster would continue to be weighed down by tepid external demand. On the other hand, expansion in the construction sector could provide modest growth support to the overall economy. Taking these factors into consideration, MTI expects the Singapore economy to grow by **around 1.5 per cent** in 2012. Growth may be slightly lower than forecast, if the weakness in the externally-oriented sectors persists into the final quarter of 2012.

Economic Outlook for 2013

The global economy is expected to remain sluggish in 2013. In the advanced economies, growth is likely to be restrained by continued household deleveraging and fiscal consolidation. In Asia, while domestic demand is expected to remain resilient, overall growth is likely to be moderate given the weak external demand. In view of the external conditions, the growth outlook for the Singapore economy remains cautiously positive. Growth in externally-oriented clusters such as electronics manufacturing and wholesale trade could remain subdued. Nevertheless, backed by a healthy pipeline of projects, growth in specific clusters, such as transport engineering, as well as the construction sector, could provide support to the economy in 2013.

Given these factors, MTI expects Singapore’s economic growth to be between **1.0 to 3.0 per cent** in 2013. However, the global economic outlook is still clouded with uncertainties. In particular, there remain concerns over the extent of the fiscal cutback in the US and potential escalation of the ongoing debt crisis in the Eurozone. Should any of these risks materialise, Singapore’s economic growth could come in lower than expected.

MINISTRY OF TRADE AND INDUSTRY
16 November 2012

SECTORAL GROWTH RATES

	3Q11	4Q11	2011	1Q12	2Q12	3Q12
	Year-on-Year % Change					
Total	6.0	3.6	4.9	1.6	2.5	0.3
Goods Producing Industries	11.8	8.0	6.8	0.6	5.4	0.2
Manufacturing	13.7	9.2	7.6	-0.8	4.6	-0.8
Construction	2.4	2.9	2.6	9.3	12.3	7.7
Services Producing Industries	3.6	2.1	4.4	2.0	1.0	0.3
Wholesale & Retail Trade	-1.4	0.9	1.1	-0.3	-0.4	-0.3
Transportation & Storage	5.1	2.4	4.7	4.0	1.5	1.4
Accommodation & Food Services	5.6	3.3	5.8	5.2	2.9	2.0
Information & Communications	0.9	0.7	1.5	1.4	1.5	1.1
Finance & Insurance	11.6	3.5	9.1	0.5	0.3	-2.7
Business Services	1.9	1.9	2.7	3.6	4.3	3.8
Other Services Industries	3.7	2.3	6.7	3.6	-0.3	-0.5
	Annualised Quarter-on-Quarter Growth % (SA)					
Total	2.0	-2.5	4.9	10.1	0.5	-5.9
Goods Producing Industries	8.5	-9.8	6.8	22.9	2.1	-10.2
Manufacturing	11.0	-11.1	7.6	20.9	0.0	-9.6
Construction	-4.0	-2.2	2.6	40.1	19.4	-17.2
Services Producing Industries	-0.8	1.7	4.4	3.2	-0.1	-3.5
Wholesale & Retail Trade	-8.9	10.2	1.1	-2.1	-0.4	-7.8
Transportation & Storage	-1.2	-2.9	4.7	3.5	6.9	-1.3
Accommodation & Food Services	1.5	-0.6	5.8	17.5	-5.6	-1.8
Information & Communications	-0.2	-0.2	1.5	5.4	1.0	-1.7
Finance & Insurance	7.8	-4.4	9.1	-4.7	2.9	-4.6
Business Services	1.5	2.4	2.7	13.3	0.3	0.0
Other Services Industries	-0.7	1.2	6.7	8.4	-9.1	-1.6

OTHER ECONOMIC INDICATORS

	3Q11	4Q11	2011	1Q12	2Q12	3Q12
Retail Sales Index* (y-o-y%)	1.8	4.1	2.0	7.8	0.3	-0.4
Labour Productivity (y-o-y%)	2.0	-0.5	1.0	-2.2	-1.5	-3.5
Unemployment Rate, SA (%)	2.0	2.0	2.0	2.1	2.0	1.9
Changes in Employment ('000)	31.9	37.6	122.6	27.2	31.7	24.9
Overall Unit Labour Cost (y-o-y%)	1.6	1.7	3.4	3.8	4.0	6.1
Unit Business Cost of Manufacturing (y-o-y%)	0.9	2.3	2.6	5.3	3.5	4.3
Consumer Price Index (y-o-y%)	5.5	5.5	5.2	4.9	5.3	4.2
Fixed Asset Investments (\$ bil)	4.0	3.4	13.7	6.0	4.6	4.1
Total Trade (y-o-y%)	5.4	7.7	8.0	7.5	2.9	-2.8
Exports	4.7	5.8	7.5	4.8	1.4	-4.2
Domestic Exports	14.5	9.0	13.2	10.0	6.0	-7.2
Oil	53.8	36.9	38.6	17.4	9.9	-13.6
Non-Oil	-1.2	-2.7	2.2	6.0	3.7	-3.2
Re-exports	-5.7	2.2	1.4	-1.3	-4.1	-0.2
Imports	6.2	9.9	8.6	10.5	4.6	-1.3

* At constant prices.