

2013 GDP Growth Forecast Maintained at 1.0 to 3.0 Per Cent

23 May 2013. The Ministry of Trade and Industry (MTI) announced today that it will maintain the GDP growth forecast for 2013 at 1.0 to 3.0 per cent.

Performance in First Quarter 2013

The Singapore economy grew by 0.2 per cent on a year-on-year basis in the first quarter of 2013, compared to 1.5 per cent in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 1.8 per cent, slower than the 3.3 per cent growth in the previous quarter. The pull-back in the quarter-on-quarter growth momentum was mainly due to the decline in externally-oriented sectors such as manufacturing and wholesale trade.

On a quarter-on-quarter basis, the manufacturing sector declined by an annualised rate of 12.3 per cent, reversing the 3.1 per cent gain in the previous quarter. The sequential decline largely reflected a contraction in the output of the biomedical manufacturing and transport engineering clusters, which more than offset the expansion in the electronics cluster. On a year-on-year basis, the manufacturing sector contracted by 6.8 per cent, compared to the decline of 1.1 per cent in the preceding quarter.

The construction sector expanded by 7.3 per cent on a year-on-year basis, following the 5.8 per cent growth in the preceding quarter. On a quarter-on-quarter basis, the sector grew by an annualised rate of 16.5 per cent, reversing the contraction of 3.9 per cent in the preceding quarter. This upturn was largely due to a strong rebound in private sector building activities.

The wholesale & retail trade sector contracted by 1.1 per cent on a year-on-year basis, compared to the decline of 1.5 per cent in the previous quarter. On a quarter-on-quarter basis, the sector declined by an annualised rate of 7.8 per cent, on the back of weak performance in the wholesale trade segment. Similarly, the transportation & storage sector declined by 0.5 per cent on a year-on-year basis and 8.4 per cent on a quarter-on-quarter seasonally-adjusted annualised basis.

Growth in the finance & insurance sector accelerated to 10.5 per cent on a year-on-year basis from 3.3 per cent in the preceding quarter. On a quarter-on-quarter basis, the sector surged by an annualised rate of 50.6 per cent. The expansion was underpinned by robust growth in the sentiment-sensitive segment and the financial intermediation cluster amidst signs of stabilisation in the external environment. Supported by robust real estate activities, growth in the business services sector improved to 4.3 per cent on a year-on-year basis and an annualised rate of 8.5 per cent on a quarter-on-quarter basis.

On a year-on-year basis, growth in the accommodation & food services sector slowed marginally to 2.1 per cent from 2.2 per cent in the previous quarter, while other services industries contracted slightly by 0.1 per cent, compared to the growth of 0.9 per cent in the preceding quarter. On a quarter-on-quarter basis, these sectors grew by annualised rates of 6.2 per cent and 4.5 per cent respectively.

Economic Outlook for 2013

External macroeconomic conditions have stabilised since late last year, and global economic growth is expected to improve gradually this year. In the US, the economy is expected to grow modestly, with resilient private demand helping to cushion the impact of fiscal cutbacks. The Eurozone is expected to remain in recession amidst record high unemployment and weak domestic demand. In Asia, growth is likely to be moderate, supported by healthy domestic demand.

Although Singapore's economic growth eased in the first quarter, it is expected to improve gradually over the course of the year. Externally-oriented sectors are expected to pick up in tandem with the gradual recovery in external demand, while construction and key services sectors such as finance & insurance and business services will continue to provide support to growth.

Nonetheless, risks to the global growth outlook remain. Fiscal uncertainties in the US remain with the failure of Congress to raise the debt ceiling, while the Eurozone is prone to a potential flare-up of the sovereign debt crisis. Other uncertainties include the risk of an escalation in regional geopolitical tensions, and a possible global outbreak of respiratory viruses. Barring downside risks, the Singapore economy is expected to grow by **1.0 to 3.0 per cent** in 2013.

MINISTRY OF TRADE AND INDUSTRY
23 May 2013

ANNEX

SECTORAL GROWTH RATES

	1Q12	2Q12	3Q12	4Q12	2012	1Q13
	Year-on-Year % Change					
Total	1.5	2.3	0.0	1.5	1.3	0.2
Goods Producing Industries	0.2	4.8	-0.2	0.0	1.2	-4.7
Manufacturing	-1.2	4.1	-1.4	-1.1	0.1	-6.8
Construction	9.4	11.4	6.7	5.8	8.2	7.3
Services Producing Industries	2.1	1.1	0.0	1.7	1.2	2.7
Wholesale & Retail Trade	-0.3	-0.7	-0.2	-1.5	-0.7	-1.1
Transportation & Storage	4.3	1.7	1.7	3.2	2.7	-0.5
Accommodation & Food Services	4.2	2.7	2.1	2.2	2.8	2.1
Information & Communications	3.8	1.8	1.1	3.8	2.6	2.9
Finance & Insurance	0.9	0.7	-2.9	3.3	0.5	10.5
Business Services	3.6	4.8	4.0	3.3	3.9	4.3
Other Services Industries	2.9	-0.9	-2.5	0.9	0.1	-0.1
	Annualised Quarter-on-Quarter Growth % (SA)					
Total	7.8	0.1	-4.6	3.3	1.3	1.8
Goods Producing Industries	13.4	0.9	-13.6	1.9	1.2	-8.3
Manufacturing	13.8	-1.0	-16.6	3.1	0.1	-12.3
Construction	10.5	15.0	3.2	-3.9	8.2	16.5
Services Producing Industries	3.5	0.1	0.4	2.5	1.2	7.9
Wholesale & Retail Trade	-10.4	-0.6	2.1	2.3	-0.7	-7.8
Transportation & Storage	5.9	4.8	-0.5	2.6	2.7	-8.4
Accommodation & Food Services	7.1	2.1	-0.7	0.8	2.8	6.2
Information & Communications	6.9	1.4	5.5	2.0	2.6	2.6
Finance & Insurance	14.8	0.2	0.2	-1.3	0.5	50.6
Business Services	4.8	4.0	2.6	2.1	3.9	8.5
Other Services Industries	9.0	-7.7	-5.2	8.6	0.1	4.5

OTHER ECONOMIC INDICATORS

	1Q12	2Q12	3Q12	4Q12	2012	1Q13
Retail Sales Index* (y-o-y%)	7.8	0.3	-0.2	-2.1	1.3	-4.6
Labour Productivity (y-o-y%)	-2.2	-1.6	-3.8	-2.5	-2.6	-3.7
Unemployment Rate, SA (%)	2.0	2.0	1.9	1.8	2.0	1.9
Changes in Employment ('000)	27.2	31.7	26.2	44.0	129.1	20.8
Overall Unit Labour Cost (y-o-y%)	1.9	3.6	5.8	5.2	4.1	8.7
Unit Business Cost of Manufacturing (y-o-y%)	4.5	2.7	3.7	2.8	3.4	5.3
Consumer Price Index (y-o-y%)	4.9	5.3	4.2	4.0	4.6	4.0
Fixed Asset Investments (\$ bil)	6.0	4.6	4.1	1.4	16.0	4.1
Total Trade (y-o-y%)	7.5	2.9	-2.8	-2.9	1.1	-9.0
Exports	4.8	1.4	-4.2	-5.1	-0.9	-8.7
Domestic Exports	10.0	6.0	-7.2	-2.5	1.3	-10.7
Oil	17.4	9.9	-13.6	0.2	2.8	-7.7
Non-Oil	6.0	3.7	-3.2	-4.2	0.5	-12.5
Re-exports	-1.3	-4.1	-0.2	-8.1	-3.5	-6.1
Imports	10.5	4.6	-1.3	-0.4	3.2	-9.3

* At constant prices.