

## **MTI Forecasts Growth of 3.5 to 4.0 Per Cent in 2013 and 2.0 to 4.0 Per Cent in 2014**

21 November 2013. The Ministry of Trade and Industry (MTI) announced today that it expects the Singapore economy to grow by 3.5 to 4.0 per cent in 2013, and by 2.0 to 4.0 per cent in 2014.

### **Performance in Third Quarter 2013**

The Singapore economy grew by 5.8 per cent on a year-on-year basis in the third quarter of 2013, higher than the 4.4 per cent growth in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew at a slower pace of 1.3 per cent, after expanding by 17.4 per cent in the previous quarter.

The manufacturing sector grew by 5.5 per cent year-on-year, higher than the 1.3 per cent growth in the previous quarter. The improvement was due to stronger growth in the electronics cluster and a sharp rebound in the transport engineering cluster. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew by 0.1 per cent, after surging by 33.5 per cent in the preceding quarter.

Growth in the construction sector moderated to 5.3 per cent year-on-year, compared to 6.9 per cent in the previous quarter due to slower growth in public non-residential building works. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector contracted by 2.5 per cent, a reversal from the 20.3 per cent expansion in the second quarter.

The wholesale & retail trade sector grew by 7.9 per cent year-on-year, compared to 5.5 per cent in the previous quarter. Growth was supported by a pickup in the wholesale trade segment due to strong trade flows to advanced economies and Greater China. On the other hand, the retail trade segment saw a sharper contraction. On a quarter-on-quarter seasonally-adjusted annualised basis, growth in the sector moderated to 12.2 per cent, from 21.8 per cent in the preceding quarter. The transportation & storage sector expanded by 5.4 per cent year-on-year in the third quarter, compared to 2.7 per cent in the previous quarter. Higher growth was seen across most segments, including water transport and air transport. On a quarter-on-quarter seasonally-adjusted annualised basis, growth in the sector moderated to 10.5 per cent in the third quarter, from 19.9 per cent in the second quarter.

Growth in the finance & insurance sector eased to 10.5 per cent year-on-year, from 13.7 per cent in the previous quarter, mainly due to slower growth in the sentiment-sensitive cluster. On a quarter-on-quarter seasonally-adjusted

annualised basis, the sector contracted by 10.5 per cent, a reversal from the 11.6 per cent growth in the second quarter. On a year-on-year basis, the business services sector grew by 3.9 per cent in the third quarter, the same rate of growth achieved in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, growth in the sector moderated to 2.5 per cent, from 5.9 per cent in the previous quarter.

Growth in the accommodation & food services sector eased slightly to 3.0 per cent year-on-year, from 3.3 per cent in the preceding quarter. By contrast, growth in the “other services” industries rose to 3.4 per cent from 2.1 per cent in the second quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the accommodation & food services sector contracted by 1.1 per cent, while the “other services” industries grew marginally by 0.1 per cent.

### Economic Outlook for 2013

The Singapore economy grew by 3.5 per cent year-on-year in the first three quarters of 2013. MTI expects the economy to maintain a similar pace of growth in the fourth quarter. In particular, externally-oriented sectors such as manufacturing, wholesale trade and transportation & storage are likely to support growth, in line with a slight pickup in the global economy. Domestically-oriented sectors such as construction and business services are also expected to remain resilient in the fourth quarter. Taking these factors into consideration, MTI expects the Singapore economy to grow by **3.5 to 4.0 per cent** in 2013.

### Economic Outlook for 2014

The global economic outlook is expected to continue to improve modestly in 2014, supported by a slow recovery in the US and Eurozone. In Asia, while the recovery in the advanced economies is expected to lift export demand, growth is likely to remain moderate given on-going structural reforms in China and fiscal consolidation in some ASEAN economies.

Against this backdrop, the growth outlook for the Singapore economy remains modest. Externally-oriented sectors such as manufacturing and transportation & storage are likely to continue to provide support to growth, in tandem with the recovery in global demand. However, some labour-intensive domestically-oriented sectors may see their growth weighed down by tightness in labour market conditions.

There are also risks to the global growth outlook. Uncertainties remain over how markets will react to the possible tapering of the quantitative easing programme by the US Federal Reserve, and whether the debt ceiling in the US will be raised in a timely manner. The Eurozone remains susceptible to a flare-up of the sovereign debt crisis, while there are risks of a sharper-than-

expected slowdown in China given on-going policy adjustments to restructure the economy. Barring these downside risks, the Singapore economy is expected to grow by **2.0 to 4.0 per cent** in 2014.

MINISTRY OF TRADE AND INDUSTRY  
21 November 2013

**ANNEX**

**SECTORAL GROWTH RATES**

	3Q12	4Q12	2012	1Q13	2Q13	3Q13
	Year-on-Year % Change					
Total	0.0	1.5	1.3	0.3	4.4	5.8
Goods Producing Industries	-0.2	0.0	1.2	-4.3	2.0	5.3
Manufacturing	-1.4	-1.1	0.1	-6.0	1.3	5.5
Construction	6.7	5.8	8.2	5.4	6.9	5.3
Services Producing Industries	0.0	1.7	1.2	2.6	5.8	6.3
Wholesale & Retail Trade	-0.2	-1.5	-0.7	0.2	5.5	7.9
Transportation & Storage	1.7	3.2	2.7	-0.8	2.7	5.4
Accommodation & Food Services	2.1	2.2	2.8	2.5	3.3	3.0
Information & Communications	1.1	3.8	2.6	3.0	4.6	5.0
Finance & Insurance	-2.9	3.3	0.5	10.6	13.7	10.5
Business Services	4.0	3.3	3.9	3.4	3.9	3.9
Other Services Industries	-2.5	0.9	0.1	-1.7	2.1	3.4
	Annualised Quarter-on-Quarter Growth % (SA)					
Total	-4.6	3.3	1.3	2.3	17.4	1.3
Goods Producing Industries	-13.6	1.9	1.2	-6.5	30.0	0.1
Manufacturing	-16.6	3.1	0.1	-9.3	33.5	0.1
Construction	3.2	-3.9	8.2	8.7	20.3	-2.5
Services Producing Industries	0.4	2.5	1.2	7.6	12.9	2.8
Wholesale & Retail Trade	2.1	2.3	-0.7	-2.7	21.8	12.2
Transportation & Storage	-0.5	2.6	2.7	-9.3	19.9	10.5
Accommodation & Food Services	-0.7	0.8	2.8	7.7	5.1	-1.1
Information & Communications	5.5	2.0	2.6	3.2	7.6	7.0
Finance & Insurance	0.2	-1.3	0.5	51.2	11.6	-10.5
Business Services	2.6	2.1	3.9	4.9	5.9	2.5
Other Services Industries	-5.2	8.6	0.1	-2.1	7.6	0.1

**OTHER ECONOMIC INDICATORS**

	3Q12	4Q12	2012	1Q13	2Q13	3Q13
Retail Sales Index* (y-o-y %)	-0.2	-2.1	1.3	-4.8	-0.7	-5.6
Labour Productivity (y-o-y %)	-3.8	-2.5	-2.6	-3.6	0.2	1.6
Unemployment Rate, SA (%)	1.9	1.8	2.0	1.9	2.1	1.8
Changes in Employment ('000)	26.2	44.0	129.1	28.9	33.7	28.1
Overall Unit Labour Cost (y-o-y %)	5.8	5.2	4.1	7.9	3.6	1.7
Unit Business Cost of Manufacturing (y-o-y %)	3.7	2.8	3.4	4.9	1.5	0.0
Consumer Price Index (y-o-y %)	4.2	4.0	4.6	4.0	1.6	1.8
Fixed Asset Investments (\$ bil)	4.1	1.4	16.0	4.1	2.3	2.4
Total Trade (y-o-y%)	-2.8	-2.9	1.1	-9.0	-2.0	6.0
Exports	-4.2	-5.1	-0.9	-8.7	-0.2	6.1
Domestic Exports	-7.2	-2.5	1.3	-10.7	-7.3	4.2
Oil	-13.6	0.2	2.8	-7.7	-10.7	17.9
Non-Oil	-3.2	-4.2	0.5	-12.5	-5.2	-3.3
Re-exports	-0.2	-8.1	-3.5	-6.1	9.1	8.3
Imports	-1.3	-0.4	3.2	-9.3	-4.0	5.9

\* At constant prices.