

Pace of Recovery Moderated in Fourth Quarter 2009

4 January 2010. Economic activity in Singapore slowed down in the fourth quarter of 2009, according to advance estimates¹. On a seasonally adjusted quarter-on-quarter annualised basis, Singapore's GDP contracted by 6.8 per cent in the fourth quarter due to a pull-back in the manufacturing sector. Compared to the fourth quarter of 2008, the economy grew by 3.5 per cent.

For 2009, the Singapore economy is estimated to have contracted by 2.1 per cent. This is in line with MTI's forecast of a contraction of 2.0 to 2.5 per cent for the whole year.

Gross Domestic Product at 2000 Prices

	4Q08	2008	1Q09	2Q09	3Q09	4Q09*	2009*
Percentage change over corresponding period of previous year							
Overall GDP	-4.2	1.1	-9.4	-3.2	0.9	3.5	-2.1
Goods Producing Industries							
Manufacturing	-10.7	-4.1	-23.7	-0.4	7.9	1.0	-4.4
Construction	18.5	20.3	24.4	18.6	12.8	11.2	16.3
Services Producing Industries	-1.3	4.7	-5.1	-4.9	-2.2	3.7	-2.2
Quarter-on-quarter annualised growth rate, seasonally adjusted							
Overall GDP	-16.4	1.1	-11.5	21.6	14.9	-6.8	-2.1
Goods Producing Industries							
Manufacturing	-21.3	-4.1	-16.5	57.9	29.6	-38.4	-4.4
Construction	10.3	20.3	9.6	32.7	0.9	4.3	16.3
Services Producing Industries	-15.0	4.7	-9.7	7.9	10.9	7.2	-2.2

*Advance estimates

Performance of Goods Producing Industries

The manufacturing sector contracted by 38.4 per cent on a seasonally-adjusted quarter-on-quarter annualised basis in the fourth quarter, a reversal from the 29.6 per cent expansion in the third quarter. This decline was mainly due to a

¹ The advance GDP estimates for fourth quarter 2009 are computed largely from data in the first two months of the quarter (i.e., October and November 2009). They are intended as an early indication of the GDP growth in the quarter, and are subject to revision when more comprehensive data becomes available.

contraction in the output of the biomedical manufacturing and transport engineering clusters. However, the electronics, chemicals and precision engineering clusters posted positive growth.

In contrast, the construction sector picked up moderately in the fourth quarter. The sector expanded by 4.3 per cent on a seasonally-adjusted quarter-on-quarter annualised basis in the fourth quarter compared to 0.9 per cent in the third quarter.

Performance of Services Producing Industries

The services sector continued to grow, but at a more moderate pace. On a seasonally adjusted quarter-on-quarter annualised basis, growth eased to 7.2 per cent in the fourth quarter, down from 10.9 per cent in the third quarter. This was mainly due to a slowdown in wholesale & retail trade from its strong growth in the third quarter. Most of the other segments of the services sector continued to grow. For example, financial services saw increased commercial bank, foreign exchange trading and Asian Currency Unit (ACU) business.

The preliminary GDP estimates for the fourth quarter and for the whole of 2009, including performance by sectors, sources of growth, inflation, employment and productivity, will be released in February 2010 in the *Economic Survey of Singapore*.

MINISTRY OF TRADE AND INDUSTRY
4 January 2010