

## **2010 GDP Forecast maintained at 7.0 to 9.0 Per Cent**

20 May 2010. The Ministry of Trade and Industry (MTI) announced today that the Singapore economy expanded by 15.5 per cent on a year-on-year basis in the first quarter of 2010. MTI will maintain the GDP growth forecast for 2010 at 7.0 to 9.0 per cent.

### Performance in the First Quarter of 2010

The Singapore economy grew by 15.5 per cent on a year-on-year basis in the first quarter of 2010, and 38.6 per cent on quarter-on-quarter seasonally adjusted annualised basis.

The strong momentum seen in the first quarter was broad-based, led by the manufacturing sector which expanded by 32.9 per cent on a year-on-year basis. Except for transport engineering, all other manufacturing clusters showed robust growth. The electronics cluster enjoyed the strongest growth, underpinned by strong global demand for semiconductor chips. The construction sector also grew by 13.7 per cent on a year-on-year basis, reflecting continued growth in public sector construction activities.

The services producing industries grew by 10.9 per cent in the first quarter of 2010. This was due to a broad-based expansion in all services sectors. In particular, financial services grew 18.1 per cent while wholesale and retail trade grew 17.7 per cent on a year-on-year basis.

### GDP Outlook for 2010

The US economic recovery is becoming more broad-based. Signs of a labour market recovery, coupled with improving business conditions, suggest that private demand in the US will continue to improve. Growth in key Asian economies, including China, will also likely remain buoyant on account of robust domestic demand, intra-regional trade and fiscal stimulus measures. The global electronics industry is also seeing a ramp-up in activity due to sector-specific factors, including the corporate IT replacement cycle in the US and inventory restocking in Asia.

Nevertheless, developments in recent weeks suggest that downside risks have also intensified. First, there is heightened market anxiety over the possibility of a sovereign debt default in Europe. While policymakers in the EU have introduced timely and forceful interventions to reduce the downside risk in the near term, significant uncertainties remain beyond the immediate horizon. Second, there continues to be concerns over excessive asset price inflation in emerging Asia. Should investor sentiments wane or if more monetary tightening measures are introduced, sharp asset price corrections could follow.

If these risks materialise, they could affect the global recovery and negatively impact Singapore.

Taking into consideration these factors, MTI will maintain the GDP growth forecast for Singapore in 2010 at 7.0 to 9.0 per cent.

MINISTRY OF TRADE AND INDUSTRY  
20 May 2010

**ANNEX**

**SECTORAL GROWTH RATES**

Sector	1Q09	2Q09	3Q09	4Q09	2009	1Q10
	Year-on-Year % Change					
Total	-8.9	-1.7	1.8	3.8	-1.3	15.5
Goods Producing Industries	-17.7	1.7	7.7	3.5	-1.5	28.6
Manufacturing	-23.8	-0.4	7.6	2.2	-4.1	32.9
Construction	25.5	18.1	11.7	11.5	16.2	13.7
Services Producing Industries	-4.9	-3.4	-1.1	3.7	-1.4	10.9
Wholesale & Retail Trade	-14.3	-11.8	-7.5	1.5	-8.2	17.7
Transport & Storage	-10.5	-10.1	-7.2	0.1	-7.0	7.6
Hotels & Restaurants	-4.0	-4.3	0.2	2.0	-1.5	6.7
Information & Communications	1.8	1.3	-0.1	1.6	1.2	2.9
Financial Services	-7.6	0.7	3.5	8.5	1.3	18.1
Business Services	6.2	4.0	3.7	4.2	4.5	6.1
	Quarter-on-Quarter Annualised Growth % (SA)					
Total	-11.0	18.5	11.1	-1.0	-1.3	38.6
Goods Producing Industries	-7.5	32.1	19.7	-20.7	-1.5	121.6
Manufacturing	-9.3	35.4	23.6	-27.0	-4.1	157.6
Construction	5.9	22.9	3.9	13.6	16.2	16.3
Services Producing Industries	-12.5	11.5	7.6	9.6	-1.4	15.8
Wholesale & Retail Trade	-15.7	5.8	7.8	8.8	-8.2	57.5
Transport & Storage	-27.7	8.3	10.0	16.4	-7.0	-3.2
Hotels & Restaurants	-7.3	-1.2	11.8	4.9	-1.5	12.2
Information & Communications	-4.7	3.5	2.3	5.3	1.2	0.8
Financial Services	-26.2	49.6	9.5	14.6	1.3	3.5
Business Services	2.8	3.1	5.1	5.9	4.5	10.3

**OTHER ECONOMIC INDICATORS**

	1Q09	2Q09	3Q09	4Q09	2009	1Q10
Visitor Arrivals (y-o-y%)	-13.6	-9.3	0.3	5.8	-4.3	19.6
Retail Sales Index at Constant Prices (y-o-y%)	-10.7	-12.1	-10.3	-4.1	-9.3	1.1
Labour Productivity (y-o-y%)	-14.1	-4.5	0.6	2.7	-3.9	13.1
Unemployment Rate, SA (%)	3.2	3.2	3.3	2.3	3.0	2.2
Changes in Employment ('000)	-6.2	-7.7	14.0	37.5	37.6	34.0
Overall Unit Labour Cost (y-o-y%)	9.3	-0.3	-5.9	-6.1	-0.7	-8.7
Unit Business Cost of Manufacturing (y-o-y%)	8.3	-9.3	-12.7	-10.0	-6.0	-11.7
Consumer Price Index (y-o-y%)	3.4	0.2	-0.3	-0.8	0.6	0.9
Fixed Asset Investments (\$ bil)	3.2	3.5	3.1	1.9	11.8	3.0
Total Trade (y-o-y%)	-27.7	-26.9	-21.4	1.2	-19.4	26.9
Exports	-27.8	-25.4	-20.0	4.9	-18.0	28.2
Domestic Exports	-31.1	-26.9	-21.8	7.8	-19.2	32.0
Oil	-43.1	-46.3	-41.5	6.9	-34.5	56.9
Non-Oil	-25.6	-14.5	-7.8	8.2	-10.6	23.2
Re-exports	-24.1	-23.8	-17.9	1.9	-16.6	24.5
Imports	-27.6	-28.4	-22.8	-2.7	-21.0	25.5