

2010 GDP Growth Forecast Maintained at 13.0 to 15.0 Per Cent

10 August 2010. The Ministry of Trade and Industry (MTI) announced today that the Singapore economy expanded by 17.9 per cent in the first half of 2010. MTI will maintain the GDP growth forecast for 2010 at 13.0 to 15.0 per cent.

Performance in the Second Quarter of 2010

In the second quarter of 2010, Singapore expanded by 18.8 per cent on a year-on-year basis, stronger than the 16.9 per cent growth in the first quarter. On a seasonally adjusted quarter-on-quarter annualised basis, GDP grew by 24.0 per cent for the second quarter, following a surge of 45.7 per cent in the preceding period.

Manufacturing output expanded by 44.5 per cent on a year-on-year basis. Growth was led by the biomedical manufacturing and electronics clusters, which increased production of higher value active pharmaceutical ingredients and semiconductor chips. The construction sector grew by 11.5 per cent, supported by an increase in public sector construction activities.

The services producing industries continued to expand by 11.2 per cent year-on-year in the second quarter of 2010. The wholesale & retail trade sector expanded by 18.9 per cent on the back of strong global trade flows, while the financial services sector grew by 10.2 per cent due to increased foreign exchange trading activities and domestic bank lending. The hotels & restaurants sector as well as other services industries also saw double-digit growth rates of 10.4 per cent and 12.9 per cent respectively, bolstered by higher visitor arrivals and activities in the new Integrated Resorts.

Real GDP grew by 17.9 per cent in the first half of 2010, as compared to 2.8 per cent in the preceding second half of 2009.

Outlook for the Second Half of 2010

The global economy is expected to remain on a modest recovery path, albeit one that will continue to ease for the rest of the year.

The US economy has continued to grow in the second quarter of 2010, but at a slower pace due to lower growth in private consumption expenditure and a decline in the boost from inventory adjustment. The weakness in the US labour and housing markets, combined with a decline in consumer confidence will affect household spending. Within the EU, although the results of stress tests on commercial banks and secured debt financing in Greece have

momentarily quelled market concerns, circumstances involving the southern European economies remain frail. Recovery in final demand in the EU is therefore expected to remain sluggish. Countries in Asia have been affected by the slowdown in external demand. China's growth momentum moderated in the second quarter with real GDP growth lower than the previous quarter.

For the Singapore economy, the strong growth momentum in the first half of 2010 is not likely to continue into the second half of the year, although growth rates will remain healthy. Anticipated plant maintenance shutdowns in the biomedical manufacturing cluster will also drag down overall growth.

Taking into account these factors, MTI is maintaining the economic growth forecast for 2010 at **13.0 to 15.0 per cent**.

MINISTRY OF TRADE AND INDUSTRY
10 August 2010

ANNEX

SECTORAL GROWTH RATES

Sector	2Q09	3Q09	4Q09	2009	1Q10	2Q10
	Year-on-Year % Change					
Total	-1.7	1.8	3.8	-1.3	16.9	18.8
Goods Producing Industries	1.7	7.7	3.5	-1.5	32.1	38.1
Manufacturing	-0.4	7.6	2.2	-4.1	37.9	44.5
Construction	18.1	11.7	11.5	16.2	9.7	11.5
Services Producing Industries	-3.4	-1.1	3.7	-1.4	11.4	11.2
Wholesale & Retail Trade	-11.8	-7.5	1.5	-8.2	16.9	18.9
Transport & Storage	-10.1	-7.2	0.1	-7.0	7.9	7.6
Hotels & Restaurants	-4.3	0.2	2.0	-1.5	7.0	10.4
Information & Communications	1.3	-0.1	1.6	1.2	2.3	2.8
Financial Services	0.7	3.5	8.5	1.3	19.1	10.2
Business Services	4.0	3.7	4.2	4.5	6.6	6.4
Other Services Industries	3.6	5.0	5.4	5.0	7.5	12.9
	Quarter-on-Quarter Annualised Growth % (SA)					
Total	18.5	11.1	-1.0	-1.3	45.7	24.0
Goods Producing Industries	32.1	19.7	-20.7	-1.5	147.5	53.0
Manufacturing	35.4	23.6	-27.0	-4.1	199.1	60.1
Construction	22.9	3.9	13.6	16.2	0.5	29.2
Services Producing Industries	11.5	7.6	9.6	-1.4	17.6	10.4
Wholesale & Retail Trade	5.8	7.8	8.8	-8.2	53.2	11.1
Transport & Storage	8.3	10.0	16.4	-7.0	-2.1	7.0
Hotels & Restaurants	-1.2	11.8	4.9	-1.5	13.2	12.3
Information & Communications	3.5	2.3	5.3	1.2	-1.2	5.0
Financial Services	49.6	9.5	14.6	1.3	7.2	9.7
Business Services	3.1	5.1	5.9	4.5	12.4	2.8
Other Services Industries	2.4	7.4	5.7	5.0	14.6	25.2

OTHER ECONOMIC INDICATORS

Sector	2Q09	3Q09	4Q09	2009	1Q10	2Q10
Visitor Arrivals (y-o-y%)	-9.3	0.3	5.8	-4.3	19.6	25.7
Retail Sales Index at Constant Prices (y-o-y%)	-12.1	-10.3	-4.1	-9.3	1.1	-5.7
Labour Productivity (y-o-y%)	-4.5	0.6	2.7	-3.9	14.4	14.6
Unemployment Rate, SA (%)	3.2	3.3	2.3	3.0	2.2	2.3
Changes in Employment ('000)	-7.7	14.0	37.5	37.6	36.5	26.5
Overall Unit Labour Cost (y-o-y%)	-0.3	-5.9	-6.1	-0.7	-7.9	-7.1
Unit Business Cost of Manufacturing (y-o-y%)	-9.3	-12.7	-10.0	-6.0	-11.7	-7.7
Consumer Price Index (y-o-y%)	0.2	-0.3	-0.8	0.6	0.9	3.1
Fixed Asset Investments (\$ bil)	3.5	3.1	1.9	11.8	3.0	4.6
Total Trade (y-o-y%)	-26.9	-21.4	1.2	-19.4	26.9	27.9
Exports	-25.4	-20.0	4.9	-18.0	28.2	29.1
Domestic Exports	-26.9	-21.8	7.8	-19.2	31.9	33.5
Oil	-46.3	-41.5	6.9	-34.5	56.9	48.1
Non-Oil	-14.5	-7.8	8.2	-10.6	23.1	27.7
Re-exports	-23.8	-17.9	1.9	-16.6	24.5	24.6
Imports	-28.4	-22.8	-2.7	-21.0	25.5	26.5