

## Singapore's Third Quarter GDP Growth Within Expectations

14 October 2010. The Ministry of Trade and Industry (MTI) announced today that the Singapore economy remains on track to achieve the overall growth forecast of 13 to 15 per cent for the whole of 2010.

Advance estimates<sup>1</sup> showed that the economy expanded by 10.3 per cent in the third quarter of 2010 compared to the same period a year ago. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy contracted by 19.8 per cent, a reversal from the growth of 27.3 per cent in the previous quarter.

### Gross Domestic Product at 2005 Prices

	3Q09	4Q09	2009	1Q10	2Q10	3Q10*
Percentage change over corresponding period of previous year						
Overall GDP	1.8	3.8	-1.3	16.9	19.6	<b>10.3</b>
Goods Producing Industries						
Manufacturing	7.6	2.2	-4.1	38.1	46.1	<b>12.1</b>
Construction	11.7	11.5	16.2	9.7	11.5	<b>6.7</b>
Services Producing Industries	-1.1	3.7	-1.4	11.4	11.8	<b>10.2</b>
Quarter-on-quarter annualised growth rate, seasonally adjusted						
Overall GDP	11.1	-1.0	-1.3	45.9	27.3	<b>-19.8</b>
Goods Producing Industries						
Manufacturing	23.6	-27.0	-4.1	200.3	66.6	<b>-57.0</b>
Construction	3.9	13.6	16.2	0.5	29.1	<b>-11.7</b>
Services Producing Industries	7.6	9.6	-1.4	17.7	12.6	<b>1.6</b>

\*Advance estimates

The decline in growth momentum was an expected correction from the exceptional growth in the first half of the year. On a seasonally adjusted quarter-on-quarter annualised basis, the manufacturing sector contracted by 57 per cent in the third quarter, after expanding by 67 per cent in the preceding quarter. This decline is largely attributable to the biomedical manufacturing cluster. Some pharmaceutical companies switched to producing a different

<sup>1</sup> The advance GDP estimates for the third quarter of 2010 are computed largely from data in the first two months of the quarter (i.e. July and August 2010). They are intended as an early indication of the GDP growth in the quarter, and are subject to revision when more comprehensive data become available.

value-mix of active pharmaceutical ingredients; there were also some plant maintenance shutdowns during the quarter.

The construction sector also contracted on a seasonally adjusted quarter-on-quarter annualised basis, by 12 per cent, compared to an expansion of 29 per cent in the preceding quarter. This was mainly due to the completion of key commercial and industrial building projects earlier in the year.

The services producing industries registered a modest sequential growth of 1.6 per cent, following a 13 per cent expansion in the previous quarter. Growth in trade-related services sectors, such as wholesale trade and transport and storage moderated from the high growth seen in the first half of the year.

Growth in the rest of the year will be underpinned by a number of industry-specific factors. In particular, continued growth in global demand for electronic products will lend some support to the electronics and precision engineering clusters. Increasing visitor arrivals driven by a resurgent Asian market and new tourism product offerings such as the Integrated Resorts will continue to bolster the tourism-related sectors.

MTI will release the preliminary GDP estimates for the third quarter of 2010, including performance by sectors, sources of growth, inflation, employment and productivity, in November 2010 in the *Economic Survey of Singapore*.

MINISTRY OF TRADE AND INDUSTRY  
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