

## Economic Growth Eased in Second Quarter 2011

14 July 2011. Based on advance estimates<sup>1</sup>, the economy grew by 0.5 per cent on a year-on-year basis, down from the 9.3 per cent growth in the previous quarter. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy contracted by 7.8 per cent, compared to the 27.2 per cent expansion in the previous quarter.

### Gross Domestic Product at 2005 Prices

	2Q10	3Q10	4Q10	2010	1Q11	2Q11*
Percentage change over corresponding period of previous year						
Overall GDP	19.4	10.5	12.0	14.5	9.3	<b>0.5</b>
Goods Producing Industries						
Manufacturing	45.2	13.7	25.5	29.7	16.4	<b>-5.5</b>
Construction	11.4	6.7	-2.0	6.1	2.4	<b>1.6</b>
Services Producing Industries	12.1	10.2	8.8	10.5	7.6	<b>3.3</b>
Quarter-on-quarter annualised growth rate, seasonally adjusted						
Overall GDP	29.7	-16.7	3.9	14.5	27.2	<b>-7.8</b>
Goods Producing Industries						
Manufacturing	79.2	-48.5	0.7	29.7	96.6	<b>-22.5</b>
Construction	21.2	-9.6	-10.2	6.1	13.5	<b>13.8</b>
Services Producing Industries	14.5	0.5	5.6	10.5	10.3	<b>-2.9</b>

\*Advance estimates

The moderation in growth reflected a slowdown across many sectors. On a year-on-year basis, the manufacturing sector declined by 5.5 per cent in the second quarter of 2011, after expanding by 16.4 per cent in the previous quarter. On a sequential basis, the sector contracted by an annualised rate of 22.5 per cent, a sharp reversal from the strong growth of 96.6 per cent in the preceding quarter. This largely reflected a decline in the biomedical manufacturing cluster, as some companies switched to producing a different value-mix of active pharmaceutical ingredients during the quarter. Output in the electronics cluster also fell, partly due to an easing in global demand for semiconductor chips.

<sup>1</sup> The advance GDP estimates for the second quarter of 2011 are computed largely from data in the first two months of the quarter (i.e. April and May 2011). 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.

The construction sector grew by 1.6 per cent on a year-on-year basis in the second quarter of 2011, following growth of 2.4 per cent in the preceding quarter. The sector also posted a second consecutive quarter of growth on a sequential basis, at 13.8 per cent, supported by increasing construction activities in the industrial building segment.

Growth in the services producing industries moderated. Services producing industries grew by 3.3 per cent on a year-on-year basis, compared to the 7.6 per cent growth in the preceding quarter. On a sequential basis, the services producing industries declined by an annualised rate of 2.9 per cent, following the growth of 10.3 per cent in the preceding quarter. This was largely due to declines in the wholesale & retail trade and financial services sectors. The former was negatively affected by weaker trade flows during the quarter, while the latter was dragged down by a fall in stock trading activities. In contrast, tourism-related sectors such as hotels & restaurants continued to register healthy growth due to strong visitor inflows.

MTI will release in August 2011 the preliminary GDP estimates for the second quarter, including performance by sectors, sources of growth, inflation, employment and productivity in its Economic Survey of Singapore.

MINISTRY OF TRADE AND INDUSTRY  
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