

## MTI Expects 2011 Growth to Be Around 5.0 Per Cent

14 October 2011. The Singapore economy grew by 5.9 per cent on a year-on-year basis in the third quarter of 2011. For the year as a whole, the Ministry of Trade and Industry (MTI) expects GDP growth to be around 5.0 per cent.

Advance estimates<sup>1</sup> showed that the Singapore economy grew by 5.9 per cent on a year-on-year basis in the third quarter of 2011, an improvement from the 1.0 per cent growth in the second quarter. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy grew by 1.3 per cent, after contracting by 6.3 per cent in the previous quarter.

### Gross Domestic Product at 2005 Prices

	3Q10	4Q10	2010	1Q11	2Q11	3Q11*
Percentage change over corresponding period of previous year						
Overall GDP	10.5	12.0	14.5	9.3	1.0	<b>5.9</b>
Goods Producing Industries						
Manufacturing	13.7	25.5	29.7	16.5	-5.8	<b>13.2</b>
Construction	6.7	-2.0	6.1	2.4	1.5	<b>0.4</b>
Services Producing Industries	10.2	8.8	10.5	7.6	4.0	<b>3.6</b>
Quarter-on-quarter annualised growth rate, seasonally adjusted						
Overall GDP	-16.7	3.9	14.5	27.4	-6.3	<b>1.3</b>
Goods Producing Industries						
Manufacturing	-48.5	0.7	29.7	97.6	-23.7	<b>8.9</b>
Construction	-9.6	-10.2	6.1	13.5	13.3	<b>-11.5</b>
Services Producing Industries	0.5	5.6	10.5	10.3	0.0	<b>-0.7</b>

\*Advance estimates

The improved economic performance in the third quarter was mainly due to a pick-up in growth in the biomedical manufacturing cluster. On a year-on-year basis, the manufacturing sector expanded by 13.2 per cent in the third quarter, after contracting by 5.8 per cent in the preceding quarter. On a seasonally-adjusted quarter-on-quarter annualised basis, the sector grew by 8.9 per cent, reversing from the 23.7 per cent decline in the preceding quarter. This largely

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

reflected a surge in output in the biomedical manufacturing cluster, which more than offset the decline in the electronics cluster.

The construction sector grew marginally by 0.4 per cent on a year-on-year basis in the third quarter, following the growth of 1.5 per cent in the preceding quarter. On a sequential basis, the construction sector contracted by 11.5 per cent, following two consecutive quarters of expansion. This was largely due to a decline in private sector building activities.

Services producing industries grew by 3.6 per cent on a year-on-year basis, compared to the 4.0 per cent growth in the preceding quarter. On a sequential basis, the services producing industries contracted marginally by 0.7 per cent. The transport & storage and financial services sectors saw relatively lower levels of activity compared to the preceding quarter.

For the rest of the year, growth could be weighed down by the softening global economic conditions. In particular, the electronics cluster is expected to remain weak due to the easing of global electronics demand. Sentiment sensitive activities within the financial services sector could also be dampened by heightened economic and financial uncertainties. As pharmaceutical output is expected to be higher in the near term compared to a year ago, the biomedical manufacturing cluster could provide some support to growth. For the year as a whole, the Singapore economy is expected to grow by around 5.0 per cent.

MTI will release the preliminary GDP estimates for the third quarter in November 2011, 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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