

## **MTI Maintains its 2013 GDP Growth Forecast at 1.0 to 3.0 Per Cent**

22 February 2013. The Ministry of Trade and Industry (MTI) announced today that the Singapore economy grew by 1.3 per cent in 2012 and maintains the growth forecast for 2013 at 1.0 to 3.0 per cent.

### Performance in Fourth Quarter 2012

The Singapore economy grew by 1.5 per cent on a year-on-year basis in the fourth quarter of 2012, an improvement from the flat growth recorded in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 3.3 per cent, a reversal from the 4.6 per cent contraction in the third quarter.

The manufacturing sector contracted by 1.1 per cent on a year-on-year basis, following the 1.4 per cent decline in the previous quarter. On a quarter-on-quarter basis, the sector grew by an annualised rate of 3.1 per cent, reversing from the 16.6 per cent contraction in the previous quarter. This was largely due to the rebound in the output of biomedical manufacturing and transport engineering clusters, which more than offset the decline in the output of the electronics cluster.

The construction sector grew by 5.8 per cent on a year-on-year basis, following the 6.7 per cent growth in the preceding quarter. On a quarter-on-quarter basis, the construction sector contracted by an annualised rate of 3.9 per cent, mainly due to the decline in private sector building activities.

The wholesale & retail trade sector contracted by 1.5 per cent on a year-on-year basis, while the transportation & storage sector grew by 3.2 per cent. On a quarter-on-quarter basis, the wholesale & retail trade and transportation & storage sectors grew modestly by annualised rates of 2.3 per cent and 2.6 per cent respectively.

Both the finance & insurance and business services sectors grew by 3.3 per cent on a year-on-year basis. On a quarter-on-quarter basis, the finance & insurance sector declined by an annualised rate of 1.3 per cent, while the business services sector grew by an annualised rate of 2.1 per cent.

The accommodation & food services sector grew 2.2 per cent on a year-on-year basis, following the 2.1 per cent growth in the previous quarter. The other services industries grew by 0.9 per cent, recovering from the 2.5 per cent decline in the preceding quarter. On a quarter-on-quarter basis, growth in the accommodation & food services sector and other services industries improved to annualised rates of 0.8 per cent and 8.6 per cent respectively.

### Overall Performance in 2012

For the whole of 2012, Singapore's GDP growth slowed to 1.3 per cent, from 5.2 per cent in 2011, mainly due to weakness in the externally-oriented sectors. Weighed down by the contraction in the electronics cluster, manufacturing sector growth slowed sharply from 7.8 per cent in the previous year to 0.1 per cent. By contrast, the construction sector growth accelerated from 6.3 per cent to 8.2 per cent in 2012, due to the expansion in both public and private building activities.

The services producing industries grew by 1.2 per cent in 2012, anchored by a pick-up in growth in business services sector to 3.9 per cent, on the back of strong performance in the real estate segment. On the other hand, the wholesale & retail trade sector declined by 0.7 per cent, while growth in the finance & insurance sector and other services industries moderated to 0.5 per cent and 0.1 per cent respectively.

### Economic Outlook for 2013

The global macroeconomic conditions have stabilised in recent months against the backdrop of improved financial market conditions. Nevertheless, global economic growth is likely to remain subdued. In the US, while the housing market has shown signs of improvement, the strength of the economic recovery will be restrained by fiscal tightening. In the Eurozone, economic growth is expected to remain stagnant, weighed down by ongoing fiscal tightening, private sector deleveraging, as well as high unemployment rates. In Asia, growth is likely to be moderate, supported by resilient domestic demand and modest growth in external demand.

Against this macroeconomic backdrop, the outlook for the Singapore economy remains cautiously positive. MTI is maintaining its 2013 economic growth forecast at **1.0 to 3.0 per cent**.

While downside risks have receded, the global economic outlook is still clouded with uncertainties. In particular, concerns remain over the extent of the fiscal cutback with the budget sequester in the US, as well as the potential flare-up of the debt crisis in the Eurozone. Should any of these risks materialise, Singapore's economic growth could come in lower than expected.

MINISTRY OF TRADE AND INDUSTRY  
22 February 2013

**ANNEX**

**SECTORAL GROWTH RATES**

Sector	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012
	Year-on-Year % Change						
Total	3.6	5.2	1.5	2.3	0.0	1.5	1.3
Goods Producing Industries	8.9	7.4	0.2	4.8	-0.2	0.0	1.2
Manufacturing	9.3	7.8	-1.2	4.1	-1.4	-1.1	0.1
Construction	9.2	6.3	9.4	11.4	6.7	5.8	8.2
Services Producing Industries	1.8	4.6	2.1	1.1	0.0	1.7	1.2
Wholesale & Retail Trade	2.5	1.6	-0.3	-0.7	-0.2	-1.5	-0.7
Transportation & Storage	1.7	3.8	4.3	1.7	1.7	3.2	2.7
Accommodation & Food Services	3.7	8.2	4.2	2.7	2.1	2.2	2.8
Information & Communications	1.8	3.6	3.8	1.8	1.1	3.8	2.6
Finance & Insurance	-0.1	8.9	0.9	0.7	-2.9	3.3	0.5
Business Services	2.6	3.0	3.6	4.8	4.0	3.3	3.9
Other Services Industries	1.7	6.3	2.9	-0.9	-2.5	0.9	0.1
	Quarter-on-Quarter Annualised Growth % (SA)						
Total	-2.3	5.2	7.8	0.1	-4.6	3.3	1.3
Goods Producing Industries	1.8	7.4	13.4	0.9	-13.6	1.9	1.2
Manufacturing	2.4	7.8	13.8	-1.0	-16.6	3.1	0.1
Construction	-1.2	6.3	10.5	15.0	3.2	-3.9	8.2
Services Producing Industries	-3.6	4.6	3.5	0.1	0.4	2.5	1.2
Wholesale & Retail Trade	9.7	1.6	-10.4	-0.6	2.1	2.3	-0.7
Transportation & Storage	-3.0	3.8	5.9	4.8	-0.5	2.6	2.7
Accommodation & Food Services	0.3	8.2	7.1	2.1	-0.7	0.8	2.8
Information & Communications	-8.9	3.6	6.9	1.4	5.5	2.0	2.6
Finance & Insurance	-22.7	8.9	14.8	0.2	0.2	-1.3	0.5
Business Services	4.5	3.0	4.8	4.0	2.6	2.1	3.9
Other Services Industries	-4.7	6.3	9.0	-7.7	-5.2	8.6	0.1

**OTHER ECONOMIC INDICATORS**

	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012
Retail Sales Index at Constant Price (y-o-y%)	4.1	2.0	7.8	0.3	-0.3	-2.0	1.3
Labour Productivity (y-o-y%)	-0.4	1.3	-2.2	-1.6	-3.8	-2.5	-2.6
Unemployment Rate, SA (%)	2.0	2.0	2.1	2.0	1.9	1.8	2.0
Changes in Employment ('000)	37.6	122.6	27.2	31.7	26.2	44.5	129.6
Overall Unit Labour Cost (y-o-y%)	2.4	3.5	1.9	3.6	5.8	5.2	4.1
Unit Business Cost of Manufacturing (y-o-y%)	2.6	2.7	5.0	3.3	4.4	3.4	4.0
Consumer Price Index (y-o-y%)	5.5	5.2	4.9	5.3	4.2	4.0	4.6
Fixed Asset Investments (\$ bil)	3.4	13.7	6.0	4.6	4.1	1.4	16.0
Total Trade (y-o-y%)	7.7	8.0	7.5	2.9	-2.8	-2.9	1.1
Exports	5.8	7.5	4.8	1.4	-4.2	-5.1	-0.9
Domestic Exports	9.0	13.2	10.0	6.0	-7.2	-2.5	1.3
Oil	36.9	38.6	17.4	9.9	-13.6	0.2	2.8
Non-Oil	-2.7	2.2	6.0	3.7	-3.2	-4.2	0.5
Re-exports	2.2	1.4	-1.3	-4.1	-0.2	-8.1	-3.5
Imports	9.9	8.6	10.5	4.6	-1.3	-0.4	3.2