

Singapore remains on track to grow by 1.5 to 2.5 per cent in 2012

12 October 2012. Based on advance estimates¹, the Singapore economy grew at a modest pace of 1.3 per cent on a year-on-year basis in the third quarter of 2012, compared to 2.3 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 1.5 per cent, compared to the 0.2 per cent expansion in the second quarter.

Economic growth in the second quarter was better than expected, resulting in an upward revision of quarter-on-quarter annualised growth from the preliminary estimates of -0.7 per cent to 0.2 per cent. The revision was due to new data from the construction sector, which registered higher certified progress payments from private sector industrial and residential projects. As a result, growth of the construction sector was significantly stronger at 14.3 per cent in the second quarter, compared to the preliminary estimates of 0.9 per cent growth.

Gross Domestic Product at 2005 Prices

	3Q11	4Q11	2011	1Q12	2Q12	3Q12*
Percentage change over corresponding period of previous year						
Overall GDP	6.0	3.6	4.9	1.5	2.3	1.3
Goods Producing Industries						
Manufacturing	13.7	9.2	7.6	-0.8	4.6	0.7
Construction	2.4	2.9	2.6	8.3	10.1	8.6
Services Producing Industries	3.6	2.1	4.4	1.9	0.9	1.1
Quarter-on-quarter annualised growth rate, seasonally adjusted						
Overall GDP	2.0	-2.5	4.9	9.8	0.2	-1.5
Goods Producing Industries						
Manufacturing	11.0	-11.1	7.6	20.9	-0.1	-3.9
Construction	-4.0	-2.2	2.6	35.1	14.3	-7.5
Services Producing Industries	-0.8	1.7	4.4	3.1	-0.4	0.1

*Advance estimates

The pullback in quarter-on-quarter growth momentum in the third quarter was mainly due to contraction in the manufacturing sector. On a quarter-on-quarter

¹ The advance GDP estimates for the third quarter of 2012 are computed largely from data in the first two months of the quarter (i.e. July and August 2012). 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.

basis, the sector declined by an annualised rate of 3.9 per cent, following the 0.1 per cent contraction in the preceding quarter. This largely reflected the decline in output of the electronics cluster. On a year-on-year basis, the manufacturing sector grew by 0.7 per cent compared to the 4.6 per cent increase in the second quarter.

The construction sector grew by 8.6 per cent on a year-on-year basis in the third quarter, moderating from 10.1 per cent in the preceding quarter. On a quarter-on-quarter basis, the sector contracted by an annualised rate of 7.5 per cent. This was largely due to a decline in private sector building activities.

Services producing industries rose by 1.1 per cent on a year-on-year basis, following the 0.9 per cent growth in the previous quarter. On a quarter-on-quarter basis, the services producing industries grew by an annualised rate of 0.1 per cent, compared to the 0.4 per cent decline in the preceding quarter. This was mainly due to higher levels of activity in the finance and insurance sector as well as other services sectors.

For the rest of the year, growth could be weighed down by the subdued global economic conditions. Externally-oriented sectors such as manufacturing and wholesale trade will be affected by the slowdown in advanced economies. However, there will be modest support to growth from healthy expansion in the transport engineering cluster and construction sector. The Singapore economy remains on track to grow by 1.5 to 2.5 per cent in 2012.

MTI will release the preliminary GDP estimates for the third quarter in November 2012, 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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