

## CHAPTER 6

# SECTORAL PERFORMANCE





Image courtesy of Singapore Economic Development Board

# CHAPTER 6

# SECTORAL PERFORMANCE

## OVERALL ECONOMY



STRUCTURE OF ECONOMY	Nominal Value Added Share (%)	Real Growth (%)
<b>TOTAL</b>	100.0	3.6
<b>Goods Producing Industries</b>	24.8	5.7
Manufacturing	19.2	10.1
Construction	4.3	-8.4
Utilities	1.3	0.0
Other Goods Industries	0.0	-8.4
<b>Services Producing Industries</b>	71.3	2.8
Wholesale & Retail Trade	17.6	2.3
Transportation & Storage	7.2	4.8
Accommodation & Food Services	2.1	1.2
Information & Communications	4.2	3.3
Finance & Insurance	13.3	4.8
Business Services	14.8	0.6
Other Services Industries	12.0	2.6
<b>Ownership of Dwellings</b>	3.9	4.8

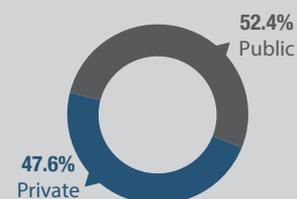
## MANUFACTURING

### CLUSTERS IN THE MANUFACTURING SECTOR

	Nominal VA Share (%)	Real Growth (%)
 Electronics	29.2	33.5
 Chemicals	19.1	6.2
 Biomedical Manufacturing	19.3	-9.3
 Precision Engineering	11.5	17.8
 Transport Engineering	10.0	-6.9
 General Manufacturing Industries	11.0	-1.6

## CONSTRUCTION

### CERTIFIED PAYMENTS IN 2017



### CONTRACTS AWARDED IN 2017 (\$, BILLION)



## WHOLESALE & RETAIL TRADE

WHOLESALE TRADE		RETAIL TRADE	
Nominal VA Share	Real Growth	Nominal VA Share	Real Growth
<b>89.7%</b>	<b>2.4%</b>	<b>10.3%</b>	<b>1.3%</b>
Domestic Wholesale Trade Index growth	Foreign Wholesale Trade Index growth	Retail Sales Index growth (Motor Vehicles)	Retail Sales Index growth (Non-motor Vehicles)
 1.0%	 3.6%	 1.5%	 1.3%

## TRANSPORTATION & STORAGE

TRANSPORTATION & STORAGE	Nominal Value Added Share (%)	Real Growth (%)
Land Transport*	20.2	3.3
Water Transport*	39.2	4.7
Air Transport*	21.0	5.0
Storage & Other Support Services	16.4	4.3
Post & Courier	3.1	14.7

\*Including supporting services

## INFORMATION & COMMUNICATIONS

	Nominal VA Share (%)	Real Growth (%)
 Telecommunications	30.1	-0.5
 IT & Information Services	53.9	8.3
 Others	16.0	-2.1

 <b>5.9%</b> Air passengers handled growth
 <b>5.5%</b> Total sea cargo handled growth
 <b>0.6%</b> Motor-vehicle population growth

## FINANCE & INSURANCE

FINANCE & INSURANCE	Nominal Value Added Share (%)	Real Growth (%)
Banking	45.3	1.5
Security Dealing	2.2	-8.2
Fund Management	12.4	27.2
Insurance	15.0	4.3
Others	25.1	4.0

### GROWTH OF BANK LOANS & ADVANCES TO NON-BANK CUSTOMERS IN 2017

 <b>5.6%</b>	 <b>6.2%</b>	 <b>4.8%</b>
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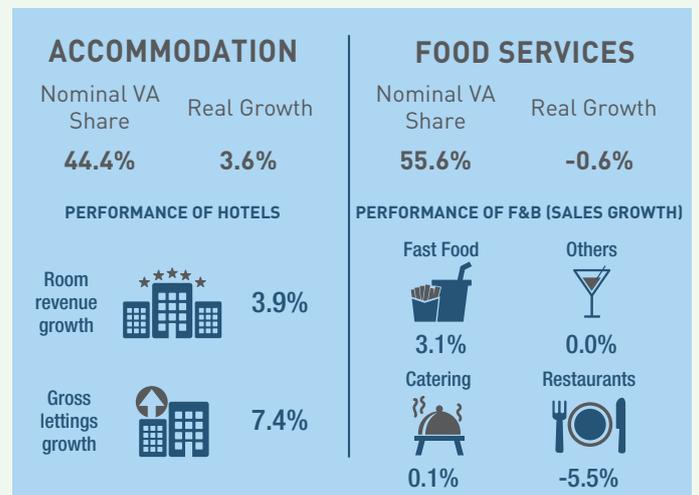
# CHAPTER 6

# SECTORAL PERFORMANCE

## BUSINESS SERVICES

BUSINESS SERVICES	Nominal Value Added Share(%)	Real Growth (%)
Real Estate	26.5	-3.3
Rental & Leasing	18.4	2.2
Legal	3.4	-2.4
Accounting	2.8	0.8
Head Offices & Business Representative Offices	12.0	6.1
Business & Management Consultancy	3.7	1.4
Architectural & Engineering	11.2	0.7
Othe Professional, Scientific & Technical Services	8.4	-1.1
Other Administrative & Support Services	13.7	4.0

## ACCOMMODATION & FOOD SERVICES



## OTHER SERVICES INDUSTRIES

OTHER SERVICES INDUSTRIES	Nominal Value Added Share (%)	Real Growth (%)
Public Administration & Defence	24.4	0.5
Education, Health & Social Work	52.2	2.4
Arts, Entertainment & Recreation	11.4	9.1
Others	12.0	1.1



# 6.1 MANUFACTURING

## OVERVIEW

The manufacturing sector expanded by 4.8 per cent in the fourth quarter, supported largely by robust output growth in the electronics and precision engineering clusters.

For the whole of 2017, the manufacturing sector grew by 10 per cent, accelerating from the 3.7 per cent expansion in 2016. Growth was largely driven by the electronics and precision engineering clusters, even as the biomedical manufacturing, transport engineering and general manufacturing industries clusters contracted.

## OVERALL MANUFACTURING PERFORMANCE

In the fourth quarter, the manufacturing sector grew by 4.8 per cent. Growth was underpinned by output expansions in all clusters, with the exception of the biomedical manufacturing and transport engineering clusters (Exhibit 6.1).

For the whole of 2017, the manufacturing sector grew by 10 per cent, accelerating from the 3.7 per cent growth in 2016. The robust performance was mainly driven by the electronics and precision engineering clusters, which collectively accounted for approximately 126 per cent of the overall expansion (Exhibit 6.2).

Exhibit 6.1: Manufacturing Growth Rates

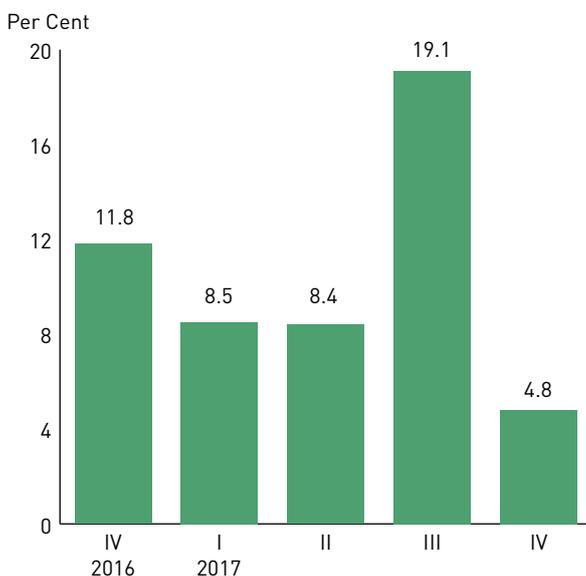
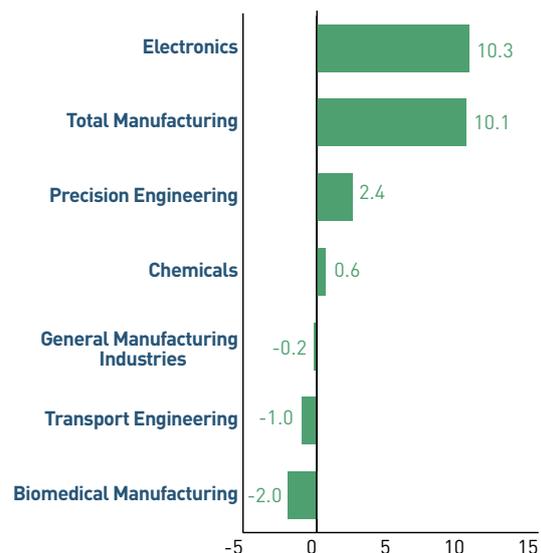


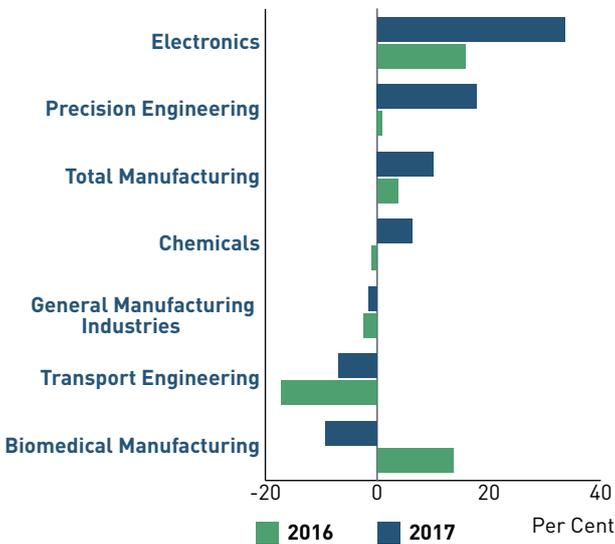
Exhibit 6.2: Percentage-point Contribution to Manufacturing Sector's Growth in 2017



## ► Performance Of Clusters

The electronics cluster grew by 24 per cent in the fourth quarter, largely due to the semiconductors segment, which expanded by 35 per cent. Specifically, the semiconductors segment benefitted from robust global semiconductors demand, which was in turn driven by key end markets such as the smartphone market. At the same time, the computer peripherals segment registered healthy growth of 9.5 per cent, supported by buoyant demand for printer-related products. On the other hand, the data storage and other electronic modules & components segments contracted by 25 per cent and 7.5 per cent respectively. For the full year, the electronics cluster expanded by 34 per cent as the healthy performance of the semiconductors and computer peripherals segments more than offset the weakness in the data storage segment (Exhibit 6.3).

Exhibit 6.3: Manufacturing Clusters' Growth



The precision engineering cluster expanded by 20 per cent in the fourth quarter, supported by both the precision modules & components (PMC) and machinery & systems (M&S) segments. Output in the PMC segment rose by 40 per cent due to an increase in the production of dies, moulds, tools, jigs & fixture, optical instruments and metal precision components. Meanwhile, the M&S segment grew by 8.9 per cent in tandem with healthy export demand for semiconductor manufacturing equipment. For the whole of 2017, the output of the precision engineering cluster rose by 18 per cent on account of robust expansions in both segments.

The chemicals cluster grew by 12 per cent in the fourth quarter, with all segments recording growth. In particular, the petrochemicals segment grew by 23 per cent on the back of production capacity expansions, while the petroleum segment expanded by 13 per cent supported by higher refining margins. At the same time, the other chemicals and specialties segments posted growth of 8.1 per cent and 6.2 per cent respectively. For 2017 as a whole, the chemicals cluster expanded by 6.2 per cent, supported by growth in all segments.

Output of the general manufacturing industries cluster increased by 6.6 per cent in the fourth quarter, primarily due to the strong performance of the food, beverages & tobacco (FBT) segment, which grew by 18 per cent on the back of a surge in the production of beverages products. On the other hand, the printing segment shrank by 11 per cent due to weak demand for commercial printing, while output in the miscellaneous industries segment declined by 0.6 per cent on account of a lower production of construction-related materials. For the whole of 2017, the general manufacturing industries cluster contracted by 1.6 per cent, as output declines in the printing and miscellaneous industries segments outweighed output gains in the FBT segment.

Output of the transport engineering cluster fell by 7.8 per cent in the fourth quarter. The aerospace segment recorded robust growth of 13 per cent due to a higher volume of repair and maintenance work from commercial airlines. However, this was more than offset by output declines in the marine & offshore engineering (M&OE) and land transport segments of 22 per cent and 11 per cent respectively. In particular, the M&OE segment remained weak on account of low levels of rig-building, shipbuilding and repair activities. For the full year, the transport engineering cluster shrank by 6.9 per cent, dragged down mainly by the M&OE segment.

The biomedical manufacturing cluster contracted by 28 per cent in the fourth quarter, weighed down by the pharmaceuticals segment (-37 per cent) on the back of a drop in the production of active pharmaceutical ingredients and biological products. However, the medical technology segment, which grew at a healthy pace of 3.3 per cent, provided some support to the cluster. For 2017 as a whole, output in the biomedical manufacturing cluster fell by 9.3 per cent, led by the output decline in the pharmaceuticals segment.

## 6.2 CONSTRUCTION

### OVERVIEW

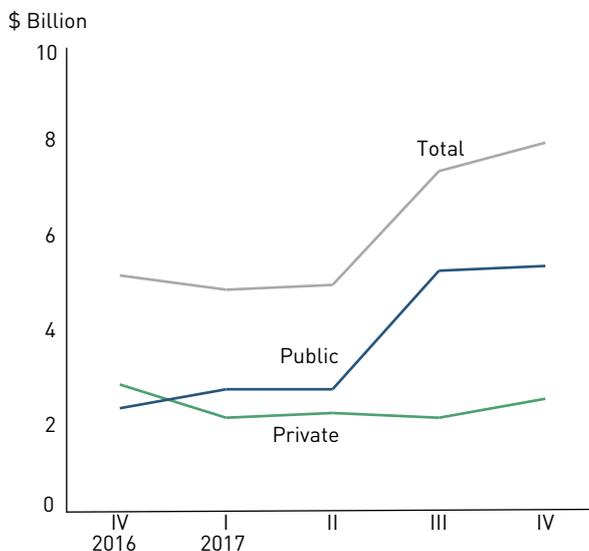
The construction sector shrank by 5.0 per cent in the fourth quarter of 2017, extending the 9.3 per cent decline recorded in the previous quarter.

For the whole of 2017, the sector contracted by 8.4 per cent, reversing from the 1.9 per cent growth in the previous year.

### CONSTRUCTION DEMAND

Construction demand (or contracts awarded) increased by 56 per cent to reach \$7.9 billion in the fourth quarter, due to an expansion in public sector construction demand (Exhibit 6.4).

Exhibit 6.4: Contracts Awarded



For the full year, total construction demand fell by 6.1 per cent to \$25 billion (Exhibit 6.5) as a result of continued weakness in private sector construction demand. On the other hand, public sector construction demand provided some support to growth.

Exhibit 6.5: Contracts Awarded, 2017 (\$ Billion)

	Total	Public	Private
<b>Total</b>	24.8	15.8	9.0
<b>Residential</b>	6.2	3.2	3.0
<b>Commerical</b>	1.9	0.1	1.7
<b>Industrial</b>	4.2	1.7	2.5
<b>Institutional &amp; Others</b>	3.2	2.5	0.7
<b>Civil Engineering Works</b>	9.3	8.3	1.1

### Public Sector

In the fourth quarter, public sector construction demand expanded by 132 per cent, following the 201 per cent increase in the previous quarter. This was primarily due to a surge in contracts awarded for civil engineering works such as Circle Line 6 and the Deep Tunnel Sewerage System Phase 2.

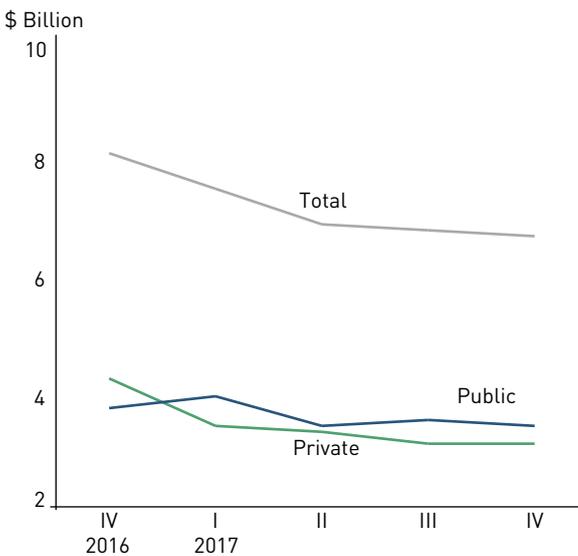
For the full year, public sector construction demand rose by 2.9 per cent to reach \$16 billion. Growth was mainly supported by a 99 per cent increase in the demand for industrial building works and a 10 per cent rise in the demand for civil engineering works. Some of the major projects awarded included HDB's Defu Industrial City, JTC's Logistics Hub @ Gul and the North-South Corridor.

## Private Sector

Private sector construction demand declined in the fourth quarter (-7.6 per cent), mainly due to the weakness in demand for industrial developments and commercial developments. However, demand for civil engineering developments and institutional & other building developments provided some support to growth.

For the full year, private sector construction demand shrank by 19 per cent from \$11 billion in 2016 to \$9.0 billion in 2017. Private construction demand for all development types, except for institutional & other building projects, fell. Despite overall sluggish private sector construction demand, a number of notable projects were awarded in 2017, including the construction of the fourth Desalination Plant at Marina East and Project Glory at Market Street (redevelopment of the Golden Shoe Carpark to a mixed use commercial development) as well as the refurbishment of Raffles Hotel.

Exhibit 6.6: Certified Payments



## CONSTRUCTION ACTIVITIES

Construction output (or certified payments) declined by 17 per cent to \$6.7 billion in the fourth quarter, due to a slowdown in both private and public sector construction activities (Exhibit 6.6).

For the full year, construction output contracted by 21 per cent to \$28 billion, likewise dragged down by private and public sector construction works.

### Public Sector

Public sector construction output fell by 7.1 per cent to \$3.5 billion in the fourth quarter. The contraction was led by a reduction in on-site construction activities for all development types, except for industrial building works, which rose marginally by 1.0 per cent during the quarter.

For the full year, public sector construction output declined by 11 per cent to \$15 billion, pulled down by a drop in residential building works (-30 per cent) and civil engineering works (-13 per cent). On the other hand, construction activities for institutional & other building developments, industrial developments, and commercial developments rose. Major on-going projects in these areas include the expansion of the Liquefied Natural Gas (LNG) Terminal (Phase 3), JTC Space @ Tuas, Sengkang General and Community Hospital and Woodlands Integrated Health Campus.

### Private Sector

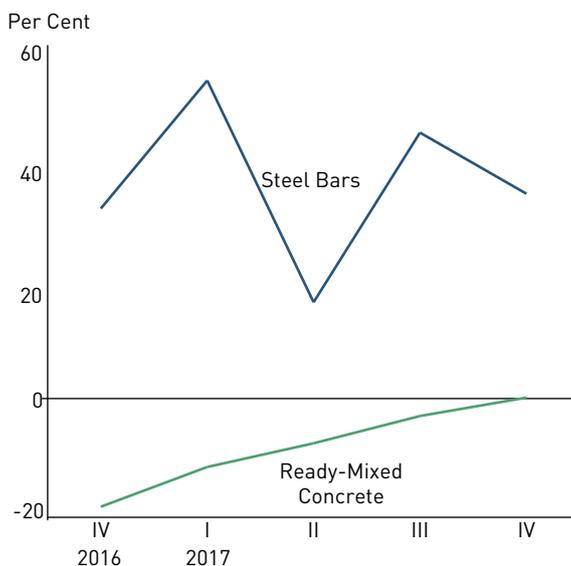
Private sector construction output shrank by 26 per cent to \$3.2 billion in the fourth quarter, largely attributable to a moderation in residential building and industrial building works. For the whole of 2017, private construction output fell by 29 per cent to \$13 billion, due to a broad-based decline in all types of construction activities.

## CONSTRUCTION MATERIALS

In tandem with the slowdown in construction activities, total consumption of ready-mixed concrete fell by 8.6 per cent to reach \$13 million m<sup>3</sup> in 2017, compared to a year ago. Similarly, total consumption of steel rebars declined to 1.5 million tonnes in 2017, from 1.6 million tonnes in the previous year.

Due to higher raw material prices, the average market price of Grade 40 pump ready-mixed concrete increased by 1.9 per cent year-on-year in the fourth quarter (Exhibit 6.7). Similarly, the average market price of steel rebar increased by 36 per cent year-on-year in the same period.

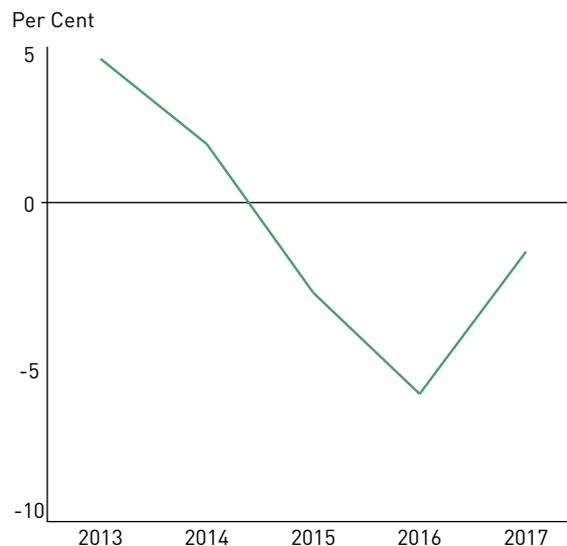
Exhibit 6.7: Changes in Market Prices of Construction Materials



## CONSTRUCTION COSTS

Based on BCA's Building Works Tender Price Index (TPI), tender prices in the construction sector registered an estimated drop of 1.3 per cent in 2017 (Exhibit 6.8). This came on the back of a reduction in private sector building demand and a softening of plant and equipment costs.

Exhibit 6.8: Changes in Tender Price Index



1 Rebar consumption is estimated from net imports plus local production (without factoring in stock levels).

2 The market prices are based on contracts with non-fixed price, fixed price and market retail price.

3 The market prices refer to 16mm to 32mm High Tensile rebar and are based on fixed price supply contracts with a contract period 12 months or below.

## CONSTRUCTION OUTLOOK IN 2018

According to BCA, total construction demand in 2018 is projected to be between \$26 billion and \$31 billion (Exhibit 6.9). Demand from the public sector is expected to strengthen to between \$16 billion and \$19 billion in 2018, accounting for around 60 per cent of total construction demand. The boost to public sector construction demand is likely to come from an anticipated increase in the demand for institutional & other building projects and civil engineering works. Furthermore, private sector demand is projected to improve from the \$9 billion in 2017 to between \$10 billion and \$12 billion in 2018, in line with the positive economic outlook and property market sentiments.

Total construction output in 2018 is projected to remain subdued at between \$26 billion and \$28 billion, due to the slowdown in overall construction demand since 2015.

Exhibit 6.9: Projected Construction Demand in 2018

	\$ Billion
<b>Public Sector</b>	16.0 – 19.0
<b>Building Construction Sub-total</b>	7.3 – 9.2
Residential	2.8 – 3.1
Commercial	0.1 – 0.3
Industrial	0.5 – 1.3
Institutional & Others	3.9 – 4.4
<b>Civil Engineering Works Sub-total</b>	8.7 – 9.8
<b>Private Sector</b>	10.0 – 12.0
<b>Building Construction Sub-total</b>	9.0 – 10.7
Residential	3.0 – 3.6
Commercial	2.1 – 2.5
Industrial	2.8 – 3.3
Institutional & Others	1.1 – 1.3
<b>Civil Engineering Works Sub-total</b>	1.0 – 1.3
<b>TOTAL CONSTRUCTION DEMAND</b>	<b>26.0 – 31.0</b>

## 6.3 WHOLESALE & RETAIL TRADE

### OVERVIEW

The wholesale & retail trade sector expanded by 3.0 per cent in the fourth quarter of 2017, moderating from the 3.3 per cent growth in the previous quarter.

For the whole of 2017, the sector expanded by 2.3 per cent, faster than the 1.0 per cent growth in 2016. The improvement in growth can be attributed to the wholesale segment.

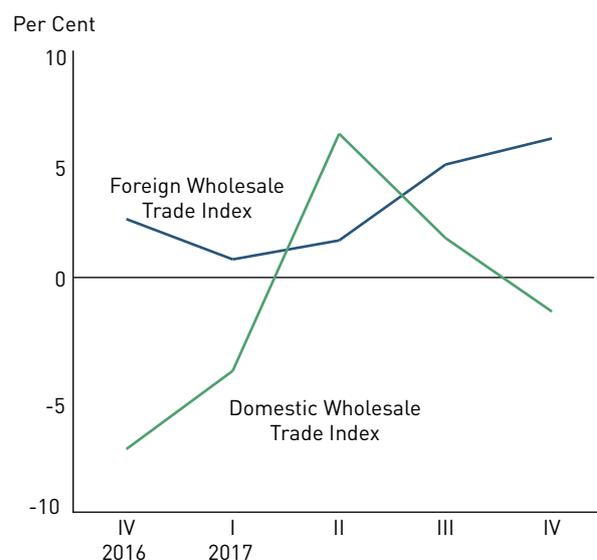
### WHOLESALE TRADE

In the fourth quarter, the wholesale trade segment was boosted by an improvement in foreign wholesale sales volume, which more than offset the weakness in domestic wholesale sales volume.

The domestic wholesale sales volume fell by 1.1 per cent in the fourth quarter, reversing the 2.0 per cent growth in the preceding quarter (Exhibit 6.10). The poorer outturn was led by declines in the sales volume of household equipment & furniture (-27 per cent) and general wholesale merchandise (-19 per cent), which outweighed the increase in the sales volume of telecommunications & computers (20 per cent). For the whole of 2017, the domestic wholesale trade index expanded by 1.0 per cent, a turnaround from the 2.7 per cent decline in 2016.

On the other hand, foreign wholesale sales volume rose by 6.2 per cent in the fourth quarter, a step-up from the 5.1 per cent growth in the preceding quarter. Growth was driven by expansions in the sales of petroleum & petroleum-related products (11 per cent), telecommunications & computers (19 per cent) and electronic components (16 per cent). However, growth was partly offset by a 20 per cent decline in the sales volume of metals, timber & construction materials. For the full year, the foreign wholesale trade index rose by 3.6 per cent, faster than the increase of 1.5 per cent in the previous year.

Exhibit 6.10: Changes in Wholesale Trade Index at Constant Prices



### RETAIL SALES

Retail sales volume rose by 2.1 per cent in the fourth quarter, improving from the 0.9 per cent growth recorded in the third quarter (Exhibit 6.11). Growth was supported by improvements in both motor vehicle and non-motor vehicle sales volumes. While motor vehicle sales benefitted from an on-year increase in COE supply, growth in non-motor vehicle sales came on the back of an improvement in consumer sentiments. Notably, the sales volume of discretionary goods such as recreational goods, computer & telecommunication equipment and wearing apparel & footwear grew by 4.6 per cent, 4.3 per cent and 3.1 per cent respectively.

Exhibit 6.11: Changes in Retail Sales Index at Constant Prices

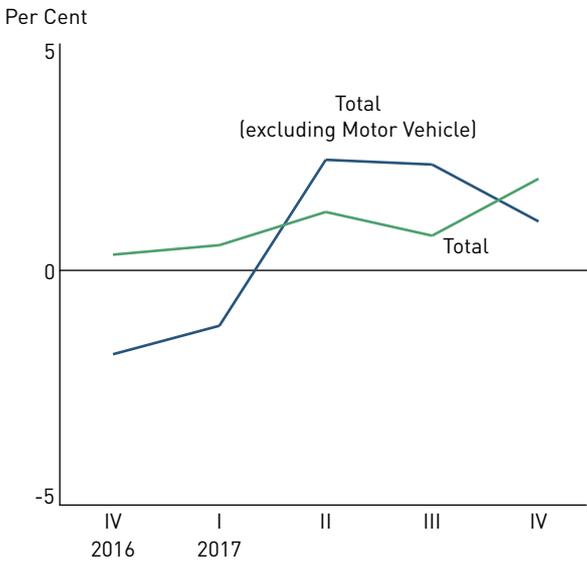
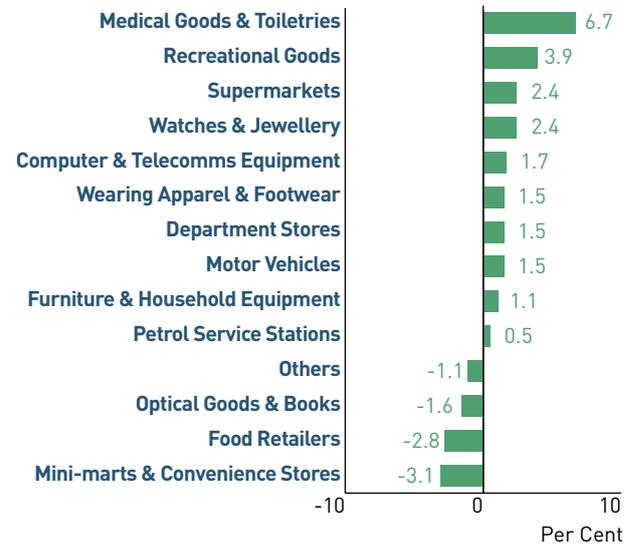


Exhibit 6.12: Changes in Retail Sales Index at Constant Prices for Major Segments in 2017



For the full year, retail sales volume expanded by 1.3 per cent, similar to the 1.5 per cent growth recorded in 2016. Growth was driven by both motor vehicle sales and non-motor vehicle sales, which the former rising by 1.5 per cent and the latter increasing by 1.3 per cent.

The rise in non-motor vehicle sales was underpinned by higher sales of discretionary goods. For instance, the sales volume of recreational goods (3.9 per cent), watches & jewellery (2.4 per cent), computer & telecommunications equipment (1.7 per cent) and wearing apparel & footwear (1.5 per cent) improved in 2017 (Exhibit 6.12).

## 6.4 ACCOMMODATION & FOOD SERVICES

### OVERVIEW

The accommodation & food services sector expanded by 2.9 per cent in the fourth quarter of 2017, accelerating from the 1.3 per cent growth in the previous quarter.

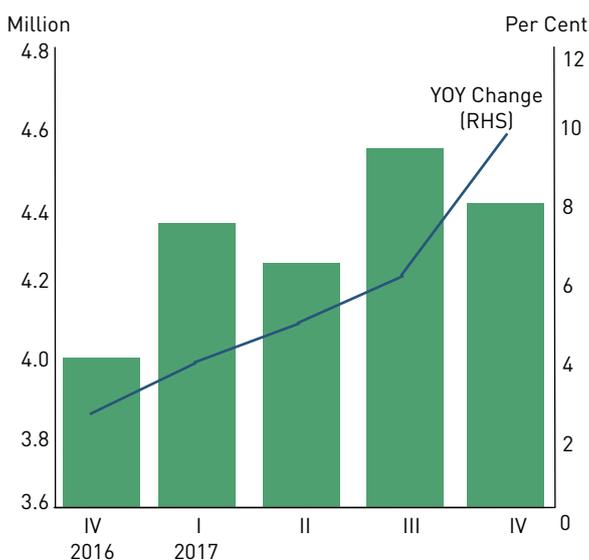
For the whole of 2017, the sector grew by 1.2 per cent, a moderation from the 3.8 per cent growth in 2016.

### VISITOR ARRIVALS

Singapore received a total of 4.4 million visitors in the fourth quarter, 9.8 per cent higher compared to the same period a year ago (Exhibit 6.13). This was led by a 25 per cent surge in Chinese visitor arrivals.

For the full year, visitor arrivals increased by 6.2 per cent, moderating from the robust 7.7 per cent growth posted in 2016. In total, visitor arrivals reached 17.4 million in 2017.

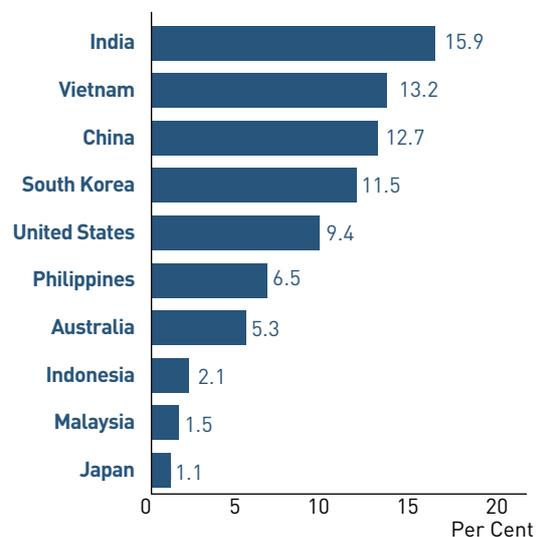
Exhibit 6.13: Visitor Arrivals



In terms of source markets, Singapore's top five visitor-generating markets in 2017 were China (3.2 million visitors), Indonesia (3.0 million), India (1.3 million), Malaysia (1.2 million) and Australia (1.1 million). Together, they accounted for 56 per cent of total visitor arrivals in 2017.

Among the top ten visitor-generating markets, India (16 per cent), Vietnam (13 per cent) and China (13 per cent) posted the highest growth rates in visitor arrivals in 2017 (Exhibit 6.14).

Exhibit 6.14: Growth Rates of Top Ten Visitor Generating Markets in 2017

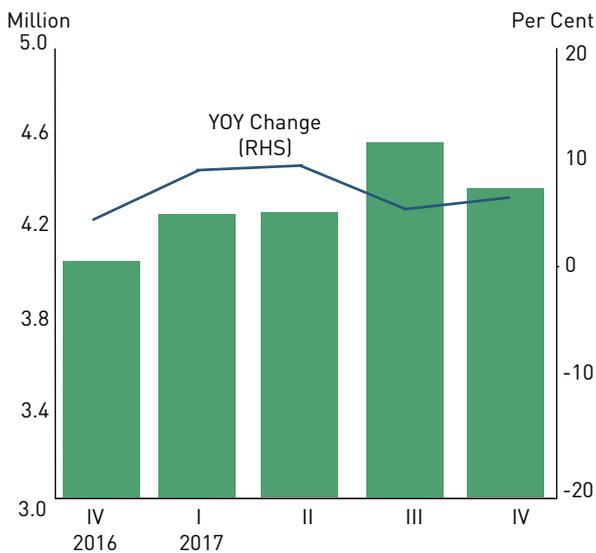


## ACCOMMODATION

In tandem with the growth in visitor arrivals, gross lettings of gazetted hotel rooms rose by 6.5 per cent in the fourth quarter, higher than the 5.5 per cent growth in the previous quarter (Exhibit 6.15). Similarly, room revenue grew by 5.6 per cent, faster than the 2.1 per cent growth in the preceding quarter, on the back of an improvement in the average occupancy rate of gazetted hotel rooms. Specifically, the average occupancy rate rose by 1.8 percentage-points to reach 82 per cent in the fourth quarter.

For the full year, the performance of the accommodation segment remained resilient. The overall room revenue of gazetted hotels rose by 3.9 per cent to reach \$3.7 billion on the back a 7.4 per cent increase in gross lettings.

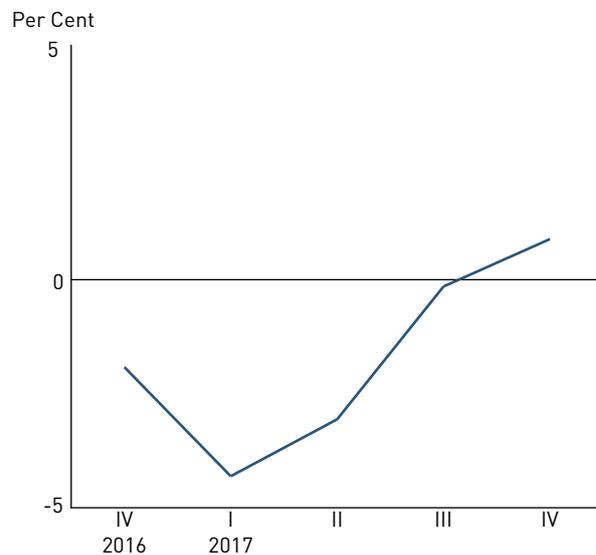
Exhibit 6.15: Gross Lettings



## FOOD & BEVERAGE SERVICES

Overall food & beverage sales volume expanded by 0.8 per cent in the fourth quarter, a turnaround from the 0.2 per cent decline in the preceding quarter (Exhibit 6.16). The improved performance in the fourth quarter was due to higher sales volume at restaurants (1.1 per cent), fast food outlets (2.7 per cent) and other eating places (1.4 per cent), which more than offset the 4.1 per cent contraction in sales volume for food caterers.

Exhibit 6.16: Changes in Food and Beverage Services Index at Constant Prices



For the whole of 2017, the food & beverage services index fell by 1.7 per cent, extending the 1.9 per cent decline in 2016. The contraction was due to a 5.5 per cent decline in the sales volume of restaurants, following the 7.5 per cent fall recorded in the preceding year. On the other hand, the sales volume of fast food outlets and food caterers recorded improvements of 3.1 per cent and 0.1 per cent respectively in 2017.

## 6.5 TRANSPORTATION & STORAGE

### OVERVIEW

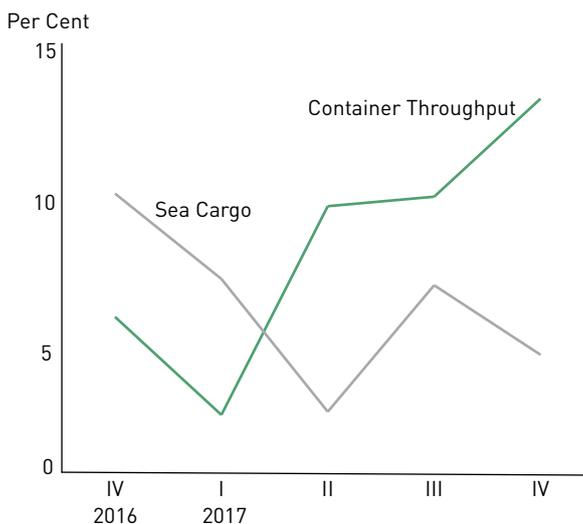
The transportation & storage sector grew by 5.3 per cent in the fourth quarter, similar to the 5.2 per cent growth in the previous quarter.

For the whole of 2017, the sector expanded by 4.8 per cent, faster than the 1.3 per cent growth in 2016. Growth in the sector was primarily supported by the water transport and air transport segments.

### WATER TRANSPORT

Container throughput rose by 13 per cent in the fourth quarter, accelerating from the 9.9 per cent expansion in the previous quarter, in tandem with the sustained growth in global container trade (Exhibit 6.17). For the full year, the number of TEUs (Twenty-Foot Equivalent Units) handled by Singapore's ports came in at 34 million, representing an increase of 8.9 per cent, rebounding from the 0.1 per cent contraction in 2016.

Exhibit 6.17: Changes in Container Throughput and Sea Cargo Handled



Overall sea cargo volumes rose by 4.9 per cent in the fourth quarter, easing from the 7.1 per cent expansion in the preceding quarter. The moderation in sea cargo volumes was largely due to a step-down in the growth of oil-in-bulk cargo shipments, from 8.3 per cent in the third quarter to 0.7 per cent in the fourth quarter.

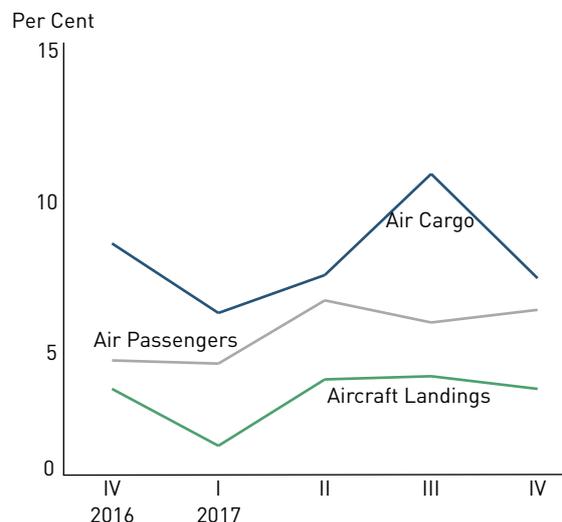
For the whole of 2017, total sea cargo volumes expanded by 5.5 per cent in 2017, extending the 3.0 per cent growth in the previous year.

### AIR TRANSPORT

Air passenger traffic handled by Changi Airport rose by 6.3 per cent in the fourth quarter, faster than the 5.9 per cent increase in the previous quarter (Exhibit 6.18).

For the full year, total air passenger traffic passing through Changi Airport reached 62 million, an increase of 5.9 per cent, easing slightly from the 6.1 per cent increase in 2016. This robust performance was mainly supported by healthy growth in air passenger traffic to and from Changi Airport's key markets, including Malaysia, Indonesia, and China.

Exhibit 6.18: Changes in Air Transport



Likewise, air cargo registered a 7.3 per cent expansion in the fourth quarter, extending the 11 per cent growth in the previous quarter. Growth was likely led by higher shipments of semiconductors and e-commerce cargo. For 2017 as whole, air cargo shipments grew by 7.9 per cent, faster than the 6.3 per cent increase in 2016.

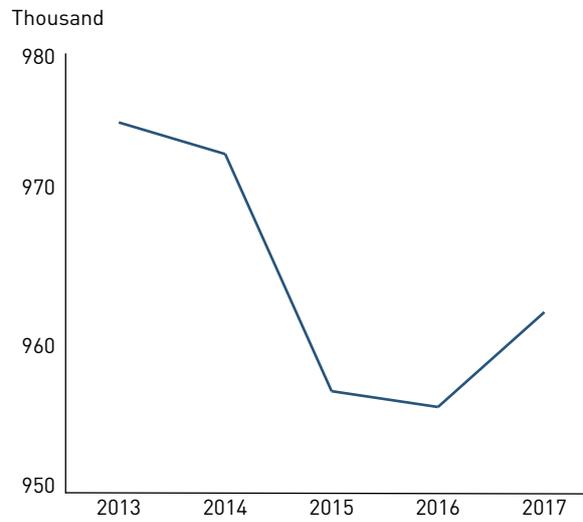
Meanwhile, following the 4.2 per cent growth in the third quarter, aircraft landings rose by 3.8 per cent to reach 47,908 in the fourth quarter. This brought the total number of aircraft landings in 2017 to 186,591, an increase of 3.5 per cent over the previous year, and extending the 4.1 per cent gains recorded in 2016.

## LAND TRANSPORT

As of December 2017, the total number of vehicles registered with the Land Transport Authority (LTA) was 961,842, 0.6 per cent higher than the number of vehicles registered in December 2016 (Exhibit 6.19). This marked a reversal from the declines in the number of vehicles registered that were seen in the three preceding years.

The vehicles registered as at December 2017 comprised 546,706 private and company cars, 68,083 rental cars, 23,140 taxis, 19,285 buses, 141,916 motorcycles and scooters, and 162,712 goods vehicles and other vehicle types.

Exhibit 6.19: Motor Vehicles Registered



## 6.6 INFORMATION & COMMUNICATIONS

### OVERVIEW

Supported by growth in the IT & information services segment, the information & communications sector expanded by 6.0 per cent in the fourth quarter of 2017, accelerating from the 5.1 per cent growth in the previous quarter.

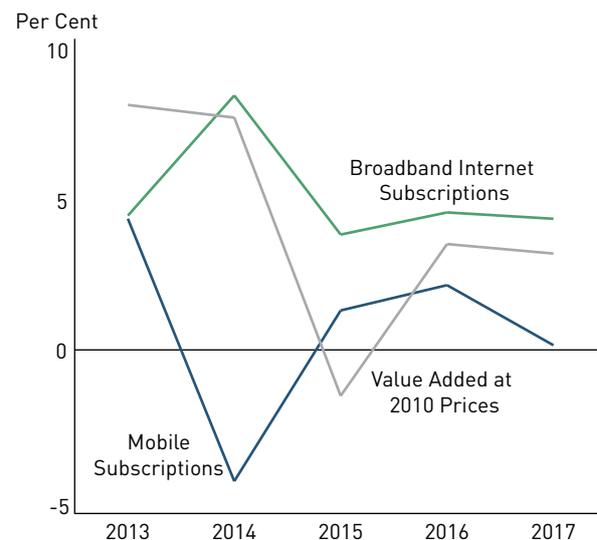
For the whole of 2017, the sector posted growth of 3.3 per cent, easing from the 3.6 per cent increase in 2016.

### TELECOMMUNICATIONS

In 2017, the telecommunications segment was bolstered by an increase in the number of broadband subscribers. In particular, as at the end of November 2017,<sup>1</sup> total broadband subscriptions had risen by 4.4 per cent on the back of healthy growth in both wireless broadband (4.9 per cent) and optical fibre broadband (10 per cent) subscriptions.

As at November 2017, the growth in overall mobile subscriptions had moderated to 0.4 per cent from 2.3 per cent in 2016, as the market became more saturated. Nonetheless, overall 4G subscriptions rose by 29 per cent in the first 11 months of 2017 as compared to the same period last year. The increased take up of the more profitable 4G subscriptions is likely to be due to the discontinuation of 2G mobile offerings as well as consumers upgrading from 3G subscriptions, which in turn saw a decline of 33 per cent.

Exhibit 6.20: Information & Communications Growth



<sup>1</sup> Full year data are not available at the time of publication.

# 6.7 FINANCE & INSURANCE

## OVERVIEW

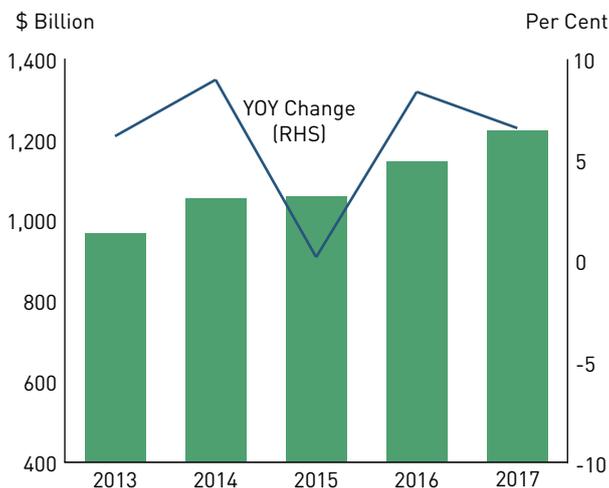
The finance & insurance sector grew by 6.3 per cent in the fourth quarter of 2017, following the 7.1 per cent expansion registered in the previous quarter.

For the whole of 2017, the sector expanded by 4.8 per cent, a step-up from the 1.6 per cent growth in 2016.

## COMMERCIAL BANKS

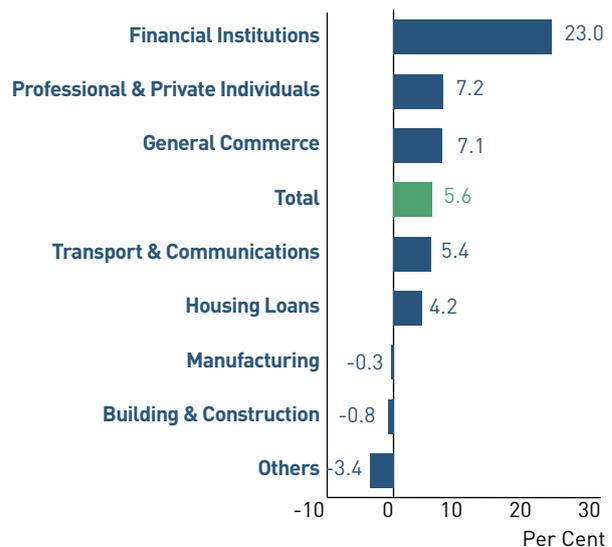
In 2017, total assets/liabilities of commercial banks increased by 6.6 per cent to \$1.2 trillion (Exhibit 6.21). The stronger outturn came on the back of an improvement in both domestic non-bank and interbank lending. Notably, credit extended to non-bank customers rose by \$34.6 billion (5.6 per cent) in 2017.

Exhibit 6.21: Total Assets and Liabilities of Commercial Banks



Business lending expanded by 6.2 per cent in 2017, accelerating from the 2.8 per cent growth in the preceding year, with most sectors registering positive growth. In particular, there was a 23 per cent increase in loans to non-bank financial institutions. Meanwhile, consumer lending grew by 4.8 per cent, with continued growth in housing and car loans (Exhibit 6.22).

Exhibit 6.22: Growth of Bank Loans and Advances to Non-Bank Customers by Industry in 2017



On the liabilities front, total deposits of non-bank customers rose by 1.6 per cent in 2017, moderating from the 6.5 per cent increase in the previous year. As at end-2017, total non-bank deposits stood at \$606 billion, up from \$597 billion the year before. Increases in demand and savings deposits outweighed a modest decline in fixed deposits.

## FINANCE COMPANIES

Total assets/liabilities of finance companies increased marginally by 0.3 per cent in 2017, reversing the 5.8 per cent contraction in 2016 (Exhibit 6.23). Notably, the non-bank lending segment grew by 2.4 per cent, a modest turnaround from the 5.3 per cent decline recorded the year before, in part due to higher credit extended to segments such as building & construction and hire-purchase financing of motor vehicles (Exhibit 6.24).

On the liabilities front, deposits of non-bank customers remained broadly unchanged in 2017, after contracting by 7.2 per cent in 2016.

Exhibit 6.23: Total Assets and Liabilities of Finance Companies

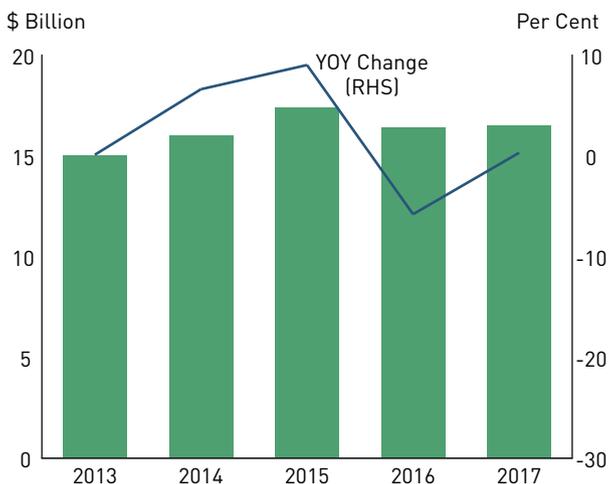
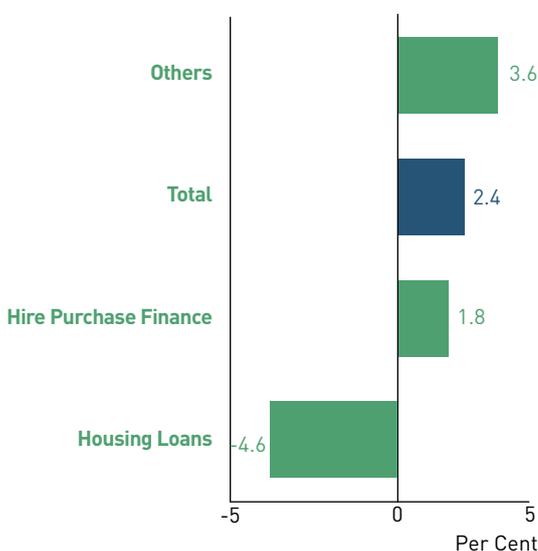


Exhibit 6.24: Growth of Loans and Advances of Finance Companies in 2017

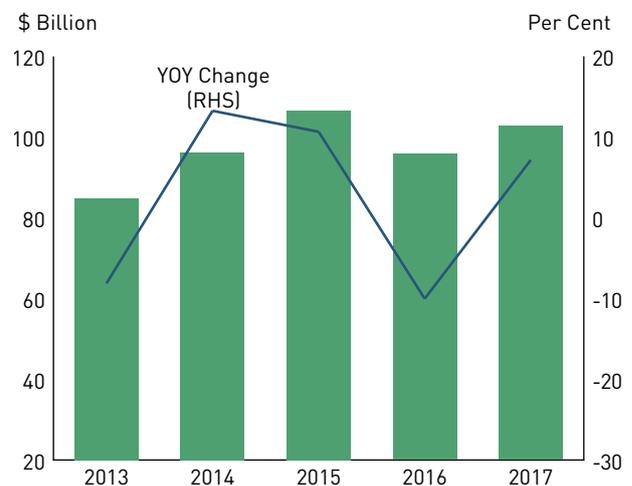


## MERCHANT BANKS

Total asset/liabilities of merchant banks expanded by 7.2 per cent to reach \$103 billion as at end-2017, from \$96 billion in the preceding year (Exhibit 6.25). The improvement stemmed from the offshore segment, which saw strong growth in non-bank lending and holdings of securities and equities.

In comparison, the domestic operations of merchant banks saw a decline of 5.6 per cent, reversing the 4.9 per cent increase posted in 2016. Activity was weighed down by shrinking interbank credit and a flat outturn in non-bank lending.

Exhibit 6.25: Total Assets and Liabilities of Merchant Banks



## ASIAN DOLLAR MARKET

Total assets/liabilities of the Asian Dollar Market expanded by 9.3 per cent in 2017, a turnaround from the 1.9 per cent decline registered in the previous year (Exhibit 6.26). Notably, non-bank loan volumes recorded robust growth of 20 per cent, amidst broad-based improvements in credit extended to East Asia, Europe and the Americas. Meanwhile, interbank loans grew by 5.3 per cent, accelerating from the 0.6 per cent uptick in 2016.

On the liabilities front, non-bank deposits rose by 13 per cent, as foreign currency deposits by both residents and non-residents increased. Concomitantly, interbank deposits also grew by 7.8 per cent, due to a step-up in deposits from banks outside Singapore.

Exhibit 6.26: Total Assets and Liabilities of the Asian Dollar Market

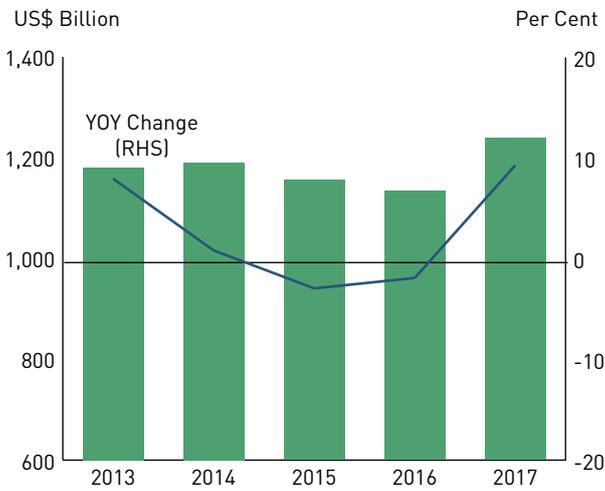
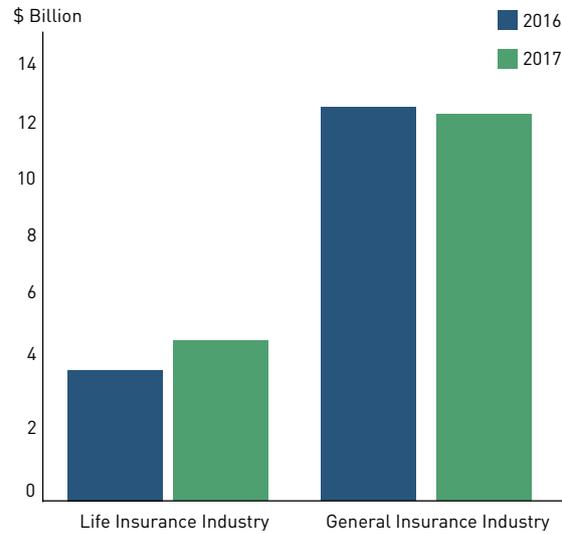


Exhibit 6.27: Premiums in the Insurance Industry



## INSURANCE INDUSTRY

Total weighted new business premiums in the direct life insurance industry increased by 23 per cent to \$4.8 billion in 2017, with robust growth achieved in both single and regular premium business. Single premium business rose by 42 per cent to \$1.5 billion, while regular premium business grew by 15 per cent to \$3.2 billion in 2017. Overall, the net income of the direct life insurance industry increased to \$2.4 billion from \$1.4 billion in 2016.

In the general insurance industry, gross premiums dropped slightly by 1.8 per cent to \$11.5 billion in 2017, with offshore and domestic businesses accounting for \$7.5 billion and \$4.0 billion respectively. Despite the slight decline in premiums, the general insurance industry recorded an operating profit of \$1.4 billion in 2017, which was 77 per cent higher as compared to 2016. This was largely due to improved underwriting performance.

## CENTRAL PROVIDENT FUND

Total CPF balances grew by 9.3 per cent to \$360 billion in 2017.

Members' contributions for the year amounted to \$37 billion while total withdrawals reached \$20 billion. This resulted in a net contribution of \$17 billion, similar to the level recorded in 2016.

Total net withdrawals under the Public Housing Scheme and Private Property Scheme grew by 5.9 per cent to reach \$210 billion as at 31 December 2017.

As at 31 December 2017, more than 174,000 CPF members have been included in the CPF Lifelong Income for the Elderly (CPF LIFE) Scheme which provides lifelong payouts in retirement. The CPF LIFE fund stood at \$10 billion.

## STOCK MARKET

Against the backdrop of the recovery in the global economy, the benchmark Straits Times Index (STI) began on an upward trajectory in the beginning of 2017 (Exhibit 6.28). Notably, healthy corporate earnings and a more sanguine outlook for regional demand lifted the STI by around 12 per cent in the first half of 2017, from 2,881 points in end-2016 to 3,226 points in end-June 2017.

However, with the emergence of geopolitical risks including tensions between US and North Korea, the STI saw a temporary pullback in August and September. Nonetheless, robust equity listings helped to provide some support to the local bourse in the second half of the year. Towards the end of 2017, positive macroeconomic data releases and expectations of positive growth spillovers from US tax policy changes led to broad-based equity rallies in global stock markets. On the domestic front, the STI closed the year with gains of around 18 per cent, reaching the highest level since early 2015.

Exhibit 6.28: Straits Times Index



## SECURITIES MARKET

In 2017, the total turnover value of the securities market increased by 7.9 per cent to \$294 billion, while the total turnover volume increased by 29 per cent to 544 billion shares. This translated to an 8.8 per cent increase in the average daily traded value to \$1.2 billion, and a 30 per cent increase in the average daily traded volume to 2.2 billion shares.

At the end of 2017, the total number of listed companies in Singapore was 750, with a combined market capitalisation of \$1,052 billion, a 14 per cent increase from 2016. In 2017, there were 550 companies listed on SGX's Mainboard while the other 200 companies were listed on SGX's Catalist.

## DERIVATIVES MARKET

In 2017, SGX's derivatives market activity increased by 3.3 per cent to 178 million contracts. Compared to 2016, total futures trading volume rose by 2.4 per cent to 167 million, while options on futures trading volume grew by 22 per cent to 11.5 million contracts. The most actively-traded contracts were the FTSE China A50 Index Futures, the Nikkei 225 Stock Index and the SGX CNX Nifty Index futures, which formed 62 per cent of the total volume traded on SGX's derivatives trading platform.

## FOREIGN EXCHANGE MARKET

Singapore's foreign exchange market posted an average daily turnover of US\$461 billion in 2017, a decline of 3.6 per cent from the previous year. Trading in the major currencies such as the United States Dollar, Euro and Japanese Yen continued to dominate the market. Trading in the US Dollar/Singapore Dollar currency pair contributed less than 10 per cent to the total turnover.

The US Dollar underperformed the other G4 currencies in 2017, down 15 per cent against the Euro, 10 per cent against the British Pound and 4.5 per cent against the Japanese Yen. The appreciation of the other G4 currencies against the US Dollar was a reflection of significant, broad-based improvements in growth rates across the rest of the world, while US inflation came in weaker than expected. Euro-area growth outstripped US growth in 2017, and the European Central Bank reduced its monthly pace of asset purchases. UK economic data held up surprisingly well despite the on-going Brexit uncertainty, leading to a rate hike by the Bank of England. The rise in Yen was more moderate as the Bank of Japan kept its monetary policy stance relatively unchanged throughout the year.

## 6.8 BUSINESS SERVICES

### OVERVIEW

The business services sector expanded by 0.4 per cent in the fourth quarter of 2017, similar to the 0.5 per cent growth registered in the previous quarter.

For the whole of 2017, the sector grew by 0.6 per cent, a turnaround from the 0.3 per cent contraction in the previous year.

### REAL ESTATE

In 2017, the growth of the business services sector continued to be weighed down by the real estate segment. Specifically, the segment recorded a contraction of 3.3 per cent, although this was a moderation from the 5.6 per cent decline seen in the previous year.

The private residential property market continued to improve in the fourth quarter, with prices of private residential units registering its second consecutive quarter of increase. On a quarter-on-quarter basis, prices rose by 0.8 per cent, comparable to the 0.7 per cent increase seen in the previous quarter. For the whole of 2017, prices edged up by 1.1 per cent, a reversal from the 3.1 per cent fall recorded in 2016.

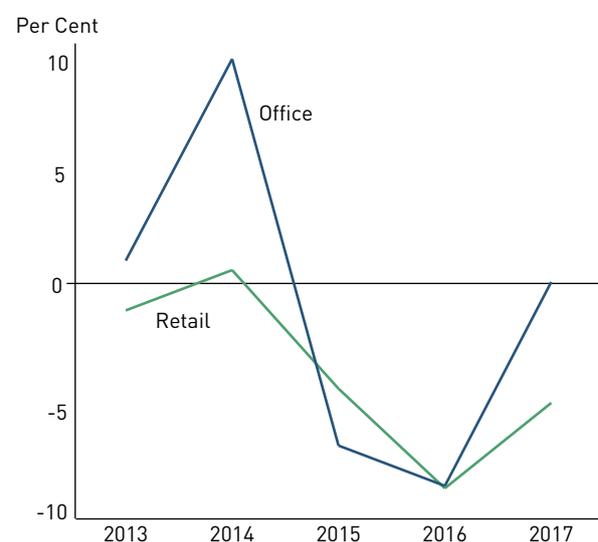
*Exhibit 6.29: Total Sales of Private Residential Units and Private Residential Property Price Index*



In tandem with the turnaround in prices, sales volumes also posted healthy growth, in part due to pent-up demand, particularly from HDB upgraders and property investors. In particular, total private residential property sales rose by 42 per cent year-on-year in the fourth quarter, extending the 46 per cent increase registered in the previous quarter. For the full year, total sales surged by 53 per cent to reach 25,010 units, surpassing the 16,378 units sold in 2016 (Exhibit 6.29). However, the volume of sales transactions remained modest, compared to the annual average of 28,997 units sold between 2010 and 2014.

In the commercial space segment, the retail space market faced increased headwinds in 2017 on the back of falling prices and rentals. Prices of private retail space declined by 8.8 per cent in 2017, larger than the 5.4 per cent contraction recorded in 2016. Likewise, private retail space rents fell by 4.7 per cent, extending the 8.3 per cent decline in the previous year (Exhibit 6.30). The weak rental performance was driven by lower rentals in the Fringe Area (-6.8 per cent) as well as the Central Area (-3.9 per cent).

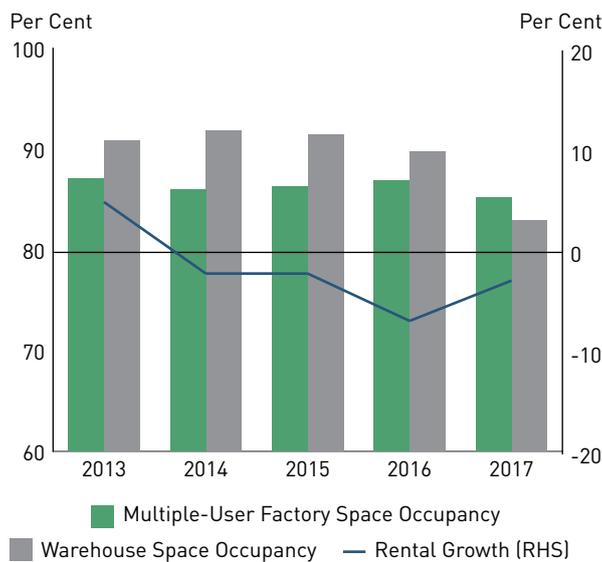
*Exhibit 6.30: Changes in Rentals of Private Sector Office and Retail Spaces*



For the office space market, office space prices weakened by 2.4 per cent in 2017, comparable to the 2.8 per cent decline in 2016. However, private office space rents increased marginally by 0.4 per cent in 2017, rebounding from the 8.2 per cent decline in the previous year (Exhibit 8.30). The pickup in office rents was primarily supported by higher rentals in the Fringe Area (4.6 per cent).

In the industrial space market, overall prices weakened by 5.7 per cent in 2017, following the 9.1 per cent decrease in 2016. Overall industrial rentals declined by 2.8 per cent, moderating from the 6.8 per cent drop seen in 2016. In particular, rentals of private multiple-user factory space fell by 2.8 per cent, an improvement from the 7.7 per cent decrease in the previous year (Exhibit 6.31).

*Exhibit 6.31: Occupancy Rate and Rental Growth of Industrial Space*



## PROFESSIONAL SERVICES

Growth of the professional services segment improved in 2017, supported primarily by the head offices & business representative offices sub-segment (6.1 per cent). However, the segment was weighed down by weakness in the legal sub-segment (-2.4 per cent).