Image courtesy of Infineon Singapore


# CHAPTER 6
# SECTORAL PERFORMANCE

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## OVERALL ECONOMY

| STRUCTURE OF ECONOMY | Nominal Value Added Share (%) | Real Growth (%) |
|---|---|---|
| TOTAL | 100.0 | 3.2 |
| **Goods Producing Industries** | 26.1 | 5.0 |
| Manufacturing | 21.4 | 7.2 |
| Construction | 3.5 | -3.4 |
| Utilities | 1.2 | -0.3 |
| Other Goods Industries | 0.0 | 0.1 |
| **Services Producing Industries** | 70.4 | 3.0 |
| Wholesale & Retail Trade | 18.0 | 1.5 |
| Transportation & Storage | 6.9 | 1.5 |
| Accommodation & Food Services | 2.1 | 2.7 |
| Information & Communications | 4.1 | 6.0 |
| Finance & Insurance | 12.9 | 5.9 |
| Business Services | 14.9 | 3.0 |
| Other Services Industries | 11.5 | 1.7 |
| **Ownership of Dwellings** | 3.5 | 4.1 |

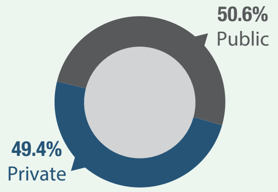
## MANUFACTURING

### CLUSTERS IN THE MANUFACTURING SECTOR

| | Nominal VA Share (%) | Real Growth (%) |
|---|---|---|
| Electronics | 40.6 | 8.1 |
| Chemicals | 13.2 | 4.8 |
| Biomedical Manufacturing | 17.5 | 8.1 |
| Precision Engineering | 12.6 | 4.1 |
| Transport Engineering | 8.5 | 14.4 |
| General Manufacturing Industries | 7.7 | 0.3 |

## CONSTRUCTION

### CERTIFIED PAYMENTS IN 2018




### CONTRACTS AWARDED IN 2018

| Civil Engineering Work | Residential | Institutional & Others | Industrial | Commercial |
|---|---|---|---|---|
| $9.5 billion | $9.0 billion | $5.8 billion | $4.8 billion | $1.5 billion |

## WHOLESALE & RETAIL TRADE

### WHOLESALE TRADE

| Nominal VA Share | Real Growth |
|---|---|
| **90.6%** | **1.7%** |

| Domestic Wholesale Trade Index growth | Foreign Wholesale Trade Index growth |
|---|---|
| 1.1% | 0.7% |

### RETAIL TRADE

| Nominal VA Share | Real Growth |
|---|---|
| **9.4%** | **-0.5%** |

| Retail Sales Index growth (Non-motor Vehicles) | Retail Sales Index growth (Motor Vehicles) |
|---|---|
| 0.5% | -8.7% |

## TRANSPORTATION & STORAGE

| TRANSPORTATION & STORAGE | Nominal Value Added Share (%) | Real Growth (%) |
|---|---|---|
| Land Transport* | 18.5 | 0.3 |
| Water Transport* | 41.3 | 1.0 |
| Air Transport* | 21.0 | 5.1 |
| Storage & Other Support Services | 16.4 | -1.1 |
| Post & Courier | 2.8 | 0.2 |

*Including supporting services

**5.4%** Air passengers handled growth

**0.4%** Total sea cargo handled growth

**-0.5%** Motor-vehicle population growth

## INFORMATION & COMMUNICATIONS

| | Nominal VA Share (%) | Real Growth (%) |
|---|---|---|
| Telecommunications | 27.5 | 4.6 |
| IT & Information Services | 56.7 | 8.2 |
| Others | 15.8 | 1.9 |

## FINANCE & INSURANCE

| FINANCE & INSURANCE | Nominal Value Added Share (%) | Real Growth (%) |
|---|---|---|
| Banking | 45.2 | 3.1 |
| Security Dealing | 1.7 | 4.2 |
| Fund Management | 11.3 | -1.9 |
| Insurance | 15.8 | 9.4 |
| Others | 25.9 | 12.5 |

### GROWTH OF BANK LOANS & ADVANCES TO NON-BANK CUSTOMERS IN 2018

| Total Loans | Loans to Businesses | Consumer Loans |
|---|---|---|
| 3.0% | 4.1% | 1.5% |

# CHAPTER 6
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## BUSINESS SERVICES

| BUSINESS SERVICES | Nominal Value Added Share(%) | Real Growth (%) |
|---|---|---|
| Real Estate | 22.9 | -0.9 |
| Rental & Leasing | 25.7 | 9.8 |
| Legal | 3.4 | 4.5 |
| Accounting | 2.6 | 2.3 |
| Head Offices & Business Representative Offices | 11.1 | -1.1 |
| Business & Management Consultancy | 3.8 | 3.7 |
| Architectural & Engineering | 10.3 | 2.1 |
| Other Professional, Scientific & Technical Services | 6.8 | 1.9 |
| Other Administrative & Support Services | 13.3 | 2.1 |

## ACCOMMODATION & FOOD SERVICES

### ACCOMMODATION

Nominal VA Share **42.6%**

Real Growth **5.9%**

**PERFORMANCE OF HOTELS**

Room revenue growth 7.4%

Gross lettings growth 6.5%

### FOOD SERVICES

Nominal VA Share **57.4%**

Real Growth **0.4%**

**PERFORMANCE OF F&B (SALES GROWTH)**

Fast Food 6.8%

Others -1.2%

Catering -0.8%

Restaurants -1.3%

## OTHER SERVICES INDUSTRIES

| OTHER SERVICES INDUSTRIES | Nominal Value Added Share (%) | Real Growth (%) |
|---|---|---|
| Public Administration & Defence | 24.2 | 0.7 |
| Education, Health & Social Work | 52.1 | 2.1 |
| Arts, Entertainment & Recreation | 11.9 | 1.4 |
| Others | 11.8 | 1.8 |

# 6.1 MANUFACTURING

## OVERVIEW

The manufacturing sector expanded by 5.1 per cent year-on-year in the fourth quarter, driven largely by output expansions in the biomedical manufacturing, transport engineering and electronics clusters.

For the whole of 2018, the manufacturing sector grew by 7.2 per cent, extending the 10 per cent expansion in the previous year. Growth was supported by output increases in all clusters, with the electronics, transport engineering and biomedical manufacturing clusters contributing the most to growth.

## OVERALL MANUFACTURING PERFORMANCE

In the fourth quarter, manufacturing output increased by 5.1 per cent year-on-year, underpinned by output expansions across all clusters, with the exception of the precision engineering and general manufacturing clusters (Exhibit 6.1).

For the whole of 2018, the manufacturing sector expanded by 7.2 per cent, extending the robust growth of 10 per cent in 2017. The healthy performance of the sector was driven mainly by the electronics, transport engineering and biomedical manufacturing clusters, which collectively accounted for around 86 per cent of the sector's overall expansion in 2018 (Exhibit 6.2).

*Exhibit 6.1: Manufacturing Growth Rates*

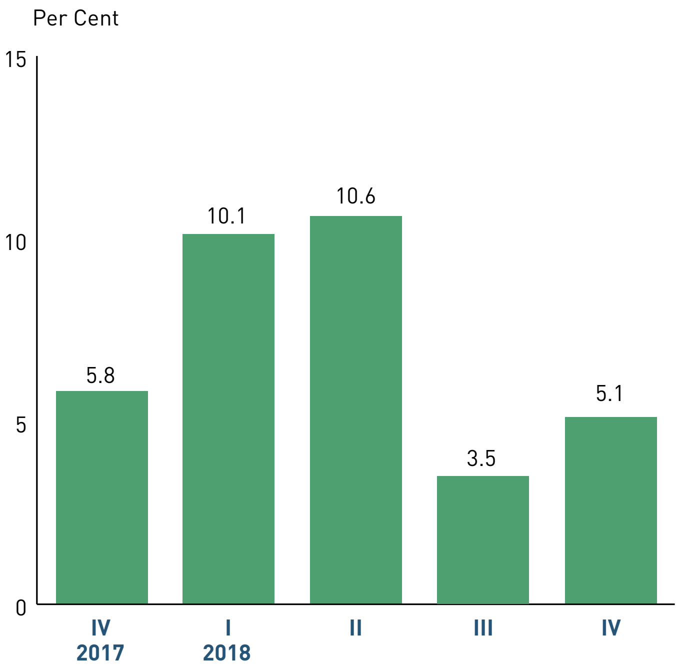
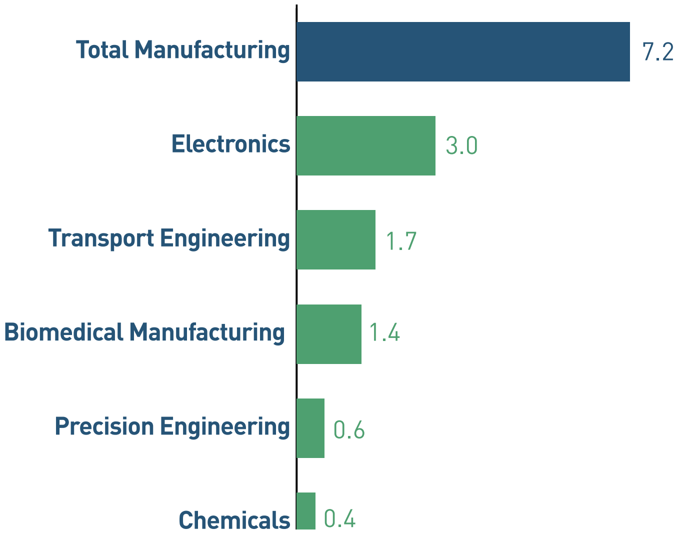


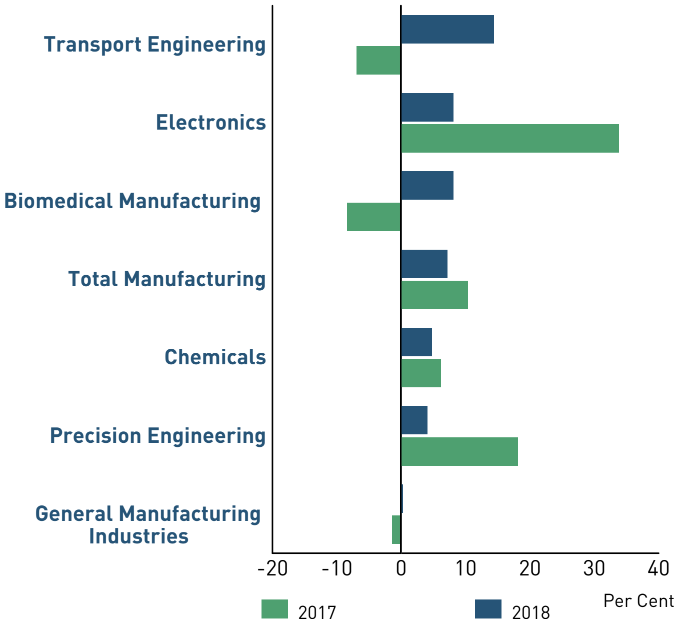

*Exhibit 6.2: Percentage-Point Contribution to Manufacturing Sector's Growth in 2018*




### Performance Of Clusters

The electronics cluster grew by 1.1 per cent year-on-year in the fourth quarter, supported by the semiconductors (3.5 per cent), infocomms & consumer electronics (9.4 per cent) and other electronic modules & components (4.9 per cent) segments. By contrast, the computer peripherals and data storage segments registered output declines. For the full year, the electronics cluster expanded by 8.1 per cent on the back of healthy output growth in the semiconductors segment, which can in turn be attributed to buoyant global semiconductor demand (Exhibit 6.3).

*Exhibit 6.3: Manufacturing Clusters' Growth*




Output of the transport engineering cluster rose by 22 per cent year-on-year in the fourth quarter, with all segments recording expansions. In particular, the marine & offshore engineering (M&OE) segment grew by 36 per cent, supported by a higher level of work done in offshore projects, as well as a low base in the same period a year ago. At the same time, the aerospace segment expanded by 13 per cent on account of more repair and maintenance jobs from commercial airlines. For the whole of 2018, the transport engineering cluster grew by 14 per cent, supported by robust output expansions in both the M&OE and aerospace segments.

Output of the biomedical manufacturing cluster increased by 19 per cent year-on-year in the fourth quarter, supported by growth in both the pharmaceuticals and medical technology segments. In particular, the pharmaceuticals segment expanded by 24 per cent due to a higher level of production of active pharmaceutical ingredients (APIs) and biological products, while the medical technology segment grew by 7.5 per cent as a result of higher export demand for medical instruments. For the full year, the output of the biomedical manufacturing cluster rose by 8.1 per cent, supported by strong output expansions in both segments.

The precision engineering cluster contracted by 5.2 per cent year-on-year in the fourth quarter, due to output declines in both the precision modules & components (PMC) and machinery & systems (M&S) segments. The former shrank by 8.1 per cent due to a fall in the output of optical instruments, metal precision components, as well as dies, moulds, tools, jigs & fixtures. The latter recorded a 3.1 per cent decline in output on account of a lower production of industrial process control and semiconductor manufacturing equipment. For the whole of 2018, the precision engineering cluster expanded by 4.1 per cent, with both segments contributing positively to growth.

The chemicals cluster posted slight growth of 0.3 per cent year-on-year in the fourth quarter. Growth was supported by the other chemicals and specialties segments, which grew by 10 per cent and 5.1 per cent respectively. Specifically, the other chemicals segment expanded on the back of a higher level of production of fragrances, while the specialties segment produced more mineral oil additives and industrial gases. On the other hand, the petrochemicals and petroleum segments contracted by 12 per cent and 4.9 per cent respectively, due to plant maintenance shutdowns. For 2018 as a whole, the chemicals cluster grew by 4.8 per cent, with output expansions in all segments except for the petroleum segment.

Output of the general manufacturing cluster fell by 1.1 per cent year-on-year in the fourth quarter. The performance of the cluster was weighed down by the printing and food, beverages & tobacco (FBT) segments, which recorded a 7.9 per cent and 1.5 per cent decline in output respectively. On the other hand, the miscellaneous industries segment grew by 1.5 per cent. For the whole of 2018, the general manufacturing cluster expanded slightly by 0.3 per cent, as output expansions in the FBT segment outweighed output declines in the printing and miscellaneous industries segments.

# 6.2 CONSTRUCTION

## OVERVIEW

The construction sector contracted by 1.0 per cent year-on-year in the fourth quarter, extending the 2.3 per cent decline recorded in the previous quarter.

For the whole of 2018, the sector shrank by 3.4 per cent, moderating from the 10 per cent contraction in the preceding year.

## CONSTRUCTION DEMAND

Construction demand (or contracts awarded) increased by 19 per cent year-on-year to $9.3 billion in the fourth quarter, due to an uptick in public sector construction demand (Exhibit 6.4).

*Exhibit 6.4: Contracts Awarded*

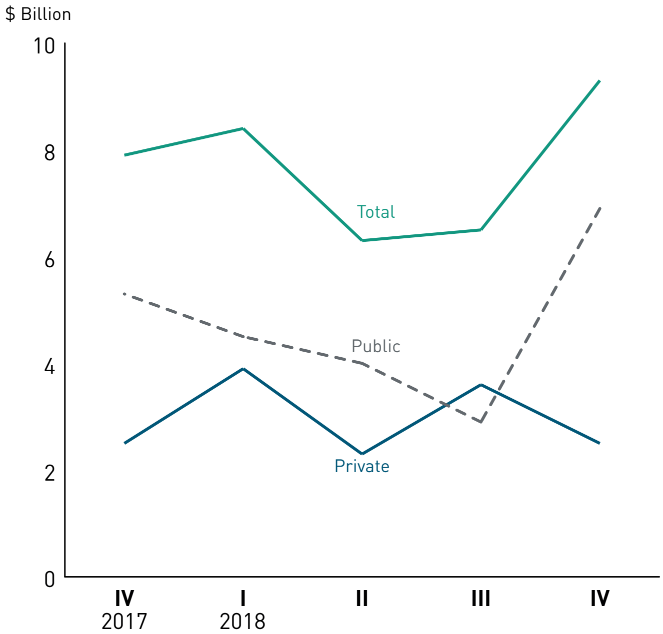



*Exhibit 6.5: Contracts Awarded, 2018 ($ Billion)*

| | Total | Public | Private |
|---|---|---|---|
| **Total** | 30.5 | 18.3 | 12.2 |
| **Residential** | 9.0 | 3.8 | 5.2 |
| **Commercial** | 1.5 | 0.1 | 1.4 |
| **Industrial** | 4.8 | 0.8 | 4.0 |
| **Institutional & Others** | 5.8 | 4.4 | 1.4 |
| **Civil Engineering Works** | 9.5 | 9.2 | 0.2 |

For the full year, total construction demand increased by 23 per cent to $31 billion (Exhibit 6.5) on the back of expansions in both private and public sector construction demand.

### Public Sector

In the fourth quarter, public sector construction demand expanded by 28 per cent to $6.9 billion. This was primarily due to stronger demand for public residential building works and public civil engineering works.

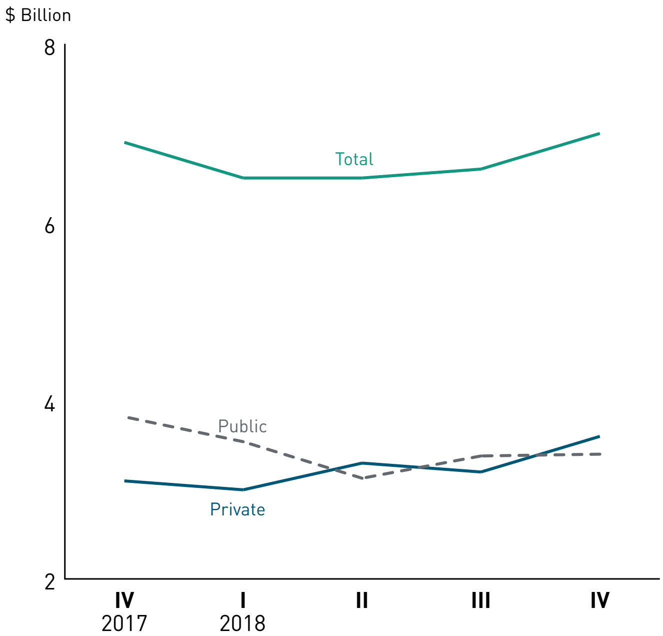
For the full year, public sector construction demand rose by 16 per cent to $18 billion. The increase was mainly due to a rise in the demand for institutional and other building works (74 per cent) as well as civil engineering works (11 per cent). Some of the major projects awarded included Woodlands Health Campus, Punggol Town Hub and North-South Corridor construction.

## Private Sector

Private sector construction demand declined in the fourth quarter (-2.2 per cent) to $2.5 billion, solely attributable to a contraction in civil engineering construction demand (89 per cent in). By contrast, construction demand for all building types saw an uptick.

For the full year, private sector construction demand grew by 37 per cent from 9.0 billion in 2017 to $12 billion. This was primarily driven by an expansion in the demand for residential building works (72 per cent) and industrial building works (61 per cent). Some of the projects included the redevelopment of various en-bloc sales sites and the construction of high-specification industrial buildings.

*Exhibit 6.6: Certified Payments*




## CONSTRUCTION ACTIVITIES

Construction output (or certified payments) increased by 0.8 per cent year-on-year to $7.0 billion in the fourth quarter, supported by a pickup in private sector construction activities (Exhibit 6.6). However, public sector construction activities remained sluggish.

For the full year, construction output fell by 4.7 per cent to $27 billion in 2018, moderating from the 21 per cent contraction in the preceding year. Output was weighed down by the weakness in public sector construction activities.

## Public Sector

Public sector construction output fell by 11 per cent to $3.4 billion in the fourth quarter. The contraction was attributable to lower on-site construction activities for all development types, except for industrial building works, which rose by 15 per cent.

For the full year, public sector construction output declined by 9.0 per cent to $13 billion, largely dragged down by lower construction activities for institutional developments (-23 per cent) and civil engineering projects (-4.3 per cent). On the other hand, construction activities for industrial developments grew by 2.6 per cent, supported by major on-going projects such as JTC's Logistics Hub and PUB's Changi Water Reclamation Plant (Phase 2).

## Private Sector

In the fourth quarter, private sector construction output rose by 15 per cent, underpinned by a robust expansion in industrial developments (62 per cent).

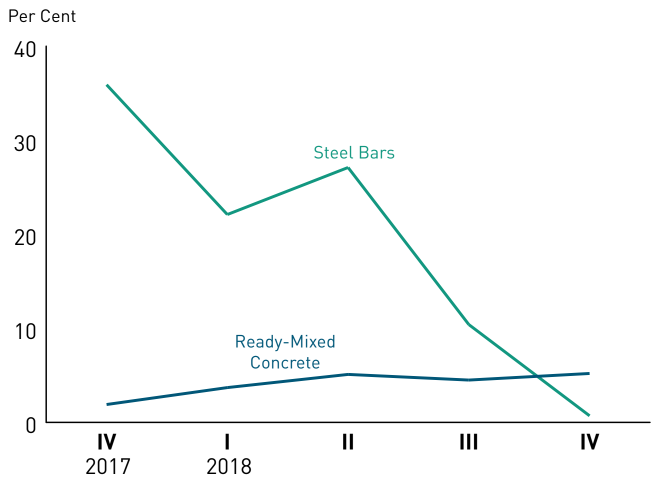
For the whole of 2018, private sector construction output grew marginally by 0.2 per cent to reach $13 billion. Growth was primarily supported by an increase in industrial building construction activities (21 per cent). Some of the major on-going projects include a semi-conductor fabrication plant and data centres.

## CONSTRUCTION MATERIALS

In tandem with the moderation in on-site construction activities, total consumption of ready-mixed concrete fell by 9.7 per cent to $12 million m$^3$ in 2018. Similarly, total consumption of steel rebars[1] declined by 3.3 per cent to 1.4 million tonnes in 2018.

Due to higher raw material prices, the average market price of Grade 40 pump ready-mixed concrete[2] increased by 5.2 per cent year-on-year to $87 per m$^3$ in the fourth quarter (Exhibit 6.7). The average market price of steel rebar[3] hovered at around $790 to $800 per tonne at the start of 2018 before softening to $774 per tonne in the fourth quarter due to ample global steel supply.

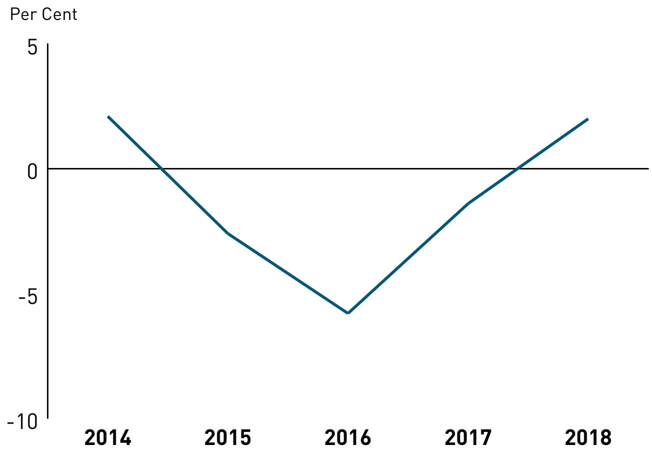
*Exhibit 6.7: Changes in Market Prices of Construction Materials*




## CONSTRUCTION COSTS

Based on BCA's Building Works Tender Price Index (TPI), tender prices in the construction sector registered an estimated growth of 2.0 per cent in 2018 (Exhibit 6.8). This marked the first uptick after three consecutive years of decline. The increase came on the back of a rebound in total construction demand and higher import prices for raw materials such as concrete and steel rebar.

*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 2019

According to BCA, total construction demand is projected to be between $27 billion and $32 billion in 2019 (Exhibit 6.9). Demand from the public sector is expected to stay firm at between $17 billion and $20 billion in 2019, accounting for around 60 per cent of total construction demand. The support to public sector construction demand is likely to come from an anticipated increase in the demand for industrial building construction works and a steady stream of major infrastructure works. Furthermore, private sector construction demand is projected to remain steady at between $11 billion and $13 billion in 2019, supported by the redevelopment of past en-bloc sales sites concluded prior to the second half of 2018 and a pipeline of major industrial developments.

Total construction output in 2019 is projected to improve to between $28 billion and $30 billion, on the back of the rebound in total construction demand in 2018.

*Exhibit 6.9: Projected Construction Demand in 2019*

| | $ Billion |
|---|---|
| **Public Sector** | 16.5-19.5 |
| **Building Construction Sub-total** | 9.0-10.5 |
| **Residential** | 2.5-2.9 |
| **Commercial** | 0.1-0.1 |
| **Industrial** | 3.4-4.0 |
| **Institutional & Others** | 3.0-3.5 |
| **Civil Engineering Works Sub-total** | 7.5-9.0 |
| **Private Sector** | 10.5-12.5 |
| **Building Construction Sub-total** | 9.8-11.6 |
| **Residential** | 4.3-4.7 |
| **Commercial** | 1.3-1.8 |
| **Industrial** | 2.6-3.3 |
| **Institutional & Others** | 1.6-1.8 |
| **Civil Engineering Works Sub-total** | 0.7-0.9 |
| **TOTAL CONSTRUCTION DEMAND** | **27.0-32.0** |

# 6.3 WHOLESALE & RETAIL TRADE

## OVERVIEW

The wholesale & retail trade sector contracted by 0.6 per cent year-on-year in the fourth quarter, a reversal from the 1.8 per cent growth in the previous quarter.

For the whole of 2018, the sector expanded by 1.5 per cent, easing from the 1.9 per cent growth in 2017. The moderation in growth can be attributed to the wholesale segment.

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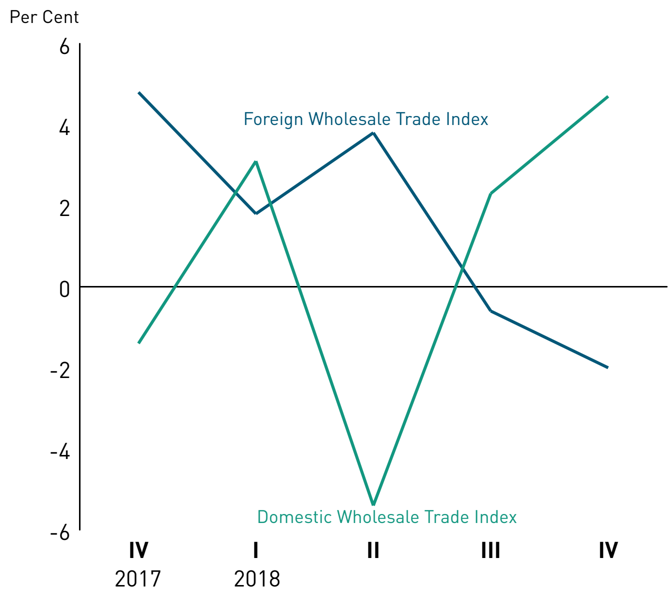
## WHOLESALE TRADE

In the fourth quarter, the wholesale trade segment was weighed down by a decline in foreign wholesale sales volume, which was partially offset by an increase in domestic wholesale sales volume.

The domestic wholesale sales volume grew by 4.7 per cent year-on-year in the fourth quarter, higher than the 2.3 per cent growth in the preceding quarter (Exhibit 6.10). The expansion was led by an increase in the sales volume of petroleum & petroleum-related products (20 per cent) and food, beverages & tobacco (13 per cent), which outweighed the decline in the sales volume of electronic components (-26 per cent). For the whole of 2018, the domestic wholesale trade index increased by 1.1 per cent, comparable to the 1.0 per cent growth in 2017.

On the other hand, foreign wholesale sales volume fell by 2.0 per cent year-on-year in the fourth quarter, extending the 0.6 per cent decline in the preceding quarter. The decline was largely due to contractions in the sales of metals, timber & construction materials (-7.8 per cent) and others[1] (-12 per cent). Nevertheless, these declines were partly offset by the 5.2 per cent increase in the sales volume of petroleum & petroleum-related products. For the full year, the foreign wholesale trade index rose by 0.7 per cent, moderating from the increase of 3.6 per cent in the previous year.

*Exhibit 6.10: Changes in Wholesale Trade Index at Constant Prices*

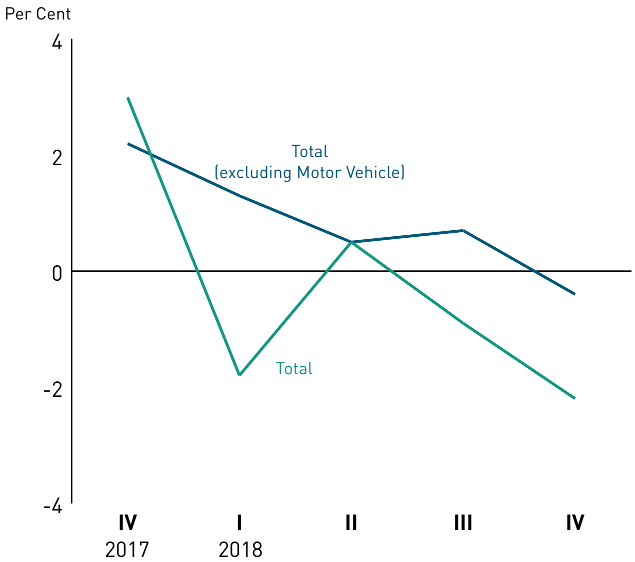



1 *The "other wholesale trade" segment consists of a diverse range of products that includes agricultural raw materials and live animals, tropical produce, personal effects and medicinal and pharmaceutical products, among others.*

## RETAIL SALES

Retail sales volume shrank by 2.2 per cent year-on-year in the fourth quarter, worsening from the 0.9 per cent decline recorded in the third quarter (Exhibit 6.11). Retail sales was weighed down by both motor vehicle and non-motor vehicle sales. Motor vehicle sales fell by 11 per cent on the back of an on-year decline in COE supply, while non-motor vehicle sales dipped by 0.4 per cent, driven by a fall in the sales volume of both non-discretionary and discretionary goods. In particular, the sales volume of non-discretionary goods such as sales at supermarkets & hypermarkets and mini-marts & convenience stores shrank by 3.2 per cent and 3.1 per cent respectively. On the other hand, the sales volume of discretionary goods such as wearing apparel & footwear, optical goods & books and computer & telecommunications equipment fell by 1.5 per cent, 2.9 per cent, and 1.3 per cent respectively.

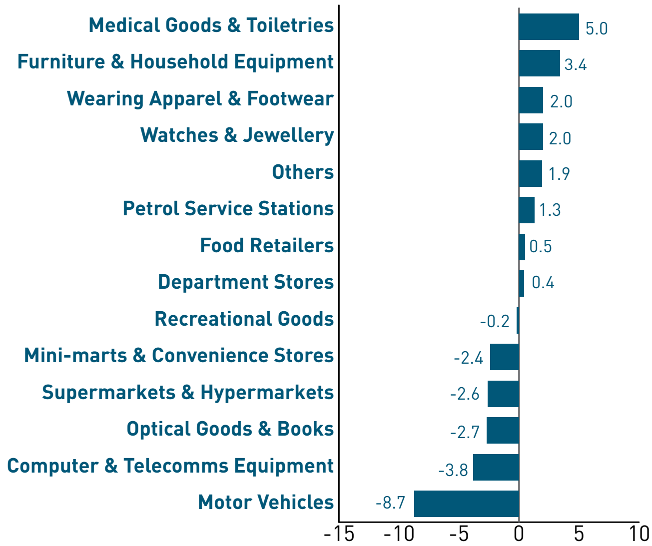
*Exhibit 6.11: Changes in Retail Sales Index at Constant Prices*




For the full year, retail sales volume declined by 1.1 per cent, reversing the 1.3 per cent growth recorded in 2017. Growth was weighed down by motor vehicle sales, which fell by 8.7 per cent. Excluding motor vehicles, retail sales volume grew by 0.5 per cent.

The increase in non-motor vehicle sales was underpinned by higher sales of discretionary goods. For instance, the sales volume of furniture & household equipment (3.4 per cent), wearing apparel & footwear (2.0 per cent) and watches & jewellery (2.0 per cent) improved in 2018 (Exhibit 6.12).

*Exhibit 6.12: Changes in Retail Sales Index at Constant Prices for Major Segments in 2018*



# 6.4 ACCOMMODATION & FOOD SERVICES

## OVERVIEW

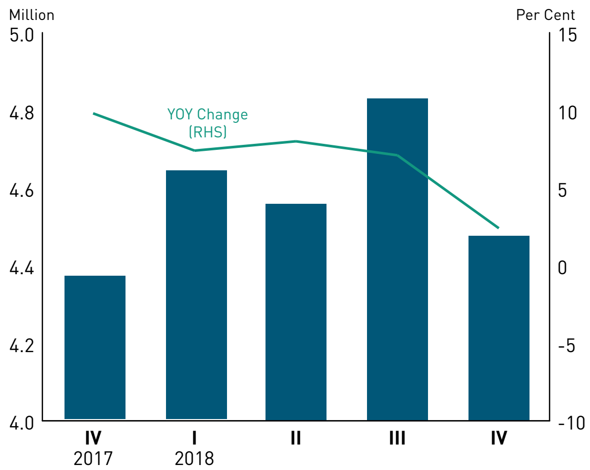
The accommodation & food services sector expanded by 2.9 per cent year-on-year in the fourth quarter, moderating from the 4.0 per cent growth in the previous quarter.

For the whole of 2018, the sector grew by 2.7 per cent, easing from the 3.0 per cent growth in 2017.

## VISITOR ARRIVALS

Singapore received a total of 4.5 million visitors in the fourth quarter, 2.4 per cent higher compared to the same period a year ago (Exhibit 6.13). This came on the back of an increase in visitor arrivals from key markets such as India (9.8 per cent), Malaysia (8.2 per cent) and Japan (3.9 per cent).

*Exhibit 6.13: Visitor Arrivals*

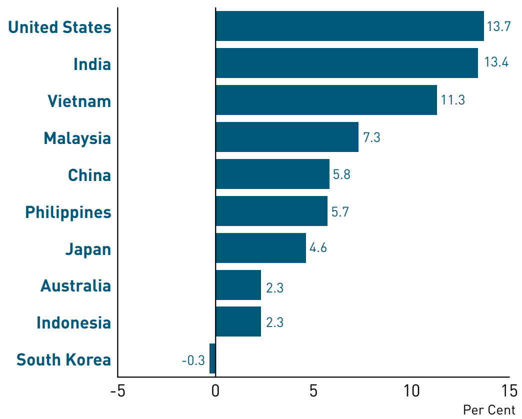



For the full year, visitor arrivals rose by 6.2 per cent, the same pace of increase as in 2017. In total, visitor arrivals reached 18.5 million in 2018.

In terms of source markets, Singapore's top five visitor-generating markets in 2018 were China (3.4 million visitors), Indonesia (3.0 million), India (1.4 million), Malaysia (1.3 million) and Australia (1.1 million). Together, they accounted for 55 per cent of total visitor arrivals in 2018.

Among the top 10 visitor-generating markets, the United States (14 per cent), India (13 per cent) and Vietnam (11 per cent) posted the highest growth rates in visitor arrivals in 2018 (Exhibit 6.14).

*Exhibit 6.14: Growth Rates of Top Ten Visitor Generating Markets in 2018*

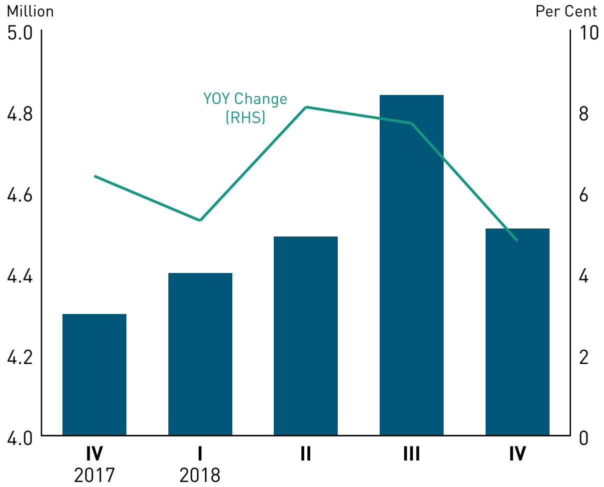


## ACCOMMODATION

In tandem with the growth in visitor arrivals, gross lettings of gazetted hotel rooms rose by 4.8 per cent year-on-year in the fourth quarter, although this was a moderation from the 7.7 per cent growth seen in the previous quarter (Exhibit 6.15). Similarly, room revenue grew by 6.4 per cent year-on-year, moderating from the 7.3 per cent growth in the preceding quarter. The rise in room revenue came on the back of an improvement in the average occupancy rate of gazetted hotels as well as the average daily room rate. Specifically, the average occupancy rate rose by 1.0 percentage-point to reach 84 per cent, while the average daily room rate increased by 1.6 per cent to $222 in the fourth quarter.

For the full year, the performance of the accommodation segment was robust. The overall room revenue of gazetted hotels rose by 7.4 per cent to reach $4.0 billion in 2018 on the back of a 6.5 per cent increase in gross lettings.

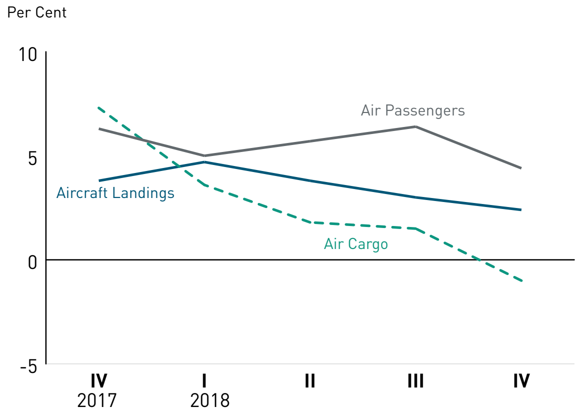
*Exhibit 6.15: Gross Lettings*




## FOOD & BEVERAGE SERVICES

Overall food & beverage sales volume expanded by 1.6 per cent year-on-year in the fourth quarter, picking up from the 0.2 per cent growth in the preceding quarter (Exhibit 6.16). The improved performance in the fourth quarter came on the back of higher sales volume across all segments. Specifically, other eating places (1.7 per cent), fast food outlets (4.6 per cent), food caterers (2.7 per cent) and restaurants (0.2 per cent) all registered higher sales.

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




For the whole of 2018, the food & beverage services index fell marginally by 0.2 per cent. This represented an easing from the 1.7 per cent decline recorded in 2017. The contraction in 2018 was due to a decline in the sales volume of restaurants (-1.3 per cent), other eating places (-1.2 per cent) and food caterers (-0.8 per cent), which was almost offset by the higher sales volume of fast food outlets (6.8 per cent).

# 6.5 TRANSPORTATION & STORAGE

## OVERVIEW

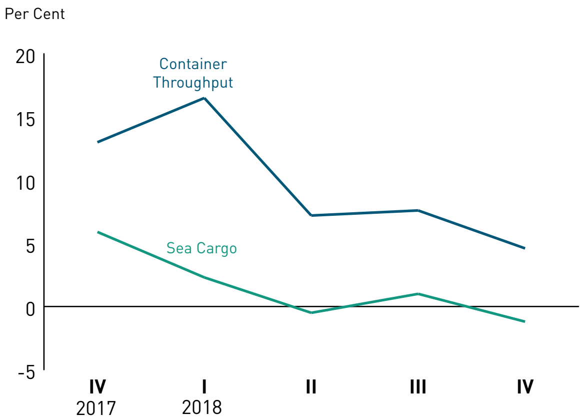
The transportation & storage sector grew by 0.5 per cent year-on-year in the fourth quarter, moderating from the 1.9 per cent growth in the previous quarter.

For the whole of 2018, the sector expanded by 1.5 per cent, slower than the 5.2 per cent growth in 2017. Growth in the sector was primarily supported by the water transport and air transport segments.

## WATER TRANSPORT

Container throughput rose by 4.6 per cent year-on-year in the fourth quarter, extending the 7.6 per cent expansion in the previous quarter, in line with 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 8.7 per cent higher compared to 2017, at 37 million. This was similar to the 8.9 per cent growth recorded in 2017.

*Exhibit 6.17: Changes in Container Throughput and Sea Cargo Handled*




Overall sea cargo volumes declined by 1.2 per cent in the fourth quarter, reversing the 1.0 per cent expansion in the preceding quarter. The fall in sea cargo volumes was largely due to oil-in-bulk cargo shipments, which contracted by 5.1 per cent in the fourth quarter, extending the 4.1 per cent decline in the third quarter.

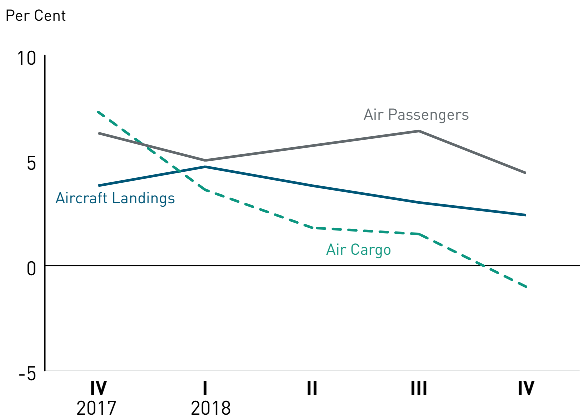
For the whole of 2018, total sea cargo volumes expanded by 0.4 per cent, slowing from the 5.8 per cent growth in the previous year.

## AIR TRANSPORT

Air passenger traffic handled by Changi Airport rose by 4.4 per cent year-on-year in the fourth quarter, moderating from the 6.4 per cent increase in the previous quarter (Exhibit 6.18).

For the full year, total air passenger traffic passing through Changi Airport reached 65 million, an increase of 5.4 per cent, easing from the 5.9 per cent growth in 2017. Growth during the year was supported by a sustained increase in air passenger traffic to and from Changi Airport's key markets, including China, Malaysia and Europe.

*Exhibit 6.18: Changes in Air Transport*



On the other hand, air cargo volumes contracted by 1.0 per cent year-on-year in the fourth quarter, weakening from the 1.5 per cent growth in the previous quarter. Growth was likely weighed down by the contraction in our non-oil domestic exports. For 2018 as a whole, air cargo shipments expanded by 1.4 per cent, a slowdown compared to the 7.9 per cent increase in 2017.

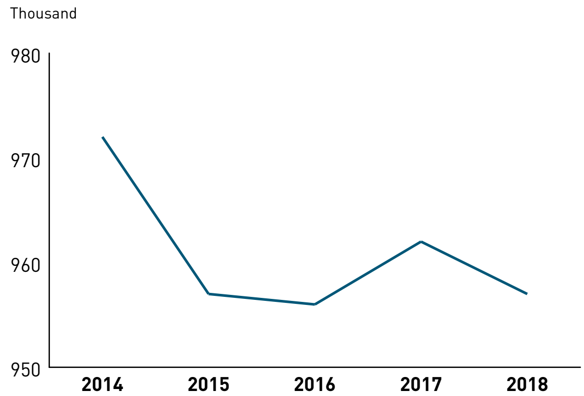
Meanwhile, following the 3.0 per cent growth in the third quarter, aircraft landings rose by 2.4 per cent on-year to reach 49,038 in the fourth quarter. This brought the total number of aircraft landings in 2018 to 193,000, which was 3.4 per cent higher as compared to 2017.

## LAND TRANSPORT

As of December 2018, the total number of vehicles registered with the Land Transport Authority (LTA) was 957,006, 0.5 per cent lower than the number of vehicles registered in December 2017 (Exhibit 6.19). This marked a return to the declines seen in the three years preceding 2017.

The vehicles registered as at December 2018 comprised 551,575 private and company cars, 66,480 rental cars, 20,581 taxis, 19,379 buses, 137,480 motorcycles and scooters, and 161,511 goods vehicles and other vehicle types.

*Exhibit 6.19: Motor Vehicles Registered*



# 6.6 INFORMATION & COMMUNICATIONS

## OVERVIEW

The information & communications sector expanded by 6.1 per cent year-on-year in the fourth quarter, faster than the 5.4 per cent growth in the previous quarter. Growth was supported by the IT & information services and telecommunications segments.

For the whole of 2018, the sector posted growth of 6.0 per cent, picking up from the 4.5 per cent increase in 2017.

## IT & INFORMATION SERVICES

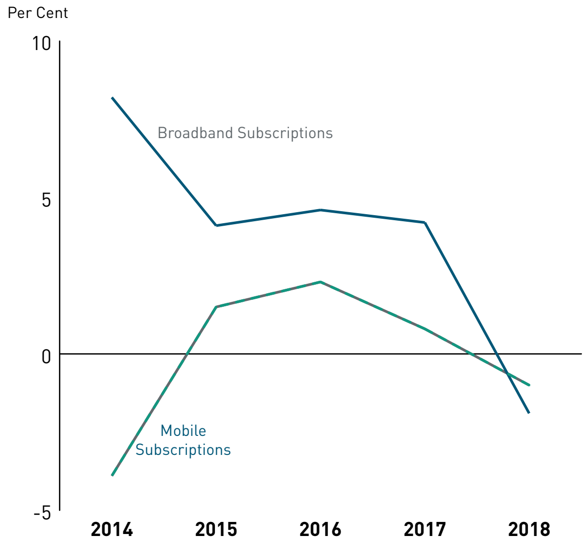
In 2018, the growth of the information & communications sector was led by the robust performance of the IT & information services segment. Specifically, the segment expanded by 8.2 per cent on the back of buoyant demand for computer programming activities such as software development as well as IT consultancy services.

## TELECOMMUNICATIONS

As at November 2018[1], the number of mobile subscriptions registered a slight contraction of 1.0 per cent from the same period in 2017. The decline was contributed by a 25 per cent fall in 3G subscriptions, with the total number of subscribers easing to 1.8 million. On the other hand, the uptake of 4G subscriptions remained healthy. Notably, there were 6.5 million 4G subscribers as at November 2018, representing an increase of 8.3 per cent compared to the same period a year ago.

In 2018, there was a decline in the number of broadband subscribers. In particular, as at the end of November 2018, total broadband subscriptions had fallen by 1.9 per cent from the same period a year ago, weighed down by a 2.3 per cent decline in wireless broadband subscriptions. The latter was partly due to the decommissioning of inactive Wireless@SG accounts in early 2018. This decrease was partially offset by the 8.5 per cent increase in optical fibre subscriptions.

*Exhibit 6.20: Information & Communications Growth*




1 *Full year data are not available at the time of publication.*

# 6.7 FINANCE & INSURANCE

## OVERVIEW

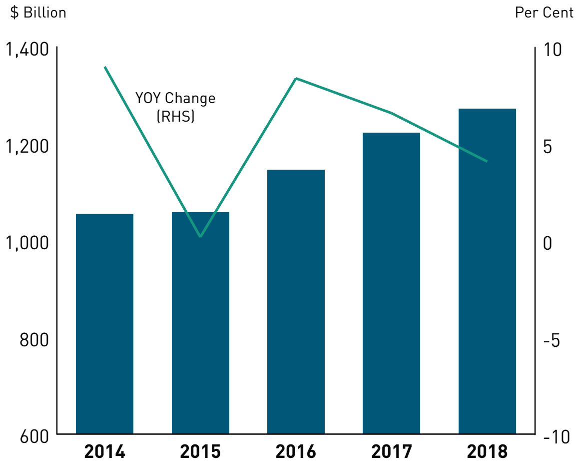
The finance & insurance sector grew by 4.1 per cent year-on-year in the fourth quarter, extending the 3.9 per cent expansion registered in the previous quarter.

For the whole of 2018, the sector expanded by 5.9 per cent, slightly faster than the 5.6 per cent growth in the preceding year.

## COMMERCIAL BANKS

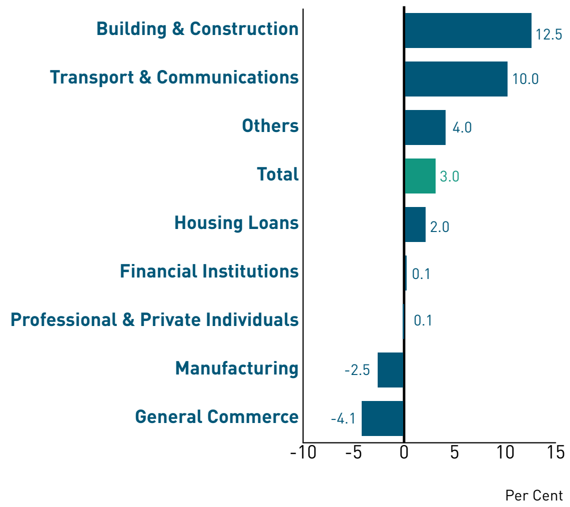
In 2018, total assets/liabilities of commercial banks increased by 4.1 per cent to $1.3 trillion (Exhibit 6.21). Both domestic non-bank and interbank lending registered improvements, with credit extended to non-bank customers rising by $20 billion (3.0 per cent).

*Exhibit 6.21: Total Assets and Liabilities of Commercial Banks*




Business lending rose by 4.1 per cent in 2018, moderating from the 6.2 per cent growth in the preceding year. Loans to the manufacturing and general commerce sectors declined, but this was more than offset by the strong growth in loans to the building & construction and transport, storage & communication sectors (Exhibit 6.22). Meanwhile, consumer lending grew by 1.5 per cent, supported by an increase in housing, credit cards and car loans.

*Exhibit 6.22: Growth of Bank Loans and Advances to Non-Bank Customers by Industry in 2018*




On the liabilities front, total deposits of non-bank customers increased by 3.5 per cent in 2018, accelerating from the 1.6 per cent rise in the previous year. As at end-2018, total non-bank deposits stood at $628 billion, higher than the $606 billion the year before, driven by strong demand for fixed deposits.

## FINANCE COMPANIES

Total assets/liabilities of finance companies increased by 5.8 per cent in 2018, up from the 0.3 per cent expansion in 2017 (Exhibit 6.23).

Notably, the non-bank lending segment grew by 3.2 per cent, a pickup from the 2.4 per cent growth recorded the year before, primarily driven by 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 rose by 6.4 per cent in 2018, an improvement from the mild contraction in 2017.

*Exhibit 6.23: Total Assets and Liabilities of Finance Companies*

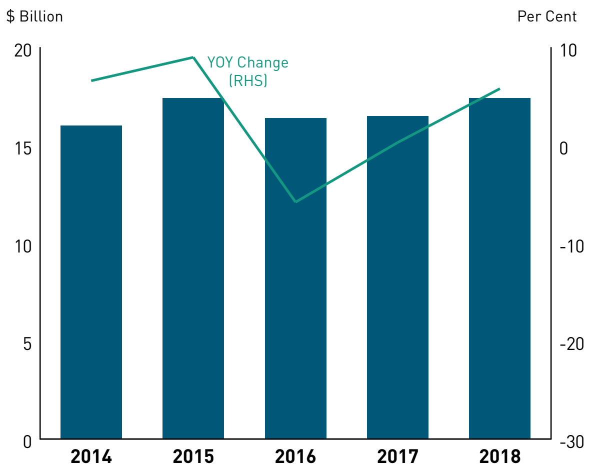
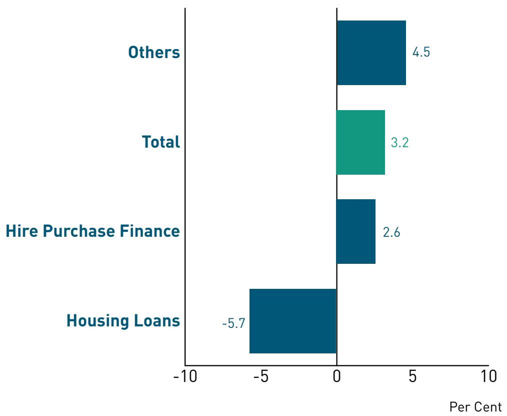



*Exhibit 6.24: Growth of Loans and Advances of Finance Companies in 2018*

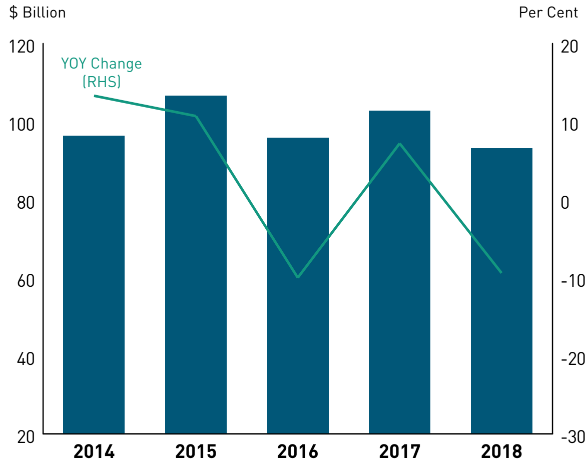



## MERCHANT BANKS

Total asset/liabilities of merchant banks contracted by 9.4 per cent to $93 billion as at end-2018, from the $103 billion recorded in the previous year (Exhibit 6.25). The weakness stemmed from the offshore segment, which registered declines in both interbank and non-bank lending.

By contrast, the domestic operations of merchant banks expanded by 8.1 per cent, reversing the 5.6 per cent decline posted in 2017. The expansion was supported by increased holdings of securities and equities.

*Exhibit 6.25: Total Assets and Liabilities of Merchant Banks*




## ASIAN DOLLAR MARKET

Total assets/liabilities of the Asian Dollar Market rose by 4.0 per cent in 2018, a step down from the 9.2 per cent increase registered in the previous year (Exhibit 6.26). Growth in non-bank loan volumes slowed to 5.0 per cent, following the 20 per cent increase in the previous year, owing to a fall in credit extended to East Asia and the Americas. Meanwhile, interbank loans grew by 1.6 per cent, decelerating from the 5.0 per cent increase in 2017.

On the liabilities front, non-bank deposits rose marginally by 0.8 per cent, as the fall in foreign currency deposits by non-residents was more than offset by the increase in resident deposits. Concomitantly, interbank deposits grew by 2.3 per cent, slowing from the 7.6 per cent growth in the previous year.

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

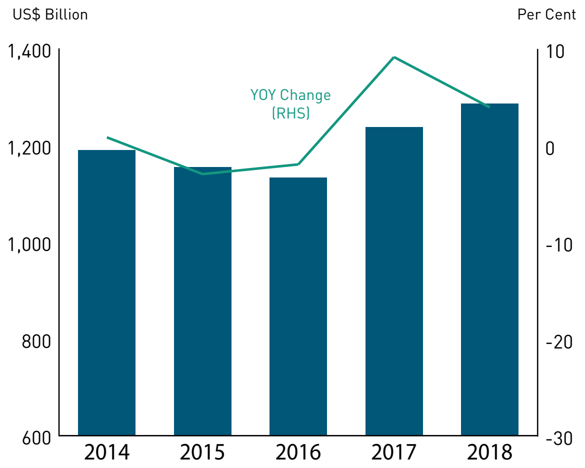
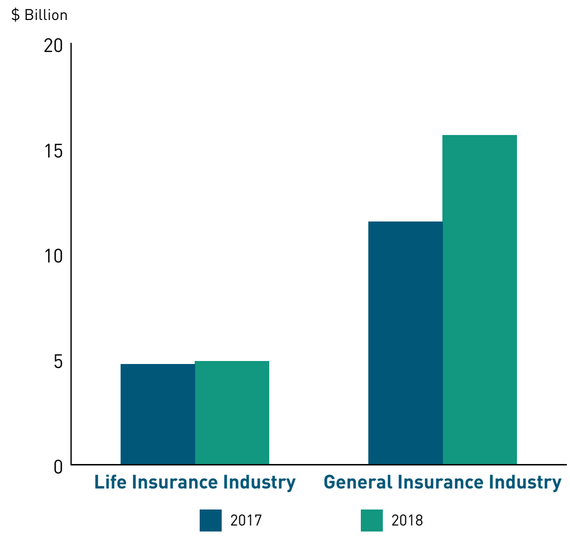



*Exhibit 6.27: Premiums in the Insurance Industry*




## INSURANCE INDUSTRY

Total weighted new business premiums[1] in the direct life insurance industry rose by 2.9 per cent to $4.9 billion in 2018. Single premium business decreased by 1.4 per cent to $15 billion, while regular premium business grew by 4.9 per cent to $3.4 billion in 2018. Overall, the net income of the direct life insurance industry decreased to $588 million from $2.4 billion in 2017, largely due to lower investment income.

In the general insurance industry, gross premiums[2] increased by 36 per cent to $16 billion in 2018, with offshore and domestic businesses accounting for $12 billion and $4.1 billion respectively. Despite the increase in gross premiums, the general insurance industry recorded an operating loss of $676 million in 2018, representing a 150 per cent fall from 2017. This was due to the poor underwriting performance, which could in turn be attributed to significant reinsurance claims arising from natural catastrophes in Japan.

## CENTRAL PROVIDENT FUND

Total CPF balances increased by 8.8 per cent to $391 billion in 2018.

Members' contributions for the year amounted to $38 billion while total withdrawals reached $21 billion. This resulted in a net contribution of $17 billion, similar to the level recorded in 2017.

Total net withdrawals under the Public Housing Scheme and Private Property Scheme grew by 4.7 per cent to reach $219 billion as at 31 December 2018.

As at 31 December 2018, about 175,000 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 $11 billion.

1 *This includes premiums from both individual and group life insurance businesses.*

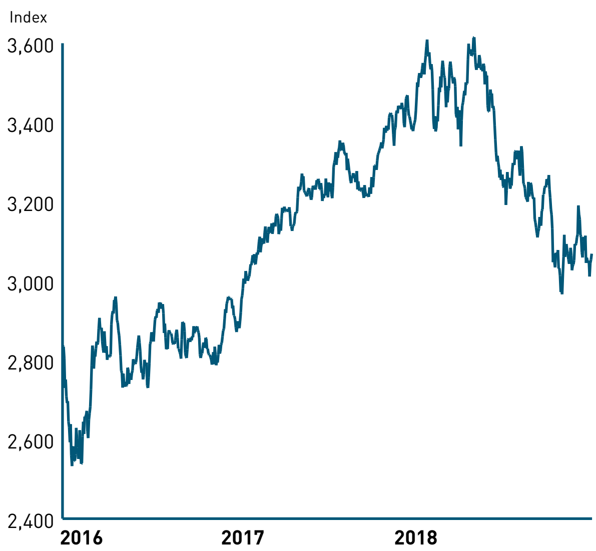
2 *Gross premium figures for the general insurance industry include gross premiums for the direct general insurance industry as well as the general reinsurance industry.*

## STOCK MARKET

The benchmark Straits Times Index (STI) declined by 9.8 per cent in 2018, driven by slower growth from the maturing global economic cycle and reinforced by heightened uncertainties over geopolitical events such as the US-China trade tensions and Brexit.

Moreover, movements in the STI in 2018 were characterised by increased volatility throughout the year. For example, the Index closed above 3,600 points - the highest reached in a decade - twice in the first half of 2018, before beginning its descent in the second half to 3,069 points at the end of 2018.

*Exhibit 6.28: Straits Times Index*




## SECURITIES MARKET

In 2018, the total turnover value of the securities market increased by 2.0 per cent to $299 billion while the total turnover volume decreased by 20 per cent to 437 billion shares, as compared to 2017. This translated to a 1.5 per cent increase in the average daily traded value to $1.2 billion, and a 20 per cent decline in the average daily traded volume to 1.7 billion shares.

At the end of 2018, the total number of listed companies in Singapore was 741, with a combined market capitalisation of $937 billion, a 11 per cent decrease from 2017. In 2018, there were 527 companies listed on SGX's Mainboard while the other 214 companies were listed on SGX's Catalist.

## DERIVATIVES MARKET

In 2018, SGX's derivatives market activity increased by 22 per cent to 217 million contracts. Compared to 2017, total futures trading volume rose by 22 per cent to 203 million, while options on futures trading volume grew by 22 per cent to 14 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 61 per cent of the total volume traded on SGX's derivatives trading platform.

## FOREIGN EXCHANGE MARKET

In 2018, the Euro and British Pound fell by 4.5 per cent and 5.6 per cent against the US Dollar respectively, while the Japanese Yen was up 2.7 per cent. The appreciation of the US Dollar against the Euro and British Pound was a reflection of the outperformance in US' growth in 2018, boosted by tax cuts and fiscal stimulus, even as the Fed gradually hiked interest rates throughout the year. By contrast, the Euro depreciated amidst slower growth in the Euro-area and concerns about Italy as the European Central Bank (ECB) kept its monetary policy unchanged. The British Pound was also weighed down by ongoing Brexit-related uncertainty. The Japanese Yen strengthened towards year-end on safe-haven flows as concerns about global growth caused risk aversion to rise.

# 6.8 BUSINESS SERVICES

## OVERVIEW

The business services sector expanded by 2.8 per cent year-on-year in the fourth quarter, extending the 3.3 per cent growth posted in the previous quarter.

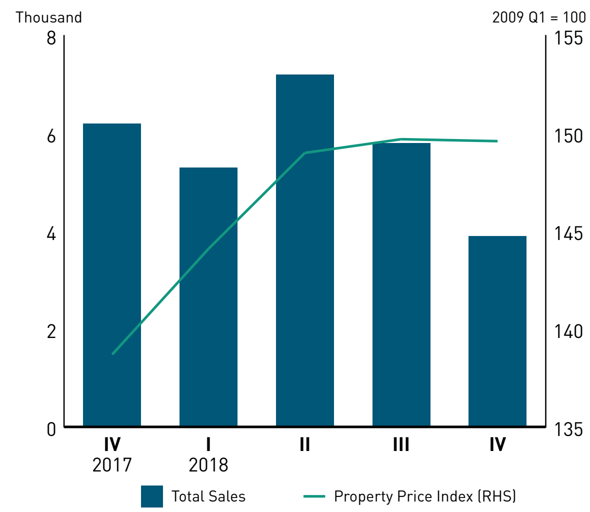
For the whole of 2018, the sector grew by 3.0 per cent, picking up from the 1.8 per cent growth in the previous year.

## REAL ESTATE

In 2018, the growth of the business services sector was weighed down by the real estate segment. Notably, the real estate segment contracted by 0.9 per cent in 2018, although this represented an easing from the 5.7 per cent decline seen in 2017.

The private residential property market weakened on the back of the property market cooling measures implemented in July 2018, with the prices of private residential units recording their first decline in the fourth quarter after five consecutive quarters of increase. On a quarter-on-quarter basis, prices dipped marginally by 0.1 per cent in the fourth quarter, reversing the 0.5 per cent increase seen in the previous quarter. For the whole of 2018, prices rose by 7.9 per cent, faster than the 1.1 per cent increase recorded in 2017.

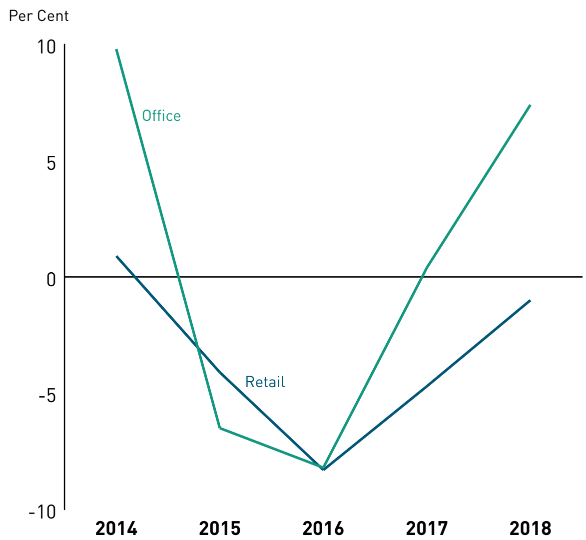
*Exhibit 6.29: Total Sales of Private Residential Units and Private Residential Property Price Index*




In tandem with the fall in prices, private residential property sales volumes also posted sluggish growth. Total private residential property sales fell by 38 per cent year-on-year in the fourth quarter, steeper than the 14 per cent contraction registered in the previous quarter. For the full year, total sales declined by 11 per cent to 22,139 units, compared to the 25,010 units sold in 2017 (Exhibit 6.29).

In the commercial space segment, the retail space market remained lacklustre in 2018. Private retail space rentals contracted by 1.0 per cent in 2018, following the 4.7 per cent fall in the previous year (Exhibit 6.30). The weak performance was due to lower rentals in the Central Area (-1.7 per cent), although rentals in the Fringe Area increased (1.3 per cent). Bucking the trend, the prices of private retail space grew by 0.6 per cent in 2018, a turnaround from the 8.8 per cent decline recorded in the previous year.

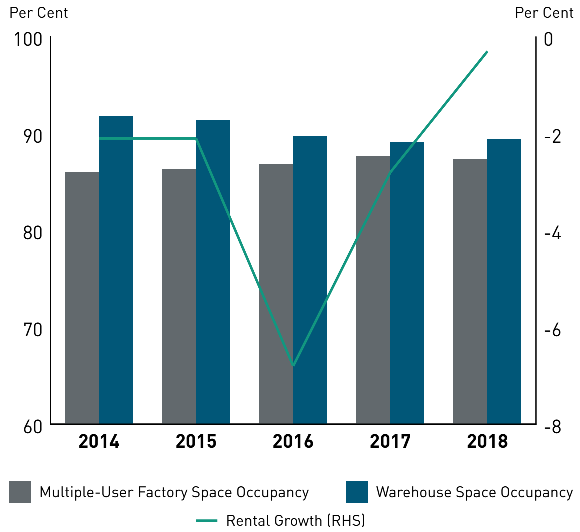
*Exhibit 6.30: Changes in Rentals of Private Sector Office and Retail Spaces*



For the office space market, office space prices rose by 5.7 per cent in 2018, a reversal from the 2.4 per cent contraction in 2017. Likewise, private office space rentals grew by 7.4 per cent in 2018, picking up from the 0.4 per cent increase in the previous year (Exhibit 8.30). The pickup in office rentals was due to higher rentals in the Central Area (7.9 per cent) and Fringe Area (3.8 per cent).

In the industrial space market, overall prices recorded flat growth in 2018, following the 5.7 per cent decline in 2017. Meanwhile, overall rentals fell slightly by 0.3 per cent, moderating from the 2.8 per cent decline seen in 2017. In particular, the rentals of private warehouse space contracted at a more modest pace of 0.9 per cent in 2018 compared to the 5.7 per cent decrease registered in 2017 (Exhibit 6.31).

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




## PROFESSIONAL SERVICES

Growth of the professional services segment remained healthy in 2018, supported by activities in the architectural & engineering, technical testing & analysis (2.1 per cent) and the business & management consultancy (3.7 per cent) sub-segments. However, the segment was weighed down by the weakness in the head offices & business representative offices sub-segment (-1.1 per cent).