

Singapore's GDP Contracted by 12.6 Per Cent in the Second Quarter of 2020

14 July 2020. Based on advance estimates¹, the Singapore economy contracted by 12.6 per cent on a year-on-year basis in the second quarter of 2020, due to the Circuit Breaker (CB) measures that were implemented from 7 April to 1 June to slow the spread of COVID-19, which included the suspension of non-essential services and closure of most workplace premises, as well as weak external demand amidst a global economic downturn precipitated by the COVID-19 pandemic. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy shrank by 41.2 per cent in the second quarter.

Gross Domestic Product in chained (2015) dollars

	2Q19	3Q19	4Q19	2019	1Q20	2Q20*
Percentage change over corresponding period of previous year						
Overall GDP	0.2	0.7	1.0	0.7	-0.3	-12.6
Goods Producing Industries						
Manufacturing	-2.7	-0.7	-2.3	-1.4	8.2	2.5
Construction	2.3	3.1	4.3	2.8	-1.1	-54.7
Services Producing Industries	1.1	0.8	1.5	1.1	-2.4	-13.6
Quarter-on-quarter annualised growth rate, seasonally-adjusted						
Overall GDP	-0.8	2.2	0.6	0.7	-3.3	-41.2
Goods Producing Industries						
Manufacturing	-4.1	4.8	-5.9	-1.4	45.5	-23.1
Construction	-0.3	3.5	5.3	2.8	-12.2	-95.6
Services Producing Industries	1.2	1.1	2.2	1.1	-13.4	-37.7

*Advance estimates

Sectoral Performance

The manufacturing sector grew by 2.5 per cent on a year-on-year basis in the second quarter, slower than the 8.2 per cent growth in the previous quarter. Growth during the quarter was primarily due to a surge in output in the biomedical manufacturing cluster. On the other hand, weak external demand and workplace disruptions during the CB period weighed on output in the chemicals, transport engineering and general manufacturing clusters. On a

¹ The advance GDP estimates for the second quarter of 2020 are computed largely from data in the first two months of the quarter (i.e., April and May 2020). They are intended as an early indication of the GDP growth in the quarter and are subject to revision when more comprehensive data becomes available.

quarter-on-quarter seasonally-adjusted annualised basis, the manufacturing sector shrank by 23.1 per cent, a sharp reversal from the 45.5 per cent expansion in the preceding quarter.

The construction sector contracted by 54.7 per cent on a year-on-year basis in the second quarter, a significant deterioration from the 1.1 per cent decline in the previous quarter. Construction output weakened on account of the CB measures which led to a stoppage of most construction activities during the period, as well as manpower disruptions arising from additional measures to curb the spread of COVID-19, including movement restrictions at foreign worker dormitories. On a quarter-on-quarter seasonally-adjusted annualised basis, the construction sector shrank by 95.6 per cent in the second quarter, far worse than the 12.2 per cent contraction in the preceding quarter.

The services producing industries contracted by 13.6 per cent on a year-on-year basis in the second quarter, steeper than the 2.4 per cent decline in the previous quarter. Within services, tourism-related sectors like accommodation and the air transport sector were severely affected by global and domestic travel restrictions, which brought visitor arrivals and air travel to a standstill. Other outward-oriented services sectors such as wholesale trade and water transport were adversely affected by a fall in external demand as many countries around the world grappled with the COVID-19 pandemic. Meanwhile, domestically-oriented services sectors such as food services, retail and business services were significantly affected by the CB measures. On a quarter-on-quarter seasonally-adjusted annualised basis, the services producing industries shrank by 37.7 per cent in the second quarter, extending the 13.4 per cent decline recorded in the preceding quarter.

MTI will release the preliminary GDP estimates for the second quarter, including performance by sectors, sources of growth, inflation, employment and productivity, in its *Economic Survey of Singapore* in August 2020.

MINISTRY OF TRADE AND INDUSTRY
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