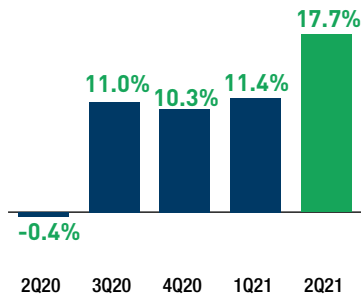
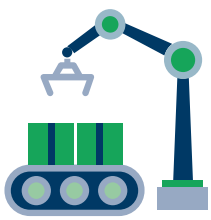


CHAPTER 2

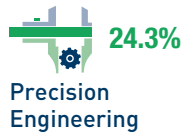
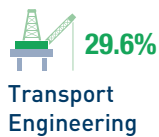
SECTORAL PERFORMANCE

MANUFACTURING

REAL GROWTH

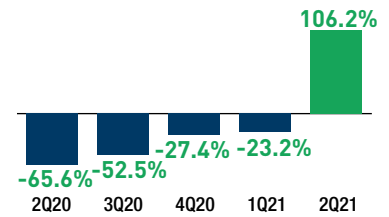


CLUSTERS IN MANUFACTURING SECTOR (Y-O-Y CHANGE)



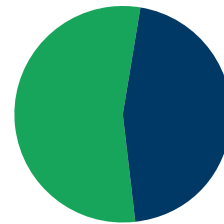
CONSTRUCTION

REAL GROWTH



CERTIFIED PAYMENTS IN 2021

54.2%
Public



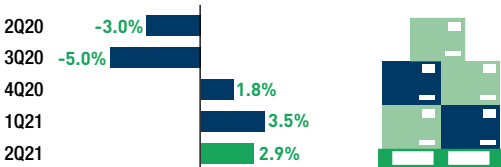
45.8%
Private

CONTRACTS AWARDED IN 2Q21 (Y-O-Y CHANGE)



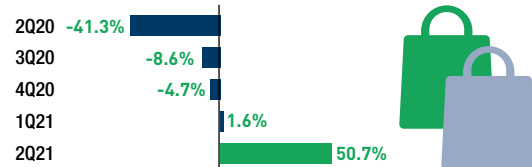
WHOLESALE TRADE

REAL GROWTH



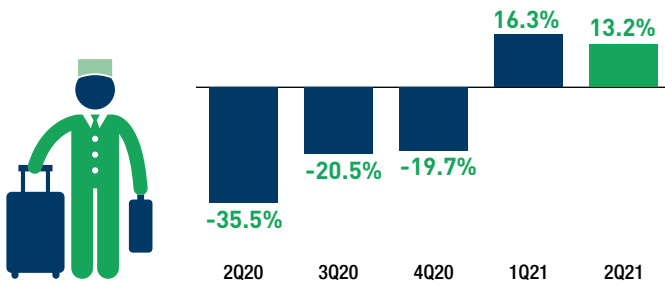
RETAIL TRADE

REAL GROWTH

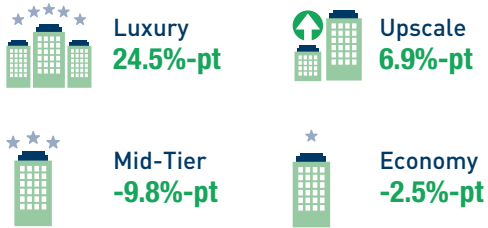


ACCOMMODATION

REAL GROWTH

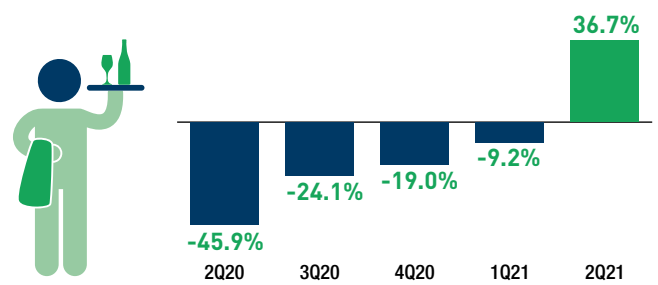


OCCUPANCY RATES OF HOTELS (Y-O-Y CHANGE)

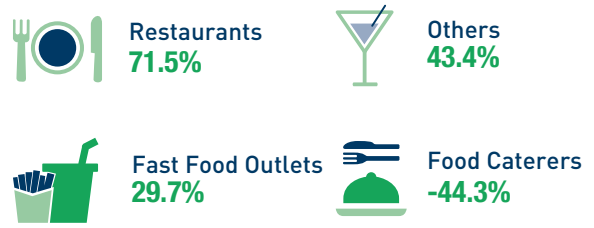


FOOD & BEVERAGE SERVICES

REAL GROWTH



F&B SALES INDEX GROWTH (Y-O-Y CHANGE)



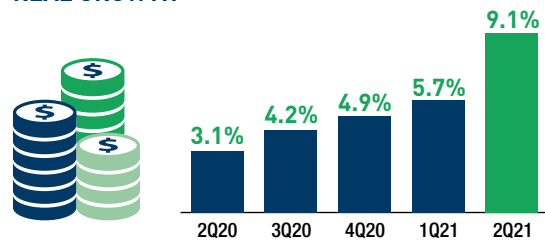
TRANSPORTATION & STORAGE

REAL GROWTH



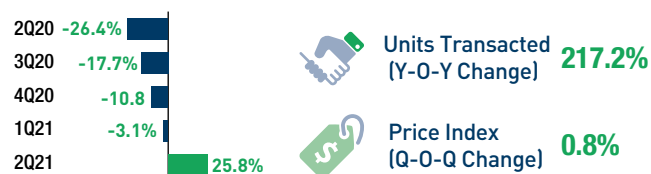
FINANCE & INSURANCE

REAL GROWTH



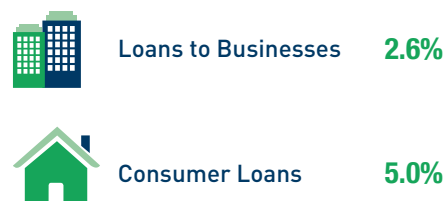
REAL ESTATE

REAL GROWTH



PRIVATE RESIDENTIAL REAL ESTATE

GROWTH OF BANK LOANS & ADVANCES TO NON-BANK CUSTOMERS IN 2Q21



OVERVIEW

In the second quarter of 2021,

- ▶ The manufacturing sector expanded by 18 per cent year-on-year, extending the 11 per cent growth in the previous quarter. Growth in the sector was supported by output expansions across all clusters.
- ▶ The construction sector expanded by 106 per cent, a sharp turnaround from the 23 per cent contraction in the preceding quarter. This was mainly due to the low base in the second quarter of 2020 when domestic Circuit Breaker (CB) measures and movement restrictions at migrant worker dormitories had adversely affected the sector.
- ▶ The wholesale trade sector grew by 2.9 per cent, moderating from the 3.5 per cent expansion in the previous quarter.
- ▶ The retail trade sector expanded by 51 per cent, an improvement from the 1.6 per cent growth in the previous quarter, partly due to low base effects.
- ▶ The transportation & storage sector posted growth of 21 per cent, a turnaround from the 16 per cent contraction in the previous quarter. The stronger performance of the sector was driven mainly by the air transport, water transport and land transport segments, in part due to low base effects.
- ▶ The accommodation sector grew by 13 per cent, extending the 16 per cent growth in the previous quarter, largely due to low base effects.
- ▶ The food & beverage services sector expanded by 37 per cent, reversing the 9.2 per cent contraction in the preceding quarter, largely due to the low base last year.
- ▶ Growth in the finance & insurance sector came in at 9.1 per cent, faster than the 5.7 per cent recorded in the previous quarter.
- ▶ The real estate sector expanded by 26 per cent, rebounding from the 3.1 per cent contraction in the previous quarter, on account of low base effects.
- ▶ The professional services sector grew by 9.4 per cent, reversing the 4.5 per cent contraction in the previous quarter.

MANUFACTURING

The manufacturing sector expanded by 18 per cent on a year-on-year basis in the second quarter of 2021 (Exhibit 2.1). All manufacturing clusters recorded output expansions during the quarter (Exhibit 2.2).

Exhibit 2.1: Manufacturing Sector's Growth Rate

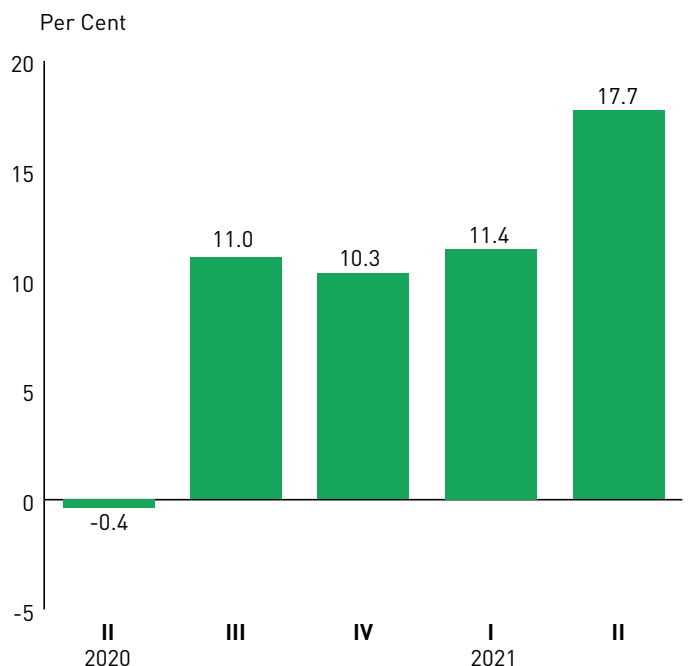
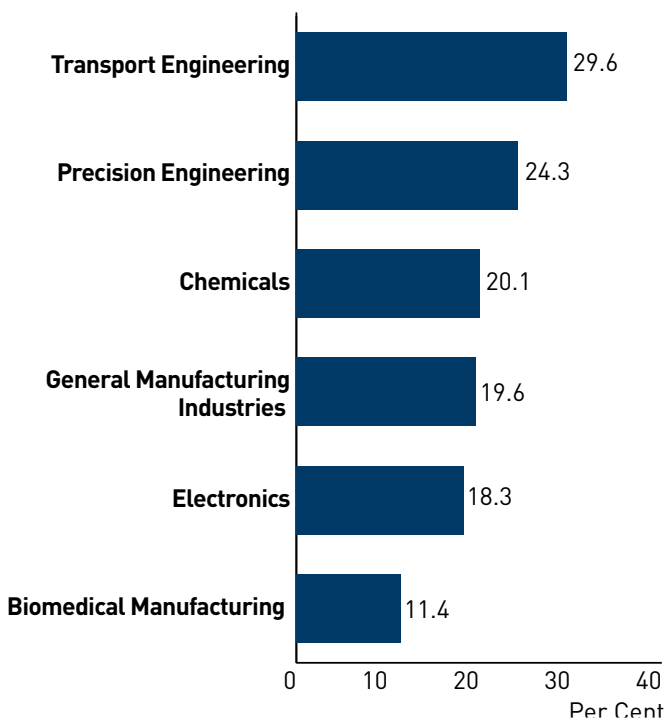


Exhibit 2.2: Manufacturing Clusters' Growth Rates in 2Q 2021



The transport engineering cluster grew by 30 per cent in the second quarter, supported by output expansions in all segments. Output in the land transport segment surged by 73 per cent from a low base last year due to a rise in the production of parts and accessories for motor vehicles and bicycles. Similarly, output in the marine & offshore engineering segment increased by 31 per cent from a low base last year when domestic CB measures and movement restrictions at migrant worker dormitories had adversely affected production. Likewise, the aerospace segment grew by 21 per cent from a low base of maintenance, repair & overhaul activities last year due to the widespread grounding of aircraft amidst COVID-19 travel restrictions.

Output in the precision engineering cluster increased by 24 per cent in the second quarter, supported by expansions in both the machinery & systems (M&S) and precision modules & components (PMC) segments. The M&S segment grew by 29 per cent on account of a higher level of production of semiconductor equipment to meet strong demand as capital investment in the global semiconductor industry continued to rise. Similarly, the PMC segment expanded by 18 per cent, driven by a higher level of output of metal and plastic precision components to support the electronics and medical devices industries.

The chemicals cluster grew by 20 per cent in the second quarter, with all segments recording output expansions from the low base a year ago caused by plant maintenance shutdowns, as well as weak export demand as major economies around the world implemented lockdowns and restrictions to contain the spread of COVID-19. Specifically, the specialty chemicals, petrochemicals, other chemicals and petroleum segments expanded by 29 per cent, 23 per cent, 11 per cent and 5.8 per cent respectively.

Output in the general manufacturing cluster increased by 20 per cent in the second quarter. Growth was largely supported by the miscellaneous industries segment, which expanded by 71 per cent from the low base last year when demand for construction-related materials was adversely affected by the slump in domestic construction activity. Meanwhile, the printing segment grew marginally by 0.1 per cent. On the other hand, output in the food, beverages & tobacco (FBT) segment declined by 3.5 per cent on account of a fall in the production of milk products due to weaker export demand.

The electronics cluster expanded by 18 per cent in the second quarter, bolstered by output expansions in all segments. In particular, the semiconductors segment grew by 19 per cent, supported by robust demand for semiconductor chips from cloud services and the 5G market. Meanwhile, the other electronics modules & components, computer peripherals & data storage and infocomms & consumer electronics segments expanded by 28 per cent, 19 per cent and 0.3 per cent respectively.

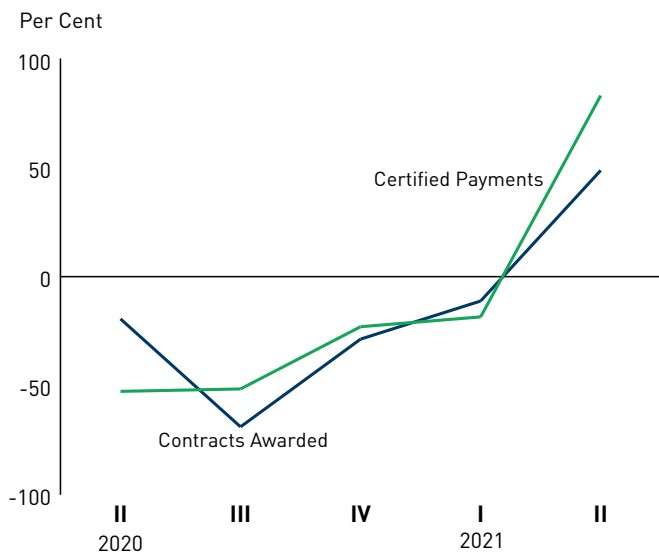
Output in the biomedical manufacturing cluster increased by 11 per cent in the second quarter, supported by growth in both the medical technology and pharmaceuticals segments. The medical technology segment posted growth of 31 per cent on the back of an increase in export demand for medical devices. Meanwhile, the pharmaceuticals segment expanded by 11 per cent, supported by a higher level of production of active pharmaceutical ingredients (APIs) and biological products.

CONSTRUCTION

The construction sector expanded by 106 per cent year-on-year in the second quarter of 2021, a sharp turnaround from the 23 per cent contraction in the previous quarter. This was mainly due to the low base last year when most domestic construction activities were halted as a result of the CB measures and movement restrictions at migrant worker dormitories. However, compared to its pre-pandemic level in the second quarter of 2019, the value-added of the construction sector remained 29 per cent lower in the second quarter of 2021.

In the second quarter of 2021, nominal certified progress payments (a proxy for construction output) rose by 83 per cent, rebounding from the 18 per cent decline recorded in the previous quarter (Exhibit 2.3). Expansions in certified progress payments were seen in both the private (59 per cent) and public (111 per cent) sectors. The growth in private certified progress payments was largely driven by private residential (120 per cent) and industrial (29 per cent) building works. On the other hand, the rise in public certified progress payments was led by public civil engineering (87 per cent) and residential building (309 per cent) works.

Exhibit 2.3: Changes in Contracts Awarded and Certified Payments



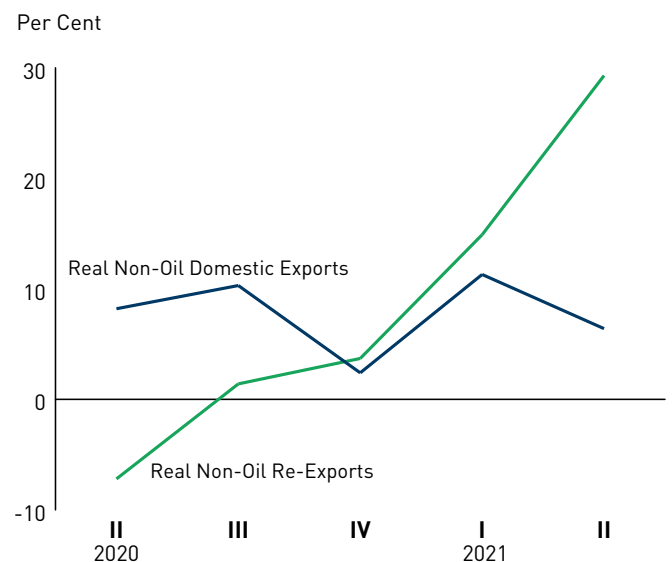
Meanwhile, construction demand in terms of contracts awarded increased by 49 per cent in the second quarter, sharply reversing the 11 per cent decline in the first quarter. This was due to higher demand for both private (52 per cent) and public (47 per cent) sector construction works. The former was driven by a rise in contracts awarded for private sector commercial (186 per cent) and industrial (99 per cent) building works, while the latter was led by an increase in contracts awarded for public civil engineering (462 per cent) and residential building (81 per cent) works.

WHOLESALE TRADE

The wholesale trade sector grew by 2.9 per cent year-on-year in the second quarter of 2021, moderating from the 3.5 per cent expansion in the previous quarter.

Growth in the sector was supported by an increase in non-oil re-export (NORX) and non-oil domestic export (NODX) volumes during the quarter. Specifically, NORX volumes rose by 29 per cent in the second quarter, extending the 15 per cent growth in the preceding quarter (Exhibit 2.4), with the increase primarily driven by the stronger re-exports of machinery & equipment and manufactured goods. NODX volumes also expanded by 6.4 per cent in the second quarter, although this was a moderation from the 11 per cent expansion in the first quarter. The positive NODX performance in the second quarter was mainly driven by growth in the domestic exports of crude materials and manufactured goods.

Exhibit 2.4: Changes in Real Non-Oil Domestic Exports and Real Non-Oil Re-Exports

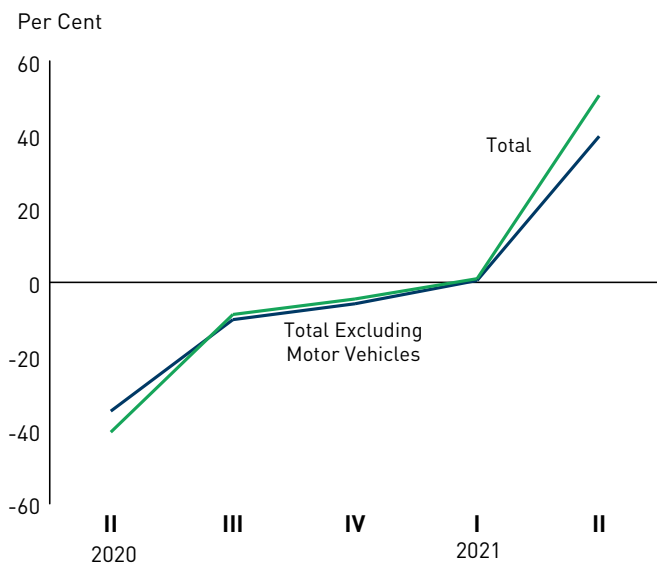


RETAIL TRADE

The retail trade sector expanded by 51 per cent year-on-year in the second quarter of 2021, an improvement from the 1.6 per cent growth in the previous quarter.

Overall retail sales volume increased by 51 per cent year-on-year in the second quarter, accelerating from the 1.0 per cent growth in the first quarter (Exhibit 2.5). The strong growth was partly due to a low base, as the overall retail sales volume shrank by 41 per cent during the CB a year ago.¹ However, overall retail sales volume remained 11 per cent below its pre-pandemic level in the same quarter of 2019.

Exhibit 2.5: Changes in Retail Sales Index in Chained Volume Terms



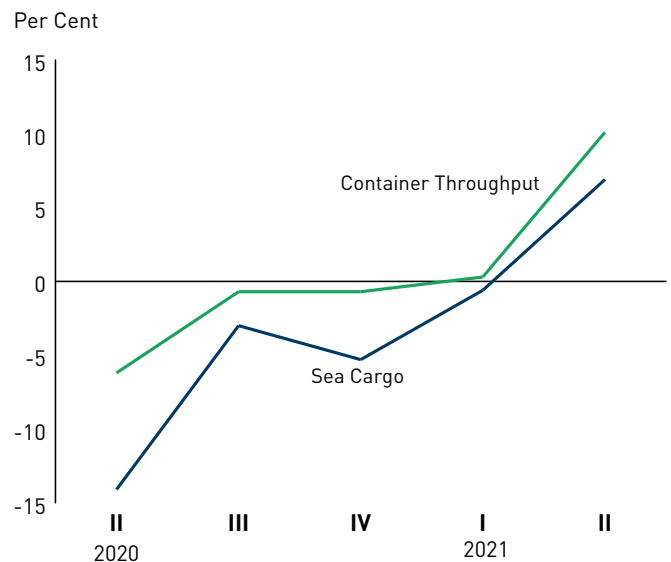
Growth in the retail sales volume in the second quarter of 2021 was supported by both motor vehicular sales (176 per cent) and non-motor vehicular sales (40 per cent). The former was largely due to the low base last year as COE auctions were halted during the CB. The latter saw support from the increased sales of goods such as watches & jewellery (324 per cent), wearing apparel & footwear (231 per cent), goods in department stores (199 per cent) and food & alcohol (29 per cent) on the back of a low base in the second quarter of 2020. In addition, the sales volumes of recreational goods (134 per cent) and furniture & household equipment (71 per cent) rose, supported by low base effects as well as the continued prevalence of work-from-home practices. On the other hand, sales volumes at supermarkets & hypermarkets (-16 per cent), as well as mini-marts & convenience stores (-11 per cent) declined from their high bases in 2020.

TRANSPORTATION & STORAGE

The transportation & storage sector grew by 21 per cent year-on-year in the second quarter of 2021, a turnaround from the 16 per cent contraction in the previous quarter. The stronger performance of the sector was driven mainly by the air transport, water transport and land transport segments, in part due to low base effects.

For the water transport segment, the volume of sea cargo handled increased by 6.9 per cent year-on-year in the second quarter, a reversal from the 0.6 per cent decline recorded in the previous quarter (Exhibit 2.6). The rise in sea cargo volume handled was due to an increase in general cargo volume (11 per cent), which outweighed a fall in oil-in-bulk cargo volume (-2.4 per cent). Container throughput also rose by 10 per cent during the quarter.

Exhibit 2.6: Changes in Container Throughput and Sea Cargo Handled



The air transport segment expanded year-on-year in the second quarter, on account of low base effects as tight global travel restrictions and domestic border controls to contain the spread of COVID-19 led to a sharp fall in air travel in the same period last year. In particular, the volume of air passenger traffic handled at Changi Airport surged by 440 per cent in the second quarter, a sharp reversal from the 96 per cent decline registered in the previous quarter (Exhibit 2.7). Nonetheless, in absolute terms, air passenger traffic volume was only at 3.1 per cent of the volume seen in the second quarter of 2019. Meanwhile, total air cargo shipments handled at Changi Airport rose by 53 per cent in the second quarter of 2021, an improvement from the 5.7 per cent contraction recorded in the previous quarter, similarly from a low base. At the same time, the number of aircraft landings climbed by 96 per cent to reach 12,825 in the second quarter, reversing the 71 per cent decline in the previous quarter.

¹ The measures implemented during the CB and Phase 1 of the re-opening from 7 April 2020 to 18 June 2020 to contain the COVID-19 outbreak had restricted the ability of retail stores to operate on-premises and consequently weighed on retail sales in the second quarter of 2020. Only retail stores providing essential items, such as supermarkets & hypermarkets, as well as mini-marts & convenience stores could operate on-premises.

Exhibit 2.7: Changes in Air Transport

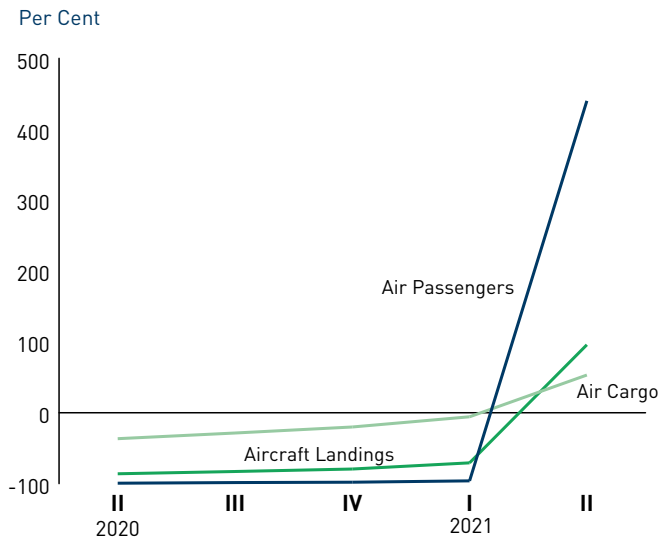
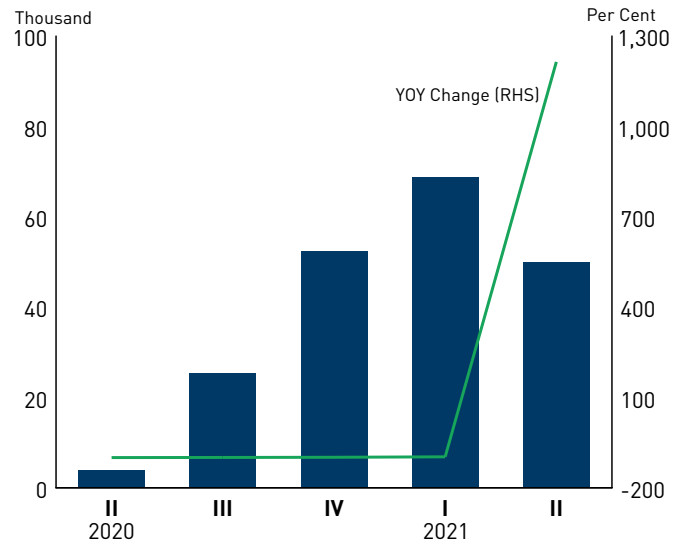


Exhibit 2.8: Visitor Arrivals



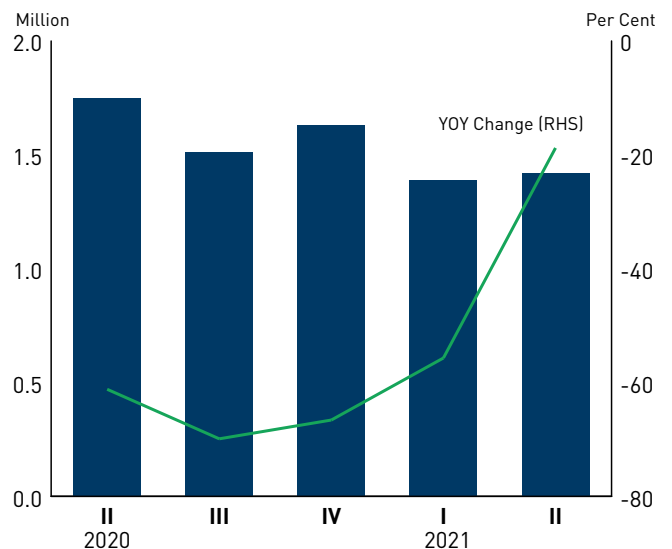
ACCOMMODATION

The accommodation sector expanded by 13 per cent year-on-year in the second quarter of 2021, extending the 16 per cent growth recorded in the preceding quarter. The growth was largely due to low base effects as border restrictions, implemented to limit the importation of COVID-19, caused the value-added of the sector to plunge by 35 per cent a year ago.² In addition, government and domestic tourism demand also provided some support to the sector during the quarter. However, compared to its pre-COVID level in the second quarter of 2019, the value-added of the sector remained 27 per cent lower in the second quarter of 2021.

Total visitor arrivals increased by 1,214 per cent year-on-year in the second quarter of 2021, a sharp reversal from the 97 per cent contraction in the first quarter (Exhibit 2.8). This was on account of low base effects as the number of visitor arrivals plunged by nearly 100 per cent in the second quarter of 2020. In absolute terms, visitor arrivals were only at 1.1 per cent of the level seen in the second quarter of 2019.

At the same time, gross lettings at gazetted hotels declined by 19 per cent in the second quarter of 2021, improving from the 56 per cent contraction in the first quarter (Exhibit 2.9). As the decline in available room-nights was slightly larger than the decline in gross lettings, the average occupancy rate edged up by 0.2 percentage-point on a year-on-year basis to reach 50 per cent in the second quarter. This was higher than the average occupancy rate of 44 per cent registered in the previous quarter.

Exhibit 2.9: Gross Lettings at Gazetted Hotels



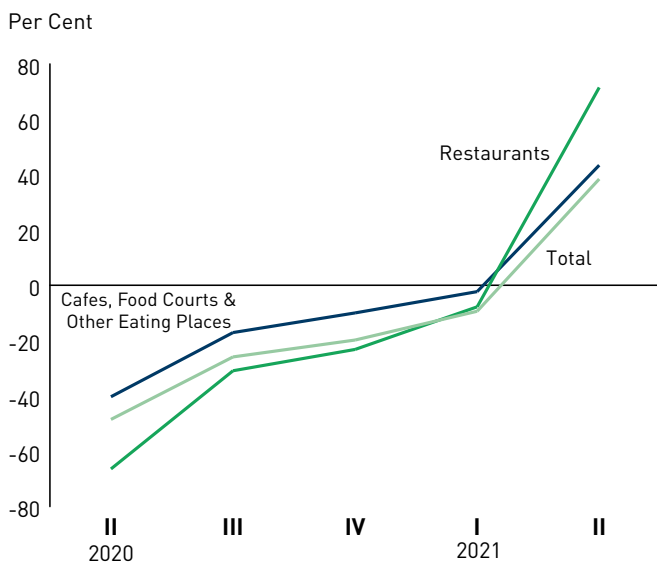
² The Multi-ministry Task Force began barring short-term visitors from entering or transiting through Singapore in the first quarter of 2020 to contain the COVID-19 outbreak. This continued to adversely affect the accommodation sector's performance during the second quarter of 2020.

FOOD & BEVERAGE SERVICES

The food & beverage services sector expanded by 37 per cent year-on-year in the second quarter of 2021, reversing the 9.2 per cent contraction in the preceding quarter.

Overall food & beverage sales volume increased by 38 per cent in the second quarter, a turnaround from the 9.4 per cent decline in the first quarter (Exhibit 2.10). The strong growth was due to the low base a year ago when CB measures had adversely affected food & beverage sales volumes. However, compared to the same quarter in 2019, the overall food & beverage sales volume in the second quarter of 2021 remained 29 per cent lower.

Exhibit 2.10: Changes in Food & Beverage Services Index in Chained Volume Terms



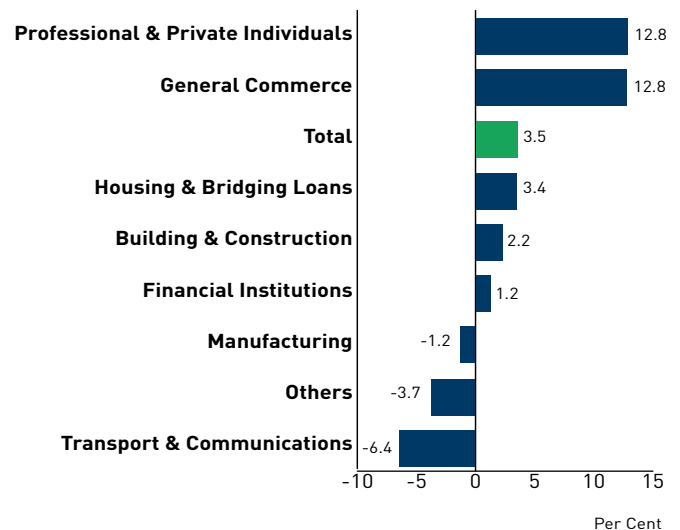
Higher sales volumes were seen across all segments during the second quarter of 2021, except for food caterers (-44 per cent), which continued to be adversely affected by restrictions on large-scale events and gatherings. By contrast, sales volumes of restaurants (72 per cent), cafes, food courts & other eating places (43 per cent) and fast food outlets (30 per cent) rose in the second quarter from the low base a year ago.

FINANCE & INSURANCE

The finance & insurance sector grew by 9.1 per cent year-on-year in the second quarter of 2021, extending the 5.7 per cent growth in the preceding quarter. Growth was underpinned by the strong performance of the banking, insurance, fund management and other auxiliary segments.

The banking segment was boosted by the continued growth of net commissions received from brokerage and other services and interest income from loans. Asian Currency Unit (ACU) non-bank loans rose by 5.1 per cent in the second quarter, buoyed by an increase in loans and trade bills to East Asia and the Americas. Meanwhile, Domestic Banking Unit (DBU) non-bank lending climbed by 3.5 per cent, following four quarters of contraction. This was largely supported by lending to the general commerce sector and professional & private individuals, which more than offset a decline in credit extended to the manufacturing and transport & communications sectors (Exhibit 2.11).

Exhibit 2.11: Growth of DBU Loans & Advances to Non-Bank Customers by Industry in 2Q 2021



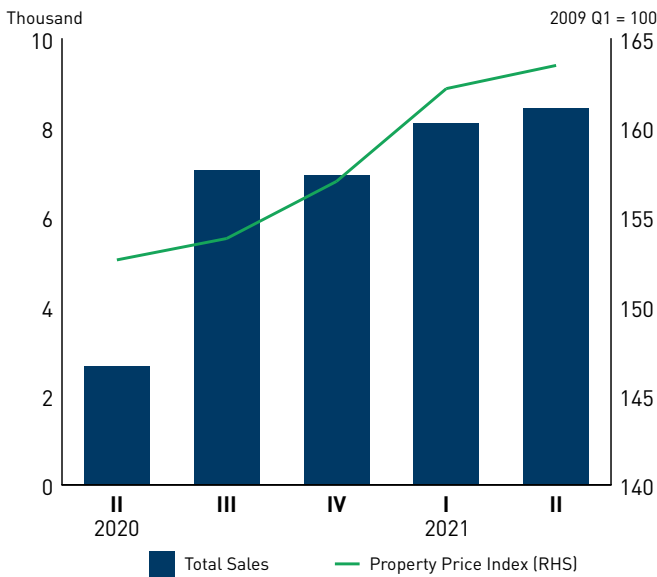
The insurance segment also grew strongly in the second quarter, reflecting the sustained demand for life insurance products, although this was partially offset by weaker demand for general insurance as business activity was crimped by the re-imposition of domestic restrictions in response to the rise in COVID-19 infections. In addition, the sentiment-sensitive segments, comprising fund management, forex and security dealing activities, recorded good outturns as global equity markets remained resilient. Other auxiliary activities also expanded as the shift towards e-payments continued to benefit payments processing activities.

REAL ESTATE

The real estate sector expanded by 26 per cent year-on-year in the second quarter of 2021, rebounding from the 3.1 per cent contraction in the preceding quarter. The strong growth of the sector was on account of a low base in the same quarter last year due to the CB measures. However, compared to the same quarter in 2019, the value-added of the sector remained 7.4 per cent lower.

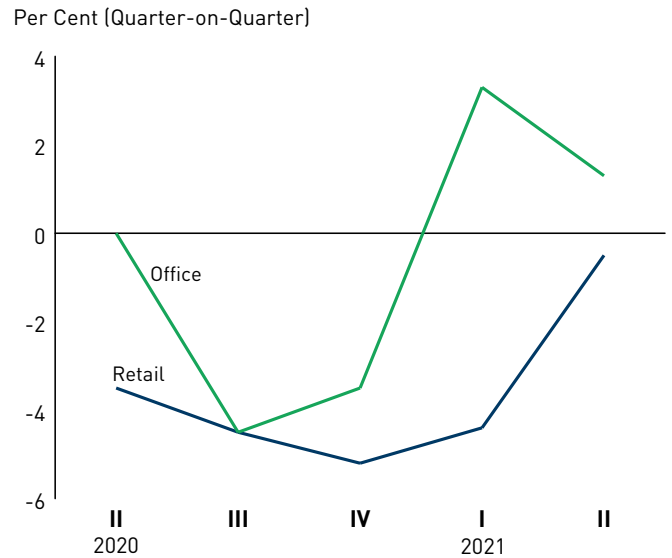
Within the sector, the number of private residential sales transactions surged by 217 per cent on a year-on-year basis in the second quarter, with higher sales seen across all regions of Singapore. This was due to low base effects as CB restrictions had curtailed sales activities in the second quarter of last year. Meanwhile, private residential property prices rose by 0.8 per cent on a quarter-on-quarter basis during the quarter, moderating from the 3.3 per cent increase in the previous quarter (Exhibit 2.12).

Exhibit 2.12: Total Sales Transactions for Private Residential Units and Private Residential Property Price Index



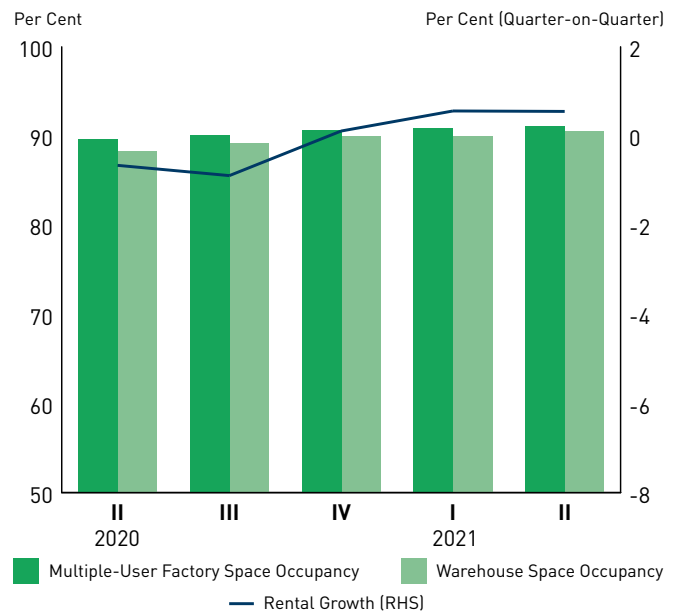
Conditions in the commercial and industrial property space markets were mixed. For the private retail space market, rentals declined by 0.5 per cent on a quarter-on-quarter basis in the second quarter, moderating from the 4.4 per cent drop in the previous quarter (Exhibit 2.13). Meanwhile, the average occupancy rate of private retail space came in at 90 per cent during the quarter, unchanged from the preceding quarter. By contrast, rentals for private office space rose by 1.3 per cent on a quarter-on-quarter basis, extending the 3.3 per cent growth in the preceding quarter. The average occupancy rate of private office space inched down from the 87 per cent recorded in the first quarter to 86 per cent in the second quarter.

Exhibit 2.13: Changes in Rentals of Private Sector Office and Retail Spaces



As for the private industrial space market, rentals rose by 0.6 per cent on a quarter-on-quarter basis in the second quarter, the same pace of increase as in the first quarter. The occupancy rates for private sector multiple-user factory and warehouse spaces stood at 91 per cent and 90 per cent respectively, unchanged from that seen in the previous quarter (Exhibit 2.14).

Exhibit 2.14: Occupancy Rate and Rental Growth of Private Sector Industrial Space



PROFESSIONAL SERVICES

In the second quarter of 2021, the professional services sector grew by 9.4 per cent year-on-year, reversing the 4.5 per cent contraction in the preceding quarter. All segments within the sector expanded, except for the legal segment. The expansion of the sector was mainly driven by the architectural & engineering, technical testing & analysis and other professional, scientific & technical services segments.