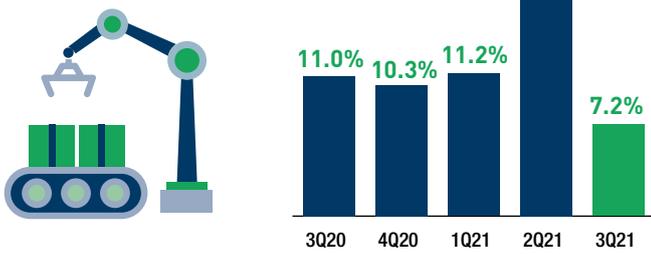


CHAPTER 2

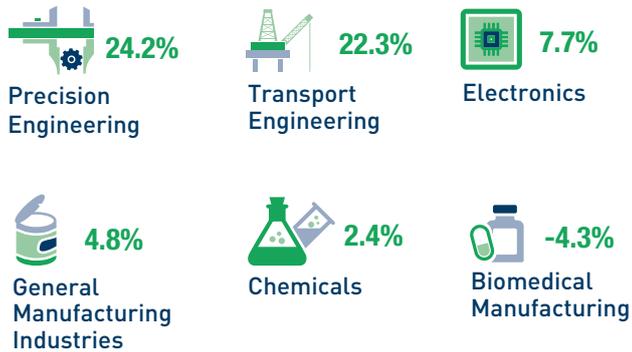
SECTORAL PERFORMANCE

MANUFACTURING

REAL GROWTH

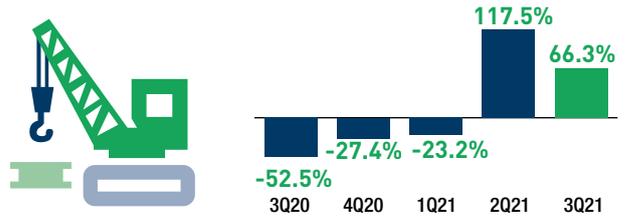


CLUSTERS IN MANUFACTURING SECTOR (Y-O-Y CHANGE)

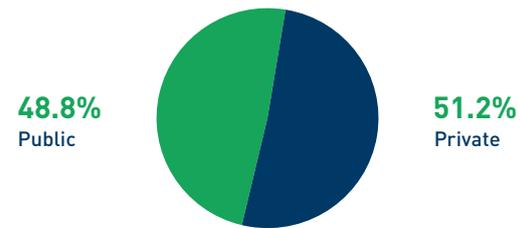


CONSTRUCTION

REAL GROWTH



CERTIFIED PAYMENTS IN 3Q21

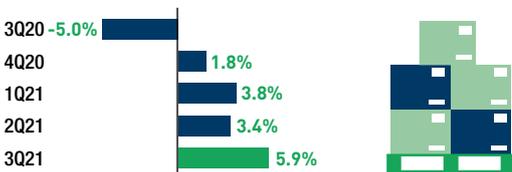


CONTRACTS AWARDED IN 3Q21 (Y-O-Y CHANGE)



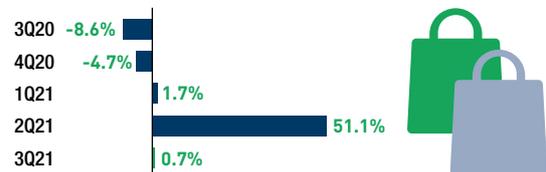
WHOLESALE TRADE

REAL GROWTH



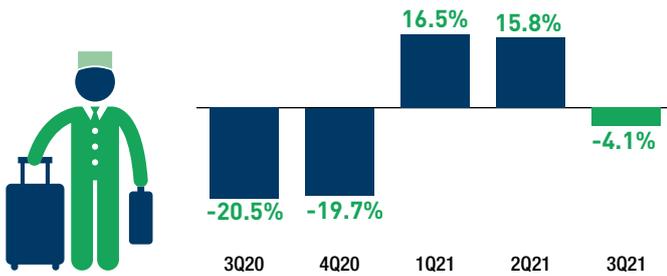
RETAIL TRADE

REAL GROWTH



ACCOMMODATION

REAL GROWTH

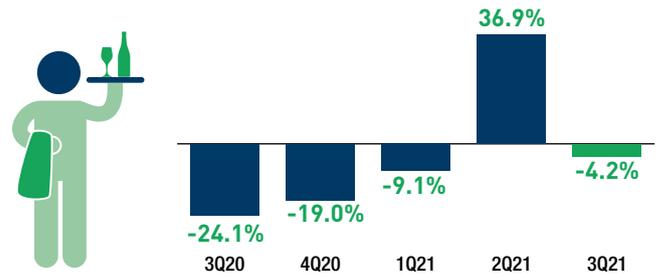


OCCUPANCY RATES OF HOTELS (Y-O-Y CHANGE)



FOOD & BEVERAGE SERVICES

REAL GROWTH



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



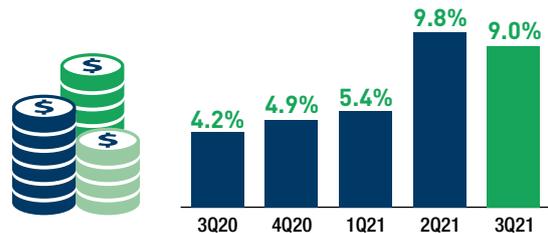
TRANSPORTATION & STORAGE

REAL GROWTH



FINANCE & INSURANCE

REAL GROWTH



REAL ESTATE

REAL GROWTH



PRIVATE RESIDENTIAL REAL ESTATE



OVERVIEW

In the third quarter of 2021,

- ▶ The manufacturing sector grew by 7.2 per cent year-on-year, moderating from the 18 per cent growth in the preceding quarter. All clusters recorded positive growth, except for the biomedical manufacturing cluster, which recorded a decline in output.
- ▶ The construction sector expanded by 66 per cent year-on-year, slowing from the 117 per cent expansion in the second quarter. The strong growth during the quarter was mainly due to low base effects as construction activities were slow to resume after the Circuit Breaker (CB) period last year.
- ▶ Growth in the wholesale trade sector came in at 5.9 per cent year-on-year, faster than the 3.4 per cent recorded in the previous quarter.
- ▶ The retail trade sector expanded by 0.7 per cent year-on-year, a slowdown from the 51 per cent growth in the preceding quarter.
- ▶ The transportation & storage sector posted growth of 8.2 per cent year-on-year, moderating from the 20 per cent growth in the previous quarter. The expansion of the sector was driven mainly by the air transport segment, which grew from a low base.
- ▶ The accommodation sector contracted by 4.1 per cent year-on-year, reversing from the 16 per cent growth recorded in the preceding quarter.
- ▶ The food & beverage services sector shrank by 4.2 per cent year-on-year, a reversal from the 37 per cent expansion in the second quarter.
- ▶ Growth in the finance & insurance sector came in at 9.0 per cent year-on-year, extending the 9.8 per cent expansion in the previous quarter.
- ▶ The real estate sector expanded by 17 per cent year-on-year, extending the 26 per cent growth in the previous quarter, on account of low base effects.
- ▶ The professional services sector grew by 4.4 per cent year-on-year, moderating from the 11 per cent expansion in the previous quarter.

MANUFACTURING

The manufacturing sector expanded by 7.2 per cent on a year-on-year basis in the third quarter of 2021, moderating from the 18 per cent growth in the preceding quarter (Exhibit 2.1). Growth during the quarter was supported by output expansions across all clusters except for the biomedical manufacturing cluster (Exhibit 2.2).

Exhibit 2.1: Manufacturing Sector's Growth Rate

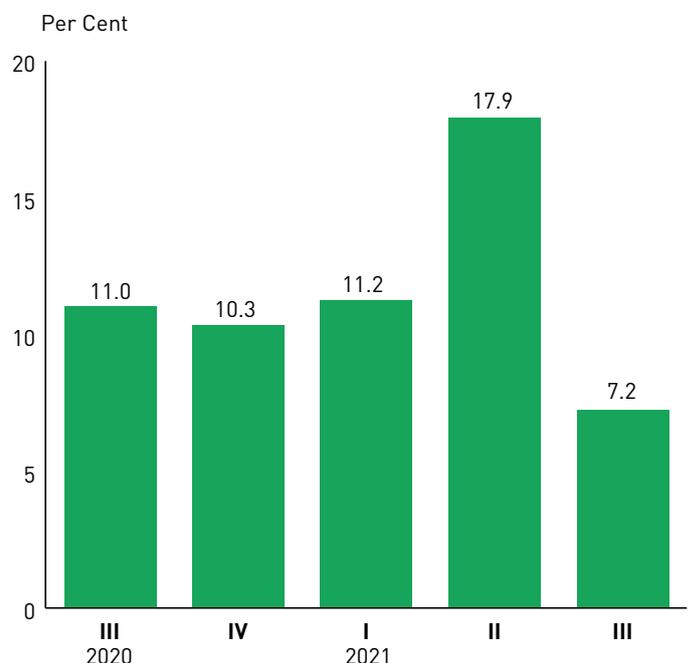
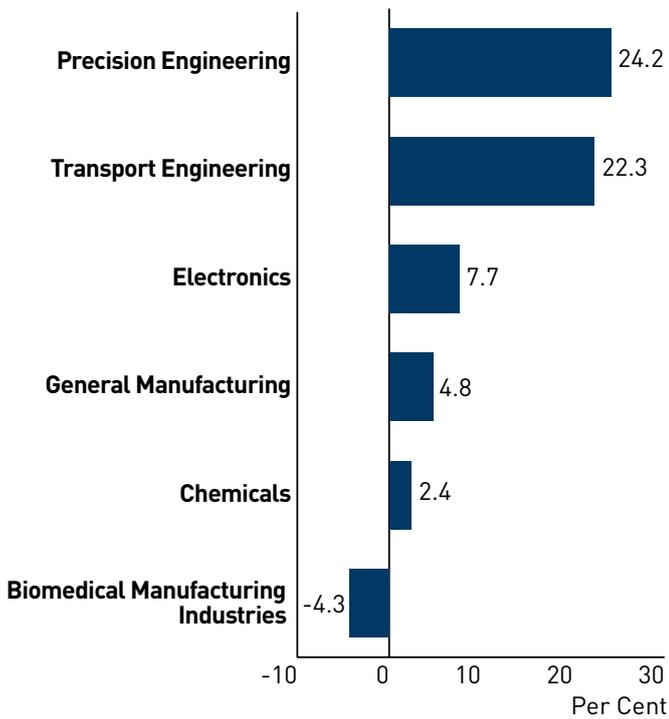


Exhibit 2.2: Manufacturing Clusters' Growth Rates in 3Q 2021



The precision engineering cluster expanded by 24 per cent in the third quarter, supported by output expansions in both the machinery & systems (M&S) and precision modules & components (PMC) segments. The M&S segment grew by 32 per cent due to an increase in the output of semiconductor and industrial process equipment. In particular, demand for semiconductor equipment was driven by strong capital investments in the global semiconductor industry amidst the global semiconductor shortage. Similarly, the PMC segment expanded by 8.3 per cent, on account of a higher level of output of optical products, metal and plastic precision components, in part due to a step-up in demand from the consumer electronics and healthcare industries.

Output in the transport engineering cluster rose by 22 per cent in the third quarter, supported by expansions in all segments. In particular, output in the marine & offshore engineering segment increased by 31 per cent from a low base last year when movement restrictions at migrant worker dormitories had adversely affected the level of activity in shipyards. Similarly, the aerospace segment grew by 22 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. Meanwhile, the land transport segment expanded by 8.3 per cent due to an increase in the production of parts and accessories for motor vehicles and bicycles.

The electronics cluster grew by 7.7 per cent in the third quarter, supported by output expansions in all segments. Specifically, output in the semiconductors segment increased by 7.5 per cent on account of sustained global demand for semiconductors. Meanwhile, the other electronics modules & components, infocomms & consumer electronics and computer peripherals & data storage segments expanded by 33 per cent, 21 per cent and 1.3 per cent respectively.

Output in the general manufacturing cluster increased by 4.8 per cent in the third quarter. The cluster's growth was mainly driven by the miscellaneous industries segment, which grew by 36 per cent from a low base in the third quarter of 2020 when demand for construction-related materials was adversely affected by the slow resumption of domestic construction activities after the Circuit Breaker (CB) period. By contrast, output in the food, beverages & tobacco (FBT) and printing segments declined by 10 per cent and 15 per cent respectively, with the former largely weighed down by a fall in the production of milk products on the back of weak export demand and plant maintenance shutdowns.

The chemicals cluster grew by 2.4 per cent in the third quarter, supported by output expansions in all segments except for the specialty chemicals segment. The petroleum and petrochemicals segments expanded by 26 per cent and 7.5 per cent respectively from low bases a year ago when production was weighed down by plant maintenance shutdowns, as well as weak export demand as major economies around the world implemented travel and domestic movement restrictions to contain the spread of COVID-19. Similarly, output in the other chemicals segment rose by 1.5 per cent on the back of a higher level of production of fragrances. Conversely, the specialty chemicals segment contracted by 7.7 per cent on account of plant maintenance shutdowns.

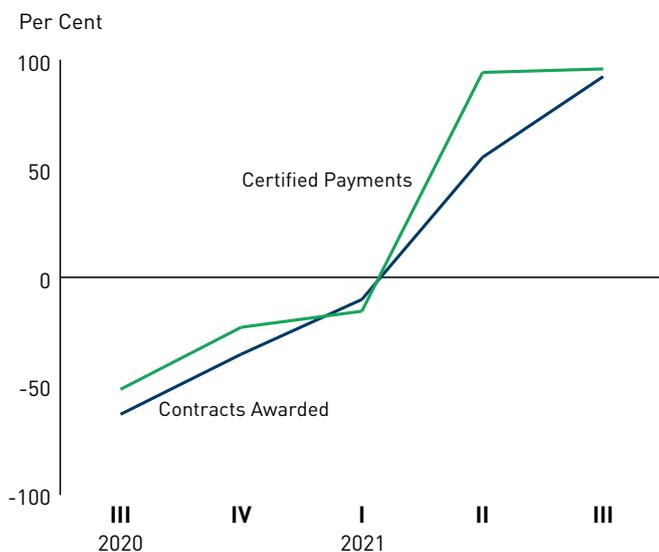
The biomedical manufacturing cluster shrank by 4.3 per cent in the third quarter, as a contraction in the pharmaceuticals segment outweighed an expansion in the medical technology segment. The pharmaceuticals segment contracted by 8.6 per cent on account of a different mix of active pharmaceutical ingredients (APIs) produced. On the other hand, the medical technology segment expanded by 8.6 per cent due to higher export demand for medical devices.

CONSTRUCTION

The construction sector grew by 66 per cent year-on-year in the third quarter of 2021, slowing from the 117 per cent expansion recorded in the previous quarter¹. The strong growth during the quarter was mainly due to the low base in the third quarter of 2020 caused by the slow resumption of construction activities after the CB period. Compared to its pre-pandemic level in the third quarter of 2019, the value-added of the construction sector remained 21 per cent lower in the third quarter of 2021.

In the third quarter of 2021, nominal certified progress payments (a proxy for construction output) surged by 96 per cent, extending the 94 per cent increase in the previous quarter (Exhibit 2.3). Expansions in certified progress payments were seen in both the private (85 per cent) and public (108 per cent) sectors. The pickup in private certified progress payments was largely driven by private industrial (60 per cent) and residential (100 per cent) building works. On the other hand, the increase in public certified progress payments was led by public civil engineering (159 per cent) and institutional & others building (149 per cent) works.

Exhibit 2.3: Changes in Contracts Awarded and Certified Payments



Meanwhile, construction demand in terms of contracts awarded rose by 93 per cent in the third quarter, improving from the 55 per cent expansion in the second quarter. This was due to higher demand for both private (23 per cent) and public (165 per cent) sector construction works. The former was driven by a rise in contracts awarded for private residential (241 per cent) and commercial (131 per cent) building works, while the latter was led by an increase in contracts awarded for public residential building (515 per cent) and civil engineering (100 per cent) works.

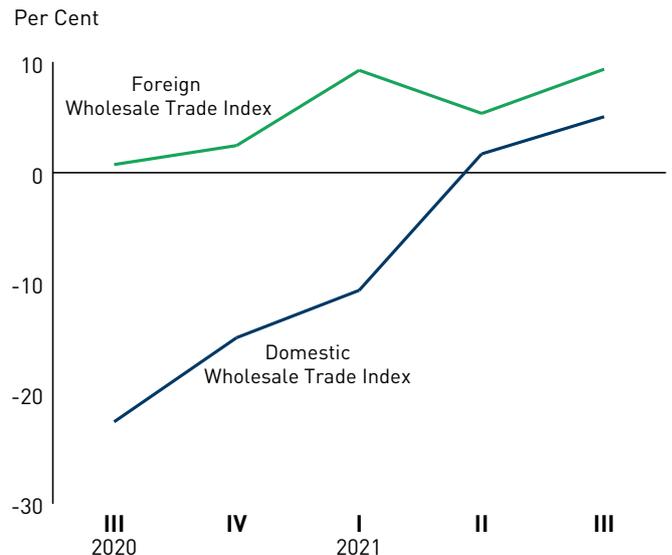
WHOLESALE TRADE

The wholesale trade sector grew by 5.9 per cent year-on-year in the third quarter of 2021, extending the 3.4 per cent expansion in the previous quarter.

The performance of the sector was bolstered by a 9.4 per cent increase in foreign wholesale trade sales volume (Exhibit 2.4), which was higher than the 5.4 per cent growth seen in the previous quarter. The pickup in foreign wholesale trade sales volume came on the back of an increase in the sales volumes of telecommunications & computers (39 per cent), electronic components (17 per cent) and petroleum & petroleum products (9.7 per cent).

Meanwhile, the domestic wholesale trade sales volume rose by 5.1 per cent in the third quarter, extending the 1.7 per cent increase in the previous quarter. Growth during the quarter was largely the result of an increase in the sales volumes of telecommunications & computers (16 per cent) and metals, timber & construction materials (27 per cent).

Exhibit 2.4: Changes in Wholesale Trade Index in Chained Volume Terms



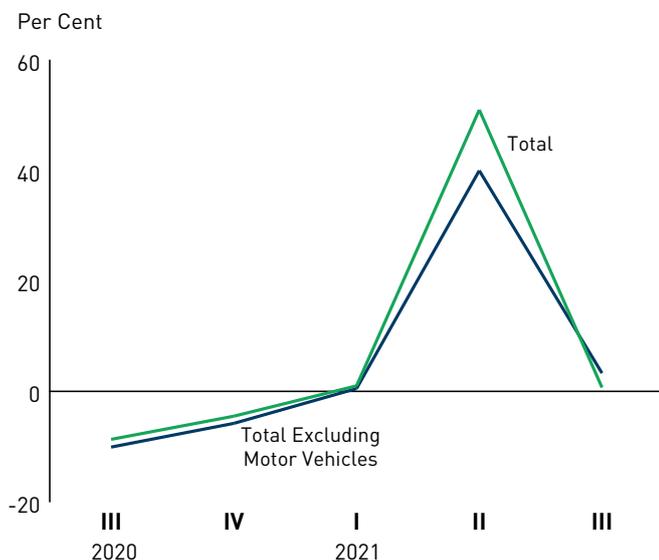
¹ The strong year-on-year growth in the second quarter of 2021 was due to low base effects as most construction activities were suspended during the CB period a year ago.

RETAIL TRADE

The retail trade sector expanded by 0.7 per cent, a slowdown from the 51 per cent growth recorded in the previous quarter².

Overall retail sales volume increased by 0.7 per cent year-on-year in the third quarter, slower than the 51 per cent growth in the second quarter (Exhibit 2.5). Growth in retail sales volume was attributable to non-motor vehicular sales (3.3 per cent), as motor vehicular sales (-13 per cent) saw a decline due to a fall in COE quotas. In turn, non-motor vehicular sales were supported by an increase in the sales of computer & telecommunications equipment (28 per cent) due to new off-cycle smartphone releases, as well as food & alcohol (4.9 per cent) and supermarkets & hypermarkets (4.4 per cent) sales, which benefitted from the substitution towards home-cooked meals as dine-in restrictions were tightened in the third quarter. The sales of watches & jewellery (13 per cent) and wearing apparel & footwear (7.5 per cent) also rose from their low bases in the third quarter of 2020. By contrast, the furniture & household equipment (-4.2 per cent) and mini-marts & convenience stores (-5.3 per cent) segments shrank as a result of their high bases in the same quarter a year ago.

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



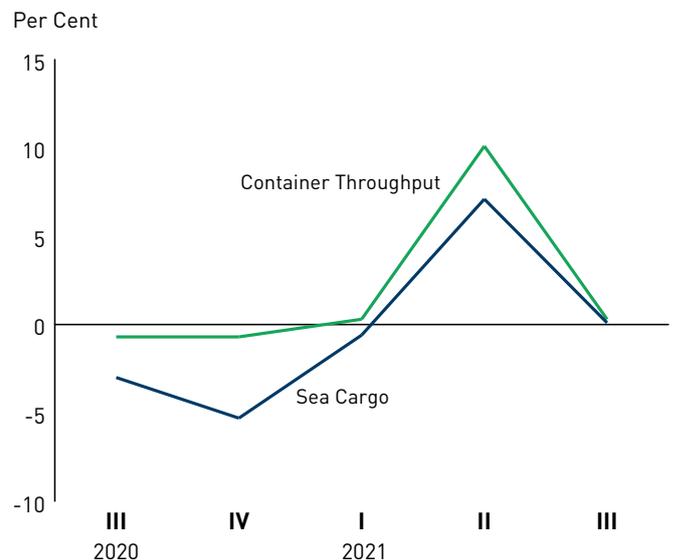
² The strong year-on-year growth in the second quarter of 2021 was due to low base effects as sales at most physical retail premises were not allowed during the CB period last year.

TRANSPORTATION & STORAGE

The transportation & storage sector grew by 8.2 per cent year-on-year in the third quarter of 2021, moderating from the 20 per cent expansion in the previous quarter. The growth of the sector was driven mainly by the air transport segment, which expanded from a low base.

For the water transport segment, the volume of sea cargo handled rose marginally by 0.1 per cent year-on-year in the third quarter, slowing from the 7.1 per cent increase recorded in the previous quarter (Exhibit 2.6). The expansion in sea cargo volume handled was due to an increase in general cargo volume (1.1 per cent), which slightly outweighed a decline in oil-in-bulk cargo volume (3.2 per cent). Meanwhile, container throughput rose by 0.3 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 third quarter, on account of low base effects as international travel restrictions and domestic border controls to contain the cross-border spread of COVID-19 brought air passenger traffic to a near-standstill during the same period last year. In particular, the volume of air passenger traffic handled at Changi Airport surged by 141 per cent year-on-year in the third quarter, extending the 440 per cent increase in the previous quarter (Exhibit 2.7). Nonetheless, in absolute terms, air passenger traffic volume only reached 3.7 per cent of the volume seen in the third quarter of 2019. Meanwhile, total air cargo shipments handled at Changi Airport rose by 38 per cent in the third quarter of 2021, moderating from the 53 per cent growth recorded in the previous quarter. At the same time, the number of aircraft landings climbed by 71 per cent to reach 14,046 in the third quarter, extending the 96 per cent increase in the previous quarter.

Exhibit 2.7: Changes in Air Transport

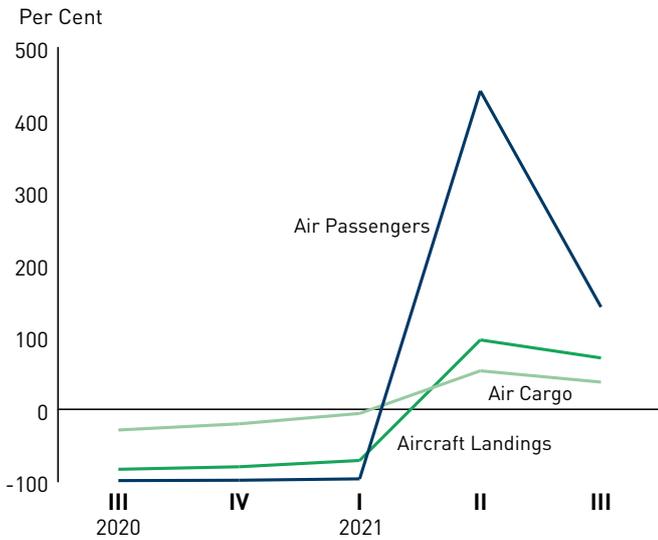
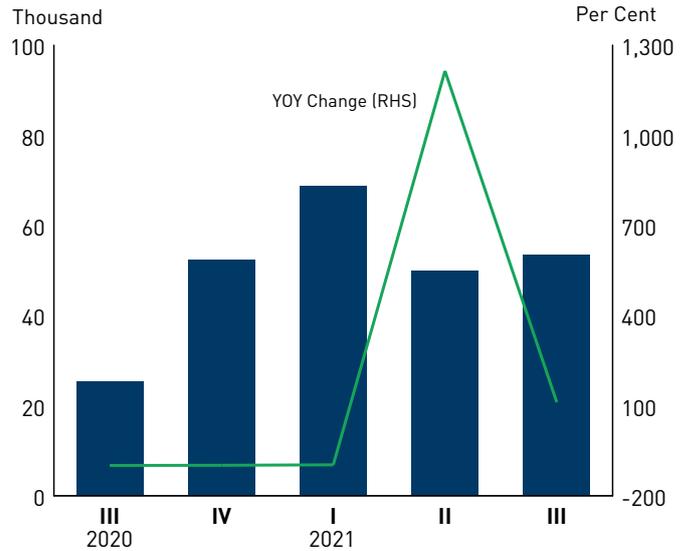


Exhibit 2.8: Visitor Arrivals



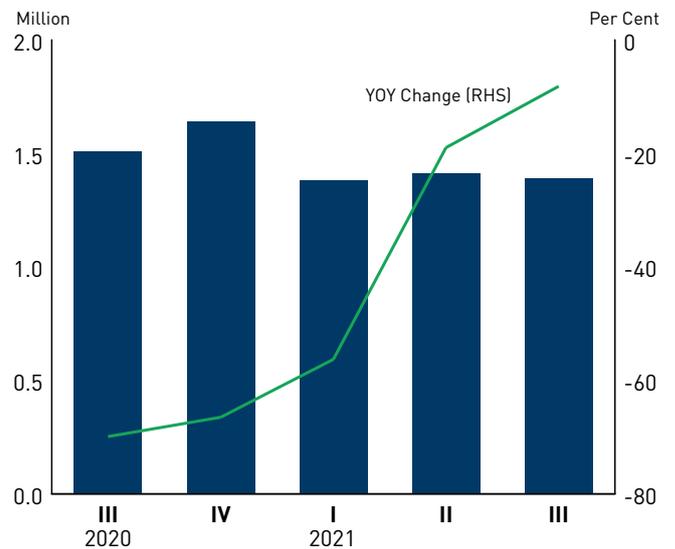
ACCOMMODATION

The accommodation sector contracted by 4.1 per cent year-on-year in the third quarter of 2021, a reversal from the 16 per cent growth in the preceding quarter. The performance of the sector was weighed down by weak international visitor arrivals as a result of ongoing travel restrictions. Local demand for staycations also fell in the third quarter due to the Phase 2 (Heightened Alert) (P2HA) restrictions. On the other hand, the sector was supported by government demand for hotel rooms to serve as government quarantine facilities, given the rise in COVID-19 cases during the quarter.

Total visitor arrivals increased by 111 per cent year-on-year in the third quarter, extending the 1,214 per cent growth recorded in the second quarter (Exhibit 2.8). The strong growth in both quarters was on account of low base effects, as the number of visitor arrivals plunged by nearly 100 per cent in both the second and third quarters of 2020. In absolute terms, visitor arrivals in the third quarter of 2021 were around 53,400, representing just 1.1 per cent of the 5.0 million visitor arrivals registered in the third quarter of 2019.

At the same time, gross lettings at gazetted hotels declined by 8.2 per cent in the third quarter, improving from the 19 per cent contraction in the second quarter (Exhibit 2.9). As available room-nights rose while gross lettings declined, the average occupancy rate of gazetted hotels fell by 8.5 percentage-points on a year-on-year basis to reach 56 per cent in the third quarter. This was higher than the average occupancy rate of 50 per cent recorded in the previous quarter.

Exhibit 2.9: Gross Lettings at Gazetted Hotels

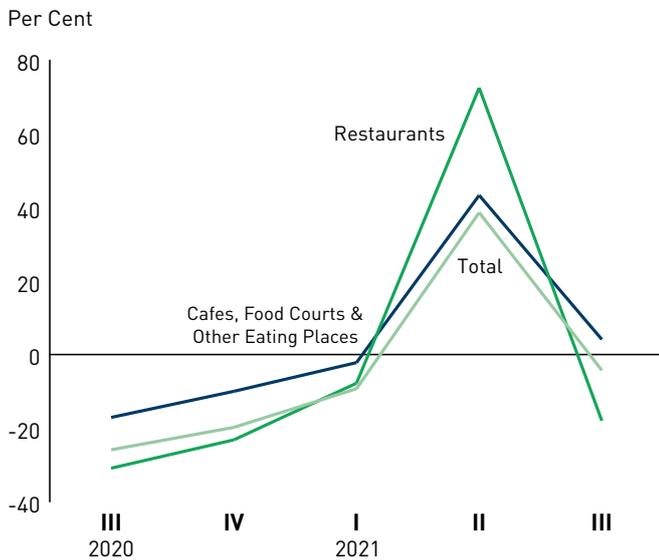


FOOD & BEVERAGE SERVICES

The food & beverage services sector contracted by 4.2 per cent year-on-year in the third quarter of 2021, in contrast to the 37 per cent expansion in the preceding quarter³.

Overall food & beverage sales volume declined by 4.3 per cent in the third quarter, a reversal from the 39 per cent expansion in the second quarter (Exhibit 2.10). The drop in sales volume was due to the re-imposition of P2HA restrictions in the third quarter. The restaurants (-18 per cent) and food caterers (-17 per cent) segments saw declines in their sales volumes, while the fast food (11 per cent) segment continued to be buoyed by strong demand.

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

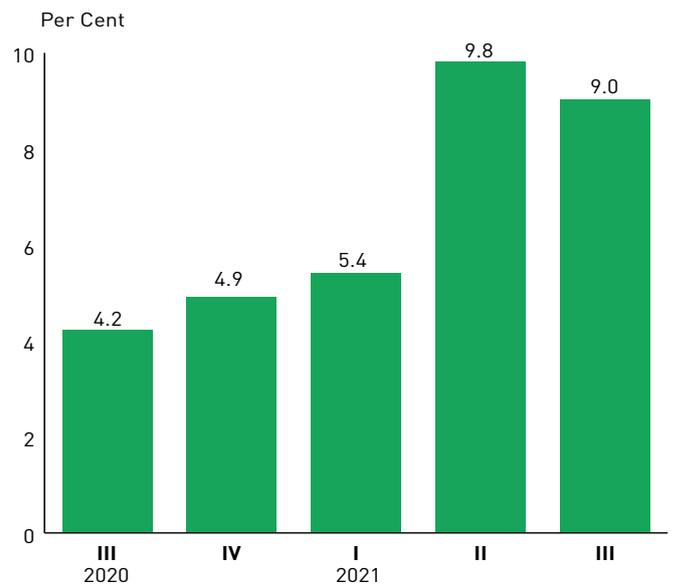


FINANCE & INSURANCE

The finance & insurance sector grew by 9.0 per cent year-on-year in the third quarter of 2021, extending the 9.8 per cent expansion in the preceding quarter (Exhibit 2.11).

The strong growth of the sector in the third quarter was mainly driven by the insurance segment, which was supported by firm demand for life insurance products, while demand for general insurance saw some uptick as overall business activity improved. Other auxiliary activities, which largely comprise payments processing players, also recorded a strong performance amidst the rise in e-payments. Likewise, the sentiment-sensitive segments (fund management, security dealing activities and forex segments) continued to post robust expansions. The banks segment registered positive albeit weaker growth than the other segments, reflecting a slower increase in net fees and commissions.

Exhibit 2.11: Finance & Insurance Sector's Growth Rate



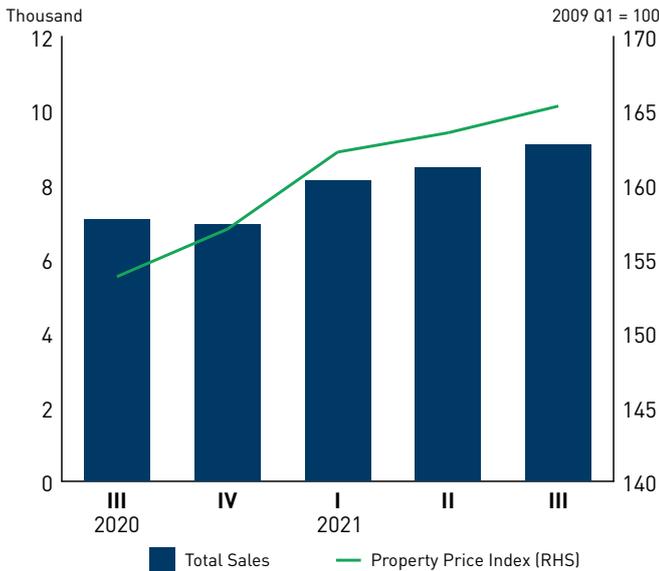
³ The strong year-on-year growth in the second quarter of 2021 was due to low base effects as dine-in was prohibited during the CB period last year.

REAL ESTATE

The real estate sector expanded by 17 per cent year-on-year in third quarter of 2021, extending the 26 per cent growth in the preceding quarter. The strong growth of the sector was on account of a low base in the same quarter of last year when rentals for commercial office and retail space fell amidst economic uncertainties. However, compared to the same quarter in 2019, the value-added of the sector remained 3.9 per cent lower.

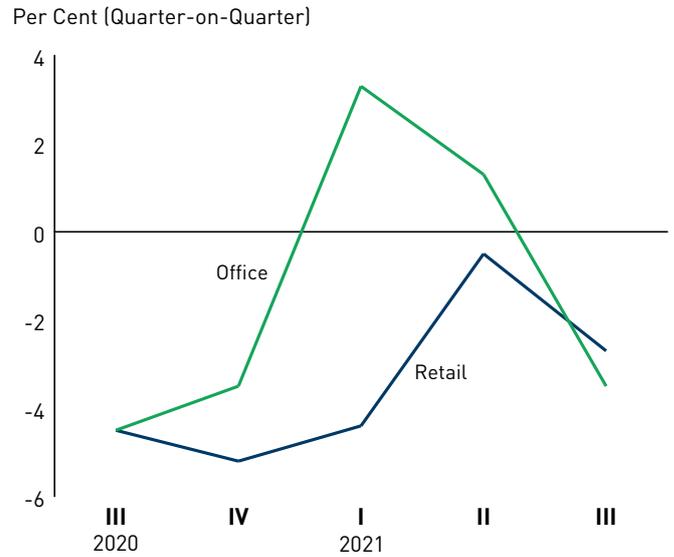
Within the sector, the number of private residential property sales transactions increased by 29 per cent on a year-on-year basis in the third quarter. Meanwhile, private residential property prices rose by 1.1 per cent on a quarter-on-quarter basis during the quarter, extending the 0.8 per cent increase in the previous quarter (Exhibit 2.12).

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



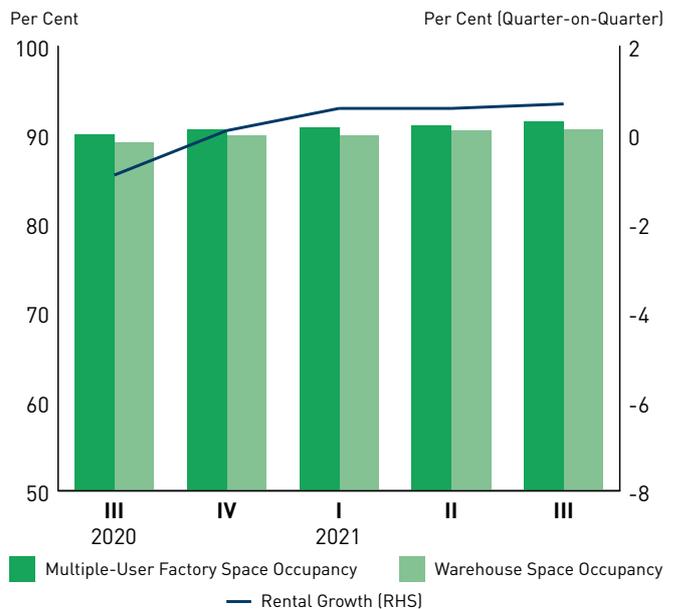
Conditions in the commercial and industrial property space markets were mixed. For the private retail space market, rentals declined by 2.7 per cent on a quarter-on-quarter basis in the third quarter, worsening from the 0.5 per cent drop in the previous quarter (Exhibit 2.13). At the same time, the average occupancy rate of private retail space came in at 91 per cent during the quarter, similar to the 90 per cent registered in the preceding quarter. Likewise, rentals for private office space fell by 3.5 per cent on a quarter-on-quarter basis, reversing the 1.3 per cent increase in the preceding quarter. The average occupancy rate of private office space was 86 per cent in the third quarter, unchanged from the preceding quarter.

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



On the other hand, private industrial rentals rose by 0.7 per cent on a quarter-on-quarter basis in the third quarter, extending the 0.6 per cent increase in the second quarter. The occupancy rates of private sector multiple-user factory and warehouse spaces stood at 92 per cent and 91 per cent respectively, improving slightly 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 third quarter of 2021, the professional services sector grew by 4.4 per cent year-on-year, moderating from the 11 per cent growth in the second quarter. All segments within the sector expanded, except for the head offices & business representative offices segment. The growth of the sector was mainly driven by the architectural & engineering, technical testing & analysis and other professional, scientific & technical services segments, both of which expanded from low bases a year ago.