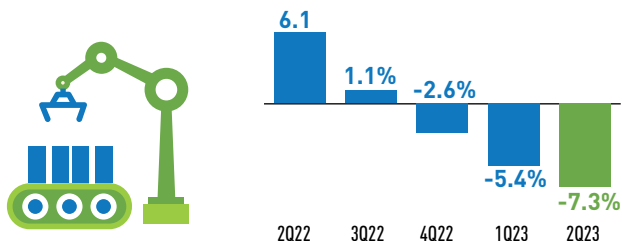


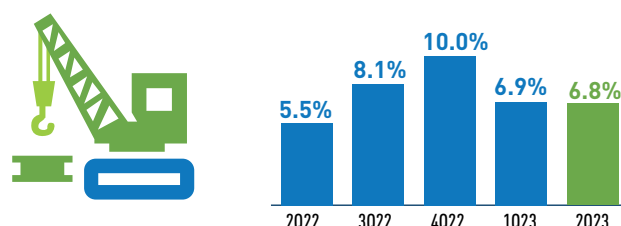
Chapter 2

SECTORAL PERFORMANCE

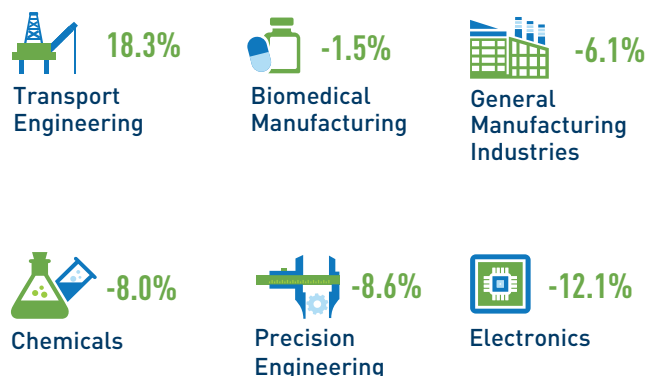
MANUFACTURING (YoY Growth)



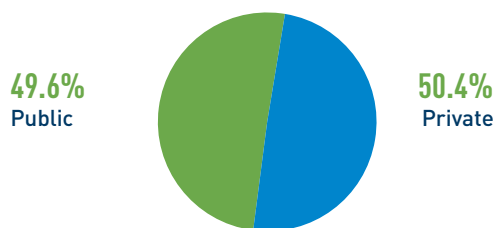
CONSTRUCTION (YoY Growth)



CLUSTERS IN MANUFACTURING SECTOR



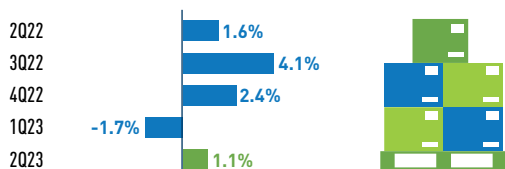
CERTIFIED PAYMENTS (% Share)



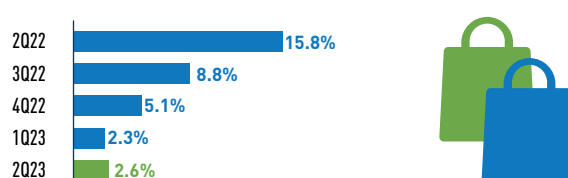
CONTRACTS AWARDED (YoY Growth)



WHOLESALE TRADE (YoY Growth)



RETAIL TRADE (YoY Growth)



Real Non-Oil Domestic Exports Growth **-6.7%**



Real Non-Oil Re-Exports Growth **-14.3%**

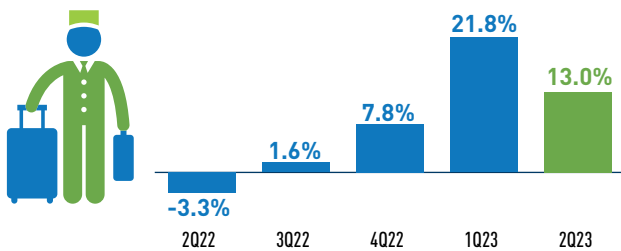


Retail Sales Index Growth (Non-Motor Vehicles) **1.6%**

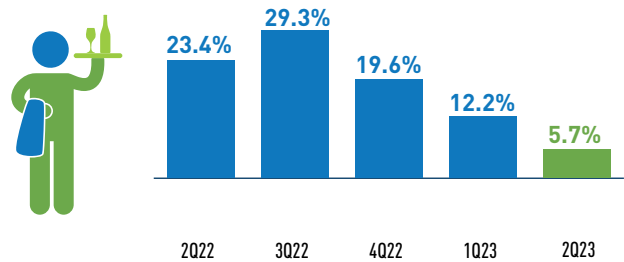


Retail Sales Index Growth (Motor Vehicles) **-3.9%**

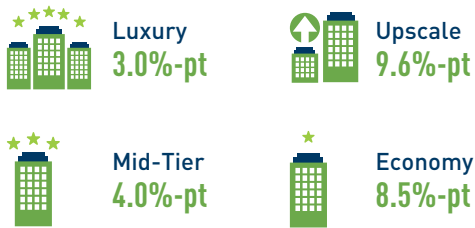
ACCOMMODATION (YoY Growth)



FOOD & BEVERAGE SERVICES (YoY Growth)



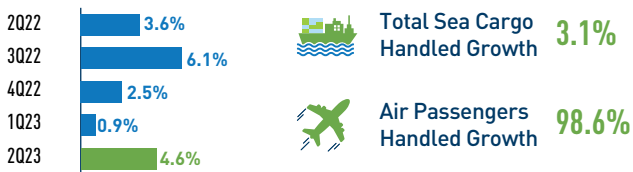
OCCUPANCY RATES OF HOTELS (YoY Change)



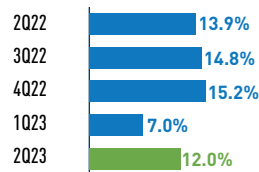
FOOD & BEVERAGE SALES INDEX GROWTH (YoY Growth)



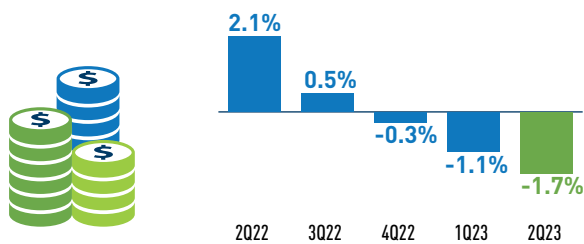
TRANSPORTATION & STORAGE (YoY Growth)



REAL ESTATE (YoY Growth)



FINANCE & INSURANCE (YoY Growth)



PRIVATE RESIDENTIAL REAL ESTATE



OVERVIEW

In the second quarter of 2023,

- The manufacturing sector contracted by 7.3 per cent year-on-year, following the 5.4 per cent decline in the preceding quarter. All clusters saw a fall in output except for the transport engineering cluster.
- The construction sector expanded by 6.8 per cent year-on-year, extending the 6.9 per cent expansion in the previous quarter.
- The wholesale trade sector expanded by 1.1 per cent year-on-year, reversing the 1.7 per cent contraction recorded in the preceding quarter.
- The retail trade sector expanded by 2.6 per cent year-on-year, following the 2.3 per cent recorded in the first quarter of 2023.
- The transportation & storage sector posted growth of 4.6 per cent year-on-year, accelerating from the 0.9 per cent growth recorded in the previous quarter.
- The accommodation sector expanded by 13.0 per cent year-on-year, extending the 21.8 per cent growth in the preceding quarter.
- Growth in the food & beverage services sector moderated to 5.7 per cent year-on-year, from the 12.2 per cent in the first quarter of 2023.
- The finance & insurance sector contracted by 1.7 per cent year-on-year, extending the 1.1 per cent decline in the preceding quarter.
- The real estate sector expanded by 12.0 per cent year-on-year, accelerating from the 7.0 per cent growth in the previous quarter.
- The professional services sector expanded by 1.7 per cent year-on-year, extending the 3.7 per cent expansion in the preceding quarter.

MANUFACTURING

The manufacturing sector contracted by 7.3 per cent on a year-on-year basis in the second quarter of 2023, following the 5.4 per cent decline in the previous quarter (Exhibit 2.1). The decline in the second quarter of 2023 was due to output contractions in all clusters except the transport engineering cluster (Exhibit 2.2).

Exhibit 2.1: Manufacturing Sector's Growth Rate

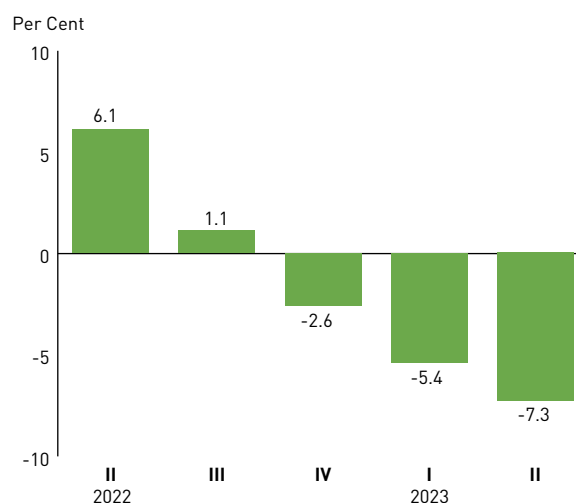
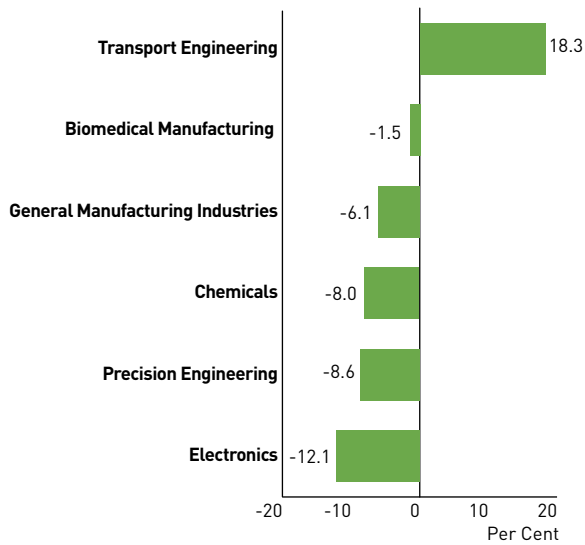


Exhibit 2.2: Manufacturing Clusters' Growth Rates in 2Q 2023

Output in the transport engineering cluster rose by 18.3 per cent year-on-year in the second quarter on account of expansions in the marine & offshore engineering (M&OE) and aerospace segments. The M&OE segment grew by 21.0 per cent, supported by a higher level of activity in the shipyards as well as increased production of oilfield & gasfield equipment. In the aerospace segment, output grew by 22.4 per cent on account of a higher demand for aircraft parts and more maintenance, repair and overhaul (MRO) jobs from commercial airlines, on the back of increased global air traffic. By contrast, the land segment contracted by 1.5 per cent.

The biomedical manufacturing cluster contracted by 1.5 per cent year-on-year mainly due to the medical technology segment, which declined 6.7 per cent on the back of lower export demand for medical devices. On the other hand, output in the pharmaceuticals segment rose by 2.4 per cent due to a different mix of active pharmaceutical ingredients (APIs) being produced as compared to a year ago.

The general manufacturing cluster contracted by 6.1 per cent year-on-year, with output contractions across all segments. The miscellaneous industries and printing segments declined by 11.3 per cent and 11.1 per cent respectively, with the former recording a lower production of batteries and structural metal products. Meanwhile, the food, beverages & tobacco segment shrank by 1.9 per cent due to a lower level of output of beverage products.

Output in the chemicals cluster shrank by 8.0 per cent year-on-year, driven by the fall in output in the petrochemicals (-11.5 per cent), petroleum (-5.4 per cent) and specialty chemicals (-4.4 per cent) segments. The petrochemicals segment recorded a lower level of production amidst plant maintenance shutdowns and weak market demand, while the specialty chemicals segment recorded a lower level of production of mineral oil and food additives. Meanwhile, the output of the other chemicals segment grew by 0.7 per cent with an increased production of fragrances.

Output in the precision engineering cluster fell by 8.6 per cent year-on-year, on the back of a 19.4 per cent decline in the precision modules & components (PMC) segment due to a lower level of production of optical instruments, plastic and metal precision components and dies, moulds, tools, jigs and fixtures. The machinery & systems (M&S) segment contracted by 4.3 per cent on account of a lower output of back-end semiconductor equipment and refrigeration & air-conditioning compressors.

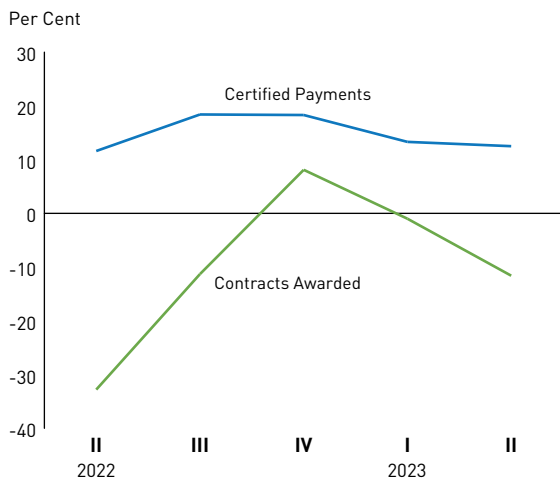
The electronics cluster shrank by 12.1 per cent year-on-year, with output declines across all segments on the back of weak external demand. Output of the computer peripherals & data storage, semiconductors, other electronic modules & components and infocomms & consumer electronics segments declined by 28.1 per cent, 11.6 per cent, 8.3 per cent and 7.4 per cent respectively.

CONSTRUCTION

The construction sector grew by 6.8 per cent year-on-year in the second quarter of 2023, extending the 6.9 per cent expansion in the previous quarter.

In the second quarter, nominal certified progress payments, a proxy for construction output, rose by 12.5 per cent year-on-year, extending the 13.3 per cent increase recorded in the previous quarter (Exhibit 2.3). Higher certified progress payments were seen in both the public (13.2 per cent) and private (11.9 per cent) sectors. The growth in public certified progress payments was largely driven by higher outturns in public residential (16.9 per cent) and institutional & others (29.2 per cent) building works. Meanwhile, the increase in private certified progress payments was led by expansions in private residential (11.9 per cent) and commercial (47.8 per cent) building works.

Exhibit 2.3: Changes in Contracts Awarded and Certified Payments



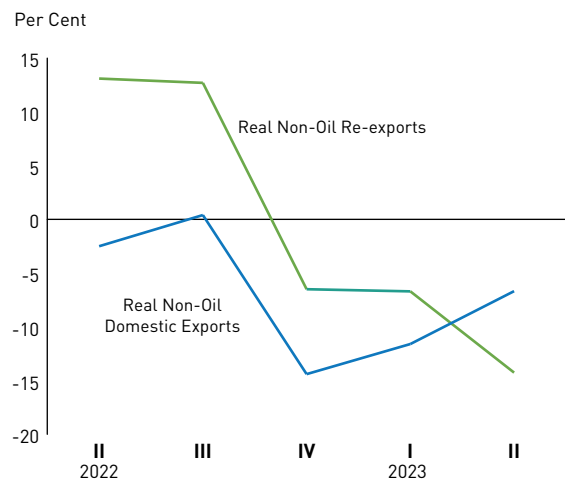
On the other hand, construction demand in terms of contracts awarded fell by 11.6 per cent year-on-year in the second quarter, deteriorating from the 1.0 per cent contraction in the previous quarter (Exhibit 2.3). The fall in contracts awarded during the quarter was on account of lower public sector construction demand (-25.4 per cent), which outweighed an increase in private sector construction demand (3.9 per cent). The former was led by a fall in contracts awarded for public civil engineering (-68.7 per cent) and institutional & others building (-29.8 per cent) works, while the latter was driven by an increase in contracts awarded for private industrial (165 per cent) and commercial (4.7 per cent) building works.

WHOLESALE TRADE

The wholesale trade sector expanded by 1.1 per cent year-on-year in the second quarter of 2023, reversing the 1.7 per cent contraction in the previous quarter.

Growth in the sector was weighed down by declines in non-oil domestic export (NODX) and non-oil re-export (NORX) volumes during the quarter. Specifically, NODX volumes declined by 6.7 per cent year-on-year in the second quarter, improving from the 11.6 per cent contraction in the previous quarter (Exhibit 2.4). This was led by a contraction in domestic exports of machinery & equipment. Meanwhile, NORX volumes fell by 14.3 per cent, worsening from the 6.7 per cent decline in the first quarter. The fall in NORX volumes was primarily due to declines in the re-exports of machinery & equipment.

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



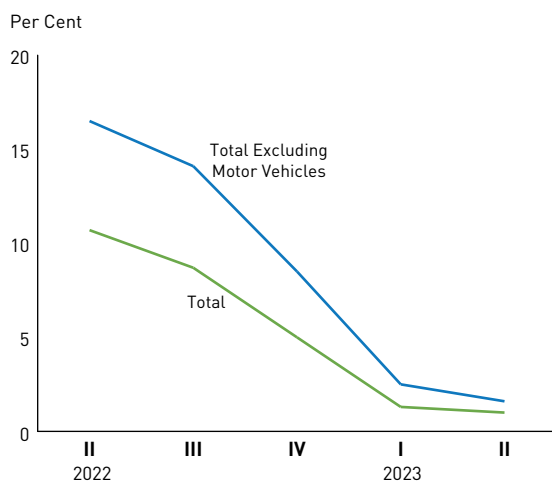
RETAIL TRADE

The retail trade sector posted growth of 2.6 per cent year-on-year in the second quarter of 2023, extending the 2.3 per cent expansion in the previous quarter.

In the second quarter, overall retail sales volume increased by 1.0 per cent year-on-year, following the 1.3 per cent growth in the preceding quarter (Exhibit 2.5). Growth in overall retail sales volume in the second quarter of 2023 was due to non-motor vehicular sales (1.6 per cent), as motor vehicular sales saw a decline (3.9 per cent) due to a reduction in Certificate of Entitlement (COE) quotas.

Among the non-motor vehicle segments, the sales volumes of food & alcohol (20.4 per cent), cosmetics, toiletries & medical goods (10.2 per cent), optical goods & books (7.2 per cent), computer & telecommunications equipment (6.9 per cent) and wearing apparel & footwear (3.9 per cent) rose. By contrast, the sales volumes of petrol service stations (-6.9 per cent), recreational goods (-6.3 per cent) and supermarkets & hypermarkets (-4.5 per cent) fell.

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

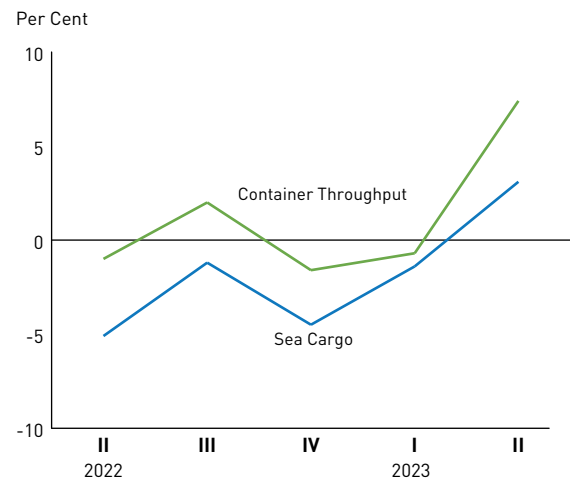


TRANSPORTATION & STORAGE

The transportation & storage sector expanded by 4.6 per cent year-on-year in the second quarter of 2023, accelerating from the 0.9 per cent growth posted in the previous quarter. The water transport, air transport and land transport segments expanded during the quarter.

In the water transport segment, the volume of sea cargo handled grew by 3.1 per cent year-on-year in the second quarter, reversing the 1.4 per cent decline in the previous quarter (Exhibit 2.6). The expansion in sea cargo volume handled was due to the increase in general cargo (3.1 per cent), bulk cargo (3.0 per cent) and oil-in-bulk cargo volumes (1.6 per cent). At the same time, container throughput grew by 7.4 per cent during the quarter.

Exhibit 2.6: Changes in Container Throughput and Sea Cargo Handled

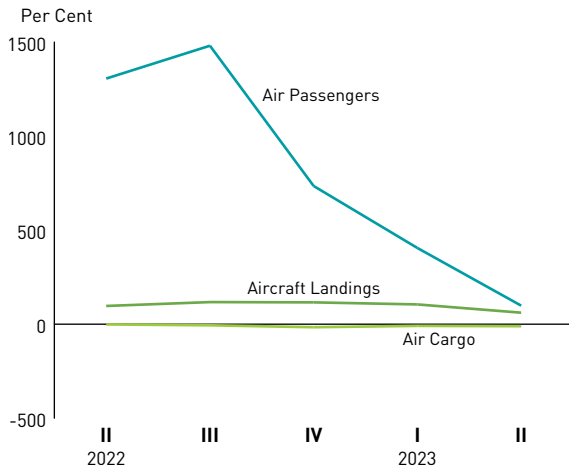


Meanwhile, the air transport segment saw robust growth in the second quarter. In particular, the volume of air passenger traffic (less transit) handled at Changi Airport surged by 98.6 per cent year-on-year in the second quarter, following the 405 per cent increase in the previous quarter (Exhibit 2.7). The high growth rates in both quarters were due to the low bases in the first and second quarter of 2022, when the volume of air passenger traffic was weak as countries were in the early stages of reopening their borders¹. While air passenger traffic volume continued to recover in the second quarter, it remained 13.2 per cent below its pre-COVID level (i.e., second quarter of 2019) in absolute terms.

¹ For instance, the volume of air passenger traffic in the first and second quarter of 2022 was 84.3 and 56.3 per cent below their pre-COVID levels (i.e., the first and second quarter of 2019) respectively. The Vaccinated Travel Framework was only rolled out in the second quarter of 2022 (i.e., from 1 April 2022).

Reflecting the recovery in air travel, the number of aircraft landings climbed by 61.1 per cent year-on-year to reach 40,694 in the second quarter of 2023, extending the 105 per cent increase in the preceding quarter. On the other hand, total air cargo shipments handled at Changi Airport declined by 10.8 per cent year-on-year in the second quarter, extending the 9.0 per cent contraction in the previous quarter.

Exhibit 2.7: Changes in Air Transport

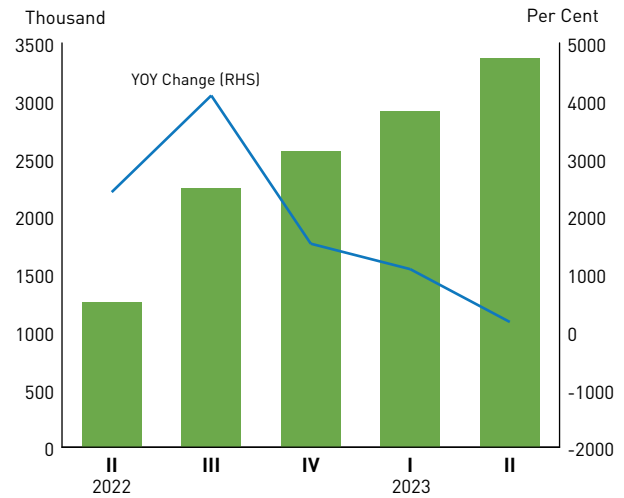


ACCOMMODATION

The accommodation sector expanded robustly by 13.0 per cent year-on-year in the second quarter of 2023, extending the 21.8 per cent growth in the preceding quarter.

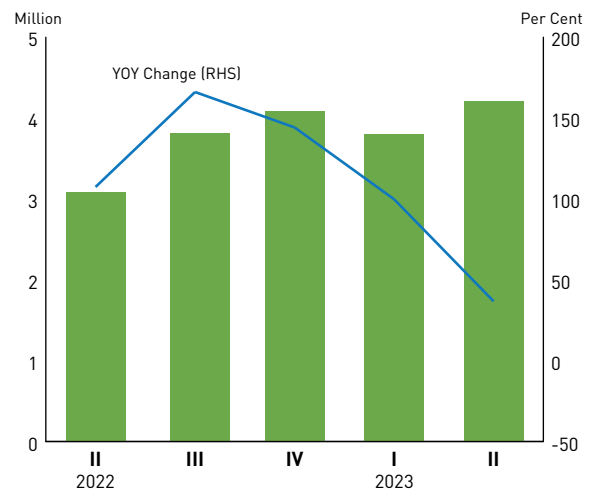
In the second quarter, total visitor arrivals surged by 168 per cent year-on-year, slowing from the 1,082 per cent growth in the previous quarter (Exhibit 2.8). The strong growth in both quarters was on account of low base effects in the corresponding quarters in 2022. In level terms, the number of visitor arrivals in the second quarter of 2023 was around 3.4 million, reaching 72.7 per cent of the 4.6 million visitor arrivals recorded in the second quarter of 2019 (i.e., pre-COVID level).

Exhibit 2.8: Visitor Arrivals



Reflecting the recovery in visitor arrivals, gross lettings at gazetted hotels climbed by 36.7 per cent year-on-year in the second quarter, a moderation from the 99.8 per cent increase in the previous quarter (Exhibit 2.9). At the same time, the average occupancy rate of gazetted hotels rose by 6.4 percentage-points year-on-year to reach 79.1 per cent in the second quarter of 2023. This was also an improvement over the 77.7 per cent recorded in the previous quarter.

Exhibit 2.9: Gross Lettings at Gazetted Hotels

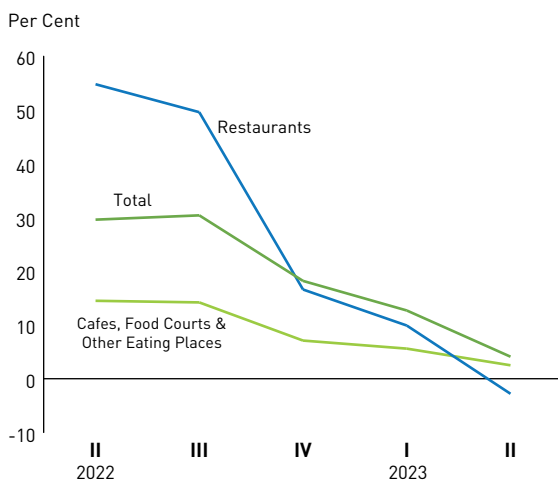


FOOD & BEVERAGE SERVICES

The food & beverage services sector expanded by 5.7 per cent year-on-year in the second quarter of 2023, extending the 12.2 per cent growth in the previous quarter.

Overall food & beverage sales volume rose by 4.1 per cent year-on-year in the second quarter, extending the 12.7 per cent growth in the previous quarter (Exhibit 2.10). The increase in food & beverage sales volume was led by food caterers (37.5 per cent), followed by fast food outlets (4.1 per cent) and cafes, food courts & other eating places (2.5 per cent). On the other hand, the sales volume for restaurants fell (-2.8 per cent).

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



FINANCE & INSURANCE

The finance & insurance sector contracted by 1.7 per cent year-on-year in the second quarter of 2023, extending the 1.1 per cent decline in the preceding quarter. The weak performance was led by the insurance segment, driven by a sharp decline in the sales of single-premium life insurance products.

Similarly, the banks segment remained lacklustre, amidst a continued fall in net fees & commissions and lending activity. Non-bank loans to residents fell by 5.0 per cent year-on-year in the second quarter, led by corporate loans, as general commerce and manufacturing activities remained weak (Exhibit 2.11). Similarly, loans to non-residents fell by 5.1 per cent, weighed down by manufacturing loans to East Asia and the Americas amidst the ongoing manufacturing downturn (Exhibit 2.12).

Meanwhile, the fund management and security dealing segments continued to expand, alongside the improved sentiment in global equities in recent months. The other auxiliary activities segment (comprising mainly payments processing players) also grew as card fees continued to pick up on the back of recovering tourism demand.

Exhibit 2.11: Growth of Bank Loans & Advances to Non-Bank Residents by Industry in 2Q 2023

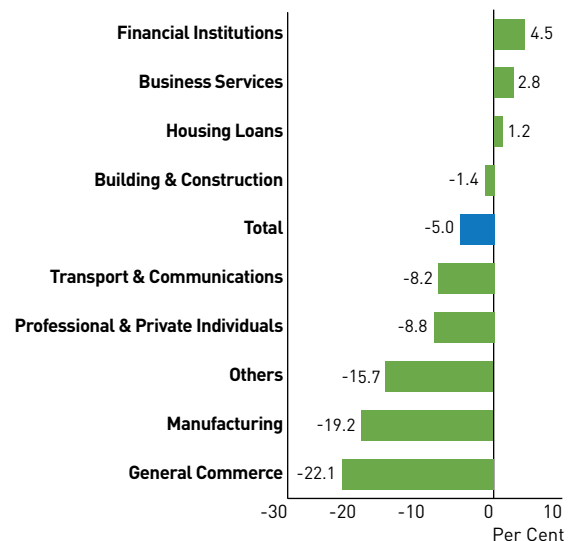
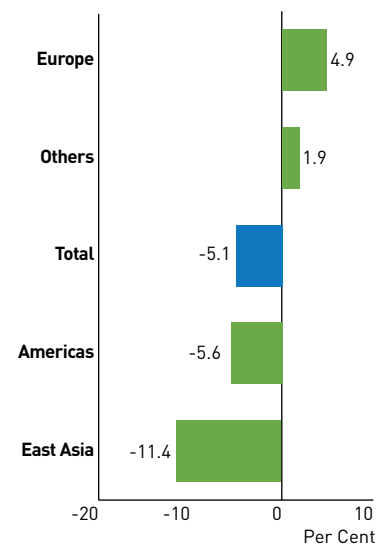


Exhibit 2.12: Growth of Bank Loans & Advances to Non-Bank Non-Residents by Region in 2Q 2023

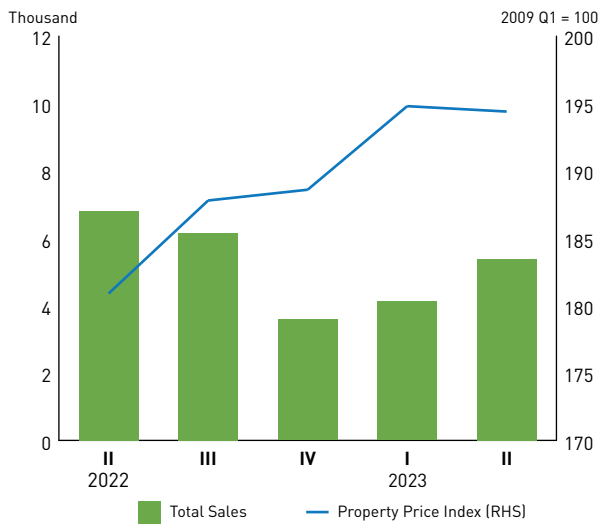


REAL ESTATE

The real estate sector expanded by 12.0 per cent year-on-year in the second quarter of 2023, accelerating from the 7.0 per cent growth in the preceding quarter. The growth of the sector was due to the commercial office and industrial property segments, which saw increases in rental rates of 15.4 per cent and 9.4 per cent respectively.

Within the sector, the number of private residential property sales transactions fell by 20.9 per cent year-on-year in the second quarter, extending the 22.9 per cent decrease in the previous quarter. Meanwhile, private residential property prices fell by 0.2 per cent on a quarter-on-quarter basis, reversing the 3.3 per cent increase seen in the previous quarter (Exhibit 2.13).

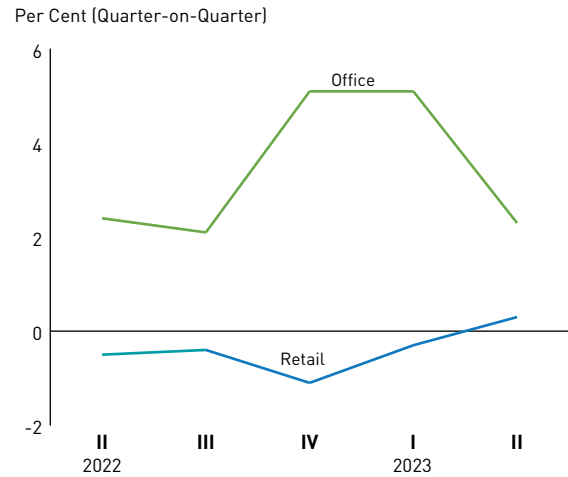
Exhibit 2.13: Total Sales Transactions for Private Residential Units and Private Residential Property Price Index



In the private retail space market, rentals rose by 0.3 per cent on a quarter-on-quarter basis in the second quarter of 2023, reversing the 0.3 per cent decline in the previous quarter (Exhibit 2.14). The average occupancy rate of private retail space came in at 91.7 per cent during the quarter, higher than the 91.5 per cent registered in the preceding quarter.

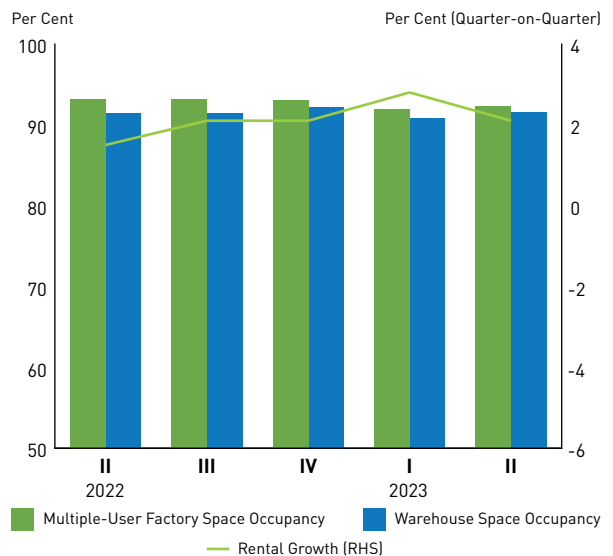
In the same vein, rentals for private office space rose by 2.3 per cent on a quarter-on-quarter basis in the second quarter, extending the 5.1 per cent increase in the preceding quarter. The average occupancy rate of private office space rose to 88.7 per cent, higher than the 88.1 per cent recorded in the first quarter.

Exhibit 2.14: Changes in Rentals of Private Sector Office and Retail Spaces



Similarly, private industrial rentals rose by 2.1 per cent on a quarter-on-quarter basis in the second quarter, following the 2.8 per cent increase in the preceding quarter. The occupancy rates of private sector multiple-user factory and warehouse spaces stood at 92.3 per cent and 91.5 per cent respectively, rising from that seen in the previous quarter (91.9 per cent and 90.8 per cent respectively) (Exhibit 2.15).

Exhibit 2.15: Occupancy Rate and Rental Growth of Private Sector Industrial Space



PROFESSIONAL SERVICES

In the second quarter of 2023, the professional services sector grew by 1.7 per cent year-on-year, following the 3.7 per cent growth in the previous quarter. Growth of the sector was mainly driven by expansions in the architectural & engineering, technical testing & analysis and the other professional, scientific & technical services segments, which outweighed contractions in the legal, head offices & business representative offices and business & management consultancy segments.