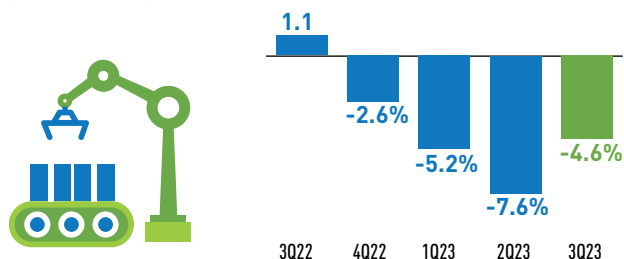


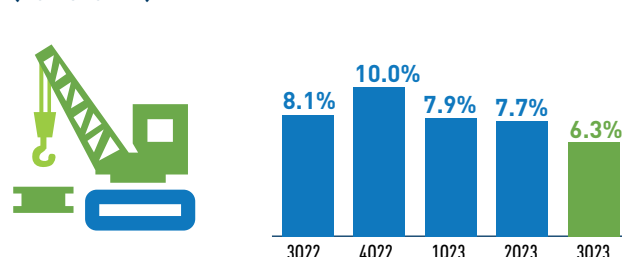
Chapter 2

SECTORAL PERFORMANCE

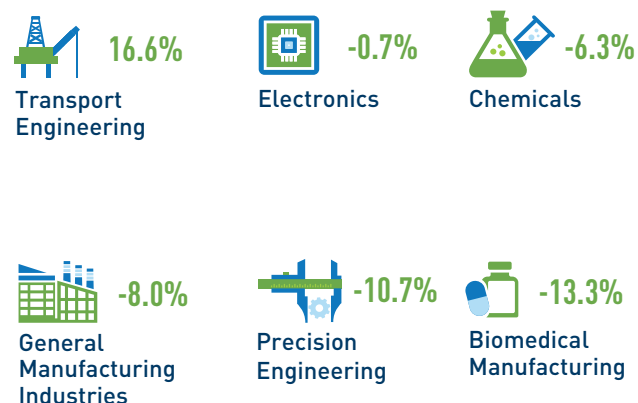
MANUFACTURING (YoY Growth)



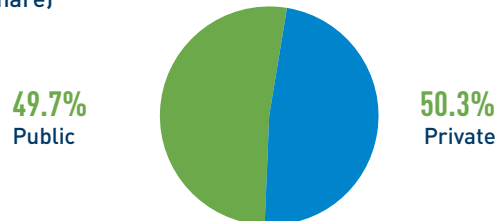
CONSTRUCTION (YoY Growth)



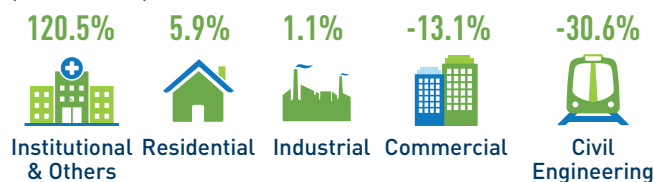
CLUSTERS IN MANUFACTURING SECTOR



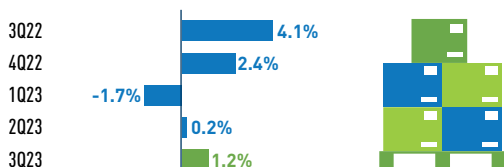
CERTIFIED PAYMENTS (% Share)



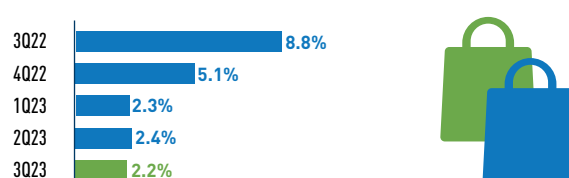
CONTRACTS AWARDED (YoY Growth)



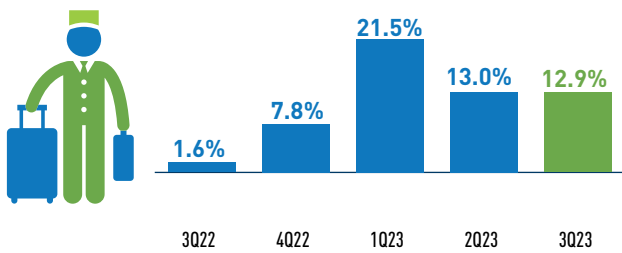
WHOLESALE TRADE (YoY Growth)



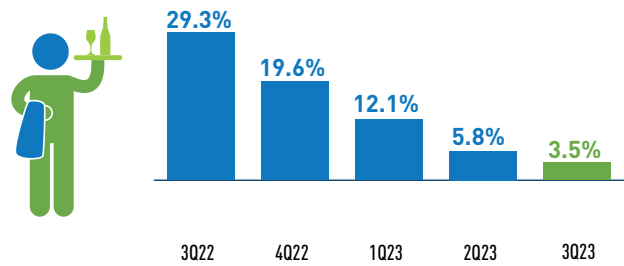
RETAIL TRADE (YoY Growth)



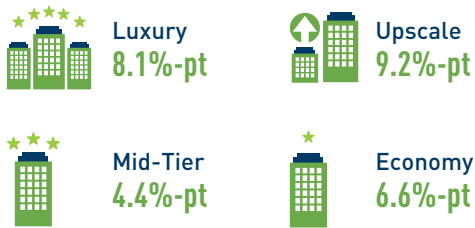
ACCOMMODATION (YoY Growth)



FOOD & BEVERAGE SERVICES (YoY Growth)



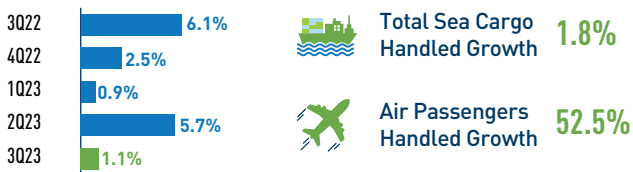
OCCUPANCY RATES OF HOTELS (YoY Change)



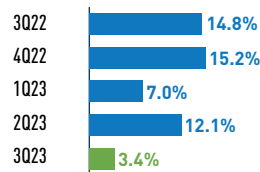
FOOD & BEVERAGE SALES INDEX GROWTH (YoY Growth)



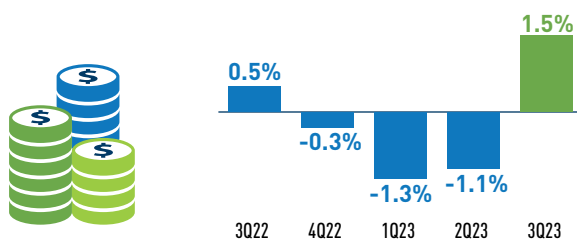
TRANSPORTATION & STORAGE (YoY Growth)



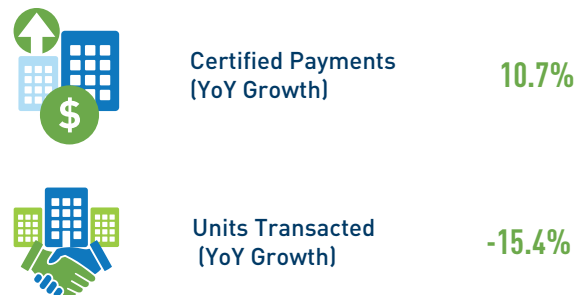
REAL ESTATE (YoY Growth)



FINANCE & INSURANCE (YoY Growth)



PRIVATE RESIDENTIAL REAL ESTATE



OVERVIEW

In the third quarter of 2023,

- The manufacturing sector contracted by 4.6 per cent year-on-year, following the 7.6 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 6.3 per cent year-on-year, extending the 7.7 per cent expansion in the previous quarter.
- The wholesale trade sector expanded by 1.2 per cent year-on-year, picking up from the 0.2 per cent expansion recorded in the preceding quarter.
- The retail trade sector expanded by 2.2 per cent year-on-year, following the 2.4 per cent recorded in the second quarter of 2023.
- The transportation & storage sector posted growth of 1.1 per cent year-on-year, moderating from the 5.7 per cent growth recorded in the previous quarter.
- The accommodation sector expanded by 12.9 per cent year-on-year, following the 13.0 per cent growth in the preceding quarter.
- Growth in the food & beverage services sector moderated to 3.5 per cent year-on-year, from the 5.8 per cent in the second quarter of 2023.
- The finance & insurance sector expanded by 1.5 per cent year-on-year, following the 1.1 per cent decline in the preceding quarter.
- The real estate sector expanded by 3.4 per cent year-on-year, moderating from the 12.1 per cent growth in the previous quarter.
- The professional services sector expanded by 0.8 per cent year-on-year, extending the 1.3 per cent expansion in the preceding quarter.

MANUFACTURING

The manufacturing sector contracted by 4.6 per cent on a year-on-year basis in the third quarter of 2023, following the 7.6 per cent decline in the previous quarter (Exhibit 2.1). Decline in the third quarter of 2023 was due to output contractions in all clusters except for the transport engineering cluster (Exhibit 2.2).

Exhibit 2.1: Manufacturing Sector's Growth Rate

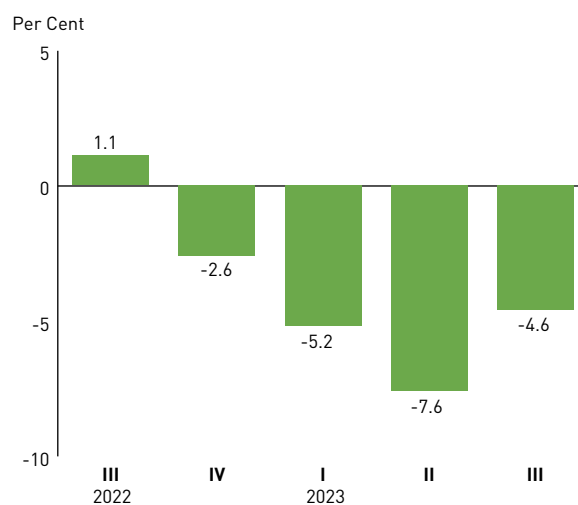
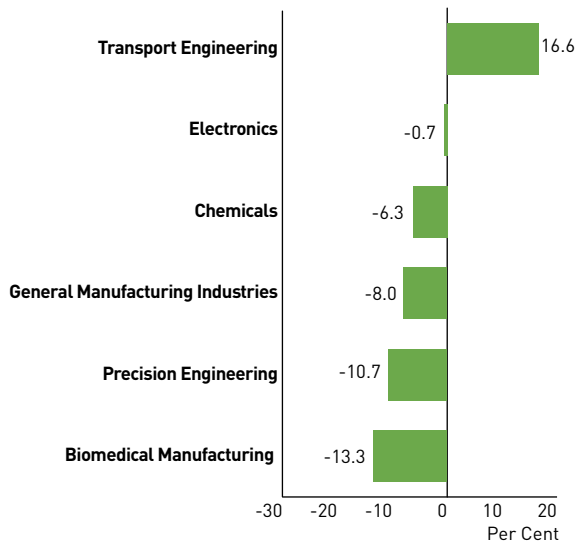


Exhibit 2.2: Manufacturing Clusters' Growth Rates in 3Q 2023

Output in the transport engineering cluster grew by 16.6 per cent year-on-year in the third quarter, supported by expansions in the marine & offshore engineering (M&OE) and aerospace segments. The M&OE segment rose by 27.9 per cent, supported by a higher level of activity in the shipyards as well as increased production of oil & gas field equipment. Similarly, in the aerospace segment, output grew by 18.5 per cent on account of higher demand for aircraft parts and more maintenance, repair and overhaul (MRO) jobs from commercial airlines on the back of strong air travel demand globally. By contrast, the land segment contracted by 14.2 per cent.

The electronics cluster contracted by 0.7 per cent year-on-year in the third quarter, driven by output declines across all segments except the infocomms & consumer electronics segment. Output of the computer peripherals & data storage, other electronic modules & components and semiconductors segments fell by 16.9 per cent, 1.4 per cent and 0.9 per cent respectively, amid continued weak electronics end-markets' demand globally. By contrast, output for infocomms & consumer electronics segment grew by 13.9 per cent.

Output in the chemicals cluster shrank by 6.3 per cent year-on-year in the third quarter, driven by output declines in all segments. The petrochemicals (-11.6 per cent) and petroleum (-9.3 per cent) segments recorded lower levels of output amidst plant maintenance shutdowns and weak market demand. The specialties segment contracted 5.3 per cent on account of a lower level of production of mineral oil and food additives, while other chemicals segment fell by 0.6 per cent with lower output of fragrances.

The general manufacturing cluster contracted by 8.0 per cent year-on-year in the third quarter, with output contractions across all segments. Output of the miscellaneous industries and printing segments declined by 15.2 per cent and 9.8 per cent respectively, with the former recording lower production of batteries and structural metal products. Meanwhile, the food, beverages & tobacco segment declined 2.5 per cent due to lower output of beverage products.

Output in the precision engineering cluster fell by 10.7 per cent year-on-year in the third quarter. The precision modules & components segment shrank by 17.2 per cent due to lower production of optical instruments, plastic and metal precision components and dies, moulds, tools, jigs and fixtures. Output in the machinery & systems (M&S) segment declined by 8.3 per cent, weighed down by lower production of semiconductor-related equipment.

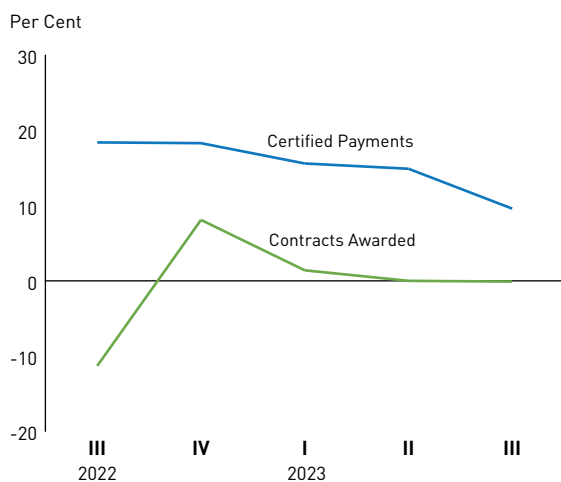
The biomedical manufacturing cluster contracted by 13.3 per cent year-on-year in the third quarter. This was largely due to a 27.8 per cent decline in pharmaceutical output, resulting from a different mix of active pharmaceutical ingredients (APIs) being produced. On the other hand, output in the medical technology segment rose by 6.1 per cent, supported by export demand for medical devices.

CONSTRUCTION

The construction sector grew by 6.3 per cent year-on-year in the third quarter of 2023, extending the 7.7 per cent expansion in the previous quarter.

In the third quarter, nominal certified progress payments, a proxy for construction output, rose by 9.6 per cent year-on-year, moderating from the 14.9 per cent increase recorded in the previous quarter (Exhibit 2.3). Higher certified progress payments were seen in both the public (9.3 per cent) and private (9.9 per cent) sectors. The growth in public certified progress payments was largely driven by higher outturns in public institutional & others (18.2 per cent) and industrial (57.7 per cent) building works. Meanwhile, the increase in private certified progress payments was led by expansions in private commercial (30.5 per cent) and residential (10.7 per cent) building works.

Exhibit 2.3: Changes in Contracts Awarded and Certified Payments



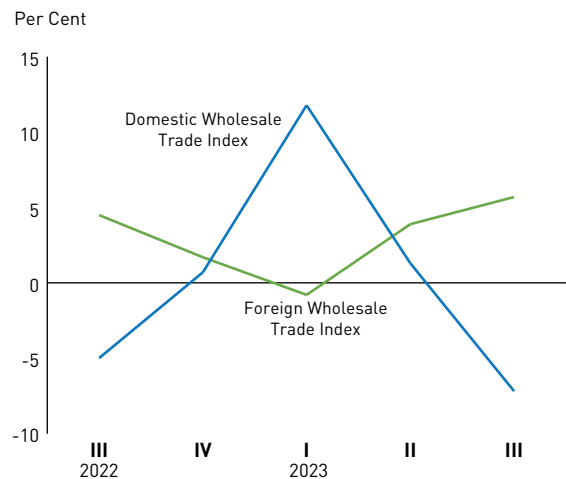
On the other hand, construction demand in terms of contracts awarded fell marginally by 0.1 per cent year-on-year in the third quarter, following flat growth in the previous quarter (Exhibit 2.3). The fall in contracts awarded during the quarter was on account of lower private sector construction demand (-18.8 per cent), which outweighed an increase in public sector construction demand (17.7 per cent). The former was led by a fall in contracts awarded for private institutional & others building (-62.0 per cent) and civil engineering (-72.0 per cent) works, while the latter was driven by an increase in contracts awarded for public residential (1.4 per cent) and institutional & others (150.6 per cent) building works.

WHOLESALE TRADE

The wholesale trade sector expanded by 1.2 per cent year-on-year in the third quarter of 2023, picking up from the 0.2 per cent expansion in the previous quarter.

The expansion in the sector was led by a 5.7 per cent year-on-year growth in foreign wholesale trade sales volume over the period (Exhibit 2.4), accelerating from the 3.9 per cent expansion recorded in the previous quarter. The increase was led by expansions in the sales volumes of petroleum & petroleum products (14.0 per cent) and electronic components (22.6 per cent). Meanwhile, there were large declines in the sales volumes of other wholesale trade (-11.9 per cent) and telecommunications & computers (-9.9 per cent).

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



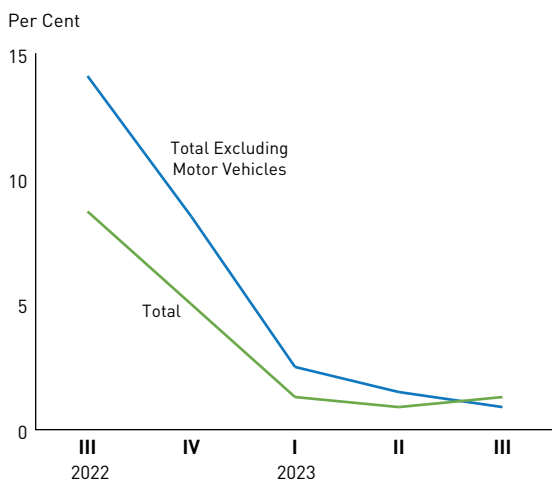
On the other hand, the domestic wholesale trade sales volume declined by 7.2 per cent year-on-year, reversing the 1.3 per cent growth in the previous quarter. The contraction was primarily due to declines in sales volume of petroleum & petroleum products (-18.9 per cent), other wholesale trade (-5.4 per cent) and telecommunications & computers (-4.4 per cent).

RETAIL TRADE

The retail trade sector posted growth of 2.2 per cent year-on-year in the third quarter of 2023, following the 2.4 per cent expansion in the previous quarter.

In the third quarter, overall retail sales volume increased by 1.3 per cent year-on-year, following the 0.9 per cent growth in the preceding quarter (Exhibit 2.5). Growth in overall retail sales volume in the third quarter of 2023 was driven by both motor vehicular sales (4.7 per cent) and non-motor vehicular sales (0.9 per cent). Non-motor vehicular sales volume was supported primarily by the wearing apparel & footwear (8.5 per cent) and food & alcohol (17.3 per cent) segments. By contrast, sales volumes for the supermarkets & hypermarkets (-3.0 per cent) and petrol service stations (-4.5 per cent) segments shrank.

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

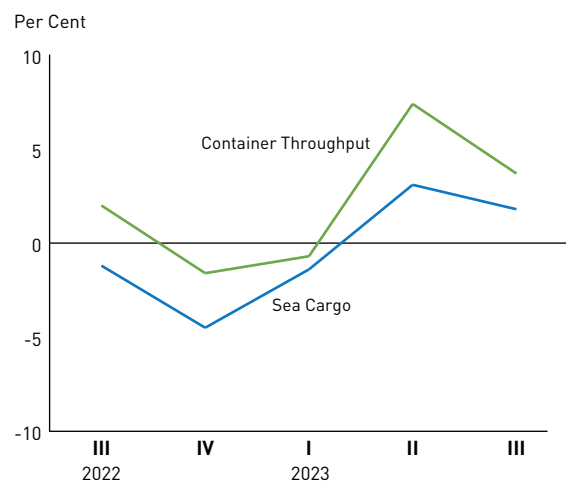


TRANSPORTATION & STORAGE

The transportation & storage sector expanded by 1.1 per cent year-on-year in the third quarter of 2023, moderating from the 5.7 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 1.8 per cent year-on-year in the third quarter, moderating from the 3.1 per cent expansion in the previous quarter (Exhibit 2.6). The expansion in sea cargo volume handled was due to the increase in general cargo (4.2 per cent), which more than offset the declines in bulk cargo (-2.1 per cent) and oil-in-bulk cargo volumes (-2.0 per cent). At the same time, container throughput grew by 3.7 per cent during the quarter.

Exhibit 2.6: Changes in Container Throughput and Sea Cargo Handled

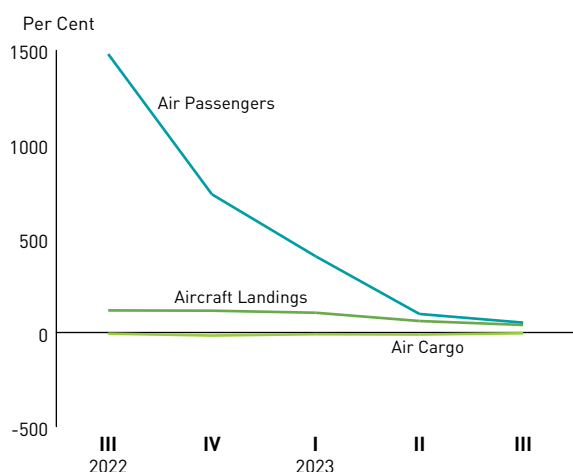


Meanwhile, the air transport segment saw robust growth in the third quarter. In particular, the volume of air passenger traffic (less transit) handled at Changi Airport surged by 52.5 per cent year-on-year in the third quarter, following the 98.6 per cent increase in the previous quarter (Exhibit 2.7). The high growth rates in both quarters were due to the low bases in the second and third 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 third quarter, it remained 11.4 per cent below its pre-COVID level (i.e., third quarter of 2019).

¹ For instance, the volume of air passenger traffic in the second and third quarters of 2022 was 56.3 and 41.9 per cent below their pre-COVID levels (i.e., the second and third quarter of 2019) respectively. The Vaccinated Travel Framework was 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 40.1 per cent year-on-year to reach 42,806 in the third quarter of 2023, extending the 61.1 per cent increase in the preceding quarter. On the other hand, total air cargo shipments handled at Changi Airport declined by 4.0 per cent in the third quarter, easing from the 10.8 per cent contraction in the previous quarter.

Exhibit 2.7: Changes in Air Transport

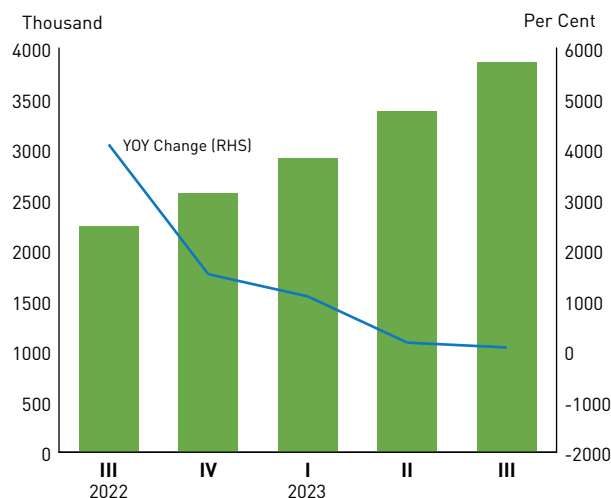


ACCOMMODATION

The accommodation sector expanded robustly by 12.9 per cent year-on-year in the third quarter of 2023, following the 13.0 per cent growth in the preceding quarter.

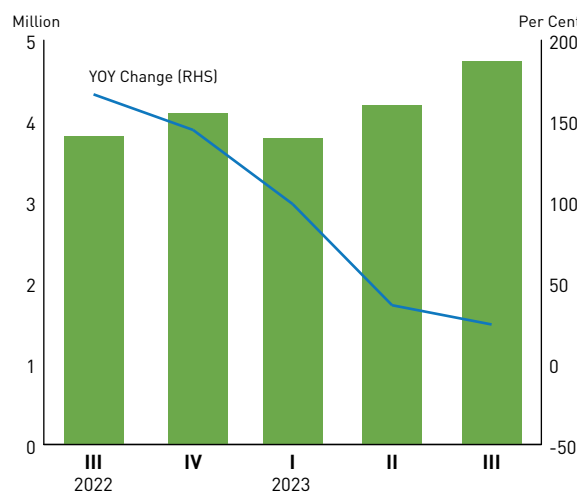
In the third quarter, total visitor arrivals grew by 72.5 per cent year-on-year, slowing from the 168 per cent growth in the previous quarter (Exhibit 2.8). The strong growth in both quarters was on account of low base effects in the corresponding quarters in 2022. In level terms, the number of visitor arrivals in the third quarter of 2023 was around 3.9 million, reaching 77.2 per cent of the 5.0 million visitor arrivals recorded in the third 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 24.2 per cent year-on-year in the third quarter, a moderation from the 36.1 per cent increase in the previous quarter (Exhibit 2.9). At the same time, the average occupancy rate of gazetted hotels rose by 6.6 percentage-points year-on-year to reach 86.2 per cent in the third quarter of 2023. This was an improvement over the 79.1 per cent recorded in the previous quarter.

Exhibit 2.9: Gross Lettings at Gazetted Hotels

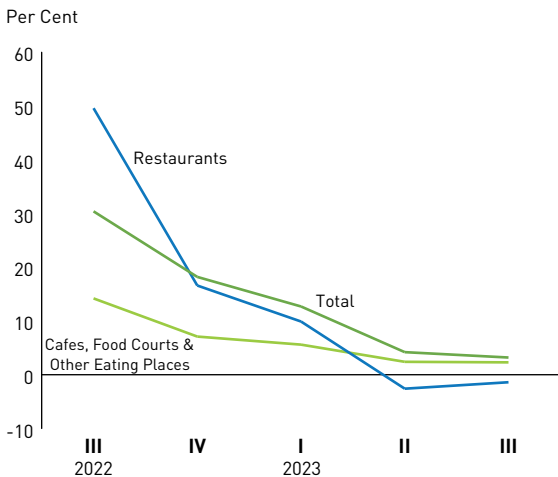


FOOD & BEVERAGE SERVICES

The food & beverage services sector expanded by 3.5 per cent year-on-year in the third quarter of 2023, moderating from the 5.8 per cent growth in the previous quarter.

Overall food & beverage sales volume rose by 3.2 per cent year-on-year in the third quarter, moderating from the 4.2 per cent growth in the previous quarter (Exhibit 2.10). The increase in food & beverage sales volume was led by food caterers (19.5 per cent), followed by cafes, food courts & other eating places (2.3 per cent). On the other hand, the sales volume for restaurants (-1.4 per cent) and fast food outlets (-0.2 per cent) fell.

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



FINANCE & INSURANCE

The finance & insurance sector expanded by 1.5 per cent year-on-year in the third quarter of 2023, following the 1.1 per cent decline in the preceding quarter.

Growth in the sector was led by other auxiliary activities (comprising mainly payment processing players), as card fees picked up amid the recovery in travel spending. The fund management segment also grew alongside higher portfolio flows into Asia-Pacific equity funds in recent months. Meanwhile, the banks segment posted a small expansion, supported by higher net fees and commissions, even as credit intermediation continued to decline in the high interest rate environment. Non-bank loans to residents fell by 6.1 per cent on a year-on-year basis, led by a fall in loans to the general commerce sector (Exhibit 2.11). Likewise, loans to non-residents fell by 7.7 per cent, weighed down by loans to East Asia and the Americas (Exhibit 2.12). The insurance segment also remained weak, amid lacklustre sales of insurance savings products.

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 3Q 2023

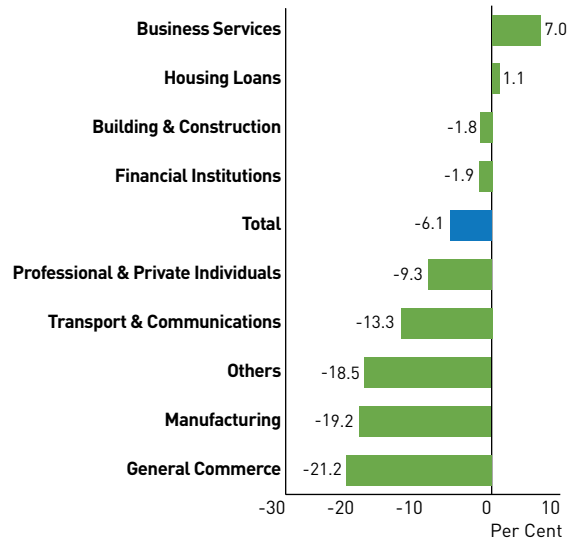
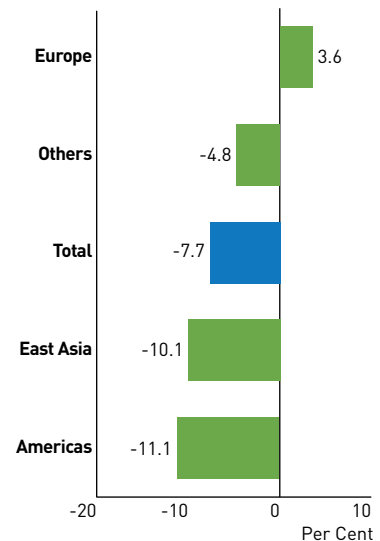


Exhibit 2.12: Growth of Bank Loans & Advances to Non-Bank Non-Residents by Region in 3Q 2023

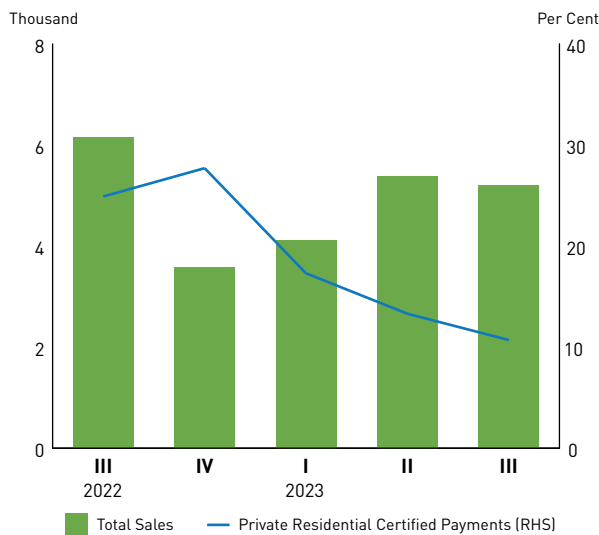


REAL ESTATE

The real estate sector expanded by 3.4 per cent year-on-year in the third quarter of 2023, moderating from the 12.1 per cent growth in the preceding quarter. The growth of the sector was due to expansions in the residential, commercial and industrial property segments.

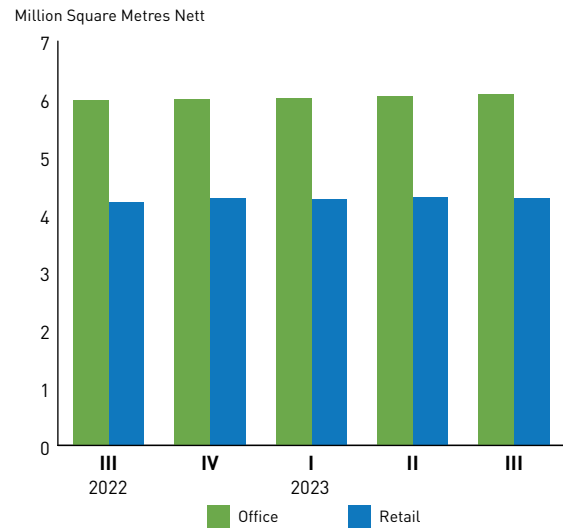
Within the sector, private residential certified payments² grew by 10.7 per cent year-on-year in the third quarter, extending the 13.3 per cent increase in the previous quarter. Meanwhile, total private residential property sales fell by 15.4 per cent in the third quarter, extending the 20.9 per cent decrease in the previous quarter. (Exhibit 2.13).

Exhibit 2.13: Total Sales for Private Residential Units and Private Residential Certified Payments



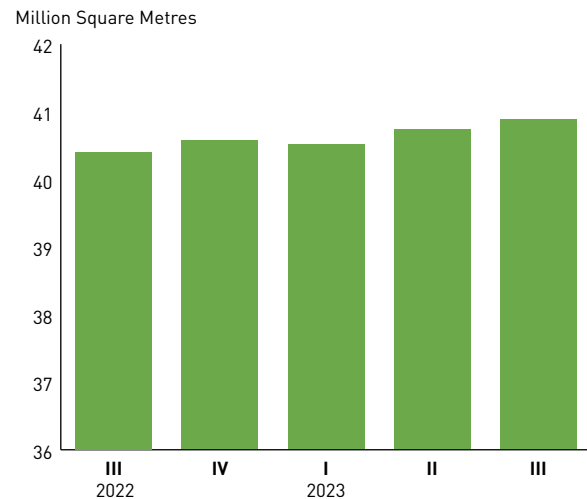
In the private commercial retail space market, demand, as measured by total occupied space, rose by 1.5 per cent on a year-on-year basis in the third quarter of 2023, continuing the 2.6 per cent expansion in the previous quarter. In the same vein, demand for private commercial office space rose by 1.6 per cent in the third quarter, extending the 1.5 per cent increase in the preceding quarter (Exhibit 2.14).

Exhibit 2.14: Total Occupied Space for Private Sector Commercial Office and Retail Spaces



Similarly, demand for private industrial space rose by 1.2 per cent on a year-on-year basis in the third quarter, following the 0.7 per cent increase in the preceding quarter (Exhibit 2.15).

Exhibit 2.15: Total Occupied Space for Private Sector Industrial Space



² Private residential certified payments is a proxy for the growth of the private residential property segment.

PROFESSIONAL SERVICES

In the third quarter of 2023, the professional services sector grew by 0.8 per cent year-on-year, following the 1.3 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.