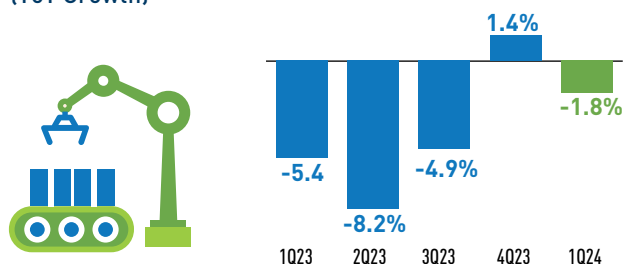


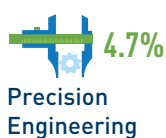
Chapter 2

SECTORAL PERFORMANCE

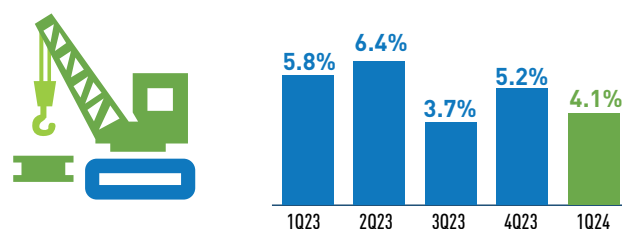
MANUFACTURING (YoY Growth)



CLUSTERS IN MANUFACTURING SECTOR

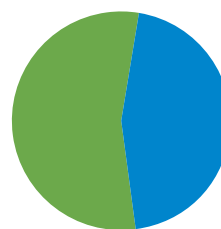


CONSTRUCTION (YoY Growth)



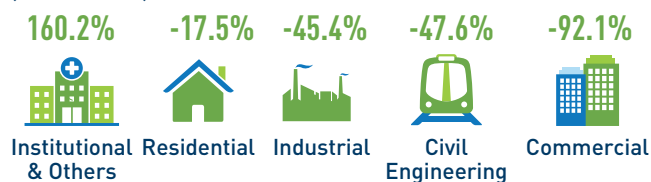
CERTIFIED PAYMENTS (% Share)

54.6%
Public

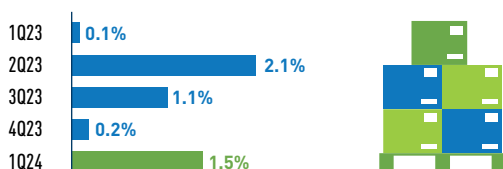


45.4%
Private

CONTRACTS AWARDED (YoY Growth)



WHOLESALE TRADE (YoY Growth)

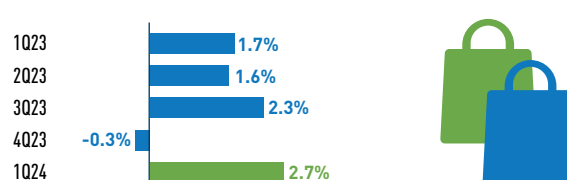


Foreign Wholesale Trade Index Growth
7.0%



Domestic Wholesale Trade Index Growth
0.4%

RETAIL TRADE (YoY Growth)

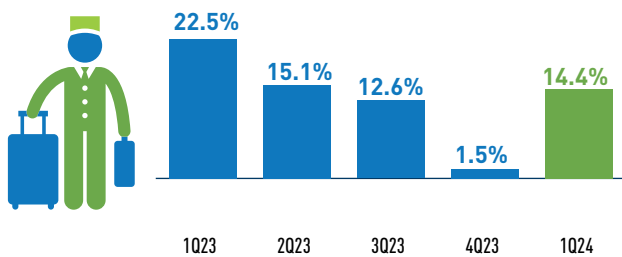


Retail Sales Index Growth (Motor Vehicles)
8.8%

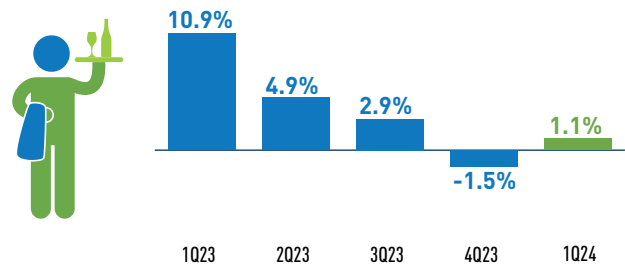


Retail Sales Index Growth (Non-Motor Vehicles)
1.7%

ACCOMMODATION (YoY Growth)



FOOD & BEVERAGE SERVICES (YoY Growth)



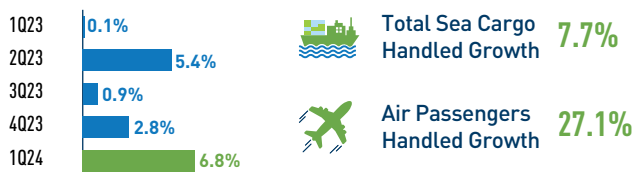
OCCUPANCY RATES OF HOTELS (YoY Change)



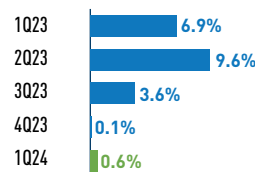
FOOD & BEVERAGE SALES INDEX GROWTH (YoY Growth)



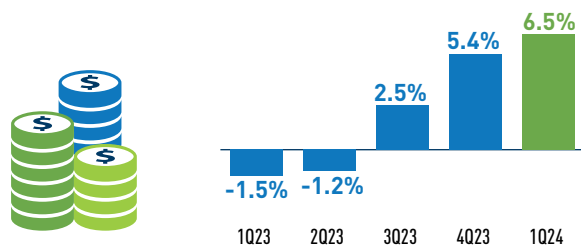
TRANSPORTATION & STORAGE (YoY Growth)



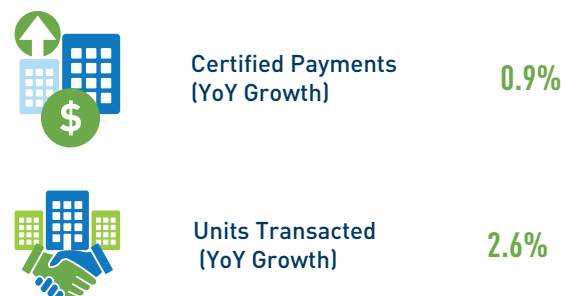
REAL ESTATE (YoY Growth)



FINANCE & INSURANCE (YoY Growth)



PRIVATE RESIDENTIAL REAL ESTATE



OVERVIEW

In the first quarter of 2024,

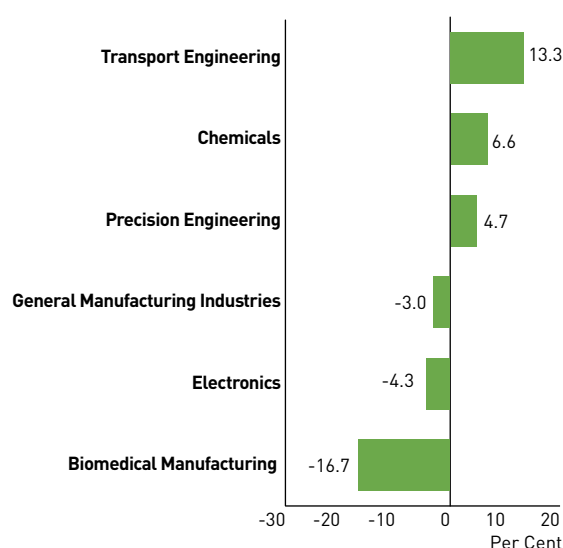
- The manufacturing sector contracted by 1.8 per cent year-on-year, a reversal from the 1.4 per cent growth in the preceding quarter. The sector was weighed down by output declines in the biomedical manufacturing, electronics and general manufacturing clusters, which more than offset output expansions in the precision engineering, chemicals and transport engineering clusters.
- The construction sector expanded by 4.1 per cent year-on-year, extending the 5.2 per cent expansion in the previous quarter.
- The wholesale trade sector expanded by 1.5 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 2.7 per cent year-on-year, rebounding from the 0.3 per cent contraction recorded in the previous quarter.
- The transportation & storage sector posted growth of 6.8 per cent year-on-year, accelerating from the 2.8 per cent growth recorded in the previous quarter.
- The accommodation sector expanded by 14.4 per cent year-on-year, accelerating from the 1.5 per cent growth in the previous quarter.
- The food & beverage services sector expanded by 1.1 per cent year-on-year, reversing the 1.5 per cent contraction in the previous quarter.
- The finance & insurance sector expanded by 6.5 per cent year-on-year, improving from 5.4 per cent gain in the preceding quarter.
- The real estate sector expanded by 0.6 per cent year-on-year, following the 0.1 per cent growth in the previous quarter.
- The professional services sector expanded by 2.5 per cent year-on-year, a turnaround from the 0.7 per cent contraction in the preceding quarter.

MANUFACTURING

The manufacturing sector contracted by 1.8 per cent on a year-on-year basis in the first quarter of 2024, reversing from the 1.4 per cent growth in the previous quarter (Exhibit 2.1). The sector was weighed down by output declines in the biomedical manufacturing, electronics and general manufacturing clusters, which more than offset output expansions in the precision engineering, chemicals and transport engineering clusters (Exhibit 2.2).

Exhibit 2.1: Manufacturing Sector's Growth Rate



Exhibit 2.2: Manufacturing Clusters' Growth Rates in 1Q 2024

The transport engineering cluster expanded by 13.3 per cent year-on-year in the first quarter, supported by a 25.4 per cent increase in the aerospace segment. Growth of the aerospace segment was bolstered by greater demand for aircraft parts and maintenance, repair and overhaul (MRO) jobs from commercial airlines on the back of strong air travel demand globally. Similarly, the land segment grew by 1.7 per cent. On the other hand, output in the marine & offshore engineering segment fell by 0.3 per cent on account of a lower level of activity in the shipyards.

Output in the chemicals cluster grew by 6.6 per cent year-on-year in the first quarter, largely supported by expansions in the specialties and petrochemicals segments. The specialties segment grew by 17.2 per cent on account of a higher level of production of mineral oil additives. Meanwhile, output in the petrochemicals segment rose by 13.2 per cent on the back of a low production base last year, partly due to plant maintenance shutdowns. Similarly, the petroleum segment grew marginally by 0.7 per cent. By contrast, the other chemicals segment declined by 8.1 per cent, weighed down by a lower level of output in fragrances.

The precision engineering cluster expanded by 4.7 per cent year-on-year in the first quarter. Output in the machinery & systems (M&S) segment grew by 7.8 per cent, supported by an increase in the production of front-end semiconductor equipment. Conversely, the precision modules & components segment contracted by 6.6 per cent due to a lower level of output of metal precision components and dies, moulds, tools, jigs and fixtures.

The general manufacturing cluster contracted by 3.0 per cent year-on-year in the first quarter. Output in the miscellaneous industries declined by 6.5 per cent due to a lower production of construction-related materials. Meanwhile, the food, beverage & tobacco segment contracted by 1.1 per cent on account of a lower level of output of beverage products and animal feeds. On the other hand, the printing segment grew by 1.4 per cent.

The electronics cluster contracted by 4.3 per cent year-on-year in the first quarter, driven by output declines across all segments, except the infocomms & consumer electronics segment. Output in the computer peripherals & data storage, semiconductors and other electronic modules & components segments fell by 12.2 per cent, 5.4 per cent and 2.0 per cent respectively. In particular, the contraction in the semiconductors segment was on account of weak demand for automotive and industrial chips. On the other hand, the infocomms & consumer electronics segment grew by 22.9 per cent.

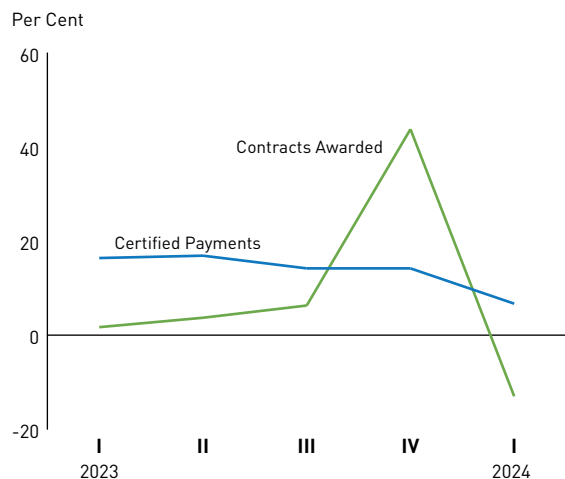
The biomedical manufacturing cluster contracted by 16.7 per cent year-on-year in the first quarter. This was largely due to a 26.8 per cent decline in the output of the pharmaceuticals segment, resulting from a different mix of active pharmaceutical ingredients (APIs) being produced. Output in the medical technology segment declined by 1.4 per cent on the back of lower exports for medical devices.

CONSTRUCTION

The construction sector grew by 4.1 per cent year-on-year in the first quarter of 2024, extending the 5.2 per cent expansion in the previous quarter.

In the first quarter, nominal certified progress payments, a proxy for construction output, rose by 6.7 per cent year-on-year, moderating from the 14.2 per cent increase recorded in the previous quarter (Exhibit 2.3). Higher certified progress payments were seen in the public (18.5 per cent) sector, which outweighed a contraction in the private (-4.7 per cent) sector. The growth in public certified progress payments was largely driven by higher outturns in public industrial building (70.8 per cent) and civil engineering (26.4 per cent) works. On the other hand, the decline in private certified progress payments was led by contractions in private industrial (-13.2 per cent) and institutional & others (-25.8 per cent) building works.

Exhibit 2.3: Changes in Contracts Awarded and Certified Payments



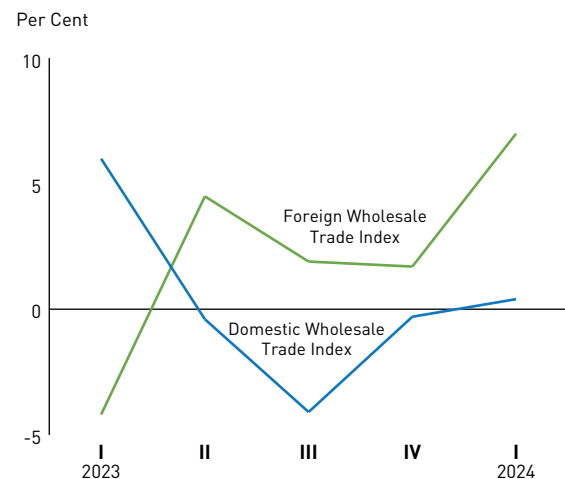
Construction demand in terms of contracts awarded fell by 13.0 per cent year-on-year in the first quarter, reversing the 43.8 per cent expansion in the previous quarter (Exhibit 2.3). The fall in contracts awarded during the quarter was on account of lower private sector construction demand (-43.7 per cent), which outweighed an increase in public sector construction demand (8.9 per cent). The former was led by a fall in contracts awarded for private residential (-16.6 per cent) and commercial (-94.2 per cent) building works, while the latter was led by an increase in contracts awarded for public institutional & others (186 per cent) building works.

WHOLESALE TRADE

The wholesale trade sector expanded by 1.5 per cent year-on-year in the first quarter of 2024, picking up from the 0.2 per cent expansion in the previous quarter.

The expansion in the sector was led by a 7.0 per cent year-on-year growth in foreign wholesale trade sales volume over the period (Exhibit 2.4), accelerating sharply from the 1.7 per cent expansion recorded in the previous quarter. The increase was led by growth in the sales volume of petroleum & petroleum products (9.2 per cent), metals, timber & construction materials (19.3 per cent) and electronic components (16.6 per cent). Meanwhile, there were large declines in the sales volume of the telecommunications & computers (-8.0 per cent) and ship chandlers & bunkering (-22.4 per cent) sub-segments.

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



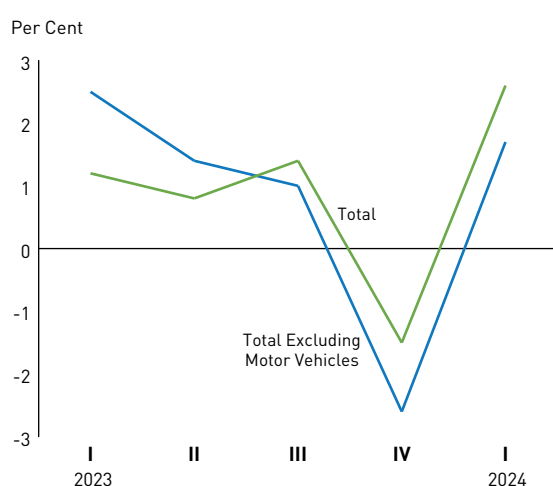
At the same time, the domestic wholesale trade sales volume increased by 0.4 per cent year-on-year, reversing the 0.3 per cent contraction in the previous quarter. The expansion was largely led by growth in sales volume of metals, timber & construction materials (76.9 per cent), telecommunications & computers (31.1 per cent) and ship chandlers & bunkering (39.4 per cent). On the other hand, sales volume of petroleum & petroleum products (-18.0 per cent) and other wholesale trade (-9.2 per cent) declined.

RETAIL TRADE

The retail trade sector expanded by 2.7 per cent year-on-year in the first quarter of 2024, reversing the 0.3 per cent contraction in the previous quarter.

In the first quarter, overall retail sales volume increased by 2.6 per cent year-on-year, reversing the 1.5 per cent decline in the preceding quarter (Exhibit 2.5). Growth in overall retail sales volume in the first quarter of 2024 was driven by both non-motor vehicular sales (1.7 per cent) and motor vehicular sales (8.8 per cent). Non-motor vehicular sales volume was supported primarily by growth in the watches and jewellery (6.4 per cent) and food & alcohol (15.6 per cent) segments. By contrast, sales volumes of computer & telecommunications equipment (-7.0 per cent) and optical goods & books (-6.2 per cent) segments shrank.

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

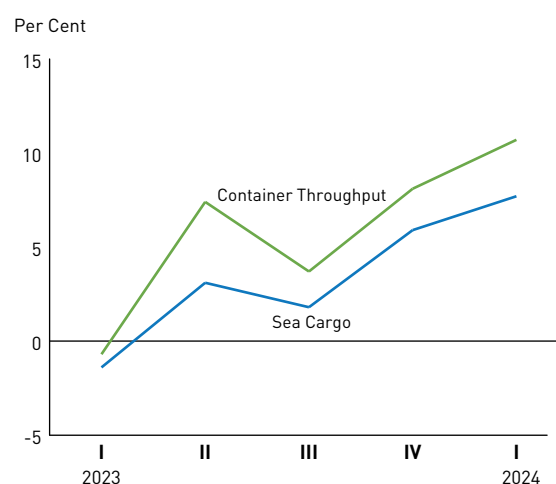


TRANSPORTATION & STORAGE

The transportation & storage sector expanded by 6.8 per cent year-on-year in the first quarter of 2024, picking up from the 2.8 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 7.7 per cent year-on-year in the first quarter, picking up from the 6.1 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 (6.9 per cent), bulk cargo (9.0 per cent) and oil-in-bulk cargo volumes (9.0 per cent). At the same time, container throughput grew by 10.7 per cent during the quarter.

Exhibit 2.6: Changes in Container Throughput and Sea Cargo Handled

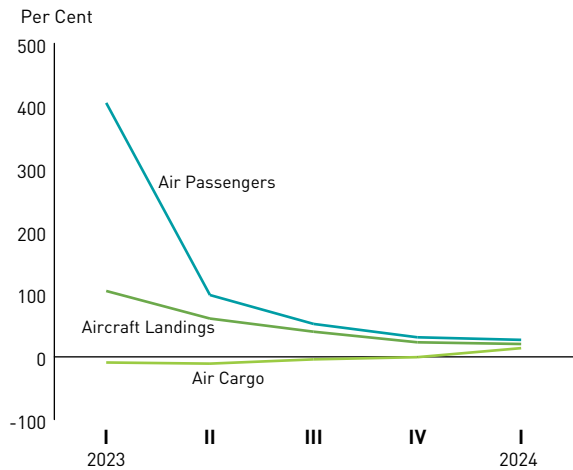


Meanwhile, the air transport segment posted strong growth in the first quarter. In particular, the volume of air passenger traffic (less transit) handled at Changi Airport rose by 27.1 per cent year-on-year in the first quarter, following the 31.2 per cent growth posted in the previous quarter (Exhibit 2.7). The high growth rates in both quarters were due to the relatively lower bases in the first quarter of 2023 and fourth quarter of 2022 respectively, when the volume of air passenger traffic remained below pre-pandemic levels.¹ Air passenger traffic volume exceeded its pre-COVID level (i.e., first quarter of 2019) by 0.7 per cent in the first quarter.

¹ For instance, the volume of air passenger traffic in the first quarter of 2023 was 20.8 per cent below its pre-COVID level (i.e., the first quarter of 2019).

Reflecting the recovery in air travel, the number of aircraft landings increased by 20.5 per cent year-on-year to reach 44,674 in the first quarter of 2024, extending the 23.2 per cent increase in the preceding quarter. Meanwhile, total air cargo shipments handled at Changi Airport rose sharply by 13.9 per cent in the first quarter, reversing the 0.5 per cent contraction in the previous quarter.

Exhibit 2.7: Changes in Air Transport

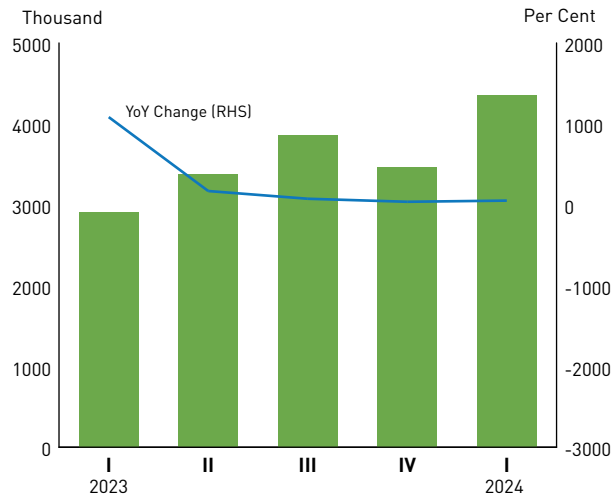


ACCOMMODATION

The accommodation sector expanded robustly by 14.4 per cent year-on-year in the first quarter of 2024, accelerating from the 1.5 per cent growth in the preceding quarter.

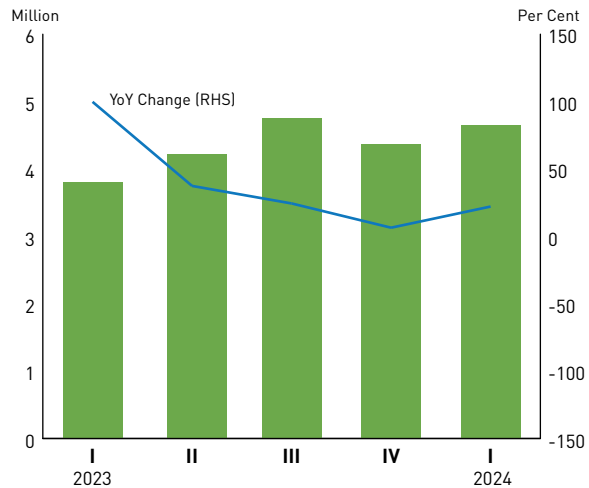
In the first quarter, total visitor arrivals surged by 49.6 per cent year-on-year, extending the 35.2 per cent growth in the previous quarter (Exhibit 2.8). In level terms, the number of visitor arrivals in the first quarter of 2024 was around 4.4 million, reaching 92.9 per cent of the 4.7 million visitor arrivals recorded in the first 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 22.1 per cent year-on-year in the first quarter, extending the 6.4 per cent increase in the previous quarter (Exhibit 2.9). At the same time, the average occupancy rate of gazetted hotels rose by 3.6 percentage-points year-on-year to reach 81.5 per cent in the first quarter of 2024. This was an improvement over the 76.8 per cent recorded in the previous quarter.

Exhibit 2.9: Gross Lettings at Gazetted Hotels

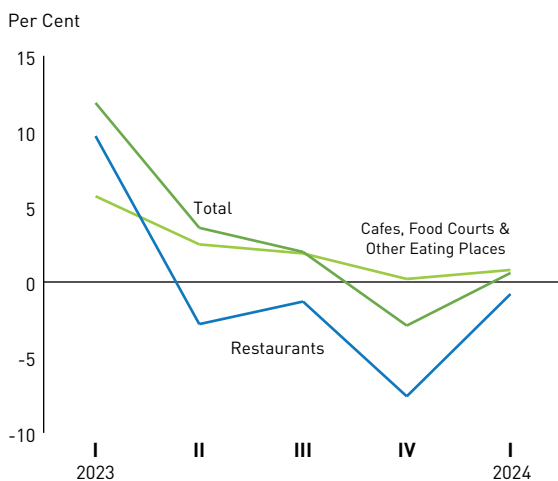


FOOD & BEVERAGE SERVICES

The food & beverage services sector expanded by 1.1 per cent year-on-year in the first quarter of 2024, reversing the 1.5 per cent decline in the previous quarter.

Overall food & beverage sales volume rose by 0.6 per cent year-on-year in the first quarter, reversing the 2.9 per cent decline in the previous quarter (Exhibit 2.10). The increase in food & beverage sales volume was led by food caterers (15.4 per cent) and cafes, food courts & other eating places (0.8 per cent). On the other hand, the sales volume for fast food outlets (-7.0 per cent) and restaurants (-0.8 per cent) fell.

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



FINANCE & INSURANCE

The finance & insurance sector expanded by 6.5 per cent year-on-year, improving from the 5.4 per cent gain in the preceding quarter.

The strong first quarter growth was broad-based across the various segments. Notably, the surge in transaction volumes across most asset classes had boosted net fees and commissions incomes in the banking and fund management segments. Further, there was some improvement in credit intermediation activity even as interest rates remained elevated. Overall loans to residents expanded by 1.4 per cent year-on-year in the first quarter of 2024, the first positive reading since the third quarter of 2022, mainly supported by lending to non-bank financial institutions and business services, as well as housing loans (Exhibit 2.11). Loans to non-residents however contracted by 1.0 per cent, weighed down by the decline in lending to the Americas region (Exhibit 2.12).

Exhibit 2.11: Growth of Bank Loans & Advances to Non-Bank Residents by Industry in 1Q 2024

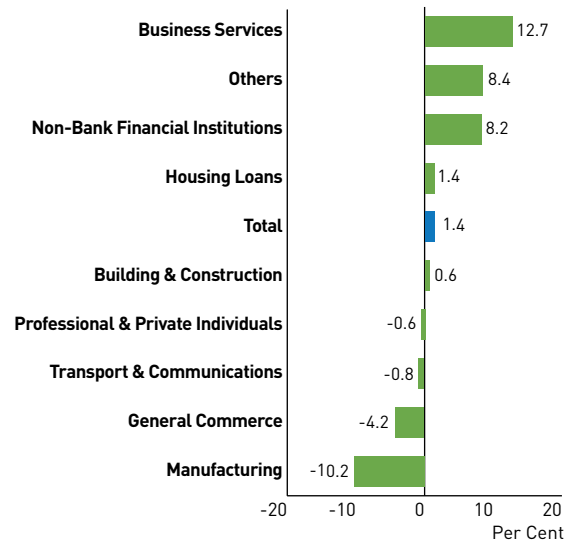
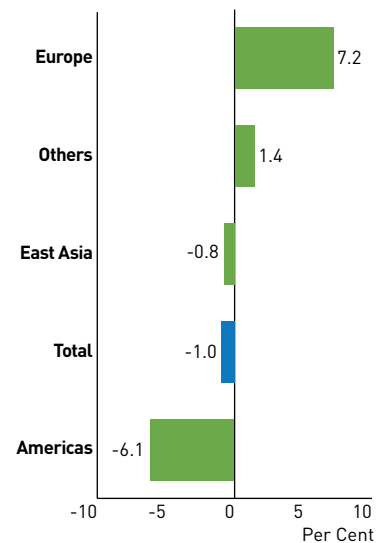


Exhibit 2.12: Growth of Bank Loans & Advances to Non-Bank Non-Residents by Region in 1Q 2024



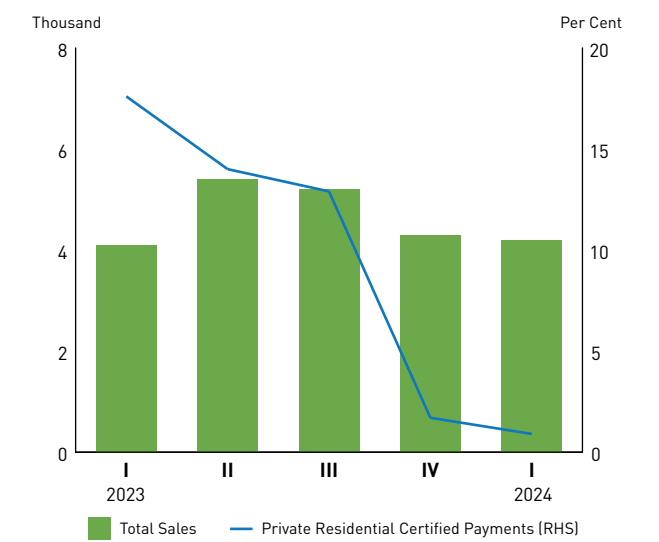
The insurance and other auxiliary activities segments recorded firm growth compared to a year ago, with the former benefiting from strong growth in net premiums. The latter segment, which largely comprises payments players, was bolstered by higher tourist spending, which helped to offset some slowdown in activity in the first quarter as households had earlier brought forward spending to the last quarter of 2023, before the GST rate hike in January 2024.

REAL ESTATE

The real estate sector expanded by 0.6 per cent year-on-year in the first quarter of 2024, following the 0.1 per cent growth in the preceding quarter. The growth of the sector was due to expansions in the residential, commercial and industrial property segments.

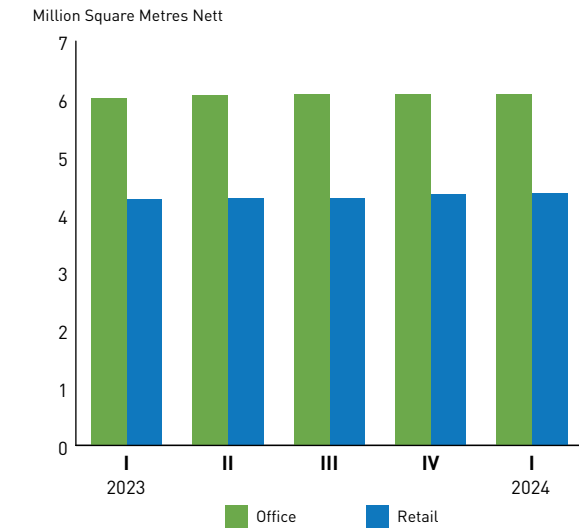
Within the sector, private residential certified payments grew by 0.9 per cent year-on-year in the first quarter, extending the 1.7 per cent increase in the previous quarter. Meanwhile, total private residential property sales rose by 2.6 per cent in the first quarter, moderating from the 20.8 per cent increase in the previous quarter. (Exhibit 2.13).

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



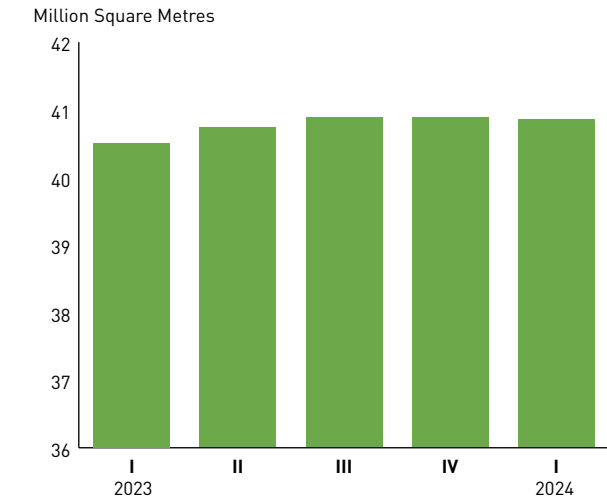
In the private commercial retail space market, demand, as measured by total occupied space, rose by 2.1 per cent on a year-on-year basis in the first quarter of 2024, continuing the 1.7 per cent expansion in the previous quarter. Similarly, demand for private commercial office space rose by 1.0 per cent in the first quarter, extending the 1.6 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 0.8 per cent on a year-on-year basis in the first quarter, following the 0.8 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 first quarter of 2024, the professional services sector grew by 2.5 per cent year-on-year, reversing from the 0.7 per cent contraction in the previous quarter. All segments within the sector recorded positive year-on-year growth in the first quarter.