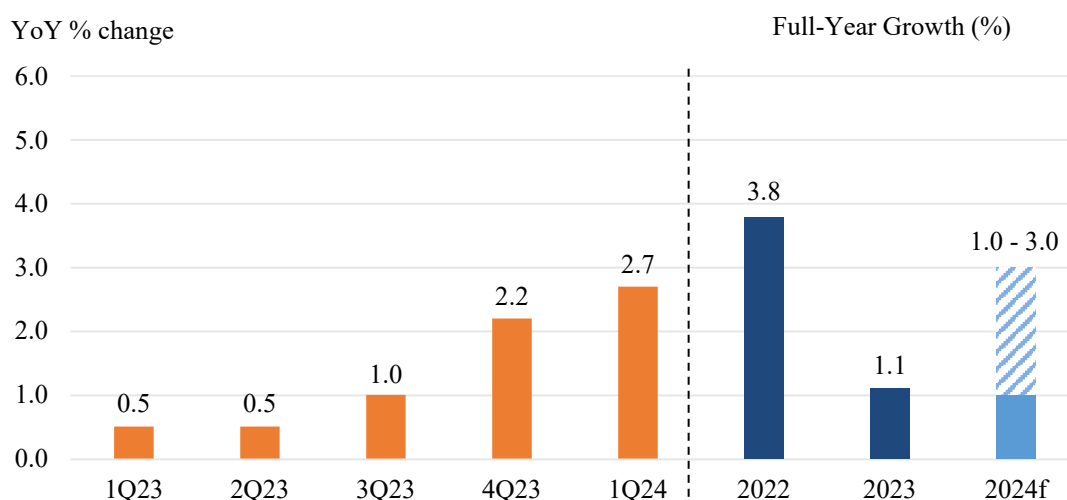


MTI Maintains 2024 GDP Growth Forecast at “1.0 to 3.0 Per Cent”

23 May 2024. The Ministry of Trade and Industry (MTI) announced today that Singapore’s GDP growth forecast for 2024 has been maintained at “1.0 to 3.0 per cent”.

Economic Performance in First Quarter 2024

Singapore's Real GDP Growth



In the first quarter of 2024, the Singapore economy grew by 2.7 per cent on a year-on-year basis, extending the 2.2 per cent expansion in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 0.1 per cent, moderating from the 1.2 per cent growth in the preceding quarter.

On a year-on-year basis, GDP growth in the first quarter was primarily driven by the finance & insurance, transportation & storage and wholesale trade sectors.

[Refer to **Annex A** for the economic performance of the various sectors.]

Economic Outlook for 2024

Since the Economic Survey of Singapore in February, the external economic environment has remained resilient. In particular, economic growth in the US and China was better than expected in the first quarter, due largely to stronger-than-expected domestic demand and external demand respectively. Meanwhile, growth in regional economies like South Korea and Taiwan was supported by the global electronics recovery, led by strong demand for AI-related chips. Looking ahead, GDP growth in the major economies is expected to taper gradually in the immediate quarters due to tight financial conditions, before picking up alongside anticipated policy rate cuts later in the year.

The US' growth outlook has improved slightly on account of the resilience in its labour market and an AI-led boom in investments. However, the robust performance of the US economy in the first quarter, coupled with sticky inflation, is likely to lead to a delay in policy rate cuts by the US Federal Reserve. Higher-for-longer interest rates will in turn weigh on the US economy in the immediate quarters, before easing monetary policy in the later part of the year supports a pickup in growth. Meanwhile, in the Eurozone, investments and industrial activity are expected to remain weak given restrictive financial conditions and sluggish external demand. On the other hand, consumer spending is projected to see a firmer recovery in the second half of 2024 due to a gradual improvement in consumer confidence and anticipated policy rate cuts by the European Central Bank as inflationary pressures ease.

In Asia, China's GDP growth is likely to be stronger than earlier projected due to the roll-out of more government support measures. In particular, manufacturing investment is expected to remain robust as a result of government support for strategic manufacturing industries and the announced trade-in programme, while infrastructure investment will be boosted by government infrastructure spending. In addition, recently-announced property market support measures are likely to help stabilise the property market, which should lead to a modest recovery in consumption in the later part of the year. Meanwhile, GDP growth in most Southeast Asian economies is projected to be supported by resilient domestic demand, the continued recovery in tourism demand, as well as a pickup in external demand.

However, downside risks in the global economy remain. First, escalations in geopolitical tensions in the Middle East or the war in Ukraine could disrupt global supply chains and commodity markets. This would weigh on global trade and growth. Second, disruptions to the global disinflation process could lead to tighter financial conditions for longer, and potentially trigger latent vulnerabilities in banking and financial systems. Third, vulnerabilities in emerging markets arising from a desynchronisation of their monetary policy cycles with that of advanced economies could lead to greater volatility in capital flows and currency fluctuations.

Against this backdrop, Singapore's manufacturing and trade-related sectors are expected to see a gradual pickup in growth over the course of the year. Within the manufacturing sector, the electronics cluster is projected to recover gradually in the coming quarters, supported by demand for semiconductors for end-markets such as smartphones, PCs and AI. Growth in the electronics cluster will in turn have positive spillover effects on the precision engineering cluster, as well as the machinery, equipment & supplies segment of the wholesale trade sector. In addition, the chemicals cluster within the manufacturing sector is projected to

continue to expand, partly due to capacity expansions such as that in sustainable aviation fuel.

Meanwhile, the stronger-than-anticipated recovery in air travel and tourism demand will continue to bolster the growth of aviation- and tourism-related sectors such as accommodation, air transport and aerospace, as well as consumer-facing sectors such as retail trade and food & beverage services. At the same time, the finance & insurance sector will be supported by higher tourist spending which will benefit the payments segment, as well as the projected peaking of global policy interest rates which will support the banking and fund management segments through higher commissions and fees.

Taking into account the performance of the Singapore economy in the first quarter, as well as the latest global and domestic economic developments, the GDP growth forecast for Singapore for 2024 is maintained at **1.0 to 3.0 per cent**.

MINISTRY OF TRADE AND INDUSTRY
23 May 2024

Economic Performance by Sectors in First Quarter 2024

The manufacturing sector contracted by 1.8 per cent year-on-year in the first quarter, a reversal from the 1.4 per cent growth in the previous quarter. The weak performance of the sector was mainly due to output declines in the biomedical manufacturing, electronics and general manufacturing clusters. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 5.4 per cent, a pullback from the 4.5 per cent expansion in the preceding quarter.

Growth in the construction sector came in at 4.1 per cent year-on-year, extending the 5.2 per cent expansion in the fourth quarter of last year. While private sector construction output fell, it was more than offset by an increase in public sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 2.0 per cent, a reversal from the 2.0 per cent growth in the previous quarter.

The wholesale trade sector grew by 1.5 per cent year-on-year, faster than the 0.2 per cent growth in the preceding quarter. Growth was supported by the fuels & chemicals segment, which saw increased output in both the petroleum & petroleum products and chemicals & chemical products sub-segments, as well as the “others”¹ segment. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 1.3 per cent, a turnaround from the 0.6 per cent contraction in the fourth quarter.

The retail trade sector expanded by 2.7 per cent year-on-year, a reversal from the 0.3 per cent contraction in the previous quarter. Growth during the quarter was supported by higher motor vehicle and non-motor vehicle sales volumes. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 2.8 per cent, improving from the 1.9 per cent contraction in the preceding quarter.

Growth in the transportation & storage sector picked up to 6.8 per cent year-on-year, from 2.8 per cent in the fourth quarter. Within the sector, the air transport segment recorded robust growth, with the total number of air passengers handled at Changi Airport during the quarter coming in above its pre-COVID level. Meanwhile, the water transport segment also expanded, supported by an increase in container throughput and sea cargo handled at Singapore’s ports. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 3.2 per cent, faster than the 1.1 per cent expansion in the previous quarter.

The accommodation sector expanded by 14.4 per cent year-on-year, accelerating from the 1.5 per cent expansion in the preceding quarter. Growth of the sector continued to be bolstered by a strong recovery in international visitor arrivals, due

¹ The “others” segment comprises a diverse range of products including metals, timber & construction materials, household equipment & furniture as well as food, beverages & tobacco, among others.

in part to the mutual visa-free arrangement with China, as well as the robust line-up of international live entertainment, business and sporting events during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the sector posted growth of 10.1 per cent, a turnaround from the 3.1 per cent contraction in the fourth quarter.

The food & beverage services sector grew by 1.1 per cent year-on-year, a reversal from the 1.5 per cent contraction in the previous quarter. Growth during the quarter was driven by a higher volume of sales at food caterers and cafes, food courts & other eating places, which more than offset a decline in sales volumes at fast food outlets and restaurants. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 3.0 per cent, reversing from the 1.5 per cent contraction in the preceding quarter.

Growth in the information & communications sector rose to 6.3 per cent year-on-year, from 4.7 per cent in the fourth quarter. Within the sector, the IT & information services segment expanded robustly, driven by software development and activity in the online marketplaces for goods. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank marginally by 0.1 per cent, following the growth of 1.1 per cent in the previous quarter.

The finance & insurance sector expanded by 6.5 per cent year-on-year, an improvement from the 5.4 per cent growth in the preceding quarter. A surge in transaction volumes across most asset classes boosted net fees and commission incomes in the banking and fund management segments. Credit intermediation activity also improved during the quarter notwithstanding elevated interest rates. At the same time, the insurance and other auxiliary activities segments recorded firm growth. On a quarter-on-quarter seasonally-adjusted basis, the sector's growth was flat, weaker than the 4.1 per cent expansion in the previous quarter.

The real estate sector grew by 0.6 per cent year-on-year, better than the 0.1 per cent expansion in the fourth quarter. Growth of the sector was supported by the private residential property segment, as well as the commercial and industrial property segments. On a quarter-on-quarter seasonally-adjusted basis, the sector posted growth of 0.4 per cent, a reversal from the 0.9 per cent contraction in the preceding 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 previous quarter. Growth was mainly driven by expansions in the legal, accounting and head offices & business representative offices segments. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 0.8 per cent, a pullback from the 1.3 per cent growth in the preceding quarter.

The administrative & support services sector grew by 0.2 per cent year-on-year, improving from the 1.7 per cent contraction in the previous quarter. Growth during the quarter was driven by the other administrative & support services segment, while the rental & leasing segment contracted. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 1.7 per cent, a rebound from the 0.7 per cent contraction in the fourth quarter.

The “other services industries” grew by 3.7 per cent year-on-year, extending the 3.9 per cent growth in the preceding quarter. Growth during the quarter was broad-based, led by the arts, entertainment & recreation and “others”² sectors. On a quarter-on-quarter seasonally-adjusted basis, the “other services industries” expanded by 1.3 per cent, faster than the 0.4 per cent growth in the previous quarter.

² The “others” sector consists of (i) activities of membership organisations; (ii) repair of computers, personal and household goods & vehicles; and (iii) other personal service activities such as personal care services, wedding services and funeral services.

ANNEX B

REAL SECTORAL GROWTH RATES

	1Q23	2Q23	3Q23	4Q23	2023	1Q24
	Year-on-Year % Change					
Total	0.5	0.5	1.0	2.2	1.1	2.7
Goods Producing Industries	-3.8	-6.1	-3.5	1.9	-2.9	-0.7
Manufacturing	-5.4	-8.2	-4.9	1.4	-4.3	-1.8
Construction	5.8	6.4	3.7	5.2	5.2	4.1
Services Producing Industries	2.0	2.9	2.3	2.0	2.3	3.9
Wholesale Trade	0.1	2.1	1.1	0.2	0.8	1.5
Retail Trade	1.7	1.6	2.3	-0.3	1.3	2.7
Transportation & Storage	0.1	5.4	0.9	2.8	2.3	6.8
Accommodation	22.5	15.1	12.6	1.5	12.1	14.4
Food & Beverage Services	10.9	4.9	2.9	-1.5	4.1	1.1
Information & Communications	7.0	5.3	6.0	4.7	5.7	6.3
Finance & Insurance	-1.5	-1.2	2.5	5.4	1.3	6.5
Real Estate	6.9	9.6	3.6	0.1	4.9	0.6
Professional Services	3.7	0.4	1.4	-0.7	1.1	2.5
Administrative & Support Services	5.2	3.4	1.4	-1.7	2.0	0.2
Other Services Industries	5.6	4.2	3.9	3.9	4.4	3.7
Public Administration & Defence	1.4	1.2	0.1	0.7	0.9	0.2
Education	1.9	1.5	1.8	1.3	1.6	0.3
Health & Social Services	4.7	4.6	4.1	3.1	4.1	3.1
Arts, Entertainment & Recreation	37.6	21.4	18.4	21.6	24.2	22.8
Other Services - Others	6.6	5.2	5.6	4.9	5.6	5.2
	Seasonally Adjusted Quarter-on-Quarter Growth %					
Total	-0.5	0.4	1.0	1.2	1.1	0.1
Goods Producing Industries	-2.7	-1.0	1.1	4.1	-2.9	-4.4
Manufacturing	-3.0	-1.3	0.8	4.5	-4.3	-5.4
Construction	-1.2	2.6	1.9	2.0	5.2	-2.0
Services Producing Industries	0.1	0.9	0.8	0.3	2.3	1.9
Wholesale Trade	-0.2	0.5	0.5	-0.6	0.8	1.3
Retail Trade	0.1	1.5	0.3	-1.9	1.3	2.8
Transportation & Storage	-1.1	3.8	-1.1	1.1	2.3	3.2
Accommodation	-2.6	5.2	2.3	-3.1	12.1	10.1
Food & Beverage Services	0.2	0.6	-0.8	-1.5	4.1	3.0
Information & Communications	-1.7	0.4	4.8	1.1	5.7	-0.1
Finance & Insurance	-1.0	1.1	1.2	4.1	1.3	0.0
Real Estate	-0.1	2.9	-1.6	-0.9	4.9	0.4
Professional Services	-4.1	-0.1	2.2	1.3	1.1	-0.8
Administrative & Support Services	-0.2	-0.6	-0.3	-0.7	2.0	1.7
Other Services Industries	1.5	0.6	1.3	0.4	4.4	1.3
Public Administration & Defence	0.4	0.3	0.4	-0.2	0.9	-0.3
Education	0.8	-0.1	0.6	0.1	1.6	-0.4
Health & Social Services	1.0	2.5	-0.8	0.5	4.1	0.9
Arts, Entertainment & Recreation	10.4	-7.8	16.7	2.4	24.2	11.5
Other Services - Others	2.0	0.1	-0.5	3.3	5.6	2.2

OTHER ECONOMIC INDICATORS

	1Q23	2Q23	3Q23	4Q23	2023	1Q24
Retail Sales Index* (yoy, %)	1.2	0.8	1.4	-1.5	0.4	2.6
Changes in Employment ('000)	38.6	26.8	29.2	11.6	106.2	9.8
Unemployment Rate, SA (%)	1.8	1.9	2.0	2.0	1.9	2.1
Value Added Per Actual Hour Worked^ (yoy, %)	-6.5	-4.7	-0.7	2.2	-2.4	1.7
Value Added Per Worker^ (yoy, %)	-5.8	-4.9	-3.1	-0.8	-3.6	0.4
Overall Unit Labour Cost (yoy, %)	9.5	10.2	7.9	3.2	7.5	3.6
Unit Business Cost of Manufacturing (yoy, %)	11.4	10.9	8.9	3.4	8.5	5.8
Fixed Asset Investments (\$ bil)	2.0	1.6	7.4	1.7	12.7	1.7
Consumer Price Index (yoy, %)	6.1	5.1	4.1	4.0	4.8	3.0
Total Merchandise Trade (yoy, %)	-7.9	-18.8	-16.5	-2.1	-11.7	4.8
Merchandise Exports	-6.5	-16.9	-15.6	0.2	-10.1	4.4
Domestic Exports	-8.0	-19.5	-22.6	-1.7	-13.5	0.3
Oil	8.5	-28.1	-26.9	-2.1	-14.2	6.0
Non-Oil	-16.2	-13.4	-19.5	-1.4	-13.1	-3.4
Re-exports	-5.3	-14.6	-9.5	1.8	-7.1	7.9
Merchandise Imports	-9.4	-20.8	-17.4	-4.7	-13.4	5.3
Total Services Trade (yoy, %)	-0.1	-5.4	-6.9	-2.8	-3.8	7.5
Exports of Services	-1.4	-7.5	-7.4	-3.9	-5.1	8.0
Imports of Services	1.4	-3.1	-6.3	-1.5	-2.4	7.0

* In chained volume terms.

^ Based on GDP at market prices in chained (2015) dollars.