

## Pace of Growth Improved in Fourth Quarter 2010

3 January 2011. Economic activity in Singapore picked up in the fourth quarter of 2010. According to advance estimates<sup>1</sup>, the economy expanded by 12.5 per cent on a year-on-year basis in the fourth quarter of 2010, improving from the 10.5 per cent growth in the third quarter. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy grew by 6.9 per cent, an upturn from the contraction of 18.9 per cent in the previous quarter.

For the whole of 2010, the economy is estimated to have expanded by 14.7 per cent, in line with MTI's growth forecast of around 15 per cent for the year.

### Gross Domestic Product at 2005 Prices

|  | 4Q09  | 2009 | 1Q10  | 2Q10 | 3Q10  | 4Q10*        | 2010*       |
|--|-------|------|-------|------|-------|--------------|-------------|
| Percentage change over corresponding period of previous year   |       |      |       |      |       |              |             |
| Overall GDP  | 3.8   | -1.3 | 16.6  | 19.4 | 10.5  | <b>12.5</b>  | <b>14.7</b> |
| Goods Producing Industries                                     |       |      |       |      |       |              |             |
| Manufacturing  | 2.2   | -4.1 | 37.2  | 45.3 | 13.8  | <b>28.2</b>  | <b>30.4</b> |
| Construction   | 11.5  | 16.2 | 9.7   | 11.5 | 7.1   | <b>-1.2</b>  | <b>6.5</b>  |
| Services Producing Industries                                  | 3.7   | -1.4 | 11.2  | 11.8 | 10.0  | <b>8.8</b>   | <b>10.4</b> |
| Quarter-on-quarter annualised growth rate, seasonally adjusted |       |      |       |      |       |              |             |
| Overall GDP  | -1.0  | -1.3 | 44.5  | 27.9 | -18.9 | <b>6.9</b>   | <b>14.7</b> |
| Goods Producing Industries                                     |       |      |       |      |       |              |             |
| Manufacturing  | -27.0 | -4.1 | 193.0 | 67.0 | -53.4 | <b>20.0</b>  | <b>30.4</b> |
| Construction   | 13.6  | 16.2 | 0.5   | 29.2 | -10.4 | <b>-18.5</b> | <b>6.5</b>  |
| Services Producing Industries                                  | 9.6   | -1.4 | 17.0  | 13.5 | 0.6   | <b>4.7</b>   | <b>10.4</b> |

\*Advance estimates

Economic growth in the fourth quarter was primarily underpinned by a strong expansion in the manufacturing sector. On a year-on-year basis, the sector grew by 28.2 per cent, faster than the growth of 13.8 per cent in the previous quarter. On a sequential basis, the sector returned to positive growth, expanding by an annualised rate of 20.0 per cent after posting a sharp contraction of 53.4 per cent in the preceding quarter. This strong growth was

<sup>1</sup> The advance GDP estimates for the fourth quarter of 2010 are computed largely from data in the first two months of the quarter (i.e. October and November 2010). They are intended as an early indication of the GDP growth in the quarter, and are subject to revision when more comprehensive data become available.

led by the biomedical manufacturing cluster, which saw a strong rebound in pharmaceutical output.

In contrast, the construction sector contracted by 1.2 per cent on a year-on-year basis in the fourth quarter, reversing from the growth of 7.1 per cent in the third quarter. On a sequential basis, the sector contracted by 18.5 per cent, mainly due to a decline in private sector construction activities.

The services-producing industries continued to post healthy growth in the fourth quarter. Compared to a year ago, the services sector expanded by 8.8 per cent, following growth of 10.0 per cent in the preceding quarter. On a sequential basis, the services sector grew by an annualised rate of 4.7 per cent, up from 0.6 per cent in the preceding quarter. Growth was largely supported by the financial services sector, which saw increased activities for Asian Currency Unit (ACU), commercial banking and foreign exchange trading. The tourism-related services sectors were also bolstered by strong visitor arrivals from the region.

MTI will release in February 2011 the preliminary GDP estimates for the fourth quarter and for the whole of 2010, including performance by sectors, sources of growth, inflation, employment and productivity.

MINISTRY OF TRADE AND INDUSTRY  
3 January 2011