

MTI Maintains 2014 GDP Growth Forecast at 2.0 to 4.0 Per Cent

20 February 2014. The Ministry of Trade and Industry (MTI) announced today that the Singapore economy grew by 4.1 per cent in 2013. MTI has also maintained the growth forecast for 2014 at 2.0 to 4.0 per cent.

Performance in Fourth Quarter 2013

On a year-on-year basis, the Singapore economy grew by 5.5 per cent in the fourth quarter of 2013, easing slightly from the 5.8 per cent growth in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 6.1 per cent, significantly higher than the 0.3 per cent growth in the previous quarter.

The manufacturing sector grew by 7.0 per cent on a year-on-year basis, extending the 5.3 per cent growth in the third quarter. Growth was supported by improvements in the electronics cluster and continued strong growth in the transport engineering cluster. On a quarter-on-quarter basis, the sector expanded at an annualised rate of 10.4 per cent, a significant improvement from the flat growth in the previous quarter.

The construction sector grew by 4.8 per cent on a year-on-year basis, slower than the 6.6 per cent growth in the preceding quarter, due to a moderation in private sector construction activities. On a quarter-on-quarter basis, the construction sector grew at an annualised rate of 1.4 per cent, moderating from the 5.2 per cent growth in the third quarter.

The wholesale & retail trade sector expanded by 7.3 per cent on a year-on-year basis, extending the 6.3 per cent growth in the previous quarter. While growth in the wholesale trade segment improved on the back of robust non-oil re-exports, the retail trade segment saw a sharper contraction. On a quarter-on-quarter basis, the wholesale & retail trade sector grew at an annualised rate of 6.3 per cent, faster than the 1.9 per cent growth in the third quarter.

The transportation & storage sector grew at a slower pace of 4.8 per cent on a year-on-year basis, compared to the 5.8 per cent growth in the preceding quarter, mainly due to a slowdown in the air transport segment. On a quarter-on-quarter basis, growth in the transportation & storage sector slowed to an annualised rate of 1.1 per cent, a sharp moderation from the 10.5 per cent growth in the previous quarter.

The finance & insurance sector grew by 9.7 per cent on a year-on-year basis, following the 10.0 per cent growth in the previous quarter. On a quarter-on-

quarter seasonally-adjusted annualised basis, the sector surged by 19.0 per cent, a reversal from the 15.2 per cent contraction in the third quarter.

On a year-on-year basis, the business services sector grew by 4.6 per cent, moderating from the 5.2 per cent growth in the previous quarter, largely due to slower expansion in the real estate segment. On a quarter-on-quarter seasonally-adjusted annualised basis, growth in the sector improved to 4.2 per cent, from 3.1 per cent in the previous quarter.

Growth in the accommodation & food services sector eased to 2.2 per cent year-on-year, from 3.6 per cent in the preceding quarter. Similarly, growth in the “other services” industries slowed to 2.4 per cent, from 4.5 per cent in the third quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the accommodation & food services sector and the “other services” industries contracted by 1.5 per cent and 0.5 per cent respectively.

Overall Performance in 2013

For the whole of 2013, the Singapore economy expanded by 4.1 per cent, higher than the 1.9 per cent growth in 2012. Growth in the manufacturing sector improved from 0.3 per cent in 2012 to 1.7 per cent in 2013, on the back of strong growth in the transport engineering cluster and the electronics cluster. By contrast, growth in the construction sector moderated to 5.9 per cent from 8.6 per cent in 2012, due to a slowdown in both public and private construction activities.

The services producing industries grew by 5.3 per cent in 2013, an improvement from the 2.0 per cent growth in 2012. Growth was supported mainly by the finance & insurance and wholesale & retail trade sectors, which recorded robust growth of 10.6 per cent and 5.0 per cent respectively. By contrast, growth in the transportation & storage, information & communications and business services sectors moderated to 3.0 per cent, 5.5 per cent and 5.1 per cent respectively.

Economic Outlook for 2014

The global economic outlook is expected to improve modestly in 2014, supported by a sustained but slow recovery in the US and Eurozone economies. In Asia, China’s growth is expected to moderate slightly as the government continues with reforms to rebalance the economy towards consumption-driven growth. Key ASEAN economies are expected to remain resilient despite recent pressures on their financial markets and currencies, as concrete steps have been taken to strengthen their fiscal positions while improvements in the advanced economies should help to support their exports.

Nonetheless, uncertainties in the global macroeconomic environment remain. In the US, uncertainties regarding the pace of QE tapering could weigh on the financial markets and business sentiments in the short term. In China, there are risks of a sharper-than-expected slowdown given on-going policy adjustments to restructure the economy.

Against this backdrop, the Singapore economy is expected to post modest growth in 2014. Externally-oriented sectors such as manufacturing and wholesale trade are likely to continue to recover and provide support to growth, in tandem with the recovery in global demand. However, tightness in labour conditions could weigh on growth in some labour-intensive domestically-oriented sectors. Overall, the 2014 growth forecast for the Singapore economy is maintained at **2.0 to 4.0 per cent**.

MINISTRY OF TRADE AND INDUSTRY
20 February 2014

SECTORAL GROWTH RATES

	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
	Year-on-Year % Change						
Total	2.2	1.9	0.6	4.2	5.8	5.5	4.1
Goods Producing Industries	0.8	1.4	-4.5	1.6	5.4	6.6	2.2
Manufacturing	-0.2	0.3	-6.3	0.8	5.3	7.0	1.7
Construction	6.7	8.6	5.6	6.6	6.6	4.8	5.9
Services Producing Industries	2.5	2.0	3.2	5.7	6.3	5.9	5.3
Wholesale & Retail Trade	-2.1	-1.4	-0.1	6.1	6.3	7.3	5.0
Transportation & Storage	3.9	3.4	-1.0	2.6	5.8	4.8	3.0
Accommodation & Food Services	1.7	2.3	2.5	3.7	3.6	2.2	3.0
Information & Communications	5.2	6.2	5.1	5.7	6.0	5.0	5.5
Finance & Insurance	3.6	1.3	12.5	10.3	10.0	9.7	10.6
Business Services	6.6	5.9	4.4	6.0	5.2	4.6	5.1
Other Services Industries	2.0	1.3	-1.3	2.0	4.5	2.4	1.9
	Annualised Quarter-on-Quarter Growth % (SA)						
Total	7.6	1.9	1.5	14.9	0.3	6.1	4.1
Goods Producing Industries	4.7	1.4	1.4	15.9	1.0	8.9	2.2
Manufacturing	4.5	0.3	1.0	17.6	0.0	10.4	1.7
Construction	7.2	8.6	3.9	9.7	5.2	1.4	5.9
Services Producing Industries	7.8	2.0	2.3	15.7	0.2	6.1	5.3
Wholesale & Retail Trade	3.0	-1.4	-5.8	29.1	1.9	6.3	5.0
Transportation & Storage	3.4	3.4	-4.0	12.9	10.5	1.1	3.0
Accommodation & Food Services	4.2	2.3	5.2	4.8	0.5	-1.5	3.0
Information & Communications	5.0	6.2	7.8	7.2	3.7	2.7	5.5
Finance & Insurance	20.4	1.3	21.5	18.1	-15.2	19.0	10.6
Business Services	6.7	5.9	-0.2	11.8	3.1	4.2	5.1
Other Services Industries	8.1	1.3	-0.9	4.9	6.3	-0.5	1.9

OTHER ECONOMIC INDICATORS

	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Retail Sales Index* (y-o-y %)	-2.1	1.3	-4.8	-0.6	-5.6	-6.2	-4.3
Labour Productivity (y-o-y %)	-1.7	-2.0	-3.3	0.1	1.6	1.4	0.0
Unemployment Rate, SA (%)	1.8	2.0	1.9	2.1	1.8	1.8	1.9
Changes in Employment ('000)	44.0	129.1	28.9	33.7	33.1	39.2	134.9
Overall Unit Labour Cost (y-o-y %)	5.7	5.3	7.0	3.2	0.9	1.2	3.1
Unit Business Cost of Manufacturing (y-o-y %)	2.4	3.5	4.5	1.3	-0.2	0.1	1.5
Consumer Price Index (y-o-y %)	4.0	4.6	4.0	1.6	1.8	2.0	2.4
Fixed Asset Investments (\$ bil)	1.4	16.0	4.1	2.3	2.4	3.4	12.1
Total Trade (y-o-y %)	-2.9	1.1	-9.0	-2.0	5.8	3.8	-0.5
Exports	-5.1	-0.9	-8.7	-0.2	5.8	6.0	0.6
Domestic Exports	-2.5	1.3	-10.7	-7.3	4.1	-0.6	-3.8
Oil	0.2	2.8	-7.7	-10.7	17.9	1.8	-0.3
Non-Oil	-4.2	0.5	-12.5	-5.2	-3.6	-2.1	-6.0
Re-exports	-8.1	-3.5	-6.1	9.1	7.9	14.2	6.2
Imports	-0.4	3.2	-9.3	-4.0	5.9	1.4	-1.6

* At constant prices.