

CHAPTER 6

SECTORAL PERFORMANCE







OVERALL ECONOMY



STRUCTURE OF ECONOMY	Nominal Value Added Share (%)	Real Growth (%)
TOTAL	100.0	0.7
Goods Producing Industries	25.8	-0.8
Manufacturing	20.9	-1.4
Construction	3.7	2.8
Utilities	1.2	0.6
Other Goods Industries	0.0	5.1
Services Producing Industries	70.3	1.1
Wholesale & Retail Trade	17.3	-2.9
Transportation & Storage	6.7	0.8
Accommodation & Food Services	2.1	1.9
Information & Communications	4.3	4.3
Finance & Insurance	13.9	4.1
Business Services	14.8	1.4
Other Services Industries	11.3	2.6
Ownership of Dwellings	3.8	4.3

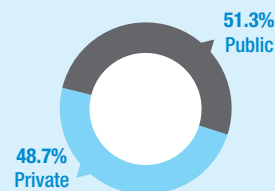
MANUFACTURING

CLUSTERS IN THE MANUFACTURING SECTOR

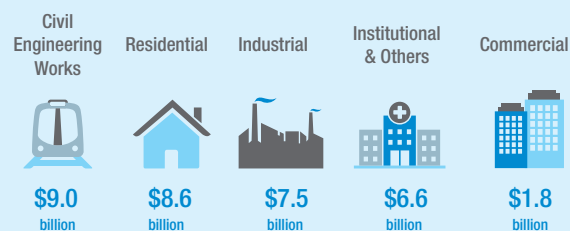
	Nominal VA Share (%)	Real Growth (%)
 Electronics	39.3	-7.4
 Chemicals	10.8	-2.0
 Biomedical Manufacturing	20.1	10.7
 Precision Engineering	12.4	-2.5
 Transport Engineering	9.2	-1.8
 General Manufacturing Industries	8.2	1.5

CONSTRUCTION

CERTIFIED PAYMENTS IN 2019





CONTRACTS AWARDED IN 2019





WHOLESALE & RETAIL TRADE




WHOLESALE TRADE

Nominal VA Share (%)	Real Growth (%)
90.8	-2.9
Foreign Wholesale Trade Index growth	Domestic Wholesale Trade Index growth
	
-2.7%	-6.2%

RETAIL TRADE

Nominal VA Share (%)	Real Growth (%)
9.2	-2.8
Retail Sales Index growth (Non-motor Vehicles)	Retail Sales Index growth (Motor Vehicles)
	
-1.6%	-11.1%




INFORMATION & COMMUNICATIONS

	Nominal VA Share (%)	Real Growth (%)
 Telecommunications	25.8	2.6
 IT & Information Services	59.5	6.9
 Others	14.7	-2.2

TRANSPORTATION & STORAGE

TRANSPORTATION & STORAGE	Nominal Value Added Share (%)	Real Growth (%)
Land Transport*	18.9	0.1
Water Transport*	38.8	0.8
Air Transport*	23.4	3.7
Storage & Other Support Services	15.8	-2.5
Postal & Courier	3.1	4.2

*Including supporting services

	4.2%	Air passengers handled growth
	-0.6%	Total sea cargo handled growth
	1.7%	Motor-vehicle population growth

FINANCE & INSURANCE

FINANCE & INSURANCE	Nominal Value Added Share (%)	Real Growth (%)
Banking	44.9	2.5
Activities Auxiliary To Financial Services	18.4	12.6
Fund Management	10.1	0.4
Insurance	17.2	2.6
Others	9.4	2.7

GROWTH OF BANK LOANS & ADVANCES TO NON-BANK CUSTOMERS IN 2019

Total Loans	Loans to Businesses	Consumer Loans
		
3.1%	5.9%	-1.3%

BUSINESS SERVICES

BUSINESS SERVICES	Nominal Value Added Share (%)	Real Growth (%)
Real Estate	22.6	0.3
Rental & Leasing	23.7	-1.7
Legal	3.4	0.7
Accounting	2.5	1.2
Head Offices & Business Representative Offices	12.7	5.6
Business & Management Consultancy	3.9	0.7
Architectural & Engineering	10.2	4.7
Other Professional, Scientific & Technical Services	7.0	1.5
Other Administrative & Support Services	13.9	3.4

ACCOMMODATION & FOOD SERVICES

ACCOMMODATION

Nominal VA Share (%)	Real Growth (%)
43.1	3.1





PERFORMANCE OF HOTELS

Gross lettings growth	 3.9%
Room revenue growth	 2.7%

FOOD SERVICES

Nominal VA Share (%)	Real Growth (%)
56.9	1.0

PERFORMANCE OF F&B (SALES GROWTH)

Fast Food	 6.2%	Restaurants	 1.5%
Others	 1.4%	Food Caterers	 -3.2%

OTHER SERVICES INDUSTRIES

OTHER SERVICES INDUSTRIES	Nominal Value Added Share (%)	Real Growth (%)
Public Administration & Defence	23.9	0.6
Education, Health & Social Work	52.3	3.2
Arts, Entertainment & Recreation	11.5	4.2
Others	12.2	2.1



6.1 MANUFACTURING

OVERVIEW

The manufacturing sector contracted by 2.3 per cent year-on-year in the fourth quarter of 2019, extending the 0.7 per cent contraction in the preceding quarter. The sector's performance was dragged down mainly by a decline in the output of the electronics cluster.

For the whole of 2019, the manufacturing sector shrank by 1.4 per cent, a reversal from the 7.0 per cent expansion in the previous year. The sector contracted on the back of output declines in the electronics, precision engineering, transport engineering and chemicals clusters.

OVERALL MANUFACTURING PERFORMANCE

In the fourth quarter, manufacturing output fell by 2.3 per cent, due to output contractions in the electronics, transport engineering, chemicals and general manufacturing clusters. On the other hand, output in the biomedical manufacturing and precision engineering clusters increased during the quarter [Exhibit 6.1].

For the whole of 2019, the manufacturing sector contracted by 1.4 per cent, a sharp reversal from the 7.0 per cent growth achieved in 2018. The contraction in the sector was due to output declines in the electronics, precision engineering, transport engineering and chemicals clusters [Exhibit 6.2].

Exhibit 6.1: Manufacturing Growth Rates

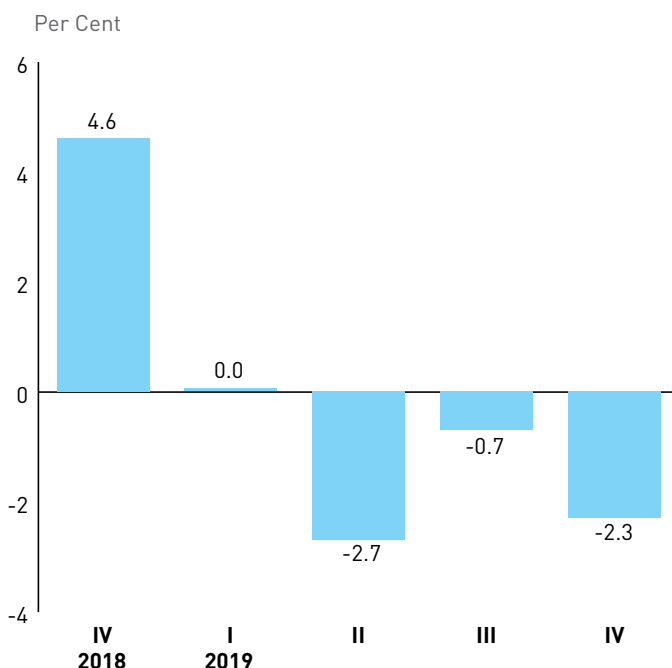
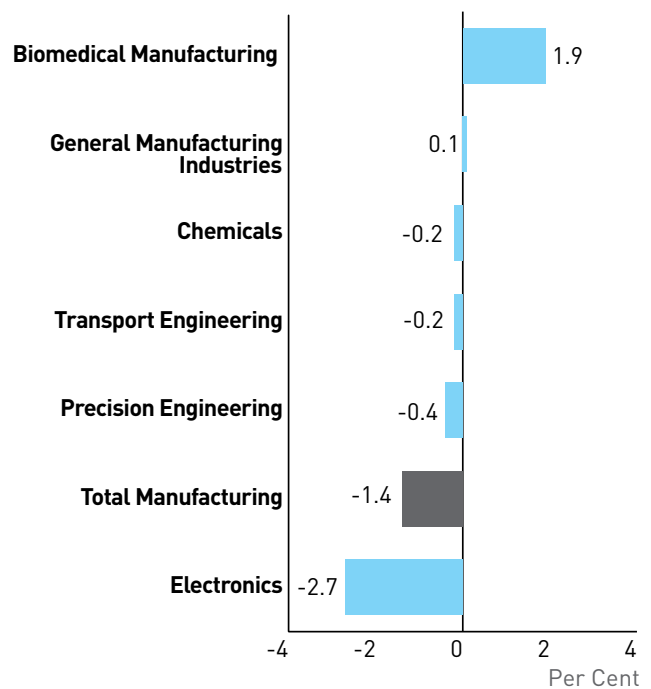


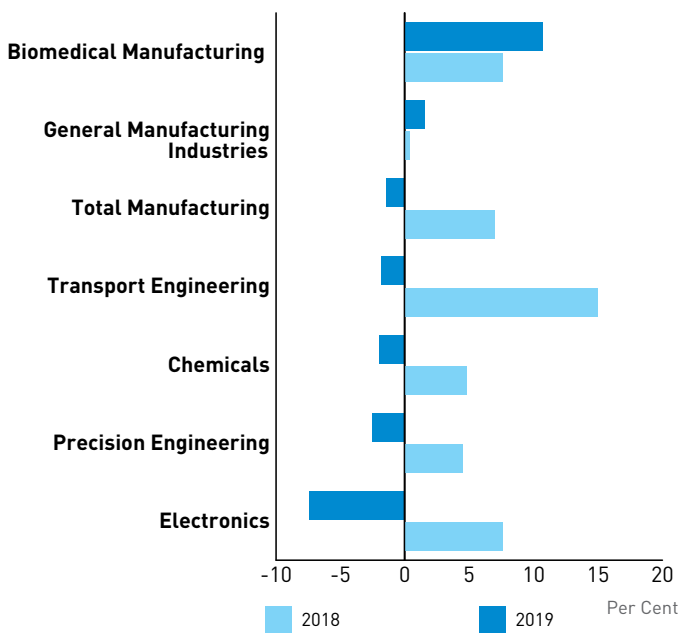
Exhibit 6.2: Percentage-Point Contribution to Manufacturing Sector's Growth in 2019



PERFORMANCE OF CLUSTERS

Output of the biomedical manufacturing cluster increased by 8.1 per cent in the fourth quarter, supported by growth in both the pharmaceuticals and medical technology segments. The pharmaceuticals segment expanded by 7.1 per cent because of a higher level of production of active pharmaceutical ingredients (APIs) and biological products. The medical technology segment grew by 10 per cent on the back of higher export demand for medical devices. For the full year, output of the biomedical manufacturing cluster rose by 11 per cent, supported by strong output expansions in both segments.

Exhibit 6.3: Manufacturing Clusters' Growth



Output of the general manufacturing cluster fell by 2.0 per cent in the fourth quarter. The performance of the cluster was weighed down by the food, beverages & tobacco and printing segments, which contracted by 5.2 per cent and 9.3 per cent respectively. The former was due to a fall in the production of milk powder products. By contrast, the miscellaneous industries segment expanded by 4.2 per cent on account of an increase in the production of wearing apparel and construction-related products. For the whole of 2019, the general manufacturing cluster grew by 1.5 per cent.

The electronics cluster contracted by 7.8 per cent in the fourth quarter, on the back of output declines in the semiconductors (-8.8 per cent), computer peripherals (-20 per cent) and infocomms & consumer electronics (-6.2 per cent) segments. By contrast, output in the data storage and other electronics modules & components segments rose by 23 per cent and 0.6 per cent respectively. For 2019 as a whole, the electronics cluster shrank by 7.4 per cent on account of weak global semiconductor demand and uncertainties related to the US-China trade conflict throughout the year.

The precision engineering cluster expanded by 6.3 per cent in the fourth quarter, supported by output expansions in both the precision modules & components (PMC) and machinery & systems (M&S) segments. In particular, the PMC segment expanded by 12 per cent on the back of robust growth in the output of optical instruments and metal precision components. Similarly, the M&S segment grew by 2.4 per cent due to an increase in the production of semiconductor equipment. For the whole of 2019, the precision engineering cluster shrank by 2.5 per cent.

The transport engineering cluster contracted by 6.3 per cent in the fourth quarter, dragged down by a 25 per cent decline in the output of the marine & offshore engineering (M&OE) segment. The latter was due to a step-down in the level of offshore and shipbuilding activities. On the other hand, the aerospace and land transport segments expanded by 12 per cent and 7.2 per cent respectively. In particular, the aerospace segment was supported by an increase in the volume of repair and maintenance jobs from commercial airlines. For the whole of 2019, the transport engineering cluster contracted by 1.8 per cent, as output declines in the M&OE segment outweighed output expansions in the aerospace and land transport segments.

The chemicals cluster shrank by 8.2 per cent in the fourth quarter, with all segments recording lower levels of output. The poor performance of the cluster was primarily driven by the petrochemicals and specialty chemicals segments, which contracted by 13 per cent and 7.0 per cent respectively due to scheduled plant maintenance shutdowns. For 2019 as a whole, the output of the chemicals cluster fell by 2.0 per cent, with declines in all segments, except for the other chemicals segment.

6.2 CONSTRUCTION

OVERVIEW

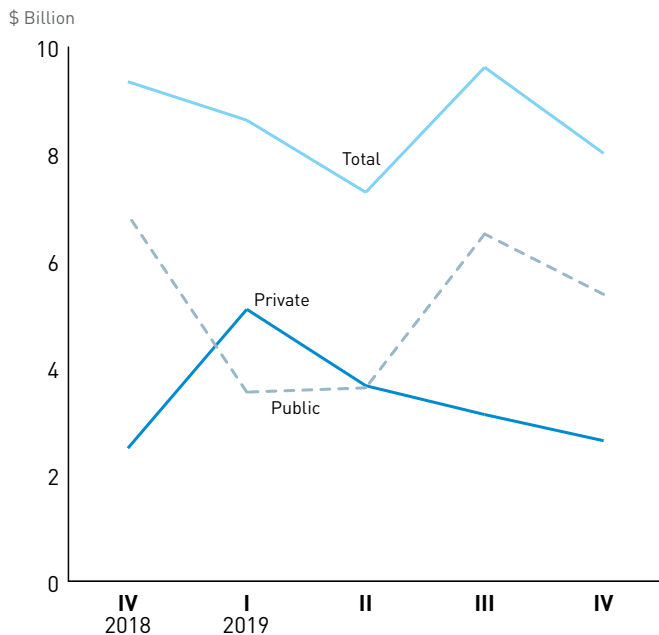
The construction sector expanded by 4.3 per cent year-on-year in the fourth quarter of 2019, extending the 3.1 per cent growth recorded in the previous quarter.

For the whole of 2019, the sector grew by 2.8 per cent, rebounding from the 3.5 per cent contraction in the preceding year.

CONSTRUCTION DEMAND

Construction demand (or contracts awarded) decreased by 14 per cent year-on-year to \$8.0 billion in the fourth quarter. This was due to lower public sector construction demand given the high base in the same quarter in 2018 (Exhibit 6.4).

Exhibit 6.4: Contracts Awarded



For the full year, total construction demand increased by 9.8 per cent to \$33.5 billion (Exhibit 6.5) on the back of expansions in both public and private sector construction demand.

Exhibit 6.5: Contracts Awarded, 2019 (\$ Billion)

	Total	Public	Private
Total	33.5	19.0	14.5
Residential	8.6	3.6	5.0
Commercial	1.8	0.1	1.8
Industrial	7.5	2.7	4.8
Institutional & Others	6.6	5.0	1.6
Civil Engineering Works	9.0	7.7	1.3

Public Sector

In the fourth quarter, public sector construction demand declined by 22 per cent to \$5.4 billion. This was primarily due to weaker demand for public industrial building works and public civil engineering works.

For the full year, public sector construction demand increased by 4.0 per cent to \$19 billion. The increase was mainly due to a rise in the demand for industrial building works (242 per cent) and institutional & others building works (14 per cent). Some of the major projects awarded include JTC's business park development and SIT's campus construction at the Punggol Digital District.

Private Sector

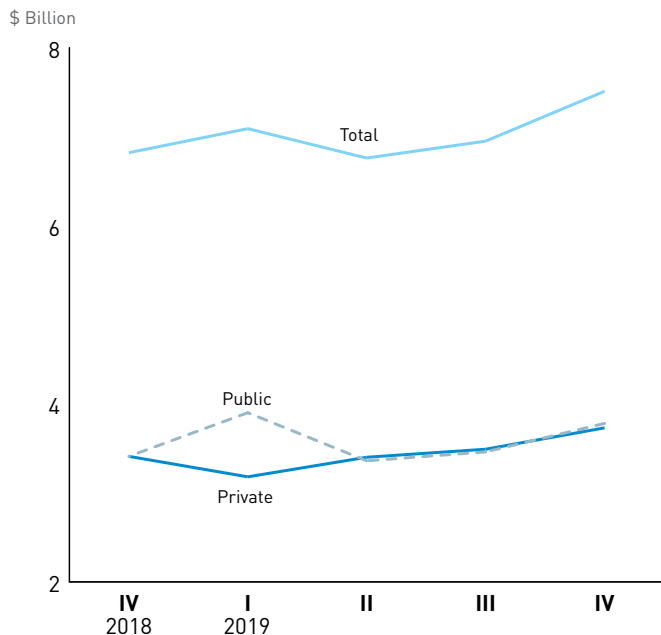
Private sector construction demand rose in the fourth quarter (5.9 per cent) to \$2.6 billion, supported by higher demand for institutional and other building works (183 per cent) and civil engineering works (83 per cent).

For the full year, private sector construction demand expanded by 18 per cent to \$14.5 billion. This was driven by an expansion in construction demand for all development types, except for residential buildings. Specifically, robust demand growth was seen for private civil engineering works (425 per cent), private industrial building works (20 per cent), private commercial building works (31 per cent), and private institutional & others building works (14 per cent). Major projects awarded include commercial developments at Central Boulevard and Beach Road, Changi Airport Terminal 2 upgrading works, and major investments in petrochemical facilities.

CONSTRUCTION ACTIVITIES

Construction output (or certified payments) increased by 10 per cent year-on-year to \$7.5 billion in the fourth quarter, supported by both public and private sector construction activities (Exhibit 6.6).

Exhibit 6.6: Certified Payments



For the full year, construction output expanded by 6.4 per cent to \$28 billion, reversing the 4.7 per cent decline in 2018. Output was boosted by a pickup in both public and private sector construction activities.

1 Rebar consumption is estimated from net imports plus local production (without factoring in stock levels).

2 The market prices are based on contracts with non-fixed price, fixed price and market retail price.

3 The market prices refer to 16mm to 32mm High Tensile rebar and are based on fixed price supply contracts with a contract period of 12 months or below.

Public Sector

Public sector construction output increased by 11 per cent to \$3.8 billion in the fourth quarter. This was attributable to an expansion in on-site construction activities for all development types, except for residential building works, which saw a 10 per cent decline in output.

For the full year, public sector construction output rose by 6.3 per cent to \$15 billion, boosted by a step-up in construction activities for industrial building (37 per cent), institutional & others building (5.5 per cent) and civil engineering (8.7 per cent) projects. Major projects supporting the growth in public sector construction activities include JTC's business park development at the Punggol Digital District, PUB's Tuas Water Reclamation Plant, MOH's various healthcare facilities, and LTA's Thomson-East Coast MRT Line.

Private Sector

In the fourth quarter, private sector construction output rose by 9.3 per cent, underpinned by an expansion in residential (12 per cent), industrial (34 per cent) and institutional & others (16 per cent) building works.

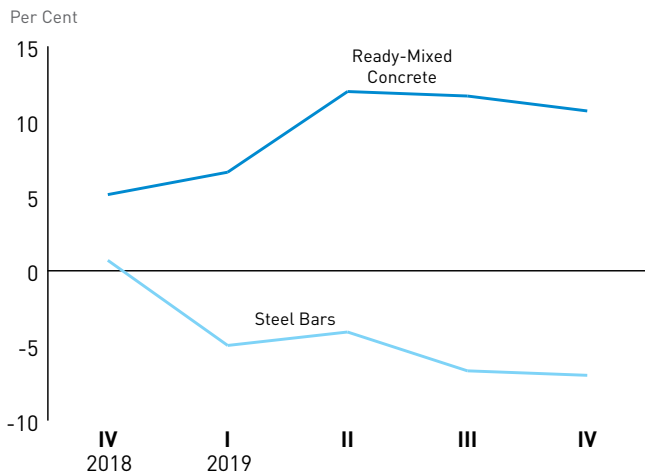
For the whole of 2019, private sector construction output grew by 6.5 per cent to reach \$14 billion. Growth was supported by an increase in residential (6.0 per cent), industrial (30 per cent) and institutional & others (20 per cent) building works. Some of the major on-going projects include a semiconductor fabrication plant, petrochemical facilities, data centres, international schools and religious facilities.

CONSTRUCTION MATERIALS

In line with the pickup in construction activities, total consumption of ready-mixed concrete increased by 8.4 per cent to 13 million m³ in 2019. However, the total consumption of steel rebars¹ eased from 1.43 million tonnes in 2018 to 1.37 million tonnes in 2019.

Due to higher raw material prices, the average market price of Grade 40 pump ready-mixed concrete² rose by 11 per cent year-on-year to about \$96 per m³ in the fourth quarter (Exhibit 6.7). The average market price of steel rebar³ hovered at around \$749 per tonne in the first quarter of 2019 before softening to \$720 in the fourth quarter, due to sluggish global demand amidst the protracted US-China trade conflict.

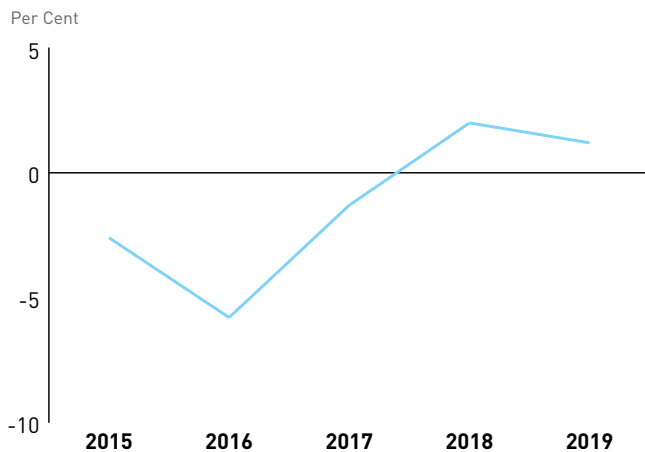
Exhibit 6.7: Changes in Market Prices of Construction Materials



CONSTRUCTION COSTS

Based on BCA's Building Works Tender Price Index (TPI), tender prices in the construction sector rose by 1.2 per cent in 2019, mainly due to upticks in price inflation for construction resources, particularly ready-mixed concrete and construction plant and equipment (Exhibit 6.8). While construction demand improved further in 2019, contractors continued to submit competitive prices to replenish their order books amidst cautious market sentiments arising from heightened global economic uncertainties.

Exhibit 6.8: Changes in Tender Price Index



CONSTRUCTION OUTLOOK IN 2020

According to BCA, total construction demand is projected to come in between \$28 billion and \$33 billion in 2020⁴ (Exhibit 6.9). Demand from the public sector is expected to continue to stay firm, at between \$17.5 billion and \$20.5 billion, accounting for around 62 per cent of total construction demand. The support for public sector construction demand comes from an anticipated increase in the demand for major infrastructure works which are larger and more complex in scale. Private sector construction demand is projected to moderate to between \$10.5 billion and \$12.5 billion⁵ in 2020. Demand is expected to be supported by the redevelopment of the remaining en-bloc sales sites transacted before July 2018, recreational developments at Mandai Park, and the construction of berth facilities at Jurong Port and Tanjong Pagar Terminal.

Exhibit 6.9: Projected Construction Demand in 2020

	\$ Billion
Public Sector	17.5 – 20.5
Building Construction Sub-total	7.5 – 9.3
Residential	2.8 – 3.2
Commercial	0.3 – 0.4
Industrial	1.7 – 2.1
Institutional & Others	2.8 – 3.6
Civil Engineering Works Sub-total	10.0 – 11.2
Private Sector	10.5 – 12.5
Building Construction Sub-total	9.5 – 11.3
Residential	3.6 – 4.0
Commercial	1.1 – 1.7
Industrial	3.3 – 3.8
Institutional & Others	1.5 – 1.8
Civil Engineering Works Sub-total	1.0 – 1.2
TOTAL CONSTRUCTION DEMAND	28.0 – 33.0

⁴ BCA's construction demand outlook in 2020 has not taken into consideration the impact of the 2019 Coronavirus Disease (COVID-19).

⁵ The private sector construction demand projection in 2020 has not factored in any potential award of the expansion of the two Integrated Resorts by Marina Bay Sands and Resorts World Sentosa.

Total construction output in 2020 is projected to increase further to between \$30 billion and \$32 billion, on the back of the rebound in construction demand since 2018 following the slowdown from 2015 to 2017.

6.3 WHOLESALE & RETAIL TRADE

OVERVIEW

The wholesale & retail trade sector contracted by 1.9 per cent year-on-year in the fourth quarter of 2019, moderating from the 3.5 per cent contraction in the previous quarter.

For the whole of 2019, the sector shrank by 2.9 per cent, a reversal from the 2.8 per cent growth in 2018, with both the wholesale trade and retail trade segments registering contractions.

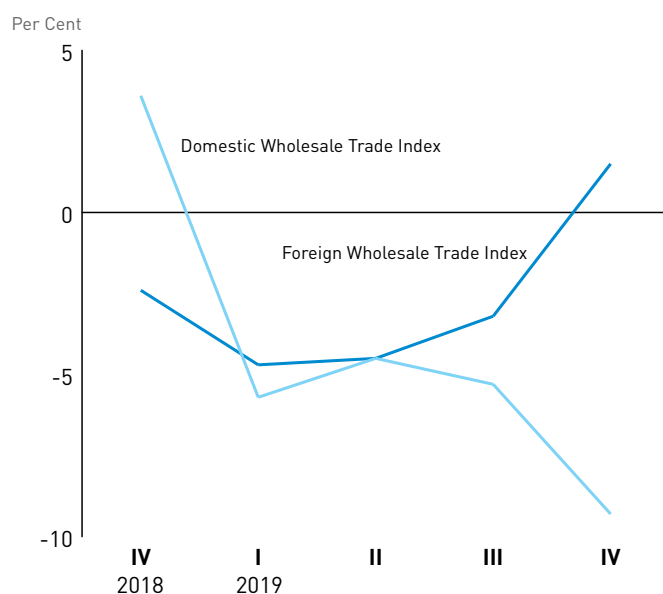
WHOLESALE TRADE

In the fourth quarter, the wholesale trade segment was weighed down by a decline in domestic wholesale sales volume, which was partially offset by an increase in foreign wholesale sales volume.

The domestic wholesale sales volume declined by 9.3 per cent year-on-year in the fourth quarter, worsening from the 5.3 per cent contraction in the preceding quarter (Exhibit 6.10). The decline was led by weaker sales volumes of petroleum & petroleum-related products (-13 per cent), electronic components (-24 per cent) and chemicals & chemical-related products (-26 per cent), which outweighed an increase in the sales volume of telecommunications & computers (9.9 per cent). For the whole of 2019, the domestic wholesale trade index declined by 6.2 per cent, a reversal from the 0.8 per cent increase in 2018.

On the other hand, foreign wholesale sales volume grew by 1.5 per cent year-on-year in the fourth quarter, an improvement from the 3.2 per cent decline in the preceding quarter. The expansion was largely due to a pickup in the sales volumes of metals, timber & construction materials (13 per cent) and petroleum & petroleum-related products (1.3 per cent). Nevertheless, these increases were partly offset by a 3.9 per cent decline in the sales volume of other wholesale trade.⁶ For the full year, the foreign wholesale trade index fell by 2.7 per cent, reversing from the increase of 0.9 per cent in 2018.

Exhibit 6.10: Changes in Wholesale Trade Index at Constant Prices

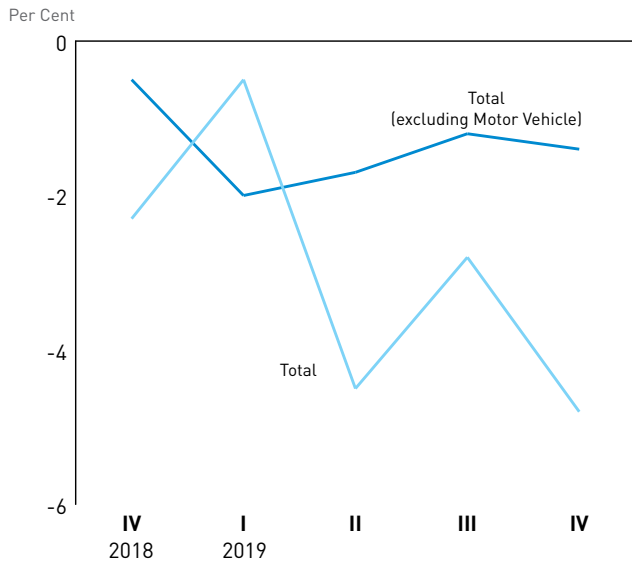


⁶ The "other wholesale trade" segment consists of a diverse range of products that includes agricultural raw materials and live animals, tropical produce, personal effects and medicinal and pharmaceutical products, among others.

RETAIL SALES

Retail sales volume shrank by 4.8 per cent year-on-year in the fourth quarter, worse than the 2.8 per cent decline recorded in the third quarter (Exhibit 6.11). Retail sales were weighed down by both motor vehicle and non-motor vehicle sales. Motor vehicle sales volume fell by 23 per cent on the back of an on-year decline in COE supply, while non-motor vehicle sales volume contracted by 1.4 per cent, led by a fall in the sales volume of discretionary goods. Specifically, the sales volumes of discretionary goods such as furniture & household equipment (-7.3 per cent), watches & jewellery (-3.9 per cent) and department stores (-4.9 per cent) declined. By contrast, the sales volumes of non-discretionary goods such as medical goods & toiletries (1.8 per cent) and mini-marts & convenience stores (2.1 per cent) rose.

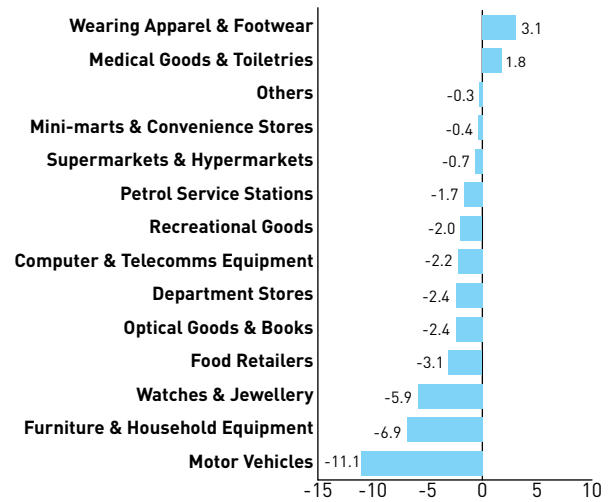
Exhibit 6.11: Changes in Retail Sales Index at Constant Prices



For the full year, retail sales volume fell by 3.2 per cent, a larger drop compared to the 1.2 per cent decline registered in 2018. Retail sales volume was weighed down by both motor vehicle sales (-11 per cent) and non-motor vehicle sales (-1.6 per cent).

The decline in motor vehicle sales in 2019 was in line with a fall in COE supply. Meanwhile, the drop in non-motor vehicle sales was underpinned by a contraction in the sales volumes of both discretionary and non-discretionary goods. For discretionary goods, the decline was driven by lower sales volumes of furniture & household equipment (-6.9 per cent) and watches & jewellery (-5.9 per cent). Meanwhile, the retail sales volumes of supermarkets & hypermarkets (-0.7 per cent), petrol service stations (-1.7 per cent) and food retailers (-3.1 per cent) fell, thereby contributing to the decline in the overall sales volume of non-discretionary goods (Exhibit 6.12).

Exhibit 6.12: Changes in Retail Sales Index at Constant Prices for Major Segments in 2019



6.4

ACCOMMODATION & FOOD SERVICES

OVERVIEW

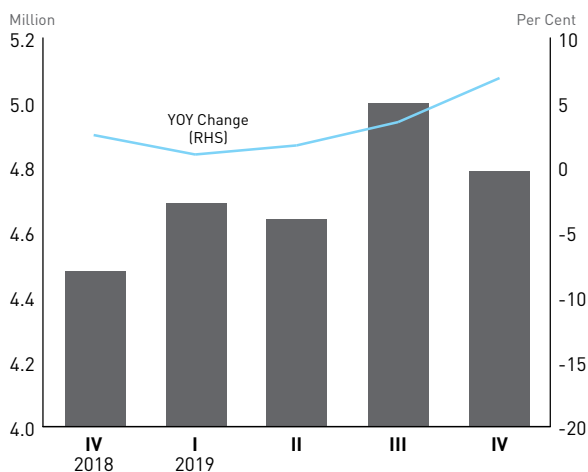
The accommodation & food services sector expanded by 2.5 per cent year-on-year in the fourth quarter of 2019, faster than the 1.9 per cent growth in the previous quarter.

For the whole of 2019, the sector grew by 1.9 per cent, easing from the 3.1 per cent growth in 2018. Growth was supported by both the accommodation and food services segments.

VISITOR ARRIVALS

Singapore received a total of 4.8 million visitors in the fourth quarter, 6.9 per cent higher compared to the same period a year ago (Exhibit 6.13). The increase came on the back of a rise in visitor arrivals from key markets such as Indonesia (11 per cent), China (10 per cent) and Australia (11 per cent).

Exhibit 6.13: Visitor Arrivals

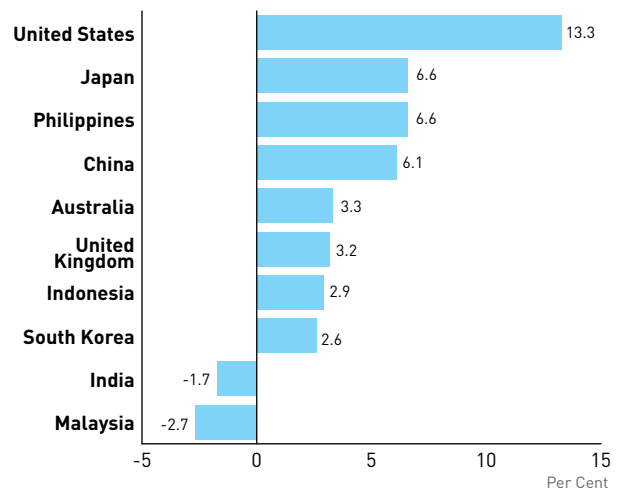


For the full year, visitor arrivals rose by 3.3 per cent, slower than the 6.2 per cent growth in 2018. In total, visitor arrivals reached 19.1 million in 2019.

In terms of source markets, Singapore's top five visitor-generating markets in 2019 were China (3.6 million visitors), Indonesia (3.1 million), India (1.4 million), Malaysia (1.2 million) and Australia (1.1 million). Together, they accounted for 55 per cent of total visitor arrivals in 2019.

Among the top 10 visitor-generating markets, the United States (13 per cent), Japan (6.6 per cent) and the Philippines (6.6 per cent) posted the highest growth rates in visitor arrivals in 2019 (Exhibit 6.14).

Exhibit 6.14: Growth Rates of Top Ten Visitor Generating Markets in 2019

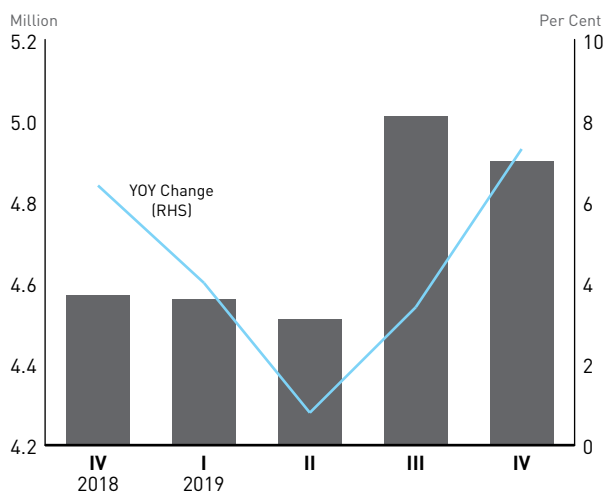


ACCOMMODATION

In line with the increase in visitor arrivals, the gross lettings of gazetted hotels rose by 7.3 per cent year-on-year in the fourth quarter, picking up from the 3.4 per cent growth seen in the preceding quarter (Exhibit 6.15). Similarly, room revenue grew by 12 per cent, accelerating from the 6.4 per cent increase in the third quarter. The increase in room revenue was due to an improvement in the average occupancy rate of gazetted hotels, as well as higher average daily room rate. Specifically, the average occupancy rate rose by 2.7 percentage-points on-year to reach 87 per cent in the fourth quarter, while the average daily room rate increased by 4.0 per cent on-year to \$229.

For the full year, the performance of the accommodation segment was robust. The overall room revenue of gazetted hotels rose by 5.5 per cent to reach \$4.2 billion in 2019 on the back of a 3.9 per cent increase in gross lettings.

Exhibit 6.15: Gross Lettings

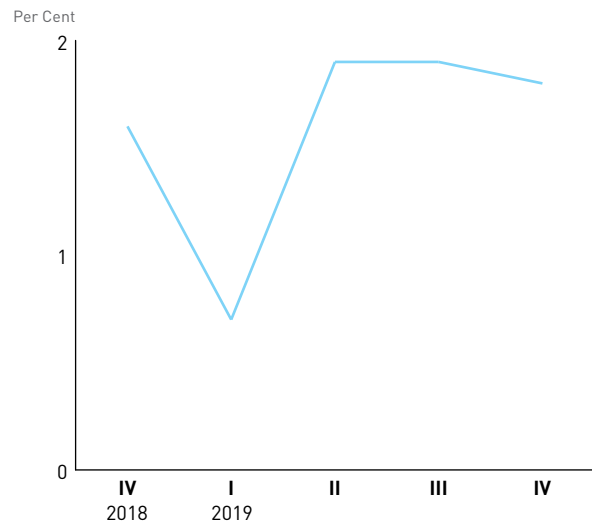


FOOD SERVICES

Overall food & beverage sales volume expanded by 1.8 per cent year-on-year in the fourth quarter, extending the 1.9 per cent increase in the preceding quarter (Exhibit 6.16). Growth came on the back of a pickup in sales volumes at restaurants (2.7 per cent), fast food outlets (7.1 per cent) and other eating places⁷ (1.4 per cent). By contrast, sales volume at food caterers fell by 7.0 per cent.

For the whole of 2019, the food & beverage services index rose by 1.6 per cent. This marked a turnaround from the 0.2 per cent decline recorded in 2018. The increase in the index in 2019 was due to higher sales volumes at fast food outlets (6.2 per cent), restaurants (1.5 per cent) and other eating places (1.4 per cent). These increases were partially offset by a 3.2 per cent contraction in the sales volume of food caterers.

Exhibit 6.16: Changes in Food and Beverage Services Index at Constant Prices



⁷ Other eating places include cafes, coffee houses, food courts, food kiosks, pubs and canteens. Other eating places include cafes, coffee houses, food courts, food kiosks, pubs and canteens.

6.5 TRANSPORTATION & STORAGE

OVERVIEW

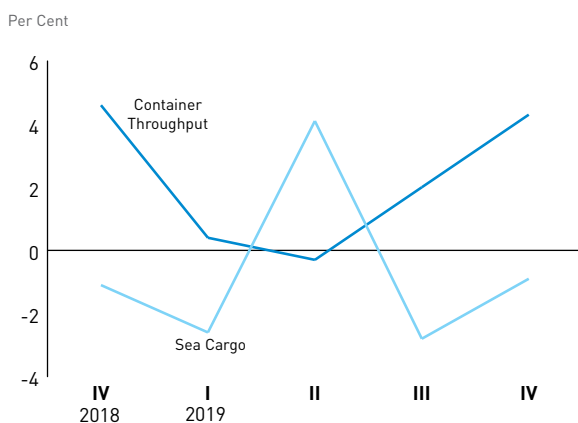
The transportation & storage sector grew by 0.8 per cent year-on-year in the fourth quarter of 2019, improving from the flat growth in the previous quarter.

For the whole of 2019, the sector expanded at a faster pace of 0.8 per cent compared to the flat growth in 2018. Growth was primarily supported by the water transport and air transport segments.

WATER TRANSPORT

Container throughput rose by 4.3 per cent year-on-year in the fourth quarter, faster than the 2.0 per cent expansion in the previous quarter (Exhibit 6.17). For the full year, the number of TEUs (Twenty-Foot Equivalent Units) handled by Singapore's ports came in at 37 million, 1.6 per cent higher compared to 2018. However, this was a moderation from the 8.7 per cent growth recorded in 2018.

Exhibit 6.17: Changes in Container Throughput and Sea Cargo Handled



Overall sea cargo volumes declined by 0.9 per cent in the fourth quarter, extending the 2.8 per cent fall in the preceding quarter. The drop in sea cargo volumes was largely due to oil-in-bulk cargo shipments, which contracted by 8.3 per cent in the fourth quarter, following the 7.8 per cent decline in the third quarter.

For the whole of 2019, total sea cargo volumes dipped by 0.6 per cent, a reversal from the 0.4 per cent growth in the previous year.

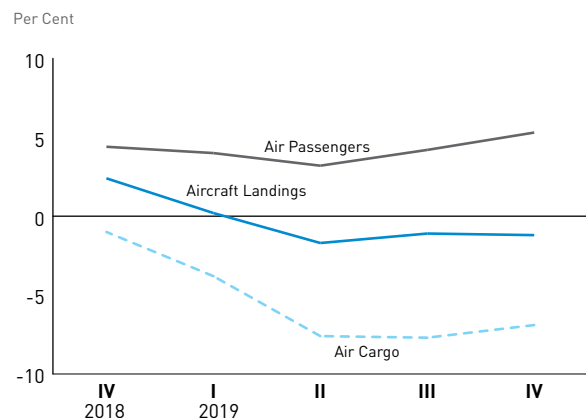
AIR TRANSPORT

Air passenger traffic handled by Changi Airport rose by 5.3 per cent year-on-year in the fourth quarter, better than the 4.2 per cent increase in the previous quarter (Exhibit 6.18).

For the full year, total air passenger traffic passing through Changi Airport increased by 4.2 per cent to reach 68 million, although this was slower than the 5.4 per cent growth recorded in 2018. Growth during the year was supported by higher air passenger traffic to and from Changi Airport's key markets, including China, South East Asia and Oceania.

On the other hand, air cargo volumes contracted by 6.9 per cent year-on-year in the fourth quarter, extending the 7.7 per cent fall in the previous quarter. This came on the back of a decline in our non-oil domestic exports, particularly electronics exports. For 2019 as a whole, air cargo shipments fell by 6.5 per cent, a reversal from the 1.4 per cent increase in 2018.

Exhibit 6.18: Changes in Air Transport



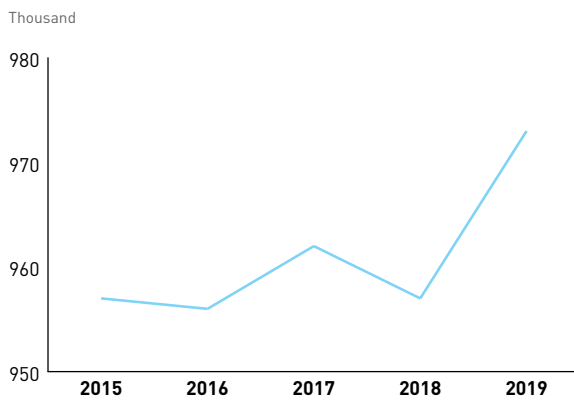
Meanwhile, after declining by 1.1 per cent in the third quarter, aircraft landings contracted by 1.2 per cent year-on-year to reach 48,449 in the fourth quarter. This brought the total number of aircraft landings for the full year to 191,164, which was 1.0 per cent lower as compared to 2018.

LAND TRANSPORT

As of December 2019, the total number of vehicles registered with the Land Transport Authority (LTA) was 973,101, 1.7 per cent higher than that in December 2018 (Exhibit 6.19).

The vehicles registered as at December 2019 comprised 555,540 private and company cars, 77,141 rental cars, 18,542 taxis, 19,661 buses, 140,891 motorcycles and scooters, and 161,326 goods vehicles and other vehicle types.

Exhibit 6.19: Motor Vehicles Registered



6.6

INFORMATION & COMMUNICATIONS

OVERVIEW

The information & communications sector expanded by 4.5 per cent year-on-year in the fourth quarter of 2019, extending the 4.4 per cent growth in the previous quarter. Growth was supported by the IT & information services and telecommunications segments.

For the whole of 2019, the sector posted growth of 4.3 per cent, slowing from the 6.5 per cent increase registered in 2018.

IT & INFORMATION SERVICES

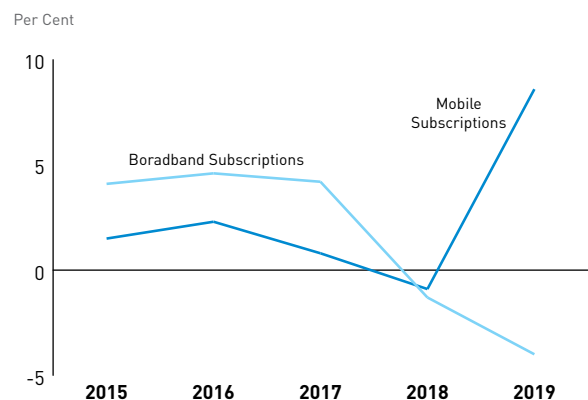
In 2019, the growth of the information & communications sector was supported by the healthy performance of the IT & information services segment. Specifically, the IT & information services segment grew by 6.9 per cent on the back of robust demand for services such as software development, web hosting and web portals, as well as information technology consultancy

TELECOMMUNICATIONS

As at November 2019⁸, the number of mobile subscriptions was 8.6 per cent higher compared to the same period in 2018. This was driven by a 13 per cent increase in 4G subscriptions, with the total number of 4G subscriptions reaching 7.4 million. By contrast, the number of 3G subscriptions fell by 8.4 per cent to 1.6 million.

In 2019, the number of broadband subscriptions dipped by 4.0 per cent. This was due to a 4.6 per cent decline in wireless broadband subscriptions, led primarily by fewer Wireless@SG subscriptions. Nevertheless, the decline was partially offset by a 11 per cent increase in optical fibre subscriptions.

Exhibit 6.20: Changes in Mobile and Broadband Subscriptions



8 Full year data are not available at the time of publication.

6.7 FINANCE & INSURANCE

OVERVIEW

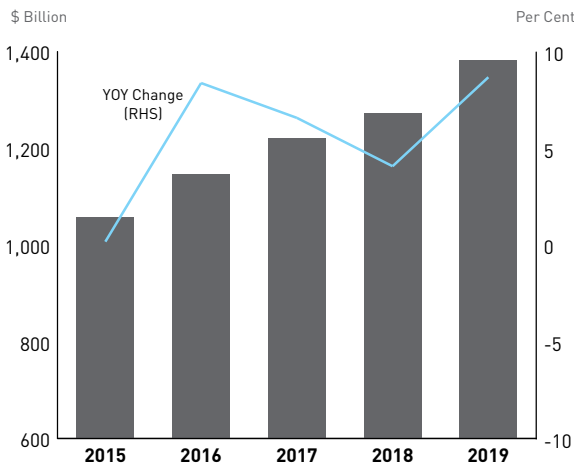
The finance & insurance sector grew by 4.0 per cent year-on-year in the fourth quarter of 2019, extending the 4.1 per cent expansion recorded in the previous quarter.

For the whole of 2019, the sector expanded by 4.1 per cent, a step-down from the 7.2 per cent growth in the preceding year.

COMMERCIAL BANKS

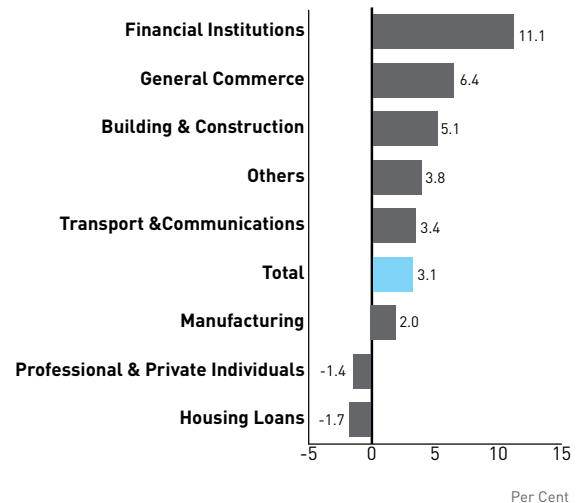
In 2019, total assets/liabilities of commercial banks increased by 8.7 per cent to \$1.4 trillion (Exhibit 6.21). Both domestic non-bank and interbank lending expanded, with credit extended to non-bank customers rising by \$21 billion (3.1 per cent).

Exhibit 6.21: Total Assets and Liabilities of Commercial Banks



Business lending rose by 5.9 per cent in 2019, improving from the 4.1 per cent growth in the preceding year. Loans to professional & private individuals for business purposes fell, but this was offset by stronger growth in loans to non-bank financial institutions, the general commerce sector, and the building & construction sector (Exhibit 6.22). Meanwhile, consumer lending contracted by 1.3 per cent, due to a decline in housing and share financing loans.

Exhibit 6.22: Growth of Bank Loans and Advances to Non-Bank Customers by Industry in 2019

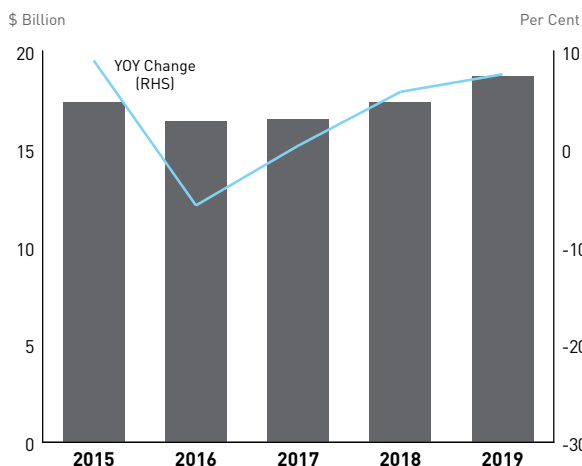


On the liabilities front, the total deposits of non-bank customers grew by 8.9 per cent in 2019, stepping up from the 3.5 per cent rise in 2018. As at end-2019, total non-bank deposits stood at \$684 billion, higher than the \$628 billion the year before, driven by strong demand for fixed deposits.

FINANCE COMPANIES

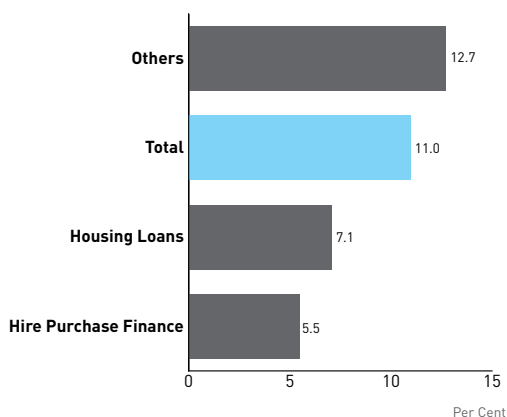
Total assets/liabilities of finance companies increased by 7.6 per cent in 2019, up from the 5.8 per cent expansion in 2018 [Exhibit 6.23].

Exhibit 6.23: Total Assets and Liabilities of Finance Companies



Non-bank lending grew by 11 per cent in 2019, a significant pickup from the 3.2 per cent growth recorded the year before, primarily driven by higher credit extended to the building & construction segment [Exhibit 6.24].

Exhibit 6.24: Growth of Loans and Advances of Finance Companies in 2019



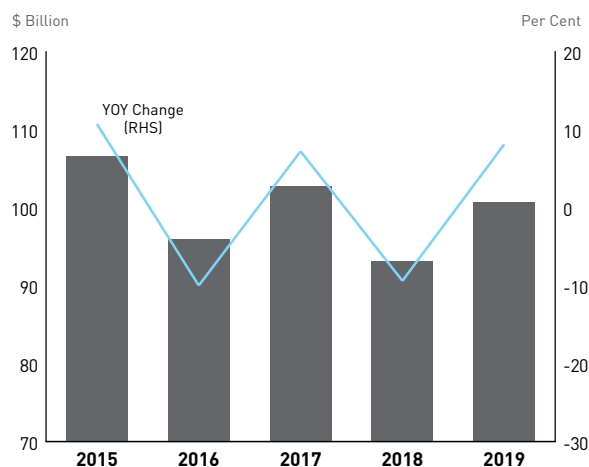
On the liabilities front, deposits of non-bank customers rose by 8.2 per cent in 2019, faster than the 6.4 per cent growth in 2018.

MERCHANT BANKS

Total asset/liabilities of merchant banks expanded by 8.1 per cent to \$101 billion as at end-2019, from the \$93 billion recorded in the previous year [Exhibit 6.25]. The increase stemmed from the offshore segment, which registered strong growth in interbank lending.

By contrast, the domestic operations of merchant banks contracted by 7.0 per cent, reversing the 8.1 per cent growth posted in 2018.

Exhibit 6.25: Total Assets and Liabilities of Merchant Banks



ASIAN DOLLAR MARKET

Total assets/liabilities of the Asian Dollar Market rose by 3.5 per cent in 2019, moderating from the 3.9 per cent growth in the previous year [Exhibit 6.26]. Growth in non-bank loan volumes picked up to 6.2 per cent, from the 5.0 per cent increase in the previous year, owing to an improvement in credit extended to East Asia. Meanwhile, interbank loans contracted by 3.8 per cent, reversing the 1.6 per cent expansion in 2018.

On the liabilities front, non-bank deposits rose by 8.2 per cent, driven by an increase in foreign currency deposits by both residents and non-residents. Conversely, interbank deposits shrank by 5.6 per cent, reversing the 2.3 per cent growth registered in the previous year.

Exhibit 6.26: Total Assets and Liabilities of the Asian Dollar Market

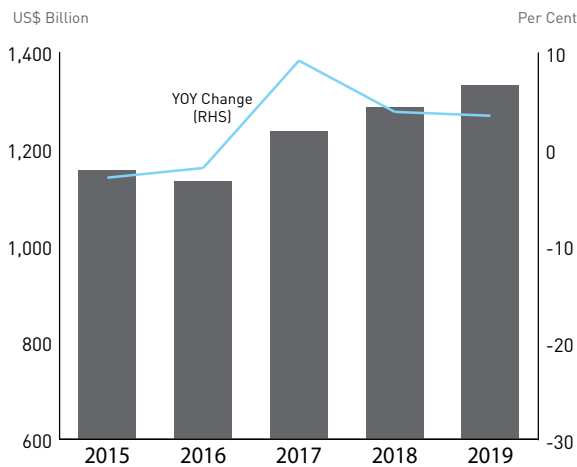
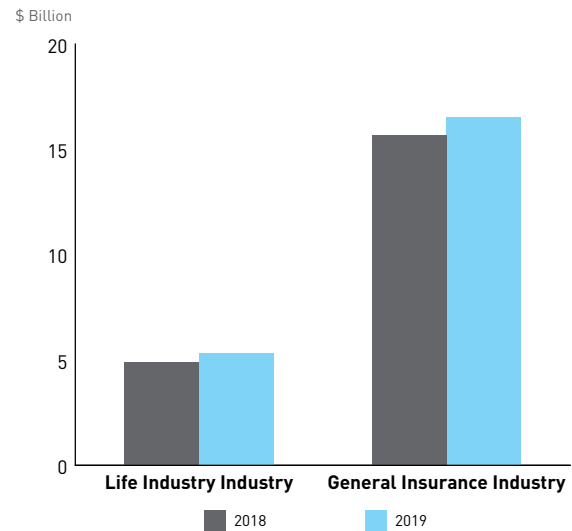


Exhibit 6.27: Premiums in the Insurance Industry



INSURANCE INDUSTRY

Total weighted new business premiums in the direct life insurance industry grew by 7.8 per cent to \$5.3 billion in 2019. Single premium business decreased by 10 per cent to \$14 billion and regular premium business grew by 16 per cent to \$3.9 billion in 2019. Overall, the net income of the direct life insurance industry increased to \$2.8 billion, from \$588 million in 2018, largely due to higher investment income.

In the general insurance industry, gross premiums edged up by 5.6 per cent to \$17 billion in 2019, with offshore and domestic businesses accounting for \$12 billion and \$4.3 billion respectively. The general insurance industry recorded an operating profit of \$373 million in 2019, a 155 per cent increase from 2018. This was attributable to improved underwriting performance as compared to 2018.

CENTRAL PROVIDENT FUND

Total CPF balances increased by 8.7 per cent to \$425 billion in 2019.

Members' contributions for the year amounted to \$40 billion, while total withdrawals reached \$21 billion, similar to the level recorded in 2018.

Total net withdrawals for housing (HDB flats and private properties) grew by 4.8 per cent to reach \$230 billion as at 31 December 2019.

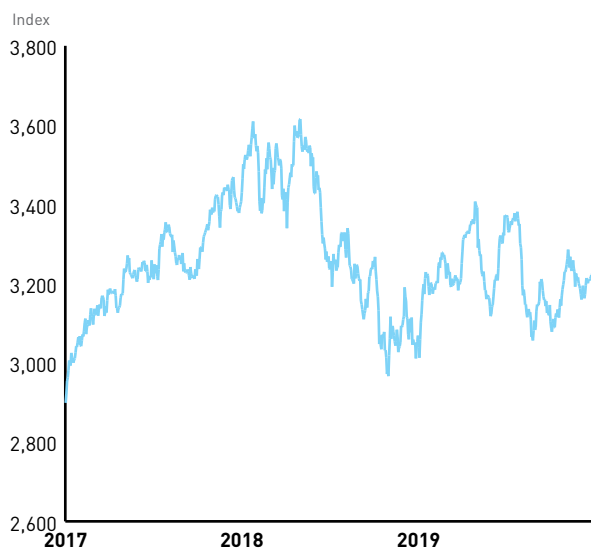
As at 31 December 2019, more than 176,000 CPF members have been included in the national annuity scheme – CPF Lifelong Income for the Elderly (CPF LIFE), which provides lifelong payouts in retirement. The CPF LIFE fund stood at \$11 billion.

STOCK MARKET

The benchmark Straits Times Index (STI) rose by 5.0 per cent in 2019, supported by accommodative monetary policies of global central banks in the face of slow global growth and elevated uncertainties, which were due in part to the US-China trade tensions.

Movements in the STI in 2019 were largely driven by changes in sentiments linked to developments in US and China relations. Sentiments eventually found a firmer footing towards the end of the year, as signs emerged that both countries would reach a deal that would signal a halt to a further escalation of tensions. Over the course of the year, global central banks like the Federal Reserve and the European Central Bank also demonstrated increased willingness to support growth by adjusting policy settings further.

Exhibit 6.28: Straits Times Index



SECURITIES MARKET

Compared to 2018, the total turnover value of the securities market decreased by 11 per cent to \$265 billion, and total turnover volume decreased by 32 per cent to 296 billion shares, in 2019. This translated to an 11 per cent fall in the average daily traded value to \$1.1 billion, and a 32 per cent decline in average daily traded volume to 1.2 billion shares.

At the end of 2019, the total number of listed companies in Singapore was 723, with a combined market capitalisation of \$938 billion, a 0.1 per cent increase from 2018. 507 of the companies were listed on SGX's Mainboard, while the other 216 companies were listed on SGX's Catalyst.

DERIVATIVES MARKET

In 2019, SGX's derivatives market activity increased by 10 per cent to 240 million contracts. Compared to 2018, total futures trading volume increased by 10 per cent to 224 million, while options on futures trading volume grew by 13 per cent to 16 million contracts. The most actively-traded contracts were the FTSE China A50 Index Futures, the Nikkei 225 Stock Index and the MSCI Taiwan Index Futures, which formed 59 per cent of the total volume traded on SGX's derivatives trading platform.

FOREIGN EXCHANGE MARKET

In 2019, the British Pound and Japanese Yen strengthened by 3.9 per cent and 1.0 per cent against the US Dollar respectively, while the Euro fell by 2.2 per cent. The Pound outperformed as the UK and EU successfully negotiated an agreement for UK's exit from the EU, resulting in a reduction in Brexit uncertainty. The Yen rose slightly as the Bank of Japan kept its monetary policy relatively unchanged throughout the year. The US Dollar was weighed down by the Federal Reserve's decision to cut interest rates three times over the course of the year, while easing trade tensions between US and China towards the end of 2019 also reduced safe haven demand for the US Dollar. Lacklustre growth and inflation data in the Eurozone contributed to the underperformance of the Euro.

6.8

BUSINESS SERVICES

OVERVIEW

The business services sector expanded by 1.7 per cent year-on-year in the fourth quarter of 2019, improving from the 1.1 per cent growth posted in the previous quarter.

For the whole of 2019, the sector grew by 1.4 per cent, easing from the 2.4 per cent growth in 2018. Growth was supported largely by the professional services segment.

PROFESSIONAL SERVICES

In 2019, the professional services segment posted healthy growth, with all sub-segments registering expansions. The growth of the segment was largely driven by the head offices & business representative offices and architectural & engineering, technical testing & analysis sub-segments, which grew by 5.6 per cent and 4.7 per cent respectively in 2019.

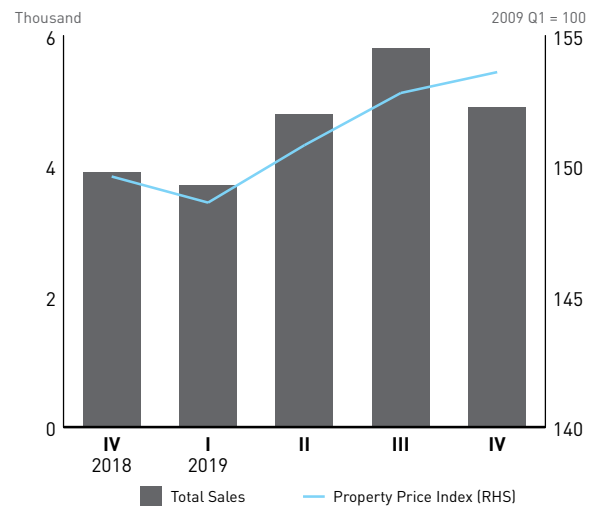
REAL ESTATE

The real estate segment mounted a recovery in 2019, growing marginally by 0.3 per cent, compared to the 0.7 per cent contraction in 2018.

The private residential property market remained firm in the fourth quarter. On a quarter-on-quarter basis, private residential property prices rose by 0.5 per cent, moderating from the 1.3 per cent increase in the preceding quarter. For the whole of 2019, prices increased at a more gradual pace of 2.7 per cent compared to the 7.9 per cent growth in 2018.

Private residential property sales volume also increased in the fourth quarter. Specifically, private residential property sales increased by 26 per cent year-on-year, rebounding from the 0.03 per cent contraction in the third quarter. For the full year, however, total sales declined by 14 per cent to 19,150 units, compared to the 22,139 units sold in 2018 (Exhibit 6.29).

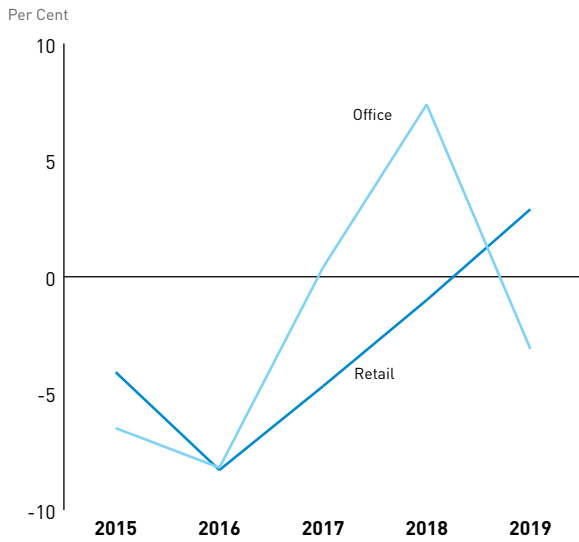
Exhibit 6.29: Total Sales of Private Residential Units and Private Residential Property Price Index



In the commercial space segment, the retail space market improved in 2019. Private retail space rentals rose by 2.9 per cent, reversing the 1.0 per cent decline in the previous year (Exhibit 6.30). The improved performance was due to higher rentals in the Central Area (3.3 per cent) and Fringe Area (2.7 per cent). In tandem with the increase in rentals, the prices of private retail space rose by 1.3 per cent in 2019, picking up from the 0.6 per cent growth in 2018. While prices in the Central Area fell by 2.3 per cent, this was more than offset by higher prices in the Fringe Area (3.3 per cent).

Following a robust 5.7 per cent increase in 2018, prices in the office space market eased to register a decline of 0.6 per cent in 2019. Similarly, private office space rentals fell by 3.1 per cent in 2019, reversing the 7.4 per cent increase in the previous year (Exhibit 6.30). The decline in office rentals was due to lower rentals in both the Central Area (-3.1 per cent) and Fringe Area (-1.3 per cent).

Exhibit 6.30: Changes in Rentals of Private Sector Office and Retail Spaces



In the industrial space market, overall prices of industrial properties remained broadly stable, dipping slightly by 0.3 per cent in 2019, following the flat growth recorded in 2018. Meanwhile, overall rentals grew marginally by 0.1 per cent, reversing the 0.3 per cent decline in the previous year. In particular, the rentals of private single-user factory space stabilised, rising by 0.5 per cent in 2019, a reversal from the 1.9 per cent decline in 2018 (Exhibit 6.31).

Exhibit 6.31: Occupancy Rate and Rental Growth of Industrial Space

