Chapter 1

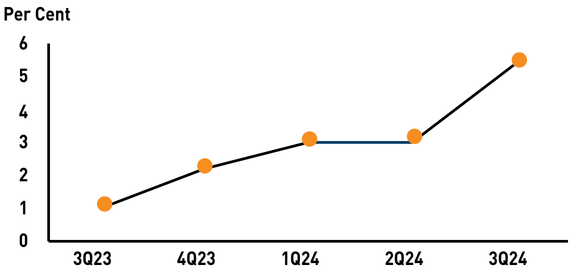
THE SINGAPORE ECONOMY

ECONOMIC PERFORMANCE

Real GDP grew by

5.4% in 3Q24

Quarterly Growth (YoY)



Main Drivers of Growth in 3Q24

Manufacturing

1.9%-point contribution

Wholesale Trade

1.0%-point contribution

LABOUR MARKET

Resident Unemployment Rate

2.6% in September 24

Employment (QoQ Change)

+26,700 employed in 3Q24

Sectors with the Highest Employment Growth in 3Q24

Sector	Employment change
Other Services Industries	+8,200 employed
Construction	+5,800 employed
Administrative & Support Services	+4,300 employed

PRODUCTIVITY

(YoY Growth)

Value-Added per Actual Hour Worked increased by

4.1% in 3Q24

Sectors with the Highest Growth in Value-Added per Actual Hour Worked in 3Q24

Sector	Growth
Manufacturing	12.5%
Information & Communications	8.9%
Transportation & Storage	7.0%

COSTS
(YoY Growth)

Overall Unit Labour Cost increased by
0.9% in 3Q24

Within the Manufacturing Sector

- -4.3% Unit Business Cost
- -6.9% Unit Labour Cost

PRICES
(YoY Growth)

The Consumer Price Index (CPI) rose by
2.2% in 3Q24

Categories with Price Increases

- 3.9% Recreation & Culture
- 3.9% Health Care
- 3.4% Housing & Utilities

INTERNATIONAL TRADE
(YoY Growth)

Total Merchandise Exports increased by
5.8% in 3Q24

- 9.2% Non-Oil Domestic Exports
- 6.0% Re-Exports
- -0.2% Oil Domestic Exports

Total Services Exports increased by
14.6% in 3Q24

Services Exports increase was led by...

- 10.6%-pt Transport
- 1.7%-pt Other Business Services
- 0.9%-pt Financial Services

OVERVIEW

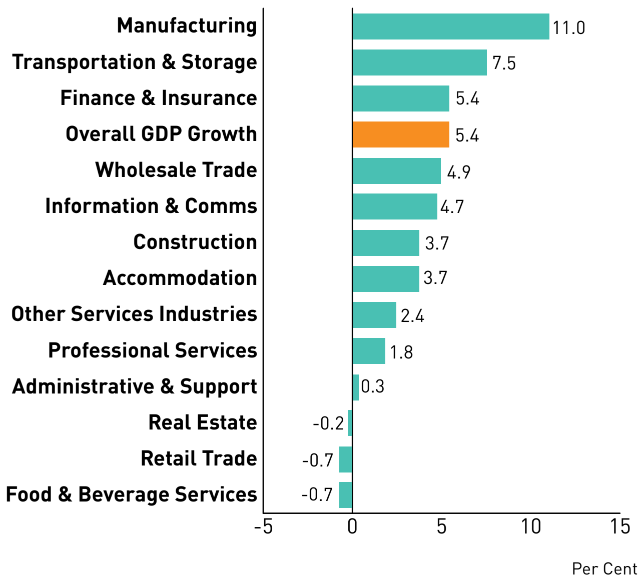
In the third quarter of 2024,

- The Singapore economy grew by 5.4 per cent on a year-on-year basis. The sectors that contributed the most to GDP growth during the quarter were the manufacturing, wholesale trade and finance & insurance sectors.
- The seasonally-adjusted unemployment rates declined at the overall level, for residents and for citizens, alongside a decline in the number of retrenchments over the same period.
- Total employment rose by 26,700 on a quarter-on-quarter basis, extending the gains in the preceding quarter. Excluding Migrant Domestic Workers (MDWs), total employment increased by 24,100 on the back of both resident and non-resident employment gains.
- The Consumer Price Index-All Items (CPI-All Items) rose by 2.2 per cent year-on-year in the third quarter of 2024, moderating from the 2.8 per cent increase in the preceding quarter.

OVERALL PERFORMANCE

The Singapore economy grew by 5.4 per cent on a year-on-year basis in the third quarter of 2024, faster than the 3.0 per cent growth in the previous quarter (Exhibit 1.1). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 3.2 per cent, accelerating from the 0.5 per cent expansion in the preceding quarter.

Exhibit 1.1: GDP and Sectoral Growth Rates in 3Q 2024



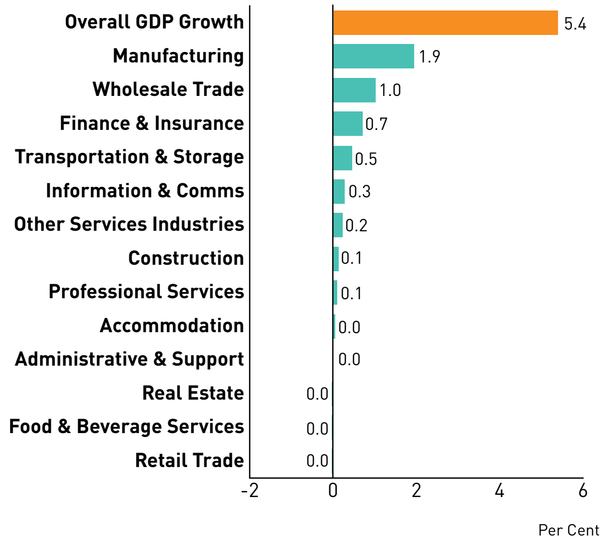
The manufacturing sector expanded by 11.0 per cent year-on-year, a reversal from the 1.1 per cent contraction in the previous quarter. The strong performance of the sector was driven by output expansions in all clusters.

The services producing industries grew by 4.0 per cent year-on-year, extending the 3.7 per cent growth registered in the previous quarter. Growth was supported by expansions in all the services sectors except for the real estate, retail trade and food & beverage services sectors. Among the services sectors that expanded, the transportation & storage (7.5 per cent), finance & insurance (5.4 per cent) and wholesale trade (4.9 per cent) sectors posted the strongest growth.

The construction sector grew by 3.7 per cent year-on-year, following the 4.8 per cent growth in the previous quarter. The sector's growth came on the back of an increase in public sector construction output, which outweighed the decline in private sector construction output.

The top three positive contributors to GDP growth in the third quarter were the manufacturing, wholesale trade and finance & insurance sectors (Exhibit 1.2).

Exhibit 1.2: Percentage-Point Contribution to Growth in Real GDP in 3Q 2024 (By Sector)



SOURCES OF GROWTH

Total demand increased by 8.0 per cent year-on-year in the third quarter of 2024, following the 8.1 per cent increase in the previous quarter (Exhibit 1.3). The growth in total demand was supported by increases in both external and domestic demand during the quarter.

External demand rose by 8.3 per cent year-on-year, picking up from the 7.9 per cent increase in the previous quarter. Meanwhile, domestic demand rose by 7.1 per cent year-on-year, moderating from the 8.8 per cent increase in the preceding quarter.

Within domestic demand, consumption expenditure rose by 6.3 per cent year-on-year, faster than the 5.5 per cent growth in the preceding quarter. The increase in consumption expenditure was supported by both higher private consumption (6.9 per cent) and public consumption (4.5 per cent).

Meanwhile, gross fixed capital formation (GFCF) increased by 2.5 per cent year-on-year, extending the 2.7 per cent expansion in the previous quarter. The increase in GFCF during the quarter was due to increases in both public sector GFCF (8.9 per cent) and private sector GFCF (1.1 per cent). Public sector GFCF rose due to higher investments in public construction & works, transport equipment, machinery & equipment and intellectual property products. Meanwhile, private sector GFCF increased on the back of higher investments in private transport equipment, machinery & equipment and intellectual property products, which more than offset lower investments in private construction & works.

Exhibit 1.3: Changes in Total Demand*

Per Cent

	2023		2024		
	III	IV	I	II	III
Total Demand	-1.4	7.4	5.3	8.1	**8.0**
External Demand	-1.8	11.0	5.6	7.9	**8.3**
Total Domestic Demand	-0.5	-2.9	4.0	8.8	**7.1**
Consumption Expenditure	2.5	2.5	6.3	5.5	**6.3**
Public	4.2	1.1	6.6	2.8	**4.5**
Private	2.0	3.0	6.2	6.2	**6.9**
Gross Fixed Capital Formation	-1.9	3.0	-2.4	2.7	**2.5**
Changes in Inventories	-0.8	-3.4	0.4	2.5	**1.3**

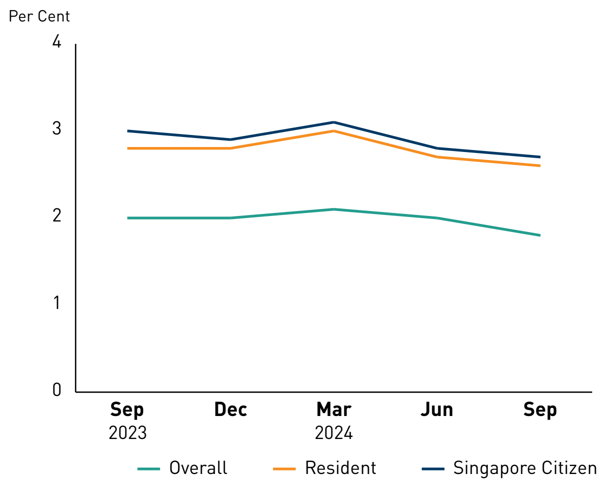
** For inventories, this refers to the contribution to GDP growth.*

LABOUR MARKET

Unemployment and Retrenchment[1]

Compared to June 2024, the seasonally-adjusted unemployment rates in September 2024 declined at the overall level (from 2.0 per cent to 1.8 per cent), for residents (from 2.7 per cent to 2.6 per cent) and for citizens (2.8 per cent to 2.7 per cent) (Exhibit 1.4).

Exhibit 1.4: Unemployment Rate (Seasonally-Adjusted)

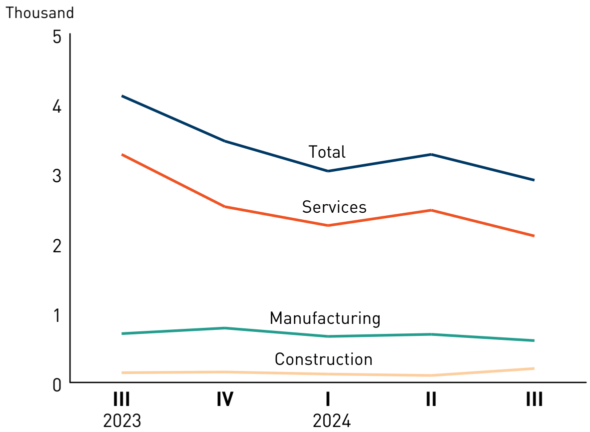


1 *Retrenchment figures pertain to private sector establishments with at least 25 employees and the public sector.*

In September 2024, an estimated 62,500 residents, including 54,900 Singapore citizens, were unemployed. These were lower than the number of unemployed residents (65,700) and citizens (57,100) in June 2024.[2]

Total retrenchments declined to 2,900 in the third quarter of 2024, from 3,270 in the preceding quarter (Exhibit 1.5). Retrenchments rose in the construction sector (from 100 to 200), while retrenchments fell in the services (from 2,470 to 2,100) and manufacturing (from 690 to 600) sectors.

Exhibit 1.5: Retrenchments



Employment[3]

Total employment expanded by 26,700 on a quarter-on-quarter basis in the third quarter of 2024, extending the gains (+15,000) in the preceding quarter (Exhibit 1.6). Excluding MDWs, total employment rose by 24,100. Employment growth during the quarter was supported by an increase in both resident and non-resident employment.

Total employment growth was led by the services sector (+17,900; or +15,300 excluding MDWs), supported by employment gains in the other services industries (+8,200), administrative & support services (+4,300) and transportation & storage (+3,700) sectors (Exhibit 1.7). Similarly, employment in the construction (+5,800) and manufacturing (+4,000) sectors increased over the same period.

Exhibit 1.6: Change in Total Employment, Quarter-on-Quarter

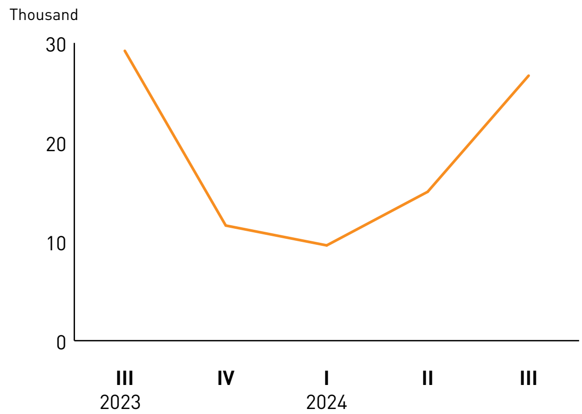
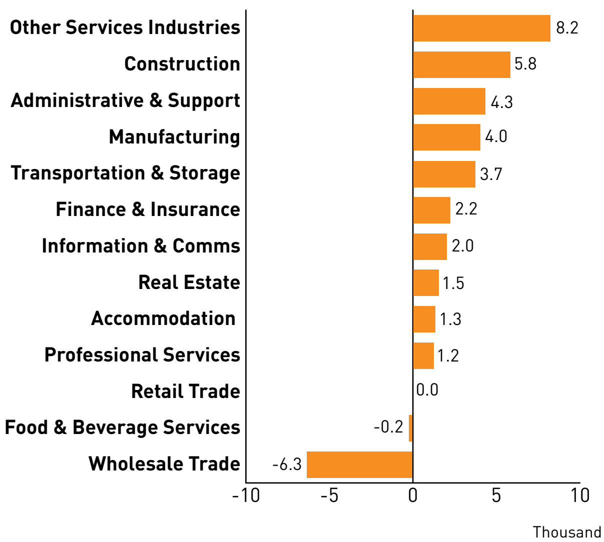


Exhibit 1.7: Changes in Employment by Sector in 3Q 2024



2 *Based on seasonally-adjusted data on the number of unemployed persons.*
3 *Based on preliminary estimates.*

Hiring Expectations

According to EDB's latest Business Expectations Survey for the Manufacturing Sector, hiring expectations in the sector were neutral. A majority of manufacturers (a net weighted balance of 82 per cent) expected employment levels in the fourth quarter of 2024 to remain similar to the third quarter. Firms in the computer peripherals & data storage segment of the electronics cluster were the most optimistic, with a net weighted balance of 49 per cent of firms expecting to increase hiring in the fourth quarter. By contrast, firms in the pharmaceuticals segment of the biomedical manufacturing cluster were the most pessimistic, with a net weighted balance of 25 per cent of firms expecting to reduce hiring in the fourth quarter.

Meanwhile, hiring expectations for services firms remained positive, with all industries expecting to boost their hiring activities. According to DOS' latest Business Expectations Survey for the Services Sector, a net weighted balance of 10 per cent of services firms expected to increase hiring in the fourth quarter of 2024 as compared to the third quarter. Among the services sectors, firms in the information & communications and administrative & support services sectors had the strongest hiring sentiments, with a net weighted balance of 20 per cent of firms expecting to increase hiring in the fourth quarter. On the other hand, firms in the transportation & storage and finance & insurance sectors registered the weakest hiring sentiments, with a net weighted balance of 1 per cent of firms expecting to increase hiring in the same time period.

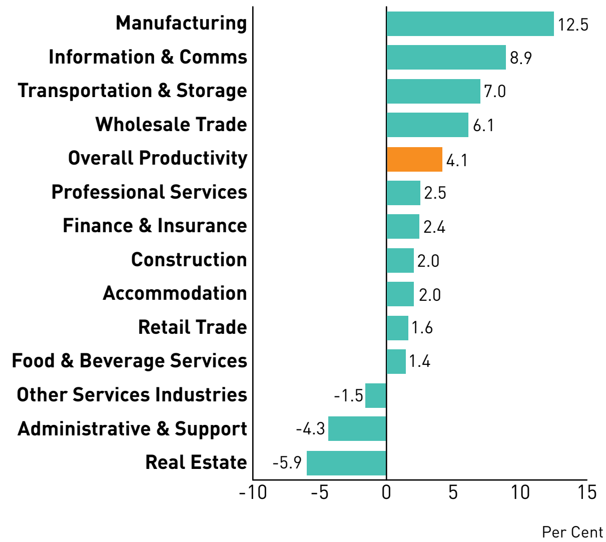
COMPETITIVENESS

Productivity

Overall labour productivity, as measured by real value-added per actual hour worked, rose by 4.1 per cent year-on-year in the third quarter of 2024, faster than the 3.7 per cent increase in the previous quarter (Exhibit 1.8).[4]

Among the sectors, the manufacturing (12.5 per cent), information & communications (8.9 per cent), transportation & storage (7.0 per cent) and wholesale trade (6.1 per cent) sectors saw strong productivity gains. Meanwhile, the professional services (2.5 per cent), finance & insurance (2.4 per cent), construction (2.0 per cent), accommodation (2.0 per cent), retail trade (1.6 per cent) and food & beverage services (1.4 per cent) sectors also saw productivity improvements. By contrast, productivity declines were observed in the real estate (-5.9 per cent), administrative & support services (-4.3 per cent) and other services (-1.5 per cent) sectors.

Exhibit 1.8: Changes in Value-Added per Actual Hour Worked for the Overall Economy and Sectors in 3Q 2024



In the third quarter, the productivity in the outward-oriented sectors as a whole rose by 7.1 per cent year-on-year, faster than the 6.5 per cent increase in the previous quarter.[5] Meanwhile, productivity in the domestically-oriented sectors as a whole declined by 1.0 per cent, a pullback from the 0.2 per cent growth in the preceding quarter.

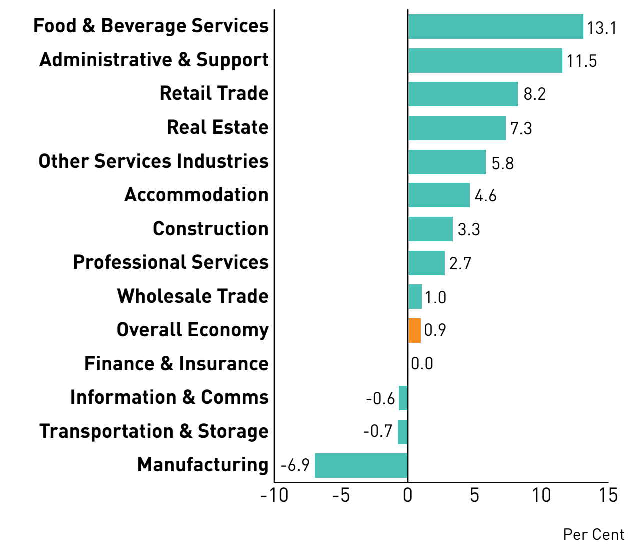
4 *Similarly, overall labour productivity as measured by real value-added per worker, grew by 4.1 per cent in the third quarter of 2024, faster than the 1.6 per cent growth in the preceding quarter.*

5 *Outward-oriented sectors refer to manufacturing, wholesale trade, transportation & storage, accommodation, information & communications, finance & insurance and professional services. Domestically-oriented sectors refer to construction, retail trade, food & beverage services, real estate, administrative & support services and other services industries.*

Unit Labour Cost and Unit Business Cost

Overall unit labour cost (ULC) for the economy rose by 0.9 per cent on a year-on-year basis in the third quarter of 2024 (Exhibit 1.9), moderating from the increase of 2.8 per cent in the preceding quarter. The rise in overall ULC during the quarter was due to an increase in total labour cost per worker which outpaced the rise in labour productivity as measured by real value-added per worker.

Exhibit 1.9: Changes in Unit Labour Cost in 3Q 2024



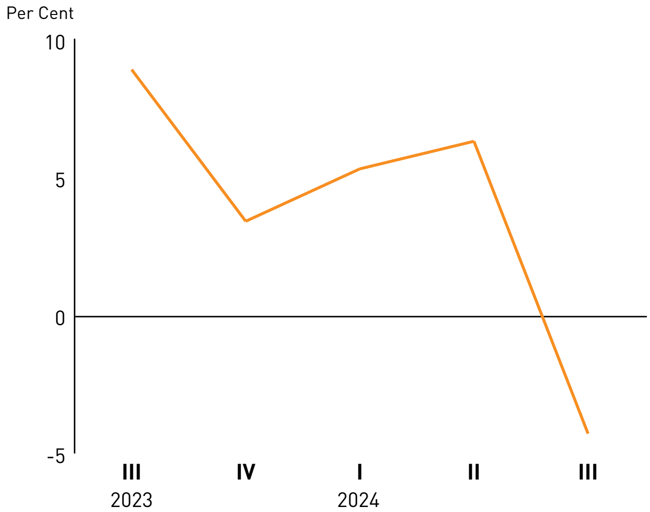
By sectors, the ULC for the construction sector was 3.3 per cent higher year-on-year in the third quarter as the pickup in total labour cost per worker outpaced the rise in labour productivity.

The ULC for services producing industries rose by 2.5 per cent year-on-year. Among the services sectors, ULC increased the most in the food & beverage services sector (13.1 per cent) as the increase in total labour cost per worker was accompanied by a fall in labour productivity. Meanwhile, ULC fell in the transportation & storage sector (-0.7 per cent) as productivity gains more than offset the increase in total labour cost per worker.

Over the same period, the ULC for the manufacturing sector fell by 6.9 per cent year-on-year. The fall in the sector's ULC occurred on the back of labour productivity gains which outpaced the increase in total labour cost per worker.

Unit business cost (UBC) for the manufacturing sector declined by 4.3 per cent on a year-on-year basis in the third quarter of 2024, a reversal from the 6.3 per cent increase in the previous quarter (Exhibit 1.10). The fall in UBC during the quarter was due to the decline in unit services costs (-3.8 per cent) and manufacturing ULC (-6.9 per cent), even as unit non-labour production taxes rose (38.8 per cent).

Exhibit 1.10: Changes in the Manufacturing Unit Business Cost

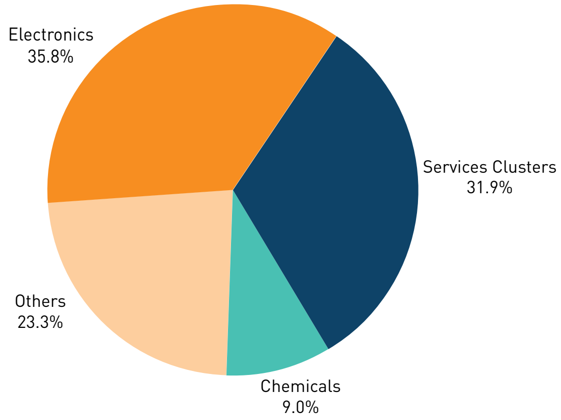


Investment Commitments

Investment commitments garnered by the Economic Development Board (EDB) in terms of Fixed Asset Investments (FAI) and Total Business Expenditure (TBE) amounted to $994 million and $846 million respectively in the third quarter of 2024 (Exhibit 1.11 and Exhibit 1.12).

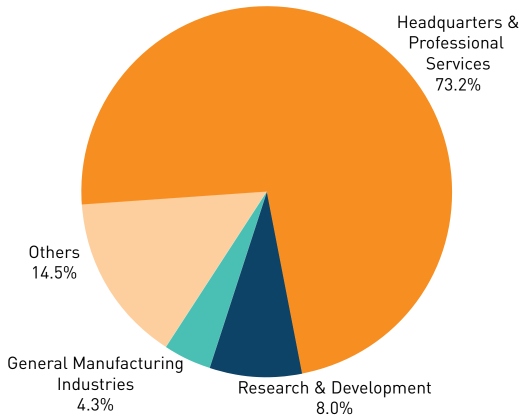
For FAI, the largest contribution came from the manufacturing sector, which attracted $678 million worth of commitments. Within the manufacturing sector, the electronics and chemicals clusters garnered the largest amounts of commitments, at $356 million and $89.8 million respectively. Meanwhile, the headquarters & professional services cluster attracted the most FAI commitments within the services sector, at $219 million. Local investors contributed the most to total FAI, at $599 million (or 60.3 per cent).

Exhibit 1.11: Fixed Asset Investments by Industry Cluster in 3Q 2024



For TBE, the services sector attracted the highest amount of commitments, at $715 million. Within the sector, the headquarters & professional services and research & development clusters garnered the most TBE commitments, at $619 million and $67.9 million respectively. Among the manufacturing clusters, the general manufacturing and chemicals clusters attracted the largest amounts of TBE commitments, at $36.5 million and $27.6 million respectively. Investors from the United States were the largest source of TBE commitments, with commitments of $327 million (or 38.7 per cent).

Exhibit 1.12: Total Business Expenditure by Industry Cluster in 3Q 2024



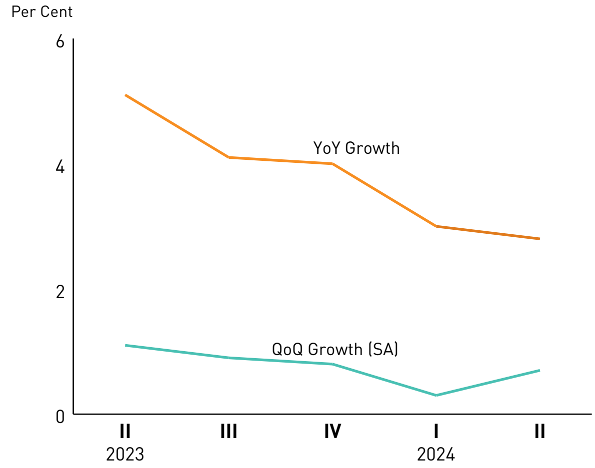
When these projects are fully implemented, they are expected to generate $5.8 billion of value-added and create more than 2,600 jobs in the coming years.

PRICES

Consumer Price Index

The Consumer Price Index-All Items (CPI-All Items) rose by 2.2 per cent on a year-on-year basis in the third quarter of 2024, moderating from the 2.8 per cent increase in the preceding quarter (Exhibit 1.13). On a quarter-on-quarter seasonally-adjusted basis, CPI-All Items inflation came in at 0.3 per cent, slowing from the 0.7 per cent recorded in the previous quarter.

Exhibit 1.13: Changes in CPI



Most CPI categories saw price increases on a year-on-year basis in the third quarter of 2024, thus contributing positively to CPI-All Items inflation during the quarter (Exhibit 1.14). Food prices rose by 2.7 per cent on account of the higher costs of food serving services such as hawker food and restaurant meals, as well as non-cooked food items such as bread & cereals and vegetables. Housing & utilities costs increased by 3.4 per cent as accommodation and electricity costs picked up. Prices of household durables & services went up by 0.5 per cent due to an increase in the prices of domestic & household services. Healthcare costs climbed by 3.9 per cent on the back of an increase in the costs of outpatient and hospital services, as well as health insurance. Transport costs edged up by 0.2 per cent as higher bus & train fares and more expensive point-to-point transport services outweighed lower car prices and airfares. Recreation & culture prices rose by 3.9 per cent because of the higher costs of holiday travel, as well as recreational & cultural services. Education costs picked up by 3.2 per cent due to higher fees at commercial institutions. Prices of miscellaneous goods & services increased by 0.9 per cent as the costs of personal care items rose. By contrast, clothing & footwear prices fell by 1.5 per cent, mainly due to cheaper ready-made garments.

Exhibit 1.14: Percentage Changes in CPI over Corresponding Quarter of Previous Year

Per Cent

	2023		2024		
	III	IV	I	II	III
All items	4.1	4.0	3.0	2.8	**2.2**
Food	4.8	4.0	3.4	2.8	**2.7**
Clothing & Footwear	-0.5	-0.6	-0.2	-1.0	**-1.5**
Housing & Utilities	3.8	3.8	3.3	3.8	**3.4**
Housing Durables & Services	1.8	1.3	1.0	1.2	**0.5**
Healthcare	4.3	5.1	4.7	4.5	**3.9**
Transport	4.9	5.0	1.8	1.4	**0.2**
Communication	3.0	3.8	2.3	0.7	**0.0**
Recreation & Culture	5.3	5.9	4.9	4.7	**3.9**
Education	2.5	2.7	3.3	3.3	**3.2**
Miscellaneous Goods & Services	3.6	2.8	2.4	1.5	**0.9**

INTERNATIONAL TRADE

Merchandise Trade

Singapore's total merchandise trade increased by 5.5 per cent on a year-on-year basis in the third quarter, moderating from the 10.0 per cent expansion in the preceding quarter (Exhibit 1.15). Growth in total merchandise trade was supported by non-oil trade (+8.0 per cent) even as oil trade declined (-4.9 per cent).

Exhibit 1.15: Growth Rates of Total Merchandise Trade, Merchandise Exports and Merchandise Imports (In Nominal Terms)

Per Cent

	2023			2024		
	III	IV	ANN	I	II	III
Merchandise Trade	-16.5	-2.1	-11.7	4.7	10.0	**5.5**
Merchandise Exports	-15.6	0.2	-10.1	4.4	7.5	**5.8**
Domestic Exports	-22.6	-1.7	-13.5	0.3	2.9	**5.5**
Oil	-26.9	-2.1	-14.2	6.0	19.0	**-0.2**
Non-Oil	-19.5	-1.4	-13.1	-3.4	-6.5	**9.2**
Re-Exports	-9.5	1.8	-7.1	7.8	11.5	**6.0**
Merchandise Imports	-17.4	-4.7	-13.4	5.0	12.7	**5.2**
Oil	-25.0	-4.1	-19.0	2.1	16.0	**-7.7**
Non-Oil	-15.2	-4.8	-11.9	5.8	11.9	**8.6**

Total merchandise exports increased by 5.8 per cent in the third quarter, following the 7.5 per cent growth in the preceding quarter. This was due to the increase in both domestic exports (+5.5 per cent) and re-exports (+6.0 per cent).

The growth in domestic exports was due to the increase in non-oil domestic exports (NODX) which outweighed the decline in oil domestic exports. In particular, oil domestic exports decreased by 0.2 per cent. In volume terms, oil domestic exports increased by 15.9 per cent.

Meanwhile, NODX grew by 9.2 per cent in the third quarter, rebounding from the 6.5 per cent decline in the previous quarter. The growth in NODX was due to the increase in both electronics and non-electronics domestic exports.

Total merchandise imports expanded by 5.2 per cent in the third quarter, following the 12.7 per cent growth in the previous quarter. The growth in imports was due to the increase in non-oil imports which outweighed the decline in oil imports. Specifically, non-oil imports increased by 8.6 per cent due to higher electronics and non-electronics imports, while oil imports declined by 7.7 per cent.

Services Trade

Total services trade expanded by 13.9 per cent on a year-on-year basis in the third quarter, picking up from the 11.4 per cent expansion in the previous quarter (Exhibit 1.16). Both the exports and imports of services saw positive year-on-year growth during the quarter.

Services exports climbed by 14.6 per cent in the third quarter, faster than the 13.7 per cent growth in the preceding quarter. The increase in services exports was largely attributable to a pickup in the exports of transport services, other business services and financial services. Meanwhile, services imports rose by 13.2 per cent, up from the 9.0 per cent expansion in the previous quarter. The rise in services imports was largely due to increases in the imports of transport services, travel services and other business services.

Exhibit 1.16: Growth Rates of Total Services Trade, Services Exports and Services Imports (In Nominal Terms)

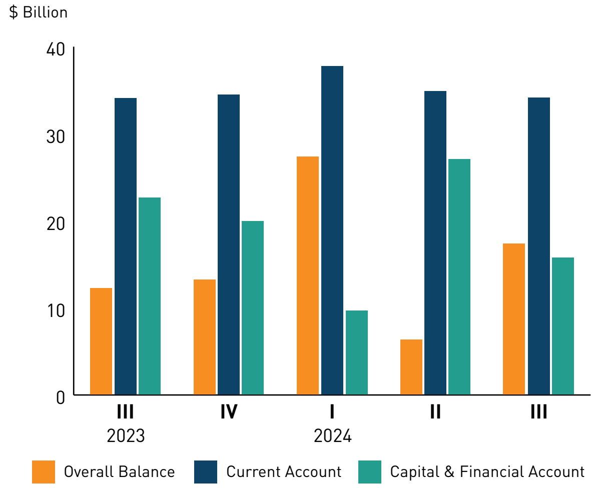
Per Cent

	2023			2024		
	III	IV	ANN	I	II	III
Total Services Trade	-6.9	-2.8	-3.8	5.7	11.4	**13.9**
Services Exports	-7.4	-3.9	-5.1	6.3	13.7	**14.6**
Services Imports	-6.3	-1.5	-2.4	5.0	9.0	**13.2**

BALANCE OF PAYMENTS

Singapore recorded an overall balance of payments surplus of $17.3 billion in the third quarter of 2024, higher than the surplus of $6.3 billion in the preceding quarter (Exhibit 1.17).

Exhibit 1.17: Balance of Payments



Current Account

The current account surplus narrowed to $34.1 billion in the third quarter of 2024, from $34.8 billion in the previous quarter. This was due to a widening of the deficits of the primary and secondary income accounts, which more than offset the increase in the surpluses of the goods and services accounts.

The surplus in the goods account rose by $1.0 billion to $52.5 billion in the third quarter, as goods exports grew while goods imports declined.

Meanwhile, the surplus in the services account increased by $0.2 billion to $13.9 billion in the third quarter. This was mainly due to a decline in net payments for travel services and other business services, as well as an increase in net receipts for maintenance and repair services. Collectively, these more than outweighed the decline in net receipts for transport services and the increase in net payments for the use of intellectual property.

The primary income deficit widened by $1.9 billion to $30.5 billion in the third quarter, as primary income receipts fell while primary income payments rose.

The secondary income deficit widened by $0.1 billion to $1.9 billion in the third quarter, as the decline in secondary income receipts exceeded the fall in secondary income payments.

Capital and Financial Account[6]

The capital and financial account registered a smaller net outflow of $15.7 billion in the third quarter of 2024, compared to $27.0 billion in the preceding quarter. The fall in net outflows was mainly due to smaller net outflows of portfolio investment and "other investment", alongside larger net inflows of financial derivatives. These more than offset the decrease in net inflows of direct investment.

Net outflows of portfolio investment fell to $32.8 billion in the third quarter, from $44.3 billion in the preceding quarter, largely due to reduced net outflows from resident deposit-taking corporations as well as the non-bank private sector.

At the same time, net outflows of "other investment" also declined to $18.9 billion in the third quarter, from $25.4 billion in the previous quarter. The decrease was driven by reduced net outflows from resident deposit-taking corporations and the non-bank private sector.

Meanwhile, net inflows of financial derivatives rose to $6.1 billion in the third quarter, from $0.8 billion in the preceding quarter.

In comparison, net inflows of direct investment edged down to $30.0 billion in the third quarter, from $41.9 billion in the preceding quarter, as foreign direct investments into Singapore fell alongside the increase in residents' direct investments abroad.

6 *Net inflows in net balances are indicated by a minus (-) sign. For more details regarding the change in sign convention to the financial account, please refer to DOS's information paper on "Singapore's International Accounts: Methodological Updates and Recent Developments".*