



SBF

Economic

Indicators Report

1Q 2021

Singapore

Preface

The purpose of this *SBF Economic Indicators Report (Singapore)* is to provide our business community with timely and relevant updates regarding key economic developments and trends in Singapore. The *Report* provides such updates via a series of selected charts depicting important economic indicators along with brief commentaries. By so doing, SBF strives to paint a broad picture of the prevailing general economic environment which businesses operate in.

The charts and corresponding commentaries are deliberately kept succinct to provide a quick and easy read.

Contributions of inputs and data in the *Report* were drawn from the SBF SMEC Research Subcommittee and DBS Group Research.

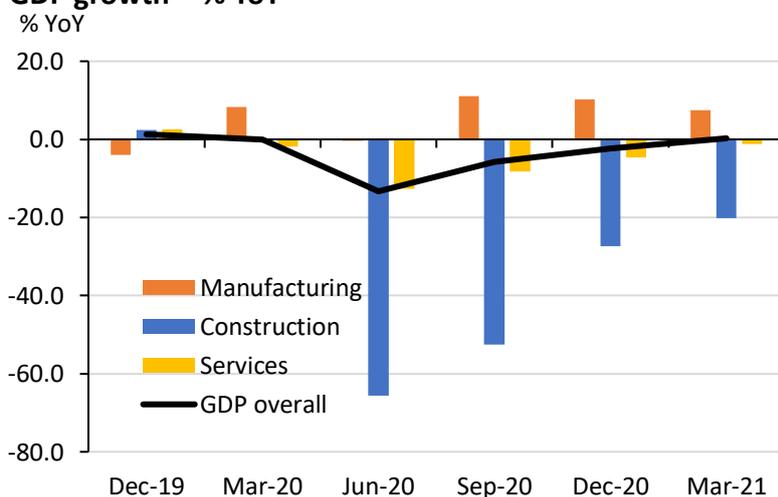
The *SBF Economic Indicators Report (Singapore)* is published on a quarterly basis.

Overall GDP Growth

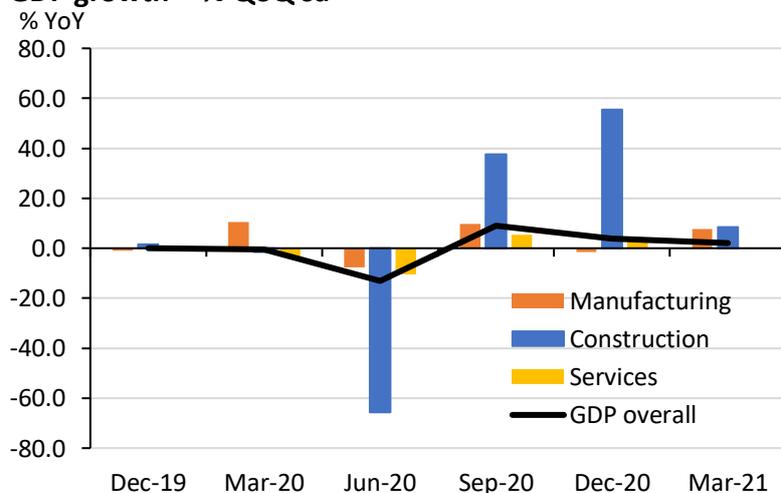
Median Forecasts of Macroeconomic Indicators for 2021

Key Macroeconomic Indicators % YoY	Dec 2020 Survey	Mar 2021 Survey
GDP	5.5	5.8
Manufacturing	4.5	4.7
Finance & insurance	5.1	5.8
Construction	28.4	22.5
Wholesale & Retail Trade	5.0	4.5
Accommodation & Food Services	15.0	11.0
Private Consumption	8.5	7.9
Non-oil Domestic Exports	4.0	6.9

GDP growth - % YoY



GDP growth - % QoQ sa



Respondents to the MAS Survey of Professional Forecasters expect GDP in 2021 to grow by 5.8%, slightly above the 5.5% forecast in the previous survey. Key upside risks to Singapore's growth outlook include the containment of the COVID-19 outbreak as a result of vaccine deployment, prospect of the re-opening of borders and a stronger-than-expected global growth.

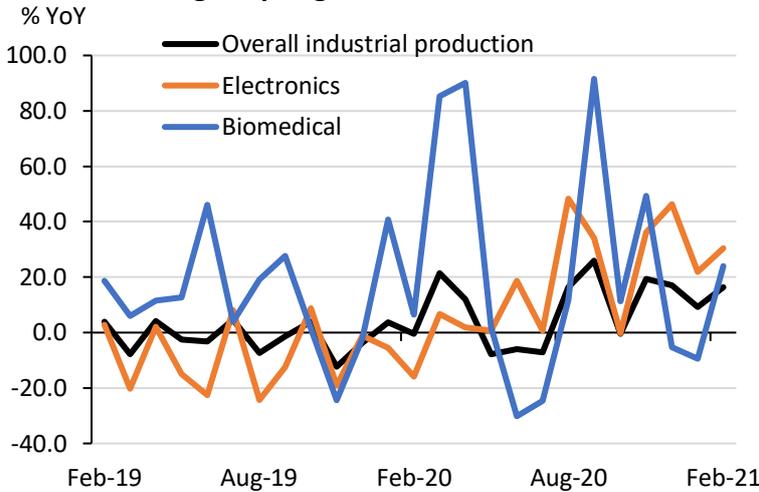
Based on advance estimates, the Singapore economy expanded by 0.2% YoY in 1Q 2021, its first positive growth since 4Q 2019. Sustained expansion in manufacturing activities along with less severe contractions in construction and services contributed to the improvement.

Quarter-on-quarter, the economy grew by 2.0%, following its 3.8% expansion last quarter. Growth in the manufacturing sector (7.6%) assisted to mitigate more muted expansions in the construction and services sectors.

Sources: CEIC, DBS Group Research, Department of Statistics (DOS), JTC, MAS, URA.

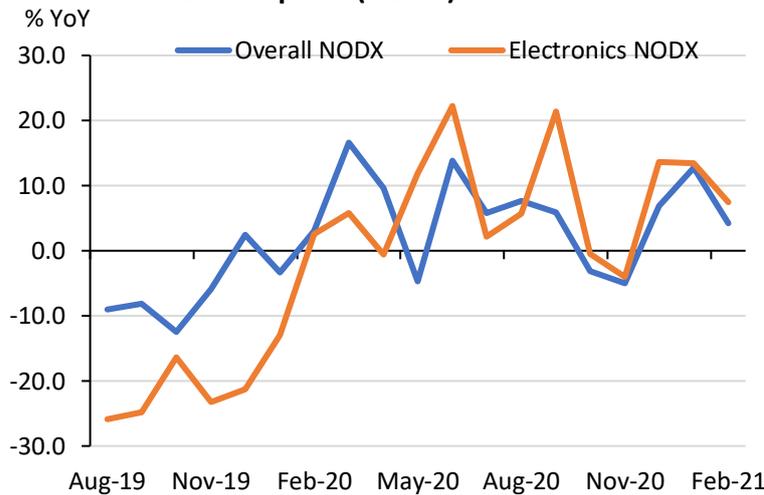
Manufacturing and Exports

Manufacturing output growth



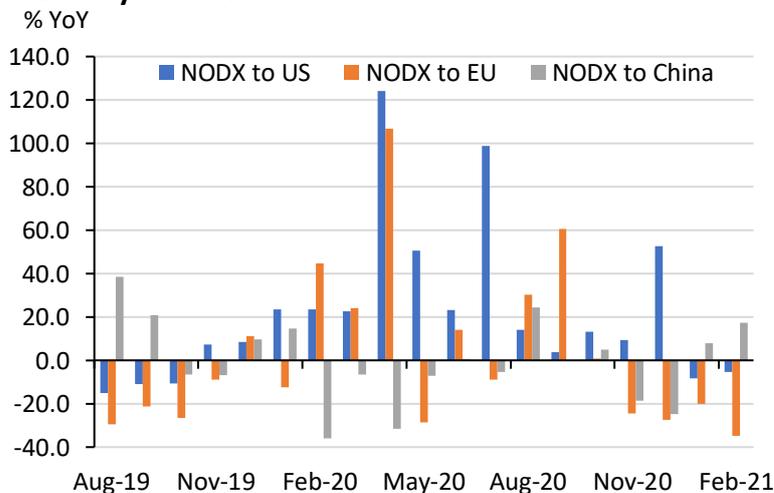
Growth in overall industrial output expanded by 16.4% YoY in February, supported primarily by strong growth in the electronics (30.3%) and the biomedical (23.9%) clusters.

Non-oil domestic exports (NODX)



Singapore's NODX continued to grow for the 3rd straight month in February, albeit at a slower pace of 4.2% YoY, a result of more muted growth in its electronics NODX (7.4% YoY), which was driven largely by exports of personal computers, telecommunications equipment, and diodes and transistors.

NODX by markets

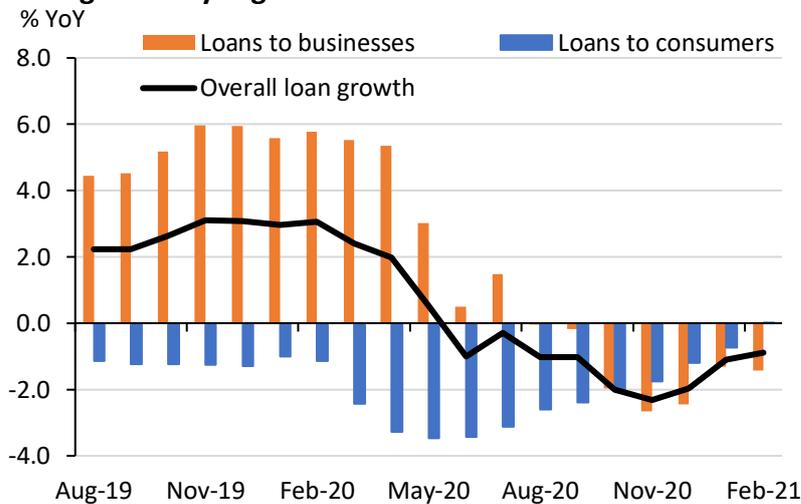


While Singapore's NODX to China accelerated at a faster pace of 17.4% in February, its NODX to the other major markets of EU and US contracted by 34.7% YoY and 5.3% YoY, respectively.

Sources: CEIC, DBS Group Research, Department of Statistics (DOS), Enterprise Singapore (ESG), JTC, URA.

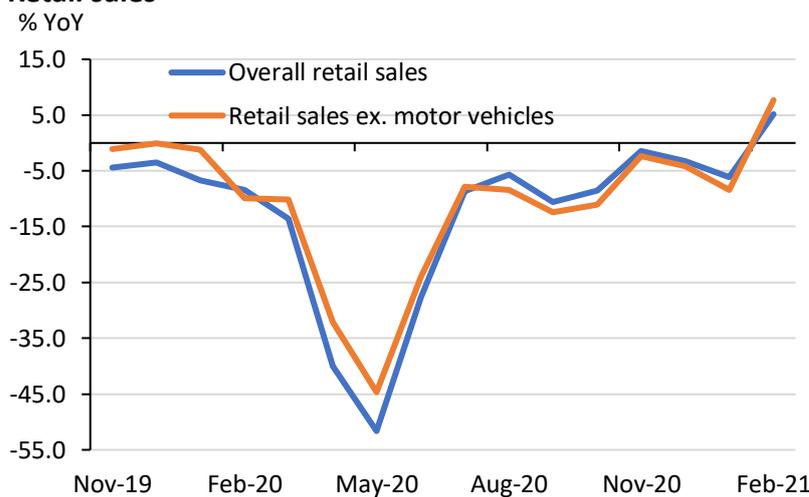
Loan Growth and Retail Sales

Loan growth by segments



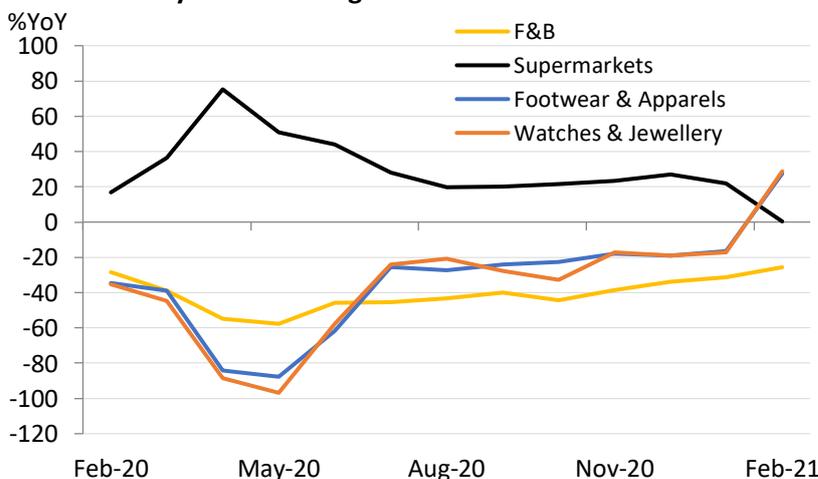
Overall loan growth showed signs of milder contractions for the 3 preceding months of Dec 2020 (-2.0%), Jan 2021 (-1.1%) and Feb (-0.9%), bolstered in part by a recovery in consumer loans which registered flat growth in February.

Retail sales



Overall growth in retail sales turned positive for the first time since Jan 2019, expanding 5.2% YoY in February. Trend growth in retail sales (ex. motor vehicles) followed closely, growing by 7.7% YoY in the same month.

Retail sales by consumer segment

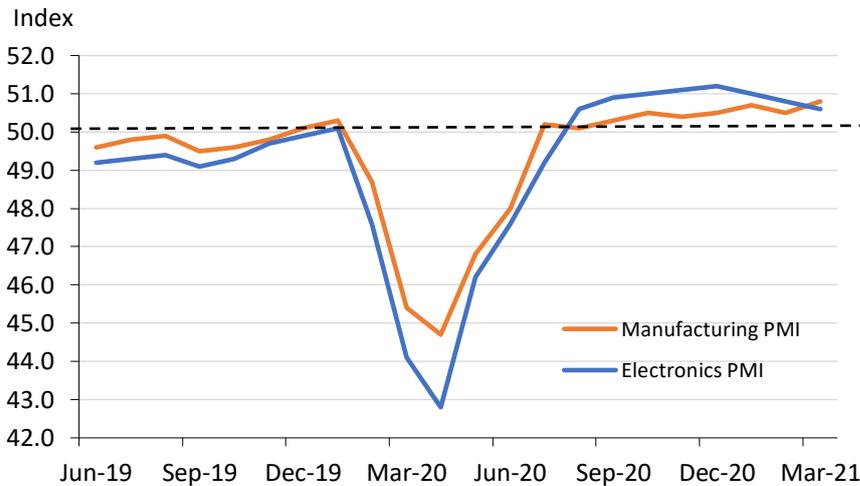


Sales for discretionary items like watches and jewellery breached the positive territory for the first time since Dec 2019, registering a growth of 28.7% YoY in February. Footwear and apparels also registered a healthy rebound of 27.5% YoY for the same month, the first time since Jan 2020.

Sources: CEIC, DBS Group Research, Department of Statistics (DOS), JTC, URA.

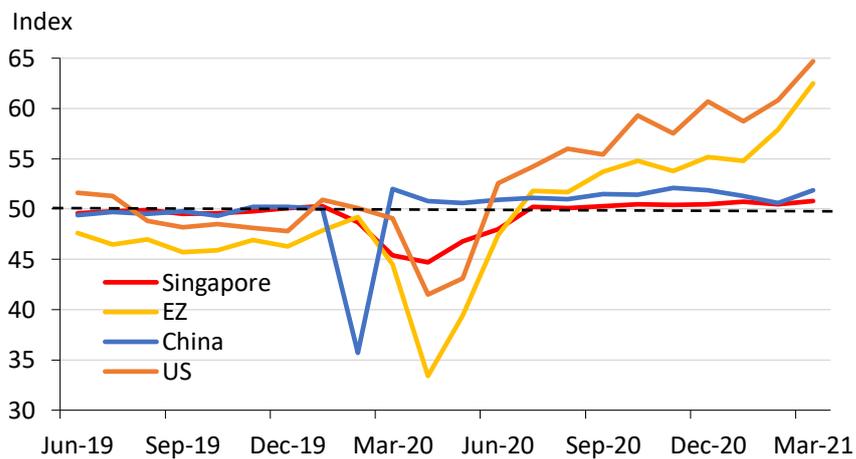
Purchasing Managers' Index (PMI)

Manufacturing and Electronics PMIs



Singapore's PMIs for manufacturing and electronics stayed above the 50-point boom-bust line, registering 50.8 and 50.6, respectively, for the month of March, signalling the continued expansion in factory activities, post lockdown.

PMIs by countries

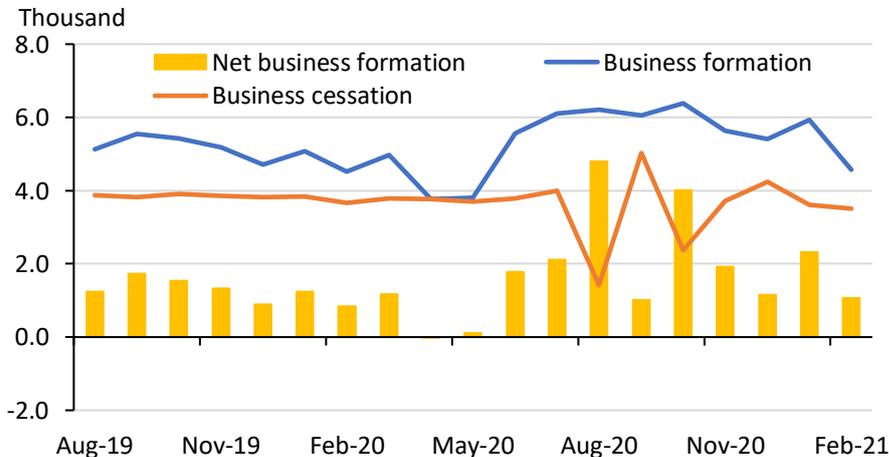


PMIs across major markets continued to trend above the 50-point boom-bust line in 1Q 2021, with the PMIs in US and EZ heading further north at 64.7 and 62.5 respectively in March, signalling an extension of recovery in their factory sectors.

Sources: Bloomberg, DBS Group Research.

Business Formation and Cessation

Business formation and cessation



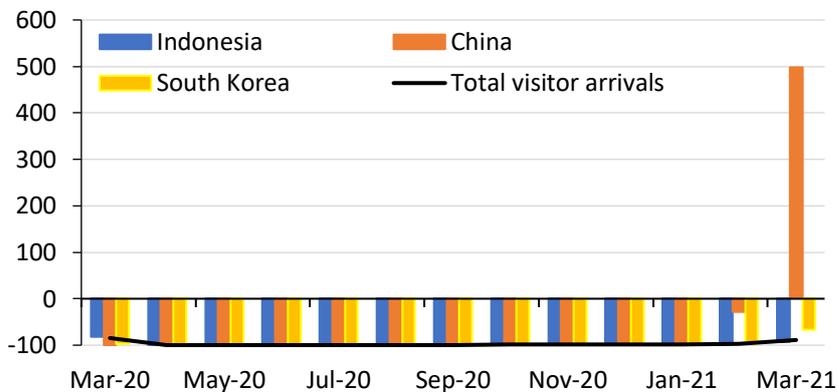
Sources: CEIC, DBS Group Research.

Net business formations in recent months remained within trend growth that largely mirrors pre-COVID conditions during the latter half of 2019.

Visitor Arrivals

Tourist arrivals

% YoY

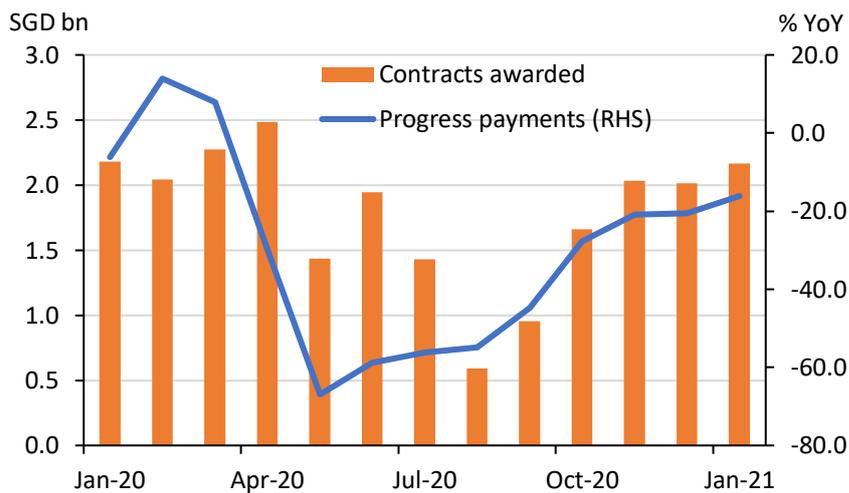


Sources: CEIC, STB.

Despite visitors from China growing by close to 500% in March compared to last year shortly before the imposition of the Circuit Breaker, strict border controls are now still in place, resulting in overall dismal tourist arrivals.

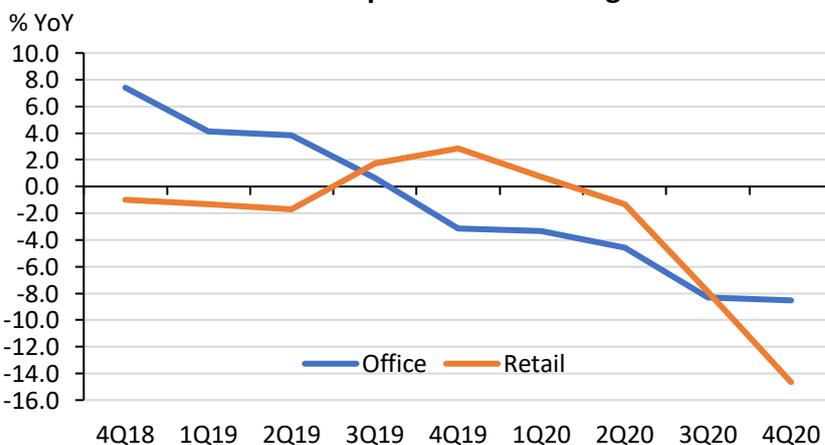
Construction and Real Estate

Construction sector



Construction contracts awarded rose further in 2021, amounting to SGD 2.2bn in January, a 7.6% increase from the month before. Progress payments continued to display signs of recovery, contracting at a slower pace of 16.2% YoY in January.

Rents of Office and Retail Space in Central Region

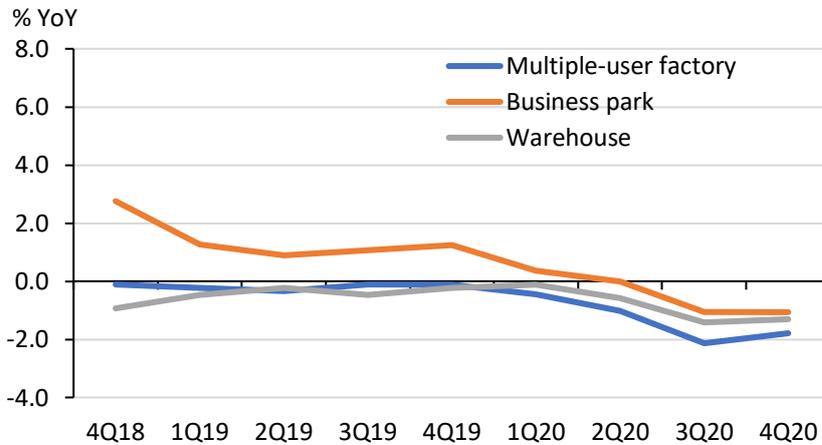


The effects of the pandemic continued to be felt in the retail space with rents extending its growth contraction by 14.7% YoY in 4Q 2020. Office rents continued to decline by a similar pace of 8.5% YoY during the same period.

Sources: BCA, DBS Group Research, JTC, URA.

Construction and Real Estate (Cont'd)

Industrial Rents

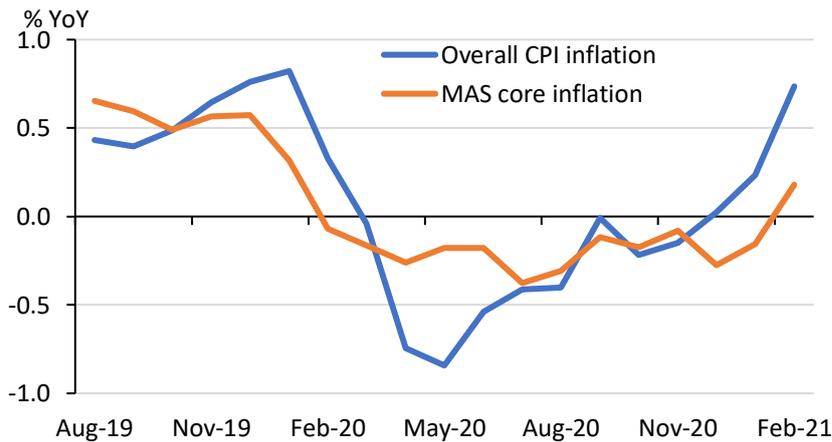


Sources: JTC.

While overall growth in rents for business parks stayed pat at -1.1% YoY in 4Q 2020, those for warehouses and multiple-user factories seemed to be picking up, displaying milder contractions of 1.3% YoY and 1.8% YoY, respectively.

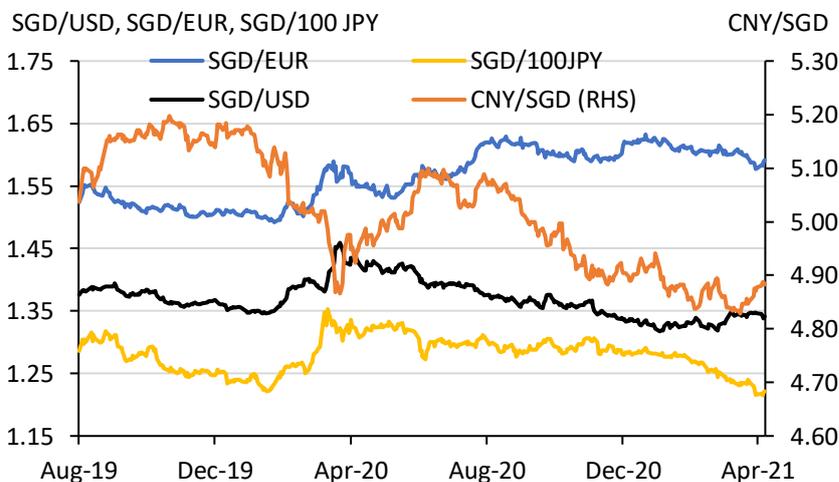
Inflation, FX and Interest Rates

CPI inflation



Singapore's headline Consumer Price Index (CPI) inflation picked up pace, registering 0.7% YoY in February, from 0.2% YoY the month before, driven largely by higher private transport inflation and core inflation, which rose to 0.2% YoY on the back of increases in the costs of services and food.

Foreign exchange

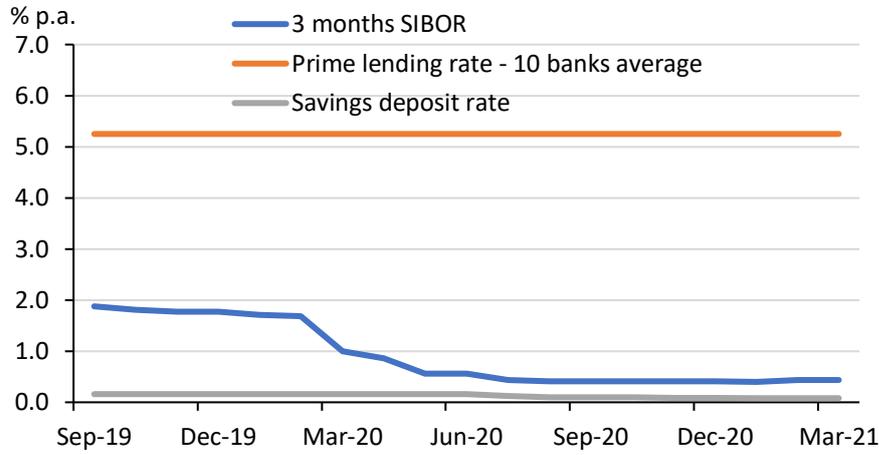


Sources: CEIC, DBS Group Research, Department of Statistics (DOS).

Broadly, while the SGD stayed pat against the Euro and the USD, it strengthened somewhat against the Japanese Yen and the CNY.

Inflation, FX and Interest Rates (Cont'd)

Interest rates



Sources: CEIC, DBS Group Research, Department of Statistics (DOS).

Interest rates across various benchmark rates, namely, the prime lending rate, the 3 months SIBOR, and the savings deposit rate, remained unchanged in March, at 5.25%, 0.44% and 0.08%, respectively.

Published by:

SBF SMEC Research Sub-Committee

Chairman

Mr Irvin Seah

Executive Director

DBS Bank

Members

Ms Lee Lay Keng

Head, Research

Keppel Capital

Mr Michael Wan

Senior Economist

SEA Group

Supporting Organisation:

DBS Bank

April 2021

All Rights Reserved

If you require any clarifications, kindly contact Research@sbf.org.sg

Disclaimer

The information herein is published by the Singapore Business Federation (SBF) and is for general information only. This publication is intended for SBF's subsidiaries, affiliates and members to whom it has been delivered and may not be reproduced, transmitted or communicated to any other person without the prior written permission of SBF. This publication is not and does not constitute or form part of any offer, recommendation, invitation or solicitation to you to subscribe to or to enter into any transaction, nor is it calculated to invite or permit the making of offers to the public to subscribe to or enter into any transaction and should not be viewed as such.

This publication is not intended to be a comprehensive study or to provide any recommendation or advice on commercial decisions, personal investing or financial planning. Accordingly, they should not be relied on or be treated as a substitute for any advice concerning individual situations. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. Any forecast on the economy and/or economic trends of the markets provided is not necessarily indicative of the future or likely performance of the markets/sectors/instruments as the case may be. Any opinion or estimate contained in this report is subject to change without notice. No warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons/businesses acting or relying on such information or opinion or estimate. Any views, opinions or figures contained herein may have been obtained from various sources and neither SBF nor any of their respective directors or employees make any warranty, expressed or implied, as to its accuracy or completeness and thus assume no responsibility of it whatsoever. The information herein may be subject to further revision, verification and updating and SBF undertakes no responsibility thereof.