



SBF

Economic

Indicators Report

4Q 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.

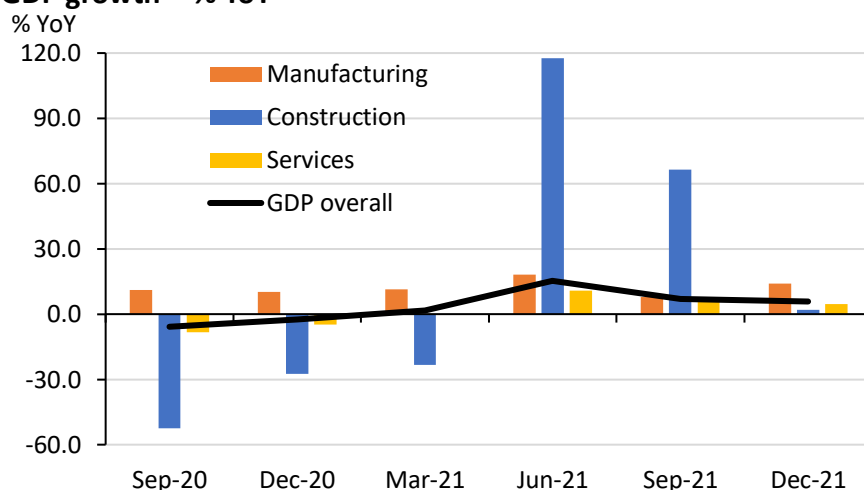
Overall GDP Growth

Median Forecasts of Macroeconomic Indicators for 2021

Key Macroeconomic Indicators % YoY	Sep 2021 Survey	Dec 2021 Survey
GDP	6.6	6.9
Manufacturing	11.4	11.4
Finance & insurance	6.8	7.5
Construction	16.6	21.0
Wholesale & Retail Trade	4.1	4.2
Accommodation & Food Services	5.9	3.1
Private Consumption	5.6	4.8
Non-oil Domestic Exports	9.0	10.9

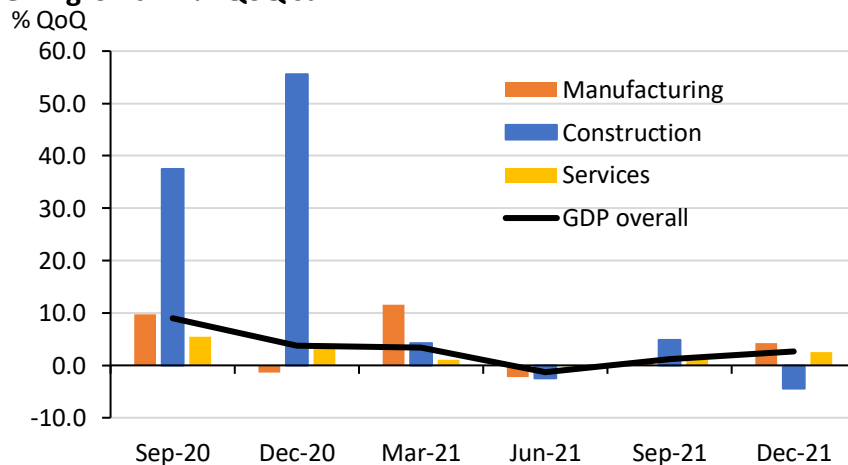
Respondents to the latest MAS Survey of Professional Forecasters expect GDP in 2021 to grow by 6.9%. The prospect of a reopening of borders continue to emerge as the key upside risk to the local growth outlook, alongside expectations of a strong expansion in manufacturing output and a faster-than-expected global growth.

GDP growth - % YoY



The Singapore economy expanded by 5.9% YoY in 4Q, moderating from a 7.1% YoY expansion in the previous quarter, primarily due to slower growth in the construction sector which registered a milder expansion of 2.0% YoY, down from previous quarter's 66.3% YoY growth.

GDP growth - % QoQ sa

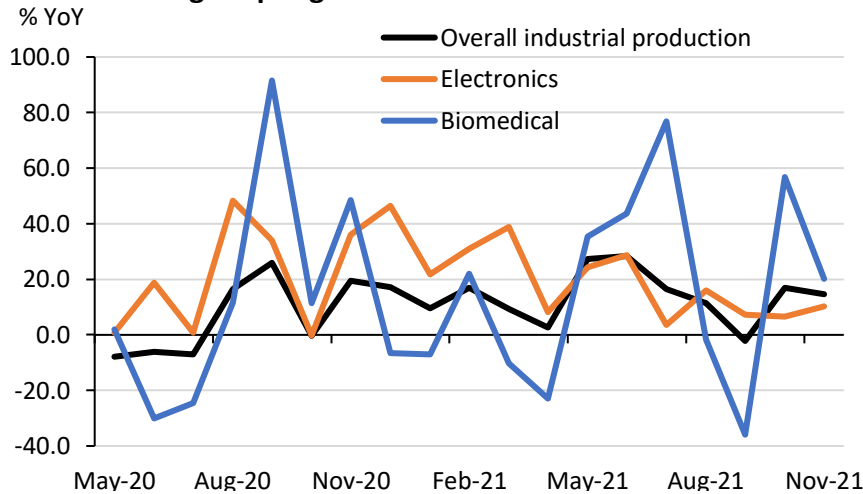


The economy experienced an expansion of 2.6% QoQ, faster than the 1.2% QoQ growth registered during the last quarter, bolstered by expansion in the manufacturing sector which grew by 4.2% QoQ, an improvement from the 0.2% growth seen last quarter.

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

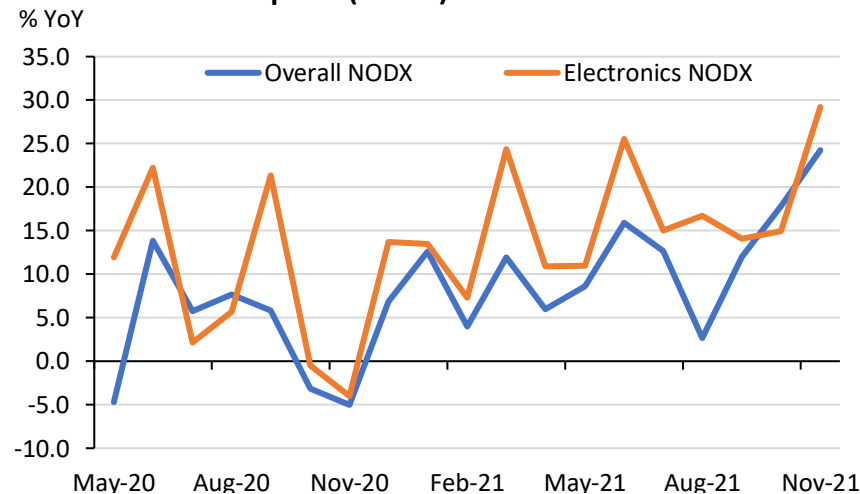
Manufacturing and Exports

Manufacturing output growth



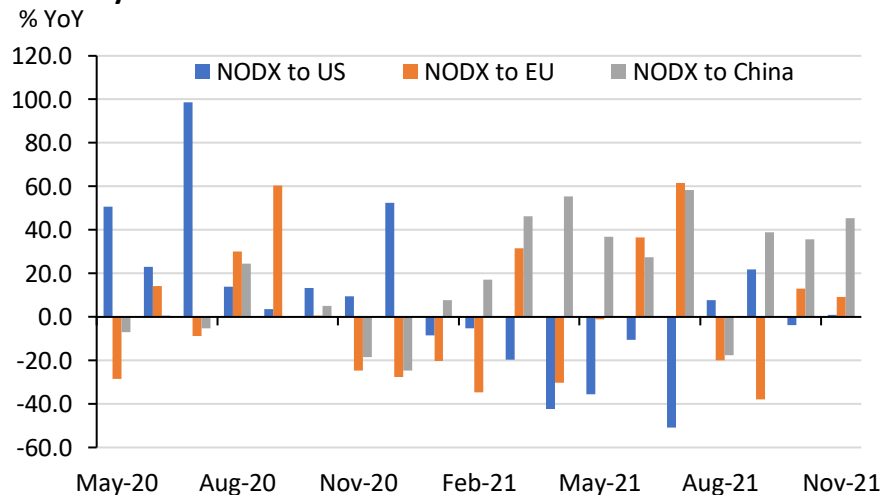
Overall industrial output extended its double-digit growth in November, expanding by 14.6% YoY. Growth was supported by output expansions in both the electronics and the biomedical clusters which grew by 10.2% YoY and 20.1% YoY, respectively.

Non-oil domestic exports (NODX)



Growth in Singapore's NODX surged in November, expanding for the 12th consecutive month and reaching a high of 24.2% YoY. Shipments in electronic products supported the overall growth in NODX, expanding by 29.2% YoY, due largely to growth in personal computers and integrated circuits.

NODX by markets



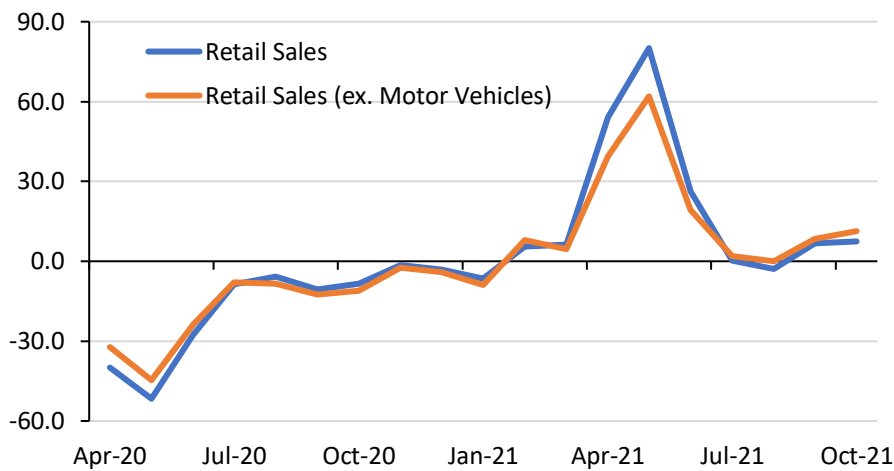
Singapore's NODX to the US rebounded to grow by 0.9% YoY in November, after contracting 3.9% YoY the month before. NODX to China remained strong and continued its double-digit growth, expanding by 45.3% YoY, while growth in NODX to EU moderated to 9.2% YoY from previous month's 13.0% YoY.

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

Retail Sales

Retail sales

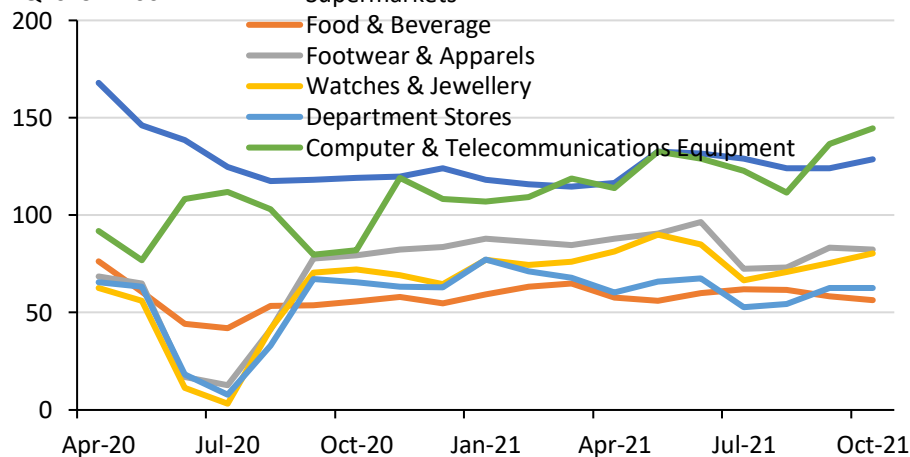
% YoY



Growth in October's headline retail sales remained positive for the 2nd consecutive month, expanding by 7.5% YoY. Excluding motor vehicles, retail sales rose by 11.4% YoY, compared to 8.5% in September. The larger increase was due in part to higher mobile phone sales following new product launches.

Retail sales by consumer segment

4Q2019 = 100



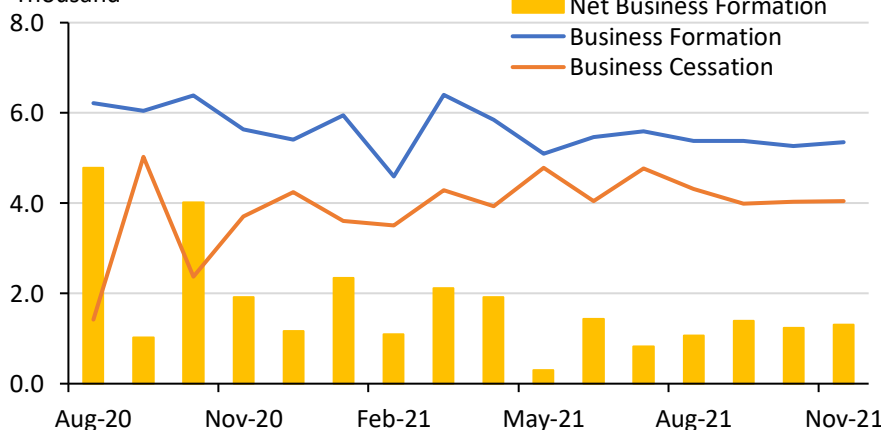
Performance between different retail segments remained quite bifurcated through 4Q2021. Spending on computer and electronics products rose further, lifted in part by new product launches. Conversely, food & beverage sales inched downwards in October, due in part to tightened restrictions imposed on dining establishments.

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

Business Formation and Cessation

Business formation and cessation

Thousand

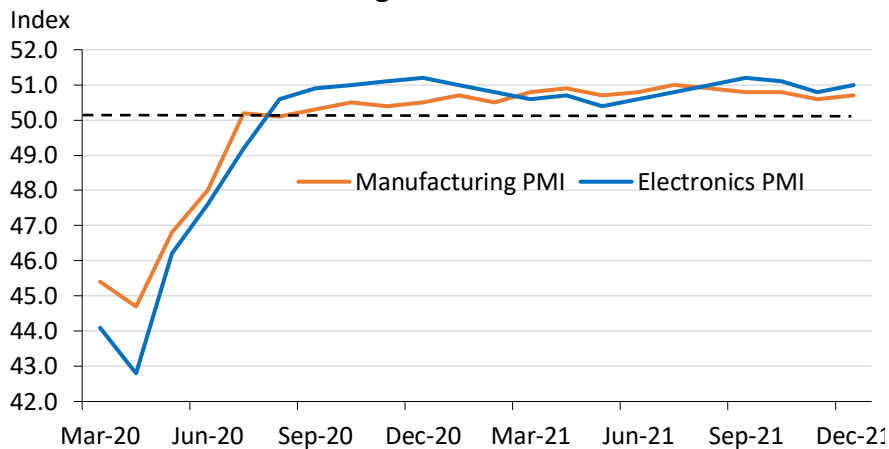


Net business formation displayed encouraging signs of stabilisation for most part of 2H 2021, in part reflecting the economy's gradual transit towards COVID resilience.

Sources: CEIC, DBS Group Research

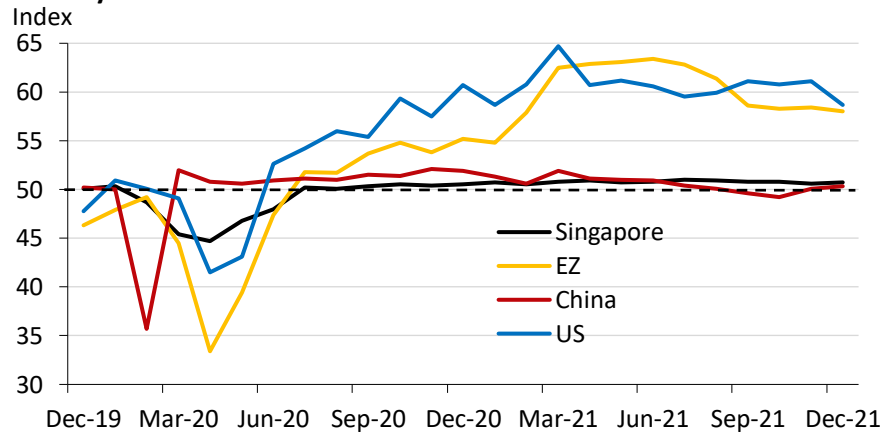
Purchasing Managers' Index (PMI)

Electronics & Manufacturing PMIs



Singapore's PMIs for manufacturing and electronics persisted above the 50-point boom-bust line, registering 51 and 50.7 respectively, for the month of December, indicating the continued expansion in factory activities.

PMIs by countries

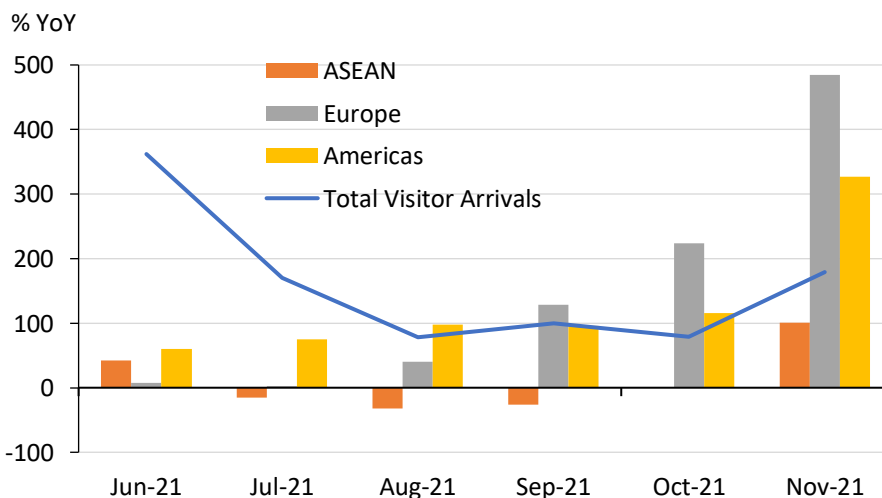


PMIs in the US and EZ remained high at 58.7 and 58 respectively in December 2021, signalling sustenance of activities in their respective factory sectors. China's PMI inched up and stayed above the 50th point line for the 2nd consecutive month, in part reflecting the government's efforts to ease the power supply crunch.

Sources: Bloomberg, DBS Group Research.

Visitor Arrivals

Tourist arrivals

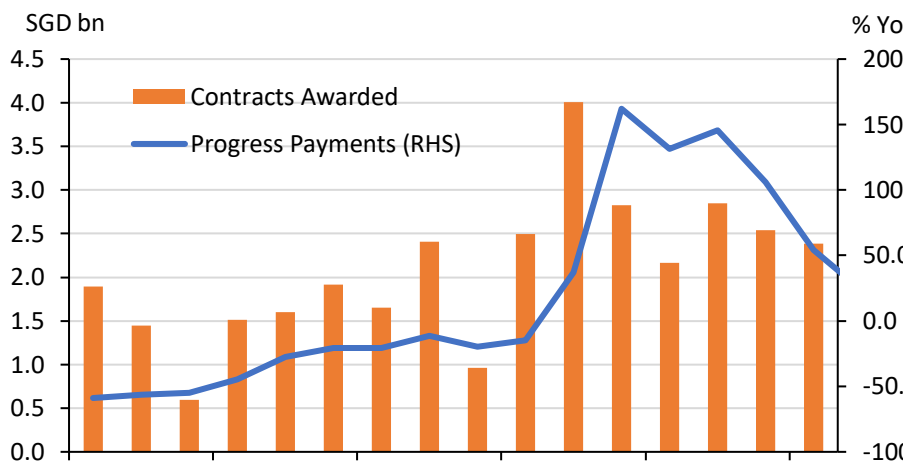


Sources: CEIC, STB.

Tourist arrivals to Singapore rose with the launch of the 'Vaccinated Travel Lane' (VTL) in early September. The extension of the VTL to more countries saw a further surge in numbers in the following two months. Total arrivals registered a growth of 178.9% YoY in November. Nonetheless, the arrival of Omicron may put a pause to visitor arrival growth at least in 1Q 2022.

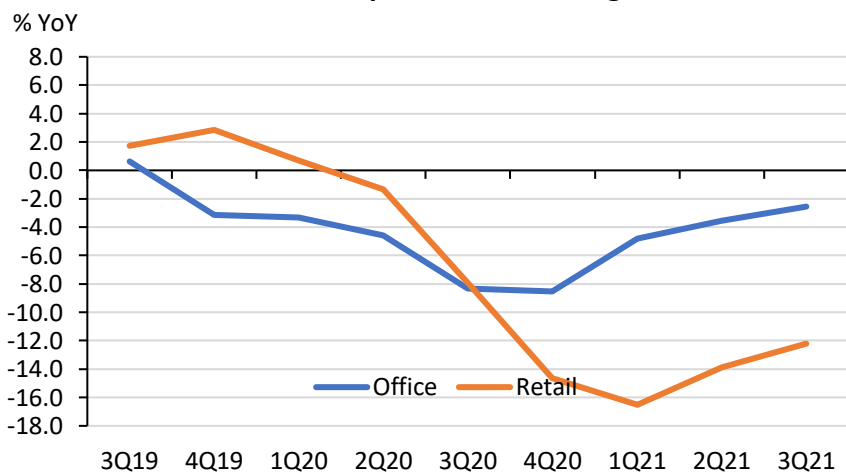
Construction and Real Estate

Construction sector



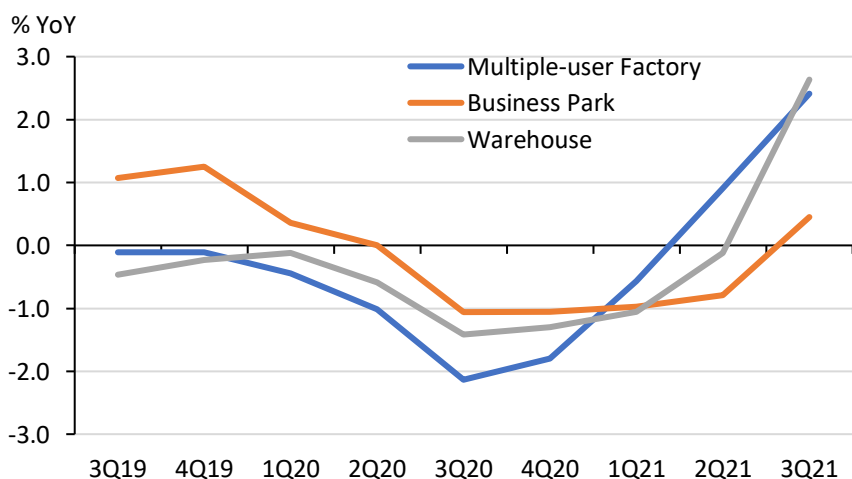
Construction contracts awarded amounted to SGD 2.4bn in October while growth in progress payments continued to moderate, registering 23.3% YoY in the same month. Construction activity remains affected by supply-side constraints.

Rents of Office and Retail Space in Central Region



Growth in rents of office and retail spaces displayed signs of tentative recovery, with milder contractions in recent months. Office and retail space rentals contracted at a slower pace of 2.5% YoY and 12.2% YoY, respectively, in 3Q 2021.

Industrial Rents

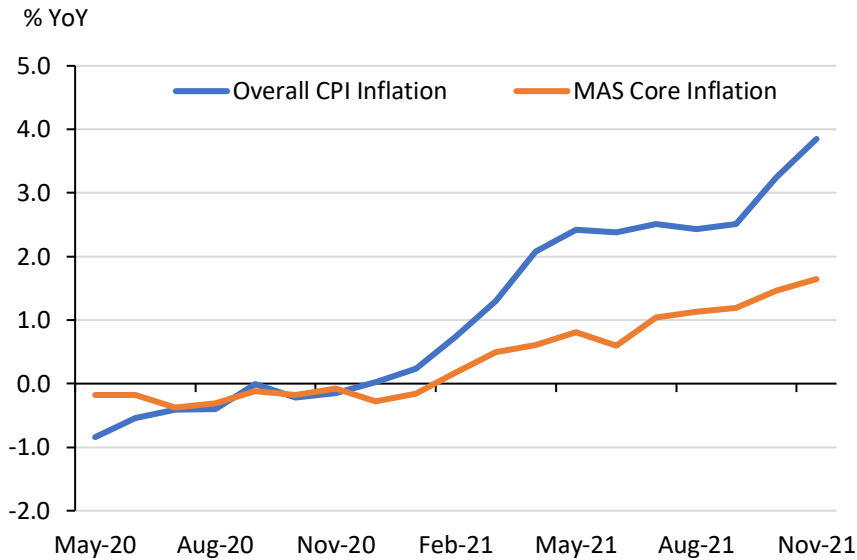


Industrial rents displayed signs of recovery across the board. Rental growth for multiple-user factories continued to gain ground, expanding by 2.4% YoY in 3Q 2021, compared to 0.9% YoY in the previous quarter. Growth in rents of business parks and warehouses turned positive during the same period, with the latter expanding for the first time since 2Q 2014.

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

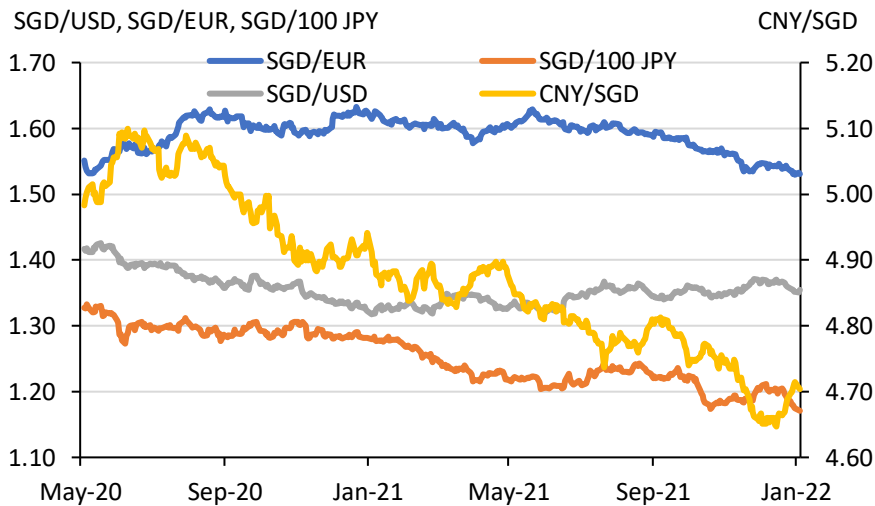
Inflation and Foreign Exchange

CPI inflation



Singapore's headline Consumer Price Index (CPI) inflation rose to 3.8% YoY in November, the fastest rise in nine years. Price pressures were driven up by a rather broad set of factors, including property, COEs, energy, and also some rise in services inflation. The MAS core inflation inched up to 1.6% in November, compared to 1.5% in October, on the back of an increase in services inflation.

Foreign exchange



The SGD continued to stay pat against the USD and strengthened somewhat against the Euro and the Japanese Yen. While the CNY broadly strengthened against the SGD, there were signs of slight easing in recent weeks.

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

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

January 2022

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.