



# **SBF**

# **Economic**

# **Indicators Report**

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## **1Q 2022**

## **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.

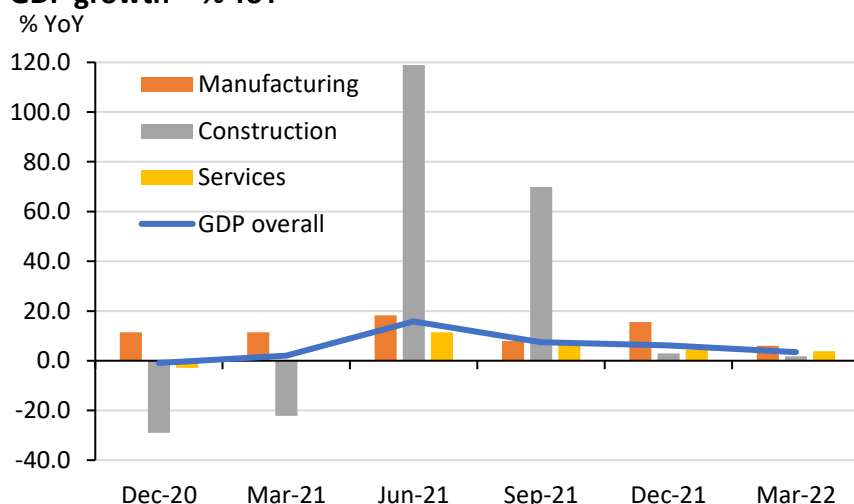
## Overall GDP Growth

### Median Forecasts of Macroeconomic Indicators for 2022

Key Macroeconomic Indicators % YoY	Dec 2021 Survey	Mar 2022 Survey
GDP	4.0	4.0
Manufacturing	3.3	4.1
Finance & insurance	4.1	4.1
Construction	15.8	9.0
Wholesale & Retail Trade	3.2	3.7
Accommodation & Food Services	9.6	9.1
Private Consumption	4.7	4.5
Non-oil Domestic Exports	4.8	7.8

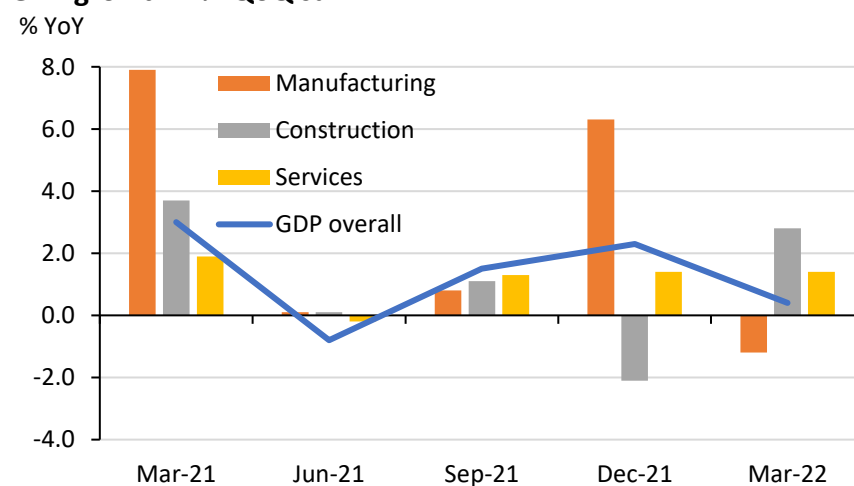
Respondents to the latest MAS Survey of Professional Forecasters expect GDP in 2022 to grow by 4.0%, unchanged from the previous survey. The prospect of a reopening of borders emerged as the most frequently cited upside risk to the outlook, while the rise in inflation, driven mainly by higher energy and food prices, was the key downside risk cited.

### GDP growth - % YoY



The Singapore economy expanded by 3.4% YoY in 1Q 2022, moderating from a 6.1% YoY expansion in the previous quarter, due to slower growth in the goods producing (manufacturing and construction) industries which moderated to 5.3% YoY from 13.6% YoY last quarter, and the services industry which moderated to 3.9% YoY from 4.4% YoY last quarter.

### GDP growth - % QoQ sa

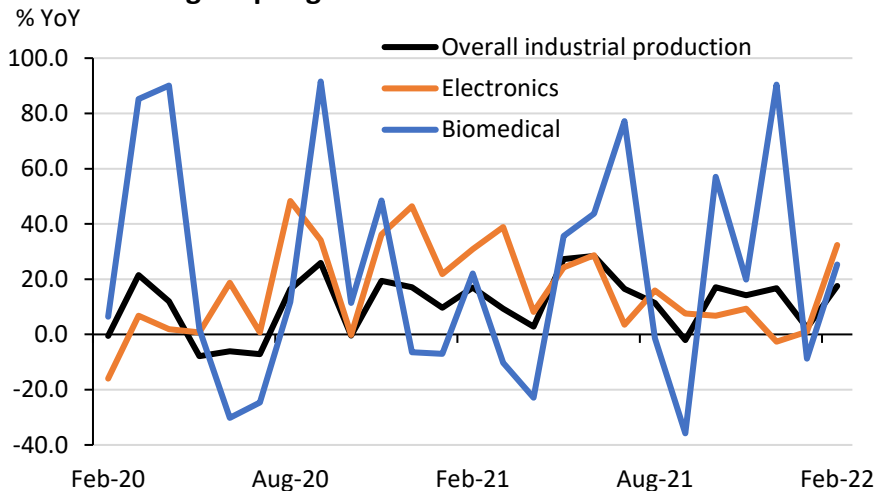


The economy experienced an expansion of 0.4% QoQ, slower than the 2.3% QoQ growth registered during the last quarter. In particular, the manufacturing sector contracted by 1.2% QoQ in 1Q 2022, a reversal from the 6.3% QoQ growth in the previous quarter.

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

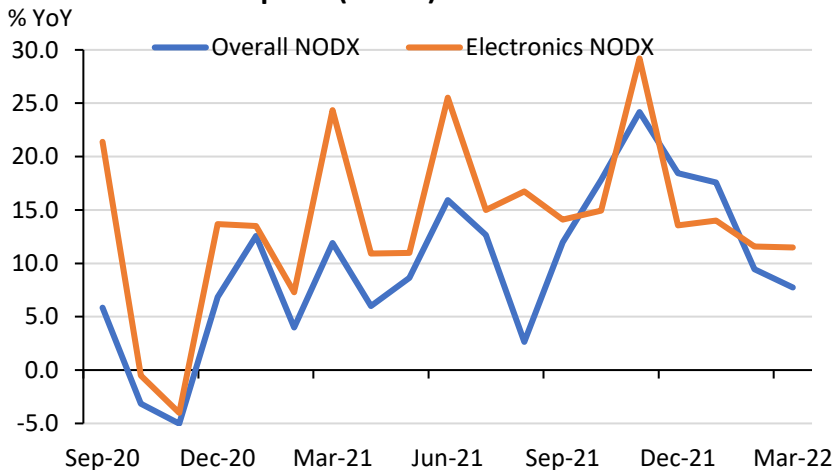
# Manufacturing and Exports

## Manufacturing output growth



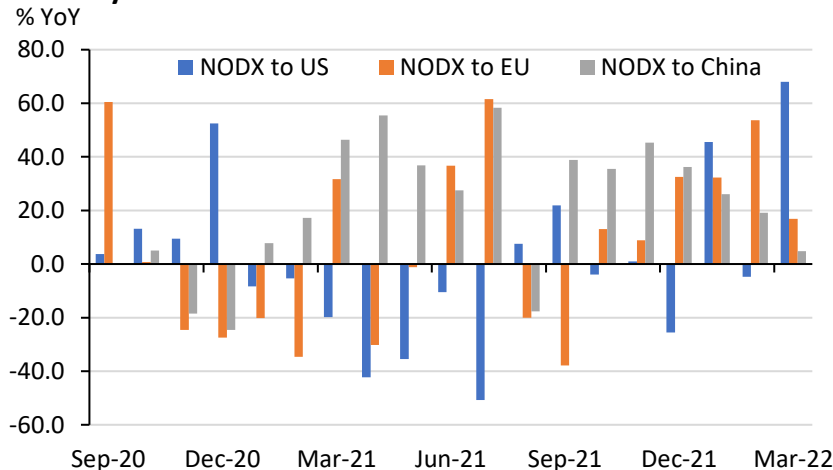
Overall industrial output continued to expand in February, growing by 17.6% YoY. Growth was supported by output expansions in both the electronics and the biomedical clusters which grew by 32.4% YoY and 25.3% YoY, respectively.

## Non-oil domestic exports (NODX)



Singapore's NODX continued to expand in March, albeit at a slower pace of 7.7% YoY, moderating from last month's 9.4% YoY growth. Shipments in electronic products continued to support the overall growth in NODX, expanding by 11.5% YoY, due in part to growth in disk drives and parts of integrated circuits.

## NODX by markets

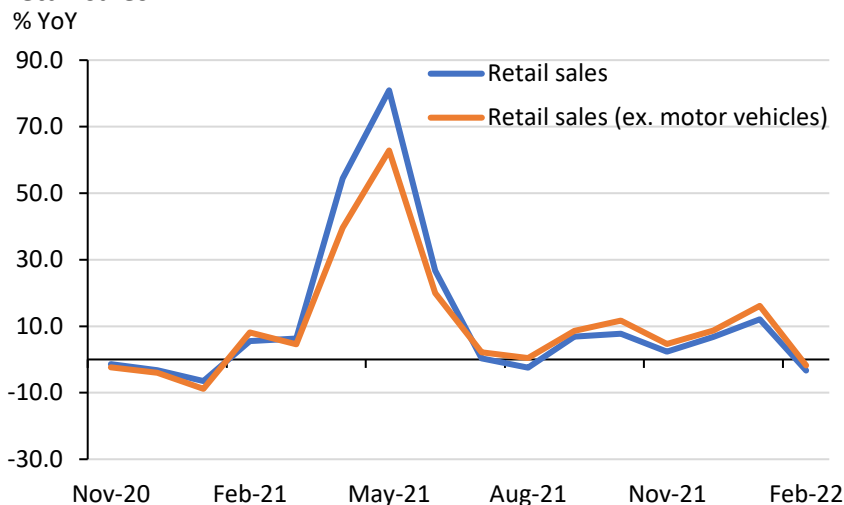


Singapore's NODX to the US rebounded to grow by 68.1% YoY in March, after having contracted by 4.7% YoY the month before. NODX to the EU and China continued to grow, albeit at a slower pace of 16.8% YoY and 4.8% YoY, respectively.

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

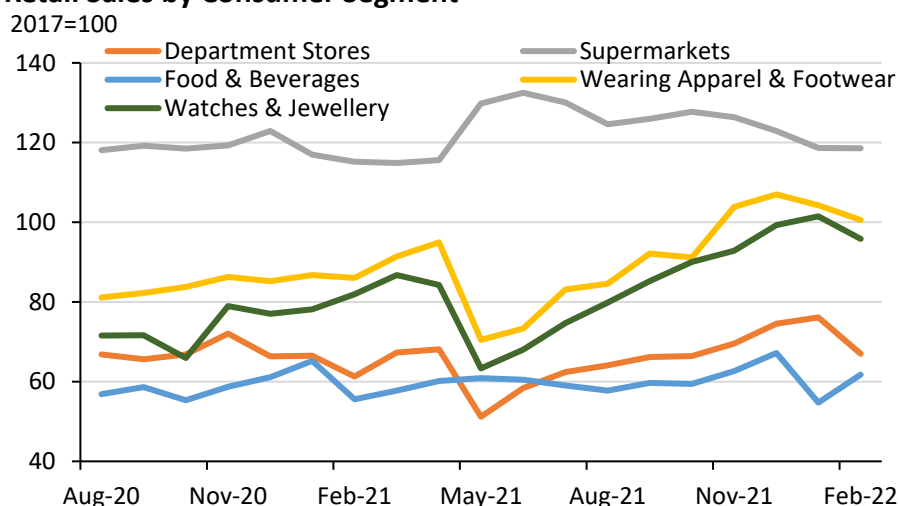
# Retail Sales

## Retail sales



Growth in retail sales contracted by 3.4% YoY in February, a reversal from the 12.0% YoY expansion in the previous month. The decline was due to last year's pre-Chinese New Year (CNY) spending that occurred in the month of February. Pre-CNY spending this year occurred mainly in the month of January. Excluding motor vehicles, retail sales contracted by 1.8% YoY.

## Retail Sales by Consumer Segment

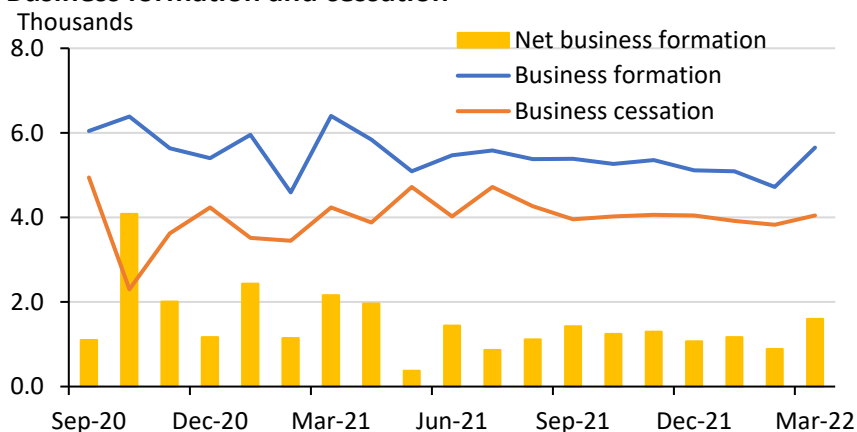


Most retail segments recorded a year-on-year dip in sales for February. Conversely, sales of 'Food Caterers', 'Cafes', 'Food Courts & Other Eating Places' and 'Fast Food Outlets' increased, bolstering growth for the overall 'Food & Beverage' segment.

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

# Business Formation and Cessation

## Business formation and cessation

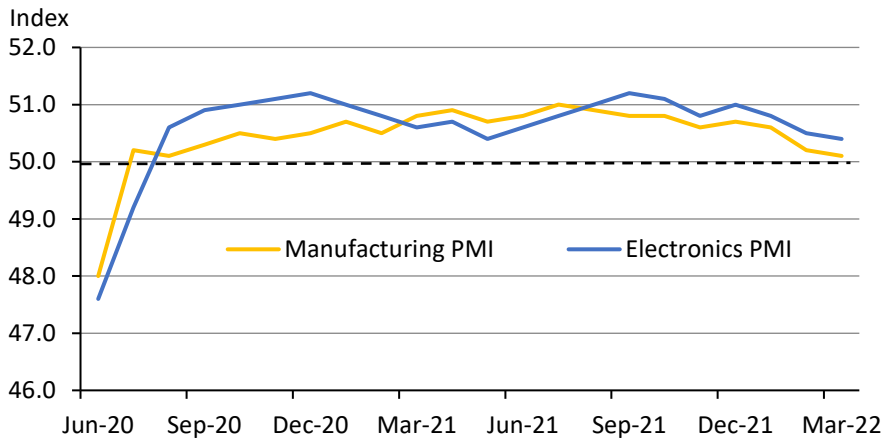


Net business formation grew strongly in March. There was a total of 5,651 business registrations and 1,604 net business formations, the most since April 2021, in part a reflection of the gradual reopening of the economy.

Sources: CEIC, DBS Group Research

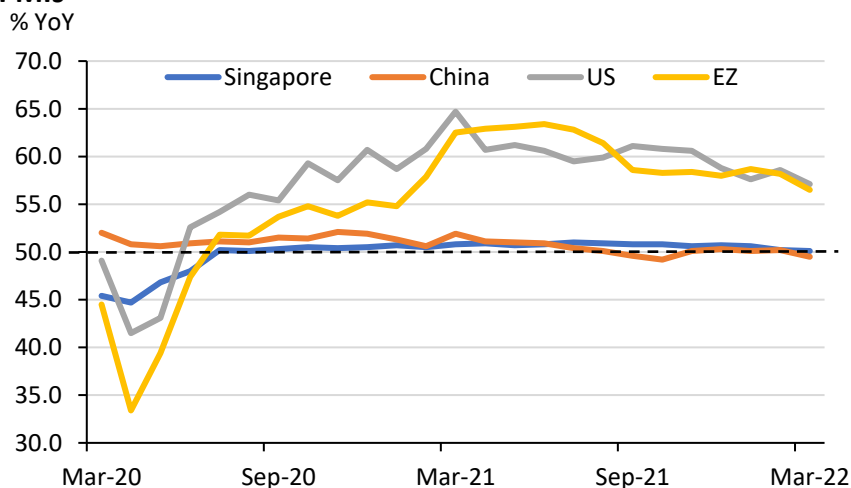
## Purchasing Managers' Index (PMI)

### Manufacturing & Electronics PMIs



The ongoing conflict in Ukraine coupled with the escalation in energy cost weighed on overall output. Though remaining in expansionary territory, both the electronics and manufacturing PMIs in March edged down by 0.1 point from the previous month, to 50.4 and 50.1, respectively.

### PMIs

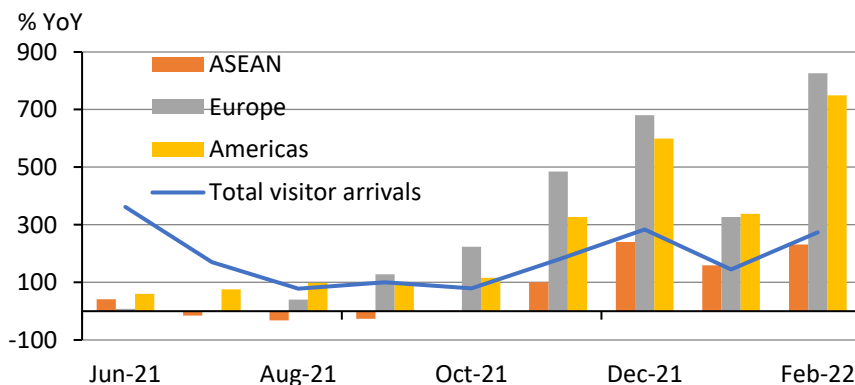


The PMIs in the month of March for the US and EZ remained high at 57.1 and 56.5, respectively, signalling sustenance of activities in their respective factory sectors. In contrast, China's PMI dipped below the 50-point threshold with a reading of 49.5, partly reflecting the negative economic impact of lockdowns in Shanghai.

Sources: Bloomberg, DBS Group Research.

## Visitor Arrivals

### Tourist arrivals

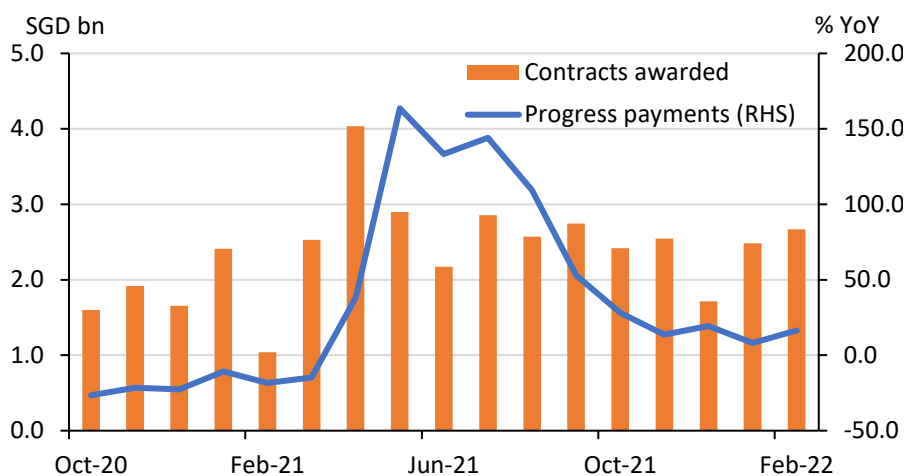


Sources: CEIC, STB.

Tourist arrivals to Singapore picked up pace in February from a month ago as reopening of its borders resumed after a brief tightening of border restrictions amid the spread of the Omicron variant. Total arrivals registered a growth of 273.5% YoY in February.

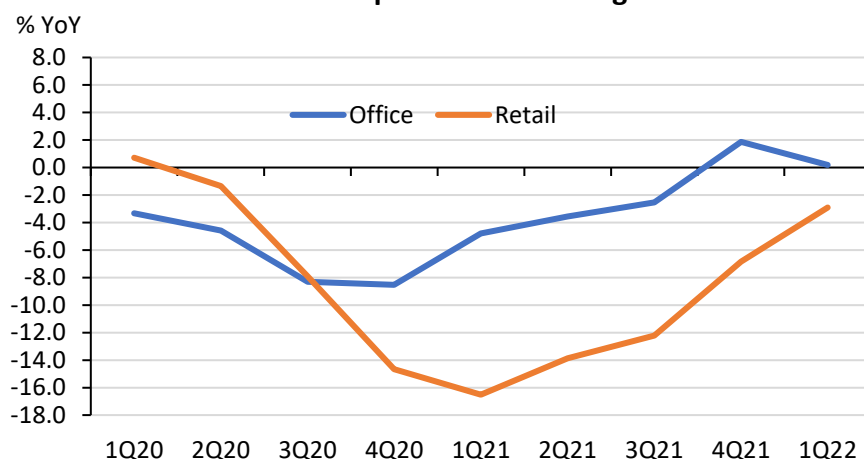
# Construction and Real Estate

## Construction sector



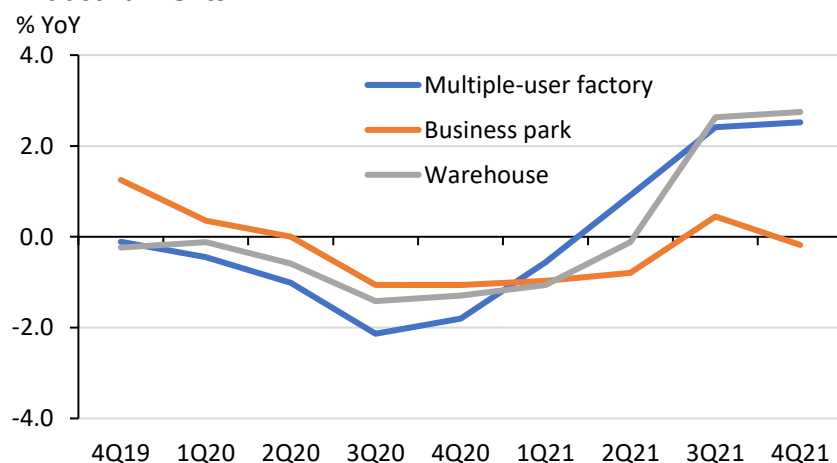
Construction contracts awarded continued to inch up and amounted to SGD 2.7bn in February while growth in progress payments grew by 16.4% YoY, from previous month's 8.1% YoY.

## Rents of Office and Retail Space in Central Region



Growth in office rentals expanded by 1.9% YoY in the last quarter of 2021, the first time since 3Q 2019, and continued to grow in 1Q 2022, albeit at a slower pace of 0.2% YoY. Rental growth in the retail space continued to display signs of recovery with a milder contraction of 2.9% YoY, compared to a contraction of 6.8% YoY in the preceding quarter.

## Industrial Rents

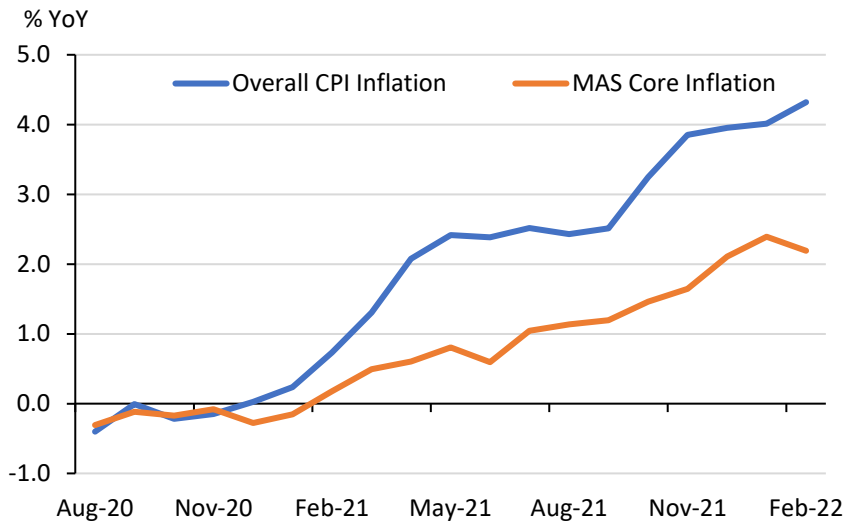


Rental growth for multiple-user factories and warehouses continued to gain ground, expanding by 0.1% point each from the previous quarter, to 2.5% YoY and 2.7% YoY, respectively, in 4Q 2021. Growth in rents of business parks dipped back into the negative, contracting by 0.2% YoY, from previous quarter's expansion of 0.4% YoY.

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

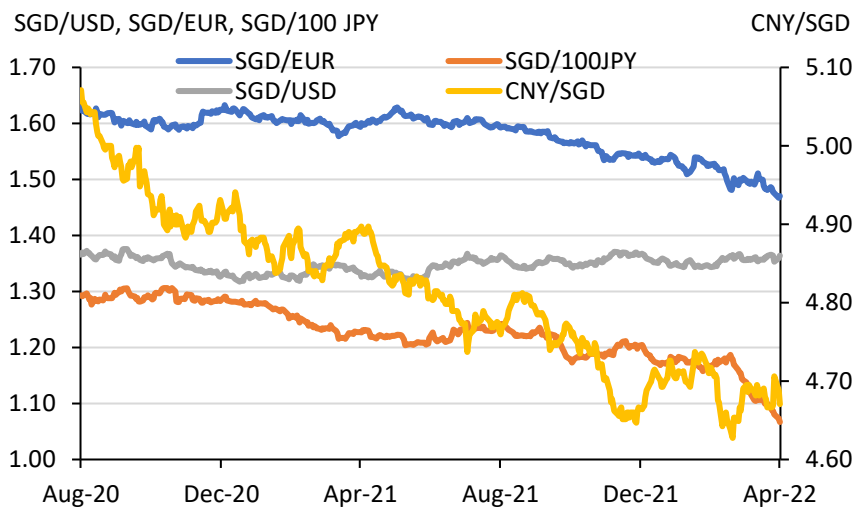
# Inflation and Foreign Exchange

## CPI Inflation



Singapore's inflation pressures picked up further. Headline Consumer Price Index (CPI) inflation rose to 4.3% YoY in February, from 4.0% in the previous month, driven by a combination of higher private transport inflation, rentals, energy prices, and also stronger services activity due to reopening effects.

## Foreign exchange



Broadly, the SGD continued to strengthen against the Euro and the Japanese Yen, but weakened against the CNY. It stayed flat against the USD. Moving forward, the SGD could continue to strengthen against a basket of currencies, given the MAS' recent move to tighten its exchange rate policy further to combat inflation.

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



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April 2022

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