



SBF

Economic

Indicators Report

1Q 2020

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.

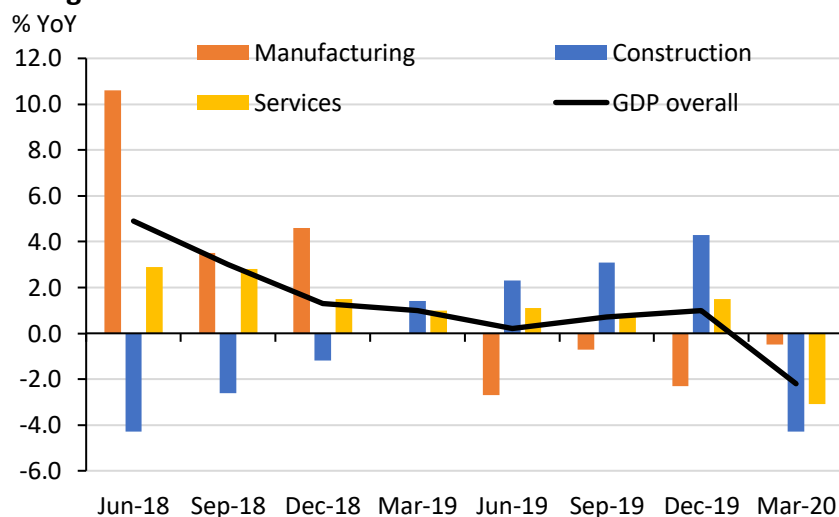
The *SBF Economic Indicators Report (Singapore)* shall be published on a quarterly basis.

Overall GDP Growth

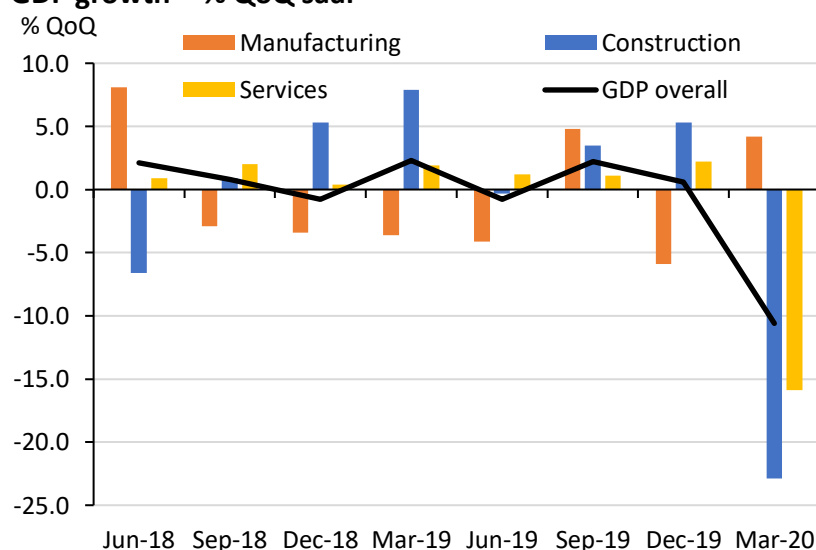
Median Forecasts of Macroeconomic Indicators 2020

Key Macroeconomic Indicators % YoY	Dec 2019 Survey	Mar 2020 Survey
GDP	1.5	0.6
Manufacturing	0.7	-0.3
Finance & insurance	3.5	2.6
Construction	2.5	2.4
Wholesale & Retail Trade	0.4	-0.7
Accommodation & Food Services	2.1	-1.6
Private Consumption	2.7	1.9
Non-oil Domestic Exports	1.6	0.2

GDP growth - % YoY



GDP growth - % QoQ saar



Respondents to the MAS Survey of Professional Forecasters expect GDP growth to come in at 0.6% in 2020. On the back of recent developments, MTI revised its GDP forecast to between -4.0% and -1.0% for 2020. This comes on the back of advance 1Q20 GDP estimates indicating a 2.2% YoY growth contraction.

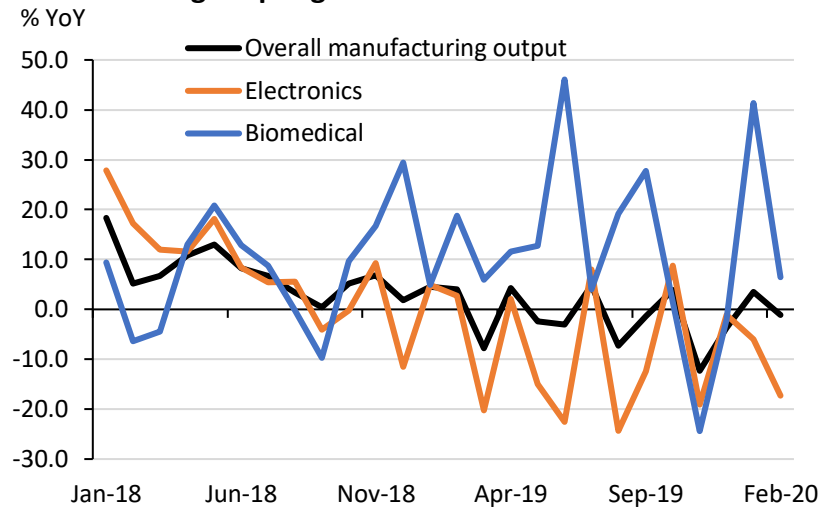
GDP growth contracted by 2.2% in Q1 2020, the first time it slipped into negative territory since June 2009 during the Global Financial Crisis. The manufacturing, construction and services sectors all registered negative growth.

On a quarter-on-quarter (QoQ saar) basis, the economy shrank by 10.6% last quarter, dragged down by the construction and the services sectors which registered negative growth of -22.9% and -15.9%, respectively.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC, MAS and Department of Statistics (DOS).

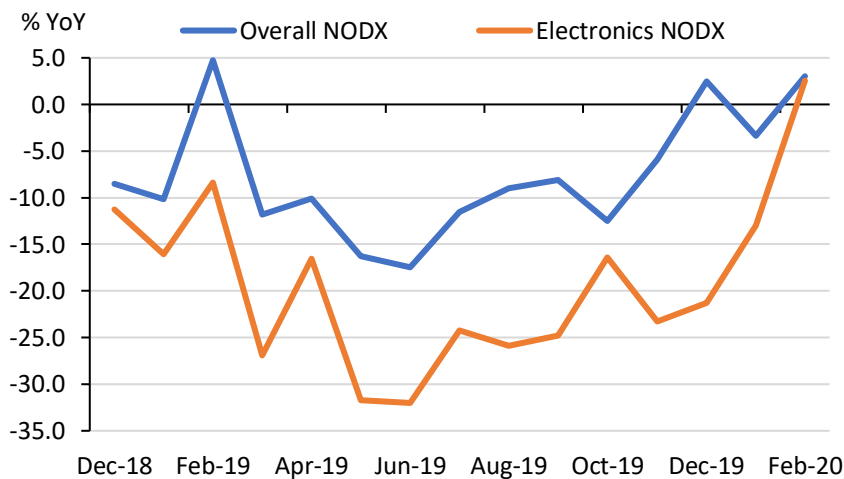
Manufacturing and Exports

Manufacturing output growth



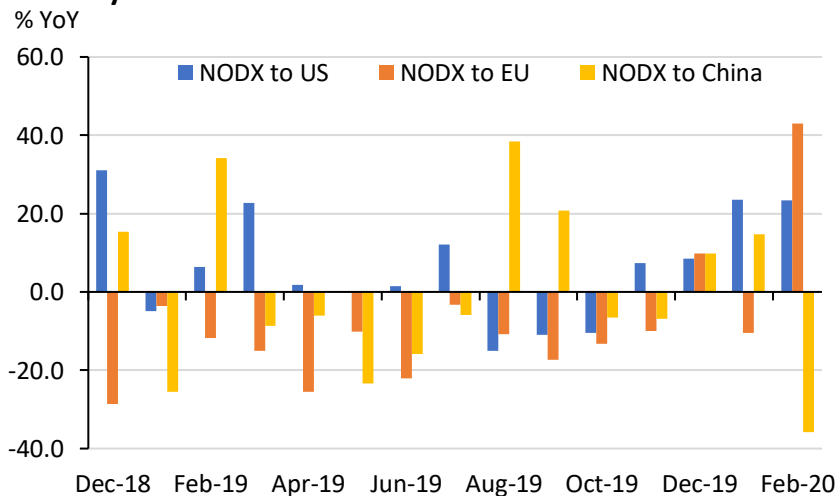
On a year-on-year basis, manufacturing output growth turned negative, with the YoY figure in February coming in at -1.1%, reversing its previous gain of 3.5% in the previous month.

Non-oil domestic exports (NODX)



Given the possibility that gravity of the COVID-19 situation had yet to fully sink in across the western hemisphere, non-oil domestic exports (NODX) inched into positive territory with a 3.3% growth YoY in February, bolstered by a 2.5% growth in electronics.

NODX by markets

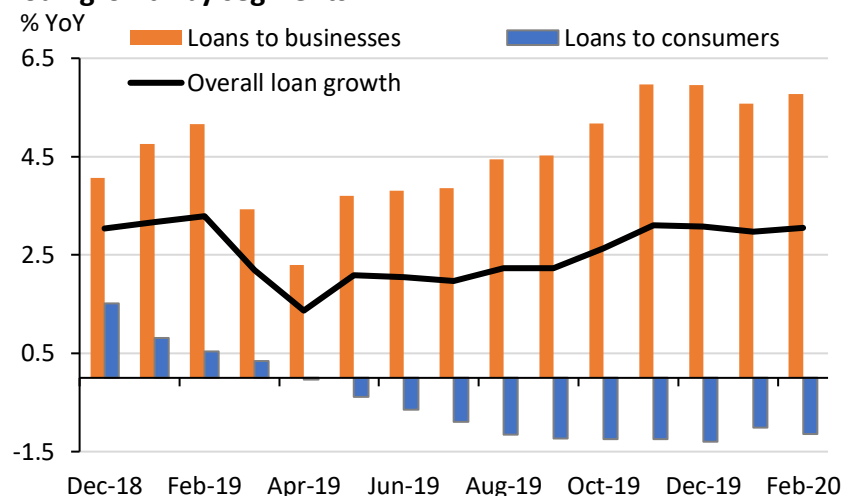


NODX to the EU registered a high of 43.0% growth YoY in February, ahead of concerns that the COVID-19 situation would worsen. On the contrary, NODX to China saw a steep contraction of 35.8% as the effects of lock-down and supply chain disruptions began to be felt.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC and Department of Statistics (DOS)

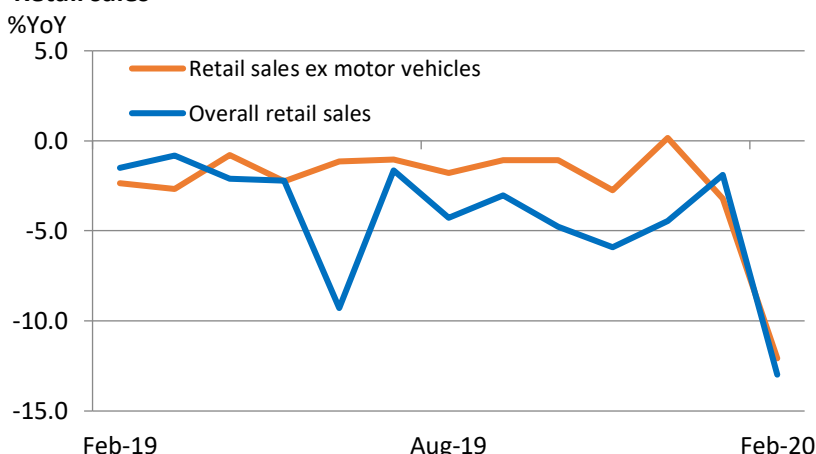
Loan Growth and Retail Sales

Loan growth by segments



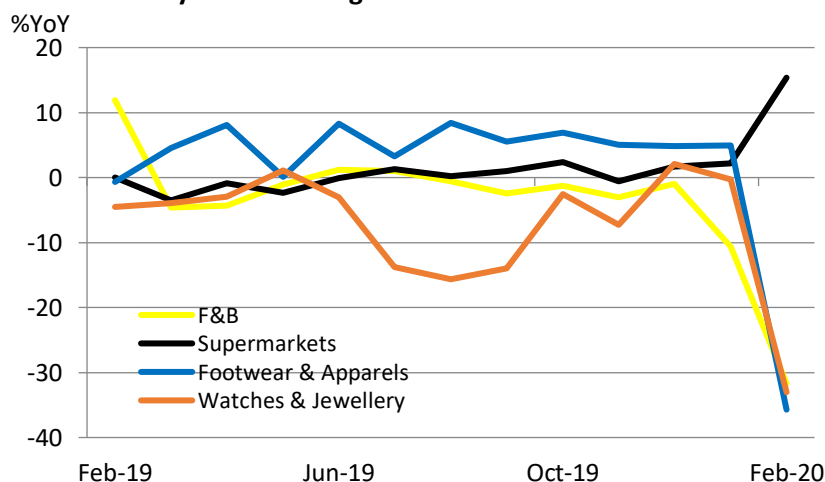
Overall loan growth held steady at a YoY growth of 3.1% in February, supported in part by continued disbursements to businesses (5.8% YoY). Consumer loans continued to see sustained contraction at -1.1% YoY.

Retail sales



Retail sales dipped further south in February (-13.0% YoY) compared to -1.9% YoY in January, as realities of the COVID-19 outbreak sink in amidst an already lacklustre global economic environment.

Retail sales by consumer segments

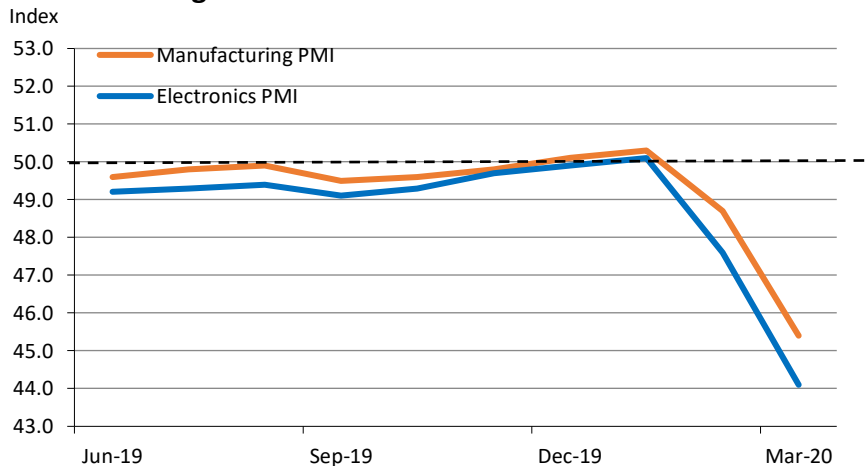


Corresponding to the contraction in overall sales, turnover for segments such as 'F&B', 'Footwear & Apparels' and 'Watches & Jewellery' saw steep YoY growth contractions of 31.7%, 35.7% and 33.0%, respectively. Sales for 'Supermarkets' bucked the trend with a 15.4% YoY growth.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC and Department of Statistics (DOS)

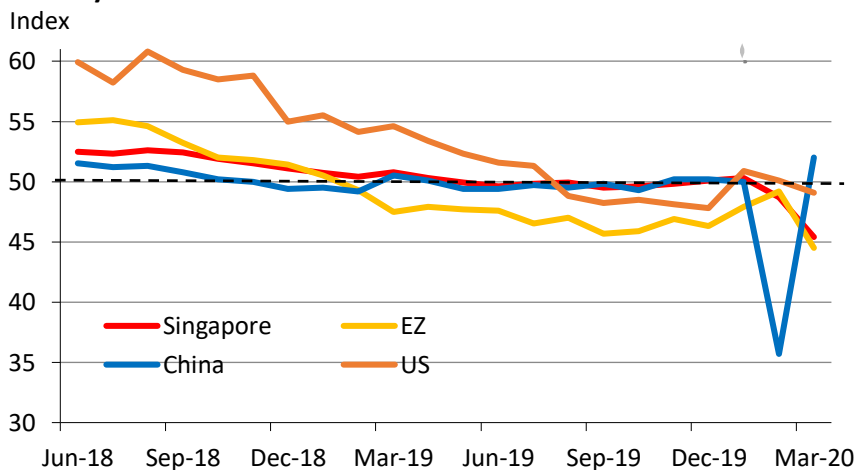
Purchasing Managers' Index (PMI) and Visitor Arrivals

Manufacturing and Electronics PMIs



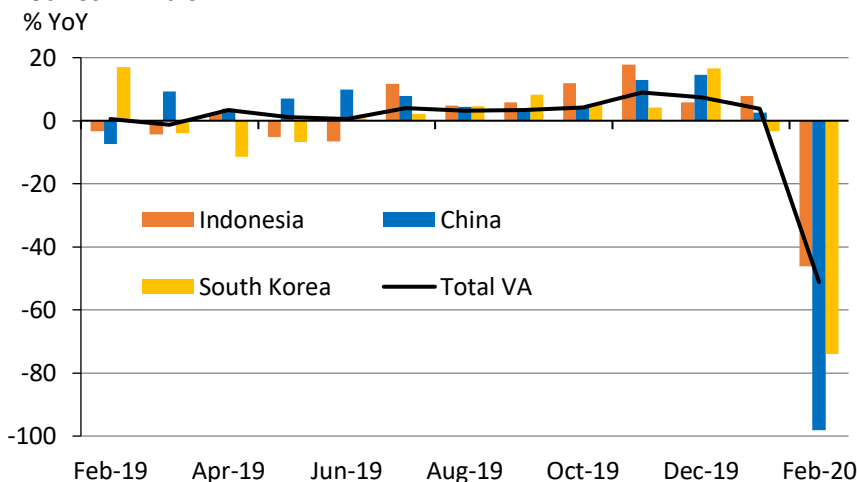
Singapore's PMI for both the manufacturing and the electronics sectors dipped below the 50-point boom-bust line for the 2nd consecutive month in March, registering 45.4 and 44.1, respectively.

PMIs by countries



PMIs in March for Singapore, EZ and the US dropped below the 50-point boom-bust line, coming in at 45.4, 44.5 and 49.1, respectively. China's PMI rebounded from 35.7 to 52.0, somewhat reflecting the lag effect in prevailing conditions between China and other regions.

Tourist Arrivals

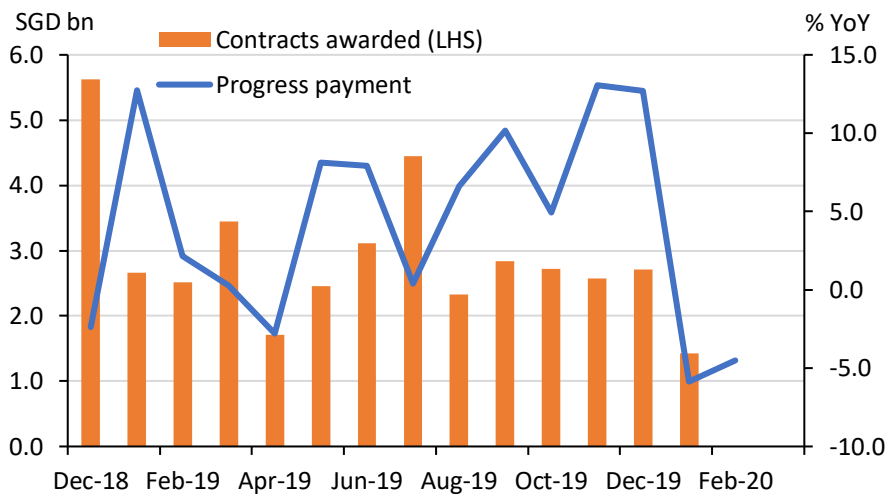


Overall visitor arrivals contracted substantially (-51.2% YoY in February, compared to 3.9% in the previous month). This comes on the back of sharp 98.2% and 74.0% YoY contractions in visitor arrivals from China and South Korea, respectively, as border control measures kicked in.

Sources: Data for all charts and tables are from DBS Group Research, Bloomberg, CEIC, URA, JTC and Department of Statistics (DOS).

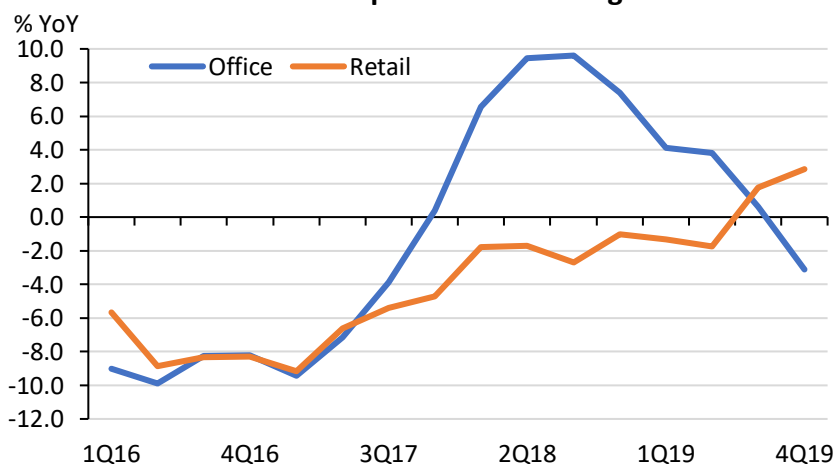
Construction and Real Estate

Construction sector



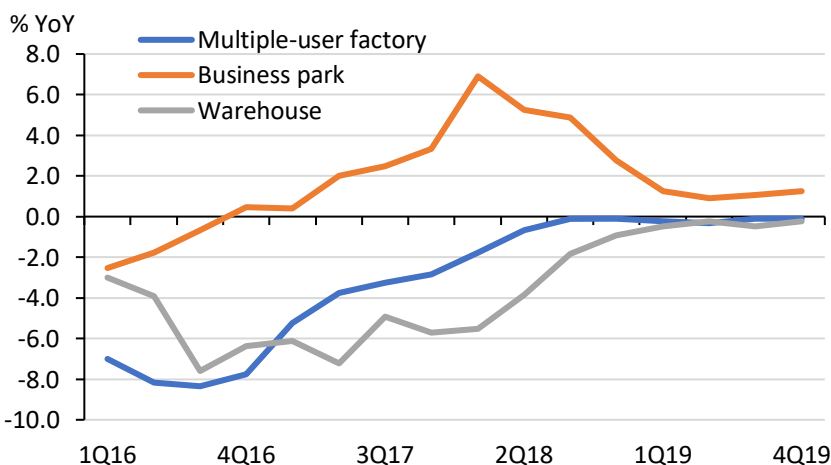
Construction contracts awarded amounted to SGD 1.4bn in January but progress payments saw a second consecutive month of negative growth at -4.5% YoY in February.

Rents of Office and Retail Space in Central Region



Office rents in Central Region continued its downward slide in growth and contracted for the first time since 3Q 2017, registering -3.1% YoY in 4Q 2019. Retail rents saw its second consecutive quarter of growth (2.9% YoY in 4Q 2019). 2020 rental growth will be under further pressure amid the outbreak of COVID-19.

Industrial Rents

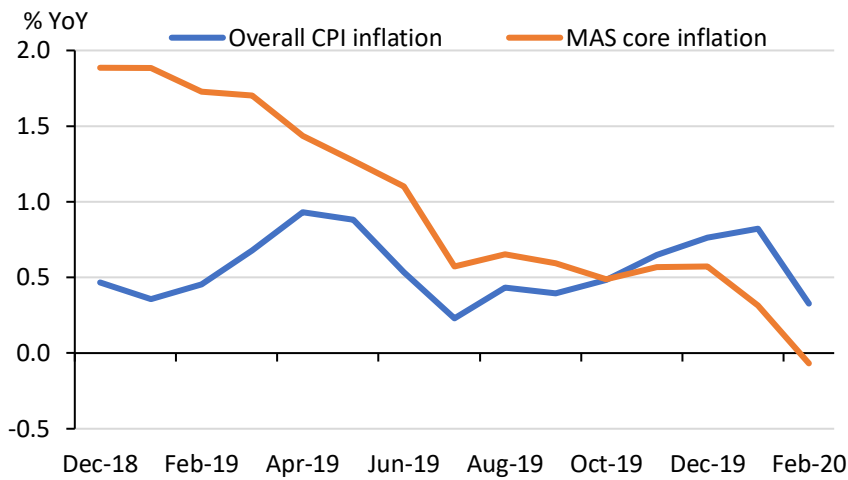


Industrial rental growth continued to hold steady in 4Q 2019. Rents of business park space rose 1.3% YoY, while factory and warehouse rents remained in the negative territory at -0.1% and -0.2%, respectively.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC and Department of Statistics (DOS)

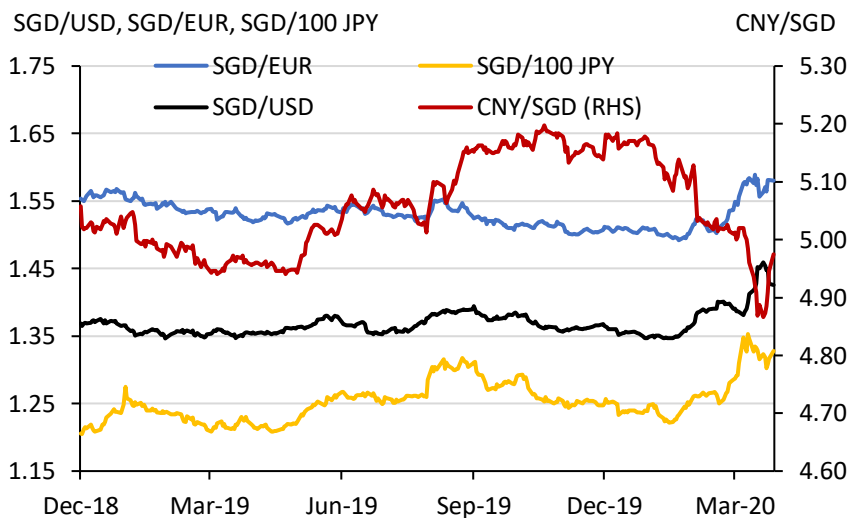
Inflation, FX and Interest Rates

CPI inflation



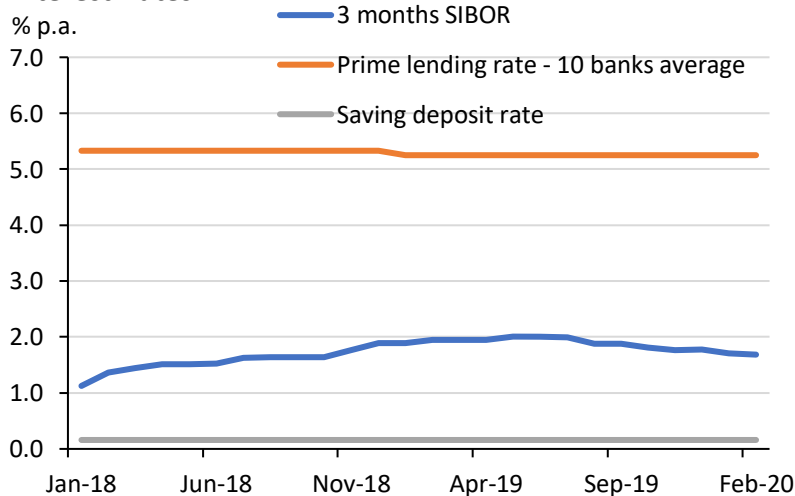
The headline Consumer Price Index (CPI) inflation moderated to 0.3% YoY in February, while core inflation dipped into the negative territory, registering -0.1% compared to 0.3% the previous month.

Foreign exchange



Over the last quarter, broadly, the SGD saw a gradual weakening vis-à-vis the rest of the major currencies.

Interest Rates



The 3 months SIBOR inched incrementally downwards to 1.69% in February, while the prime lending rate and the saving deposit rate remained stable at 5.25% and 0.16%, respectively.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC and 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
Dr Lim Tai Wei	Senior Lecturer	SUSS
Dr Clive Choo	Senior Lecturer	NTU
Mr Kenneth Wong	Lecturer	ITE

Supporting Organisation:
DBS Bank

April 2020

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.