



SBF

Economic

Indicators Report

3Q 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.

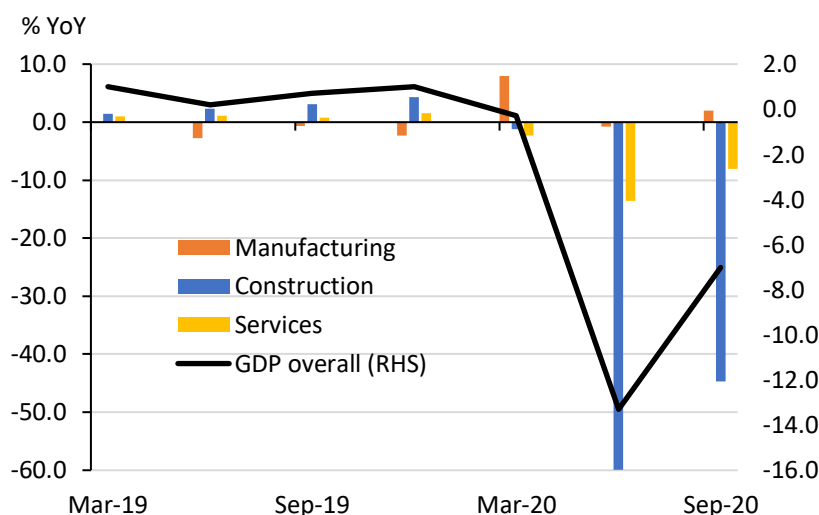
The *SBF Economic Indicators Report (Singapore)* shall be published on a quarterly basis.

Overall GDP Growth

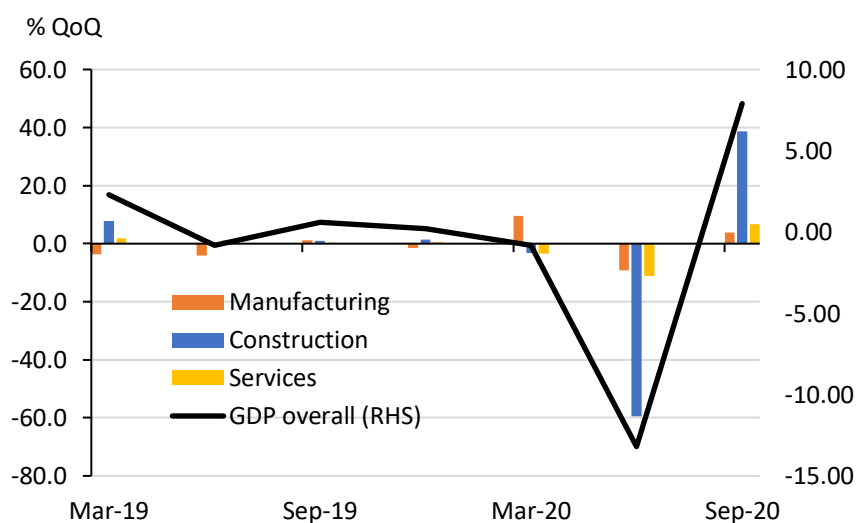
Median Forecasts of Macroeconomic Indicators 2020

Key Macroeconomic Indicators % YoY	Jun 2020 Survey	Sep 2020 Survey
GDP	-5.8	-6.0
Manufacturing	2.2	2.3
Finance & insurance	3.1	4.9
Construction	-11.4	-23.0
Wholesale & Retail Trade	-12.8	-6.4
Accommodation & Food Services	-26.0	-29.1
Private Consumption	-5.2	-11.8
Non-oil Domestic Exports	0.0	4.5

GDP growth - % YoY



GDP growth - % QoQ sa



Respondents to the MAS Survey of Professional Forecasters expect GDP in 2020 to decline by 6.0%. Downside risks cited by respondents to the survey included possible further waves of outbreaks or delays in vaccine development, an escalation in US-China tensions and a slower-than-expected global economic recovery.

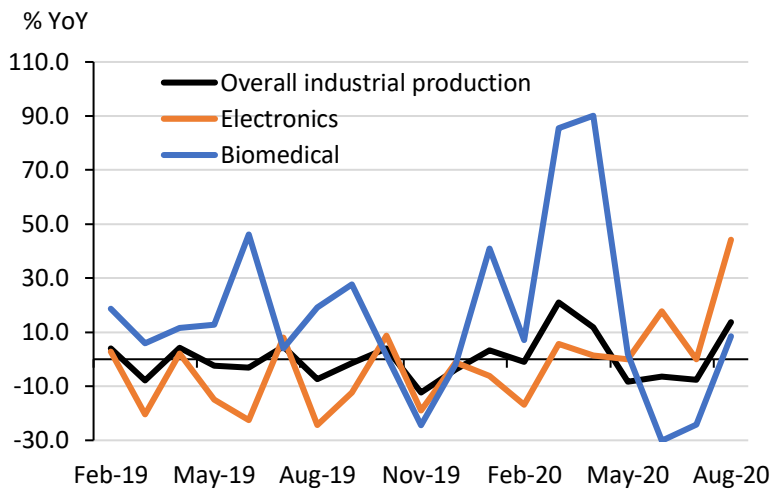
Advance estimates for Singapore's Q3 2020 GDP growth saw the economy contracting by 7.0% YoY. This was an improvement from last quarter's 13.3% contraction, due primarily to the phased re-opening of the economy following the easing of Circuit Breaker measures.

Quarter-on-quarter, the economy expanded by 7.9%, rebounding from the 13.2% contraction last quarter. The construction sector led the gains, growing by 38.7% from last quarter's 59.4% contraction when activities came to a halt due to Circuit Breaker measures and movement restrictions in the foreign worker dormitories.

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

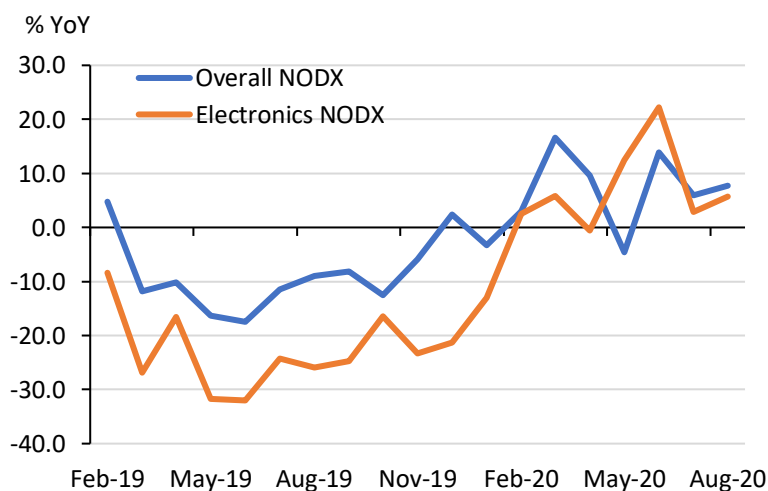
Manufacturing and Exports

Manufacturing output growth



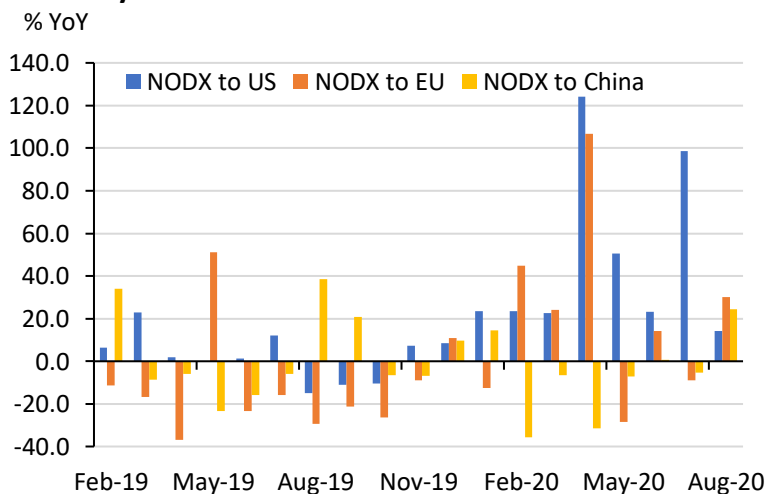
Manufacturing output growth turned positive in August, expanding at 13.7% YoY, bolstered by strong growth in the electronics cluster (44.2%) and biomedical manufacturing, which reversed its 24.3% shrinkage last month to register a growth of 8.4% in August.

Non-oil domestic exports (NODX)



Singapore's overall non-oil domestic exports (NODX) posted an expansion of 7.7% YoY in August, an improvement over the previous month's YoY growth of 5.9%. This growth was supported in part by the continued growth in electronics NODX (5.7% YoY).

NODX by markets

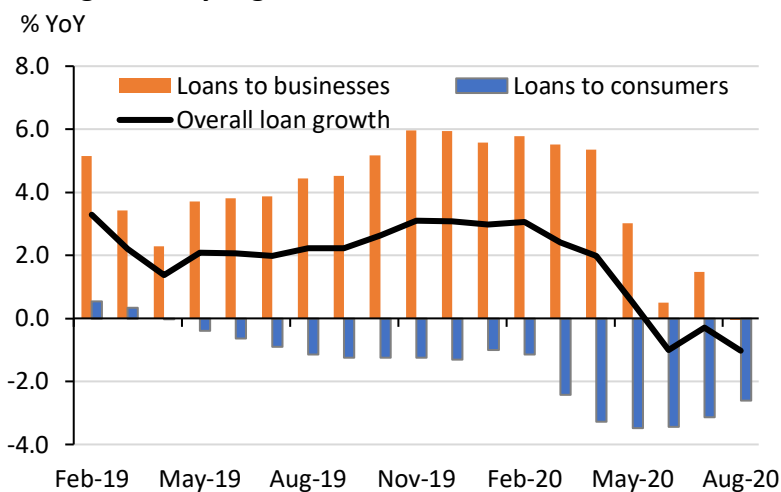


Singapore's NODX across the major markets grew as a whole in August, with YoY growth in NODX to the US, EU and China coming in at 14.1%, 30.2% and 24.5%, respectively.

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

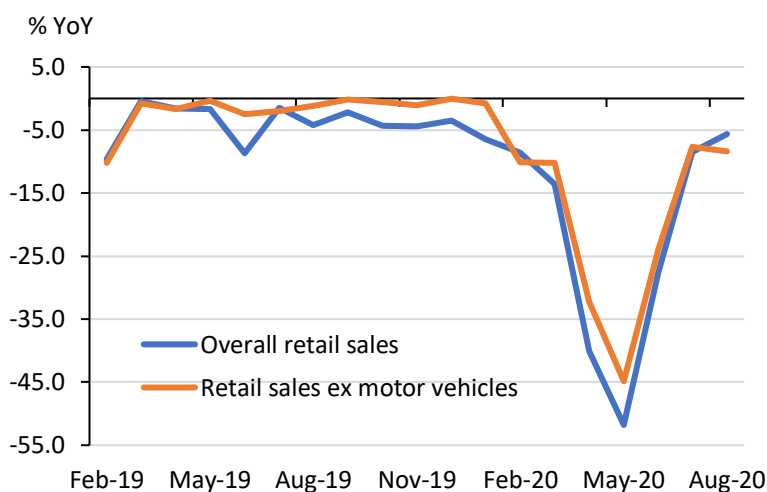
Loan Growth and Retail Sales

Loan growth by segments



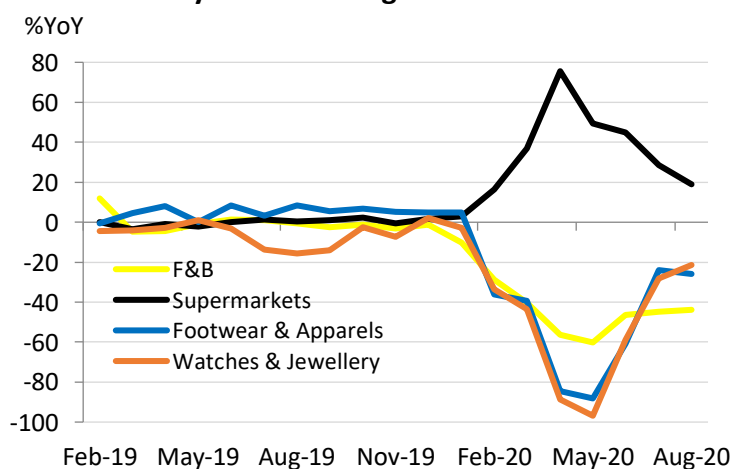
The contraction in loan disbursements continued through July (-0.3% YoY) and August (-1.0% YoY), dragged down by business loans which registered flat growth in August and the continued contraction in consumer loans.

Retail sales



Retail sales growth remained negative (-5.7% YoY in August) albeit an improvement from previous month's steeper contraction of -8.5% YoY. Trend growth in retail sales (ex. motor vehicles) followed closely, contracting by 8.4% YoY in August.

Retail sales by consumer segments

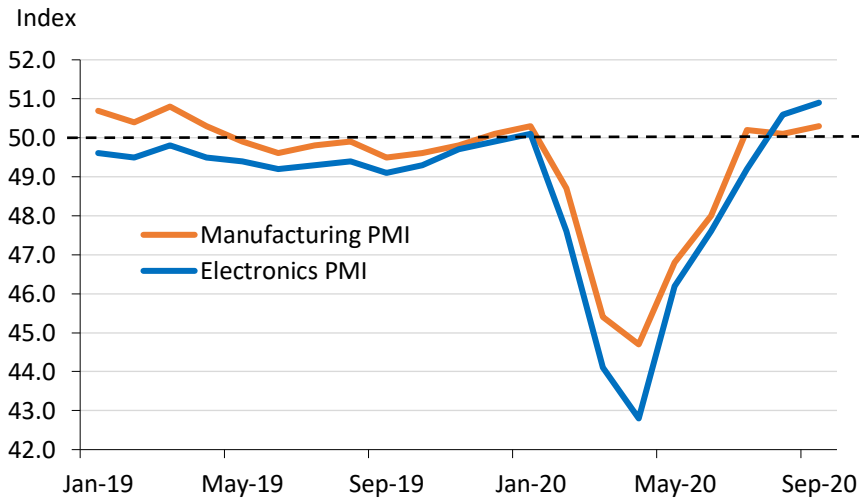


The unfolding pandemic in 1H 2020 accentuated growth trajectories in sales between 'essential' and 'non-essential' consumer items. This divergence narrowed in recent months as 'Supermarket' sales moderated, along with milder contractions observed in other consumer segments.

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

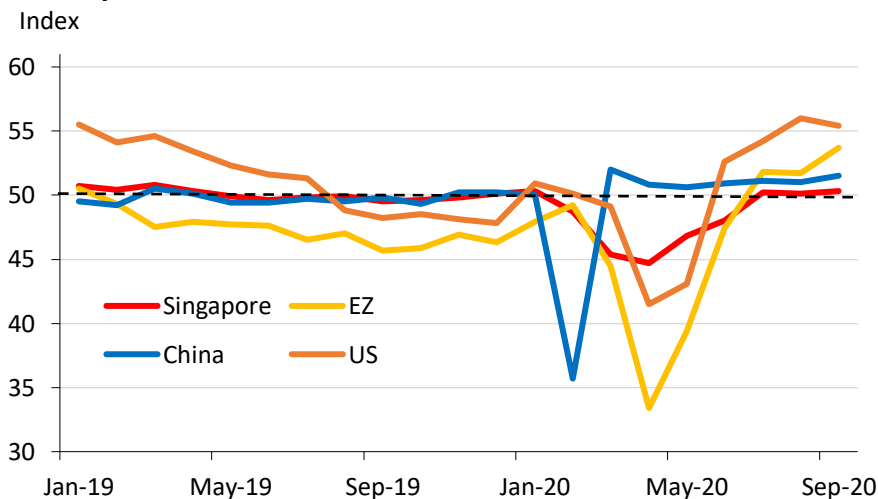
Purchasing Managers' Index (PMI)

Manufacturing and Electronics PMIs



Singapore's PMIs for the manufacturing and the electronics sectors crossed above the 50-point boom-bust line in recent months, reaching 50.3 and 50.9 respectively in the month of September, signalling expansion.

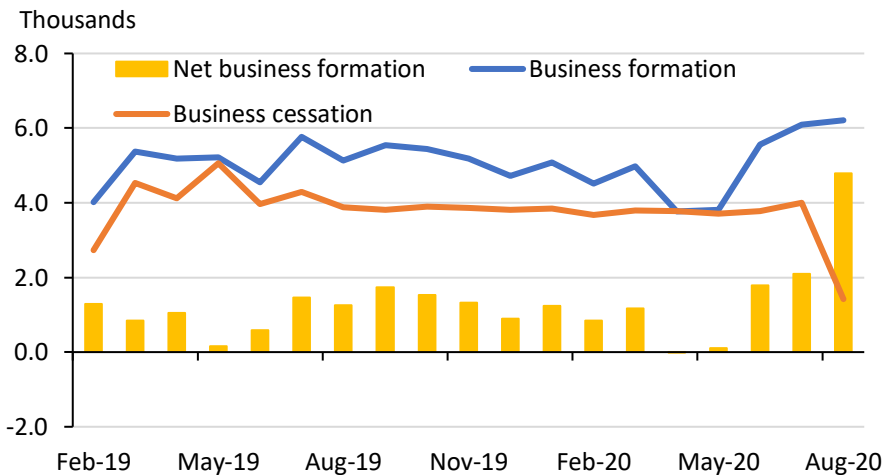
PMIs by countries



PMIs across major markets stayed above the 50-point boom-bust line in 3Q 2020. China's PMI first rebounded across the 50-point mark in March, ahead of other markets, reflecting the lag effect in pandemic conditions between China and other regions.

Business Formation and Cessation

Business formation and cessation

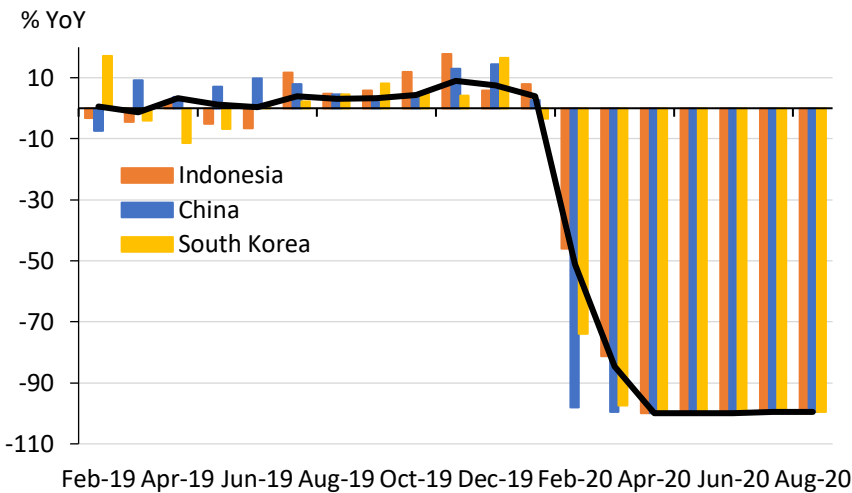


Business cessations stayed somewhat constant until August when it dipped sharply, while business formations moderated noticeably during the months of April and May, before climbing back up in recent months along with the easing in Circuit Breaker measures.

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

Visitor Arrivals

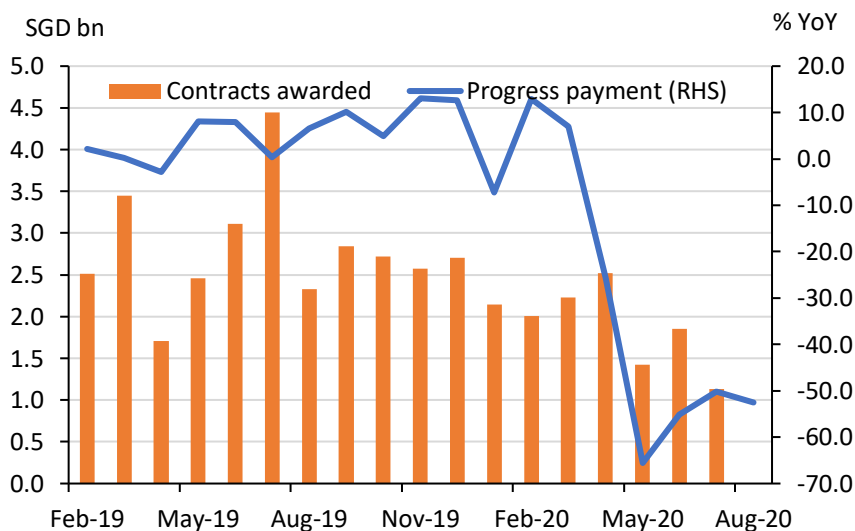
Tourist arrivals



Tourist arrivals continued to remain close to zero since 2Q 2020.

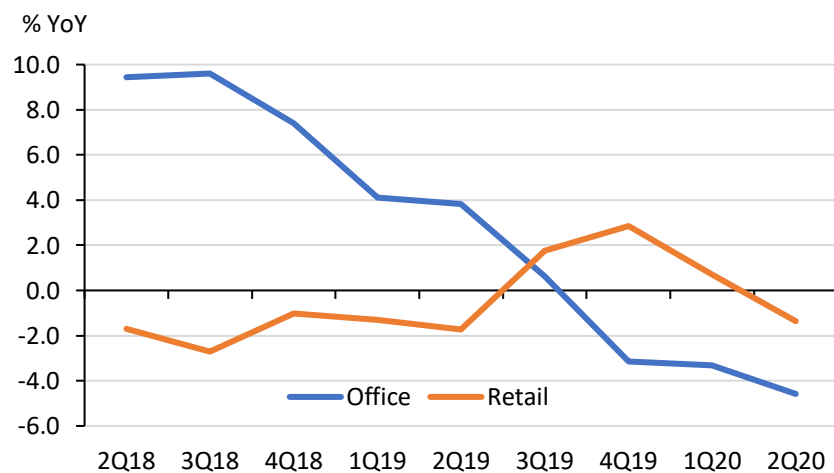
Construction and Real Estate

Construction sector



Construction contracts awarded continued to show a downward trend and amounted to SGD 1.1bn in July. Progress payments shrank by 52.5% in August, the fifth consecutive month of negative growth.

Rents of Office and Retail Space in Central Region

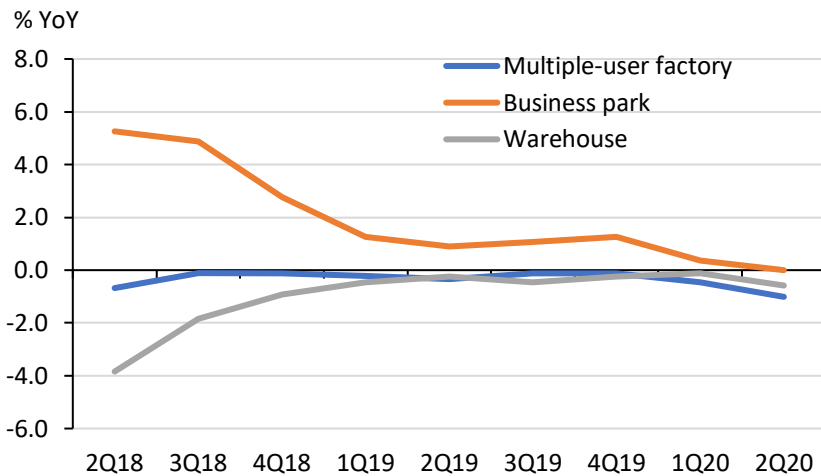


Office rents in Central Region contracted for the third consecutive quarter, declining 4.6% YoY in 2Q 2020. Retail rents fell for the first time (-1.3% YoY in 2Q 2020) since 2Q 2019.

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

Construction and Real Estate (Cont'd)

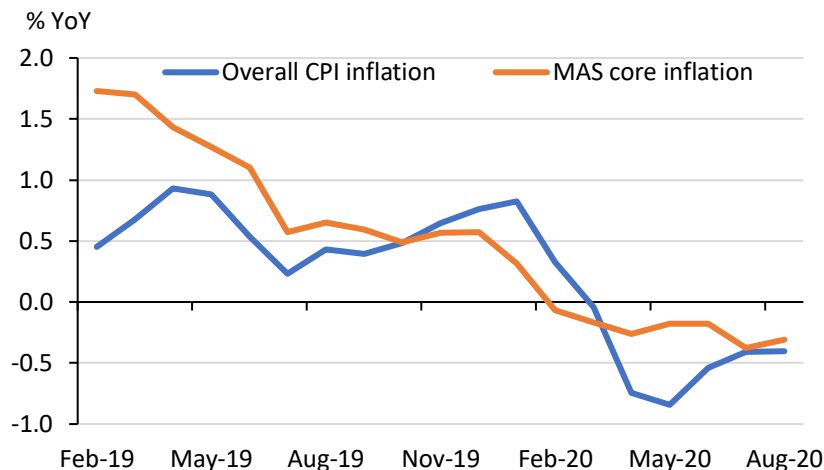
Industrial Rents



Given the imposition of Circuit Breaker measures in 2Q 2020, rents of business park space remained flat, while that of 'multiple-user factory' and 'warehouse' spaces continued to contract by 1.0% and 0.6% YoY respectively.

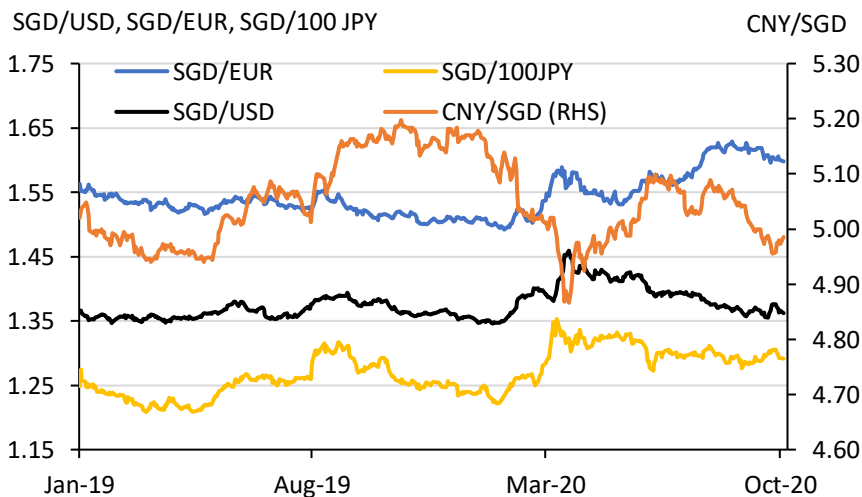
Inflation, FX and Interest Rates

CPI inflation



The headline Consumer Price Index (CPI) inflation registered -0.4% for the month of August, the fifth consecutive month of general price decline. Similarly, core inflation stayed in the negative range, registering -0.3% YoY for August.

Foreign exchange



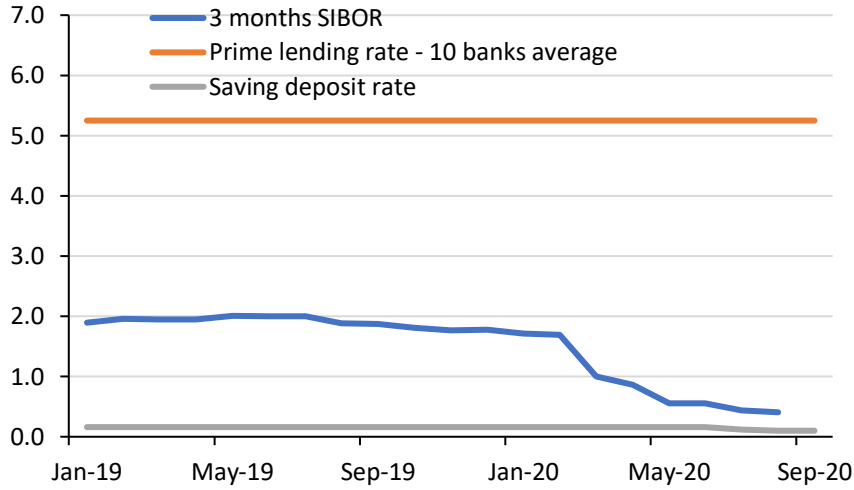
Broadly, over the last quarter, the SGD strengthened vis-à-vis the USD, but weakened against the Chinese Yuan.

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 (Cont'd)

Interest Rates

% p.a.



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The 3 months SIBOR inched incrementally downwards to 0.41% in August, while the savings deposit rate stayed low at 0.10% in September. Prime lending rate remained stable at 5.25%.

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