



SBF

Economic

Indicators Report

3Q 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.

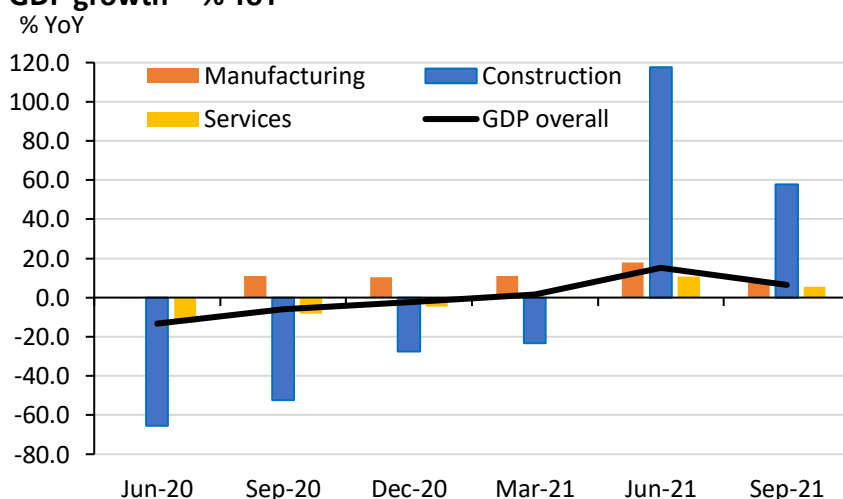
Overall GDP Growth

Median Forecasts of Macroeconomic Indicators for 2021

Key Macroeconomic Indicators % YoY	Jun 2021 Survey	Sep 2021 Survey
GDP	6.5	6.6
Manufacturing	8.3	11.4
Finance & insurance	6.0	6.8
Construction	19.3	16.6
Wholesale & Retail Trade	4.4	4.1
Accommodation & Food Services	6.5	5.9
Private Consumption	5.2	5.6
Non-oil Domestic Exports	7.5	9.0

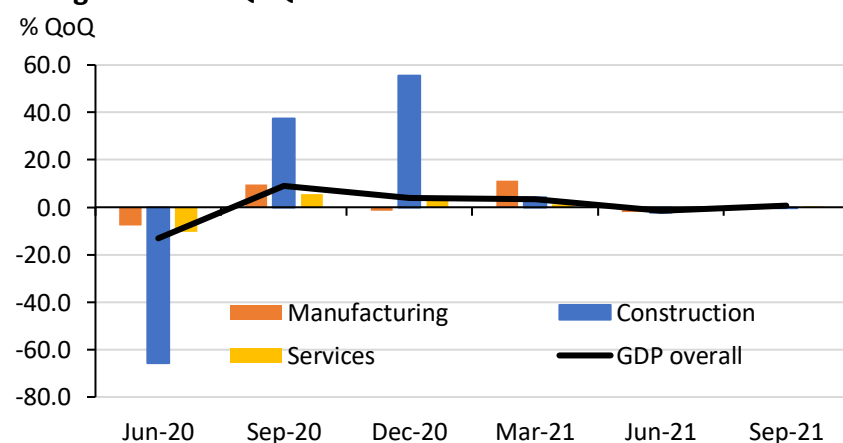
Respondents to the latest MAS Survey of Professional Forecasters expect GDP in 2021 to grow by 6.6%. The prospect of a reopening of borders to international travel emerged as the key upside risk to the local growth outlook, alongside the expectation of an effective containment of the COVID-19 outbreak.

GDP growth - % YoY



The Singapore economy expanded by 6.5% year-on-year in 3Q, moderating from last quarter's strong 15.2% YoY which came on the back of a low base in the corresponding quarter of 2020 when GDP fell by 13.3% due to the imposition of Circuit Breaker measures and a sharp fall in external demand.

GDP growth - % QoQ sa

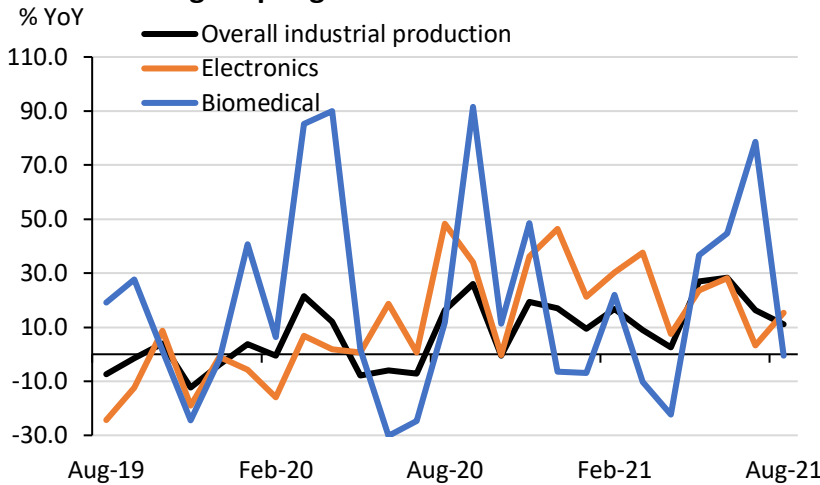


The economy experienced an expansion of 0.8% QoQ, rebounding from its 1.4% contraction last quarter. Growth in manufacturing remained flat, an improvement from its 2.1% contraction last quarter, while services grew by 0.5%, driven in part by growth in the 'Information & Communications', 'Finance & Insurance' and the 'Professional Services' sectors.

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

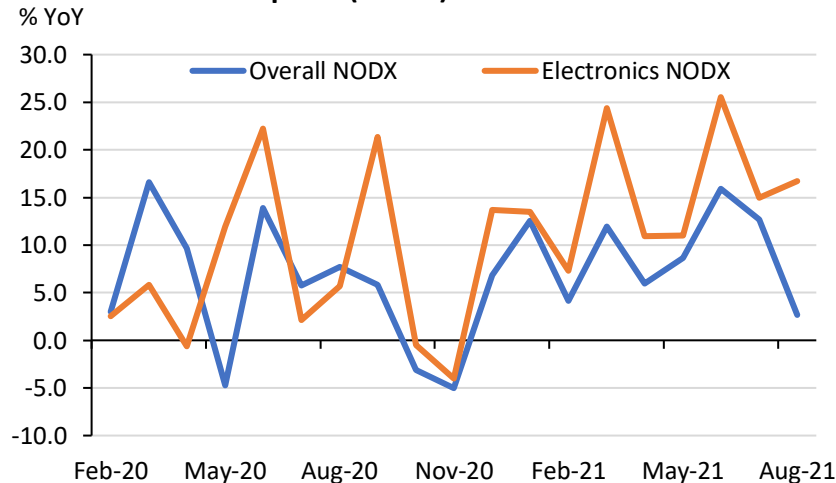
Manufacturing and Exports

Manufacturing output growth



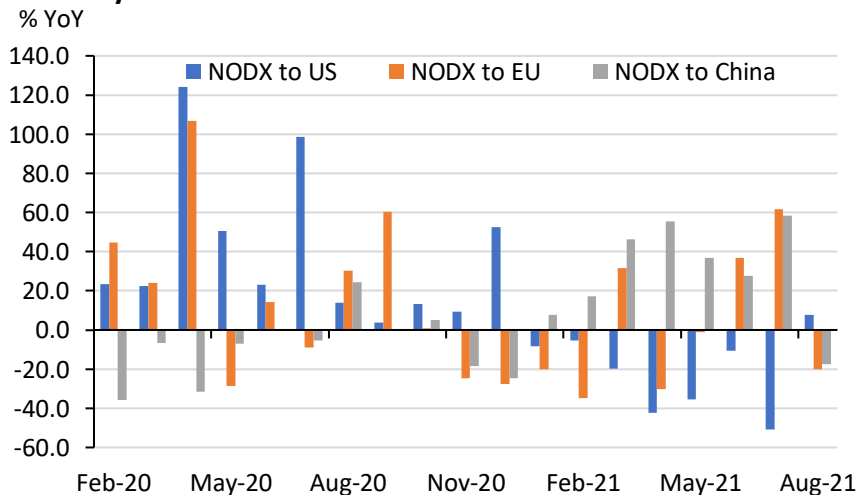
Overall industrial output extended its double-digit growth in August, expanding by 11.2% YoY, supported primarily by growth in the electronics cluster (15.4%).

Non-oil domestic exports (NODX)



Singapore's NODX rose by a more muted 2.7% YoY in August, partly a reflection of the high base a year ago. Expansion in electronics NODX supported the overall growth, with 'Parts of Integrated Circuits', 'Diodes and Transistors' and 'Disk Drives' contributing to the growth buffer.

NODX by markets

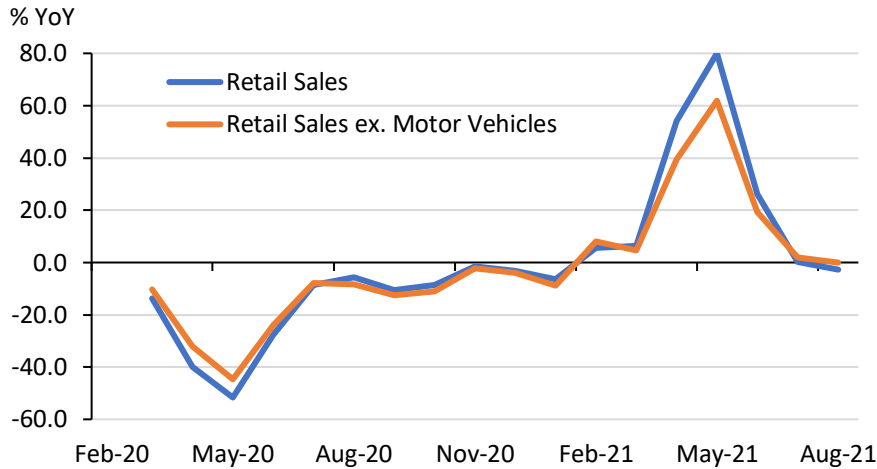


Singapore's NODX to the US rebounded with a growth of 7.6% YoY in August, after registering 7 consecutive months of contractions, while the trend was reversed for NODX to China, which contracted by 17.5% YoY after witnessing 7 consecutive months of expansion.

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

Retail Sales

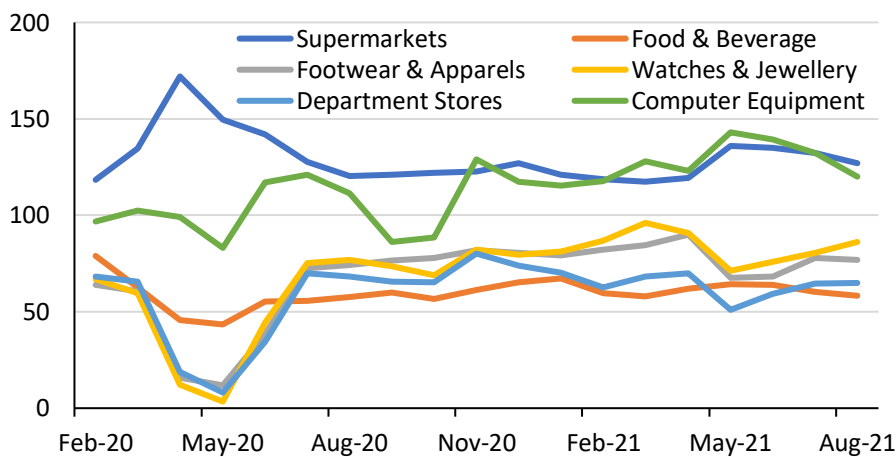
Retail sales



Growth in headline retail sales turned negative after 6 months of expansion, contracting by 2.8% YoY, reflecting in part softer sales in motor vehicles corresponding to the reduced Certificate of Entitlement quota. Excluding motor vehicles, growth was flat in August.

Retail sales by consumer segment

4Q2019 = 100



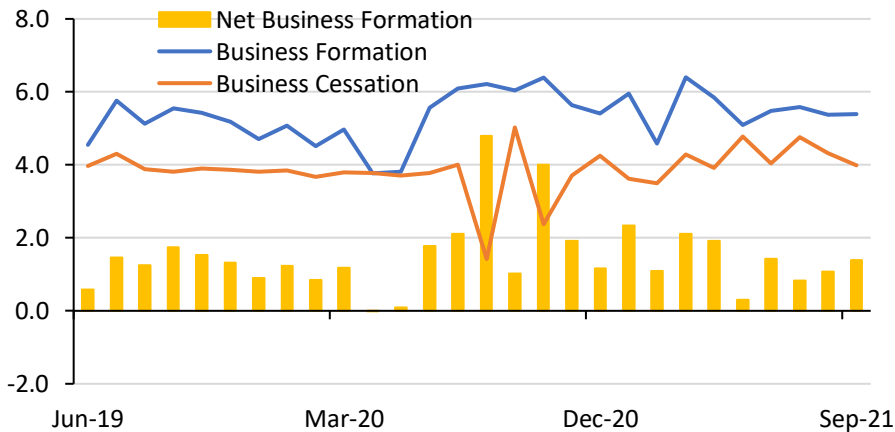
While indices for retail sales across consumer segments continued to remain somewhat mixed, the uptick in discretionary spending on items such as watches and jewellery alongside the moderation in supermarket sales in recent months signalled a tentative positive response to Singapore's calibrated transition towards COVID resilience.

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

Business Formation and Cessation

Business formation and cessation

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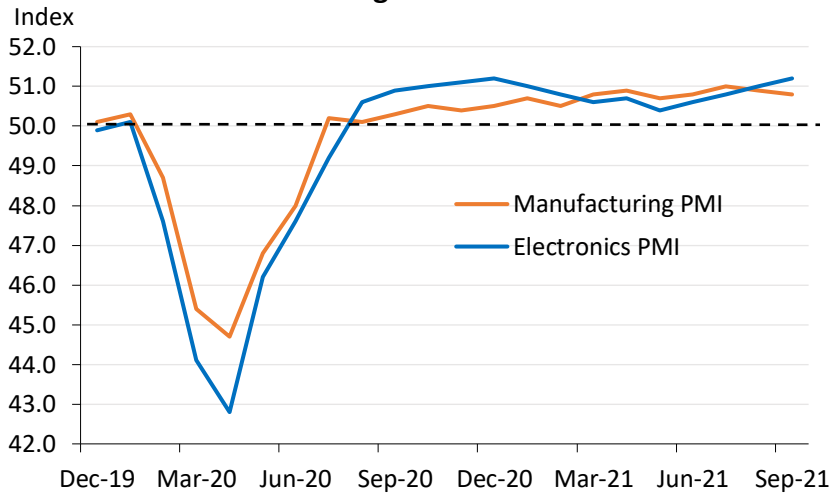


Net business formation displayed tentative signs of improvement in recent months as cessations dipped even as growth in formations remained flat.

Sources: CEIC, DBS Group Research

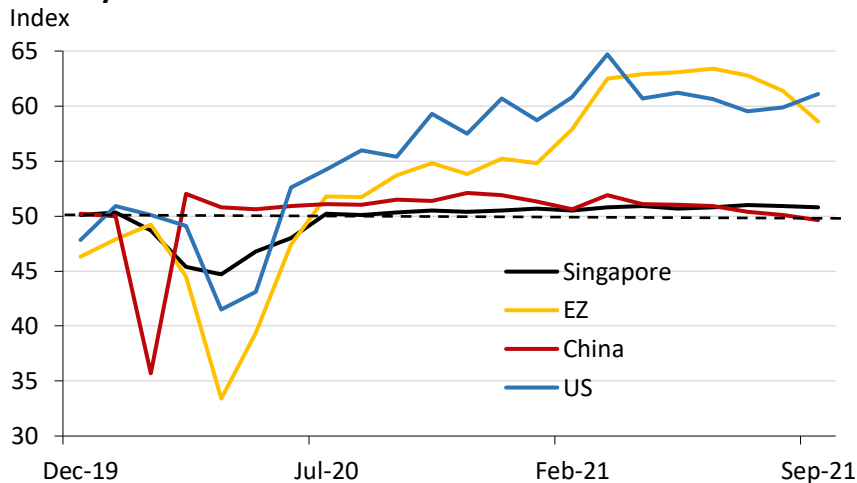
Purchasing Managers' Index (PMI)

Electronics & Manufacturing PMIs



Singapore's PMIs for manufacturing and electronics stayed above the 50-point boom-bust line, registering 50.8 and 51.2 respectively, for the month of September, indicating the continued expansion in factory activities.

PMIs by countries

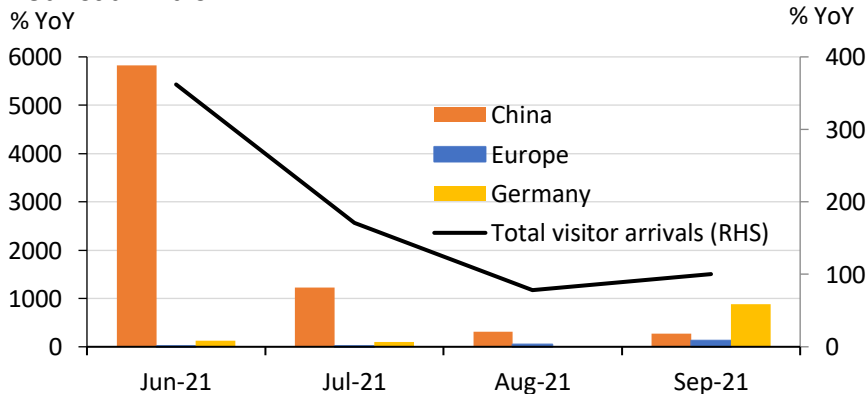


PMIs in the US and EZ remained high at 61.1 and 58.6 respectively in September 2021, signalling recovery in their respective factory sectors. China's PMI registered a reading of 49.6, dipping below 50 for the first time since February last year when it reached a low of 35.7.

Sources: Bloomberg, DBS Group Research.

Visitor Arrivals

Tourist arrivals

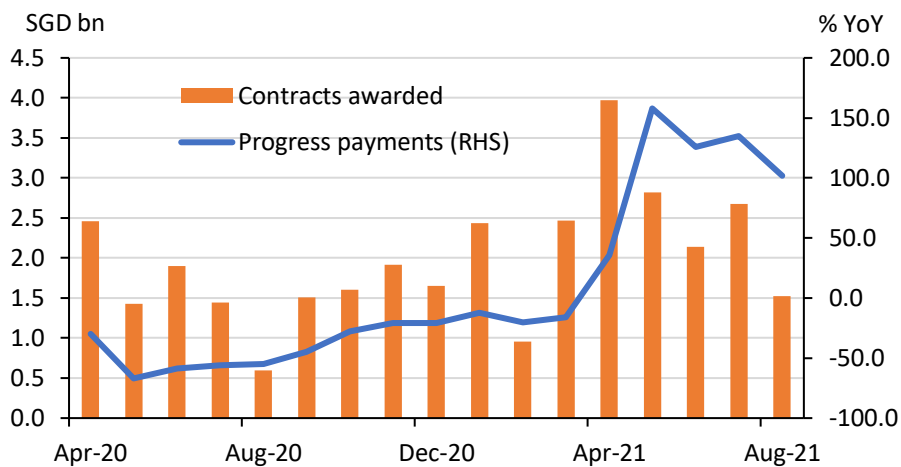


Coming off a low base for the same period last year, overall tourist arrivals continued to sustain its positive growth into 3Q. In September, growth in visitor arrivals from Germany jumped the most, aided by commencement of the inaugural 'Vaccinated Travel Lane' to the country in early September.

Sources: CEIC, STB.

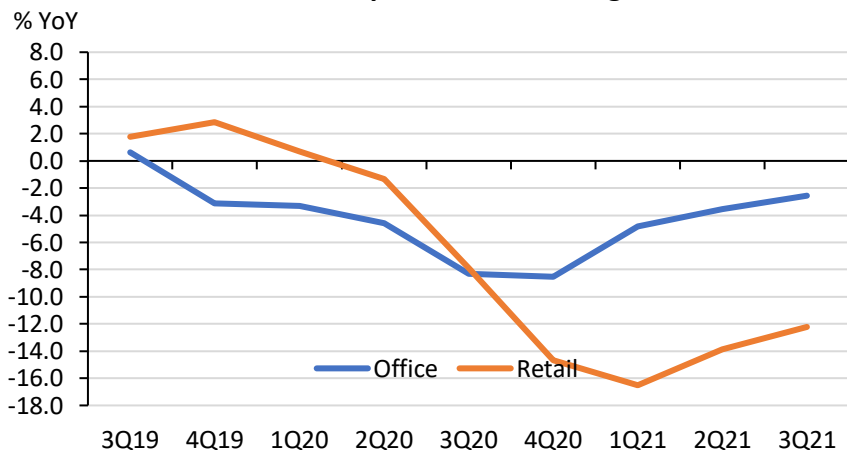
Construction and Real Estate

Construction sector



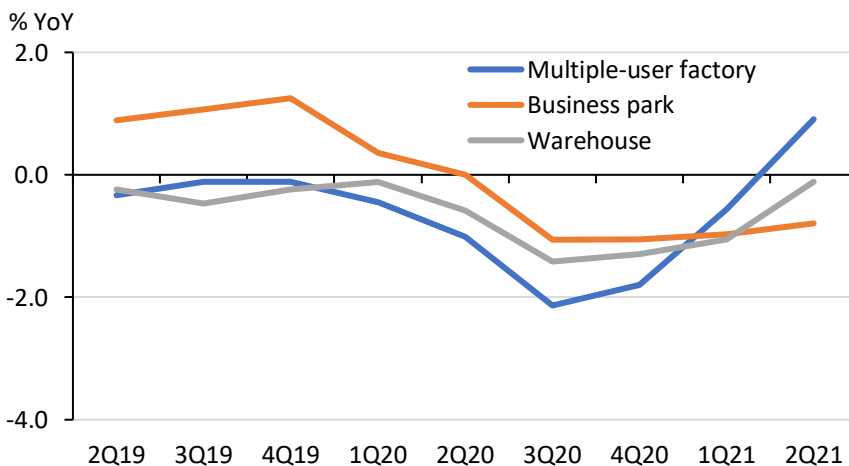
Construction contracts awarded amounted to SGD 1.5bn in August 2021 while growth in progress payments moderated to 101.6% YoY. Construction activity continues to be affected by supply-side constraints.

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 August.

Industrial Rents

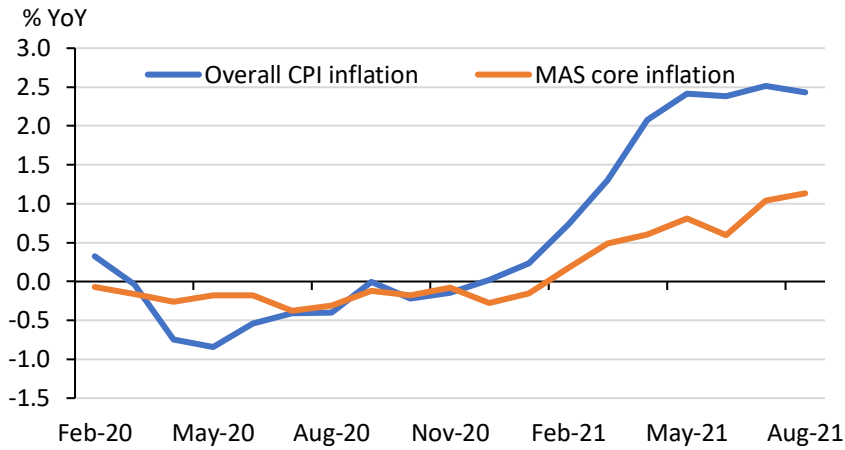


Industrial rents likewise displayed signs of recovery across the board. Rental growth for multiple-user factories turned positive for the first time in 7 years, while growth in rents of warehouses and business parks contracted at a slower pace of 0.1% YoY and 0.8% YoY, respectively, in 2Q 2021.

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

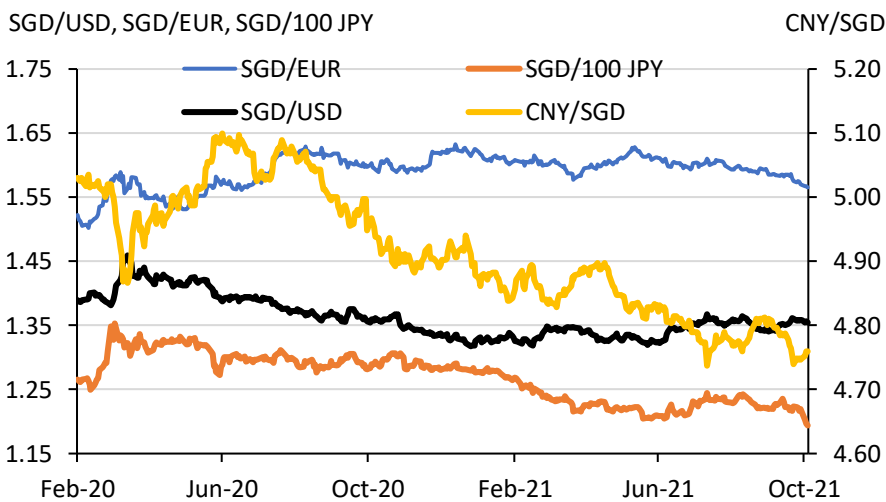
Inflation and Foreign Exchange

CPI inflation



Singapore's headline Consumer Price Index (CPI) inflation continued to hover in the vicinity of 2.4% YoY in August 2021, driven in part by higher food prices. Core inflation rose marginally to 1.1% from last month's 1.0%, its 7th consecutive month of positive growth.

Foreign exchange



Broadly, the SGD stayed flat against the USD, strengthened somewhat against the Euro and the Japanese Yen, but weakened against the CNY.

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

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October 2021

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