RECENT ECONOMIC DEVELOPMENTS IN SINGAPORE

6 December 2018

	2017		2018		
	Q4	Full Year	Q1	Q2	Q3
Real Sector					
Real GDP Growth, y-o-y %	3.6	3.6	4.6	4.1	2.2
Real GDP Growth, q-o-q saar %	2.1	-	2.4	1.0	3.0
Index of Industrial Production, y-o-y %	5.8	10.4	10.1	10.5	3.5
Non-oil Domestic Exports, y-o-y %	10.4	8.8	1.1	9.3	8.0

The Singapore economy grew at a slower pace in Q3 2018

The Singapore economy expanded by 2.2% y-o-y in Q3 2018, down from 4.1% in Q2. Although the trade-related cluster was still the main driver of growth, its contribution had eased considerably, largely reflecting slower expansion in the manufacturing sector. At the same time, the modern services cluster continued to register firm growth supported by buoyant financial sector activity. The domestic-oriented sectors remained sluggish, with the construction sector contracting further.

Global GDP growth is expected to moderate next year

The moderation in global economic growth in Q3 2018 was driven by the dampening effects of country-specific factors in the G3, feeding through to weaker external demand for Asia ex-Japan. In 2019, global growth is projected to remain resilient, albeit easing from this year, barring the materialisation of downside risks such as an escalation of trade actions and a sharper-than-expected tightening of financial conditions.

Drivers of domestic economic growth will shift in 2019

Against the backdrop of a waning global electronics cycle, the Singapore economy's growth drivers will shift from the trade-related to the modern services cluster, which will be buttressed by the robust demand for digital-related activities. Meanwhile, improvement in the labour market should impart positive spillovers to the domestic-oriented cluster. All in, the Singapore economy should expand by 3.0–3.5% in 2018, and 1.5–3.5% in 2019.

MAS Core Inflation is expected to rise modestly in the months ahead

External sources of inflation have increased, and as domestic demand strengthens further amid an improving labour market, higher import and labour costs could be passed through to consumer prices. However, greater market competition in several consumer segments should cap the extent of price increases. MAS Core Inflation is expected to come in within the forecast range of 1.5–2% in 2018 and 1.5–2.5% in 2019.

A. External Developments

Global GDP Growth					
	2018		2017	Consensus Forecast	
	Q2	Q3		2018	2019
	q-o-q SAAR %		y-o-y %		
G3*	**3.0**	**1.4**	**2.2**	**2.1**	**2.0**
US	4.2	3.5	2.2	2.9	2.7
Eurozone	1.8	0.7	2.4	2.0	1.7
Japan	3.0	−1.2	1.7	1.0	1.1
	y-o-y %				
Asia ex-Japan*	**5.3**	**4.8**	**5.4**	**5.2**	**4.9**
China	6.7	6.5	6.9	6.6	6.3
India**	8.2	7.1	6.7	7.4	7.5
NEA-3*	**3.3**	**2.5**	**3.4**	**3.1**	**2.5**
Hong Kong	3.5	2.9	3.8	3.6	2.6
Korea	2.8	2.0	3.1	2.7	2.6
Taiwan	3.3	2.3	3.1	2.7	2.2
ASEAN-4*	**4.9**	**4.6**	**5.4**	**5.0**	**4.8**
Indonesia	5.3	5.2	5.1	5.2	5.1
Malaysia	4.5	4.4	5.9	4.8	4.6
Thailand	4.6	3.3	4.0	4.5	3.8
Philippines	6.2	6.1	6.7	6.3	6.4

Source: CEIC, Haver Analytics, Consensus Economics, November 2018 and EPG, MAS estimates.
* Weighted by shares in Singapore's NODX.
** Figures are reported on a Financial Year basis; FY2018 refers to the period from April 2018 to March 2019.

Global growth will moderate though remain generally resilient in 2019

G3 growth pulled back across the board in Q3 2018. In the US, the pace of economic activity eased on softer business spending, while growth in the Eurozone and Japan was dampened by idiosyncratic factors such as a new vehicles emission law and unfavourable weather conditions, respectively. Looking ahead, the US is expected to continue growing at a firm pace into 2019, supported by the late-cycle fiscal stimulus. In comparison, the Eurozone and Japan will expand at a rate closer to underlying potential mainly on the strength of domestic demand.

In Asia ex-Japan, growth slowed in Q3 partly reflecting the turning trade and production cycle. Tightening financial conditions, particularly in China and India due to deleveraging measures and stresses in the non-bank financial sector, posed an additional drag on the real economy. Near-term developments on the US-China trade front will be a key determinant of growth outcomes for the region next year, with the more open economies susceptible to a further escalation of tensions. This could add to existing headwinds from a maturing tech cycle.

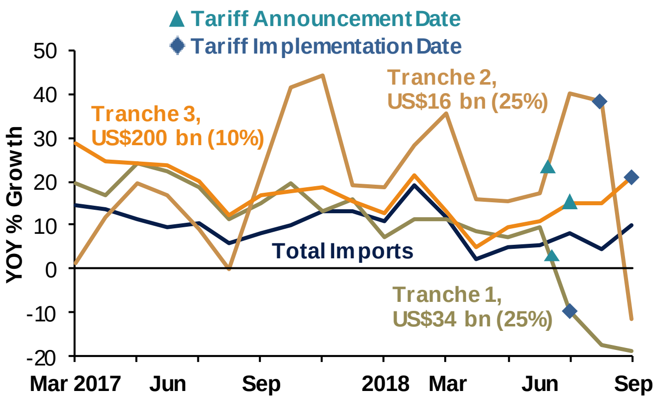
The G3 economies, led by the US, are expected to expand by 2.1% this year and 2.0% in 2019.

In Asia ex-Japan, growth is projected to come in at 5.2% in 2018, before easing to 4.9% in 2019.

G3 growth will be held up by the US

Notwithstanding a moderation in the pace of expansion, the US economy turned in another solid performance in Q3 2018, on the back of strong household spending and higher government expenditure. Growth in business fixed investment however moderated from its robust pace earlier this year. Orders of core capital goods, a leading indicator of capital expenditure, have also showed signs of easing in September and October. Net exports subtracted from growth due in part to stockpiling of tariff-hit imports from China, which resulted in substantial inventory accumulation. **Notably, total imports of Chinese goods remained firm despite the implementation of tariffs in several tranches,** reflecting the front-loading of shipments. As of September, imports of the latest batch of tariff-hit goods were still rising, likely in anticipation of a tariff rate hike still expected in early 2019. The full impact of the levies on the US' imports and growth should become more discernible in the coming months.

US imports from China have stayed resilient.



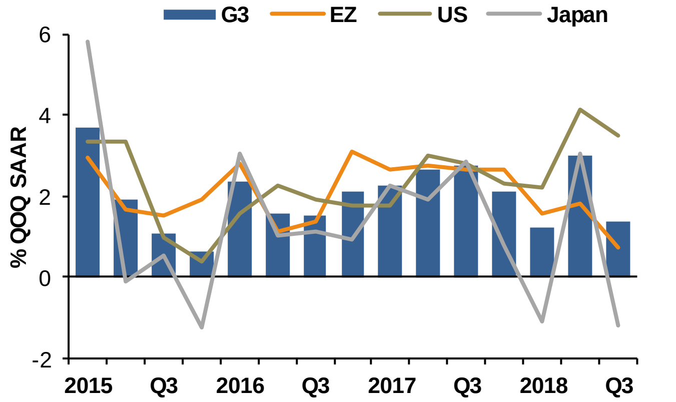
Source: US Census Bureau, The Office of the US Trade Representative and EPG, MAS estimates

While the US economy faces some headwinds from trade frictions and tightening financial conditions as the Federal Reserve proceeds with its interest rate hiking cycle, growth in the next few quarters will still be boosted by the fiscal stimulus. At the same time, the robust labour market will underpin stronger income growth and increases in private consumption.

Economic activity in the Eurozone decelerated in Q3 2018, alongside intra-regional divergences. Although France and Spain recorded firm expansions, the German economy shrank and Italy stagnated, partly on account of reduced contributions from net exports. Slower growth in Q3 could also be attributed to idiosyncratic factors such as the introduction of a new vehicle testing regime that depressed car production in the region, and the political uncertainty generated by the Italian government's budgetary plans, which deterred private investment. **Nevertheless, growth across the monetary union is expected to re-accelerate**

and stabilise at around the potential rate in 2019, undergirded by domestic demand. Accommodative financial conditions will continue to support business investment, while the strengthening labour market will buttress consumer confidence and household spending. In addition, the fiscal stance remains moderately supportive.

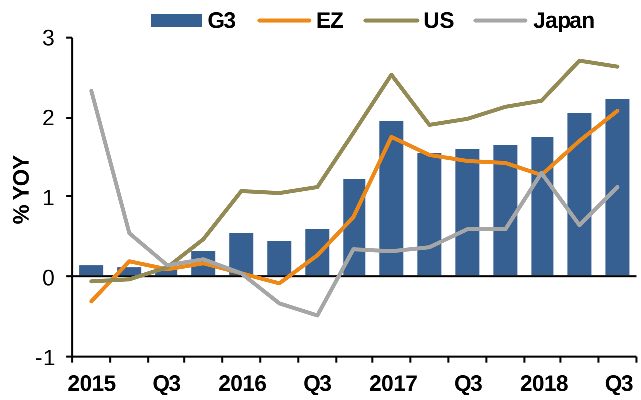
G3 growth eased in Q3 2018.



Source: CEIC, Haver Analytics and EPG, MAS estimates

Japan's GDP growth slipped back into negative territory in Q3 2018 as inclement weather conditions held back production activity and demand for exports slowed. Private consumption and capex spending growth declined as economic sentiment turned more downbeat, in the face of uncertain income prospects and weaker external conditions. Overall export growth in Q3 fell to its lowest level in three years, although this was partly due to weather-related disruptions as major airport closures restricted overseas shipments. Moreover, the spillover effects on Japan from the tariffs on Chinese exports to the US will become increasingly evident in the next few months, given the economy's strong economic linkages with China.

G3 headline inflation picked up in Q3.



Source: Haver Analytics and EPG, MAS estimates

G3 headline inflation ticked up in Q3, on the back of diminishing labour market slack and higher oil prices. In the US, headline PCE inflation remained just above the Fed's 2% target, while core PCE inflation reached the same level amid faster wage growth. In the Eurozone, headline inflation rose steadily on higher oil and food prices, even though core inflation remained subdued. Meanwhile, CPI inflation stepped up in Japan as adverse weather conditions drove up agricultural food prices, particularly for vegetables and fruits. Going forward, inflationary pressures in the G3 economies are expected to be contained, although there is a risk that US inflation could surprise on the upside, given sustained robust growth and the tariffs on imports from China.

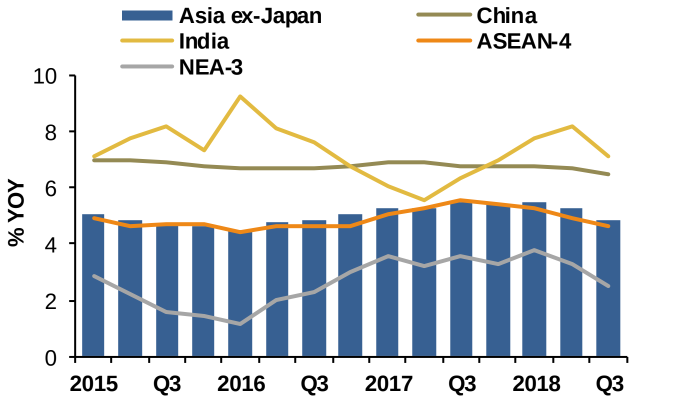
G3 inflation is expected to come in higher at 2.0% in 2018 and ease to 1.9% in 2019.

Asia ex-Japan will face stronger headwinds

China's GDP growth slowed in Q3 2018, as the financial deleveraging drive began to exert a more significant impact on fixed investment and consumption. Despite intensifying trade frictions with the US, net exports detracted less from growth compared to H1 2018 due to the frontloading of shipments by US importers. In fact, China's merchandise exports to the US and the world grew by more than in Q2. However, growth of fixed asset investment and industrial production slipped further in Q3, as tighter financial regulation curtailed credit availability. **Early data for Q4 signalled a continued pullback in shadow credit, even as real economic activity held up.** In the coming quarters, supportive fiscal and monetary policy should help to forestall a more significant decline in business confidence and domestic demand.

India's growth slowed sharply in the third quarter after reaching a two-year high in Q2 2018. Beyond base effects, activity eased largely on slowing private consumption growth as low agricultural prices weighed on rural incomes. Meanwhile, net exports also exerted a drag on GDP growth, as import growth accelerated on higher oil prices for much of the quarter as well as a surge in electronics imports.

Growth in Asia ex-Japan slowed in Q3 due to softer external demand.

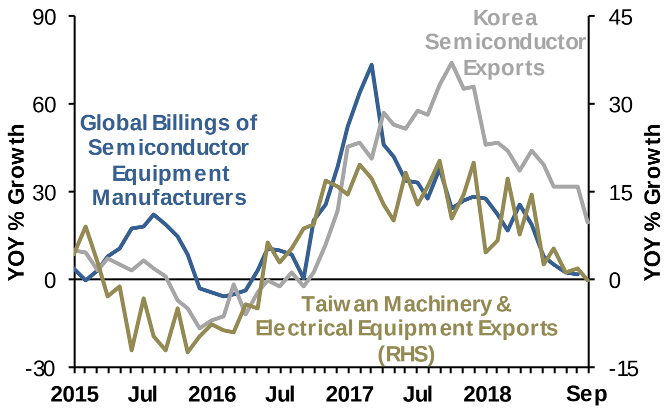


Source: CEIC, Haver Analytics and EPG, MAS estimates

Growth in the NEA-3 moderated in Q3 2018 owing mainly to weaker household spending and exports. Notwithstanding cyclical headwinds, a pick-up in investment amid optimism about structural trends in the tech sector provided some support. However, this was partly offset by a concomitant rise in import growth. **The ASEAN-4 region also expanded at a slower pace, weighed down by a deceleration in export growth.** Malaysia's exports contracted in the quarter as supply-side issues afflicted the palm oil and LNG sectors. In Thailand, the decline in exports reflected in part the impact of higher trade barriers on electronics and other products, as well as a sharp fall in Chinese visitor arrivals. Meanwhile, growth in Indonesia and the Philippines stayed firm, underpinned by sustained strength in private consumption, as well as strong infrastructural investment. In the Philippines, a pickup in exports, particularly electronics shipments, provided further support for growth.

Going into 2019, the maturation of the tech cycle suggests that the electronics industry will deliver less of a boost to growth in Asia ex-Japan. The global electronics cycle has passed its 2017 peak, as smartphone demand slowed alongside overcapacity in some segments of the chip market. Leading indicators of broader electronics demand such as the growth in global billings of semiconductor equipment manufacturers have been on a declining trend since early 2017, which was mirrored in a steady deceleration in Korea's and Taiwan's electronics-related exports. **The impact of the tech down-cycle on regional growth is likely to become more evident in 2019.** According to World Semiconductor Trade Statistics, global chip sales are expected to expand by 2.6% in 2019, significantly slower than 2018's 15.9% increase. However, regional companies' digital transformation efforts should raise demand for IT services and enterprise software, which could potentially benefit economies such as India.

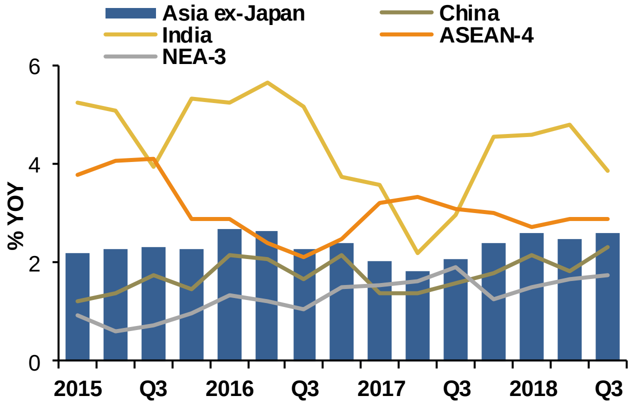
Electronics exports have been moderating.



Source: CEIC, Haver Analytics and EPG, MAS estimates

The effects of the cyclical slowdown in tech will be accentuated by trade frictions, which could weigh more heavily on economic activity in 2019 through the export, investment and confidence channels. In economies with tight supply chain linkages to China, there are already signs of a downshift in consumer and business sentiment. In the more domestically-oriented economies, growth will mainly be supported by private consumption. Over the medium term, trade tariffs could lead to a diversion of orders, as well as a partial reconfiguration of regional supply chains. Some electronics companies may opt to relocate production from China to Southeast Asia and India if trade tensions persist. Vietnam in particular has emerged as the preferred alternative for lower value-added electronics manufacturing.

Headline inflation in Asia ex-Japan edged up in Q3.



Source: Haver Analytics and EPG, MAS estimates

Average CPI inflation in Asia ex-Japan rose slightly in Q3 2018 as higher global energy and food prices, compounded by exchange rate depreciation, exerted upward pressures on prices in a number of economies. Consumer price inflation edged up in China, NEA-3, the Philippines and Thailand, but fell in India owing to unusually benign food prices. Meanwhile, price pressures in Indonesia and Malaysia were tempered by fuel price subsidies and a tax holiday for consumers in the latter prior to the re-introduction of a sales tax in September. Headline inflation for the region as a whole is expected to come in higher this year compared to 2017, and rise further in 2019.

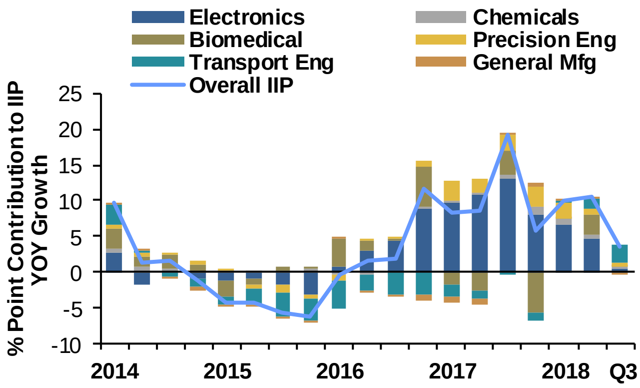
Headline inflation in Asia ex-Japan is projected to be 2.7% in 2018 and 3.0% in 2019.

B. Domestic Developments

The Singapore economy performed broadly within expectations in Q3 2018

The Singapore economy expanded by 2.2% y-o-y in Q3 2018, easing from the 4.1% gain in the preceding quarter. While the trade-related cluster remained the main growth driver, its contribution to overall GDP growth has waned alongside the moderation of the global electronics cycle. The IT-related manufacturing segment saw the most significant slowdown, even as the rest of trade-related cluster recorded modest growth. In comparison, the modern services cluster stayed firm, largely underpinned by robust demand for financial services. Meanwhile, the domestic-oriented cluster remained sluggish, with broad-based weakness across most industries.

Growth in industrial output slowed in Q3 2018.



On a year-ago basis, the manufacturing sector expanded by a modest 3.5% y-o-y in Q3 2018, due in part to a slowdown in electronics production. Alongside the fading of the global tech cycle, growth in the semiconductors segment eased to 4.6% y-o-y, following nine consecutive quarters of double-digit expansions. The precision engineering segment also saw some pullback, as growth moderated alongside weakening demand for machinery and capital equipment. In contrast, the rebound of the marine & offshore engineering segment extended into Q3, surging by 36.7%.

Concomitantly, the performance of the trade-related services was lacklustre. Sea cargo handled at Singapore's ports grew by a marginal 1.0% y-o-y in Q3 2018, weighed down by falling oil cargo volumes. Similarly, air cargo handled increased by a modest 1.5%. Meanwhile, foreign wholesale trade fell by 0.3%, a step-down compared to the 3.8% expansion in the preceding quarter. While the machinery segment continued to grow at a steady pace, the electronics segment saw a significant moderation amid the slowdown in domestic electronics production.

Modern services registered robust growth in Q3. The finance & insurance sector grew firmly by 5.6% on a year-ago basis, albeit easing from 6.8% growth in the previous quarter. Growth was supported primarily by the insurance and 'others' segments. In the former, capacity expansions and rising demand boosted the performance in the segment, while the latter was bolstered by the push towards more efficient payments systems and cashless transactions in the economy. However, financial intermediation and fund management activities showed signs of cooling amid ongoing trade tensions and the maturing economic cycle. Even so, the non-bank segments of ACU and DBU loans were resilient, growing by 10% and 4.5%, respectively in Q3, after recording average rates of 17.3% and 5.6% in H1 2018. At the same time, demand for information & communications and business services remained healthy as both the public and private sectors ramped up on cybersecurity and digitalization efforts.

Activity in the tourism-related industries remained buoyant. Tourist arrivals grew at a relatively rapid pace of 8.0% y-o-y in Q2 and 7.1% in Q3, supported by visitors from ASEAN, China and India. Revenue per available room between Apr–Sep 2018 was higher compared to the preceding six months due to improving occupancy rates.

The domestic-oriented cluster continued to record sluggish growth. Retail sales volumes declined by 0.9% y-o-y in Q3, following a 0.4% increase in Q2, weighed down by weak motor vehicle sales. Excluding motor vehicle sales, retail sales rose by 0.8% in Q3, boosted by sales of discretionary goods such as clothing & footwear, watches & jewellery and recreational goods. Food & beverage (F&B) spending was also lacklustre, increasing marginally by 0.1% in Q3, following a 0.3% expansion in Q2. Meanwhile, the construction sector contracted by 2.3% y-o-y in Q3, a more gradual pace of decline compared to the −4.2% recorded in Q2. While public certified progress payments continued to fall in Q3, private certified progress payments rose for the second consecutive quarter, by 2.2% amid a pickup in private industrial and commercial building works.

Slower expansion is forecast for the Singapore economy in 2019

Domestic GDP growth is expected to come in at 3.0–3.5% for 2018 and moderate to 1.5–3.5% in 2019.

Following a projected 3.0–3.5% growth this year, the Singapore economy is expected to expand at a slower pace of 1.5–3.5% in 2019. Into next year, the main drivers of growth will shift from the trade-related sectors to the modern services. Notably, the manufacturing industry could see subdued performance in the quarters ahead, as the maturation of the global tech cycle continues to weigh on electronics production, which will in turn negatively impact wholesale trade and transportation & storage. In addition, the implementation of US-China trade tariffs, and any further escalation in these frictions, could pose additional drags on both manufacturing and trade-related services. While the relocation of production activities from China to Southeast Asia could engender some offsetting positive spillovers for Singapore including in transport-related hub services, this would take time to materialise.

In modern services, growth is expected to be driven by digital-related activities in IT & information and consulting services, as well as the financial sector.

Strong demand for IT solutions on the back of Singapore's ongoing digital transformation initiatives show little signs of a slow-down. In contrast, structural headwinds are likely to persist in segments such as telecommunications, media and publishing amid increasing competition, technological disruption and changing preferences in media consumption. In the financial services sector, the factors underpinning the strong growth momentum in 2018 thus far, such as steady economic growth including in the regional economies, capacity expansions in the insurance segment and increasing technological adoption in the payments network, are expected to remain largely intact for the rest of this year, albeit with some moderation due to short-term cyclical headwinds.

The sustained improvement in the labour market should boost domestic-oriented industries. In the domestic-oriented cluster, performance of the construction sector should see some improvement in 2019. Contracts awarded, a leading indicator of construction activity, has been experiencing some recovery since H2 2017, while domestic-facing industries such as F&B and retail trade services are expected to benefit from improvements in the labour market. However, gains in the food services industry could be capped by domestic constraints including the short-term difficulties in hiring labour in this sector.

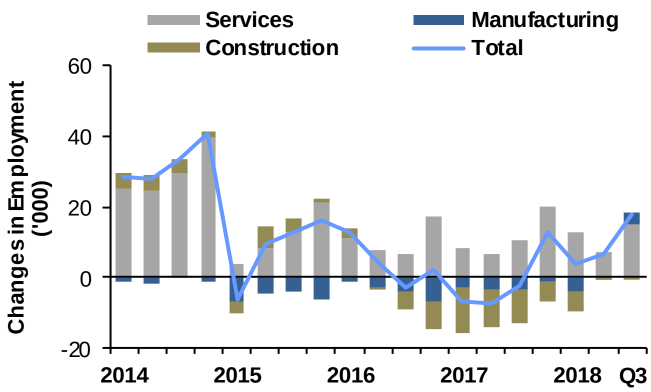
C. Labour Market and Consumer Prices

	2017		2018		
	Q4	Full Year	Q1	Q2	Q3
Labour Market and Prices					
Unemployment Rate, sa, %	2.1	2.2	2.0	2.0	2.1
Wage Growth, y-o-y %	4.0	3.1	4.0	3.6	3.5
CPI-All Items Inflation, y-o-y %	0.5	0.6	0.2	0.3	0.7
MAS Core Inflation, y-o-y %	1.4	1.5	1.5	1.5	1.9

Overall employment expanded by 17,700 in Q3 2018

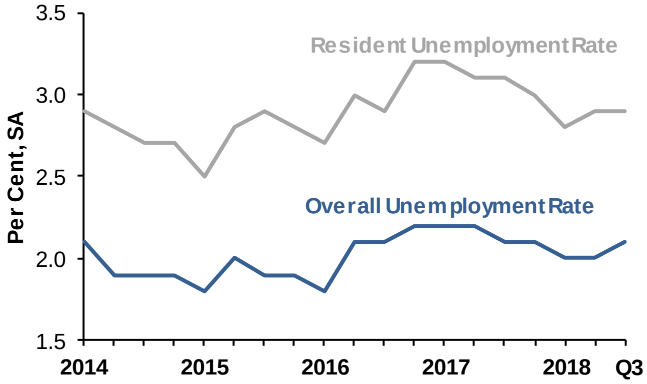
Preliminary estimates showed that overall employment grew by 17,700 in Q3 2018, more than double that in the previous quarter. Excluding foreign domestic workers, total employment rose by 15,200, compared with 6,500 in Q2. The faster employment growth was broad-based across sectors. Manufacturing headcount grew by 3,500, a notable reversal in a sector that has seen growth typically driven by secular productivity increases. Job gains were also recorded in the services sector, such as professional, information & communications, community, social & personal (CSP), and financial & insurance services. Meanwhile, the headcount in construction declined slightly and at a slower pace than previous quarters, reflecting a possible levelling-off in construction activities.

The pace of hiring accelerated in Q3 2018.



The seasonally adjusted unemployment rate held steady at 2.9% in Q3 for residents but edged up to 2.1% at the overall level. The resident unemployment rate was lower than a year ago, but remained slightly higher than that in Q1, reflecting the continued inflow of job seekers amid improved hiring prospects. Meanwhile, aggregate retrenchments fell from 3,030 in Q2 to 2,500 in Q3. Improvements were recorded in all the three major sectors of manufacturing, construction and services.

The overall unemployment rate edged up, alongside the continued inflow of job seekers into the labour market. [1]



Resident wages grew by 3.5% on a y-o-y basis in Q3 2018, broadly similar to Q2. Salary gains were generally stronger in modern services (e.g. ICT and financial) and trade-related services (e.g. wholesale trade and transportation & storage), but weaker in construction as well as accommodation & food services.

The labour market is expected to tighten in the quarters ahead, as new entrants secure employment amid sustained economic expansion. Overall employment is expected to continue to grow in 2019, reflecting in part a recovery in the construction sector, as well as firm hiring in the modern services and CSP services sectors. Against this backdrop, wage growth is likely to be supported at around current rates next year.

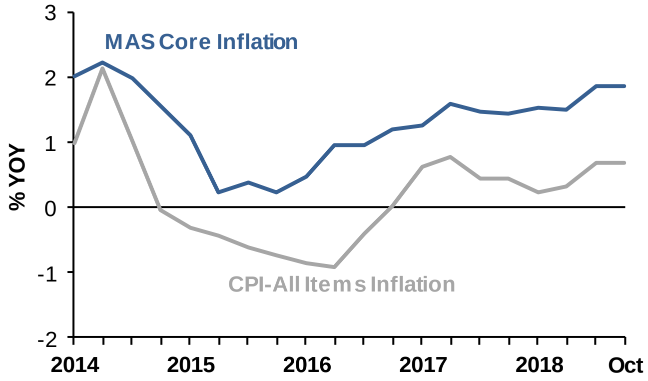
The step-up in domestic inflation from Q2 was largely driven by higher global oil prices

MAS Core Inflation was 1.9% y-o-y in Q3 and in October, rising from 1.5% in Q2. CPI-All Items inflation also increased to 0.7% from 0.3% over this period. The increase in core inflation was mainly driven by the sharp rise in oil prices in the second and third quarters of 2018. The cost of electricity & gas rose by 12.9% y-o-y in Q3, and further by 16.6% in October, significantly higher than the 3.7% increase in Q2, as higher fuel costs led to upward adjustments in electricity and gas tariffs with a lag. [2] Energy-related CPI components added an average of 0.4% point to MAS Core Inflation in July to October, compared to 0.1% point in Q2, and their contribution will remain elevated for the remainder of this year.

[1] Data refers to the last month of each quarter.

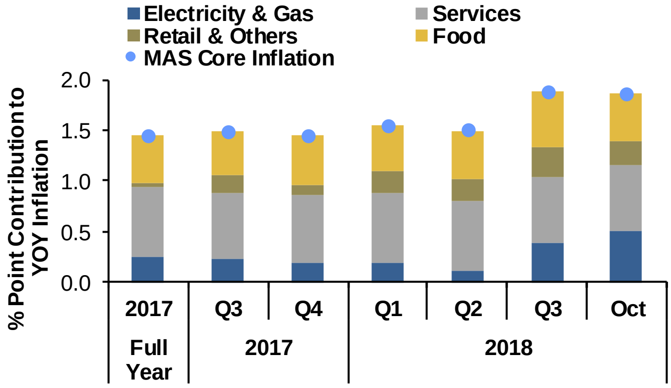
[2] The fuel cost component of the electricity tariff for each quarter is calculated based on average fuel oil and dated Brent oil prices in the first two-and-a-half month period of the preceding quarter.

Both headline and core inflation have risen in recent months amid higher global oil prices.

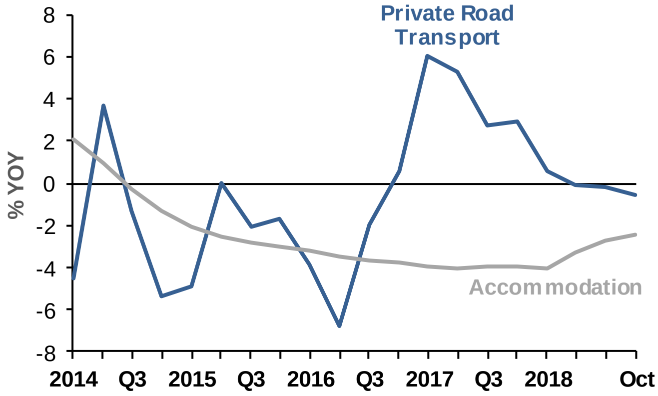


Inflation across the other expenditure categories of the core CPI basket picked up in Q3, though eased in October. The overall cost of retail and other goods rose by 1.7% y-o-y in Q3, higher than the 1.2% in the preceding quarter, mainly on account of a steeper increase in the prices of clothing & footwear items. Retail inflation subsequently came in lower at 1.3% y-o-y in October as inflation for clothing & footwear, recreational goods and medical products fell. Reflecting a larger increase in the prices of non-cooked food and prepared meals, food inflation picked up from 1.4% in Q2 to 1.6% in Q3, before moderating to 1.4% in October. Meanwhile, services inflation eased to 1.4% y-o-y in Q3 from 1.5% in the previous quarter, mainly due to lower inflation for essential services (e.g., education, healthcare and domestic services), and remained unchanged in October.

Higher inflation for electricity & gas offset a moderation in inflation for other major components of core CPI in October.



Inflation for the non-core components of the CPI has continued to diverge.



Private road transport inflation continued to trend downwards, while accommodation costs declined at a more gradual pace. The fall in accommodation costs moderated to 2.7% y-o-y in Q3 2018 from the 3.3% drop in Q2, and eased further to 2.5% in October as the decline in housing rentals slowed. In comparison, private road transport costs fell slightly more, by 0.2% y-o-y in Q3 compared to the 0.1% decline in the preceding quarter, despite the steeper rise in petrol prices, as the prices of cars and motorcycles fell in tandem with their respective Certificate of Entitlement (COE) premiums. In October, private road transport costs decreased further by 0.6% y-o-y, with COE premiums remaining on a downtrend.

Modest and continuing upward pressure on core inflation

External sources of inflation have increased in recent quarters. Notwithstanding recent volatility, global oil prices have come in higher on a y-o-y basis, and inflation for non-oil imports has also picked up. On the domestic front, the improvement in labour market conditions should underpin a faster pace of wage growth in 2018 and 2019 compared to last year. Growth in the unit labour cost for services-producing industries has risen, and the pass-through of higher import and labour costs to consumer prices could increase as domestic demand strengthens further. Nevertheless, the extent of price increases will be restrained by greater market competition in several consumer segments, such as telecommunications, electricity and retail.

MAS Core Inflation is expected to rise modestly in the months ahead, and come in within the forecast range of 1.5–2% in 2018 and 1.5–2.5% in 2019. CPI-All Items inflation is projected to be about 0.5% in 2018, before picking up to 1–2% in 2019, as inflation for the non-core components of the CPI should also increase.

A further measured tightening of monetary policy

In the October 2018 Monetary Policy Statement, MAS increased slightly the slope of the S$NEER policy band, continuing the gradual pace of monetary policy normalisation which began in April this year. The width of the policy band and the level at which it is centred was kept unchanged. With the domestic economy projected to expand steadily and MAS Core Inflation expected to experience modest but continuing pressures, this further measured tightening of policy will ensure medium-term price stability in the Singapore economy.

Selected Indicators

GENERAL INDICATORS, 2017			
Land Area (Sq km), 2018	722.5	Literacy Rate* (%)	97.2
Total Population ('000), 2018	5,638.7	Real Per Capita GDP (US$)	55,266
Labour Force ('000)	3,657.0	Gross National Savings (% of GNI)	48.2
Resident Labour Force Participation Rate (%), 2018	67.7		

* Refers to resident population aged 15 years and over.

COMPONENTS OF NOMINAL GDP SECTORAL (% of GDP), 2017		COMPONENTS OF NOMINAL GDP EXPENDITURE (% of GDP), 2017	
Manufacturing	19.2	Private Consumption	36.2
Wholesale & Retail Trade	17.6	Private Gross Fixed Capital Formation	20.5
Business Services	14.8	Public Consumption	11.0
Finance & Insurance	13.3	Public Gross Fixed Capital Formation	4.7
Transportation & Storage	7.2	Increase in Stocks	2.9
Construction	4.3	Net Exports of Goods & Services	24.7
Information & Communications	4.2		
Accommodation & Food Services	2.1		

MAJOR EXPORT DESTINATIONS (% SHARE), 2017		MAJOR ORIGINS OF IMPORTS (% SHARE), 2017	
Total Exports (S$ Billion)	515.0	Total Imports (S$ Billion)	452.1
China	14.5	China	13.8
Hong Kong	12.3	Malaysia	11.9
Malaysia	10.6	US	10.5
Indonesia	7.5	Taiwan	8.3
US	6.3	Japan	6.3
ASEAN	29.0	ASEAN	21.6
NEA-3	21.3	NEA-3	14.6
EU	8.4	EU	12.2

Source: Enterprise Singapore

MAJOR DOMESTIC EXPORTS BY COMMODITY (% SHARE), 2017		MAJOR IMPORTS BY COMMODITY (% SHARE), 2017	
Domestic Exports (S$ Billion)	259.3	Total Imports (S$ Billion)	452.1
Mineral Fuels	32.6	Electronics	28.7
Electronics	19.4	Mineral Fuels	22.1
Chemicals	18.6	Machinery & Transport Equipment (ex. Electronics)	17.2
Machinery & Transport Equipment (ex. Electronics)	11.0	Manufactured Articles	8.5
Manufactured Articles	8.4	Chemicals	8.2
Food and Live Animals	2.3	Manufactured Goods	5.5

Source: Enterprise Singapore

Note: Labour market statistics were obtained from the Ministry of Manpower, while trade and index of industrial production (IIP) data were provided by Enterprise Singapore and EDB respectively. All other data in this document were obtained from the Department of Statistics, or Ministry of Trade and Industry, unless otherwise stated.

OVERALL ECONOMY	2016	2017	2017 Q4	2018 Q1	2018 Q2	2018 Q3	Sep-18	Oct-18
GDP at current prices (S$ bil)	427.9	447.3	117.6	114.3	114.8	116.2	na	na
GDP (US$ bil)	309.9	324.3	86.9	86.7	86.0	84.9	na	na
Real GDP Growth (YOY % change)	2.4	3.6	3.6	4.6	4.1	2.2	na	na
Real GDP Growth (QOQ SAAR % change)	na	na	2.1	2.4	1.0	3.0	na	na
By Sector (YOY % change):								
Manufacturing [1/]	3.7	10.4	5.8	10.1	10.5	3.5	-0.1	4.3
Electronics [1/]	15.8	33.8	25.1	18.8	12.6	1.4	-6.1	-2.7
Non-electronics [1/]	-0.9	0.1	-3.4	5.3	9.3	4.8	3.7	9.0
Finance & Insurance	1.6	4.8	6.3	9.4	6.8	5.6	na	na
Business Services	-0.3	0.6	0.4	2.6	2.3	2.4	na	na
Construction	1.9	-8.4	-5.0	-5.1	-4.2	-2.3	na	na
Transportation & Storage	1.3	4.8	5.3	2.7	1.2	2.1	na	na
Information & Communications	3.6	3.3	6.0	5.5	5.8	4.7	na	na
Wholesale & Retail Trade	1.0	2.3	3.0	2.6	1.5	0.5	na	na
Accommodation & Food Services	3.8	1.2	2.9	2.0	3.9	4.0	na	na
By Expenditure Component (YOY % change):								
Consumption	2.1	3.3	4.4	4.5	3.4	3.3	na	na
Private	1.7	3.1	5.5	3.2	3.7	3.4	na	na
Public	3.5	4.1	0.5	8.4	2.5	2.6	na	na
Gross Fixed Capital Formation	-0.6	-1.8	2.2	-0.9	3.1	-1.4	na	na
Private	-3.0	-1.6	2.1	-1.5	4.6	-2.4	na	na
Public	10.0	-2.6	3.0	0.7	-3.7	3.0	na	na
External Demand	1.1	4.1	4.2	4.1	4.8	4.6	na	na
TRADE								
Total Exports, fob (YOY % change)	-5.1	10.3	6.6	2.3	9.3	12.7	11.4	20.4
Non-Oil Domestic Exports	-2.8	8.8	10.4	1.1	9.3	8.0	8.1	8.3
Re-Exports	-4.4	5.2	-1.3	0.9	5.7	11.1	12.3	25.5
Total Imports, cif (YOY % change)	-4.7	12.1	9.1	2.8	11.1	17.0	16.0	19.8
WAGE-PRICE INDICATORS								
Unemployment Rate (SA,%)	2.1	2.2	2.1	2.0	2.0	2.1	na	na
Average Nominal Wages (S$ per month)	5,074	5,229	5,596	5,808	5,119	4,962	na	na
Consumer Price Index Inflation (YOY % change)	-0.5	0.6	0.5	0.2	0.3	0.7	0.7	0.7
MAS Core Inflation (YOY % change)	0.9	1.5	1.4	1.5	1.5	1.9	1.8	1.9
FINANCIAL INDICATORS								
S$ Exchange Rate Against: (end-period)								
US Dollar	1.4463	1.3366	1.3366	1.3117	1.3650	1.3671	1.3671	1.3865
100 Japanese Yen	1.2394	1.1851	1.1851	1.2308	1.2332	1.2044	1.2044	1.2245
Euro	1.5230	1.5962	1.5962	1.6169	1.5885	1.5923	1.5923	1.5724
Interest Rates (end-period, % p.a.)								
3-month Fixed Deposit Rate	0.19	0.14	0.14	0.15	0.15	0.16	0.16	0.16
3-month S$ SIBOR [2/]	0.97	1.50	1.50	1.45	1.52	1.64	1.64	1.64
Prime Lending Rate	5.35	5.28	5.28	5.33	5.33	5.33	5.33	5.33
Money Supply (end-period)								
Broad Money, M2 (YOY % change)	8.0	3.2	3.2	2.7	2.6	3.4	3.4	3.0
Straits Times Index (end-period) [3/]	2,880.8	3,402.9	3,402.9	3,428.0	3,268.7	3,257.1	3,257.1	3,018.8
YOY % change	-0.1	18.1	18.1	8.0	1.3	1.2	1.2	-10.5
GOVERNMENT BUDGET [4/]								
Operating Revenue (S$ mil)	67,969	70,225	15,283	22,187	20,098	19,544	na	na
Total Expenditure (S$ mil)	72,917	71,634	17,978	24,907	13,897	17,646	na	na
Operating Expenditure	51,081	54,884	14,157	18,437	10,315	12,977	na	na
Development Expenditure	21,836	16,751	3,821	6,470	3,581	4,670	na	na
Primary Surplus/Deficit (S$ mil)	-4,947	-1,409	-2,695	-2,720	6,202	1,897	na	na
% of GDP	-1.2	-0.3	-2.3	-2.4	5.4	1.6	na	na
BALANCE OF PAYMENTS								
Current Account Balance (% of GDP)	19.0	18.8	15.1	18.7	19.9	20.1	na	na
Goods Balance	27.6	26.2	23.5	25.8	27.1	27.6	na	na
Services Balance	-1.5	-1.9	-2.0	-1.4	-1.2	-1.3	na	na
Primary Income Balance	-5.2	-3.6	-4.6	-3.9	-3.9	-4.3	na	na
Secondary Income Balance	-2.0	-1.9	-1.8	-1.7	-2.0	-1.9	na	na
Capital & Fin Account Balance (% of GDP)	19.6	10.4	9.2	13.7	12.7	14.2	na	na
Direct Investment	-15.0	-12.0	-11.0	-9.0	-7.2	-18.0	na	na
Portfolio Investment	8.7	10.6	13.7	6.5	8.6	6.9	na	na
Financial Derivatives	4.3	-4.2	1.1	-6.8	-0.1	0.0	na	na
Other Investment	21.4	16.0	5.3	23.0	11.4	25.3	na	na
Overall Balance (% of GDP)	-0.6	8.5	4.7	6.0	6.8	5.4	na	na
Official Foreign Reserves (US$ mil) [5/]	246,575	279,900	279,900	287,149	288,044	291,326	291,326	290,271
Months of Imports	10.1	10.3	10.3	10.3	9.9	9.7	9.7	9.5

Source:
[1/] Index of Industrial Production from EDB.
[2/] ABS Benchmarks Administration Co Pte Ltd
[3/] Straits Times Index from SGX.
[4/] Ministry of Finance
[5/] MAS
na: Not available