



## RECENT ECONOMIC DEVELOPMENTS IN SINGAPORE

7 September 2018

	2017			2018	
	Q3	Q4	Full Year	Q1	Q2
<b>Real Sector</b>					
Real GDP Growth, y-o-y %	5.5	3.6	3.6	4.5	3.9
Real GDP Growth, q-o-q saar %	11.2	2.1	-	2.2	0.6
Index of Industrial Production, y-o-y %	19.3	5.8	10.4	10.8	10.5
Non-oil Domestic Exports, y-o-y %	7.6	10.4	8.8	1.1	9.3

### The domestic economy recorded a creditable pace of expansion in Q2 2018

Although overall GDP growth in Singapore moderated in Q2 from the previous quarter, economic activity continued apace across many sectors. The trade-related and modern services clusters registered still-robust expansions, while the domestic-oriented sectors saw nascent signs of a turnaround.

### The global economy is expected to grow more gradually in the second half of 2018

Global economic growth remained firm in the first half of 2018, though it was less synchronised across regions than last year. While the US continued to expand robustly owing to fiscal stimulus, the other G3 economies as well as Asia ex-Japan grew at a more moderate pace, alongside easing trade and production. Household spending will be the main driver of global growth for the rest of the year, but activity in the exportable industries could slow slightly on account of trade frictions.

### Singapore's GDP growth is projected to be in the range of 2.5 to 3.5% this year

The trade-related sectors, which were the main engines of growth in H1, are expected to see slower expansions for the rest of the year. Likewise, growth in the financial sector could be dampened, alongside softer investment sentiment. The domestic-oriented cluster should pick up somewhat on the back of a firmer labour market.

### MAS Core Inflation is expected to trend towards 2% in the second half of 2018

MAS Core Inflation is expected to rise in H2 amid the steady absorption of labour market slack and as higher global oil prices filter through to domestic inflation. It is projected to average in the upper half of the 1–2% forecast range for 2018. Similarly, CPI-All Items inflation should come in at the upper half of the 0–1% forecast range for the full year.

## A. External Developments

Global GDP Growth					
	2018	2018	2017	Consensus Forecast	
	Q1	Q2		2018	2019
	q-o-q SAAR %		y-o-y %		
<b>G3*</b>	<b>1.3</b>	<b>2.6</b>	<b>2.2</b>	<b>2.2</b>	<b>2.0</b>
US	2.2	4.2	2.2	2.9	2.6
Eurozone	1.5	1.5	2.4	2.1	1.8
Japan	-0.9	1.9	1.7	1.1	1.2
	<b>y-o-y %</b>				
<b>Asia ex-Japan*</b>	<b>5.5</b>	<b>5.3</b>	<b>5.4</b>	<b>5.3</b>	<b>5.0</b>
China	6.8	6.7	6.9	6.6	6.3
India**	7.7	8.2	6.7	7.3	7.5
<b>NEA-3*</b>	<b>3.7</b>	<b>3.3</b>	<b>3.4</b>	<b>3.1</b>	<b>2.7</b>
Hong Kong	4.6	3.5	3.8	3.6	2.8
Korea	2.8	2.8	3.1	2.8	2.7
Taiwan	3.1	3.3	2.9	2.7	2.4
<b>Asean-4*</b>	<b>5.3</b>	<b>4.9</b>	<b>5.3</b>	<b>5.2</b>	<b>5.0</b>
Indonesia	5.1	5.3	5.1	5.2	5.3
Malaysia	5.4	4.5	5.9	5.3	4.9
Thailand	4.9	4.6	3.9	4.3	3.8
Philippines	6.6	6.0	6.7	6.5	6.5

Source: CEIC, Haver Analytics, Consensus Economics, August 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 economic growth is expected to ease in the second half of 2018

**Growth in the G3 economies was uneven in Q2 2018, as activity in the US and Japan picked up pace while the rate of expansion in the Eurozone was unchanged following the slide from its peak in late 2017.** The US will lead G3 growth this year, benefitting from the sustained effects of tax cuts as well as buoyant labour market conditions. Meanwhile, growth in the Eurozone is projected to pick up modestly in the next two quarters, mainly on account of domestic demand. At the same time, Japan's tight labour market will underpin a gradual strengthening of household consumption.

**Asia ex-Japan grew at a more moderate pace in Q2 after a strong showing in the first three months of the year.** While private consumption remained resilient amid healthy income growth, export momentum has slowed due in part to the maturing of the global tech cycle. The effects of trade tariffs could show up more discernibly in production and investment spending in H2 2018, although fiscal stimulus is expected to provide support in some economies.



Growth in the G3 economies is expected to remain steady at 2.2% this year, before easing to 2.0% in 2019.



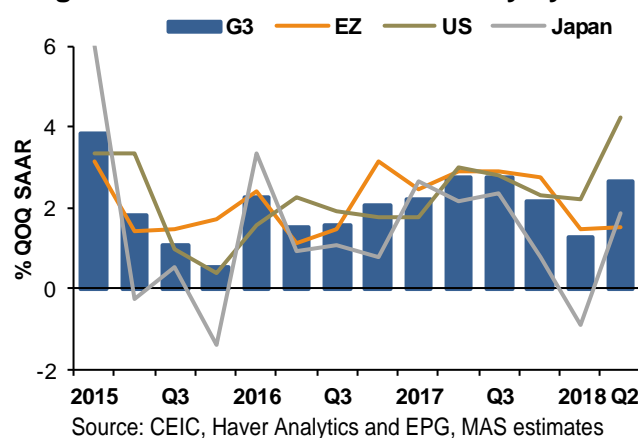
In Asia ex-Japan, the pace of growth is projected to moderate slightly to 5.3% in 2018, before easing further to 5.0% in 2019.

### The US economy will outpace the Eurozone and Japan

**The US posted a stellar economic performance in Q2 2018, expanding by 4.2% on a sequential basis.** Growth was boosted by a rebound in household spending, following a tepid Q1 outturn when consumption was depressed by temporary factors such as a delay in tax refunds. Net exports also contributed more significantly in Q2, as exports were swelled by an exceptional surge in soybean shipments ahead of the imposition of Chinese tariffs in July. **The pace of growth is expected to moderate in the coming quarters, but stay above potential.** In particular, the expansionary impact of the tax cuts will persist through H2 2018 and federal government spending is expected to increase. Robust labour market conditions, rising after-tax household incomes and upbeat consumer sentiment will continue to support private consumption. Meanwhile, leading indicators for capital goods orders indicate that capex intentions remained steady.

**Economic growth in the Eurozone was unchanged in the second quarter after a relatively sharp deceleration in Q1.** A moderation in household spending weighed on activity in the core economies of France, Italy and Spain. In comparison, growth accelerated in Germany, led by a build-up in inventories as firms anticipated firm final demand. Private consumption in Germany also benefitted from tight labour market conditions and rising real wages. Across the monetary union, net exports contributed less to growth as global economic momentum slowed and imports increased. **Looking ahead, Eurozone activity is set to strengthen, bringing headline growth for 2018 to just above 2%.** Domestic spending will continue to be undergirded by favourable financing conditions, with the ECB signalling that an accommodative monetary policy stance will be maintained into 2019.

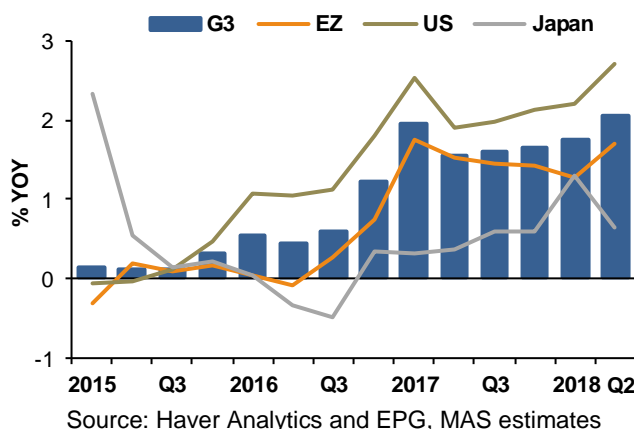
**G3 growth in Q2 2018 was led mainly by the US.**



**The Japanese economy recovered in Q2 2018 after contracting in the preceding quarter.** Private consumption rebounded while business fixed investment grew at its fastest rate since Q4 2016. However, residential investment fell by double digits and

exports slowed significantly. **While the projected GDP growth of about 1% for 2018 is higher than underlying potential, it still represents a pullback from the outturn in 2017.** In addition, there are downside risks emanating from the tariffs on Chinese exports to the US, which are likely to have spillover effects on Japan due to its strong economic interlinkages with China.

**G3 headline inflation rose further in Q2.**



**Average headline inflation in the G3 continued to rise in Q2 2018 on the back of higher energy prices and tight labour markets.** In the US, headline PCE inflation remained just above the Fed’s target of 2.0% in Q2, and edged up further in July with core PCE inflation rising in tandem. Meanwhile, headline inflation in the Eurozone increased on higher energy and food price inflation, with core inflation subdued. Following weather-related food supply shocks that caused a spike in prices in Q1, Japan’s headline and core CPI inflation subsided in Q2. **In the near term, wage and price pressures in the G3 are expected to pick up further amid tight labour market conditions and firm domestic demand.**



G3 inflation is projected to rise to 2.0% in 2018, before easing to 1.8% in 2019.

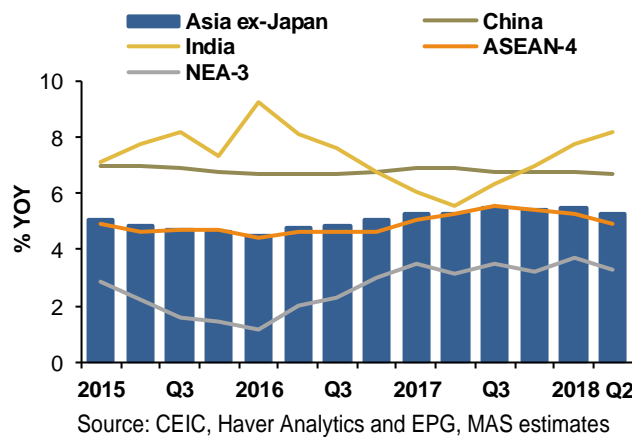
### Growth in Asia is subject to downside risks from trade frictions

**The Chinese economy grew at a marginally slower pace in the second quarter, as a sustained regulatory clampdown on shadow lending activities curtailed investment spending.** Since last year, the authorities have tightened their regulatory oversight of shadow finance to mitigate risks to financial stability. Aggregate credit fell for the third consecutive quarter in Q2, slipping by 16.3% y-o-y. As a result, the real estate and infrastructure sectors which rely more on shadow financing channels reported slower growth. Meanwhile, both merchandise exports and imports continued to increase at a brisk pace in Q2, trade tensions with the US notwithstanding. **For the rest of the year, growth in China is projected to slow more discernibly as US trade tariffs broaden to cover a larger swathe of its exports, amid continuing financial deleveraging efforts.** The latest PMI readings are already pointing to a fall-off in domestic and external demand, alongside rising uncertainty. Nonetheless, the

authorities have embarked on accommodative policies to support the economy, including reductions in reserve requirement ratios and more tax breaks for exporters.

**India's growth picked up further in Q2 2018 as macroeconomic conditions stabilised after the demonetisation exercise and GST implementation.** The economy expanded by 8.2% y-o-y during the quarter, the fastest pace since Q2 2016. Private consumption was the main contributor, although investment remained robust. Meanwhile, net trade continued to subtract from growth due in part to a higher oil import bill. **India's growth will continue to be driven by strong household consumption, bolstered in part by government-sponsored increases in agricultural minimum support prices.** Ramped-up fiscal spending ahead of the general election next year will also provide a fillip to growth while recent rupee weakness may boost exports. However, tightening global financial conditions, combined with still-elevated levels of non-performing assets in the banking sector, could weigh on business sentiment.

**Growth in Asia ex-Japan eased in Q2 2018.**

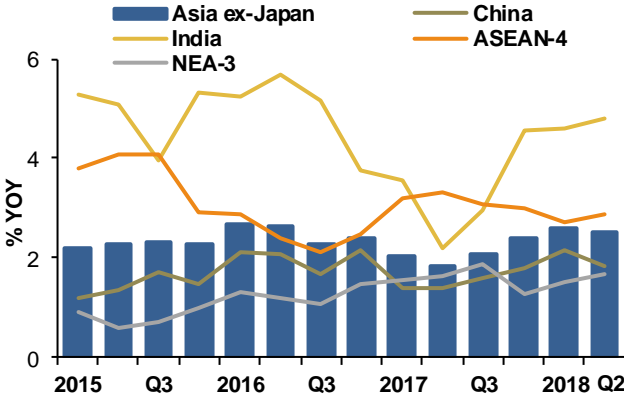


**In the NEA-3, GDP growth decelerated as domestic demand softened.** Private consumption increased at a slower pace in Q2 2018, weighed down by a deterioration in consumer confidence. Meanwhile, companies scaled back their expansion plans amid uncertainties over the trade outlook. Although electronics exports from Korea and Taiwan stayed resilient in Q2, external headwinds have intensified since the beginning of the year. Coupled with slowing domestic demand, **growth in the NEA-3 is expected to soften in the second half of 2018, although fiscal policy will provide some support.** In Hong Kong, higher interest rates will curtail household spending, while in Korea, hiring and investment sentiment have been dampened by the largest minimum wage hike in nearly two decades.

**Growth in the ASEAN-4 economies eased in Q2 2018.** The slowdown was broad-based across countries and reflected weaker contributions from net exports. Export growth has come off its peak in late 2017 as the positive impulse from technology exports ebbed, even as strong domestic demand raised the level of imports significantly. Nevertheless, private consumption was supported by steady income growth, improving consumer sentiment, and more generous government transfers. **Growth is likely to dial back further in the latter half of 2018, reflecting a cyclical**

**downshift in global demand, alongside waning trade flows.** Investment activity in ASEAN could also be dampened by heightened uncertainties on the external front, including rising trade frictions and increased financial volatility. In addition, public investment outlays in Malaysia are expected to pull back significantly due to a freeze on major infrastructure projects.

**Overall inflation in Asia ex-Japan remained stable in Q2.**



Source: Haver Analytics and EPG, MAS estimates

**Inflation in most Asia ex-Japan economies picked up in Q2 2018, with the notable exception of China.** Headline inflation in China fell in Q2 due to smaller food price increases but in India and South Korea, higher oil and food costs pushed up inflation. Meanwhile, price pressures in the ASEAN-4 economies were relatively subdued owing in part to the reintroduction of fuel price subsidies in Malaysia and Indonesia. In the NEA-3, inflation is expected to stay moderate, as demand-pull pressures ease alongside softer economic growth, although tight labour markets in Taiwan and Hong Kong will continue to boost labour costs. Core inflation in Asia ex-Japan remained stable in Q2, **but cost-push inflation is likely to continue rising with sustained growth.**



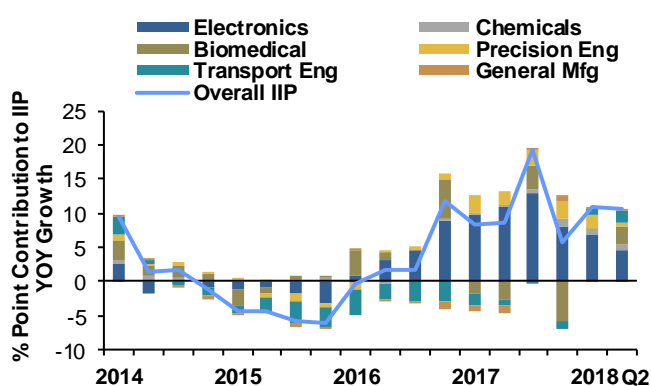
Asia ex-Japan headline inflation is expected to increase to 2.7% in 2018 and 2.9% in 2019.

## B. Domestic Developments

### Growth in the Singapore economy remained firm in Q2 2018

The Singapore economy expanded by 3.9% y-o-y in the second quarter, following the 4.5% gain in Q1. While the trade-related cluster was still the main pillar of support, growth was uneven across the industries within it. The manufacturing sector continued to grow at a robust pace, with sustained strong momentum in the electronics sector. In comparison, wholesale trade and transport activities saw some softening, particularly air and sea port services. The domestic-oriented and tourism-related clusters, which experienced sluggishness early this year, recorded some improvement during the quarter, underpinned by the consumer-facing accommodation and retail segments.

#### Industrial output saw sustained improvement in Q2 2018.



The manufacturing sector expanded by 10.2% y-o-y in Q2 2018, building on strong growth in the preceding quarter. The global tech cycle continued to benefit domestic electronics production, with the semiconductor segment chalking up double-digit gains. The pharmaceutical segment also contributed significantly to growth in Q2, following two consecutive quarters of declines. Alongside higher oil prices, the marine & offshore engineering segment recorded its first quarter of positive growth after 14 consecutive quarters of contractions.

Nevertheless, the trade-related services grew at a slower pace. Notably, sea cargo handled at Singapore's ports witnessed a marginal decline of 0.5% y-o-y in Q2 2018, on the back of falling oil cargo volumes. The air transport segment also experienced slower growth, as air cargo handled rose by 1.8% y-o-y, half the pace of expansion in the preceding quarter. Meanwhile, foreign wholesale trade increased by 2.1% y-o-y, compared to 2.3% in the preceding quarter. Although bunkering activities saw some pullback, the machinery and electronics segment continued to grow at a steady pace.

Modern services contributed steadily to GDP growth in Q2. The finance and insurance sector advanced firmly by 6.7% on a year-ago basis, with broad-based expansions across all segments. The sanguine outlook for global and regional growth

translated into steady demand for financial intermediation activities. However, fund managers' performance moderated as geopolitical tensions intensified over the quarter. Meanwhile, demand for information & communications and business services were resilient as firms continue to build up their digital capabilities.

**There were tentative signs of a turnaround in some domestic-oriented and tourism-related sectors.** Growth in the accommodation and food services sector strengthened, from 2.0% y-o-y in Q1 2018 to 4.0% in Q2. Healthy growth in visitor arrivals boosted the accommodation segment. However, the outturns across food services varied, with significantly higher sales volume growth at fast food outlets and food caterers, which partially offset a decline in restaurants and other eating places.

Retail sales volume rose by 0.4% in Q2 2018, a reversal of the 1.8% decline in Q1 2018. This was attributed to an increase in both motor vehicle and non-motor vehicle sales. While the pace of increase of non-motor vehicles sales eased in Q2 2018, growth continued to be supported by items such as medical goods & toiletries, furniture & household equipment and wearing apparel & footwear.

Weighed down by public building activities, the construction sector contracted by 4.6% y-o-y in Q2 2018, a milder pace compared to the 5.2% decline in Q1. Growth in nominal certified progress payments fell by 4.9% y-o-y, against a 13.3% decline in the preceding quarter. Improvements in the sector were also reflected in the latest data from the Singapore Commercial Credit Bureau, which showed that the proportion of late payments in the construction sector was reduced to 49.1% in Q1 2018 from 55.2% in Q1 2017.

### **Slower expansion is forecast for the domestic economy in H2 2018**



Singapore's GDP growth is expected to come in at 2.5–3.5% for 2018.

**Reflecting the strong growth of 4.2% in H1, the Singapore economy is projected to expand by 2.5–3.5% for 2018 as a whole, with some easing of momentum in the second half of the year.** The negative spillovers stemming from global trade frictions, coupled with the gradual maturing of the global economic and tech cycles, could weigh on Singapore's trade-related industries. Nevertheless, growth will still be led by the electronics sector, albeit at a slower pace, as global electronics production is underpinned by rising semiconductor usage in an increasing range of consumer and corporate tech products. The incipient recovery of the embattled marine & offshore engineering segment should also provide an additional fillip to manufacturing output growth for the rest of the year. Concomitantly, the trade-related services, such as the wholesale trade and transport & storage sectors, should see modest growth in the second half of the year.

**In modern services, the information & communications sector is expected to remain firm, particularly in the IT & information segment.** There will be continuing



strong demand for IT solutions on the back of Singapore's ongoing digital transformation initiatives. In contrast, growth in the telecommunications segment is expected to be subdued, as the domestic mobile communications market becomes more saturated. Meanwhile, the rest of the ICT industry, which includes the media industry, are likely to face continued structural headwinds from changing consumer preferences.

**The outlook for the financial services sector is positive, although growth momentum could moderate going forward.** Regional and domestic loan demand could be negatively impacted by further interest hikes alongside weakened corporate sentiments. Moreover, there are some signs that investor cautiousness has begun to weigh on the performance of some fund management firms.

**Amid ongoing improvements in the labour market, the domestic-oriented cluster is expected to see incremental gains in the near term, supported by a pickup in consumer sentiment, although the recovery could be hesitant given heightened uncertainty in the external economic environment.** Firming labour market conditions should impart a positive impulse to discretionary spending, benefitting the consumer-facing retail and food services industries. Weakness in the construction sector should also gradually dissipate, with contracts awarded, a leading indicator of construction activity, registering some recovery since H2 2017. While the majority of contracts have been awarded to public sector infrastructure projects such as the North-South corridor and the Deep Tunnel Sewerage System, the private residential segment could also pick up towards end-2018, as work commences on new projects following the earlier spate of en-bloc private property sales.

## C. Labour Market and Consumer Prices

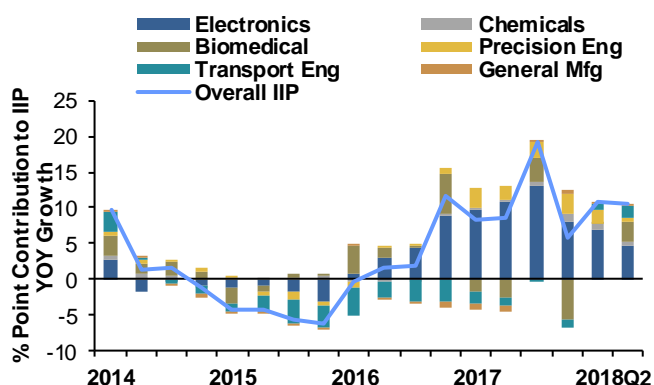
	2017			2018	
	Q3	Q4	Full Year	Q1	Q2
<b>Labour Market and Prices</b>					
Unemployment Rate, sa, %	2.1	2.1	2.2	2.0	2.1
Wage Growth, y-o-y %	3.2	4.0	3.0	4.0	3.6
CPI-All Items Inflation, y-o-y %	0.4	0.5	0.6	0.2	0.3
MAS Core Inflation, y-o-y %	1.5	1.4	1.5	1.5	1.5

### Overall net employment expanded by 7,000 in Q2 2018

Preliminary estimates showed that overall net employment grew by 7,000 in Q2 2018, extending the headcount expansion that began in Q4 last year. Employment in the services sector increased in Q2, with broad-based improvements seen across the transportation & storage, information & communications, community, social & personal, professional, and financial & insurance industries. At the same time, the contraction in manufacturing employment eased on the back of strong output growth in the sector. Job losses in the construction industry also continued to moderate from its peak in Q1 2017.

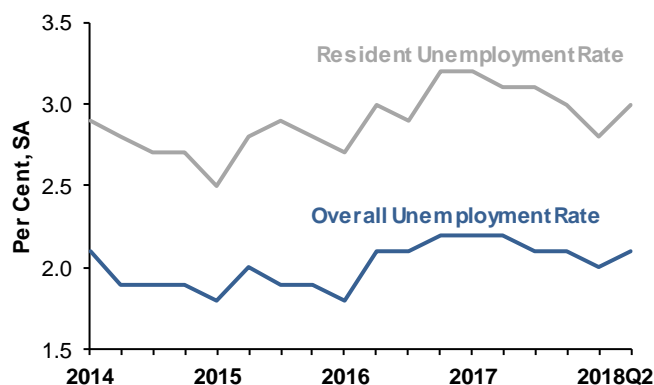
Overall retrenchments have trended down since reaching a peak in Q4 2016, even though they edged up slightly in Q2 2018 from the previous quarter. The layoffs mainly reflected the ongoing restructuring and reorganisation of firms. Meanwhile the services sector registered its lowest retrenchment level since Q3 2013.

### Total employment grew by 7,000 in Q2 2018 even as headcount contractions in manufacturing and construction moderated.



The overall and resident unemployment rates rose in the second quarter as more persons entered the labour force to look for work, amid the sustained economic expansion. As a result, the seasonally-adjusted overall unemployment rate edged up to 2.1%, with the resident unemployment rate also rising by 0.2% point to 3.0% from the previous quarter. However, these rates remained lower than a year ago. An estimated 69,500 residents (seasonally-adjusted) were unemployed in Q2 2018, down from a peak of about 74,000 in Q1 2017.

**The overall and resident unemployment rates edged up in Q2.**



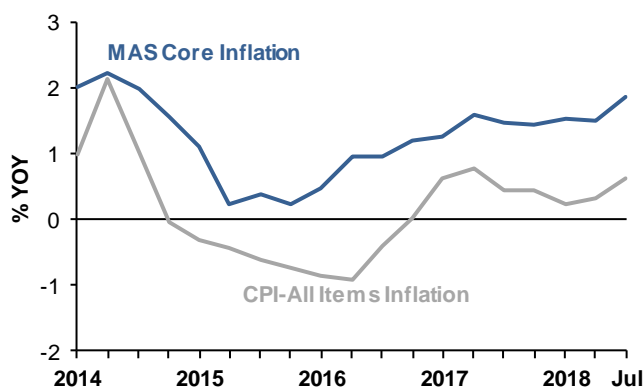
**Resident wages grew by 3.6% on a y-o-y basis in Q2 2018**, a moderation from the 4.0% registered in the previous two quarters. Salary gains were generally stronger in the real estate, transport & storage, and wholesale trade sectors, but weaker in construction, as well as in health & social and accommodation & food services.

**In the near term, the labour market is expected to improve further amid sustained GDP growth.** Overall net employment will increase for 2018 as a whole, in part reflecting fewer job losses in the construction sector, as well as stronger hiring in the modern services and CSP services sectors. Wage growth is likely to rise at a faster pace in 2018 compared to last year, as remaining slack in the labour market has been absorbed.

**Higher oil prices have filtered through to domestic inflation**

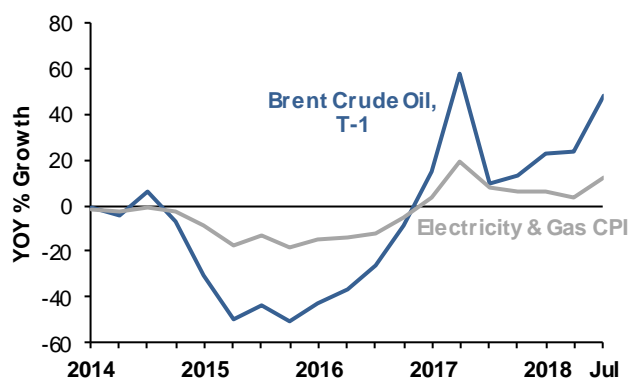
**MAS Core Inflation was stable in the first two quarters of 2018, averaging 1.5% y-o-y, while CPI-All Items inflation edged up to 0.3% in Q2, from 0.2% in the preceding quarter, as the decline in accommodation costs slowed.** Both measures of inflation subsequently picked up to 1.9% and 0.6%, respectively, in July, on account of higher electricity and gas tariffs following a rally in global oil prices in the preceding months.

**Both headline and core inflation have picked up.**



**External cost pressures from higher oil prices have passed through to domestic inflation.** As oil prices have a lagged impact on electricity and gas tariffs, the substantial increase in global oil prices from an average of US\$67 in Q1 to US\$74 in Q2 was reflected in the CPI only in July.<sup>1</sup> The cost of electricity & gas rose by 13% y-o-y in July, the largest increase since June 2017. These oil-related components added 0.4% point to MAS Core Inflation during the month, more than double the contribution in the first half of the year.

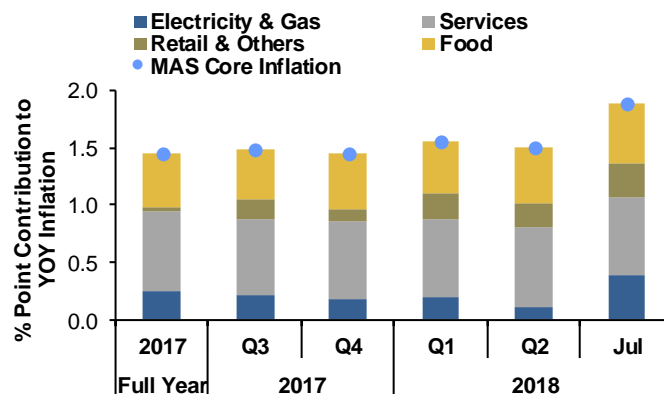
**The rise in the cost of electricity & gas in July was driven by higher global oil prices in Q2.**



**In comparison, inflation has remained relatively stable across the other major categories of the core CPI basket.** Food inflation has averaged 1.4% y-o-y since the start of 2018, similar to 2017, as lower non-cooked food inflation offset the stronger pickup in the prices of hawker and restaurant meals. Services inflation was unchanged at 1.5% for the fourth consecutive quarter in Q2 2018 as well as in July. Notably, a decline in telecommunication services fees, possibly reflecting intensifying price competition in the industry, had placed downward pressure on services inflation in Q2, while inflation of non-discretionary services (e.g., education and healthcare) remained firm in the first half of 2018. Telecommunication services fees subsequently rebounded in July, but this was offset by a more moderate rise in education fees. Meanwhile, the overall costs of retail and other goods rose at a similar rate of 1.2% in both the first and second quarters of 2018, before edging up to 1.6% in July, largely due to a stronger increase in clothing & footwear prices.

<sup>1</sup> 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.

**Apart from electricity & gas, inflation rates of other major components of the core CPI basket were relatively stable in recent months.**



**Inflation for the non-core components of the CPI has diverged.** The y-o-y fall in accommodation costs eased to 3.3% in Q2 2018 and further to 3.0% in July, compared to 4.1% in Q1, as the decline in housing rentals slowed and the disinflationary impact of the additional Service & Conservancy Charges (S&CC) rebates disbursed in January faded.<sup>2</sup> In comparison, the cost of private road transport fell slightly by 0.1% y-o-y in Q2, reversing the 0.6% increase in the preceding quarter. Despite the steeper rise in petrol prices in Q2, car prices had declined in tandem with Certificate of Entitlement (COE) premiums. Private road transport costs extended their fall in July, as COE premiums for cars hit an eight-year low during the month.

**Inflation is expected to pick up in 2018**

On the external front, global oil prices have rallied since the start of 2018 and are expected to average higher for the full year as compared to 2017. Meanwhile, global food commodity prices are projected to rise slightly as demand strengthens amid ample supply conditions. Domestic sources of inflation are expected to increase alongside a faster pace of wage growth and the pickup in domestic demand. However, the extent of consumer price increases will remain moderate, as retail rents have stayed relatively subdued and firms' pricing power may be constrained by market competition.

Meanwhile, accommodation costs are forecast to fall by a smaller extent than in 2017, while private road transport inflation should decline in 2018 as the inflationary effects of previous administrative measures dissipate.<sup>3</sup> MAS Core Inflation and CPI-All Items inflation are expected to average at the upper half of their respective forecast ranges of 1–2% and 0–1% in 2018.

<sup>2</sup> As announced in Budget 2017, the quantum of S&CC rebates was increased in FY2017, with an additional 0.5 month of rebates disbursed to most HDB households in January 2018. S&CC rebates, which lower the housing maintenance & repair cost component of the accommodation CPI, were disbursed in April, July and October last year, but not in January. This resulted in a negative contribution to year-on-year inflation in January 2018.

<sup>3</sup> The administrative measures associated with higher private road transport inflation in 2017 are the expiry of the one-year road tax rebates and the upward revision in parking fees, in August and December 2016, respectively.

## Selected Indicators

GENERAL INDICATORS, 2017			
Land Area (Sq km)	719.9	Literacy Rate* (%)	97.2
Total Population ('000)	5,612.3	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 (%)	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.

<b>OVERALL ECONOMY</b>	<b>2016</b>	<b>2017</b>	<b>2017 Q3</b>	<b>2017 Q4</b>	<b>2018 Q1</b>	<b>2018 Q2</b>	<b>Jun-18</b>	<b>Jul-18</b>
GDP at current prices (S\$ bil)	427.9	447.3	111.2	117.6	114.2	114.4	na	na
GDP (US\$ bil)	309.9	324.3	81.7	86.9	86.6	85.7	na	na
Real GDP Growth (YOY % change)	2.4	3.6	5.5	3.6	4.5	3.9	na	na
Real GDP Growth (QOQ SAAR % change)	na	na	11.2	2.1	2.2	0.6	na	na
<b>By Sector (YOY % change):</b>								
Manufacturing <sup>1/</sup>	3.7	10.4	19.3	5.8	10.8	10.5	8.0	6.0
Electronics <sup>1/</sup>	15.8	33.8	40.6	25.1	19.2	12.7	7.9	5.4
Non-electronics <sup>1/</sup>	-0.9	0.1	9.3	-3.4	6.2	9.2	8.0	6.4
Finance & Insurance	1.6	4.8	7.1	6.3	9.2	6.7	na	na
Business Services	-0.3	0.6	0.5	0.4	2.6	2.1	na	na
Construction	1.9	-8.4	-9.3	-5.0	-5.2	-4.6	na	na
Transportation & Storage	1.3	4.8	5.2	5.3	2.7	1.3	na	na
Information & Communications	3.6	3.3	5.1	6.0	5.4	5.2	na	na
Wholesale & Retail Trade	1.0	2.3	3.3	3.0	2.5	1.5	na	na
Accommodation & Food Services	3.8	1.2	1.3	2.9	2.0	4.0	na	na
<b>By Expenditure Component (YOY % change):</b>								
Consumption	2.1	3.3	5.7	4.4	4.8	3.0	na	na
Private	1.7	3.1	5.3	5.5	3.4	3.2	na	na
Public	3.5	4.1	7.1	0.5	8.7	2.2	na	na
Gross Fixed Capital Formation	-0.6	-1.8	-2.7	2.2	-0.9	3.3	na	na
Private	-3.0	-1.6	-2.1	2.1	-0.4	5.6	na	na
Public	10.0	-2.6	-4.8	3.0	-2.4	-6.7	na	na
External Demand	1.1	4.1	4.4	4.2	3.5	3.6	na	na
<b>TRADE</b>								
Total Exports, fob (YOY % change)	-5.1	10.3	10.1	6.6	2.3	9.4	8.0	13.7
Non-Oil Domestic Exports	-2.8	8.8	7.6	10.4	1.1	9.3	0.8	11.8
Re-Exports	-4.4	5.2	9.3	-1.3	0.9	5.7	5.0	8.7
Total Imports, cif (YOY % change)	-4.7	12.1	13.4	9.1	2.8	11.1	12.7	22.1
<b>WAGE-PRICE INDICATORS</b>								
Unemployment Rate (SA,%)	2.1	2.2	2.1	2.1	2.0	2.1	na	na
Average Nominal Wages (S\$ per month)	5,074	5,229	4,795	5,596	5,808	5,119	na	na
Consumer Price Index Inflation (YOY % change)	-0.5	0.6	0.4	0.5	0.2	0.3	0.6	0.6
MAS Core Inflation (YOY % change)	0.9	1.5	1.5	1.4	1.5	1.5	1.7	1.9
<b>FINANCIAL INDICATORS</b>								
<b>S\$ Exchange Rate Against: (end-period)</b>								
US Dollar	1.4463	1.3366	1.3584	1.3366	1.3117	1.3650	1.3650	1.3619
100 Japanese Yen	1,2394	1,1851	1,2062	1,1851	1,2308	1,2332	1,2332	1,2277
Euro	1.5230	1.5962	1.6007	1.5962	1.6169	1.5885	1.5885	1.5944
<b>Interest Rates (end-period, % p.a.)</b>								
3-month Fixed Deposit Rate	0.19	0.14	0.14	0.14	0.15	0.15	0.15	0.16
3-month S\$ SIBOR <sup>2/</sup>	0.97	1.50	1.12	1.50	1.45	1.52	1.52	1.63
Prime Lending Rate	5.35	5.28	5.28	5.28	5.33	5.33	5.33	5.33
<b>Money Supply (end-period)</b>								
Broad Money, M2 (YOY % change)	8.0	3.2	5.4	3.2	2.7	2.6	2.6	2.6
Straits Times Index (end-period) <sup>3/</sup>	2,880.8	3,402.9	3,219.9	3,402.9	3,428.0	3,268.7	3,268.7	3,319.9
YOY % change	-0.1	18.1	12.2	18.1	8.0	1.3	1.3	-0.3
<b>GOVERNMENT BUDGET <sup>4/</sup></b>								
Operating Revenue (S\$ mil)	67,969	70,225	19,390	15,283	22,187	20,098	na	na
Total Expenditure (S\$ mil)	72,917	71,634	15,450	17,978	24,907	13,897	na	na
Operating Expenditure	51,081	54,884	12,128	14,157	18,437	10,315	na	na
Development Expenditure	21,836	16,751	3,322	3,821	6,470	3,581	na	na
Primary Surplus/Deficit (S\$ mil)	-4,947	-1,409	3,940	-2,695	-2,720	6,202	na	na
% of GDP	-1.2	-0.3	3.5	-2.3	-2.4	5.4	na	na
<b>BALANCE OF PAYMENTS</b>								
Current Account Balance (% of GDP)	19.0	18.8	22.5	15.1	18.4	20.0	na	na
Goods Balance	27.6	26.2	28.3	23.5	25.7	26.4	na	na
Services Balance	-1.5	-1.9	-1.6	-2.0	-1.5	-0.7	na	na
Primary Income Balance	-5.2	-3.6	-2.3	-4.6	-4.0	-3.7	na	na
Secondary Income Balance	-2.0	-1.9	-1.9	-1.8	-1.8	-2.0	na	na
Capital & Fin Account Balance (% of GDP)	19.6	10.4	12.0	9.2	13.4	12.3	na	na
Direct Investment	-15.0	-12.0	-8.5	-11.0	-7.4	-12.0	na	na
Portfolio Investment	8.7	10.6	10.0	13.7	3.9	9.0	na	na
Financial Derivatives	4.3	-4.2	-10.6	1.1	-6.4	-0.8	na	na
Other Investment	21.4	16.0	21.1	5.3	23.3	16.1	na	na
Overall Balance (% of GDP)	-0.6	8.5	10.1	4.7	6.0	6.8	na	na
Official Foreign Reserves (US\$ mil) <sup>5/</sup>	246,575	279,900	275,410	279,900	287,149	288,044	288,044	289,208
Months of Imports	10.1	10.3	10.4	10.3	10.3	9.9	9.9	9.8

**Source:**

- <sup>1/</sup> Index of Industrial Production from EDB.  
<sup>2/</sup> ABS Benchmarks Administration Co Pte Ltd  
<sup>3/</sup> Straits Times Index from SGX.  
<sup>4/</sup> Ministry of Finance  
<sup>5/</sup> MAS

na: Not available