



SBF

Economic

Indicators Report

2Q 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.

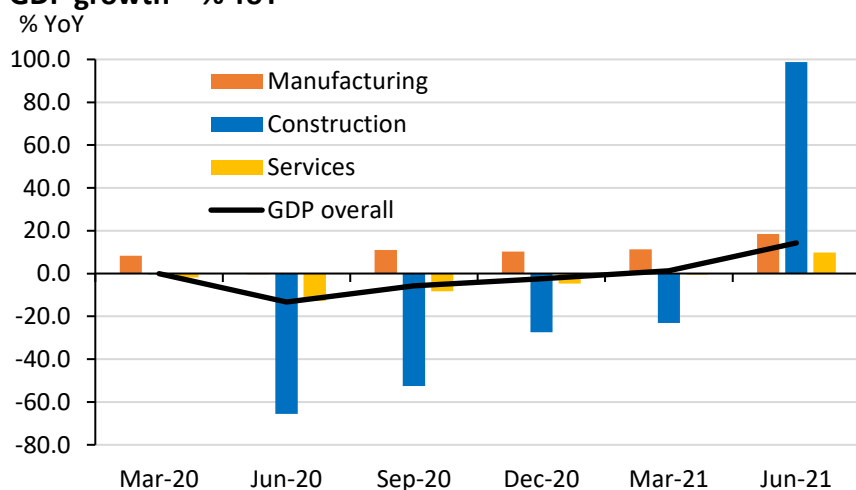
Overall GDP Growth

Median Forecasts of Macroeconomic Indicators for 2021

Key Macroeconomic Indicators % YoY	Mar 2021 Survey	Jun 2021 Survey
GDP	5.8	6.5
Manufacturing	4.7	8.3
Finance & insurance	5.8	6.0
Construction	22.5	19.3
Wholesale & Retail Trade	4.5	4.4
Accommodation & Food Services	11.0	6.5
Private Consumption	7.9	5.2
Non-oil Domestic Exports	6.9	7.5

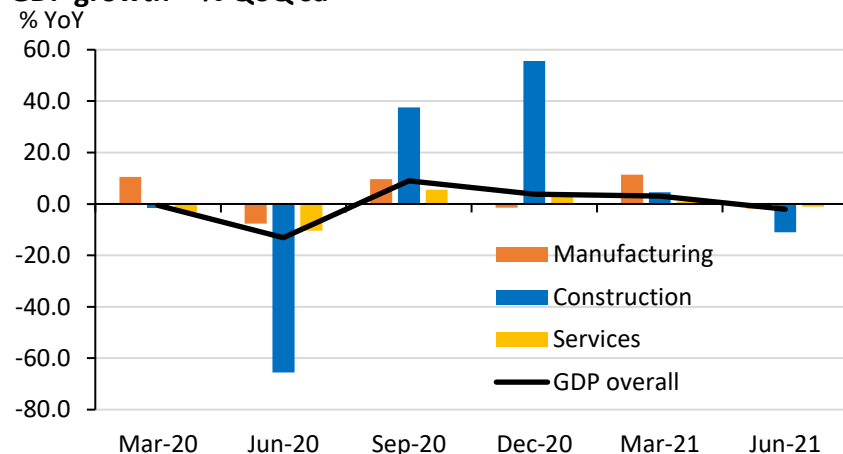
Respondents to the MAS Survey of Professional Forecasters expect GDP in 2021 to grow by 6.5%. Key upside risks to Singapore's growth outlook include the effective containment of the COVID-19 outbreak, stronger-than-expected manufacturing sector performance and the re-opening of borders to international travel.

GDP growth - % YoY



The Singapore economy expanded by 14.3% year-on-year in 2Q, up from the 1.3% YoY growth in 1Q. The improvement partly reflects the low base last year due to the Circuit Breaker (CB) measures. GDP still remains around 1% below pre-pandemic levels.

GDP growth - % QoQ sa

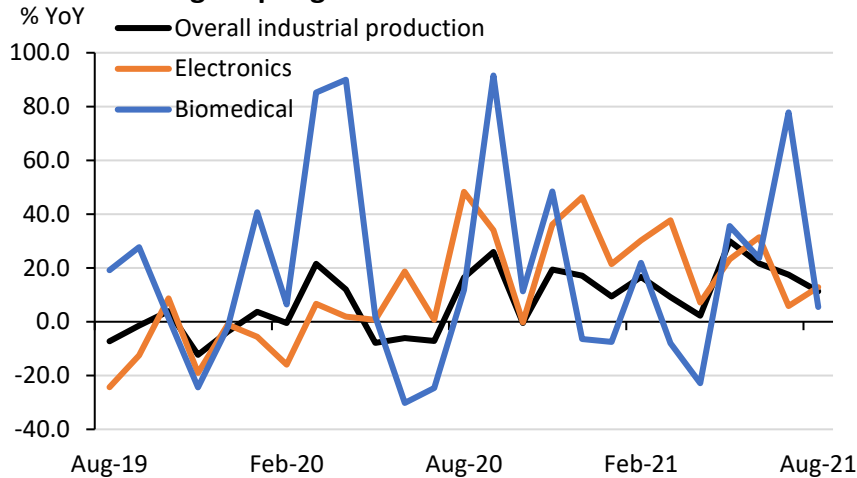


Quarter-on-quarter, the economy experienced a contraction of 2.0%, following its 3.1% expansion last quarter. This fall may be attributed to overall declines in the construction (-11.0%), manufacturing (-1.8%) and the services sectors (-1.0%), reflecting tighter mobility restrictions during the first Phase 2 (Heightened Alert).

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

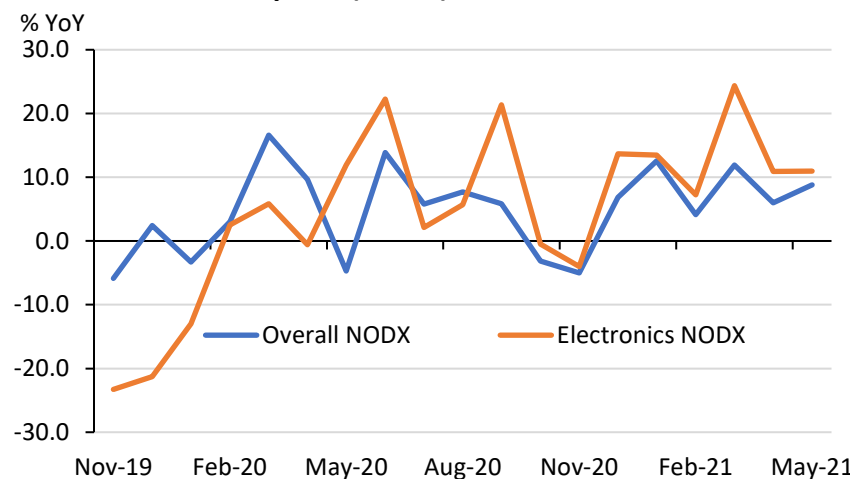
Manufacturing and Exports

Manufacturing output growth



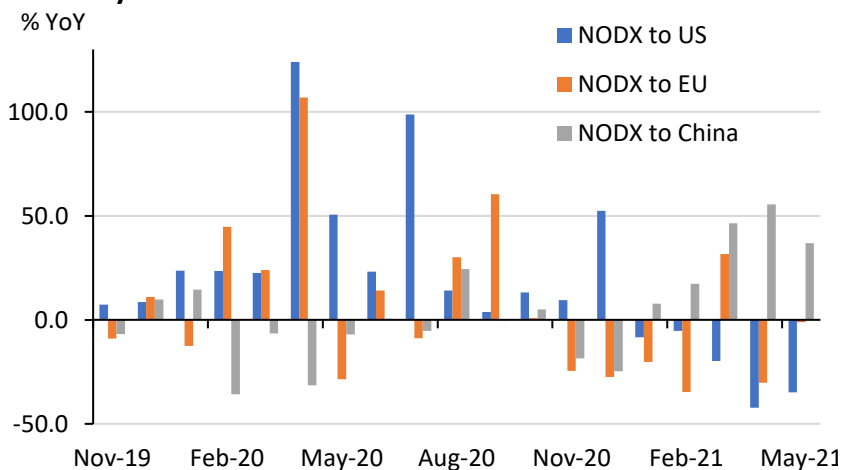
Overall industrial output expanded by 11.3% YoY in August, supported primarily by growth in the electronics (12.9%) and the biomedical (5.5%) clusters.

Non-oil domestic exports (NODX)



Singapore's NODX continued to grow for the 6th consecutive month in May, expanding at a pace of 8.8% YoY. Aside from expansion in electronics NODX (11.0% YoY), growth in non-electronic NODX, particularly for petrochemicals, contributed to the uptick in overall NODX.

NODX by markets

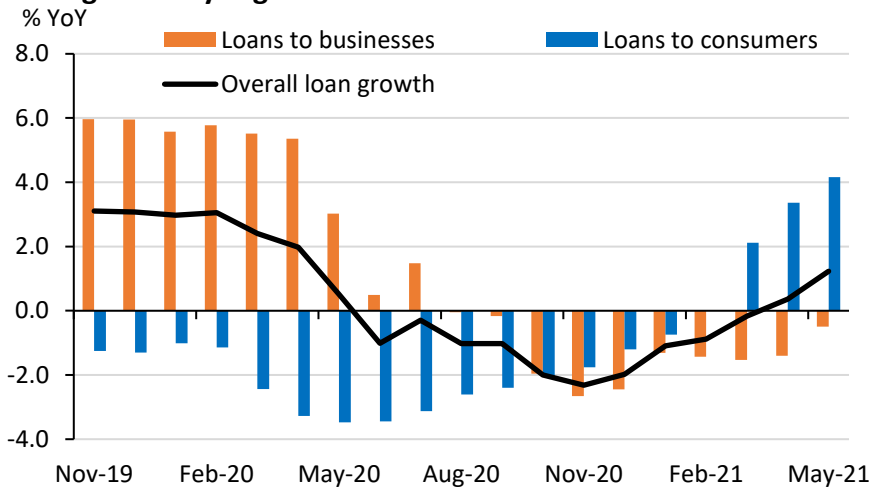


Singapore's NODX to China remained strong at 36.9% YoY in May. Compared to growth in the previous month, Singapore's NODX to the US and the EU also witnessed less severe contractions of 34.8% and 1.2%, respectively.

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

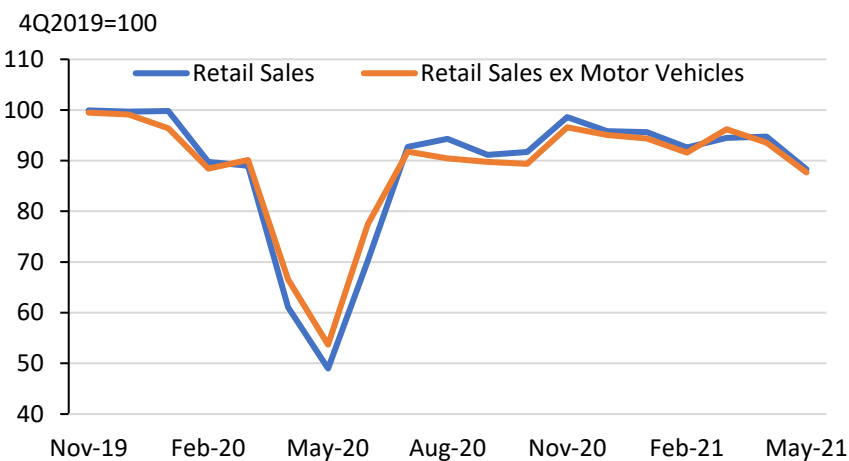
Loan Growth and Retail Sales

Loan growth by segments



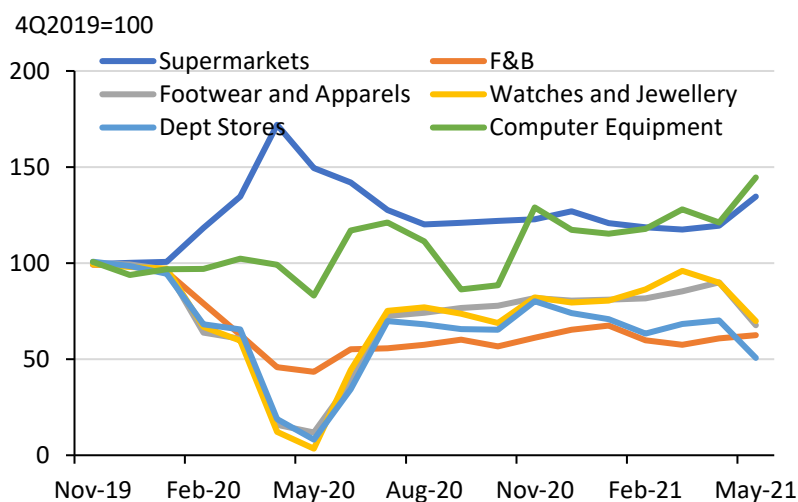
Overall loan growth continued to expand, turning positive in April (0.4%) and May 2021 (1.2%) for the first time since May 2020. This can be attributed to the growth in consumer loans, registering a high of 4.2% YoY in May 2021.

Retail sales



Retail sales declined by around 4.6% since February 2021, reflecting a return to Phase 2 (Heightened Alert). Underlying retail sales (ex. motor vehicles) followed similar trends during the same period.

Retail sales by consumer segment

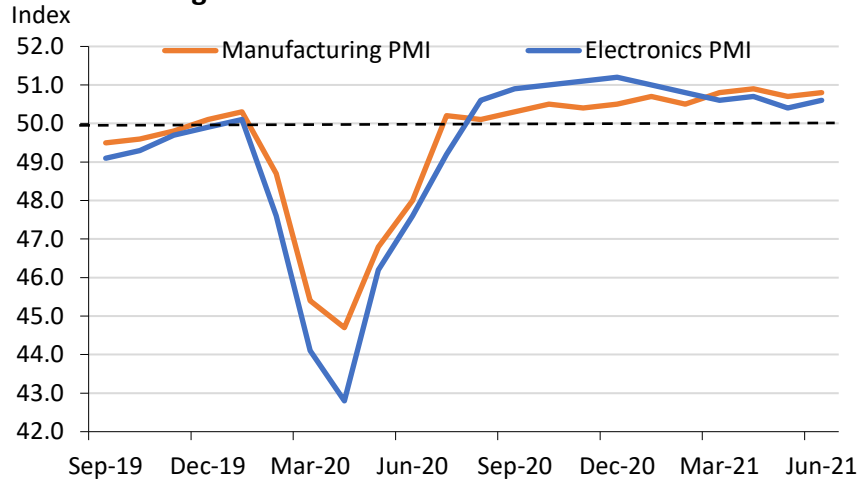


The headline retail sales index masked significant divergence across categories in 2Q2021. Supermarket and computer equipment sales rose, while discretionary spending such as watches and jewellery, department stores and footwear and apparel took a hit.

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

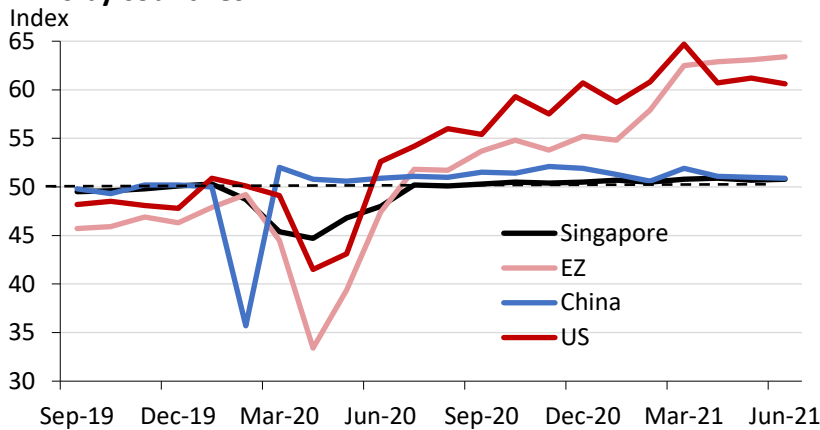
Purchasing Managers' Index (PMI)

Manufacturing and Electronics PMI



Singapore's PMIs for manufacturing and electronics stayed above the 50-point boom-bust line, registering 50.8 and 50.6 respectively, for the month of June, indicating the continued expansion in factory activities.

PMIs by countries

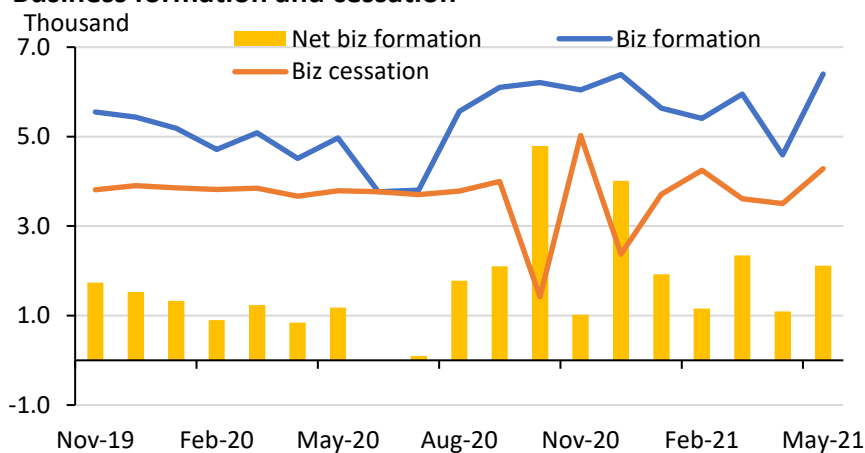


PMIs across major markets continued to trend above the 50-point boom-bust line in 2Q 2021. PMIs in the EZ and US remained high at 63.4 and 60.6 respectively in June 2021, signalling recovery in their factory sectors.

Sources: Bloomberg, DBS Group Research.

Business Formation and Cessation

Business formation and cessation



Sources: CEIC, DBS Group Research.

Net business formation corresponded broadly in recent months with trend growth that largely mirrored pre-COVID conditions in the latter part of 2019.

Visitor Arrivals

Tourist arrivals

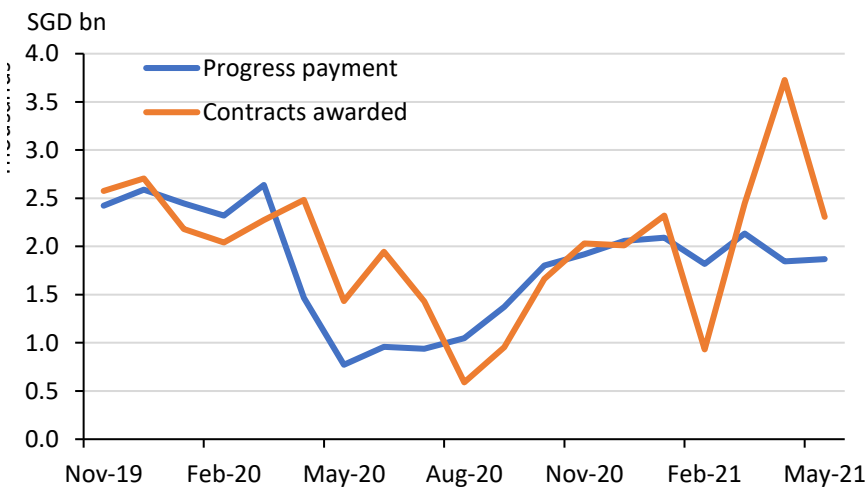


Sources: CEIC, STB.

Coming off a low base, growth in tourist arrivals from China turned positive in March, jumped to a high in April, and sustained its positive, albeit more muted, growth through to June 2021. Growth in overall tourist arrivals registered 361.9% YoY for the month of June 2021.

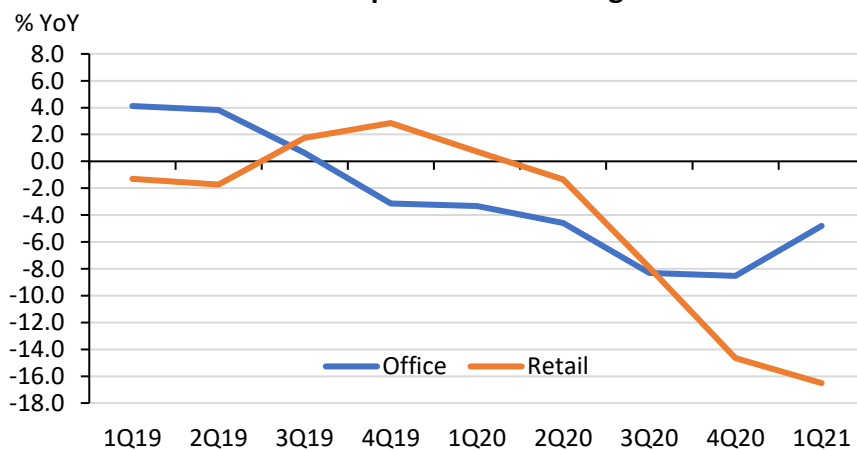
Construction and Real Estate

Construction sector



Construction contracts awarded amounted to SGD 2.3bn in May 2021. While progress payments grew by 142% YoY in May 2021, this largely reflects a low base during the same period last year. Construction activity continues to be affected by supply-side constraints.

Rents of Office and Retail Space in Central Region

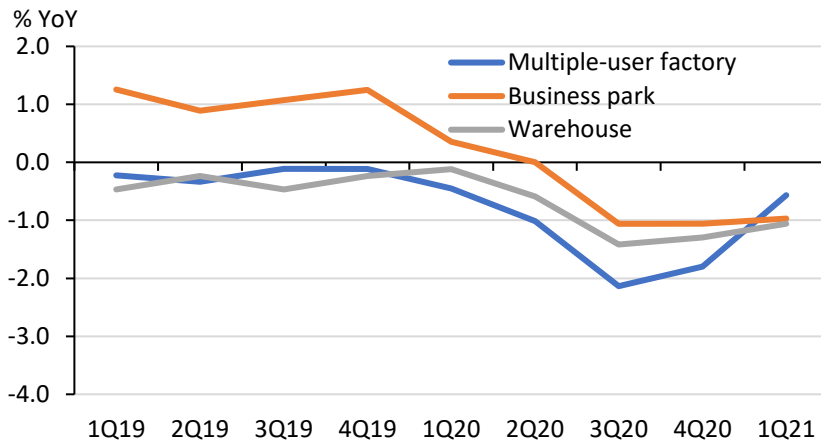


Sources: BCA, DBS Group Research, JTC, URA.

The effects of the pandemic continued to be felt in the retail space, with rents extending its growth contraction by 16.5% YoY in 1Q 2021. Meanwhile, office rents displayed signs of recovery, contracting at a slower pace of 4.8% YoY during the same period.

Construction and Real Estate (Cont'd)

Industrial Rents

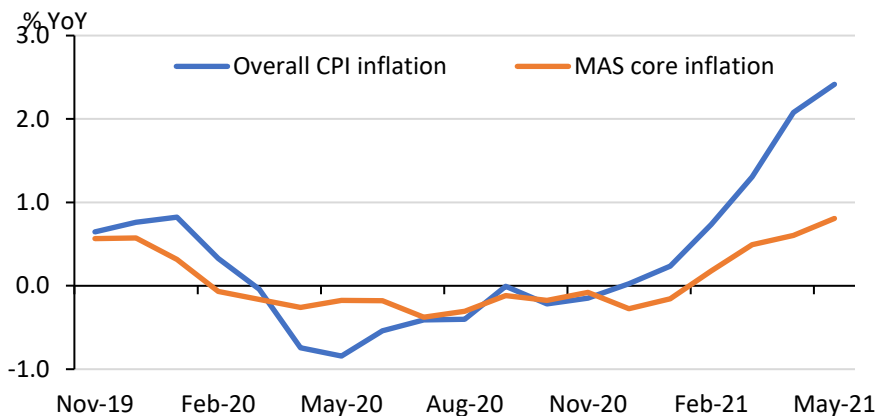


Sources: JTC.

Across the board, industrial rents displayed signs of recovery following milder contractions across the board, with multiple-user factories, business parks and warehouses contracting at a slower pace of 0.6% YoY, 1.0% YoY and 1.1% YoY, respectively, in 1Q 2021.

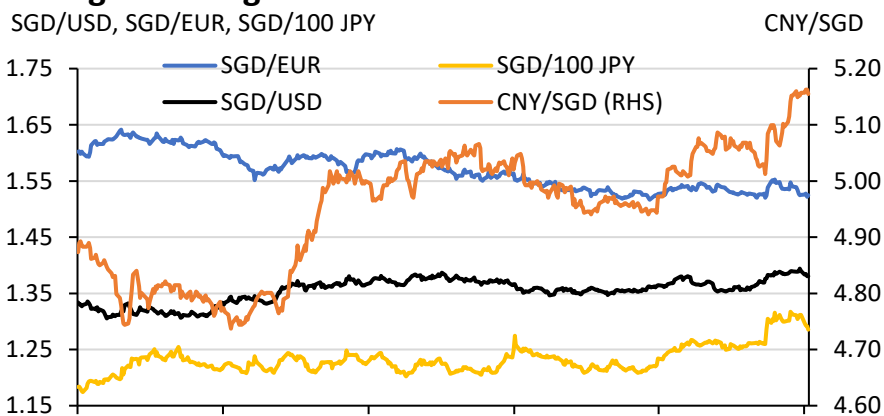
Inflation, FX and Interest Rates

CPI inflation



Singapore's headline Consumer Price Index (CPI) inflation picked up pace, registering 2.4% YoY in May 2021, up from 2.1% the month before. This is driven largely by higher private transport and accommodation inflation, as well as a rise in core inflation, which registered 0.8% YoY.

Foreign exchange

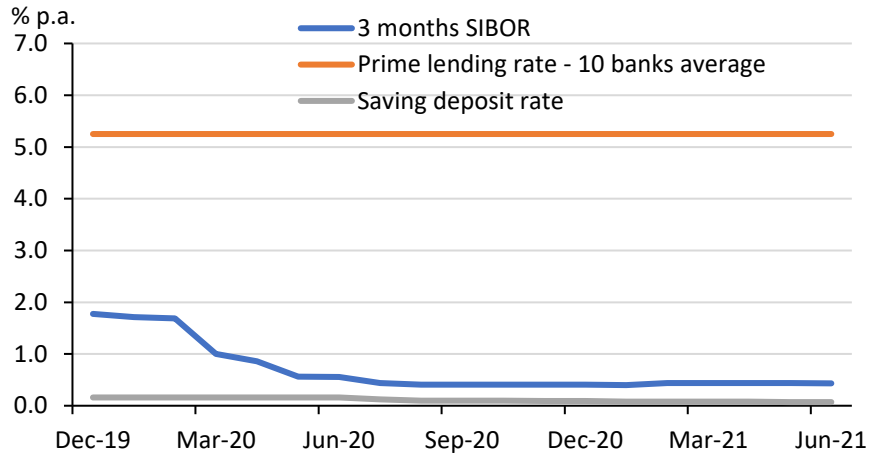


Broadly, while the SGD stayed pat against the Euro and the USD, it strengthened against the CNY but weakened against the Japanese Yen.

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

Inflation, FX and Interest Rates (Cont'd)

Interest rates



The 3 months SIBOR inched down by 1 basis point to 0.43% p.a. in June 2021, while rates for prime lending and saving deposits remained unchanged at 5.25% p.a. and 0.07% p.a., respectively.

Sources: CEIC, DBS Group Research, 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

Mr Michael Wan

Senior Economist

SEA Group

Supporting Organisation:

DBS Bank

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