



SBF

Economic

Indicators Report

4Q 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.

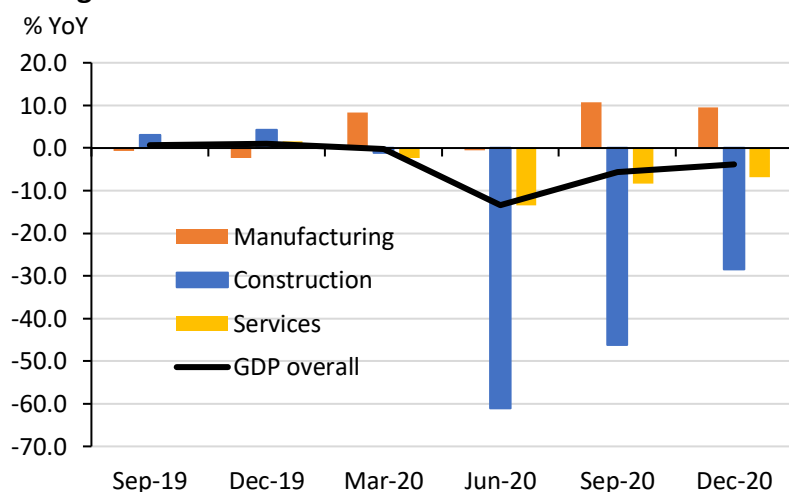
The *SBF Economic Indicators Report (Singapore)* is published on a quarterly basis.

Overall GDP Growth

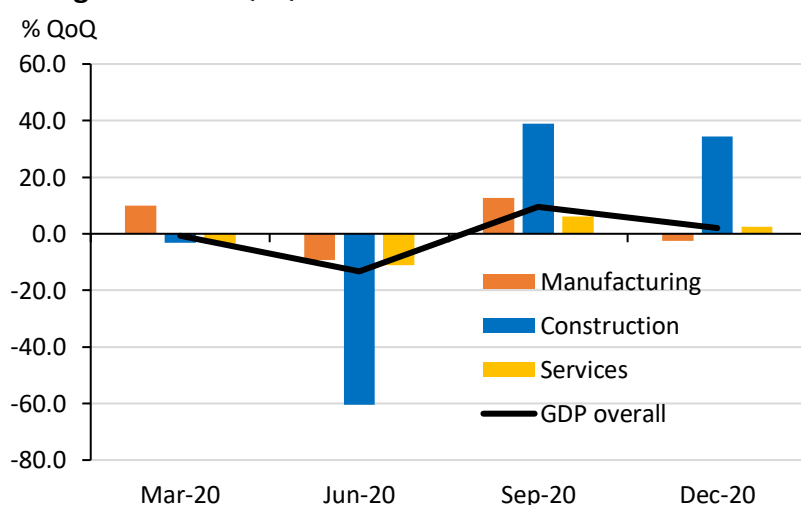
Median Forecasts of Macroeconomic Indicators 2020

Key Macroeconomic Indicators % YoY	Sep 2020 Survey	Dec 2020 Survey
GDP	-6.0	-6.0
Manufacturing	2.3	5.8
Finance & insurance	4.9	4.6
Construction	-23.0	-36.2
Wholesale & Retail Trade	-6.4	-5.0
Accommodation & Food Services	-29.1	-27.0
Private Consumption	-11.8	-13.4
Non-oil Domestic Exports	4.5	4.2

GDP growth - % YoY



GDP growth - % QoQ sa



Respondents to the MAS Survey of Professional Forecasters expect GDP in 2020 to decline by 6.0%, unchanged from the previous survey. The primary downside risk cited by respondents to the survey was a further deterioration in the COVID-19 situation, due to new outbreaks or delays in vaccine development.

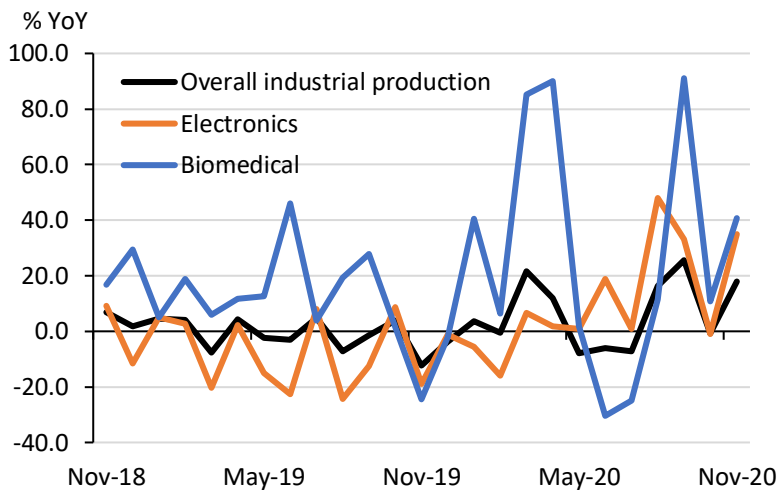
Based on advance estimates for 4Q 2020, the Singapore economy contracted by 3.8% YoY, an improvement from the 5.6% YoY contraction registered during the last quarter. Sustained expansion in manufacturing activities along with less severe contractions in construction and services contributed to the improvement.

Quarter-on-quarter, the economy grew by 2.1%, following its 9.5% expansion last quarter. The construction sector bolstered overall growth, expanding by 34.4%, sustaining its 39.0% growth from the previous quarter.

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

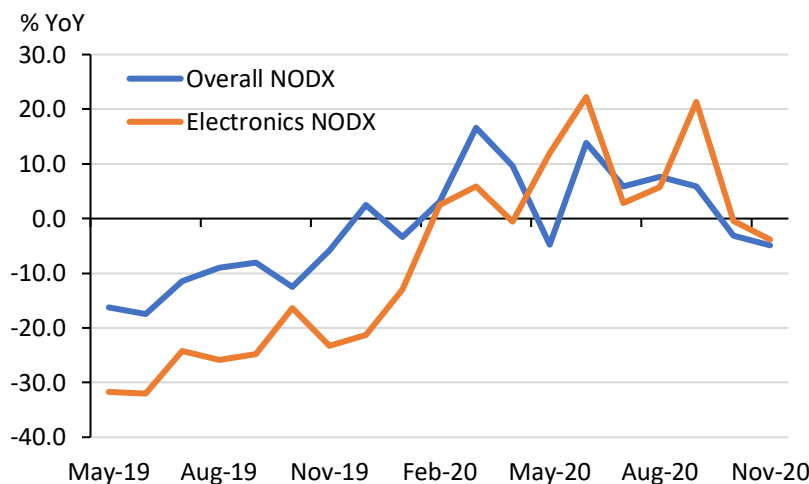
Manufacturing and Exports

Manufacturing output growth



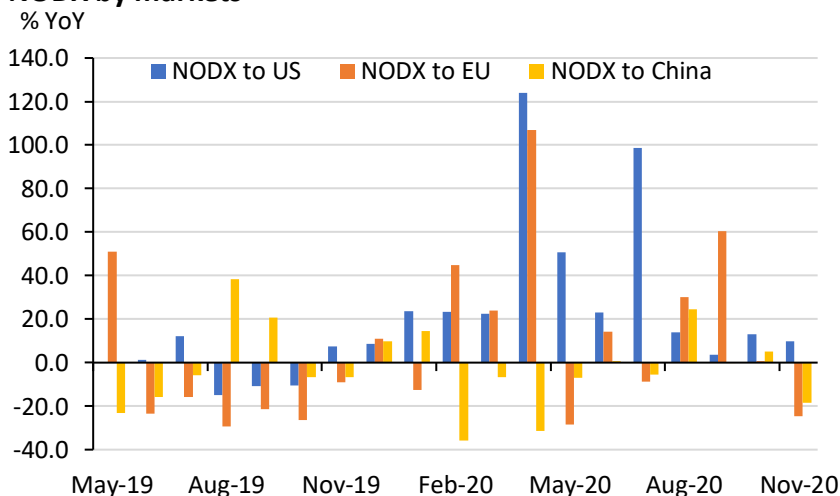
Growth in overall manufacturing output rebounded by 17.9% YoY in November, from last quarter's -0.8%, bolstered in part by strong expansions in the electronics cluster (34.9%) which reversed its 1.1% shrinkage last month, and the biomedical cluster (40.6%).

Non-oil domestic exports (NODX)



Continued decline in Singapore's electronics NODX (-0.5% YoY and -3.8% YoY in October and November, respectively) weighed upon the overall NODX, which posted a 4.9% YoY contraction in November.

NODX by markets

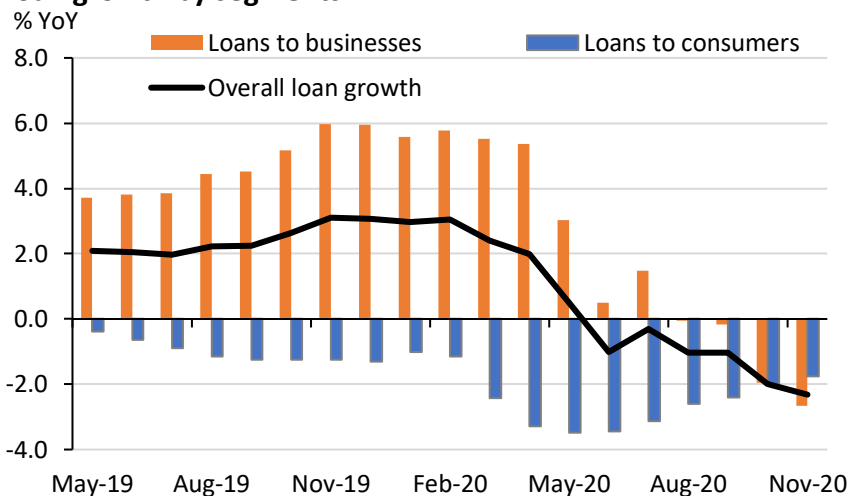


Singapore's NODX to the US continued to grow in November (9.9% YoY), while its NODX to the other major markets of EU and China contracted by -24.6% YoY and -18.4% YoY, respectively.

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

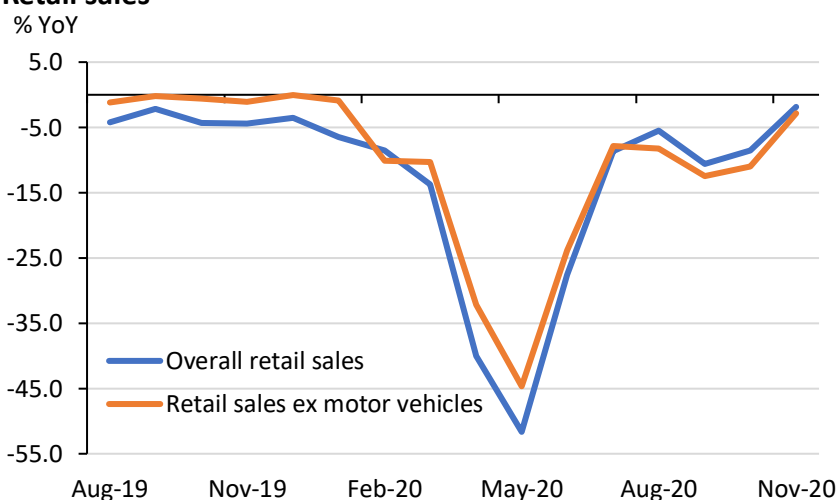
Loan Growth and Retail Sales

Loan growth by segments



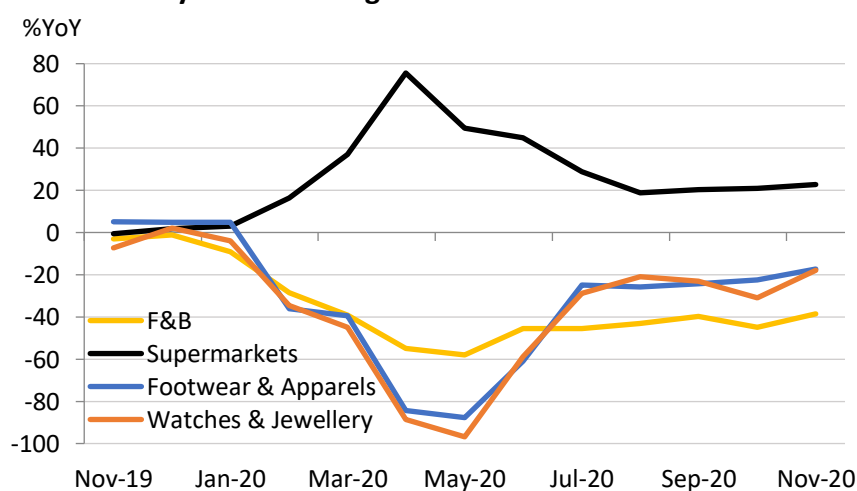
Overall loan growth continued to contract (-2.3% YoY in November), dragged down in part by weaker business loan growth in recent months (-0.2%, -2.0% and -2.7% in September, October and November, respectively).

Retail sales



Retail sales growth remained negative (-1.9% YoY in November) albeit a marked improvement from the previous month's steeper contraction of -8.5% YoY. Trend growth in retail sales (ex. motor vehicles) followed closely, contracting by 2.9% YoY in November.

Retail sales by consumer segments

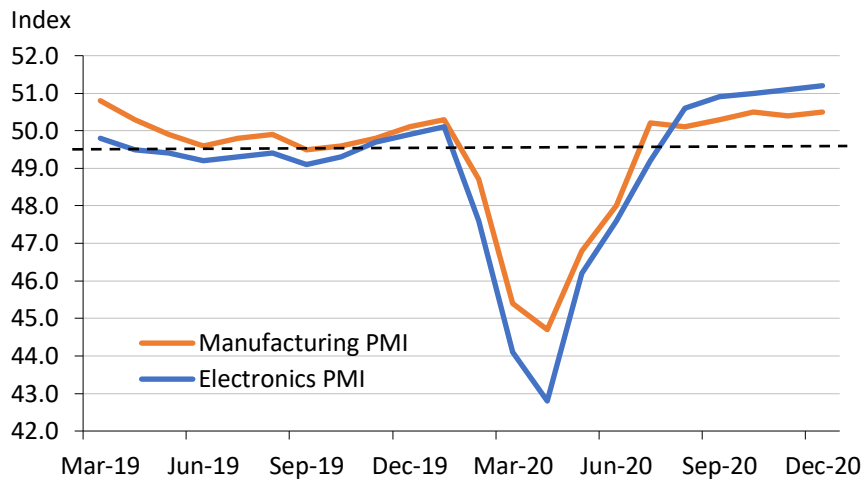


The imposition of Circuit Breaker measures in 1H 2020 accentuated the divergence in growth trajectories between 'essential' and 'non-essential' consumer items in 1H 2020. Gradual trend reversals and convergence between these segments were observed for the most part in 2H 2020.

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

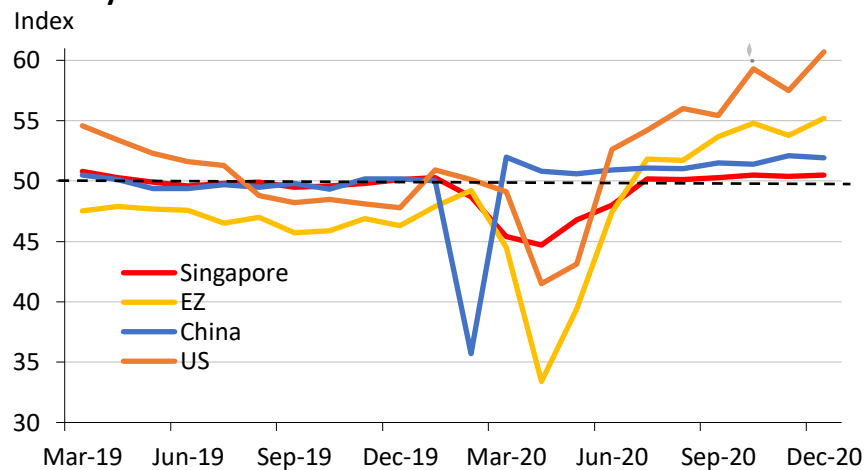
Purchasing Managers' Index (PMI)

Manufacturing and Electronics PMIs



Singapore's manufacturing PMI edged up to 50.5 in December 2020, staying above the 50-point boom-bust line for the 6th consecutive month, signalling a steady expansion in factory activities amid the gradual ease in lockdown conditions.

PMIs by countries

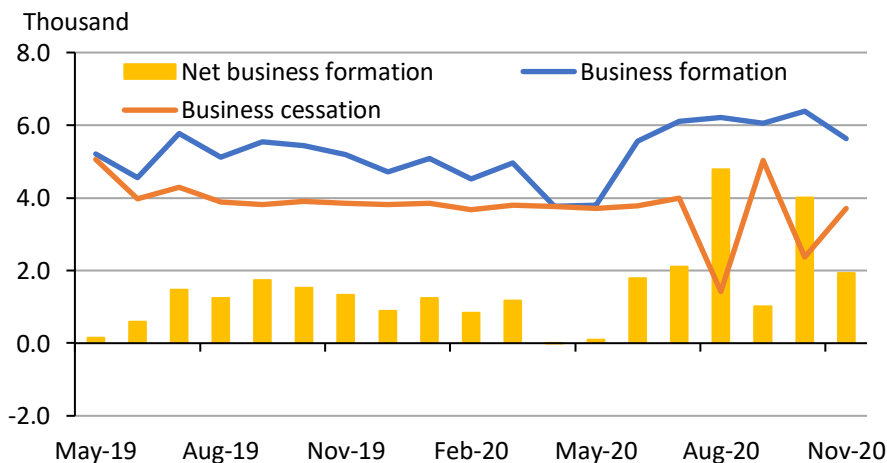


PMIs across major markets continued to trend above the 50-point boom-bust line in 2H 2020, with the PMI in the US rising at its quickest pace since 3Q 2018, to register 60.7, up 3.2 percentage points from last month, and extending recovery in its factory sector.

Sources: Bloomberg, DBS Group Research.

Business Formation and Cessation

Business formation and cessation

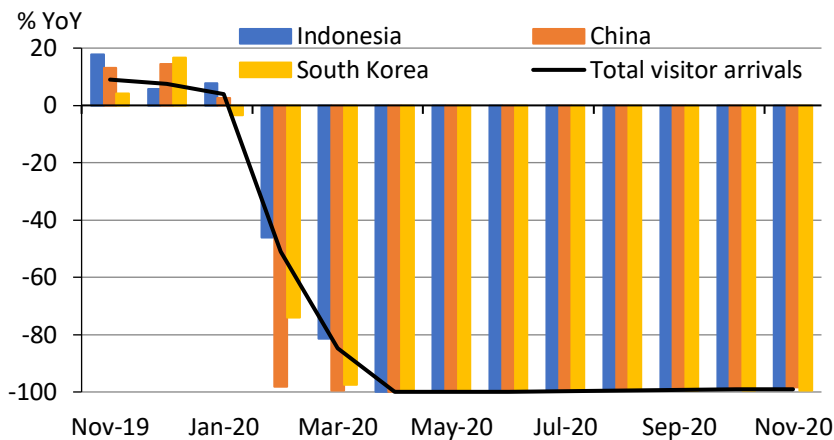


Sources: CEIC, DBS Group Research.

Business formations on the domestic front picked up appreciably in 2H 2020 after having noticeably moderated during the months of April and May.

Visitor Arrivals

Tourist arrivals

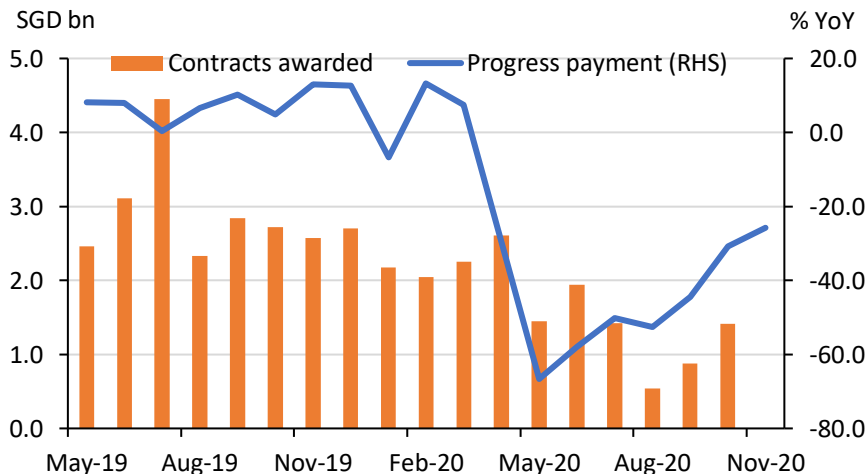


Sources: CEIC, STB.

With strict border controls still in place, tourist arrivals continued to remain close to zero in 2H 2020.

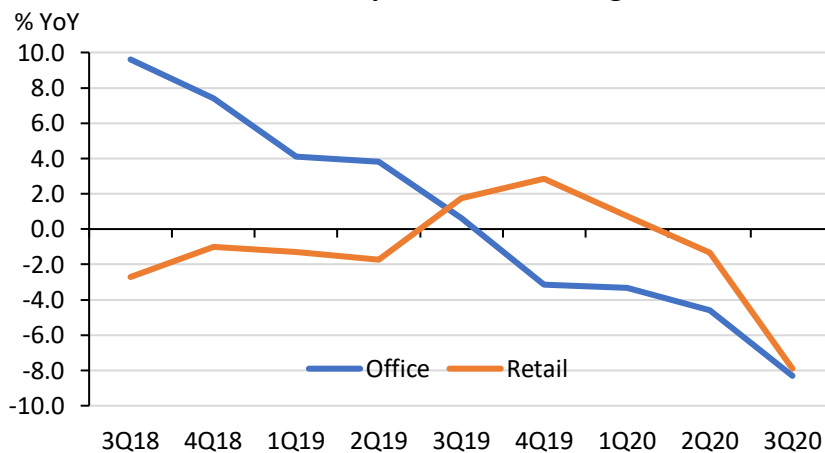
Construction and Real Estate

Construction sector



Construction contracts awarded rose further for the month of October, amounting to SGD 1.4bn, a 60.0% increase from the month before. Year-on-year growth in progress payments continued contracting, albeit by a lesser extent.

Rents of Office and Retail Space in Central Region

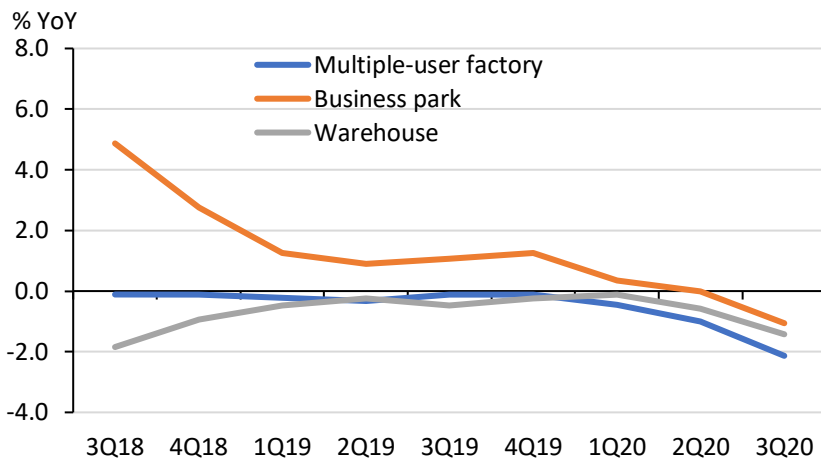


Sources: BCA, DBS Group Research, JTC, URA.

The economic fallout continued to be felt in the property markets, with office rents in the Central Region contracting for 4 consecutive quarters, declining by 8.3% YoY in 3Q 2020. Retail rents also fell in the same quarter, by 7.9% YoY.

Construction and Real Estate (Cont'd)

Industrial Rents

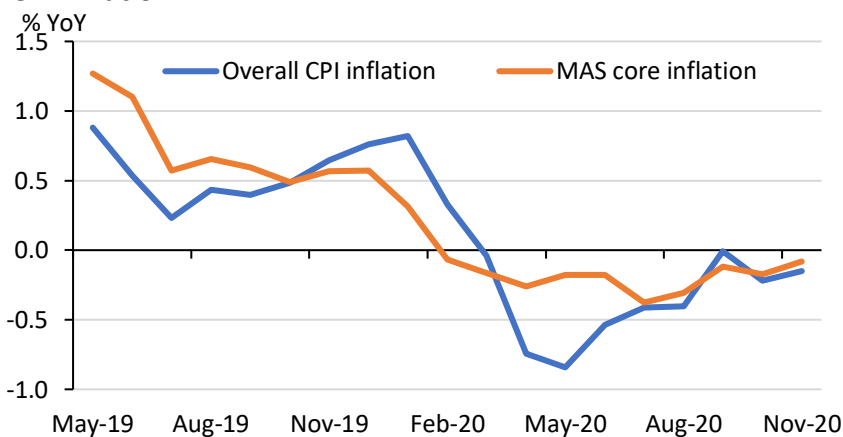


Sources: JTC.

Industrial rents across business parks, warehouses and multiple-user factories also declined, contracting by 1.1%, 1.4% and 2.1%, respectively YoY in 3Q 2020.

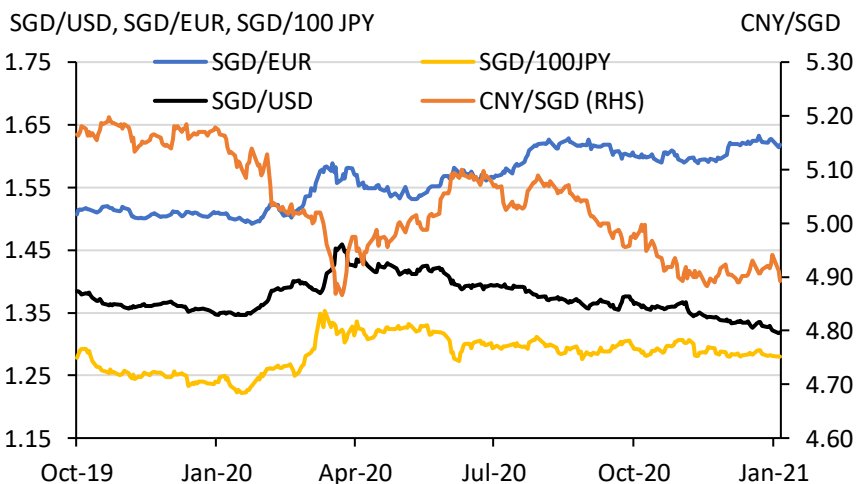
Inflation, FX and Interest Rates

CPI inflation



While Singapore's headline Consumer Price Index (CPI) inflation continued to stay in the negative range (-0.1% YoY in November), the upward trajectory is in line with the growth recovery. Core inflation also registered -0.1% YoY for the same month.

Foreign exchange

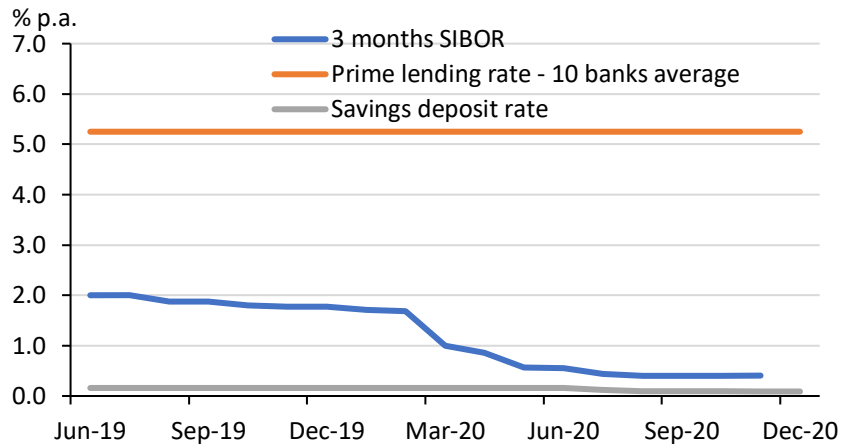


Sources: CEIC, DBS Group Research, Department of Statistics (DOS).

Over recent months, the SGD strengthened somewhat against the USD, but broadly stayed pat vis-à-vis the Euro, Chinese Yuan and Japanese Yen.

Inflation, FX and Interest Rates (Cont'd)

CPI inflation



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

The prime lending rate and 3 months SIBOR remained unchanged, at 5.25% in December and 0.41% in November, respectively. Savings deposit rate stayed at 0.09% for the months of November and December, an incremental downward shift from 0.1% in October.

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