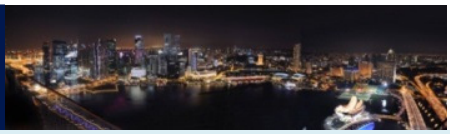


RECENT ECONOMIC DEVELOPMENTS IN SINGAPORE

7 June 2016

	2015				2016
	Q2	Q3	Q4	Full Year	Q1
Real Sector					
Real GDP Growth, y-o-y %	1.7	1.8	1.8	2.0	1.8
Real GDP Growth, q-o-q saar %	−1.6	2.3	6.2	-	0.2
Index of Industrial Production, y-o-y %	−4.3	−5.7	−6.2	−5.1	−0.8
Non-oil Domestic Exports, y-o-y %	1.5	−2.2	−3.5	−0.1	−9.0
Labour Market and Prices					
Unemployment Rate, sa, % (Average)	1.9	2.0	1.9	1.9	1.9
CPI-All Items Inflation, y-o-y %	−0.4	−0.6	−0.7	−0.5	−0.8
Wage Growth, y-o-y %	3.7	4.1	3.3	3.5	4.3

The Singapore economy ceded growth momentum in Q1 2016

The domestic economy grew by a marginal 0.2% q-o-q saar (quarter-on-quarter seasonally-adjusted annualised rate) in Q1 2016, a significant step-down from the robust 6.2% expansion in Q4 2015. The muted outcome largely reflected a slowdown in services during the quarter, including in wholesale trade and finance & insurance. In comparison, manufacturing expanded robustly, buoyed by an upsurge in the pharmaceuticals segment.

Global growth is expected to be muted in 2016

Global economic activity remained subdued in Q1 2016, amid some unevenness in G3 growth. The Eurozone performed better than expected and Japan picked up from the previous quarter of contraction, but US growth slipped further after a disappointing outturn late last year. In Asia ex-Japan, a lacklustre outlook for global trade will continue to dampen activity in the year ahead. On the whole, global GDP growth is projected to pull back to 3.7% in 2016, from 3.9% in 2015.

Singapore's GDP is projected to grow by 1–3% in 2016

The domestic economy is likely to see modest growth over the coming quarters, with GDP projected to expand by 1–3% for 2016. Trade-related sectors such as manufacturing and transport & storage will continue to face external headwinds. Modern services should remain a key source of support, even as growth momentum moderates alongside weaker offshore lending and fund management activities. Meanwhile, public spending on social services and infrastructure will impart some resilience to the domestic-oriented segments.

Core inflation will pick up gradually over the course of 2016

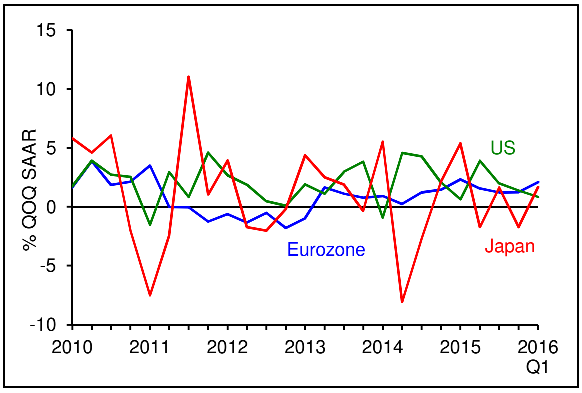
MAS Core Inflation is expected to rise over the course of 2016, as the disinflationary effects of oil as well as budgetary and other one-off measures ease. However, the increase will be mild, given the weak external price outlook, subdued economic growth prospects, and a reduction in labour market tightness. For the whole of 2016, core inflation is likely to come in at the lower half of the 0.5–1.5% forecast range, barring a sharp rise in global oil prices. Lower COE premiums and housing rentals will continue to dampen CPI-All Items inflation, which is expected to average between −1.0% and 0.0% in 2016.

A. External Developments

G3 growth rose in Q1 2016 on the back of resilient domestic demand in the Eurozone and a turnaround in Japan

GDP growth in the G3 picked up to 1.5% q-o-q saar in Q1 2016, from a dismal 0.7% in Q4 2015. The improvement came from the Eurozone and Japan, as domestic demand boosted growth in the former and the latter experienced a recovery from weather-related drags on private consumption in the previous quarter. In comparison, the anticipated recovery in the US, after a weaker-than-expected performance in Q4 2015, did not materialise. Overall, reflecting continued weak investment and the cumulative loss of momentum over the past two quarters, the projection for G3 growth in 2016 has been revised down to 1.4% from 1.7% in March 2016.

Stronger growth in the Eurozone and Japan more than offset the US slowdown in Q1.



Source: CEIC

The US economy slowed further in Q1 2016. GDP growth came in at 0.8% q-o-q saar, well below the 1.4% registered in Q4 2015 and 2.0% in Q3. Nonetheless, the weak outcome in the first quarter could be partly due to some residual seasonality in the data, with underlying growth assessed to be somewhat stronger. According to the preliminary estimates, the slowdown in Q1 2016 was due to a combination of softer consumption spending, a continued decline in private investment, and weak exports. Personal consumption growth eased to 1.9% q-o-q saar in Q1 from 2.4% in the preceding quarter, largely due to a pullback in demand for durable goods, as services spending held relatively firm. Meanwhile, business fixed investment contracted, weighed down by a 6.2% fall in non-residential investment—in part a reflection of the slump in the oil and gas sector. However, residential investment continued to pull ahead of the rest of the economy, posting a 17.1% increase on the back of rising house prices and higher new home sales. Net exports and inventory destocking acted as drags, subtracting 0.2% point each from overall GDP growth in Q1.

Economic activity in the US is expected to pick up in the next few quarters. Labour market conditions have stayed relatively firm on the whole. Although nonfarm payroll growth slowed unexpectedly to 38,000 in May from 123,000 in April, the monthly average of 150,000 new jobs created in the first five months of this year still exceeded the long-run sustainable growth rate estimated by the US Federal Reserve.[1] Moreover, wage increases have also picked up pace to 0.7% q-o-q sa in Q1 2016, from 0.5% in Q4 2015, while average hourly earnings rose by 2.5% y-o-y in Apr–May. The ongoing recovery in the labour market,

[1] The long-run sustainable employment growth rate, which is the number of jobs required to keep the unemployment rate unchanged, is estimated by the Federal Reserve Bank of Chicago to be around 80,000 jobs per month.

alongside sustained improvements in housing, should provide continued support to consumption spending. Retail sales figures for April were encouraging, with sales rising by a creditable 3.0% y-o-y, led by a pickup in auto sales. Further, industrial production in the same month rose by 0.7% m-o-m sa after an extended period of sluggishness, although the mining sector continued to contract. On the whole, GDP growth in the US is expected to come in at 1.8% in 2016, before improving to 2.3% in 2017.

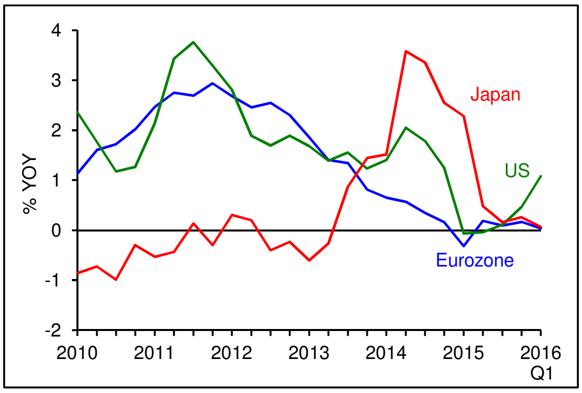
Economic activity in the Eurozone gathered pace in Q1 2016, recording its fastest pace of growth in four quarters. GDP growth accelerated to 2.1% q-o-q saar, from the previous quarter's print of 1.3%. Preliminary data pointed to robust domestic demand, including government spending, providing the boost, while external demand remained subdued. Among the major economies, Germany and France recorded solid growth of 2.7% and 2.6% q-o-q saar respectively, well exceeding their averages of 1.7% and 1.2% since the sovereign debt crisis abated in Q2 2013. For Germany in particular, the pace of rebalancing towards domestic demand was faster than expected, while consumption and investment staged an unexpectedly strong rebound in France after the November 2015 Paris terror attacks. Despite being mired in political uncertainty, Spain turned in yet another quarter of fairly rapid gains, expanding by 3.1% q-o-q saar in Q1, while the Italian economy managed to grow by 1.0% q-o-q saar. Elsewhere, the Greek economy lapsed back into contraction for the second time in three quarters, standing in contrast to Cyprus, which saw growth more than double in Q1 as it exited the EU's bailout programme.

The Eurozone economy should continue on a moderate expansion path in 2016, although the growth momentum could slow. Domestic demand will remain a key driver of the recovery, supported by accommodative monetary policy, sustained improvements in the labour market, as well as a slightly expansionary fiscal stance. Nonetheless, the faster pace of growth seen in Q1 2016 may not be sustained. The Eurozone Composite Output PMI dipped further to 53.1 in May—its weakest reading since Jan 2015—as new orders continued on a broad downtrend. Moreover, consumer and business confidence softened amid the bout of financial market volatility early this year, which could in turn restrain domestic demand. On the external front, the region's subdued export performance will likely pose a continued drag to growth, on account of lacklustre demand in key trading partners such as China, and the uncertainty over a possible UK exit from the EU. All in, GDP growth in the Eurozone is projected at 1.6% in both 2016 and 2017.

The Japanese economy returned to growth in Q1 2016, as a bounce-back in private consumption helped to avert a technical recession. On a q-o-q saar basis, GDP increased by 1.7% in Q1 2016, reversing the contraction in Q4 2015. Private consumption growth rebounded to 1.9% q-o-q saar, as consumers compensated for weaker spending in the previous quarter due to unseasonal weather. However, corporate investment spending disappointed as firms maintained a cautious outlook. Residential investment fell for a second quarter in Q1, by 3.0% q-o-q saar, while non-residential investment contracted by 5.3%, after expanding by 4.7% in Q4 2015. Meanwhile, net exports contributed 0.8% point to Q1 GDP growth, with stronger exports to the advanced economies more than offsetting the protracted weakness in Asian markets.

Despite the encouraging performance in Q1 2016, Japan is expected to post only modest growth this year. While the pickup in real wage growth and still-healthy corporate profits should support a gradual improvement in domestic demand, the tepid external environment and subdued investment prospects will cap the extent of the recovery. Further, the recent appreciation of the yen may dampen business sentiment and dent corporate profits, which could further hold back capital spending and restrain salary increments. In the near term, GDP growth in Q2 will be weighed down by the impact of the April earthquake in the Kumamoto region, as automobile production in particular was temporarily disrupted. All in, Japan's growth is anticipated to come in at 0.5% in 2016, with a similar pace of expansion projected for 2017.

G3 inflation rose slightly in Q1 2016, driven by the US.

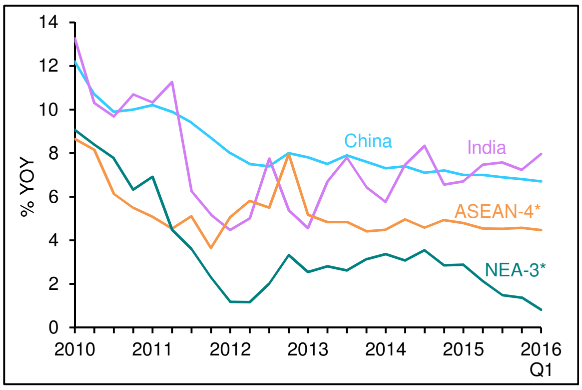


Source: CEIC

CPI inflation in the G3 economies as a whole picked up in Q1 2016. While inflation has started to rise in the US, price pressures remain muted in the Eurozone and Japan. US CPI inflation increased to 1.1% y-o-y in Q1 2016 from 0.5% in the preceding quarter, as disinflationary effects eased with the recent firming in energy prices. As a result of steady improvements in the labour and housing markets, core inflation in the US crept up to 2.2% in Q1, from 2.0% in the previous quarter. In comparison, headline inflation in the Eurozone came in flat in Q1 and lapsed into negative territory in April, partly owing to a sharp slowdown in services inflation. Meanwhile, headline CPI inflation in Japan fell to 0.1% y-o-y in Q1 2016, from 0.3% in Q4 2015, in an environment of generally subdued domestic demand. Overall, inflation in the G3 economies is expected to rise to 0.7% in 2016, from 0.2% in 2015.

Asia ex-Japan growth eased in Q1 2016 as the trade downturn worsened

Growth in Asia ex-Japan slowed in Q1, largely on account of the NEA-3 economies.



Source: CEIC and EPG, MAS estimates

* Regional groupings are weighted by Singapore's non-oil domestic exports (2009–13 average).

Note: NEA-3 refers to Hong Kong, Korea and Taiwan while ASEAN-4 refers to Indonesia, Malaysia, Thailand and the Philippines.

GDP growth in the Asia ex-Japan region dipped to 4.3% y-o-y in Q1 2016, from 4.6% in Q4 2015. China's growth eased slightly in the first quarter, as supportive policy action buffered the slowdown in private demand. In comparison, India turned in a strong performance on the back of firm household consumption. Meanwhile, ASEAN-4 growth was undergirded by a ramp-up in public spending, amid flagging exports. In comparison, the negative effects of the global trade slowdown on the NEA-3 economies were compounded by weakening domestic demand. On the whole, growth in Asia ex-Japan is projected to come in at 4.5% in 2016, marginally lower than the 4.7% registered in 2015, as the region continues to adjust to China's economic rebalancing and the turns in the commodity and financial cycles.

China's economy grew at a slower pace in Q1 2016, even as vigorous fiscal and monetary policy easing cushioned the softness in domestic demand. GDP growth slipped to 6.7% y-o-y, from 6.8% in the previous quarter. Sequentially, the economy expanded by a slower 1.1% q-o-q sa, down from the 1.5% pace posted in Q4 2015. Activity remained sluggish in the manufacturing sector, while the previously buoyant tertiary sector was held down by weakness in finance- and trade-related services. Meanwhile, the property market has emerged as a key driver of growth in Q1, propelling China's real estate services and construction output to expand by 9.1% and 7.8%, respectively, from 3.8% and 6.8% in the previous quarter. At the same time, fiscal spending helped to support fixed asset investment through a 19.2% y-o-y rise in infrastructure investment.

High-frequency data point to a continued moderation in economic activity in Q2 2016, with April's industrial production, retail sales and fixed investment growth decelerating from the previous month. In the coming quarters, domestic demand would be further weighed down by the transitional costs of structural reforms and accompanying industrial layoffs. Credit expansion is likely to settle at a more sustainable pace for the rest of the year, after aggregate financing rose by 29.6% y-o-y in the first four months of 2016. Nonetheless, the government has taken a more aggressive fiscal stance by setting a higher budget deficit target of 3% of GDP for 2016. Direct fiscal spending will also be complemented by off-budget measures, such as allowing local governments to finance infrastructure spending through bond issuances. Against this backdrop, the Chinese economy is expected to expand by 6.5% in 2016, before slowing to 6.3% in 2017.

India's GDP growth accelerated in Q1 2016, as robust private consumption compensated for slackening investment. The economy expanded by 7.9% y-o-y in Q1, up from 7.2% in Q4 2015. The strong outturn was underpinned by robust household consumption growth, which picked up to 8.3% y-o-y in Q1, led by urban residents. However, a source of concern was the decline in fixed investment of 1.9% y-o-y—the first contraction in two years—which reflected continued sluggishness in private capex, in turn weighed down by tighter financing conditions, a debt overhang, and subdued global demand. In the year ahead, growth is anticipated to be narrowly based, with private consumption as the main driver. The impending civil service pay hike, a normal monsoon, and ongoing public investment will lend additional support, though there are no immediate signs of a turnaround in exports and private capital expenditure. All in, GDP growth is expected to rise modestly to 7.7% in FY2017, from 7.6% in FY2016.[2]

The NEA-3 economies experienced a further step-down in activity, buffeted by an uneven G3 recovery and the slowdown in China. As a whole, the region grew by a mere 0.6% q-o-q saar in Q1 after expanding by a sub-par 1.2% in the preceding quarter, as hitherto resilient domestic demand faltered. In Hong Kong, GDP contracted by 1.8% q-o-q saar in Q1, more than reversing the 0.8% expansion in Q4 2015, due to deteriorating private consumption and renewed weakness in gross capital formation. While Taiwan saw its growth momentum pick up to 3.1% q-o-q saar from 0.8% in the previous quarter due largely to import compression, GDP has been contracting for three straight quarters in year-ago terms. Korea's economic performance in Q1 was also weaker, with growth dipping to 2.1% q-o-q saar from 2.7% in the preceding quarter, owing to a retrenchment in private consumption as tax rebates on consumer durables expired.

The region faces the prospect of below-trend growth for another year. Retail sales in Hong Kong are expected to remain depressed, amid further declines in Chinese tourist arrivals. Taiwan's economic outlook is clouded by some uncertainty over the policy direction of the new administration, faltering global demand for consumer electronics, as well as changing structural trade patterns, with China reducing its dependence on intermediate imports of IT components. In Korea, elevated household debt levels will blunt the efficacy of the accommodative monetary policy put in place since June 2015, even as the country's manufacturers continue to face sluggish external demand and stiff competition from China. Overall, NEA-3 growth is projected to slow to 1.8% this year, from 1.9% in 2015, before picking up to 2.2% in 2017.

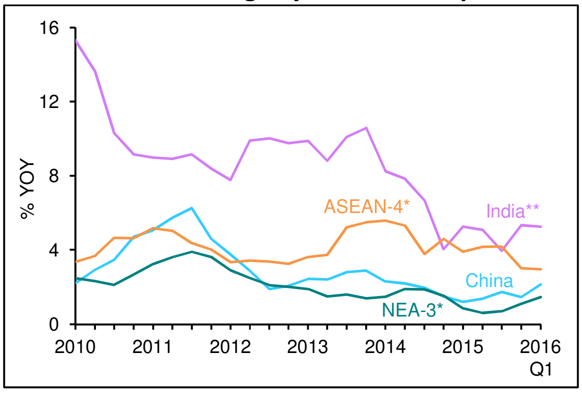
The ASEAN-4 economies expanded at a tepid pace in Q1, as weakness in external demand continued to exert a drag on economic activity. The region recorded a fourth consecutive quarter of lacklustre growth of 4.5% y-o-y in Q1, compared with the average of 5.0% in 2011–15. Real exports contracted in Malaysia and Indonesia during the first quarter, while recording slower growth in the Philippines. Although Thailand posted a rebound in exports,

[2] India reports its economic figures on a Financial Year basis. FY2017 refers to the period from April 2016 to March 2017.

this was largely on account of a robust services performance, particularly in tourism-related sectors. Meanwhile, private investment growth in the region stayed soft, reflecting the export underperformance as well as weak economic sentiment in several countries. Private consumption remained the lynchpin of growth, supported by resilient labour markets and the boost to real incomes from low energy prices. In Indonesia, Thailand and the Philippines, a ramp-up in public infrastructure building also provided a lift to overall investment activity.

Growth in the ASEAN-4 region is projected to slow further in 2016, on account of the mediocre global outlook and softening domestic demand in some economies. Malaysia is expected to see the largest downshift in growth, from 5.0% in 2015 to 4.2% this year. Being the region's most open economy, Malaysia is significantly affected by the weakness in external demand, while domestic demand growth will be constrained by ongoing fiscal consolidation as well as weak consumer and investor confidence. GDP growth in Thailand is likely to stay anaemic at 2.9% this year, as domestic demand continues to be held back by high household debt and political uncertainty. Meanwhile, Indonesia's growth is expected to improve to 5.0% in 2016, from 4.8% in 2015. Following the economic reforms undertaken last year and a more business-friendly environment, investor sentiment has improved discernibly alongside higher public development spending. In addition, the policy rate cuts implemented by BI in Jan–Mar 2016 will provide a fillip to business and household spending. The Philippines remains the strongest performer among the ASEAN-4 countries, with an expected growth outturn of around 5.9% in 2016, similar to last year's pace. The expansion will be supported by continued outperformance in exports as a result of improving merchandise trade competitiveness, as well as solid increases in modern services exports such as business process outsourcing. For the region as a whole, however, GDP growth is projected to ease to 4.4% in 2016, from 4.6% last year, before recovering to 4.7% in 2017.

CPI inflation rose slightly in Asia ex-Japan.



Source: CEIC and EPG, MAS estimates

* Regional groupings are weighted by 2013 nominal GDP.

** India's series uses CPI (Industrial Workers) prior to 2012.

Headline inflation in Asia ex-Japan edged higher in Q1 2016. CPI inflation for the region came in at 2.7% y-o-y in Q1, up from 2.3% in Q4. China and the NEA-3 saw an increase in price pressures, while inflation in India and ASEAN-4 remained largely unchanged. In China, headline inflation picked up to 2.1% y-o-y in Q1 2016 from 1.5% in the previous quarter, as pork prices rose in response to a supply shortage. Nevertheless, producer prices fell at a slower rate of 4.8% y-o-y, helped by the property market rebound and government stimulus. In the NEA-3, CPI inflation rose to 1.5% y-o-y in Q1 2016 from 1.1% in Q4 2015, as a cold spell in the region led to higher food prices. Within the ASEAN-4 economies, headline inflation stayed low at 3.0% y-o-y in Q1, partly due to weak energy prices, especially in Indonesia. Malaysia, however, saw a surge in inflation in Q1, due to upward adjustments to administrative prices as a follow-through to the Goods and Services Tax (GST) implemented last April. Headline inflation in India was unchanged at 5.3% in Q1 from the previous quarter, with food price inflation holding steady. For 2016, headline inflation in Asia ex-Japan is expected to edge up to 2.5%, from 2.3% in 2015.

Table 1: Consensus Forecasts of GDP Growth

	2014	2015	Forecast	
			2016	2017
	Percent			
Industrial				
US	2.4	2.4	1.8	2.3
Japan	0.0	0.6	0.5	0.5
Eurozone	0.9	1.5	1.6	1.6
UK	2.9	2.3	1.9	2.2
NEA-3				
Hong Kong	2.7	2.4	1.7	1.9
Korea	3.3	2.6	2.6	2.8
Taiwan	3.9	0.6	1.3	2.1
ASEAN-4				
Indonesia	5.0	4.8	5.0	5.3
Malaysia	6.0	5.0	4.2	4.4
Thailand	0.8	2.8	2.9	3.3
Philippines	6.2	5.9	5.9	5.9
China	7.3	6.9	6.5	6.3
India*	6.6	7.2	7.6	7.7

Source: CEIC and Consensus Economics, May 2016

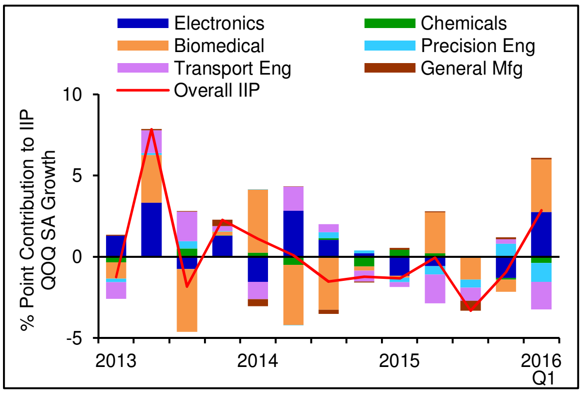
* Figures are reported on a Financial Year basis; FY2017 refers to the period from April 2016 to March 2017.

B. Domestic Developments

Singapore's growth weakened in Q1 2016

The domestic economy began the year on a muted note, with growth easing sharply to 0.2% q-o-q saar in Q1, from 6.2% in the preceding quarter. The loss of momentum reflected in part a pullback in the modern services cluster. Specifically, the financial sector's performance was weighed down by weakening credit demand from the region, as well as lower fee income from fund management activities. The support from domestic-oriented activities had also waned, with sluggish retail performance dampening the cluster's growth. In comparison, the trade-related industries provided some countervailing support, with the manufacturing sector growing more strongly than expected.

Industrial production surged in Q1 2016.



After four consecutive quarters of contraction, the manufacturing sector staged a recovery in Q1 2016 with a 23.3% q-o-q saar expansion. The typically volatile pharmaceutical segment saw a surge in output over the quarter, following a switch to a more favourable product mix by some producers and the introduction of new active pharmaceutical ingredients. Concomitantly, the electronics cluster expanded on the back of a pickup in the semiconductors segment. Apart from the biomedical and electronics clusters, most of the manufacturing sector experienced declines, led by the transport engineering cluster. Domestic marine & offshore engineering players continued to be buffeted by falling new orders and deferment of project deliveries amid global cutbacks in capital expenditure by oil majors. In turn, upstream precision engineering firms supporting the oil & gas industry were also affected, and this contributed to the negative sequential growth during the quarter.

Some pockets within the trade-related services sectors saw an improvement. For instance, the transport & storage industry saw a 3.9% q-o-q sa increase in the volume of sea cargo handled, a reversal from the 3.5% contraction seen in the preceding quarter. The turnaround was due in part to a rise in mineral oil cargo. In contrast, foreign wholesale trade (excluding oil) fell by 5.1% q-o-q sa in Q1, after a 4.4% decline in the last quarter, owing to the sustained and generalised downturn in regional trade flows, which continued to be weighed down by weak global demand and the slowdown in China.

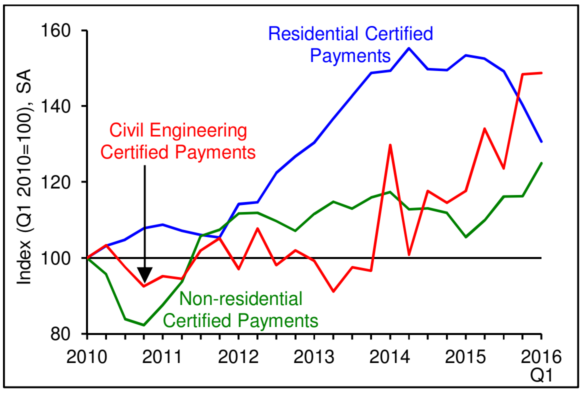
The modern services cluster, including finance and insurance, business services and information & communications services, saw some softening in activity. Following a 34.1% surge in activity in Q4 2015, the financial services sector contracted by 15.2% q-o-q saar in Q1. Offshore and domestic non-bank lending contracted by 1.8% and 1.5% q-o-q respectively, in tandem with weaker trade flows and concerns over growth prospects in the region. Notably, ACU non-bank loans extended to East Asia and domestic non-bank lending to corporates in the trade-related segments eased significantly in the quarter. Among the sentiment-sensitive activities, the fund management industry suffered a pullback in fees and commissions earned in Q1, after the lump-sum recognition of performance bonuses in the preceding quarter. However, the impact of this reversal was partially mitigated by the robust performance of the forex segment, with average daily turnover spiking 36% in q-o-q terms.

Concomitantly, the subdued business environment filtered through to weaker outturns in the business services and information & communications sectors. The business services sector experienced a mild decline of 0.2% q-o-q saar in Q1, compared to the 1.8% expansion in Q4 2015, as corporate demand for rental & leasing, accounting and consultancy services eased. Likewise, the information and communications sector saw a 3.1% q-o-q saar contraction in Q1, as activity softened in the telecommunications and media-related segments.

Tourism-related activities grew at a healthy pace in Q1 2016, largely spurred by a rise in Asian visitor arrivals, particularly from China. Notably, tourist arrivals from this key market surged by 52% q-o-q, on the back of recent initiatives by the Singapore Tourism Board to expand its online marketing presence in China. For instance, multi-year partnerships had been inked with several popular Chinese online travel services and review sites, to promote Singapore's offerings as a travel destination and encourage the sharing of travellers' post-trip experiences.

Domestic-oriented sectors remained supportive of overall growth, even as it conceded some momentum. Gains were anchored by the construction industry, which expanded by 10.5% q-o-q saar in Q1 2016, following 6.0% growth the quarter before. Private non-residential construction, such as that of industrial buildings, and public infrastructure works continued apace, offsetting the tapering of residential construction works amid a cooling property market. In comparison, the retail sector fared poorly, weighed down by downbeat consumer confidence. Overall retail sales volumes (excluding motor vehicles) fell by 2.6% q-o-q sa during the quarter, with discretionary and sentiment-sensitive purchases, such as big-ticket items, leading the decline.

Construction activity increased in Q1, supported by non-residential works.



Source: EPG, MAS estimates

The Singapore economy is likely to remain on a modest growth path in the quarters ahead

Against the subdued global economic backdrop, the Singapore economy is likely to experience modest growth. For 2016, GDP is projected to expand by 1–3%. The slowdown in China will continue to weigh on the region's near-term outlook, as well as prospects for global commodities, and in turn dampen demand for Singapore's goods and services such as chemicals, merchanting and financial intermediation.

The sluggish demand conditions are likewise mirrored in the global IT industry. Weak spending on IT products, such as PCs and mobile devices, and elevated inventory levels are expected to tip worldwide semiconductor revenue into its second consecutive year of decline, after a poor performance in 2015.[3] This would have a knock-on impact on Singapore's electronics cluster. Nevertheless, there are tentative signs that the domestic electronics industry could soon be reaching a trough, with sentiments starting to improve. A net weighted balance of 9% of electronics firms expected business conditions to pick up in Apr–Sep 2016, according to EDB's latest *Business Expectations of the Manufacturing Sector Survey*, compared to a reading of −32% three months ago.

Meanwhile, modern services should provide support in 2016. The global proliferation and adoption of new technologies have generated firm demand for ICT services, and this will in turn confer positive spillovers to the domestic ICT sector. In addition, as the government's "Smart Nation" initiative—which includes procurement of a wide range of IT services and infrastructure[4]—gathers pace, the stream of planned ICT projects will provide a fillip to the information & communications services sector. In the financial services industry, demographic trends and increasing awareness of financial planning should continue to provide structural support to the insurance segment, given that Singapore's life insurance penetration rate is still relatively low when compared to regional developed economies such as Hong Kong and Korea.[5]

Turning to the domestic-facing sectors, a steady stream of public infrastructure projects underpinned by ongoing upgrades to social services and transport facilities will sustain construction activity. Government expenditure on healthcare and education will also help to meet pent-up demand for essential services.

Nonetheless, there are downside risks to growth. Transitional drags in China from the ongoing reforms and excess capacity in its manufacturing industries could weigh more heavily on prospects in the region. A reprisal of the volatility witnessed in the Chinese stock

[3] In April 2016, Gartner downgraded its worldwide semiconductor revenue growth forecast to −0.6%.

[4] In May 2016, the Government announced that a projected S$2.8 billion worth of ICT tenders will be called in FY2016—the highest figure since 2012. The enhancement of ICT infrastructure to better support the data and digital services needs of a Digital Government will account for more than half of the projected budget.

[5] Singapore's life insurance penetration rate (gross life insurance premiums as a percentage of GDP) stands at 5.7% as of 2014. This is lower than Hong Kong (12.7%), Japan (7.2%) and Korea (7.4%), according to the latest (2014) OECD insurance statistics.

and currency markets in 2015 and early 2016 would also dampen investor and business sentiments. Further, the regional economies are vulnerable to large capital outflows should there be an unexpected tightening of monetary conditions in the US this year.

C. Labour Market and Consumer Prices

Overall net employment gains slowed to 11,400 in Q1 2016

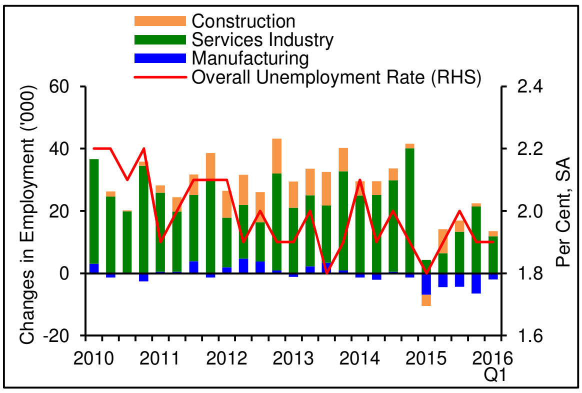
Preliminary estimates showed that overall net employment grew by 11,400 in Q1 2016, following the gain of 16,100 in the preceding quarter. Hiring in the services sectors moderated, even as the manufacturing sector continued to experience headcount losses. Meanwhile, employment gains picked up slightly in the construction sector.

The manufacturing sector shed 2,000 workers in Q1 2016, which was less than the average quarterly employment decline of 5,500 in 2015. Nonetheless, the latest contraction in headcount continues to reflect ongoing restructuring in the sector, as well as weaker demand conditions as global growth slowed.

The services sector added 11,900 workers in the first quarter, a step-down from the 21,500 jobs created in the preceding period. This was partly due to the exit of temporary workers in the retail trade and accommodation & food services industries, who were previously employed to meet the seasonal pickup in consumer demand during the year-end festive period. Meanwhile, job creation remained resilient in education, healthcare and other social services, given the ongoing capacity expansions in these sectors. At the same time, the acceleration of building activity boosted job gains in construction to 1,600 in Q1 2016, from 900 in Q4 2015.

The overall unemployment rate remained unchanged in March 2016. Notwithstanding the moderation in employment gains, the overall seasonally-adjusted unemployment rate stayed at 1.9% in March 2016. At the same time, the resident unemployment rate declined to 2.7%, from 2.9% three months ago, largely due to a lower labour force participation rate among youths. Meanwhile, 4,600 workers were made redundant in Q1 2016, amid ongoing business restructuring. While this was lower than the 5,370 layoffs in Q4 2015, it was still higher than the same period a year ago (3,500).

The overall unemployment rate was unchanged at 1.9% in March 2016.

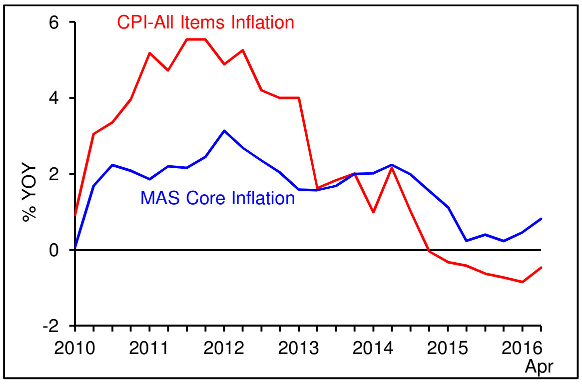


Wage growth increased to 4.3% on a y-o-y basis in Q1 2016, from 3.3% in the previous quarter. The pickup was due in part to the exit of casual and temporary workers with lower average monthly salaries in the retail and accommodation & food services segments. Wage gains remained uneven across sectors—besides retail trade, the strongest increases were seen in community, social & personal (CSP) services and information & communications. In comparison, manufacturing, construction and administrative & support services registered weaker wage growth.

In the near term, overall employment gains are expected to be modest, given subdued labour demand as well as supply constraints. Wage pressures are likely to moderate in line with the weak economic environment and the easing in overall labour market tightness. However, wage increments will continue to be stronger in industries where manpower shortages are more acute, such as CSP services.

Core and overall inflation diverged in Q1 2016

MAS Core Inflation and CPI-All Items inflation diverged in Q1 2016.



Core and overall inflation diverged in the first quarter of 2016. MAS Core Inflation, which excludes the costs of accommodation and private road transport, rose from 0.2% y-o-y in Q4 2015 to 0.5% in Q1 this year, and further to 0.8% in April. This was mainly on account of a smaller decline in the prices of oil-related items, as well as the dissipation of disinflationary impulses from budgetary[6] and other one-off measures. The rise in the April core inflation rate also reflected some pickup in price increases for non-cooked food and domestic services. In comparison, CPI-All Items inflation remained on a downtrend, falling to −0.8% in Q1 from −0.7% in the previous quarter, as a result of larger declines in housing rentals and car prices. While CPI-All Items fell at a slower pace of 0.5% in April, this was largely due to the low base associated with the disbursement of Service & Conservancy Charges (S&CC) rebates in the corresponding month last year.[7]

Notwithstanding heightened volatility, global oil prices remained below their year-ago levels, and continued to exert downward pressures on inflation. The cost of oil-related items declined by a more moderate 7.0% in Q1 2016, after falling by 8.7% in the previous quarter, due to a smaller reduction in electricity tariffs. The pace of decline subsequently intensified to 10.8% in April, on account of a steeper drop in petrol pump prices, which in turn reflected a higher base in the same period last year following a brief recovery in global oil prices and a hike in petrol duties.

Overall food inflation accelerated, driven by the non-cooked food component. After registering 1.7% in Q4 2015, overall food inflation picked up to 2.0% in Q1 2016 and 2.3% in April. While the cost of prepared meals rose at a slower pace, largely due to more modest price increases in restaurants, this was offset by a stronger uptick in the price of

[6] The budgetary measures include medical subsidies under the Pioneer Generation Package, the reduction in the concessionary foreign domestic worker levy, as well as the abolition of national examination fees for Singaporeans implemented last year.

[7] S&CC rebates, which affect the housing maintenance & repair cost component, were disbursed in April, July and October last year, and will be disbursed in May, July, and October this year. As a result, base effects will raise CPI-All Items inflation in April but lower it in May 2016.

non-cooked food. The latter reflected the expiry of various temporary supermarket price discounts in January, as well as some supply disruptions due to adverse weather conditions in the region more recently.

Services inflation fell in Q1 but picked up in April. Services inflation fell to 0.5% from 0.8% in Q4 2015. While healthcare costs rose as the disinflationary effects of enhanced medication subsidies dissipated, this was more than offset by smaller fee increases for education and telecommunication services, and lower public transport fares. However, services inflation edged up to 0.7% in April, mainly on account of a stronger pickup in the costs of holiday travel and domestic services, and the dissipation of the disinflationary effects from the waiver of national examination fees in April last year.

The costs of accommodation and private road transport continued to fall. Private road transport cost fell by a steeper 3.9% in Q1 and 7.1% in April, compared to the 1.7% decrease in Q4. This was primarily due to a larger drag from car prices as Certificate of Entitlement (COE) premiums trended down further. Meanwhile, accommodation cost was 3.2% lower in Q1, following the 3.0% drop in the previous quarter, as the housing rental market continued to soften. While actual and imputed rentals fell at a faster pace in April, the decline in overall accommodation cost moderated to 0.9% on a year-ago basis, due to the low base associated with the disbursement of S&CC rebates in April last year.

Looking ahead, cost pressures are likely to remain subdued. External sources of inflation should stay generally muted, given ample supply buffers in the major commodity markets and weak global demand conditions. Notably, global oil prices are expected to average lower for the whole of 2016 compared to last year. On the domestic front, wages are expected to increase at a more moderate pace in 2016 compared to last year. The pass-through of wage costs to consumer prices will also be tempered by the subdued economic environment. Car prices and housing rentals will continue to dampen overall inflationary pressures, given the expected increase in the supply of COEs and newly-completed housing units, respectively.

MAS Core Inflation is likely to be in the lower half of the 0.5–1.5% forecast range for 2016, barring a sharp rise in global oil prices. While core inflation is expected to pick up over the course of this year as the disinflationary effects of oil[8] as well as budgetary and other one-off measures ease, the increase will be gradual and mild, given the weak external price outlook, subdued economic growth prospects, and reduction in labour market tightness. Meanwhile, car prices and housing rentals will contribute negatively to overall inflation this year, given the increased supply of car COEs and residential units. CPI-All Items inflation is projected to remain negative throughout 2016, and average −1.0–0.0% for the whole year.

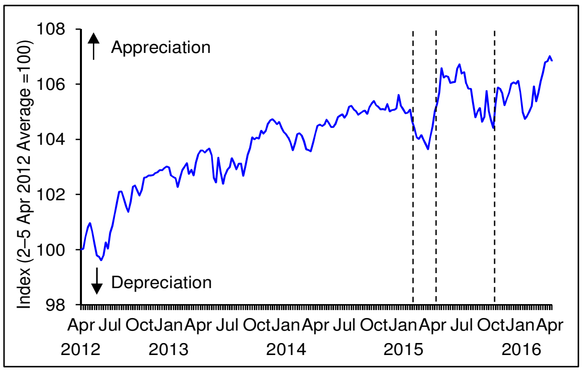
[8] With global Brent oil prices currently expected to be higher in H2 2016 compared to H1, the year-on-year drag of direct oil-related items on core inflation is likely to become smaller towards the end of the year.

D. Macroeconomic Policies

Monetary Policy: MAS set the rate of appreciation of the S$NEER policy band to zero percent in April 2016

The Singapore economy is expected to grow at a modest pace in 2016. Prospects for global economic growth have dimmed. The modest pace of expansion in the G3 economies and the slowdown in China's growth will continue to exert a drag on the external-oriented sectors of the Singapore economy. In comparison, domestic-oriented sectors such as healthcare and education should remain broadly supportive. On balance, Singapore's GDP growth is projected to come in at 1–3% in 2016, following the 2.0% growth registered in 2015.

MAS adopted a 0% p.a. slope in the S$NEER policy band in April 2016.



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MAS Core Inflation will pick up only gradually, and average slightly below 2% over the medium term. Reflecting the diminishing drag from oil prices, as well as from budgetary and other one-off measures, core inflation is expected to pick up gradually over the course of this year. However, the pace of increase will be milder than anticipated in October 2015. Apart from a weaker external price outlook, wage growth is expected to moderate in view of the softening labour market, even as the subdued economic outlook will weigh on economic sentiment and restrain the extent to which cost increases are passed on to consumer prices. MAS Core Inflation for 2016 is likely to be in the lower half of the 0.5–1.5% forecast range, barring a sharp rise in global oil prices. Reflecting the continued drag from car prices and housing rentals, CPI-All Items inflation is projected to remain negative throughout 2016 and average −1.0–0% for the whole year. Beyond 2016, the economy is unlikely to see an acceleration of price increases arising from aggregate demand-side pressures. MAS Core Inflation will therefore remain subdued and average slightly below 2% over the medium term.

Accordingly, MAS reduced the rate of appreciation of the S$NEER policy band to 0% per annum in April 2016. There was no change to the width of the policy band and the level at which it was centred. This policy stance was assessed to be appropriate in view of the downshift in the near- and medium-term outlook for MAS Core Inflation. Together with the gradual adjustments in the monetary policy stance undertaken in January and October 2015, the April 2016 policy move will keep the level of output close to the economy's potential and provide a partial offset to disinflationary pressures, thereby ensuring price stability over the medium term.

Fiscal Policy: The FY2016 Budget built on the momentum of previous Budgets to sustain restructuring and foster a more equitable society

The FY2015 Budget outcome was a smaller deficit of $4.9 billion (1.2% of GDP), compared to the $6.7 billion shortfall projected earlier. This was mainly due to lower-than-expected special transfers under the Productivity and Innovation Credit and Wage Credit Schemes.

Budget 2016 built on and expanded the themes of economic restructuring and fostering a caring and resilient society that had been established in earlier Budgets. First, it shifted the focus of restructuring from economy-wide initiatives to micro-level measures. To this end, Budget 2016 launched the $4.5 billion Industry Transformation Programme (ITP) to help firms and industries build up capabilities to leverage on new growth opportunities. The ITP provided measures to encourage firms and industries to adopt labour-saving techniques and increase automation. This included the development and deployment of robots in key labour-intensive sectors such as healthcare and construction. To encourage firms to expand and internationalise their operations, the ITP also provided tax incentives for mergers and acquisitions and the development of new markets abroad. The ITP also introduced several schemes to facilitate business development, strengthen industry research and development, and boost entrepreneurial activities.

Second, Budget 2016 expanded its scope to support workers at risk of being displaced by economic restructuring. While previous Budgets had emphasised the importance of upskilling and lifelong learning, Budget 2016 launched a number of complementary schemes to mitigate the risks of prolonged unemployment that could arise from an extended period of restructuring. The "Adapt and Grow" scheme will help workers, especially Professionals, Managers, Executives and Technicians (PMETs), to re-skill and undertake mid-career professional programmes. This was complemented by expanded wage support schemes to encourage firms to hire PMETs who had been made redundant.

Third, the Budget implemented programmes to support the economically vulnerable and enhance social mobility. Previous Budgets had established a firm base of support for the economically vulnerable through key programmes such as Workfare, GST Vouchers, and the Pioneer Generation Package. Budget 2016 followed up with the details of the implementation of the Silver Support Scheme, which had been introduced in 2015. Under this scheme, Singaporeans aged 65 and above who are at the bottom 20–30% of the income distribution will receive cash payments of up to $750 per quarter. At the same time, the Budget developed new measures to enhance intergenerational social mobility through the KidSTART and Fresh Start Housing Scheme. These programmes would provide assistance to children from disadvantaged families and give low-income families living in rental flats a second chance to own their own homes, respectively.

The Budget also provided near-term relief measures targeted at vulnerable businesses and households. Budget 2016 acknowledged that the confluence of an external slowdown and domestic restructuring have presented challenges to businesses and households. As such, the

Budget introduced a suite of measures aimed at relieving the cash flows of firms, especially small and medium-sized enterprises (SMEs), and households. For businesses, the corporate income tax rebate was raised from 30% of tax payable to 50% for Years of Assessment 2016 and 2017, while the scheduled hike in the foreign worker levy for the Marine and Process sectors was deferred for another year in view of the global cyclical challenges facing the oil and gas sectors. The Budget also introduced the SME Working Capital Loan to ensure that viable SMEs would continue to have access to funding. For households, Budget 2016 provided S&CC rebates and one-off GST Voucher special payments targeted at lower-income households.

For FY2016, the government has projected an overall budget surplus of $3.4 billion (0.8% of GDP). This includes special transfers, top-ups to trust and endowment funds, and the contribution from net investment returns. The basic balance, which includes special transfers only (excluding top-ups to endowment and trust funds), is projected to record a deficit of $7.7 billion (1.9% of GDP).

Summary of Fiscal Position

	FY 2014		FY 2015 Revised		FY 2016 Budgeted	
	$billion	% of GDP	$billion	% of GDP	$billion	% of GDP
Operating Revenue	60.8	15.5	64.2	15.9	68.4	16.7
Total Expenditure	56.6	14.4	68.4	17.0	73.4	17.9
Operating Expenditure	42.7	10.9	48.7	12.1	54.4	13.2
Development Expenditure	14.0	3.6	19.7	4.9	19.0	4.6
Primary Surplus/Deficit (-)	**4.2**	**1.1**	**(4.2)**	**(1.1)**	**(5.0)**	**(1.2)**
Less: Special Transfers Excluding Top-ups to Endowment and Trust Funds	3.9	1.0	4.5	1.1	2.7	0.6
Basic Surplus/Deficit (-)	**0.3**	**0.1**	**(8.8)**	**(2.2)**	**(7.7)**	**(1.9)**
Less: Top-ups to Endowment and Trust Funds	8.5	2.2	6.0	1.5	3.6	0.9
Add: NIR Contribution	8.7	2.2	9.9	2.5	14.7	3.6
Budget Surplus/Deficit (-)	**0.6**	**0.1**	**(4.9)**	**(1.2)**	**3.4**	**0.8**

Note: Figures may not tally due to rounding.
Source: Ministry of Finance

Selected Indicators

GENERAL INDICATORS, 2015			
Land Area (Sq km)	719.1	Literacy Rate* (%)	96.8
Total Population ('000)	5,535.0	Real Per Capita GDP (US$)	51,428
Labour Force ('000)	3,610.6	Gross National Savings (% of GNI)	48.4
Resident Labour Force Participation Rate (%)	68.3		

* Refers to resident population aged 15 years and over.

COMPONENTS OF NOMINAL GDP SECTORAL (% of GDP), 2015		COMPONENTS OF NOMINAL GDP EXPENDITURE (% of GDP), 2015	
Manufacturing	19.8	Private Consumption	36.6
Wholesale & Retail Trade	15.6	Private Gross Fixed Capital Formation	20.5
Business Services	15.5	Public Consumption	10.4
Finance & Insurance	12.6	Public Gross Fixed Capital Formation	5.0
Transportation & Storage	7.4	Increase in Stocks	0.8
Construction	5.2	Net Exports of Goods & Services	26.8
Information & Communications	4.2		
Accommodation & Food Services	2.1		

MAJOR EXPORT DESTINATIONS (% SHARE), 2015		MAJOR ORIGINS OF IMPORTS (% SHARE), 2015	
Total Exports (S$ Billion)	476.3	Total Imports (S$ Billion)	407.8
China	13.8	China	14.2
Hong Kong	11.4	US	11.2
Malaysia	10.9	Malaysia	11.1
Indonesia	8.2	Taiwan	8.3
US	6.3	Japan	6.3
ASEAN	29.6	ASEAN	21.5
NEA-3	19.8	NEA-3	15.3
EU	8.1	EU	12.6

Source: IE Singapore

MAJOR DOMESTIC EXPORTS BY COMMODITY (% SHARE), 2015		MAJOR IMPORTS BY COMMODITY (% SHARE), 2015	
Domestic Exports (S$ Billion)	233.4	Total Imports (S$ Billion)	407.8
Mineral Fuels	31.1	Electronics	29.4
Electronics	20.8	Mineral Fuels	21.8
Chemicals	20.4	Machinery & Transport Equipment (ex. Electronics)	18.3
Machinery & Transport Equipment (ex. Electronics)	11.7	Manufactured Articles	8.8
Manufactured Articles	8.5	Chemicals	7.7
Manufactured Goods	2.6	Manufactured Goods	6.9

Source: IE Singapore

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

OVERALL ECONOMY	2014	2015	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	Mar-16	Apr-16
GDP at current prices (S$ bil)	388.2	402.5	101.0	100.1	100.3	100.1	102.0	100.3	na	na
GDP (US$ bil)	306.4	292.7	78.0	73.8	74.6	71.9	72.5	71.4	na	na
Real GDP Growth (YOY % change)	3.3	2.0	2.8	2.7	1.7	1.8	1.8	1.8	na	na
Real GDP Growth (QOQ SAAR % change)	na	na	6.9	0.2	-1.6	2.3	6.2	0.2	na	na
By Sector (YOY % change):										
Manufacturing [1/]	2.7	-5.2	-1.2	-2.9	-5.2	-6.0	-6.7	-1.0	0.1	2.9
Electronics [1/]	-0.2	-6.8	-2.8	-4.7	-3.8	-6.3	-12.2	3.0	5.8	10.9
Non-electronics [1/]	3.8	-4.5	-0.5	-4.2	-4.5	-5.4	-3.8	-2.2	-2.0	0.0
Finance & Insurance	9.1	5.3	12.5	8.1	6.6	4.6	2.4	2.4	na	na
Business Services	1.6	1.5	1.6	2.4	0.6	2.0	0.8	0.3	na	na
Construction	3.5	2.5	0.2	-1.6	3.6	3.0	4.9	6.2	na	na
Transportation & Storage	2.6	0.0	0.4	1.3	-1.0	0.4	-0.9	-0.4	na	na
Information & Communications	7.0	4.2	8.6	5.2	5.8	2.5	3.3	3.2	na	na
Wholesale & Retail Trade	2.1	6.1	1.9	5.7	5.5	6.4	6.8	1.8	na	na
Accommodation & Food Services	1.7	0.2	1.7	-0.3	-1.1	1.1	0.9	1.5	na	na
By Expenditure Component (YOY % change):										
Consumption	1.7	4.9	2.9	3.5	3.8	6.1	6.3	3.7	na	na
Private	2.2	4.5	3.1	3.5	4.5	4.6	5.5	3.0	na	na
Public	-0.1	6.6	2.2	3.7	1.0	12.2	9.4	5.9	na	na
Gross Fixed Capital Formation	-2.6	-1.0	-1.1	-4.2	2.3	-1.6	-0.7	-0.5	na	na
Private	-5.2	-2.2	-2.4	-3.5	0.4	-1.8	-3.9	-3.2	na	na
Public	10.4	3.8	4.9	-6.6	10.6	-0.7	13.8	9.6	na	na
External Demand	4.3	2.5	3.8	4.1	0.4	2.7	2.8	-0.8	na	na
TRADE										
Total Exports, fob (YOY % change)	0.8	-7.2	-4.2	-6.0	-9.0	-8.0	-5.7	-11.6	-14.3	-8.0
Non-Oil Domestic Exports	-1.5	-0.1	-0.1	4.0	1.5	-2.2	-3.5	-9.0	-15.7	-7.9
Re-Exports	2.5	-0.9	-1.0	1.1	-5.6	-0.5	1.4	-6.5	-5.7	-4.0
Total Imports, cif (YOY % change)	-0.6	-12.1	-6.0	-16.1	-13.0	-9.1	-9.9	-7.4	-9.0	-12.0
WAGE-PRICE INDICATORS										
Unemployment Rate (SA,%)	2.0	1.9	1.9	1.8	1.9	2.0	1.9	1.9	na	na
Average Nominal Wages (S$ per month)	4,727	4,892	5,040	5,259	4,611	4,493	5,205	5,483	na	na
Consumer Price Index Inflation (YOY % change)	1.0	-0.5	0.0	-0.3	-0.4	-0.6	-0.7	-0.8	-1.0	-0.5
MAS Core Inflation (YOY % change)	1.9	0.5	1.6	1.1	0.2	0.4	0.2	0.5	0.6	0.8
FINANCIAL INDICATORS										
S$ Exchange Rate Against: (end-period)										
US Dollar	1.3213	1.4139	1.3213	1.3765	1.3474	1.4253	1.4139	1.3511	1.3511	1.3445
100 Japanese Yen	1.1060	1.1743	1.1060	1.1447	1.1014	1.1884	1.1743	1.2020	1.2020	1.2533
Euro	1.6072	1.5457	1.6072	1.4876	1.5080	1.6045	1.5457	1.5290	1.5290	1.5306
Interest Rates (end-period, % p.a.)										
3-month Fixed Deposit Rate	0.14	0.18	0.14	0.17	0.16	0.18	0.18	0.19	0.19	0.19
3-month S$ SIBOR [2/]	0.46	1.19	0.46	1.01	0.82	1.14	1.19	1.06	1.06	1.01
Prime Lending Rate	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35
Money Supply (end-period)										
Broad Money, M2 (YOY % change)	3.3	1.5	3.3	4.1	3.6	3.2	1.5	2.1	2.1	2.7
Straits Times Index (end-period) [3/]	3,365.2	2,882.7	3,365.2	3,447.0	3,317.3	2,790.9	2,882.7	2,840.9	2,840.9	2,838.5
YOY % change	6.2	-14.3	6.2	8.1	1.9	-14.8	-14.3	-17.6	-17.6	-18.6
GOVERNMENT BUDGET [4/]										
Operating Revenue (S$ mil)	59,995	63,562	14,034	14,340	16,857	17,888	14,477	15,600	na	na
Total Expenditure (S$ mil)	54,805	61,155	14,214	18,565	12,127	14,352	16,111	24,848	na	na
Operating Expenditure	41,758	45,359	11,326	13,960	7,988	11,123	12,289	16,686	na	na
Development Expenditure	13,047	15,797	2,888	4,605	4,140	3,230	3,822	8,163	na	na
Primary Surplus/Deficit (S$ mil)	5,190	2,407	-179	-4,224	4,730	3,535	-1,634	-9,249	na	na
% of GDP	1.3	0.6	-0.2	-4.2	4.7	3.5	-1.6	-9.2	na	na
BALANCE OF PAYMENTS										
Current Account Balance (% of GDP)	17.5	19.8	18.5	21.4	16.7	20.7	20.3	17.7	na	na
Goods Balance	26.0	28.2	26.5	30.8	26.9	26.5	28.6	26.1	na	na
Services Balance	-1.5	-1.3	-1.0	-1.5	-2.4	-0.7	-0.7	-1.5	na	na
Primary Income Balance	-4.9	-4.7	-4.9	-5.6	-5.4	-2.7	-5.2	-4.4	na	na
Secondary Income Balance	-2.0	-2.4	-2.1	-2.3	-2.3	-2.4	-2.4	-2.5	na	na
Capital & Fin Account Balance (% of GDP)	15.1	19.1	18.1	24.3	13.3	20.5	18.5	25.8	na	na
Direct Investment	-9.6	-10.2	-11.5	-12.1	-6.8	-13.3	-8.5	-4.6	na	na
Portfolio Investment	17.4	18.7	0.1	17.5	10.4	19.5	27.3	-14.9	na	na
Financial Derivatives	-3.9	-6.8	-5.7	-4.6	-7.4	-8.3	-6.9	6.9	na	na
Other Investment	11.2	17.4	35.1	23.5	17.1	22.6	6.5	38.4	na	na
Overall Balance (% of GDP)	2.2	0.4	0.1	-1.3	2.7	0.5	-0.3	-8.9	na	na
Official Foreign Reserves (US$ mil) [5/]	256,860	247,747	256,860	248,404	253,280	251,640	247,747	246,196	246,196	250,352
Months of Imports	8.4	10.0	8.4	8.6	9.3	9.7	10.0	10.2	10.2	10.5

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