Monetary Authority of Singapore

Recent Economic Developments in Singapore

05 Sep 2012

	2011			2012	
	Q3	Q4	Full Year	Q1	Q2
Real Sector					
Real GDP Growth, y-o-y %	6.0	3.6	4.9	1.5	2.0
Real GDP Growth, q-o-q saar %	2.0	-2.5	-	9.5	-0.7
Index of Industrial Production, y-o-y %	8.9	9.3	7.8	-0.8	4.6
Non-oil Domestic Exports, y-o-y %	-1.2	-2.7	2.2	6.0	3.8
Labour Market and Prices					
Unemployment Rate, sa, % (Average)	2.0	2.0	2.0	2.1	2.0
CPI Inflation, y-o-y %	5.5	5.5	5.2	4.9	5.3
Wage Growth, y-o-y %	5.4	4.0	6.0	0.9	2.8

The Singapore economy contracted in Q2 2012 amid the deteriorating external environment.

GDP fell by 0.7% q-o-q saar (seasonally-adjusted annualised rate) on a broad-based slowdown across the economy. Weak external demand weighed heavily on output in the trade-related cluster, while declining business and consumer confidence dampened activity somewhat in the services sector.

Global economic growth will moderate further.

Renewed tensions in the Eurozone and fiscal uncertainty in the US will delay any incipient recovery. Within Asia, China and India are also decelerating, although resilient domestic demand in ASEAN could provide some support.

External headwinds will be a drag on domestic growth.

Against the subdued global backdrop, economic activity in Singapore is likely to remain weak for the rest of 2012. GDP growth is expected to come in within 1.5-2.5% for the full year.

CPI inflation is expected to average between 4.0% and 4.5% in 2012.

CPI-All Items inflation is likely to remain elevated for the rest of 2012, underpinned by higher accommodation and road transport costs. Excluding these items, MAS Core Inflation will be slightly lower given the generally sluggish economic environment.

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 the EDB respectively. All other data in this document were obtained from the Building and Construction Authority, Department of Statistics, Ministry of Trade and Industry, unless otherwise stated.

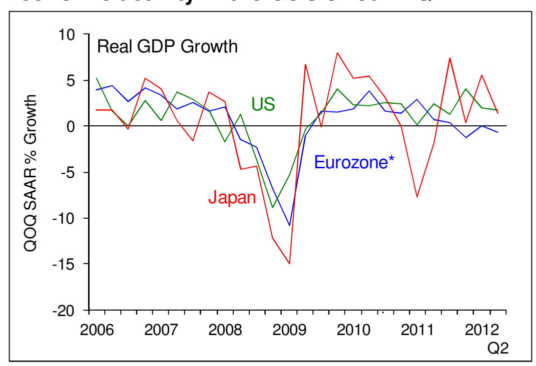
A. External Developments

G3 economies experienced a synchronised slowdown in Q2 as heightened uncertainties continued to weigh on near-term growth

Economic activity weakened across the board in all three G3 economies in Q2 2012, with average GDP growth falling to 0.7% q-o-q saar from 2.0% in the previous quarter. The US and Japan expanded at a slower pace while the Eurozone region contracted, dragged down by the periphery economies[1]. In 2012, the G3 economies are expected to grow at a lacklustre 1.2%, a similar pace to that in 2011.

Mirroring a slowdown in private consumption, overall growth in the US economy fell to 1.7% q-o-q saar in Q2 from 2.0% in Q1. Household spending increased by only 1.7% q-o-q saar in Q2 after rising by 2.4% in the preceding quarter, as the delayed effects of higher oil and commodity prices curbed purchasing power. In particular, expenditures on durable goods such as automobiles were hit.

Economic activity in the G3 slowed in Q2.



Source: Datastream
* Based on 17 countries

While gross investments stayed firm due to a pickup in inventory restocking and a continued recovery in residential construction, government consumption posed a drag on growth for the eighth consecutive month as state and local authorities trimmed spending further.

Political and economic uncertainty over the impending fiscal cliff in early 2013 will likely restrain business and household spending. With greater clarity expected to emerge only after the Presidential election in November, economic activity will likely remain moderate over the rest of the year. Leading indicators confirm this picture. Despite edging up slightly, July's manufacturing PMI remains in contractionary territory at 49.8, although the services PMI fared better, rising to 52.6 from 52.1 in June. However, the employment sub-index of the latter slipped below 50 for the first time this year to 49.3, casting some doubt on the sustainability of July's payroll numbers, which showed employment gains rising to 163,000 from the monthly average of 73,000 in Q2. On balance, GDP growth in the US is expected to come in at a relatively subdued 2.2% in 2012.

[1] The periphery economies refer to Greece, Ireland and Portugal.

The Eurozone contracted by 0.7% q-o-q saar in Q2 2012 after expanding by a mere 0.1% in Q1. Unlike the first quarter, the mild economic expansions seen in Germany, Austria and the Netherlands were insufficient to offset deep recessions in Spain and Italy. Germany's growth slowed to 1.1% q-o-q saar from 2% in the previous quarter, pulled down by a sustained fall in fixed investments. France could not offer much support either, as its GDP stagnated for a third consecutive quarter, with a sharp fall in net exports offsetting a rise in domestic demand and inventory investment.

As in the US, business and consumer confidence in the Eurozone continues to be plagued by the uncertainty stemming from the recurring sovereign debt crisis. A more rapid recovery is hampered by the rise of financial tensions in the region since April, when market concern shifted to Spain and Italy. Indeed, the Eurozone Composite Output PMI in August points toward persistent contractions in manufacturing and services output. Within the Eurozone, core economies are weakening as well, with indicators like the ZEW Economic Expectations Index and the INSEE Business Confidence Index signalling a deterioration of economic conditions in Germany and France[2]. Not surprisingly, consensus forecasts envisage a 0.5% contraction in the Eurozone in 2012.

Following a robust expansion of 5.5% q-o-q saar in Q1, Japan's GDP growth slowed to 1.4% q-o-q saar in Q2. Despite the "green-car" program supporting automobile purchases, household consumption growth decelerated abruptly to 0.6% from 5.0% in Q1, partly because non-durable goods expenditure was dampened by unusually cold weather conditions. After surging by 15.2% q-o-q saar in Q1, public investment grew at a more modest pace of 7.2% in Q2 as reconstruction spending moderated. Export growth also fell to 4.8% from 14.3% in Q1, reflecting a sharp decline in shipments to the Eurozone. The Japanese economy is expected to continue growing for the rest of the year, albeit at a significantly slower pace as government reconstruction spending dissipates and global growth slackens. Given the strong outturn in Q1, however, GDP growth is still expected to reach 2.5% this year, following a 0.8% contraction in 2011.

Thus far, excess capacity in the G3 economies has kept price pressures subdued in Q2. Headline inflation moderated from 2.8% y-o-y in Q1 to 1.9% in the US, and from 2.7% to 2.5% in the Eurozone. Similarly, Japan's headline inflation has fallen back to 0.1%, after rising by 0.3% in Q1. While the current US drought and higher energy prices will lead to some upward pressure on inflation, muted demand and low production utilisation levels will continue to keep price increases in check across the G3 economies.

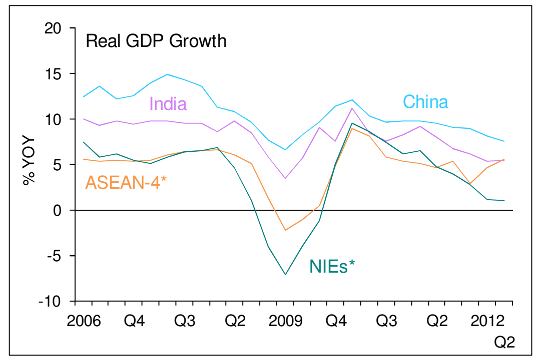
[2] ZEW refers to Zentrum für Europäische Wirtschaftsforschung, also known as the Centre for European Economic Research. INSEE refers to France's National Institute of Statistics and Economic Studies.

Asia ex-Japan took a hit on trade, with growth prospects remaining subdued

On a sequential basis, Asia's GDP growth slowed in Q2 2012 as anaemic demand in the G3, especially the Eurozone, exerted a sharp drag on exports from the region. However, resilient domestic demand in the ASEAN economies provided some buffer.

China's GDP growth slipped further to 7.6% y-o-y in Q2 2012 from 8.1% in Q1, its weakest performance since the financial crisis. Industrial production gains fell to a single digit rate of 9.5% y-o-y for the first time since early 2009, as expansions in exports and domestic orders ebbed in tandem. Flagging consumer confidence also caused retail sales growth to soften slightly to 13.9% y-o-y. However, fixed asset investment remained buoyant, rising by 20.4% year to date as at end-July, as faltering real estate construction was offset by a vigorous rollout of government projects.

Growth has slackened in China and the NIEs.



Source: CEIC

* Regional groupings are weighted by Singapore's non-oil domestic exports, average 2008-2010

The available data for July suggest that the weakness in Q2 2012 may have extended into Q3. Industrial production growth slipped to 9.2% y-o-y in July, while Chinese exports grew by just 1.0% y-o-y as shipments to the European Union collapsed. The PMI for China fell to a nine-month low of 49.2 in August, with its new orders and new export orders components pointing to a further contraction ahead. In view of these developments, the consensus is for China's GDP growth to moderate to 7.9% in 2012 from 9.2% in 2011.

Meanwhile, India's economic growth picked up slightly to 5.5% y-o-y in Q2 2012, from 5.3% in the previous quarter. Government spending accelerated sharply, which partially offset the decline in net exports and a slowdown in private consumption and investment. However, room for further stimulus is constrained by India's weakening fiscal and current account balances, which will continue to weigh on growth. The delayed arrival of the summer monsoon has further delivered a blow to agricultural output. As such, the consensus GDP growth forecast for India in FY 2012 is 6.1%, materially lower than the 6.5% expansion achieved in FY 2011.

Amid mounting external headwinds, the NIEs[3] hit a soft patch in Q2, growing by 1.2% q-o-q saar, compared to 2.5% in the previous quarter. The Hong Kong economy shrank unexpectedly by 0.2% q-o-q saar in Q2 after expanding by 2.6% in Q1, with exports contracting sharply. Korea's GDP growth also moderated in Q2, as capital spending fell in tandem with the deteriorating external environment. Taiwan was the exception — economic growth accelerated to 3.5% q-o-q saar from 1.5% in Q1, largely due to strong increases in investment spending.

Nevertheless, manufacturing and trade indicators suggest a loss in momentum in early Q3, as Korea's and Taiwan's PMIs slid deeper into contraction territory and exports fell sharply in July owing to the weakening Eurozone and Chinese economies. In line with the downbeat data, government agencies have cut their GDP growth forecasts for 2012. Overall, the NIEs are projected to expand by 2.2% in 2012, only half as fast as in 2011.

The ASEAN-4 economies[4] remained the region's bright spot, bucking the trend of slower growth. Domestic demand displayed resilience, underpinned by favourable labour market conditions, low interest rates, and continued investor confidence. With relatively strong macroeconomic fundamentals, the public sector also has some policy space to partially offset the fall in external demand. Indonesia's GDP growth remained robust at 6.4% y-o-y in Q2, underpinned by strong FDI inflows and buoyant consumption, while the Malaysian economy grew by 5.4% y-o-y on the back of a strong pipeline of Economic Transformation Programme investment projects and the implementation of various fiscal measures. Spurred by post-flood reconstruction spending, economic activity continued to expand briskly in Thailand.

In the second half of this year, while growth in the region will continue to be supported by domestic demand, downside risks have become more pronounced. Both Bank Indonesia (BI) and the Bank of Thailand (BoT) downgraded their 2012 GDP growth forecasts recently, in the light of deteriorating external conditions. Demand for commodities has eased alongside cooling global growth. Consequently, exports of primary products such as palm oil and coal have contracted, adversely affecting key commodity exporters such as Malaysia and Indonesia. Meanwhile, high frequency indicators of Thailand's private consumption and investment suggest that the post-flood rebound is tapering off. Overall, growth in the ASEAN region is expected to rise slightly to 5.1% in 2012, from 4.5% in 2011.

[3] The NIEs refer to Hong Kong, Korea and Taiwan.
[4] The ASEAN-4 economies refer to Indonesia, Malaysia, the Philippines and Thailand.

Headline CPI inflation in the region declined marginally to 3.9% y-o-y in Q2 2012, compared to 4.0% in Q1, as a result of lower food and energy prices. While weather-related shocks pose upside risks to the inflation outlook, weak external demand should provide an offsetting effect. The region's average inflation rate is therefore expected to slow to 3.7% in 2012, from 5.5% in 2011.

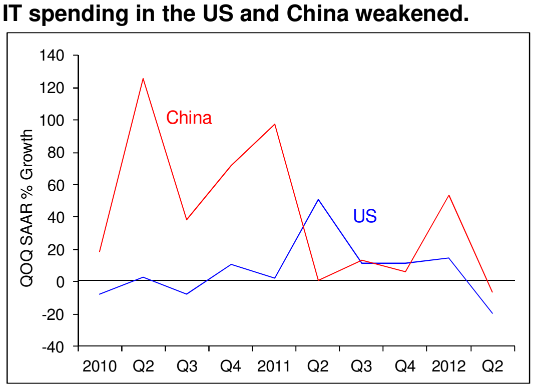
Table 1: Consensus Forecasts of GDP Growth

	2010	2011	Forecast	
			2012	2013
	Percent			
Industrial				
US	2.4	1.8	2.2	2.1
Japan	4.5	-0.8	2.5	1.4
Eurozone	1.9	1.5	-0.5	0.3
UK	1.8	0.8	-0.2	1.4
NIE				
Hong Kong	7.1	5.0	2.1	4.0
Korea	6.3	3.6	2.7	3.5
Taiwan	10.7	4.0	2.0	4.0
ASEAN				
Indonesia	6.2	6.5	6.0	6.1
Malaysia	7.2	5.1	4.3	4.7
Thailand	7.8	0.1	5.1	4.5
Philippines	7.6	3.9	4.9	5.1
China	10.4	9.2	7.9	8.3
India *	8.9	7.5	6.1	7.1

Source: CEIC and Consensus Economics, Aug 2012
* Fiscal year starting 1 April for 2012 and 2013 forecasts.

Global IT growth prospects remain subdued at this stage

IT spending in the US and China weakened.



Source: CEIC and EPG, MAS Estimates

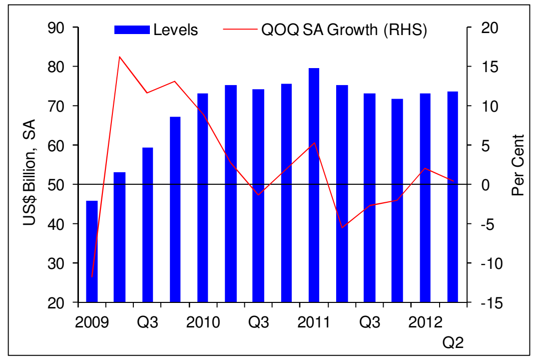
The global IT industry slowed considerably in Q2 2012. Businesses reduced inventories and scaled back production in response to a persistent decline in new orders for electronics. As a consequence, the tentative recovery of the global IT cycle witnessed early this year was derailed.

Notably, final demand was lacklustre in Q2 on sharp cutbacks in corporate IT spending. Specifically, firms in the US and China cut IT expenditure by 19.6% and 6.4% q-o-q saar respectively. While enterprise spending in China had provided a key support during the 2008 crisis, it has faded this time around.

The poor performance of the IT industry was particularly pronounced in the PC segment. According to estimates by Gartner, worldwide PC shipments registered a 0.1% y-o-y decline in Q2 2012.

Weak final demand has also taken a toll on the midstream semiconductor segment. On a sequential basis, global chip sales growth fell to 0.5% q-o-q sa in Q2, from 2.1% the quarter before, reflecting in part a decline in the prices of semiconductors and related devices. Accordingly, derived demand in the upstream segment hit a soft patch. This was reflected in the downtrend of the SEMI book-to-bill ratio over the past four months.

Global chip sales turned sluggish in Q2 2012.



Source: Semiconductor Industry Association and EPG, MAS estimates

Looking ahead, activity in the global IT sector is expected to remain muted in the near term. While consolidation in the memory chips industry and the upcoming launch of Windows 8 may lend some support, consumers and firms are likely to stay cautious against continued uncertainty in the external environment. As such, key industry players expect global chip sales growth to be flat in 2012.

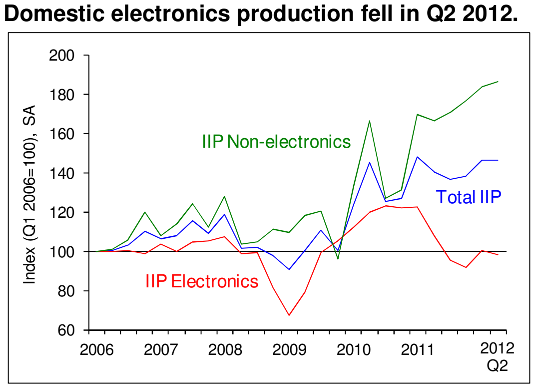
B. Domestic Developments

The Singapore economy contracted in Q2 2012

Mirroring the global slowdown, the Singapore economy shrank by 0.7% q-o-q saar in Q2 2012, following the 9.5% expansion at the first quarter of the year. Growth was constrained by sluggish activity across a broad range of industries. The manufacturing and trade-related industries saw the impact from weakening external demand. Notably, electronics production and exports declined on the back of lacklustre global IT demand. At the same time, the sentiment-sensitive activities within financial services were affected by heightened risk aversion in global financial markets. Meanwhile, activity in the tourism-related industries moderated alongside the slowdown in the regional economies. For H1 2012 as a whole, the Singapore economy expanded by 1.7% y-o-y, lower than the 4.8% growth registered in H2 2011.

Following the temporary rebound of 20.8% in Q1, the manufacturing sector contracted by 0.5% q-o-q saar in Q2. The electronics cluster, specifically the semiconductor industry, witnessed a decline in output amidst the global inventory overhang in the midstream segment. Correspondingly, growth in the supporting precision engineering industry eased in Q2 on falling demand for machinery and equipment.

Domestic electronics production fell in Q2 2012.



Similarly, other trade-related activities were subdued. Within the transportation and storage industry, the air cargo segment contracted by 2.7% q-o-q sa, following a 0.4% decline in the previous quarter. In the wholesale trade sector, growth of shipments through and from Singapore also slowed to 3.3% q-o-q sa in Q2, from 4.5% in Q1. The foreign wholesale trade index[5] reflected that this was largely due to weakness in electronics re-exports to the G3. Nonetheless, shipments of petroleum products provided some support to the sector.

Demand for services from the region softened in Q2 2012. After recording a strong performance early this year, tourism-related services turned sluggish in Q2 as tourist arrivals from China, Europe and the US moderated. As a result, hotel occupancy rates eased to 86.6% in Q2 2012 from a 5-year high of 88.2% in Q1

[5] The foreign WTI pertains to wholesale sales outside Singapore, and it comprises of domestic exports, re-exports, transhipment cargo and offshore merchandise.

2012. In the finance & insurance sector, regional demand for financing fell for the first time since Q2 2009. Accordingly, overall offshore non-bank loan growth slowed sharply to 0.9% q-o-q, compared to 2.5% in the preceding quarter.

In comparison, the domestic-oriented sectors remained resilient and provided some support to overall economic activity. The construction sector continued to see positive albeit modest gains in Q2, after expanding strongly by 27.9% q-o-q saar in the preceding quarter. Growth in the public infrastructure segment offset the fall in non-residential construction, following the completion of major projects such as the JCube shopping mall in Jurong and the Marine International Cruise Terminal. Meanwhile, domestic lending activities stayed relatively firm as non-bank loan gains accelerated to 4.6% q-o-q in Q2 from 2.9% in Q1, buoyed by an uptick in lending to most business segments. Consumer loan volumes also trended upwards, supported by a steady pipeline of mortgage-related lending.

The domestic economy is expected to expand by 1.5-2.5% in 2012

Global economic conditions are expected to remain sluggish for the rest of the year. The step up in uncertainties in the Eurozone, and the slowdown in the US and Asia will have a restraining effect on the Singapore economy. Further, the persistently high inventory levels in the global semiconductor industry will continue to have a bearing on the near-term outlook of Singapore's IT-related sectors.

Accordingly, activity in the Singapore economy is expected to remain weak for the rest of the year. The external-oriented industries, including manufacturing, wholesale trade, and transport & storage, will continue to be dampened by the pullback in global demand. Heightened risk aversion in global financial markets, particularly emanating from the increase in uncertainty in the Eurozone, will continue to weigh on the sentiment-driven financial industries. In comparison, the domestic-oriented industries, which tend to be relatively more insulated from the swings in economic cycles, could provide some support to growth. For instance, the construction sector will be buttressed by the pipeline of building projects for the rest of the year, while business services will stay largely resilient. On balance, barring a major dislocation in the global economy, the Singapore economy is expected to grow by 1.5-2.5% this year.

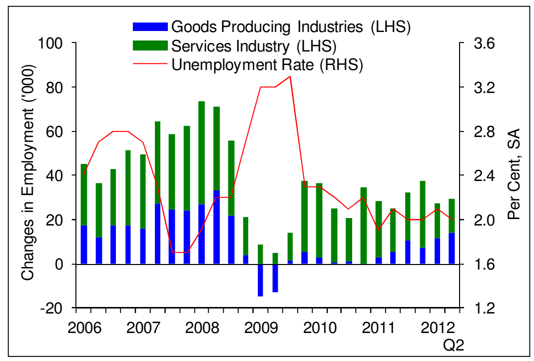
C. Labour Market and Consumer Prices

Employment gains picked up in Q2 2012

The labour market added an estimated 29,200 workers in Q2 2012, up from 27,200 in the preceding quarter. The hiring momentum was supported by the construction and manufacturing sectors, which added around 10% and 130% more workers respectively, compared to Q1. This came on the back of high levels of public sector-related construction activity and firm labour demand in the petrochemicals segment. In comparison, the pace of employment expansion in services eased for the second consecutive quarter, from 15,800 in Q1 to 15,500 in Q2, as sentiments remained cautious, particularly in the external-oriented services.

In line with the strong job creation, the seasonally-adjusted overall unemployment rate edged down to 2.0% in Q2 2012, from 2.1% in Q1. This was led by the fall in the citizen unemployment rate, to 2.9% from 3.2% the quarter before. With the tight labour market, wage growth rose from 0.9% y-o-y in Q1 2012 to 2.8% in Q2.

The unemployment rate edged down in Q2.



CPI-All Items inflation came in higher in Q2 2012 but eased in July 2012

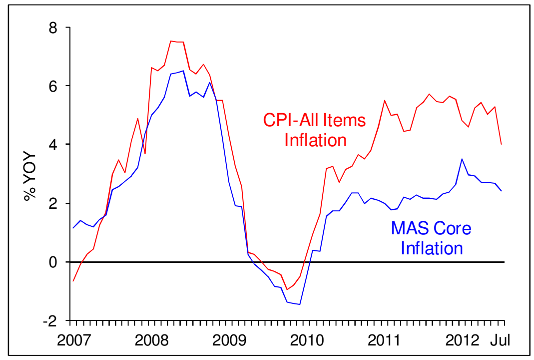
CPI-All Items inflation rose to 5.3% in Q2 2012 from 4.9% in Q1, mainly due to a steeper rise in accommodation and private road transport costs. The former was due to base effects from the disbursement of government rebates,[6] while the increase in car prices picked up in tandem with the uptick in COE premiums. Meanwhile, services, oil-related and food inflation moderated. Excluding the costs of accommodation and private road transport, MAS Core Inflation fell from 3.1% in Q1 2012 to 2.7% in Q2.

In July 2012, CPI-All Items inflation eased to 4.0%, largely reflecting milder increases in the costs of accommodation, private road transport and oil-related items. MAS Core Inflation also edged down to 2.4% in July.

[6] The accommodation sub-group in the CPI comprises "rented accommodation", "imputed rentals on owner-occupied accommodation", "housing insurance premiums" and "minor repairs & maintenance". The increase in "minor repairs & maintenance" was particularly sharp in Q2 2012 as there were no Service & Conservancy Charges rebates, in contrast to the significant disbursement in the same period a year ago. This base effect was not present in Q1 2012 and July 2012.

Given the generally sluggish economic environment, the pass-through of wages and other business costs to consumer prices will continue at a more moderate pace than that seen earlier this year. At the same time, despite the recent uptick, overall global commodity prices remain below year-ago levels. This will keep domestic oil and food inflation contained in the near term. Thus, MAS Core Inflation will be slightly lower over the next few months and average between 2.5-3.0% for the whole year.

Both CPI-All Items inflation and MAS Core Inflation eased in July.



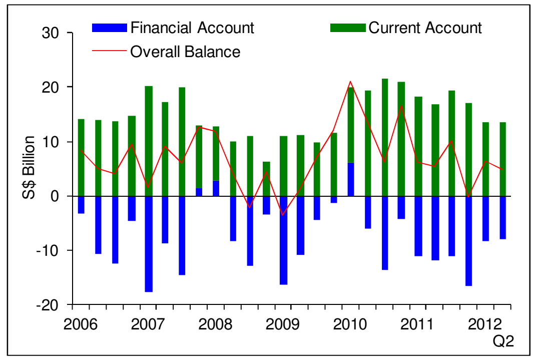
Meanwhile, CPI-All Items inflation will remain elevated and average 4.0-4.5% for the whole year. First, accommodation cost will continue to add significantly to overall CPI inflation, as leasing contracts are renewed at rentals that are considerably higher, especially in the HDB segment. Second, COE premiums will remain sharply higher than a year ago given the current low COE supply. Should the recent surge in COE premiums continue, car prices could present an upside risk to the CPI-All Items inflation forecast.

D. Balance of Payments

Overall balance of payments stayed in a surplus position in Q2.

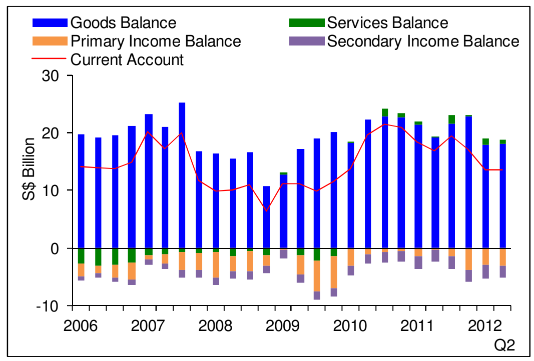
The surplus in the overall balance of payments moderated slightly to $4.8 billion in Q2 2012, following a surplus of $6.4 billion recorded in Q1. The current account surplus increased marginally, while the deficit in the financial account narrowed.[7]

The overall balance of payments posted a surplus in Q2.

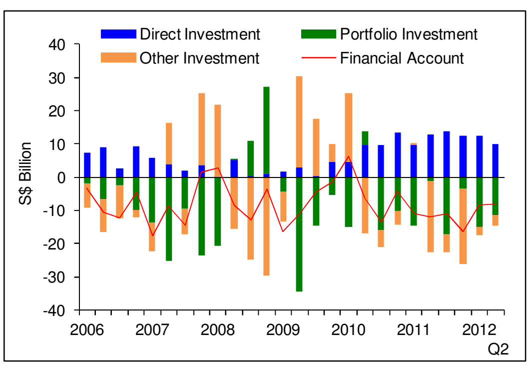


The current account surplus rose slightly by $15 million. There was a smaller deficit in the secondary income account, which offset a fall in the surplus of the services account. The latter reflected larger increases in net payments for travel and use of intellectual property, even as net receipts from financial and maintenance and repair services rose. Meanwhile, the surplus in the goods account and the primary income balance remained stable.

The current account surplus rose slightly.



The financial account deficit narrowed.



The deficit in the financial account remained largely unchanged at $8.0 billion in the second quarter of 2012. Net outflows of portfolio investment from deposit-taking corporations fell, in contrast to an increase in net outflow of "other investment". Meanwhile, net inflows of foreign direct investment declined.

[7] The discrepancy between directional changes in the overall balance of payments and those in the current and financial accounts was captured in net errors and omissions.

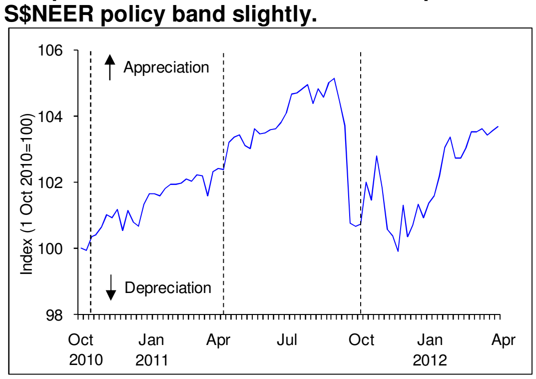
E. Macroeconomic Policies

A calibrated adjustment in the policy stance to ensure price stability in the medium term

i) Monetary Policy

The Singapore economy gained momentum in Q1 2012, although full-year growth was expected to be modest due to the subdued global outlook. At the same time, inflationary pressures were projected to remain elevated before easing gradually in the H2 2012, as the pace of cost increases and their pass-through to consumer prices moderate.

In April 2012, MAS increased the slope of the S$NEER policy band slightly.



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Against this backdrop, MAS kept the S$NEER policy band on a modest and gradual appreciation path in April 2012. The slope of the policy band was increased slightly, with no change to the level at which it was centered. MAS also restored a narrower policy band. This measured adjustment in the policy stance will continue to anchor inflation expectations, ensure price stability over the medium term, and keep GDP growth on a sustainable path. MAS will continue to keep a close watch on developments in the global economy and price pressures in the domestic economy.

The FY 2012 Budget focuses on long-term restructuring

ii) Fiscal Policy

The overall budget position for FY2011 came in at a surplus of $2.3 billion (0.7% of GDP), larger than the $0.08 billion projected. This was largely due to higher corporate income tax revenues, underpinned by improved profitability, as well as increases in property-related taxes such as stamp duties.

The Budget 2012 measures build on the medium-term policy agenda initiated by Budget 2010. Additional initiatives were announced to promote productivity-driven growth, in line with the recommendations charted out by the Economic Strategies Committee (ESC). The measures also aim to make growth more inclusive by strengthening government support for the economically and socially vulnerable. They can be broadly divided into three categories. First, measures to encourage firms to reduce their reliance on foreign workers were enhanced, including a reduction in the dependency ratio ceilings. Concomitantly, the Budget gave a one-off cash grant to SMEs facing high business costs as a result of these initiatives, and also provided incentives for firms to hire elderly workers and to invest in productivity-enhancing training and equipment. Second, the Budget apportioned increased spending to boost the quality of life in Singapore, particularly in the areas of elderly healthcare and transport infrastructure. Third, the Budget institutionalised assistance to vulnerable households by making the GST Voucher scheme permanent. This is anticipated to help offset a substantial amount of the GST that lower-income Singaporeans pay over a year. Households will receive the rebates in the form of cash, Medisave top-ups, and U-Save credits.

For FY2012, the government has projected a small overall budget surplus amounting to around $1.3 billion (0.4% of GDP).

Summary of Fiscal Position

	FY 2010		FY 2011 Revised		FY 2012 Budgeted	
	$billion	**% of GDP**	**$billion**	**% of GDP**	**$billion**	**% of GDP**
Operating Revenue	46.1	14.5	50.5	15.3	53.1	15.0
Total Expenditure	45.3	14.3	47.5	14.4	50.3	14.2
Operating Expenditure	33.3	10.5	35.9	10.9	37.5	10.6
Development Expenditure	12.1	3.8	11.7	3.5	12.8	3.6
Primary Surplus/Deficit (-)	**0.7**	**0.2**	**3.0**	**0.9**	**2.8**	**0.8**
Add: NII/NIR Contribution	7.4	2.3	7.9	2.4	7.3	2.1
Less: Special Transfers	7.1	2.2	8.6	2.6	8.9	2.5
Budget Surplus/Deficit (-)	**1.0**	**0.3**	**2.3**	**0.7**	**1.3**	**0.4**

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

Selected Indicators

GENERAL INDICATORS, 2011			
Land Area (Sq km)	714.3	Literacy Rate* (%)	96.1
Total Population ('000)	5,183.7	Real Per Capita GDP (US$)	45,949
Labour Force ('000)	3,237.1	Gross National Savings (% of GNI)	45.3
Resident Labour Force Participation Rate (%)	66.1		

* Refers to resident population aged 15 years and over.

COMPONENTS OF NOMINAL GDP SECTORAL (% of GDP), 2011		COMPONENTS OF NOMINAL GDP EXPENDITURE (% of GDP), 2011	
Manufacturing	20.9	Private Consumption	39.4
Finance & Insurance	11.9	Public Consumption	10.3
Business Services	14.1	Private Gross Fixed Capital Formation	19.3
Construction	4.2	Public Gross Fixed Capital Formation	4.2
Transportation & Storage	8.2	Increase in Stocks	-1.0
Information & Communications	3.6	Net Exports of Goods & Services	26.7
Wholesale & Retail Trade	17.4	Statistical Discrepancy	1.2
Accommodation & Food Services	2.4		

MAJOR EXPORT DESTINATIONS (% SHARE), 2011		MAJOR ORIGINS OF IMPORTS (% SHARE), 2011	
Total Exports (S$ Billion)	514.7	Total Imports (S$ Billion)	459.7
Malaysia	12.2	Malaysia	10.7
Hong Kong	11.0	US	10.7
Indonesia	10.4	China	10.4
China	10.4	Japan	7.2
USA	5.4	Indonesia	5.3
ASEAN	31.1	ASEAN	21.4
NIEs	18.4	NIEs	12.8
EU	9.3	EU	12.5

Source: IE Singapore

MAJOR DOMESTIC EXPORTS BY COMMODITY (% SHARE), 2011		MAJOR IMPORTS BY COMMODITY (% SHARE), 2011	
Domestic Exports (S$ Billion)	281.3	Total Imports (S$ Billion)	459.7
Mineral Fuels	36.9	Mineral Fuels	32.6
Electronics	20.1	Electronics	24.7
Chemicals	17.2	Machinery & Transport Equipment (ex. Electronics)	16.5
Machinery & Transport Equipment (ex. Electronics)	12.5	Manufactured Articles	7.0
Manufactured Articles	7.5	Chemicals	6.9
Manufactured Goods	2.5	Manufactured Goods	6.8

Source: IE Singapore

OVERALL ECONOMY	2010	2011	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12	Jun-12	Jul-12
GDP at current prices (S$ bil)	310.0	326.8	74.3	77.2	77.4	81.1	81.6	80.1	81.0	84.1	83.9	83.4	na	na
GDP (US$ bil)	227.4	259.8	53.0	55.5	57.1	62.2	63.8	64.6	66.1	65.3	66.3	66.0	na	na
Real GDP Growth (YOY % change)	14.8	4.9	16.5	19.8	10.6	12.5	9.1	1.2	6.0	3.6	1.5	2.0	na	na
Real GDP Growth (QOQ SAAR % change)	na	na	36.4	31.3	-15.9	6.9	19.7	-3.0	2.0	-2.5	9.5	-0.7	na	na
By Sector (YOY % change):														
Manufacturing [1/]	29.7	7.6	37.2	45.2	13.7	25.7	15.8	-5.9	13.7	9.2	-0.8	4.5	8.1	1.9
Electronics [2/]	35.7	-12.8	66.5	52.9	26.1	14.7	9.7	-10.1	-23.1	-23.9	-17.7	-9.1	-5.0	-5.8
Non-electronics [2/]	25.8	22.3	22.8	41.3	5.3	35.8	25.2	-0.2	35.2	35.5	9.1	11.7	14.5	5.7
Finance & Insurance	12.4	9.1	17.8	10.6	8.9	12.6	12.0	9.6	11.6	3.5	0.5	0.1	na	na
Business Services	6.2	2.7	6.3	7.6	6.4	4.7	4.7	2.3	1.9	1.9	3.3	3.0	na	na
Construction	3.9	2.6	6.6	9.4	3.8	-3.1	4.2	1.1	2.4	2.9	6.9	5.3	na	na
Transportation & Storage	7.9	4.7	8.1	9.7	8.0	5.8	4.0	7.3	5.1	2.4	4.0	1.6	na	na
Information & Communications	3.4	1.5	3.6	3.7	3.5	2.8	2.6	1.7	0.9	0.7	1.4	1.3	na	na
Wholesale & Retail Trade	15.1	1.1	17.1	19.0	14.2	10.7	4.3	0.9	-1.4	0.9	-0.3	-0.4	na	na
Accommodation & Food Services	12.2	5.8	11.2	15.6	11.7	10.3	8.8	5.7	5.6	3.3	5.4	3.1	na	na
By Expenditure Component (YOY % change):														
Consumption	7.4	3.4	9.7	6.6	4.7	8.6	3.5	5.4	4.9	0.2	2.2	1.4	na	na
Private	6.5	4.1	8.6	7.3	3.4	6.7	3.4	5.5	5.9	1.9	4.7	1.8	na	na
Public	11.0	0.9	12.7	3.1	9.7	15.8	4.0	4.7	1.3	-5.8	-4.0	-0.9	na	na
Gross Fixed Capital Formation	7.0	3.3	10.1	2.2	10.3	5.8	-3.4	8.6	8.0	-0.2	17.0	1.8	na	na
Private	5.5	1.8	8.3	-0.1	9.2	5.4	-7.6	8.1	7.3	-1.3	21.8	1.9	na	na
Public	15.4	11.4	19.9	18.3	16.4	7.8	16.4	11.7	11.8	5.4	-1.4	1.0	na	na
External Demand	19.1	2.6	21.2	24.5	19.0	12.6	8.1	1.1	0.8	0.9	2.2	2.3	na	na
TRADE														
Total Exports, fob (YOY % change)	22.4	7.5	28.2	29.1	20.0	14.5	13.4	6.7	4.7	5.8	4.8	1.4	-0.5	0.3
Non-Oil Domestic Exports	22.8	2.2	23.1	27.6	23.7	17.6	12.3	1.9	-1.2	-2.7	6.0	3.8	6.6	5.8
Re-Exports	20.5	1.4	24.5	24.6	20.9	13.0	7.2	2.6	-5.7	2.2	-1.3	-4.1	-4.6	1.4
Total Imports, cif (YOY % change)	18.8	8.6	25.5	26.4	15.6	9.7	10.2	8.4	6.2	9.9	10.5	4.6	6.1	6.0
WAGE-PRICE INDICATORS														
Unemployment Rate (SA,%)	2.2	2.0	2.3	2.2	2.1	2.2	1.9	2.1	2.0	2.0	2.1	2.0	na	na
Average Nominal Wages (S$ per month)	4,089	4,334	4,310	3,819	3,754	4,474	4,677	4,048	3,956	4,655	4,717	4,162	na	na
Consumer Price Index Inflation (YOY % change)	2.8	5.2	0.9	3.1	3.4	4.0	5.2	4.7	5.5	5.5	4.9	5.3	5.3	4.0
MAS Core Inflation (YOY % change)	1.5	2.2	0.1	1.7	2.2	2.1	1.9	2.2	2.2	2.4	3.1	2.7	2.7	2.4
FINANCIAL INDICATORS [3/]														
S$ Exchange Rate Against: (end-period)														
US Dollar	1.2875	1.3007	1.4028	1.4013	1.3175	1.2875	1.2617	1.2292	1.3003	1.3007	1.2572	1.2737	1.2737	1.2454
100 Japanese Yen	1.5798	1.6777	1.5016	1.5822	1.5760	1.5798	1.5248	1.5284	1.6975	1.6777	1.5321	1.6056	1.6056	1.5927
Euro	1.7120	1.6835	1.8789	1.7113	1.7919	1.7120	1.7828	1.7838	1.7593	1.6835	1.6782	1.6023	1.6023	1.5305
Interest Rates (end-period, % p.a.)														
3-month Fixed Deposit Rate	0.19	0.14	0.22	0.21	0.20	0.19	0.18	0.18	0.16	0.14	0.13	0.14	0.14	0.14
3-month Domestic Interbank Rate	0.44	0.38	0.69	0.56	0.50	0.44	0.44	0.44	0.25	0.38	0.38	0.38	0.38	0.38
Prime Lending Rate	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38
Money Supply (end-period)														
Broad Money, M2 (YOY % change)	8.6	10.0	8.8	7.3	8.1	8.6	8.7	10.7	11.3	10.0	9.7	6.5	6.5	5.9
Straits Times Index (end-period)	3,190.0	2,646.4	2,887.5	2,835.5	3,097.6	3,190.0	3,105.9	3,120.4	2,675.2	2,646.4	3,010.5	2,878.5	2,878.5	3,036.4
YOY % change	10.1	-17.0	69.9	21.5	15.9	10.1	7.6	10.0	-13.6	-17.0	-3.1	-7.8	-7.8	-4.8
GOVERNMENT BUDGET [4/]														
Operating Revenue (S$ mil)	44,581	50,986	10,430	11,912	12,395	9,845	11,909	13,572	14,113	11,391	12,001	14,700	na	na
Total Expenditure (S$ mil)	44,049	46,771	14,509	7,888	10,360	11,293	15,798	8,593	11,160	11,221	15,590	9,149	na	na
Operating Expenditure	32,755	35,011	11,433	5,346	7,328	8,648	11,948	6,483	8,165	8,415	12,088	6,055	na	na
Development Expenditure	11,295	11,761	3,077	2,542	3,032	2,644	3,850	2,111	2,995	2,806	3,502	3,094	na	na
Primary Surplus/Deficit (S$ mil)	532	4,214	-4,079	4,024	2,035	-1,447	-3,889	4,979	2,953	171	-3,589	5,551	na	na
% of GDP	0.2	1.3	-5.5	5.2	2.6	-1.8	-4.8	6.2	3.6	0.2	-4.3	6.7	na	na
BALANCE OF PAYMENTS														
Current Account Balance (% of GDP)	24.4	21.9	18.4	25.3	27.8	25.8	22.4	21.1	23.9	20.3	16.2	16.3	na	na
Goods Balance	27.7	26.0	24.4	29.0	29.6	27.9	26.2	23.8	26.6	27.2	21.4	21.5	na	na
Services Balance	0.7	0.7	0.3	-0.2	1.6	0.9	0.6	0.3	1.8	0.1	1.2	1.1	na	na
Primary Income Balance	-1.7	-2.2	-4.1	-1.2	-1.0	-0.7	-1.8	-0.4	-1.8	-4.5	-3.5	-3.6	na	na
Secondary Income Balance	-2.3	-2.6	-2.2	-2.2	-2.3	-2.3	-2.6	-2.5	-2.7	-2.5	-2.8	-2.6	na	na
Capital & Fin Account Balance (% of GDP)	-5.7	-15.4	8.4	-7.8	-17.5	-5.3	-13.5	-14.8	-13.6	-19.6	-9.8	-9.6	na	na
Direct Investment	12.1	14.9	6.0	12.7	12.5	16.6	11.9	16.0	17.2	14.7	15.0	11.9	na	na
Portfolio Investment	-11.8	-11.1	-20.0	5.3	-20.6	-12.3	-17.9	-1.4	-21.1	-4.1	-17.6	-13.8	na	na
Financial Derivatives	-4.2	-4.3	-5.8	-3.8	-3.1	-4.2	-8.3	-2.6	-2.9	-3.3	-3.9	-3.9	na	na
Other Investment	-1.7	-15.0	28.3	-22.0	-6.3	-5.4	0.9	-26.8	-6.9	-27.0	-3.3	-3.8	na	na
Overall Balance (% of GDP)	18.5	6.6	28.3	17.7	8.1	20.3	7.6	6.8	12.5	-0.4	7.6	5.8	na	na
Official Foreign Reserves (US$ mil) [5/]	225,754	237,737	197,112	199,960	214,662	225,754	234,205	242,287	233,621	237,737	243,583	243,383	243,383	244,138
Months of Imports	8.7	7.8	8.9	8.5	8.6	8.7	8.6	8.5	7.9	7.8	7.8	7.7	7.7	7.7

Source:

[1/] Monthly data from Index of Industrial Production, EDB

[2/] Data from Index of Industrial Production, EDB

[3/] Straits Times Index from SGX. All other indicators from MAS.

[4/] Ministry of Finance

[5/] MAS

na: Not available