Economics Department

Quarterly Bulletin

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Monetary Authority of Singapore

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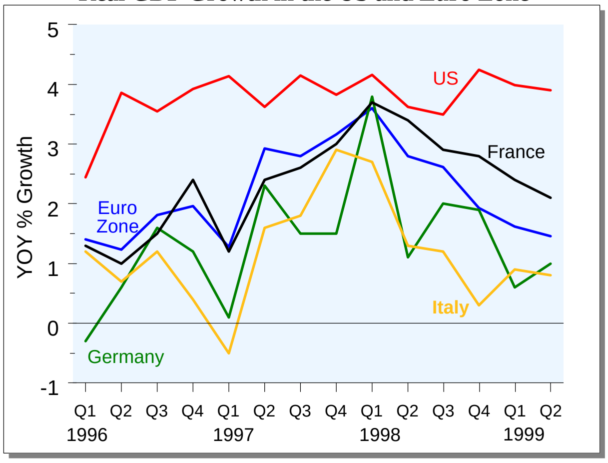
1 International Environment

1.1 External Economic Developments

Economic developments in the external environment were generally positive in the second quarter of 1999. The major industrialised countries saw sustained or improved growth, while the East Asian economies rebounded strongly, supported by a surge in exports. Price pressures, however, remained largely benign.

US, Europe

Chart 1.1
Real GDP Growth in the US and Euro Zone



The US economy expanded by 3.9% in the second quarter, against 4.0% in Q1, on the back of strong domestic demand. (See Chart 1.1.) Inflationary pressures were somewhat benign, reflecting gains in productivity and subdued wage demands. After the uptick in inflation in Apr 99 as a result of the spike in oil prices, the CPI remained flat in May and Jun 99, and increased by 0.3% and 0.2% month-on-month in Jul and Aug 99 respectively. Core CPI fell in each of these four months.

However, there are several risk factors which could lead to excessively sharp adjustments should there be negative shocks to the economy. The continued euphoria in the financial markets has raised the specter of a possible asset bubble formation and collapse, while the associated large gains in wealth have caused personal saving to turn negative. The country has also chalked up an unprecedented seasonally-adjusted trade deficit (customs basis) of US$181 billion in the first seven months of the year, up 38% from the same period in 1998.

In the Euro zone, GDP grew by 0.3% quarter-on-quarter in Q2, lower than 0.5% recorded in Q1. Compared to the year-ago period, growth continued to slow to 1.5% in Q2 from 1.6% the quarter before. However, in the core Euro-zone economies, business sentiment has improved. GDP growth in Germany accelerated to 1% in Q2, from 0.6% in Q1. The French economy also continued to grow strongly, by 2.1% in Q2, compared with 2.4% in Q1. Economic activity in Italy, however, remained sluggish, with growth stagnating at 0.8%.

Euro-zone officials have become more upbeat about their economic prospects. At the Governing Council meeting on 9 Sep 99, European Central Bank president Wim Duisenberg projected that Euro-zone growth would be above 2% this year, while Spanish Finance Minister Rodrigo Rato noted that the recovery across the 11 member nations now seemed more balanced.

Inflation in the Euro zone remained at relatively low levels, with the harmonised index of consumer prices rising by 1.2% in Aug 99, compared with 1.1% in the month before.

East Asia

In East Asia, the countries most affected by the Asian financial crisis returned to positive growth in Q2 99, with the recovery describing a V-shaped pattern. Real GDP in Indonesia rose by 1.8%, from a contraction of 9.4% in Q1. Similarly, Malaysia's GDP growth registered a positive 4.1%, from a contraction of 1.3% in the previous quarter. (See Chart 1.2.) In Thailand, GDP expanded by 3.5% in Q2. The recovery in South Korea has accelerated, with GDP surging by 9.8% in Q2, up from 4.6% in Q1.

However, the sources of growth in these economies differed. In Korea, GDP grew on the back of a strong recovery in domestic demand. In Malaysia, the recovery was largely export-led, as gross capital formation continued to decline. In Indonesia, growth in Q2 was also due to the positive contribution from net exports. (See Chart 1.3.)

While consumer sentiment has been positive in these countries, the investment outlook remains poor, as a result of excess capacity, a weak financial system and the slow pace of corporate restructuring. Capacity utilisation has reached pre-crisis levels in Korea, but not in Malaysia, Thailand and Indonesia, which still suffer from varying degrees of industrial overcapacity.

Exports from Korea, Thailand and Malaysia staged a recovery in recent months, led by continued strong demand from the US, a reviving Japanese economy, as

Chart 1.2
Real GDP Growth in the ASEAN-3 and Korea

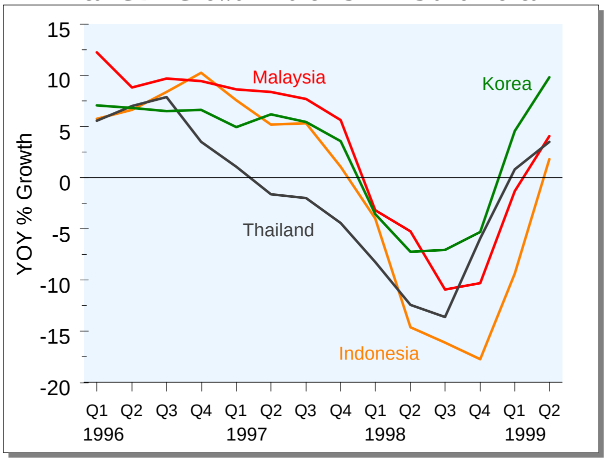
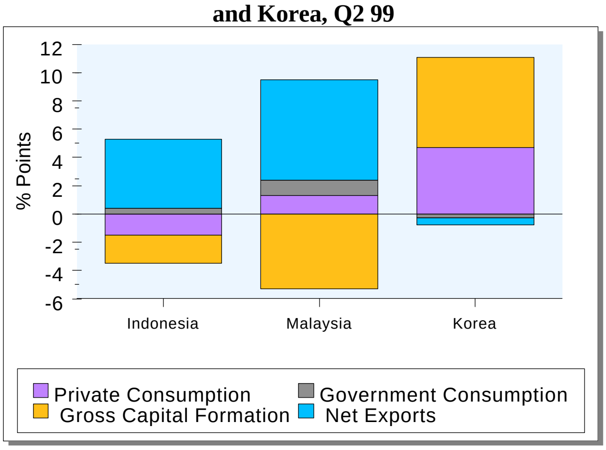


Chart 1.3
Contribution to Growth in Indonesia, Malaysia and Korea, Q2 99



well as an upturn in the global electronics cycle. Korean and Thai exports grew by 18% and 8.1% respectively in Aug 99, following growth of 2.9% and 5.7% in Q2, and contractions of 6.0% and 4.0% in Q1. The growth of Malaysian exports accelerated to 29% in Jul 99, from 16% in Q2 and 4.8% in Q1. Indonesian exports, however, contracted in Jun and Jul 99, by 21% and 13% respectively. (See Chart 1.4.)

The stronger than expected growth performance in Q2 has led to upward revisions in growth forecasts for 1999. The Bank of Korea has projected that the economy will grow by 6.8% this year, up significantly from its previous forecast of 3.8%. The IMF has raised its growth forecasts for Thailand and Indonesia up to 4% and -2.8%, from 1% and -4% respectively. While the Malaysian government announced that it would not revise its forecast from its earlier estimate of 1%, economists in the private sector generally expect growth to be higher.

Despite the pick-up in GDP growth, inflationary pressures in the region continued to ebb, reflecting the general decline in global commodity prices and excess production capacity. CPI inflation in Indonesia and Korea moderated to 5.8% and 0.9% respectively in Aug 99, from 70.7% and 1.5% in Jan 99. Similarly, in Malaysia, consumer prices rose by 2.3% in Aug 99, compared to 5.2% in Jan 99. Thailand, on the other hand, recorded a negative CPI inflation of 1.1% in August, its fourth consecutive month of negative inflation since May 99. (See Chart 1.5.)

In Northeast Asia, the economic outlook varied across countries. (See Chart 1.6.) Japan reported better-than-expected growth of 0.8% in Q2 99 from 0.1% in Q1. Growth was driven mainly by private consumption and government investment. The contribution to growth from private consumption rose to 1.1 percentage points in Q2, from 0.5 percentage point in Q1, while the contribution from government investment declined from 1.9 to 1.3 percentage points. Private investment and net exports, however, contributed negatively to growth in Q2. To sustain the nascent recovery of the Japanese economy, the government passed a supplementary budget worth ¥542.9 billion in Jul 99 aimed at creating up to 700,000 jobs, and is considering a possible ¥5-10 trillion second supplementary budget. The Bank of Japan's zero interest rate policy has also helped to ease liquidity and credit conditions in the economy.

Chart 1.4
Export Growth in the ASEAN-3 and Korea (US$ terms)

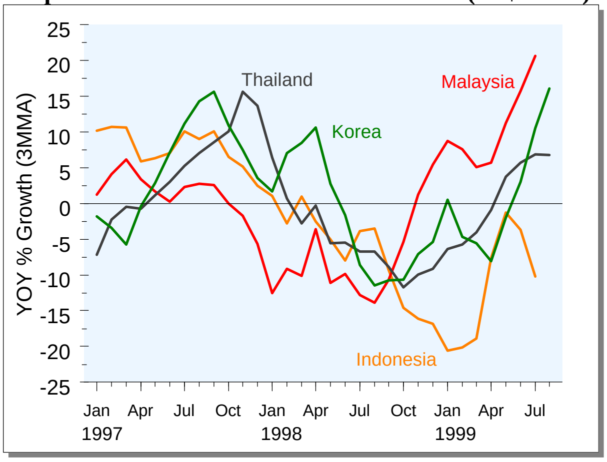


Chart 1.5
CPI Inflation in the ASEAN-3 and Korea

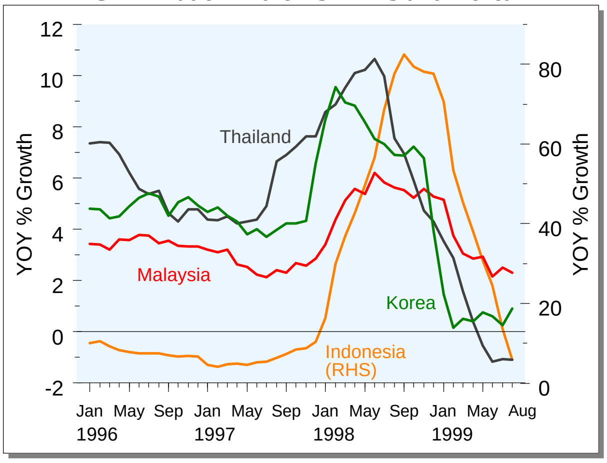
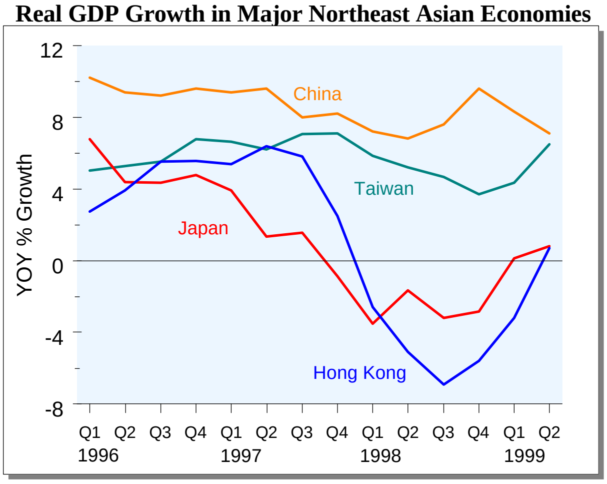


Chart 1.6
Real GDP Growth in Major Northeast Asian Economies



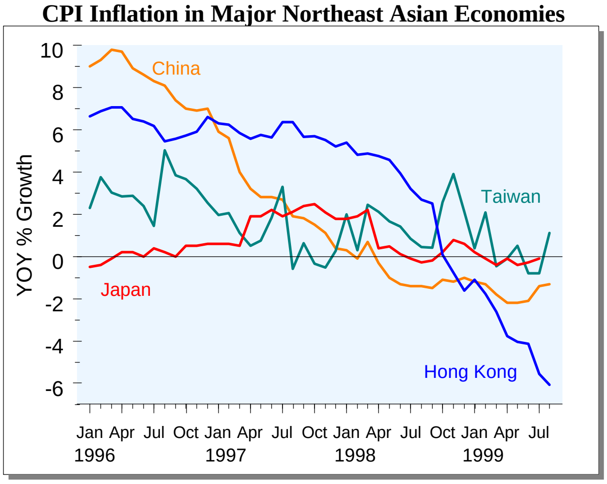
Real GDP growth in China eased from 8.3% in Q1 99 to 7.1% in Q2, as public investment slowed and trade surpluses narrowed. However, it is still on track to achieve the growth target of 7% this year. In response to the slowdown, the Chinese government has announced additional fiscal stimulus measures which will widen the budget deficit to 2.5% of GDP in FY 1999/00, from an earlier 1.8%. To complement this, the People's Bank of China has kept monetary growth strong, and cut interest rates again in Jun 99. Chinese leaders have recognised that pressing ahead with the reforms of state-owned enterprises and the financial sector are crucial for China's long-term sustainable growth, although efforts have progressed at a cautious pace.

The Taiwanese economy expanded by a higher 6.5% in Q2 99, from 4.3% in Q1, driven mainly by strong export growth. However, the recent earthquake has clouded the outlook for the economy, forcing the government to scale down its earlier growth forecast of 5.7% by 0.1-0.2 percentage points.

The Hong Kong economy reported unexpectedly strong GDP growth in Q2 of 0.7%, following five successive quarters of contractions. The recent hikes in US interest rates are likely to put further strain on the economy, as it adjusts internally as a result of the currency peg to the US dollar.

The major Northeast Asian countries were beset by falling prices. In Japan, consumer prices fell for the sixth consecutive month in Jul 99, as domestic demand remained subdued. China also continued to experience deflation, as a result of excess supply in both agricultural and manufacturing products, declining aggregate demand, and falling imported inflation. There are as yet no signs of a turnaround in the downtrend of prices. In Taiwan, CPI inflation rose by 1.1% in Aug 99, fuelled mainly by increases in the prices of food and medicine. In Hong Kong, the decline in consumer prices worsened to 6.1% in Aug 99, the tenth consecutive month of decline. (See Chart 1.7.)

Chart 1.7
CPI Inflation in Major Northeast Asian Economies



1.2 International Financial Markets

Sentiments in international financial markets continued to improve in Q2 99, mainly driven by an improving economic outlook for the Japanese and Euro-zone economies, as well as the strengthening recovery in East Asia. However, a cautious mood prevailed in anticipation of tighter monetary policy in the US. These expectations were validated by the US Federal Reserve on two occasions.

US, Europe and Japan

The US Federal Reserve shifted to a rate tightening bias on 18 May 99. The target Federal Funds rate was subsequently raised by 0.25% on 30 Jun and 24 Aug 99, bringing the closely-watched rate to 5.25%, just 0.25% below the level before the rate cuts in H2 98. The most recent rate hike was also accompanied by a 0.25% increase in the discount rate to 4.75%. In its 24 August statement, the Federal Open Market Committee (FOMC) said that robust domestic demand and tight labour markets domestically necessitated this action in order to preserve sustained and non-inflationary growth of the US economy. It felt that the cumulative increase of the Fed funds target rate by 0.50% this year, and the "firming of conditions more generally in US financial markets over recent months", would reduce the danger of inflation increasing in the near future.

There was no significant change in monetary policy in the other G3 economies. The Governing Council of the European Central Bank has not made any change to its main refinancing rate since 8 Apr 99, when the rate was cut by 0.50% to 2.5%. The Bank of Japan remained committed to its zero interest rate policy instituted in Feb 99, and has declared that it would continue to do so.

US and German bond yields rose beyond 6% and 5% respectively in early Sep 99, reflecting robust US growth as well as indications of enhanced growth prospects in the Euro zone. Japanese bond yields fell close to 1% in mid-May, but rose to 1.7% in early Sep 99, after Q1 GDP figures were released, and other leading indicators pointed to a continued upturn in economic activity. (See Chart 1.8.)

The bullish tone on emerging economies that prevailed in Q1 99 continued into the second half of the year. Capital flows to some emerging economies, particularly to Asian emerging economies, have resumed in the last few months, as investors rediscovered an appetite for assets in emerging economies. In line with the improved economic performance of emerging economies, yield spreads on emerging market bonds, as measured by JP

Chart 1.8
10-yr Government Bond Yields in the G3

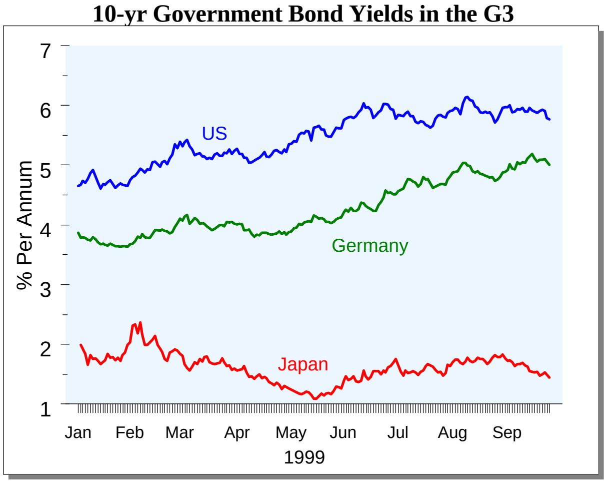
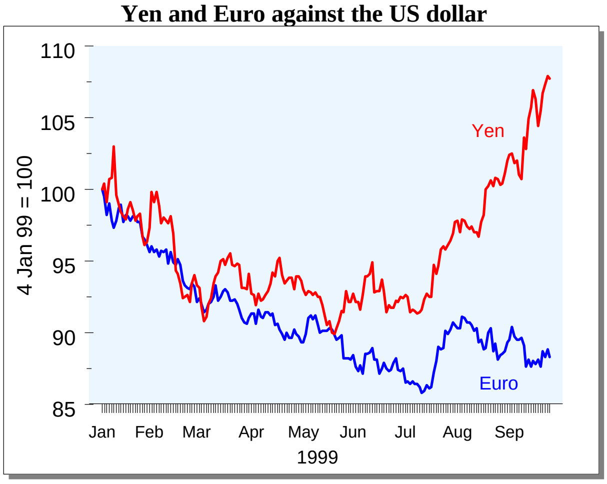


Chart 1.9
Yield Spreads on Emerging Market Bonds (EMBI+ Index)

Morgan's EMBI+ index, have fallen from the high of about 17% around Sep 98 – due to the Russian crisis – to about 11% in late Sep 99. (See Chart 1.9.)

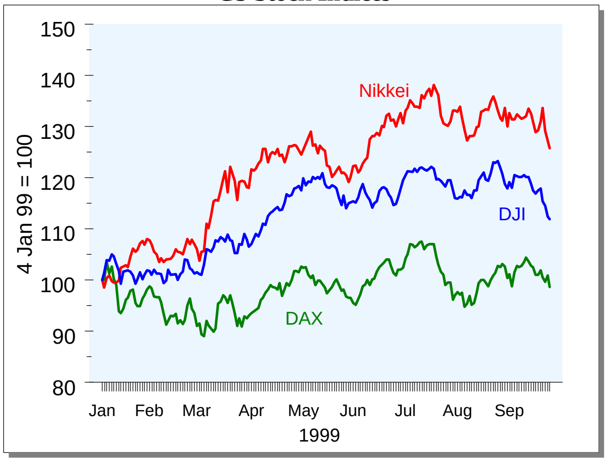
Chart 1.10
Yen and Euro against the US dollar



In the foreign exchange market, the Yen lost about 6% of its value against the US dollar in H1 99. However, pressures on the currency to appreciate mounted towards the end of Q2 99, due to an improving domestic economic outlook, which supported a surge in demand for Japanese assets. The rise in the Yen in June and July was moderated only because of repeated foreign exchange interventions by the Japanese monetary authorities. The Yen strengthened sharply from late July onwards, to around ¥103/US$ in late Sep 99, after hopes of unsterilised intervention by the Bank of Japan, and coordinated intervention by the G7 countries receded. (See Chart 1.10.)

The Euro followed a declining trend from its inception from the beginning of the year till early Jul 99, due to the divergence in the cyclical growth paths of the US and Euro-zone economies, reaching a nadir of US$1.014/Euro on 12 Jul 99. The currency surged briefly to a 12-week high of US$1.077/Euro on 4 Aug 99, on indications of better growth prospects in Euroland, but fell back to around US$1.04/Euro by late Sep 99.

Chart 1.11
G3 Stock Indices



In the equity markets, the Dow Jones Industrial Index (DJI) rose by about 20% in H1 99, powered by robust growth of the US economy and few signs of inflation. However, gains in the index moderated as the Federal Reserve hiked interest rates. Nevertheless, the index rose to a historic high of 11326.04 on 25 Aug 99 on renewed optimism over future earnings growth, with the latest rate hike already discounted by market participants.

In Japan, the Nikkei stock index rose beyond the 18,000 level in Jul 99, an increase of almost 40% since the beginning of the year. The release of unexpectedly strong Q1 figures led foreign investors to rush into the Japanese equity market, in anticipation of a sustained economic recovery. (See Chart 1.11.)

Movements in the German DAX were relatively muted, with the index remaining virtually unchanged in early Sep 99, compared to the beginning of the year. More recently, the index rose above 5250 in mid-Aug, buoyed by improving business sentiment, indicating better economic prospects in the months ahead.

East Asia

Amidst the improving global economic backdrop, East Asian currencies remained broadly stable. (See Chart 1.12.) The Won and the NT dollar largely tracked movements in the Yen. Both currencies fell over Feb and Mar 99 as the Bank of Japan guided the overnight call rate close to 0%, but have embarked on an appreciating trend more recently on the back of a brighter economic outlook in Japan as well as East Asia. Movements in the major Southeast Asian currencies were gradual, except for the Rupiah, which strengthened in June beyond Rp7000/US$ due to the smooth passage of the general elections and favourable comments by the IMF on the Indonesian economy. However, as a result of renewed tensions in East Timor and Jakarta, the Rupiah depreciated to almost Rp9000/US$ in early September.

East Asian stock indices retreated from their highs in July, in anticipation of interest rate hikes by the Federal Reserve, and negative domestic factors. The Stock Exchange of Thailand Index (SET) was plagued by banking sector concerns, while the Jakarta Composite Index (JCI) was buffeted by the Bank Bali scandal. The Kuala Lumpur Composite Index (KLCI) fell on concerns over the six-bank merger plan and withdrawal of foreign funds ahead of the 1 Sep 99 lifting of the exit tax on investment principal. East Asian stock indices rose slightly toward the end of Aug 99, as fears of further sharp increases in US interest rates receded. The KLCI rebounded in mid-Aug 99, following the announcement that Malaysia would be re-admitted in the Morgan Stanley Capital International (MSCI) Free Market Index series. The Taiwan Weighted Industrial Index (TWI) also benefited from its upward reweighting in two MSCI indices. (See Chart 1.13.)

Chart 1.12
Key East Asian Currencies

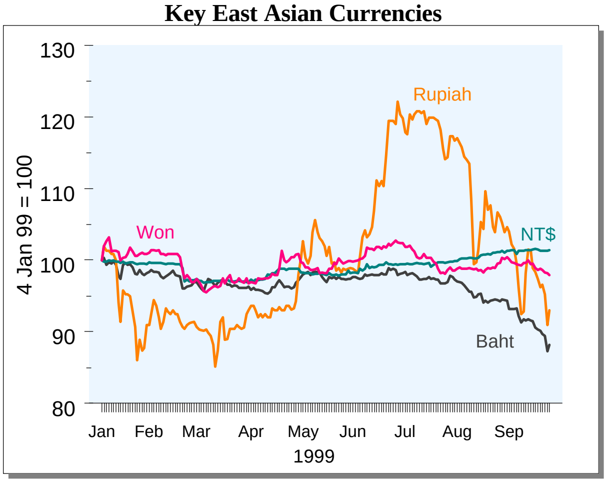
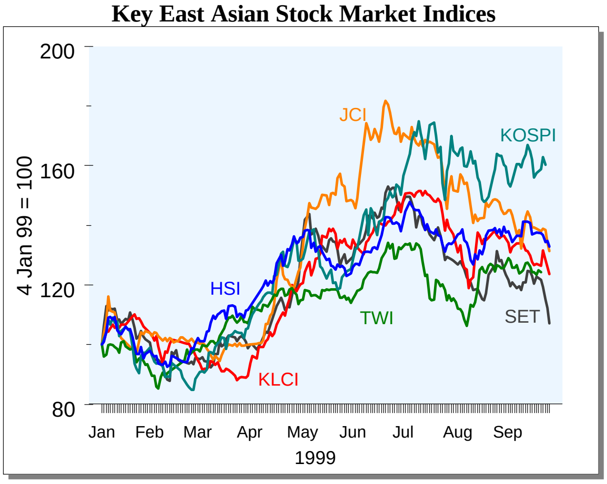


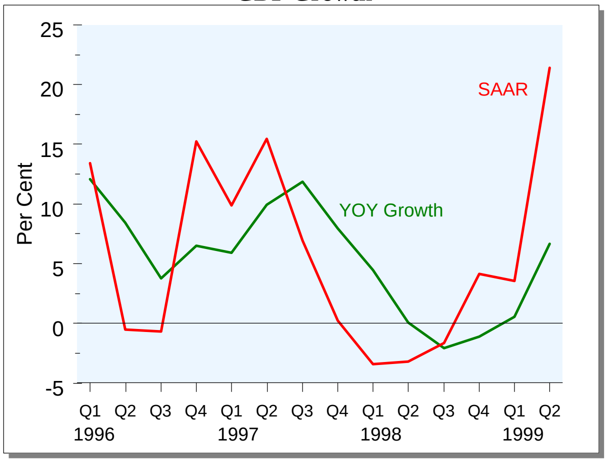
Chart 1.13
Key East Asian Stock Market Indices



External Economies Division
Financial & Special Studies Division

2 Demand and Output

Chart 2.1
GDP Growth



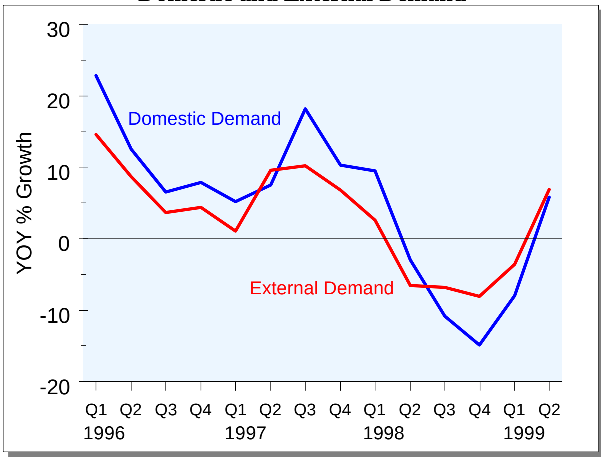
The Singapore economy expanded by a strong 6.7% in Q2 99, up from a revised growth of 0.6% in Q1. (See Chart 2.1.) The substantial revision to Q1 growth, compared with 1.2% reported earlier, was due to a revision by the Department of Statistics (DOS) in the methodology for measuring the value-added of the financial services sector. On a seasonally adjusted quarter-on-quarter annualised (SAAR) basis, GDP surged by 21.4% in Q2, compared with 3.5% in Q1. This heralded a much stronger recovery of the economy than had been anticipated.

Both external and domestic demand turned around to record positive growth in the second quarter after several consecutive quarters of contractions. Output was boosted by robust growth in the electronics manufacturing, as well as a recovery in non-electronics production. The services sectors also saw some recovery, reflecting the improvement in trade and regional economic growth.

With the significant improvement in economic outlook, the official forecast for 1999 GDP growth was revised to 4-5% in August, from 0-2% earlier.

2.1 Aggregate Demand

Chart 2.2
Domestic and External Demand



Following four consecutive quarters of decline, aggregate demand rose by 6.6% in Q2 99, compared with a contraction of 5.0% in Q1. External and domestic demand expanded by 6.9% and 5.8% respectively, from contractions of 3.6% and 8.0% in Q1 99. (See Chart 2.2.)

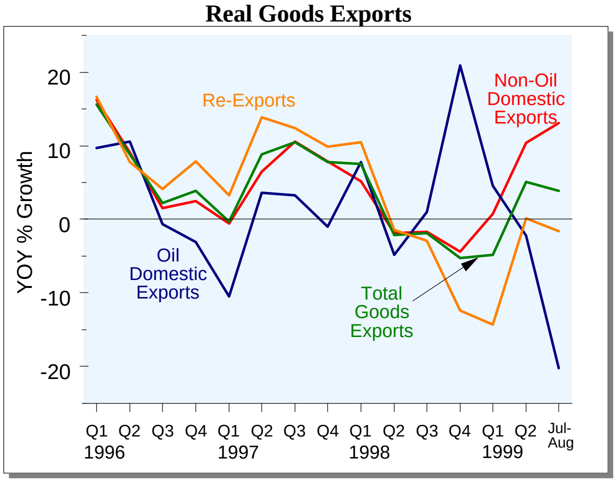
External Demand

The pick-up in external demand for Singapore's goods and services was mainly driven by the services sector. However, goods exports, which comprise a larger share, also saw a rebound.

Goods Exports

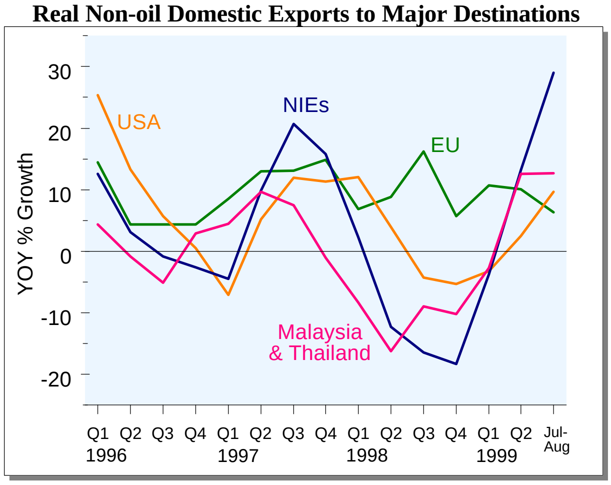
Real exports of goods registered growth of 5.1% in Q2. Domestic exports rose by 8.2%, while re-exports expanded marginally, albeit at an improved rate compared with the double-digit contractions in the previous two quarters. (See Chart 2.3.) Non-oil domestic exports (NODX), which account for over 80% of total domestic exports, increased by 10% in Q2, significantly higher than 0.7% in Q1. This was due to the surge in exports of non-electronics by 54%. In July-August, domestic exports averaged further growth of 7.5%, mirroring a rise in NODX of 13%.

Chart 2.3
Real Goods Exports



The improved performance of NODX in the second quarter extended across all Singapore's major export markets. (See Chart 2.4.) NODX to Malaysia and Thailand turned around and grew by 13% and 12% respectively, in tandem with the recovery of these economies. Similarly, NODX to the NIEs picked up strongly to grow by 13%. NODX to the US grew by 2.6%, following three quarters of contraction, while that to the EU rose by 10%.

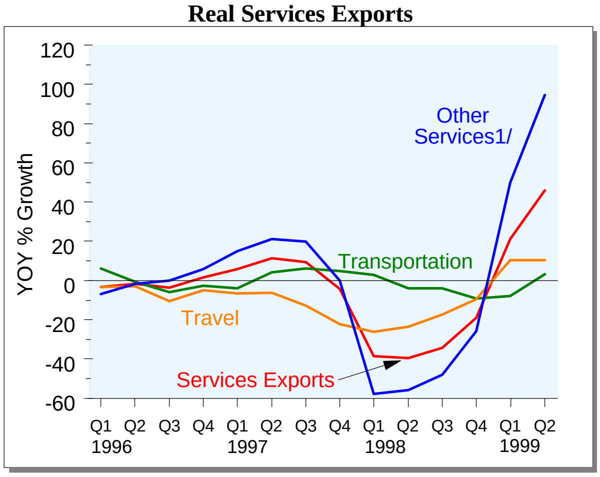
Chart 2.4
Real Non-oil Domestic Exports to Major Destinations



Reflecting cutbacks in local oil production due to the sustained squeeze on margins, oil domestic exports shrank by 2.2% in the second quarter and a further 20% on average in July-August. The region has continued to face an oversupply of refined petroleum products, as prices have not kept up with the rapid rise in crude oil prices.

For the remaining months of 1999, exports are expected to continue to post healthy growth. The outlook is predicated on the strength of the global electronics upturn and sustained recovery in the regional economies. A survey by the Economic Development Board (EDB) showed that more manufacturers are expecting orders from overseas to increase in the third quarter. In addition, Singapore's retained imports, a leading indicator of production, and hence also exports, had risen sharply in Q2.

Chart 2.5
Real Services Exports



1/ Other services exports include passenger fares, financial, communication, merchanting, professional and business services

Services Exports

Services exports, which had already seen strong growth in real terms[1] since the beginning of the year, surged by a

[1] To derive real services exports, nominal services exports from the balance of payments was deflated using a four-quarter moving average underlying CPI. The underlying CPI excludes private road transport and accommodation from overall CPI.

further 46% in Q2, from 21% in Q1. (See Chart 2.5.) This was largely on account of a 95% jump in the exports of 'other services'. As this includes financial services among others, the strong growth would be attributed to the sharp increase in stock market activity in Q2. In line with an improvement in visitor arrivals, especially from the region, travel services receipts also expanded at a double-digit rate in Q2. In contrast, exports of transportation services, which make up about a quarter of overall services exports, saw a smaller increase during the period.

Domestic Demand

Overall consumption expenditure rose by 5.7% in Q2, from 2.9% in Q1 and 1.2% in 1998 as a whole. Private consumption, in particular, expanded by 5.8%, following a 0.7% contraction in Q1. The improved outlook in the economy, coupled with the surge in stock prices, had bolstered consumer sentiment. Public consumption, on the other hand, showed a smaller increase in the Q2 of 4.9%, a moderation from more than 10% in the last two quarters. (See Chart 2.6.)

More significantly, consumer confidence has improved substantially over the last two quarters, and may portend higher spending by households in the period ahead. For example, the consumer confidence index compiled by the Straits Times and the Nanyang Technological University jumped from 121 in Mar 99 to 358 in Jun, while the MasterIndex[2] of consumer confidence more than doubled to 84.5 in Q2 99, from 34.6 six months earlier.

In contrast, investment continued to decline in Q2, albeit by a smaller magnitude. Total expenditure on fixed capital, weighed down by smaller private investment, fell by 4.8% after double-digit contractions in the previous three quarters. (See Chart 2.7.) The construction sector continued to be the main reason for the decline. (See Chart 2.8.) With the economic upturn, inventory accumulation was evident in Q2, which

Chart 2.6
Consumption

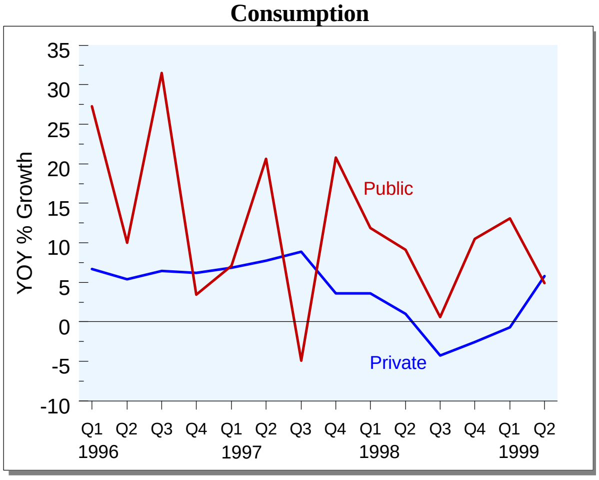


Chart 2.7
Investment

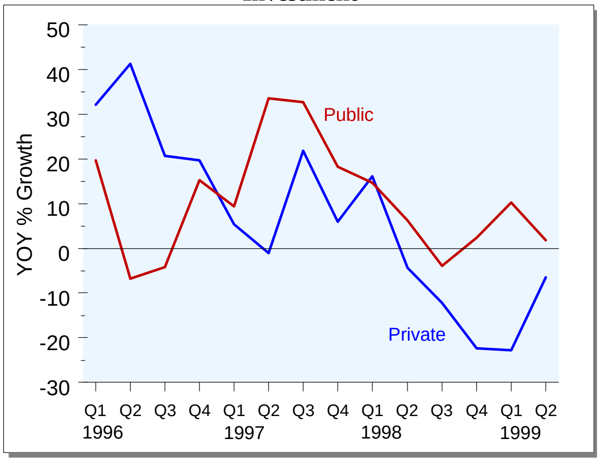
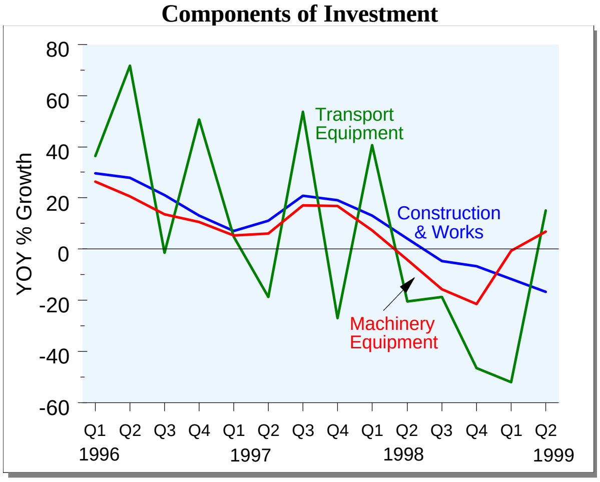


Chart 2.8
Components of Investment



[2] The MasterIndex is compiled by MasterCard International and ranges from 0 to 100. A score of 50 denotes no change in consumer confidence, while a score of above (below) 50 indicates consumer optimism (pessimism) about the economic situation and quality of life over the next six months.

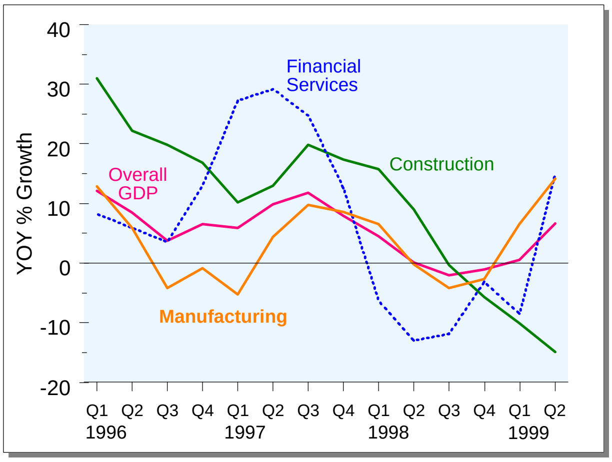
contributed to about 81% of the expansion in overall domestic demand. The build-up in inventory was a reversal of the downtrend seen since the start of 1998.

The outlook for businesses in the coming months has improved. The CPF default rate[3] has fallen to 0.89% in Q2, from 1.23% at the beginning of the year, indicating an improvement in firms' cashflow. Recent surveys conducted in the manufacturing, commerce and services sectors by the EDB and the Department of Statistics (DOS) found that more firms expect better business conditions in H2 99. Net investment commitments in the manufacturing sector also grew by 13%. In another survey by the Business Times and the National University of Singapore's Centre for Business and Research Development, 70% of respondents were more optimistic about their business prospects.

2.2 Domestic Output

The Singapore economy expanded by 6.7% in the second quarter of 1999, compared with 0.6% in the first quarter. (See Chart 2.9.) All major sectors of the economy, except construction, recorded stronger growth in Q2. The manufacturing sector was boosted by both the electronics and chemicals industries, while the commerce sector benefited from recovery in the regional economies. A rapid turnaround in the financial services sector, reflecting a huge jump in stock market activity, also contributed to a large part of the pick-up in overall GDP growth. The construction sector, however, contracted more severely, as sentiments in the private residential market remained cautious in view of continued excess supply in the market.

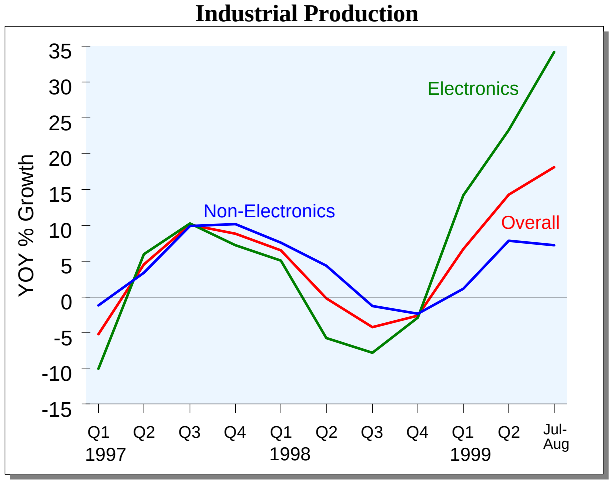
Chart 2.9
GDP Growth



Manufacturing

Growth in the manufacturing sector more than doubled to 14% in Q2 99, from a 6.5% expansion in the previous quarter. The sector continued to expand by an average of 18% in July-August, which brought overall growth to 12% for the first eight months of the year, driven by the strong performances of the electronics and chemical industries. (See Chart 2.10.)

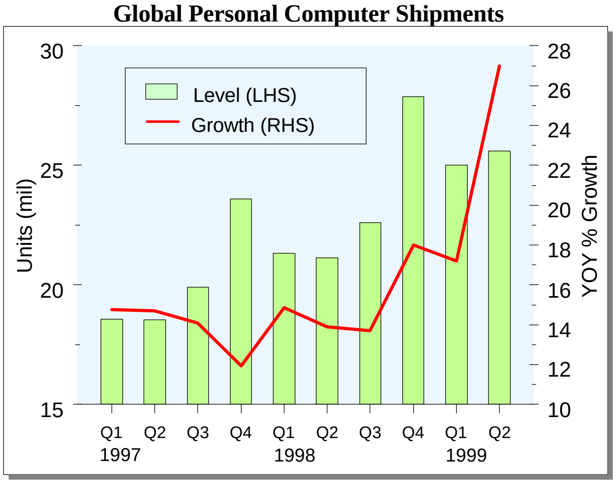
Chart 2.10
Industrial Production



[3] The default rate represents the percentage of active employers who have defaulted on CPF payments for two consecutive months.

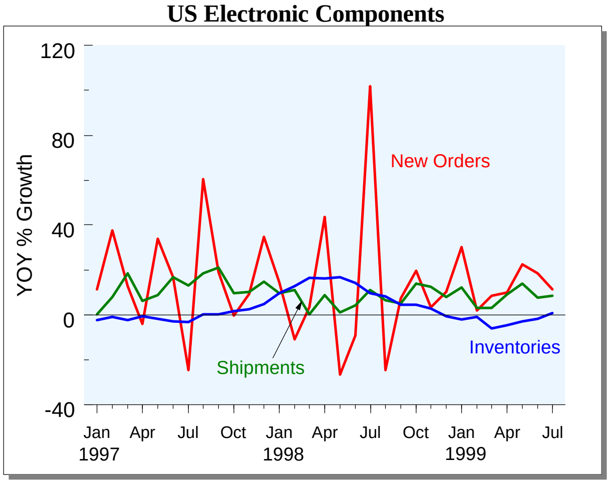
Spurred on by a recovery in the global electronics industry, Singapore's electronics production expanded by 23% in Q2 99 and a larger 34% in July-August, up from 14% in the first quarter. The improvement in electronics output was broad-based, with most electronics industries registering robust growth. The telecommunications equipment industry was boosted by strong regional demand for cellular telecommunications products, while in the semiconductor industry, local manufacturers ramped up production in response to improved sentiments in the global market. Shipments of personal computers (PC) have also been driven by the continued decline in PC prices, as well as the surge in Internet usage. Indeed, International Data Corporation (IDC) reported stronger-than-expected Q2 growth of 34% in Asia-Pacific PC unit shipments, which were fuelled by the economic recovery in the region. As such, IDC has revised upwards its full-year growth forecast for Asia-Pacific PC shipments to 30%, from 23% previously. (See Chart 2.11.)

Chart 2.11
Global Personal Computer Shipments



Other indicators also point to a sustained recovery in the global electronics industry, with new orders and shipments of US electronic components recording robust growth of 11% and 8.6% respectively in Jul 99, while inventory levels continue to decline. (See Chart 2.12.) In addition, local electronics production should be sustained by increased domestic capacity expansion[4] in the semiconductor industry, amid improved industry sentiments and healthy demand.

Chart 2.12
US Electronic Components



In contrast, prospects for the disk drive industry remain dampened by the severe price erosion in the low-end market for desktop drives, despite continued growth in unit shipments. The local disk drive industry also experienced another setback when Seagate announced in mid-August that it was downsizing by 1,600 workers in Singapore as part of its global restructuring plan. The news follows Western Digital's decision to close one of its Singapore plants, and shift its low-end drive production to Malaysia, cutting 2,500 jobs in the process.

[4] Silicon Manufacturing Partners are ramping up production in 1999, while Chartered Silicon Partners' plant is scheduled to come on stream in 2000. The two TECH plants acquired by Micron are also expected to raise production in H2 99 when their conversion to Micron's more advanced technology is completed. In addition, Hitachi Nippon Steel has been stepping up production amid the upturn in industry sentiments.

Non-electronics production also saw a significant improvement in Q2 99, after growing by a weak 1.2% in the first quarter of the year. It recorded a healthy increase of 7.8% in Q2, and continued to grow by 6.7% and 7.7% in July and August respectively. However, the recovery was largely confined to the chemicals cluster, which turned in stellar growth of 37% in Q2 99 and 36% in July-August. (See Chart 2.13.) In particular, pharmaceuticals and industrial chemicals saw strong growth due to new capacity that had come onstream in the earlier part of the year. Growth of petrochemical output, however, was significantly weaker in Q2 and contracted in both July and August, reflecting the maintenance shutdown of one of Singapore's two ethylene crackers and its related downstream plants, as well as reduced margins due to rising feedstock prices.

Most of the other non-electronic industries continued to perform poorly. Output of refined petroleum products contracted by 7.2% in Q2 and a sharper 21% in July-August, as local refiners cut back on production in the face of worsening margins. Refining margins have been severely squeezed by the rise in crude oil prices following the OPEC oil producers' decision in March to cut crude production. (Chart 2.14.) The transport equipment industry also recorded a decline of 2.2% for the first eight months of the year, largely due to the poor performance of the marine transport equipment. The fabricated metal products, electrical and non-electrical machinery industries also continued to contract in Q2, although the rate of decline was smaller compared with the previous quarter. (See Chart 2.15.)

For the rest of 1999, non-electronics production would be supported by growth in the chemicals cluster, as regional demand recovers and new plants come onstream in Singapore in the latter half of the year[5]. However, the outlook for the other non-electronics industries remains somewhat less sanguine. In particular, the petroleum refining industry is expected to face a severe supply glut with massive capacity expansions in the region more than

Chart 2.13
Output of Chemicals

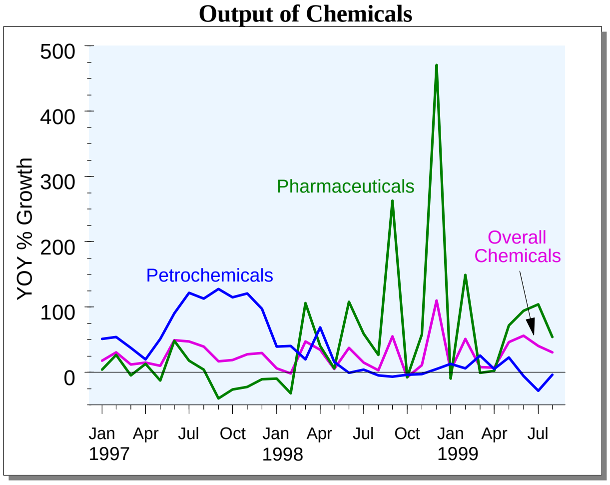


Chart 2.14
Refining Margins and Output of Refined Petroleum Products

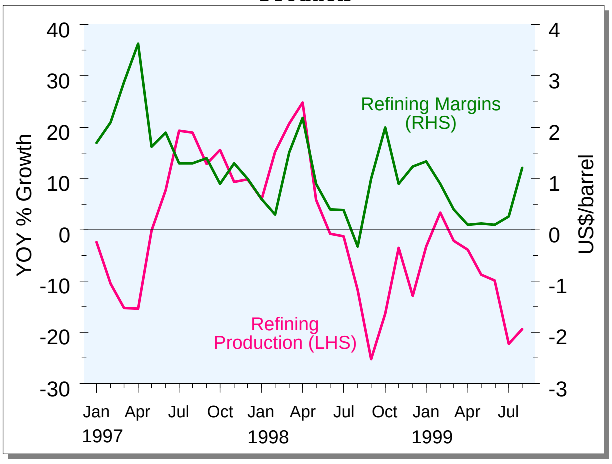
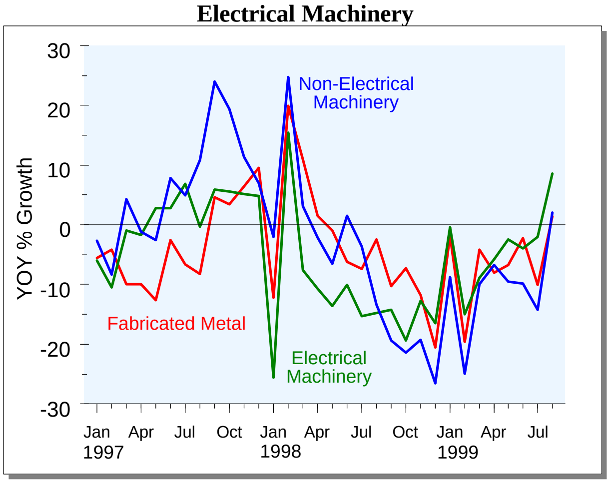


Chart 2.15
Output of Non-electrical Machinery, Fabricated Metal and Electrical Machinery



5 Schering-Plough also plans to ramp up production of its asthma inhaler in the second half of 1999. Other chemical projects starting up later this year include Mitsui's bisphenol-A plant and Teijin's polycarbonate resins plant.

offsetting a pick up in Asian oil demand[6]. This expected supply-demand imbalance has led Shell to announce that it would mothball one of its crude distillation units here and run at an average of 70-75% of capacity for the next 1-2 years, while other local refineries have taken similar steps to curtail production. The transport equipment industry is also expected to see mediocre growth, reflecting the weakness in the marine transport equipment industry. The ship repair market remains soft, with strong competitive pressures from shipyards in the Middle East and South Korea.

Financial and Business Services

The financial and business services sector grew by 7.5% in Q2 99. This compares with a 3.9% contraction in the previous quarter. The strong turnaround was due to a rapid expansion in the financial services sector, which grew by 15%. Business services, on the other hand, rose by 0.6%. (See Chart 2.16.)

With effect from Q2 99, DOS has revised the methodology for measuring value-added in the financial services sector. The new methodology would more accurately capture some financial activities that have grown in importance over the years. Box Item 1 provides a summary of the main changes in methodology and its impact on estimates of GDP.

Financial Services

The robust growth of the financial services sector followed five consecutive quarters of contraction, and reflected largely the surge in stock market activity. Boosted by renewed foreign interest, low domestic interest rates and improved confidence in the economy, average daily turnover on the Stock Exchange of Singapore increased by 337% in value terms and 555% in volume terms in Q2. (See Chart 2.17.) The value of shares traded in Q2 alone amounted to more than 80% of the total transacted in 1998 as a whole. However, activity in the stock

Chart 2.16
Growth of Financial & Business Services

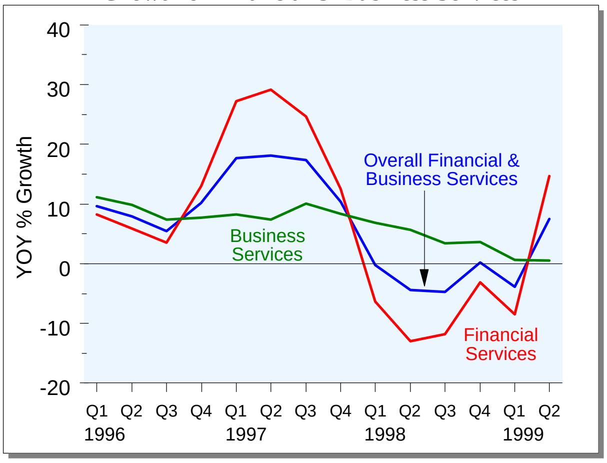
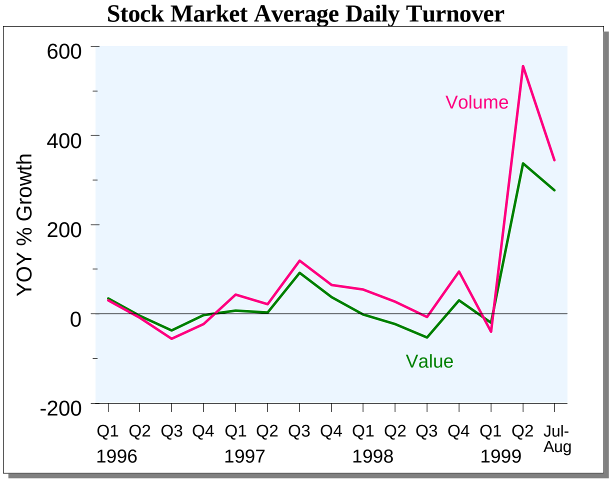


Chart 2.17
Stock Market Average Daily Turnover



6 Although the East-West Centre, a Hawaiian-based research institute, has forecast Asian oil demand to grow by 400,000 bpd in 1999, it expects this to be more than offset by around 2 million bpd of new refining capacity due onstream next year, largely from new refineries in India, China, Taiwan and the United Arab Emirates.

market has cooled somewhat since mid-July, after trading limits were imposed by broking firms[7], and expectations of interest rate hikes in the US increased. In Jul-Aug 99, the average daily turnover volume on the stock market fell to just 40% of that in June.

Turnover on Singapore's futures and options exchange, the Singapore International Monetary Exchange (SIMEX), picked up slightly in Q2. The number of contracts traded rose by 0.2%, after contracting by 0.2% in Q1. In July, it rose by 18%. Over Apr-Jul 99, the number of Eurodollar and Nikkei 225 futures contracts traded rose by 18% and 7.9% respectively, while the number of Euroyen futures contracts traded fell by 20%. Together, these contracts comprise 86% of total futures contracts.

The insurance industry saw improved performance in Q2, led by the life insurance business. (See Chart 2.18.) A total of 105,889 new life insurance policies were sold in Q2, representing an increase of 41% quarter-on-quarter and 19% year-on-year, as the recovery in the economy encouraged more people to make financial commitments. The total amount of premiums collected on new polices was double that in the same period a year ago, as there was continued strong sales of single-premium policies. The general insurance industry also experienced an improvement in business, with gross premiums collected rising by 3.4% in Q2, the first positive growth since Q1 98.

On the other hand, the domestic and offshore banking sector, and the foreign exchange market, remained weak in Q2. Bank loans to non-bank customers fell by 2.5% in June and 2.6% in July, compared to a decline of 3.3% in March.[8] (See Chart 2.19.) Loans to most major sectors of the economy continued to fall. Housing loans, however, was supported by the pick-up in the private residential property market, although loans to the building and construction sector continued to fall, as developers remained cautious in view of the excess supply in the market. Finance

Chart 2.18
Premiums Collected for General Insurance & Life Insurance New Business

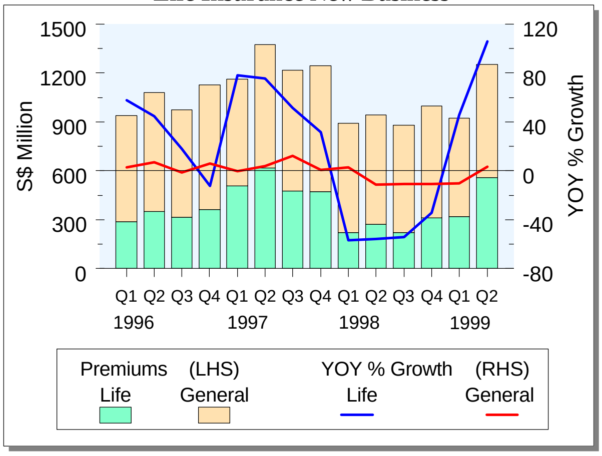
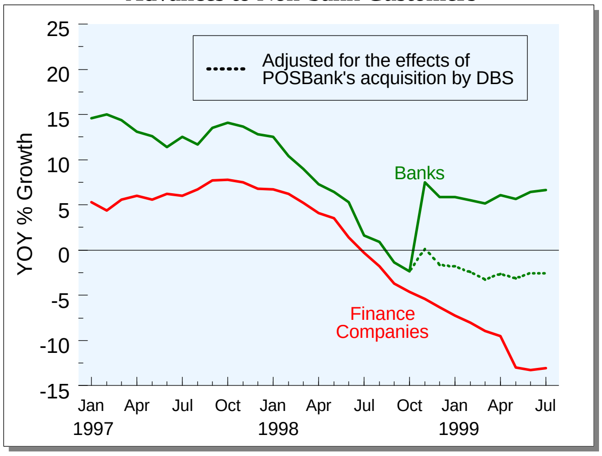


Chart 2.19
Commercial Banks' and Finance Companies' Loans and Advances to Non-bank Customers



7 Trading curbs were imposed in July by broking firms as they were concerned about increased risk exposure and the huge spike in contra trading. The curbs required clients to pay for their purchases upfront instead of the usual seven days later. The trading curbs also restricted the activities of punters, who in many cases, were prevented from further buying in the market.

8 The growth of bank loans and advances to non-bank customers have been adjusted for the inclusion of loans made by POSBank following its acquisition by DBS Bank in Nov 98. The unadjusted loan growth for Jun and Jul 99 were 6.4% and 6.6% respectively.

Box Item 1: New Methodology for Calculating Value-Added of Financial Services

The methodology for estimating value-added of the financial services sector was revised to better track its performance given the rapid growth and developments in the sector. The changes affected three areas:

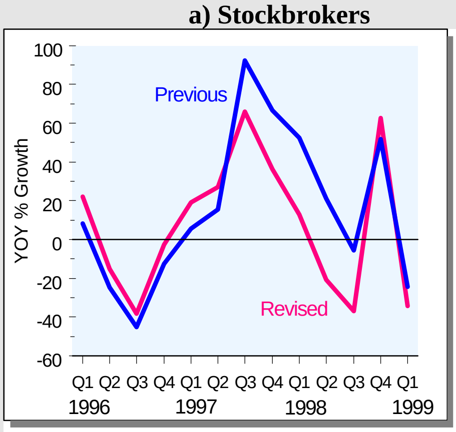
- **Stockbrokers:** The new methodology uses fees and commissions received to estimate value-added. The old methodology uses the volume of stock transactions in the SES and does not take into account off-SES stock transactions. As a result, it underestimates (overestimates) the growth in the value-added of stockbrokers when off-SES share trading grows faster (slower) than SES share trading.

- **Investment Advisers:** The value-added of investment advisers was previously estimated using "number of employee hours", and will be shifted to one based on fees and commissions received under the new methodology.

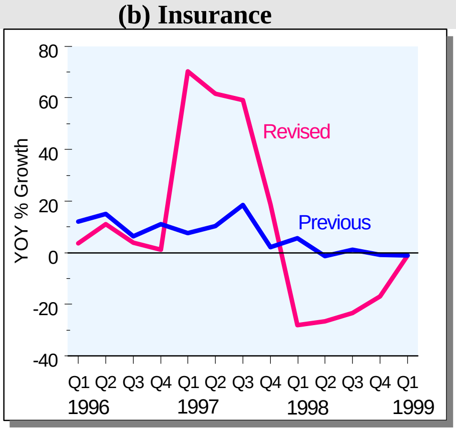
- **Insurance Services:** The revision in methodology is based on the new guidelines in the 1993 edition of the UN's System of National Accounts, which includes investment income and changes in insurers' reserves in the computation of value-added. The old methodology estimated value-added based on premiums earned and claims due, and failed to reflect the importance of the management of reserves by insurers. The income generated by the investment of reserves has a significant influence on the level of premiums charged. Chart 1A compares the differences in growth of the stockbroking and insurance industries based on the old and new methodologies.

Chart 1A

a) Stockbrokers



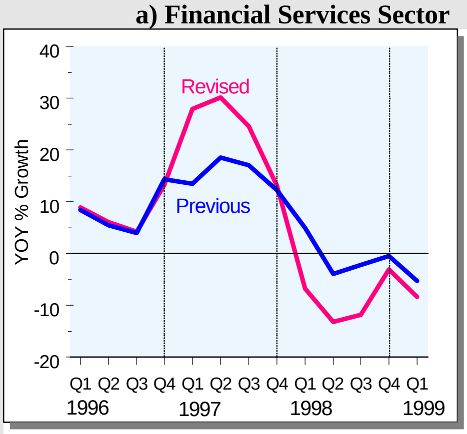
(b) Insurance



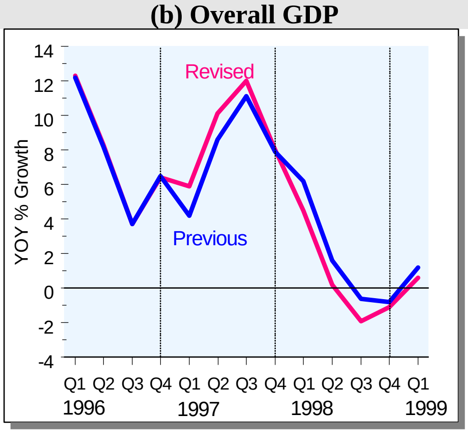
The new methodology leads to a 8.5% point higher growth rate in the financial services sector in 1997, which translates into a 1.0% point higher real GDP growth rate. In 1998 and Q1 99, however, the new methodology reduces growth of the financial services industry by 8.3% points and 3.1% points respectively. (See Chart 1B.)

Chart 1B

a) Financial Services Sector



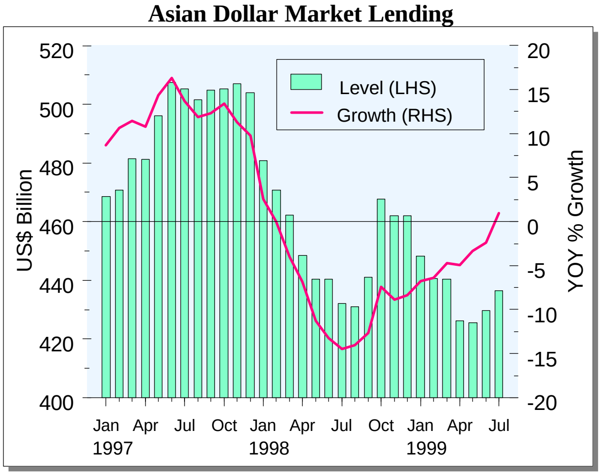
(b) Overall GDP



companies' loans and advances shrank by 13% in both June and July, as hire-purchase financing contracted sharply. The fall in July marked more than a year of declines in finance companies' loans.

Lending in the offshore Asian Dollar Market (ADM) also declined, by 2.4% in Jun 99, but turned around to record a small increase of 1.0% in July, largely reflecting an increase in loans to countries outside the region. (See Chart 2.20.) Although the outlook for the regional economies has improved in recent months, activities such as loan syndication to the region may take longer to recover.

Chart 2.20
Asian Dollar Market Lending



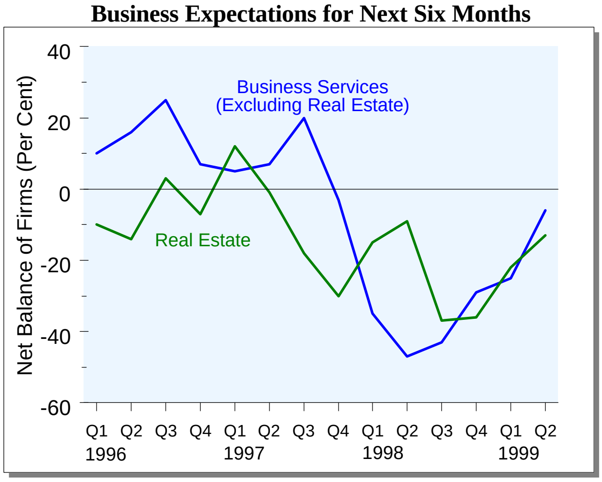
Business Services

The business services sector saw marginally slower growth of 0.6% in Q2 99 compared to 0.7% in Q1. According to the Business Expectations Survey (BES) by DOS, half of business services firms (excluding real estate) reported more favourable performance in Q2, an improvement compared to a negative net balance[9] of 12% in Q1. Consultant engineers and firms providing management consultancy and advertising services saw a pick-up, although firms providing information technology, accounting and auditing, and legal services experienced deterioration in business.

Real estate firms fared worse in Q2 compared with Q1. A net balance of 23% of firms recorded slower business in Q2, compared to a net balance of 4% recording higher earnings in Q1. Property developers and real estate management firms, in particular, experienced slower business in Q2.

For H2 99, a net balance of 6% of business services (excluding real estate) and 13% of real estate firms expect poorer business. The bulk of firms, i.e. 70% of business services (excluding real estate) and 69% of real estate firms, foresee unchanged business prospects for the second half of the year. (See Chart 2.21.)

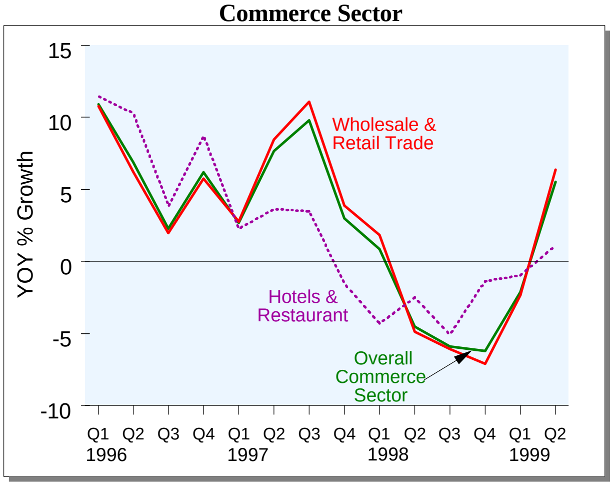
Chart 2.21
Business Expectations for Next Six Months



Commerce

In line with the pick-up in the domestic and regional economies, the commerce sector grew by 5.5% in Q2

Chart 2.22
Commerce Sector



[9] The net balance is the difference between the percentage of firms reporting more favourable performance minus the percentage reporting less favourable performance.

99, having recorded declines in the previous four quarters. (See Chart 2.22.) On a seasonally-adjusted quarter-on-quarter annualised basis, the commerce sector surged by 26%, after growing by 9.6% in Q1. The pick-up was broad-based across the sub-sectors. In particular, wholesale and retail trade grew by 6.4% year-on-year in Q2, after declining by 2.3% in Q1, as re-exports to the regional economies recovered, and consumer sentiment improved. The return of tourist arrivals, especially from the region, also supported growth in the restaurants and hotel industry.

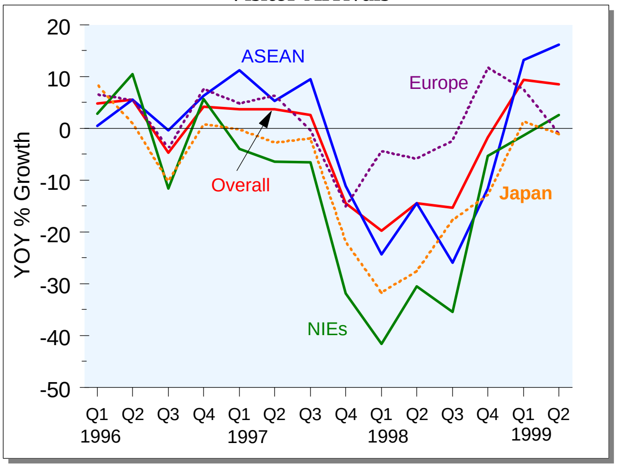
Visitor Arrivals

Growth in total visitor arrivals moderated slightly from 9.3% in Q1 to 8.5% in Q2. (See Chart 2.23.) Arrivals from the ASEAN countries continued to grow strongly, by 16%. This was due to a 26% and 30% increase in arrivals from Indonesia and Thailand respectively. Arrivals from Malaysia saw a smaller fall of 3.9%, after six consecutive quarters of double-digit contractions. Visitor arrivals from the NIEs rose by 2.5%, its first quarterly growth since Q4 96, supported by strong growth in South Korean visitors. While arrivals from Korea surged by 176% in Q2, underpinned by the strong recovery in the Korean economy, arrivals from Hong Kong and Taiwan continued to register double-digit declines.

Visitor arrivals from the industrial countries slowed in Q2 99. Arrivals from Japan and Europe both fell by 1.1%. There were slower increases in arrivals from the UK and Germany, which account for about half of total arrivals from Europe. Visitors from the US fell less sharply by 0.6% compared to the decline of 1.4% in the previous quarter.

In Jul-Aug 99, total visitor arrivals grew by 12%, further boosted by double-digit growth in arrivals from ASEAN and the NIEs. Increases in arrivals from the industrial countries were also sustained, with European arrivals in particular supported by a significant pick-up in UK arrivals. However, arrivals from Japan saw a 3.5% contraction on average in July-August. Overall growth of total tourist arrivals reached 9.7% for the first eight months of the year. The strong recovery has prompted the Singapore Tourism Board to revise its projection of growth in visitor arrivals to 6-8% for 1999, up from the earlier 1-3%.

Chart 2.23
Visitor Arrivals



Hotels/F&B/Retail Industries

Despite continued strong growth in tourist arrivals, the hotel business contracted further in Q2 99. However, hotel room revenues fell by a smaller 12%, compared to a decline of 16% in Q1. (See Chart 2.24.) Although this was the smallest decline since Q4 97, the sustained decline in revenues reflected aggressive price cuts by hotels, with room rates falling by 14% in Q2. The hotel occupancy rate saw a marginally higher growth of 0.4%, while the number of room nights let out increased by 2.2%. In July, the fall in hotel revenues moderated to 4.7%, as the occupancy rate grew by 5.0%, while the average room rate declined by 11%.

Revenues generated at food and beverage (F&B) outlets saw a smaller fall of 7.4% in Q2 99, compared to a 12% decline the previous quarter. The catering trade also registered an increase of 3.0%, as revenues from fast food outlets and other eating places, like canteens and coffee shops, saw a larger increase. In volume terms, catering trade turnover rose by 2.7%.

Retail sales rose strongly by 9.0% in Q2 99, following growth of 0.9% in Q1. (See Chart 2.25.) This could partly be explained by the low base effect, as the Great Singapore Sale had commenced a month earlier at end-May this year compared to last year. Improved consumer confidence mirroring the more optimistic outlook for the economy also helped boost sales. Purchases of textiles and personal effects saw the largest increase of 14% in Q2, after declining by 0.3% the previous quarter. Motor vehicles sales remained robust, registering a 19% growth, while sales of furniture and household equipment rose by 1.8% after five consecutive quarters of decline. Department store and supermarket sales registered a larger 9.0% increase.

Chart 2.24
Hotel and F&B Indicators

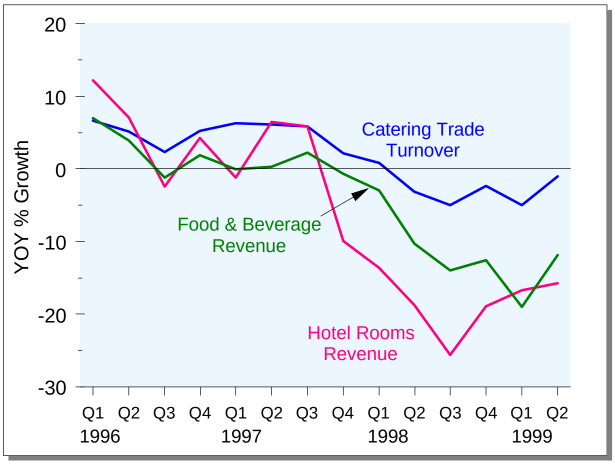
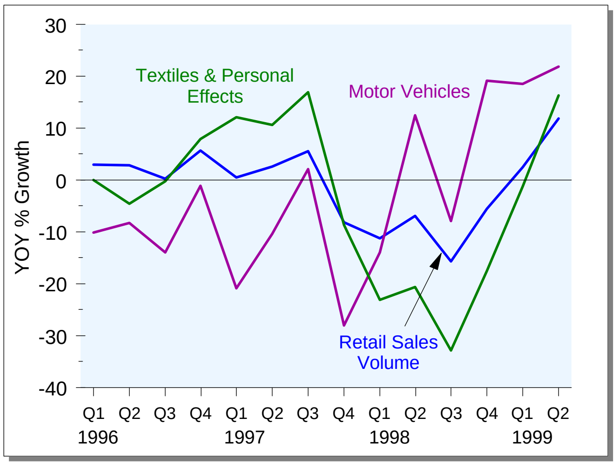


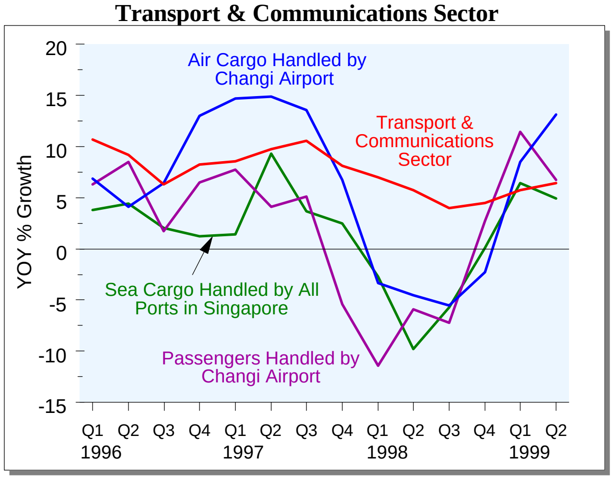
Chart 2.25
Retail Sales



Transport & Communications

The transport & communications sector sustained growth of 6.4% in Q2, compared with 5.7% in Q1. The sector benefited from the positive spill-over effects of increased regional trade and strong tourist arrivals. The volume of air cargo handled rose by 13%, compared to 8.5% in the previous quarter. However, the volume of sea cargo handled through the Port of Singapore rose at a slightly slower pace of 4.9% in Q2, compared with 6.4% in Q1 99. Changi Airport also saw a smaller 6.7% increase in the

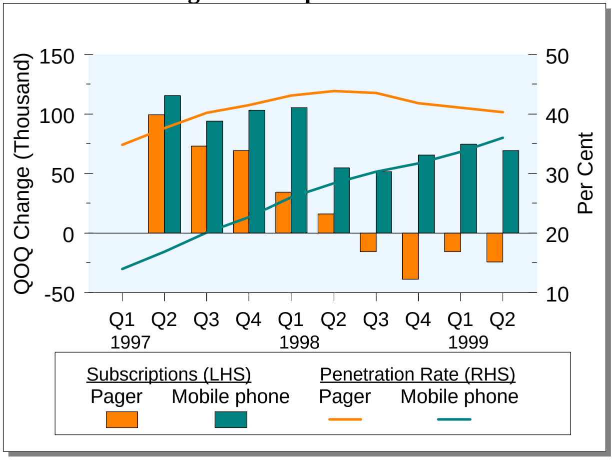
Chart 2.26
Transport & Communications Sector



number of passengers handled, after growing by 11% in Q1. (See Chart 2.26.)

In the communications industry, which recorded stronger growth of 7.0% in Q2, mobile phone subscriptions continued to rise rapidly by 29%. (See Chart 2.27.) Internet dial-up subscriptions also registered robust growth of 40% in Q2, albeit slightly slower than the 45% increase in the previous quarter. In addition, international call volume, an indicator of business activity, rose by some 10% in Jun to 74 million call minutes, one of the highest monthly volumes in over a year. On the other hand, the number of pager subscriptions fell by 6.1% in Q2 reflecting the saturation of the market.

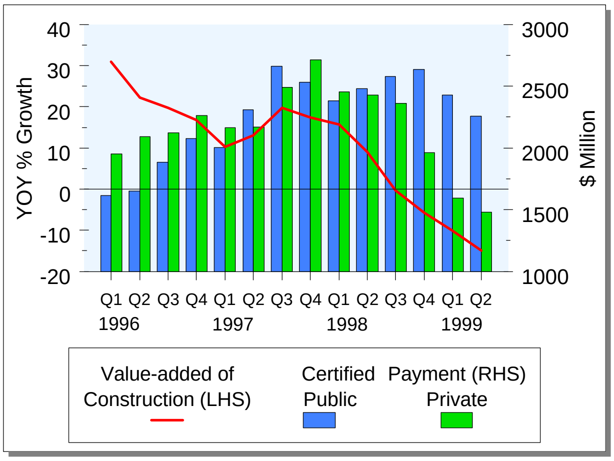
Chart 2.27
Mobile Phone/Pager Subscriptions and Penetration Rates



Construction

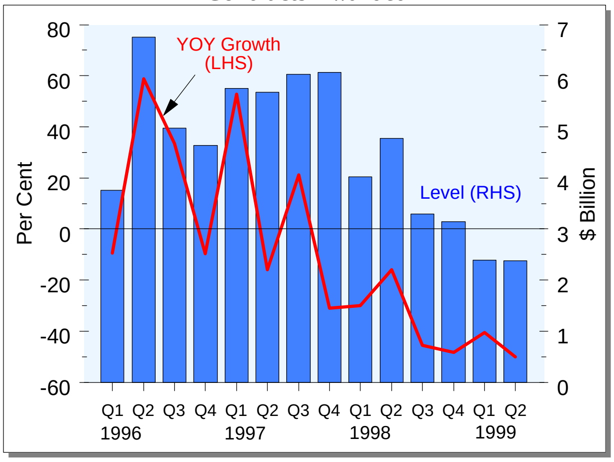
The construction sector shrank by a more severe 15% in Q2 99, bringing the average contraction in the first half of the year to 13%. Both public and private construction activity weakened, with certified payments down by 8.9% and 41% respectively. (See Chart 2.28.) Private residential construction activity remained sluggish as some developers maintained a cautious stance in the presence of excess supply in the market, which still remained despite the return of buying interest in recent months. The private non-residential segment was also weighed down by an oversupply situation. At the same time, public construction activity has cooled somewhat as the pressure in residential construction to meet demand has ebbed with the shortening of queues for HDB flats.

Chart 2.28
Construction Sector



The construction sector is expected to remain weak in the second half of the year, as contracts awarded, a leading indicator of construction activity, shrank by 50% in Q2 99 following a 41% contraction in Q1. (See Chart 2.29.) Private construction activity would continue to be dampened by weak residential property prices, which remain substantially lower than its pre-crisis levels, and a diminishing pipeline of new non-residential construction projects. Public non-residential construction, however, is expected to register positive growth this year, supported by strong contracts awarded last year.

Chart 2.29
Contracts Awarded



3 Inflation

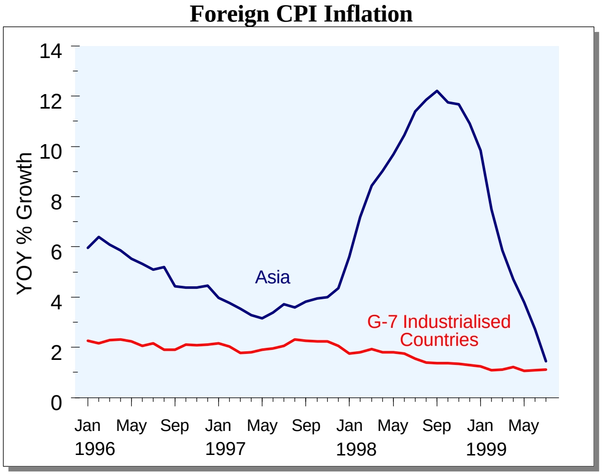
The negative inflation trend that was seen over most of 1998 and the earlier part of 1999 turned around in Q2 99. CPI inflation rose marginally by 0.1% in Q2, and a further 0.8% in July-August on average. Nonetheless, overall CPI inflation in the first eights months of this year remained at 0%. External price pressures have picked up slightly reflecting some increase in commodity prices, particularly that of mineral fuel. Foreign CPI inflation, on the other hand, has largely stayed low, despite the regional economic recovery, and healthy growth in the industrial countries. Asset prices were more buoyant in Q2, with equity prices strengthening significantly.

3.1 External Inflation

Foreign CPI Inflation

Inflationary pressures remained relatively subdued in most Asian countries, having declined significantly since late last year. (See Chart 3.1.) In Aug 99, consumer price inflation in Thailand dipped to negative 1.1%, while that in South Korea remained benign at 0.9%. Price inflation in Malaysia has also slowed to 2.4% in July-August on average, from 2.7% in Q2 and 4.0% in Q1. Indonesia has seen inflation come down sharply to 5.8% in August, from 14% in July and 31% in Q2.

Chart 3.1
Foreign CPI Inflation



CPI inflation in Hong Kong, China and Taiwan also continued to fall, recording larger negative rates compared to the previous quarter, although in Taiwan, inflation picked up to 1.1% in August. In the G-7 industrialised countries price pressures were mild, with consumer prices rising by an average of 1.2% in Jul 99.

Commodity Prices

Prices of major commodities in world markets have firmed as a whole reflecting the rise in oil prices. In mid-Jul 99, crude oil prices rose to a 20-month peak of

US$19.43 per barrel, before ending lower at US$18.26 per barrel at the end of the month. This was a 67% increase compared to the average of US$10.93 in Q1 99. The higher oil prices were largely due to greater compliance by the OPEC members with the self-imposed production quotas as well as higher prospective world demand growth in light of the Asian economic recovery. The upsurge in domestic wholesale prices of mineral fuel, by 32% in Jul 99, mirrored the spike in world oil prices. This compares with a price decline of 12% in Q1. (See Chart 3.2.)

World prices for non-oil commodities, on the other hand, fell by another 1.2% in Q2 99, following a price decline of about 3% in Q1. As such, prices of non-oil commodities were some 26% lower than pre-crisis levels in May 97. There has been a divergence between the price trends in industrial material and food recently. The modest uplift in prices of metals reflected the strengthening of industrial production amid the recovery in Asia. Conversely, prices of soft commodities such as sugar, coffee, cocoa and palm oil remained depressed.

Chart 3.2
Commodity Prices

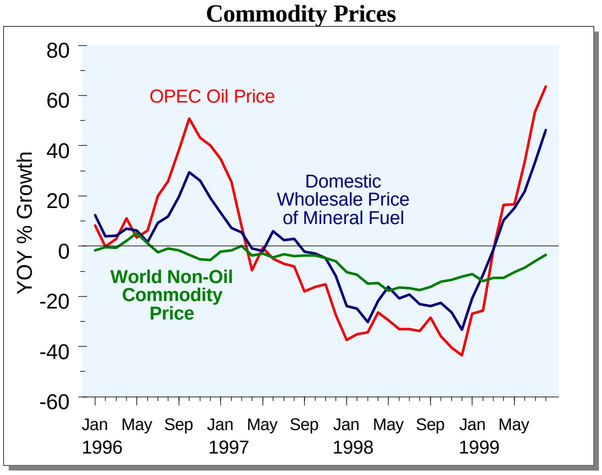
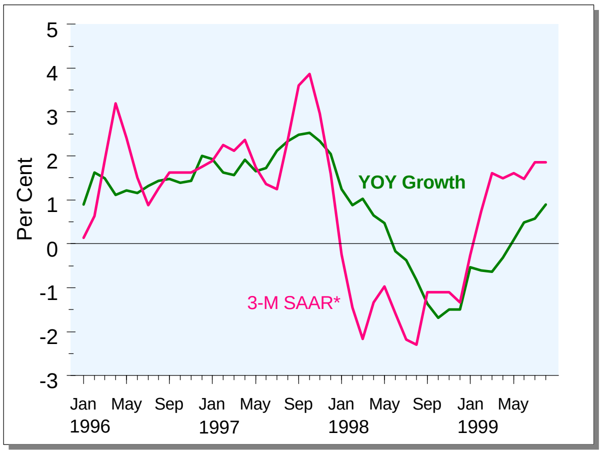


Chart 3.3
Consumer Price Index



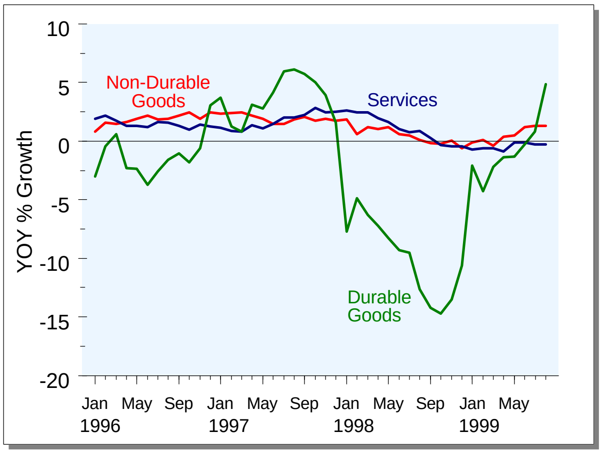
* Seasonally-adjusted 3-month span annualised growth.

3.2 Consumer Price Inflation

Overall CPI Inflation

The positive CPI inflation seen in Q2 and July-August (see Chart 3.3) reflected upward pressure on prices of non-durable goods, especially non-cooked food, and a milder decline in the cost of durable goods. (See Chart 3.4.) Non-cooked food price inflation was underpinned by a double-digit increase in the price of meat and poultry. This was due to increased demand for chicken, as well as higher pork prices as it had become mandatory for pork sellers to sell only chilled pork, after the recent pig-related Nipah virus outbreak in Malaysia. The rise in the costs of clothing in July, following the end of the mid-year sale in June, was also more significant compared with last year, as there has been an overall pick-up in consumer sentiment. Last year, clothing retailers had extended discounts into the month of July because of poor sales.

Chart 3.4
Goods and Services Inflation

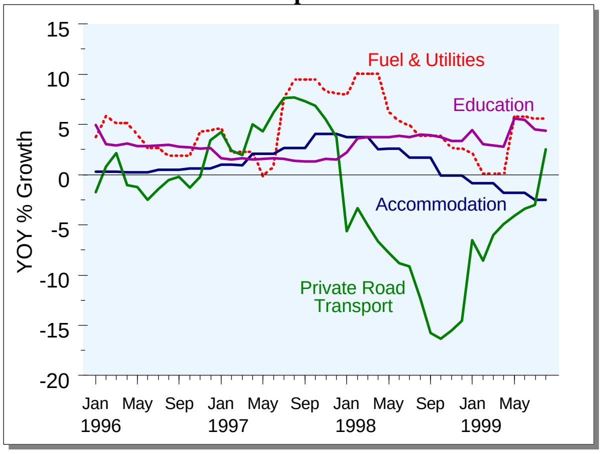


Prices of durable goods saw a less severe decline in Q2 99, and registered positive growth in Jul-Aug 99 after consecutive months of contraction since Jan 98. The pick-up in inflation was on the back of an increase in the price of cars. This largely reflected the strong replacement demand for old cars due for de-registration, cheaper car loans, as well as an increase in premiums of Certificates of Entitlement (COE), which is a licence required for car-ownership in Singapore.

Despite the implementation of the latest hike in water tariff in July, this has not translated into a significant rise in the cost of services, which continued to be weighed down by the negative inflationary trend in accommodation costs. (See Chart 3.5.) While residential property prices have risen, accommodation costs as represented in the CPI basket has continued to moderate as rentals remained soft.

However, services inflation was boosted by a rise in education costs, which was due to the upward revision in tuition fees at commercial institutions.

Chart 3.5
Selected Components of CPI



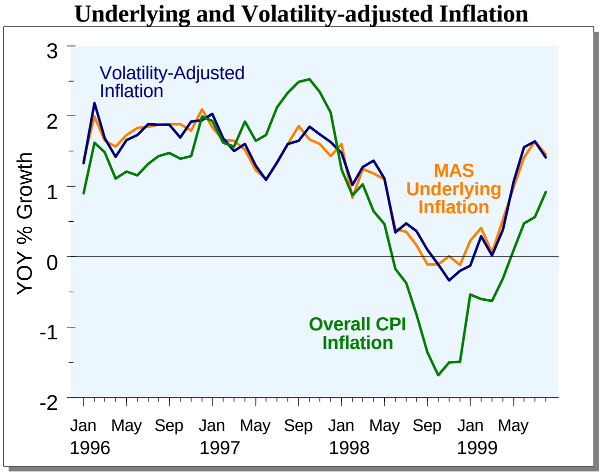
Underlying Inflation

A better indication of an economy's underlying price trend can be derived from underlying inflation measures. These core inflation measures, which systematically exclude those components that exhibit excessive price volatility from the CPI basket, would minimise the impact on CPI inflation arising from temporary and idiosyncratic shocks.

The MAS underlying inflation, which excludes the cost of private road transport and accommodation, rose further in July-August to 1.6%, compared with 1.0% in Q2 and 0.2% in Q1. (See Chart 3.6.)

The volatility-adjusted inflation, which further excludes cooking oil & fats, vegetables, alcoholic drinks & tobacco and haberdasheries, has tracked the MAS underlying inflation closely. The similar trend in these two core inflation measures reflects in large part the exclusion of accommodation costs, which has continued to exert downward pressure on prices.

Chart 3.6
Underlying and Volatility-adjusted Inflation



On the other hand, the median and the 30%-trimmed mean inflation, which relate more closely to the long-term trend of inflation, remained relatively subdued, recording a negative rate of 0.5% each in Q2 99. (See Chart 3.7.) This contrasts with the previous two underlying inflation measures, as the calculation of the median and trimmed-mean measures sieve off price inflation of meat & poultry, and education which have risen sharply recently.

Outlook for Inflation

In line with the economic recovery in recent months, consumer price inflation has also seen a gradual pick up. The leading Domestic Supply Price Index (DSPI), which measures the price level of locally manufactured and imported goods that are retained for domestic consumption, saw a turnaround in Q2 99 after more than two years of decline. (See Chart 3.8.) However, inflation for the rest of the year is not expected to increase sharply. CPI inflation is forecast to come in at about 0.5% for 1999 as a whole.

Chart 3.7
Median and Trimmed Mean Inflation

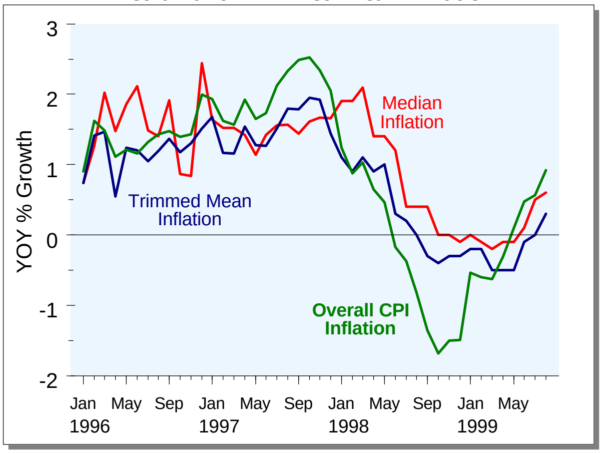
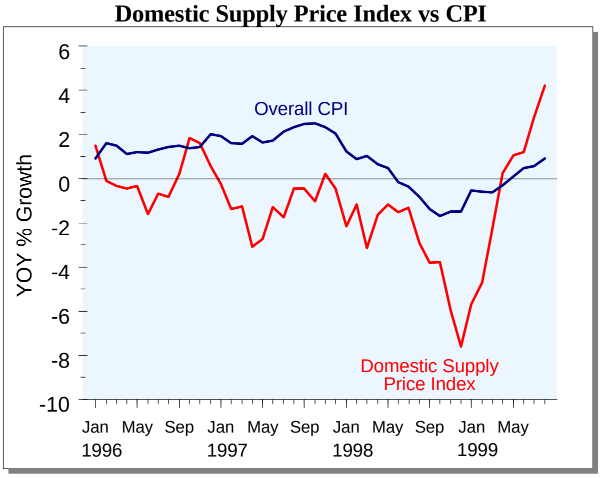


Chart 3.8
Domestic Supply Price Index vs CPI



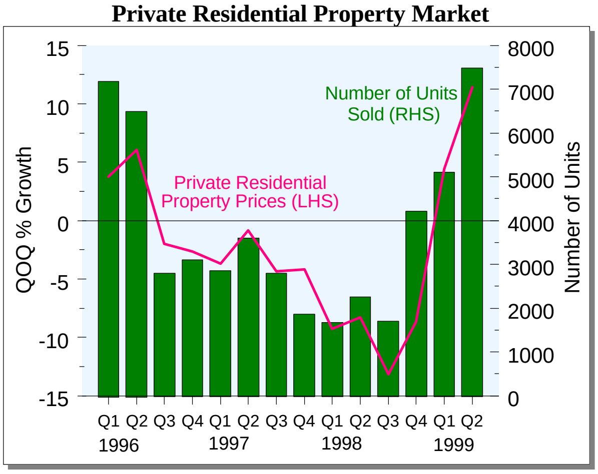
3.3 Asset Price Inflation

Property Prices

Residential Property Prices

The uptrend in private residential property prices continued in Q2 99, with prices climbing 11% from the previous quarter, compared with a 4.4% increase in Q1. Buoyed by improved sentiments in the property market, the number of private housing units sold surged to 7,500, up from 5,128 in Q1. As a result, the stock of unsold private housing units fell to 12,715, its lowest level since Q4 96. On a year-on-year basis, however, property prices continued to decline by 7.7%, and remained some 36% lower than their peak in Q2 96. (See Chart 3.9.)

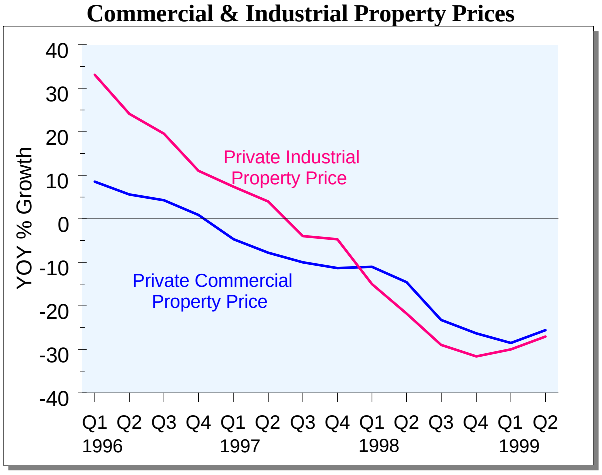
Chart 3.9
Private Residential Property Market



Commercial and Industrial Property Prices

Prices of commercial (shop and office space) property continued to fall by 2.3% from the quarter before, although the decline had moderated compared with the previous quarters. On a year-on-year basis, commercial property prices dropped by 26%. (See Chart 3.10.)

Chart 3.10
Commercial & Industrial Property Prices



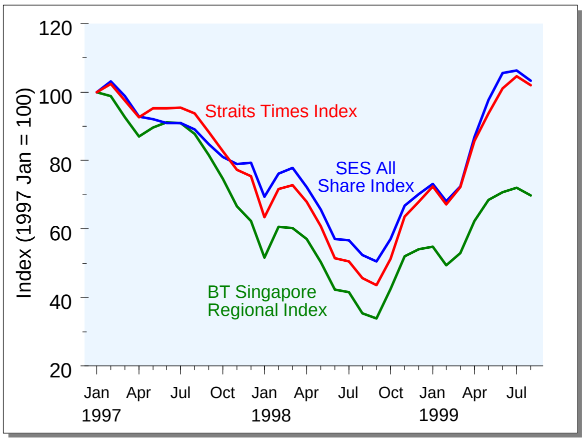
The commercial property market was again plagued by oversupply in Q2, with occupancy rates for both shop and office space remaining weak. As a result, shop and office rents recorded declines of 13% and 18% respectively, on a year-on-year basis.

Industrial property prices fell by another 6.0% from the previous quarter, and were down 27%, as occupancy rates remained weak at 89.8%. The decline in prices also reflected in part some pass-through effect of the government's 55% tax rebates for commercial and industrial properties, which have been extended by another year to Jun 2000.

Equity Prices

The Stock Exchange of Singapore (SES) all-share index rose by 45% in Q2, boosted by renewed investor interest in the local stock market, low domestic interest rates, growing optimism about the recovery in Singapore and in the region, and the strong performance of the US equity market. The Straits Times Index (STI) also increased by 40% in Q2, bringing the increase in stock prices since Feb 99 - when stock prices began to surge - to 50%. (See Chart 3.11.)

Chart 3.11
Share Price Indices



However, stock prices have consolidated since their peak in early July. From a high of 2,222 on 2 Jul 99, the STI has moderated to an average of less than 2,100 in August. Much of the euphoria in the stock market during Jun-Jul 99 was fuelled by speculative play by retail investors, with contra trading comprising the bulk of trading activity. The trading curbs imposed by the broking houses in July had removed some of this speculative activity.

The Business Times Singapore Regional Index (BT-SRI) also increase by 43% between Feb-Jun 99, as the outlook for the region improved. The BT-SRI was introduced in Oct 96 in response to listed firms' growing exposure to the region, and to allow foreign funds to track the performance of their portfolios of stocks with regional interest.

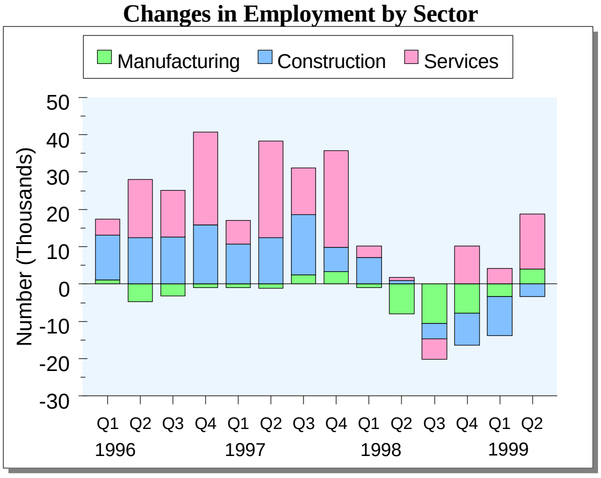
Domestic Economy Division

4 Labour Market

4.1 Employment

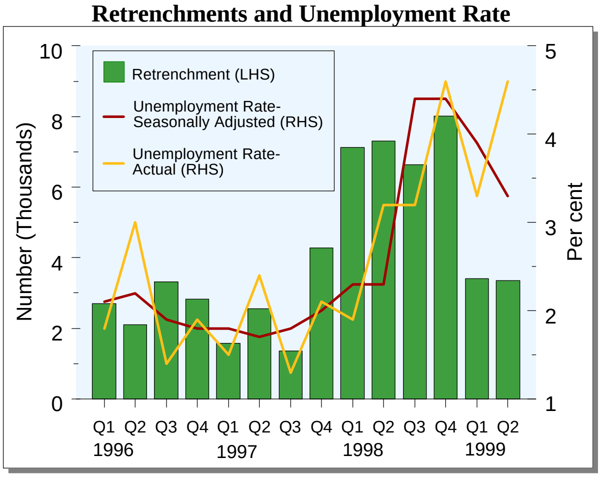
Total employment rose by 15,532 in Q2 99, after falling for four quarters in a row. The turnaround largely reflected continued strong employment creation in the services sectors, which saw net job gains of 14,692. Employment creation was particularly strong in the real estate and business services industry, which accounted for almost half of the employment gains in the services sector. In line with the strong pick-up in industrial production, manufacturing employment also increased, by 4,104, after five consecutive quarters of decline. However, the construction sector continued to shed workers, although at a more moderate rate. In Q2 99, construction employment fell by 3,299, compared with 10,534 in Q1. (See Chart 4.1.)

Chart 4.1
Changes in Employment by Sector



The number of retrenchments moderated to 3,350 in Q2, from 3,402 in Q1 and an average of 7,272 per quarter last year. Retrenchments in the services sectors totalled 1,514, a decline from the 2,008 registered in Q1. In the manufacturing sector, however, retrenchments rose to 1,762, up from 1,156 in Q1.

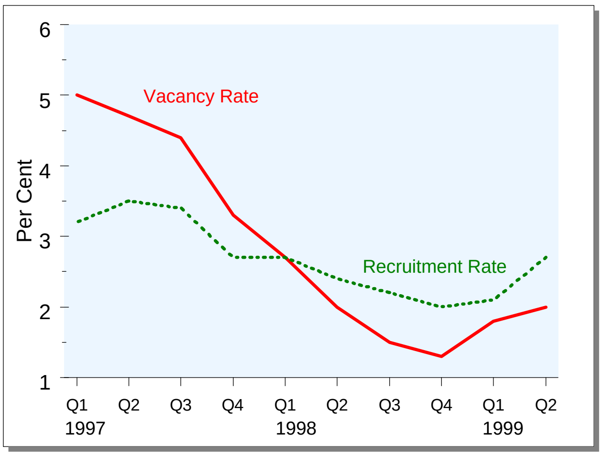
Chart 4.2
Retrenchments and Unemployment Rate



In tandem with the pick-up in employment, the seasonally-adjusted unemployment rate dipped from 3.9% in Mar 99 to 3.3% in June. However, this was still above the 2.3% recorded in H1 98. The actual unemployment rate rose slightly from 3.3% to 4.6%, reflecting the seasonal mid-year increase as local tertiary graduates entered the job market. (See Chart 4.2.)

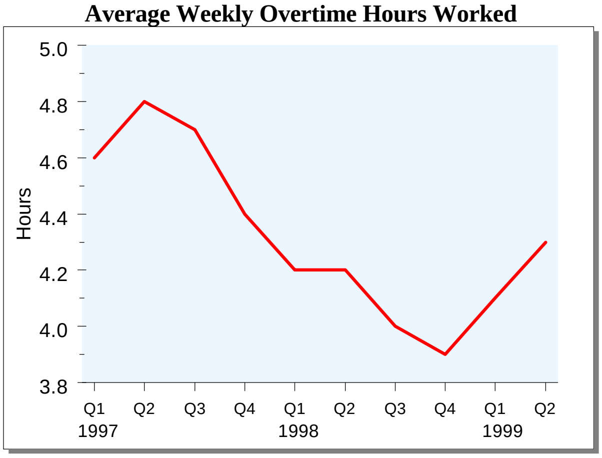
Labour demand continued to strengthen in Q2 99, in line with the pick-up in economic activity. Both the job vacancy rate and the average monthly recruitment rate increased for the second consecutive quarter, after falling for the past 1 to 2 years. The seasonally-adjusted job vacancy to unemployed persons ratio rose to 0.56 in Q2 99, from 0.44 a quarter ago. However, this is still significantly lower than the average ratio of more than 2 in 1996-97. (See Chart 4.3.)

Chart 4.3
Indicators of Labour Demand



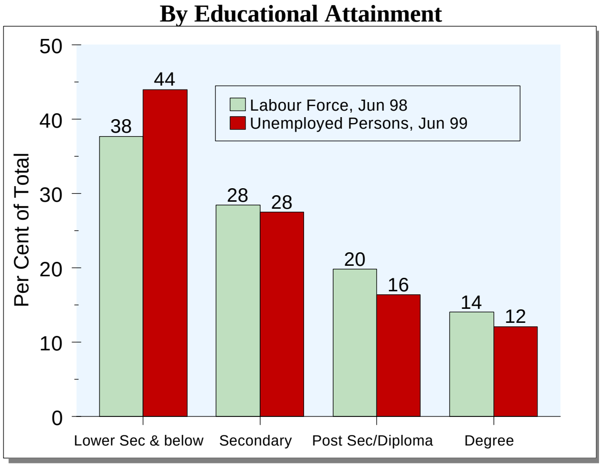
At the same time, average weekly overtime hours worked picked up as well, from 4.1 hours in Mar 99 to 4.3 hours. This is the second consecutive quarter of increase after the previous six quarters of decline. (See Chart 4.4.) Survey results also indicate that labour demand is recovering. For example, a survey conducted by Nanyang Technological University in Sep 99 showed that more than 60% of this year's graduates found jobs within six months, compared with just half last year.

Chart 4.4
Average Weekly Overtime Hours Worked



Prospects for the labour market have improved, according to the Economic Development Board's (EDB) Survey of Business Expectations of the Manufacturing Sector and the Department of Statistics' (DOS) Survey of Business Expectations of the Commerce and Services Sectors. EDB's survey showed that a net balance[10] of 6% of all manufacturing industries expected to increase employment in Q3 99, up from the net balance of 4% in Q2 99. Meanwhile, in the services sectors, a majority of the respondents in most of the sectors expected to hire more workers in Q3 99, registering positive net balances in the business services (8%), financial services (6%), commerce (5%), and transport and storage (1%) sectors. The only exception is the real estate sector, where a net balance of 6% of respondents expected a decline in employment.

Chart 4.5
Total Labour Force and Unemployed Persons, By Educational Attainment

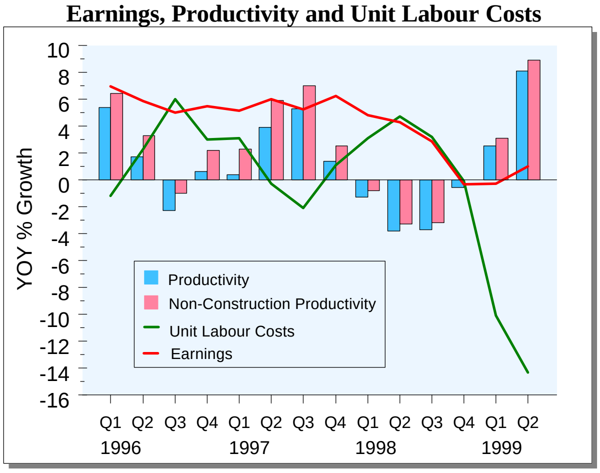


Though the outlook for the labour market has brightened, the Ministry of Manpower expects that there will still be retrenchments as companies upgrade, restructure or relocate to remain competitive. Unskilled workers are particularly vulnerable to retrenchments and unemployment, given their skill mismatch. As at Jun 99, persons with only lower secondary education or less made up 44% of total unemployed persons, although they constituted 38% of the labour force in Jun 98. (See Chart 4.5.)

4.2 Earnings, Productivity and ULC

Nominal earnings[11] rose modestly, by 1.0% in Q2 99, after two quarters of slight declines, reflecting more overtime payments. (See Chart 4.6) Real earnings rose by 0.9%, after a 0.3% increase in the previous quarter.

Chart 4.6
Earnings, Productivity and Unit Labour Costs



[10] Net balance is the difference between the percentage of firms reporting more favourable performance minus the percentage reporting less favourable performance.

[11] Earnings refer to total remuneration (including bonuses) received before the deduction of employee's CPF contributions and personal income tax. Employer's CPF contributions, however, is excluded.

Unit labour costs (ULC) continued to fall at double-digit rates for a second consecutive quarter. This was due to the 10-percentage point cut in employers' CPF contribution rate starting Jan 99, and a surge in productivity from 2.5% in Q1 99 to 8.1% in Q2. Productivity was boosted by strong growth in almost all sectors (except construction) in the midst of a slight year-on-year decline in employment.

As the economic recovery progresses, productivity is likely to remain strong. This, together with the CPF cut in Jan 99, is expected to continue to hold ULC down for the rest of this year.

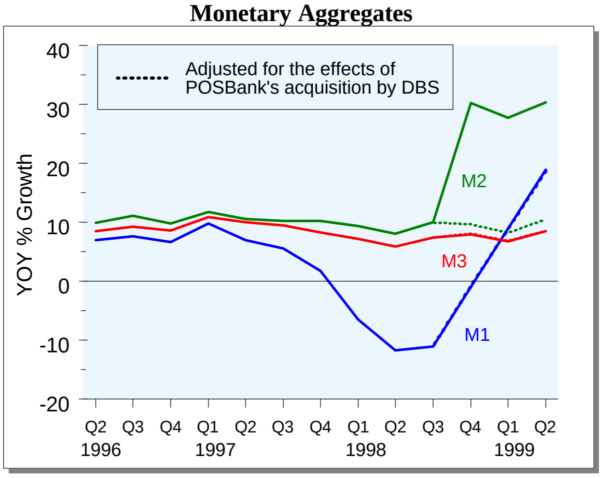
Domestic Economy Division

5 Money and Credit

5.1 Monetary Aggregates

All monetary aggregates rose more rapidly in Q2 compared with the previous quarter. Narrow money, M1 rose by 19%, from 8.9%, while broad money measures M2 and M3 increased by 30% and 8.5% respectively, from 28% and 6.8% in Q1. These figures include the full incorporation of POSBank's data following its acquisition by the Development Bank of Singapore (DBS) last November. (See Chart 5.1.)

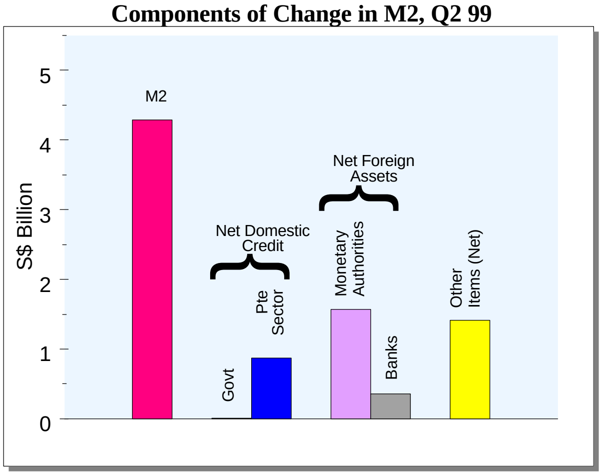
Chart 5.1
Monetary Aggregates



Adjusted for the effects of the acquisition[12], M1 expanded by 19% in Q2, compared with 8.8% in Q1, supported by further growth in demand deposits. Reflecting sustained increases in savings deposits, adjusted M2 and M3 grew by 10% and 8.5% respectively, from 8.2% and 6.9% the quarter before. The low interest rate environment had shifted preferences towards holding funds in easily accessible deposits, which would also have facilitated transactions in the property and stock markets. On the other hand, fixed deposits declined by 5.0% in Q2, as funds placed last year would have matured over the past half year and not renewed as interest rates have moderated.

Viewed from the asset side of the banking system, the expansion in broad money in Q2 reflected increases in both domestic credit and net foreign assets. (See Chart 5.2.) Lending to the private sector rose by $871.3 million, compared with a fall of $3.8 billion in Q1. Although there was a bigger increase in net issuance of government securities of some $2 billion in Q2, the share taken up by banks was small as seen in the credit extended to the public sector of $621.3 million. Together with an offsetting expansion in government deposits of $616.8 million, net lending to the government expanded by only $4.5 million.

Chart 5.2
Components of Change in M2, Q2 99



Net foreign assets rose by $1.9 billion in Q2, down from a $4.7 billion expansion in Q1. This was largely due to a significantly smaller increase in banks' net assets. While there was a contraction in loans extended to offshore banks and Asian Currency Units, there was also a decline in deposits placed with these offshore institutions.

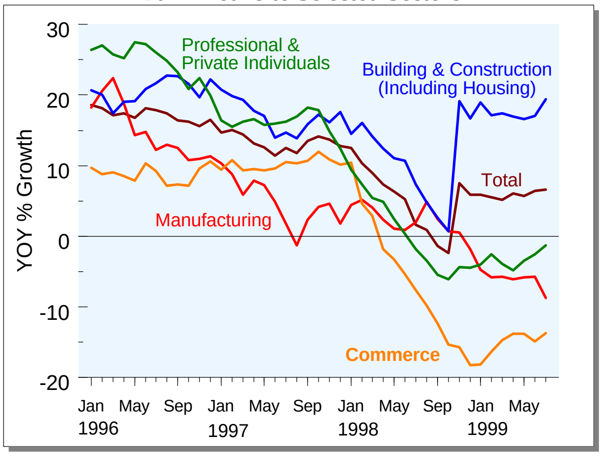
[12] The effect of DBS' acquisition of POSBank was adjusted by incorporating the full POSBank data in the year-ago period.

5.2 Domestic Credit

Banks' outstanding loans and advances to non-bank customers grew at a faster rate of 6.4% in Q2, compared with 5.2% in Q1. Adjusted for POSBank loans[13], credit extended to non-bank customers contracted by a less severe 2.5%, from a decline of 3.3%.

Lending to the major industrial sectors saw a mixed outcome in Q2, with loans to the manufacturing and commerce sectors, as well as to the building and construction sector recording sharper declines. Loans to most of the other sectors grew in Q2. (See Chart 5.3.)

Chart 5.3
Bank Loans to Selected Sectors

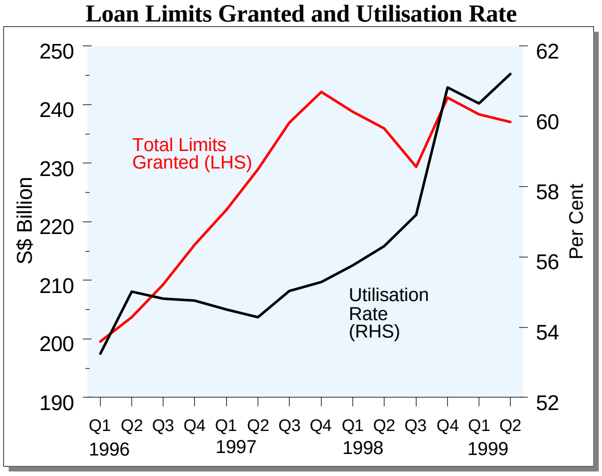


The rates of contraction in lending to the manufacturing and commerce sectors were marginally higher at 5.8%, and 15% respectively. Credit extended to the building and construction sector, however, fell by 6.2% compared with 2.5% in Q1. This reflected the continued weakness in the sector, as both certified payments and contracts awarded for construction projects had fallen further. Although the recovery in property prices has not filtered down to a pick-up in lending to the construction sector, total outstanding loans extended for housing, rose quarter-on-quarter by a larger $894.2 million in Q2, compared with $626.2 million in Q1. The renewed interest in the property sector reflected the recovery in the economy, as well as the attractive mortgage packages offered by competing banks.

Lending to the transport sector rose by 11% in Q2, a moderation from the 17% recorded in Q1. On the other hand, growth in bank credit extended to non-bank financial institutions was more rapid at 3.9%, compared with 2.1%. Loans to professional and private individuals fell slightly by 2.6%.

There was a decline in the limits granted for loans and advances in Q2 compared to that in the previous quarter. (See Chart 5.4.) Total limits granted fell by $1.3 billion. However, the utilisation rate of these limits rose to 61.2%, from 60.4% in Q1.

Chart 5.4
Loan Limits Granted and Utilisation Rate



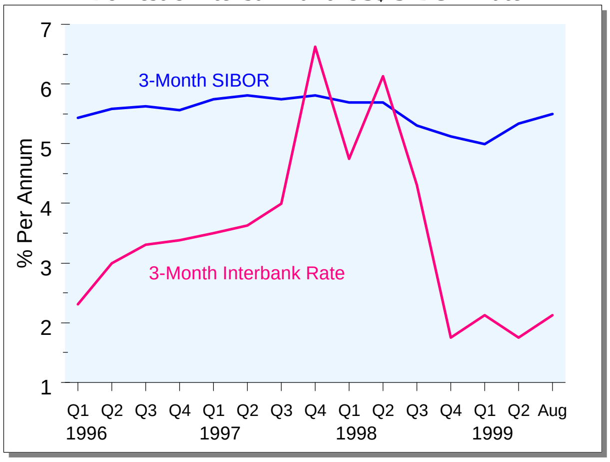
Short-term and trade-related lending, such as overdrafts, trust receipts and bills, declined further in Q2. Longer-term loans and advances, which form the bulk of bank loans, grew faster by 20%, compared with 17% in Q1. This was due to a rise in loans extended for up to 1 year and that for over 3 years.

[13] See previous footnote.

5.3 Interest Rates

External interest rates have generally begun to turn upward. In the US, reflecting signs of gathering inflationary pressures, the Federal Open Market Committee (FOMC) had voted to hike rates twice in less than two months. The Bank of England also raised repo rates in early September after seven consecutive cuts since Oct 98. However, the European Central Bank has kept its main refinancing rate at 2.5% since its half a percentage point cut in April.

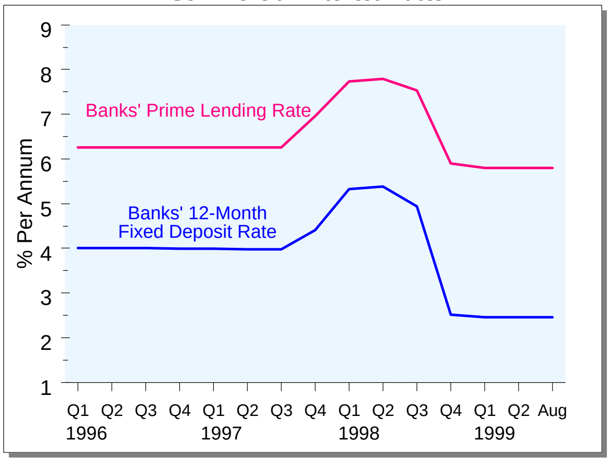
Chart 5.5
Domestic Interbank and US$ SIBOR Rate



The tightening bias in the global interest rate environment has caused domestic interest rates to turnaround as well. Having reached a low of 1.13% in April, the benchmark 3-month interbank interest rate rose to reach 2.13% in August. (See Chart 5.5.)

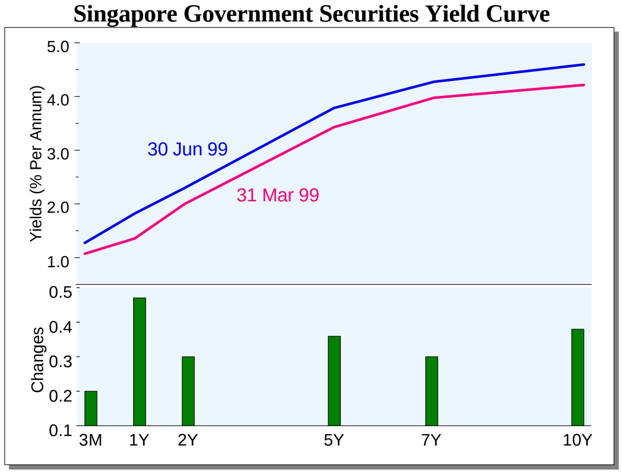
Reflecting the interest rate increases in the US, the differential between the interbank rate and its counterpart US$ SIBOR widened to 3.37% in August. The differential was at its widest in April at 3.87%. Retail interest rates in Singapore remained unaffected by these fluctuations. The average prime lending rate of the top 10 banks has been unchanged at 5.80% since the beginning of the year, while the average 12-month fixed deposit rate has stagnated at 2.46% since March. (See Chart 5.6.) However, there has been intense competition between banks on the mortgage interest rate front. Home loan rates offered by major banks have fallen to as low as a fixed 3.5% for the first year of the loan and 4.5% for the second. In remaining term of the loan, mortgage interest rates stand at between 4.75-6%.

Chart 5.6
Commercial Interest Rates



Yields on Singapore Government Securities (SGS) were higher across the term structure in June 99 compared with March, having trended up since early May. The yield on the 3-month T-bill was 20 basis point higher in June at 1.28%, compared with March. At the longer end, 10-year bond yields rose 38 basis points to 4.59%. Yields on 1, 2, 5, 7-year SGS also recorded increases of between 30 and 47 basis points over this period. (See Chart 5.7.) This rising trend in yields continued in July and August.

Chart 5.7
Singapore Government Securities Yield Curve



Domestic Economy Division

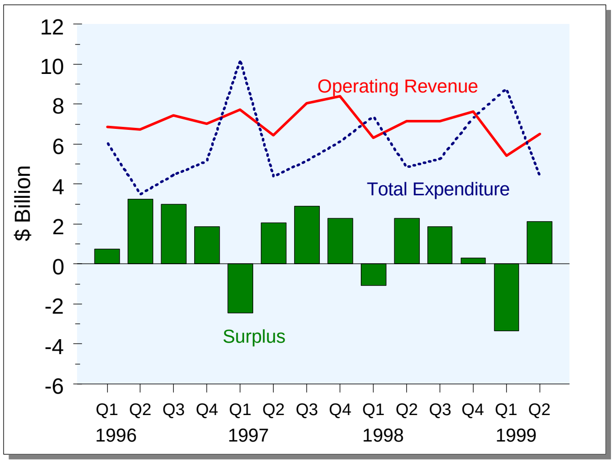
6 Fiscal Balance

6.1 Overall Balance

Government finances returned to a surplus position in the second quarter of 1999, after registering a seasonal end-of-financial-year deficit in Q1. The overall surplus[14] amounted to $2.1 billion in Q2, compared with a deficit of $3.4 billion in Q1, as operating revenue increased and total expenditure moderated. (See Chart 6.1.) However, the surplus was 7.3% lower in Q2, compared with the same period last year.

Coupled with the larger-than-usual deficit in Q1, the government's fiscal position recorded a deficit of $1.2 billion in the first six months of 1999, from a surplus position of $3.4 billion in 1998.

Chart 6.1
Government Finance

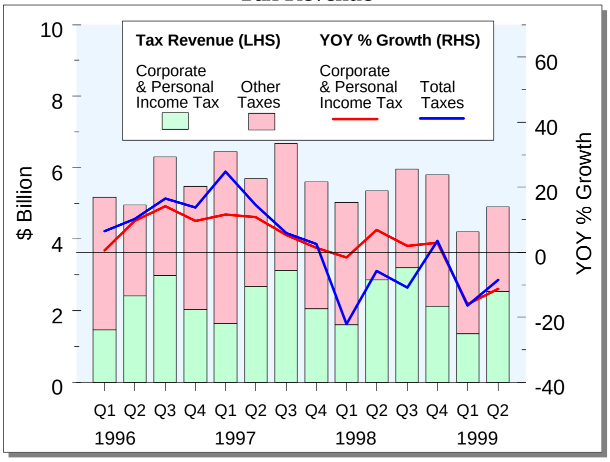


6.2 Operating Revenue

Total operating revenue increased by $1.1 billion in Q2 to $6.5 billion. On a year-on-year basis, there was a contraction of 8.7%, a continuation of the declining trend seen since the first quarter of 1998, following the onset of the slowdown in economic activity.

Both tax and non-tax revenue contracted further in Q2, by 8.5% and 9.3% respectively, to $4.9 billion and $1.6 billion. Income tax collection, which contributed to more than half of the total tax collection, fell by 11%. The decline was not unexpected given that the tax collected was based on corporate and personal income earned in 1998. Economic growth had slowed to 0.3%, and hence earnings, bonus payments and corporate profits were reduced. (See Chart 6.2.)

Chart 6.2
Tax Revenue



Asset tax revenue collection recorded the largest decline among the tax categories, falling further by 38% in Q2. This reflected the off-budget and cost-cutting measures, which included a 55% tax rebate for commercial and industrial properties, implemented by the government to

[14] This is defined as operating revenue less total expenditure.

help companies tide over the difficult business conditions. There was also a property tax exemption for land under development introduced to assist developers during the slump in the property market when prices fell by as much as 40% compared with the peak in 1996. At the same time, private home rentals had been falling since 1997. This resulted in a lower property tax payable by private property owners as these are based on market rental rates of their properties.

Reflecting the upturn in consumer sentiment, purchases of motor-vehicles and other goods and services recovered in Q2, resulting in strong growth of collections from motor-vehicles taxes and the Goods and Services Tax (GST). The Great Singapore Sale in June also boosted GST collection, which rose by 19% in Q2 99, compared with contractions of 13% and 15% in Q1 and 1998 respectively. In Q2, collection from stamp duties rose, despite the suspension of duty on contract notes of share transactions. The increase in collection would partly reflect the payment of duty following the completion of property projects this year. Under the off-budget measures introduced in Jun 98, payment of stamp duty was allowed to be deferred until the Temporary Occupation Permits were received.

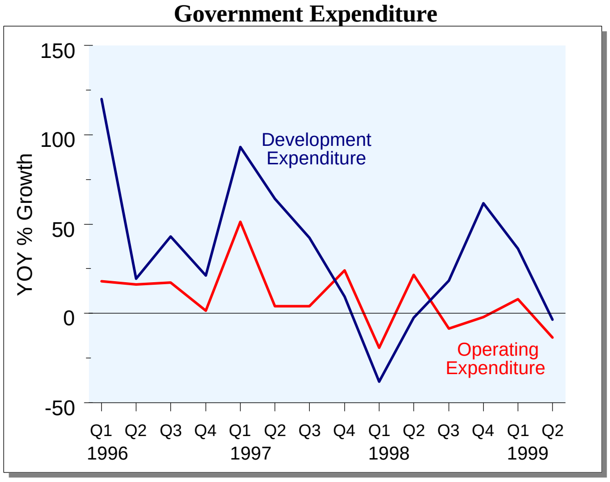
The decline in non-tax revenue collection was due to a further fall in collections from fees and charges, which comprise largely collections from premiums of Certificates of Entitlements (COEs) for purchase of new cars. With the introduction of a new bidding system for COEs in Apr 99, buyers could have held back to see the outcome for the bids under this system.

6.3 Total Expenditure

Total government expenditure shrunk by 9.3% in Q2 to $4.4 billion, as both operating and development expenditure decreased. However, due to the significant expansion in development expenditure in Q1, total expenditure as a whole rose by 7.7% in H1 99. (See Chart 6.3.)

Operating expenditure, the bulk of which consists of expenditure on security and social and community services, fell by 13% in Q2. Total development

Chart 6.3
Government Expenditure



expenditure declined by a milder 3.5%, although the outlay of $1.9 billion in Q2 was almost half that in Q1. As development expenditure tends to be lumpy and volatile, some areas of expenditure were boosted while others shrank sharply. Spending on security, education, trade & industry, and communications declined, following large expenditures in Q1. This was only partly offset by higher outlays for public housing.

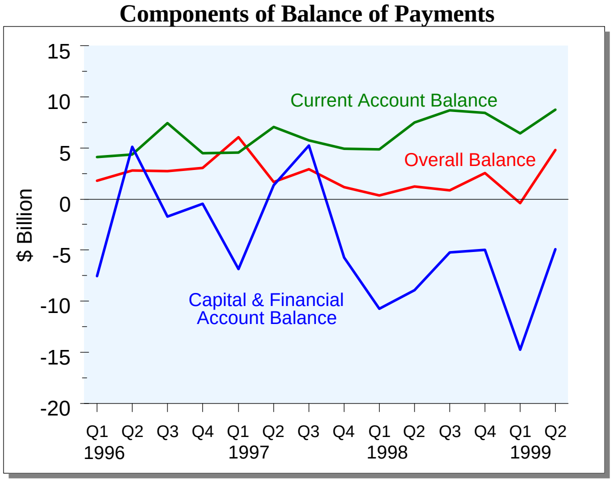
Domestic Economy Division

7 Balance of Payments

7.1 Overall Balance

Singapore's external balance reverted to a surplus of $4.8 billion in Q2, following a small deficit of $0.4 billion in the previous quarter. The reversal was partly due to an improvement in the current account surplus, as well as a sharp reduction in capital outflows. (See Chart 7.1.)

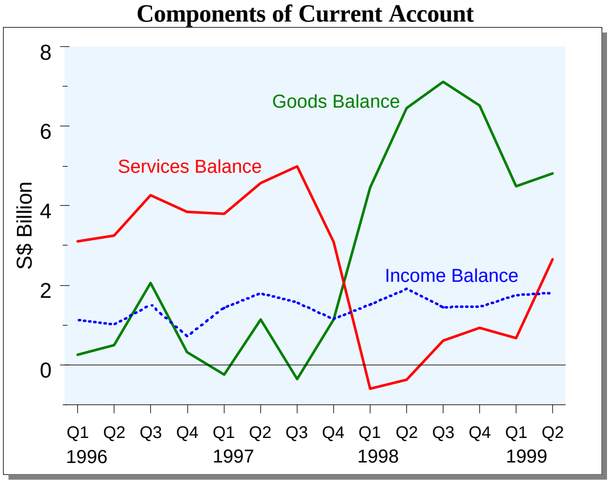
Chart 7.1
Components of Balance of Payments



7.2 Current Account

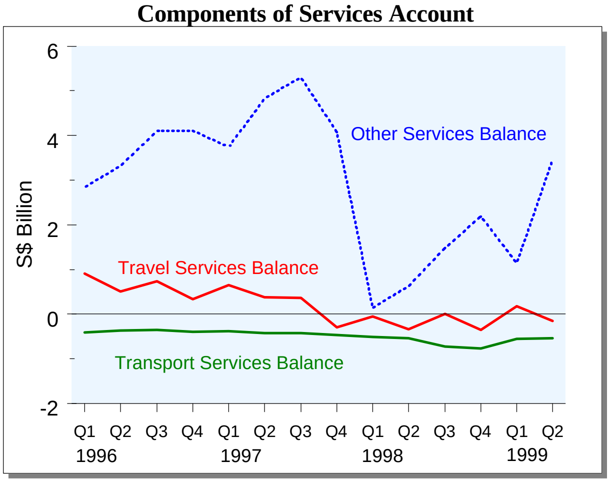
The current account surplus rose from $6.4 billion in Q1 to $8.8 billion in Q2, reflecting improvements in both goods and services exports. (See Chart 7.2.) In a reversal of the trend seen since the third quarter of 1998, export growth, rather than import compression, underpinned the rise in the goods account surplus. Export receipts rose to more than $48 billion, its highest level since Q4 97. This was supported by a strong recovery in demand from Asia, and the pick up in the global electronics market. Nevertheless, a turnaround in import payments partially offset the larger receipts. With diminished inventory levels and the recovery in industrial production, retained imports had surged as demand for inputs for the manufacturing sector increased.

Chart 7.2
Components of Current Account



The significant rise in the services account surplus largely reflected stronger regional demand for Singapore's services exports. (See Chart 7.3.) Spurred by recent improvements in the Asian economies, net services receipts rose by $2.0 billion to $2.6 billion in Q2. The surge in activity in the Singapore stock market contributed to the surplus, as stock brokerage fees received from non-residents increased strongly. Receipts from transportation also expanded following four quarters of decline, as freight rates and use of port services picked up with the upturn in trade. Nonetheless, transportation payments still outweighed receipts by more than $500 million. The travel account balance slipped back into a deficit position, after

Chart 7.3
Components of Services Account



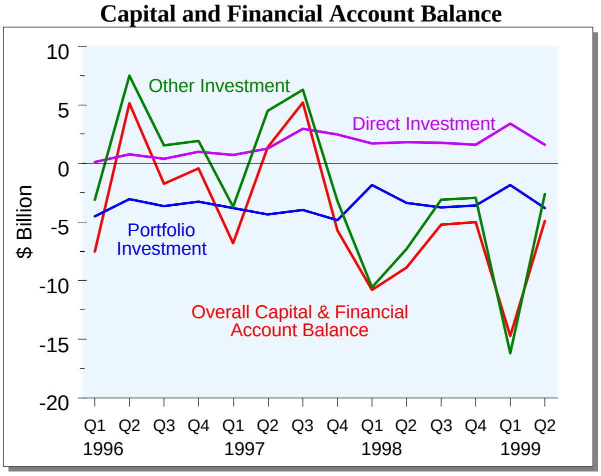
registering its first surplus in over a year in Q1. While receipts was only slightly lower, at $2.0 billion, payments jumped by $323 million to $2.2 billion, reflecting the seasonal increase in residents travelling abroad during the mid-year school vacation. Compared with last year, travel receipts were 11% higher in Q2, a similar rate of increase as in Q1, reflecting the strong upturn in tourist arrivals from the region. However, travel receipts have not returned to pre-crisis levels, although payments have continued to rise.

Income from residents' foreign investments contributed largely to a sustained income balance surplus of $1.8 billion in the second quarter. Net current transfers at $482 million were also little changed from Q1.

7.3 Capital and Financial Account

The larger current account surplus did not translate into a stronger outflow in the capital and financial account. On the contrary, net outflows slowed from $15 billion in Q1 to $4.9 billion in Q2. Smaller net direct investment inflows and a larger portfolio investment deficit were offset by significant reduction in net outflows from the 'other investment' account. (See Chart 7.4.)

Chart 7.4
Capital and Financial Account Balance



Net portfolio outflows rebounded to $3.8 billion following a dip to $1.9 billion in Q1, due to a jump in official outflows. Reflecting the strong growth of the stock market in Q2, foreign portfolio investment inflows to Singapore rose significantly. However, there was an even larger increase in residents' acquisition of foreign portfolio investments. Foreign direct investment inflow, on the other hand, slowed in the second quarter to $1.6 billion.

There were large repayments of interbank loans resulting in a net inflow of bank funds of $2.5 billion in Q2 99. This was in contrast to the significant bank outflows seen since the beginning of 1998, which had been due to the pullback of funds by banks' head-offices. The outflow of funds from the non-bank resident sector also more than halved to $4.3 billion, reflecting a slowdown in residents' deposits with the Asian Currency Units.

The improvement in Singapore's external balance contributed to the rise in Singapore's official foreign reserves (OFR) in Q2. However, since May 99, the fluctuation in OFR also reflects the change in valuation of these assets. Prior to May 99, the OFR was valued at book cost, as is the balance of payments since it captures actual international transactions and would not include valuation changes. With effect from May, the book value of the OFR has been translated at market exchange rates prevailing at the end of each month. This is to provide a more accurate measure of the current purchasing power of the OFR. As a result, the OFR registered a $1.5 billion increase in Q2 to $125.9 billion, an amount sufficient to support 8.9 months of current imports.

Domestic Economy Division

Statistical Appendices

TABLE 1 : REAL GDP GROWTH by sectors

Period	Total	Manu-facturing	Financial & Business Services: Total	Financial & Business Services: Financial Services	Financial & Business Services: Business Services	Con-struction	Commerce	Transport & Comm-unications	Total	Manu-facturing	Financial & Business Services	Con-struction	Commerce	Transport & Comm-unications
	Year-on-Year % Change								Seasonally-adjusted Quarter-on-Quarter % Change					
1992	6.6	2.3	8.7	8.7	8.8	22.3	3.8	6.1	6.6	2.3	8.7	22.3	3.8	6.1
1993	12.7	9.6	15.4	25.4	6.6	9.0	19.7	10.4	12.7	9.6	15.4	9.0	19.7	10.4
1994	11.4	12.8	11.6	11.7	11.5	16.6	12.1	10.6	11.4	12.8	11.6	16.6	12.1	10.6
1995	8.1	10.0	5.7	3.6	7.9	8.8	8.9	11.0	8.1	10.0	5.7	8.8	8.9	11.0
1996	7.6	2.9	8.2	7.5	9.0	22.0	6.5	8.6	7.6	2.9	8.2	22.0	6.5	8.6
1997	8.9	4.5	15.9	23.4	8.5	15.3	5.7	9.2	8.9	4.5	15.9	15.3	5.7	9.2
1998	0.3	-0.4	-2.3	-8.8	4.9	4.0	-4.0	5.5	0.3	-0.4	-2.3	4.0	-4.0	5.5
1995 Q1	5.8	8.1	1.0	-2.5	4.8	2.3	7.2	10.0	-1.3	9.6	-10.4	-23.1	2.0	5.6
Q2	8.7	7.9	9.1	9.6	8.7	12.2	10.0	12.0	14.7	10.4	18.7	55.1	14.5	13.6
Q3	9.2	12.3	7.5	6.1	9.0	7.6	9.7	11.0	18.0	33.8	16.7	12.1	11.8	12.0
Q4	8.5	11.4	5.3	1.3	9.1	12.7	8.5	9.4	3.5	-5.9	-0.8	23.3	5.4	7.2
1996 Q1	12.1	12.9	9.7	8.2	11.1	31.0	10.9	10.7	13.4	18.0	5.6	38.1	13.5	10.0
Q2	8.4	5.9	7.9	5.9	9.9	22.2	6.9	9.2	-0.5	-15.7	10.8	16.4	-2.7	6.6
Q3	3.8	-4.2	5.4	3.5	7.4	19.8	2.3	6.3	-0.7	-9.1	6.0	2.2	-6.1	1.7
Q4	6.5	-0.8	10.2	12.9	7.7	16.8	6.2	8.2	15.2	5.8	20.3	15.5	22.4	15.7
1997 Q1	5.9	-5.2	17.6	27.3	8.3	10.2	2.7	8.6	9.9	0.4	35.5	7.5	-0.1	10.8
Q2	9.9	4.4	18.1	29.2	7.3	13.0	7.7	9.8	15.5	22.4	12.0	27.7	16.7	10.6
Q3	11.8	9.8	17.4	24.7	10.0	19.8	9.8	10.5	6.9	12.5	3.3	29.2	1.6	5.5
Q4	7.9	8.6	10.4	12.6	8.3	17.4	3.0	8.1	0.2	-0.5	-4.5	7.9	-5.1	5.9
1998 Q1	4.4	6.6	-0.2	-6.4	6.9	15.7	0.9	7.0	-3.4	-5.4	-10.1	1.1	-7.7	6.0
Q2	0.1	-0.2	-4.4	-13.0	5.6	9.0	-4.5	5.7	-3.2	-6.5	-6.0	-0.5	-6.8	5.2
Q3	-2.1	-4.2	-4.7	-11.8	3.4	-0.3	-5.9	4.0	-1.7	-3.8	2.8	-8.8	-4.1	-0.8
Q4	-1.1	-2.6	0.2	-3.2	3.6	-5.7	-6.2	4.5	4.2	5.0	16.0	-13.6	-6.2	7.8
1999 Q1	0.6	6.5	-3.9	-8.5	0.7	-10.1	-2.1	5.7	3.5	36.7	-23.9	-16.6	9.6	10.9
Q2	6.7	14.1	7.5	14.7	0.6	-14.9	5.5	6.4	21.4	22.7	46.3	-20.6	25.7	7.9

Source: Singapore Department of Statistics

TABLE 2 : REAL GDP GROWTH by expenditure

Year-on-Year % Change

Period	Total Demand	Domestic Demand							External Demand
		Total	Consumption			Gross Fixed Capital Formation			
			Total	Private	Public	Total	Private	Public	
1992	7.0	6.8	4.8	5.8	0.4	11.8	14.5	1.9	7.1
1993	16.3	14.4	12.4	11.9	14.7	10.3	10.9	7.6	17.2
1994	15.3	4.0	5.8	7.5	-1.7	9.6	6.5	22.8	20.5
1995	12.6	9.0	5.4	4.1	12.3	11.2	13.9	1.4	14.0
1996	8.8	12.1	8.5	6.2	19.1	23.3	27.7	5.4	7.6
1997	7.9	10.2	7.2	6.7	9.2	10.2	7.6	23.0	7.0
1998	-5.0	-5.1	1.2	-0.6	8.4	-4.7	-6.8	4.3	-4.9
1995 Q1	16.8	-2.0	1.9	0.8	6.2	3.9	5.5	-2.0	26.2
Q2	9.9	10.2	6.1	6.0	6.3	9.3	8.7	11.5	9.8
Q3	11.2	11.7	5.4	4.3	10.8	9.8	10.7	6.9	11.0
Q4	13.0	16.4	8.5	5.1	29.0	20.6	29.2	-9.1	11.8
1996 Q1	16.9	22.8	11.2	6.7	27.3	29.6	32.1	19.6	14.6
Q2	9.7	12.5	6.1	5.4	10.0	31.3	41.2	-6.8	8.7
Q3	4.4	6.5	10.7	6.4	31.5	15.2	20.6	-4.2	3.7
Q4	5.4	7.9	5.7	6.2	3.4	18.9	19.7	15.2	4.4
1997 Q1	2.3	5.2	6.9	6.8	7.1	6.1	5.4	9.4	1.1
Q2	9.0	7.5	9.6	7.7	20.6	4.0	-1.1	33.6	9.6
Q3	12.4	18.2	6.1	8.9	-4.9	23.8	21.8	32.7	10.2
Q4	7.8	10.3	6.5	3.6	20.8	7.9	5.9	18.2	6.8
1998 Q1	4.7	9.5	5.7	3.6	11.9	15.8	16.1	14.7	2.6
Q2	-5.5	-3.0	2.3	1.0	9.1	-2.4	-4.4	6.2	-6.5
Q3	-8.0	-10.8	-3.4	-4.3	0.6	-10.6	-12.2	-3.9	-6.8
Q4	-10.1	-14.9	-0.1	-2.6	10.5	-18.0	-22.4	2.4	-8.1
1999 Q1	-5.0	-8.0	2.9	-0.7	13.1	-16.7	-22.8	10.2	-3.6
Q2	6.6	5.8	5.7	5.8	4.9	-4.8	-6.5	1.8	6.9

Source: Singapore Department of Statistics

TABLE 3 : CONSUMER PRICE INDEX

Period	All Items	Food	Housing	Clothing	Transport & Comms.	Education & Stationery	Health	Misc-ellaneous	All Items	Food	Housing	Clothing	Transport & Comms.	Education & Stationery	Health	Misc-ellaneous
	Oct 1992- Sep 1993 = 100								Year-on-Year % Change							
1992	98.3	99.5	97.4	99.2	98.5	97.3	97.4	96.6	2.3	1.3	2.1	2.2	2.9	4.7	2.9	3.2
1993	100.5	100.3	100.5	100.3	101.0	100.5	101.0	100.6	2.3	0.8	3.2	1.2	2.6	3.3	3.7	4.2
1994	103.7	103.9	101.8	102.6	107.8	103.0	104.2	102.5	3.1	3.6	1.4	2.2	6.7	2.5	3.1	1.9
1995	105.4	106.2	102.6	104.1	108.5	107.4	105.8	104.8	1.7	2.3	0.7	1.5	0.6	4.2	1.6	2.3
1996	106.9	108.5	103.1	104.6	108.9	110.6	108.3	106.8	1.4	2.1	0.5	0.5	0.4	3.0	2.3	1.8
1997	109.0	110.7	105.5	105.3	113.1	112.3	112.2	106.9	2.0	2.0	2.3	0.7	3.9	1.5	3.7	0.2
1998	108.8	110.9	107.5	103.8	106.7	116.3	117.3	106.2	-0.3	0.2	2.0	-1.5	-5.6	3.6	4.5	-0.7
1995 Q1	104.9	106.1	102.3	104.0	107.4	106.0	105.3	103.6	2.5	3.6	1.1	2.7	2.4	4.2	2.0	1.5
Q2	105.5	105.8	102.7	104.5	109.1	106.8	105.4	105.5	2.1	2.1	0.7	2.0	2.6	3.8	1.3	3.0
Q3	105.6	106.6	102.7	103.6	108.6	108.2	106.1	104.7	1.4	2.1	0.7	0.7	-0.6	4.4	1.6	2.1
Q4	105.7	106.3	102.6	104.2	108.9	108.5	106.5	105.6	0.9	1.4	0.4	0.5	-1.8	4.5	1.5	2.5
1996 Q1	106.3	107.4	102.8	105.0	108.3	109.8	107.3	106.2	1.3	1.2	0.5	0.9	0.8	3.6	1.8	2.6
Q2	106.7	108.1	103.0	105.4	108.7	109.9	107.9	106.8	1.2	2.2	0.3	0.8	-0.3	2.9	2.4	1.2
Q3	107.1	109.1	103.1	103.8	109.0	111.4	108.5	106.8	1.4	2.3	0.4	0.2	0.4	2.9	2.3	2.0
Q4	107.4	109.3	103.4	104.2	109.6	111.4	109.3	107.3	1.6	2.8	0.8	0.0	0.6	2.6	2.7	1.6
1997 Q1	108.1	110.4	103.9	105.7	110.2	111.6	109.5	107.1	1.7	2.8	1.0	0.7	1.7	1.6	2.1	0.8
Q2	108.6	110.3	104.5	105.1	112.6	111.6	111.5	107.2	1.8	2.0	1.5	-0.3	3.6	1.6	3.3	0.5
Q3	109.6	111.0	106.1	104.9	115.3	112.9	112.8	106.3	2.3	1.7	2.9	1.0	5.8	1.4	3.9	-0.5
Q4	109.9	111.0	107.3	105.6	114.3	113.0	115.1	107.1	2.3	1.5	3.7	1.3	4.4	1.5	5.3	-0.2
1998 Q1	109.2	111.4	107.7	104.7	108.5	115.1	116.3	106.4	1.1	0.9	3.7	-1.0	-1.5	3.2	6.2	-0.7
Q2	109.0	111.0	107.2	104.6	108.2	115.9	116.6	106.3	0.3	0.7	2.6	-0.5	-3.9	3.8	4.5	-0.9
Q3	108.6	110.7	107.7	102.8	106.4	117.3	117.9	105.8	-0.8	-0.3	1.5	-2.0	-7.7	3.9	4.5	-0.5
Q4	108.2	110.6	107.4	103.0	103.8	117.0	118.5	106.3	-1.6	-0.3	0.1	-2.4	-9.2	3.5	2.9	-0.8
1999 Q1	108.6	111.4	106.9	104.7	103.9	119.1	118.5	106.5	-0.6	-0.1	-0.8	0.1	-4.3	3.5	1.9	0.1
Q2	109.1	112.1	106.2	104.2	105.4	121.2	118.3	106.9	0.1	1.0	-0.9	-0.4	-2.5	4.6	1.5	0.6

Source: Singapore Department of Statistics

TABLE 4 : EXTERNAL TRADE

Year-on-Year % Change

Period	Total Trade	Exports	Domestic Exports Total	Domestic Exports Oil	Domestic Exports Non-oil Total	Domestic Exports Non-oil Electronics	Domestic Exports Non-oil Non-electronics	Re-exports	Imports	Exports	Domestic Exports Total	Domestic Exports Oil	Domestic Exports Non-oil	Re-exports	Imports
	At Current Prices									At 1990 Prices					
1992	2.2	1.4	0.5	-22.1	8.4	11.9	3.3	3.3	2.9	7.2	7.8	-11.0	15.0	5.9	6.5
1993	16.4	15.6	13.7	8.6	14.9	21.4	4.9	19.1	17.1	17.6	16.7	15.5	17.0	19.5	19.0
1994	18.1	23.3	17.4	-3.9	22.5	30.3	8.4	33.4	13.7	27.6	24.0	10.9	27.8	34.5	14.7
1995	13.2	13.7	11.2	-1.9	13.7	16.3	8.1	17.4	12.7	16.1	14.3	-0.2	18.0	19.1	13.8
1996	5.1	5.2	5.2	20.6	2.7	4.3	-1.0	5.3	5.0	7.3	6.4	4.1	6.9	8.8	7.1
1997	5.7	5.3	3.8	-3.9	5.3	3.4	9.9	7.4	6.2	6.8	4.9	-1.2	6.2	9.9	8.1
1998	-7.5	-1.0	-1.5	-15.3	0.9	-0.5	4.1	-0.3	-13.6	-0.7	0.2	5.6	-0.9	-2.0	-12.5
1995 Q1	19.1	25.4	20.7	8.9	23.1	26.5	16.1	32.9	13.5	28.0	24.3	7.9	29.0	35.1	13.6
Q2	8.6	7.9	4.0	-5.3	5.8	7.4	2.3	14.1	9.3	9.9	7.1	-5.6	10.3	15.2	9.5
Q3	11.9	11.3	9.0	-10.4	12.7	13.7	10.5	14.6	12.5	13.9	12.6	-4.7	16.9	16.2	14.6
Q4	14.2	12.7	13.1	1.2	15.1	19.5	4.9	12.2	15.7	15.0	15.5	3.0	18.3	14.0	17.2
1996 Q1	15.8	14.1	14.2	22.5	12.7	17.7	1.4	14.0	17.4	15.6	14.9	9.7	16.2	16.7	19.1
Q2	6.1	6.4	7.7	22.6	5.2	7.2	0.7	4.5	5.9	8.8	9.4	10.6	9.1	7.8	8.4
Q3	-1.2	0.1	0.0	15.5	-2.4	-1.0	-5.5	0.4	-2.4	2.2	1.1	-0.7	1.5	4.1	-0.4
Q4	1.4	1.7	0.4	21.7	-2.8	-3.9	0.0	3.5	1.3	3.9	1.6	-3.1	2.5	7.9	3.2
1997 Q1	-2.5	-2.8	-4.1	-4.3	-4.1	-6.8	2.7	-0.8	-2.2	-0.3	-2.4	-10.5	-0.6	3.3	0.4
Q2	5.3	5.9	3.8	1.0	4.4	4.1	5.1	9.1	4.6	8.8	5.9	3.6	6.5	13.9	8.4
Q3	11.7	8.7	7.5	-2.5	9.3	7.9	12.7	10.3	14.6	10.5	9.3	3.3	10.6	12.4	16.3
Q4	8.4	9.1	7.9	-9.6	11.2	8.1	18.7	10.8	7.7	7.8	6.5	-1.0	7.9	9.9	7.5
1998 Q1	4.1	9.7	6.7	-14.1	10.7	8.6	15.8	14.0	-1.1	7.5	5.7	7.8	5.2	10.5	-0.9
Q2	-7.7	-1.3	-3.3	-19.5	-0.2	-2.0	4.2	1.4	-13.8	-2.1	-2.5	-4.8	-1.9	-1.4	-14.1
Q3	-9.3	-1.1	-0.9	-15.4	1.4	-0.6	5.9	-1.3	-16.9	-1.9	-1.2	1.0	-1.7	-2.9	-15.8
Q4	-15.5	-9.7	-7.4	-11.8	-6.7	-6.6	-7.1	-12.8	-21.0	-5.3	-0.7	20.9	-4.4	-12.4	-18.1
1999 Q1	-9.4	-9.0	-3.8	-7.9	-3.2	-4.8	0.2	-15.7	-9.9	-4.8	1.4	4.6	0.7	-14.3	-7.5
Q2	8.0	5.2	9.8	6.9	10.3	5.4	21.2	-1.0	11.2	5.1	8.2	-2.2	10.4	0.1	10.3

Source: Singapore Trade Development Board

TABLE 5 : NON-OIL DOMESTIC EXPORTS by selected country

Period	All Countries	ASEAN Total	ASEAN of which: Malaysia	ASEAN of which: Thailand	ASEAN of which: Philippines	NIEs Total	NIEs Hong Kong	NIEs S. Korea	NIEs Taiwan	USA	Japan	EU 15	Others
	Year-on-Year % Change												
1995	13.7	7.7	1.7	24.0	23.8	14.8	7.8	30.2	19.5	11.9	36.1	14.2	12.2
1996	2.7	0.1	-3.4	-0.4	21.0	-1.2	-4.8	16.6	-5.8	5.8	5.2	2.3	2.6
1997	5.3	6.5	4.9	1.3	40.3	9.2	9.7	-1.7	16.6	4.6	-15.4	12.0	7.1
1998	0.9	-9.6	-9.7	-9.1	-10.2	-10.4	-9.3	-22.2	-4.6	3.1	-8.7	11.1	16.3
1995 Q1	23.1	40.0	42.4	31.4	59.1	32.7	53.0	35.8	4.2	10.9	23.5	20.3	23.1
Q2	5.8	-7.2	-12.8	17.5	-19.9	13.6	6.8	22.7	22.4	8.1	15.7	8.8	7.3
Q3	12.7	5.8	-2.5	30.2	37.5	7.4	-5.0	24.1	24.0	12.3	51.1	9.3	14.0
Q4	15.1	5.2	-2.3	18.6	43.7	9.9	-6.1	38.8	26.6	15.9	54.7	18.5	6.0
1996 Q1	12.7	6.5	1.9	14.1	18.2	9.2	-1.6	18.9	23.5	21.8	33.3	10.9	-5.9
Q2	5.2	1.1	-5.5	1.3	46.8	-0.5	-7.5	28.7	-5.7	9.0	21.9	1.0	3.5
Q3	-2.4	-6.1	-8.0	-9.5	10.9	-4.7	-4.6	17.7	-17.7	1.5	-13.2	-0.4	3.7
Q4	-2.8	-0.1	-1.0	-5.1	13.9	-7.6	-5.3	2.7	-17.3	-5.2	-10.6	-1.1	8.7
1997 Q1	-4.1	3.3	2.7	-4.8	31.6	-7.8	-8.9	1.0	-11.8	-10.6	-21.6	4.9	6.6
Q2	4.4	8.3	9.2	2.8	30.5	7.6	11.1	-10.9	17.0	3.2	-20.4	11.3	9.1
Q3	9.3	9.0	4.5	11.7	46.4	18.9	20.0	1.6	31.0	10.7	-8.1	12.6	4.6
Q4	11.2	5.4	3.3	-4.1	50.6	19.1	16.9	2.7	35.1	14.8	-10.0	18.4	8.2
1998 Q1	10.7	-1.3	-6.1	4.6	22.1	7.1	11.8	-26.9	24.9	18.0	3.8	12.7	21.2
Q2	-0.2	-14.7	-17.0	-8.3	-18.0	-10.9	-3.0	-25.1	-15.4	6.2	-13.0	10.8	15.3
Q3	1.4	-7.8	-3.2	-17.5	-14.4	-13.7	-14.2	-25.4	-5.5	-0.8	-12.5	19.9	21.4
Q4	-6.7	-13.9	-12.1	-14.4	-22.0	-20.8	-27.3	-11.9	-16.0	-7.3	-12.4	3.1	8.5
1999 Q1	-3.2	-8.6	-7.1	-5.7	-14.3	-7.6	-21.3	43.4	-10.0	-6.8	-0.9	6.4	0.0
Q2	10.3	10.0	12.5	11.4	15.3	12.2	-14.9	50.1	44.5	2.3	39.0	10.2	13.0
	% Share of All Countries												
1995	100.0	20.4	13.7	4.2	1.3	13.0	6.7	2.4	3.9	28.4	9.2	18.2	10.8
1996	100.0	19.9	12.9	4.0	1.6	12.5	6.2	2.7	3.6	29.2	9.5	18.2	10.8
1997	100.0	20.1	12.8	3.9	2.1	13.0	6.5	2.5	4.0	29.0	7.6	19.3	10.9
1998	100.0	18.0	11.5	3.5	1.9	11.5	5.8	2.0	3.7	29.7	6.9	21.3	12.6

Source: Singapore Trade Development Board

TABLE 6 : LABOUR MARKET

Period	Average Monthly Earnings	Labour Productivity						Unit Labour Cost		Changes in Employment					
		All Sectors	Manu-facturing	Con-struction	Commerce	Transport & Comms.	Financial & Business	Overall Economy	Manu-facturing	All Sectors	Manu-facturing	Con-struction	Commerce	Transport & Comms.	Financial & Business
	Year-on-Year % Change									Thousand					
1992	7.5	3.2	2.8	13.9	0.5	2.0	3.0	3.4	6.3	40.3	-7.9	11.3	9.1	6.2	8.3
1993	6.3	9.2	11.7	-5.3	16.5	5.9	8.6	-0.9	-3.1	70.8	-3.1	26.4	14.9	4.8	12.1
1994	8.8	6.6	11.3	4.6	8.3	8.6	3.1	2.5	-3.1	72.1	11.6	13.1	13.4	2.6	16.0
1995	6.4	3.0	6.5	-3.8	5.9	6.5	-2.3	2.5	-1.3	109.0	12.5	40.5	14.1	9.4	18.0
1996	5.8	1.2	3.0	-2.9	3.5	3.8	0.2	2.5	2.3	102.7	-7.8	52.9	8.8	6.3	18.4
1997	5.7	2.7	5.5	-4.3	2.7	5.0	5.9	0.4	0.9	120.3	3.7	45.8	12.6	6.2	26.1
1998	2.8	-2.4	1.5	-3.4	-3.9	3.7	-6.8	2.6	-0.9	-23.4	-27.6	-4.7	-13.4	-0.5	6.5
1995 Q1	7.1	1.6	4.7	-5.2	4.6	8.9	-5.9	6.2	1.2	14.2	7.1	2.5	-1.7	1.3	4.3
Q2	6.7	4.3	4.4	1.4	7.4	9.1	0.9	2.9	1.6	27.1	4.1	7.2	3.2	2.7	6.8
Q3	7.1	3.9	8.7	-5.3	6.9	5.2	-1.1	2.1	-4.0	20.4	-0.9	12.4	-0.7	3.1	2.0
Q4	4.9	2.2	7.9	-6.0	4.9	3.2	-3.1	-0.4	-3.8	47.3	2.2	18.4	13.3	2.3	4.9
1996 Q1	6.9	5.4	10.5	4.4	7.4	5.1	1.8	-1.2	-3.9	17.5	1.1	12.0	-3.0	0.4	3.3
Q2	5.9	1.7	5.7	-4.1	3.6	3.4	0.1	2.3	0.9	23.3	-4.7	12.5	1.2	1.9	8.0
Q3	5.0	-2.3	-3.3	-5.2	-0.7	2.7	-2.4	6.0	9.3	22.1	-3.2	12.6	0.4	1.8	2.5
Q4	5.5	0.6	0.9	-5.6	3.7	4.2	1.6	3.0	4.2	39.8	-1.0	15.8	10.2	2.2	4.6
1997 Q1	5.1	0.4	-3.3	-9.4	0.1	4.1	8.6	3.1	9.5	16.2	-0.9	10.7	-1.7	0.5	2.9
Q2	6.0	3.9	6.1	-6.3	4.5	5.5	7.9	-0.3	0.3	37.2	-1.2	12.5	5.0	2.1	11.2
Q3	5.2	5.3	10.6	-1.1	6.5	6.4	6.8	-2.1	-4.4	31.1	2.4	16.2	-1.4	2.2	4.8
Q4	6.2	1.4	7.9	-0.9	-0.2	4.2	0.4	1.1	-2.6	35.8	3.4	6.4	10.7	1.4	7.2
1998 Q1	4.8	-1.3	5.5	1.2	-1.5	3.3	-8.5	3.1	-3.3	9.1	-1.0	7.1	-5.4	-0.6	2.3
Q2	4.3	-3.8	0.0	-3.0	-4.7	3.9	-9.0	4.7	2.0	-5.9	-8.0	0.9	-5.4	0.3	1.2
Q3	2.9	-3.7	-1.4	-5.6	-5.2	2.9	-7.3	3.2	1.2	-20.3	-10.6	-4.1	-4.3	-0.4	1.5
Q4	-0.3	-0.6	3.0	-5.3	-3.8	4.9	-2.1	-0.1	-2.6	-6.3	-7.9	-8.6	1.7	0.2	1.5
1999 Q1	-0.3	2.5	14.2	-5.8	0.9	6.2	-4.1	-10.1	-18.5	-9.6	-3.3	-10.5	-3.1	-0.2	2.1
Q2		8.1	20.0	-7.7	7.1	6.3	3.1	-14.3	-24.5	15.4	3.9	-4.2	1.0	1.0	9.4

Source: Singapore Department of Statistics
Ministry of Manpower

TABLE 7 : MONETARY

End of Period	Money Supply								Interest Rates				
												Banks	
	Narrow Money M1	Broad Money M2	Broad Money M3	Reserve Money	Narrow Money M1	Broad Money M2	Broad Money M3	Reserve Money	Prime Lending Rate	3-month Interbank Rate	3-month SIBOR (US$)	Savings Rate	12-month Fixed Deposit Rate
	S$ Billion				Year-on-Year % Change				Rate % Per Annum				
1992	18.5	75.7	101.5	13.5	12.7	8.9	9.5	10.6	5.55	2.19	3.50	1.79	2.97
1993	22.9	82.1	111.4	14.7	23.6	8.5	9.7	8.4	5.34	3.31	3.38	1.59	2.79
1994	23.4	94.0	125.8	15.6	2.3	14.4	13.0	6.2	6.49	4.38	6.50	2.93	4.23
1995	25.3	102.0	136.7	17.0	8.3	8.5	8.7	9.4	6.26	2.50	5.56	2.72	4.01
1996	27.0	112.0	148.5	18.2	6.7	9.8	8.6	6.7	6.26	3.28	5.56	2.72	3.99
1997	27.5	123.4	160.8	19.2	1.7	10.3	8.3	5.6	6.96	6.69	5.81	3.08	4.41
1998	27.2	160.8	173.6	16.6	-1.0	30.2	8.0	-13.3	5.90	1.72	5.13	1.43	2.51
1995 Q1	23.8	94.7	126.8	15.7	6.0	15.0	13.3	8.6	6.49	2.81	6.31	2.93	4.23
Q2	24.7	98.0	131.0	15.9	10.2	14.3	13.3	5.7	6.34	2.38	6.06	2.76	4.06
Q3	24.7	98.5	131.9	16.0	6.6	9.4	9.5	4.7	6.26	2.78	5.88	2.72	4.01
Q4	25.3	102.0	136.7	17.0	8.3	8.5	8.7	9.4	6.26	2.50	5.56	2.72	4.01
1996 Q1	25.9	104.7	138.7	17.0	8.8	10.6	9.4	7.9	6.26	2.34	5.44	2.72	4.01
Q2	26.4	107.7	142.1	17.6	7.0	9.9	8.5	10.9	6.26	3.00	5.59	2.72	4.01
Q3	26.5	109.4	144.2	17.7	7.7	11.1	9.3	10.9	6.26	3.22	5.63	2.72	4.01
Q4	27.0	112.0	148.5	18.2	6.7	9.8	8.6	6.7	6.26	3.28	5.56	2.72	3.99
1997 Q1	28.5	117.0	153.8	19.4	9.8	11.8	10.9	14.2	6.26	3.47	5.75	2.72	3.99
Q2	28.2	119.1	156.3	18.3	6.9	10.6	10.0	3.7	6.26	3.66	5.81	2.72	3.98
Q3	28.0	120.5	157.8	18.6	5.5	10.2	9.5	4.8	6.26	3.94	5.75	2.72	3.98
Q4	27.5	123.4	160.8	19.2	1.7	10.3	8.3	5.6	6.96	6.69	5.81	3.08	4.41
1998 Q1	26.6	128.0	164.8	19.1	-6.5	9.4	7.1	-1.3	7.74	5.00	5.69	3.46	5.32
Q2	24.9	128.7	165.5	18.8	-11.8	8.1	5.9	2.5	7.79	6.22	5.69	3.49	5.38
Q3	24.9	132.6	169.5	15.2	-11.0	10.0	7.4	-18.3	7.54	4.94	5.31	3.24	4.94
Q4	27.2	160.8	173.6	16.6	-1.0	30.2	8.0	-13.3	5.90	1.72	5.13	1.43	2.51
1999 Q1	29.0	163.6	176.0	17.3	8.9	27.8	6.8	-9.5	5.80	2.06	5.00	1.36	2.46
Q2	29.6	167.9	179.6	16.7	18.9	30.4	8.5	-10.9	5.80	1.78	5.34	1.36	2.46

Source: Monetary Authority of Singapore

TABLE 8 : FISCAL

Period	Operating Revenue							Expenditure			Surplus (+)/ Deficit (-)	
	Total	Tax Revenue					Non-tax Revenue	Total	Operating	Development		
		Total	Income Tax	Asset Tax	Stamp Duty	GST						
	S$ Million											% of GDP
FY1992	17772	14237	7147	1498	673	0	3535	12161	8512	3649	5611	6.8
FY1993	20656	16224	7735	1645	1107	0	4432	12896	9001	3895	7759	8.0
FY1994	23713	19000	8296	1845	1394	1523	4714	14043	10072	3971	9670	8.9
FY1995	25255	19896	8773	1757	1271	1626	5359	17410	11449	5962	7844	6.4
FY1996	28930	23205	10951	1823	1878	1746	5724	23286	14159	9128	5643	4.3
FY1997	29181	23011	10195	2335	1688	1927	6170	23043	14080	8963	6139	4.3
FY1998 (Prelim.)	27319	21329	11341	1529	953	1651	5990	26182	14595	11587	1137	0.8
FY1999 (Estimated)	24112	18176	8250	1390	900	1650	5936	29165	15229	13936	-5054	-3.5
1995 Q1	6372	4852	1466	615	435	412	1520	4231	3156	1075	2141	n.a.
Q2	5755	4505	2204	323	288	425	1250	2976	1928	1048	2779	n.a.
Q3	6513	5414	2621	607	330	415	1099	3572	2585	987	2941	n.a.
Q4	6142	4808	2475	294	311	395	1334	4775	3214	1561	1367	n.a.
1996 Q1	6845	5169	1473	533	342	391	1676	6086	3721	2365	759	n.a.
Q2	6745	4969	2418	289	451	483	1776	3489	2238	1251	3256	n.a.
Q3	7427	6307	2982	500	593	475	1120	4449	3036	1413	2978	n.a.
Q4	7021	5474	2666	308	448	439	1547	5151	3259	1892	1870	n.a.
1997 Q1	7737	6455	2885	727	386	349	1282	10199	5626	4573	-2462	n.a.
Q2	6444	5692	2678	395	524	738	752	4386	2330	2056	2058	n.a.
Q3	8044	6684	3140	762	453	509	1360	5167	3158	2009	2877	n.a.
Q4	8388	5610	2761	519	332	393	2778	6113	4045	2068	2275	n.a.
1998 Q1	6305	5025	1616	659	380	287	1280	7376	4547	2829	-1071	n.a.
Q2	7141	5363	2861	389	255	523	1778	4841	2834	2007	2300	n.a.
Q3	7140	5957	3200	488	224	527	1183	5268	2893	2375	1872	n.a.
Q4	7626	5809	3289	313	222	352	1817	7308	3962	3346	318	n.a.
1999 Q1	5412	4200	1991	339	252	249	1212	8765	4906	3859	-3353	n.a.
Q2	6522	4909	2537	241	262	622	1613	4390	2454	1936	2132	n.a.

Source: Ministry of Finance

TABLE 9 : BALANCE OF PAYMENTS - Current Account

Period	Current Account Balance		Goods Account			Services Account						Income	Current
			Exports	Imports	Balance	Total	Transportation	Travel	Insurance	Govt. Servs	Other	Balance	Transfers
	S$ Million	% of GNP	S$ Million										
1992	9635	11.7	108432	111400	-2967	10854	-1330	5239	-596	-14	7556	2522	-774
1993	6804	7.3	125802	130204	-4401	11757	-1359	5253	-599	-8	8469	315	-866
1994	17413	16.0	149566	147497	2069	13970	-1153	4450	-674	10	11337	2384	-1010
1995	20462	16.8	167897	166512	1384	17089	-1136	3855	-878	-36	15284	3244	-1255
1996	20458	15.4	177680	174543	3136	14460	-1538	2480	-855	1	14372	4375	-1513
1997	22320	15.0	186708	185048	1660	16474	-1722	1093	-823	-28	17953	5949	-1762
1998	29479	20.0	184731	160167	24565	553	-2561	-744	-528	-48	4434	6332	-1971
1995 Q1	5840	n.a.	38059	37152	908	4280	-203	1161	-185	-9	3516	943	-291
Q2	4480	n.a.	40846	40997	-150	3974	-312	763	-220	-1	3744	956	-299
Q3	5697	n.a.	43946	43443	503	4921	-291	1284	-237	-15	4181	595	-323
Q4	4445	n.a.	45045	44921	124	3914	-331	648	-236	-11	3844	750	-342
1996 Q1	4126	n.a.	43717	43461	255	3100	-416	904	-228	-1	2842	1127	-357
Q2	4396	n.a.	43803	43307	496	3251	-373	508	-213	5	3325	1018	-369
Q3	7456	n.a.	44363	42302	2061	4267	-358	728	-202	1	4098	1513	-385
Q4	4480	n.a.	45796	45473	324	3841	-392	341	-212	-4	4108	717	-402
1997 Q1	4572	n.a.	42369	42621	-252	3804	-390	650	-183	-15	3742	1435	-415
Q2	7081	n.a.	46253	45117	1136	4580	-429	376	-202	2	4834	1797	-431
Q3	5752	n.a.	48097	48459	-362	5000	-431	360	-220	-6	5297	1565	-452
Q4	4915	n.a.	49989	48851	1138	3089	-472	-293	-218	-9	4080	1152	-464
1998 Q1	4892	n.a.	46546	42083	4462	-603	-517	-52	-156	-17	139	1515	-482
Q2	7500	n.a.	45550	39090	6460	-383	-543	-334	-125	-10	629	1908	-486
Q3	8671	n.a.	47467	40347	7120	602	-733	0	-128	-14	1478	1452	-503
Q4	8417	n.a.	45169	38647	6522	937	-768	-358	-118	-7	2188	1456	-499
1999 Q1	6426	n.a.	42288	37789	4499	666	-549	176	-85	-18	1142	1752	-490
Q2	8790	n.a.	48060	43244	4817	2648	-544	-149	-130	-5	3476	1807	-482

Source: Singapore Department of Statistics

TABLE 10 : BALANCE OF PAYMENTS - Capital & Financial Accounts

S$ Million

Period	Capital & Financial Account Balance	Capital Account	Financial Account			Other Investment			Errors & Omissions	Overall Balance	Official Foreign Reserves (End-of-Period)
			Total	Direct Investment	Portfolio Investment	Total	Banks	Others			
1992	2859	-62	2921	1446	4056	-2580	-1173	-1408	-2535	9959	65788
1993	-2074	-115	-1958	4095	-8024	1971	4391	-2421	7423	12154	77867
1994	-13633	-129	-13504	6069	-11801	-7772	1707	-9479	3522	7302	85166
1995	-6811	-101	-6710	1311	-10430	2410	7904	-5494	-1477	12174	97337
1996	-4560	-196	-4364	2269	-14499	7865	6344	1521	-5492	10407	107751
1997	-5976	-257	-5719	7406	-17022	3897	9362	-5464	-4489	11856	119617
1998	-29902	-378	-29524	6879	-12523	-23880	-17689	-6191	5404	4981	124584
1995 Q1	2028	-23	2050	22	-2683	4711	3496	1214	-5883	1985	87161
Q2	1456	-23	1478	683	-1903	2698	4139	-1441	-216	5720	92876
Q3	-231	-31	-200	257	-2937	2479	1917	562	-3207	2258	95125
Q4	-10063	-25	-10038	349	-2908	-7478	-1648	-5830	7829	2211	97337
1996 Q1	-7524	-36	-7488	131	-4531	-3088	1390	-4478	5186	1788	99134
Q2	5153	-48	5201	782	-3059	7478	1716	5761	-6725	2823	101955
Q3	-1744	-65	-1678	376	-3625	1570	1900	-329	-2993	2720	104675
Q4	-445	-46	-399	981	-3284	1905	1337	567	-959	3076	107751
1997 Q1	-6835	-54	-6782	726	-3814	-3694	1246	-4940	8348	6086	113848
Q2	1358	-71	1429	1286	-4361	4504	2282	2222	-6760	1679	115528
Q3	5224	-59	5283	2951	-3981	6312	4363	1949	-8073	2903	118436
Q4	-5723	-73	-5649	2443	-4866	-3226	1470	-4696	1996	1188	119617
1998 Q1	-10771	-84	-10687	1703	-1840	-10550	-7877	-2673	6218	340	119956
Q2	-8901	-108	-8793	1826	-3347	-7273	-979	-6293	2611	1210	121196
Q3	-5247	-101	-5146	1742	-3764	-3124	-7985	4861	-2558	866	122062
Q4	-4984	-86	-4899	1607	-3572	-2934	-849	-2085	-867	2566	124584
1999 Q1	-14744	-83	-14661	3396	-1852	-16205	-5965	-10240	7903	-415	124327
Q2	-4901	-93	-4808	1576	-3793	-2591	2488	-5079	913	4801	125858

Source: Singapore Department of Statistics

TABLE 11 : EXCHANGE RATES

End of Period	Singapore Dollar Per											
	US Dollar	Pound Sterling	EURO	Deutsche Mark	100 Swiss Franc	100 French Franc	100 Japanese Yen	Malaysian Ringgit	Hong Kong Dollar	100 New Taiwan Dollar	100 Korean Won	Australian Dollar
1992	1.6449	2.4867	n.a.	1.0175	112.39	29.84	1.3198	0.6306	0.2125	6.4758	0.2086	1.1312
1993	1.6080	2.3802	n.a.	0.9272	108.61	27.28	1.4364	0.5953	0.2082	6.0338	0.1989	1.0885
1994	1.4607	2.2782	n.a.	0.9405	111.18	27.26	1.4628	0.5707	0.1888	5.5370	0.1850	1.1341
1995	1.4143	2.1884	n.a.	0.9839	122.61	28.79	1.3744	0.5567	0.1929	5.1821	0.1827	1.0540
1996	1.3998	2.3670	n.a.	0.9001	103.80	26.72	1.2046	0.5538	0.1809	5.0919	0.1657	1.1150
1997	1.6755	2.7771	n.a.	0.9363	115.23	27.98	1.2893	0.4313	0.2162	5.1433	0.0993	1.0935
1998	1.6605	2.7666	n.a.	0.9891	120.15	29.48	1.4484	0.4370	0.2143	5.1552	0.1394	1.0190
1995 Q1	1.4191	2.2781	n.a.	1.0068	121.40	28.88	1.5886	0.5597	0.1835	5.4673	0.1839	1.0348
Q2	1.3965	2.2213	n.a.	1.0095	121.38	28.77	1.6507	0.5725	0.1805	5.4078	0.1839	0.9925
Q3	1.4205	2.2451	n.a.	1.0021	124.55	29.06	1.4432	0.5666	0.1837	5.2404	0.1849	1.0731
Q4	1.4143	2.1884	n.a.	0.9839	122.61	28.79	1.3744	0.5567	0.1929	5.1821	0.1827	1.0540
1996 Q1	1.4080	2.1493	n.a.	0.9549	118.43	28.00	1.3206	0.5550	0.1821	5.1674	0.1799	1.0983
Q2	1.4099	2.1834	n.a.	0.9274	112.79	27.43	1.2864	0.5652	0.1822	5.1200	0.1740	1.1132
Q3	1.4080	2.2014	n.a.	0.9242	112.32	27.32	1.2680	0.5615	0.1821	5.1229	0.1705	1.1142
Q4	1.3998	2.3670	n.a.	0.9001	103.80	26.72	1.2046	0.5538	0.1809	5.0919	0.1657	1.1150
1997 Q1	1.4451	2.3609	n.a.	0.8603	99.49	25.54	1.1654	0.5829	0.1865	5.2468	0.1635	1.1330
Q2	1.4300	2.3793	n.a.	0.8229	98.41	24.40	1.2513	0.5665	0.1845	5.1417	0.1610	1.0660
Q3	1.5295	2.4626	n.a.	0.8641	105.05	25.74	1.2640	0.4783	0.1976	5.3476	0.1672	1.1030
Q4	1.6755	2.7771	n.a.	0.9363	115.23	27.98	1.2893	0.4313	0.2162	5.1433	0.0993	1.0935
1998 Q1	1.6060	2.6926	n.a.	0.8695	105.54	25.95	1.2200	0.4412	0.2073	4.8951	0.1155	1.0673
Q2	1.7068	2.8461	n.a.	0.9443	112.16	28.18	1.2141	0.4098	0.2203	4.9509	0.1237	1.0462
Q3	1.6850	2.8783	n.a.	1.0080	121.59	30.06	1.2456	0.4434	0.2175	4.8954	0.1216	1.0070
Q4	1.6605	2.7666	n.a.	0.9891	120.15	29.48	1.4484	0.4370	0.2143	5.1552	0.1394	1.0190
1999 Q1	1.7322	2.7914	1.8548	0.9483	116.21	28.27	1.4385	0.4558	0.2235	5.2253	0.1413	1.0886
Q2	1.7013	2.6787	1.7562	0.8985	109.76	26.80	1.4105	0.4477	0.2193	5.2736	0.1468	1.1255

Source: Monetary Authority of Singapore