



SBF

Economic

Indicators Report

2Q 2020

Singapore

Preface

The purpose of this *SBF Economic Indicators Report (Singapore)* is to provide our business community with timely and relevant updates regarding key economic developments and trends in Singapore. The *Report* provides such updates via a series of selected charts depicting important economic indicators along with brief commentaries. By so doing, SBF strives to paint a broad picture of the prevailing general economic environment which businesses operate in.

The charts and corresponding commentaries are deliberately kept succinct to provide a quick and easy read.

Contributions of inputs and data in the *Report* were drawn from the SBF SMEC Research Subcommittee and DBS Group Research.

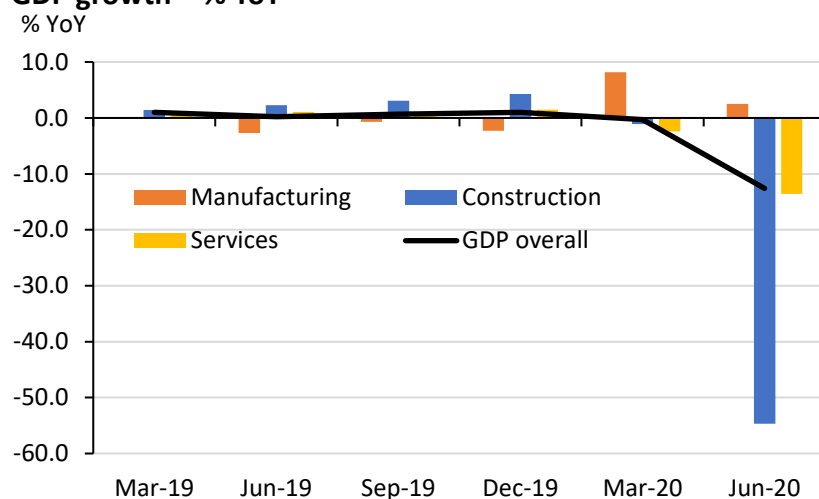
The *SBF Economic Indicators Report (Singapore)* shall be published on a quarterly basis.

Overall GDP Growth

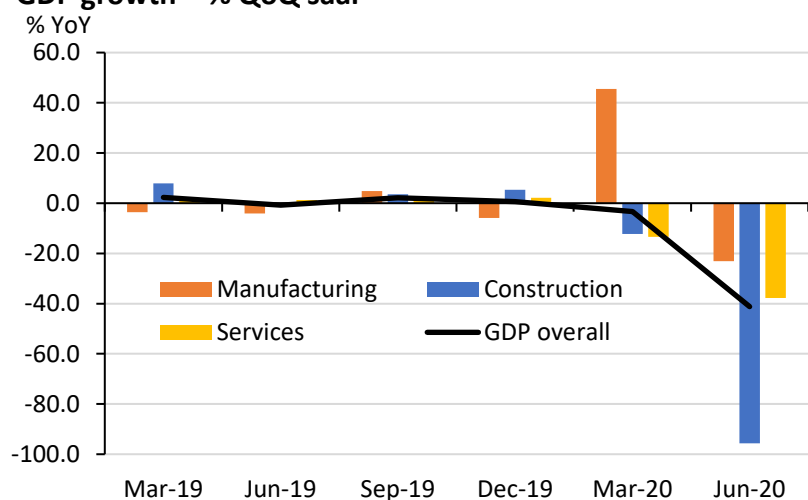
Median Forecasts of Macroeconomic Indicators 2020

Key Macroeconomic Indicators % YoY	Mar 2020 Survey	Jun 2020 Survey
GDP	0.6	-5.8
Manufacturing	-0.3	2.2
Finance & insurance	2.6	3.1
Construction	2.4	-11.4
Wholesale & Retail Trade	-0.7	-12.8
Accommodation & Food Services	-1.6	-26.0
Private Consumption	1.9	-5.2
Non-oil Domestic Exports	0.2	0.0

GDP growth - % YoY



GDP growth - % QoQ saar



Respondents to the MAS Survey of Professional Forecasters expect GDP to decline by 5.8% in 2020. On the back of a deteriorating external demand outlook and impact arising from the imposition of Circuit Breaker measures, MTI downgraded Singapore's GDP forecast to between "-7.0% and -4.0%" for 2020, from its previous forecast of "-4.0% to -1.0%".

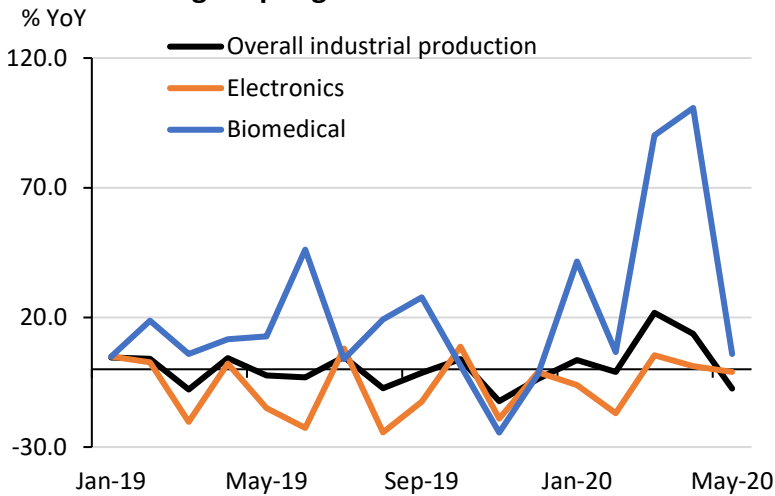
Advance estimates for Singapore's Q2 2020 GDP growth saw the economy shrinking by 12.6% YoY. Due to work stoppages and manpower disruptions, growth in the construction sector had been hardest hit, contracting by 54.7% YoY, a significant deterioration from the previous quarter.

The weak external demand and the imposition of Circuit Breaker measures also saw the economy shrinking by 41.2% QoQ. All sectors registered negative growth, with construction, services and manufacturing shrinking by 95.6%, 37.7% and 23.1%, respectively.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC, MAS and Department of Statistics (DOS).

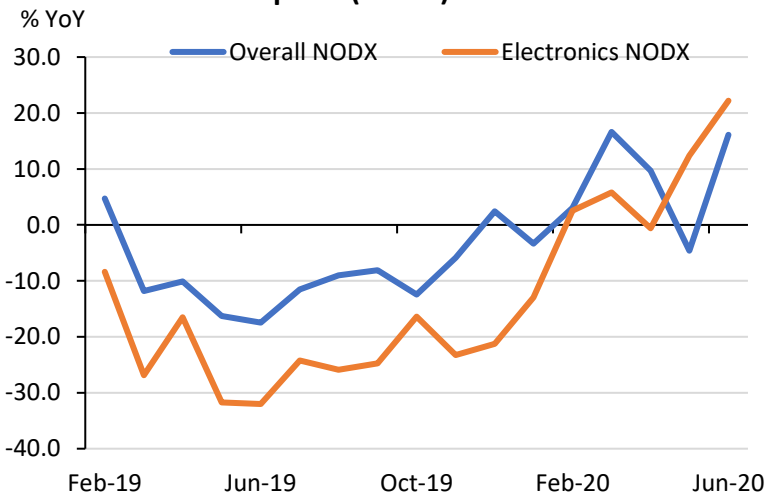
Manufacturing and Exports

Manufacturing output growth



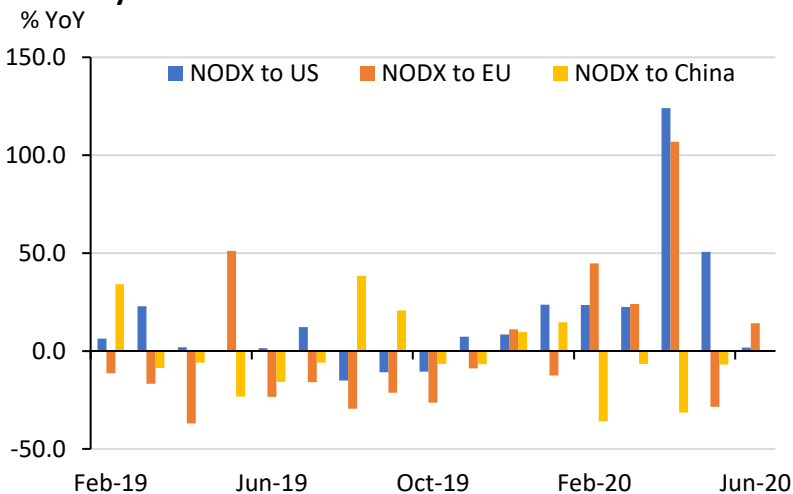
On a year-on-year basis, manufacturing output growth turned negative, with the figure in May coming in at -7.4%, reversing its gain of 13.6% in the previous month.

Non-oil domestic exports (NODX)



Coming off a low base for the same month last year, Singapore's non-oil domestic exports (NODX) posted a healthy 16.1% YoY growth in June, giving hope for potential positive NODX growth for the year. The overall NODX growth was supported in part by an expansion in electronics NODX.

NODX by markets

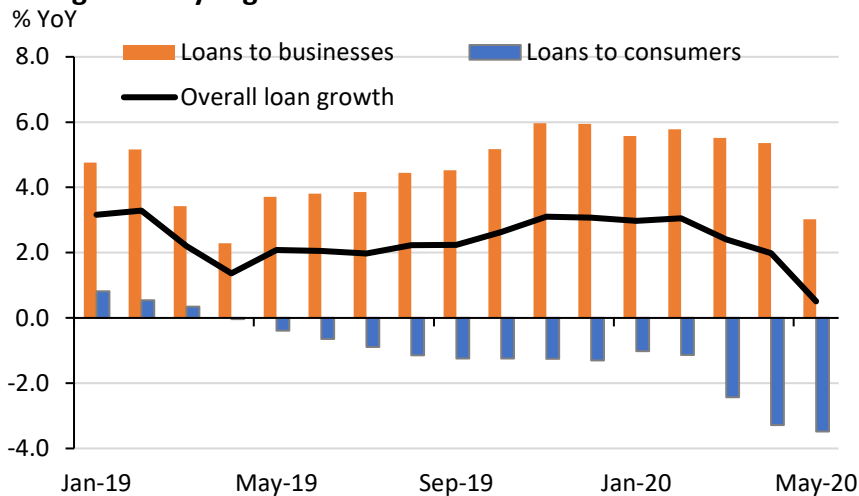


Broadly, NODX to the major markets grew as a whole in June, with growth in NODX to US, EU and China coming in at 1.7%, 14.1% and 0.6%, respectively.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC, Enterprise Singapore and Department of Statistics (DOS)

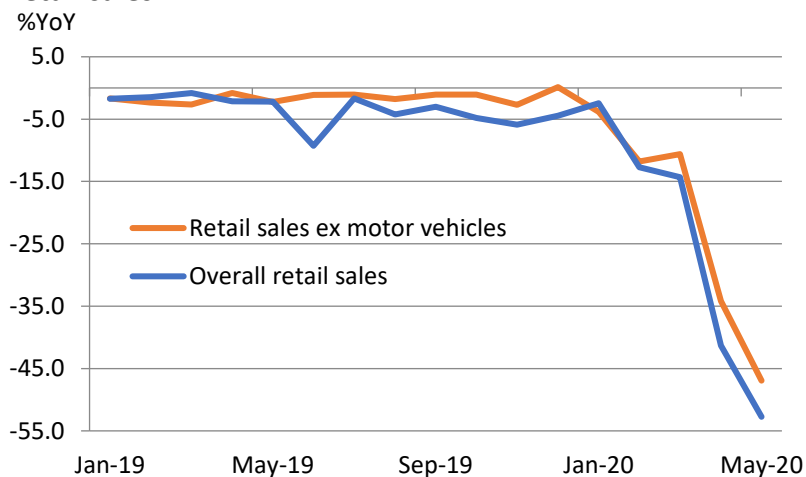
Loan Growth and Retail Sales

Loan growth by segments



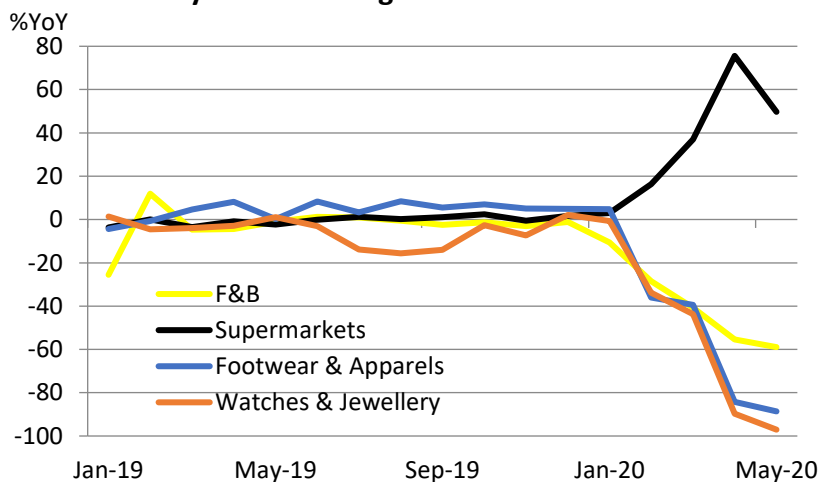
Overall loan growth, while positive, continued to moderate in the month of May, registering 0.5% YoY, dragged down by slower growth in business loans (3.0% YoY) and the continued contraction in consumer loans (-3.5% YoY).

Retail sales



Retail sales slid further south, contracting by 52.7% YoY in May, the 19th consecutive month of contraction since Nov 2018. The contraction in retail sales (ex motor vehicles) followed closely, registering -46.9% YoY.

Retail sales by consumer segments

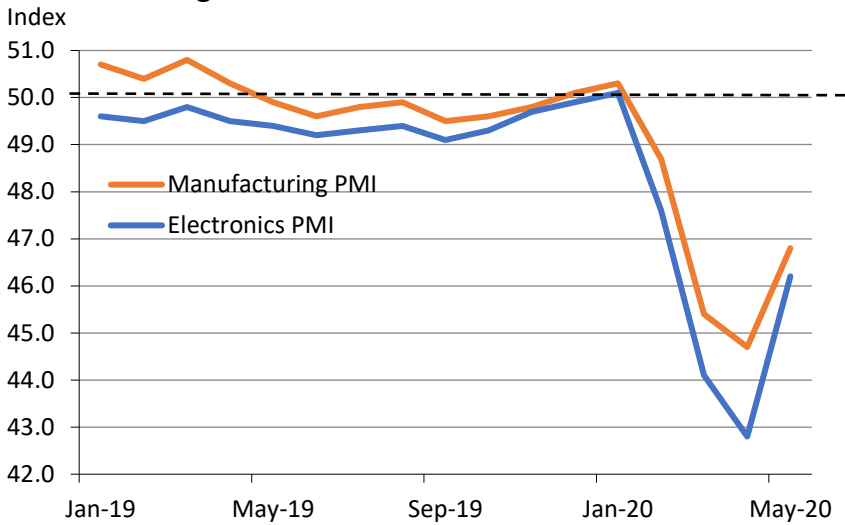


The unfolding COVID-19 pandemic had accentuated the growth trajectories between what is deemed as 'essential' and 'non-essential' consumer items, with sales in the 'Supermarkets' segment reaching a high of 75.6% YoY in April before moderating to 49.7% YoY in May.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC and Department of Statistics (DOS)

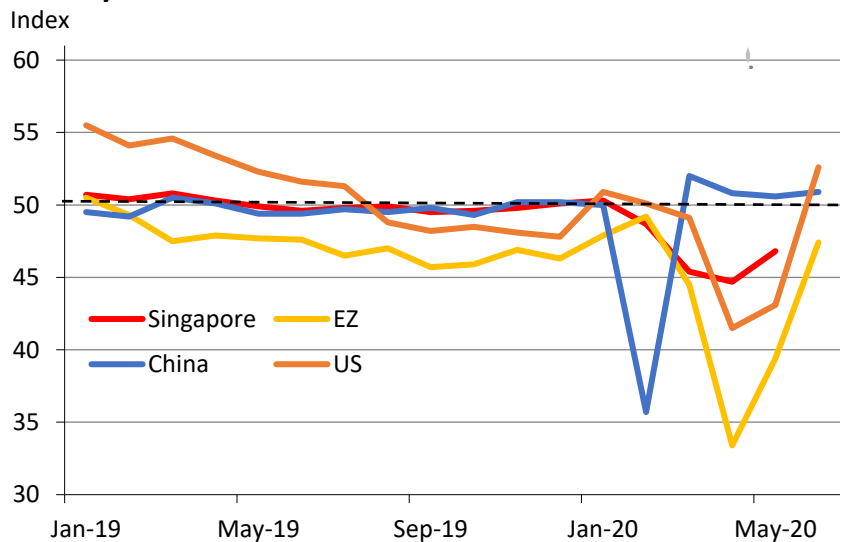
Purchasing Managers' Index (PMI) and Visitor Arrivals

Manufacturing and Electronics PMIs



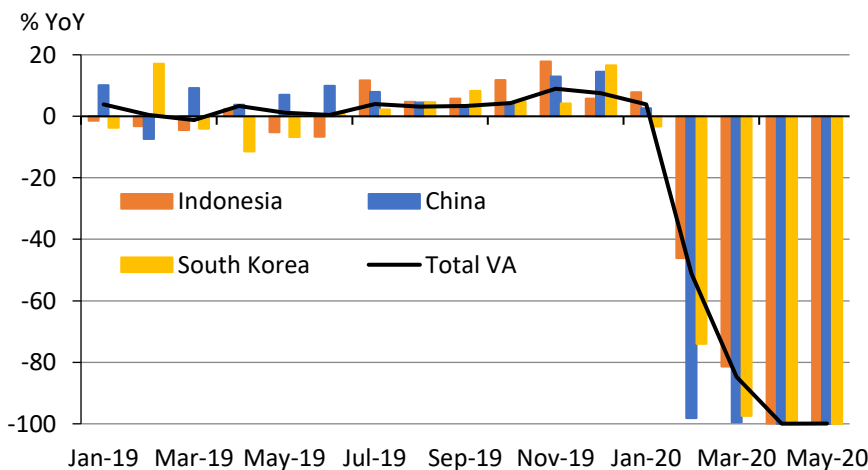
Singapore's PMI for both the manufacturing and the electronics sectors saw steep declines below the 50-point boom-bust line, hitting their respective troughs in April, before rebounding to 46.8 and 46.2, respectively, in May.

PMIs by countries



Globally, PMIs across the major markets of US and EZ saw sharp rebounds of late, with US hitting above the 50-point boom-bust line, at 52.6 for the month of June. China's PMI had stayed above 50 for 4 consecutive months since March. Singapore's PMI, while inching up, stayed below 50.

Tourist arrivals

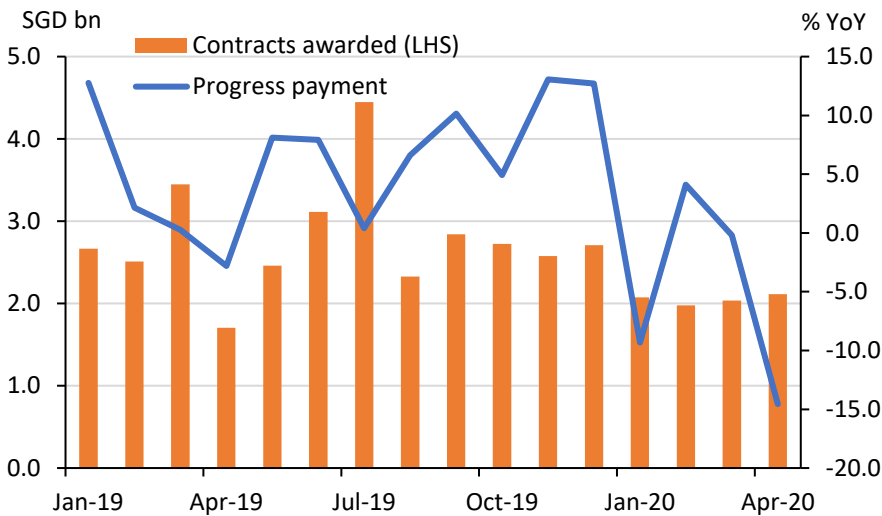


Tourist arrivals grounded to a complete halt in recent months with the imposition of strict border controls.

Sources: Data for all charts and tables are from DBS Group Research, Bloomberg, CEIC, URA, JTC, STB and Department of Statistics (DOS).

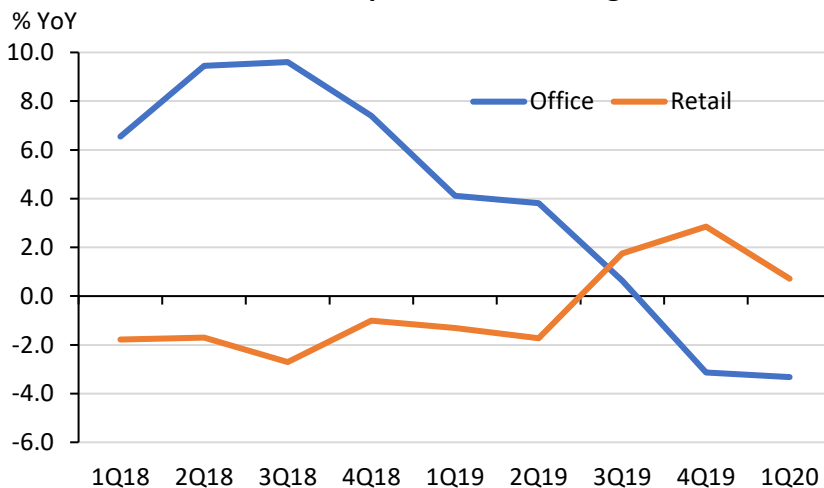
Construction and Real Estate

Construction sector



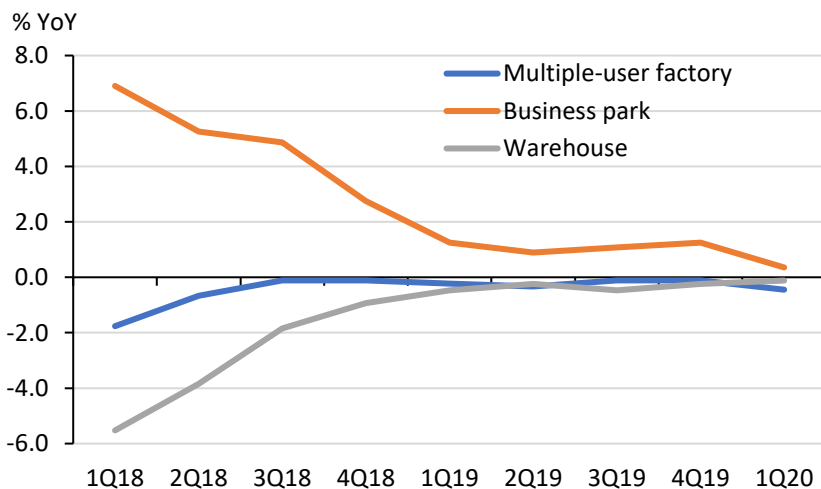
Construction contracts awarded amounted to SGD 2.1bn in April but progress payments saw a sharp -14.6% YoY contraction, the second consecutive month of negative growth.

Rents of Office and Retail Space in Central Region



Office rents in Central Region continued its downward slide and contracted for the second consecutive quarter, registering -3.3% YoY in 1Q 2020. Growth in retail rents moderated to 0.7% YoY in 1Q 2020. Retail rents are expected to fall further, as COVID-19 circuit breaker measures impacted retail sales growth.

Industrial Rents

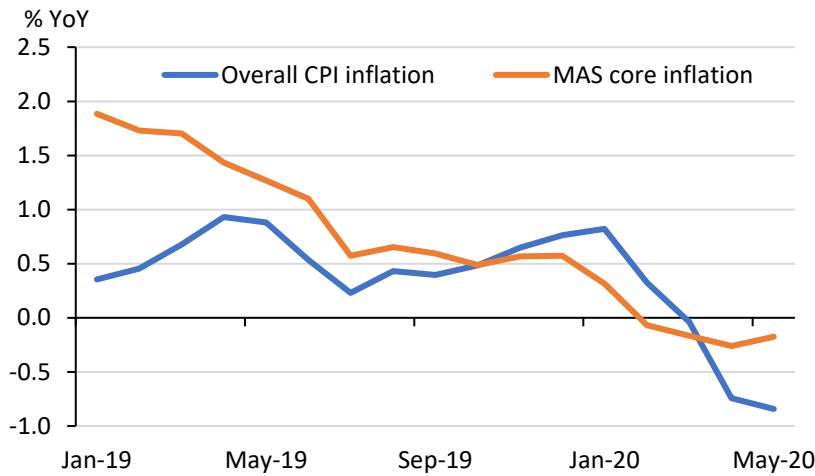


Industrial rents remain weak. While rents of business park space moderated to 0.4% YoY in 1Q 2020, and that of 'multiple-user factory' and 'warehouse' continued their growth contractions of -0.4% and -0.1% respectively, the full impact of the COVID-19 outbreak may yet have been felt.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC and Department of Statistics (DOS)

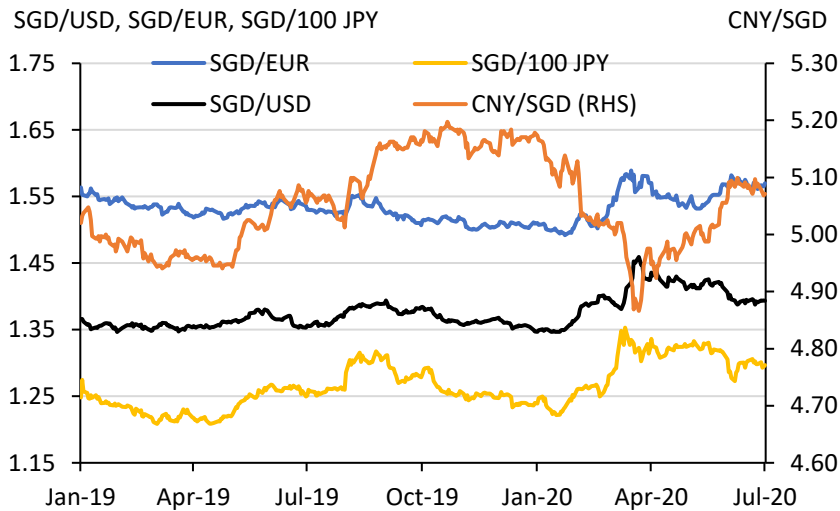
Inflation, FX and Interest Rates

CPI inflation



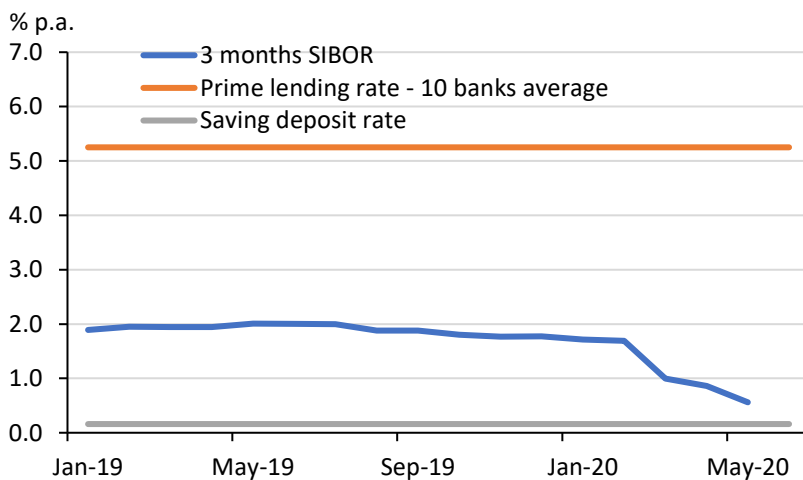
The headline Consumer Price Index (CPI) inflation dipped into the negative territory in April and May, contracting by 0.7% and 0.8% YoY, respectively. Core inflation saw its fourth monthly consecutive negative growth, coming in at -0.2% YoY in May.

Foreign exchange



Over the last quarter, broadly, the SGD saw some strengthening against the USD and the JPY, and a steeper appreciation vis-à-vis the Chinese Yuan.

Interest Rates



The 3 months SIBOR inched incrementally downwards to 0.56% in May, while the prime lending rate and the saving deposit rate remained stable at 5.25% and 0.16%, respectively.

Sources: Data for all charts and tables are from DBS Group Research, CEIC, URA, JTC and Department of Statistics (DOS)

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