



SBF

Economic

Indicators Report

2Q 2022

Singapore

Preface

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

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

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

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

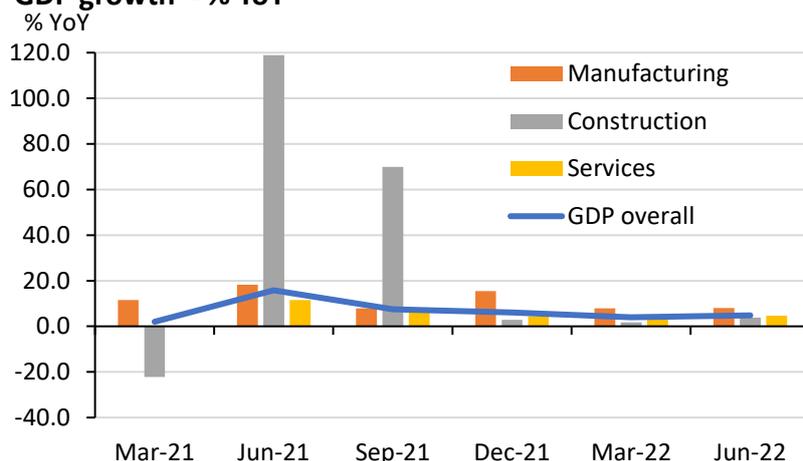
Overall GDP Growth

Median Forecasts of Macroeconomic Indicators for 2022

Key Macroeconomic Indicators % YoY	Mar 2022 Survey	Jun 2022 Survey
GDP	4.0	3.8
Manufacturing	4.1	4.6
Finance & insurance	4.1	3.8
Construction	9.0	5.9
Wholesale & Retail Trade	3.7	3.0
Accommodation & Food Services	9.1	7.1
Private Consumption	4.5	6.6
Non-oil Domestic Exports	7.8	6.3

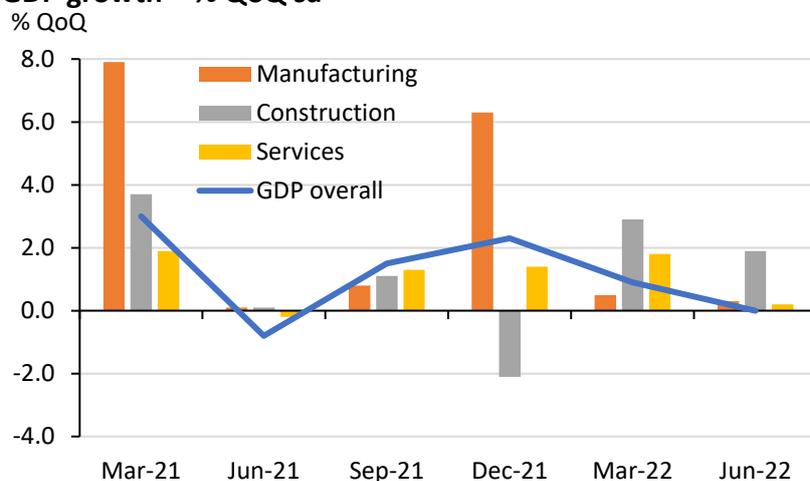
Respondents to the latest MAS Survey of Professional Forecasters expect GDP in 2022 to grow by 3.8%, down from 4.0% in the previous survey. A sharper-than-expected rise in inflation, driven mainly by higher energy and food prices, emerged as the most-cited downside risk to Singapore's growth outlook.

GDP growth - % YoY



The Singapore economy expanded by 4.8% YoY in 2Q 2022, extending the 4.0% growth recorded in the previous quarter. More rapid expansion in the goods producing (manufacturing and construction) industries as well as the services industry helped to bolster overall growth.

GDP growth - % QoQ sa

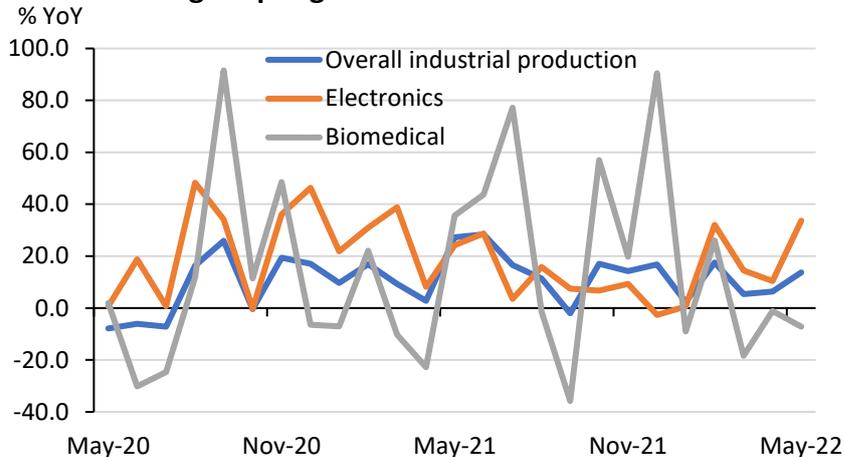


On a QoQ seasonally adjusted basis, GDP growth eased to zero in 2Q 2022, after posting an expansion of 0.9% in the previous quarter. Compared to 1Q 2022, the manufacturing, construction and services industries all posted slower growth this quarter.

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

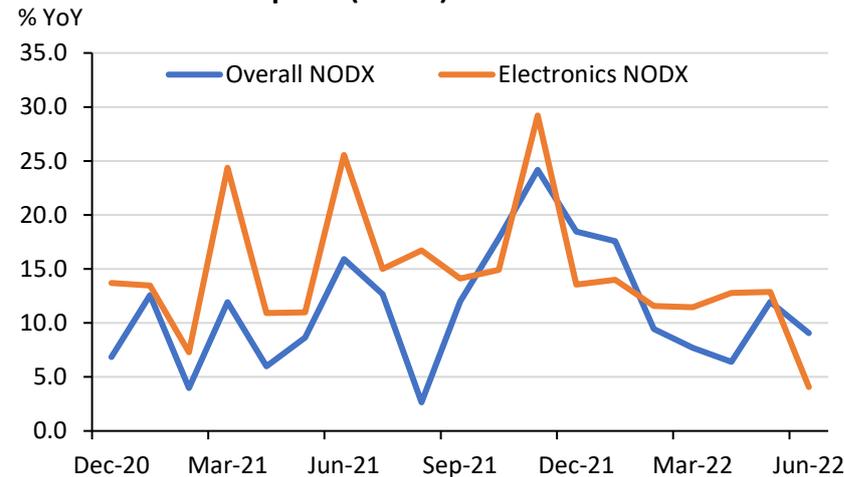
Manufacturing and Exports

Manufacturing output growth



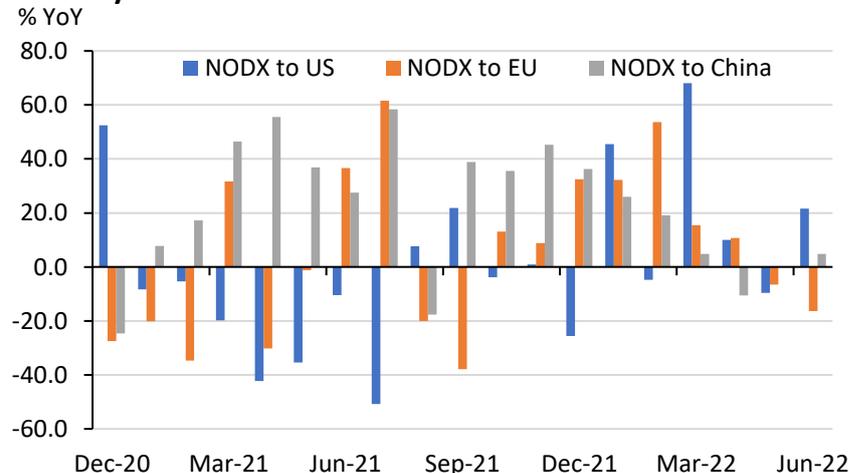
Industrial output continued to expand in May, growing 13.8% YoY vis-à-vis the previous month's 6.4% YoY, supported in part by output expansion in the electronics industry cluster, in particular the semiconductor sub-cluster.

Non-oil domestic exports (NODX)



Singapore's NODX continued to expand in June, albeit at a slower pace of 9.0% YoY, moderating from last month's growth of 12.0% YoY. Electronics NODX expanded by 4.1%, supported mostly by shipments of integrated circuits, parts of integrated circuits and disk drives.

NODX by markets

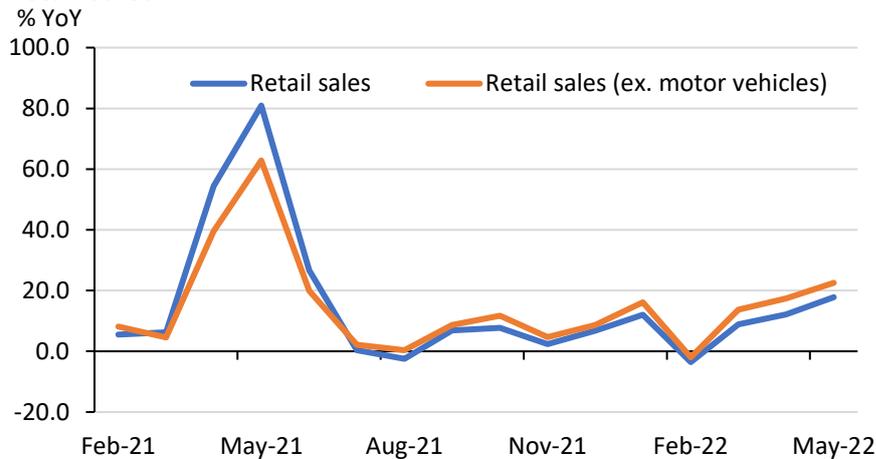


Singapore's NODX to the US rebounded, registering 21.5% YoY in June, after contracting by 9.6% YoY the month before. NODX to China grew at a faster pace of 4.8% YoY vis-a-vis the previous month's 0.2%, while that for EU saw a larger contraction of 16.4% YoY, compared to the previous month's -6.6% YoY.

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

Retail Sales

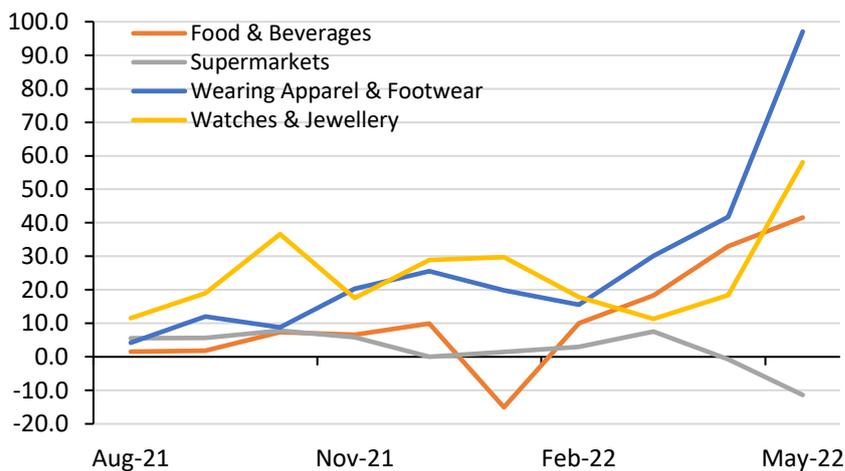
Retail sales



Retail sales grew by 17.8% YoY in May, extending its 12.1% expansion in the previous month, mainly due to the low base a year ago when travel restrictions were still in place. Excluding motor vehicles, retail sales grew by 22.6% YoY as compared to 17.4% YoY in April.

Retail Sales by Consumer Segment

(2017=100), % YoY

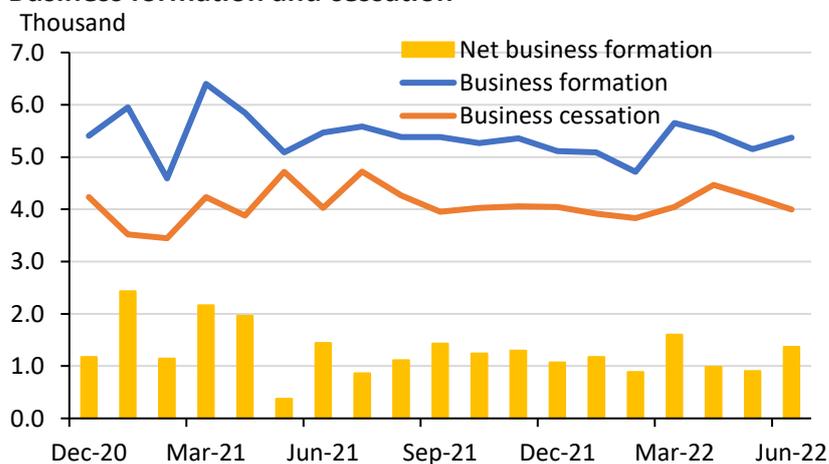


Larger growths in sales were recorded for discretionary expenditure items such as 'Food & Beverages', 'Wearing Apparel & Footwear' and 'Watches & Jewellery' in the month of May compared to a year ago, due to increased tourist spending arising from the ease in travel restrictions.

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

Business Formation and Cessation

Business formation and cessation

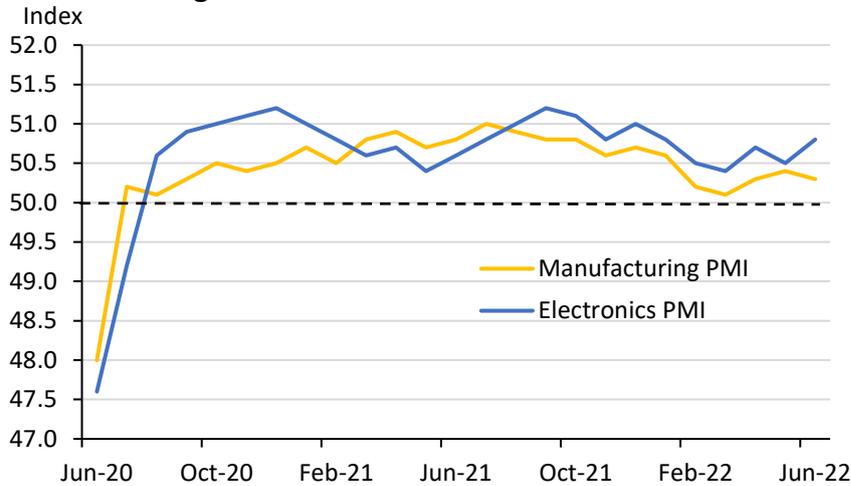


Number of registrations for new businesses continued to remain resilient, hovering above the 5,000 mark. For the month of June 2022, formations inched up while cessations dipped, with net registrations standing at 1,372.

Sources: CEIC, DBS Group Research

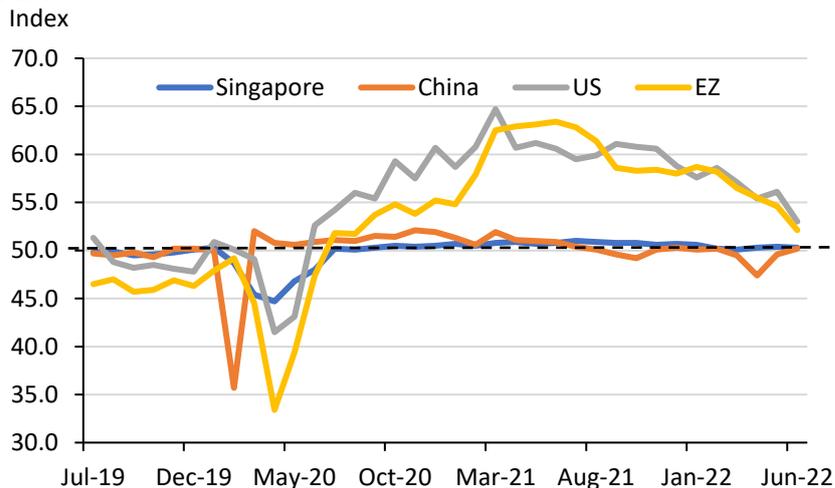
Purchasing Managers' Index (PMI)

Manufacturing & Electronics PMIs



Singapore's PMIs for manufacturing and electronics stayed above the 50-point boom-bust line, registering 50.3 and 50.8 respectively, for the month of June 2022, indicating the continued expansion in factory activities.

PMIs

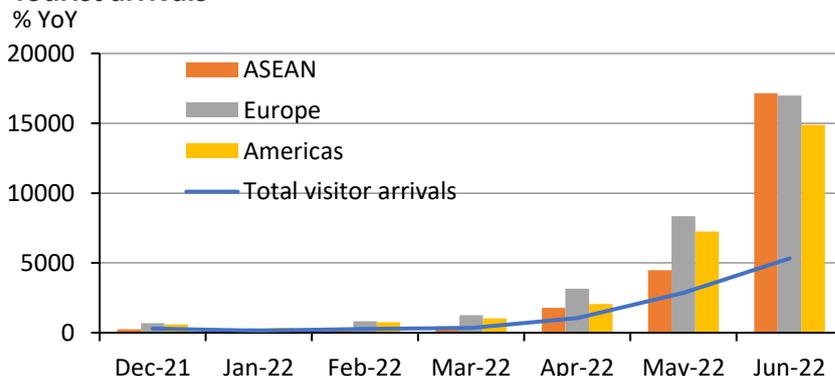


China's PMI rebounded into the expansionary zone, to 50.2 in June 2022, up from 49.6 in the previous month. This marks its first expansion since February 2022. Readings for the US and EZ PMIs inched down to 53 and 52.1, respectively, in June 2022. These were also their lowest readings since June 2020 and August 2020, respectively.

Sources: Bloomberg, DBS Group Research.

Visitor Arrivals

Tourist arrivals

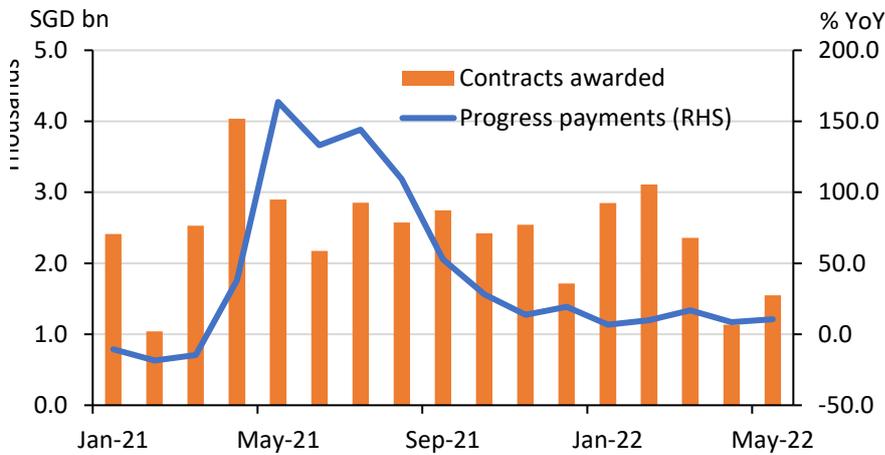


Tourist arrivals to Singapore continued to pick up pace following the reopening of borders under the Vaccinated Travel Framework launched at the start of April 2022. Visitor arrivals totalled 1.3 million in 2Q 2022, and 1.5 million in 1H 2022.

Sources: CEIC, STB.

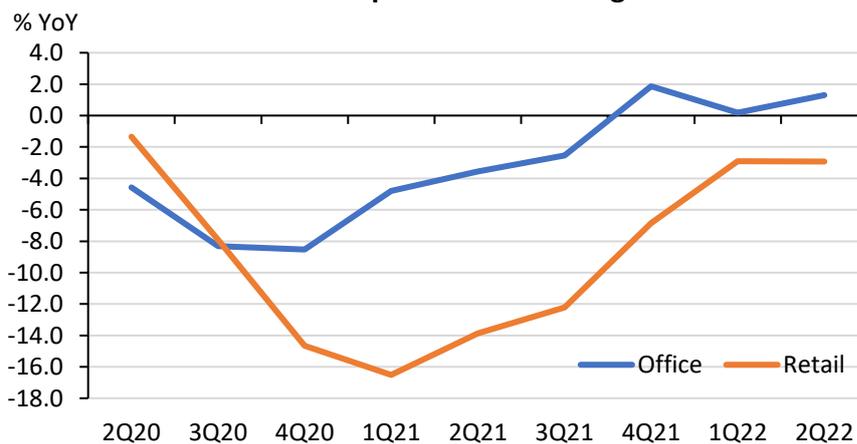
Construction and Real Estate

Construction sector



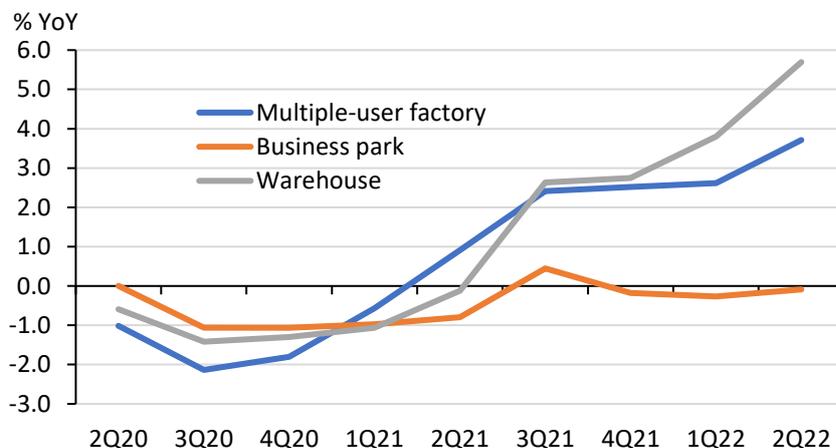
Construction contracts awarded amounted to SGD 1.5bn in May while growth in progress payments grew by 10.5% YoY, from previous month's 8.5% YoY.

Rents of Office and Retail Space in Central Region



While growth in office rentals gained pace, expanding by 1.3% YoY in 2Q 2022, from last quarter's 0.2% YoY, rental growth in the retail space continued to remain in the negative territory, contracting at an even pace of 2.9% YoY in 2Q 2022, compared to the previous quarter.

Industrial Rents

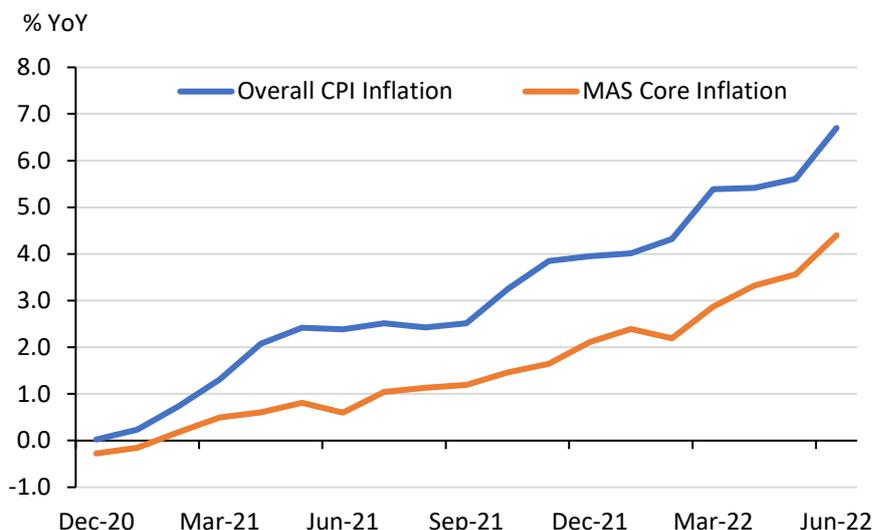


In the industrial sector, rental growth for multiple-user factories and warehouses in 2Q 2022 continued to gain ground, expanding by 3.7% YoY and 5.7% YoY respectively, up from their previous quarter's respective growth of 2.6% YoY and 3.8% YoY.

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

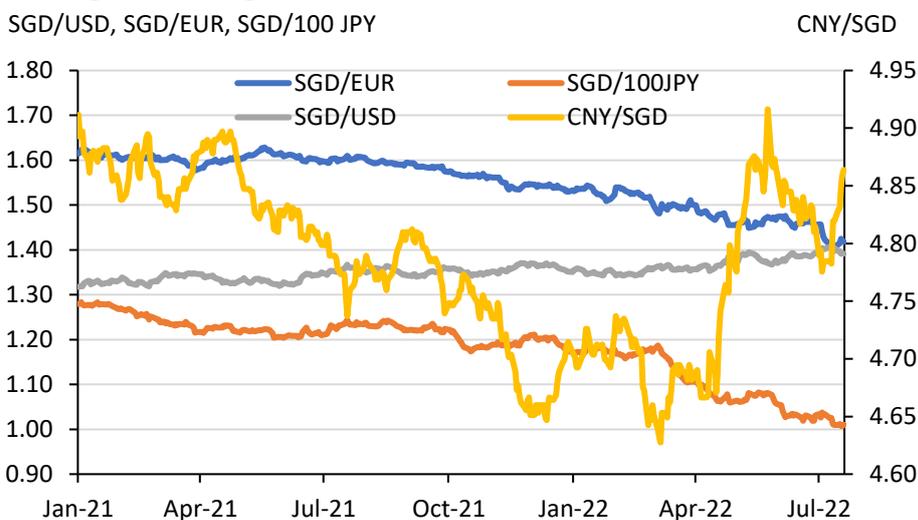
Inflation and Foreign Exchange

CPI inflation



The MAS core Inflation rose to 4.4% YoY in June, from 3.6% YoY in the previous month. This rise comes on the back of price increases across the broad categories of services, food, retail & other goods, and electricity & gas. Headline inflation also rose, to 6.7% YoY in June, from 5.6% in the previous month, driven by higher costs in food, transport, housing and utilities.

Foreign exchange



Broadly, the SGD continued to strengthen against the Euro, the Japanese Yen and the Chinese Yuan, but weakened somewhat against the USD.

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

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July 2022

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