Monetary Authority of Singapore

RECENT ECONOMIC DEVELOPMENTS IN SINGAPORE

5 February 2021

Highlights

- **The COVID-19 pandemic has caused exceptional volatility in global economic activity.** Global GDP rebounded strongly in Q3 after Q2's sharp contraction, as declining infection rates allowed governments to ease movement restrictions. Swift and substantial policy support buffered the economy against the impact of lockdowns on incomes, thereby supporting demand and preserving supply capacity. Activity then slowed in Q4 as a resurgence in infections in a broadening set of countries forced governments to re-impose stringent public health measures.

- **The global economy is expected to recover with the start of mass vaccinations, but uncertainty is high.** Global GDP is expected to expand by 1.7% in H1 2021 over the preceding half-year, before picking up to 3.1% in H2, taking full-year growth to 5.8%. Financial conditions remain favourable, while governments have rolled out additional policy support. The initiation of mass vaccination programmes in many countries has lifted sentiment. However, these projections assume the pandemic will be broadly contained by the middle of the year. The main risk to the outlook is that vaccination programmes may be slower or less effective than anticipated.

- **Near-term global financial stability risks have been mitigated, but medium-term vulnerabilities have risen.** Corporate indebtedness has continued to rise from already elevated levels, while higher sovereign debt levels amid unprecedented fiscal stimulus have also contributed to debt sustainability concerns. Should downside risks materialise, the delay in the economic recovery could lead to a further increase in credit risk and trigger defaults. An unexpected increase in global interest rates could further compound debt pressures in EMEs with significant external financing needs.

- **The Singapore economy expanded by 2.1% q-o-q SA in Q4 2020, easing from the 9.5% growth in Q3.** The deceleration was due to the contraction in manufacturing output, and the normalisation in the consumer-facing industries after the post-circuit breaker rebound. GDP growth could slow further in the first half of 2021, given the escalating spread of COVID-19 in Singapore's major trading partners. As global travel restrictions and domestic public health measures ease gradually with the roll-out of vaccines, the economy is expected to pick up more discernibly in the latter half of the year. **For 2021 as a whole, Singapore's GDP growth is projected**

at 4–6%, a reversal from the 5.8% contraction in 2020. Sectors that have been significantly impacted by COVID-19 will experience growth rebounds from 2020, but could still fall short of pre-pandemic levels at the end of this year. In comparison, the less affected sectors are likely to see steady modest growth, providing the support for recovery of the overall economy to pre-COVID levels.

- **The domestic labour market showed some signs of turning around in H2 2020.** Overall employment contracted at a slower pace in H2 as resident employment rebounded. Job vacancies recovered marginally across most sectors in Q3, while the resident unemployment rate likely peaked in October. Looking ahead, domestic labour market conditions are expected to continue to improve in 2021. However, the recovery is likely to be uneven, as labour demand in some sectors remains weak.

- **Both MAS Core Inflation and CPI-All Items inflation were less negative in Q4 2020, rising from their lows in preceding quarters.** The pickup was largely due to a rebound in global oil prices as well as higher food services and transport inflation. In 2021, both measures of inflation should rise into mild positive territory as external inflation recovers and domestic administrative measures that had dampened inflation begin to fade. Nonetheless, underlying inflation should remain low as lingering excess capacity caps business cost pressures. MAS Core Inflation and CPI-All Items inflation are forecast to be in the ranges of 0 to 1% and –0.5 to 0.5%, respectively.

- **In its October 2020 policy review, MAS retained the zero per cent per annum rate of appreciation of the S$NEER policy band and indicated that an accommodative policy stance would remain appropriate for some time.** While Singapore’s GDP had rebounded with the easing in domestic movement restrictions, growth momentum in 2021 was likely to be modest against a sluggish external backdrop and persistent weakness in some domestic services and travel-related sectors. There was also the possibility of recurring COVID-19 outbreaks in various parts of the world. Nevertheless, MAS Core Inflation was projected to rise gradually into positive territory in 2021, even as it would remain well below its long-term historical average.

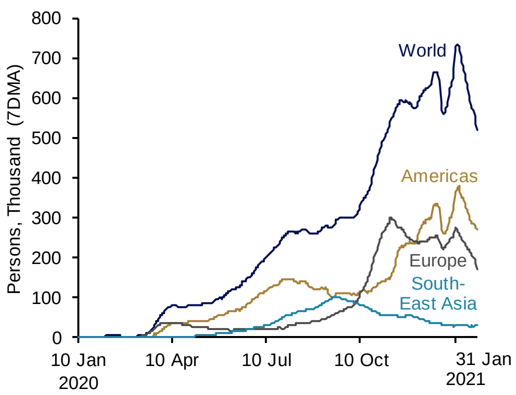
1 The International Economy

Vaccine deployment should underpin a recovery after current infection waves recede, but uncertainty remains high

The COVID-19 pandemic has driven extreme volatility in global economic activity. Global GDP contracted by 6.0%[1] in H1 2020 as the pandemic swept across the world and governments imposed stringent lockdowns to protect public health. Output then rebounded by 7.2% q-o-q SA in Q3 as the containment of the initial surge in infections allowed an easing of movement restrictions. However, infection rates subsequently rose sharply again in several countries towards the end of Q3 and into Q4, prompting a re-tightening of public health measures largely concentrated in Europe and the Americas, with Asia mostly less affected **(Charts 1.1 and 1.2)**.

Chart 1.1 COVID-19 infections rose sharply in Europe and the Americas in Q4 2020

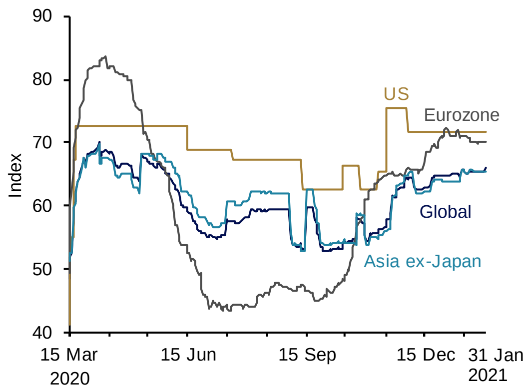
Seven-Day Moving Average of New COVID-19 Cases



Source: World Health Organization, CEIC and EPG, MAS estimates

Chart 1.2 Movement restrictions were tightened in response to renewed virus outbreaks

Indices of Virus Containment Stringency[2]



Source: Oxford Blavatnik School of Government, Haver Analytics and EPG, MAS estimates

The strong rebound in Q3 2020 reflected in large part the timely policy response from governments. The magnitude of unprecedented government support buffered firms and households against the loss of income streams associated with lockdowns, supporting demand and preventing an even sharper rise in bankruptcies and unemployment than would have otherwise occurred.

The IMF's estimates indicate that general government fiscal deficits expanded by 8.0% of global GDP in 2020[3], compared to a rise of about 5.0% in 2009. Monetary policy has also been loosened significantly. Central banks in most major economies have reduced policy rates to their effective lower bounds, or close to them, while substantially expanding their

1 Global and regional aggregated GDP weighted by shares in Singapore's non-oil domestic exports (NODX), unless otherwise specified.

2 The stringency indices are calculated by weighting each economy's overall measure of outbreak containment stringency by its share in Singapore's NODX. Countries/economies included in the global index are Australia, China, Eurozone, Hong Kong SAR, India, Indonesia, Japan, Malaysia, the Philippines, South Korea, Taiwan, Thailand, US and Vietnam.

3 IMF Fiscal Monitor, January 2021.

balance sheets **(Chart 1.3)**. Authorities have also provided an array of market-stabilising liquidity facilities and support to lending.

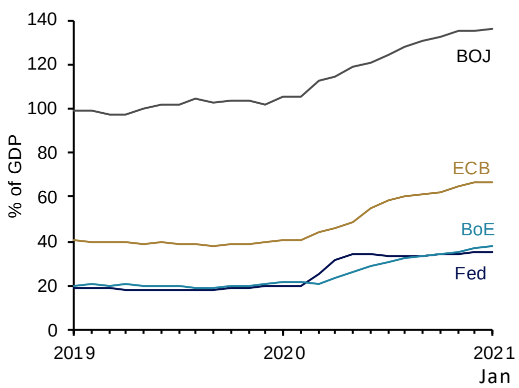
Nonetheless, the resurgence in COVID infections since the end of Q3 in a steadily broadening set of countries has set back the recovery. The global composite PMI eased to 52.3 in January 2021 from 53.3 at the post-COVID peak in October 2020. GDP growth in the US decelerated to 1.0% q-o-q SA in Q4 2020 from 7.5% in the previous quarter, while the Eurozone's output contracted by 0.7% q-o-q SA in Q4.

The current COVID wave is expected to have a less severe impact on activity than the initial surge in March-May 2020, for three main reasons. First, businesses and consumers have learned to adapt to public health measures, for example by adopting remote working and e-commerce solutions. Second, the commencement of vaccine deployment in many countries offers a more definite prospect of an end to virus-related disruption, cushioning the impact of resurgent infections on business and consumer confidence. Third, monetary and fiscal policy support are still having salutary effects on the economy. Several governments announced additional support in Q4 2020, most notably the US and Japan (amounting to 4.3% and 3.6% of GDP, respectively), with a material prospect of further expansion of US fiscal stimulus in the early part of 2021.

Global manufacturing and trade have been less affected by the COVID-19 shock than services which are more likely to rely on interpersonal contact **(Chart 1.4)**. Public health measures caused some initial disruption of manufacturing supply chains, but governments and businesses were quick to adapt rules and behaviours to restore activity. Accordingly, global industrial production had recovered to 0.3% below its end-2019 level by November 2020. International trade was 16.8% below its end-2019 level at the trough in May but recovered to pre-pandemic levels by November.

Chart 1.3 Central bank balance sheets have expanded further

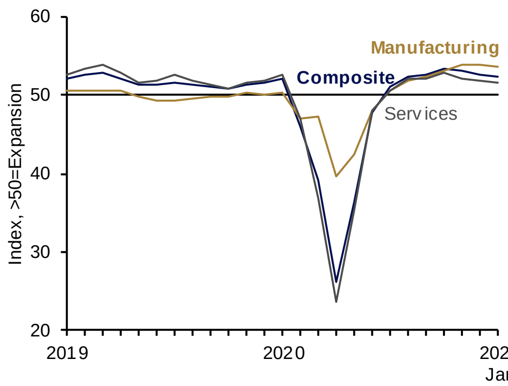
Central Bank Balance Sheets (Percent of GDP)



Source: Haver Analytics and EPG, MAS estimates

Chart 1.4 Services activity has been more severely affected than manufacturing

Global PMI Indices



Source: IHS Markit

All considered in the baseline, the latest resurgence in the virus is expected to be broadly contained by around mid-2021. Ongoing vaccination programmes will allow movement restrictions to be eased. Global GDP is expected to expand by 1.7% in H1 2021 over the preceding half-year, before picking up to 3.1% in H2, taking full-year growth to 5.8% **(Table 1.1)**.

Table 1.1 After a strong rebound in Q3 2020, the global recovery is expected to continue at a more modest pace

	QOQ SA (%)			Annual (%)		
	2020 Q3	2020 Q4*	2021 Q1*	2019	2020*	2021*
G3	8.9	0.2	-0.3	1.4	-5.3	4.5
Asia ex-Japan	6.6	2.0	0.4	3.8	-2.3	6.4
ASEAN-5	9.6	1.4	-0.5	4.5	-4.4	4.9
Global	**7.2**	**1.5**	**0.2**	**3.0**	**-3.2**	**5.8**

Source: Haver Analytics and EPG, MAS estimates

Note: The G3 grouping refers to the Eurozone, Japan and the US, while the ASEAN-5 comprises Indonesia, Malaysia, the Philippines, Thailand and Vietnam. Asia ex-Japan comprises China, Hong Kong SAR, India, South Korea, Taiwan and the ASEAN-5. All aggregates are weighted by country shares in Singapore's NODX.

* EPG, MAS forecasts

Nonetheless, the pandemic continues to present significant risks to the economic outlook, and uncertainty remains elevated. The key downside risk is that vaccination programmes may be slower or less effective than currently anticipated, because of logistical problems in the production and distribution of vaccines, or the emergence of new, vaccine-resistant virus strains. In such a case, economic activity would continue to be hampered by occasional localised COVID-19 outbreaks, with attendant re-imposition of movement restrictions. In contrast, rapid progress on vaccinations could lead to earlier containment of the virus and a quicker and more complete normalisation of economic activity.

Global inflation is expected to remain contained as substantial negative output gaps weigh on prices

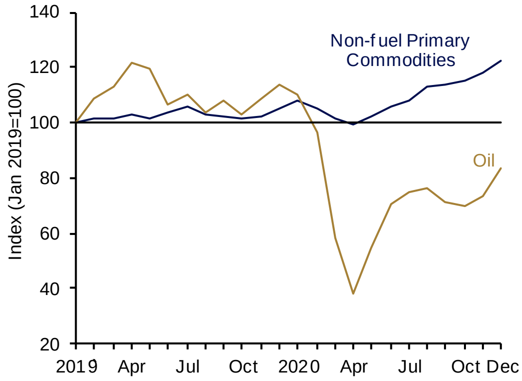
Consumer price inflation has picked up slightly after reaching a trough in Q2 2020, due in part to an increase in commodity prices **(Chart 1.5)**. January PMI readings also suggest business input costs have risen, which may reflect some impact from supply disruptions associated with the recent COVID upsurge. Global headline inflation rose to 0.5% y-o-y[4] in Q3 2020, from 0% in Q2. Market-derived measures of inflation expectations in the major advanced economies have risen, but remain close to or below central banks' targets. In particular, US inflation expectations have been rising steadily since last May, fuelled by prospects of a relatively rapid and complete recovery in economic activity **(Chart 1.6)**.

Nonetheless, inflation is expected to remain well-contained. Global output is likely to recover to its end-2019 level only in mid-2021. Accordingly, core inflation should stay generally muted, due to the persistence of negative output gaps in many economies. Global headline inflation is projected to rise to 1.8% in 2021 from 0.7% in 2020, on account of base effects and higher commodity prices. This forecast is below the average of 2.2% over the 2011—19 period.

4 The global CPI aggregate is weighted by country shares in Singapore's direct imports.

Chart 1.5 Commodity prices have risen as global economic activity recovered

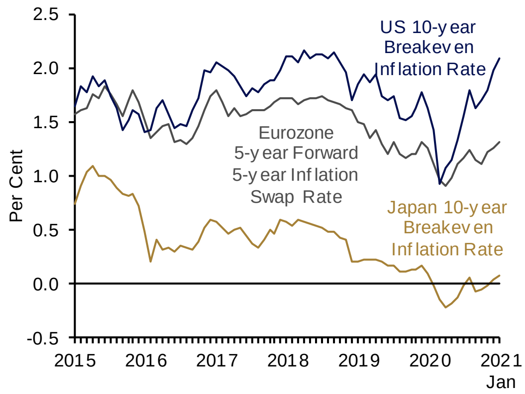
Non-fuel Primary Commodities Price Index and Brent Crude Prices



Source: IMF and EPG, MAS estimates

Chart 1.6 Market-based measures suggest inflation expectations in the G3 have picked up

G3 Breakeven Inflation Rates and Forward Swap Rates



Source: Bloomberg

Resilient global trade and relative success in curbing the virus will buoy activity in Asia ex-Japan

Output in Asia ex-Japan expanded by 6.6% q-o-q SA in Q3 2020, after contracting by 5.7% in H1. The recovery was strongest in India (22.5% q-o-q SA) and the ASEAN-5[5] (9.6% q-o-q SA), where lockdowns in Q2 had been the most stringent. Easing restrictions in these economies facilitated a rebound in consumer and business activity in Q3.

Several Asia ex-Japan economies have experienced fresh COVID-19 outbreaks in Q4 and early 2021, though the rise in new cases has generally been smaller than in the G3. The associated tightening in movement restrictions has dampened activity in the services sector—high-frequency data, where available, shows that nominal retail sales in economies experiencing more serious outbreaks have remained weak **(Chart 1.7)**.

Asia ex-Japan has benefitted from the resilience of global trade amid the pandemic. Demand for electronics products has been particularly robust, buoyed by the shift in work and leisure patterns toward online channels, as well as the ongoing 5G investment phase. Real industrial production in economies that are highly integrated into the global electronics supply chain—including China, Malaysia, Taiwan and Vietnam—returned to pre-pandemic levels as early as June 2020. The global goods export market share of Asia ex-Japan economies also increased in 2020, partly reflecting the ability of regional supply chains to ramp up production of goods, including medical equipment, that were in high demand amid the pandemic **(Chart 1.8)**.

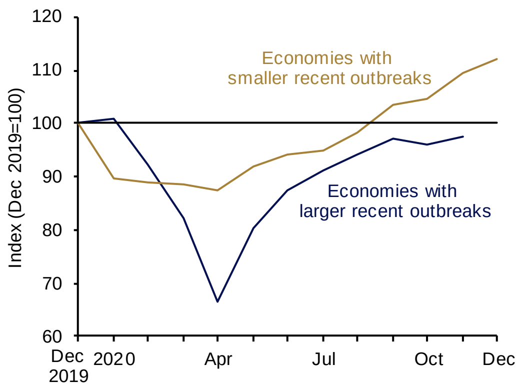
Regional economic activity is expected to continue recovering, supported in part by trade. The new export orders sub-indices of several key regional exporters' manufacturing PMIs continued to signal expansion in January 2021, suggesting that export momentum should remain strong in the near term **(Chart 1.9)**. Firm external demand should in turn support capital expenditures—monthly regional capital goods imports have already exceeded their 2019 average **(Chart 1.10)**. While the recent rise in COVID-19 cases will weigh on the

5 The ASEAN-5 comprises Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

recovery trajectory in Q1 2021, the impact is expected to be less severe than in H1 2020, as present lockdowns have been less stringent. Furthermore, some regional countries where movement restrictions were tightened have announced additional policy stimulus. Vaccine deployment will also support the recovery of domestic demand, as well as exports. Overall, output in Asia ex-Japan is expected to expand by 6.4% for the whole year, following a 2.3% contraction in 2020.

Chart 1.7 Nominal retail sales have remained weak in economies with more serious outbreaks

Nominal Retail Sales Indices

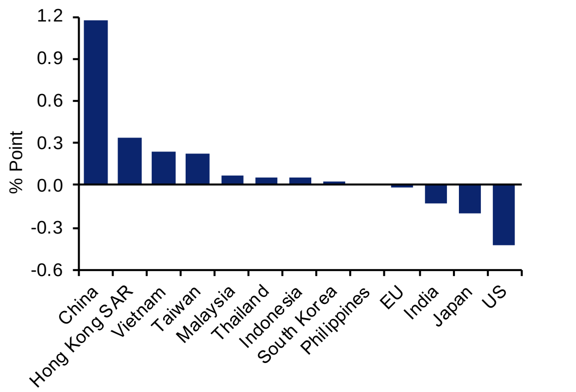


Source: Haver Analytics and EPG, MAS estimates

Note: Economies with larger recent outbreaks include Malaysia and Hong Kong, where the number of COVID-19 cases has more than doubled since Q4 2020. Economies with smaller recent outbreaks include China, Taiwan and Vietnam, where the rise in COVID-19 cases has been smaller.

Chart 1.8 Asia ex-Japan's market share in global goods exports has risen

Change in Global Goods Export Market Share (2020 vs. 2019)

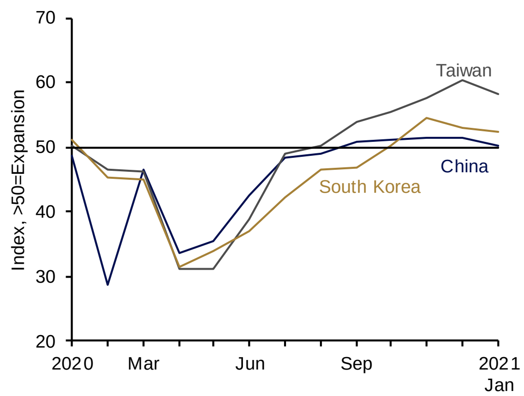


Source: Haver Analytics and EPG, MAS estimates

Note: The change in market share is the difference between the market share for January—September 2020 (latest available) and the market share in 2019.

Chart 1.9 Export momentum should remain strong in the near term

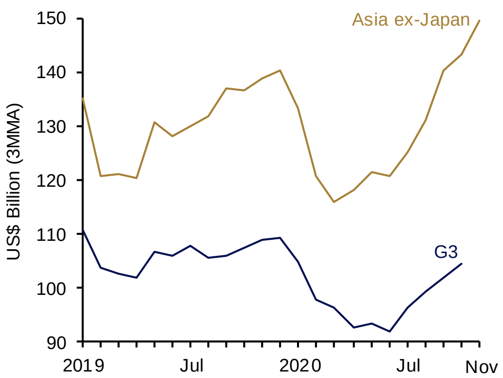
New Export Orders Sub-Indices of Manufacturing PMIs



Source: Haver Analytics and IHS Markit

Chart 1.10 Capital goods imports into Asia ex-Japan have risen above pre-COVID levels

Capital Goods Imports



Source: Haver Analytics and EPG, MAS estimates

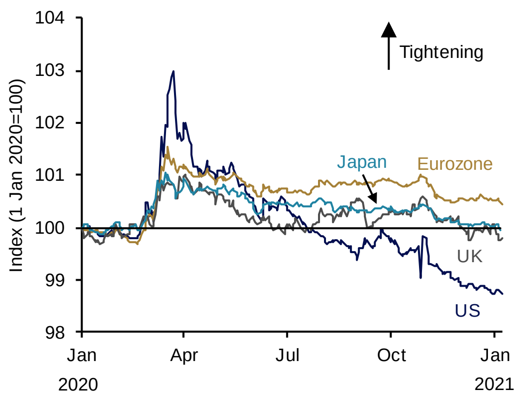
Note: The Asia ex-Japan series excludes Vietnam due to lack of data.

Near-term global financial stability risks have been mitigated…

Aggressive monetary and fiscal policy responses to the COVID-19 crisis have kept financial conditions accommodative **(Chart 1.11)**, sustaining the flow of credit to the real economy. Meanwhile, strengthening expectations of a rebound in economic activity in 2021 have contributed to an improvement in overall market sentiment towards the end of 2020. Correspondingly, net portfolio flows into Emerging Market Economies (EMEs) have picked up in Q4 2020, although they remain uneven **(Chart 1.12)**.

Chart 1.11 Financial conditions have eased after tightening in early 2020

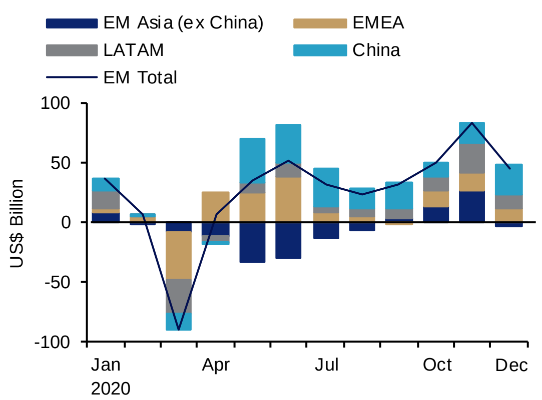
Financial Conditions Indices



Source: Bloomberg and EPG, MAS estimates

Chart 1.12 Portfolio flows into EMEs have resumed

Monthly Net Portfolio Inflows



Source: Institute of International Finance (IIF) and EPG, MAS estimates

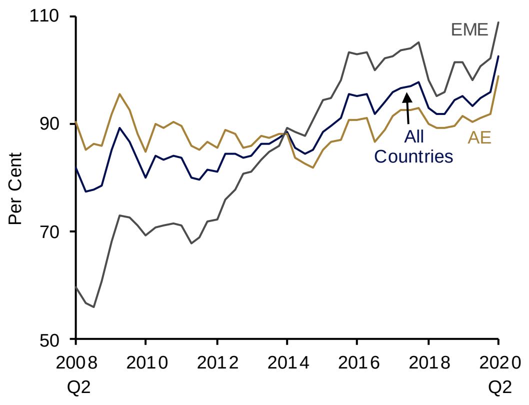
Note: EMEA refers to Europe, Middle East and Africa, while LATAM refers to Latin America. Data for Nov and Dec 2020 are preliminary estimates.

… but medium-term vulnerabilities have risen

While supportive policy measures have forestalled greater economic damage and mitigated near-term financial stability risks, medium-term vulnerabilities have risen as a result. Corporate indebtedness has continued to rise from already elevated pre-pandemic levels **(Chart 1.13)**, increasing credit risk to the financial system amid lingering uncertainty over the evolution of the pandemic and the duration of policy support. Higher sovereign debt levels arising from unprecedented fiscal stimulus have also contributed to debt sustainability concerns **(Chart 1.14)**. Downside risks include uneven vaccine distribution that could delay economic recovery, and a lack of fiscal space which could result in the premature withdrawal of policy support, particularly in some EMEs. These factors could trigger increased defaults and abrupt shifts in investor sentiment, setting off disruptive adjustment in market pricing and renewing liquidity strains. Earlier than expected monetary policy normalisation in the AEs could further compound debt pressures in EMEs with significant external financing needs.

Chart 1.13 Corporate debt has risen further from already elevated levels

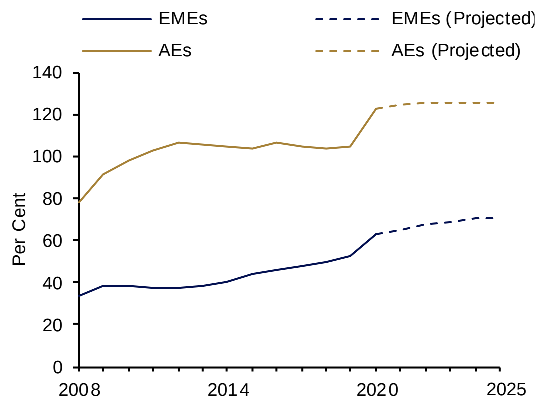
Non-Financial Corporate Debt (Percent of GDP)



Source: BIS

Chart 1.14 Public debt has also increased, raising concerns over debt sustainability

Gross Public Debt (Percent of GDP)



Source: IMF Fiscal Monitor

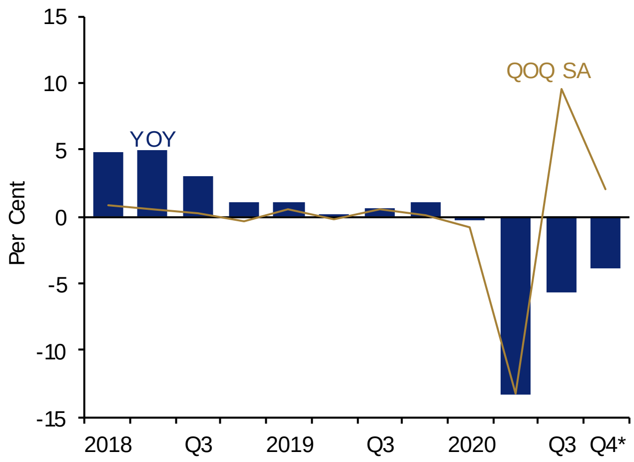
2 The Singapore Economy

Economic activity in Singapore expanded at a more moderate pace in Q4 2020, following the rebound in the previous quarter

Based on *Advance Estimates*, Singapore's GDP expanded by 2.1% q-o-q SA in Q4 2020, moderating from the 9.5% growth in Q3 **(Chart 2.1)**. The easing of the sequential growth momentum reflected two broad factors: first, some consolidation of growth in the manufacturing sector; second, the dissipation of the Q3 rebound in the consumer-facing industries. The latter corroborates with data from Google Location Services which showed that mobility levels at public places such as malls and bus/train stations increased at a slower pace than the earlier period after the circuit breaker was lifted **(Chart 2.2)**. By Q4 2020, the economy had recouped about 70% of the output lost from Q4 2019 to its trough in Q2 2020, and remained 4% below its pre-pandemic level **(Table 2.1)**. In general, output in the sectors which have been severely impacted by COVID-19 were still substantially below Q4 2019 levels.

Chart 2.1 GDP expanded at a moderate pace in Q4 2020, following the strong rebound in Q3

Singapore's real GDP Growth



Source: DOS

** Advance estimates*

Table 2.1 Overall economic activity remained slightly below pre-COVID levels

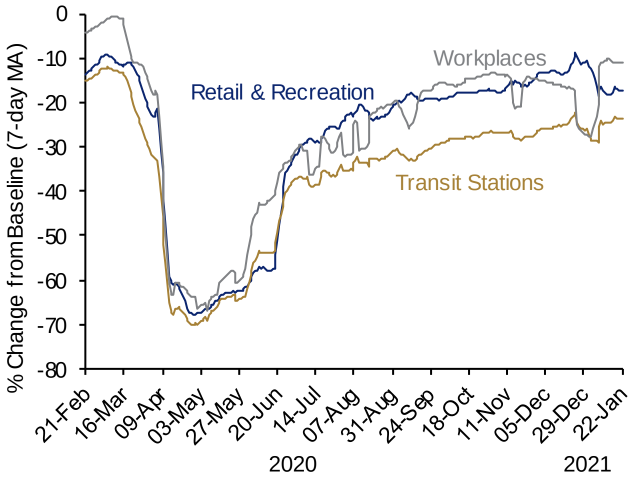
Index (Q4 2019=100), SA	Contraction		Growth Rebound	Stabilisation
	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Overall GDP	99.3	86.1	94.2	96.2
Worst-hit Sectors (12% of real GDP in 2019)				
• Travel-related (air transport, accommodation, AER)				
• Consumer-facing (food services, retail, land transport)				
• Construction				
Significantly-hit Sectors (15% of GDP)				
• Real estate				
• Professional services				
• Administrative & support services				
Less Affected Sectors (63% of GDP)				
• Trade-related (manufacturing, wholesale, transport & storage excluding air and land)				
• Modern services (ICT, financial)				
• Other domestic-oriented (public admin, health & social, education, others)				
Others (11% of GDP)				
• Ownership of dwellings				
• Taxes on products				

Source: EPG, MAS estimates

Note: Red (green) cells refer to output declines (increases) relative to Q4 2019 levels. The darker the colour, the greater the segment's deviation from its Q4 2019 level.

Chart 2.2 Mobility levels rose at a slower pace than the earlier period following the lifting of the circuit breaker measures

Population mobility index



Source: Google Community Mobility Report, Singapore

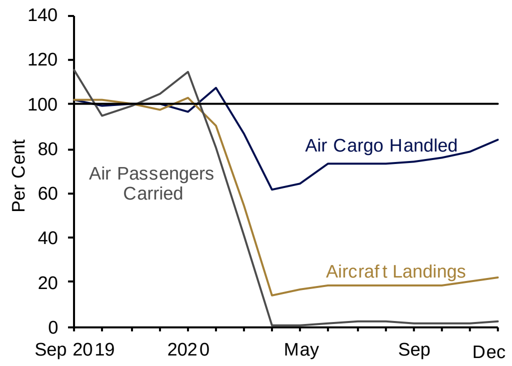
Note: The baseline is the median value for the corresponding day of the week during the five-week period from 3 Jan–6 Feb 2020.

The travel-related sector remained in a slump despite some support from domestic demand

In the travel-related sector, the air transport industry remained depressed. While total air cargo shipments handled at Changi Airport rose further in Q4 2020 to 80% of pre-COVID levels, from 74% in Q3, the number of aircraft landings and air passengers carried remained very low at 20% and 2.0% of pre-COVID levels, respectively, over the same period **(Chart 2.3)**. Meanwhile, the accommodation and the arts, entertainment & recreation (AER) industries fared slightly better, with support from domestic demand. Hotel demand, proxied by gross lettings, had remained broadly stable, supported by staycation activities, and average room rates rose by 39% in Oct–Nov relative to Q3. Nonetheless, the hotel occupancy rate averaged 56% in Oct–Nov, declining from 64% in Q3, in part reflecting the release of hotels contracted for Government use and the opening of newly-licensed hotels which resulted in an increase in the stock of available rooms **(Chart 2.4)**.

Chart 2.3 The air transport industry remained in the doldrums

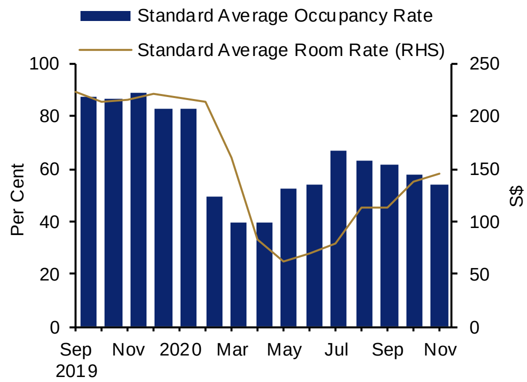
Indicators of air transport



Source: CAAS and EPG, MAS estimates

Chart 2.4 Hotel occupancy averaged 56% in Oct–Nov, declining from 64% in Q3

Hotel occupancies



Source: STB

Consumer-facing industries saw growth normalise in Q4

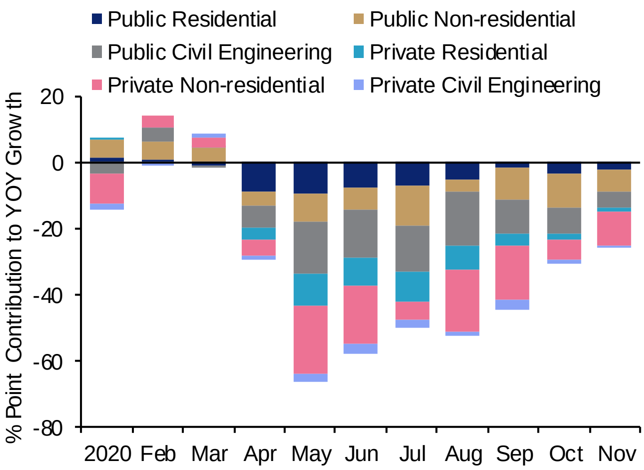
Retail and food & beverage (F&B) sales increased by 2.5% and 5.7% q-o-q SA in Oct–Nov, a significant step-down from the 54% and 45% rebound in Q3, as the supply-side boost from the relaxation of the circuit breaker measures tapered off. Compared to a year ago, retail and F&B sales shrank by 5.1% and 22% in Oct–Nov. Amid low tourist arrivals and cautious consumer sentiment, department stores, retailers of cosmetics, toiletries & medical goods, wearing apparel & footwear as well as watches & jewellery continued to register double-digit declines of between 20–27% in Oct–Nov compared to a year ago. At the same time, sales in the supermarkets & hypermarkets, furniture & household equipment and recreational goods industries increased by 15–22% y-o-y, reflecting higher demand for furniture, sporting goods, and non-cooked food amid still prevalent stay-home tendencies. Within the food & beverage services sector, the pace of contraction varied across segments. Turnover of food caterers declined by 76% y-o-y in Oct–Nov, as demand for event catering remained low. Sales of restaurants, cafes, food courts & other eating places and fast food outlets fell at a more moderate pace of 4–27%.

Growth momentum in the construction sector was maintained in Q4

The construction sector expanded by 34% q-o-q SA in Q4, maintaining its recovery momentum after the 39% increase in Q3. On a year-ago basis, activity was 29% lower in Q4, a moderation from the 46% decline in Q3. The easing of the contraction in certified payments in Oct–Nov was evident in both private and public sector construction, and broad-based across all sub segments except for public non-residential industrial works which saw further weakening **(Chart 2.5)**. Safe management measures continued to restrain construction output, as prohibitions on cross-deployment of workers across projects remained in place, slowing the speed of project completions and adversely impacting productivity.

Chart 2.5 The contraction in public and private sector construction eased in Oct–Nov

Certified payments in the construction sector



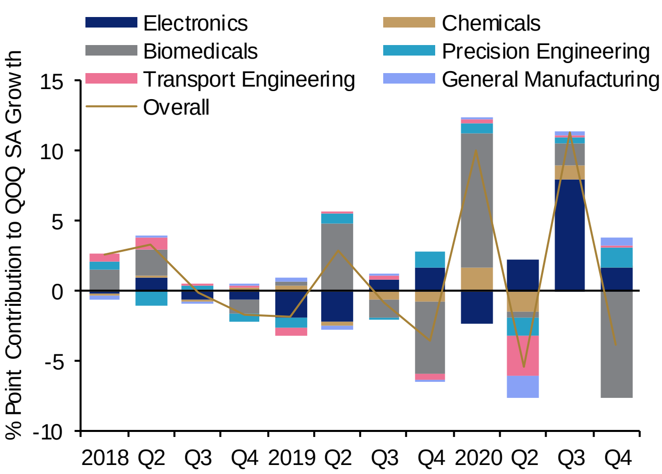
Source: BCA

Some consolidation was seen in the trade-related sector

The overall manufacturing sector shrank by 2.6% q-o-q SA in Q4, reversing the 13% gain in the preceding quarter **(Chart 2.6)**. Output of the pharmaceuticals segment experienced a substantial step-down of 47% following elevated production levels in the first three quarters of the year. In contrast, the semiconductor industry expanded by 4.1%, building on the 22% gain in the preceding quarter. Meanwhile, the marine & offshore engineering (M&OE) segment grew by 23% following two consecutive quarters of contraction, as supply-side restrictions related to the quarantine requirements for work permit holders were eased.

Chart 2.6 Industrial production fell in Q4 2020

Index of industrial production



Source: EDB

The performance of the other trade-related industries mostly weakened in Q4. The volume of sea cargo handled at Singapore's ports fell by 1.6% q-o-q SA, reversing the 7.5% increase in Q3. Similarly, real non-oil domestic exports (NODX) declined by 4.6%, following the 3.2% gain in the preceding quarter. Non-oil re-exports (NORX) fared better, growing by 6.2%, although this was a moderation from the 11% expansion in the previous quarter.

The financial and ICT sectors continued to grow steadily

The finance & insurance sector registered positive sequential growth in Q4. The sentiment-sensitive segments, comprising fund management and security dealing activities, posted gains during the quarter. Equity markets rallied in the last three months of the year, encouraging more activity in the markets that bode well for brokerage earnings. Other auxiliary activities also expanded alongside an incremental rise in consumer spending during the year-end festive period. In comparison, growth in the insurance segment weakened—a reflection of the fading demand for life insurance services which had seen a boost at the onset of the pandemic. Financial intermediation was tempered by subdued DBU loan growth. Resilient non-interest income streams from trading and investment banking activities, could not fully offset the weak growth in interest income.

ICT services continued to grow at a steady clip in Q4. According to a new McKinsey Global Survey, COVID-19 has brought forward corporate adoption of digital technologies by three to four years.[6] Increased funding for digital initiatives (to improve customer and supply-chain interactions, and to migrate internal operations online) has fuelled growth in the IT & information services segment. Meanwhile, the telecommunications segment saw higher growth from the previous quarter, but activity remained below its 2019 level, as the industry contended with lower mobile roaming and prepaid services revenue due to the sharp fall in tourist arrivals.

Economic growth could slow in the first half of 2021, before a recovery takes hold in the second half of the year

In light of the worsening virus infection globally, the Singapore economy could experience a sequential growth slowdown in the first half of this year. However, the pace of recovery is expected to pick up more discernibly later in the year, as global travel restrictions and domestic public health measures ease gradually with the roll-out of COVID-19 vaccines.

The travel-related sector will remain a laggard, relying on domestic tourism to provide an interim lifeline

In the travel-related sector, domestic tourism will play an out-sized role in propping up the accommodation and AER industries. Broadly, the injection of $320 million in SingapoRediscovers Vouchers, the raising of operating capacities at major tourist attractions to 65% (from 50%) since end-December, and some resumption in business and leisure travel through green lanes and travel bubbles, should continue to provide some support in the near term. However, the outlook for the air travel industry remains grim, and international borders may only start to reopen more discernibly in the latter half of this year when sufficient numbers are vaccinated for safe travel. Should the global vaccine rollout proceed more slowly

[6] McKinsey & Company, "How COVID-19 has pushed companies over the technology tipping point—and transformed business forever", 5 October 2020.

than envisaged, a more meaningful recovery in the air travel industry may only materialise in 2022.

Improved labour market sentiment should provide some support to the consumer-facing segments

The retail and F&B sectors are expected to be bolstered by an improvement in consumer sentiment amid strengthening labour market conditions, as well as a gradual recovery in visitor arrivals. Both sectors should also continue to benefit from the partial reallocation of residents' foregone overseas consumption towards the domestic market. In addition, many F&B establishments have explored alternative business operations and revenue streams, including development of new products and tapping on cloud kitchens to optimise food delivery. Nonetheless, sequential growth in the consumer-facing sectors is unlikely to increase substantially from Q4. The recovery of the F&B sector has been held back by limits on dining-in and large-scale events, affecting the demand for catering services. Some F&B establishments located in the Central Business District and tourist locations also continued to see lacklustre sales.

Safe management measures, labour crunch and supply-side disruptions may constrain construction output in H1

Safe management measures, shortage of manpower and supply-side disruptions could continue to restrain construction output in H1 2021. Periodic outbreaks within dormitories or worksites risk further delays to the full normalisation of activity. In the second half of the year, the distribution of vaccines to construction workers and easing of safe management measures should facilitate a ramp-up in construction output, underpinned by a strong pipeline of projects. These include public residential developments and upgrading works, developments at the Jurong Lake District, construction of new healthcare facilities and various infrastructure projects such as the Cross Island MRT Line.

Singapore’s trade-related sector should benefit from the continued strength of China’s economy

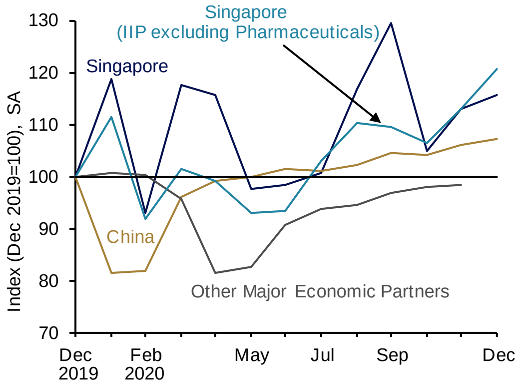
In the trade-related sector, supply-side disruptions are expected to be less severe than in Q2 last year, as the recent lockdowns have been largely concentrated in Europe and the US. The regional supply networks centred on China also continue to operate without discernible impediment.

Singapore’s industrial production (excluding pharmaceuticals) has remained relatively firm during the course of the pandemic **(Chart 2.7)**. Domestic production levels largely tracked those in China, and both rose above pre-pandemic levels in H2 2020. In comparison, production in Singapore’s other major economic partners remained below pre-pandemic levels. On the trade front, Singapore’s non-oil re-exports (NORX) shrank sharply in H1 2020, before recovering in the subsequent months **(Chart 2.8)**. This outcome was not surprising as trade intermediation activity in Singapore, a major trade node, waxed and waned with global trade flows. Both non-oil domestic exports (NODX) excluding gold[7] and non-oil imports in contrast contracted less and have recovered to around pre-pandemic levels.

[7] Domestic export of gold surged in 2020 likely due to the risk-off sentiment in global financial markets. This has been excluded to better reflect trade and supply chain activities in Singapore.

Chart 2.7 Industrial production in Singapore and China have remained firm

Industrial production

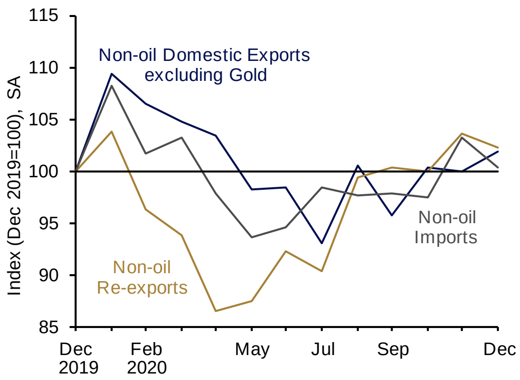


Source: Haver Analytics, EDB and EPG, MAS estimates

Other major economic partners comprise US, Japan, Malaysia, Germany, South Korea and Taiwan. The indicators of these partners are weighted by their respective shares of VA inputs into Singapore's exports.

Chart 2.8 Singapore's NODX excluding gold has remained resilient during the pandemic

Singapore's trade

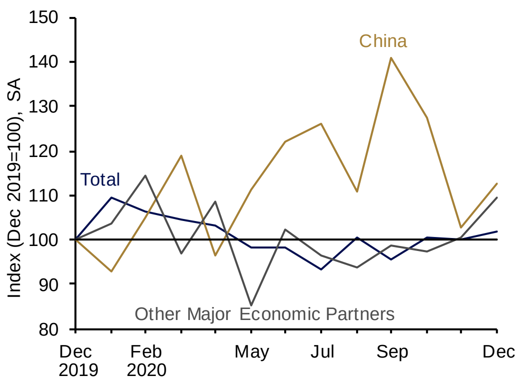


Source: Haver Analytics, Enterprise Singapore and EPG, MAS estimates

The resilient performance of Singapore's trade has been supported in part by firm demand from China. Singapore's NODX to China was robust in H2 2020, driven by exports of machinery and chemical products **(Chart 2.9)**. Similarly, Singapore's non-oil imports from China was above pre-pandemic levels for the most part of 2020, including of semiconductors **(Chart 2.10)**.

Chart 2.9 Singapore's NODX (excluding gold) to China has been robust…

Singapore's NODX excluding gold

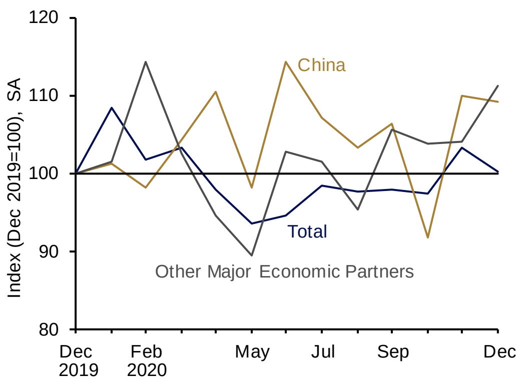


Source: Haver Analytics, Enterprise Singapore and EPG, MAS estimates

Other major economic partners comprise US, Japan, Malaysia, Germany, South Korea and Taiwan. NODX to these partners are weighted by their respective shares of VA inputs into Singapore's exports.

Chart 2.10 … while non-oil imports from China stayed largely above pre-pandemic levels

Singapore's non-oil imports



Source: Haver Analytics and EPG, MAS estimates

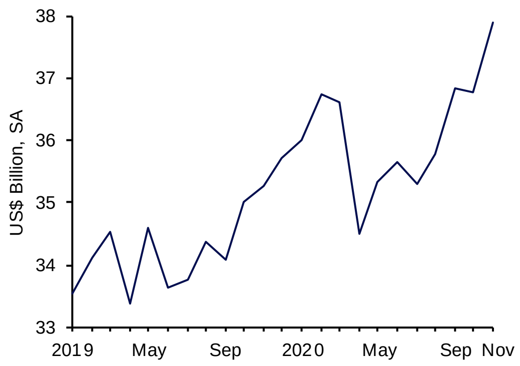
Other major economic partners comprise US, Japan, Malaysia, Germany, South Korea and Taiwan. Non-oil imports from these partners are weighted by their respective shares of VA inputs into Singapore's exports.

Singapore's semiconductor industry is expected to be supported by the upturn of the global electronics cycle in the coming quarters

Despite the still-raging pandemic across the world, global chip sales have been robust, notwithstanding the one-off step-down in April 2020 during the peak of the disruptions to production and shipments **(Chart 2.11)**. Meanwhile, the inventory-to-shipment ratio among chip producers in Taiwan, South Korea and the US declined significantly in Q3 **(Chart 2.12)**. Consequently, the supply glut that manifested in early 2019 turned into a supply shortage by late 2020, which helped to support chip prices. In the coming months, global chip producers could thus be incentivised to ramp up production in response.

Chart 2.11 Global chip sales have continued to rise during the pandemic…

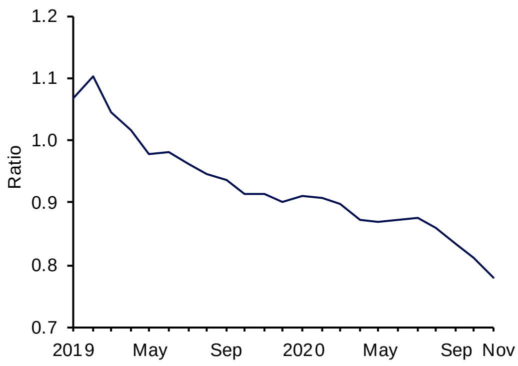
Global chip sales, SA



Source: World Semiconductor Trade Statistics and EPG, MAS estimates

Chart 2.12 … which has caused the inventory-to-shipment ratio to fall

Composite inventory-to-shipment ratio



Source: Haver Analytics and EPG, MAS estimates

The composite ratio comprises the inventory-to-shipment ratios in Taiwan, Korea and the US weighted by their respective export levels.

The rollout of 5G networks has continued apace during the pandemic. According to data collated by S&P Global[8] in September 2020, at least 113 operators across 52 territories have begun operating commercial 5G services. While the onset of the pandemic has slowed the build-up to some extent, more operators are nevertheless expected to deploy 5G technology in the coming years. Operators who have already started rolling out 5G networks will also continue to expand their coverage. Meanwhile, the wider rollout of 5G networks could also spur a new round of tech refresh among consumers and firms, boosting final demand.

As such, the current firm global chip sales could possibly portend the beginning of an extended upturn in the global electronics cycle, driven first by investments in 5G network infrastructure, followed by gadget and equipment upgrading among consumers and firms. Barring any significant negative cyclical impulses in broader global demand arising from the pandemic, the electronics cycle could remain in its upturn phase for several quarters. This should bode well for the domestic semiconductor industry.

[8] S&P Global, "52 markets worldwide have commercial 5G services", 23 September 2020.

Within modern services, growth in finance & insurance and ICT is expected to remain firm

The pickup in foreign GDP in the latter half of 2021, alongside an efficacious administration of vaccines around the world, would bode well for financial intermediation. Domestic and foreign credit demand will improve as the credit cycle normalises. In addition, the gradual resumption of travel is expected to provide a boost to payment processing activities. The trend towards e-commerce, accelerated by the pandemic, will be an important, continuing tailwind. In the coming quarters, the above-trend demand for life insurance services in 2020 should taper, while growth in general insurance recovers in tandem with the resumption of business activity. Meanwhile, barring a severe spike in infections, the sentiment-sensitive segments—which comprise security dealing activities and forex—are expected to moderate in 2021 as volatility in capital markets eases.

IT & information services will remain the key driver of growth in the ICT sector. The pace of digitalisation has quickened during the pandemic. E-commerce has seen its market share grow at the expense of offline retailers. Companies such as Shopee and Amazon are expanding their presence in Asia rapidly, which will fuel further expansions in the segment. Meanwhile, the gradual lifting of border restrictions will be a positive development for the telecommunications segment, which has been severely impacted by the fall in mobile roaming.

The Singapore economy will return to positive growth in 2021, but there is continued uncertainty over the strength of the recovery

All in, the Singapore economy is forecast to expand by 4–6% this year. Sectors that were significantly impacted by COVID-19 will experience growth rebounds from 2020, but could still stay below pre-pandemic levels even by the end-2021. Meanwhile, less-affected sectors that recorded positive growth in 2020 should continue to expand this year. Nonetheless, there remains significant uncertainty over the path of the recovery, depending on how the COVID situation pans out around the world. Recurrent outbreaks and re-imposition of lockdowns in other countries would weaken the recovery in external demand, with tepid and uneven growth across countries, even as vaccines have begun to be rolled out more concertedly. The growth outcome is also contingent on the continuation of negligible locally transmitted cases.

3 Labour Market and Inflation

Labour market conditions have begun to improve

Labour market conditions saw some signs of a turnaround following the resumption of economic activities in Phase 2. Overall employment contracted at a slower pace, with net job losses (on a q-o-q basis) of 34,400 in Q3 2020, significantly less than the 113,500 decline in the preceding quarter. The improvement reflected a rebound in resident employment, even as foreign employment continued to fall. Resident employment rose by 43,200 in Q3, reversing much of the cumulative 62,700 decline in the first half of 2020. In comparison, foreign employment contracted by 77,600 in Q3, following a decline of around 76,000 in H1.

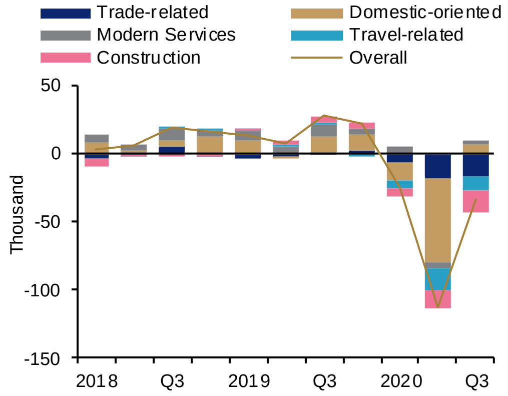
With the exception of the construction sector, all broad sectors saw an improvement in employment conditions in Q3 2020 **(Chart 3.1)**. Notably, employment in the services sectors recorded expansions, a reversal from the contractions recorded in the first half of the year. Both modern services and domestic-oriented sectors chalked up employment gains, in part supported by the rebound in private consumption expenditure. However, headcount continued to contract in the trade and travel-related sectors[9] in Q3, reflecting weak external demand and continued restrictions in international travel. As there has been only partial resumption of domestic building activities, employment in the construction sector declined more sharply in Q3 2020.

MOM's preliminary estimates show that the pace of decline in overall employment moderated further to 13,400 in Q4 2020 as resident employment continued to rise and the drop in foreign employment slowed. Job losses occurred in the construction and manufacturing sectors while services sector registered an expansion in headcount. For the whole of 2020, overall employment fell by around 187,000, or 4.9% since end-2019, with foreigners accounting for all of the decline while resident employment registered modest growth of 9,300. Resident employment had recovered to pre-COVID-19 levels by the end of 2020.

9 The "domestic-oriented" sector encompasses land transport, retail trade, food and beverage (F&B), real estate, administrative & support services, community, social & personal services (excluding arts, entertainment & recreation) and utilities & others. The "modern services" sector comprises information & communication (ICT), financial & insurance and professional services. The "trade-related" sector consists of manufacturing, wholesale trade and water and other transport industries. The "travel-related" sector is made up of air transport, accommodation as well as arts, entertainment & recreation industries.

Chart 3.1 Employment decline eased as more activities resumed

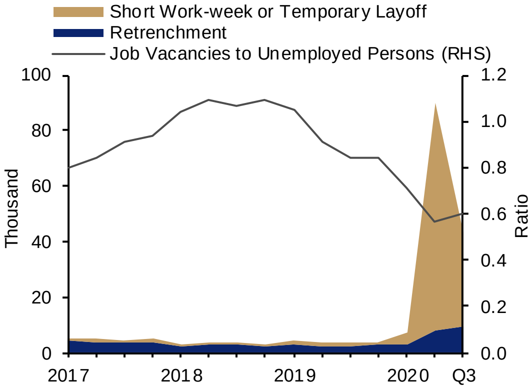
Q-o-q employment change



Source: MOM and EPG, MAS estimates

Chart 3.2 Latest indicators suggest that labour market conditions have improved

Workers on short work-week or temporary layoff, retrenched workers and job vacancies to unemployed persons ratio

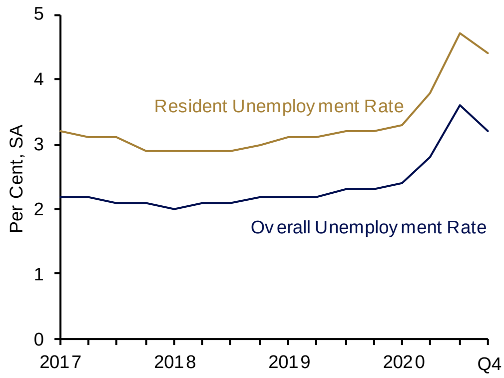


Source: MOM

Based on available data, the number of workers placed on short work-week or temporary layoff came down sharply to 34,200 in Q3 2020, from a peak of 81,700 in Q2 **(Chart 3.2)**. Meanwhile, job vacancies picked up somewhat to 49,600 in September, from 42,400 in June, with a rise seen in most sectors. As a result, the ratio of job vacancies to unemployed persons edged up to 0.60, from 0.57 in the preceding quarter. Total retrenchments rose slightly in Q3, but are expected to resume their decline in Q4 based on preliminary estimates. The seasonally-adjusted resident unemployment rate edged down to 4.4% in Q4 after rising to a peak of 4.7% in Q3 **(Chart 3.3)**. However, reflecting the still-weak labour market conditions in Q3, average resident wage growth continued to ease, to 0.6% y-o-y, from 1.0% in Q2 2020.

Chart 3.3 Unemployment rates have edged down recently

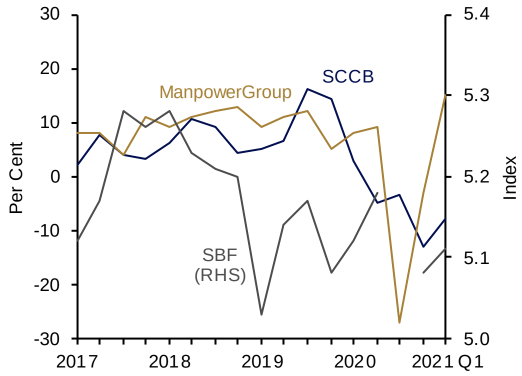
Seasonally-adjusted resident and total unemployment rates



Source: MOM

Chart 3.4 More firms expect to increase their headcount in Q1 2021

Indicators on hiring outlook



Source: Singapore Commercial Credit Bureau (SCCB), Manpower Group, Singapore Business Federation (SBF)

Note: As SBF Experian survey was not conducted during the circuit breaker period, the hiring outlook reading for Q3 2020 is unavailable.

Private sector surveys indicate that the employment outlook continued to improve in Q4 2020 and into 2021. For instance, the Singapore Commercial Credit Bureau (SSCB), the Manpower Group and the Singapore Business Federation's labour market indicators all point to a higher proportion of firms with intentions to expand headcount in Q1 2021 **(Chart 3.4)**.

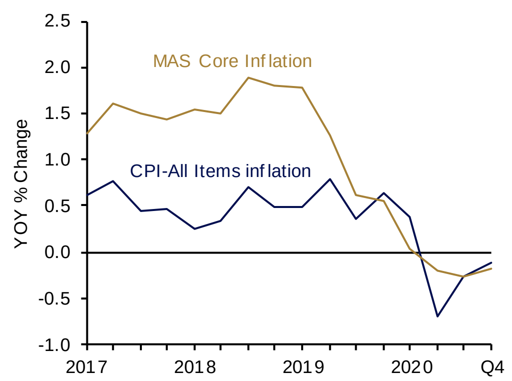
Barring the materialisation of downside risks, labour market conditions are projected to improve gradually over the rest of 2021. However, the recovery will be uneven across sectors, with the travel-related sector likely to see persistent weakness in labour demand.

Inflation turned around on account of higher global oil prices and a recovery in domestic spending

MAS Core Inflation edged up to –0.2% y-o-y in Q4 2020 from –0.3% in Q3 **(Chart 3.5)**, due to the smaller decline in the cost of electricity & gas, which more than offset steeper reductions in the prices of retail & other goods, and lower non-cooked food inflation **(Chart 3.6)**. Reflecting the higher core inflation as well as a more gradual decline in private transport costs, CPI-All Items inflation rose to –0.1%, from –0.3% over the same period.

Chart 3.5 Both core and headline inflation rose in Q4 2020 from their troughs in preceding quarters

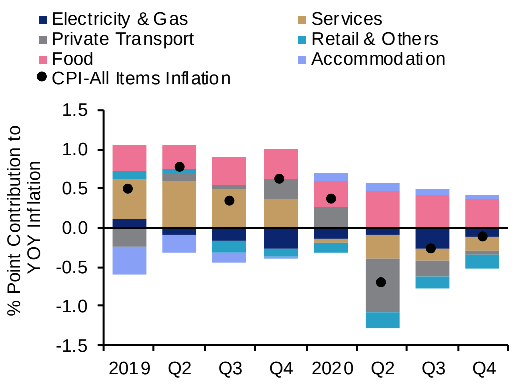
MAS Core Inflation and CPI-All Items inflation



Source: DOS and MAS

Chart 3.6 Smaller declines in electricity & gas and private transport led headline inflation to rise

Contribution of broad CPI categories to CPI-All Items inflation



Source: DOS and EPG, MAS estimates

The rebound in global oil prices over Q2 and Q3 2020 fed into higher domestic electricity and gas tariffs in Q4. In turn, the higher tariff rates, coupled with the end of targeted utilities rebates for low-income households in October[10], contributed to a sequential increase in the cost of electricity & gas in Q4 **(Chart 3.7)**. On a y-o-y basis, electricity & gas costs fell by a smaller 6.9% in Q4, compared to the 14.7% decline in the preceding quarter.

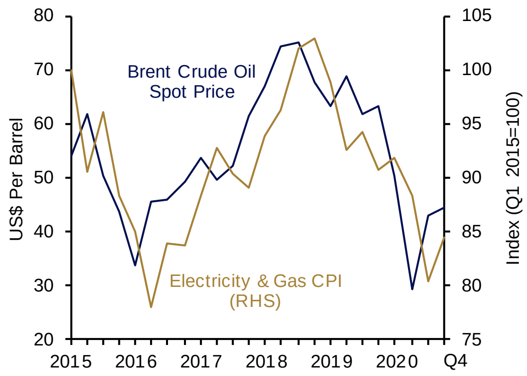
Meanwhile, food services inflation edged up to 1.3% y-o-y in Q4 2020, from 1.2% in Q3 as demand for prepared meals recovered. On a sequential basis, prices of food services rose by 0.4% q-o-q SA in Q4, up from 0.2%, as price increases rose across all food services components **(Chart 3.8)**. These price increases occurred alongside the broad-based

[10] Keppel Electric offered a $20 monthly rebate on the electricity bill of existing customers living in 1- and 2-room HDB flats for a period of 6 months from 1 May 2020. Similarly, City Gas offered a $10 monthly rebate for the same duration to residents of 1- and 2-room HDB flats who use piped town gas. These rebates ended in October 2020.

improvement in food & beverage (F&B) sales, which has recovered to around 80% of pre-COVID volumes.

Chart 3.7 Higher global oil prices passed through to the domestic cost of electricity & gas

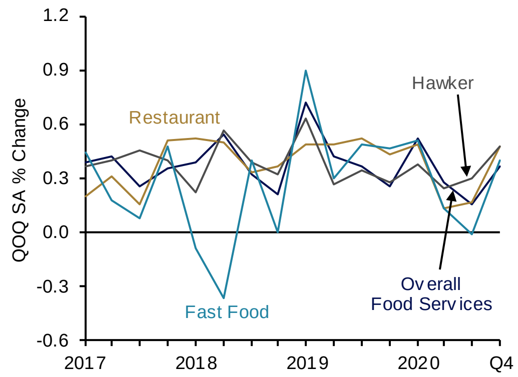
Brent crude oil price and CPI of electricity & gas



Source: EIA and DOS

Chart 3.8 Food services inflation rose on higher demand

Seasonally-adjusted price changes in components of food services CPI



Source: DOS

The pickup in mobility supported transport inflation while disinflationary effects from earlier administrative measures began to fade

Costs of some modes of transport picked up in Q4 in tandem with the continued improvement in domestic mobility trends. Point-to-point transport services fees (taxis and private hire cars) rose by 1.5% q-o-q in Q4, up from the 1.2% increase in Q3. At the same time, private transport costs, excluding petrol, climbed further by 2.1% q-o-q in Q4, extending the 3.7% increase in the preceding quarter. The rise in private transport costs was largely on the back of a sustained hike in car prices and the partial reinstatement of Electronic Road Pricing (ERP) charges. On a y-o-y basis, the overall drop in transport costs moderated to 0.1% in Q4 2020, from the 0.8% decline in Q3.

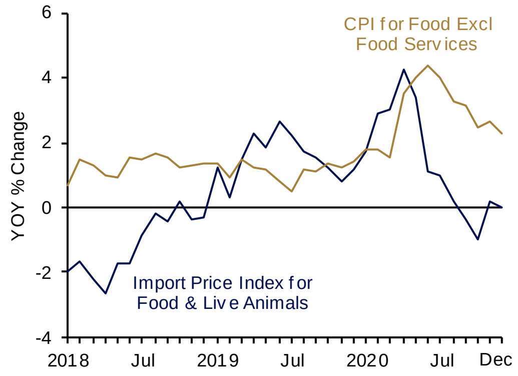
Healthcare services costs fell by 0.8% y-o-y in Q4, a more gradual pace of decline than the 2.2% decrease in Q3. The moderation mainly reflected a smaller decline in outpatient services costs as additional outpatient care subsidies for Merdeka Generation seniors and enhancements to the Community Health Assist Scheme (CHAS), which were introduced in November 2019, began to wash out from year-ago comparisons.

However, non-cooked food and retail goods inflation continued to fall

Reduced demand for non-cooked food items and lower imported food prices in comparison led to the further easing of non-cooked food inflation in Q4 **(Chart 3.9)**. Overall non-cooked food inflation fell to 2.5% y-o-y in Q4 2020, down from 3.5% in Q3, partly reflecting lower demand for non-cooked food, as households steadily switched back to dining out and reduced their purchases at supermarkets and hypermarkets. In addition, lower global food commodity prices filtered through to imported food prices and contributed to the easing in non-cooked CPI.

Chart 3.9 Lower import food prices contributed to the fall in non-cooked food inflation

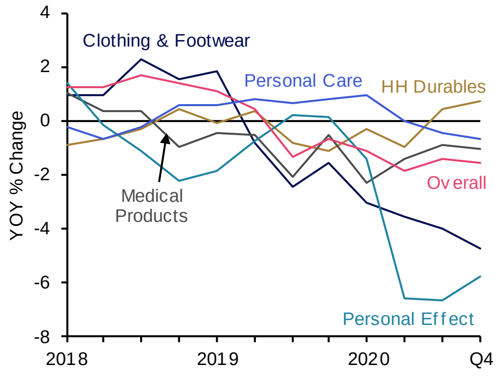
IPI for Food & Live Animals and CPI for Food Excluding Food Services



Source: DOS

Chart 3.10 Retail goods prices declined sharply on the back of steep year-end discounts

Inflation for selected retail goods



Source: DOS

Prices of retail items also fell more steeply, by 1.6% y-o-y in Q4, as compared to the 1.4% drop in Q3, likely as a result of more retailers—both offline and online—participating in year-end promotions. The sharper decrease in Q4 was mainly driven by cuts to the prices of telecommunication equipment from increases in Q3, as well as larger declines in prices of clothing & footwear, medical and personal care products **(Chart 3.10)**.

Meanwhile, accommodation costs rose at a slower pace of 0.3% y-o-y in Q4, down from 0.4% in Q3, as rebates given to households living in public rental flats lowered the rentals for 1- and 2-room flats significantly.[11]

Inflation is expected to pick up modestly over 2021

In the quarters ahead, oil-related components of the CPI should rise as global oil prices recover from their lows in 2020. Meanwhile, government measures which weighed on education and healthcare inflation would also cease to exert a drag on services inflation.[12] Food services and retail & other goods inflation should continue their recovery in tandem with the pickup in domestic spending.

However, underlying inflationary pressures in the economy should remain muted. Overall business cost pressures should stay low as wage growth and commercial rents remain subdued. On the external front, lingering negative output gaps will keep inflation in Singapore's major trading partners low. All in, inflation is expected to be modest this year. For 2021 as a whole, MAS Core Inflation and CPI-All Items inflation are forecast to be in the ranges of 0 to 1% and –0.5 to 0.5%, respectively.

[11] Households living in public rental flats received 50 percent rental rebates from October to December 2020 as part of government measures to help households cope with the economic impact of the pandemic.

[12] Earlier administrative measures include enhanced subsidies for preschool education which took effect in January 2020, fee subsidies under the Higher Education Community Bursary and ITE Community Scholarship in April and July 2020 respectively, as well as subsidies for outpatient healthcare fees under the Public Health Preparedness Clinics (PHPC) scheme in February 2020.

4 Monetary Policy

In October 2020, MAS kept the slope of the policy band at 0% and indicated that an accommodative policy stance would be appropriate for some time

During its October 2020 monetary policy review, MAS maintained the rate of appreciation of the S$NEER policy band at zero per cent per annum, with no change to the width of the policy band and the level at which it was centred. At the time, global and domestic output had picked up as movement restrictions were eased and expansionary macroeconomic policies paved the way for a rebound in economic activity. However, beyond the immediate surge, Singapore's economic recovery was expected to be hesitant against the risk of recurrent COVID-19 outbreaks globally. Ongoing restrictions on international travel would also prevent the worst-hit travel-related sector from fully recouping its output losses even by end of 2021. The large negative output gap that had emerged in 2020 was thus likely to persist, even as it would narrow gradually over time.

In tandem, inflationary pressures were likely to remain subdued for an extended period. Lingering negative output gaps in Singapore's major trading partners and the muted outlook for international commodity prices were expected to keep imported inflation low. Meanwhile, spare capacity in labour and other domestic factor markets would also constrain domestic cost pressures. MAS Core Inflation was forecast to rise gradually and turn positive in 2021 as temporary disinflationary pressures dissipated, although it would stay well below its long-term historical average. Accordingly, MAS assessed that it would be appropriate to maintain an accommodative monetary policy stance for some time.

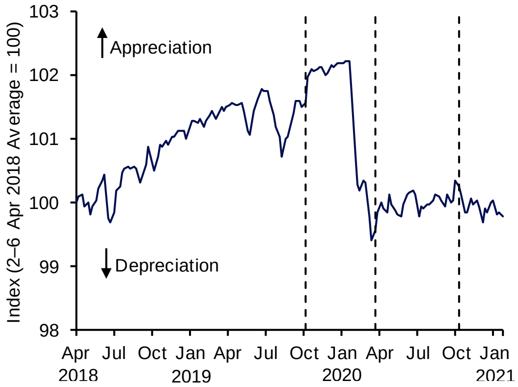
The S$NEER and domestic interest rates have largely been stable

Following the October 2020 Monetary Policy Statement, the S$NEER continued to hover slightly above the mid-point of the policy band **(Chart 4.1)**. This stability reflected offsetting movements in bilateral exchange rates. Notably, global risk sentiment was strong in Q4 amid positive news of the efficacy of COVID-19 vaccines. The improvement in sentiment led investors to pivot away from the US dollar towards risk-sensitive currencies. Between the week ending 16 October 2020 and the week ending 29 January 2021, the S$ strengthened by 2.2% against the US dollar, while depreciating by 5.3% and 2.4% against the Australian dollar and the Indonesian rupiah.

After falling sharply over H1 2020, global and domestic interest rates have mostly kept close to their all-time lows **(Chart 4.2)**. The 3-month US$ LIBOR eased slightly to 0.20% in January, from 0.22% in October. Likewise, the 3-month S$ SIBOR came in at 0.40%, marginally lower than the 0.41% in October. Meanwhile, the 3-month S$ Swap Offer Rate (SOR) inched up by 2 bps to 0.21% over the same period. The 3-month compounded Singapore Overnight Rate Average (SORA) saw a slightly larger increase, rising to 0.17% in January, from 0.12% in October.

Chart 4.1 The S$NEER has continued to fluctuate slightly above the mid-point of the policy band.

S$NEER, weekly average

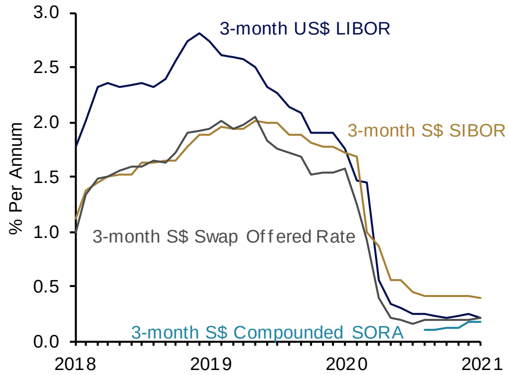


Source: EPG, MAS estimates

Note: Vertical dashed lines indicate the last three releases of the MPS.

Chart 4.2 S$ interest rates remained near their all-time lows.

US$ and S$ interest rates, end of month



Source: MAS, ABS Benchmarks Administration Co Pte Ltd and ICE Benchmark Administration Ltd

Selected Indicators

GENERAL INDICATORS, 2020			
Land Area (Sq km)	728.0	Literacy Rate* (%), 2019	97.5
Total Population ('000)	5,685.8	Real Per Capita GDP (US$), 2019	58,862
Labour Force ('000)	3,713.9	Gross National Savings (% of GNI), 2019	46.1
Resident Labour Force Participation Rate (%)	68.1		

* Refers to resident population aged 15 years and over.

COMPONENTS OF NOMINAL GDP SECTORAL (% of GDP), 2019		COMPONENTS OF NOMINAL GDP EXPENDITURE (% of GDP), 2019	
Manufacturing	20.9	Private Consumption	36.4
Wholesale & Retail Trade	17.3	Private Gross Fixed Capital Formation	19.0
Business Services	14.8	Public Consumption	10.4
Finance & Insurance	13.9	Public Gross Fixed Capital Formation	4.4
Transportation & Storage	6.7	Increase in Stocks	1.7
Construction	3.7	Net Exports of Goods & Services	28.2
Information & Communications	4.3		
Accommodation & Food Services	2.1		

MAJOR EXPORT DESTINATIONS (% SHARE), 2020		MAJOR ORIGINS OF IMPORTS (% SHARE), 2020	
Total Exports (S$ Billion)	**515.6**	**Total Imports (S$ Billion)**	**453.5**
China	13.7	China	14.4
Hong Kong	12.4	Malaysia	12.7
US	10.5	Taiwan	11.0
Malaysia	8.9	US	10.7
Indonesia	5.7	Japan	5.5
ASEAN	25.1	ASEAN	24.3
NEA-3 (Hong Kong, Korea and Taiwan)	21.7	NEA-3 (Hong Kong, Korea and Taiwan)	16.9
EU	8.4	EU	10.3

MAJOR DOMESTIC EXPORTS BY COMMODITY (% SHARE), 2020		MAJOR IMPORTS BY COMMODITY (% SHARE), 2020	
Domestic Exports (S$ Billion)	**234.4**	**Total Imports (S$ Billion)**	**453.5**
Mineral Fuels	20.3	Electronics	33.8
Chemicals	19.6	Machinery & Transport Equipment (ex. Electronics)	18.3
Electronics	16.5	Mineral Fuels	14.9
Machinery & Transport Equipment (ex. Electronics)	11.8	Chemicals	8.5
Manufactured Articles	10.0	Manufactured Articles	8.4
Food and Live Animals	4.7	Manufactured Goods	5.2

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

Overall Economy	2019	2020		2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4		Nov 20	Dec 20
GDP at current prices (S$ bil)	507.6	na		128.7	122.9	103.2	114.7	na		na	na
GDP (US$ bil)	372.2	na		94.4	88.6	73.1	83.5	na		na	na
Real GDP Growth (YOY % change)	0.7	-5.8	{e	1.0	-0.2	-13.4	-5.6	-3.8	{e	na	na
Real GDP Growth (QOQ SAAR % change)	na	na		0.6	-2.9	-43.5	43.7	8.7	{e	na	na
By Sector (YOY % change):											
Manufacturing [1/]	**-1.5**	**7.3**		**-4.0**	**8.3**	**-0.4**	**11.0**	**10.3**		**18.7**	**14.3**
Electronics [1/]	-7.3	11.9		-3.8	-5.4	6.4	23.9	22.9		35.2	41.8
Non-electronics [1/]	2.8	4.2		-4.1	17.9	-4.5	2.9	1.7		8.3	-2.0
Finance & Insurance	4.1	na		4.0	8.2	2.7	3.2	na		na	na
Business Services	1.4	na		1.7	-3.4	-20.6	-15.2	na		na	na
Construction	2.8	-33.7	{e	4.3	-1.2	-61.0	-46.2	-28.5	{e	na	na
Transportation & Storage	0.8	na		0.8	-7.7	-39.2	-29.6	na		na	na
Information & Communications	4.3	na		4.5	2.7	-0.8	2.0	na		na	na
Wholesale & Retail Trade	-2.9	na		-1.9	-5.6	-6.7	-4.3	na		na	na
Accommodation & Food Services	1.9	na		2.5	-23.7	-41.8	-24.0	na		na	na
By Expenditure Component (YOY % change):											
Consumption	**3.7**	**na**		**3.1**	**0.2**	**-19.0**	**-6.9**	**na**		**na**	**na**
Private	3.7	na		2.6	-2.2	-28.7	-13.7	na		na	na
Public	2.8	na		4.3	6.9	19.5	16.3	na		na	na
Gross Fixed Capital Formation	**-0.2**	**na**		**-1.7**	**3.2**	**-25.3**	**-18.6**	**na**		**na**	**na**
Private	-0.5	na		-3.0	3.0	-22.8	-15.1	na		na	na
Public	1.3	na		4.5	4.0	-37.9	-34.6	na		na	na
External Demand	**-1.6**	**na**		**1.6**	**0.3**	**-14.3**	**-6.9**	**na**		**na**	**na**

Source:
[1/] Index of Industrial Production from EDB
na: Not available
{e: Advance GDP estimates

Trade	2019	2020		2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4		Nov 20	Dec 20
Total Exports, fob (YOY % change)	**-4.2**	**-3.2**		**-4.3**	**4.0**	**-11.4**	**-2.2**	**-2.9**		**-5.4**	**2.6**
Non-Oil Domestic Exports	-9.2	4.3		-5.7	5.4	5.8	6.5	-0.5		-5.0	6.8
Re-Exports	2.3	0.1		2.8	3.2	-6.9	0.3	3.4		2.2	5.8
Total Imports, cif (YOY % change)	**-2.1**	**-7.4**		**-6.3**	**2.6**	**-16.6**	**-7.6**	**-7.6**		**-9.4**	**-3.4**
Wage-price Indicators											
Unemployment Rate (SA, %)	2.3	3.0	#	2.3	2.4	2.8	3.6	3.2	#	3.3	3.2
Average Nominal Wages (S$ per month)	5,549	na		5,783	6,148	5,276	5,214	na		na	na
Consumer Price Index Inflation (YOY % change)	0.6	-0.2		0.6	0.4	-0.7	-0.3	-0.1		-0.1	0.0
MAS Core Inflation (YOY % change)	1.0	-0.2		0.5	0.0	-0.2	-0.3	-0.2		-0.1	-0.3
Financial Indicators											
S$ Exchange Rate Against: (end-period)											
US Dollar	1.3472	1.3221		1.3472	1.4247	1.3932	1.3692	1.3221		1.3373	1.3221
100 Japanese Yen	1.2398	1.2814		1.2398	1.3142	1.2931	1.2965	1.2814		1.2867	1.2814
Euro	1.5094	1.6249		1.5094	1.5710	1.5658	1.6059	1.6249		1.6004	1.6249
Interest Rates (end-period, % p.a.)											
3-month Fixed Deposit Rate	0.20	0.13		0.20	0.24	0.18	0.14	0.13		0.13	0.13
3-month S$ SIBOR 2/	1.77	0.41		1.77	1.00	0.56	0.41	0.41		0.41	0.41
Prime Lending Rate	5.25	5.25		5.25	5.25	5.25	5.25	5.25		5.25	5.25
Money Supply (end-period)											
Broad Money, M2 (YOY % change)	5.0	13.2		5.0	6.8	11.0	10.9	13.2		12.6	13.2
Straits Times Index (end-period) 3/	**3,222.8**	**2,843.8**		**3,222.8**	**2,481.2**	**2,589.9**	**2,466.6**	**2,843.8**		**2,806.0**	**2,843.8**
YOY % change	5.0	-11.8		5.0	-22.8	-22.0	-20.9	-11.8		-12.1	-11.8

Source:
2/ ABS Benchmarks Administration Co Pte Ltd
3/ Straits Times Index from SGX
na: Not available
#: Preliminary estimates

Government Budget [4/]	2019	2020	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	Nov 20	Dec 20
Operating Revenue (S$ mil)	75,299	na	15,785	17,783	8,660	17,164	na	na	na
Total Expenditure (S$ mil)	**76,047**	**na**	**18,800**	**26,781**	**18,448**	**18,424**	**na**	**na**	**na**
Operating Expenditure	57,987	na	15,284	20,430	14,835	16,049	na	na	na
Development Expenditure	18,060	na	3,516	6,351	3,613	2,376	na	na	na
Primary Surplus/Deficit (S$ mil)	**-748**	**na**	**-3,015**	**-8,998**	**-9,788**	**-1,260**	**na**	**na**	**na**
% of GDP	-0.1	na	-2.3	-7.3	-9.5	-1.1	na	na	na

Balance of Payments									
Current Account Balance (% of GDP)	**17.0**	**na**	**15.2**	**13.1**	**17.3**	**20.0**	**na**	**na**	**na**
Goods Balance	26.3	na	24.8	21.9	29.4	28.0	na	na	na
Services Balance	1.5	na	1.0	1.4	3.3	3.2	na	na	na
Primary Income Balance	-9.2	na	-9.0	-8.6	-13.2	-9.2	na	na	na
Secondary Income Balance	-1.7	na	-1.6	-1.6	-2.2	-2.0	na	na	na
Capital & Fin Account Balance (% of GDP)	**18.7**	**na**	**11.7**	**8.0**	**-27.4**	**8.3**	**na**	**na**	**na**
Direct Investment	-19.4	na	-20.0	-11.9	-18.8	-12.1	na	na	na
Portfolio Investment	27.1	na	20.9	9.4	14.3	19.7	na	na	na
Financial Derivatives	2.8	na	4.1	4.2	3.9	3.6	na	na	na
Other Investment	8.2	na	6.7	6.3	-26.8	-2.9	na	na	na
Overall Balance (% of GDP)	**-2.3**	**na**	**2.7**	**5.7**	**43.9**	**12.4**	**na**	**na**	**na**
Official Foreign Reserves (US$ mil) [5/]	**279,450**	**362,305**	**279,450**	**279,147**	**312,497**	**328,022**	**362,305**	**352,628**	**362,305**
Months of Imports	9.3	13.2	9.3	9.3	11.0	11.7	13.2	12.8	13.2

Source:
[4/] Ministry of Finance
[5/] MAS
na: Not available