

Global Markets Research
Economics - Singapore

Singapore's economy expanded 2.90% YOY in 2Q

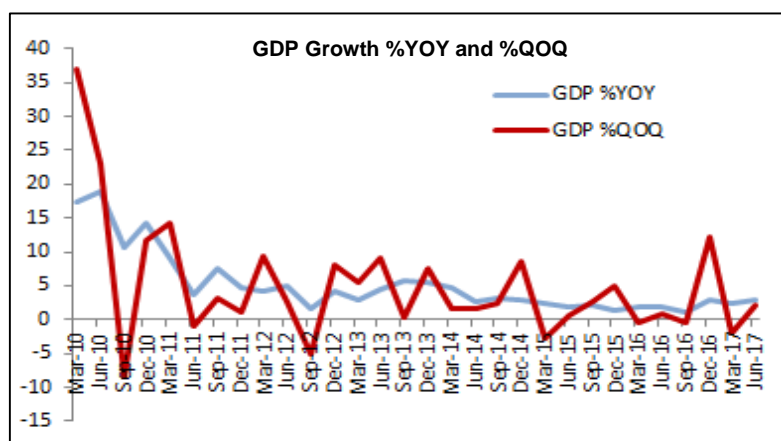
Singapore's economy expanded at a stronger than expected pace of 2.9%YOY in the second quarter of 2017, higher than consensus and advance estimate for a 2.5% YOY increase. Improved growth was supported by recovery in global trade and better external demand. The better than expected performance has resulted in an average growth of 2.7% YOY in 1H17. We expect growth to moderate somewhat in the second half of the year but will still be on track to settle within the upwardly revised official full year growth forecast of 2.0-3.0% (previous: 1.0-3.0%).

	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17	2Q17
Real GDP (% YOY)	2.1	1.3	1.9	1.9	1.9	1.2	2.9	2.0	2.5	2.9
<u>Supply Condition</u>										
Goods Producing Industries	-4.0	-3.5	-3.1	0.5	1.8	0.9	7.9	2.8	5.0	4.9
Manufacturing	-6.0	-6.2	-5.1	-0.4	1.5	1.8	11.5	3.6	8.5	8.1
Construction	3.0	5.6	3.9	3.1	2.7	-2.2	-2.8	0.2	-6.3	-5.7
Services Producing Industries	3.4	2.0	3.2	1.5	1.1	0.4	1.0	1.0	1.4	2.4
Wholesale & Retail Trade	6.4	3.3	3.7	1.8	0.4	0.1	0.4	0.6	0.1	1.5
Transport & Storage	0.4	0.2	1.6	0.1	2.9	0.7	5.4	2.3	4.4	3.5
Accommodation & Food	1.1	1.4	0.7	2.1	2.4	2.5	-0.2	1.7	-1.7	-2.2
Information & Comm.	2.5	-1.7	-0.6	2.9	2.9	1.3	1.4	2.3	2.1	1.8
Finance & Insurance	4.6	3.0	5.7	1.9	1.9	0.1	0.6	0.7	0.7	3.8
Business Services	2.0	2.9	3.9	0.3	0.3	-1.8	-1.9	-0.9	0.9	1.8
Other Service Industries	1.5	-0.3	1.2	2.4	2.6	3.6	3.9	3.1	3.0	3.1

The economy expanded 2.90% YOY in 2Q (1Q: +2.50% YOY revised)

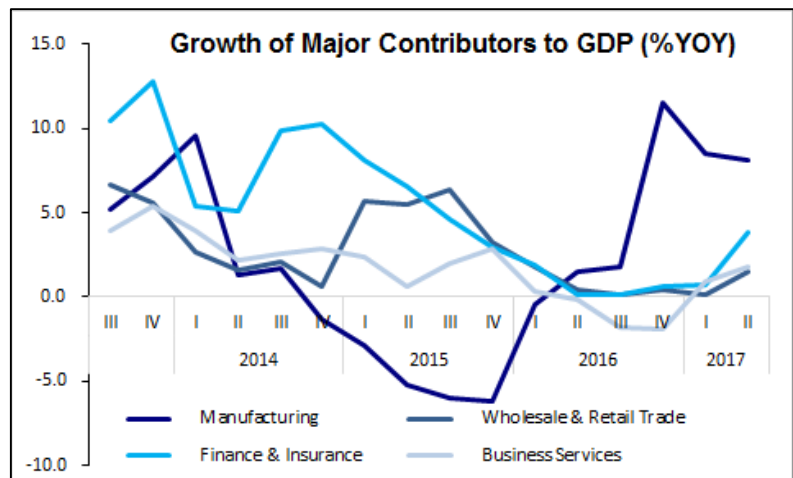
The Singapore's economy expanded 2.90% YOY in the second quarter of the year, after it gained 2.50% (revised) in 1Q thanks to recovery in global trade, as well as improved traction from services production industries. Growth in the goods producing cluster decelerated to 4.90% YOY (previous: 5.0% YOY) amid moderation in manufacturing (2Q17: +8.1% YOY vs 1Q17: +8.5% YOY) and continued contraction in the construction sector (2Q17:-5.7% YOY vs 1Q17: -6.3%).

On a quarterly basis, GDP expanded 2.2% QOQ after it grew 0.4% in the previous quarter. Improving global economy is seen infusing renewed catalyst for trades and hence supporting growth traction.



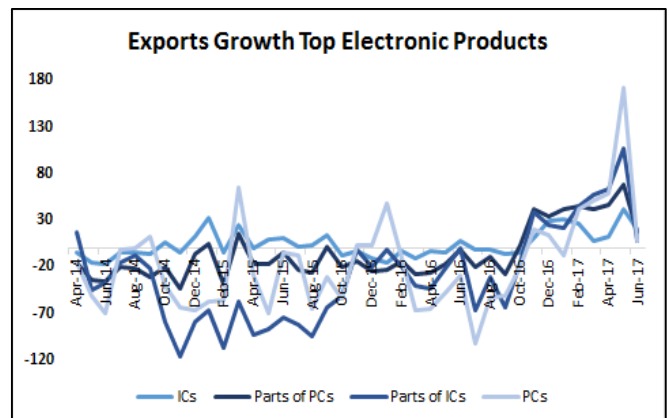
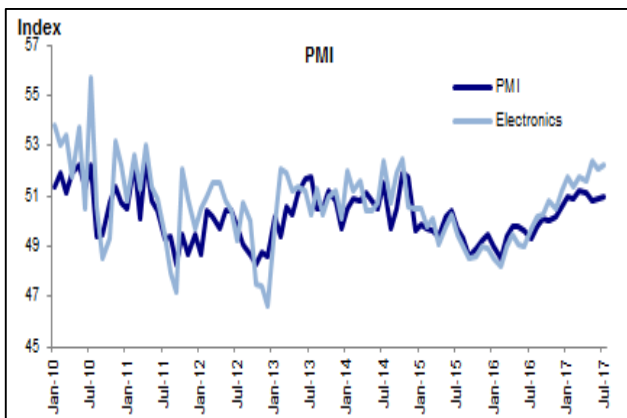
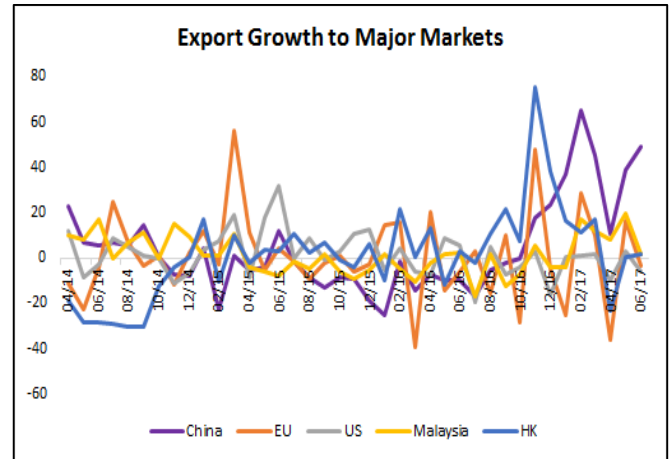
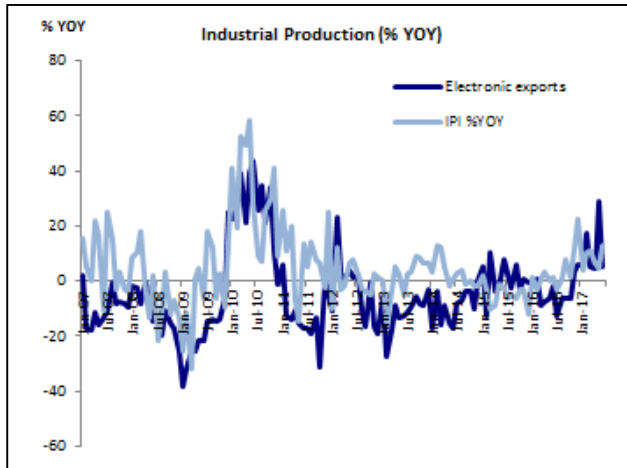
Services producing sector expanded 2.4% YOY in 2Q versus 1.4% in 1Q

The services industries expanded 2.4% YOY in 2Q, reflecting a much stronger traction supported by **improvement in wholesale & retail trade** (2Q17 : 1.5% vs 1Q17 : 0.1%), **finance & insurance** (2Q17 : 3.8% vs 1Q17 : 0.7%), **business services** (2Q17 : 1.8% vs 1Q17 : 0.9%) as well as **other services industries** (2Q17 : 3.1% vs 1Q17 : 3.0%)



Going forward, improving global recovery may continue to infuse trade flows and hence supporting growth for the Singapore economy. **The narrower growth projections by the Ministry of Trade and Industry from 1.0-3.0% to 2.0-3.0% reinforces a more optimistic outlook for the Singapore economy**, with growth potentially landing at 2.5% for 2017 as commented by Singapore premiere Lee Hsien Loong.

Singapore Graphical Overview:



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