

**Global Markets Research**
**Economics - Singapore**

## Economy quickened to 2.90% YOY in 4Q

Singapore's economy expanded 2.90% YOY in 4Q, quickening from the 1.20% YOY pace in 3Q. Last quarter marked the quickest expansion in nine quarters, driven by rapid expansion in the goods producing industries. For the full year, growth ticked up by 0.1ppt to 2.0% in 2016. In a separate release, non-oil domestic products moderated for two straight months, but continued to expand at healthily at 8.60% YOY in January. Anticipation of dwindling downside risks and more sanguine economic outlook ahead suggest that GDP growth could potentially expand 2.00-3.00% this year.

	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
<b>Real GDP (% YOY)</b>	<b>2.0</b>	<b>2.1</b>	<b>1.3</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.2</b>	<b>2.9</b>	<b>2.0</b>
<u>Supply Condition</u>									
Goods Producing Industries	-3.2	-4.0	-3.5	-3.1	0.5	1.8	0.9	7.9	2.8
Manufacturing	-4.8	-6.0	-6.2	-5.1	-0.4	1.5	1.8	11.5	3.6
Construction	2.2	3.0	5.6	3.9	3.1	2.7	-2.2	-2.8	0.2
Services Producing Industries	3.6	3.4	2.0	3.2	1.5	1.1	0.4	1.0	1.0
Wholesale & Retail Trade	6.0	6.4	3.3	3.7	1.8	0.4	0.1	0.4	0.6
Transport & Storage	-1.0	0.4	0.2	1.6	0.1	2.9	0.7	5.4	2.3
Accommodation & Food	-0.9	1.1	1.4	0.7	2.1	2.4	2.5	-0.2	1.7
Information & Comm.	5.6	2.5	-1.7	-0.6	2.9	2.9	1.3	1.4	2.3
Finance & Insurance	6.9	4.6	3.0	5.7	1.9	1.9	0.1	0.6	0.7
Business Services	1.6	2.0	2.9	3.9	0.3	0.3	-1.8	-1.9	-0.9
Other Service Industries	1.8	1.5	-0.3	1.2	2.4	2.4	3.6	3.9	

The economy expanded 2.90% YOY in 4Q (3Q: +1.20% YOY)

### The Singapore's economy expanded 2.90% YOY in the final quarter of 2016.

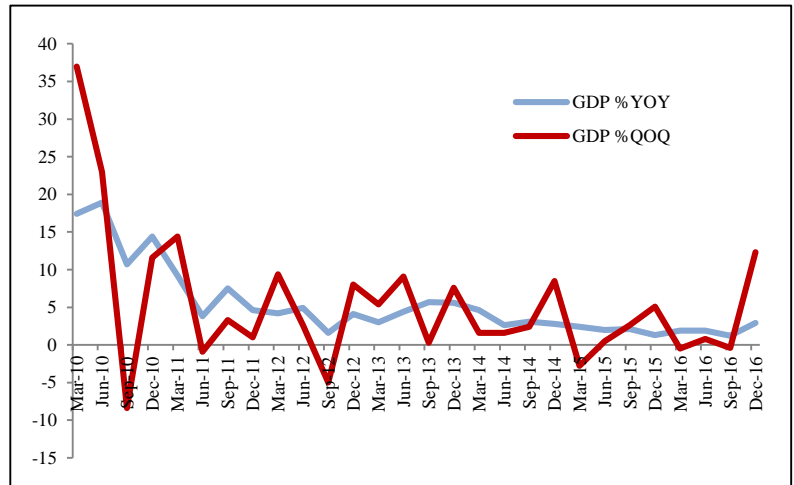
The expansion outperformed expectation and was more than twice the 1.20% YOY growth in 3Q. For the full year, growth accelerated slightly from 1.90% in 2015 to 2.00% in 2016. Anticipation of brighter economic prospects will set the stage for GDP growth to hit 2.00-3.00% this year.

Goods producing sector expanded for four straight quarters

### The goods producing cluster accelerated at a much quicker 7.90% in 4Q from a year ago (3Q: +0.90% YOY).

The notably improvement was largely driven by the 11.50% YOY increase in the manufacturing sector which masked the 2.80% YOY decline in construction sector. Factories production gathered steam for four straight quarters as the sector recovered from a whole year of contraction phase in 2015.

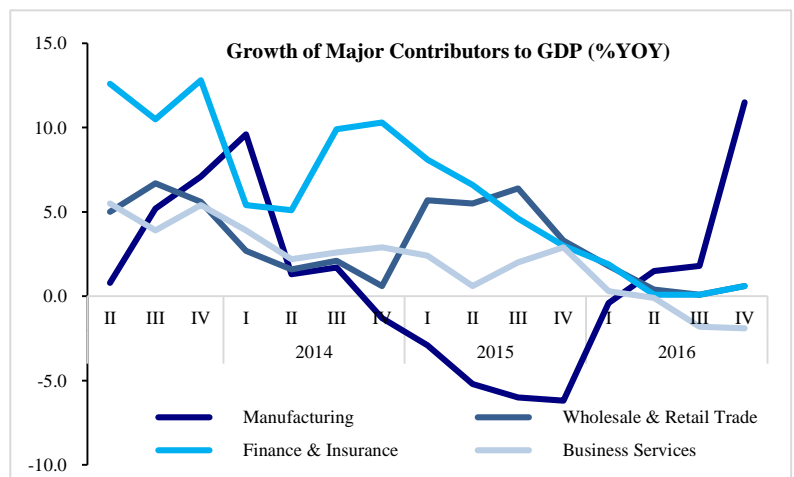
GDP Growth %YOY and %QOQ



Services producing sector expanded 1.00% YOY in 4Q

The services industries expanded 1.00% YOY in 4Q after previous quarter growth of 0.40% YOY, reflecting resilience in both goods and services sectors. Increase in the transport/ storage (+5.40% YOY) and information/ communication (+1.40% YOY) led the pack, offsetting the drop in business services (-1.90% YOY) and accommodation/ food (-0.20% YOY) categories.

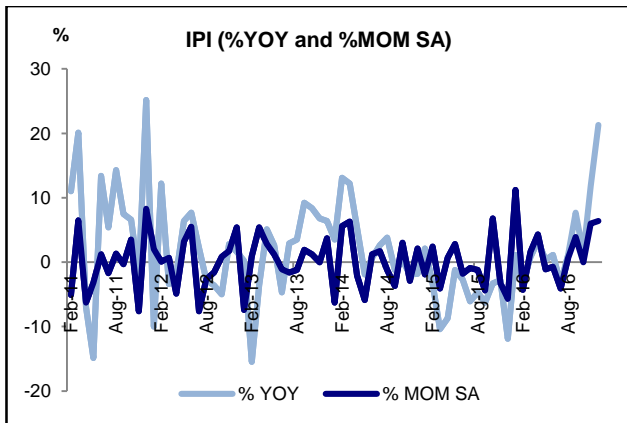
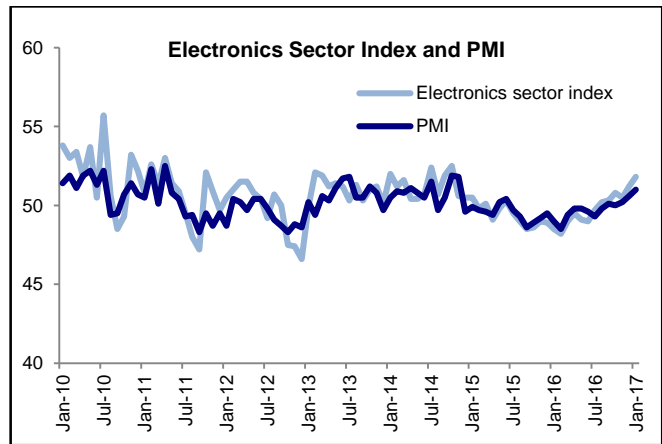
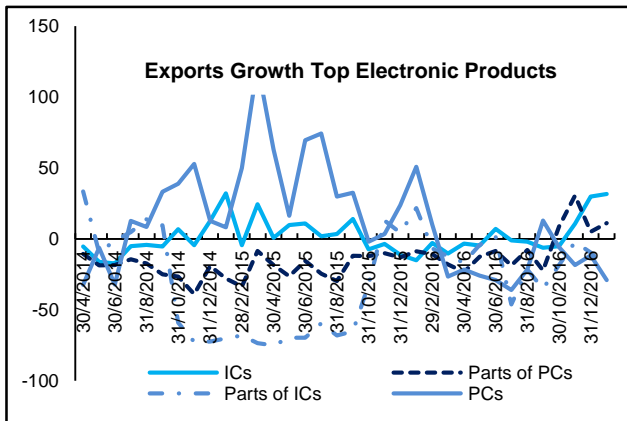
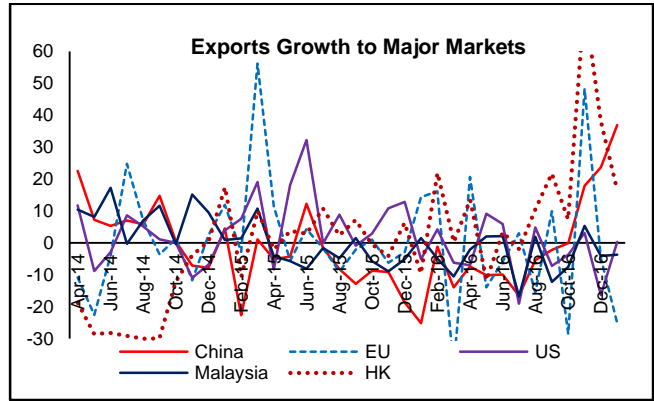
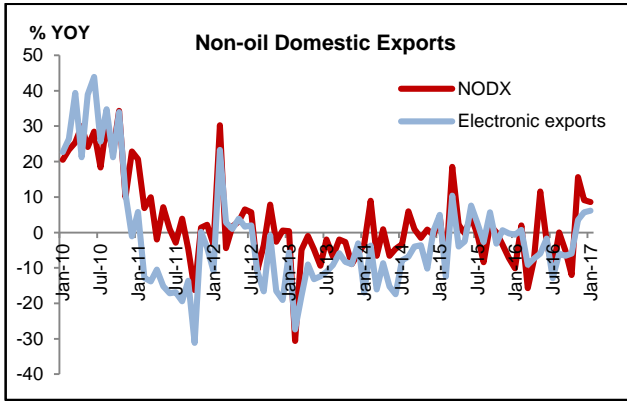
Growth of Major Contributors to GDP (%YOY)



Non-oil domestic exports pulled back slightly but pace of growth was still resilient

In a separate release, non-oil domestic exports softened for two straight months to 8.60% YOY in January (December: +9.10% YOY) amid steep decline in exports to Eurozone (January: -25.20% YOY vs December: -4.80% YOY) and drop in exports to Malaysia (January: -3.70% YOY vs December: -4.10% YOY). On the bright side, exports to China (January: +36.90% YOY vs December: +23.70% YOY), Japan (January: +6.50% YOY vs December: -19.80% YOY), and Taiwan (January: +75.30% YOY vs December: +54.80% YOY) climbed at faster pace, keeping exports growth firm. By sub-components, shipments of PCs and parts of ICs pushed back growth last month. ICs (January: +31.60% YOY vs December: +29.90% YOY) and part of PCs (January: +11.00% YOY vs December: +4.90% YOY) were the main contributors to growth.

Singapore Graphical Overview:



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