

Singapore Economy Grew by 1.1 Per Cent in 2008

26 February 2009. The Ministry of Trade and Industry (MTI) announced today that the Singapore economy grew by 1.1 per cent for the whole of 2008, compared to 7.8 per cent in 2007.

Real gross domestic product (GDP) contracted by 4.2 per cent on a year-on-year basis in the fourth quarter of 2008, after posting flat growth in the third quarter of 2008. On a seasonally-adjusted annualised quarter-on-quarter basis, real GDP declined by 16.4 per cent in the fourth quarter of 2008, following the 2.1 per cent contraction in the previous quarter.

Performance in Fourth Quarter 2008

The manufacturing sector declined by 10.7 per cent, similar to the preceding quarter. Most of the clusters, particularly electronics, precision engineering and chemicals, contracted. Growth in the construction sector slowed to 18.5 per cent, from 26.0 per cent in the third quarter, weighed down by a slowdown in industrial building activity and the deferment of several private sector projects.

The services producing industries as a whole contracted by 1.3 per cent, down from the 5.5 per cent growth in the previous quarter. All sectors, except information and communications and business services, contracted. Growth in the financial services sector fell by 8.1 per cent on the back of significant declines in trading activities in foreign exchange and stock brokerage, fund management and Asian Currency Units. The sharp decline in world trade towards the end of 2008 also resulted in contractions in the wholesale and retail sector (-5.3 per cent) and the transport and storage sector (-2.4 per cent).

Overall Performance in 2008

The manufacturing sector contracted by 4.1 per cent in 2008, compared to the growth of 5.9 per cent in 2007. With the exception of the transport engineering sector and general manufacturing, the majority of manufacturing sectors (electronics, chemicals, biomedical manufacturing and precision engineering) contracted in 2008. The construction sector grew strongly by 20.3 per cent in 2008, outperforming the growth of 18.2 per cent in the previous year.

Overall growth of the services producing industries slowed to 4.7 per cent in 2008, compared to 8.1 per cent in 2007. The slowdown was led by significantly slower growth in most of the industries, in particular, the wholesale and retail trade, hotels and restaurants, and financial services.



The detailed economic results for the fourth quarter and the whole of 2008, including sectoral performances, sources of growth, inflation, employment and productivity, can be found in MTI's Annual Economic Survey released on the MTI Homepage (www.mti.gov.sg) today.

MINISTRY OF TRADE AND INDUSTRY
26 February 2009

SECTORAL GROWTH RATES

Sector	4Q07	2007	1Q08	2Q08	3Q08	4Q08	2008
	Year-on-Year % Change						
Total	5.5	7.8	6.7	2.5	0.0	-4.2	1.1
Goods Producing Industries	1.7	7.2	12.0	-2.0	-6.2	-6.5	-1.0
Manufacturing	-1.2	5.9	12.6	-5.6	-11.0	-10.7	-4.1
Construction	23.5	18.2	13.1	23.7	26.0	18.5	20.3
Services Producing Industries	8.3	8.1	7.5	7.5	5.5	-1.3	4.7
Wholesale & Retail Trade	6.3	7.4	5.4	6.0	4.5	-5.3	2.6
Transport & Storage	5.5	5.0	5.5	5.8	3.8	-2.4	3.1
Hotels & Restaurants	3.7	4.9	3.1	2.0	0.0	-0.1	1.2
Information & Communications	5.7	6.5	7.1	8.4	7.7	5.4	7.2
Financial Services	17.1	15.7	14.8	11.2	5.6	-8.1	5.5
Business Services	10.4	9.1	8.5	7.7	8.2	5.2	7.4
	Quarter-on-Quarter Annualised Growth % (SA)						
Total	-1.6	7.8	12.2	-7.7	-2.1	-16.4	1.1
Goods Producing Industries	-17.3	7.2	45.6	-35.9	-0.8	-16.2	-1.0
Manufacturing	-24.8	5.9	60.2	-45.9	-5.2	-21.3	-4.1
Construction	41.4	18.2	-9.6	59.9	23.5	10.3	20.3
Services Producing Industries	10.9	8.1	5.6	7.6	-1.7	-15.0	4.7
Wholesale & Retail Trade	6.7	7.4	7.9	3.8	-0.8	-27.1	2.6
Transport & Storage	9.7	5.0	4.5	4.6	-3.2	-14.2	3.1
Hotels & Restaurants	1.0	4.9	-1.4	0.7	-0.4	0.6	1.2
Information & Communications	7.8	6.5	5.7	11.4	5.9	-0.9	7.2
Financial Services	23.4	15.7	8.2	7.4	-13.1	-29.2	5.5
Business Services	11.1	9.1	3.4	10.1	8.4	-0.8	7.4

OTHER ECONOMIC INDICATORS

Sector	4Q07	2007	1Q08	2Q08	3Q08	4Q08	2008
Labour Productivity (y-o-y%)	-3.6	-0.8	-2.9	-7.1	-9.0	-12.0	-7.8
Unemployment Rate, SA (%)	1.7	2.1	2.0	2.2	2.2	2.6	2.3
Changes in Employment ('000)	62.5	234.9	73.2	71.4	55.7	26.9	227.2
Overall Unit Labour Cost (y-o-y%)	7.1	5.2	8.6	7.8	10.3	11.7	9.6
Unit Business Cost of Manufacturing (y-o-y%)	5.9	2.5	1.6	10.1	10.9	10.4	8.2
Consumer Price Index (y-o-y%)	4.1	2.1	6.6	7.5	6.6	5.4	6.5
Fixed Asset Investments (\$ bil)	8.9	17.2	2.5	10.5	2.9	2.2	18.0
Manufacturing	8.7	16.1	2.0	10.1	2.7	1.6	16.4
Services Clusters	0.2	1.1	0.5	0.3	0.2	0.6	1.7
Total Trade (y-o-y%)	9.8	4.5	16.1	17.1	16.4	-9.6	9.6
Exports	7.2	4.4	11.5	13.2	11.4	-12.0	5.8
Domestic Exports	10.1	3.3	12.7	11.2	14.5	-15.5	5.4
Oil	47.8	6.2	52.6	53.4	77.4	-10.0	41.5
Non-oil	-0.4	2.3	0.6	-5.5	-8.6	-17.8	-7.9
Re-exports	4.1	5.7	10.3	15.5	8.1	-8.1	6.2
Imports	12.8	4.5	21.5	21.4	22.2	-7.1	13.9