

CHAPTER 2

PERFORMANCE OF SELECTED SECTORS

OVERVIEW

- The manufacturing sector grew strongly in the first quarter of the year, driven by robust performances in all clusters except transport engineering.
- Wholesale and retail trade rose sharply, in tandem with the recovery in exports and regional trade.
- The transport and storage sector grew steadily, lifted by improvements to trade flows and air travel.
- The business services sector expanded at a faster pace due to buoyant real estate activities.

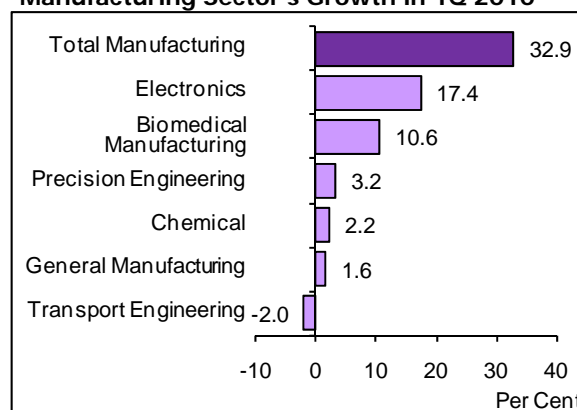
MANUFACTURING

- The manufacturing sector surged 33 per cent in the first quarter of 2010, following the 2.2 per cent growth in the fourth quarter of 2009.
- The strong growth was supported by the 70 per cent increase in the electronics cluster, a significant acceleration over the 28 per cent growth in the previous quarter. This was largely due to gains in the semiconductors (99 per cent) and data storage (42 per cent) segments.
- The biomedical manufacturing cluster rose 37 per cent, driven by the pharmaceuticals (39 per cent) and medical technology (10 per cent) segments.
- The precision engineering cluster grew 32 per cent, with a 37 per cent rise in precision modules & components segment.
- The chemicals cluster expanded 17 per cent following strong growth in the petrochemicals (43 per cent), specialty chemicals (36 per cent) and other chemical segments (32 per cent). However, the petroleum-refining segment declined 11 per cent due to weak refining margins.
- Output in the general manufacturing cluster rose 16 per cent, supported by a 24 per cent rise in the miscellaneous industries segment.
- In contrast, the transport engineering cluster shrank 14 per cent, due to the 22 per cent slump in the marine & offshore engineering segment.

Exhibit 2.1: Manufacturing Growth Rates



Exhibit 2.2: Percentage Point Contribution to Manufacturing Sector's Growth in 1Q 2010



WHOLESALE AND RETAIL TRADE

- The wholesale and retail trade sector rose by 18 per cent following the 1.5 per cent gain in the previous quarter, on the back of improvements in global trade flows.
- Retail sales volume expanded for the first time since the third quarter of 2008 to reach 1.1 per cent, reversing the 4.1 per cent decline registered in the previous quarter. Excluding motor vehicle sales, the growth was higher at 7.0 per cent.
- Although weighed down by the decline of motor vehicle sales (-13 per cent), other major retail segments, such as watches & jewellery (14 per cent), furniture & household equipment (14 per cent), wearing apparel & footwear (10 per cent), and department stores (8.1 per cent) posted strong growth in the first quarter of 2010.

Exhibit 2.3: Changes in Wholesale & Retail Trade, NODX and NORX

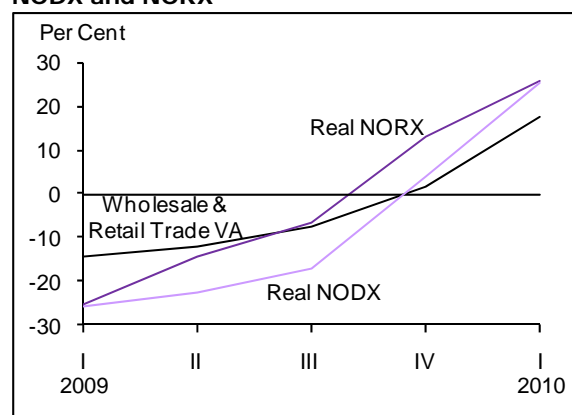
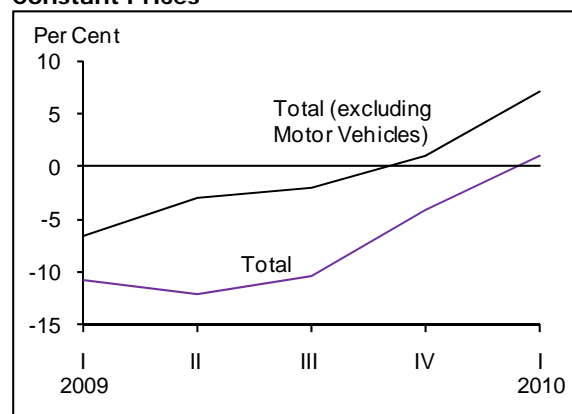


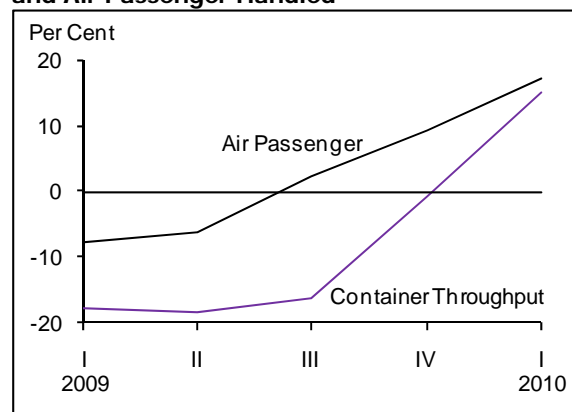
Exhibit 2.4: Changes in Retail Sales Index at Constant Prices



TRANSPORT AND STORAGE

- The transport and storage sector expanded by 7.6 per cent in the first quarter of 2010, considerably faster than the 0.1 per cent growth in the preceding quarter. All key transport segments contributed positively to growth.
- In the water transport sector, container throughput rose by 15 per cent, in contrast to the 0.6 per cent decline in the previous quarter, driven by the recovery in regional trade flows.
- In the air transport sector, growth of air passenger traffic accelerated to 17 per cent from 9.1 per cent in the fourth quarter of 2009. Air passenger traffic was supported by greater demand for both business and leisure travel.

Exhibit 2.5: Changes in Container Throughput and Air Passenger Handled



BUSINESS SERVICES

- The business services sector grew by 6.1 per cent in the first quarter of 2010, faster than the 4.2 per cent growth registered in the previous quarter.
- The number of new private residential property transactions more than doubled compared to the preceding quarter. Meanwhile, growth in private residential prices moderated to 5.6 per cent, following the 7.4 per cent increase in the last quarter of 2009.
- The performance of other property segments improved in line with the pick-up in the overall economy. Occupancy rates in the private sector commercial and industrial markets have started to stabilise while rentals are showing signs of recovery. Office rentals grew 0.4 per cent in first quarter of 2010 compared to the previous quarter, the first increase since the second quarter of 2008. Rentals of industrial space expanded by 1.7 per cent, while rentals of retail space declined at a slower pace of 0.1 per cent.

Exhibit 2.6: New Sales Transaction for Private Residential Units and Private Residential Property Price Index

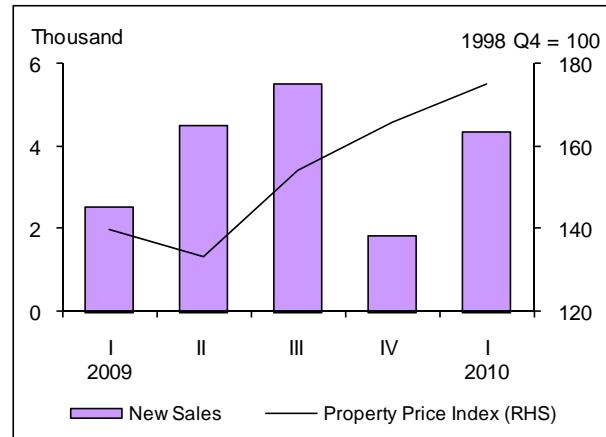


Exhibit 2.7: Occupancy Rate of Private Sector Commercial and Industrial

