

ECONOMIC SURVEY OF SINGAPORE (3Q11)
(21 November 2011)
Opening Remarks

1 Good morning and welcome to MTI.

2 Details of the growth outlook for 2011 and 2012 are in the press release that has been handed out earlier. Let me just highlight a few key points before I open for questions and answers.

3 Growth in the first three quarters of this year reached 5.4 per cent. Despite a challenging external environment, the Singapore economy managed to clock growth in the third quarter.

- On a quarter-on-quarter seasonally adjusted annualised basis, the economy grew marginally by 1.9 per cent. This is a reversal from the 6.4 per cent contraction in the second quarter.
- On a year-on-year basis, the economy grew by 6.1 per cent, up from 1.0 per cent in the preceding quarter.
- Growth in the third quarter was largely attributable to the rebound in the biomedical manufacturing cluster, as companies switched to producing a higher value mix of pharmaceutical products.

4 If we exclude the biomedical manufacturing cluster, economic output in the third quarter was lower than that in the second quarter.

- Production in the electronics cluster in particular declined sharply, due to weakened global demand for semiconductor chips and other intermediate IT products.
- Sluggish export activities also dampened growth in some of the trade-related services sectors such as wholesale trade.

5 The fourth quarter will continue to be tough for the economy. We expect the externally-oriented sectors to remain weak for the rest of the year.

- This is already seen in the continued decline in Singapore's non-oil domestic exports in October.
- Short term indicators such as the composite leading index and the purchasing managers' index also do not show any impending rebound.

6 The economy is likely to see a sequential dip in the final quarter of the year, bringing full-year growth for 2011 to around 5 per cent, as announced last month.

7 The growth outlook for 2012 will be more subdued.

- External demand is expected to remain sluggish.
- Developed economies are undergoing fiscal consolidation, and the banking sector in EU may need further capital injections.
- Furthermore, there are heightened uncertainties and financial volatilities.

8 For 2012, Singapore's economic growth is expected to come in between 1 to 3 per cent.

- This forecast is based on current known external weaknesses.
- Should a recession or a full-blown financial crisis in the advanced economies occur, growth could come in lower.

9 Together with my panel members, I would now take your questions.