

Singapore's GDP Contracted by 7.0 Per Cent in the Third Quarter of 2020

14 October 2020. Based on advance estimates for the third quarter of 2020,¹ the Singapore economy expanded by 7.9 per cent on a quarter-on-quarter seasonally-adjusted basis, rebounding from the 13.2 per cent contraction in the preceding quarter.² On a year-on-year basis, the economy contracted by 7.0 per cent, an improvement from the 13.3 per cent contraction in the second quarter. The improved performance of the Singapore economy in the third quarter came on the back of the phased re-opening of the economy following the Circuit Breaker that was implemented between 7 April and 1 June 2020.

Gross Domestic Product in chained (2015) dollars

	3Q19	4Q19	2019	1Q20	2Q20	3Q20*
Percentage change over corresponding period of previous year						
Overall GDP	0.7	1.0	0.7	-0.3	-13.3	-7.0
Goods Producing Industries						
Manufacturing	-0.7	-2.3	-1.4	7.9	-0.8	2.0
Construction	3.1	4.3	2.8	-1.2	-59.9	-44.7
Services Producing Industries	0.8	1.5	1.1	-2.3	-13.6	-8.0
Quarter-on-quarter growth rate, seasonally-adjusted						
Overall GDP	0.6	0.2	0.7	-0.8	-13.2	7.9
Goods Producing Industries						
Manufacturing	1.2	-1.5	-1.4	9.6	-9.1	3.9
Construction	0.9	1.3	2.8	-3.2	-59.4	38.7
Services Producing Industries	0.3	0.5	1.1	-3.4	-11.2	6.8

*Advance estimates

¹ The advance GDP estimates for the third quarter of 2020 are computed largely from data in the first two months of the quarter (i.e., July and August 2020). They are intended as an early indication of the GDP growth in the quarter and are subject to revision when more comprehensive data become available.

² With effect from the advance GDP estimates for the third quarter of 2020, MTI will be reporting non-annualised quarter-on-quarter seasonally-adjusted growth rates rather than annualised quarter-on-quarter seasonally-adjusted growth rates. The annualised quarter-on-quarter seasonally-adjusted growth rates will continue to be made available on DOS' website (www.singstat.gov.sg). Please see the explanatory note on MTI's website (<https://www.mti.gov.sg/note14Oct20>) for details.

Sectoral Performance

The manufacturing sector grew by 2.0 per cent on a year-on-year basis in the third quarter, a reversal from the 0.8 per cent contraction in the previous quarter. Growth of the sector was supported by output expansions in the electronics and precision engineering clusters, which were in turn driven by robust global demand for semiconductors and semiconductor manufacturing equipment. On a quarter-on-quarter seasonally-adjusted basis, the manufacturing sector expanded by 3.9 per cent, a turnaround from the 9.1 per cent contraction in the second quarter.

The construction sector shrank by 44.7 per cent on a year-on-year basis in the third quarter, extending the 59.9 per cent decline in the previous quarter. Construction output in the third quarter remained weak on account of the slow resumption of construction activities due to the need for construction firms to implement safe management measures for a safe restart. On a quarter-on-quarter seasonally-adjusted basis, the construction sector grew by 38.7 per cent, a rebound from the sharp contraction of 59.4 per cent recorded in the second quarter when most construction activities had to come to a stop due to the Circuit Breaker and movement restrictions in the foreign worker dormitories.

The services producing industries contracted by 8.0 per cent on a year-on-year basis in the third quarter, an improvement from the 13.6 per cent decline in the previous quarter. Within services, aviation- and tourism-related sectors like air transport and accommodation continued to see significant contractions, as global travel restrictions and sluggish travel demand brought air travel and visitor arrivals to a near complete standstill. Other trade-related services sectors, such as wholesale trade, were also weighed down by weak external demand as major economies around the world continued to grapple with the COVID-19 pandemic. Meanwhile, even though consumer-facing sectors such as retail and food services saw an improvement in performance as the Singapore economy exited the Circuit Breaker, they remained in contraction, with sales volumes coming in below year-ago levels due to weak consumer confidence and capacity constraints resulting from safe distancing measures. However, the finance & insurance and information & communications sectors recorded steady growth during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the services producing industries expanded by 6.8 per cent, a reversal from the 11.2 per cent decline seen in the second quarter.

MTI will release the preliminary GDP estimates for the third quarter, including performance by sectors, sources of growth, inflation, employment and productivity, in its *Economic Survey of Singapore* in November 2020.

MINISTRY OF TRADE AND INDUSTRY
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