

Singapore's GDP Contracted by 3.8 Per Cent in the Fourth Quarter of 2020

4 January 2021. Based on advance estimates for the fourth quarter of 2020,¹ the Singapore economy contracted by 3.8 per cent on a year-on-year basis, an improvement from the 5.6 per cent contraction recorded in the third quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 2.1 per cent, following the 9.5 per cent expansion in the third quarter.² For the whole of 2020, the Singapore economy contracted by 5.8 per cent.

Gross Domestic Product in chained (2015) dollars³

	4Q19	2019	1Q20	2Q20	3Q20	4Q20*	2020*
Percentage change over corresponding period of previous year							
Overall GDP	1.0	0.7	-0.2	-13.4	-5.6	-3.8	-5.8
Goods Producing Industries	-1.3	-0.8	6.6	-9.2	2.2	3.3	0.7
Manufacturing	-2.3	-1.4	8.3	-0.5	10.8	9.5	7.1
Construction	4.3	2.8	-1.2	-61.0	-46.2	-28.5	-33.7
Services Producing Industries	1.5	1.1	-2.3	-13.4	-8.4	-6.8	-7.8
Wholesale & Retail Trade and Transportation & Storage	-1.2	-1.9	-6.1	-15.9	-11.9	-11.0	-11.2
Information & Communications, Finance & Insurance and Professional Services	3.6	4.0	4.3	-3.0	-0.2	0.2	0.3
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	2.5	1.5	-5.2	-22.0	-13.5	-9.9	-12.6

¹ The advance GDP estimates for the fourth quarter of 2020 are computed largely from data in the first two months of the quarter (i.e., October and November 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 The strong GDP growth seen in the third quarter was due to the phased resumption of activities following the Circuit Breaker that was implemented between 7 April and 1 June 2020, as well as the rebound in activity in major economies during the quarter as they emerged from their lockdowns.

³ With effect from the advance GDP estimates for the fourth quarter of 2020, the advance estimates for the Services Producing Industries will be further disaggregated into three groups of services sectors: (i) Wholesale & Retail Trade and Transportation & Storage, (ii) Information & Communications, Finance & Insurance and Professional Services, and (iii) Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services Industries.

	4Q19	2019	1Q20	2Q20	3Q20	4Q20*	2020*
Quarter-on-quarter growth rate, seasonally-adjusted							
Overall GDP	0.2	0.7	-0.7	-13.3	9.5	2.1	-5.8
Goods Producing Industries	-0.9	-0.8	7.4	-15.4	13.5	0.2	0.7
Manufacturing	-1.5	-1.4	10.0	-9.2	12.6	-2.6	7.1
Construction	1.3	2.8	-3.2	-60.5	39.0	34.4	-33.7
Services Producing Industries	0.5	1.1	-3.4	-11.0	6.0	2.4	7.8
Wholesale & Retail Trade and Transportation & Storage	0.1	-1.9	-5.8	-10.5	4.3	1.2	-11.2
Information & Communications, Finance & Insurance and Professional Services	2.1	4.0	-0.6	-4.5	2.9	2.5	0.3
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	0.3	1.5	-5.8	-18.1	11.7	4.5	-12.6

*Advance estimates

Sectoral Performance

The manufacturing sector expanded by 9.5 per cent on a year-on-year basis in the fourth quarter, extending the 10.8 per cent growth in the previous quarter. Growth of the sector was supported primarily by output expansions in the electronics, biomedical manufacturing and precision engineering clusters, which outweighed output declines in the transport engineering and general manufacturing clusters. On a quarter-on-quarter seasonally-adjusted basis, the manufacturing sector contracted by 2.6 per cent, a pullback from the 12.6 per cent expansion in the third quarter.

The construction sector shrank by 28.5 per cent on a year-on-year basis in the fourth quarter, improving from the 46.2 per cent contraction in the preceding quarter. The improved performance of the sector came on the back of the resumption of more construction activities in the fourth quarter as compared to the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the construction sector grew by 34.4 per cent, extending the 39.0 per cent growth in the third quarter.

Among the services sectors, the wholesale & retail trade and transportation & storage sectors shrank by 11.0 per cent in the fourth quarter, moderating slightly from the 11.9 per cent contraction in the previous quarter. The performance of this group of sectors was primarily weighed down by the trade-related segments such as wholesale trade and water transport, which contracted due to sluggish external demand as major economies around the world continued to grapple with the COVID-19 pandemic, as well as the air transport segment, which shrank on the back of ongoing global travel restrictions and weak travel demand. On a quarter-on-quarter seasonally-adjusted basis, the sectors in the group expanded by 1.2 per cent, softening from the 4.3 per cent growth recorded in the third quarter.

Meanwhile, the information & communications, finance & insurance and professional services sectors collectively grew by 0.2 per cent, a reversal from the 0.2 per cent contraction in the third quarter. Growth was supported by steady expansions in the information & communications and finance & insurance sectors, even as the professional services sector contracted due to sluggish economic activity in the region and domestically. On a quarter-on-quarter seasonally-adjusted basis, the sectors in the group expanded by 2.5 per cent, extending the 2.9 per cent growth registered in the third quarter.

The remaining group of services sectors (i.e., accommodation & food services, real estate, administrative & support services and other services industries) contracted by 9.9 per cent, an improvement from the 13.5 per cent contraction in the third quarter. Within the group, the accommodation segment continued to shrink as a result of weak tourism demand, while the performance of the food services segment and other services industries (e.g., arts, entertainment & recreation and “others”⁴ segments) was weighed down by constraints arising from the implementation of safe management measures. On a quarter-on-quarter seasonally-adjusted basis, the sectors in the group grew by 4.5 per cent, slower than the 11.7 per cent growth recorded in the third quarter.

MTI will release the preliminary GDP estimates for the fourth quarter and the whole of 2020, including performance by sectors, sources of growth, inflation, employment and productivity, in its *Economic Survey of Singapore* in February 2021.

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⁴ The “others” segment of the other services industries consists of (i) membership organisations, (ii) repair of computers, personal and household goods and vehicles, and (iii) other personal service activities such as personal care services, wedding services and funeral services.