

S'pore's expanded a revised 0.5% yoy (2.1% qoq saar) in 3Q19

Highlights

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S'pore expanded a revised 0.5% yoy (2.1% qoq saar) in 3Q19, up from the flash estimates of 0.1% yoy (0.6% qoq saar). This is spot on to our expectations of 0.5% yoy (2.1% qoq saar) for 3Q19, but slightly better than the Bloomberg consensus forecast of 0.4% yoy (1.8% qoq saar). USDSGD treaded a narrow range of 1.3600-1.3625 this morning, suggesting little reaction to the data print, and we expect the S\$NEER to hold in the 1.5-1.7% range on the stronger side of parity for now.

The growth drivers and drags were largely unchanged: The manufacturing sector contracted 1.7% yoy, marking the third straight quarter of decline. Services grew 0.9% yoy in 3Q19, as financial and insurance (+4.3% yoy), infocomms (3.4% yoy) and other services (2.8% yoy) buffered the ongoing slump in wholesale & retail trade (-3.3% yoy). Construction expanded 2.9% yoy, slightly improved from 2Q19 (2.8% yoy) and 1Q19 (2.7% yoy) respectively, providing a bright spot for the Spore economy.

Looking ahead, we tip 4Q19 and full year 2019 GDP growth at 0.7% yoy (1.3% qoq saar) and 0.6% yoy respectively. This assumes manufacturing growth is flat yoy in 4Q19, notwithstanding the slightly more positive September industrial production data. The rationale is that given the many twists and turns in the US-China trade story, and the fact that the domestic manufacturing and electronics PMIs remain in contraction territory at 49.6 and 49.3 respectively in October, the road ahead may stay bumpy for manufacturing and trade in the interim. The offsets to this are the usual growth suspects including construction, finance & insurance, infocomms, education, health & social services that continue to register steady growth.

Prospects for 2020 tilt towards stabilization: Our 2020 GDP growth forecast is 1-2% yoy with a midpoint of 1.5% yoy, but given the already very low base for NODX, we think NODX may print a slightly more positive 2-4% yoy if there is no further escalation of US-China trade tensions in the form of fresh tariffs/hikes. This is consistent with the official forecast range of 0.5-2.5% yoy growth in 2020, albeit their NODX growth forecast is less upbeat at 0-2% yoy, versus their forecast for 0.5-1.0% GDP growth and a 9.5-10% yoy NODX contraction (previously at a 8-9% yoy contraction in August) for 2019.

Headwinds remain familiar going into 2020 amid renewed worries about progress and the actual signing of the US-China Phase 1 trade deal which now appears to be off the cards for this year. Moreover, this is likely complicated by the ongoing Hong Kong Human Rights and Democracy Act, which was passed in the US Senate and House, with President Trump unlikely to veto the measure. That said, the immediate fallout may be somewhat blunted by the probability that the US is unlikely to trigger a change in Hong Kong's status for now (especially since it will take the form

of an annual review that is more advisory in nature) and any sanctions may also be limited. Overnight, the freshly released Fed minutes also revealed more knuckle-cracking concerns about downside risks to the economic outlook, which suggests that while the Fed is currently in pause and watch mode, this does not mean that another rate cut is completely off the table next year. Moreover, Brexit uncertainties remain. In summary, it is still too early to break out the champagne yet.

GROSS DOMESTIC PRODUCT BY INDUSTRY [TABLE A1.1]

GDP AT CURRENT PRICES	2015				2017			2018				2019	
	2015	2016	2017	2018	II	III	IV	I	II	III	IV	I	II
Million Dollars													
GDP AT CURRENT MARKET PRICES	423,444.1	439,411.6	467,305.5	491,174.5	113,673.3	115,415.0	123,213.6	119,935.0	121,564.4	122,883.3	126,791.8	123,029.7	122,566.1
Goods Producing Industries	102,986.0	102,846.1	110,401.5	123,907.9	26,508.9	27,509.7	29,601.5	28,677.5	30,734.5	31,738.2	32,757.7	29,812.4	30,826.5
Manufacturing	76,598.2	77,399.3	88,184.9	102,251.6	20,990.0	22,078.6	24,056.2	23,305.3	25,376.6	26,377.7	27,192.0	24,207.3	25,249.7
Construction	20,433.8	19,707.5	16,668.8	15,962.9	4,105.5	4,017.0	4,119.7	4,041.1	3,891.3	3,918.1	4,112.4	4,205.0	4,057.7
Utilities	5,815.9	5,603.4	5,425.8	5,571.3	1,383.8	1,381.6	1,395.1	1,301.4	1,437.0	1,410.5	1,422.4	1,369.7	1,489.0
Other Goods Industries ¹	138.1	135.9	122.0	122.1	29.6	32.5	30.5	29.7	29.6	31.9	30.9	30.4	30.1
Services Producing Industries	278,101.3	292,459.1	310,637.1	323,589.8	75,811.4	76,519.7	81,422.6	80,228.0	79,127.4	80,508.5	83,725.9	82,794.5	80,732.2
Wholesale & Retail Trade	65,584.5	73,937.0	79,782.6	81,774.5	19,478.5	19,349.4	21,158.7	19,699.9	20,401.4	20,571.1	21,102.1	19,770.3	19,789.8
Transportation & Storage	30,014.6	27,680.0	31,113.3	31,360.1	7,828.3	7,836.6	8,180.3	7,477.1	7,588.8	8,029.6	8,264.6	7,735.3	8,023.5
Accommodation & Food Services	8,763.0	9,224.7	9,358.8	9,735.3	2,252.5	2,395.0	2,364.5	2,394.5	2,361.4	2,503.2	2,476.2	2,468.5	2,410.9
Information & Communications	15,779.4	17,084.4	18,109.1	19,061.3	4,536.2	4,509.5	4,649.3	4,574.6	4,855.7	4,742.4	4,888.6	4,854.7	5,068.2
Finance & Insurance	49,874.5	51,127.2	55,802.4	60,222.3	13,774.6	14,014.6	14,594.2	14,944.7	14,939.4	14,958.4	15,379.8	15,877.6	15,798.4
Business Services	63,122.4	65,632.7	66,010.7	69,045.7	16,452.6	16,392.6	17,087.9	16,858.6	17,114.8	17,231.9	17,840.4	17,254.9	17,260.8
Other Services Industries	44,963.1	47,773.1	50,460.2	52,390.5	11,488.7	12,021.9	13,387.8	14,278.5	11,866.0	12,471.8	13,774.2	14,833.2	12,380.6
Ownership of Dwellings	18,100.1	17,589.4	17,436.3	17,172.4	4,358.8	4,354.9	4,373.0	4,253.8	4,299.6	4,309.6	4,309.4	4,244.9	4,273.7
Gross Value Added At Basic Prices	399,187.4	412,894.6	438,474.9	464,670.1	106,679.1	108,384.3	115,397.1	113,159.3	114,161.5	116,556.3	120,793.0	116,851.8	115,832.4
Add: Taxes on Products	24,256.7	26,517.0	28,830.6	26,504.4	6,994.2	7,030.7	7,816.5	6,775.7	7,402.9	6,327.0	5,998.8	6,177.9	6,733.7
Percentage Change Over Corresponding Period Of Previous Year													
GDP AT CURRENT MARKET PRICES	6.1	3.8	6.3	5.1	5.5	5.2	6.2	4.3	6.9	6.5	2.9	2.6	0.8
Goods Producing Industries	6.7	-0.1	7.3	12.2	3.0	6.7	9.2	7.1	15.9	15.4	10.7	4.0	0.3
Manufacturing	6.7	1.0	13.9	16.0	9.6	13.7	14.3	10.7	20.9	19.5	13.0	3.9	-0.5
Construction	6.5	-3.6	-15.4	-4.2	-20.3	-17.8	-10.1	-8.7	-5.2	-2.5	-0.2	4.1	4.3
Utilities	7.1	-3.7	-3.2	2.7	-0.5	-3.9	-2.8	2.9	3.8	2.1	2.0	5.2	3.6
Other Goods Industries ¹	0.1	-1.6	-10.2	0.1	-13.7	0.0	-11.1	1.0	0.0	-1.8	1.3	2.4	1.7
Services Producing Industries	5.8	5.2	6.2	4.2	6.8	5.1	4.7	4.4	4.4	5.2	2.8	3.2	2.0
Wholesale & Retail Trade	1.3	12.7	7.9	2.5	10.1	1.8	-1.4	-0.5	4.7	6.3	-0.3	0.4	-3.0
Transportation & Storage	10.8	-7.8	12.4	0.8	14.0	17.5	12.5	2.9	-3.1	2.5	1.0	3.5	5.7
Accommodation & Food Services	1.1	5.3	1.5	4.0	0.6	0.2	2.2	2.0	4.8	4.5	4.7	3.1	2.1
Information & Communications	-0.1	8.3	6.0	5.3	3.6	6.5	7.6	3.6	7.0	5.2	5.1	6.1	4.4
Finance & Insurance	8.5	2.5	9.1	7.9	9.9	11.0	11.2	11.4	8.5	6.7	5.4	6.2	5.7
Business Services	9.0	4.0	0.6	4.6	1.1	0.8	1.5	4.9	4.0	5.1	4.4	2.4	0.9
Other Services Industries	5.4	6.2	5.6	3.8	4.6	3.5	7.4	5.3	3.3	3.7	2.9	3.9	4.3
Ownership of Dwellings	1.7	-2.8	-0.9	-1.5	-0.5	-0.9	-0.7	-2.2	-1.4	-1.0	-1.5	-0.2	-0.6
Gross Value Added At Basic Prices	5.8	3.4	6.2	6.0	5.5	5.3	5.6	4.8	7.0	7.5	4.7	3.3	1.5
Add: Taxes on Products	11.5	9.3	8.7	-8.1	5.1	4.1	17.2	-3.1	5.8	-10.0	-23.3	-8.8	-9.0

GROSS DOMESTIC PRODUCT BY INDUSTRY - Cont'd [TABLE A1.1]

GDP IN CHAINED (2015) DOLLARS	2015				2017			2018				2019	
	2015	2016	2017	2018	II	III	IV	I	II	III	IV	I	II
Million Dollars													
GDP AT MARKET PRICES	423,444.1	435,987.9	452,118.5	466,312.6	111,780.6	114,348.9	116,376.7	114,621.1	116,529.8	117,273.8	117,887.9	115,926.9	116,604.5
Goods Producing Industries	102,986.0	105,714.2	111,638.4	117,243.7	27,393.1	29,045.2	28,548.5	28,392.9	29,538.6	29,759.5	29,552.7	28,432.4	28,898.7
Manufacturing	76,598.2	79,432.7	87,698.7	93,862.6	21,489.4	23,163.0	22,564.8	22,533.8	23,764.5	23,965.6	23,598.7	22,456.0	23,026.5
Construction	20,433.8	20,226.2	17,897.7	17,241.3	4,395.5	4,336.9	4,467.6	4,396.1	4,207.2	4,224.2	4,413.8	4,518.9	4,328.2
Utilities	5,815.9	5,917.8	5,910.7	5,865.0	1,476.9	1,509.5	1,482.5	1,411.9	1,488.6	1,488.0	1,476.5	1,443.6	1,493.9
Other Goods Industries ¹	138.1	137.4	121.9	120.2	29.8	32.5	30.4	29.2	30.2	31.2	29.6	29.9	30.0
Services Producing Industries	278,101.3	283,938.0	291,861.7	300,259.8	72,572.0	73,387.2	74,933.0	74,058.7	74,677.6	75,451.1	76,072.4	74,971.2	75,476.8
Wholesale & Retail Trade	65,584.5	65,504.3	66,170.9	67,313.7	16,265.5	16,442.7	17,436.3	16,490.1	16,692.1	16,838.9	17,292.6	16,083.2	16,162.1
Transportation & Storage	30,014.6	30,528.1	31,861.7	32,267.4	7,926.1	8,014.3	8,151.4	7,909.4	8,021.1	8,143.5	8,193.4	7,968.5	8,194.1
Accommodation & Food Services	8,763.0	9,039.3	9,207.5	9,468.2	2,230.8	2,345.9	2,323.2	2,327.0	2,309.9	2,426.6	2,404.7	2,373.9	2,330.5
Information & Communications	15,779.4	16,505.7	17,364.2	18,308.3	4,349.0	4,397.1	4,443.4	4,402.3	4,616.0	4,622.7	4,667.3	4,633.3	4,804.8
Finance & Insurance	49,874.5	50,106.2	53,363.5	56,467.4	13,249.7	13,582.8	13,796.9	14,024.2	14,018.6	14,117.7	14,306.9	14,479.6	14,745.5
Business Services	63,122.4	65,587.8	66,092.1	67,936.4	16,659.4	16,702.7	16,763.9	16,527.0	17,002.7	17,205.7	17,201.0	16,808.2	17,079.3
Other Services Industries	44,963.1	46,666.6	47,947.8	48,733.5	11,952.0	11,961.0	12,001.8	12,437.2	12,086.9	12,176.9	12,032.5	12,765.9	12,334.9
Ownership of Dwellings	18,100.1	18,944.6	19,805.7	20,754.5	4,921.1	4,967.0	5,036.7	5,107.8	5,169.5	5,214.9	5,262.3	5,317.2	5,345.6
Gross Value Added At Basic Prices	399,187.4	408,596.9	423,168.1	437,950.0	104,865.9	107,329.5	108,491.0	107,509.0	109,290.7	110,334.6	110,815.7	108,617.6	109,617.7
Add: Taxes on Products	24,256.7	27,391.1	28,974.1	28,325.3	6,909.9	7,012.1	7,910.8	7,108.7	7,236.1	6,921.8	7,058.7	7,334.7	6,963.4
Percentage Change Over Corresponding Period Of Previous Year													
GDP AT MARKET PRICES	2.9	3.0	3.7	3.1	3.0	4.6	3.6	4.6	4.2	2.6	1.3	1.1	0.1
Goods Producing Industries	-2.5	2.6	5.6	5.0	3.0	11.8	3.3	6.5	7.8	2.5	3.5	0.1	-2.2
Manufacturing	-5.1	3.7	10.4	7.0	8.6	19.3	5.8	10.0	10.6	3.5	4.6	-0.3	-3.1
Construction	6.0	-1.0	-11.5	-3.7	-16.4	-14.0	-6.5	-6.4	-4.3	-2.6	-1.2	2.8	2.9
Utilities	1.9	1.8	-0.1	-0.8	-1.7	0.9	-0.5	-2.1	0.8	-1.4	-0.4	2.2	0.4
Other Goods Industries ¹	-0.5	-0.5	-11.3	-1.4	-14.6	-0.9	-11.1	0.0	1.3	-4.0	-2.6	2.4	-0.7
Services Producing Industries	4.1	2.1	2.8	2.9	3.3	2.4	2.8	4.4	2.9	2.8	1.5	1.2	1.1
Wholesale & Retail Trade	3.1	-0.1	1.0	1.7	2.4	-1.8	-1.9	2.9	2.6	2.4	-0.8	-2.5	-3.2
Transportation & Storage	2.4	1.7	4.4	1.3	3.3	4.8	4.9	1.8	1.2	1.6	0.5	0.7	2.2
Accommodation & Food Services	0.1	3.2	1.9	2.8	1.0	1.2	2.7	0.8	3.5	3.4	3.5	2.0	0.9
Information & Communications	-0.4	4.6	5.2	5.4	2.3	5.7	9.4	5.5	6.1	5.1	5.0	5.2	4.1
Finance & Insurance	4.7	0.5	6.5	5.8	7.6	9.2	7.9	10.1	5.8	3.9	3.7	3.2	5.2
Business Services	8.3	3.9	0.8	2.8	1.8	0.9	1.5	3.5	2.1	3.0	2.6	1.7	0.5
Other Services Industries	2.7	3.8	2.7	1.6	3.2	1.3	2.3	3.4	1.1	1.8	0.3	2.6	2.1
Ownership of Dwellings	4.6	4.7	4.5	4.8	4.7	4.2	4.7	4.6	5.0	5.0	4.5	4.1	3.4
Gross Value Added At Basic Prices	2.4	2.4	3.6	3.5	3.3	4.8	3.0	4.9	4.2	2.8	2.1	1.0	0.3
Add: Taxes on Products	11.1	12.9	5.8	-2.2	-0.6	1.1	12.4	-0.5	4.7	-1.3	-10.8	3.2	-3.8

¹ Comprise Agriculture, Fishing and Quarrying.

Notes: 1. The industries are classified according to SSIC 2015.

2. Disaggregated chain-linked data generally do not add up to the total.

Source: Singapore Department of Statistics

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