

Muted outlook

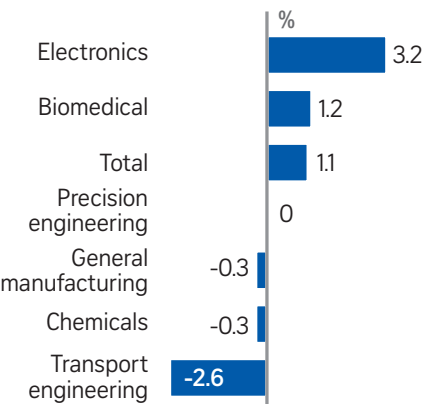
The Ministry of Trade and Industry (MTI) has narrowed its 2016 growth forecast to 1 per cent to 2 per cent – down from 1 per cent to 3 per cent – to reflect a weaker economic outlook.

IMPACT SO FAR



Overall, second-quarter growth was **2.1 per cent year on year**, partly helped by manufacturing's 1.1 per cent rise.

Sectorial percentage-point contribution to manufacturing growth



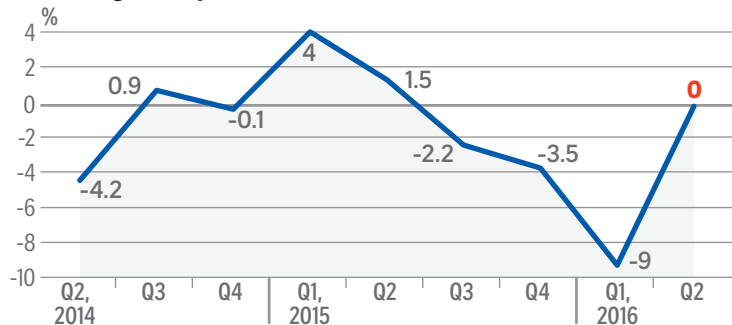
But the **services sector showed slower growth** amid an uncertain global outlook. For example, **finance and insurance services fell 11.2 per cent**

in the three months to June compared with the previous quarter. This followed the 14.2 per cent plunge in the first three months of the year.



Non-oil domestic exports (Nodx) growth was flat in the second quarter. For the first half this year, **Nodx fell 4.5 per cent** compared with the same period last year.

Stuttering Nodx performance



Total employment grew 5,500, a sharp drop from 13,000 in the first quarter, reflecting the downbeat mood in the corporate sector.



AMBER WARNING SIGNS

- The United States (above, left) has seen only modest growth so far this year, and full-year growth is expected to be slower than last year's, the MTI said.
- The economy in the euro zone (above, right) has performed better than expected in the first half, but Brexit uncertainties may dampen consumption and investment demand. Full-year growth will be lower than last year's.
- The economy in China (right) will be slower this year than last year, due to a further slowdown in investments while risks of credit defaults continue to loom.

