

What slower growth means

The Singapore economy grew 1.8 per cent last year. While this was a better-than-expected performance, it still marks the slowest rate of growth since 2009 during the global financial crisis. Slower growth is par for the course in an advanced economy like Singapore. But there are concerns that persistently slow growth will lead to a less vibrant economy. What does slower growth mean for consumers, workers and businesses here?

SINGAPORE'S ECONOMY THROUGH THE YEARS



WHAT 'ONE-PLUS PER CENT' GROWTH MEANS FOR...



Labour market

Layoffs reached 13,730 in the first nine months of last year, the highest for the period since 2009.



Retailers

Lacklustre consumer sentiment is weighing on retailers, which have also been hit by disruptive trends such as e-commerce.



Loans to businesses

Lending by banks to businesses declined year on year for 15 straight months as at last November.



Property market

The property market has suffered falling rents and rising vacancies amid sluggish economic growth and a large supply of new units. Analysts expect the rental market to soften further, with suburban areas the most vulnerable.

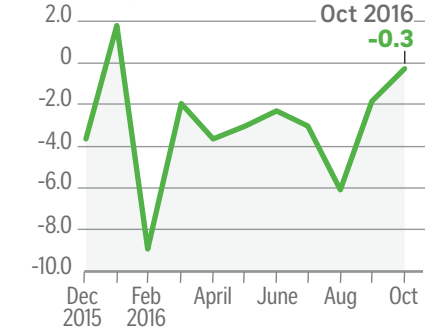


Consumer spending

Private consumption grew just 0.6 per cent in the third quarter of last year, compared with the same period in 2015, the slowest rate of growth since 2009.

Retail sales (excluding motor vehicles)

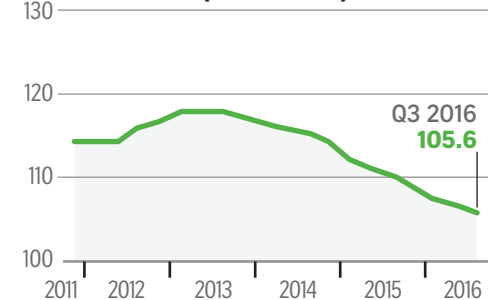
Year-on-year growth (%)



Civil servant bonuses

- The mid-year bonus for all 84,000 civil servants here was lower, compared with the previous two years, owing to the slowing economy.
- Civil servants received a mid-year bonus of 0.45 of a month's pay, compared with half a month previously.

Rental index (whole island)



SOME BRIGHT SPOTS Slow growth does not mean no growth – there are still some reasons for optimism.



Manufacturing

Singapore's Purchasing Managers' Index – an indicator of manufacturing activity – showed that factory activity grew for a fourth straight month in December 2016, after more than a year of contraction.



Strong hiring demand in certain segments

- 30,000 IT professionals needed by this year.
- 3,000 more jobs for professionals, managers, executives and technicians in precision engineering by 2020.
- At least 1,200 professionals needed in finance, mostly in IT and compliance.
- 4,000 more early childhood educators needed in the coming years.



Tourist arrivals

- International visitor arrivals from January to June last year rose 13 per cent over the same period in 2015 to hit 8.2 million.
- Visitors spent \$11.6 billion in the same six-month period, up 12 per cent.