

Singapore's growth could cool on global trends next year

Singapore's economy is expected to grow by 3 per cent to 3.5 per cent for 2018, in an upgraded estimate from the Ministry of Trade and Industry. But official economists have a more uncertain take on the year ahead, with a forecast of 1.5 per cent to 3.5 per cent for 2019. *The Business Times* takes a look at the latest data behind the cooling sentiment. **BY ANNABETH LEOW**

ECONOMIC GROWTH

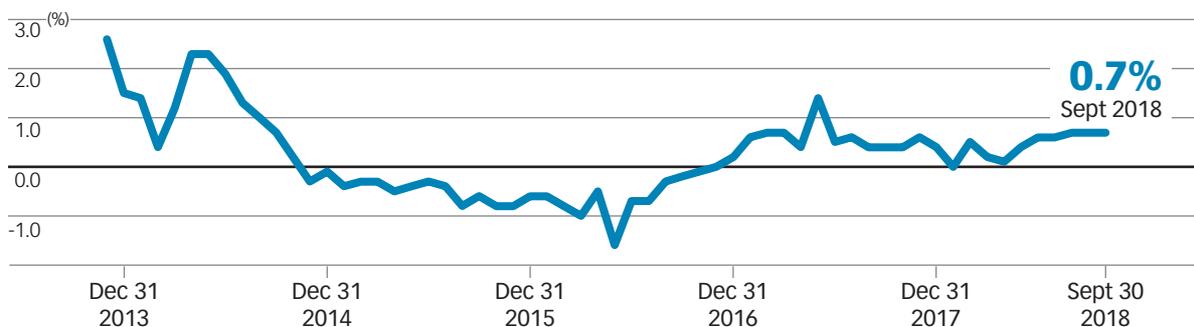
The economy grew by 2.2 per cent in the July-to-September period – its slowest pace of growth this year, and down sharply from the second quarter's 4.1 per cent expansion – as gains in manufacturing eased from previous quarters' double digits to 3.5 per cent. Electronics and precision engineering are expected to notch milder growth next year, amid external pressures, along with outward-facing services sectors such as wholesale trade and finance and insurance.



Heading into 2019, growth is likely to moderate, as the external demand outlook deteriorates. But we expect transport engineering, construction and domestically-oriented sectors to gain further traction, which can partly offset moderation in some outward-oriented sectors. - **Chen Jingyang, economist, global research, HSBC**

INFLATION

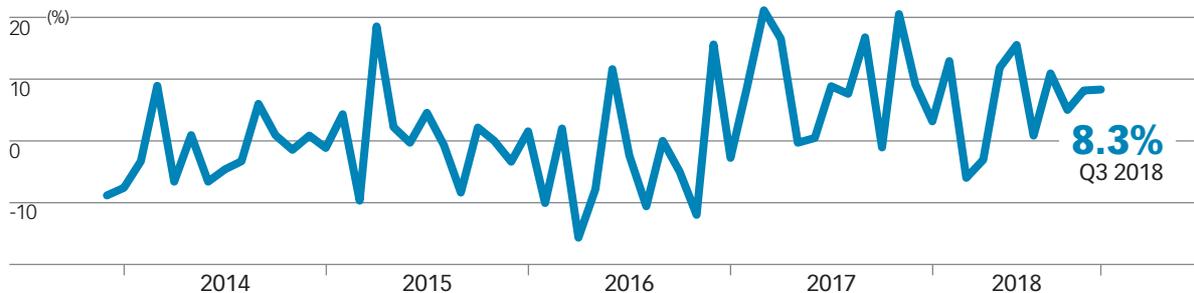
The pace of price increases has picked up this year, spurred by higher oil prices and a stronger domestic labour market. The consumer price index (CPI) – the main measure of inflation – held steady at 0.7 per cent for the third straight month in October. The official projection is for CPI to come in at 0.5 per cent in 2018 and rise to between 1 per cent and 2 per cent in 2019.



The Monetary Authority of Singapore is, barring global shocks, likely to keep normalising monetary policy in 2019. . . . According to our model, the slope has yet to return to the appreciation pace seen before the first easing in January 2015. - **Irvin Seah, senior economist, DBS**

EXPORTS

Non-oil domestic exports (NODX) was up by 8.3 per cent year on year in October, buoyed by another spike in pharmaceuticals, even as electronic shipments continued shrinking. Government agency Enterprise Singapore's NODX outlook for 2019 is for improvement of zero to 2 per cent, much more sedate than this year's forecast of 5.5 per cent to 6 per cent growth.



A downturn in the global electronics cycle looks to be imminent and Singapore's electronics exports, with their under-performance relative to Korea this year, seem to be on the front line. The potential for exports of pharmaceuticals and petrochemicals failing to make up for the electronics slack will depress the NODX growth to low single digits next year. - **Prakash Sakpal, economist, Asia, ING**