

Singapore economy shrinks a record 5.8% in a pandemic-hit 2020

Singapore's economy shrank a record 5.8 per cent in a pandemic-hit 2020, preliminary data showed on Monday (Jan 4), although most industries saw some improvement in the fourth quarter of the year as COVID-19 restrictions were eased. Chloe Choo reports.



 By Rachel Phua
@RachelPhuaCNA

SINGAPORE: Singapore's economy shrank a record 5.8 per cent in a pandemic-hit 2020, preliminary data showed on Monday (Jan 4), although most industries saw some improvement in the fourth quarter of the year as COVID-19 restrictions were eased.

This is Singapore's first annual contraction since 2001, and its worst recession since independence.

Singapore has been hit hard by the COVID-19 pandemic amid movement restrictions and border closures, with construction, aviation, and tourism among the most affected.

The Government had estimated that Singapore's gross domestic product (GDP) would contract between 6 per cent and 6.5 per cent in 2020.

GDP shrank 3.8 per cent on a year-on-year basis in the last three months of the year, an improvement from the 5.6 per cent drop in the third quarter, advance estimates by the Ministry of Trade and Industry (MTI) showed on Monday (Jan 4).

On a quarter-on-quarter seasonally adjusted basis, Singapore's GDP grew by 2.1 per cent in the final quarter of 2020, following the 9.5 per cent expansion between July and September.

Singapore entered a "circuit breaker" period in April to stem the spread of the COVID-19 outbreak, shutting down non-essential businesses.

It exited the circuit breaker period in June, gradually reopening the economy and is now in Phase 3. It has also started a vaccination programme, beginning with healthcare workers.

The Government has spent about S\$100 billion on virus-related relief to support households and businesses. It expects Singapore to return to growth this year, but has cautioned that the recovery would be gradual.

HOW EACH SECTOR DID

Manufacturing continued to outperform, expanding 9.5 per cent in the fourth quarter, and 7.1 per cent for the entire year.

Growth was mainly due to expansion in the electronics, biomedical and precision engineering clusters, which outweighed declines in the transport engineering and general manufacturing clusters, MTI said.

However, on a quarter-to-quarter seasonally adjusted basis, it shrank by 2.6 per cent, after expanding by 12.6 per cent in the third quarter.

The services sector contracted by 6.8 per cent in the fourth quarter of last year and 7.8 per cent for the whole year.

On a quarter-on-quarter seasonally adjusted basis, it grew by 2.4 per cent in the fourth quarter, softening gains of 6 per cent it saw in the previous quarter.

Within the sector, the communications, finance, insurance and professional services cluster did better than trade-, hospitality- and administrative-related industries.

The construction sector was the worst performer, contracting 33.7 per cent for the full year. The building industry, however, appeared to be on the mend, with the contraction easing to -28.5 per cent in the last quarter from -46.2 per cent in the preceding quarter as more construction activities resumed.

On a quarter-on-quarter seasonally adjusted basis, the sector grew for the second quarter in a row by 34.4 per cent in the fourth quarter, extending the 39 per cent growth in the third quarter.

Source: <https://www.channelnewsasia.com/news/singapore/gdp-singapore-economy-2020-q4-contract-covid-19-13888300>