



Singapore's GDP Growth Disappoints In The Second Quarter Of 2015

Highlights

The Singapore economy grew by 1.8% on YoY basis in the second quarter, slower than the 2.8% growth in the previous quarter. On a QoQ seasonally adjusted annualized basis, the economy contracted by 4.0%, a reversal from the 4.1% growth in the preceding quarter.

The manufacturing sector contracted by 4.9% YoY, extending the 2.4% decline in the previous quarter. The sector was primarily weighed down by declines in the output of the biomedical manufacturing and transport engineering clusters. On a QoQ seasonally adjusted annualized basis, the sector contracted by 18.3%, reversing from the 1.7% growth in the first quarter.

The construction sector expanded at a faster pace of 2.5% YoY compared to the 1.1% in the previous quarter. Growth was supported by a pick up in the public sector construction works. On a QoQ seasonally adjusted annualized basis, the sector grew at an annualized rate of 2.9%, slower than the 4.2% growth in the preceding quarter.

The wholesale & retail trade sector grew by 5.0% YoY, slightly slower than the 5.3% expansion in the previous quarter. Growth was driven by both the wholesale trade and retail trade segments, with the latter being supported in turn by robust motor vehicle sales. On a QoQ seasonally adjusted annualized basis, the sector shrank by 1.7%, a reversal from the 20.5% growth in the preceding quarter.

The transportation & storage sector contracted by 0.9% YoY, in contrast to the 1.4% growth in the previous quarter. The pullback was largely due to the water transport segment, which contracted on the back of a decline in sea cargo handled. On a QoQ seasonally adjusted annualized basis, the sector shrank by 10.3%, a reversal from the 6.5% growth in the preceding quarter.

SECTORAL GROWTH RATES

	2Q14	3Q14	4Q14	Year-on-Year % Change		
				2014	1Q15	2Q15
Total	2.3	2.8	2.1	2.9	2.8	1.8
Goods Producing Industries	1.7	1.6	-0.8	2.7	-1.5	-3.2
Manufacturing	1.3	1.7	-1.3	2.6	-2.4	-4.9
Construction	3.0	1.1	0.7	3.0	1.1	2.5
Services Producing Industries	2.6	3.3	3.1	3.2	4.2	3.4
Wholesale & Retail Trade	1.6	2.1	0.6	1.7	5.3	5.0
Transportation & Storage	2.0	0.1	-0.4	1.7	1.4	-0.9
Accommodation & Food Services	0.1	1.0	1.3	1.1	-0.1	-0.6
Information & Communications	3.2	4.0	4.4	3.6	4.9	4.5
Finance & Insurance	5.1	9.9	10.3	7.7	7.8	7.1
Business Services	2.2	2.6	2.9	2.9	3.2	2.0
Other Services Industries	2.8	1.6	2.4	2.4	1.8	1.6
	Annualised Quarter-on-Quarter Growth % (SA)					
Total	-0.5	2.6	4.9	2.9	4.1	-4.0
Goods Producing Industries	-7.6	1.0	-1.5	2.7	2.1	-13.5
Manufacturing	-9.3	0.9	-2.5	2.6	1.7	-18.3
Construction	-3.0	0.7	2.2	3.0	4.2	2.9
Services Producing Industries	1.9	3.2	7.8	3.2	3.7	-1.1
Wholesale & Retail Trade	-1.0	1.9	0.6	1.7	20.5	-1.7
Transportation & Storage	-1.6	0.7	0.3	1.7	6.5	-10.3
Accommodation & Food Services	0.8	4.5	1.2	1.1	-6.5	-1.4
Information & Communications	6.8	7.1	5.1	3.6	1.1	4.9
Finance & Insurance	5.3	7.9	36.2	7.7	-12.8	2.5
Business Services	1.3	2.5	5.9	2.9	3.1	-3.6
Other Services Industries	5.6	1.2	1.5	2.4	-0.7	4.4

Outlook

Given the uneven economic growth across the globe with expected sharper than expected correction in the real estate market in China, which could have significant negative spill-over effects on construction and real estate investment activities together with the recent sharp correction in China's stock market which heightened the risks to China's growth as well as continuous uncertainties in the Eurozone area, the 2015 growth forecast for the Singapore economy is narrowed to between 2.0% and 2.5%, from the previous forecast of between 2.0% and 4.0%.

BizWatch

The weak growth registered by Singapore was due to the weak demand for the manufactured goods especially on the biomedical manufacturing segment.

The weak global economic situation, especially in the Eurozone area with continuous Greece debt issues, slowing down of China economic growth and Japan struggling to revive its economy are among the key reasons for the weak demand for goods.

The services producing industries grew by 3.4%, making it the most vibrant sector, ahead of construction sector.

As a developed country, the expected growth is still a healthy growth that is within the IMF's projected growth for advanced economies of 2.1% and 2.4% for year 2015 and 2016 respectively.

Singapore's GDP Growth Disappoints In The Second Quarter Of 2015 (cont.)

BizWatch

The slower growth in Singapore is not expected to have a significant impact on the existing strong momentum of Singapore's investments into Iskandar Malaysia.

From 2006 to June 2015, Singapore remained Iskandar Malaysia's top foreign investors with total cumulative investment of RM14.8 billion.

Singapore's investments in Iskandar Malaysia covers a diversified range from manufacturing, education, healthcare and property. On a cumulative basis, Singapore is the largest foreign investor in the manufacturing sector in Iskandar Malaysia with approximately RM10 billion investments and RM2.3 billion in the services sector.

In the enhanced Comprehensive Development Plan or CDPii, the projected growth of Iskandar Malaysia is expected to be ahead of the projected growth for Malaysia and Singapore.

	2013 - 2015 %	2016 - 2020 %
Malaysia	5.4	5-6
Singapore	3.5	3.2
Iskandar Malaysia	7.2	7.5

With Singapore's national economic strategy to move lower value manufacturing operations out of Singapore, there is an underlying strategy to leverage on both the value propositions of Singapore and Iskandar Malaysia to offer a complete solution to foreign investors.

Thus, the region economic growth of 7.2% for Iskandar Malaysia is set higher than the national economic growth of Malaysia of between 4.5% and 5.5% for 2015, due to the growth potential and we are positive on this outcome.



Night view of fireworks over Singapore

Tebrau Bay Declared As Part Of International Zone In Johor

Source: BERNAMA 27 Jul 2015

Tebrau Bay has been declared as being part of the international zone in Johor in line with the state government's effort to make Iskandar Malaysia a metropolis in future.

Johor Menteri Besar, Datuk Seri Mohamed Khaled Nor-din said, with the declaration, Tebrau Bay will be developed as a competitive investment and industrial hub which is capable of attracting foreign investors.

In terms of promotion and branding, it will have its own brand that will promoted regionally and worldwide, Khaled said at the ground-breaking ceremony of the development of Greenland Tebrau Sdn Bhd and Greenland Danga Bay Sdn Bhd in Johor Bahru.

Among the potential projects to be developed in Tebrau Bay included a mixed development to be developed by Greenland Tebrau Sdn Bhd with a gross development value of RM30 billion.

The project also include the development of international hotels on 51.79 hectares.

In the "Laporan Cadangan Akhir, Pelan Induk Koridor Pembangunan Selat Johor (KPSJ) 2025" or Final Report on the Johor Straits Corridor Masterplan", it identified nine International Zones/Nodes in Iskandar Malaysia including the Tebrau Bay. The others are:

- Tanjung Bin Industrial Node
- Tanjung Pelepas Coastal Node
- Nusajaya Node
- JBCC Node
- Pasir Gudang Industrial Node
- Tanjung Piai Node
- Forest City Node
- Sungai Skudai Coastal Node

The Masterplan will be displayed at the respective Municipal Councils including at IRDA office from 5th-19th August 2015 for public viewing and comments. The Masterplan has information on the criteria for determining a development as international zone and other related parameters.

Malaysia's reserves slide below USD100 billion amidst the plunging Ringgit

Malaysia's foreign exchange reserves dropped below USD100 billion for the first time since 2010 after the ringgit slid 18% in the past 12 months.

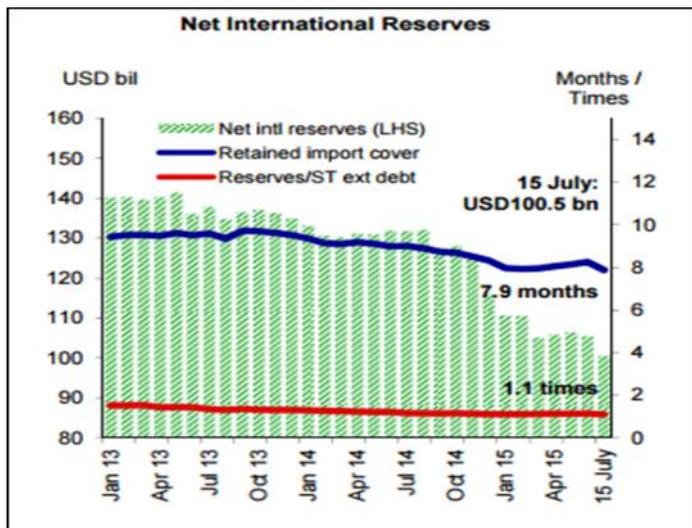
The Ringgit has weakened due to a slump in oil prices, a political scandal involving the Prime Minister and the odds for a US interest-rate increase.

As of July 31, 2015, the reserves fell to USD96.7 billion.

The reserves are sufficient to finance 7.6 months of retained imports and are 1.1 times short term external debts.

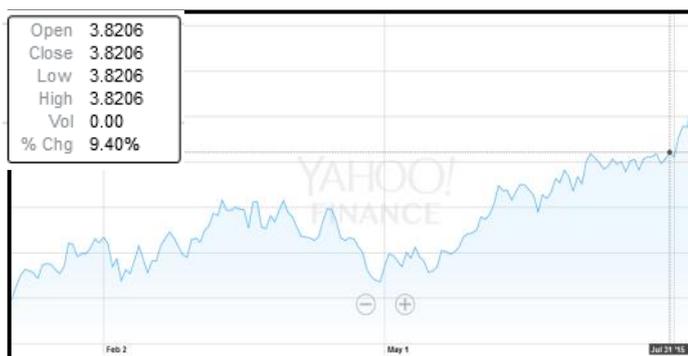
On the movement of capital funds, global funds have pulled USD3 billion from Malaysian equities in 2015, the biggest outflow since 2008.

Foreign investors also pared holdings of government and corporate bonds by 2.4% to RM206.8 billion (USD52.7 billion) in July 2015, the lowest level in three years.



Source: BNM

Since 31 Dec 2014, the Ringgit has depreciated 9.4% against the USD, moving from RM3.49 to RM3.82 on 31 Jul 2015. It also depreciated about 5.3% against the Singapore Dollar and 9.4% against the British Pound.



Malaysia climbs to 6th spot as Attractive Profit Centre

Source: The Star 14th July 2015

Malaysia rose to sixth position in 2015 from 11th in 2014 in the 'Baseline Profitability Index' (BPI) which ranks destinations of attractiveness for foreign investors.

The BPI introduced by an adjunct professor of New York University's Stern School of Business since 2013, uses a holistic approach based on eight factors covering economic growth, financial stability, physical security, corruption, expropriation by government, exploitation by local partners, capital controls and exchange rates and is published by the Foreign Policy magazine.

MIDA Chief Executive Officer, Datuk Azman Mahmud said this endorsement had 'dissolved' lingering misperceptions and attested the country's improving economic fundamentals and Government's prudent, proactive and pragmatic policies to restructure and diversify the economy.

"The ranking is a reflection of the continuous improvement in the delivery of public services and overall efficiency of the Government machinery", he said.

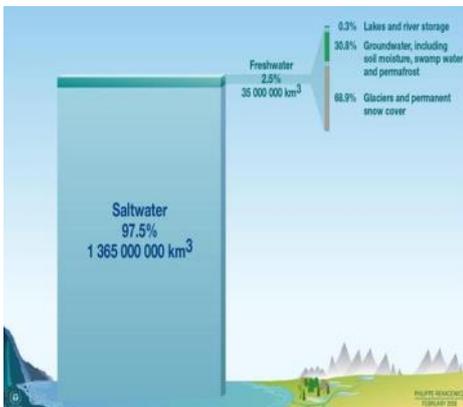
Among the ASEAN countries, only Malaysia and Singapore featured in the top-10. Indonesia was ranked 12th, Vietnam (23), the Philippines (30) and Thailand at the 38th position.

India ranked top, with growth forecast up, perceptions of corruption down and investors better protected.



Save Water For The Future

Do you know that the total volume of water on earth is only 1.4 billion km³.



The volume of freshwater resources is 35 million km³, or about 2.5% of the total volume. Of these, 24 million km³ or 68.9% is in the form of ice and permanent snow cover in mountainous regions, and in the Antarctic and Arctic regions.

Some 8 million km³ or 30.8% is stored underground in the form of groundwater (shallow and deep groundwater basins up to 2,000 metres, soil moisture, swamp water and permafrost). This constitutes about 97% of all the freshwater potentially available for human use.

Freshwater lakes and rivers contain an estimated 105,000 km³ or 0.3% of the world's freshwater.

The total usable freshwater supply for ecosystems and human is 200,000 km³ of water, which is less than 1% of all freshwater resources, and only 0.01% of all the water on earth.

Water consumption in Malaysia

Malaysia is one of the highest user of water per day as compared to its neighbours. Our water consumption at average 250 liters per day far exceed Singapore which has an average usage of 150 litres per day.

While Malaysia is blessed with rivers and freshwater lakes, we have taken our water for granted due to the inefficient delivery and low cost of water usage.

As the supply of most of our water is mainly potable or treated water, there is an urgent need to look at diversified ways of water supply (including non potable water for other usages) and ways to conserve our water usage and reduce wastage of water.

Average litres of water use per day

Malaysian : 250 litres
Singapore : 150 litres
Thailand : 170 litres
Indonesia: 160 litres

Recommended by United Nations : 150 litres.

Malaysians had the highest water consumption rate in Southeast Asia, with the average person using between 220 and 250 litres a day.

Out of the 220 to 250 liters we use daily, **only 30%** are for actual consumption like for cooking and drinking, while the rest of it is just for utilities like washing cars, washing pools and washing clothes every day.

Malaysia: Total Consumptive Water Demand against Total Water Availability

States	Land Area sq km	Total Consumptive Water demand (MCM)					Effective rain (MCM/Year)	Excess/deficit (MCM) - Unregulated Flows				
		2010	2020	2030	2040	2050		2010	2020	2030	2040	2050
Perlis	821	306	299	286	284	281	60	(246)	(239)	(226)	(224)	(221)
Kedah	9,500	2,922	2,976	2,842	2,873	2,876	1,070	(1852)	(1906)	(1772)	(1803)	(1806)
Pulau Pinang	1,048	765	829	835	874	894	130	(635)	(699)	(705)	(744)	(764)
Kelantan	15,099	1,632	1,619	1,586	1,600	1,604	2,650	1018	1031	1064	1050	1046
Terengganu	13,035	884	975	970	999	1,026	3,310	2426	2335	2340	2311	2284
Perak	21,035	1,949	1,923	1,798	1,801	1,811	3,140	1191	1217	1342	1339	1329
Selangor	8,396	2,238	2,491	2,570	2,760	2,922	960	(1278)	(1531)	(1670)	(1800)	(1962)
Pahang	36,137	726	946	897	911	959	6,460	5739	5514	5563	5549	5501
Negeri Sembilan	6,686	340	361	358	366	374	640	300	279	282	274	266
Melaka	1,664	323	366	376	409	439	140	(183)	(226)	(336)	(269)	(299)
Johor	19,210	715	881	1,033	1,164	1,301	3,290	2575	2409	2257	2126	1989
Pen Malaysia	132,631	12,800	13,664	13,551	14,040	14,488	21,170	8370	7506	7619	7130	6682
Sabah	73,631	912	1,356	1,392	1,442	1,469	16,210	15298	14854	14818	14768	14741
Sarawak	124,450	1,054	2,162	2,125	2,175	2,247	27,440	26386	25278	25375	25265	15193
WP Labuan	91	18	24	26	28	29	30	12	6	4	2	1
East Malaysia	198,172	1,985	3,541	3,542	3,645	3,745	53,190	51205	49649	49648	49545	49445
Total Malaysia	330,803	14,785	17,205	17,093	17,685	18,233	74,350	59565	57145	57257	56665	56117

Source: Review NWRS 2000-2050 (2012)

- Five States namely Perlis, Kedah, Penang, Selangor and Malacca already in deficit.
- Other states water availability are declining and demand

While Government can look at improving the water delivery infrastructure, we as average consumers can look at our own water usage pattern and see how we can do our part to save water.

Editorial

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