

# Week Ahead Economic Preview

## Services and sector PMIs, BoC meeting and China data

2 June 2023

Following the release of manufacturing PMI data, services, composite and sector PMI releases will be a key highlight in the coming week for the complete picture on economic conditions in May. The Bank of Canada and Reserve Bank of Australia will meanwhile be the major central banks to watch, while various tier-1 data, such as GDP from the eurozone and Japan, and inflation figures from economies including mainland China, will be scrutinised.

While concerns over the US debt-ceiling continued to drive market sentiment in the past week, attention was also shared with economic release including worldwide manufacturing PMI figures released for May. While flash data precluded the persistent divergence between manufacturing and service sector performances, the latest final manufacturing PMI numbers have told of the continued weakness in the goods producing sector, in turn driving lower goods inflation. Various Asia Pacific nations also saw the weakness prevail as a result of sustained soft demand conditions. The upcoming services release will therefore be of interest to examine whether the divergence continued across the global in May. This is especially important to provide a better sense of the inflation trajectory as service-led inflation remains a lingering issue for central bankers still in the pursuit of taming prices and who generally remain “data dependent”.

The Bank of Canada and Reserve Bank of Australia will be amongst the first to update monetary policy in May. Although no further hikes are expected from both, according to consensus expectations, their rhetoric will be closely watched.

Separately, to gain a sense of the inflation trajectory across various APAC economies including mainland China, official CPI data will be released across the region. The PMI's divergence in goods and services prices, in part due to easing supply chain constraints, may well be present in these data with the consensus expectations pointing to abating inflationary pressures in mainland China.

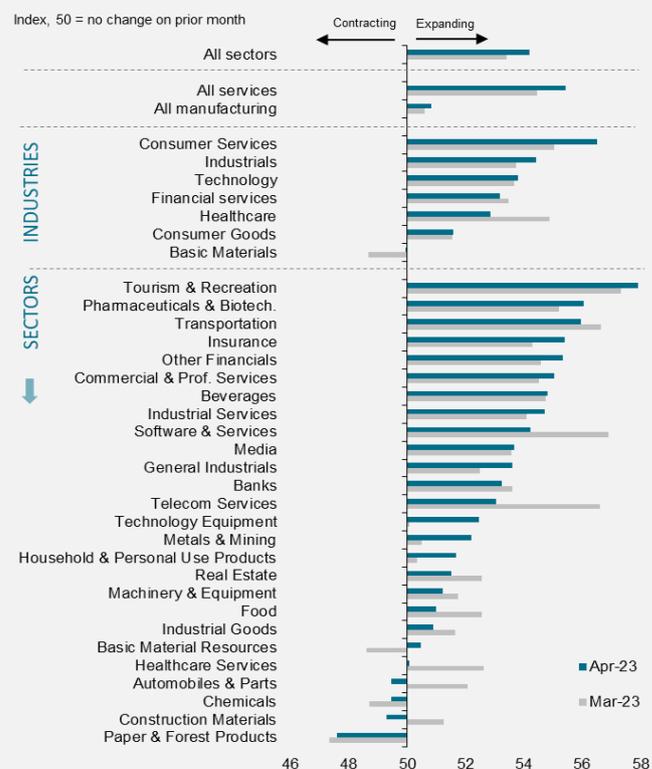
Trade figures out of mainland China will also be of interest, with Caixin Manufacturing PMI figures having pointed to faster new exports growth. However, the overall export climate in the region remains adversely affected by softer global conditions with regards to trade.

### Focus switches to services

The coming week sees the updating of global service sector PMI data, which will be eyed for evidence of sustained growth but also for persistent elevated inflationary pressures.

[Recent PMI data have shown a strong shift of consumer spending and growth away from goods towards services](#), with tourism and recreation in particular benefitting from post-pandemic freedoms. Falling demand, combined with inventory reduction policies, has meanwhile subdued the goods-producing sector, constraining growth again in May and suppressing goods price inflation (see special report). However, while demand has switched from goods to services, so have supply constraints, meaning service sector inflation is showing stubborn persistence. May's services PMIs on the 5<sup>th</sup> June, and the detailed sector PMI data on 6<sup>th</sup> June, will therefore provide important insights into monetary policy developments.

### Global PMI sector output



Source: S&P Global, JPMorgan.  
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## Key diary events

### Monday 5 Jun

*New Zealand, Thailand, Malaysia Market Holiday*  
Worldwide Services, Composite PMIs, inc. global PMI\* (May)  
Indonesia Inflation (May)  
Singapore Retail Sales (Apr)  
Germany Trade (Apr)  
Switzerland CPI (May)  
Eurozone PPI (Apr)  
United States Factory Orders (Apr)  
United States ISM Non-manufacturing PMI (May)

### Tuesday 6 Jun

*South Korea Market Holiday*  
Japan Household Spending (Apr)  
Singapore S&P Global PMI\* (May)  
Australia RBA Interest Rate Decision  
Australia Building Permits (Apr, final)  
Australia Current Account (Q1)  
Thailand Inflation (May)  
Eurozone HCOB Construction PMI\* (May)  
Eurozone Retail Sales (Apr)  
United Kingdom S&P Global/CIPS UK Construction PMI\*  
S&P Global Sector PMI\* (May)

### Wednesday 7 Jun

Australia GDP (Q1)  
China (Mainland) Trade (May)  
Japan Leading Economic Index (Apr, prelim)  
Taiwan Trade (May)  
United Kingdom Halifax House Price Index\* (May)  
United Kingdom KPMG / REC UK Report on Jobs\* (May)  
France Trade (Apr)  
Canada Trade (Apr)  
Canada BoC Interest Rate Decision  
United States Trade (Apr)  
S&P Global Metal Users PMI\* (May)  
S&P Global Electronics PMI\* (May)

### Thursday 8 Jun

Japan GDP (Q1, final)  
Japan Current Account (Apr)  
Australia Trade (Apr)  
India RBI Interest Rate Decision  
Eurozone Employment Change (Q1)  
Eurozone GDP (Q1)  
United States Initial Jobless Claims  
United States Wholesale Inventories (Apr)

### Friday 9 Jun

China (Mainland) CPI, PPI (May)  
Malaysia Industrial Production (Apr)  
India Industrial Production (Apr)  
Canada Unemployment Rate (May)

\* Press releases of indices produced by S&P Global and relevant sponsors can be found [here](#).

## What to watch

### Worldwide services, composite and sector PMI

The start of the week finds worldwide services and composite PMI releases, which follows manufacturing PMI figures that showed weakness in the manufacturing sector ensued midway into the second quarter. Whether services will continue to support global growth, after witnessing [the fastest developed world growth in 11 months according to flash PMI data](#), will be of interest here. Furthermore, developments on the inflation front will be keenly watched given the risks of service-led inflation keeping central bankers on a tightening bias.

Additionally, detailed sector PMI data will be available on Tuesday. Insights into the consumer sectors, especially consumer services which supported growth in April, and financial services will be eagerly anticipated.

### Americas: BoC meeting, US ISM services PMI, trade

Besides the PMI data, a series of US economic releases will be due including trade, factory orders and inventories data.

The Bank of Canada meanwhile updates their monetary policy decision on Wednesday, though their key interest rates are widely anticipated to remain on hold at 4.5%.

### Europe: Eurozone Q1 GDP, Germany trade

Further to the services and sector PMI data, Q1 GDP from the eurozone will be watched, albeit being the second revision. Trade figures from Germany will also be due.

For the UK, the KPMG/REC recruitment industry survey will be eyed alongside the PMI data for labour market trends, including wage growth.

### Asia-Pacific: RBA meeting, China trade and inflation data, Japan GDP, Taiwan, Indonesia, Thailand, Philippines inflation

In APAC, the key data in the coming week will be China's trade and inflation figures. The latest [Caixin China General Manufacturing PMI](#) revealed faster new exports growth, suggesting more robust figures for May. On the other hand, manufacturing input costs fell solidly which may suggest further abating of factory gate inflation.

Besides mainland China's data, a series of inflation figures will also be updated across various APAC economies while Japan's final Q1 GDP will be due Thursday.

Finally, the Reserve Bank of Australia's rate setting meeting will be closely watched after the minutes of the May gathering hinted at the possibility of a pause.

## Special reports:

**Global Producer Prices Fall for First Time in Three Years**  
| Chris Williamson | [page 4](#)

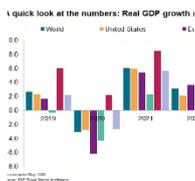
**Singapore Economy Weakens in Early 2023** | Rajiv Biswas | [page 7](#)

## Recent PMI and economic analysis from S&P Global

Global	<a href="#">Flash PMI data signal fastest developed world growth for 11 months, price pressures rise further</a>	24-May	Chris Williamson
	<a href="#">Global goods trade shrinks while services trade remains on the rise in April</a>	18-May	Jingyi Pan
	<a href="#">Previewing the May flash PMI surveys: assessing growth resilience and inflation indicators</a>	17-May	Chris Williamson
	<a href="#">Monthly PMI Bulletin: May 2023</a>	9-May	Chris Williamson, Jingyi Pan
Europe	<a href="#">Eurozone Flash PMI at three-month low as steepening factory downturn offsets services revival</a>	23-May	Chris Williamson
	<a href="#">Service sector drives sustained strong UK economic expansion in May, says flash PMI surveys</a>	23-May	Chris Williamson
	<a href="#">Service sector drives growth in Spain as divergence with manufacturing widens</a>	19-May	Laura Denman
Asia-Pacific	<a href="#">Thailand's economy rebounds in early 2023 as tourism surges</a>	26-May	Rajiv Biswas
	<a href="#">Japan May flash PMI data signal economic acceleration to fastest since 2013 midway into the second quarter</a>	23-May	Jingyi Pan
	<a href="#">Malaysian economy shows sustained expansion in early 2023</a>	19-May	Rajiv Biswas
Commodities	<a href="#">Weekly Pricing Pulse: Commodity prices down as bearish sentiment remains</a>	19-May	Michael Dall

## S&P Global Economics & Country Risk highlights

### An asynchronous global economic expansion



Despite the challenges of high inflation, tightening financial conditions and geopolitical conflicts, the global economy is likely to avert a recession. World real GDP growth picked up from an annual rate of 1.6% quarter over quarter in the final quarter of 2022 to 2.5% in the first quarter of 2023. Aside from a mild deceleration in the second quarter, this moderate growth pace will likely be sustained.

[Click here to read our research and analysis](#)

### PMI Insights: Evolving trends in sub-Saharan Africa



Our Purchasing Managers' Index team compiles data for more than 40 economies around the world. In this episode, the economists unpack recent events in sub-Saharan Africa and discuss how the PMI data illuminate economic trends across the region. In for the latest trends seen in our Purchasing Managers Index data.

[Click here to listen to this podcast by S&P Global Market Intelligence](#)

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Special Focus

# Global Producer Prices Fall for First Time in Three Years

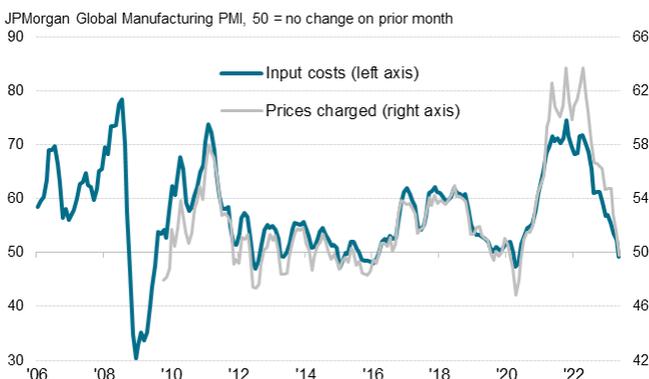
Average prices charged by factories for their goods fell globally in May for the first time in three years, according to the [JPMorgan Global Manufacturing Purchasing Managers' Index™ \(PMI™\)](#) compiled by S&P Global.

A combination of falling demand and improving supply has caused a shift in pricing power from the seller to the buyer in recent months, driving down prices through global supply chains. Lower energy and lower shipping costs have also contributed to the first drop in producers' input prices for three years.

Although only modest, May's drop in both selling prices and input costs represents a marked contrast to the steep rates of inflation seen this time last year, and bodes well for lower goods prices to feed through to lower consumer price inflation.

There were, however, some notable variations in price trends by region.

## Global manufacturing prices



Sources: S&P Global, JPMorgan © S&P Global 2023.

## Global factories reduce their prices

Global manufacturing output prices - charges levied for goods leaving the factory gate - fell marginally on average in May, dropping for the first time since June 2020 according to the latest PMI surveys compiled by S&P Global. The decline, although only modest, represents a major shift in the inflation picture since the survey record increase in factory selling prices seen in April of last year.

Over the past year, both the demand and supply environments facing manufacturers have changed dramatically.

## Weakening demand

From the demand side, new orders received by manufacturers fell worldwide for an eleventh straight month in May, reversing the continual demand increase seen over the prior two years during the height of the pandemic.

Backlogs of uncompleted orders are consequently also falling, down in May for an eleventh successive month, as a lack of new sales means order books are being steadily depleted. This contrasts with an unprecedented build up of backlogs of work at the height of the pandemic, caused by surging demand at a time of disrupted supply chains.

## Global manufacturing order books



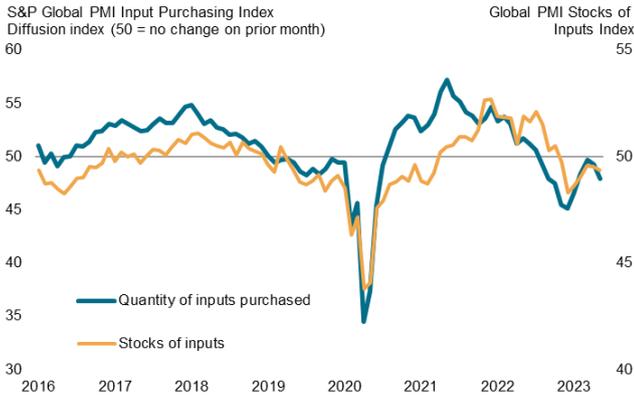
Source: S&P Global Market Intelligence, JPMorgan © S&P Global 2023.

This weakening order book situation not only means manufacturers have suffered reduced pricing power when selling to customers, but also means their own demand for inputs is falling, reducing the pricing power of suppliers. The amount of inputs bought by manufacturers around the world fell for a tenth consecutive month in May. These reduced purchases have, in turn, led to increased numbers of suppliers to offer discounts to purchasing managers amid weaker than expected sales.

## Inventory reduction

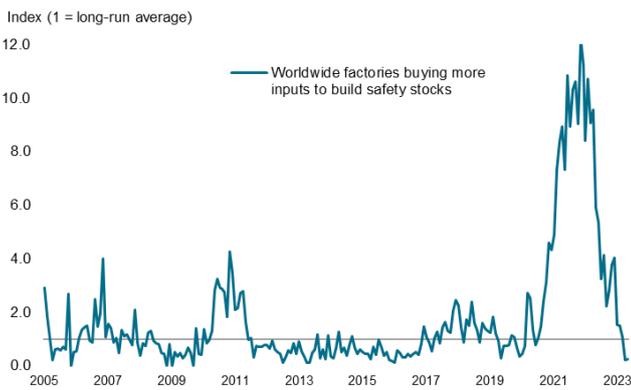
Exacerbating the downturn in demand for inputs has been a continuing trend of inventory reduction. Again, this contrasts with the height of the pandemic, which saw widespread inventory accumulation as companies built safety stocks of materials for which supply issues were a major concern. These supply issues have now faded and, with demand falling and future output expectations dropping further in May, inventories are being reduced.

### Global manufacturing input buying and inventories



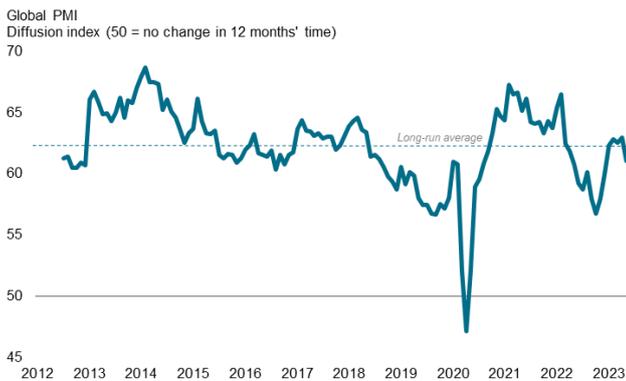
Source: S&P Global Market Intelligence, JPMorgan. © S&P Global 2023.

### Worldwide safety stock building



Source: S&P Global Market Intelligence, S&P Global PMI surveys © S&P Global 2023.

### Global manufacturing future output expectations



Source: S&P Global Market Intelligence, JPMorgan © S&P Global 2023.

## Supply improves at fastest rate since 2009

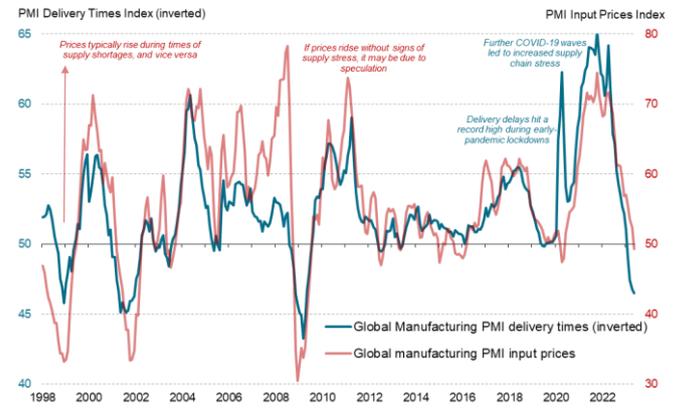
The reduction in input buying by manufacturers, combined with an easing of various pandemic-related logistical issues which affected supply chains (such as container shortages and port congestion), has resulted in the steepest improvement in worldwide supplier delivery times since April 2009, with May seeing a fourth consecutive monthly quickening of supplier lead times. By comparison, the early

months of 2022 saw near-record survey lengthening of supplier lead times.

## Falling input prices

The combination of reduced demand and increasingly plentiful supply has hence led to a situation of input prices falling globally for the first time in three years in May. Lower energy prices have also helped, especially in Europe, and shipping rates have also fallen over the course of the past year, adding to the downward pressures on firms' costs.

### Global manufacturing supply delays and prices



Sources: S&P Global, JPMorgan. © S&P Global 2023.

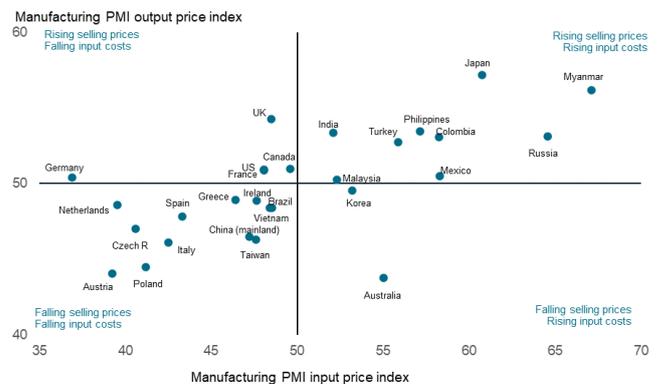
## Geographical divergence

There are, however, some marked divergences in selling price and cost growth around the world.

Selling prices are rising most sharply in Thailand, Japan, Singapore, Myanmar and the UK, but are meanwhile falling especially sharply in Australia, Austria, Poland, Italy, Taiwan and mainland China.

Input costs are increasing most sharply in Myanmar, Russia, Japan and Singapore, but falling most steeply in Germany, Austria, the Netherlands, Czechia, Poland, Italy and Spain.

### Global manufacturing costs and prices



Sources: S&P Global, JPMorgan, HCOB, CBA, ISO, CIPS, au, Abu Bank, Judo Bank, NEV, BME, Bank Austria, AIB, AERCE, Caxos, HPI, Istanbul Chamber of Industry, Tengri Partners.

The highest overall price pressures in terms of both selling prices and costs are consequently being seen in Myanmar, Russia and Japan.

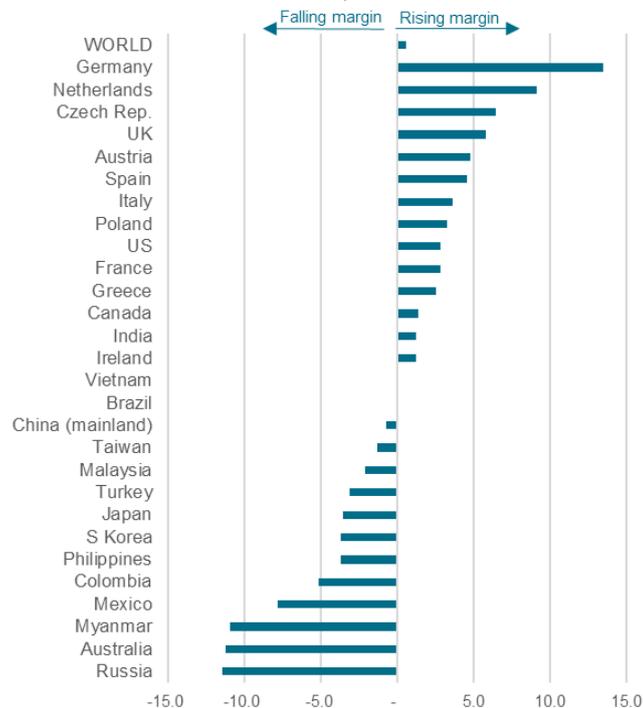
The biggest overall deflationary pressures are meanwhile being seen in Austria, Poland and Czechia.

The UK is an outlier in seeing strong selling price inflation at a time of falling costs, while at the other end of the spectrum Australia is an outlier in terms of reporting falling selling prices at a time of rising costs.

The spread between input costs inflation and selling price inflation can also provide some guidance on firms' operating margins. This indicates that Germany is currently seeing the highest margin, followed by the Netherlands, Czechia and the UK. Margins are meanwhile being squeezed to the greatest extent in Russia, followed by Australia and Myanmar.

### Global manufacturing margins

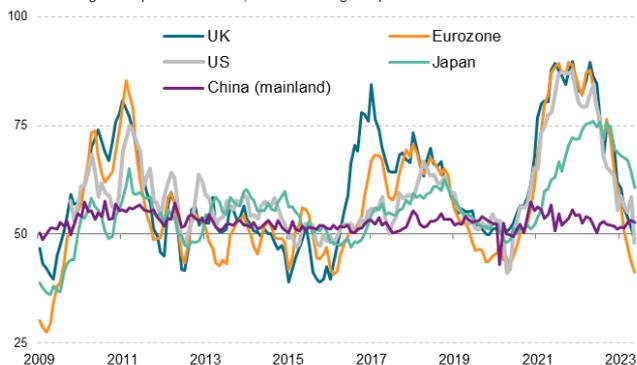
Selling price inflation minus input cost inflation  
(as measured by PMI diffusion indices)



Sources: S&P Global, JPMorgan, HCOB, CBA, ISO, CIPS, au Jibun Bank, Judo Bank, NEVI, BME, Bank Austria, AIB, AERCE, Caixin, HPI, Istanbul Chamber of Industry, Tengri Partners.

### Manufacturing input prices

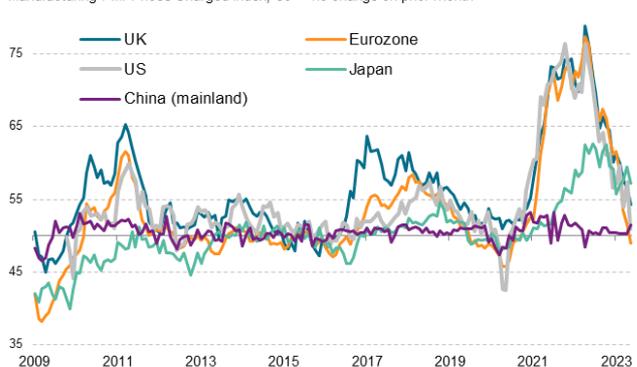
Manufacturing PMI Input Prices Index, 50 = no change on prior month



Sources: S&P Global, Caixin, CIPS, au Jibun Bank. © S&P Global 2023.

### Manufacturing output prices

Manufacturing PMI Prices Charged Index, 50 = no change on prior month



Sources: S&P Global, Caixin, CIPS, au Jibun Bank. © S&P Global 2023.

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Special Focus

# Singapore Economy Weakens in Early 2023

*Singapore's GDP growth slowed to a pace of 0.4% year-on-year (y/y) in the first quarter of 2023, after recording quarterly growth momentum of 2.1% y/y in the fourth quarter of 2022. The manufacturing sector remained weak, with manufacturing output contracting by 5.6% year-on-year in the first quarter of 2023, after declining by 2.6% y/y in the fourth quarter of 2022.*

*The near-term outlook is expected to remain constrained by weak demand in several important export markets for manufactures, notably the US and European Union (EU). However, the gradual recovery expected for mainland China's domestic demand during 2023 should help to mitigate the impact of weak US and EU orders. The service sector economy is expected to be more resilient, boosted by the continued recovery of international tourism travel in the APAC region.*

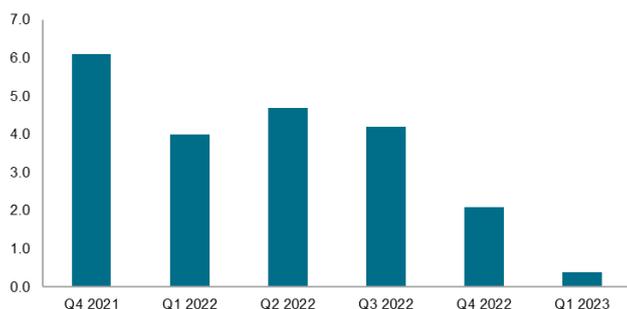
## Singapore economy shows some moderation

Singapore's GDP growth rate in the first quarter of 2023 showed a marginal positive increase of 0.4% y/y in the first quarter of 2023, although contracting by 0.4% quarter-on-quarter (q/q). Economic growth momentum has slowed significantly due to the contraction in manufacturing output, which fell by 4.8% y/y and by 5.6% y/y in the first quarter of 2023.

The service sector also showed weak growth of 0.5% y/y and 2.0% y/y in the first quarter of 2023, contributing to the weak GDP outturn.

### Singapore real GDP growth

% change y/y



Source: MTI

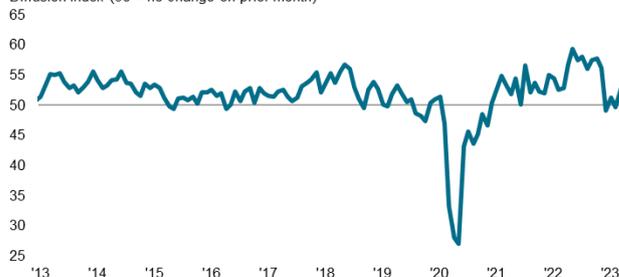
However, the gradual removal of many COVID-19 related restrictions since April 2022 supported buoyant growth in the accommodation segment, which grew by 21.9% y/y in the first quarter of 2023, helped by the rebound in international

tourism visits. International visitor arrivals rose to 1.13 million in April 2023, a new post-pandemic record high, helped by strong tourism inflows from other APAC nations, notably Indonesia, Malaysia, India and Australia.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index (PMI) increased to 55.3 in April from 52.6 in March, to signal a back-to-back monthly improvement in the health of Singapore's private sector. Notably, the reading was the highest recorded since November 2022 and was consistent with a sharp rate of growth. A key driver of the improved headline reading was an accelerated rise in total new business placed with Singaporean private sector firms. The rate of new order growth was the best seen for five months, and frequently linked to firmer market conditions and improved client spending.

### S&P Global Singapore PMI

S&P Global PMI (Purchasing Managers' Index) Index  
Diffusion index (50 = no change on prior month)



Source: S&P Global Market Intelligence, S&P Global PMI surveys © S&P Global 2023.

## Manufacturing sector slowdown continues in early 2023

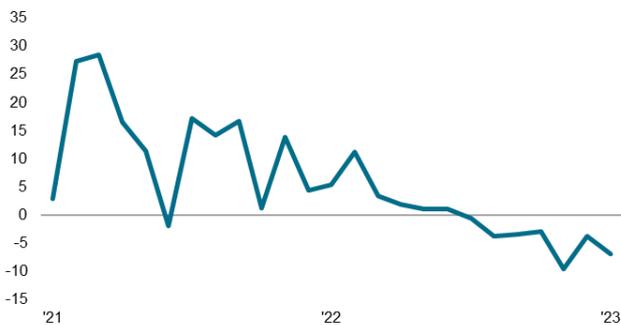
Latest statistics from Singapore's Economic Development Board showed that manufacturing output continued to weaken in April 2023, declining by 6.9% y/y and by 1.9% month-on-month (m/m). This sharp downturn reflected contraction in output of electronics, chemicals and biomedical manufacturing. Electronics output fell by 8.7% y/y while biomedical manufacturing fell by 11.1% y/y, the latter mainly reflecting a 14% y/y decline in pharmaceuticals output. Chemicals output contracted by 6.2% y/y, due to a combination of weak demand and plant maintenance shutdowns.

However transport engineering showed strong growth of 14.5% y/y, helped by a 24.2% y/y rise in output of the marine and offshore engineering sector, while aerospace engineering was up 16.1%.

Reflecting the weakness of manufacturing sector new orders since mid-2022, Singapore's non-oil domestic exports (NODX) fell by 9.8% y/y in April, following a 8.3% y/y contraction in March, according to latest data released by Enterprise Singapore.

### Singapore manufacturing output

% change, year-on-year



Source: EDB © S&P Global 2023.

### Inflation pressures

According to the February S&P Global Singapore PMI survey, prices data continued to show rapid increases in overall operating expenses faced by Singaporean private sector firms in April, although pricing pressures have moderated in the past twelve months. Underlying data indicated that purchasing costs rose at a sharper pace than staffing costs. Higher purchasing costs were often blamed on exchange rate movements and higher prices for shipping and raw materials. As part of efforts to protect operating margins, firms hiked their average selling prices again and at the quickest rate since January.

#### Singapore PMI input cost and output prices

S&P Global PMI (Purchasing Managers' Index) Index Diffusion index (50 = no change on prior month)



Source: S&P Global Market Intelligence, S&P Global PMI surveys © S&P Global 2023.

Singapore's CPI inflation rate was at 5.7% y/y in April from 6.6% y/y in January. The Monetary Authority of Singapore (MAS) Core Inflation measure remained at 5.0% y/y in April, the same pace as in March.

The MAS and Ministry of Trade and Industry (MTI) estimate that for calendar 2023, taking into account the 1% increase in GST that took effect on 1st January 2023, headline and core CPI inflation are projected to average 5.5%–6.5% and 3.5%–4.5% respectively.

### Headwinds from moderating global electronics demand

The electronics manufacturing industry is a key segment of Singapore's manufacturing sector, accounting for 40% of the total weight of manufacturing output, dominated by semiconductors-related production. S&P Global survey data since mid-2022 indicates that the global electronics manufacturing industry is continuing to face headwinds from the weak pace of global economic growth.

#### S&P Global Electronics PMI

S&P Global PMI (Purchasing Managers' Index) Output Index Diffusion index (50 = no change on prior month)



Source: S&P Global Market Intelligence, S&P Global PMI surveys © S&P Global 2023.

At 48.2 in April, the headline seasonally adjusted S&P Global Electronics PMI fell slightly from 48.4 in March to signal a sustained deterioration in operating conditions across the global electronics manufacturing sector at the start of the second quarter of 2023.

Weakening global economic growth momentum has impacted on consumer demand for electronics, with soft demand in mainland China also contributing to the downturn in new orders.

#### S&P Global Electronics PMI and new orders

S&P Global PMI (Purchasing Managers' Index) Index Diffusion index (50 = no change on prior month)



Source: S&P Global Market Intelligence, S&P Global PMI surveys © S&P Global 2023.

Singapore's non-oil domestic exports of electronics fell by 23.3% y/y in April, with exports of integrated circuits down by 21.1% y/y while exports of PCs fell by 50.3% y/y, according to exports data for April released by Enterprise Singapore.

Exports of electronics products to mainland China remained very weak, declining by 23% y/y. Electronics exports to

Taiwan were also weak, falling by 27.0% y/y. However electronics exports to the US showed only a marginal decline of 1.7% y/y, while exports to the EU fell by 7% y/y.

## Singapore's economic outlook

After a second year of rapid economic recovery from the pandemic in 2022, economic growth momentum has moderated significantly in early 2023. GDP growth is forecast to slow to 1.8% in 2023, after growing at 3.6% in 2022 and 8.9% y/y in 2021.

With continuing headwinds to global growth momentum in 2023 due to very weak growth in the US and EU, the outlook for Singapore's manufacturing sector remains challenging. However, there are early signs that domestic demand in mainland China is gradually improving, which should help to mitigate the impact of slowing export orders for Singapore's manufacturing sector in the US and EU during 2023. Stronger exports of services, notably due to rising international tourist arrivals, will also help to partially offset the impact of weaker growth in manufacturing exports.

The increase in Singapore's Goods and Services Tax by 1% from 7% to 8% implemented on 1st January 2023 will also act as a slight drag on economic growth in 2023, raising fiscal revenue by an estimated 0.7% of GDP per year. Singapore's Ministry of Trade and Industry has maintained its GDP growth forecast for 2023 in the range of 0.5% to 2.5%.

In 2023, taking into account the 1% increase in GST from 1st January 2023, headline and core CPI inflation are projected to average 5.5%–6.5% and 3.5%–4.5% respectively. MAS Core Inflation is projected by the MAS and MTI to remain elevated over the next few quarters, with risks still tilted to the upside, due to factors such as potential renewed shocks to world commodity prices and persistent global inflation pressures. Although prices of energy and food commodities have eased from their peaks, businesses will face higher utility prices and rising unit labour costs in the near-term. The MAS and MTI expect that MAS Core Inflation will moderate in the second half of 2023, as tightness in the domestic labour market eases and global inflation pressures moderate.

The medium-term outlook for Singapore's manufacturing sector is supported by a number of positive factors.

Prospects for Singapore's electronics industry remains favourable. The outlook for electronics demand is underpinned by major technological developments, including 5G rollout over the next five years, which will drive demand for 5G mobile phones. Demand for industrial electronics is also expected to grow rapidly over the medium term, helped by Industry 4.0, as industrial automation and the Internet of

Things boosts rapidly growth in demand for industrial electronics. Singapore also remains an attractive hub for supply chain diversification for some high value-added segments of the electronics industry, as electronics manufacturers continue to diversify their supply chains for production of critical electronics products, notably semiconductors. Reflecting these trends, in 2022, Singapore attracted significant new foreign direct investment inflows into electronics manufacturing.

In the biomedical manufacturing sector, a number of new manufacturing facilities are being built by pharmaceuticals multinationals. This includes a new vaccine manufacturing facility being built by Sanofi Pasteur and a new mRNA vaccine manufacturing plant being built by BioNTech.

The aerospace engineering sector is currently experiencing rapid growth as the reopening of international borders in APAC is boosting commercial air travel across the region. Singapore's role as a leading international aviation hub is likely to continue to strengthen over the medium-term, helped by strong growth in APAC air travel and its role as a key Maintenance, Repair and Overhaul (MRO) hub in APAC.

In the service sector, Singapore is expected to continue to be a leading global international financial centre for investment banking, wealth management and asset management. Singapore will also continue to be a key APAC hub for shipping, aviation and logistics, as well as an important APAC hub for regional headquartering.

However, an important long-term challenge for the Singapore economy will be from ageing demographics. In Budget 2023, the Finance Minister stated that a key issue for the Singapore economy over the medium to long term will be from demographic ageing, with Singapore having one of the world's fastest ageing populations. The proportion of Singapore's population that is currently aged over 65 years is one-sixth of the population, but this will rise to an estimated one-quarter by 2030. This will result in rising healthcare and social welfare costs and could gradually reduce Singapore's long-term potential GDP growth rate. The role of fiscal policy in addressing demographic ageing will continue to be a key focus for government policy over coming years as the economic impact of demographic ageing intensifies.

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