

# Week Ahead Economic Preview

## BOC, RBA meetings, GDP data and worldwide services PMI

1 September 2023

Central bank meetings in Canada and Australia will be highlights in the coming week, alongside services, composite and detailed sector PMI releases globally. Second quarter GDP readings from the eurozone, Australia, Japan and South Korea will also be in focus. Mainland China's trade and inflation updates are also eagerly awaited amid concerns over deflation.

Bad news morphed into good news for markets as disappointing data cooled concerns of further interest rate rises among investors. [Weakness witnessed in flash PMI data across major developed economies](#) in particular has provided support to key US and APAC equity indices. A fuller picture of developments on growth, employment and inflation trends will be sought with the services and composite PMI updates in the coming week. Furthermore, sector PMI data will offer more detailed clues on which parts of the economy fared better midway into the third quarter and provide insights into investment strategies into the rest of the year.

Central bank meetings meanwhile return to the spotlight. Expectations of the Bank of Canada lifting rates have been checked by an unexpected GDP decline in the second quarter. The consensus had been for the BOC to lift rates after Canada's July inflation figures climbed, but GDP fell an annualised 0.2% in the three months to June compared to the central bank's estimate of 1.5%.

Meanwhile GDP figures from the eurozone, Australia, Japan and South Korea are released through the week with Australia's figures to be especially closely watched given that the others are merely updated final numbers. Aussie growth had been sustained into the second quarter, according to PMI indications, though the latest August flash data suggest a slowdown into Q3, which has added to speculation that the Reserve Bank of Australia will likely keep rates on hold.

Mainland China meanwhile releases trade and inflation numbers for August, which follow Caixin Manufacturing and Services PMI releases this Friday and next Tuesday respectively. The inflation numbers will come under particular scrutiny amid concerns that China is facing a worrying bout of deflation, though PMI data will also provide valuable insights into price trends.

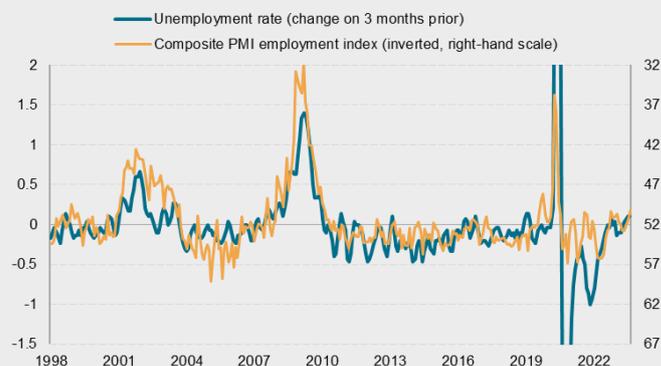
### Signs of labour market cooling

A paring-back of interest rate expectations following [weaker than anticipated flash PMI numbers](#) for the US and Europe gained further traction after the August US employment report. Although nonfarm payrolls rose in line with market expectations, up by 187k, prior months' data were revised lower. The past three months have consequently seen payroll growth come in consistently below the 200k mark, averaging 150k. While above the estimated 100k level needed to keep pace with growth in the working age population, the jobs numbers are clearly now trending lower.

Adding to the downbeat tone in the latest employment report was a surprising jump in unemployment from 3.5% to 3.8%, its highest since February 2022.

While some of the jobless rate increase reflecting a rising participation rate, the worsening picture from the official data tallies with recent PMI survey data. S&P Global's flash PMI for the US showed employment growth across both manufacturing and services rising only modestly, registering the weakest gain since the lockdowns of early 2020. This index is tracked below against the three-month change in unemployment, inverted to better illustrate how weaker PMI employment numbers result in higher unemployment.

#### US unemployment changes



Data compiled September 1, 2023 including flash PMI data for August 2023 (using ISM data prior to 2009). PMI index 50 = no change on prior month, covers manufacturing and services.  
Source: S&P Global PMI, ISM, BLS via S&P Global Market Intelligence.  
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Final US PMI data will be updated in the coming week, alongside comparable data for all other major economies, allowing fresh insights into how labour markets are trending and the likely impact on central bank policy.

## Key diary events

### Monday 4 Sep

*United States, Canada Market Holiday*  
Germany Trade (Jul)  
Switzerland GDP (Q2)  
Turkey Inflation (Aug)

### Tuesday 5 Sep

Worldwide Services, Composite PMIs, inc. global PMI\*  
(Released across 5-6 Sep)  
ASEAN S&P Global Manufacturing PMI\* (Aug)  
South Korea GDP (Q2, final)  
South Korea CPI (Aug)  
Australia RBA Interest Rate Decision  
Australia Current Account (Q2)  
Thailand Inflation (Aug)  
Philippines Inflation (Aug)  
Singapore Retail Sales (Jul)  
Eurozone PPI (Jul)  
South Africa GDP (Q2)  
Brazil Industrial Production (Jul)  
United States Factory Orders (Jul)

### Wednesday 6 Sep

Australia GDP (Q2)  
Germany Factory Orders (Jul)  
Taiwan Inflation (Aug)  
Eurozone HCOB Construction PMI\* (Aug)  
Eurozone Retail Sales (Jul)  
Canada Trade (Jul)  
Canada BOC Interest Rate Decision  
United States Trade (Jul)  
United States ISM Services PMI (Aug)  
United States Fed Beige Book  
US, Europe S&P Global Sector PMI\* (Aug)

### Thursday 7 Sep

Australia Judo Bank SME PMI Activity Report\* (Aug)  
Philippines Industrial Production (Jul)  
Australia Balance of Trade (Jul)  
Australia Trade (Jul)  
China (Mainland) Trade (Aug)  
Malaysia BNM Interest Rate Decision  
Germany Industrial Production (Jul)  
Eurozone Q2 GDP (final)  
United Kingdom Halifax House Price Index\* (Aug)  
United Kingdom KPMG/REC Report on Jobs\* (Aug)  
United States Initial Jobless Claims  
Worldwide and Asia S&P Global Sector PMI\* (Aug)

### Friday 8 Sep

Japan Q2 GDP (final)  
Philippines Trade and Unemployment (Jul)  
Germany Inflation (Aug, final)  
Taiwan Trade (Aug)  
Canada Employment (Aug)  
United States Wholesale Inventories (Jul)  
Worldwide Metal Users and Electronics PMI\* (Aug)

## What to watch

### Worldwide services, sector and electronics PMI

Following worldwide manufacturing PMI releases at the end of this week, services and composite figures will follow over September 5-6 and be studied for insights on service sector developments after [flash PMI signalled that major developed economies' service sector expansion slowed for a third successive month](#) on the back of higher interest rates.

Additionally, global detailed sector PMI, alongside US, Europe and Asia breakouts, will also be updated over the course of next week for insights not individual industry performances. Attention will steer towards the hospitality sectors as the spring travel surge appears to be fading. Meanwhile metal users and electronics PMI will round off the week with added attention on insights from the latter following indications of [sustained deterioration in global electronics manufacturing sector's health earlier in July](#).

### Americas: BOC meeting, Canada employment data, US services PMI and trade data

The Bank of Canada convenes next Wednesday with the expectations that interest rates may be raised by 25 basis points on the back of still-elevated inflation called into question by a surprise fall in GDP. Additionally, Canada's employment data will be anticipated on Friday. The US also releases ISM services PMI and trade numbers.

### EMEA: Eurozone Q2 GDP, retail sales, Germany trade, industrial production, Turkey inflation, UK jobs report

Besides the services PMIs, a series of tier-2 data releases will be due across EMEA. Second quarter GDP from the eurozone will also be released on Thursday, though this will be the final estimate with little change expected. Worth also watching will be Germany's industrial production figures after flash PMI alluded to continued contraction in output. Also watch out for UK house price data and the latest REC/KPMG recruitment industry survey – the latter being keenly watched by the Bank of England for labour market dynamics.

### Asia-Pacific: RBA meeting, Australia, Japan, South Korea GDP, China trade and inflation

The Reserve Bank of Australia convenes in the week ahead with no change to monetary policy expected. As far as APAC data are concerned, watch for second quarter GDP releases from Australia, Japan and South Korea plus a series of data releases from mainland China including trade numbers on Thursday and inflation at the end of week.

## Special reports:

**US Factory Gloom Deepens as Order Book Downturn Intensifies** | Chris Williamson | [page 4](#)

**Singapore Narrowly Averts Recession in First Half of 2023** | Rajiv Biswas | [page 7](#)

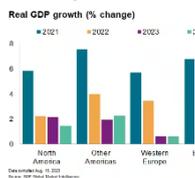
\* Access press releases of indices produced by S&P Global and relevant sponsors [here](#).

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

Global	<a href="#">Flash PMI signal developed world contraction as higher interest rates exert a growing toll</a>	24-Aug	Chris Williamson
	<a href="#">Global inflation and growth: what to watch for in the upcoming August PMI surveys</a>	16-Aug	Jingyi Pan
	<a href="#">Easing growth momentum keeps price inflation subdued across emerging markets</a>	11-Aug	Jingyi Pan
	<a href="#">Monthly PMI Bulletin: August 2023</a>	10-Aug	Jingyi Pan
EMEA	<a href="#">Nowcasting South Africa: Utilising PMI and official data to provide early estimates of GDP</a>	29-Aug	David Owen, Paul Smith, Ph.D.
	<a href="#">UK Flash PMI data signal renewed economic downturn in August, selling price inflation cools</a>	23-Aug	Chris Williamson
	<a href="#">Eurozone downturn deepens according to flash PMI but inflation pressures tick higher</a>	23-Aug	Chris Williamson
US	<a href="#">US economy close to stalling in August as flash PMI falls to 50.4</a>	23-Aug	Chris Williamson
Asia-Pacific	<a href="#">Malaysian economy moderates in mid-2023</a>	25-Aug	Rajiv Biswas
	<a href="#">Japan's economic growth quickens in August as service sector counters factory decline</a>	23-Aug	Jingyi Pan
Commodities	<a href="#">Weekly Pricing Pulse: Commodities up as supply concerns grow</a>	24-Aug	Michael Dall

## S&P Global Market Intelligence highlights

### Divergence in monetary policy becoming more apparent



S&P Global Market Intelligence's global real GDP growth forecast for 2023 has again edged higher — from 2.4% to 2.5% in August — primarily owing to upward revisions to the US forecast. The 2024 global growth forecast is unchanged at 2.4%, also supported by an upward revision to the US forecast.

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

### PMI Insights: Divergent trends in goods and services



Our Purchasing Managers' Index team compiles data for more than 40 economies around the world. In this episode, the economists explore the divergence in the performance of the manufacturing and services sectors in countries including Australia and Greece. They zero in on how this is showing up in labour markets, looking at employment growth and wages.

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

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Special Focus

# US Factory Gloom Deepens as Order Book Downturn Intensifies

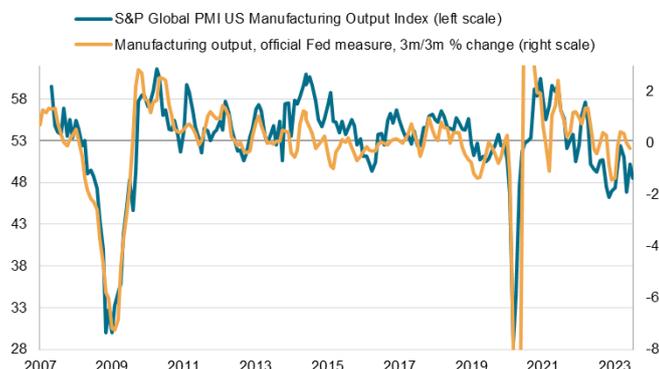
*US manufacturers reported another tough month of trading in August. Output has fallen back into decline after a brief respite in July amid an increasingly steep deterioration in order books. Orders are in fact falling faster than factories are cutting output, suggesting firms will need to continue scaling back their production volumes into the near future.*

*An increasing sense of gloom about the near-term outlook has meanwhile hit hiring and led to a further major pull-back in purchasing activity.*

*The survey meanwhile adds to evidence that the deflationary impact of improving supply chains has peaked, with prices starting to rise at an increased rate again in August. However, falling demand is clearly continuing to dampen pricing power and is keeping overall inflationary pressures in the manufacturing sector very subdued.*

*Policy initiatives such as the CHIPS and Science Act and IRA should start to help buoy production in the medium term as capacity in US manufacturing is expanded. A shifting of the inventory cycle toward restocking should also be evident by the end of the year, given improvements in some survey metrics such as the orders-inventory ratio. However, such rays of hope remain currently overshadowed by business confidence turning lower, which indicates that producers anticipate some further near-term headwinds to any manufacturing revival.*

## US manufacturing output



Data compiled September 2023.  
PMI (Purchasing Managers' Index), 50 = no change on prior month. All data seasonally adjusted.  
Sources: S&P Global PMI, US Federal Reserve via S&P Global Market Intelligence.  
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## Falling production

US manufacturing output fell in August, according to S&P Global's US PMI survey, dropping for the second time in the past six months after showing a marginal return to growth in July. As such the survey data hint at manufacturing acting as a drag on the economy midway through the third quarter after both the survey and official data pointed to a small boost to production in July.

While the survey's output data remain less downbeat than seen late last year, companies have reported a broad weakening of the production trend for just over a year, which has been accompanied by disappointing official data. The Fed's production index was 0.7% lower than a year ago in July, and remains 2.3% lower than the pre-pandemic peak seen in 2018.

## US manufacturing output volume, 2017 = 100

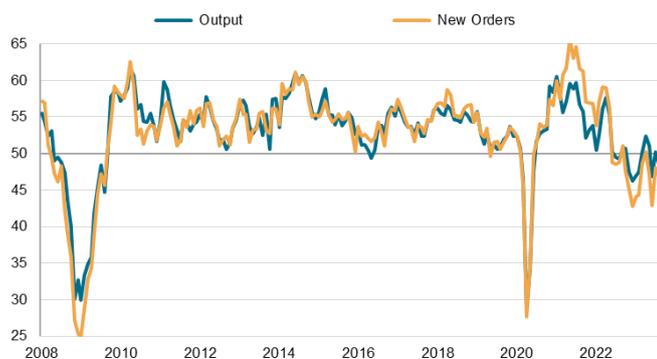


Data compiled August 2023.  
Source: US Federal Reserve via S&P Global Market Intelligence.  
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## Demand falls at faster rate

Falling output was again blamed on further order book losses. New order volumes fell for the thirteenth time in the past 15 months in August, with the rate of decline gathering momentum to one of the sharpest seen since the global financial crisis, albeit well off some of the especially steep rates seen over the past year.

**US manufacturing PMI output and demand**



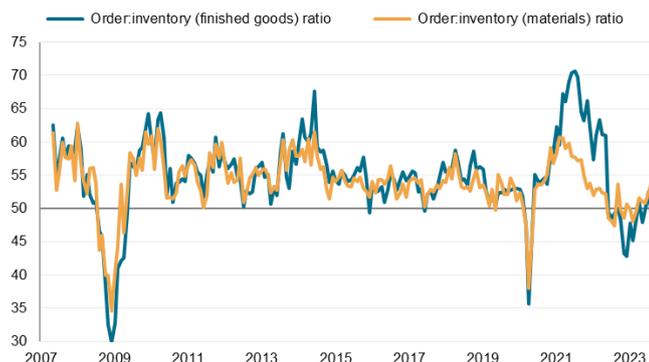
Data compiled September 2023 including PMI data to August 2023.  
 PMI (Purchasing Managers' Index) 50 = no change on prior month  
 Source: S&P Global PMI, S&P Global Market Intelligence.  
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Importantly, however, the rate of loss of orders continued to outpace that of production, which hints at further downward pressure on production in the near term absent a revival of demand.

Such a demand revival is not being anticipated by producers. Expectations of output in the year ahead fell sharply in August.

Somewhat more encouraging is the survey's orders-inventory ratio. The ratio of new orders to purchased inventory has risen to its highest since December 2021. This improvement hints at some support to production. Although the ratio of new orders to finished goods inventory dipped slightly, it likewise remains high by standards seen over the past year.

**US manufacturing PMI and the inventory cycle**

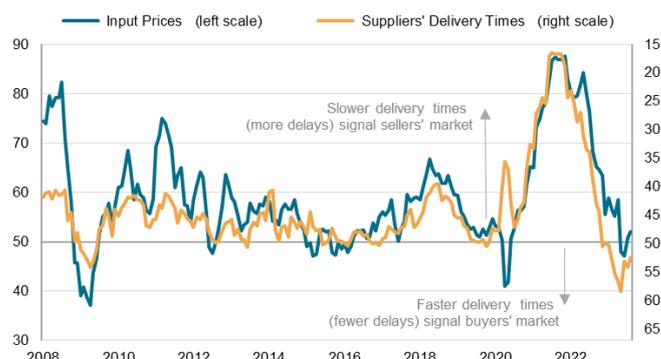


Data compiled September 2023 including PMI data to August 2023.  
 PMI (Purchasing Managers' Index) 50 = no change on prior month  
 Source: S&P Global PMI, S&P Global Market Intelligence.  
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**Faster deliveries**

An ongoing advantage of the manufacturing downturn has been the alleviation of pressure on supply chains. The survey's supplier delivery times index continued to signal faster lead times in August, a development which is consistent with reduced pressure on prices and costs.

**US manufacturing PMI input prices and supplier delivery times**



Data compiled September 2023 including PMI data to August 2023.  
 PMI (Purchasing Managers' Index) 50 = no change on prior month  
 Source: S&P Global PMI, S&P Global Market Intelligence.  
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Average input prices for raw materials rose, however, up for a second successive month and rising at the fastest rate since April amid rising fuel costs and upward wage pressures. The survey also picked up some mentions of lead times starting to lengthen for certain items. The rate of input cost increase nevertheless remains far weaker than seen earlier in the year.

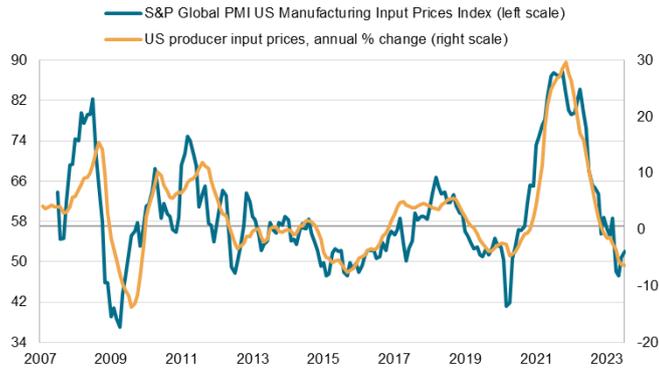
**Outlook**

Although price pressures remain subdued, the rise in costs hints that the peak deflationary impact from the post-pandemic easing of supply constraints has passed. The improvement in the survey's order-inventory ratio meanwhile suggests that production and pricing power should soon get some support from a shifting of the inventory cycle toward restocking in the near-future, barring a broader global economic downturn.

Policy initiatives such as the CHIPS and IRA should also start to buoy production in the medium term as capacity in US manufacturing is expanded. However, as yet, such rays of hope remain overshadowed by business confidence turning lower to hint at further near-term headwinds to any manufacturing revival.

**Continued...**

### US manufacturing producer input prices



Data compiled September 1, 2023.  
PMI (Purchasing Managers' Index), 50 = no change on prior month. All data seasonally adjusted.  
Sources: S&P Global PMI, US Commerce Dept. via S&P Global Market Intelligence.  
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Special Focus

# Singapore Narrowly Averts Recession in First Half of 2023

Singapore's second quarter GDP estimate for 2023 was revised down to 0.5% year-on-year (y/y) compared with the advance estimate of 0.7% y/y. Economic growth momentum in 2023 year-to-date has slowed significantly compared with annual GDP growth of 3.6% in 2022. A key factor driving the weakness of economic growth in the first half of 2023 has been weak manufacturing output.

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), with the pace of recovery in mainland China also weak. 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 weakens in first half of 2023

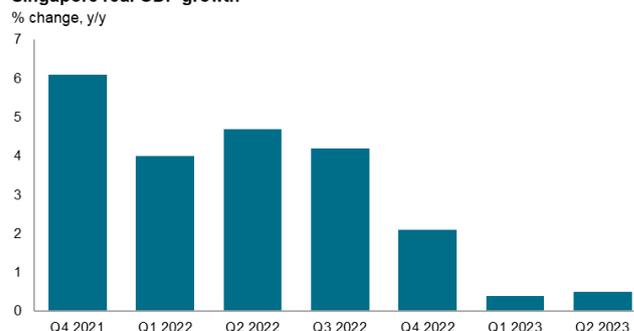
According to the statistics for Q2 2023 GDP released by Singapore's Ministry of Trade and Industry (MTI), Singapore's GDP growth rate was 0.5% y/y, improving on the 0.4% y/y pace in Q1 2023, but much weaker than the 3.6% annual GDP growth rate achieved in 2022.

Measured on a quarter-on-quarter basis (q/q), GDP growth was up 0.1% q/q in the second quarter of 2023, after contracting by 0.4% q/q in the first quarter of 2023. Consequently, Singapore narrowly avoided a technical recession as defined by two successive quarters of contracting quarter-on-quarter GDP.

Manufacturing output fell by 7.3% y/y in Q2 2023, following a decline of 5.4% y/y in Q1 2023. Manufacturing output also fell by 1.0% q/q in Q2 2023, after a contraction of 4.6% q/q in Q1 2023.

The construction sector was a bright spot amongst the goods-producing industries, with output up by 6.8% y/y in Q2 2023, after strong growth on 6.9% y/y in Q1 2023 and of 6.7% y/y in calendar 2022.

Singapore real GDP growth



Source: S&P Global [Division]. © 2023 S&P Global.

The service sector also showed positive growth of 2.6% y/y in Q2 2023, with output up 0.8% q/q. The removal of many COVID-19 restrictions since April 2022 and improving tourism flows supported buoyant growth in the accommodation segment, which grew by 13.0% y/y in Q2 2023 after growing by 21.8% y/y in Q1 2023.

International tourism has rebounded, with international visitor arrivals having risen to 1.13 million monthly arrivals in April followed by 1.1 million arrivals in May 2023 and 1.13 million arrivals in June. The tourism rebound has been helped by strong tourism inflows from other APAC nations, notably Indonesia, Malaysia, India and Australia. The number of visitor arrivals is broadly on track to meet the Singapore Tourism Board's target of 12 million tourist visitors in 2023, about double the total tourism arrivals in 2022, which was estimated at 6.3 million.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index (PMI) fell sharply in July to 51.3, a steep drop from 54.1 in June. Although the July reading still signalled monthly expansion in private sector activity for the fifth successive month, the pace was the slowest in the current sequence.

S&P Global Singapore PMI



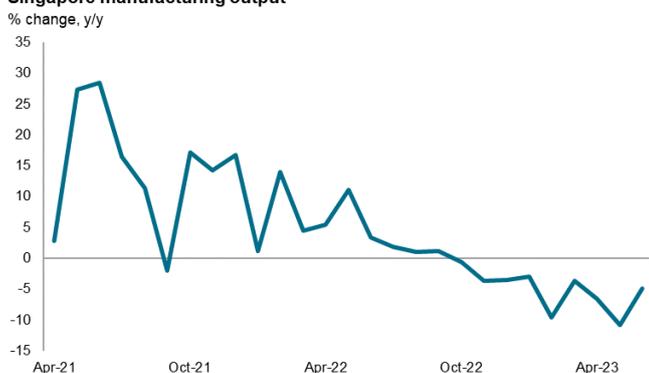
Source: S&P Global Market Intelligence, S&P Global PMI surveys © S&P Global 2023.

## Manufacturing sector slowdown continues in early 2023

Latest statistics from Singapore's Economic Development Board showed that manufacturing output continued to weaken in June 2023, declining by 4.9% y/y and by 5.0% month-on-month (m/m). This sharp downturn reflected contraction in output of electronics, chemicals and precision engineering. Electronics output fell by 2.9% y/y while precision engineering output fell by 11.5% y/y. Chemicals output contracted by 8.6% y/y, due to a combination of weak demand and plant maintenance shutdowns.

However, transport engineering showed strong growth of 10.8% y/y, helped by a 6.8% y/y rise in output of the marine and offshore engineering sector, while aerospace engineering was up 16.7% y/y.

### Singapore manufacturing output



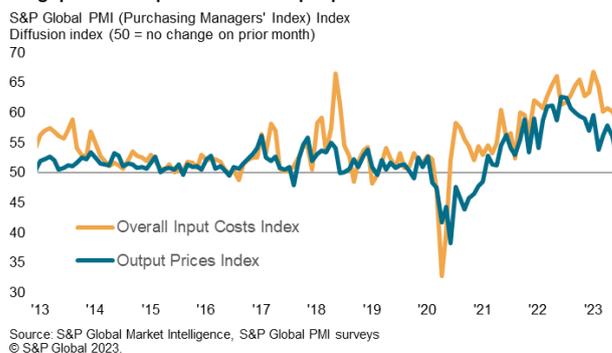
Source: EDB via S&P Global Market Intelligence. © 2023 S&P Global.

Reflecting the weakness of manufacturing sector new orders since mid-2022, Singapore's non-oil domestic exports (NODX) fell by 20.2% y/y in July, following a 15.6% y/y contraction in June, according to latest data released by Enterprise Singapore.

## Inflation pressures have eased

According to the July S&P Global Singapore PMI survey, the rate of input cost inflation was unchanged from June, as higher purchase cost inflation due to rising raw materials, transport and finance fees, offset a slowdown in wage inflation. Firms nevertheless passed on rising costs at a faster rate in July, leading to output price inflation rising further above its series average.

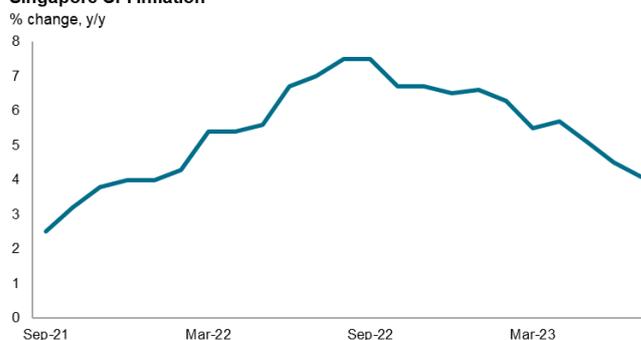
### Singapore PMI input cost and output prices



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

Singapore's headline CPI inflation rate moderated to 4.1% y/y in July compared with 4.5% y/y in June. The Monetary Authority of Singapore (MAS) Core Inflation measure fell to 3.8% y/y in July compared with 4.2% y/y in June.

### Singapore CPI inflation



Source: MAS, MTI via S&P Global Market Intelligence. © 2023 S&P Global.

## 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.

The headline seasonally adjusted S&P Global Electronics PMI posted 47.6 in July, unchanged on June and continuing to signal moderate contractionary conditions in the global electronics sector.

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.

Singapore's electronics output fell by 2.9% in June, with electronics output down by 9.8% y/y in the first six months of 2023. Semiconductors output, which accounts for the largest

share of total electronics production in Singapore, rose by 3.1% y/y in June, although posting a decline of 9.5% y/y for the first six months of 2023.

Singapore's non-oil domestic exports of electronics continued to show sharp declines in July 2023, falling by 26.1% y/y according to exports data released by Enterprise Singapore. Exports of integrated circuits fell by 35.7% y/y, while exports of PCs fell by 46.1% y/y. Demand for electronics exports has remained weak in key Asian markets, with exports of electronics to mainland China having declined by 26.0% y/y in July, while exports to South Korea fell by 43.8% y/y.

#### 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  
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## Singapore's economic outlook

After a second year of rapid economic recovery from the pandemic in 2022, economic growth momentum has moderated significantly in the first half of 2023. GDP growth is forecast by S&P Global Market Intelligence to slow to 1.2% in 2023, a significant moderation in growth momentum compared with GDP growth of 3.6% in 2022 and 8.9% y/y in 2021.

Following the release of the revised second quarter GDP statistics, the Ministry of Trade and Industry also lowered its forecast for GDP growth in 2023 from a previous range of 0.5% to 2.5% to a lower range of 0.5% to 1.5%. According to the June 2023 Survey of Professional Forecasters produced by the MAS, the median GDP forecast for 2023 is for growth of 1.4%, significantly lower than the forecast from the March 2023 Survey, which was for GDP growth of 1.9% in 2023.

With continuing headwinds to global growth momentum in 2023 due to very weak growth in the US and EU and sluggish economic recovery in mainland China, the outlook for Singapore's manufacturing sector remains challenging. However, stronger exports of services, notably due to rising international tourist arrivals, will help to mitigate 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 has also

acted as a slight drag on economic growth in 2023, raising fiscal revenue by an estimated 0.7% of GDP per year.

In 2023, taking into account the 1% increase in GST from 1st January 2023, headline and core CPI inflation are projected to average 4.5%–5.5% and 3.5%–4.5% respectively. MAS Core Inflation is projected by the MAS and MTI to moderate in the second half of 2023, as import costs remain low and tightness in the labour market eases. However, the MAS and MTI note upside risks to the inflation outlook from potential shocks to global food commodity prices as well as if persistent tightness in the labour market keeps upward pressures on wage rises.

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

Despite near-term headwinds, medium-term 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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