

Singapore hit by global slowdown

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Singapore's economy shrank at an annualised rate of 6.6% in the three months to June, as a drop in drug output and the US slowdown hit growth.

Like many Asian countries, Singapore is heavily reliant on exports to the US and is vulnerable to a slowdown there.

Inflation in Singapore is at a 26-year high and rising prices have also deterred consumers.

Many analysts expect a Formula One Grand Prix race in September to give growth a boost.

Compared with the same point a year ago, Singapore's economy expanded by 1.9% in the second quarter, down from 6.9% in the first quarter.

The city state still expects growth this year to be between 4% and 6%, finance minister Tharman Shanmugaratnam said. Last year, it grew by 7.7%.

"Our export-oriented sectors, especially manufacturing, are being hit by deteriorating economic conditions in the US and Europe," the finance minister said.

"This is likely to continue in the coming months and the weakness in manufacturing will act as a drag on overall GDP growth."

Source: bbc.co.uk



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