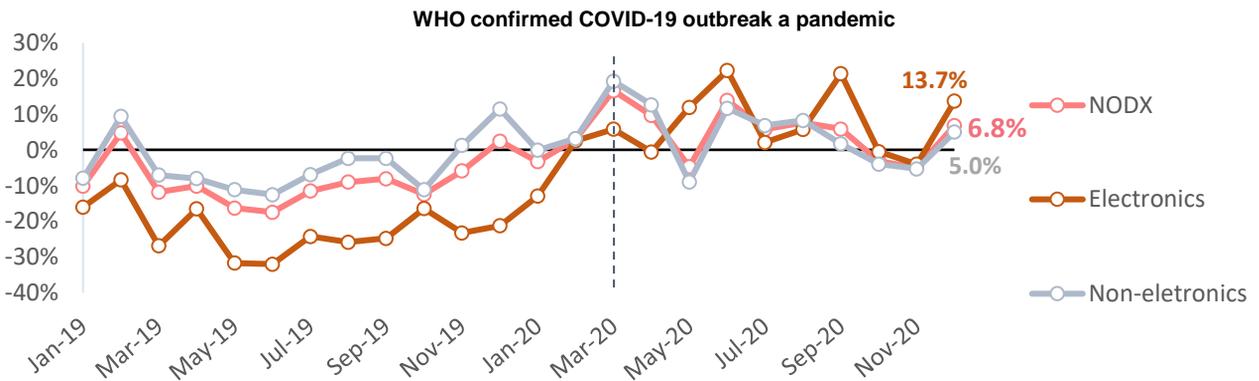


# JAN 2021

This is the first monthly newsletter that FOZL is launching and we hope that through this newsletter, companies are updated on the latest economic happenings in Singapore.

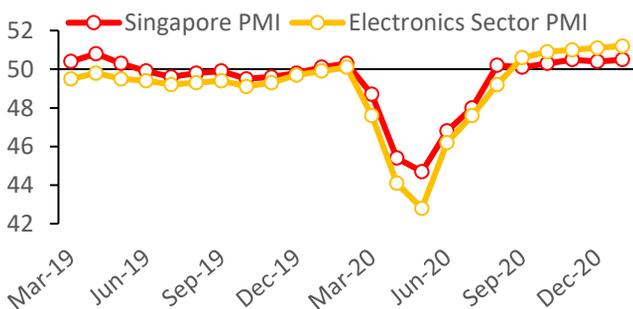
2020 was a turbulent year with the COVID 19 pandemic affecting the global markets resulting in many business facing closure due to safe distancing measures. One of the bright spots is the acceleration of the digital economy which lead the growth of many digital related business and the birth of new business models. In addition, Singapore government have taken many proactive measures such as stimulus policies such as the Job Support Scheme (JSS) and Rental Relief Framework to ensure that companies are able to operate during this period of challenge.

## Non-Oil Domestic Export (NODX)



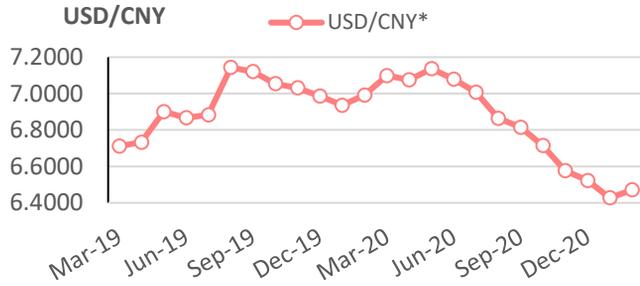
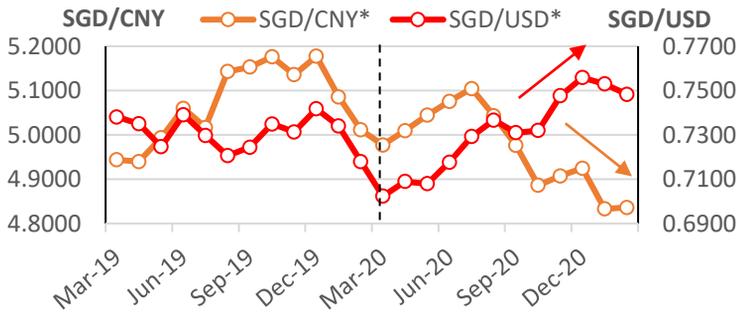
- Overall NODX grew by 6.8% in Dec 20: Electronics and non-electronics grew by 13.7% (from a 4.0% decrease in the previous month) and 5.0% (from a 5.3% decrease in the previous month) respectively, on a Y-o-Y basis.
- Electronics: ICs, parts of PCs and diodes & transistors expanded by 15.7%, 33.8% and 16.5% respectively, contributing the most to the increase in electronic NODX.
- Non-electronics: Majority of the growth in non-electronic NODX was made up of Specialised machinery, non-monetary gold and measuring instruments which expanded by 30.9%, 14.5% and 21.4% respectively.

## Purchasing Managers Index (PMI)



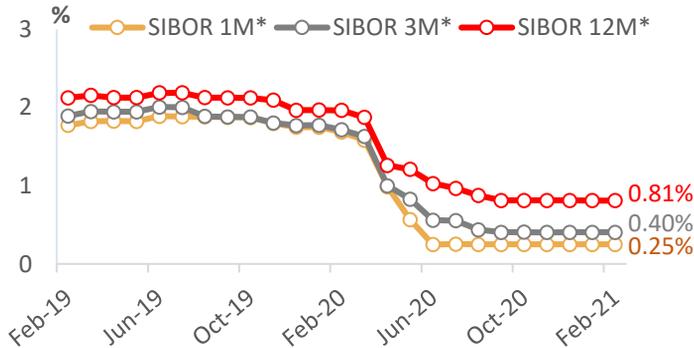
- Singapore's PMI and electronics sectors PMI dipped sharply at the start of 2020 due to the global pandemic, but made a quick and strong recovery by Aug 2020. Since then, PMI had stabilized at above the 50-point mark.

## Foreign Exchange Rates (FX)



- While MAS had adjusted its monetary policy measures in Mar 2020 to allow for depreciation and flatter growth of the SGD to combat the anticipated recession, SGD gained traction against both the USD and CNY instead. Appreciation against CNY reversed in Jul 2020.
- Both CNY and SGD are heavily-managed exchange rate regimes, which have been appreciating against USD since the onset of the 2020 pandemic. This could be due to the growth of US's public debt and spending, and the cut in Fed Fund rates on top of the better pandemic management in both Singapore and China, which gave light to positive economic recovery expectations in the 2 Asian countries

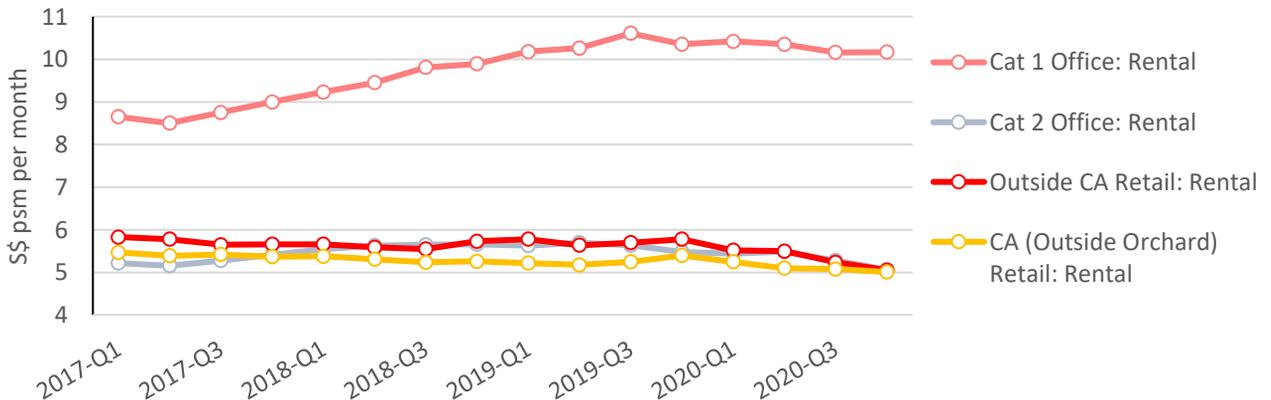
## Singapore Interbank Offered Rate (SIBOR)



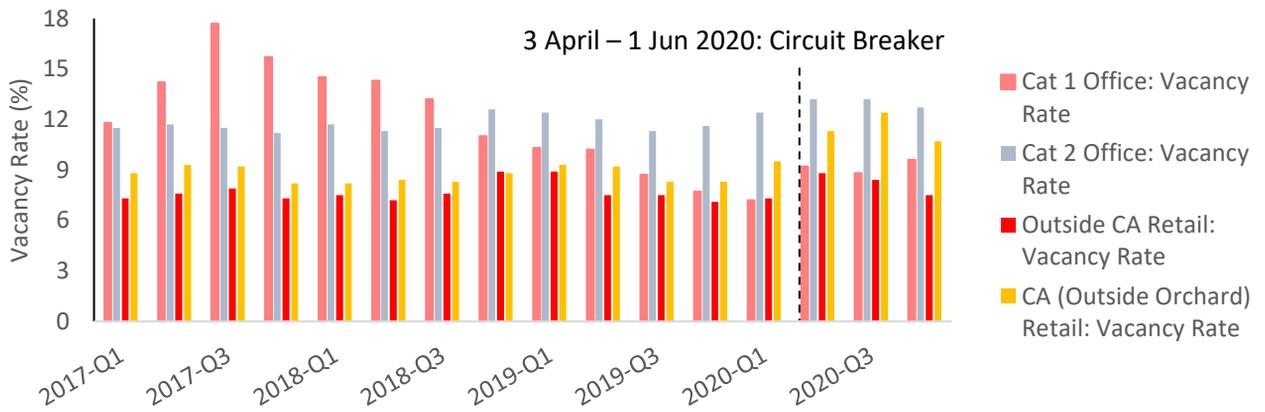
\*SIBOR are quoted as of the 1st business day of the month

- SIBOR, which follows the US Fed funds rate movements, fell sharply in Mar 2020 when the Fed announced a cut of the Fed funds rate target range from 1-1.25% to 0-0.25%. SIBOR continued to decline as the Fed declared in Sep 2020 that it has no plans to change its target range till 2023.
- SORA is set to replace both SIBOR and SOR in 3-4 years' time from Jul 2020 to be the main interest rate benchmark in Singapore.

## Median Rentals for Offices and Retails



## Vacancy Rates for Offices and Retails



- Median rental of Cat 1 offices (located in core business areas in Downtown Core and Orchard Planning Area) has been on an upward trend since 2017 while median office rentals of other localities have been fairly stable. Median retail rental across all localities experienced little price changes since 2017.
- Vacancy rate of Cat 1 offices declined sharply since 2017-Q3 while vacancy rate of Cat 2 offices (localities not included in Cat 1) gained upward momentum since 2019-Q3 till 2020-Q3 as the pandemic hits Singapore. Vacancy rate in Central Area (Outside Orchard) rose notably from 8.3% in 2019-Q4 to 12.4% 2020-Q3, fuelled by the rise in e-commerce and the subsequent nation-wide “Circuit Breaker” stay-home notice during the COVID-19 pandemic. On the other hand, vacancy rate of retails outside Central Area have increased modestly since 2017.
- As Singapore’s economy sets its foot on recovery, the vacancy rate of all except Cat 1 Offices had reduced. Many reasons including the relatively higher rent of Cat 1 Offices and/or offices adapting to the new normal of working from home arrangement as opposed to retails businesses resuming their operations are possible explanation of the difference in vacancy rate changes in 2020-Q4.



### Manufacturing

#### Market Expectations for Q1-2021

- According to EBD manufacturing market report, all clusters except the general manufacturing cluster, project higher levels of output in the next 3 months compared to Q4-2020. Precision engineering firms exhibit most optimism as they foresee an increased production of semiconductor-related equipment while electronics firms expects higher production in semiconductors and other electronic modules & components segments on account of firm demand from 5G markets
- Within the chemicals cluster, the petroleum segment forecasts a higher level of production following plant maintenance shutdowns a quarter ago and the specialties segment projects higher output of mineral oil additives to meet increased export demand

## Technology

### New Programme to Speed Up Deployment for Tech Companies Working on Government Projects

- With the launch of the Tech Acceleration Lab on 27 Jan 2020, companies can now demonstrate their proof-of-concept to public agencies via a test sandbox on the Government's cloud service. Administered by the Infocomm and Media Development Authority (IMDA), this new accelerator programme will help companies to test and deploy solutions in as quickly as 2 months, compared to the typical timeline of 6-9 months. IMDA is exploring to expand the programme to a wider tech sector in Q3 of this year, beyond the existing companies who are working on government projects under the IMDA's Accreditation@SGD and SGD Spark programmes.

### Government adds \$30m funding to accelerate 5G commercialisation

- IMDA has announced a new \$30m fund to accelerate the adoption and commercialisation of 5G solutions to address sector challenges on enterprise level needs. This fund will also support solution providers and technology developers commercialising 5G solutions in making 5G accessible to more companies. IMDA has also recently supported seven 5G innovation use-cases in strategic areas such as cloud gaming, urban mobility, smart estates, industry 4.0, and maritime operations.



### Marketnode ties up with Covalent to launch APAC 's first end-to-end digital infrastructure

- Following the announcement of the establishment of Marketnode in Jan 2021, the SGX and Temasek's digital assets Joint Venture (JV) has entered into a partnership with fixed income issuance and data firm Covalent Capital, to build Asia Pacific's first end-to-end digital infrastructure in the fixed income space while integrating SGX's multi-asset experience and strengths in operating market infrastructure with Temasek's expertise in blockchain technology and ecosystem connectivity. The entities will streamline the listing, straight-through processing and settlement of bonds and activities in bond lifecycle management through the use of digital asset infrastructure to improve efficiency, lower cost, encourage better price transparency and workflow in the capital markets. The partnership will connect Covalent's OMAS platform, which is a data, book building and allocations tool, with SGX's listing, post-trade and asset servicing capabilities, potentially providing the Asian bond market with a "unique, one-stop listing, issuance and lifecycle management platform". Such digitalization can also help in terms of financial innovation and inclusivity, such as where new issuers might want to issue certain products or raise capital in Singapore. Over time, SGX would look at other asset classes where it can tap on similar technology to improve.

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