

Monthly Economic Update February 2019

Ministry of Finance



Release date:
March 2019

Highlights:

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Key Indicators	(T\$m unless otherwise indicated)			% change	
	Feb-18	Jan-19	Feb-19	Annual	Monthly
FISCAL INDICATORS (Government Financial Statistics (GFS) Basis)					
Revenue	16.3	21.2	17.1	5%	-19%
Tax	14.2	19.5	15.7	10%	-20%
Grant (cash grants)	0.5	0.0	0.2	-	-
Budget Support	0.0	0.0	0.0	-	-
Project Support	0.5	0.0	0.2	-	-
Other Revenue	1.5	1.7	1.3	-14%	-21%
Expenses	16.2	18.3	18.7	16%	2%
Compensation of Employees	9.3	10.6	9.3	0%	-12%
Use of Goods and Service	4.9	5.1	5.9	21%	14%
Interest	0.3	0.4	0.3	13%	-11%
Subsidies	0.0	0.0	0.2	-	-
Grant	0.3	0.19	0.17	-38%	-6%
Social benefits	1.0	1.2	1.0	5%	-12%
Other Expenses	0.5	0.8	1.8	-	-
Gross Operating Balance	0.1	2.9	-1.6	-	-
Net Acquisition of Non-financial Assets	0.3	0.4	0.4	38%	1%
Net Lending/Borrowing Requirement	-0.2	2.5	-2.0	-	-
Total Public Debt (\$million)	471.9	469.4	473.9	0%	1%
ECONOMIC ACTIVITY INDICATORS (OET basis)					
Exports	20.4	20.5	N/A		
Imports	402.5	433.1	N/A		
Adjusted Cash Remittances (Ann Total)	N/A	N/A	N/A		
FISCAL ANCHORS					
Wage bill to domestic revenue to be less than 53% (annual target)	59%	50%	55%		
MONETARY & PRICE INDICATORS					
Official Foreign Reserves	448.0	478.9	N/A		
Remittances (annual total)	332.5	350.0	N/A		
Import Cover - Trade estimate (months)	8.2	8.1	N/A		
Import Cover - OET estimate (months)	10.3	9.9	N/A		
Inflation (annual % change)	3.7	4.2	N/A		
Retail Fuel Prices:					
Petrol (T\$/litre)	2.7	2.4	2.5	-7%	3%
Diesel (T\$/litre)	2.7	2.6	2.6	-1%	2%

Table 1: Source: Ministry of Finance

Note: Fiscal data are provisional (unless indicated) and still subject to change until audited. Note also that some indicators not available at the moment.

Fiscal Stability

As in Table 1 above, the revenue performance for February 2019 showed a significant decrease compared to the previous month, however, an increase compared to the same period a year ago. The increase on annual basis, was contributed by 10 percent increase in the domestic revenue. On monthly basis, the contributing factor was due mainly to a decrease in the total domestic revenue, by 19 percent, compared to the \$21.2 million collected in January 2019. Over the month, a cash grants of \$0.2 million received.

The expenses recorded for the reviewed month increased by 2 percent compared to the expenses recorded in January 2019 mainly due to the increase in Use of Goods and Service by 14 percent.

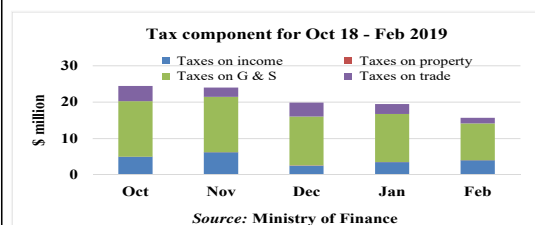
The February fiscal performance recorded deficit of \$1.7 million compared to surplus of \$2.9 million recorded in January 2019 as highlighted in Table 1.

Tax Revenue

In Table 2 below, total tax revenue declined by 20 percent or \$3.8 million from \$19.5 million to \$15.7 million compared to the previous month. This reduction led by fall in Taxes on Goods and Services by \$3.02 million followed by fall in Taxes on trade by \$1.3 million. This also reflects a fall in Consumption Tax-Domestic and Business Import Duties. However, Taxes on income increased by 13 percent or \$0.5 million attributed to an increased in collection from Corporate Tax-Large Business by \$1.1 million.

Tax Revenue (\$million)	Oct	Nov	Dec	Jan	Feb
Taxes on income	5.0	6.3	2.6	3.6	4.0
Taxes on property	0.02	0.03	0.038	0.044	0.02
Taxes on G & S	15.2	15.2	13.4	13.2	10.1
Taxes on trade	4.2	2.5	3.8	2.8	1.5
Total	24.5	24.0	19.9	19.5	15.7

Table 2: Source: Ministry of Finance



Source: Ministry of Finance

Grants and Non-Tax

In Table 3, grants slightly increased by \$0.2 million compared to previous month, reflects the receipt of Project Support from donors.

Other Revenue (\$million)	Oct	Nov	Dec	Jan	Feb
Grants	10.6	23.0	3.5	0.0	0.2
Non-tax	2.0	3.3	3.1	1.7	1.3
Total	12.6	26.4	6.6	1.7	1.5

Table 3: Source: Ministry of Finance

Non-tax revenue recorded a decline by 21 percent or \$0.35 million compared to previous month. The reduction in Non-tax revenue was attributed to decline in (i) Property income by 75 percent—driven by lower receipts from the government land rental as well as no dividend recorded for the month; and (ii) Sales of Goods and Services by 13 percent—due mainly to lower collection from Administrative fees, by 15 percent, such as fishing license & fees, passport & visa fees and motor driving license (refer Table 4)

Non-Tax Revenue (\$million)	Oct	Nov	Dec	Jan	Feb
Property income	0.4	0.2	2.3	0.6	0.2
Sales of G&S	1.3	0.9	0.7	1.0	0.8
Fines, penalties, & forfeits	0.07	0.06	0.03	0.04	0.05
Voluntary transfer other than grant	0.0004	0.00	0.00	0.00	0.0067
Misc. & unidentified revenue	0.3	2.2	0.0	0.1	0.3
Total	2.023	3.333	3.104	1.652	1.301

Table 4: Source: Ministry of Finance

Indicators Digest

*Fiscal performance recorded deficit of \$1.7 million.

*Retail price for both petrol & diesel for February 2019 rise to \$2.49 and \$2.65 respectively.

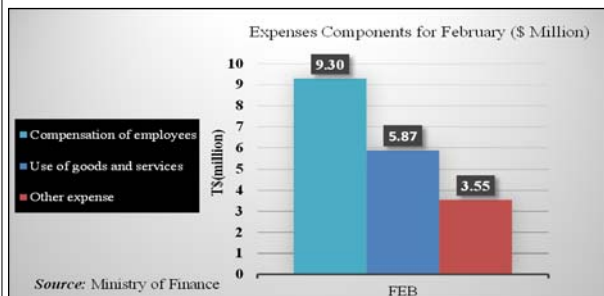
*Monetary indicators for February 2019 not yet available at the time.

Expenses

Expenses recorded for the reviewed month slightly increase to \$18.7 million from \$18.3 million in January 2019 (refer Table 1). The rise was led by Use of goods and services by 14 percent such as Technical Assistance for various projects. Also other expenses included expenditures for constituency. On the other hand, compensation of employees continue as the largest expenses despite the 12 percent fall in comparison to the previous month. (refer Table 5) This is due to the fall in other allowances supported by fall in location allowance.

Expenses (\$million)	Oct	Nov	Dec	Jan	Feb
Compensation of employees	10.38	10.54	10.50	10.62	9.30
Use of goods and services	8.42	7.35	8.13	5.14	5.87
Other expense	5.01	3.38	2.69	2.54	3.55
Total	23.81	21.28	21.32	18.30	18.72

Table 5 : Source: Ministry of Finance



Fuel Prices

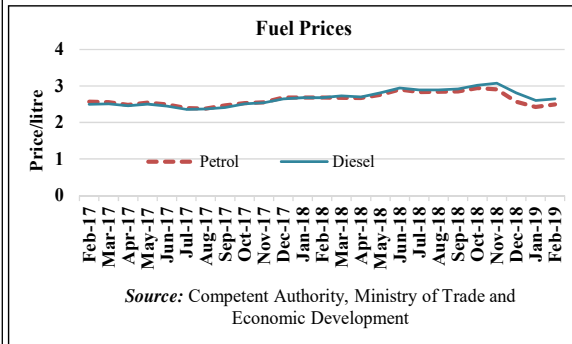
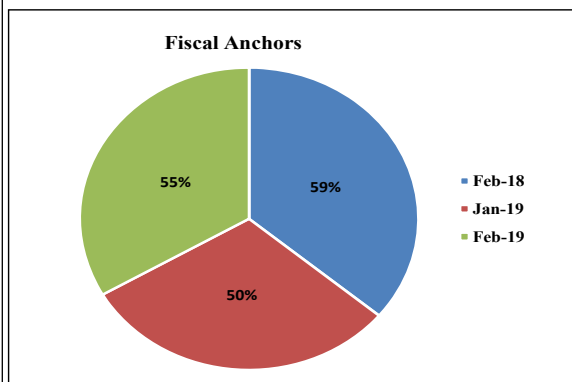
On monthly basis domestic fuel for both petrol and diesel rise by 2.7 percent or 7 seniti and 1.7 percent or 4 seniti respectively.

This is align with the increased in monthly average crude oil prices were petrol and diesel rose more than crude. In addition, this reflects the increase in international prices supported by exports to Middle East which is tightening supply in Singapore.

On annual basis, prices for both petrol and diesel decreased by 7 percent or 19 seniti and 1.3 percent or 3 seniti respectively.

Fiscal Anchors

The monthly performance of wage bill as a percentage of domestic revenue for February 2019 is 55 percent which is higher from 50 percent recorded in January 2019; (refer Table 1) and above the annual target of 53 percent which is a risk.



Overall the increase in fuel prices this month partially offsetting last month's large price drop. These movement post a risk on prices of related goods in the near term.

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