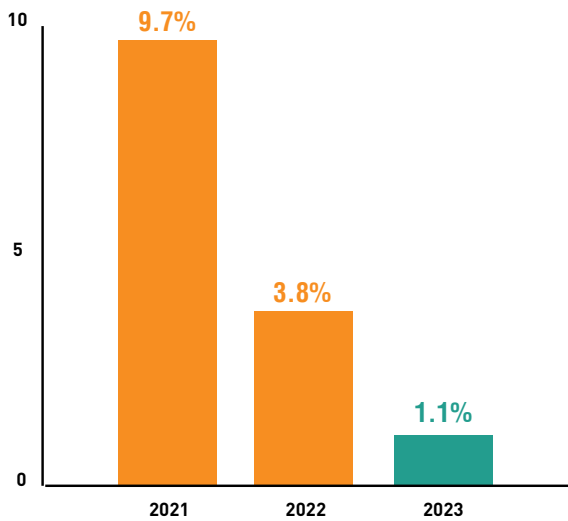


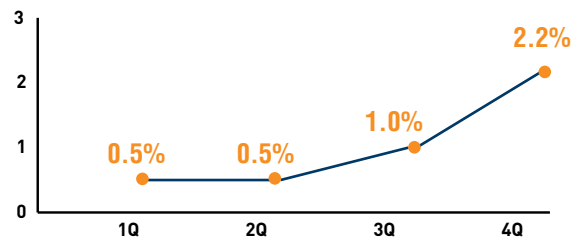
Chapter 1

ECONOMIC PERFORMANCE

REAL GDP GREW BY 1.1% IN 2023



QUARTERLY GDP GROWTH IN 2023 (YoY Growth)



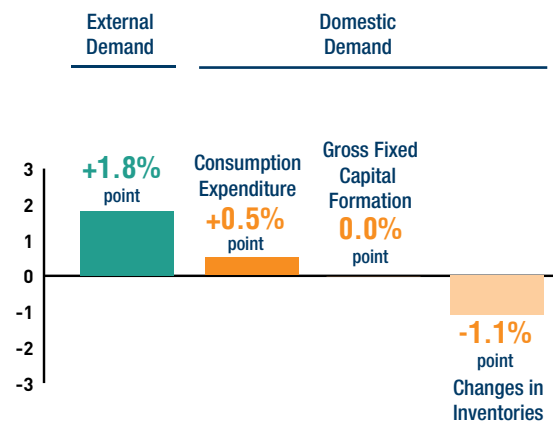
MAIN DRIVERS OF GDP GROWTH IN 2023



INCOME COMPONENTS OF GDP IN 2023



SOURCES OF GROWTH IN 2023



OVERVIEW

In the fourth quarter of 2023, the Singapore economy grew by 2.2 per cent on a year-on-year basis, accelerating from the 1.0 per cent expansion in the previous quarter. All sectors expanded during the quarter, with the exception of the administrative & support services, food & beverage services, professional services and retail trade sectors. The sectors that contributed the most to growth during the quarter were the finance & insurance, other services and transportation & storage sectors.

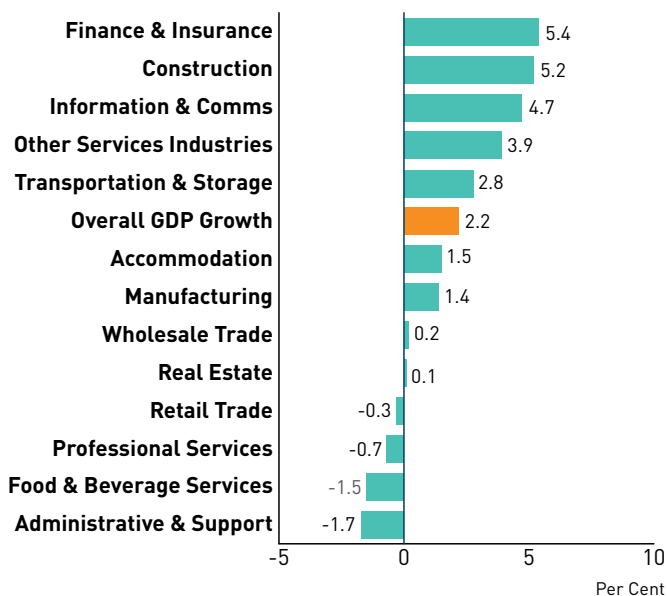
For the full year, the Singapore economy grew by 1.1 per cent, easing from the 3.8 per cent expansion in 2022. All sectors except for the manufacturing sector recorded full-year expansions, with the other services, information & communications and transportation & storage sectors contributing the most to GDP growth for the year.

OVERALL PERFORMANCE

Fourth Quarter 2023

The Singapore economy grew by 2.2 per cent year-on-year in the fourth quarter, accelerating from the 1.0 per cent expansion in the previous quarter (Exhibit 1.1). On a quarter-on-quarter seasonally-adjusted basis, GDP grew by 1.2 per cent, slightly faster than the 1.0 per cent growth in the third quarter.

Exhibit 1.1: GDP and Sectoral Growth Rates in 4Q 2023



The manufacturing sector expanded by 1.4 per cent year-on-year in the fourth quarter, a reversal from the 4.9 per cent contraction in the preceding quarter. All clusters within the sector recorded expansions during the quarter, except for the biomedical manufacturing, precision engineering and general manufacturing clusters.

The services producing industries collectively grew by 2.0 per cent year-on-year in the fourth quarter, easing from the 2.3 per cent growth in the previous quarter. All services sectors expanded during the quarter, except for the administrative & support services, food & beverage services, professional services and retail trade sectors. Among the sectors that grew, the finance & insurance (5.4 per cent) and information & communications (4.7 per cent) sectors posted the strongest growth.

The construction sector grew by 5.2 per cent year-on-year in the fourth quarter, faster than the 3.7 per cent growth in the third quarter. Output growth during the quarter was supported by an increase in both public sector and private sector construction works.

Full Year of 2023

For the whole of 2023, the Singapore economy grew by 1.1 per cent, easing from the 3.8 per cent expansion in 2022 (Exhibit 1.2).

By sectors, the manufacturing sector shrank by 4.3 per cent in 2023, a reversal from the 2.7 per cent growth in the preceding year. All clusters saw a fall in output for the year, except for the transport engineering cluster.

Services producing industries posted growth of 2.3 per cent in 2023, easing from the 5.1 per cent expansion in 2022. All services sectors registered full-year expansions, with the accommodation (12.1 per cent) and information & communications (5.7 per cent) sectors recording the fastest growth in 2023.

Meanwhile, the construction sector grew by 5.2 per cent in 2023, up from the 4.6 per cent expansion in the preceding year. Both public and private sector construction output increased during the year.

Exhibit 1.2: GDP and Sectoral Growth Rates in 2023

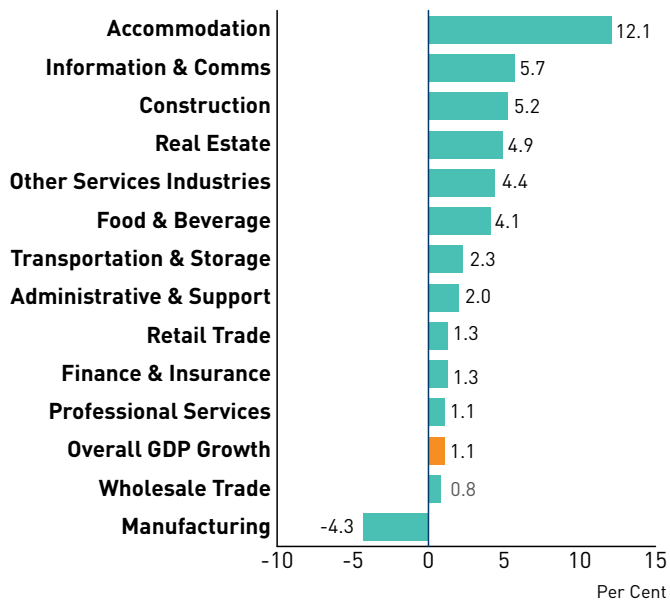
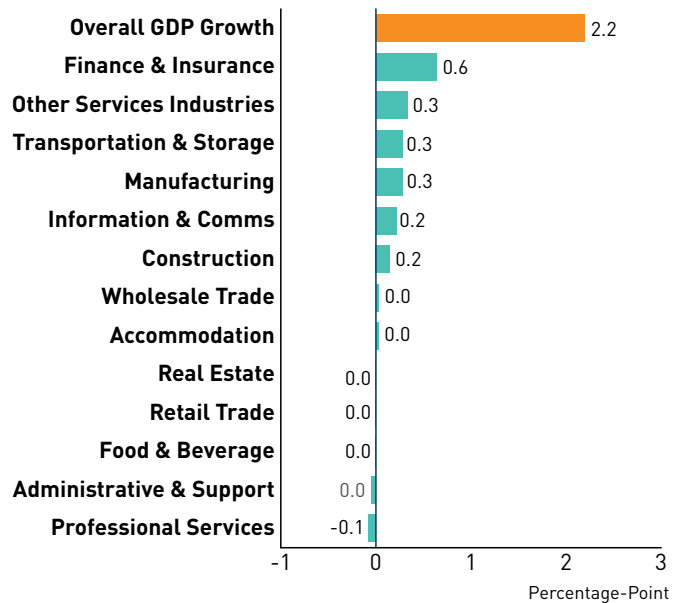


Exhibit 1.3: Percentage-Point Contribution to Growth in Real GDP in 4Q 2023 (By Sectors)



Contribution to Growth

In the fourth quarter, all sectors contributed positively to GDP growth, except for the professional services, administrative & support services and food & beverage services sectors (Exhibit 1.3). Among the sectors that expanded, the finance & insurance, other services and transportation & storage sectors were the top contributors to GDP growth during the quarter.

For the whole of 2023, all sectors except for the manufacturing sector recorded full-year expansions, with the other services, information & communications and transportation & storage sectors contributing the most to GDP growth for the year (Exhibit 1.4).

Exhibit 1.4: Percentage-Point Contribution to Growth in Real GDP in 2023 (By Sectors)



SOURCES OF GROWTH

Total demand rose by 7.4 per cent year-on-year in the fourth quarter, a reversal from the 1.4 per cent decline in the previous quarter (Exhibit 1.5). This was due to an increase in external demand during the quarter, even as domestic demand fell.

For 2023 as a whole, total demand increased by 1.2 per cent, weakening from the 3.4 per cent growth in 2022. The increase in total demand was supported by a rise in external demand (1.8 percentage-points) even as domestic demand declined (-0.6 percentage-points).

Exhibit 1.5: Percentage-Point Contribution to Total Demand Growth

	2022	2023				2023
		I	II	III	IV	
Total Demand	3.4	1.1	-2.5	-1.4	7.4	1.2
External Demand	2.2	1.6	-1.2	-1.3	8.2	1.8
Total Domestic Demand	1.2	-0.4	-1.3	-0.1	-0.8	-0.6
Consumption Expenditure	0.9	1.0	0.4	0.4	0.4	0.5
Public	-0.1	0.2	0.0	0.2	0.0	0.1
Private	1.0	0.7	0.5	0.2	0.3	0.4
Gross Fixed Capital Formation	0.2	0.1	-0.2	-0.2	0.3	0.0
Changes in Inventories	0.0	-1.4	-1.5	-0.3	-1.4	-1.1

External Demand

External demand rose by 11.0 per cent year-on-year in the fourth quarter, a reversal from the 1.8 per cent decline in the previous quarter (Exhibit 1.6). The rise in external demand could be attributed to increases in the real exports of both goods and services.

For the full year, external demand expanded by 2.4 per cent, slowing from the 3.0 per cent expansion in 2022. The increase in external demand could be attributed to a rise in real services exports, which was in turn led by higher real exports of transport services. By contrast, real merchandise exports fell, mainly due to a contraction in the real exports of machinery and transport equipment.

Domestic Demand

Total domestic demand fell by 2.9 per cent year-on-year in the fourth quarter, worsening from the 0.5 per cent contraction in the previous quarter. The fall in domestic demand during the quarter was due to a decline in inventories, which more than offset increases in consumption expenditure and gross fixed capital formation.

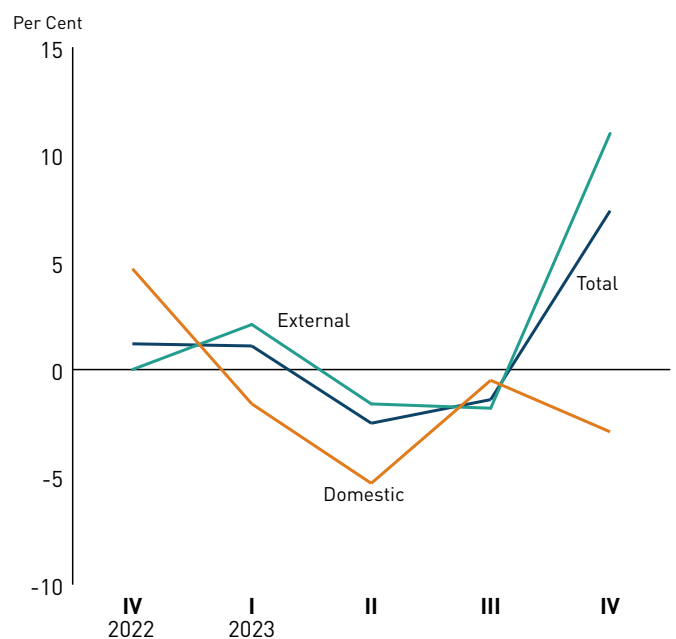
For 2023 as a whole, total domestic demand fell by 2.6 per cent, a reversal from the 4.5 per cent growth in 2022. The fall in domestic demand was due to declines in inventories and gross fixed capital formation, even as consumption expenditure rose.

Consumption Expenditure

Total consumption expenditure rose by 2.5 per cent year-on-year in the fourth quarter, the same rate of growth as the previous quarter.

For the full year, total consumption expenditure rose by 3.5 per cent, moderating from the 5.5 per cent growth in 2022. Consumption expenditure growth was due to both private and public consumption. Private consumption rose by 3.8 per cent, led by increases in miscellaneous goods & services and recreation & culture. At the same time, public consumption rose by 2.6 per cent, a reversal from the 1.9 per cent contraction in 2022.

Exhibit 1.6: Changes in Total Demand in Chained (2015) Dollars



Gross Fixed Capital Formation

Gross fixed capital formation (GFCF) rose by 3.0 per cent year-on-year in the fourth quarter, a reversal from the 1.9 per cent contraction in the preceding quarter. GFCF rose during the quarter on account of increases in public GFCF (10.6 per cent) and private GFCF (1.5 per cent).

For the full year, GFCF fell by 0.2 per cent, a reversal from the 2.5 per cent increase in 2022 (Exhibit 1.7). Private GFCF decreased by 1.1 per cent, a reversal from the 3.2 per cent growth in 2022, due to lower investment spending on machinery & equipment (Exhibit 1.8). Meanwhile, public GFCF rose by 4.0 per cent, a turnaround from the 1.1 per cent contraction in 2022. The increase in public GFCF was due to higher investment spending across all components.

Exhibit 1.7: Annual Changes in Gross Fixed Capital Formation in Chained (2015) Dollars, 2023

	Total	Public	Private
Total	-0.2	4.0	-1.1
Construction & Works	3.3	4.3	2.7
Transport Equipment	9.1	2.6	9.5
Machinery & Equipment	-11.0	6.4	-12.0
Intellectual Property Products	1.0	1.3	1.0

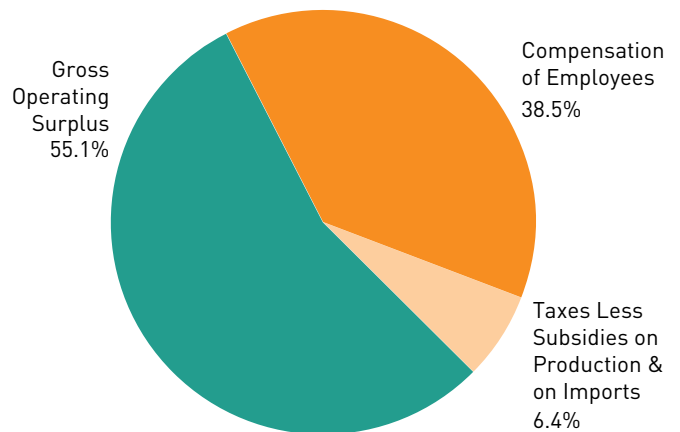
Exhibit 1.8: Percentage-Point Contribution to Growth of Gross Fixed Capital Formation in Chained (2015) Dollars, 2023

	Total	Public	Private
Total	-0.2	0.7	-0.9
Construction & Works	1.3	0.6	0.7
Transport Equipment	0.6	0.0	0.6
Machinery & Equipment	-2.4	0.1	-2.5
Intellectual Property Products	0.3	0.0	0.3

INCOME COMPONENTS OF NOMINAL GDP

Singapore's nominal GDP amounted to \$673 billion in 2023, a 2.0 per cent decrease over 2022. Gross operating surplus accounted for 55.1 per cent of nominal GDP, while compensation of employees accounted for 38.5 per cent (Exhibit 1.9). Taxes (less subsidies) on production and imports made up the remaining 6.4 per cent of nominal GDP.

Exhibit 1.9: Income Components of GDP at Current Prices



NATIONAL SAVING

With factor income outflows exceeding inflows by \$108 billion, Gross National Income (GNI) came in at \$565 billion in 2023, lower than the \$673 billion in nominal GDP. Gross National Saving (GNS) fell by 0.9 per cent to \$275 billion in 2023. This comprised a net outflow of \$133 billion that was lent or transferred abroad, and \$142 billion in Gross Capital Formation. The national savings rate was 48.6 per cent of GNI in 2023, slightly lower than the 49.9 per cent in 2022.

GNI AND THE EXTERNAL ECONOMY

Factor income from abroad reached \$237 billion in 2023, up from the \$218 billion in 2022. The contribution of factor income from abroad to the total economy was 26.0 per cent in 2023, slightly higher than the contribution of 24.1 per cent recorded in 2022 (Exhibit 1.10).

Based on the Department of Statistics' Survey of Singapore's Investment Abroad, the stock of direct investment abroad increased from \$1,321 billion in 2021 to \$1,385 billion in 2022.

Exhibit 1.10: Singapore's Earnings from External Economy as a Proportion of Total Income

