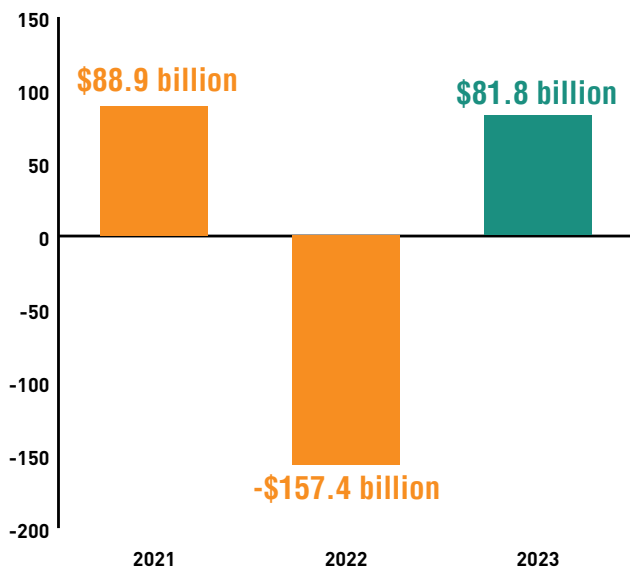


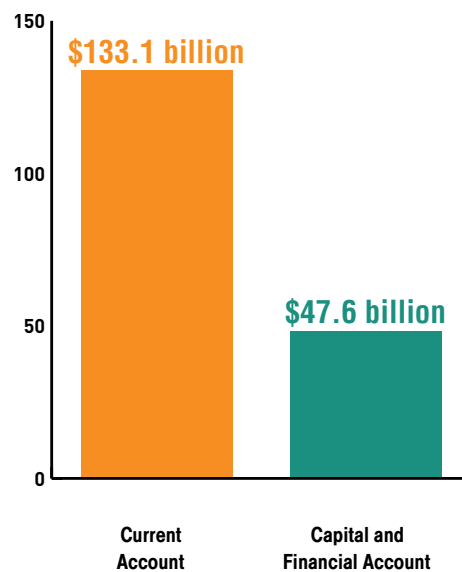
## Chapter 5

# BALANCE OF PAYMENTS

Singapore's balance of payments surplus came in at **\$81.8 billion** at the end of 2023



## BALANCE OF PAYMENTS COMPONENTS IN 2023



## COMPONENTS OF CURRENT ACCOUNT

\$207.8 billion



Goods Balance

\$43.7 billion



Services Balance

-\$108.4 billion



Primary Income Balance

-\$10.0 billion



Secondary Income Balance

## COMPONENTS OF CAPITAL & FINANCIAL ACCOUNT

-\$150.7 billion



Direct Investment

\$128.8 billion



Portfolio Investment

\$1.3 billion



Financial Derivatives

\$68.2 billion



Other Investment

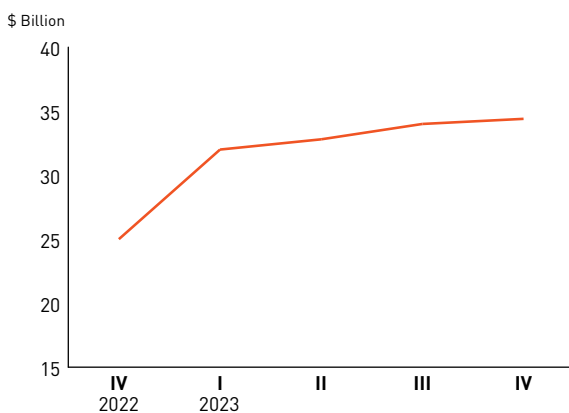
## OVERVIEW

Singapore's overall balance of payments recorded a larger surplus of \$13.2 billion in the fourth quarter of 2023, compared to \$12.2 billion in the third quarter. For the whole of 2023, the overall balance of payments registered a surplus of \$81.8 billion, a reversal from the deficit of \$157 billion in 2022. The reversal was mainly due to a significant decline in net outflows from the capital and financial account. Singapore's official foreign reserves rose to \$463 billion at the end of 2023.

## CURRENT ACCOUNT

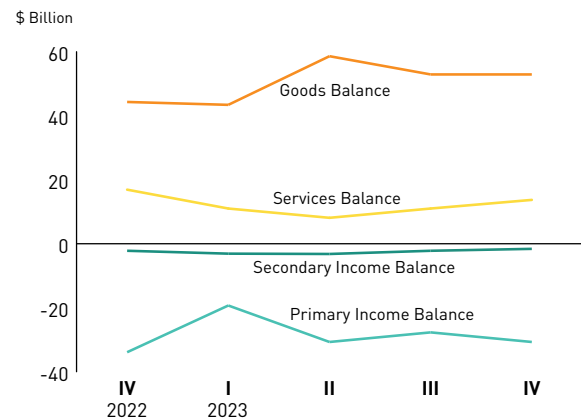
The current account surplus increased to \$34.4 billion in the fourth quarter, from \$34.0 billion in the third quarter (Exhibit 5.1). For 2023 as a whole, the current account surplus rose by \$9.4 billion to \$133 billion (19.8 per cent of GDP). The increase was driven by a narrowing of the primary income deficit and slight increase in the goods account surplus. These more than offset a fall in the services account surplus and a slight widening in the secondary income deficit.

**Exhibit 5.1: Current Account Balance**



In terms of the sub-components of the current account, the goods surplus remained at \$52.9 billion in the fourth quarter, as exports and imports rose by a similar magnitude (Exhibit 5.2). For 2023 as a whole, the goods surplus was maintained at \$208 billion.

**Exhibit 5.2: Components of Current Account Balance**



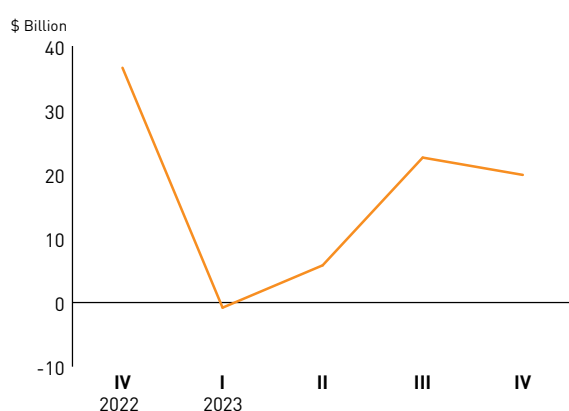
The surplus in the services balance rose to \$13.7 billion in the fourth quarter, from \$11.0 billion in the preceding quarter. For the whole of 2023, the surplus in the services balance fell to \$43.7 billion, from \$57.3 billion in 2022. This was mainly driven by a decline in net receipts for transport services as well as an increase in net payments for other business services and travel services. These more than offset the increases in net receipts for financial services and maintenance and repair services, as well as a fall in net payments for manufacturing services on physical inputs owned by others.

The primary income deficit widened by \$3.0 billion from the previous quarter to \$30.7 billion in the fourth quarter. For the year as a whole, the deficit narrowed by \$23.3 billion to \$108 billion, as receipts rose while payments declined.

## CAPITAL AND FINANCIAL ACCOUNT

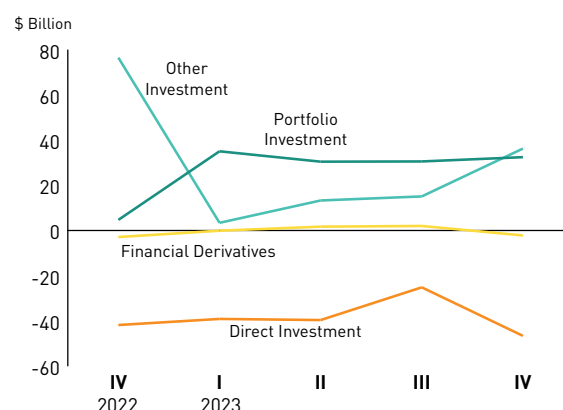
The capital and financial account registered a smaller net outflow of \$19.9 billion in the fourth quarter, compared to \$22.6 billion in the preceding quarter (Exhibit 5.3). For 2023 as a whole, net outflows amounted to \$47.6 billion (7.1 per cent of GDP), down from the \$279 billion in 2022. The decline was due to lower net outflows of “other investment” and financial derivatives, as well as a rise in net inflows of direct investment. These more than offset the rise in net outflows of portfolio investment.

**Exhibit 5.3: Capital and Financial Account Balance**



In terms of the sub-components of the capital and financial account, net outflows of “other investment” came in at \$36.3 billion in the fourth quarter, up from \$15.1 billion in the preceding quarter (Exhibit 5.4). For the full year, net outflows of “other investment” fell to \$68.2 billion, a significant decline from the \$325 billion registered in 2022. This was attributable in part to lower net outflows from resident deposit-taking corporations.

**Exhibit 5.4: Components of Financial Account (Net)**



At the same time, net inflows of direct investment reached \$46.7 billion in the fourth quarter, higher than the \$25.2 billion in the previous quarter. For 2023 as a whole, net inflows of direct investment rose by \$17.6 billion to \$151 billion, as the increase in foreign direct investment flows into Singapore exceeded that of residents’ direct investments abroad.

Financial derivatives switched to net inflows of \$2.2 billion in the fourth quarter, from net outflows of \$2.0 billion in the preceding quarter. For 2023 as a whole, financial derivatives recorded net outflows of \$1.3 billion, down from \$3.5 billion in 2022.

Net outflows of portfolio investment rose to \$32.5 billion in the fourth quarter, from \$30.6 billion in the previous quarter. For the full year, net outflows of portfolio investment increased by \$45.7 billion to \$129 billion in 2023. The step-up in net outflows was attributable to resident deposit-taking corporations as well as the resident non-bank private sector, both of which switched to net outflow positions in 2023 from net inflows in the previous year.

1 Net inflows in net balances are indicated by a minus (-) sign. For more details regarding the change in sign convention to the financial account, please refer to DOS’s information paper on “Singapore’s International Accounts: Methodological Updates and Recent Developments”.

