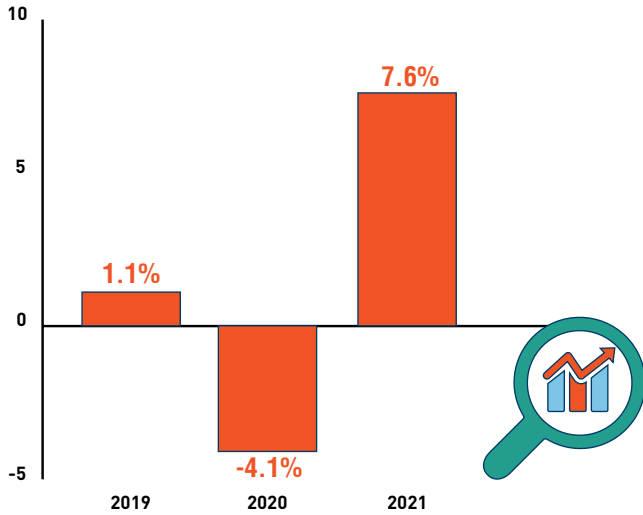
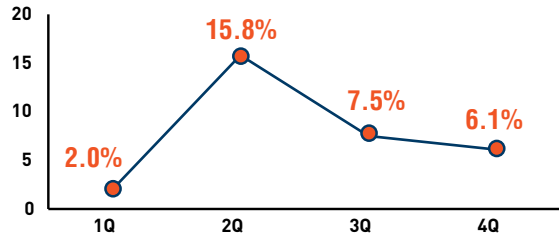


ECONOMIC PERFORMANCE

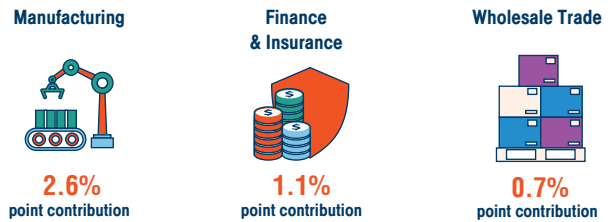
REAL GDP GREW BY 7.6% IN 2021



QUARTERLY GDP GROWTH IN 2021 (Year-On-Year Growth)



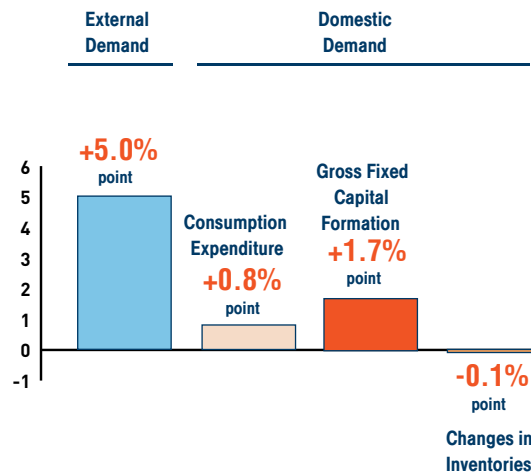
MAIN DRIVERS OF GDP GROWTH IN 2021



INCOME COMPONENTS OF GDP IN 2021



SOURCES OF GROWTH IN 2021



OVERVIEW

In the fourth quarter of 2021, the Singapore economy grew by 6.1 per cent on a year-on-year basis, moderating from the 7.5 per cent growth in the previous quarter. All sectors expanded during the quarter, with the exception of the accommodation and food & beverage services sectors. The sectors that contributed the most to growth during the quarter were the manufacturing and finance & insurance sectors.

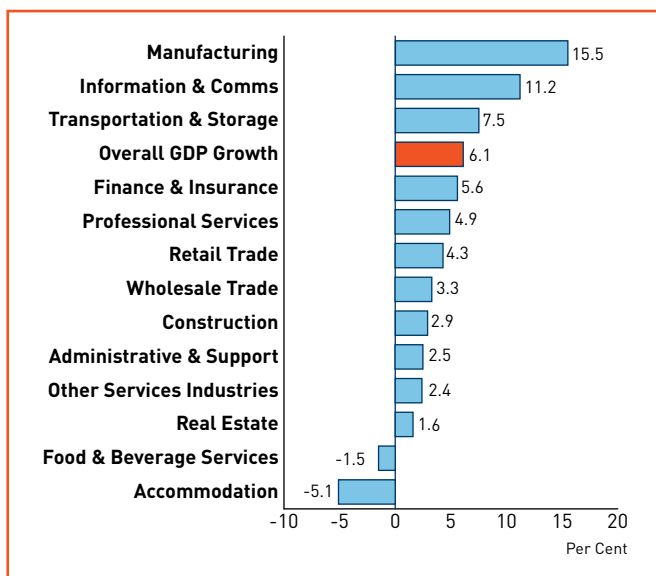
For the whole of 2021, the Singapore economy expanded by 7.6 per cent, rebounding from the 4.1 per cent contraction in 2020. All sectors recorded full-year expansions, except for the administrative & support services sector. The manufacturing and finance & insurance sectors were the top contributors to GDP growth for the year.

OVERALL PERFORMANCE

Fourth Quarter 2021

The Singapore economy grew by 6.1 per cent year-on-year in the fourth quarter, moderating from the 7.5 per cent growth in the preceding quarter (Exhibit 1.1). On a quarter-on-quarter seasonally-adjusted basis, GDP growth came in at 2.3 per cent, faster than the 1.5 per cent recorded in the third quarter.

Exhibit 1.1: GDP and Sectoral Growth Rates in 4Q 2021



The manufacturing sector expanded by 15.5 per cent year-on-year in the fourth quarter, accelerating from the 7.9 per cent growth in the previous quarter. Growth was supported by output expansions across all clusters, with the biomedical manufacturing and transport engineering clusters posting the largest increases in output.

The services producing industries collectively grew by 4.4 per cent year-on-year in the fourth quarter, moderating from the 6.8 per cent growth in the previous quarter. All services sectors, except for the accommodation and food & beverage services sectors, registered positive growth. Among them, the information & communications (11.2 per cent) and transportation & storage (7.5 per cent) sectors recorded the largest expansions.

Meanwhile, the construction sector grew by 2.9 per cent year-on-year in the fourth quarter, slower than the 69.9 per cent growth in the third quarter¹. Growth during the quarter was supported by a step-up in both public sector and private sector construction works.

Full Year of 2021

For the whole of 2021, the Singapore economy expanded by 7.6 per cent, rebounding from the 4.1 per cent contraction in 2020 (Exhibit 1.2).

By sectors, the manufacturing sector grew by 13.2 per cent in 2021, faster than the 7.5 per cent growth in the preceding year. The sector's growth was supported by expansions across all clusters, with the precision engineering, electronics and transport engineering clusters seeing the fastest growth.

Services producing industries posted growth of 5.6 per cent in 2021, a reversal from the 5.1 per cent contraction in 2020. All services sectors registered full-year expansions, with the exception of the administrative & support services (-3.8 per cent) sector.

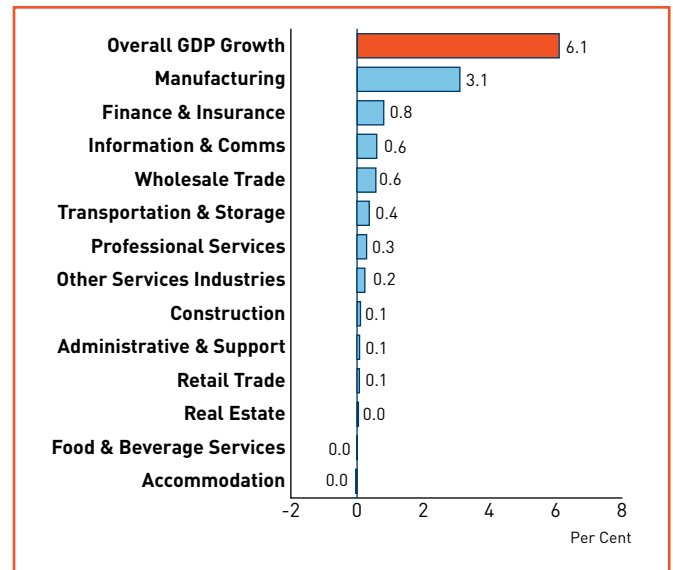
Meanwhile, the construction sector expanded by 20.1 per cent in 2021, a turnaround from the 38.4 per cent contraction in the preceding year. Output in the sector was supported by an increase in both public and private sector construction works.

¹ The strong growth of the construction sector in the third quarter of 2021 was mainly due to low base effects given the slow resumption of construction activities after the Circuit Breaker in 2020.

Exhibit 1.2: GDP and Sectoral Growth Rates in 2021



Exhibit 1.3: Percentage-Point Contribution to Growth in Real GDP in 4Q 2021 (By Industries)

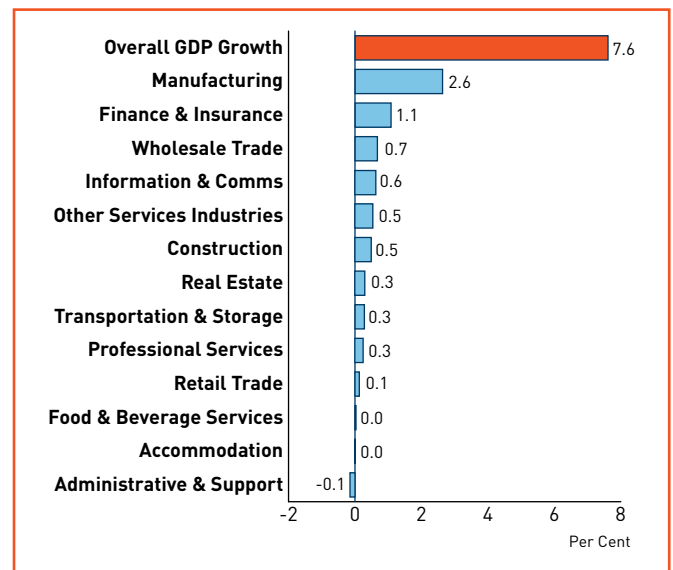


Contribution to Growth

In the fourth quarter, all sectors contributed positively to GDP growth, except for the accommodation and food & beverage services sectors (Exhibit 1.3). Among the sectors that expanded, the manufacturing and finance & insurance sectors contributed the most to GDP growth during the quarter.

For the whole of 2021, all sectors contributed positively to GDP growth, except for the administrative & support services sector (Exhibit 1.4). The manufacturing and finance & insurance sectors were the top contributors to GDP growth for the year.

Exhibit 1.4: Percentage-Point Contribution to Growth in Real GDP in 2021 (By Industries)



SOURCES OF GROWTH

Total demand rose by 7.0 per cent year-on-year in the fourth quarter, extending the 8.2 per cent expansion in the preceding quarter (Exhibit 1.5).

For 2021 as a whole, total demand increased by 7.3 per cent, rebounding from the 3.0 per cent decline in 2020. Both external demand (5.0 percentage-points) and domestic demand (2.4 percentage-points) supported the pickup in total demand during the year.

Exhibit 1.5: Percentage-Point Contribution to Total Demand Growth

	2020	2020			2021
		II	III	IV	
Total Demand	-3.0	16.5	8.2	7.0	7.3
External Demand	-0.2	10.6	5.1	5.7	5.0
Total Domestic Demand	-2.8	5.9	3.1	1.3	2.4
Consumption Expenditure	-1.3	2.8	0.7	0.5	0.8
Public	0.6	0.0	0.2	0.2	0.2
Private	-1.9	2.7	0.5	0.3	0.6
Gross Fixed Capital Formation	-1.3	3.3	2.5	0.8	1.7
Changes in Inventories	-0.2	-0.2	-0.1	0.0	-0.1

External Demand

External demand rose by 7.9 per cent year-on-year in the fourth quarter, improving from the 6.9 per cent growth in the previous quarter (Exhibit 1.6). The increase in external demand could be attributed to an expansion in the real exports of both goods and services.

For the full year, external demand grew by 6.8 per cent, a reversal from the 0.2 per cent contraction in 2020. The increase in external demand was largely driven by higher real merchandise exports, which was in turn mainly due to an expansion in the exports of machinery and transport equipment. Real services exports also rose, helped by an increase in the exports of other business services.

Domestic Demand

Total domestic demand increased by 4.6 per cent year-on-year in the fourth quarter, moderating from the 11.8 per cent growth in the previous quarter. The increase in domestic demand in the fourth quarter was supported by growth in gross fixed capital formation and consumption expenditure.

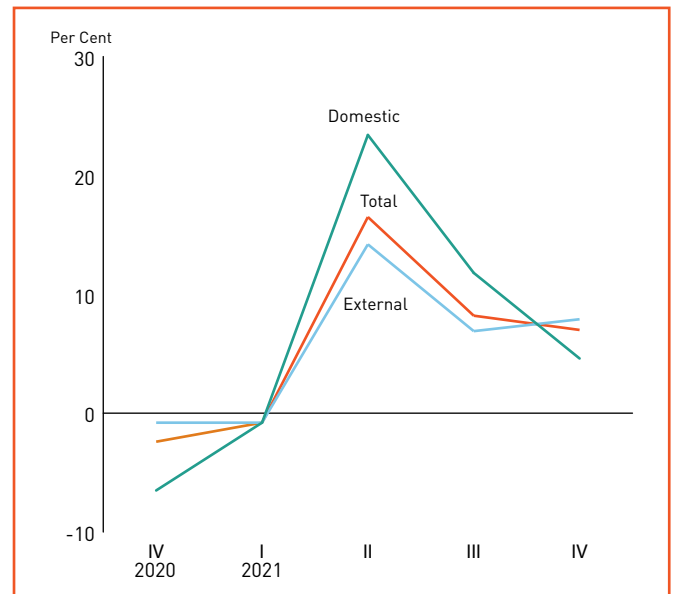
For 2021 as a whole, total domestic demand expanded by 8.8 per cent, a reversal from the 9.7 per cent contraction in 2020. The increase in domestic demand was largely due to growth in gross fixed capital formation and consumption expenditure, which more than offset a drawdown in inventories.

Consumption Expenditure

Total consumption expenditure increased by 2.8 per cent year-on-year in the fourth quarter, extending the 3.9 per cent increase in the previous quarter.

For the full year, total consumption expenditure rose by 4.5 per cent, a turnaround from the 7.0 per cent decline in 2020, driven by increases in both private and public consumption. Specifically, private consumption rebounded from the 12.9 per cent decline in 2020 to grow by 4.5 per cent in 2021, mainly due to an increase in expenditure on miscellaneous goods & services and recreation & culture. At the same time, growth in public consumption moderated from 13.3 per cent in 2020 to 4.5 per cent in 2021.

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



Gross Fixed Capital Formation

Gross fixed capital formation (GFCF) expanded by 8.3 per cent year-on-year in the fourth quarter, a sharp moderation from the 32.8 per cent expansion in the preceding quarter. The rise in GFCF during the quarter was supported by both private and public GFCF, which increased by 8.6 per cent and 7.4 per cent respectively.

For the full year, GFCF rose by 19.6 per cent, a reversal from the 14.2 per cent decline in 2020 (Exhibit 1.7). Public GFCF expanded by 18.8 per cent, a turnaround from the 25.0 per cent contraction in 2020, supported largely by higher investment spending on public construction & works (Exhibit 1.8). Meanwhile, private GFCF rose by 19.7 per cent, a reversal from the 11.6 per cent contraction in 2020. The pickup in private GFCF was due to higher investment spending across all components, with investments in private construction & works being the largest contributor.

Exhibit 1.7: Annual Changes in Gross Fixed Capital Formation in Chained (2015) Dollars, 2021

	Total	Public	Private
Total	19.6	18.8	19.7
Construction & Works	28.4	18.3	34.4
Transport Equipment	25.8	30.8	25.4
Machinery & Equipment	18.4	43.5	17.1
Intellectual Property Products	11.0	7.7	11.3

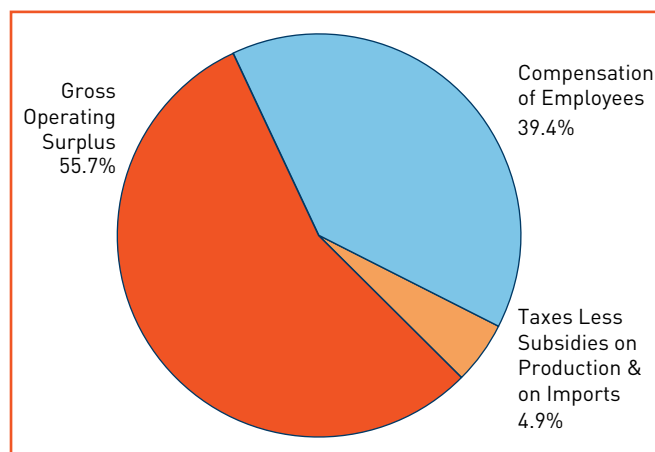
Exhibit 1.8: Percentage-Point Contribution to Growth of Gross Fixed Capital Formation in Chained (2015) Dollars, 2021

	Total	Public	Private
Total	19.6	3.2	16.4
Construction & Works	9.6	2.3	7.3
Transport Equipment	1.7	0.1	1.5
Machinery & Equipment	4.3	0.5	3.8
Intellectual Property Products	4.0	0.2	3.8

INCOME COMPONENTS OF NOMINAL GDP

Singapore's nominal GDP amounted to \$533 billion in 2021, an increase of 12.0 per cent over 2020. Gross operating surplus accounted for 55.7 per cent of nominal GDP, while compensation of employees accounted for 39.4 per cent (Exhibit 1.9). Taxes (less subsidies) on production and imports made up the remaining share of nominal GDP.

Exhibit 1.9: Income Components of GDP at Current Prices



NATIONAL SAVING

With factor income outflows exceeding inflows by \$64.3 billion, Gross National Income (GNI) came in at \$469 billion in 2021, lower than the \$533 billion in nominal GDP.

Gross National Savings (GNS) increased by 21.0 per cent to \$227 billion in 2021. This comprised a net outflow of \$96.6 billion that was lent or transferred abroad, and \$130 billion in Gross Capital Formation. The national savings rate was 48.3 per cent of GNI in 2021, higher than the 45.4 per cent observed in 2020.

GNI AND THE EXTERNAL ECONOMY

Factor income from abroad reached \$168 billion in 2021, up from \$144 billion in 2020. The contribution of overseas operations to the total economy was 24.0 per cent in 2021, an increase from the contribution of 23.2 per cent recorded in 2020 (Exhibit 1.10).

Based on the Survey of Singapore's Investment Abroad, the stock of direct investment abroad increased from \$990 billion in 2018 to about \$1,040 billion in 2019.

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

