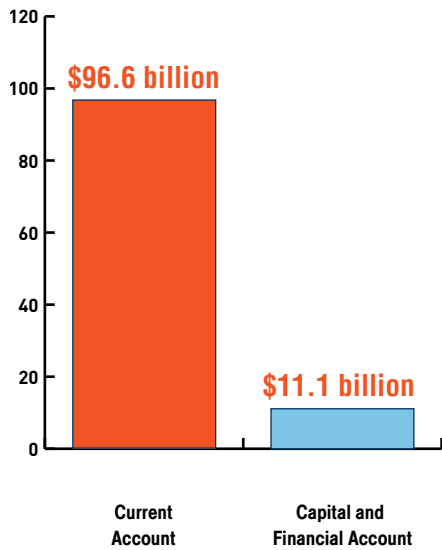
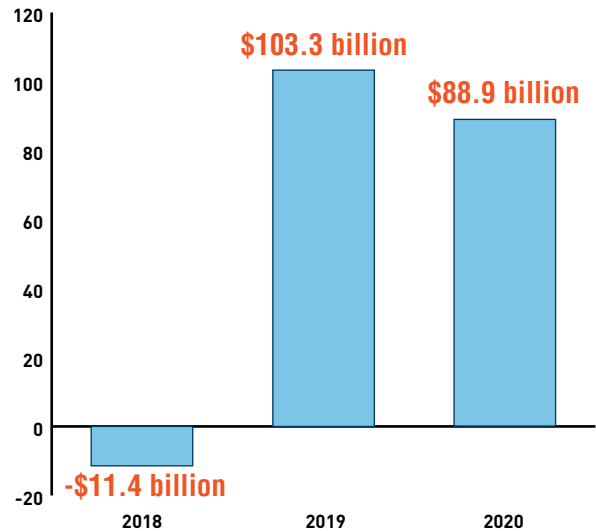


BALANCE OF PAYMENTS

Singapore's balance of payments surplus came in at **\$88.9 billion** at the end of 2021



BALANCE OF PAYMENTS TREND



COMPONENTS OF CURRENT ACCOUNT

\$158.8 billion



Goods Balance

\$8.4 billion



Services Balance

-\$64.3 billion



Primary Income Balance

-\$6.4 billion



Secondary Income Balance

COMPONENTS OF CAPITAL & FINANCIAL ACCOUNT

-\$78.1 billion



Direct Investment

\$76.6 billion



Portfolio Investment

\$4.1 billion



Financial Derivatives

\$8.4 billion



Other Investment

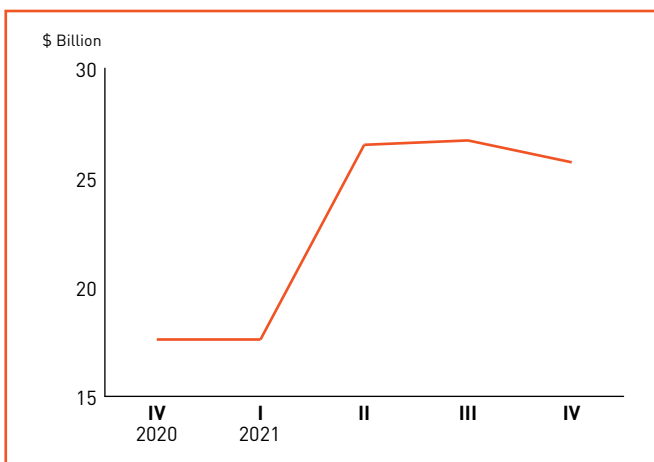
OVERVIEW

Singapore's overall balance of payments fell to \$4.9 billion in the fourth quarter of 2021, from \$30.1 billion in the third quarter. For the year as a whole, the overall balance of payments registered a surplus of \$88.9 billion, lower than the \$103 billion recorded in 2020. This decline was mainly due to net outflows from the capital and financial account, which was a reversal from the net inflows registered in 2020. Singapore's official foreign reserves rose to \$563 billion at the end of 2021.

CURRENT ACCOUNT

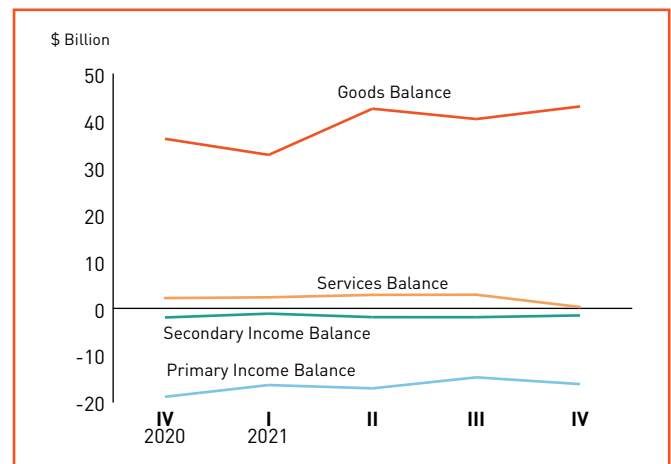
The current account surplus narrowed to \$25.7 billion in the fourth quarter, from \$26.7 billion in the third quarter (Exhibit 5.1). For 2021 as a whole, the current account surplus rose by \$16.4 billion to \$96.6 billion (18.1 per cent of GDP). The increase was driven primarily by a larger surplus in the goods balance. The services account surplus also saw an increase. At the same time, a smaller deficit in the secondary income balance more than offset the slightly larger deficit in the primary income balance.

Exhibit 5.1: Current Account Balance



In terms of the sub-components of the current account, the goods account surplus increased by \$2.7 billion from the third quarter to \$43.1 billion in the fourth quarter, as exports grew more quickly than imports (Exhibit 5.2). Similarly, for 2021 as a whole, the goods balance registered a larger surplus of \$159 billion, compared to the \$143 billion recorded in 2020, as the exports of goods increased by more than imports.

Exhibit 5.2: Components of Current Account Balance



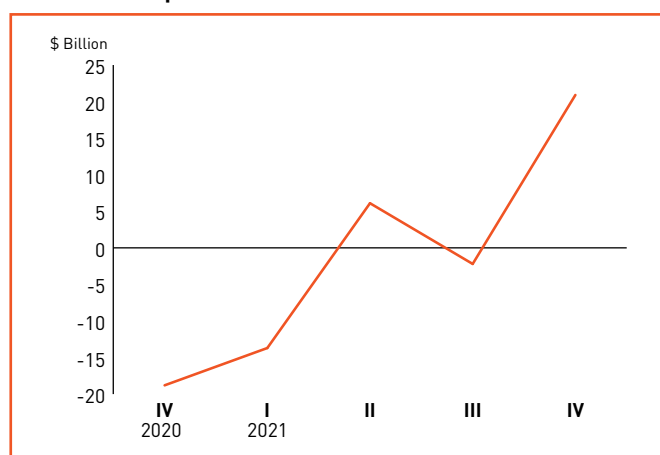
The surplus in the services balance came in at \$0.3 billion in the fourth quarter, lower than the \$2.9 billion surplus in the preceding quarter. However, for the whole of 2021, the surplus in the services balance widened to \$8.4 billion, from \$8.1 billion in 2020. This was driven mainly by a shift from net payments to net receipts for other business services, lower net payments for travel services and charges for the use of intellectual property, and an increase in net receipts from financial services and maintenance & repair services. These more than offset the higher net payments for transport services, manufacturing services on physical inputs owned by others, as well as telecommunications, computer & information services.

For the primary income balance, the deficit increased by \$1.4 billion from the previous quarter to \$16.1 billion in the fourth quarter. For the year as a whole, the deficit widened slightly by \$0.5 billion to \$64.3 billion, as payments rose more than receipts.

CAPITAL AND FINANCIAL ACCOUNT

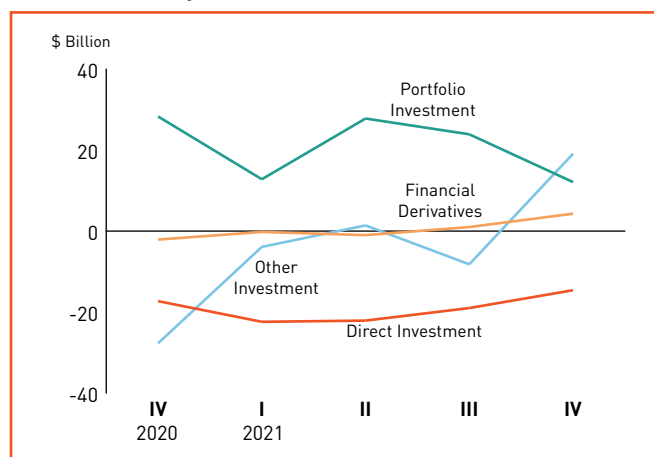
The capital and financial account¹ registered a net outflow of \$20.9 billion in the fourth quarter, in contrast to the net inflow of \$2.2 billion in the preceding quarter (Exhibit 5.3). For 2021 as a whole, there were net outflows of \$11.1 billion (2.1 per cent of GDP), a reversal from the net inflows of \$21.7 billion in 2020. The reversal reflected a shift from net inflows to net outflows for “other investment” and financial derivatives. These outweighed an increase in the net inflows of direct investment and a decline in the 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 \$19.1 billion in the fourth quarter, a turnaround from the net inflows of \$8.2 billion in the preceding quarter (Exhibit 5.4). For the full year, net outflows of “other investment” amounted to \$8.4 billion, a reversal from the \$43.9 billion in net inflows recorded in 2020. This was partly attributable to a decrease in net inflows in the domestic non-bank private sector, which outweighed the shift from net outflows to net inflows in resident deposit-taking corporations.

Exhibit 5.4: Components of Financial Account (Net)



Net outflows of financial derivatives rose to \$4.3 billion in the fourth quarter, from \$1.0 billion in the previous quarter. For 2021 as a whole, financial derivatives reversed to net outflows of \$4.1 billion, from net inflows of \$2.0 billion in 2020.

Direct investment saw net inflows amounting to \$14.6 billion in the fourth quarter, lower than the \$19.0 billion in the previous quarter. For 2021 as a whole, net inflows of direct investment rose by \$18.7 billion to \$78.1 billion, as the increase in foreign direct investment in Singapore exceeded that of residents’ direct investment abroad.

Net outflows of portfolio investment fell to \$12.1 billion in the fourth quarter, from \$23.9 billion in the previous quarter. For the full year, net outflows of portfolio investment declined by \$6.9 billion to \$76.6 billion in 2021. Although resident deposit-taking corporations reversed from net divestments to net investments of overseas securities, the decrease in net outflows from the resident non-bank private sector was larger.

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”.