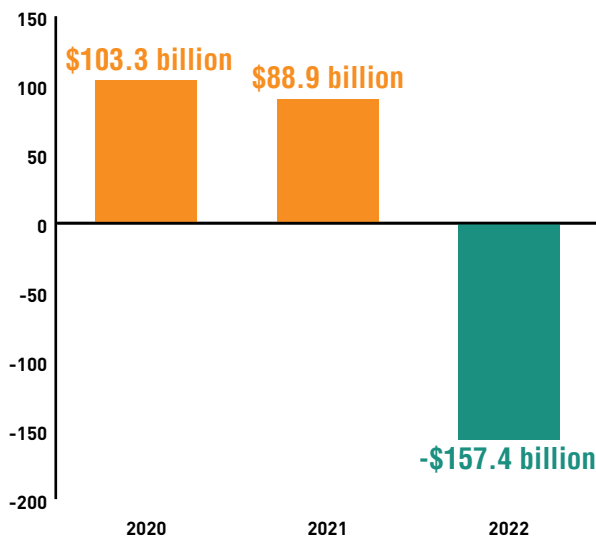


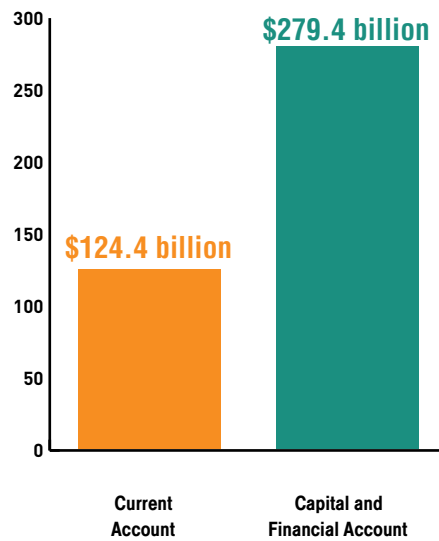
Chapter 5

BALANCE OF PAYMENTS

Singapore's balance of payments came in at a deficit of **\$157.4 billion** at the end of 2022



BALANCE OF PAYMENTS COMPONENTS IN 2022



COMPONENTS OF CURRENT ACCOUNT

\$188.2 billion



Goods Balance

\$45.0 billion



Services Balance

-\$103.6 billion



Primary Income Balance

-\$5.2 billion



Secondary Income Balance

-\$124.2 billion



Direct Investment

\$95.4 billion



Portfolio Investment

\$3.1 billion



Financial Derivatives

\$305.0 billion



Other Investment

COMPONENTS OF CAPITAL & FINANCIAL ACCOUNT

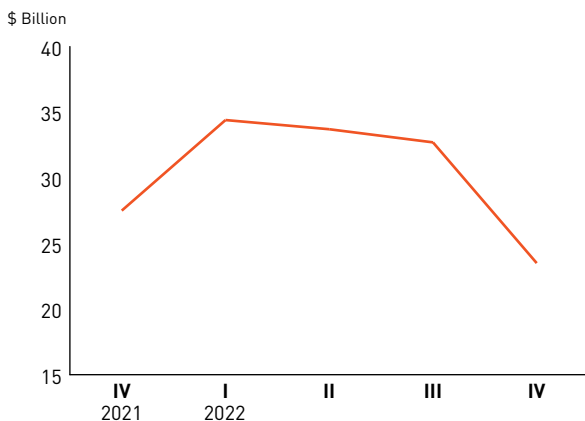
OVERVIEW

Singapore's overall balance of payments recorded a smaller deficit of \$10.7 billion in the fourth quarter of 2022, compared to the deficit of \$26.4 billion in the third quarter. For the whole of 2022, the overall balance of payments registered a deficit of \$157 billion, a reversal from the surplus of \$88.9 billion in 2021. The reversal was mainly due to a significant increase in net outflows from the capital and financial account. Singapore's official foreign reserves fell to \$388 billion at the end of 2022.

CURRENT ACCOUNT

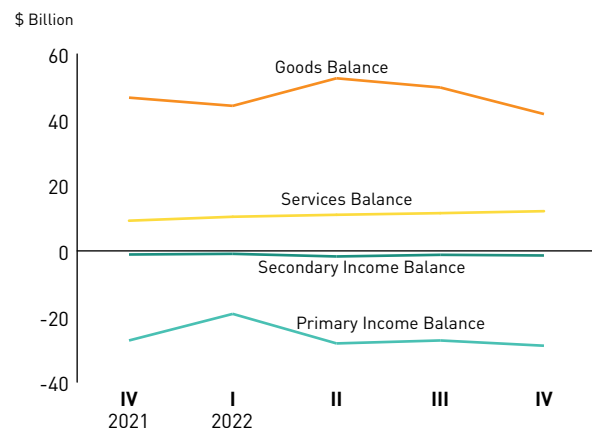
The current account surplus declined to \$23.5 billion in the fourth quarter, from \$32.7 billion in the third quarter (Exhibit 5.1). For 2022 as a whole, the current account surplus rose by \$21.8 billion to \$124 billion (19.3 per cent of GDP). The increase in surplus was driven by larger surpluses in the goods and services balances, which more than offset the larger primary and secondary income deficits.

Exhibit 5.1: Current Account Balance



In terms of the sub-components of the current account, the goods surplus fell to \$41.7 billion in the fourth quarter, from \$49.8 billion in the third quarter, as the decline in exports was more than that of imports (Exhibit 5.2). For 2022 as a whole, the goods balance registered a larger surplus of \$188 billion, compared to the \$169 billion recorded in 2021, 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 \$12.1 billion in the fourth quarter, higher than the \$11.5 billion in the preceding quarter. For the whole of 2022, the surplus in the services balance rose to \$45.0 billion, from \$31.8 billion in 2021. This was mainly driven by larger net receipts for transport services and financial services, lower net payments arising from charges for the use of intellectual property, and a shift from net payments to net receipts for other business services. These more than offset the increases in net payments for travel services and manufacturing services on physical inputs owned by others.

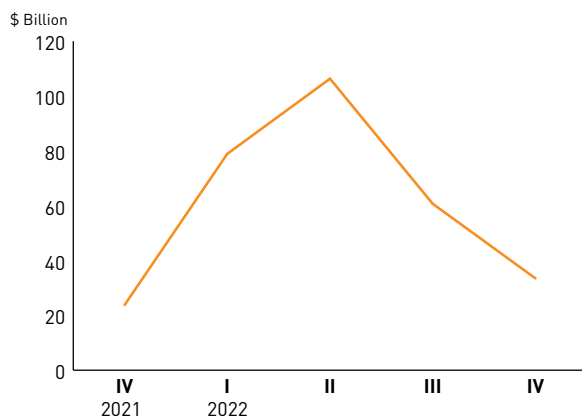
The primary income deficit increased by \$1.6 billion from the previous quarter to \$28.9 billion in the fourth quarter. For the year as a whole, the deficit widened by \$10.4 billion to \$104 billion, as payments rose by more than receipts.

The secondary income deficit widened to \$1.4 billion in the fourth quarter, from \$1.2 billion in the preceding quarter. For the year as a whole, the deficit increased by \$0.3 billion to \$5.2 billion as secondary income payments rose by more than receipts.

CAPITAL AND FINANCIAL ACCOUNT

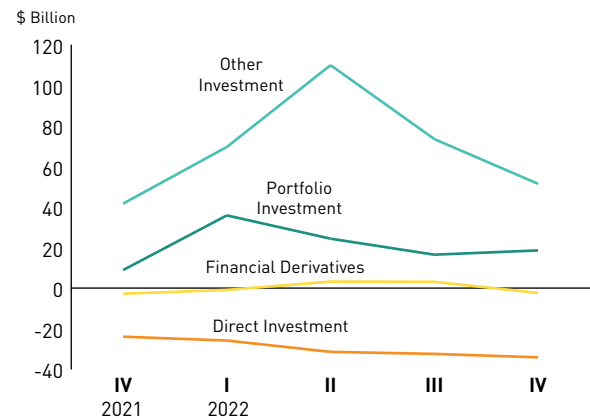
The capital and financial account¹ registered a smaller net outflow of \$33.5 billion in the fourth quarter, compared to the \$60.7 billion in the preceding quarter (Exhibit 5.3). For 2022 as a whole, net outflows amounted to \$279 billion (43.4 per cent of GDP), an increase from the \$11.4 billion in 2021. The step-up in net outflows was due to a sharp increase in net outflows for “other investment” and portfolio investment, as well as a shift from net inflows to net outflows for financial derivatives.

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 \$51.5 billion in the fourth quarter, down from \$73.6 billion in the preceding quarter (Exhibit 5.4). For the full year, net outflows of “other investment” reached \$305 billion, a significant increase from the \$49.9 billion registered in 2021. This was attributable in part to resident deposit-taking corporations seeing an increase in net outflows.

Exhibit 5.4: Components of Financial Account (Net)



Net outflows of portfolio investment rose to \$18.6 billion in the fourth quarter, from \$16.5 billion in the previous quarter. For the full year, net outflows of portfolio investment increased by \$14.4 billion to \$95.4 billion in 2022.

Financial derivatives switched to net inflows of \$2.4 billion in the fourth quarter, from net outflows of \$3.1 billion in the preceding quarter. However, for 2022 as a whole, financial derivatives reversed to a net outflow position of \$3.1 billion, from a net inflow position of \$1.6 billion in 2021.

Net inflows of direct investment reached \$34.2 billion in the fourth quarter, higher than the \$32.5 billion in the previous quarter. For 2022 as a whole, net inflows of direct investment rose by \$6.3 billion to \$124 billion, as the increase in foreign direct investment flows into Singapore exceeded that of residents’ direct investment abroad.

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”.