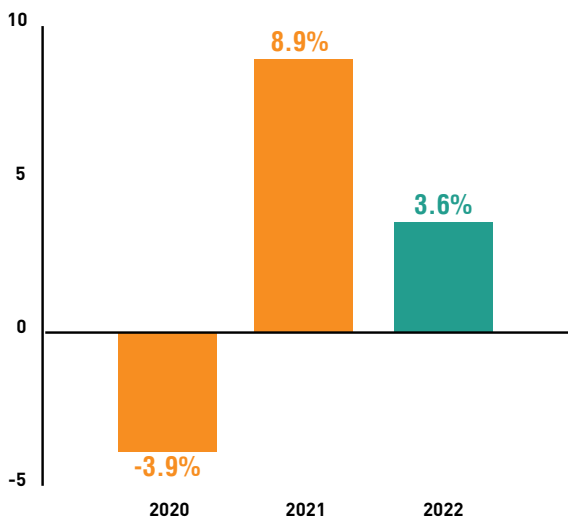


# Chapter 1

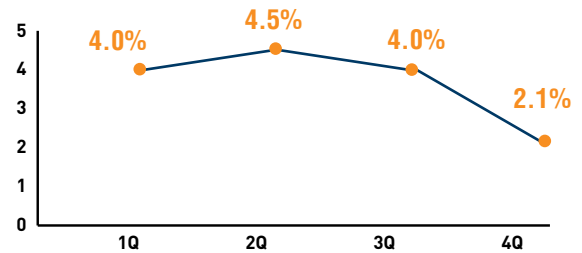
# ECONOMIC PERFORMANCE

## REAL GDP GREW BY 3.6% IN 2022



## QUARTERLY GDP GROWTH IN 2022

(Year-On-Year Growth)



## MAIN DRIVERS OF GDP GROWTH IN 2022

Wholesale Trade



0.6%  
point contribution

Manufacturing



0.5%  
point contribution

Other Services Industries

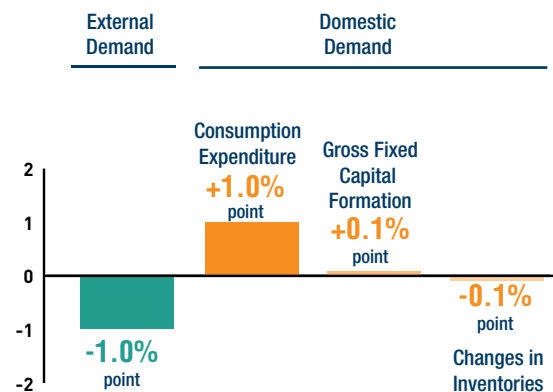


0.5%  
point contribution

## INCOME COMPONENTS OF GDP IN 2022



## SOURCES OF GROWTH IN 2022



## OVERVIEW

In the fourth quarter of 2022, the Singapore economy grew by 2.1 per cent on a year-on-year basis, moderating from the 4.0 per cent expansion in the previous quarter. All sectors expanded during the quarter, with the exception of the manufacturing and finance & insurance sectors. The sectors that contributed the most to growth during the quarter were the other services, wholesale trade and real estate sectors.

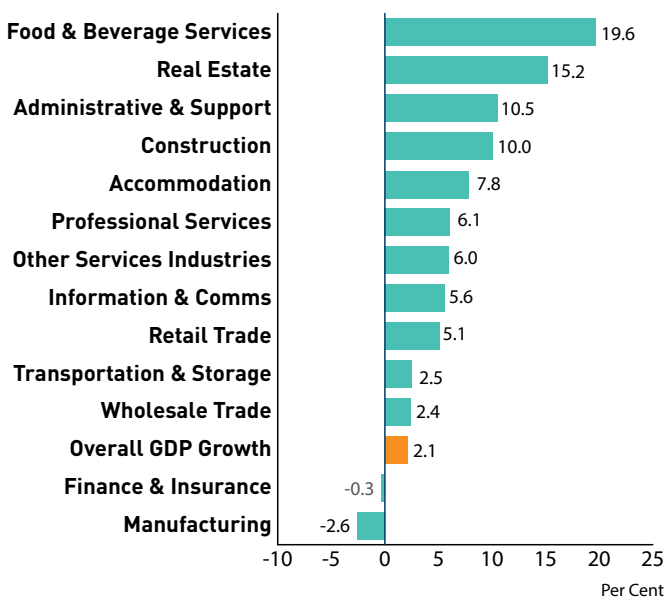
For the full year, the Singapore economy grew by 3.6 per cent, slower than the 8.9 per cent expansion in 2021. All sectors recorded full-year expansions, with the wholesale trade, manufacturing and other services sectors contributing the most to GDP growth for the year.

## OVERALL PERFORMANCE

### Fourth Quarter 2022

The Singapore economy grew by 2.1 per cent year-on-year in the fourth quarter, moderating from the 4.0 per cent growth in the previous quarter (Exhibit 1.1). On a quarter-on-quarter seasonally-adjusted basis, GDP grew marginally by 0.1 per cent, slower than the 0.8 per cent growth in the third quarter.

**Exhibit 1.1: GDP and Sectoral Growth Rates in 4Q 2022**



The manufacturing sector contracted by 2.6 per cent year-on-year in the fourth quarter, a pullback from the 1.1 per cent growth in the preceding quarter. All clusters within the sector recorded contractions during the quarter, except for the transport engineering and precision engineering clusters.

The services producing industries collectively grew by 4.0 per cent year-on-year in the fourth quarter, easing from the 5.5 per cent growth in the previous quarter. All services sectors expanded during the quarter, except for the finance & insurance sector, which contracted slightly by 0.3 per cent. Among the sectors that grew, the food & beverage services (19.6 per cent) and real estate (15.2 per cent) sectors posted the strongest expansions.

The construction sector grew by 10.0 per cent year-on-year in the fourth quarter, an improvement from the 8.1 per cent growth in the third quarter. Growth during the quarter was supported by both public sector and private sector construction works.

### Full Year of 2022

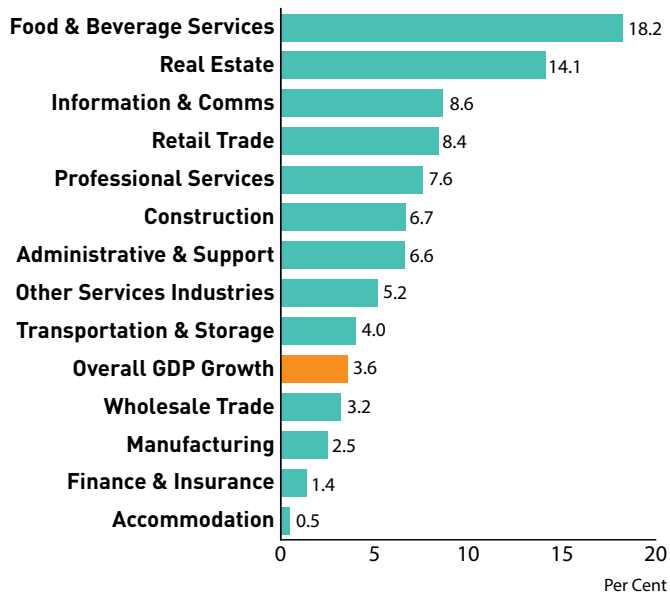
For the whole of 2022, the Singapore economy expanded by 3.6 per cent, moderating from the 8.9 per cent growth in 2021 (Exhibit 1.2).

By sectors, the manufacturing sector grew by 2.5 per cent in 2022, a marked slowdown from the 13.3 per cent growth achieved in the preceding year. Growth in the sector for the year was supported by output expansions across all clusters, except for the chemicals and biomedical manufacturing clusters.

Services producing industries posted growth of 4.8 per cent in 2022, easing from the 7.6 per cent expansion in 2021. All services sectors registered full-year expansions, with the food & beverage services (18.2 per cent) and real estate (14.1 per cent) sectors recording the fastest growth in 2022.

Meanwhile, the construction sector grew by 6.7 per cent in 2022, extending the 20.5 per cent expansion in the preceding year. Output growth in the sector was supported by an increase in both public and private sector construction works.

**Exhibit 1.2: GDP and Sectoral Growth Rates in 2022**



**Exhibit 1.3: Percentage-Point Contribution to Growth in Real GDP in 4Q 2022 (By Sectors)**

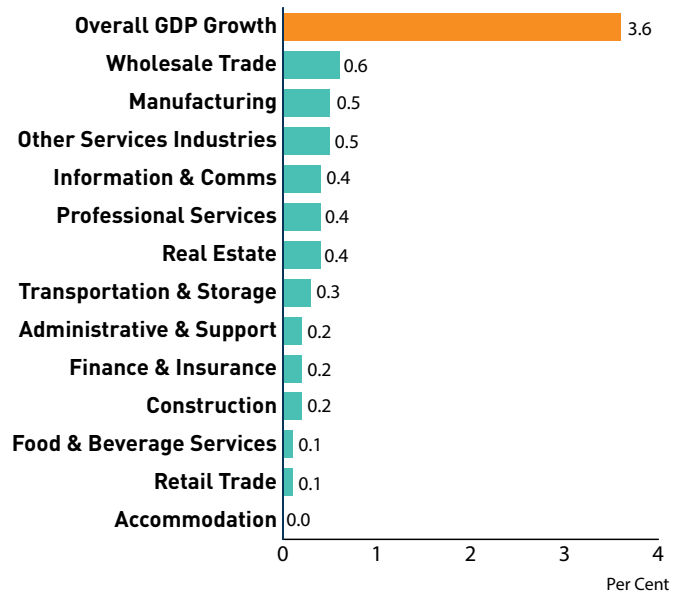


### Contribution to Growth

In the fourth quarter, all sectors contributed positively to GDP growth, except for the manufacturing and finance & insurance sectors (Exhibit 1.3). Among the sectors that expanded, the other services, wholesale trade and real estate sectors were the top contributors to GDP growth during the quarter.

For the whole of 2022, all sectors contributed positively to GDP growth, with the wholesale trade, manufacturing and other services 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 2022 (By Sectors)**



## SOURCES OF GROWTH

Total demand fell by 4.1 per cent year-on-year in the fourth quarter, a reversal from the increase of 3.1 per cent in the previous quarter (Exhibit 1.5). This was due to a fall in external demand during the quarter, which was partially offset by a rise in domestic demand.

For 2022 as a whole, total demand edged up by 0.1 per cent, weakening from the 11.1 per cent increase in 2021. Growth in total demand was supported by a rise in domestic demand (1.1 percentage-points) even as external demand declined (-1.0 percentage-points).

**Exhibit 1.5: Percentage-Point Contribution to Total Demand Growth**

	2021	2022				2022
		I	II	III	IV	
<b>Total Demand</b>	11.1	-0.8	2.4	3.1	-4.1	<b>0.1</b>
<b>External Demand</b>	8.6	-1.3	0.5	2.4	-5.2	<b>-1.0</b>
<b>Total Domestic Demand</b>	2.5	0.6	1.9	0.7	1.2	<b>1.1</b>
<b>Consumption Expenditure</b>	1.0	0.2	1.6	1.3	1.1	<b>1.0</b>
<b>Public</b>	0.2	-0.2	0.0	-0.2	0.0	<b>-0.1</b>
<b>Private</b>	0.9	0.5	1.6	1.4	1.1	<b>1.2</b>
<b>Gross Fixed Capital Formation</b>	1.5	0.2	0.2	0.3	-0.1	<b>0.1</b>
<b>Changes in Inventories</b>	0.0	0.2	0.1	-0.9	0.2	<b>-0.1</b>

## External Demand

External demand shrank by 7.0 per cent year-on-year in the fourth quarter, a sharp pullback from the 3.2 per cent growth in the previous quarter (Exhibit 1.6). The slump in external demand could be attributed to a contraction in the real exports of both goods and services.

For the full year, external demand contracted by 1.3 per cent, a reversal from the 11.7 per cent expansion in 2021. The drop in external demand could be attributed to a fall in real services exports, which was in turn due to a contraction in the real exports of transport services. By contrast, real merchandise exports rose, led by the real exports of machinery and transport equipment.

## Domestic Demand

Total domestic demand rose by 4.6 per cent year-on-year in the fourth quarter, an improvement from the 2.8 per cent growth in the previous quarter. The pickup in domestic demand during the quarter was supported by an increase in consumption expenditure, which more than offset a fall in gross fixed capital formation.

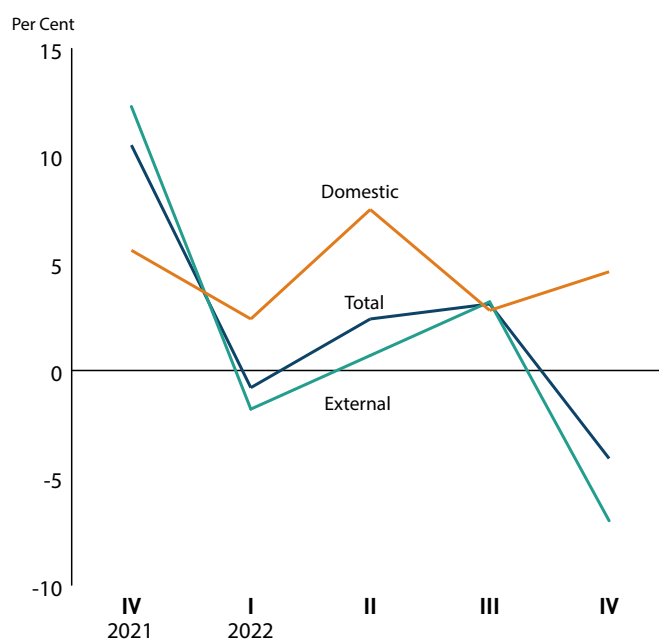
For 2022 as a whole, total domestic demand expanded by 4.3 per cent, moderating from the 9.4 per cent growth in 2021. The increase in domestic demand was supported by growth in both consumption expenditure and gross fixed capital formation, even as inventories declined.

## Consumption Expenditure

Total consumption expenditure rose by 6.7 per cent year-on-year in the fourth quarter, extending the 7.9 per cent increase in the previous quarter.

For the full year, total consumption expenditure picked up by 6.5 per cent, faster than the 5.8 per cent growth in 2021. The increase in consumption expenditure was driven by an expansion in private consumption which outweighed a decline in public consumption. Specifically, private consumption rose by 9.7 per cent, attributable in part to an increase in expenditure on miscellaneous goods & services and recreation & culture. At the same time, public consumption fell by 2.3 per cent, a reversal from the 3.7 per cent expansion in 2021.

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



## Gross Fixed Capital Formation

Gross fixed capital formation (GFCF) fell by 1.2 per cent year-on-year in the fourth quarter, a reversal from 3.4 per cent expansion in the preceding quarter. The decline in GFCF during the quarter was on account of a fall in private GFCF (-1.8 per cent), which outstripped an increase in public GFCF (2.0 per cent).

For the full year, GFCF rose by 1.6 per cent, a sharp moderation from the 18.0 per cent increase in 2021 (Exhibit 1.7). Public GFCF decreased by 1.8 per cent, a reversal from the 21.5 per cent growth in 2021, weighed down mainly by lower investment spending on machinery & equipment (Exhibit 1.8). Meanwhile, private GFCF rose by 2.3 per cent, slower than the 17.3 per cent expansion in 2021. The increase in private GFCF was due to higher investment spending across all components except for private construction & works.

**Exhibit 1.7: Annual Changes in Gross Fixed Capital Formation in Chained (2015) Dollars, 2022**

	Total	Public	Private
<b>Total</b>	1.6	-1.8	2.3
<b>Construction &amp; Works</b>	-0.5	0.4	-1.0
<b>Transport Equipment</b>	1.0	-21.0	2.4
<b>Machinery &amp; Equipment</b>	5.9	-21.7	7.9
<b>Intellectual Property Products</b>	1.2	2.8	1.1

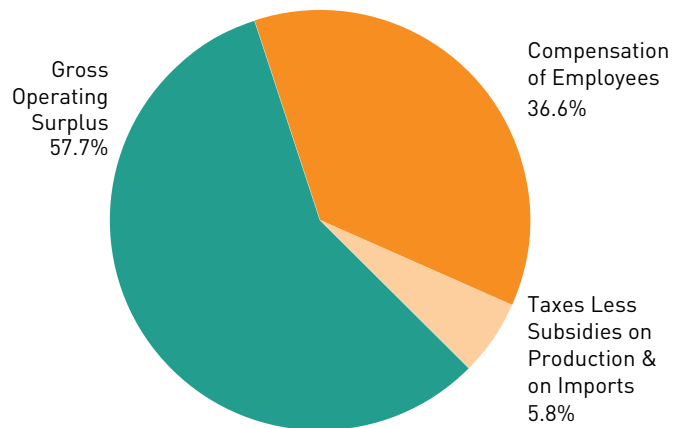
**Exhibit 1.8: Percentage-Point Contribution to Growth of Gross Fixed Capital Formation in Chained (2015) Dollars, 2022**

	Total	Public	Private
<b>Total</b>	1.6	-0.3	1.9
<b>Construction &amp; Works</b>	-0.2	0.1	-0.3
<b>Transport Equipment</b>	0.1	-0.1	0.2
<b>Machinery &amp; Equipment</b>	1.3	-0.3	1.7
<b>Intellectual Property Products</b>	0.4	0.1	0.3

## INCOME COMPONENTS OF NOMINAL GDP

Singapore's nominal GDP amounted to \$644 billion in 2022, a 13.0 per cent increase over 2021. Gross operating surplus accounted for 57.7 per cent of nominal GDP, while compensation of employees accounted for 36.6 per cent (Exhibit 1.9). Taxes (less subsidies) on production and imports made up the remaining 5.8 per cent of nominal GDP.

**Exhibit 1.9: Income Components of GDP at Current Prices**



## NATIONAL SAVING

With factor income outflows exceeding inflows by \$104 billion, Gross National Income (GNI) came in at \$540 billion in 2022, lower than the \$644 billion in nominal GDP. Gross National Savings (GNS) increased by 13.5 per cent to \$265 billion in 2022. This comprised a net outflow of \$124 billion that was lent or transferred abroad, and \$141 billion in Gross Capital Formation. The national savings rate was 49.2 per cent of GNI in 2022, similar to the 49.1 per cent observed in 2021.

## GNI AND THE EXTERNAL ECONOMY

Factor income from abroad reached \$217 billion in 2022, up from the \$196 billion in 2021. The contribution of overseas operations to the total economy was 25.2 per cent in 2022, slightly lower than the contribution of 25.7 per cent recorded in 2021 (Exhibit 1.10).

Based on the Department of Statistics' Survey of Singapore's Investment Abroad, the stock of direct investment abroad increased from \$1,148 billion in 2020 to about \$1,238 billion in 2021.

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

