

Singapore Watch

4Q23 GDP revised downwards, but still decent print

Wider than expected downward revision to 4Q23 GDP...

GDP growth for 4Q23 GDP was revised down to 2.2% yoy, 1.2% qoq SA vs. [advance estimates](#) of 2.8% yoy, 1.7% qoq SA (see report). The downward revision was wider than Consensus estimates (2.5% yoy, 1.4% qoq SA). Subsequently, full year 2023 GDP was revised down by 0.1ppt to 1.1%.

...but still less downbeat end to 2023 nonetheless

The latest prints remain firmer than [MAS's expectation from Oct '23](#) (see report), with rebound in manufacturing (4Q: 4.5% qoq SA) stronger than expected (Exhibit 1). Meanwhile, there were extensive revisions to historical data (as with every Feb), with 2021 GDP raised by 0.8ppt to 9.7% and 2022 GDP raised by 0.2ppt to 3.6%. All in, GDP in seasonally adjusted level terms in 4Q'23 is now 0.8ppt higher than under the previous series (Exhibit 2).

MTI's growth outlook still somewhat cautious

GDP forecast for 2024 was maintained at 1-3%. Compared to Nov '23, outlook external demand was unchanged (with downside risks in the global economy still characterized as significant). However, outlook for domestic growth drivers appear to have shifted. Manufacturing is expected to "rebound (vs. "improve" previously), with recovery in semis thus far "stronger than expected". On the other hand, MTI sounded a tad more downbeat on consumer-facing sectors (e.g. F&B and retail trade), expecting pace of growth in these sectors to moderate in 2024 (vs. "continue to expand" previously). MTI also dropped the earlier reference to resilience of labour market conditions.

Revising 2024 GDP forecast up by 0.3ppt to 2.6% given higher starting point

Our upward revision mainly reflects the higher starting point in GDP level terms vs. few months ago. Our forecast assumes GDP averaging 0.2-0.4% qoq SA in 1H24 and approaching trend pace (0.8% qoq SA) in 2H24 as global growth recovery advances. Full year 2024 GDP would exceed 3% if trend-pace sequential growth is maintained in 1H24 (Exhibit 3).

MAS focus more so on inflation risks; Apr meeting "live"

We don't expect MAS to change policy settings if its baseline expectations for core inflation to moderate in 2025. Focus is squarely on inflation risks, given the general improvement in growth outlook. However, given MAS's pre-emptive stance and with effects of past policy tightening fading, the Apr meeting could well be "live", with risk of a 50bp slope steepening if core inflation is seen stickier for longer. For Budget 2024 tomorrow (16th Feb), we keep a close eye on (1) MOF's projection of fiscal impulse and output gap estimates, and (2) potential inflationary (or disinflationary) impact from Budget measures (see [Singapore Watch: Uniquely Singapore fiscal framework](#)).

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GEM Economics
Asia | Singapore

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Glossary:

MAS: Monetary Authority of Singapore

MTI: Ministry of Trade & Industry

MOF: Ministry of Finance

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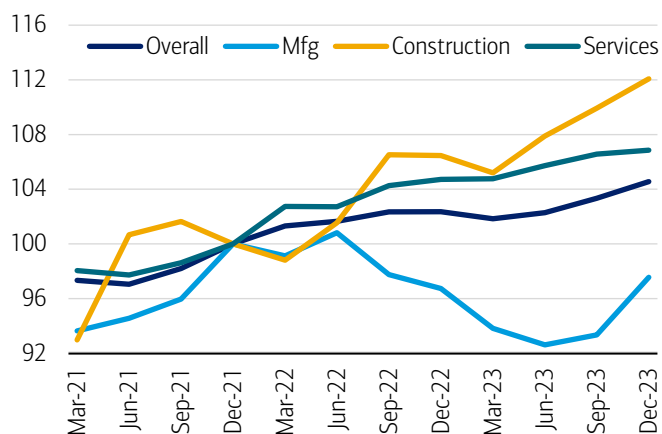
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Exhibit 1: GDP, by sectors (SA, 4Q21=100)

Pick-up in 4Q23 GDP broad-based, led by rebound in manufacturing

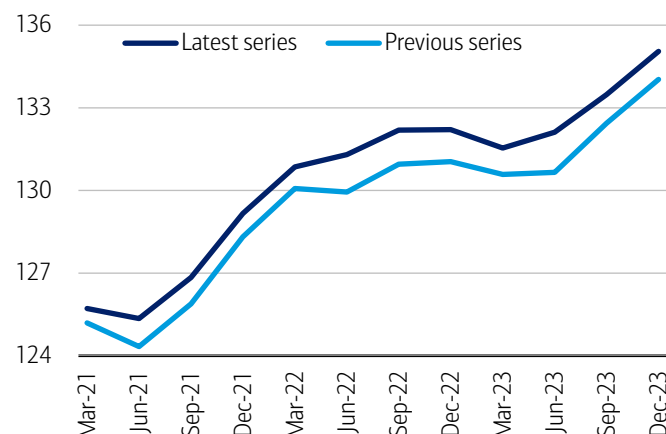


Source: BofA Global Research, CEIC

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Exhibit 2: Latest vs. previous GDP series (SA, \$bn)

4Q23 GDP around 0.8ppt higher under the new series



Source: BofA Global Research, CEIC, MTI

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Exhibit 3: 2024 GDP scenarios

We see 2024 GDP at 2.6%, assuming gradual recover across 2024

Scenarios	Quarterly (% qoq SA)				Full Year (%yoy)
	1Q	2Q	3Q	4Q	2024
BofA Baseline	0.2	0.4	0.8	0.8	2.6
1	-0.4	0	0.4	0.8	1.5
2	0.2	0.8	0.8	0.8	2.9
3	0.8	0.8	0.8	0.8	3.6

Source: BofA Global Research, Haver, MTI Note: qoq SA growth averaged 0.8% in 2016-19

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