

## Singapore

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### The Singapore economy zipped to 4% YoY growth in 2024, the highest since 2021, as 4Q24 momentum surprised at 4.3% YoY (0.1% QoQ sa)

#### Highlights:

- **The Singapore economy zipped to 4% YoY growth in 2024, the highest since 2021.** This exceeded the official growth forecast and also general market expectations and was partly attributed to the 4Q24 growth momentum surprising at 4.3% YoY (0.1% QoQ sa). 4Q24 growth came in above Bloomberg consensus forecast of 3.8% YoY (-0.8% QoQ sa) and our forecast of 3.1% YoY (-1.0% QoQ sa), albeit this was a moderation from the 5.4% YoY (3.2% QoQ sa) growth seen in 3Q24. The growth support was broad-based, with manufacturing, construction and services growth still resilient at 4.2%, 5.9% and 4.3% YoY respectively in 4Q24. For manufacturing and services growth, they also marked the fastest pace since 2Q22 and 4Q22 respectively as well as the strongest annual growth since 2021 and 2022. Note that 1Q and 2Q24 GDP growth was also revised up 3.1% and 3.2% YoY respectively, while 3Q24 growth was unchanged at 5.4% YoY.
- **At the sectoral level, there were many growth levers to cheer about.** In manufacturing, electronics and transport engineering continued to see output expansion in 4Q, whereas the biomedical cluster, especially pharmaceuticals, was more volatile. For construction, there was a pickup in public sector construction activity. For the services sector, wholesale & retail trade and transportation & storage industries led with 5.6% YoY growth in 4Q24 (3Q24: 5.2% YoY), followed by infocomms, finance & insurance and professional services at 3.7% YoY (3Q24: 4.3% YoY) and bringing up the rear was accommodation & food services, real estate, administrative & support services and other services at 2.6% YoY (3Q24: 1.4% YoY). Notably, the retail trade sector remained the laggard even as wholesale trade was bolstered by machinery, equipment & supplies segments, and the transport & storage sector was supported by storage & other support services, air and water transport segments. Meanwhile, growth in demand for IT & information services, head offices & business representative offices, as well as banking, fund management and payment activities also sustained in 4Q24. With the recovery in tourism and the festive holidays in 4Q24, the accommodation and arts, entertainment & recreation segments also posted growth. All in all, 4Q24 marked a strong end to 2024 even though the manufacturing sector contracted 2.5% QoQ sa, partly due to 3Q24 momentum being quite exceptional at 11.1% YoY and 12.8% QoQ sa. Meanwhile, URA flash estimates revealed that private property prices rose 2.3% QoQ (3.9% YoY) in 4Q24, rebounding from a 0.7% QoQ contraction, led by non-landed property (3.2% QoQ)

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especially for Rest of Central Region (3.4% QoQ) and Outside Central Region (3.4% QoQ) followed by Core Central Region (2.4% QoQ). Private home transactions also amounted to 6,715 through mid-December.

- **Notwithstanding the blockbuster year in 2024, the 2025 outlook is still largely obscured by external headwinds including expected Trump 2.0 tariffs, US-China strategic rivalry, and geopolitical tensions. The official 2025 GDP growth forecast also remained at 1-3% YoY. Due to the higher growth base in 2024, we shade down our 2025 GDP growth forecast from around 2.7% YoY to 2.2% YoY.** While there is increased optimism about the global electronics improvement, trade sentiments may remain on edge as Trump is inaugurated on 20 January and is widely expected to enact wide-ranging and possibly punitive tariffs on trade with China and also the rest of the world. While there is still significant uncertainty about the timing and magnitude of the anticipated tariffs, 1Q traditionally sees a moderation in activity due to the Chinese New Year holidays. While broad manufacturing sector may find some mitigating support from additional global supply chain recalibrations, the electronics frontloading activity may possibly take a temporary breather. S\$NEER is currently trading around 0.5% on the stronger side of parity, compared to close to 2% on the stronger side of parity as recent as late September 2024. The next MAS monetary policy decision is due before end-January (likely mid to late January given the Chinese New Year holidays on 29-30 January), but we do not anticipate any policy shift at this juncture given that core inflation had only recently subsided below the 2% YoY level in November 2024 and there could be a preference to wait and see what happens with the incoming US president's policy intentions. MAS tips 2025 headline and core CPI forecast at 1.5-2.5% YoY and cited that risks to Singapore's inflation outlook are more balanced in its October MPS compared to three months ago.
- **The next milestone to watch will be Budget 2025 due on 18 February.** PM Wong had highlighted in his New Year's Day message that while global inflation has moderated, price levels have still not fallen and are not yet at pre-pandemic levels, hence more targeted help is on the way for older people and lower-income groups to cope with cost-of-living increases. Apart from the cost-of-living challenge, job security and support for Singaporeans across different life stages are also likely to feature prominently, while not forgetting the business wish lists, especially from the SMEs who are still grappling with high costs and manpower challenges. Expectations are running high given this is likely to be the final budget for this term of government and Singapore marks its SG60 celebrations.

## Gross Domestic Product in Chained (2015) Dollars

	4Q23	2023	1Q24	2Q24	3Q24	4Q24*	2024*
Percentage change over corresponding period of previous year							
Overall GDP	2.2	1.1	3.1	3.2	5.4	4.3	4.0
Goods Producing Industries	1.9	-2.9	-0.3	0.6	9.6	4.4	3.6
Manufacturing	1.4	-4.3	-1.1	-0.4	11.1	4.2	3.5
Construction	5.2	5.2	3.6	4.8	4.7	5.9	4.8
Services Producing Industries	2.0	2.3	4.3	3.7	4.0	4.3	4.1
Wholesale & Retail Trade and Transportation & Storage	1.0	1.4	4.0	4.1	5.2	5.6	4.7
Information & Communications, Finance & Insurance and Professional Services	3.6	2.2	5.7	5.4	4.3	3.7	4.8
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	2.0	4.3	3.0	1.0	1.4	2.6	2.0

	4Q23	2023	1Q24	2Q24	3Q24	4Q24*	2024*
Quarter-on-quarter growth rate, seasonally adjusted							
Overall GDP	1.2	1.1	0.4	0.5	3.2	0.1	4.0
Goods Producing Industries	4.1	-2.9	-4.0	-0.6	10.4	-1.3	3.6
Manufacturing	4.5	-4.3	-4.7	-0.9	12.8	-2.5	3.5
Construction	2.0	5.2	-2.4	3.4	1.6	3.4	4.8
Services Producing Industries	0.3	2.3	2.2	0.4	1.0	0.6	4.1
Wholesale & Retail Trade and Transportation & Storage	-0.7	1.4	2.7	2.3	0.8	-0.2	4.7
Information & Communications, Finance & Insurance and Professional Services	4.4	2.2	-2.8	1.2	1.5	3.8	4.8
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	-0.7	4.3	2.2	-1.3	1.2	0.4	2.0

\*Advance estimates

Source: MTI

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