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Market Outlook 2023





## INSIDE

### Stable GDP

Expect +2.6% GDP growth in 2023

### GST

1st Jan 2023 to see 1% increase in GST

### Real Estate

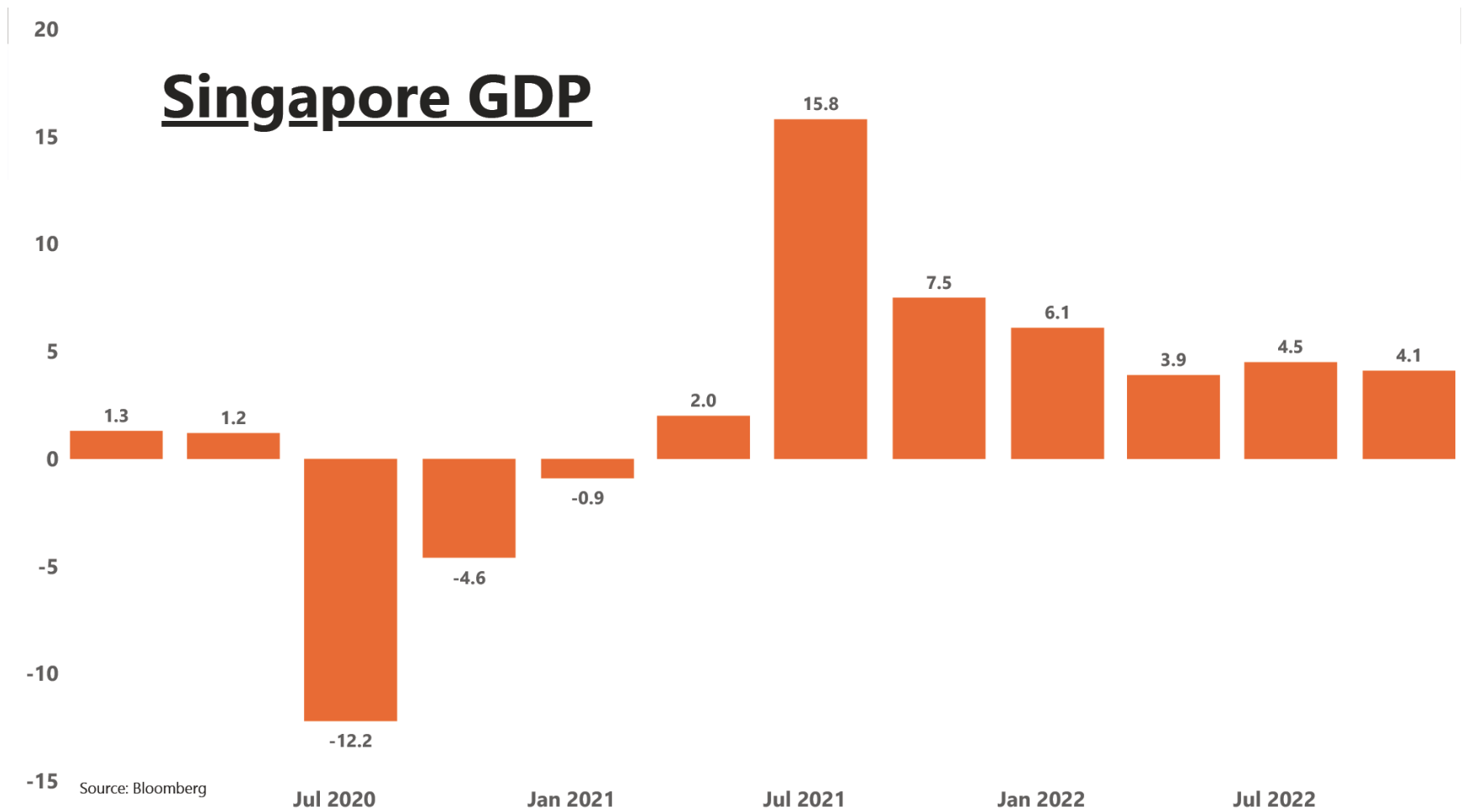
Property sector continue to be a hedge of inflation

## Safe Haven in The Storm

Singapore have been viewed by the world as a safe haven after exiting from the worst of the pandemic under the sound response of the multi-ministry task force. It was one of the first few Asian countries to reopen its borders to the world and have seen a sharp recovery towards normality.

This has also restart of various large scale Meetings, Incentive, Convention and Exhibition (MICE) events that were held including the Singapore Grand Prix that garnered over 300,000 crowd. Stock market performance in terms of the straits times index have been holding up positive returns compared to other major markets that have seen sharp downs.





# Resilient Performance

Singapore have weathered slower global uncertainty resiliently in 2022. GDP growth forecast for 2022 is expected to come in at the lower end of the forecast of 3-5% according to the Ministry of Trade and Industry. In the third quarter, based on advanced estimates, Singapore still grew at 4.4% aided by strong reopening tailwinds.

However, Monetary Association of Singapore (MAS) expects slowing external growth momentum to weigh in on Singapore's trade related sector in the second half.

# Growth Momentum

Looking to 2023, Singapore is however not immune to global growth to come below trend as major central banks implementation of tightening monetary policy starts to take effect and higher cost of borrowing is also expected to dampen growth.

We expect 2023 GDP growth in Singapore to come in at 2.6% driven by continued momentum in the services industry and mitigated by manufacturing sector.

# Asia's top financial centre

Amid the stable political backdrop and legal system, the financial sector has also attracted a record S\$448 billion of inflows in 2021 largely driven from flows of North Asia.

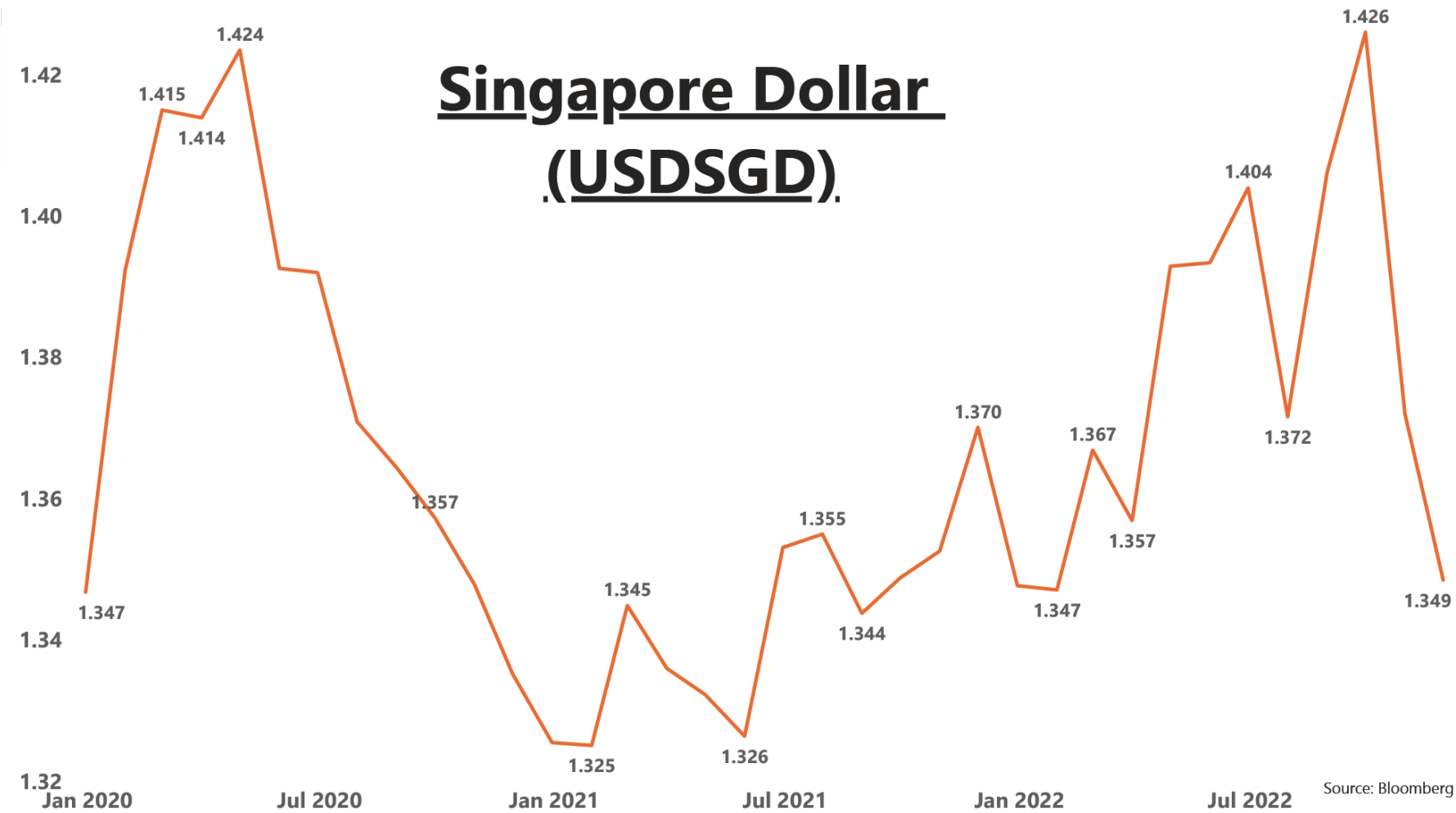
Singapore have been making headway in the financial sector and is now rank as Asia's top financial centre according to Global Financial Centres Index. Singapore have taken the lead in attracting family offices and ultra-high net worth individual's wealth given the better easing of its safe management measures in a covid endemic world.



# SGD outperformed regional currencies

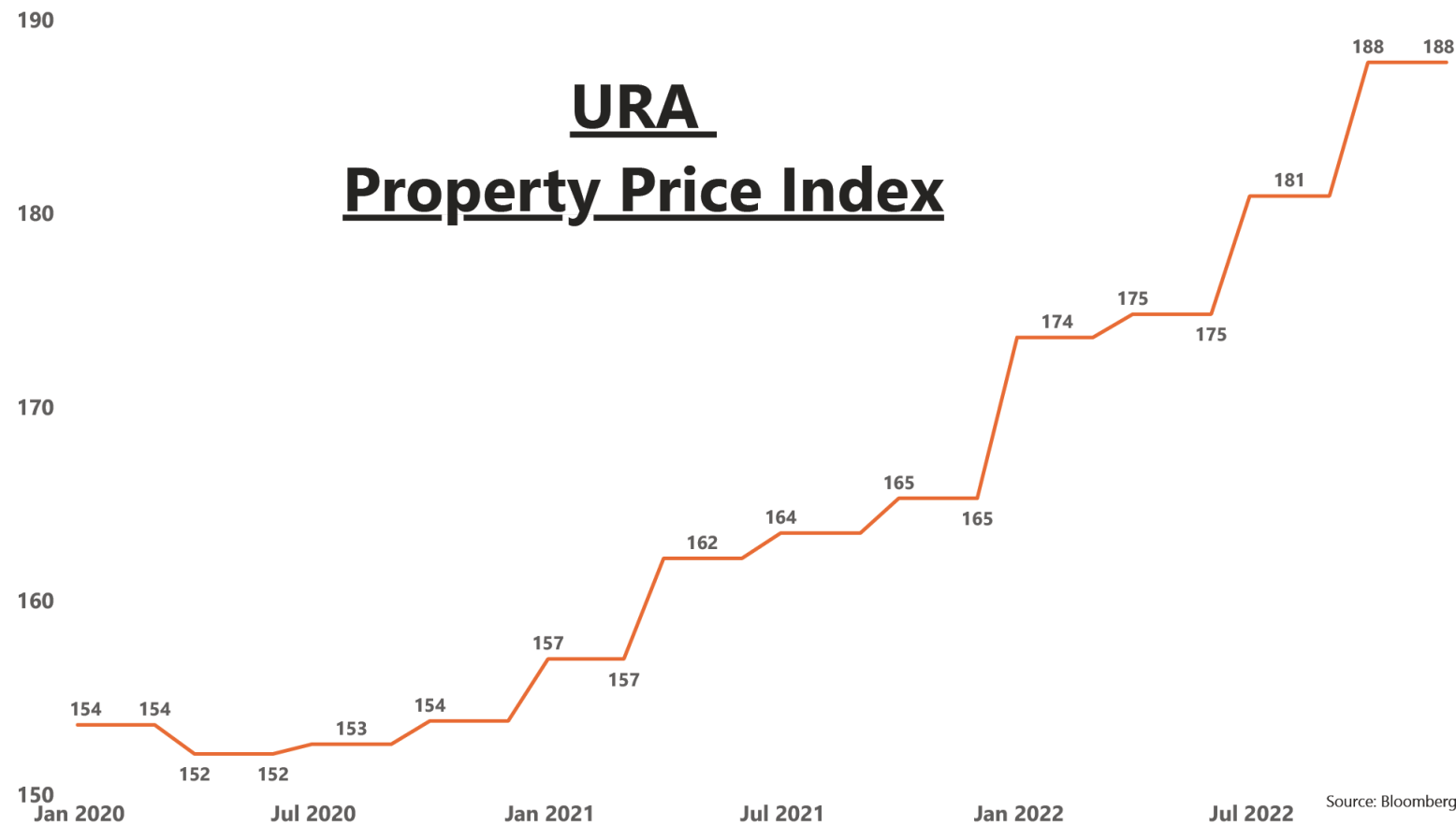
MAS have tightened monetary policy for five consecutive times to mitigate inflation over the past months. The MAS uses exchange rate policies by adjusting of the nominal effective exchange rate (S\$NEER) to ensure price stability.

This is expected to help to alleviate the import push inflation which Singapore is susceptible as a small and open economy. SGD at 1.35 to the USD, remains close to flat for the year, and is one of the better performing regional currencies.

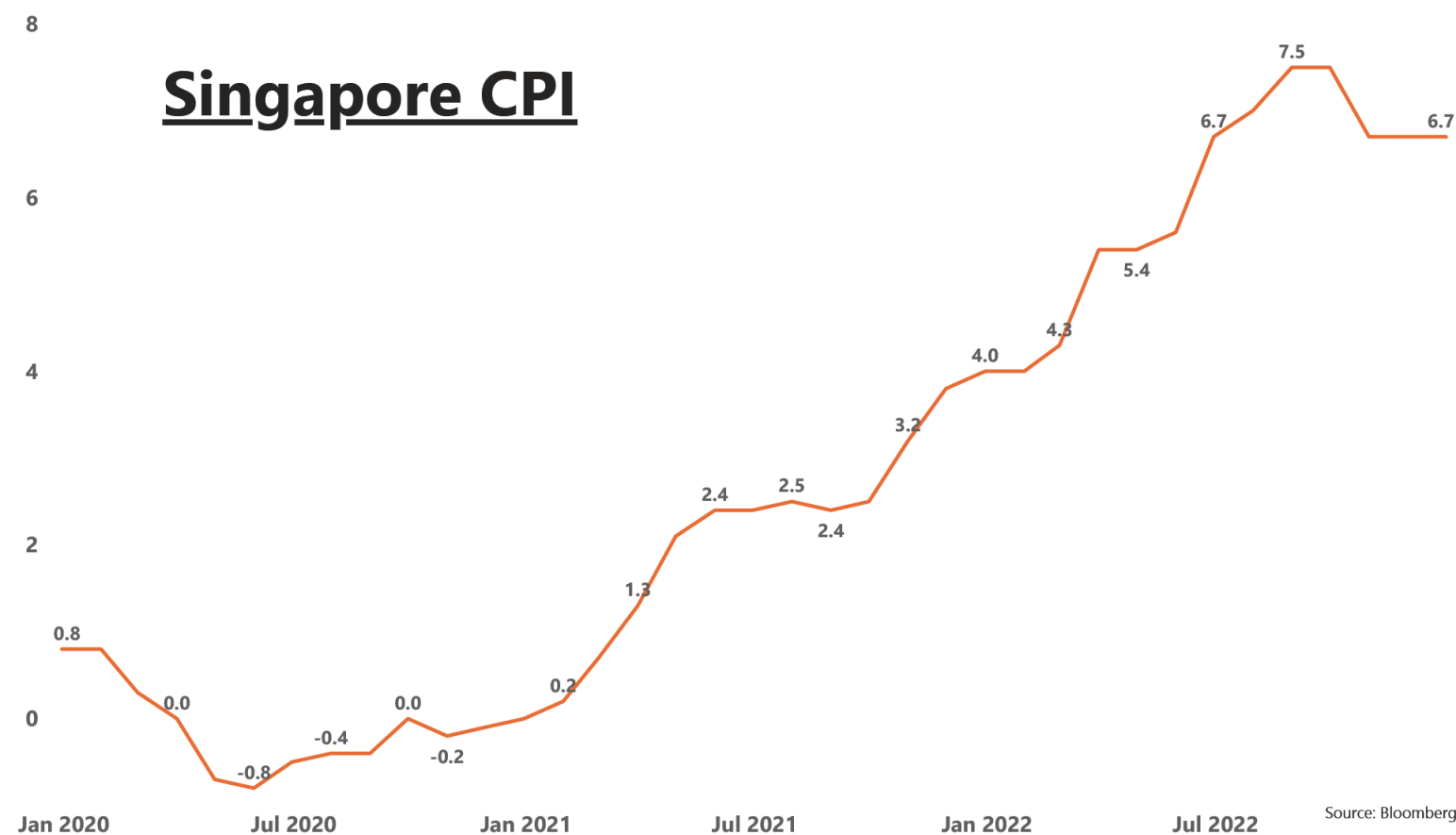




## URA Property Price Index



## Singapore CPI



# SG residential resilient

Amid the rising inflation and inflow of hot money, given the more resilient SGD and macroeconomic outlook, Singapore residential property has continued to stay resilient. Property have also been historically a good hedge against inflation mitigated by local mortgage rates that have started to creep higher.

In 3Q22, according to the Urban Redevelopment Authority (URA), we saw property price index of private residential properties and rental of private properties continue to hit new highs. Private property price index rose by +3.8% while private rental index was up 8.6%. Mortgage rates rising and recent additional cooling measures have put some speculative demand at bay.

# Inflation still sticky

Singapore core inflation continue to rise to 5.3% in September and headline inflation was at 7.5% in September. We continue to see inflation being elevated at least in the first half of 2023.

Good and Services Tax (GST) 1 percentage point increase will come into effect on 1st January 2023 which could also further add to some inflationary pressures come next year.

The government have unveiled a support plan to support lower and middle-income households to tie through inflation at record levels with relief measures. Furthermore, an assurance package for lower and middle-income households is expected to buffer the GST increase.





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