INTERNATIONAL MONETARY FUND

IMF Country Report No. 25/192

# SINGAPORE

July 2025

## 2025 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR SINGAPORE

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with Singapore, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its July 9, 2025 consideration of the staff report that concluded the Article IV consultation with Singapore.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 9, 2025, following discussions that ended on May 15, 2025, with the officials of Singapore on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on June 23, 2025.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for Singapore.

The documents listed below have been or will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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**International Monetary Fund**
**Washington, D.C.**

PRESS RELEASE

PR 25/250

# IMF Executive Board Concludes 2025 Article IV Consultation with Singapore

**FOR IMMEDIATE RELEASE**

**Washington, DC – July 16, 2025:** The Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Singapore.[1]

Singapore's economy recovered strongly in 2024 but has since slowed due to recent trade tensions. Growth increased to 4.4 percent in 2024, up from 1.8 percent in 2023, supported by strong private consumption and an upturn in the global technology cycle. However, amid an increase in trade tensions and global policy uncertainty, GDP contracted by 0.6 percent quarter-on-quarter on a seasonally-adjusted basis in 2025Q1, due to a slowdown in externally-oriented sectors such as manufacturing and wholesale trade. Disinflation continued, with inflation falling below 2 percent at end-2024 and further in early 2025, supported by lower inflation in tradable and non-tradable prices. Two-year ahead inflation expectations based on consensus forecasts remain anchored just under 2 percent.

Singapore's tight labor market continued to normalize in 2024 and recently showed some signs of weakening, with the advance estimate unemployment rate increasing from 1.9 percent in December 2024 to 2.1 percent in March 2025. The current account balance recorded a surplus of 17.5 percent of GDP in 2024, decreasing from 17.7 percent of GDP in 2023, led by a decline in the goods surplus. The banking system is well capitalized, with the capital adequacy ratio at 18.9 percent in 2025Q1, supported by good asset quality and adequate provisioning. Banks remain profitable, and their liquidity positions are strong, with the liquidity coverage ratio and net stable funding ratio of Domestic Systemically Important Banks comfortably meeting the minimum requirements. Investment funds, which account for one-fourth of total assets of non-bank financial institutions, have been able to meet investor redemption requests in an orderly manner during recent periods of high market volatility in August 2024 and April 2025.

**Executive Board Assessment**[2]

Executive Directors commended the resilience of Singapore's economy underpinned by the authorities' strong policy framework. Directors noted that amid ongoing trade tensions, Singapore's growth is projected to slow sharply in the near term, while inflation is expected to stay muted. Risks to growth are tilted to the downside from potentially escalating trade

[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

tensions and tightening global financial conditions. In that context, Directors underscored that policies should remain agile and focus on macroeconomic and financial stability.

Directors agreed that further easing of monetary policy is warranted in the near term, in view of ongoing disinflationary pressures and slowing growth. Nonetheless, monetary policy should remain vigilant and data dependent in light of the large uncertainty and the two-sided inflation risks.

Directors generally agreed that the expansionary fiscal stance in the FY2025 budget will appropriately support economic activity. A few Directors noted the repeated fiscal overperformance and emphasized the need for options to also support external rebalancing. More broadly, Directors underscored that, should downside growth risks materialize, Singapore has substantial fiscal space to deploy temporary and targeted support. Directors also agreed that Singapore's rising medium term spending needs should be accommodated by reducing the fiscal surplus within the balanced budget rule, gradually phasing out untargeted transfers, and increasing infrastructure spending.

Directors noted staff's assessment that Singapore's external position remained substantially stronger in 2024 than warranted by medium term fundamentals and desirable policies. Many Directors, however, considered that Singapore's unique characteristics can lead to uncertainty around the external balance assessment and care is needed in communicating such assessment. They also viewed that Singapore's external current account surpluses will moderate over the medium term due to population ageing, slowing income growth, and anticipated increases in public spending. A few other Directors called for greater emphasis on analyzing Singapore's external imbalances and the required policy responses. Directors generally acknowledged the authorities' ongoing efforts to raise public investment and strengthen social safety nets, and encouraged them to continue those efforts, to also help reduce Singapore's large external surpluses in the medium and long run.

Directors concurred that Singapore's financial sector remains resilient. The current tight macroprudential policy should continue to prevent a buildup of housing related systemic risks. Directors underscored the importance of continued vigilance on vulnerabilities from cross border and foreign exchange exposures and a small number of highly leveraged corporates and households. Exposures to commercial real estate and the connections between non-bank financial institutions and banks also merit vigilance. In this regard, Directors welcomed the authorities' efforts to step up stress testing and contingency planning. Continued efforts to strengthen the AML/CFT framework will also be important.

Directors welcomed the authorities' efforts to promote a stronger and more inclusive economy, including introducing a temporary financial support scheme for involuntarily unemployed workers. Ongoing efforts to support workers to reskill and helping firms to adopt AI technologies are also important, as well as investments, including in climate resilient infrastructure.

## Table 1. Singapore: Selected Economic and Financial Indicators, 2019–26

Nominal GDP (2024): US$547.5 billion
Population (2024): 6.0 million
GDP per capita (2024): US$90,689
Main goods exports (2024, percent of total non-oil goods exports): machinery & transport equip (65.0 percent); chemical products (12.4 percent); and misc. manuf. articles (10.3 percent).
Top three destinations for goods exports (2024, percent of gross goods exports): The Chinese mainland (14.0 percent); Hong Kong SAR (11.0 percent); and Malaysia (10.4 percent).

| | | | | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Growth (percentage change) | | | | | | | | |
| Real GDP | 1.3 | -3.8 | 9.8 | 4.1 | 1.8 | 4.4 | 1.7 | 1.7 |
| Total domestic demand | 1.9 | -9.3 | 11.9 | 5.3 | -2.2 | 7.2 | 2.9 | 2.6 |
| Final domestic demand | 3.1 | -9.8 | 11.7 | 5.8 | 2.3 | 4.7 | 2.9 | 2.7 |
| Consumption | 3.3 | -7.6 | 6.3 | 6.4 | 4.1 | 5.7 | 3.2 | 2.9 |
| Private consumption | 3.3 | -13.6 | 7.2 | 9.7 | 4.9 | 4.8 | 2.2 | 2.4 |
| Gross capital formation | -0.6 | -12.6 | 22.9 | 3.5 | -12.7 | 10.1 | 2.1 | 2.1 |
| Gross fixed investment | 2.5 | -14.0 | 23.2 | 4.7 | -0.9 | 2.9 | 2.2 | 2.1 |
| Change in inventories (contribution to GDP growth, percentage points) | -0.7 | 0.1 | 0.3 | -0.2 | -2.6 | 1.5 | 0.0 | 0.0 |
| Net exports (contribution to GDP growth, percentage points) | -0.1 | 2.2 | 2.6 | 0.4 | 2.9 | 0.3 | -0.3 | -0.2 |
| Saving and investment (percent of GDP) | | | | | | | | |
| Gross national saving | 39.9 | 40.3 | 43.8 | 40.6 | 38.9 | 39.7 | 39.2 | 39.0 |
| Gross domestic investment | 24.5 | 22.8 | 24.0 | 22.2 | 21.2 | 22.2 | 22.1 | 22.1 |
| Inflation and unemployment (period average, percent) | | | | | | | | |
| CPI inflation | 0.6 | -0.2 | 2.3 | 6.1 | 4.8 | 2.4 | 1.1 | 1.5 |
| CPI inflation, excluding food and energy 1/ | 0.4 | -0.4 | 1.7 | 4.6 | 4.2 | 2.5 | 1.1 | 1.4 |
| MAS core inflation 1/ | 1.0 | -0.1 | 0.9 | 4.1 | 4.2 | 2.8 | 1.0 | 1.4 |
| Unemployment rate | 2.3 | 3.0 | 2.7 | 2.1 | 1.9 | 2.0 | 2.3 | 2.3 |
| Output gap | -0.3 | -2.7 | 1.3 | 1.7 | -0.5 | 0.4 | -0.5 | -0.9 |
| Inflation (end of year, percent) | | | | | | | | |
| CPI inflation | 0.8 | 0.0 | 4.0 | 6.5 | 3.8 | 1.5 | 1.2 | 1.5 |
| CPI inflation, excluding food and energy 1/ | 0.6 | -0.4 | 3.2 | 4.9 | 3.7 | 1.5 | 1.2 | 1.4 |
| MAS core inflation 1/ | 0.6 | -0.3 | 2.1 | 5.1 | 3.3 | 1.7 | 1.1 | 1.4 |
| Central government finances (percent of GDP) 2/ | | | | | | | | |
| Revenue | 17.7 | 17.5 | 16.9 | 16.3 | 17.8 | 18.8 | 19.6 | 19.9 |
| Expenditure | 14.0 | 21.6 | 17.7 | 15.1 | 14.9 | 14.6 | 16.2 | 17.1 |
| Net lending/borrowing | 3.7 | -4.1 | -0.8 | 1.2 | 2.9 | 4.2 | 3.4 | 2.8 |
| Net lending/borrowing, excluding nonproduced assets | 1.4 | -5.8 | -2.8 | -0.6 | 0.5 | 1.0 | 0.7 | 0.2 |
| Primary balance 3/ | -1.9 | -9.4 | -6.2 | -3.8 | -2.8 | -2.2 | -2.8 | -3.4 |
| Public Debt to GDP | 124.9 | 146.3 | 132.6 | 153.9 | 170.8 | 173.1 | 174.9 | 176.0 |
| Money and credit (end of period, percent change) 4/ | | | | | | | | |
| Broad money (M2) | 4.5 | 10.7 | 9.7 | 7.8 | 3.2 | 6.7 | 2.9 | 3.2 |
| Credit to private sector | 3.0 | 1.4 | 6.8 | 0.5 | -2.0 | 6.4 | 2.9 | 3.2 |
| Three-month S$ SIBOR rate (percent) | 1.8 | 0.4 | 0.4 | 4.3 | 4.1 | 3.3 | … | … |
| Balance of payments (US$ billions) | | | | | | | | |
| Current account balance | 57.9 | 61.1 | 86.4 | 93.8 | 89.4 | 96.0 | 96.0 | 98.5 |
| (In percent of GDP) | 15.4 | 17.5 | 19.8 | 18.4 | 17.7 | 17.5 | 17.1 | 16.9 |
| Goods balance | 94.7 | 102.8 | 121.2 | 160.1 | 157.2 | 148.1 | 150.5 | 154.9 |
| Exports, f.o.b. | 440.2 | 417.3 | 513.0 | 607.8 | 559.5 | 583.0 | 590.8 | 612.5 |
| Imports, f.o.b. | -345.5 | -314.4 | -391.8 | -447.7 | -402.2 | -434.9 | -440.2 | -457.6 |
| Financial account balance 5/ | 67.9 | -12.8 | 20.8 | 209.4 | 29.3 | 65.9 | 55.2 | 57.1 |
| Overall balance 5/ | -8.4 | 74.9 | 66.2 | -114.2 | 60.9 | 29.7 | 40.8 | 41.5 |
| Gross official reserves (US$ billions) | 279.5 | 362.3 | 417.9 | 289.5 | 351.0 | 371.4 | 420.4 | 462.1 |
| (In months of imports) 6/ | 6.4 | 6.8 | 6.7 | 4.8 | 5.4 | 5.5 | 6.0 | 6.3 |
| Singapore dollar/U.S. dollar exchange rate (period average) | 1.36 | 1.38 | 1.34 | 1.38 | 1.34 | 1.34 | … | … |
| Nominal effective exchange rate (percentage change) 7/ | 1.4 | -2.5 | 0.4 | 6.4 | 3.9 | 2.6 | … | … |
| Real effective exchange rate (percentage change) 7/ | 4.5 | -25.1 | 2.9 | 13.5 | 9.3 | -0.7 | … | … |
| Memorandum items: | | | | | | | | |
| Nominal GDP (in billions of Singapore Dollars) | 513.1 | 481.8 | 586.6 | 701.8 | 678.7 | 731.4 | 752.8 | 777.3 |
| Growth (%) | 0.9 | -6.1 | 21.8 | 19.6 | -3.3 | 7.8 | 2.9 | 3.2 |

Sources: Data provided by the Singapore authorities; and IMF staff estimates and projections.
Note: Data and forecasts as of March 20, 2025
1/ IMF staff estimates. MAS core inflation excludes the costs of accommodation and private transport.
2/ IMF staff estimates on a calendar year basis following GFSM 2014.
3/ Net lending/borrowing excluding net investment return contribution (NIRC).
4/ Data reporting by financial institutions changed since July 2022 after two major changes in MAS' banking sector regulatory framework took effect, creating a break in the broad money and credit to private sector series.
5/ Following the BPM6 sign convention, a positive entry implies net outflows.
6/ In months of following year's imports of goods and services.
7/ Increase is an appreciation; based on unit labor costs.

INTERNATIONAL MONETARY FUND

# SINGAPORE

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

June 23, 2025

## KEY ISSUES

**Context**. Following an acceleration to 4.4 percent in 2024, growth is projected to sharply slow to 1.7 percent in 2025, in large part reflecting recent trade tensions and elevated global uncertainty. Inflation is projected to remain well below 2 percent in 2025, reflecting low tradable inflation and increasing slack in the economy. Reflecting appreciable uncertainty about the course of global growth, risks to growth are firmly tilted to the downside, largely stemming from potentially escalating global trade tensions and tightening global financial conditions. Net risks to inflation are also tilted to the downside, largely reflecting the downside growth risks, though there are also some upside risks to inflation, including from supply chain disruptions.

**Policy Recommendations**.

- Staff recommends further easing of monetary policy amid weak inflation, slowing growth, and increasing slack. However, policy moves should be data dependent and vigilant with respect to the speed and magnitude of easing given high uncertainty and the two-sided risks around the inflation outlook.
- The expansionary fiscal stance for FY2025 is appropriate against the backdrop of slowing growth and downside risks. Increased support to households and firms will provide relief from still-elevated costs of living and input costs, while structural spending measures are being implemented to promote inclusive growth. With strong fiscal institutions and ample fiscal space, Singapore is well positioned to address downside risks and meet medium-term spending needs.
- The financial sector remains resilient and, despite recent global financial market volatility, systemic risks are contained. Banks are well capitalized and liquid. Potential housing-related systemic risks should continue to be mitigated by tight macroprudential policies, supported by continued efforts to increase housing supply. Further, vulnerabilities from cross-border credit risks, interconnectedness between banks and NBFIs, small segments of highly leveraged corporates and households, and the commercial real estate sector require continued vigilance amid heightened global uncertainty and a rise in global financial stability risks.
- The steady implementation of the *Forward Singapore* initiative, including the introduction of temporary financial support for involuntarily unemployed individuals, is welcome. The government continues to make progress with helping workers reskill and firms adopt AI technologies to boost productivity.

Approved By
**Rupa Duttagupta (APD) and Azim Sadikov (SPR)**

Discussions were held in Singapore during May 5–15, 2025. The mission met with Monetary Authority of Singapore (MAS) Chairman Gan Kim Yong, Second Minister for Finance Chee Hong Tat, MAS Managing Director Chia Der Jiun, senior staff from the Ministry of Finance, MAS, various line ministries, and public sector entities, as well as representatives from the private sector. The mission comprised Masahiro Nozaki (head), Ritu Basu, Tristan Hennig, Sandile Hlatshwayo (all APD), Purva Khera (Resident Representative in Singapore), and Defa Zhao (economic analyst based in Singapore). Executive Director Yati Kurniati and Senior Advisor Evelyn Chen (OED) joined meetings with the public sector. Wanying Li, Dian Permana, Mariam Souleyman, and Liangliang Zhu (all APD) assisted in the preparation of this report. Data used in this report for staff analyses are as of May 27, 2025, unless otherwise noted.

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**TABLES**



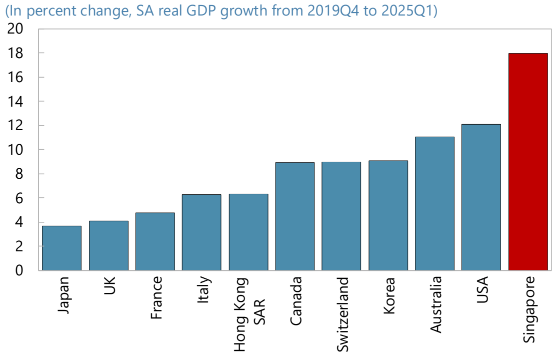
**ANNEXES**

# CONTEXT

**1. Singapore's economy recovered strongly in 2024 and disinflation advanced, with the authorities' policy implementation broadly in line with 2024 Article IV recommendations.** Singapore's broad-based post-pandemic recovery has outpaced its peers and the economy's average growth from 2020-24 was higher than the five-year average preceding the pandemic. Relative to staff's 2024 Article IV projection, growth in 2024 was stronger—in part due to an upswing in the global technology cycle. Disinflation also advanced faster than expected. The authorities' policy implementation has been broadly in line with staff's recommendations during the 2024 Article IV consultation, which focused on ensuring a policy mix that sustained disinflation in the face of persistent price pressures while nurturing growth, containing risks for financial stability, and supporting vulnerable groups (Annex I). Macroprudential policy remained tight to prevent the buildup of systemic risks from the housing sector and the government has continued to implement structural reforms under the *Forward Singapore* initiative to promote inclusive growth.

**Singapore: Post-COVID Output Recovery**

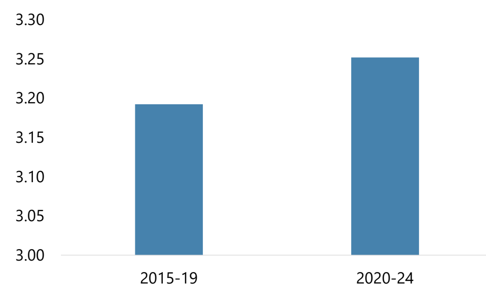
(In percent change, SA real GDP growth from 2019Q4 to 2025Q1)




Sources: Respective national statistical agencies; and CEIC Data.

**Singapore: Average Real GDP Growth**

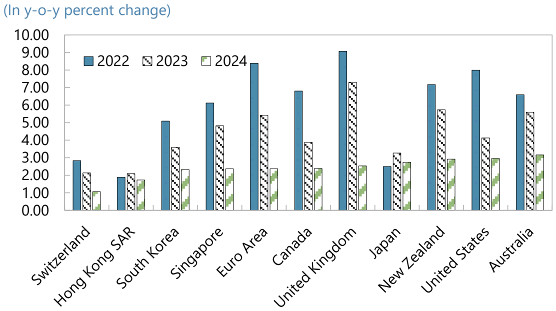
(In percent change, five-year average)




Sources: Singapore Department of Statisics; IMF staff calculations.

**Singapore: Selected Advanced Economies: Consumer Prices, 2022-24**

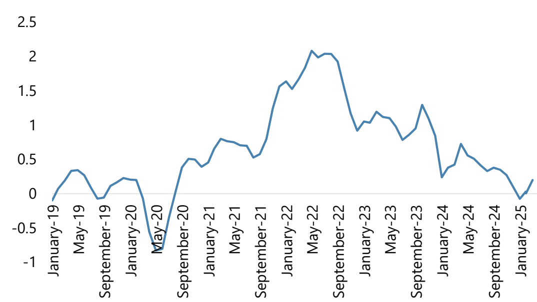
(In y-o-y percent change)




Sources: IMF World Economic Outlook GAS database and International Financial Statistics (IFS) database.

**Singapore: Sequential Inflation**

(In percent change, quarter-on-quarter)




Sources: Singapore Department of Statistics; IMF staff calculations.
Notes: Moving quarterly average headline, centered at t-1.

**2. Going forward, policies will need to remain agile in the face of rapidly evolving external challenges and rising uncertainty.** Singapore's role as a global financial and trading hub has been a key driver of its dynamic growth and resilience historically. However, it also exposes the economy to higher inward spillovers from rapid shifts in trading partners' trade and cross-border investment policies, and from a sudden deterioration in global financial conditions, particularly given

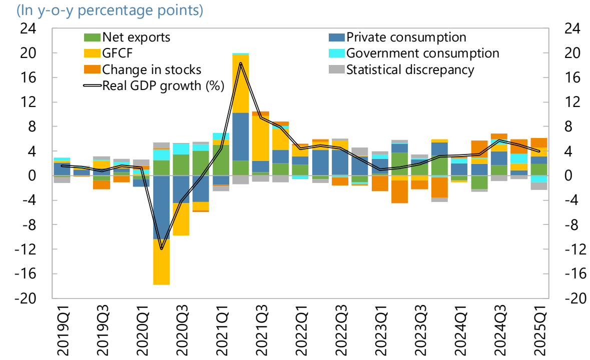
Singapore's financial interconnectedness (see accompanying Selected Issues Paper "Recent Shifts in Financial Interconnectedness in Asia and Implications for Singapore"). Against this backdrop, the 2025 Article IV consultation focused on maintaining near-term macroeconomic and financial stability while enhancing Singapore's resilience to shocks.

# RECENT DEVELOPMENTS

**3. Growth accelerated in 2024 but has since slowed due to recent trade actions.**

- Growth increased to 4.4 percent in 2024, up from 1.8 percent in 2023. Strong growth in private consumption offset weak net exports in 2024H1. In 2024H2, a recovery in external demand boosted net exports and inventories (Figure 1), which can be attributed to an upturn in the global technology cycle, some front-loading of trade and manufacturing production ahead of anticipated trade tensions, and accommodative global financial conditions. Investment and government consumption also strengthened. Singapore's manufacturing sector, which saw an increase in labor productivity from a slight decline in employment in 2024, is more capital intensive and externally oriented compared to some of its more domestically-integrated sectors (e.g., real estate).[1] Accordingly, the strong performance for the manufacturing sector did not translate into a concomitant major cyclical upturn in the domestically-integrated sectors or in the broader labor market in 2024H2 (¶5), which also allowed steady disinflation despite a small positive output gap emerging for the year.

**Singapore: Contribution to Real GDP Growth by Expenditure**
(In y-o-y percentage points)



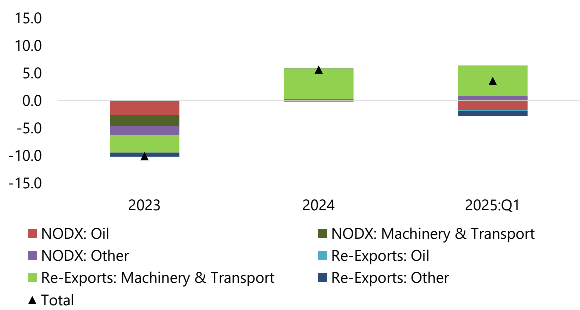

Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.

- Since February 2025, trade tensions have increased with the U.S. administration imposing a series of tariffs on certain sectors (e.g., automobiles) and varying levels of tariffs on many economies, together with retaliation towards the United States by some economies. Despite facing a relatively lower effective tariff rate compared to other economies in the region, Singapore's economy is highly exposed to the increase in trade tensions given its openness to global trade (Annex II), and via negative confidence effects from higher uncertainty. In 2025Q1, output contracted by 0.6 percent quarter-on-quarter on a sequential seasonally-adjusted basis due to a slowdown in externally-oriented sectors like manufacturing and wholesale trade.

[1] In addition to its capital intensiveness, Singapore's manufacturing sector is largely reliant on imported inputs; this decreases its production, employment, and consumption spillovers to the rest of the economy (see MAS's April 2023 Macroeconomic Review). This more recent finding contrasts with earlier studies that found higher spillovers from manufacturing to the rest of the economy (e.g., Ministry of Trade and Industry's 2017Q3 analysis).

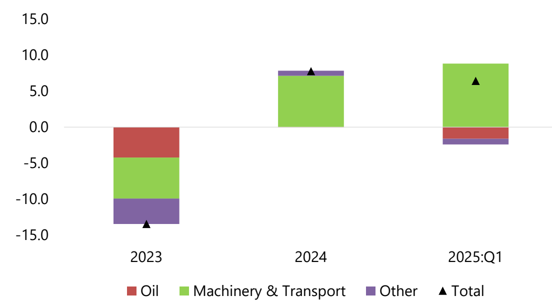
**4. Growth in imports outpaced exports in 2024 and early 2025, despite the temporary recovery in external demand in 2024H2.** Nominal goods exports increased by 5.7 percent in 2024 and 3.6 percent in 2025Q1 while goods imports increased by 7.8 percent in 2024 and by 6.4 percent in 2025Q1, largely due to machinery and transport equipment re-exports and imports. Non-oil domestic exports (NODX) of miscellaneous manufactured goods and integrated circuits grew by 12.1 and 13.9 percent in 2024, respectively. Geographically, NODX increased to Asia while declining for the United States and Europe in 2024, pointing to higher regional integration.

**Singapore: Goods Exports**
(In percent change, year-on-year, contribution)




Sources: Enterprise Singapore; IMF staff calculations.

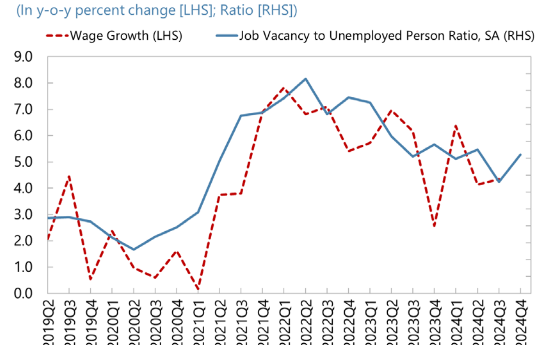
**Singapore: Goods Imports**
(In percent change, year-on-year, contribution)




Sources: Enterprise Singapore; IMF staff calculations.

**5. The tight labor market continued to normalize in 2024 and recently showed some signs of weakening.** Annual average employment growth fell to 1.5 percent in 2024 from 4.5 percent in 2023 while the unemployment rate remained stable at around 2.0 percent throughout 2023-24, below its pre-pandemic level. Nominal wage growth has followed a downward trend, declining from the peak of 7.8 percent in 2022Q1 to 4.3 percent in 2024Q3, and the vacancy to unemployed person ratio also declined from 2.5 in June 2022 to 1.6 in December 2024; however, both vacancy and employment rates remained above their pre-pandemic average levels, suggesting that the labor market remained tight. More recently, labor demand started to weaken, with the advance estimate unemployment rate increasing from 1.9 percent in December 2024 to 2.1 percent in March 2025 due to lower employment growth in externally-oriented sectors like manufacturing.

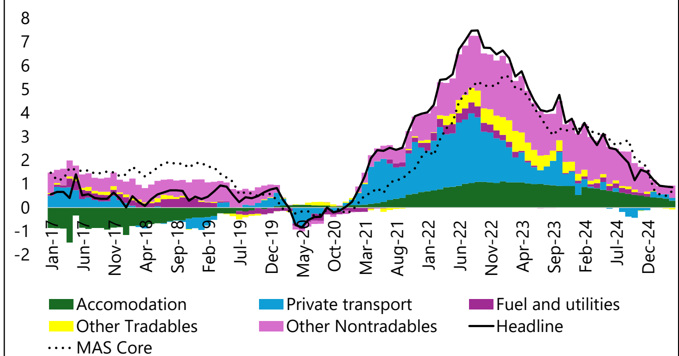
**Singapore: Job Vacancy-To-Unemployed Person and Wage Growth**
(In y-o-y percent change [LHS]; Ratio [RHS])




Sources: SGP Dept. of Stats.; SGP Ministry of Manpower; and CEIC Data.

**6. Inflation fell below 2 percent at end-2024 and further in early 2025.** Average annual headline inflation in 2024 was 2.4 percent, falling from 4.8 percent in 2023. The Monetary Authority of Singapore's (MAS) core inflation measure, which excludes costs of accommodation and private transport but includes food and energy prices, decreased from a peak of 5.6 percent in January 2023 to 0.7 percent in April 2025.[2] The scale and pace of disinflation exceeded MAS's expectations and was broad-based, supported by lower inflation in non-tradable sectors like healthcare and education due to an easing labor market and administered prices, as well as lower oil and tradables prices. Headline inflation also decreased due to declines in private transport costs and disinflation in accommodation, helped by an increased supply of vehicle owner certificates and completed housing units, respectively. Two-year ahead inflation expectations based on consensus forecasts remain anchored just under 2 percent.

**Singapore: Inflation**
(In percent, year-on-year change)




Sources: Monetary Authority of Singapore; IMF staff calculations.

**7. The fiscal policy stance tightened in FY2024 (April 2024-March 2025) but is expected to loosen in FY2025.** Following a surplus of 0.9 percent of GDP in FY2023, the overall fiscal balance under the IMF presentation (net lending/borrowing excluding non-produced assets) recorded a surplus of 1.1 percent of GDP in FY2024 against a budgeted surplus of 0.2 percent. This translated into a slightly tighter fiscal policy stance relative to FY2023, with the cyclically-adjusted primary balance improving by 0.2 percent of potential GDP.[3] The larger-than-budgeted surplus arose mainly due to stronger-than-anticipated economic activity, which boosted revenue including Corporate Income Tax. Revenues from vehicle ownership certificates also rose due to an increase in supply and Goods and Services Tax (GST) receipts picked up following an increase in the GST rate from 8 to 9 percent in January 2024. The additional revenue more than offset higher outlays, such as higher operating grants to the Housing and Development Board (HDB) as well as special transfers that included enhanced top-ups to citizens' healthcare expenditure accounts at the Central Provident Fund (CPF), Singapore's social security scheme. The FY2025 budget, approved in February 2025, envisages an overall fiscal surplus of 0.5 percent of GDP. This implies an expansionary fiscal policy stance, with the cyclically-adjusted primary deficit increasing by 0.8 percent of potential GDP relative to FY2024.

**Singapore: Recent Fiscal Developments**

| (all values in percent of GDP) | FY2021 | FY2022 | FY2023 | FY2024 (B) | FY2024 | FY2025 (B) |
|---|---|---|---|---|---|---|
| Revenue | 16.7 | 16.2 | 18.3 | 17.8 | 19.0 | 19.8 |
| Expense | 14.7 | 13.5 | 14.0 | 14.2 | 14.5 | 15.4 |
| Net acquisition of nonfinancial assets 1/ | 2.9 | 3.2 | 3.4 | 3.4 | 3.4 | 3.9 |
| **Net lending/borrowing 1/** | **-0.9** | **-0.5** | **0.9** | **0.2** | **1.1** | **0.5** |
| Primary balance 2/ | -3.7 | -4.2 | -2.4 | -2.9 | -2.2 | -3.1 |
| Cyclically adjusted primary balance 3/ | -3.9 | -4.5 | -2.4 | -3.0 | -2.2 | -3.0 |

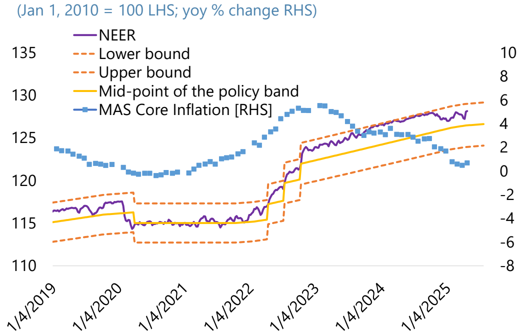
1/ excluding nonproduced assets
2/ Net lending/borrowing excluding nonproduced assets minus net investment return contribution (NIRC).
3/ The fiscal stance/impulse is the change in the cyclically adjusted primary balance.

[2] MAS does not have an explicit inflation target but sees MAS core inflation of just under 2 percent as consistent with overall price stability.

[3] After accounting for top-ups to senior citizen's Central Provident Fund accounts, this implies a tight fiscal stance overall in FY2024.

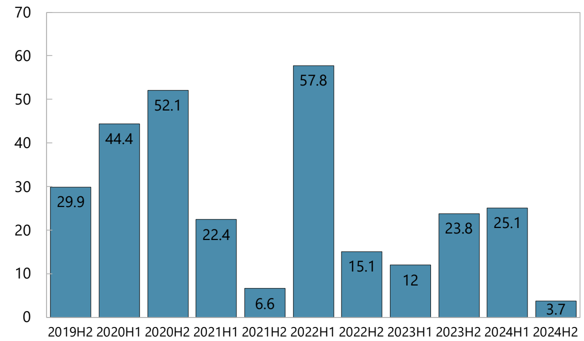
**8. Following a tight stance since early 2022, MAS started loosening monetary policy in early 2025.** MAS operates a basket, band, and crawl (BBC) exchange rate based monetary policy framework in which the nominal effective exchange rate (NEER) is managed against an undisclosed basket of currencies. After keeping its policy setting unchanged since October 2022, and in response to larger-than-expected disinflation 2024H2, MAS loosened the monetary policy stance by reducing the slope of its policy band in January and April 2025 in a manner that is still expected to produce a gradual appreciation of the NEER and with no changes to the width of the band or its midpoint. Net foreign exchange (FX) purchases, which are endogenous to Singapore's monetary policy framework, decreased to US$4 billion in 2024H2, down from US$25 billion in 2024H1. Gross international reserves increased to US$389 billion at end-April 2025, up from US$371 billion at end-2024 (68 percent of GDP) and US$351 billion at end-2023.

**Singapore: Nominal Effective Exchange Rate and Policy Band**
(Jan 1, 2010 = 100 LHS; yoy % change RHS)




Sources: Monetary Authority of Singapore; CEIC Data; and IMF staff calculations.

**Singapore: FX Intervention**
(In billions of USD)




Sources: Monetary Authority of Singapore.

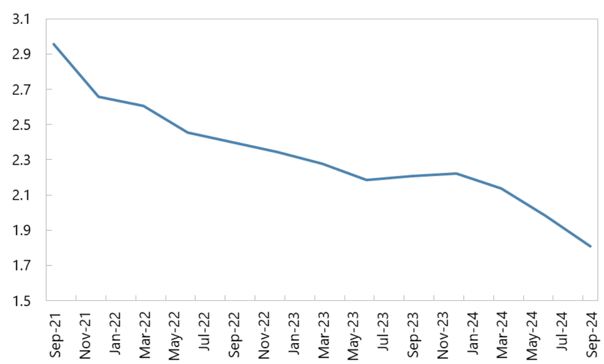
**9. After easing in 2024, financial conditions tightened in April 2025.**

- Domestic financial conditions eased in 2024, driven primarily by easing corporate and sovereign debt spreads, and reflecting less restrictive global conditions compared to past years. The domestic interest rates, including the 3-month compounded Singapore Overnight Rate Average (SORA), continued to decline from 3.6 percent in August 2024 to 2.5 percent in April 2025, mostly in line with U.S. interest rates. Domestic private credit (as measured by resident non-bank loans) recorded a broad-based increase of 2.6 percent year-on-year in 2024Q3 (see Figure 5), although the credit-to-GDP gap remained negative.

- The April U.S. tariff announcements triggered global equity markets selloffs in the U.S. and Asia, accompanied by a sharp rise in the VIX volatility index. Singapore's stock market dropped by 12.1 percent in the first week of April. These developments led to a sharp tightening in domestic financial conditions in April 2025, which have since eased. However, escalating trade uncertainty could re-tighten conditions going forward.

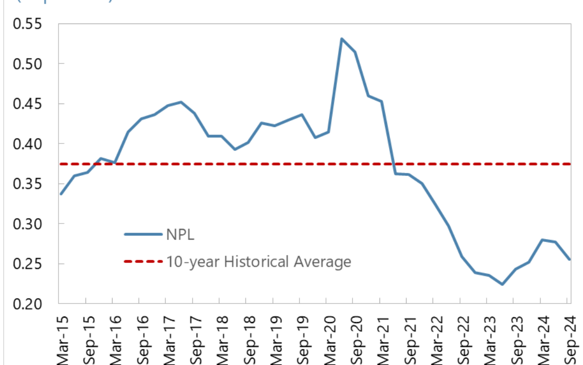
**10. The financial sector remains sound.** The banking system is well-capitalized, with the capital adequacy ratio at 18.9 percent in 2025Q1, supported by good asset quality and adequate provisioning (see Table 7). Banks remain profitable, and their liquidity positions are strong, with the all-currency liquidity coverage ratio (LCR) and net stable funding ratio of Domestically Systemic Banks (D-SIBs) comfortably meeting the minimum requirements of 100 percent. Although there are no minimum requirements on foreign currency (FC) LCR, all D-SIBs maintain a FC LCR close to 100 percent or more. Corporate balance sheets strengthened amid the strong growth momentum and easing financial conditions, and household balance sheets remain strong, with robust asset positions and low non-performing loan ratios (¶32).

**Singapore: Banking System's Overall Corporate NPL Ratio**
(In percent)




Sources: Monetary Authority of Singapore, *Financial Stability Review 2024*.

**Singapore: Non-performing Loans (Mortgages)**
(In percent)




Sources: Monetary Authority of Singapore, *Financial Stability Review 2024.*

# OUTLOOK AND RISKS

**11. Growth is projected to slow sharply in 2025 and remain low in 2026, while inflation is expected to stay muted.**

- Staff's baseline projection assumes the series of U.S. and trading partner tariffs applied through April 4th are permanent after the 90-day pause. They are expected to negatively affect net exports, private consumption, and investment in Singapore, primarily due to significant confidence effects from elevated uncertainty and tighter financial conditions. Accordingly, annual real GDP growth is projected to fall from 4.4 percent in 2024 to 1.7 percent in 2025, reflecting a sequential contraction in growth that turned negative in 2025Q1 and bottoms out in 2025H2.[4] Domestic demand growth is also projected to remain subdued despite some offsetting support from real wage growth, an expansionary fiscal stance (¶17), a neutral monetary policy stance (¶15), and infrastructure projects (¶19). Growth in 2026 is expected to

[4] In particular, the announcements between February 1st to April 4th are expected to reduce Singapore's real growth by -0.7 percentage points (ppt) in both 2025 and 2026 relative to the October 2024 *World Economic Outlook* reference forecast of 2.5 percent for both years. The downward revision in 2025 accounts for: -0.3 ppt from direct and indirect declines in exports; +0.2 ppt from trade diversion; -0.1 ppt from second round effects due to lower external demand; and -0.6 ppt from tighter financial conditions and negative confidence effects on investment and consumption.

remain low at 1.7 percent. The small positive output gap in 2024 is expected to turn negative in 2025, widening further in 2026. Subsequent announcements in tariffs, including the May 12th temporary de-escalation with China, are not expected to materially alter the baseline projection given that the main driver of lower growth is uncertainty, which remains elevated near historical highs.

- Over the medium term, growth is projected to recover to 2.5 percent, driven by a gradual recovery in external demand, solid private consumption, and increased capital accumulation—particularly as uncertainty subsides—and related total factor productivity growth, offsetting the impact of aging on employment growth. The negative output gap in 2025-26 will close over the medium term; however, there will be scarring effects from the trade tensions on the level of output, with medium-term output roughly 1.6 percent below the level anticipated prior to the recent tariff measures.

- Inflationary pressure is expected to stay muted through 2025, with both headline and MAS core inflation forecast to remain below 2 percent, at 1.1 and 1.0 percent in 2025, respectively. This reflects the expected decline in global commodity prices and other tradables due to slowing global growth, as well as increasing slack in the domestic economy.

**12. Risks to the growth outlook are firmly tilted to the downside and mainly stem from external factors (Annex III).** There is a high degree of uncertainty around staff's baseline forecast, largely reflecting the high degree of uncertainty around the global reference forecast (see the April 2025 *World Economic Outlook*).

- In the near term, as a major trading and investment hub, further escalations in trade barriers could rapidly reduce external demand and disrupt Singapore's FDI and supply chains—with outsized impacts on certain sectors' output and employment (see Annex II and Box 1 for illustrative adverse scenarios). There are also early signs that the global technology cycle may have peaked in late 2024 (Figure 1). Policy uncertainty and associated market volatility could also trigger further tightening of global financial conditions, causing asset repricing, market dislocations, and U.S. dollar appreciation. This could generate adverse spillovers to Singapore's financial system resiliency and investment. On the other hand, a reduction in tariffs or a faster resolution of trade policy differences via negotiations could resolve uncertainty sooner. Also, Singapore's growth could be helped by stronger-than-expected external demand (e.g., from boosted AI demand and a stronger global technology cycle upswing, an easing of conflicts, stimulus measures, or structural reforms that raise global output). Housing-related systemic risks associated with elevated private housing prices should continue to be contained (¶33).

- Over the medium term, deepening geoeconomic fragmentation could threaten Singapore's financial interconnectedness and role as a global financial center. Ongoing developments and adoption of AI technologies are associated with both upside (e.g., stronger productivity) and downside (e.g., labor market disruptions and cyberthreats) risks.[5] Over the longer term, climate

[5] See the 2024 Singapore Article IV Selected Issues Paper "Impact of AI on Singapore's Labor Market."

change continues to pose a threat to growth prospects, with potential spillovers to the financial sector and economic activity. Finally, Singapore's aging population may threaten its potential growth outlook and put increasing pressure on its fiscal resources.

13. **While there are some upside risks to inflation, risks to inflation are tilted to the downside on net.** Downside risks to inflation stem from (i) the prominent downside risks to growth and the widening negative output gap, which could rapidly cool down the labor market; (ii) a worse-than-expected global economic downturn resulting in lower commodity prices; and (iii) a decline in tradable prices originating from excess export capacity in Singapore's trade partners facing higher trade restrictions. On the other hand, upside risks to inflation originate from (i) potentially widespread disruptions from new trade barriers on global and regional supply chains, leading to higher tradable prices for Singapore; (ii) supply and demand volatility in commodity markets (e.g., due to conflicts); and (iii) upside risks from potentially higher-for-longer global inflation (see Box 1).[6]

***Authorities' Views***

14. **The authorities expected growth to slow down sharply and inflation to stay low in the near term.** The escalation in trade tensions and spike in global uncertainty is expected to significantly affect Singapore's highly open economy, with annual growth projected to range between 0 to 2 percent in 2025. The slowdown is expected to stem from both externally facing industries (e.g., manufacturing and wholesale trade) and domestic industries (e.g., retail trade), with indirect supply chain exposures, lower trading partner demand, and negative sentiment effects from heightened uncertainty playing key roles. MAS forecasts that headline and MAS core inflation will be in the range of 0.5-1.5 percent in 2025, although a small increase in inflation is expected in 2025H2 due to higher retail goods and essential services inflation. Nominal wage growth is projected to moderate due to easing tightness in the labor market amidst the deterioration in the economic outlook. This, alongside the expected moderation in productivity growth, should result in the pace of increases in unit labor costs remaining broadly similar to that in 2024. MAS viewed that risks to growth and inflation are tilted to the downside, and placed a lower probability on upside risks to inflation stemming from global supply chain disruptions, while agreeing to be alert to such a contingency.

# POLICY DISCUSSIONS

*In light of weak inflation, slowing growth, and a forecasted negative output gap, staff sees scope for further monetary policy easing but vigilance is needed with respect to the speed and magnitude of easing amid elevated uncertainty. The expansionary fiscal stance in FY2025 is appropriate, supporting economic activity and vulnerable households and businesses. Singapore's strong fiscal framework will enable the country to address medium- and long-term spending needs, which will also help reduce*

[6] There is a growing literature showing that supply chain disruptions were a primary driver of inflation during the global inflationary surge that began in 2021 (e.g., Diaz et al. 2024; di Giovanni et al. 2024; Platitas and Ocampo 2025; and Ascari et al. 2024). This is buttressed by staff analysis showing that a lagged increase in measured global supply chain disruptions leads to a statistically significant increase in Singapore's core inflation.

*Singapore's external surplus as its external position is assessed as substantially stronger than the level implied by medium-term fundamentals and desirable policies. Ample fiscal space will allow the government to act promptly in case downside risks materialize. The financial sector remains resilient, while continued vigilance is warranted against vulnerabilities amid heightened global uncertainty and a rise in global financial stability risks. Staff welcome continued implementation of the Forward Singapore initiative, including the introduction of temporary financial support for involuntarily unemployed individuals, and efforts to step up AI adoption to enhance productivity, including through re-skilling of the workforce.*

## A. Monetary Policy

**15. Staff sees scope for further easing of monetary policy but vigilance is needed with respect to the speed and magnitude of easing amid elevated uncertainty.** Staff analysis suggests that the current monetary policy stance has become broadly neutral following the reductions in the slope of NEER appreciation in January and April 2025.[7] Ongoing disinflationary pressure will come from lower tradable inflation and continued labor market rebalancing. Against this backdrop and given recent weak inflation outturns, slowing growth, and a forecasted negative output gap, staff recommends further monetary policy easing in the near term. However, MAS should remain vigilant and data dependent with respect to the speed and magnitude of easing in light of the large uncertainty, as well as both upside and downside risks around the inflation outlook. MAS should stand ready to increase its pace of easing should downside inflation risks begin to materialize.

***Authorities' Views***

**16. The authorities concurred with the need for a cautious and data-dependent approach for monetary policy.** In light of weakening cyclical conditions, MAS loosened the monetary policy stance in January and April 2025 in a measured and staggered manner. MAS assessed the current monetary policy stance as appropriate, with the NEER on a modest appreciating slope as of late May 2025. Given the large uncertainty surrounding the growth and inflation outlook, MAS agreed with the need for vigilance and adopting a data-dependent approach going forward. In the event that downside inflation risks materialize, MAS stands ready to further loosen monetary policy. Given that the heightened global trade tensions may cause structural change to the economy, the appropriate policy response should consist of coordinated and complementary policy actions including fiscal measures and supply-side structural reforms, while monetary policy should seek to ensure price stability.

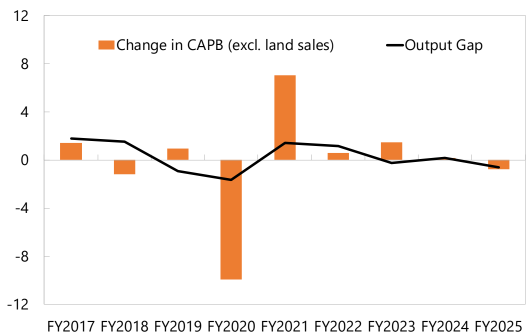
## B. Fiscal Policy

**17. The expansionary fiscal stance presented in the FY2025 budget is appropriate against the backdrop of slowing growth in 2025 and elevated downside risks.** It is also in line with

[7] Staff assesses the stance by estimating the NEER reaction function using various specifications from the literature; see the Selected Issue Paper from the 2016 Article IV and Clarida (2019) for more detail.

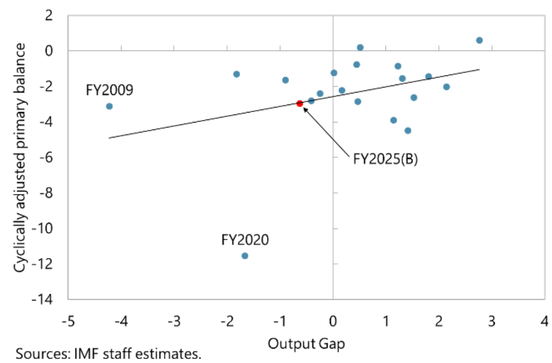
staff's recommendations in previous Article IV consultations to gradually reduce fiscal surpluses to accommodate rising spending needs. With muted inflation, the output gap turning negative, and risks to growth tilted to the downside, the looser fiscal stance will support economic activity amid a more challenging external environment. The overall composition of the budget will support economic activity, with additional revenue coming in part from higher investment returns, and additional spending going toward infrastructure, healthcare, and transfers to households and businesses.

**Singapore: Change in CAPB**
(In percent of potential GDP)




Sources: IMF staff estimates.

**Singapore: Output Gap and Primary Balance**
(In percent of potential GDP, fiscal year)




Sources: IMF staff estimates.

**18. To alleviate still high cost of living, the FY2025 budget supports households and businesses through both targeted and untargeted measures.** Key measures for households include vouchers, utility rebates, expanded support for families, and education account top-ups. Select pensioners and lower-income households will benefit from higher allowances. Meanwhile, businesses receive a Corporate Income Tax rebate (with minimum benefits for smaller firms) and higher co-funding under the Progressive Wage Credit Scheme. With 2025 marking the 60th anniversary of Singapore's independence, the separate "SG60" package contains additional vouchers, personal income tax rebates, credits for cultural and sporting activities, as well as rental support for market stalls. Special Transfers total 0.5 percent of GDP in FY2025, relative to 0.4 percent of GDP in FY2024.[8] As cost-of-living pressures fade and real wages continue to rise, currently untargeted transfers should be phased out or better targeted to vulnerable households and firms over the medium term (¶20).

**Singapore: Special Transfers in the Budget**

| (SGD billion) | Type | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|
| SG60 Vouchers | broad-based | - | - | 2.02 |
| COL Special Payment | targeted | 1.46 | 0.78 | 1/ |
| CDC Vouchers | broad-based | 0.64 | 0.78 | 1.06 |
| MediSave Top-up Scheme | targeted | 0.06 | 0.60 | 1/ |
| Others 2/ | varies | 0.60 | 0.90 | 0.69 |
| **Total** | | **2.75** | **3.07** | **3.78** |
| *(total in percent of GDP)* | | *0.4%* | *0.4%* | *0.5%* |

*1/ For FY2025, the COL Special Payment and MediSave Top-up Scheme are included in the "Others" category*

*2/ This category includes U-Save rebates, CIT Rebate Cash Grant, NS LifeSG Credits, CPF Transition Offset, S&CC Rebates, Enterprise Innovation Scheme, GST Voucher Special Payment, Top-ups to self-help groups, and Top-ups to Edusave, Post-Secondary Education and Child Development Accounts, Jobs Support Scheme and Rental Support Scheme, COL Special Payment (FY25 only) and MediSave Top-up Scheme (FY25 only)*

[8] Not all measures mentioned in this paragraph are part of Special Transfers (see breakdown in the text table).

**19. The budget also devotes significant resources to structural spending measures aimed at advancing the *Forward Singapore* agenda.** Measures such as top-ups to the Changi Airport Development Fund, Coastal and Flood Protection Fund, Future Energy Fund (S$5bn each, totaling 2 percent of GDP), and National Productivity Fund (0.4 percent of GDP) are geared toward building future-proof infrastructure, managing the climate transition, and attracting investment in high-tech areas such as biotech and semiconductors. As welcome steps, the government has introduced a temporary financial support scheme for involuntarily unemployed individuals (¶40) and has been increasing allowances for reskilling and upskilling programs for mid-career workers (¶41) as well as workforce transformation expenses for businesses.

**20. Singapore's robust public finances and fiscal institutions leave it well-positioned to tackle increased medium-term spending needs** to meet: higher healthcare costs due to Singapore's aging population, climate transition costs, structural transformation amid technological change, and the need to refresh aging infrastructure and public housing. The necessary fiscal room to accommodate these growing spending needs could be created by (i) reducing the fiscal surplus over time within the existing balanced budget framework and (ii) gradually phasing out or better targeting currently untargeted transfers and rebates to vulnerable households as real wages continue to rise and cost-of-living pressures fade. In addition, spending on high-quality long-term infrastructure projects can be increased by issuing bonds under the Significant Infrastructure Government Loan Act (SINGA). The introduction of SINGA in 2021 enabled qualifying infrastructure projects to be funded via an overall budget deficit without breaching the balanced budget rule (see Annex IV). Staff recommends that the authorities periodically update and publish medium-term fiscal projections.[9]

**21. Singapore has substantial fiscal space that can be deployed in the event of downside risks materializing.** In such a scenario, automatic stabilizers originating from income taxes and unemployment benefits should continue to operate. Beyond automatic stabilizers, support for affected businesses and households could be financed by budgetary reallocation or a supplementary budget. Further, Singapore has substantial fiscal space to deploy additional support; staff estimates that the government owns large financial assets (net of government debt) amounting to 85 percent of GDP as of end-March 2024. The authorities have demonstrated the willingness and ability to access the fiscal space when crises hit such as during the Global Financial Crisis and the COVID-19 pandemic. Similarly, if economic conditions were to worsen significantly, the authorities could deploy prompt and time-bound support targeted to badly hit firms and households.

***Authorities' Views***

**22. The authorities broadly concurred with staff's assessment of fiscal policy.** The expansionary FY2025 budget provides timely support to the weakening economy. With cost-of-living concerns still salient, support for vulnerable households and businesses was a key component of the FY2025 budget. Singapore's fiscal policy has been guided by multi-year and medium-term considerations to ensure fiscal sustainability and the overall progressivity of fiscal policy. Specifically,

[9] The MOF published an occasional paper on the medium-term fiscal outlook in 2023.

the GST rate was increased in 2023 and 2024 to cover rising spending needs, in particular for healthcare, while the regressivity of the GST is offset by a targeted transfer scheme; the SINGA has been introduced to finance large, lumpy, and nationally significant infrastructure investments that benefit future generations; and improvements in the social safety net are expected to pick up over the coming years under the *Forward Singapore* initiative. The authorities agreed on the importance of maintaining a progressive system of taxes and transfers, including through the targeting of transfers. The authorities agreed that Singapore has ample fiscal space. If downside risks materialize, they stand ready to provide temporary and targeted support to affected businesses and households.

## C. External Sector Assessment

**23. Singapore's external position in 2024 is assessed as substantially stronger than the level implied by medium-term fundamentals and desirable policies** (Annex V). The current account (CA) balance recorded a surplus of 17.5 percent of GDP in 2024, decreasing from 17.7 percent of GDP in 2023 and led by a decline in the goods surplus. Adjusting for both cyclical and country-specific factors, staff assesses the CA gap to be in the range of 3.1–7.1 percent of GDP; the relatively wide range reflects a high degree of uncertainty around the assessment. The CA gap compares the 2024 cyclically-adjusted current account with the associated current account norm, which is the medium-term benchmark level for the current account that is consistent with the underlying macroeconomic and structural fundamentals and with medium-term appropriate policies, once temporary and near-term cyclical factors are excluded. The main drivers of Singapore's external position have been its financial center status, high household savings related to rapid aging, and a relatively stronger fiscal position and larger negative credit gap compared to the rest of the world. Staff analysis shows that high household savings in Singapore relative to other advanced economies can be attributed to Singapore's higher per capita income, faster paced speed of aging, lower labor share of income, and precautionary motives (e.g., due to high income uncertainty).[10] These factors are broadly structural in nature. Consistent with the stronger external position, the real effective exchange rate (REER) appreciated by 2.9 percent in 2024 relative to 2023, resulting in a cumulative REER appreciation by 16.7 percent since 2020.[11] The need for an appreciation of the REER over the medium term should not have a direct bearing on short-term movements in the NEER, which is controlled to achieve price stability under the BBC monetary policy framework.

**24. Higher public spending and stronger social safety nets should continue to help reduce Singapore's large external surpluses.** The expansionary FY2025 budget (¶17) and projected near- and medium-term increases in public spending, including for healthcare[12], public housing, and high-quality and resilient public infrastructure (¶19), are expected to help gradually reduce the external imbalance. Higher public investment is also expected to catalyze private investment. Ongoing efforts to strengthen social safety nets (e.g., the new temporary financial support scheme for involuntarily

[10] See IMF Selected Issues Paper titled "Household Consumption Dynamics around Shocks" (IMF Country Report No. 2021/159).
[11] The cited exchange rate is based on consumer price indices.
[12] The government's healthcare spending is projected to increase by almost 1 percent of GDP by 2030 alone, with likely higher potential outlays in the longer term.

unemployed individuals, ¶40) are welcome and can be expanded upon to help reduce households' precautionary savings and support stronger consumption. Together, these are expected to reduce the saving-investment gap in both the public and private sectors, thereby reducing external current account surpluses over the medium and long term.

***Authorities' Views***

**25. The authorities expressed their continued concern about the external balance assessment (EBA).** In their view, nonstandard factors make a quantitative assessment of Singapore's external position difficult and subject to significant uncertainty. In particular, Singapore, as a small city-state of 284 square miles, faces limited investment opportunities including for risk diversification, thus necessitating that residents invest their savings abroad. Singapore's high private savings over the last two decades should be seen in the context of the country's faster pace of aging and stronger per capita income growth compared to advanced economies. The authorities also stressed Singapore's vulnerability to external shocks as well as its role as a regional trade and financial hub, where its interlinkages, exposures, and prudential motives call for maintaining large external assets as a buffer. Looking forward, the authorities agreed that the saving-investment gap would narrow in the medium- and long-run, as the population ages, the labor force participation rate continues to fall as more people retire, public spending (e.g., on healthcare) rises, and social safety nets strengthen. They also concurred that the real effective exchange rate should remain on an appreciating path going forward. However, they pointed out that cyclical circumstances may drive the REER weaker temporarily (e.g., if Singapore is disproportionately affected by the global trade shock) given the openness of the economy and its reliance on trade.

## D. Adverse Macroeconomic Scenarios and Contingent Policies

**26. Given the elevated uncertainty, the authorities should prepare for potential adverse macroeconomic shocks.** In Box 1, staff develops two illustrative adverse scenarios: a sharp drop in external demand associated with downside price pressures (adverse scenario I) and a sharp drop in external demand coupled with an increase in inflation associated with supply chain pressures (adverse scenario II).

- Under adverse scenario I, monetary policy should be eased at a faster pace and the fiscal stance should be further loosened with targeted fiscal support for affected and vulnerable entities.

- Under adverse scenario II, which is less likely than adverse scenario I, inflationary pressures rise sharply beyond levels consistent with price stability (e.g., from broad-based and persistent critical supply chain disruptions). In this scenario, the policy trade-offs are likely to be more challenging. Despite weaker growth, the monetary policy stance may need to stay on hold or even be tightened to anchor inflation expectations. Targeted temporary support for affected and vulnerable entities should be provided, however the need for fiscal loosening should be weighed against fueling inflationary pressures.

- In both scenarios, Singapore's financial sector could come under pressure from a further tightening of global financial conditions, leading to higher FX borrowing costs, a reduction of cross-border capital flows, and a worsening in credit quality. Liquidity support to banks may be needed if the shock and its impact deepen. Additionally, macroprudential policies should be adjusted to safeguard financial stability.

## Box 1. Adverse Macroeconomic Scenarios for Singapore

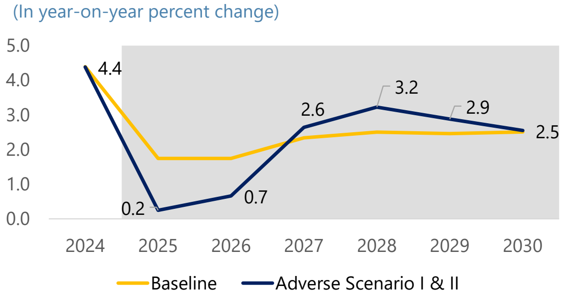
**A worse-than-expected adverse scenario could arise from a more adverse external environment than assumed under the baseline.** This box provides illustrative adverse scenarios for Singapore's economy based on the April 2025 *World Economic Outlook's* global downside scenario, which has several layers, including divergences between the U.S. and other markets (e.g., extended tax cuts in the U.S. vs. slowing productivity and domestic demand in Europe and China), higher tariff rates, a further spike in uncertainty, and tighter financial conditions.[1]

**On a global level, GDP growth declines relative to the reference forecast, reflecting a large impact from the higher tariffs, uncertainty, and tighter financial conditions, weighing on exports, foreign and domestic private investment, and consumption through its impact on households and corporates.** The decrease in global activity is estimated to be disinflationary, with global headline inflation falling in the near term.

**Reflecting a worse-than-expected fall in global growth, with higher credit spreads, tightening financial conditions, and weaker investor confidence and real investment growth, Singapore's growth could further decline while the effect on inflation could be either disinflationary or—less likely—inflationary.** For Singapore, growth could decline to 0.2 percent in 2025 and 0.7 percent in 2026, due to the same channels from the global adverse scenario. For MAS core inflation, staff highlights two potential alternatives. First, core inflation could be lower due to weaker economic activity (adverse scenario I), with inflation falling by 20 bps in 2025 and 40 bps in 2026 relative to the baseline. However, there is also a low-likelihood potential outcome where inflation dramatically rises under the adverse scenario (adverse scenario II). This could occur if the heightened trade tensions lead to broad-based and persistent critical supply chain disruptions from new trade barriers and controls and/or if escalating conflicts put sharp upward pressure on commodity prices, as in 2022-23. In the alternative inflationary scenario, staff assumes an inflationary surge that builds in 2025 and peaks in 2026 around 4 percent (close to its 2023 level).

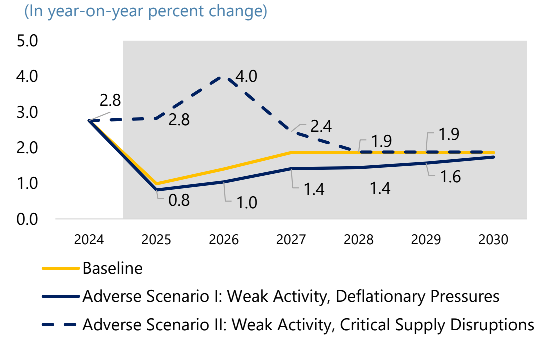
1/ This scenario was referred to as Scenario A in the April 2025 *World Economic Outlook*.

**Singapore: Adverse Scenario Real Growth**
(In year-on-year percent change)




Sources: IMF staff calculations.

**Singapore: Adverse Scenario MAS Core Inflation**
(In year-on-year percent change)




Sources: IMF staff calculations.

***Authorities' Views***

**27. The authorities agreed with the need for contingency planning.** A special tripartite taskforce is monitoring the impact of global trade tensions and policy uncertainty on the Singaporean economy and devising contingent policy measures for affected firms and workers. In both adverse scenarios, Singapore has ample fiscal space to respond as necessary. Support measures will be tailored to the nature of the shocks and, in the current context, should allow viable firms to adapt to a new global environment; however, the measures may not be as extensive as those implemented during the pandemic era. While the authorities considered the stagflation scenario as unlikely for now, in such a scenario, monetary and fiscal policies need to strike the balance between the need to accommodate a temporary increase in inflation and the need to support the economic activity.

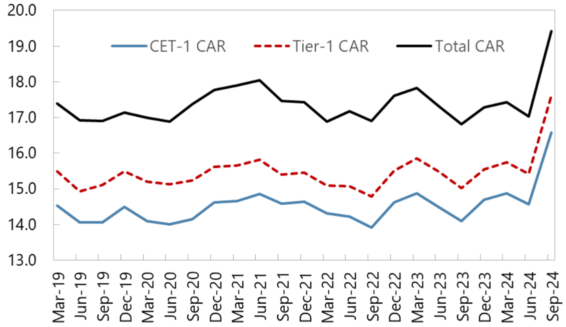
## E. Financial and Macroprudential Policies

**28. Singapore's financial sector remains resilient, and systemic risks are contained.** Banks are well capitalized, liquid, and profitable (¶10). While financial stability risks remain contained, continued vigilance against the risk of a rapid tightening in financial conditions (¶12) is critical. Potential housing-related systemic risks may emerge from rising demand for private housing; the risks should continue to be mitigated by tight housing-related macroprudential policies (¶33), supported by continued efforts to increase housing supply. Further, vulnerabilities from cross-border credit risks, FX funding risks, financial sector interconnectedness (including between banks and NBFIs), small segments of highly leveraged corporates and households, and exposure to the commercial real estate (CRE) sector require continued vigilance (¶30, ¶31, ¶32, ¶34, ¶35), as these channels can further amplify pressures amid heightened global uncertainty and a rise in global financial stability risks since the U.S. tariff announcements. Efforts should also continue to strengthen capacity to monitor and mitigate cybersecurity, AML/CFT, and climate risks.[13] In response to the 2019 FSAP recommendations, MAS has enhanced supervision to ensure U.S. dollar liquidity for D-SIBs, strengthened resolution tools, devoted more resources to oversee payment systems, and taken steps to mitigate cyber risks (see Annex VII).

**29. MAS's stress test analysis suggests that the capital and liquidity positions of domestic systemically important banks (D-SIBs) are resilient against severe shocks.** D-SIBs account for about 66 percent of total banking sector assets. They have maintained strong capital positions, with the CET1 capital adequacy ratio (CAR) at 16.6 percent in 2024Q3, well above the regulatory minimum of 9 percent (including the capital conservation buffer of 2.5 percent). D-SIBs also have healthy profit levels, low non-performing loans, and ample liquidity, including adequate FX liquidity buffers. MAS's stress tests suggest that, under a stress scenario encompassing intensification of geopolitical conflicts, trade tensions, a global recession, and tightening financial conditions, D-SIBs' CET1 ratio would still remain above the regulatory minimum during the three years after the shock.

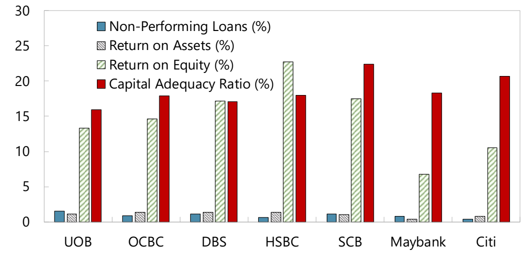
[13] A recent IMF capacity development mission discussed options to refine MAS's climate risk analysis framework.

**Singapore: D-SIBs' CARs**
(In percent)



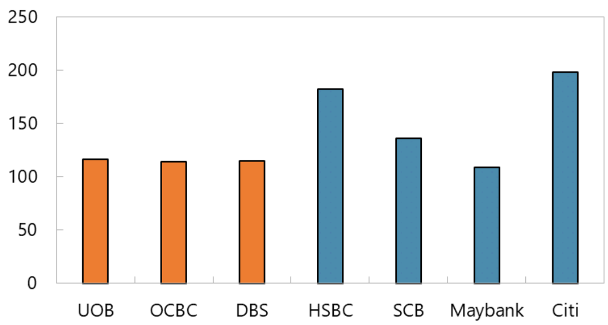

Sources: Monetary Authority of Singapore, *Financial Stability Review 2024.*

**Singapore: Top 7 Banks' Key Indicators**
(In percent)



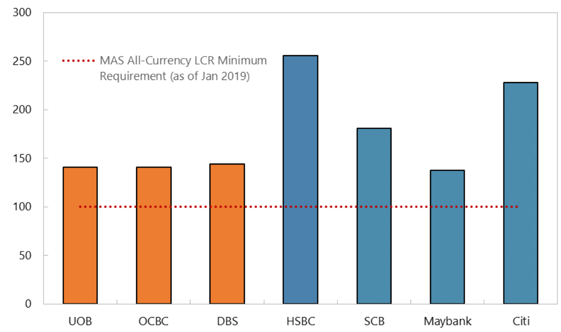

Note: Tier 1 capital ratio for DBS based on S&P Global DBS Bank Ltd. Report from 6/1/2025. Remaining banks' Capital Adequacy Ratio (CAR) is based on BMI, a Fitch Solution Company, report from Q2 2025.
Sources: BMI and S&P Reports.

**Singapore: D-SIBs' NSFRs, 2024Q3**
(In percent)




Sources: Monetary Authority of Singapore, *Financial Stability Review 2024.*

**Singapore: Local Banking Groups' All-Currency LCRs, 2024Q3**
(In percent)




Sources: Monetary Authority of Singapore, *Financial Stability Review 2024.*

30. **MAS should maintain vigilance in monitoring cross-border risks, considering increasing global uncertainties and global financial stability risks**. Cross-border lending accounts for about 43 percent of banks' loan portfolios in 2024Q4 (comprising both nonbank and interbank loans). Of this, about 37 percent was directed to non-banks. Cross-border non-bank loans are diversified across Asia, Europe, the Americas, and other regions, and emerging Asia continues to account for the largest share. Singaporean banks are also exposed to broader cross-border liquidity risks from their dependence on interbank borrowing and non-resident deposits. In this context, staff welcomes MAS's stress tests to analyze the impact of cross-border interbank contagion on Singaporean banks, using a tail scenario of default of a single country's banking sector. This triggers second round shocks within the network, and is transmitted through several channels, including counterparty country banking system defaults and funding liquidity stresses from the pullback of funding lines, triggering asset fire sales. The stress tests suggest that D-SIBs can withstand such shocks in terms of capital and liquidity regulatory requirements. Nonetheless, amid heightened global uncertainty and a rise in global financial stability risks, broadening the stress tests' scope for macro-financial spillover impacts beyond interbank exposure could be considered.

31. **Given the importance of FX funding for the banking system, and the risk of a rapid tightening in global financing conditions, D-SIBs' resilience against FX liquidity shocks should continue to be monitored closely.** Staff welcomes MAS's cashflow-based liquidity stress tests, which indicate that D-SIBs have sufficient FX liquidity buffers on a daily basis, against all currencies including the U.S. dollar. Staff also welcomes MAS's close engagement with banks on contingent FX financing plans and recent efforts to step up the monitoring of key funding markets in coordination

with central banks globally. MAS offers various liquidity facilities for banks to manage local and foreign currency liquidity, including Emergency Liquidity Assistance as a financial stability backstop and as a lender of last resort, and can access U.S. dollars through the Federal Reserve's FIMA Repo Facility which is secured by U.S. Treasuries. MAS should stand ready to provide liquidity in the market under a period of market stress.

**32. While corporate and household balance sheets continue to improve, MAS's stress tests identify a small segment of overleveraged corporates and households that warrants continued close monitoring.**

- Non-financial corporate debt declined from a peak of about 160 percent of GDP in March 2021 and has stabilized at about 120 percent of GDP since 2022Q4. Firms' debt servicing needs remain manageable, with healthy earnings cushioning the impact of high refinancing costs, bringing down banks' corporate NPL ratio. MAS's stress tests conducted in November 2024 suggest that the corporate sector would continue to be resilient against a 10 percent decline in earnings and a 300-basis point rise in interest rates. However, firms' debt-at-risk (i.e., the debt held by firms with an interest coverage ratio (ICR) below one) under the stress scenario remains at 7 percent of overall corporate debt in 2024Q2. Elevated global trade tensions may impact the earnings of firms that are integrated into global and regional supply chains. In this regard, staff welcomes MAS's continued vigilance including by updating stress tests scenarios and preparing contingency plans.

- The ratio of household debt to personal disposable income has steadily declined to 1.1 in 2025Q1, and household liquid assets continue to exceed total household debt. Mortgage debt, which makes up three-quarters of household debt and about 20 percent of non-bank loans, is backed by property collateral, with banks' mortgage NPL ratio remaining below the historical average. MAS's latest stress tests on households, assuming an immediate increase in mortgage rates to 5.5 percent together with a simultaneous income loss of 10 percent, affirms that over 90 percent of households can service mortgage loans under the stress scenario. However, a small segment of highly leveraged borrowers (estimated to be less than 10 percent of households) may face repayment difficulty under the stress scenario; the debt held by such borrowers accounts for less than 4 percent of total household debt. While the result remains broadly unchanged from that of last year's stress tests, banks' exposure to these vulnerable households should be closely monitored, supported by continued maintenance of adequate provisioning coverage.

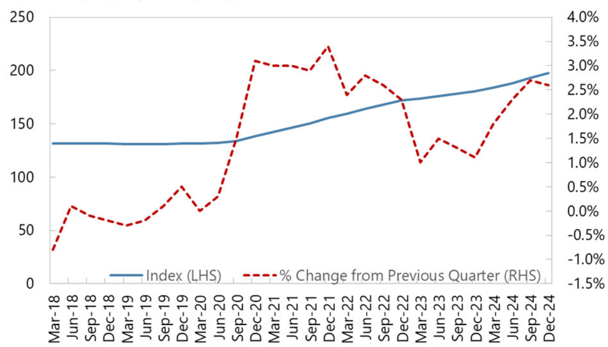
**33. Housing-related systemic risks should continue to be monitored and contained.**

- Following measures to cool down the housing market in 2023, growth in prices for overall private residential property slowed down to 3.9 percent in 2024 from 6.8 percent in 2023. Additionally, the government has been expanding the private housing supply via the Government Land Sale program. However, the private housing market remains tight, with prices continuing to increase and transaction volumes rising to a level recorded in 2022-23. Demand for private residential mortgage loans rose in 2024, reflecting a decline in mortgage interest rates.

- In parallel, the resale market of public housing has been strong. Public housing comprises about 70 percent of residential dwelling units and eligible buyers receive mortgage loans at concessionary rates from the HDB. The growth of the resale price of public housing almost doubled from 4.9 percent in 2023 to 9.7 percent in 2024, prompting a tightening of the loan-to-value (LTV) ratio to 75 percent from 80 percent for HDB loans in August 2024. The active resale activities of public housing, amid some tightness in supply and favorable household income growth over the past years, appear to drive the increase in the resale price of public housing and wealth accumulation for upgraders, sustaining their demand for private residential properties. The strong public housing resale market may spill over into the private housing market.

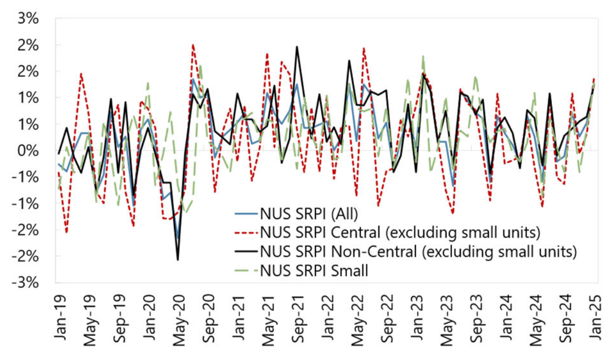
- Against this backdrop, the tight housing-related macroprudential policy stance remains appropriate and should play a key role in containing housing-related systemic risks.[14] In parallel, the impact of a potential rapid tightening in domestic financial conditions on the private housing market should be closely analyzed. The government should continue to ensure steady supply of public and private housing to meet housing demand.

**Singapore: HDB Resale Price Index**
(In index [LHS], in percent [RHS])




Sources: Singapore Housing and Development Board.

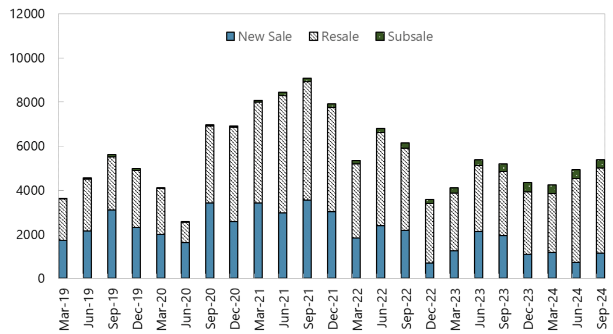
**Singapore: National University of Singapore Residential Price Index**
(In month-on-month percent)




Sources: National University of Singapore.

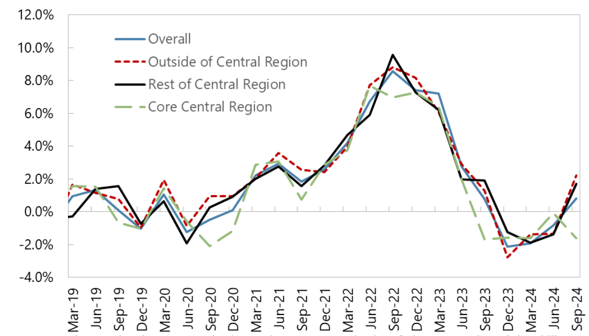
[14] MAS maintains macroprudential measures such as limits on the loan-to-value ratio (currently at 15-75 percent, differentiated by borrower characteristics) and total debt servicing ratio (at 55 percent), weakening the transmission channels from the housing market to the financial sector stability. The Additional Buyer's Stamp Duty (ABSD) rates have been unchanged since April 2023, Staff recommendations on the residency-based distinction with the ABSD rates remain unchanged from the 2024 Article IV consultation (see the IMF country report No. 24/255, paragraph 35, for more detail).

**Singapore: Private Residential Property Transactions**
(In units)




Sources: Urban Redevelopment Authority; and Monetary Authority of Singapore, *Financial Stability Review 2024*.

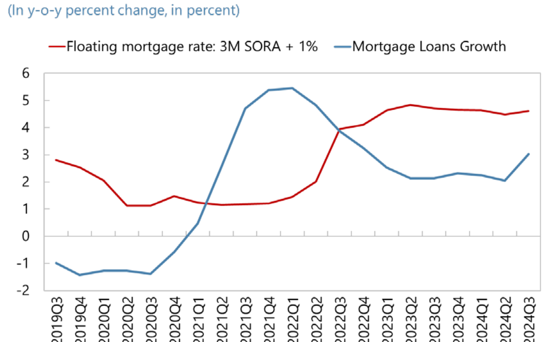
**Singapore: Private Property Rental Price Growth by Region**
(In quarter-on-quarter percent)




Sources: Urban Redevelopment Authority; and Monetary Authority of Singapore, *Financial Stability Review 2024*.

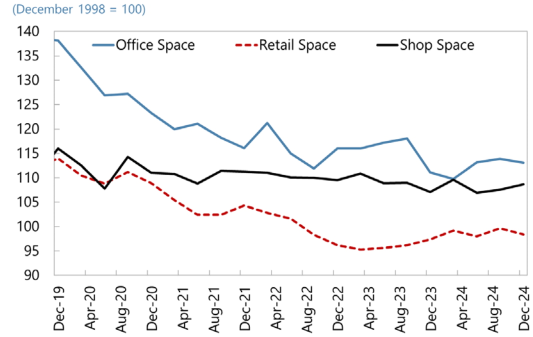
34. **Existing vulnerabilities suggest that supervisory vigilance on commercial real estate (CRE) exposures should be maintained.** Local D-SIBs allocate approximately 20 percent of their loan portfolios to CRE, suggesting the need for close monitoring of CRE exposure and asset valuation. Office valuations in Singapore declined by about 20 percent in 2024Q2 from 2019. The banks, however, maintain strong buffers, with most CRE loans secured and LTV ratios low, at or below 50 percent. Banks' total property-related exposures are also capped at 35 percent of eligible assets. Furthermore, the local D-SIBs have enhanced their provision buffers, with CRE non-performing asset coverage ranging from 100 percent to 155 percent across these banks; the office vacancy rate in Singapore stood at about 11 percent in 2024H1, which is broadly similar to the 2019-2023 average; and lending practices outside Singapore prioritize top-tier borrowers. Staff welcomes MAS's efforts to review the credit risk stress testing framework among major banks, focusing on CRE risk exposures, and share insights and best practices with the broader financial sector to enhance overall risk monitoring.

**Singapore: Mortgage Loans Growth and Rate**
(In y-o-y percent change, in percent)




Sources: SGP Dept. of Statistics; CEIC Data; Haver Analytics; and IMF staff calculations.

**Singapore: Commerical Real Estate Property Prices Index**
(December 1998 = 100)




Sources: CEIC data; and IMF staff calculations.

35. **MAS should continue strengthening its monitoring and reporting of potential risks in expanding Non-Bank Financial Institutions (NBFIs).**

- The NBFI sector accounted for 20 percent of Singapore's domestic financial system assets at end-2023 (up from 14 percent in 2014). Insurers, which account for one-third of total NBFI assets, have large capital buffers. Investment funds, which account for one-fourth of total NBFI assets, have been able to meet investor redemption requests in an orderly manner, including during recent periods of high market volatility in August 2024 and April 2025.

- However, the sector is vulnerable to the risk of a rapid tightening of global financial conditions and FX funding pressures causing asset repricing and market dislocations. About 15 percent of banks' assets and 19 percent of liabilities, mainly through loans and deposits, respectively, are linked to the NBFI sector. Moreover, rising leverage among hedge funds and large and growing crowded and concentrated positions within the NBFI sector—although largely in deep and liquid over-the-counter (OTC) derivatives markets—could lead to amplification of shocks.

- Along with upgrading its regulatory frameworks for NBFIs[15], MAS has made significant progress in tracking and assessing the NBFI-related risks. MAS's stress testing, which uses appropriately conservative assumptions, shows that banks have sufficient capital and liquidity buffers to cushion against shocks that could arise from their direct asset and liability linkages with NBFIs. Insurers also continue to meet regulatory capital and liquidity requirements under stress. MAS's liquidity stress simulations suggest that some fixed income funds, which account for 7 percent of the total net assets of all the investment funds assessed in the exercise, could face a liquidity shortfall under a stress scenario, pointing to a pocket of vulnerability. In this regard, staff welcomes MAS's ongoing efforts to further enhance risk assessment, including through more frequent data collection on NBFI's domestic and cross-border interlinkages.

**36. MAS has explored various initiatives to enhance digital financial services while ensuring regulatory measures to mitigate risks.** MAS has explored the use of different types of digital settlement assets, including wholesale central bank digital currencies (CBDCs) to facilitate efficient transactions including cross-border securities settlement.[16] Wholesale CBDCs can pave the way for the broader adoption of tokenized assets by enhancing liquidity for tokenized assets and establishing market standards. Payment connectivity with Singapore is enabling bilateral fund transfers and small-value payments with Asian partners, and ongoing initiatives are also connecting domestic instant payment systems into a multilateral cross-border network via Project Nexus. Issuing virtual bank licenses is helping to promote financial inclusivity and efficiency. MAS has finalized a stablecoin regulatory framework and is working on legislative amendments to formalize it in the Payment Services Act. The payment service legislation was expanded in 2024 to cover new activities such as crypto custody services. Staff welcomes MAS's implementation of a balanced and risk-based regulatory approach for advancing innovation in financial digitalization, focusing on consumer access, business conduct, and technology and cyber risk management.

**37. Continued efforts are warranted to further improve Singapore's robust Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) framework and supervision.** Given Singapore's position as a global and regional financial center, efforts should continue to

[15] See the IMF country report No. 24/255.

[16] MAS has explored retail CBDC since 2016. Following its explorations, MAS has concluded that there is no pressing need for a retail CBDC in Singapore at this point.

deepen analysis on the impact of financial integrity events on financial and macroeconomic stability, including analysis of flows from higher risk jurisdictions with identified ML/TF risks. In line with the national money laundering risk assessment and related strategy, efforts are underway to enhance the risk-based supervision of banks, NBFIs, and gatekeepers (e.g., lawyers, accountants, trust and company service providers) based on data-driven risk analysis that guides the supervisory approach. The authorities should also continue to strengthen their oversight of digital payment token service providers and the asset management sector (e.g., including monitoring of risks posed by non-resident Single Family Offices). Supervisory focus should continue to include the source of funds, effective customer due diligence, beneficial ownership checks, as well as thematic inspections on geographic risk assessment and high-net-worth customer treatment.

***Authorities' Views***

**38. The authorities agreed that the financial sector remains stable and they remain vigilant to possible risks from tightening financial conditions and policy uncertainty.**

- Given that the corporate sector, especially highly leveraged firms and SMEs, is potentially vulnerable against trade tensions and policy uncertainty, including increased borrowing costs, MAS has been stepping up vigilance, including refining the methodology and developing more severe corporate stress testing scenarios.

- The authorities emphasized that their stress test framework for banks captures evolving risks, including from linkages to NBFIs and cross-border contagion. D-SIBs have sufficient capital and are also resilient to more severe cash-flow based liquidity stresses, beyond standard LCR based tests, across all currencies including U.S. dollars. D-SIBs maintain healthy liquidity with stable funding sources. The authorities closely monitor U.S. dollar liquidity conditions and remain ready to act during funding stresses, including by maintaining close engagement with the U.S. Federal Reserve. On next steps, the authorities agreed that developing more holistic macro-financial and contagion-based scenarios capturing credit-liquidity stress interactions and second-round effects is desirable.

- In the housing sector, the authorities maintain confidence in their macroprudential framework, which includes pre-emptive, targeted, and multi-pronged measures like loan-to-value limits, total debt servicing ratio requirements, loan tenure limits administered by MAS, and other tax measures such as stamp duties. These measures vary by borrower segment, imposing stricter rules on investors and non-residents than on owner-occupiers and first-time homebuyers, to curb speculation while protecting genuine homeowners and reducing the need for broad-based countercyclical or more targeted systemic risk buffers. The macroprudential framework ensures a steady supply to cater to demand for housing. The existing macroprudential framework has been effective in mitigating systemic risks, while a positive CCyB continues to be implemented for locally-incorporated banks' exposures in jurisdictions with non-zero rates (including Hong Kong SAR) under CCyB reciprocity arrangements. In their view, the spillover from the resale market of public housing to the private housing market is limited.

- MAS regularly assesses local D-SIBs' CRE exposures, along with annual stress tests, reflecting declines in commercial property prices that mirror past crises, and banks continued to have sufficient capital to withstand such shocks. MAS also conducted a thematic review of D-SIBs' credit stress-testing frameworks and processes in 2024, assessing that they were generally adequate, while identifying some areas for improvement.

- MAS has strengthened regulatory measures for digital payment token services using a risk-centric approach targeting consumer protection, money laundering, technology, and cyber risks. Given the banking system's minimal digital asset exposure, impacts on financial stability remain limited. Financial institutions in the wealth management business face enhanced supervisory attention due to the higher inherent ML/TF risks that they are exposed to.

## F. Macro-Structural Policies

**39. Staff welcomes the steady implementation of the *Forward Singapore* initiative toward stronger inclusive growth in Singapore.** In 2023, the government unveiled the *Forward Singapore* initiative aimed at refreshing Singapore's social compact. The initiative covers a broad range of policy themes, charting the future directions of public education, healthcare, and housing; social protection and family support; and labor market policies. A range of measures have been implemented during 2024-25, including: (i) longer paid parental leave and more affordable preschool education to support young families; (ii) stepping up new public housing construction and enhanced grants for low-income, first-time home buyers to improve housing affordability; (iii) topping up CPF retirement accounts for low-income workers and retirees to improve their pension adequacy; and (iv) enhanced co-funding support for the Progressive Wage Model, which sets out sector-specific minimum salaries for selected sectors such as retail, food services, and security.

**40. A newly introduced temporary financial support scheme for involuntary unemployed workers improves Singapore's social safety net.** The SkillsFuture Jobseeker Support scheme, launched in mid-April 2025, provides temporary financial support for involuntarily unemployed individuals. The scheme is non-contributory (i.e., financed by general government revenue) and targeted at low- and middle-income individuals who earn an average monthly income of S$5,000 (US$3,800) or less, and reside in a property with an annual value of S$31,000 (US$23,000) or less.[17] Its benefit and duration are capped at S$6,000 (US$4,500) over six months, minimizing the disincentive for recipients to re-enter the workforce. In line with the best practice, the scheme also integrates active labor market programs to facilitate the unemployed individuals' return to quality employment by requiring recipients to take part in training, career coaching, and job searching. The scheme will temporarily mitigate income losses for families, helping to reduce their incentive for precautionary saving. Over the medium term, the design of the scheme, including the coverage of workers as well as the level and duration of the benefit, could be further refined, taking into account the tradeoff between efficiency and adequacy as well as Singapore's labor market characteristics.

[17] In 2024, the median gross monthly income from employment (including employer CPF contributions) of full-time employed residents was S$5,500. The annual value of a property is the estimated gross annual rent of the property if it were to be rented out.

**41. Singapore continues to step up AI adoption to enhance its potential growth.** The IMF's AI Preparedness Index (AIPI), which evaluates AI readiness in 174 countries using a comprehensive set of macro-structural indicators[18], ranks Singapore the highest among all countries. The National AI Strategy 2.0, launched in 2023, aims to capitalize on AI's benefits and position Singapore as a global AI leader. Recently, the Ministry of Digital Development and Information launched the GenAI Playbook, which highlights how firms can benefit from the potential of AI, and the GenAI Navigator, which guides SMEs on relevant AI applications. This builds on initiatives that support enterprises to adopt digital and AI solutions as part of their business transformation (e.g., SMEs Go Digital). Having a large share of skilled workers, Singapore's labor market is highly exposed to AI as both a complement and potential substitute to existing skilled workers.[19] The government has been expanding training programs for re-skilling and up-skilling under the SkillsFuture program, which can help ameliorate the disruptive labor market impact of AI and further facilitate AI adoption toward stronger potential growth.

***Authorities' Views***

**42. To further foster a more productive and inclusive economy, Singapore has made strong progress with implementing the *Forward Singapore* initiative and adopting AI.** The SkillsFuture Jobseeker Support scheme will provide greater assurance to Singaporeans while helping them find jobs that better match their skills and experiences. Singapore's labor market is well-positioned to leverage AI, supported by the government's strong focus on re-skilling and upskilling. The government has also taken positive steps to promote R&D in AI by topping up the National Research Fund in the FY2025 budget. In 2024, about 26 AI Centre of Excellences were launched in Singapore; for example, the Sectoral AI Centre of Excellence of Manufacturing will bring together stakeholders to develop AI-enabled solutions that address use cases across the manufacturing sector. MAS's AI adoption strategy focuses on developing the workforce and strengthening institutional capabilities through a dynamic ecosystem for responsible AI adoption in the financial sector.

# STAFF APPRAISAL

**43. Amid ongoing trade tensions, Singapore's growth is projected to slow sharply, while inflation is expected to stay muted.** Growth is projected to slow to 1.7 percent in 2025 and 2026 due to lower net exports and weaker consumption and investment, weighed down by higher uncertainty, tighter financial conditions, and worsening sentiment. Over the medium term, growth is expected to gradually recover to 2.5 percent as external demand recovers and uncertainty subsides. Headline and MAS core inflation are projected to moderate to 1.1 and 1.0 percent in 2025, respectively, reflecting a decline in global commodity prices and other tradables due to slowing global growth, as well as increasing slack in the domestic economy.

[18] The indicators include digital infrastructure, human capital and labor market policies, innovation and economic integration, and regulation and ethics.

[19] See the IMF 2024 Article IV Selected Issues Paper on the "Impact of AI on Singapore's Labor Market."

**44. Risks to growth and inflation are tilted to the downside, primarily arising from external factors.** Further escalations in trade tensions could rapidly reduce external demand. Policy uncertainty and associated market volatility could induce further tightening of global financial conditions, which could generate adverse spillovers to Singapore's financial system resiliency and investment. On the other hand, a faster resolution in trade tensions constitutes an upside risk. While there are also upside risks to inflation, including from critical supply chain disruptions from trade barriers, risks to inflation are tilted to the downside on net reflecting the prominent downside risks to growth.

**45. Staff sees scope for further easing of monetary policy in the near term, but vigilance is needed.** Staff recommends further easing in view of ongoing disinflationary pressure, recent weak inflation outturns, slowing growth, and a forecasted negative output gap. MAS should remain vigilant and data dependent with respect to the speed and magnitude of easing in light of the large uncertainty, as well as both upside and downside risks around the inflation outlook. MAS should be ready to increase its pace of easing should downside inflation risks begin to materialize.

**46. Fiscal policy is appropriately addressing near-term and medium-term challenges.** The expansionary fiscal stance in the FY2025 budget, which includes targeted and untargeted measures to support households and businesses as well as structural spending including on high-quality and resilient infrastructure, will help support economic activity amid a challenging external environment. Singapore's rising medium-term spending needs should be accommodated by reducing the fiscal surplus over time within the government's balanced budget rule, gradually phasing out or better targeting currently untargeted transfers, and increasing spending on high-quality infrastructure projects including by issuing bonds under SINGA. Should downside risks to growth materialize, Singapore has substantial fiscal space to deploy temporary and targeted support.

**47. Singapore's external position in 2024 is assessed as substantially stronger than the level implied by medium-term fundamentals and desirable policies.** Building on recent efforts, staff recommends continuing to raise public spending and strengthen social safety nets, which will help to reduce Singapore's large external surpluses in the medium and long run.

**48. Singapore's financial sector remains resilient, with MAS appropriately stepping up stress testing and contingency planning.** Banks continue to maintain strong capital and liquidity buffers. The current tight macroprudential policy remains appropriate and should continue to prevent a buildup of housing-related systemic risks. The financial sector exhibits pockets of vulnerabilities that may arise during stress, including contagion risks due to banks' cross-border and FX exposures; a small number of highly leveraged corporates and households; exposures to commercial real estate; and the connections between rapidly evolving NBFIs and banks. While these risks are well contained at this juncture, continued vigilance is warranted amid heightened global uncertainty and a rise in global financial stability risks. In this regard, staff welcomes MAS's supervisory efforts including updating corporate stress testing, conducting cashflow-based FX liquidity stress tests, and closely engaging with banks on contingent FX financing plans. MAS should stand ready to provide liquidity in the market if market stress occurs. Efforts should continue to strengthen capacity to monitor and mitigate cybersecurity, AML/CFT, and climate risks.

**49. The authorities' efforts to promote a stronger and more inclusive economy are welcome.** Under the *Forward Singapore* initiative, the authorities took a range of measures in 2024-25, including longer paid parental leave and enhanced grants for low-income, first-time home buyers. The newly launched temporary financial support scheme for involuntarily unemployed workers significantly strengthens Singapore's social safety net. Finally, the government continues to make progress with helping workers reskill and firms adopt AI technologies to raise potential growth.

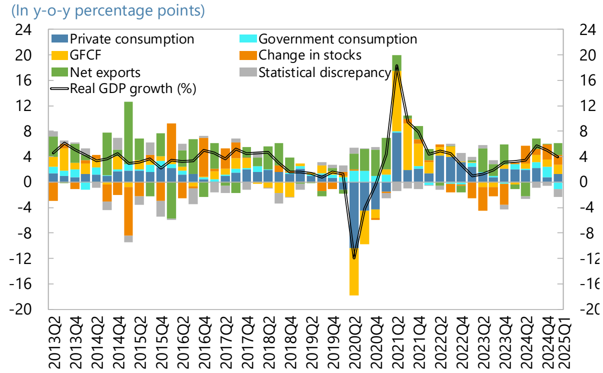
**50. It is recommended that the next Article IV consultation with Singapore be held on the standard 12-month cycle.**

## Figure 1. Singapore: Real Sector Developments

*Real GDP recorded a strong recovery, growing by 4.4 percent in 2024…*

### Singapore: Contribution to Real GDP Growth by Expenditure

(In y-o-y percentage points)

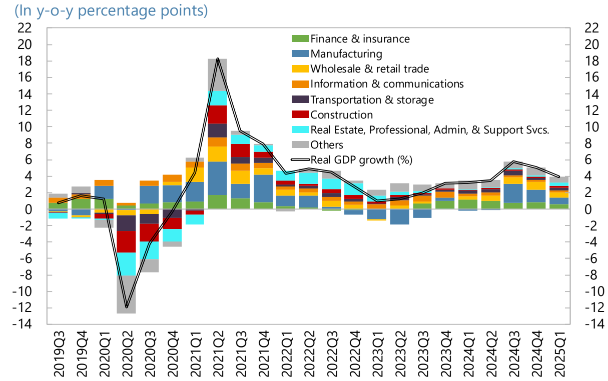



Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.

*…but growth slowed in 2025Q1 due to a slowdown in externally-oriented sectors.*

### Singapore: Contribution to Real GDP Growth by Industry

(In y-o-y percentage points)

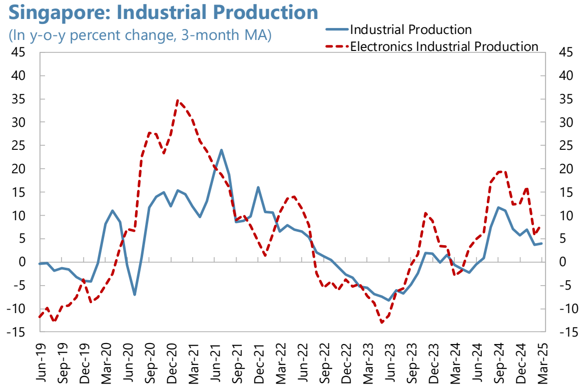



Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.

*The strong manufacturing growth in 2024H2 reflected a recovery in the global technology cycle and some front-loading from rising trade policy uncertainty.*

### Singapore: Industrial Production

(In y-o-y percent change, 3-month MA)

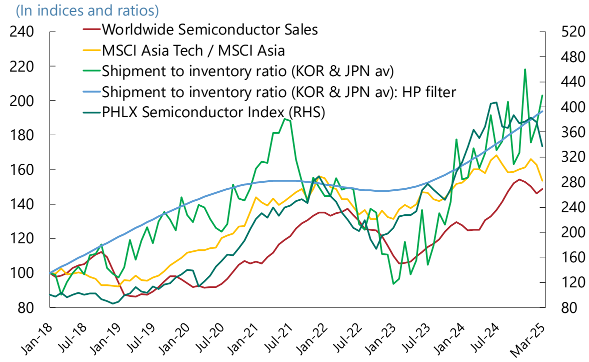



Sources: Singapore Economic Development Board; CEIC Data; and IMF staff

*There are early signs that the global technology cycle may have peaked in late 2024.*

### Global Technology Cycle Indicators

(In indices and ratios)

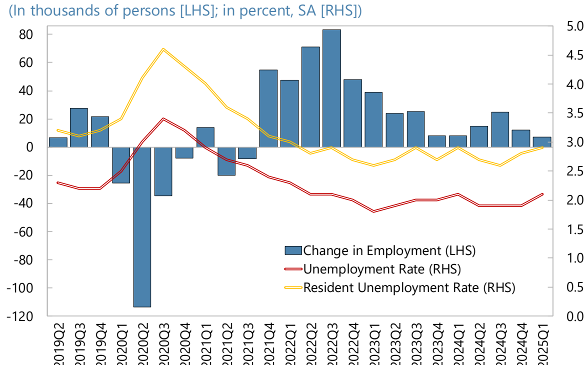



Sources: Haver Analytics; and IMF staff calculations.

*Unemployment remained low, despite a cooling in employment growth, and picked up slightly in 2025Q1.*

### Singapore: Employment and Unemployment

(In thousands of persons [LHS]; in percent, SA [RHS])

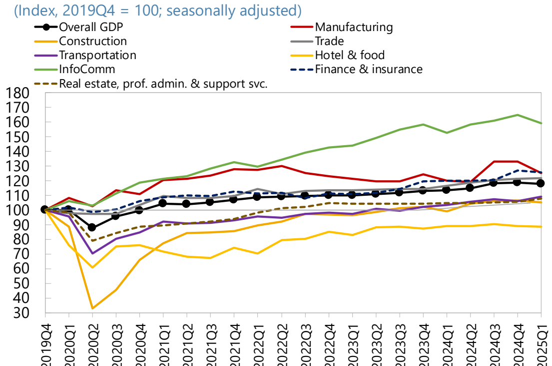



Sources: Singapore Ministry of Manpower; and CEIC Data.

*Most sectors have recovered to their prepandemic output levels, with the exception of the hospitality industry.*

### Singapore: Output Level since 2019Q4

(Index, 2019Q4 = 100; seasonally adjusted)



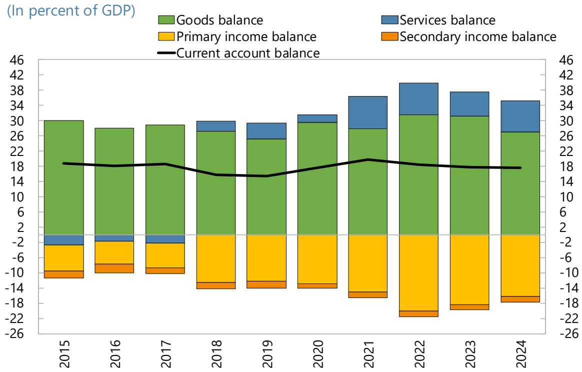

Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.

## Figure 2. Singapore: External Sector

*The current account (CA) surplus decreased slightly to 17.5 percent of GDP in 2024, reflecting a decline in the goods surplus that offset a higher services surplus and a lower primary income deficit.*

### Singapore: Current Account Balance

(In percent of GDP)

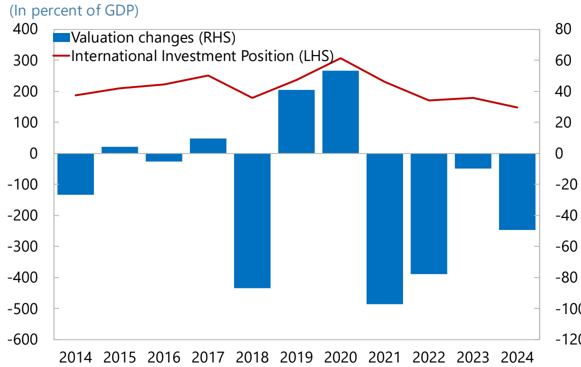



Sources: Singapore Dept. of Statistics; CEIC Data; and IMF staff calculations.

*The net international investment position decreased in 2024 due to valuation effects as the S$NEER appreciated following monetary policy tightening.*

### Singapore: Intl. Investment Position & Valuation Changes

(In percent of GDP)

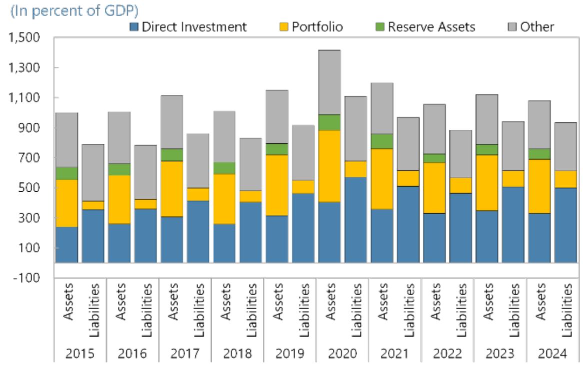



Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.

*Singapore has a net asset position in portfolio investment and a net liability position in FDI holdings.*

### Singapore: International Investment Position

(In percent of GDP)

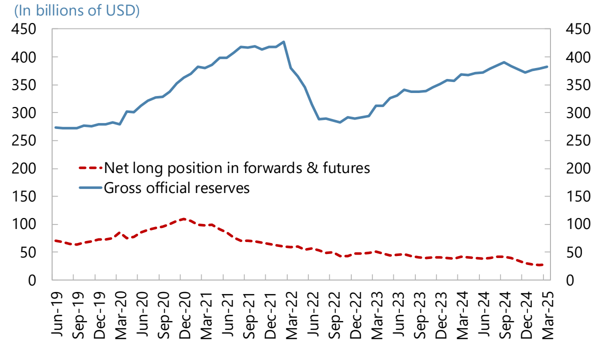



Sources: Singapore Dept. of Statistics and IMF staff calculations.

*Gross official reserves increased in 2024.*

### Singapore: Central Bank Gross Official Reserves and Net Foreign Currency Position in Forwards & Futures

(In billions of USD)

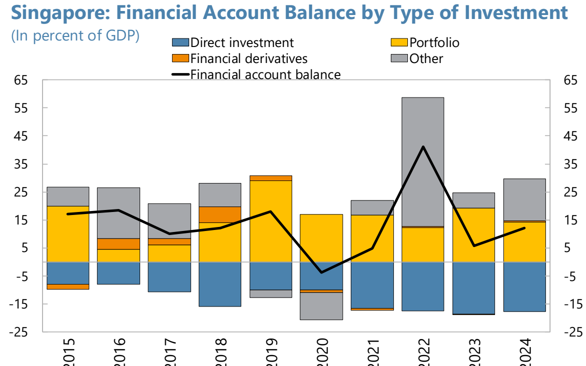



Sources: Monetary Authority of Singapore; and CEIC Data.

*Net capital outflows increased in 2024, reflecting higher net outflows of "other investment."*

### Singapore: Financial Account Balance by Type of Investment

(In percent of GDP)

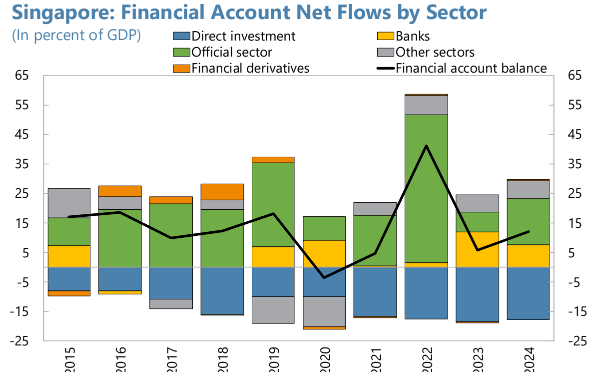



Note: Under the BPM6 methodology negative values imply net inflows.
Sources: Singapore Dept. of Statistics; CEIC Data; and IMF staff calculations.

*Official sector net outflows increased in 2024 while banking net outflows declined.*

### Singapore: Financial Account Net Flows by Sector

(In percent of GDP)



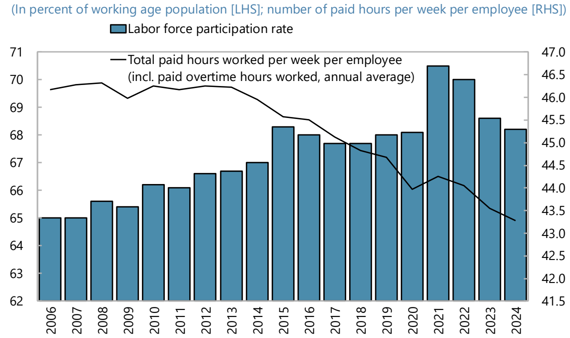

Note: Under the BPM6 methodology negative values imply net inflows.
Sources: Singapore Dept. of Statistics; CEIC Data; and IMF staff calculations.

## Figure 3. Singapore: Labor Market Developments

*Residents' labor force participation rate edged down in 2024 to 68 percent due primarily to aging, still above its pre-pandemic level.*

**Singapore: Labor Force Participation Rate & Hours Worked**

(In percent of working age population [LHS]; number of paid hours per week per employee [RHS])

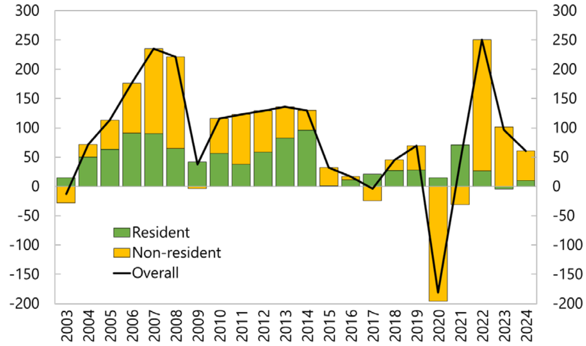



Note: Labor force participation data are as of mid -year.
Sources: Singapore Ministry of Manpower; and CEIC Data.

*Employment increased in 2024, led by non-residents, but at a slower pace after the strong pandemic recovery outturns in 2022-23.*

**Singapore: Change in Employment by Residency**

(In thousands of persons)

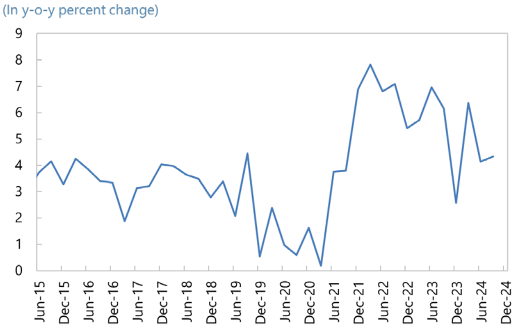



Sources: Singapore Ministry of Manpower; and Haver Analytics.

*Wage growth remains above prepandemic levels but continued declining from its 2022 peaks, as labor market tightness eased in 2024…*

**Singapore: Average Monthly Earnings**

(In y-o-y percent change)

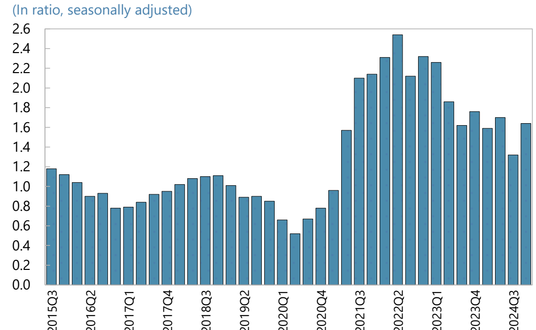


Sources: Singapore Department of Statistics; CEIC; and IMF staff calculations.

*…and the ratio of job vacancies to unemployed person ratio continued to decline in 2024.*

**Singapore: Job Vacancy to Unemployed Person Ratio**

(In ratio, seasonally adjusted)

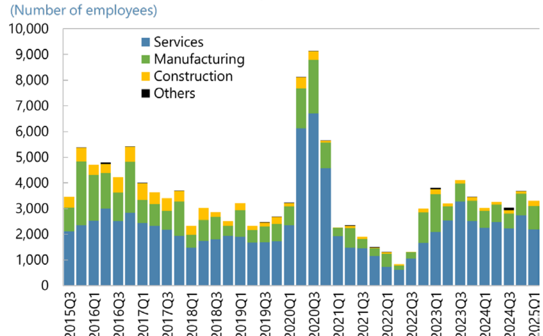


Sources: Singapore Ministry of Manpower; and CEIC Data.

*The number of retrenched employees, mostly from services sectors, remained broadly unchanged from 2024 levels.*

**Singapore: Retrenchments by Sector**

(Number of employees)

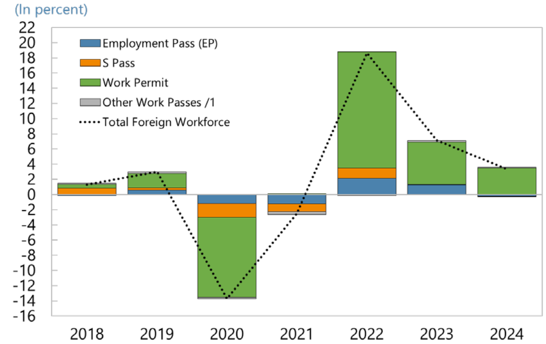



Sources: Singapore Ministry of Manpower; and CEIC Data.

*The 2024 expansion in the foreign workforce was primarily work permit holders, who largely filled blue-collar roles.*

**Singapore: Contributions to Change in Total Foreign Workforce**

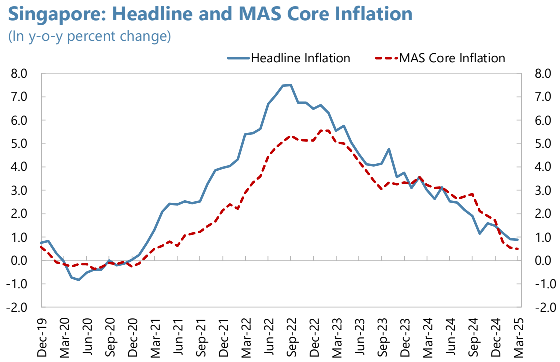
(In percent)




Sources: Singapore Ministry of Manpower; Haver; and IMF staff calculations.

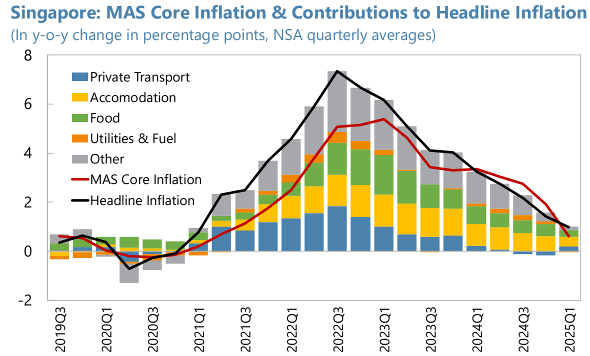
## Figure 4. Singapore: Inflation Developments

*Disinflation advanced in 2024 and early 2025, with both headline and MAS core inflation falling well below 2 percent…*



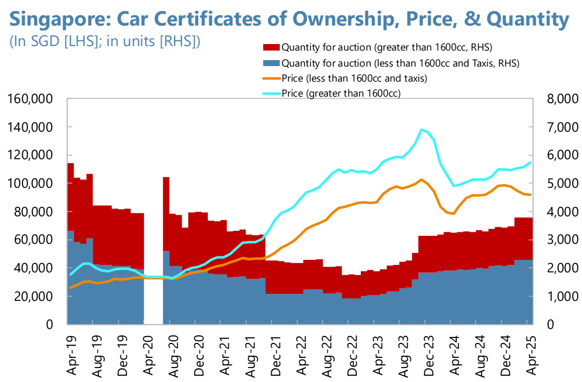

Note: MAS Core Inflation tracks prices of all components of headline inflation except for accomodation and private transport. Sources: Singapore Dept. of Statistics; and CEIC Data.

*…as private transportation costs and food inflation eased.*



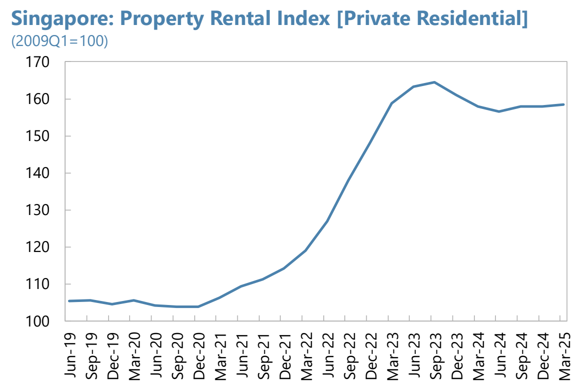

Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.
Note: List of items under 'Other' accounts for all other categories of the CPI basket, excluding those separated out in the figure.

*The prices of car ownership certificates remained below their 2023 peak as supply expanded, helping ease private transportation costs…*



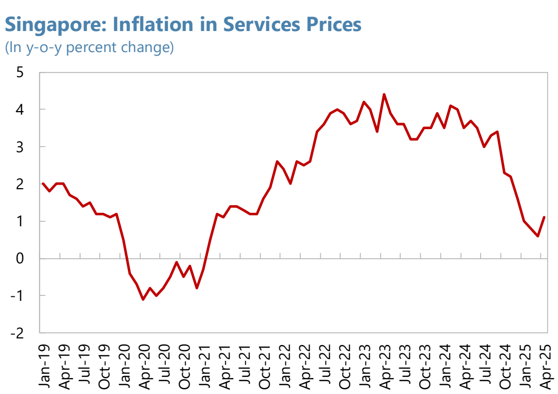

Note: Data not released for Apr -Jun 2020.
Sources: CEIC Data; and IMF staff calculations.

*…while residential rents leveled off but remain elevated.*



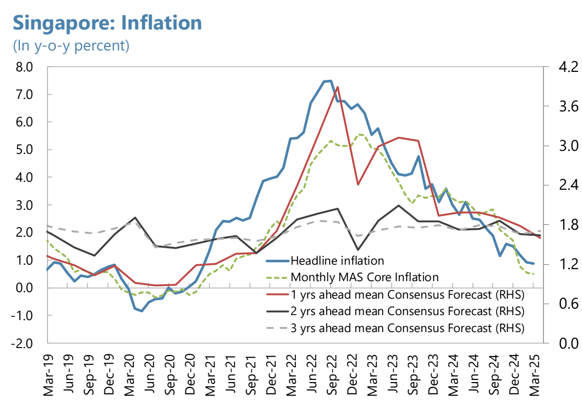

Sources: CEIC data; and IMF staff calculations.

*Services inflation, while still above prepandemic levels at the time, fell in 2024.*




Sources: Singapore Department of Statistics.

*Medium-term inflation expectations based on consensus forecasts remain well anchored.*



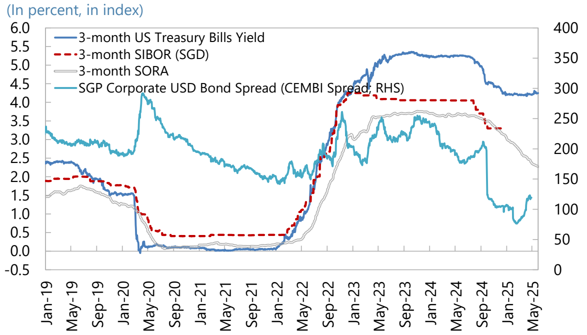

Sources: Monetary Authority of Singapore; Bloomberg LP; Consensus Economics; and CEIC Data.

## Figure 5. Singapore: Monetary and Financial Sector Developments

*Singapore dollar interest rates fell after a steep rise in 2022, in tandem with U.S. interest rates.*

### Singapore: Interest Rates

(In percent, in index)

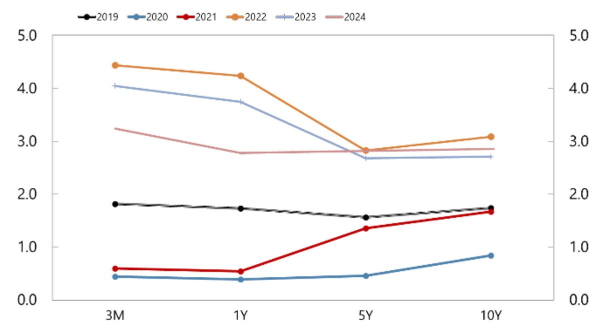



Sources: Association of Banks in Singapore; Bloomberg LP; CEIC Data; ICE Benchmark Administration; & MAS.

*The yield curve shifted slightly down in 2024 compared to 2023 and flattened.*

### Singapore: Government Bond Yields

(In percent, end-of-period)

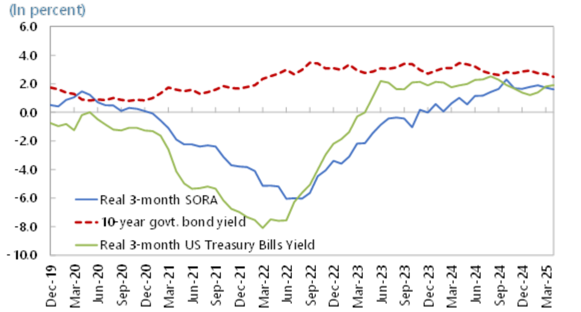



Sources: Monetary Authority of Singapore; and CEIC Data.

*Real government bond yields remain in positive territory, buoyed by disinflation.*

### Singapore: Real Interest Rate and Government Bond Yield

(In percent)



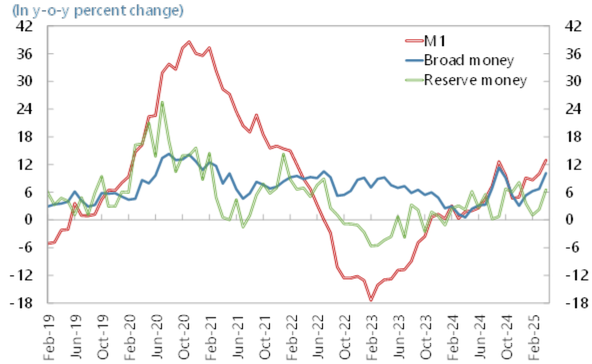

Note: Real inflation is used for the calculation of the real 3-month U.S. Treasury Bill yield instead of expected inflation.

Sources: Monetary Authority of Singapore; Association of Banks in Singapore; SGP Dept. of Statistics; CEIC Data; & IMF staff calculations.

*Broad money continued to grow but at a slower rate at end-2024, nearing its pre-pandemic rates.*

### Singapore: Growth in Monetary Aggregates

(In y-o-y percent change)

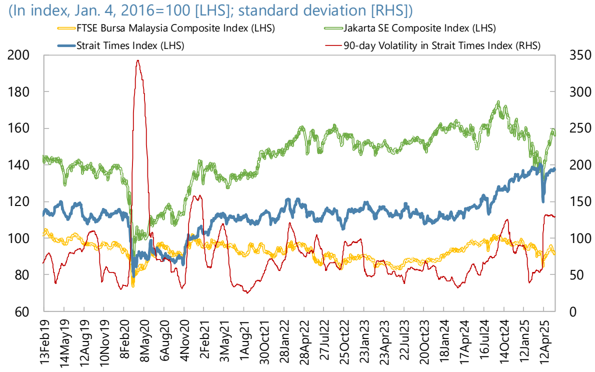



Sources: Monetary Authority of Singapore; and CEIC Data.

*The Singapore stock market continues to perform well in 2024, but became volatile in April 2025.*

### Singapore: Stock Market Indices and Volatility

(In index, Jan. 4, 2016=100 [LHS]; standard deviation [RHS])

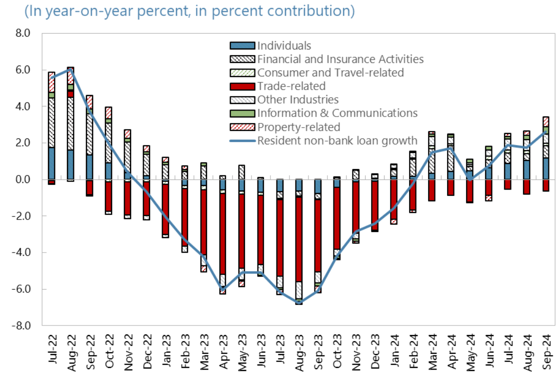



Sources: Bursa Malaysia; Indonesia Stock Exchange; Singapore Exchange; and CEIC Data.

*Domestic credit growth is near its pre-pandemic growth rates and broad-based.*

### Singapore: Resident Non-bank Loans by Sector

(In year-on-year percent, in percent contribution)



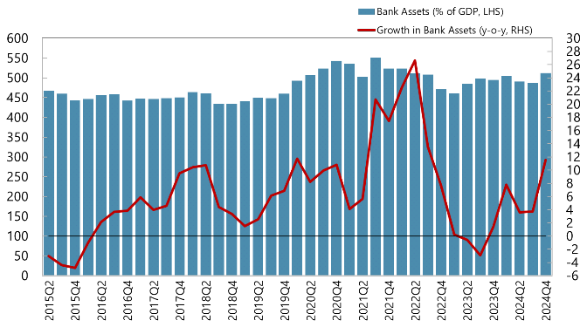

Sources: Monetary Authority of Singapore, *Financial Stability Review 2024*.

## Figure 6. Singapore: Banking Sector Developments

*Banks continue to dominate the financial sector, holding nearly 60 percent of the financial sector assets.*

**Singapore: Banking Assets**

(In percent of 4 quarter rolling GDP [LHS], y-o-y percent change [RHS])

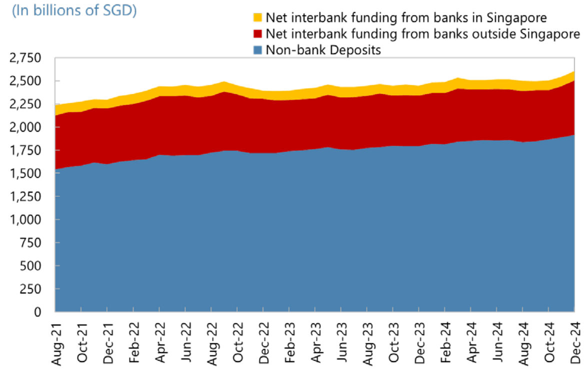



Note: Data has a structural break in July 2021 reflecting removal of DBU-ACU divide & revision of MAS 610/1003. Sources: Monetary Authority of Singapore; and CEIC Data.

*Non-bank deposits hold the lion's share of the funding base.*

**Singapore: Funding Structure of the Banks**

(In billions of SGD)

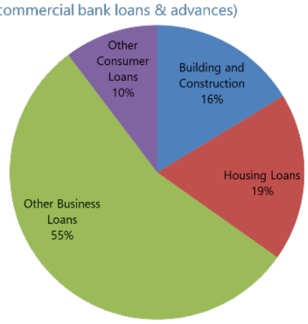



Sources: Monetary Authority of Singapore; and CEIC Data.

*Loans to the corporate sector—mostly trade-related—account for more than half of the non-bank loans.*

**Singapore: Commercial Bank Loans & Advances by Purpose, Dec 2024**

(In percent of total commercial bank loans & advances)

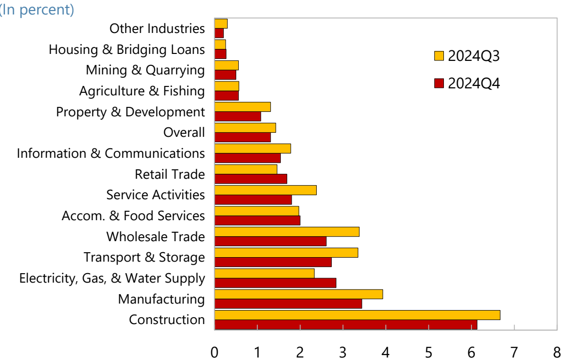



Note: This includes loans provided by commercial banks to both residents and non-residents.
Sources: Monetary Authority of Singapore; CEIC Data; and IMF staff calculations.

*Despite monetary policy tightening in past years, asset quality remained solid. Overall NPLs declined, but patches of vulnerability remained in the construction sector.*

**Singapore: Non-Performing Loans by Sector**

(In percent)

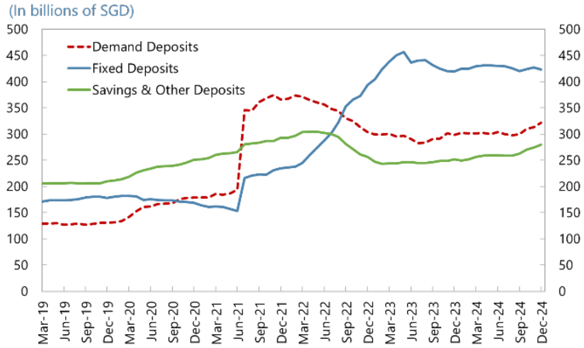



Sources: Monetary Authority of Singapore; and CEIC Data.

*Share of fixed deposits have remained high, as deposit holders took up higher yielding fixed deposits.*

**Singapore: Resident Deposits**

(In billions of SGD)

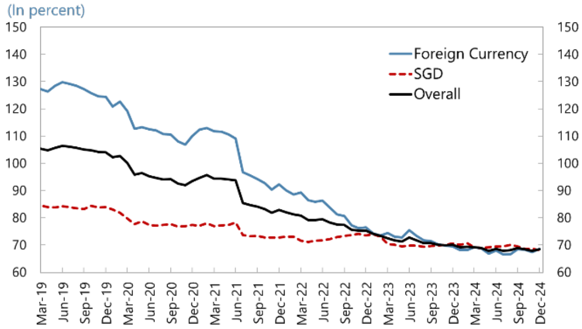



Note: Data has a structural break in July 2021 reflecting removal of DBU-ACU divide & revision of MAS 610/1003. Sources: Monetary Authority of Singapore; and CEIC Data.

*Loan-to-deposit ratios including for foreign currency stabilized.*

**Singapore: Loan to Deposit Ratio by Currency**

(In percent)

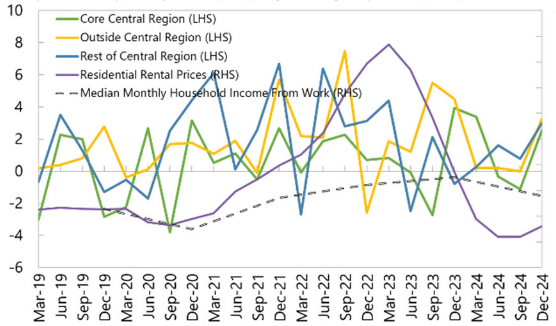



Note: This covers loans extended by the banking sector, excluding interbank lending. Data has a structural break in July 2021 reflecting removal of DBU-ACU divide & revision of MAS 610/1003.
Sources: Monetary Authority of Singapore; and CEIC data.

## Figure 7. Singapore: Housing Market Developments

*Private residential house prices rose in 2024Q4, while rental markets remained relatively muted.*

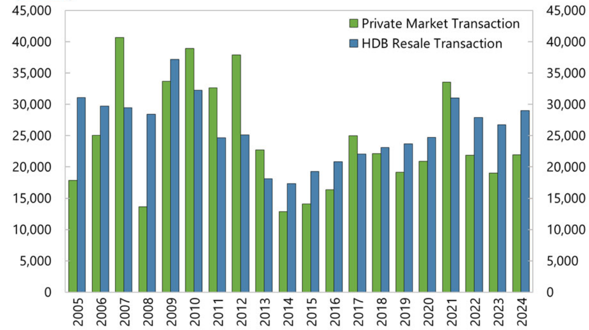
**Singapore: Private Property Price Growth & Median Household Income Growth**
(In quarter-on-quarter percent [LHS], in year-on-year percent [RHS])




Sources: Singapore Urban Redevelopment Authority; CEIC Data; and IMF staff calculations.

*Residential property transaction activity held strong…*

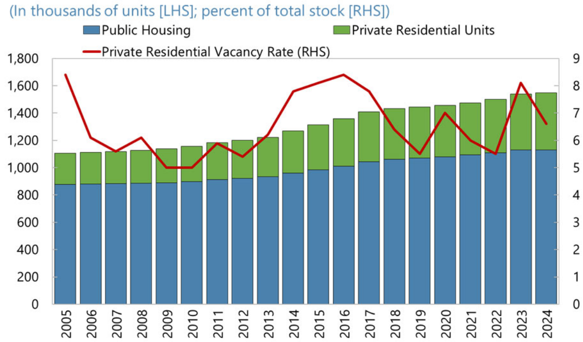
**Singapore: Private & Public Residential Transactions**
(In units)




Sources: Singapore Urban Redevelopment Authority; Singapore Housing & Development Board; and CEIC Data.

*…while the vacancy rates in the private market fell in 2024.*

**Singapore: Housing Stock and Vacancy**
(In thousands of units [LHS]; percent of total stock [RHS])




Note: The 2024 data for public housing is from 2023.
Sources: Singapore Urban Redevelopment Authority; Singapore Dept. of Statistics; & CEIC Data.

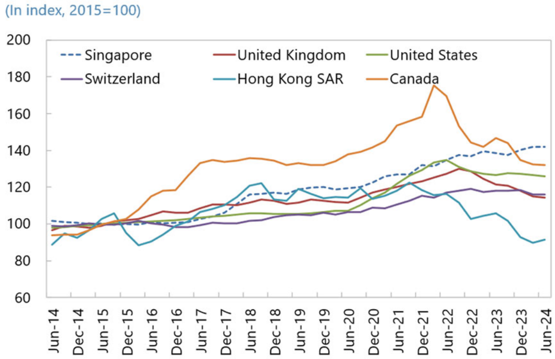
*Overall, the private housing stock is expected to increase significantly due to an increase in pipeline completions in the coming years.*

**Singapore: Upcoming Private Residential Supply Pipeline, 2024Q4**
(In percent of 2024Q4 private residential stock)


Sources: Singapore Urban Redevelopment Authority, CEIC Data, and IMF staff

*While cross-country heterogeneities are prominent in recent valuation trends, the price-to-rent ratio in Singapore has started to pick up.*

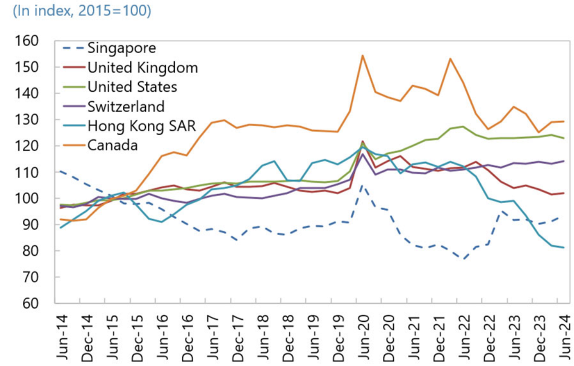
**Singapore: Price-to-Rent**
(In index, 2015=100)




Sources: IMF, Research Dept., Real State Markets Module.

*Singapore's price-to-income ratio has remained broadly stable.*

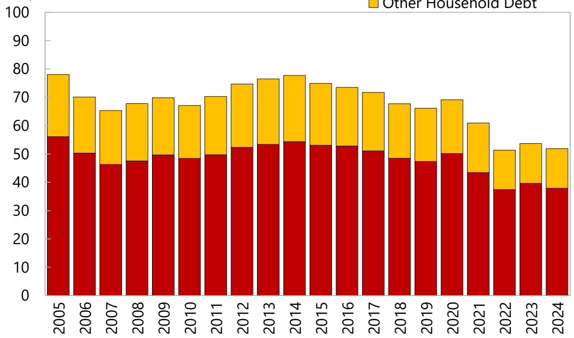
**Singapore: Price-to-Income**
(In index, 2015=100)




Sources: IMF, Research Dept., Real State Markets Module.

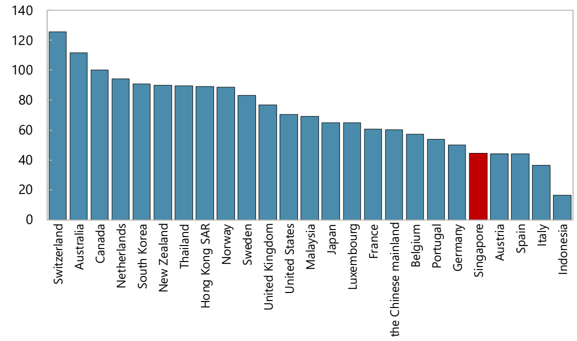
## Figure 7. Singapore: Housing Market Developments (concluded)

*Households continued to deleverage…*



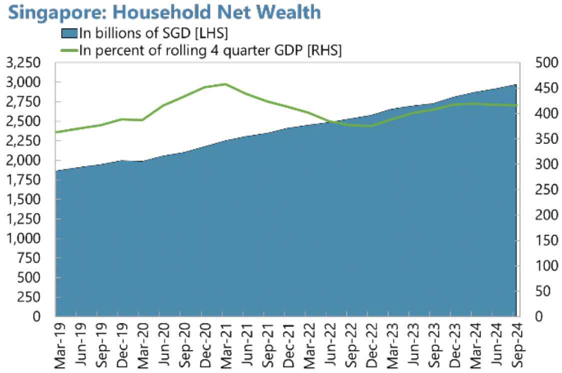

Sources: Singapore Dept. of Statistics; Haver Analytics; and IMF staff calculations.

*…and their indebtedness remained low compared to peers.*



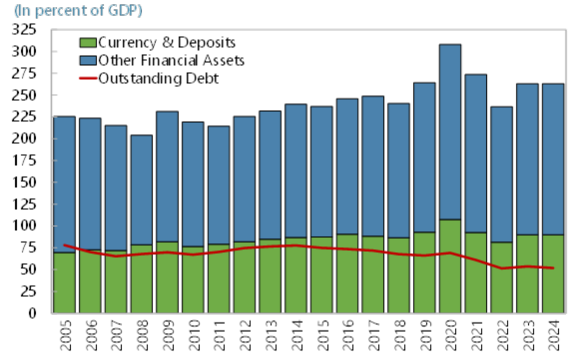

Sources: Bank for International Settlements.

*Household balance sheets remained strong with net wealth above 400 percent of GDP…*



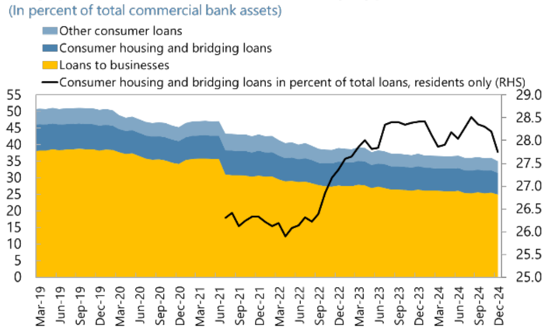

Sources: Singapore Dept. of Statistics; CEIC Data; and IMF staff calculations.

*…and their liquid assets remained well above their debt position.*



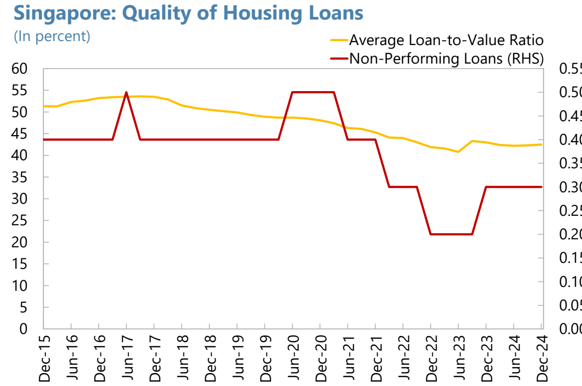

Sources: Singapore Dept. of Statistics; Haver Analytics; and IMF staff calculations.

*Banks' exposure to housing on average appears to have stabilized over the past two years.*




Note: Data has structural break in July 2021 reflecting removal of DBU-ACU divide & revision of MAS 610/1003. Sources: Monetary Authority of Singapore; CEIC Data; & IMF staff calculations.

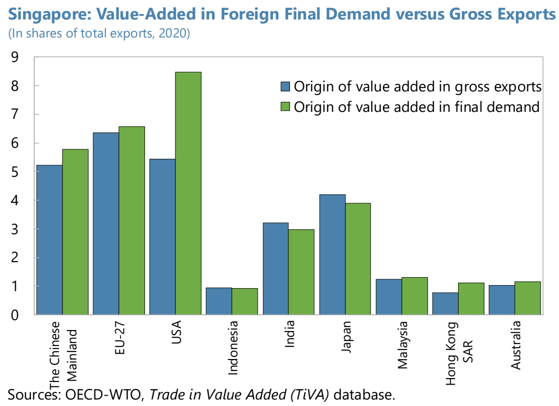
*Households remained resilient with low NPLs and existing LTV measures helped build up significant buffer.*




Sources: Monetary Authority of Singapore; and CEIC Data.

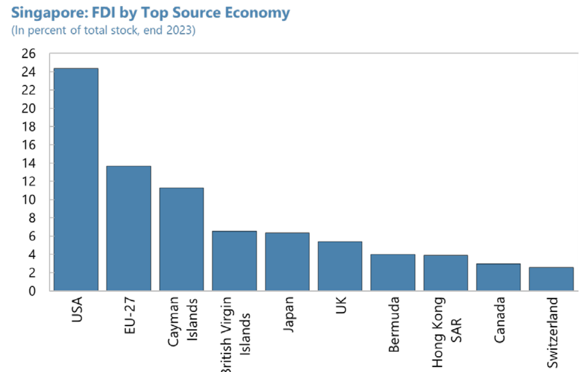
## Figure 8. Singapore: Spillovers

*Singapore depends mainly on foreign final demand from the Chinese mainland, the EU, the US, and regional partners.*



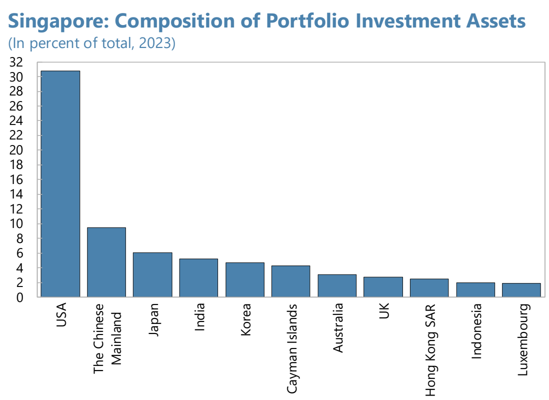

Sources: OECD-WTO, *Trade in Value Added (TiVA)* database.

*FDI stocks are also dominated by the U.S. and the EU and are concentrated in the finance and insurance sector.*



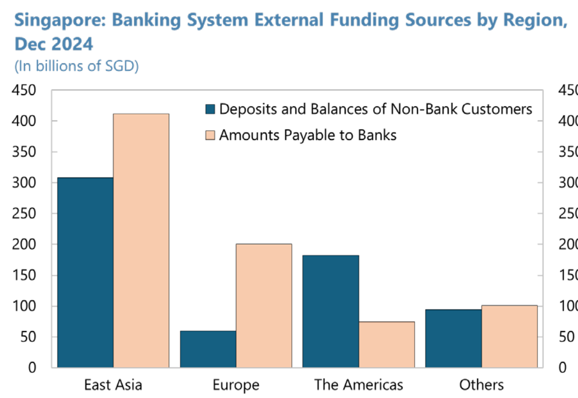

Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.

*Singapore has large portfolio assets, exposing its external balance sheet to shocks in the U.S. and regional economies like the Chinese mainland, Japan, and India.*



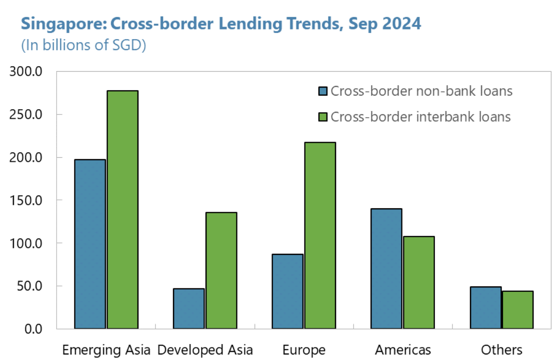

Sources: IMF, *Coordinated Portfolio Investment Survey (CPIS);* and IMF staff calculations.

*Major sources of funding for Singapore's financial sector include East Asian banks (including ASEAN banks) and European banks.*



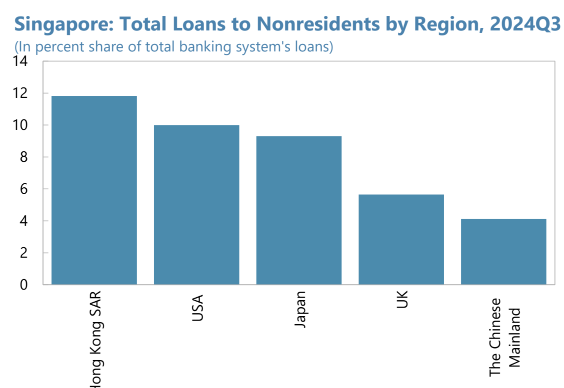

Sources: Monetary Authority of Singapore; CEIC Data; and IMF staff calculations.

*Emerging Asia is a large borrower from banks in Singapore.*




Sources: Monetary Authority of Singapore, *Financial Stability Review 2024.*

*Cross-border exposures of Singaporean banks to greater China and other Asian economies remain high.*

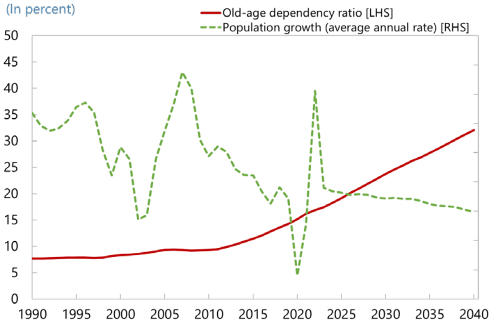



Sources: Monetary Authority of Singapore; CEIC Data; and IMF staff calculations.

## Figure 9. Singapore: Demographics, Social, and Equality Indicators

*Old-age dependency is projected to increase significantly in the medium to long term.*

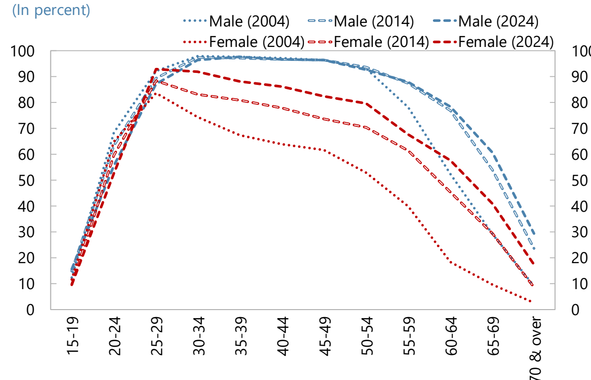
**Singapore: Old-Age Dependency Ratio & Population Growth**
(In percent)




Sources: United Nations Department of Economic; and Social Affairs.

*Labor force participation has risen in recent years particularly for the elderly and women in prime-working age, but there is scope for further improvement.*

**Singapore: Resident Labor Force Participation Rate by Gender & Age**
(In percent)




Sources: Singapore Ministry of Manpower; and CEIC Data.

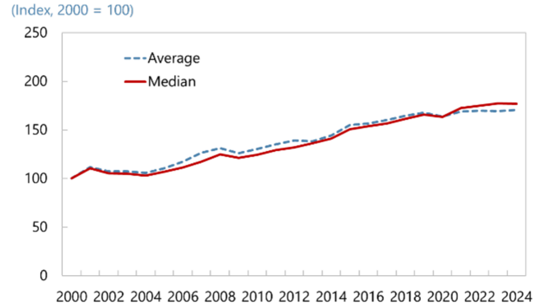
*Growth in median nominal wages for low- and medium-skilled workers rose in 2024.*

**Singapore: Weighted Gross Monthly Wages**
(In y-o-y percent change, full-time employed residents [excluding employer's CPF contributions])


Note: High-skilled comprises of managers and administrators; working proprietors; professionals; and technicians. Mid-skilled comprises clerical support workers; sales and service workers; craftsmen; plant and machine operators; and assemblers. Low-skilled comprises cleaners; laborers; and related workers.
Sources: Singapore Ministry of Manpower; and IMF staff calculations.

*Median household income in 2024 was broadly in line with 2023 in real terms.*

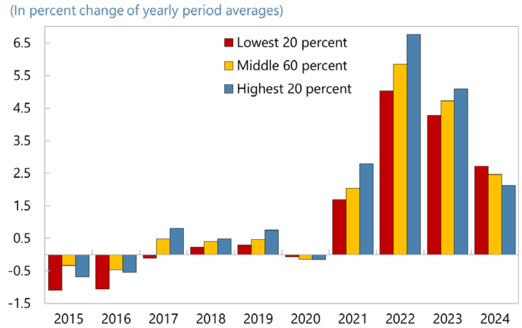
**Singapore: Mean & Median Real Household Employment Income Per Household Member**
(Index, 2000 = 100)




Sources: Singapore Department of Statistics; and IMF staff calculations.
Note: For Singapore, data is on resident households and includes contributions from employers to CPF.

*Inflation disproportionately affected lower income groups in 2024.*

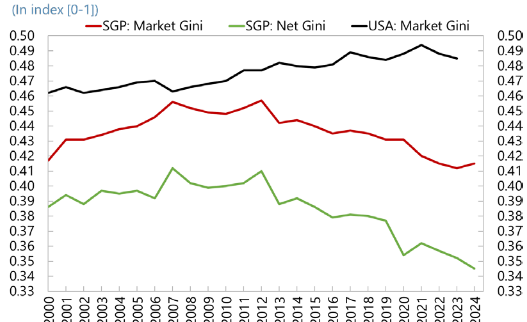
**Singapore: Inflation by Income Group**
(In percent change of yearly period averages)




Sources: Singapore Dept. of Statistics; CEIC Data; and IMF staff calculations.

*Inequality, as measured by the net Gini index (post-tax and post-transfer), continued to decline in 2024.*

**Singapore & USA: Household Gini**
(In index [0-1])




Sources: Singapore Dept. of Statistics; U.S. Census Bureau; and CEIC Data.

## Table 1. Singapore: Selected Economic and Financial Indicators, 2019–26

Nominal GDP (2024): US$547.5 billion
Population (2024): 6.0 million
GDP per capita (2024): US$90,689
Main goods exports (2024, percent of total non-oil goods exports): machinery & transport equip. (65.0 percent); chemical products (12.4 percent); and misc. manuf. articles (10.3 percent).
Top three destinations for goods exports (2024, percent of gross goods exports): The Chinese mainland (14.0 percent); Hong Kong SAR (11.0 percent); and Malaysia (10.4 percent).

| | | | | | | | Projection | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Growth (percentage change) | | | | | | | | |
| Real GDP | 1.3 | -3.8 | 9.8 | 4.1 | 1.8 | 4.4 | 1.7 | 1.7 |
| Total domestic demand | 1.9 | -9.3 | 11.9 | 5.3 | -2.2 | 7.2 | 2.9 | 2.6 |
| Final domestic demand | 3.1 | -9.8 | 11.7 | 5.8 | 2.3 | 4.7 | 2.9 | 2.7 |
| Consumption | 3.3 | -7.6 | 6.3 | 6.4 | 4.1 | 5.7 | 3.2 | 2.9 |
| Private consumption | 3.3 | -13.6 | 7.2 | 9.7 | 4.9 | 4.8 | 2.2 | 2.4 |
| Gross capital formation | -0.6 | -12.6 | 22.9 | 3.5 | -12.7 | 10.1 | 2.1 | 2.1 |
| Gross fixed investment | 2.5 | -14.0 | 23.2 | 4.7 | -0.9 | 2.9 | 2.2 | 2.1 |
| Change in inventories (contribution to GDP growth, percentage points) | -0.7 | 0.1 | 0.3 | -0.2 | -2.6 | 1.5 | 0.0 | 0.0 |
| Net exports (contribution to GDP growth, percentage points) | -0.1 | 2.2 | 2.6 | 0.4 | 2.9 | 0.3 | -0.3 | -0.2 |
| Saving and investment (percent of GDP) | | | | | | | | |
| Gross national saving | 39.9 | 40.3 | 43.8 | 40.6 | 38.9 | 39.7 | 39.2 | 39.0 |
| Gross domestic investment | 24.5 | 22.8 | 24.0 | 22.2 | 21.2 | 22.2 | 22.1 | 22.1 |
| Inflation and unemployment (period average, percent) | | | | | | | | |
| CPI inflation | 0.6 | -0.2 | 2.3 | 6.1 | 4.8 | 2.4 | 1.1 | 1.5 |
| CPI inflation, excluding food and energy 1/ | 0.4 | -0.4 | 1.7 | 4.6 | 4.2 | 2.5 | 1.1 | 1.4 |
| MAS core inflation 1/ | 1.0 | -0.1 | 0.9 | 4.1 | 4.2 | 2.8 | 1.0 | 1.4 |
| Unemployment rate | 2.3 | 3.0 | 2.7 | 2.1 | 1.9 | 2.0 | 2.3 | 2.3 |
| Output gap | -0.3 | -2.7 | 1.3 | 1.7 | -0.5 | 0.4 | -0.5 | -0.9 |
| Inflation (end of year, percent) | | | | | | | | |
| CPI inflation | 0.8 | 0.0 | 4.0 | 6.5 | 3.8 | 1.5 | 1.2 | 1.5 |
| CPI inflation, excluding food and energy 1/ | 0.6 | -0.4 | 3.2 | 4.9 | 3.7 | 1.5 | 1.2 | 1.4 |
| MAS core inflation 1/ | 0.6 | -0.3 | 2.1 | 5.1 | 3.3 | 1.7 | 1.1 | 1.4 |
| Central government finances (percent of GDP) 2/ | | | | | | | | |
| Revenue | 17.7 | 17.5 | 16.9 | 16.3 | 17.8 | 18.8 | 19.6 | 19.9 |
| Expenditure | 14.0 | 21.6 | 17.7 | 15.1 | 14.9 | 14.6 | 16.2 | 17.1 |
| Net lending/borrowing | 3.7 | -4.1 | -0.8 | 1.2 | 2.9 | 4.2 | 3.4 | 2.8 |
| Net lending/borrowing, excluding nonproduced assets | 1.4 | -5.8 | -2.8 | -0.6 | 0.5 | 1.0 | 0.7 | 0.2 |
| Primary balance 3/ | -1.9 | -9.4 | -6.2 | -3.8 | -2.8 | -2.2 | -2.8 | -3.4 |
| Public Debt to GDP | 124.9 | 146.3 | 132.6 | 153.9 | 170.8 | 173.1 | 174.9 | 176.0 |
| Money and credit (end of period, percent change) 4/ | | | | | | | | |
| Broad money (M2) | 4.5 | 10.7 | 9.7 | 7.8 | 3.2 | 6.7 | 2.9 | 3.2 |
| Credit to private sector | 3.0 | 1.4 | 6.8 | 0.5 | -2.0 | 6.4 | 2.9 | 3.2 |
| Three-month S$ SIBOR rate (percent) | 1.8 | 0.4 | 0.4 | 4.3 | 4.1 | 3.3 | ... | ... |
| Balance of payments (US$ billions) | | | | | | | | |
| Current account balance | 57.9 | 61.1 | 86.4 | 93.8 | 89.4 | 96.0 | 96.0 | 98.5 |
| (In percent of GDP) | 15.4 | 17.5 | 19.8 | 18.4 | 17.7 | 17.5 | 17.1 | 16.9 |
| Goods balance | 94.7 | 102.8 | 121.2 | 160.1 | 157.2 | 148.1 | 150.5 | 154.9 |
| Exports, f.o.b. | 440.2 | 417.3 | 513.0 | 607.8 | 559.5 | 583.0 | 590.8 | 612.5 |
| Imports, f.o.b. | -345.5 | -314.4 | -391.8 | -447.7 | -402.2 | -434.9 | -440.2 | -457.6 |
| Financial account balance 5/ | 67.9 | -12.8 | 20.8 | 209.4 | 29.3 | 65.9 | 55.2 | 57.1 |
| Overall balance 5/ | -8.4 | 74.9 | 66.2 | -114.2 | 60.9 | 29.7 | 40.8 | 41.5 |
| Gross official reserves (US$ billions) | 279.5 | 362.3 | 417.9 | 289.5 | 351.0 | 371.4 | 420.4 | 462.1 |
| (In months of imports) 6/ | 6.4 | 6.8 | 6.7 | 4.8 | 5.4 | 5.5 | 6.0 | 6.3 |
| Singapore dollar/U.S. dollar exchange rate (period average) | 1.36 | 1.38 | 1.34 | 1.38 | 1.34 | 1.34 | ... | ... |
| Nominal effective exchange rate (percentage change) 7/ | 1.4 | -2.5 | 0.4 | 6.4 | 3.9 | 2.6 | ... | ... |
| Real effective exchange rate (percentage change) 7/ | 4.5 | -25.1 | 2.9 | 13.5 | 9.3 | -0.7 | ... | ... |
| Memorandum items: | | | | | | | | |
| Nominal GDP (in billions of Singapore Dollars) | 513.1 | 481.8 | 586.6 | 701.8 | 678.7 | 731.4 | 752.8 | 777.3 |
| Growth (%) | 0.9 | -6.1 | 21.8 | 19.6 | -3.3 | 7.8 | 2.9 | 3.2 |

Sources: Data provided by the Singapore authorities; and IMF staff estimates and projections.
Note: Data and forecasts as of March 20, 2025
1/ IMF staff estimates. MAS core inflation excludes the costs of accommodation and private transport.
2/ IMF staff estimates on a calendar year basis following GFSM 2014.
3/ Net lending/borrowing excluding net investment return contribution (NIRC).
4/ Data reporting by financial institutions changed since July 2022 after two major changes in MAS' banking sector regulatory framework took effect, creating a break in the broad money and credit to private sector series.
5/ Following the BPM6 sign convention, a positive entry implies net outflows.
6/ In months of following year's imports of goods and services.
7/ Increase is an appreciation; based on unit labor costs.

## Table 2. Singapore: Balance of Payments, 2019–26 1/

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Projections 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|
| | (In billions of U.S. dollars) | | | | | | | |
| Current account balance | 57.9 | 61.1 | 86.4 | 93.8 | 89.4 | 96.0 | 96.0 | 98.5 |
| Goods balance | 94.7 | 102.8 | 121.2 | 160.1 | 157.2 | 148.1 | 150.5 | 154.9 |
| Exports, f.o.b. | 440.2 | 417.3 | 513.0 | 607.8 | 559.5 | 583.0 | 590.8 | 612.5 |
| Imports, f.o.b. | -345.5 | -314.4 | -391.8 | -447.7 | -402.2 | -434.9 | -440.2 | -457.6 |
| Services balance | 15.8 | 7.2 | 37.1 | 42.9 | 32.0 | 44.4 | 50.1 | 52.0 |
| Exports | 225.2 | 217.4 | 284.7 | 339.6 | 358.2 | 395.6 | 416.3 | 435.6 |
| Imports | -209.4 | -210.2 | -247.6 | -296.7 | -326.3 | -351.1 | -366.2 | -383.6 |
| Primary income balance | -45.5 | -44.8 | -65.6 | -102.0 | -93.0 | -89.0 | -97.0 | -100.4 |
| Receipts | 112.7 | 109.5 | 161.6 | 161.9 | 164.6 | 199.6 | 193.2 | 182.2 |
| Payments | -158.2 | -154.3 | -227.1 | -263.9 | -257.6 | -288.6 | -290.2 | -282.6 |
| Secondary income balance | -7.1 | -4.2 | -6.3 | -7.2 | -6.8 | -7.6 | -7.6 | -7.9 |
| Financial account (net) | 67.9 | -12.8 | 20.8 | 209.4 | 29.3 | 65.9 | 55.2 | 57.1 |
| Direct investment | -37.4 | -35.0 | -72.7 | -89.4 | -93.5 | -96.7 | -98.6 | -101.2 |
| Assets | 69.2 | 44.8 | 72.7 | 60.3 | 38.9 | 55.3 | 57.7 | 60.7 |
| Liabilities | 106.6 | 79.8 | 145.4 | 149.7 | 132.5 | 151.9 | 156.4 | 161.9 |
| Portfolio investment | 109.1 | 59.2 | 73.6 | 61.7 | 97.9 | 78.7 | 65.7 | 67.9 |
| Assets | 115.3 | 55.6 | 87.6 | 86.7 | 101.1 | 108.5 | 90.7 | 93.7 |
| Liabilities | 6.2 | -3.6 | 14.0 | 24.9 | 3.2 | 29.8 | 24.9 | 25.8 |
| Other investment and financial derivatives | -3.8 | -37.0 | 19.8 | 237.0 | 25.0 | 84.0 | 88.1 | 90.3 |
| Net errors and omissions | 1.7 | 1.0 | 0.5 | 1.4 | 0.9 | -0.4 | ... | ... |
| Overall balance | -8.4 | 74.9 | 66.2 | -114.2 | 60.9 | 29.7 | 40.8 | 41.5 |
| Memorandum items: | | | | | | | | |
| Current account as percent of GDP | 15.4 | 17.5 | 19.8 | 18.4 | 17.7 | 17.5 | 17.1 | 16.9 |
| Goods balance as percent of GDP | 25.2 | 29.5 | 27.8 | 31.5 | 31.1 | 27.1 | 26.8 | 26.6 |
| Re-exports as percent of GDP | 54.7 | 58.4 | 57.1 | 54.2 | 52.1 | 53.0 | ... | ... |
| Net international investment position | | | | | | | | |
| In billions of U.S. dollars | 886 | 1073 | 1004 | 871 | 906 | 804 | ... | ... |
| In percent of GDP | 236 | 307 | 230 | 171 | 179 | 147 | ... | ... |

Sources: Singaporean authorities and IMF staff estimates and projections.

1/ Data for the current account balance, the capital and financial account balance, and net errors and omissions are converted to U.S. dollars from the official presentation in Singapore dollars using period-average exchange rates. The official presentation has adopted the sign convention for assets and liabilities in line with BPM6 manual.

## Table 3. Singapore: Monetary Survey, 2019–26 1/

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Projections 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|
| | (In billions of Singapore dollars, end of period) | | | | | | | |
| Net foreign assets | 578 | 724 | 654 | 497 | 599 | 675 | 729 | 785 |
| Monetary authorities | 374 | 472 | 553 | 381 | 454 | 501 | 556 | 611 |
| Banks | 204 | 252 | 101 | 116 | 145 | 173 | 173 | 173 |
| Domestic credit | 996 | 1019 | 989 | 1240 | 1235 | 1326 | 1353 | 1385 |
| Claims on private sector | 826 | 837 | 894 | 899 | 881 | 938 | 966 | 997 |
| Claims on central government | 170 | 182 | 95 | 340 | 353 | 388 | 387 | 387 |
| Other items (net) | -643 | -712 | -512 | -518 | -577 | -659 | -701 | -743 |
| M2 | 931 | 1031 | 1131 | 1219 | 1257 | 1342 | 1381 | 1426 |
| M1 | 326 | 437 | 518 | 451 | 449 | 488 | 503 | 519 |
| Quasi-money | 605 | 595 | 613 | 768 | 808 | 854 | 879 | 907 |
| | (Annual percentage change) | | | | | | | |
| Domestic credit | 4.9 | 2.3 | -2.9 | 25.3 | -0.4 | 7.4 | 2.0 | 2.3 |
| Claims on private sector | 3.0 | 1.4 | 6.8 | 0.5 | -2.0 | 6.4 | 2.9 | 3.2 |
| M2 | 4.5 | 10.7 | 9.7 | 7.8 | 3.2 | 6.7 | 2.9 | 3.2 |
| | (Contribution to M2 growth, in percentage points) | | | | | | | |
| Net foreign assets | 2.4 | 15.7 | -6.8 | -13.9 | 8.4 | 6.0 | 4.1 | 4.0 |
| Domestic credit (net) | 5.1 | 2.5 | -2.9 | 22.1 | -0.4 | 7.3 | 2.0 | 2.3 |
| Claims on private sector | 2.7 | 1.2 | 5.5 | 0.4 | -1.4 | 4.5 | 2.0 | 2.3 |
| Claims on central government (net) | 2.5 | 1.3 | -8.4 | 21.7 | 1.1 | 2.8 | -0.1 | 0.0 |
| Other items (net) | -3.2 | -7.5 | 19.4 | -0.5 | -4.9 | -6.5 | -3.1 | -3.0 |
| Memorandum items: | | | | | | | | |
| Total loans to nonbanks (in billions of Singapore dollars) 2/ | 1,370 | 1,354 | 1,325 | 1,290 | 1,252 | 1,310 | … | … |
| To residents 3/ | 786 | 793 | 816 | 813 | 794 | 835 | … | … |
| Total loans to nonbanks (annual percentage change) 2/ | 4.3 | -1.2 | -2.1 | -2.6 | -2.9 | 4.6 | … | … |
| To residents (annual percentage change) 3/ | 3.0 | 0.8 | 2.9 | -0.3 | -2.4 | 5.2 | … | … |

Sources: Monetary Authority of Singapore; and IMF staff estimates.

1/ Based on domestic banking units (DBUs) and Asian currency units (ACUs) until June 2021. Data reporting by financial institutions changed since July 2021 after two major changes in MAS' banking sector regulatory framework took effect, creating a break in the broad money and credit to private sector series.

2/ Total loans of DBUs and ACUs to both residents and nonresidents.
3/ For ACUs, data are converted to Singapore dollar using end-of-period exchange rate.

## Table 4. Singapore: Indicators of Vulnerability, 2019–2024

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Financial sector indicators | | | | | | |
| Broad money (M2, percent change, y/y, end of period) | 4.5 | 10.7 | 9.7 | 7.8 | 3.2 | 6.7 |
| Private sector credit (percent change, y/y, end of period) | 3.0 | 1.4 | 6.8 | 0.5 | -2.0 | 6.4 |
| Credit to the property sector (percent change, y/y, end of period) 1/ | 1.0 | 2.4 | -96.1 | 4.6 | 0.7 | 1.1 |
| Share of property sector credit in total nonbank credit (percent, end of period) 1/ 2/ | 49.6 | 51.8 | 51.6 | 51.7 | 51.5 | 51.5 |
| Credit rating of local banks (S&P) 3/ | AA- | AA- | AA- | AA- | AA- | AA- |
| Three-month S$ SIBOR (percent, end of period) | 1.8 | 0.4 | 0.4 | 4.3 | 4.1 | 4.1 |
| NPL ratio (local banks, percent, latest available) 4/ | 1.5 | 1.6 | 1.4 | 1.3 | 1.2 | 1.1 |
| Capital adequacy ratio of local banks (percent, latest available) 5/ | 15.3 | 15.5 | 15.1 | 15.2 | 15.3 | 17.5 |
| Asset market indicators (end of period) | | | | | | |
| Stock prices (percent change, y/y) | 5.0 | -11.8 | 9.8 | 4.1 | -0.3 | -6.3 |
| P/E ratio 6/ | 13.2 | 18.2 | 21.7 | 16.3 | 12.6 | 16.2 |
| Stock prices of the finance sector (percent change, y/y) | 10.2 | -9.1 | 15.1 | 6.4 | 0.8 | -4.9 |
| Real estate prices (percent change, y/y) | | | | | | |
| Private residential (4-quarter average) | 2.3 | 1.6 | 8.0 | 10.2 | 7.5 | 4.8 |
| Private residential (end of period) | 2.7 | 2.2 | 10.6 | 8.6 | 6.8 | 3.9 |
| External indicators | | | | | | |
| Current account balance (US$ billion) | 57.9 | 61.1 | 86.4 | 93.8 | 89.4 | 96.0 |
| In percent of GDP | 15.4 | 17.5 | 19.8 | 18.4 | 17.7 | 17.5 |
| Gross official reserves (US$ billion, end of period) | 279.5 | 362.3 | 417.9 | 289.5 | 351.0 | 371.4 |
| In months of next year's imports of goods and services | 6.4 | 6.8 | 6.7 | 4.8 | 5.4 | 5.5 |
| Real effective exchange rate (index, 2010=100, end of period) 7/ | 106.5 | 103.6 | 103.4 | 109.6 | 117.5 | 120.9 |

Sources: Data provided by the Singapore authorities; and IMF, *Information Notice System.*

1/ For domestic banking units (DBU).

2/ Captures building and construction loans plus housing and bridging loans as a share of total loans and advances for Singapore residents.

3/ Ratings of the three major local banks.

4/ In percent of global nonbank loans. 2024 data is as of 2024Q3.

5/ 2024 is as of 2024Q3.

6/ This is PE ratio for MSCI Singapore Index.

7/ An increase is an appreciation; based on consumer price indices.

## Table 5. Singapore: Medium-Term Scenario, 2019–30

| | | | | | | | Projections | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Real growth (percent change) | | | | | | | | | | | | |
| GDP | 1.3 | -3.8 | 9.8 | 4.1 | 1.8 | 4.4 | 1.7 | 1.7 | 2.3 | 2.5 | 2.5 | 2.5 |
| Total domestic demand | 1.9 | -9.3 | 11.9 | 5.3 | -2.2 | 7.2 | 2.9 | 2.6 | 3.0 | 3.2 | 3.0 | 3.1 |
| (Contribution to GDP growth, in percent) | 1.3 | -6.6 | 8.0 | 3.4 | -1.3 | 4.5 | 2.0 | 1.9 | 2.2 | 2.3 | 2.2 | 2.3 |
| Final domestic demand | 3.1 | -9.8 | 11.7 | 5.8 | 2.3 | 4.7 | 2.9 | 2.7 | 3.1 | 3.2 | 3.0 | 3.1 |
| Consumption | 3.3 | -7.6 | 6.3 | 6.4 | 4.1 | 5.7 | 3.2 | 2.9 | 2.8 | 2.8 | 2.8 | 2.8 |
| Private | 3.3 | -13.6 | 7.2 | 9.7 | 4.9 | 4.8 | 2.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| Public | 3.6 | 13.2 | 3.9 | -2.3 | 1.8 | 8.3 | 6.6 | 4.6 | 3.9 | 3.9 | 3.9 | 3.9 |
| Gross capital formation | -0.6 | -12.6 | 22.9 | 3.5 | -12.7 | 10.1 | 2.1 | 2.1 | 3.5 | 4.0 | 3.3 | 3.8 |
| Gross fixed investment | 2.5 | -14.0 | 23.2 | 4.7 | -0.9 | 2.9 | 2.2 | 2.1 | 3.6 | 4.0 | 3.4 | 3.8 |
| Private | 2.4 | -11.4 | 23.1 | 5.5 | -1.7 | 0.8 | 0.5 | 1.0 | 3.2 | 3.7 | 2.9 | 4.0 |
| Public | 2.9 | -25.3 | 23.8 | 0.6 | 3.1 | 12.4 | 11.0 | 6.4 | 5.0 | 5.2 | 5.2 | 3.1 |
| Change in inventories 1/ | -0.7 | 0.1 | 0.3 | -0.2 | -2.6 | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net exports 1/ | -0.1 | 2.2 | 2.6 | 0.4 | 2.9 | 0.3 | -0.3 | -0.2 | 0.1 | 0.2 | 0.3 | 0.2 |
| Saving and investment (percent of GDP) | | | | | | | | | | | | |
| Gross national savings | 39.9 | 40.3 | 43.8 | 40.6 | 38.9 | 39.7 | 39.2 | 39.0 | 39.5 | 40.2 | 40.2 | 39.7 |
| Government 2/ | 5.2 | -2.6 | 0.2 | 2.5 | 3.9 | 4.4 | 4.4 | 4.1 | 3.8 | 3.7 | 3.5 | 3.5 |
| Private and other | 34.7 | 42.9 | 43.6 | 38.1 | 35.1 | 35.3 | 34.8 | 34.9 | 35.7 | 36.5 | 36.7 | 36.2 |
| Gross capital formation | 24.5 | 22.8 | 24.0 | 22.2 | 21.2 | 22.2 | 22.1 | 22.1 | 22.6 | 23.8 | 24.1 | 24.0 |
| Government 3/ | 4.3 | 3.5 | 3.8 | 3.6 | 4.1 | 4.4 | 4.9 | 5.1 | 5.3 | 5.4 | 5.6 | 5.6 |
| Private and other | 20.2 | 19.3 | 20.2 | 18.6 | 17.1 | 17.8 | 17.2 | 16.9 | 17.4 | 18.4 | 18.6 | 18.4 |
| Private credit growth (percent) | 3.0 | 1.4 | 6.8 | 0.5 | -2.0 | 6.4 | 2.9 | 3.2 | 4.4 | 4.5 | 4.5 | 4.5 |
| Inflation and unemployment | | | | | | | | | | | | |
| (period average, percent) | | | | | | | | | | | | |
| CPI inflation | 0.6 | -0.2 | 2.3 | 6.1 | 4.8 | 2.4 | 1.1 | 1.5 | 2.0 | 2.0 | 2.0 | 2.0 |
| CPI inflation, excluding food and energy 4/ | 0.4 | -0.4 | 1.7 | 4.6 | 4.2 | 2.5 | 1.1 | 1.4 | 1.8 | 1.8 | 1.8 | 1.8 |
| MAS Core inflation 4/ | 1.0 | -0.1 | 0.9 | 4.1 | 4.2 | 2.8 | 1.0 | 1.4 | 1.9 | 1.9 | 1.9 | 1.9 |
| Unemployment rate | 2.3 | 3.0 | 2.7 | 2.1 | 1.9 | 2.0 | 2.3 | 2.3 | 2.2 | 2.1 | 2.1 | 2.1 |
| Output gap | -0.3 | -2.7 | 1.3 | 1.7 | -0.5 | 0.4 | -0.5 | -0.9 | -0.6 | -0.1 | 0.0 | 0.0 |
| Central government (percent of GDP) 5/ | | | | | | | | | | | | |
| Revenue | 17.7 | 17.5 | 16.9 | 16.3 | 17.8 | 18.8 | 19.6 | 19.9 | 19.9 | 19.9 | 19.9 | 20.0 |
| Expenditure | 14.0 | 21.6 | 17.7 | 15.1 | 14.9 | 14.6 | 16.2 | 17.1 | 17.4 | 17.7 | 18.0 | 18.0 |
| Net lending/borrowing | 3.7 | -4.1 | -0.8 | 1.2 | 2.9 | 4.2 | 3.4 | 2.8 | 2.4 | 2.2 | 1.9 | 1.9 |
| Net lending/borrowing, excluding nonproduced assets | 1.4 | -5.8 | -2.8 | -0.6 | 0.5 | 1.0 | 0.7 | 0.2 | -0.2 | -0.5 | -0.7 | -0.7 |
| Primary balance 6/ | -1.9 | -9.4 | -6.2 | -3.8 | -2.8 | -2.2 | -2.8 | -3.4 | -3.8 | -4.1 | -4.3 | -4.3 |
| Merchandise trade (percent change) | | | | | | | | | | | | |
| Export volume | -1.8 | 2.1 | 9.8 | 8.1 | -6.0 | 3.7 | 1.4 | 3.9 | 3.3 | 2.6 | 2.0 | 2.2 |
| Import volume | -1.1 | -2.1 | 10.4 | 4.9 | -8.8 | 7.6 | 2.3 | 4.7 | 4.6 | 3.5 | 2.4 | 2.8 |
| Terms of trade | -0.3 | -0.1 | -0.9 | 0.6 | -0.6 | 0.0 | 1.0 | 0.5 | 0.1 | 0.0 | 0.0 | 0.1 |
| Balance of payments (percent of GDP) | | | | | | | | | | | | |
| Current account balance | 15.4 | 17.5 | 19.8 | 18.4 | 17.7 | 17.5 | 17.1 | 16.9 | 16.9 | 16.4 | 16.1 | 15.7 |
| Balance on goods and services | 29.4 | 31.5 | 36.3 | 39.9 | 37.4 | 35.2 | 35.7 | 35.5 | 34.2 | 32.9 | 31.8 | 30.5 |
| Balance on primary and secondary income | -14.0 | -14.0 | -16.5 | -21.5 | -19.7 | -17.6 | -18.6 | -18.6 | -17.3 | -16.5 | -15.7 | -14.8 |
| Gross official reserves (US$ billions) | 279 | 362 | 418 | 289 | 351 | 371 | 420 | 428 | 470 | 513 | 556 | 599 |
| In months of imports 7/ | 6.4 | 6.8 | 6.7 | 4.8 | 5.4 | 5.5 | 6.0 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 |

Sources: Data provided by the Singapore authorities; and IMF staff estimates and projections.

1/ Contribution to GDP growth.

2/ Based on fiscal accounts data.

3/ Based on national accounts data.

4/ IMF staff estimates, showing projections from 2025. MAS core inflation excludes the costs of accommodation and private transport.

5/ IMF staff estimates on a calendar year basis following GFSM 2014.

6/ Net lending/borrowing excluding nonproduced assets minus net investment return contribution (NIRC).

7/ In months of next year's imports of goods and services.

## Table 6. Singapore: Summary of Government Operations and Stock Positions, FY2019–FY2025 1/

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 6/ Est. | FY2025 6/ Proj. |
|---|---|---|---|---|---|---|---|
| **I. Statement of government operations** | | | | | | | |
| | (In billions of Singapore dollars) | | | | | | |
| Revenue | 91.3 | 85.6 | 102.9 | 113.4 | 126.4 | 140.6 | 149.9 |
| Taxes | 67.6 | 61.4 | 74.8 | 82.7 | 94.3 | 104.7 | 110.3 |
| Other revenue | 23.7 | 24.2 | 28.1 | 30.7 | 32.1 | 35.9 | 39.6 |
| *Of which:* Net investment returns contribution (NIRC) | 17.0 | 18.2 | 20.4 | 22.4 | 23.0 | 24.0 | 27.1 |
| Expense | 64.7 | 111.5 | 90.5 | 94.5 | 96.9 | 107.6 | 116.7 |
| Compensation of employees | 8.9 | 8.8 | 9.8 | 10.4 | 10.5 | 11.3 | 11.6 |
| Use of goods and services | 20.3 | 24.9 | 25.3 | 26.5 | 27.9 | 29.7 | 32.7 |
| Expense not elsewhere classified 2/ | 35.5 | 77.8 | 55.4 | 57.6 | 58.5 | 66.6 | 72.4 |
| Grants, subventions & capital injections to organizations | 13.4 | 17.5 | 21.0 | 24.6 | 22.7 | 24.8 | 25.6 |
| Transfers 2/ | 22.0 | 60.3 | 34.3 | 32.9 | 35.8 | 41.8 | 46.8 |
| Gross operating balance | 26.6 | -25.8 | 12.3 | 18.9 | 29.5 | 33.0 | 33.2 |
| Net acquisition of nonfinancial assets, excluding nonproduced assets | 18.6 | 14.7 | 18.0 | 22.5 | 23.3 | 25.1 | 29.3 |
| *Of which:* Development expenditure | 16.7 | 13.4 | 16.3 | 20.4 | 21.5 | 23.4 | 26.8 |
| **Net lending/borrowing, excluding nonproduced assets 3/** | **8.1** | **-40.5** | **-5.7** | **-3.6** | **6.2** | **7.9** | **3.9** |
| Net acquisition of nonproduced assets (land) | -11.3 | -7.4 | -12.6 | -12.0 | -17.8 | -25.0 | -19.4 |
| Net lending/borrowing | 19.3 | -33.1 | 6.9 | 8.5 | 23.9 | 32.9 | 23.3 |
| **II. Stock positions** | | | | | | | |
| | (In billions of Singapore dollars, unless otherwise indicated) | | | | | | |
| Gross financial assets 4/ | 1,349 | 1,401 | 1,572 | 1,733 | 1,779 | … | … |
| Gross debt 5/ | 656 | 729 | 874 | 1,081 | 1,193 | 1,285 | … |
| Gross debt (in percent of GDP) 5/ | 128 | 148 | 142 | 154 | 173 | 173 | … |
| Government deposits at the Monetary Authority of Singapore | 44 | 70 | 54 | 16 | 65 | … | … |
| Memorandum item: | | | | | | | |
| Nominal GDP (fiscal year) | 513 | 492 | 617 | 701 | 690 | 742 | 757 |

Sources: Data provided by the Ministry of Finance; and IMF staff estimates and projections.

1/ The financial year begins on 1 April of the current year and ends on 31 March of the following year. Table presentation is based on GFSM 2014.
2/ Includes spending from government endowment and trust funds.
3/ This fiscal aggregate is used in policy discussions with the authorities. Proceeds from land sales do not affect the fiscal stance to the extent that the private sector is receiving an equivalent asset in return. They also do not affect total net worth for the government or for the private sector.
4/ Gross asset stock figures are as at the end of March for each year as reported in the "Statement of Assets and Liabilities" in the budget document.
5/ Debt is issued to deepen the domestic debt market, to meet the investment needs of the Central Provident Fund, and to provide individuals a long-term savings option.
6/ The IMF staff projection for GDP is used to calculate the authorities' budgetary accounts in percent of GDP.

## Table 6. Singapore: Summary of Government Operations and Stock Positions, FY2019–FY2025 1/ (concluded)

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 11/ Est. | FY2025 11/ Proj. |
|---|---|---|---|---|---|---|---|
| **I. Statement of government operations** | | | | | | | |
| | | | (In percent of GDP) | | | | |
| Revenue | 17.8 | 17.4 | 16.7 | 16.2 | 18.3 | 19.0 | 19.8 |
| Taxes | 13.2 | 12.5 | 12.1 | 11.8 | 13.7 | 14.1 | 14.6 |
| Other revenue | 4.6 | 4.9 | 4.6 | 4.4 | 4.6 | 4.8 | 5.2 |
| *Of which:* NIRC | 3.3 | 3.7 | 3.3 | 3.2 | 3.3 | 3.2 | 3.6 |
| Expense 2/ | 12.6 | 22.7 | 14.7 | 13.5 | 14.0 | 14.5 | 15.4 |
| Gross operating balance | 5.2 | -5.3 | 2.0 | 2.7 | 4.3 | 4.5 | 4.4 |
| Net acquisition of nonfinancial assets, excluding nonproduced assets | 3.6 | 3.0 | 2.9 | 3.2 | 3.4 | 3.4 | 3.9 |
| *Of which:* Development expenditure | 3.2 | 2.7 | 2.6 | 2.9 | 3.1 | 3.1 | 3.5 |
| **Net lending/borrowing, excluding nonproduced assets 3/** | **1.6** | **-8.2** | **-0.9** | **-0.5** | **0.9** | **1.1** | **0.5** |
| Net acquisition of nonproduced assets (land) | -2.2 | -1.5 | -2.0 | -1.7 | -2.6 | -3.4 | -2.6 |
| Net lending/borrowing | 3.8 | -6.7 | 1.1 | 1.2 | 3.5 | 4.4 | 3.1 |
| *Memorandum items:* | | | | | | | |
| Cyclically-adjusted overall balance (percent of potential GDP) 4/ | 1.7 | -7.9 | -1.1 | -0.7 | 0.9 | 1.0 | 0.6 |
| Primary balance 5/ | -1.8 | -11.9 | -4.2 | -3.7 | -2.4 | -2.2 | -3.1 |
| Cyclically-adjusted primary balance (percent of potential GDP) 6/ | -1.6 | -11.5 | -4.5 | -3.9 | -2.4 | -2.2 | -3.0 |
| Structural primary balance (percent of potential GDP) 7/ | -1.9 | -11.9 | -4.8 | -4.0 | -2.5 | -2.3 | -3.0 |
| Expenditures on social development 8/ | 7.1 | 9.1 | 7.6 | 7.4 | 7.5 | 7.5 | 8.1 |
| Spending from Endowment and Trust Funds | 0.9 | 1.0 | 0.8 | 1.0 | 1.5 | 2.0 | 2.1 |
| Authorities' budgetary accounts 9/ | | | | | | | |
| Operating revenue (1) | 14.5 | 13.7 | 13.4 | 13.0 | 15.0 | 15.6 | 16.2 |
| Total expenditure (2) | 14.7 | 17.6 | 15.4 | 14.9 | 15.3 | 15.1 | 16.4 |
| Primary fiscal balance (3)=(1)-(2) | -0.2 | -3.9 | -2.0 | -1.9 | -0.3 | 0.5 | -0.1 |
| Special transfers (excl. transfers to endowment funds) (4) | 0.3 | 6.8 | 1.1 | 0.4 | 0.4 | 0.4 | 0.5 |
| Basic balance (5)=(3)-(4) | -0.5 | -10.7 | -3.1 | -2.3 | -0.7 | 0.1 | -0.6 |
| Transfers to Endowment and Trust Funds (6) | 2.6 | 3.5 | 0.0 | 0.9 | 3.5 | 3.0 | 2.6 |
| NIRC (7) | 3.3 | 3.7 | 3.3 | 3.2 | 3.3 | 3.2 | 3.6 |
| Overall balance (8)=(5)-(6)+(7) | 0.2 | -10.5 | 0.2 | 0.0 | -0.9 | 0.4 | 0.4 |
| Overall fiscal position 10/ | 0.2 | -10.5 | 0.3 | 0.2 | -0.4 | 0.9 | 0.9 |

Sources: Data provided by the Ministry of Finance; and IMF staff estimates and projections.

1/ The financial year begins on 1 April of the current year and ends on 31 March of the following year. Table presentation is based on GFSM 2014.

2/ Includes spending from government endowment and trust funds.

3/ This fiscal aggregate is used in policy discussions with the authorities. Proceeds from land sales do not affect the fiscal stance to the extent that the private sector is receiving an equivalent asset in return. They also do not affect total net worth for the government or for the private sector. The differences between staff's and authorities' fiscal balance measures primarily arise from their treatment of (i) spending from the government's endowment and trust funds and (ii) top-ups to these funds. While staff subtract the former to arrive at the overall fiscal balance, the authorities subtract the latter. Furthermore, to calculate the overall fiscal position, the authorities capitalize expenditure for nationally significant infrastructure funded through borrowing under SINGA, while staff do not. To calculate the fiscal impulse, both staff and authorities treat spending from the endowment and trust funds similarly.

4/ Cyclically adjusted net lending/borrowing excluding nonproduced assets.

5/ Net lending/borrowing excluding nonproduced assets minus net investment return contribution (NIRC).

6/ The fiscal stance/impulse is the change in the cyclically adjusted primary balance.

7/ Cyclically adjusted net lending/borrowing excluding nonproduced assets minus NIRC and Monetary Authority of Singapore (MAS) contributions.

8/ Includes development and operating expenditure on education, health, national development, sustainability and the environment, culture, community and youth, social and family development, communications and information, and manpower (financial security). Does not include social spending from government endowment and trust funds.

9/ The authorities' budgetary accounts are based on Singapore's Financial Regulations and Constitutional rules governing the protection of Past Reserves. It includes the net investment returns contribution, which reflects the amount of investment returns that is taken into the Budget. It excludes receipts such as proceeds from land sales and the remaining part of investment income that accrues to past reserves and cannot be used to fund government expenditures without the approval of the President. While such receipts are not reflected in the overall balance, the information is presented annually to Parliament and included in Budget documents.

10/ Starting in FY2021, the authorities started to report an overall fiscal position which accounts for the capitalization and depreciation of nationally significant infrastructure.

11/ The IMF staff projection for GDP is used to calculate the authorities' budgetary accounts in percent of GDP.

## Table 7. Singapore: Financial Soundness Indicators, 2019–2025Q1 1/

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 Q1 |
|---|---|---|---|---|---|---|---|
| | (End of period; in percent) | | | | | | |
| Capital adequacy ratio | | | | | | | |
| Regulatory capital to risk-weighted assets | 17.0 | 17.6 | 17.0 | 17.1 | 16.8 | 18.8 | 18.9 |
| Regulatory tier I capital to risk-weighted assets | 15.3 | 15.5 | 15.1 | 15.2 | 15.3 | 17.4 | 17.5 |
| Shareholders' equity to assets | 9.3 | 9.1 | 9.1 | 8.5 | 8.8 | 8.9 | 9.0 |
| Asset quality | | | | | | | |
| Non-Bank NPLs to nonbank loans | 1.5 | 1.6 | 1.4 | 1.3 | 1.2 | 1.2 | 1.1 |
| Total Provisions to total unsecured NPAs | 198.7 | 247.4 | 223.1 | 243.9 | 260.1 | 271.5 | 266.9 |
| Specific provisions to total unsecured NPAs | 91.9 | 91.1 | 85.7 | 85.0 | 84.6 | 84.4 | 84.0 |
| Loan concentrations (in percent of total loans) | | | | | | | |
| Interbank loans | 12.5 | 11.8 | 10.2 | 10.8 | 11.9 | 12.8 | |
| Nonbank loans | 87.5 | 88.2 | 89.8 | 89.2 | 88.1 | 87.2 | |
| Profitability | | | | | | | |
| Return on assets | 1.1 | 0.8 | 0.9 | 1.2 | 1.3 | 1.3 | 1.3 |
| After tax return on equity | 11.2 | 8.0 | 9.1 | 13.7 | 14.1 | 13.5 | 14.2 |
| Net interest margin | 1.8 | 1.5 | 1.5 | 2.2 | 2.1 | 2.1 | 2.1 |
| Non-interest income to total income | 35.7 | 36.6 | 35.9 | 24.7 | 29.0 | 30.3 | 36.2 |
| Liquidity | | | | | | | |
| Overall non-bank loans to deposits ratio (LTD) | 88.0 | 83.9 | 84.8 | 83.1 | 81.0 | 80.6 | 80.1 |
| Domestic currency non-bank LTD | 88.8 | 78.9 | 78.5 | 80.8 | 81.5 | 81.2 | 79.6 |
| Foreign currency non-bank LTD | 69.0 | 65.6 | 66.9 | 59.2 | 50.6 | 51.3 | 51.9 |

Sources: Monetary Authority of Singapore.

1/ The data relates to local banking groups' global operations.

## Table 8. Singapore: International Investment Position, 2019–24

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| | (In billions of U.S. Dollars) 1/ | | | | | |
| External assets | 4,324 | 4,944 | 5,228 | 5,368 | 5,660 | 5,911 |
| Direct investment | 1,181 | 1,411 | 1,560 | 1,678 | 1,756 | 1,799 |
| Portfolio investment | 1,526 | 1,673 | 1,760 | 1,724 | 1,875 | 1,978 |
| Equity securities | 811 | 916 | 1,042 | 1,006 | 1,118 | 1,149 |
| Debt securities | 715 | 756 | 718 | 717 | 758 | 829 |
| Other investment and financial derivatives | 1,338 | 1,498 | 1,492 | 1,678 | 1,677 | 1,762 |
| Reserve assets | 279 | 362 | 417 | 289 | 351 | 372 |
| External liabilities | 3,438 | 3,871 | 4,224 | 4,497 | 4,754 | 5,107 |
| Direct investment | 1,736 | 1,996 | 2,225 | 2,358 | 2,559 | 2,732 |
| Portfolio investment | 327 | 367 | 454 | 518 | 537 | 619 |
| Equity securities | 235 | 266 | 302 | 317 | 332 | 382 |
| Debt securities | 92 | 102 | 151 | 201 | 205 | 237 |
| Other investment and financial derivatives | 1,375 | 1,508 | 1,546 | 1,622 | 1,657 | 1,756 |
| Net international investment position | 886 | 1,073 | 1,004 | 871 | 906 | 804 |
| | (In percent of GDP) 1/ | | | | | |
| External assets | 1150 | 1416 | 1198 | 1055 | 1120 | 1080 |
| Direct investment | 314 | 404 | 357 | 330 | 347 | 329 |
| Portfolio investment | 406 | 479 | 403 | 339 | 371 | 361 |
| Equity securities | 216 | 262 | 239 | 198 | 221 | 210 |
| Debt securities | 190 | 217 | 164 | 141 | 150 | 151 |
| Other investment and financial derivatives | 356 | 429 | 342 | 330 | 332 | 322 |
| Reserve assets | 74 | 104 | 95 | 57 | 69 | 68 |
| External liabilities | 914 | 1109 | 968 | 884 | 940 | 933 |
| Direct investment | 461 | 572 | 510 | 463 | 506 | 499 |
| Portfolio investment | 87 | 105 | 104 | 102 | 106 | 113 |
| Equity securities | 63 | 76 | 69 | 62 | 66 | 70 |
| Debt securities | 24 | 29 | 35 | 39 | 41 | 43 |
| Other investment and financial derivatives | 366 | 432 | 354 | 319 | 328 | 321 |
| Net international investment position | 235.7 | 307.4 | 229.9 | 171.0 | 179.3 | 146.9 |

Sources: Singapore, Department of Statistics; and IMF staff calculations.

1/ IMF staff estimates using official data published in national currency.

# Annex I. Staff Policy Advice from the 2024 Article IV Consultation

| Staff Advice | Policy Actions |
|---|---|
| **Fiscal Policy** | |
| The fiscal stance in 2024 is appropriate. The broadly neutral fiscal stance, coupled with targeted support measures, will help moderate price pressures, while also assisting vulnerable households and firms in addressing cost of living concerns. Should downside risks to growth materialize, Singapore has substantial fiscal space to deploy temporary and targeted support. | The fiscal stance in FY2024 was tight, appropriately and successfully helping the disinflationary process. The FY2025 budget continues to effectively support vulnerable households and businesses. The authorities' response to the COVID-19 pandemic showcased their readiness to draw on the country's sizeable reserves to fund large fiscal stimuli to cushion the impact of large negative shocks. |
| Given strong public finance and fiscal institutions, Singapore is well-positioned to address its medium- and long-term challenges. A slower pace of fiscal surplus accumulation within the government's balanced budget rule would be warranted in the coming years to accommodate the rising spending needs. Higher public spending and stronger social safety nets will help reduce Singapore's large external surpluses. | The fiscal stance in the FY2025 budget is expansionary and envisages additional spending, including on healthcare. A new temporary financial support scheme for involuntarily unemployed workers was introduced in April 2025, strengthening the social safety net. The authorities recognize the medium- to long-term spending needs and have mobilized additional revenue, for instance through the increase in the GST from 7 to 9 percent, to support higher spending over the medium term. |
| **Monetary, Exchange Rate, and Financial Policies** | |
| Monetary policy should be kept tight until inflationary pressures firmly recede. Once the envisaged disinflation is firmly in sight, monetary policy should be adjusted in a timely manner to address risks to price stability, continued to be guided by data and articulated through clearly communicated policy decisions. | After both headline and MAS core inflation fell firmly below 2 percent by end-2024, MAS loosened monetary policy by slightly reducing the slope of its policy band in January and April 2025. |
| As the 2019 FSAP highlighted, given the importance of U.S. dollar funding and liquidity for the banking system, the option of introducing minimum requirements for foreign currency liquidity coverage ratios (LCR) should remain open, in addition to its current supervisory approach. MAS could also consider increasing the stress test horizon (e.g., a 5-year horizon like the 2019 FSAP). | MAS continues to engage regularly with banks to strengthen their U.S. dollar liquidity risk management practices and contingency funding planning. MAS has introduced granular cashflow-based FX liquidity stress tests separately for U.S. dollar cashflows, while there is no minimum requirement for foreign currency LCR. Stress tests are conducted over 3-year horizons. |
| The tight macroprudential policy stance remains appropriate and should continue to play a key role in containing housing-related systemic risks. | The macroprudential stance based on existing macroprudential measures (MPMs) remained unchanged for the private residential housing sector. To further encourage financial prudence, the Loan-to-Value limit for public housing loans |

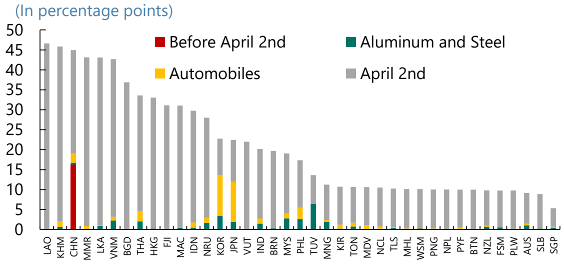
| Staff Advice | Policy Actions |
|---|---|
| | provided by HDB was tightened from 80 percent to 75 percent. A countercyclical capital buffer (CCyB), loan to value ratio (LTV), total debt servicing ratio (TDSR), and loan tenure limits are in the MPM toolkit. However, MAS has kept the Countercyclical Capital Buffer (CCyB) at 0 percent for 2025. |
| Staff recommend phasing out the additional residency-based differentiation resulting from the April 2023 increase in the ABSD rates in a way that does not disrupt the market, and then continuing phasing out the remaining residency-based differentiation once systemic risks from the housing market clearly dissipate. | The ABSD continues to retain its residency-based distinction. |
| **Structural Policies** | |
| Staff welcome the authorities' efforts to promote a more inclusive, resilient, and greener economy. The government's *Forward Singapore* report outlines reforms, including enhanced social safety nets and lifelong learning programs, aimed at fostering inclusive growth amid rapid population aging and AI advancements. | The government continues to implement measures under the *Forward Singapore* initiative. A new financial support scheme for voluntary employed workers was introduced in April 2025, strengthening the social safety net. Other measures implemented in 2024-25 include:<br>(i) longer paid parental leave and more affordable preschool education to support young families;<br>(ii) stepping up new public housing construction and enhanced grants for low-income, first-time home buyers to improve housing affordability;<br>(iii) topping up Central Provident Fund (CPF) retirement accounts for low-income workers and retirees to improve their pension adequacy; and<br>(iv) enhanced co-funding support for the Progressive Wage Model, which sets out sector-specific minimum salaries for selected sectors such as retail, food services, and security. |

# Annex II. Trade and Cross-Border Investment Linkages with the United States

**1. The U.S.'s bilateral tariff rate on Singapore has increased but remains low compared to regional partners.** Prior to the recent trade tensions, Singapore's effective tariff rate was nearly zero percent, under the United States-Singapore Free Trade Agreement that began in 2004. In early 2025, the U.S. administration imposed a series of new tariffs on certain sectors (e.g., automobiles, steel, and aluminum) and varying levels of economy-wide tariffs, including a 10 percent tariff on Singapore. Moreover, many of Singapore's main exports to the U.S. have been exempted from the trade actions thus far (e.g., petroleum products, pharmaceuticals, and semiconductor goods). As a result, Singapore's estimated effective tariff rate is roughly 5 percent, which is lower than the regional average effective rate of 21 percent, as of April 4th.

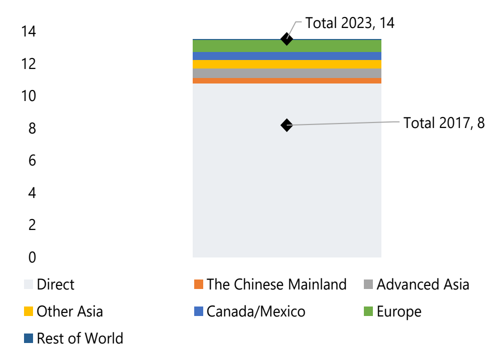
**2. Still, Singapore remains highly exposed to trade with the U.S.** While Singapore's effective tariff rate is the lowest in the region, the economy has amongst the highest share of its own value added embedded in exports to the U.S., with its 2023 direct exposure value at 11 percent of GDP and its indirect exposure (i.e., Singapore's value added embedded in other countries' exports to the U.S.) at 3 percent of GDP—for a total of 14 percent of GDP (5 percent of GDP for goods only) and up from a total of 8 percent of GDP in 2017.[1] Over half of Singapore 's indirect U.S. export exposures are via regional supply chains. Highly exposed goods sectors include electronics (e.g., semiconductor-related goods), transport equipment (e.g., aircraft parts), and chemicals (e.g., pharmaceuticals). While there have been fewer actions on services trade, there will be negative spillovers to Singapore's trade-related services (e.g., wholesale trade) and financial services.

**Asia: Increase in US effective Tariff Rates, February 1 - April 4, 2025**
(In percentage points)




Sources: WTO and IMF staff calculations.
Note: Steel and aluminum tariffs are assumed to increase up to 25%. Tariffs on automobiles and country-specific measures are applied in addition to existing levels. Automobile, steel, and aluminum products are not affected by the country-specific tariffs announced on April 2. Tariff-exempt products are assumed to remain unaffected by the announced increases.

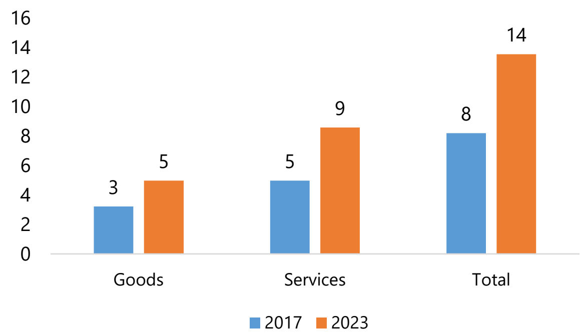
**Singapore: Direct and Indirect Value Added in Exports to the U.S., 2023**
(In percent of Singapore's total value added)




Sources: ADB MRIO; IMF staff (W. Xin) calculations.

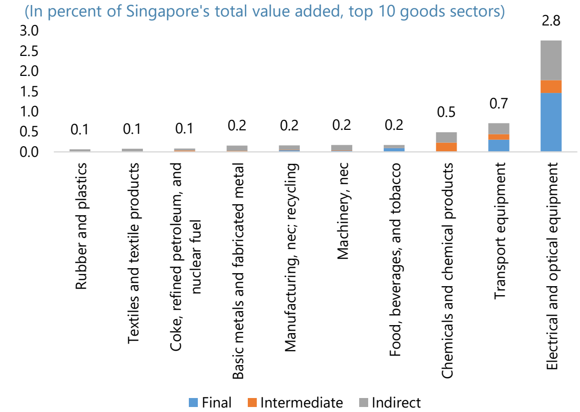
[1] Singapore's value-added exposures to China have also increased since 2017 (see 2024 Singapore Article IV Selected Issues Paper "Spillovers from China's Growth Slowdown to the Singapore Economy").

**Singapore: Value Added Exposure via Exports to the U.S.**
(In percent of Singapore's total value added)




Sources: ADB MRIO; IMF staff (W. Xin) calculations.

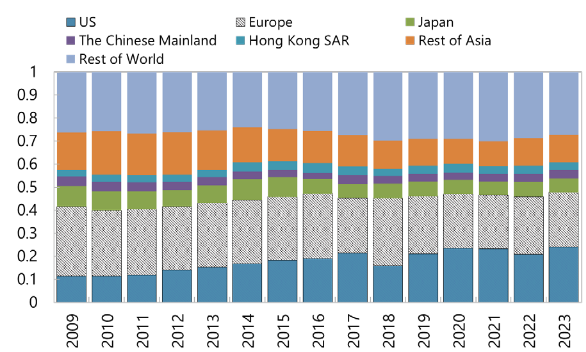
**Singapore: 2023 Value Added Goods Exposure via Exports to the U.S.**
(In percent of Singapore's total value added, top 10 goods sectors)




Sources: ADB MRIO; IMF staff (W. Xin) calculations.

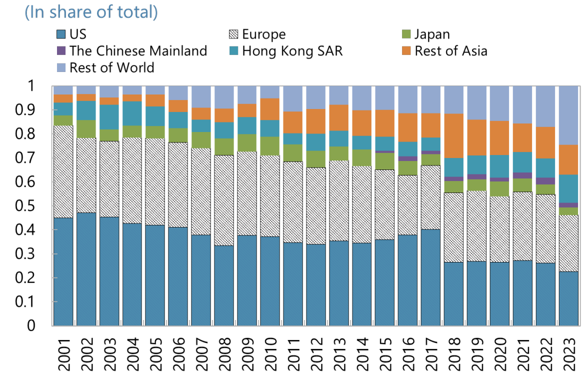
3. **Singapore also faces exposures to the U.S. via cross-border investment linkages**. Total foreign direct investment (FDI) inflows to Singapore increased from US$102 billion in 2017 to US$152 billion in 2024, an almost 50 percent increase. The U.S. is the main contributor to Singapore's FDI stock, and its share has gradually increased over time. Singapore's total portfolio investment inflows increased by less over the same period, rising from US$25 billion in 2017 to US$30 billion in 2024. However, in contrast to FDI, the U.S.'s share of the portfolio investment liabilities stock has declined. For more detail, see the accompanying Selected Issues Paper "Recent Shifts in Financial Interconnectedness in Asia and Implications for Singapore".

**Singapore: Inward FDI Origin Shares**
(In share of total)




Sources: CDIS; IMF staff calculations.

**Singapore: Portfolio Asset Liability Shares**
(In share of total)




Sources: CPIS; IMF staff calculations.

# Annex III. Risk Assessment Matrix[1]

| Risks | Likelihood | Impact of Risk | Policy Response |
|---|---|---|---|
| **External Conjunctural Risks** | | | |
| **Trade policy and investment shocks.** Higher trade barriers reduce external trade, disrupt FDI and supply chains, and trigger U.S. dollar appreciation, tighter financial conditions, and higher inflation. | **High** | **High:** Being a trade and financial hub makes Singapore particularly vulnerable to such shocks. Reshoring and less trade would hit external demand and reduce growth. While lower growth would lead to lower inflationary pressures, disruptive shifts in supply chains may increase near-term price pressures. Tighter global financial conditions and a rise in risk premia could exacerbate financial vulnerabilities. | Provide targeted fiscal support to affected sectors and their workers, as needed. Monetary policy should remain data dependent and focused on preserving price stability. Adjust macro-prudential policies while safeguarding financial stability. Accelerate the implementation of structural reforms to transform Singapore into a knowledge-based, innovation-driven economy. |
| **Commodity price volatility.** Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability. | **Medium** | **Medium:** As a larger importer of commodities, this would damage confidence and increase inflationary pressures. | Monetary policy should remain data dependent and focused on preserving price stability. Provide temporary and targeted support to vulnerable groups. |
| **Tighter financial conditions and systemic instability.** Higher-for-longer interest rates and term premia amid looser financial regulation, rising investments in cryptocurrencies, and higher trade barriers trigger asset repricing, market dislocations, weak bank and NBFI distress, and further U.S. dollar appreciation, which widens global imbalances, worsens debt affordability, and increases capital outflows from EMDEs. | **Medium** | **Medium:** Tighter global financial conditions and a rise in risk premia could exacerbate financial vulnerabilities. | Monetary policy should remain data dependent and focused on preserving price stability. Adjust macro-prudential policies while safeguarding financial stability, including by providing liquidity support to banks as needed. Provide targeted support to vulnerable groups. |

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

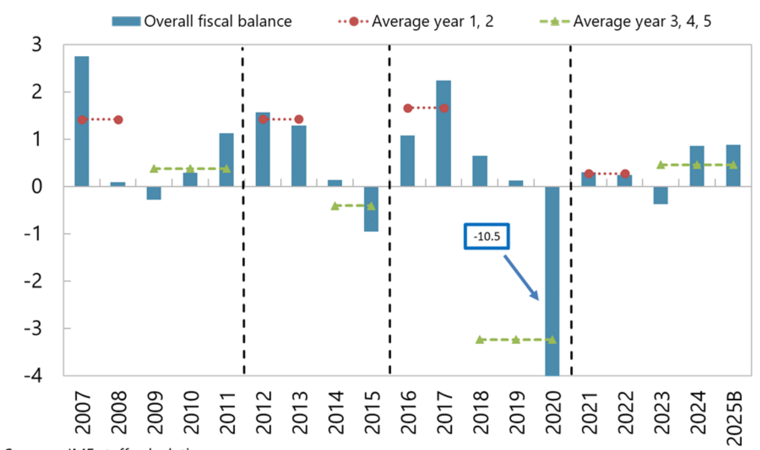
| Risks | Likelihood | Impact of Risk | Policy Response |
|---|---|---|---|
| **External Conjunctural Risks** | | | |
| **Regional conflicts.** Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows. | **Medium** | **Medium:** Supply chains would be disrupted, and risk of domestic food insecurity could be elevated due to supply disruptions. A slowdown in key export markets would impact Singapore's external demand. | Extend targeted fiscal support to affected households and businesses. Monetary policy should remain data dependent and focused on preserving price stability. Adjust macro-prudential policies while safeguarding financial stability. |
| **Global growth acceleration.** Easing of conflicts, positive supply-side surprises (e.g., oil production shocks), productivity gains from AI, or structural reforms raise global demand and trade. | **Low** | **Medium:** Given Singapore's status as a trading hub and global financial center, this would boost Singapore's growth. | Maintain countercyclical policies. Adjust macro-prudential policies to avoid an increase in vulnerabilities and safeguard financial stability. Leverage the period of strong growth to accelerate the implementation of structural reforms to transform Singapore into a knowledge-based innovation-driven economy. |
| **External Structural Risks** | | | |
| **Deepening geoeconomic fragmentation.** Persistent conflicts, inward-oriented policies, protectionism, weaker international cooperation, labor mobility curbs, and fracturing technological and payments systems lead to higher input costs, hinder green transition, and lower trade and potential growth. | **High** | **High:** Being a trade and financial hub, Singapore is vulnerable to shifting linkages from an escalation in geo-economic fragmentation. Reshoring, less trade, and costly financial frictions would reduce potential growth. | Accelerate the implementation of structural reforms to transform Singapore into a knowledge-based innovation-driven economy. Use monetary policy to respond to any cyclical slowdown in growth and inflation. Should domestic demand weaken substantially, use temporary and targeted fiscal stimulus to alleviate the transition. |

| Risks | Likelihood | Impact of Risk | Policy Response |
|---|---|---|---|
| | | **External Structural Risks** | |
| **Cyberthreats.** Cyberattacks on physical or digital infrastructure (including digital currency and crypto assets), technical failures, or misuse of AI technologies trigger financial and economic instability. | **High** | **Low:** Cyberattacks on critical infrastructure and institutions, for example financial institutions and government entities, could lead to concerns about protection of critical data and may result in loss of confidence in Singapore. | Continue to assess the adequacy of IT risk management practices and prepare a contingency plan. Coordinate with global financial regulators. Should disruptions take place, provide temporary and targeted emergency liquidity support to ensure a functional banking system. |
| **Climate change.** Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability. | **Medium** | **Medium:** Climate issues could disrupt economic activity in the long run. Slower growth coupled with higher inflationary pressures would adversely impact investment and private consumption. | Continue to enhance climate change adaptation. Improve preparedness and collaboration among agencies engaged in climate change adaptation. Provide targeted fiscal support to vulnerable groups. |
| | | **Domestic Risks** | |
| **Disorderly correction in property prices.** A deterioration of market sentiment amid tightening financial conditions and a high share of mortgage loans in household debt leads to a sharp drop in property prices. | **Low** | **Medium:** A decline in collateral values and wealth effects could trigger a fall in economic activity and bank lending with adverse feedback effects on household indebtedness and property prices. | Adjust macro-prudential policies while safeguarding financial stability. Provide targeted assistance measures to vulnerable households whose debt servicing capacity is adversely affected. |
| **A resurgence in domestic inflationary pressures.** The expansionary FY2025 budget and/or realization of upside growth risks could increase price pressures. | **Low** | **Medium:** This would partially reverse recent disinflation, negatively affecting confidence. | Tighten monetary policy stance and ensure clear communication of policy decisions. |
| **Artificial Intelligence (AI).** While AI has the potential to improve productivity, it may also result in disruptions in the labor market. | **Medium** | **Medium:** A widespread adoption of AI could lead to displacement of workers in occupations that have a high exposure to and low complementarity with AI. | Provide training programs to re-skill and upskill workers. Enhance existing active labor market policies. Improve social safety nets to assist workers affected by AI in transitioning to new jobs. |

# Annex IV. Singapore's Fiscal Framework and Rules

1. **Singapore's fiscal framework is anchored by constitutional safeguards, multi-year planning, and a focus on long-term sustainability.** Under Singapore's balanced-budget framework, which is enshrined in the Constitution, the government may not borrow to fund its operating expenses. As a result, the government must maintain a balanced budget over each term in office by ensuring that spending in each year does not exceed accumulated surpluses from the current term. At the end of each term, any accumulated surpluses become part of Singapore's "past reserves." FY2025 is the last year under the current administration. Any remaining surplus at the end of this term will become protected as part of past reserves and cannot directly be used by future governments.

**Singapore: Fiscal Balance Across Political Cycles**
(In percent of fiscal year GDP)




Sources: IMF staff calculations.
Notes: Chart shows overall fiscal balance for 2007-2020 and overall fiscal position for 2021-2025

2. **A unique hallmark of this system is the "two key" mechanism governing the nation's past reserves.** The government (holding the first key) proposes budgets and, if it seeks to use reserves accumulated in previous terms, must obtain approval from the president (holding the second key). This framework helps prevent undue spending of surpluses built up over many generations. Past reserves can only be drawn down under exceptional circumstances—such as a severe crisis—and only with presidential consent. This high threshold preserves an intergenerational store of wealth, enabling Singapore to respond swiftly to economic shocks without having to incur debt. Singapore has drawn on past reserves only twice: during the 2008 global financial crisis and for responding to the COVID-19 pandemic.

3. **The Net Investment Returns Framework allows the government to include up to half of expected long-term real investment returns from the past reserves as revenue in the budget.** The other half is continuously reinvested to preserve intergenerational equity. This prudent use of the past reserves will not only help keep the tax burden manageable as expenditure needs increase but also ensure that the accumulated surpluses of the past serve as a buffer for hard times. This approach is complemented by robust revenue strategies, such as a progressively structured tax

system, providing a stable fiscal foundation that enables the government to address an aging population, increased social spending, and other national priorities without compromising overall fiscal sustainability.

**4. One recent enhancement to the fiscal framework is the Significant Infrastructure Government Loan Act (SINGA).** It allows the government to issue debt specifically to finance nationally significant infrastructure, such as public transit and climate-resilience projects, which benefit both current and future generations. SINGA outlines strict criteria for eligible projects, including a large minimum scale (at least SGD 4 billion, equivalent to 0.5 percent of 2024 GDP), a useful life of 50 years or more, ownership by the government, and importance to national interests. There is also an overall gross borrowing limit of SGD 90 billion and annual interest threshold of SGD 5 billion. Under SINGA, the government may capitalize the resulting infrastructure asset when computing the annual budget balance but must then depreciate it over its useful life once the asset is available for use. By spreading costs over the asset's multi-decade life, SINGA helps to achieve intergenerational equity.

**5. While SINGA permits borrowing for major capital needs, it operates in harmony with the balanced budget rule.** Borrowed funds cannot go toward operating expenses, safeguarding the principle that day-to-day public services must be funded from within each government's resources. This careful delineation ensures that, even as infrastructure demands grow, Singapore maintains its tradition of fiscal prudence and intergenerational equity. However, since the capitalization and subsequent depreciation is not done under the IMF presentation of fiscal accounts, this could lead to overall fiscal deficits being shown under the IMF presentation even though the government is still complying with its balanced budget rule.

# Annex V. External Sector Assessment

<table>
<tr><td colspan="7">Overall Assessment: The external position in 2024 was substantially stronger than the level implied by medium-term fundamentals and desirable policies. The assessment is subject to a wide range of uncertainty, reflecting Singapore’s very open economy and status as a global trading and financial center. Over the medium term, the CA surplus is projected to narrow gradually alongside higher public spending, stronger social safety nets, and an increase in household consumption as the share of the prime working age population actively saving for retirement declines.<br><br>Potential Policy Responses: The planned execution of major high-quality and resilient infrastructure projects and the continued strengthening of social safety nets should help reduce external imbalances in the near term. Higher public investment is also expected to catalyze private investment. Over the medium term, Singapore’s economy is expected to undergo structural transformation in light of a rapidly aging population and a transition to a green and digital economy. Higher public investment to address these issues, including spending on health care, green and other physical infrastructures, and human capital, as well as ongoing reforms to strengthen social safety nets, would help reduce external imbalances over the medium term by reducing net saving in both the public and private sectors of the economy.</td></tr>
<tr><td>Foreign Asset and Liability Position and Trajectory</td><td colspan="6">Background. The NIIP stood at 146.9 percent of GDP in 2024, down from 179.3 percent of GDP in 2023 and below the average level of 224.7 percent of GDP in 2019-2023. Gross assets and liabilities are high; over half of foreign liabilities are in FDI (53.5 percent) and about a fifth are in the form of currency and deposits. Historically, the current account (CA) surplus has been a main driver of the NIIP since the global financial crisis. However, in 2024, valuation effects drove the decline in the NIIP, driven mainly by the appreciation in S$NEER under MAS’s exchange rate-based monetary policy. CA and growth projections imply that the NIIP will rise over the medium term. The large positive NIIP in part reflects the private savings accumulated in foreign assets for old-age consumption, which are expected to be gradually unwound over the long term.<br><br>Assessment. Large gross non-FDI liabilities (433.9 percent of GDP in 2024)—predominantly cross-border deposit taking by foreign bank branches—present some liquidity risks, but these are mitigated by large gross asset positions, banks’ large short-term external assets, and the authorities’ close monitoring of banks’ liquidity risk profiles. Further, Singapore has large official reserves and other official liquid assets.</td></tr>
<tr><td>2024 (% GDP)</td><td>NIIP: 146.9</td><td>Gross Assets: 1079.9</td><td>Res. Assets: 68.1</td><td>Gross Liab.: 932.9</td><td colspan="2">Debt Liab.: 319.1</td></tr>
<tr><td>Current Account</td><td colspan="6">Background. The CA surplus was 17.5 percent of GDP in 2024, down from 17.7 percent in 2023. This mainly reflects a decline in the goods surplus from lower goods exports. The CA balance is broadly in line with the average of 17.4 percent since 2018 and lower than the post-global-financial-crisis peak of 22.9 percent in 2010. As in the past, Singapore’s large CA balance reflects significant private and public sector savings surpluses, which in 2024 manifested as a strong goods balance and a small surplus in the services balance that is partly offset by a deficit in the income account balance.[1] Structural factors and policies that boost saving, such as Singapore’s status as a financial center, consecutive fiscal surpluses in most years, and the rapid pace of aging—combined with a mandatory defined-contribution pension program (whose assets were about 83.3 percent of GDP in 2024)—are the main drivers of Singapore’s strong external position. The CA surplus is projected to narrow over the medium term on the back of increased infrastructure and social spending. In 2024, public saving increased as the fiscal balance improved further due to stronger-than-anticipated economic activity, while private saving decreased slightly.<br><br>Assessment. Guided by the EBA framework, staff assesses the 2024 CA gap to be in the range of 3.1-7.1 percent of GDP, with a midpoint of 5.1 percent.[2] The identified policy gaps in 2024 reflect a more contractionary fiscal policy adopted in 2024 in Singapore compared to the rest of the world, as well as Singapore’s large, negative credit gap.</td></tr>
<tr><td>2024 (% GDP)</td><td>CA: 17.5</td><td>Cycl. Adj. CA: 18.0</td><td>EBA Norm:</td><td>EBA Gap:</td><td>Staff Adj:</td><td>Staff Gap: 5.1</td></tr>
</table>

[1] Singapore has a negative income balance despite its large positive NIIP position, reflecting lower rates of return on its foreign assets relative to returns on its foreign liabilities, possibly due to the fact that the composition of Singapore’s assets is tilted toward safer assets with lower returns.

[2] Nonstandard factors make a quantitative assessment of Singapore’s external position difficult and subject to significant uncertainty. Singapore is not included in the EBA sample because it is an outlier along several dimensions. One possibility, though with drawbacks, is to use EBA estimated coefficients and apply them to Singapore. Following that approach, the CA norm is estimated to be about 15.2 percent of GDP in 2024 (including the multilateral consistency adjustor). However, using this approach understates the CA gap. In order to account for Singapore’s specificities, several adjustments are needed. First, a downward adjustment of 1 percentage point is made to EBA’s implied contribution of public health expenditures to the norm to account for the fact that Singapore’s health expenditure is appropriate given its high efficiency, even though its desirable, as well as current, public health expenditure is significantly lower than in other EBA countries. Second, a downward adjustment of -3.4 percentage points to the norm is made to better account for the effect of NFA composition and component-specific return differentials on the CA. Third, notwithstanding possible partial double-counting with the NFA components adjustor, a downward adjustment of -2.1 percentage points of GDP is applied to the underlying CA to account for measurement biases due to inflation and portfolio equity retained earnings (-5.5 and +3.4 percent of GDP respectively). Adjusting for these factors, the staff-estimated CA gap is about 5.1 percent of GDP, to which the fiscal gap contributes about 1.5 percent of GDP, credit gap about 1.6 percent of GDP, public health spending about 0.2 percent of GDP, and reserves about 0.2 percent of GDP.

| | |
|---|---|
| Real Exchange Rate | Background. The Singaporean dollar has appreciated notably since 2000. The REER appreciated by 2.9 percent in 2024 reflecting the appreciation of the NEER by 2.4 percent. This followed an appreciation of the REER by 13.5 percent and an appreciation of the NEER by 5.3 percent, both cumulative, between 2020 and 2023. As of January 2025, the REER remained in line with its 2024 average.<br>Assessment. Consistent with the staff CA gap, staff assesses the REER to be undervalued in the range of 6.2 to 14.2 percent, with a midpoint of 10.2 percent in 2024 (applying an estimated elasticity of 0.5).[3] |
| Capital and Financial Accounts: Flows and Policy Measures | Background. Singapore has an open capital account. As a trade and financial center in Asia, changes in market sentiment can affect Singapore significantly. Increased risk aversion in the region, for instance, may lead to inflows to Singapore given its status as a regional safe haven, whereas global stress may lead to outflows. The financial account balance reflects in part reinvestment abroad of income from official foreign assets, as well as sizable net inward FDI and smaller but more volatile net bank-related flows. In 2024, the capital and financial account featured lower outflows of 12.0 percent of GDP compared to 41.1 percent in 2022 (outflows ranged from 4.8 to 41.1 percent in 2021–23).<br>Assessment. The financial account is likely to remain in deficit as long as the trade surplus remains large. |
| FX Intervention and Reserves Level | Background. With the NEER as the intermediate monetary policy target, intervention is undertaken to achieve inflation and output objectives. Therefore, net foreign exchange (FX) purchases are endogenous to Singapore's monetary policy framework. Aggregate data on foreign exchange intervention operations has been published since April 2020 (with a 6-month lag). In 2024H1, net FX purchases increased to US$25 billion, up from US$12 billion in 2023H1 but broadly in line with the level of interventions in 2023H2 of US$24 billion. As a financial center, prudential motives call for a larger NIIP buffer. Official reserves held by MAS reached US$371 billion (68 percent of GDP) in 2024.<br>Assessment. In addition to FX reserves held by the Monetary Authority of Singapore (MAS), Singapore also has access to other official foreign assets managed by Temasek and GIC.[4] The current level of official external assets appears adequate, even after considering prudential motives, and there is no clear case for further accumulation for precautionary purposes. |

[3] We apply the maximum range of +/-2.0 percent in the EBA sample for the CA gap reflecting the uncertainty around Singapore's assessment.

[4] The reserves-to-GDP ratio is also larger than in most other financial centers, but this may reflect in part that most other financial centers are in reserve-currency countries or currency unions. External assets managed by the government's investment corporation and wealth fund (GIC and Temasek) amount to at least 100 percent of GDP.

# Annex VI. Sovereign Risk and Debt Sustainability Analysis[1]

**Annex VI. Table 1. Singapore: Risk of Sovereign Stress**

| Horizon | Mechanical signal | Final assessment | Comments |
|---|---|---|---|
| **Overall** | … | Low | The overall risk of sovereign stress is low, reflecting low levels of vulnerability in the medium-, and long-term horizons. |
| **Near term 1/** | | | |
| **Medium term** | Low | Low | Medium-term risks are assessed as low, against a mechanical low signal as well, on the basis of authorities' strong compliance with their balanced budget rule, which prohibits borrowing to fund recurrent expenditure. Moreover, all debt is held domestically and issued in local currency, which is another risk mitigating factor. |
| Fanchart | Moderate | … | |
| GFN | Moderate | … | |
| Stress test | | … | |
| **Long term** | … | Low | Long-term risks are low. As employment growth slows, in line with population aging, investment needs by the CPF are expected to moderate. Several other mitigating factors such as large net assets, strict adherence to the fiscal rule and the implementation of various tax reforms also limit the long-term risks. |
| **Sustainability assessment 2/** | Not required for surveillance countries | Not required for surveillance countries | |
| **Debt stabilization in the baseline** | | | No |

**DSA Summary Assessment**

Commentary: Singapore's public debt is sustainable and large public financial assets are important risk mitigating factors. While public debt rose during the pandemic, the strong post-pandemic rebound, combined with a tightening of fiscal policy and large net assets imply that the risk of sovereign stress is low. Singapore is a low scrutiny country in the debt sustainability analysis framework for market access countries.

Sources: Fund staff.
Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.
1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.
2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

[1] While Singapore's debt-to-GDP is high (173 percent of GDP at end-FY2024), its large public financial assets result in a positive net asset position for Singapore. Moreover, the public debt is primarily issued for non-spending purposes (for example, development of Singapore's debt market, meeting investment needs of the CPF, and facilitating transfer of excess official foreign reserves from MAS to the government using Reserves Management Government Securities (RMGS)). As of end-FY2024, only about 1 percent of public debt comprised debt issued for spendings purposes under SINGA. The large increase in public debt in FY2022 was primarily driven by the issuance of RMGS, for which MAS's outstanding holdings amounted to S$274.1 billion at end-FY2024.

## Annex VI. Table 2. Singapore: Debt Coverage and Disclosures

| | | | | | | Comments |
|---|---|---|---|---|---|---|
| **1. Debt coverage in the DSA: 1/** | CG | GG | NFPS | CPS | Other | |
| **1a. If central government, are non-central government entities insignificant?** | | | | | No | |
| **2. Subsectors included in the chosen coverage in (1) above:** | | | | | | |

| Sector | | Subsectors captured in the baseline | Inclusion | Comments |
|---|---|---|---|---|
| CPS / NFPS / GG: expected / CG | 1 | Budgetary central government | Yes | |
| CPS / NFPS / GG: expected / CG | 2 | Extra budgetary funds (EBFs) | No | Not applicable |
| CPS / NFPS / GG: expected / CG | 3 | Social security funds (SSFs) | Yes | |
| CPS / NFPS / GG: expected | 4 | State governments | No | |
| CPS / NFPS / GG: expected | 5 | Local governments | No | |
| CPS / NFPS | 6 | Public nonfinancial corporations | No | |
| CPS | 7 | Central bank | No | |
| CPS | 8 | Other public financial corporations | No | |

| | | | | | |
|---|---|---|---|---|---|
| **3. Instrument coverage:** | Currency & deposits | Loans | Debt securities | Oth acct. payable 2/ | IPSGSs 3/ |
| **4. Accounting principles:** | Basis of recording | | Valuation of debt stock | | |
| | Non-cash basis 4/ | Cash basis | Nominal value 5/ | Face value 6/ | Market value 7/ |
| **5. Debt consolidation across sectors:** | | Consolidated | Non-consolidated | | |

**Color code:** chosen coverage; Missing from recommended coverage; Not applicable

**Reporting on Intra-Government Debt Holdings**

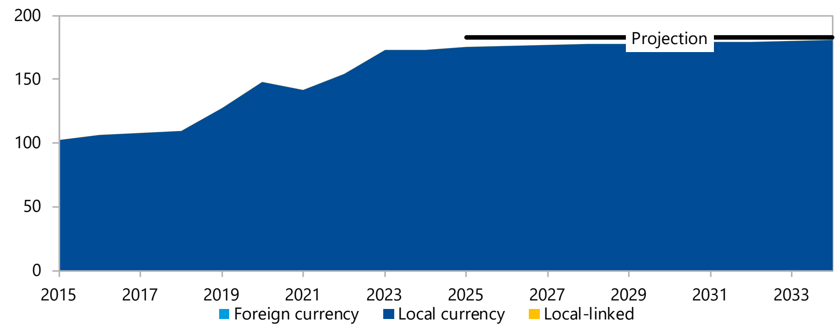
| Sector | | Issuer \ Holder | Budget. central govt | Extra-budget. funds | Social security funds | State govt. | Local govt. | Nonfin. pub. corp. | Central bank | Oth. pub. fin corp | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CPS / NFPS / GG: expected / CG | 1 | Budget. central govt | | | | | | | | | 0 |
| CPS / NFPS / GG: expected / CG | 2 | Extra-budget. funds | | | | | | | | | 0 |
| CPS / NFPS / GG: expected / CG | 3 | Social security funds | | | | | | | | | 0 |
| CPS / NFPS / GG: expected | 4 | State govt. | | | | | | | | | 0 |
| CPS / NFPS / GG: expected | 5 | Local govt. | | | | | | | | | 0 |
| CPS / NFPS | 6 | Nonfin pub. corp. | | | | | | | | | 0 |
| CPS | 7 | Central bank | | | | | | | | | 0 |
| CPS | 8 | Oth. pub. fin. corp | | | | | | | | | 0 |
| | | Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: Consistent with the data on government debt reported by the authorities, the fiscal assumptions in this DSA are based on the central government debt.

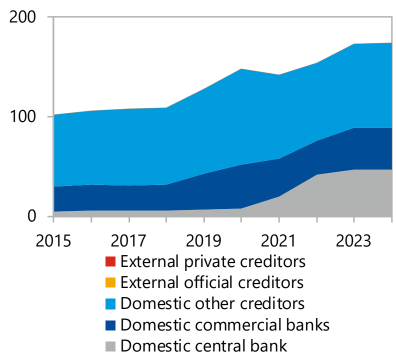
## Annex VI. Table 3. Singapore: Public Debt Structure Indicators

**Debt by Currency (Percent of GDP)**



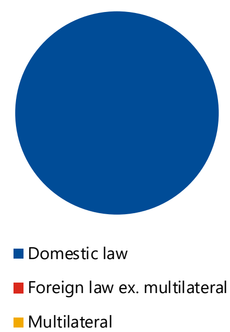

Note: The perimeter shown is central government.

**Public Debt by Holder (Percent of GDP)**



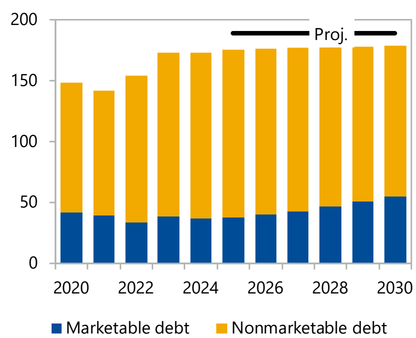

Note: The perimeter shown is general government.

**Public Debt by Governing Law, 2024 (percent)**



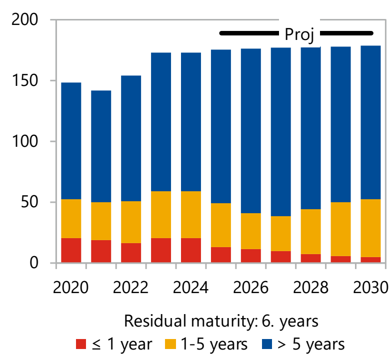

Note: The perimeter shown is general government.

**Debt by Instruments (Percent of GDP)**




Note: The perimeter shown is general government.

**Public Debt by Maturity (Percent of GDP)**




Note: The perimeter shown is general government.

Commentary: Debt-to-GDP ratio rose to 173 percent of GDP at end-FY2024. Debt level is projected to stabilize at 180 percent of GDP in the medium-run. Singapore does not have any external public debt and the issuance of government debt securities is largely unrelated to the Government's fiscal needs. The Singapore Government issues domestic, local currency debt securities to mainly deepen the domestic debt market, to meet the investment needs of the Central Provident Fund (CPF), to provide individual investors with a long-term saving option that offers safe returns, and to facilitate the transfer of official foreign reserves not needed by MAS to the government using Reserves Management Government Securities (RMGS).

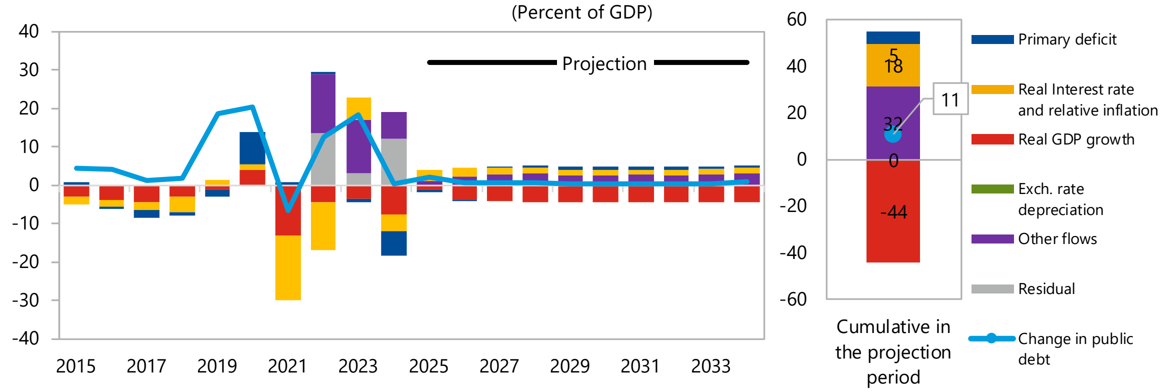
## Annex VI. Table 4. Singapore: Baseline Scenario

(Percent of GDP unless indicated otherwise)

| | Actual | Medium-term projection | | | | | | Extended projection | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| Public debt | 173.3 | 175.5 | 176.2 | 176.9 | 177.7 | 178.1 | 178.5 | 179.0 | 179.4 | 179.9 | 180.8 |
| Change in public debt | 0.5 | 2.2 | 0.7 | 0.7 | 0.8 | 0.4 | 0.4 | 0.5 | 0.4 | 0.5 | 0.9 |
| Contribution of identified flows | -11.7 | 2.2 | 0.7 | 0.7 | 0.8 | 0.4 | 0.4 | 0.5 | 0.4 | 0.5 | 0.9 |
| Primary deficit | -6.5 | -0.5 | 0.0 | 0.3 | 0.6 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Noninterest revenues | 19.0 | 19.8 | 19.9 | 19.9 | 19.9 | 19.9 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 |
| Noninterest expenditures | 12.4 | 19.3 | 19.8 | 20.2 | 20.4 | 20.7 | 20.7 | 20.7 | 20.7 | 20.7 | 20.7 |
| Automatic debt dynamics | -12.0 | 1.5 | -1.6 | -2.5 | -2.9 | -2.9 | -2.9 | -2.9 | -3.0 | -3.0 | -3.0 |
| Real interest rate and relative inflatio | -4.2 | 2.9 | 2.2 | 1.5 | 1.5 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Real interest rate | -4.2 | 2.9 | 2.2 | 1.5 | 1.5 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Relative inflation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Real growth rate | -7.7 | -1.4 | -3.8 | -4.0 | -4.3 | -4.3 | -4.3 | -4.4 | -4.4 | -4.4 | -4.4 |
| Real exchange rate | 0.0 | … | … | … | … | … | … | … | … | … | … |
| Other identified flows | 6.7 | 1.2 | 2.3 | 2.9 | 3.1 | 2.6 | 2.6 | 2.7 | 2.7 | 2.8 | 3.2 |
| Contingent liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (minus) Interest Revenues | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other transactions | 6.7 | 1.2 | 2.3 | 2.9 | 3.1 | 2.6 | 2.6 | 2.7 | 2.7 | 2.8 | 3.2 |
| Contribution of residual | 12.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gross financing needs | 11.8 | 19.3 | 17.5 | 18.7 | 19.8 | 20.2 | 22.0 | 23.7 | 25.7 | 27.3 | 27.8 |
| of which: debt service | 18.3 | 19.8 | 17.5 | 18.3 | 19.3 | 19.5 | 21.2 | 23.0 | 25.0 | 26.6 | 27.1 |
| Local currency | 18.3 | 19.8 | 17.5 | 18.3 | 19.3 | 19.5 | 21.2 | 23.0 | 25.0 | 26.6 | 27.1 |
| Foreign currency | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Memo: | | | | | | | | | | | |
| Real GDP growth (percent) | 4.7 | 0.8 | 2.2 | 2.3 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Inflation (GDP deflator; percent) | 2.6 | 1.3 | 1.6 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Nominal GDP growth (percent) | 7.4 | 2.1 | 3.8 | 4.4 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| Effective interest rate (percent) | 0.0 | 3.0 | 2.9 | 2.9 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 |

### Contribution to Change in Public Debt

(Percent of GDP)

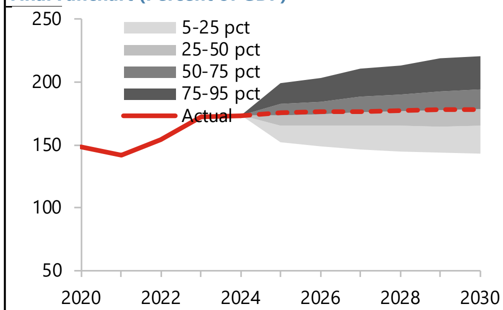


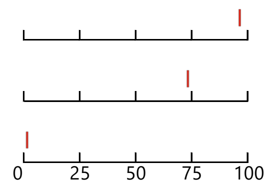

Staff commentary: Public debt is projected to stabilize over the medium-term, moderated by positive growth and prudent fiscal management under Singapore's balanced budget rules. A moderation in investment needs by the CPF, as employment growth slows in line with population aging, will also help limit upward pressures on debt.

## Annex VI. Table 5. Singapore: Medium-Term Risk Assessment

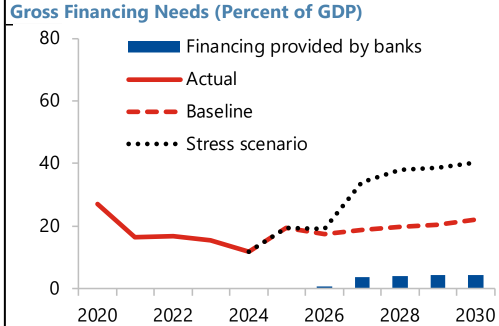
| | | Value | Contrib 1/ | Percentile in peer group 2/ |
|---|---|---|---|---|
| **Final Fanchart (Percent of GDP)** | **Debt fanchart module** | | | |
| | Fanchart width *(percent of GDP)* | 77.6 | 1.1 | |
| | Probability of debt non-stabilization *(percent)* | 22.6 | 0.2 | |
| | Terminal debt-to-GDP x institutions index | -3.0 | -0.1 | |
| | **Debt fanchart index (DFI)** | | 1.2 | |
| | **Risk signal: 3/** | | Moderate | |
| **Gross Financing Needs (Percent of GDP)** | **Gross financing needs (GFN) module** | | | |
| | Average baseline GFN *(percent of GDP)* | 19.6 | 6.7 | |
| | Initial Banks' claims on the gen. govt *(pct bank assets)* | 13.6 | 4.4 | |
| | Chg. In banks' claims in stress *(pct banks' assets)* | 1.0 | 0.3 | |
| | **GFN financeability index (GFI)** | | 11.4 | |
| | **Risk signal: 4/** | | Moderate | |

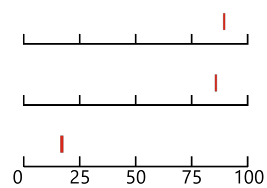
**Final Fanchart (Percent of GDP)**




**Gross Financing Needs (Percent of GDP)**

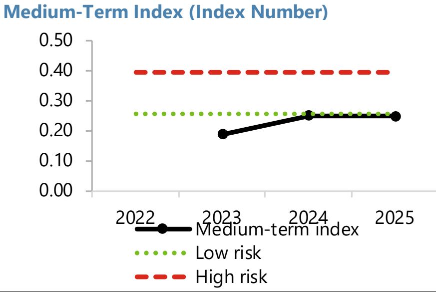



Triggered stress tests (stress tests not activated in gray)

Banking crisis | Commodity prices | Exchange rate | Contingent liab. | Natural disaster

**Medium-Term Index (Index Number)**




Medium-term risk analysis

| | Value | (normalized) | Weight | Contribution |
|---|---|---|---|---|
| Debt fanchart index | 1.2 | 0.3 | 0.5 | 0.1 |
| GFN finaceability index | 11.4 | 0.2 | 0.5 | 0.1 |
| **Medium-term index** | | 0.2 | | |
| **Risk signal: 5/** | | **Low** | | |
| **Final assessment:** | | **Low** | | |

Prob. of missed crisis, 2025-2030, if stress not predicted: 9.1 pct.
Prob. of false alarms, 2025-2030, if stress predicted: 42.0 pct.

Commentary: The two medium-term tools, the Debt Fanchart Module and the GFN Financeability Module, suggest low and moderate levels of risk, respectively. The normalized medium-term index suggests low level of risk.

Sources: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is advanced economies, non-commodity exporter, surveillance.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

## Annex VI. Table 6. Singapore: Realism of Baseline Assumptions

| Forecast Track Record 1/ | t+1 | t+3 | t+5 |
|---|---|---|---|
| **Public debt to GDP** | | | |
| **Primary deficit** | | | |
| **r - g** | | | |
| **Exchange rate depreciation** | | | |
| **SFA** | | | |
| | **real-time** | **t+3** | **t+5** |
| **Historical Output Gap Revisions 2/** | | | |

**Comparator Group:**

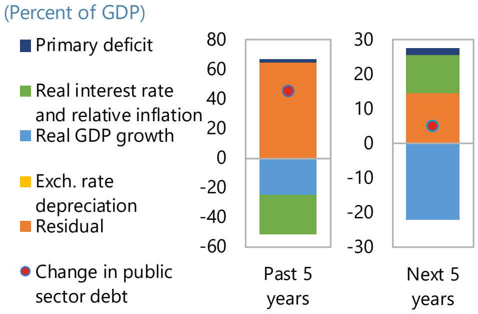
Advanced Economies, Non-Commodity Exporter, Surveillance

**Color Code:**

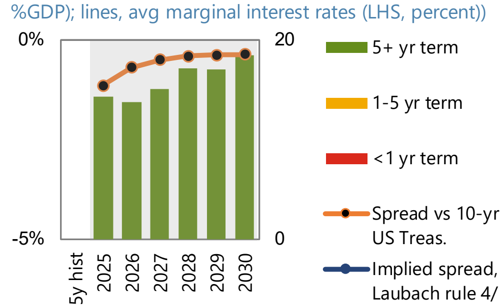
| | |
|---|---|
| Optimistic | > 75th percentile |
| | 50-75th percentile |
| Pessimistic | 25-50th percentile |
| | < 25th percentile |

**Public Debt Creating Flows**

(Percent of GDP)

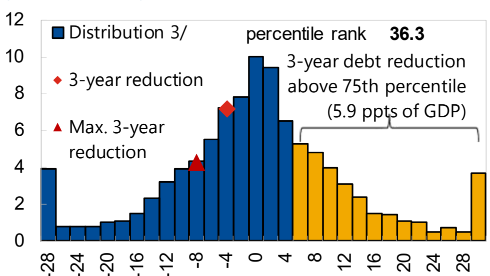



**Bond Issuances** (Bars, debt issuances (RHS, %GDP); lines, avg marginal interest rates (LHS, percent))

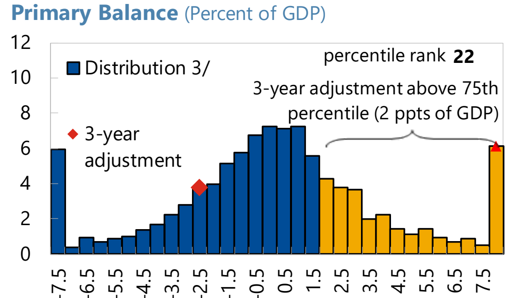



**3-Year Debt Reduction**

(Percent of GDP)

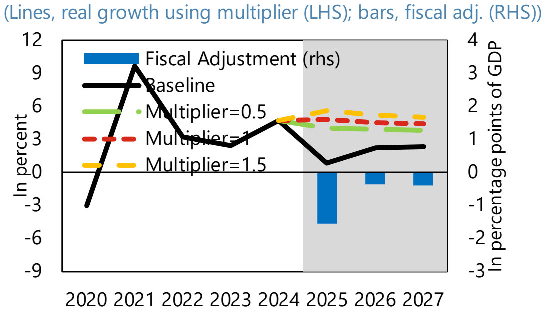



**3-Year Adjustment in Cyclically-Adjusted Primary Balance** (Percent of GDP)



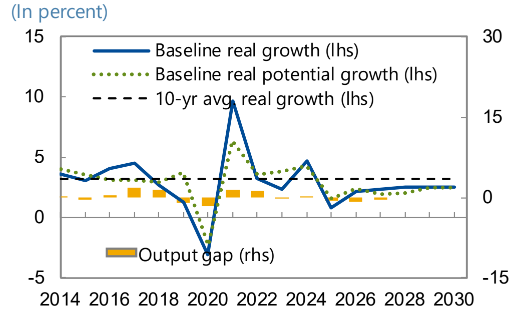

**Fiscal Adjustment and Possible Growth Paths**

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))




**Real GDP Growth**

(In percent)




Commentary: The realism tools do not indicate any major concerns: the projected debt reduction and fiscal adjustment is within norms.

Sources: IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

# Annex VII. Status of Main Recommendations of the 2019 FSSA

| No. | Recommendations of 2019 FSSA | Time* | Authorities' Status Update (as of May 2025) |
|---|---|---|---|
| 1. | The MAS should strengthen U.S. dollar liquidity among D-SIBs. | **MT** | Completed.<br><br>MAS has continued to engage banks to strengthen their foreign currency liquidity management. Building on the 2019/20 review on banks' foreign currency liquidity management, MAS undertook two reviews in 2023, namely liquidity stress test practices and contingency funding plans (with observations impacting foreign currency liquidity management). MAS shared industry sound practices and issued bank-specific recommendations to the DSIBs in these key areas: (i) setting of appropriate stress test limits and triggers for significant foreign currencies such as USD; (ii) reviewing of methodologies to realistically assess their FX swap capacities under stress conditions, which inform the setting of mismatch allowed for each significant currency; and (iii) clarity of their USD funding options under stress, including details on the available channels to raise USD funding, limits to each facility or counterparty, settlement timing and prioritization of funding actions.<br><br>In our regular engagements with D-SIBs, we continued emphasizing the importance of having sufficient USD liquidity and ensuring access to USD liquidity, including during stressful periods.<br><br>Between 2018 to March 2025, the proportion of more stable USD funding sources, comprising non-bank deposits and debt issuance, has increased and constitutes the bulk of their USD funding sources.<br><br>MAS' Industry-wide Stress Test 2024 assessed D-SIBs' daily cashflow positions under severe liquidity stresses along with additional constraints on FX swap capacities. Results showed that D-SIBs have sufficient buffers and funding options to withstand liquidity stresses against all currencies, including USD.<br><br>Through these supervisory engagements over a multi-year period, banks' liquidity risk management standards have been enhanced, placing them in a better position to withstand potential liquidity stresses. The D-SIBs have demonstrated their ability to actively manage their funding positions and strategies, taking into account issues such as central bank interest rate movements, inflation, geopolitical situation in their internal management forums such as Asset-Liability Committees (ALCO). Looking ahead, MAS expects the D-SIBs to continue to strengthen their liquidity risk management practices, given the dynamic nature of managing liquidity risk. MAS will also continue to monitor the banks' USD funding profile through regular engagements and various USD liquidity indicators. |

| No. | Recommendations of 2019 FSSA | Time* | Authorities' Status Update (as of May 2025) |
|---|---|---|---|
| 2. | Establish a core staff within the MAS Resolution Unit (RSU) dedicated to resolution work and over time, transfer resolution planning to the RSU. | **I** | Completed.<br><br>MAS established a new Resolution Office (RSO) in October 2023, comprising staff fully dedicated to resolution work. Over time, RSO will steer efforts across MAS to put in place an effective resolution regime for financial institutions in Singapore, working closely with various departments to develop and enhance MAS' resolution toolkit, as well as build strong capabilities within the organization to support MAS' role as a resolution authority. |
| 3. | Expand the scope of bail-in to include senior unsecured debt securities. | **MT** | Ongoing.<br><br>As conveyed by the authorities in the discussions with the FSAP assessors, the regime needs to be seen in the context of existing high regulatory standards as the first line of defense, such as Singapore's capital requirements that are two percentage points higher than the Basel capital standards, as well as close and intensive supervisory oversight. In designing the scope of the bail-in regime, the authorities had carefully balanced the trade-off between having broader bail-in scope which would increase the loss-absorbing capacity of a bank, versus the higher impact of possible contagion to the financial system and balance sheet of households. Given that the bail-in tool is relatively untested, MAS' preference is to have a narrower scope but will consider the inclusion of senior unsecured debt securities which have contractual bail-in clauses as total loss absorbing capacity instruments. |
| 4. | Continue to develop guidelines and playbooks for the new resolution tools. Staff should be trained, and processes tested. | **I** | Completed.<br><br>MAS has continued ongoing efforts to enhance our operational readiness and update our guidelines and playbooks for resolution tools developed and reflect the latest policy developments over time.<br><br>Key examples include:<br><br>• A tabletop walkthrough of the resolution of a foreign bank branch with significant operations in Singapore, where the home resolution authority takes a Single Point of Entry (SPE) approach and MAS recognizes the actions of, and cooperates with, the home resolution authority. The walkthrough sought to validate previous policy considerations and steps for cooperating with a home resolution authority while highlighting new insights in light of international developments in resolution approaches and considerations. It also served to train and familiarize staff with the requisite operational steps in such a scenario.<br><br>• Updates to the "Handbook on Management of Distressed Banks" ("Handbook") to incorporate updated operational procedures, aligning with recent legislative amendments (e.g., to include references to the Financial |

| No. | Recommendations of 2019 FSSA | Time* | Authorities' Status Update (as of May 2025) |
|---|---|---|---|
| | | | Services and Markets Act or the Banking Act), changes in organization structure and key contact details.<br>• Ongoing work to further update the "Handbook" and "Guidance on Resolution Tools" in other areas such as (i) valuation – study issues around the use of independent valuers to perform valuation in resolution; (ii) resolution fund trustee and bridge entity – consider the possible set up of a bridge entity to hold the distressed bank's assets, as well as a trustee to administer the resolution fund in the event of a resolution; (iii) bail-in execution – develop exchange mechanics based on FSB's practices paper on bail-in execution; and (iv) operational procedures for the Intervention Team's (I-Team) functional area plans. |
| 5. | The MAS should formalize and clarify that it may require pre-notification of material outsourcing arrangements where the MAS is not satisfied that a bank has managed its outsourcing risk adequately. | **MT** | Completed.<br><br>MAS issued the revised Outsourcing Guidelines (for banks and merchant banks) ("Guidelines") on December 11, 2023. As per the Guidelines, where a bank is not meeting MAS' supervisory expectations, MAS requires the bank to take additional measures to address the deficiencies noted, which may include the pre-notification of new material outsourcing arrangements. |
| 6. | Devote more resources to the oversight and supervision of the payments systems. | **NT** | Completed.<br><br>From 2019, MAS allocated an additional 40 percent of dedicated resources to the oversight and supervision of payment systems. In addition, the Payments and Infrastructure Division has expanded to become the Payments Department in 2020, in charge of supervising both payment services and payment systems. |
| 7. | Enhance the cyber resiliency of the central bank and MEPS+ by: (i) clarifying the role of Chief Cyber Security Officer; and (ii) continuing to strengthen its cybersecurity resiliency. | **I** | (i) Completed. The role of the Chief Cyber Security Officer (CCSO) has been clarified. With the clarification, the CCSO will now assume the role of an independent second line of defense to challenge MAS Information Technology Department / Data & Technology Architecture Department on matters relating to MAS' technology risk and cyber resilience. A new CCSO office that is independent from the FI technology risk supervisory divisions has been set up to assist the CCSO to perform the independent assurance role.<br>(ii) Completed. MAS has completed various cybersecurity initiatives such as Netflow, Database Activity Monitoring and User Behavioral Analytics to enhance the protection of MAS' critical systems. In addition, MAS has embarked on a cybersecurity transformation roadmap to strengthen our |

| No. | Recommendations of 2019 FSSA | Time* | Authorities' Status Update (as of May 2025) |
|---|---|---|---|
| | | | cybersecurity resiliency on an ongoing basis. This would include implementing new measures (e.g., Data Loss Prevention) and enhancing existing security tools. |
| 8. | Develop a cyber network map that takes into account both financial linkages and Information and Communications Technology connections and use it for cyber risk surveillance. | **MT** | Completed.<br><br>MAS has mapped a snapshot of the cyber interconnections of financial institutions (FIs) in Singapore, taking into account the financial importance and linkages between each entity.<br><br>The cyber map integrates the following information:<br>• Cyber interconnections of key financial institutions spanning banks, insurers, payment service providers, capital market services licensees and financial market infrastructure providers, including connections to other key financial institutions and to third-party service providers; and<br>• Each entity's relative financial importance, through a financial measure of the potential financial impact to the banking system if an entity fails due to a cyber incident, which is used to prioritize between nodes.<br>The resulting map of cyber and financial linkages is used to: (i) identify key nodes based on the network map to inform and prioritize cyber risk surveillance efforts; (ii) engage FIs on outsourcing, third-party and supply chain risk management practices for key service providers identified through the cyber map; and (iii) reach out to fellow regulators on means to engage key service providers that are common to many FIs globally. For example, MAS has been engaging FSB to address concentration risks posed by major cloud service providers such as Amazon, Google and Microsoft by proposing the setting up of a Cloud Oversight Forum formed by global financial regulators. |

* "I-Immediate" is within one year; "NT-near-term" is 1-3 years; "MT-medium-term" is 3-5 years.

Source: Fund staff and the authorities' self-assessment.

# Annex VIII. Data Issues

## Annex VIII. Figure 1. Singapore: Data Adequacy Assessment for Surveillance

**Data Adequacy Assessment Rating 1/**

A

Questionnaire Results 2/

| **Assessment** | National Accounts | Prices | Government Finance Statistics | External Sector Statistics | Monetary and Financial Statistics | Inter-sectoral Consistency | Median Rating |
|---|---|---|---|---|---|---|---|
| | A | A | A | A | B | A | A |

Detailed Questionnaire Results

| **Data Quality Characteristics** | National Accounts | Prices | Government Finance Statistics | External Sector Statistics | Monetary and Financial Statistics | Inter-sectoral Consistency |
|---|---|---|---|---|---|---|
| Coverage | A | A | B | A | B | |
| Granularity 3/ | A | | A | B | B | |
| | | | A | | A | |
| Consistency | | | A | A | | A |
| Frequency and Timeliness | A | A | A | A | A | |

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.

1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.

2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance* , January 2024, Appendix I).

3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

| | |
|---|---|
| A | The data provided to the Fund are adequate for surveillance. |
| B | The data provided to the Fund have some shortcomings but are broadly adequate for surveillance. |
| C | The data provided to the Fund have some shortcomings that somewhat hamper surveillance. |
| D | The data provided to the Fund have serious shortcomings that significantly hamper surveillance. |

**Rationale for staff assessment.** Staff assess the overall data quality as adequate for the Fund's surveillance. The authorities have continued to expand the range of publicly available data, including on the financial sector. Data on (i) government assets held abroad, (ii) the financial position of the consolidated public sector, and (iii) sectoral disaggregation of the international investment position as suggested by the BPM6 could further enhance the basis for macroeconomic policy analysis (these data are either unpublished or partially published). The ratings for monetary and financial statistics are based on the publicly available data, which are adequate for surveillance. For instance, it allows the country team to assess banks' exposure to the nonbank financial institutions (NBFIs) as well as to nonfinancial corporate and household sectors, counterparty exposures vis-a-vis different geographies, currency denominations of loans and deposits, and the maturity breakdown based on granular bank balance sheets. MAS also publishes financial soundness indicators along with supplementary data, while granular financial statements for D-SIBs are publicly available. However, there is room to improve the granularity and coverage of data on NBFIs to assess NBFIs' interlinkages with the nonfinancial corporate sector, other resident sectors, and nonresidents, in addition to banks, along with currency composition.

**Changes since the last Article IV consultation**. Staff did not observe any notable data-related developments.

**Corrective actions and capacity development priorities**. Staff will continue to discuss with the authorities on ways to improve the coverage and granularity of the Monetary and Financial Statistics, including for NBFIs, in the context of future Article IV consultations and in coordination with STA. Staff recommend the reporting of any pending Monetary and Financial Statistics data to the Fund using Standard Report Forms (SRFs).

**Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff.** Staff do not use data and/or estimates that differ from official statistics.

**Other data gaps**. Staff do not see any other data gaps for surveillance.

## Annex VIII. Figure 2. Singapore: Data Standards Initiatives

Singapore subscribes to the Special Data Dissemination Standard (SDDS) since August 1996 and publishes the data on its National Summary Data Page. The latest SDDS Annual Observance Report is available on the Dissemination Standards Bulletin Board (https://dsbb.imf.org/).

## Annex VIII. Table 1. Singapore: Table of Common Indicators Required for Surveillance

As of May 30, 2025

| | Data Provision to the Fund | | | | Publication under the Data Standards Initiatives through the National Summary Data Page | | | |
|---|---|---|---|---|---|---|---|---|
| | Date of Latest Observation | Date Received | Frequency of Data[6] | Frequency of Reporting[6] | Expected Frequency[6,7] | Singapore[8] | Expected Timeliness[6,7] | Singapore[8] |
| Exchange Rates | 30-May-25 | 30-May-25 | D | D | D | D | ... | 1D |
| International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1] | Apr-25 | May-25 | M | M | M | M | 1W | 1M |
| Reserve/Base Money | Apr-25 | May-25 | M | M | M | M | 2W | 2W |
| Broad Money | Apr-25 | May-25 | M | M | M | M | 1M | NLT 1M |
| Central Bank Balance Sheet | Apr-25 | May-25 | M | M | M | M | 2W | 2W |
| Consolidated Balance Sheet of the Banking System | Apr-25 | May-25 | M | M | M | M | 1M | NLT 1M |
| Interest Rates[2] | Apr-25 | May-25 | M | M | D | D | ... | 1D |
| Consumer Price Index | Apr-25 | May-25 | M | M | M | M | 1M | 25D |
| Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4] | 2024:Q4 | Jan-25 | Q | Q | A | A | 2Q | 2Q |
| Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government | Jan-25 | Feb-25 | M | M | M | M | 1M | 1M |
| Stocks of Central Government and Central Government-Guaranteed Debt[5] | 2024:Q4 | Jan-25 | Q | Q | Q | Q | 1Q | 7W |
| External Current Account Balance | 2025:Q1 | May-25 | Q | Q | Q | Q | 1Q | NLT 2M |
| Exports and Imports of Goods and Services | 2025:Q1 | May-25 | Q | Q | M | M | 8W | 3W |
| GDP/GNP | 2025:Q1 | May-25 | Q | Q | Q | Q | 1Q | NLT2M |
| Gross External Debt | 2025:Q1 | May-25 | Q | Q | Q | Q | 1Q | NLT 1Q |
| International Investment Position | 2025:Q1 | May-25 | Q | Q | Q | Q | 1Q | NLT 3M |

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.
[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.
[3] Foreign, domestic bank, and domestic nonbank financing.
[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.
[5] Including currency and maturity composition.
[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.
[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.
[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

INTERNATIONAL MONETARY FUND

# SINGAPORE

June 23, 2025

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

| Prepared By | Asia and Pacific Department |
|---|---|

## CONTENTS

# FUND RELATIONS

(As of May 20, 2025)

**Membership Status**: Joined August 3, 1966; Article VIII.

**General Resources Account**

| | SDR Millions | Percent of Quota |
|---|---|---|
| Quota | 3,891.90 | 100.00 |
| Fund holdings of currency (exchange rate) | 2,848.75 | 73.20 |
| Reserve tranche position | 1,045.77 | 26.87 |
| Lending to the Fund: | | |

**SDR Department**

| | SDR Millions | Percent of Allocation |
|---|---|---|
| Net cumulative allocation | 4,474.42 | 100.00 |
| Holdings | 4,739.48 | 105.92 |

**Outstanding Purchases and Loans**: None.

**Financial Arrangements**: None.

**Projected Payments to the Fund**: None.

**Exchange Rate Arrangement**

Singapore's de jure exchange rate arrangement is other managed and its de facto exchange rate arrangement is classified as crawl-like. The Monetary Authority of Singapore (MAS) monitors the value of the exchange rate against an undisclosed basket of currencies and intervenes in the market to maintain this value within an undisclosed target band. The U.S. dollar is the intervention currency. Singapore has accepted the obligations under Article VIII, Sections 2(a), 3, and 4 of the IMF's Articles of Agreement, and maintains an exchange system free of multiple currency practices and restrictions on the making of payments and transfers for current international transactions, except for restrictions maintained solely for the preservation of national or international security, which have been notified to the Fund in accordance with the procedures set forth in Executive Board decision 144-(52/51).

## Article IV Consultation

Singapore is on the 12-month consultation cycle. The 2024 Article IV consultation discussions were held in person during May 7–16, 2024, and the Executive Board concluded the consultation on July 31, 2024 (IMF Country Report No. 24/255).

## FSAP Participation

The FSAP Update involved two missions: October 29–November 14, 2018, and February 13–27, 2019. The findings were presented in the Financial System Sustainability Assessment (IMF Country Report No. 13/325).

**Technical Assistance**: None.

**Resident Representative**: Ms. Purva Khera has been posted in Singapore since October 2024.

**Statement by Ms. Yati Kurniati, Executive Director for Singapore,**
**Ms. Evelyn Chen, Senior Advisor to Executive Director**
**July 9, 2025**

## 1 INTRODUCTION

1.1 The Singapore authorities would like to thank the Article IV team for a constructive 2025 Consultation. We welcome the team's support of Singapore's policy responses amid the challenging global economic environment.

## 2 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 Singapore's economy expanded by a firm 4.4% in 2024. Activity subsequently showed signs of softening at the start of this year, reflecting weaker performance in the trade-related and modern services sectors, and tepid activity in domestic-facing industries such as retail and food services. In April, the official GDP growth forecast for 2025 was downgraded to 0–2%, following the announcement of sweeping tariffs by the US, which were expected to weigh heavily on global trade and economic growth. While global trade tensions have de-escalated slightly since mid-May, Singapore's growth is expected to be relatively muted for the rest of the year. The boost from front-loading of trade will likely dissipate, while forward-looking indicators also point to a moderation in overall economic activity.

2.2 MAS Core Inflation slowed to 0.6% y-o-y in May 2025 from 2.8% in 2024. At the same time, falling non-core inflation of private transport and accommodation also contributed to the decline in CPI-All Items inflation to 0.8% y-o-y, from 2.4% last year. The appreciating Singapore Dollar Nominal Effective Exchange Rate (S$NEER) has continued to dampen import prices, while the elevated real exchange rate has been a factor inducing consumers to switch spending abroad. Meanwhile, the domestic labor market has cooled amid softening employment demand.

2.3 For the rest of the year, Singapore's inflation will remain modest as weaker external final demand exerts downward pressures on imported and domestic costs. Higher global tariffs are expected to be disinflationary on net, lowering imported inflation. Easing labor demand will further pose a drag on nominal wage growth and discretionary spending. For 2025 as a whole, both MAS Core Inflation and CPI-All Items inflation are projected to average 0.5–1.5%.

## 3 MACROECONOMIC POLICIES

3.1 Following the significant increase in S$NEER since 2020, MAS reduced the rate of appreciation of the S$NEER policy band slightly in both January and April this year. These policy moves were taken in view of an output gap that was expected to turn negative and inflation that was forecast to remain well below 2% in 2025. Nonetheless, the S$NEER policy band remains on a mild appreciating path that is expected to ensure medium-term price stability.

3.2 Amid dimming economic growth prospects and elevated price levels, fiscal policy was tailored to provide additional targeted assistance to households and firms facing cost-of-living and cashflow concerns. At the same time, the Budget also set out the government's priorities in encouraging further productivity-driven growth and building a more equitable society, in line with the vision laid out in the *Forward Singapore* report. The fiscal impulse for FY2025 is expected to be mildly supportive. Overall, macroeconomic policy will continue to contribute to medium-term price stability and sustainable growth in the economy.

3.3 The current tight macroprudential policy stance has been effective in mitigating systemic risks, and it remains necessary to dampen speculative housing demand from investors, thus ensuring adequate housing supply to meet demand by genuine homeowners. The authorities remain vigilant against the build-up of excessive leverage for housing in the banking system.

## 4 FINANCIAL SECTOR POLICIES

4.1 The domestic financial system is resilient as banks in Singapore are well-capitalized with healthy liquidity positions, underpinned by a stable and diversified funding base. Capital adequacy ratios for all domestic systemically important banks (D-SIBs) remain above the minimum regulatory requirements under the adverse scenario set out by MAS' solvency stress test, which incorporated an intensification of trade and geopolitical tensions alongside sharply tighter global financial conditions. The results affirm that Singapore banks have adequate buffers to withstand potential downside risks arising from severe macrofinancial stresses. Similarly, NBFIs remain well positioned to withstand unanticipated shocks and are not expected to pose systemic risks to Singapore's financial system.

4.2 While retaining a focus on fostering an innovative and responsible digital asset ecosystem, MAS continues to maintain a high level of vigilance against money laundering and terrorism financing risks. MAS has strengthened regulatory measures for digital payment token services by adopting a risk-centric approach, focusing on key risks including money laundering and terrorism financing, consumer harm, technology, and cybersecurity risks.

## 5 MEDIUM-TERM ISSUES

5.1 The government expects spending to increase significantly in the future for healthcare, climate change and clean energy transition. Social spending has also been rising, to provide support to lower-income Singaporeans at various stages of life including retirement and help workers with job transitions.

5.2 To foster a more inclusive society, the government has leveraged active labor market policies aimed at reducing wage disparity such as the *Progressive Wage Model*, and has also enhanced the *Progressive Wage Credit Scheme* by increasing co-funding levels for wage increases. Measures such as the permanent *GST Voucher Scheme* and the *Workfare Income Supplement* remain in place to address cost of living issues while enhancing the progressivity of fiscal policy. These are further supplemented by a financial support scheme for the involuntarily unemployed, as well as programs to support upskilling and reskilling. The latter includes a new *SkillsFuture Level-Up Programme* that provides monthly training allowances for all Singaporeans aged 40 and above, and enhancements to the *Workfare Skills Support Scheme* which provides monthly training allowances for lower-wage workers aged 30 and above. Taken together, these measures will give greater support to individuals during their job search after involuntary unemployment, and to those seeking further training and upgrading opportunities.

5.3 To enhance the productive capacity of the economy, the government has provided incentives for firms to invest in tangible and intangible capital, as well as introduced measures to strengthen the enterprise ecosystem. One such measure is the introduction of a new *Private Credit Growth Fund*, which will offer more financing options for high-growth local enterprises, and support growth activities such as international mergers and acquisitions and large capital overseas expenditures. The recent Budget also set aside a significant amount of funds to be deployed to invest in energy transition infrastructure and enhance security in clean energy, strengthen Singapore's R&D ecosystem, and build up know-how for new technologies such as Artificial Intelligence (AI).

5.4 Singapore is encouraging businesses and workers to leverage AI through its Second National AI Strategy, with the view to create an ecosystem that harnesses AI benefits and keep Singapore competitive in a rapidly changing world. Initiatives such as the *Digital Enterprise Blueprint* would support companies in developing their AI capabilities. On the workers' front, training programs such as the *Company-Led Training Programme* and the *TechSkills Accelerator* would equip workers with the relevant competencies and provide them with opportunities to work on real-world use cases.

5.5 The Singapore Dollar Real Effective Exchange Rate (S$REER) has appreciated substantially by 16.7% since 2020. Nevertheless, Singapore's current account surplus continues to reflect the underlying structural factors driving saving and investment behaviors. These include a physical limit on domestic investment opportunities given severe land constraints and an already high level of development. Residents are accordingly incentivized to invest some of their savings abroad, especially in other dynamic economies, creating an outflow on the financial account that would be complemented by a current account inflow. Such productive investments create jobs in Singapore's main trading partners. A related factor is that Singapore needs to save in safe foreign assets for prudential and precautionary reasons given its status as an international financial center intermediating global and regional financial flows. Nevertheless, over the medium term, Singapore's current account surplus is expected to moderate as the household saving rate falls with population ageing, slowing income growth, and an increase in public spending, including in healthcare and for climate mitigation and adaptation.

5.6 Singapore is one of the most open economies in the world and we remain committed to the multilateral, rules-based order that has underpinned global economic growth and development over the past several decades. Singapore will continue to play its part to support the shared rules-based global trading system that allows international trade to be conducted on a free, fair and non-discriminatory basis.

## 6 FINAL REMARKS

6.1 The authorities will remain vigilant to global and domestic developments and assess how they could impinge on both macroeconomic and financial stability. The authorities stand ready to undertake appropriate policy responses where they are needed, and remain committed to longer-term domestic restructuring, which will enable Singapore to embrace new economic opportunities and promote inclusive and sustainable growth.