



SINGAPORE

July 2026

2026 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 15, 2026 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 15, 2026, following discussions that ended on May 18, 2026, 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 29, 2026.
- 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.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: <http://www.imf.org>

International Monetary Fund
Washington, D.C.



IMF Executive Board Concludes 2026 Article IV Consultation with Singapore

FOR IMMEDIATE RELEASE

Washington, DC – July 20, 2026: On July 15, 2026, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Singapore.¹

Singapore is navigating another year of elevated global uncertainty. Most notably, the war in the Middle East has transmitted to the economy through an energy shock. Nonetheless, Singapore enters this period of heightened uncertainty from a position of strength. Growth reached 5.0 percent in 2025, with semiconductor production and exports buoyed by the AI-related global technology upcycle, while private consumption and investment were supported by healthy wage growth. In 2026Q1, annualized q/q GDP expanded by 5.3 percent, reflecting continued AI-related semiconductor demand and ongoing infrastructure projects. A sharp increase in global energy prices following the war in the Middle East has led to a moderate increase in inflation in Singapore, with headline inflation rising to 1.8 percent in April 2026. Inflation expectations, based on consensus forecasts, have remained well-anchored to date.

The unemployment rate remained low at 2.0 percent in 2025, broadly unchanged from 2024, but labor demand showed signs of moderation in 2026Q1. Singapore recorded a current account surplus of 16.7 percent of GDP in 2025, down from 17.2 percent in 2024 and below the average of 17.6 percent over the decade from 2015–24. The banking system is well-capitalized, with the capital adequacy ratio at 18.5 percent in 2025Q2. Liquidity coverage ratios of Domestic Systemically Important Banks remain firmly above 100 percent in 2025. Asset quality remains strong, with the non-performing loan ratio at 1.1 percent in 2025Q2. Banks' profitability has been supported by higher non-interest income.

Executive Board Assessment²

Executive Directors welcomed Singapore's continued economic resilience in the face of elevated global uncertainties, supported by strong fundamentals, prudent policies, and ample buffers. They noted, however, that growth is expected to moderate amid downside risks from geopolitical tensions, trade fragmentation, and a potential correction in AI-related investment, while inflation risks remain tilted to the upside owing to higher energy prices. Against this

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 Chair 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>.

background, Directors underscored the importance of continuing well-calibrated and agile policies to navigate external challenges and support inclusive growth.

Directors agreed that the current monetary policy stance is appropriate in the near term, given the positive output gap, a gradually normalizing but still tight labor market, and the need to keep inflation expectations anchored. In view of upside risks to inflation, Directors emphasized that MAS should remain data dependent and stand ready to tighten further if second-round inflationary pressures emerge, with due regard to broader domestic conditions.

Directors agreed that the moderately expansionary fiscal stance of the FY2026 budget appropriately balances structural transformation needs with macroeconomic stability. However, they emphasized that if more adverse energy shocks materialize, the authorities should stand ready to provide targeted and time-bound support to affected households and businesses. Singapore has substantial fiscal space to respond to major downside shocks, but broad-based fiscal support should be avoided to not amplify inflationary pressures.

Directors noted the staff's assessment that Singapore's external position in 2025 is substantially stronger than the level implied 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, which calls for a cautious interpretation and communication of this result. A few Directors considered that Singapore's unique structural features merit large external buffers to safeguard against shocks. While recognizing the gradual appreciation in the real effective exchange rate in recent years, the point was made that a faster appreciation could help address external imbalances. Directors encouraged continued efforts to strengthen social protection and infrastructure spending to support external rebalancing in the medium and long run.

Directors concurred that Singapore's financial sector remains resilient. They welcomed the authorities' efforts to strengthen vigilance, stress testing, and contingency planning against emerging risks from geopolitical tensions, trade fragmentation, the rapidly evolving AI landscape, and tightening global financing conditions. They encouraged MAS to continue strengthening oversight of NBFIs and to enhance data coverage on bank-NBFI linkages. Continued efforts to strengthen cyber resilience and the AML/CFT framework remain important.

Directors welcomed Singapore's continued progress toward stronger and more inclusive growth, including supporting AI adoption by firms and ongoing efforts toward reskilling and upskilling Singapore's workforce.

Table 1. Singapore: Selected Economic and Financial Indicators, 2020–27

Nominal GDP (2025): US\$604.3 billion

Population (2025): 6.1 million

GDP per capita (2025): US\$98,878

Main goods exports (2025, percent of total non-oil goods exports): machinery & transport equip. (69.2 percent); chemical products (10.4 percent); and misc. manuf. articles (9.6 percent).

Top three destinations for goods exports (2025, percent of gross goods exports): Hong Kong SAR (11.1 percent); the Chinese mainland (10.9 percent); and Malaysia (9.9 percent).

	2020	2021	2022	2023	2024	2025	Projections	
							2026	2027
Growth (percentage change)								
Real GDP	-3.6	10.1	4.0	1.5	5.3	5.0	3.5	2.7
Total domestic demand	-8.9	12.3	4.5	-2.2	9.0	3.6	3.1	2.6
Final domestic demand	-9.6	12.1	5.1	1.7	6.3	4.3	3.2	2.6
Consumption	-7.7	6.7	6.8	3.1	6.3	3.4	2.5	2.6
Private consumption	-13.7	7.7	10.2	3.7	5.8	3.9	2.5	2.0
Gross capital formation	-11.4	23.2	0.7	-11.2	14.4	4.1	4.2	2.5
Gross fixed investment	-13.5	23.4	2.2	-0.8	6.3	6.1	4.5	2.5
Change in inventories (contribution to GDP growth, percentage points)	0.3	0.4	-0.3	-2.3	1.7	-0.4	0.0	0.0
Net exports (contribution to GDP growth, percentage points)	2.0	2.7	0.6	2.2	0.5	2.4	1.2	0.9
Saving and investment (percent of GDP)								
Gross national saving	40.6	43.4	40.8	37.5	39.1	39.2	40.2	40.3
Gross domestic investment	22.9	24.1	21.9	21.1	21.8	22.5	23.4	23.7
Inflation and unemployment (period average, percent)								
CPI inflation	-0.2	2.3	6.1	4.8	2.4	0.9	2.6	2.1
CPI inflation, excluding food and energy 1/	-0.4	1.7	4.6	4.2	2.5	0.7	2.2	2.0
MAS core inflation 1/	-0.1	0.9	4.1	4.2	2.8	0.7	2.2	2.0
Unemployment rate	3.0	2.7	2.1	1.9	2.0	2.0	2.1	2.1
Output gap	-2.8	1.5	1.8	-0.7	0.3	0.8	0.6	0.4
Inflation (end of year, percent)								
CPI inflation	0.0	4.0	6.5	3.8	1.5	1.2	2.6	2.0
CPI inflation, excluding food and energy 1/	-0.4	3.2	4.9	3.7	1.5	0.9	2.6	1.8
MAS core inflation 1/	-0.3	2.1	5.1	3.3	1.7	1.2	2.3	1.9
Central government finances (percent of GDP) 2/								
Revenue	17.4	16.7	16.2	17.6	18.0	19.3	19.6	19.6
Expenditure	21.5	17.5	15.0	14.7	14.3	15.2	15.9	16.4
Net lending/borrowing	-4.1	-0.8	1.2	2.9	3.7	4.1	3.7	3.2
Net lending/borrowing, excluding nonproduced assets	-5.7	-2.7	-0.6	0.5	1.1	1.5	1.2	0.7
Primary balance 3/	-9.3	-6.1	-3.8	-2.7	-2.0	-1.8	-2.2	-2.7
Public Debt to GDP	145.4	131.3	152.3	170.8	166.9	166.1	166.7	167.4
Money and credit (end of period, percent change) 4/								
Broad money (M2)	10.7	9.7	7.8	3.2	6.7	6.4	5.7	4.8
Credit to private sector	1.4	6.8	0.5	-2.0	6.4	7.1	5.7	4.8
Three-month S\$ SIBOR rate (percent)	0.4	0.4	4.3	4.1	3.3	...	...	...
Balance of payments (US\$ billions)								
Current account balance	62.2	84.9	97.3	83.8	98.5	100.9	110.3	115.0
(In percent of GDP)	17.7	19.3	18.9	16.4	17.2	16.7	16.7	16.6
Goods balance	102.0	119.9	161.5	161.1	171.8	176.2	177.3	178.0
Exports, f.o.b.	416.0	511.7	608.4	571.3	601.1	652.1	728.5	751.9
Imports, f.o.b.	-314.1	-391.8	-447.0	-410.2	-429.3	-475.8	-551.2	-573.9
Financial account balance 5/	-13.3	21.2	213.1	23.9	71.8	73.7	47.9	51.8
Overall balance 5/	74.9	66.2	114.2	60.9	29.7	26.1	62.5	63.2
Gross official reserves (US\$ billions)	362.3	417.9	289.5	351.0	371.4	409.3	478.7	542.2
(In months of imports) 6/	6.8	6.7	4.7	5.3	5.2	5.1	5.7	5.7
Singapore dollar/U.S. dollar exchange rate (period average)	1.38	1.34	1.38	1.34	1.34	1.31	...	...
Nominal effective exchange rate (percentage change) 7/	-2.5	0.4	6.4	3.9	2.6	1.0	...	...
Real effective exchange rate (percentage change) 7/	-25.0	2.5	12.8	9.5	-0.1	-4.7	...	...
Memorandum items:								
Nominal GDP (in billions of Singapore Dollars)	484.6	592.6	709.0	686.4	765.5	789.5	834.8	874.7
Growth (%)	-5.7	22.3	19.6	-3.2	11.5	3.1	5.7	4.8

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

Note: Data and forecasts as of June 20, 2026.

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.



SINGAPORE

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION

June 29, 2026

KEY ISSUES

Context. Singapore has been navigating elevated global uncertainty from a position of strength. Growth reached 5.0 percent in 2025, driven by AI-related exports and healthy domestic demand. Taking account of the impact of the war in the Middle East, growth is projected to slow and inflation to rise in 2026. Risks to growth and inflation are tilted to the downside and upside, respectively, mainly stemming from a possible reescalation of geopolitical tensions. Additionally, a rise in global trade tensions or a potential bust of the global AI boom would negatively affect Singapore's export-oriented economy.

Policy Recommendations.

- The monetary policy tightening in April 2026 was appropriate and helps to anchor inflation expectations. Given the significant upside risks to inflation, Monetary Authority of Singapore (MAS) should remain data-dependent and stand ready to tighten further if second-round effects from higher energy costs materialize, with due regard to broader domestic economic conditions.
- The moderately expansionary fiscal stance implied by the FY2026 budget is broadly appropriate given adverse shocks, while ensuring that fiscal policy is not inflationary. Under more adverse energy shocks, further targeted and time-bound support to affected households and businesses would be appropriate. Singapore has fiscal space to respond to major downside shocks, but broad-based fiscal support should be avoided because it can increase aggregate demand and fuel inflationary pressures. Continued efforts to strengthen social protection and infrastructure spending can support external rebalancing over the medium to long term.
- Singapore's financial system remains resilient, with systemic risks contained and banks well-capitalized, profitable, and liquid. Macroprudential settings remain appropriately tight. Staff welcomes the authorities' efforts to strengthen stress testing and contingency planning against emerging risks from geopolitical tensions, a bust of the global AI boom, a rise in global trade tensions, and a tightening in global financing conditions. MAS should continue to enhance oversight on non-bank financial institutions (NBFI) and data coverage on banks-NBFI linkages.
- Singapore continues to make progress toward stronger inclusive growth. AI has been turned into a national growth strategy, with the FY2026 budget appropriately supporting AI adoption. As the labor market transition unfolds, staff welcomes the authorities' efforts toward re-skilling and upskilling of the workforce.

Approved By
Rupa Duttgupta
 (APD) and **Ali Jawad**
 Al-Eyd (SPR)

Discussions were held in Singapore during May 7–18, 2026. The mission met with Monetary Authority of Singapore (MAS) Chairman Gan Kim Yong, Second Minister for Finance Indranee Rajah, 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 (economist based in Singapore). Executive Director Idwan Hakim and Senior Advisor Evelyn Chen (OED) joined meetings with the public sector. Aishwary Trivedi and Dian Permana (all APD) assisted in the preparation of this report. Data used in this report for staff analyses are as of June 1, 2026, unless otherwise noted.

CONTENTS

CONTEXT	4
RECENT DEVELOPMENTS	4
OUTLOOK AND RISKS	7
POLICY DISCUSSIONS	12
A. Monetary Policy	12
B. Fiscal Policy	13
C. External Sector Assessment	17
D. Financial and Macprudential Policies	24
E. Macro-Structural Policies	30
STAFF APPRAISAL	32
BOXES	
1. Effects of Trade Policy Uncertainty	11
2. Drivers of the Current Account Balance	23
FIGURES	
1. Real Sector Developments	34
2. External Sector	35
3. Labor Market Developments	36
4. Inflation Developments	37
5. Monetary and Financial Sector Developments	38
6. Banking Sector Developments	39
7. Housing Market Developments	40

8.	Spillovers _____	42
9.	Demographics, Social, and Equality Indicators _____	43

TABLES

1.	Selected Economic and Financial Indicators, 2020–2027 _____	44
2.	Balance of Payments, 2020–2027 _____	45
3.	Monetary Survey, 2020–2027 _____	46
4.	Indicators of Vulnerability, 2020–2025 _____	47
5.	Medium-Term Scenario, 2020–2031 _____	48
6.	Summary of Government Operations and Stock Positions, FY2020–FY2026 _____	49
7.	Financial Soundness Indicators, 2020–2025Q2 _____	51
8.	International Investment Position, 2020–2025 _____	52

ANNEXES

I.	Staff Policy Advice from the 2025 Article IV Consultation _____	53
II.	Singapore's Goods Trade Exposures to the Strait of Hormuz _____	55
III.	Risk Assessment Matrix _____	57
IV.	Spillovers from Technology and Oil Shocks _____	59
V.	Scenario Analysis _____	66
VI.	Singapore's Implementation of BEPS 2.0: Background, Policy Framework, and Fiscal Implications _____	68
VII.	Sovereign Risk and Debt Sustainability Analysis _____	71
VIII.	External Sector Assessment _____	77
IX.	Status of Main Recommendations of the 2019 FSSA _____	79
X.	Data Issues _____	83

CONTEXT

1. **Singapore has been navigating another year of unusually high global uncertainty.**

Notably, the war in the Middle East has transmitted to the economy through oil price shocks, given Singapore's reliance on imported energy. While the effective U.S. tariff rate on Singapore remains at about 3.5 percent, with 67 percent of exports to the U.S. exempted, uncertainty around future trade actions continues.¹ A global artificial intelligence (AI) boom has been a key driver of Singapore's growth, but a potential bust would adversely affect the electronic sector. Moreover, tighter global financial conditions could test Singapore's financial stability, including through the non-bank financial sector.

2. **Nonetheless, the economy is facing global challenges from a position of strength.**

Growth has been strong, averaging 3.9 percent over 2023–25. Inflation has been low and stable, supported by Singapore's exchange-rate-based monetary policy framework. The financial system has remained resilient, supported by a well-capitalized and liquid banking sector as well as strong supervisory efforts and regulatory frameworks. Substantial fiscal reserves—which have been successfully deployed in the event of large downside shocks such as the COVID pandemic—remain available.

3. **Economic policies should be calibrated to preserve macroeconomic and financial stability amid rapidly evolving external conditions, while helping to reduce external imbalances over the medium and long term.**

The 2026 Article IV consultation focused on key risks and contingent policy responses. The consultation also entailed in-depth discussions of external imbalances and policies to address them, and priorities to harness AI for further inclusive growth.

RECENT DEVELOPMENTS

4. **Singapore's economy performed strongly in 2025.**

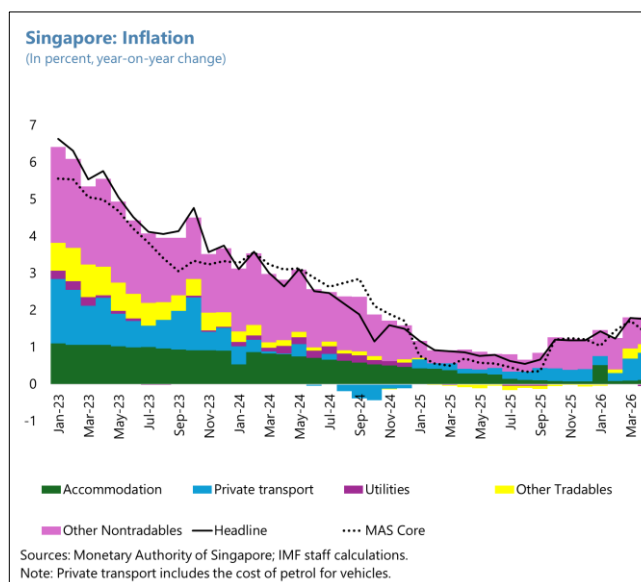
Growth reached 5.0 percent in 2025, with the output gap estimated to be positive at 0.8 percent. On the supply side, activity was driven by externally oriented tradable sectors, with manufacturing buoyed by a sharp pickup in electronics, reflecting the AI-related global technology cycle. On the expenditure side, net exports contributed significantly to growth, while private consumption and investment were supported by healthy wage growth and accommodative financial conditions. Singapore's goods exports grew from 104.9 percent of GDP in 2024 to 107.9 percent in 2025, driven primarily by re-exports of electronics (Figure 1). Goods imports rose from 74.9 percent of GDP in 2024 to 78.7 percent in 2025, driven by the same product categories and reflecting Singapore's integration in technology supply chains.

¹ On June 2, 2026, the U.S. proposed an additional 12.5 percent tariff on Singapore and 45 other economies under a Section 301 investigation, with exemptions for goods like pharmaceuticals and semiconductors. The measure is not yet finalized.

5. However, the war in the Middle East negatively affected trade flows and activity in energy-dependent sectors. Singapore has one of the region's highest shares of net imports of oil and gas at roughly 7 percent of GDP, leaving the country highly exposed to the war in the Middle East (Annex II). In 2025, 39 percent of petroleum oil imports and 26 percent of gas imports were sourced from countries bordering the Strait of Hormuz. Over 90 percent of Singapore's electricity is generated by imported natural gas and the country's energy-intensive industrial sector also relies heavily on oil inputs, especially its petrochemical industry. In 2026Q1, oil and other crude imports fell by 7 and 5 percent y/y, respectively, while chemicals exports declined by 6 percent, though technology-related exports remained resilient, with machinery exports rising 47 percent y/y. In 2026Q1, annualized q/q GDP expanded by 3.9 percent, down from 5.2 percent growth in 2025Q4 but still buoyant due to AI-related manufacturing and wholesale trade activities, major infrastructure projects, and strong finance and business services.

6. The labor market has remained tight, including in nontradable sectors, but labor demand showed signs of moderation in 2026Q1. The unemployment rate was 2.0 percent in 2025, broadly unchanged from 2024. The vacancy-to-unemployment ratio remained elevated at 1.6 and wage growth reached 5.4 percent (y/y) in 2025Q4, pointing to continued labor market tightness. More than two-thirds of employment growth in 2025 was concentrated in nontradable sectors, including construction and other domestically oriented services, and services unit labor costs rose by 0.6 percent. Ongoing productivity gains, averaging 6 percent for tradable sectors and 3 percent for nontradable sectors in 2025, have helped to prevent broad-based overheating in the labor market. The 2026Q1 advance labor market data point to weakening labor demand amid the increase in uncertainty, with the unemployment rate ticking up to 2.1 percent in March 2026. Firms' near-term expectations around hiring and wage increases weakened in March 2026.

7. Inflation rose moderately after the war in the Middle East broke out. Annual headline inflation declined to 0.9 percent in 2025 from 2.4 percent in 2024, partly reflecting easing import prices including for goods imported from China and the appreciation of the Singapore dollar. MAS core inflation, which excludes costs of accommodation and private transport (including gasoline) but includes food and other energy prices, also fell to 0.7 percent in 2025 from 2.8 percent in 2024.² After slowing in 2025H1, nontradables inflation firmed in 2025H2 due to seasonal holiday spending and increases in private health

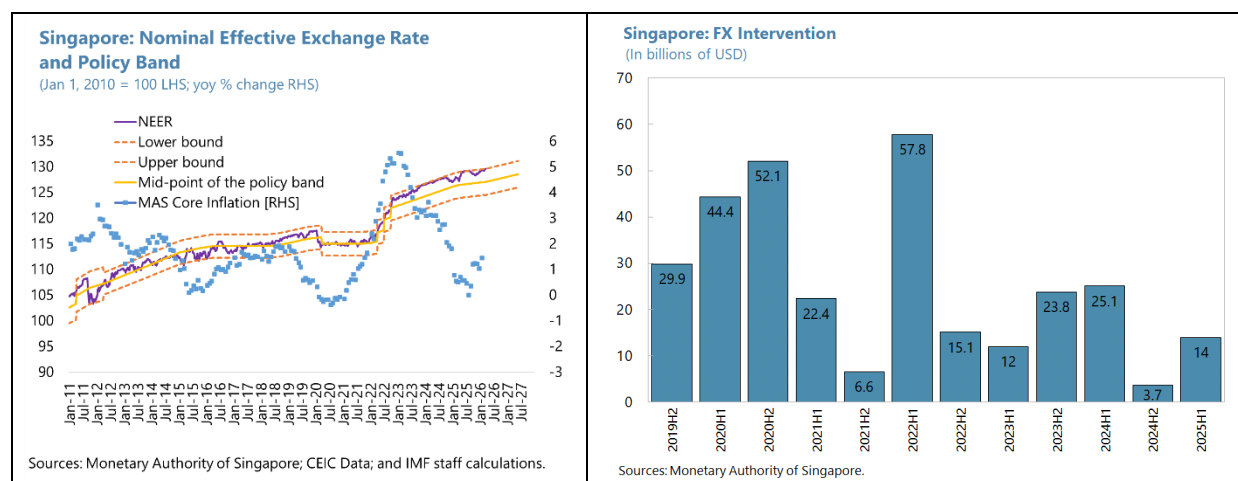


² MAS does not have an explicit inflation target but sees MAS core inflation of just under 2 percent as consistent with overall price stability. Strong demand for vehicles pushed private transport prices up, which is why headline inflation did not drop as much as MAS core inflation in 2025.

insurance costs (Figure 4). The war in the Middle East led to a moderate increase in inflation, with headline inflation rising to 1.8 percent in April 2026 due to rising petrol prices and other imported costs. However, inflation expectations, based on consensus forecasts, have remained well-anchored to date.

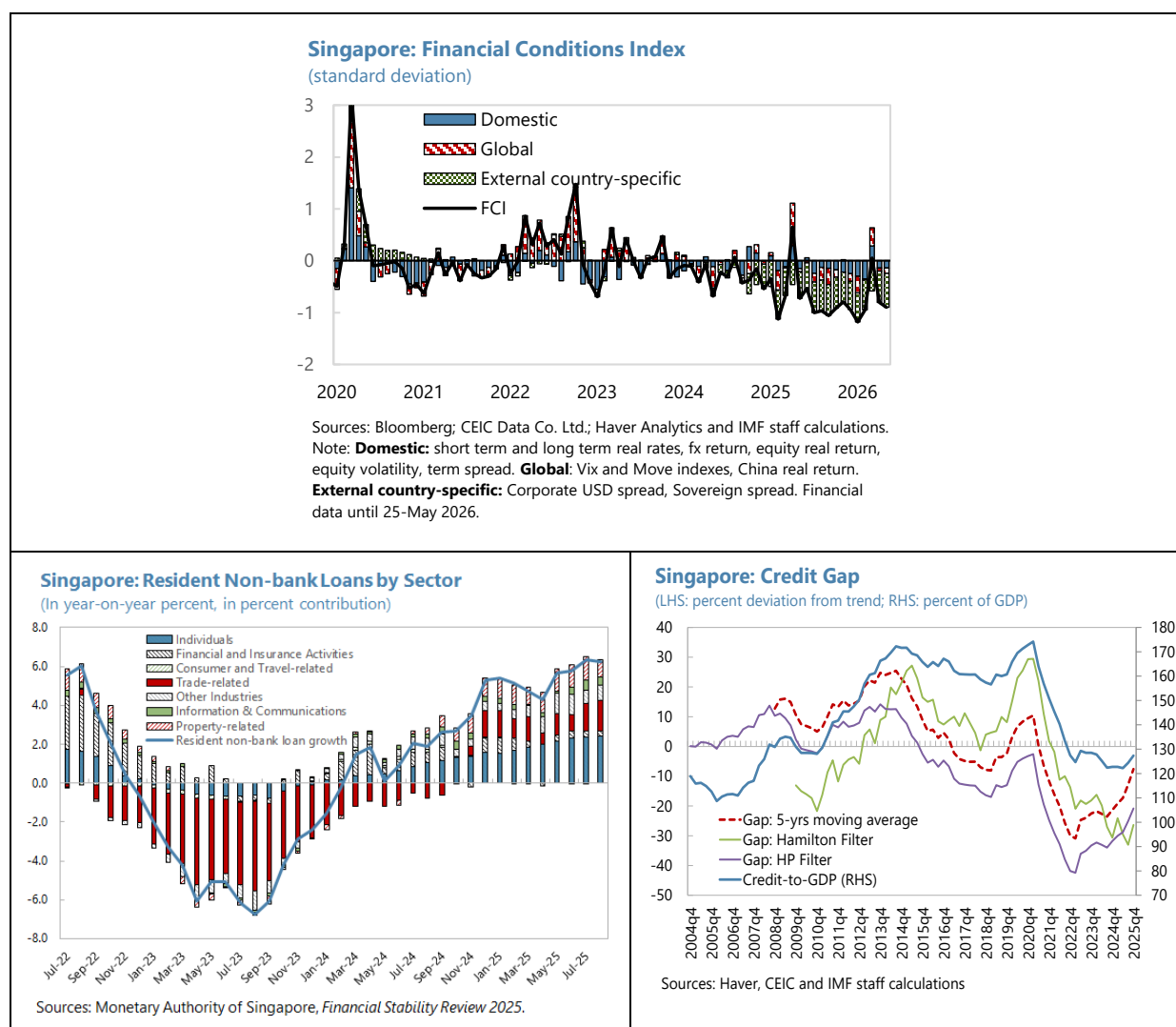
8. The fiscal policy stance was neutral in FY2025 (April 2025–March 2026). Following a surplus of 1.2 percent of GDP in FY2024, the overall fiscal balance under the IMF presentation (net lending/borrowing) recorded a surplus of 1.6 percent of GDP against a budgeted surplus of 0.4 percent of GDP. This over-performance was primarily driven by higher-than-expected revenues, mainly related to corporate income tax, vehicle quota premia, and stamp duties, amid stronger-than-expected economic growth. Total expenditure was broadly in line with the budgeted envelope, with lower funding needs for healthcare institutions offset by higher spending on infrastructure projects. Overall, the fiscal impulse for FY2025 is assessed to have been neutral rather than expansionary as originally envisaged in the FY2025 budget.

9. Monetary Authority of Singapore (MAS) tightened monetary policy in April 2026. MAS operates a basket, band, and crawl (BBC) exchange-rate-based monetary policy framework in which Singapore's nominal effective exchange rate (S\$NEER) is managed against an undisclosed basket of currencies. Against the background of faster-than-expected disinflation, MAS eased monetary policy in January and April 2025 by slightly reducing the S\$NEER's rate of appreciation. After maintaining the monetary policy stance from July 2025 to January 2026, MAS tightened monetary policy by increasing the S\$NEER's rate of appreciation in April 2026, noting that MAS core inflation will pick up and remain elevated over the next few quarters. The weekly average S\$NEER appreciated by 1.2 percent in 2025 and by a further 0.4 percent from end-December 2025 to end-April 2026, trading in the upper half of the band. Net foreign exchange (FX) purchases, which are endogenous to Singapore's monetary policy framework, increased from US\$4 billion in 2024H2 to US\$14 billion in 2025H1. Gross international reserves increased to US\$427 billion at end-April 2026, up from US\$409 billion at end-2025 (68 percent of GDP) and US\$371 billion at end-2024.



10. Financial conditions tightened at the onset of the war in the Middle East, but have loosened since. Financial conditions eased in 2025H2 as global trade tensions subsided and global

interest rates eased. Domestic interest rates declined substantially, with the 3-month compounded Singapore Overnight Rate Average (SORA) falling from 2.5 percent in April 2025 to 1.1 percent in March 2026. Average domestic credit growth picked up from 1.9 percent in 2024 to 5.8 percent in 2025, narrowing the negative credit gap. Financial conditions tightened in March 2026, as global equity and bond prices fell and the U.S. dollar strengthened following the outbreak of the war in the Middle East, but have since eased, as global risk appetite continued to be strong, leading to a rebound in equity prices and tighter credit spreads.



OUTLOOK AND RISKS

11. Growth is projected to slow while near-term inflation is projected to rise due to the energy shock and higher global policy uncertainty.

- Before the war in the Middle East, Singapore's growth outlook had substantially improved relative to the October 2025 *World Economic Outlook* (WEO) forecast, reflecting carryover from

stronger-than-expected 2025 growth, a strengthening AI-driven technology cycle, and accommodative financial conditions. Nonetheless, growth was still expected to moderate toward potential with a projected normalization in private investment, net exports, and credit growth.

Singapore: Revisions to Growth Forecast		
	2026	2027
October 2025 WEO forecast (percent)	1.8	2.5
Pre-war forecast revisions (ppt)	+2.2	+0.2
Impact of the war in the Middle East (ppt)	-0.7	0.0
Strong 2026Q1 (ppt)	+0.2	0.0
2026 AIV baseline forecast (percent)	3.5	2.7
Sources: IMF WEO and IMF staff calculations.		

- The outbreak of the conflict prompted a revision to the outlook. Staff's baseline assumes that energy supply disruptions related to the war in the Middle East are resolved by end-2026. Under the baseline, oil prices increase by roughly 40 percent relative to pre-war levels, rising to an average of \$94 per barrel in 2026 before falling to an average of \$82 in 2027 and further toward \$73 per barrel in 2031.³ The U.S. effective tariff rate on Singapore is assumed to stay constant at 3.5 percent, reflecting the 10 percent U.S. tariffs and associated exemptions. Staff's baseline assumes that MAS maintains the monetary policy stance following the April 2026 tightening and the FY2026 budget is implemented as planned; these imply a moderately tight monetary policy stance (¶16) and a moderately expansionary fiscal policy stance (¶19).
- Accounting for these assumptions, growth is projected to slow from 5.0 percent in 2025 to 3.5 percent in 2026 and 2.7 percent in 2027, as higher input prices and supply chain pressures weigh on energy-intensive industries, real incomes are compressed, and financial conditions tighten. While growth of net exports is projected to remain supportive in 2026H1, reflecting a still-resilient global technology cycle, staff forecasts net exports and associated manufacturing growth to moderate before gradually recovering toward the end of 2026. Investment is projected to remain relatively firm through much of 2026, supported in part by robust public infrastructure spending. However, uncertainty, price pressures, and tighter financial conditions are expected to weigh on credit growth, investment, and private consumption in 2026H2, leading to a gradual normalization of the labor market. Over the medium term, growth is projected to converge to potential growth estimated at 2.5 percent, driven by a recovery in investment and related total factor productivity growth, offsetting the impact of aging on employment growth. The output gap, estimated at 0.6 percent in 2026, is projected to close by 2028.
- Accounting for the impact of the war, headline inflation is projected to rise to 2.6 percent in 2026, reflecting pass-through from higher energy and food prices, with broader second-round effects contained by stable inflation expectations and ongoing productivity improvements. Headline inflation will then decline to 2.1 percent in 2027.

Singapore: Revisions to Inflation Forecast		
	2026	2027
October 2025 WEO forecast (percent)	1.3	1.9
Pre-war forecast revisions (ppt)	+0.3	0.0
Increase due to the war in the Middle East (ppt)	+1.0	+0.2
2026 AIV baseline forecast (percent)	2.6	2.1
Sources: IMF WEO and IMF staff calculations.		

³ The price of natural gas is assumed to increase by 26 percent in 2026. Like oil, other commodity prices are expected to moderate in 2027.

12. Risks to Singapore's growth are tilted to the downside (Annex III). There is an exceptionally high degree of uncertainty surrounding the baseline, notably around the intensity and persistence of the energy shock, the evolution of global trade tensions, and the response of financial conditions.

- A reescalation of geopolitical tensions in the Middle East would push energy prices up even more sharply, keeping them elevated well beyond mid-2026 and leading to higher inflation. Associated shortages in fertilizer and petrochemical products would lead to higher food prices and other input costs. A weakening in domestic demand and the ensuing slowdown in global and regional growth would drag down Singapore's economic growth. Protectionist shocks and related policy uncertainty, including from the ongoing U.S. Section 301 and Section 232 investigations, could also undercut Singapore's export-oriented economy, as shown by recent staff analysis (see Box 1). Finally, a re-evaluation of AI's potential productivity benefits could trigger an AI and tech cycle bust, reducing demand and investment in Singapore's technology-related industries, with broader effects on goods trade and aggregate output. However, staff analysis suggests that limited input-output linkages between externally oriented sectors and domestic-facing activities may help contain spillovers to overall employment (Annex IV).
- Singapore's financial sector remains resilient (¶131), supported by banks' ample capital and liquidity buffers. Nonetheless, it faces emerging external risks from a reescalation of geopolitical tensions in the Middle East, a potential global AI bust, and potential new U.S. tariffs (¶132). These risks may trigger a sharper-than-expected tightening of global and domestic financial conditions, further amplifying the shocks by weighing on credit growth.
- On the other hand, earlier-than-envisaged normalization of commodity supply disruptions or an easing of trade tensions, alongside stronger-than-expected external demand and positive investor sentiment, could support global growth and continue to boost Singapore's growth drivers.
- Medium-term growth risks are more balanced. Increased geoeconomic fragmentation may challenge Singapore's role as a regional trade and financial hub, while AI adoption poses both growth opportunities and risks, including labor market disruptions and cyberthreats. More broadly, the steady rise in technology-related activity in recent years may lead to stronger productivity growth, lifting Singapore's potential growth. In the longer term, climate change and Singapore's aging population present additional risks, potentially constraining growth and increasing fiscal and financial pressures.

13. Singapore's inflation risks are tilted to the upside. A reescalation of geopolitical tensions in the Middle East could trigger a sharp increase in commodity prices that generates second-round effects and de-anchors inflation expectations amid slowing economic activity (¶112). Heightened protectionist trade barriers and energy hoarding could also disrupt supply chains, raising inflationary pressures. On the other hand, if further upside growth risks such as stronger-than-anticipated AI demand materialize, Singapore's positive output gap may widen further, resulting in sustained inflationary pressure. On the downside, inflation could ease if an AI bust triggers a pullback in tech-

related production and investment. A further decline in China's export prices could weigh on tradable goods prices.

14. Staff draws on the April 2026 WEO to quantify the impact of a downside Middle East conflict scenario and an upside scenario from a coordinated global policy reset.

- Under the severe downside scenario with prolonged geopolitical tensions in the Middle East (Annex V), oil and gas prices rise by up to 100 and 200 percent, respectively, relative to pre-war levels (the oil price increase corresponds to an average petroleum spot price index of about \$110 per barrel in 2026 and about \$125 in 2027). Global financial conditions further tighten, with corporate risk premia increasing by 100 bps in 2026 relative to pre-war levels. These shocks would bring global growth close to recession territory. In this scenario, Singapore's growth could slow abruptly to 2.6 percent in 2026, close to its medium-term potential rate with a small but negative output gap at -0.1 percent in 2026, and 1.5 percent in 2027. Inflation expectations in Singapore rise well above 2 percent, with inflation rising to 3.8 percent in 2026 and 4.3 percent in 2027.
- In an upside scenario, U.S. tariff removal and fiscal reform, Chinese demand rebalancing, and higher euro area public investment would lift Singapore's growth to 4.4 percent in 2026.

Authorities' Views

15. The authorities project growth to moderate and inflation to increase in the near term.

The war in the Middle East is expected to directly affect energy-dependent industries and indirectly weigh on activity through higher energy prices, weaker sentiment, and lower domestic and external demand. Growth will nonetheless be supported by resilient net exports and investment, reflecting a resilient global technology cycle and a strong pipeline of infrastructure spending. The authorities noted that, following lessons from prior shocks, the government and private sector have enhanced crisis management, diversified energy sources, strengthened fuel-switching capabilities at power stations, and reduced supply-chain chokepoints. Growth is projected at 2 to 4 percent in 2026, with headline and MAS core inflation in the 1.5 to 2.5 percent range. Second-round inflationary effects are expected to be contained, due to ongoing productivity improvements and a tight monetary policy stance, while labor market conditions are broadly balanced following the recent softening of labor demand. The authorities also assess risks to growth as tilted to the downside and risks to inflation to the upside, emphasizing the potential for substantial demand weakening from a prolonged energy shock and tighter financial conditions. Upside risks to growth include a stronger-than-expected technology cycle and higher tourism demand.

Box 1. Singapore: Effects of Trade Policy Uncertainty

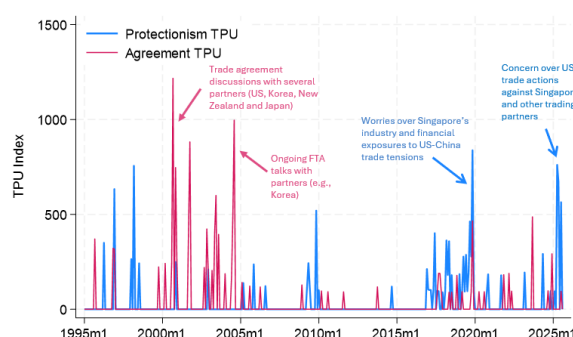
Global trade policy uncertainty (TPU) has recently reached historic highs. In a 2026 Selected Issues Paper, *Unpacking the Effects of Trade Policy Uncertainty on ASEAN Economies*, staff developed new granular TPU measures for six ASEAN economies, including Singapore, distinguishing between uncertainty from tariffs and trade restrictions (“protectionist TPU”) and uncertainty from trade agreements (“agreement TPU”), alongside “own” versus “third-party” TPU shocks. The measures show Singapore’s free trade agreement negotiations in the early 2000s led to increases in “own agreement” TPU. The U.S.’s April 2025 ‘reciprocal’ tariffs and March 2026 investigations into alleged unfair trade practices generated spikes in “own protectionist” TPU affecting Singapore.

Using the granular TPU measures, staff’s empirical analysis finds that:

- Own protectionist TPU shocks, where shocks are defined as periods where TPU is one standard deviation above the mean (see table for examples), reduce output per capita temporarily for the ASEAN economies, relative to the pre-shock level and compared to a counterfactual with no shock.
- Spillover effects from third-party TPU shocks generate even larger declines in output per capita on average, where the uncertainty-induced negative effects on investment and private consumption offset stronger trade balances from trade diversion. However, staff finds that higher trade openness buffers economies from third-party TPU shocks by allowing them to more rapidly reallocate and shift across different sources of demand and supply, especially for diversified economies. At the 90th percentile of trade openness, consistent with Singapore’s level of openness, third-party TPU effects on output per capita become statistically insignificant.
- Own agreement TPU shocks temporarily lift output through anticipatory investment, though these effects fade and do not translate into durable trade balance improvements.

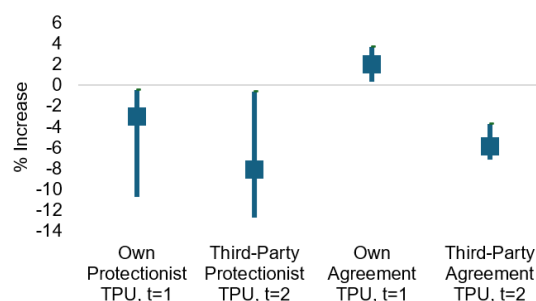
TPU Type	Description	Example Shocks
Own Protectionist TPU	Own country TPU related to tariffs and trade restrictions like import quotas or licenses	US 2025 tariff threats and actions
Third-Party Protectionist TPU	Protectionist TPU measures of key trade partners, weighted by export shares	US-China 2018 tariff actions
Own Agreement TPU	Own country TPU related to trade agreements and frameworks like WTO negotiations or trade bloc talks	Singapore trade agreement talks with US, New Zealand, and Japan in 2000
Third-Party Agreement TPU	Agreement TPU measures of key trade partners, weighted by export shares	US-Mexico-Canada Agreement (USMCA) 2018 deal negotiations

Singapore: Trade Policy Uncertainty (TPU), by Type



Sources: IMF staff calculations.

ASEAN-5 and Vietnam: Impact of TPU on Real Output Per Capita, by Type (Coefficients)



Note: IMF staff calculations. The coefficients are from local projections, with 90 percent confidence intervals based on wild bootstrapped standard errors. Shocks are dummies that take a value of 1 if TPU is 1 standard deviation above the mean. Third-Party TPU is interacted with an economy's average trade openness; results shown are for the overall average effects.

Sources: IMF staff calculations.

POLICY DISCUSSIONS

Pre-war, the economy was expanding at a strong pace with a positive output gap and tight labor market conditions. Against this backdrop, the energy shock risks amplifying inflation pressures. Thus, the near-term policy mix should be focused on stemming inflation pressures while supporting the hard hit and maintaining macro-financial stability. Under the baseline, amid heightened global uncertainty, the current mix of moderately tight monetary policy and moderately expansionary fiscal policy remains appropriate. However, vigilance is needed against upside inflation risks. If more adverse energy shocks materialize, the policy mix should be recalibrated with monetary policy remaining the primary anchor to contain inflation and safeguard inflation expectations, while fiscal policy provides targeted and time-bound support to vulnerable households and firms. Singapore has fiscal space to respond to major downside shocks, but broad-based fiscal support should be avoided because it can increase aggregate demand and fuel inflationary pressures. Given that Singapore's persistently large current account surplus reflects structural private net savings, continued efforts to strengthen social protection and infrastructure spending can support external rebalancing over the medium and long term. The financial system remains resilient and systemic risks are contained, though geopolitical, trade, and AI-related risks warrant continued vigilance. AI adoption, skills upgrading, and continued implementation of the Forward Singapore initiative will support further inclusive growth in Singapore.

A. Monetary Policy

16. MAS should remain focused on price stability and stand ready to tighten monetary policy further if second-round inflation pressures emerge. Staff assesses the current monetary policy stance as moderately tight⁴ and appropriate under the baseline, given the positive output gap, a gradually normalizing but still tight labor market, and the need to keep inflation expectations anchored amid the sharp rise in domestic energy prices and the moderately loose fiscal policy stance in the near term. The significant upside risks to inflation (¶13) and the 2021–23 inflationary episode highlight the possibility that inflation expectations can quickly become unanchored, especially if the energy shock persists. Accordingly, the monetary policy stance may need to be moderately tight for a prolonged period, and MAS should remain data-dependent with a tightening bias. MAS should continue to clearly communicate the rationale for its policy decisions given high uncertainty.

17. If upside risks to inflation and downside risks to growth materialize, monetary policy should continue to prioritize price stability.

- Monetary policy should aim at limiting second-round inflationary pressures and anchoring inflation expectations. MAS should continue to be vigilant against broadening price pressures, sharp increases in wages and unit labor costs including in the services sector, and rising inflation

⁴ Prior to the April 2026 tightening action, staff assessed the monetary policy stance to be broadly neutral. Staff assesses the stance by estimating a S\$NEER reaction function using various specifications from the literature; see the 2016 AIV Selected Issue Paper (Country Report No. 2016/264) for more detail.

expectations. Due regard to broader domestic economic conditions is also important. In particular, a decline in domestic demand from (i) erosion of real incomes, (ii) worsening sentiment, and (iii) higher domestic interest rates from tightening of global financial conditions would reduce the scale of required monetary policy tightening.

- Under the severe adverse scenario described in ¶14, when inflation pressures intensify, monetary policy should be tightened to re-anchor inflation expectations. This tightening could occur via a steepening of the slope of the policy band or—if more forceful action is needed due to a marked increase in the persistence and pervasiveness of inflationary pressures—through an upward re-centering of the policy band.
- When growth and inflation move in the same direction, the policy tradeoff is less binding. An overheating economy would warrant monetary policy tightening, while weakening growth and strong disinflation would support easing.

Authorities' Views

18. The authorities concurred that the war in the Middle East poses challenges for monetary policy and stressed the need for flexible policy responses as the outlook evolves.

Following the April 2026 tightening, MAS assessed the current monetary policy stance as sufficiently tight to temper the inflation shock, with the risk of an inflation-wage spiral remaining low.

Nonetheless, MAS concurred with the need to closely monitor the pervasiveness and persistence of inflation. Monetary policy may need to be tightened further should the risk of second-round effects increase. On the other hand, overly aggressive tightening should be avoided especially if aggregate demand weakens more than expected. Accordingly, future monetary policy decisions should be made on a data-dependent, meeting-by-meeting basis, without pre-committing to specific policy responses tied to particular scenarios. MAS also underscored the importance of targeted government support and measures to secure energy supplies amid the energy shock.

B. Fiscal Policy

19. The FY2026 budget, approved in February 2026, envisages a fiscal surplus of 1.0 percent of GDP, lower than the surplus of 1.6 percent of GDP recorded in FY2025.⁵

The budget implies a moderately expansionary fiscal policy stance, with the cyclically adjusted primary deficit widening by 0.5 percent of potential GDP relative to FY2025.

- Expenditure is projected to increase from 18.1 percent of GDP in FY2025 to 18.6 percent of GDP in FY2026. This is mainly due to an increase in development expenditure by 0.7 percent of GDP, which aims at strengthening Singapore's competitiveness and enhancing infrastructure for transportation, education, and healthcare. Similarly, top-ups to endowment and trust funds (2.2 percent of GDP) are primarily for airport development and R&D. Another priority focus of

⁵ Projected fiscal figures (revenue, expenditure, and balances) refer to the IMF presentation based on the GFSM (2014) and may differ from the authorities' presentation.

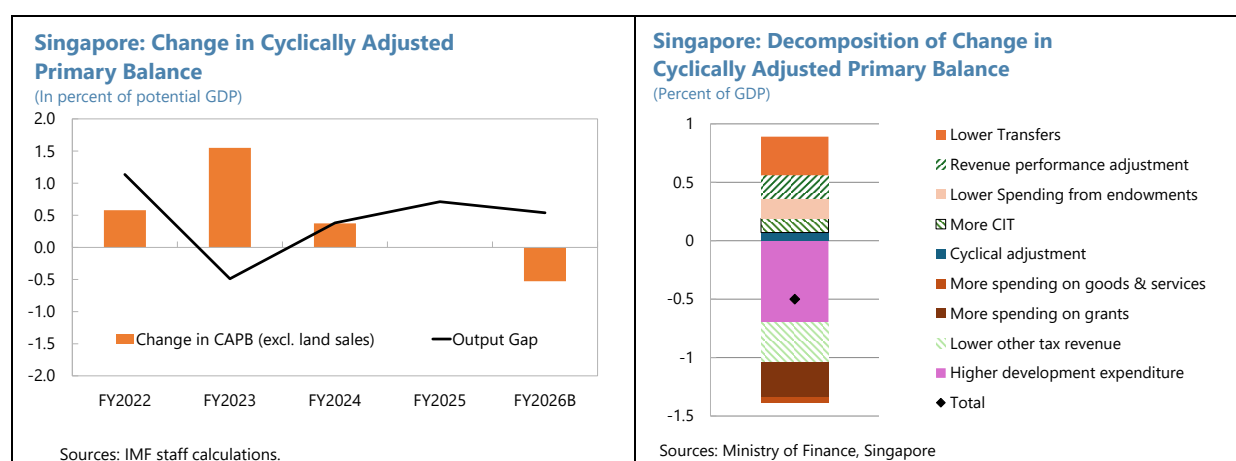
this year's budget is harnessing AI, with various measures to help businesses in strategic sectors deploy AI and to support the upskilling of workers (see ¶36–38 for details). Lastly, in response to the war in the Middle East, the authorities have rolled out a support package worth 0.1 percent of GDP. Overall, direct transfers to households and businesses are now expected to stay roughly constant compared to last year (see Table "Singapore: Special Transfers in the Budget").

- Staff projects the revenue-to-GDP ratio at 19.6 percent in FY2026. Collections of personal income tax and goods and services tax (GST) are projected to remain constant in percent of GDP terms while corporate income tax receipts are forecast to increase from 4.4 to 4.5 percent of GDP reflecting strong growth last year. Yields from other taxes are projected to decline slightly as percent of GDP, primarily due to lower land betterment charges.

Singapore: Fiscal Developments						
(all values in percent of GDP)	FY2022	FY2023	FY2024	FY2025 (B)	FY2025	FY2026 (B)
Revenue	16.1	18.1	18.0	18.7	19.7	19.6
Expense	13.4	13.8	13.5	14.7	14.4	14.2
Net acquisition of nonfinancial assets 1/	3.2	3.3	3.2	3.7	3.7	4.4
Net lending/borrowing 1/	-0.5	0.9	1.2	0.4	1.6	1.0
Primary balance 2/	-3.7	-2.4	-1.9	-3.0	-1.8	-2.4
Cyclically adjusted primary balance 3/	-3.9	-2.3	-1.9	-3.2	-2.0	-2.5

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.

20. The fiscal stance presented in the FY2026 budget is broadly appropriate under the baseline scenario. The budget is in line with staff's recommendations in previous Article IV consultations to gradually reduce fiscal surpluses to accommodate rising medium-term spending needs.⁶ These spending needs arise primarily from aging infrastructure and public housing, climate transition costs, and structural transformation amid technological change. Further, healthcare costs will rise over the medium term due to Singapore's rapidly aging population. However, in the current



⁶ Under Singapore's balanced-budget framework, the government must maintain a balanced budget over each five-year term in office and may not borrow to fund its operating expenses. The FY2026 budget is the first budget of the current government. See Annex IV of IMF Country Report No. 25/192 for more detail.

environment, the implementation of the budget should continue to be mindful of inflationary risks. Further support should be targeted to households and businesses affected by the war in the Middle East. Such support should be provided within the budget envelope, for instance by reallocating less essential and untargeted fiscal spending to not amplify inflationary pressures.

Singapore: Special Transfers in the Budget					
(SGD billion)	Type	FY2023	FY2024	FY2025	FY2026
SG60 Vouchers	broad-based	-	-	2.00	1/
COL Special Payment	targeted	1.46	0.77	1/	0.69
CDC Vouchers	broad-based	0.64	0.78	1.07	0.70
MediSave Top-up Scheme	targeted	0.06	0.60	1/	-
Others 2/	varies	0.60	0.81	0.70	2.45
Total		2.76	2.96	3.77	3.84
<i>(total in percent of GDP)</i>		<i>0.4%</i>	<i>0.4%</i>	<i>0.5%</i>	<i>0.5%</i>
<i>(in real per capita terms, SGD)</i>		<i>466</i>	<i>479</i>	<i>597</i>	<i>587</i>

1/ For FY2025, the COL Special Payment and MediSave Top-up Scheme are included in the "Others" category. For FY2026, residual SG60 voucher claims 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), MediSave Top-up Scheme (FY25 only), and the support package in response to the war in the middle East (FY26 only, staff's estimate).

21. Fiscal policy is well placed to absorb shocks, through targeted support to vulnerable households and firms, thanks to its strong public institutions and large fiscal buffers. Fiscal policy measures will need to be broadly consistent with monetary policy to keep inflation anchored.

- In the severe adverse scenario (I14), the authorities should support households and businesses which are negatively affected by shocks through targeted and time-bound support, as coordinated through the Homefront Crisis Ministerial Committee. However, in this scenario, the risk of higher inflation expectations is significant. Staff's estimates indicate that the output gap in 2026 could become negative but still remain relatively small. This suggests that large-scale aggregate demand support should be avoided. Accordingly, support for affected households and businesses should be provided within the total FY2026 budget expenditure envelope. At the same time, automatic stabilizers should continue to operate, i.e., the fiscal balance would be allowed to worsen should revenue collections decline as growth slows. Fiscal policy should also focus on removing supply-side constraints to the extent possible through investments in infrastructure, regulatory changes, and productivity enhancements.
- In case major downside growth risks materialize, resulting in a sharp deterioration in aggregate demand and labor market conditions, and bringing down inflationary pressures, Singapore has substantial fiscal space to deploy. Staff estimates that the government owns large financial assets (net of government debt) amounting to 85 percent of GDP as of end-March 2024. In the event of major shocks such as the Global Financial Crisis and the COVID-19 pandemic, the authorities have consistently demonstrated the ability and willingness to react decisively, drawing on their substantial fiscal reserves, and a similar consideration would be needed—

including through prompt and time-bound support targeted to vulnerable firms and households.⁷

- In case of an upside shock, for example due to growth or revenue outperformance as in past years, automatic stabilizers should continue to operate in the near term, i.e., revenue windfall should be saved.

22. Recent developments warrant an update of Singapore's medium-term fiscal plans. The MOF published its medium-term fiscal outlook in 2023. Since then, Singapore has implemented the Multinational Enterprise Top-up Tax and the Domestic Top-up Tax, in line with the OECD Base Erosion and Profit Shifting (BEPS) 2.0 initiative, setting the minimum effective tax rate for in-scope multinational enterprises (MNEs) at 15 percent (see Annex VI for more detail). This is likely to bring Singapore a near-term revenue gain starting in FY2027, but the medium-term outlook is more complex. In this context, some further increases to accelerate development spending as well as ensure that Singapore continues to offer a competitive business environment may need to be considered. Beyond tax-related changes, the AI-led tech cycle would pose both upside and downside potential for tax revenues over the coming years. Further, Singapore's medium-term spending needs, including for strengthening social protection (¶29), warrant periodic updates. These analyses can help assess the adequacy of fiscal resources and the need for tax reforms. Against this background, staff recommends that the authorities update, clearly communicate, and publish the medium-term fiscal plans.

Authorities' Views

23. The authorities agreed with the thrust of staff's assessments. They have provided additional support to households and businesses affected by the war in the Middle East, with projected increases to the overall FY2026 budget, and expressed readiness to do more if required. Such support should be targeted to the extent possible, but a trade-off between the speed of implementation and the extent of targeting should be taken into account. The authorities explained that the additional support has been designed to avoid distorting price signals, and allow market prices to adjust and for firms to pass through costs to the customers. The authorities agreed that fiscal policy should avoid fueling inflationary pressures amid the energy shock, but assessed that inflationary risk of the carefully calibrated support measures is low given that the fiscal multiplier in Singapore is relatively small. Looking ahead, corporate income tax collections are expected to increase, in line with Singapore's implementation of the BEPS 2.0 initiative. Expenditure will rise further to tackle Singapore's structural transformations, of which AI is the most immediate one. Over the medium term, climate adaptation costs such as coastal flood protection and costs to rejuvenate aging infrastructure such as public housing will be substantial, while public healthcare spending is expected to rise due to population aging. In light of these fundamental developments, an update to the medium-term fiscal projections is currently underway, to be completed in 2027.

⁷ See IMF Country Report No. 23/314, Box 1 on the judicious use of fiscal space under downside risks.

C. External Sector Assessment

24. The IMF revised its External Balance Assessment (EBA) methodology this year.

The 2026 refinements to the EBA methodology focused on updating the data and coefficients through 2023 and reducing the set of demographic indicators.⁸ Under the new methodology, use of the inflation bias adjustor to quantitatively address a measurement issue for net foreign assets is discontinued.⁹ While Singapore is not included in the EBA sample because it is an outlier along several dimensions, the EBA model's estimated coefficients are applied to Singapore as a practical solution.

25. Based on the revised EBA methodology, Singapore's external position in 2025 continues to be assessed as substantially stronger than the level implied by medium-term fundamentals and desirable policies (Annex VIII).

- Singapore recorded a current account (CA) balance of 16.7 percent of GDP in 2025, down from 17.2 percent in 2024 and below the average of 17.6 percent over the decade from 2015–24. The 2025 decline mainly reflected a decline in the goods surplus (¶4). Adjusting for both cyclical and country-specific factors, staff assesses the CA gap to be in the range of 5.6–9.6 percent of GDP. The relatively wide range reflects a high degree of uncertainty around the assessment.

Singapore: External Sector Assessment (In percent of GDP)		
	2025	2024
Actual CA 1/	16.7%	17.5%
Cyclically Adjusted CA	17.0%	18.0%
EBA CA norm	14.1%	15.2%
EBA CA Gap	3.0%	2.8%
Total Staff Adjustment	4.6%	2.3%
Health & NFA	4.6%	4.4%
Measurement error	-	-2.1%
Inflation bias	-	-5.5%
Portfolio retained earnings	-	3.4%
Staff CA gap	7.6%	5.1%
Assessment	Subst. Stronger	Subst. Stronger
1/ 2024 CA was 17.5% at the time of the 2025 ESR (data was revised down to 17.2%).		

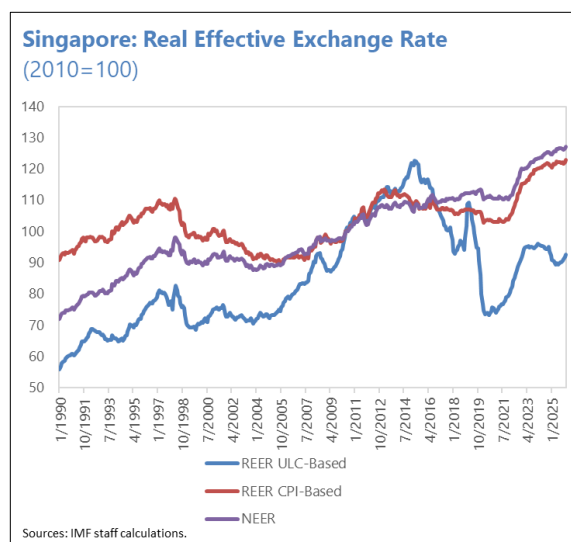
- The increase in the magnitude of the CA gap relative to prior assessments is largely due to the revised EBA methodology, including the removal of the inflation bias adjustor (the removal raises the CA gap by 5 percent of GDP). At the same time, Singapore's portfolio equity retained earnings adjustor has been dropped given relatively high uncertainty around the estimate for Singapore (this adjustor's removal reduces the CA gap by about 3 percent of GDP).

⁸ The simplified demographic bloc dropped indicators that captured the future aging projections due to a lack of robust statistical significance in the EBA sample. The demographic bloc now includes the shares of the population for 45–54 and 65+, life expectancy at 45–50, and an interaction between life expectancy and the share of the 65+ population.

⁹ The inflation bias adjustor aimed to adjust for inflation-induced nominal return differentials for debt instruments. The reasons for downgrading the inflation bias to a qualitative complementary tool include: a lack of sufficient data on the currency composition of the international investment position; increased volatility and divergence of inflation bias estimates due to the post-pandemic inflation spike; and overlap with the EBA contribution from net foreign assets.

- Two adjustments related to healthcare spending and net foreign assets (NFA) continue to be applied to Singapore's CA norm (the level of the CA implied by medium-term fundamentals and desirable policies).
 - Under the EBA framework, a low level of desirable public health spending relative to peers implies weaker social safety nets, which indicate the need for higher precautionary saving and thus a higher CA norm. However, this generalized framing may not be appropriate for Singapore, where lower realized and desirable public health spending originates from high efficiency rather than under-provision of healthcare (Singapore's public health spending was 2.4 percent of GDP in 2024, compared to an average of 6.4 percent of GDP in the EBA sample economies).¹⁰ For this reason, the CA norm is adjusted downward by 1.4 ppt of GDP.
 - Singapore has large positive NFA, amounting to 179 percent of GDP at end-2025. While a positive NFA typically generates a primary income surplus that lifts the CA norm, Singapore instead runs a primary income deficit, reflecting a balance sheet tilted toward safer, lower-yielding assets and FDI-heavy liabilities linked to foreign-owned multinationals. Accordingly, contributions of NFA to Singapore's CA norm are estimated based on a granular set of coefficients on asset and liability components of NFA. As a result, the CA norm is adjusted downward by 3.2 ppt of GDP.
- The identified EBA policy gap in 2025 largely reflects Singapore's more contractionary fiscal policy compared to the rest of the world. Staff analysis suggests that Singapore's defined contribution pension scheme under the Central Provident Fund (CPF) explains around 1.6 percent of GDP of the EBA residual.

26. Singapore's exchange rate has strongly appreciated in real effective terms since 2020 but its external imbalance has not substantially narrowed. The CPI-based real effective exchange rate (REER) appreciated by 0.6 percent in 2025 relative to 2024, and cumulatively by 17.6 percent since 2020. The CPI-based NEER appreciated 1.3 percent in 2025 and cumulatively by 13.6 percent since 2020. Broad-based appreciation has not resulted in a substantially lower CA balance; the average CA balance from 2021–25 was 17.7 percent of GDP, up from the 2016–20 average of 17.1 percent. While the REER is expected to continue appreciating over time, this medium- and

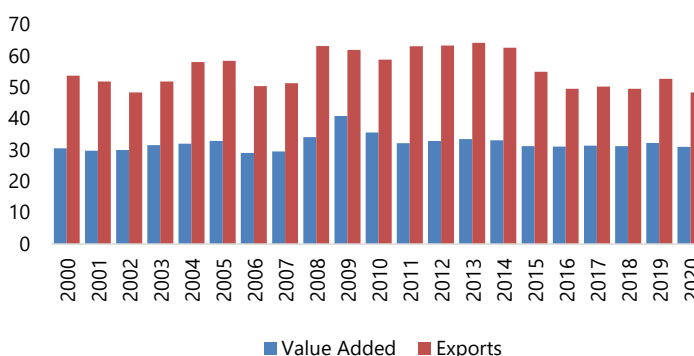


¹⁰ See Annex V of IMF Country Report No. 19/233.

long-term trend 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.

27. In recent decades, Singapore's investment and corporate saving ratios declined and its household saving ratio increased (Box 2). Singapore's strong external position and large current account surplus reflect significant private saving surpluses. Singapore's household saving as percent of GDP increased by 8 percentage points between 2000 and 2025 to reach 17 percent. On the other hand, its estimated corporate saving ratio¹¹ declined by around 12 percent of GDP from 2000 to 2025 but remains sizable at around 16.8 percent of GDP in 2025. Total gross capital formation as a share of GDP fell by 12.7 percentage points from 2000 to 2025. Foreign-owned multinationals accounted for 31.0 percent of GDP in 2020. Their intrafirm financial operations explain Singapore's net primary income deficit and may overstate the extent of corporate savings available for productive use domestically.

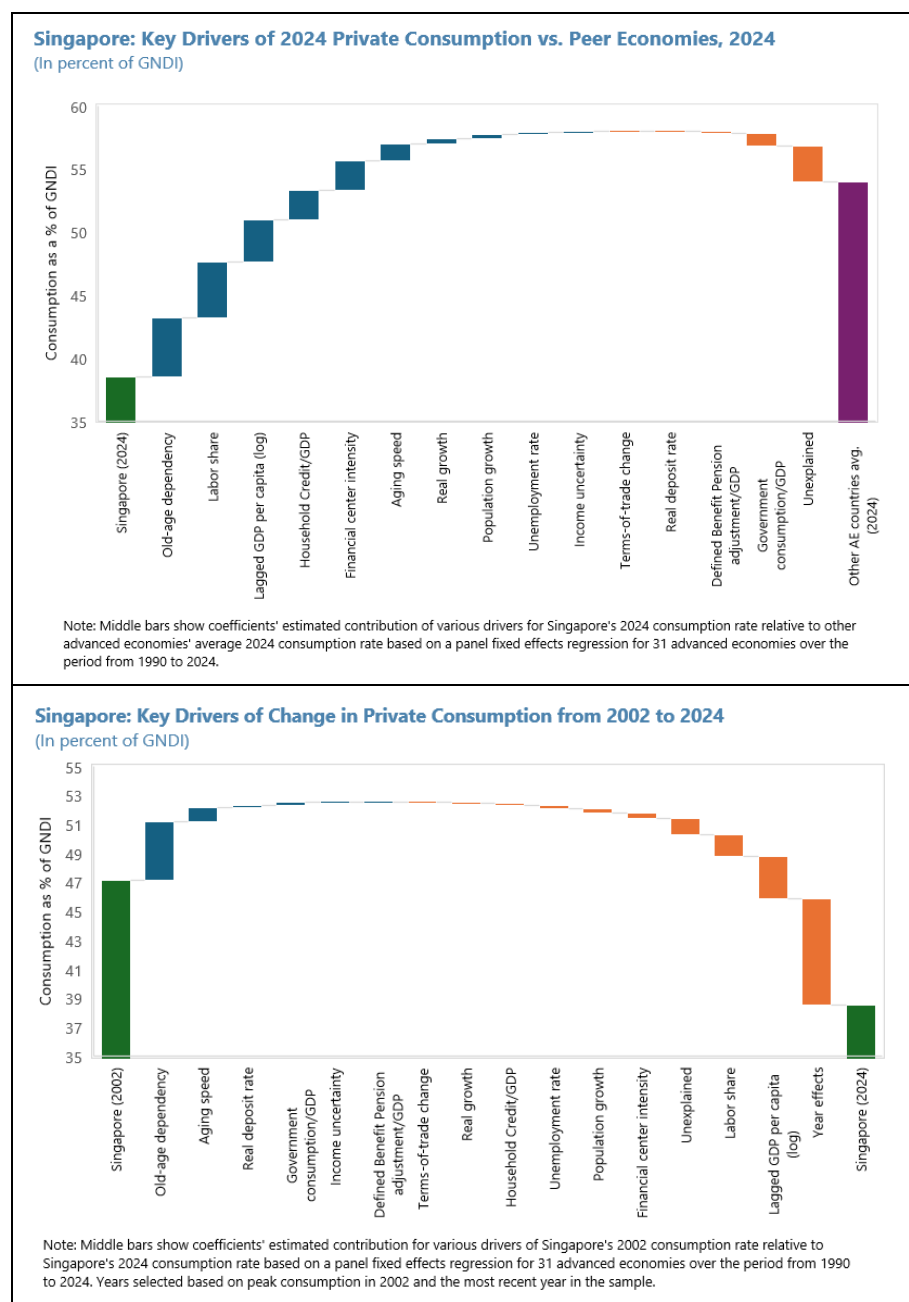
Singapore: Share of Foreign-Owned Multinationals in Value Added and Exports
(In percent of GDP)



Sources: OECD Multinational Enterprise database; Singapore Department of Statistics; and IMF staff calculations.

28. Singapore's demographics, lower labor share, high GDP per capita, and role as a financial hub explain Singapore's household consumption compared to peer economies. Staff analyzed the drivers of Singapore's private household consumption ratio across time and relative to peer countries (see Selected Issues Paper, *Drivers of Private Consumption in Singapore*). Most of the identified drivers are largely structural, slow-moving factors. Namely, Singapore's old age dependency ratio is lower than in other advanced economies at present, despite its rapidly aging population, encouraging higher saving under the life-cycle model of consumption (i.e., more elderly populations tend to dissave at a higher rate) (see chart). Singapore also has a relatively lower labor share due to its large corporate sector; this means a smaller portion of resources accrue to domestic households. Other important factors are Singapore's higher level of real GDP per capita, financial center status, and lower household credit to GDP. Looking at the change in Singapore's private consumption rate since its peak in the early 2000s, Singapore's rising output per capita, growing financial hub prominence, and falling labor share have offset increased dissaving associated with an increase in Singapore's old age dependency ratio (see chart).

¹¹ Data on corporate sector saving are unavailable and gross operating surpluses are an imperfect proxy. Therefore, corporate sector saving is estimated based on the residual between the current account and the difference between public savings and private household savings versus investment and inventories.

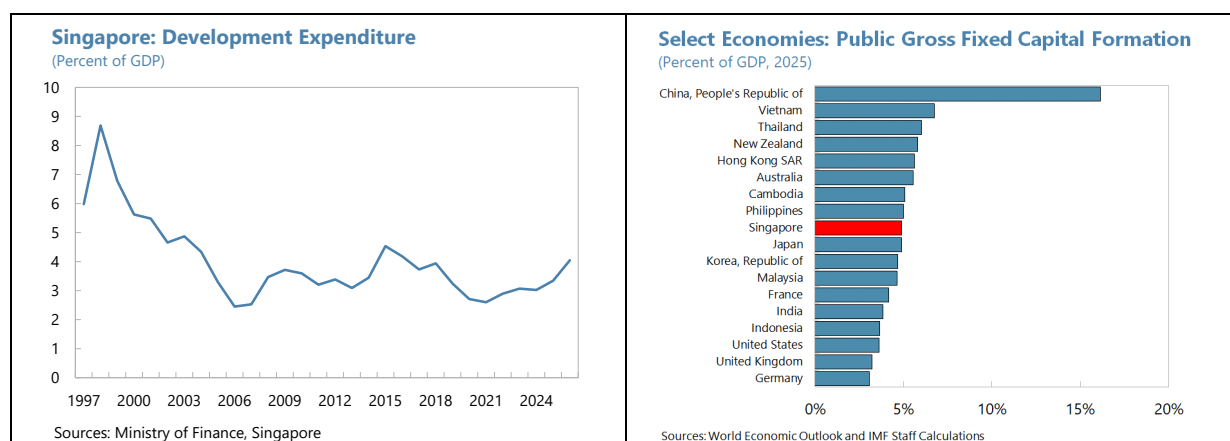


29. Singapore continues to strengthen social protection and infrastructure investment, which can help reduce Singapore's external surpluses over the medium and long term.

- Notable recent enhancements to social protection include the introduction of a temporary financial support scheme for involuntarily unemployed workers (SkillsFuture Jobseeker Support), enhancements to the CPF for retirement adequacy, inclusion of platform workers under the CPF, expanded Workfare Income Supplement for low-wage workers, and increased Silver Support payouts for elderly citizens. These reforms reflect a broader shift under the Forward Singapore initiative to refresh the social compact and promote inclusive growth. Further reforms can address key remaining gaps: (i) retirement adequacy is still a concern for low-income and self-

employed workers¹², (ii) healthcare can still pose affordability challenges, especially for chronic issues and long-term care, and (iii) unemployment support remains limited in duration and coverage compared to other advanced economies. Policies that further strengthen social protection would help reduce private savings and increase consumption.

- Development spending under the budget has been increasing since 2020, an effort that needs to continue. Besides direct development spending, annual budgets also contribute to endowments and trust funds, some of which support infrastructure development (e.g., Future Energy Fund, Coastal and Flood Protection Fund, and Changi Airport Development Fund). In FY2023–25, contributions to these three funds totaled 2.7 percent of 2025 GDP. Moreover, the Singapore Infrastructure Government Loan Act (SINGA), passed in 2021, enabled the issuance of special bonds to finance eligible long-term infrastructure projects, up to a maximum total issuance of S\$90 billion. As of March 2026, outstanding bonds under SINGA amounted to approximately S\$20 billion (2.4 percent of GDP). Staff welcomes the continued use of bonds under SINGA as they allow qualifying infrastructure projects to be funded via an overall budget deficit without breaching Singapore’s balanced budget rule.¹³



Authorities' Views

30. The authorities fundamentally disagreed with Singapore’s EBA-based external sector assessment. Singapore’s external balances reflect the structural features of a small, highly open and trade-oriented economy. Without the natural endowments that underpin the resilience of larger economies, Singapore must save and invest more abroad than most—accumulating financial assets as its primary store of national wealth. Singapore’s external position stems from these intrinsic structural characteristics, including its role as a major intermediary for international trade, and should not be interpreted as evidence of exchange rate misalignment or policy-induced imbalances.

¹² To measure retirement savings adequacy, the CPF provides basic, full, and enhanced retirement sums as savings guidelines. For 2026, the basic retirement sum (BRS) is set at S\$110,200 and the estimated monthly payout at age 65, for those who set aside the BRS by age 55, is S\$950. The BRS is designed to meet basic living needs, excluding rental expenses. The share of CPF members turning 55 whose savings reach the BRS has risen over time, from 66 percent in 2020 to 70.5 percent in 2024.

¹³ See Annex IV of IMF Country Report No. 25/192 for more detail.

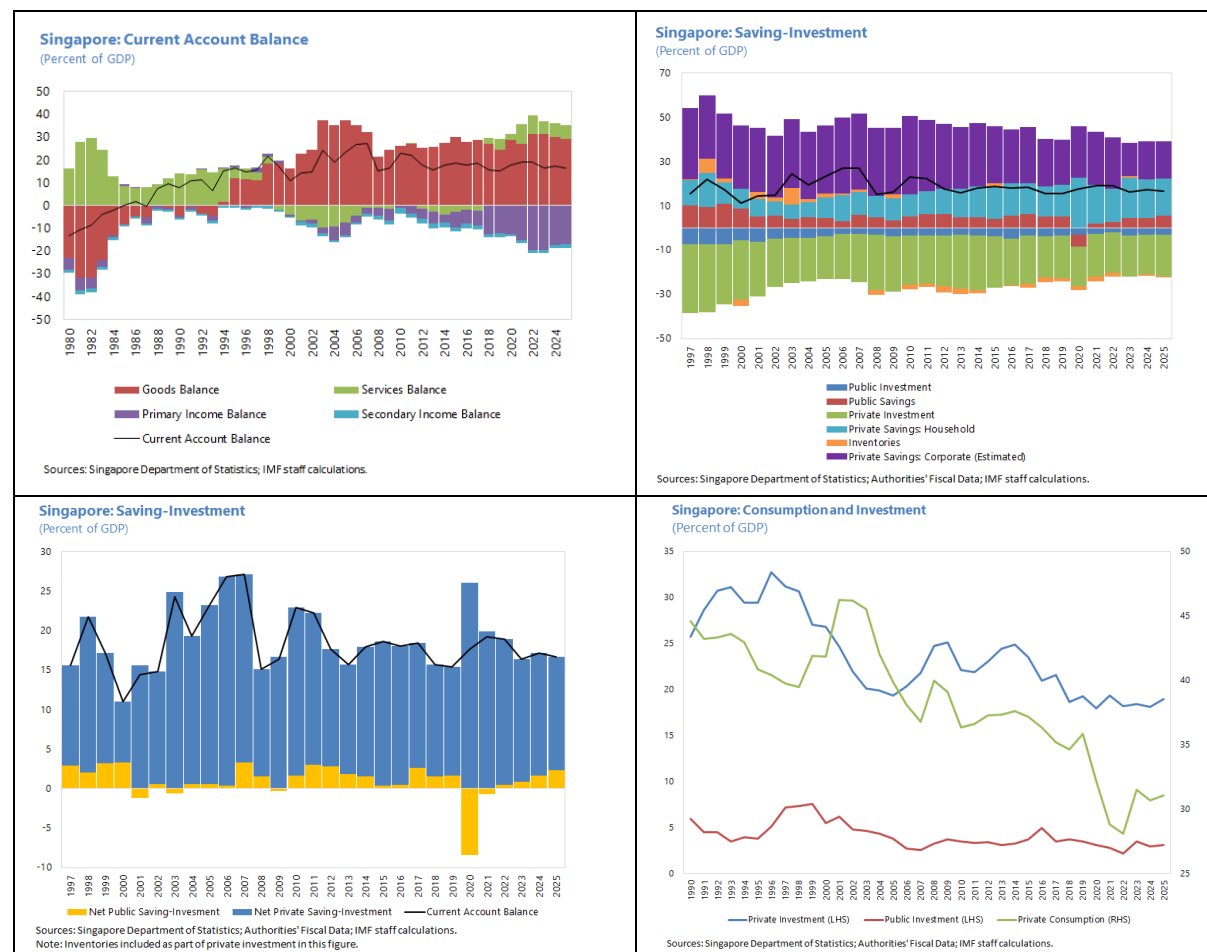
Standard EBA approaches do not fully capture Singapore's distinctive characteristics, and greater transparency around the treatment of country-specific factors and model adjustors would therefore be important in arriving at a balanced assessment.

- Singapore's trade surplus as percent of GDP reflects that the country is intrinsically a trade-oriented economy rooted in its geography and resource constraints. Foreign-owned firms operate and produce in Singapore for the region and beyond, reflecting Singapore's strategic location and small domestic market. The associated factor income outflows mean that the trade surplus does not present a holistic view of Singapore's saving-investment balance.
- Singapore's substantial net foreign assets are the functional equivalent of the land mass, natural resources, and demographic depth that larger nations rely on for long-term resilience and intergenerational security. Reflecting its small size and lack of natural resources, it is both natural and necessary for Singapore to maintain a structurally higher NFA position than most economies—and with the appropriate level assessed against Singapore's unique circumstances rather than average country norms.
- There is no evidence of systematic underinvestment domestically. Singapore continues to undertake substantial investments in infrastructure, housing, healthcare, education, and climate adaptation. Singapore's approach has been to maximize outcomes relative to resources deployed, achieving strong results across these areas while maintaining fiscal discipline.
- The authorities registered technical reservations related to the use of the EBA methodology for Singapore. Singapore's exclusion from the EBA regression sample on grounds of its unique characteristics calls for a transparent and objective accounting of these characteristics in the assessment. Two adjustors for the CA norm warrant clear and multilaterally consistent explanations. The health expenditure adjustor appears to penalize Singapore's top-ranked healthcare efficiency and outcomes. The NFA adjustor does not adequately reflect the economically sound basis for Singapore's NFA composition, driven as it is by a development path heavily shaped by multinational enterprises' investments and foreign capital. If the adjustors are removed, the CA gap could vary by nearly 5 percentage points and, with the ± 2 percentage point range, Singapore's external balance could range from "substantially stronger" all the way to "broadly in line."
- Singapore's current account position is a slow-moving phenomenon driven by underlying structural characteristics, which will evolve over time in the direction of reducing the surplus. The authorities share the IMF's view that continued investment in infrastructure, healthcare, and social spending remains a priority, and these commitments will exert further downward pressure on the surplus over time. Aggregate savings will come down as households age and draw down on their savings. The public sector net savings gap will narrow further as growth slows and government expenditure increases. The current policy settings for monetary policy do not have bearing on the medium-term trajectory of the CA balance.

Box 2. Singapore: Drivers of the Current Account Balance

Singapore's large current account surplus widened through the mid-2000s before moderating after the Global Financial Crisis (GFC). A rapidly rising goods surplus drove the increase in the 1990s and early 2000s, with the current account surplus peaking at 27.1 percent of GDP in 2007. After the GFC, the goods surplus declined relative to its pre-crisis highs amid weaker external demand, sluggish investment, fewer advances in global trade liberalization, and maturing supply chains.¹ Since 2018, a stronger services surplus from higher transport, business, and financial services exports has partly offset the drag from a more negative primary income balance, which is partially ascribed to the large presence of foreign-owned multinationals.

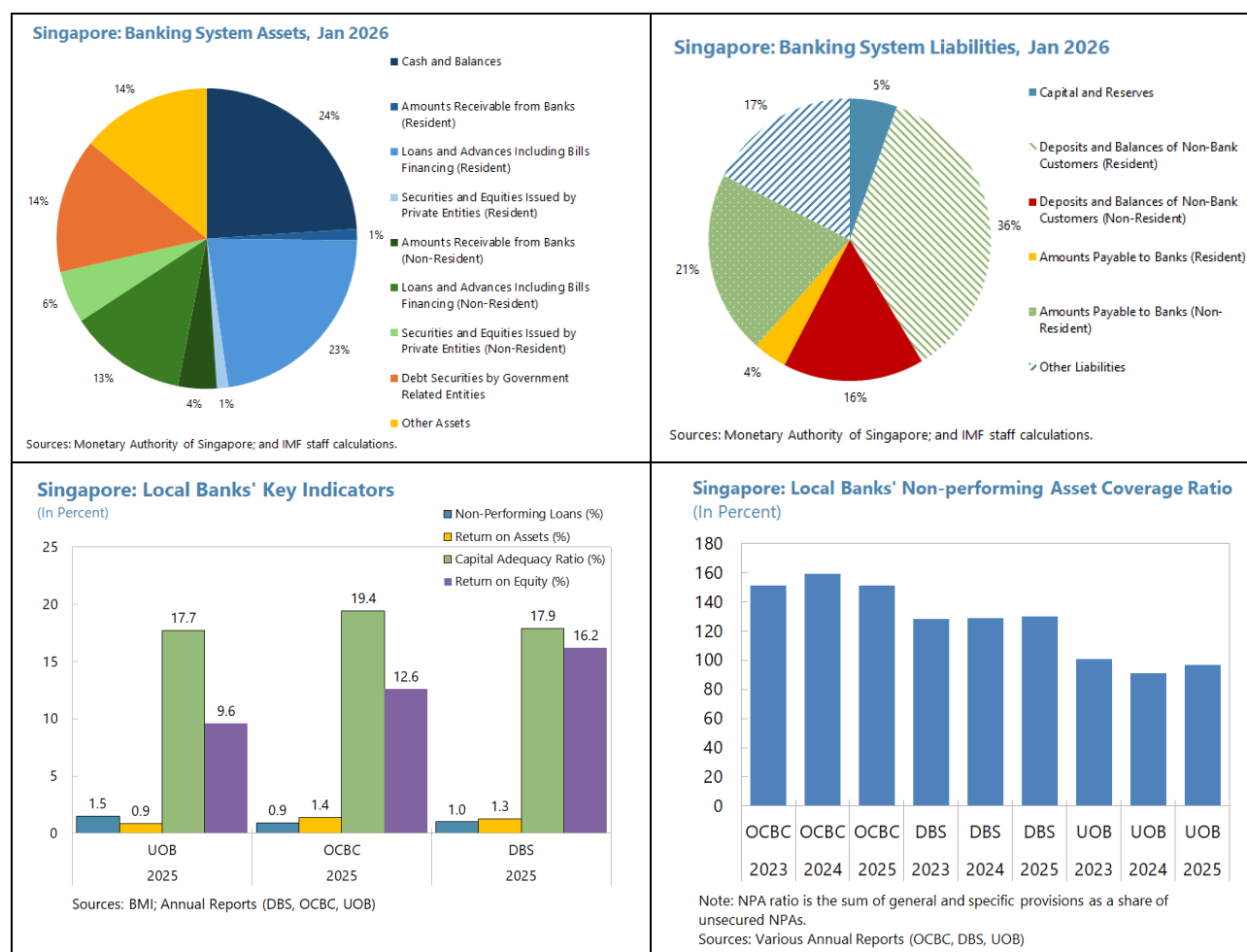
Singapore's large current account surplus of 16.7 percent of GDP continues to reflect a structurally high saving-investment balance, underpinned by strong private saving. Private household saving has increased since the early 2000s and stands at 17.0 percent of GDP in 2025, roughly double its 2000 level. Estimated private corporate saving has declined but remains substantial at 16.8 percent of GDP in 2025. Private investment, which accounts for over three-quarters of gross capital formation, has slowly trended lower over time; total gross capital formation declined from 35.2 percent of GDP in 2000 to 22.5 percent in 2025. The public net saving-investment balance is 2.3 percent of GDP in 2025 and has been increasing in recent years from higher fiscal surpluses.



¹ See October 2016, World Economic Outlook, Chapter 2 – Global Trade: What's Behind the Slowdown?

D. Financial and Macprudential Policies

31. Singapore's financial sector remains resilient and systemic risks are contained. Banks are well-capitalized, liquid, and profitable, supported by strong asset quality. MAS' stress tests indicate overall resilience of banks and NBFIs. The negative credit gap is expected to close gradually. Systemic risks from the housing sector are contained, as MAS has maintained its tight macroprudential settings. Continued vigilance is warranted to monitor and stem risks from bank-NBFI linkages, their cross-border exposures, and pockets of vulnerable corporates and households. In response to the 2019 FSAP recommendations, MAS has enhanced supervision on U.S. dollar liquidity for D-SIBs, strengthened resolution tools, devoted more resources to oversee payment systems, and taken steps to mitigate cyber risks (Annex IX).¹⁴ The forthcoming FSAP update, commencing in July 2026, will undertake in-depth quantitative analysis to support a comprehensive systemic risk assessment and a detailed review of financial sector policies. Singaporean banks held total assets amounting to around 500 percent of GDP at end-2025 and engage in substantial domestic and cross-border financial intermediation. Cross-border exposures were around

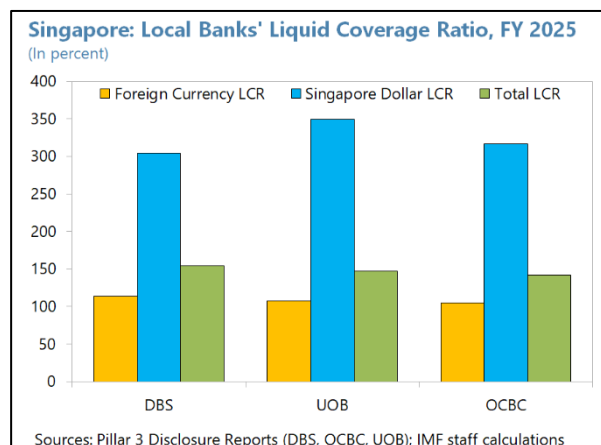


¹⁴ Eight of the nine recommendations from the 2019 FSAP have been implemented, with the remaining recommendation—expanding the scope of bail-in to senior unsecured debt—under consideration.

22 percent of total assets, distributed mostly across loans and advances (13 percent) and security and equity holdings (6 percent). Exposure to the Americas increased substantially in 2025. Banks are well-capitalized, with the capital adequacy ratio at 18.5 percent in 2025Q2. Asset quality remains strong, supported by a low NPL ratio (1.1 percent in 2025Q2) and high provisioning—including for high-risk loans. Banks' profitability has been supported by rapid growth in non-interest income—mainly from increases in wealth management fees, which helped to offset tighter net interest margins.

- Three local Domestic Systemically Important Banks (DSIBs) hold about 54 percent of banking assets and maintain strong credit ratings. MAS' 2025 stress tests show that DSIBs' capital levels remain robust even in the face of severe stress scenarios. These scenarios encompass a global recession, disruptions in trade and supply chains, a sharp tightening in financial conditions, adverse asset price movements, and a prolonged domestic recession lasting three years.¹⁵

- Banks' liquidity and maturity risks remain subdued. Loan-to-deposit ratios have been stable at around 66 percent for both local and foreign currencies (Table 7). Liquidity coverage ratios (LCRs) of DSIBs and major foreign subsidiaries were firmly above 100 percent, as was their aggregate net stable funding ratio. For all DSIBs, LCR in foreign currency (i.e., the ratio of high-quality liquid assets denominated in foreign currencies to expected FX cash outflows over 30 days) exceeded 100 percent at end-2025. Singaporean banks face cross-border liquidity risks due to reliance on interbank borrowing (21 percent of total liabilities) and non-resident deposits (16 percent). Banks increased their gross debt position in the non-resident interbank market (amount payable to banks outside Singapore) by 11.3 percent year-on-year at end-January 2026.

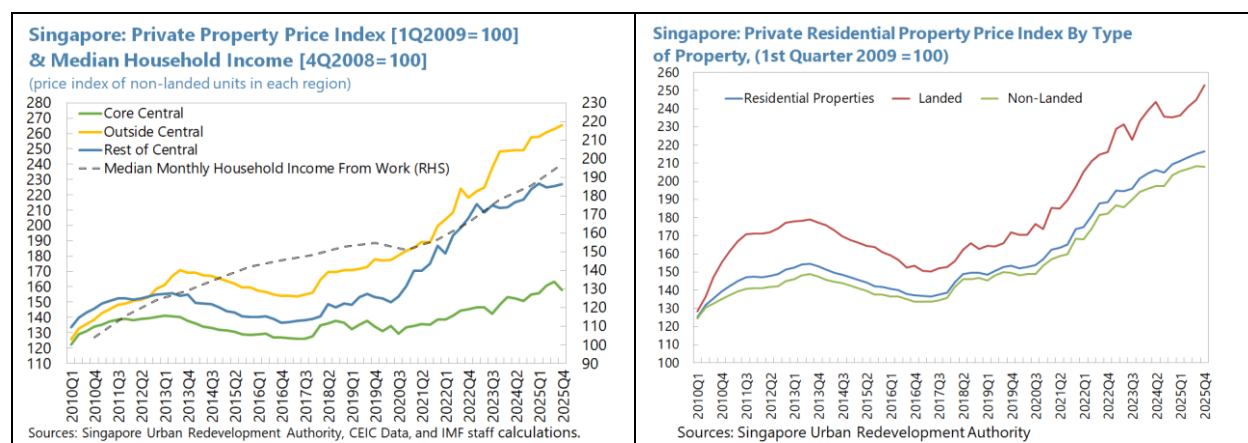


- The balance sheets of households and corporates in Singapore have remained resilient, although continued vigilance is needed against pockets of vulnerable borrowers.
 - Corporates have strengthened their financial position, cash buffers, and debt repayment capacity, benefiting from strong growth and lower interest rates. Corporate debt declined from a peak of around 160 percent of GDP in 2021Q1 to 117 percent of GDP in 2025Q4. However, MAS' stress test indicates that a segment of corporates remains vulnerable to higher U.S. tariffs. MAS' 2025 stress test assessed the resilience of the

¹⁵ The three locally incorporated DSIBs and four foreign subsidiaries face additional supervisory measures, including a minimum requirement for the minimum CET1 ratio of 6.5 percent, stronger than the Basel III requirement of 4.5 percent.

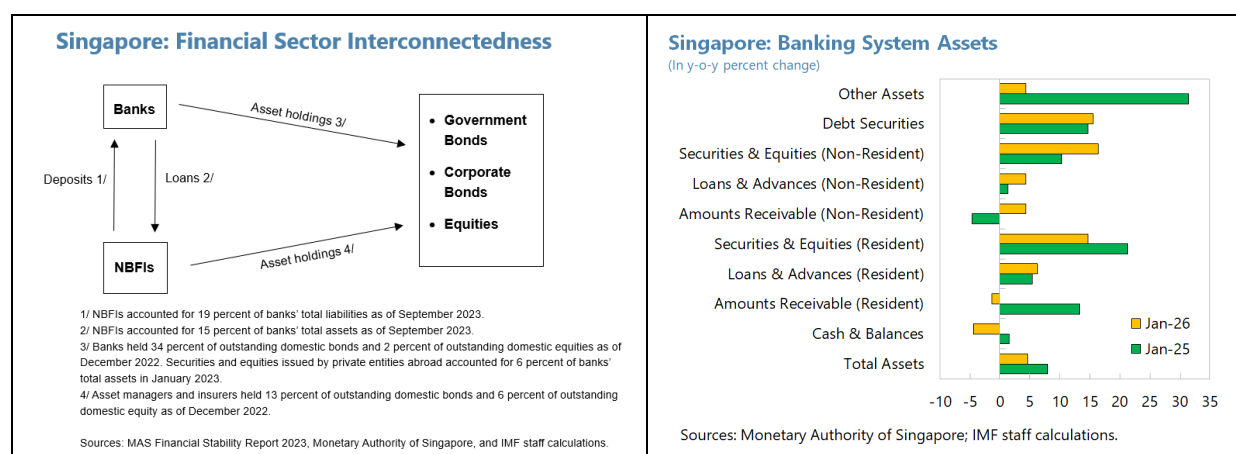
corporates listed under the Singapore Stock Exchange against tariff-related shocks and a 100 bps rise in interest rates that leads to a significant revenue loss by up to 50 percent (the average revenue loss at 10 percent). The result shows that about 25 percent of corporations may have an interest rate coverage ratio below one or negative cash flow with under 6-month cash buffers. The debt held by these corporates accounts for 12 percent of total debt held by corporates.

- Households have remained financially resilient. Household debt declined to 110 percent of personal disposable income and well below total liquid assets held by households. Debt servicing capacity has been supported by stable income and lower mortgage rates. MAS' 2025 stress test indicates that, under an adverse scenario where household income falls by 20 percent and mortgage rates increase by 100 basis points, only 1 percent of households face negative cash flows and depletion of 6-month savings buffers.
- The housing market has been stable, with the increase in house prices slowing down in 2025 and picking up moderately in 2026Q1. Looking ahead, under the baseline, credit growth is projected to slow down due to reduced activities in energy-dependent sectors, amid tightening financial conditions, but the negative credit gap (¥10) is expected to close gradually. The macroprudential settings remain tight,¹⁶ and in view of the narrowing credit gap, contained systemic risks from the housing market, and heightened uncertainty, staff assesses that the current macroprudential settings remain appropriate. The authorities should stay flexible with adjusting the settings to address shifts in the housing market. Expanding public housing supply and closely monitoring the interaction between public and private housing markets remain key to addressing structural imbalances and potential risks emerging in the housing market.

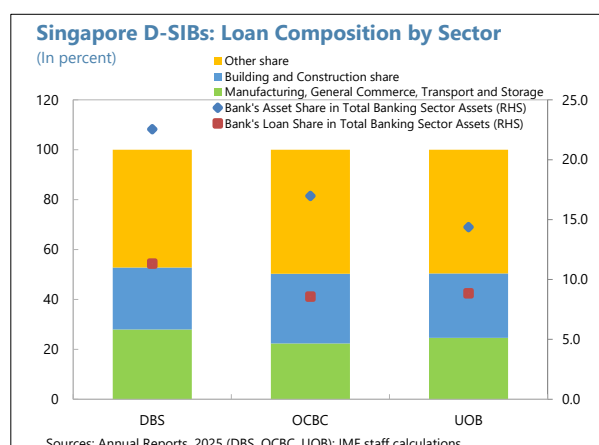


¹⁶ MAS maintains macroprudential measures such as limits on the loan-to-value ratio (at 15–75 percent, differentiated by loan characteristics) and total debt service ratio (at 55 percent). No changes for these limits have been made since the 2025 Article IV consultation. The average loan-to-value ratio for housing loans has been stable at 42.5 percent in 2025Q4. With the Additional Buyer's Stamp Duty (ABSD) rates unchanged since April 2023, staff recommendations on the residency-based distinction with the ABSD rates—which constitutes a CFM/MPM under the IV—remain unchanged from the 2024 Article IV consultation (see the IMF country report No. 24/255, paragraph 35, for more detail).

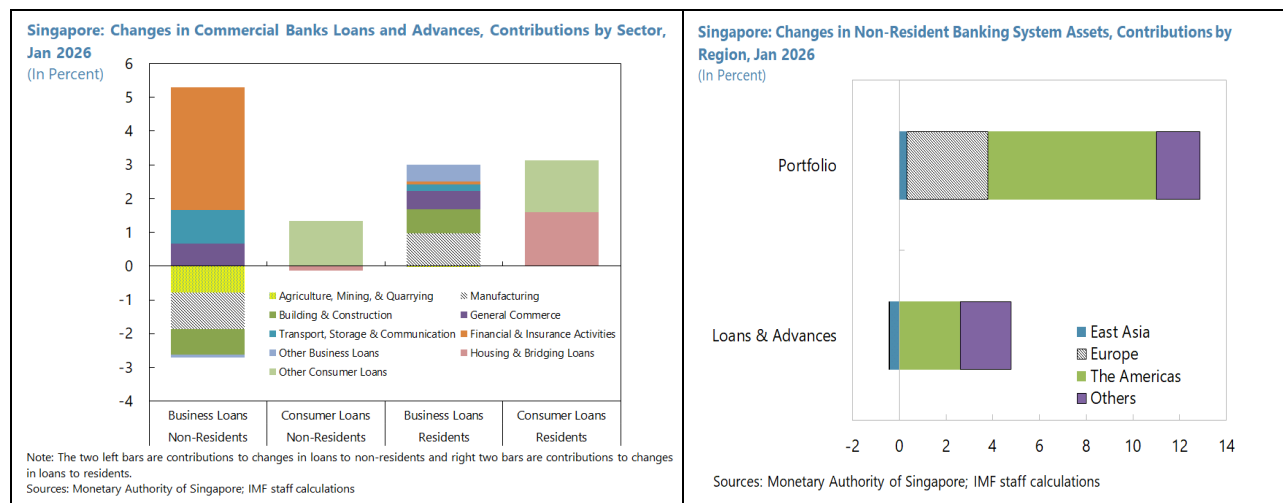
- Singapore's domestic non-bank financial institutions (NBFIs)—a rapidly growing sector that requires continued monitoring—consist mainly of investment funds, trust companies, and insurance corporations. Their assets grew by 9.7 percent in 2024, accounting for 20 percent of total financial system assets. NBFIs and banks are interlinked: as of March 2026, NBFIs account for about 16 percent of banking system assets, and about 18 percent of banks' total liabilities. Most of the NBFI asset growth originated from investment funds and trust companies. The leverage of investment funds has increased, with gross leverage ratio of hedge funds doubling from 6.9 times net asset value in 2022 to 12.5 times in 2024. NBFIs' exposure and leverage in the OTC derivative markets have also been increasing over time. Private credit funds constituted 1 percent of asset under management by investment and trust funds domiciled in Singapore in 2023. Investment funds have maintained adequate cash buffers and have successfully met increased redemption requests since April 2025. MAS' 2025 stress test shows that most authorized investment funds would be able to meet redemptions even under a severe redemption shock, but a small number of fixed-income funds that account for 3.8 percent of total net assets (TNA) may face liquidity shortages.



32. Emerging risks for Singapore's financial sector stem from three main channels: renewed geopolitical tensions, a bust of global AI boom, and U.S. tariff hikes. A reescalation of the conflict in the Middle East would disrupt commodity markets and supply chains, impacting D-SIBs' domestic and cross-border exposures to corporates, especially in manufacturing, wholesale trade and utilities. While insurance companies are well capitalized, a reescalation of the conflict may also negatively affect them. A potential global AI bust could negatively affect banks and NBFIs through their domestic and cross-border exposure tied to AI-linked firms and data center investment. Increased U.S. tariffs could lead to significant revenue losses and negative cash flows for vulnerable corporates (T131). The occurrence of these emerging risks



could further tighten global financial conditions, posing risks to banks' FX funding, and may trigger redemption pressures on investment funds due to asset sell-offs.



33. Given that the emerging risks are closely interconnected, the authorities should continue to strengthen stress testing, enhance oversight on NBFIs, and proactively engage in contingency planning.

- Singaporean banks have shown resilience against past commodity price shocks and have adequate provision coverage for non-performing assets (NPA). Ample capital and liquidity in the banking system help mitigate risks from further tightening of global financial conditions. Nonetheless, these emerging risks would pose significant challenges to financial stability should they evolve simultaneously.
- Thus, a close review and update of stress testing is warranted to assess potential unraveling of these risks, and their implications for both credit and liquidity risks. In this regard, staff welcomes MAS' efforts to update stress test assessments of emerging risks, including from the Middle East conflict. Strengthening risk analysis for NBFIs through updated stress tests and cash-flow-based liquidity assessments for D-SIBs is critical.
- Staff welcomes MAS' efforts to conduct periodic analysis of NBFI leverage and supervisory engagements with the fund managers, as well as to strengthen its oversight of liquidity risks with NBFIs. According to MAS, investment funds have limited exposure to oil and gas companies, tech and AI companies, and private credit. MAS has updated liquidity risk management guidelines for fund managers, strengthening the alignment between fund redemption terms and portfolio liquidity and mandating the use of liquidity management tools in response to IOSCO recommendations. Going forward, further efforts to close data gaps on linkages between banks, NBFIs, and corporates will enable more comprehensive assessments of vulnerabilities of the NBFIs (see Annex X).

- MAS maintains readily deployable liquidity and funding facilities. MAS should continue to closely monitor banks' LCR ratios as well as developments in core foreign currency funding markets. MAS offers various liquidity facilities to backstop local and foreign currency liquidity, including Emergency Liquidity Assistance, and has test traded to confirm ready access to U.S. dollars through the Federal Reserve's FIMA Repo Facility. In case of severe market stress, MAS should stand ready to provide liquidity in the market while actively coordinating with global central banks as needed.

34. While Singapore's overall capacity to address money laundering/terrorist financing (ML/TF) risks is high, key challenges remain. Singapore's institutional capacity and enforcement are well developed, but recent cases highlight the need for a deeper understanding of typologies of cross-border illicit financial flows that Singapore is exposed to (including those related to crypto assets). The 2026 FATF assessment against the AML/CFT international standards concluded that the system is highly coordinated and technologically advanced, demonstrating strong international cooperation and responsiveness to evolving ML/TF risks, though key challenges remain. Given Singapore's heightened cross-border risk, staff recommends further efforts to strengthen risk understanding and effective implementation of the framework to ensure consistent and effective risk-based supervision, enhance beneficial ownership transparency to limit the misuse of legal persons, strengthen oversight of the wealth management sector, and deepen international and domestic coordination across AML/CFT, prudential, and financial stability functions to better assess and mitigate macro-financial risks. Building on Singapore's strong legal cross-border cash reporting framework, the authorities should further strengthen its implementation.

Authorities' Views

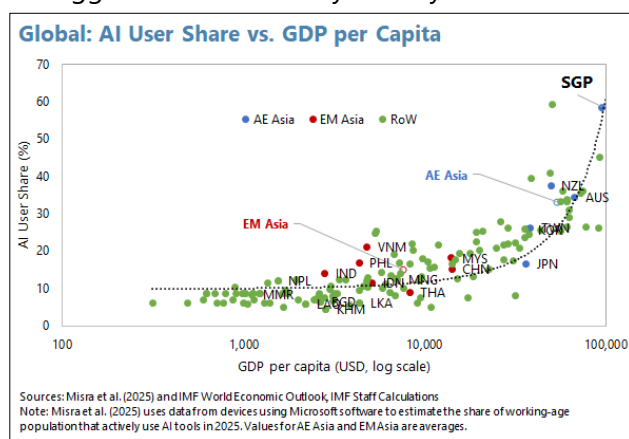
35. The authorities concurred that the financial sector remains resilient and that the emerging risks highlighted by staff warrant continued vigilance.

- Exposures to risk areas are limited, and MAS' stress tests have captured evolving risks including oil price shocks and a broader economic downturn. Banks' exposure to the oil and gas sectors (including upstream, midstream, downstream, and supporting services) is about 10 percent of total loans to non-bank entities. While the energy shock puts pressure on the margins of downstream firms, upstream firms may benefit from higher oil prices. Recent MAS stress tests on the domestic corporate sector suggest that corporates would remain broadly resilient even in the face of increased debt servicing or cash flow stresses related to the war in the Middle East. Banks actively monitor their exposures to the emerging risks and maintain ample capital buffers and provisioning coverage to absorb major shocks including elevated oil prices. While D-SIBs hold sufficient FX liquidity to remain resilient in the face of more severe stress, MAS maintains operational readiness to take actions, closely engaging with the Federal Reserve and carrying out test trades against the FIMA Repo Facility.
- Despite their strong asset growth, investment funds have been able to meet redemptions amid trade tensions and the Middle East conflict. MAS has enhanced monitoring and surveillance of investment funds and updated liquidity risk management guidelines for fund managers.

- The housing market has continued to come into better balance, supported by the continuing effects of demand- and supply-side measures. Overall, private residential prices remain broadly aligned with fundamentals. Nevertheless, recent developments point to some underlying firmness in demand and price momentum, warranting continued monitoring of evolving market conditions. Accordingly, the authorities assessed the current macroprudential policy settings as effective for curbing speculation, containing excesses and preserving sustainable market conditions.

E. Macro-Structural Policies

36. Singapore is turning AI into a national growth strategy. The IMF's AI Preparedness Index ranks Singapore as number one, and AI uptake data suggest that the country already features one of the highest shares of AI users in the world (see chart). The FY2026 budget initiated the launch of sector-specific AI deployment plans. These plans will initially focus on advanced manufacturing, connectivity, finance, and healthcare, and are backed by coordinated R&D, regulation, and investment efforts. To steer the agenda, the government will create a high-level National AI Council, chaired by the Prime Minister, to set strategy, commission priority AI deployments, and remove regulatory or resource bottlenecks. The budget also devoted additional funds (0.6 percent of GDP) to the National Research Fund to strengthen Singapore's capabilities in AI and enable cutting-edge research and innovation.



37. Staff welcomes the initiatives to support AI adoption by firms in the FY2026 budget. A new "Champions of AI" program will be launched so that successful adopters can become sectoral benchmarks that other firms can emulate. Furthermore, the Enterprise Innovation Scheme will be expanded so that qualifying AI expenditures can receive tax deductions. The Productivity Solutions Grant will be broadened to support a wider range of digital and AI-enabled solutions so that firms of all sizes can adopt practical tools that improve efficiency and competitiveness. To strengthen the surrounding innovation ecosystem, a new AI Park will be established to bring together startups, researchers, founders, and industry partners to catalyze collaboration.

38. As the labor market transition unfolds, policymakers should continue to stay agile to ensure that Singapore capitalizes on the opportunities while minimizing the risks. Singapore is well-prepared for AI adoption, but the high share of skilled jobs makes the labor market uniquely exposed to the increasing use of AI in the workplace. Staff analysis shows that Singapore's labor market, and in particular women and younger workers, is highly exposed to AI.¹⁷ About half of the highly exposed jobs are also rated as having high complementarity, suggesting that AI adoption

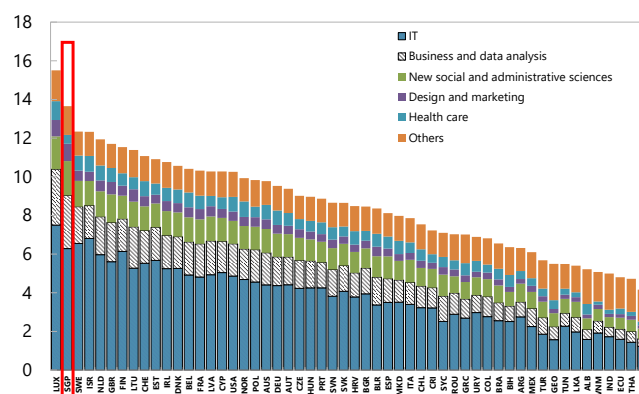
¹⁷ See the IMF 2024 Article IV Selected Issues Paper on the "Impact of AI on Singapore's Labor Market."

could present a material productivity upside for some workers. Demand for new skills in the workplace is very high in Singapore (see chart), but graduates' skills are not fully keeping up with demand, creating a skills imbalance (i.e., the number of jobs requiring new IT skills exceeds the number of graduates who have acquired them).¹⁸ In this context, staff welcomes measures in the FY2026 budget such as an expansion of tech-focused upskilling programs into non-tech professions like accountancy and law as well as free access to premium AI tools for Singaporeans taking selected AI courses. The SkillsFuture Jobseeker Support scheme, launched in April 2025, provides temporary financial support for involuntarily unemployed individuals, with integrated active labor market programs (e.g., requirements for job training and coaching). As the AI transition unfolds, further refinement of the scheme, including a potential expansion, will also be warranted.

39. Singapore has continued its efforts toward stronger inclusive growth.

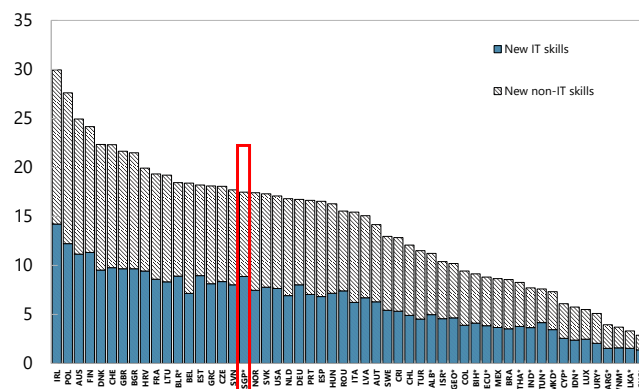
In 2023, the government unveiled the Forward Singapore initiative aimed at refreshing Singapore's social compact. Recent measures under the initiative include the rollout of the Large Families Scheme, additional Child LifeSG Credits which provide S\$500 for each Singaporean child below age 12 to help defray day-to-day household expenses, the extension of the SkillsFuture Mid-Career Training Allowance to part-time training, and higher income thresholds for preschool and student-care subsidies. The Workfare Skills Support and Progressive Wage Credit Scheme have also been enhanced to provide stronger training support for lower-wage workers and greater co-funding of wage increases for employers. These policies are being introduced against a backdrop of improving distributional outcomes. Income inequality has decreased considerably over time, with the Gini coefficient after taxes and transfers falling from 0.437 in 2015 to 0.379 in 2025.¹⁹

Selected Economies: Demand - Share of Employment Requiring New Skills
(In Percent)



Sources: Jaumotte et al. (2026)

Selected Economies: Supply - Share of Graduates with New Skills
(Percent)



Sources: Jaumotte et al. (2026)

¹⁸ See Jaumotte et al., 2026, "Bridging Skill Gaps for the Future: New Jobs Creation in the AI Age" (IMF Staff Discussion Note 2026/001).

¹⁹ See MOF Occasional Paper on Income Growth, Inequality and Social Mobility Trends in Singapore (2026). The authorities estimate that the Gini coefficient for wealth inequality is 0.55, comparable to other advanced economies. Compared to its peers, Singapore's housing policies have contributed to lower wealth inequality.

Authorities' Views

40. The authorities view the adoption of AI by businesses and workers as essential for the competitiveness and future business environment of Singapore. Support measures in the budget are therefore geared toward making sure that the whole economy, including SMEs and workers in all sectors, receive support and training. At an aggregate level, Singapore's economy is structurally labor constrained, implying that efficiency gains from AI would be important. Nonetheless, the authorities are monitoring the labor market transition closely and recent parliamentary debates have focused on the impact on workers going forward. The government will study carefully a potential expansion of the SkillsFuture Jobseeker Support Scheme. The authorities highlighted their longstanding commitment to inclusive growth, emphasizing that distributional indicators have improved materially over time.

STAFF APPRAISAL

41. Singapore is navigating the energy shock and elevated global uncertainty from a position of strength. Growth is projected to slow from 5.0 percent in 2025 to 3.5 percent in 2026 as higher input prices and supply chain disruptions from the war in the Middle East put pressure on energy-intensive industries, compress real incomes, and tighten financial conditions. Headline inflation is projected to rise to 2.6 percent in 2026, reflecting pass-through from higher energy and food prices. However, broader second-round effects are expected to be contained by stable inflation expectations and ongoing productivity improvements.

42. Risks to growth and inflation are tilted to the downside and upside, respectively, mainly from external factors. A reescalation of geopolitical tensions in the Middle East or global trade tensions could weaken external and domestic demand, while a bust of the AI boom could negatively affect Singapore's technology-related industries. These risks may also trigger a sharper-than-expected tightening of global and domestic financial conditions. Upside inflation risks stem mainly from the reescalation of the Middle East conflict.

43. MAS should remain focused on price stability. Staff assesses the current monetary policy stance as moderately tight and appropriate under the baseline, given the positive output gap, a gradually normalizing but still tight labor market, and the need to keep inflation expectations anchored. Given the significant upside risks to inflation, MAS should remain data-dependent and stand ready to tighten further if second-round inflationary pressures emerge, with due regard to broader domestic conditions.

44. The moderately expansionary fiscal stance implied by the FY2026 budget is broadly appropriate. Higher development spending and a smaller fiscal surplus align with prior staff recommendations to gradually reduce fiscal surpluses to accommodate rising medium-term spending needs. However, the implementation of the budget should continue to be mindful of inflationary risks. If more adverse energy shocks materialize, the authorities should stand ready to provide targeted and time-bound support to affected households and businesses. Singapore has

fiscal space to respond to major downside shocks, but broad-based fiscal support should be avoided to not amplify inflationary pressures.

45. Singapore's external position in 2025 is assessed as substantially stronger than the level implied by medium-term fundamentals and desirable policies. Its large current account surplus reflects significant private household savings, which are largely driven by structural, slow-moving factors such as demographics. Continued efforts to strengthen social protection and infrastructure spending can support external rebalancing in the medium and long run.

46. Singapore's financial sector remains resilient and systemic risks are contained. Banks are well-capitalized, profitable, and liquid. Macroprudential settings remain appropriately tight, mitigating systemic risks from the housing sector. Staff welcomes the authorities' efforts to strengthen vigilance, stress testing, and contingency planning against emerging risks from a reescalation of geopolitical tensions in the Middle East, a bust of the AI boom, a rise in global trade tensions, and a tightening in global financial conditions. MAS should continue to strengthen oversight of NBFIs, including liquidity risks and leverage, and enhance data coverage on banks-NBFIs linkages. In case of severe market stress, MAS should stand ready to provide liquidity in coordination with global central banks.

47. Singapore continues to make progress toward stronger inclusive growth. AI has been turned into a national growth strategy, with the FY2026 budget appropriately supporting AI adoption by firms. As the labor market transition unfolds, staff welcomes the authorities' efforts toward re-skilling and upskilling of Singapore's workforce.

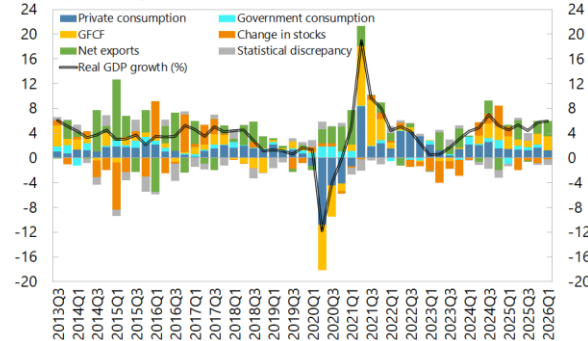
48. It is recommended that the next Article IV consultation with Singapore be held on the standard 12-month cycle.

Figure 1. Singapore: Real Sector Developments

Real GDP grew strongly by 5.0 percent in 2025, driven by private consumption, investment, and net exports...

Singapore: Contribution to Real GDP Growth by Expenditure

(In y-o-y percentage points)

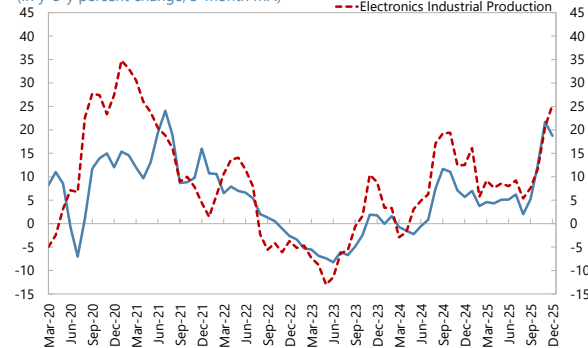


Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.

The strong manufacturing growth in 2025 reflected a still-strong AI-related global technology cycle...

Singapore: Industrial Production

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

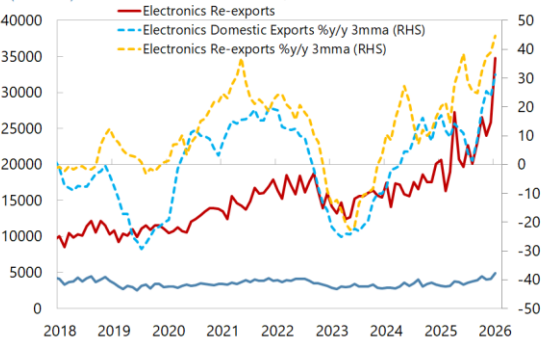


Sources: Singapore Economic Development Board; CEIC Data; and IMF staff

The increase in electronics exports was especially strong for re-exports but domestic exports also ticked up.

Singapore: Electronics Exports

(SGD mn)

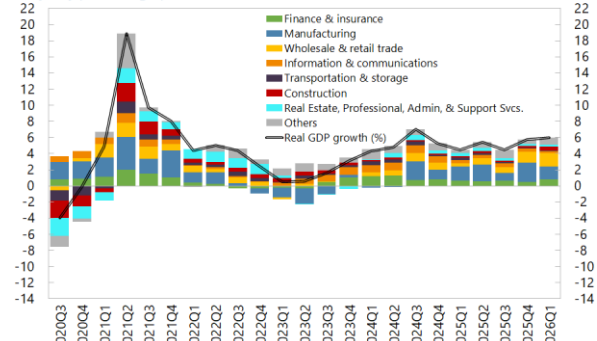


Sources: Enterprise Singapore, Haver, IMF Staff Calculations

...with robust growth in manufacturing. The momentum continued in 2026Q1 despite the war in the Middle East.

Singapore: Contribution to Real GDP Growth by Industry

(In y-o-y percentage points)

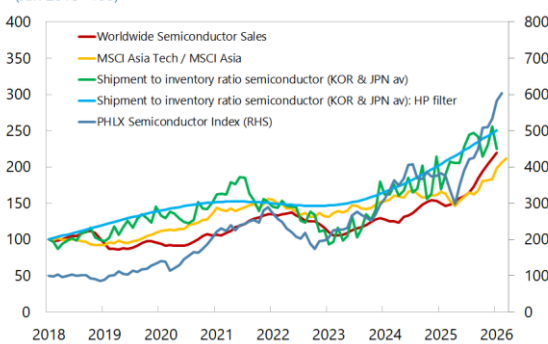


Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.

...which continued in 2026Q1.

Global: Technology Cycle indicators

(Jan 2018=100)

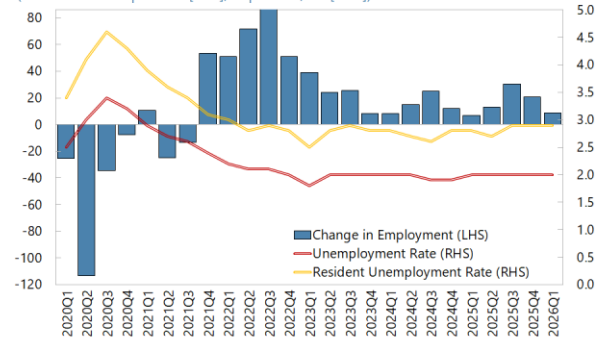


Sources: Haver Analytics; and IMF staff calculations

Unemployment remained low. Employment growth picked up in 2025H2 but moderated slightly in 2026Q1.

Singapore: Employment and Unemployment

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



Note: Data are reported on an end-of-quarter basis.

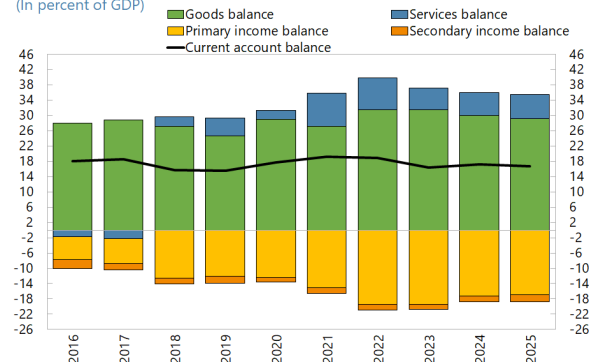
Sources: Singapore Ministry of Manpower; and CEIC data.

Figure 2. Singapore: External Sector

The current account surplus decreased to 16.7 percent of GDP in 2025, due to a decline in the goods surplus.

Singapore: Current Account Balance

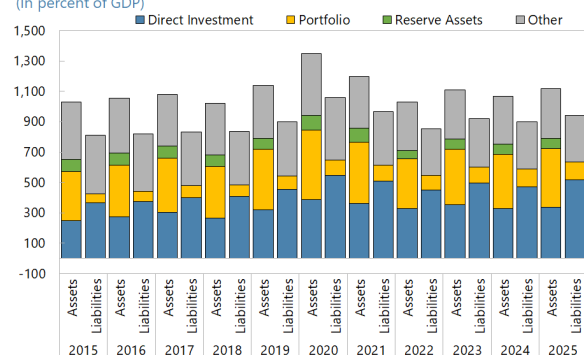
(In percent of GDP)



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

Singapore: International Investment Position

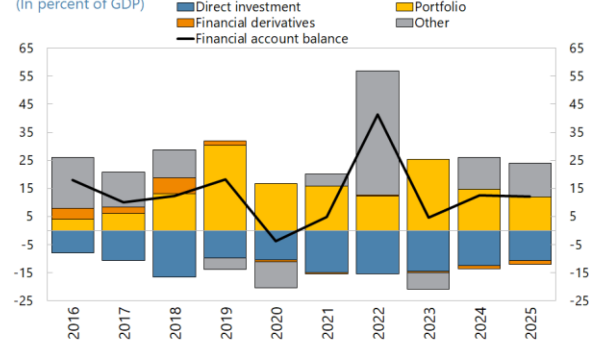
(In percent of GDP)



Net capital outflows remained broadly stable in 2025.

Singapore: Financial Account Balance by Type of Investment

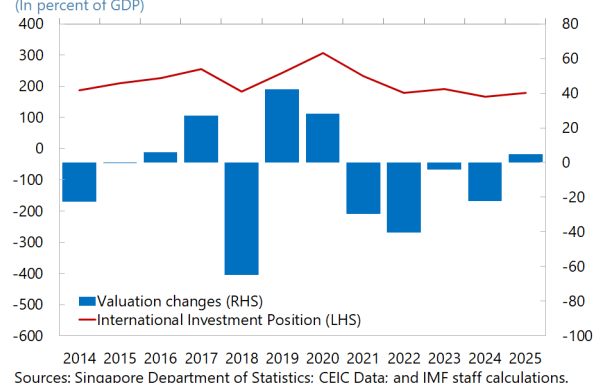
(In percent of GDP)



The net international investment position increased in 2025 due to Singapore's strong external position.

Singapore: Intl. Investment Position & Valuation Changes

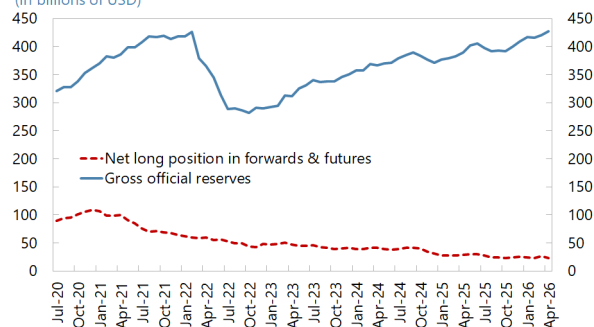
(In percent of GDP)



Gross official reserves continued to increase.

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

(In billions of USD)



Official sector and banking net outflows decreased in 2025.

Singapore: Financial Account Net Flows by Sector

(In percent of GDP)

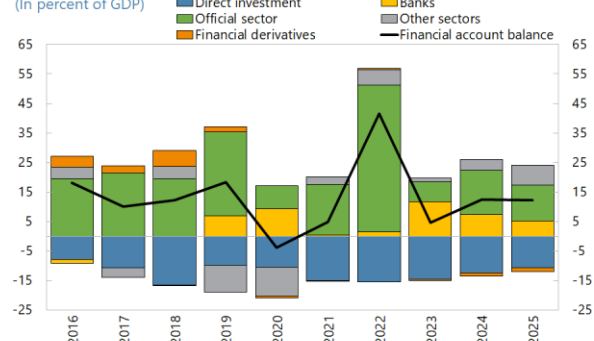
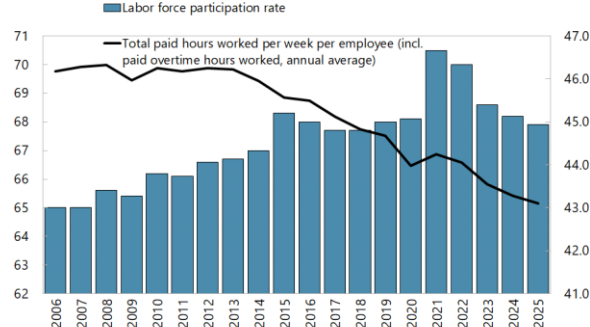


Figure 3. Singapore: Labor Market Developments

Residents' labor force participation rate continued to decline in 2025 due to aging.

Singapore: Labor Force Participation Rate & Hours Worked

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

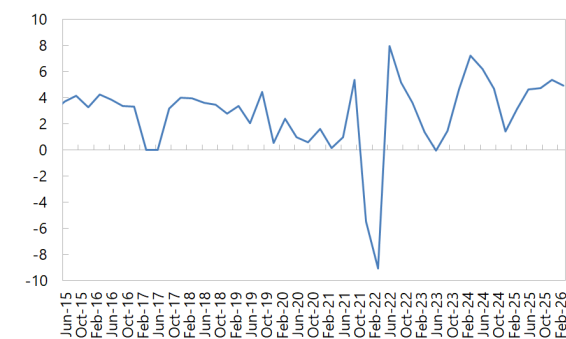


Note: Labor force participation data are as of mid-year.
Sources: Singapore Ministry of Manpower; and CEIC Data.

Wage growth increased in 2025, reflecting a tight labor market.

Singapore: Average Gross Monthly Income, Employed Residents

(In y-o-y percent change)

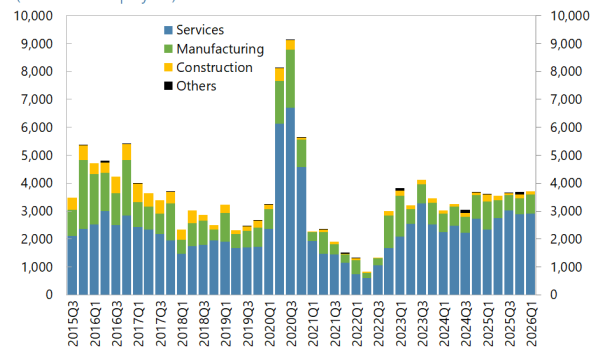


Sources: Singapore Ministry of Manpower; CEIC; and IMF staff calculations.

The number of retrenchments ticked up in 2025 and mostly came from services sectors.

Singapore: Retrenchments by Sector

(Number of employees)

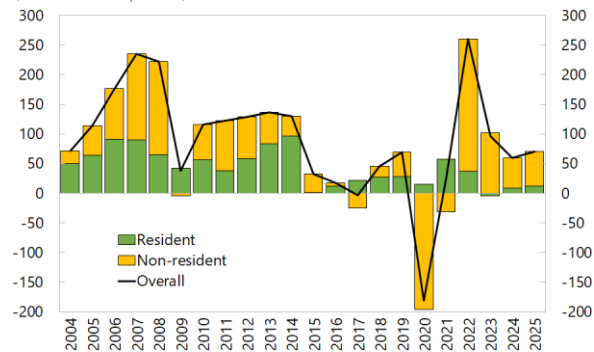


Sources: Singapore Ministry of Manpower; and CEIC Data.

Employment growth in 2025 was driven by non-residents, at a slightly higher pace than in 2024.

Singapore: Change in Employment by Residency

(In thousands of persons)

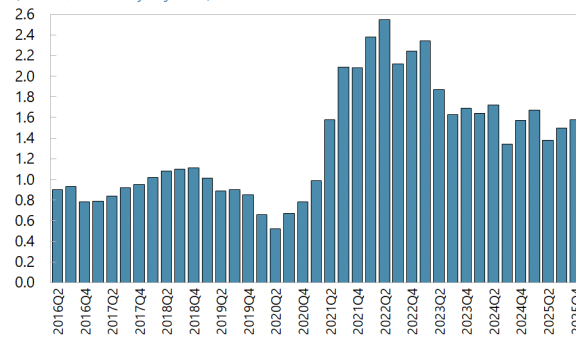


Sources: Singapore Ministry of Manpower; and Haver Analytics.

The job vacancy to unemployed person ratio remains above its pre-pandemic average.

Singapore: Job Vacancy to Unemployed Person Ratio

(In ratio, seasonally adjusted)

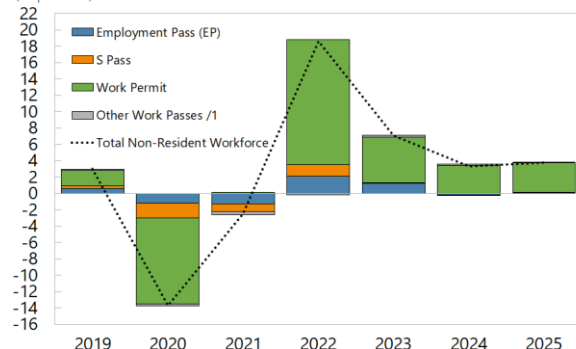


Note: Data are reported on an end-of-quarter basis.
Sources: Singapore Ministry of Manpower; and CEIC Data.

The non-resident workforce growth in 2025 was driven by work permit holders in the construction sector.

Singapore: Contributions to Change in Non-Resident Workforce

(In percent)



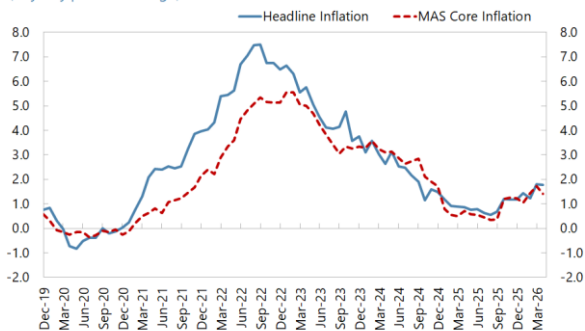
Sources: Singapore Ministry of Manpower; Haver; and IMF staff calculations.

Figure 4. Singapore: Inflation Developments

Disinflation continued to advance in 2025H1 but inflation has ticked up since mid-2025...

Singapore: Headline and MAS Core Inflation

(In y-o-y percent change)

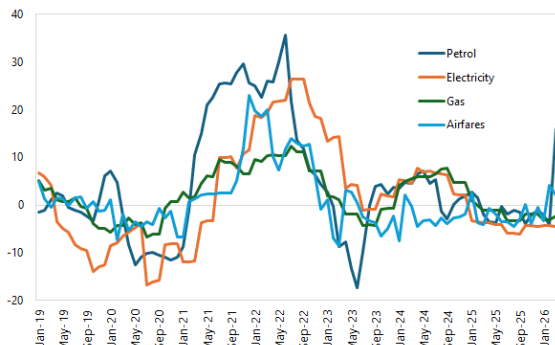


Note: MAS Core Inflation tracks prices of all components of headline inflation except for accommodation and private transport. Sources: Singapore Dept. of Statistics; and CEIC Data.

Following the war in the Middle East, domestic energy prices started to rise.

Singapore: Inflation in Select Energy or Energy-Exposed Sectors

(In y-o-y percent change)

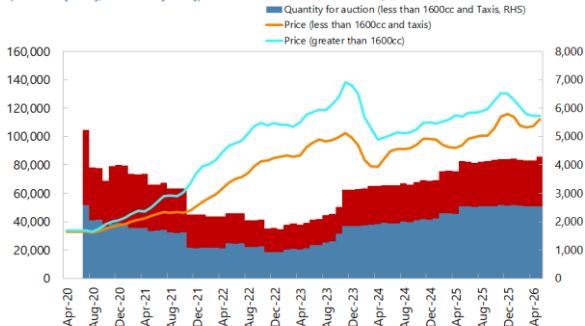


Sources: Monetary Authority of Singapore and IMF staff calculations.

The prices of car ownership certificates increased, boosting private transportation inflation...

Singapore: Car Certificates of Ownership, Price, & Quantity

(In SGD [LHS]; in units [RHS])

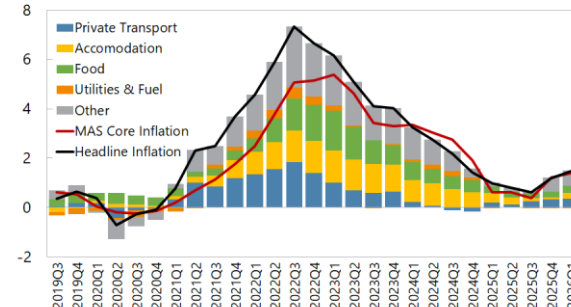


Note: Data not released for Apr–Jun 2020.
Sources: CEIC Data; and IMF staff calculations.

...as nontradable services inflation increased due to higher private health insurance costs.

Singapore: MAS Core Inflation & Contributions to Headline Inflation

(In y-o-y change in percentage points, NSA quarterly averages)



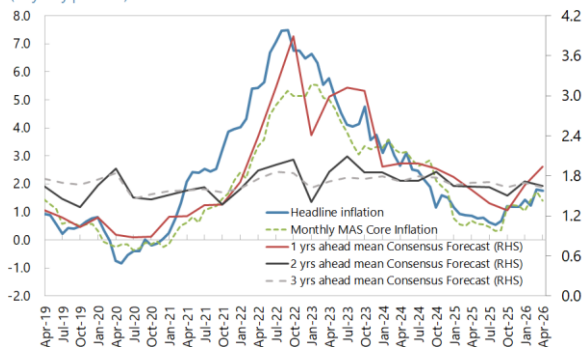
Sources: Singapore Department of Statistics; CEIC Data; and IMF staff calculations.

Note: List of items under 'Other' accounts for all other categories of the CPI basket, excluding those separated out in the figure.

Inflation expectations based on consensus forecasts remain well anchored.

Singapore: Inflation

(In y-o-y percent)

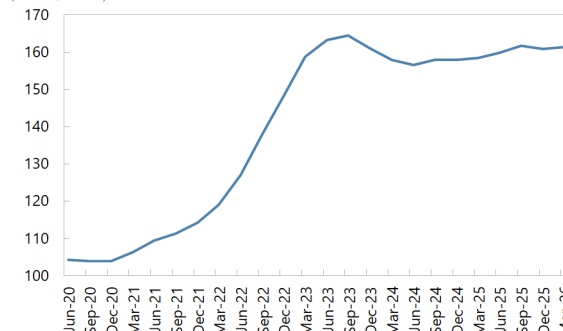


Sources: Monetary Authority of Singapore; Bloomberg LP; Consensus Economics; and CEIC Data.

...while residential rents stayed broadly stable but elevated.

Singapore: Property Rental Index [Private Residential]

(2009Q1=100)

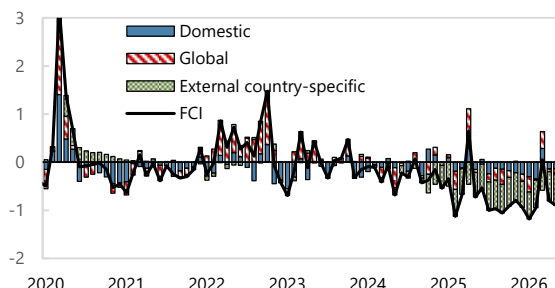


Sources: Singapore Urban Redevelopment Authority; CEIC data; and IMF staff calculations.

Figure 5. Singapore: Monetary and Financial Sector Developments

Financial conditions tightened at the outset of the war in the Middle East, but have loosened since.

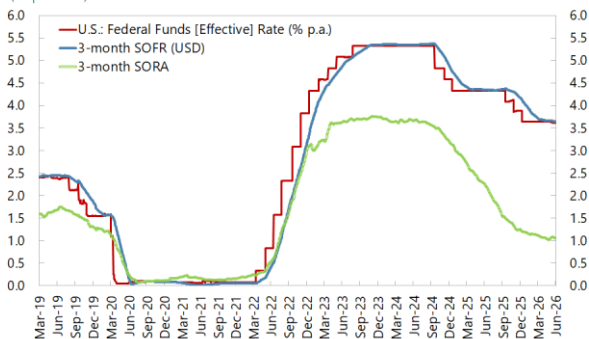
Singapore: Financial Conditions Index
(standard deviation)



Sources: Bloomberg; CEIC Data Co. Ltd.; Haver Analytics and IMF staff calculations.
Note: **Domestic**: short term and long term real rates, fx return, equity real return, equity volatility, term spread. **Global**: Vix and Move indexes, China real return. **External country-specific**: Corporate USD spread, Sovereign spread. Financial data until 25-May 2026.

Domestic interest rates declined in 2025 and 2026H1, and the decline outpaced that of U.S. interest rates.

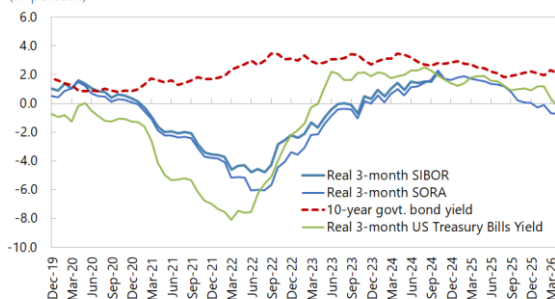
Singapore: Interest Rates
(In percent)



Sources: Monetary Authority of Singapore; Haver; and CEIC Data.

Real government bond yields fell to negative territory, as inflation ticked up in 2025H2.

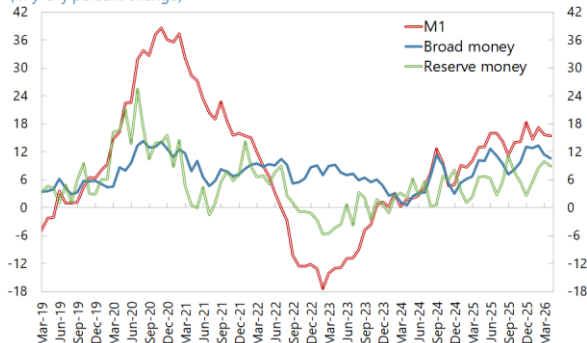
Singapore: Real Interest Rate and Government Bond Yield
(In percent)



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 in 2025.

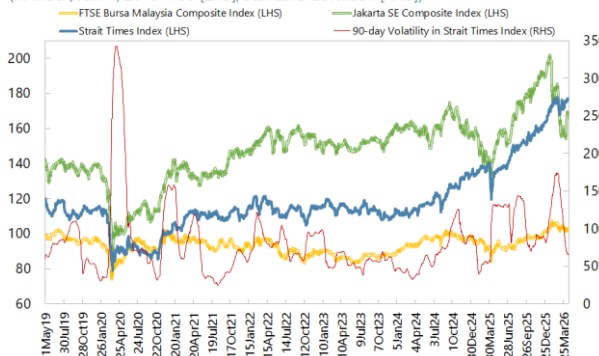
Singapore: Growth in Monetary Aggregates
(In y-o-y percent change)



Sources: Monetary Authority of Singapore; and CEIC Data.

The Singapore stock market performed well in 2025 and 2026Q1.

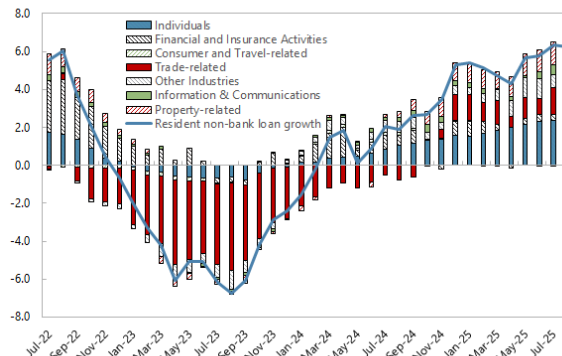
Singapore: Stock Market Indices and Volatility
(In index, Jan. 4, 2016=100 [LHS]; standard deviation [RHS])



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

Domestic credit growth picked up in 2025, reflecting robust economic activity and low interest rates.

Singapore: Resident Non-bank Loans by Sector
(In year-on-year percent, in percent contribution)



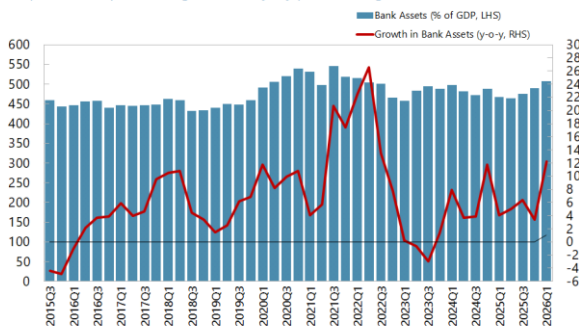
Sources: Monetary Authority of Singapore, Financial Stability Review 2025.

Figure 6. Singapore: Banking Sector Developments

Singaporean banks held total assets amounting to around 500 percent of GDP at end-2025.

Singapore: Banking Assets

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

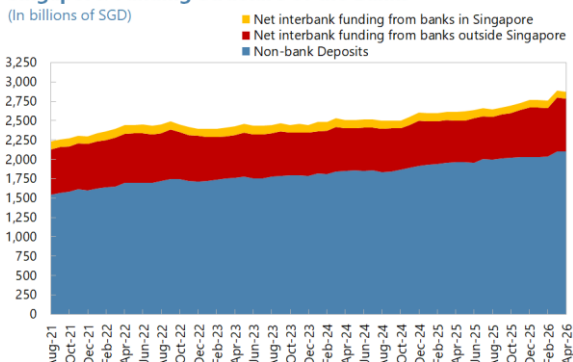


Note: Data has a structural break in July 2021 reflecting removal of DBU-ACU divide & revision of MAS 610/1003. Sources: Monetary Authority of Singapore; and CEIC Data.

Banks rely on deposits and cross-border interbank borrowing for their funding.

Singapore: Funding Structure of the Banks

(In billions of SGD)

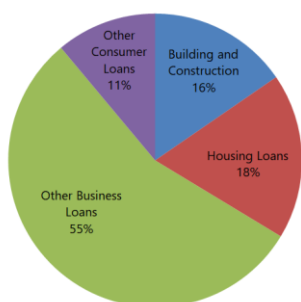


Sources: Monetary Authority of Singapore; and CEIC Data.

Loans to corporates are larger than housing and consumer loans.

Singapore: Commercial Bank Loans & Advances by Purpose, April 2026

(In percent of total commercial bank loans & advances)

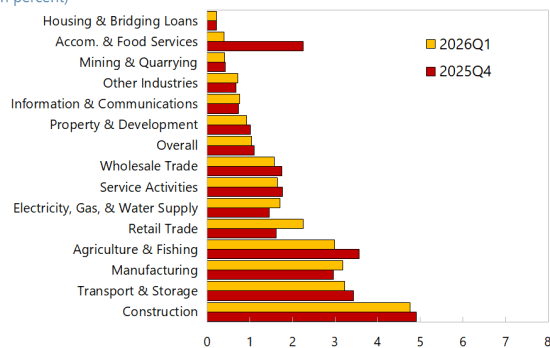


Note: This includes loans provided by commercial banks to both residents and non-residents. Sources: Monetary Authority of Singapore; CEIC Data; and IMF staff calculations.

Banks' asset quality is solid overall, while NPL ratios for certain sectors remain relatively high.

Singapore: Non-Performing Loans by Sector

(In percent)

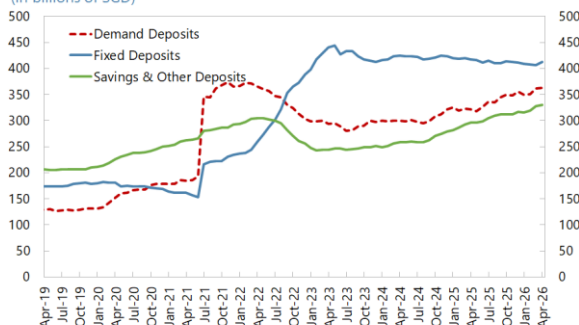


Sources: Monetary Authority of Singapore; and CEIC Data.

Demand and savings deposits grew in 2025, while fixed deposits declined.

Singapore: Resident Deposits

(In billions of SGD)

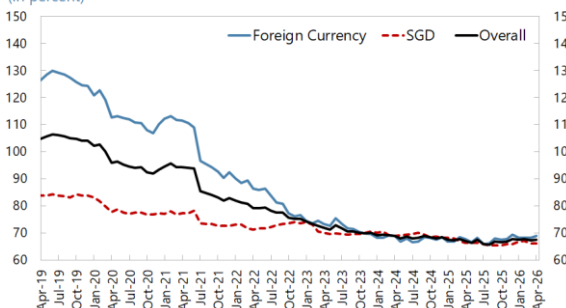


Note: Data has a structural break in July 2021 reflecting removal of DBU-ACU divide & revision of MAS 610/1003. Sources: Monetary Authority of Singapore; and CEIC Data.

Loans to deposit ratios remain healthy and stable for both domestic and foreign currencies.

Singapore: Loan to Deposit Ratio by Currency

(In percent)



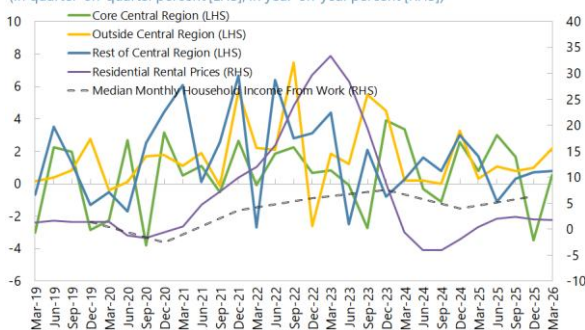
Note: This covers loans extended by the banking sector, excluding interbank lending. Data has a structural break in July 2021 reflecting removal of DBU-ACU divide & revision of MAS 610/1003. Sources: Monetary Authority of Singapore; and CEIC data.15

Figure 7. Singapore: Housing Market Developments

Private residential prices kept pace with income growth, while rental markets stabilized.

Singapore: Private Property Price Growth & Median Household Income Growth

(In quarter-on-quarter percent [LHS], in year-on-year percent [RHS])

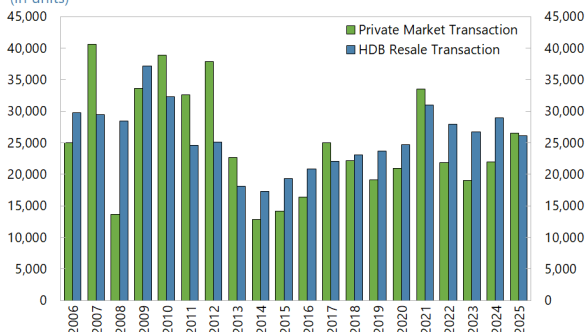


Sources: Singapore Urban Redevelopment Authority; CEIC Data; and IMF staff calculations.

Transaction volume increased for private residential properties but decreased for the public housing resale market in 2025.

Singapore: Private & Public Residential Transactions

(In units)

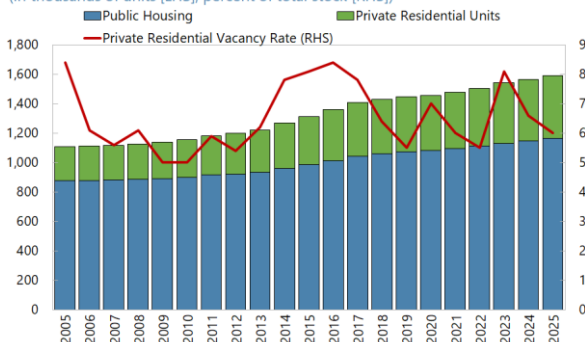


Sources: Singapore Urban Redevelopment Authority; Singapore Housing & Development Board; and CEIC Data.

Vacancy rates in the private market fell in 2025.

Singapore: Housing Stock and Vacancy

(In thousands of units [LHS]; percent of total stock [RHS])

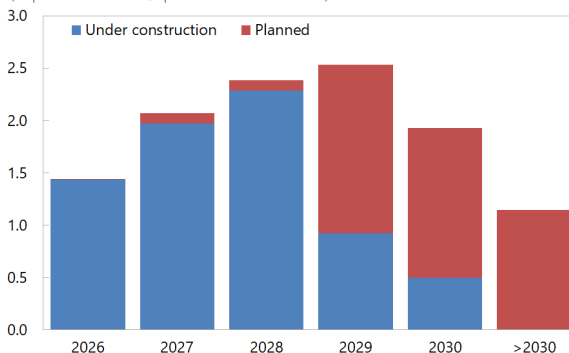


Sources: Singapore Urban Redevelopment Authority; Singapore Dept. of Statistics; & CEIC Data.

Private housing stock is expected to increase in coming years.

Singapore: Upcoming Private Residential Supply Pipeline, 2025Q4

(In percent of 2025Q4 private residential stock)

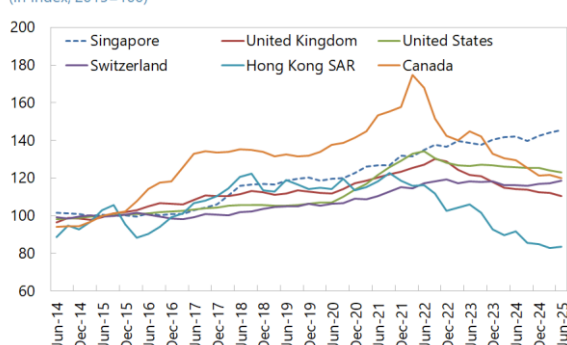


Sources: Singapore Urban Redevelopment Authority, CEIC Data, and IMF staff calculations.

Singapore's house price-to-rent ratio stayed elevated in 2025...

Singapore: Price-to-Rent

(In index, 2015=100)

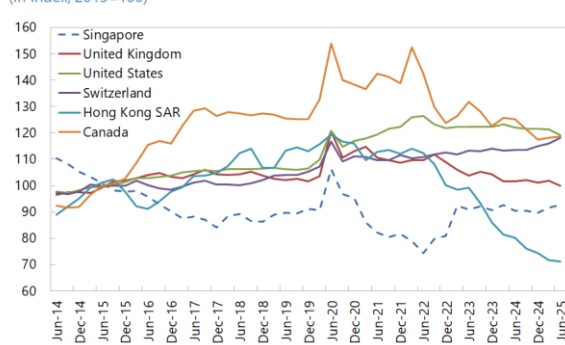


Sources: IMF, Research Dept., Real State Markets Module.

...while its house price-to-income ratio remained stable.

Singapore: Price-to-Income

(In index, 2015=100)



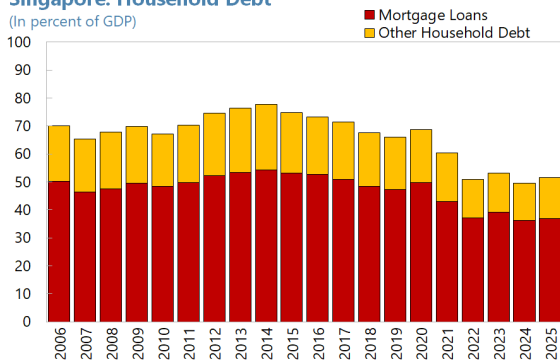
Sources: IMF, Research Dept., Real State Markets Module.

Figure 7. Singapore: Housing Market Developments (concluded)

Household debt picked up slightly in 2025, amid lower mortgage rates...

Singapore: Household Debt

(In percent of GDP)

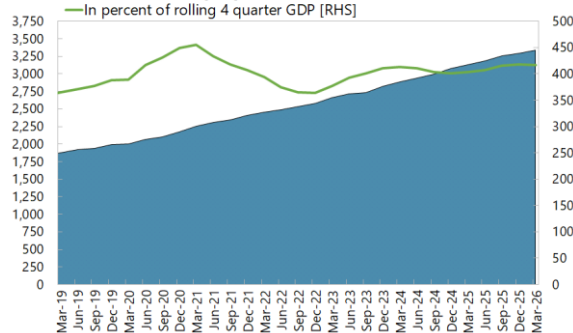


Sources: Singapore Dept. of Statistics; Haver Analytics; and IMF staff calculations.

Households' balance sheets remained strong, with net wealth above 400 percent of GDP...

Singapore: Household Net Wealth

■ In billions of SGD [LHS]
— In percent of rolling 4 quarter GDP [RHS]

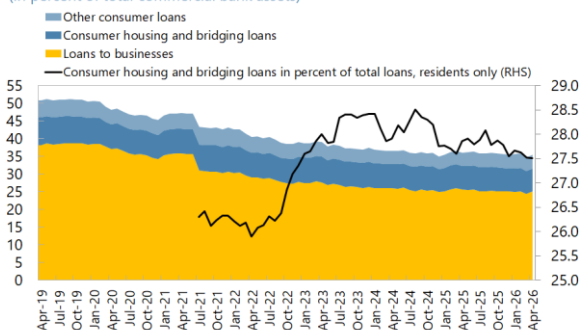


Sources: Singapore Dept. of Statistics; CEIC Data; and IMF staff calculations.

Banks' exposure to the housing market has stabilized.

Singapore: Commercial Bank Loans by Type of Borrowers

(In percent of total commercial bank assets)

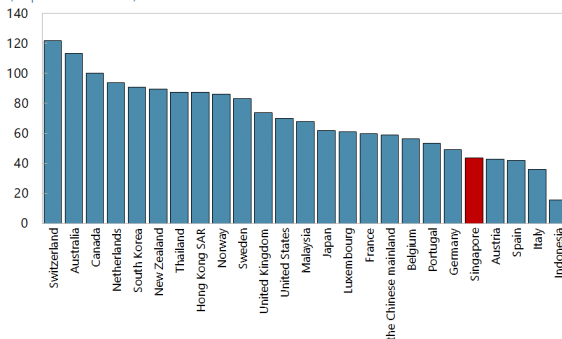


Note: Data has structural break in July 2021 reflecting removal of DBU-ACU divide & revision of MAS 610/1003. Sources: Monetary Authority of Singapore; CEIC Data; and IMF staff calculations.

...but still remains low compared to peers.

Singapore: Household Debt, 2025Q3

(In percent of GDP)

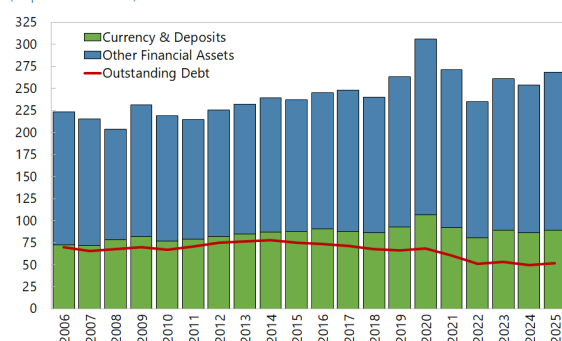


Sources: Bank for International Settlements.

...and liquid assets well above their debt.

Singapore: Household Financial Wealth & Debt Outstanding

(In percent of GDP)

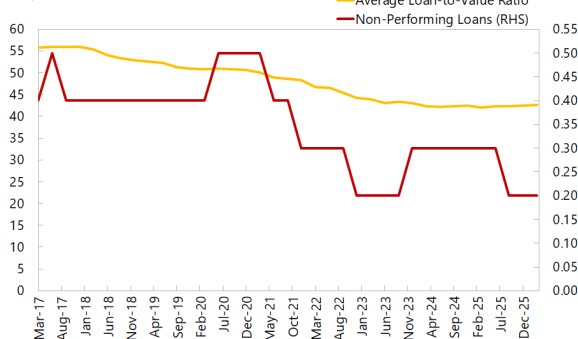


Sources: Singapore Dept. of Statistics; Haver Analytics; and IMF staff calculations.

NPL for housing loans are low and loan-to-value ratios remained stable.

Singapore: Quality of Housing Loans

(In percent)

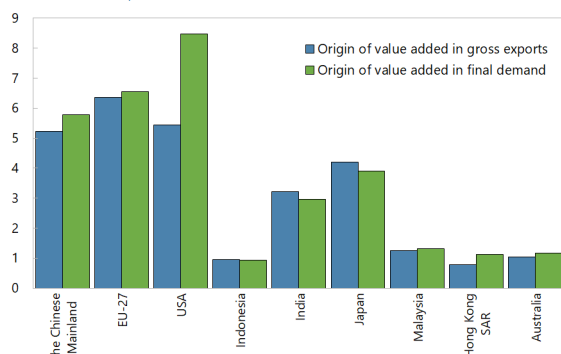


Sources: Monetary Authority of Singapore; and CEIC Data.

Figure 8. Singapore: Spillovers

Singapore depends on foreign final demand from the Chinese mainland, the EU, the U.S., and regional partners.

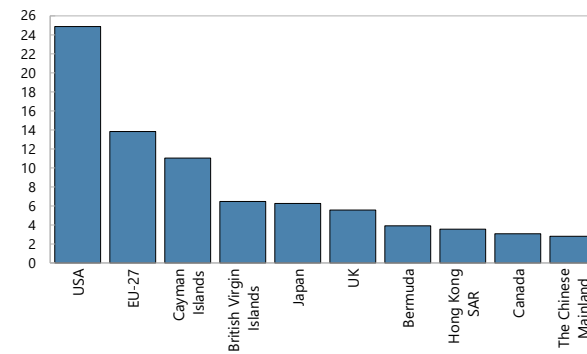
Singapore: Value-Added in Foreign Final Demand versus Gross Exports
(In shares of total exports, 2020)



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

FDI originates mainly from the U.S. and the EU.

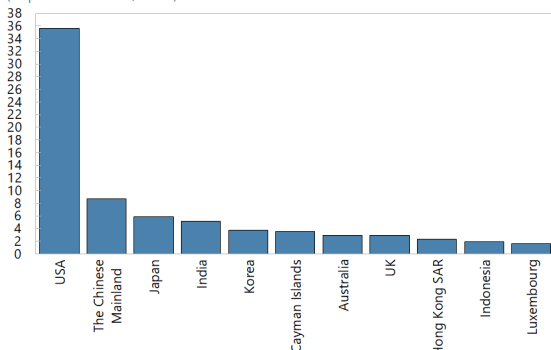
Singapore: FDI by Top Source Economy
(In percent of total stock, end 2024)



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

Singapore residents hold large portfolio external assets, mainly in the U.S.

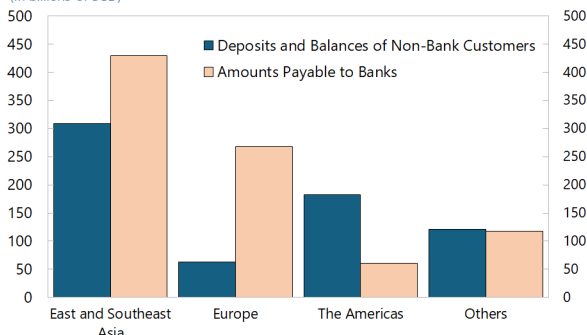
Singapore: Composition of Portfolio Investment Assets
(In percent of total, 2024)



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

Major sources of funding for Singapore's financial sector include East Asian banks and European banks.

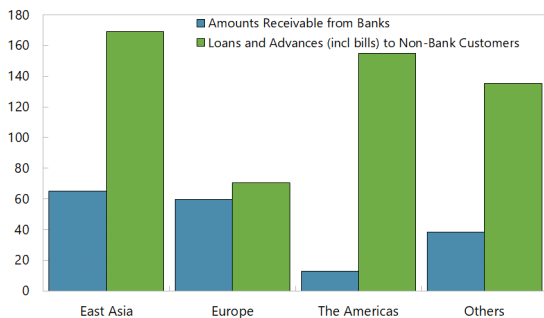
Singapore: Banking System External Funding Sources by Region, April 2026
(In billions of SGD)



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

Singapore's cross-border lending is distributed across Americas, Asia, and Europe.

Singapore: Cross-border Lending Trends, Mar 2026
(In billions of SGD)

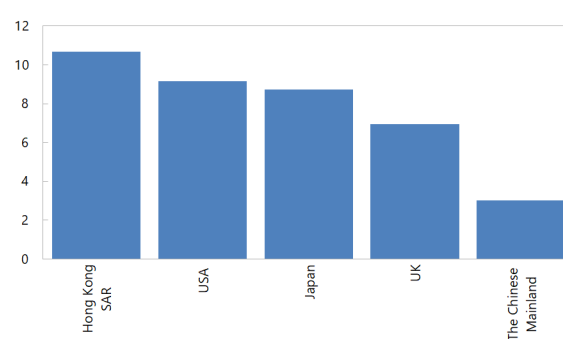


Note: East Asia consist of China, Hong Kong, Japan, South Korea, Taiwan, and ASEAN (excluding Singapore)

Sources: Monetary Authority of Singapore.

Cross-border exposures of Singaporean banks to greater China, the U.S., and Japan remained high.

Singapore: Total Loans to Nonresidents by Region, 2025Q3
(In percent share of total banking system's loans)



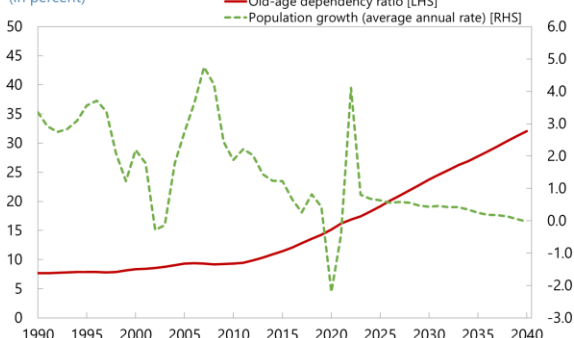
Sources: Monetary Authority of Singapore; CEIC Data; and IMF staff calculations.

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)

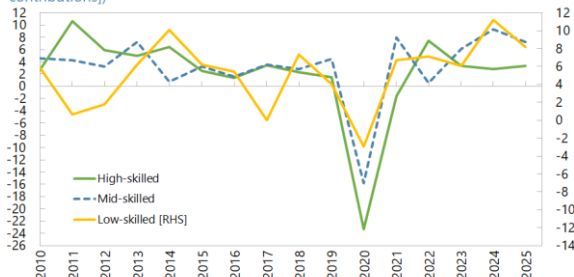


Sources: United Nations Department of Economic and Social Affairs.

Low and mid-skilled workers continued to see higher wage growth than high-skilled workers in 2025.

Singapore: Weighted Gross Monthly Wages

(In y-o-y percent change, full-time employed residents [excluding employer's CPF contributions])

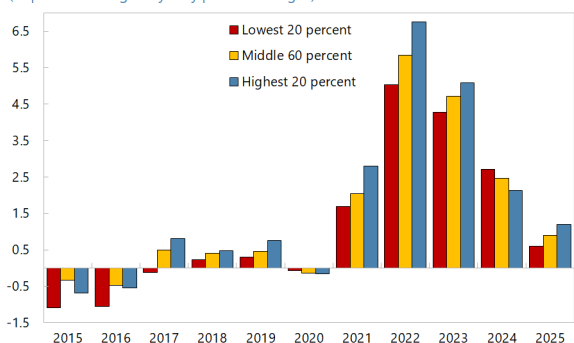


Note: High-skilled comprises of managers and administrators; working proprietors; professionals; and technicians. Mid-skilled comprises clerical support workers; sales and service workers; craftsmen; plant and machine operators; and assemblers. Low-skilled comprises cleaners; laborers; and related workers.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

While lower than prior years, inflation disproportionately affected higher income groups in 2025.

Singapore: Inflation by Income Group

(In percent change of yearly period averages)

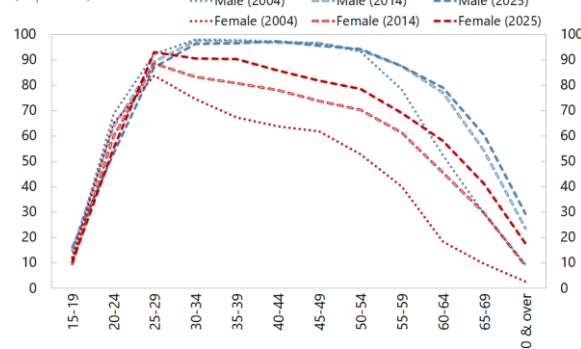


Sources: Singapore Dept. of Statistics; CEIC Data; and IMF staff calculations.

Labor force participation of women and those 60 and older has risen, but there is scope for further improvement.

Singapore: Resident Labor Force Participation Rate by Gender & Age

(In percent)

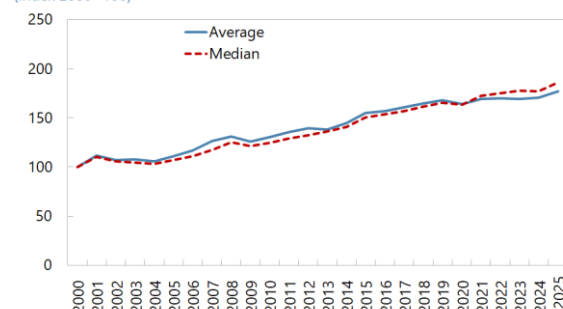


Sources: Singapore Ministry of Manpower; and CEIC Data.

Both median and average household income have risen in real terms.

Singapore: Mean & Median Real Household Employment Income Per Household Member

(Index 2000=100)

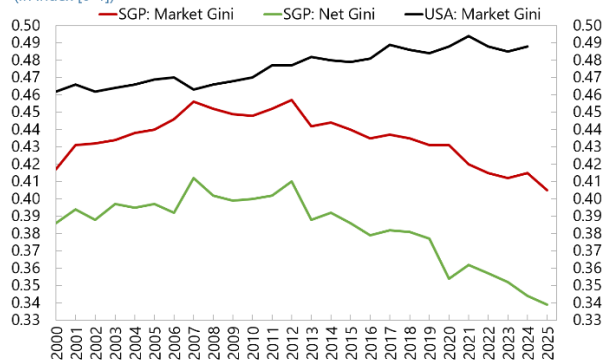


Note: For Singapore, data is on resident households and includes contributions from employers to CPF. Sources: Singapore Department of Statistics; and IMF staff calculations.

Singapore's income inequality, measured by Gini indices, continued to decline in 2025.

Singapore & USA: Household Gini

(In index [0-1])



Sources: CEIC Data.

Table 1. Singapore: Selected Economic and Financial Indicators, 2020–2027

Nominal GDP (2025): US\$604.3 billion

Population (2025): 6.1 million

GDP per capita (2025): US\$98,878

Main goods exports (2025, percent of total non-oil goods exports): machinery & transport equip. (69.2 percent); chemical products (10.4 percent); and misc. manuf. articles (9.6 percent).

Top three destinations for goods exports (2025, percent of gross goods exports): Hong Kong SAR (11.1 percent); the Chinese mainland (10.9 percent); and Malaysia (9.9 percent).

	2020	2021	2022	2023	2024	2025	Projections 2026	2027
Growth (percentage change)								
Real GDP	-3.6	10.1	4.0	1.5	5.3	5.0	3.5	2.7
Total domestic demand	-8.9	12.3	4.5	-2.2	9.0	3.6	3.1	2.6
Final domestic demand	-9.6	12.1	5.1	1.7	6.3	4.3	3.2	2.6
Consumption	-7.7	6.7	6.8	3.1	6.3	3.4	2.5	2.6
Private consumption	-13.7	7.7	10.2	3.7	5.8	3.9	2.5	2.0
Gross capital formation	-11.4	23.2	0.7	-11.2	14.4	4.1	4.2	2.5
Gross fixed investment	-13.5	23.4	2.2	-0.8	6.3	6.1	4.5	2.5
Change in inventories (contribution to GDP growth, percentage points)	0.3	0.4	-0.3	-2.3	1.7	-0.4	0.0	0.0
Net exports (contribution to GDP growth, percentage points)	2.0	2.7	0.6	2.2	0.5	2.4	1.2	0.9
Saving and investment (percent of GDP)								
Gross national saving	40.6	43.4	40.8	37.5	39.1	39.2	40.2	40.3
Gross domestic investment	22.9	24.1	21.9	21.1	21.8	22.5	23.4	23.7
Inflation and unemployment (period average, percent)								
CPI inflation	-0.2	2.3	6.1	4.8	2.4	0.9	2.6	2.1
CPI inflation, excluding food and energy 1/	-0.4	1.7	4.6	4.2	2.5	0.7	2.2	2.0
MAS core inflation 1/	-0.1	0.9	4.1	4.2	2.8	0.7	2.2	2.0
Unemployment rate	3.0	2.7	2.1	1.9	2.0	2.0	2.1	2.1
Output gap	-2.8	1.5	1.8	-0.7	0.3	0.8	0.6	0.4
Inflation (end of year, percent)								
CPI inflation	0.0	4.0	6.5	3.8	1.5	1.2	2.6	2.0
CPI inflation, excluding food and energy 1/	-0.4	3.2	4.9	3.7	1.5	0.9	2.6	1.8
MAS core inflation 1/	-0.3	2.1	5.1	3.3	1.7	1.2	2.3	1.9
Central government finances (percent of GDP) 2/								
Revenue	17.4	16.7	16.2	17.6	18.0	19.3	19.6	19.6
Expenditure	21.5	17.5	15.0	14.7	14.3	15.2	15.9	16.4
Net lending/borrowing	-4.1	-0.8	1.2	2.9	3.7	4.1	3.7	3.2
Net lending/borrowing, excluding nonproduced assets	-5.7	-2.7	-0.6	0.5	1.1	1.5	1.2	0.7
Primary balance 3/	-9.3	-6.1	-3.8	-2.7	-2.0	-1.8	-2.2	-2.7
Public Debt to GDP	145.4	131.3	152.3	170.8	166.9	166.1	166.7	167.4
Money and credit (end of period, percent change) 4/								
Broad money (M2)	10.7	9.7	7.8	3.2	6.7	6.4	5.7	4.8
Credit to private sector	1.4	6.8	0.5	-2.0	6.4	7.1	5.7	4.8
Three-month S\$ SIBOR rate (percent)	0.4	0.4	4.3	4.1	3.3	...	...	...
Balance of payments (US\$ billions)								
Current account balance	62.2	84.9	97.3	83.8	98.5	100.9	110.3	115.0
(In percent of GDP)	17.7	19.3	18.9	16.4	17.2	16.7	16.7	16.6
Goods balance	102.0	119.9	161.5	161.1	171.8	176.2	177.3	178.0
Exports, f.o.b.	416.0	511.7	608.4	571.3	601.1	652.1	728.5	751.9
Imports, f.o.b.	-314.1	-391.8	-447.0	-410.2	-429.3	-475.8	-551.2	-573.9
Financial account balance 5/	-13.3	21.2	213.1	23.9	71.8	73.7	47.9	51.8
Overall balance 5/	74.9	66.2	-114.2	60.9	29.7	26.1	62.5	63.2
Gross official reserves (US\$ billions)	362.3	417.9	289.5	351.0	371.4	409.3	478.7	542.2
(In months of imports) 6/	6.8	6.7	4.7	5.3	5.2	5.1	5.7	5.7
Singapore dollar/U.S. dollar exchange rate (period average)	1.38	1.34	1.38	1.34	1.34	1.31	...	...
Nominal effective exchange rate (percentage change) 7/	-2.5	0.4	6.4	3.9	2.6	1.0	...	...
Real effective exchange rate (percentage change) 7/	-25.0	2.5	12.8	9.5	-0.1	-4.7	...	...
Memorandum items:								
Nominal GDP (in billions of Singapore Dollars)	484.6	592.6	709.0	686.4	765.5	789.5	834.8	874.7
Growth (%)	-5.7	22.3	19.6	-3.2	11.5	3.1	5.7	4.8

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

Note: Data and forecasts as of June 20, 2026.

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, 2020–2027 ^{1/}

	2020	2021	2022	2023	2024	2025	Projections	2027
							2026	
(In billions of U.S. dollars)								
Current account balance	62.2	84.9	97.3	83.8	98.5	100.9	110.3	115.0
Goods balance	102.0	119.9	161.5	161.1	171.8	176.2	177.3	178.0
Exports, f.o.b.	416.0	511.7	608.4	571.3	601.1	652.1	728.5	751.9
Imports, f.o.b.	-314.1	-391.8	-447.0	-410.2	-429.3	-475.8	-551.2	-573.9
Services balance	7.9	38.0	43.1	28.8	34.5	37.6	40.9	42.1
Exports	220.3	287.5	343.0	351.0	399.4	422.3	454.0	474.4
Imports	-212.4	-249.5	-299.9	-322.2	-364.9	-384.8	-413.1	-432.3
Primary income balance	-43.5	-66.6	-99.6	-99.2	-99.3	-102.0	-98.3	-96.1
Receipts	110.0	161.8	164.0	169.7	208.3	219.5	240.6	245.5
Payments	-153.5	-228.4	-263.7	-268.9	-307.5	-321.5	-338.9	-341.6
Secondary income balance	-4.2	-6.3	-7.6	-6.9	-8.5	-10.8	-9.7	-9.0
Financial account (net)	-13.3	21.2	213.1	23.9	71.8	73.7	47.9	51.8
Direct investment	-36.6	-66.4	-79.1	-74.6	-71.5	-64.9	-70.0	-73.3
Assets	42.7	75.9	65.1	51.2	63.6	94.2	106.4	116.8
Liabilities	79.3	142.3	144.1	125.8	135.1	159.1	176.4	190.1
Portfolio investment	58.7	69.7	62.6	130.1	84.0	72.9	47.2	51.1
Assets	54.7	85.0	91.6	140.9	106.0	94.7	61.4	66.4
Liabilities	-3.9	15.3	29.0	10.8	22.0	21.8	14.2	15.3
Other investment and financial derivatives	-35.4	17.9	229.6	-31.5	59.2	65.7	70.6	74.0
Net errors and omissions	-0.6	2.5	1.6	1.1	2.9	-1.1	...	...
Overall balance	74.9	66.2	-114.2	60.9	29.7	26.1	62.5	63.2
Memorandum items:								
Current account as percent of GDP	17.7	19.3	18.9	16.4	17.2	16.7	16.7	16.6
Goods balance as percent of GDP	29.0	27.2	31.4	31.5	30.0	29.2	26.9	25.7
Re-exports as percent of GDP	58.0	56.5	53.6	51.5	50.7	57.6	...	...
Net international investment position								
In billions of U.S. dollars	1074	1029	917	980	951	1082	...	...
In percent of GDP	306	233	178	192	166	179	...	...

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, 2020–2027 ^{1/}

	2020	2021	2022	2023	2024	Projections		
						2025	2026	2027
(In billions of Singapore dollars, end of period)								
Net foreign assets	724	654	497	599	675	727	806	886
Monetary authorities	472	553	381	454	501	522	601	681
Banks	252	101	116	145	174	206	206	206
Domestic credit	1019	989	1240	1235	1326	1405	1462	1513
Claims on private sector	837	894	899	881	938	1005	1062	1113
Claims on central government	182	95	340	353	388	400	400	400
Other items (net)	-712	-512	-518	-577	-659	-704	-759	-818
M2	1031	1131	1219	1257	1342	1428	1510	1582
M1	437	518	451	449	488	544	575	602
Quasi-money	595	613	768	808	854	884	935	980
(Annual percentage change)								
Domestic credit	2.3	-2.9	25.3	-0.4	7.4	5.9	4.1	3.5
Claims on private sector	1.4	6.8	0.5	-2.0	6.4	7.1	5.7	4.8
M2	10.7	9.7	7.8	3.2	6.7	6.4	5.7	4.8
(Contribution to M2 growth, in percentage points)								
Net foreign assets	15.7	-6.8	-13.9	8.4	6.0	3.9	5.5	5.3
Domestic credit (net)	2.5	-2.9	22.1	-0.4	7.3	5.8	4.0	3.4
Claims on private sector	1.2	5.5	0.4	-1.4	4.5	4.9	4.0	3.4
Claims on central government (net)	1.3	-8.4	21.7	1.1	2.8	0.9	0.0	0.0
Other items (net)	-7.5	19.4	-0.5	-4.9	-6.6	-3.4	-3.8	-3.9
Memorandum items:								
Total loans to nonbanks (in billions of Singapore dollars) 2/	1,354	1,325	1,290	1,252	1,310	1,301	...	...
To residents 3/	793	816	813	794	835	836	...	...
Total loans to nonbanks (annual percentage change) 2/	-1.2	-2.1	-2.6	-2.9	4.6	-0.7	...	...
To residents (annual percentage change) 3/	0.8	2.9	-0.3	-2.4	5.2	0.2	...	...

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, 2020–2025

	2020	2021	2022	2023	2024	2025
Financial sector indicators						
Broad money (M2, percent change, y/y, end of period)	10.7	9.7	7.8	3.2	13.5	3.1
Private sector credit (percent change, y/y, end of period)	1.4	6.8	0.5	-2.0	6.4	7.1
Credit to the property sector (percent change, y/y, end of period) 1/	2.4	-96.1	2.8	0.7	3.4	4.7
Share of property sector credit in total nonbank credit (percent, end of period) 1/ 2/	51.8	46.7	48.1	49.6	48.8	48.1
Credit rating of local banks (S&P) 3/	AA-	AA-	AA-	AA-	AA-	AA-
Three-month S\$ SORA (percent, end of period)	0.2	0.2	3.0	3.7	3.0	1.2
NPL ratio (local banks, percent, latest available) 4/	1.6	1.4	1.3	1.2	1.2	1.1
Capital adequacy ratio of local banks (percent, latest available) 5/	15.5	15.1	15.2	15.3	17.4	16.9
Asset market indicators (end of period)						
Stock prices (percent change, y/y)	-11.8	9.8	4.1	-0.3	16.9	22.7
P/E ratio 6/	18.2	21.7	16.3	12.6	16.2	16.3
Stock prices of the finance sector (percent change, y/y)	-9.1	15.1	6.4	0.8	34.2	20.7
Real estate prices (percent change, y/y)						
Private residential (4-quarter average)	1.6	8.0	10.2	7.5	4.8	3.8
Private residential (end of period)	2.2	10.6	8.6	6.8	3.9	3.3
External indicators						
Current account balance (US\$ billion)	62.2	84.9	97.3	83.8	98.5	100.9
In percent of GDP	17.7	19.3	18.9	16.4	17.2	16.7
Gross official reserves (US\$ billion, end of period)	362.3	417.9	289.5	351.0	371.4	409.3
In months of next year's imports of goods and services	6.8	6.7	4.7	5.3	5.2	5.1
Real effective exchange rate (index, 2010=100, end of period) 7/	103.6	103.4	110.0	117.6	121.0	121.8

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; latest data point is 2025Q2

5/ This refers to Regulatory tier I capital to risk-weighted assets.

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, 2020–2031

	Projections											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Real growth (percent change)												
GDP	-3.6	10.1	4.0	1.5	5.3	5.0	3.5	2.7	2.5	2.5	2.5	2.5
Total domestic demand	-8.9	12.3	4.5	-2.2	9.0	3.6	3.1	2.6	2.9	3.6	3.6	3.6
(Contribution to GDP growth, in percent)	-6.3	8.3	2.8	-1.3	5.6	2.3	2.2	1.8	2.1	2.6	2.6	2.6
Final domestic demand	-9.6	12.1	5.1	1.7	6.3	4.3	3.2	2.6	2.9	3.6	3.6	3.6
Consumption	-7.7	6.7	6.8	3.1	6.3	3.4	2.5	2.6	2.9	2.9	2.9	2.8
Private	-13.7	7.7	10.2	3.7	5.8	3.9	2.5	2.0	2.3	2.4	2.4	2.2
Public	13.3	4.1	-2.5	1.1	7.9	1.7	2.7	4.6	4.6	4.6	4.6	4.6
Gross capital formation	-11.4	23.2	0.7	-11.2	14.4	4.1	4.2	2.5	3.0	4.9	4.7	5.0
Gross fixed investment	-13.5	23.4	2.2	-0.8	6.3	6.1	4.5	2.5	3.1	5.0	4.8	5.0
Private	-10.8	23.4	2.4	-1.4	4.7	5.9	3.3	2.2	2.5	4.9	4.7	5.5
Public	-25.3	23.9	1.3	2.1	12.8	7.1	11.0	4.0	5.1	5.1	5.1	3.3
Change in inventories 1/	0.3	0.4	-0.3	-2.3	1.7	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Net exports 1/	2.0	2.7	0.6	2.2	0.5	2.4	1.2	0.9	0.5	0.0	0.0	-0.1
Saving and investment (percent of GDP)												
Gross national savings	40.6	43.4	40.8	37.5	39.1	39.2	40.2	40.3	41.3	41.1	41.7	42.4
Government 2/	-2.6	0.2	2.5	3.8	4.4	5.1	5.4	5.1	4.8	4.4	4.1	4.1
Private and other	43.2	43.2	38.3	33.7	34.6	34.1	34.8	35.2	36.5	36.7	37.6	38.3
Gross capital formation	22.9	24.1	21.9	21.1	21.8	22.5	23.4	23.7	24.9	24.9	25.6	26.5
Government 3/	3.5	3.8	3.6	4.1	4.2	4.4	4.8	4.8	4.9	5.0	5.2	5.2
Private and other	19.4	20.4	18.3	17.1	17.6	18.0	18.7	18.9	20.0	19.8	20.5	21.3
Private credit growth (percent)	1.4	6.8	0.5	-2.0	6.4	7.1	5.7	4.8	4.6	4.7	4.6	4.6
Inflation and unemployment												
(period average, percent)												
CPI inflation	-0.2	2.3	6.1	4.8	2.4	0.9	2.6	2.1	2.0	2.0	2.0	2.0
CPI inflation, excluding food and energy 4/	-0.4	1.7	4.6	4.2	2.5	0.7	2.2	2.0	1.8	1.8	1.8	1.8
MAS Core inflation 4/	-0.1	0.9	4.1	4.2	2.8	0.7	2.2	2.0	1.9	1.9	1.9	1.9
Unemployment rate	3.0	2.7	2.1	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1
Output gap	-2.8	1.5	1.8	-0.7	0.3	0.8	0.6	0.4	0.0	0.0	0.0	0.0
Central government (percent of GDP) 5/												
Revenue	17.4	16.7	16.2	17.6	18.0	19.3	19.6	19.6	19.6	19.6	19.6	19.6
Expenditure	21.5	17.5	15.0	14.7	14.3	15.2	15.9	16.4	16.9	17.3	17.6	17.7
Net lending/borrowing	-4.1	-0.8	1.2	2.9	3.7	4.1	3.7	3.2	2.8	2.3	1.9	1.9
Net lending/borrowing, excluding nonproduced assets	-5.7	-2.7	-0.6	0.5	1.1	1.5	1.2	0.7	0.2	-0.3	-0.6	-0.6
Primary balance 6/	-9.3	-6.1	-3.8	-2.7	-2.0	-1.8	-2.2	-2.7	-3.1	-3.6	-4.0	-4.0
Merchandise trade (percent change)												
Export volume	2.1	9.9	8.5	-4.1	4.7	8.8	5.8	4.2	3.6	1.3	0.7	0.5
Import volume	-2.3	10.5	4.7	-6.9	4.1	11.7	7.2	5.6	4.8	2.4	1.6	1.4
Terms of trade	-0.1	-0.9	0.6	-0.6	0.0	0.5	-2.2	0.4	0.2	0.1	0.1	0.1
Balance of payments (percent of GDP)												
Current account balance	17.7	19.3	18.9	16.4	17.2	16.7	16.7	16.6	16.4	16.2	16.1	15.9
Balance on goods and services	31.3	35.8	39.8	37.2	36.0	35.4	33.1	31.8	30.9	29.5	28.1	26.8
Balance on primary and secondary income	-13.6	-16.5	-20.9	-20.8	-18.8	-18.7	-16.4	-15.2	-14.5	-13.2	-12.1	-10.8
Gross official reserves (US\$ billions)	362	418	289	351	371	409	443	507	570	635	699	764
In months of imports 7/	6.8	6.7	4.7	5.3	5.2	5.1	5.7	5.7	5.7	5.7	5.7	5.7

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 2026. 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, FY2020–FY2026 ^{1/}

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 6/ Est.	FY2026 6/ Proj.
I. Statement of government operations							
	(In billions of Singapore dollars)						
Revenue	85.6	102.9	113.4	126.4	139.6	158.4	165.0
Taxes	61.4	74.8	82.7	94.3	103.9	115.8	119.4
Other revenue	24.2	28.1	30.7	32.1	35.7	42.6	45.6
Of which: Net investment returns contribution (NIRC)	18.2	20.4	22.4	23.0	24.1	27.5	28.5
Expense	111.5	90.5	94.5	96.9	104.9	115.8	119.8
Compensation of employees	8.8	9.8	10.4	10.5	11.2	11.8	12.6
Use of goods and services	24.9	25.3	26.5	27.9	29.6	32.3	34.2
Interest							
Expense not elsewhere classified 2/	77.8	55.4	57.6	58.5	64.1	71.6	73.0
Grants, subventions & capital injections to organizations	17.5	21.0	24.6	22.7	24.2	26.2	29.9
Transfers 2/	60.3	34.3	32.9	35.8	39.9	45.4	43.2
Gross operating balance	-25.8	12.3	18.9	29.5	34.7	42.6	45.2
Net acquisition of nonfinancial assets, excluding nonproduced assets	14.7	18.0	22.5	23.3	25.2	29.8	36.7
Of which: Development expenditure	13.4	16.3	20.4	21.5	23.4	27.0	34.1
Net lending/borrowing, excluding nonproduced assets 3/	-40.5	-5.7	-3.6	6.2	9.5	12.9	8.5
Net acquisition of nonproduced assets (land)	-7.4	-12.6	-12.0	-17.8	-19.8	-20.7	-21.2
Net lending/borrowing	-33.1	6.9	8.5	23.9	29.3	33.6	29.7
II. Stock positions							
	(In billions of Singapore dollars, unless otherwise indicated)						
Gross financial assets 4/	1,401	1,572	1,733	1,779	1,897	...	...
Gross debt 5/	729	874	1,081	1,193	1,285	1,334	...
Gross debt (in percent of GDP) 5/	147	140	153	170	166	166	...
Government deposits at the Monetary Authority of Singapore	70	54	16	65	86	...	...
Memorandum item:							
Nominal GDP (fiscal year)	495	625	706	700	775	803	842

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, FY2020–FY2026 ^{1/} (concluded)

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
						11/ Est.	11/ Proj.
I. Statement of government operations							
	(In percent of GDP)						
Revenue	17.3	16.5	16.1	18.1	18.0	19.7	19.6
Taxes	12.4	12.0	11.7	13.5	13.4	14.4	14.2
Other revenue	4.9	4.5	4.4	4.6	4.6	5.3	5.4
Of which: NIRC	3.7	3.3	3.2	3.3	3.1	3.4	3.4
Expense 2/	22.5	14.5	13.4	13.8	13.5	14.4	14.2
Gross operating balance	-5.2	2.0	2.7	4.2	4.5	5.3	5.4
Net acquisition of nonfinancial assets, excluding nonproduced assets	3.0	2.9	3.2	3.3	3.2	3.7	4.4
Of which: Development expenditure	2.7	2.6	2.9	3.1	3.0	3.4	4.0
Net lending/borrowing, excluding nonproduced assets 3/	-8.2	-0.9	-0.5	0.9	1.2	1.6	1.0
Net acquisition of nonproduced assets (land)	-1.5	-2.0	-1.7	-2.5	-2.6	-2.6	-2.5
Net lending/borrowing	-6.7	1.1	1.2	3.4	3.8	4.2	3.5
<i>Memorandum items:</i>							
Cyclically-adjusted overall balance (percent of potential GDP) 4/	-7.8	-1.1	-0.7	1.0	1.2	1.5	0.9
Primary balance 5/	-11.9	-4.2	-3.7	-2.4	-1.9	-1.8	-2.4
Cyclically-adjusted primary balance (percent of potential GDP) 6/	-11.4	-4.4	-3.9	-2.3	-1.9	-2.0	-2.5
Structural primary balance (percent of potential GDP) 7/	-11.8	-4.8	-4.0	-2.4	-2.0	-2.0	-2.5
Expenditures on social development 8/	9.0	7.5	7.3	7.4	7.2	7.6	7.8
Spending from Endowment and Trust Funds	1.0	0.8	1.0	1.5	1.7	1.8	1.6
Authorities' budgetary accounts 9/							
Operating revenue (1)	13.6	13.2	12.9	14.8	14.9	16.3	16.0
Total expenditure (2)	17.4	15.2	14.9	15.0	14.5	15.5	16.3
Primary fiscal balance (3)=(1)-(2)	-3.8	-2.0	-2.0	-0.3	0.4	0.8	-0.3
Special transfers (excl. transfers to endowment funds) (4)	6.8	1.1	0.4	0.4	0.4	0.5	0.3
Basic balance (5)=(3)-(4)	-10.6	-3.1	-2.4	-0.7	0.0	0.3	-0.6
Transfers to Endowment and Trust Funds (6)	3.5	0.0	0.9	3.5	2.8	2.4	2.2
NIRC (7)	3.7	3.3	3.2	3.3	3.1	3.4	3.4
Overall balance (8)=(5)-(6)+(7)	-10.4	0.2	-0.1	-0.9	0.3	1.3	0.5
Overall fiscal position 10/	-10.4	0.3	0.2	-0.4	0.8	1.9	1.0

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, 2020–2025Q2 ^{1/}

	2020	2021	2022	2023	2024	2025 Q1	2025 Q2
(End of period; in percent)							
Capital adequacy ratio							
Regulatory capital to risk-weighted assets	17.6	17.0	17.1	16.8	18.8	18.9	18.5
Regulatory tier I capital to risk-weighted assets	15.5	15.1	15.2	15.3	17.4	17.5	17.1
Shareholders' equity to assets	9.1	9.1	8.5	8.8	8.9	9.0	8.9
Asset quality							
Non-Bank NPLs to nonbank loans	1.6	1.4	1.3	1.2	1.2	1.1	1.1
Total Provisions to total unsecured NPAs	247.4	223.1	243.9	260.1	271.5	266.9	278.4
Specific provisions to total unsecured NPAs	91.1	85.7	85.0	84.6	84.4	84.0	85.0
Loan concentrations (in percent of total loans)							
Interbank loans	11.8	10.2	10.8	11.9	12.8	...	12.3
Nonbank loans	88.2	89.8	89.2	88.1	87.2	...	87.7
Profitability							
Return on assets	0.8	0.9	1.2	1.3	1.3	1.3	1.2
After tax return on equity	8.0	9.1	13.7	14.1	13.5	14.2	13.3
Net interest margin	1.5	1.5	2.2	2.1	2.1	2.1	2.0
Non-interest income to total income	36.6	35.9	24.7	29.0	30.3	36.2	35.1
Liquidity 2/							
Overall non-bank loans to deposits ratio (LTD)	78.8	78.1	72.9	67.4	66.9	66.5	66.2
Domestic currency non-bank LTD	71.7	72.0	73.1	70.5	68.2	66.9	66.3
Foreign currency non-bank LTD	85.1	83.1	72.7	65.2	66.0	66.3	66.1

Source: Monetary Authority of Singapore.

1/ The data relates to local banking groups' global operations (From FSR 2025 Statistical Appendix).

2/ The data relates to the banking system's non-bank LTD ratios (From FSR 2025 and FSR 2024 Data Compilation File).

Table 8. Singapore: International Investment Position, 2020–2025

	2020	2021	2022	2023	2024	2025
(In billions of U.S. Dollars) 1/						
External assets	4,950	5,258	5,424	5,774	6,010	6,877
Direct investment	1,422	1,583	1,735	1,844	1,835	2,068
Portfolio investment	1,673	1,763	1,723	1,905	2,019	2,368
Equity securities	917	1,046	1,007	1,152	1,188	1,442
Debt securities	756	718	716	753	831	926
Other investment and financial derivatives	1,492	1,495	1,677	1,674	1,783	2,030
Reserve assets	362	417	289	351	372	410
External liabilities	3,876	4,230	4,506	4,794	5,059	5,795
Direct investment	2,000	2,229	2,365	2,588	2,662	3,169
Portfolio investment	367	454	519	550	642	725
Equity securities	266	302	318	344	398	436
Debt securities	102	152	201	205	243	288
Other investment and financial derivatives	1,509	1,547	1,623	1,656	1,755	1,901
Net international investment position	1,074	1,029	917	980	951	1,082
(In percent of GDP) 1/						
External assets	1409	1192	1055	1130	1049	1139
Direct investment	405	359	337	361	320	343
Portfolio investment	476	400	335	373	352	392
Equity securities	261	237	196	225	207	239
Debt securities	215	163	139	147	145	153
Other investment and financial derivatives	425	339	326	327	311	336
Reserve assets	103	94	56	69	65	68
External liabilities	1103	959	876	938	883	960
Direct investment	569	505	460	506	465	525
Portfolio investment	105	103	101	108	112	120
Equity securities	76	68	62	67	69	72
Debt securities	29	34	39	40	42	48
Other investment and financial derivatives	430	351	316	324	306	315
Net international investment position	305.8	233.2	178.4	191.7	166.0	179.1

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

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

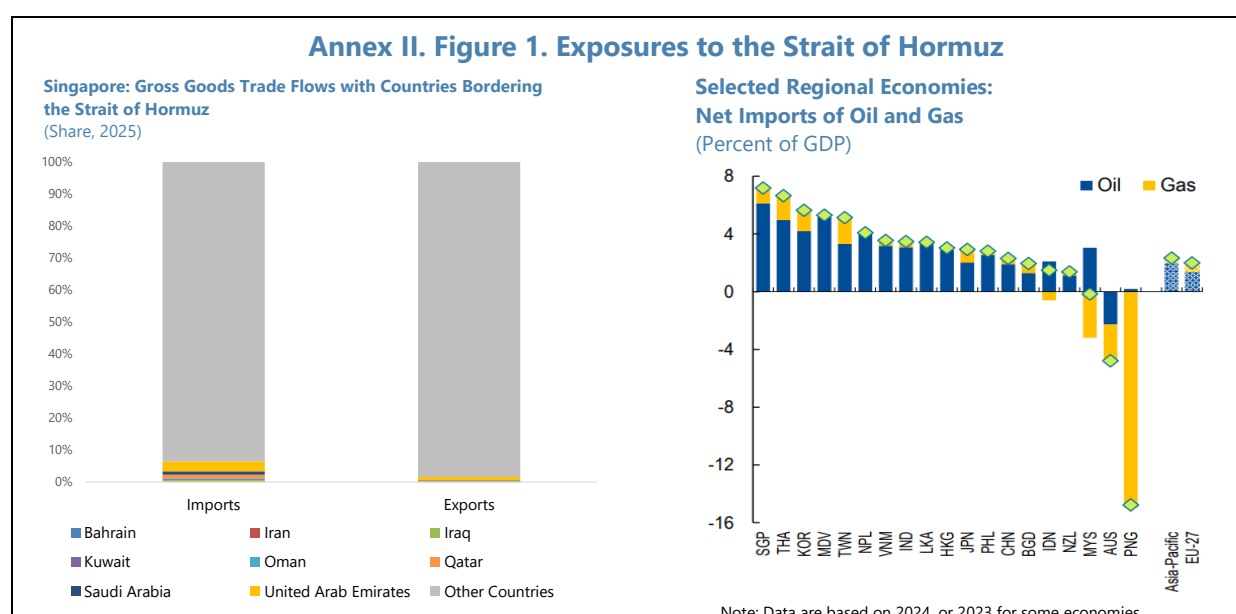
Annex I. Staff Policy Advice from the 2025 Article IV Consultation

Staff Advice	Policy Actions
Fiscal Policy	
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.	Due to stronger-than-expected economic growth in 2025 and the associated improved tax collections, the fiscal stance for FY2025 is now assessed to have been neutral rather than expansionary as originally envisaged in the budget. Development expenditure increased to 3.4 percent of GDP in FY2025 from 3.0 percent of GDP in FY2024.
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.	The fiscal balance in FY2025 recorded a higher surplus than in FY2024 amid stronger-than-expected economic growth. The budget for FY2026 envisages lower direct transfers to households and businesses, in line with staff advice. The authorities continue to make use of SINGA and stand ready to deploy additional support in case of downside risks.
Monetary, Exchange Rate, and Financial Policies	
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.	MAS maintained the monetary policy stance from July 2025 to January 2026 amid stronger-than-expected growth. The S\$NEER appreciated by 1.2 percent in 2025, trading in the upper half of the estimated policy band. In April 2026, MAS tightened the monetary policy stance in the face of rising price pressures from the war in the Middle East.
Singapore's financial sector remains resilient, with MAS appropriately stepping up stress testing and contingency planning. 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. 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.	MAS continued to engage with banks and insurers, conducting regular industry-wide stress tests (IWST), which affirmed resilience against global trade and macro-financial shocks. On NBFIs risks, MAS emphasized that investment funds should continue to monitor liquidity risks and that insurers should closely monitor their capital and liquidity positions and business strategy risks. MAS' stress tests showed that corporate and household sectors have adequate buffers overall to manage shocks to income and financing costs. The Homefront Crisis Ministerial Committee has monitored the impact of elevated trade policy uncertainty on businesses in Singapore. The FATF published its assessment report for Singapore under the 5 th round of mutual evaluations in May 2026. It affirmed a robust framework and process to counter money-laundering (ML), terrorism financing (TF) and proliferation financing (PF), with scope for further enhancing risk mitigation measures in areas such as foreign legal persons, and foreign legal arrangements.

Staff Advice	Policy Actions
Structural Policies	
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.	The authorities continued efforts toward stronger inclusive growth. Recent measures include extending support for mid-career job training and strengthening targeted subsidies for preschool education. The FY2026 budget places particular emphasis on AI adoption for firms and workers.

Annex II. Singapore's Goods Trade Exposures to the Strait of Hormuz¹

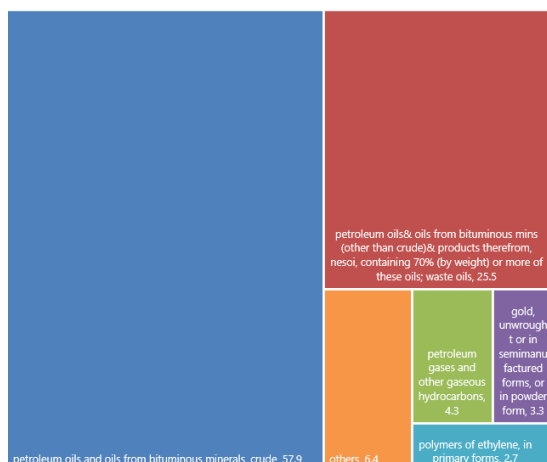
- Singapore is exposed to tensions in the Strait of Hormuz due to the economy's reliance on energy and other imports from the region.** Singapore's aggregate trade exposure to tensions in the Strait of Hormuz appears limited at first glance, with only 6.5 percent of gross goods imports and 1.6 percent of goods exports associated with Strait-bordering economies in 2025. However, these headline figures mask a more significant vulnerability running through the energy import channel. Singapore is among the Asia and Pacific region's largest net importers of oil and gas, at just over 7 percent of GDP in 2024, and disruptions in the Strait would expose both its power supply and industrial base to meaningful stress.
- The nature of the energy exposure differs across energy types and uses.** For electricity generation, where imported natural gas accounts for over 90 percent of supply, risks appear relatively contained. Only 26 percent of gas imports were sourced from Strait-bordering economies, with Indonesia, Australia, and Malaysia collectively supplying over 65 percent, providing meaningful scope for substitution. Oil and petroleum products present a sharper vulnerability, with 39 percent of petroleum oil imports originating from the region, predominantly from the United Arab Emirates. This concentration creates a risk of shortages or price spikes in oil products that feed directly into Singapore's industrial sector. With over 70 percent of the economy's energy consumption tied to industry, spanning both power needs and energy inputs into manufacturing, costly or insufficient supplies would weigh on output across the economy, with the petrochemicals sector particularly exposed.



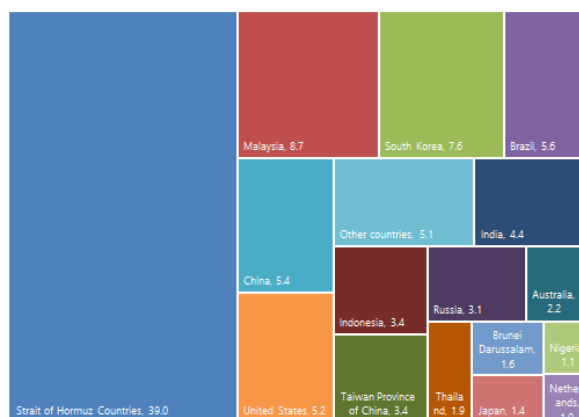
¹ Prepared by Sandile Hlatshwayo (APD).

Annex II. Figure 1. Exposures to the Strait of Hormuz (concluded)

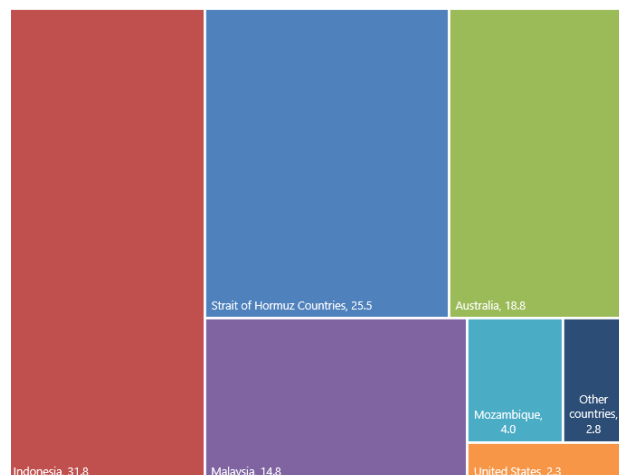
Singapore: Gross Good Imports from Countries Bordering the Strait of Hormuz
(Share, 2025)



Singapore: Gross Goods Imports of Crude and Non-Crude Petroleum Oils and Oils from Bituminous Minerals
(Share, 2025)

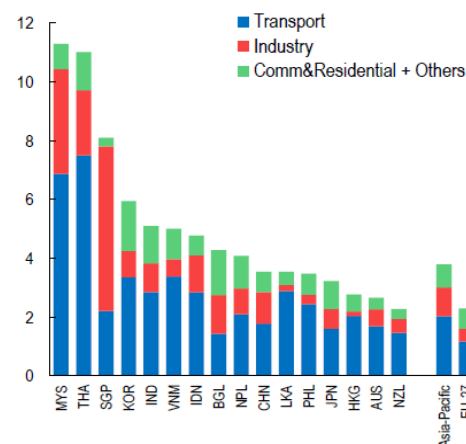


Singapore: Gross Good Imports of Petroleum Gases and Other Gaseous Hydrocarbons
(Share, 2025)



Selected Regional Economies: Oil and Gas Use: Asia-Pacific

(Percent of GDP)



Note: Data are based on 2024, or 2023 for some economies.

Sources: Trade Data Monitor, Energy Institute (Statistical Review of World Energy 2025), IEA, JODI Oil and Gas World Databases; WEO; and IMF staff calculations.

Note: Oil includes crude oil, Inland demand plus international aviation and marine bunkers and refinery fuel and loss. Consumption of biogasoline (such as ethanol), biodiesel and derivatives of coal and natural gas are also included. Natural gas includes dry natural gas, pipeline gas, and liquefied natural gas (LNG). Energy price assumptions are: 80 \$/bbl for oil and 12 \$/MMBtu for gas. "Others" includes agriculture and forestry, fishing, and residual categories.

Annex III. Risk Assessment Matrix¹

Risks	Likelihood	Impact of Risk	Policy Response
External Conjunctural Risks			
Geopolitical tensions and intensification of conflicts. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	High	High: A reescalation of geopolitical tensions in the Middle East would push energy prices sharply higher, with associated fertilizer and petrochemical shortages raising food prices and input costs, eroding real incomes, and slowing global and regional demand, severely hampering Singapore's economic activity. Tighter global financial conditions could test Singapore's financial stability.	Provide targeted fiscal support to affected households and businesses. Monetary policy should be focused on preserving price stability, tightening as needed to prevent second-round effects. Closely monitor implications to financial sector stability and proactively engage in contingency planning.
Protectionism and trade disruptions. Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism.	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. Disruptive shifts in supply chains could increase near-term price pressures, before lower growth weighs on prices. Tighter global financial conditions could test Singapore's financial stability.	Provide targeted fiscal support to affected sectors and their workers, as needed. Monetary policy should remain focused on preserving price stability. Closely monitor implications to financial sector stability and proactively engage in contingency planning. Accelerate the implementation of structural reforms to transform Singapore into a knowledge-based, innovation-driven economy.
New trade agreements. Tangible progress in trade talks reduces uncertainty and trade barriers. Wider cooperation on services, FDI, and taxation boosts investment and bolsters public finances.	Low	High: An improved global and domestic trade environment would boost Singapore's role as a trade and financial hub, supporting external demand and growth.	Avoid overheating pressures by appropriately calibrating monetary policy, and unwind prior temporary fiscal support introduced in response to previous trade tensions.

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 (concluded)			
Disorderly AI correction. An abrupt revision in expectations of strong AI-led productivity gains causes a sharp market correction, investment decline, and wealth loss, which suppress demand and tighten financial conditions globally.	High	Medium: A tech cycle bust can reduce demand and investment in Singapore's technology-related industries. Tighter global financial conditions could test Singapore's financial stability.	Monetary policy should remain focused on preserving price stability. Closely monitor implications to financial sector stability and proactively engage in contingency planning.
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.
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 events 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.
AI acceleration. Rapid AI adoption significantly improves productivity, boosts growth, and revives business dynamism. Realizing these gains requires complementary policies to manage energy constraints, scale critical inputs, and support labor market transitions.	Medium	Medium: While AI has the potential to improve productivity, it may also result in disruptions in the labor market.	Continue to provide training programs to re-skill and upskill workers. Improve social safety nets to assist workers affected by AI in transitioning to new jobs.
Domestic Risk			
Disorderly correction in property prices. A deterioration of market sentiment amid rising macroeconomic uncertainty and a high share of mortgage loans in household debt lead 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.

Annex IV. Spillovers from Technology and Oil Shocks¹

A. Motivation and Key Findings

1. Singapore's semiconductor sector has historically been linked to global technology cycles. For instance, semiconductor production and exports declined during the global tech downturn in 2023 and have rebounded sharply amid the ongoing global AI-driven upswing. In 2023, manufacturing accounted for about 16.7 percent of Singapore's nominal GDP, with semiconductors contributing about 5.0 percent of nominal GDP²; the relatively large tech-related manufacturing base, including compared to Asian peers, makes global technology cycles particularly relevant for growth fluctuations in Singapore. At the same time, prior analysis suggests that the spillovers from global tech cycles to domestically oriented sectors are limited. Staff estimates the semiconductor sector to account for only about 1 percent of total employment in Singapore. While electronics-related production and exports were significantly weighed down during the 2023 tech cycle downturn, non-electronics sectors were less affected. The interdependence of manufacturing with the rest of the economy is somewhat limited: MAS (2023) estimates that every \$1,000 decline in final demand in the manufacturing sector would result in a \$65 loss in value added in other sectors via the production channel.

2. Singapore's reliance on imported energy and the presence of large energy-dependent sectors make the country vulnerable to global oil price shocks. Sharp increases in global oil prices could raise input costs in Singapore, weigh on production and output, and feed through to broader price pressures. Moreover, Singapore has relatively large petroleum, petrochemical, and transport-related sectors, which account for about 8 percent of nominal GDP. Since these sectors have large energy-related input shares relative to other industries, disruptions to oil supply due to the closure of the Strait of Hormuz have had a negative impact on them. However, as these sectors are largely externally oriented and estimated to account for only about 7 percent of total employment in Singapore, the spillovers to domestically oriented sectors are likely to be limited.

3. Against this background, this annex assesses how global tech-cycle and oil shocks spill over to the broader Singapore economy. We employ two approaches: input-output analysis (Section B) and empirical analysis (Section C). The main findings are summarized as follows. First, input-output analysis suggests that externally oriented sectors such as semiconductor, petroleum, and petrochemical sectors are weakly linked to domestic-facing sectors, helping contain broader spillovers from global technology cycles and oil price shocks. Second, global technology-cycle upturns can materially raise Singapore's GDP, investment, and goods trade, but have limited estimated effects on consumption, inflation, and employment. Macro surveillance should therefore distinguish between headline GDP effects and broader domestic demand conditions. Third, oil price shocks, by contrast, appear to operate mainly through inflation, with muted effects on real activity.

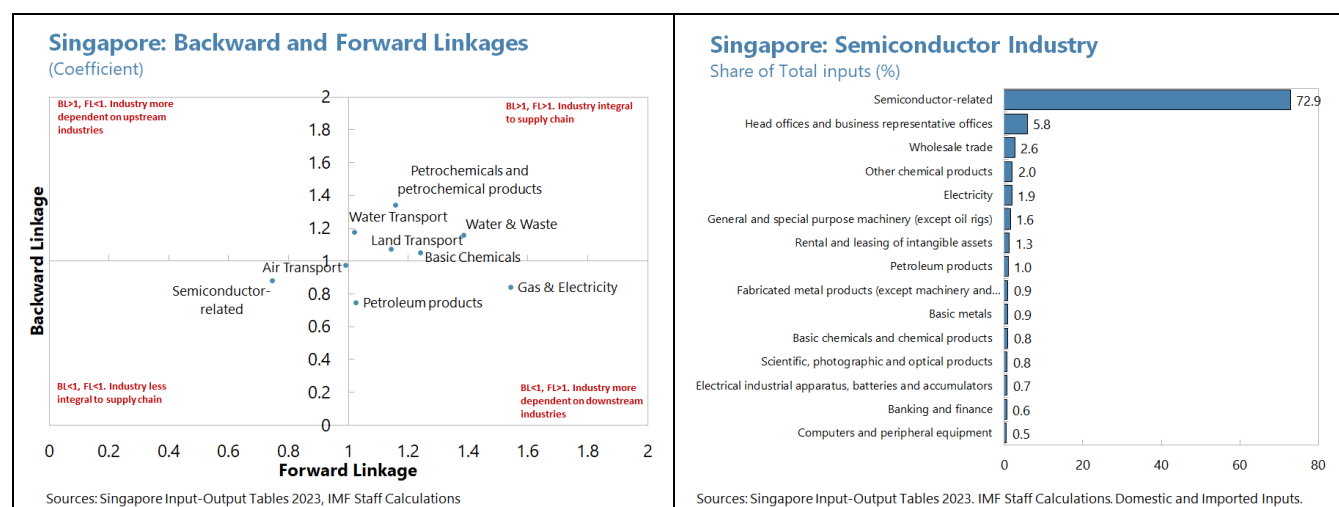
¹ Prepared by Defa Zhao (Singapore Resident Representative Office) and Tristan Hennig (APD).

² Latest available data show that manufacturing accounted for about 17.4 percent of Singapore's nominal GDP in 2025, with semiconductors contributing about 6.0 percent of nominal GDP.

Accordingly, continued monitoring and vigilance are warranted on energy-related price pressures, indirect effects on services and administered prices, and the interaction between oil prices and inflation expectations.

B. Input-Output Analysis

4. The semiconductor sector³ is weakly embedded in domestic supply chains. Input-output analysis based on Singapore's 2023 tables indicates that semiconductor production has limited backward and forward linkages relative to other sectors. Its inputs are primarily sourced from within the semiconductor sector itself, accounting for about 72.9 percent of semiconductor industry inputs. Other notable inputs include head office and business representative office services, wholesale trade, other chemical products, electricity, and general and special-purpose machinery, but each accounts for a much smaller share.



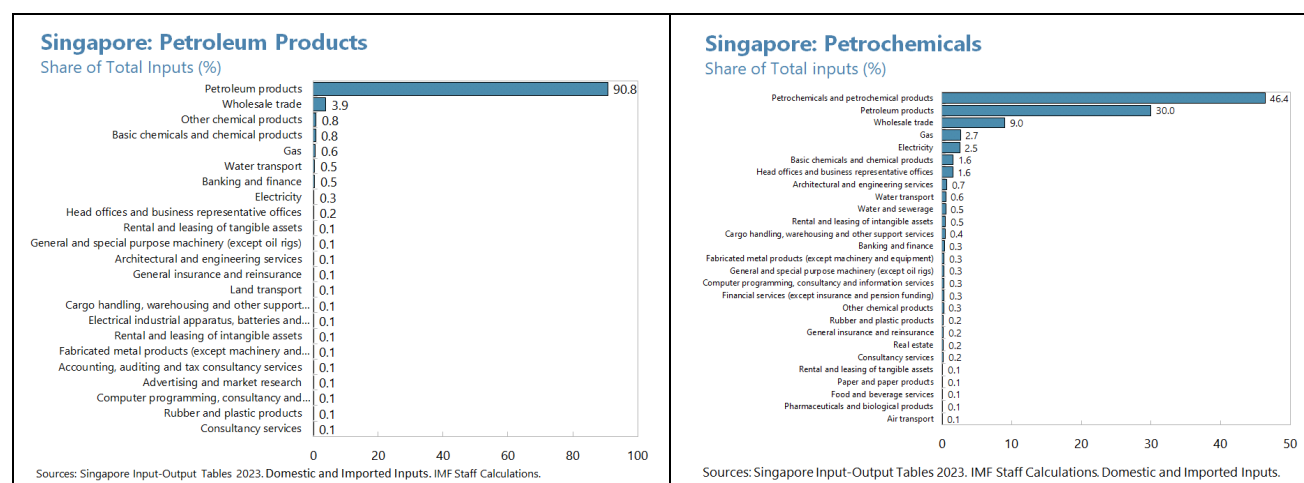
5. The semiconductor sector's direct reliance on energy inputs is small. Petroleum accounts for about 1.0 percent of semiconductor inputs, electricity for about 1.9 percent, and gas for close to zero, implying total energy inputs of about 2.9 percent. This suggests that direct cost-push effects from energy price increases on semiconductor production costs are likely more limited relative to other energy-intensive sectors, although indirect effects could still operate through global demand, supply chains, profitability, and risk sentiment. Moreover, while the cost share may be small, electricity in particular remains a critical input for the sector, highlighting the importance of continuity of supply.

6. The petroleum refining sector, on the other hand, is a key supplier to downstream industries but relies heavily on intra-cluster inputs. Petroleum products account for about 90.8 percent of total petroleum industry inputs, while other inputs—including wholesale trade, land transport, retail trade, and various services—are individually small. This points to limited backward

³ Semiconductor sector based on the input-output analysis includes two industries from the published supply and use tables: "semiconductor devices, electronic components, and boards" as well as "semiconductor related equipment".

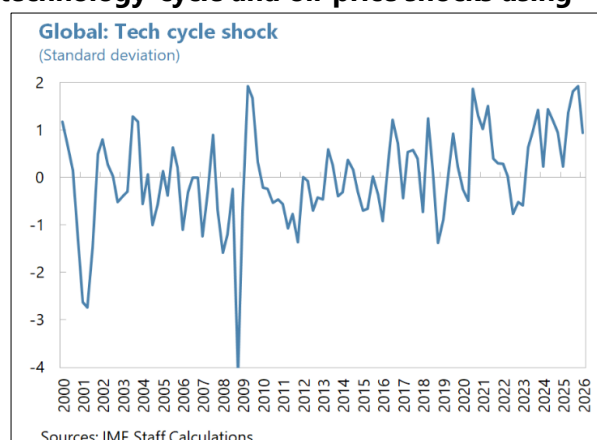
linkages with domestic-oriented sectors, even though petroleum products serve as an important upstream input for other parts of the economy.

7. The petrochemical sector is more deeply embedded in domestic supply chains than petroleum refining or semiconductor sectors. Petrochemicals have above-average backward and forward linkages, reflecting their role as an input into downstream manufacturing and industrial activities. Petrochemical products account for about 46.4 percent of petrochemical industry inputs, while wholesale trade accounts for about 9.0 percent and petroleum accounts for about 30 percent. However, the broader pattern remains that inputs from domestic-oriented sectors are limited, suggesting that shocks to the petrochemical sector may have less pervasive effects on domestic-oriented sectors than their centrality in industrial supply chains might imply.



C. Empirical Analysis

8. We estimate macroeconomic responses to technology-cycle and oil-price shocks using local projections. For technology shocks, the shock measure is constructed as the first principal component of several global technology-cycle indicators, including semiconductor sales, semiconductor-related equity prices proxied by the Philadelphia Stock Exchange (PHLX) semiconductor index, inventories, and electronics PMIs. Expansion and contraction phases identified by our constructed measure broadly coincide with episodes identified in existing work by MAS (2026). For the oil shock, we utilize changes in the oil price as the shock variable.



9. We employ a standard local projection specification, controlling for major global and domestic factors. We regress the cumulative change in the outcome variable at each horizon on the shock variable and a set of controls, including global demand proxied by U.S. GDP, global financial

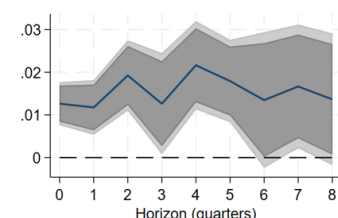
conditions proxied by the VIX and the U.S. federal funds rate, the SGD/USD exchange rate, and oil prices. Responses are estimated over horizons of up to eight quarters.

10. A positive technology-cycle shock has a statistically and economically meaningful effect on GDP and goods trade. A one standard deviation upswing in the technology cycle is estimated to raise GDP by about 1.5–2 percent in levels over the projection horizon. Goods exports and imports increase more strongly, by about 4–6 percent, consistent with Singapore’s role as a highly open economy and technology-sector trading hub. Exports and imports of services do not show comparable increases. Gross fixed capital formation increases, reflecting the capital-intensive nature of technology-related production and the sensitivity of investment to global semiconductor and AI-related demand.

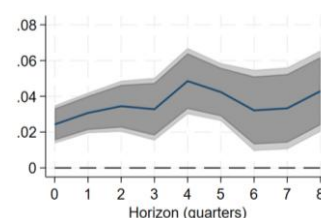
11. However, a technology-cycle shock seems to have limited impact on domestic demand or the broader labor market. Private consumption appears largely unaffected, suggesting limited pass-through from the external technology cycle to household demand. Inflation and employment effects are positive but not statistically significant. Employment responses in manufacturing, construction, and services are also positive in some horizons but not statistically significant. This likely reflects the semiconductor sector’s high import intensity, capital intensity, and relatively limited linkages to domestic labor-intensive sectors.

Annex IV. Figure 1. Singapore: Macroeconomic Responses to an AI / Semiconductor Cycle Shock

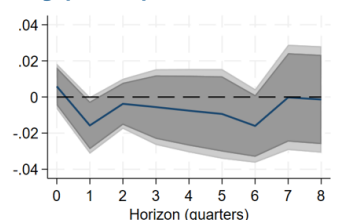
Singapore: Gross Domestic Product



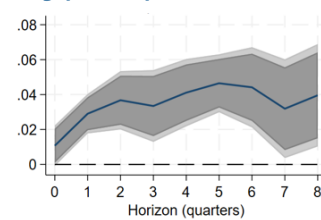
Singapore: Exports of Goods



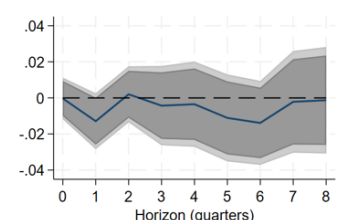
Singapore: Exports of Services



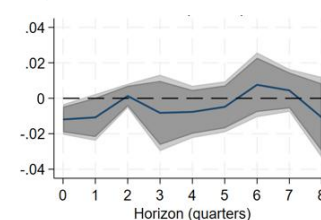
Singapore: Imports of Goods



Singapore: Imports of Services

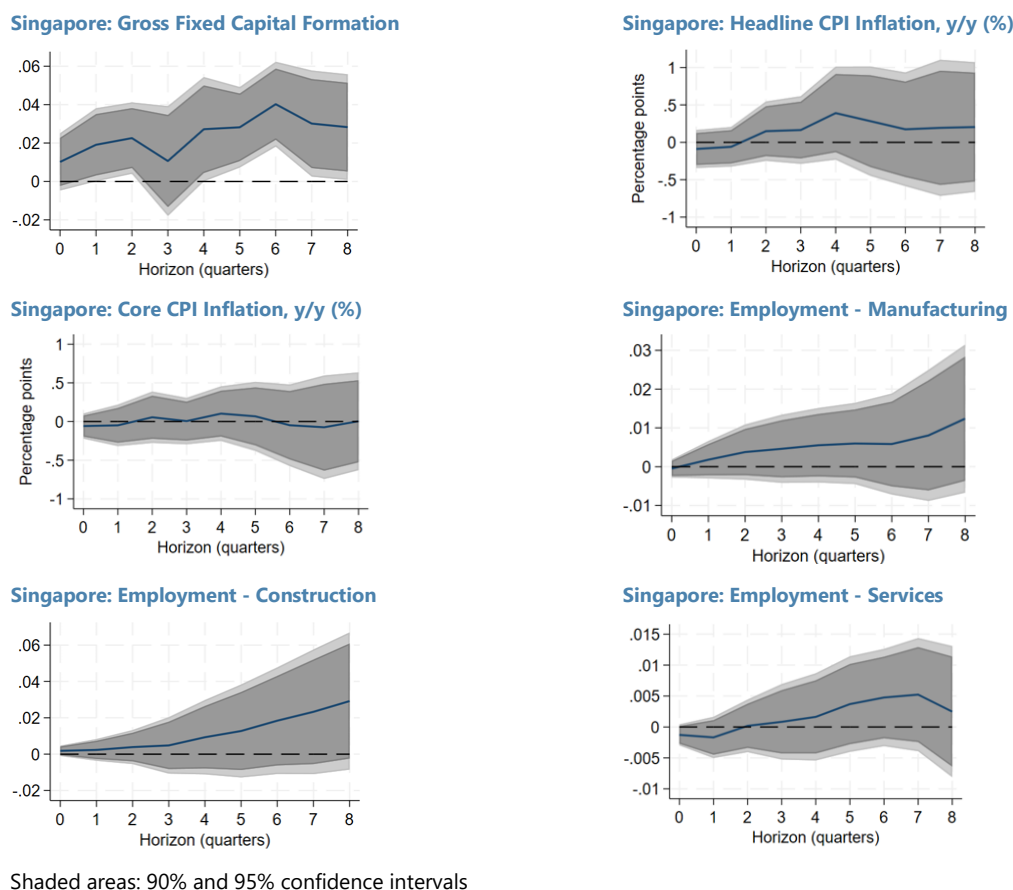


Singapore: Private Consumption Expenditure



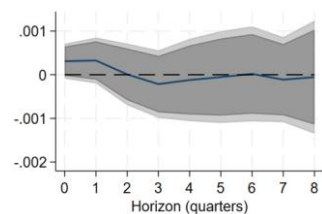
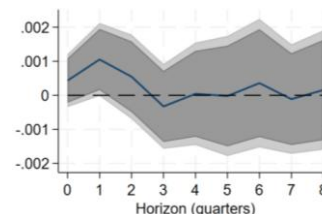
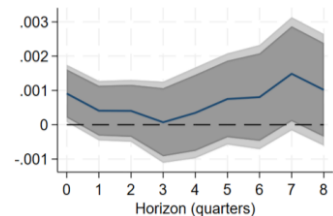
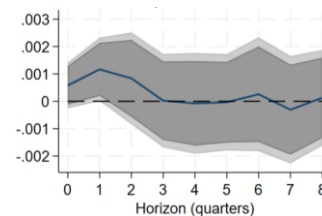
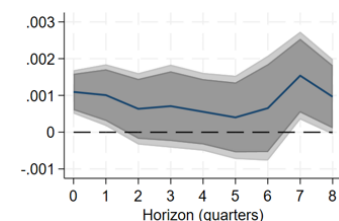
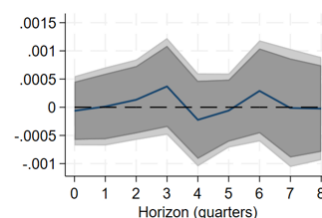
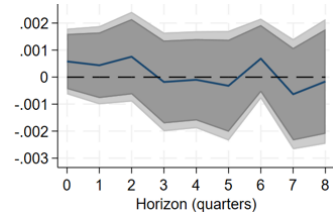
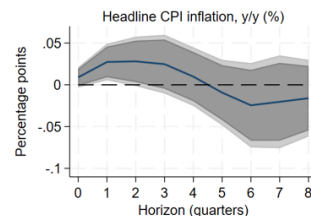
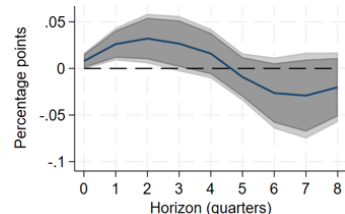
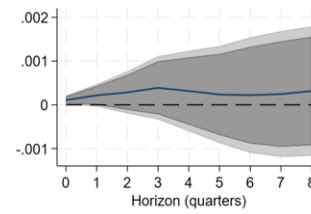
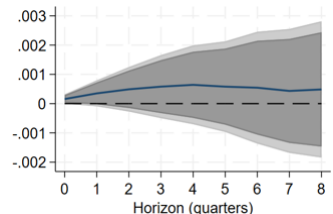
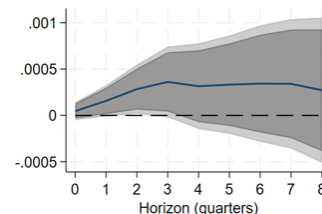
Shaded areas: 90% and 95% confidence intervals

Annex IV. Figure 1. Singapore: Macroeconomic Responses to an AI / Semiconductor Cycle Shock (concluded)



12. Oil price increases primarily affect inflation rather than activity. The empirical estimates suggest that a 1 percent increase in oil prices raises headline and core inflation, while GDP, consumption, investment, and employment show limited responses. This pattern is consistent with Singapore's status as a price taker in global energy markets and with the role of energy prices in imported inflation and production costs. Singapore's diversified economic structure, limited direct energy input share in some high-value sectors such as semiconductors, and other offsetting effects (e.g., profit margins in some sectors may increase with higher oil prices) also matter.

13. The results should be interpreted cautiously. The empirical oil shock is based on changes in oil prices and does not separately identify the underlying source of the price movement. A supply-driven oil shock, particularly one associated with physical disruptions in the Middle East, could propagate differently from a demand-driven increase in oil prices, especially if it disrupts refining, petrochemical production, shipping, or confidence. More broadly, local projections provide average historical responses and may not fully capture nonlinearities associated with extreme geopolitical events, severe supply disruptions, or structural shifts.

Annex IV. Figure 2. Singapore: Macroeconomic Responses to an Oil Shock**Singapore: Gross Domestic Product****Singapore: Exports of Goods****Singapore: Exports of Services****Singapore: Imports of Goods****Singapore: Imports of Services****Singapore: Private Consumption Expenditure****Singapore: Gross Fixed Capital Formation****Singapore: Headline CPI Inflation, y/y (%)****Singapore: Core CPI Inflation, y/y (%)****Singapore: Employment - Manufacturing****Singapore: Employment - Construction****Singapore: Employment - Services**

Shaded areas: 90% and 95% confidence intervals

References

Monetary Authority of Singapore (MAS), 2023. [Macroeconomic Review](#), April 2023.

Monetary Authority of Singapore (MAS), 2026. [Macroeconomic Review](#), January 2026.

Annex V. Scenario Analysis¹

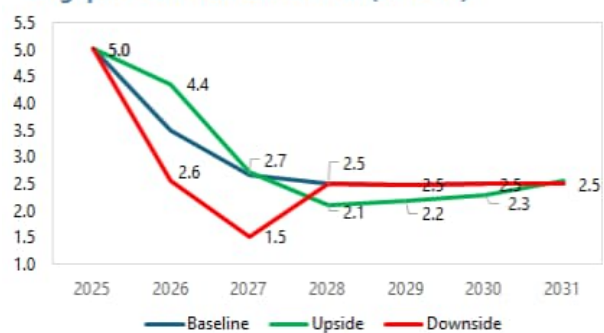
The IMF's April 2026 World Economic Outlook features a downside scenario with a severe and prolonged escalation in the conflict ('Severe Conflict') and an upside scenario where the U.S. removes recent tariffs and undertakes fiscal reforms, China reduces its saving rate and boosts productivity, and the euro area increases public investment and advances structural reforms ('Global Reset'). This annex analyzes the potential impact of these scenarios on Singapore's economy.

1. Severe Conflict. The downside scenario dramatically raises global commodity prices, with oil prices increasing by 100 percent, gas prices rising 200 percent, and food commodity prices rising 5–10 percent over 2026–27 relative to their January 2026 pre-war levels. Inflation expectations rise sharply by 100 basis points (bps) in advanced economies, a significant risk-off episode tightens financial conditions, and global growth falls by 1.3 percentage points in 2026, approaching a near-recession threshold. For Singapore, this scenario would be materially adverse. As a highly open economy that is a net importer of energy, food, and commodities, Singapore would face a significant terms-of-trade deterioration. Higher energy costs would weigh on industrial production and raise business input costs, while a sharp tightening of global financial conditions would dampen investment and consumption. Under the downside scenario, Singapore's output growth could fall to 2.6 percent in 2026 and 1.5 percent in 2027, below potential. Inflation could rise to 3.8 and 4.3 percent in 2026 and 2027, respectively.

2. Global Reset. The upside scenario includes a broad reset in global economic policies. Tariffs imposed since January 2025 are permanently removed, reducing effective US tariff rates by around 10 percentage points, with trading partners reciprocating, and greater predictability in trade arrangements materially reducing global policy uncertainty. In China, a short-term fiscal expansion of 0.5 percent of GDP, with higher social spending and residential investment support, reduces the saving rate and boosts domestic demand, complemented by productivity-enhancing reforms. In the euro area, a surge in public investment reaches 1 percent of GDP by 2027, while progress on the Capital Markets Union reduces corporate financing costs. In the United States, fiscal reforms and lower government consumption improve fiscal sustainability, reducing the term premium by 50 basis points and gradually lowering the deficit. For Singapore, the Global Reset scenario would significantly boost growth. As a trade and financial hub whose growth is highly sensitive to the external environment and global financial conditions, Singapore stands to benefit disproportionately from an improvement in global trade sentiment and a recovery in cross-border investment flows. External demand would recover more quickly than in the baseline, supporting manufacturing and wholesale trade. Under the upside scenario, Singapore's output would increase by 4.4 percent in 2026 and inflation would reach 2.7 percent in 2026.

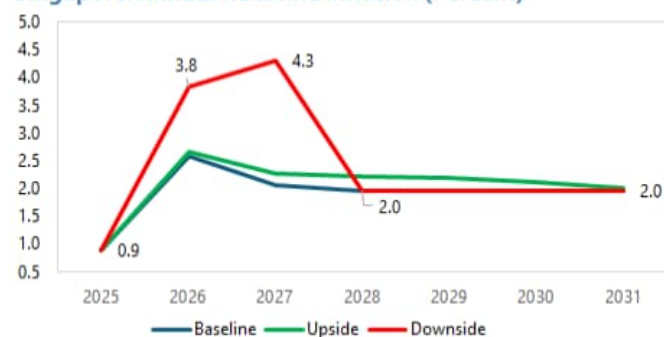
¹ Prepared by Sandile Hlatshwayo (APD).

Singapore: Annual Real Growth (Percent)



Source: IMF staff calculations.

Singapore: Annual Headline Inflation (Percent)



Source: IMF staff calculations.

Annex VI. Singapore's Implementation of BEPS 2.0: Background, Policy Framework, and Fiscal Implications¹

1. The OECD/G20 Inclusive Framework's Base Erosion and Profit Shifting (BEPS) 2.0 initiative will reshape the international tax architecture. It is designed to address challenges posed by digitalization and profit shifting by multinational enterprises (MNEs). The framework comprises two complementary pillars:

- Pillar One reallocates taxing rights over a portion of the profits of the largest and most profitable MNEs to market jurisdictions, i.e. the location of customers or users, including situations where MNEs have no physical presence in those markets. This aims to address the disconnect between where value is created and where profits are taxed in the digital economy. However, the implementation of Pillar One remains uncertain.
- Pillar Two introduces Global Anti-Base Erosion (GloBE) Rules establishing a 15 percent minimum effective tax rate for large MNEs with consolidated revenues exceeding €750 million. Pillar Two operates through three consecutive optional rules. The source rule allows source jurisdictions a first claim over the top-up on domestic profits through a Qualified Domestic Minimum Top-up Tax (QDMTT). The Income Inclusion Rule (IIR) allows parent jurisdictions to impose top-up taxes on low-taxed foreign profits. Lastly, the Undertaxed Profits Rule (UTPR) serves as a backstop mechanism allocating taxing rights to other jurisdictions when the parent jurisdiction does not apply the IIR.

2. A key recent development (January 2026) is the Side-by-Side Package, designed to preserve Pillar Two's objectives while enabling coexistence with the U.S. minimum-tax architecture. This arrangement introduces two new safe harbors: the Side-by-Side Safe Harbor (SbS SH) for MNE groups headquartered in jurisdictions with both eligible domestic and worldwide tax systems, and the Ultimate Parent Entity Safe Harbor for jurisdictions with eligible domestic systems but not worldwide systems. The United States is currently the only jurisdiction listed as having a qualified SbS SH regime, recognizing that the U.S. tax system achieves similar policy objectives to Pillar Two. Under the SbS SH, qualifying MNE groups' top-up tax would be deemed zero for IIR and UTPR purposes, effectively exempting them from these rules while still remaining subject to QDMTTs in jurisdictions where they operate. A critical difference between the U.S. tax regime and Pillar Two is that Pillar Two computes the effective tax rate on a jurisdiction-by-jurisdiction basis, so high-tax outcomes in one jurisdiction cannot be offset by low-tax outcomes elsewhere, which would be allowed under U.S. tax rules. Another key part of the January 2026 agreement is the introduction of the concept of Qualified Tax Incentives (QTIs) which provide jurisdictions with more flexibility to introduce Pillar Two-compliant incentives. QTIs, depending on how widely they are introduced, could have a significant impact on revenue raised by the Global Minimum Tax.

¹ Prepared by Tristan Hennig (APD).

3. While Pillar Two could reduce tax arbitrage, it may intensify jurisdictional competition on the broader business environment. The global minimum tax under Pillar Two is designed to curb “race-to-the-bottom” dynamics by ensuring large multinationals face a floor of 15 percent effective taxation in each jurisdiction, limiting the payoff from shifting profits to low-tax locations and reducing the potency of headline rate cuts and narrow preferential regimes as competitive tools. As a result, jurisdictions’ competition for mobile investment could rotate from statutory tax rates toward non-tax elements such as regulatory certainty, infrastructure and connectivity, depth of talent and skills, innovation ecosystems, and targeted, substance-linked support instruments that are more compatible with the new rules (e.g., refundable credits tied to qualifying expenditure or QTIs).

4. Singapore has enacted comprehensive legislation to implement Pillar Two. The legislation introduces two primary mechanisms: the Domestic Top-up Tax (DTT), which applies to large MNE groups’ profits earned in Singapore when the group’s effective tax rate in Singapore falls below 15 percent, and the Multinational Enterprise Top-up Tax (MTT), which applies to Singapore-parented MNE groups in respect of their low-taxed foreign operations. Singapore’s DTT is designed as a QDMTT, ensuring it qualifies for priority collection rights under the international framework and preventing other jurisdictions from imposing top-up taxes on Singapore-sourced income. Similarly, the MTT implements the IIR. Singapore has not implemented the UTPR. Registration with the Inland Revenue Authority of Singapore (IRAS) commenced in May 2026, with the first GloBE Information Returns due by March 2027.

5. In response to the changes in the global tax system, and heightening competition for investments, the Singapore authorities introduced the Refundable Investment Credit (RIC) scheme. The RIC is a targeted tax credit with a refundable cash feature designed to be consistent with GloBE rules for Qualified Refundable Tax Credits. Administered by the Economic Development Board and Enterprise Singapore, the RIC supports high-value and substantive economic activities such as new manufacturing capacity, production of low-carbon energy, and significant capital investments. Companies can receive support of up to 50 percent on qualifying expenditure categories, with awards spanning qualifying periods of up to 10 years. Unutilized credits exceeding tax liabilities are refunded in cash within four years, providing liquidity benefits particularly valuable for capital-intensive projects. This mechanism represents Singapore’s strategic pivot from traditional tax rate competition to substance-based incentives that comply with the new international framework while maintaining investment attractiveness.

6. Over the near term, the implementation of BEPS 2.0 will likely be beneficial for Singapore’s fiscal position. The DTT is expected to lead to higher corporate tax collections starting in FY2027 as large MNEs adjust to the 15 percent minimum rate, particularly those previously benefiting from preferential tax incentives below this threshold. The Side-by-Side arrangement’s impact on Singapore is limited but notable: while U.S.-parented MNEs will be exempted from IIR and

UTPR, they remain fully subject to Singapore's DTT on profits earned locally. Staff estimates that additional tax collections could amount to about 0.6 percent of GDP in FY2027.²

7. Over the medium term, Singapore faces more complex trade-offs. While Pillar Two reduces traditional tax competition on rates, it intensifies competition through other fiscal tools and incentives. This implies elevated expenditure pressures particularly in the Ministry of Trade and Industry's budget, which has risen sharply and is expected to remain elevated to support investment promotion. The sustainability of this position depends critically on maintaining Singapore's attractiveness for substantive economic activities in a post-BEPS environment where the effectiveness of the RIC and other non-rate incentives will be tested against aggressive subsidy programs in competing jurisdictions. Moreover, the side-by-side package has increased uncertainty around implementation incentives for other jurisdictions, especially those that see a lot of business connected to U.S.-headquartered MNEs as those would benefit from access to low-tax jurisdictions to help offset higher taxes elsewhere. Policymakers will therefore need to remain agile to respond to further changes in the global tax landscape.

² This estimate is based on OECD country-by-country reporting data from 2022. Corporate income tax collections in Singapore have grown strongly since then, suggesting upside potential to this estimate.

Annex VII. Sovereign Risk and Debt Sustainability Analysis¹

Annex VII. 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	Moderate	Low	Medium-term risks are assessed as low, against a mechanical signal of moderate, 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 growth performance 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 (about 166 percent of GDP at end-FY2025), 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-FY2025, only about 1 percent of public debt comprised debt issued for spending 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\$237.1 billion at end-FY2025.

Annex VII. Table 2. Singapore: Debt Coverage and Disclosures

										Comments					
1. Debt coverage in the DSA: 1/										CG	GG	NFPS	CPS	Other	Not applicable
1a. If central government, are non-central government entities insignificant?										No					
2. Subsectors included in the chosen coverage in (1) above:															
Subsectors captured in the baseline										Inclusion					
CPS	NFPs	GG-expected	CG	1	Budgetary central government	Yes									
				2	Extra budgetary funds (EBFs)	No									
				3	Social security funds (SSFs)	Yes									
				4	State governments	No									
				5	Local governments	No									
				6	Public nonfinancial corporations	No									
				7	Central bank	No									
				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															
				Holder	Budget. central govt	Extra-budget. Funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total		
Issuer															
CPS	NFPs	GG-expected	CG	1	Budget. central govt								0		
				2	Extra-budget. funds								0		
				3	Social security funds								0		
				4	State govt.								0		
				5	Local govt.								0		
				6	Nonfin pub. corp.								0		
				7	Central bank								0		
				8	Oth. pub. fin. corp								0		
Total					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.

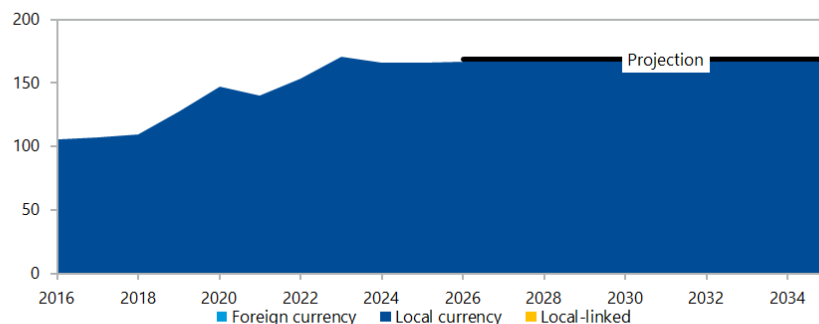
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date).

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.

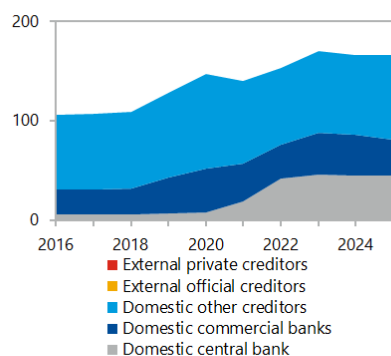
Annex VII. Table 3. Singapore: Public Debt Structure Indicators

Singapore: Debt by Currency (Percent of GDP)



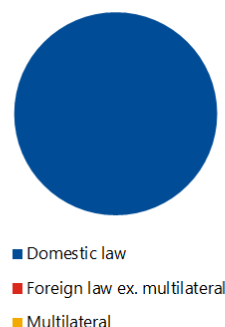
Note: The perimeter shown is central government.

Singapore: Public Debt by Holder (Percent of GDP)



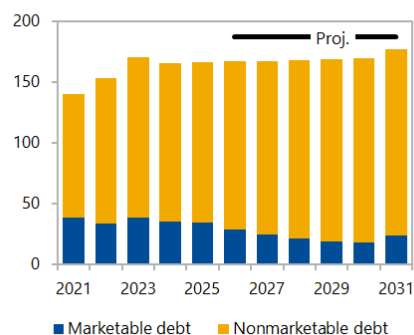
Note: The perimeter shown is general government.

Singapore: Public Debt by Governing Law, 2025 (percent)



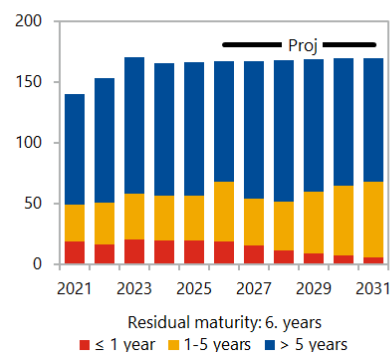
Note: The perimeter shown is general government.

Singapore: Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Singapore: Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is general government.

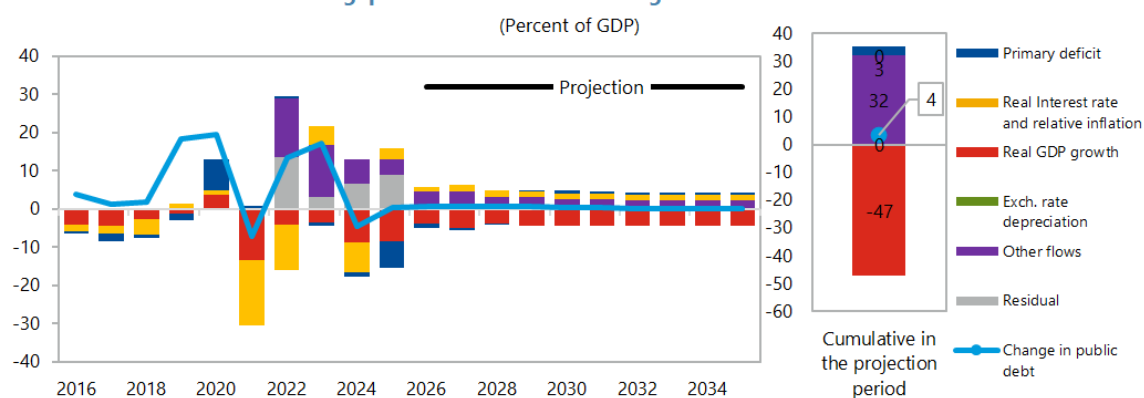
Commentary: The debt-to-GDP ratio stood at 166 percent of GDP at end-FY2025. The debt level is projected to stabilize at 170 percent of GDP in the medium-run. Singapore does not have any external public debt and the issuance of government debt securities is largely unrelated to the Government's fiscal needs. The Singapore Government issues domestic, local currency debt securities to 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 VII. Table 4. Singapore: Baseline Scenario

(Percent of GDP unless indicated otherwise)

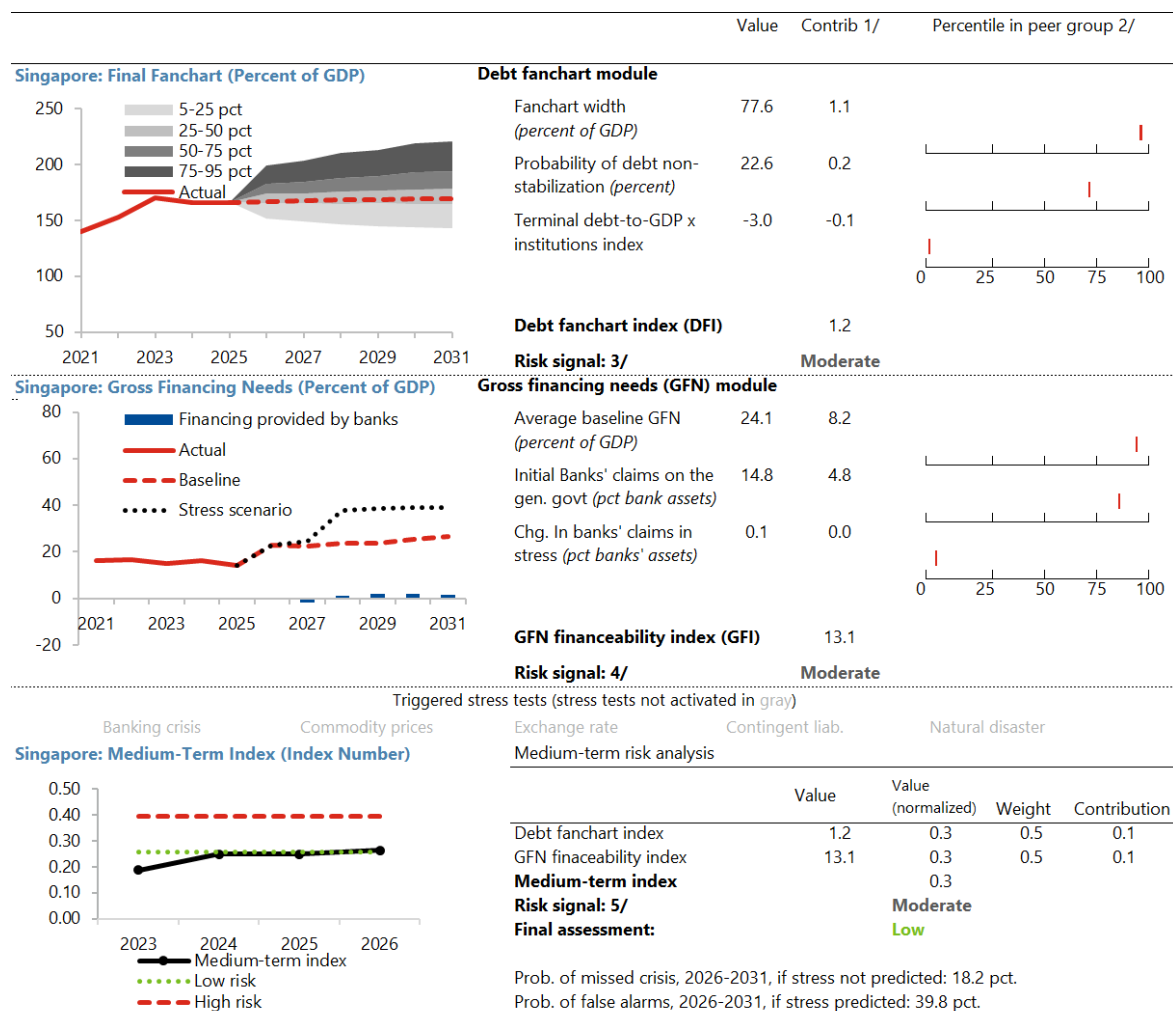
	Actual	Medium-term projection						Extended projection			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	166.1	166.8	167.5	168.3	168.9	169.4	169.6	169.7	169.7	169.7	169.7
Change in public debt	0.4	0.7	0.7	0.8	0.6	0.4	0.3	0.1	0.0	0.0	0.0
Contribution of identified flows	-8.6	0.7	0.7	0.8	0.6	0.4	0.3	0.1	0.0	0.0	0.0
Primary deficit	-7.0	-1.0	-0.6	-0.1	0.4	0.7	0.6	0.6	0.6	0.6	0.6
Noninterest revenues	19.7	19.6	19.6	19.6	19.5	19.6	19.6	19.6	19.6	19.6	19.6
Noninterest expenditures	12.8	18.6	19.0	19.5	19.9	20.2	20.2	20.2	20.2	20.2	20.2
Automatic debt dynamics	-5.7	-3.0	-3.4	-2.3	-2.8	-2.8	-2.8	-2.9	-2.9	-2.9	-2.9
Real interest rate and relative inflation	2.7	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.4
Real interest rate	2.7	1.0	1.5	1.5	1.5	1.5	1.5	1.5	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	-8.5	-3.9	-4.9	-3.8	-4.3	-4.3	-4.3	-4.3	-4.3	-4.3	-4.3
Real exchange rate	0.0	...	...	...	...	...	...	...	...	...	...
Other identified flows	4.1	4.6	4.6	3.2	3.0	2.6	2.5	2.3	2.3	2.3	2.3
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	4.1	4.6	4.6	3.2	3.0	2.6	2.5	2.3	2.3	2.3	2.3
Contribution of residual	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross financing needs	14.1	22.9	22.4	23.6	23.8	25.2	26.7	28.5	30.7	31.7	31.7
of which: debt service	21.0	23.9	23.0	23.7	23.4	24.5	26.0	27.9	30.1	31.1	31.1
Local currency	21.0	23.9	23.0	23.7	23.4	24.5	26.0	27.9	30.1	31.1	31.1
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)	5.4	2.4	3.0	2.3	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Inflation (GDP deflator; percent)	-1.7	2.4	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Nominal GDP growth (percent)	3.6	4.9	5.2	4.5	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Effective interest rate (percent)	0.0	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.9	2.9

Singapore: Contribution to Change in Public Debt



Commentary: Public debt is projected to remain stable over the medium-term due to 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. Please note that numbers in this table refer to the fiscal year, not the calendar year.

Annex VII. Table 5. Singapore: Medium-Term Risk Assessment



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 VII. Table 6. Singapore: Realism of Baseline Assumptions

Forecast Track Record 1/	t+1	t+3	t+5	Comparator Group:
Public debt to GDP				Advanced Economies, Non-Commodity Exporter, Surveillance
Primary deficit				
r - g				
Exchange rate depreciation				
SFA				
	real-time	t+3	t+5	

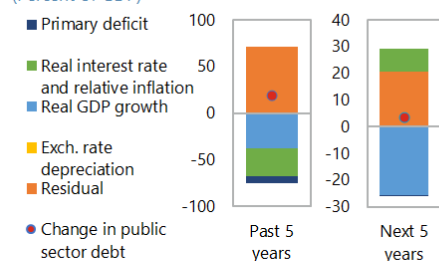
Color Code:

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

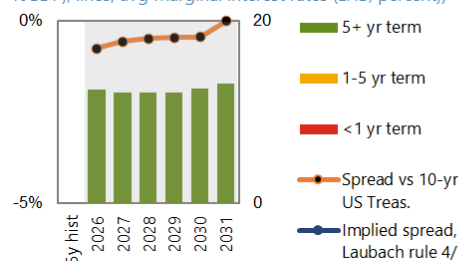
Historical Output Gap Revisions 2/

Singapore: Public Debt Creating Flows

(Percent of GDP)

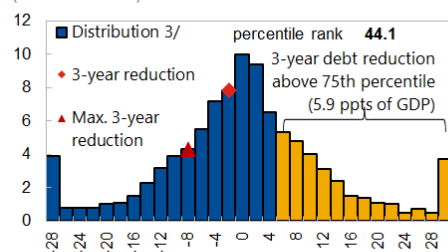


Singapore: Bond Issuances (Bars, debt issuances (RHS, %GDP); lines, avg marginal interest rates (LHS, percent))



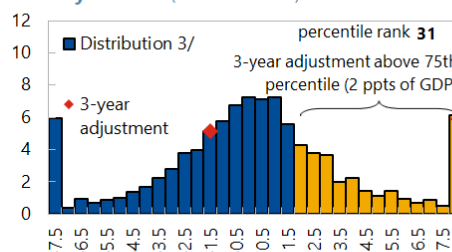
Singapore: 3-Year Debt Reduction

(Percent of GDP)



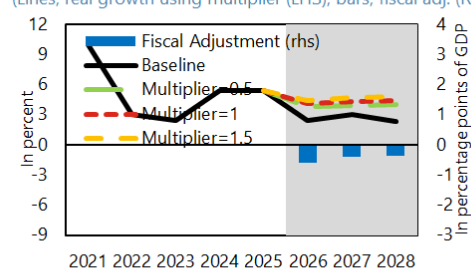
Singapore: 3-Year Adjustment in Cyclically-Adjusted

Primary Balance (Percent of GDP)



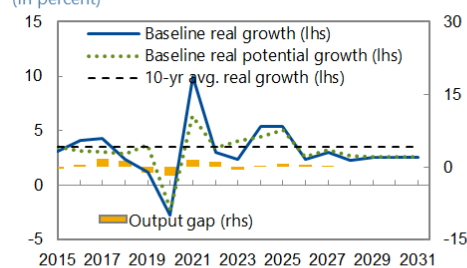
Singapore: Fiscal Adjustment and Possible Growth Paths

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



Singapore: 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 VIII. External Sector Assessment

Overall Assessment: <i>The external position in 2025 was substantially stronger than the level implied by medium-term fundamentals and desirable policies.</i> 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 and long 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. Potential Policy Responses: Over the medium and long 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 and long term by reducing net saving in both the public and private sectors of the economy. Policies should promote transparent, predictable and mutually beneficial trade policy frameworks.						
Foreign Asset and Liability Position and Trajectory	Background. The NIIP stood at 179.1 percent of GDP in 2025, up from 166.0 percent of GDP in 2024 but below the average level of 219.6 percent of GDP in 2019–2024. Gross assets and liabilities are high; over half of foreign liabilities are in FDI (54.7 percent) and about a fifth are in the form of currency and deposits. As in the past, the current account (CA) surplus was the main driver of the change in the NIIP in 2025. Valuation effects accounted for the remaining 4.9 percentage points of the change, largely reflecting mechanical differences due to exchange rate adjustments. CA and growth projections imply that the NIIP will rise over the medium and long 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. Assessment. Large gross non-FDI liabilities (434.8 percent of GDP in 2025)—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.					
2025 (% GDP)	NIIP: 179.1	Gross Assets: 1138.8	Res. Assets: 67.9	Gross Liab.: 959.6	Debt Liab.: 323.2	
Current Account	Background. The CA surplus was 16.7 percent of GDP in 2025, down from 17.2 percent in 2024. This mainly reflects a decline in the goods surplus from a larger increase in goods imports compared to the increase in goods exports. The CA balance is below the average of 17.6 percent over the decade from 2015–24 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 sector saving surpluses, which in 2025 manifested as a strong goods balance and a smaller 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 demographics, high real GDP per capita, status as a financial center, and consecutive fiscal surpluses in most years—combined with a mandatory defined-contribution pension program (whose assets were about 83.8 percent of GDP in 2025)—are the main drivers of Singapore’s strong external position. The CA surplus is projected to narrow gradually over the medium and long term on the back of increased infrastructure and social spending, amid an upward trend in public investment spending that began in 2020 to address aging infrastructure and public housing, climate transition costs, structural transformation amid technological change, and rising healthcare costs due to Singapore’s rapidly aging population. In 2025, public saving increased due to a higher fiscal surplus and private saving fell, resulting in a small increase in gross national savings of 0.1 percent of GDP. Assessment. Nonstandard factors make a quantitative assessment of Singapore’s external position difficult and subject to significant uncertainty. Guided by the EBA framework, staff assesses the 2025 CA gap to be in the range of 5.6–9.6 percent of GDP, with a midpoint of 7.6 percent.² The identified policy gap of 2.0 percent of GDP in 2025 reflects a more contractionary fiscal policy adopted in Singapore compared to the rest of the world. Measurement issues and structural factors help explain Singapore’s CA gap residual. In particular, the pensions toolkit suggests that Singapore’s pension system accounts for about 1.6 percent of GDP of the residual; inflation bias in NFA measurement could overstate the measured CA balance by about 1.5–5 percent of GDP; and excluding retained earnings on portfolio equity could understate it by about 3 percent of GDP, while acknowledging that the estimates are highly uncertain. Based on staff’s analysis of the drivers of private consumption, other factors that explain Singapore’s CA gap residual include a compressed labor share associated with its corporate-dominated, multinational-heavy economy, its role as a financial center, and rapid aging.					
2025 (% GDP)	CA: 16.7	Cycl. Adj. CA: 17.0	EBA Norm:	EBA Gap:	Staff Adj:	Staff Gap: 7.6
Real Exchange Rate	Background. The Singaporean dollar has appreciated notably since 2020. The REER appreciated by 0.6 percent in 2025, reflecting disinflation in Singapore relative to trading partners that offset appreciation of the NEER by 1.3 percent. This followed an appreciation of the REER by 16.8 percent and an appreciation of the NEER by 12.1 percent, both cumulative, between 2020 and 2024. As of March 2026, the REER has appreciated by 1.1 percent relative to its 2025 average. Assessment. Consistent with the staff CA gap, staff assesses the REER to be undervalued in the range of 11.2 to 19.2 percent, with a midpoint of 15.2 percent in 2025 (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 2025, the capital and financial account featured lower outflows of 12.2 percent of GDP (outflows averaged 15.9 percent over 2021–24). Assessment. The financial account is likely to remain in deficit as long as the current account 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 2025H1, net FX purchases increased to US\$14 billion, down from US\$25.1 billion in 2024H1 but higher than the level of interventions in 2024H2 of US\$3.7 billion. As a financial center, prudential motives call for a large NIIP buffer. Official reserves held by MAS reached US\$409 billion (68 percent of GDP) in 2025. 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.

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. The income outflows are also associated with the presence of foreign-owned multinationals that accounted for 31 percent of GDP in 2020.

² 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 14.1 percent of GDP in 2025 (including the multilateral consistency adjuster). However, using this approach understates the CA gap. In order to account for Singapore's specificities, two adjustments are needed. First, a downward adjustment of 1.4 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 3.2 percentage points to the norm is made to better account for the effect of NFA composition and component-specific return differentials on the CA. Adjusting for these factors, the staff-estimated CA gap is about 7.6 percent of GDP, to which the fiscal gap contributes about 1.4 percent of GDP, public health spending about 0.3 percent of GDP, and credit gap about 0.2 percent of GDP.

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. For example, external assets managed by the government's wealth fund, Temasek, amounted to 53.7 percent of GDP in 2025.

Annex IX. Status of Main Recommendations of the 2019 FSSA

No.	Recommendations of 2019 FSSA	Time*	Authorities' Status Update (as of May 2026)
1.	The MAS should strengthen U.S. dollar liquidity among D-SIBs.	MT	Completed. 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. 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. From 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. 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. 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, and the 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 (continued)	Time*	Authorities' Status Update (as of May 2026) (continued)
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. 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. 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. 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. Key examples include: • 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.

No.	Recommendations of 2019 FSSA (continued)	Time*	Authorities' Status Update (as of May 2026) (continued)
			• 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 Services and Markets Act or the Banking Act), changes in organization structure and key contact details. • 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. 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. 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.

No.	Recommendations of 2019 FSSA (concluded)	Time*	Authorities' Status Update (as of May 2026) (concluded)
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. (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 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. 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. The cyber map integrates the following information: • 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 • 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. 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.

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

Annex X. Data Issues

Annex X. Figure 1. Singapore: Data Adequacy Assessment for Surveillance

Annex X. 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	Intersectoral Consistency	Median Rating
	A	A	A	A	B	A	A
Detailed Questionnaire Results							
Data Quality Characteristics							
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 <i>IMF Review of the Framework for Data Adequacy Assessment for Surveillance</i> , 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 non-bank 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.							

Annex X. Figure 2. Singapore: Data Adequacy Assessment for Surveillance (concluded)

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 recommends 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 X. Figure 3. Singapore: Data Standards Initiatives

Singapore has subscribed 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 X. Table 1. Singapore: Table of Common Indicators Required for Surveillance

As of June 03, 2026

	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 ⁷	Frequency of Reporting ⁷	Expected Frequency ^{7,8}	Announced Frequency ⁹	Expected Timeliness ^{7,8}	Announced Timeliness ⁹
Exchange Rates	2026-05-31	2026-05-31	D	D	D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	2026-04	2026-05	M	M	M	M	1W	1M
Reserve/Base Money	2026-04	2026-05	M	M	M	M	2W	2W
Broad Money	2026-04	2026-05	M	M	M	M	1M	NLT 1M
Central Bank Balance Sheet	2026-04	2026-05	M	M	M	M	2W	2W
Consolidated Balance Sheet of the Banking System	2026-04	2026-05	M	M	M	M	1M	NLT 1M
Total assets of other depository corporations ²	2026-04	2026-05	M	M	M	M	1M	NLT 1M
Total credit from other depository corporations ²	2026-04	2026-05	M	M	M	M	1M	NLT 1M
Interest Rates ³	2026-04-30	2026-05-29	M	M	D	...	...	...
Consumer Price Index	2026-04	2026-05	M	M	M	M	1M	25D
Revenue, Expenditure, Balance and Composition of Financing ⁴ -General Government ⁵	2025-12	2026-02	Q	Q	A	A	2Q	2Q

Annex X. Table 1. Singapore: Table of Common Indicators Required for Surveillance (concluded)

As of June 03, 2026

	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 ⁷	Frequency of Reporting ⁷	Expected Frequency ^{7,8}	Announced Frequency ⁹	Expected Timeliness ^{7,8}	Announced Timeliness ⁹
Revenue, Expenditure, Balance and Composition of Financing ⁴ -Central Government	2026-01	2026-02	M	M	M	M	1M	1M
Stocks of Central Government and Central Government-Guaranteed Debt ⁶	2026-03	2026-05	Q	Q	Q	Q	1Q	7W
Total stock of General Government Debt ⁵	2026-03	2026-05	Q	Q	Q	...	4M	...
External Current Account Balance	2026-03	2026-05	Q	Q	Q	Q	1Q	NLT 2M
Exports and Imports of Goods and Services	2026-03	2026-05	Q	Q	M	M	8W	3W
GDP/GNP	2026-03	2026-05	Q	Q	Q	Q	1Q	NLT2M
Gross External Debt	2025-12	2026-03	Q	Q	Q	Q	1Q	NLT 1Q
¹ Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means. ² Other depository corporations include all deposit-taking corporations (except for the central bank) and money market funds. ³ Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds. ⁴ Foreign, domestic bank, and domestic non-bank financing. ⁵ The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments. The total stock of general government debt is required for SDDS Plus countries and encouraged for SDDS and e-GDDS countries. ⁶ Including currency and maturity composition. ⁷ 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") semi-annual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than. ⁸ 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. Indicators that are not in the IMF Data Standards Initiatives are shown as "...". ⁹ 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 "...".								



SINGAPORE

June 29, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By

Asia and Pacific Department

CONTENTS

FUND RELATIONS	2
-----------------------	----------

FUND RELATIONS

(As of May 31, 2026)

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)	2,840.31	72.98
Reserve tranche position	1,054.33	27.09
Lending to the Fund:		

SDR Department

	SDR Millions	Percent of Allocation
Net cumulative allocation	4,474.42	100.00
Holdings	4,720.05	105.49

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, 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 2025 Article IV consultation discussions were held in person during May 5–15, 2025, and the Executive Board concluded the consultation on July 9, 2025 (IMF Country Report No. 25/192).

FSAP Participation:

The latest 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). The upcoming FSAP discussions will begin in July 2026, with a concluding envisaged in summer 2027.

Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT):

In May 2026, the Financial Action Task Force (FATF) and Asia/Pacific Group on Money Laundering published their mutual evaluation of Singapore. The assessment against the AML/CFT international standards concluded that the system is highly coordinated and technologically advanced, demonstrating strong international cooperation and responsiveness to evolving ML/TF risks, though key challenges remain, including ensuring consistent and effective risk-based supervision and enhancing beneficial ownership transparency.

Technical Assistance: None.

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

**Statement by Mr. Idwan Hakim, Executive Director to Singapore
Mr. Kaweevudh Sumawong, Alternate Executive Director,
and Ms. Evelyn Chen, Senior Advisor to Executive Director
July 15, 2026**

1 INTRODUCTION

1.1 On behalf of the Singapore authorities, we would like to thank the Article IV team for a constructive 2026 Consultation. The authorities welcome the team's support of Singapore's policy responses amid the challenging global economic environment.

2 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 **The Singapore economy expanded by 5.0% in 2025, and activity has remained resilient in the first quarter of 2026.** Growth in the external-oriented sectors held up despite the outbreak of the Middle East conflict, with technology-related sectors benefiting from the ongoing strength in AI-related demand. In May, the official GDP growth forecast for 2026 was maintained at 2–4%.

2.2 MAS Core Inflation rose to 1.4% y-o-y in May this year from a modest 0.7% in 2025. Amid the rise in global oil prices, higher private transport inflation also contributed to the increase in CPI-All Items inflation to 1.8%, from 0.9% last year. Meanwhile, the domestic labor market remained in broad balance, with the resident unemployment rate stable and nominal wages growing in line with its historical norm.

2.3 For the rest of the year, **core inflation is expected to rise to average around 2.5% in the second half of 2026**, as higher global energy prices pass through to consumer prices for electricity & gas and transportation. A wider range of prices in the CPI basket could also be lifted by higher imported costs as inflation increases globally. Meanwhile, domestic factors influencing inflation are expected to remain contained. Unit labor costs growth has been subdued, while consumer spending has turned more cautious. For 2026 as a whole, both MAS Core Inflation and CPI-All Items inflation are projected to average 1.5–2.5%.

3 MACROECONOMIC POLICIES

3.1 **Singapore's macroeconomic policies continue to underpin price stability and sustainable economic growth.** MAS increased the rate of appreciation of the S\$ Nominal Effective Exchange Rate (S\$NEER) policy band slightly in April this year. This policy move was taken in view of the upward revision to core inflation. This further tightening of monetary policy, building on the already appreciating exchange rate band, was assessed to filter rising imported prices and anchor inflation expectations, as well as guard against the risk of second-round effects in domestic inflation.

3.2 **Amid cost of living pressures, fiscal policy was tailored to provide additional targeted assistance to households and firms facing immediate cost concerns, while allowing market prices to adjust.** The Budget also set out the government's priorities of fostering productivity-driven growth and building a more equitable society, in line with the vision laid out in the Forward Singapore report. Singapore's strong fiscal position provides space to respond to

both ongoing concerns—should the impact of the Middle East conflict be worse than expected, as well as to invest in the economy’s longer-term supply-side capacity building. Overall, the fiscal impulse for FY2026 is expected to be mildly supportive of economic activity without igniting inflationary risks, given the targeted and temporary nature of the budgetary support measures.

3.3 The current macroprudential policy stance is moderately restrictive, which has helped the housing market to come into better demand-supply balance. Private residential prices are broadly aligned with fundamentals, although underlying demand remains resilient and market conditions bear continued monitoring. Against this backdrop, the current macroprudential settings are appropriate and effective in preserving sustainable conditions in the housing market.

4 FINANCIAL SECTOR POLICIES

4.1 **The domestic financial system is resilient.** Banks in Singapore are well-capitalized with healthy liquidity positions, underpinned by a stable and diversified funding base. Banks maintain ample capital buffers and provisioning coverage to absorb major shocks, including elevated oil prices and a broader economic downturn. Banks’ asset quality risks are also contained—recent MAS stress tests show that the domestic corporate sector would remain broadly resilient even in the face of increased debt servicing and cashflow stresses related to the Middle East conflict. Similarly, NBFIs are well-positioned to withstand unanticipated shocks and are not expected to pose systemic risks to Singapore’s financial system. Investment funds have been able to meet redemptions in an orderly fashion amid trade tensions and the Middle East conflict.

4.2 While retaining a focus on fostering an innovative and responsible digital asset ecosystem, MAS has strengthened regulatory measures for digital payment token services by adopting a risk-centric approach, focusing on key risks including money laundering, terrorism financing and proliferation financing. The 2026 Financial Action Taskforce (FATF) report on Singapore affirmed that Singapore’s AML/CFT framework and capabilities are effective and robust. MAS will also continue to follow up on the areas for improvement highlighted by the FATF mutual evaluation process.

5 MEDIUM-TERM ISSUES

5.1 **To foster a more inclusive society, the government has leveraged active labor market policies aimed at reducing wage disparity as well as programs to support upskilling and reskilling.** The government has enhanced training support by increasing the hourly training allowances for lower wage workers under the basic tier of the *Workfare Skills Support (WSS)* scheme. To encourage firms to invest in their workers, the government has also enhanced the *Progressive Wage Credit Scheme (PWCS)* by increasing co-funding levels for wage increases, and raising the minimum wage increase that qualifies for government co-funding. The *SkillsFuture Level-Up Programme*, which provides monthly training allowances for all Singaporeans aged 40 and above, will be extended to those who take up part-time training courses. Taken together, these measures will provide greater support to individuals seeking further training and upgrading opportunities throughout key stages of their working life.

5.2 **The government has buttressed measures to strengthen the enterprise ecosystem.** Enhanced grants and tax support will be provided to assist firms to internationalize and deepen activities in existing overseas markets. Through the *Startup SG Equity scheme*, the government

will provide initial capital to catalyze and crowd in private funding, supporting not only early-stage startups, but also growth-stage companies. The government is also expanding programs to attract high quality listings and promote increased investor participation in the domestic stock market. Finally, Singapore has committed S\$37 billion for its five-year *Research, Innovation and Enterprise (RIE) 2030* plan, which aims to strengthen Singapore's research capabilities, drive impactful innovation and grow a vibrant talent ecosystem.

5.3 Singapore is encouraging businesses and workers to leverage AI through its second National AI Strategy (NAIS 2.0), with the view to create an ecosystem that harnesses AI benefits and keep Singapore competitive. This year, the government also established a new National AI Council, chaired by the Prime Minister, to drive Singapore's AI agenda. Tailored support would be provided to firms with the ambition to use AI to transform their businesses, while existing grant and tax schemes would also be enhanced to incentivize companies to adopt AI-enabled solutions. The government will strengthen AI literacy for students across all Institutes of Higher Learning and make mid-career AI learning pathways clearer and easier to access. This would help workers build practical AI capabilities and adapt to AI-driven job transformations.

5.4 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 job transitions.

5.5 Singapore's lack of natural resources and hinterland has meant that it has been necessary to build a fiscal system that is sustainable over the long run. As one of the fastest aging economies in the world, funding for future retirement expenditure is being secured through a defined contribution pension system which accounts for the presently high level of private saving. **At the same time, the government has needed to accumulate net foreign assets as a buffer that can be drawn on in times of crisis.**

5.6 Singapore's external balances reflect the structural features of a small, trade-oriented economy located at the crossroads of major global trade routes. As a major intermediary for international commerce, Singapore's goods and services trade is significantly shaped by the activities of global corporations. These structural features—rather than exchange rate misalignment or policy-induced distortions—help explain Singapore's external balances. In fact, the Singapore Dollar Real Effective Exchange Rate (S\$REER) has appreciated by around 14% since October 2021, the start of MAS' last monetary policy tightening cycle. **At the same time, the government has continued to invest substantially in infrastructure, housing, healthcare, education, and climate adaptation, while maintaining fiscal discipline.** Its approach has been to maximize outcomes relative to resources deployed, with deliberate and systemic policy discipline. For example, Singapore has achieved relatively good health outcomes, as reflected in its population's high expected healthspan (and lifespan), while maintaining one of the lowest healthcare expenditure levels among developed economies even in the face of rapid population aging.

5.7 Over the medium term, however, Singapore's current account surplus is expected to moderate as household saving declines with a more aged population and a significant increase in the share of Singaporeans above the retirement age over the next decade. Public sector savings should also ease as growth slows and spending pressures rise with an older population.

5.8 **The authorities would like to register their reservations on the external balance assessment (EBA) for Singapore.** The EBA estimation is unable to account for the range of characteristics of economies, including small open economies which play important trade and financial intermediary roles. In particular, the EBA assessment for Singapore appears to have been materially shaped by out-of-model adjustments that would not be straightforward to apply to all other economies in a symmetric or consistent manner. Of note, the healthcare expenditure adjuster appears to unilaterally penalize Singapore's efficiency in healthcare provision (despite our strong outcomes), while the NFA adjuster does not adequately account for Singapore's role as a global business and investment hub and financial center, nor the government's need to hold a diversified portfolio of safe assets abroad (which is an equivalent of intergenerational wealth embodied in the land holdings of large countries).

5.9 At the same time, no adjustment is made for Singapore's defined contribution pension scheme, which IMF staff have found to account for a notable share of Singapore's current account gap. Singapore's scheme under the *Central Provident Fund (CPF)*, which tightly links saving to aging demographics, is not taken into account in Singapore's adjusted norm, despite being a financially sustainable approach to securing retirement for a rapidly aging population. These considerations imply a large confidence interval around Singapore's current account and REER gaps as also noted in the Staff Report.

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. The authorities place an emphasis on a sound fiscal position so that Singapore can continue to invest for the long term. **We recognize that each society is different, but governments need to balance social support, fiscal sustainability, and building a hopeful future.**