

## Singapore

14 July 2025

**Singapore's advance 2Q25 GDP growth accelerated to 4.3% YoY (1.4% QoQ sa), warranting a full-year 2025 growth forecast upgrade to 2.1% YoY**

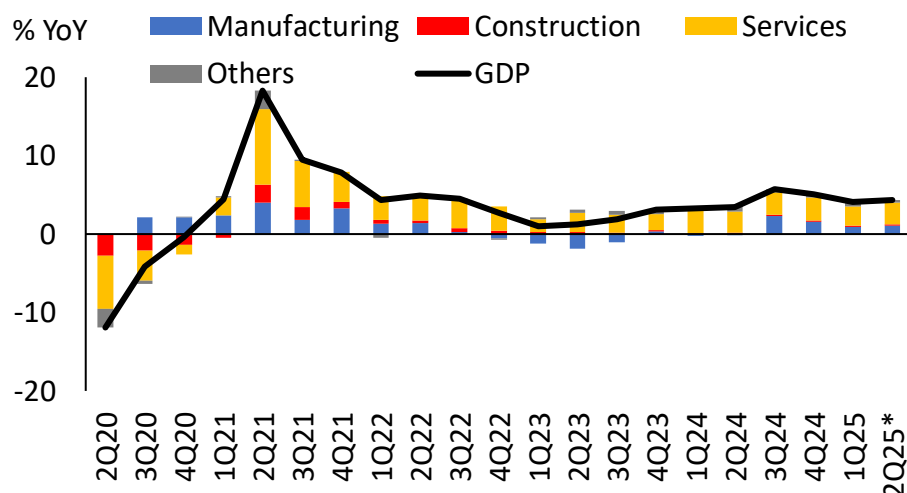
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### Highlights:

- **The Singapore economy accelerated to 4.3% YoY in 2Q25, up from the upwardly revised 1Q25 print of 4.1% YoY (previously 3.9% YoY).** In QoQ sa terms, the Singapore economy recovered from the -0.5% contraction in 1Q25 to expand by 1.4% in 2Q25, based on advance estimates, this putting to rest concerns of a technical recession in 1H25. The 2Q25 advance estimates were above the Bloomberg market consensus forecast of 3.6% YoY (0.8% QoQ sa), but close to my forecast 4.1% YoY (1.2% QoQ sa). This brought 1H25 GDP growth to a stellar 4.2% YoY, nearly double the 2.3% YoY for the same period last year. **There was no change to the official 2025 GDP growth forecast of 0-2% YoY at this juncture**, but is something worth watching for the upcoming MAS monetary policy review later this month. MTI noted that “looking forward, there remain significant uncertainty and downside risks in the global economy in the second half of 2025 given the lack of clarity over the tariff policies of the US”.
- **By sectors, manufacturing momentum improved from 4.3% YoY (-5.5% QoQ sa) to 5.5% YoY (0.1% QoQ sa) in 2Q25**, aided by broad-based expansions across most clusters except for chemicals and general manufacturing. This is the strongest YoY reading since 4Q24 and is likely attributable to the frontloading effects ahead of the reciprocal tariff implement after the 90-day suspension period was announced. Meanwhile, the services sector also improved from 3.7% YoY (0.6% QoQ sa) to 4.1% YoY (1.4% QoQ sa) over the same period and also marked the sector's best YoY performance since 4Q24. 2Q25 services momentum was led by wholesale & retail trade and transport & storage (4.8% YoY, mainly due to water transport segment, demand for machinery, equipment & supplies wholesale trade, and motor vehicle retail trade), infocomms, finance & insurance and profession services (3.8% YoY, mainly due to sustained strong demand for IT and digital solutions, headoffices & business representative offices, banking activities and auxiliary financial services), and accommodation & food services, real estate, administrative & support services and other services (3.4% YoY, largely supported by international visitor arrivals driving the accommodation growth). The construction sector was also resilient and maintained its strong clip at 4.9% YoY (4.4% QoQ sa), supported by a pickup in public sector construction.

- **Our 2025 GDP growth forecast is upgraded from 1.6% YoY to 2.1% YoY**, accounting for the better-than-expected 2Q25 GDP print and also the upward revision to 1Q25 data. Given the healthy 4.2% YoY performance in 1H25, even coupled with the tariff and geopolitical uncertainties with the looming August 1 deadline for reciprocal tariffs which could contribute to a sharp moderation in Singapore's growth momentum in 2H25, full-year growth should come in slightly above the 2% YoY handle. For now, the 10% tariff for Singapore's exports to the US looks like the baseline level, but the key to monitor ahead would be potential sectoral tariffs on semiconductors and/or pharmaceuticals which accounted for 41.4% and 6.6% respectively for industrial output and 11.2% and 7.9% of NODX in 2024. The external economic landscape remains very fluid – the US administration has floated 30% tariffs on the EU and Mexico, while the August 1 deadline looms for the Liberation Day tariffs albeit trade negotiations and new tariffs levels have been announced for selected economies who received letters. With the big beautiful bill being recently passed in the US congress, fiscal concerns continue to weigh on the longer-dated tenors of the US Treasury bond market. Market pricing for future Fed rate cuts later this year centre around September, October and December FOMC meetings, but the upcoming 30 July FOMC appears to be regarded as a non-event – this is despite Fed's Waller and Daly sounding dovish and given continued pressure on Fed chair Powell. Tomorrow's US core CPI report is widely expected to accelerate to 2.9% YoY (highest since February) and could reinforce market worries of tariff pass-through effects into the US economy. That said, the anticipated impact from China's diversion of exports from the US end-markets to other markets could be disinflationary for the rest of the world.
- **The MAS monetary policy review due later this month may adopt a “wait-and-see” mode** barring downside core CPI risks, after effecting two earlier S\$NEER slope reductions in January and April 2025. The S\$NEER continues to hover near the stronger end of its parity band, with the anecdotal story pointing to safe haven inflows. Core CPI has averaged 0.6% YoY from January-May 2025, but may edge up given the lower 2H24 base effects. While the domestic labour market conditions are gradually cooling, domestic demand is well-supported amid ample local liquidity, as illustrated by the COE premiums and still resilient private property market. The official 2025 headline and core inflation forecasts remains at 0.5-1.5% YoY, while ours stand at 0.9% and 1.2% respectively. Fiscal relief is already forthcoming with the SG60 vouchers and the new Business Adaptation Grant. The Economic Resilience Taskforce could announce more measures in time to come as necessary. All this suggest that the Singapore economy is in a good place for 2025.

## Singapore GDP (Supply Side)



Note: \*Based on MTI's advance estimates.

Source: Singstat, CEIC, OCBC.

## Gross Domestic Product in Chained (2015) Dollars

	2Q24	3Q24	4Q24	2024	1Q25	2Q25*
Percentage change over corresponding period of previous year						
Overall GDP	3.4	5.7	5.0	4.4	4.1	4.3
Goods Producing Industries	0.7	9.8	6.5	4.2	4.3	5.0
Manufacturing	-0.6	11.2	7.4	4.3	4.4	5.5
Construction	5.8	5.6	4.4	4.5	5.1	4.9
Services Producing Industries	4.1	4.4	4.6	4.4	3.7	4.1
Wholesale & Retail Trade and Transportation & Storage	4.4	6.0	5.6	5.0	4.6	4.8
Information & Communications, Finance & Insurance and Professional Services	5.9	4.2	4.4	5.2	3.7	3.8
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	1.4	1.8	2.5	2.1	2.3	3.4

<sup>1</sup> The advance GDP estimates for the second quarter of 2025 are computed largely from data in the first two months of the quarter (i.e., April and May 2025). They are intended as an early indication of GDP growth in the quarter and are subject to revision when more comprehensive data become available.

	2Q24	3Q24	4Q24	2024	1Q25	2Q25*
Quarter-on-quarter growth rate, seasonally-adjusted						
Overall GDP	1.1	3.0	0.5	4.4	-0.5	<b>1.4</b>
Goods Producing Industries	0.2	9.0	0.0	4.2	-4.4	<b>0.9</b>
Manufacturing	-0.9	11.7	0.0	4.3	-5.5	<b>0.1</b>
Construction	5.1	1.9	0.3	4.5	-1.8	<b>4.4</b>
Services Producing Industries	1.0	1.2	0.9	4.4	0.6	<b>1.4</b>
Wholesale & Retail Trade and Transportation & Storage	2.8	1.1	-0.1	5.0	0.8	<b>2.7</b>
Information & Communications, Finance & Insurance and Professional Services	1.2	1.2	5.9	5.2	-4.4	<b>1.3</b>
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	-0.5	1.2	0.3	2.1	1.2	<b>0.7</b>

\*Advance estimates

Source: The Ministry of Trade and Industry Singapore

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