By Global Markets | 15 July 2026

Singapore

The Singapore economy grew 5.7% YoY (1.3% QoQ SA), with 2026 growth tipped at 4.3% YoY

Selena Ling
Head of Research and Strategy

- Singapore's 2Q26 GDP growth came in at 5.7% YoY (1.3% QoQ SA), close to our forecast of 5.9% YoY (1.6% QoQ SA) . Manufacturing accelerated to 12.2% YoY (5.3% QoQ SA), while construction and services also expanded by 6.2% YoY and 4.6% YoY respectively. The 1Q26 GDP growth was also revised higher to 6.3% YoY (1.3% QoQ SA), led by construction (12.9% YoY), manufacturing (8.0% YoY) and services (6.2% YoY).

- With the very strong start to 1H26, we had upgraded our full-year 2026 GDP growth forecast to 4.3% in anticipation of a healthy 2Q26 performance and the leading indicators like PMIs suggest that the AI-related manufacturing boom still has legs to run in the near-term, notwithstanding the recent deterioration in the US-Iran peace talks.

- From a policy perspective, Singapore is relatively well-positioned. MAS had already tightened monetary policy in April by steepening the S$NEER policy slope and earlier upgraded both the 2026 headline and core inflation forecasts to 1.5-2.5% YoY. While the tightening option is still on the table, MAS can afford to adopt a wait-and-see stance to see if the core inflation trajectory peaks in2H26 or continues to rise into 2027.

Highlights:

- **Singapore's 2Q26 GDP growth came in at 5.7% YoY (1.3% QoQ SA), close to our forecast of 5.9% YoY (1.6% QoQ SA) .** Manufacturing accelerated to 12.2% YoY (5.3% QoQ SA), while construction and services also expanded by 6.2% YoY and 4.6% YoY respectively. The 1Q26 GDP growth was also revised higher to 6.3% YoY (1.3% QoQ SA), led by construction (12.9% YoY), manufacturing (8.0% YoY) and services (6.2% YoY).

- **The manufacturing sector continued to benefit from the electronics and precision engineering clusters due to strong AI-related demand for semiconductors and semiconductor manufacturing equipment respectively in 2Q26.** Whilst feedstock disruptions continued to weigh on the chemicals cluster, and the biomedical manufacturing remained lacklustre, this was overshadowed by the electronics outperformance. Within the services sector, the YoY growth was broad based albeit the momentum did moderate - the wholesale & retail trade and transportation & storage eased from 9.3% YoY in 1Q26 to 6.3% YoY in 2Q26, led by the machinery, equipment & supplies segment that grew in tandem with the strong electronics exports, and similarly water transport also benefited. Meanwhile, the infocomms, finance & insurance and profession services also moderated from 4.5% YoY to 3.9% YoY), with sustained strong demand for IT and digital solutions, architectural & engineering, technical testing & analysis services, as well as banking and insurance activities as risk-taking appetite stabilised. The accommodation & food services, real estate, administrative & support services and other services industries (from 3.2% YoY to 2.7% YoY). The sectors within this group grew on the back of steady real estate developer activities, and resilient demand for health & social services and education services, with the key exception of the food & beverage services sector which is likely attributable to the challenging cost landscape and growing competition from overseas players. The construction sector also saw growth normalise from a blockbuster 12.9% YoY in 1Q26 to half its pace at 6.2% YoY even though both public and private sector construction activity remained supportive.

- **On a sequential basis, the manufacturing sector actually improved from a 2.2% QoQ SA contraction in 1Q26 to rebound strongly to 5.3% QoQ SA in 2Q26.** Services growth also eased from 2.0% QoQ SA in 1Q26 to 0.3% QoQ SA in 2Q26. Within the services cluster, the wholesale & retail trade and transportation & storage also shrank 0.3% QoQ SA, whereas the infocomms, finance & insurance and profession services rebounded from a 3.5% QoQ SA decline to expand 1.7% QoQ SA, whilst the accommodation & food services, real estate, administrative & support services and other services industries accelerated from 1.0% QoQ SA to 1.2% QoQ SA. The construction sector actually contracted 2.1% QoQ SA.

- **With the very strong start to 1H26, we had upgraded our full-year 2026 GDP growth forecast to 4.3% in anticipation of a healthy 2Q26 performance and the leading indicators like PMIs suggest that the AI-related manufacturing boom still has legs to run in the near-term, notwithstanding the recent deterioration in the US-Iran peace talks.** While the 2026 growth picture may eventually pale in comparison to the 5.0% YoY above trend growth seen last year, 1H26 growth is still a strong testament to the economic resilience and agility of the Singapore economy, bearing in mind the onset of the Iran war, the energy price volatility and the hawkish recalibration of global interest rate expectations. This does not imply that there will not be further geopolitical, tariff or economic surprises in 2H26, but from a policy perspective, Singapore is relatively well-positioned. MAS had already tightened monetary policy in April by steepening the S$NEER policy slope and earlier upgraded both the 2026 headline and core inflation forecasts to 1.5-2.5% YoY. While the tightening option is still on the table, MAS can afford to adopt a wait-and-see stance to see if the core inflation trajectory peaks in 2H26 or continues to rise into 2027. On the fiscal policy front, apart from the Budget 2026 package, some CDC voucher and cash payments were brought forward to provide cost-of-living relief. Given growth and the domestic labour market conditions are still resilient, there is also no urgency to provide more fiscal stimulus at this juncture.

Gross Domestic Product in Chained (2015) Dollars

	2Q25	3Q25	4Q25	2025	1Q26	**2Q26***
Percentage change over corresponding period of previous year						
Overall GDP	5.4	4.5	5.7	5.0	6.3	**5.7**
Goods Producing Industries	9.0	4.5	9.6	7.6	8.4	**10.4**
Manufacturing	10.5	4.6	11.4	8.7	8.0	**12.2**
Construction	6.6	5.6	4.6	5.2	12.9	**6.2**
Services Producing Industries	4.5	4.3	4.8	4.3	6.2	**4.6**
Wholesale & Retail Trade and Transportation & Storage	5.1	4.4	6.8	5.0	9.3	**6.3**
Information & Communications, Finance & Insurance and Professional Services	4.1	4.6	3.7	4.2	4.5	**3.9**
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services Industries	3.8	3.6	2.9	3.1	3.2	**2.7**

	2Q25	3Q25	4Q25	2025	1Q26	**2Q26***
Quarter-on-quarter growth rate, seasonally-adjusted						
Overall GDP	1.8	1.9	1.3	5.0	1.3	**1.1**
Goods Producing Industries	1.7	3.6	3.3	7.6	-0.3	**3.7**
Manufacturing	1.2	4.5	4.5	8.7	-2.2	**5.3**
Construction	4.8	0.6	0.2	5.2	7.4	**-2.1**
Services Producing Industries	1.9	1.2	1.0	4.3	2.0	**0.3**
Wholesale & Retail Trade and Transportation & Storage	2.7	1.1	1.8	5.0	3.5	**-0.3**
Information & Communications, Finance & Insurance and Professional Services	2.3	1.2	4.6	4.2	-3.5	**1.7**
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services Industries	1.7	0.9	-0.4	3.1	1.0	**1.2**

*Advance estimates

Source: MTI