

Singapore

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Singapore's better-than-expected 3Q25 GDP growth revision paves way for around 4% growth for full-year 2025

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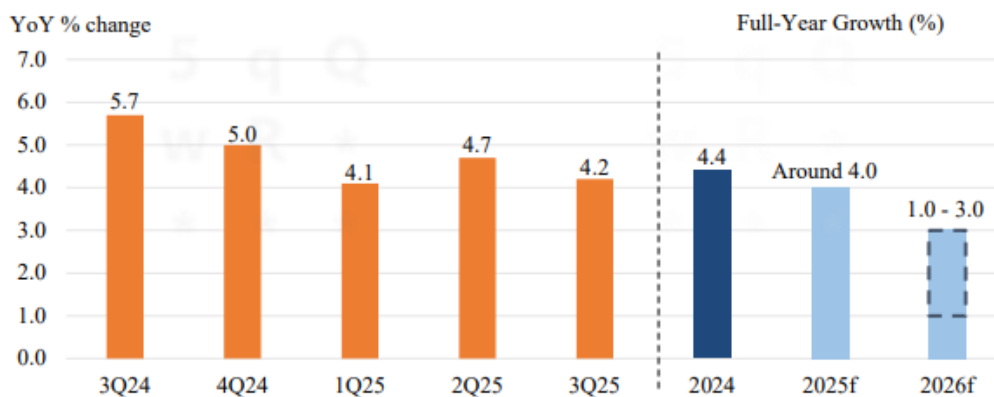
- **Singapore's 3Q25 GDP was revised up more than expected to 4.2% YoY (2.4% QoQ sa)**, up from advance estimates of 2.9% YoY (1.3% QoQ sa) and exceeding our forecast of 4.0% YoY (2.4% QoQ sa). Notably, the 3Q25 upgrades were across the board for the manufacturing, construction and services sectors to 5.0%, 3.6% and 3.9% YoY respectively, albeit this was still a moderation from the 2Q25 prints of 5.1%, 6.2% and 4.7%. This brought the first three quarters growth to 4.3% YoY. Key drivers for the manufacturing sector were the electronics cluster due to a surge in AI-related semiconductors, servers and server-related products, while the biomedical cluster also saw improved output of a key high-value active pharmaceutical ingredient. Meanwhile, construction was supported by ongoing activities in both public and private sector works. For services, the wholesale trade was led by machinery, equipment, & supplies segment, namely for electronics components and telecommunications & computers that is partly attributable to strong global AI-related demand, whilst the infocomms (led by data hosting, internet search hosting and games publishing activities) and finance & insurance (banking fees and commissions, credit intermediation activity and payment transactions) also extended growth in 3Q25. The transportation & storage sector also saw continued activity in air and water transport amid the air passenger travel and resilient global/regional trade. The retail trade sector also accelerated from 0.6% YoY in 2Q25 to 2.5% in 3Q25, assisted by non-auto and auto sale volumes. In addition, the professional services industry also benefited from resilient services demand from regional economies.
- **MTI upgraded the full-year 2025 growth forecast from 1.5-2.5% to around 4% YoY.** This compares favourably to the 4.4% growth seen in 2024, and marks a significant improvement from the initial 0-2% forecast seen in May post-Liberation Day reciprocal tariff announcement, and the August forecast upgrade to 1.5-2.5% YoY. This also implies that 4Q25 GDP growth could print around the 3% YoY, albeit this will be a slowdown from the 4.2% YoY reading in 3Q25. MTI opined that demand for AI-related electronics should continue to support manufacturing and wholesale trade sectors, whilst outward-oriented services sectors like infocomms, professional services and finance & insurance is also projected to stay resilient amid the positive spillovers. In particular, the shift towards higher-value maintenance, repair & overhaul works in the aerospace segment and strong order pipeline in the marine & offshore engineering segments remain conducive to the transport engineering cluster.
- **MTI also announced its 2026 growth forecast at 1-3% YoY** which is in line with our expectations. This is predicated on slower growth in key trading partners as tariffs continue to weigh, albeit the assessment of the US

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economy and AI-related investment story remains relatively sanguine. The cited downside risks of still elevated global economic uncertainty, whether tariffs or geopolitical tensions, and escalation in risk-off sentiments with potential spillovers from global financial markets to broader economic growth remains intact. Notably, there was mention of short-term headwinds to the semiconductor equipment makers in the precision engineering cluster due to potential delays in new capacity investments due to impending US product-specific tariffs and also the high base in 2025. Meanwhile outward-oriented services sectors should still see steady growth amid resilient enterprise demand for digital solutions and services, as well as supportive financial and macroeconomic conditions. For domestically-oriented sectors, construction activity will be still supported by ongoing public residential building and civil engineering works, but consumer-facing industries like retail trade and F&B may stay subdued.

- **We upgrade our 2025 GDP growth forecast to 4% YoY and retain our 2026 growth forecast of 1-3% YoY.** The recent volatility in the AI-related stocks suggest investor concerns about high valuations but the order pipeline appears to be positive based on anecdotal company feedback. The high base in 2025 poses some challenges, especially if the US Federal Reserve is not as dovish as what financial markets have priced in. The divergence between financial markets and the real economy may become more apparent in 2026. That said, fiscal policy direction will be key with the upcoming FY2026 Budget. We expect MAS to stay in pause mode at the January monetary policy review amid resilient growth and stable core inflation.

Singapore's Real GDP Growth



REAL SECTORAL GROWTH RATES

	3Q24	4Q24	2024	1Q25	2Q25	3Q25
Year-on-Year % Change						
Total	5.7	5.0	4.4	4.1	4.7	4.2
Goods Producing Industries	9.8	6.5	4.2	4.5	4.9	4.5
Manufacturing	11.2	7.4	4.3	4.8	5.1	5.0
Construction	5.6	4.4	4.5	4.3	6.2	3.6
Services Producing Industries	4.4	4.6	4.4	3.7	4.7	3.9
Wholesale Trade	6.0	6.7	5.1	4.1	6.9	3.9
Retail Trade	-0.7	-1.0	-0.4	0.3	0.6	2.5
Transportation & Storage	7.9	3.7	5.8	6.5	3.8	2.3
Accommodation	5.6	4.2	7.1	-1.7	2.1	4.9
Food & Beverage Services	-1.3	-0.3	-0.9	-0.7	-0.5	-1.2
Information & Communications	4.0	4.2	5.0	4.7	4.3	4.7
Finance & Insurance	5.6	6.1	6.8	4.2	4.2	4.6
Real Estate	1.0	3.5	0.2	7.0	5.1	5.2
Professional Services	1.2	0.6	1.2	1.8	2.9	3.4
Administrative & Support Services	1.1	-0.6	0.5	1.9	2.6	2.4
Other Services Industries	2.0	3.1	3.0	1.4	4.2	4.6
Public Administration & Defence	0.7	1.1	0.6	0.0	-0.6	0.3
Education	2.6	1.5	1.9	0.6	2.4	0.7
Health & Social Services	5.7	6.2	5.0	5.3	5.9	5.7
Arts, Entertainment & Recreation	-8.3	4.3	5.9	-3.6	19.6	26.1
Other Services - Others	3.9	3.0	4.3	2.5	2.6	3.2
Seasonally Adjusted Quarter-on-Quarter						
Total	3.0	0.5	4.4	-0.5	1.7	2.4
Goods Producing Industries	9.0	0.0	4.2	-4.3	0.7	8.3
Manufacturing	11.7	0.0	4.3	-5.1	-0.6	11.3
Construction	1.9	0.3	4.5	-2.5	6.5	-0.7
Services Producing Industries	1.2	0.9	4.4	0.6	1.9	0.4
Wholesale Trade	1.3	0.9	5.1	-0.4	4.8	-1.4
Retail Trade	1.3	-1.2	-0.4	2.1	-1.6	3.2
Transportation & Storage	1.5	-1.2	5.8	4.1	-0.8	0.2
Accommodation	2.4	-0.2	7.1	-1.6	1.4	5.1
Food & Beverage Services	0.8	0.1	-0.9	-0.6	-0.7	-0.1
Information & Communications	1.8	2.4	5.0	-3.1	3.3	2.1
Finance & Insurance	0.5	5.3	6.8	-1.4	-0.1	0.8
Real Estate	1.2	1.1	0.2	4.1	-1.5	1.4
Professional Services	1.5	0.3	1.2	1.0	0.3	1.8
Administrative & Support Services	-0.2	-1.1	0.5	2.6	1.3	-0.3
Other Services Industries	0.6	1.4	3.0	-0.2	2.4	0.9
Public Administration & Defence	0.5	0.3	0.6	-0.8	-0.5	1.3
Education	1.3	-0.5	1.9	-0.5	2.2	-0.5
Health & Social Services	1.5	1.2	5.0	0.1	3.0	1.4
Arts, Entertainment & Recreation	0.5	16.1	5.9	6.5	-3.7	5.9
Other Services - Others	-1.0	2.7	4.3	0.8	0.1	-0.4

OTHER ECONOMIC INDICATORS

	3Q24	4Q24	2024	1Q25	2Q25	3Q25
Retail Sales Index* (yoy, %)	-0.3	-0.8	0.0	0.6	1.4	3.5
Changes in Employment ('000)	24.9	11.9	59.8	6.9	12.9	29.9
Unemployment Rate, SA (%)	1.9	1.9	2.0	2.0	2.0	2.0
Value Added Per Actual Hour Worked^ (yoy, %)	4.5	3.3	3.6	4.0	2.2	1.8
Value Added Per Worker^ (yoy, %)	4.2	3.5	2.7	2.6	3.3	2.7
Overall Unit Labour Cost (yoy, %)	-0.4	1.0	1.2	1.0	0.1	1.0
Unit Business Cost of Manufacturing	-5.9	-2.4	0.2	-0.3	1.0	2.4
Fixed Asset Investments (\$ bil)	1.0	7.0	13.5	1.7	4.0	0.3
Consumer Price Index (yoy, %)	2.2	1.4	2.4	1.0	0.8	0.6
Total Merchandise Trade (yoy, %)	5.3	6.8	6.6	4.7	7.0	8.5
Merchandise Exports	5.7	5.1	5.7	3.6	11.6	8.2
Domestic Exports	5.4	-6.0	0.5	-1.9	-4.3	-4.5
Oil	-0.2	-17.9	1.0	-9.2	-19.6	-6.4
Non-Oil	9.0	2.4	0.2	3.3	7.0	-3.3
Re-exports	5.9	13.9	9.8	7.8	24.2	17.7
Merchandise Imports	5.0	8.7	7.8	5.9	2.0	8.8
Total Services Trade (yoy, %)	10.8	7.4	8.6	4.1	2.3	0.8
Exports of Services	12.0	8.4	9.9	4.3	2.9	0.9
Imports of Services	9.5	6.4	7.1	3.7	1.6	0.8

* In chained volume terms.

^ Based on GDP at market prices in chained (2015) dollars.

Source: MTI.

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