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Singapore

December IP lifts 4Q25 GDP and 2025 GDP to 6.5% and 5.0% YoY, respectively

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- December IP eased to 8.3% YoY (-13.3% MoM sa) from the upwardly revised November print of 18.2% YoY (-7.8% MoM sa), but still beat Bloomberg market consensus forecast of 7.4% YoY and our forecast of 7.2% YoY.

- For full-year 2025, manufacturing grew 8.7% YoY, again the biggest improvement since 2021 (13.3% YoY). By cluster, the outperformers were transport engineering and electronics which expanded 18.7% and 12.7% YoY respectively in 2025. As such, the 4Q25 GDP growth is likely to be revised higher from the advance estimate of 5.7% YoY to 6.5% YoY.

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Highlights:

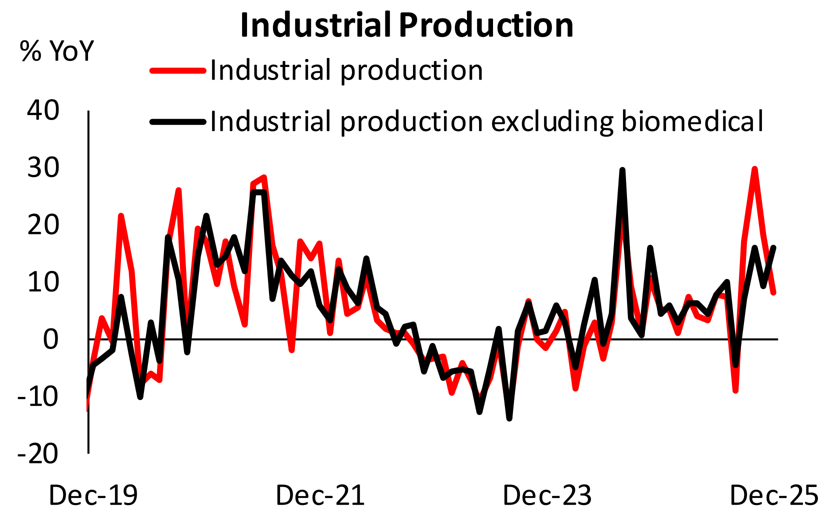
- **December IP eased to 8.3% YoY (-13.3% MoM sa) from the upwardly revised November print of 18.2% YoY (-7.8% MoM sa),** but still beat Bloomberg market consensus forecast of 7.4% YoY and our forecast of 7.2% YoY. This marked the fourth straight month of YoY expansion, but the second consecutive month of MoM sa contraction. Excluding biomedical manufacturing, output still expanded a healthy 16.0% YoY (-4.9% MoM sa). This brought 4Q25 manufacturing growth to 18.8% YoY, up from 5.3% in 3Q25, and marked the biggest surge since 3Q17 (19.3% YoY).

- **For full-year 2025, manufacturing grew 8.7% YoY, again the biggest improvement since 2021 (13.3% YoY).** By cluster, the outperformers were transport engineering and electronics which expanded 18.7% and 12.7% YoY respectively in 2025. The key drivers for both sectors were the MRO jobs from commercial airlines in the aerospace segment as well as work for oil rigs and offshore platforms, while AI-related demand continued to underpin the semiconductor segment. Notably, the semiconductor output expanded 10% YoY in 2025, nearing the 2021 record of 14.5% YoY. In contrast, the biomedical manufacturing cluster shrank 38.8% YoY in December, dragged down by the volatile pharmaceuticals (-69.7% YoY) due to a different mix of active pharmaceutical ingredients.

- **As such, the 4Q25 GDP growth is likely to be revised higher from the advance estimate of 5.7% YoY to 6.5% YoY.** In turn, this would upgrade Singapore's full year GDP growth from the advance estimate of 4.8% YoY to 5.0% YoY. This meant that 2025 saw the strongest GDP growth since 2021 (9.8% YoY), which was on the back of the recovery from the Covid pandemic.

- **For now, the AI-related demand momentum still appears resilient and this should lift the manufacturing and export tide for Asian exporting nations including Singapore.** While we anticipate a moderation in manufacturing momentum to around 3.3% YoY in 1H26 and a further easing to 1.3% YoY in 2H26 due to high base effects in 2H25, there is upside risk to our full-year 2026 GDP growth of around 2% YoY.

- **The external headwinds of geopolitical uncertainties and potential product-specific US tariffs on key sectors like pharmaceuticals and semiconductors remain pertinent**, but the silver lining is that the activity in the transport engineering cluster remains healthy too given the sustained travel demand supporting the MRO pipeline ie the current boost is not purely just electronics. For instance, an estimated 1.52 billion international tourists were recorded globally in 2025, nearly 60 million more than 2024, and marking a new post-pandemic record, whilst visitor spending also hit US$1.9 trillion (+5% YoY), with international tourism forecast to grow a further 3-4% in 2026, according to the UN Tourism Confidence Index. Some market watchers are also upbeat that as AI moves into edge devices, autonomous systems and smart industrial applications, semiconductor demand should also broaden beyond just data center infrastructure.



Source: EDB, CEIC, OCBC Group Research.