

FINANCIAL STABILITY REVIEW

November 2024

The Financial Stability Review presents the Monetary Authority of Singapore's assessment of the resilience of Singapore's financial system, against global risks and domestic vulnerabilities

GLOBAL MACROFINANCIAL ENVIRONMENT

Heightened uncertainty and latent financial imbalances pose a moderate risk to the global financial system



Elevated macroeconomic uncertainty and geopolitical risk could pose headwinds to growth and stoke inflation.



The global financial system remains vulnerable to shocks amid high leverage, growing fiscal and credit risks, and stretched valuations.



Emerging market economies could be susceptible to currency and capital flow volatility.

ANALYSIS OF SINGAPORE'S SECTORS

The corporate, household and financial sectors have weathered high borrowing costs and market volatility well but should keep vigilant amid an uncertain global environment

Corporates



Corporates have adequate buffers to manage shocks

- Corporate defaults remain low as firms maintained low debt levels, adequate liquidity buffers and healthy debt maturity profiles.
- Stress tests affirm that most firms are resilient to earnings and interest rate shocks.
- Firms should provision adequate buffers to mitigate downside risks amid heightened uncertainties.

Households



Households remain financially resilient

- Healthy income growth and easing mortgage rates have moderated leverage risk.
- Stress tests confirm that the debt servicing capacity of households is sufficient to withstand income and interest rate shocks.
- Households should continue to exercise prudence in their financial management and planning.

Financial



Key financial institutions are in a strong position to weather potential downside risks

- Banks and insurers have healthy capital and liquidity positions.
- Stress tests show that banks and insurers have sufficient capital buffers, and investment funds sufficient liquid assets, to withstand macrofinancial shocks.
- Financial institutions should continue prudent risk management, including provisioning sufficiently for credit risks and managing liquidity against increased market volatility.

SPECIAL FEATURES



Special Feature 1

Asian Capital Flows and the Global Financial Cycle



Special Feature 2

Expanding the Toolkit for Macroprudential Surveillance

