

MONETARY AUTHORITY OF SINGAPORE

FINANCIAL STABILITY REVIEW



MACROPRUDENTIAL SURVEILLANCE DEPARTMENT
ECONOMIC POLICY GROUP

November 2025



Contents

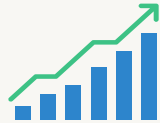
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Special Feature

Global financial stability risks are elevated despite resilience in economic growth

Equity markets show relatively stretched asset valuations, concentrated in the AI and tech sectors.



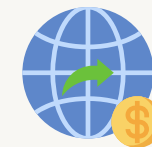
Sovereign debt risks are growing over fiscal sustainability concerns and rising term premia.



Signs of credit stress are emerging among vulnerable borrowers.



Regional exporters face pressures from trade tariffs and dollar weakness.



Macroeconomic uncertainty and geopolitical risks are seen as most significant in the MAS Systemic Risk Survey

Fls' perception of risks to Singapore's financial system

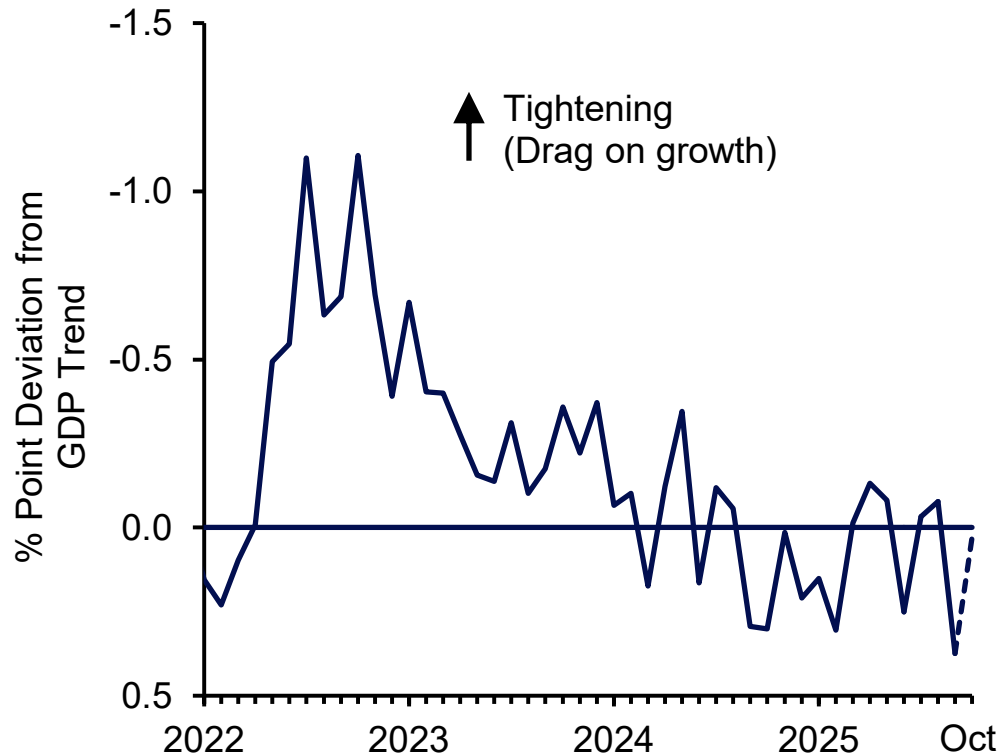
Top 5 risk categories	% of respondents		Impact ranking	
	March 2025	September 2025 (Δpp)	March 2025	September 2025 (Δpp)
Macroeconomic uncertainty (e.g. growth slowdown and inflation resurgence)	43	59 (+16)	3	1 (12)
Geopolitical risk induced by escalation of ongoing conflicts, as well as trade tensions and uncertain policies of newly elected governments	80	77 (-3)	1	2 (11)
Concentration risks relating to reliance on key third-party vendors	21	32 (+11)	4	3 (11)
Technology and cyber risk	68	75 (+7)	2	4 (12)
Emerging technologies (e.g. AI, ML, crypto/stablecoins, quantum computing)	29	34 (+5)	5	5

Source: MAS estimates

Note: (i) Impact ranking is the aggregate of all respondents' ranking of each risk by potential impact. (ii) Both runs of the survey had response rates of 98% from 57 Fls.

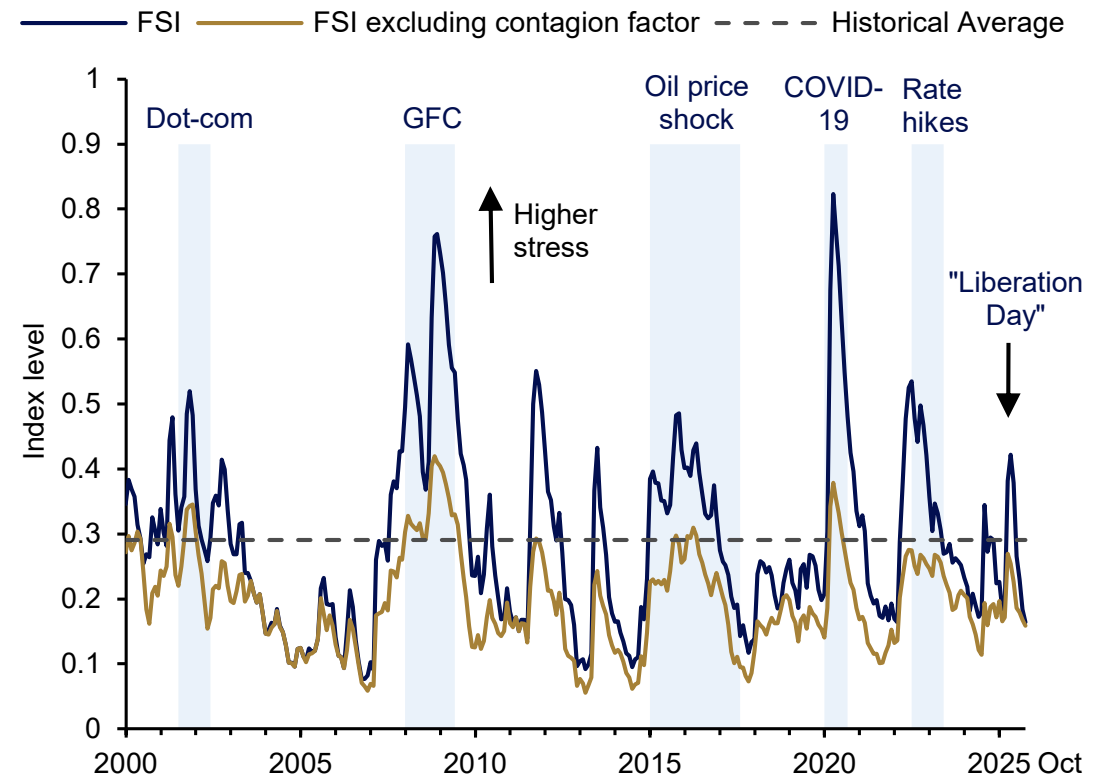
Domestic financial conditions have been supportive of growth

Domestic Financial Conditions Index (FCI)

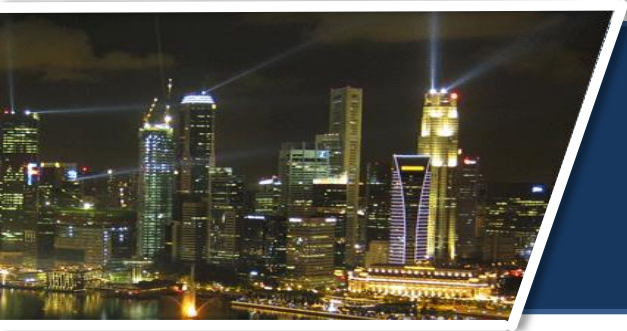


Source: Bloomberg, DOS, URA, MAS estimates

Domestic Financial Stress Index (FSI)



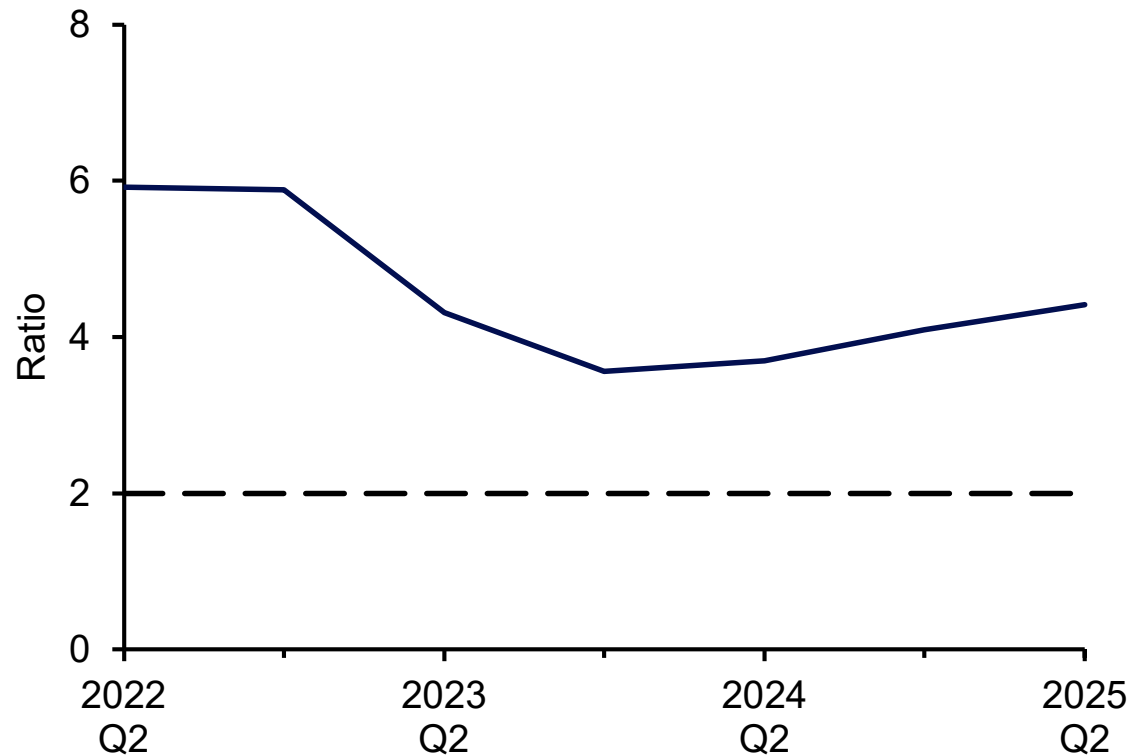
Source: Bloomberg, MAS estimates



Singapore Corporate Sector

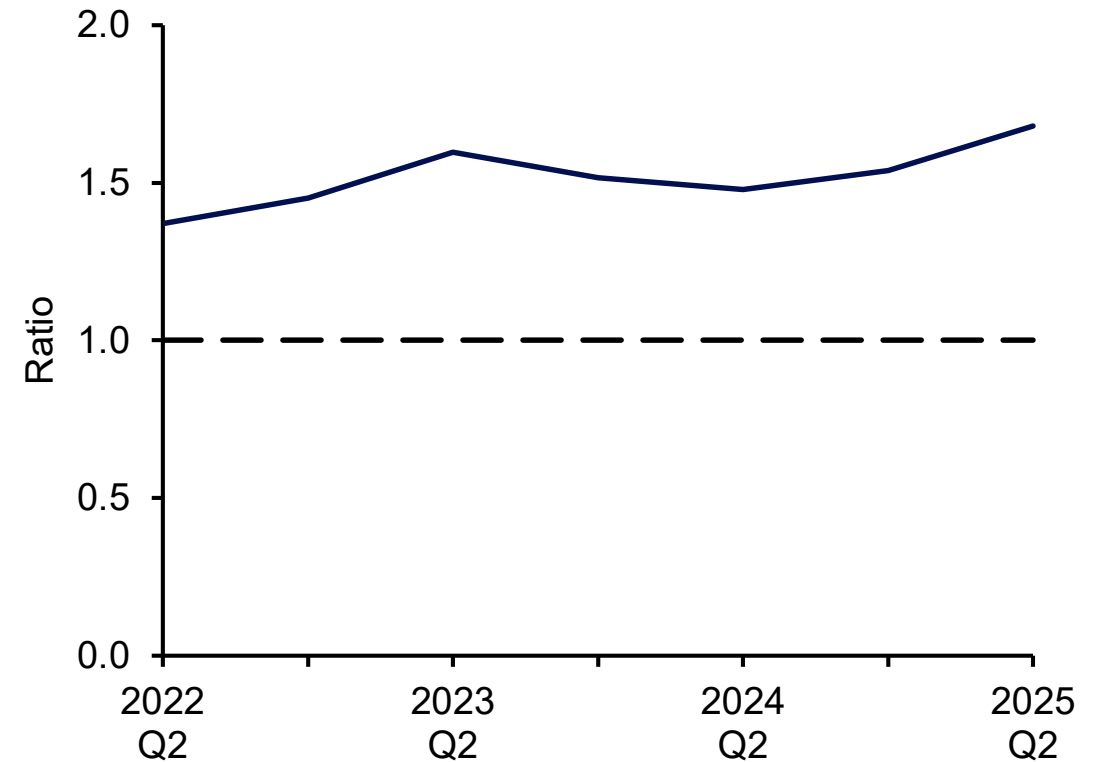
Firms' debt servicing capacity and cash buffers have strengthened

Median ICR of SGX-listed Firms



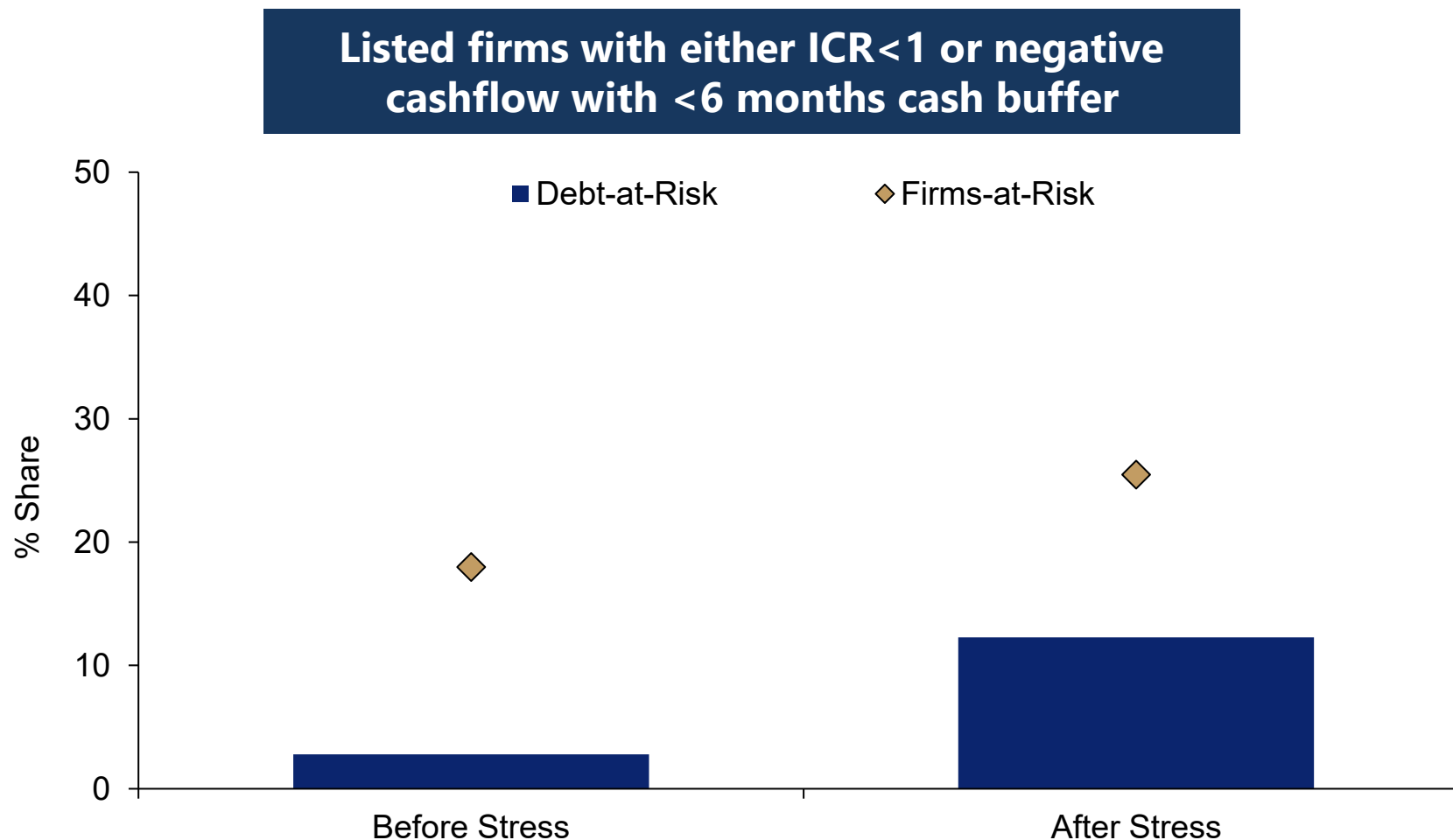
Source: LSEG Workspace, MAS estimates

Median Cash to Short-term Debt of SGX-listed Firms

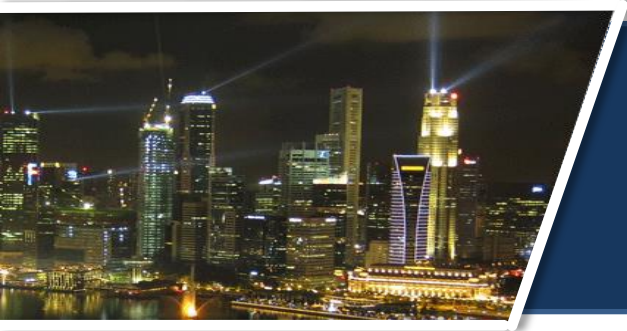


Source: LSEG Workspace, MAS estimates

Firms are resilient to revenue and interest rate shocks



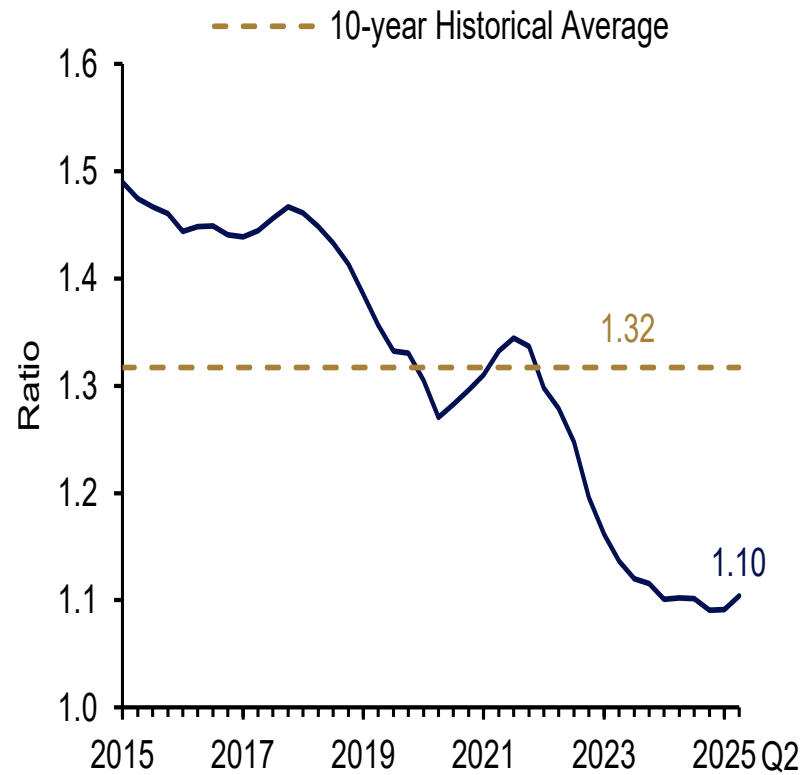
Source: LSEG Workspace, MAS estimates



Singapore Household Sector

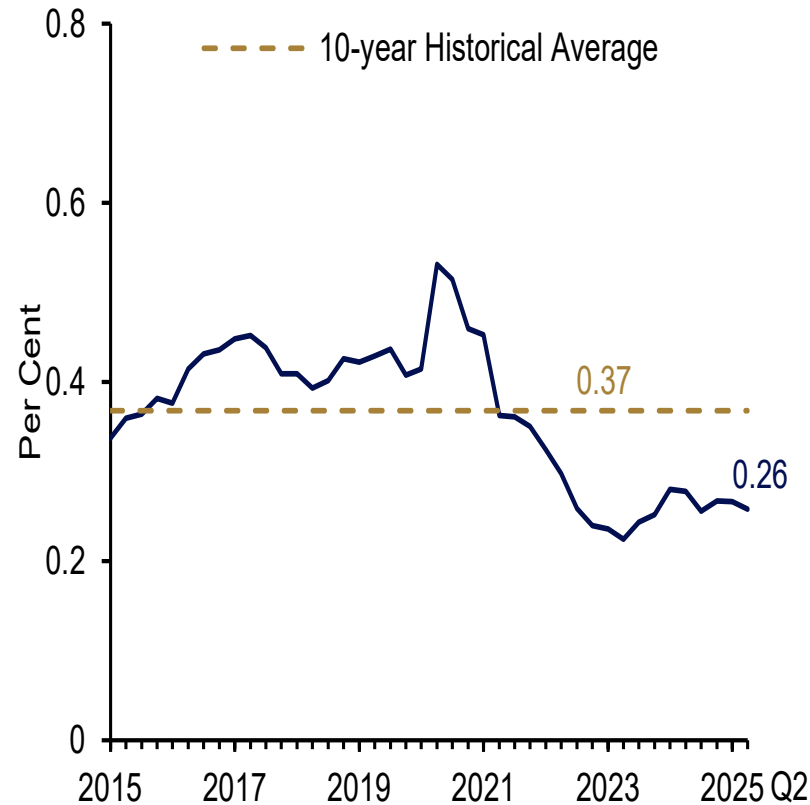
Household vulnerabilities have remained contained as income growth has kept pace with debt growth

Household debt-to-PDI in Singapore



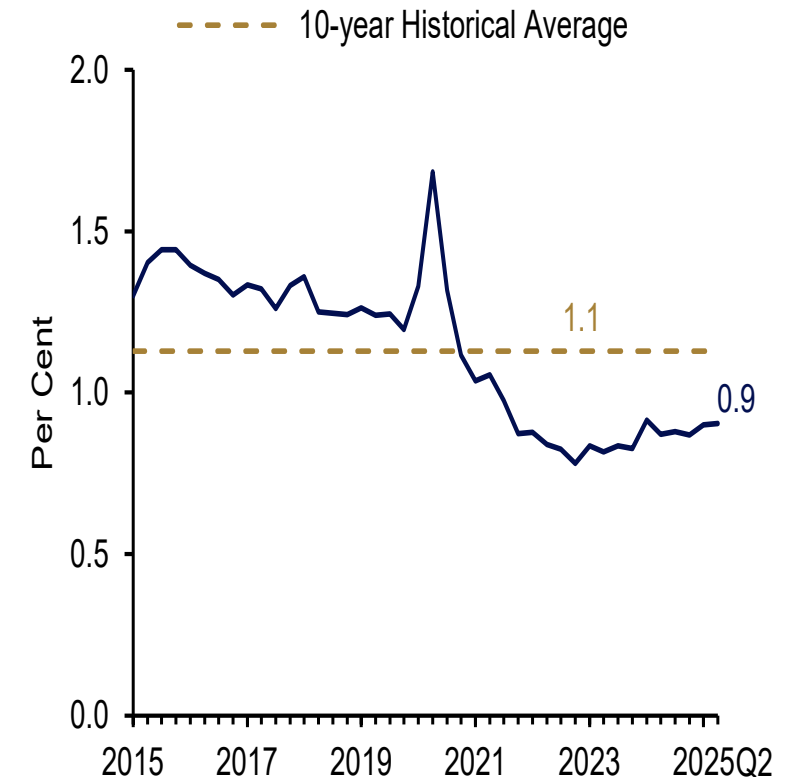
Source: DOS, MAS estimates

Housing non-performing loan (NPL) ratio



Source: MAS estimates

Credit card delinquency rate



Source: MAS estimates

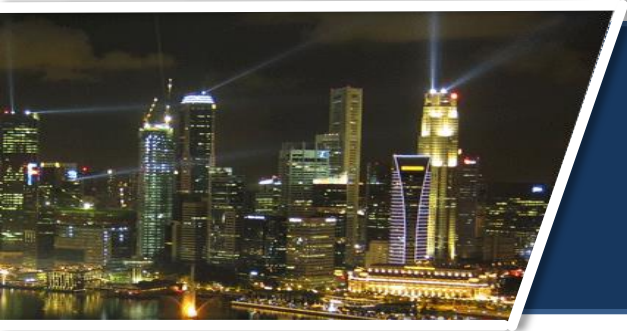
Stress test affirms that households are resilient to income and interest rate shocks

Stress test assumptions

- 20% fall in household income and 100 bps rise in FI mortgage rates

Findings

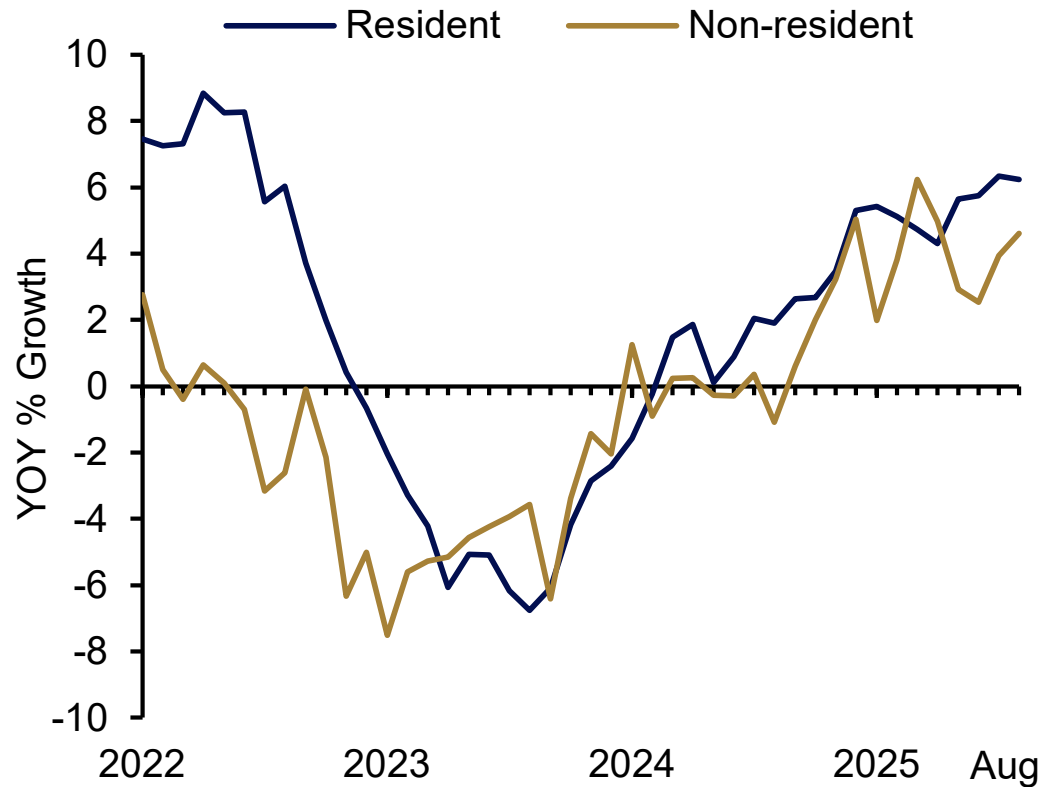
- The vast majority of households have the financial capacity to withstand income and interest rate shocks
- 1% of households could face negative cashflows with savings buffers covering fewer than six months of this shortfall



Singapore Banking Sector

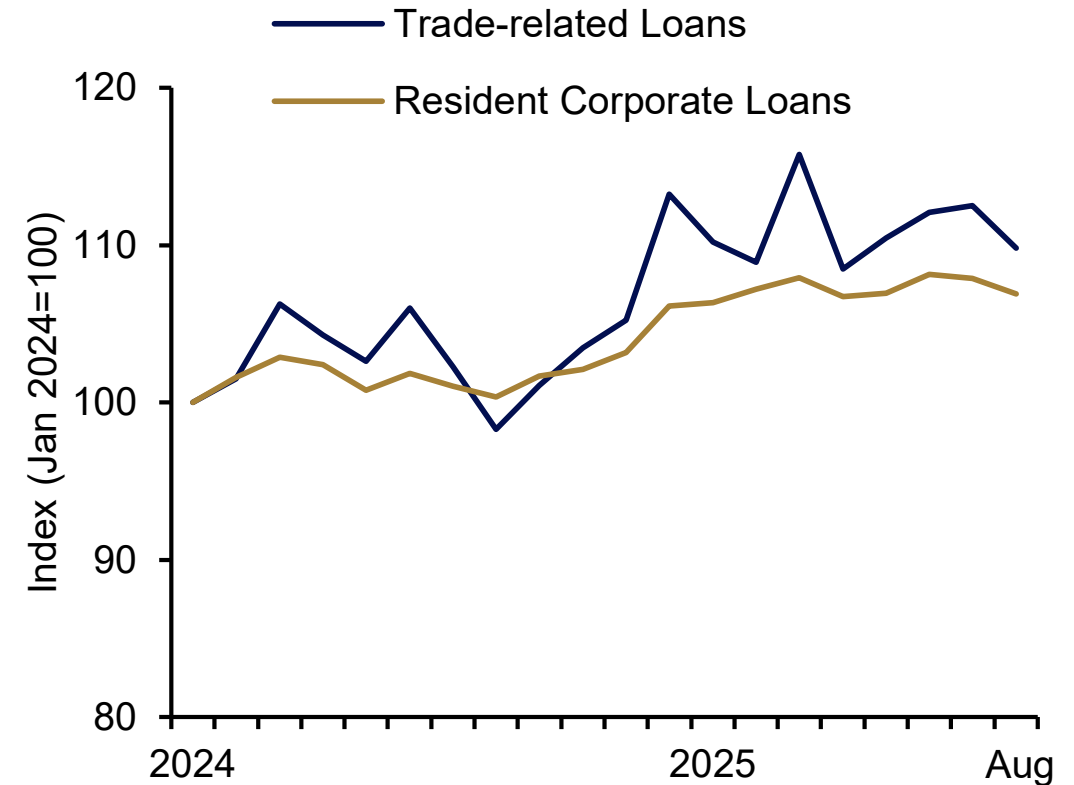
Resident credit saw firm growth, supported by loans to trade-related sectors

Non-bank Loan Growth by Residency



Source: MAS

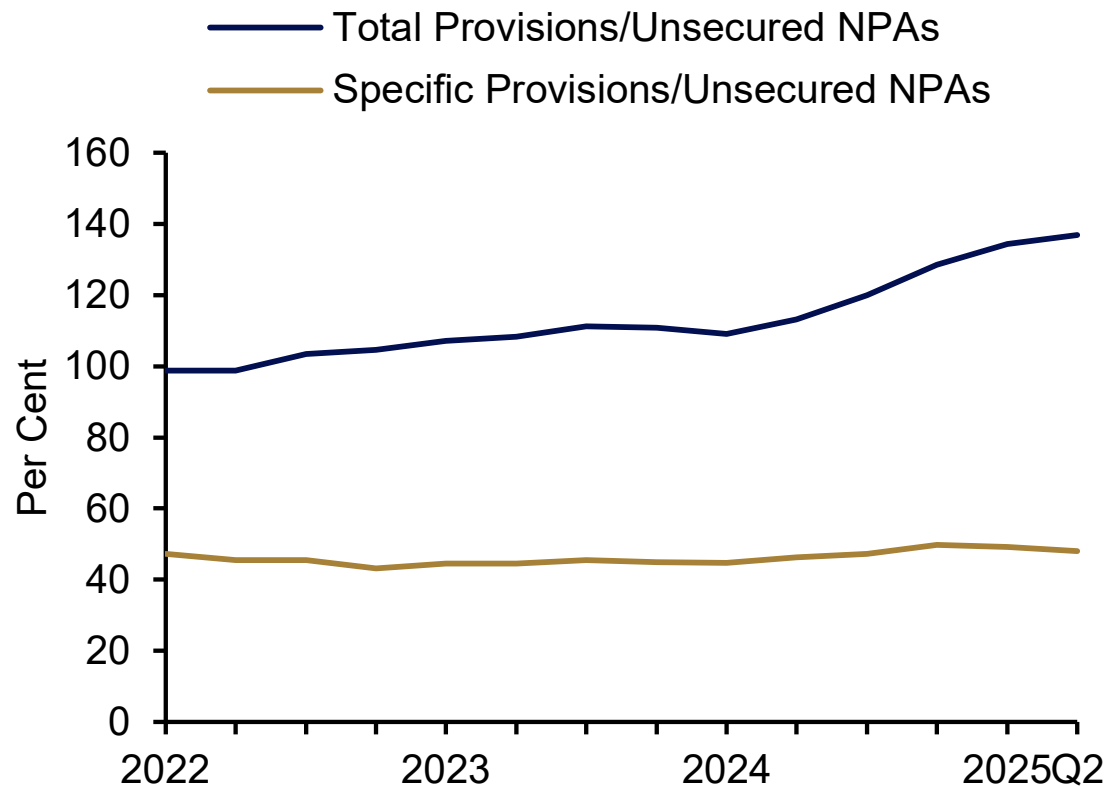
Outstanding Loans to Resident Corporates



Source: MAS

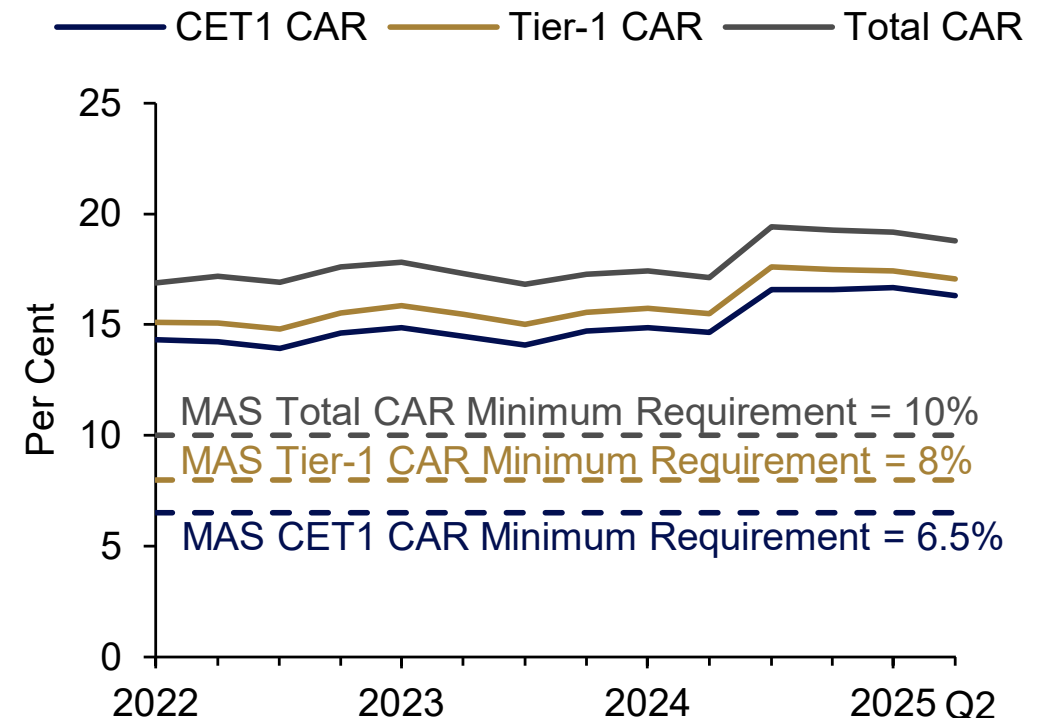
Banks have maintained adequate provisioning, and healthy capital and liquidity positions

Banking System's Provisioning Coverage



Source: MAS

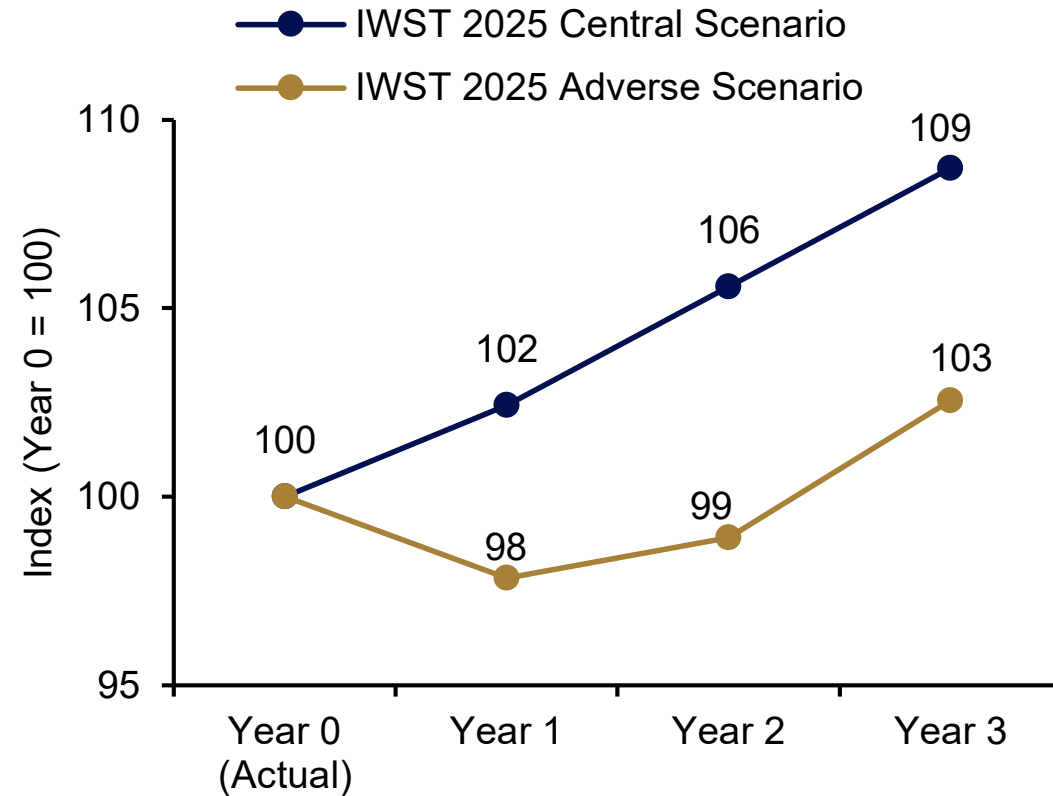
DSIBs' Capital Adequacy Ratios



Source: D-SIBs' financial statements, MAS

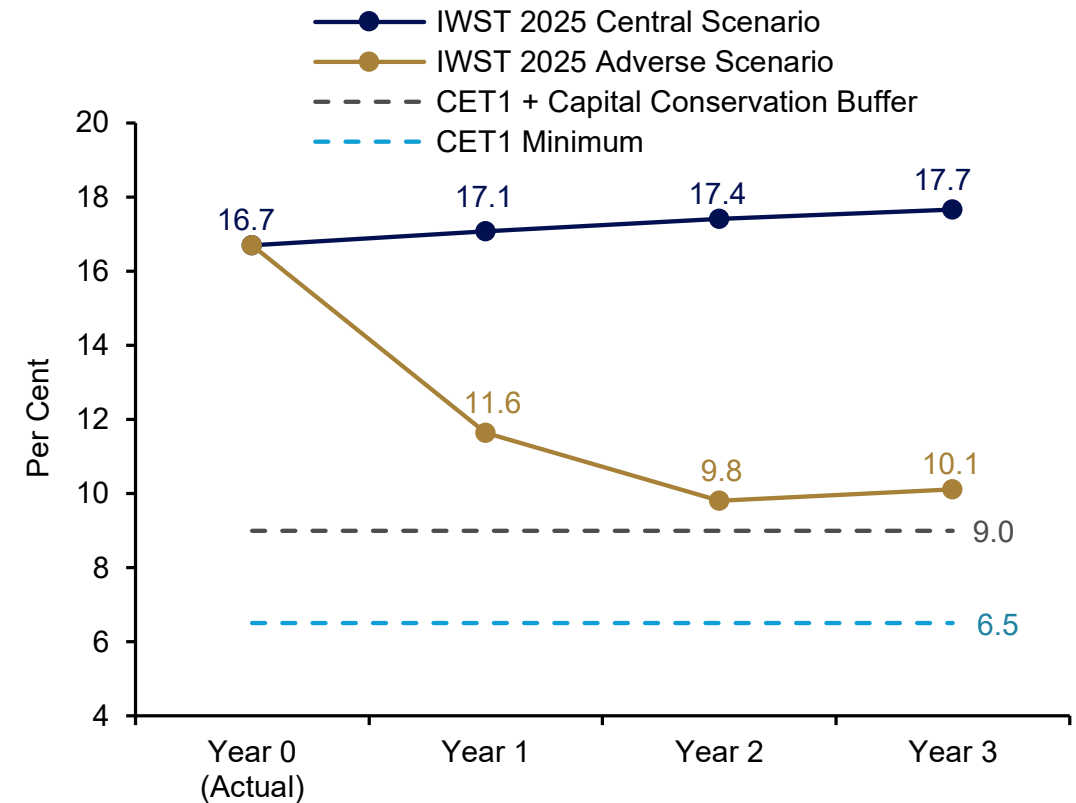
MAS' stress test affirms that DSIBs can withstand shocks from severe macroeconomic and financial stresses

Global Real GDP Levels under IWSST Scenarios

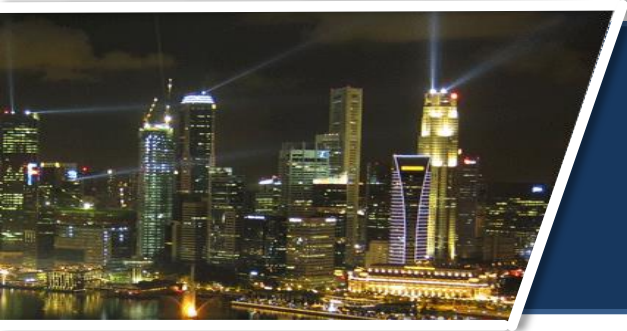


Source: MAS estimates

D-SIBs' Aggregate CET1 Capital Adequacy Ratio under IWSST Scenarios



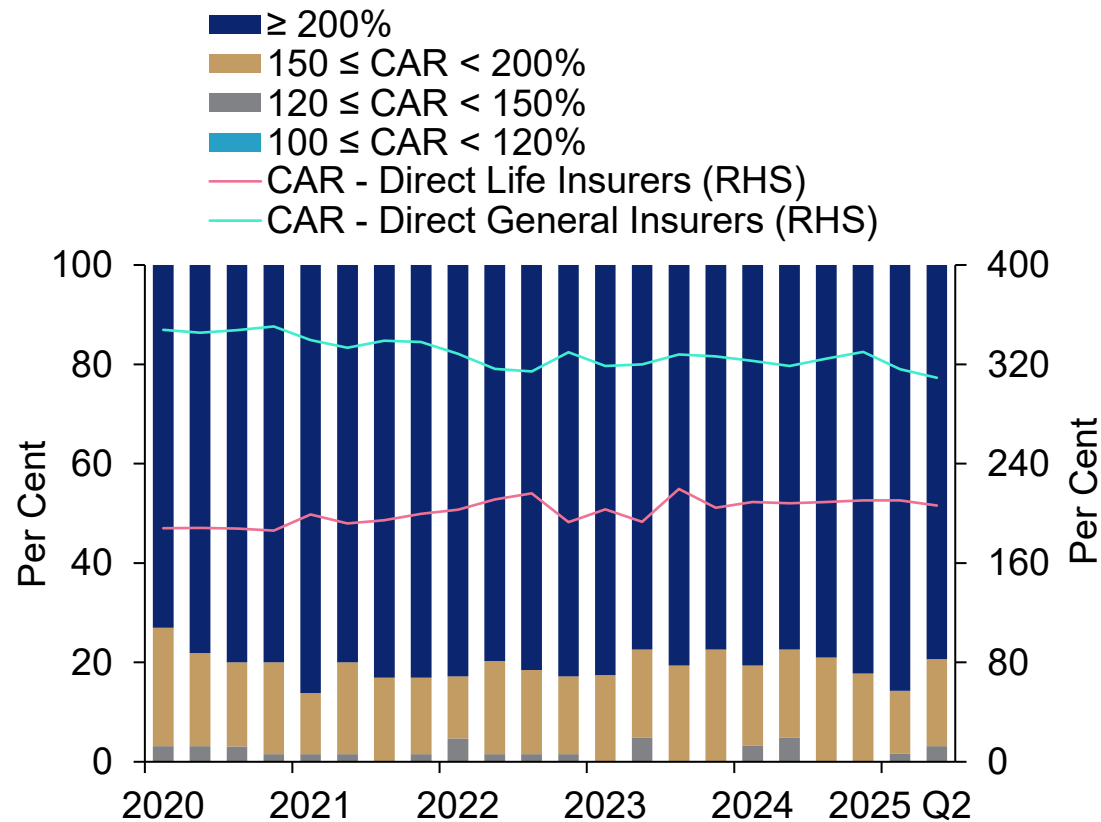
Source: MAS estimates



Singapore Non-bank Financial Institution Sector

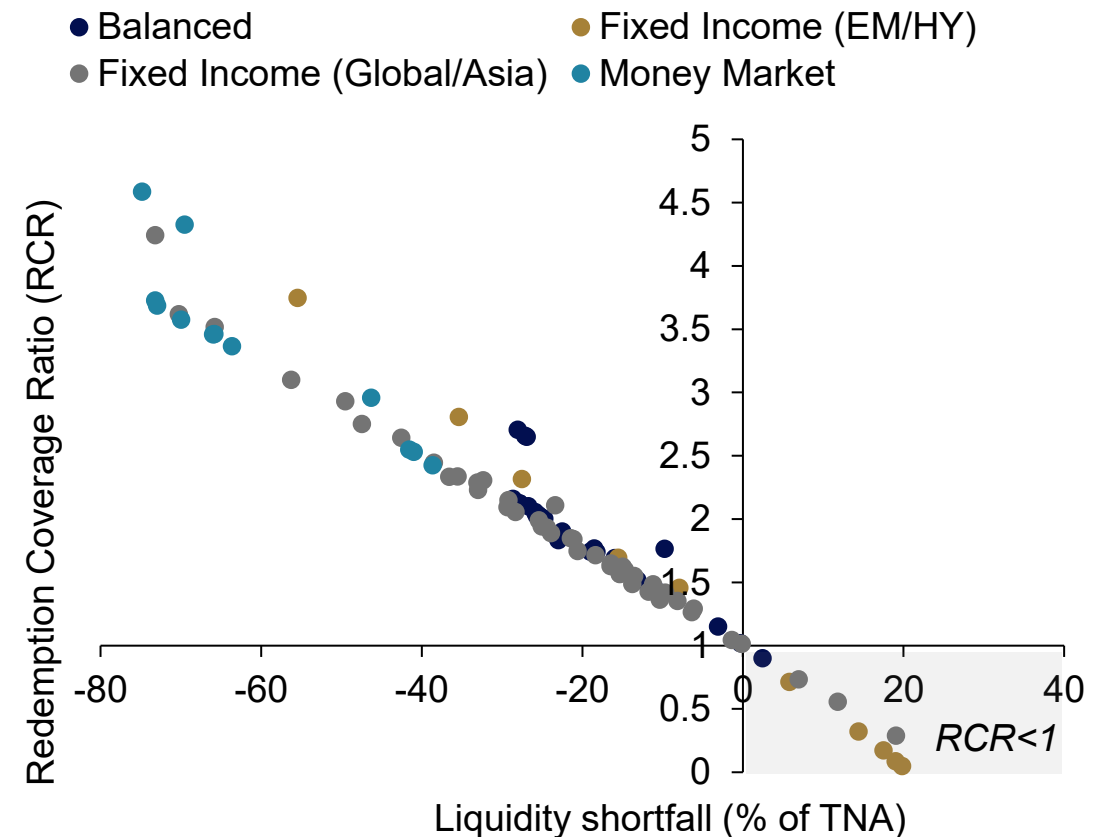
Stress tests of insurers and investment funds affirm their sound financial positions

Capital adequacy ratios of direct life and direct general insurers



Source: MAS estimates

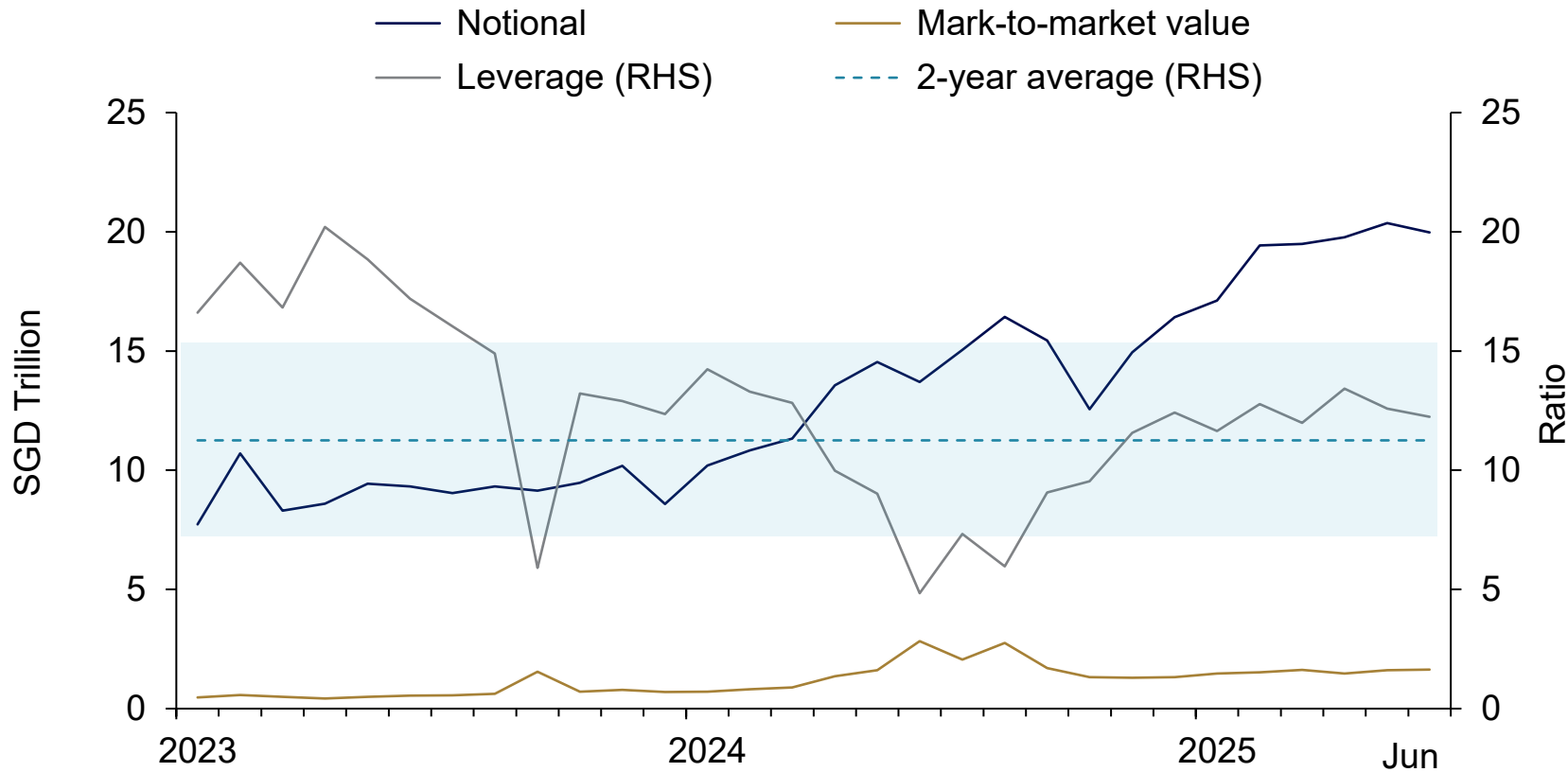
Fund redemption coverage ratio and liquidity shortfall under stress test



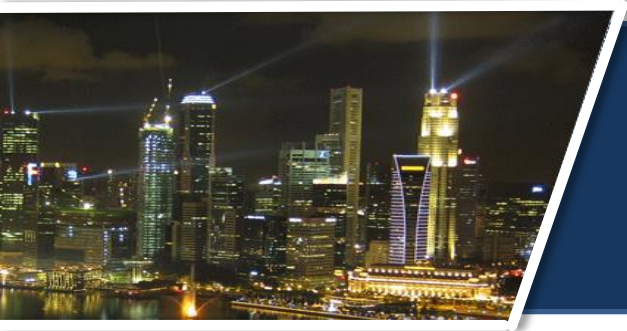
Source: MAS estimates

Leverage in OTC derivatives markets by NBFIs increased over the past year

NBFIs' OTC derivatives positions



Source: DDRS, MAS estimates



Exchange Rate Flexibility in Asia and Latin America

Special Feature: F/X Flexibility in Asia and Latin America

Region and Country	Classification	Floating tolerance
Latin America		
Brazil	Managed float	61.3%
Mexico	Freely floating	91.1%
Chile	Managed float	73.6%
Colombia	Managed float	89.7%
Peru	Crawling band	-
Asia		
Indonesia	Crawling band	41.5%
Malaysia	Moving band	53.3%
Thailand	Moving band	47.1%
Philippines	Crawling band	68.2%
Vietnam	Crawling peg	1.0%
South Korea	Managed float	65.7%
Hong Kong	Pre-announced peg / currency board	-1.5%
Other		
Poland	Moving band	65.2%
South Africa	Freely floating	71.5%

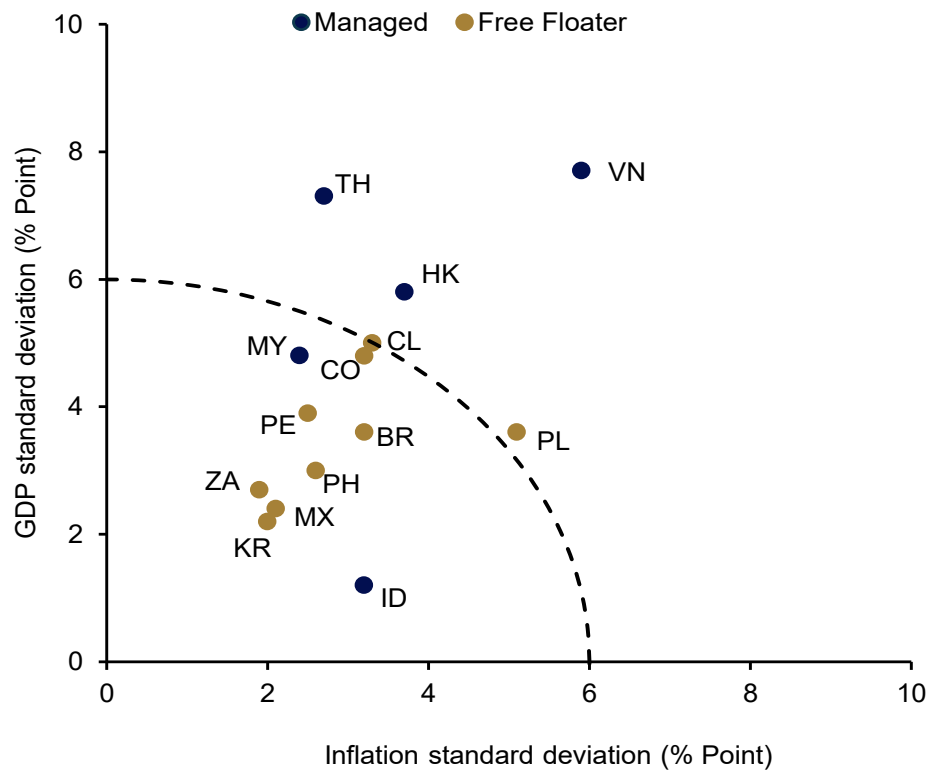
Source: Ilzetki, Reinhart, and Rogoff (2019), Bloomberg, MAS estimates

Main Points

- Most EMs have moved towards greater exchange rate flexibility, but “fear of floating” may still apply to Asia.
- Why not accept exchange rate flexibility? Inflation risk. Lack of credibility. Need for policy anchor. De facto currency area.
- To go beyond classification based on average exchange rate variation, study looks at response to external shocks.
- To bring forex market back into equilibrium after a negative shock, central bank can: A) Let currency depreciate, B) Intervene in f/x market, or C) Raise interest rates.
- “Floating tolerance” shows how much of the shock is absorbed by the exchange rate.
- This is generally higher in Latin America.

Special Feature: F/X Flexibility in Asia and Latin America

Standard Deviations of Growth and Inflation



Source: Bloomberg, Haver Analytics, MAS estimates

Performance of different currency regimes

- What kind of regime performs better?
- Floating tolerance is negatively correlated with (growth-inflation), reflecting better average performance of Asia over Latin America.
- But higher floating tolerance economies have lower deviations from growth and inflation targets.
- Why is fear of floating lower in Latam?

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