MONETARY AUTHORITY OF SINGAPORE

FINANCIAL STABILITY REVIEW

MACROPRUDENTIAL SURVEILLANCE DEPARTMENT
ECONOMIC POLICY GROUP

September 2026

Global Macrofinancial Environment

Global financial stability risks have risen

Fiscal pressures and AI financing are expanding debt supply, raising yields and debt servicing costs

Rising valuations and growing leverage raise the risk of AI earnings shortfalls and market correction

Geopolitical tensions and recurring supply disruptions have renewed inflationary pressures

Higher global rates affect EM Asia unevenly

The Systemic Risk Survey flagged geopolitical and AI-driven risks

FIs’ perception of risks to Singapore’s financial system

Risk categories cited by at least 20% of respondents	2026	
	Impact Ranking	% of Respondents
Geopolitical risk induced by escalation of ongoing conflicts and rising protectionism	1 ▲	77
Cyber and operational risks, incl. AI-assisted cyber-attacks, concentration risks from third party vendors	2 ▲	80
Financial market stresses, incl. AI-driven market fragilities	3 ***New***	57
Macroeconomic uncertainty (e.g. growth slowdown and inflation resurgence)	4 ▼	55
Climate/Transition Risk	5 ▲	23

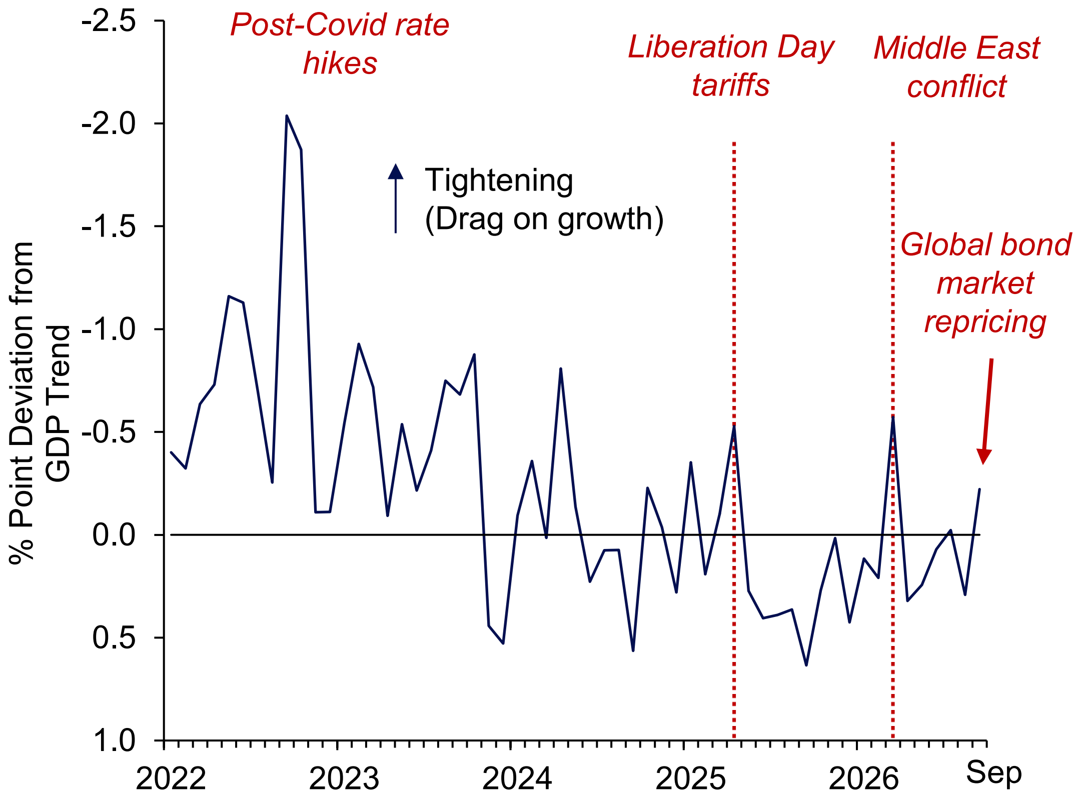
Source: MAS estimates

Note: (i) Impact ranking considers the proportion of CROs that cited a risk and how severely each ranked it

(ii) The survey had a response rate of 98% from 57 FIs.

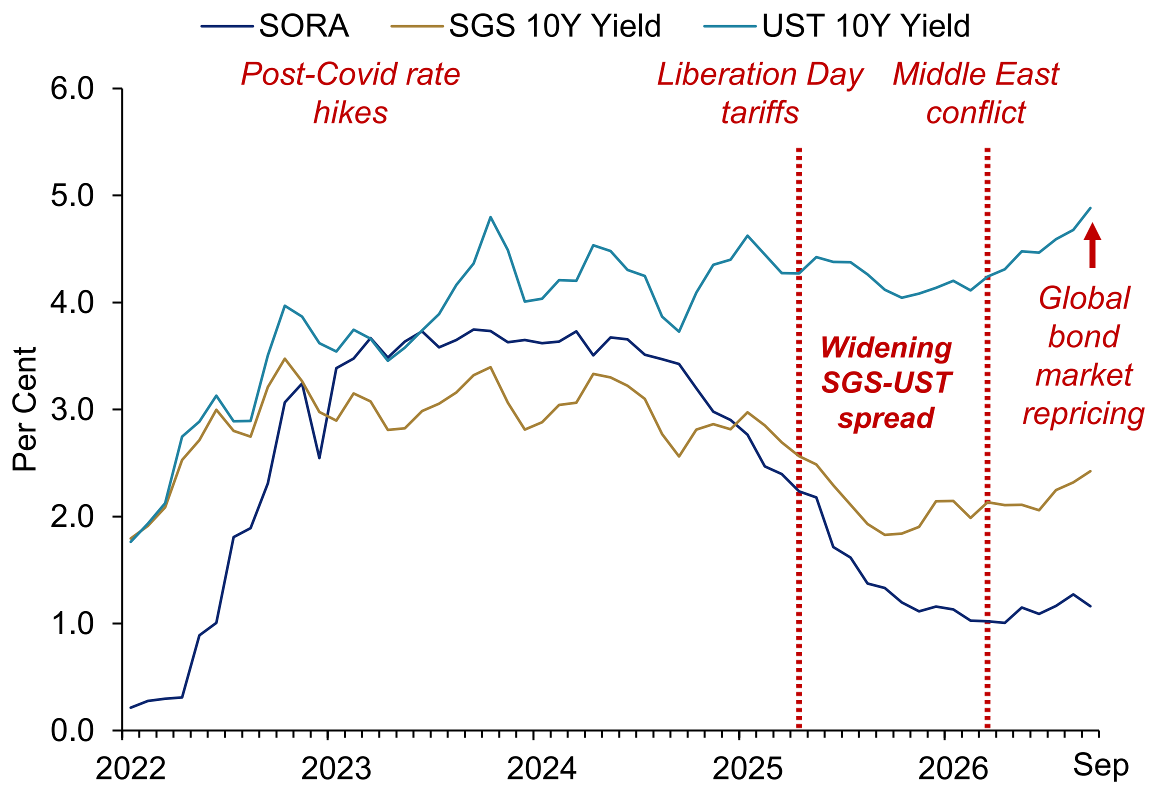
Domestic financial conditions have been broadly supportive of growth over the past year

Domestic Financial Conditions Index (FCI)



Source: Bloomberg, Macrobond, Department of Statistics (DOS), Urban Redevelopment Authority (URA), MAS estimates

Key Benchmark Rates

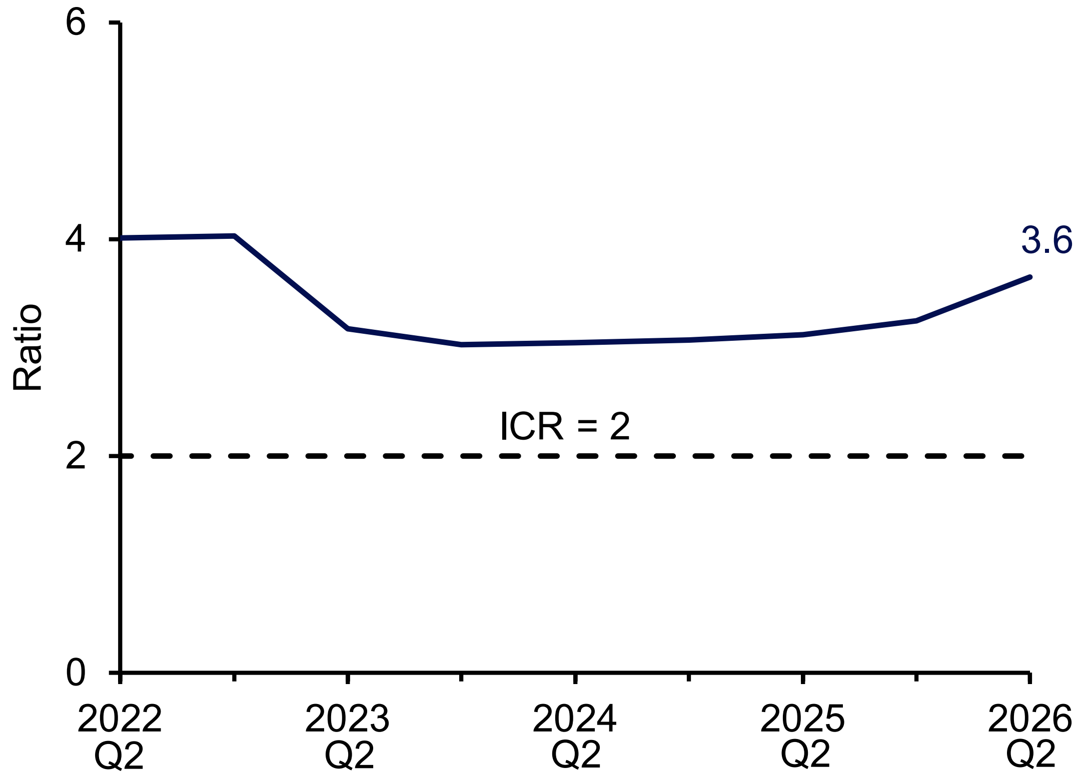


Source: Bloomberg, MAS

Singapore Corporate Sector

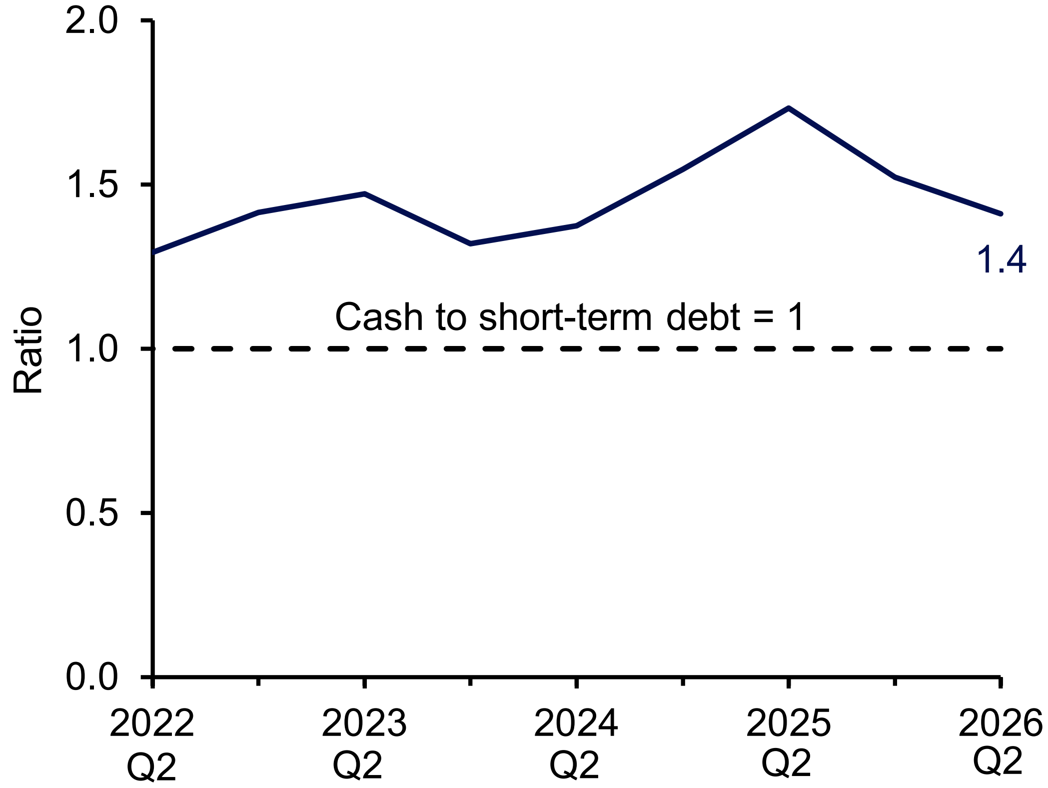
Firms' debt-servicing capacity and liquidity positions improved

Median ICR of SGX-listed Firms



Source: S&P Capital IQ, MAS estimates

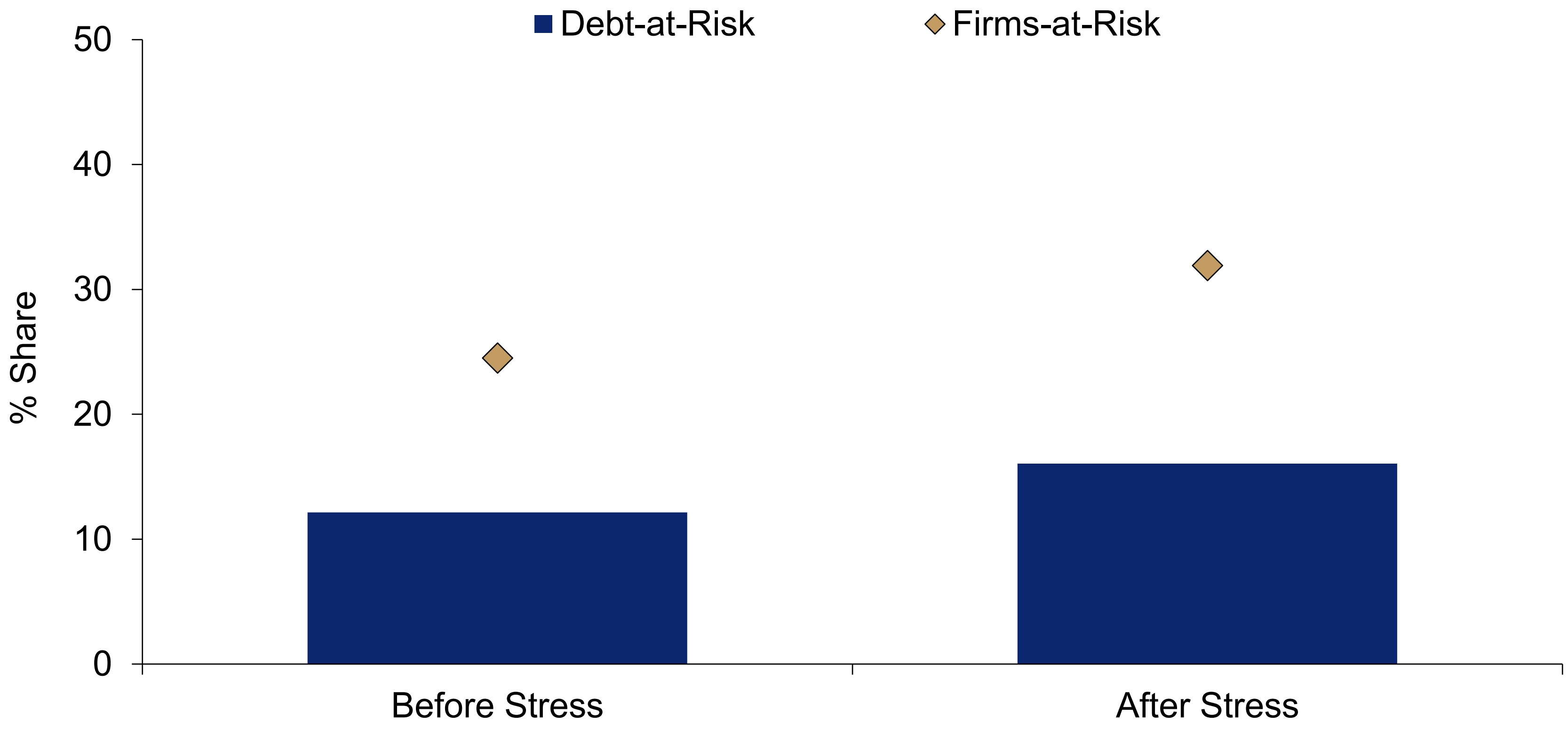
Median Cash to Short-term Debt of SGX-listed Firms



Source: S&P Capital IQ, MAS estimates

Singapore-listed firms are resilient to revenue and interest rate shocks

Listed firms with either ICR<1 or negative cashflow with <6 months cash buffer

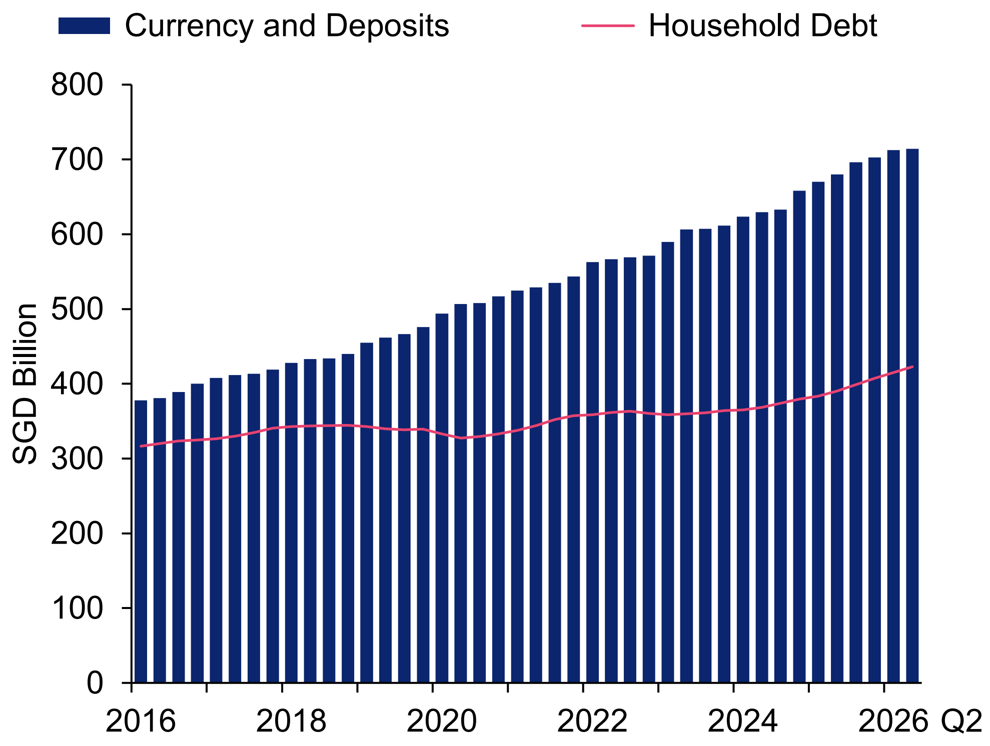


Source: S&P Capital IQ, MAS estimates

Singapore Household Sector

Households have remained financially resilient, as balance sheets strengthened

Liquid assets are in excess of debt



Source: DOS, MAS estimates

Stress test affirms that mortgage borrowers are resilient to income and employment shocks

Stress test assumptions

- 10% fall in household income alongside increase in unemployment and 200 bps rise in FI mortgage rates

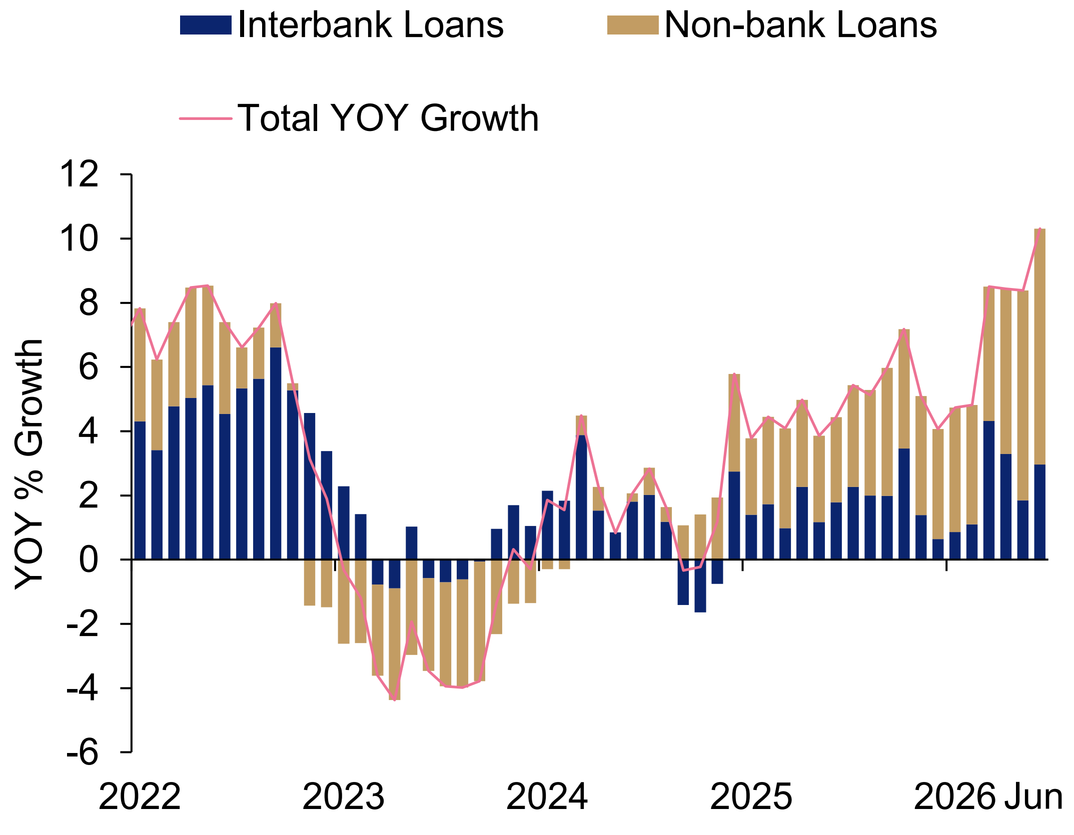
Findings

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

Singapore Banking Sector

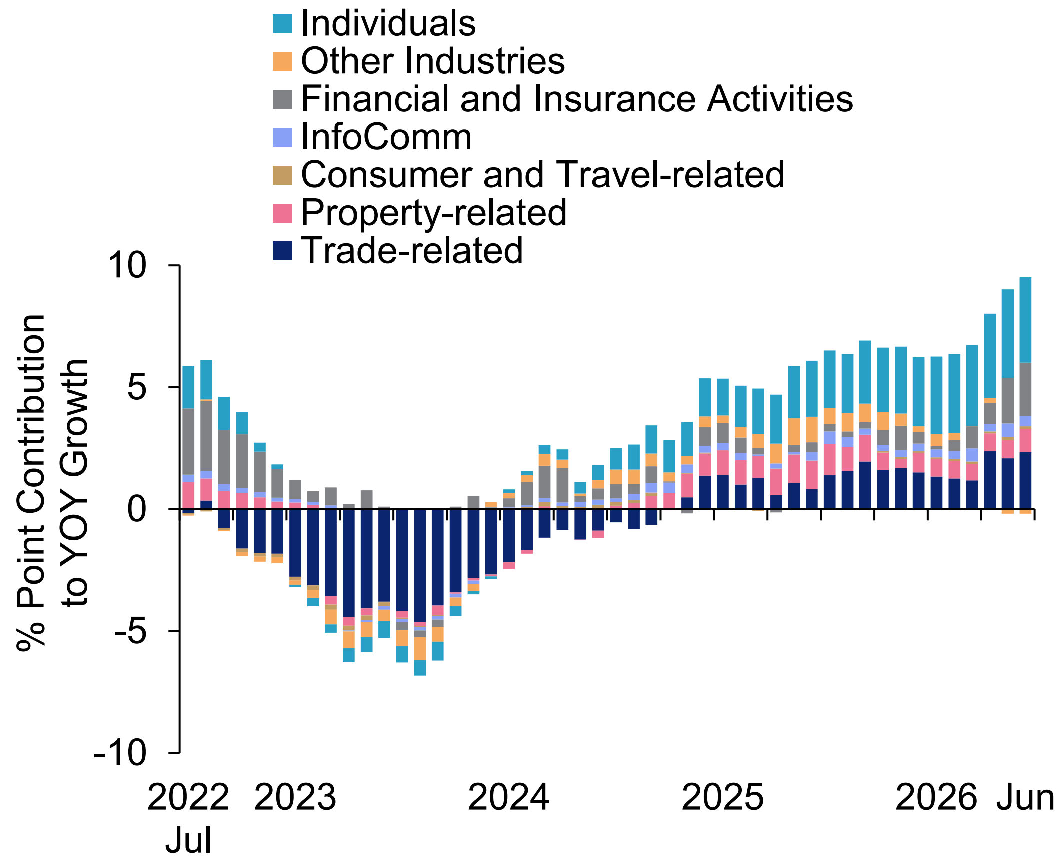
Resident credit expanded with the better-than-expected performance of the Singapore economy

Overall loan growth



Source: MAS

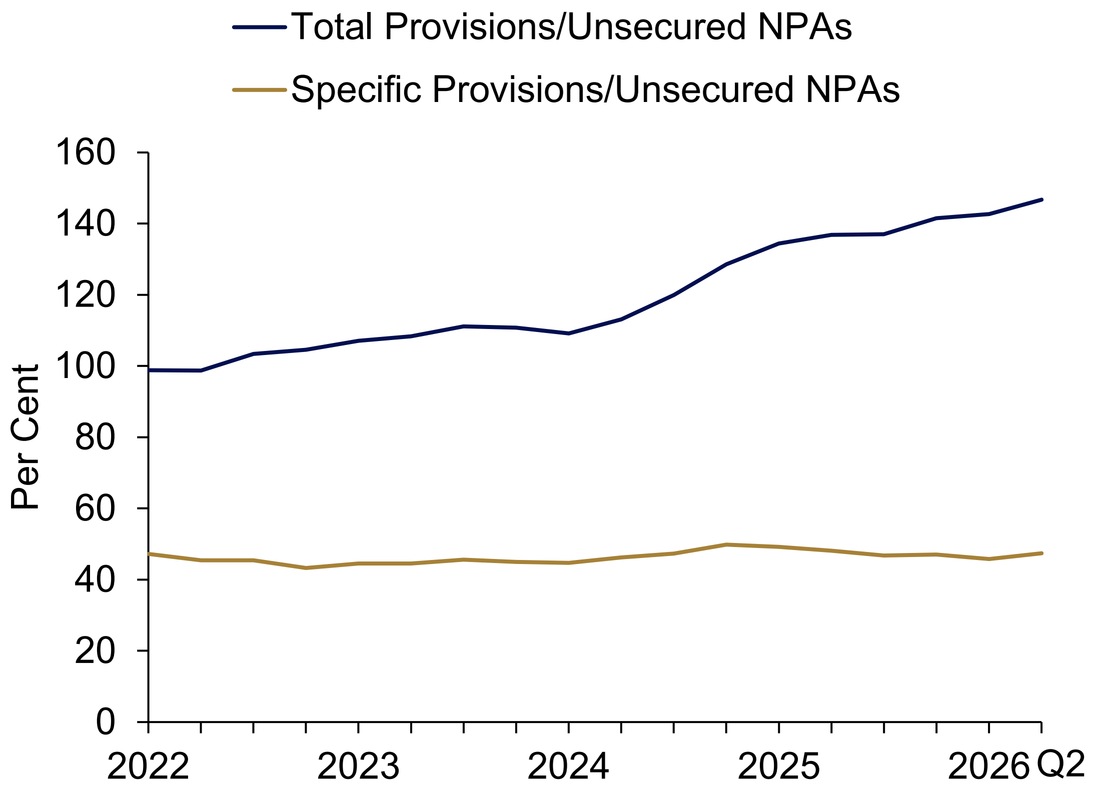
Resident non-bank loans by sector



Source: MAS

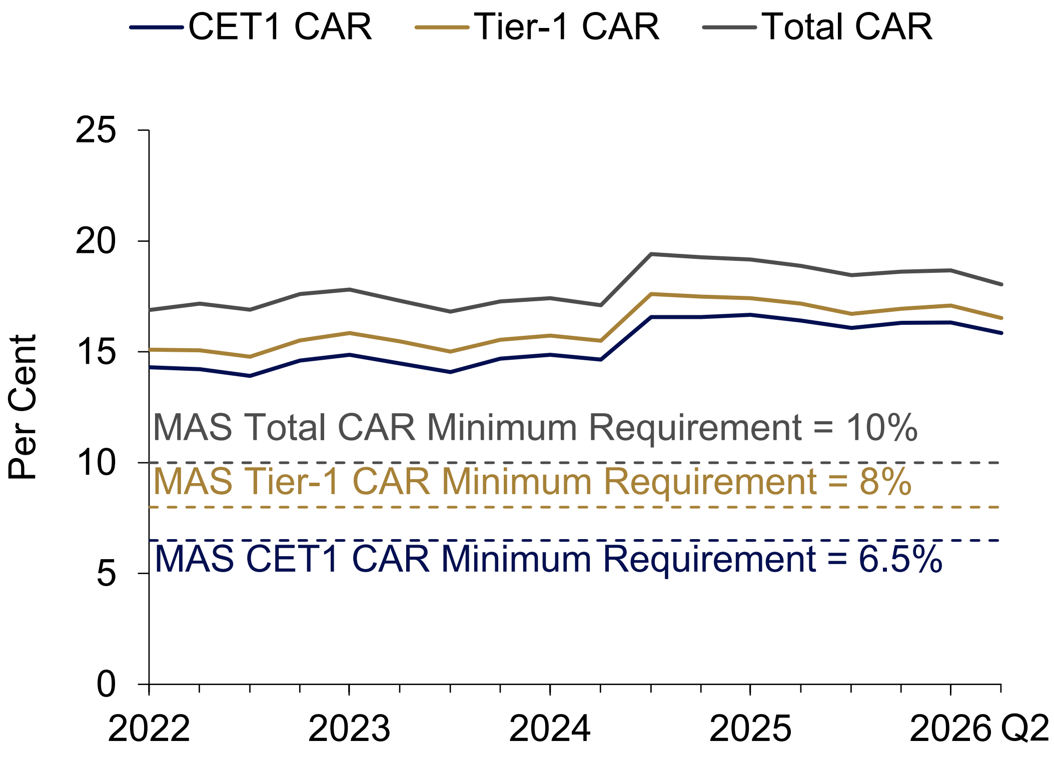
Banks have maintained strong capital and liquidity positions

Banking System's Provisioning Coverage



Source: MAS

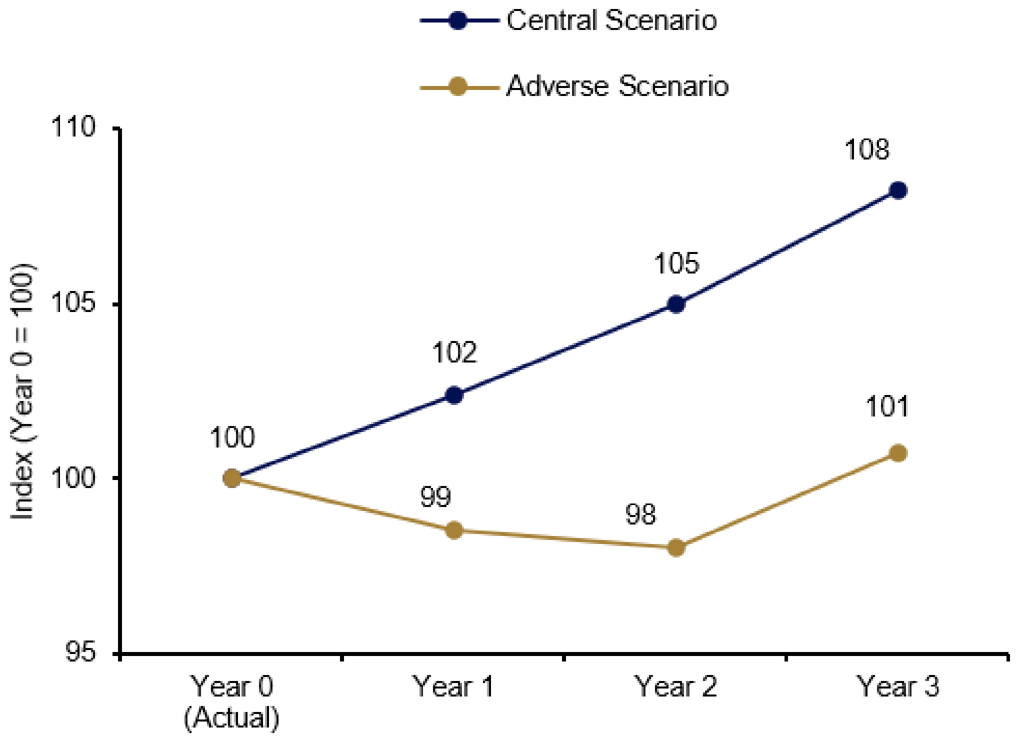
DSIBs' Capital Adequacy Ratios



Source: D-SIBs' financial statements, MAS

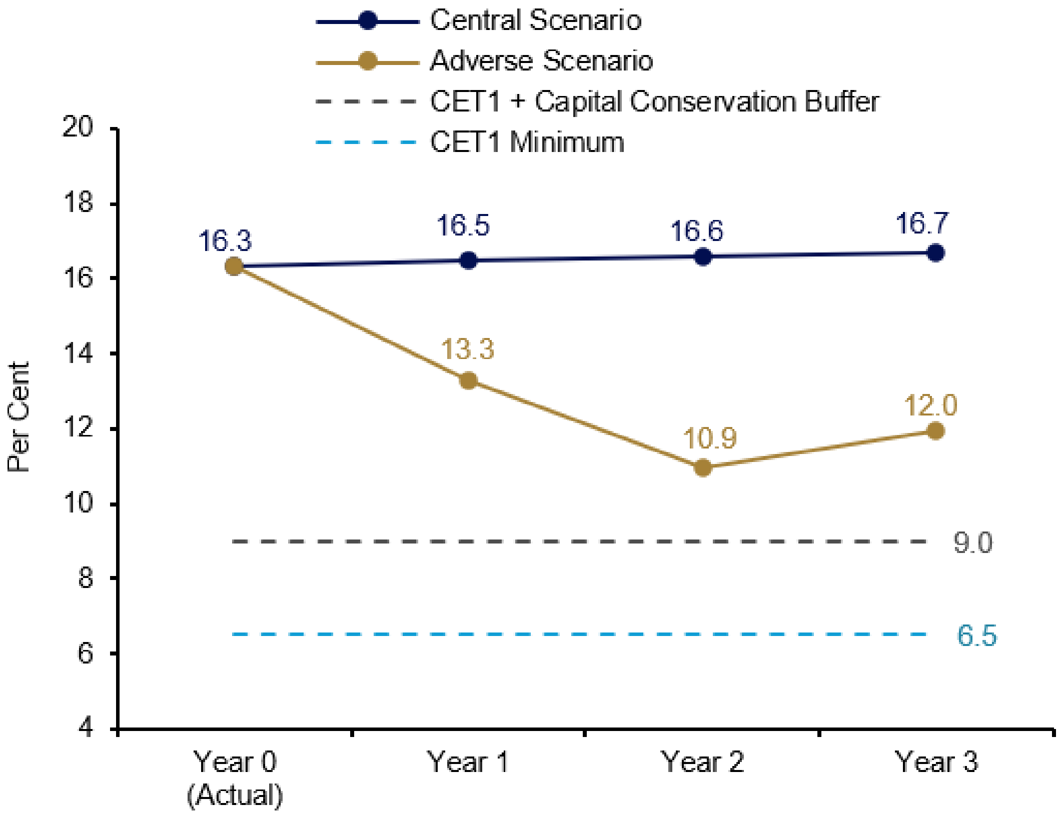
Stress test affirms that D-SIBs are resilient to a severe AI downturn amid energy supply shocks

Global Real GDP Levels (Stress Test Scenarios)



Source: MAS estimates

D-SIBs' Aggregate CET1 Capital Adequacy Ratio under Stress Test Scenarios

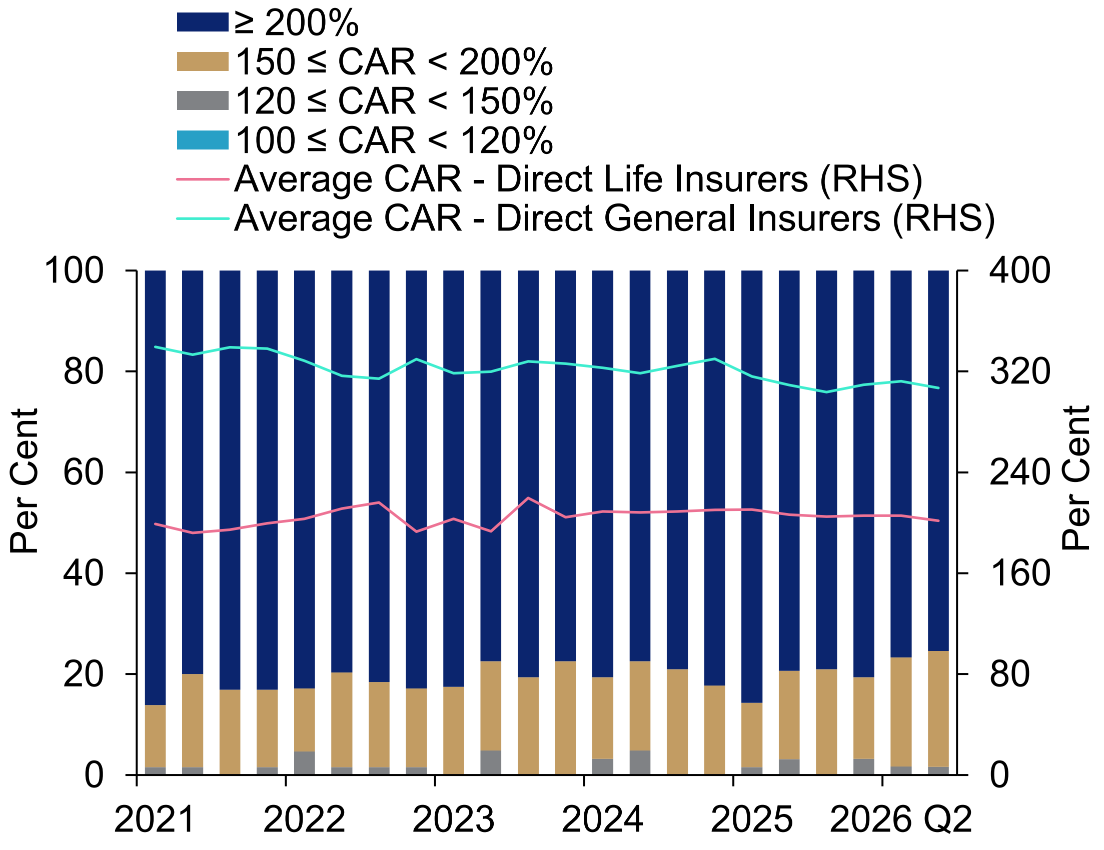


Source: MAS estimates

Singapore Non-bank Financial Institution Sector

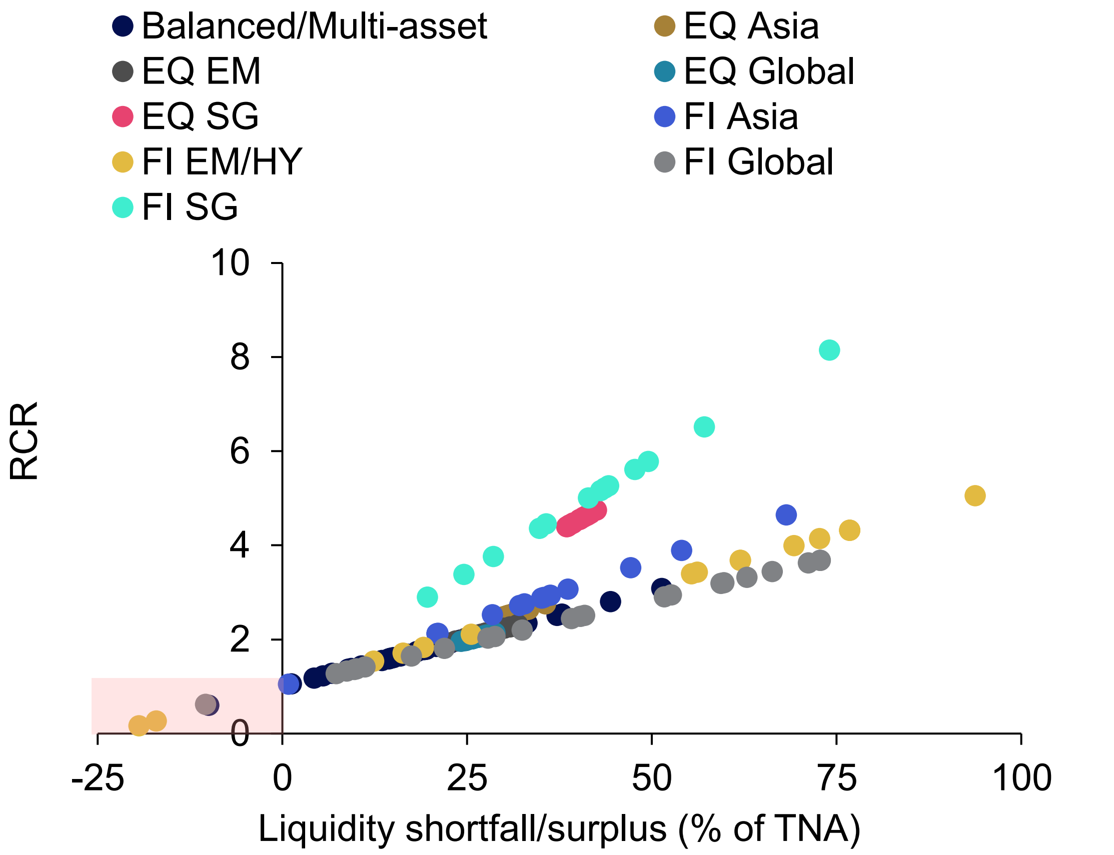
Insurers and investment funds remain resilient under stress

Capital adequacy ratios of direct life and direct general insurers



Source: MAS estimates

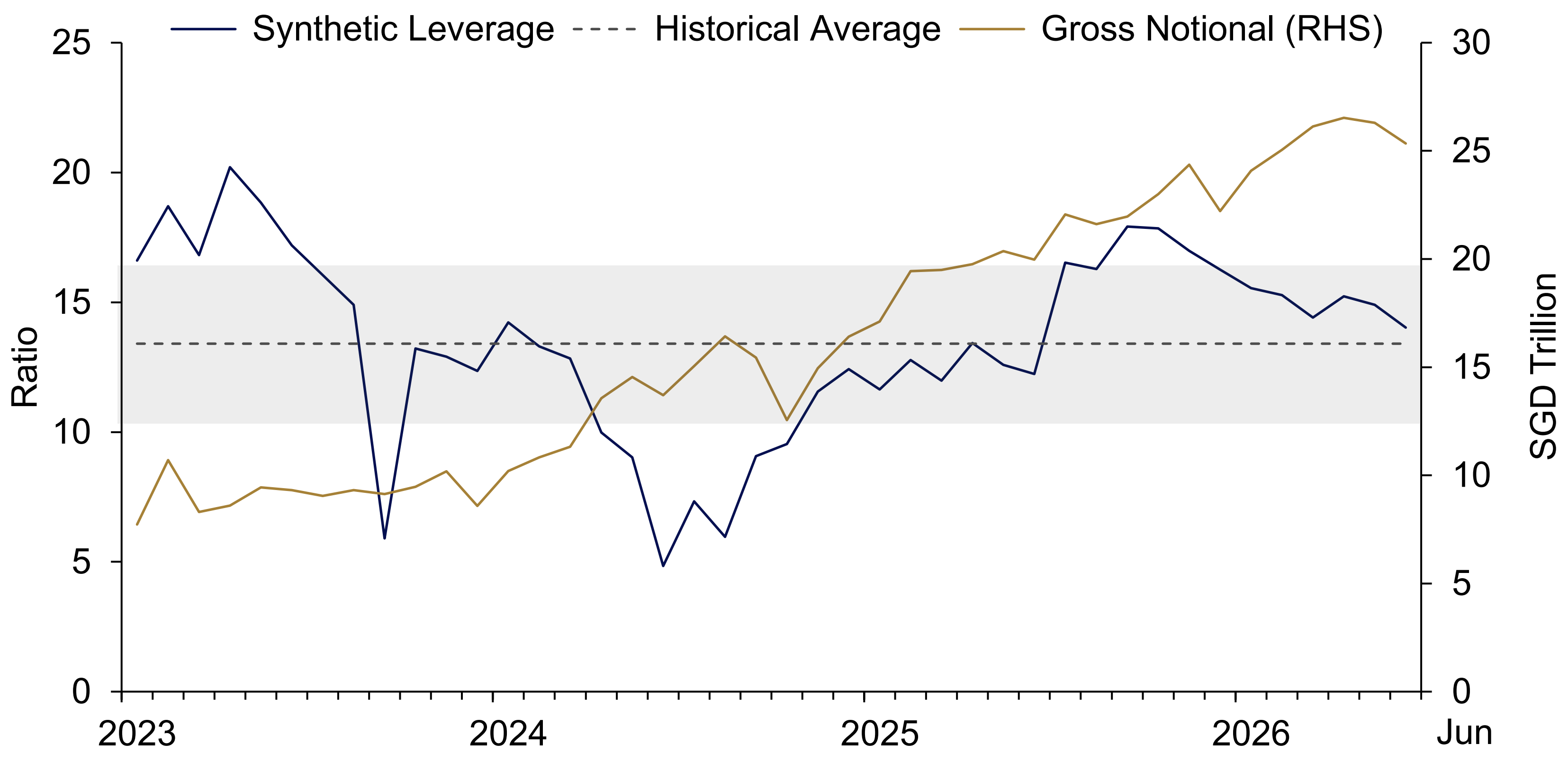
Fund redemption coverage ratio and liquidity shortfall/surplus under stress test



Source: MAS estimates

NBFIs’ derivatives exposures increased while leverage remained within historical averages

NBFIs’ OTC derivatives positions



Source: DDRS, MAS estimates

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