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Abbreviations

AE	Advanced economy
AER	Arts, entertainment and recreation
ASEAN	Association of Southeast Asian Nations
AUM	Assets under management
Capex	Capital Expenditure
COE	Certificate of Entitlement
COVID-19	Coronavirus disease 2019
CPI	Consumer price index
ECB	European Central Bank
EM	Emerging market
EPG	Economic Policy Group
FDI	Foreign direct investment
F&B	Food and beverage
GDP	Gross domestic product
GFC	Global Financial Crisis
GST	Goods and Services Tax
IMF	International Monetary Fund
IT	Information technology
MPS	Monetary Policy Statement
m-o-m	month-on-month
NEA	Northeast Asian economies
NODX	Non-oil domestic exports
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of the Petroleum Exporting Countries
p.a.	per annum
PMET	Professionals, Managers, Executives and Technicians
PMI	Purchasing Managers' Index
q-o-q	quarter-on-quarter
SA	seasonally adjusted
SME	Small and medium enterprises
TiVA	Trade in Value Added
UN	United Nations
VA	Value added
y-o-y	year-on-year

Data used in the *Review* are drawn from the following official sources unless otherwise stated: Building and Construction Authority (BCA), Civil Aviation Authority of Singapore (CAAS), Central Provident Fund Board (CPF), Singapore Department of Statistics (DOS), Economic Development Board (EDB), Enterprise Singapore (EnterpriseSG), Housing and Development Board (HDB), Infocomm Media Development Authority (IMDA), Land Transport Authority (LTA), Ministry of Finance (MOF), Ministry of Health (MOH), Manpower Research and Statistics Department (MRSD) of Ministry of Manpower (MOM), Ministry of National Development (MND), Maritime and Port Authority of Singapore (MPA), Ministry of Trade & Industry (MTI), Singapore Tourism Board (STB) and Urban Redevelopment Authority (URA).

Preface

The *Macroeconomic Review* is published quarterly in conjunction with the release of the MAS Monetary Policy Statements. The *Review* provides analyses of the conjunctural developments and outlook for the global and domestic economies. These analyses are integral components of MAS monetary policy decisions.

This issue of the *Review* is based on data and information available as of 28 January 2026, unless otherwise stated. It is produced by the Economic Policy Group:

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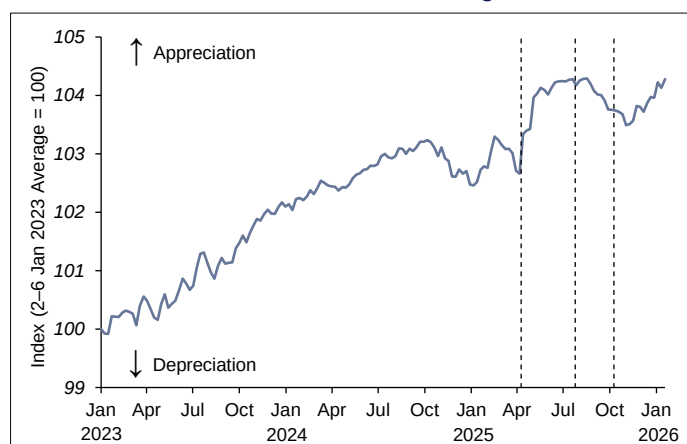
29 January 2026

Monetary Policy Statement

INTRODUCTION

1. In its October 2025 monetary policy review, MAS maintained the rate of appreciation of the Singapore dollar nominal effective exchange rate (S\$NEER) policy band, with no change to the width of the band or the level at which it was centred. Since then, the S\$NEER has strengthened in the upper half of the appreciating policy band.

Chart 1
S\$ Nominal Effective Exchange Rate



----- indicates the last three releases of Monetary Policy Statement

GROWTH BACKDROP

2. Economic activity in Singapore's major trading partners remained resilient in the last quarter of 2025, buoyed by the AI-related investment boom and reduction in trade policy uncertainty. This year, global growth is expected to ease modestly, as the lagged effects of higher tariffs weigh on final demand and trade. Nevertheless, the extent of the global economic moderation could be mitigated by supportive fiscal and monetary policies. In the near term, the global AI capex upcycle should also continue apace, and provide strong support for economies plugged into the electronics supply chain.

3. In line with the global economic backdrop, advance estimates from MTI show that the Singapore economy grew by 1.9% on a quarter-on-quarter seasonally-adjusted basis in Q4 2025, following the 2.4% expansion in the preceding quarter. Growth came in stronger than projected, largely due to robust performance of the manufacturing and services segments that are closely tied to the global technology cycle.

4. In the near term, Singapore's GDP growth should be resilient, although uncertainties to the outlook remain. The expansion in the trade-related sectors is likely to be underpinned by continuing

near-term strength in the global AI-driven capex cycle. Growth in non-technology-related segments is also forecast to be firm: financial services should be supported by steady lending and capital market activity, while the construction sector will benefit from a continuing pipeline of public and private projects. For the full year, GDP growth is expected to ease relative to the stronger outturn in 2025, with the positive output gap projected to narrow over the course of the year.

INFLATION OUTLOOK

5. MAS Core Inflation¹ rose to 1.2% y-o-y in Q4 2025, from 0.4% in the preceding quarter. The step-up in inflation partly reflected increases in the cost of private health insurance and holiday expenses, as well as the dissipation of base effects associated with enhanced subsidies. Beyond these temporary factors, inflation momentum also picked up from low levels across most core goods and services, in line with an uptick in regional prices and domestic wage increases. For 2025 as a whole, MAS Core Inflation came in at 0.7%, considerably lower than 2.8% in 2024.

6. Core inflation is expected to increase modestly in the near term. This will reflect a pick-up in services unit labour costs growth from its subdued pace earlier in 2025. At the same time, the recent rise in services productivity could be sustained, dampening the extent of cost increases. Meanwhile, imported inflation should remain contained. Global oil and food commodity prices are projected to decline this year, albeit at a progressively slower pace over the quarters. Regional consumer price inflation is forecast to only edge up, as subdued producer prices in Asia continue to dampen cost pressures.

7. The forecasts for MAS Core Inflation and CPI-All Items inflation for 2026 have both been raised to 1.0–2.0%, from 0.5–1.5% in the October 2025 Monetary Policy Statement. On average over 2026, core inflation momentum is expected to come in at a pace that is slightly below trend. CPI-All Items inflation would additionally reflect subdued accommodation costs with the continued passthrough of weaker housing rental growth of the past year.

8. The risks to the growth and inflation outlook are tilted to the upside at this point. Persistently stronger-than-expected GDP growth could lead to higher wage growth and boost consumer sentiment, exacerbating demand-pull inflationary pressures. Supply shocks, including those triggered by geopolitical developments, risk lifting imported costs. Nevertheless, some downside risks are also present, reflecting underlying fragilities in the global economy. For instance, a sharp correction in global financial markets or an abrupt pullback in global AI-related investment would induce a faster pace of easing in growth and consequently lower inflation.

MONETARY POLICY

9. MAS had kept the S\$NEER policy band on an appreciating slope in July and October last year. Following the strong performance in 2025, growth this year is expected to remain resilient and the output gap positive for the year as a whole. After a period of weakness, underlying price pressures are returning closer to trend. MAS Core Inflation is projected to normalise in 2026 and average 1.0–2.0%.

10. **MAS will therefore maintain the prevailing rate of appreciation of the S\$NEER policy band. There will be no change to its width and the level at which it is centred.** MAS is in an appropriate position to respond effectively to any risk to medium-term price stability and will continue to closely monitor economic developments amid uncertainties in the external environment.

¹ MAS Core Inflation excludes the costs of accommodation and private transport from CPI-All Items inflation.

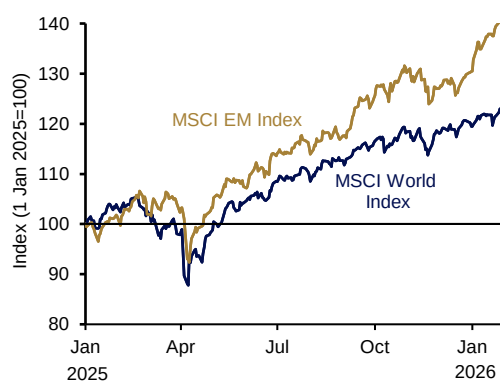
1 Financial Conditions

1.1 Global Developments

Market sentiments have remained buoyant

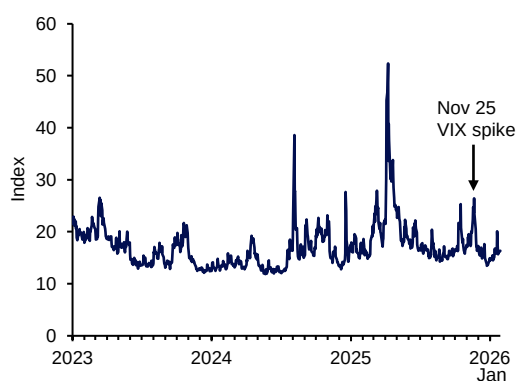
Global financial conditions have generally remained accommodative since the last *Review*. Equity markets have continued their advance, with the MSCI World and MSCI Emerging Markets indices gaining 3.9% and 9.1% respectively since end-October 2025 (**Chart 1.1**). The VIX spiked briefly in November (**Chart 1.2**) on concerns that valuations of mega-cap technology firms were stretched, but has recovered since then to a level below that at the last *Review*. Corporate credit spreads against government bonds remain compressed (**Chart 1.3**). Interest rate movements have become more varied across tenors and regions. In the US, the government bond yield curve has steepened slightly, while 10-year Japan government bond yields have risen by more than 50bps, coinciding with the Bank of Japan's decision to tighten policy rates (**Chart 1.4**). The Nominal Broad US Dollar index fell by 3.7%, bringing its decline since the start of 2025 to 11.5%.

Chart 1.1 Global Equity Indices



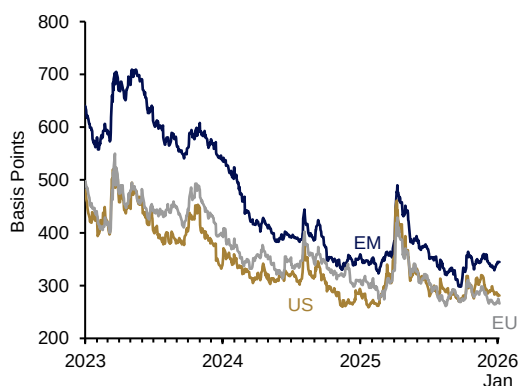
Source: Bloomberg

Chart 1.2: VIX Index



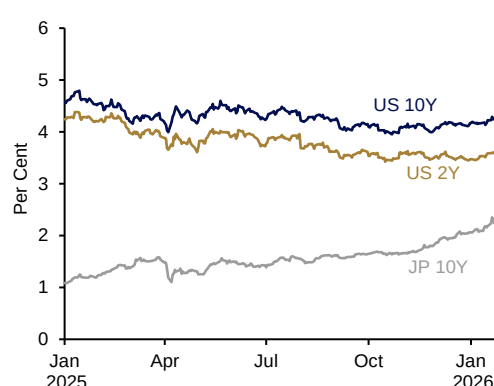
Source: Bloomberg

Chart 1.3: High-Yield Credit Spreads



Source: ICE Data Indices, LLC, retrieved from Federal Reserve Economic Data (FRED), Federal Reserve Bank of St. Louis.

Chart 1.4: Selected Key Interest Rates



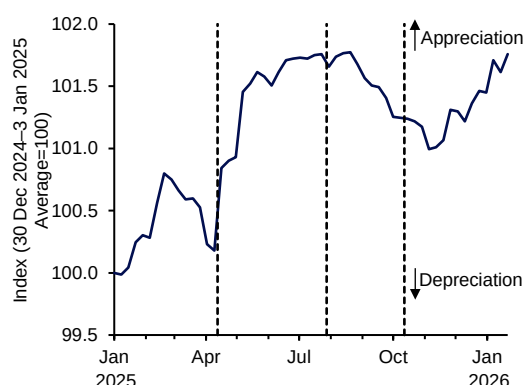
Source: Haver Analytics

1.2 Domestic Developments

The S\$NEER has appreciated within the policy band since late November

The trade-weighted S\$ depreciated modestly in the weeks following the October MPS but subsequently appreciated in the upper half of the S\$NEER policy band from late November (Chart 1.5). Since the last *Review*, the S\$ has strengthened against the G3 currencies, as well as the Korean won and New Taiwan dollar (NT\$) (Chart 1.6). At the same time, it has weakened against the Chinese yuan (RMB) and Malaysian ringgit.

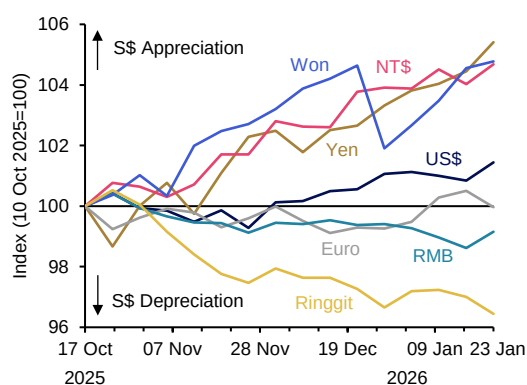
Chart 1.5: S\$NEER, Weekly Average



Source: EPG, MAS estimates

Note: Data displayed are up to 23 January. Vertical dashed lines indicate the last three releases of the MPS.

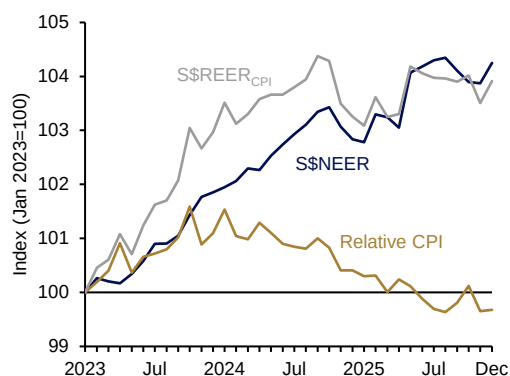
Chart 1.6: Bilateral Exchange Rates



Source: EPG, MAS estimates

The S\$REER had moderated between May to November 2025, reflecting both the decline in the S\$NEER and relatively lower pace of CPI inflation in Singapore compared to abroad (Chart 1.7 and Chart 1.8). However, the subsequent appreciation in the S\$NEER contributed to an increase in the S\$REER in December.

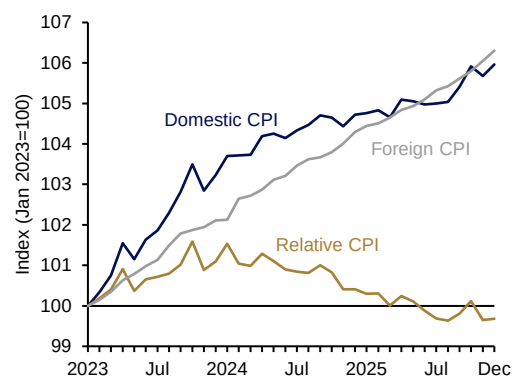
Chart 1.7: S\$ Real Effective Exchange Rate



Source: EPG, MAS estimates

Note: The S\$REER is constructed from seasonally adjusted domestic CPI and foreign CPI data series

Chart 1.8: Domestic and Foreign CPIs

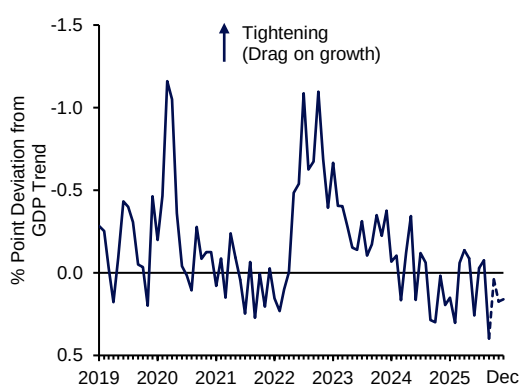


Source: Haver Analytics and EPG, MAS estimates

Domestic financial conditions remained accommodative

Singapore's financial conditions reflected that of global markets in Q4 2025 (Chart 1.9). The local equity market extended its positive momentum, climbing 7.5% from October to December. Bank lending to consumers and businesses expanded by 6.6% y-o-y in November, while money supply, as measured by M2, rose by 5.7% y-o-y (Chart 1.10). Domestic short-term interest rates and short-term yields stabilised in Q4, after having declined since Q2 2024 (Chart 1.11).

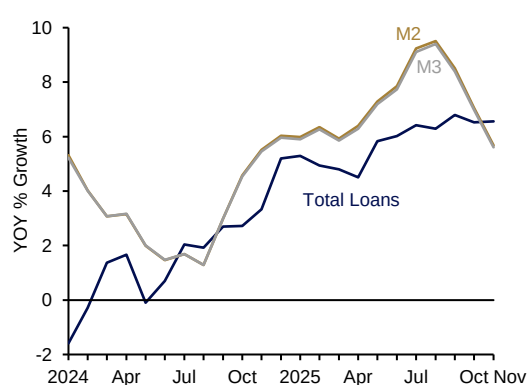
Chart 1.9: Domestic Financial Conditions Index (FCI)



Source: EPG, MAS estimates

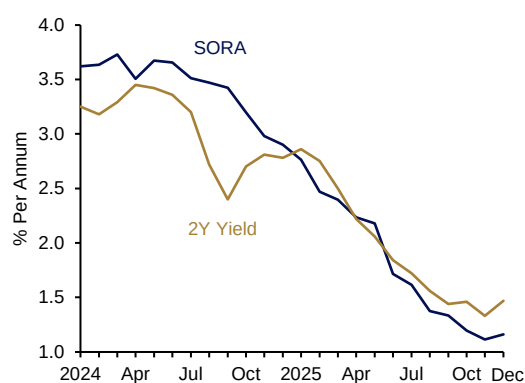
Note: The Oct–Dec 2025 FCI values are interim figures based on latest available component data.

Chart 1.10: Total Loans and Monetary Aggregates



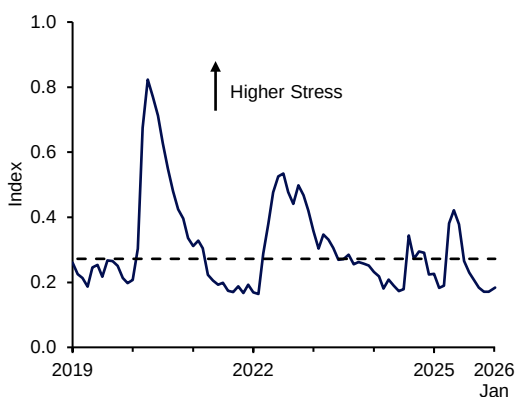
Source: MAS

Chart 1.11: S\$ SORA and S\$ Government Bond Yields



Source: MAS

Chart 1.12: Singapore Financial Stress Index (FSI)



Source: Haver Analytics and EPG, MAS estimates

Note: The FSI is normalised to [0,1], with 1 indicating historic high levels of stress. Its median level is indicated by the dotted line.

Looking ahead, the build-up of global financial vulnerabilities could pose risks to domestic financial conditions. While Singapore's FSI remains subdued due to low volatility in global financial markets (Chart 1.12), geopolitical instability, fiscal sustainability concerns and increased uncertainty surrounding the commercial viability of AI investments could trigger revisions in investor risk sentiments. This could lead to potentially sharp corrections in financial markets, especially amid rich valuations and compressed risk premia.

2 The International Economy

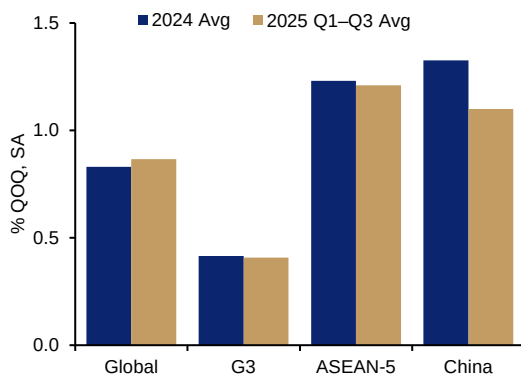
2.1 Global Macroeconomic Developments

Global growth held up at a solid pace in 2025 even as price pressures were largely contained

The global economy displayed a remarkable degree of resilience in 2025 (Chart 2.1). Despite heightened trade frictions and uncertainty, growth momentum averaged 0.9% in the first three quarters of the year, marginally faster than the pace in 2024. For 2025 as a whole, the global economy is estimated to have expanded by 3.4%, slightly higher than 3.3% in 2024. The robust growth outturn was underpinned by three key supports: agile supply chains, the AI-driven investment boom, and accommodative monetary and financial conditions.

Global supply chains have been adept in adjusting to tariff hikes. Firms responded through a combination of deft re-routing and accelerated production diversification, particularly across Asia where exports have remained firm (Chart 2.2). In particular, Chinese exporters have pivoted towards other markets such as Europe, Asia, and the Middle East, more than offsetting the decline in shipments to the US. Meanwhile, ASEAN has benefited from the re-orientation of supply chains, with exports to the US rising significantly. The tariff impact was further muted by implementation delays and phased rollouts, which spread cost pressures over time and allowed firms to more gradually adjust pricing, sourcing, and inventory strategies.

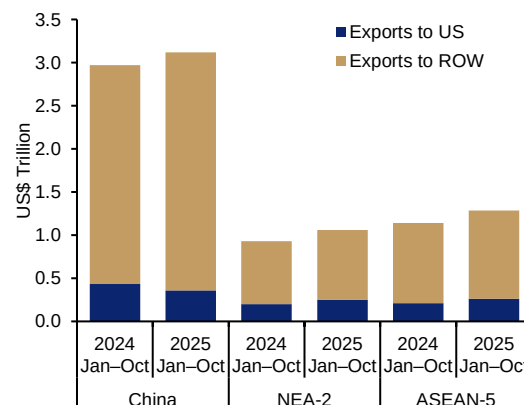
Chart 2.1: GDP Growth



Source: Haver Analytics and EPG, MAS estimates

Note: ASEAN-5 economies comprise Indonesia, Malaysia, Philippines, Thailand and Vietnam.

Chart 2.2: Asia Exports

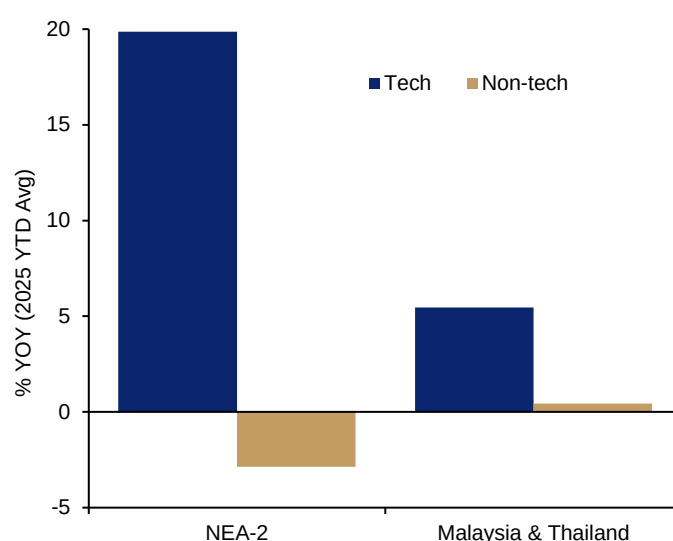


Source: Haver Analytics and EPG, MAS estimates

Note: NEA-2 economies comprise South Korea and Taiwan.

The AI investment boom in the US has also delivered a powerful impulse to growth in Asia. Capex was heavily concentrated in data centres, advanced semiconductors, power grids and networking equipment, lifting high-tech industrial production and exports in Asia. However, given the capital-intensive nature of the boost, there were limited spillovers to employment and traditional manufacturing segments (Chart 2.3).

Chart 2.3: Asia Industrial Production



Source: CEIC and EPG, MAS estimates

Note: Aggregates are calculated as simple averages across economies. Among the ASEAN-5 economies, only Malaysia and Thailand have readily available data breakdowns.

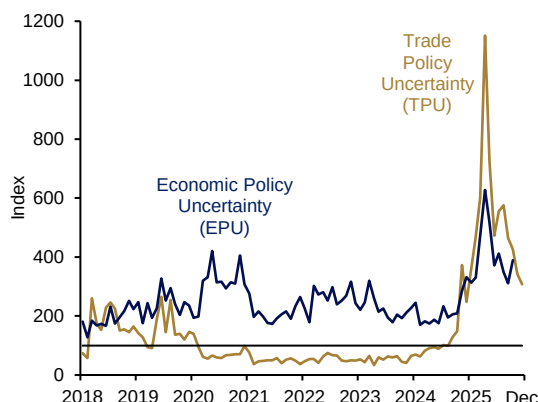
Global headline inflation continued to ease in 2025, supported by a confluence of cyclical and structural factors. Goods inflation across countries reflected the asymmetric impact of tariffs, which posed an adverse supply shock to the US while weighing on demand elsewhere. Disinflationary impulses emanating from well-balanced global commodity markets as well as subdued export prices among key external economies also capped price pressures. For the year as a whole, global inflation is estimated to have moderated to 1.8% in 2025, from 2.1% in 2024.

2.2 Outlook

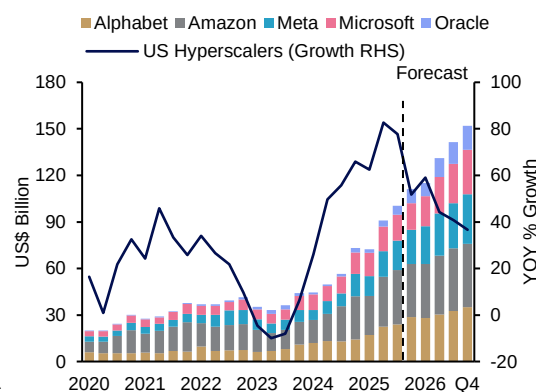
The firm growth momentum is likely to continue into 2026

Looking ahead, the pace of global economic expansion should remain intact in the near term. Trade policy uncertainty has broadly eased with the de-escalation in US-China tensions and finalisation of US tariff levels for most of the Asian economies (**Chart 2.4**). Meanwhile, the AI-driven capex upcycle appears to have further momentum, which will continue to benefit the US as well as Asian economies with significant exposure to the technology and semiconductor sectors (**Chart 2.5**). This is most clearly reflected in the sustained surge in US imports of AI-related products from Asia, with the NEA-2 economies, Vietnam, and Thailand accounting for the largest shares in recent months.

Macroeconomic policy settings are also expected to remain broadly supportive. Most central banks will likely ease monetary policy modestly in the quarters ahead, or remain on an extended hold, given the generally benign outlook for inflation. Meanwhile, fiscal policy is expected to be accommodative across the G3 economies. In the US, the One Big, Beautiful Bill Act, which includes household tax refunds and more generous corporate depreciation allowances, should provide additional near-term support to consumption and investment. Germany's gradual pivot to increased public spending and Japan's expansionary fiscal stance will support domestic demand. In Asia, China, Indonesia, and Malaysia are implementing various fiscal and quasi-fiscal measures, which should help to support domestic demand and cushion external headwinds.

Chart 2.4: Economic Policy and Trade Policy Uncertainty

Source: PolicyUncertainty.com

Chart 2.5: Hyperscalers' Capex

Source: Bloomberg

Note: Forecast refers to the Bloomberg consensus forecast.

Nevertheless, growth in 2026 could be uneven across countries and sectors. Economies with a stronger nexus to the AI ecosystem are likely to outperform relative to trend through three main channels: exports, investment, and to a lesser extent, consumption. For Asia, the export channel will be particularly important, given the region's role as the global manufacturing hub for AI hardware and related components.

Within the US, growth supports will remain bifurcated. Beyond the AI-driven investment cycle, the K-shaped consumption profile across income groups could become more entrenched. Higher-income households stand to gain disproportionately from AI exuberance-fuelled stock market gains as equities make up a significant share of their balance sheets (**Chart 2.6**). In contrast, lower- and middle-income households continue to face weak real income growth amid tariff-related cost pressures and a cooling labour market. Employment gains have fallen sharply to an average of just 49,000 jobs per month in 2025 from 168,000 in 2024, the weakest annual payroll gains (outside of recession episodes) since 2003. Other indicators such as rising unemployment and underemployment, as well as greater reported difficulty in securing jobs, further underscore the limited spillovers from AI-led growth to the broader workforce (**Chart 2.7**). This is occurring at a time when household buffers have thinned considerably, with the US personal saving rate dipping to 4.0% as at September 2025.¹

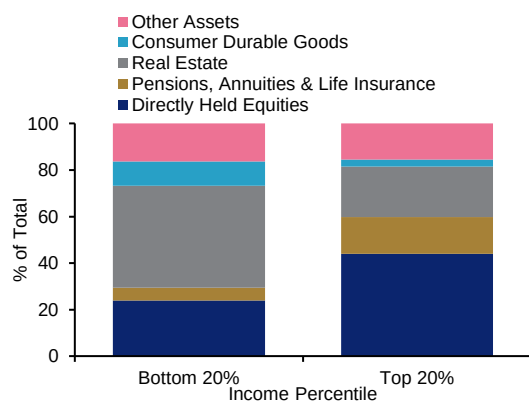
Against a backdrop of narrow and uneven growth, the effects of sustained higher tariffs are set to become more pronounced. The drag from higher effective tariffs is expected to become increasingly evident as effective rates converge towards those announced.² For example, activity in major US ports has slowed considerably in recent months (**Chart 2.8**). Non-technology exports are also likely to remain a key source of weakness, weighed down by subdued final demand. The latest Asian trade data already point to a widening divergence between technology and non-technology shipments, with the latter struggling to gain traction

¹ This is the lowest since 2008, excluding the post-COVID-19 period in 2022 when households drew down previously accumulated savings. The rate averaged 5.5% in 2023–24.

² The effective tariff rate based on federal customs revenues collected was estimated to be around 11% in October 2025. In comparison, the effective announced tariff rate was estimated to be significantly higher at 17% as at December 2025.

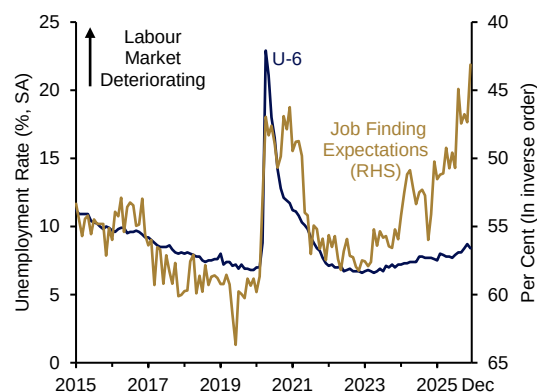
as the full impact of US tariffs progressively filters through (**Chart 2.9**). All in, global growth is projected to ease to 3.1% in 2026 from the estimated 3.4% in 2025.

Chart 2.6: US Components of Household Wealth by Income



Source: US Federal Reserve Board and EPG, MAS estimates

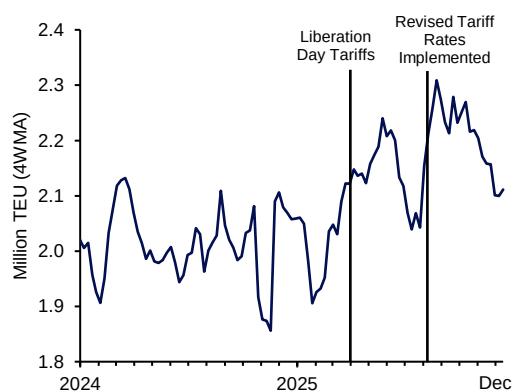
Chart 2.7: US Unemployment and Survey-based Labour Indicators



Source: Haver Analytics and the Federal Reserve Bank of New York

Note: The U-6 unemployment rate is a broader measurement of unemployment as it includes unemployed, underemployed, and discouraged workers. The job finding expectation question in the Survey of Consumer Expectations tracks respondents' pessimism about finding work, calculated as the probability of finding a job in the next three months if one loses a job today. A lower number means greater pessimism in securing employment.

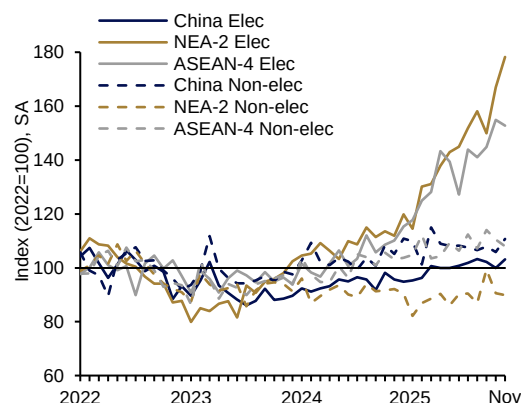
Chart 2.8: Capacity of Container Ships Calling at US Ports



Source: CEIC and EPG, MAS estimates

Note: Anticipation of tariffs and sudden changes in announced measures caused sharp volatility in shipments.

Chart 2.9: Asia Electronic and Non-Electronic Exports



Source: Haver Analytics and EPG, MAS estimates

Note: ASEAN-4 economies comprise Malaysia, Philippines, Thailand and Vietnam.

Global inflation is expected to edge higher in 2026

With global disinflation having largely run its course, inflation is likely to edge modestly higher in 2026 to 2.0%. In the US, inflation is expected to remain elevated, driven by tariffs and reduced net immigration inflows. Core goods inflation should pick up slightly, amid evidence of increasing tariff pass-through. Nevertheless, a continued moderation in core services

inflation alongside the current job-light economic expansion should anchor wage-price expectations and thus inflation. In Japan, inflation will be supported by a tight labour market, sustained wage growth, and stronger pass-through of labour costs to services fees. Meanwhile, ASEAN-5 inflation should pick up, as administrative price subsidies expire and domestic demand remains resilient. In contrast, China is expected to gradually transition from deflation to low inflation, reflecting rebalancing efforts.

The balance of risks points to stronger growth in the near term should AI capex momentum prove more robust than expected; but fragilities remain

Global growth could turn out firmer than anticipated if the AI-driven investment cycle in the US remains unrelenting, with robust AI hyperscaler-related capex providing a stronger boost to real private non-residential fixed investment. At the same time, further equity market gains driven by heightened AI optimism would increase household wealth and risk appetite, lifting consumption and crowding in non-AI investment through lower cost of capital, thereby supporting a stronger pickup in aggregate demand. Growth in the EM economies would also be underpinned by improved risk sentiment, stronger capital inflows, and easier external financing conditions. Firmer growth would push global inflation moderately higher but still remain close to targets. In response, most central banks would likely stay on hold through 2026. Financial conditions could therefore remain broadly supportive, allowing the AI-driven expansion to persist without triggering destabilising macro-financial imbalances.

However, the AI-centred economic expansion, and its attendant market buoyancy, could also present downside risks to growth in the event of a sharp repricing of market expectations about the profitability of AI ventures. This could set off broad-based de-risking, with spillovers into the real economy through negative wealth and confidence effects, and tighter financial conditions. The rapid growth of private credit in AI investment could also obscure underlying leverage positions and may amplify vulnerabilities within the broader financial system.

The probability of a systemic market correction is tied to the threat of several potential shocks materialising at once. A trigger event—including a re-escalation of tariffs, upsurge in geopolitical flashpoints and deepening fiscal sustainability concerns amid elevated and rising public debt—could cascade into a sharp loss of confidence with contagion that leads to an unravelling of the AI buildout and associated financial excesses.

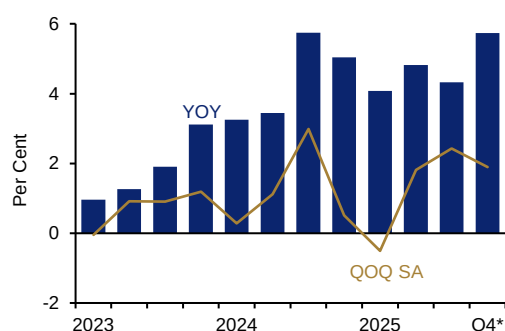
3 The Singapore Economy

3.1 Recent Developments

The Singapore economy ended 2025 on a firm note

The Singapore economy outperformed expectations again in Q4 2025. GDP growth accelerated to 5.7% y-o-y from 4.3% in Q3, based on the advance estimates (**Chart 3.1**). On a sequential basis, the economy expanded by 1.9% q-o-q SA, moderating slightly from the 2.4% growth in the previous quarter. For 2025 as a whole, GDP is estimated to have expanded by 4.8%, up from 4.4% in 2024. Continued strength in global AI-related demand and accommodative financial conditions across major economies, contributed to the upside surprises to Singapore's GDP growth in the latter half of 2025. The stronger-than-expected Q4 growth outturn was attributed largely to the manufacturing sector, and to a lesser extent, other external-oriented sectors such as wholesale, finance & insurance, and information & communications (**Chart 3.2**).

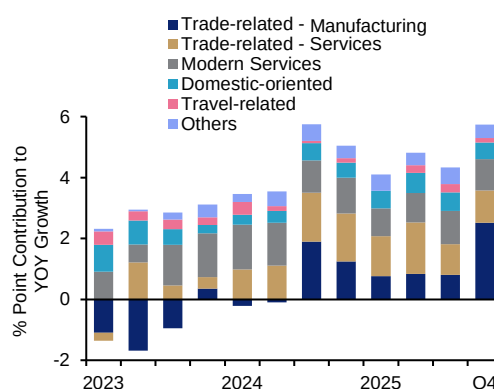
Chart 3.1: Singapore's GDP Growth



* advance estimates

Source: DOS

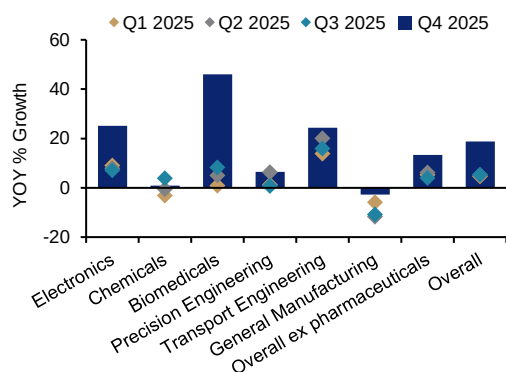
Chart 3.2: GDP by Cluster



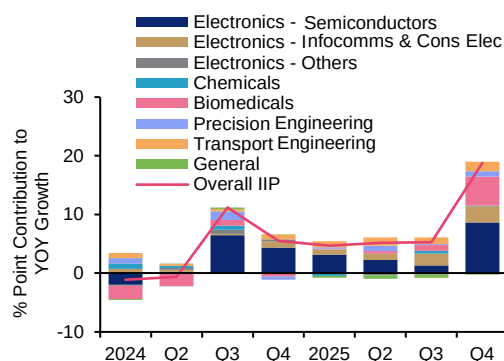
Source: EPG, MAS estimates

Global AI-related demand has been a key underlying driver of domestic production and exports

Singapore's manufacturing and trade activity was underpinned by strong outturns in the biomedical and electronics industries in Q4 2025 (**Charts 3.3 and 3.4**). Growth of the Index of Industrial Production (IIP) accelerated to 19% y-o-y in Q4, with the biomedical cluster surging by 46% y-o-y, on account of higher production of active pharmaceutical ingredients. This uptick in production took place alongside an increase in domestic exports (DX) of pharmaceuticals in Q4, largely to the US and Belgium. Meanwhile, the electronics cluster expanded by 25% y-o-y in Q4, with the strength in the infocomms and consumer electronics segment driven by higher output of server-related products, as demand for AI-related infrastructure by data centre hyperscalers continued to increase. Concomitantly, DX for server-related products saw an uptick in Q4, driven by higher volumes across existing export markets, as well as some new ones. At the same time, production in the semiconductors segment grew by 21%, in part supported by AI-related demand. Meanwhile, chipmakers serving the automotive and industrial end markets also saw higher production volumes amid easing inventory overhangs.

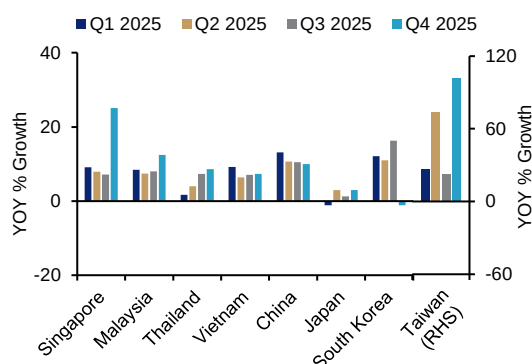
Chart 3.3: Index of Industrial Production

Source: EDB and EPG, MAS estimates

Chart 3.4: Contribution to Growth in Industrial Production

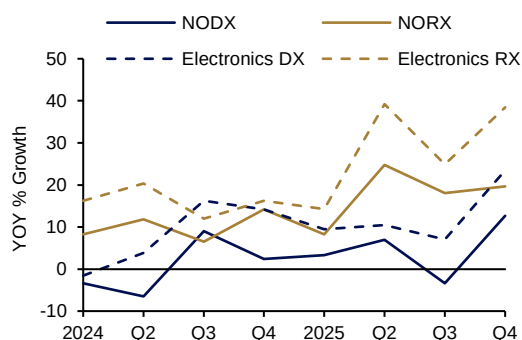
Source: EPG, MAS estimates

Besides Singapore, the regional economies—both upstream and downstream in the electronics value chain—have also benefited from the AI-driven boost to production. Notably, electronics output from Taiwan saw triple-digit growth in Q4, while that from China and several ASEAN economies also posted strong expansions (Chart 3.5). The uptick in regional production and trade has provided some positive spillovers to Singapore's trade-related services (e.g., wholesale trade), with electronics re-export flows growing strongly in Q4 (Chart 3.6).

Chart 3.5: Regional Economies' Electronics IIP

Source: Haver Analytics and EPG, MAS estimates

Note: China's Q1 2025 growth was proxied using March 2025 data, as electronics IIP figures for January and February are typically unavailable. Oct–Nov IIP were used for Malaysia, Thailand, Japan and South Korea.

Chart 3.6: Domestic Exports and Re-exports

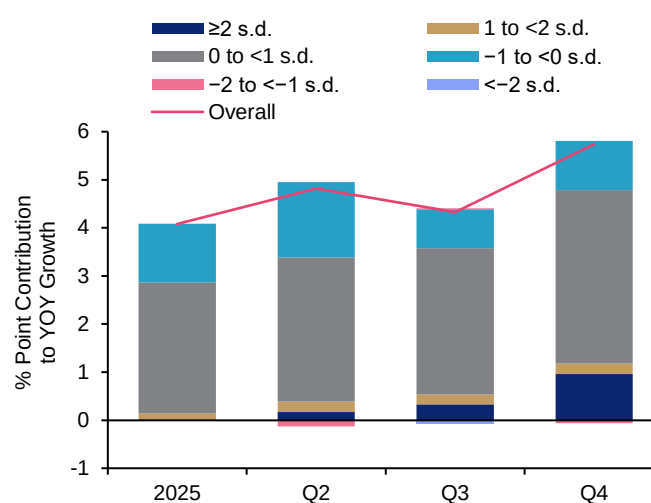
Source: EnterpriseSG

A small proportion of industries showed exceptional growth in Q4, while the rest of the economy mainly grew at trend

There was a slight shift in the growth distribution across industries towards the end of the year, with growth increasingly supported by a relatively small number of high-performing segments. Comparing the growth rates of industry segments against their respective

historical trends¹, three segments, namely the pharmaceuticals, infocomms & consumer electronics and specialty chemicals segments within manufacturing, grew at a rate more than 2 standard deviations (s.d.) above their historical average. While these segments comprised about 1.7% of the overall economy's nominal VA in 2024, they are estimated to have contributed around one-fifth of overall real GDP growth in Q4 2025 and about 10% of growth for the year as a whole (**Chart 3.7**). Abstracting from the outliers, the rest of the economy largely hovered around trend growth (between -1 and 1 s.d. from historical average). The consumer-facing sectors such as retail trade saw a gradual improvement in growth performance over the course of the year, reflecting a slight lifting of consumer sentiment and the sustained flow-through of fiscal transfers.

Chart 3.7: Contribution to GDP Growth



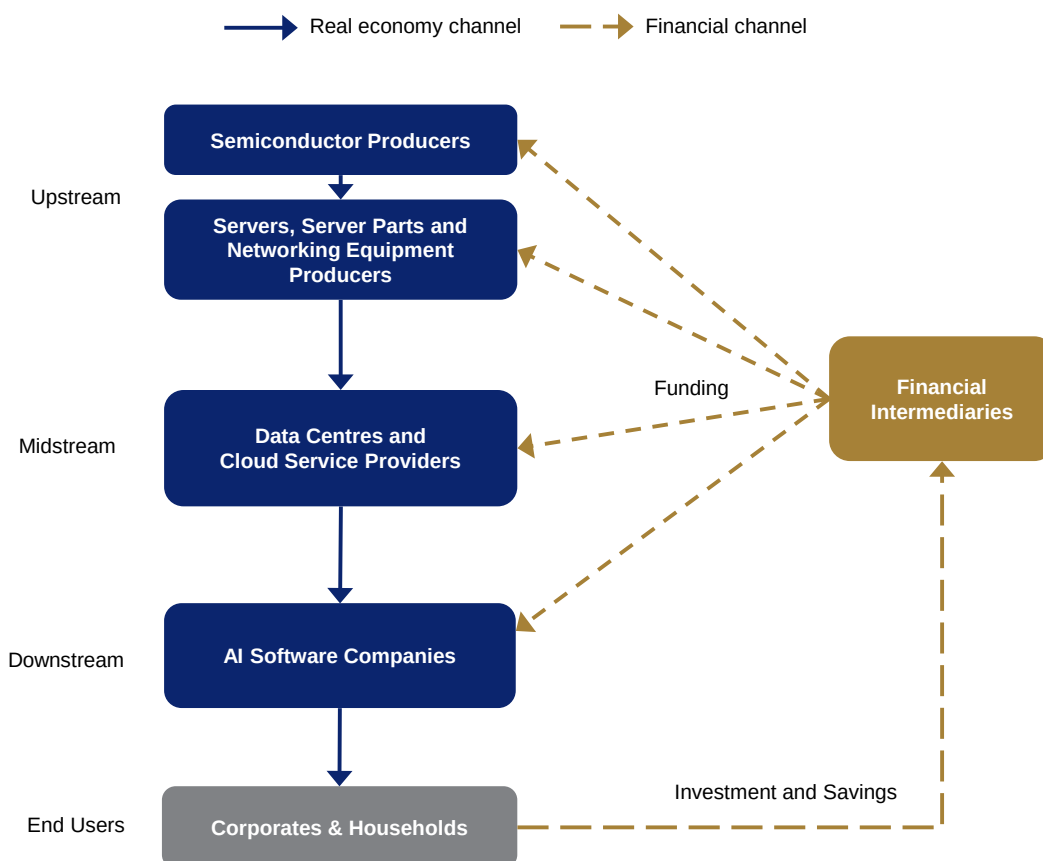
Source: EPG, MAS estimates

3.2 Outlook

The sustainability of the global AI boom will be a key determinant of overall GDP growth in 2026, alongside steady expansions in the other sectors

To assess whether the AI boom is likely to be sustained into 2026 and identify potential vulnerabilities, it is useful to map out the key participants in the global AI ecosystem (**Figure 3.1**). There are two main reinforcing channels that drive the ecosystem. In the *real economy channel*, production of goods and services occurs. Singapore's position in this channel is primarily in the upstream segment, such as hardware manufacturing of semiconductors and servers that support data centres and cloud service providers in the midstream, as well as further downstream where AI software firms serve corporate and household end users. Second, the *financial channel*, where financial intermediaries connect the various players in the ecosystem through investment and credit flows. Financing costs for AI firms have been lowered by higher equity valuations, driven by optimism around AI, in turn creating a self-sustaining cycle of investment.

¹ Average quarterly growth from 2015 to 2024 was taken as the historical trend for the respective segments.

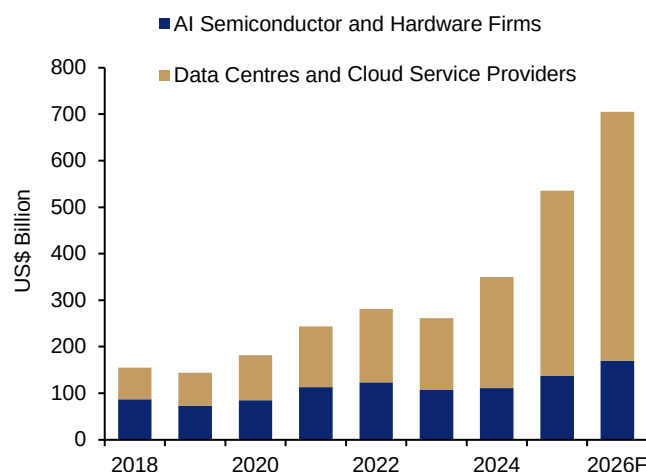
Figure 3.1: Stylised Representation of the Global AI Ecosystem

Source: EPG, MAS

The AI-led IT upcycle is likely to continue this year

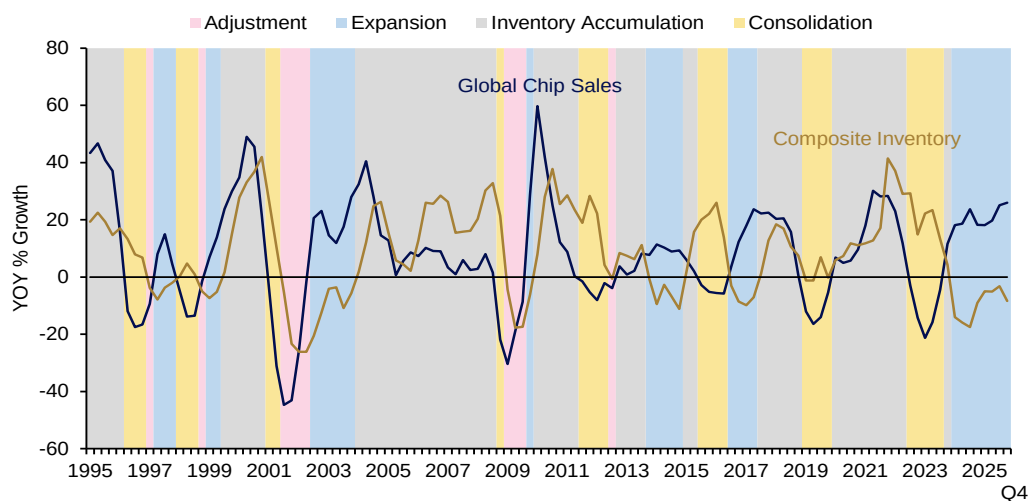
The AI-led global IT upcycle is expected to be sustained into 2026, as demand continues to **outpace available capacity**. The capex of major technology companies is expected to grow at a still-firm pace of about 30% this year, albeit moderating from the 50% expansion in 2025 (**Chart 3.8**). Other sources of demand could come from the European Union and South Korea which are also ramping up investments to build their own AI data centres. At the same time, new applications such as Agentic AI that require advanced semiconductor chips at scale are beginning to move from concept to deployment, thus boosting overall demand as well.

The broader semiconductor industry is currently still in the “expansion” phase—characterised by **positive chip sales and negative inventory growth** (**Chart 3.9**). While Taiwan has seen some increase in inventory levels in recent months, the overall inventory levels of key semiconductor producers in the world remain in contraction. For now, global chip sales (GCS) have shown no signs of slowing, and are in fact expected to accelerate further in 2026, fuelled by strong AI-related demand. The World Semiconductor Trade Statistics (WSTS) has raised its 2026 global chip sales growth estimate to 26%, surpassing its revised 22.5% growth forecast for 2025, driven by expectations of widespread expansion across all market segments and regions.

Chart 3.8: Capex of Major Technology Companies

Source: Bloomberg and EPG, MAS estimates

Note: AI semiconductor and hardware firms include AMD, Nvidia, Marvell, Micron, Samsung, SK Hynix, Apple, TSMC, Broadcom, Dell Technologies, HP Enterprise, Super Micro Computer, Inc. and IBM. Data centres and cloud service providers include Amazon, Alphabet, Meta, Microsoft and Oracle.

Chart 3.9: Global Chip Sales and Inventory Cycles

Source: WSTS, Haver Analytics, and EPG, MAS estimates

Note: The global electronics cycle comprises four phases: (i) Expansion (+ve GCS growth, -ve chip inventory growth); (ii) Inventory Accumulation (+ve GCS growth, +ve chip inventory growth); (iii) Consolidation (-ve GCS growth, +ve chip inventory growth); (iv) Adjustment (-ve GCS growth, -ve chip inventory growth). Inventory is proxied by the average levels of chip inventory in Taiwan, South Korea and the US, weighted by their export shares in 2024. Q4 2025 global chip sales are derived from WSTS 2025 Fall Forecast, while inventory is calculated as a weighted average of inventory levels in Taiwan, South Korea (based on Oct–Nov data), and the US (based on Oct data).

These global AI tailwinds are expected to provide near-term support for Singapore's trade-related sectors. While Singapore currently does not produce Graphics Processing Units (GPUs) or high-bandwidth memory chips (HBMs) for AI workloads—mostly manufactured in Taiwan and South Korea—it remains indirectly integrated with the AI ecosystem in the upstream phase. For instance, Singapore produces memory chips essential for storing large datasets for AI models, as well as servers, components, and networking equipment that support AI workloads. Notably, amid the AI boom, DX of servers increased by 38% y-o-y in 2025 and accounted for about 17% of electronics DX. Singapore is poised to deepen its linkages in the

AI global value chain, with Micron expected to begin operations of a HBM advanced packaging facility in 2026.²

More broadly, the technology-related segments³ could contribute a greater share to GDP growth this year compared to 2025. Within the electronics industry, manufacturers of traditional DRAM and NAND memory chips used in consumer electronics could benefit from the diversion of production capacity towards HBM chips for AI workloads as this has created an acute chip shortage, driving a surge in global demand. Meanwhile, the automotive chips segment will be supported by global trends in electrification and autonomous vehicles. Singapore produces semiconductors essential for electric vehicles and industrial systems, and will therefore receive a boost from these trends. Indeed, the Purchasing Managers' Index for Singapore's overall manufacturing and electronics production continued to expand in December, with the new export orders and production sub-indices recording firm growth. Within trade-related services, wholesalers of computers, computer peripheral equipment and software anticipate increased computer sales from AI demand and the Windows 11 migration. Meanwhile, global technology companies have announced investment plans for data centres and R&D facilities in ASEAN to accelerate AI adoption, which should benefit the IT & information services segment.

However, financial market exuberance and excessive physical investment pose downside risks further out

There are downside risks associated with the current strong AI demand conditions that could manifest further out. Doubts about AI's ability to deliver on anticipated productivity improvements could potentially trigger a pullback in AI capex. The OECD⁴ assessed that productivity improvements from AI are likely to materialise only over the medium-to-long term, estimating that AI could boost productivity growth among the G7 economies by 0.4% to 1.3% points p.a. over the next decade. Concomitantly, there are monetisation challenges, particularly among downstream AI software firms and corporate end users, which could undermine AI's broader value proposition. While consumer surveys have noted that user adoption of AI applications is high, less than 5% of users are paying subscribers.⁵

AI-related companies have less stretched valuations, and healthier balance sheets compared to technology firms in the dot-com era

There have been concerns that valuations in the US stock market have reached expensive levels, fuelled by optimism surrounding AI. However, valuations in the broader IT sector and the AI-related listed companies (proxied by the "AI 30" firms⁶ identified by JP Morgan) are not

² Subhani, O. (2025, July 4). Micron's \$9.5b chip plant to give Singapore foothold in AI space; will create up to 3,000 jobs. *The Straits Times*.

³ The technology-related segments comprise electronics and machinery & systems manufacturing, wholesale trade of electronic components and telecommunication equipment & computers, and IT & information services in the information & communications sector.

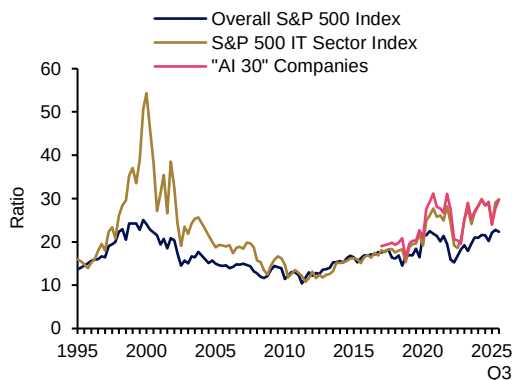
⁴ Filippucci, F., *et al.* (2025). Macroeconomic productivity gains from Artificial Intelligence in G7 economies. *OECD Artificial Intelligence Papers*, No. 41. OECD Publishing.

⁵ Menlo Ventures noted that more than half of American adults (61%) have used AI in the past six months, and nearly one in five rely on it every day. However, only 3% pay for consumer AI services. Source: Menlo Ventures. (2025, June 26). *2025: The State of Consumer AI*.

⁶ The "AI 30" companies are identified by JP Morgan as those in the S&P 500 Index with significant exposure to AI themes. These include firms in (i) semiconductor/hardware; (ii) software/cloud/consulting; and (iii) a small number of automotive, robotics and utilities firms.

as stretched compared to that of technology firms during the height of the dot-com era in 2000 (**Chart 3.10**).

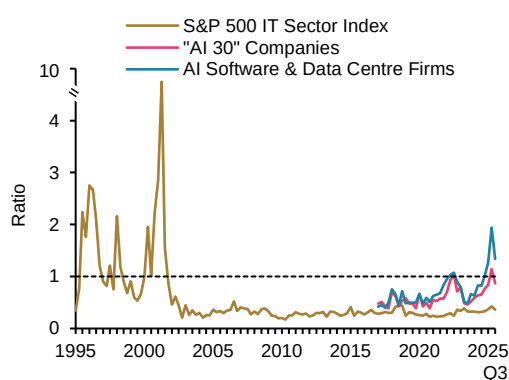
Chart 3.10: 12-month Forward Price-to-Earnings Ratios



Source: Bloomberg, JP Morgan and EPG, MAS estimates

Note: Analysis of the "AI 30" companies begins in 2017, the earliest date from which financials of at least 80% of today's "AI 30" companies are available.

Chart 3.11: Capex-to-Free Cash Flow Ratios



Source: Bloomberg, JP Morgan and EPG, MAS estimates

Note: The AI software & data centre segment comprises 15 firms: Microsoft, Alphabet, Amazon, Meta, Broadcom, Oracle, Palantir, Salesforce, IBM, ServiceNow, Adobe, Palo Alto, Cadence Design Systems, HP Enterprise, and Digital Realty Trust.

In addition, although the scale of AI-related capex is significant, much of the data centre build-out is being financed from the cash reserves of established technology firms with strong balance sheets. As at Q3 2025, the capex-to-free cash flow ratio of the S&P 500 IT Sector Index was around 0.4 (**Chart 3.11**), well below levels during the dot-com period, when companies took on significant leverage to fund expansion. The majority of the "AI 30" also exhibit relatively low capex-to-free cash flow ratios. However, a subset of firms in the AI software & data centre segment have recorded sharp increases in their ratios in recent quarters alongside accelerated data centre expansion. As some of these firms have also signalled a greater reliance on debt financing⁷ to support their capex plans, this warrants close monitoring.

Non-technology-related segments are expected to contribute materially to GDP growth in 2026

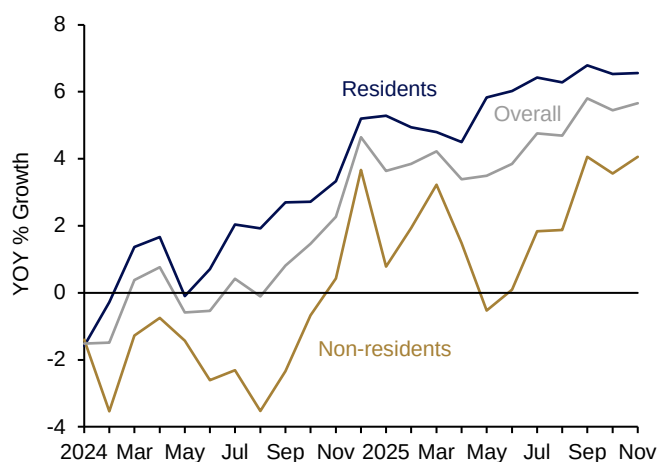
There are pockets of strength in the non-technology segments of the economy. For instance, within the manufacturing sector, the aerospace segment is poised to benefit from a sustained rise in maintenance, repair, and overhaul orders, particularly those focused on aircraft engines with more complex work scopes. In addition, ongoing multi-year capacity expansions⁸ are anticipated to further reinforce growth. In modern services, the finance & insurance sector is likely to continue to be supported by broadly accommodative macroeconomic and financial conditions. In recent months, easing monetary conditions have provided a fillip to credit intermediation activity, with overall loans increasing by 5.7% y-o-y in November (**Chart 3.12**). Consequently, even as monetary easing cycles reach their last miles in most major economies,

⁷ Smith, G., Cruz, I., & Wilhelm, B. (2025, December 23). AI debt boom pushes US corporate bond sales close to record. *Financial Times*.

⁸ These include ST Engineering's new multimillion-dollar engine MRO facility that will double its CFM56 and LEAP engine output progressively by 2027, and GE Aerospace's US\$75 million investment in regional MRO upgrades, with Singapore as its key base.

loan volume growth is expected to remain resilient at least in the early months of 2026 before growing at a more subdued pace further into the year. Meanwhile, the other auxiliary activities segment, which consists mainly of payment players, should grow at a steady pace as payment activity holds up on the back of firm consumption demand within the region.

Chart 3.12: Growth in Loans to Residents and Non-residents



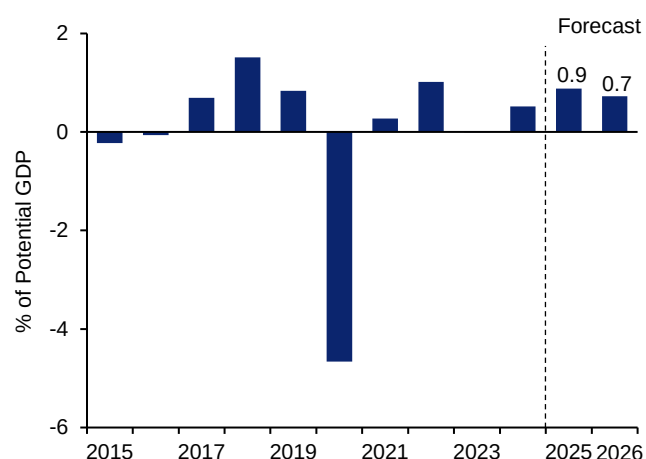
Source: MAS

In the domestic-oriented cluster, the construction sector continues to be supported by a robust pipeline of projects. Total value of contracts awarded (a proxy for construction output ahead) has seen stellar growth over the past two years, expanding by about 30% in 2024, an estimated 13% in 2025. Major developments underway include Changi Airport Terminal 5, the Tuas Megaport expansion, and the integrated resort expansions at Marina Bay Sands and Resorts World Sentosa. Other key projects underpinning the sector's expansion include HDB BTO projects, transport infrastructure upgrades such as tunnel and trackwork on the Cross Island Line, Jurong Region Line, and Thomson-East Coast Line extensions and healthcare facilities. Meanwhile, consumer-facing services will remain supported by still-healthy private consumption growth this year, amid firm labour market conditions.

Overall, the stronger-than-expected GDP growth outturn in Q4 2025 has provided a favourable starting point for 2026

All in, GDP growth in 2026 is forecast to moderate slightly from the strong outturn in 2025, with the underlying growth drivers remaining broadly similar. From a sectoral perspective, the trade-related cluster, especially manufacturing, and the modern services cluster should continue to underpin growth, while the domestic-oriented cluster is expected to benefit from a strong pipeline of public and private construction projects. Consequently, the domestic economy's output gap should remain positive but narrow slightly to around 0.7% of potential GDP in 2026, from 0.9% in 2025 (**Chart 3.13**).

Chart 3.13: Output Gap



Source: EPG, MAS estimates

Singapore's growth outlook is subject to plausible upside and downside risks. In the upside scenario, if AI demand accelerates, it would provide a further boost to GDP growth, particularly in manufacturing output and trade-related services. Conversely, adverse discrete events could also materialise, triggered for example, by geopolitical conflicts and re-escalation of tariff actions, which could impair global investor sentiment and disrupt the AI investment cycle through the financial channel. Beyond the near term, there is also the possibility of a sharp, synchronised correction in AI investment, driven by unrealised productivity gains and the inability to effectively monetise the application of AI technologies. As the industry continues to evolve, any shift in market sentiment or investment patterns could have significant implications for real economy growth prospects.

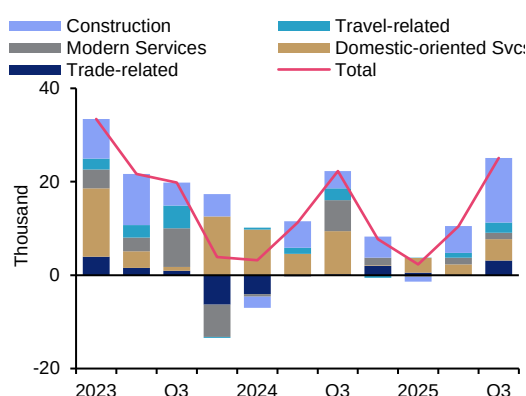
4 Labour Market and Inflation

4.1 Labour Market¹

Aggregate labour demand strengthened in Q3 2025, turning around after a modest softening earlier in the year

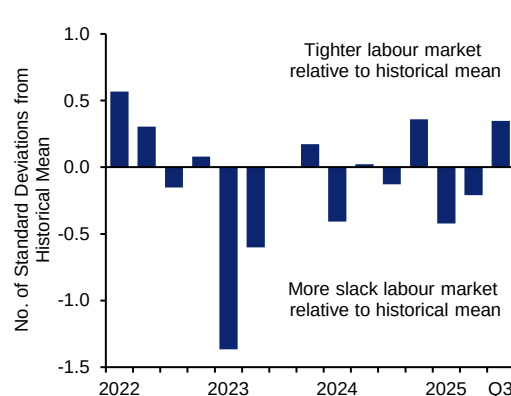
Employment growth² picked up in Q3 last year with both non-resident and resident workforces expanding at a faster pace. The increase in net job creation was generally broad-based across sectors (Chart 4.1). The non-resident workforce mainly expanded in the manufacturing and construction sectors while resident employment gains were underpinned by the domestic-oriented services sectors such as health & social services. Resident job gains also remained firm in the financial & insurance services sector. Meanwhile, amid a significant increase in labour productivity in the technology-related sectors, total employment outturns were relatively modest in wholesale trade and information & communications (I&C) services.

Chart 4.1: Total Employment by Broad Sector



Source: MOM and EPG, MAS estimates

Chart 4.2: Labour Market Pressure Indicator



Source: MOM and EPG, MAS estimates

Note: The Hamilton-filtered LMPI is a composite measure summarising how tight or slack labour market conditions are relative to the historical norm. It is constructed by first removing non-stationary components of various labour market indicators and subsequently applying a principal component analysis onto its residuals.

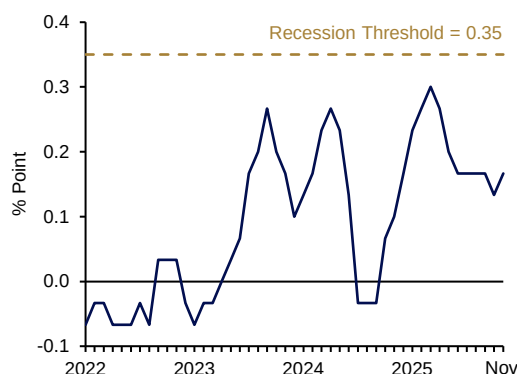
Most labour market indicators suggest that overall conditions have strengthened after a modest softening in H1 last year. In Q3, the job vacancy to unemployed persons ratio rose while retrenchments stayed low. Labour market churn measures such as the recruitment and resignation rates also picked up slightly. Further, the long-term resident rate of re-entry within 12 months post-retrenchment improved, even as its shorter-term measure (6 months) dipped. This suggests that retrenched workers eventually found re-employment, although job searches have taken longer. Overall, EPG's Labour Market Pressure Indicator (LMPI)—which summarises the signal from more than 20 labour market variables—turned positive in Q3 following two quarters of negative readings (Chart 4.2). Similarly, the Sahm-rule indicator for

¹ The commentary in this section is based on data that is available up to Q3 2025, unless otherwise stated.

² Employment growth data in this section excludes migrant domestic workers.

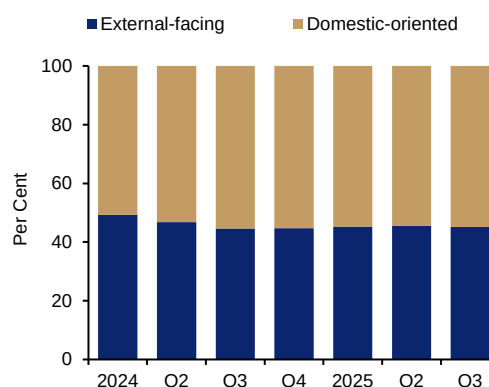
Singapore based on the monthly resident unemployment rate up to November shows that the labour market weakening in the earlier part of 2025 has likely reversed (**Chart 4.3**).³

Chart 4.3: Monthly Sahm-rule Indicator based on Resident Unemployment Rate



Source: MOM and EPG, MAS estimates

Chart 4.4: Share of Job Vacancies in External-facing and Domestic-oriented Sectors



Source: MOM and EPG, MAS estimates

Real wages rose strongly underpinned by firm labour productivity growth

Notwithstanding broadly full-employment conditions, the composition of jobs in the economy has been shifting amid differences in productivity across sectors. The share of job vacancies in the external-facing sectors—including manufacturing, I&C, and professional services—has been declining since 2024, consistent with a step-up in productivity growth in these industries (**Chart 4.4**). In some high-tech sub-segments within these sectors, manpower demand has been relatively muted reflecting more medium-term trends including the possibilities for increased automation of IT functions.⁴ In comparison, the share of job vacancies in the domestic-oriented sectors, such as construction, F&B and land transport, have been rising, reflecting the strong pipeline of major infrastructure projects and the nascent improvement in consumer spending.

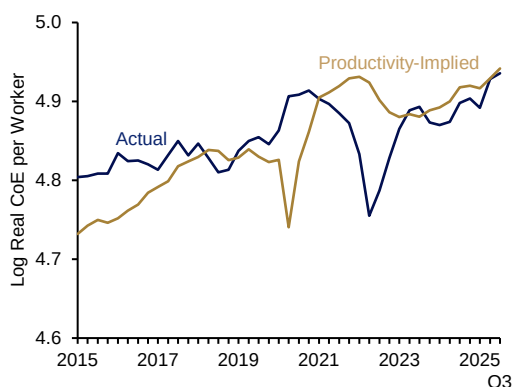
Consistent with the increase in labour demand and strong productivity growth, nominal and real wage gains have been firm. Nominal resident wage growth—as measured by average monthly earnings (AME)⁵—rose to 4.5% y-o-y in Q3 from an average of 3.9% in H1 2025. Growth in compensation of employees (CoE) per worker similarly increased over the same period, albeit more moderately, to 3.2% from 3.1%. However, amid the disinflation in 2025, average real compensation per worker increased significantly in line with the strong productivity growth in recent years (**Chart 4.5**).⁶

³ The monthly Sahm-rule for Singapore is constructed by taking the difference between the three-month moving average of the resident unemployment rate and the minimum level of the three-month moving average over the previous year. EPG-MAS' internal analysis suggests that when this difference exceeds +0.35%, risks of recessionary conditions are heightened.

⁴ *HRM Asia* (2026, January 6) [Singapore salaries set to rise 4% in 2026, but real wage growth remains subdued: Mercer](#).

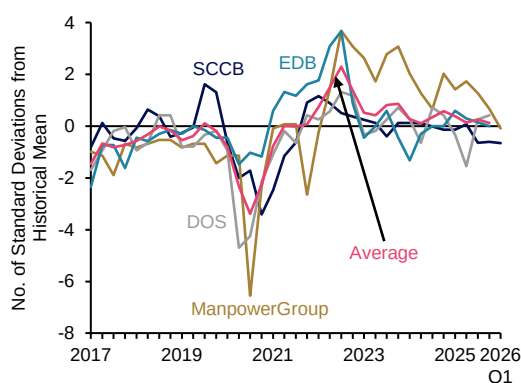
⁵ AME refers to all remuneration received before deduction of the employee Central Provident Fund (CPF) contributions and personal income tax. It comprises basic wages, overtime pay, commissions, allowances and bonuses but excludes employer CPF contributions. Annual AME data is published. Quarterly AME data is available by writing to mom_rsd@mom.gov.sg.

⁶ Likewise, when deflated by CPI inflation, real CoE per worker growth picked up to an average of 2.3% y-o-y in Q1–Q3 2025 from 1.1% in 2024.

Chart 4.5: Actual vs Productivity-implied Real CoE per Worker

Source: DOS, MOM and EPG, MAS estimates

Note: Real CoE per worker is obtained by deflating nominal CoE per worker using the GDP deflator. Productivity-implied real CoE per worker refers to the predicted real CoE per worker obtained by regressing real CoE per worker on aggregate labour productivity over Q1 1991 to Q3 2025.

Chart 4.6: Net Employment Outlook

Source: EDB, DOS, Singapore Commercial Credit Bureau (SCCB) and ManpowerGroup

Note: Net employment outlook is defined as the proportion of employers planning to increase headcount less the proportion of employers intending to reduce headcount. Historical mean refers to the average in 2010–19 for EDB, DOS and ManpowerGroup series; and 2015–19 for SCCB.

The labour market should remain resilient in the near term and stay at full-employment conditions

Forward-looking indicators suggest that labour demand in the economy is expected to be broadly stable in the near term. In Q4 2025, the overall outlook for employment growth was in line with its historical average pace (**pink line in Chart 4.6**). Recent hiring sentiment surveys (ManpowerGroup, Singapore Commercial Credit Bureau) show that the employment outlook has stayed at roughly historical average levels. Further ahead, the steady economic expansion in the domestic-oriented sectors should underpin job creation (**see Chapter 3.3**). At the same time, continuing firm productivity growth in sectors such as manufacturing and I&C services⁷, should cap excessive labour demand in the economy. For the resident workforce, job growth will also be supported by tighter foreign workforce policies this year, including higher minimum qualifying salaries (MQS) for the renewal of Employment and S Passes.⁸

All in, the labour market should stay resilient this year, with the resident unemployment rate remaining relatively low. Meanwhile, resident nominal wage growth is expected to ease from 2025, albeit remaining slightly above its historical average. This will be broadly in line with still-robust productivity growth, implying that unit labour cost growth will be relatively contained. However, stronger-than-expected labour demand pressures could lead to an acceleration in unit labour cost growth that eventually passes through to consumer price inflation. Singapore's increasingly constrained resident labour supply growth owing to ageing demographics could further add to demand-induced wage-price pressures.

⁷ Over Q1–Q3 2025, labour productivity growth in manufacturing and I&C sectors averaged 4.4% y-o-y and 6.5% respectively, far exceeding the overall economy's productivity growth of 2.9%.

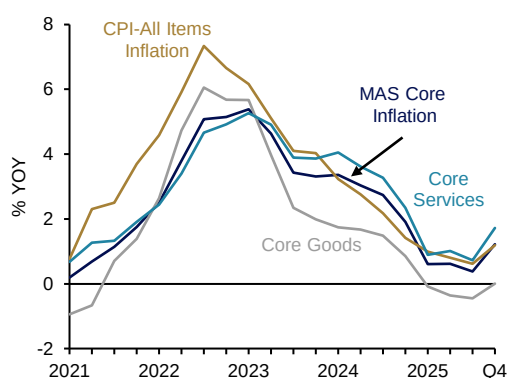
⁸ MQS for renewals of employment passes was raised from \$5,500 to \$6,200 and from \$5,000 to \$5,600 for financial services sectors and all other sectors respectively from 1 January 2026. Meanwhile, the MQS for S Pass renewals will be raised from \$3,650 to \$3,800, and \$3,150 to \$3,300 and for financial services sectors and all other sectors respectively from 1 September 2026.

4.2 Inflation Developments

Underlying inflationary pressures have picked up from subdued levels

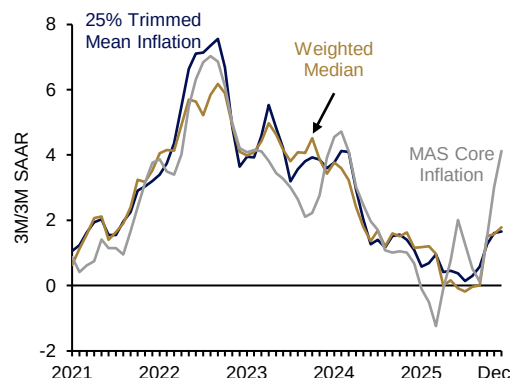
MAS Core Inflation picked up in Q4 2025 from the low rates seen in Q3 (Chart 4.7). The step-up in inflation to 1.2% y-o-y from 0.4% in the previous quarter mainly reflected increases in the cost of private health insurance and holiday expenses, as well as the fading disinflationary impact of healthcare subsidy enhancements introduced in 2024. Alternative measures that look past more volatile components indicated that underlying inflation momentum had begun to normalise after falling to close to 0% earlier in the year (**Chart 4.8**). CPI-All Items inflation likewise rose to 1.2% in Q4 2025, from 0.6% in Q3 2025, lifted by higher core inflation and robust demand for cars that led to firmer private transport inflation.

Chart 4.7: Inflation Measures



Source: DOS and EPG, MAS estimates

Chart 4.8: Measures of Underlying Inflation Momentum

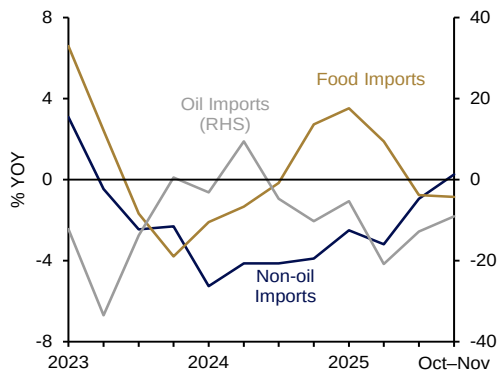


Source: DOS and EPG, MAS estimates

External disinflationary pressures are showing nascent signs of waning. While the imported costs of oil and food have continued to decline in y-o-y terms in tandem with still-moderating global energy and food commodity prices, Singapore's overall non-oil imported inflation turned positive in Oct–Nov, after more than two years of negative readings (**Chart 4.9**). This likely reflected the sequential pickup in regional export and producer prices from their troughs as well as the slight weakening of the S\$NEER within the band in the preceding months (**Chart 4.10**).

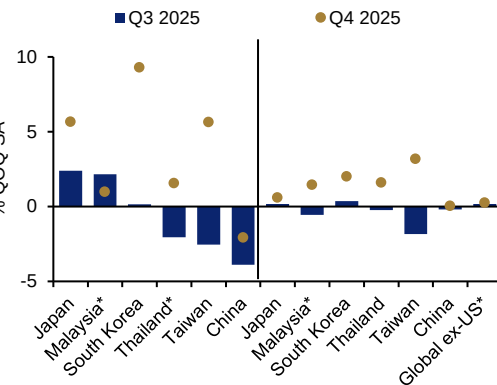
Meanwhile, domestic cost pressures also edged higher. Services unit labour cost growth (adjusted for trend productivity) picked up slightly on the back of stronger resident wage growth in Q3, even as the pace of increase remained below its historical average. Trend productivity growth in the services sectors appears to have picked up, helping keep services unit labour costs increases contained. At the same time, rents for commercial retail space rose⁹ more quickly in H2 2025 alongside robust net firm formation in the F&B services sector.

⁹ Based on the URA rental index of private sector retail space.

Chart 4.9: Singapore Import Price Indices

Source: DOS and EPG, MAS estimates

Note: Import prices of food are re-weighted based on the CPI weights of the closest corresponding components.

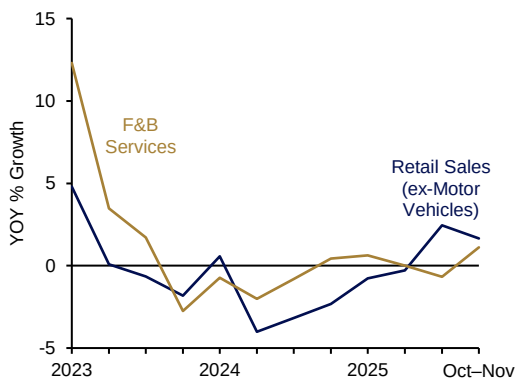
Chart 4.10: Export and Producer Price Indices

Source: Haver Analytics and EPG, MAS estimates

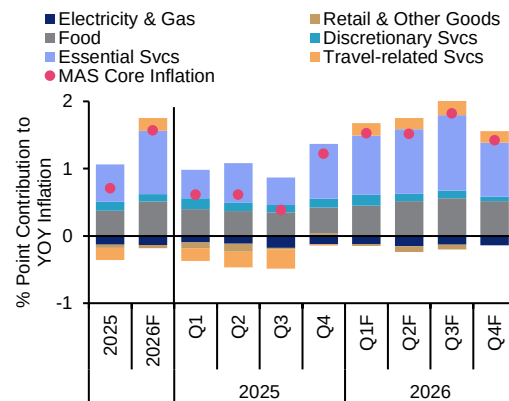
Note: The price indices are denominated in their respective currencies. Global ex-US PPI is based on the world trade-weighted index published by the Dallas Fed.

* Data available only until November 2025. The sequential momentum is calculated using the Oct–Nov average over Q3.

Consumer demand has shown signs of recovering, supporting the passthrough of accumulated costs increases. In Oct–Nov, F&B services and retail sales (excluding motor vehicles) volumes registered above-trend y-o-y growth, signalling a recovery from the weakness experienced since H2 2024 (**Chart 4.11**). Although recent outturns could have been partly supported by year-end seasonality, consumer sentiment may have improved amid the dissipation of uncertainty, alongside strengthening real wage increases.

Chart 4.11: Retail and F&B Services Sales Volume Indices

Source: DOS and EPG, MAS estimates

Chart 4.12: % Point Contribution to MAS Core Inflation

Source: DOS and EPG, MAS estimates

Core inflation is forecast to normalise to 1.0–2.0% this year

Domestic cost pressures are expected to rise moderately. Underlying productivity growth in the services sector is likely to remain firm this year. This in turn should keep unit labour cost increases contained at slightly below its historical average, even as the pace of growth edges up from 2025. At the same time, continuing real wage increases should sustain steady private consumption expenditure growth at near-trend rates over the year. However, the extent of

demand-pull domestic inflationary pressures would also depend on the extent of competitive forces in consumer markets, including that from abroad.

Global disinflationary impulses should continue but are likely to diminish gradually over the year. On the external front, both Brent crude oil and global food commodity prices are projected to be lower on average this year compared to 2025 on the back of favourable supply conditions. However, the pace of decline is expected to moderate progressively over the course of the year. Meanwhile, regional inflation is anticipated to pick up slightly from its low last year, but should remain modest overall amid subdued producer price inflation in Asia. All in, imported cost pressures should remain benign even as their disinflationary impact wanes in the quarters ahead.

Both MAS Core and CPI-All Items inflation are expected to normalise after their low outturns last year to average 1.0–2.0% in 2026. In the quarters ahead, core inflation momentum is expected to rise closer to its trend pace, from the exceptionally low rates over Q4 2024–Q3 2025. This reflects the gradual increases in imported and domestic costs, as well as firmer demand conditions in line with the slightly positive output gap. In turn, higher MAS Core Inflation will lift CPI-All Items inflation, although the increase in headline inflation is expected to be dampened by more modest accommodation inflation, on account of the lagged passthrough of moderate rent increases recently.

The risks to the inflation outlook are tilted to the upside in the near term, although two-sided risks remain. Stronger-than-expected global and domestic GDP growth could boost wage growth and consumer sentiment, inducing demand-pull inflationary pressures. Supply shocks, including those triggered by geopolitical developments, could also lift imported costs. While downside risks to growth are less probable in the near term, there remains a non-trivial possibility of a large, discrete shock to growth. Latent geopolitical, institutional and macroeconomic stressors may culminate in a significant repricing in financial markets, which would depress Singapore's import prices via weakened global demand and weigh on domestic spending through negative wealth and confidence effects.