

FINANCIAL STABILITY REVIEW

November 2019

The annual Financial Stability Review presents the Economic Policy Group's analysis of global and domestic risks and vulnerabilities, which forms the basis of our assessment of the resilience of Singapore's financial system.

GLOBAL FINANCIAL AND ECONOMIC ENVIRONMENT

Global financial stability risks are rising against a challenging macroeconomic backdrop.



The global economy faces sluggish growth with downside risks due to trade and geopolitical tensions.



Lower-for-longer interest rates have fuelled increased corporate indebtedness and encouraged a "search for yield"...



... which has seen increased capital flows to EMEs, raising the sensitivity of their financial conditions to global shocks.

ANALYSIS OF SINGAPORE'S SECTORS



Corporates



Balance sheets are resilient overall

Corporate debt has built up, but debt risk profile has improved. Further uncertainty and weakness in the external environment could pressure trade-related corporates, and cause spillovers to the rest of the economy.

Households



Balance sheets have strengthened

Net wealth has increased, and debt growth slowed. July 2018 property measures have brought prices closer to fundamentals. However, buyers should assess their ability to service mortgages amid continuing economic uncertainty and further housing supply coming on stream.

Banking



Healthy with ample capital and liquidity buffers

Uncertain global environment could present challenges including pressures on profit and tightening global liquidity. Banks should maintain strong underwriting standards and ensure adequate provisioning coverage, including strengthening their USD liquidity profiles.

SPECIAL STUDIES



Special Study 1

Financial Conditions Index, Financial Vulnerability Index and Growth-at-Risk for Singapore



Special Study 2

Assessing Corporate Resilience in Emerging Asia



Special Study 3

The Effect of Speculative Activity, and Transaction Types on Private Residential Property Prices in Singapore



Special Study 4

Cyber Risk Stress Tests for Banks and Insurers

