METI MINISTRY OF ENERGY, TRADE AND INDUSTRY SINGAPORE



ECONOMIC SURVEY OF SINGAPORE

THIRD QUARTER 2026

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Ministry of Energy, Trade and Industry
Republic of Singapore

website: **www.meti.gov.sg**
email: **meti_email@meti.gov.sg**

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MAIN INDICATORS OF THE SINGAPORE ECONOMY

OVERALL ECONOMY

	2Q26	3Q26
Real Gross Domestic Product (YoY Growth)	+6.4%	+6.1%
Gross Domestic Product at Current Market Prices	$221.0 billion	$233.9 billion

PRICES

	2Q26	3Q26
Consumer Price Index — All Items (YoY Growth)	+1.8%	+2.3%
Domestic Supply Price Index (YoY Growth)	+32.0%	+40.1%

LABOUR MARKET

	2Q26	3Q26
Change in Employment (QoQ Change)	+14.7 thousand	+32.0 thousand
Overall Unemployment Rate	Jun26 1.9%	Sep26 2.0%
Value-Added per Actual Hour Worked (YoY Growth)	2Q26 +4.6%	3Q26 +3.3%

COSTS

	2Q26	3Q26
Unit Labour Cost of Overall Economy (YoY Growth)	-0.9%	-1.1%
Unit Business Cost of Manufacturing (YoY Growth)	-1.2%	+2.0%
Unit Labour Cost of Manufacturing (YoY Growth)	-8.2%	-3.7%

MERCHANDISE TRADE

	2Q26	3Q26
Merchandise Exports	$254,323 million +38.4% YoY Growth	$269,333 million +46.9% YoY Growth
Merchandise Imports	$223,006 million +41.9% YoY Growth	$233,934 million +41.7% YoY Growth

SERVICES TRADE

	2Q26	3Q26
Services Exports	$153,148 million +12.7% YoY Growth	$158,503 million +14.9% YoY Growth
Services Imports	$137,909 million +11.6% YoY Growth	$141,876 million +14.2% YoY Growth

CHAPTER

1

THE SINGAPORE ECONOMY





Chapter 1

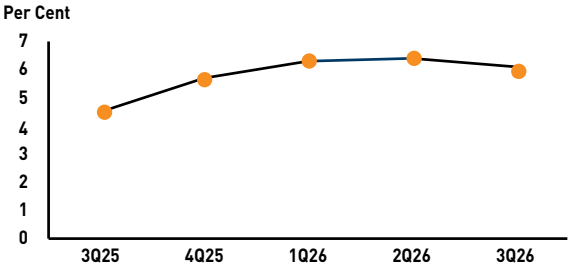
THE SINGAPORE ECONOMY

ECONOMIC PERFORMANCE

Real GDP grew by
6.1% in 3Q26



Quarterly Growth (YoY)



Main Drivers of Growth in 3Q26

Wholesale Trade



2.7%-point
contribution

Manufacturing



1.5%-point
contribution

LABOUR MARKET

Resident Unemployment Rate



3.0%
in September 26

Employment (QoQ Change)



+32,000
employed in 3Q26

Sectors with the Highest Employment Growth in 3Q26

+12,700
employed



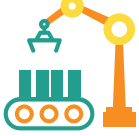
Construction

+10,700
employed



Other Services Industries

+6,700
employed



Manufacturing

PRODUCTIVITY

(YoY Growth)
Value-Added per Actual Hour Worked increased by

3.3% in 3Q26



Sectors with the Highest Growth in Value-Added per Actual Hour Worked in 3Q26

19.1%



Wholesale Trade

8.0%



Information & Communications

4.3%



Finance & Insurance

COSTS
(YoY Growth)

Overall Unit Labour Cost decreased by

1.1% in 3Q26



Within the Manufacturing Sector

2.0%	-3.7%
Unit Business Cost	Unit Labour Cost

PRICES
(YoY Growth)

The Consumer Price Index (CPI) rose by

2.3% in 3Q26



Categories with Largest Price Increases

7.8%	3.4%	2.3%
Transport	Health	Miscellaneous Goods & Services

INTERNATIONAL TRADE
(YoY Growth)

Total Merchandise Exports increased by

46.9% in 3Q26



56.9%	45.8%	4.0%
Re-Exports	Non-Oil Domestic Exports	Oil Domestic Exports

Total Services Exports increased by

14.9% in 3Q26



Services Exports increase was led by...

10.0%-pt	3.0%-pt	1.0%-pt
Transport	Other Business Services	Financial Services

OVERVIEW

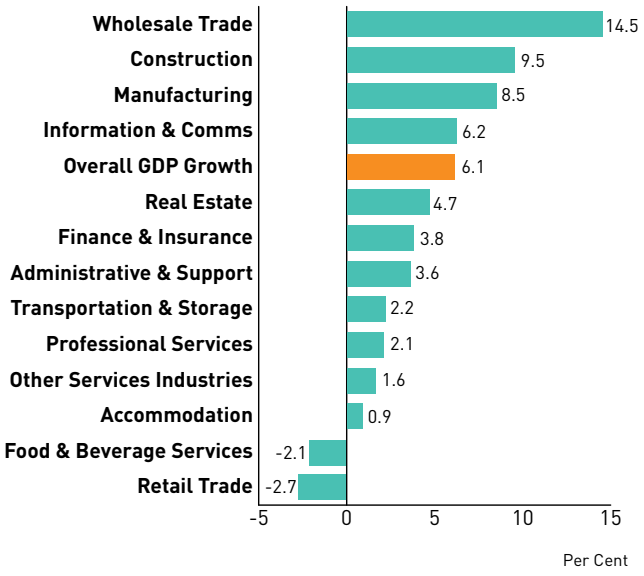
In the third quarter of 2026,

- The Singapore economy grew by 6.1 per cent on a year-on-year basis. The sectors that contributed the most to GDP growth during the quarter were the wholesale trade, manufacturing and finance & insurance sectors.
- The seasonally-adjusted unemployment rates increased slightly at the overall level, and for both residents and citizens. Meanwhile, the number of retrenchments rose over the same period.
- Total employment rose by 32,000 on a quarter-on-quarter basis, extending the gains in the preceding quarter. Excluding Migrant Domestic Workers (MDWs), total employment increased by 27,700, supported by employment gains for both residents and non-residents.
- The Consumer Price Index-All Items (CPI-All Items) rose by 2.3 per cent year-on-year, picking up from the 1.8 per cent increase in the preceding quarter.

OVERALL PERFORMANCE

The Singapore economy grew by 6.1 per cent on a year-on-year basis in the third quarter of 2026, easing from the 6.4 per cent growth in the previous quarter (Exhibit 1.1). On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.5 per cent, moderating from the 1.8 per cent growth in the preceding quarter.

Exhibit 1.1: GDP and Sectoral Growth Rates in 3Q 2026



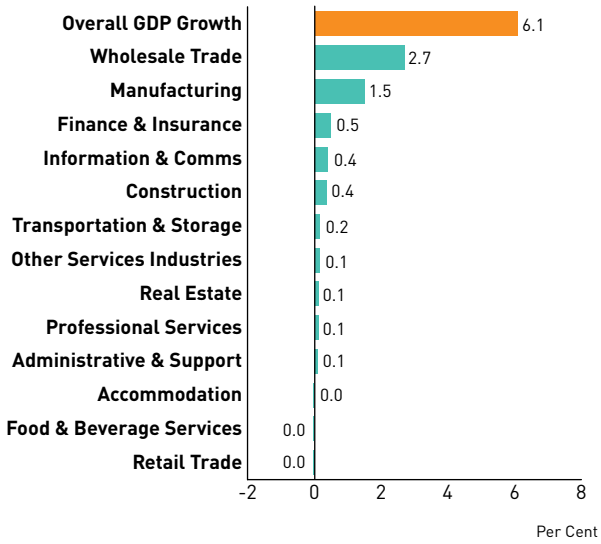
The manufacturing sector expanded by 8.5 per cent year-on-year, moderating from the 13.2 per cent growth in the previous quarter. Growth in the sector was mainly driven by output expansions in the precision engineering (26.5 per cent), electronics (14.8 per cent) and transport engineering (10.4 per cent) clusters.

The services producing industries grew by 6.1 per cent year-on-year, picking up from the 5.4 per cent growth in the previous quarter. Growth was supported by expansions in all the services sectors except for the retail trade and food & beverage services sectors. Among the services sectors, the wholesale trade (14.5 per cent), information & communications (6.2 per cent) and real estate (4.7 per cent) sectors recorded the strongest growth.

The construction sector grew by 9.5 per cent year-on-year, faster than the 6.5 per cent growth in the previous quarter. Both public and private sector construction output increased during the quarter.

The top three positive contributors to GDP growth in the third quarter were the wholesale trade, manufacturing and finance & insurance sectors (Exhibit 1.2).

Exhibit 1.2: Percentage-Point Contribution to Growth in Real GDP in 3Q 2026 (By Sectors)



SOURCES OF GROWTH

Total demand grew by 11.5 per cent year-on-year in the third quarter of 2026, extending the 12.4 per cent increase recorded in the preceding quarter (Exhibit 1.3). The growth in total demand was supported by increases in both external and domestic demand during the quarter.

External demand rose by 14.7 per cent year-on-year, strengthening from the 13.6 per cent increase in the preceding quarter. Meanwhile, total domestic demand grew by 2.7 per cent year-on-year, slower than the 9.4 per cent expansion recorded in the preceding quarter.

Within domestic demand, consumption expenditure rose by 0.4 per cent year-on-year, slower than the 3.7 per cent increase in the preceding quarter. Private consumption expenditure grew by 2.0 per cent even as public consumption expenditure contracted (-4.7 per cent).

Meanwhile, gross fixed capital formation (GFCF) grew by 6.5 per cent year-on-year, easing from the 8.3 per cent increase in the preceding quarter. The expansion in GFCF was supported by increases in both private sector GFCF (6.6 per cent) and public sector GFCF (5.8 per cent). Private sector GFCF rose due to higher investments in private machinery & equipment, construction & works and intellectual property products, which more than offset lower investments in private transport equipment. Meanwhile, public sector GFCF increased on the back of higher investments in public construction & works and intellectual property products, which more than offset lower investments in public transport equipment and machinery & equipment.

Exhibit 1.3: Changes in Total Demand*

Per Cent

	2025		2026		
	III	IV	I	II	III
Total Demand	9.3	9.9	11.6	12.4	**11.5**
External Demand	11.5	12.0	14.1	13.6	**14.7**
Total Domestic Demand	3.2	4.2	4.7	9.4	**2.7**
Consumption Expenditure	3.9	4.6	2.5	3.7	**0.4**
Public	5.4	5.1	-1.4	3.5	**-4.7**
Private	3.4	4.5	3.8	3.9	**2.0**
Gross Fixed Capital Formation	4.1	7.4	9.8	8.3	**6.5**
Changes in Inventories	-0.4	-0.8	-0.1	2.4	**0.1**

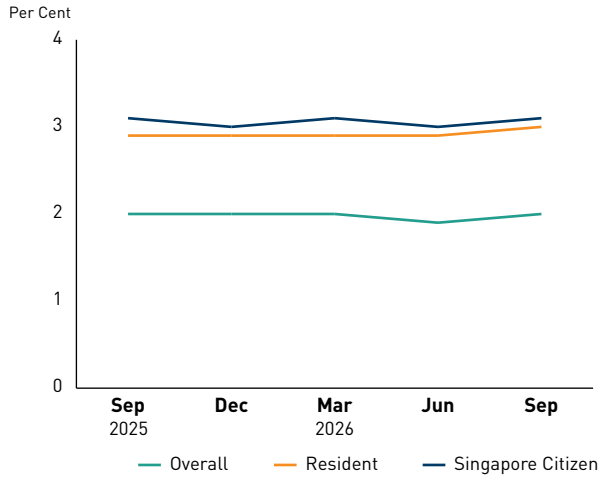
** For inventories, this refers to the contribution to GDP growth.*

LABOUR MARKET

Unemployment and Retrenchment[1]

Compared to June 2026, the seasonally-adjusted unemployment rates in September 2026 increased slightly at the overall level (to 2.0 per cent from 1.9 per cent) and for both residents (to 3.0 per cent from 2.9 per cent) and citizens (to 3.1 per cent from 3.0 per cent) (Exhibit 1.4).

Exhibit 1.4: Unemployment Rate (Seasonally-Adjusted)

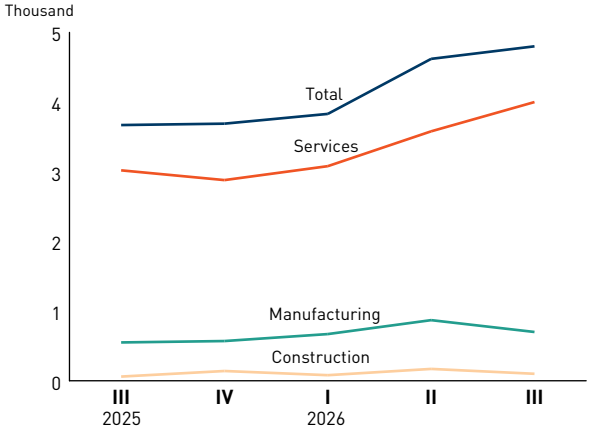


1 *Unemployment and retrenchment figures are based on preliminary data. Retrenchment figures pertain to private sector establishments with at least 25 employees and the public sector.*

In September 2026, an estimated 74,500 residents, including 64,700 Singapore citizens, were unemployed. These were higher than the number of unemployed residents (71,100) and citizens (62,500) in June 2026.[2]

A total of 4,800 workers were retrenched in the third quarter of 2026, up from 4,620 in the preceding quarter (Exhibit 1.5). Retrenchments increased in the services (from 3,580 to 4,000), but fell in the manufacturing (from 870 to 700) and construction (from 170 to 100) sectors. The majority of retrenchments was driven by business reorganisation.

Exhibit 1.5: Retrenchments



Employment[3]

Total employment expanded by 32,000 on a quarter-on-quarter basis in the third quarter of 2026, extending the gains (+14,700) from the preceding quarter (Exhibit 1.6). Excluding MDWs, total employment rose by 27,700 and was supported by increases in both resident and non-resident employment.

Employment expanded across all broad sectors, with the strongest gains in the construction sector (+12,700), followed by the services (+12,500; +8,100 excluding MDWs) and manufacturing (+6,700) sectors. Employment growth in the services sector was supported by gains in the other services industries (+10,700; +6,400 excluding MDWs), as well as the transportation & storage (+2,000) and administrative & support services (+1,500) sectors. The finance & insurance sector saw softer employment growth (+400) compared to the last quarter (+1,400), driven by declines in employment in holding companies, while employment growth at financial institutions remained resilient (Exhibit 1.7).

Exhibit 1.6: Change in Total Employment, Quarter-on-Quarter

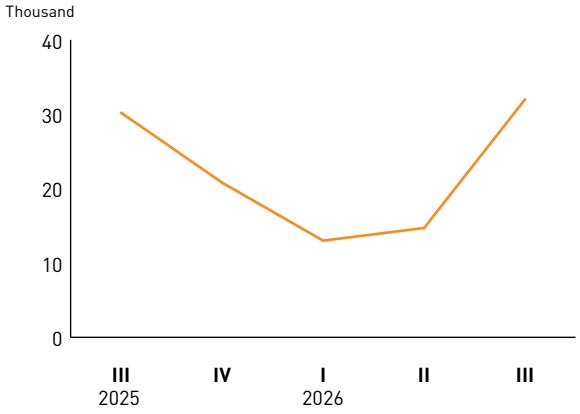
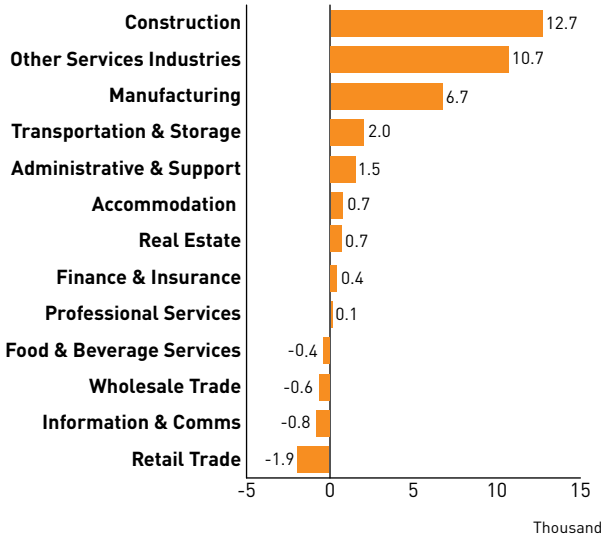


Exhibit 1.7: Changes in Employment by Sector in 3Q 2026



2 *Counts of unemployed persons are based on seasonally-adjusted data on the number of unemployed persons.*
3 *Employment figures are based on preliminary data.*

Hiring Expectations

According to the Economic Development Board's (EDB) Business Expectations Survey for the Manufacturing Sector conducted from September to October 2026, hiring expectations in the sector were positive. Specifically, a net weighted balance of 14 per cent of manufacturers expected to hire more workers in the fourth quarter of 2026 as compared to the third quarter. Firms in the computer peripherals & data storage segment of the electronics cluster were the most optimistic, with a net weighted balance of 72 per cent of firms expecting to increase hiring in the fourth quarter. By contrast, firms in the printing segment of the general manufacturing industries cluster were the most pessimistic, with a net weighted balance of 31 per cent of firms expecting to reduce hiring in the fourth quarter.

Hiring expectations for services firms were also positive. According to the Department of Statistics' Business Expectations Survey for the Services Sector that was conducted over the same period, a net weighted balance of 11 per cent of services firms expected to increase hiring in the fourth quarter of 2026 as compared to the third quarter. Among the services sectors, firms in the retail trade sector had the strongest hiring sentiments, with a net weighted balance of 23 per cent of firms expecting to increase hiring in the fourth quarter. By contrast, firms in the information & communications sector were the least optimistic, with a net weighted balance of 0 per cent of firms expecting to increase hiring in the fourth quarter.

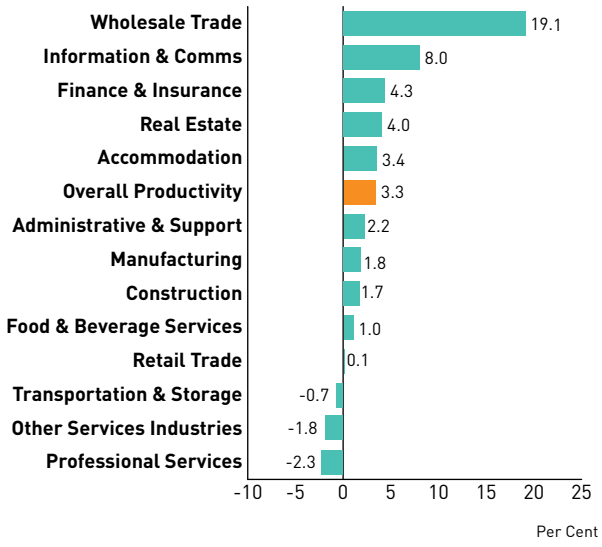
COMPETITIVENESS

Productivity

Overall labour productivity, as measured by real value-added per actual hour worked, rose by 3.3 per cent year-on-year in the third quarter of 2026, slower than the 4.6 per cent increase in the previous quarter (Exhibit 1.8).[4]

Among the sectors, the wholesale trade (19.1 per cent) and information & communications (8.0 per cent) sectors recorded the strongest productivity growth in the third quarter. The finance & insurance (4.3 per cent), real estate (4.0 per cent), accommodation (3.4 per cent), administrative & support services (2.2 per cent), manufacturing (1.8 per cent), construction (1.7 per cent), food & beverage services (1.0 per cent) and retail trade (0.1 per cent) sectors also saw productivity improvements. By contrast, productivity fell in the professional services sector (-2.3 per cent), other services industries (-1.8 per cent) and the transportation & storage sector (-0.7 per cent).

Exhibit 1.8: Changes in Value-Added per Actual Hour Worked for the Overall Economy and Sectors in 3Q 2026



In the third quarter, labour productivity for the outward-oriented sectors as a whole rose by 5.6 per cent year-on-year, moderating from the 7.8 per cent increase in the previous quarter.[5] Meanwhile, labour productivity for the domestically-oriented sectors as a whole rose by 0.2 per cent year-on-year, similar to the 0.3 per cent increase in the preceding quarter.

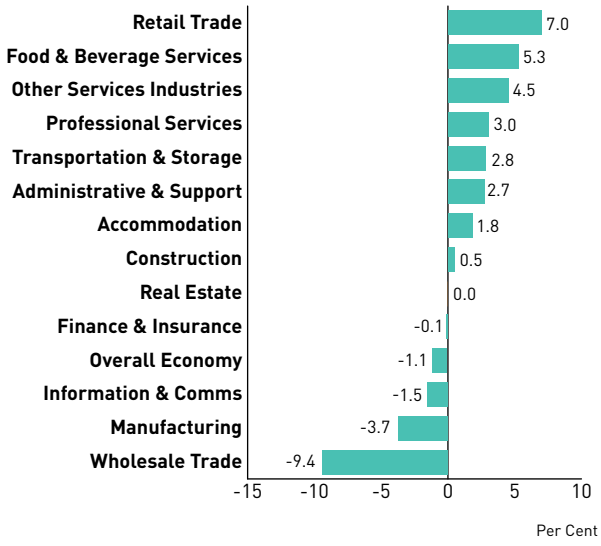
4 *Overall labour productivity, as measured by real value-added per worker, grew by 4.0 per cent in the third quarter of 2026, moderating from the 4.3 per cent increase in the preceding quarter. Real value-added per actual hour worked grew slower than real value-added per worker in the third quarter of 2026, as the average number of hours worked per worker grew by 0.7 per cent on a year-on-year basis.*

5 *Outward-oriented sectors refer to the manufacturing, wholesale trade, transportation & storage, accommodation, information & communications, finance & insurance and professional services sectors. Domestically-oriented sectors refer to the construction, retail trade, food & beverage services, real estate, administrative & support services and other services sectors.*

Unit Labour Cost and Unit Business Cost

Overall unit labour cost (ULC) for the economy fell by 1.1 per cent on a year-on-year basis in the third quarter of 2026 (Exhibit 1.9), extending the 0.9 per cent decline in the previous quarter. The fall in overall ULC during the quarter was due to growth in labour productivity, as measured by real value added per worker, which outstripped the increase in total labour cost per worker.

Exhibit 1.9: Changes in Unit Labour Cost in 3Q 2026



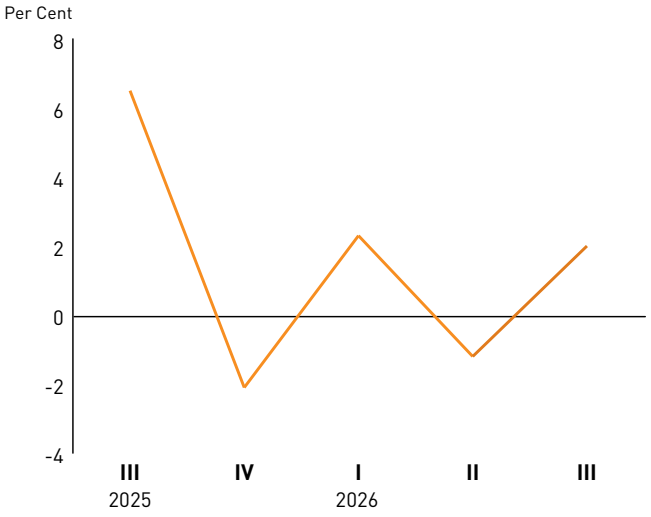
By sectors, the ULC for the construction sector was 0.5 per cent higher year-on-year in the third quarter due to a rise in total labour cost per worker that outstripped the increase in labour productivity.

The ULC for the services sector as a whole fell by 1.1 per cent year-on-year. Among the services sectors, the largest decrease in ULC was in the wholesale trade sector (-9.4 per cent), where labour productivity grew faster than the increase in total labour cost per worker. By contrast, the largest increase in ULC was in the retail trade sector (7.0 per cent), as an increase in total labour cost per worker occurred alongside a fall in labour productivity.

Over the same period, the ULC for the manufacturing sector fell by 3.7 per cent year-on-year. The decline was due to an improvement in labour productivity that exceeded the increase in total labour cost per worker.

Manufacturing unit business cost (UBC) rose by 2.0 per cent year-on-year in the third quarter, reversing the decline of 1.2 per cent in the previous quarter (Exhibit 1.10). The increase in manufacturing UBC came on the back of increases in the sector's unit services cost (3.5 per cent) and unit non-labour production taxes (23.7 per cent), which together exceeded the decrease in unit labour costs (-3.7 per cent).

Exhibit 1.10: Changes in the Manufacturing Unit Business Cost



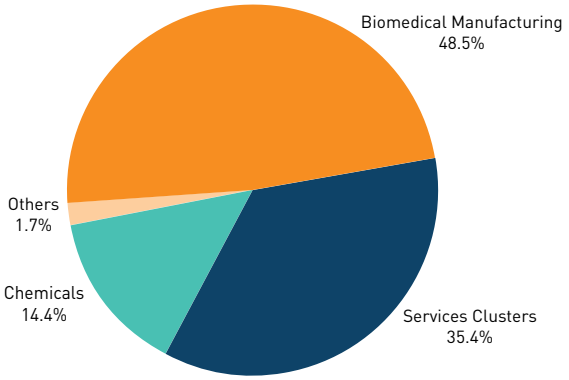
Investment Commitments

Investment commitments garnered by EDB in terms of Fixed Asset Investments (FAI) and Total Business Expenditure (TBE) amounted to $3.3 billion and $3.6 billion respectively in the third quarter of 2026 (Exhibit 1.11 and Exhibit 1.12).

For FAI, the largest contribution came from the manufacturing sector, which attracted $2.1 billion worth of commitments. Of this, the biomedical manufacturing cluster accounted for $1.6 billion worth of commitments in the third quarter. Meanwhile, the services sector garnered $1.2 billion worth of commitments. Investors from the others region[6] contributed the most to total FAI, at $2.1 billion (or 63.0 per cent).

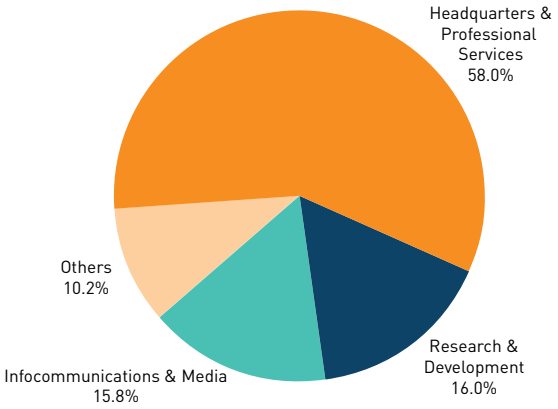
6 *Others refers to countries except for Singapore, Europe, Japan and the United States.*

Exhibit 1.11: Fixed Asset Investments by Industry Cluster in 3Q 2026



For TBE, the services sector attracted the highest amount of commitments, at $3.3 billion. Within the sector, the headquarters & professional services cluster garnered the most TBE commitments, at $2.1 billion. Among the manufacturing clusters, the biomedical manufacturing and chemicals clusters attracted the largest amounts of TBE commitments, at $167 million and $40.0 million respectively. Investors from the others region were the largest source of TBE commitments, with commitments of $2.6 billion (or 71.9 per cent).

Exhibit 1.12: Total Business Expenditure by Industry Cluster in 3Q 2026



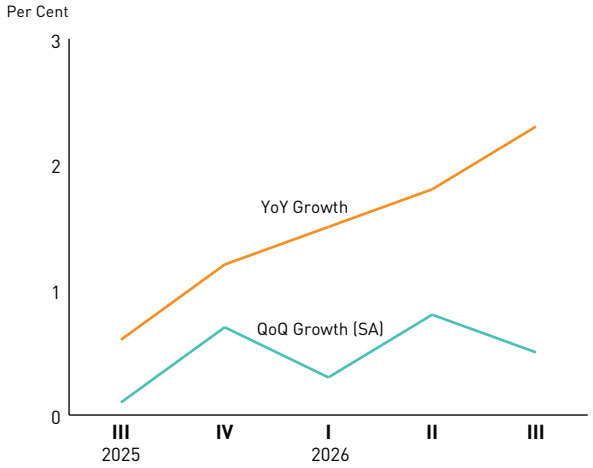
When these projects are fully implemented, they are expected to generate $9.1 billion in value-added and create more than 3,900 jobs in the coming years.

PRICES

Consumer Price Index

The Consumer Price Index-All Items (CPI-All Items) rose by 2.3 per cent on a year-on-year basis in the third quarter of 2026, up from the 1.8 per cent increase in the preceding quarter (Exhibit 1.13). On a quarter-on-quarter seasonally-adjusted basis, CPI-All Items inflation was 0.5 per cent, lower than the 0.8 per cent in the preceding quarter.

Exhibit 1.13: Changes in CPI



Most CPI categories saw price increases on a year-on-year basis in the third quarter of 2026, thus contributing positively to CPI-All Items inflation during the quarter (Exhibit 1.14). Food prices rose by 2.3 per cent due to an increase in the costs of food & beverage serving services such as hawker food and restaurant meals, as well as non-cooked food items such as fish & other seafood and fruits & nuts. Clothing & footwear prices increased by 2.2 per cent, mainly because of more expensive ready-made garments and footwear. Housing & utilities costs went up by 1.3 per cent as a result of the higher costs of accommodation and electricity. Prices of household durables & services edged up by 0.8 per cent on the back of an increase in the costs of household services & supplies. Health costs rose by 3.4 per cent as the costs of health insurance and inpatient & outpatient care services increased. Transport prices climbed by 7.8 per cent due to higher car and petrol prices, as well as an increase in airfares. Recreation, sport & culture prices increased by 1.0 per cent because of more expensive recreational services. Prices of miscellaneous goods & services picked up by 2.3 per cent on the back of price increases for tobacco and personal care items.

Exhibit 1.14: Percentage Changes in CPI over Corresponding Quarter of Previous Year

Per Cent

	2025		2026		
	III	IV	I	II	III
All items	0.6	1.2	1.5	1.8	**2.3**
Food	1.1	1.2	1.4	1.9	**2.3**
Clothing & Footwear	-0.8	-0.1	-0.1	0.7	**2.2**
Housing & Utilities	0.3	0.2	0.7	0.3	**1.3**
Housing Durables & Services	-0.5	-0.2	0.3	1.1	**0.8**
Health	2.0	4.2	4.2	3.1	**3.4**
Transport	2.6	3.4	3.7	7.3	**7.8**
Information & Communication	-2.4	-2.1	-1.0	-2.2	**-4.5**
Recreation & Culture	-2.1	0.6	1.4	1.3	**1.0**
Education	0.8	1.1	-0.7	-0.8	**-0.8**
Miscellaneous Goods & Services	-0.4	0.2	0.8	2.1	**2.3**

By contrast, there were price declines on a year-on-year basis in the following categories. Information & communication costs fell by 4.5 per cent because of cheaper information & communication services. Education costs declined by 0.8 per cent due to enhancements in MOE's Financial Assistance Scheme, as well as lower fee caps at preschools from January 2026 onwards.

INTERNATIONAL TRADE

Merchandise Trade

Singapore's total merchandise trade expanded by 44.4 per cent on a year-on-year basis in the third quarter of 2026, following the 40.0 per cent increase in the preceding quarter (Exhibit 1.15). The increase in total merchandise trade was supported by the growth in both oil trade (+27.1 per cent) and non-oil trade (+47.5 per cent).

Exhibit 1.15: Growth Rates of Total Merchandise Trade, Merchandise Exports and Merchandise Imports (In Nominal Terms)

Per Cent

	2025			2026		
	III	IV	ANN	I	II	III
Merchandise Trade	8.4	14.5	8.7	25.4	40.0	**44.4**
Merchandise Exports	8.2	15.0	9.6	27.9	38.4	**46.9**
Domestic Exports	-4.5	8.5	-0.7	2.7	26.5	**30.5**
Oil	-6.4	1.0	-9.2	-8.3	25.0	**4.0**
Non-Oil	-3.4	12.7	4.8	9.6	27.4	**45.8**
Re-Exports	17.6	19.2	17.2	45.6	45.7	**56.9**
Merchandise Imports	8.6	14.1	7.7	22.7	41.9	**41.7**
Oil	-4.7	-19.7	-13.3	-7.1	44.0	**21.9**
Non-Oil	11.6	21.4	12.7	29.3	41.5	**45.4**

Total merchandise exports expanded by 46.9 per cent in the third quarter, faster than the 38.4 per cent increase in the preceding quarter. This was due to the increase in both domestic exports (+30.5 per cent) and re-exports (+56.9 per cent).

The growth in domestic exports was due to the increase in both oil and non-oil domestic exports (NODX). In particular, oil domestic exports grew by 4.0 per cent. In volume terms, oil domestic exports contracted by 31.7 per cent.

Meanwhile, NODX expanded by 45.8 per cent in the third quarter, accelerating from the 27.4 per cent growth in the previous quarter. The growth in NODX was due to the increase in both electronics and non-electronics domestic exports.

Total merchandise imports rose by 41.7 per cent in the third quarter, following the 41.9 per cent growth in the previous quarter. The growth in imports was due to the increase in both oil and non-oil imports. Specifically, oil imports grew by 21.9 per cent, while non-oil imports expanded by 45.4 per cent due to higher electronics and non-electronics imports.

Services Trade

Total services trade expanded by 14.6 per cent on a year-on-year basis in the third quarter, faster than the 12.1 per cent growth in the previous quarter (Exhibit 1.16). Both the exports and imports of services saw positive year-on-year growth during the quarter.

Services exports rose by 14.9 per cent in the third quarter, up from the 12.7 per cent growth in the preceding quarter. The growth in services exports was largely attributable to the increase in exports of transport services, other business services and financial services. Meanwhile, services imports rose 14.2 per cent, higher than the 11.6 per cent growth in the previous quarter. The growth in services imports was largely due to higher imports of transport services, other business services and telecommunications, computer & information services.

Exhibit 1.16: Growth Rates of Total Services Trade, Services Exports and Services Imports (In Nominal Terms)

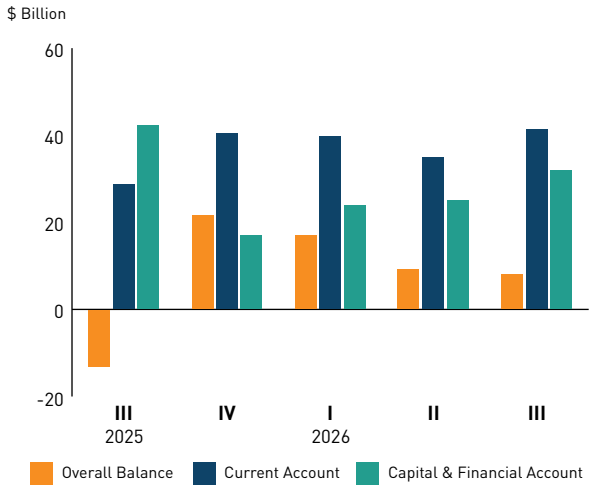
Per Cent

	2025			2026		
	III	IV	ANN	I	II	III
Total Services Trade	2.0	2.2	3.3	5.5	12.1	**14.6**
Services Exports	2.4	2.3	3.5	4.7	12.7	**14.9**
Services Imports	1.7	2.1	3.2	6.4	11.6	**14.2**

BALANCE OF PAYMENTS

Singapore recorded an overall balance of payments surplus of $8.0 billion in the third quarter of 2026, following the surplus of $9.0 billion in the preceding quarter (Exhibit 1.17).

Exhibit 1.17: Balance of Payments



Current Account

The current account surplus increased to $41.3 billion in the third quarter of 2026, from $34.9 billion in the preceding quarter. The increase was driven by larger surpluses in the goods and services accounts and a narrowing of the secondary income account deficit, which more than offset a wider primary income account deficit.

In terms of the components of the current account, the surplus in the goods account widened to $80.6 billion in the third quarter, from $71.2 billion in the preceding quarter, as goods exports rose by more than goods imports.

At the same time, the surplus in the services account widened to $16.6 billion in the third quarter. This was largely due to a fall in net payments for travel services and an increase in net receipts for other business services, which exceeded the fall in net receipts for financial services and transport services.

Meanwhile, the secondary income account deficit narrowed to $3.6 billion in the third quarter, as secondary income receipts remained largely unchanged while secondary income payments fell.

In comparison, the primary income account deficit widened to $52.3 billion in the third quarter, as primary income receipts fell while primary income payments rose.

Capital and Financial Account[7]

The capital and financial account registered a larger net outflow of $31.8 billion in the third quarter of 2026, compared to a net outflow of $25.0 billion in the preceding quarter. This was mainly driven by the reversal of "other investment" from a net inflow position to a net outflow position and smaller net inflows of financial derivatives, which outweighed the larger net inflows of direct investment and smaller net outflows of portfolio investment.

"Other investment" recorded a net outflow of $34.9 billion in the third quarter, a reversal from the net inflow of $11.5 billion in the second quarter. This shifted largely on account of the resident deposit-taking corporations, which switched from a net inflow position to a net outflow position.

Net inflows of financial derivatives declined to $3.1 billion in the third quarter, from $3.9 billion in the previous quarter.

In comparison, net outflows of portfolio investment declined to $27.0 billion in the third quarter, from $51.0 billion in the preceding quarter, mainly on account of reduced net outflows by resident deposit-taking corporations.

Net inflows of direct investment increased from $10.7 billion in the second quarter to $27.0 billion in the third quarter, as foreign direct investment into Singapore rose while residents' direct investment abroad decreased.

7 *Net inflows in net balances are indicated by a minus (-) sign. For more details regarding the change in sign convention to the financial account, please refer to DOS's information paper on "Singapore's International Accounts: Methodological Updates and Recent Developments".*



CHAPTER

2

SECTORAL PERFORMANCE

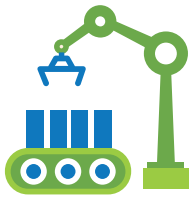


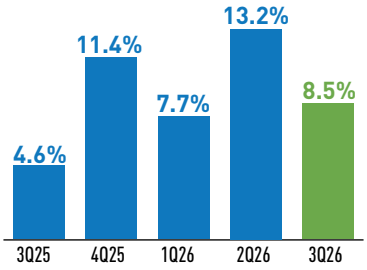


Chapter 2

SECTORAL PERFORMANCE

MANUFACTURING
(YoY Growth)





CLUSTERS IN MANUFACTURING SECTOR
(YoY Growth)



26.5%
Precision Engineering



14.8%
Electronics



10.4%
Transport Engineering



3.9%
General Manufacturing Industries



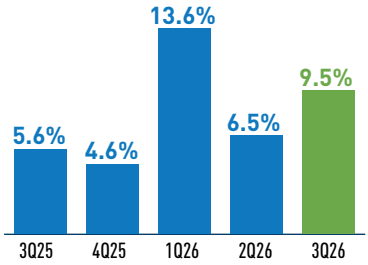
-9.4%
Chemicals



-14.3%
Biomedical Manufacturing

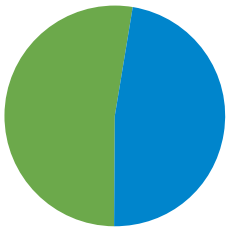
CONSTRUCTION
(YoY Growth)





CERTIFIED PAYMENTS
(% Share)

52.4%
Public



47.6%
Private

CONTRACTS AWARDED
(YoY Growth)

42.7%

Institutional & Others

1.3%

Civil Engineering

-48.8%

Industrial

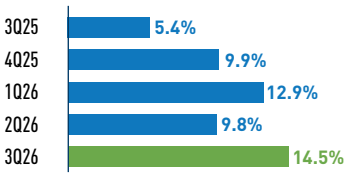
-51.0%

Residential

-54.1%

Commercial

WHOLESALE TRADE
(YoY Growth)





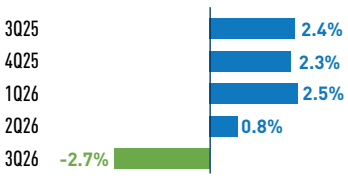


Foreign Wholesale Trade Series Growth
8.7%



Domestic Wholesale Trade Series Growth
-18.8%

RETAIL TRADE
(YoY Growth)





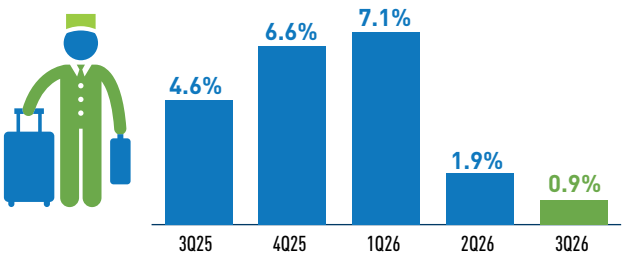


Retail Sales Index Growth (Non-Motor Vehicles, Parts & Accessories)
-1.5%



Retail Sales Index Growth (Motor Vehicles, Parts & Accessories)
-5.1%

ACCOMMODATION
(YoY Growth)



OCCUPANCY RATES OF HOTELS
(YoY Change)

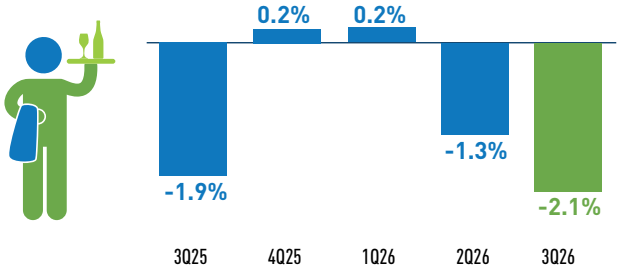
Luxury
1.3%-pt

Upscale
1.1%-pt

Mid-Tier
0.5%-pt

Economy
1.2%-pt

FOOD & BEVERAGE SERVICES
(YoY Growth)



FOOD & BEVERAGE SALES INDEX GROWTH
(YoY Growth)

Fast Food Outlets
4.6%

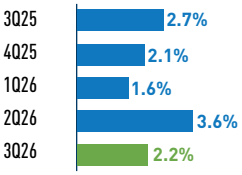
Food Caterers
0.1%

Restaurants
-1.6%

Cafes
-4.4%

Others
-7.7%

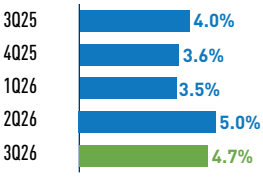
TRANSPORTATION & STORAGE
(YoY Growth)



Total Sea Cargo Handled Growth
-2.3%

Air Passengers Handled Growth
0.4%

REAL ESTATE
(YoY Growth)



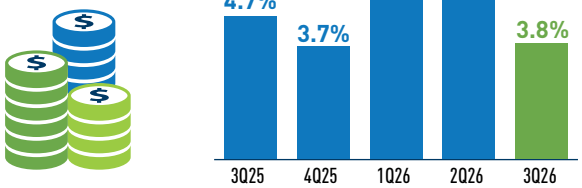


PRIVATE RESIDENTIAL REAL ESTATE

Units Transacted (YoY Growth)
-30.5%

Certified Payments (YoY Growth)
2.2%

FINANCE & INSURANCE
(YoY Growth)



OVERVIEW

In the third quarter of 2026,

- The manufacturing sector expanded by 8.5 per cent year-on-year, moderating from the 13.2 per cent growth in the preceding quarter. All clusters except the chemicals and biomedical manufacturing clusters recorded higher output.
- The construction sector grew by 9.5 per cent year-on-year in the third quarter of 2026, faster than the 6.5 per cent growth in the previous quarter.
- The wholesale trade sector expanded by 14.5 per cent year-on-year, accelerating from the 9.8 per cent growth recorded in the previous quarter.
- The retail trade sector contracted by 2.7 per cent year-on-year in the third quarter of 2026, reversing the 0.8 per cent growth in the previous quarter.
- The transportation & storage sector grew by 2.2 per cent year-on-year in the third quarter of 2026, slowing from the 3.6 per cent growth in the previous quarter.
- The accommodation sector grew by 0.9 per cent year-on-year in the third quarter of 2026, extending the 1.9 per cent growth in the preceding quarter.
- The food & beverage services shrank by 2.1 per cent year-on-year in the third quarter of 2026, following the 1.3 per cent contraction in the previous quarter.
- The finance & insurance sector expanded by 3.8 per cent year-on-year, easing from the 6.2 per cent growth in the preceding quarter.
- The real estate sector expanded by 4.7 per cent year-on-year, following the 5.0 per cent growth in the previous quarter.
- The professional services sector grew by 2.1 per cent year-on-year, following the 2.4 per cent expansion in the previous quarter.

MANUFACTURING

The manufacturing sector expanded by 8.5 per cent on a year-on-year basis in the third quarter of 2026, moderating from the 13.2 per cent growth in the previous quarter (Exhibit 2.1). All clusters except the chemicals and biomedical manufacturing clusters recorded higher output (Exhibit 2.2).

Exhibit 2.1: Manufacturing Sector's Growth Rate

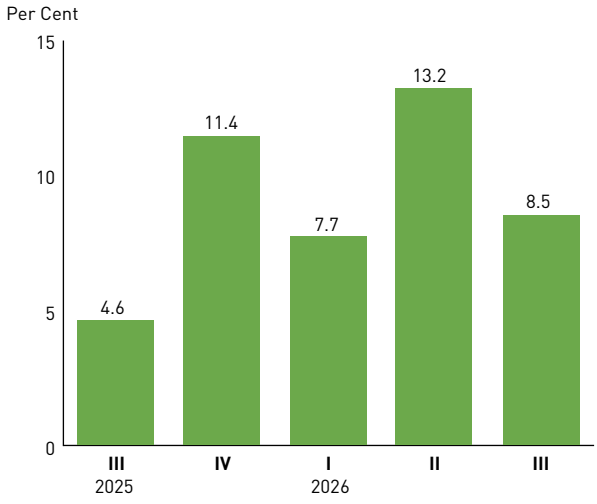
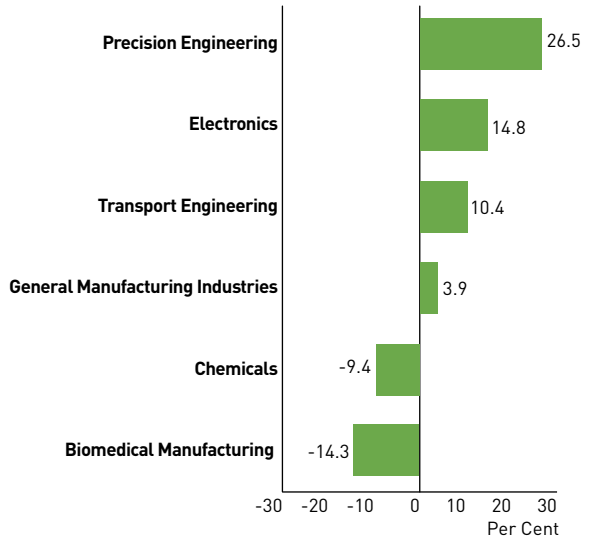


Exhibit 2.2: Manufacturing Clusters' Growth Rates in 3Q 2026



The precision engineering cluster expanded by 26.5 per cent year-on-year in the third quarter, driven by output expansions in both the machinery & systems (M&S) and precision modules & components (PMC) segments. Output from the M&S segment increased by 29.3 per cent, led by higher production of semiconductor equipment. Meanwhile, the PMC segment grew by 13.9 per cent, supported by higher production of optical instruments, precision components and dies, moulds, tools, jigs & fixtures.

The electronics cluster grew by 14.8 per cent year-on-year in the third quarter. The infocomms & consumer electronics, computer peripherals & data storage and semiconductors segments expanded by 46.6 per cent, 14.2 per cent and 11.7 per cent respectively while the other electronic modules and components segment contracted by 2.6 per cent. Similar to the previous quarter, robust AI-related demand supported growth in the infocomms & consumer electronics and semiconductors segments in the third quarter.

The transport engineering cluster expanded by 10.4 per cent year-on-year in the third quarter. Output of the land and aerospace segments increased by 32.5 per cent and 14.4 per cent respectively, with the latter bolstered by a higher production of aircraft parts, as well as sustained maintenance, repair and overhaul (MRO) jobs from commercial airlines. Conversely, the marine & offshore engineering segment contracted by 2.6 per cent on account of the lower production of oilfield and gasfield equipment.

The general manufacturing cluster grew by 3.9 per cent year-on-year in the third quarter. Output from the food, beverage & tobacco segment increased by 7.8 per cent, led by higher output of beverage products and animal feeds. The printing segment grew by 4.7 per cent on account of higher production of commercial printing. By contrast, the miscellaneous industries segment contracted by 3.9 per cent with lower output of structural metal products and furniture compared to a year ago.

The chemicals cluster contracted by 9.4 per cent year-on-year in the third quarter, weighed down by output declines across the petrochemicals (-41.9 per cent), petroleum (-5.0 per cent) and other chemicals (-3.9 per cent) segments. The decline in the petrochemicals segment was largely attributed to disruptions in feedstock supply while the other chemicals segment recorded lower production of fragrances. By contrast, the specialties segment expanded by 10.1 per cent on account of a higher production of chemicals, industrial gases, food additives and mineral oil additives.

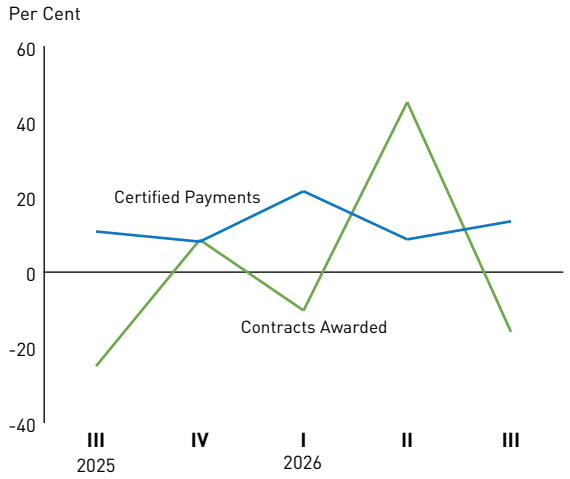
The biomedical manufacturing cluster contracted by 14.3 per cent year-on-year in the third quarter, led by the output contraction in the pharmaceuticals segment. The pharmaceuticals segment contracted by 41.6 per cent on account of a different mix of active pharmaceutical ingredients being produced. By contrast, output in the medical technology segment rose by 0.8 per cent due to higher export orders.

CONSTRUCTION

The construction sector grew by 9.5 per cent year-on-year in the third quarter of 2026, faster than the 6.5 per cent growth in the previous quarter.

In the third quarter, nominal certified progress payments, a proxy for construction output, increased by 13.5 per cent year-on-year, extending the 8.7 per cent expansion in the previous quarter (Exhibit 2.3). The increase in certified progress payments was supported by both public (10.3 per cent) and private (17.2 per cent) sector construction works. The increase in public certified progress payments came from public institutional & others (38.5 per cent) and residential (19.3 per cent) building works. Meanwhile, the increase in private certified progress payments reflected growth in private industrial (32.6 per cent) and institutional & others (23.3 per cent) building works.

Exhibit 2.3: Changes in Contracts Awarded and Certified Payments



Construction demand in terms of contracts awarded fell by 15.9 per cent year-on-year in the third quarter, a reversal from the 45.2 per cent expansion in the previous quarter (Exhibit 2.3). The fall in contracts awarded was due to a fall in public sector (-7.1 per cent) and private sector (-30.9 per cent) construction demand. The fall in public sector construction demand was driven by decreases in contracts awarded for public residential (-78.6 per cent) and commercial (-99.4 per cent) building works. Meanwhile, the fall in private sector construction demand was led by declines in contracts awarded for private industrial (-47.2 per cent) and residential (-14.1 per cent) building works.

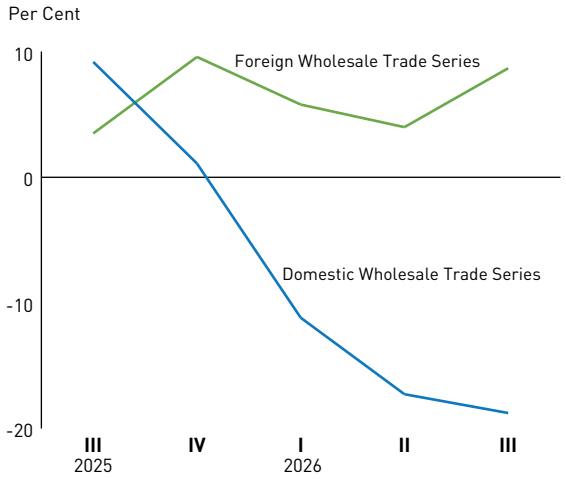
WHOLESALE TRADE

The wholesale trade sector expanded by 14.5 per cent year-on-year in the third quarter of 2026, accelerating from the 9.8 per cent growth in the previous quarter.

The expansion in the sector was supported by an 8.7 per cent year-on-year growth in foreign wholesale trade sales volume (Exhibit 2.4), faster than the 4.0 per cent increase recorded in the previous quarter. Growth was led by expansions in the sales volumes of electronic components (45.8 per cent) and telecommunications & computers (47.4 per cent), which more than offset declines in the wholesale sales of metals, timber & construction materials (-8.3 per cent) and petroleum & petroleum products (-4.8 per cent).

On the other hand, the domestic wholesale trade sales volume shrank by 18.8 per cent year-on-year, extending the 17.3 per cent contraction in the previous quarter. The contraction was led by the fall in sales volume of petroleum & petroleum products (-26.6 per cent), metals, timber & construction materials (-33.0 per cent) and other wholesale trade[1] (-11.5 per cent).

Exhibit 2.4: Changes in Wholesale Trade Series[2] in Chained Volume Terms



1 *The "other wholesale trade" segment consists of a diverse range of products that includes agricultural raw materials and live animals, tropical produce, personal effects and medicinal and pharmaceutical products, among others.*

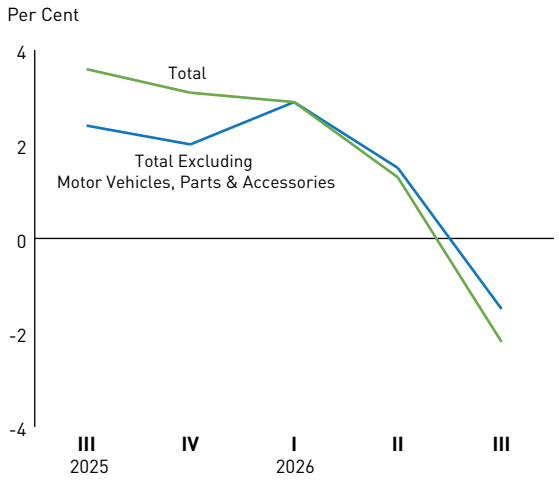
2 *The Singapore Department of Statistics' new Wholesale Trade Series, developed in May 2026, will supersede the previous Wholesale Trade Index series as the primary measure of quarterly Wholesale Trade performance.*

RETAIL TRADE

The retail trade sector contracted by 2.7 per cent year-on-year in the third quarter of 2026, reversing the 0.8 per cent growth in the previous quarter.

In the third quarter, overall retail sales volume fell by 2.2 per cent year-on-year, reversing the 1.3 per cent growth in the preceding quarter (Exhibit 2.5). The contraction in overall retail sales volume in the third quarter of 2026 was on the back of declines in sales volumes of both the motor vehicles, parts and accessories segment (-5.1 per cent) as well as the non-motor vehicles segment (-1.5 per cent). The decline in non-motor vehicle sales volume was mainly driven by the watches and jewellery (-1.7 per cent) as well as the petrol service stations (-11.9 per cent) segments which outweighed growth in the furniture & household equipment (2.5 per cent) and cosmetics, toiletries and medical goods (4.0 per cent) segments.

Exhibit 2.5: Changes in Retail Sales Index in Chained Volume Terms

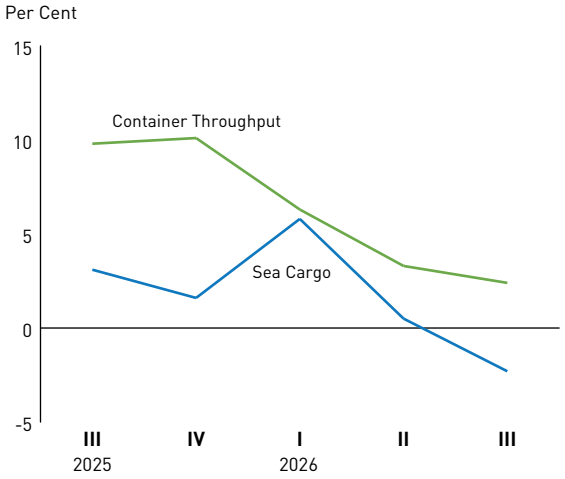


TRANSPORTATION & STORAGE

The transportation & storage sector grew by 2.2 per cent year-on-year in the third quarter of 2026, slowing from the 3.6 per cent growth in the previous quarter. The water transport and air transport segments expanded during the quarter, while the land transport segment contracted.

In the water transport segment, container throughput increased by 2.4 per cent year-on-year in the third quarter, moderating from the 3.3 per cent growth posted in the previous quarter (Exhibit 2.6). Meanwhile, total sea cargo volume handled at our ports declined over the same period (-2.3 per cent), which came on the back of a contraction in oil-in-bulk cargo volumes (-12.0 per cent).

Exhibit 2.6: Changes in Container Throughput and Sea Cargo Handled



In the air transport segment, total air cargo shipments handled at Changi Airport rose by 8.0 per cent in the third quarter, extending the 9.8 per cent expansion in the previous quarter (Exhibit 2.7).

Meanwhile, the volume of air passenger traffic handled[3] at Changi Airport grew by 0.4 per cent year-on-year in the third quarter, reversing the 1.5 per cent contraction posted in the previous quarter. The number of commercial aircraft movements[4] also rose by 0.6 per cent year-on-year to reach 92,125 in the third quarter of 2026, reversing the 1.3 per cent contraction in the preceding quarter.

3 *With effect from the Economic Survey of Singapore Third Quarter 2026, Air Passengers Handled will include transit passengers, given transit passengers' relevance in contribution to the economy and to align with reporting conventions.*

4 *With effect from the Economic Survey of Singapore Third Quarter 2026, Aircraft Landings will be amended to Commercial Aircraft Movements, which includes both arrivals and departures of aircraft, given the relevance of departing aircraft in contributing to the economy and to align with reporting conventions.*

Exhibit 2.7: Changes in Air Passengers Handled, Commercial Aircraft Movements and Air Cargo Shipments

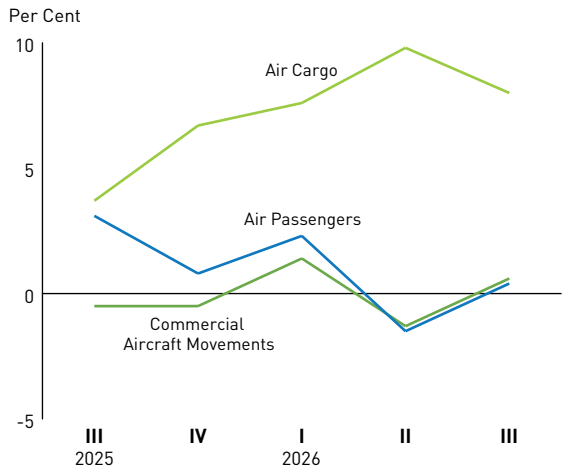
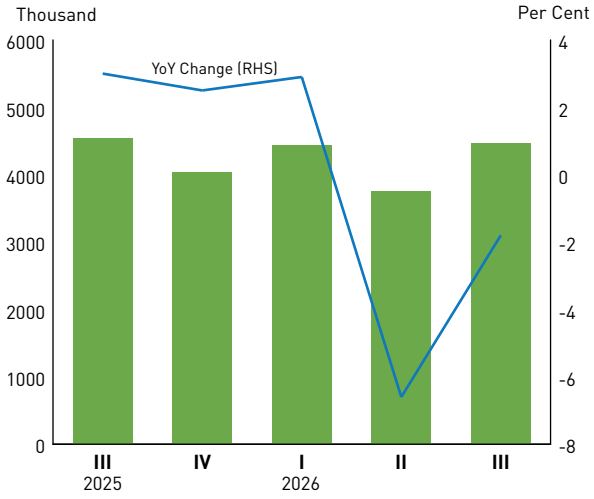


Exhibit 2.8: Visitor Arrivals



ACCOMMODATION

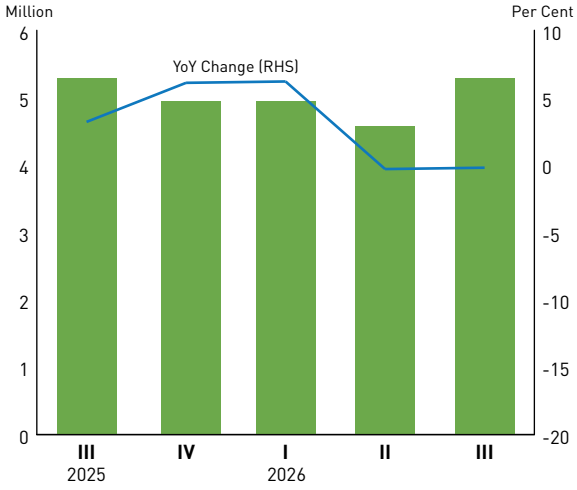
The accommodation sector grew by 0.9 per cent year-on-year in the third quarter of 2026, extending the 1.9 per cent growth in the preceding quarter.

In the third quarter, total visitor arrivals contracted by 1.8 per cent year-on-year, extending the 6.6 per cent contraction in the previous quarter (Exhibit 2.8). The number of visitor arrivals in the third quarter of 2026 was around 4.5 million.

Notwithstanding the decline in international visitor arrivals, the average occupancy rate of gazetted hotels increased by 0.9 percentage-points year-on-year to 88.3 per cent in the third quarter of 2026. This was also an increase from 76.3 per cent recorded in the previous quarter.

Meanwhile, gross lettings at gazetted hotels contracted marginally by 0.2 per cent year-on-year in the third quarter, following the 0.3 per cent contraction in the previous quarter (Exhibit 2.9), as declines in the gross letting in the upscale (-0.4 per cent) and economy (-3.0 per cent) segments outweighed increases in gross lettings across the luxury (1.8 per cent) and mid-tier (1.3 per cent) segments.

Exhibit 2.9: Gross Lettings at Gazetted Hotels

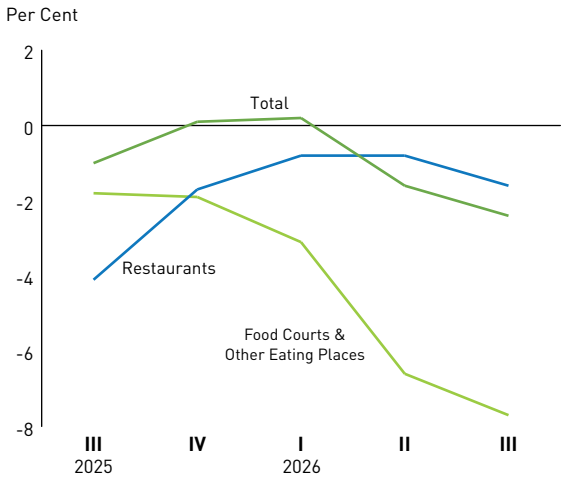


FOOD & BEVERAGE SERVICES

The food & beverage services sector shrank by 2.1 per cent year-on-year in the third quarter of 2026, extending the 1.3 per cent contraction in the previous quarter.

Overall food & beverage sales volume contracted by 2.4 per cent year-on-year in the third quarter, extending the 1.6 per cent contraction in the previous quarter (Exhibit 2.10). This contraction was due to the decline in sales volumes in the food courts & other eating places (-7.7 per cent), restaurants (-1.6 per cent) and cafes (-4.4 per cent) segments, which outweighed the increase in sales volumes in the fast food outlets (4.6 per cent) and food caterers (0.1 per cent) segments.

Exhibit 2.10: Changes in Food & Beverage Services Index in Chained Volume Terms



FINANCE & INSURANCE

The finance & insurance sector expanded by 3.8 per cent year-on-year in the third quarter of 2026, easing from the 6.2 per cent growth in the preceding quarter.

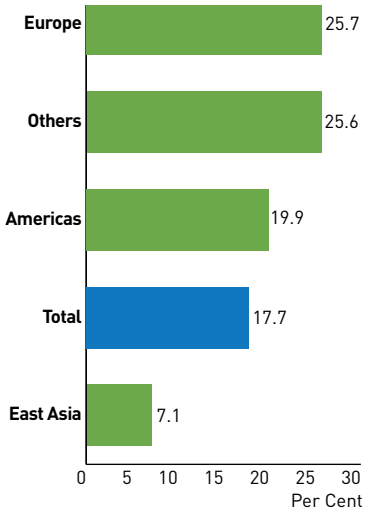
The slowdown was broad-based. Banks, fund managers and securities dealers saw a more modest increase in fee and commission incomes, particularly in transaction-driven brokerage fees, amidst more selective risk-taking by global and domestic investors. Slower growth in net premiums earned by both general and life insurers also weighed on outturns in the insurance segment.

However, continued resilience in portfolio management fees provided some support. At the same time, banks' credit intermediation activity remained strong, with overall loans growing by 14.8 per cent year-on-year, reflecting broad-based lending to consumers and businesses (Exhibits 2.11 and 2.12).

Exhibit 2.11: Growth of Bank Loans & Advances to Non-Bank Residents by Industry in 3Q 2026



Exhibit 2.12: Growth of Bank Loans & Advances to Non-Bank Non-Residents by Region in 3Q 2026

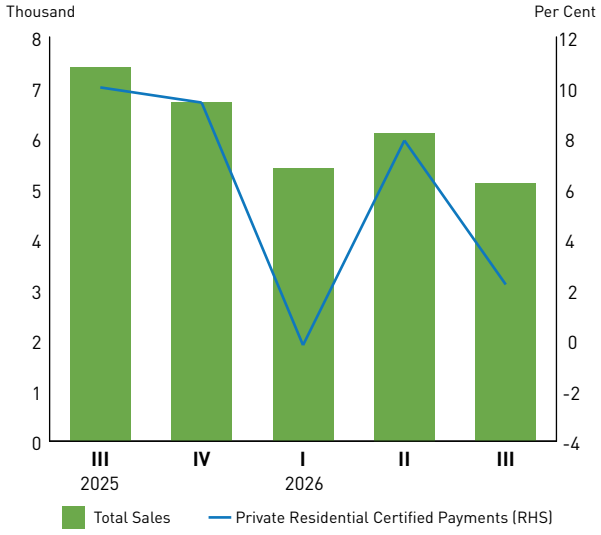


REAL ESTATE

The real estate sector expanded by 4.7 per cent year-on-year in the third quarter of 2026, following the 5.0 per cent growth in the previous quarter. Growth in the sector was due to expansions in the private residential property, commercial office, and industrial segments of the property market.

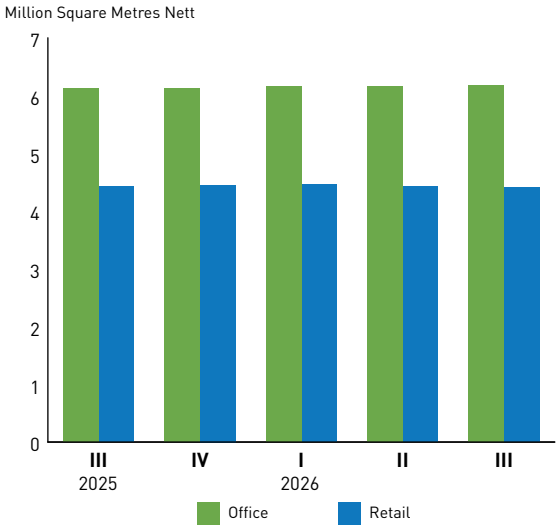
Private residential certified payments[5] grew by 2.2 per cent year-on-year in the third quarter, lower than the 7.9 per cent change in the previous quarter. At the same time, total private residential property sales fell to 5,146 units in the third quarter of 2026, from 7,404 units in the same quarter of 2025 (Exhibit 2.13).

Exhibit 2.13: Total Sales for Private Residential Units and Private Residential Certified Payments



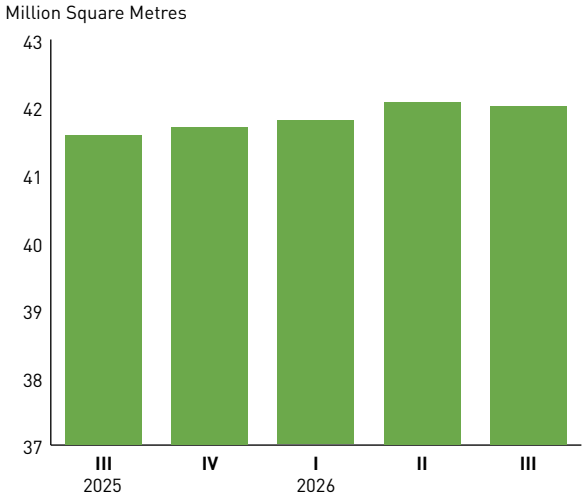
Demand for private commercial office space, as measured by total occupied space, rose by 0.9 per cent year-on-year in the third quarter, following the 0.9 per cent growth in the preceding quarter. On the other hand, in the private commercial retail space market, demand fell by 0.2 per cent in the third quarter, reversing the 0.4 per cent expansion in the second quarter (Exhibit 2.14).

Exhibit 2.14: Total Occupied Space for Private Sector Commercial Office and Retail Spaces



Within the private industrial space market, demand expanded by 1.0 per cent year-on-year in the third quarter, following the 1.5 per cent increase in the previous quarter (Exhibit 2.15).

Exhibit 2.15: Total Occupied Space for Private Sector Industrial Space



5 *Private residential certified payments is a proxy for the growth of the private residential property segment.*

PROFESSIONAL SERVICES

In the third quarter of 2026, the professional services sector grew by 2.1 per cent year-on-year, following the 2.4 per cent expansion in the previous quarter. Growth was mainly supported by expansions in the architectural & engineering, technical testing & analysis, and management consultancy activities segments.[6]

6 *The professional services sector is made up of the following segments: (i) legal, (ii) accounting, (iii) head offices & business representative offices, (iv) business & management consultancy, (v) architectural & engineering, technical testing & analysis, and (vi) other professional, scientific & technical services.*

Box Article 2.1

THE RISE OF SOLOPRENEURS IN SINGAPORE

This article examines the key trends, characteristics and economic performance of solopreneurs in Singapore.

Introduction

Entrepreneurship has long contributed to Singapore's economic development by driving innovation, job creation and economic dynamism. Through the years, the aspiration to test ideas, pursue new opportunities and achieve greater financial independence has motivated individuals to embark on entrepreneurial ventures. Furthermore, advances in digital technology and AI, alongside the growth of e-commerce and digital platforms, have lowered the barriers to starting and scaling businesses, thus offering solopreneurs the potential to operate their business without employing workers.

International studies have found solopreneurs to be a rapidly emerging form of entrepreneurship. In the European Union, 83.4 per cent of new businesses registered in 2023 consisted of solopreneurs with no other employees.[1] In the United States, the number of solopreneurs with revenue increased from 23.8 million in 2014 to 32.0 million in 2024, representing an average annual growth rate of 3.0 per cent.[2]

Against this backdrop, the Department of Statistics (DOS) and Enterprise Singapore (EnterpriseSG) have examined the emergence of solopreneurs in Singapore over the past decade, including their key characteristics and contributions to the Singapore economy.

Definition and Data

In this study, a solopreneur refers to a registered enterprise with revenue that is fully owned by one Singapore citizen or permanent resident and has no other employees. Gig workers and freelancers without registered enterprises are therefore outside the scope of the study.

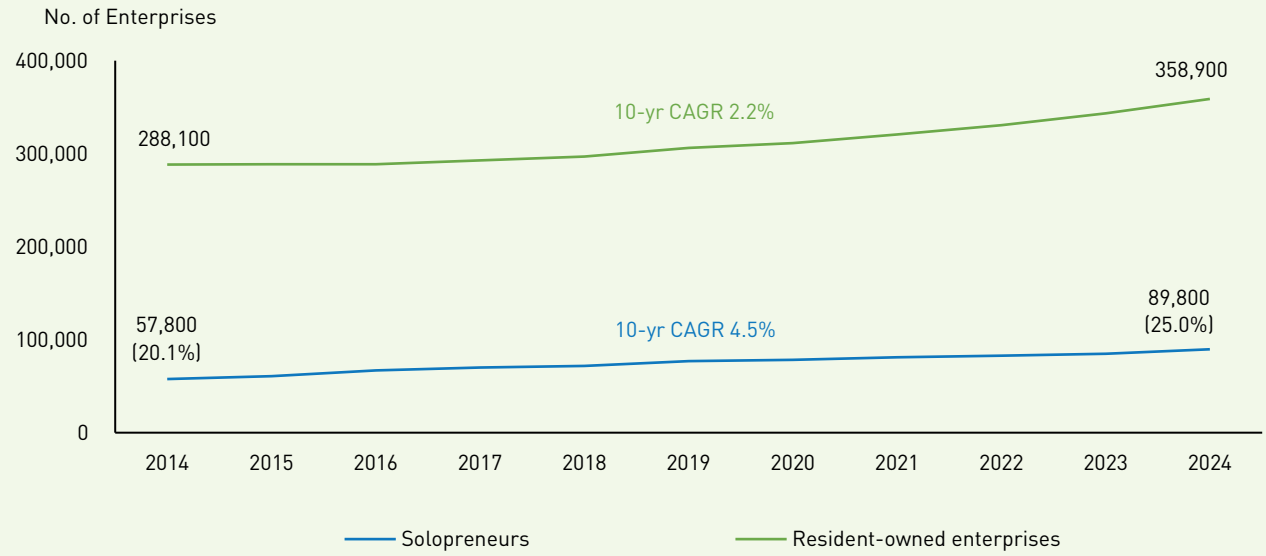
Information on company shareholders and business owners is as filed by enterprises with the Accounting and Corporate Regulatory Authority (ACRA). The study also integrated data from several of DOS' databases. Specifically, data on firm characteristics and economic performance came from the Statistical Business Register and Firm-Level Longitudinal Administrative Database, while data on individual characteristics came from the Individual-Level Longitudinal Administrative Database.

Size of Solopreneurs in Economy

Singapore has a sizeable and expanding solopreneur economy. The number of solopreneurs stood at 89,800 in 2024, up from 57,800 in 2014. This translated to a compound annual growth rate (CAGR) of 4.5 per cent, more than twice the CAGR of 2.2 per cent among all resident-owned enterprises[3]. Accordingly, the share of solopreneurs among all resident-owned enterprises rose from 20.1 per cent in 2014 to 25.0 per cent in 2024.

1 *Source: Eurostat, Entrepreneurship Statistical Indicators*
2 *Source: US Census Bureau, Non-Employer Statistics.*
3 *Refer to enterprises with majority ownership held by residents and have reported revenue.*

Exhibit 1: Number of Solopreneurs and Resident-Owned Enterprises, 2014-2024



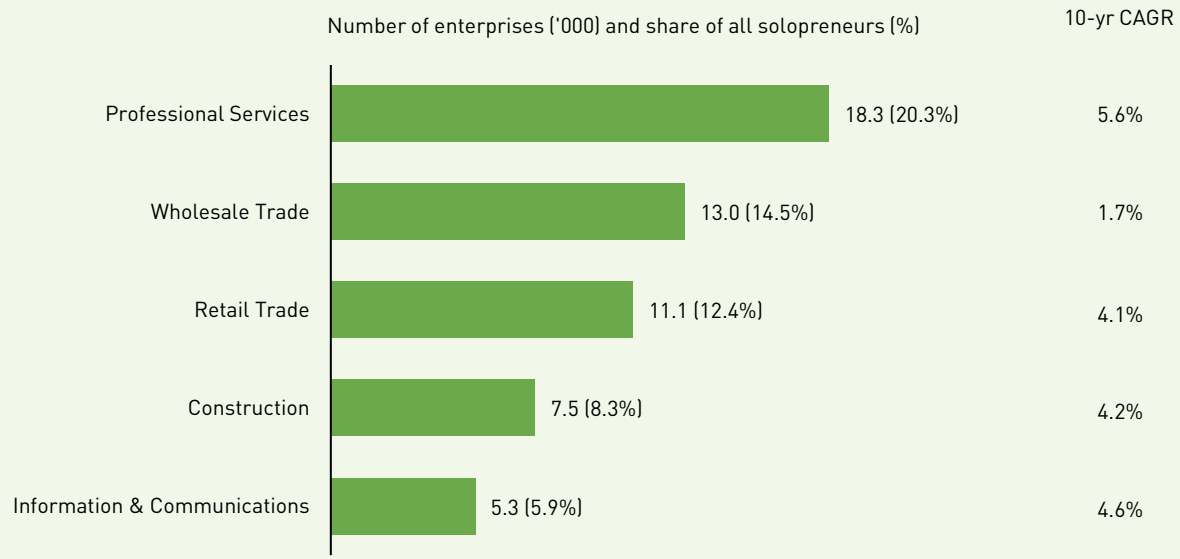
Source: Singapore Department of Statistics, EnterpriseSG estimates

Profile of Solopreneurs

Solopreneurs span a diverse range of economic activities

The five largest sectors for solopreneurs in 2024 were Professional Services, Wholesale Trade, Retail Trade, Construction and Information & Communications. Together, they accounted for 55,200 solopreneurs or 61.4 per cent of all solopreneurs.

Exhibit 2: Top Five Sectors for Solopreneurs, 2024



Source: Singapore Department of Statistics, EnterpriseSG estimates

About one-fifth (20.3 per cent) of all solopreneurs were in Professional Services, making it the largest solopreneur sector in 2024. The CAGR of solopreneurs in the sector was also the highest among the top five sectors, at 5.6 per cent between 2014 and 2024. Within Professional Services, management consultancy was the leading activity (37 per cent) undertaken by solopreneurs, followed by interior design (10 per cent) and art & graphic design (6 per cent).

The next largest solopreneur sectors were Wholesale Trade, followed by Retail Trade. Within Wholesale Trade, 55 per cent of the solopreneurs were concentrated in wholesale activities involving a variety of goods. Solopreneurs in Retail Trade were distributed across a wide range of activities, with the retail sale of clothing, footwear & leather articles in specialised stores being the largest activity (22 per cent), followed by the retail sale of handicrafts & fancy goods, flowers, plants and pet animals in specialised stores (15 per cent) and retail sale in non-specialised stores such as budget shops (13 per cent).

In Construction, solopreneurs were mostly in renovation contracting (28 per cent), general contracting for building construction & major upgrading works (16 per cent) as well as electrical works (16 per cent). Together, 59 per cent of solopreneurs in the sector were engaged in these activities.

In Information & Communications, almost half of the solopreneurs were engaged in two activities: information technology consultancy (except cybersecurity) at 27 per cent and development of software & applications (except games and cybersecurity) at 22 per cent.

Taken together, the sectoral composition of solopreneurs reveals considerable diversity in the types of activities they undertake. While the dominant solopreneur activity in Professional Services was management consultancy and that in Construction were renovation and general contracting, Retail solopreneurs were spread across a broader range of activities. This diversity underscores the importance of considering sectoral differences in assessing the business needs and growth potential of solopreneurs.

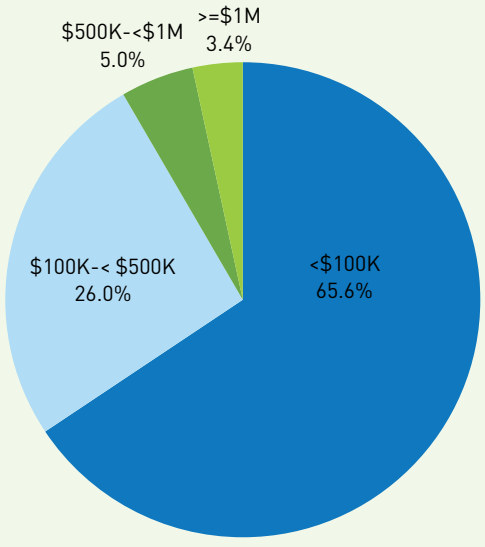
Most remain small, but a higher-revenue segment is emerging

There is also heterogeneity in the economic performance of solopreneurs. About two-thirds (66 per cent) of solopreneurs generated less than $100,000 in annual revenue in 2024. A further 26 per cent generated revenue of between $100,000 and $500,000. This is consistent with the common perception that many solopreneurs are micro businesses.

Nonetheless, there is a notable group of around 3,100 solopreneurs that generated at least $1 million in annual revenue in 2024. While this group represented only around 3.4 per cent of all solopreneurs, it grew at a CAGR of 7.0 per cent between 2014 and 2024, faster than the CAGR of 4.5 per cent among solopreneurs earning less than $100,000. Solopreneurs earning between $500,000 and $1 million also grew relatively fast, at 6.2 per cent CAGR.

This finding points to a small but growing segment of solopreneurs that are able to generate substantial revenue without employing employees. Advances in digital technologies and AI could further enable such business models by allowing solopreneurs to automate or access specialised capabilities without an increase in headcount. This is consistent with a recent OECD (2026) study that highlighted the growing adoption of AI among small- and medium-sized enterprises (SMEs), driven primarily by the motivation of greater efficiency and growth.[4]

Exhibit 3: Number of Solopreneurs by Revenue Size, 2024



Revenue Size	No. of Solopreneurs	10-yr CAGR
<$100K	58,900	4.5%
$100K-< $500K	23,300	4.0%
$500K-<$1M	4,500	6.2%
>=$1M	3,100	7.0%

Source: Singapore Department of Statistics, EnterpriseSG estimates

4 *Source: OECD, "Empowering SMEs in the age of AI: The 2026 OECD D4SME Survey".*

Solopreneur owners tend to be older and are increasingly better educated

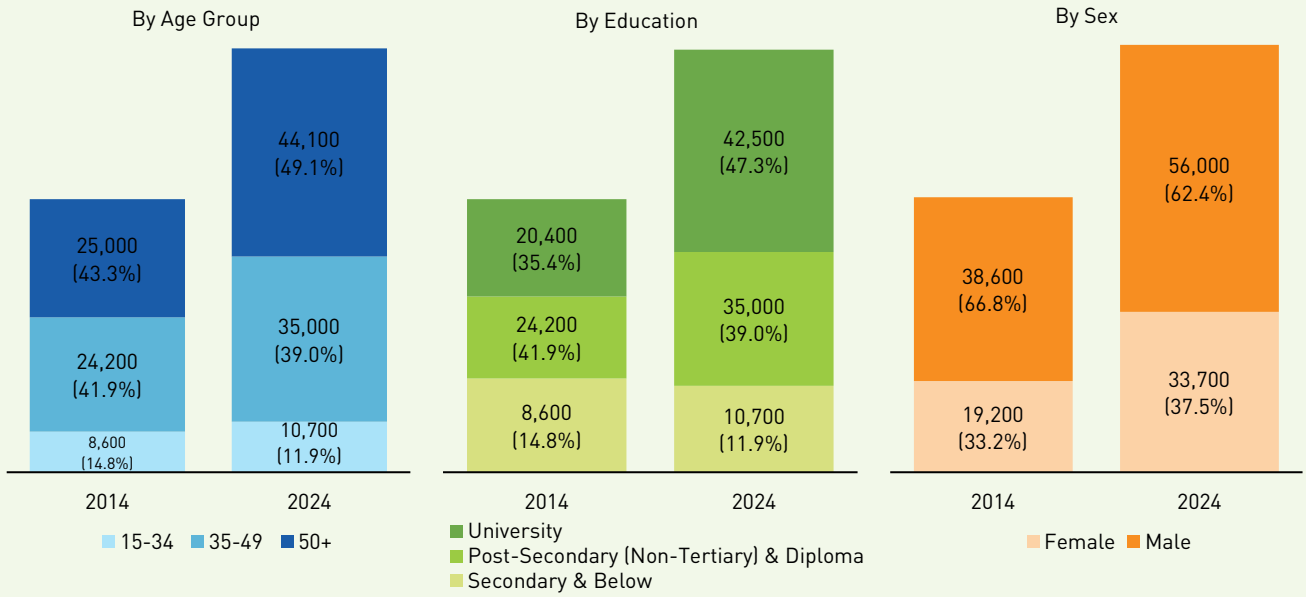
The profile of solopreneurs in Singapore has also evolved over the past decade. Residents aged 50 & above owned 44,100 solopreneur enterprises in 2024, significantly higher than the 25,000 recorded in 2014. Growing by a CAGR of 5.8 per cent over this period, they accounted for almost half (49.1 per cent) of all solopreneur owners by 2024. Recent research by the OECD similarly highlights a broader trend of older entrepreneurs who leverage their accumulated experience, know-how and financial resources to set up and run businesses.[5]

The number of solopreneur owners with post-secondary or higher qualifications almost doubled between 2014 and 2024, in line with the rise in educational qualifications of the resident population. Notably, the number of solopreneurs owned by residents with a university degree more than doubled from 20,400 in 2014 to 42,500 in 2024, demonstrating keen interest among this group to start their own businesses.

Similarly, female solopreneur owners grew from 19,200 in 2014 to 33,700 in 2024, representing a CAGR of 5.8 per cent, which was faster than the increase in male solopreneur owners (3.8 per cent) over the same period. As a result, the share of females among solopreneur owners rose from 33.2 per cent to 37.5 per cent between 2014 and 2024. This suggests a growing interest in entrepreneurship activities among female residents.

Overall, these trends highlight that solopreneurship may provide an avenue for older, well-educated and female residents to remain economically active, potentially supported by the benefits of autonomy and flexibility that entrepreneurship offers.

Exhibit 4: Distribution of Solopreneurs by Age, Education and Sex, 2014 and 2024



Source: Singapore Department of Statistics, EnterpriseSG estimates

Economic Contributions of Solopreneurs

Solopreneurs generated $3.85 billion in nominal value-added (VA) in 2024, up from $2.13 billion in 2014. This represented a CAGR of 6.1 per cent, which outpaced the 3.4 per cent CAGR recorded by all resident-owned enterprises. As such, solopreneurs' share of nominal VA among resident-owned enterprises rose from 1.5 per cent to 1.9 per cent between 2014 and 2024.

5 *Source: OECD, "The Missing Entrepreneurs 2023: Policies for Inclusive Entrepreneurship and Self-Employment".*

Exhibit 5: Nominal Value-Added of Solopreneurs and Resident-Owned Enterprises, 2014 and 2024



Source: Singapore Department of Statistics, EnterpriseSG estimates

While solopreneurs still accounted for a relatively small share of the VA generated by resident-owned enterprises as of 2024, this may not fully reflect their broader role in the enterprise landscape. In particular, for solopreneurs that grow and begin to employ workers, they will by definition fall outside the statistics related to solopreneurs even though their contribution to the economy continues to increase. Put differently, the small share of VA attributable to solopreneurs is in part a reflection of the fact that some of these enterprises are at the relatively early stages of enterprise growth.

Conclusions

Our study shows that solopreneurs have been on the rise in Singapore. In particular, the number of solopreneurs and their economic contributions in terms of revenue and VA generated have increased over the years.

Looking ahead, technology could make this form of entrepreneurship even more economically relevant in the coming years. For example, AI, digital platforms and cloud-based services could reduce the cost of accessing capabilities, thus enabling entrepreneurs to operate and scale with leaner structures. Notably, the rapid development of generative AI and enterprise agentic AI solutions could further shape the growth and evolution of solopreneurs. Future research could therefore examine the growth trajectories of solopreneurs as these and other new technologies become more widely adopted.

Contributed by:

Ms Saga Salim
Business Partner
Data, Economics and Analytics Division
Enterprise Singapore

Ms Seet Ming Lee
Senior Assistant Director
Business Statistics Division
Singapore Department of Statistics

Mr Eric Ng
Manager
Business Statistics Division
Singapore Department of Statistics

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CHAPTER

3

ECONOMIC OUTLOOK





Chapter 3

ECONOMIC OUTLOOK

OUTLOOK FOR 2026

In August, METI upgraded the official GDP growth forecast for 2026 to "4.5 to 5.5 per cent", as the economic impact of the Middle East conflict had been less severe than initially projected, while the global AI investment boom was expected to provide significant tailwinds to growth.

Since then, AI-related production and exports, driven by stronger-than-expected buildout of data centres, have continued to accelerate. The momentum is expected to continue for the rest of the year.

Although elevated energy prices have contributed to global inflationary pressures and tighter monetary policy in several economies, on balance, METI's assessment is that Singapore's external demand outlook for the year has improved compared to the assessment in August.

Against this backdrop, Singapore's GDP growth outlook for the rest of 2026 remains firm. Strong global AI-related demand will continue to drive growth in the manufacturing and wholesale trade sectors, while growth in outward-oriented services sectors such as finance & insurance and information & communications should remain resilient. Meanwhile, growth in the accommodation sector will be supported by strong hotel bookings amidst a robust line-up of events. However, the outlook for the retail trade and food & beverage services sectors remains subdued.

Taking into account the performance of the Singapore economy in the first three quarters of the year (i.e., 6.2 per cent year-on-year growth), as well as the latest global and domestic economic outlook, METI has upgraded the GDP growth forecast for 2026 from "4.5 to 5.5 per cent" to **"around 6.0 per cent"**.

OUTLOOK FOR 2027

Looking ahead, oil supply from the Middle East is expected to recover gradually, supported in part by the increased use of alternative transport routes such as pipelines within the Gulf. This should lead to easing global energy prices and hence inflationary pressures over the course of the year. On the other hand, the pace of growth in new AI investments is expected to moderate from its high level in 2026. In view of these factors, GDP growth in most of Singapore's key trading partners is projected to soften in 2027. Among the major economies, US' GDP growth is expected to ease as restrictive monetary policy and weaker real wage growth weigh on investment and consumption, while the pace of AI investments is projected to ease. China's economy is also expected to slow as exports growth softens amidst moderating global AI-related demand and sluggish consumption growth. By contrast, GDP growth in the Eurozone is forecast to pick up, supported by firm household consumption as inflationary pressures and monetary policy ease, alongside stronger manufacturing activity driven by defence-related spending. Meanwhile, GDP growth for key Southeast Asian economies is projected to ease as the pace of expansion in both AI investments and AI-related exports moderate from their high levels in 2026.

Downside risks remain in the global economy. First, concerns about the sustainability of the global AI cycle could trigger sharper corrections in global financial markets, with potential spillovers to broader economic activity. Second, further escalation of the conflict in the Middle East could lead to fresh spikes in the price of energy commodities and other key intermediate inputs. The rise in inflationary pressures and resulting tighter global financial conditions could dampen global growth. Third, economic and political uncertainties in external economies could weigh on investment and consumption in these economies.

Against this backdrop, Singapore's GDP growth is projected to moderate in 2027. The electronics and precision engineering clusters of the manufacturing sector and the machinery, equipment & supplies segment of the wholesale trade sector will be supported by sustained global AI-related demand, although their pace of expansion is expected to moderate from the high levels recorded in 2026. Meanwhile, the projected recovery in global oil supply is likely to support a modest pickup in petroleum output in the chemicals cluster and wholesale volumes in the fuels & chemicals segment of the wholesale trade sector. At the same time, ongoing multi-year capacity expansions in the aerospace segment amidst continued strong aircraft maintenance, repair & overhaul orders should drive growth in the transport engineering cluster.

Among the outward-oriented services sectors, strong demand for digital transformation and AI-related services will boost growth in the information & communications sector. Similarly, the finance & insurance sector is expected to register firm growth, supported by sustained investment activity and resilient demand for life insurance, although tighter global financial conditions and heightened uncertainty could weigh on credit growth and trading activity.

As for the domestically-oriented sectors, the construction sector is projected to post steady growth, supported in part by expansions in public residential building and civil engineering works. On the other hand, consumer-facing sectors such as retail trade and food & beverage services may be weighed down by the continued shift in local spending abroad in tandem with a sustained increase in outbound travel.

Taking these factors into account, METI expects the Singapore economy to grow by **"2.5 to 4.5 per cent"** in 2027. METI will continue to monitor developments in the global and domestic economies closely in the year ahead and adjust the GDP growth forecast over the course of the year if necessary.

FEATURE ARTICLE

IMPACT EVALUATION OF IMDA'S INDUSTRY DIGITAL PLANS



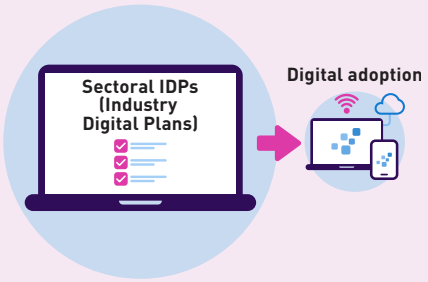
HSBC

Feature Article

IMPACT EVALUATION OF IMDA'S INDUSTRY DIGITAL PLANS

OVERVIEW

The Industry Digital Plans (IDPs) are sector-specific digitalisation roadmaps developed by the Infocomm Media Development Authority (IMDA) in consultation with sectoral agencies and industry players. The IDPs provide SMEs with sector-specific guidance and a curated set of digital solutions to support their digitalisation efforts. By helping firms identify suitable solutions, IDPs seek to reduce information barriers and in turn, facilitate digital adoption.

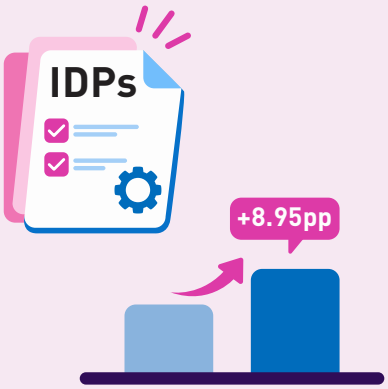


FINDINGS

This study evaluates the impact of IDPs by examining whether the launch of sectoral IDPs is associated with higher adoption of IDP solutions and whether the adoption of digital solutions is associated with improved firm outcomes.

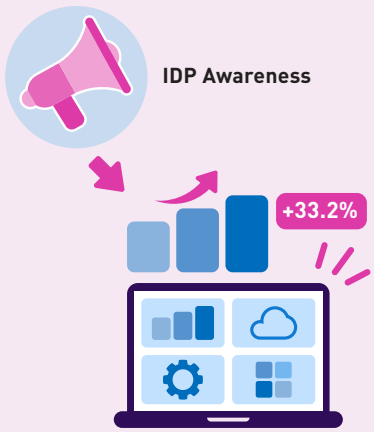
Finding 1:

Sectoral IDPs were associated with an 8.95 percentage-point (pp) higher adoption rate of IDP solutions in the post-launch period compared with the pre-launch period.



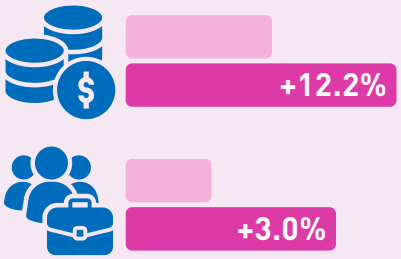
Finding 2:

Firms aware of IDPs were more likely to adopt IDP solutions and adopted 33.2% more solutions than those that were not aware.



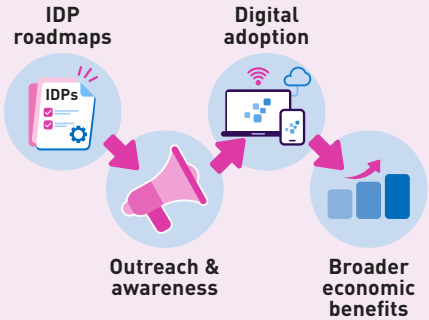
Finding 3:

Adoption of IDP solutions was associated with 12.2% higher revenue and 3.0% higher average wages for local workers. Estimated revenue gains were larger among firms adopting multiple solutions.



POLICY TAKEAWAY

The findings suggest that by providing sector-specific digitalisation roadmaps, the IDPs can be a useful policy tool in supporting firms' digitalisation. Continued outreach and awareness-building efforts are important to encourage wider digital adoption among firms. Deeper digitalisation, alongside complementary support in implementation and workforce capabilities, may help firms realise broader economic benefits.



EXECUTIVE SUMMARY

- The Industry Digital Plans (IDPs) are sector-specific digitalisation roadmaps developed by the Infocomm Media Development Authority (IMDA) in consultation with sectoral agencies and industry players. The IDPs contain a curated set of digital solutions that are relevant to each sector and provide firms with practical guidance for their digitalisation journey.
- Our study found that the launch of sectoral IDPs was associated with an 8.95 percentage-point (pp) increase in the rate of adoption of IDP solutions. Firms that were aware of IDPs were 9.11pp more likely to adopt IDP solutions after the launch and also adopted 33.2 per cent more IDP solutions than firms that were not aware.
- In addition, we found that firms' adoption of IDP solutions was associated with 12.2 per cent higher revenue, as well as 2.2 and 3.0 per cent higher average total wages and local worker wages respectively, compared to firms that did not adopt IDP solutions. Furthermore, revenue gains increased over time and were larger for firms adopting multiple solutions.

The views expressed in this paper are solely those of the authors and do not necessarily reflect those of the Ministry of Energy, Trade and Industry, the Infocomm Media Development Authority or the Government of Singapore.[1]

INTRODUCTION

Under the Infocomm Media Development Authority's (IMDA's) SMEs Go Digital programme, the Industry Digital Plans (IDPs) are sector-specific digitalisation roadmaps designed to guide firms in adopting digital technologies. Developed by IMDA in consultation with sector agencies and industry players, the IDPs provide curated digital solutions tailored to the needs of firms in different sectors. Earlier IDPs organised solutions into three stages, from foundational to advanced. Following a refresh, recent IDPs take a more problem-centric approach, organising solutions around business functions, so that SMEs can begin with the business problem they wish to solve and be guided to the relevant digital solutions. To-date, IDPs have been introduced across 24 sectors [Exhibit 1].

Exhibit 1: Timeline of sectoral IDP launches

SN	IDP Sector	Launch Month	Refresh Month
1	Logistics	Nov 2017	Aug 2020
2	Retail	Nov 2017	May 2026
3	Environmental Services	Jul 2018	Jun 2026
4	Security	Jul 2018	Nov 2026
5	Wholesale Trade	Nov 2018	-
6	Food Services	Nov 2018	Jul 2025
7	Media	Dec 2018	-
8	Sea Transport (Ship Agency)	Apr 2019	-
9	Sea Transport (Harbour Craft)	Apr 2019	-
10	Accountancy	Aug 2019	-
11	Hotel	Nov 2019	Sep 2025

1 *We would like to thank Ms Yong Yik Wei, Dr Tan Di Song and Mr Kenneth Yeow for their useful suggestions and comments. We are also grateful to Mr Samuel Tan and his team (SMEGD, IMDA) for their support and inputs, and to Ms Jia Hui Ngoh for her contributions to this study. All remaining errors belong to the authors.*

12	Construction & Facilities Management	Mar 2020	Sep 2024
13	Training & Adult Education	Aug 2020	-
14	Air Transport	Aug 2020	-
15	Sea Transport (Bunkering)	Oct 2020	-
16	Early Childhood	Mar 2021	Mar 2026
17	Food Manufacturing	Apr 2021	Feb 2026
18	Marine & Offshore Engineering	May 2021	May 2026
19	Process Construction & Maintenance	Aug 2021	-
20	Precision Engineering	Nov 2021	-
21	Legal	Oct 2023	-
22	Tourism (Attractions)	Nov 2023	-
23	Tourism (Travel Agent)	May 2026	-
24	Tourism (MICE)	May 2026	-

SMEs face various barriers to digital adoption, including cost, infrastructure and talent constraints, limited managerial capacity, and information gaps[2]. In particular, information-related barriers may include a lack of knowledge about relevant digital solutions, difficulties in identifying suitable solutions, as well as uncertainty about the expected benefits of solutions and the credibility of vendors. IDPs seek to reduce information barriers and search costs by curating sector-relevant solutions and providing practical guidance[3] to firms. By making digitalisation more accessible and actionable, IDPs may encourage SMEs to adopt digital solutions, which could in turn contribute to improvements in firm outcomes such as higher revenue and productivity gains.

This study evaluates the impact of sectoral IDPs by examining two questions. First, are sectoral IDP launches associated with a higher rate of adoption of IDP solutions, and does awareness play a role? Second, is the adoption of digital solutions covered by the sectoral IDPs associated with improvements in firm outcomes? The first question focuses on the adoption of solutions following IDP roll-out, while the second question focuses on the outcomes of firms after the adoption of IDP solutions, irrespective of whether the adoption was due to the IDPs.

LITERATURE REVIEW

Existing studies have identified information gaps and uncertainty over the suitability of technologies as barriers to digitalisation among SMEs (Phipps and Fuller, 2022). Studies on information interventions have also shown that providing relevant, tailored and salient information can influence decision-making and behaviour (Cohodes et al., 2025; Du et al., 2025). These findings provide the basis for us to evaluate the effects of IDPs, which seek to reduce information barriers and search costs by curating relevant digital solutions and providing sector-specific digitalisation roadmaps.

A second strand of literature examines the impact of digital adoption on firm performance. A key empirical challenge faced in studies examining the impact of digital adoption is that firms that adopt digital technologies may differ systematically from non-adopters (i.e., selection bias), and as such, any differences in their outcomes may not necessarily be due to digital adoption. Both local and international studies have thus used a variety of econometric methods to address selection bias and better estimate the causal effects of digital adoption. These studies generally found that digital adoption led to improvements in firm performance, with the extent of the impact varying across outcomes and types of digital technologies (Tan and Ng, 2019; Cirillo et al., 2023).

2 *IMDA's survey findings show that information-related barriers, including difficulties in choosing suitable digital solutions and understanding their applicability to business needs, were among the top five reasons cited by firms for not adopting digital solutions.*
3 *In addition to curated solutions, the IDP includes practical guidance such as AI use cases, cybersecurity best practices, and relevant courses.*

DATA

Our study combines two firm-level data sources. The first is an anonymised dataset from the Department of Statistics' (DOS) integrated Longitudinal Administrative Database (LAD). It provides firm-level variables such as revenue, net profit before taxes, nominal value-added, employees, wages and information on government grants over the period of 2012 to 2022. The second comprises three waves of IMDA's annual IDP surveys[4], which provide data on whether firms were aware of IDPs and, for each sector-specific solution category, whether the firm had adopted it and for how long. The reported duration of adoption is used to derive the timing of first adoption for each IDP solution category. This in turn allows us to identify whether adoption of the solution took place before or after the launch of the relevant sectoral IDP. As IDPs curate existing digital solutions, firms could have adopted these solutions before their respective sectoral IDPs were rolled out.

After merging the survey records with administrative data, the sample used for the analysis comprises 5,270 unique firms spanning 15 IDP sectors[5] covered by the surveys. Firms from Wholesale Trade, Retail, Logistics, Food Services and Environmental Services accounted for the largest share of the sample. Most firms were SMEs[6] [Exhibit 2]. Across the sample, 19.5 per cent of firms reported being aware of IDPs, while 57.5 per cent had adopted at least one IDP solution. On average, adopting firms had adopted 1.66 IDP solutions.

Exhibit 2: Distribution of firms in the sample by sector and firm size

IDP Sectors (Top 5)	Firm Size (Revenue in S$)
Wholesale Trade (18.7%)	Less than 1 million (34.2%)
Retail (14.4%)	1 to 10 million (42.7%)
Logistics (13.3%)	10 to 100 million (18.6%)
Food Services (11.6%)	100 to 500 million (2.5%)
Environmental Services (7.5%)	More than 500 million (2.1%)

EMPIRICAL METHODOLOGY

The empirical analysis is conducted in two parts. The first part examines whether the roll-out of sectoral IDPs was associated with increased adoption of IDP solutions. It also examines whether firms that were aware of IDPs were more likely to adopt IDP solutions and whether they adopted more solutions, after the relevant sectoral IDP had been launched.

To examine the relationship between sectoral IDP roll-out and adoption, we exploit differences in the timing of IDP launches across sectors. The specification compares firms' adoption before and after the launch of the IDP for their sector, while controlling for firms' observable characteristics as well as their unobserved characteristics that do not change over time (i.e., firm fixed effects). The regression model (1) is specified as follows:

$$IDP_Adopt_{ist} = \beta_1 \times PostIDP_{st} + \delta X_{it} + \alpha_i + \theta_t + \varepsilon_{ist} \quad (1)$$

where IDP_Adopt_{ist} refers to whether firm i from sector s ever adopted any IDP solution at year t; $PostIDP_{st}$ indicates if sector s has an IDP in place at year t; X_{it} captures firm i's characteristics that vary over time; α_i and θ_t refer to firm and year fixed effects respectively. Standard errors are clustered at the IDP sector level.

The coefficient of interest β_1 measures the difference in firms' likelihood of adopting IDP solutions following sectoral IDP roll-out, after controlling for their characteristics. At the aggregate level, it could be interpreted as the change in adoption rate between the post- and pre-IDP launch periods.

4 *The three surveys were conducted in January 2019 to March 2019, October 2019 to December 2019, and February 2021 to October 2021 respectively.*
5 *The 15 IDP sectors covered are Logistics, Retail, Environmental Services, Security, Wholesale Trade, Food Services, Media, Sea Transport (Ship Agency), Sea Transport (Harbour Craft), Accountancy, Hotel, Construction & Facilities Management, Training & Adult Education, Sea Transport (Bunkering), Air Transport. The remaining nine IDPs are excluded from this study as they were launched after the survey period of the last IMDA survey covered in the study.*
6 *SMEs are defined as firms with annual operating revenue of not more than S$100 million or employment of not more than 200 workers.*

To determine whether awareness could be a channel through which IDPs influence digital adoption, we use pooled cross-sectional regressions to examine whether firms that reported being aware of IDPs were more likely to adopt at least one IDP solution after roll-out and whether these firms adopted a larger number of solutions. A linear probability model (2) is used for the former, while a Poisson model (3) is used for the latter:

$$ANYIDPaft_i = \beta_2 \times IDPaware_i + \gamma IDPbef_i + \lambda GenericSol_i + \delta X_i + \varepsilon_i \quad (2)$$

$$logE(IDPaft_i \mid \cdot) = \beta_3 \times IDPaware_i + \gamma IDPbef_i + \lambda GenericSol_i + \delta X_i + \varepsilon_i \quad (3)$$

where $ANYIDPaft_i$ indicates if firm i adopted any IDP solution after its sectoral IDP roll-out; $IDPaft_i$ indicates the number of IDP solutions that firm i adopted after its sectoral IDP roll-out; and $IDPaware_i$ denotes firm i's awareness of the IDP. Both regression models control for $IDPbef_i$, which refers to the number of IDP solutions adopted before the sectoral IDP launch, and $GenericSol_i$, which is the number of generic solutions adopted that serves as a proxy for firms' general digital capabilities. Other control variables include firm characteristics, survey waves, and the receipt of government ICT grants.

The coefficient β_2 captures the difference in the likelihood of adoption between firms that were aware and unaware of IDPs, while coefficient β_3 is used to derive the percentage difference in the average number of IDP solutions adopted[7] between firms that were aware and unaware of IDPs.

The second part of our analysis examines whether firm outcomes improved following their first adoption of an IDP digital solution. We also examine how the estimated effects evolve over time, and whether deeper adoption, as proxied by the number of IDP solutions adopted, is associated with larger improvements in firm outcomes. We compare changes in adopting firms' outcomes following their first adoption with changes over the same period among firms that had not yet adopted IDP digital solutions. Conceptually, this can be represented by the following difference-in-differences specification:

$$Y_{it} = \beta \times D_{it} + \gamma X_{it} + \alpha_i + \theta_t + \varepsilon_{it} \quad (4)$$

where Y_{it} denotes the outcome of firm i in year t; D_{it} is a treatment indicator equal to one from the year of the firm's first adoption of an IDP solution onwards; X_{it} represents firm i's characteristics that vary over time; and α_i and θ_t denote firm and year fixed effects, respectively. The coefficient β represents the treatment effect. In practice, we employ the staggered difference-in-differences approach with the estimator developed by Callaway and Sant'Anna, 2021 (CSDID).[8] To mitigate selection bias, comparison firms are weighted to be more comparable to adopters in terms of observable characteristics such as firm size, age, ICT grant receipt and general digital capabilities. Firm outcomes examined include revenue, value-added (VA), productivity (VA per worker), total and local employment, as well as average total and local worker wages. Robustness checks were conducted using alternative comparison groups and specifications, and our main findings are generally robust to these checks.

7 *In Poisson model (3), the percentage difference in the expected number of IDP solutions adopted is given by* $e^{\beta_3} - 1$.

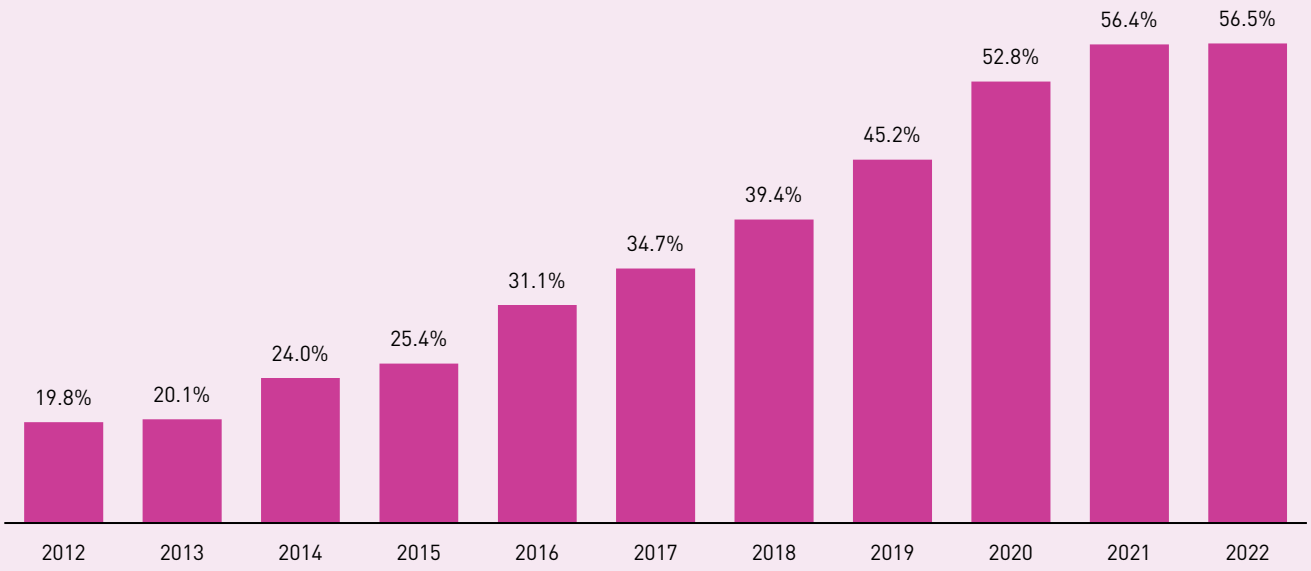
8 *Under the conditional parallel trends assumption, CSDID estimates the average treatment effect on the treated ATT(g,t) separately for each adoption cohort g in each year t. The overall treatment effect, corresponding to β in equation (4), is obtained by aggregating the cohort-year estimates, i.e.,* $\Sigma_g \Sigma_t (g,t) \cdot ATT(g,t)$ *using known or estimable weighting functions w(g,t). Dynamic effects over time are similarly obtained by aggregating ATT(g,t) across cohorts at each relative time since adoption. This bottom-up approach allows treatment effects to vary across adoption cohorts and over time, and avoids the bias that can arise in conventional two-way fixed effects regressions when already-treated firms could be used as comparisons.*

RESULTS AND DISCUSSION

Sectoral IDP roll-out and adoption of IDP solutions

Summary statistics show that the adoption of IDP solutions had picked up over the study period. Specifically, the share of firms that adopted at least one IDP solution rose from 19.8 per cent in 2012 to 56.5 per cent in 2022 [Exhibit 3]. This descriptive trend reflects broader changes in firms' adoption of digital technologies over time and may not be associated with the roll-out of sectoral IDPs. After accounting for firm characteristics and fixed effects, our regression results suggest that the launch of a sectoral IDP was associated with an 8.95 percentage-point (pp) increase in the rate of adoption of IDP solutions in the period after the roll-out.[9]

Exhibit 3: Share of firms that adopted at least one IDP solution, 2012-2022



Awareness of IDPs and adoption

To explore a potential channel through which IDPs may influence digital adoption, we next examine the role of firms' awareness of IDPs. By making relevant digital solutions more visible and actionable, IDPs may help firms identify suitable solutions and make informed adoption decisions more easily.

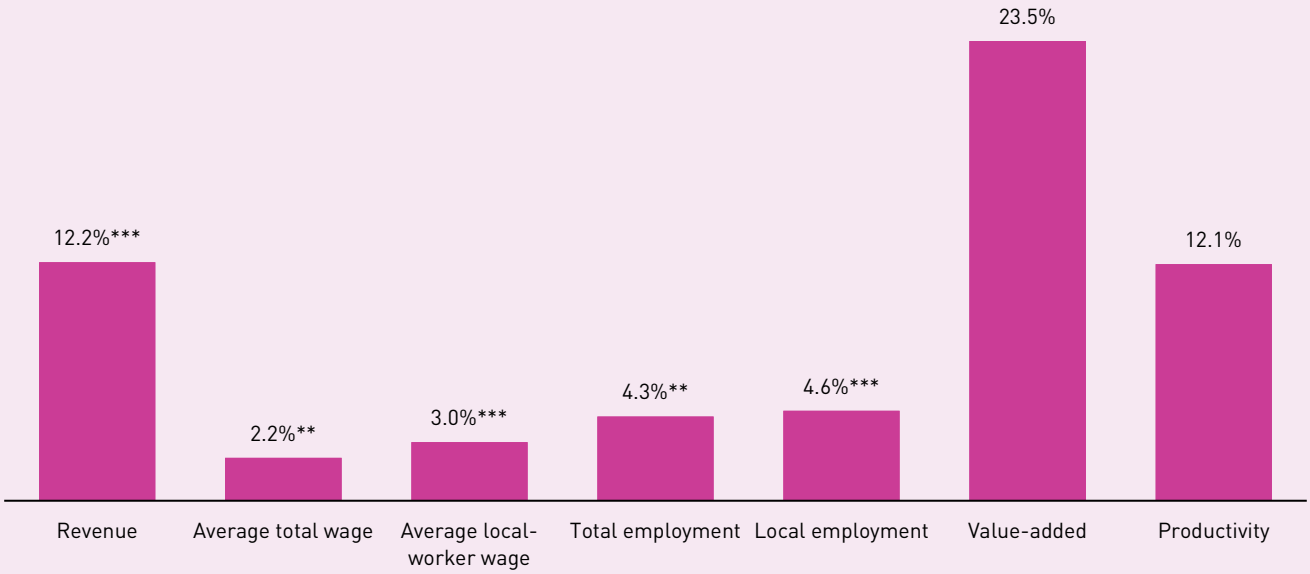
After accounting for the prior adoption of IDP solutions, receipt of ICT grants, general digital capabilities as well as other firm characteristics, our regression results suggest that firms that were aware of IDPs were 9.11pp more likely to adopt at least one IDP solution after IDP roll-out than firms that were not aware. These firms also adopted 33.2 per cent more IDP solutions. Our findings are consistent with the hypothesis that IDPs help support digital adoption by reducing information gaps.

Adoption of IDP solutions and firm outcomes

Our regression analysis shows that adoption of IDP solutions was associated with improvements in selected firm outcomes [Exhibit 4]. Following their first adoption of IDP solutions, firms' revenue was estimated to be 12.2 per cent higher, while average total wages and average local worker wages were 2.2 per cent and 3.0 per cent higher, respectively. Total and local employment were also estimated to be 4.3 per cent and 4.6 per cent higher, respectively, although these estimates should be interpreted with caution as pre-adoption trends differed between adopting and comparison firms. Meanwhile, the estimated effects on VA and productivity were positive but not statistically significant.

9 *Additional event-study analysis indicated that the outcomes of adopting and non-adopting firms did not pass pre-trend tests, and hence the estimated effect should be interpreted as an association rather than a causal impact.*

Exhibit 4: Impact of IDP adoption on firm outcomes



Note: *** and ** indicate statistical significance at the 1 per cent and 5 per cent levels, respectively. Total and local employment outcomes did not pass the pre-trend test.

We further find that revenue gains strengthened over time after IDP adoption. In the year of adoption, revenue was estimated to be 6.9 per cent higher, and this impact rose to 9.6 per cent one year after adoption, 12.8 per cent after two years and 17.0 per cent after three or more years. This suggests that the benefits of digital adoption may build up gradually as firms implement solutions, adapt their business processes and translate adoption into commercial gains.

We also examine how revenue outcomes varied with the depth of digital adoption as proxied by the number of IDP solutions adopted. We find that estimated revenue gains were larger among firms that adopted more solutions. Firms adopting one solution recorded an estimated revenue increase of 2.7 per cent. By comparison, firms adopting two solutions and three or more solutions had estimated revenue gains of 16.2 per cent and 19.6 per cent, respectively. These results suggest that deeper digital adoption may be associated with larger commercial gains.

CONCLUSION

Our study found that the launch of sectoral IDPs was associated with higher adoption rates of IDP solutions. In addition, firms that were aware of IDPs were more likely to adopt IDP solutions after the IDP roll-out and also tended to adopt more solutions than firms that were not aware. These findings are consistent with the objective of IDPs to reduce information barriers and search costs, thereby supporting digital adoption.

In terms of firm outcomes, the adoption of IDP solutions was associated with higher revenue, average wages and employment, while the effect on VA and productivity was positive but not statistically significant. Estimated revenue gains increased over time and were larger among firms adopting multiple solutions.

Taken together, the findings suggest that sectoral IDPs have been effective in increasing awareness of sector-specific digitalisation roadmaps and curated solutions, which has in turn supported firms in adopting relevant digital solutions. The findings thus highlight the value of strengthening outreach and awareness-building efforts to support wider digital adoption among firms. More broadly, while IDPs provide guidance on digital adoption, complementary support in implementation, process redesign and workforce capabilities may also be needed to help firms translate digital adoption into broader productivity gains.

Contributed by:

Dr Jenny Qian
Senior Manager
Research and Statistics Unit
Infocomm Media Development Authority

Ms Liang Chun
Manager
SMEs Go Digital
Infocomm Media Development Authority

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MINISTRY OF ENERGY, TRADE AND INDUSTRY
100 High Street, #09-01 The Treasury
Singapore 179434

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