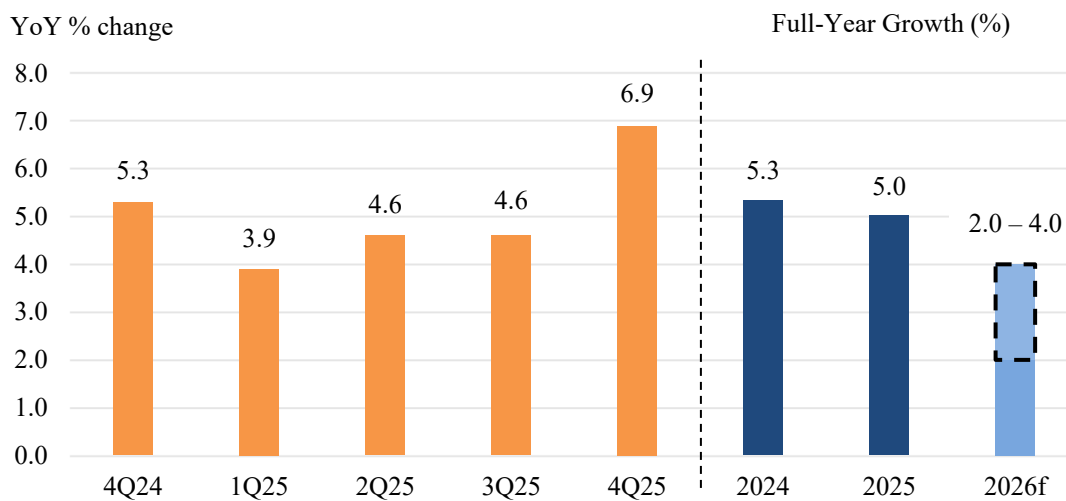


MTI Upgrades 2026 GDP Growth Forecast to “2.0 to 4.0 Per Cent”

10 February 2026. The Ministry of Trade and Industry (MTI) announced today that the Singapore economy expanded by 5.0 per cent in 2025. MTI also announced that the GDP growth forecast for Singapore for 2026 has been upgraded from “1.0 to 3.0 per cent” to “2.0 to 4.0 per cent”.

Economic Performance in Fourth Quarter 2025 and Full Year 2025

Singapore's Real GDP Growth



In the fourth quarter of 2025, the Singapore economy expanded by 6.9 per cent on a year-on-year basis, faster than the 4.6 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 2.1 per cent, moderating from the 2.6 per cent expansion in the third quarter.

For the whole of 2025, GDP growth came in at 5.0 per cent, easing from the 5.3 per cent growth in 2024. GDP growth for the year was mainly driven by the manufacturing, wholesale trade and finance & insurance sectors. In particular, the electronics cluster of the manufacturing sector and the machinery, equipment & supplies segment of the wholesale trade sector grew robustly on account of strong AI-related electronics demand. Meanwhile, the finance & insurance sector saw broad-based growth across all segments amidst largely accommodative financial conditions. By contrast, the food & beverage services sector contracted, partly due to a decline in the sales volume of restaurants amidst shifts in dining preferences.

[Refer to **Annex A** for the economic performance of the various sectors.]

Economic Outlook for 2026

In November 2025, MTI announced that Singapore's GDP growth for 2026 was projected to come in at "1.0 to 3.0 per cent". This forecast was based on the expectation that GDP growth in major economies would ease in 2026 as the US tariffs worked their way through the global economy.

Since then, the global economy has outperformed expectations, with most major economies turning in stronger-than-expected growth in the fourth quarter of 2025. Notably, global trade activity remained resilient despite the US tariffs, likely reflecting effective US tariff rates that were lower than the announced headline rates¹, trade diversion facilitated by supply chain adjustments, and robust AI-related exports amidst the AI investment boom.

The stronger-than-expected growth momentum seen in the last quarter of 2025 is projected to carry into 2026. Apart from the AI investment boom, which is expected to be sustained in 2026, expansionary fiscal policies in several economies such as the US, Germany and Japan, as well as accommodative global financial conditions, should also support global growth in the quarters ahead. Taking these factors into account, the GDP growth outlook for Singapore's key trading partners for 2026 has improved compared to the outlook in November. Nonetheless, the pace of growth for most of these economies is still expected to ease from 2025 levels, in part due to the drag from the full-year impact of the US tariffs² and rising trade barriers that would weigh on non-AI-related global trade.

Among the advanced economies, GDP growth in the US is projected to be broadly stable in 2026, supported by robust AI-related investment and the fiscal boost from the One Big Beautiful Bill Act (OBBBA)³. At the same time, consumption growth is likely to remain resilient, even though the passthrough of tariffs to higher consumer prices could pose some drag. By contrast, GDP growth in the Eurozone is expected to weaken on the back of subdued exports and industrial activity, partly due to the US tariffs and elevated uncertainty amidst geopolitical tensions. Nonetheless, accelerated fiscal spending in Germany and the recently-concluded India-EU trade deal could help to bolster growth in the region.

¹ Compared to the headline reciprocal tariff rates announced on Liberation Day in April 2025, there were subsequent reductions in the headline tariff rates for some of the US' key trading partners following trade deals struck with the US. The effective tariff rates were also lower than what the headline rates would suggest in part due to product and company exemptions.

² While the US' baseline 10 per cent tariff came into effect on 5 April 2025, the reciprocal tariffs were implemented only on 7 August 2025 as a temporary pause was put in place shortly after Liberation Day. As such, the reciprocal tariffs would have a full-year impact in 2026 as compared to five months in 2025.

³ The OBBBA signed in July 2025 enacted major changes to tax policy for individuals and businesses which are expected to spur consumption and investment.

In Asia, China's GDP growth is expected to moderate, mainly on account of easing exports growth as economic growth in China's key trading partners softens and trade barriers continue to rise. Meanwhile, GDP growth in the key Southeast Asian economies is projected to be supported by consumption and investment growth amidst accommodative fiscal and monetary policies. Nonetheless, growth is expected to ease relative to that in 2025 for most of these economies as softening commodity prices, the US tariffs and slower global trade growth are likely to weigh on their exports.

The global economic outlook is subject to both upside and downside risks. On the one hand, a stronger-than-projected upswing in the AI investment cycle could provide a greater boost to electronics demand and drive further gains in equity markets. The former would have positive spillovers on global trade, while the latter could lift global consumption from wealth effects. On the other hand, a renewed escalation in tariff actions or flare-ups in geopolitical tensions could lead to a resurgence in economic uncertainty, which would weigh on the sentiments of businesses and households. This could then dampen business investments and hiring, as well as household spending. Furthermore, an escalation in risk-off sentiments or a sudden pullback in global AI-related capital spending could trigger sharp corrections in global financial markets, with potential spillovers to broader economic activity.

Against this backdrop, the 2026 growth outlook for the manufacturing and trade-related services sectors in Singapore has improved since November. Within the manufacturing sector, the electronics cluster is projected to grow at a stronger pace than previously expected, supported by robust demand for semiconductor chips in the data centre end-market due to the AI investment boom. This will have positive spillover effects on the precision engineering cluster and the machinery, equipment & supplies segment of the wholesale trade sector. At the same time, strong order books in the aerospace and marine & offshore engineering segments should continue to drive growth in the transport engineering cluster.

Meanwhile, key outward-oriented services sectors are also projected to register healthy growth. In particular, the information & communications sector will be supported by sustained enterprise demand for AI-enabled and other digital solutions, while the finance & insurance sector will be bolstered by supportive macroeconomic and financial conditions.

Among the domestically-oriented sectors, the construction sector is expected to expand at a steady pace due to expansions in both public residential building and civil engineering works. Meanwhile, new private residential launches will support the activities of developers in the real estate sector in the year ahead. On the other hand, the performance of consumer-facing sectors such as retail trade and food & beverage services is likely to remain subdued, partly due to locals shifting their spending overseas and changing dining preferences.

Taking into account the latest global and domestic situations, **MTI has upgraded Singapore's GDP growth forecast for 2026 from "1.0 to 3.0 per cent" to "2.0 to 4.0 per cent"**.

MINISTRY OF TRADE AND INDUSTRY
10 February 2026

ANNEX A

Economic Performance of Sectors in Fourth Quarter 2025 and Full Year 2025

The manufacturing sector expanded by 18.8 per cent year-on-year in the fourth quarter of 2025, accelerating from the 5.3 per cent growth in the previous quarter. The strong performance of the sector was driven by output expansions across all clusters except the general manufacturing cluster. In particular, the output of the electronics cluster surged by 25.1 per cent on account of stronger-than-anticipated AI-related demand for semiconductors, servers and server-related products. Similarly, the output of the biomedical manufacturing cluster increased by a robust 45.9 per cent, supported by a higher-than-expected level of production of a key high-value active pharmaceutical ingredient. On a quarter-on-quarter seasonally-adjusted basis, the manufacturing sector grew by 8.4 per cent, extending the 9.3 per cent expansion in the preceding quarter. For the full year of 2025, the sector expanded by 8.7 per cent, faster than the 3.8 per cent growth in 2024.

Growth in the construction sector came in at 4.6 per cent year-on-year in the fourth quarter, moderating from the 5.6 per cent growth in the third quarter. This was on account of expansions in both public and private sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector's growth eased to 0.2 per cent, from 0.6 per cent in the previous quarter. For the whole of 2025, the sector expanded by 5.2 per cent, after growing by 5.4 per cent in 2024.

The wholesale trade sector grew by 9.9 per cent year-on-year in the fourth quarter, strengthening from the 5.4 per cent growth in the preceding quarter. Growth during the quarter was mainly driven by the machinery, equipment & supplies segment, which expanded robustly on the back of the wholesale sales of electronic components and telecommunications & computers. On the other hand, the fuels & chemicals segment shrank, weighed down by the petroleum and petroleum products sub-segments. The "others"⁴ segment also contracted due to continued weakness in the metals, timber & construction materials sub-segment. On a quarter-on-quarter seasonally-adjusted basis, growth in the sector came in at 3.5 per cent, higher than the 2.0 per cent growth in the third quarter. For 2025 as a whole, the sector grew by 6.1 per cent, improving from the 5.6 per cent expansion in 2024.

The retail trade sector expanded by 2.3 per cent year-on-year in the fourth quarter, extending the 2.4 per cent growth in the previous quarter. Growth during the quarter was supported by an increase in both non-motor vehicle and motor vehicle sales volumes. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 0.3 per cent, a

⁴ The "others" segment comprises a diverse range of products including metals, timber & construction materials, household equipment & furniture as well as food, beverages & tobacco, among others.

pullback from the 2.4 per cent growth in the third quarter. For the whole of 2025, the sector grew by 1.3 per cent, a turnaround from the 0.2 per cent contraction in 2024.

Growth in the transportation & storage sector eased to 2.1 per cent year-on-year in the fourth quarter, from 2.7 per cent in the preceding quarter. Within the sector, the water transport segment expanded as container throughput and sea cargo handled at Singapore's ports rose. At the same time, the air transport segment posted growth on the back of an increase in both air cargo volume and the number of air passengers handled at Changi Airport. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 0.6 per cent, a reversal from the 0.2 per cent growth in the previous quarter. For 2025 as a whole, the sector expanded by 3.3 per cent, moderating from the 6.6 per cent growth in 2024.

The accommodation sector grew at a faster pace of 6.6 per cent year-on-year in the fourth quarter, compared to the 4.6 per cent growth in the third quarter. Growth of the sector was supported by higher overall gross lettings in hotels, particularly the luxury and mid-tier hotel segments. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 1.1 per cent, moderating from the 3.2 per cent growth in the previous quarter. For the whole of 2025, the sector grew by 3.1 per cent, slower than the 5.0 per cent expansion in 2024.

The food & beverage services sector expanded marginally by 0.2 per cent year-on-year in the fourth quarter, a turnaround from the 1.9 per cent contraction in the preceding quarter. The sector's expansion was primarily supported by an increase in the sales volume of food caterers, which outweighed a decline in the sales volume of restaurants. On a quarter-on-quarter seasonally-adjusted basis, the sector posted growth of 1.3 per cent, reversing the 0.7 per cent contraction in the third quarter. For the full year of 2025, the sector shrank by 0.9 per cent, extending the 1.1 per cent contraction in 2024.

Growth in the information & communications sector came in at 5.2 per cent year-on-year in the fourth quarter, extending the 6.2 per cent expansion in the previous quarter. Within the sector, the IT & information services segment recorded strong growth due to robust demand for data hosting services and internet search engine activities. At the same time, the "others"⁵ segment was supported by a higher level of games publishing activity. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 0.7 per cent, slowing from the 5.3 per cent growth in the preceding quarter. For the whole of 2025, the sector expanded by 6.1 per cent, a moderation from the 14.2 per cent expansion in 2024.

⁵ The others segment consists of (i) publishing activities (including computer games and software publishing), (ii) motion picture, video and other programme production, sound recording, and music publishing activities, and (iii) radio and television broadcasting activities.

The finance & insurance sector grew by 3.7 per cent year-on-year in the fourth quarter, moderating from the 4.7 per cent growth in the third quarter. Growth of the sector was underpinned by the banks and insurance segments, even as the fund management segment turned in a more subdued performance. In particular, banks benefitted from sustained credit intermediation activity as financial conditions remained accommodative. Meanwhile, growth in the insurance segment was mainly attributable to the strong performance of life insurance. By contrast, the fund management segment was weighed down by the retraction in global equity markets in November. On a quarter-on-quarter seasonally-adjusted basis, the finance & insurance sector expanded by 5.4 per cent, a reversal from the 0.9 per cent contraction in the preceding quarter. For 2025 as a whole, the sector grew by 4.3 per cent, moderating from the 7.3 per cent expansion in 2024.

The real estate sector's growth moderated to 3.6 per cent year-on-year in the fourth quarter, from 4.0 per cent in the previous quarter. Growth during the quarter was supported by expansions in the private residential, commercial and industrial property segments. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 0.6 per cent, improving slightly from the 0.5 per cent expansion in the third quarter. For the whole of 2025, the sector expanded by 5.0 per cent, extending the 4.9 per cent growth in 2024.

Growth in the professional services sector came in at 1.9 per cent year-on-year in the fourth quarter, moderating from the 2.5 per cent expansion in the preceding quarter. Within the sector, most segments expanded, with growth led by the head offices & business representative offices and accounting segments. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 0.8 per cent, reversing the 0.6 per cent growth in the previous quarter. For the full year of 2025, the sector grew by 2.0 per cent, easing from the 3.0 per cent expansion in 2024.

The administrative & support services sector expanded by 0.9 per cent year-on-year in the fourth quarter, easing from the 1.2 per cent growth in the third quarter. The sector's growth during the quarter could be attributed to expansions in the rental & leasing segment and security & cleaning services sub-segment, which outweighed contractions in the employment support services and other business support services sub-segments. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 0.5 per cent, extending the 0.7 per cent contraction in the preceding quarter. For the whole of 2025, the sector expanded by 1.4 per cent, easing from the 1.9 per cent growth in 2024.

The "other services industries" grew by 3.3 per cent year-on-year in the fourth quarter, slower than the 4.7 per cent expansion in the previous quarter. Growth during the quarter was supported largely by the health & social services and arts, entertainment & recreation sectors. On a quarter-on-quarter seasonally-adjusted basis, growth in the "other services industries" moderated to 0.1 per cent, from 0.8 per cent in the third quarter. For the full

year of 2025, the “other services industries” expanded by 3.3 per cent, similar to the 3.2 per cent expansion in 2024.

ANNEX B

REAL SECTORAL GROWTH RATES

	4Q24	2024	1Q25	2Q25	3Q25	4Q25	2025
	Year on Year % Change						
Total	5.3	5.3	3.9	4.6	4.6	6.9	5.0
Goods Producing Industries	5.0	4.0	4.3	5.0	5.0	15.2	7.6
Manufacturing	5.5	3.8	4.7	5.1	5.3	18.8	8.7
Construction	4.2	5.4	4.2	6.6	5.6	4.6	5.2
Services Producing Industries	5.4	5.8	3.5	4.5	4.3	4.8	4.3
Wholesale Trade	6.4	5.6	3.1	6.1	5.4	9.9	6.1
Retail Trade	-0.4	-0.2	0.2	0.2	2.4	2.3	1.3
Transportation & Storage	3.4	6.6	5.3	3.3	2.7	2.1	3.3
Accommodation	1.9	5.0	-1.2	2.4	4.6	6.6	3.1
Food & Beverage Services	-1.4	-1.1	-1.0	-0.9	-1.9	0.2	-0.9
Information & Communications	12.8	14.2	6.9	6.1	6.2	5.2	6.1
Finance & Insurance	6.0	7.3	4.7	4.0	4.7	3.7	4.3
Real Estate	7.2	4.9	6.9	5.8	4.0	3.6	5.0
Professional Services	1.0	3.0	1.7	2.1	2.5	1.9	2.0
Administrative & Support Services	3.1	1.9	1.7	1.8	1.2	0.9	1.4
<i>Other Services Industries, of which</i>	2.8	3.2	1.1	4.3	4.7	3.3	3.3
Public Administration & Defence	0.0	-0.7	0.0	-0.6	-0.2	-1.1	-0.4
Education	4.0	5.2	0.6	2.1	1.5	2.4	1.6
Health & Social Services	4.1	3.0	4.7	5.5	5.5	4.2	5.0
Arts, Entertainment & Recreation	0.9	3.9	-4.9	21.8	27.4	13.2	13.1
Other Services - Others	4.1	6.3	2.4	2.5	2.9	3.3	2.8
	Seasonally Adjusted Quarter-on-Quarter Growth %						
Total	0.0	5.3	0.1	1.7	2.6	2.1	5.0
Goods Producing Industries	-2.7	4.0	-0.9	1.5	7.1	6.5	7.6
Manufacturing	-3.6	3.8	-1.0	0.8	9.3	8.4	8.7
Construction	0.7	5.4	-0.8	4.8	0.6	0.2	5.2
Services Producing Industries	0.5	5.8	0.7	1.9	1.2	1.0	4.3
Wholesale Trade	-0.6	5.6	0.3	3.6	2.0	3.5	6.1
Retail Trade	-0.6	-0.2	1.4	-1.0	2.4	-0.3	1.3
Transportation & Storage	-0.5	6.6	2.7	0.2	0.2	-0.6	3.3
Accommodation	-1.7	5.0	3.2	-0.4	3.2	1.1	3.1
Food & Beverage Services	-0.9	-1.1	1.2	-1.5	-0.7	1.3	-0.9
Information & Communications	1.6	14.2	-7.7	7.5	5.3	0.7	6.1
Finance & Insurance	6.4	7.3	-0.8	0.1	-0.9	5.4	4.3
Real Estate	0.7	4.9	1.6	0.9	0.5	0.6	5.0
Professional Services	-0.5	3.0	1.2	1.0	0.6	-0.8	2.0
Administrative & Support Services	-0.3	1.9	0.2	2.1	-0.7	-0.5	1.4
<i>Other Services Industries, of which</i>	1.4	3.2	0.3	2.0	0.8	0.1	3.3
Public Administration & Defence	0.3	-0.7	-0.4	-0.4	0.2	-0.4	-0.4
Education	-0.4	5.2	-0.3	1.3	0.7	0.7	1.6
Health & Social Services	1.3	3.0	1.0	2.1	0.9	0.1	5.0
Arts, Entertainment & Recreation	14.1	3.9	8.8	1.0	1.5	1.4	13.1
Other Services - Others	2.1	6.3	2.4	-0.8	-0.8	2.5	2.8

OTHER ECONOMIC INDICATORS

	4Q24	2024	1Q25	2Q25	3Q25	4Q25	2025
Retail Sales Index* (yoy, %)	-0.8	0.0	0.5	1.3	3.5	2.4	2.0
Changes in Employment ('000)	11.9	59.8	6.9	12.9	30.2	22.7	72.6
Unemployment Rate, SA (%)	1.9	2.0	2.0	2.0	2.0	2.0	2.0
Value Added Per Actual Hour Worked^ (yoy, %)	3.5	4.6	3.8	2.1	2.5	5.1	3.4
Value Added Per Worker^ (yoy, %)	3.7	3.7	2.4	3.1	3.1	5.1	3.5
Overall Unit Labour Cost (yoy, %)	1.7	1.3	1.2	0.4	0.6	-2.0	0.0
Unit Business Cost of Manufacturing (yoy, %)	1.4	3.2	1.4	2.9	5.1	-8.6	0.1
Fixed Asset Investments (\$ bil)	7.0	13.5	1.7	4.0	0.3	8.2	14.2
Consumer Price Index (yoy, %)	1.4	2.4	1.0	0.8	0.6	1.2	0.9
Total Merchandise Trade (yoy, %)	6.8	6.6	4.7	6.8	8.4	14.5	8.7
Merchandise Exports	5.1	5.7	3.6	11.6	8.2	15.0	9.6
Domestic Exports	-6.0	0.5	-1.9	-4.3	-4.5	8.5	-0.7
Oil	-17.9	1.0	-9.3	-19.6	-6.4	1.0	-9.2
Non-Oil	2.4	0.2	3.3	7.0	-3.4	12.7	4.8
Re-exports	13.9	9.8	7.8	24.1	17.6	19.2	17.2
Merchandise Imports	8.7	7.8	5.9	1.8	8.6	14.1	7.7
Total Services Trade (yoy, %)	12.1	13.0	6.1	3.1	2.0	2.2	3.3
Exports of Services	11.5	13.2	5.8	3.5	2.4	2.3	3.5
Imports of Services	12.7	12.7	6.3	2.8	1.7	2.1	3.2

* In chained volume terms.

^ Based on GDP at market prices in chained (2015) dollars.