MTI MINISTRY OF TRADE AND INDUSTRY SINGAPORE



ECONOMIC SURVEY OF SINGAPORE 2025



February 2026

Ministry of Trade and Industry
Republic of Singapore

website: **www.mti.gov.sg**
email: **mti_email@mti.gov.sg**

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanised, photocopying, recording or otherwise, without the prior permission of the copyright holder.

CONTENTS

02 Main Indicators of the Singapore Economy

06 **CHAPTER 1**
Economic Performance

14 **CHAPTER 2**
Labour Market and Productivity

22 **CHAPTER 3**
Costs, Investments and Prices

27 **BOX ARTICLE 3.1**
Business Cost Conditions in Singapore's Manufacturing and Services Sectors

38 **CHAPTER 4**
International Trade

43 **BOX ARTICLE 4.1**
An Analysis of Singapore's Nominal Non-Oil Domestic Exports Growth in 2025

52 **CHAPTER 5**
Balance of Payments

58 **CHAPTER 6**
Sectoral Performance

62 6.1 Manufacturing
64 6.2 Construction
68 6.3 Wholesale Trade
69 6.4 Retail Trade
70 6.5 Transportation & Storage
72 6.6 Accommodation
74 6.7 Food & Beverage Services
75 6.8 Information & Communications
76 6.9 Finance & Insurance
78 6.10 Real Estate and Professional Services

82 **CHAPTER 7**
Economic Outlook

86 **FEATURE ARTICLE**

88 Impact of Institute for Human Resource Professionals (IHRP) Certification on Worker-level Outcomes

MAIN INDICATORS OF THE SINGAPORE ECONOMY

OVERALL ECONOMY



GDP at Current Market Price

2024 $765.5 billion

2025 $789.5 billion



Real GDP (YoY Growth)

2024 +5.3%

2025 +5.0%



GNI Per Capita

2024 $104,835

2025 $107,365

STRUCTURE OF THE ECONOMY IN 2025 (% OF NOMINAL VA)



Services Producing Industries 71.9%

Ownership of Dwellings 4.0%

Goods Producing Industries 24.1%

Manufacturing 18.5%

Construction 4.0%

BREAKDOWN OF SERVICES PRODUCING INDUSTRIES



Wholesale Trade 19.7%



Finance & Insurance 14.0%



Transportation & Storage 8.1%



Information & Communications 6.3%



Professional Services 5.6%



Real Estate 3.0%



Administrative & Support Services 2.5%



Retail Trade 1.2%



Food & Beverage Services 1.0%



Accommodation 0.8%



Other Services Industries 9.8%

LABOUR MARKET



Employment (as at year end)

2024 4,046.2 thousand

2025 4,118.8 thousand



Overall Unemployment Rate

2024 2.0%

2025 2.0%



Value-Added per Actual Hour Worked

2024 +4.6%

2025 +3.4%

COST



Unit Labour Cost of Overall Economy

2024 +1.3%

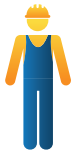
2025 0.0%



Unit Business Cost of Manufacturing

2024 +3.2%

2025 +0.1%



Unit Labour Cost of Manufacturing

2024 -0.4%

2025 -4.3%

PRICES



Consumer Price Index – All Items

2024 +2.4%

2025 +0.9%



Domestic Supply Price Index

2024 -1.3%

2025 +0.9%



Singapore Manufactured Products Price Index

2024 -0.5%

2025 +3.7%

MERCHANDISE TRADE



Merchandise Exports

2024	2025
$674,505 million	$739,442 million
+5.7%	+9.6%



Merchandise Imports

2024	2025
$611,359 million	$658,265 million
+7.8%	+7.7%

Share of Total Merchandise Exports in 2025



61.5%
Re-exports



24.6%
Non-Oil Domestic Exports



13.9%
Oil Domestic Exports

Top Trading Partners in 2025

1st Taiwan

Exports	$64.5b
Imports	$105.9b

2nd Mainland China

Exports	$80.9b
Imports	$82.0

3rd Malaysia

Exports	$73.1b
Imports	$71.9b

SERVICES TRADE



Services Exports

2024	2025
$533,733 million	$552,198 million
+13.2%	+3.5%



Services Imports

2024	2025
$487,640 million	$503,095 million
+12.7%	+3.2%

Share of Total Services Exports in 2025



32.0%
Transport Services



30.5%
Other Business Services



13.0%
Financial Services



8.0%
Telecomms, Computer and Information



6.5%
Travel Services

Top Trading Categories in 2025



Other Business Services

Exports	$168.2b
Imports	$168.5b



Transport Services

Exports	$176.6b
Imports	$157.6b



Telecomms, Computer and Information

Exports	$43.9b
Imports	$56.2b

CHAPTER

1

ECONOMIC PERFORMANCE

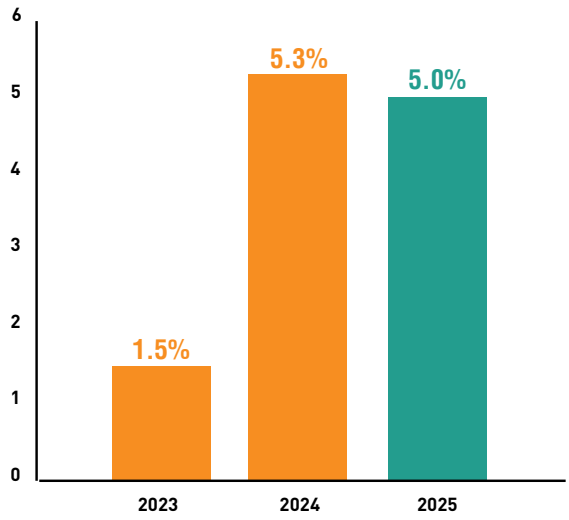




Chapter 1

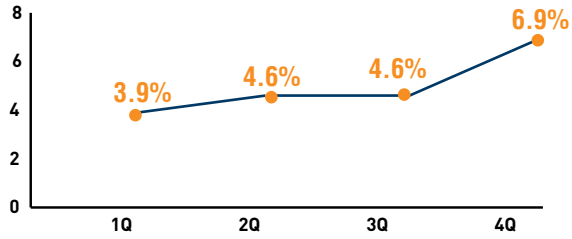
ECONOMIC PERFORMANCE

REAL GDP GREW BY 5.0% IN 2025



QUARTERLY GDP GROWTH IN 2025

(YoY Growth)



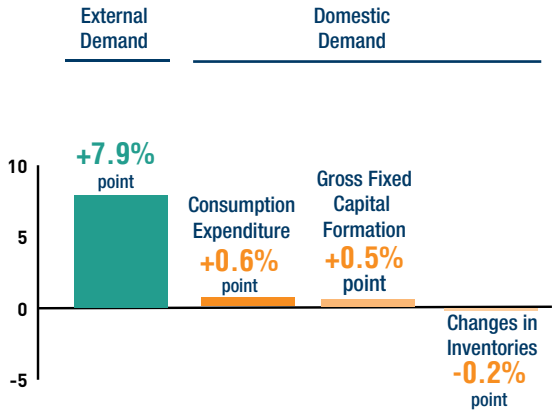
MAIN DRIVERS OF GDP GROWTH IN 2025



INCOME COMPONENTS OF GDP IN 2025



SOURCES OF GROWTH IN 2025



OVERVIEW

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. All sectors expanded during the quarter. The sectors that contributed the most to growth during the quarter were the manufacturing, wholesale trade and finance & insurance sectors.

For the full year, the Singapore economy grew by 5.0 per cent, easing from 5.3 per cent in 2024. All sectors except for the food & beverage services sector recorded positive growth, with the manufacturing, wholesale trade and finance & insurance sectors contributing the most to GDP growth for the year.

OVERALL PERFORMANCE

Fourth Quarter 2025

The Singapore economy expanded by 6.9 per cent year-on-year in the fourth quarter, faster than the 4.6 per cent growth in the previous quarter (Exhibit 1.1). On a quarter-on-quarter seasonally-adjusted basis, GDP grew by 2.1 per cent, moderating from the 2.6 per cent growth in the third quarter.

Exhibit 1.1: GDP and Sectoral Growth Rates in 4Q 2025



The manufacturing sector expanded by 18.8 per cent year-on-year in the fourth quarter, a sharp increase from the 5.3 per cent growth in the preceding quarter. All clusters within the sector recorded expansions during the quarter, except for the general manufacturing cluster.

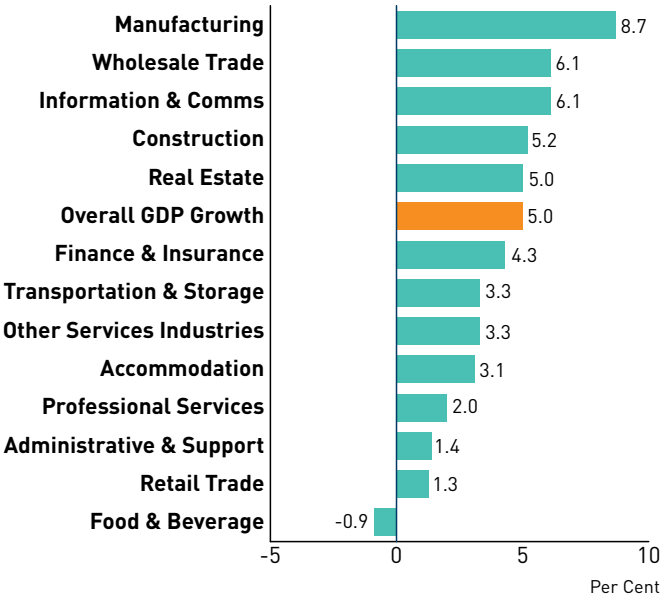
The services producing industries collectively grew by 4.8 per cent year-on-year in the fourth quarter, picking up from the 4.3 per cent growth in the previous quarter. All services sectors recorded expansions during the quarter, with the wholesale trade (9.9 per cent) and accommodation (6.6 per cent) sectors posting the fastest growth.

The construction sector grew by 4.6 per cent year-on-year in the fourth quarter, slower than the 5.6 per cent growth in the third quarter. Output growth during the quarter was supported by an increase in both public sector and private sector construction works.

Full Year of 2025

For the whole of 2025, the Singapore economy grew by 5.0 per cent, easing from 5.3 per cent in 2024 (Exhibit 1.2).

Exhibit 1.2: GDP and Sectoral Growth Rates in 2025

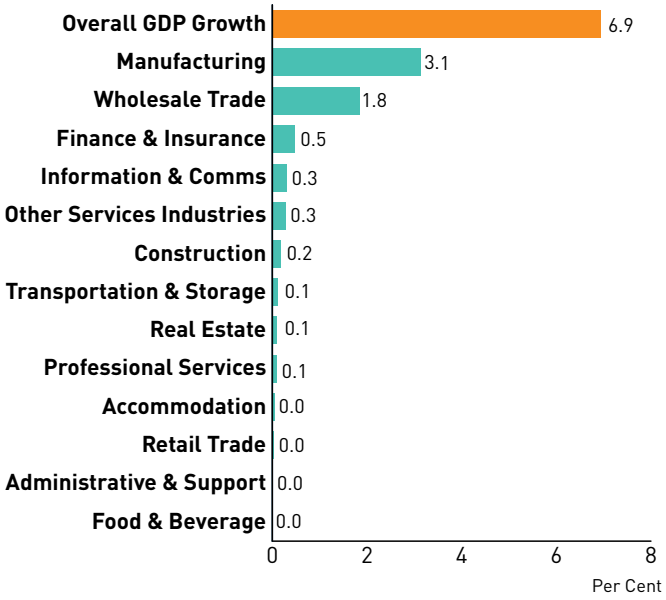


By sectors, the manufacturing sector grew by 8.7 per cent in 2025, faster than the 3.8 per cent expansion in the preceding year. All clusters except for the general manufacturing cluster saw output growth in the year.

Services producing industries posted growth of 4.3 per cent in 2025, slower than the 5.8 per cent expansion in 2024. All services sectors, except for the food & beverages services sector, registered full-year expansions. The wholesale trade (6.1 per cent) and information & communications (6.1 per cent) sectors recorded the fastest growth in 2025 .

The construction sector grew by 5.2 per cent in 2025, extending the 5.4 per cent expansion in the preceding year. Both public and private sector construction output increased during the year.

Exhibit 1.3: Percentage-Point Contribution to Growth in Real GDP in 4Q 2025 (By Sectors)

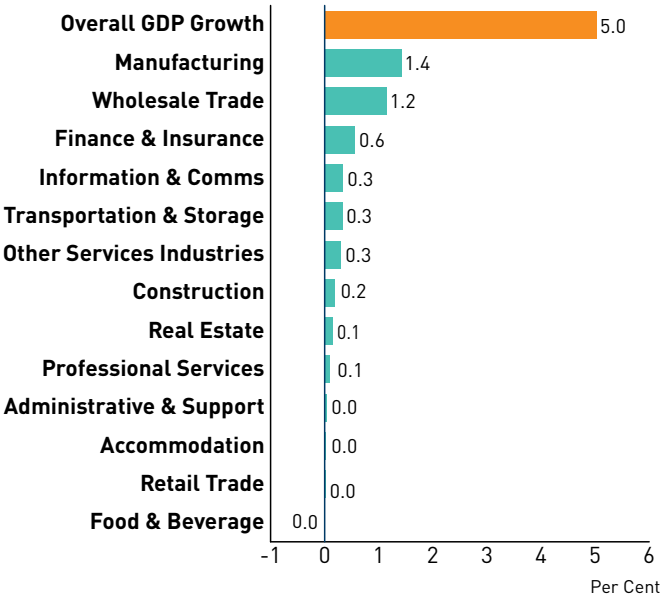


Contribution to Growth

In the fourth quarter, all sectors contributed positively to GDP growth, with the manufacturing, wholesale trade and finance & insurance sectors contributing the most to GDP growth during the quarter (Exhibit 1.3).

For the whole of 2025, all sectors except for the food & beverage services sector recorded full-year expansions. Among the sectors that expanded, the manufacturing, wholesale trade and finance & insurance sectors were the top contributors to GDP growth for the year (Exhibit 1.4).

Exhibit 1.4: Percentage-Point Contribution to Growth in Real GDP in 2025 (By Sectors)



SOURCES OF GROWTH

Total demand rose by 9.9 per cent year-on-year in the fourth quarter, extending the 9.3 per cent expansion in the previous quarter (Exhibit 1.5). Growth during the quarter was due to increases in both external and domestic demand.

For 2025 as a whole, total demand increased by 8.9 per cent, strengthening from the 6.5 per cent growth in 2024. The increase in total demand was supported by a rise in both external demand (7.9 percentage-points) and domestic demand (1.0 percentage-points).

Exhibit 1.5: Percentage-Point Contribution to Total Demand Growth

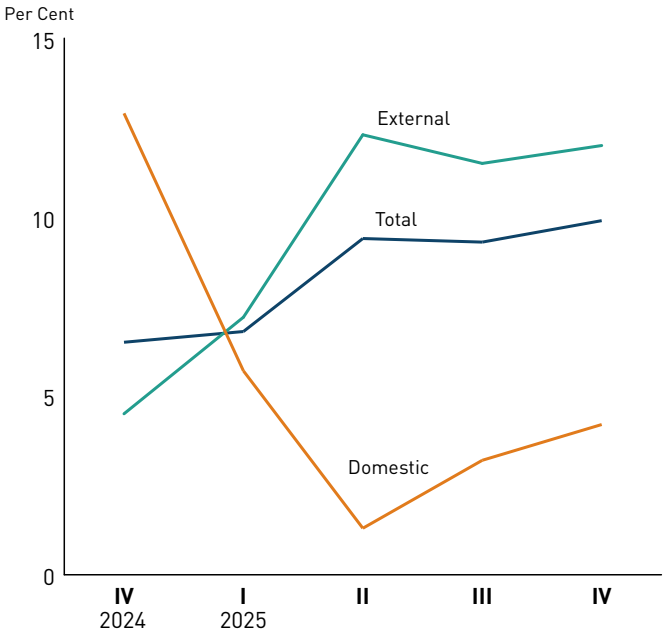
	2024	2025				2025
		I	II	III	IV	
Total Demand	6.5	6.8	9.4	9.3	9.9	**8.9**
External Demand	4.2	5.3	9.1	8.5	8.8	**7.9**
Total Domestic Demand	2.3	1.5	0.3	0.9	1.1	**1.0**
Consumption Expenditure	1.1	0.2	0.7	0.7	0.8	**0.6**
Public	0.3	-0.3	0.2	0.2	0.2	**0.1**
Private	0.7	0.5	0.5	0.4	0.6	**0.5**
Gross Fixed Capital Formation	0.6	0.7	0.4	0.4	0.7	**0.5**
Changes in Inventories	0.7	0.6	-0.7	-0.2	-0.3	**-0.2**

External Demand

External demand rose by 12.0 per cent year-on-year in the fourth quarter, from 11.5 per cent in the previous quarter (Exhibit 1.6). The rise in external demand could be attributed to increases in the real exports of both goods and services.

For the full year, external demand expanded by 10.8 per cent, accelerating from 5.7 per cent in 2024. The increase in external demand could be attributed to increases in both real goods and services exports. In turn, these were led by higher real exports of machinery & transport equipment and transport services respectively.

Exhibit 1.6: Changes in Total Demand in Chained (2015) Dollars



Domestic Demand

Total domestic demand rose by 4.2 per cent year-on-year in the fourth quarter, faster than the 3.2 per cent expansion in the previous quarter. The increase in domestic demand during the quarter was due to increases in consumption expenditure and gross fixed capital formation, which more than offset the decline in inventories.

For 2025 as a whole, total domestic demand rose by 3.6 per cent, slowing from 9.0 per cent in 2024. The rise in domestic demand was due to increases in consumption expenditure and gross fixed capital formation, which more than offset the decline in inventories.

Consumption Expenditure

Total consumption expenditure rose by 4.6 per cent year-on-year in the fourth quarter, up from the 3.9 per cent growth in the previous quarter.

For the full year, total consumption expenditure rose by 3.4 per cent, moderating from the 6.3 per cent growth in 2024. Consumption expenditure growth was due to both private and public consumption. Private consumption rose by 3.9 per cent, led by increases in transport and recreation & culture. At the same time, public consumption rose by 1.7 per cent, slower than the 7.9 per cent expansion in 2024.

Gross Fixed Capital Formation

Gross fixed capital formation (GFCF) rose by 7.4 per cent year-on-year in the fourth quarter, accelerating from the 4.1 per cent expansion in the preceding quarter. GFCF rose during the quarter on account of increases in private GFCF (8.0 per cent) and public GFCF (4.9 per cent).

For the full year, GFCF rose by 6.1 per cent, extending the 6.3 per cent expansion in 2024 (Exhibit 1.7). Private GFCF increased by 5.9 per cent, picking up from the 4.7 per cent expansion in 2024, due to higher investment spending on private construction & works, machinery & equipment, transport equipment and intellectual property products (Exhibit 1.8). Meanwhile, public GFCF rose by 7.1 per cent, easing from the 12.8 per cent expansion in 2024. The increase in public GFCF was due to higher investment spending across all components.

Exhibit 1.7: Annual Changes in Gross Fixed Capital Formation in Chained (2015) Dollars, 2025

Per Cent

	Total	Public	Private
Total	6.1	7.1	5.9
Construction & Works	6.7	6.4	6.9
Transport Equipment	17.2	33.1	16.2
Machinery & Equipment	8.7	17.8	8.0
Intellectual Property Products	2.2	2.9	2.1

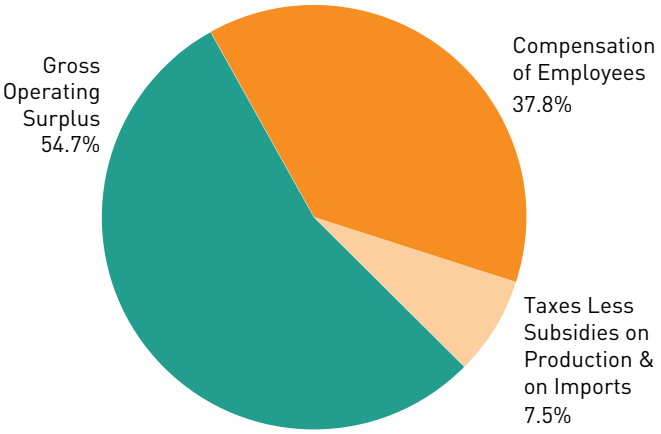
Exhibit 1.8: Percentage-Point Contribution to Growth of Gross Fixed Capital Formation in Chained (2015) Dollars, 2025

	Total	Public	Private
Total	6.1	1.4	4.7
Construction & Works	2.9	1.1	1.9
Transport Equipment	1.0	0.1	0.9
Machinery & Equipment	1.5	0.2	1.3
Intellectual Property Products	0.7	0.1	0.7

INCOME COMPONENTS OF NOMINAL GDP

Singapore's nominal GDP amounted to $790 billion in 2025, a 3.1 per cent increase over 2024. Gross operating surplus accounted for 54.7 per cent of nominal GDP, while compensation of employees accounted for 37.8 per cent (Exhibit 1.9). Taxes (less subsidies) on production and imports made up the remaining 7.5 per cent of nominal GDP.

Exhibit 1.9: Income Components of GDP at Current Prices, 2025



NATIONAL SAVING

With factor income outflows exceeding inflows by $133 billion, Gross National Income (GNI) came in at $656 billion in 2025, lower than the $790 billion in nominal GDP.

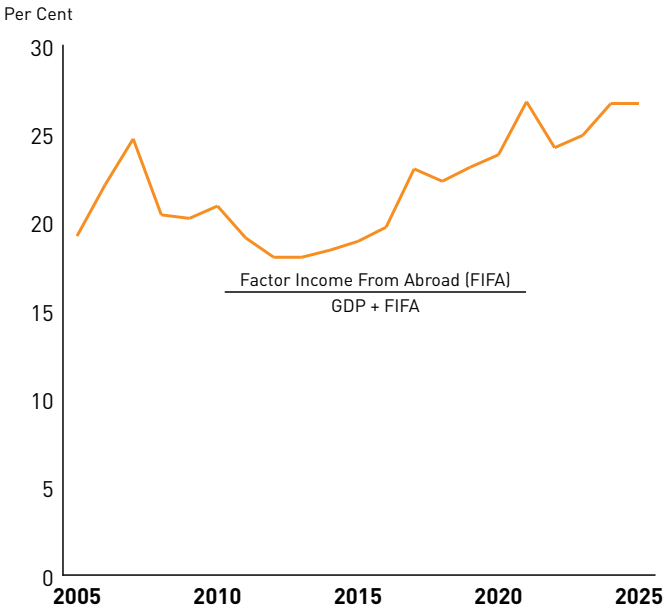
Gross National Saving (GNS) increased by 3.5 per cent to $309 billion in 2025. This comprised a net outflow of $132 billion that was lent or transferred abroad, and $178 billion in Gross Capital Formation. The national savings rate was 47.2 per cent of GNI in 2025, unchanged from the rate recorded in 2024.

GNI AND THE EXTERNAL ECONOMY

Factor income from abroad reached $287 billion in 2025, up from $278 billion in 2024. The contribution of factor income from abroad to the total economy was 26.7 per cent in 2025, unchanged from the contribution recorded in 2024 (Exhibit 1.10).

Based on the Department of Statistics' Survey of Singapore's Investment Abroad, the stock of direct investment abroad increased from $1,521 billion in 2023 to $1,636 billion in 2024.

Exhibit 1.10: Singapore's Earnings from External Economy as a Proportion of Total Income





CHAPTER

2

LABOUR MARKET AND PRODUCTIVITY





Chapter 2

LABOUR MARKET AND PRODUCTIVITY

EMPLOYMENT AND PRODUCTIVITY GROWTH IN 2025

Employment (as at year end)

+72,600

VA per Actual Hour Worked

+3.4%

MAIN DRIVERS OF EMPLOYMENT GROWTH IN 2025

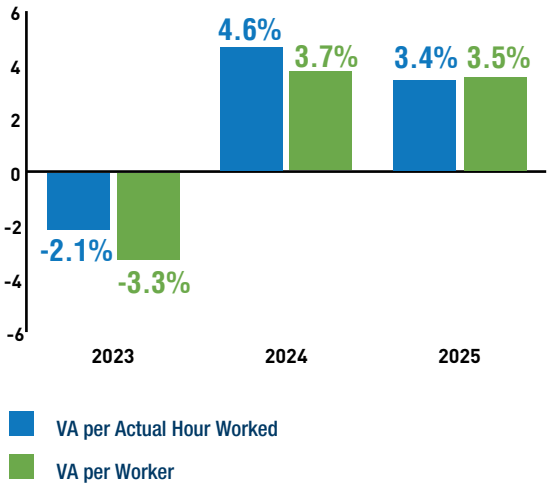
+34,800 employed

Other Services Industries

+27,200 employed

Construction

VA PER ACTUAL HOUR WORKED AND VA PER WORKER GROWTH



SECTORS WITH THE HIGHEST VA PER ACTUAL HOUR WORKED GROWTH IN 2025

+8.2% Wholesale Trade

+8.2% Manufacturing

+7.6% Information & Communications

UNEMPLOYMENT RATES IN 2025

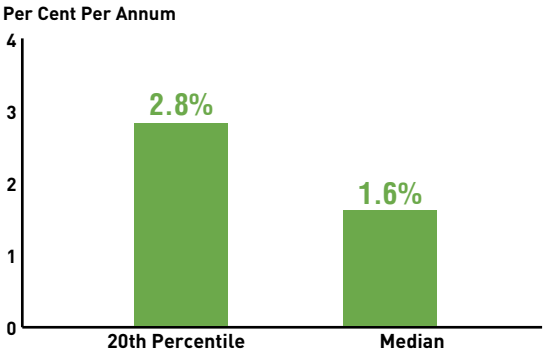
Overall Unemployment Rate

2.0%

Resident Unemployment Rate

2.8%

ANNUALISED CHANGE IN REAL GROSS MONTHLY INCOME FROM WORK



Real median gross monthly income of full-time employed residents rose by **+1.6% per annum** from June 2020 to June 2025

OVERVIEW[1]

Total employment expanded by 72,600 in 2025, supported by gains in both resident and non-resident employment.

Employment growth was positive for all broad sectors with the services sector registering the largest gains, followed by the construction and manufacturing sectors. Excluding Migrant Domestic Workers (MDWs), total employment grew by 57,300.

At the same time, unemployment rates remained stable and low, although the number of retrenchments rose slightly in 2025.

Between 2020 and 2025, the real gross monthly income of full-time employed residents at the median and 20th percentile grew by 1.6 per cent per annum and 2.8 per cent per annum, respectively.

EMPLOYMENT

Total employment increased by 22,700 in the fourth quarter, a slowdown from the gains of 30,200 in the third quarter (Exhibit 2.1). Excluding MDWs, employment growth grew by 19,600, lower than the 25,100 increase in the third quarter.

By broad sectors, employment rose in the services (+11,800; +8,700 excluding MDWs), construction (+8,700) and manufacturing (+2,400) sectors in the fourth quarter. Among the services sectors, employment gains were the largest in the other services (+6,400; +3,300 excluding MDWs) and administrative & support services sectors (+4,200) (Exhibit 2.2).

Exhibit 2.1: Changes in Total Employment

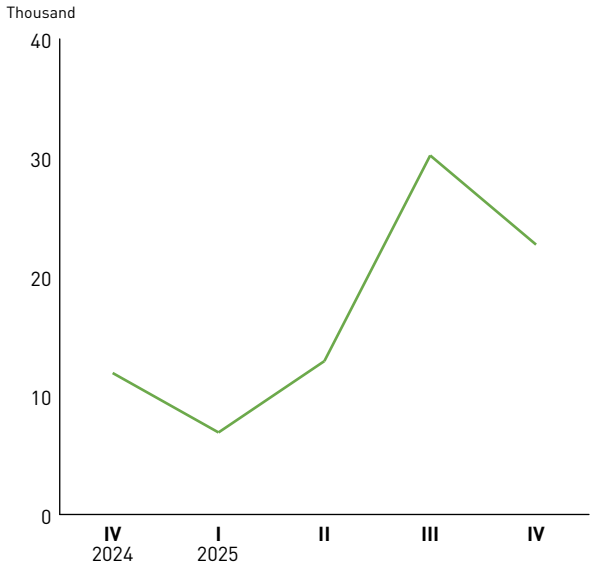
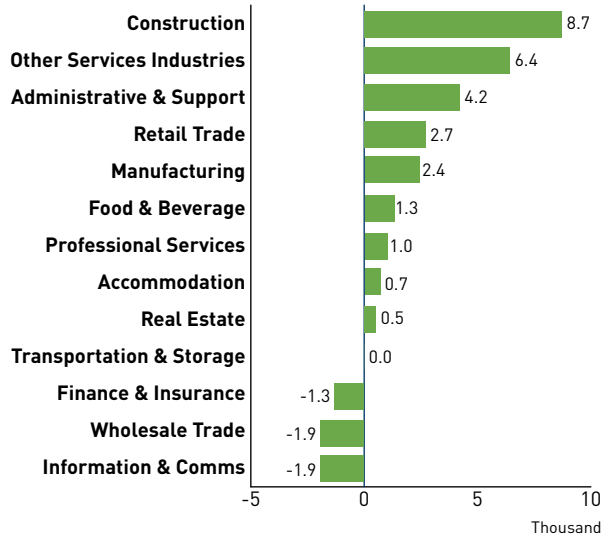


Exhibit 2.2: Changes in Employment by Industry in 4Q 2025



1 *Figures for the fourth quarter of 2025 and full year of 2025 are preliminary estimates.*

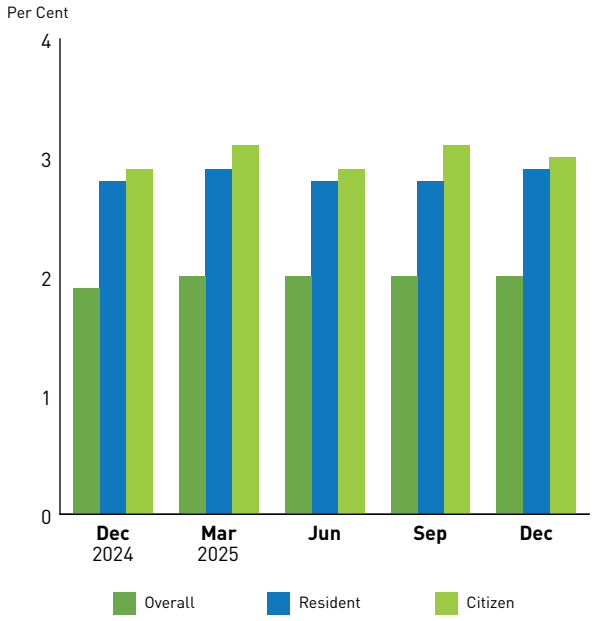
For the whole of 2025, total employment rose by 72,600, higher than the 59,800 increase in 2024. Employment gains were registered across all broad sectors and was the largest for the services (+36,900) sector, followed by the construction (+27,200) and manufacturing (+8,400) sectors.

Employment growth in 2025 was supported by increases in both resident and non-resident employment.[2]

UNEMPLOYMENT

Between September and December 2025, the seasonally-adjusted unemployment rate at the overall level was unchanged (2.0 per cent), while the citizen unemployment rate fell slightly to 3.0 per cent from 3.1 per cent. By contrast, the resident unemployment rate increased slightly to 2.9 per cent from 2.8 per cent (Exhibit 2.3).

Exhibit 2.3: Unemployment Rates (Seasonally-Adjusted)



In December 2025, there were 69,900 unemployed residents, of whom 60,800 were Singapore citizens. While there was an increase in the number of unemployed residents relative to September 2025 (68,700), the number of unemployed Singapore citizens (61,700) fell.

For the full year of 2025, the annual average unemployment rate was unchanged at the overall level (2.0 per cent) and for residents (2.8 per cent), but increased slightly for citizens (to 3.0 per cent from 2.9 per cent in 2024).

In 2025, 68,900 residents, of whom 61,100 were Singapore citizens, were unemployed. These were higher than the number of unemployed residents (66,700) and citizens (58,600) in 2024.

RETRENCHMENTS

The number of retrenchments fell slightly in the fourth quarter (3,600), compared to the third quarter (3,670). Over the quarter, the decrease in retrenchments in the manufacturing (from 550 to 400) and services (from 3,020 to 3,000) sectors outweighed the increase in retrenchments in the construction (from 60 to 100) sector.

In 2025, a total of 14,400 workers were retrenched, more than the 13,020 laid off in 2024. Across the broad sectors, the number of retrenchments fell in the manufacturing (from 2,780 to 2,610) sector, but rose in the services (from 9,670 to 11,100) and construction (from 460 to 540) sectors.

2 *Further details of the breakdown of employment growth in the fourth quarter and full year for 2025, including by resident status, will be released by MOM in the Labour Market Report Fourth Quarter 2025 in mid-March 2026.*

PRODUCTIVITY

Real Value-Added per Actual Hour Worked

Overall labour productivity, as measured by real value-added per actual hour worked, rose by 5.1 per cent year-on-year in the fourth quarter, faster than the growth of 2.5 per cent in the previous quarter.

Among the sectors, the manufacturing (17.0 per cent), wholesale trade (12.2 per cent) and real estate (11.2 per cent) sectors registered the largest growth in real value-added per actual hour worked in the fourth quarter. The information & communications (9.4 per cent), professional services (4.0 per cent), retail trade (3.8 per cent), finance & insurance (2.6 per cent), accommodation (1.1 per cent), transportation & storage (1.0 per cent) and construction (0.7 per cent) sectors also saw productivity improvements. By contrast, real value-added per actual hour worked fell in the administrative & support services (-1.7 per cent), other services (-1.0 per cent) and food and beverage services (-1.0 per cent) sectors.

Collectively, the productivity of outward-oriented sectors increased by 8.8 per cent in the fourth quarter. By contrast, productivity growth of domestically-oriented sectors was flat (0.0 per cent).[3]

For the full year, real value-added per actual hour worked grew by 3.4 per cent, lower than the increase of 4.6 per cent in 2024 (Exhibit 2.4). The productivity performance for the overall economy was supported by productivity improvements across most sectors, with the manufacturing (8.2 per cent) and wholesale trade (8.2 per cent) sectors experiencing the largest gains in productivity. By contrast, productivity fell in the administrative & support services (-1.5 per cent), food and beverage services (-0.6 per cent) and other services (-0.5 per cent) sectors (Exhibit 2.5).

Exhibit 2.4: Changes in Value-Added per Actual Hour Worked for the Overall Economy

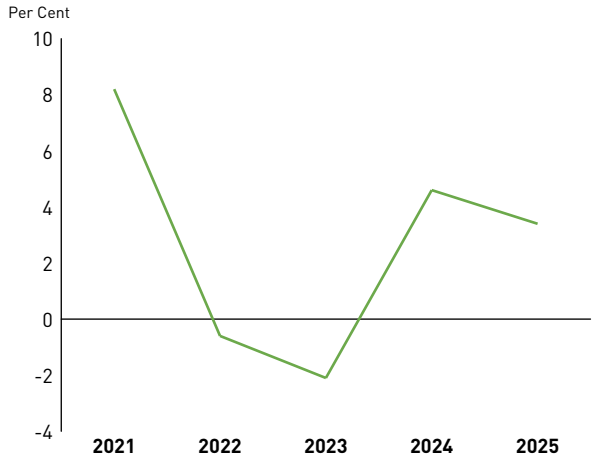
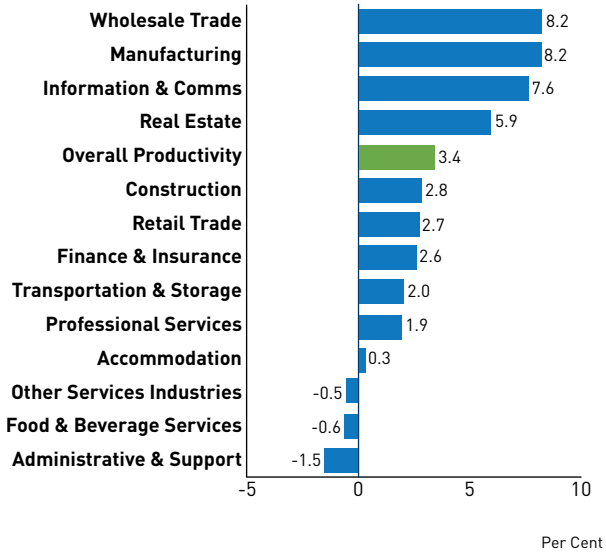


Exhibit 2.5: Changes in Value-Added per Actual Hour Worked by Industry in 2025



Real Value-Added per Worker

Real value-added per worker rose by 5.1 per cent year-on-year in the fourth quarter, faster than the increase of 3.1 per cent in the third quarter.

For the full year, real value-added per worker rose by 3.5 per cent, slightly slower than the growth of 3.7 per cent in 2024.

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

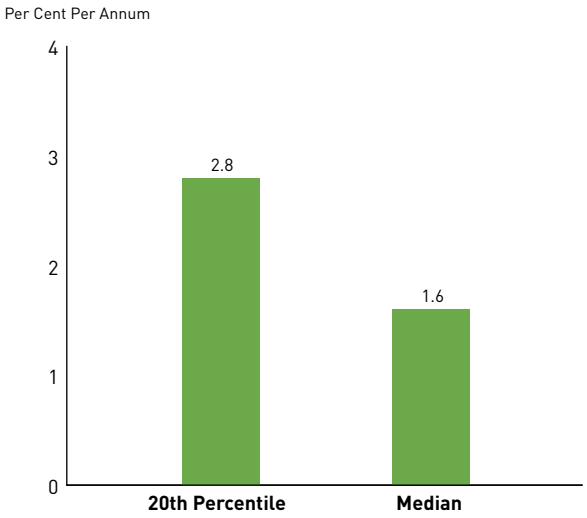
INCOME FROM WORK

In 2025, nominal gross monthly income of resident workers grew at a slightly slower pace compared to the previous year. Median nominal gross monthly income (including employer CPF contributions) of full-time employed residents grew by 5.0 per cent to $5,775, a decrease from the 5.8 per cent growth in 2024.

After adjusting for inflation[4], real median income rose by 4.1 per cent in 2025. Lower-income earners also saw an increase in their incomes after taking inflation into account, with real income at the 20th percentile growing by 3.6 per cent in 2025. With WIS and related payments included, real income at the 20th percentile saw a larger increase (5.3 per cent).

Over the last five years (i.e., June 2020 to June 2025), real median income rose by 1.6 per cent per annum (Exhibit 2.6). During this period, real income growth at the 20th percentile was stronger (2.8 per cent per annum), thus narrowing the income gap with the median income earner.

Exhibit 2.6: Annualised Change in Real Gross Monthly Income from Work of Full-Time Employed Residents, 2020-2025



4 *The Consumer Price Index (CPI) for all items rose by 0.9 per cent in 2025.*



CHAPTER

3

COSTS, INVESTMENTS AND PRICES

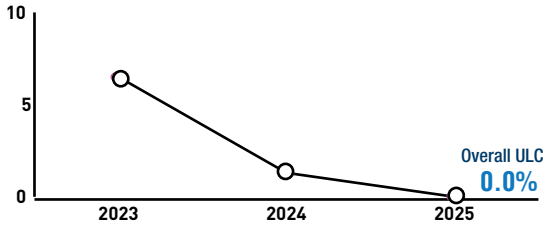




Chapter 3

COSTS, INVESTMENTS AND PRICES

OVERALL UNIT LABOUR COST
(YoY Growth)



WITHIN THE MANUFACTURING SECTOR
(YoY Growth)



0.1%
in 2025
Unit Business Cost



-4.3%
in 2025
Unit Labour Cost

INVESTMENT COMMITMENTS IN 2025

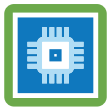


Fixed Asset Investment Commitments
$14.2 billion



Total Business Expenditure Commitments
$8.9 billion

CLUSTERS THAT ATTRACTED THE HIGHEST FIXED ASSET INVESTMENT COMMITMENTS



Electronics



Biomedical Manufacturing



Services Clusters

CLUSTERS THAT ATTRACTED THE HIGHEST TOTAL BUSINESS EXPENDITURE COMMITMENTS



Headquarters & Professional Services

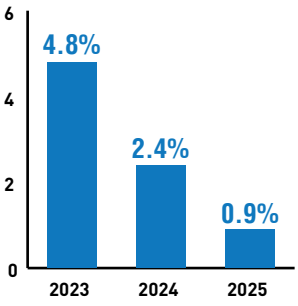


Research & Development



Electronics

CPI-ALL ITEMS INFLATION



IN 2025, THE INCREASE IN CPI WAS MAINLY DUE TO THE INCREASE IN PRICES OF

Transport



0.3%
point contribution

Health



0.3%
point contribution

Food



0.2%
point contribution

OVERVIEW

Overall ULC for the economy fell by 2.0 per cent year-on-year in the fourth quarter, reversing the increase of 0.6 per cent in the preceding quarter. For the whole of 2025, overall ULC remained unchanged from the level registered in 2024.

Total investment commitments attracted by EDB remained healthy in 2025. The manufacturing sector garnered a larger amount of fixed asset investments (FAI) commitments than the services sector, while the latter attracted a larger amount of total business expenditure (TBE) commitments. By clusters, the electronics and biomedical manufacturing clusters within the manufacturing sector were the biggest contributors to FAI commitments, while the headquarters & professional services cluster within the services sector contributed the most to TBE commitments.

The Consumer Price Index-All Items (CPI-All Items) rose by 1.2 per cent year-on-year in the fourth quarter, faster than the 0.6 per cent increase in the previous quarter. For 2025 as a whole, CPI-All Items inflation came in at 0.9 per cent, lower than the 2.4 per cent recorded in 2024.

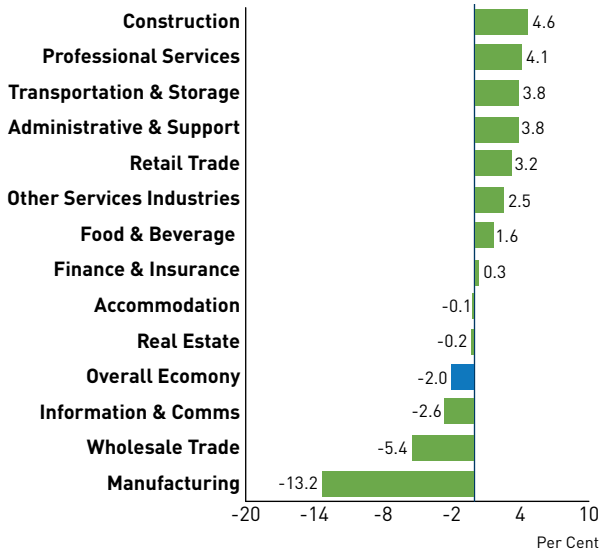
Producer prices – as measured by the domestic supply price index (DSPI), the Singapore manufactured products price index (SMPPI), as well as the import and export price indices – showed mixed trends on a year-on-year basis in the fourth quarter as the DSPI and SMPPI picked up while the import and export price indices fell. For the whole of 2025, the DSPI and SMPPI rose by 0.9 per cent and 3.7 per cent respectively, while the import and export price indices fell by 4.2 per cent and 5.2 per cent respectively.

COSTS

Unit Labour Cost

Overall ULC for the economy fell by 2.0 per cent year-on-year in the fourth quarter, reversing the increase of 0.6 per cent in the preceding quarter (Exhibit 3.1). The decline in overall ULC came on the back of an increase in labour productivity (as measured by real value-added per worker) which outpaced the rise in total labour cost per worker.

Exhibit 3.1: Changes in Unit Labour Cost in 4Q 2025



By broad sectors, the ULC for the construction sector increased by 4.6 per cent year-on-year in the fourth quarter, extending the 2.9 per cent increase in the previous quarter. The increase in ULC in the construction sector was due to an increase in total labour cost per worker and a fall in labour productivity.

Over the same period, the ULC for the services sector as a whole remained unchanged, easing from the 0.7 per cent year-on-year increase in the previous quarter. Among the services sectors, the professional services sector registered the largest ULC increase (4.1 per cent) on account of an increase in total labour cost per worker which outstripped labour productivity gains. Meanwhile, ULC fell in the wholesale trade sector (-5.4 per cent) due to high productivity growth which exceeded the increase in total labour cost per worker.

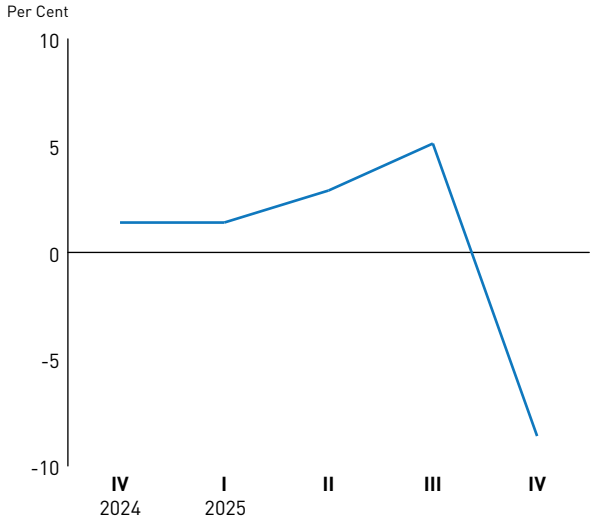
The ULC for the manufacturing sector fell by 13.2 per cent year-on-year in the fourth quarter, extending the 1.7 per cent decline in the third quarter. The decline was due to an increase in labour productivity, which more than offset an increase in total labour cost per worker.

For the whole of 2025, overall ULC remained unchanged from the previous year as the increase in total labour cost per worker offset labour productivity gains.

Manufacturing Unit Business Cost

Manufacturing unit business cost (UBC) fell by 8.6 per cent year-on-year in the fourth quarter, reversing the 5.1 per cent growth in the previous quarter (Exhibit 3.2). The decrease in manufacturing UBC came on the back of a decrease in unit services costs (-7.1 per cent) and manufacturing ULC (-13.2 per cent), alongside a fall in the unit non-labour production taxes (-8.0 per cent). For 2025 as a whole, manufacturing UBC increased by 0.1 per cent, moderating from the 3.2 per cent increase in 2024.

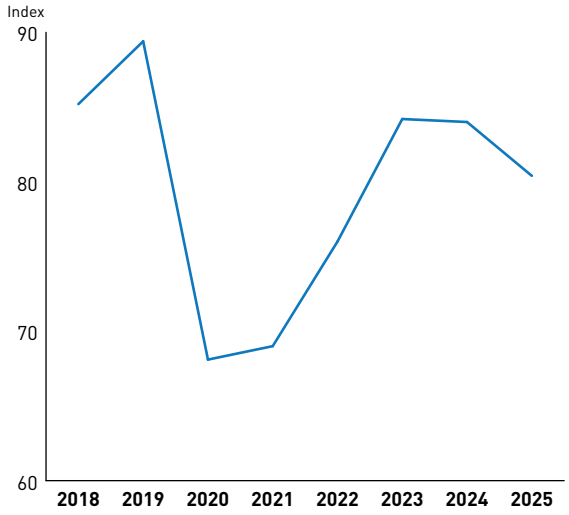
Exhibit 3.2: Changes in Unit Business Cost for Manufacturing



Relative Unit Labour Cost

Singapore's relative unit labour cost (RULC) for manufacturing – a measure of Singapore's labour cost competitiveness against 16 economies[1] – fell in 2025 (i.e., more competitive) (Exhibit 3.3). The decline was mainly on account of a decrease in Singapore's manufacturing ULC relative to its competitor economies, even as the Singapore dollar strengthened.

Exhibit 3.3: Singapore's Relative Unit Labour Cost in Manufacturing Against Selected 16 Economies

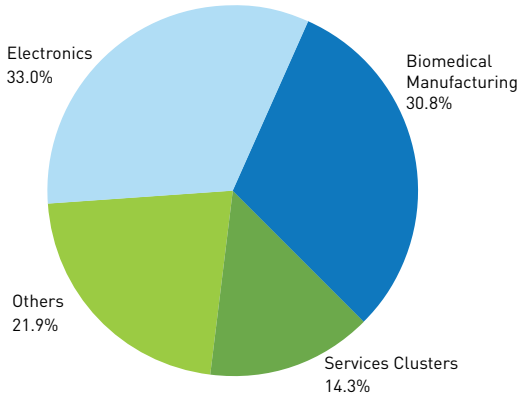


INVESTMENT COMMITMENTS

EDB attracted healthy levels of investment commitments in 2025. For the full year, FAI and TBE commitments came in at $14.2 billion and $8.9 billion respectively.

In terms of FAI, the largest contribution came from the manufacturing sector, which garnered $12.1 billion in commitments. Within manufacturing sector, the electronics cluster attracted the largest amount of FAI commitments, at $4.7 billion, followed by the biomedical manufacturing cluster, at $4.4 billion. Meanwhile, the research & development cluster attracted the most FAI commitments within the services sector, at $963 million (Exhibit 3.4).

Exhibit 3.4: Fixed Asset Investments by Industry Clusters in 2025

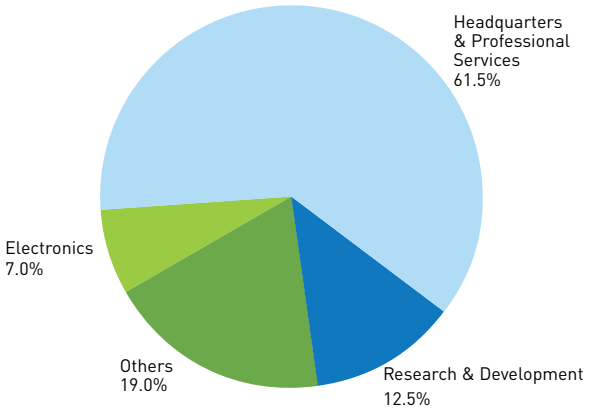


1 *The 16 economies are Australia, China, France, Germany, Hong Kong, India, Indonesia, Japan, Malaysia, Netherlands, South Korea, Taiwan, Thailand, the United Kingdom, the United States and Vietnam.*

Investors from the others region[2] were the largest source of FAI commitments, with $6.2 billion (43.8 per cent). They were followed by investors from Europe who contributed about $3.2 billion of FAI commitments (22.7 per cent).

For TBE, the services sector attracted the highest amount of commitments, at $7.0 billion. This was driven by the headquarters & professional services cluster, which garnered $5.5 billion in TBE commitments, followed by the research & development cluster, with $1.1 billion. Among the manufacturing clusters, the electronics cluster contributed the highest amount of TBE commitments, at $626 million (Exhibit 3.5).

Exhibit 3.5: Total Business Expenditure by Industry Clusters in 2025



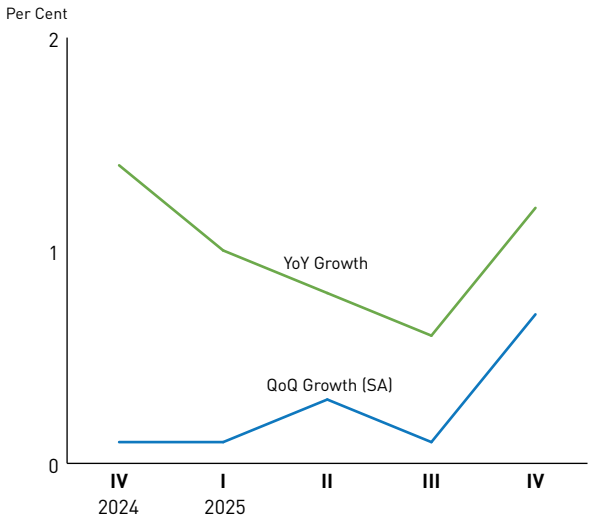
Investors from the others[2] region were the largest source of TBE commitments, with $5.1 billion (57.1 per cent). They were followed by investors from the United States, who accounted for $1.7 billion in TBE commitments (19.0 per cent).

When these projects are fully implemented, they are expected to generate $18.0 billion of value-added per annum and create more than 15,700 jobs in the coming years.

CONSUMER PRICE INDEX

Singapore's CPI-All Items rose by 1.2 per cent on a year-on-year basis in the fourth quarter, faster than the 0.6 per cent increase in the previous quarter (Exhibit 3.6). On a quarter-on-quarter seasonally-adjusted basis, CPI-All Items inflation came in at 0.7 per cent, higher than the 0.1 per cent in the previous quarter.

Exhibit 3.6: Changes in Overall CPI

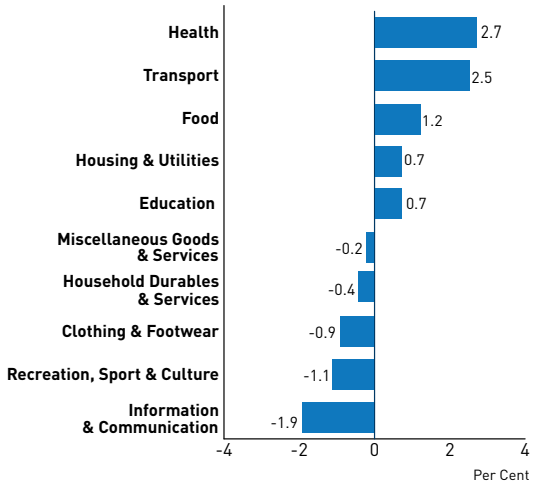


For 2025 as a whole, CPI-All Items inflation came in at 0.9 per cent, lower than the 2.4 per cent recorded in 2024.

Price increases in the following CPI categories contributed positively to CPI-All Items inflation in 2025 (Exhibit 3.7). Healthcare costs climbed by 2.7 per cent on the back of more expensive health insurance. Transport prices went up by 2.5 per cent due to an increase in car prices and bus & train fares, as well as more expensive point-to-point transport services. Food prices rose by 1.2 per cent mainly on account of an increase in the costs of food & beverage serving services such as hawker food and restaurant meals. Housing & utilities costs increased by 0.7 per cent because of higher accommodation costs and water prices. Education costs picked up by 0.7 per cent as a result of higher fees for private tuition & other educational courses, as well as at overseas universities.

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

Exhibit 3.7: Changes in CPI by Category in 2025



The price gains in the above CPI categories were partially offset by price declines in the following categories. Prices of miscellaneous goods & services edged down by 0.2 per cent due to the lower prices of personal effects. Household durables & services prices dipped by 0.4 per cent due to lower costs of furniture & furnishings and household textiles. Clothing & footwear prices fell by 0.9 per cent, mainly due to cheaper ready-made garments and footwear. Recreation, sport & culture prices went down by 1.1 per cent because of less expensive holiday travel. Information & communication costs declined by 1.9 per cent on account of cheaper information & communication services.

PRODUCER PRICE INFLATION

Producer prices – as measured by the domestic supply price index (DSPI), Singapore manufactured products price index (SMPPI), and import and export price indices – showed mixed trends on a year-on-year basis in the fourth quarter (Exhibits 3.8 and 3.9). The DSPI and SMPPI rose mainly on the back of higher prices of machinery & transport equipment and miscellaneous manufactured articles. By contrast, the import and export price indices fell, in part due to lower prices of mineral fuels and machinery & transport equipment.

Exhibit 3.8: Changes in Domestic Supply Price and Singapore Manufactured Products Price Indices

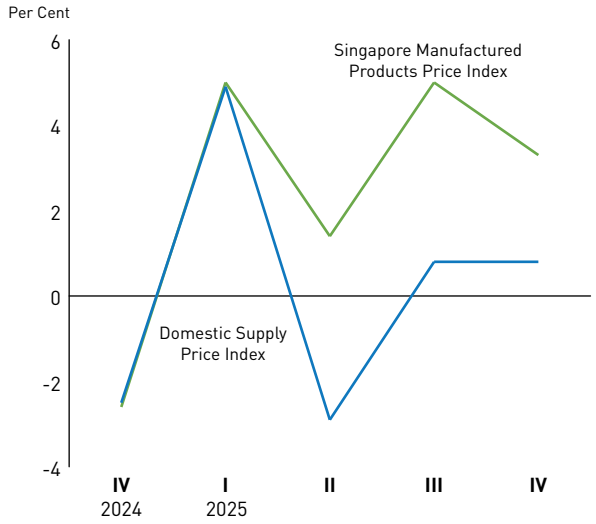
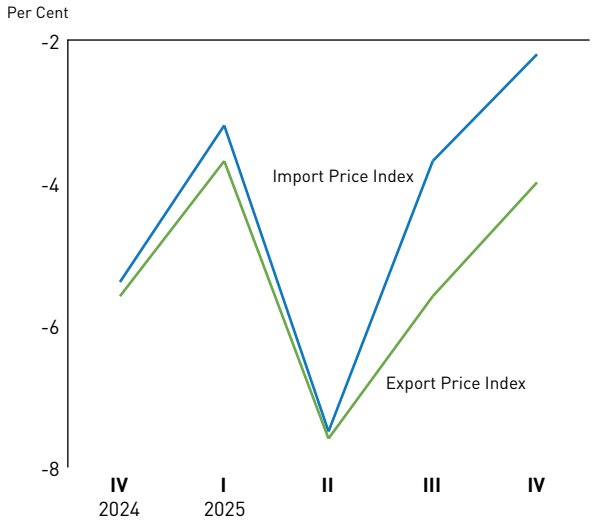


Exhibit 3.9: Changes in Import and Export Price Indices



For the full year, the DSPI and SMPPI rose by 0.9 per cent and 3.7 per cent respectively, while the import and export price indices fell by 4.2 per cent and 5.2 per cent respectively. The DSPI and SMPPI picked up largely on account of higher prices of machinery & transport equipment and miscellaneous manufactured articles. Meanwhile, the import and export price indices fell partly because of lower prices of mineral fuels and machinery & transport equipment.

Box Article 3.1

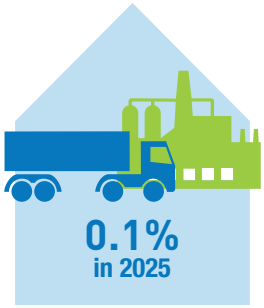
BUSINESS COST CONDITIONS IN SINGAPORE'S MANUFACTURING AND SERVICES SECTORS

OVERVIEW

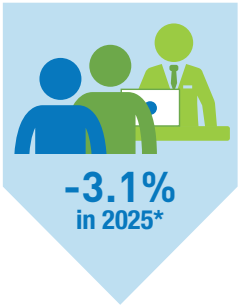
In 2025, unit business cost in the manufacturing sector rose slightly, while unit business cost in the services sector declined.

DEFINITION OF UBC

$$\text{UBC} = \frac{\text{Total Business Cost}}{\text{Gross Real Value-Added}}$$



UBC for Manufacturing



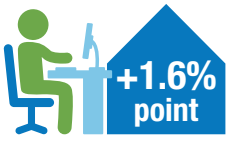
UBC for Services

*Refers to the first three quarters of 2025

KEY DRIVERS

The marginal increase in UBC for manufacturing in 2025 was mainly due to the increase in the cost of work given out, royalty payments and "others", which more than offset the decline in manufacturing unit labour cost and utilities cost.

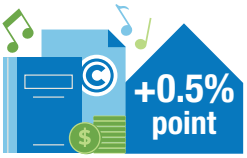
CONTRIBUTION TO MANUFACTURING UBC IN 2025



Work Given Out



Others



Royalty Payments



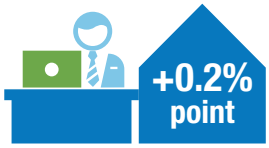
Labour Cost

The decline in UBC for services came on the back of a fall in non-labour cost, which outweighed an increase in services unit labour cost .

CONTRIBUTION TO SERVICES UBC IN 2025



Non-Labour Cost



Labour Cost

OUTLOOK

For 2026, the unit labour cost for the overall economy is likely to pick up, due to a projected moderation in productivity growth, even as remuneration per worker is expected to rise at a similar pace as that in 2025. Meanwhile, costs of utilities, fuel and transportation are projected to moderate further in 2026 on the back of a projected decline in oil prices.

BOX 3.1: BUSINESS COST CONDITIONS IN SINGAPORE'S MANUFACTURING AND SERVICES SECTORS

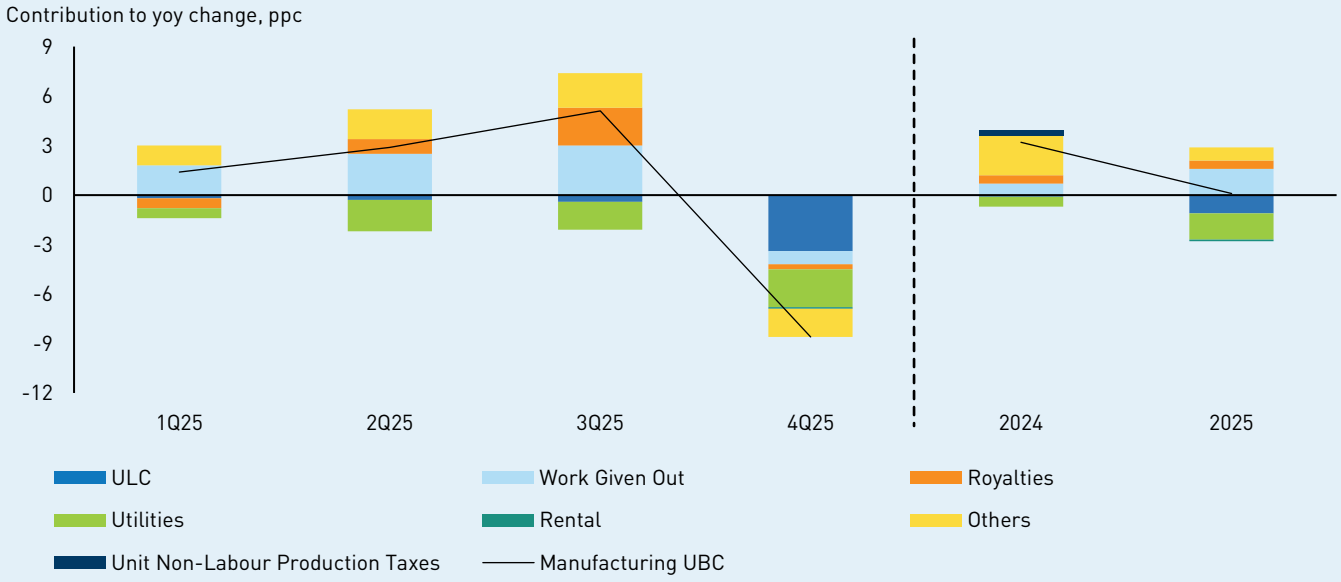
This box article highlights the latest trends in business costs for firms in Singapore's manufacturing and services sectors, as well as the outlook for key components of business costs in 2026.

(I) Unit Business Cost[1] in the Manufacturing and Services Sectors

In 2025, unit business cost in the manufacturing sector rose slightly, while unit business cost in the services sector declined

The unit business cost index of the manufacturing sector (UBCI) edged up by 0.1 per cent in 2025, easing from the 3.2 per cent increase in 2024 (Exhibit 1). The main contributors to the increase in UBCI in 2025 were the cost of work given out, royalty payments[2] and "others"[3] costs, which collectively accounted for 2.9 percentage-points (pp) of the increase. By contrast, declines in the manufacturing unit labour cost (ULC) and utilities cost collectively contributed -2.7 pp to the increase in UBCI. Meanwhile, the remaining cost components such as non-labour production taxes[4] and rental cost[5] had a relatively small impact on the UBCI, in part due to their small shares in overall business costs. (Please refer to the Annex for the business cost structure of firms in the manufacturing and services sectors.)

Exhibit 1: Contribution to the UBCI Change by Key Cost Components



Source: Department of Statistics

As for the overall services sector, its unit business cost index (UBC-Services Index)[6] declined by 3.1 per cent year-on-year in the first three quarters of 2025, a reversal from the 5.2 per cent year-on-year increase recorded for the same period in 2024 (Exhibit 2).[7] The decline in the UBC-Services Index came on the back of a fall in non-labour costs (-3.2 pp contribution), which outweighed an increase in the services ULC (+0.2 pp). In turn, the fall in non-labour costs was partly driven by lower sea and air freight rates compared to the first three quarters of 2024, which more than offset higher warehousing and storage costs.

1 *Business costs tend to increase when firms produce a higher amount of output to meet demand. Unit business cost accounts for the change in output by measuring the business costs incurred to produce each unit of output. Only operating expenses (i.e., excluding materials costs and depreciation) are included in business costs based on the definition adopted by the Department of Statistics (DOS) in its computation of the Unit Business Cost for Manufacturing. See DOS's Information Paper, "Methodological Review on the Unit Business Cost Index for Manufacturing Industry (Base Year 2010=100)", at https://www.singstat.gov.sg/-/media/files/publications/economy/ip-e38.pdf.*

2 *Royalty payments refer to payments to another party (i.e., the licensor or franchisor who owns a particular asset) for the right to the ongoing use of an asset that the latter owns. There could be many reasons for changes in royalty payments. For instance, royalty payments vary with company-specific licensing agreements which could differ from year to year. Furthermore, royalties are usually computed as a percentage of sales, which could be volatile from year to year*

3 *"Others" costs include professional fees, advertising, commission & agency fees, sundry expenses etc.*

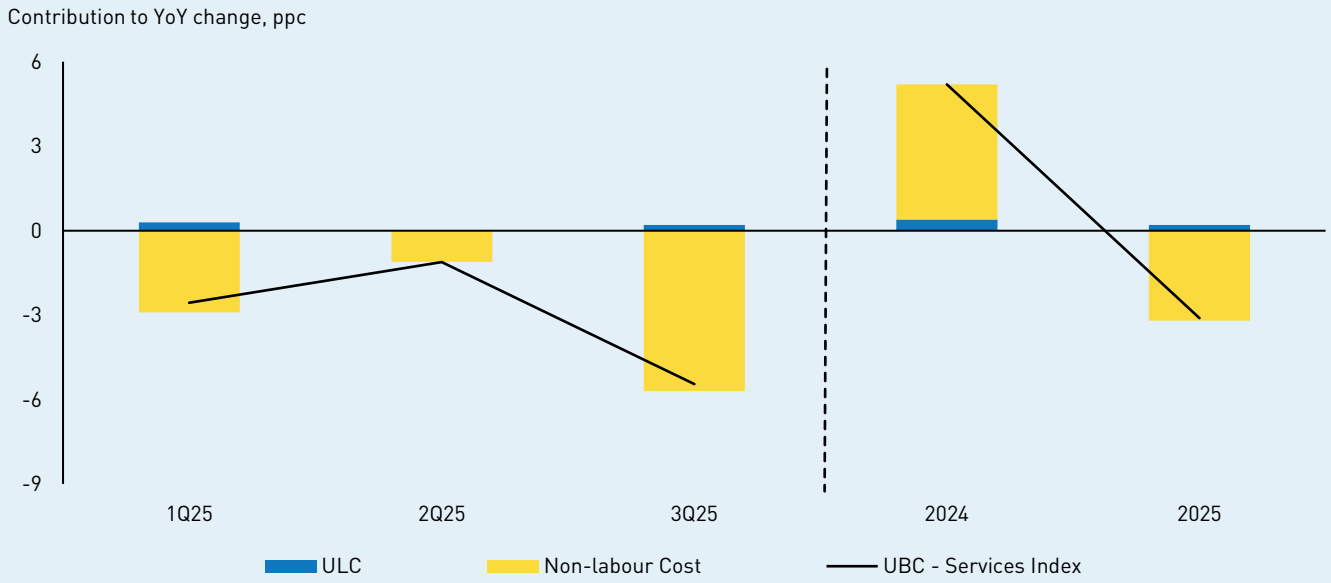
4 *Non-labour production taxes include property, road and other indirect taxes. Labour-related taxes on production (e.g., foreign worker levy) are classified under labour cost. Taxes on income (e.g., corporate income tax) are not included in business costs.*

5 *Industrial rentals rose by 2.2 per cent in 2025, moderating from the 5.6 per cent increase in 2024.*

6 *The UBC-Services Index assesses cost conditions in the services sector. It is a composite index of proxy cost indicators for each component of business costs, combined using weights estimated from expenditure data in DOS' Services Survey Series 2019, as well as the 2019 Input-Output tables.*

7 *The latest available UBC-Services Index is up to the third quarter of 2025*

Exhibit 2: Contribution to UBC-Services Index Changes by Cost Components



Source: MTI Staff estimates
Notes: (1) The 2024 and 2025 figures refer to the average of the UBC-Services Index for the first three quarters of the respective years; (2) Detailed cost component breakdown of the UBC-Services Index is not available; (3) Non-labour costs include air & sea freight costs, cargo handling costs and warehousing & storage costs.

(II) Latest Trends and Outlook for Key Cost Components

While ULC for the overall economy was unchanged in 2025 relative to 2024, it is expected to increase in 2026

The ULC for the overall economy was flat in 2025 (0.0 per cent increase)[8], moderating from the 1.3 per cent increase in 2024. This came about as a rise in total labour cost[9] (TLC) per worker (3.4 per cent) was offset by labour productivity[10] gains (3.5 per cent) (Exhibit 3). In turn, the increase in TLC per worker was mainly driven by higher remuneration per worker (+3.2 pp contribution).

At the broad sectoral level, the ULC of the services producing industries (0.6 per cent) and construction sector (2.9 per cent) both rose in 2025 due to an increase in TLC per worker that outweighed labour productivity growth in the respective sectors (Exhibit 4). By contrast, the manufacturing sector (-4.3 per cent) recorded a fall in ULC as labour productivity gains in the sector more than offset an increase in TLC per worker.

Meanwhile, within the services producing industries, the administrative & support services (5.3 per cent), retail trade (4.0 per cent) and food & beverage services (3.8 per cent) sectors registered the largest ULC increases. The rise in the ULC for the retail trade sector was due to an increase in TLC per worker which outstripped labour productivity gains. For the other two sectors, the increase in their ULCs was due to the combined effects of an increase in TLC per worker and a fall in labour productivity within their respective sectors.

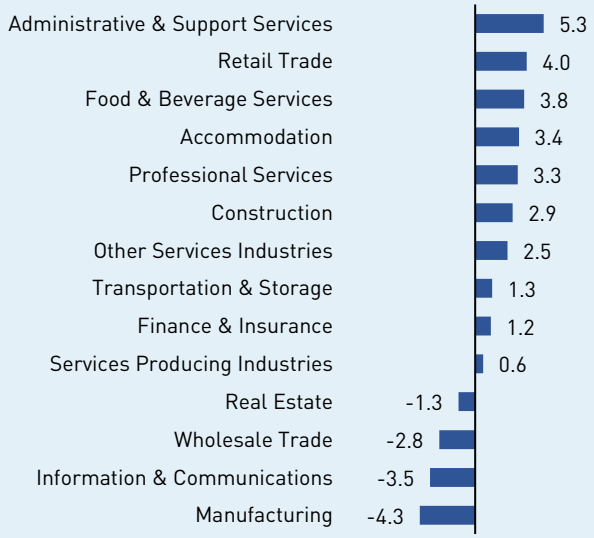
Looking ahead, the ULC for the overall economy is likely to pick up in 2026. This is due to a projected moderation in productivity growth compared to 2025, even as remuneration per worker is expected to rise at a pace that is broadly similar to that in 2025 given stable labour market conditions.

8 A change in the ULC can be approximately decomposed as the change in total labour cost per worker minus the change in labour productivity (proxied by gross real value-added per worker). The approximation holds better when the changes are small.
9 TLC comprises remuneration, wage subsidies and other labour-related costs, which include the skills development levy, foreign worker levy, and recruitment and net training costs.
10 Labour productivity in this decomposition is proxied by real gross value-added per worker.

Exhibit 3: Decomposition of ULC Growth for Overall Economy, 2025

ULC	**0.0%**
TLC per worker	**3.5%**
Remuneration per worker	+3.2pp
FWL per worker	+0.1pp
Wage subsidies per worker	+0.0pp
Other labour costs	+0.2pp
Gross real labour productivity*	**3.4%**

Exhibit 4: ULC Change by Sectors, 2025



* Measured as real gross value-added per worker.
Source: MTI Staff estimates using data from the Department of Statistics and Ministry of Manpower

Costs of utilities, fuel and transportation are likely to moderate further in 2026

The cost of utilities borne by firms is closely linked to the cost of electricity,[11] which is in turn influenced by global oil prices as Singapore imports almost all our energy needs.[12] Oil prices also contribute to business costs through fuel and transportation costs.

In 2025, the average wholesale electricity price[13] declined by 29 per cent, while the regulated electricity tariff for low tension supplies fell by 6 per cent. These came on the back of a 14 per cent decline in global oil prices last year (Exhibit 5).

Global oil prices are projected to moderate further in 2026 on account of ample oil supplies and inventories given the earlier increases in oil production by the Organisation of Petroleum Exporting Countries and selected non-member countries (i.e., OPEC+), as well as slowing global oil demand. For 2026 as a whole, the US Energy Information Administration (EIA) has projected that global oil prices will average US$56 per barrel (/bbl)[14], lower than the 2025 average of US$69/bbl. Nonetheless, there are upside risks to global oil prices from a re-escalation of geopolitical tensions.

Correspondingly, domestic fuel and transportation costs are expected to moderate in 2026. Similarly, the domestic cost of utilities is likely to ease, notwithstanding the higher carbon tax rate in 2026[15].

11 For example, electricity cost accounted for around 91 per cent of the cost of utilities borne by firms in the manufacturing sector in 2024.
12 Around 95 per cent of Singapore's electricity is generated from natural gas, the price of which is indexed to oil prices. This is a common market practice in Asia.
13 This is based on the average half-hourly Uniform Singapore Energy Price (USEP), which is a proxy for average wholesale energy prices in the National Electricity Market of Singapore. Data is extracted from the Energy Market Company.
14 EIA Short-Term Energy Outlook Report, January 2026.
15 Singapore's carbon tax rate increased from $25 per tonne of Carbon Dioxide emitted (/tCO2e) to $45/tCO2e with effect from 1 January 2026.

Exhibit 5: Global Oil Prices and Uniform Singapore Energy Prices (USEP) and Regulated Electricity Tariff, 2024-2025

Percentage change, yoy	2024	2025	1Q25	2Q25	3Q25	4Q25
UK Brent	-2.3	-14.5	-9.0	-20.1	-13.9	-14.7
USEP ($/MWh)	-34.2	-28.6	-33.6	-42.0	-3.1	-21.0
Regulated Electricity Tariff (cents/kWh)	6.1	-6.2	-5.9	-5.6	-8.1	-5.3

Source: CEIC, Energy Market Company, SP Group
Note: The USEP is the wholesale price of electricity determined in the Singapore Wholesale Electricity Market. The USEP fluctuates every half-hour and is determined by various factors. Besides fuel costs, the USEP is also influenced by prevailing demand and supply conditions which may fluctuate significantly within the day. However, unlike the regulated electricity tariff, the USEP does not include third-party charges (e.g., grid charges). The regulated electricity tariff is an electricity price that is set by the Energy Market Authority (EMA) and revised quarterly to reflect the actual cost of electricity. The price of the regulated tariff comprises (i) the fuel cost which is calculated using the average of daily natural gas prices in the first two-and-a-half-month period in the preceding quarter and (ii) the non-fuel cost which mainly comprises the grid charge, and the capital and operating costs of generation companies. The regulated tariff shown here refers to the price charged for the use of non-domestic Low Tension electricity supplies, which is typically paid by households and small businesses.

Conclusion

In 2025, the UBCI for the manufacturing sector rose marginally due to increases in the cost of work given out, royalty payments and "others" costs, which outweighed declines in the manufacturing ULC and utilities cost. On the other hand, the UBC-Services Index fell in the first three quarters of 2025 on account of a decline in non-labour costs which more than offset an increase in the services ULC.

For 2026, the overall ULC for the economy is likely to pick up relative to its level in 2025 due to a projected moderation in productivity growth even as remuneration per worker is expected to rise at a steady pace. At the same time, the costs of utilities, fuel and transportation are likely to moderate, in line with the outlook for global oil prices in 2026.

Contributed by:

Ms Mihika Joshi
Economist
Economics Division
Ministry of Trade and Industry

Mr Lim Rei Hrn
Economist
Economics Division
Ministry of Trade and Industry

REFERENCES

Singapore Department of Statistics (2014), "Methodological Review on the Unit Business Cost Index for Manufacturing Industry (Base Year 2010=100)" November. https://www.singstat.gov.sg/-/media/files/publications/economy/ip-e38.pdf.

U.S. Energy Information Administration (2026), "Short-Term Energy Outlook (STEO)" January. https://www.eia.gov/outlooks/steo/.

ANNEX: BUSINESS COST STRUCTURE OF MANUFACTURING AND SERVICES SECTORS IN 2024

Manufacturing Sector

In the manufacturing sector, labour cost, cost of work given out and "others" costs constituted the largest components of business costs. These three components collectively accounted for around 87 per cent of the business costs of small- and medium-sized enterprises (SMEs) and around 78 per cent of the business costs of non-SMEs in the sector in 2024.

The remaining cost components, comprising royalties, utilities, fuel, rental of building/premises and charges paid to other firms for inland transportation and ocean/air/other freight, made up a smaller share of business costs, at around 13 per cent for SMEs and 22 per cent for non-SMEs in 2024. Non-labour production taxes, which include property, road and other indirect taxes, accounted for around 0.6 per cent of the business costs of SMEs and 0.5 per cent of the business costs of non-SMEs over the same period.

Details of the business cost structure of SMEs and non-SMEs in the various manufacturing clusters are in Exhibit A1.

Services Sectors

Labour cost constituted a major cost component for firms in the services sectors, with its share of business costs ranging from around 4 per cent for SMEs in the transportation & storage sector, to around 33 per cent or more for SMEs in labour-intensive sectors such as food & beverage services, accommodation and retail trade in 2024.

On the other hand, utilities cost was a relatively small cost component for services firms, accounting for less than 2 per cent of the business costs of SMEs in most services sectors in 2024. Key exceptions were the accommodation and food & beverage services sectors, where utilities cost constituted 7 per cent and 5 per cent of the business costs of SMEs in these sectors respectively. Similarly, rental cost accounted for a small share of the business costs of SMEs in most services sectors. Key exceptions were the retail trade, food & beverage services and accommodation sectors, where rental costs constituted around 23 per cent, 17 per cent and 16 per cent of the business costs of SMEs in these sectors respectively.

Non-labour production taxes accounted for less than 1 per cent of the business costs of SMEs in most services sectors, except for the accommodation and real estate, professional services and administrative & support services sectors, where the share ranged from 2.5 per cent to 2.7 per cent.

Details of the business cost structure of SMEs and non-SMEs in the various services sectors are in Exhibit A2.

Exhibit A1: Business Cost Structure of the Manufacturing Sector by Firm Size, 2024

	Total		Electronics		Chemicals		Biomedical Manufacturing		Precision Engineering		Transport Engineering		General Manufacturing	
	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs
Labour Cost	**17.7**	**29.7**	**11.0**	**6.5**	**16.3**	**26.4**	**21.9**	**28.9**	**29.8**	**51.3**	**36.7**	**25.9**	**28.3**	**38.4**
Services Cost	**81.8**	**69.8**	**88.6**	**93.2**	**82.6**	**72.5**	**77.8**	**70.7**	**69.7**	**48.2**	**62.9**	**73.7**	**71.2**	**60.9**
Work given out	16.2	29.5	20.4	53.1	2.2	7.8	1.0	35.1	12.0	13.6	38.1	58.2	8.1	10.0
Royalties	9.5	3.4	7.0	3.7	6.8	4.0	31.9	7.8	7.3	1.7	2.6	1.2	15.5	4.5
Utilities	4.5	2.9	4.1	0.5	10.7	10.5	1.8	1.7	1.7	3.0	2.0	1.0	6.7	2.8
Fuel	5.0	1.3	1.1	0.0	29.4	6.2	0.7	0.4	0.1	0.4	0.4	0.2	2.9	1.7
Rental of building/ premises	0.5	1.9	0.1	0.2	0.2	1.3	0.6	0.8	0.7	2.6	2.3	1.1	0.6	4.1
Charges paid to other firms for inland transportation and ocean/ air/ other freight	2.3	3.3	1.0	0.8	7.1	11.2	1.9	6.6	3.3	2.2	1.4	0.8	3.8	3.3
Others	43.7	27.4	54.9	35.0	26.2	31.5	39.8	18.3	44.6	24.7	16.0	11.3	33.7	34.6
Non-Labour Production Taxes	**0.5**	**0.6**	**0.4**	**0.3**	**1.1**	**1.1**	**0.4**	**0.4**	**0.4**	**0.5**	**0.4**	**0.4**	**0.5**	**0.7**

Source: Economic Development Board

Notes:

1. SMEs refer to enterprises with operating receipts of not more than $100 million or employment of not more than 200 workers. Non-SMEs refer to enterprises with operating receipts of more than $100 million and employment of more than 200 workers.
2. "Others" consists of sub-components such as professional fees, advertising, commission and agency fees, sundry expenses, etc.

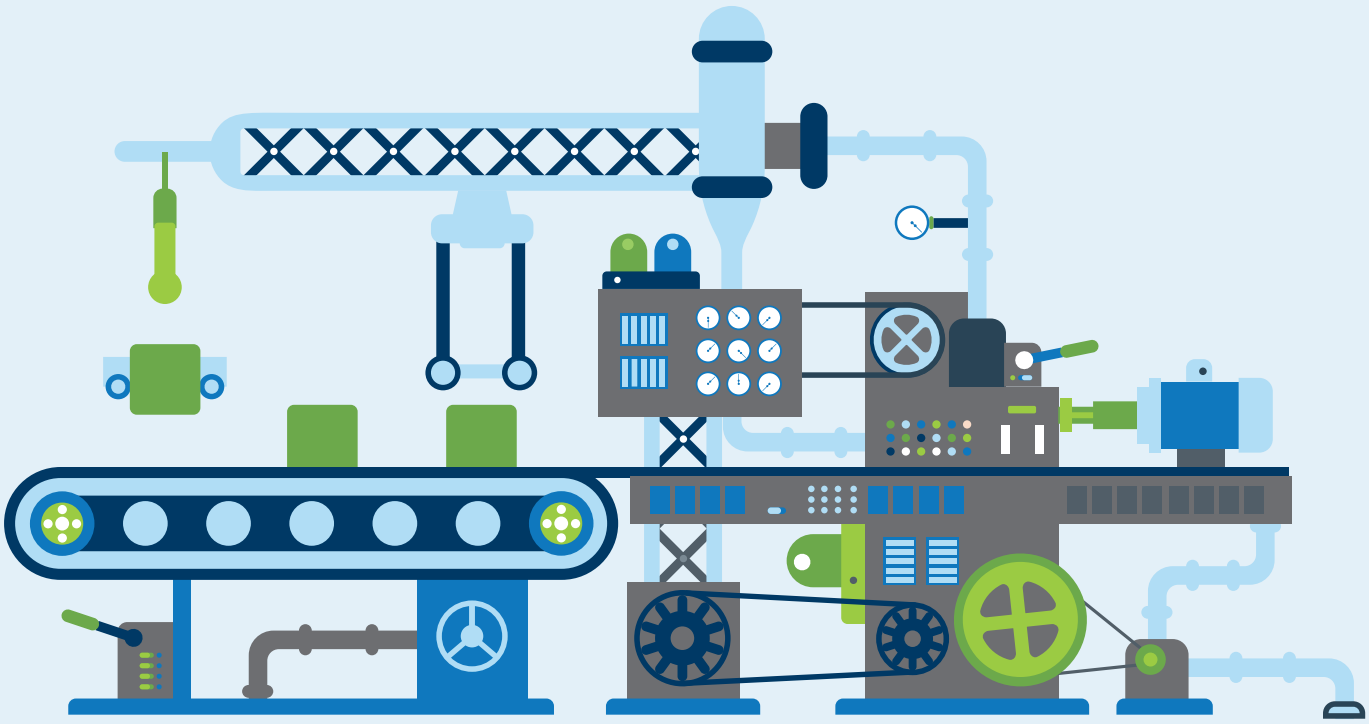
Exhibit A2: Business Cost Structure of the Services Sectors by Firm Size, 2024

	Wholesale Trade		Retail Trade		Accommodation		Food & Beverage Services		Transportation & Storage		Information & Communications		Finance & Insurance		Real Estate, Professional Services and Administrative & Support Services	
	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs	Non-SMEs	SMEs
Labour Cost	**17.5**	**13.7**	**36.5**	**37.2**	**50.0**	**33.2**	**42.0**	**54.1**	**10.6**	**4.3**	**11.8**	**16.2**	**9.3**	**13.5**	**30.0**	**31.3**
Services Cost	**77.8**	**85.3**	**62.8**	**62.2**	**47.3**	**64.1**	**57.9**	**45.6**	**89.0**	**95.6**	**87.8**	**83.5**	**90.6**	**86.1**	**67.4**	**66.2**
Utilities	0.4	0.2	3.3	1.5	6.3	7.0	5.3	5.0	0.8	0.2	0.8	0.8	-	0.2	0.5	1.3
Freight & Transport	21.4	37.0	4.0	3.5	-	-	3.2	0.8	56.1	71.1	0.6	1.3	-	-	0.6	1.6
Financial Services	1.6	2.3	2.3	2.3	1.8	2.3	0.4	1.5	0.3	0.4	0.2	0.8	3.3	5.2	0.1	0.8
Communications	0.2	0.2	0.2	0.8	0.3	0.7	0.5	0.3	0.1	0.1	1.3	6.4	0.0	0.1	0.2	0.5
Renting of Premises	1.9	4.1	32.2	22.5	5.1	16.3	17.1	16.6	0.8	0.8	1.0	1.9	0.7	1.0	1.9	3.6
Professional Services	2.5	4.0	1.8	2.4	1.6	2.2	0.8	1.6	0.7	0.6	11.3	15.2	1.9	9.1	5.0	8.2
Other Services	49.9	37.6	18.9	29.0	32.3	35.6	30.8	19.8	30.4	22.4	72.6	57.0	84.7	70.5	59.0	50.4
Advertising & Entertainment	7.3	17.4	4.8	11.2	4.3	4.8	4.0	4.6	0.2	1.2	6.8	21.5	1.2	1.8	0.9	7.2
Admin & Management Fees	14.9	5.3	1.7	3.5	5.8	9.7	4.2	3.6	1.6	1.7	12.8	11.9	4.0	13.7	7.8	9.7
Contract labour & work given out	1.5	1.1	0.4	1.4	1.3	1.6	7.0	1.2	0.7	0.9	4.0	4.9	0.0	0.2	19.8	10.9
Commission	2.8	3.3	1.3	4.0	2.5	4.4	0.2	2.0	2.5	1.1	1.6	2.5	2.6	7.0	0.6	2.8
Royalties	18.3	4.7	1.4	0.7	3.0	0.5	3.9	1.4	0.5	0.4	41.0	5.5	0.1	0.2	0.3	0.5
Maintenance & repairs	0.4	0.7	2.9	1.7	4.2	6.2	3.8	2.5	3.1	1.8	0.5	1.6	0.5	0.4	1.7	3.2
Fuel	0.7	0.5	-	0.1	-	-	0.4	0.1	16.7	11.3	-	-	-	-	-	0.2
Others	4.0	4.6	6.5	6.4	11.1	8.3	7.2	4.5	5.0	3.8	5.9	9.1	76.2	47.1	27.8	15.8
Non-Labour Production Taxes	**4.7**	**0.9**	**0.8**	**0.6**	**2.7**	**2.7**	**0.1**	**0.3**	**0.4**	**0.1**	**0.4**	**0.3**	**0.1**	**0.4**	**2.6**	**2.5**

Source: Department of Statistics and Monetary Authority of Singapore

Notes:

1. SMEs refer to enterprises with operating receipts of not more than $100 million or employment of not more than 200 workers. Non-SMEs refer to enterprises with operating receipts of more than $100 million and employment of more than 200 workers.
2. "-" refers to nil or negligible.



CHAPTER
4

INTERNATIONAL TRADE



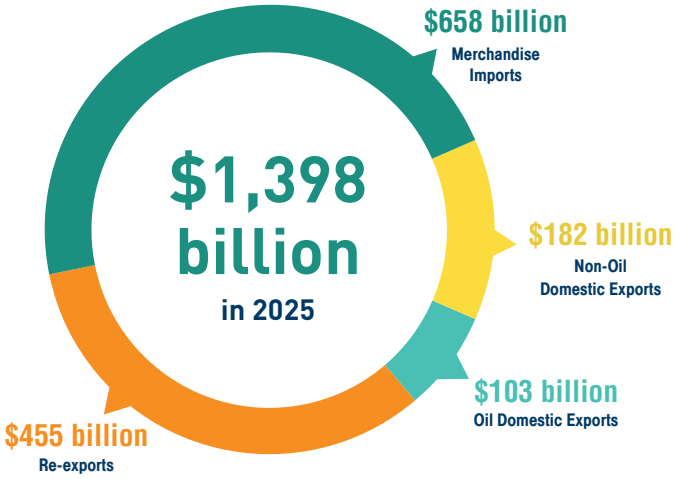


Image courtesy of PSA Singapore

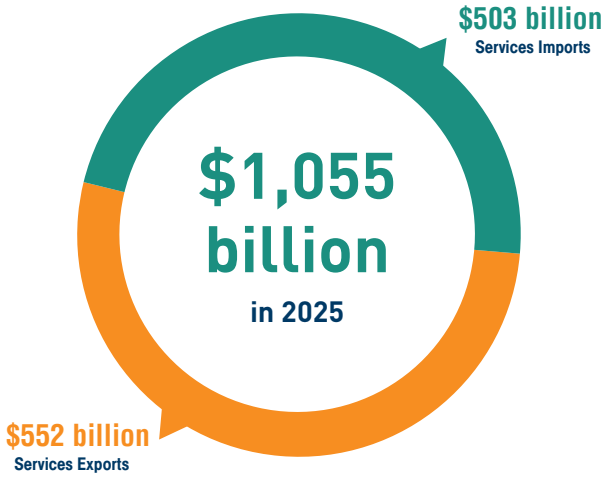
Chapter 4

INTERNATIONAL TRADE

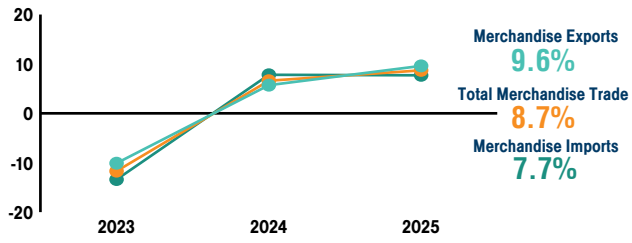
TOTAL MERCHANDISE TRADE AMOUNTED TO...



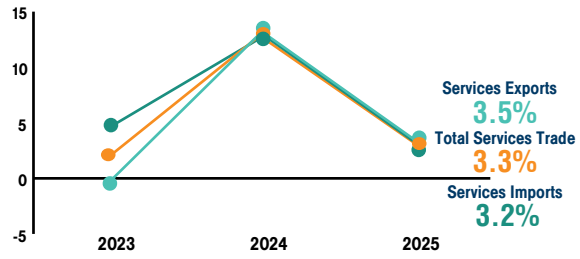
TOTAL SERVICES TRADE AMOUNTED TO...



GROWTH IN MERCHANDISE TRADE

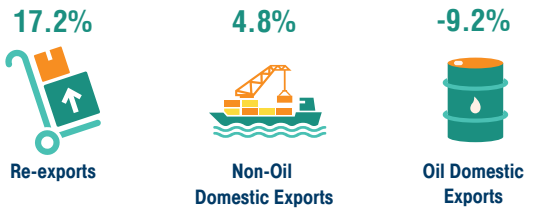


GROWTH IN SERVICES TRADE

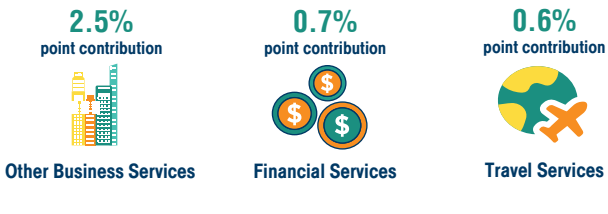


COMPONENTS OF MERCHANDISE EXPORTS

(YoY Growth)



THE INCREASE IN SERVICES EXPORTS WAS LED BY...



OVERVIEW

Singapore's total merchandise trade increased by 14.5 per cent year-on-year in the fourth quarter of 2025, faster than the 8.4 per cent growth in the preceding quarter. At the same time, total services trade increased by 2.2 per cent year-on-year, extending the 2.0 per cent growth in the third quarter.

For the whole of 2025, Singapore's total merchandise trade expanded by 8.7 per cent to S$1.4 trillion, compared to the S$1.3 trillion in 2024. Oil trade contracted by 11.7 per cent amidst lower oil prices compared to a year ago, while non-oil trade expanded by 13.2 per cent. Merchandise exports and imports increased by 9.6 per cent and 7.7 per cent respectively.

Total services trade grew by 3.3 per cent to $1,055 billion in 2025, up from $1,021 billion in 2024. Services exports and imports increased by 3.5 per cent and 3.2 per cent respectively in 2025.

MERCHANDISE TRADE

Merchandise Exports

Total merchandise exports expanded by 15.0 per cent year-on-year in the fourth quarter, faster than the 8.2 per cent growth in the preceding quarter (Exhibit 4.1). The increase was due to the growth in both domestic exports and re-exports. Domestic exports grew by 8.5 per cent, a reversal from the 4.5 per cent decline in the third quarter. Re-exports grew by 19.2 per cent, picking up from the 17.6 per cent growth in the previous quarter.

Exhibit 4.1: Growth Rates of Total Merchandise Trade, Merchandise Exports and Merchandise Imports (In Nominal Terms)

Per Cent

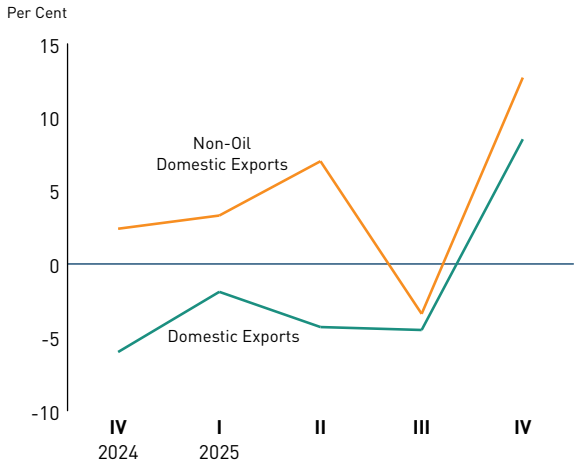
	2024	2025				2025
		I	II	III	IV	
Total Merchandise Trade	**6.6**	4.7	6.8	8.4	14.5	**8.7**
Merchandise Exports	5.7	3.6	11.6	8.2	15.0	**9.6**
Domestic Exports	0.5	-1.9	-4.3	-4.5	8.5	**-0.7**
Oil	1.0	-9.3	-19.6	-6.4	1.0	**-9.2**
Non-Oil	0.2	3.3	7.0	-3.4	12.7	**4.8**
Re-Exports	9.8	7.8	24.1	17.6	19.2	**17.2**
Merchandise Imports	7.8	5.9	1.8	8.6	14.1	**7.7**
Oil	-0.3	-8.0	-20.3	-4.7	-19.7	**-13.3**
Non-oil	9.9	9.6	7.4	11.6	21.4	**12.7**

For the whole of 2025, total merchandise exports rose by 9.6 per cent, up from the 5.7 per cent increase in 2024.

Non-Oil Domestic Exports

Non-oil domestic exports (NODX) expanded by 12.7 per cent year-on-year in the fourth quarter, rebounding from the 3.4 per cent decline in the preceding quarter (Exhibit 4.2). The growth in NODX was due to increases in both electronics and non-electronics NODX.

Exhibit 4.2: Changes in Domestic Exports

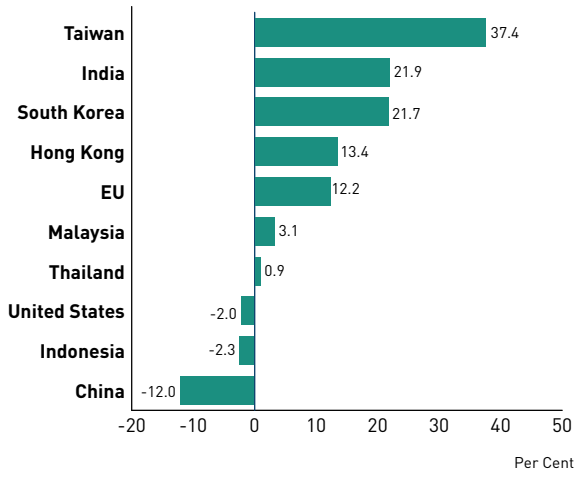


Electronics NODX expanded by 23.4 per cent in the fourth quarter, accelerating from the 7.1 per cent growth in the previous quarter. The growth in electronics NODX was primarily due to an increase in the domestic exports of ICs, PCs and disk media products. Non-electronics NODX rose by 9.4 per cent in the fourth quarter, improving from the 6.5 per cent decline in the previous quarter. The growth in non-electronics NODX was primarily due to higher domestic exports of pharmaceuticals, non-monetary gold and specialised machinery.

For the full year, NODX grew by 4.8 per cent, faster than the 0.2 per cent growth in 2024. The growth in NODX was due to increased shipments of both electronics (+12.7 per cent) and non-electronics (+2.5 per cent).

The top 10 NODX markets accounted for 79.6 per cent of Singapore's total NODX in 2025. Singapore's NODX to most markets increased even as NODX to China (-12.0 per cent), Indonesia (-2.3 per cent) and the US (-2.0 per cent) declined.

Exhibit 4.3: Growth Rates of Non-Oil Domestic Exports to Top 10 Markets in 2025



NODX to Taiwan expanded mainly because of an increase in the exports of specialised machinery, ICs and measuring instruments. NODX to South Korea grew on the back of an increase in the exports of ICs, specialised machinery and PCs. Meanwhile, pharmaceuticals, non-monetary gold and specialty chemicals contributed the most to the growth in NODX to the EU-27. On the other hand, NODX to China declined due to lower exports of specialised machinery, petrochemicals and non-monetary gold.

Oil Domestic Exports

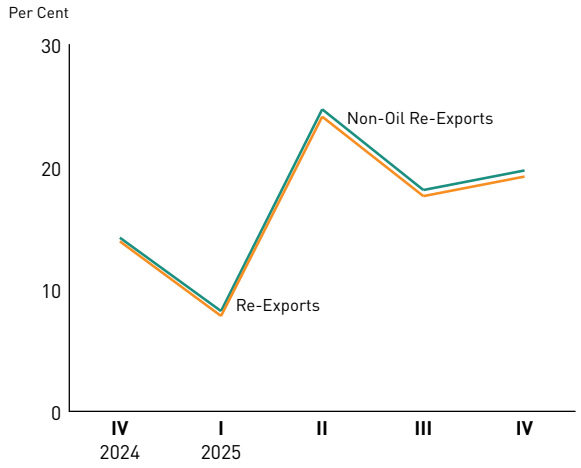
Oil domestic exports rose by 1.0 per cent year-on-year in the fourth quarter, a turnaround from the 6.4 per cent decline in the previous quarter. The increase in oil domestic exports was led by higher exports to economies including the EU-27, Australia and Malaysia. In volume terms, oil domestic exports grew by 9.8 per cent in the fourth quarter, picking up from the 4.6 per cent increase in the previous quarter.

For the full year, oil domestic exports declined by 9.2 per cent year-on-year, a pullback from the 1.0 per cent growth in 2024. The decline in oil domestic exports was driven mainly by lower exports to Indonesia, Hong Kong and Malaysia. The decrease also partly reflected lower oil prices compared to a year ago. In volume terms, oil domestic exports increased by 3.4 per cent in 2025, easing from the 5.7 per cent growth in 2024.

Non-Oil Re-Exports

Non-oil re-exports (NORX) expanded by 19.7 per cent year-on-year in the fourth quarter, following the 18.1 per cent growth in the preceding quarter (Exhibit 4.4). The growth in NORX could be attributed to an increase in electronics NORX, which outweighed the decline in non-electronics NORX. Electronics NORX expanded by 38.9 per cent, surging from the 25.5 per cent increase in the third quarter, as the re-exports of PCs, telecommunications equipment and ICs grew. Meanwhile, non-electronics NORX declined by 2.4 per cent, a reversal from the 8.9 per cent growth in the preceding quarter. The decline in non-electronics NORX was mainly driven by lower re-exports of non-monetary gold, pharmaceuticals and electrical machinery.

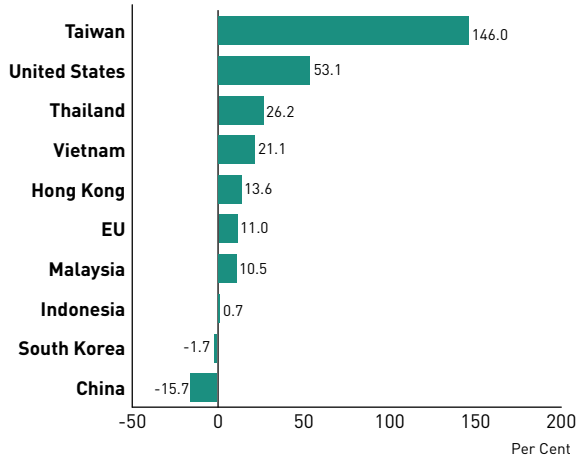
Exhibit 4.4: Changes in Re-Exports



For the whole of 2025, NORX expanded by 17.7 per cent, up from the 10.2 per cent increase in 2024. The growth in NORX was due to an increase in both electronics NORX (+29.6 per cent) and non-electronics NORX (+3.7 per cent).

NORX to the top 10 markets as a whole grew in 2025 (Exhibit 4.5). NORX to Taiwan expanded on the back of an increase in the re-exports of PCs, parts of PCs and other computer peripherals. Meanwhile, higher shipments of telecommunications equipment, parts of PCs and ICs led to an increase in NORX to the US. Re-exports to Hong Kong rose on account of an increase in the shipments of ICs, telecommunications equipment and diodes & transistors.

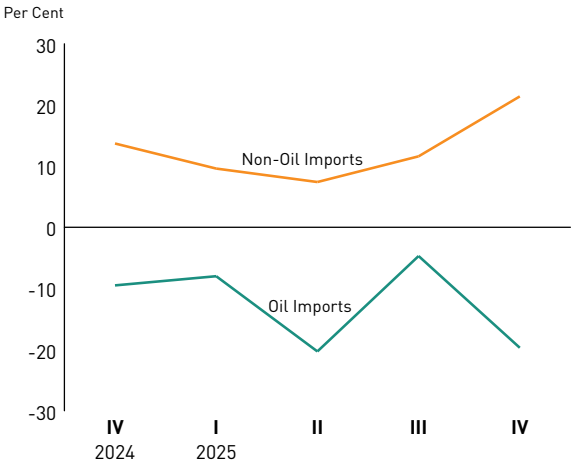
Exhibit 4.5: Growth Rates of Non-Oil Re-Exports to Top 10 Markets in 2025



Merchandise Imports

Non-oil imports expanded by 21.4 per cent year-on-year in the fourth quarter, faster than the 11.6 per cent growth in the preceding quarter (Exhibit 4.6). The growth in non-oil imports was due to an increase in both electronics (+27.1 per cent) and non-electronics imports (+16.8 per cent). In turn, the growth in electronics imports was due to an increase in the imports of ICs, telecommunications equipment and parts of PCs. Meanwhile, the growth in non-electronics imports was due to the imports of non-monetary gold, non-electric engines & motors and specialised machinery.

Exhibit 4.6: Changes in Merchandise Imports



Oil imports contracted by 19.7 per cent year-on-year in the fourth quarter, extending the 4.7 per cent decline in the preceding quarter. The decrease in oil imports was due partly to lower oil prices. In volume terms, oil imports declined by 11.3 per cent, a reversal from the 9.9 per cent growth in the third quarter.

For the full year of 2025, non-oil imports rose by 12.7 per cent, picking up from the 9.9 per cent growth in 2024. Meanwhile, oil imports contracted by 13.3 per cent, following the 0.3 per cent decline in 2024.

SERVICES TRADE

Services Exports

Services exports grew by 2.3 per cent year-on-year in the fourth quarter, extending the 2.4 per cent growth in the preceding quarter. The growth in services exports was primarily driven by the exports of other business services, travel services and charges for the use of intellectual property, which grew by 10.7 per cent, 8.2 per cent and 9.9 per cent respectively.

For the full year of 2025, services exports expanded by 3.5 per cent, slowing from the 13.2 per cent increase in 2024. The increase in services exports was attributable mainly to the exports of other business services, financial services and travel services, which grew by 8.7 per cent, 5.6 per cent and 9.7 per cent respectively.

Exhibit 4.7: Growth Rates of Total Services Trade, Services Exports and Services Imports (In Nominal Terms)

Per Cent

	2024	2025				2025
		I	II	III	IV	
Total Services Trade	13.0	6.1	3.1	2.0	2.2	**3.3**
Services Exports	13.2	5.8	3.5	2.4	2.3	**3.5**
Services Imports	12.7	6.3	2.8	1.7	2.1	**3.2**

Services Imports

Services imports expanded by 2.1 per cent year-on-year in the fourth quarter, extending the 1.7 per cent growth in the previous quarter. The growth in services imports was led by the imports of other business services, travel services and telecommunications, computer & information services, which expanded by 6.2 per cent, 7.1 per cent and 5.8 per cent respectively.

For the whole of 2025, services imports expanded by 3.2 per cent, slower than the 12.7 per cent growth in 2024. The growth in services imports was mainly due to the imports of other business services, telecommunications, computer & information services and travel services, which grew by 5.3 per cent, 7.7 per cent and 7.6 per cent respectively.

Box Article 4.1

AN ANALYSIS OF SINGAPORE'S NOMINAL NON-OIL DOMESTIC EXPORTS GROWTH IN 2025

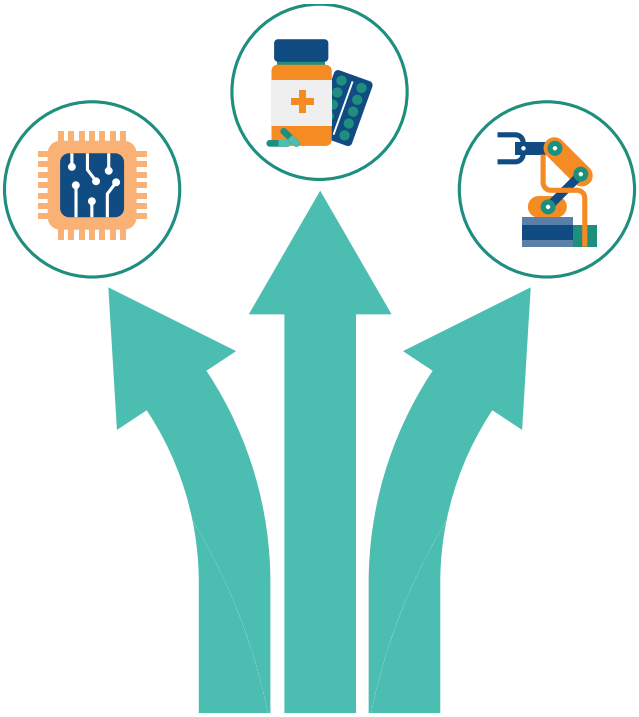
OVERVIEW

In 2025, Singapore's non-oil domestic exports (NODX) grew by 8.6% year-on-year in real terms, outstripping the 4.8% growth in nominal terms amid softer export prices.



FINDINGS

Finding 1:
Growth was driven by robust underlying demand in selected segments — notably AI-linked electronics and related machinery, alongside pharmaceuticals.



Finding 2:
Non-monetary gold was the key exception, lifting nominal NODX largely through price effects.



KEY TAKEAWAY

2025's growth was supported by a resilient mix of demand-backed segments, aided by continued market diversification. EnterpriseSG will continue to monitor the external environment, particularly if trade tensions intensify or AI-related investment momentum softens amid heightened geopolitical uncertainty.



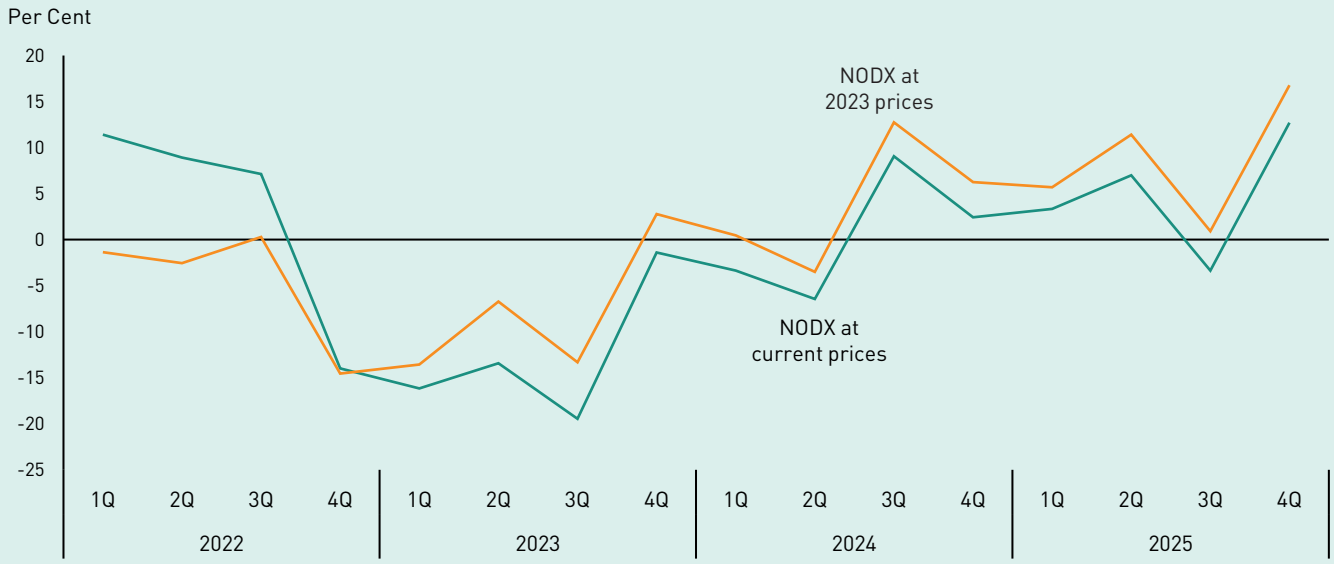
BOX 4.1: AN ANALYSIS OF SINGAPORE'S NOMINAL NON-OIL DOMESTIC EXPORTS GROWTH IN 2025

Singapore's nominal non-oil domestic exports (NODX) grew by 4.8 per cent in 2025. This box article analyses the drivers of this increase by (i) volume versus price effects, (ii) products, and (iii) markets.

Nominal NODX growth in 2025 was supported by an increase in export volume

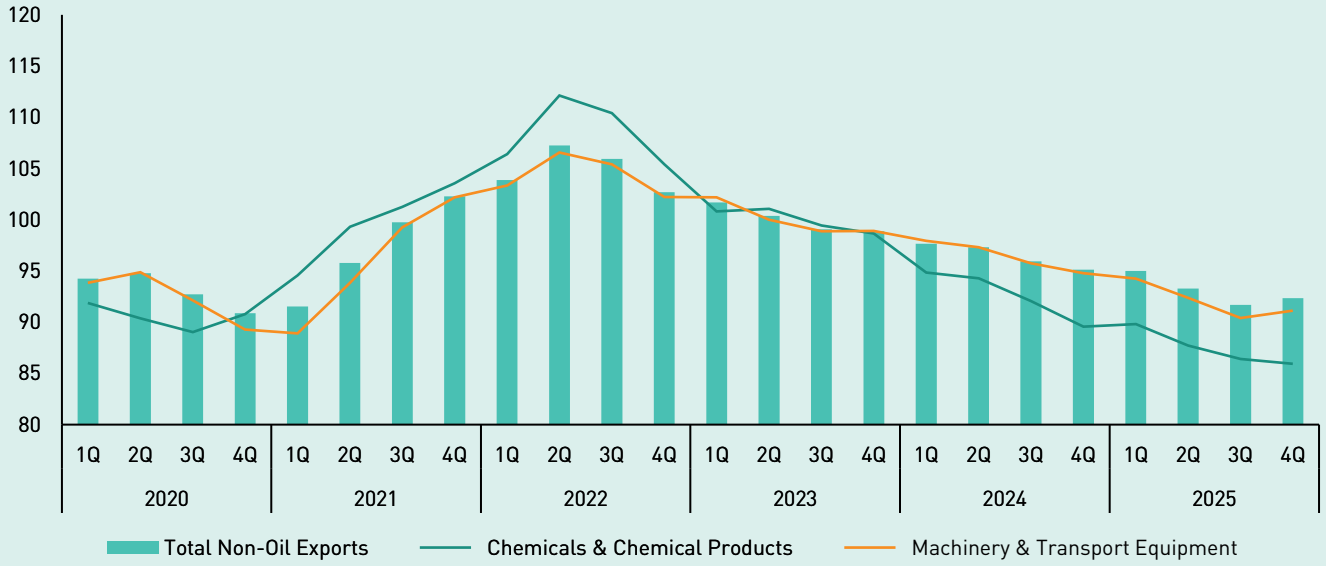
In 2025, NODX grew by 8.6 per cent in real terms, outstripping its growth in nominal terms (4.8 per cent). This continues the trend since 2023 (Exhibit 1), and underscores the resilience in underlying demand for exports in volume terms even as export prices softened. Notably, the non-oil export price index[1] (EPI) declined for 13 straight quarters from 107.3 in 2Q22 to 91.7 in 3Q25, before staging a modest uptick in 4Q25 (Exhibit 2). The fall in EPI over the quarters was broad-based across major product categories, including machinery & transport equipment and chemicals.

Exhibit 1: Year-on-Year Growth in Singapore's Non-Oil Domestic Exports



Sources: EnterpriseSG and Department of Statistics

Exhibit 2: Singapore's Non-Oil Export Price Index, 2020 to 2025 (Base Year 2023 = 100)



Source: Department of Statistics

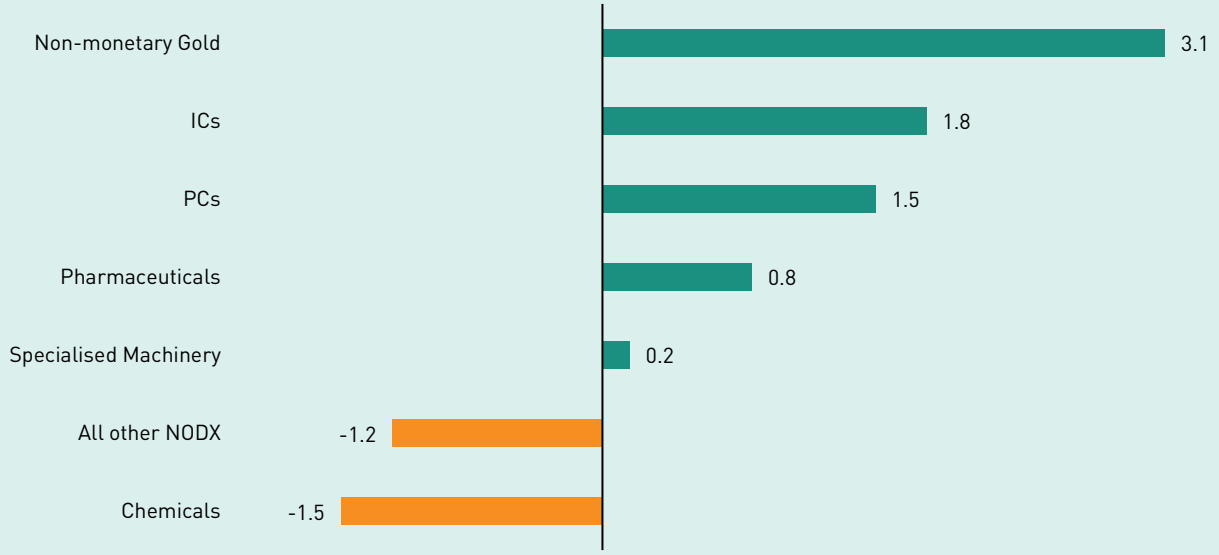
1 *The EPI measures how export prices change over time compared to a base year.*

By products, nominal NODX growth in 2025 was driven primarily by AI-related exports

Over the past year, the global AI boom led to strong demand for electronics and related upstream components and machinery. Reflecting this demand, Singapore's nominal NODX of integrated circuits (ICs), personal computers (PCs) and specialised machinery expanded by 13 per cent in 2025. Collectively, these products contributed 3.5 percentage-points to the overall nominal NODX growth of 4.8 per cent in 2025 (Exhibit 3).

Meanwhile, the nominal NODX of non-monetary gold and pharmaceuticals – which tend to be volatile and lumpy – also supported overall nominal NODX growth last year. By contrast, a decline in the nominal NODX of chemicals weighed on overall nominal NODX growth.

Exhibit 3: Percentage Point Contribution to Nominal NODX Growth in 2025 (by Products)



Source: EnterpriseSG

For most of the top contributors to overall nominal NODX growth in 2025, their nominal NODX growth was underpinned by a rise in export volumes even as their export prices fell

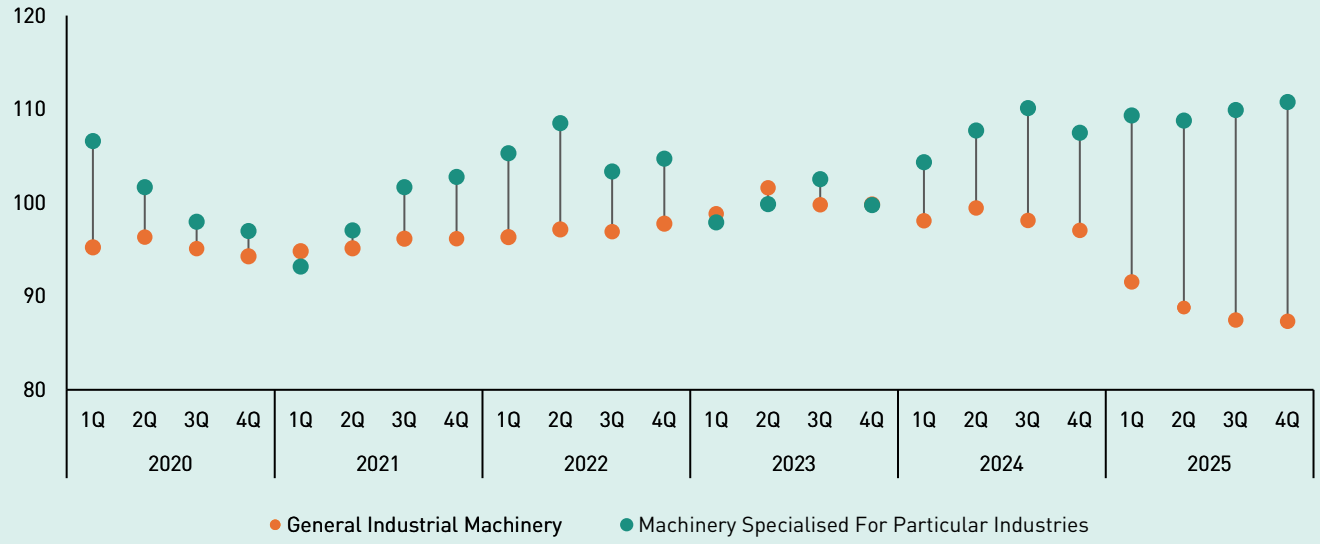
The key contributors to overall nominal NODX growth in 2025 – notably, electronics such as ICs and PCs – were supported mainly by higher export volumes amidst softer export prices[2]. This was consistent with the increase in output in the electronics cluster, with its index of industrial production (IIP) rising from 137.4 in 2024 to 154.9 in 2025.

Notable exceptions include specialised machinery and pharmaceuticals, for which export prices were relatively resilient in 2025...

For specialised machinery, the growth in its nominal NODX (+1 per cent) in 2025, which built on its expansion in 2024 (+8 per cent), was supported by an increase in both export volume and price. Notably, its export price was more resilient than that of general machinery (Exhibit 4), as reflected by its EPI rising to 110.8 in 4Q25, surpassing the peak posted in recent years. This price resilience may reflect the higher technological specifications and greater engineering complexity of specialised machinery relative to general-purpose machinery.

2 *Using broad product categories for indicative comparisons, EPI-based indicators suggest a decline in export prices of ICs from 92.2 index points in 2024 to 85.6 in 2025, while that of PCs fell from 94.0 to 90.7 over the same period.*

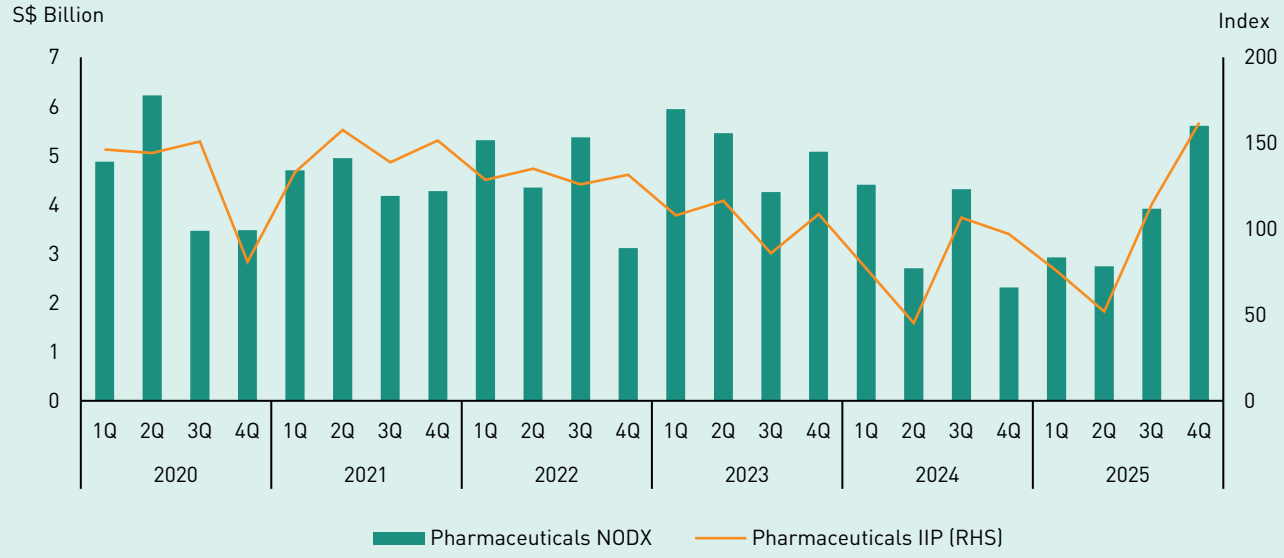
Exhibit 4: Singapore's Export Price Index (Specialised and General Machinery), 2020 to 2025 (Base Year 2023 = 100)



Source: Department of Statistics

Similarly, as the export prices of pharmaceuticals were relatively stable, the increase in the nominal NODX of pharmaceuticals (+11 per cent) in 2025 was largely volume driven. This was consistent with the strong pharmaceuticals output growth seen last year, especially towards the year-end (Exhibit 5).

Exhibit 5: Singapore's Pharmaceuticals Nominal NODX and Index of Industrial Production (IIP)

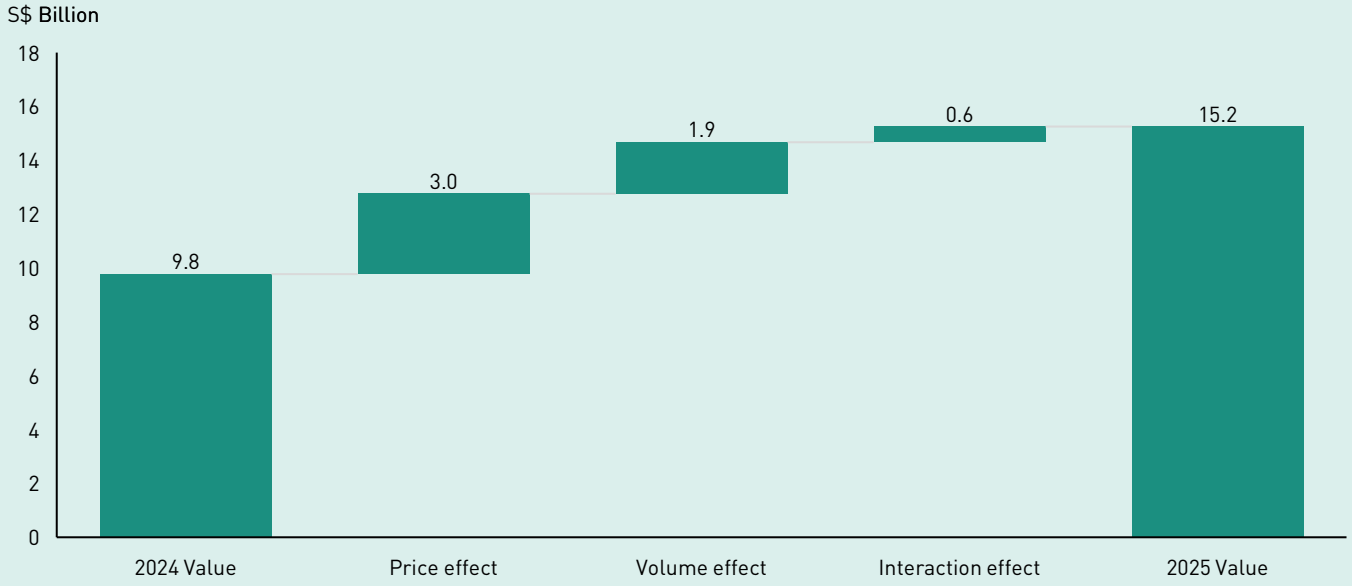


Sources: EnterpriseSG and Economic Development Board

...as well as non-monetary gold, which saw a surge in its export price

The increase in the nominal NODX of non-monetary gold (+56 per cent) in 2025 was due mostly to price effects. This came on the back of a surge in global gold prices amidst safe-haven demand alongside heightened geopolitical uncertainty and shifting expectations around global monetary policy. In particular, a decomposition of the 2025 growth in nominal NODX of non-monetary gold indicated that price effects accounted for about 60 per cent of this growth (Exhibit 6).

Exhibit 6: Decomposition of Singapore's non-monetary gold NODX growth, 2024-2025



Source: EnterpriseSG's estimates

As for the nominal NODX of chemicals, its decline in 2025 was due to both volume and price effects

The decline in the nominal NODX of chemicals (-9 per cent) in 2025 was due to a fall in the nominal NODX of petrochemicals (-14 per cent), which more than offset an increase in the nominal NODX of specialty chemicals (+8 per cent). The former was weighed down by a drop in export volume arising from weak regional demand, as well as price compression. On the other hand, the latter had benefited from more resilient export prices.[3]

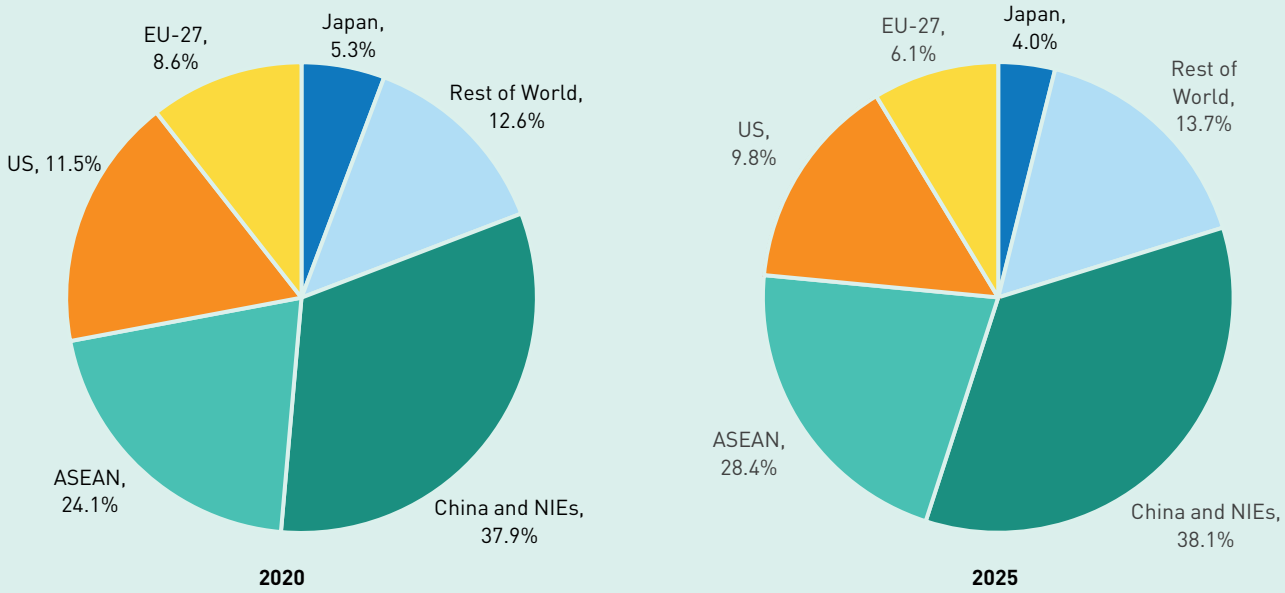
By markets, diverse market access helped to sustain nominal NODX growth in 2025

As demand patterns differ across markets, market diversification – a hallmark of Singapore's trade as a small and open economy – can help to support exports by reducing reliance on any single market while leveraging the strength in demand across various markets.

In 2025, Singapore's nominal NODX growth was driven by key markets such as Taiwan (+37 per cent) and South Korea (+22 per cent), which saw strong AI-related demand for electronics and specialised machinery (Exhibit 7). These gains helped to offset a decline in nominal NODX to the US (-2 per cent) and China (-12 per cent). The former was due in part to a decline in the non-electronics segment (e.g. food preparations), while the latter was primarily caused by a moderation in China's demand for specialised machinery amidst greater self-sufficiency efforts.

3 *The EPI of key petrochemical products such as polymers of ethylene and hydrocarbons fell to around 80 index points in 4Q25 from around 110 index points in 2022. Meanwhile, the EPIs of specialty chemicals such as perfumery and essential oils were stable at close to 90.*

Exhibit 7: Share of Singapore's Non-Oil Domestic Exports by Markets, 2020 and 2025



Source: EnterpriseSG

Looking ahead, nominal NODX growth is expected to moderate in 2026

In sum, Singapore's nominal NODX growth in 2025 was supported mainly by higher export volumes, especially in AI-related products, and facilitated by access to diverse markets. Non-monetary gold was a notable exception, lifting nominal NODX primarily through price effects.

In the year ahead, Singapore's nominal NODX is expected to continue to expand, with robust AI-related demand and high gold prices continuing to provide support. Nonetheless, its pace of growth is likely to ease from that of 2025, weighed down by slower growth in export volumes, in line with IMF's projection of softer growth in global trade volumes. At the same time, downside risks remain, such as from a renewed escalation in trade tensions or a correction in AI-related capital spending.

Contributed by:

Mr Goh Kah Wee
Senior Business Partner
Corporate Planning & Insights
Enterprise Singapore

Ms Zhu Peiling Miki
Deputy Director
Corporate Planning & Insights
Enterprise Singapore



CHAPTER

5

BALANCE OF PAYMENTS

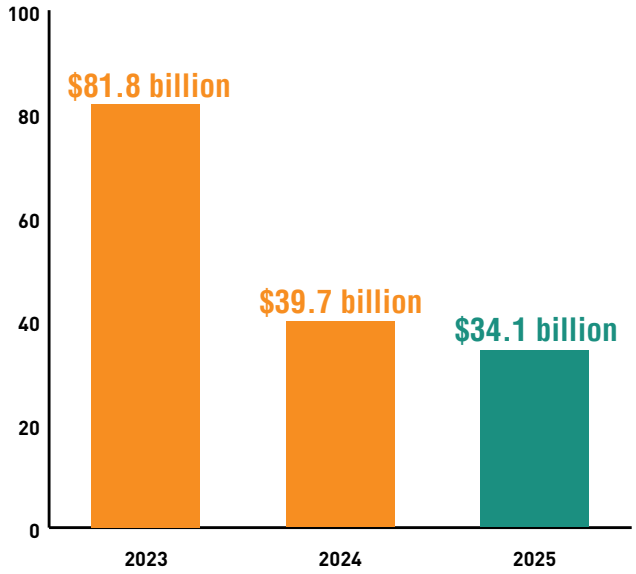




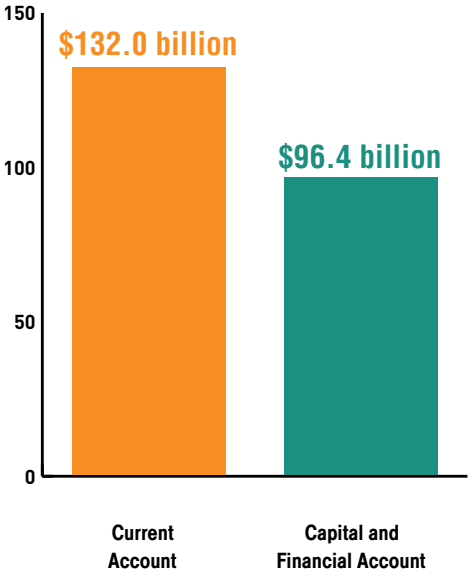
Chapter 5

BALANCE OF PAYMENTS

Singapore's balance of payments surplus came in at $34.1 billion in 2025



BALANCE OF PAYMENTS COMPONENTS IN 2025



COMPONENTS OF CURRENT ACCOUNT

$230.4 billion



Goods Balance

$49.1 billion



Services Balance

-$133.4 billion



Primary Income Balance

-$14.1 billion



Secondary Income Balance

COMPONENTS OF CAPITAL & FINANCIAL ACCOUNT

-$84.8 billion



Direct Investment

$95.3 billion



Portfolio Investment

-$9.3 billion



Financial Derivatives

$95.2 billion



Other Investment

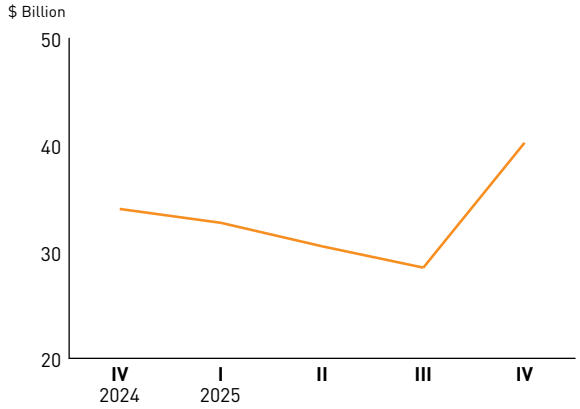
OVERVIEW

Singapore recorded an overall balance of payments surplus of $21.4 billion in the fourth quarter of 2025, a reversal from the $12.9 billion deficit in the preceding quarter. The shift to a surplus was driven by an increase in the current account surplus and a reduction in net outflows from the capital and financial account. For the whole of 2025, Singapore recorded an overall balance of payments surplus of $34.1 billion, narrowing from the $39.7 billion surplus recorded in 2024. The lower surplus was the result of larger net outflows in the capital and financial account, which more than offset a marginal increase in the current account surplus. Singapore's official foreign reserves rose to $526.3 billion at the end of 2025.

CURRENT ACCOUNT

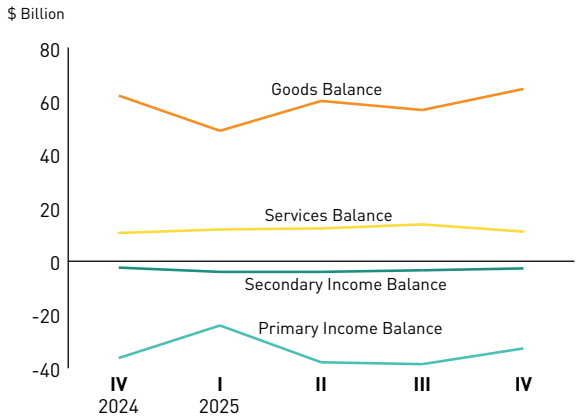
The current account surplus widened to $40.2 billion in the fourth quarter, from $28.5 billion in the third quarter (Exhibit 5.1). For 2025 as a whole, the current account surplus edged up to $132.0 billion in 2025, from $131.7 billion in 2024. The slight increase was underpinned by larger goods and services account surpluses, which more than offset widening deficits in the primary and secondary income accounts.

Exhibit 5.1: Current Account Balance



In terms of the components of the current account, the goods account surplus rose to $64.6 billion in the fourth quarter, from $56.7 billion in the previous quarter, as exports rose more than the increase in imports (Exhibit 5.2). For 2025 as a whole, the goods account surplus stood at $230.4 billion, marginally higher than the $229.6 billion in 2024, as the increase in exports outweighed the increase in imports.

Exhibit 5.2: Components of Current Account Balance



The services account surplus narrowed to $11.1 billion in the fourth quarter, from $13.8 billion in the preceding quarter. For the whole of 2025, the services account surplus rose by $3.0 billion to reach $49.1 billion. This was mainly driven by a reduction in net payments for other business services and an increase in net receipts for financial services. This more than offset the decline in net receipts for transport services, particularly for freight services.

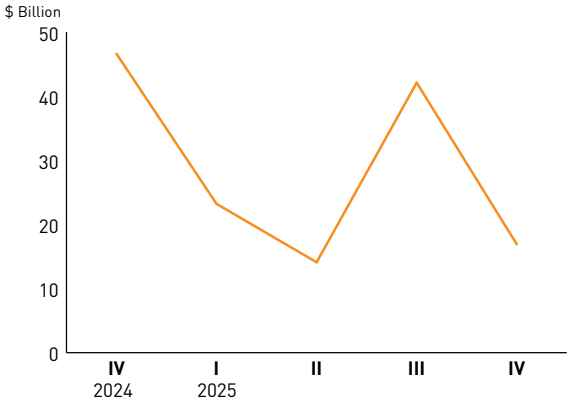
The primary income account deficit narrowed by $5.9 billion to $32.7 billion in the fourth quarter. For the year as a whole, the primary income account deficit widened to $133.4 billion, as payments rose more than the increase in receipts.

The secondary income account deficit narrowed slightly by $0.7 billion to $2.7 billion in the fourth quarter. For the year as a whole, the secondary income account deficit widened to $14.1 billion, as payments went up by more than the increase in receipts.

CAPITAL AND FINANCIAL ACCOUNT

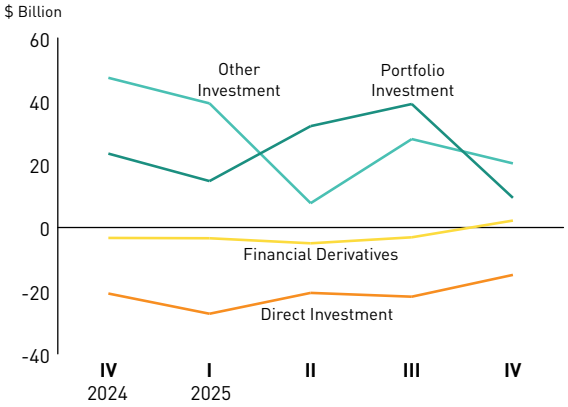
The capital and financial account[1] registered a smaller net outflow of $16.9 billion in the fourth quarter, compared to $42.1 billion in the preceding quarter (Exhibit 5.3). For 2025 as a whole, the capital and financial account registered a net outflow of $96.4 billion, a slight increase from the $95.9 billion net outflow in 2024. The increase was mainly driven by lower net inflows of direct investment, as well as higher net outflows of "other investment". These were partially offset by a decline in net outflows of portfolio investment.

Exhibit 5.3: Capital and Financial Account Balance



In terms of the components of the capital and financial account, net outflows of "other investment" declined to $20.3 billion in the fourth quarter, from $28.0 billion in the preceding quarter (Exhibit 5.4). For the full year, net outflows of "other investment" rose to $95.2 billion, from $87.4 billion in 2024. This was driven by higher net outflows from both deposit-taking corporations and the non-bank private sector.

Exhibit 5.4: Components of Financial Account (Net)



At the same time, net inflows of direct investment moderated to $15.0 billion in the fourth quarter, from $21.9 billion in the previous quarter. For 2025, net inflows of direct investment decreased to $84.8 billion, from $95.5 billion in 2024, as the increase in residents' direct investment abroad exceeded the increase in foreign direct investment into Singapore.

Financial derivatives switched from a net inflow of $3.1 billion in the third quarter to a net outflow of $2.2 billion in the fourth quarter. For 2025, financial derivatives recorded a net inflow of $9.3 billion, an increase from the $8.2 billion net inflow in 2024.

Net outflows of portfolio investment fell to $9.4 billion in the fourth quarter, from $39.1 billion in the preceding quarter. For the full year, net outflows of portfolio investment declined to $95.3 billion, from $112.2 billion in 2024, due to a reduction in net outflows from deposit-taking corporations, which more than offset an increase in net outflows from the non-bank private sector.

1 *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

6

SECTORAL PERFORMANCE





Chapter 6

SECTORAL PERFORMANCE

OVERALL ECONOMY

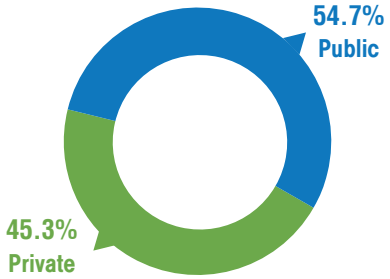
STRUCTURE OF ECONOMY	Nominal Value Added Share (%)	Real Growth (%)
Total	**100.0**	**5.0**
Goods Producing Industries	24.1	7.6
Manufacturing	18.5	8.7
Construction	4.0	5.2
Utilities	1.5	1.2
Other Goods Industries	0.0	-3.0
Services Producing Industries	71.9	4.3
Wholesale Trade	19.7	6.1
Retail Trade	1.2	1.3
Transportation & Storage	8.1	3.3
Accommodation	0.8	3.1
Food & Beverage Services	1.0	-0.9
Information & Communications	6.3	6.1
Finance & Insurance	14.0	4.3
Real Estate	3.0	5.0
Professional Services	5.6	2.0
Administrative & Support Services	2.5	1.4
Other Services Industries	9.8	3.3
Ownership of Dwellings	4.0	2.4

MANUFACTURING

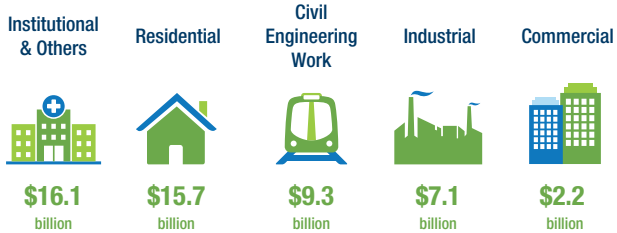
CLUSTERS	Nominal Value Added Share (%)	Real Growth (%)
Electronics	43.2	12.7
Chemicals	11.5	0.2
Biomedical Manufacturing	12.3	16.3
Precision Engineering	15.5	3.6
Transport Engineering	10.0	18.7
General Manufacturing Industries	7.5	-7.8

CONSTRUCTION

CERTIFIED PAYMENTS IN 2025



CONTRACTS AWARDED IN 2025



WHOLESALE TRADE

Foreign Wholesale Trade Index Growth
+5.9%

Domestic Wholesale Trade Index Growth
+3.2%

RETAIL TRADE

Retail Sales Index Growth (Motor Vehicles)
+11.3%

Retail Sales Index Growth (Non-Motor Vehicles)
+0.4%

TRANSPORTATION & STORAGE

SEGMENTS	Nominal Value Added Share (%)	Real Growth (%)
Land Transport*	10.7	-2.1
Water Transport*	65.9	4.5
Air Transport*	11.6	3.6
Storage & Other Support Services	10.0	-1.4
Post & Courier Activities	1.8	-2.3

*Including supporting services

+3.5% Air Passengers Handled Growth

-1.4% Total Sea Cargo Handled Growth

ACCOMMODATION

PERFORMANCE OF HOTELS

Gross Lettings Growth
+2.5%

Hotel Room Revenue Growth
+1.4%

FOOD & BEVERAGE SERVICES

PERFORMANCE OF F&B (SALES GROWTH)

Food Caterers
+13.6%

Fast Food Outlets
-0.2%

Cafes, Food Courts & Other Eating Places
-0.4%

Restaurants
-4.5%

INFORMATION & COMMUNICATIONS

SEGMENTS	Nominal Value Added Share (%)	Real Growth (%)
Telecommunications	11.1	0.5
IT & Information Services	57.0	6.0
Others	31.9	8.3

FINANCE & INSURANCE

SEGMENTS	Nominal Value Added Share (%)	Real Growth (%)
Banking	40.7	4.4
Activities Auxiliary to Financial Services	21.1	5.0
Fund Management	14.0	5.1
Insurance	15.4	2.5
Others	8.7	3.9

REAL ESTATE

PRIVATE RESIDENTIAL



Units Transacted Growth
+20.7%



Certified Payments Growth
+12.3%

COMMERCIAL AND INDUSTRIAL (TOTAL OCCUPIED SPACE GROWTH)



Commercial Office Space
+0.4%



Commercial Retail Space
+0.6%



Industrial Space
+1.2%

OTHER SERVICES INDUSTRIES

SECTORS	Nominal Value Added Share (%)	Real Growth (%)
Public Administration & Defence	24.1	-0.4
Education	25.2	1.6
Health & Social Work	28.4	5.0
Arts, Entertainment & Recreation	10.4	13.1
Others	11.8	2.8

PROFESSIONAL SERVICES

SEGMENTS	Nominal Value Added Share (%)	Real Growth (%)
Legal	8.2	1.6
Accounting	6.0	4.9
Head Offices & Business Representative Offices	31.5	4.0
Business & Management Consultancy	12.2	1.4
Architectural & Engineering, Technical Testing & Analysis	23.6	-0.9
Other Professional, Scientific & Technical Services	18.4	2.5

ADMINISTRATIVE & SUPPORT SERVICES

SEGMENTS	Nominal Value Added Share (%)	Real Growth (%)
Rental & Leasing	39.3	1.1
Other Administrative & Support Services	60.7	1.6



Chapter 6.1

MANUFACTURING

OVERVIEW

The manufacturing sector expanded by 18.8 per cent year-on-year in the fourth quarter of 2025, extending the 5.3 per cent growth in the preceding quarter. Growth was largely led by the electronics, biomedical manufacturing and transport engineering clusters.

For the whole of 2025, the manufacturing sector expanded by 8.7 per cent, extending the 3.8 per cent growth in 2024. All clusters except the general manufacturing cluster recorded increased output.

OVERALL MANUFACTURING PERFORMANCE

Growth in the manufacturing sector surged by 18.8 per cent year-on-year in the fourth quarter of 2025, largely led by output expansions in the electronics, biomedical manufacturing and transport engineering clusters (Exhibit 6.1).

For the whole of 2025, the manufacturing sector expanded by 8.7 per cent, faster than the 3.8 per cent growth in 2024. All clusters except the general manufacturing cluster recorded increased output (Exhibit 6.2).

Exhibit 6.1: Manufacturing Growth Rates

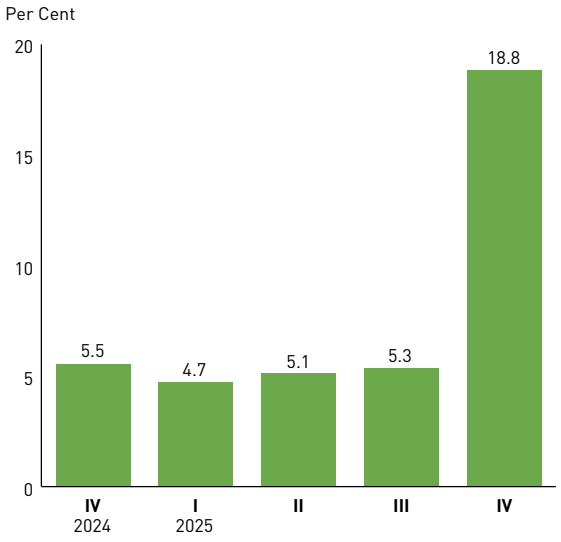
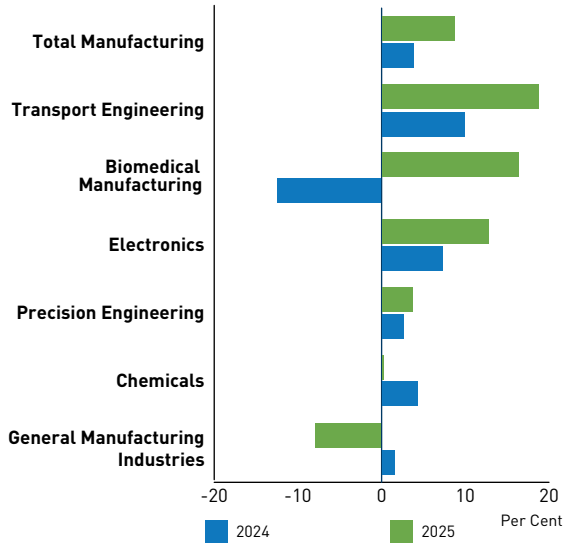


Exhibit 6.2: Manufacturing Clusters' Growth



PERFORMANCE OF CLUSTERS

The biomedical manufacturing cluster expanded by 45.9 per cent year-on-year in the fourth quarter, led by the 66.9 per cent growth in the pharmaceuticals segment on account of a higher production of active pharmaceutical ingredients (APIs) and biological products. Output in the medical technology segment expanded by 8.1 per cent, supported by healthy demand for medical devices. For the whole of 2025, the biomedical manufacturing cluster grew by 16.3 per cent.

Output in the transport engineering cluster expanded by 24.3 per cent year-on-year in the fourth quarter. Growth was led by a 40.2 per cent expansion in the aerospace segment on account of the higher production of aircraft parts and sustained maintenance, repair and overhaul jobs from commercial airlines. The marine & offshore engineering segment grew by 11.7 per cent on account of higher activity levels in shipyards and oil rigs & platforms. By contrast, the land segment contracted by 17.6 per cent. For the full year, the transport engineering cluster grew by 18.7 per cent.

The electronics cluster expanded by 25.1 per cent year-on-year in the fourth quarter, supported by output expansions in all segments except the computer peripherals & data storage segment. Output in the infocomms & consumer electronics segment expanded by 71.8 per cent on account of a higher production of server and server-related products. The semiconductors and other electronic modules & components segments grew by 21.4 per cent and 11.7 per cent respectively, with the former recording sustained and strong demand for AI- related products. By contrast, output in the computer peripherals & data storage segment declined by 12.3 per cent. For the full year, the electronics cluster grew by 12.7 per cent.

The precision engineering cluster expanded by 6.5 per cent year-on-year in the fourth quarter. The precision modules & components segment grew by 11.4 per cent, supported by a higher output of optical instruments, electronic connectors and electric power cables & wires. The machinery and systems segment grew by 5.1 per cent on account of a higher production of semiconductor-related equipment, measuring devices and process control equipment. For the full year, output in the precision engineering cluster grew by 3.6 per cent.

The chemicals cluster expanded by 0.9 per cent year-on-year in the fourth quarter. Output in the specialties segment expanded by 25.1 per cent from a low base last year due to plant maintenance shutdowns. The other chemical segment grew by 2.8 per cent on account of a higher output of fragrances. Conversely, output of the petroleum and petrochemicals segments declined by 2.0 per cent and 19.0 per cent respectively, with the latter recording plant maintenance shutdowns. For the full year, output in the chemicals cluster grew by 0.2 per cent.

The general manufacturing cluster contracted by 2.7 per cent year-on-year in the fourth quarter, with output contractions in all segments. The food, beverages & tobacco segment contracted by 1.1 per cent on account of a lower production of cocoa and bakery products. The miscellaneous industries and printing segments contracted by 4.8 per cent and 5.7 per cent respectively, with the former recording a lower production of structural metal products and paperboard containers and boxes. For the full year, the general manufacturing cluster contracted by 7.8 per cent.

Chapter 6.2

CONSTRUCTION

OVERVIEW

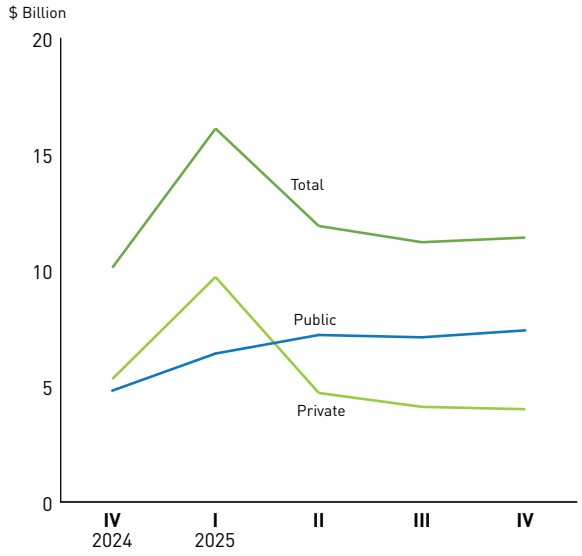
The construction sector grew by 4.6 per cent year-on-year in the fourth quarter of 2025, slower than the 5.6 per cent expansion in the previous quarter.

For the whole of 2025, the sector expanded by 5.2 per cent, following the 5.4 per cent growth in 2024.

CONSTRUCTION DEMAND

Construction demand (contracts awarded) increased by 12.7 per cent year-on-year to $11.4 billion in the fourth quarter, supported primarily by expansion in public sector construction demand (Exhibit 6.3).

Exhibit 6.3: Contracts Awarded



For the full year, total construction demand expanded by 13.2 per cent to $50.5 billion (Exhibit 6.4), on the back of increases in public sector construction demand (12.9 per cent) and private sector construction demand (13.7 per cent).

Exhibit 6.4: Contracts Awarded, 2025 ($ Billion)

	Total	Public	Private
Total	50.5	28.0	22.5
Residential	15.7	9.5	6.2
Commercial	2.2	1.0	1.2
Industrial	7.1	0.6	6.5
Institutional & Others	16.1	10.6	5.6
Civil Engineering Works	9.3	6.3	3.0

Public Sector

In the fourth quarter, public sector construction demand grew by 55.1 per cent year-on-year to $7.4 billion. Except for commercial building construction demand, which registered a contraction of -59.1 per cent, demand for all development types registered growth, ranging from 18.2 per cent for industrial building developments to 109 per cent for civil engineering works.

For the full year, public sector construction demand increased by 12.9 per cent to $28.0 billion (Exhibit 6.4). While the construction demand for public sector institutional and other building as well as civil engineering projects registered marginal growth[1], the expansion was supported by an increase in contracts awarded for public commercial (243 per cent), industrial (95.2 per cent) and residential (30.5 per cent) building developments. Some of the major projects awarded during the year included (i) Two new headquarters for MOE as well as MOT & LTA; (ii) PUB's Changi Newater Facility 3 and Tuas Water Reclamation Plant contract 3D3; (iii) JTC's National Fabrication Facility; and (iv) MOH's main contracts for Eastern Integrated Health Campus and Alexandra Hospital redevelopment.

Private Sector

In the fourth quarter, private sector construction demand decreased by 25.2 per cent year-on-year to $4.0 billion. Except for institutional and other building and civil engineering projects, construction demand contracted for all other types of projects, ranging from -2.4 per cent for industrial building projects to -70.7 per cent for commercial building projects.

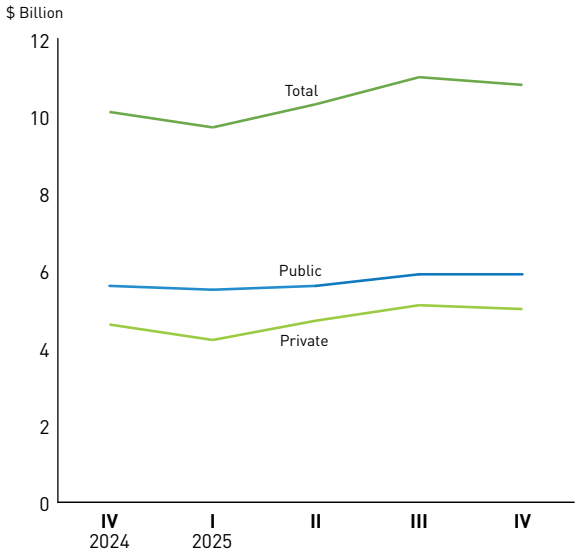
For the full year, private sector construction demand grew by 13.7 per cent to $22.5 billion, on the back of higher demand for institutional and other building (355 per cent), civil engineering (258 per cent) and private industrial building (39.5 per cent) projects (Exhibit 6.4). Major projects awarded in 2025 included (i) SP Powerassets' new substations and cabling contracts at island-wide locations; (ii) airport developments; (iii) data centres; (iv) a semiconductor fabrication plants; and (v) a combined cycle gas turbine power plant.

CONSTRUCTION OUTPUT

Construction output (or nominal certified payments) rose by 6.8 per cent year-on-year to $10.8 billion in the fourth quarter, supported by expansions in both public and private sector construction output (Exhibit 6.5).

For the full year, construction output increased by 8.6 per cent to $41.7 billion, supported by growth in both public (9.2 per cent) and private (7.9 per cent) construction output.

Exhibit 6.5: Certified Payments



Public Sector

Public sector construction output rose by 5.4 per cent year-on-year to $5.9 billion in the fourth quarter. With the exception of public residential and industrial building works, construction output for all types of projects expanded, supported by public commercial building (187 per cent), institutional and other building (9.6 per cent), and civil engineering (8.6 per cent) works.

For the full year, public sector construction output increased by 9.2 per cent to $22.8 billion, underpinned mainly by public commercial building (102 per cent), institutional and others building (25.4 per cent), and civil engineering (14.0 per cent) works. Major projects supporting the growth included (i) MOF's retrofitting works to The Treasury; (ii) GOVTECH's additions and alternations to office at Punggol Digital District; (iii) MOH's SGH Elective Care Centre/ National Dental Centre and piling works for Alexandra Hospital redevelopment; (iv) SCB's New Science Centre; (v) LTA's Cross Island MRT Line, Jurong Region MRT Line, Rapid Transit System (RTS) Link, and North South Corridor.

1 *Public sector institutional & others building, and civil engineering construction demand contracted by 0.4 per cent and 0.2 per cent in 2025 in nominal terms.*

Private Sector

In the fourth quarter, private sector construction output increased by 8.6 per cent year-on-year to $5.0 billion, as all types of private sector construction works expanded, except for industrial building output. The expansion was supported by private institutional and other building (34.0 per cent), civil engineering (28.2 per cent), commercial building (11.7 per cent) and residential building (10.1 per cent) works.

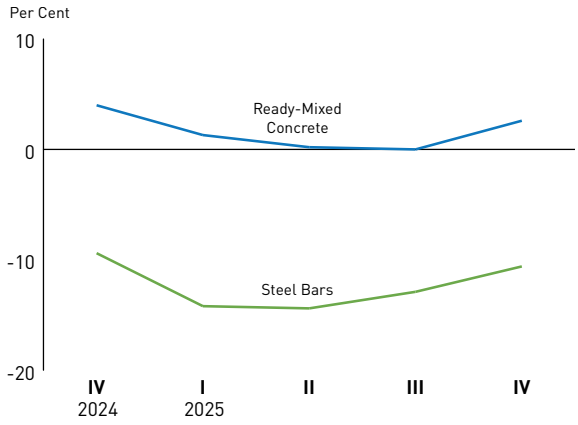
For the full year, private sector construction output increased by 7.9 per cent to $18.9 billion. While private sector commercial building output registered a slight decline[2], all other types of private sector construction output expanded, led by private institutional and other building (23.9 per cent), residential building (12.3 per cent), civil engineering (6.9 per cent) and industrial building (3.9 per cent) works. Major ongoing projects contributing to output included (i) Singapore Oceanarium; (ii) additions and alterations to Mount Elizabeth Hospital; (iii) attractions at Mandai Wildlife Reserve; (iv) airport developments; (v) redevelopment of past en-bloc sales sites and development of Government Land Sales (GLS) sites; (vi) infrastructure works at Tuas Terminal; (vii) power cabling works; (viii) semiconductor production plants; and (ix) cogeneration plants.

CONSTRUCTION MATERIALS

In tandem with the rise in construction output, the total consumption of ready-mixed concrete increased by 8.5 per cent in 2025 to 14.5 million m^3. Similarly, total consumption of steel rebars[3] rose by 15.2 per cent to 1.8 million tonnes in 2025.

The average market price of Grade 40 pump ready- mixed concrete[4] increased slightly by 2.6 per cent year-on-year to about $124 per m^3 in the fourth quarter of 2025, due to higher market demand and rising operating costs. Conversely, the average market price of steel rebars[5] fell by 10.6 per cent year-on-year to around $668 per tonne in the fourth quarter, weighed down by weak global demand and oversupply in international markets (Exhibit 6.6).

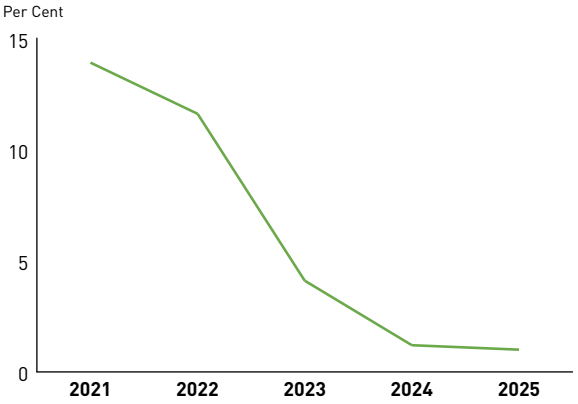
Exhibit 6.6: Changes in Market Prices of Construction Materials



CONSTRUCTION COSTS

Based on BCA's Building Works Tender Price Index (TPI), tender prices remained relatively stable and increased by about 1.0 per cent in 2025 (Exhibit 6.7). Looking ahead, domestic construction tender prices are likely to remain steady amid the healthy construction pipeline in the medium to long term.

Exhibit 6.7: Changes in Tender Price Index



2 Private sector commercial building output contracted by 0.7 per cent in 2025 in nominal terms.
3 Rebar consumption is estimated from net imports plus local production (without factoring in stock levels).
4 The market prices are based on contracts with non-fixed price and market retail price.
5 The market prices refer to 16mm to 32mm High Tensile rebars and are based on fixed price supply contracts with a contract period of 6 months or below.

CONSTRUCTION OUTLOOK IN 2026

According to BCA, total construction demand is projected to be between $47 billion and $53 billion in 2026 (Exhibit 6.8), comparable with 2025's demand at $50.5 billion. The sustained high construction demand expected in 2026 is supported by anticipated awards of additional construction packages for T5 Development, main contract for Marina Bay Sands Integrated Resort expansion (MBS IR2), new Tengah General and Community Hospital, Downtown Line 2 MRT Extension and Thomson-East Coast Line MRT Extension.

Total construction output in 2026 is projected to increase to between $43 billion and $46 billion, sustained by ongoing robust construction activities, from consistently high levels of contract awards since 2023.

Exhibit 6.8: Projected Construction Demand in 2026

	$ Billion
TOTAL CONSTRUCTION DEMAND	**47.0 - 53.0**
Building Construction Sub-total	**35.4 - 39.7**
Residential	11.2 - 12.3
Commercial	6.1 - 6.7
Industrial	4.6 - 5.4
Institutional & Others	13.5 - 15.3
Civil Engineering Works Sub-total	**11.6 - 13.4**

Chapter 6.3

WHOLESALE TRADE

OVERVIEW

The wholesale trade sector expanded by 9.9 per cent year-on-year in the fourth quarter of 2025, moderating from the 5.4 per cent growth in the previous quarter. Growth during the quarter was largely supported by the machinery, equipment & supplies segment, on the back of the wholesale sales of electronic components and telecommunications & computers.

For the whole of 2025, the sector grew by 6.1 per cent, slowing from the 5.6 per cent expansion in 2024.

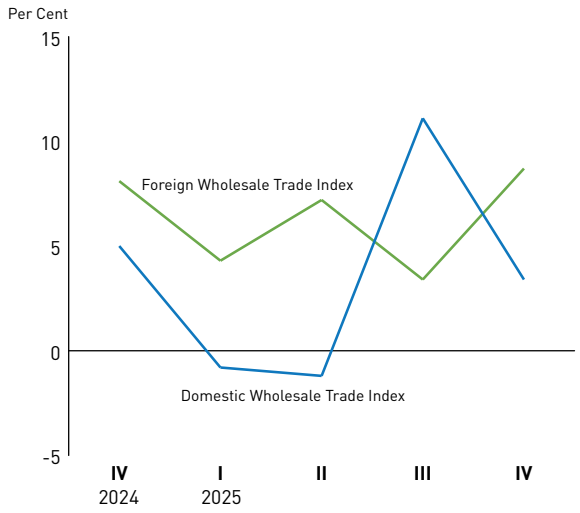
WHOLESALE SALES

In the fourth quarter, the wholesale trade sector was supported by an increase in both foreign and domestic wholesale sales volumes.

Specifically, foreign wholesale sales volume rose by 8.7 per cent year-on-year in the fourth quarter, accelerating from the 3.4 per cent increase in the preceding quarter (Exhibit 6.9). Growth in sales volume was fastest in the electronic components (65.1 per cent), telecommunications & computers (40.0 per cent) and industrial & construction machinery (9.7 per cent) segments, which outpaced the decline in the sales volume of the ship chandlers & bunkering (-12.8 per cent), chemicals & chemical products (-9.7 per cent) and metals, timber & construction materials (-8.8 per cent). For the whole of 2025, the foreign wholesale trade index rose by 5.9 per cent, easing from the 8.2 per cent increase in the previous year.

Meanwhile, domestic wholesale sales volume expanded by 3.4 per cent year-on-year in the fourth quarter, moderating from the 11.1 per cent rise in the preceding quarter. Growth in sales volume was the strongest in the general wholesale trade (27.0 per cent), industrial & construction machinery (20.4 per cent) and food, beverages & tobacco (10.2 per cent) segments, offsetting the contraction in the sales volumes of metals, timber & construction materials (-18.6 per cent), household equipment & furniture (-17.7 per cent) and transport equipment (-14.1 per cent). For the whole of 2025, the domestic wholesale trade index rose by 3.2 per cent, an acceleration from the 0.2 per cent growth posted in 2024.

Exhibit 6.9: Changes in Wholesale Trade Index in Chained Volume Terms



Chapter 6.4

RETAIL TRADE

OVERVIEW

The retail trade sector expanded by 2.3 per cent year-on-year in the fourth quarter of 2025, following the 2.4 per cent growth in the previous quarter.

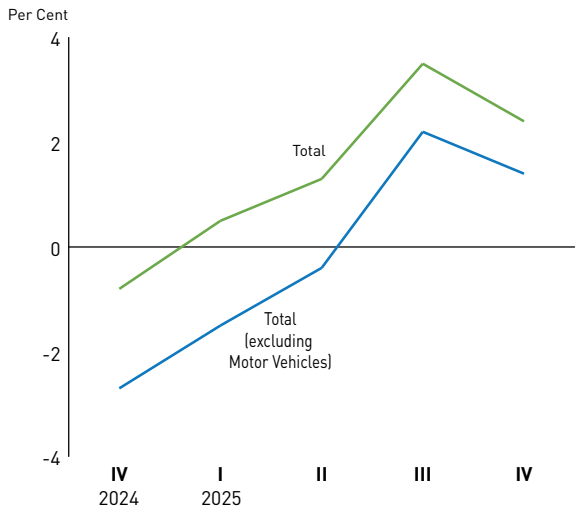
For the whole of 2025, the sector expanded by 1.3 per cent, a turnaround from the 0.2 per cent contraction in 2024.

RETAIL SALES

Overall retail sales volume increased by 2.4 per cent year-on-year in the fourth quarter, easing from the 3.5 per cent expansion in the third quarter (Exhibit 6.10). Overall retail sales were supported by growth in both non-motor vehicle (1.4 per cent) and motor vehicle (9.5 per cent) sales volumes. Growth in non-motor vehicle sales volumes was supported primarily by an increase in the sales volume of computer & telecommunications equipment (10.5 per cent), cosmetics, toiletries & medical goods (7.0 per cent) and supermarkets & hypermarkets (4.3 per cent), which more than offset declines in the sales volumes of petrol service stations (-9.0 per cent) and watches & jewellery (-3.6 per cent). Meanwhile, motor vehicle sales volume grew by 9.5 per cent due to an increase in COE quotas.

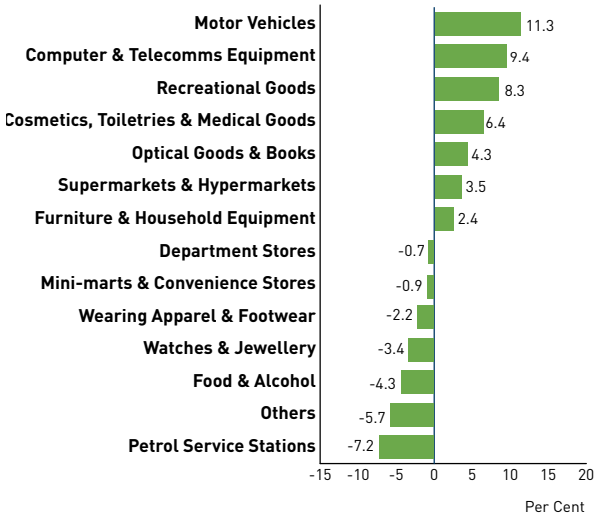
For the full year, overall retail sales volume rose by 2.0 per cent, reversing the marginal[1] decline in 2024.

Exhibit 6.10: Changes in Retail Sales Index in Chained Volume Terms



In 2025, both non-motor vehicle (0.4 per cent) and motor vehicle (11.3 per cent) sales volumes increased. The growth in non-motor vehicle sales volume was led by the sales of computer & telecommunications equipment (9.4 per cent) and supermarkets & hypermarkets (3.5 per cent). On the other hand, the sales volumes of petrol service stations (-7.2 per cent) and watches & jewellery (-3.4 per cent) declined. Meanwhile, motor vehicle sales volume grew by 11.3 per cent due to an increase in COE quotas.

Exhibit 6.11: Changes in Retail Sales Index in Chained Volume Terms for Major Segments in 2025



1 *Sales volume declined by 0.03 per cent.*

Chapter 6.5

TRANSPORTATION & STORAGE

OVERVIEW

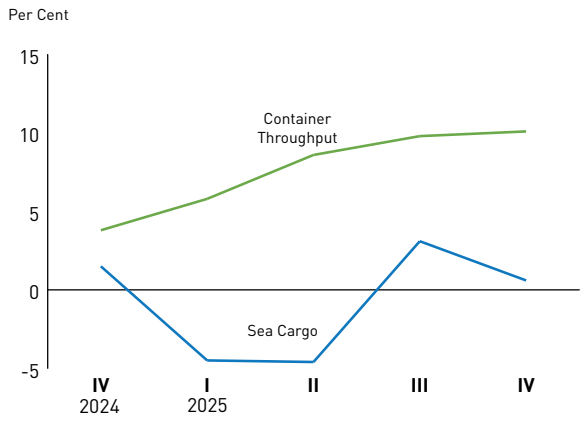
The transportation & storage sector expanded by 2.1 per cent year-on-year in the fourth quarter of 2025, moderating from the 2.7 per cent growth in the previous quarter.

For the whole of 2025, the sector grew at a slower pace of 3.3 per cent compared to the 6.6 per cent expansion recorded in 2024. The expansion of the sector was supported largely by the water transport and air transport segments.

WATER TRANSPORT

Container throughput grew by 10.1 per cent year- on-year in the fourth quarter, following the 9.8 per cent expansion in the previous quarter (Exhibit 6.12). For the full year, the number of TEUs (Twenty-Foot Equivalent Units) handled by Singapore's ports came in at 44.7 million, representing an 8.6 per cent expansion, accelerating from the 5.4 per cent growth recorded in 2024.

Exhibit 6.12: Changes in Container Throughput and Sea Cargo Handled



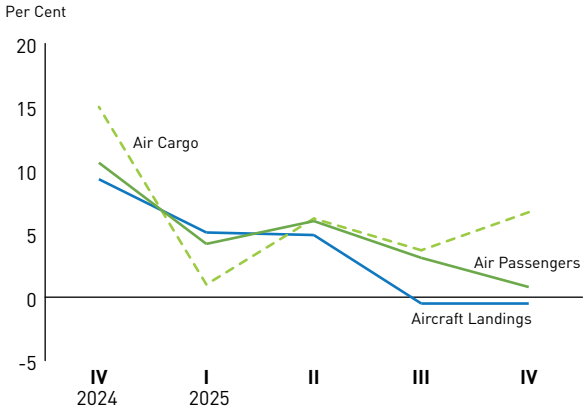
Overall sea cargo volume expanded by 0.6 per cent year-on-year in the fourth quarter, moderating from the 3.1 per cent growth in the preceding quarter. The expansion in sea cargo volume was largely due to general cargo shipments, which grew by 4.6 per cent during the quarter, a reversal from the 0.9 per cent contraction registered in the third quarter. For the whole of 2025, overall sea cargo volume shrank by 1.4 per cent, reversing the 5.2 per cent growth in the previous year.

AIR TRANSPORT

Total air passenger traffic (less transit) handled by Changi Airport climbed by 0.8 per cent year-on-year in the fourth quarter, moderating from the 3.1 per cent growth in the previous quarter (Exhibit 6.13). In absolute terms, air passenger traffic volume came in at 17.8 million, which exceeded pre-pandemic levels, at 101 per cent of the volume seen in the fourth quarter of 2019.

For the full year, total air passenger traffic passing through Changi Airport climbed by 3.5 per cent to come in at 69.4 million, moderating from the 14.8 per cent surge in 2024.

Exhibit 6.13: Changes in Air Transport



Meanwhile, air cargo volume climbed by 6.7 per cent year-on-year in the fourth quarter, accelerating from the 3.7 per cent growth in the previous quarter. In absolute terms, total air cargo volume was at 107 per cent of pre-pandemic levels (i.e., in the fourth quarter of 2019). For 2025 as a whole, air cargo shipments expanded by 4.5 per cent, moderating from the 14.6 per cent growth posted in 2024.

On the other hand, aircraft landings shrank by 0.5 per cent year-on-year to 47,378 in the fourth quarter, extending the 0.5 per cent contraction in the third quarter. This brought the total number of aircraft landings in 2025 to 186,942, which was 2.2 per cent higher compared to that in 2024.

Chapter 6.6

ACCOMMODATION

OVERVIEW

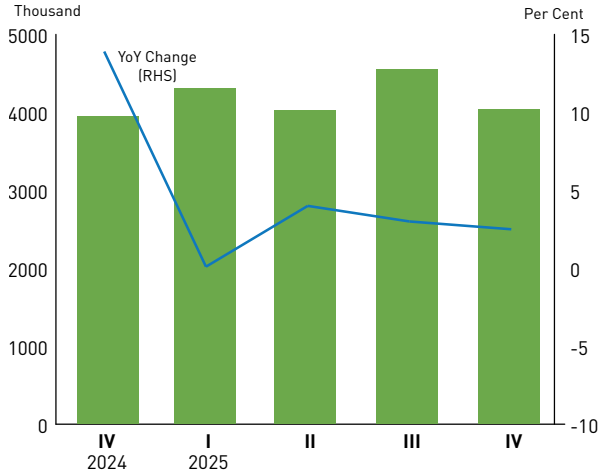
The accommodation sector grew by 6.6 per cent year-on-year in the fourth quarter of 2025, improving from the 4.6 per cent expansion in the previous quarter.

For the whole of 2025, the sector expanded by 3.1 per cent, easing from the 5.0 per cent growth in 2024.

VISITOR ARRIVALS

Singapore received around 4.0 million visitors in the fourth quarter, 2.5 per cent higher compared to the same period a year ago (Exhibit 6.14). Compared to the same period in 2019 (pre-pandemic), visitor arrivals remained 15.7 per cent lower. For the full year, visitor arrivals increased by 2.3 per cent, slowing from the 21.5 per cent expansion in 2024.

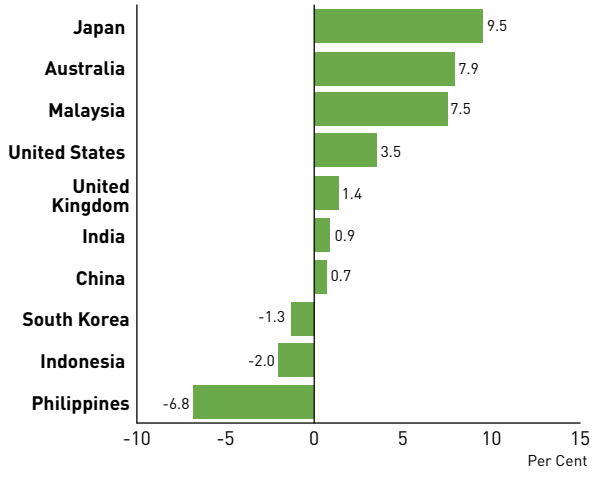
Exhibit 6.14: Visitor Arrivals



In terms of source markets, Singapore's top ten visitor-generating markets in 2025 were China (3.1 million visitors), Indonesia (2.4 million visitors), Malaysia (1.3 million visitors), Australia (1.3 million visitors), India (1.2 million visitors), the Philippines (726,000 visitors), the USA (717,000 visitors), Japan (628,000 visitors), the UK (587,000 visitors) and South Korea (587,000 visitors). Together, they accounted for 74.1 per cent of total arrivals in 2025.

Among the top 10 source markets, Japan (9.5 per cent), Australia (7.9 per cent) and Malaysia (7.5 per cent) posted the strongest growth in visitor arrivals in 2025 (Exhibit 6.15).

Exhibit 6.15: Growth Rates of Top 10 Visitor-Generating Markets in 2025



ACCOMMODATION

In tandem with the strong recovery in visitor arrivals, gross lettings of gazetted hotel rooms grew by 5.5 per cent year-on-year in the fourth quarter, extending the 3.1 per cent growth in the previous quarter (Exhibit 6.16). Similarly, room revenue expanded by 12.0 per cent, a turnaround from the 0.8 per cent decline in the preceding quarter. This was accompanied by increases in average room rates and in average occupancy rates of gazette hotels. Specifically, the average occupancy rate rose by 2.6 percentage points, while the average room rate grew by 6.3 per cent to $288 in the fourth quarter.

For 2025 as a whole, the accommodation sector grew by 3.1 per cent, driven by the recovery in tourism demand. The overall room revenue of gazetted hotels climbed by 1.4 per cent to reach $5.4 billion in 2025, driven by a 2.5 per cent expansion in gross lettings, which more than offset a 1.0 per cent decline in average daily room rates.

Exhibit 6.16: Gross Lettings



Chapter 6.7

FOOD & BEVERAGE SERVICES

OVERVIEW

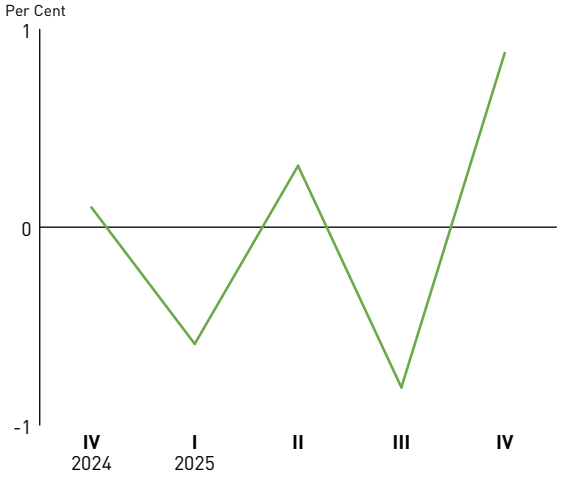
The food & beverage services sector expanded marginally by 0.2 per cent year-on-year in the fourth quarter of 2025, reversing the 1.9 per cent contraction in the previous quarter.

For the whole of 2025, the sector contracted by 0.9 per cent, similar to the 1.1 per cent contraction in 2024.

FOOD & BEVERAGE SALES

Overall food & beverage sales volume grew by 0.9 per cent year-on-year in the fourth quarter of 2025, reversing the 0.8 per cent contraction in the preceding quarter (Exhibit 6.17). The expansion was led by an increase in the sales volumes of food caterers (8.2 per cent), fast food outlets (2.6 per cent) and cafes, food courts & other eating places (1.0 per cent). On the other hand, sales of the restaurants segment declined by 2.9 per cent.

Exhibit 6.17: Changes in Food and Beverage Services Index in Chained Volume Terms



For the whole of 2025, the food & beverage services volume index shrank by 0.1 per cent, an improvement from the 0.6 per cent decline registered in 2024. At the segment level, the sales volume of food caterers (13.6 per cent) grew, while that of restaurants (-4.5 per cent), cafes, food courts & other eating places (-0.4 per cent) and fast food outlets (-0.2 per cent) shrank.

Chapter 6.8

INFORMATION & COMMUNICATIONS

OVERVIEW

The information & communications sector expanded by 5.2 per cent year-on-year in the fourth quarter of 2025, moderating from the 6.2 per cent growth in the previous quarter. This positive outturn was largely due to strong growth in the IT & information services and "others" segments[1], while the telecommunications segment contracted during the quarter.

For the whole of 2025, the sector grew by 6.1 per cent, a slowdown from the 14.2 per cent expansion in 2024.

IT & INFORMATION SERVICES

In 2025, the growth of the information & communications sector was led by the IT & information services segment. Specifically, the segment expanded by 6.0 per cent, driven by strong enterprise demand for digital solutions and services.

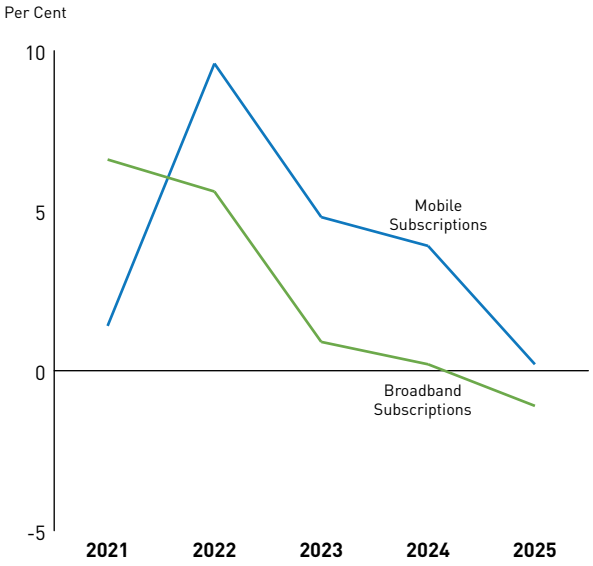
TELECOMMUNICATIONS

The telecommunications segment expanded by 0.5 per cent in 2025. In the second quarter of 2025, the latest period where data is available, fixed line subscriptions grew by 0.1 per cent.

As at August 2025[2] , the number of mobile subscriptions grew by 0.2 per cent compared to the same period in 2024 (Exhibit 6.18). While there was a 9.3 per cent decline in the number of 4G subscriptions to 6.9 million, this was offset by the 31.9 per cent increase in 5G subscriptions to around 3.0 million.

In August 2025, the number of broadband subscriptions declined by 1.1 per cent. The decrease was driven by a decline in wireless broadband subscriptions (-1.3 per cent), which were only partially offset by the increase in non-wireless broadband subscriptions (0.6 per cent).

Exhibit 6.18: Information & Communications Growth



1 *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.*
2 *Full-year data are not available at the time of publication.*

Chapter 6.9

FINANCE & INSURANCE

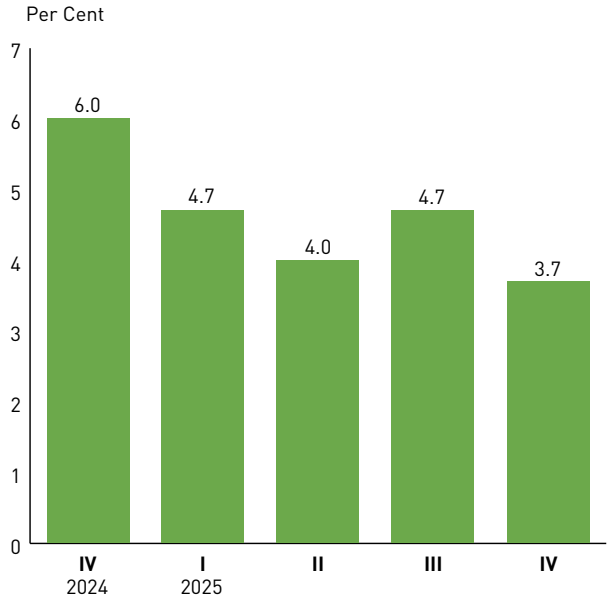
OVERVIEW

The finance & insurance sector expanded by 3.7 per cent year-on-year in the fourth quarter of 2025, easing from the 4.7 per cent growth in the previous quarter. For the whole of 2025, the sector expanded by 4.3 per cent, moderating from the 7.3 per cent growth recorded the year before.

OVERALL PERFORMANCE

The finance & insurance sector grew firmly by 4.3 per cent in 2025, with broad-based gains across various segments (Exhibit 6.19). Financial markets were generally buoyed by accommodative financial conditions and improving sentiment as the year progressed, which supported growth in the net fees and commissions earned by banks and fund managers. Banks further benefited from strong credit intermediation activity, partly reflecting sustained domestic economic expansion. The insurance industry expanded due mainly to the growth in net premiums among life insurers, while the auxiliary financial services segment (comprising of largely payment players) grew on the back of greater spending in the region.

Exhibit 6.19: Finance & Insurance Growth Rates



BANKING

Domestic credit intermediation strengthened in 2025 (Exhibit 6.20). Loans to residents rose by 6.1 per cent, driven by the turnaround in loans to the manufacturing sector, although this was partially offset by the decline in loans extended to business services.

Exhibit 6.20: Growth of Bank Loans and Advances to Non-Bank Residents and Non-Residents (Per Cent)

	2024	2025
Bank Loans & Advances to Non-Bank Residents	**5.2**	**6.1**
Business Loans	6.2	5.4
Building & Construction	4.3	3.8
Transportation & Communications	20.9	4.9
Non-Bank Financial Institutions	4.6	2.9
General Commerce	7.6	7.9
Manufacturing	-2.2	28.4
Business Services	10.3	-10.4
Others	6.7	11.4
Consumer Loans	3.6	7.2
Housing & Bridging Loans	2.8	5.3
Professional & Private Individuals	5.9	12.0
Bank Loans & Advances to Non-Bank Non-Residents	**4.1**	**3.4**
Americas	1.0	9.6
Europe	7.9	0.1
East Asia	-0.5	-1.6
Others	13.4	5.0

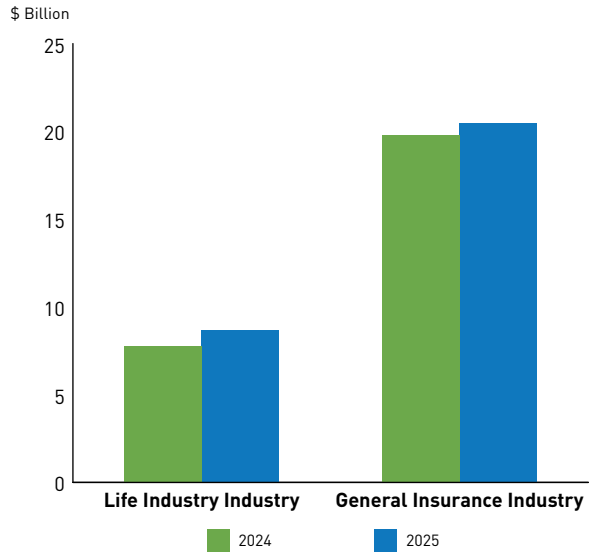
Growth of consumer lending, including for housing loans, also picked up pace in 2025. Externally, loans to non-residents grew by 3.4 per cent, primarily bolstered by lending to the Americas region.

INSURANCE

Total weighted new business premiums in the life insurance industry increased by 11.2 per cent to $8.7 billion in 2025 (Exhibit 6.21). Single premium business fell by 0.5 per cent to $16.6 billion while regular premium business expanded by 14.4 per cent to $7.0 billion.

In the general insurance industry, gross premiums rose by 3.6 per cent to $20.5 billion in 2025, with offshore and domestic businesses accounting for $14.1 billion and $6.3 billion, respectively.

Exhibit 6.21: Premiums in the Insurance Industry

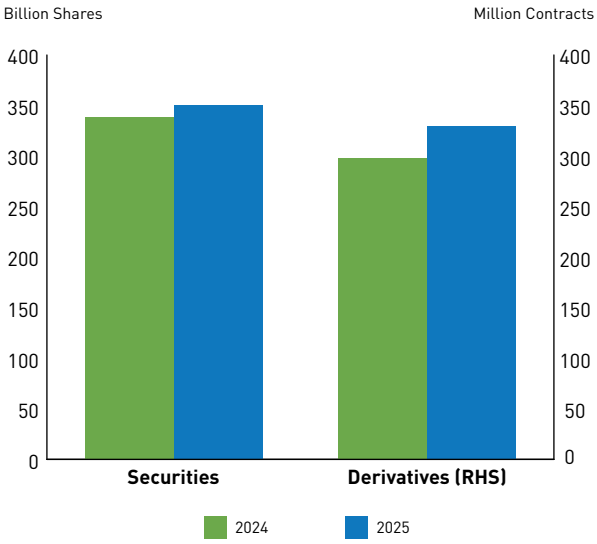


SECURITY DEALING ACTIVITIES

In 2025, the turnover volume of the securities market rose by 3.6 per cent to 351 billion shares, partly fuelled by AI-related investor optimism in the latter half of the year.

The turnover volume of the derivatives market grew by 10.4 per cent to 329 million contracts in 2025, expanding steadily throughout the year and underpinned by elevated futures trading activity (Exhibit 6.22).

Exhibit 6.22: Securities and Derivatives Turnover Volumes



Chapter 6.10

REAL ESTATE & PROFESSIONAL SERVICES

OVERVIEW

The real estate sector expanded by 3.6 per cent year-on-year in the fourth quarter of 2025, following the 4.0 per cent growth in the previous quarter. For the whole of 2025, the sector grew by 5.0 per cent, continuing the 4.9 per cent growth in 2024.

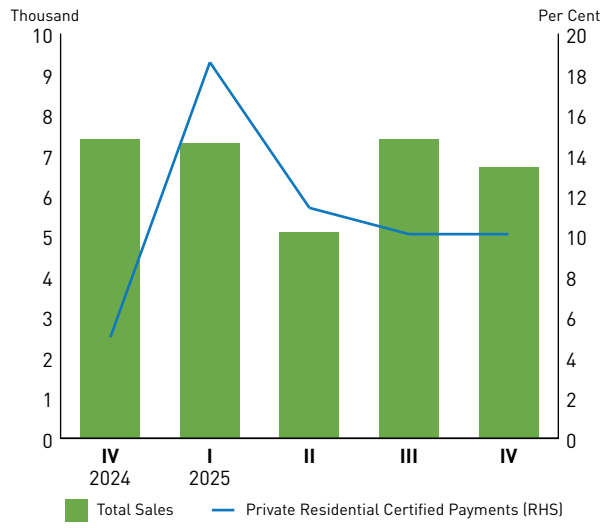
The professional services sector expanded by 1.9 per cent year-on-year in the fourth quarter of 2025, moderating from the 2.5 per cent growth in the previous quarter. For the whole of 2025, the sector grew by 2.0 per cent, moderating from the 3.0 per cent growth in 2024.

REAL ESTATE

The private residential property market contracted on a year-on-year basis in the fourth quarter, as total private residential property sales fell by 9.9 per cent, reversing the 37.8 per cent increase in the previous quarter. For the full year, total sales rose by 20.7 per cent to 26,492 units, from the 21,950 units sold in 2024.

Meanwhile, private residential certified progress payments (a proxy for developers' margins) rose by 10.1 per cent year-on-year in the fourth quarter, extending the 10.1 per cent increase in the preceding quarter. For the whole of 2025, private residential certified progress payments climbed by 12.3 per cent, accelerating from the increase of 2.6 per cent in 2024 (Exhibit 6.23).

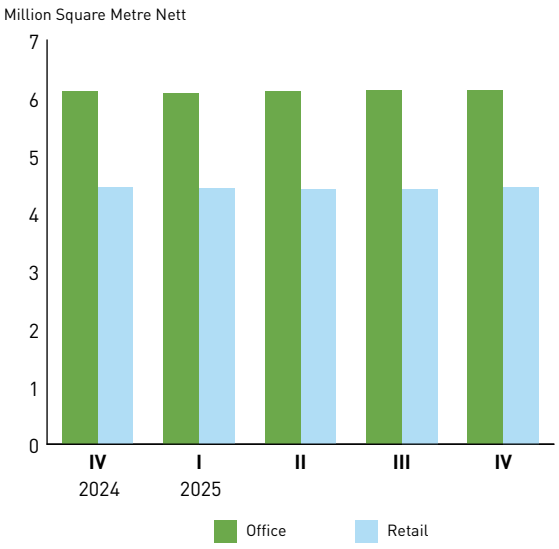
Exhibit 6.23: Total Sales for Private Residential Units and Private Residential Certified Payments



In the commercial space market, the performance of the commercial retail space market remained modest in the fourth quarter. Specifically, demand for private commercial retail space (measured by total occupied space) rose by 0.2 per cent year-on- year, moderating from the 0.3 per cent increase in the third quarter. For the full year, demand for private commercial retail space grew by 0.6 per cent, moderating from the 2.4 per cent increase in 2024.

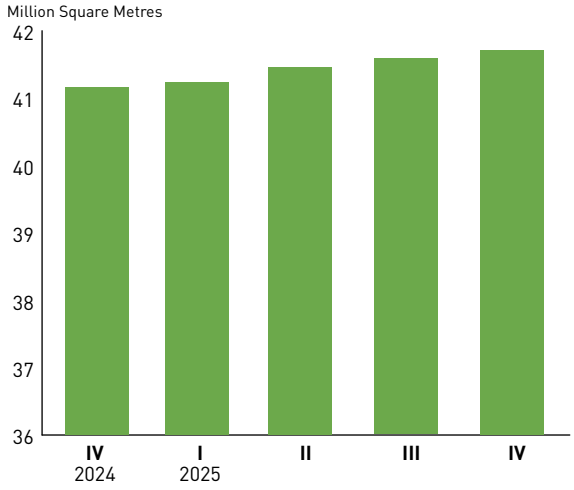
Meanwhile in the commercial office space market, demand for private commercial office space rose by 0.2 per cent year-on-year in the fourth quarter, after the 0.5 per cent growth in the preceding quarter. For the full year, demand for private commercial office space grew by 0.4 per cent, extending the 0.4 per cent increase in 2024 (Exhibit 6.24).

Exhibit 6.24: Total Occupied Space for Private Sector Commercial Office and Retail Spaces



Lastly, in the industrial space market, overall demand for private industrial space rose by 1.3 per cent year-on-year in the fourth quarter, having expanded by 1.4 per cent in the previous quarter (Exhibit 6.25). Within the market, demand for all types of industrial space expanded during the fourth quarter. In particular, demand for business parks and warehouses increased by 3.0 per cent and 2.6 per cent respectively in the fourth quarter, whereas demand for single-user factories and multiple-user factories increased by 1.0 per cent and 0.1 per cent respectively. For the full year, demand for private industrial space rose by 1.2 per cent, following the 0.6 per cent growth seen in 2024.

Exhibit 6.25: Total Occupied Space for Private Sector Industrial Space



PROFESSIONAL SERVICES

In 2025, the professional services sector expanded, with all segments registering growth except for the architectural & engineering, technical testing & analysis segment. Growth in the sector was largely driven by the head offices & business representative offices and other professional, scientific & technical services segments, which expanded by 4.0 per cent and 2.5 per cent respectively.

CHAPTER

7

ECONOMIC OUTLOOK





Chapter 7

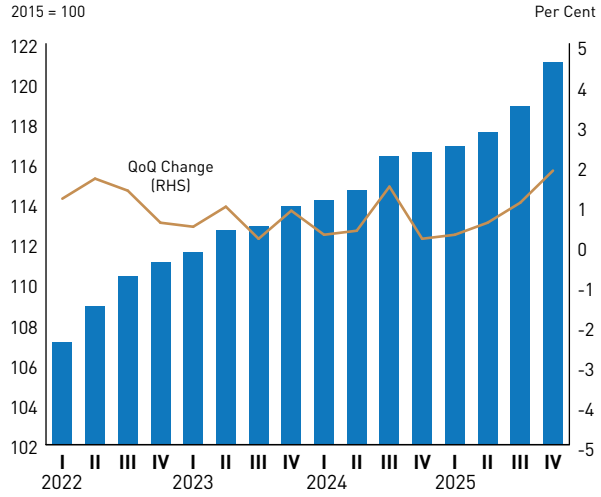
ECONOMIC OUTLOOK

COMPOSITE COINCIDENT INDEX

On a quarter-on-quarter basis, the composite coincident index (CCI) rose by 1.9 per cent in the fourth quarter of 2025, faster than the 1.1 per cent expansion in the previous quarter (Exhibit 7.1).

Of the five components of the CCI, four components rose on a quarter-on-quarter basis in the fourth quarter, namely gross domestic product, the index of industrial production, non-oil domestic exports and total employment. On the other hand, the retail sales index excluding motor vehicles fell as compared to the previous quarter.

Exhibit 7.1: Composite Coincident Index Levels and Growth Rate

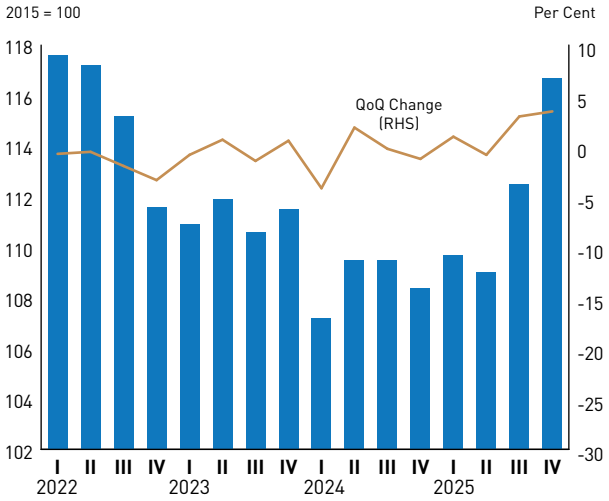


COMPOSITE LEADING INDEX

On a quarter-on-quarter basis, the composite leading index (CLI) rose by 3.7 per cent in the fourth quarter of 2025, faster than the 3.2 per cent expansion in the previous quarter (Exhibit 7.2).

Of the nine components of the CLI, six components rose on a quarter-on-quarter basis in the fourth quarter, namely business expectations for the stock of finished goods, non-oil retained imports, stock price, the domestic liquidity indicator, non-oil sea cargo handled and new companies formed. Meanwhile, money supply was unchanged. The remaining two components, namely business expectations for the wholesale trade and the US Purchasing Managers' Index, fell as compared to the preceding quarter.

Exhibit 7.2: Composite Leading Index Levels and Growth Rate



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 rates[1], 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 tariffs[2] 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.

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.

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.*

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"**.



FEATURE ARTICLE

IMPACT OF INSTITUTE FOR HUMAN RESOURCE PROFESSIONALS (IHRP) CERTIFICATION ON WORKER-LEVEL OUTCOMES



HSBC

Feature Article

IMPACT OF INSTITUTE FOR HUMAN RESOURCE PROFESSIONALS (IHRP) CERTIFICATION ON WORKER-LEVEL OUTCOMES



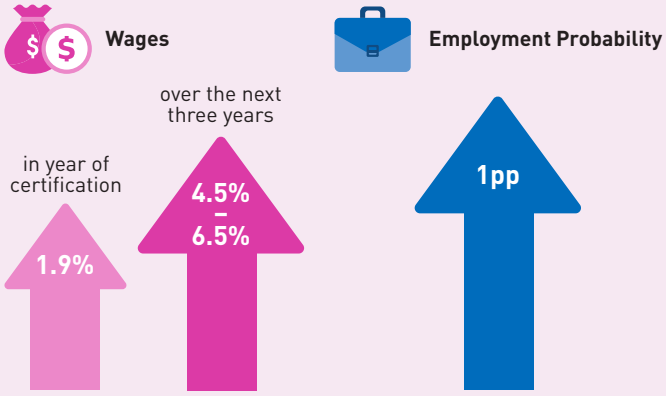
OVERVIEW

The Institute for Human Resource Professionals (IHRP) was established by Singapore's tripartite partners (i.e., Ministry of Manpower, National Trades Union Congress and Singapore National Employers Federation) to professionalise and strengthen the human resource (HR) practice in Singapore. As part of its efforts to achieve its goal, IHRP implemented a certification programme aimed at enhancing the competencies of HR professionals and creating developmental pathways for these professionals.

FINDINGS

Finding 1:

IHRP certification (i) increased the wages of certified professionals by 1.9 per cent in the year of certification and between 4.5 per cent and 6.5 per cent over the following three years, and (ii) improved the likelihood of being employed by about 1 percentage-point on average.



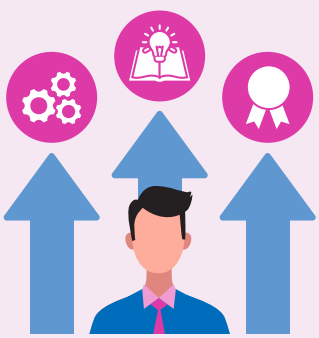
Finding 2:

The Certified Professional (CP) certification generated sustained wage and employment gains in the years following certification, while the benefits of the Senior Professional (SP) certification were most pronounced in the year immediately after certification.



POLICY TAKEAWAY

The findings suggest that professionalising HR is a labour-market investment with real and measurable returns for professionals who are IHRP certified. By anchoring skills upgrading in recognised professional standards and skills certifications, HR professionals are better able to add value to their organisations and strengthen their employability, supported by continuous professional development and strong professional networks that enable mentorship and the sharing of best practices.



EXECUTIVE SUMMARY

- The Institute for Human Resource Professionals (IHRP) was established by Singapore's tripartite partners (i.e., Ministry of Manpower, National Trades Union Congress and Singapore National Employers Federation) to professionalise and strengthen the human resource (HR) practice in Singapore. As part of its efforts to achieve its goal, IHRP implemented a certification programme aimed at enhancing the competencies of HR professionals and creating developmental pathways for these professionals.

- In this study, we examined the impact of the IHRP certification and found that it (i) increased the wages of certified professionals by 1.9 per cent in the year of certification and between 4.5 per cent and 6.5 per cent over the following three years, as well as (ii) improved their likelihood of being employed by about 1 percentage-point on average. In particular, the Certified Professional certification generated sustained wage and employment gains in the years following certification, while the benefits of the Senior Professional certification were most pronounced in the year immediately after certification.

- The findings suggest that professionalising HR is a labour-market investment with real and measurable returns for professionals who are IHRP certified. By anchoring skills upgrading in recognised professional standards and skills certifications, HR professionals are better able to add value to their organisations and strengthen their employability, supported by continuous professional development and strong professional networks that enable mentorship and the sharing of best practices.

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

INTRODUCTION

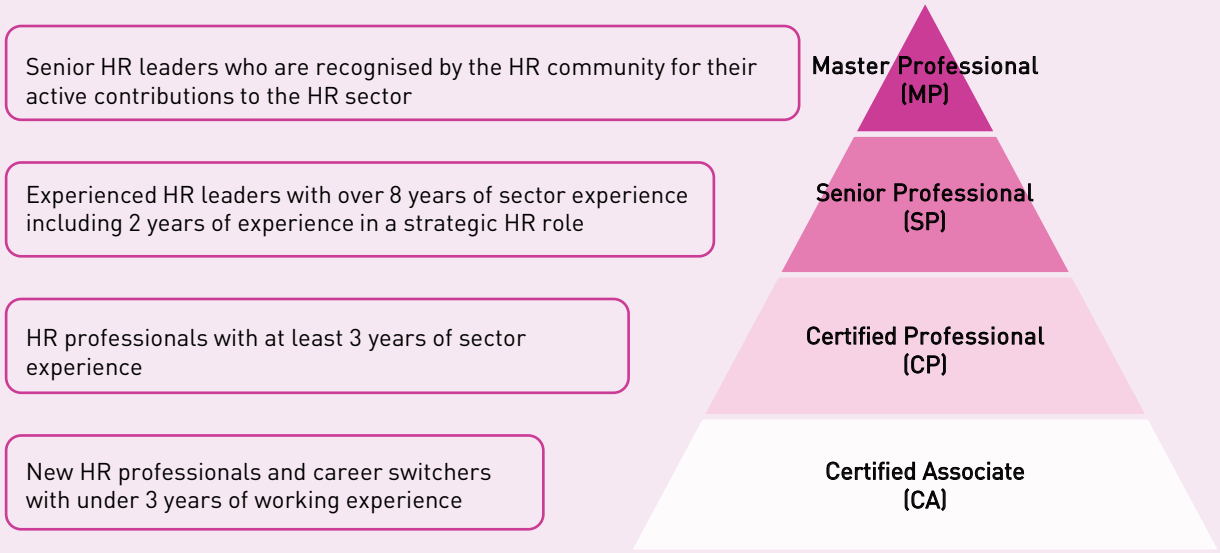
The Institute for Human Resource Professionals (IHRP) was established in 2016 by Singapore's tripartite partners – the Ministry of Manpower (MOM), National Trades Union Congress (NTUC) and Singapore National Employers Federation (SNEF) – to professionalise and strengthen the human resource (HR) practice in Singapore.

A key initiative to achieve this goal is the IHRP certification programme, a national certification framework introduced in 2017 to enhance the competencies of HR professionals and create developmental pathways for them. Designed for HR professionals at various career stages, the programme offers four certification levels, namely: (i) Certified Associate (CA), (ii) Certified Professional (CP), (iii) Senior Professional (SP), and (iv) Master Professional (MP) (Exhibit 1).

This study examines the impact of the IHRP certification on the labour market outcomes (i.e., wages and employment probability) of certified professionals.

1 *We would like to thank Ms Yong Yik Wei, Dr Kuan Ming Leong, Mr Alphonsus Gomez and the IHRP Board for their useful suggestions and comments. We are also grateful to MOM's HR Sector Development Department and IHRP for their inputs to this study. All errors belong to the authors.*

Exhibit 1: Types of IHRP Certifications



LITERATURE REVIEW

In the literature, the effects of HR certification on the labour market outcomes of certified workers are mixed. In the United States (US), Putka et al. (2015) found that certified HR professionals earned higher incomes, experienced faster income growth and had a higher likelihood of full-time employment, relative to their non-certified peers. Similarly, leveraging survey data in Singapore, Milieu Insights (2024) found that certified HR professionals earned higher incomes compared to their non-certified counterparts, after controlling for experience, seniority, firm type and worker demographics.

By contrast, Lester et al. (2010) reported that passing the Professional in Human Resources certification examination in the US had no significant impact on starting salaries or early career promotions of recent graduates, although these individuals were more likely to be employed as HR professionals.

Some of these estimates do not adequately account for selection bias arising from intrinsic differences between certified HR professionals and their non-certified counterparts (e.g., those who pursued certification could be more motivated than those who did not, and this could have contributed to positive labour market outcomes for the certified workers even in the absence of certification). Our study mitigates such selection effects by using longitudinal data and matching techniques to construct an appropriate comparison group for the certified workers.

EMPIRICAL METHODOLOGY

Our study focused on local workers who received the IHRP certification between 2018 and 2024. Specifically, we examined the impact of IHRP's CA, CP and SP certifications. We did not study the MP certification as the purpose of this certification is to provide special recognition to top HR leaders for their active contributions and thought leadership, rather than to further improve their professional standards. We also excluded workers with two or more IHRP certifications, as such individuals could confound the results for the majority of IHRP-certified professionals who only had one certification. The final sample comprised 8,350 unique local workers who received IHRP certifications.

Summary statistics showed that certified professionals differed from their non-certified HR professional counterparts in several ways (Exhibit 2).[2] For instance, they were more likely to be female and employed in the services sector. Given inherent differences in the characteristics of certified and non-certified professionals prior to certification, we used Coarsened Exact Matching to construct a comparable control group for the certified professionals from among the HR professionals who did not receive IHRP certification. Specifically, we matched non-certified individuals to certified individuals based on key observable characteristics in the year before certification, including age, gender, firm size and other employment characteristics (e.g., sector of employment).

2 *To analyse the impact of IHRP certification, for certified professionals, we included two other groups apart from those who were already HR professionals. The first group comprises those who were not yet HR professionals at the point of certification and the second group comprises those who were HR professionals but subsequently left HR. For the control group of non-certified HR professionals, we identified them based on HR-related Singapore Standard Occupational Classifications (SSOCs) (i.e., 1212, 2423, 2424 and 41102) from MOM's Occupational Wage Survey.*

Exhibit 2: Summary Statistics of Certified Professionals and Non-Certified HR Professionals

	CA N = 2,274	CP N = 5,112	SP N = 964	Non-Certified HR Professionals N = 22,227
Average age (Years)	27	35	43	41
Share of females (%)	77%	81%	71%	70%
Median monthly wage ($)	$2,952	$7,132	$14,988	$6,645
Median firm size (Number of workers)	281	471	505	292
Sector distribution (%)				
Manufacturing	5%	7%	8%	18%
Construction	3%	3%	2%	6%
Services	91%	88%	88%	75%

Note: The summary statistics for IHRP-certified professionals reflect their characteristics in the year before certification. The shares may not sum to 100 per cent because of (i) rounding and (ii) the exclusion of workers from "Other Industries" (including agriculture and utilities).

We then used a staggered difference-in-differences (DiD) regression to estimate the impact of IHRP certification on wages. This allowed us to compare the labour market outcomes of IHRP-certified individuals with our comparable control group of non-certified HR professionals.

$$Y_{itc} = \alpha_{ic} + \tau_{tc} + \sum_{c}\sum_{k}\gamma_{kc}\, treated_{i} \times event\ time_{k} \times cohort_{ic} + X_{itc} + \varepsilon_{itc}$$

Where:

- Y_{itc} represents the outcome variable (i.e., log mean monthly wage) for individual i in calendar year t for cohort c[3]
- α_{ic} are individual × cohort fixed effects
- τ_{tc} are time × cohort fixed effects
- $treated_{i}$ is a dummy variable which takes the value of 1 if an individual is IHRP-certified
- $event\ time_{k}$ are event time fixed effects representing the three years before an individual is IHRP-certified and up to three years after certification (i.e., k = 0 is the year of certification)
- $cohort_{ic}$ are dummy variables for whether an individual i belongs to cohort c
- X_{itc} are time-varying control variables (e.g., age, firm size, sector)
- ε_{itc} is the regression error term

γ_{kc} is the coefficient of interest and represents the causal impact of IHRP certification on the wages of workers in cohort c in time k (where k = 0 is the year of certification), relative to the base period (i.e., the year before certification, k = -1). The pre-treatment periods were included to test the parallel trends assumption (i.e., in the absence of the IHRP certification, the treatment and control groups should follow the same underlying trend over time). To obtain an aggregated effect in the k^{th} year after treatment across all cohorts, we averaged $\gamma_{k,2018}$, $\gamma_{k,2019}$, … $\gamma_{k,2023}$ and $\gamma_{k,2024}$.

3 *Cohort refers to the individuals who obtained the IHRP certification in the same year. There are seven cohorts in our sample (i.e., those who received their certification from 2018 to 2024).*

To study the impact of IHRP certification on employment, we ran the following probit regression to measure the probability of being employed in the years of and after certification for IHRP-certified professionals and their matched counterparts:

$$Pr\,(Y_{ik}) = \beta_k\, treated_i + X_i + \varepsilon_i$$

Where:

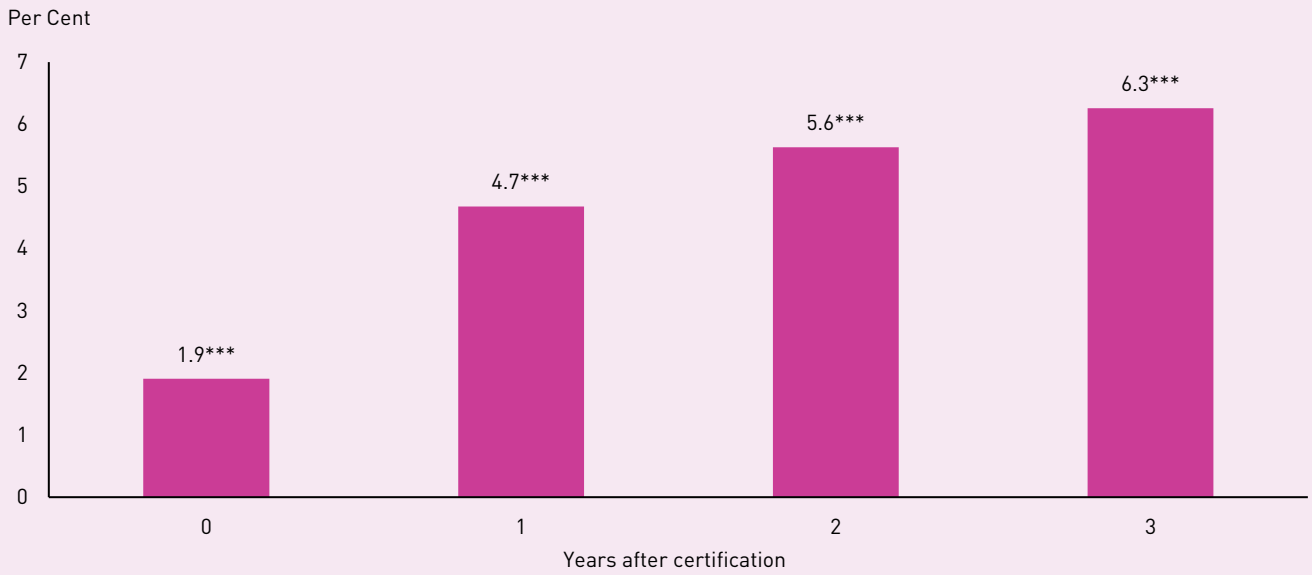
- Y_{ik} is a dummy variable for whether individual i is employed (i.e., at least nine months in employment) in event year k (where $k = 0$ is the year of certification)
- $treated_i$ is a dummy variable that takes the value of 1 if an individual is IHRP-certified
- X_i are control variables in the year before certification (e.g., age, number of months worked, firm size, sector)
- ε_i is the regression error term

We studied the probability of being in employment up to three years after certification. In the probit regression, β_k is the parameter of interest and represents the impact of IHRP certification on employment probability in event year k.

RESULTS

We found that attaining IHRP certification (CA, CP or SP) led to higher wages relative to the control group (Exhibit 3). In particular, wages increased by 1.9 per cent on average in the year of certification, and by a larger 4.5 per cent to 6.5 per cent over the next three years. The higher wages commanded by certified professionals likely reflected the stronger HR competencies acquired from certification, with wages continuing to grow after certification. The gradual wage increase over time potentially indicates that the certified professionals needed time to more fully apply and demonstrate their enhanced skills to their employers.

Exhibit 3: Average Effect of IHRP Certification on Wages, by Years after Certification

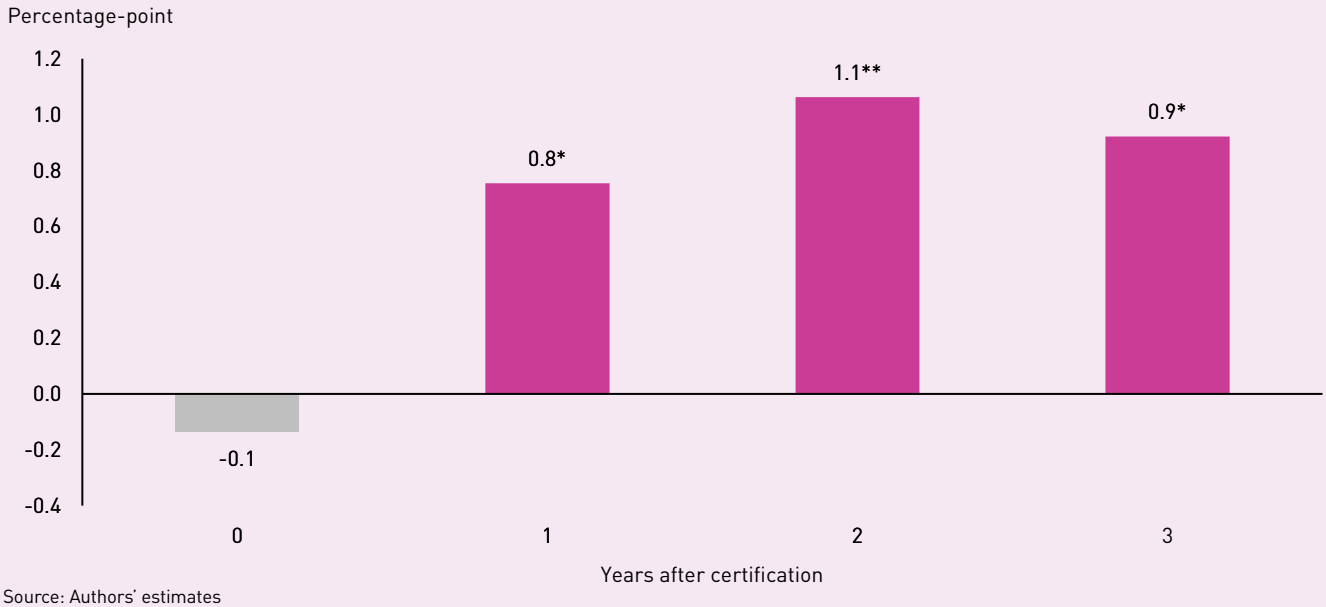


Source: Authors' estimates
Note: *** indicates statistical significance at the 1 per cent level.

We also found that IHRP certification increased the probability of being employed by about 1 percentage-point (pp) on average relative to the control group (Exhibit 4).[4] This indicates that attaining the certification strengthened both worker employability and job stability. Our finding that the employment benefits only materialised in the years following certification suggests that the newly-certified workers needed time to apply their enhanced knowledge and demonstrate the value of the certification to their employers.

4 *The higher likelihood of employment reflects a higher probability of IHRP-certified professionals either staying in the same firm or moving to a different one compared to their non-certified counterparts.*

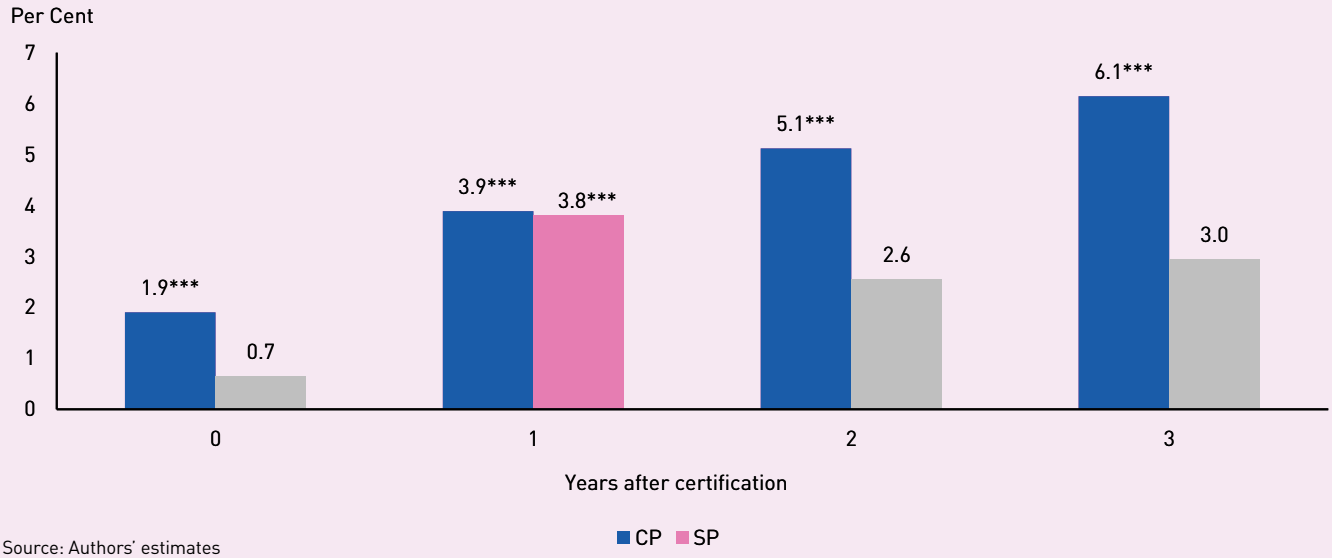
Exhibit 4: Average Effect of IHRP Certification on Probability of Being Employed, by Years After Certification



Source: Authors' estimates
Note: * and ** indicate statistical significance at the 10 per cent and 5 per cent levels, respectively. The grey-shaded bar reflects a statistically insignificant effect.

Focusing on the impact by certification types, we found that both CP and SP certifications led to higher wages, although the effect of the latter tapered off over time (Exhibit 5).[5] In particular, attaining CP certification led to wage increases of 1.9 per cent in the certification year, followed by a larger increase of 4 per cent to 6 per cent over the next three years. For workers attaining SP certification, the impact peaked at 3.8 per cent in the year after certification. The difference in the persistence of the impact likely arose because SP-certified workers tended to be older and more experienced, and hence might depend on other attributes (e.g., professional networks) rather than the attainment of the certification to drive their labour market outcomes over time.

Exhibit 5: Average Effect of CP and SP Certification on Wages, by Years After Certification

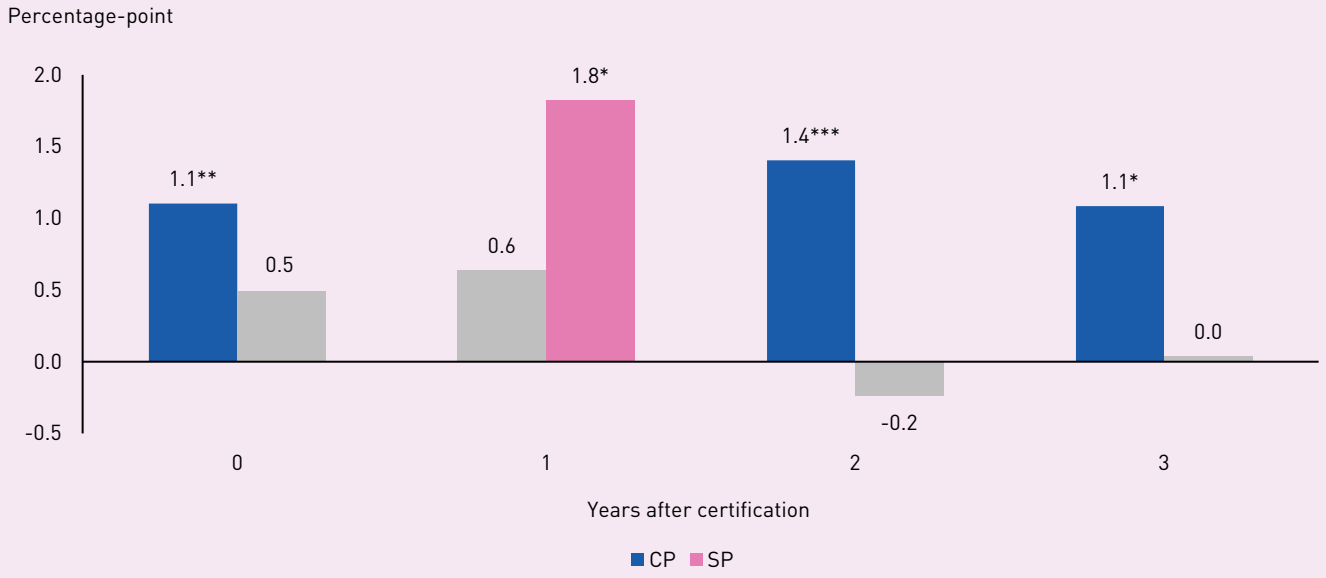


Source: Authors' estimates
Note: *** indicates statistical significance at the 1 per cent level. The grey-shaded bars reflect a statistically insignificant effect.

Similarly, CP-certified workers were more likely to be employed across most years, with a 1.1pp to 1.4pp increase in their probability of being employed compared to the control group (Exhibit 6). For SP-certified individuals, there was a statistically significant 1.8pp increase in their employment probability in the year following certification.

5 *We could not establish the causal impact of CA certification due to a failure of the parallel trends assumption. As CA certification is open to professionals from diverse backgrounds (including non-HR ones) with less than three years of work experience, CA-certified workers may not have been fully comparable with our control group of HR professionals.*

Exhibit 6: Average Effect of CP and SP Certification on Probability of Being Employed, by Years After Certification



Source: Authors' estimates
Note: *, ** and *** indicate statistical significance at the 10 per cent, 5 per cent and 1 per cent levels, respectively. The grey-shaded bars reflect a statistically insignificant effect.

CONCLUSION

IHRP certification plays a meaningful role in strengthening the capabilities of HR professionals in Singapore. Our study found that certified professionals experienced higher wages and improved employment prospects relative to a comparable group of non-certified HR professionals. In particular, CP certification generated sustained wage and employment gains in the years following certification, while the benefits of SP certification were most pronounced in the year immediately after certification.

The findings suggest that professionalising HR is a labour-market investment with real and measurable returns for professionals who are IHRP certified. By anchoring skills upgrading in recognised professional standards and skills certifications, HR professionals are better able to add value to their organisations and strengthen their employability, supported by continuous professional development and strong professional networks that enable mentorship and the sharing of best practices.

Contributed by:

Mr Alex Cheng, Principal Research Analyst
Mr Lee Tian Mun, Lead Economist
Economics Department
Ministry of Manpower

REFERENCES

Lester, Scott W., Jennifer Mencl, Cheryl Maranto, Kristina A. Bourne, and Timothy Keaveny. 2010. "The Impact of Passing the Professional in Human Resources Exam on Early Career Success for Undergraduates Entering the Human Resource Field." *International Journal of Selection and Assessment* 18, no. 3: 282-290.

Milieu Insights. 2024. IHRP Value & Impact 2024: *Elevating HR with Certification*. Singapore: Institute for Human Resource Professionals (IHRP).

Putka, Daniel J., Cheryl Paullin, Adam S. Beatty, Gina J. Medsker, Joseph P. Caramagno, and Ryan Ginter. 2015. "An Evaluation of the Value of HR Certification for Individuals and Organizations." *Human Resource Research Organization Report* 78: 1–45

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

ISSN 2382-6541