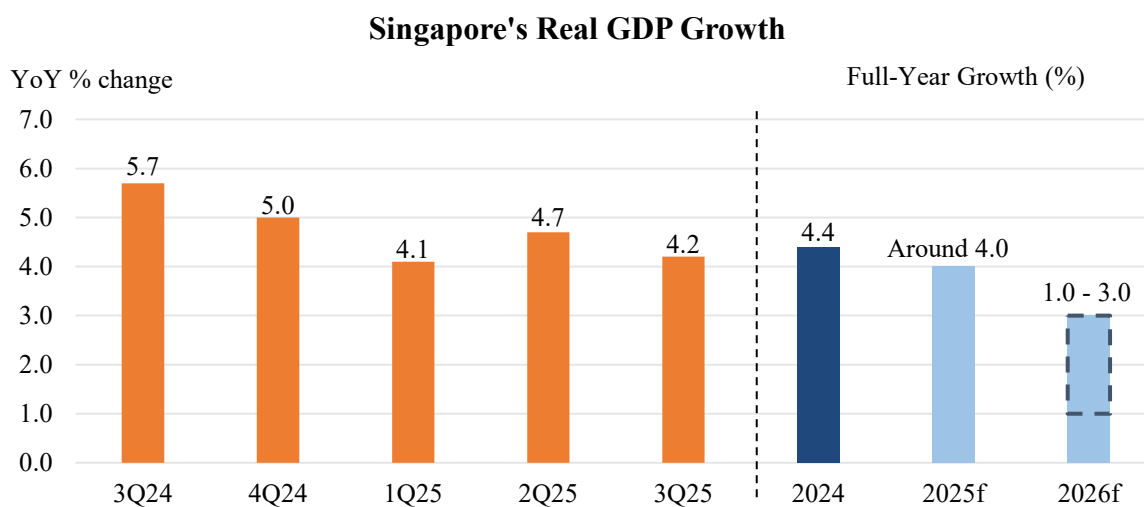


MTI Upgrades GDP Growth Forecast for 2025 to “Around 4.0 Per Cent” and Forecasts GDP Growth of “1.0 to 3.0 Per Cent” for 2026

21 November 2025. The Ministry of Trade and Industry (MTI) announced today that Singapore’s GDP growth forecast for 2025 has been upgraded from “1.5 to 2.5 per cent” to “around 4.0 per cent”. This largely reflects the better-than-expected performance of the Singapore economy in the third quarter of 2025. For 2026, Singapore’s GDP growth is projected to come in at “1.0 to 3.0 per cent”.

Economic Performance in Third Quarter 2025



In the third quarter of 2025, the Singapore economy expanded by 4.2 per cent on a year-on-year basis, extending the 4.7 per cent growth in the previous quarter.¹ On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 2.4 per cent, faster than the 1.7 per cent expansion in the second quarter. For the first three quarters of 2025, Singapore’s GDP growth averaged 4.3 per cent year-on-year.

On a year-on-year basis, GDP growth in the third quarter of 2025 was mainly driven by the manufacturing, wholesale trade and finance & insurance sectors. Within the manufacturing sector, growth was led by the electronics, transport engineering and biomedical manufacturing clusters.

In particular, the electronics cluster expanded by 6.1 per cent on account of a significant increase in the demand for AI-related semiconductors, servers and server-related products.² Meanwhile, the biomedical manufacturing cluster grew by 8.9 per cent,

¹ After incorporating the latest data, the 3Q25 GDP growth estimate has been revised upwards from the advance estimate of 2.9 per cent year-on-year growth (which was largely based on data in July and August 2025).

² Within the electronics cluster, the infocomms & consumer electronics segment expanded robustly by 67.6 per cent, driven by a higher level of production of servers and server-related products.

supported by a higher-than-expected level of production of a key high-value active pharmaceutical ingredient. As for the wholesale trade sector, growth was largely due to robust sales volumes in the machinery, equipment & supplies segment, which was also bolstered by the strong global demand for AI-related electronics. Meanwhile, growth in the finance & insurance sector was supported by banks' net fees and commissions as business and investor sentiments improved.

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

Economic Outlook for 2025

In August, MTI upgraded the GDP growth forecast for 2025 to “1.5 to 2.5 per cent”, on account of strong front-loading activities in the second quarter of 2025 due to the pause in the US' reciprocal tariffs, as well as an improvement in the outlook for Singapore's external demand due to the de-escalation in trade tensions between the US and several of its trading partners.

At that time, MTI had expected global growth to slow down in the second half of the year, with the dissipation of the boost from front-loading activities and the reinstatement of the US' reciprocal tariffs after the temporary pause.

However, global economic conditions have turned out to be more resilient than expected. In particular, GDP growth in most of Singapore's key trading partners came in better than expected in the third quarter of 2025. For regional economies such as China and Vietnam, exports growth remained robust amidst ongoing trade diversion and supply chain adjustments.³ At the same time, the stronger-than-anticipated AI boom provided support for US economic growth, and for the exports of AI-related semiconductors from the region.

There have also been further de-escalations in trade tensions in recent months. Notably, the US-China trade truce has been extended to November 2026 with a reduced US tariff rate on China.⁴ Meanwhile, the rollout of the sectoral tariffs on semiconductors and pharmaceuticals has been slower than earlier anticipated.

³ For example, China's exports growth came in at 6.5 per cent year-on-year in the third quarter of 2025, faster than the 6.1 per cent growth in the second quarter of 2025. Similarly, Vietnam's exports growth was 18.2 per cent year-on-year in the third quarter of 2025 compared to 18.1 per cent in the second quarter of 2025.

⁴ On 30 October 2025, the US and China announced a trade truce whereby the US would lower its fentanyl-related tariffs imposed on Chinese imports from 20 per cent to 10 per cent. The US would also continue to suspend the higher reciprocal tariff rate applicable to China until 10 November 2026, although imports from China are still subject to the 10 per cent baseline tariff rate. On its part, China agreed to suspend its retaliatory tariffs on the US, although the 10 per cent tariff hike on all US goods would still be in place.

In view of these positive developments, the full-year GDP growth outlook of our key trading partners has improved.

Against this backdrop, the Singapore economy performed better than expected in the third quarter of 2025. In particular, trade-related sectors such as the manufacturing, wholesale trade and transportation & storage sectors outperformed expectations, supported by the resilience of our trading partners and global trade,⁵ as well as the strong global demand for AI-related semiconductors, servers and server-related products.⁶ In turn, this generated positive spillovers to other sectors of the economy, including outward-oriented services sectors such as information & communications and professional services. The latter also benefitted from resilient demand for services from regional economies.

For the rest of the year, demand for AI-related electronics should continue to support our manufacturing and wholesale trade sectors. Growth in outward-oriented services sectors such as information & communications, professional services and finance & insurance is also projected to remain resilient.

Taking into account the better-than-expected performance of the Singapore economy in the third quarter of the year (i.e., 4.2 per cent year-on-year growth), as well as the latest global and domestic situations, **MTI has upgraded the GDP growth forecast for 2025 from “1.5 to 2.5 per cent” to “around 4.0 per cent”.**

Economic Outlook for 2026

Looking ahead to 2026, GDP growth for most of Singapore’s key trading partners is likely to be lower than that in 2025 as the impact of the US’ tariffs is expected to be more pronounced. In particular, China’s GDP growth is forecast to moderate on the back of slower exports growth and the boost provided by the consumer goods trade-in scheme fades. GDP growth in the Eurozone is also projected to slow as industrial activity weakens due to the US’ tariffs. The slowdown in growth in major economies will moderate the demand for exports from Southeast Asia. Consequently, GDP growth among key Southeast Asian economies is expected to ease, although stable domestic demand should provide some support. Meanwhile, the US economy is expected to remain relatively resilient, supported by sustained AI-related investment even as domestic consumption growth moderates amidst cooling labour market conditions.

⁵ For example, our domestic exports to Taiwan, South Korea and Vietnam increased by 26.8 per cent, 13.9 per cent and 4.7 per cent year-on-year in the third quarter of 2025. Similarly, our total re-exports rose by 17.7 per cent year-on-year in the third quarter of 2025, mainly supported by our re-exports to the US and regional economies such as Taiwan, Thailand, Hong Kong and Vietnam.

⁶ Another factor contributing to the stronger-than-expected GDP growth in the third quarter was the higher-than-expected level of production of a key high-value active pharmaceutical ingredient in the biomedical manufacturing cluster.

Downside risks remain in the global economy. First, while global economic uncertainty has receded since the first half of 2025, it remains elevated. A renewed escalation in tariff actions or geopolitical tensions could lead to a resurgence in economic uncertainty, which would weigh on sentiments and cause businesses and households to pull back on hiring, investment and spending. Second, an escalation in risk-off sentiments could trigger sharp corrections in global financial markets, with potential spillovers to broader economic growth.

Against this backdrop, the manufacturing and trade-related services sectors in Singapore are projected to expand at a slower pace in the year ahead compared to 2025. Within the manufacturing sector, the electronics cluster is expected to be supported by the demand for AI-related semiconductors, servers and server-related products. This will have positive spillover effects on the machinery, equipment & supplies segment of the wholesale trade sector. Meanwhile, the ongoing shift towards higher-value maintenance, repair & overhaul works in the aerospace segment as well as strong order books in the marine & offshore engineering segment will drive growth in the transport engineering cluster.

However, semiconductor equipment makers in the precision engineering cluster could face headwinds in the near term. In particular, semiconductor firms may take longer to commit to new capacity investments until there is greater certainty with respect to the US' tariffs on semiconductors. At the same time, output from the biomedical manufacturing cluster is expected to ease from the high levels seen in 2025.

Among the outward-oriented services sectors, both the information & communications and finance & insurance sectors are expected to register steady growth. This reflects resilient enterprise demand for digital solutions and services, and supportive financial and macroeconomic conditions respectively.

For domestically-oriented sectors, the construction sector is forecast to continue growing, supported by expansions in public residential building and civil engineering works. On the other hand, growth in consumer-facing sectors such as retail trade and food & beverage services is likely to remain subdued.

Taking these factors into account, the Singapore economy is expected to grow by **“1.0 to 3.0 per cent”** in 2026.

ANNEX A

Economic Performance by Sectors in Third Quarter 2025

The manufacturing sector expanded by 5.0 per cent year-on-year in the third quarter, following the 5.1 per cent growth in the previous quarter. Growth during the quarter was driven by output expansions across all clusters except for the general manufacturing cluster. In particular, the electronics cluster expanded on account of a significant increase in the demand for AI-related semiconductors, servers and server-related products. Meanwhile, the growth of the biomedical manufacturing cluster was due to a higher-than-expected level of production of a key high-value active pharmaceutical ingredient. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 11.3 per cent, a reversal from the 0.6 per cent contraction in the preceding quarter.

Growth in the construction sector came in at 3.6 per cent year-on-year, moderating from the 6.2 per cent expansion in the second quarter. Growth during the quarter was supported by expansions in both public sector and private sector construction works. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 0.7 per cent, a pullback from the 6.5 per cent expansion in the previous quarter.

The wholesale trade sector grew by 3.9 per cent year-on-year, slowing from the 6.9 per cent expansion in the preceding quarter. Growth of the sector was led by the machinery, equipment & supplies segment, which saw robust growth in the wholesale volumes of electronic components and telecommunications & computers, bolstered in part by strong global demand for AI-related electronics. Meanwhile, wholesale volumes of the fuels & chemicals and “others”⁷ segments declined during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 1.4 per cent, a reversal from the 4.8 per cent expansion in the second quarter.

The retail trade sector recorded growth of 2.5 per cent year-on-year, picking up from the 0.6 per cent expansion in the previous quarter. Growth during the quarter was supported by an increase in both non-motor vehicle and motor vehicle sales volumes. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 3.2 per cent, rebounding from the 1.6 per cent contraction in the preceding quarter.

Growth in the transportation & storage sector slowed to 2.3 per cent year-on-year, from 3.8 per cent in the second quarter. Within the sector, the air transport segment continued to expand, with the total number of air passengers handled at Changi Airport during the quarter increasing on a year-on-year basis. Meanwhile, the water transport segment also registered growth, supported by an increase in both total sea cargo volume and container

⁷ The “others” segment comprises a diverse range of products including metals, timber & construction materials, household equipment & furniture as well as food, beverages & tobacco, among others.

throughput handled at Singapore's ports amidst resilient global and regional trade. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 0.2 per cent, a turnaround from the 0.8 per cent contraction in the previous quarter.

The accommodation sector grew by 4.9 per cent year-on-year, faster than the 2.1 per cent growth in the preceding quarter. Growth of the sector was supported by an expansion in total gross lettings in hotels over the same period. In particular, gross lettings in the luxury hotel segment rose more sharply than that of the upscale, mid-tier and economy hotel segments. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 5.1 per cent, accelerating from the 1.4 per cent growth in the second quarter.

The food & beverage services sector shrank by 1.2 per cent year-on-year, deteriorating from the 0.5 per cent contraction in the previous quarter. The weak performance of the sector was due to a fall in sales volumes at restaurants, fast-food outlets and cafes, food courts & other eating places, which outweighed an increase in the sales volume of food caterers. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 0.1 per cent, extending the 0.7 per cent contraction in the preceding quarter.

Growth in the information & communications sector came in at 4.7 per cent year-on-year, slightly faster than the 4.3 per cent recorded in the second quarter. The sector's growth during the quarter was primarily driven by expansions in the IT & information services and "others"⁸ segments, with the former supported by data hosting and internet search engine activities, and the latter by games publishing activities. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 2.1 per cent, moderating from the 3.3 per cent expansion in the previous quarter.

The finance & insurance sector expanded by 4.6 per cent year-on-year, extending the 4.2 per cent growth in the preceding quarter. Growth was driven mainly by the banking and other auxiliary activities segments. The banking segment was supported by growth in banks' net fees and commissions as well as a step-up in credit intermediation activity. Meanwhile, the other auxiliary activities segment, comprising mostly payments players, likely benefitted from a boost in payment transaction volumes domestically and in the region. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 0.8 per cent, a reversal from the 0.1 per cent contraction in the previous quarter.

The real estate sector grew by 5.2 per cent year-on-year, extending the 5.1 per cent expansion in the second quarter. Growth of the sector was supported by expansions across all property market segments. On a quarter-on-quarter seasonally-adjusted basis,

⁸ The "others" segment consists of (i) publishing activities (including computer games and software publishing), (ii) motion picture, video and other programme production, sound recording, and music publishing activities, and (iii) radio and television broadcasting activities.

the sector posted growth of 1.4 per cent, a turnaround from the 1.5 per cent contraction in the preceding quarter.

The professional services sector expanded by 3.4 per cent year-on-year, faster than the 2.9 per cent growth in the previous quarter. Growth was mainly supported by expansions in the head offices & business representative offices and other professional, scientific & technical services segments amidst the resilient performance of regional economies. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 1.8 per cent, accelerating from the 0.3 per cent growth in the second quarter.

The administrative & support services sector expanded by 2.4 per cent year-on-year, following the 2.6 per cent growth in the preceding quarter. Growth during the quarter was mainly supported by expansions in the rental & leasing segment, as well as the security & cleaning services and employment support services sub-segments. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 0.3 per cent, a reversal from the 1.3 per cent expansion in the previous quarter.

The “other services industries” grew by 4.6 per cent year-on-year, extending the 4.2 per cent growth in the second quarter. Growth during the quarter was largely driven by the arts, entertainment & recreation and health & social services sectors. On a quarter-on-quarter seasonally-adjusted basis, the “other services industries” expanded by 0.9 per cent, slower than the 2.4 per cent growth in the preceding quarter.

ANNEX B

REAL SECTORAL GROWTH RATES

	3Q24	4Q24	2024	1Q25	2Q25	3Q25
	Year-on-Year % Change					
Total	5.7	5.0	4.4	4.1	4.7	4.2
Goods Producing Industries	9.8	6.5	4.2	4.5	4.9	4.5
Manufacturing	11.2	7.4	4.3	4.8	5.1	5.0
Construction	5.6	4.4	4.5	4.3	6.2	3.6
Services Producing Industries	4.4	4.6	4.4	3.7	4.7	3.9
Wholesale Trade	6.0	6.7	5.1	4.1	6.9	3.9
Retail Trade	-0.7	-1.0	-0.4	0.3	0.6	2.5
Transportation & Storage	7.9	3.7	5.8	6.5	3.8	2.3
Accommodation	5.6	4.2	7.1	-1.7	2.1	4.9
Food & Beverage Services	-1.3	-0.3	-0.9	-0.7	-0.5	-1.2
Information & Communications	4.0	4.2	5.0	4.7	4.3	4.7
Finance & Insurance	5.6	6.1	6.8	4.2	4.2	4.6
Real Estate	1.0	3.5	0.2	7.0	5.1	5.2
Professional Services	1.2	0.6	1.2	1.8	2.9	3.4
Administrative & Support Services	1.1	-0.6	0.5	1.9	2.6	2.4
<i>Other Services Industries</i>	2.0	3.1	3.0	1.4	4.2	4.6
Public Administration & Defence	0.7	1.1	0.6	0.0	-0.6	0.3
Education	2.6	1.5	1.9	0.6	2.4	0.7
Health & Social Services	5.7	6.2	5.0	5.3	5.9	5.7
Arts, Entertainment & Recreation	-8.3	4.3	5.9	-3.6	19.6	26.1
Other Services - Others	3.9	3.0	4.3	2.5	2.6	3.2
	Seasonally Adjusted Quarter-on-Quarter					
Total	3.0	0.5	4.4	-0.5	1.7	2.4
Goods Producing Industries	9.0	0.0	4.2	-4.3	0.7	8.3
Manufacturing	11.7	0.0	4.3	-5.1	-0.6	11.3
Construction	1.9	0.3	4.5	-2.5	6.5	-0.7
Services Producing Industries	1.2	0.9	4.4	0.6	1.9	0.4
Wholesale Trade	1.3	0.9	5.1	-0.4	4.8	-1.4
Retail Trade	1.3	-1.2	-0.4	2.1	-1.6	3.2
Transportation & Storage	1.5	-1.2	5.8	4.1	-0.8	0.2
Accommodation	2.4	-0.2	7.1	-1.6	1.4	5.1
Food & Beverage Services	0.8	0.1	-0.9	-0.6	-0.7	-0.1
Information & Communications	1.8	2.4	5.0	-3.1	3.3	2.1
Finance & Insurance	0.5	5.3	6.8	-1.4	-0.1	0.8
Real Estate	1.2	1.1	0.2	4.1	-1.5	1.4
Professional Services	1.5	0.3	1.2	1.0	0.3	1.8
Administrative & Support Services	-0.2	-1.1	0.5	2.6	1.3	-0.3
<i>Other Services Industries</i>	0.6	1.4	3.0	-0.2	2.4	0.9
Public Administration & Defence	0.5	0.3	0.6	-0.8	-0.5	1.3
Education	1.3	-0.5	1.9	-0.5	2.2	-0.5
Health & Social Services	1.5	1.2	5.0	0.1	3.0	1.4
Arts, Entertainment & Recreation	0.5	16.1	5.9	6.5	-3.7	5.9
Other Services - Others	-1.0	2.7	4.3	0.8	0.1	-0.4

OTHER ECONOMIC INDICATORS

	3Q24	4Q24	2024	1Q25	2Q25	3Q25
Retail Sales Index* (yoy, %)	-0.3	-0.8	0.0	0.6	1.4	3.5
Changes in Employment ('000)	24.9	11.9	59.8	6.9	12.9	29.9
Unemployment Rate, SA (%)	1.9	1.9	2.0	2.0	2.0	2.0
Value Added Per Actual Hour Worked^ (yoy, %)	4.5	3.3	3.6	4.0	2.2	1.8
Value Added Per Worker^ (yoy, %)	4.2	3.5	2.7	2.6	3.3	2.7
Overall Unit Labour Cost (yoy, %)	-0.4	1.0	1.2	1.0	0.1	1.0
Unit Business Cost of Manufacturing	-5.9	-2.4	0.2	-0.3	1.0	2.4
Fixed Asset Investments (\$ bil)	1.0	7.0	13.5	1.7	4.0	0.3
Consumer Price Index (yoy, %)	2.2	1.4	2.4	1.0	0.8	0.6
Total Merchandise Trade (yoy, %)	5.3	6.8	6.6	4.7	7.0	8.5
Merchandise Exports	5.7	5.1	5.7	3.6	11.6	8.2
Domestic Exports	5.4	-6.0	0.5	-1.9	-4.3	-4.5
Oil	-0.2	-17.9	1.0	-9.2	-19.6	-6.4
Non-Oil	9.0	2.4	0.2	3.3	7.0	-3.3
Re-exports	5.9	13.9	9.8	7.8	24.2	17.7
Merchandise Imports	5.0	8.7	7.8	5.9	2.0	8.8
Total Services Trade (yoy, %)	10.8	7.4	8.6	4.1	2.3	0.8
Exports of Services	12.0	8.4	9.9	4.3	2.9	0.9
Imports of Services	9.5	6.4	7.1	3.7	1.6	0.8

* In chained volume terms.

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