

2 January 2026

Global Economics & Market Strategy

Singapore: Resilient Economic Growth in 2026

- ◆ We maintain our forecast for Singapore’s GDP growth at 3.0% YoY in 2026, following the 4.8% expansion in 2025. Growth momentum is expected to remain firm, supported by resilient external demand.
- ◆ Singapore’s resilient growth outlook suggests that the MAS is likely to keep its policy parameters unchanged, as the relatively strong growth print provides little impetus for policy accommodation.
- ◆ Singapore’s GDP expanded 5.7% YoY (+1.9% QoQ SA) in 4Q25, accelerating from 4.3% YoY in 3Q25 but slower than Bloomberg’s forecast of 6.3% YoY. The economy expanded by 4.8% in 2025, extending the 4.4% growth in 2024.

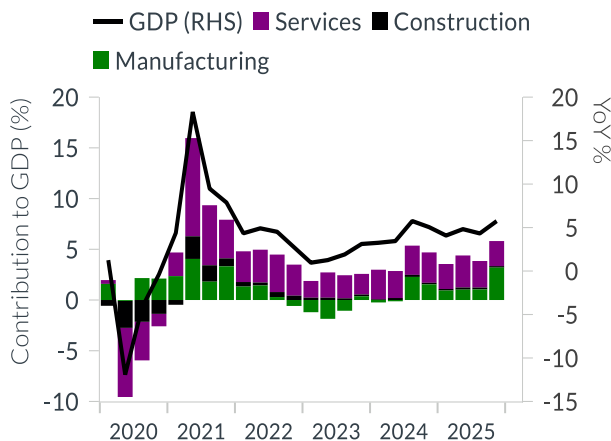
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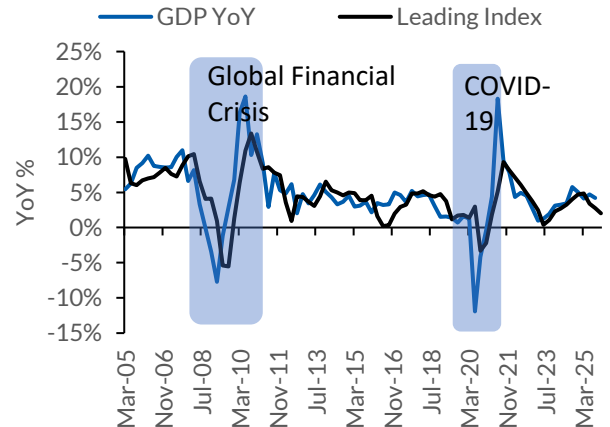
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Figure 1: 4Q25 posted stronger-than-expected growth, boosted by higher output in manufacturing sector



Source: Macrobond, RHB Economics & Market Strategy

Figure 2: RHB SG GDP-LEI suggest growth momentum to remain resilient into next year



Source: CEIC, RHB Economics & Market Strategy

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Kicking Off 2026 on Solid GDP Growth

We maintain our forecast for Singapore's GDP growth at 3.0% YoY in 2026, following the 4.8% expansion in 2025. Growth momentum is expected to remain firm, supported by resilient external demand. Our view for Singapore's economy to remain robust in 2H25 has materialised nicely. We forecast the economy to grow by 3.9% YoY into 1Q26, from the 5.7% YoY growth in 4Q25. Reflecting this optimism, our 2026 GDP growth forecast of 3.0% sits at the top end of the official 1%-3% range. Today's stronger-than-expected GDP outcome points to growth of 4.8% in 2025, up from 4.4% in 2024, marking the fastest expansion since 2021 (9.8%).

Looking ahead into 2026, we continue to maintain our optimistic view for the GDP growth at 3.0% underpinned by: (1) improving trade dynamics, (2) anticipated global monetary easing, amid (3) continued strong growth momentum already seen in 4Q25. Global economic conditions have proven more resilient than expected, supported by recent de-escalations in trade tensions. Tariff risks are easing, with recent exemptions under Annex 2 and potential measures under Annex 3 of Executive Order 14346, alongside improving US-China relations. Meanwhile, we expect the US FOMC to cut the Fed Funds Rate by a cumulative 50bps in 2026, with major DM and EM economies following suit. Furthermore, Singapore's GDP growth, which had performed relatively well, especially in 2H25, may persist into early 2026, thus allowing a relatively healthier growth print from a base year comparison perspective. Domestic demand is expected to remain resilient, supported by steady consumption, investment and government policies.

Singapore's manufacturing and trade-related sectors are expected to be well supported by improving external demand. The outlook has improved amid easing tariff risks and continued strength across both electronics and non-electronics industries along with the spill over effects from the global electronics upcycle, and sustained regional demand. We see promising growth in sectors such as electronics and transport engineering as they continue to show strong performance, benefiting from their close ties to global trade and their ability to capitalize on the ongoing upturn in electronics and electrical (E&E) demand and related trade activities. For 2026, we project full-year NODX and IP growth of 3.0% and 4.0%, respectively, aligning with our forecast of 3.0% overall economic growth for Singapore.

Today's GDP print exceeded [MTI's revised estimate of around 4.0% growth](#) for 2025, providing a strong base for Singapore to navigate the upcoming challenges ahead in 2026. MTI's advance estimates reinforce our view that the country's positive economic momentum is likely to carry into the new year. Manufacturing, a key driver of the economy, grew 7.6% YoY, above our 7.0% forecast and up from 4.3% in 2024 supported by pharmaceuticals and strong demand for AI-related semiconductors, servers, and related products. The recovery was aided by easing inflation, robust global electronics demand, and looser monetary conditions. The stronger-than-expected artificial intelligence boom bolstered economic growth and boosted exports of AI-related semiconductors and equipment which can be seen with the year-to-date NODX expansion at 4.8%. In the final quarter, pharmaceuticals and electronics propelled growth to its fastest pace since 2021, despite concerns over US tariffs.

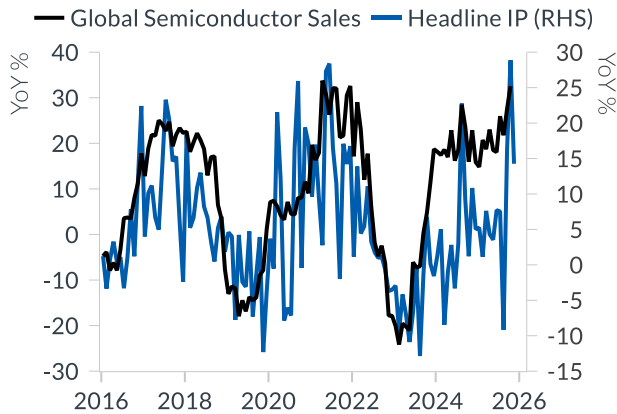
However, while we remain positive on Singapore's economic prospects, we adopt a cautious stance on the broader trade outlook. The US has yet to implement the sectoral tariffs on semiconductors and pharmaceuticals, two key drivers of Singapore's manufacturing and exports. Uncertainty persists around these sectoral tariffs, as exporters await clarity on exemptions amid ongoing US facility expansions. Additional risks in 2026 include a potential AI-driven market correction and renewed geopolitical tensions over rare-earth supplies. Despite these challenges, Singapore's solid fundamentals supported by regional integration and resilient domestic demand are expected to anchor stability amid global uncertainties. This week, Prime Minister Lawrence Wong cautioned that risks lie ahead as global trade and international relations continue to fracture. In his New Year [message](#) on Wednesday, he noted sustaining this pace of growth will be challenging, with additional obstacles to growth and potential inflationary pressures ahead.

Singapore's resilient growth outlook suggests that the MAS is likely to keep its policy parameters unchanged, as the relatively strong growth print provides little impetus for policy accommodation. We expect the S\$NEER policy settings to remain unchanged, with an estimated +0.5% appreciation slope within a $\pm 2.0\%$ band—at least through 1H26—as this stance continues to be appropriate for managing price pressures. Our in-house auto-regression suggests that core inflation will approach 2.0% by July 2026, with MAS core inflation likely to hit its trough soon before gradually rising as temporary disinflationary factors fade. Given firm growth and upward-trending core inflation throughout 2026, maintaining the current policy stance appears prudent. Accordingly, we anticipate that MAS will keep its parameters unchanged at the upcoming MPC meeting on 30 January.

Singapore's GDP expanded 5.7% YoY (+1.9% QoQ SA) in 4Q25, accelerating from 4.3% YoY in 3Q25 but slower than Bloomberg's forecast of 6.3% YoY. The economy expanded by 4.8% in 2025, extending the 4.4% growth in 2024. The acceleration in growth was mainly supported by the manufacturing sector, which surged 15.0% YoY, accelerating sharply from 4.9% YoY in 3Q25, driven by output expansions in the biomedical manufacturing and electronics clusters. Meanwhile, construction sector growth eased to 4.2% YoY from 5.1% YoY expansion in the previous quarter. Growth during the quarter was supported by an increase in both public and private sector construction output. Services sector moderated to 3.8% YoY from a 4.1% YoY growth in 3Q25. Among the services sectors, wholesale and retail trade and transportation and storage advanced 3.9% YoY, extending a 3.7% YoY expansion in the preceding quarter. The economy grew 1.9% on a seasonally-adjusted quarter-on-quarter basis, after a 2.4% growth in the third quarter.

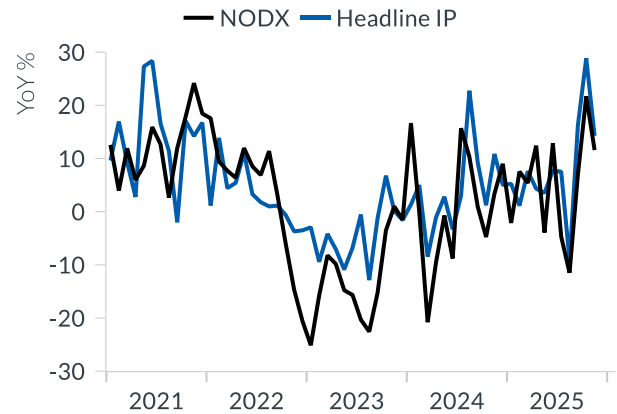
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Figure 3: IP growth to remain supported by the overall surge in global semiconductor demand



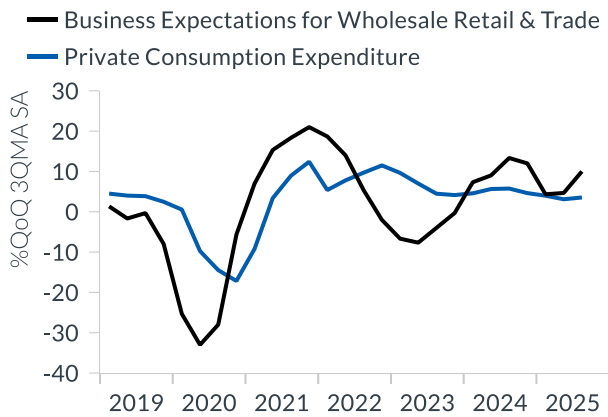
Source: Macrobond, RHB Economics & Market Strategy

Figure 4: NODX and IP to continue expand into next year, amid steady demand



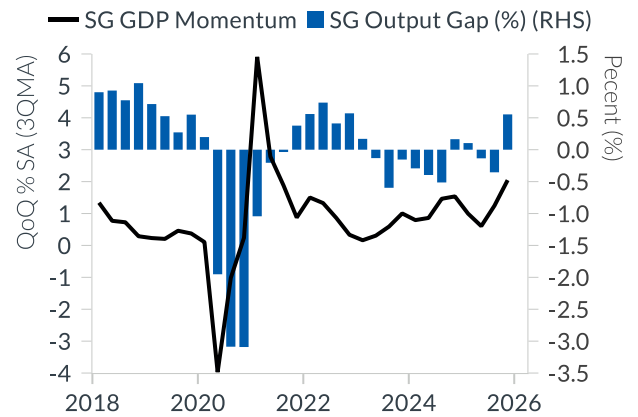
Source: Macrobond, RHB Economics & Market Strategy

Figure 5: Business sentiment is healthy at this juncture, reflecting resilient domestic demand



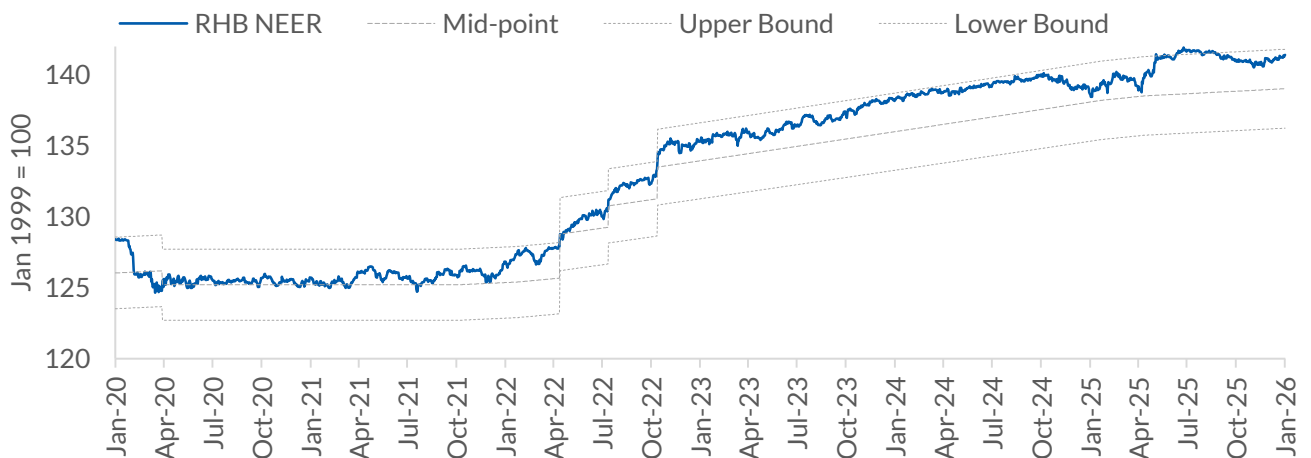
Source: Macrobond, RHB Economics & Market Strategy

Figure 6: SG GDP positive output gap has widen further, should the current trend continue into 1Q25



Source: Macrobond, RHB Economics & Market Strategy

Figure 7: S\$NEER is at 1.65% above the midpoint, SGD to stay resilient given the current monetary policy



Source: RHB Economics & Market Strategy

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