

Key Trends in Singapore's Current Account: Analysing the Current Account Balance with the Rest of the World

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Introduction



This article examines key trends in Singapore's current account in the Balance of Payments. As a small, open economy and major international trading hub, Singapore's current account reflects its deep integration into global trade and investment networks.

The analysis focuses primarily on the international trade perspective, tracing how the four components of the current account, namely goods, services, primary income, and secondary income, have evolved over time and responded to recent global economic developments.

Understanding the Current Account in the Balance of Payments

The **Balance of Payments (BOP)** is a statistical statement that summarises the economic transactions between residents of an economy and the rest of the world over a given period. It comprises the current account as well as the capital and financial account.

From the **international trade perspective**, the **current account** records the net flow of current transactions between residents and non-residents across four components:

Goods Account

Exports and imports of goods

Services Account

Exports and imports of services such as transport, travel, and financial services

Primary Income Account

Earned income such as investment income and compensation of employees

Secondary Income Account

Current transfers such as cross-border remittances and net non-life insurance premiums and claims

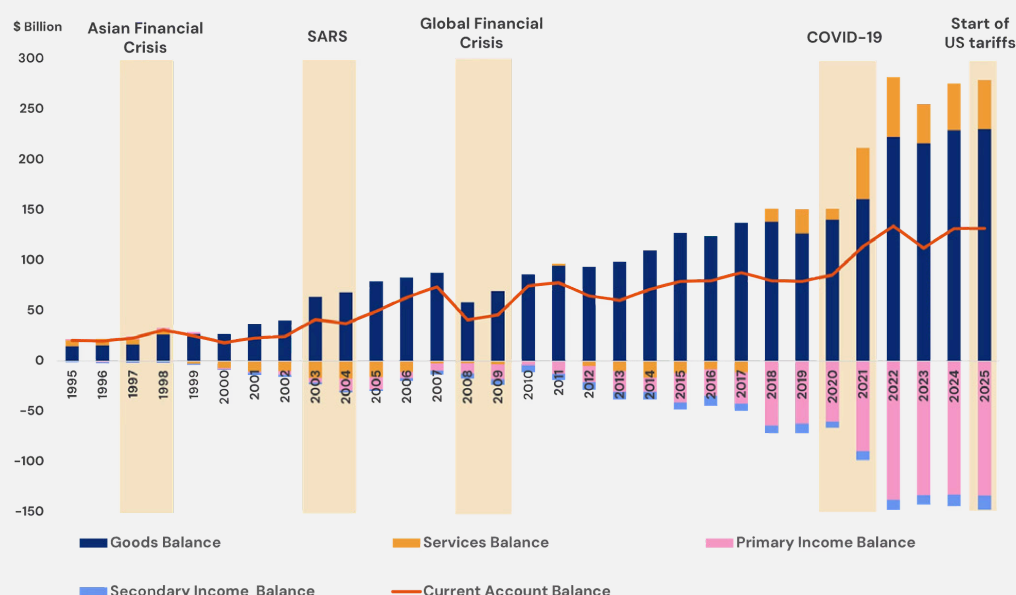
From a **saving–investment perspective**, the current account balance (CAB) is a macroeconomic identity: it is equivalent to national saving (S) less domestic investment (I), expressed as $CAB = S - I$. A current account surplus arises when a country saves more than it invests domestically, and excess savings can be channelled abroad, making the economy a net lender to the rest of the world.

For Singapore, the continued surplus in the current account reflects national saving exceeding domestic investment. This is similarly represented in Singapore's overall current account balance, where surpluses in the goods and services accounts significantly outweigh deficits in the primary and secondary income accounts.

Current Account

Singapore has consistently recorded current account surpluses since the mid-1990s, reaching \$132.0 billion in 2025 (Chart 1). This has primarily been driven by the goods account, while the services account has also strengthened, shifting from mostly deficits since 1999 to sustained surpluses from 2018. These surpluses have been partially offset by growing deficits in the primary and secondary income accounts.

Chart 1: Current Account

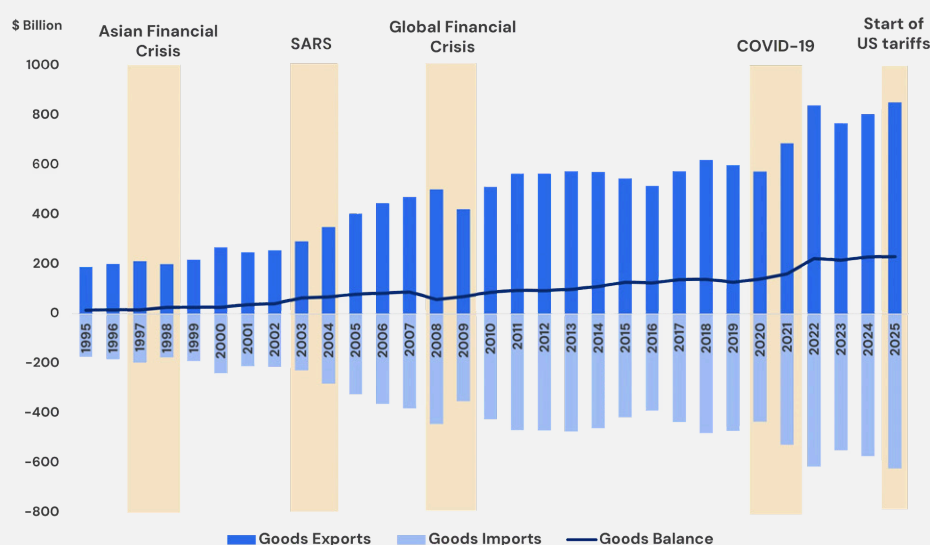


Overall, Singapore's current account surplus has averaged around 18% of gross domestic product (GDP at current prices), peaking at 27.1% in 2007 as the goods account surplus widened amid strong global economic growth prior to the Global Financial Crisis before tapering down over the years.

Goods Account

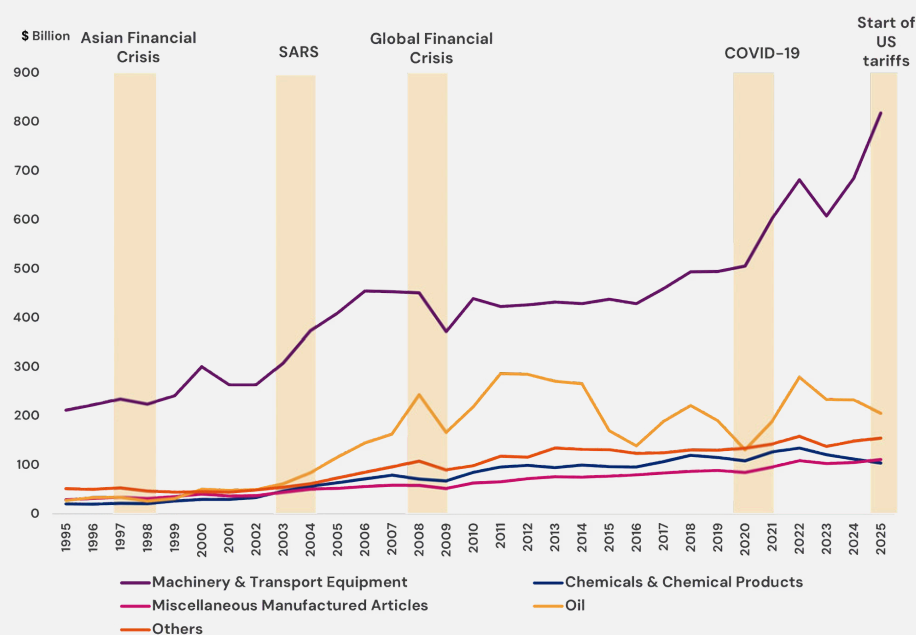
The goods account surplus increased more than fifteenfold from \$14.8 billion in 1995 to \$230.4 billion in 2025, or 29.2% of GDP, as the growth in goods exports outpaced that of imports. Goods exports and imports have tracked each other closely with exports growing from \$188.5 billion to \$852.0 billion over the same period and goods imports rising from \$173.7 billion to \$621.6 billion (Chart 2).

This reflects Singapore's role as a trade entrepôt and manufacturing hub, where a significant share of imports comprises raw materials and intermediate goods used in production or subsequently re-exported. As such, large gross trade flows are a structural feature of Singapore's role in regional and global value chains.

Chart 2: Goods Account

The trends in goods exports and imports have generally been consistent with merchandise trade [1]. In recent years, Net Exports of Goods under Merchanting [2] have accounted for an increasing share of BOP goods exports, reflecting Singapore's position as a global trading hub.

The composition of goods trade has evolved over time alongside the broader transformation of the economy, including the shift towards higher-value manufacturing and Singapore's expanding role in global trade. Machinery & Transport Equipment, Chemicals & Chemical Products, and Miscellaneous Manufactured Articles have consistently accounted for the bulk of merchandise trade (Chart 3). In recent years, export growth has been supported by stronger demand for artificial intelligence (AI) related and healthcare products such as Semiconductors, Pharmaceuticals and Biomedical Products. Non-monetary Gold has also become more prominent, reflecting Singapore's growing role as a gold trading and storage hub.

Chart 3: Total Merchandise Trade

[1] Under international statistical standards in the IMF's Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6), BOP trade in goods statistics are compiled according to the change-of-economic-ownership principle, whereas merchandise trade statistics are compiled principally on the basis of the physical movement of goods across Singapore's customs border.

[2] Merchanting is a form of global production arrangement and refers to the purchase of goods by a resident from a non-resident and the subsequent resale of the same goods to another non-resident without the goods being present in the economy of the resident.

In the first half of 2026, Singapore's goods balance remained robust despite the ongoing geopolitical uncertainty and tensions in the Middle East.

The goods account surplus increased 20.6% year-on-year in 1Q 2026 and 17.1% in 2Q 2026. In 1Q 2026, goods exports expanded by 23.8% while imports grew 24.8%. Growth further strengthened in 2Q 2026, with goods exports and imports rising by 34.4% and 41.4% respectively.

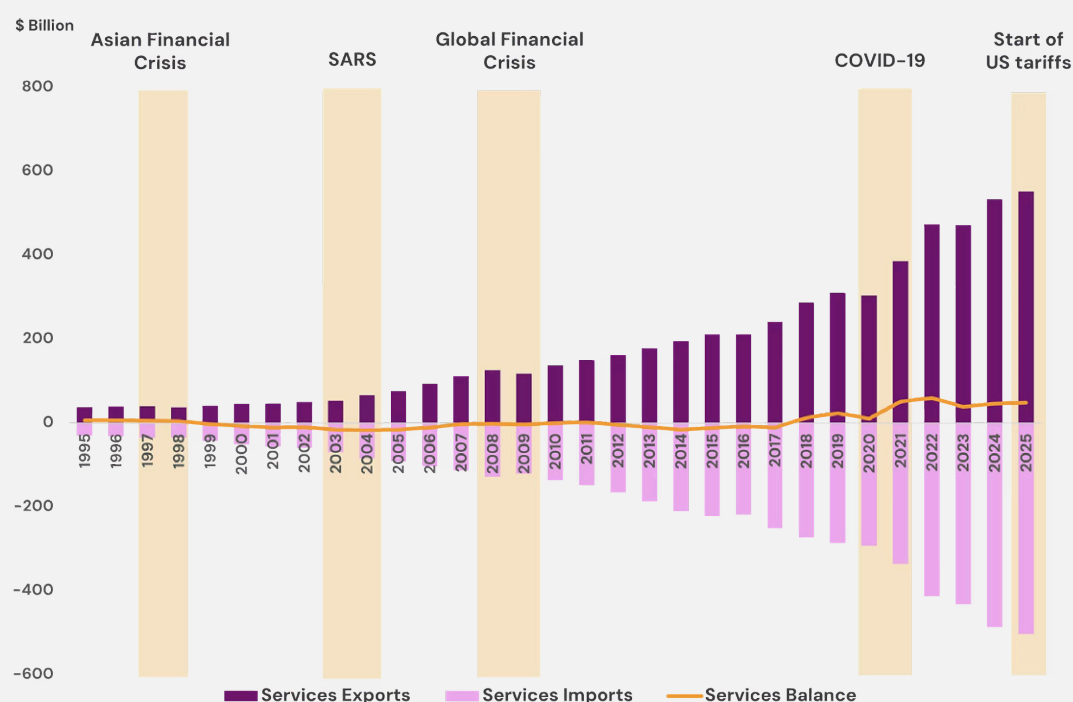
Overall, Singapore's goods account surplus has remained relatively resilient through successive external shocks, supported by the economy's shift towards producing higher-value goods. At the same time, Singapore's high degree of trade openness and reliance on imported inputs means that goods flows remain sensitive to shifts in global demand, commodity prices and geopolitical developments.

Services Account

Over the past three decades, the services account underwent significant changes. From a modest surplus of \$6.0 billion in 1995, the services balance shifted to a deficit in 1999 and remained mostly negative for nearly two decades. It returned to a sustained surplus from 2018, rising to \$49.1 billion or 6.2% of GDP in 2025 (Chart 4).

The turnaround reflected the growing scale and diversification of Singapore's services exports, as its role expanded beyond a traditional transport and tourism hub to encompass Financial, Telecommunications, Computer and Information Services, as well as Other Business Services such as Advertising and Market Research Services.

Chart 4: Services Account

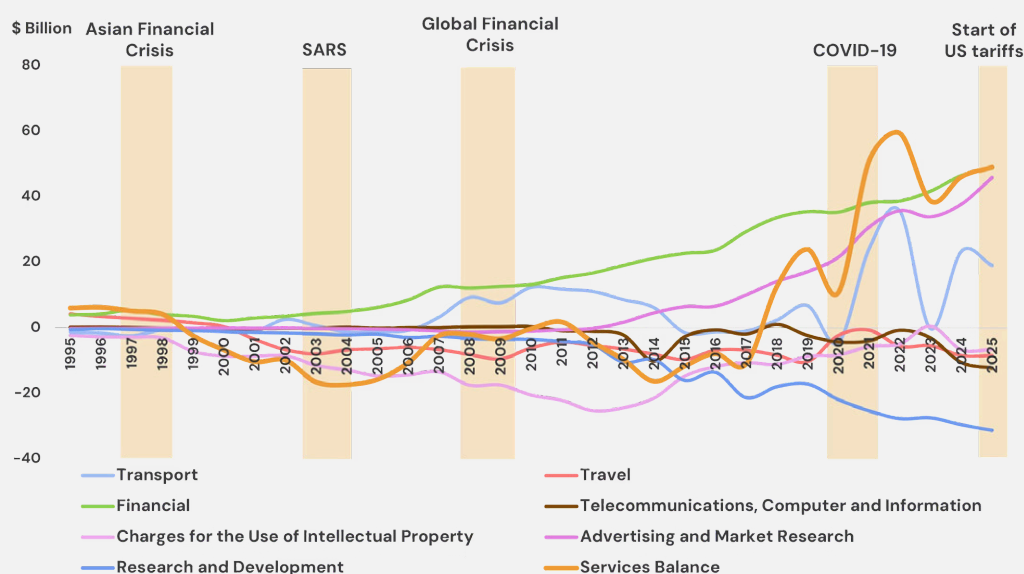


Beyond these longer-term structural shifts in Singapore's services trade, major global disruptions have generated sizeable but generally temporary movements in particular services categories.

During the SARS outbreak, the overall services deficit widened as Travel receipts fell amid declining tourist arrivals. On the other hand, the COVID-19 pandemic had a more varied impact. While Travel Services plunged as borders closed, the decline was offset by strong gains in other services categories such as Transport where net exports of Freight Services increased sharply as freight rates surged amid global supply chain disruptions and strong demand for goods (Chart 5).

Net exports of Freight Services peaked at \$54.2 billion in 2022 before moderating, though remaining elevated at \$34.6 billion in 2025.

Chart 5: Net Services Exports



In the first half of 2026, the services balance has remained relatively resilient amid heightened global trade and geopolitical uncertainty. Singapore maintained a services trade surplus in 1Q 2026 despite an 8.2% year-on-year decline as imports rose more than exports.

The surplus subsequently recovered, increasing 16.7% year-on-year in 2Q 2026. Services exports rose 10.2%, supported by expanding receipts from Transport Services, Advertising and Market Research Services, and Financial Services. Imports of services rose 9.6%, driven by rising payments for Transport Services, Telecommunications, Computer and Information Services and Research and Development Services.

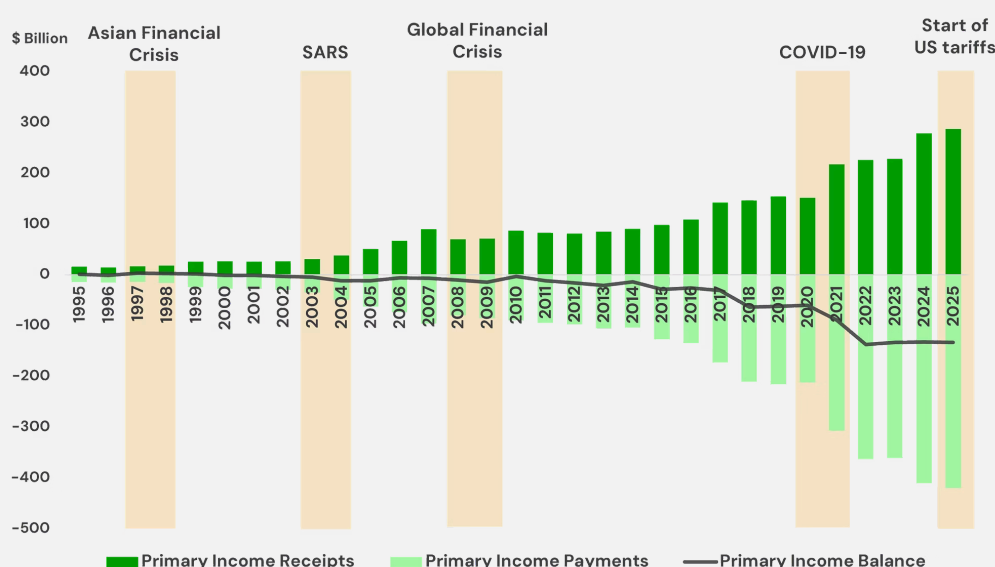
Overall, the evolution of Singapore's services account reflects a broader structural transformation of the economy and its expanding role as a global services hub. While Transport and Travel remained important, the growth of Financial, Telecommunications, Computer and Information, as well as Advertising and Market Research Services, has supported the shift to a sustained surplus since 2018.

This diversification has also provided some resilience to external shocks, although Singapore's open and trade-reliant economy remains sensitive to shifts in global conditions.

Primary Income Account

Unlike the goods and services accounts, Singapore's primary income account has consistently recorded a deficit since 2000, which increased to reach \$133.4 billion or 16.9% of GDP in 2025 making it the largest negative component of the current account (Chart 6).

Chart 6: Primary Income Account



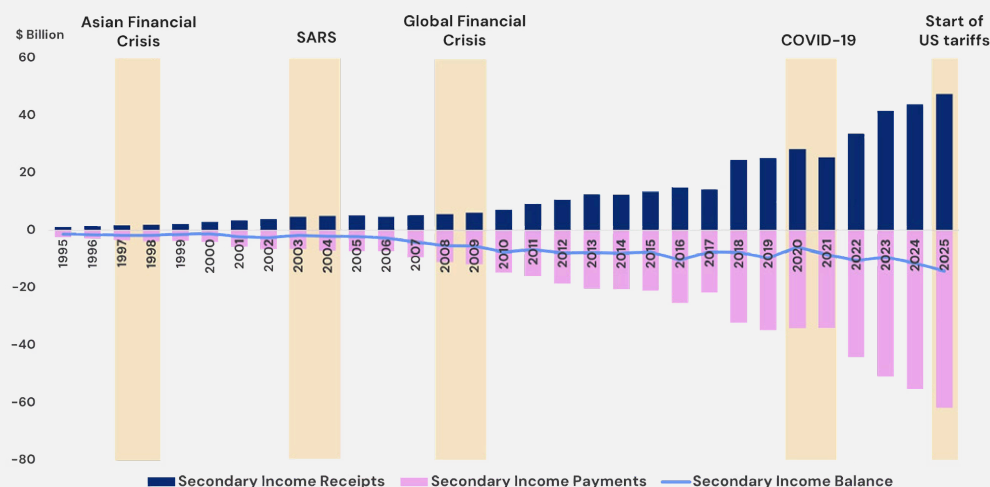
The primary income account is dominated by investment income flows, with both receipts and payments increasing substantially over the years in tandem with Singapore's growing external assets and liabilities. The growth was interrupted by sporadic declines in some years, such as during the Global Financial Crisis in 2008 and the COVID-19 pandemic in 2020.

Primary income payments have generally grown at a faster pace, expanding from \$14.9 billion in 1995 to \$420.4 billion in 2025, compared to receipts, which grew from \$15.8 billion to \$287.0 billion (Chart 6). This resulted in continued deficits, which reflect Singapore's position as an attractive destination for foreign investment, as well as a global business and financial hub.

Secondary Income Account

The secondary income account remained in deficit throughout, widening from \$1.3 billion in 1995 to \$14.1 billion or 1.8% of GDP in 2025 as payments grew more than receipts, though it remains considerably smaller than the primary income deficit. Both payments and receipts grew significantly, with payments rising from \$2.4 billion to \$61.7 billion, while receipts grew from \$1.2 billion to \$47.6 billion (Chart 7).

Personal transfers, including remittances, and non-life insurance-related flows, such as premiums and claims, were key drivers to Singapore's secondary income flows.

Chart 7: Secondary Income Account

The higher growth in secondary income payments partly reflects Singapore's sizeable migrant workforce and the associated remittances sent to recipients abroad. Rising remittances coincided with changes in regulatory reporting requirements for payment service providers from 2020, which led to an expansion of licensed remittance service providers and better formalised remittance channels.

Net non-life insurance-related flows have also grown over time, alongside Singapore's development as a regional insurance hub. The expansion of cross-border insurance activity has contributed to larger flows in both directions, including premiums receivable from abroad and claims payable to overseas policyholders.

While claims may fluctuate depending on the occurrence and severity of insured events, the expansion of Singapore's cross-border insurance activities has contributed to the growth in these flows over time. Overall, the secondary income account remained relatively stable through major economic disruptions, reflecting the more structural nature of remittance and insurance flows.

Conclusion

Singapore's current account has remained consistently in surplus over the past three decades, reflecting the country's role as a global hub for trade, finance and investment. The goods account remains the primary driver, while the services account has become an increasingly important contributor as Singapore's international trade undergoes a structural shift from goods towards services.

Persistent deficits in the primary and secondary income accounts largely reflect features of Singapore's open economy, including substantial foreign investment and a sizeable foreign workforce, rather than external vulnerabilities. Together, these trends illustrate how Singapore's trade, investment and financial linkages with the rest of the world have shaped the composition of its current account over time.

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Balance of Payments Dashboard

Explore trends in Singapore's Balance of Payments, the Current Account and Capital & Financial Account components.

