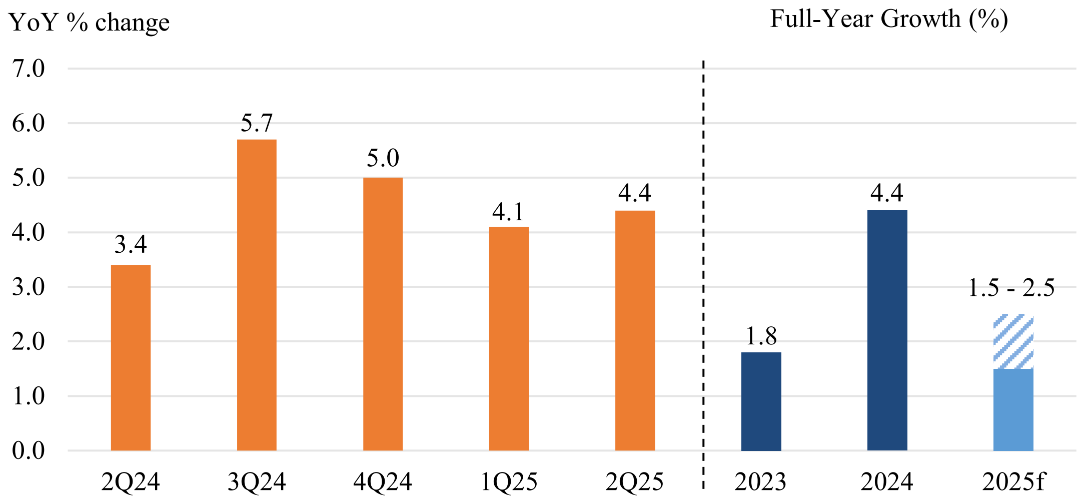
MINISTRY OF TRADE AND INDUSTRY SINGAPORE

MTI Upgrades 2025 GDP Growth Forecast to "1.5 to 2.5 Per Cent"

12 August 2025. The Ministry of Trade and Industry (MTI) announced today that Singapore's GDP growth forecast for 2025 has been upgraded from "0.0 to 2.0 per cent" to "1.5 to 2.5 per cent". This largely reflects the better-than-expected performance of the Singapore economy in the first half of 2025. However, the economic outlook for the rest of the year remains clouded by uncertainty, with the risks tilted to the downside.

Economic Performance in Second Quarter 2025

Singapore's Real GDP Growth



In the second quarter of 2025, the Singapore economy grew by 4.4 per cent on a year-on-year basis, extending the 4.1 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy expanded by 1.4 per cent, a reversal from the 0.5 per cent contraction in the first quarter. For the first half of 2025, Singapore's GDP growth came in at 4.3 per cent year-on-year.

On a year-on-year basis, GDP growth in the second quarter was primarily driven by the wholesale trade, manufacturing, finance & insurance, and transportation & storage sectors. In turn, the wholesale trade and transportation & storage sectors were boosted by front-loading activities in the region ahead of the implementation of tariff measures by the US. On the other hand, the food & beverage services sector shrank, due in part to a sustained increase in outbound travel by locals.

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

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Economic Outlook for 2025

MTI maintained the GDP growth forecast at "0.0 to 2.0 per cent" in May, in view of the potential impact of the sweeping tariffs announced in April on major economies.

Since then, the performance of most advanced and regional economies has been more resilient than expected as the US' 90-day pause on its reciprocal tariffs[1] postponed the potential negative economic impact, while front-loading activities during the tariff pause provided a temporary boost to production and exports. There has also been a de-escalation in trade tensions, with the US striking trade deals with several trading partners, including the Eurozone, Japan, South Korea and several Southeast Asian economies, that led to a lowering of their reciprocal tariffs compared to that announced earlier.[2] Meanwhile, the US and China continue to be engaged in trade talks, with indications that the 90-day tariff truce between the two countries could be extended.[3] Consequently, the 2025 GDP growth of the key economies, including the US, Eurozone and China, is not expected to be as weak as earlier projected. Accordingly, MTI has updated its assessment of the overall external outlook for Singapore.

Looking ahead, the growth of Singapore's major trading partners in the second half of the year is expected to moderate from that in the first half, as the boost from front-loading activities dissipates and the US' reciprocal tariffs take effect. In the US, GDP growth is projected to weaken for the rest of the year amidst signs of a cooling labour market and as upward price pressures from tariff hikes dampen consumer spending. Meanwhile, the Eurozone could see a pullback in exports and hence GDP growth as the US' reciprocal and sectoral tariffs come into effect in the latter half of 2025. Even so, easing trade tensions with the US could lift economic sentiments, and alongside lower inflation and accommodative monetary policy, provide some support to domestic demand.

In Asia, China's GDP growth is also projected to ease over the course of the year on account of weaker exports growth as global trade activity turns more subdued with the implementation of the US' tariff measures. On the other hand, domestic consumption and investment growth are expected to remain firm, supported by policy measures. The GDP growth of key Southeast Asian economies is similarly expected to moderate in the

[1] On 9 April 2025, the US implemented a 90-day pause on its reciprocal tariffs until 9 July 2025. The pause was later extended to 1 August 2025.

[2] On 31 July 2025, the US announced a revised set of reciprocal tariffs that accounted for the trade deals struck, in addition to reaffirming that baseline tariffs of 10 per cent would continue to be imposed on countries not subjected to the reciprocal tariffs. The reciprocal tariffs have since come into effect on 7 August 2025.

[3] During the 90-day truce from 14 May to 12 August 2025, the US' tariff on China is lowered from 145 per cent to 30 per cent, and China's retaliatory tariff on the US is reduced from 125 per cent to 10 per cent. The US and China held further negotiations in Stockholm on 28 and 29 July 2025 to discuss an extension of the tariff truce, among other trade issues.

second half of 2025 due to the impact of the US' reciprocal tariffs on their exports and as domestic demand softens in some economies.

More importantly, significant uncertainties remain in the global economy due in part to the continued unpredictability of the US' trade policies, including the timing and extent of the sectoral tariffs on pharmaceutical products and semiconductors. Overall, the balance of risks in the global economy is skewed to the downside. First, a re-escalation of tariff actions could lead to a renewed spike in economic uncertainty, and cause businesses and households to pull back sharply on spending and hiring. Second, a shock to financial markets resulting from a sharper-than-expected tightening of global financial conditions could lead to destabilising capital flows that trigger latent vulnerabilities in banking and financial systems. Third, potential escalations in geopolitical tensions could lead to supply disruptions in energy commodities and renewed pressures on global energy prices.

Against this backdrop, Singapore's economic growth is expected to slow in the second half of the year compared to the first half because of slower growth in outward-oriented sectors. In particular, the pace of growth in the manufacturing sector is projected to weaken in the coming quarters as the US' tariff measures weigh on demand in global end-markets. Nevertheless, there remain some bright spots within the sector, namely the transport engineering cluster given the sustained shift towards higher value-added aircraft maintenance, repair & overhaul works in Singapore, as well as the precision engineering cluster due to the continued ramp-up in capital investments by semiconductor manufacturers producing AI-related semiconductors.

Growth in the wholesale trade sector is similarly expected to slow for the rest of 2025 as the lift from front-loading activities in the region wanes and global trade softens. These factors will also weigh on the transportation & storage sector through their drag on the demand for shipping and air cargo services.

Meanwhile, growth in the finance & insurance sector is likely to be dampened by weaker credit demand and lower payment transaction volumes due to fragile business confidence and tepid consumer spending. Nonetheless, bullish market sentiment could keep trading activity buoyant and provide some upsides to growth.

Finally, growth in consumer-facing sectors such as retail trade and food & beverage services is likely to remain lacklustre for the rest of the year, weighed down by the continued shift in locals' spending abroad and the projected weakening of domestic labour market conditions.

Given the better-than-expected performance of the Singapore economy in the first half of the year, and considering the projected softening of both the global and domestic economies in the second half of the year, **MTI has upgraded Singapore's GDP growth forecast for 2025 from "0.0 to 2.0 per cent" to "1.5 to 2.5 per cent"**. However, Singapore's economic outlook for the rest of the year remains clouded by uncertainty, with the risks tilted to the downside.[4] MTI will continue to monitor developments in the global and domestic economies closely, and make adjustments to the forecast if necessary over the course of the year.

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[4] Leading indicators point to early signs of slowing momentum and weakening sentiments in the economy. For instance, DOS' composite leading index fell by 0.5 per cent on a quarter-on-quarter basis in the second quarter of 2025, a pullback from the 1.2 per cent expansion in the previous quarter. Meanwhile, the manufacturing purchasing managers' index turned slightly contractionary in July, driven by declines in the new orders, production and employment sub-indices. MOM's hiring and wage expectations survey indicates softening sentiments, with the proportion of firms in June expecting to hire in the next three months edging down to 43.7 per cent, from 44.0 per cent in March. Similarly, the proportion of firms expecting to raise wages in the next three months fell to 22.4 per cent, from 24.4 per cent over the same period.

ANNEX A

Economic Performance by Sectors in Second Quarter 2025

The manufacturing sector expanded by 5.2 per cent year-on-year in the second quarter, following the 4.7 per cent growth in the previous quarter. Growth during the quarter was driven by output expansions across all clusters except for the chemicals and general manufacturing clusters. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 0.4 per cent, extending the 5.2 per cent contraction in the preceding quarter.

Growth in the construction sector came in at 6.0 per cent year-on-year, faster than the 4.9 per cent expansion in the first quarter. Growth during the quarter was supported by expansions in both public sector and private sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 5.7 per cent, a reversal from the 2.0 per cent contraction in the previous quarter.

The wholesale trade sector grew by 4.7 per cent year-on-year, picking up from the 4.0 per cent growth in the preceding quarter. Growth of the sector was led by the machinery, equipment & supplies segment on the back of robust growth in the wholesale volumes of electronic components and telecommunications & computers. At the same time, the fuels & chemicals segment expanded on account of an increase in the wholesale sales of petroleum & petroleum products. The "others"[5] segment similarly posted growth during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 2.8 per cent, a turnaround from the 0.5 per cent contraction in the first quarter.

The retail trade sector recorded growth of 0.7 per cent year-on-year, extending the 0.3 per cent expansion in the previous quarter. Growth during the quarter was supported by an increase in motor vehicular sales volumes which outweighed a decline in non-motor vehicular sales volumes. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 1.4 per cent, a reversal from the 2.0 per cent growth in the preceding quarter.

Growth in the transportation & storage sector slowed to 5.1 per cent year-on-year, from 6.2 per cent in the first 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 growing on a year-on-year basis. Meanwhile, the water transport segment also registered growth, supported by an increase in container throughput, which more than offset a decline in sea cargo handled at Singapore's ports. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 0.7 per cent, moderating from the 3.9 per cent expansion in the previous quarter.

[5] 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.

The accommodation sector grew by 2.4 per cent year-on-year, a turnaround from the 1.1 per cent contraction in the preceding quarter. Growth of the sector came on the back of an increase in total gross lettings over the same period, which was in turn led by higher gross lettings in the luxury and mid-tier hotel segments. By contrast, gross lettings in the upscale hotel segment declined. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 1.1 per cent, a reversal from the 1.0 per cent contraction in the first quarter.

The food & beverage services sector shrank by 0.5 per cent year-on-year, extending the 0.7 per cent contraction in the previous quarter. The weak performance of the sector during the quarter was due to a fall in sales volumes at restaurants and fast-food outlets, which more than offset an increase in sales volumes at food caterers and cafes, food courts & other eating places. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 0.7 per cent, extending the 0.6 per cent decline in the preceding quarter.

Growth in the information & communications sector eased to 4.2 per cent year-on-year, from 4.8 per cent in the first quarter. The sector's growth during the quarter was primarily driven by expansions in the IT & information services and "others"[6] 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 3.1 per cent, reversing the 3.0 per cent contraction in the previous quarter.

The finance & insurance sector expanded by 4.2 per cent year-on-year, extending the 4.1 per cent growth in the preceding quarter. Growth was largely supported by the banking and activities auxiliary to financial services segments. The former grew as net fees and commissions continued to increase by double-digits, albeit less strongly when compared to the first quarter likely due in part to tepid investment banking activity amidst heightened macroeconomic uncertainty. Meanwhile, growth in the latter, which comprises mainly the payments players, likely reflected an increase in cross-border transactions alongside a pickup in global trade activity. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank marginally by 0.1 per cent, moderating from the 1.4 per cent contraction in the previous quarter.

The real estate sector grew by 5.2 per cent year-on-year, slower than the 7.5 per cent expansion in the first quarter. Growth of the sector was largely supported by the private residential property segment. On a quarter-on-quarter seasonally-adjusted basis, the

[6] 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.

sector posted a contraction of 1.8 per cent, a pullback from the 4.6 per cent expansion in the preceding quarter.

The professional services sector expanded by 3.3 per cent year-on-year, faster than the 1.9 per cent growth in the previous quarter. Growth was mainly driven by expansions in the head offices & business representative offices and other professional, scientific & technical services segments. On a quarter-on-quarter seasonally-adjusted basis, the sector recorded slower growth of 0.6 per cent compared to the 1.1 per cent growth in the preceding quarter.

The administrative & support services sector grew by 2.6 per cent year-on-year, extending the 2.1 per cent growth in the first quarter. Growth during the quarter was led by expansions in the rental & leasing, security & cleaning services and other business support services segments. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 1.0 per cent, moderating from the 2.9 per cent growth in the previous quarter.

The "other services industries" expanded by 4.4 per cent year-on-year, accelerating from the 1.6 per cent growth in the preceding 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" grew by 2.4 per cent, improving from the 0.0 per cent growth in the previous quarter.

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ANNEX B

REAL SECTORAL GROWTH RATES

	2Q24	3Q24	4Q24	2024	1Q25	2Q25
	Year-on-Year % Change					
Total	3.4	5.7	5.0	4.4	4.1	4.4
Goods Producing Industries	0.7	9.8	6.5	4.2	4.5	5.0
Manufacturing	-0.6	11.2	7.4	4.3	4.7	5.2
Construction	5.8	5.6	4.4	4.5	4.9	6.0
Services Producing Industries	4.1	4.4	4.6	4.4	3.8	4.3
Wholesale Trade	4.9	6.0	6.7	5.1	4.0	4.7
Retail Trade	-2.2	-0.7	-1.0	-0.4	0.3	0.7
Transportation & Storage	5.4	7.9	3.7	5.8	6.2	5.1
Accommodation	4.4	5.6	4.2	7.1	-1.1	2.4
Food & Beverage Services	-2.2	-1.3	-0.3	-0.9	-0.7	-0.5
Information & Communications	6.0	4.0	4.2	5.0	4.8	4.2
Finance & Insurance	7.4	5.6	6.1	6.8	4.1	4.2
Real Estate	-2.6	1.0	3.5	0.2	7.5	5.2
Professional Services	1.8	1.2	0.6	1.2	1.9	3.3
Administrative & Support Services	1.5	1.1	-0.6	0.5	2.1	2.6
Other Services Industries	2.8	2.0	3.1	3.0	1.6	4.4
Public Administration & Defence	0.1	0.7	1.1	0.6	0.0	0.1
Education	2.0	2.6	1.5	1.9	1.3	1.5
Health & Social Services	4.5	5.7	6.2	5.0	5.4	6.0
Arts, Entertainment & Recreation	4.6	-8.3	4.3	5.9	-3.6	22.5
Other Services - Others	4.8	3.9	3.0	4.3	2.5	2.6
	Seasonally Adjusted Quarter-on-Quarter Growth %					
Total	1.1	3.0	0.5	4.4	-0.5	1.4
Goods Producing Industries	0.2	9.0	0.0	4.2	-4.2	0.7
Manufacturing	-0.9	11.7	0.0	4.3	-5.2	-0.4
Construction	5.1	1.9	0.3	4.5	-2.0	5.7
Services Producing Industries	1.0	1.2	0.9	4.4	0.6	1.5
Wholesale Trade	2.3	1.3	0.9	5.1	-0.5	2.8
Retail Trade	-1.9	1.3	-1.2	-0.4	2.0	-1.4
Transportation & Storage	2.1	1.5	-1.2	5.8	3.9	0.7
Accommodation	-3.0	2.4	-0.2	7.1	-1.0	1.1
Food & Beverage Services	-0.9	0.8	0.1	-0.9	-0.6	-0.7
Information & Communications	3.8	1.8	2.4	5.0	-3.0	3.1
Finance & Insurance	-0.1	0.5	5.3	6.8	-1.4	-0.1
Real Estate	0.5	1.2	1.1	0.2	4.6	-1.8
Professional Services	-1.1	1.5	0.3	1.2	1.1	0.6
Administrative & Support Services	0.5	-0.2	-1.1	0.5	2.9	1.0
Other Services Industries	-0.4	0.6	1.4	3.0	0.0	2.4
Public Administration & Defence	0.0	0.5	0.3	0.6	-0.8	0.1
Education	0.3	1.3	-0.5	1.9	0.2	0.6
Health & Social Services	2.5	1.5	1.2	5.0	0.1	3.0
Arts, Entertainment & Recreation	-22.4	0.5	16.1	5.9	6.5	-1.4
Other Services - Others	0.1	-1.0	2.7	4.3	0.8	0.1

OTHER ECONOMIC INDICATORS

	2Q24	3Q24	4Q24	2024	1Q25	2Q25
Retail Sales Index* (yoy, %)	-1.5	-0.3	-0.8	0.0	0.5	1.5
Changes in Employment ('000)	14.9	24.9	11.9	59.8	6.9	10.8
Unemployment Rate, SA (%)	1.9	1.9	1.9	2.0	2.0	2.1
Value Added Per Actual Hour Worked^ (yoy, %)	4.0	4.5	3.3	3.6	4.0	1.7
Value Added Per Worker^ (yoy, %)	1.9	4.2	3.5	2.7	2.6	3.0
Overall Unit Labour Cost (yoy, %)	1.5	-0.4	1.0	1.2	0.3	-0.7
Unit Business Cost of Manufacturing (yoy, %)	5.2	-5.9	-2.4	0.2	-0.3	-1.2
Fixed Asset Investments ($ bil)	3.7	1.0	7.0	13.5	1.7	4.0
Consumer Price Index (yoy, %)	2.8	2.2	1.4	2.4	1.0	0.8
Total Merchandise Trade (yoy, %)	9.9	5.3	6.8	6.6	4.8	7.1
Merchandise Exports	7.5	5.7	5.1	5.7	3.6	11.7
Domestic Exports	2.9	5.4	-6.0	0.5	-1.9	-4.3
Oil	19.0	-0.2	-17.9	1.0	-9.2	-19.6
Non-Oil	-6.5	9.0	2.4	0.2	3.3	7.1
Re-exports	11.5	5.9	13.9	9.8	7.8	24.2
Merchandise Imports	12.5	5.0	8.7	7.8	6.2	2.2
Total Services Trade (yoy, %)	7.9	10.8	7.4	8.6	3.8	1.7
Exports of Services	9.2	12.0	8.4	9.9	4.4	2.7
Imports of Services	6.5	9.5	6.4	7.1	3.2	0.6

* In chained volume terms.
^ Based on GDP at market prices in chained (2015) dollars.