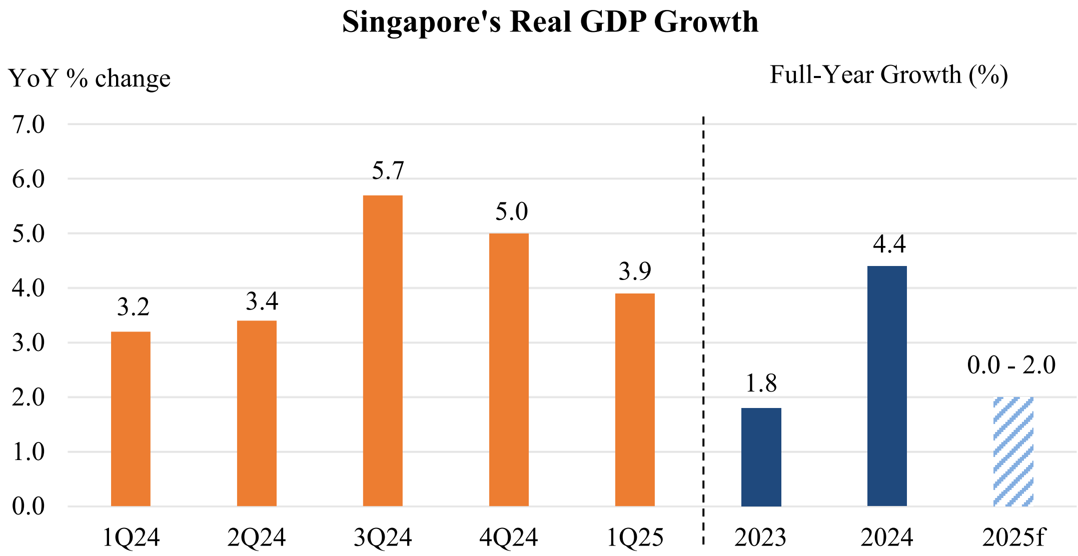
MINISTRY OF TRADE AND INDUSTRY
SINGAPORE

MTI Maintains 2025 GDP Growth Forecast at “0.0 to 2.0 Per Cent”

22 May 2025. The Ministry of Trade and Industry (MTI) announced today that Singapore’s GDP growth forecast for 2025 has been maintained at “0.0 to 2.0 per cent”.

Economic Performance in First Quarter 2025



In the first quarter of 2025, the Singapore economy grew by 3.9 per cent on a year-on-year basis, moderating from the 5.0 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy contracted by 0.6 per cent, a reversal from the 0.5 per cent expansion in the fourth quarter of 2024.

On a year-on-year basis, GDP growth in the first quarter was largely driven by the wholesale trade, manufacturing and finance & insurance sectors. In particular, growth in the manufacturing and wholesale trade sectors were likely to have been partly supported by front-loading activities ahead of anticipated US tariff hikes. By contrast, the accommodation and food & beverage services sectors contracted, with the former weighed down by the weak performance of the higher value-added hotel segments.

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

Economic Outlook for 2025

In April, MTI downgraded Singapore’s GDP growth forecast for 2025 to “0.0 to 2.0 per cent”, from “1.0 to 3.0 per cent”. This was on account of the significant deterioration in

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Singapore's external demand outlook following the announcement of sweeping tariffs[1] by the US and the ensuing cycle of tit-for-tat tariffs with China, which were expected to weigh heavily on global trade and global economic growth. Since then, the US and several economies affected by the US' tariffs have embarked on trade negotiations, with the UK and China reaching agreements with the US recently. Notably, the US and China have agreed to reduce the tariffs imposed on each other for 90 days while they negotiate a trade deal.[2] Given the steps taken by major economies to de-escalate global trade tensions, MTI's assessment is that Singapore's external demand outlook for the rest of the year has improved slightly compared to April.

In the US, GDP growth is likely to come in slightly better than projected in April given the 90-day truce in the trade war with China, although growth is still expected to slow for the rest of 2025 as tariff-induced inflation and heightened uncertainty weigh on consumption and investment growth. Meanwhile, GDP growth in the Eurozone is expected to be subdued given the deterioration in business sentiments and early signs of weakening business activity, although easing inflation and accommodative monetary policy could provide some support.

In Asia, China's GDP growth is likely to be stronger than earlier projected in April due to the substantial package of policy support measures that was recently announced and the temporary truce in the trade war with the US. At the same time, the GDP growth of key Southeast Asian economies should continue to be supported by an expansion in domestic demand, although the expected slowdown in global trade amidst the US tariff hikes is likely to weigh on their exports growth.

Notwithstanding the positive developments in recent weeks, the global economic outlook remains clouded by significant uncertainty, with the risks tilted to the downside. First, elevated economic uncertainty may lead to a larger-than-expected pullback in economic activity as businesses and households adopt a "wait-and-see" approach before making spending decisions. Second, a re-escalation in tariff actions, including retaliatory tariffs, could lead to a full-blown global trade war, which will upend global supply chains, raise costs and cause a sharper global economic slowdown. Third, disruptions to the global disinflation process and recession risks in both advanced and emerging markets could lead to destabilising capital flows that could trigger latent vulnerabilities in banking and financial systems.

[1] These included a baseline tariff of 10 per cent on all countries and higher reciprocal tariffs targeted at countries that run large trade surpluses with the US, although the reciprocal tariffs have been suspended for 90 days starting from 9 April.
[2] On 12 May, the US and China announced that US' tariffs on China would be reduced from 145 per cent to 30 per cent, while China's tariffs on the US would be lowered from 125 per cent to 10 per cent, for 90 days starting from 14 May.

Against this backdrop, the growth of outward-oriented sectors in Singapore is expected to slow over the course of the year. In particular, the US' tariff measures are likely to adversely affect the manufacturing sector given its export exposure to the US market, as well as slowing growth in global end-markets. Nonetheless, the transport engineering cluster within the sector remains a bright spot, especially given the shift towards aircraft maintenance, repair & overhaul works that are higher value-added in Singapore.

The slowdown in the manufacturing sector, alongside weaker global trade, is in turn expected to weigh on the trade-related services sectors in Singapore. In the wholesale trade sector, sales volumes are expected to weaken as the boost from front-loading activities dissipates and global trade softens, especially in the second half of 2025. The projected decline in global trade will similarly negatively affect the transportation & storage sector through its drag on demand for shipping and air cargo services.

Meanwhile, growth in the finance & insurance sector could be weighed down by episodes of weaker trading activity, as well as a moderation in growth in the payments segment in tandem with more tepid business activity and lower consumer spending. At the same time, the deterioration in the business expectations of manufacturing and services firms in Singapore will likely result in them cutting back on discretionary spending (e.g., on IT and marketing), which will dampen the growth of the information & communications and professional services sectors.

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

Taking into account the performance of the Singapore economy in the first quarter, as well as the latest global and domestic economic situations, **Singapore's GDP growth forecast for 2025 is maintained at "0.0 to 2.0 per cent".**

MINISTRY OF TRADE AND INDUSTRY
22 May 2025

ANNEX A

Economic Performance by Sectors in First Quarter 2025

The manufacturing sector expanded by 4.0 per cent year-on-year in the first quarter, slower than the 7.4 per cent growth in the previous quarter. Growth during the quarter was mainly due to higher output in the electronics, precision engineering and transport engineering clusters. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 5.8 per cent, weakening from the flat growth in the preceding quarter.

Growth in the construction sector came in at 5.5 per cent year-on-year, extending the 4.4 per cent expansion in the fourth quarter of last year, as both public and private sector construction output increased. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 1.4 per cent, reversing the 0.3 per cent growth in the previous quarter.

The wholesale trade sector grew by 4.2 per cent year-on-year, slowing from the 6.7 per cent growth in the preceding quarter. Growth was led by stronger output in the machinery, equipment & supplies segment on account of robust increases in the wholesale volumes of electronic components and telecommunications & computers. Meanwhile, both the fuels & chemicals and "others"[3] segments also expanded during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 0.4 per cent, a reversal from the 0.9 per cent growth in the fourth quarter of last year.

The retail trade sector grew marginally by 0.1 per cent year-on-year, improving from the 1.0 per cent contraction in the previous quarter. Growth during the quarter was supported by a pickup in motor vehicular sales volume which outweighed a decline in non-motor vehicular sales volume. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 1.8 per cent, a turnaround from the 1.2 per cent contraction in the preceding quarter.

Growth in the transportation & storage sector accelerated to 5.2 per cent year-on-year, from 3.7 per cent in the fourth quarter of last year. Within the sector, the air transport segment continued to expand, as the total number of air passengers handled at Changi Airport rose during the quarter. Meanwhile, the water transport segment also registered growth, supported by an increase in container throughput at Singapore's ports. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 2.8 per cent, rebounding from the 1.2 per cent contraction in the previous quarter.

[3] 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 contracted by 0.9 per cent year-on-year, a pullback from the 4.2 per cent growth in the preceding quarter. The contraction came on the back of a decline in total gross lettings, which was driven by lower gross lettings in the upscale, luxury and economy hotel segments, even as gross lettings in the mid-tier segment rose. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 0.7 per cent, extending the 0.2 per cent contraction in the previous quarter.

The food & beverage services sector shrank by 0.2 per cent year-on-year, similar to the 0.3 per cent contraction recorded in the preceding quarter. The poor performance of the sector was due to lower sales volumes in the cafes, food courts & other eating places, restaurants and fast-food segments, which outweighed an increase in sales volume in the food caterers segment. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 0.1 per cent, reversing the 0.1 per cent expansion in the preceding quarter.

The information & communications sector expanded by 4.4 per cent year-on-year, extending the 4.2 per cent growth in the fourth quarter of last year. Growth during the quarter was primarily driven by expansions in the IT & information services and "others"[4] 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 contracted by 3.4 per cent, a reversal from the 2.4 per cent growth in the previous quarter.

The finance & insurance sector grew by 4.5 per cent year-on-year, moderating from the 6.1 per cent growth in the preceding quarter. Growth during the quarter was largely supported by the banking and fund management segments, which continued to benefit from robust growth in net fees and commissions, albeit at a slower pace compared to the fourth quarter of last year. On the other hand, the insurance segment contracted, weighed down by lower net premiums for life insurance, even as net premiums for general insurance continued to grow. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 1.1 per cent, a pullback from the 5.3 per cent growth in the previous quarter.

The real estate sector posted robust growth of 7.1 per cent year-on-year, faster than the 3.5 per cent expansion in the fourth quarter of last year. Growth of the sector was supported by an increase in activity in the private residential property segment, as well as the private commercial and industrial property segments. On a quarter-on-quarter

[4] 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.

seasonally-adjusted basis, the sector expanded by 4.2 per cent, extending the 1.1 per cent expansion in the preceding quarter.

Growth in the professional services sector picked up to 1.4 per cent year-on-year, from 0.6 per cent in the previous quarter. The sector's growth during the quarter was mainly driven by expansions in the head offices & business representative offices and business & management consultancy segments. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 0.6 per cent, extending the 0.3 per cent growth in the preceding quarter.

The administrative & support services sector expanded by 2.8 per cent year-on-year, a turnaround from the 0.6 per cent contraction in the previous quarter. Growth during the quarter was driven by expansions in the rental & leasing and other administrative & support services segments. On a quarter-on-quarter seasonally-adjusted basis, the sector clocked growth of 3.5 per cent, rebounding from the 1.1 per cent contraction in the fourth quarter of last year.

The "other services industries" grew by 1.1 per cent year-on-year, slower than the 3.1 per cent growth in the preceding quarter. Growth during the quarter was largely driven by the health & social services sector. On a quarter-on-quarter seasonally-adjusted basis, the "other services industries" shrank by 0.5 per cent, a pullback from the 1.4 per cent expansion in the previous quarter.

ANNEX B

REAL SECTORAL GROWTH RATES

	1Q24	2Q24	3Q24	4Q24	2024	1Q25
	Year-on-Year % Change					
Total	3.2	3.4	5.7	5.0	4.4	3.9
Goods Producing Industries	-0.4	0.7	9.8	6.5	4.2	4.1
Manufacturing	-1.1	-0.6	11.2	7.4	4.3	4.0
Construction	2.1	5.8	5.6	4.4	4.5	5.5
Services Producing Industries	4.5	4.1	4.4	4.6	4.4	3.6
Wholesale Trade	2.8	4.9	6.0	6.7	5.1	4.2
Retail Trade	2.5	-2.2	-0.7	-1.0	-0.4	0.1
Transportation & Storage	6.2	5.4	7.9	3.7	5.8	5.2
Accommodation	14.7	4.4	5.6	4.2	7.1	-0.9
Food & Beverage Services	0.3	-2.2	-1.3	-0.3	-0.9	-0.2
Information & Communications	5.7	6.0	4.0	4.2	5.0	4.4
Finance & Insurance	8.3	7.4	5.6	6.1	6.8	4.5
Real Estate	-0.9	-2.6	1.0	3.5	0.2	7.1
Professional Services	1.3	1.8	1.2	0.6	1.2	1.4
Administrative & Support Services	-0.1	1.5	1.1	-0.6	0.5	2.8
Other Services Industries, of which	4.2	2.8	2.0	3.1	3.0	1.1
Public Administration & Defence	0.4	0.1	0.7	1.1	0.6	0.1
Education	1.5	2.0	2.6	1.5	1.9	1.2
Health & Social Services	3.5	4.5	5.7	6.2	5.0	4.0
Arts, Entertainment & Recreation	23.9	4.6	-8.3	4.3	5.9	-3.9
Other Services - Others	5.4	4.8	3.9	3.0	4.3	2.1
	Seasonally Adjusted Quarter-on-Quarter Growth %					
Total	0.3	1.1	3.0	0.5	4.4	-0.6
Goods Producing Industries	-2.8	0.2	9.0	0.0	4.2	-4.6
Manufacturing	-3.2	-0.9	11.7	0.0	4.3	-5.8
Construction	-2.8	5.1	1.9	0.3	4.5	-1.4
Services Producing Industries	1.5	1.0	1.2	0.9	4.4	0.5
Wholesale Trade	2.0	2.3	1.3	0.9	5.1	-0.4
Retail Trade	1.0	-1.9	1.3	-1.2	-0.4	1.8
Transportation & Storage	1.6	2.1	1.5	-1.2	5.8	2.8
Accommodation	6.7	-3.0	2.4	-0.2	7.1	-0.7
Food & Beverage Services	-0.3	-0.9	0.8	0.1	-0.9	-0.1
Information & Communications	-3.7	3.8	1.8	2.4	5.0	-3.4
Finance & Insurance	0.5	-0.1	0.5	5.3	6.8	-1.1
Real Estate	0.7	0.5	1.2	1.1	0.2	4.2
Professional Services	-0.3	-1.1	1.5	0.3	1.2	0.6
Administrative & Support Services	0.3	0.5	-0.2	-1.1	0.5	3.5
Other Services Industries, of which	1.5	-0.4	0.6	1.4	3.0	-0.5
Public Administration & Defence	0.3	0.0	0.5	0.3	0.6	-0.7
Education	0.5	0.3	1.3	-0.5	1.9	0.0
Health & Social Services	0.9	2.5	1.5	1.2	5.0	-1.2
Arts, Entertainment & Recreation	15.3	-22.4	0.5	16.1	5.9	6.2
Other Services - Others	1.2	0.1	-1.0	2.7	4.3	0.4

OTHER ECONOMIC INDICATORS

	1Q24	2Q24	3Q24	4Q24	2024	1Q25
Retail Sales Index* (yoy, %)	2.5	-1.5	-0.3	-0.9	0.0	0.3
Changes in Employment ('000)	8.1	14.9	24.9	11.9	59.8	6.9
Unemployment Rate, SA (%)	2.1	1.9	1.9	1.9	2.0	2.1
Value Added Per Actual Hour Worked^ (yoy, %)	2.8	4.0	4.5	3.3	3.6	3.7
Value Added Per Worker^ (yoy, %)	1.2	1.9	4.2	3.5	2.7	2.5
Overall Unit Labour Cost (yoy, %)	2.6	1.5	-0.4	1.0	1.2	0.8
Unit Business Cost of Manufacturing (yoy, %)	4.2	5.2	-5.9	-2.4	0.2	0.7
Fixed Asset Investments ($ bil)	1.7	3.7	1.0	7.0	13.5	1.7
Consumer Price Index (yoy, %)	3.2	2.8	2.2	1.4	2.4	1.0
Total Merchandise Trade (yoy, %)	4.6	9.9	5.3	6.8	6.6	4.9
Merchandise Exports	4.4	7.5	5.7	5.1	5.7	3.6
Domestic Exports	0.3	2.9	5.4	-6.0	0.5	-1.9
Oil	6.0	19.0	-0.2	-17.9	1.0	-9.2
Non-Oil	-3.4	-6.5	9.0	2.4	0.2	3.3
Re-exports	7.8	11.5	5.9	13.9	9.8	7.8
Merchandise Imports	5.0	12.5	5.0	8.7	7.8	6.4
Total Services Trade (yoy, %)	8.1	7.9	10.8	7.4	8.6	3.8
Exports of Services	10.1	9.2	12.0	8.4	9.9	4.0
Imports of Services	5.9	6.5	9.5	6.4	7.1	3.7

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