Embargoed until 14 April 2025, 8.00 a.m.

Singapore's GDP Grew by 3.8 Per Cent in the First Quarter of 2025. MTI Downgrades Singapore's GDP Growth Forecast For 2025 to "0.0 to 2.0 Per Cent"

14 April 2025. The Ministry of Trade and Industry (MTI) today announced that based on advance estimates[1], the Singapore economy grew by 3.8 per cent on a year-on-year basis in the first quarter of 2025. MTI further announced that Singapore's GDP growth forecast for 2025 has been downgraded from "1.0 to 3.0 per cent" to "0.0 to 2.0 per cent".

Economic Performance in First Quarter 2025

Based on advance estimates, the Singapore economy grew by 3.8 per cent year-on-year in the first quarter of 2025, slower than the 5.0 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 0.8 per cent, a reversal from the 0.5 per cent expansion in the fourth quarter of 2024. This was due to sequential declines in manufacturing and some outward-oriented services sectors such as finance & insurance in tandem with slowing external demand.

Gross Domestic Product in Chained (2015) Dollars

	1Q24	2Q24	3Q24	4Q24	2024	**1Q25***
Percentage change over corresponding period of previous year						
Overall GDP	3.2	3.4	5.7	5.0	4.4	3.8
Goods Producing Industries	-0.4	0.7	9.8	6.5	4.2	4.7
Manufacturing	-1.1	-0.6	11.2	7.4	4.3	5.0
Construction	2.1	5.8	5.6	4.4	4.5	4.6
Services Producing Industries	4.5	4.1	4.4	4.6	4.4	3.4
Wholesale & Retail Trade and Transportation & Storage	4.0	4.4	6.0	5.6	5.0	4.2
Information & Communications, Finance & Insurance and Professional Services	6.2	5.9	4.2	4.4	5.2	3.0
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	2.9	1.4	1.8	2.5	2.1	2.5

[1] The advance GDP estimates for the first quarter of 2025 are computed largely from data in the first two months of the quarter (i.e., January and February 2025). They are intended as an early indication of GDP growth in the quarter and are subject to revision when more comprehensive data become available.

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	1Q24	2Q24	3Q24	4Q24	2024	**1Q25***
Quarter-on-quarter growth rate, seasonally-adjusted						
Overall GDP	0.3	1.1	3.0	0.5	4.4	-0.8
Goods Producing Industries	-2.8	0.2	9.0	0.0	4.2	-4.0
Manufacturing	-3.2	-0.9	11.7	0.0	4.3	-4.9
Construction	-2.8	5.1	1.9	0.3	4.5	-2.3
Services Producing Industries	1.5	1.0	1.2	0.9	4.4	0.3
Wholesale & Retail Trade and Transportation & Storage	1.9	2.8	1.1	-0.1	5.0	0.5
Information & Communications, Finance & Insurance and Professional Services	-3.8	1.2	1.2	5.9	5.2	-5.0
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	1.4	-0.5	1.2	0.3	2.1	1.4

*Advance estimates

By sectors, the manufacturing sector grew by 5.0 per cent year-on-year in the first quarter of 2025, moderating from the 7.4 per cent expansion in the previous quarter. Growth of the sector was supported 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 4.9 per cent, worsening from its flat growth in the fourth quarter of 2024.

The construction sector expanded by 4.6 per cent year-on-year in the first quarter, extending the 4.4 per cent growth in the previous quarter. Growth during the quarter was supported by an increase in both public and private sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 2.3 per cent, a pullback from the 0.3 per cent expansion in the preceding quarter.

Among the services sectors, the wholesale & retail trade and transportation & storage sectors collectively grew by 4.2 per cent year-on-year in the first quarter, easing from the 5.6 per cent growth in the previous quarter. All sectors within the group, except for retail trade, expanded during the quarter. Growth in the wholesale trade sector was driven by the machinery, equipment & supplies segment, while that in the transportation & storage sector was largely supported by the water transport and storage & other support services segments. On a quarter-on-quarter seasonally-adjusted basis, the wholesale & retail trade

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and transportation & storage sectors as a whole expanded by 0.5 per cent, a turnaround from the 0.1 per cent contraction in the fourth quarter of 2024.

The group of sectors comprising the information & communications, finance & insurance and professional services sectors grew by 3.0 per cent year-on-year in the first quarter, moderating from the 4.4 per cent growth in the previous quarter. All sectors within the group expanded during the quarter. Growth in the information & communications sector was bolstered by continued strong demand for IT and digital solutions, while that in the professional services sector was supported by the head offices & business representative offices and management consultancy segments. Meanwhile, the finance & insurance sector expanded on account of the strong performance of the banking and activities auxiliary to financial services (comprising mostly payments firms) segments. On a quarter-on-quarter seasonally-adjusted basis, the sectors as a group shrank by 5.0 per cent, a reversal from the 5.9 per cent growth in the preceding quarter.

Growth of the remaining group of services sectors (i.e., accommodation & food services, real estate, administrative & support services and other services sectors) came in at 2.5 per cent year-on-year in the first quarter, maintaining the same pace of growth as that recorded in the previous quarter. All sectors within the group grew during the quarter. In particular, the real estate sector saw robust growth on the back of an increase in the number of private residential property transactions. On a quarter-on-quarter seasonally-adjusted basis, this group of sectors collectively expanded by 1.4 per cent, faster than the 0.3 per cent expansion in the fourth quarter of 2024.

Revised Economic Outlook for 2025

In February, MTI maintained Singapore's GDP growth forecast for 2025 at "1.0 to 3.0 per cent". This had taken into account an expected easing in the overall growth of Singapore's key trading partners, including the US and China. At the same time, MTI had flagged significant uncertainties and downside risks in the global economy due to the lack of clarity over the policies of the then-new US administration, as well as ongoing trade frictions.

Since then, the US has imposed 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 there has been a temporary 90-day pause in the implementation of the higher reciprocal tariffs except for China, the tariff war between the US and China has intensified, with an escalating cycle of tit-for-tat tariffs being imposed by both sides. Product-specific tariffs implemented by the US earlier also remain in place and more could be introduced in the coming months.

The sweeping tariffs introduced by the US, and the ongoing trade war between the US and China, are expected to weigh significantly on global trade and global economic growth.[2] In particular, the growth outlook of the US has deteriorated as rising import costs are likely to weaken consumption. China's growth outlook has also softened as its exports growth is expected to stall amidst the trade war with the US.

Meanwhile, the growth outlook of economies in our region will be negatively affected by a fall in external demand due in part to the tariffs' wider impact on global trade and growth. Business and consumer sentiments will also be dampened, thereby crimping domestic consumption and investments in many economies.

The situation will continue to evolve as the US and other economies weigh their moves amidst heightened market volatility. Consequently, there are substantial downside risks in the global economy. First, the spike in 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, further tariff measures, including retaliatory tariffs, could lead to a full-blown global trade war, which will upend global supply chains, raise costs and lead to a far sharper global economic slowdown. Third, disruptions to the global disinflation process and rising recession risks in both advanced and emerging markets could lead to destabilising capital flows that could trigger latent vulnerabilities in banking and financial systems.

Against this backdrop, MTI's assessment is that the external demand outlook for Singapore for the rest of the year has weakened significantly. This has led to a deterioration in the outlook of outward-oriented sectors in Singapore. In particular, the manufacturing sector is likely to be negatively affected by weaker global demand. This, alongside softening global trade, will also weigh on the growth of the wholesale trade sector. The pullback in global trade will similarly dampen the growth of the transportation & storage sector through its drag on demand for shipping and air cargo services.

At the same time, the finance & insurance sector could see weaker trading activity due to risk-off sentiments that will adversely affect the net fees & commission incomes of the banking, fund management, forex and security dealing segments. In addition, the uncertain economic backdrop will likely dampen firms' capital investment spending and constrain credit intermediation activity. Furthermore, the growth of payments firms could moderate in tandem with tepid business activity and lower consumer spending.

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[2] Prior to the US' announcement of a 90-day pause on the implementation of reciprocal tariffs, the World Trade Organisation (WTO) had revised its merchandise trade growth projection for 2025 sharply down to -1.0 per cent from 3.0 per cent previously. In addition, the WTO had estimated that merchandise trade between the US and China could be reduced by as much as 80 per cent.

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Taking these factors as well as the performance of the Singapore economy in the first quarter into account, **MTI has decided to downgrade Singapore's GDP growth forecast for 2025 to "0.0 to 2.0 per cent".** Given the significant downside risks, MTI will continue to closely monitor global and domestic developments, and make further adjustments to the forecast if necessary.

MTI will release the preliminary GDP estimates for the first quarter of 2025, including performance by sectors, sources of growth, inflation, employment and productivity, in the *Economic Survey of Singapore* in May 2025.

MINISTRY OF TRADE AND INDUSTRY
14 April 2025

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