

Budget FY2026: Building Resilience and Enhancing Competitiveness amid Global Uncertainty

Dr. Runchana Pongsaparn

Group Head and Lead Economist at ASEAN+3 Macroeconomic Research Office

Panel Discussion on Post Singapore Budget 2026

13 February 2026

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**Singapore and ASEAN+3
Growth Performance**

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Key Risks to Growth

3

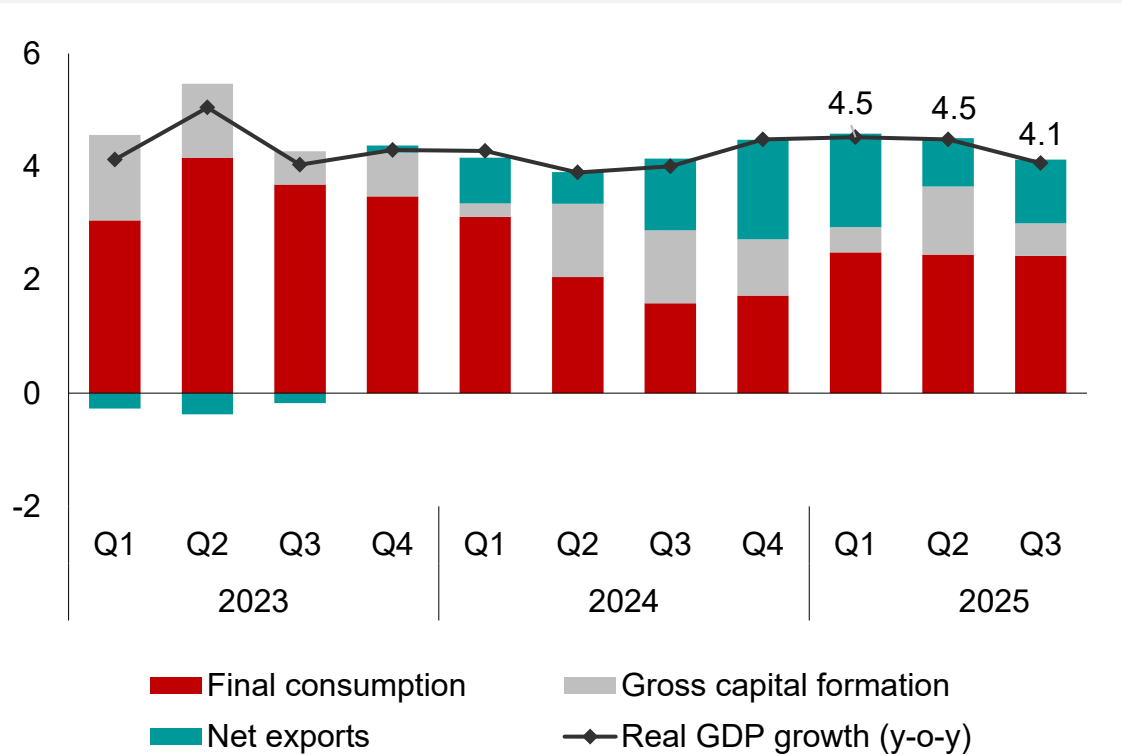
Budget 2026 and its Implications

Growth in ASEAN+3 is higher than initially anticipated in 2025

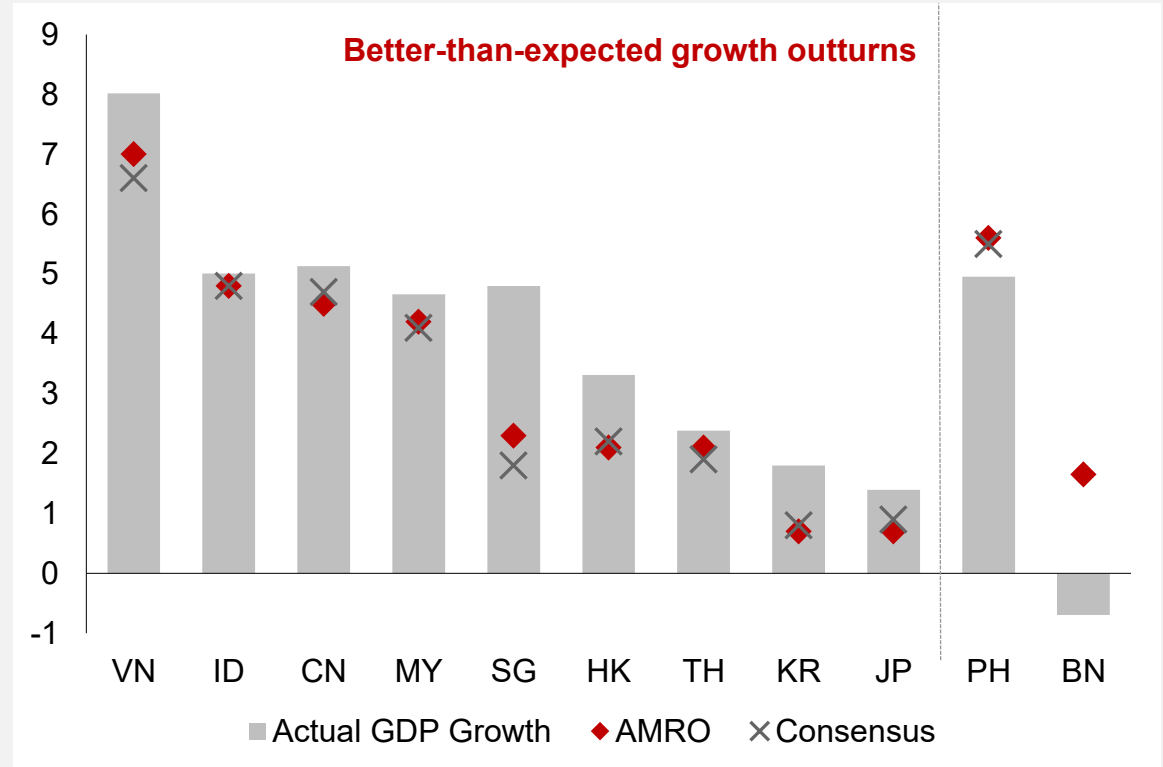
Domestic demand continued to anchor growth, with solid exports performance providing additional lift

Growth for most regional economies outperformed earlier expectations – especially Singapore

Contribution to Real GDP Growth for ASEAN+3
(Percent, year-on-year)



Actual 2025 GDP Growth vs Post-Liberation Day Forecast
(Percent, year-on-year)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Statistical discrepancies are not shown. Excludes Brunei, Cambodia, Lao PDR, Myanmar and Vietnam due to data unavailability.

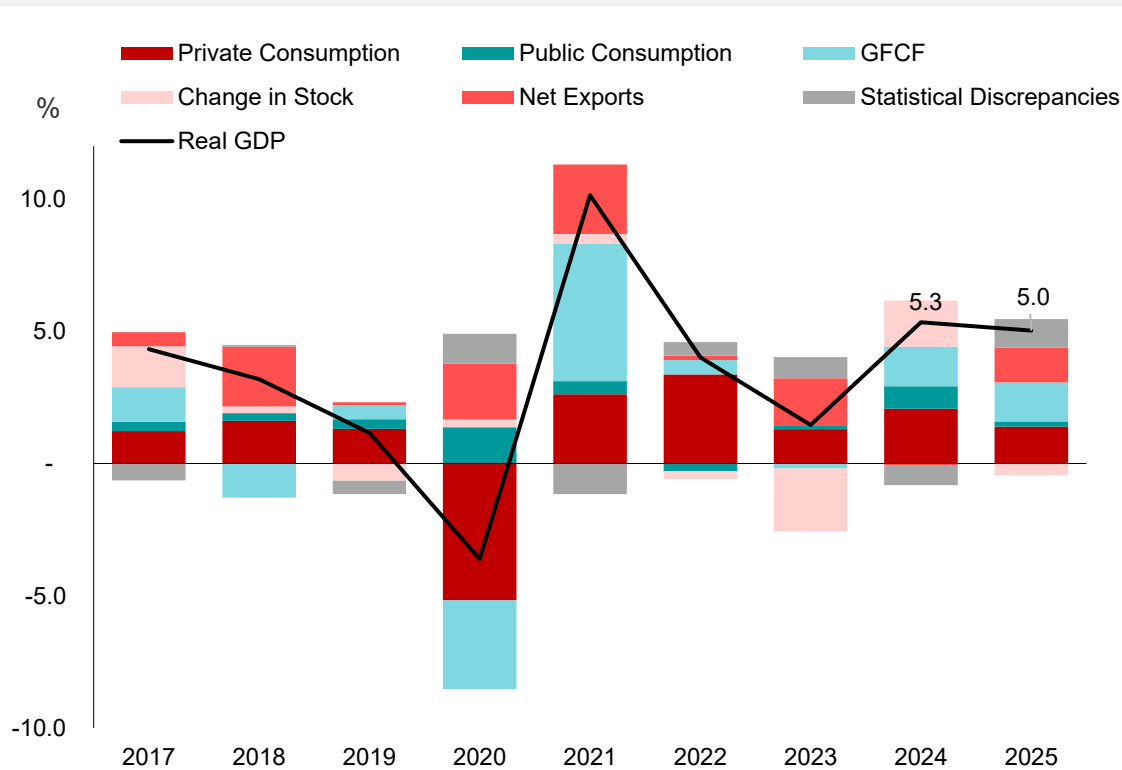
Source: National authorities via CEIC; IMF; Consensus Economics; AMRO staff forecasts.
Note: GDP growth figures reflect data availability up to 3Q 2025. For Singapore and Vietnam, the 2025 GDP growth figures represent full-year official estimates released by national authorities. Post-Liberation Day forecasts refer to projections published in July 2025.

Singapore posted a second consecutive year of above-trend growth in 2025

The economy expanded 5.0 percent in 2025 amid stronger-than-expected external demand and resilient domestic demand

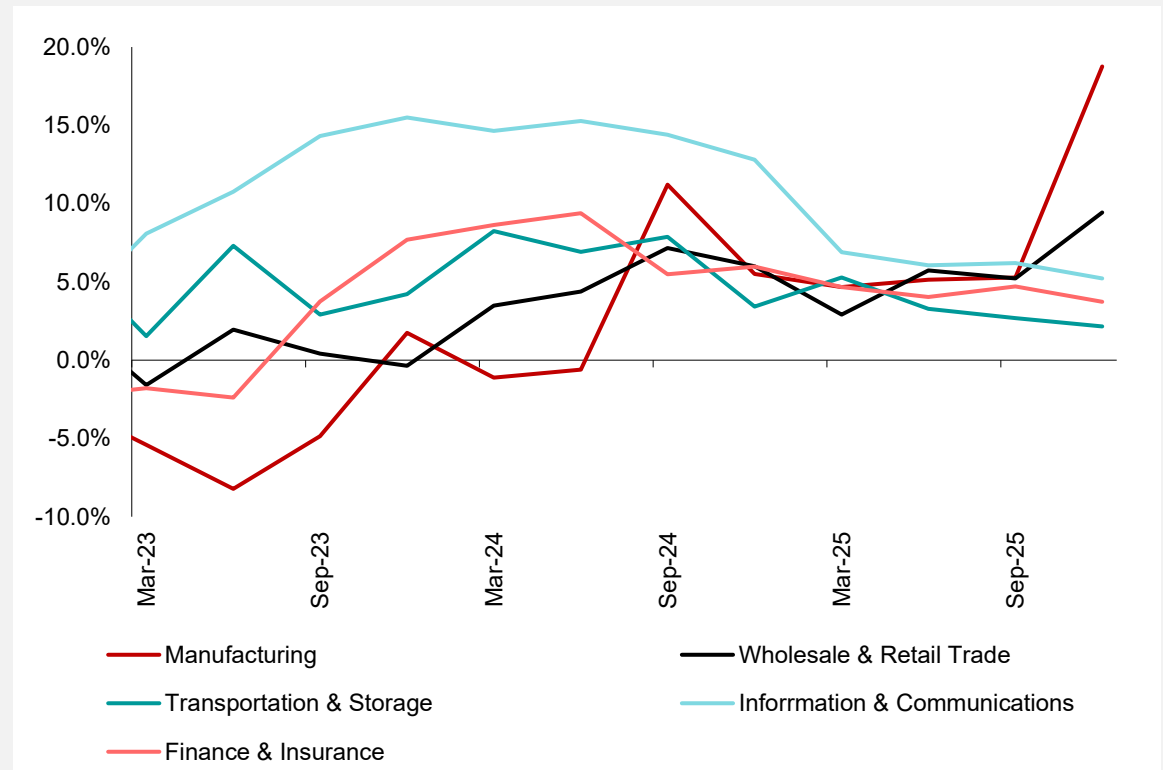
Trade-related sectors surged on the back of export frontloading and demand for AI-related tech goods and pharmaceuticals

GDP growth by expenditures



Source: Singapore Department of Statistics; CEIC; AMRO staff calculations

GDP growth by industries (%YoY)



Source: Singapore Department of Statistics; CEIC; AMRO staff calculations

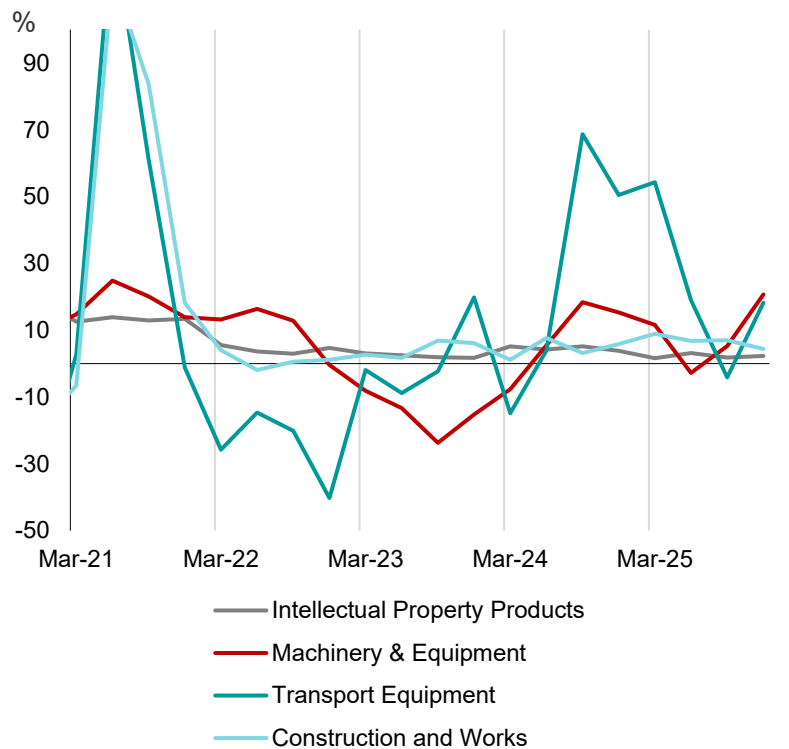
Domestic investment and consumption have been resilient

Robust exports and public infrastructure projects boosted domestic investment.

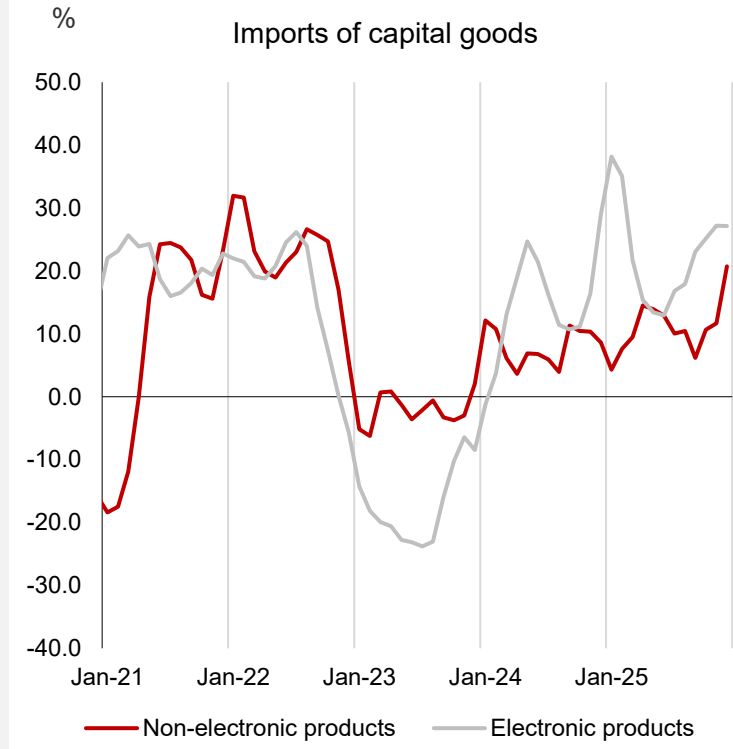
Strong growth in imports of capital goods point to sustained investment this year

Consumption was resilient amid a robust labor market

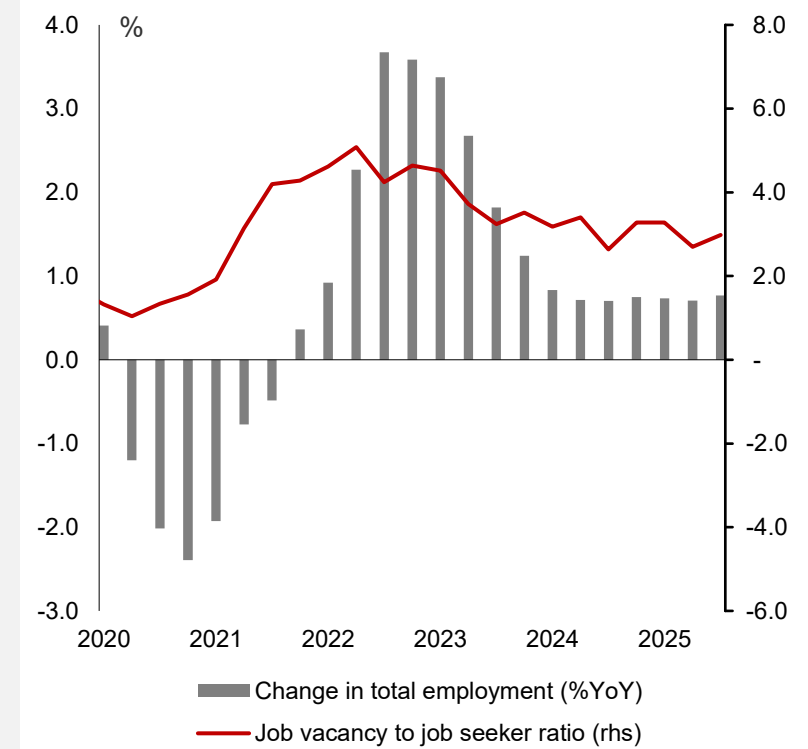
Gross Fixed Capital Formation (GFCF) growth by components



Imports of Capital Goods



Employment change and Job Vacancy Ratio



Source: Singapore Department of Statistics; CEIC; AMRO staff calculations

Source: Ministry of Manpower; AMRO staff calculations

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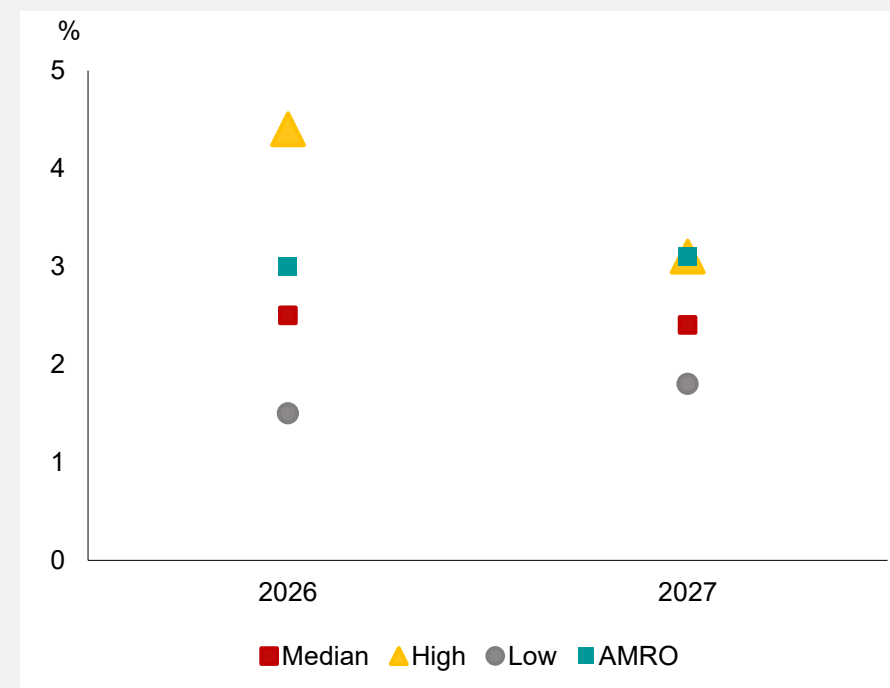
Budget 2026 and its Implications

Singapore's growth is expected to remain resilient in 2026

- Growth is expected to moderate after two years of above-trend growth. (revision to growth forecasts in progress)
- The upside and downside risks to Singapore's near-term outlook are broadly balanced.

Upside risks
<ul style="list-style-type: none"> • A reversal of global trade tensions, such as a better U.S.-China trade relations • A faster or broader adoption of AI technology prompting stronger demand for Singapore's exports
Downside risks
<ul style="list-style-type: none"> • A more aggressive U.S. protectionist stance such as imposition of sector-specific tariffs • A sharp slowdown in AI-related demand leading to export contraction and global market corrections • Weaker growth among key trading partners

Analysts' projections for Singapore's 2026-2027 Economic Growth

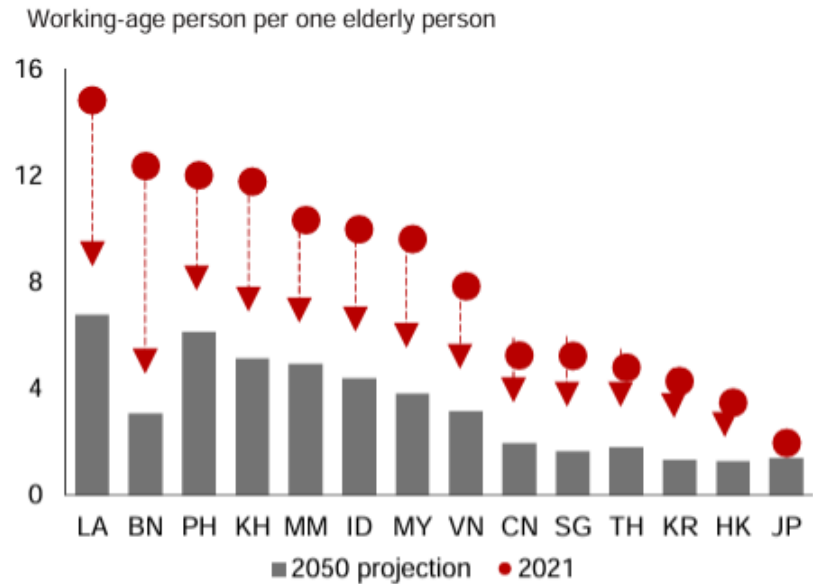


Source: Bloomberg consensus as of 4 February 2026, AMRO economists

Singapore faces structural challenges in the medium- to long-term

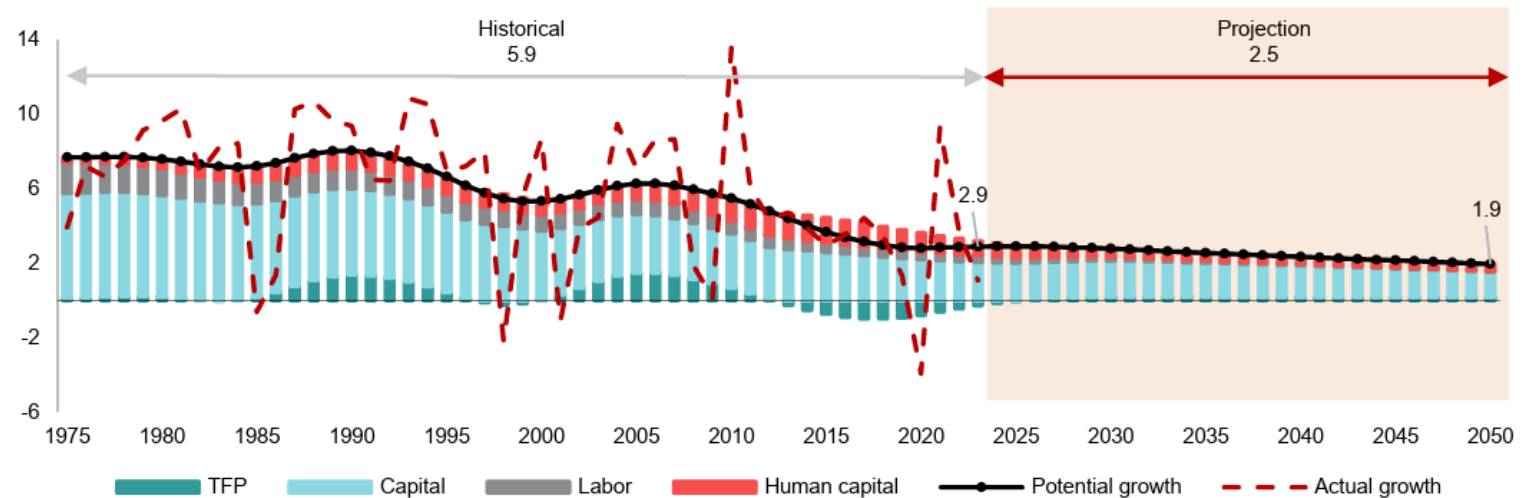
1) Population ageing could weigh on potential growth while putting pressure on healthcare and social spending

Projected Potential Support Ratios in 2050, by Economy



Source: United Nations Department of Economic and Social Affairs, Population Division; AMRO staff calculations. Note: BN = Brunei; CN = China; HK = Hong Kong; ID = Indonesia; JP = Japan; KH = Cambodia; KR = Korea; LA = Lao PDR; MY = Malaysia; MM = Myanmar; PH = the Philippines; SG = Singapore; TH = Thailand; VN = Vietnam. Figures after 2021 use UN estimates (medium variant). Potential support ratio is calculated as the ratio of the working-age population (ages 15 to 64 years) to the old-age population (ages 65 and above).

AMRO's estimates of Singapore's long-term growth potential

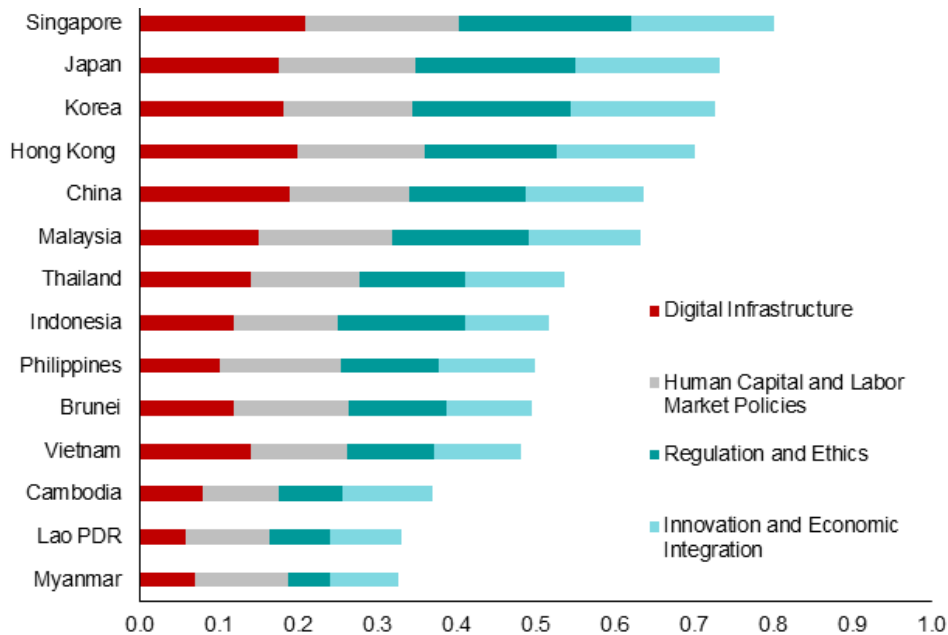


Source: AMRO staff's calculation

Singapore faces structural challenges in the medium- to long-term

2) **Technological changes** creates opportunities and challenges. Orderly AI adoption can improve productivity and benefit potential growth, but the challenge is to ensure that benefits are broadly shared across the economy

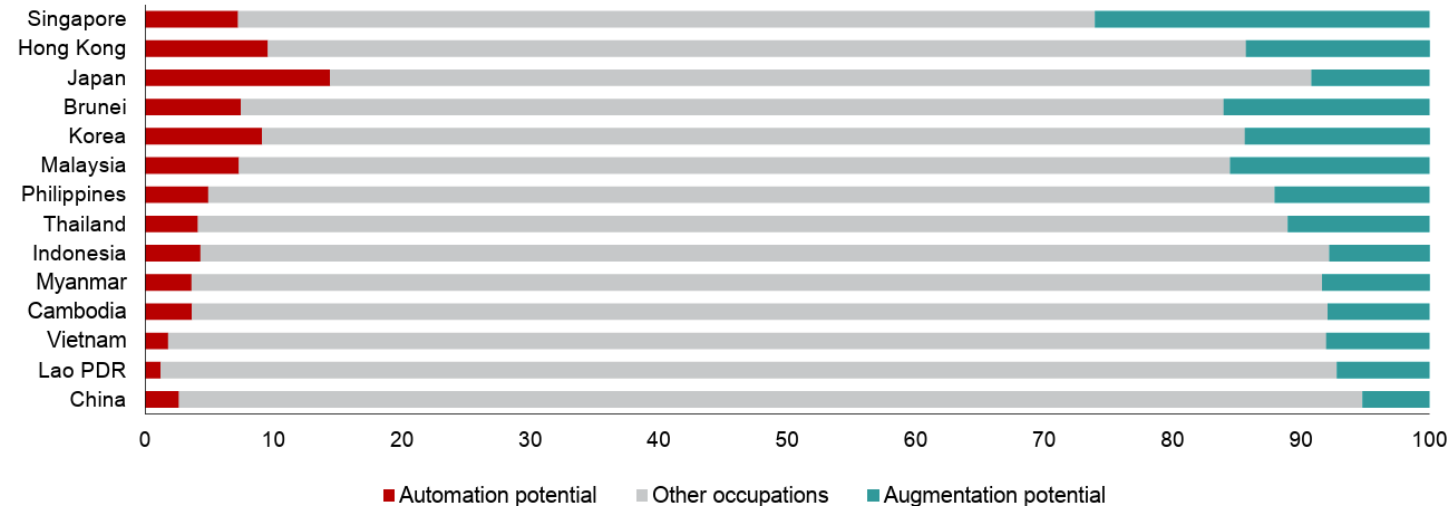
ASEAN+3: Preparedness of AI Adoption (Index, 0 to 1)



Source: [Cazzaniga et. al \(2024\)](#).

Note: The AI Preparedness Index (APII) is rated on a scale from 0 to 1, with higher values representing more favorable AI preparedness. The figure shows the contribution of digital infrastructure, innovation and integration, human capital and policies, and regulation and ethics to AI preparedness.

ASEAN+3: Share of Employment with Automation and Augmentation Potential



Source: Gmyrek, Berg, and Bescond (2023); AMRO staff calculations.

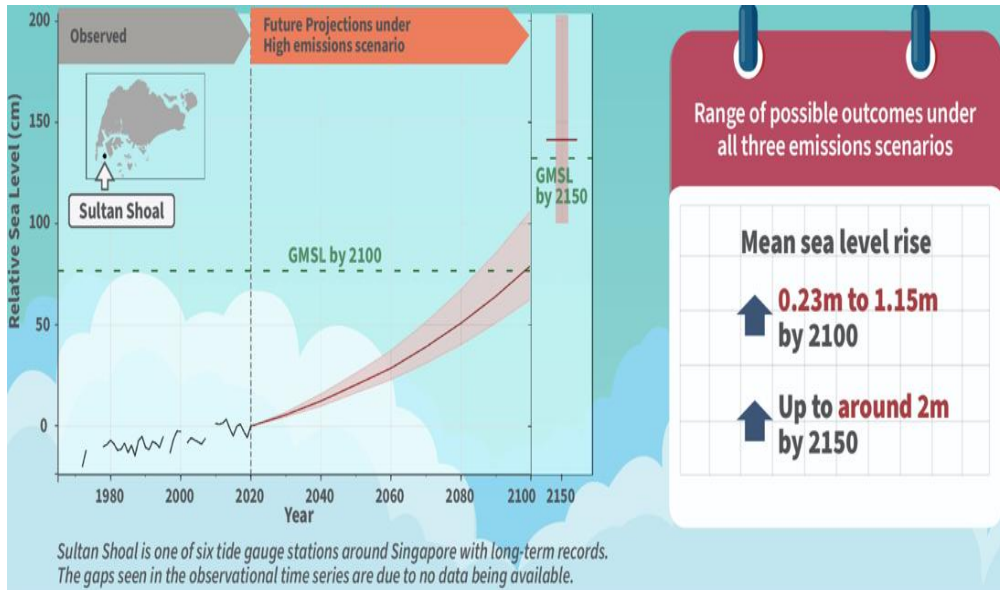
Note: Data refer to the proportion of jobs with automation and augmentation potential as a share of total employment within each economy. Data are as of 2022 (Hong Kong, Korea, Singapore, Thailand, Vietnam), 2021 (Brunei, Cambodia, the Philippines), 2020 (Japan, Myanmar, Malaysia), 2017 (Lao PDR), 2010 (Indonesia), and 2005 (China).

Singapore faces structural challenges in the medium- to long-term

3) **Climate change** could result in higher temperatures, more wet and dry extremes, and accelerating increase in mean sea levels for Singapore.

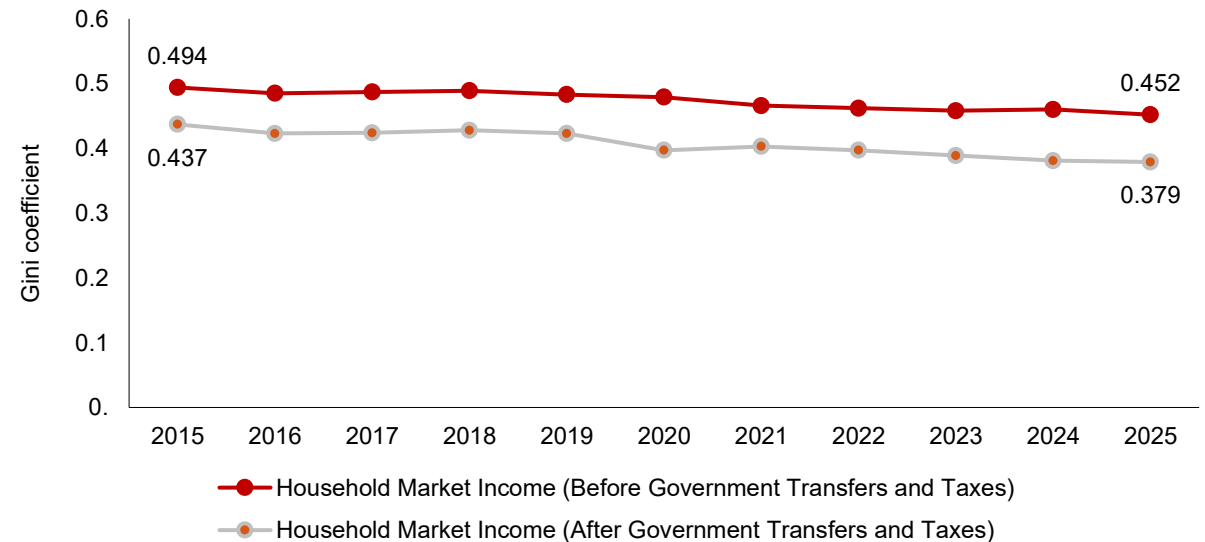
4) **Enhancing social compact remains imperative.** While income inequality has improved and intergenerational mobility remains strong, Singapore needs continued efforts to address the pressures of inequality and slowing social mobility that many advanced economies grapple with.

Impact of climate change: rising sea level in Singapore



Source: Singapore's Third National Climate Change Study (<https://www.nccs.gov.sg/singapores-climate-action/impact-of-climate-change-in-singapore/>)

Revised Gini coefficient based on household market income (per household member scale) among resident households



Source: Singapore Department of Statistics, Ministry of Finance, AMRO staff.

Note: Household market income before government transfers and taxes refers to income earned by households from the market economy before any government transfers and taxes. It comprises income from employment (including employer CPF contributions) and non-employment sources including investments (such as interests from savings and/or CPF balances, dividends from investments), rental, contributions from other households (such as allowance from children to parents not staying in the same household, alimony), pensions, annuities, royalties and regular payouts from CPF and insurance (i.e. CPF ElderShield and CareShield Life).

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Budget 2026 and its Implications

Singapore has ample fiscal space to support socio-economic priorities

AMRO's qualitative assessment of fiscal space (2025)

Ample

- **Singapore**
- Hong Kong
- Brunei

Moderate

- China
- Korea
- Malaysia
- Thailand
- Philippines
- Vietnam
- Cambodia
- Indonesia

Limited

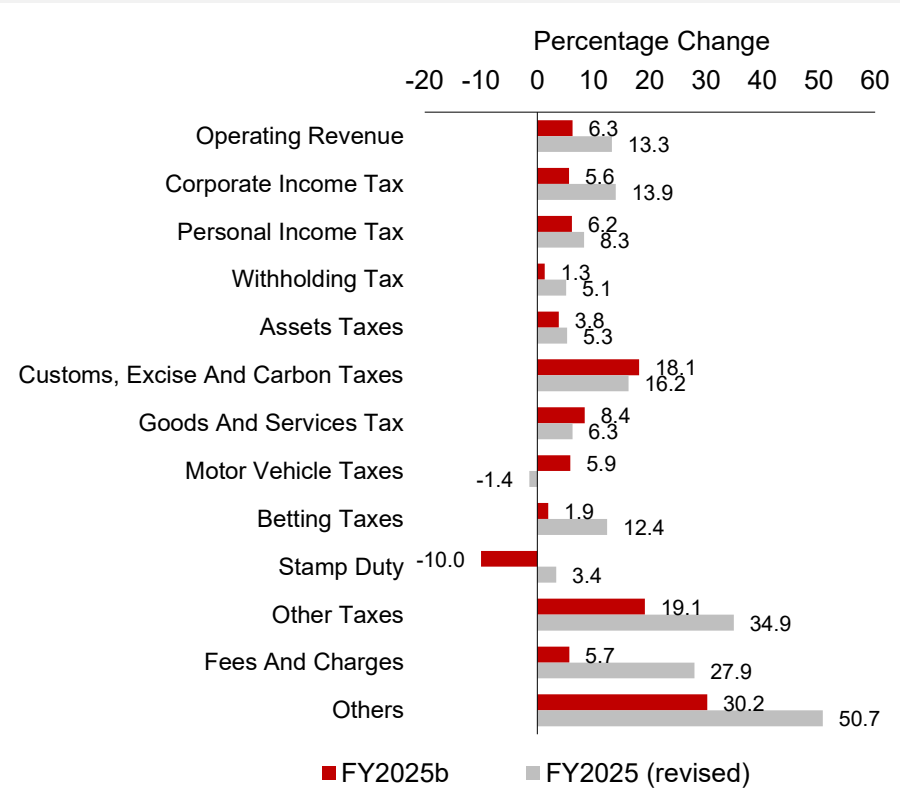
- Myanmar
- Lao PDR
- Japan

With above-trend growth, Singapore saw robust revenue collection in FY2025

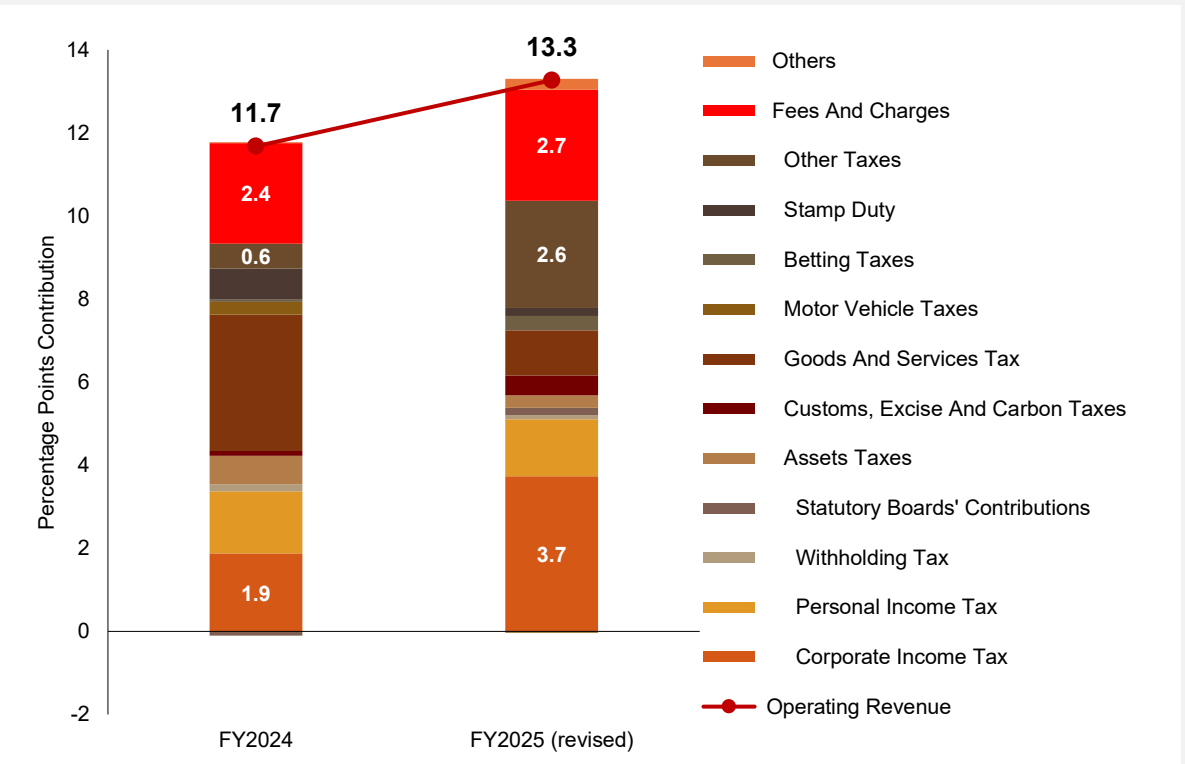
FY2025 operating revenue grew by 13.3 percent y-o-y, much higher than FY2025 Budget and across most categories.

Higher growth contribution in FY2025 mainly in corporate income tax, other taxes (e.g., land betterment charge) and non-tax fees & charges (e.g., vehicle quota premiums).

**Change in Operating Revenue (Year-on-Year, %):
FY2025 (Budget) vs FY2025 estimated outturn (Revised)**



**Contribution to Change in Operating Revenue (Percentage Points):
Outturn, FY2024-FY2025 estimated outturn (Revised)**



Source: Singapore Department of Statistics, Singapore Ministry of Finance, AMRO Staff estimates.

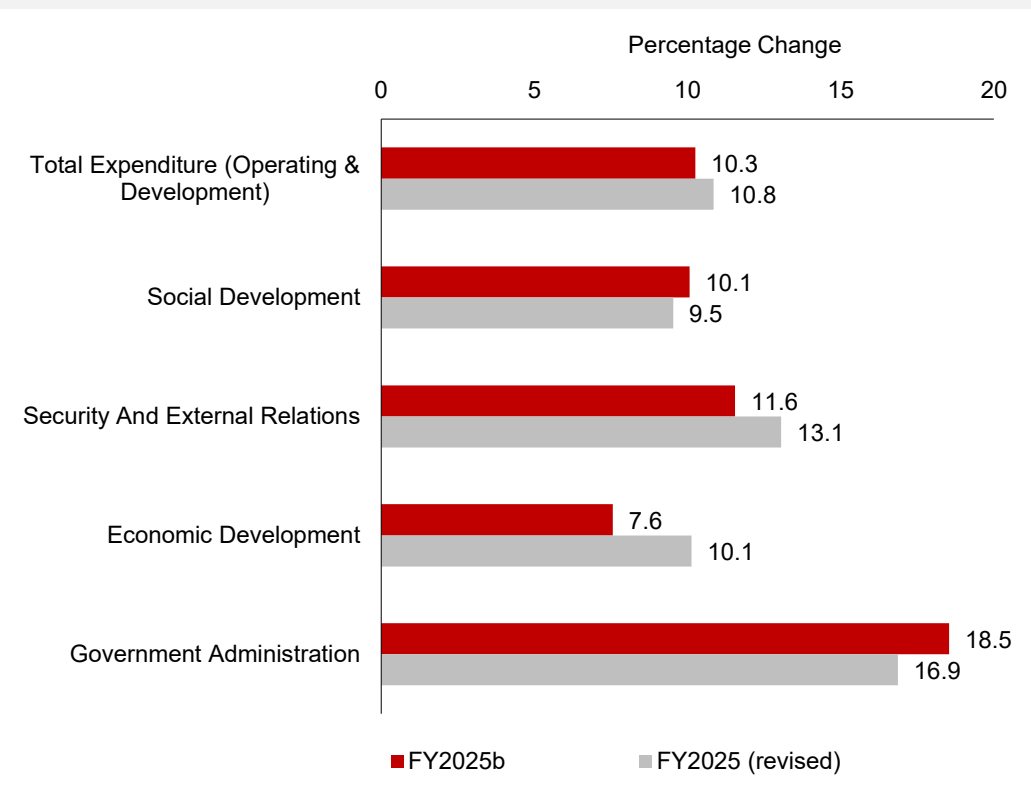
Note: Excludes Net Investment Returns Contribution (NIRC).

While total expenditure (operating and development) also grew faster in FY2025

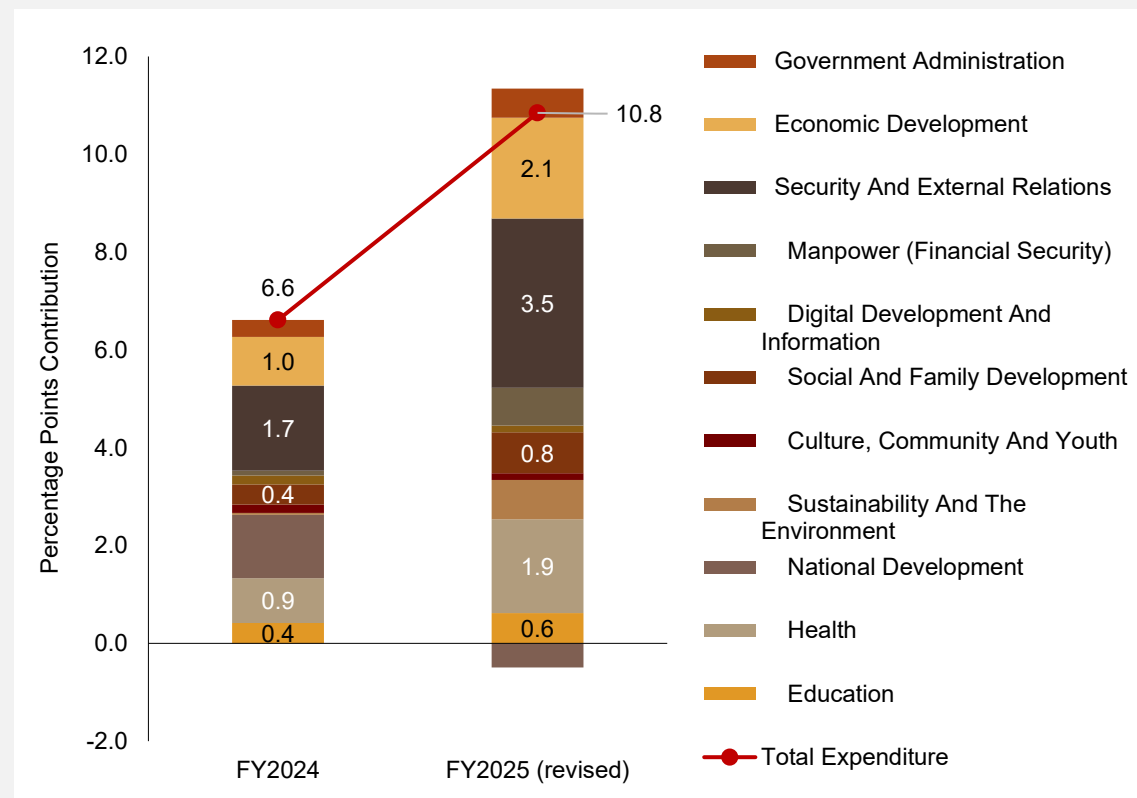
FY2025 total expenditure grew by 10.8 percent y-o-y, slightly higher than FY2025 budget.

Higher growth contribution in FY2025 across all sectors such as economic development and social development (e.g., education, health, environment and family development).

**Change in Total Expenditure (Year-on-Year, %):
FY2025 (Budget) vs FY2025 estimated outturn (Revised)**



**Contribution to Change in Total Expenditure (Percentage Points):
Outturn, FY2024 – FY2025 estimated outturn (Revised)**



Source: Singapore Department of Statistics, Singapore, AMRO Staff estimates.
Note: Excludes special transfers expenditure.

Budget FY2025: “Onward Together for a Better Tomorrow”

Support measures

- (i) **SG60 Package** (\$600-\$800 vouchers, 60% PIT rebate for YA 2025 for all tax residents, capped at \$200, SG60 Baby Gift, SG60 ActiveSG credit top-up); and (ii) **\$800 CDC vouchers**.

Quality growth and jobs

- **Businesses:** (i) managing business cost (CIT rebate, raise co-funding levels for Progressive Wage Credit Scheme); (ii) support enterprises (\$1b Private Credit Growth Fund, tax incentives development of Singapore’s equities market); (iii) promote innovation (\$3b top-up for National Productivity Fund, \$1b investment in R&D); and (iv) investing in Infrastructure (\$5b top-up to Changi Airport Development Fund, \$5b top-up to Future Energy Fund).
- **Workers:** (i) lifelong learning (SkillsFuture Level-Up Programme for mature workers, enhance Workfare Skills Support for lower-wage workers 30yo & above); (ii) workforce transformation (new SkillsFuture Workforce Development Grant, redesigned SkillsFuture Enterprise Credit); (iii) employment support (CPF Transition Offset, extend Senior Employment Credit).

Enhancing social compact

- **Families:** (i) new Large Families Scheme (for third and subsequent child); (ii) higher rates for ComCare Short-to- Medium-Term Assistance and Long-Term Assistance.
- **Healthcare cost:** (i) new five-year Matched MediSave Scheme; (ii) higher long-term care subsidies and grants, with more households covered; (iii) higher Home Caregiving Grant of up to \$600 a month; and (iv) higher Home Caregiving Grant (up to \$600 a month).

Climate resilience

- (i) \$5 billion top-up to Coastal and Flood Protection Fund; (ii) \$5b top-up to Future Energy Fund; (iii) greening transport sector (new Heavy Vehicle Zero Emissions Scheme and Electric Heavy Vehicle Charger Grant, new additional Flat Component of road tax); (iv) climate vouchers for households.

Budget FY2026: “Securing Our Future Together in a Changed World”



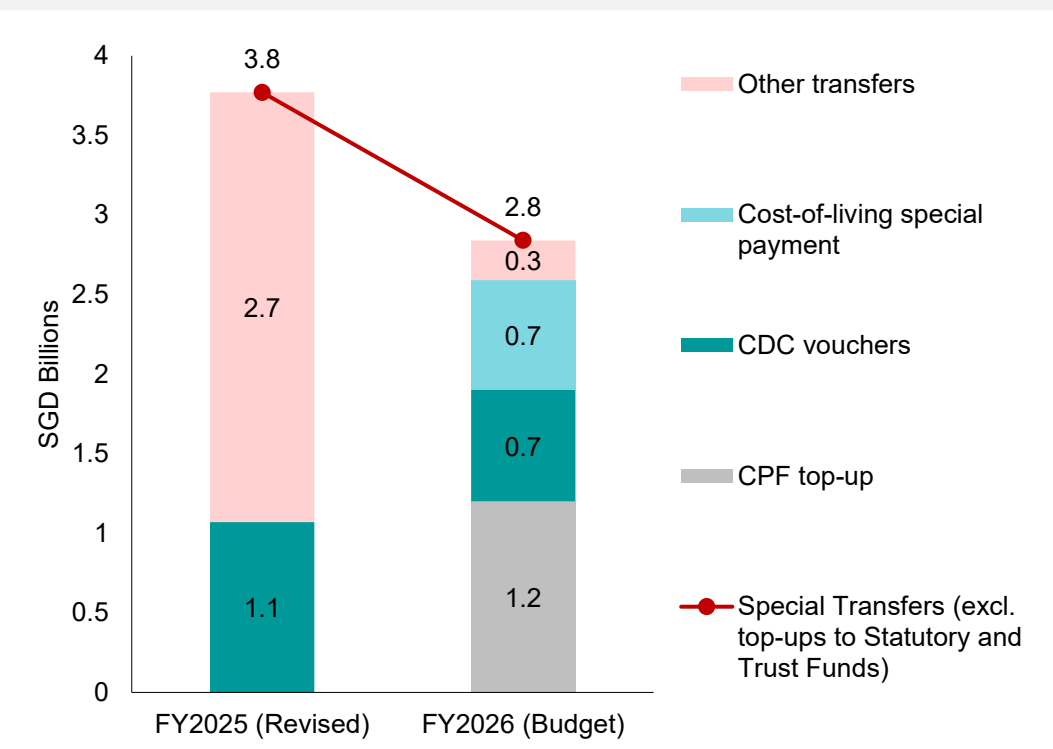
- (i) **Cost-of-living special payment (\$200-\$400) for eligible Singaporeans** (aged 21 & above who earn up to S\$100,000 in assessable income and who do not own more than one property); and (ii) **\$500 CDC vouchers**.
- **Businesses:** (i) managing business cost (CIT rebate); (ii) **enhance support for local companies to expand overseas** (e.g., higher grant support level of up to 70% for SMEs and up to 50% for non-SMEs); (iii) **strengthening enterprise ecosystem** (e.g., \$1.5 billion for Anchor Fund to support public listings of high-growth companies in Singapore); (iii) **accelerating AI adoption**; (iv) **promote innovation** (\$6b top-up for National Productivity Fund, \$5b top-up in National Research Fund); and (v) investing in Infrastructure (\$6b top-up to Changi Airport Development Fund).
- **Workers:** (i) **Empowering workers with AI skills** (e.g., expand TechSkills Accelerator to help workers build practical AI capabilities); (ii) lifelong learning (expand coverage of SkillsFuture Level-Up Programme to more industry-relevant courses); (iii) **uplifting lower-wage workers** (raise Local Qualifying Salary to \$1,800 from Jul 2026, and extend and enhance Progressive Wage Credit Scheme).
- **Families:** (i) Supporting families with greater needs (enhanced ComLink+ Progress Packages); (ii) **nurturing children** (\$500 Child LifeSG Credits for all Singaporean children aged 12 and below, raise monthly household income eligibility thresholds to \$15,000 for preschool subsidies and \$6,500 for student care subsidies).
- **Elderly: Enabling seniors to age well** (up to \$1,500 CPF Top-Up for eligible seniors, higher CPF contribution rates for senior workers aged above 55 to 65 in 2027 with CPF Transition Offset for employers).
- **Raise carbon tax** from \$25 to \$45 per tonne of carbon dioxide equivalent in 2026.

Projected spending in Budget FY2026 reflects near-term and medium-term priorities

Scale down of expenditures on broad-based CDC vouchers, while more targeted support (COL special payment) in FY2026 budget.

Projected higher spending on economic development could support medium-term economic priorities under the Economic Strategy Review, while social development expenditure remains robust

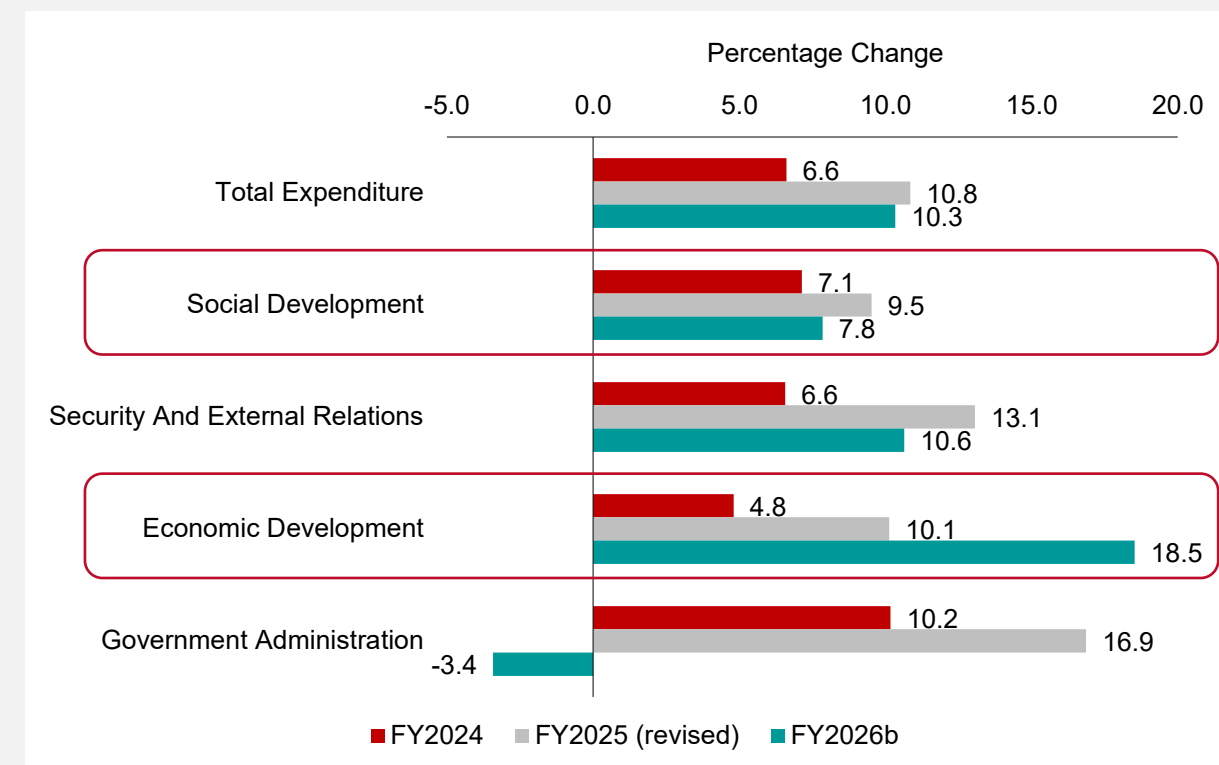
**Special Transfers Expenditure (excl. top-ups to Statutory and Trust Funds):
FY2025 (Revised) vs FY2026 (Budget)**



Source: Singapore Department of Statistics, Singapore Ministry of Finance, AMRO Staff estimates.

Note: Other Transfers for Estimated FY2026 include the CIT Rebate Cash Grant, U-Save Rebates, SG60 vouchers and Enterprise Innovation Scheme. Other Transfers for Revised FY2025 include the SG60 Vouchers, CIT Rebate Cash Grant, Top-ups to Edusave and Post-Secondary Education Accounts, U-Save Rebates, CPF Transition Offset, NS LifeSG Credits, Top-ups to Self-Help Groups and Enterprise Innovation Scheme.

Growth in Total Expenditure (Operating and Development), Year-on-Year (%)



Source: Singapore Department of Statistics, Singapore Ministry of Finance, AMRO Staff estimates.

Note: Excludes special transfers expenditure.

Singapore is well-positioned to catalyze and harness new growth opportunities

Catalyze ASEAN Integration

With an upcoming ASEAN chairmanship, Singapore can play a catalytic role in advancing ASEAN integration:

- **Economic zones:**
 - The Johor-Singapore Special Economic Zone (JS-SEZ) and the Batam, Bintan and Karimun Free Trade Zones present a potential blueprint for deeper ASEAN regional integration
- **Financial integration and capital market development:**
 - Intermediating regional savings and investment flows by strengthening its role as a listing, asset management, and FX center
- **Cross-border payment connectivity and digital finance:**
 - Expanding multilateral interoperability to accelerate retail payment integration across ASEAN
 - Innovation sandbox for the region
- **Climate and sustainable finance leadership:**
 - Regional green finance platform - channeling global capital into ASEAN's climate transition

Harness medium-term economic priorities (ESR)



Position SG as
Global AI leader



Empower every worker to
take charge of their career



Broaden the range of
good jobs



Global leader in new
growth sectors (e.g.,
advanced manufacturing)



Create new growth
engines (e.g., quantum
and space tech)



Support SG firms to
internationalize and
navigate transitions

Thank you.



For more information please contact:
AMRO_SG@amro-asia.org

Website: <https://amro-asia.org/>



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