Republic of Singapore's rating reaffirmed at 'CareEdge AAA/Stable'

Issuer rating (Long-Term Foreign Currency)	**CareEdge AAA/Stable**

Rating action

CareEdge Global Ratings has reaffirmed Singapore's long-term foreign currency issuer rating at **'CareEdge AAA/Stable'** (Unsolicited).

Rationale

The reaffirmation reflects our assessment that Singapore remains well positioned to withstand potential global shocks, supported by strong fiscal and external buffers, and highly effective governance institutions.

Singapore's credit profile continues to benefit from its resilient and diversified economic structure, high GDP per capita, and strong sovereign balance sheet. The latter includes substantial financial assets exceeding gross general government (GGG) debt, while the country also maintains a robust net international investment position (NIIP) and strong institutional quality. However, these strengths are partly offset by its high exposure to the global economic environment and rising demographic pressures associated with an ageing population.

The economy grew 6.1% in H1 2026, exceeding expectations on account of the AI technology upcycle. Growth has been supported by strong exports, particularly of semiconductors and other AI-related products, alongside continued investment in data centres. Gross fixed capital formation has also strengthened, supported by higher public-sector investment, particularly in housing construction.

Following the West Asia crisis, the government introduced a support package equivalent to around 0.1% of GDP to cushion households and businesses against higher energy costs, while maintaining a fiscal surplus position. Although Singapore's gross government debt remains high at around 170% of GDP in 2025, it is not indicative of conventional fiscal stress. The government has no net debt, with its liabilities more than offset by substantial sovereign financial assets, including sovereign wealth funds and foreign exchange reserves.

The external sector remains a key credit strength, supported by a persistent current account surplus, a strong NIIP, and substantial FDI inflows. At the same time, Singapore remains vulnerable to external shocks since it is highly trade-dependent. Energy dependence is a particular vulnerability, with a major share of crude and non-crude petroleum imports originating from countries linked to the Strait of Hormuz, exposing the economy to disruptions in global energy markets. Further, inflationary pressures, through higher energy costs, have heightened.

However, continued gains from the global AI boom, including semiconductor exports, data-centre investment, and related economic activity are expected to cushion growth and partially offset the drag from tighter monetary conditions and higher input costs.

Singapore scores well across key governance indicators and continues to rank among the least-corrupt economies globally. Under Prime Minister Lawrence Wong, the government has maintained a fiscally prudent and business-friendly policy framework, while placing greater emphasis on economic resilience, AI-led productivity, energy security, and inclusive social support.

Outlook: Stable

The stable outlook reflects Singapore's substantial buffers and strong institutional capacity that support its ability to withstand potential adverse global developments and structural challenges over the medium term.

Downside scenario

The outlook could be revised to negative if a significant and prolonged downturn in global trade were to weaken Singapore's medium-term growth prospects and materially erode its fiscal and external buffers. In addition, the outlook could come under pressure if policy measures to address demographic ageing and rising age-related fiscal pressures prove insufficient.

Key rating drivers

Economic structure & resilience

In H1 2026, Singapore recorded better-than-expected growth, at 6.1%, supported by strong AI-related exports. The ongoing AI technology upcycle supports strong semiconductor exports and increased investment in data centres. Singapore is among the leading APAC economies in AI-related exports and has been ranked as the most AI-prepared economy globally on the IMF's AI Preparedness Index, reflecting its strong digital infrastructure, technology capabilities, and institutional readiness for AI adoption. In January 2026, Singapore updated its National AI R&D (NAIRD) Plan, committing over SGD 1 billion in public funding for AI research and talent development between 2025 and 2030. Growth has also been supported by large-scale, public-sector investments in housing and non-housing construction.

Singapore's longer-term fundamentals are robust, supported by its position as a high-income economy and a regional hub for finance, logistics, and advanced manufacturing. Initiatives under Forward Singapore - such as upskilling, digitalisation, and enabling retirement adequacy - are expected to gradually enhance productivity and labour participation.

Ageing remains a medium- to long-term challenge, as seen in the increase in the share of residents aged 65 and above, rising to 14.2% in 2025 from 9% in 2015. According to the World Bank's estimates, this proportion is expected to rise further to 16.9% by 2030. Nevertheless, Singapore's openness to skilled foreign labour and policies aimed at extending working lives should help mitigate some of the adverse effects on its growth potential. Further, CareEdge Global believes that Singapore has the necessary financial and fiscal resources to meet the higher costs associated with an ageing population.

Fiscal strength

Singapore's fiscal position remained strong in 2025, with a fiscal surplus of 4.1% of GDP. Development expenditure is expected to increase by 26% from 2025 to 2026, driven by higher spending on transport and healthcare infrastructure. As mentioned earlier, following the West Asia crisis, the government introduced a support package equivalent to around 0.1% of GDP to cushion households and businesses from higher energy costs.

Fiscal prudence continues to be a fundamental pillar of Singapore's creditworthiness. Singapore's government typically runs fiscal surpluses, which are primarily managed by its investment arms, GIC and Temasek. The portfolio of both these entities is estimated to be substantial. While Singapore's gross government debt-to-GDP ratio is very high (~171% of GDP as of 2025), the government is estimated to have no net debt as a result of its large investments.

Most government borrowings are for non-spending purposes, such as to meet the investment needs of the Central Provident Fund and deepen the local debt market. However, the government has begun issuing debt specifically to finance nationally significant infrastructure projects, guided by the Significant Infrastructure Government Loan Act (SINGA), which supports long-term transport and digital infrastructure projects. As of Q2 2026, this debt accounts for less than 3% of total general government debt. The statutory borrowing cap of SGD 90 billion is intact, underscoring a conservative approach. Singapore's fiscal profile also benefits from the fact that the government has no external debt and returns from investments help service debt costs.

Going forward, government expenses are expected to rise because of Singapore's ageing population and other social needs. However, the country plans to cover the rising fiscal costs through budgetary sources. For instance, the GST rate, was increased in a phased manner from 7% in 2022 to 8% in 2023 and to 9% in 2024 to increase tax revenue. Further, with a sizeable pool of government assets, Singapore can also finance future expenditure through investment returns.

External position & linkages

Singapore's current account surplus was 16.7% of GDP in 2025, reflecting a large trade surplus. Furthermore, according to IMF projections, Singapore's current account is expected to remain in surplus, largely steady at around 17% of GDP from 2026-2030.

Official foreign reserves held by the MAS amounted to approximately USD 428.2 billion as of July 2026, providing sufficient buffer. The net international investment position (NIIP) of around 179.1% of GDP in 2025, among the world's highest, reflects the economy's role as a global financial intermediary.

These strengths are partly offset by Singapore's very high external debt, accounting for over 400% of GDP in 2025. However, this mirrors its function as a global financial hub, wherein deposits from overseas banks and depositors in Singaporean banks are classified as external liabilities. Nonetheless, these deposits are converted into external assets when Singaporean banks extend loans to overseas borrowers.

Singapore is vulnerable to external shocks given its highly trade-dependent economy and reliance on imported energy, with a major share of crude and non-crude petroleum imports linked to Strait of Hormuz countries. However, its substantial fiscal and external buffers provide significant capacity to absorb shocks. Energy resilience is also being strengthened through greater supply diversification, including the April 2026 Australia-Singapore agreement on energy security, cross-border low-carbon electricity imports, and the Green Plan 2030 target of at least 2 GWp of solar capacity by 2030.

Monetary & financial stability

The MAS manages monetary policy through the Singapore Dollar Nominal Effective Exchange Rate (NEER) framework. In April and July 2026, the MAS tightened its policy stance by increasing the rate of NEER appreciation in response to higher imported inflation due to rising petrol prices and other imported costs following the West Asia crisis.

Headline inflation averaged 0.9% in 2025 and recorded an upward trajectory in H1 2026, with the latest inflation print at 2.3% in July 2026. Going ahead, inflation is expected to remain elevated over the next few quarters.

The banking system is sound and well-capitalised. The non-performing loan ratio is 1.1% as of 2025, and the capital adequacy ratio (18.5% as of June 2025) comfortably exceeds the Basel III requirement. The MAS's proactive supervisory framework and ample system liquidity continue to underpin financial stability.

Institutions & quality of governance

Singapore's institutional framework remains a key credit strength. The May 2025 general election reaffirmed public confidence in the PAP, which retained a strong majority with 87 of 97 seats in the Parliament. Singapore's policy agenda under PM Wong has placed greater emphasis on AI-led productivity and economic resilience, with SGD 150 million allocated to the Enterprise Compute Initiative and measures to support AI adoption and frontier technologies. Energy security has also gained prominence, with diversification of energy supplies and 13 conditional approvals for 9.25GW of low-carbon electricity imports. Concurrently, Singapore is strengthening its response to population ageing by raising the retirement and re-employment ages to 64 and 69 from July 2026, respectively, and expanding support for older workers and long-term care.

Singapore ranks among the world's best in regulatory quality, government effectiveness, and control of corruption. While most information related to the economy and public finances is available in the public domain, certain details regarding the size of government assets are not disclosed.

Key policy priorities include housing affordability, ageing preparedness, and green transition investments—all managed within the framework of long-term fiscal sustainability.

Select indicators									
	Unit	2020	2021	2022	2023	2024	2025	2026 F	2027F
Economic indicators									
Nominal GDP	USD billion	351.2	441.1	514.3	511.2	572.9	603.8	659.5	691.3
GDP per capita (constant-PPP)	USD	1,16,684	1,33,990	1,34,828.0	1,30,296	1,34,548	1,40,367	1,44,256	1,46,940
Real GDP growth	%	-3.6	10.1	4.0	1.5	5.3	5.0	3.5	2.7
GFCF/GDP	%	21.0	22.1	20.3	21.9	21.0	22.1	-	-
Gross domestic savings/GDP	%	55.7	60.6	62.8	58.6	59.3	58.7	-	-
Exports (G&S)/GDP	%	181.2	181.2	185	180.4	174.7	177.9	-	-
Working age (15-64) population (% share in total)	%	76.2	75.6	75.3	75.1	74.7	74.1	73.5	72.9
Old age (65+) population (% share in total)	%	11.6	12.3	12.7	13.1	13.7	14.2	14.8	15.3
Fiscal indicators – general government									
Fiscal balance/GDP	%	-6.6	1.1	1.2	3.4	3.7	4.1	3.3	2.9
Revenue/GDP	%	17.3	16.5	16.1	18.1	18.0	19.6	19.4	19.5
Expenditure/GDP	%	24.0	15.4	14.9	14.6	14.3	15.5	16.1	16.5
GG gross debt/GDP	%	147.1	139.9	153.3	170.4	166.0	171.3	171.9	172.7
GG external debt (by creditor)/GG gross debt	%	0	0	0	0	0	0	-	-
Interest/revenue	%	0.4	0.4	0.5	0.5	0.6	-	-	-
External indicators									
Current account balance/GDP	%	17.7	19.3	18.9	16.4	17.2	16.7	16.6	16.5
FDI, net inflows/GDP	%	22.6	32.3	28.0	24.6	23.6	26.4	-	-
Outstanding FII liabilities/GDP	%	107.2	102.9	100.9	107.5	111.9	119.9	-	-
NIIP/GDP	%	305.8	233.2	178.3	191.7	166.0	179.1	-	-
Foreign exchange reserves	USD billion	362.2	416.8	288.8	351.2	372.5	409.9	-	-
Import cover	Months	8.3	7.8	4.7	5.8	5.7	5.7	-	-
External debt/GDP	%	509.1	430.5	384.0	416.2	391.8	409.5	-	-
Monetary and financial indicators									
CPI inflation	%	-0.2	2.3	6.1	4.8	2.4	0.9	2.3	1.9
Exchange rate (average)	LC per USD	1.4	1.3	1.4	1.3	1.3	1.3	-	-
Non-performing loans/total gross loans	%	2.6	2.1	1.8	1.7	1.3	1.1	-	-
Private debt, loans and debt securities/GDP	%	232.0	201.1	165.1	174.4	167.0	-	-	-

Sources: International Monetary Fund, World Bank, Bank for International Settlements, Haver Analytics, National Sources, CareEdge Global

Note: F - forecast; PPP – purchasing power parity; GFCF – gross fixed capital formation; exports (G&S) – exports of goods and services; GG – general government; FDI – foreign direct investment; FII – foreign institutional investment; NIIP – net international investment position. Data refers to fiscal*/calendar year and actual/estimate as reported by the source. Where general government data is unavailable, central government data is used. Latest available data for 2024

Solicitation Status

The rating is unsolicited

Rating History

Instrument	Type	Rating	Date
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA/Stable	September 01, 2026
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA/Stable	November 28, 2025
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA/Stable	November 29, 2024
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA	October 03, 2024

Criteria Applied

CareEdge Sovereign Rating Methodology

Analytical Contacts

Kiran Kavala
kiran.kavala@careedgeglobal.com

Annie Mahajan
annie.mahajan@careedgeglobal.com

Bhavana Ramesh
bhavana.ramesh@careedgeglobal.com

Media Contact

Mradul Mishra
mradul.mishra@careedge.in

About Us
CareEdge Global IFSC Limited (CareEdge Global) is a full-service Credit Rating Agency (CRA) with a mission of **Empowering Global Capital Market Participants Through Unrivalled Insights and Expertise.** As the first CRA registered and authorized by the International Financial Services Centres Authority (India), CareEdge Global is uniquely positioned to provide comprehensive ratings on a global scale. A part of the CareEdge Group, which is a knowledge-based analytical organisation offering a wide range of services in Credit Ratings, Analytics, Consulting, and Sustainability. Established in 1993, our parent company, **CARE Ratings Limited (CareEdge Ratings)**, stands as India's second-largest rating agency.

Disclaimer
This disclaimer applies to each credit rating report and/ or credit rating rationale ('report') that is provided by CareEdge Global IFSC Limited ('CareEdge Global').

Ratings from CareEdge Global are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/ instruments or to make any investment decisions. The report is not a solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CareEdge Global assumes no obligation to update its opinions following publication in any form or format although CareEdge Global may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the investor, user, its management, employees, advisors and/ or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. Therefore, the report is not intended to and does not constitute an investment advice. The report should not be the sole or primary basis for any investment decision. CareEdge Global is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CareEdge Global. CareEdge Global does not act as a fiduciary by providing the rating.

Any unsolicited ratings assigned by CareEdge Global are based on publicly available information as CareEdge Global may or may not have access to documents / information or participation from management of such issuers. While CareEdge Global has obtained information from sources it believes to be reliable, CareEdge Global does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/ or relies on in its reports. CareEdge Global ratings are subject to a periodic review, which may lead to revision in ratings. CareEdge Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CareEdge Global has in place a ratings code of conduct and policies for managing conflict of interest.

Neither CareEdge Global nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents guarantee the accuracy, completeness or adequacy of the report, and shall not have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. CareEdge Global DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CareEdge Global or its associated entities or persons be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

This report does not constitute an offer of services. This report is solely for use in the jurisdiction of IFSCA, GIFT City in Gandhinagar. Without limiting the generality of the foregoing, nothing in the report is to be construed as CareEdge Global providing or intending to provide any services in jurisdictions where CareEdge Global does not have the necessary licenses and/ or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CareEdge Global and the user.

For latest rating information on any instrument of any company rated by CareEdge Global, you may visit our website www.careedgeglobal.com.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CareEdge Global.

CareEdge Global IFSC Limited
501, FlexOne, GIFT SEZ, Block 15, Gandhinagar, Gujarat – 382050, India. Phone: +91-79-6519 0701 l www.careedgeglobal.com
CIN-U66190GJ2024PLC151103