

A nighttime photograph of the Singapore skyline, featuring several illuminated skyscrapers and a body of water in the foreground. A red rectangular box with a white border is centered over the image, containing the text 'Singapore' and 'Joseph, Parker, Van'.

Singapore

Joseph, Parker, Van

Economy



Overall size

- Nominal GDP: \$574.18 Billions
- Real GDP Growth: 2.2%
- Economic Growth: 2.9%
- Current Account Balance: \$ 99.908 Billion
- Unemployment Rate: 2.1%

Economic Structure

- Mixed market economy
- Manufacturing
- Services
- Business-Friendly environment

Financial Markets

- Asia's third-largest foreign exchange center and a top global wealth management hub

Financial Markets Structure:

- Banking:
 - Major global bank
 - Strong digital banking factor
- Fintech:
 - One of Asia's largest FinTech ecosystems
 - MAS supports innovation through its FinTech Regulatory Sandbox
- Wealth Management:
 - A major reinsurance and wealth management center
 - Growing market for green and sustainable bonds



Currency Conditions

Exchange Rate and Stability

- Currency Exchange Rate (Oct 2025): 1 SGD \approx 0.773 USD (or 1 USD \approx 1.294 SGD)
- Exchange Rate Regime: Managed Float System
 - Monetary Authority of Singapore (MAS) manages the SGD against a trade-weighted basket of currencies rather than fixing it to the USD
 - Policy focus is on price stability and export competitiveness rather than interest rate targeting



Currency Conditions

Foreign Exchange Market

- Asia's 3rd Largest FX Center, after Tokyo and Hong Kong
- Average daily turnover: ~USD 630 billion (BIS, 2024)
- Deep and liquid market allows easy hedging through forwards, swaps, and options
- 24-hour trading access and robust clearing systems through MAS and the Singapore Exchange



Reserves and External Position

- Official Foreign Reserves (2025): ~USD 365 billion – among the top 10 globally
- Current Account Surplus (2024): USD 128.3 billion (~21% of GDP)
- This strong reserve position provides currency defense capacity against external shocks

Big Mac Index

Local Big Mac Price (SGD): 10.05

U.S. Big Mac Price (USD): 5.69

Actual FX Rate: 1 USD = 1.294

SGD Implied PPP (SGD per USD):
1.767

Currency Misvaluation: SGD is
undervalued by ~36.6% vs USD



Video

<https://youtu.be/JQBtvdxliDY>

Country Risks

External Exposure

- Export dependent economy vulnerable to global trade and tech cycles
- Diversified sectors (biomedical, green finance, digital services) and large FX reserves cushion global shocks

Demographics & Labor

- Aging population and reliance on foreign workers raise labor costs
- Progressive Wage Model and automation incentives boost productivity and workforce depth

High Operating Costs

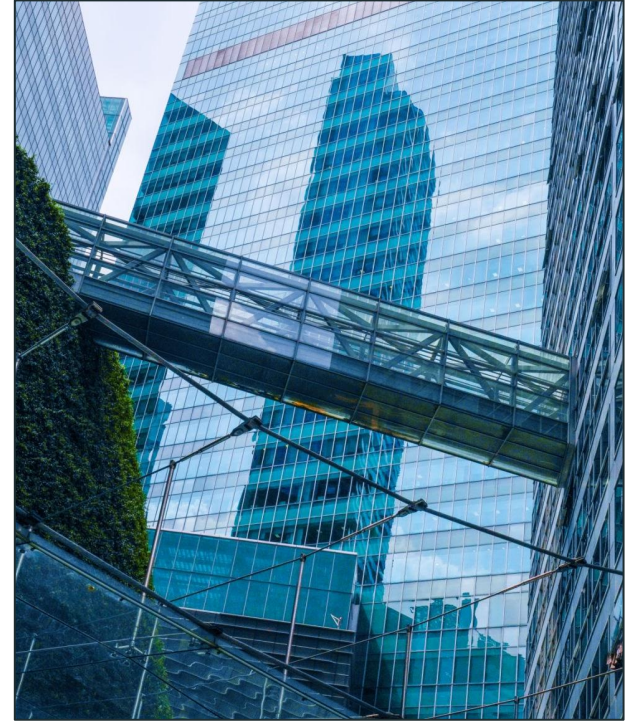
- Expensive commercial rents and wages compared to ASEAN peers
- Corporate tax only 17%, plus government productivity and innovation grants reduce effective costs.

Policy Rigidity

- Tight immigration and labor policies can limit workforce flexibility
- Transparent, rules-based governance under MAS and EDB ensures predictable regulations and investor protection

Environmental & Geopolitical Risks

- Climate change (flooding) and regional tensions may impact logistics or energy prices
- \$100B coastal protection plan, diversified trade partners, and diplomatic stability through ASEAN and global partnerships



Socioeconomic Factors

Human Capital Investment

- Progressive Wage Model (PWM)
 - mandates structured wage increases tied to skills upgrading and productivity gains
- Workfare Income Supplement (WIS)
 - provides direct cash payments and Central Provident Fund contributions to lower-income workers
- Expansion of the Workfare Skills Support (WSS) scheme in Budget 2025
 - Equips workers with skills that lead to more sustainable and financially secure employment
- Income distribution between rich and poor fell to a record low of 0.364



Cultural Factors

- Communitarianism
 - Social harmony and collective well-being over individualism
- Society values
 - Respect and adherence to social hierarchy
- Racial and Religious Harmony
 - Melting pot of different beliefs and religions
- Public Transportation
 - Mass Rapid Transit (MRT)
 - Buses



Sources

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Thank You