

Chia Der Jiun: Opening remarks - UBS Asian Investment Conference (AIC) Singapore Wealth Edition

Opening remarks by Mr Chia Der Jiun, Managing Director of the Monetary Authority of Singapore, at the UBS Asian Investment Conference, Singapore Wealth Edition, Singapore, 25 May 2026.

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Good morning. A great pleasure to join you this morning.

A Global Economy Shaped by Cross-Currents

Markets are hopeful that an agreement could be reached soon that would reopen the Strait of Hormuz. This spotlights what a remarkable period the last 3 months has been. The world has gone through a major regional military conflict and an unprecedented energy supply shock estimated at more than 10 million barrels per day.

Oil prices were more than 40% above pre-war assumptions. Prices of oil products were up more than 50% from pre-war levels.

Global Headline CPI in April has risen more than 1 percentage point on a year ago basis.

Economists are concerned about the stagflationary impact of the energy shock.

Yet, stock markets are buoyant. The S&P 500 reached record highs in May and is up 9% year to date. MSCI EM is up 20% year to date.

Oil futures contracts are in severe backwardation, consistent with expectations of a temporary shock.

10-Year Bond Yields increased an average of 50bps in major advanced economies, in expectation of higher inflation and tighter monetary policy. This is a relatively moderate change and lower than bond yield increases following the war in Ukraine.

Global growth forecast for this year has been downgraded 0.2 percentage points by the IMF in April to 3.1%. This is a relatively moderate change and broadly within the bands of trend growth.

These are signs of resilience in the global economy to a major shock, but these also mask significant uncertainties and risks ahead.

Let's consider three basic questions.

- Why has the energy shock not had more severe consequences?
- Why is there positive momentum in global growth and stock markets?
- What uncertainties ahead could derail these?

To the first question - the price impact of the energy shock has not been more severe globally for a few reasons.

- Markets initially priced in expectations of a short conflict and later that an agreement would be struck.
- Swing production from the US and elsewhere have added to global supply. Supply substitution has proved to be quicker and more nimble.
- Drawdowns on large stockpiles and inventory have helped to cushion the shortfall.
- The release of strategic reserves has also provided a buffer.
- Demand moderation measures in various countries, as well as cuts to refining intake of crude, has also been a factor.
- Price caps and subsidies in some economies may have delayed the full impact on downstream users.

But these buffers cannot work indefinitely in a prolonged shock.

- Swing production from alternative sources have been maximised in the near term.
- Stockpiles and inventory once drawn down will add to future demand.
- Cuts to refining output will mean more supply stresses in downstream refined products.
- Subsidies will impose an increasingly high fiscal cost and are not sustainable if prolonged.

As these buffers are drawn down, and if there is no durable reopening of the Strait, the next stage of impact could be more severe.

Turning to global growth and market optimism.

The global economy entered the energy shock in a relatively benign position. Growth was generally healthy. Corporate earnings growth was relatively strong, particularly in the US.

A major factor driving both GDP growth and stock market optimism has been the AI boom.

AI related investment contributed most of US investment growth and half of US GDP growth. AI-related stocks contributed most of the market's gains this year.

AI investments have also boosted economic performance in Asia, with Taiwan and Korea being the most notable in experiencing very high export growth on the back of the semiconductor boom.

Investments announced by hyperscalers into data centres are in the order of several hundred billion dollars this year, and with strong projections sustained into the years ahead.

Both the AI boom and the energy shock have taken place against a backdrop of inflation in major economies returning closer to target and interest rates in a relatively good position to respond to both risks to inflation and growth.

The relatively moderate market reaction to inflationary risks means that financial conditions remain generally supportive of growth in the near-term.

Certainly, there are exceptions to this generalised picture, and emerging market net energy importers with little fiscal space will be worse impacted, and may experience more capital flow and currency volatility.

What uncertainties could derail this picture of relative resilience? I will mention three uncertainties.

First and clearly, the situation in the Gulf could go both ways.

One hopes an agreement that reopens the Strait of Hormuz is reached soon and sustained.

But if the agreement is fragile and prolonged tension keeps the Strait of Hormuz largely or intermittently closed, an increasingly higher toll will be exacted on the global economy.

In such a scenario, as stocks and inventories and other buffers are drawn down, demand destruction will bear a greater burden of adjustment to constrained supply in the next stage, and there is a higher risk of non-linear price adjustments and disruption to activity.

The impact will however be heterogeneous.

- Lower-margin and -value activities will experience disruption first. For example, low-value uses of polyethylene, in plastic packaging, has been among the first to experience disruption.
- The reduced availability and use of fertilisers for food production could increase as a concern.
- Jet fuel shortages have been a consequence of reduced refining output.
- Lower income regions and countries will likely experience more disruption in a situation of quantity rationing and sharp price hikes.
- Higher income regions and countries, those with more fiscal space, diversified sources of energy, and host significant refining capacity will be better equipped to adapt.

Should a sharper and prolonged energy price shock materialise, it will result in more forceful second round effects and more concerning inflationary dynamics. Should export curbs on refined products be introduced by significant exporting countries, this will significantly worsen the situation and potentially disrupt cross-border supply chains.

Second, there are uncertainties around the sustainability of the AI investment boom.

The boom is sustained by a race to scale and a race to self-improving models supported by relatively easy financing and large hyperscaler cashflows.

The result has been competition for scarce chips and energy, and a rising unit cost for compute.

The race may decelerate or wind down if the race is won, or if the market increases the cost of financing should it stop believing that the race could be won at reasonable cost relative to the winners' prize money. Or as a tail risk, the race is disrupted by technology obsolescence or regulatory intervention.

A third uncertainty of medium-term concern is if global growth is narrowly driven by AI, with a small group of companies and a narrow set of sectors gaining; if productivity gains are not widely distributed globally; and if wages and employment do not capture a fair share of the gains.

This may mean high growth, but not balanced growth.

I have sketched out uncertainties and risks but certainly there are more positive outcomes possible and these are what markets are currently pricing.

Each country will navigate the current challenges and the uncertainties ahead, and hopefully continue to see that there are advantages to cooperation.

Policy responses matter, and there will be need for strategies to develop resilience to shocks, strengthen the adaptive capacity of the workforce, cushions for more vulnerable segments, and building more diversified sources and channels of growth with gains shared broadly.

A Trusted Financial Centre Built on Partnership

Let me turn now to how MAS sees the positioning of Singapore's financial centre.

In a world buffeted by shocks and uncertainty, there will be demand for safety and stability. The attributes of safety and stability have been Singapore's enduring advantage.

This has been the result of a strong commitment to a transparent and predictable legal framework, trusted governance, sound macroeconomic management, and a supportive pro-business environment.

Singapore thus provides a trusted base for businesses and investors to invest with confidence, from which it can tap into the opportunities of a fast-growing region.

Indeed, safety, stability and trust are key attributes of Singapore's financial centre. To that, I would also add dynamism and a wide range of capabilities.

We have strength in wealth and asset management, FX, and banking. But we are also a major insurance and reinsurance hub, as well as a payment services hub. We also have a growing base of innovative FinTechs. And our financial centre is among the leaders in AI adoption.

Even as we add to the depth and breadth of activities and capabilities in our financial centre, MAS will also give emphasis to the core foundations that support the financial centre.

These four core foundations are:

- A skilled workforce;
- A risk-proportionate regulatory approach that avoids undue regulatory burden;
- Innovation; and
- Partnership.

MAS is giving increased emphasis to upskilling the financial sector workforce in collaboration with the Institute of Banking and Finance and the industry.

A priority now is to accelerate the equipping of our financial workforce with skills to work with AI.

MAS also takes a risk-proportionate regulatory approach that provides protection and transparency to investors but avoids undue regulatory burden on financial institutions.

Innovation has been core to building new capabilities in our financial centre.

MAS supported the growth of the FinTech ecosystem in Singapore, provided sandbox testing of new ideas and calculated risk-taking, put in place building blocks for the development of sustainable finance, advanced use cases for tokenisation and digital assets, as well as taken initiatives to support the adoption of AI in finance.

Partnerships between MAS and the industry enable better-targeted risk-proportionate regulation.

Partnership also enables the co-development of industry standards or good practices that the industry needs and welcomes for new activities and functions.

A good example of MAS-industry partnership is the Private Banking Industry Group, or PBIG.

The PBIG discusses issues and strategies relevant to the development of the wealth management sector.

Last year, PBIG established an Account Opening Workgroup, co-led by MAS and industry, to identify ways to make client onboarding more efficient while maintaining sound regulatory standards.

The Workgroup identified industry practices that go beyond what MAS' and international standards required, and considered how to re-align these practices with a risk proportionate approach.

More efficient account opening will improve the competitiveness of the wealth management industry while maintaining high standards.

Building on the observations highlighted by the Account Opening Workgroup, MAS has today issued a circular guiding financial institutions to establish a client's Source of Wealth in a risk proportionate way.

This circular supplements earlier MAS guidance, including a 2024 circular and an information paper on MAS' supervisory expectations for financial institutions' application of AML controls.

It provides further guidance for applying the principles of materiality and relevance, so that financial institutions can avoid unnecessary and excessive steps in the process and be more targeted.

Today, PBIG will also issue a set of Process Enhancement Tips, offering practical ways to address common account opening challenges.

And in the months ahead, industry will roll out case studies and training for relationship managers and compliance professionals.

These initiatives – the MAS circular and the PBIG Process Tips – together with those coming in the months ahead, are expected to lead to significantly more efficient account opening processes, bringing the median time needed to open a private banking account to within a month, down from the current median duration of about 6 weeks or even longer for more complex cases.

Conclusion

Let me conclude these comments. Amidst more regular shocks and persistent uncertainty, Singapore's financial centre and the safety, stability, trust and dynamism that it stands for offers significant value.

MAS will continue to build on the strengths of our trusted and dynamic financial centre. We will reinforce our core foundations by investing in a skilled workforce, adopting a risk proportionate regulatory approach, promoting innovation and working in partnership with industry.

Thank you.