

MAS Reports Net Profit of S\$3.8 Billion Amid Strong Investment Gains

The Monetary Authority of Singapore (MAS) has reported a significant financial turnaround, recording a net profit of S\$3.8 billion for the financial year ending March 31. This marks a dramatic recovery from the previous year's record loss of S\$30.8 billion.

Investment Gains and Income Surge

MAS achieved substantial investment gains of S\$12.7 billion, a staggering increase from the S\$0.6 billion reported last year. These gains were primarily driven by interest income, dividends, and realized capital gains, according to MAS Managing Director Chia Der Jiun, who spoke during the release of the central bank's annual report.

The total income for the year reached S\$25.2 billion, bolstered by a modest positive currency translation effect of S\$1.7 billion. This effect arose as the euro, pound sterling, and US dollar – currencies in which some of the official foreign reserves are held – appreciated against the Singapore dollar.

Expenditure and Market Operations

Total expenditure for the year amounted to S\$21.4 billion, a significant rise from S\$13.7 billion the previous year. This increase was largely due to higher interest expenses on MAS bills and other borrowings related to domestic money market operations. With rising Singapore dollar interest rates mirroring global trends, MAS incurred greater costs in its money market operations, totaling S\$10.6 billion.

Despite achieving an overall profit, MAS did not make any contributions to the Government's consolidated fund or return profits to the Government for this financial year. As of March 31, its total capital and reserves stood at S\$38.1 billion.

Economic Outlook and Growth Projections

Looking ahead, Chia expressed optimism about Singapore's economic growth, expecting momentum to strengthen with major sectors returning to pre-pandemic norms. "For the full year, GDP growth will come in closer to its potential rate of 2 to 3 percent," he noted. The Ministry of Trade and Industry projects GDP growth for 2024 to be between 1 and 3 percent. Inflation in Singapore has moderated, with core inflation at 3.1 percent in May.

Globally, Chia highlighted the resilience of economic growth over the past year and anticipates it to remain steady. However, he warned of potential risks, including high interest rates affecting private sector spending, uncertainties in the Middle East, and the impact of rising global protectionist policies on confidence and investment.

Investment in Quantum and AI Technologies

In a bid to further technological advancements, MAS announced an additional commitment of S\$100 million under the Financial Sector Technology and Innovation Grant Scheme. This funding will support financial institutions in developing capabilities in quantum and artificial intelligence (AI) technologies.

The grants aim to facilitate the setup of quantum computing and security innovations in Singapore, enhance cyber security readiness, and promote the adoption of AI solutions. Financial institutions can also use these funds to develop and deploy AI technologies or establish AI platforms for industry-wide use.

The MAS's strong financial performance and forward-looking initiatives underscore its role in driving economic growth and technological innovation, positioning Singapore for a prosperous future.