

## GE25 - PAP's Existential Crisis or 1-term PM?

**Fig1: GE, expected FY25F margin**

PM	Election	PAP Seat %	PAP Popular Vote %	Contested Seats/ Total	Opposition seats #
LKY	1968	100%	84.40%	7/58	0
LKY	1972	100%	69.02%	57/65	0
LKY	1976	100%	72.40%	53/69	0
LKY	1980	100%	75.60%	38/75	0
LKY	1984	97.5%	62.90%	49/79	2
LKY	1988	98.8%	63.10%	70/81	1
GCT	1991	95.1%	61.00%	40/81	4
GCT	1997	97.6%	65.00%	36/83	2
GCT	2001	97.6%	75.30%	29/84	2
LHL	2006	97.6%	66.60%	47/84	2
LHL	2011	93.1%	60.10%	82/87	6
LHL	2015	93.3%	69.86%	89/89	6
LHL	2020	89.2%	61.23%	93/93	10
LW	2025	64-90%	56.4 - 63.7%	92/97	10 - 35

- PAP expected to retain majority (64-90% seats or implied 56.4-63.7% popular vote)
- Leadership pressure from margin compression
- Opposition momentum to re-shape next GE political landscape
- Expected market impact SGD (pg 4) to test \$1.28 level

George KOH  
gk@ssre.ai  
Research Analyst

Paul SCHYMYCK  
pws@ssre.ai  
Economist

See Figure 2. Source: NLB, LLMs, SSRE AI estimates

While the People's Action Party (PAP) is projected to maintain its parliamentary majority in the 2025 general election, two critical vulnerabilities emerge: short-term leadership strain/change from declining vote/seats & a medium-term existential challenge as opposition gains signal plausibility of a parliamentary transition by 2030.

Capital markets impact likely muted for SGD with risk on strengthening towards \$1.28/USD level assuming Trump tariffs remained onside & given current MAS setting for a slight appreciation of the S\$ until the next policy setting in July.

### An existential crisis for PAP?

- ❖ Too late to re-dress its organic issues for GE25 but crucial to re-calibrate its Internal Dynamics before risking constitutional challenges for next 2 GE.

### Can PM Wong's May Day Rally (1<sup>st</sup>-May-25) give a boost to his campaign?

- ❖ Since his appointment as PM, the only recurrent theme is more vouchers/food stamps to address cost of living, further justification on higher GST<sup>1</sup>. PAP engagement strategy for GE25 has largely centered around "long on rhetoric, short on details". Given the lack of depth (civil service & military officers) in its team vs opposition (private sector, civil service), it comes as no surprise there is little variation in their election strategy.
- ❖ We think PM Wong's team missed a great opportunity to wrestle control of current narrative by focusing on shaping character perception of opposition rather than engaging in relevant policy discussions. PAP could have primed to take advantage of mainstream media to stretch its last-ditch effort on cooling<sup>2</sup>

off day. “Don’t vote for him”/ “if you don’t vote for us” did not turned out well for the US Democrats in 2024.

- ❖ Tried and tested fear mongering tactics worked well in the past when media & information flow was well controlled and short-term partisan infrastructure upgrades were easy persuasion.

### Tik Tok’s 72% penetration levelling the field

- ❖ Despite mounting legal vectors (POFMA<sup>3</sup>, constant re-drawing of electoral boundaries to retain statistical incumbent advantage), efforts to resuscitate state-backed media (Straits Times|Mothership|Today) all failed to arrest the proliferation of non-main stream media (e.g. Tik Tok), eroding much of PAP’s perceived informational advantages in this election.
- ❖ Singapore heads into voting booth on 3-May-2025 on the back of similar issues regarding economic uncertainty that helped opposition Workers Party (WP) secured a historic high of 10 seats in Parliament in 2020. Thus far the ruling party has done nothing but exacerbate voter dissatisfaction with recent GST<sup>1</sup> hike aiding inflation, political scandals (graft charges against Transport Minister Iswaran, Speaker JC Tan affair with MP) and recent failed divestment of NTUC Insurance to Allianz following public outrage.

**Figure 2: Singapore GE, estimated winning margin by PAP**

PM	Election	PAP Seat %	PAP Popular Vote %	Population (mil)	Contested Seats/ Total	Opposition seats #	Avg GDP Growth per Election cycle	GDP per Capita (USD '000)*	Avg GDP growth%	GDP/capita growth	Population growth
LKY	1968	100%	84.40%	~2.0	7/58	0	~9.5% (1968-1972)	~\$0.5 (1970)	9.5		
LKY	1972	100%	69.02%	~2.2	57/65	0	~8.1% (1972-1976)	~\$1.2 (1975)	8.1	140.0%	10%
LKY	1976	100%	72.40%	~2.3	53/69	0	~8.4% (1976-1980)	\$2.759 (1980)	8.4	229.9%	5%
LKY	1980	100%	75.60%	~2.4	38/75	0	~6.9% (1980-1984)	~\$5 (1985)	6.9	181.2%	9%
LKY	1984	97.5%	62.90%	~2.5	49/79	2	~6.2% (1984-1988)	~\$7 (1988)	6.2	40.0%	4%
LKY	1988	98.8%	63.10%	~2.9	70/81	1	~8.3% (1988-1991)	~\$8.914 (1991)	8.3	27.1%	16%
GCT	1991	95.1%	61.00%	~3.0	40/81	4	~7.4% (1991-1997)	~\$14 (1995)	7.4	57.3%	3%
GCT	1997	97.6%	65.00%	~3.6	36/83	2	~3.9% (1997-2001)	~\$20 (2000)	3.9	42.9%	20%
GCT	2001	97.6%	75.30%	~4.1	29/84	2	~5.1% (2001-06)	~\$23 (2005)	5.1	15.0%	14%
LHL	2006	97.6%	66.60%	~4.4	47/84	2	~5.4% (06-11)	~\$40 (2010)	5.4	73.9%	7%
LHL	2011	93.1%	60.10%	~5.2	82/87	6	~3.6% (11-15)	~\$56 (2015)	3.6	40.0%	18%
LHL	2015	93.3%	69.86%	~5.6	89/89	6	~2.7% (15-20)	~\$65 (2020)	2.7	16.1%	8%
LHL	2020	89.2%	61.23%	~5.7	93/93	10	~3.1% (20-25 est.)	~\$67 (2025 est.)	3.1	3.1%	2%
LW	2025	64-90%	56.4-63.7%	~6.0	92/97	10-35	Avg 06-20: 3.7%		3.7	33.3%	8.7%

*Red highlights: periods where PAP were returned as majority party on nomination day i.e. contested seats < majority of total. Source: NLB, LLMs, SSRE AI estimates*

- ❖ Likely outcomes (highlighted cells in bottom row of fig 2) using expected battleground contests (figure 3) to guesstimate PAP’s resulting total between 64%-90% parliamentary seats (circa 56.4%-63.7% popular vote) or implied successful Opposition seats between 10 to 35.

❖ GRC<sup>4</sup> & NCMP<sup>5</sup> representation were first introduced in 1988. This has the impact of introducing leverage into the electoral system: PAP averaged 65.27% of popular vote but was able to secure an average of 95% of parliamentary seats.

### Our assumptions on battleground districts

We (SSRE) juxtapost investment variables on potential battlegrounds, risks and expected impact post GE:

- i. Risks arising from significant newsflow; negative earnings surprises, failed divestment, management ego
- ii. Quality of opposing candidates & recent polling record: deep & well thought out strategic views, level of articulation, character resilience, visible KPIs
- iii. Expected post GE impact if risks are realized: how CEO can plug the gaps, Chairman of Board/BOD likely course of action

**Figure 3: 11 likely battleground districts (vs incumbent PAP)**

Districts	#seats	Challenger	Why   Who @ risks	Expected impact post GE
Jalan Kayu	1	WP	NG CM tainted by recent divestment fiasco of NTUC Income Insurance	No impact
Sengkang GRC	4	WP	Former Senior Minister of Health & Transport Dr PM LAM lost in 2020	No impact
Punggol GRC	4	WP	Deputy PM KY GAN: NTUC failed divestment  2 MINISTERS	Loss of DPM & Minister for Trade & Industry mitigated by elderly age, new Int'l Trade dynamics. No impact on party whip, Home Affairs, Social & Family Dev <b>(Mayors* can step up)</b>
East Coast GRC	5	WP	E TONG 2 <sup>nd</sup> Minister for Law, Culture, Community & Youth.	No Taylor Swift 2.0? Ditto Mayors to step up
Tampines GRC	5	WP, NSP, PPP	Snr Minister PK KOH, Minister M ZULKIFLI	Sustainability & Env, Social & Family. Ditto Mayors
Tampines Changkat	1	WP	MP & Mayor	No impact
West Coast-Jurong West GRC	5	PSP	Minister for National Development D LEE	Ditto Mayors
Sembawang West	1	SDP	MP	No impact
Bukit Panjang	1	SDP	MP	No impact
Pioneer	1	PSP	MP	No impact
Potong Pasir	1	PAR, SPP	MP	No impact

\*Mayors are appointed to overlook Communities with 4(out of 5) being part-time.

Source: Straits Times, Channelnewsasia, LLMs, SSRE AI estimates

❖ **During 2020 GE, WP polled 50.49% in the 21 seats it contested in a straight fight with the PAP. WP has fielded 26 candidates in current GE25.**

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**Market overview – SGD upside risk to \$1.28**

- ❖ Since independence (1965) Opposition gains have been incremental (fig 1). GE2020 was a watershed for the PAP when the Opposition won 2 GRCs. A loss of a further 2 GRCs in 2025 GE (fig 2) in hotly contested GRCs of East Coast, Punggol (by WP) or West Coast (by PSP) could be potentially welcomed by foreign investors as a sign of Singapore's growing political maturity amidst a backdrop of a rise in authoritarian governments globally in previously long established democracies ie US and India.
- ❖ 2024 was a relatively good year for Singapore with growth topping out at a healthy 4.4%. Growth expectations have been ratcheted down in 2025 with the government cutting its forecast for the export-oriented economy in April from 1-3% to 0-2%, due to the unprecedented level of uncertainties and downside risks to growth in Singapore's 2 largest trading partners (US and China) from the erratic trade policies of the Trump administration and warned of further adjustments.
- ❖ Singapore's MAS has followed suit by adjusting (loosening) monetary policy twice in 2025 at its 2 policy meetings (Jan 24 and Apr 14) by reducing slightly the rate at which the SG\$ is allowed to appreciate against a basket of currencies (primarily those of Singapore's major trading partners) ie the S\$ nominal effective exchange rate (S\$NEER). The next move by the MAS would presumably be to hold the S\$NEER steady ie 0% slope, as last seen during the Covid pandemic.
- ❖ With international investors losing confidence in the US\$ and US assets and with many questioning whether the US\$ can remain the world's reserve currency the S\$ has been a safe haven. It has been one of the best performing currencies in Asia in 2025, appreciating by almost 4% against the greenback ytd. However, against a rejuvenated Euro, which is the second most widely held currency by central banks after the US\$, the Singapore currency has weakened by more than 5%.

- ❖ We would expect this trend of the Singapore currency appreciating against a falling US\$ to continue in 2025, with last year's high of 1.28 in sight even if the MAS does loosen monetary policy further and move to a 0% slope for the S\$NEER at its next meeting in July. The big winner will be the Euro, which has already hit a 3 year high, and traditional safe havens like the CHF.
- ❖ We are in uncharted territory as far as the outlook for the US\$ goes in 2025 and the remainder of Trump II. The supply shock from Trump's tariff war is the biggest since Covid and we know what that did to global growth. Even after Trump u-turned on tariffs they are still at their highest level since the 1930s. However, a lot depends on where the so-called reciprocal tariffs end up after the 90 days and how the affected countries respond with their own tariffs and presumably how Trump responds. Then there's the very large holdings of US treasuries held by countries like China which it could weaponize, driving up US interest rates, if Trump sticks to 145% tariffs on Chinese imports.
- ❖ The 2020 GE held in June was already a watershed GE as the opposition won a second GRC. However, the MAS did not change the monetary policy settings that it had introduced earlier in 2025 of a 0% appreciation of the S\$NEER in response to the Covid pandemic. This policy setting remained in place until Oct 2021 when economies started recovering and the MAS tightened. We can therefore conclude that the current policy setting of Apr 14 will continue.

*1 Goods & Services Tax: broad-based tax on domestic consumption. GST raised from 7% to 8% (2023), and to 9% (2024)*

*2 Cooling day: implemented for Singapore's GE 2011. No campaigning activities are allowed on Cooling-off Day designated as the day before polling day to give voters time to think rationally and reflect on the issues that were raised during the campaigning period.*

*3 Protection from Online Falsehoods and Manipulation Act 2019. Statute of the Parliament of Singapore that enables authorities to tackle the spread of fake news or false information*

*4 Group Representation Constituency, introduced in GE1988, whereby voting district is represented by Group of candidates (with mandatory minority representation) as opposed to Single Ward seat. GE25 has 15 Single (seat), 18 GRCs (8x4seats, 10x5 seats)*

*5 Non-Constituency Member of Parliament (GE1988): losing opposition candidates with the highest percentage of votes secured during a general election. Number of NCMPs (2016) raised from nine to 12 and that NCMPs would have the same voting rights as elected MPs.*