MAS Monetary Authority of Singapore

economic policy group

December 2011

The *December 2011 Survey* was sent out on 21 Nov 2011 to a total of 25 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 21 respondents (a response rate of 84%) and does not represent MAS' views or forecasts.

GDP growth in Q3 2011 was stronger than expected

The Singapore economy expanded by 6.1% in Q3 2011, which was higher than the median forecast of 5.5% reported in the *September 2011 Survey*.

The economy is forecast to expand by 5.2% in 2011

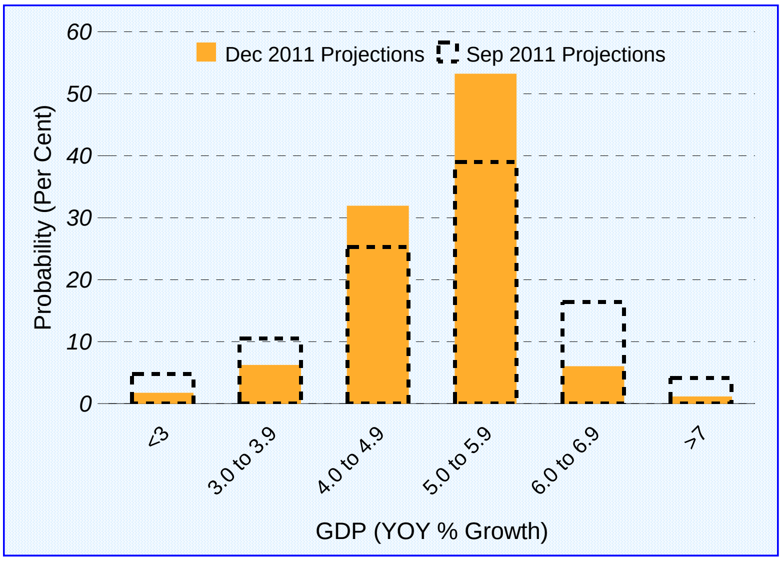
The respondents expect the economy to grow by 5.2% in 2011, marginally lower than the 5.3% in the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2011

Key Macroeconomic Indicators Year-on-Year % Change	**Sep Survey**	**Current Survey**
GDP	5.3	5.2
Manufacturing	5.4	8.5
Financial Services	9.6	9.4
Construction	2.1	1.2
Wholesale & Retail Trade	3.0	1.4
Hotels & Restaurants	6.9	5.9
Private Consumption	5.6	5.5
Non-oil Domestic Exports	5.3	2.1

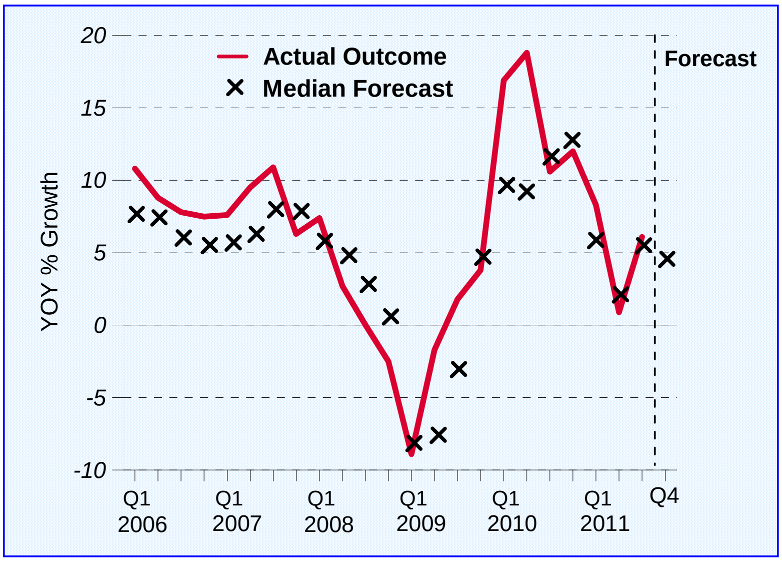
As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to grow by between 5.0 to 5.9% this year.

Chart 1
Mean Probability Distribution of 2011 GDP Growth Forecasts



For the fourth quarter of this year, the respondents now expect GDP to expand by 4.4%, compared with 5.9% in the previous survey.

Chart 2
Quarterly GDP Growth



CPI inflation expected to come in at 5.1% in 2011

The median CPI inflation forecast for 2011 increased to 5.1%, from 4.5% reported in the September survey. In Q4 2011, inflation is expected to come in at 5.1%. As for the labour market, the respondents expect the unemployment rate to be 2.1% by year-end, a decline from the 2.2% in the previous survey.

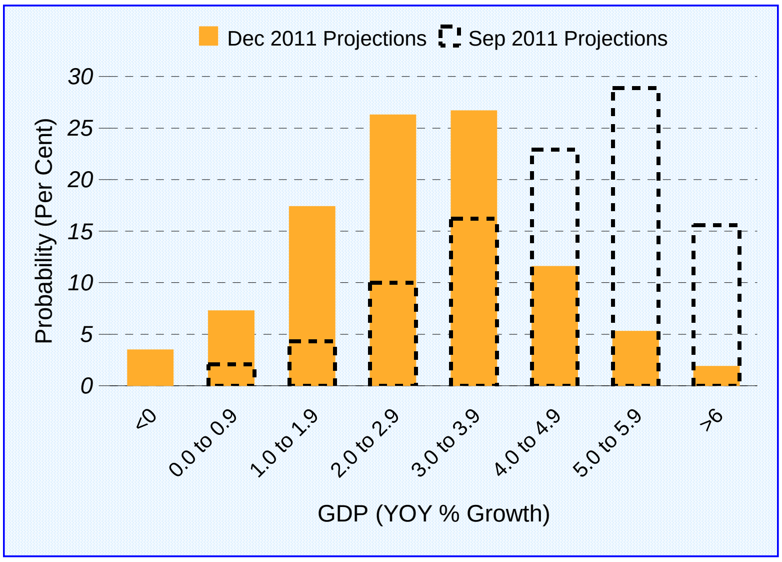
Table 2
Median Forecasts of Other Economic Indicators for 2011

Indicators	Sep Survey	Current Survey
CPI (year-on-year % change)	4.5	5.1
Unemployment Rate (end-period, SA %)	2.2	2.1
Exchange Rate (end-period, S$ per US$)	1.190	1.280
3-month US$ SIBOR (end-period, % per annum)	0.29	0.50
3-month S$ Interbank Rate (end-period, % per annum)	0.40	0.40
Bank Loans (end-period, % growth)	22.0	27.3

The economy is forecast to grow by 3.0% in 2012

For 2012, the respondents' forecast at this stage is for GDP growth to come in at 3.0%, while CPI inflation is expected to reach 3.1%. The mean probability distribution shows a downward shift towards 3.0 to 3.9% as the most likely growth range next year, from 5.0 to 5.9% in the September survey.

Chart 3
Mean Probability Distribution of 2012 GDP Growth Forecasts



APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q3 2011

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	**Median Forecast Sep Survey**	**Actual Outcome**
GDP	5.5	6.1
Manufacturing	7.2	14.2
Financial Services	9.5	10.5
Construction	2.0	0.3
Wholesale & Retail Trade	2.4	-0.2
Hotels & Restaurants	7.0	5.6
Private Consumption	5.0	7.1
Non-oil Domestic Exports	1.7	-1.1
CPI	4.8	5.5
Unemployment Rate (end-period, SA %)	2.2	2.0
Exchange Rate (end-period, S$ per US$)	1.204	1.300
3-month US$ SIBOR (end-period, % per annum)	0.30	0.37
3-month S$ Interbank Rate (end-period, % per annum)	0.35	0.25
Bank Loans (end-period, % growth)	25.0	31.1

Table A.2
Forecasts of Key Macroeconomic Indicators for Q4 2011

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	**Median**	**Mean**	**Min**	**Max**
GDP	4.4	4.1	-2.5	7.0
Manufacturing	9.3	9.9	3.2	15.9
Financial Services	6.5	6.9	4.0	10.5
Construction	0.5	0.5	-3.4	4.2
Wholesale & Retail Trade	0.1	0.4	-2.5	3.0
Hotels & Restaurants	4.8	4.2	1.5	5.9
Private Consumption	4.6	4.7	3.0	6.3
Non-oil Domestic Exports	-3.9	-2.1	-7.8	17.1
CPI	5.1	5.1	4.5	5.5
Unemployment Rate (end-period, SA %)	2.1	2.2	2.0	3.3
Exchange Rate (end-period, S$ per US$)	1.280	1.279	1.250	1.300
3-month US$ SIBOR (end-period, % per annum)	0.50	0.48	0.25	0.65
3-month S$ Interbank Rate (end-period, % per annum)	0.40	0.40	0.33	0.50
Bank Loans (end-period, % growth)	28.0	27.1	20.0	30.5

Table A.3
Forecasts of Key Macroeconomic Indicators for 2011

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Sep Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	5.3	5.2	5.1	4.5	5.8
Manufacturing	5.4	8.5	8.4	6.6	11.0
Financial Services	9.6	9.4	9.5	8.9	10.3
Construction	2.1	1.2	1.1	-0.5	2.1
Wholesale & Retail Trade	3.0	1.4	1.3	0.5	2.0
Hotels & Restaurants	6.9	5.9	5.6	4.4	6.2
Private Consumption	5.6	5.5	5.5	3.6	6.4
Non-oil Domestic Exports	5.3	2.1	2.0	-1.6	5.4
CPI	4.5	5.1	5.1	5.0	5.2
Unemployment Rate (end-period, SA %)	2.2	2.1	2.2	2.0	3.2
Exchange Rate (end-period, S$ per US$)	1.190	1.280	1.275	1.220	1.300
3-month US$ SIBOR (end-period, % per annum)	0.29	0.50	0.46	0.20	0.65
3-month S$ Interbank Rate (end-period, % per annum)	0.40	0.40	0.40	0.33	0.50
Bank Loans (end-period, % growth)	22.0	27.3	26.8	22.0	30.0

Table A.4
Forecasts of Quarterly GDP Growth for 2011 & 2012

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2011 Q4	4.4	4.1	-2.5	7.0
2012 Q1	0.0	0.4	-2.5	3.9
2012 Q2	3.0	2.7	-2.4	5.5
2012 Q3	3.6	3.6	1.8	5.1
2012 Q4	4.8	5.0	2.9	8.2

Table A.5
Forecasts of GDP Growth and CPI Inflation for 2012

Key Macroeconomic Indicators Year-on-Year % Change	September Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	4.9	3.0	2.9	1.3	5.0
CPI	2.8	3.1	3.2	2.3	4.3

Table A.6
Forecasts of Key Macroeconomic Indicators for 2012

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	**Current Survey**			
	Median	**Mean**	**Min**	**Max**
GDP	3.0	2.9	1.3	5.0
Manufacturing	3.4	3.9	-0.5	8.6
Financial Services	4.2	4.9	1.3	8.5
Construction	1.8	0.7	-6.5	3.0
Wholesale & Retail Trade	2.2	2.3	0.3	4.4
Hotels & Restaurants	4.0	4.3	2.0	8.9
Private Consumption	4.2	4.1	2.4	6.0
Non-oil Domestic Exports	3.1	2.6	-2.6	5.2
CPI	3.1	3.2	2.3	4.3
Unemployment Rate (end-period, SA %)	2.4	2.5	1.9	3.5
Exchange Rate (end-period, S$ per US$)	1.230	1.228	1.150	1.340
3-month US$ SIBOR (end-period, % per annum)	0.48	0.48	0.25	0.75
3-month S$ Interbank Rate (end-period, % per annum)	0.40	0.44	0.28	0.70
Bank Loans (end-period, % growth)	10.5	12.2	7.0	20.0

Table A.7
Mean Probabilities Attached to Possible Outcomes in GDP Growth

Forecasts for 2011		**Forecasts for 2012**	
Growth Range Year-on-Year Change	**Probabilities (%)**	**Growth Range** Year-on-Year Change	**Probabilities (%)**
7.0% or more	1.1	6.0% or more	1.9
6.0 to 6.9%	6.0	5.0 to 5.9%	5.3
5.0 to 5.9%	53.2	4.0 to 4.9%	11.6
4.0 to 4.9%	31.9	3.0 to 3.9%	26.7
3.0 to 3.9%	6.2	2.0 to 2.9%	26.3
Less than 3.0%	1.7	1.0 to 1.9%	17.4
		0.0 to 0.9%	7.3
		Less than 0%	3.5
Total	100	Total	100