



Monetary Authority of Singapore

economic policy department

A faint, light-colored background image of the Singapore skyline, showing various skyscrapers and buildings along the waterfront.

SURVEY of professional
forecasters

June 2008

The *June 2008 Survey* was sent out on 23 May 2008 to a total of 24 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 21 respondents (a response rate of 87.5%) and does not represent MAS' opinion or forecasts.

GDP growth in Q1 2008 exceeded expectations

The Singapore economy expanded by 6.7% in Q1 2008, which was higher than the respondents' median forecast of 5.7% reported in the *March 2008 Survey*.

GDP growth forecast to come in at 5.5% in 2008

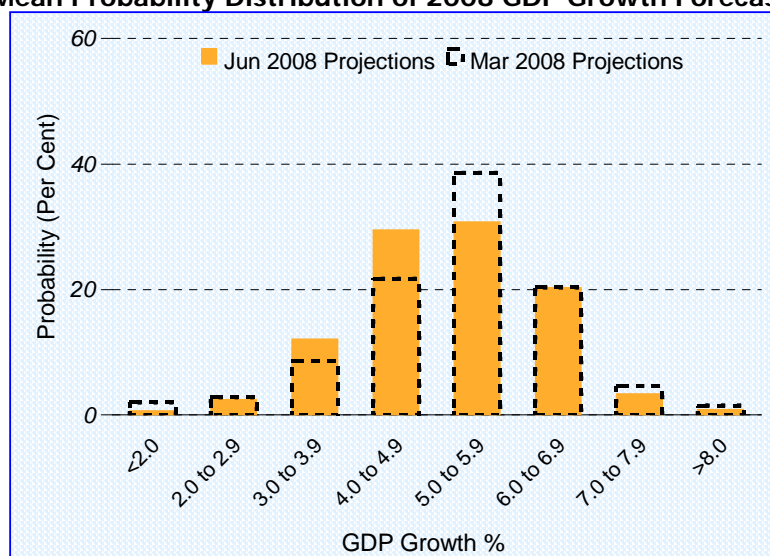
For 2008 as a whole, the respondents expect the economy to expand by 5.5%. This was a slight downgrade from the 5.6% forecast in the March survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2008

Key Macroeconomic Indicators Year-on-Year % Change	March Survey	Current Survey
GDP	5.6	5.5
Manufacturing	5.0	5.5
Financial Services	9.5	9.0
Construction	15.9	11.7
Wholesale & Retail Trade	6.3	5.2
Hotels & Restaurants	5.0	4.0
Private Consumption	4.0	3.9
Non-oil Domestic Exports	5.0	3.0

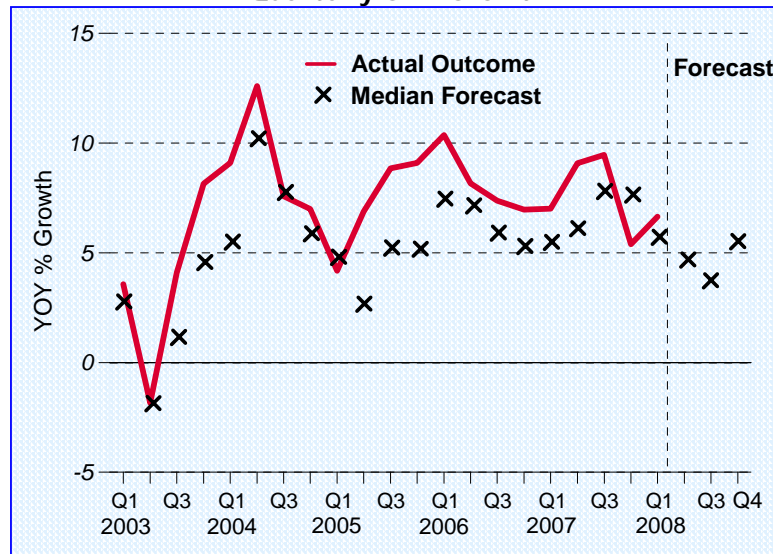
As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to grow by 5.0-5.9% this year.

Chart 1
Mean Probability Distribution of 2008 GDP Growth Forecasts



The respondents have also adjusted their forecast for GDP growth in Q2 2008 to 4.7%, up from the 4.4% reported in the previous survey.

Chart 2
Quarterly GDP Growth



CPI inflation expected to reach 6.0% in 2008

The CPI inflation forecast for 2008 rose to a median of 6.0%, up from the 5.0% reported in the March survey. More than half of the respondents' projections fell within the 6.0-6.5% range. For Q2 2008, the respondents project CPI inflation to come in at 7.5%.

In the labour market, the respondents expect the year-end unemployment rate to be 2.2%, slightly higher than the 2.0% in the previous survey.

Table 2
Median Forecasts of Other Economic Indicators for 2008

Indicators	March Survey	Current Survey
CPI Inflation (year-on-year % change)	5.0	6.0
Unemployment Rate (end-period, SA %)	2.0	2.2
Exchange Rate (end-period, S\$ per US\$)	1.380	1.323
3-month US\$ SIBOR (end-period, % per annum)	2.20	1.80
3-month S\$ Interbank Rate (end-period, % per annum)	1.26	1.40
Bank Loans (end-period, % growth)	12.5	15.0

APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q1 2008

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast March Survey	Actual Outcome
GDP	5.7	6.7
Manufacturing	5.4	12.4
Financial Services	10.0	13.4
Construction	20.5	14.7
Wholesale & Retail Trade	6.0	5.4
Hotels & Restaurants	5.1	2.4
Private Consumption	4.2	4.7
Non-oil Domestic Exports	3.5	0.6
CPI Inflation	6.3	6.6
Unemployment Rate (end-period, SA %)	1.7	2.0
Exchange Rate (end-period, S\$ per US\$)	1.403	1.380
3-month US\$ SIBOR (end-period, % per annum)	2.75	2.72
3-month S\$ Interbank Rate (end-period, % per annum)	1.50	1.31
Bank Loans (end-period)	18.0	23.9

Table A.2
Forecasts of Key Macroeconomic Indicators for Q2 2008

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median	Mean	Min	Max
GDP	4.7	4.3	-0.2	6.5
Manufacturing	4.5	4.6	2.3	8.3
Financial Services	8.7	8.3	4.1	12.0
Construction	11.8	12.6	2.9	20.3
Wholesale & Retail Trade	4.0	4.4	2.4	7.7
Hotels & Restaurants	2.9	3.2	1.2	5.8
Private Consumption	4.0	3.9	2.3	5.5
Non-oil Domestic Exports	2.6	3.0	0.7	7.0
CPI Inflation	7.5	7.5	7.0	7.9
Unemployment Rate (end-period, SA %)	2.1	2.2	1.8	2.9
Exchange Rate (end-period, S\$ per US\$)	1.355	1.356	1.340	1.390
3-month US\$ SIBOR (end-period, % per annum)	2.60	2.19	1.30	2.85
3-month S\$ Interbank Rate (end-period, % per annum)	1.30	1.38	1.10	2.60
Bank Loans (end-period)	21.8	19.6	10.0	25.0

Table A.3
Forecasts of Key Macroeconomic Indicators for 2008

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	March Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	5.6	5.5	5.2	3.2	6.3
Manufacturing	5.0	5.5	5.5	1.7	7.8
Financial Services	9.5	9.0	9.1	5.8	15.8
Construction	15.9	11.7	12.4	3.1	20.0
Wholesale & Retail Trade	6.3	5.2	5.2	3.0	8.0
Hotels & Restaurants	5.0	4.0	4.3	2.6	6.0
Private Consumption	4.0	3.9	4.1	2.2	7.8
Non-oil Domestic Exports	5.0	3.0	4.0	1.5	14.0
CPI Inflation	5.0	6.0	5.9	4.6	6.6
Unemployment Rate (end-period, SA %)	2.0	2.2	2.2	2.0	3.1
Exchange Rate (end-period, S\$ per US\$)	1.380	1.323	1.332	1.290	1.395
3-month US\$ SIBOR (end-period, % per annum)	2.20	1.80	1.97	0.95	3.25
3-month S\$ Interbank Rate (end-period, % per annum)	1.26	1.40	1.48	1.00	2.40
Bank Loans (end-period)	12.5	15.0	14.4	9.0	20.0

Table A.4
Forecasts of Quarterly GDP Growth for 2008

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2008 Q2	4.7	4.3	-0.2	6.5
2008 Q3	3.7	4.0	1.6	6.0
2008 Q4	5.5	5.6	0.9	8.0

Table A.5
Mean Probabilities Attached to Possible Outcomes in GDP Growth

Forecasts for 2008		Forecasts for 2009	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
8.0% or more	0.9	7.0% or more	6.1
7.0-7.9%	3.4	6.0-6.9%	27.6
6.0-6.9%	20.3	5.0-5.9%	35.0
5.0-5.9%	30.8	4.0-4.9%	15.8
4.0-4.9%	29.5	3.0-3.9%	9.4
3.0-3.9%	12.1	2.0-2.9%	3.6
2.0-2.9%	2.5	1.0-1.9%	1.9
Less than 2.0%	0.7	Less than 1.0%	0.6
Total	100	Total	100