Monetary Authority of Singapore

economic policy group

June 2010

The *June 2010 Survey* was sent out on 20 May 2010 to a total of 23 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 19 respondents (a response rate of 83%) and does not represent MAS' views or forecasts.

GDP growth in Q1 2010 was stronger than expected

The Singapore economy expanded by 15.5% in Q1 2010, which was higher than the median forecast of 9.5% reported in the *March 2010 Survey*.

Economy forecast to expand by 9.0% in 2010

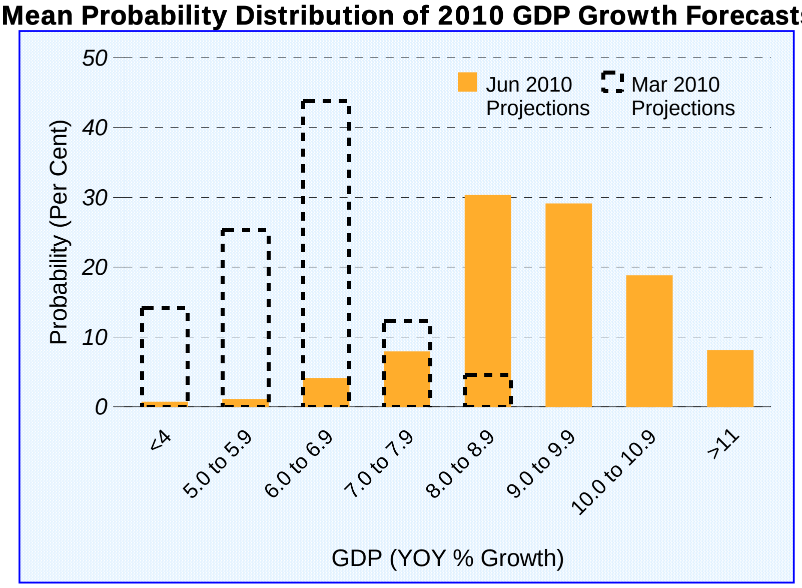
The respondents expect the economy to grow by 9.0% in 2010, an upgrade from the 6.5% in the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2010

Key Macroeconomic Indicators Year-on-Year % Change	**Mar Survey**	**Current Survey**
GDP	6.5	9.0
Manufacturing	9.7	16.7
Financial Services	5.8	9.0
Construction	8.9	10.3
Wholesale & Retail Trade	8.4	13.3
Hotels & Restaurants	8.5	8.2
Private Consumption	5.0	5.3
Non-oil Domestic Exports	12.3	17.8

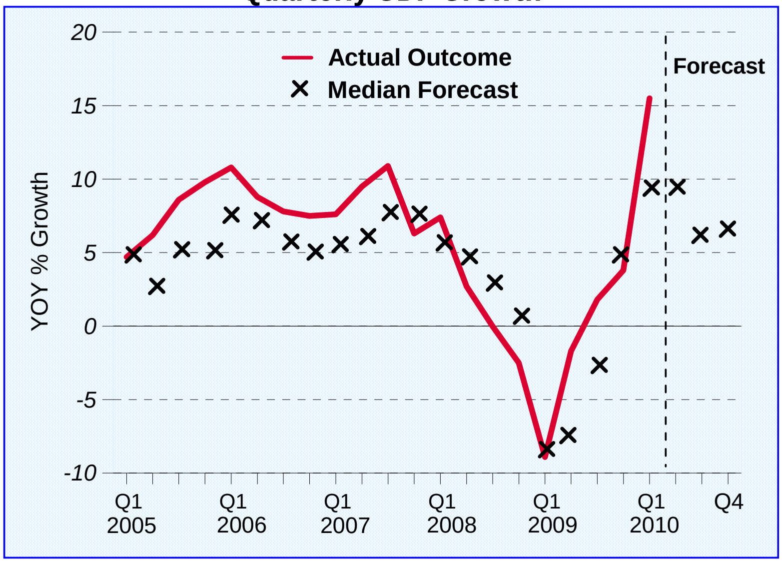
As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to grow by between 8.0 to 8.9% this year.

Chart 1
Mean Probability Distribution of 2010 GDP Growth Forecasts



For the second quarter of this year, the respondents now expect GDP to expand by 9.4%, compared with 6.3% in the previous survey.

Chart 2
Quarterly GDP Growth



CPI inflation expected to come in at 2.8% in 2010

The median CPI inflation forecast for 2010 increased to 2.8%, higher than the 2.7% reported in the March survey. In Q2 2010, inflation is expected to come in at 3.2%. As for the labour market, the respondents expect the unemployment rate to be 2.0% by year-end, unchanged from the previous survey.

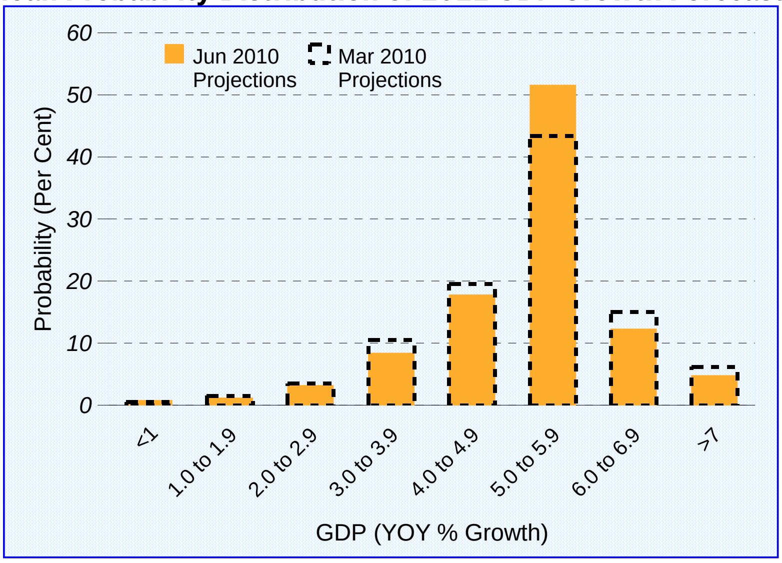
Table 2
Median Forecasts of Other Economic Indicators for 2010

Indicators	Mar Survey	Current Survey
CPI (year-on-year % change)	2.7	2.8
Unemployment Rate (end-period, SA %)	2.0	2.0
Exchange Rate (end-period, S$ per US$)	1.350	1.356
3-month US$ SIBOR (end-period, % per annum)	0.75	0.78
3-month S$ Interbank Rate (end-period, % per annum)	1.00	0.70
Bank Loans (end-period, % growth)	5.0	8.0

Economy forecast to grow by 5.5% in 2011

For 2011, the respondents' forecast at this stage is for GDP growth to be 5.5%, while CPI inflation is expected to reach 2.5%. As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to expand by 5.0 to 5.9% next year.

Chart 3
Mean Probability Distribution of 2011 GDP Growth Forecasts



APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q1 2010

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	**Median Forecast Mar Survey**	**Actual Outcome**
GDP	9.5	15.5
Manufacturing	18.0	32.9
Financial Services	8.0	18.1
Construction	10.0	13.7
Wholesale & Retail Trade	10.3	17.7
Hotels & Restaurants	6.7	6.7
Private Consumption	5.8	5.7
Non-oil Domestic Exports	18.0	23.2
CPI	1.1	0.9
Unemployment Rate (end-period, SA %)	2.1	2.2
Exchange Rate (end-period, S$ per US$)	1.400	1.403
3-month US$ SIBOR (end-period, % per annum)	0.3	0.29
3-month S$ Interbank Rate (end-period, % per annum)	0.7	0.69
Bank Loans (end-period, % growth)	4.7	5.8

Table A.2
Forecasts of Key Macroeconomic Indicators for Q2 2010

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	**Median**	**Mean**	**Min**	**Max**
GDP	9.4	9.6	5.6	16.0
Manufacturing	21.3	21.3	7.5	34.0
Financial Services	8.7	9.2	4.6	15.0
Construction	11.3	10.6	4.9	13.9
Wholesale & Retail Trade	15.7	14.4	7.5	18.8
Hotels & Restaurants	9.9	9.3	5.0	16.1
Private Consumption	6.0	5.9	3.0	8.0
Non-oil Domestic Exports	23.8	23.1	12.0	36.8
CPI	3.2	3.1	2.3	3.6
Unemployment Rate (end-period, SA %)	2.1	2.2	1.9	3.0
Exchange Rate (end-period, S$ per US$)	1.380	1.385	1.360	1.420
3-month US$ SIBOR (end-period, % per annum)	0.50	0.50	0.30	0.68
3-month S$ Interbank Rate (end-period, % per annum)	0.50	0.53	0.25	0.70
Bank Loans (end-period, % growth)	7.0	7.2	6.0	9.3

Table A.3
Forecasts of Key Macroeconomic Indicators for 2010

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Mar Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	6.5	9.0	9.2	6.5	12.0
Manufacturing	9.7	16.7	16.7	6.5	25.0
Financial Services	5.8	9.0	8.5	6.1	11.5
Construction	8.9	10.3	9.6	6.0	13.1
Wholesale & Retail Trade	8.4	13.3	12.8	6.5	16.0
Hotels & Restaurants	8.5	8.2	8.1	5.5	10.4
Private Consumption	5.0	5.3	5.4	2.5	8.7
Non-oil Domestic Exports	12.3	17.8	17.7	9.5	28.8
CPI	2.7	2.8	2.7	1.8	3.5
Unemployment Rate (end-period, SA %)	2.0	2.0	2.1	1.7	3.0
Exchange Rate (end-period, S$ per US$)	1.350	1.356	1.359	1.320	1.400
3-month US$ SIBOR (end-period, % per annum)	0.75	0.78	0.74	0.50	1.00
3-month S$ Interbank Rate (end-period, % per annum)	1.00	0.70	0.68	0.35	1.00
Bank Loans (end-period, % growth)	5.0	8.0	8.5	5.0	14.5

Table A.4
Forecasts of Quarterly GDP Growth for 2010

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2010 Q2	9.4	9.6	5.6	16.0
2010 Q3	6.0	5.6	2.0	9.0
2010 Q4	6.6	6.7	2.8	9.2
2010	9.0	9.2	6.5	12.0

Table A.5
Forecasts of GDP Growth and CPI Inflation for 2011

Key Macroeconomic Indicators	Median	Mean	Min	Max
	Year-on-Year % Change			
GDP	5.5	5.3	4.2	6.1
CPI	2.5	2.5	1.3	3.7

Table A.6
Mean Probabilities Attached to Possible Outcomes in GDP Growth

Forecasts for 2010		Forecasts for 2011	
Growth Range Year-on-Year Change	**Probabilities (%)**	**Growth Range** Year-on-Year Change	**Probabilities (%)**
11.0% or more	8.1	7.0% or more	4.8
10.0 to 10.9%	18.8	6.0 to 6.9%	12.3
9.0 to 9.9%	29.1	5.0 to 5.9%	51.6
8.0 to 8.9%	30.3	4.0 to 4.9%	17.8
7.0 to 7.9%	7.9	3.0 to 3.9%	8.4
6.0 to 6.9%	4.1	2.0 to 2.9%	3.2
5.0 to 5.9%	1.1	1.0 to 1.9%	1.2
Less than 4.0%	0.7	Less than 1.0%	0.8
Total	100	Total	100