



Monetary Authority of Singapore

economic policy department

A faint, light-colored background image of a city skyline, likely Singapore, with various skyscrapers and buildings.

SURVEY of professional
forecasters

March 2010

The *March 2010 Survey* was sent out on 19 February 2010 to a total of 24 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 20 respondents (a response rate of 83%) and does not represent MAS' views or forecasts.

GDP growth in Q4 2009 was slower than expected

The Singapore economy expanded by 4.0% in Q4 2009, which was lower than the median forecast of 4.7% reported in the *December 2009 Survey*. For 2009 as a whole, the economy contracted by 2.0%, which corresponded with the respondents' median forecast for the year.

Economy forecast to expand by 6.5% in 2010

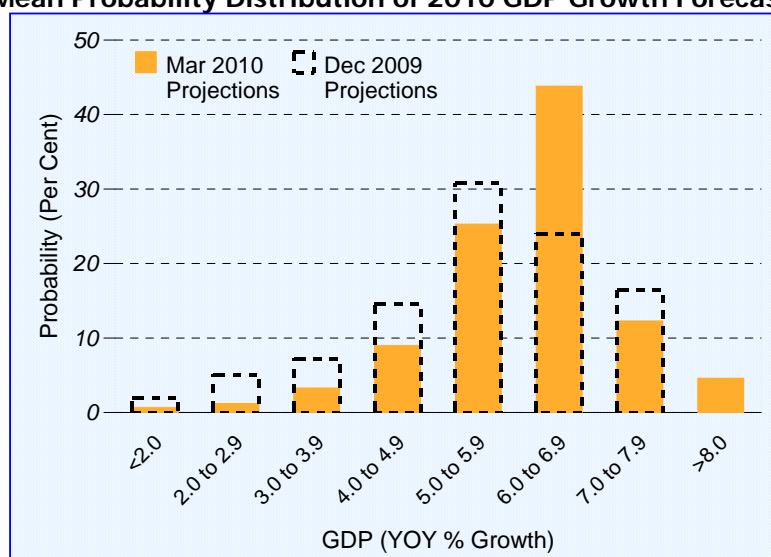
The respondents expect the economy to grow by 6.5% in 2010, an upgrade from the 5.5% median forecast in the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2010

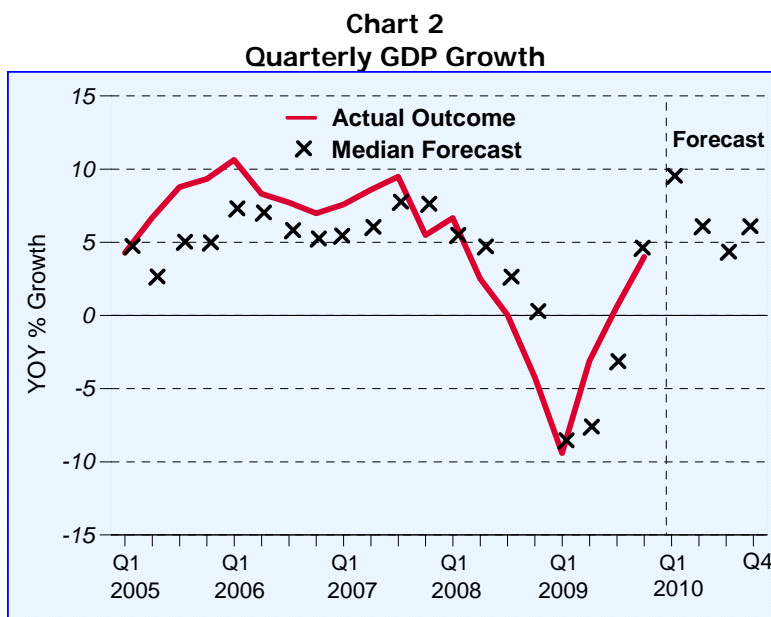
Key Macroeconomic Indicators Year-on-Year % Change	Dec Survey	Current Survey
GDP	5.5	6.5
Manufacturing	6.3	9.7
Financial Services	6.5	5.8
Construction	7.1	8.9
Wholesale & Retail Trade	7.0	8.4
Hotels & Restaurants	5.2	8.5
Private Consumption	3.8	5.0
Non-oil Domestic Exports	10.1	12.3

As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to grow by between 6.0 to 6.9% this year.

Chart 1
Mean Probability Distribution of 2010 GDP Growth Forecasts



For the first quarter of this year, the respondents expect GDP to expand by 9.5%, similar to the 9.6% reported in the earlier survey.



CPI inflation expected to come in at 2.7% in 2010

The median CPI inflation forecast for 2010 fell to 2.7%, down from the 2.8% reported in the December survey. In Q1 2010, inflation is expected to come in at 1.1%. As for the labour market, the respondents expect the unemployment rate to be 2.0% by year-end.

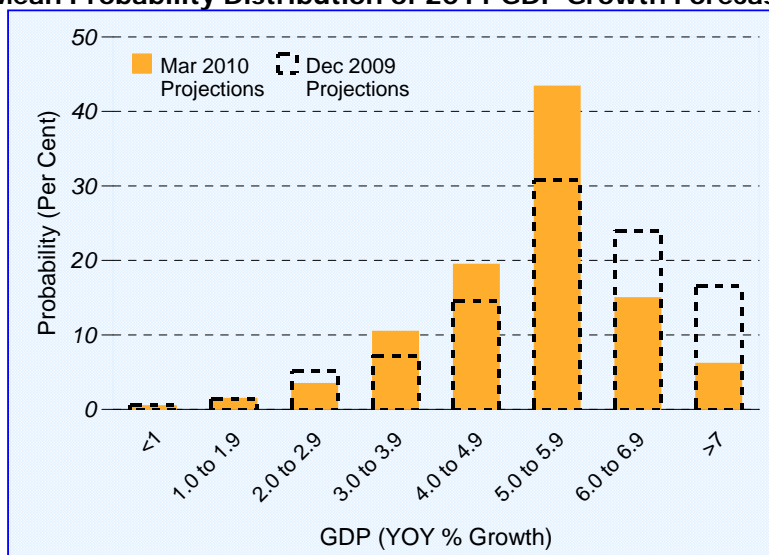
Table 2
Median Forecasts of Other Economic Indicators for 2010

Indicators	Dec Survey	Current Survey
CPI (year-on-year % change)	2.8	2.7
Unemployment Rate (end-period, SA %)	3.0	2.0
Exchange Rate (end-period, S\$ per US\$)	1.350	1.350
3-month US\$ SIBOR (end-period, % per annum)	0.50	0.75
3-month S\$ Interbank Rate (end-period, % per annum)	0.90	1.00
Bank Loans (end-period, % growth)	5.3	5.0

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 2.0%. 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 Q4 2009

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast Dec Survey	Actual Outcome
GDP	4.7	4.0
Manufacturing	8.0	2.2
Financial Services	9.9	10.8
Construction	11.5	11.2
Wholesale & Retail Trade	-1.5	2.2
Hotels & Restaurants	-2.0	0.9
Private Consumption	1.4	4.3
Non-oil Domestic Exports	3.0	8.2
CPI	0.0	-0.8
Unemployment Rate (end-period, SA %)	3.5	2.1
Exchange Rate (end-period, S\$ per US\$)	1.380	1.403
3-month US\$ SIBOR (end-period, % per annum)	0.3	0.25
3-month S\$ Interbank Rate (end-period, % per annum)	0.7	0.69
Bank Loans (end-period, % growth)	1.0	3.4

Table A.2
Key Macroeconomic Indicators for 2009

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast Dec Survey	Actual Outcome
GDP	-2.0	-2.0
Manufacturing	-3.4	-4.1
Financial Services	-0.9	-1.4
Construction	16.5	16.0
Wholesale & Retail Trade	-9.5	-9.1
Hotels & Restaurants	-3.9	-3.0
Private Consumption	-1.8	-0.5
Non-oil Domestic Exports	-12.0	-10.6
CPI	0.3	0.6
Unemployment Rate (end-period, SA %)	3.4	3.0
Exchange Rate (end-period, S\$ per US\$)	1.382	1.403
3-month US\$ SIBOR (end-period, % per annum)	0.3	0.25
3-month S\$ Interbank Rate (end-period, % per annum)	0.7	0.69
Bank Loans (end-period, % growth)	4.5	3.4

Table A.3
Forecasts of Key Macroeconomic Indicators for Q1 2010

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median	Mean	Min	Max
GDP	9.5	9.2	6.8	12.0
Manufacturing	18.0	17.1	5.3	26.4
Financial Services	8.0	8.4	5.5	13.8
Construction	10.0	9.2	2.0	12.0
Wholesale & Retail Trade	10.3	10.3	5.5	15.5
Hotels & Restaurants	6.7	6.7	2.9	12.9
Private Consumption	5.8	5.8	2.5	9.0
Non-oil Domestic Exports	18.0	16.9	8.0	23.0
CPI	1.1	1.3	0.7	3.1
Unemployment Rate (end-period, SA %)	2.1	2.2	1.9	3.5
Exchange Rate (end-period, S\$ per US\$)	1.400	1.403	1.370	1.460
3-month US\$ SIBOR (end-period, % per annum)	0.30	0.36	0.27	0.60
3-month S\$ Interbank Rate (end-period, % per annum)	0.70	0.64	0.13	0.72
Bank Loans (end-period, % growth)	4.7	4.7	2.4	7.2

Table A.4
Forecasts of Key Macroeconomic Indicators for 2010

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Dec Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	5.5	6.5	6.3	5.0	8.0
Manufacturing	6.3	9.7	9.0	3.5	16.0
Financial Services	6.5	5.8	6.5	4.4	11.0
Construction	7.1	8.9	8.3	-0.8	15.9
Wholesale & Retail Trade	7.0	8.4	8.3	4.4	14.2
Hotels & Restaurants	5.2	8.5	8.5	2.9	15.2
Private Consumption	3.8	5.0	4.8	2.8	6.7
Non-oil Domestic Exports	10.1	12.3	12.2	7.9	17.5
CPI	2.8	2.7	2.5	1.3	3.1
Unemployment Rate (end-period, SA %)	3.0	2.0	2.2	1.7	3.0
Exchange Rate (end-period, S\$ per US\$)	1.350	1.350	1.368	1.300	1.455
3-month US\$ SIBOR (end-period, % per annum)	0.5	0.75	0.89	0.30	2.00
3-month S\$ Interbank Rate (end-period, % per annum)	0.9	1.00	0.95	0.25	1.50
Bank Loans (end-period, % growth)	5.3	5.0	6.5	4.8	10.0

Table A.5
Forecasts of Quarterly GDP Growth for 2010

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2010 Q1	9.5	9.2	6.8	12.0
2010 Q2	6.3	6.0	3.0	7.5
2010 Q3	4.2	4.2	2.5	6.1
2010 Q4	6.0	5.9	3.9	7.8

Table A.6
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	4.0	6.5
CPI	2.0	1.9	0.6	3.0

Table A.7
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 (%)
8.0% or more	4.6	7.0% or more	6.2
7.0 to 7.9%	12.3	6.0 to 6.9%	15.0
6.0 to 6.9%	43.8	5.0 to 5.9%	43.4
5.0 to 5.9%	25.3	4.0 to 4.9%	19.5
4.0 to 4.9%	9.0	3.0 to 3.9%	10.5
3.0 to 3.9%	3.3	2.0 to 2.9%	3.5
2.0 to 2.9%	1.2	1.0 to 1.9%	1.5
Less than 2.0%	0.7	Less than 1.0%	0.5
Total	100	Total	100