



Monetary Authority of Singapore

economic policy department

A faint, light-colored background image of a city skyline with various skyscrapers and buildings, overlaid on a dark blue gradient.

**SURVEY** of professional  
forecasters

September 2008

The *September 2008 Survey* was sent out on 11 August 2008 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 83.3%) and does not represent MAS' opinion or forecasts.

### GDP growth in Q2 2008 came in lower than expected

The Singapore economy expanded by 2.1% in Q2 2008, which was a slower pace compared to the respondents' median forecast of 4.7% reported in the *June 2008 Survey*.

### Growth forecast for 2008 revised down to 4.2%

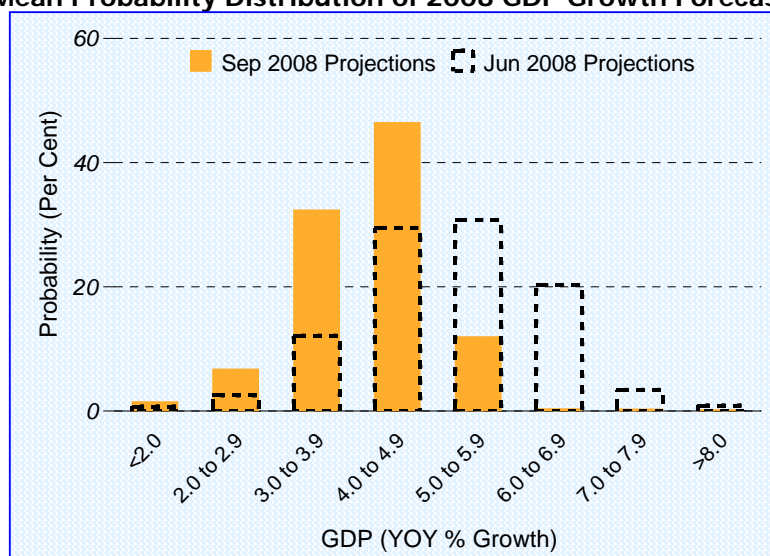
For 2008 as a whole, the respondents expect the economy to expand by 4.2%. This was a downgrade from the 5.5% forecast in the June survey.

**Table 1**  
Median Forecasts of Macroeconomic Indicators for 2008

Key Macroeconomic Indicators Year-on-Year % Change	June Survey	Current Survey
GDP	5.5	4.2
Manufacturing	5.5	1.0
Financial Services	9.0	11.0
Construction	11.7	15.0
Wholesale & Retail Trade	5.2	6.1
Hotels & Restaurants	4.0	3.2
Private Consumption	3.9	4.5
Non-oil Domestic Exports	3.0	-3.1

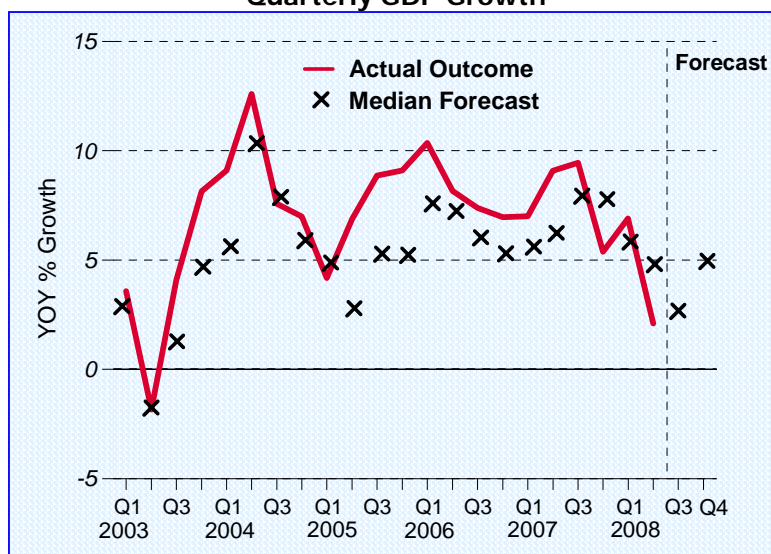
As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to grow by 4.0-4.9% this year.

**Chart 1**  
Mean Probability Distribution of 2008 GDP Growth Forecasts



The respondents have also adjusted their forecast for GDP growth in Q3 2008 to 2.7%, down from the 3.7% reported in the previous survey.

**Chart 2**  
**Quarterly GDP Growth**



### CPI inflation expected to reach 6.4% in 2008

The median CPI inflation forecast for 2008 rose to 6.4%, up from the 6.0% reported in the June survey. The majority of the respondents' projections in the current survey fell within the 6.4-6.7% range. For Q3 2008, the respondents project CPI inflation to come in at 6.3%.

In the labour market, the respondents expect the year-end unemployment rate to reach 2.5%, higher than the 2.2% in the previous survey.

**Table 2**  
**Median Forecasts of Other Economic Indicators for 2008**

Indicators	June Survey	Current Survey
CPI (year-on-year % change)	6.0	6.4
Unemployment Rate (end-period, SA %)	2.2	2.5
Exchange Rate (end-period, S\$ per US\$)	1.323	1.407
3-month US\$ SIBOR (end-period, % per annum)	1.80	2.40
3-month S\$ Interbank Rate (end-period, % per annum)	1.40	1.30
Bank Loans (end-period, % growth)	15.0	17.0

### Economy forecast to grow by 4.6% in 2009

Looking ahead, the respondents expect the economy to grow by 4.6% in 2009. As measured by the mean probability distribution, the most likely outcome is for the Singapore economy to grow by 4.0-4.9% next year. CPI inflation is projected to be 3.0% for 2009.

## APPENDIX: SUMMARY TABLES

**Table A.1**  
**Key Macroeconomic Indicators for Q2 2008**

<b>Key Macroeconomic Indicators</b> Year-on-Year % Change (unless otherwise stated)	<b>Median Forecast</b> <b>June Survey</b>	<b>Actual Outcome</b>
GDP	4.7	2.1
Manufacturing	4.5	-5.2
Financial Services	8.7	10.2
Construction	11.8	17.4
Wholesale & Retail Trade	4.0	6.0
Hotels & Restaurants	2.9	2.1
Private Consumption	4.0	5.4
Non-oil Domestic Exports	2.6	-5.5
CPI	7.5	7.5
Unemployment Rate (end-period, SA %)	2.1	2.3
Exchange Rate (end-period, S\$ per US\$)	1.355	1.362
3-month US\$ SIBOR (end-period, % per annum)	2.60	2.81
3-month S\$ Interbank Rate (end-period, % per annum)	1.30	1.19
Bank Loans (end-period)	21.8	25.0

**Table A.2**  
**Forecasts of Key Macroeconomic Indicators for Q3 2008**

<b>Key Macroeconomic Indicators</b> Year-on-Year % Change (unless otherwise stated)	<b>Median</b>	<b>Mean</b>	<b>Min</b>	<b>Max</b>
GDP	2.7	2.7	0.4	4.7
Manufacturing	-7.1	-6.4	-16.2	3.0
Financial Services	9.6	9.0	3.3	14.5
Construction	15.8	14.8	10.0	18.5
Wholesale & Retail Trade	5.6	5.1	2.0	8.0
Hotels & Restaurants	4.3	4.0	1.9	6.3
Private Consumption	4.3	4.4	2.0	6.7
Non-oil Domestic Exports	-4.7	-3.9	-9.5	5.3
CPI	6.3	6.2	5.3	6.7
Unemployment Rate (end-period, SA %)	2.4	2.4	2.3	2.6
Exchange Rate (end-period, S\$ per US\$)	1.420	1.411	1.360	1.450
3-month US\$ SIBOR (end-period, % per annum)	2.60	2.39	1.25	2.80
3-month S\$ Interbank Rate (end-period, % per annum)	1.23	1.24	1.00	1.85
Bank Loans (end-period)	20.0	20.1	15.0	25.7

**Table A.3**  
**Forecasts of Key Macroeconomic Indicators for 2008**

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	June Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	5.5	4.2	4.1	3.2	5.2
Manufacturing	5.5	1.0	0.9	-4.6	4.6
Financial Services	9.0	11.0	10.2	6.7	13.1
Construction	11.7	15.0	15.0	12.0	18.0
Wholesale & Retail Trade	5.2	6.1	5.9	4.5	7.4
Hotels & Restaurants	4.0	3.2	3.6	1.7	5.5
Private Consumption	3.9	4.5	4.5	2.5	5.8
Non-oil Domestic Exports	3.0	-3.1	-1.6	-5.6	10.0
CPI	6.0	6.4	6.3	5.8	6.7
Unemployment Rate (end-period, SA %)	2.2	2.5	2.5	2.2	3.0
Exchange Rate (end-period, S\$ per US\$)	1.323	1.407	1.403	1.330	1.490
3-month US\$ SIBOR (end-period, % per annum)	1.80	2.40	2.34	1.40	2.90
3-month S\$ Interbank Rate (end-period, % per annum)	1.40	1.30	1.29	1.00	2.00
Bank Loans (end-period)	15.0	17.0	16.7	10.0	24.2

**Table A.4**  
**Forecasts of Quarterly GDP Growth for 2008**

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2008 Q3	2.7	2.7	0.4	4.7
2008 Q4	4.8	4.8	1.4	7.3

**Table A.5**  
**Forecasts of GDP Growth and CPI Inflation for 2009**

Key Macroeconomic Indicators	Median	Mean	Min	Max
	Year-on-Year % Change			
GDP	4.6	4.6	3.5	5.8
CPI	3.0	3.0	1.7	4.0

**Table A.6**  
**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	0.2	7.0% or more	1.6
7.0-7.9%	0.3	6.0-6.9%	4.6
6.0-6.9%	0.4	5.0-5.9%	28.4
5.0-5.9%	12.0	4.0-4.9%	30.8
4.0-4.9%	46.5	3.0-3.9%	20.5
3.0-3.9%	32.4	2.0-2.9%	8.6
2.0-2.9%	6.8	1.0-1.9%	3.3
Less than 2.0%	1.5	Less than 1.0%	2.2
Total	100	Total	100