



Monetary Authority
of Singapore



Survey of Professional Forecasters

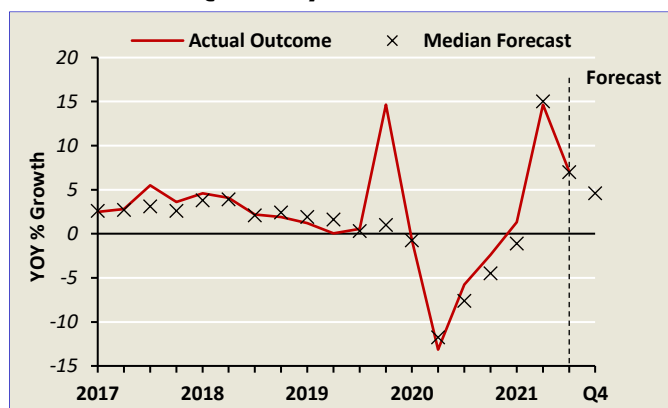


The *Dec 2021 Survey* was sent out on 24 Nov 2021 to a total of 25 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 22 respondents (a response rate of 88.0%) and does not represent MAS' views or forecasts.

Growth in Q3 2021 was slightly stronger than expected

The Singapore economy expanded by 7.1% in Q3 2021 compared with the same period last year. This was marginally higher than respondents' forecast of a 7.0% increase in the previous survey. In the current survey, the respondents expect the economy to grow by 4.6% year-on-year in Q4 2021.

Chart 1
Quarterly GDP Growth



The economy is forecast to grow by 6.9% in 2021

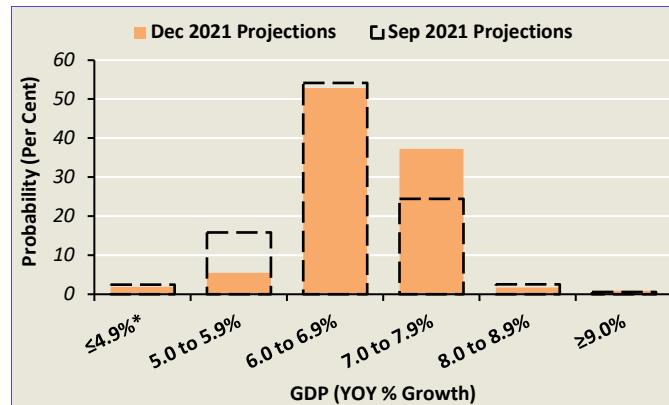
The respondents expect GDP to expand by 6.9% in 2021, slightly above the 6.6% forecast in the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2021

| Key Macroeconomic Indicators Year-on-Year % Change | September Survey | Current Survey |
|---|------------------|----------------|
| GDP | 6.6 | 6.9 |
| Manufacturing | 11.4 | 11.4 |
| Finance & Insurance | 6.8 | 7.5 |
| Construction | 16.6 | 21.0 |
| Wholesale & Retail Trade | 4.1 | 4.2 |
| Accommodation & Food services | 5.9 | 3.1 |
| Private Consumption | 5.6 | 4.8 |
| Non-oil Domestic Exports | 9.0 | 10.9 |

As reflected in the mean probability distribution, the most likely outcome is for the Singapore economy to grow by 6.0 to 6.9% this year, with an average probability of 52.8%. This range was also chosen as the most likely outcome in the previous survey, with an average probability of 54.2%.

Chart 2
Mean Probability Distribution of 2021 GDP Growth Forecasts

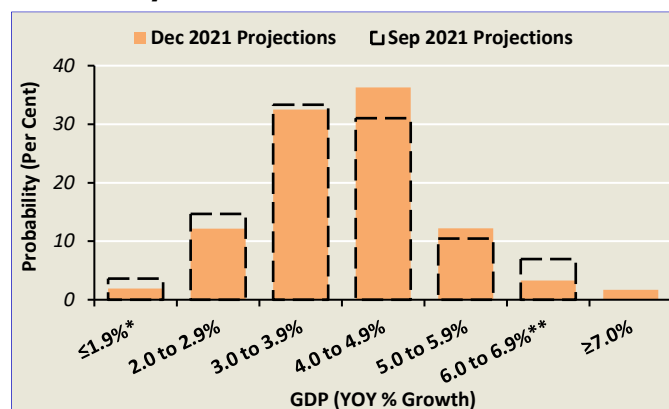


* Sep 2021 projected probability refers to that assigned to all outcomes below 4.9%.

GDP is projected to expand by 4.0% in 2022

The respondents estimate that GDP will expand by 4.0% in 2022, with growth most likely to fall between 3.0 and 4.9%, encompassing two ranges with a combined probability of 68.8%.

Chart 3
Mean Probability Distribution of 2022 GDP Growth Forecasts



* Sep 2021 projected probability refers to that assigned to all outcomes below 1.9%.

** Sep 2021 projected probability refers to that assigned to all outcome above 6.0%.

CPI-All Items inflation is forecast at 2.1% and MAS Core Inflation at 0.9% in 2021

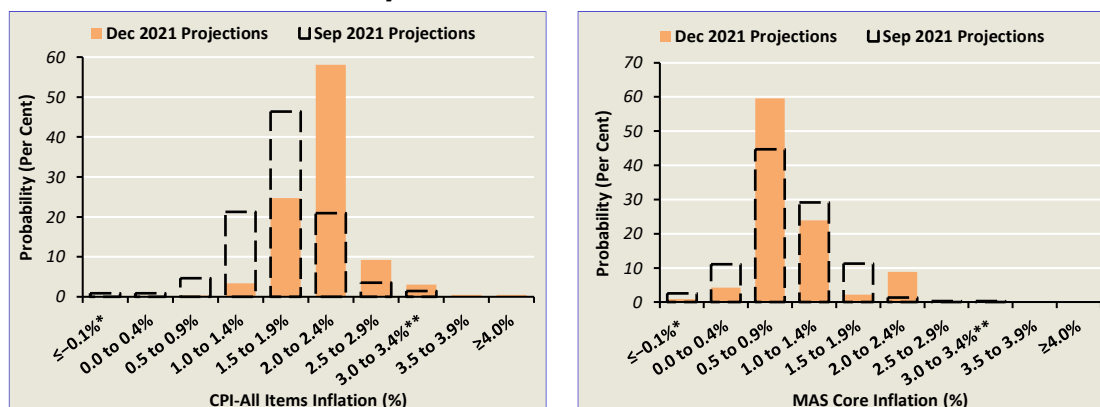
CPI-All Items inflation and MAS Core Inflation in Q4 2021 are expected to come in at 3.0% and 1.5%, respectively. The median CPI-All Items inflation for the whole of 2021 is forecast to be 2.1%, up from 1.7% in the September survey. Meanwhile, the median forecast for MAS Core Inflation in 2021 has risen to 0.9% from 0.7% previously. As for the labour market, the respondents expect the unemployment rate to reach 2.6% at year-end, slightly lower than 2.7% forecast in the previous survey.

Table 2
Median Forecasts of Other Economic Indicators for 2021

| Indicators | September Survey | Current Survey |
|---|------------------|----------------|
| CPI-All Items (year-on-year % change) | 1.7 | 2.1 |
| MAS Core Inflation (year-on-year % change) | 0.7 | 0.9 |
| Overall Unemployment Rate (end-period, SA %) | 2.7 | 2.6 |
| Exchange Rate (end-period, S\$ per US\$) | 1.330 | 1.350 |
| 3-month S\$ SIBOR (end-period, percent per annum) | 0.44 | 0.44 |
| Bank Loans (end-period, % growth) | 4.0 | 4.3 |

The respondents project that CPI-All Items inflation will most likely fall in the range of 2.0 to 2.4% in 2021. Respondents had assigned the highest probability to the 1.5 to 1.9% range in the previous survey. Meanwhile, MAS Core Inflation is expected to come in between 0.5 and 0.9%, unchanged from the previous survey.

Chart 4
Mean Probability Distributions of 2021 Inflation Forecasts



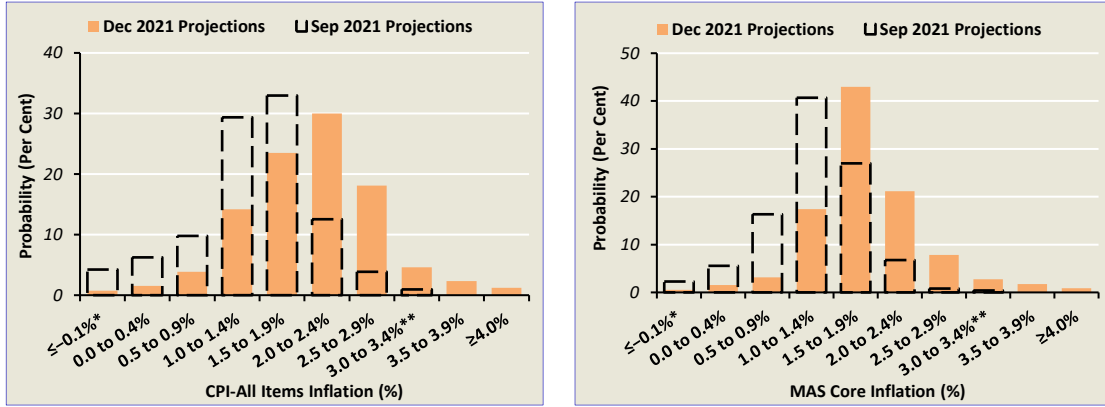
*Sep 2021 projected probability refers to that assigned to all outcomes below -0.1%.

** Sep 2021 projected probability refers to that assigned to all outcome above 3.0%.

CPI-All Items inflation in 2022 is expected to be unchanged from the year before, while MAS Core Inflation is forecast to pick up

CPI-All Items inflation is forecast at 2.1% in 2022, while MAS Core inflation is expected to come in at 1.8%. Respondents assigned the highest probability to the 2.0 and 2.4% range for CPI-All Items inflation, and to the 1.5 to 1.9% range for MAS Core inflation.

**Chart 5
Mean Probability Distributions of 2022 Inflation Forecasts**



*Sep 2021 projected probability refers to that assigned to all outcomes below -0.1%.
 ** Sep 2021 projected probability refers to that assigned to all outcome above 3.0%.

Corporate and financial indicators

Of the respondents who provided inputs¹, two-thirds expect corporate profits to increase year-on-year in Q4 2021, while 16.7% expect a decline and the remainder believe profits will be stable. Meanwhile, 85.7% of respondents anticipate that private residential property prices will pick up in Q4 2021 from Q3 2021. At the same time, half of the respondents believe that SGD corporate bond spreads will remain stable in Q4, while the remainder expect them to narrow.

For the whole of 2021, all respondents expect private residential property prices to increase, and a majority also expect corporate profitability to improve. Furthermore, 83.3% project a decline in corporate bond spreads. Meanwhile, 57.1% of respondents expect private residential property prices to rise in 2022, while 28.6% expect them to decline. A majority expect corporate profitability to improve. In addition, an equal proportion of respondents forecast that corporate bond spreads will widen, remain stable, or narrow.

Table 3
Expectations for Key Corporate and Financial Indicators for 2021
Percentage of total respondents

| Indicators | September Survey | | | Current Survey | | |
|--|------------------|--------|-------|----------------|--------|-------|
| | Higher | Stable | Lower | Higher | Stable | Lower |
| Corporate Profitability | 85.7 | 0.0 | 14.3 | 83.3 | 0.0 | 16.7 |
| Private Residential Property Price Index | 100.0 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| SGD Corporate Bond Spreads (end-period, basis points per annum) | 14.3 | 28.6 | 57.1 | 16.7 | 0.0 | 83.3 |

Table 4
Expectations for Key Corporate and Financial Indicators for 2022
Percentage of total respondents

| Indicators | September Survey | | | Current Survey | | |
|--|------------------|--------|-------|----------------|--------|-------|
| | Higher | Stable | Lower | Higher | Stable | Lower |
| Corporate Profitability | 57.1 | 28.6 | 14.3 | 83.3 | 16.7 | 0.0 |
| Private Residential Property Price Index | 85.7 | 14.3 | 0.0 | 57.1 | 14.3 | 28.6 |
| SGD Corporate Bond Spreads (end-period, basis points per annum) | 14.3 | 42.9 | 42.9 | 33.3 | 33.3 | 33.3 |

¹ Some of the respondents provided inputs. Percentages are calculated as shares of these responses.

Drivers of financial and lending market conditions

Respondents cited a tightening in global financial conditions, an escalation in the COVID-19 pandemic, and a faster-than-expected pick-up in inflation as the top three factors that could potentially weigh on financial market and lending conditions in Singapore.

At the same time, most respondents identified easing global financial conditions as a factor that could drive an improvement in domestic financial market and lending conditions. Respondents also flagged containment of the pandemic and policy easing in China as potential upside drivers.

Table 5
Top 3 Drivers of Financial and Lending Market Conditions
 (Proportion of Respondents, %)

| Downside Drivers | September Survey | Current Survey | Upside Drivers | September Survey | Current Survey |
|--|-------------------------|-----------------------|------------------------------------|-------------------------|-----------------------|
| Global Financial Conditions Tightening | 91.7 | 100.0 | Global Financial Conditions Easing | 90.9 | 80.0 |
| COVID-19 Escalation | 33.3 | 41.7 | COVID-19 Containment | 18.2 | 40.0 |
| Inflation | 8.3 | 25.0 | Policy Easing in China | N.A. | 30.0 |

Risks to the outlook for the Singapore economy

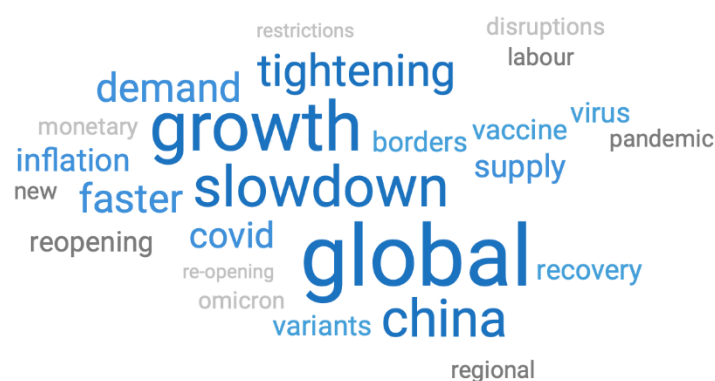
A further deterioration in the COVID-19 situation, and an associated re-tightening in public health measures, was once again the most-cited downside risk to Singapore's growth outlook and was identified by 83.3% of respondents.² It was ranked as the top downside risk by 72.2% of respondents. In addition, respondents were concerned about downside risks from slowing growth in China. Finally, half of the respondents also pointed to risks from faster-than-expected tightening in monetary policy by major central banks, arising, for instance, from a larger-than-expected pick-up in inflation.

Meanwhile, the prospect of re-opening borders to international travel again emerged as the most frequently cited upside risk to Singapore's growth outlook and was identified by 77.8% of respondents. Respondents also flagged upside risks from a stronger-than-expected expansion in manufacturing output supported by robust global electronics demand, as well as from faster-than-expected global growth, driven for instance by capex and trade.

Table 6
Top 3 Potential Risks to the Singapore Economy
(Proportion of Respondents, %)

| Downside Risk | September Survey | Current Survey | Cited As Top Risk | Upside Risk | September Survey | Current Survey | Cited As Top Risk |
|----------------------------|------------------|----------------|-------------------|---------------------------|------------------|----------------|-------------------|
| COVID-19 Escalation | 100.0 | 83.3 | 72.2 | Re-opening Borders | 70.0 | 77.8 | 38.9 |
| China Slowdown | 30.0 | 66.7 | 5.6 | Manufacturing/ Tech Cycle | 40.0 | 38.9 | 5.6 |
| Monetary Policy Tightening | 15.0 | 50.0 | 11.1 | External Growth | 35.0 | 38.9 | 16.7 |

Qualitative Word Responses (Word Cloud)



² Most of the respondents provided inputs. Percentages are expressed as shares of these responses.

APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q3 2021

| Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated) | Median Forecast September Survey | Actual Outcome |
|---|---|-----------------------|
| GDP | 7.0 | 7.1 |
| Manufacturing | 7.0 | 7.2 |
| Finance & Insurance | 7.3 | 9.0 |
| Construction | 51.5 | 66.3 |
| Wholesale & Retail Trade | 5.7 | 5.4 |
| Accommodation & Food services | -0.2 | -5.6 |
| Private Consumption | 5.0 | 3.2 |
| Non-oil Domestic Exports | 9.5 | 9.0 |
| CPI-All Items | 2.1 | 2.5 |
| MAS Core Inflation | 1.0 | 1.1 |
| Overall Unemployment Rate (end-period, SA %) | 2.7 | 2.6 |
| Exchange Rate (end-period, S\$ per US\$) | 1.350 | 1.361 |
| 3-month S\$ SIBOR (end-period, % per annum) | 0.44 | 0.43 |
| Bank Loans (end-period, % growth) | 3.6 | N.A.* |

*Note: Year-on-year comparison not meaningful due to changes in regulatory reporting requirements which took effect in July 2021.

Table A.2
Forecasts of Key Macroeconomic Indicators for Q4 2021

| Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated) | Median | Mean | Min | Max |
|---|---------------|-------------|------------|------------|
| GDP | 4.6 | 4.6 | 3.3 | 6.0 |
| Manufacturing | 9.9 | 9.8 | 5.6 | 14.3 |
| Finance & Insurance | 6.0 | 6.3 | 5.5 | 7.5 |
| Construction | 9.4 | 13.4 | 8.0 | 27.9 |
| Wholesale & Retail Trade | 2.1 | 0.7 | -3.3 | 4.0 |
| Accommodation & Food services | -3.2 | 0.8 | -3.8 | 13.0 |
| Private Consumption | 3.8 | 4.1 | -0.8 | 10.0 |
| Non-oil Domestic Exports | 14.5 | 13.1 | 4.9 | 18.0 |
| CPI-All Items | 3.0 | 2.9 | 2.0 | 3.3 |
| MAS Core Inflation | 1.5 | 1.7 | 1.4 | 2.7 |
| Overall Unemployment Rate (end-period, SA %) | 2.6 | 2.5 | 2.4 | 2.7 |
| Exchange Rate (end-period, S\$ per US\$) | 1.350 | 1.356 | 1.340 | 1.371 |
| 3-month S\$ SIBOR (end-period, % per annum) | 0.44 | 0.41 | 0.15 | 0.49 |
| Bank Loans (end-period, % growth) | 5.8 | 5.0 | 3.0 | 6.5 |

Table A.3
Forecasts of Key Macroeconomic Indicators for 2021

| Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated) | September Survey | Current Survey | | | |
|--|------------------|----------------|-------|-------|-------|
| | Median | Median | Mean | Min | Max |
| GDP | 6.6 | 6.9 | 6.7 | 5.0 | 7.2 |
| Manufacturing | 11.4 | 11.4 | 11.5 | 10.5 | 12.5 |
| Finance & Insurance | 6.8 | 7.5 | 7.3 | 5.3 | 7.9 |
| Construction | 16.6 | 21.0 | 21.6 | 20.4 | 25.9 |
| Wholesale & Retail Trade | 4.1 | 4.2 | 3.6 | 1.8 | 4.7 |
| Accommodation & Food services | 5.9 | 3.1 | 4.0 | 1.6 | 7.4 |
| Private Consumption | 5.6 | 4.8 | 5.0 | 3.5 | 9.5 |
| Non-oil Domestic Exports | 9.0 | 10.9 | 10.7 | 5.6 | 15.0 |
| CPI-All Items | 1.7 | 2.1 | 2.1 | 1.8 | 2.8 |
| MAS Core Inflation | 0.7 | 0.9 | 0.9 | 0.7 | 2.1 |
| Overall Unemployment Rate (end-period, SA %) | 2.7 | 2.6 | 2.6 | 1.7 | 3.0 |
| Exchange Rate (end-period, S\$ per US\$) | 1.330 | 1.350 | 1.351 | 1.320 | 1.371 |
| 3-month S\$ SIBOR (end-period, % per annum) | 0.44 | 0.44 | 0.40 | 0.15 | 0.49 |
| Bank Loans (end-period, % growth) | 4.0 | 4.3 | 4.3 | 2.0 | 7.0 |

Table A.4
Forecasts of Key Macroeconomic Indicators for 2022

| Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated) | Current Survey | | | |
|--|----------------|-------|-------|-------|
| | Median | Mean | Min | Max |
| GDP | 4.0 | 4.1 | 2.8 | 5.0 |
| Manufacturing | 3.3 | 2.9 | -1.7 | 5.5 |
| Finance & Insurance | 4.1 | 4.2 | 1.8 | 6.0 |
| Construction | 15.8 | 15.6 | 4.5 | 21.8 |
| Wholesale & Retail Trade | 3.2 | 3.2 | 1.4 | 5.0 |
| Accommodation & Food services | 9.6 | 11.3 | 2.9 | 21.1 |
| Private Consumption | 4.7 | 5.7 | 2.5 | 10.6 |
| Non-oil Domestic Exports | 4.8 | 5.3 | 0.8 | 10.5 |
| CPI-All Items | 2.1 | 2.1 | 1.1 | 3.0 |
| MAS Core Inflation | 1.8 | 1.8 | 1.3 | 2.4 |
| Overall Unemployment Rate (end-period, SA %) | 2.2 | 2.3 | 2.0 | 2.7 |
| Exchange Rate (end-period, S\$ per US\$) | 1.330 | 1.337 | 1.300 | 1.390 |
| 3-month S\$ SIBOR (end-period, % per annum) | 0.65 | 0.68 | 0.30 | 1.23 |
| Bank Loans (end-period, % growth) | 4.6 | 4.8 | 2.5 | 7.0 |

Table A.5
Forecasts of Quarterly GDP Growth for 2021 & 2022

| Period under Forecast | Median | Mean | Min | Max |
|-----------------------|-----------------------|------|-----|-----|
| | Year-on-Year % Change | | | |
| 2021Q4 | 4.6 | 4.6 | 3.3 | 6.0 |
| 2022Q1 | 2.6 | 2.8 | 1.2 | 4.9 |
| 2022Q2 | 4.8 | 4.9 | 3.9 | 6.5 |
| 2022Q3 | 4.7 | 4.8 | 3.7 | 6.5 |
| 2022Q4 | 4.3 | 4.4 | 3.1 | 6.7 |

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

| Forecasts for 2021 | | Forecasts for 2022 | |
|-------------------------------------|----------------------|-------------------------------------|----------------------|
| Growth Range Year-on-Year Change | Probabilities (%) | Growth Range Year-on-Year Change | Probabilities (%) |
| 9.0% or more | 0.9 | 7.0% or more | 1.7 |
| 8.0 to 8.9% | 1.7 | 6.0 to 6.9% | 3.3 |
| 7.0 to 7.9% | 37.3 | 5.0 to 5.9% | 12.2 |
| 6.0 to 6.9% | 52.8 | 4.0 to 4.9% | 36.3 |
| 5.0 to 5.9% | 5.5 | 3.0 to 3.9% | 32.5 |
| 4.9% or less | 1.8 | 2.0 to 2.9% | 12.1 |
| | | 1.9% or less | 1.9 |
| Total | 100.0 | Total | 100.0 |

Table A.7
Mean Probabilities Attached to Possible Outcomes in CPI-All Items Inflation

| Forecasts for 2021 | | Forecasts for 2022 | |
|-------------------------------------|----------------------|-------------------------------------|----------------------|
| Growth Range Year-on-Year Change | Probabilities (%) | Growth Range Year-on-Year Change | Probabilities (%) |
| 4.0% or more | 0.5 | 4.0% or more | 1.2 |
| 3.5 to 3.9% | 0.5 | 3.5 to 3.9% | 2.3 |
| 3.0 to 3.4% | 3.0 | 3.0 to 3.4% | 4.6 |
| 2.5 to 2.9% | 9.2 | 2.5 to 2.9% | 18.1 |
| 2.0 to 2.4% | 58.1 | 2.0 to 2.4% | 30.0 |
| 1.5 to 1.9% | 24.7 | 1.5 to 1.9% | 23.5 |
| 1.0 to 1.4% | 3.3 | 1.0 to 1.4% | 14.2 |
| 0.5 to 0.9% | 0.3 | 0.5 to 0.9% | 3.8 |
| 0.0 to 0.4% | 0.2 | 0.0 to 0.4% | 1.5 |
| -0.1% or less | 0.2 | -0.1% or less | 0.8 |
| Total | 100.0 | Total | 100.0 |

Table A.8
Mean Probabilities Attached to Possible Outcomes in MAS Core Inflation

| Forecasts for 2021 | | Forecasts for 2022 | |
|-------------------------------------|----------------------|-------------------------------------|----------------------|
| Growth Range Year-on-Year Change | Probabilities (%) | Growth Range Year-on-Year Change | Probabilities (%) |
| 4.0% or more | 0.0 | 4.0% or more | 0.9 |
| 3.5 to 3.9% | 0.0 | 3.5 to 3.9% | 1.8 |
| 3.0 to 3.4% | 0.1 | 3.0 to 3.4% | 2.8 |
| 2.5 to 2.9% | 0.3 | 2.5 to 2.9% | 7.8 |
| 2.0 to 2.4% | 8.8 | 2.0 to 2.4% | 21.2 |
| 1.5 to 1.9% | 2.2 | 1.5 to 1.9% | 42.9 |
| 1.0 to 1.4% | 23.9 | 1.0 to 1.4% | 17.4 |
| 0.5 to 0.9% | 59.6 | 0.5 to 0.9% | 3.2 |
| 0.0 to 0.4% | 4.3 | 0.0 to 0.4% | 1.5 |
| -0.1% or less | 0.9 | -0.1% or less | 0.6 |
| Total | 100.0 | Total | 100.0 |