



Monetary Authority
of Singapore



Survey of Professional Forecasters

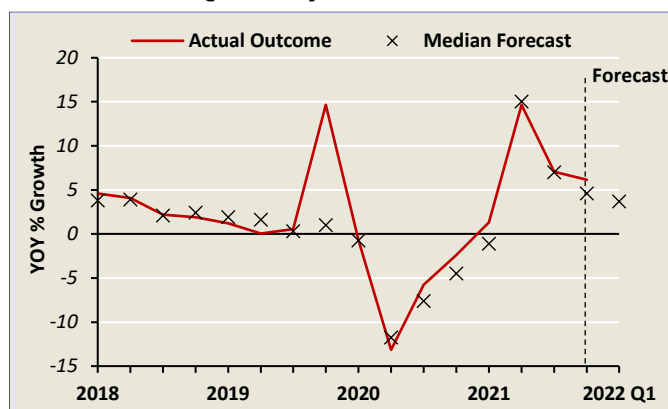


The *Mar 2022 Survey* was sent out on 17 Feb 2022 to a total of 26 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 23 respondents (a response rate of 88.5%) and does not represent MAS' views or forecasts. [All responses were received after the outbreak of hostilities in Ukraine on 24 Feb.]

Growth in Q4 2021 was stronger than expected

The Singapore economy expanded by 6.1% in Q4 2021 compared with the same period last year. This was higher than the respondents' forecast of 4.6% in the previous survey. In the current survey, the respondents expect the economy to grow by 3.7% year-on-year in Q1 2022.

Chart 1
Quarterly GDP Growth



The economy is forecast to grow by 4.0% in 2022

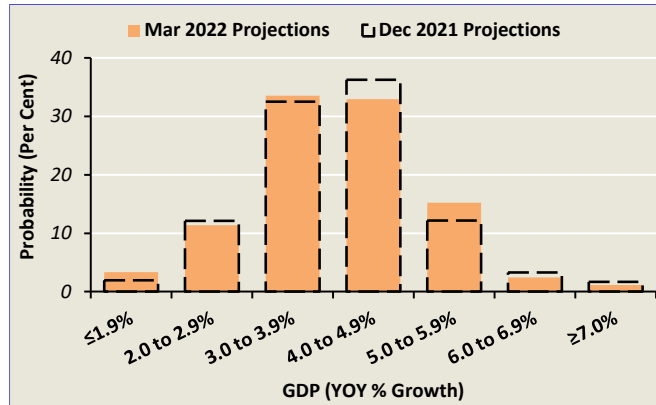
The respondents expect GDP to expand by 4.0% in 2022, unchanged from the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2022

Key Macroeconomic Indicators Year-on-Year % Change	December Survey	Current Survey
GDP	4.0	4.0
Manufacturing	3.3	4.1
Finance & Insurance	4.1	4.1
Construction	15.8	9.0
Wholesale & Retail Trade	3.2	3.7
Accommodation & Food services	9.6	9.1
Private Consumption	4.7	4.5
Non-oil Domestic Exports	4.8	7.8

As reflected in the mean probability distribution, the most likely outcome is for the Singapore economy to grow by 3.0 to 4.9% this year, encompassing two ranges with a combined probability of 66.5%. These ranges were also chosen as the most likely outcomes in the previous survey.

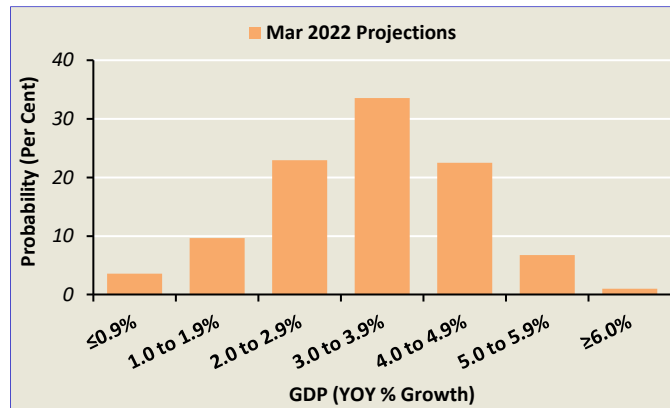
Chart 2
Mean Probability Distribution of 2022 GDP Growth Forecasts



GDP is projected to expand by 3.0% in 2023

The respondents estimate that GDP will expand by 3.0% in 2023. Growth is gauged to most likely fall between 3.0 and 3.9%, with an average probability of 33.5%.

Chart 3
Mean Probability Distribution of 2023 GDP Growth Forecasts



CPI-All Items inflation is forecast at 3.6% and MAS Core Inflation at 2.7% in 2022

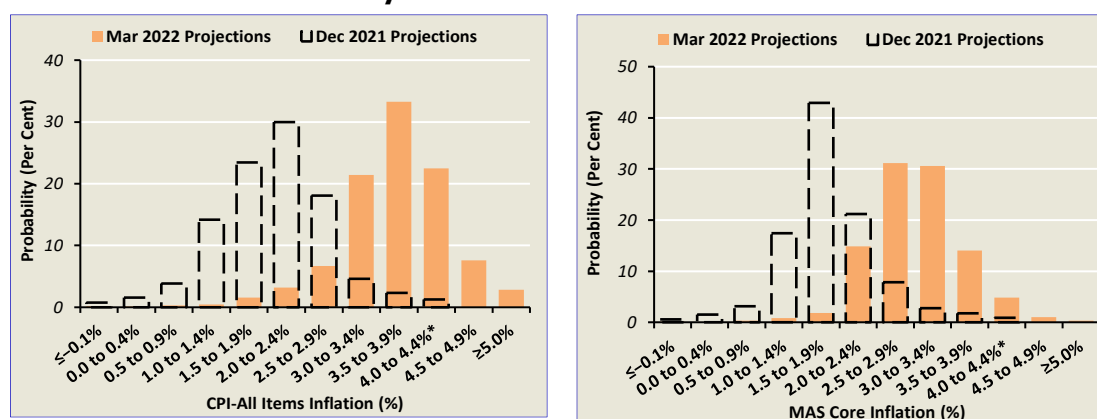
CPI-All Items inflation and MAS Core Inflation in Q1 2022 are expected to come in at 4.0% and 2.5%, respectively. The median CPI-All Items inflation for the whole of 2022 is forecast to be 3.6%, up from 2.1% in the December survey. Meanwhile, the median forecast for MAS Core Inflation in 2022 has risen to 2.7% from 1.8% previously. As for the labour market, the respondents expect the unemployment rate to reach 2.2% at year-end, unchanged from the previous survey.

Table 2
Median Forecasts of Other Economic Indicators for 2022

Indicators	December Survey	Current Survey
CPI-All Items (year-on-year % change)	2.1	3.6
MAS Core Inflation (year-on-year % change)	1.8	2.7
Overall Unemployment Rate (end-period, SA %)	2.2	2.2
Exchange Rate (end-period, S\$ per US\$)	1.330	1.330
3-month S\$ SIBOR (end-period, percent per annum)	0.65	1.09
Bank Loans (end-period, % growth)	4.6	4.0

The respondents project that CPI-All Items inflation will most likely fall in the range of 3.5 to 3.9% in 2022. Respondents had assigned the highest probability to the 2.0 to 2.4% range in the previous survey. Meanwhile, MAS Core Inflation is expected to come in between 2.5 and 3.4%, encompassing two probability ranges. In the previous survey, respondents had assigned the highest probability to the 1.5 to 1.9% range.

Chart 4
Mean Probability Distributions of 2022 Inflation Forecasts



*Dec 2021 projected probability refers to that assigned to all outcomes above 3.9%.

Both CPI-All Items and MAS Core inflation are expected to ease in 2023

CPI-All Items inflation is forecast at 2.4% in 2023, while MAS Core inflation is also expected to come in at 2.4%.

Corporate and financial indicators

Of the respondents who provided inputs¹, 42.9% expect corporate profits to increase year-on-year in Q1 2022, while 28.6% expect a decline and the remainder believe profits will be stable. Meanwhile, 42.9% of respondents anticipate that private residential property prices will remain stable in Q1 2022 compared to Q4 2021, while 28.6% expect an increase and the remainder forecast a decline. At the same time, 71.4% of the respondents believe that SGD corporate bond spreads will widen in Q1.

For the whole of 2022, 42.9% expect corporate profitability to improve with an equal number expecting a decline. More than half expect private residential property prices to remain stable. Furthermore, 42.9% project a decline in corporate bond spreads. Meanwhile, the majority of respondents expect stable corporate profitability, private residential property prices and SGD corporate bond spreads in 2023.

Table 3
Expectations for Key Corporate and Financial Indicators for 2022
Percentage of total respondents

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

Table 4
Expectations for Key Corporate and Financial Indicators for 2023
Percentage of total respondents

Indicators	December Survey			Current Survey		
	Higher	Stable	Lower	Higher	Stable	Lower
Corporate Profitability	N.A.	N.A.	N.A.	0.0	71.4	28.6
Private Residential Property Price Index	N.A.	N.A.	N.A.	14.3	85.7	0.0
SGD Corporate Bond Spreads (end-period, basis points per annum)	N.A.	N.A.	N.A.	0.0	85.7	14.3

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 geopolitical tensions, 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 a slower-than-expected pace of monetary policy tightening among major central banks as an upside driver of domestic financial market and lending conditions. Respondents also flagged a moderation in geopolitical tensions and stronger growth in China as potential upside drivers.

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

Downside Drivers	December Survey	Current Survey	Upside Drivers	December Survey	Current Survey
Global Financial Conditions Tightening	100.0	70.0	Slower Pace of Monetary Tightening	80.0	100.0
Geopolitical Tensions Escalating	N.A.	50.0	Geopolitical Tensions Ease	N.A.	33.3
Inflation	25.0	30.0	China	30.0	33.3

Risks to the outlook for the Singapore economy

A sharper-than-expected rise in inflation driven mainly by higher energy and food prices, with an associated increase in the pace of monetary policy tightening by major central banks, was the most-cited downside risk to Singapore's growth outlook and was identified by 94.4% of respondents.² It was ranked as the top downside risk by 38.9% of respondents. In addition, respondents were concerned about downside risks from geopolitical tensions associated with the Russia-Ukraine conflict. Finally, half of the respondents also pointed to risks from a further deterioration in the COVID-19 situation, and an associated re-tightening in public health measures.

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 64.7% of respondents. Respondents also flagged upside risks from a stronger-than-expected expansion in manufacturing output, as well as from more robust growth in China, driven for instance by macroeconomic policy easing.

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

Downside Risk	December Survey	Current Survey	Cited As Top Risk	Upside Risk	December Survey	Current Survey	Cited As Top Risk
Inflation and Faster Pace of Monetary Tightening	55.6	94.4	38.9	Re-opening Borders	77.8	64.7	29.4
Geopolitical Tensions Escalate	N.A.	55.6	38.9	Manufacturing /Tech Cycle	38.9	47.1	11.8
COVID-19 Escalation	83.3	50.0	5.6	China	5.6	29.4	0.0

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 Q4 2021

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast December Survey	Actual Outcome
GDP	4.6	6.1
Manufacturing	9.9	15.5
Finance & Insurance	6.0	5.6
Construction	9.4	2.9
Wholesale & Retail Trade	2.1	3.4
Accommodation & Food services	-3.2	-3.5
Private Consumption	3.8	2.6
Non-oil Domestic Exports	14.5	20.1
CPI-All Items	3.0	3.7
MAS Core Inflation	1.5	1.7
Overall Unemployment Rate (end-period, SA %)	2.6	2.4
Exchange Rate (end-period, S\$ per US\$)	1.350	1.352
3-month S\$ SIBOR (end-period, % per annum)	0.44	0.44
Bank Loans (end-period, % growth)	5.8	N.A.*

* MAS' Monthly Statistical Bulletin changes wef July 2021 and not applicable to compare with historical data.

Table A.2
Key Macroeconomic Indicators for 2021

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast December Survey	Actual Outcome
GDP	6.9	7.6
Manufacturing	11.4	13.2
Finance & Insurance	7.5	7.4
Construction	21.0	20.1
Wholesale & Retail Trade	4.2	4.4
Accommodation & Food services	3.1	2.5
Private Consumption	4.8	4.5
Non-oil Domestic Exports	10.9	12.1
CPI-All Items	2.1	2.3
MAS Core Inflation	0.9	0.9
Overall Unemployment Rate (end-period, SA %)	2.6	2.7
Exchange Rate (end-period, S\$ per US\$)	1.350	1.352
3-month S\$ SIBOR (end-period, % per annum)	0.44	0.44
Bank Loans (end-period, % growth)	4.3	N.A.*

* MAS' Monthly Statistical Bulletin changes wef July 2021 and not applicable to compare with historical data.

Table A.3
Forecasts of Key Macroeconomic Indicators for Q1 2022

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median	Mean	Min	Max
GDP	3.7	3.7	2.1	5.0
Manufacturing	4.4	4.7	-0.6	10.0
Finance & Insurance	5.0	5.0	4.2	6.0
Construction	5.0	7.5	1.1	26.0
Wholesale & Retail Trade	4.0	4.3	2.5	9.0
Accommodation & Food services	10.0	8.2	2.0	13.9
Private Consumption	2.5	3.2	0.9	7.5
Non-oil Domestic Exports	10.0	9.2	0.7	14.6
CPI-All Items	4.0	3.9	3.0	4.7
MAS Core Inflation	2.5	2.5	2.2	3.5
Overall Unemployment Rate (end-period, SA %)	2.3	2.4	2.0	3.4
Exchange Rate (end-period, S\$ per US\$)	1.350	1.352	1.340	1.380
3-month S\$ SIBOR (end-period, % per annum)	0.57	0.57	0.44	0.70
Bank Loans (end-period, % growth)	3.8	1.9	-4.6	4.6

Table A.4
Forecasts of Key Macroeconomic Indicators for 2022

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	December Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	4.0	4.0	4.3	3.2	5.5
Manufacturing	3.3	4.1	4.9	1.6	8.5
Finance & Insurance	4.1	4.1	4.1	1.6	6.0
Construction	15.8	9.0	12.2	5.0	30.3
Wholesale & Retail Trade	3.2	3.7	3.2	0.9	5.0
Accommodation & Food services	9.6	9.1	10.7	4.6	18.1
Private Consumption	4.7	4.5	4.8	2.0	9.0
Non-oil Domestic Exports	4.8	7.8	7.4	2.7	13.5
CPI-All Items	2.1	3.6	3.5	2.6	4.5
MAS Core Inflation	1.8	2.7	2.7	2.3	3.5
Overall Unemployment Rate (end-period, SA %)	2.2	2.2	2.2	1.9	3.2
Exchange Rate (end-period, S\$ per US\$)	1.330	1.330	1.328	1.300	1.360
3-month S\$ SIBOR (end-period, % per annum)	0.65	1.09	1.08	0.44	1.40
Bank Loans (end-period, % growth)	4.6	4.0	4.0	2.4	6.0

Table A.5
Forecasts of Quarterly GDP Growth for 2022

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2022Q1	3.7	3.7	2.1	5.0
2022Q2	5.4	5.1	0.5	6.6
2022Q3	5.0	4.9	3.4	6.2
2022Q4	3.5	3.5	1.7	5.1

Table A.6
Forecasts of GDP Growth and CPI-All Items Inflation for 2023

Key Macroeconomic Indicators	Median	Mean	Min	Max
	Year-on-Year % Change			
GDP	3.0	3.2	2.5	4.9
CPI-All Items	2.4	2.3	0.7	3.3
MAS Core Inflation	2.4	2.4	1.8	3.0

Table A.7
Mean Probabilities Attached to Possible Outcomes in GDP Growth

Forecasts for 2022		Forecasts for 2023	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
7.0% or more	1.1	6.0% or more	1.0
6.0 to 6.9%	2.4	5.0 to 5.9%	6.8
5.0 to 5.9%	15.2	4.0 to 4.9%	22.5
4.0 to 4.9%	32.9	3.0 to 3.9%	33.5
3.0 to 3.9%	33.5	2.0 to 2.9%	22.9
2.0 to 2.9%	11.4	1.0 to 1.9%	9.6
1.9% or less	3.4	0.9% or less	3.6
Total	100.0	Total	100.0

Table A.8
Mean Probabilities Attached to Possible Outcomes in CPI-All Items Inflation

Forecasts for 2022		Forecasts for 2023	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
5.0% or more	2.8	5.0% or more	0.5
4.5 to 4.9%	7.6	4.5 to 4.9%	0.8
4.0 to 4.4%	22.5	4.0 to 4.4%	2.5
3.5 to 3.9%	33.3	3.5 to 3.9%	8.8
3.0 to 3.4%	21.4	3.0 to 3.4%	14.9
2.5 to 2.9%	6.7	2.5 to 2.9%	27.5
2.0 to 2.4%	3.2	2.0 to 2.4%	18.4
1.5 to 1.9%	1.6	1.5 to 1.9%	12.2
1.0 to 1.4%	0.4	1.0 to 1.4%	6.8
0.5 to 0.9%	0.3	0.5 to 0.9%	4.4
0.0 to 0.4%	0.1	0.0 to 0.4%	2.8
-0.1% or less	0.2	-0.1% or less	0.3
Total	100.0	Total	100.0

Table A.9
Mean Probabilities Attached to Possible Outcomes in MAS Core Inflation

Forecasts for 2022		Forecasts for 2023	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
5.0% or more	0.3	5.0% or more	0.4
4.5 to 4.9%	1.0	4.5 to 4.9%	0.7
4.0 to 4.4%	4.8	4.0 to 4.4%	2.2
3.5 to 3.9%	14.0	3.5 to 3.9%	7.9
3.0 to 3.4%	30.6	3.0 to 3.4%	17.5
2.5 to 2.9%	31.2	2.5 to 2.9%	32.7
2.0 to 2.4%	14.8	2.0 to 2.4%	26.0
1.5 to 1.9%	1.8	1.5 to 1.9%	9.5
1.0 to 1.4%	0.8	1.0 to 1.4%	1.8
0.5 to 0.9%	0.3	0.5 to 0.9%	0.8
0.0 to 0.4%	0.0	0.0 to 0.4%	0.5
-0.1% or less	0.2	-0.1% or less	0.1
Total	100.0	Total	100.0