



Monetary Authority
of Singapore

Survey of Professional Forecasters



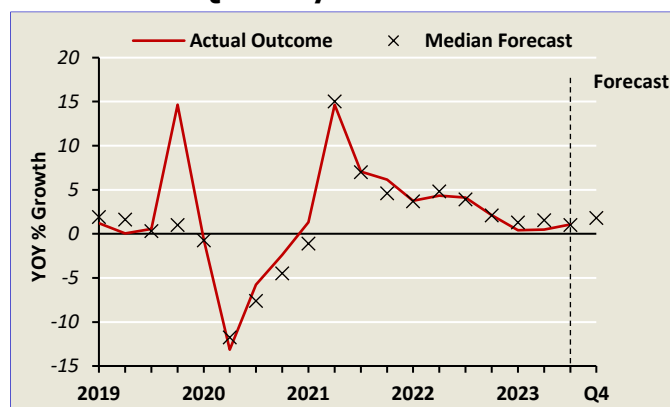
ECONOMIC POLICY GROUP

The *Dec 2023 Survey* was sent out on 22 November 2023 to a total of 26 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 25 respondents (a response rate of 96%) and does not represent MAS' views or forecasts.

Growth exceeded expectations in Q3 2023

The Singapore economy expanded by 1.1% year-on-year in Q3 2023. This was slightly above the respondents' median forecast of 1.0% in the previous survey. In the current survey, the respondents expect the economy to grow by 1.8% year-on-year in Q4 2023.

Chart 1
Quarterly GDP Growth



The economy is forecast to grow by 1.0% in 2023

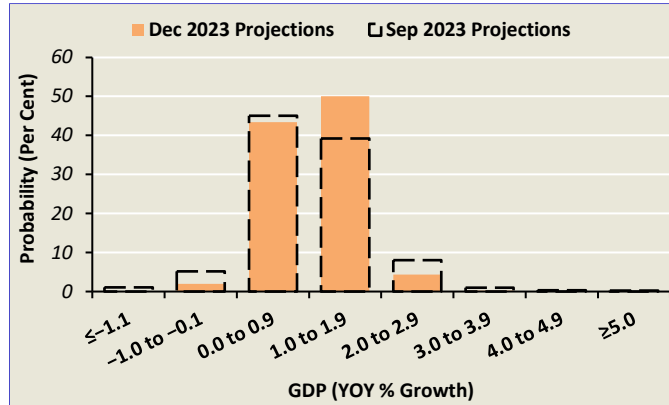
The respondents expect GDP to expand by 1.0% this year, unchanged from the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2023

Key Macroeconomic Indicators Year-on-Year % Change	September Survey	Current Survey
GDP	1.0	1.0
Manufacturing	-4.4	-4.6
Finance & Insurance	0.7	0.2
Construction	6.8	6.9
Wholesale & Retail Trade	1.3	0.6
Accommodation & Food services	8.8	9.3
Private Consumption	3.3	4.0
Non-oil Domestic Exports	-10.5	-12.0

As reflected in the mean probability distribution, the most likely outcome is for the Singapore economy to grow by 1.0 to 1.9% this year, with an average probability of 50%. In the previous survey, the respondents assigned the highest probability to growth outturns of between 0.0 to 0.9%.

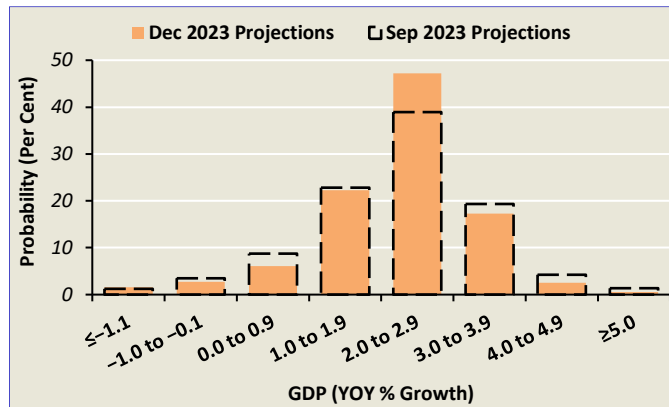
Chart 2
Mean Probability Distribution of 2023 GDP Growth Forecasts



GDP is projected to expand by 2.3% in 2024

The respondents estimate that GDP will expand by 2.3% next year, compared to 2.5% in the previous survey. Their forecasts of the most probable outcome for growth fall between 2.0 and 2.9%, similar to the previous survey. The average probability assigned to the range is 47%, up from 39% previously.

Chart 3
Mean Probability Distribution of 2024 GDP Growth Forecasts



CPI-All Items inflation is forecast at 4.8% and MAS Core Inflation at 4.1% for 2023

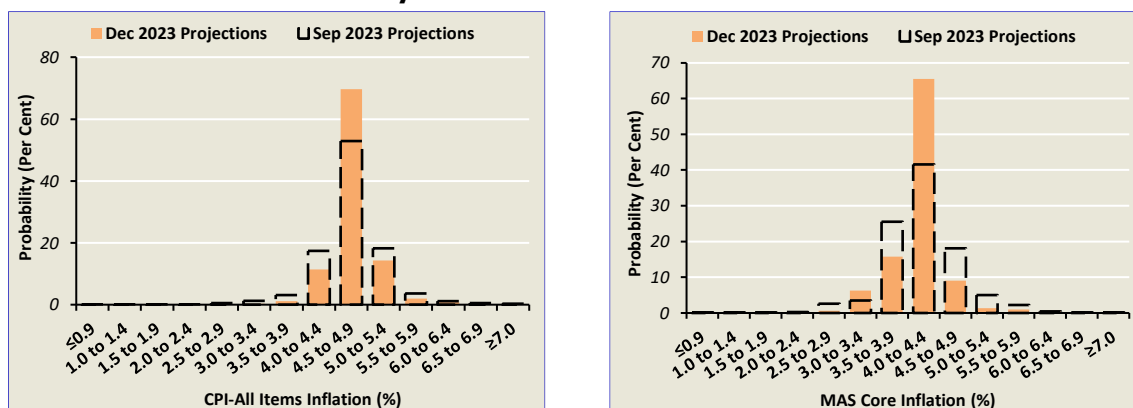
CPI-All Items inflation and MAS Core Inflation in Q4 2023 are expected to come in at 4.0% and 3.1%, respectively. The median forecast for CPI-All Items inflation for the whole of 2023 is 4.8%, up slightly from 4.7% in the September survey. The median forecast for MAS Core inflation is 4.1%, unchanged from the previous survey. As for the labour market, the respondents expect the unemployment rate to be 2.0% at year-end.

Table 2
Median Forecasts of Other Economic Indicators for 2023

Indicators	September Survey	Current Survey
CPI-All Items (year-on-year % change)	4.7	4.8
MAS Core Inflation (year-on-year % change)	4.1	4.1
Overall Unemployment Rate (end-period, SA %)	2.0	2.0
Exchange Rate (end-period, S\$ per US\$)	1.330	1.348
SORA (average, percent per annum)	3.80	3.70
Bank Loans (end-period, % growth)	-2.6	-4.5

The respondents project that 2023 CPI-All Items inflation will most likely come in between 4.5 and 4.9%, unchanged from the September survey. Expectations for MAS Core Inflation to come in between 4.0 and 4.4% are also unchanged from the previous survey.

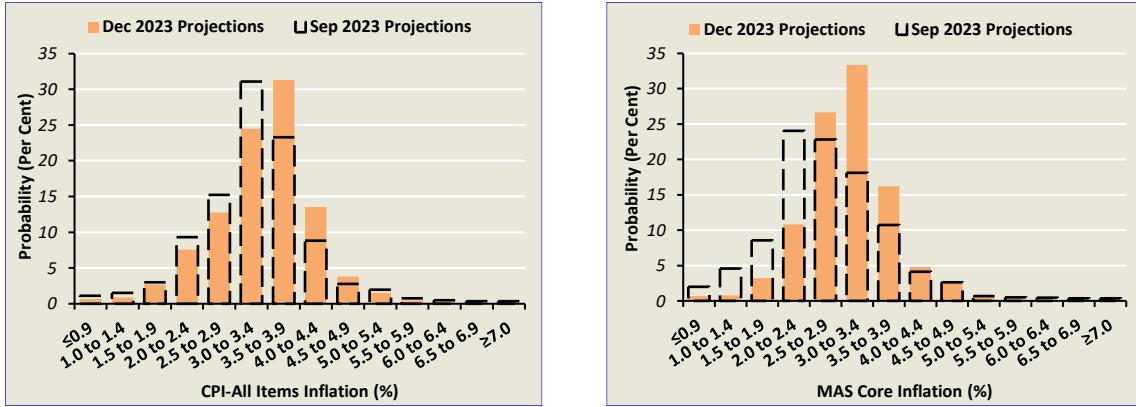
Chart 4
Mean Probability Distributions of 2023 Inflation Forecasts



Both CPI-All Items inflation and MAS Core Inflation are expected to ease in 2024

CPI-All Items inflation is forecast at 3.4% in 2024, while MAS Core Inflation is expected to come in at 3.0%. The respondents assigned the highest probability to the 3.5 to 3.9% range for CPI-All Items inflation, compared to 3.0 to 3.4% in the September survey. For MAS Core Inflation, the highest probability was assigned to the 3.0 to 3.4% range, compared to previous survey where the highest probabilities were almost equally spread between the probability ranges of 2.0 to 2.4% and 2.5 to 2.9%.

**Chart 5
Mean Probability Distributions of 2024 Inflation Forecasts**



Corporate and financial indicators

Of the respondents who provided inputs¹, 43% expect corporate profits to remain stable in Q4 2023, and an equal number (29%) anticipate a decline or an increase in corporate profits. At the same time, 57% of respondents anticipate a fall in private residential property prices while 29% foresee stable property prices. Meanwhile, 57% of respondents assessed that SGD corporate bond spreads will remain stable while 29% expect spreads to narrow.

For the whole of 2023, 57% of respondents expect corporate profits to remain stable while 29% anticipate a fall in profitability. An equal number of respondents (43%) foresee higher or declining private residential property prices. In addition, 43% of respondents expect corporate bond spreads to widen and an equal number of respondent (29%) expect corporate bond spreads to remain stable or narrow.

For 2024, the majority (57%) of respondents anticipate higher corporate profitability. An equal proportion of respondents (43%) foresee higher or declining private residential property prices. In addition, 43% of respondents expect corporate bond spreads to widen and an equal number of respondent (29%) expect corporate bond spreads to remain stable or narrow.

Table 3
Expectations for Key Corporate and Financial Indicators for 2023
Percentage of total respondents

Indicators	September Survey			Current Survey		
	Higher	Stable	Lower	Higher	Stable	Lower
Corporate Profitability	16.7	16.7	66.7	14.3	57.1	28.6
Private Residential Property Price Index	57.1	0.0	42.9	42.9	14.3	42.9
SGD Corporate Bond Spreads (end-period, basis points per annum)	50.0	16.7	33.3	42.9	28.6	28.6

Table 4
Expectations for Key Corporate and Financial Indicators for 2024
Percentage of total respondents

Indicators	September Survey			Current Survey		
	Higher	Stable	Lower	Higher	Stable	Lower
Corporate Profitability	33.3	33.3	33.3	57.1	14.3	28.6
Private Residential Property Price Index	28.6	42.9	28.6	42.9	14.3	42.9
SGD Corporate Bond Spreads (end-period, basis points per annum)	40.0	40.0	20.0	42.9	28.6	28.6

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

Drivers of financial and lending market conditions

Respondents cited tighter global financial conditions, elevated inflation and rising geopolitical tensions as the main factors that could potentially weigh on financial market and lending conditions in Singapore.

At the same time, respondents identified less restrictive global financial conditions (including rate cuts by major central banks), as well as spillovers from China as possible upside drivers of domestic financial market and lending conditions.

Table 5
Top 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	100.0	83.3	Less Restrictive Global Financial Conditions	100.0	91.7
Inflation	25.0	33.3	China	N.A.	41.7
Geopolitical Tensions	37.5	25.0	Capital Inflows into Singapore	22.2	16.7
			Weaker S\$NEER	22.2	16.7

Note: Drivers of tightening global financial conditions cited by survey respondents include further rate hikes by central banks, tightening liquidity conditions and widening corporate spreads.

Risks to the outlook for the Singapore economy

Spillovers from an external growth slowdown emerged as the most cited downside risk to the domestic outlook, identified by 81% of respondents.² It was also ranked as the top downside risk. In addition, respondents flagged geopolitical tensions, inflationary pressures and spillovers from weaker growth in China as risks to the domestic growth outlook.

Better-than-expected external growth was the most frequently cited upside risk to Singapore's outlook, identified by 60% of respondents. Respondents also flagged upside risks from the tech cycle recovery and more robust growth in China, with the former being ranked as the top upside risk.

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
External Growth Slowdown	68.8	81.3	31.3	External Growth	60.0	60.0	20.0
Geopolitical Tensions	31.3	43.8	12.5	Tech Cycle	33.3	53.3	33.3
Inflationary Pressures	50.0	37.5	18.8	China	46.7	46.7	26.7
China	43.8	37.5	6.3				

Qualitative Word Responses (Word Cloud)



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

Monetary Policy in Singapore

None of the respondents expect changes to the slope, width and level of the S\$NEER Policy Band in the upcoming January 2024 review. Meanwhile, 13% and 22% of respondents anticipate a reduction in the slope of the S\$NEER policy band in April and July next year, respectively. For the October 2024 review, 18% of respondents anticipate a reduction in the slope of the S\$NEER policy band.

Table 7
Expectations of the S\$NEER Policy Band
(Proportion of Respondents, %)

Indicators	September Survey		Current Survey			
	2024 April	2024 October	2024 January	2024 April	2024 July	2024 October
Slope of the S\$NEER Policy Band						
Increase	5.6	0.0	0.0	0.0	0.0	0.0
Reduced	27.8	16.7	0.0	13.0	21.7	18.2
Flattened	0.0	5.6	0.0	0.0	0.0	4.5
Unchanged	66.7	77.8	100.0	87.0	78.3	77.3
Level at which the S\$NEER Policy Band is centred						
Higher	0.0	0.0	0.0	0.0	0.0	0.0
Lower	5.6	0.0	0.0	0.0	0.0	4.8
Unchanged	94.4	100.0	100.0	100.0	100.0	95.2
Width of the S\$NEER Policy Band						
Widened	0.0	0.0	0.0	0.0	0.0	0.0
Narrowed	0.0	0.0	0.0	0.0	0.0	0.0
Unchanged	100.0	100.0	100.0	100.0	100.0	100.0

APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q3 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast September Survey	Actual Outcome
GDP	1.0	1.1
Manufacturing	-4.4	-4.6
Finance & Insurance	0.7	1.5
Construction	6.8	6.3
Wholesale & Retail Trade	1.3	1.3
Accommodation & Food services	8.8	7.8
Private Consumption	3.3	4.4
Non-oil Domestic Exports	-10.5	-18.8
CPI-All Items	4.7	4.1
MAS Core Inflation	4.1	3.4
Overall Unemployment Rate (end-period, SA %)	2.0	2.0
Exchange Rate (end-period, S\$ per US\$)	1.330	1.365
SORA (average, % per annum)	3.80	3.72
Bank Loans (end-period, % growth)	-2.6	-6.1

Table A.2
Forecasts of Key Macroeconomic Indicators for Q4 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median	Mean	Min	Max
GDP	1.8	1.9	1.0	3.0
Manufacturing	-1.0	-0.4	-5.0	7.0
Finance & Insurance	1.7	2.2	1.5	4.2
Construction	5.9	6.1	4.7	8.5
Wholesale & Retail Trade	2.0	1.6	-0.6	2.9
Accommodation & Food services	6.0	6.3	0.8	14.5
Private Consumption	3.6	3.5	1.5	5.3
Non-oil Domestic Exports	0.8	1.2	-3.2	5.0
CPI-All Items	4.0	4.0	3.2	4.5
MAS Core Inflation	3.1	3.1	2.7	4.1
Overall Unemployment Rate (end-period, SA %)	2.1	2.1	1.9	2.3
Exchange Rate (end-period, S\$ per US\$)	1.348	1.348	1.330	1.370
SORA (average, % per annum)	3.72	3.74	3.60	3.90
Bank Loans (end-period, % growth)	-1.8	-2.1	-5.5	1.0

Table A.3
Forecasts of Key Macroeconomic Indicators for 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	September Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	1.0	1.0	1.0	0.3	1.5
Manufacturing	-4.4	-4.6	-4.4	-5.6	-2.6
Finance & Insurance	0.7	0.2	0.3	0.2	0.8
Construction	6.8	6.9	6.9	6.6	7.6
Wholesale & Retail Trade	1.3	0.6	0.5	-0.2	1.4
Accommodation & Food services	8.8	9.3	9.6	7.9	12.2
Private Consumption	3.3	4.0	4.0	3.2	4.5
Non-oil Domestic Exports	-10.5	-12.0	-12.0	-12.5	-10.0
CPI-All Items	4.7	4.8	4.8	4.0	5.0
MAS Core Inflation	4.1	4.1	4.1	3.9	4.2
Overall Unemployment Rate (end-period, SA %)	2.0	2.0	2.0	1.9	2.3
Exchange Rate (end-period, S\$ per US\$)	1.330	1.348	1.348	1.330	1.370
SORA (average, % per annum)	3.80	3.70	3.73	3.61	3.90
Bank Loans (end-period, % growth)	-2.6	-4.5	-4.1	-5.8	-2.4

Table A.4
Forecasts of Key Macroeconomic Indicators for 2024

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Current Survey			
	Median	Mean	Min	Max
GDP	2.3	2.2	0.6	3.1
Manufacturing	2.3	2.6	-0.7	5.6
Finance & Insurance	2.5	2.7	1.3	4.5
Construction	4.7	4.5	0.7	6.8
Wholesale & Retail Trade	1.9	2.3	1.3	4.8
Accommodation & Food services	3.6	2.7	-2.0	5.6
Private Consumption	3.0	2.8	1.4	4.1
Non-oil Domestic Exports	6.0	5.5	2.0	8.0
CPI-All Items	3.4	3.2	1.9	4.3
MAS Core Inflation	3.0	2.9	2.1	3.7
Overall Unemployment Rate (end-period, SA %)	2.1	2.2	2.0	2.5
Exchange Rate (end-period, S\$ per US\$)	1.320	1.319	1.280	1.380
SORA (average, % per annum)	3.25	3.21	2.80	3.60
Bank Loans (end-period, % growth)	2.5	1.4	-3.3	3.0

Table A.5
Forecasts of Quarterly GDP Growth for 2023 & 2024

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2023 Q4	1.8	1.9	1.0	3.0
2024 Q1	2.3	2.4	0.5	4.3
2024 Q2	2.4	2.5	0.5	3.5
2024 Q3	2.2	2.0	0.5	3.3
2024 Q4	2.2	2.1	0.7	3.5

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

Forecasts for 2023		Forecasts for 2024	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
5.0% or more	0.0	5.0% or more	0.5
4.0 to 4.9%	0.0	4.0 to 4.9%	2.5
3.0 to 3.9%	0.3	3.0 to 3.9%	17.3
2.0 to 2.9%	4.4	2.0 to 2.9%	47.2
1.0 to 1.9%	50.0	1.0 to 1.9%	22.3
0.0 to 0.9%	43.4	0.0 to 0.9%	6.1
-1.0 to -0.1%	1.9	-1.0 to -0.1%	2.7
-1.1% or less	0.0	-1.1% or less	1.5
Total	100.0	Total	100.0

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

Forecasts for 2023		Forecasts for 2024	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
7.0% or more	0.0	7.0% or more	0.0
6.5 to 6.9%	0.2	6.5 to 6.9%	0.1
6.0 to 6.4%	0.8	6.0 to 6.4%	0.3
5.5 to 5.9%	2.0	5.5 to 5.9%	0.4
5.0 to 5.4%	14.3	5.0 to 5.4%	1.5
4.5 to 4.9%	69.7	4.5 to 4.9%	3.8
4.0 to 4.4%	11.4	4.0 to 4.4%	13.5
3.5 to 3.9%	1.2	3.5 to 3.9%	31.3
3.0 to 3.4%	0.3	3.0 to 3.4%	24.5
2.5 to 2.9%	0.0	2.5 to 2.9%	12.7
2.0 to 2.4%	0.0	2.0 to 2.4%	7.6
1.5 to 1.9%	0.0	1.5 to 1.9%	2.7
1.0 to 1.4%	0.0	1.0 to 1.4%	0.9
0.9% or less	0.0	0.9% or less	0.7
Total	100.0	Total	100.0

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

Forecasts for 2023		Forecasts for 2024	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
7.0% or more	0.0	7.0% or more	0.0
6.5 to 6.9%	0.0	6.5 to 6.9%	0.0
6.0 to 6.4%	0.6	6.0 to 6.4%	0.0
5.5 to 5.9%	0.9	5.5 to 5.9%	0.2
5.0 to 5.4%	1.3	5.0 to 5.4%	0.7
4.5 to 4.9%	9.1	4.5 to 4.9%	2.6
4.0 to 4.4%	65.4	4.0 to 4.4%	4.8
3.5 to 3.9%	15.7	3.5 to 3.9%	16.2
3.0 to 3.4%	6.2	3.0 to 3.4%	33.4
2.5 to 2.9%	0.6	2.5 to 2.9%	26.7
2.0 to 2.4%	0.1	2.0 to 2.4%	10.8
1.5 to 1.9%	0.0	1.5 to 1.9%	3.2
1.0 to 1.4%	0.0	1.0 to 1.4%	0.8
0.9% or less	0.0	0.9% or less	0.7
Total	100.0	Total	100.0