



Monetary Authority
of Singapore

Survey of Professional Forecasters



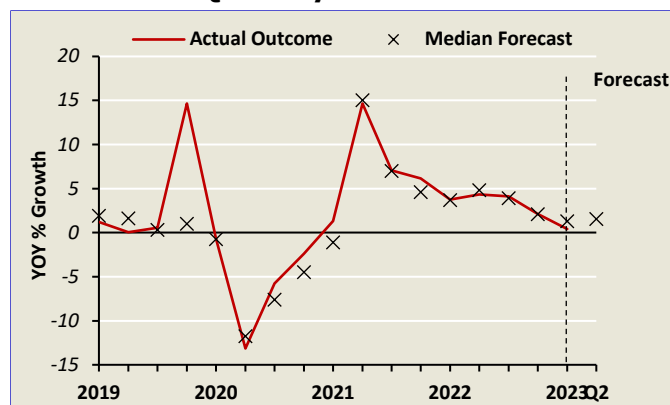
ECONOMIC POLICY GROUP

The *Jun 2023 Survey* was sent out on 25 May 2023 to a total of 26 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 24 respondents (a response rate of 92.3%) and does not represent MAS' views or forecasts.

Growth was below expectations in Q1 2023

The Singapore economy expanded by 0.4% year-on-year in Q1 2023. This was below respondents' median forecast of 1.3% in the previous survey. In the current survey, respondents expect the economy to grow by 1.5% in Q2 2023.

Chart 1
Quarterly GDP Growth



The economy is forecast to grow by 1.4% in 2023

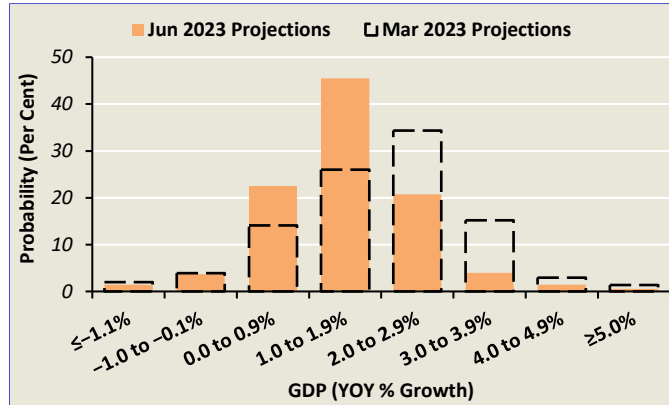
The respondents expect GDP to expand by 1.4% this year, down from 1.9% in the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2023

Key Macroeconomic Indicators Year-on-Year % Change	March Survey	Current Survey
GDP	1.9	1.4
Manufacturing	0.0	-1.3
Finance & Insurance	2.5	1.3
Construction	4.2	7.0
Wholesale & Retail Trade	1.9	0.8
Accommodation & Food services	8.4	10.0
Private Consumption	3.2	3.5
Non-oil Domestic Exports	-4.0	-5.5

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 45.5%. In the previous survey, respondents assigned the highest probability to growth outturns between 2.0 to 2.9%.

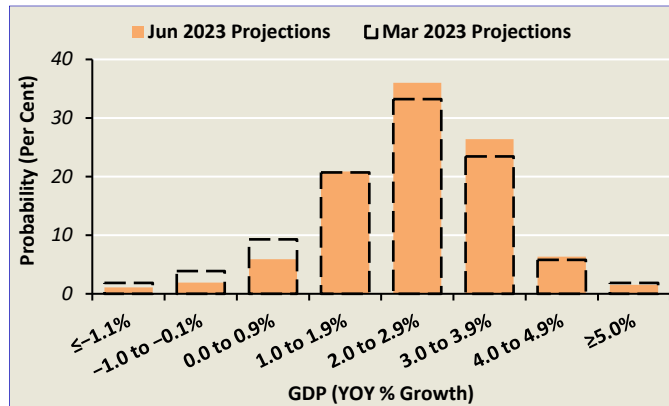
Chart 2
Mean Probability Distribution of 2023 GDP Growth Forecasts



GDP is projected to expand by 2.5% in 2024

The respondents estimate that GDP will expand by 2.5% next year. 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 36.1%, up slightly from 33.2% previously.

Chart 3
Mean Probability Distribution of 2024 GDP Growth Forecasts



CPI-All Items inflation is forecast at 5.0% and MAS Core Inflation at 4.1% for 2023

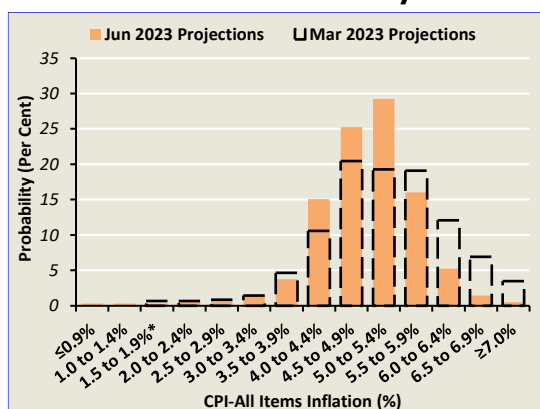
CPI-All Items inflation and MAS Core Inflation in Q2 2023 are expected to come in at 5.2% and 4.6%, respectively. The median forecast for CPI-All Items inflation and MAS Core inflation for the whole of 2023 are 5.0% and 4.1%, unchanged from the March survey. As for the labour market, the respondents expect the unemployment rate to be 2.1% at year-end.

Table 2
Median Forecasts of Other Economic Indicators for 2023

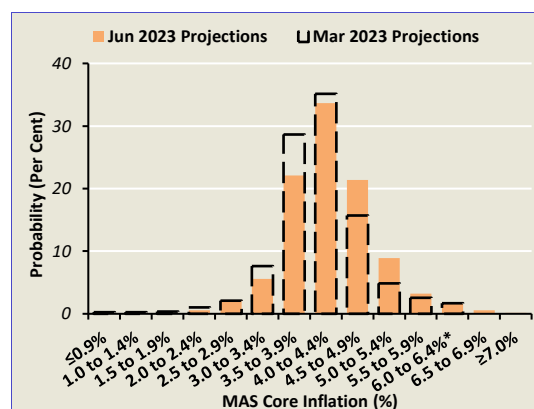
Indicators	March Survey	Current Survey
CPI-All Items (year-on-year % change)	5.0	5.0
MAS Core Inflation (year-on-year % change)	4.1	4.1
Overall Unemployment Rate (end-period, SA %)	2.2	2.1
Exchange Rate (end-period, S\$ per US\$)	1.310	1.320
SORA (average, percent per annum)	3.72	3.70
Bank Loans (end-period, % growth)	1.3	0.5

The respondents project that 2023 CPI-All Items inflation will most likely come in between 5.0 and 5.4%, from between 4.5 and 5.9% in March. They also expect MAS Core Inflation to come in between 4.0 and 4.4%, similar to the previous survey.

Chart 4
Mean Probability Distributions of 2023 Inflation Forecasts



*Mar 2023 projected probability refers to that assigned to all outcomes 1.9% and below

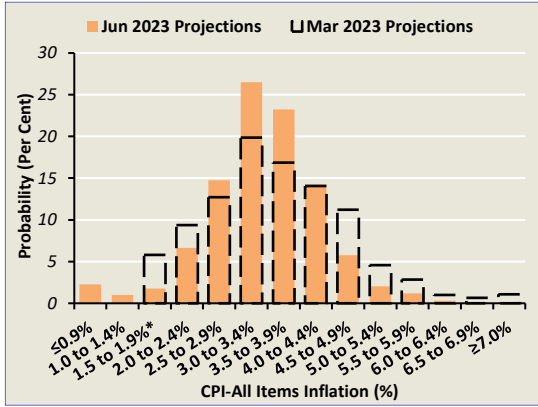


*Mar 2023 projected probability refers to that assigned to all outcomes 6.0% and above

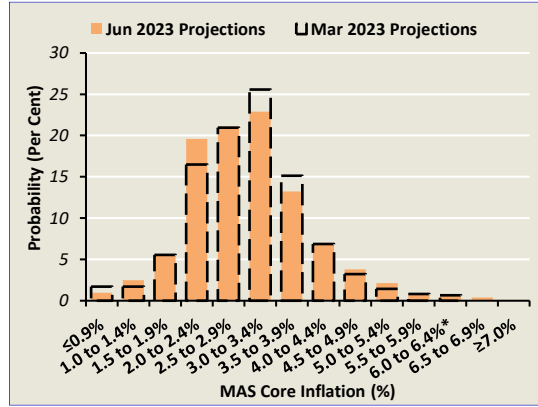
Both CPI-All Items inflation and MAS Core Inflation are expected to ease in 2024

CPI-All Items inflation is forecast at 3.3% in 2024, while MAS Core Inflation is expected to come in at 3.0%. Respondents assigned the highest probability to the 3.0 to 3.4% range for both CPI-All Items and MAS Core Inflation, similar to the March survey.

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



*Mar 2023 projected probability refers to that assigned to all outcomes 1.9% and below



*Mar 2023 projected probability refers to that assigned to all outcomes 6.0% and above

Corporate and financial indicators

Of the respondents who provided inputs¹, the majority (67%) of respondents expect corporate profits to decline year-on-year in Q2 2023 while 22% of respondents expect profits to remain stable. At the same time, 44% of respondents anticipate that private residential property prices will increase in Q2 compared with 33% who anticipate a decline in property prices. In addition, 63% of respondents assessed that SGD corporate bond spreads will remain stable while 25% of respondents expect spreads to widen.

For the whole of 2023, the majority (78%) of respondents expect corporate profitability to decline. Meanwhile, half of the respondents expect private residential property prices to increase while 30% expect property prices to decline. In addition, 56% expect corporate bond spreads to remain stable, while another 33% expect spreads to widen.

For 2024, 38% of respondents expect corporate profitability to improve and an equal number of respondents expect profits to decline. 44% of respondents anticipate private residential property prices to increase in 2024 and an equal number foresee stable prices. In addition, 38% of respondents expect corporate bond spreads to widen and an equal number of respondents expect spreads to remain stable.

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

Indicators	March Survey			Current Survey		
	Higher	Stable	Lower	Higher	Stable	Lower
Corporate Profitability	14.3	0.0	85.7	11.1	11.1	77.8
Private Residential Property Price Index	57.1	14.3	28.6	50.0	20.0	30.0
SGD Corporate Bond Spreads (end-period, basis points per annum)	42.9	42.9	14.3	33.3	55.6	11.1

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

Indicators	March Survey			Current Survey		
	Higher	Stable	Lower	Higher	Stable	Lower
Corporate Profitability	57.1	14.3	28.6	37.5	25.0	37.5
Private Residential Property Price Index	42.9	57.1	0.0	44.4	44.4	11.1
SGD Corporate Bond Spreads (end-period, basis points per annum)	14.3	57.1	28.6	37.5	37.5	25.0

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 and elevated inflation as the main factors that could potentially weigh on financial market and lending conditions in Singapore.

Meanwhile, most respondents identified less restrictive global financial conditions, including rate cuts by central banks, as an upside driver of the domestic financial market and lending conditions. Respondents also listed capital inflows into Singapore and easing of inflation as other potential upside drivers.

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

Downside Drivers	March Survey	Current Survey	Upside Drivers	March Survey	Current Survey
Global Financial Conditions Tightening	80.0	69.2	Less Restrictive Global Financial Conditions	100.0	76.9
Inflation	20.0	30.8	Capital Inflows into Singapore	30.0	23.1
Stronger S\$NEER	N.A.	15.4	Inflation Eases	10.0	23.1
Banking Sector Distress	N.A.	15.4			

Note: Drivers of tightening global financial conditions cited by survey respondents include faster than expected 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 61% of respondents.² It was also most frequently ranked as the top downside risk, with 28% of respondents doing so. In addition, respondents also flagged inflationary pressures and escalation in geopolitical tensions as risks to the domestic growth outlook.

More robust growth in China, underpinned by economic re-opening and macroeconomic policy easing, was the most frequently cited upside risk to Singapore's growth outlook, identified by 71% of respondents. It was also most frequently ranked as the top upside risk, with 29% of respondents doing so. Respondents also flagged upside risks from better-than-expected external economic growth and tech cycle recovery.

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

Downside Risk	March Survey	Current Survey	Cited As Top Risk	Upside Risk	March Survey	Current Survey	Cited As Top Risk
External Growth Slowdown	50.0	61.1	27.8	China	87.5	70.6	29.4
Inflation	56.3	55.6	16.7	External Growth	50.0	41.2	17.6
Geopolitical Tension	56.3	44.4	11.1	Tech Cycle	31.3	41.2	11.8

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 at which the S\$NEER Policy Band is centred in the October 2023 review. Meanwhile, 26% of respondents anticipate a reduction in the slope of the S\$NEER policy band in April next year and 5% of respondents expect MAS to lower the level at which the S\$NEER policy band is centred.

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

Indicators	March Survey		Current Survey	
	2023 April	2023 October	2023 October	2024 April
Slope of the S\$NEER Policy Band				
Increase	23.8	0.0	0.0	0.0
Reduced	0.0	0.0	0.0	26.3
Flattened	0.0	5.6	0.0	0.0
Unchanged	76.2	94.4	100.0	73.7
Level at which the S\$NEER Policy Band is centred				
Higher	23.8	0.0	0.0	0.0
Lower	0.0	0.0	0.0	5.3
Unchanged	76.2	100.0	100.0	94.7
Width of the S\$NEER Policy Band				
Widened	0.0	0.0	0.0	0.0
Narrowed	0.0	0.0	0.0	0.0
Unchanged	100.0	100.0	100.0	100.0

APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q1 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast March Survey	Actual Outcome
GDP	1.3	0.4
Manufacturing	-2.6	-5.6
Finance & Insurance	1.2	-0.9
Construction	4.0	7.2
Wholesale & Retail Trade	2.0	-2.2
Accommodation & Food services	11.1	15.8
Private Consumption	6.8	5.8
Non-oil Domestic Exports	-17.9	-16.2
CPI-All Items	6.5	6.1
MAS Core Inflation	5.5	5.4
Overall Unemployment Rate (end-period, SA %)	2.1	1.8
Exchange Rate (end-period, S\$ per US\$)	1.320	1.327
SORA (average, % per annum)	3.58	3.63
Bank Loans (end-period, % growth)	0.0	-4.0

Table A.2
Forecasts of Key Macroeconomic Indicators for Q2 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median	Mean	Min	Max
GDP	1.5	1.2	-1.4	2.2
Manufacturing	-3.5	-3.5	-6.2	-1.0
Finance & Insurance	-0.1	-0.1	-1.8	1.0
Construction	6.7	6.2	-8.1	16.4
Wholesale & Retail Trade	0.2	-0.1	-1.8	1.5
Accommodation & Food services	10.2	9.8	3.9	16.2
Private Consumption	1.5	2.2	-0.8	4.9
Non-oil Domestic Exports	-7.4	-7.7	-11.3	-5.1
CPI-All Items	5.2	5.3	4.5	5.9
MAS Core Inflation	4.6	4.7	4.2	5.3
Overall Unemployment Rate (end-period, SA %)	2.0	1.9	1.8	2.0
Exchange Rate (end-period, S\$ per US\$)	1.340	1.343	1.320	1.370
SORA (average, % per annum)	3.73	3.77	3.60	4.20
Bank Loans (end-period, % growth)	-4.8	-2.9	-6.0	1.0

Table A.3
Forecasts of Key Macroeconomic Indicators for 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	March Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	1.9	1.4	1.4	0.4	2.2
Manufacturing	0.0	-1.3	-1.6	-5.4	2.0
Finance & Insurance	2.5	1.3	1.2	-0.1	2.7
Construction	4.2	7.0	7.1	3.0	11.8
Wholesale & Retail Trade	1.9	0.8	0.7	-1.0	2.1
Accommodation & Food services	8.4	10.0	9.6	5.9	15.2
Private Consumption	3.2	3.5	3.4	1.7	5.4
Non-oil Domestic Exports	-4.0	-5.5	-5.7	-10.9	-1.8
CPI-All Items	5.0	5.0	5.0	4.0	5.8
MAS Core Inflation	4.1	4.1	4.2	3.5	5.0
Overall Unemployment Rate (end-period, SA %)	2.2	2.1	2.1	1.8	2.3
Exchange Rate (end-period, S\$ per US\$)	1.310	1.320	1.324	1.300	1.360
SORA (average, % per annum)	3.72	3.70	3.70	2.80	4.50
Bank Loans (end-period, % growth)	1.3	0.5	0.0	-2.8	2.0

Table A.4
Forecasts of Quarterly GDP Growth for 2023

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2023 Q2	1.5	1.2	-1.4	2.2
2023 Q3	1.5	1.5	0.1	2.7
2023 Q4	2.2	2.4	0.3	6.2
2023	1.4	1.4	0.4	2.2

Table A.5
Forecasts of GDP Growth and CPI-All Items Inflation for 2024

Key Macroeconomic Indicators	Median	Mean	Min	Max
	Year-on-Year % Change			
GDP	2.5	2.5	0.5	3.5
CPI-All Items	3.3	3.2	1.3	4.4
MAS Core Inflation	3.0	2.8	1.3	4.4

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	0.6	5.0% or more	1.5
4.0 to 4.9%	1.5	4.0 to 4.9%	6.3
3.0 to 3.9%	4.0	3.0 to 3.9%	26.4
2.0 to 2.9%	20.8	2.0 to 2.9%	36.1
1.0 to 1.9%	45.5	1.0 to 1.9%	20.9
0.0 to 0.9%	22.6	0.0 to 0.9%	5.9
-1.0 to -0.1%	3.7	-1.0 to -0.1%	1.9
-1.1% or less	1.5	-1.1% or less	1.1
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	0.5	7.0% or more	0.2
6.5 to 6.9%	1.5	6.5 to 6.9%	0.2
6.0 to 6.4%	5.2	6.0 to 6.4%	0.3
5.5 to 5.9%	16.0	5.5 to 5.9%	1.2
5.0 to 5.4%	29.3	5.0 to 5.4%	2.1
4.5 to 4.9%	25.3	4.5 to 4.9%	5.8
4.0 to 4.4%	15.1	4.0 to 4.4%	14.3
3.5 to 3.9%	3.8	3.5 to 3.9%	23.3
3.0 to 3.4%	1.4	3.0 to 3.4%	26.5
2.5 to 2.9%	0.8	2.5 to 2.9%	14.8
2.0 to 2.4%	0.6	2.0 to 2.4%	6.7
1.5 to 1.9%	0.3	1.5 to 1.9%	1.8
1.0 to 1.4%	0.3	1.0 to 1.4%	1.0
0.9% or less	0.3	0.9% or less	2.3
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	0.1	7.0% or more	0.1
6.5 to 6.9%	0.6	6.5 to 6.9%	0.4
6.0 to 6.4%	1.6	6.0 to 6.4%	0.5
5.5 to 5.9%	3.2	5.5 to 5.9%	0.7
5.0 to 5.4%	8.9	5.0 to 5.4%	2.1
4.5 to 4.9%	21.4	4.5 to 4.9%	3.8
4.0 to 4.4%	33.7	4.0 to 4.4%	6.7
3.5 to 3.9%	22.1	3.5 to 3.9%	13.2
3.0 to 3.4%	5.6	3.0 to 3.4%	22.9
2.5 to 2.9%	2.1	2.5 to 2.9%	21.1
2.0 to 2.4%	0.6	2.0 to 2.4%	19.6
1.5 to 1.9%	0.1	1.5 to 1.9%	5.5
1.0 to 1.4%	0.1	1.0 to 1.4%	2.5
0.9% or less	0.1	0.9% or less	1.0
Total	100.0	Total	100.0