



Monetary Authority
of Singapore

Survey of Professional Forecasters



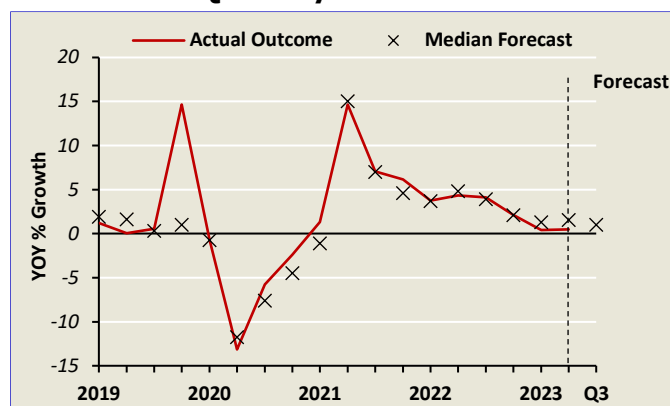
ECONOMIC POLICY GROUP

The *Sep 2023 Survey* was sent out on 15 August 2023 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%) and does not represent MAS' views or forecasts.

Growth was below expectations in Q2 2023

The Singapore economy expanded by 0.5% year-on-year in Q2 2023. This was below the respondents' median forecast of 1.5% in the previous survey. In the current survey, the respondents expect the economy to grow by 1.0% in Q3 2023.

Chart 1
Quarterly GDP Growth



The economy is forecast to grow by 1.0% in 2023

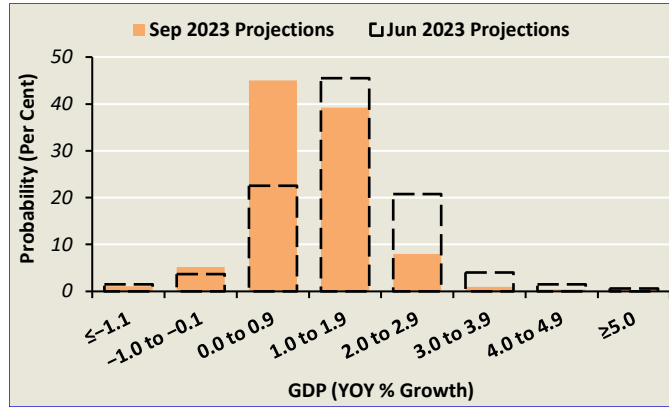
The respondents expect GDP to expand by 1.0% this year, down from 1.4% in the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2023

Key Macroeconomic Indicators Year-on-Year % Change	June Survey	Current Survey
GDP	1.4	1.0
Manufacturing	-1.3	-4.4
Finance & Insurance	1.3	0.7
Construction	7.0	6.8
Wholesale & Retail Trade	0.8	1.3
Accommodation & Food services	10.0	8.8
Private Consumption	3.5	3.3
Non-oil Domestic Exports	-5.5	-10.5

As reflected in the mean probability distribution, the most likely outcome is for the Singapore economy to grow by 0.0 to 0.9% this year, with an average probability of 45%. In the previous survey, the respondents assigned the highest probability to growth outturns of between 1.0 to 1.9%.

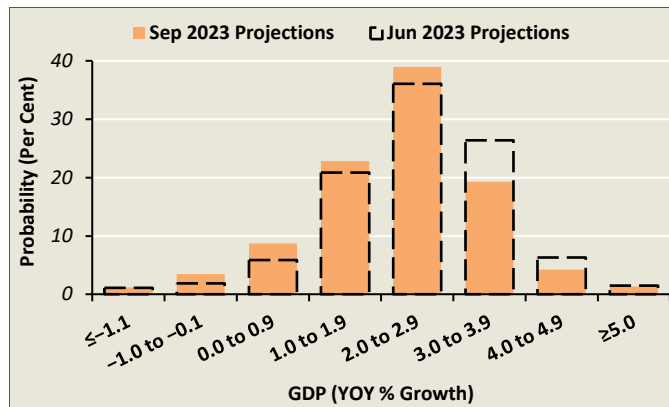
Chart 2
Mean Probability Distribution of 2023 GDP Growth Forecasts



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 38.9%, up slightly from 36.1% previously.

Chart 3
Mean Probability Distribution of 2024 GDP Growth Forecasts



CPI-All Items inflation is forecast at 4.7% and MAS Core Inflation at 4.1% for 2023

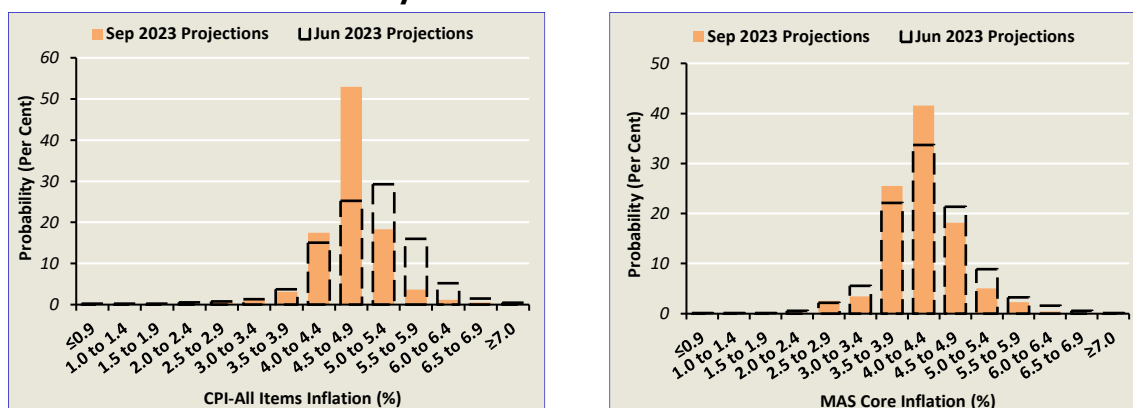
CPI-All Items inflation and MAS Core Inflation in Q3 2023 are expected to come in at 4.0% and 3.5%, respectively. The median forecast for CPI-All Items inflation for the whole of 2023 is 4.7%, down from 5.0% in the June survey. The median forecast for MAS Core inflation is 4.1%, unchanged from the June 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	June Survey	Current Survey
CPI-All Items (year-on-year % change)	5.0	4.7
MAS Core Inflation (year-on-year % change)	4.1	4.1
Overall Unemployment Rate (end-period, SA %)	2.1	2.0
Exchange Rate (end-period, S\$ per US\$)	1.320	1.330
SORA (average, percent per annum)	3.70	3.80
Bank Loans (end-period, % growth)	0.5	-2.6

The respondents project that 2023 CPI-All Items inflation will most likely come in between 4.5 and 4.9%, from between 5.0 and 5.4% in June. They also expect MAS Core Inflation to come in between 4.0 and 4.4%, similar to the previous survey.

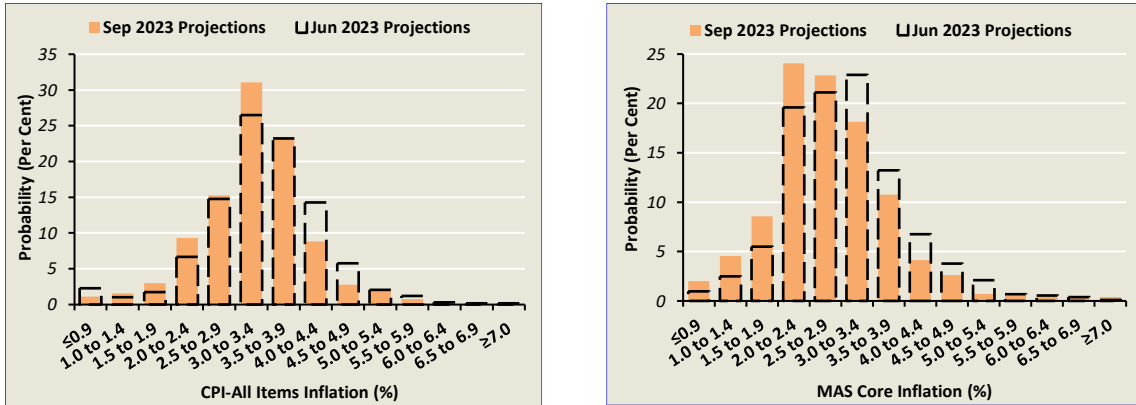
Chart 4
Mean Probability Distributions of 2023 Inflation Forecasts



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

CPI-All Items inflation is forecast at 3.1% in 2024, while MAS Core Inflation is expected to come in at 2.8%. The respondents assigned the highest probability to the 3.0 to 3.4% range for CPI-All Items, similar to the June survey. Meanwhile for MAS Core Inflation, the highest probabilities were almost equally spread between the probability ranges of 2.0 to 2.4% and 2.5 to 2.9%, compared to 3.0 to 3.4% in the previous survey.

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



Corporate and financial indicators

Of the respondents who provided inputs¹, half expect corporate profits to decline year-on-year in Q3 2023 while a third expect profits to remain stable. At the same time, half anticipate that private residential property prices will fall in Q3, while 33% forecast higher property prices. In addition, 60% of respondents assessed that SGD corporate bond spreads will widen while an equal proportion (20%) of respondents expect spreads to narrow or remain stable.

For the whole of 2023, the majority (67%) of respondents expect corporate profitability to decline. Meanwhile, 57% of respondents expect private residential property prices to increase while 43% expect property prices to decline. In addition, 50% expect corporate bond spreads to widen, while a third expect spreads to narrow.

For 2024, an equal proportion of respondents (33%) expect corporate profitability to improve, remain stable or decline. Meanwhile, 43% of respondents anticipate private residential property prices to remain stable in 2024 and an equal number (29%) foresee higher or declining property prices. In addition, an equal number of respondent (40%) expect corporate bond spreads to widen or remain stable.

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

Indicators	June Survey			Current Survey		
	Higher	Stable	Lower	Higher	Stable	Lower
Corporate Profitability	11.1	11.1	77.8	16.7	16.7	66.7
Private Residential Property Price Index	50.0	20.0	30.0	57.1	0.0	42.9
SGD Corporate Bond Spreads (end-period, basis points per annum)	33.3	55.6	11.1	50.0	16.7	33.3

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

Indicators	June Survey			Current Survey		
	Higher	Stable	Lower	Higher	Stable	Lower
Corporate Profitability	37.5	25.0	37.5	33.3	33.3	33.3
Private Residential Property Price Index	44.4	44.4	11.1	28.6	42.9	28.6
SGD Corporate Bond Spreads (end-period, basis points per annum)	37.5	37.5	25.0	40.0	40.0	20.0

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 rising geopolitical tensions as the main factors that could potentially weigh on financial market and lending conditions in Singapore.

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

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

Downside Drivers	June Survey	Current Survey	Upside Drivers	June Survey	Current Survey
Global Financial Conditions Tightening	69.2	100.0	Less Restrictive Global Financial Conditions	76.9	100.0
Geopolitical Tensions	7.7	37.5	Capital Inflows into Singapore	23.1	22.2
Inflation	30.8	25.0	Inflation Eases	23.1	22.2
China	N.A.	25.0	Weaker S\$NEER	15.4	22.2

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 69% of respondents.² It was also ranked as the top downside risk. In addition, respondents also flagged inflationary pressures and spillovers from slowing growth in China as risks to the domestic growth outlook.

Meanwhile, better-than-expected external growth was the most frequently cited upside risk to Singapore's outlook, identified by 60% of respondents. It was also ranked as the top upside risk, with 40% of respondents doing so. Respondents also flagged upside risks from more robust growth in China and tech cycle recovery.

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

Downside Risk	June Survey	Current Survey	Cited As Top Risk	Upside Risk	June Survey	Current Survey	Cited As Top Risk
External Growth Slowdown	61.1	68.8	25.0	External Growth	41.2	60.0	40.0
Inflationary Pressures	55.6	50.0	18.8	China	70.6	46.7	26.7
China	38.9	43.8	18.8	Tech Cycle	41.2	33.3	26.7

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 October 2023 review.

Meanwhile, 28% of respondents anticipate a reduction in the slope of the S\$NEER policy band in April next year while 5.6% of respondents expect MAS to re-centre the band downwards. For the October 2024 review, 17% 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	June Survey			Current Survey		
	2023 October	2024 April	2024 October	2023 October	2024 April	2024 October
Slope of the S\$NEER Policy Band						
Increase	0.0	0.0	N.A.	0.0	5.6	0.0
Reduced	0.0	26.3	N.A.	0.0	27.8	16.7
Flattened	0.0	0.0	N.A.	0.0	0.0	5.6
Unchanged	100.0	73.7	N.A.	100.0	66.7	77.8
Level at which the S\$NEER Policy Band is centred						
Higher	0.0	0.0	N.A.	0.0	0.0	0.0
Lower	0.0	5.3	N.A.	0.0	5.6	0.0
Unchanged	100.0	94.7	N.A.	100.0	94.4	100.0
Width of the S\$NEER Policy Band						
Widened	0.0	0.0	N.A.	0.0	0.0	0.0
Narrowed	0.0	0.0	N.A.	0.0	0.0	0.0
Unchanged	100.0	100.0	N.A.	100.0	100.0	100.0

APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q2 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast March Survey	Actual Outcome
GDP	1.5	0.5
Manufacturing	-3.5	-7.3
Finance & Insurance	-0.1	-1.7
Construction	6.7	6.8
Wholesale & Retail Trade	0.2	1.2
Accommodation & Food services	10.2	8.6
Private Consumption	1.5	2.4
Non-oil Domestic Exports	-7.4	-13.4
CPI-All Items	5.2	5.1
MAS Core Inflation	4.6	4.6
Overall Unemployment Rate (end-period, SA %)	2.0	1.9
Exchange Rate (end-period, S\$ per US\$)	1.340	1.356
SORA (average, % per annum)	3.73	3.84
Bank Loans (end-period, % growth)	-4.8	-5.0

Table A.2
Forecasts of Key Macroeconomic Indicators for Q3 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median	Mean	Min	Max
GDP	1.0	1.1	0.0	3.0
Manufacturing	-3.8	-2.4	-4.5	5.8
Finance & Insurance	1.9	1.3	-0.4	2.2
Construction	6.7	6.4	4.6	7.6
Wholesale & Retail Trade	1.6	1.6	0.0	2.4
Accommodation & Food services	6.5	7.1	4.0	11.6
Private Consumption	2.1	2.0	-0.5	4.0
Non-oil Domestic Exports	-15.0	-14.4	-19.0	-9.0
CPI-All Items	4.0	3.9	3.3	4.6
MAS Core Inflation	3.5	3.5	2.8	4.0
Overall Unemployment Rate (end-period, SA %)	2.0	2.0	1.8	2.5
Exchange Rate (end-period, S\$ per US\$)	1.340	1.346	1.330	1.370
SORA (average, % per annum)	3.78	3.83	3.58	4.25
Bank Loans (end-period, % growth)	-4.6	-4.3	-6.0	-1.8

Table A.3
Forecasts of Key Macroeconomic Indicators for 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	June Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	1.4	1.0	1.0	0.3	2.0
Manufacturing	-1.3	-4.4	-3.8	-5.5	1.0
Finance & Insurance	1.3	0.7	0.5	-0.7	1.4
Construction	7.0	6.8	7.0	5.6	8.2
Wholesale & Retail Trade	0.8	1.3	1.4	0.0	3.3
Accommodation & Food services	10.0	8.8	9.3	7.9	11.4
Private Consumption	3.5	3.3	3.7	1.9	5.1
Non-oil Domestic Exports	-5.5	-10.5	-10.8	-15.0	-8.0
CPI-All Items	5.0	4.7	4.7	4.0	5.2
MAS Core Inflation	4.1	4.1	4.1	3.8	4.2
Overall Unemployment Rate (end-period, SA %)	2.1	2.0	2.1	1.8	2.5
Exchange Rate (end-period, S\$ per US\$)	1.320	1.330	1.338	1.310	1.370
SORA (average, % per annum)	3.70	3.80	3.77	3.35	4.00
Bank Loans (end-period, % growth)	0.5	-2.6	-2.6	-3.0	-2.0

Table A.4
Forecasts of Quarterly GDP Growth for 2023

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2023 Q3	1.0	1.1	0.0	3.0
2023 Q4	1.8	1.9	0.0	4.1
2023	1.0	1.0	0.3	2.0

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	2.3	0.5	3.0
CPI-All Items	3.1	3.1	1.5	4.3
MAS Core Inflation	2.8	2.6	1.4	3.7

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	0.2	5.0% or more	1.4
4.0 to 4.9%	0.4	4.0 to 4.9%	4.2
3.0 to 3.9%	0.9	3.0 to 3.9%	19.3
2.0 to 2.9%	8.0	2.0 to 2.9%	38.9
1.0 to 1.9%	39.2	1.0 to 1.9%	22.8
0.0 to 0.9%	45.0	0.0 to 0.9%	8.7
-1.0 to -0.1%	5.2	-1.0 to -0.1%	3.5
-1.1% or less	1.1	-1.1% or less	1.2
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	0.3	7.0% or more	0.4
6.5 to 6.9%	0.5	6.5 to 6.9%	0.4
6.0 to 6.4%	1.2	6.0 to 6.4%	0.5
5.5 to 5.9%	3.6	5.5 to 5.9%	0.8
5.0 to 5.4%	18.3	5.0 to 5.4%	1.9
4.5 to 4.9%	52.9	4.5 to 4.9%	2.8
4.0 to 4.4%	17.5	4.0 to 4.4%	8.8
3.5 to 3.9%	3.1	3.5 to 3.9%	23.3
3.0 to 3.4%	1.3	3.0 to 3.4%	31.1
2.5 to 2.9%	0.6	2.5 to 2.9%	15.2
2.0 to 2.4%	0.2	2.0 to 2.4%	9.3
1.5 to 1.9%	0.2	1.5 to 1.9%	3.0
1.0 to 1.4%	0.2	1.0 to 1.4%	1.5
0.9% or less	0.1	0.9% or less	1.1
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	0.2	7.0% or more	0.4
6.5 to 6.9%	0.2	6.5 to 6.9%	0.4
6.0 to 6.4%	0.4	6.0 to 6.4%	0.4
5.5 to 5.9%	2.3	5.5 to 5.9%	0.5
5.0 to 5.4%	5.0	5.0 to 5.4%	0.7
4.5 to 4.9%	18.1	4.5 to 4.9%	2.6
4.0 to 4.4%	41.6	4.0 to 4.4%	4.1
3.5 to 3.9%	25.5	3.5 to 3.9%	10.8
3.0 to 3.4%	3.4	3.0 to 3.4%	18.1
2.5 to 2.9%	2.6	2.5 to 2.9%	22.8
2.0 to 2.4%	0.3	2.0 to 2.4%	24.1
1.5 to 1.9%	0.2	1.5 to 1.9%	8.6
1.0 to 1.4%	0.2	1.0 to 1.4%	4.6
0.9% or less	0.1	0.9% or less	2.0
Total	100.0	Total	100.0