Monetary Authority of Singapore

Survey of Professional Forecasters

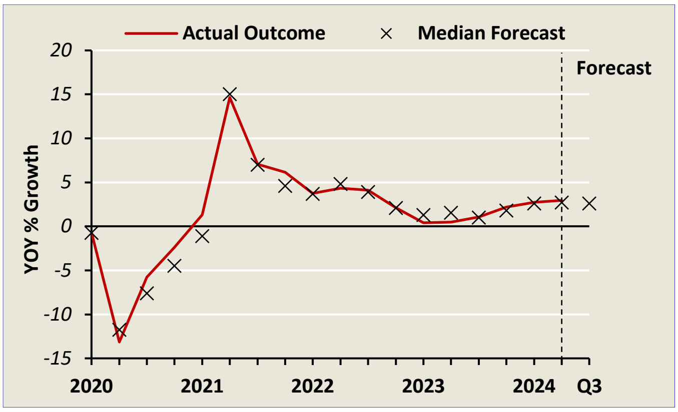
ECONOMIC POLICY GROUP

The *Sep 2024 Survey* was sent out on 13 August 2024 to a total of 25 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 21 respondents (a response rate of 84%) and does not represent MAS' views or forecasts.

Growth exceeded expectations in Q2 2024

The Singapore economy expanded by 2.9% year-on-year in Q2 2024, above the respondents' median forecast of 2.7% in the previous survey. In the current survey, the respondents expect the economy to grow by 2.6% year-on-year in Q3 2024.

Chart 1
Quarterly GDP Growth



The economy is forecast to grow by 2.6% in 2024

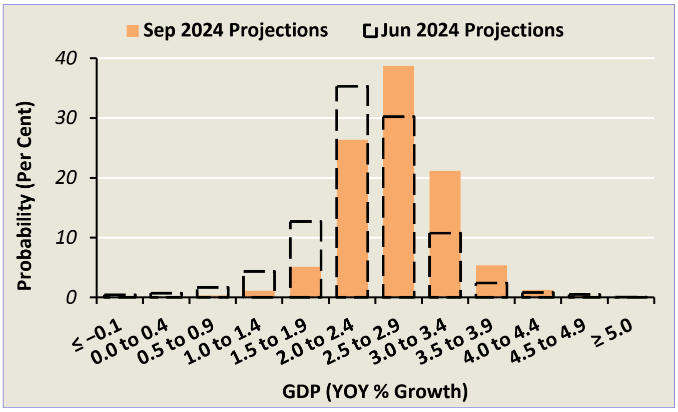
The respondents expect GDP to expand by 2.6% this year, up from 2.4% in the previous survey, with higher forecasts for the finance & insurance, construction as well as wholesale & retail trade sectors.

Table 1
Median Forecasts of Macroeconomic Indicators for 2024

Key Macroeconomic Indicators Year-on-Year % Change	**June Survey**	**Current Survey**
GDP	2.4	2.6
Manufacturing	1.6	0.6
Finance & Insurance	5.1	5.7
Construction	3.8	3.9
Wholesale & Retail Trade	2.5	3.0
Accommodation & Food services	3.1	2.9
Private Consumption	3.4	5.5
Non-oil Domestic Exports	4.0	3.0

As reflected in the mean probability distribution, the most likely outcome is for the Singapore economy to grow by 2.5 to 2.9% this year, with an average probability of 39%. This is followed by the 2.0 to 2.4% forecast range, with a probability of 26%. In the previous survey, the respondents assigned the highest probability to growth outturns of between 2.0 to 2.4%.

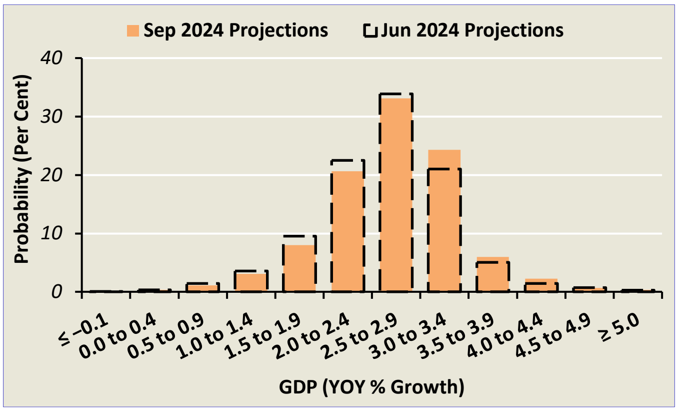
Chart 2
Mean Probability Distribution of 2024 GDP Growth Forecasts



GDP is projected to expand by 2.5% in 2025

The respondents estimate that GDP will expand by 2.5% next year. Their forecasts of the most probable outcome for growth fall between 2.5 and 2.9%, similar to the previous survey. The average probability assigned to the range is 33%, down slightly from 34% previously.

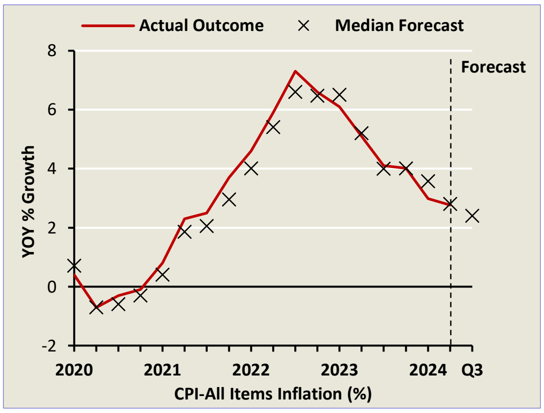
Chart 3
Mean Probability Distribution of 2025 GDP Growth Forecasts

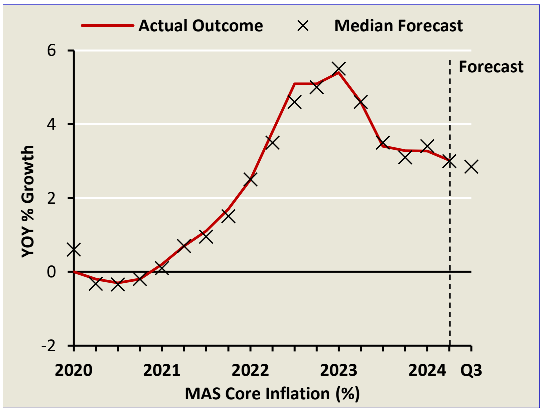


Both CPI-All Items and MAS Core Inflation came in as anticipated

CPI-All Items inflation and MAS Core Inflation came in at 2.8% and 3.0% year-on-year in Q2 2024, in line with respondents' forecasts in the previous survey. In the current survey, the respondents expect CPI-All Items and MAS Core Inflation to come in at 2.4% and 2.9%, respectively, in Q3 2024.

Chart 4
Quarterly Inflation





CPI-All Items inflation is forecast at 2.6% and MAS Core Inflation at 2.9% for 2024

The median forecast for CPI-All Items inflation for the whole of 2024 is 2.6%, down from 2.8% in the June survey. The median forecast for MAS Core inflation is 2.9%, down slightly from 3.0% from the previous survey. As for the labour market, the respondents expect the unemployment rate to be 2.1% at year-end.

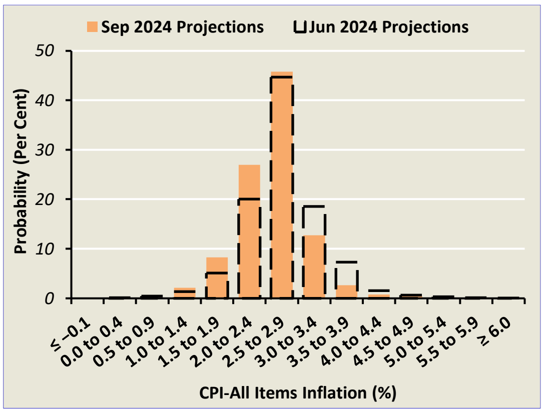
Table 2
Median Forecasts of Other Economic Indicators for 2024

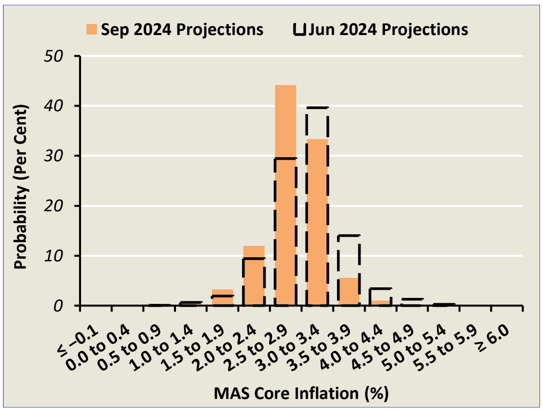
Indicators	June Survey	Current Survey
CPI-All Items (year-on-year % change)	2.8	2.6
MAS Core Inflation (year-on-year % change)	3.0	2.9
Overall Unemployment Rate (end-period, SA %)	2.1	2.1
Exchange Rate (end-period, S$ per US$)	1.340	1.320
SORA (average, percent per annum)	3.50	3.49
Bank Loans (end-period, % growth)	2.8	2.1

The respondents assigned the highest probability to the 2.5 to 2.9% range for CPI-All Items inflation, similar to the June survey. For MAS Core Inflation, the highest probability was also assigned to the 2.5 to 2.9% forecast range, in contrast to the 3.0 to 3.4% in the previous survey.

Chart 5

Mean Probability Distributions of 2024 Inflation Forecasts



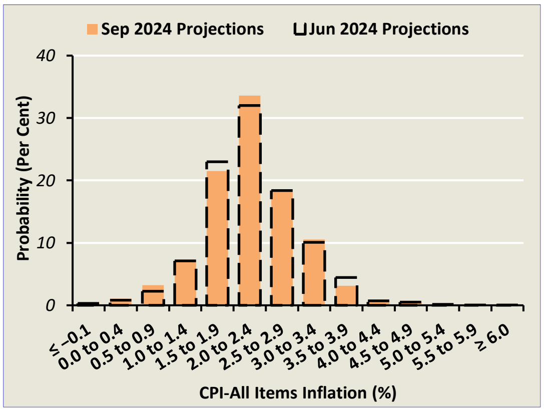


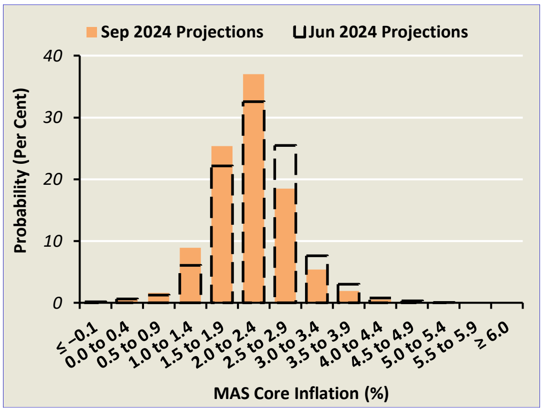
Both CPI-All Items inflation and MAS Core Inflation are expected to ease further in 2025

Both CPI-All Items inflation and MAS Core Inflation are forecast at 2.0% in 2025. The respondents assigned the highest probability to the 2.0 to 2.4% range for both CPI-All Items and MAS Core Inflation.

Chart 6

Mean Probability Distributions of 2025 Inflation Forecasts





Risks to the outlook for the Singapore economy

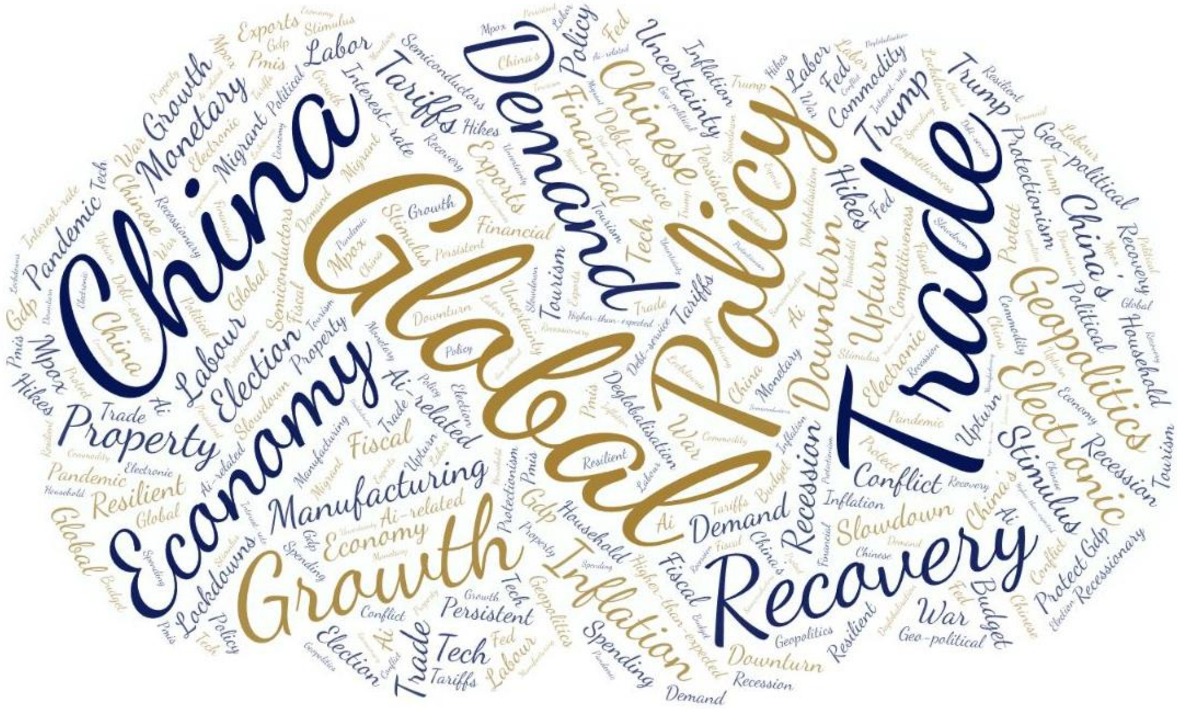
A slowdown in external growth emerged as the most cited downside risks to the domestic outlook. In addition, respondents also flagged spillovers from geopolitical tensions, including from higher US tariffs and weaker growth in China.

Better-than-expected external growth was the most frequently cited upside risk to Singapore's outlook, identified by 73% of respondents. Respondents also flagged more robust growth in China and faster-than-expected tech cycle recovery as key upside risks.

Table 3
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	50.0	73.3	40.0	External Growth	64.3	73.3	40.0
Geopolitical Tensions	57.1	66.7	20.0	China	71.4	66.7	13.3
China	50.0	66.7	0.0	Tech Cycle	64.3	60.0	33.3
Tighter Financial Conditions	28.6	26.7	6.7				

Qualitative Word Responses (Word Cloud)



Monetary Policy in Singapore

The majority of the respondents do not expect changes to the slope, width and level of the S$NEER policy band in the upcoming October 2024 review. For the January and April 2025 policy reviews, 50% and 35% of respondents, respectively, anticipate a reduction in the slope of the S$NEER policy band.

Table 4
Expectations of the S$NEER Policy Band
(Proportion of Respondents, %)

Indicators	June Survey			Current Survey		
	2024 October	2025 January	2025 April	2024 October	2025 January	2025 April
Slope of the S$NEER Policy Band						
Increase	0.0	0.0	0.0	0.0	0.0	0.0
Reduced	6.3	33.3	26.7	10.5	50.0	35.3
Flattened	0.0	0.0	0.0	0.0	0.0	0.0
Unchanged	93.8	66.7	73.3	89.5	50.0	64.7
Level at which the S$NEER Policy Band is centred						
Higher	0.0	0.0	0.0	0.0	0.0	0.0
Lower	6.3	0.0	0.0	0.0	5.6	0.0
Unchanged	93.8	100.0	100.0	100.0	94.4	100.0
Width of the S$NEER Policy Band						
Widened	0.0	0.0	0.0	0.0	5.6	0.0
Narrowed	0.0	0.0	0.0	0.0	0.0	0.0
Unchanged	100.0	100.0	100.0	100.0	94.4	100.0

APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q2 2024

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	**Median Forecast June Survey**	**Actual Outcome**
GDP	2.7	2.9
Manufacturing	2.2	−1.0
Finance & Insurance	5.4	6.7
Construction	4.3	3.8
Wholesale & Retail Trade	2.5	3.6
Accommodation & Food services	1.9	0.7
Private Consumption	3.5	6.5
Non-oil Domestic Exports	−3.4	−6.5
CPI-All Items	2.8	2.8
MAS Core Inflation	3.0	3.0
Overall Unemployment Rate (end-period, SA %)	2.1	2.0
Exchange Rate (end-period, S$ per US$)	1.350	1.359
SORA (average, % per annum)	3.64	3.49
Bank Loans (end-period, % growth)	1.4	0.5

Table A.2
Forecasts of Key Macroeconomic Indicators for Q3 2024

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	**Median**	**Mean**	**Min**	**Max**
GDP	2.6	2.6	2.1	3.0
Manufacturing	2.5	2.3	0.1	3.9
Finance & Insurance	5.1	5.2	2.0	6.5
Construction	3.8	3.8	0.6	6.0
Wholesale & Retail Trade	2.6	2.7	2.0	3.4
Accommodation & Food services	1.1	1.2	−1.1	3.0
Private Consumption	5.4	5.1	2.0	8.6
Non-oil Domestic Exports	9.5	8.2	−1.5	16.5
CPI-All Items	2.4	2.4	1.8	2.8
MAS Core Inflation	2.9	2.8	2.5	3.5
Overall Unemployment Rate (end-period, SA %)	2.1	2.1	1.8	2.3
Exchange Rate (end-period, S$ per US$)	1.320	1.326	1.300	1.380
SORA (average, % per annum)	3.42	3.47	3.30	3.90
Bank Loans (end-period, % growth)	1.7	1.7	1.0	2.3

Table A.3
Forecasts of Key Macroeconomic Indicators for 2024

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	**June Survey**	**Current Survey**			
	Median	**Median**	**Mean**	**Min**	**Max**
GDP	2.4	2.6	2.7	2.4	3.1
Manufacturing	1.6	0.6	0.8	−1.4	3.0
Finance & Insurance	5.1	5.7	5.2	1.7	6.7
Construction	3.8	3.9	3.8	1.9	5.8
Wholesale & Retail Trade	2.5	3.0	3.2	2.7	4.0
Accommodation & Food services	3.1	2.9	2.9	2.0	4.0
Private Consumption	3.4	5.5	5.0	3.0	6.5
Non-oil Domestic Exports	4.0	3.0	3.4	1.0	8.0
CPI-All Items	2.8	2.6	2.6	2.4	2.8
MAS Core Inflation	3.0	2.9	2.9	2.6	3.3
Overall Unemployment Rate (end-period, SA %)	2.1	2.1	2.1	1.8	2.3
Exchange Rate (end-period, S$ per US$)	1.340	1.320	1.317	1.290	1.360
SORA (average, % per annum)	3.50	3.49	3.46	3.00	3.90
Bank Loans (end-period, % growth)	2.8	2.1	2.3	1.8	3.1

Table A.4
Forecasts of Quarterly GDP Growth for 2024

Period under Forecast	**Median**	**Mean**	**Min**	**Max**
	Year-on-Year % Change			
2024 Q3	2.6	2.6	2.1	3.0
2024 Q4	2.2	2.3	1.5	3.4

Table A.5
Forecasts of GDP Growth and CPI-All Items Inflation for 2025

Key Macroeconomic Indicators	**Median**	**Mean**	**Min**	**Max**
	Year-on-Year % Change			
GDP	2.5	2.6	2.0	3.2
CPI-All Items	2.0	2.0	1.5	2.7
MAS Core Inflation	2.0	2.0	1.6	2.7

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

Forecasts for 2024		Forecasts for 2025	
Growth Range Year-on-Year Change	**Probabilities (%)**	**Growth Range** Year-on-Year Change	**Probabilities (%)**
5.0% or more	0.0	5.0% or more	0.4
4.5 to 4.9%	0.3	4.5 to 4.9%	0.7
4.0 to 4.4%	1.3	4.0 to 4.4%	2.3
3.5 to 3.9%	5.4	3.5 to 3.9%	6.0
3.0 to 3.4%	21.2	3.0 to 3.4%	24.3
2.5 to 2.9%	38.8	2.5 to 2.9%	33.1
2.0 to 2.4%	26.4	2.0 to 2.4%	20.6
1.5 to 1.9%	5.1	1.5 to 1.9%	8.0
1.0 to 1.4%	1.1	1.0 to 1.4%	3.1
0.5 to 0.9%	0.3	0.5 to 0.9%	1.1
0.0 to 0.4%	0.2	0.0 to 0.4%	0.4
−0.1% or less	0.1	−0.1% or less	0.1
Total	100.0	Total	100.0

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

Forecasts for 2024		Forecasts for 2025	
Growth Range Year-on-Year Change	**Probabilities (%)**	**Growth Range** Year-on-Year Change	**Probabilities (%)**
6.0% or more	0.1	6.0% or more	0.0
5.5 to 5.9%	0.1	5.5 to 5.9%	0.0
5.0 to 5.4%	0.2	5.0 to 5.4%	0.0
4.5 to 4.9%	0.4	4.5 to 4.9%	0.5
4.0 to 4.4%	0.8	4.0 to 4.4%	0.6
3.5 to 3.9%	2.6	3.5 to 3.9%	3.1
3.0 to 3.4%	12.7	3.0 to 3.4%	10.6
2.5 to 2.9%	45.8	2.5 to 2.9%	18.2
2.0 to 2.4%	26.9	2.0 to 2.4%	33.6
1.5 to 1.9%	8.2	1.5 to 1.9%	21.5
1.0 to 1.4%	2.1	1.0 to 1.4%	7.3
0.5 to 0.9%	0.2	0.5 to 0.9%	3.2
0.0 to 0.4%	0.1	0.0 to 0.4%	1.1
−0.1% or less	0.0	−0.1% or less	0.3
Total	100.0	Total	100.0

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

Forecasts for 2024		Forecasts for 2025	
Growth Range Year-on-Year Change	**Probabilities (%)**	**Growth Range** Year-on-Year Change	**Probabilities (%)**
6.0% or more	0.0	6.0% or more	0.0
5.5 to 5.9%	0.0	5.5 to 5.9%	0.0
5.0 to 5.4%	0.0	5.0 to 5.4%	0.0
4.5 to 4.9%	0.3	4.5 to 4.9%	0.0
4.0 to 4.4%	1.0	4.0 to 4.4%	0.5
3.5 to 3.9%	5.6	3.5 to 3.9%	1.9
3.0 to 3.4%	33.3	3.0 to 3.4%	5.4
2.5 to 2.9%	44.2	2.5 to 2.9%	18.5
2.0 to 2.4%	12.0	2.0 to 2.4%	37.0
1.5 to 1.9%	3.3	1.5 to 1.9%	25.4
1.0 to 1.4%	0.4	1.0 to 1.4%	8.9
0.5 to 0.9%	0.0	0.5 to 0.9%	1.6
0.0 to 0.4%	0.0	0.0 to 0.4%	0.6
−0.1% or less	0.0	−0.1% or less	0.2
Total	100.0	Total	100.0