Monetary Authority of Singapore

economic policy group

survey of professional forecasters

The *June 2018 Survey* was sent out on 24 May 2018 to a total of 28 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 24 respondents (a response rate of 85.7%) and does not represent MAS' views or forecasts.

GDP growth in Q1 2018 was stronger than expected

The Singapore economy expanded by 4.4% in Q1 2018 compared with the same period last year. This was higher than the median forecast of 3.8% reported in the March survey.

The economy is forecast to grow by 3.2% in 2018

The respondents expect GDP growth to come in at 3.2% in 2018, unchanged from the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2018

Key Macroeconomic Indicators Year-on-Year % Change	March Survey	Current Survey
GDP	3.2	3.2
Manufacturing	4.3	5.3
Finance & Insurance	4.4	7.0
Construction	1.0	-2.1
Wholesale & Retail Trade	3.0	2.0
Accommodation & Food services	1.9	2.2
Private Consumption	3.1	2.2
Non-oil Domestic Exports	5.5	5.0

As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to grow by between 3.0 and 3.4% this year, unchanged from the previous survey. The respondents assign a 41.9% probability to this range, up from 30.5% in the March survey.

Chart 1
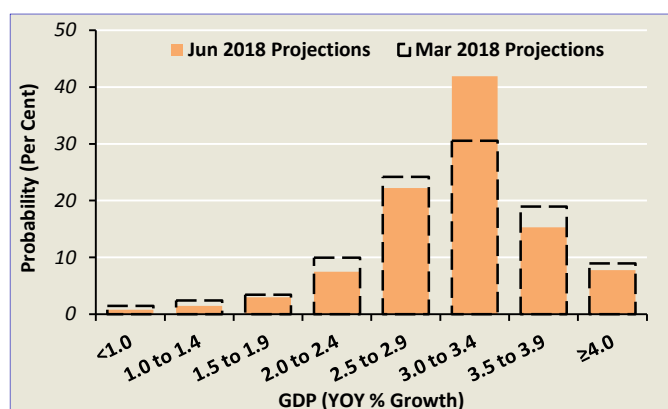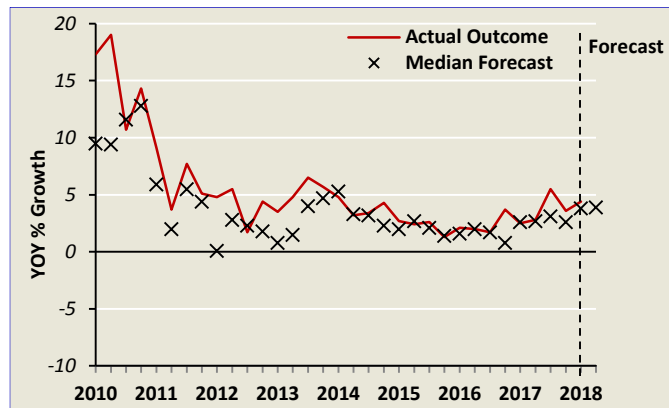**Mean Probability Distribution of 2018 GDP Growth Forecasts**

Chart 2
Quarterly GDP Growth

GDP is projected to expand by 2.8% in 2019

The respondents expect GDP growth to ease to 2.8% for 2019 as a whole. As reflected by the mean probability distribution, the respondents, on average, estimate the growth outcome for the Singapore economy to be in the range of 2.5–2.9% next year. This is unchanged from the previous survey.

Chart 3
Mean Probability Distribution of 2019 GDP Growth Forecasts
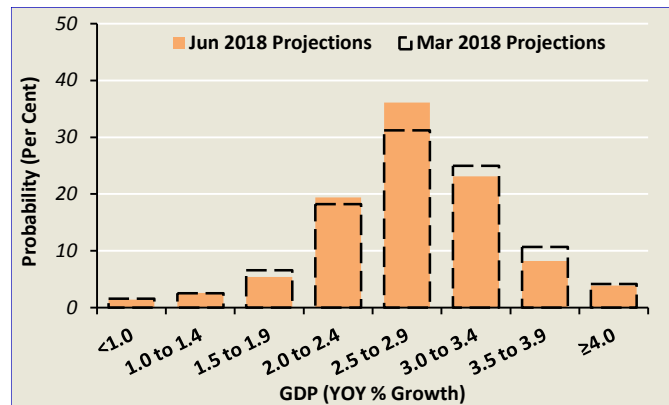
CPI-All Items inflation and MAS Core Inflation are expected to come in at 0.8% and 1.6%, respectively in 2018
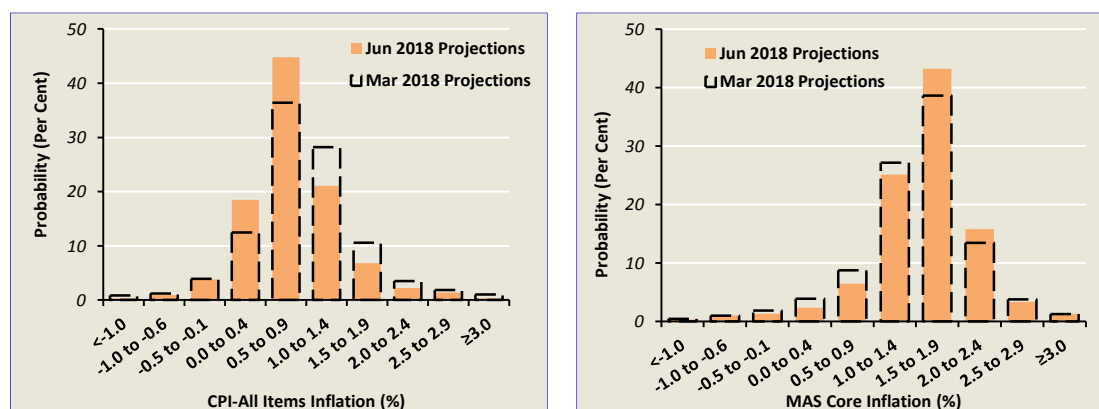
CPI-All Items inflation and MAS Core Inflation for Q2 2018 are expected to come in at 0.5% and 1.4%, respectively. The median CPI-All Items inflation for 2018 as a whole is forecast to be 0.8%, down from 1.0% in the March survey. The forecast for MAS Core Inflation in 2018 remains at 1.6%. As for the labour market, the respondents expect the unemployment rate to be 2.1% at year-end, also unchanged from the previous survey.

Table 2
Median Forecasts of Other Economic Indicators for 2018

Indicators	March Survey	Current Survey
CPI-All Items (year-on-year % change)	1.0	0.8
MAS Core Inflation (year-on-year % change)	1.6	1.6
Unemployment Rate (end-period, SA %)	2.1	2.1
Exchange Rate (end-period, S$ per US$)	1.290	1.320
3-month S$ SIBOR (end-period, percent per annum)	1.65	1.80
Bank Loans (end-period, % growth)	4.8	6.0
ACU-denominated Loans (end-period, % growth)	N.A.	10.8
DBU-denominated Loans (end-period, % growth)	N.A.	6.3

As in the March survey, the respondents project that CPI-All Items inflation and MAS Core Inflation in 2018 will most likely fall in the ranges of 0.5–0.9% and 1.5–1.9%, respectively.

Chart 4
Mean Probability Distribution of 2018 Inflation Forecasts

CPI-All Items and MAS Core Inflation are forecast to be higher next year

CPI-All Items inflation is forecast to come in at 1.5% in 2019, while MAS Core Inflation is expected to be 1.8%. In terms of the forecast range, CPI-All Items inflation is projected to fall between 1.0 and 1.9%, while MAS Core Inflation will most likely come in at 1.5–1.9%.

Chart 5
Mean Probability Distribution of 2019 Inflation Forecasts
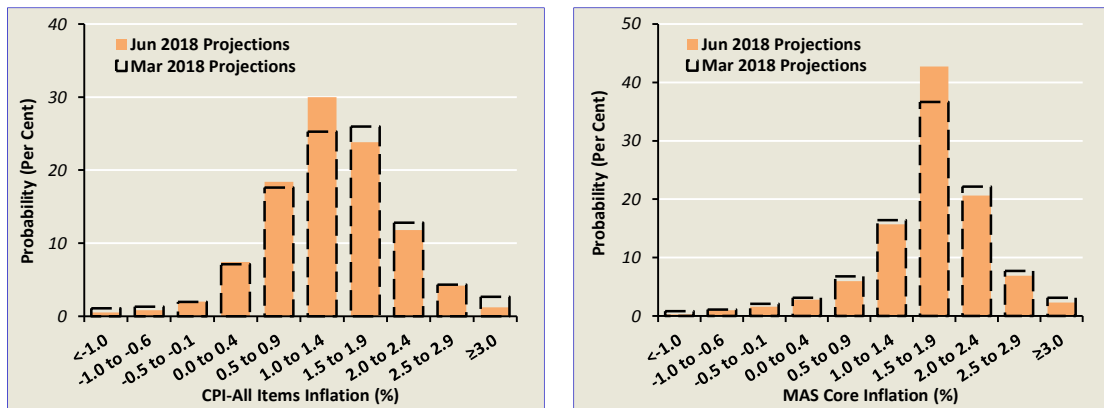
Risk factors to the Singapore economy highlighted by respondents

The outlook for the domestic property market remains positive, with it topping the list of upside risks at 47% of responses[1]. The global tech cycle's impact on the electronics sector, and external growth in general, continue to be the two other most commonly cited upside risks. Nevertheless, the proportions of respondents citing them have fallen, from 47% to 37% for the electronics sector & tech cycle, and from 41% to 32% for external growth, reflecting a slightly less optimistic outlook on these two fronts.

The implementation of trade tariffs by the US and subsequent responses from the affected economies mean that global trade protectionism continues to dominate the list of potential downsides. 84% of respondents expect the escalation of trade frictions to present a significant downside risk. Meanwhile, the possibility of a slowdown in China from domestic stresses is comparatively more subdued, with 21% of responses, down from 53% previously. Instead, tightening monetary policy across the developed world, in particular by the US Federal Reserve, has led to increasing concerns over rising interest rates. This risk is cited by 47% of respondents, up from just 17%.

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

Upside Risk	March Survey	Current Survey	Downside Risk	March Survey	Current Survey
Property Market	41%	47%	Trade Protectionism	88%	84%
Electronics Sector & Tech Cycle	47%	37%	Higher Interest Rates	17%	47%
External Growth	41%	32%	China Slowdown	53%	21%

Qualitative Word Responses (Word Cloud)

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[1] A majority of the respondents provided qualitative inputs. Percentages are expressed as shares of these responses.

APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q1 2018

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast March Survey	Actual Outcome
GDP	3.8	4.4
Manufacturing	6.7	9.8
Finance & Insurance	6.2	9.1
Construction	-2.5	-5.0
Wholesale & Retail Trade	4.6	3.0
Accommodation & Food services	2.1	2.0
Private Consumption	5.0	2.0
Non-oil Domestic Exports	5.0	1.1
CPI-All Items	0.4	0.2
MAS Core Inflation	1.5	1.5
Unemployment Rate (end-period, SA %)	2.1	2.0
Exchange Rate (end-period, S$ per US$)	1.320	1.312
3-month S$ SIBOR (end-period, % per annum)	1.38	1.45
Bank Loans (end-period, % growth)	5.1	5.4

Table A.2
Forecasts of Key Macroeconomic Indicators for Q2 2018

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median	Mean	Min	Max
GDP	3.9	3.8	2.3	5.1
Manufacturing	6.3	6.6	4.2	9.8
Finance & Insurance	7.5	6.9	3.2	9.5
Construction	-2.2	-2.4	-6.6	2.5
Wholesale & Retail Trade	2.1	1.9	-0.8	3.4
Accommodation & Food services	2.3	2.4	1.1	5.3
Private Consumption	2.7	2.9	0.5	5.8
Non-oil Domestic Exports	6.3	6.3	3.7	8.5
CPI-All Items	0.5	0.4	0.0	1.0
MAS Core Inflation	1.4	1.4	1.1	1.6
Unemployment Rate (end-period, SA %)	2.0	2.0	2.0	2.2
Exchange Rate (end-period, S$ per US$)	1.340	1.332	1.290	1.360
3-month S$ SIBOR (end-period, % per annum)	1.52	1.56	1.35	1.80
Bank Loans (end-period, % growth)	5.8	6.5	4.5	9.0
ACU-denominated Loans (end-period, % growth)	12.6	12.6	12.5	12.6
DBU-denominated Loans (end-period, % growth)	6.0	6.0	5.9	6.0

Table A.3
Forecasts of Key Macroeconomic Indicators for 2018

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	March Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	3.2	3.2	3.2	2.6	4.0
Manufacturing	4.3	5.3	5.7	1.6	8.1
Finance & Insurance	4.4	7.0	6.6	2.9	10.1
Construction	1.0	-2.1	-2.1	-5.0	0.8
Wholesale & Retail Trade	3.0	2.0	1.6	-1.0	2.9
Accommodation & Food services	1.9	2.2	2.0	0.6	3.1
Private Consumption	3.1	2.2	2.3	-0.3	4.1
Non-oil Domestic Exports	5.5	5.0	5.1	1.6	8.0
CPI-All Items	1.0	0.8	0.8	0.4	1.3
MAS Core Inflation	1.6	1.6	1.6	1.5	1.7
Unemployment Rate (end-period, SA %)	2.1	2.1	2.1	1.9	2.2
Exchange Rate (end-period, S$ per US$)	1.290	1.320	1.319	1.270	1.416
3-month S$ SIBOR (end-period, % per annum)	1.65	1.80	1.84	1.54	2.30
Bank Loans (end-period, % growth)	4.8	6.0	6.8	5.0	11.4
ACU-denominated Loans (end-period, % growth)	N.A.	10.8	10.8	10.0	11.5
DBU-denominated Loans (end-period, % growth)	N.A.	6.3	6.1	5.4	6.7

Table A.4
Forecasts of Quarterly GDP Growth for 2018

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2018 Q2	3.9	3.8	2.3	5.1
2018 Q3	2.1	2.3	1.5	3.2
2018 Q4	2.4	2.7	2.0	5.0

Table A.5
Forecasts of GDP Growth and CPI-All Items Inflation for 2019

Key Macroeconomic Indicators	Median	Mean	Min	Max
	Year-on-Year % Change			
GDP	2.8	2.8	2.4	3.3
CPI-All Items	1.5	1.4	0.6	2.0
MAS Core Inflation	1.8	1.8	1.5	2.0

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

Forecasts for 2018		Forecasts for 2019	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
4.0% or more	7.8	4.0% or more	3.9
3.5 to 3.9%	15.3	3.5 to 3.9%	8.2
3.0 to 3.4%	41.9	3.0 to 3.4%	23.1
2.5 to 2.9%	22.2	2.5 to 2.9%	36.1
2.0 to 2.4%	7.5	2.0 to 2.4%	19.4
1.5 to 1.9%	3.0	1.5 to 1.9%	5.4
1.0 to 1.4%	1.5	1.0 to 1.4%	2.6
<1.0%	0.8	<1.0%	1.4
Total	100	Total	100

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

Forecasts for 2018		Forecasts for 2019	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
3.0% or more	0.3	3.0% or more	1.2
2.5 to 2.9%	1.4	2.5 to 2.9%	4.2
2.0 to 2.4%	2.2	2.0 to 2.4%	11.8
1.5 to 1.9%	6.8	1.5 to 1.9%	23.8
1.0 to 1.4%	21.1	1.0 to 1.4%	30.0
0.5 to 0.9%	44.8	0.5 to 0.9%	18.4
0.0 to 0.4%	18.5	0.0 to 0.4%	7.4
-0.5 to -0.1%	3.8	-0.5 to -0.1%	2.0
-1.0 to -0.6%	0.9	-1.0 to -0.6%	0.8
Less than -1.0%	0.3	Less than -1.0%	0.5
Total	100	Total	100

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

Forecasts for 2018		Forecasts for 2019	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
3.0% or more	1.3	3.0% or more	2.3
2.5 to 2.9%	3.3	2.5 to 2.9%	6.9
2.0 to 2.4%	15.8	2.0 to 2.4%	20.6
1.5 to 1.9%	43.2	1.5 to 1.9%	42.7
1.0 to 1.4%	25.1	1.0 to 1.4%	15.7
0.5 to 0.9%	6.4	0.5 to 0.9%	6.0
0.0 to 0.4%	2.3	0.0 to 0.4%	2.8
-0.5 to -0.1%	1.3	-0.5 to -0.1%	1.6
-1.0 to -0.6%	1.0	-1.0 to -0.6%	1.0
Less than -1.0%	0.3	Less than -1.0%	0.3
Total	100	Total	100