Monetary Authority of Singapore

economic policy group

survey of professional forecasters

March 2018

The *March 2018 Survey* **was sent out on 14 February 2018 to a total of 29 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 24 respondents (a response rate of 82.8%) and does not represent MAS' views or forecasts.**

GDP growth in Q4 2017 was stronger than expected

The Singapore economy expanded by 3.6% in Q4 2017 compared with the same period last year. This was higher than the median forecast of 2.6% reported in the *Dec 2017 Survey*.

The economy is forecast to grow by 3.2% in 2018

The respondents expect the GDP growth to come in at 3.2% in 2018, an upgrade from the 3.0% median forecast in the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2018

Key Macroeconomic Indicators Year-on-Year % Change	December Survey	Current Survey
GDP	3.0	3.2
Manufacturing	5.5	4.3
Finance & Insurance	4.1	4.4
Construction	1.0	1.0
Wholesale & Retail Trade	2.2	3.0
Accommodation & Food services	1.2	1.9
Private Consumption	2.2	3.1
Non-oil Domestic Exports	5.8	5.5

As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to grow by between 3.0 to 3.4% this year, up from the 2.5 to 2.9% range in the previous survey.

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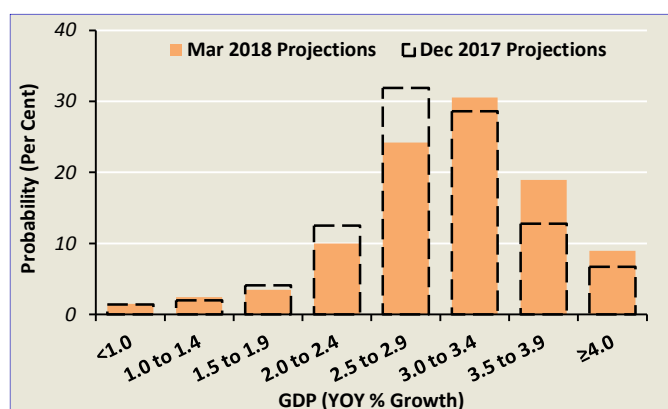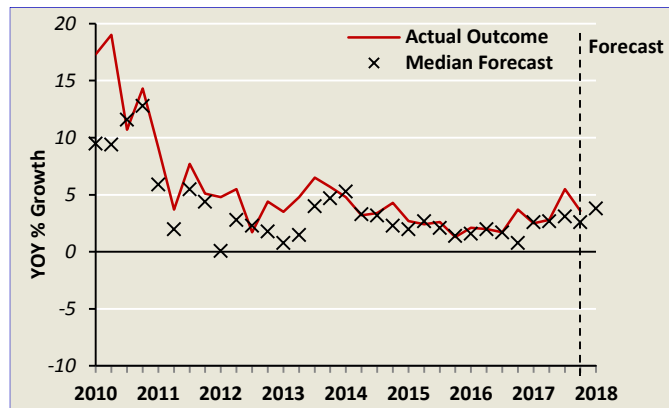**Mean Probability Distribution of 2018 GDP Growth Forecasts**

Chart 2
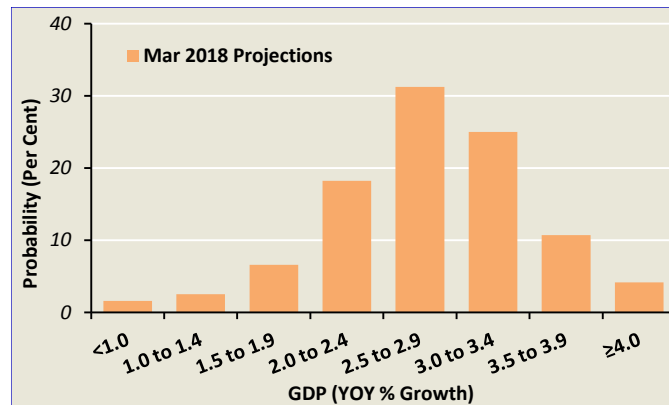**Quarterly GDP Growth**

GDP is forecast to expand by 2.8% in 2019

The respondents expect GDP growth to reach 2.8% for 2019 as a whole. As reflected by the mean probability distribution, the respondents, on average, estimate 2.5–2.9% to be the most likely growth outcome for the Singapore economy next year.

Chart 3
Mean Probability Distribution of 2019 GDP Growth Forecasts

CPI-All Items Inflation and MAS Core Inflation are expected to come in at 1.0% and 1.6%, respectively in 2018
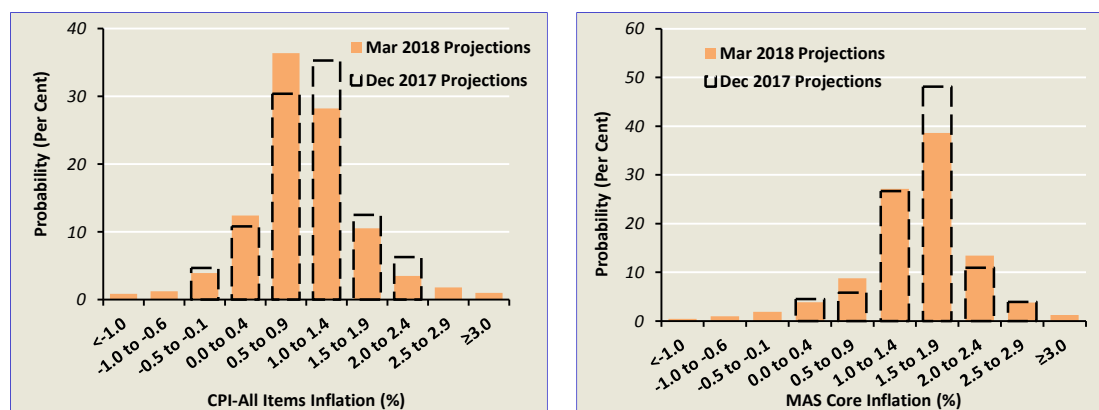
For Q1 2018, CPI-All Items Inflation and MAS Core Inflation are expected to come in at 0.4% and 1.5%, respectively. The median CPI-All Items and MAS Core Inflation forecasts for 2018 as a whole remains unchanged from 1.0% and 1.6% in the December survey. As for the labour market, the respondents expect the unemployment rate to be 2.1% at year-end, unchanged from the previous survey.

Table 2
Median Forecasts of Other Economic Indicators for 2018

Indicators	December Survey	Current Survey
CPI-All Items (year-on-year % change)	1.0	1.0
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$)	1.340	1.290
3-month S$ SIBOR (end-period, percent per annum)	1.58	1.65
Bank Loans (end-period, % growth)	6.0	4.8

As reflected by the mean probability distribution, the respondents project CPI-All Items Inflation and MAS Core Inflation in 2018 to 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%. According to the respondents, CPI-All Items Inflation is expected 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
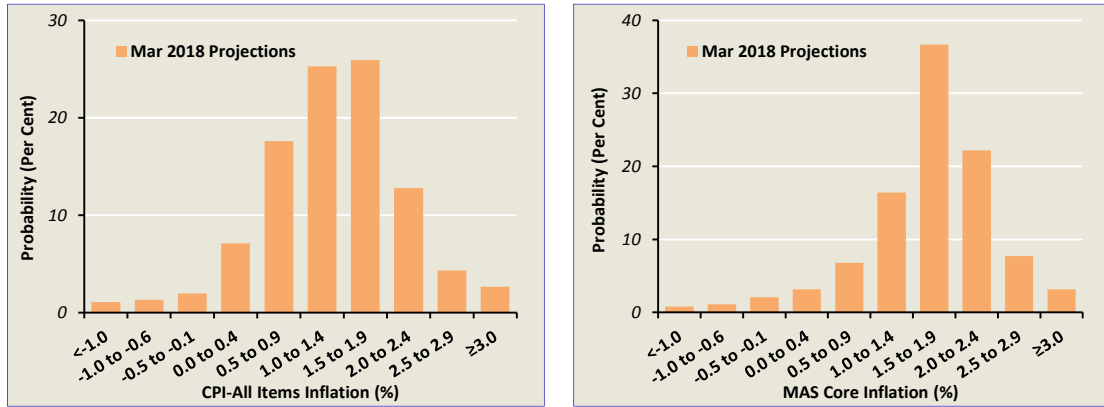
Risk factors highlighted by respondents

The electronics sector outperforming expectations remains the main potential upside for the economy, and is cited by 47% of respondents.[1] A generally positive outlook on external growth also continues to be another common upside risk in the survey results, at around 41%. There also appears to be increasing optimism on the property market, with a noticeable step up in the proportion of respondents citing it, from 27% in the previous survey to 41% currently.

Two downside risks stand out in the latest survey, namely global trade and the Chinese economy. The possibility of a global trade war scenario present significant concerns for a large proportion, or 88%, of respondents. This is more than double that in the December survey. The threat of a slowdown in the Chinese economy is comparatively more subdued, at 53% of responses, down from 67% previously. Financial sector uncertainty due to global market movements, at 18% of responses, represents the third most common downside risk.

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

Upside Risk	Dec Survey	Current Survey	Downside Risk	Dec Survey	Current Survey
Electronics Sector	47%	47%	Trade Protectionism	40%	88%
External Growth	40%	41%	China Slowdown	67%	53%
Property Market	27%	41%	Financial Sector Uncertainty	7%	18%

Qualitative Word Responses (Word Cloud)

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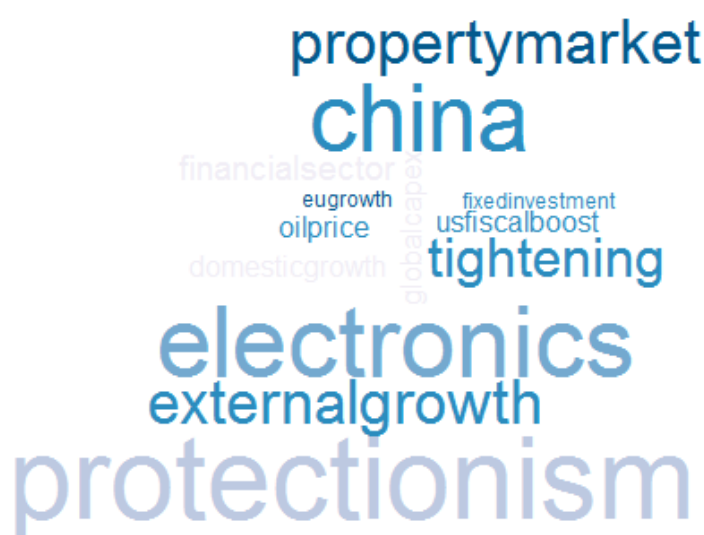
[1] A majority of the respondents provided qualitative inputs. Percentages are expressed as shares of these responses.

APPENDIX: SUMMARY TABLES

Table A.1
Key Macroeconomic Indicators for Q4 2017

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast Dec Survey	Actual Outcome
GDP	2.6	3.6
Manufacturing	7.0	4.8
Finance & Insurance	3.3	6.3
Construction	-6.9	-5.0
Wholesale & Retail Trade	2.0	3.0
Accommodation & Food services	0.0	2.9
Private Consumption	3.2	5.5
Non-oil Domestic Exports	9.0	10.4
CPI-All Items	0.4	0.5
MAS Core Inflation	1.5	1.4
Unemployment Rate (end-period, SA %)	2.2	2.1
Exchange Rate (end-period, S$ per US$)	1.350	1.337
3-month S$ SIBOR (end-period, % per annum)	1.23	1.50
Bank Loans (end-period, % growth)	6.25	5.6

Table A.2
Key Macroeconomic Indicators for 2017

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast Dec Survey	Actual Outcome
GDP	3.3	3.6
Manufacturing	10.6	10.1
Finance & Insurance	3.7	4.8
Construction	-7.6	-8.4
Wholesale & Retail Trade	1.7	2.3
Accommodation & Food services	-1.5	1.2
Private Consumption	1.7	3.1
Non-oil Domestic Exports	9.0	8.8
CPI-All Items	0.6	0.6
MAS Core Inflation	1.5	1.5
Unemployment Rate (end-period, SA %)	2.2	2.2
Exchange Rate (end-period, S$ per US$)	1.353	1.337
3-month S$ SIBOR (end-period, % per annum)	1.24	1.50
Bank Loans (end-period, % growth)	6.2	5.6

Table A.3
Forecasts of Key Macroeconomic Indicators for Q1 2018

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median	Mean	Min	Max
GDP	3.8	3.9	3.1	5.0
Manufacturing	6.7	7.4	2.5	13.0
Finance & Insurance	6.2	5.9	3.5	7.7
Construction	-2.5	-2.9	-6.0	0.6
Wholesale & Retail Trade	4.6	5.0	2.5	9.2
Accommodation & Food services	2.1	1.8	-2.4	3.5
Private Consumption	5.0	4.8	2.2	6.5
Non-oil Domestic Exports	5.0	5.8	-0.1	12.5
CPI-All Items	0.4	0.5	-0.1	1.1
MAS Core Inflation	1.5	1.5	1.3	1.6
Unemployment Rate (end-period, SA %)	2.1	2.1	2.0	2.2
Exchange Rate (end-period, S$ per US$)	1.320	1.311	1.270	1.332
3-month S$ SIBOR (end-period, % per annum)	1.38	1.40	1.20	1.69
Bank Loans (end-period, % growth)	5.1	5.5	3.7	10.5

Table A.4
Forecasts of Key Macroeconomic Indicators for 2018

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Dec Survey Median	Current Survey			
		Median	Mean	Min	Max
GDP	3.0	3.2	3.1	2.5	4.0
Manufacturing	5.5	4.3	4.6	0.8	8.0
Finance & Insurance	4.1	4.4	4.5	3.9	5.8
Construction	1.0	1.0	0.3	-3.0	2.0
Wholesale & Retail Trade	2.2	3.0	3.0	2.2	3.6
Accommodation & Food services	1.2	1.9	1.8	-1.6	3.0
Private Consumption	2.2	3.1	3.2	1.8	5.5
Non-oil Domestic Exports	5.8	5.5	5.8	1.7	10.0
CPI-All Items	1.0	1.0	0.9	0.5	1.6
MAS Core Inflation	1.6	1.6	1.6	1.1	1.7
Unemployment Rate (end-period, SA %)	2.1	2.1	2.1	2.0	2.3
Exchange Rate (end-period, S$ per US$)	1.340	1.290	1.293	1.240	1.370
3-month S$ SIBOR (end-period, % per annum)	1.58	1.65	1.72	1.20	2.15
Bank Loans (end-period, % growth)	6.0	4.8	5.5	3.5	10.0

Table A.5
Forecasts of Quarterly GDP Growth for 2018

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2018 Q1	3.8	3.9	3.1	5.0
2018 Q2	3.7	3.7	2.4	5.2
2018 Q3	2.4	2.4	1.5	3.3
2018 Q4	2.7	2.7	2.1	3.4

Table A.6
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	2.0	3.2
CPI-All Items	1.5	1.5	0.6	2.1
MAS Core Inflation	1.8	1.8	1.5	2.2

Table A.7
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	8.9	4.0% or more	4.2
3.5 to 3.9%	18.9	3.5 to 3.9%	10.7
3.0 to 3.4%	30.5	3.0 to 3.4%	25.0
2.5 to 2.9%	24.2	2.5 to 2.9%	31.2
2.0 to 2.4%	10.0	2.0 to 2.4%	18.2
1.5 to 1.9%	3.5	1.5 to 1.9%	6.6
1.0 to 1.4%	2.4	1.0 to 1.4%	2.5
<1.0%	1.5	<1.0%	1.6
Total	100	Total	100

Table A.8
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	1.0	3.0% or more	2.6
2.5 to 2.9%	1.8	2.5 to 2.9%	4.3
2.0 to 2.4%	3.5	2.0 to 2.4%	12.8
1.5 to 1.9%	10.6	1.5 to 1.9%	25.9
1.0 to 1.4%	28.2	1.0 to 1.4%	25.3
0.5 to 0.9%	36.4	0.5 to 0.9%	17.6
0.0 to 0.4%	12.4	0.0 to 0.4%	7.1
-0.5 to -0.1%	3.9	-0.5 to -0.1%	1.9
-1.0 to -0.6%	1.2	-1.0 to -0.6%	1.3
Less than -1.0%	0.9	Less than -1.0%	1.1
Total	100	Total	100

Table A.9
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	3.1
2.5 to 2.9%	3.8	2.5 to 2.9%	7.7
2.0 to 2.4%	13.4	2.0 to 2.4%	22.2
1.5 to 1.9%	38.6	1.5 to 1.9%	36.6
1.0 to 1.4%	27.1	1.0 to 1.4%	16.4
0.5 to 0.9%	8.8	0.5 to 0.9%	6.8
0.0 to 0.4%	3.8	0.0 to 0.4%	3.1
-0.5 to -0.1%	1.8	-0.5 to -0.1%	2.1
-1.0 to -0.6%	1.0	-1.0 to -0.6%	1.1
Less than -1.0%	0.4	Less than -1.0%	0.8
Total	100	Total	100