# Survey of Professional Forecasters

ECONOMIC POLICY GROUP

The *Mar 2023 Survey* was sent out on 13 Feb 2023 to a total of 26 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 21 respondents (a response rate of 80.8%) and does not represent MAS' views or forecasts.

Growth was in line with expectations in Q4 2022

The Singapore economy expanded by 2.1% year-on-year in Q4 2022. This was also the respondents' median forecast in the previous survey. In the current survey, respondents expect the economy to grow by 1.3% in Q1 2023.

Chart 1
Quarterly GDP Growth
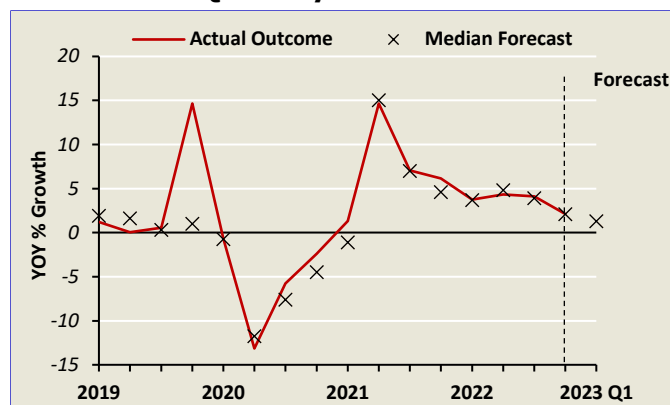
## The economy is forecast to grow by 1.9% in 2023

The respondents expect GDP to expand by 1.9% this year, up slightly from 1.8% in the previous survey.

Table 1
Median Forecasts of Macroeconomic Indicators for 2023

Key Macroeconomic Indicators Year-on-Year % Change	December Survey	Current Survey
GDP	1.8	1.9
Manufacturing	0.3	0.0
Finance & Insurance	2.9	2.5
Construction	5.1	4.2
Wholesale & Retail Trade	1.4	1.9
Accommodation & Food services	5.6	8.4
Private Consumption	3.2	3.2
Non-oil Domestic Exports	−0.5	−4.0

As reflected in the mean probability distribution, the most likely outcome is for the Singapore economy to grow by 2.0 to 2.9% this year, with an average probability of 34.3%. In the previous survey, respondents assigned the highest probability to growth outturns between 1.0 to 1.9%.

Chart 2
**Mean Probability Distribution of 2023 GDP Growth Forecasts**
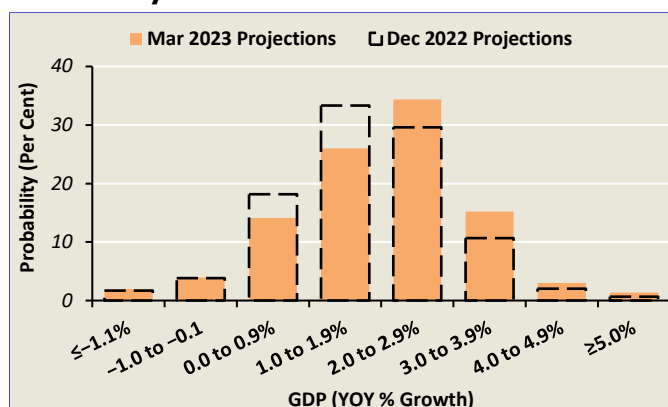
GDP is projected to expand by 2.5% in 2024

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%, with an average probability of 33.2% assigned to this range.

Chart 3
Mean Probability Distribution of 2024 GDP Growth Forecasts
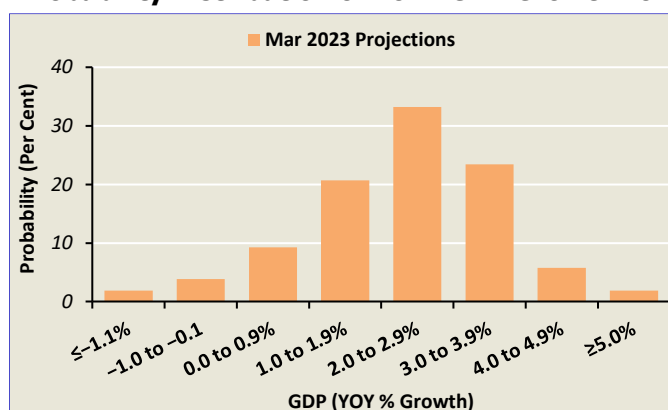
CPI-All Items inflation is forecast at 5.0% and MAS Core Inflation at 4.1% for 2023
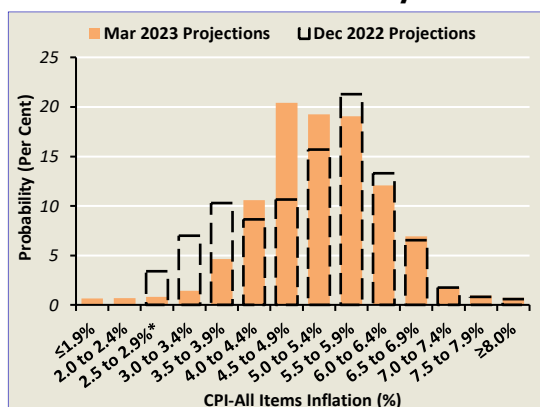
CPI-All Items inflation and MAS Core Inflation in Q1 2023 are expected to come in at 6.5% and 5.5%, respectively. The median forecast for CPI-All Items inflation for the whole of 2023 is 5.0%, down from 5.2% in the December survey, while that for MAS Core Inflation has increased slightly to 4.1% from 4.0% previously. As for the labour market, the respondents expect the unemployment rate to be 2.2% at year-end.

Table 2
**Median Forecasts of Other Economic Indicators for 2023**

Indicators	December Survey	Current Survey
CPI-All Items (year-on-year % change)	5.2	5.0
MAS Core Inflation (year-on-year % change)	4.0	4.1
Overall Unemployment Rate (end-period, SA %)	2.2	2.2
Exchange Rate (end-period, S$ per US$)	1.340	1.310
SORA (average, percent per annum)	4.35	3.72
Bank Loans (end-period, % growth)	1.5	1.3

The respondents currently project that 2023 CPI-All Items inflation will most likely come in between 4.5 and 5.9%, encompassing three probability ranges. Respondents had assigned the highest probability to the 5.5 to 5.9% range in the December survey. Respondents in the current survey 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

*Dec 2022 projected probability refers to that assigned to all outcomes 2.9% and below
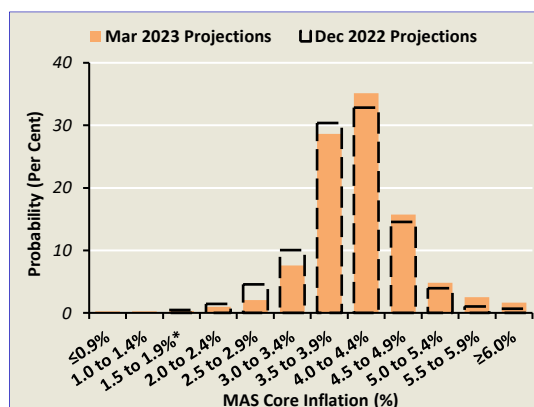
*Dec 2022 projected probability refers to that assigned to all outcomes 1.9% and below

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 2.9%. Respondents assigned the highest probability to the 3.0 to 3.4% range for both CPI-All Items inflation and MAS Core Inflation.

Chart 5
Mean Probability Distributions of 2024 Inflation Forecasts
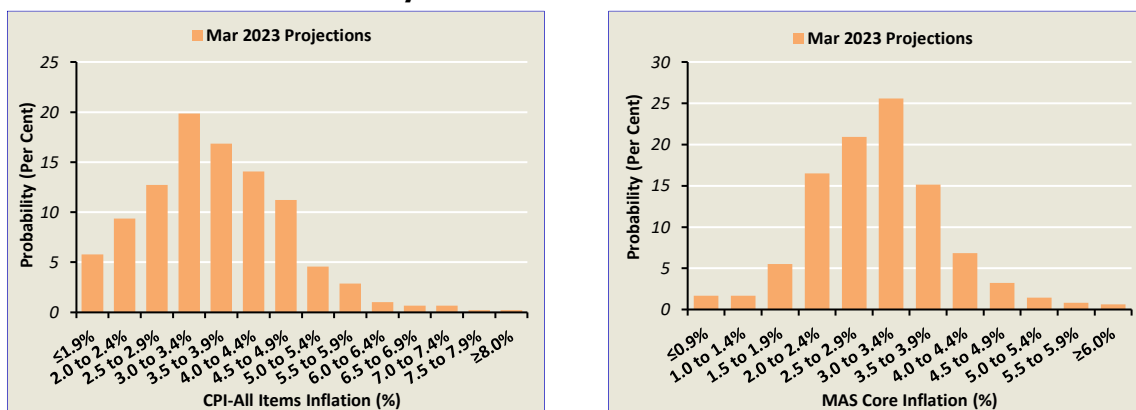
Corporate and financial indicators

Of the respondents who provided inputs[1], the majority (71%) of respondents expect corporate profits to decline year-on-year in Q1 2023 and an equal number of respondents (14%) expect profits to either remain stable or increase. Meanwhile, 43% of respondents anticipate private residential property prices to increase in Q1 and an equal number of respondents (29%) anticipate prices will either remain stable or decline. At the same time, an equal number of respondents (43%) assessed that SGD corporate bond spreads will either remain stable or increase in Q1, while the rest expect spreads to narrow.

For the whole of 2023, the majority (86%) of respondents expect corporate profitability to decline. At the same time, 57% of respondents expect private residential property prices to increase while 29% expect property prices to decline. In addition, 43% expect corporate bond spreads to increase, while an equal number project spreads to remain stable. For 2024, the majority of respondents project higher corporate profitability as well as stable private residential property prices and corporate bond spreads.

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

Indicators	December Survey			Current Survey		
	Higher	Stable	Lower	Higher	Stable	Lower
Corporate Profitability	16.7	0.0	83.3	14.3	0.0	85.7
Private Residential Property Price Index	33.3	16.7	50.0	57.1	14.3	28.6
SGD Corporate Bond Spreads (end-period, basis points per annum)	66.7	33.3	0.0	42.9	42.9	14.3

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

Indicators	December Survey			Current Survey		
	Higher	Stable	Lower	Higher	Stable	Lower
Corporate Profitability	N.A.	N.A.	N.A.	57.1	14.3	28.6
Private Residential Property Price Index	N.A.	N.A.	N.A.	42.9	57.1	0.0
SGD Corporate Bond Spreads (end-period, basis points per annum)	N.A.	N.A.	N.A.	14.3	57.1	28.6

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[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, a stronger USD and elevated inflation as the main factors that could potentially weigh on financial market and lending conditions in Singapore.

All respondents identified a slower pace of tightening of global financial conditions, including less aggressive rate hikes by central banks, as an upside driver of domestic financial market and lending conditions. Respondents also listed capital inflows into Singapore, a weaker S$NEER and improved external economic outlook as other potential upside drivers.

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

Downside Drivers	December Survey	Current Survey	Upside Drivers	December Survey	Current Survey
Global Financial Conditions Tightening	88.9	80.0	Slower Pace of Global Financial Conditions Tightening	87.5	100.0
USD	11.1	20.0	Capital Inflows into Singapore	37.5	30.0
Inflation	N.A.	20.0	Weaker S$NEER	25.0	20.0
			Improved Global Economic Outlook	N.A.	20.0

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

An escalation in geopolitical tensions and inflationary pressures emerged as the most-cited downside risks to the domestic growth outlook, each identified by 56% of respondents.[2] Meanwhile, spillovers from an external growth slowdown was most frequently ranked as the top downside risk, with 31% of respondents doing so.

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 88% of respondents. Respondents also flagged upside risks from better-than-expected external economic growth and a faster tech cycle recovery.

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

Downside Risk	December Survey	Current Survey	Cited As Top Risk	Upside Risk	December Survey	Current Survey	Cited As Top Risk
Geopolitical Tension	50.0	56.3	18.8	China	87.5	87.5	56.3
Inflation	43.8	56.3	12.5	External Growth	25.0	50.0	12.5
External Growth Slowdown	62.5	50.0	31.3	Tech Cycle	12.5	31.3	0.0

Qualitative Word Responses (Word Cloud)

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[2] Most of the respondents provided inputs. Percentages are expressed as shares of these responses.

Monetary Policy in Singapore

24% of respondents expect an increase in the slope of the S$NEER policy band in April, a decline from 33% in the December survey. The proportion of respondents who anticipate an increase in the slope of the S$NEER policy band in October has also fallen. At the same time, 24% of respondents expect MAS to raise the level at which the S$NEER policy band is centred in the April review, up from 11% in the previous survey. None of the respondents foresee adjustments to the width of the policy band in 2023.

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

Indicators	December Survey		Current Survey	
	2023 April	2023 October	2023 April	2023 October
Slope of the S$NEER Policy Band				
Increase	33.3	11.1	23.8	0.0
Reduced	0.0	0.0	0.0	0.0
Flattened	0.0	0.0	0.0	5.6
Unchanged	66.7	88.9	76.2	94.4
Level at which the S$NEER Policy Band is centred				
Higher	11.1	0.0	23.8	0.0
Lower	0.0	5.6	0.0	0.0
Unchanged	88.9	94.4	76.2	100.0
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 Q4 2022

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast December Survey	Actual Outcome
GDP	2.1	2.1
Manufacturing	−0.8	−2.6
Finance & Insurance	1.8	−0.3
Construction	7.3	10.0
Wholesale & Retail Trade	2.2	2.6
Accommodation & Food services	10.5	15.6
Private Consumption	8.3	9.5
Non-oil Domestic Exports	−5.0	−14.0
CPI-All Items	6.4	6.6
MAS Core Inflation	5.0	5.1
Overall Unemployment Rate (end-period, SA %)	2.0	2.0
Exchange Rate (end-period, S$ per US$)	1.380	1.345
SORA (average, % per annum)	3.72	3.10
Bank Loans (end-period, % growth)	1.2	−0.3

Table A.2
Forecasts of Key Macroeconomic Indicators for 2022

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median Forecast December Survey	Actual Outcome
GDP	3.6	3.6
Manufacturing	3.0	2.5
Finance & Insurance	2.2	1.4
Construction	5.8	6.7
Wholesale & Retail Trade	3.6	3.5
Accommodation & Food services	10.3	12.0
Private Consumption	9.5	9.7
Non-oil Domestic Exports	5.4	3.0
CPI-All Items	6.1	6.1
MAS Core Inflation	4.1	4.1
Overall Unemployment Rate (end-period, SA %)	2.1	2.1
Exchange Rate (end-period, S$ per US$)	1.380	1.345
SORA (average, % per annum)	1.69	1.88
Bank Loans (end-period, % growth)	2.3	−0.3

Table A.3
Forecasts of Key Macroeconomic Indicators for Q1 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	Median	Mean	Min	Max
GDP	1.3	1.3	−0.6	3.5
Manufacturing	−2.6	−2.4	−5.1	2.1
Finance & Insurance	1.2	1.2	−0.3	4.0
Construction	4.0	6.1	1.3	12.0
Wholesale & Retail Trade	2.0	−0.2	−6.7	3.0
Accommodation & Food services	11.1	14.3	8.2	26.9
Private Consumption	6.8	6.2	1.0	8.5
Non-oil Domestic Exports	−17.9	−16.3	−22.2	−9.1
CPI-All Items	6.5	6.6	5.7	7.5
MAS Core Inflation	5.5	5.3	4.3	6.2
Overall Unemployment Rate (end-period, SA %)	2.1	2.1	2.0	2.2
Exchange Rate (end-period, S$ per US$)	1.320	1.327	1.300	1.360
SORA (average, % per annum)	3.58	3.51	3.20	3.85
Bank Loans (end-period, % growth)	0.0	−0.3	−3.0	2.0

Table A.4
Forecasts of Key Macroeconomic Indicators for 2023

Key Macroeconomic Indicators Year-on-Year % Change (unless otherwise stated)	December Survey	Current Survey			
	Median	Median	Mean	Min	Max
GDP	1.8	1.9	1.8	0.7	3.0
Manufacturing	0.3	0.0	−0.5	−5.4	1.8
Finance & Insurance	2.9	2.5	2.5	0.9	3.8
Construction	5.1	4.2	5.5	0.0	16.5
Wholesale & Retail Trade	1.4	1.9	1.9	0.4	4.7
Accommodation & Food services	5.6	8.4	9.3	3.3	16.1
Private Consumption	3.2	3.2	3.3	2.0	6.2
Non-oil Domestic Exports	−0.5	−4.0	−4.7	−12.0	0.0
CPI-All Items	5.2	5.0	5.1	3.9	6.5
MAS Core Inflation	4.0	4.1	4.2	3.7	4.6
Overall Unemployment Rate (end-period, SA %)	2.2	2.2	2.2	1.9	2.3
Exchange Rate (end-period, S$ per US$)	1.340	1.310	1.310	1.280	1.350
SORA (average, % per annum)	4.35	3.72	3.88	3.36	4.80
Bank Loans (end-period, % growth)	1.5	1.3	1.0	−1.6	3.0

Table A.5
Forecasts of Quarterly GDP Growth for 2023

Period under Forecast	Median	Mean	Min	Max
	Year-on-Year % Change			
2023 Q1	1.3	1.3	−0.6	3.5
2023 Q2	1.8	1.6	0.0	2.8
2023 Q3	1.8	1.7	0.4	3.5
2023 Q4	2.5	2.6	0.5	6.7

Table A.6
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	2.4	0.5	3.5
CPI-All Items	3.1	3.1	1.1	4.5
MAS Core Inflation	2.9	2.8	1.3	3.8

Table A.7
Mean Probabilities Attached to Possible Outcomes in GDP Growth

Forecasts for 2023		Forecasts for 2024	
Growth Range	Probabilities	Growth Range	Probabilities
Year-on-Year Change	(%)	Year-on-Year Change	(%)
5.0% or more	1.4	5.0% or more	1.9
4.0 to 4.9%	3.0	4.0 to 4.9%	5.8
3.0 to 3.9%	15.2	3.0 to 3.9%	23.4
2.0 to 2.9%	34.3	2.0 to 2.9%	33.2
1.0 to 1.9%	26.0	1.0 to 1.9%	20.7
0.0 to 0.9%	14.1	0.0 to 0.9%	9.3
−1.0 to −0.1%	3.9	−1.0 to −0.1%	3.9
−1.1% or less	2.0	−1.1% or less	1.9
Total	100.0	Total	100.0

Table A.8
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 (%)**
8.0% or more	0.7	8.0% or more	0.2
7.5 to 7.9%	1.0	7.5 to 7.9%	0.2
7.0 to 7.4%	1.8	7.0 to 7.4%	0.6
6.5 to 6.9%	6.9	6.5 to 6.9%	0.6
6.0 to 6.4%	12.1	6.0 to 6.4%	1.0
5.5 to 5.9%	19.1	5.5 to 5.9%	2.9
5.0 to 5.4%	19.3	5.0 to 5.4%	4.6
4.5 to 4.9%	20.4	4.5 to 4.9%	11.2
4.0 to 4.4%	10.6	4.0 to 4.4%	14.1
3.5 to 3.9%	4.6	3.5 to 3.9%	16.9
3.0 to 3.4%	1.4	3.0 to 3.4%	19.9
2.5 to 2.9%	0.8	2.5 to 2.9%	12.7
2.0 to 2.4%	0.7	2.0 to 2.4%	9.4
1.9% or less	0.6	1.9% or less	5.8
Total	100.0	Total	100.0

Table A.9
Mean Probabilities Attached to Possible Outcomes in MAS Core Inflation

Forecasts for 202		Forecasts for 2024	
Growth Range Year-on-Year Change	**Probabilities (%)**	**Growth Range** Year-on-Year Change	**Probabilities (%)**
6.0% or more	1.6	6.0% or more	0.6
5.5 to 5.9%	2.5	5.5 to 5.9%	0.8
5.0 to 5.4%	4.8	5.0 to 5.4%	1.4
4.5 to 4.9%	15.7	4.5 to 4.9%	3.2
4.0 to 4.4%	35.1	4.0 to 4.4%	6.9
3.5 to 3.9%	28.6	3.5 to 3.9%	15.1
3.0 to 3.4%	7.6	3.0 to 3.4%	25.6
2.5 to 2.9%	2.1	2.5 to 2.9%	20.9
2.0 to 2.4%	1.0	2.0 to 2.4%	16.5
1.5 to 1.9%	0.3	1.5 to 1.9%	5.5
1.0 to 1.4%	0.3	1.0 to 1.4%	1.7
0.9% or less	0.3	0.9% or less	1.7
Total	100.0	Total	100.0