



Monetary Authority of Singapore

economic policy department

# Survey of professional forecasters

March 2009

The *March 2009 Survey* was sent out on 26 February 2009 to a total of 22 economists and analysts who closely monitor the Singapore economy. This report reflects the views received from 20 respondents (a response rate of 91%) and does not represent MAS' views or forecasts.

### GDP contracted at a faster than expected pace in Q4 2008

The Singapore economy contracted by 4.2% in Q4 2008, compared with a median forecast of a 0.4% expansion as reported in the *December 2008 Survey*. For 2008, the economy grew by 1.1%, coming in below the respondents' median forecast of 2.2%.

### Economy forecast to contract by 4.9% in 2009

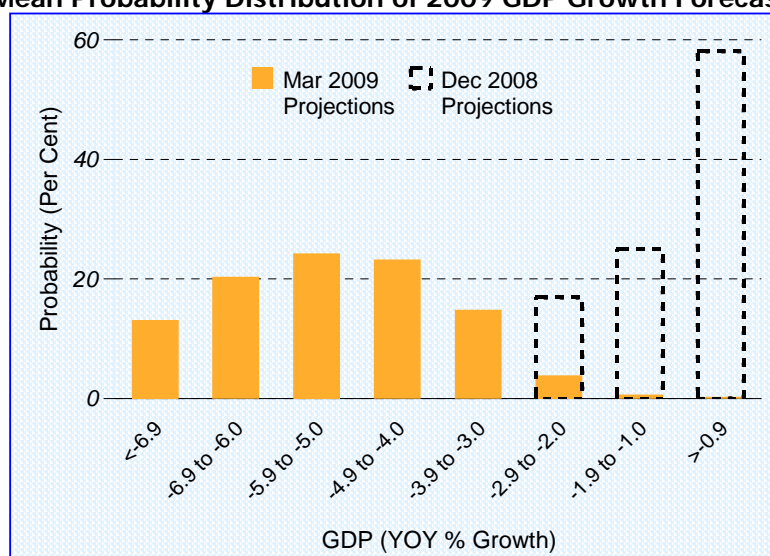
The respondents expect the economy to contract by 4.9% in 2009, compared to the median forecast of a 1.0% contraction in the December survey. All key sectors of the economy, with the exception of construction, are expected to register negative growth for this year.

**Table 1**  
**Median Forecasts of Macroeconomic Indicators for 2009**

Key Macroeconomic Indicators Year-on-Year % Change	Dec Survey	Current Survey
GDP	-1.0	-4.9
Manufacturing	-4.5	-10.3
Financial Services	1.2	-7.7
Construction	7.5	8.2
Wholesale & Retail Trade	0.3	-5.6
Hotels & Restaurants	-0.1	-1.6
Private Consumption	1.7	-1.3
Non-oil Domestic Exports	-9.0	-17.5

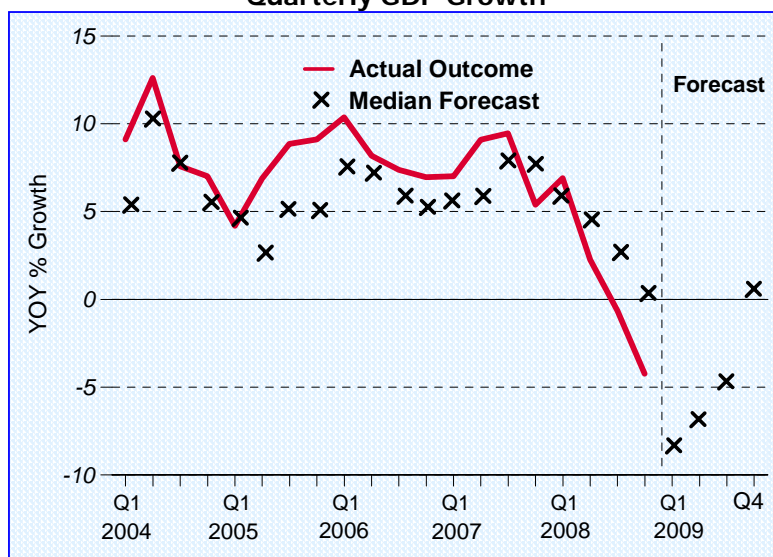
As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to contract by 5.0 to 5.9% this year.

**Chart 1**  
**Mean Probability Distribution of 2009 GDP Growth Forecasts**



For the first quarter of this year, the respondents expect GDP to contract by 8.5%, worse than the 3.4% contraction reported in the previous survey.

**Chart 2**  
**Quarterly GDP Growth**



### CPI expected to remain flat in 2009

The median CPI inflation forecast for 2009 dipped to 0.2%, lower than the 1.7% reported in the December survey. In Q1 2009, inflation is expected to come in at 2.2%. In the labour market, the respondents expect the unemployment rate to rise to 4.4% by year-end.

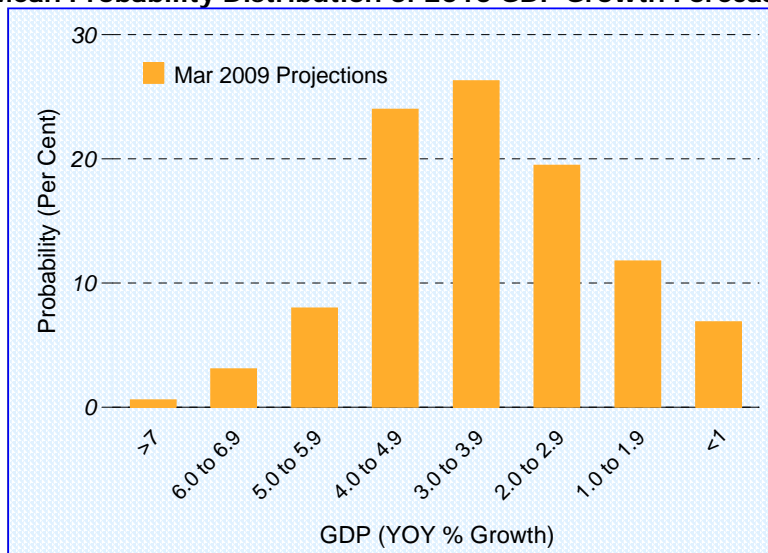
**Table 2**  
**Median Forecasts of Other Economic Indicators for 2009**

Indicators	Dec Survey	Current Survey
CPI (year-on-year % change)	1.7	0.2
Unemployment Rate (end-period, SA %)	3.4	4.4
Exchange Rate (end-period, S\$ per US\$)	1.515	1.560
3-month US\$ SIBOR (end-period, % per annum)	1.48	1.15
3-month S\$ Interbank Rate (end-period, % per annum)	0.85	0.75
Bank Loans (end-period, % growth)	10.0	5.0

### Economy forecast to expand by 3.3% in 2010

For 2010, the respondents' preliminary expectation for GDP growth at this stage is around 3.3%, while CPI inflation is expected to reach 1.7%. As reflected by the mean probability distribution, the most likely outcome is for the Singapore economy to expand by 3.0 to 3.9% next year.

**Chart 3**  
**Mean Probability Distribution of 2010 GDP Growth Forecasts**



## APPENDIX: SUMMARY TABLES

**Table A.1**  
**Key Macroeconomic Indicators for Q4 2008**

<b>Key Macroeconomic Indicators</b> Year-on-Year % Change (unless otherwise stated)	<b>Median Forecast</b> <b>Dec Survey</b>	<b>Actual Outcome</b>
GDP	0.4	-4.2
Manufacturing	-7.1	-10.7
Financial Services	2.3	-8.1
Construction	8.1	18.5
Wholesale & Retail Trade	3.9	-5.3
Hotels & Restaurants	-0.9	-0.1
Private Consumption	3.0	-1.2
Non-oil Domestic Exports	-11.3	-17.7
CPI	5.5	5.4
Unemployment Rate (end-period, SA %)	2.5	2.6
Exchange Rate (end-period, S\$ per US\$)	1.540	1.439
3-month US\$ SIBOR (end-period, % per annum)	2.10	1.44
3-month S\$ Interbank Rate (end-period, % per annum)	0.82	1.00
Bank Loans (end-period, % growth)	18.0	16.6

**Table A.2**  
**Key Macroeconomic Indicators for 2008**

<b>Key Macroeconomic Indicators</b> Year-on-Year % Change (unless otherwise stated)	<b>Median Forecast</b> <b>Dec Survey</b>	<b>Actual Outcome</b>
GDP	2.2	1.1
Manufacturing	-2.9	-4.1
Financial Services	8.4	5.5
Construction	14.3	20.3
Wholesale & Retail Trade	4.9	2.6
Hotels & Restaurants	1.0	1.2
Private Consumption	4.3	2.4
Non-oil Domestic Exports	-6.2	-7.9
CPI	6.5	6.5
Unemployment Rate (end-period, SA %)	2.5	2.3
Exchange Rate (end-period, S\$ per US\$)	1.540	1.439
3-month US\$ SIBOR (end-period, % per annum)	2.10	1.44
3-month S\$ Interbank Rate (end-period, % per annum)	0.82	1.00
Bank Loans (end-period, % growth)	18.0	16.6

**Table A.3**  
**Forecasts of Key Macroeconomic Indicators for Q1 2009**

<b>Key Macroeconomic Indicators</b> Year-on-Year % Change (unless otherwise stated)	<b>Median</b>	<b>Mean</b>	<b>Min</b>	<b>Max</b>
GDP	-8.5	-8.4	-10.7	-6.0
Manufacturing	-19.6	-20.3	-30.0	-10.2
Financial Services	-11.0	-11.7	-20.6	-5.0
Construction	15.2	15.1	6.5	28.4
Wholesale & Retail Trade	-7.9	-9.0	-17.6	-5.7
Hotels & Restaurants	-1.4	-2.6	-8.0	0.0
Private Consumption	-2.0	-2.2	-7.0	1.2
Non-oil Domestic Exports	-27.4	-25.1	-35.0	-6.4
CPI	2.2	2.2	1.0	2.7
Unemployment Rate (end-period, SA %)	3.2	3.4	2.8	4.5
Exchange Rate (end-period, S\$ per US\$)	1.550	1.556	1.530	1.600
3-month US\$ SIBOR (end-period, % per annum)	1.25	1.14	0.45	1.30
3-month S\$ Interbank Rate (end-period, % per annum)	0.70	0.67	0.45	0.90
Bank Loans (end-period, % growth)	13.7	12.7	10.0	15.0

**Table A.4**  
**Forecasts of Key Macroeconomic Indicators for 2009**

<b>Key Macroeconomic Indicators</b> Year-on-Year % Change (unless otherwise stated)	<b>Dec Survey</b>	<b>Current Survey</b>			
	<b>Median</b>	<b>Median</b>	<b>Mean</b>	<b>Min</b>	<b>Max</b>
GDP	-1.0	-4.9	-4.8	-6.3	-3.0
Manufacturing	-4.5	-10.3	-10.4	-17.0	1.9
Financial Services	1.2	-7.7	-7.3	-18.7	3.0
Construction	7.5	8.2	9.0	-0.3	20.9
Wholesale & Retail Trade	0.3	-5.6	-6.8	-16.9	-1.4
Hotels & Restaurants	-0.1	-1.6	-2.2	-5.7	-0.3
Private Consumption	1.7	-1.3	-1.5	-5.4	2.6
Non-oil Domestic Exports	-9.0	-17.5	-17.9	-24.0	-8.0
CPI	1.7	0.2	0.3	-1.0	2.0
Unemployment Rate (end-period, SA %)	3.4	4.4	4.2	1.7	5.5
Exchange Rate (end-period, S\$ per US\$)	1.515	1.560	1.551	1.420	1.670
3-month US\$ SIBOR (end-period, % per annum)	1.48	1.15	1.06	0.20	1.40
3-month S\$ Interbank Rate (end-period, % per annum)	0.85	0.75	0.73	0.20	1.30
Bank Loans (end-period, % growth)	10.0	5.0	3.2	-10.0	12.0

**Table A.5**  
**Forecasts of Quarterly GDP Growth for 2009**

<b>Period under Forecast</b>	<b>Median</b>	<b>Mean</b>	<b>Min</b>	<b>Max</b>
	<b>Year-on-Year % Change</b>			
2009 Q1	-8.5	-8.4	-10.7	-6.0
2009 Q2	-6.9	-6.9	-10.5	-4.1
2009 Q3	-4.6	-4.8	-7.6	-2.5
2009 Q4	0.5	0.9	-2.7	6.3

**Table A.6**  
**Forecasts of GDP Growth and CPI Inflation for 2010**

Key Macroeconomic Indicators	Median	Mean	Min	Max
	Year-on-Year % Change			
GDP	3.3	3.5	1.8	6.3
CPI	1.7	1.5	0.0	3.0

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

Forecasts for 2009		Forecasts for 2010	
Growth Range Year-on-Year Change	Probabilities (%)	Growth Range Year-on-Year Change	Probabilities (%)
-0.9% or more	0.2	7.0% or more	0.6
-1.9 to -1.0%	0.6	6.0 to 6.9%	3.1
-2.9 to -2.0%	3.8	5.0 to 5.9%	8.0
-3.9 to -3.0%	14.8	4.0 to 4.9%	24.0
-4.9 to -4.0%	23.2	3.0 to 3.9%	26.3
-5.9 to -5.0%	24.2	2.0 to 2.9%	19.5
-6.9 to -6.0%	20.3	1.0 to 1.9%	11.8
Less than -6.9%	13.1	Less than 1.0%	6.9
Total	100	Total	100