

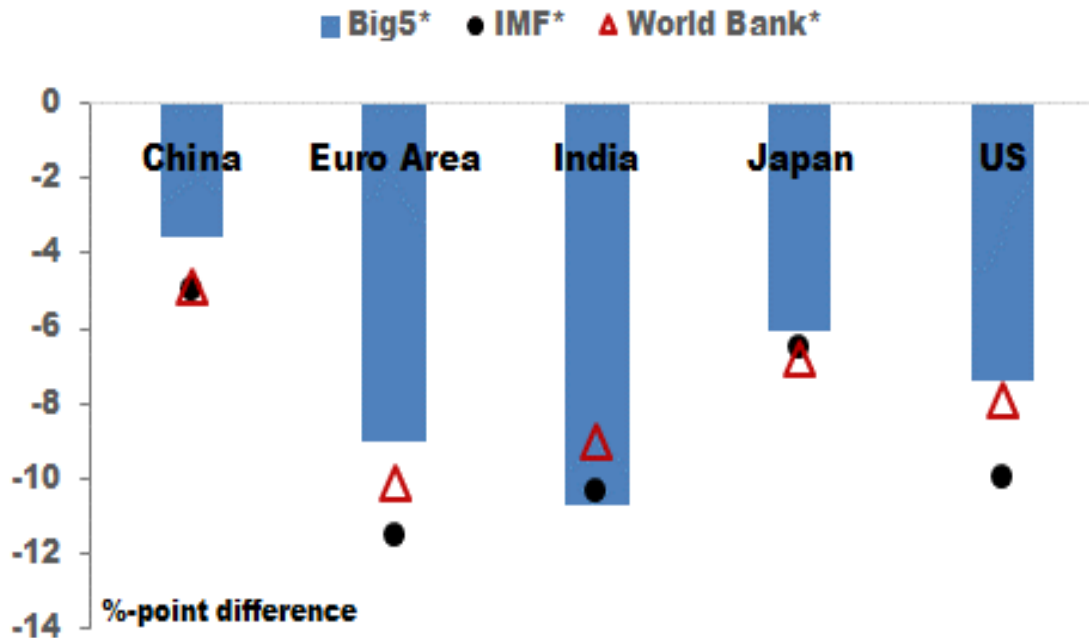
The Sim Kee Boon Institute for Financial Economics (SKBI) Big5 Survey

Takeaways (August 2020 Survey)

- ❖ The COVID-19 pandemic led to whopping downward revisions to 2020 real GDP growth among the Big5 economies, on average greater than 7%-points (ranging from roughly 3.5%-points for China to more than 10%-points for India). The forecast revisions to headline inflation were less sizable and more uneven, perhaps because of the confluence of supply and demand influences.
- ❖ The 2021 median GDP forecast is expected to turn positive overall, with a balanced risk assessment for most of the Big5 (but a coin toss in IN and US), but the growth reversal is likely to be highly uneven. While China regains its prior peak GDP level faster than the other countries, none of the Big5 are projected to revert to their previous average growth momentum by next year.
- ❖ Although most see the current monetary policy response as sufficient (unclear in IN), the views on the fiscal response are more equivocal (insufficient in IN). Hence, relative to the prevailing policy stance, central banks are generally expected to be on-hold in 2020 and 2021. Conversely, the majority still anticipate fiscal policy to step-up this year, perhaps holding steady in 2021.
- ❖ The survey results suggest that COVID-19 is likely to reduce trend growth for three of the five biggest economies (too early to assess for CN and less clear for US). But participants appear more divided on the potential impact on future growth prospects from a higher fiscal debt ratio (potentially negative for IN, though not for CN, and too early to assess for others).

Real GDP Growth (Magnitude of Revisions)

2020 GDP Growth Revision



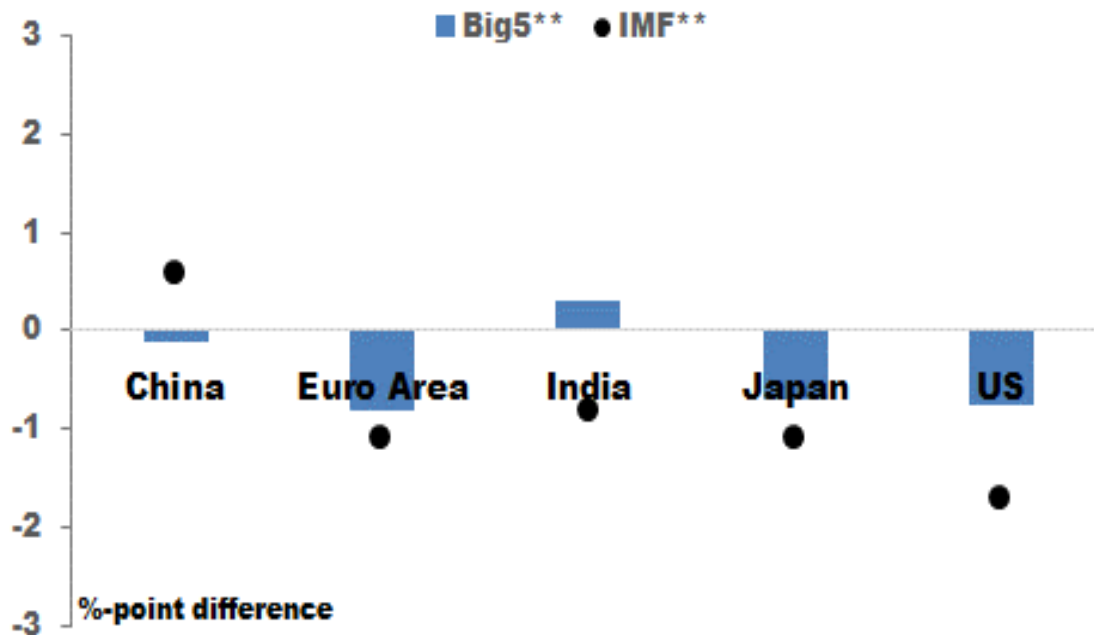
Note: The chart above depicts the magnitude of the 2020 real GDP growth forecast revisions (in %-point) from the SKBI Big5 survey, IMF WEO and World Bank GEP.

Source: SKBI Big5 Survey, IMF and World Bank

***Big5 (Aug minus Feb forecast); IMF (Jun minus Jan forecast); World Bank (Jun minus Jan forecast); IN's IMF and World Bank forecasts are on a fiscal-year basis**

CPI Inflation (Magnitude of Revisions)

2020 Inflation Revision

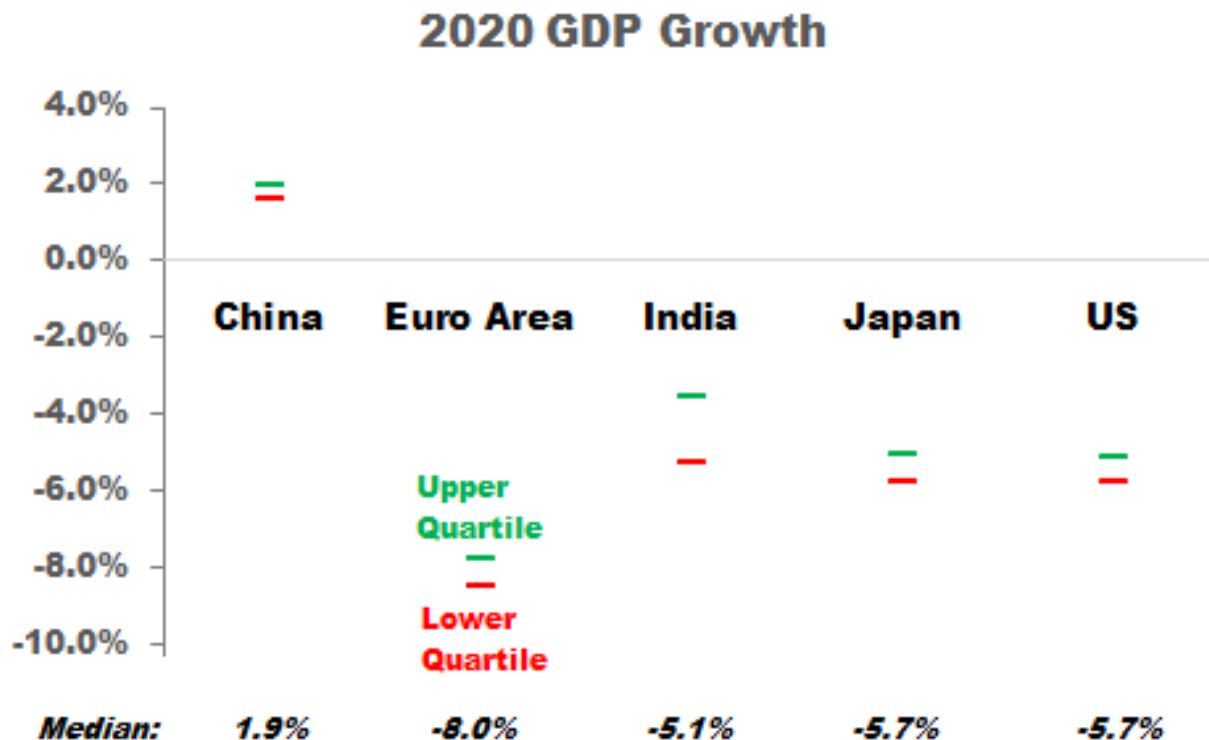


Note: The chart above depicts the magnitude of the 2020 CPI inflation forecast revisions (in %-point) from the SKBI Big5 survey and IMF WEO.

****Big5 (Aug minus Feb forecast); IMF (Apr minus Jan forecast)**

Source: SKBI Big5 Survey and IMF

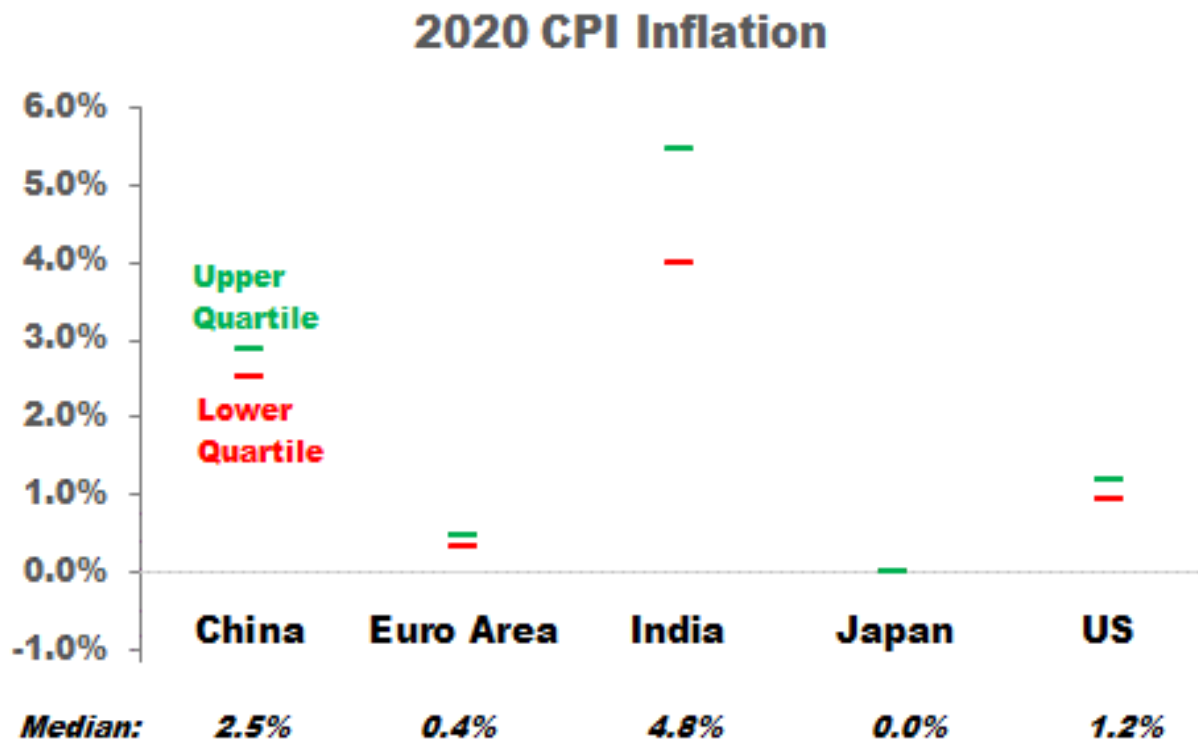
Real GDP Growth (CN, EA, IN, JP & US)



Note: The dash lines depict the upper and lower quartiles of the 2020 SKBI Big5 forecast submissions.

Source: SKBI Big5 Survey (Aug 2020)

CPI Inflation (CN, EA, IN, JP & US)

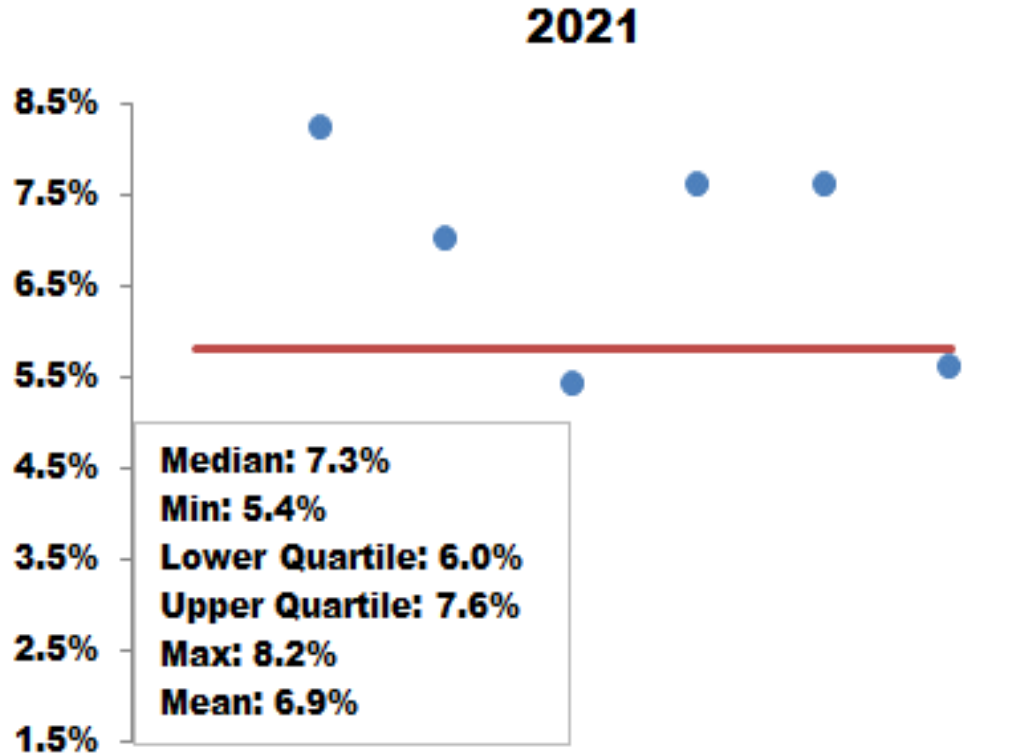


Note: The dash lines depict the upper and lower quartiles of the 2020 SKBI Big5 forecast submissions.

Source: SKBI Big5 Survey (Aug 2020)

GDP Growth

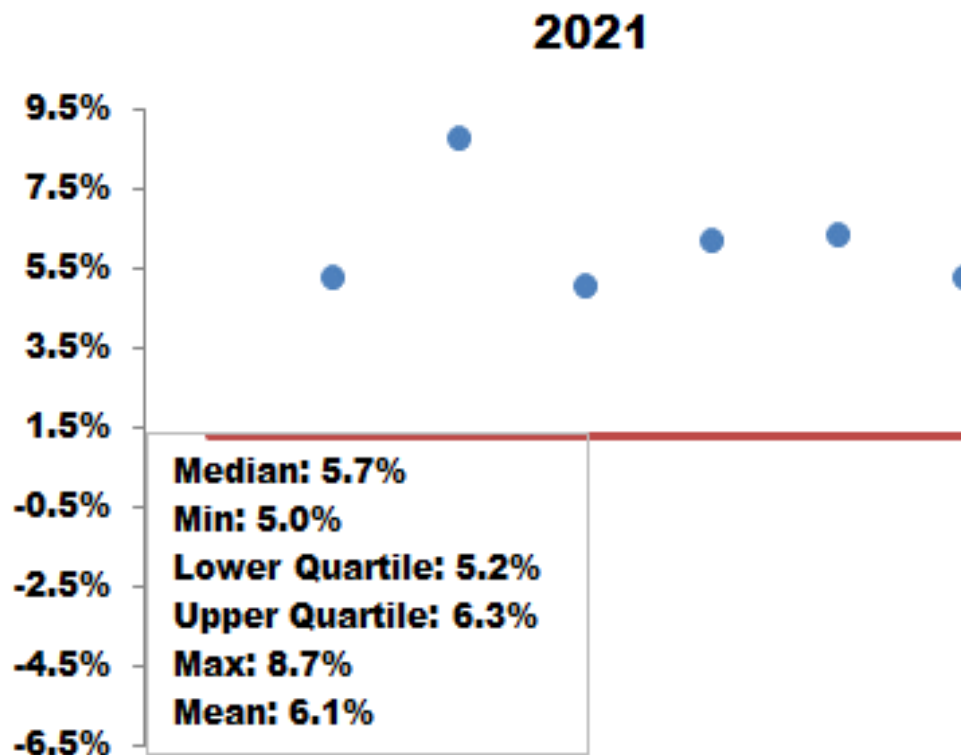
China-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2020)

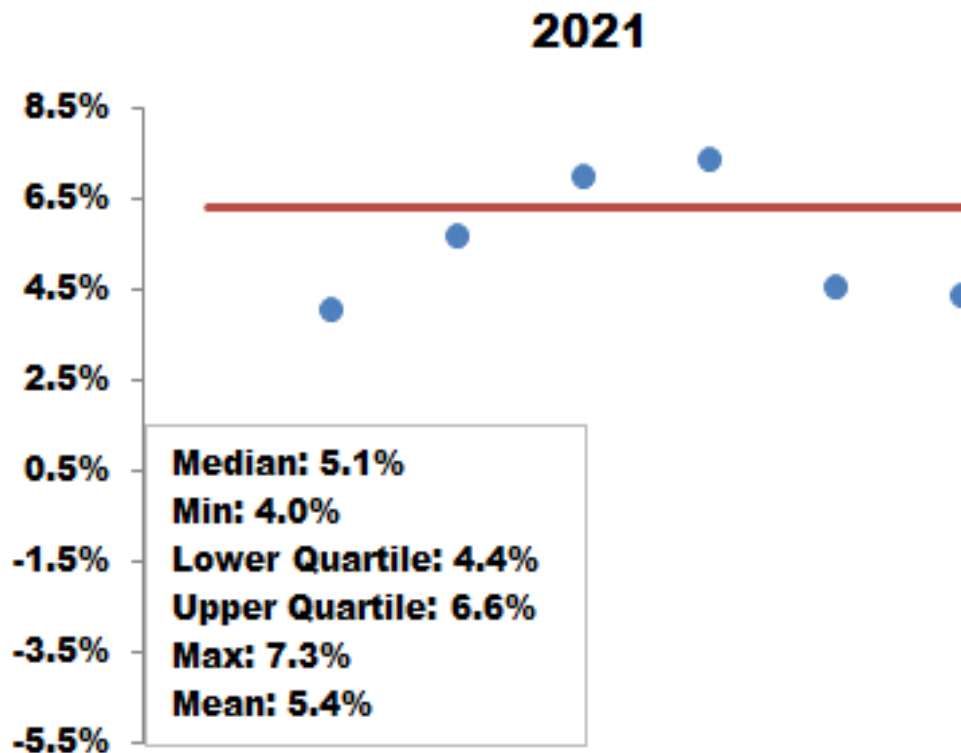
Euro Area-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2020)

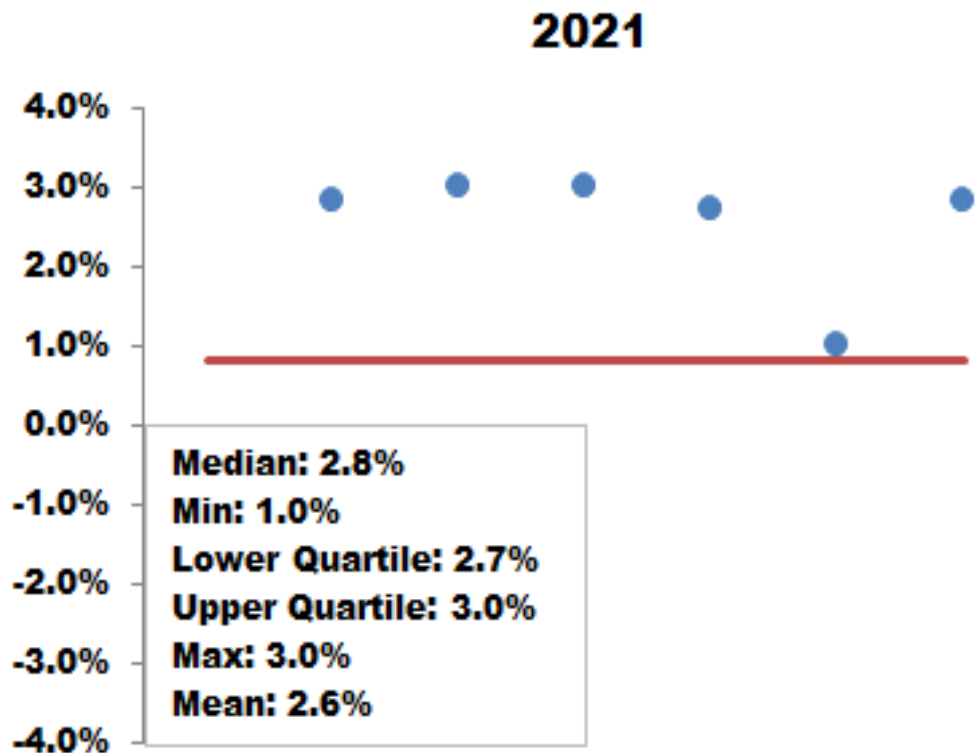
India-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2020)

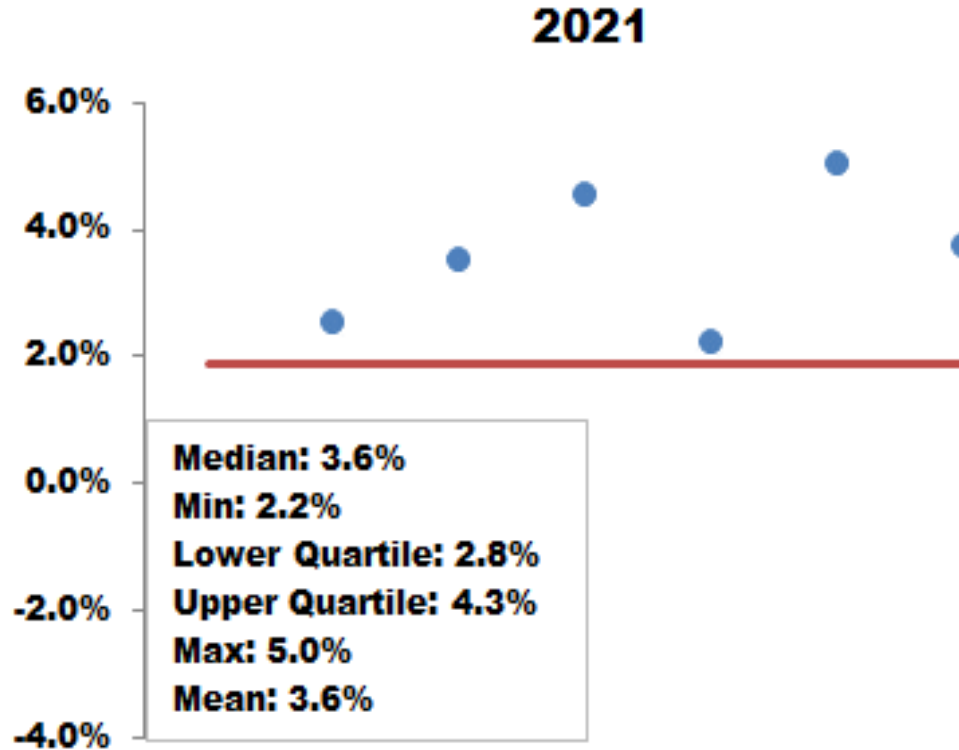
Japan-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2020)

US-Real GDP Growth



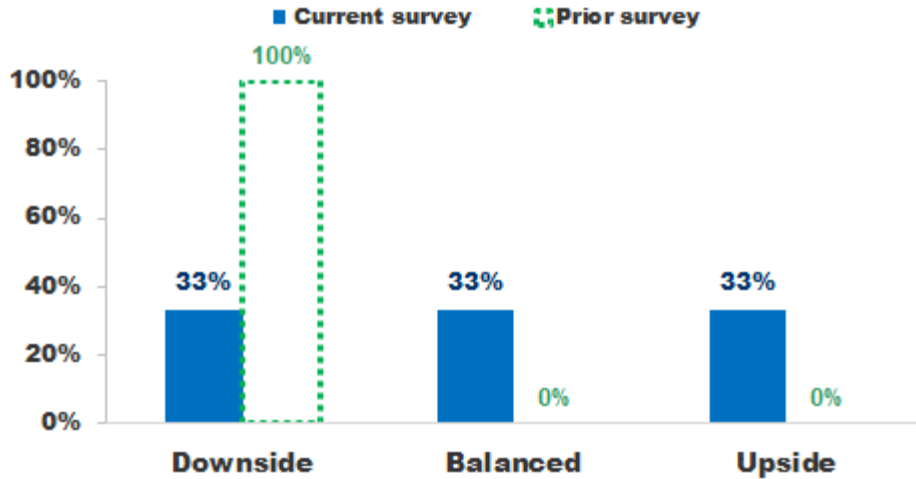
Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2020)

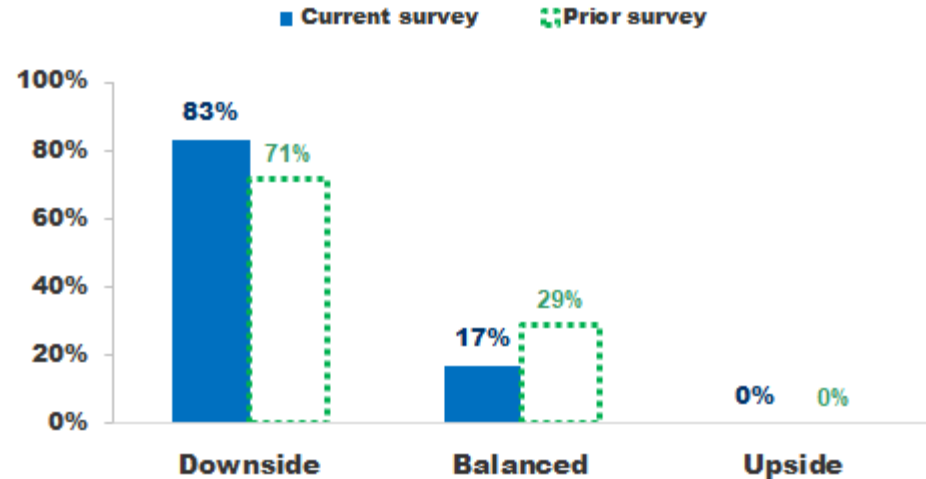
GDP Growth Risk Assessment

Real GDP Growth Risks (2020)

China-Growth Risk Assessment (2020)



India-Growth Risk Assessment (2020)

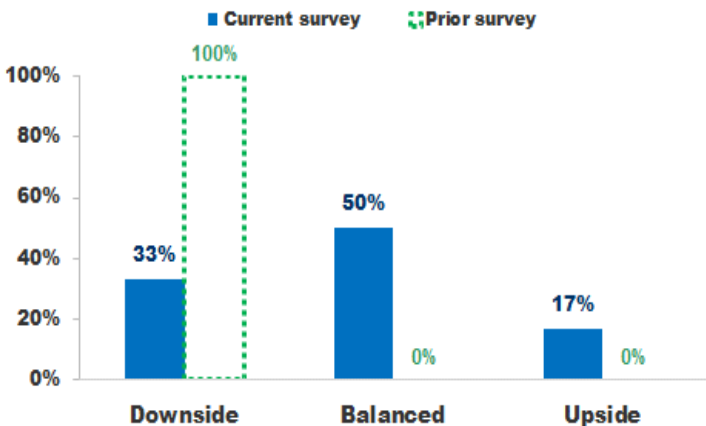


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

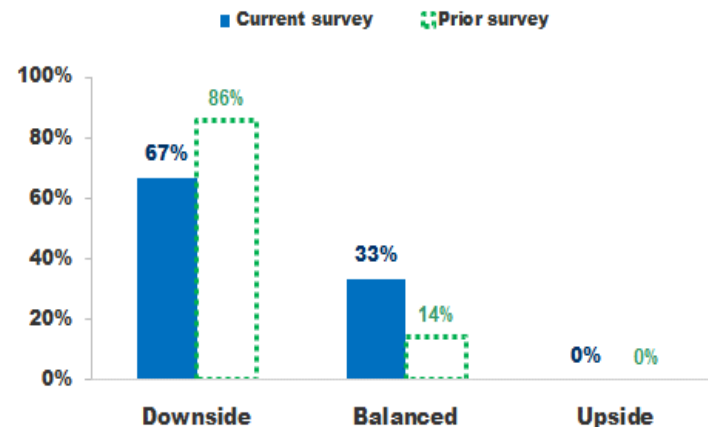
Source: SKBI Big5 Survey (Aug and Feb 2020)

Real GDP Growth Risks (2020)

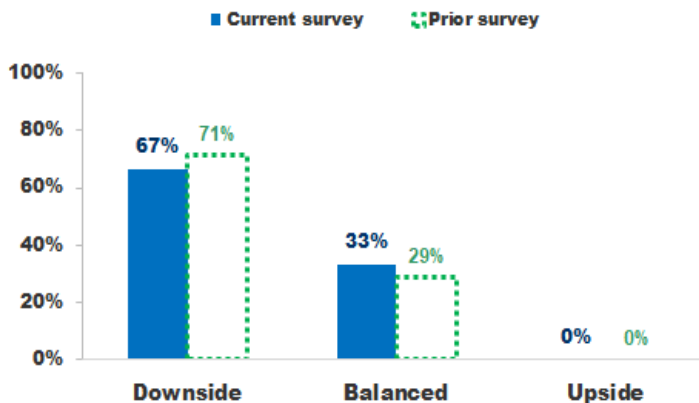
Euro Area-Growth Risk Assessment (2020)



Japan-Growth Risk Assessment (2020)



US-Growth Risk Assessment (2020)



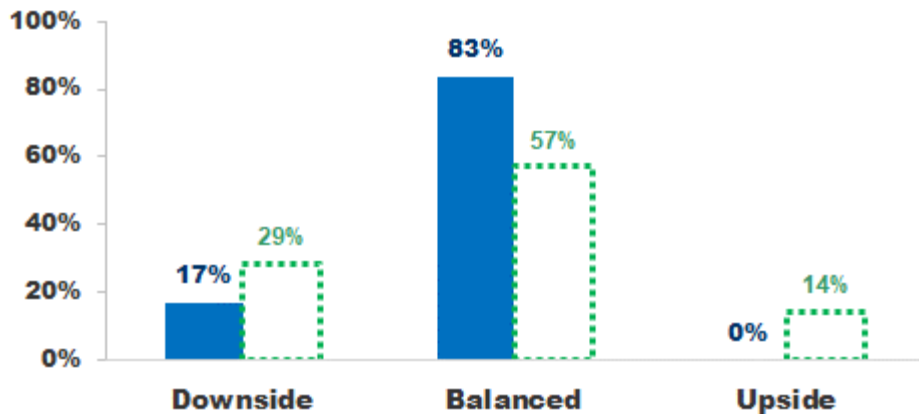
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

Source: SKBI Big5 Survey (Aug and Feb 2020)

Real GDP Growth Risks (2021)

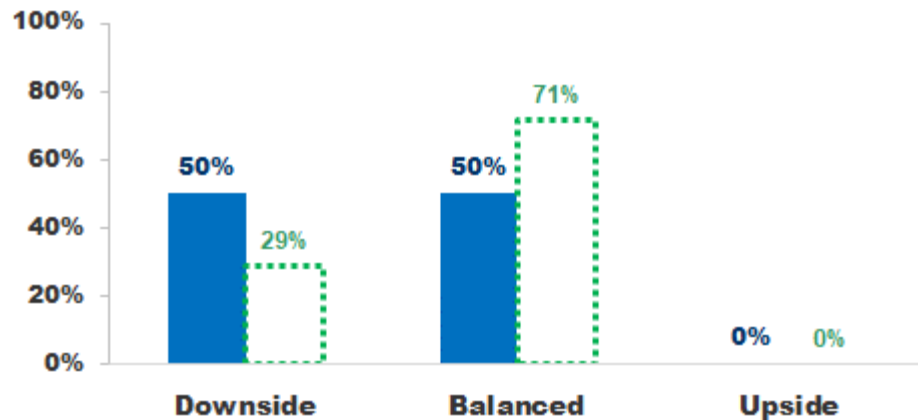
China-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



India-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



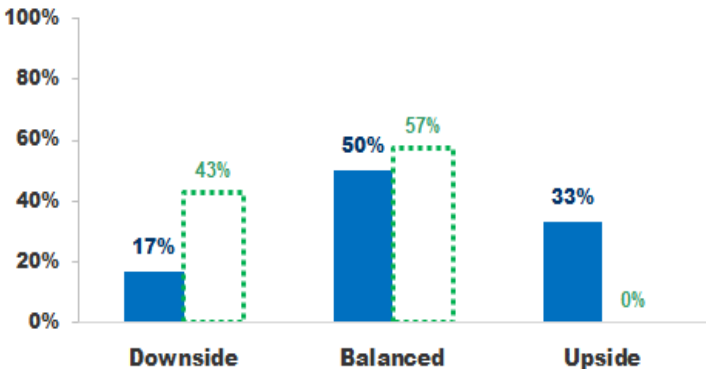
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

Source: SKBI Big5 Survey (Aug and Feb 2020)

Real GDP Growth Risks (2021)

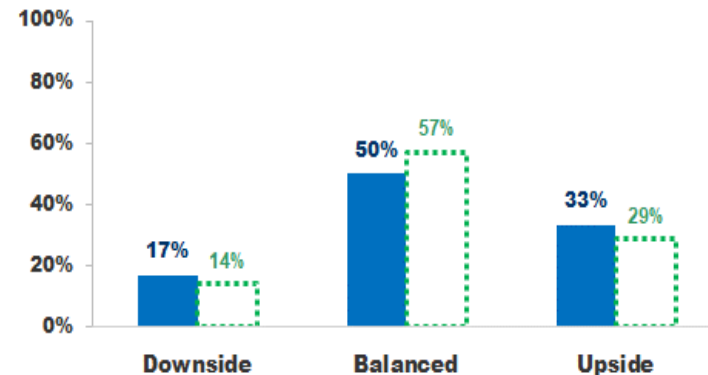
Euro Area-Growth Risk Assessment (2021)

■ Current survey □ Prior survey



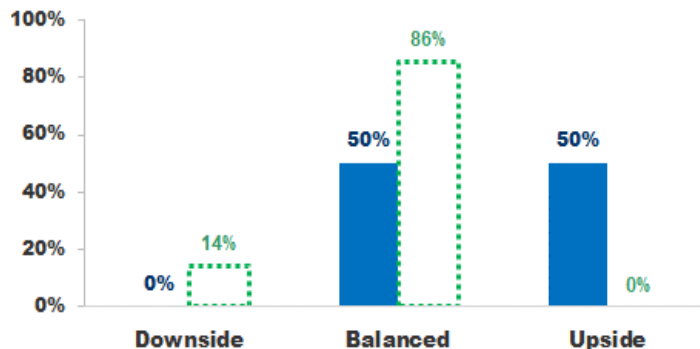
Japan-Growth Risk Assessment (2021)

■ Current survey □ Prior survey



US-Growth Risk Assessment (2021)

■ Current survey □ Prior survey



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

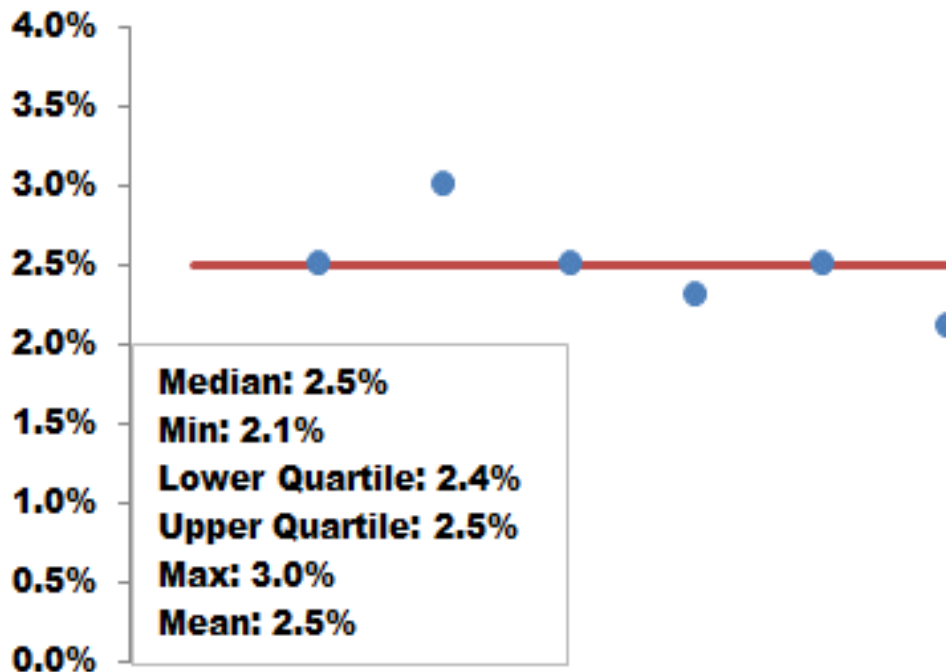
Source: SKBI Big5 Survey (Aug and Feb 2020)

CPI

Inflation

China-CPI Inflation

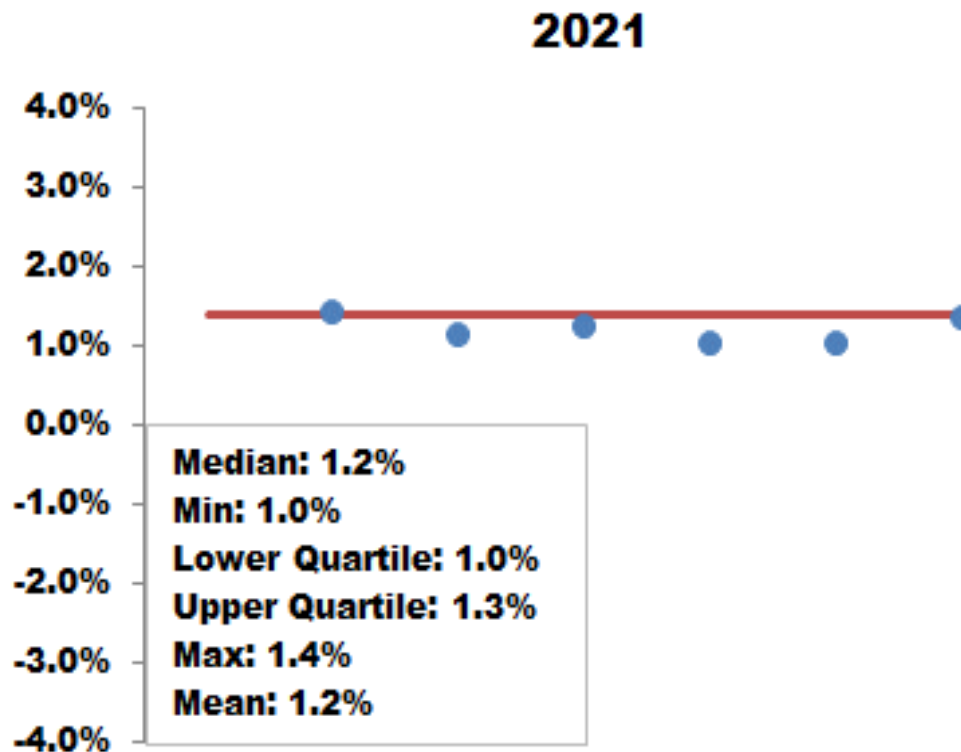
2021



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2020)

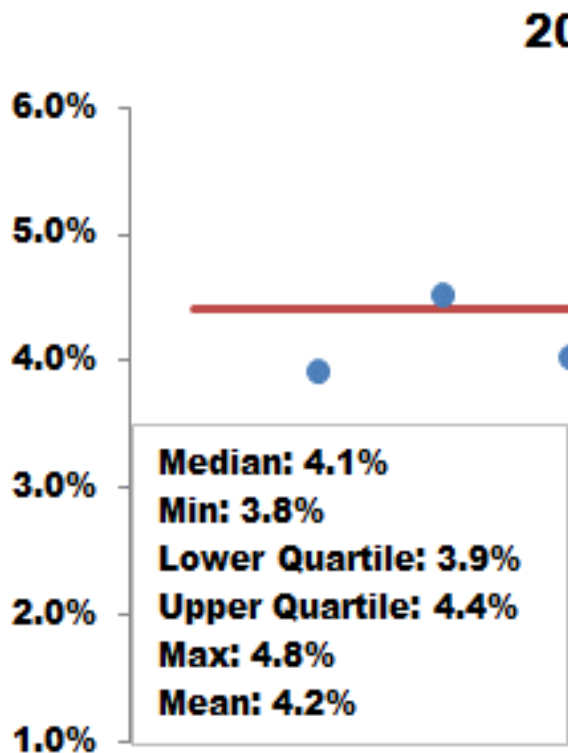
Euro Area-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2020)

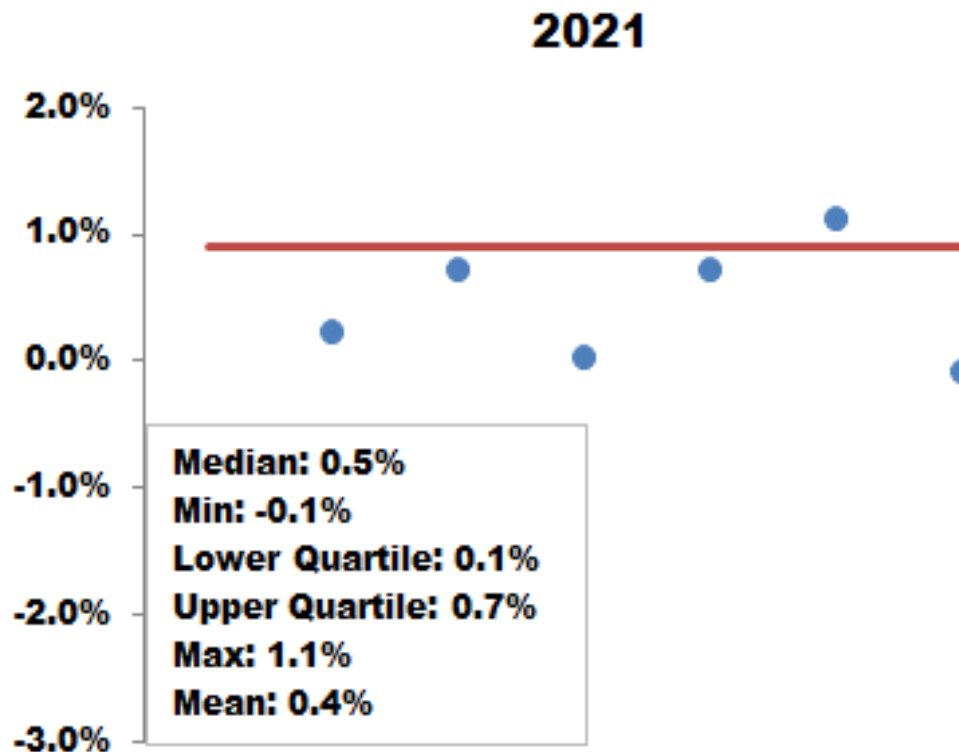
India-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2020)

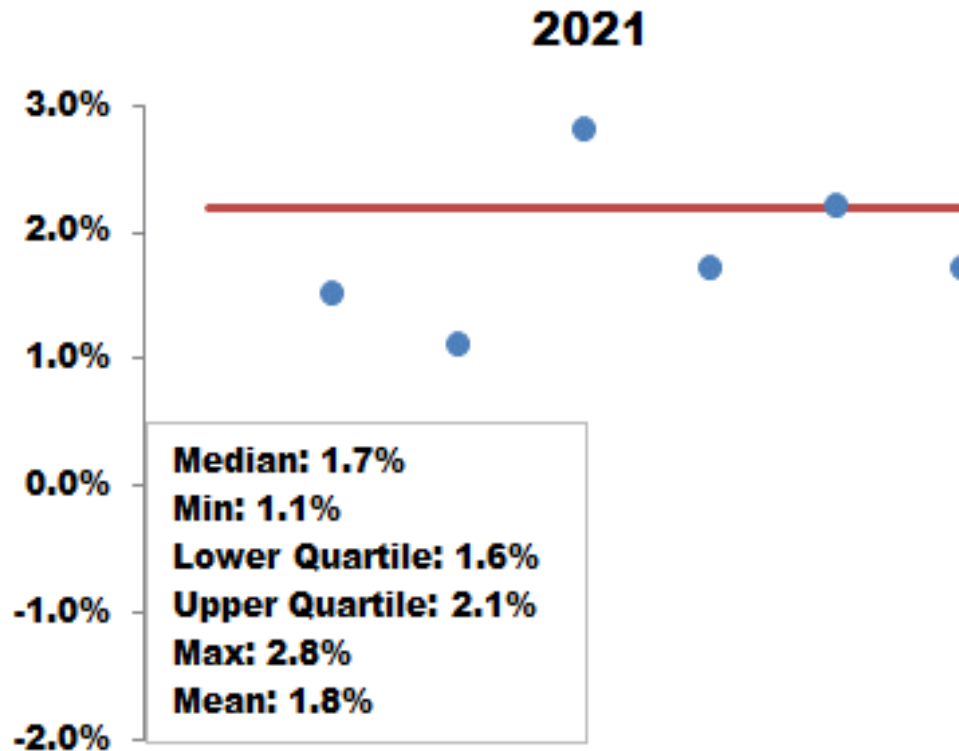
Japan-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2020)

US-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Feb) survey.

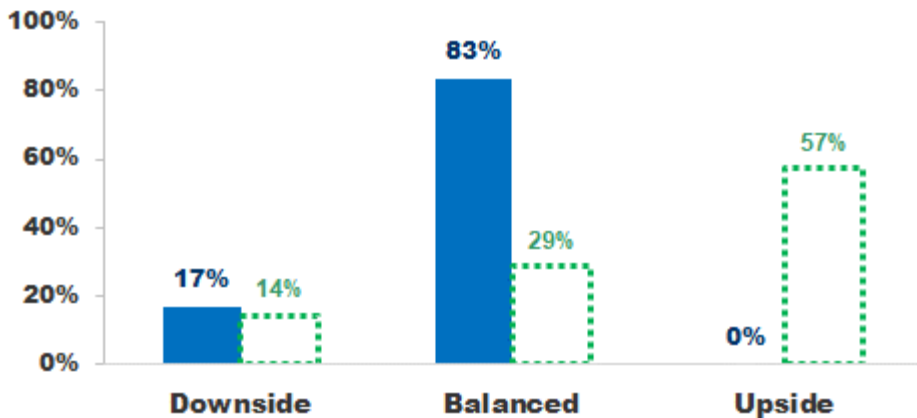
Source: SKBI Big5 Survey (Aug and Feb 2020)

Inflation Risk Assessment

CPI Inflation Risks (2020)

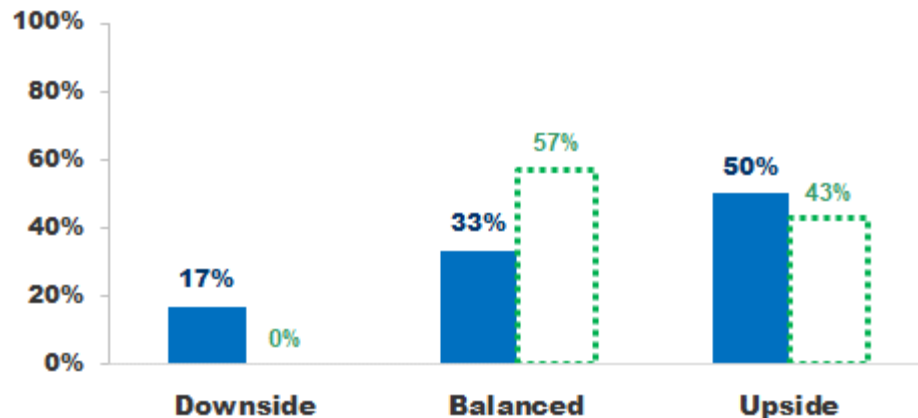
China-Inflation Risk Assessment (2020)

■ Current survey ▤ Prior survey



India-Inflation Risk Assessment (2020)

■ Current survey ▤ Prior survey



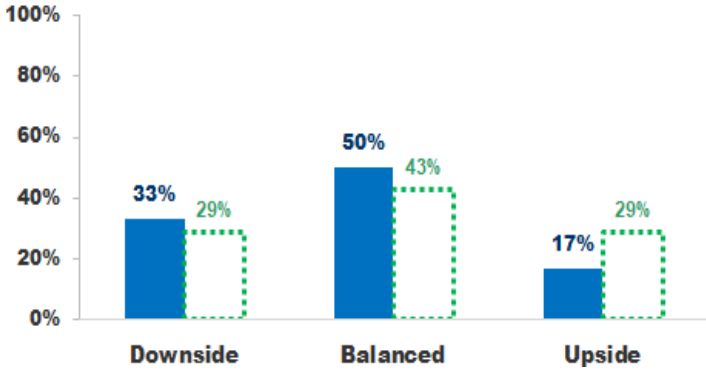
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

Source: SKBI Big5 Survey (Aug and Feb 2020)

CPI Inflation Risks (2020)

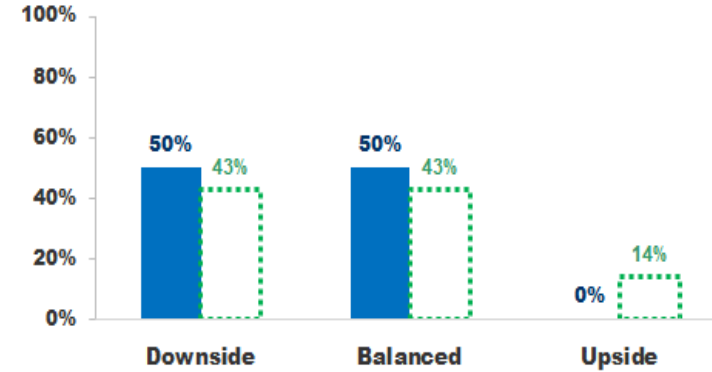
Euro Area-Inflation Risk Assessment (2020)

■ Current survey □ Prior survey



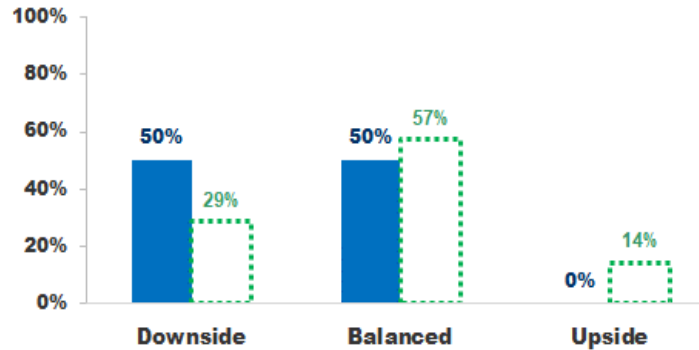
Japan-Inflation Risk Assessment (2020)

■ Current survey □ Prior survey



US-Inflation Risk Assessment (2020)

■ Current survey □ Prior survey

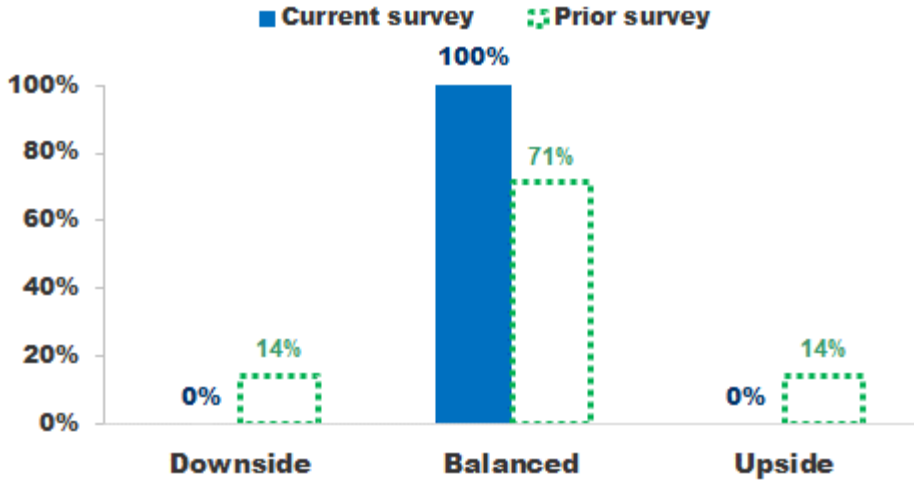


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

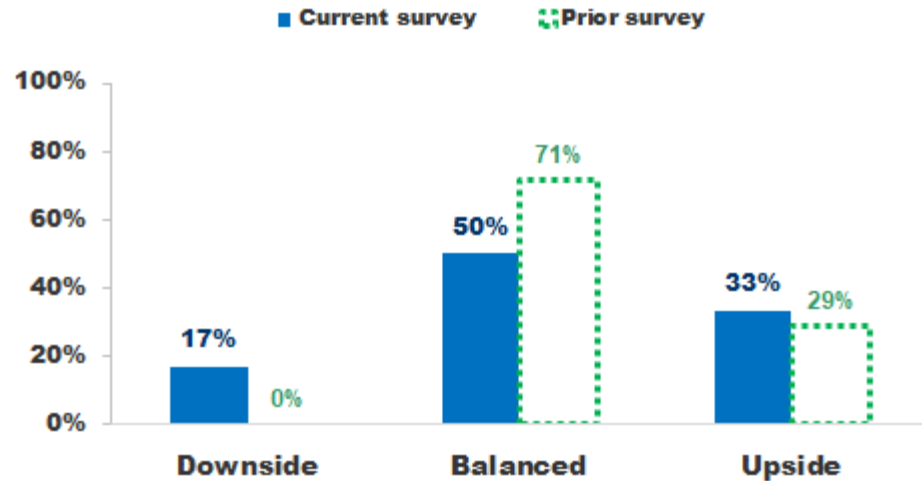
Source: SKBI Big5 Survey (Aug and Feb 2020)

CPI Inflation Risks (2021)

China-Inflation Risk Assessment (2021)



India-Inflation Risk Assessment (2021)



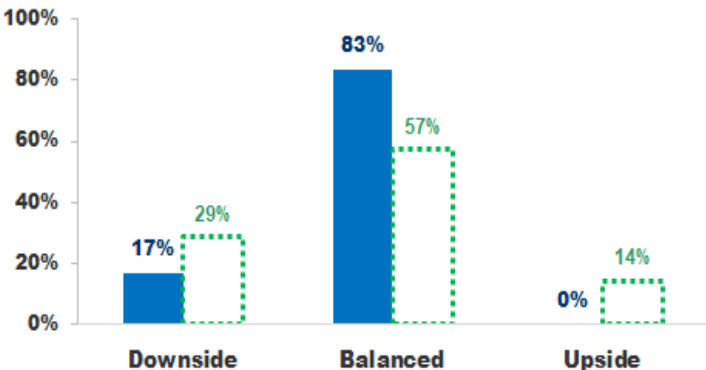
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

Source: SKBI Big5 Survey (Aug and Feb 2020)

CPI Inflation Risks (2021)

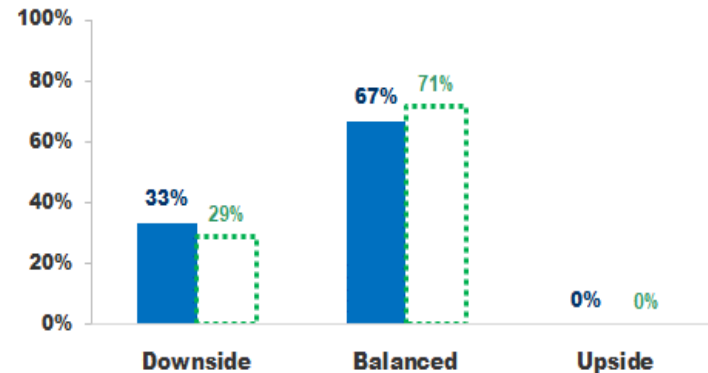
Euro Area-Inflation Risk Assessment (2021)

■ Current survey ▤ Prior survey



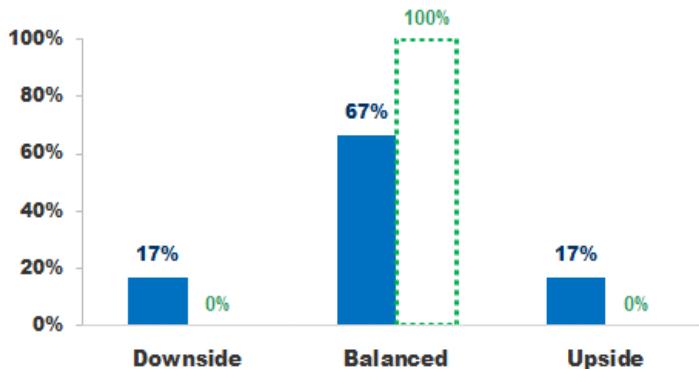
Japan-Inflation Risk Assessment (2021)

■ Current survey ▤ Prior survey



US-Inflation Risk Assessment (2021)

■ Current survey ▤ Prior survey



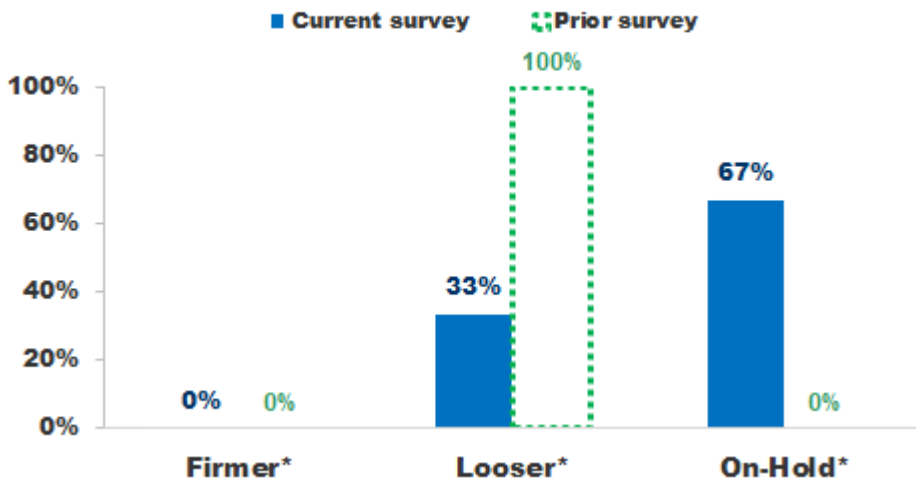
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

Source: SKBI Big5 Survey (Aug and Feb 2020)

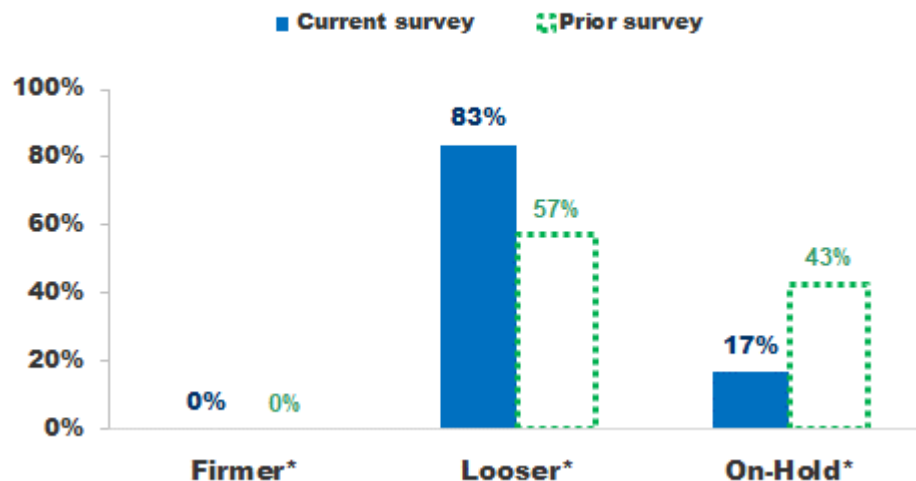
Monetary Policy

Monetary Policy 2020

China-Monetary Policy (end-2020)



India-Monetary Policy (end-2020)



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

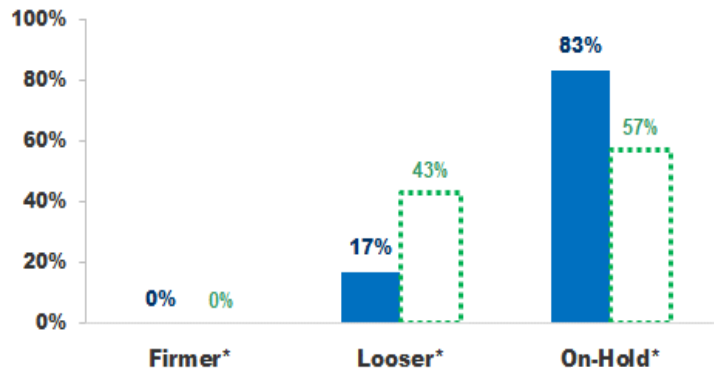
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2020)

Monetary Policy 2020

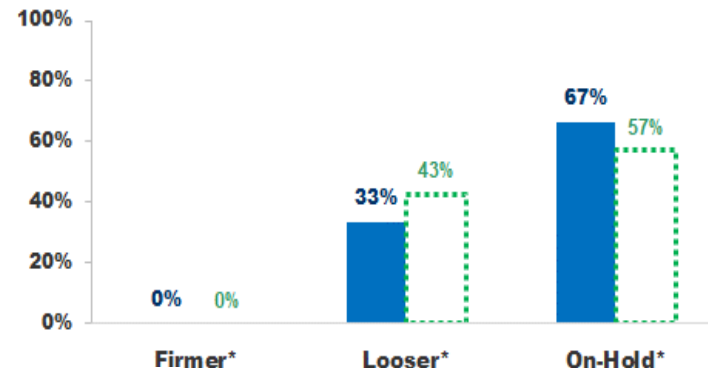
Euro Area-Monetary Policy (end-2020)

■ Current survey ▤ Prior survey



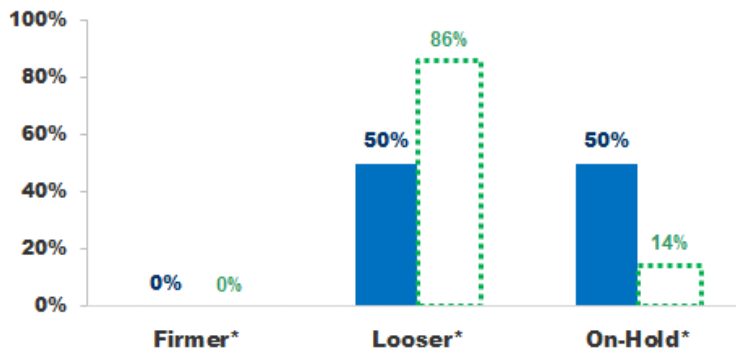
Japan-Monetary Policy (end-2020)

■ Current survey ▤ Prior survey



US-Monetary Policy (end-2020)

■ Current survey ▤ Prior survey



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

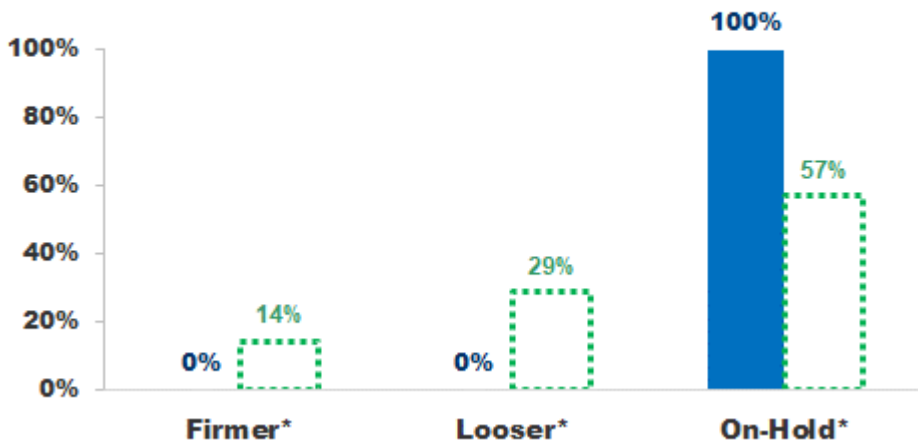
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2020)

Monetary Policy 2021

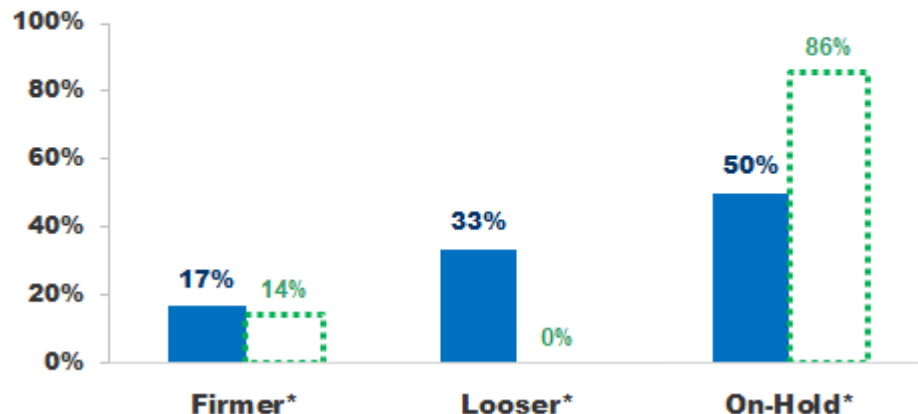
China-Monetary Policy (end-2021)

■ Current survey □ Prior survey



India-Monetary Policy (end-2021)

■ Current survey □ Prior survey



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

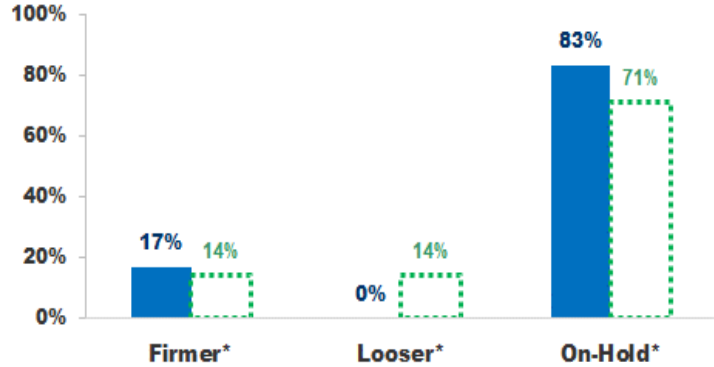
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2020)

Monetary Policy 2021

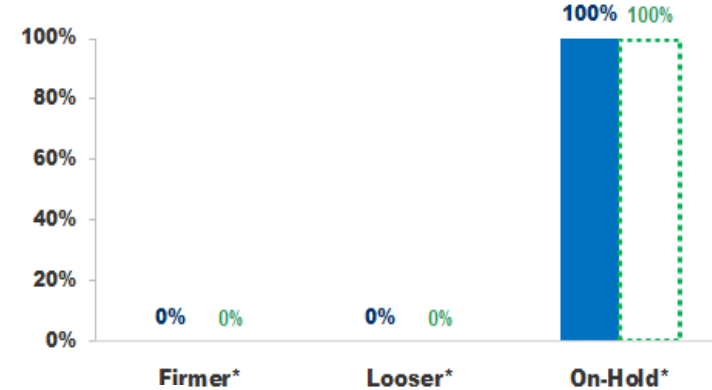
Euro Area-Monetary Policy (end-2021)

■ Current survey □ Prior survey



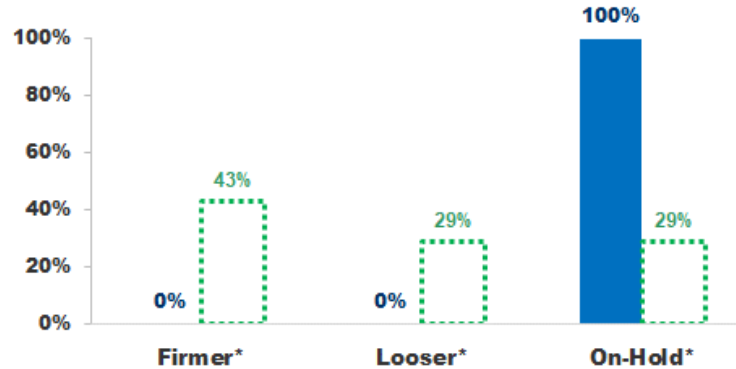
Japan-Monetary Policy (end-2021)

■ Current survey □ Prior survey



US-Monetary Policy (end-2021)

■ Current survey □ Prior survey



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

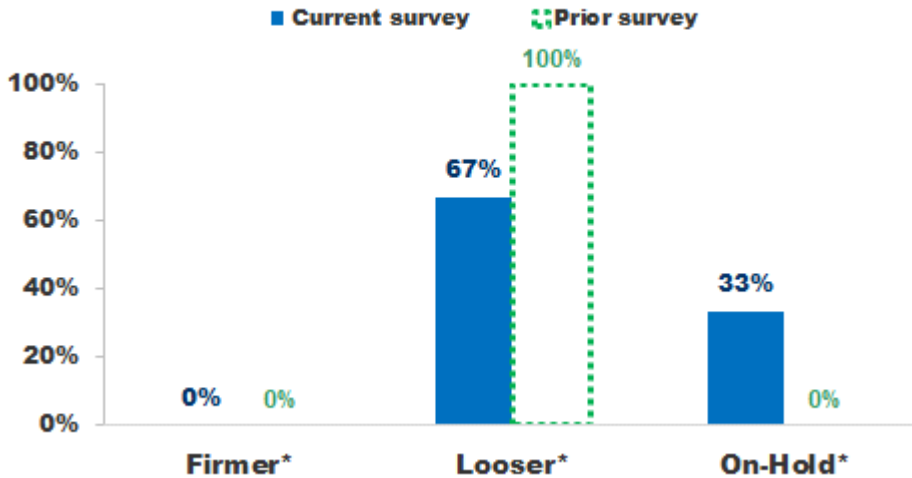
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2020)

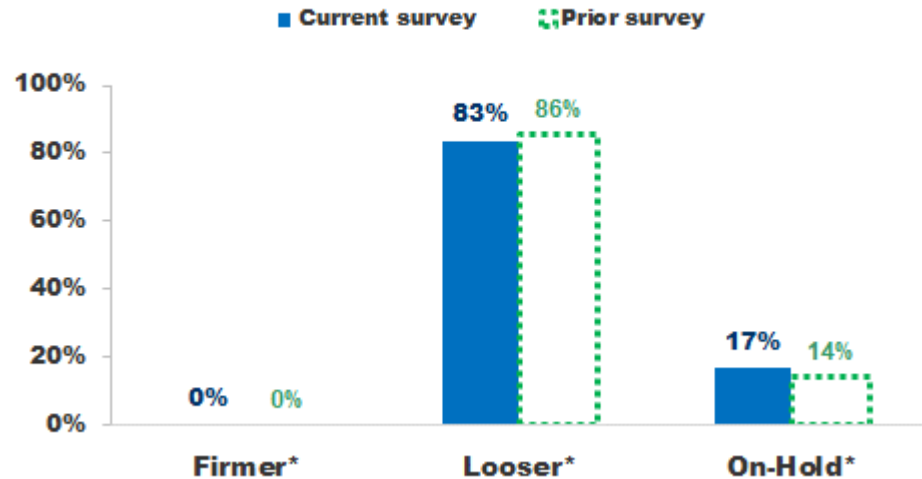
Fiscal Policy

Fiscal Policy 2020

China-Fiscal Policy (end-2020)



India-Fiscal Policy (end-2020)



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

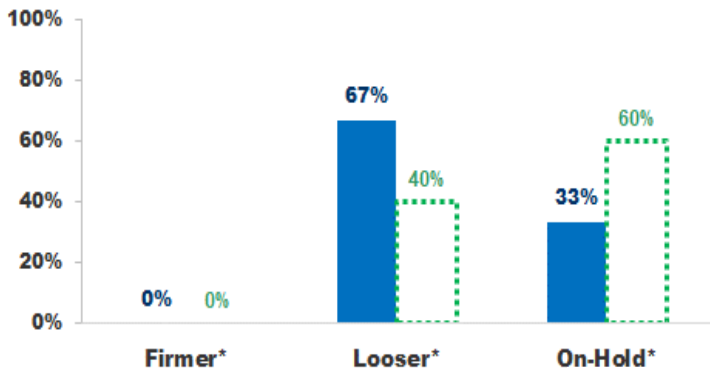
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2020)

Fiscal Policy 2020

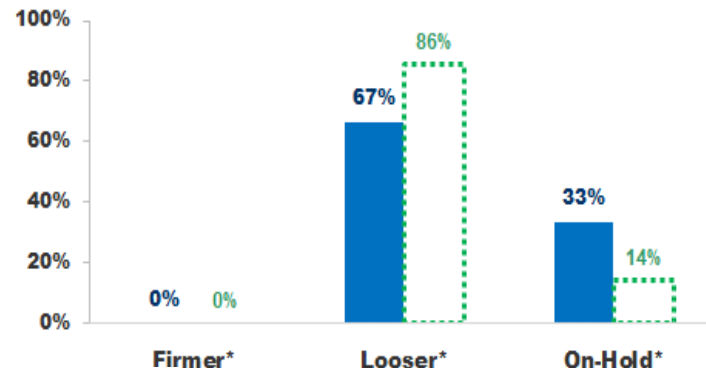
Euro Area-Fiscal Policy (end-2020)

■ Current survey ▤ Prior survey



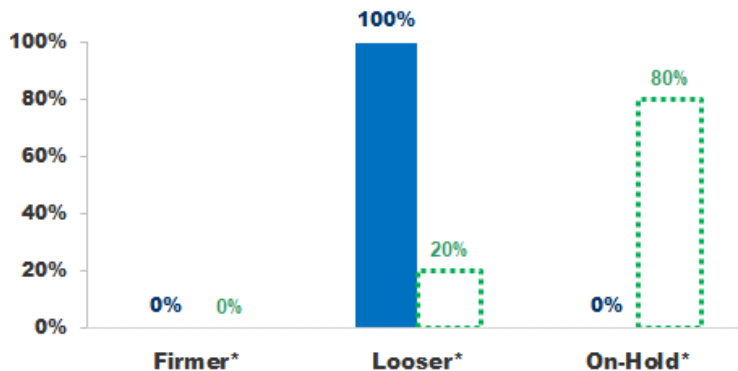
Japan-Fiscal Policy (end-2020)

■ Current survey ▤ Prior survey



US-Fiscal Policy (end-2020)

■ Current survey ▤ Prior survey



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

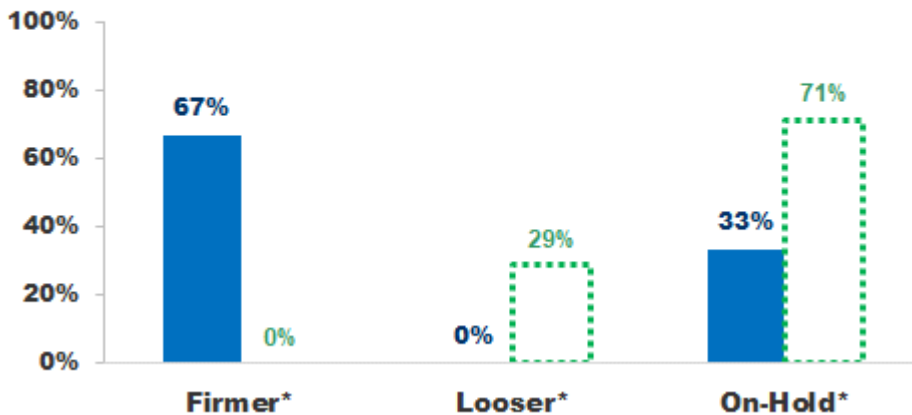
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2020)

Fiscal Policy 2021

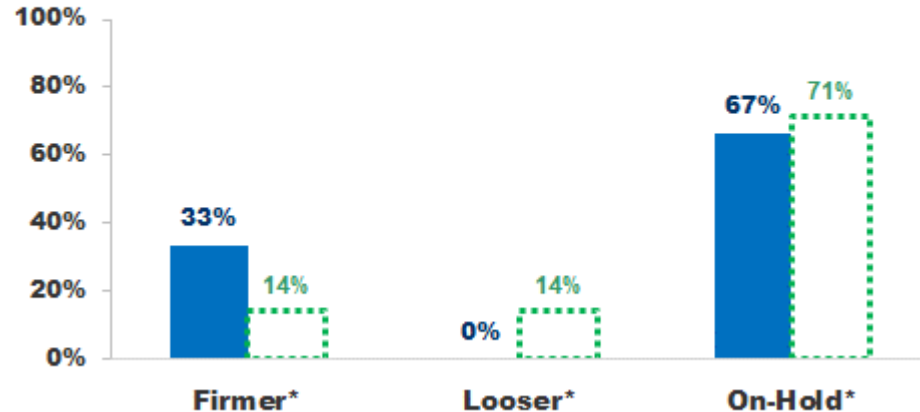
China-Fiscal Policy (end-2021)

■ Current survey □ Prior survey



India-Fiscal Policy (end-2021)

■ Current survey □ Prior survey



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

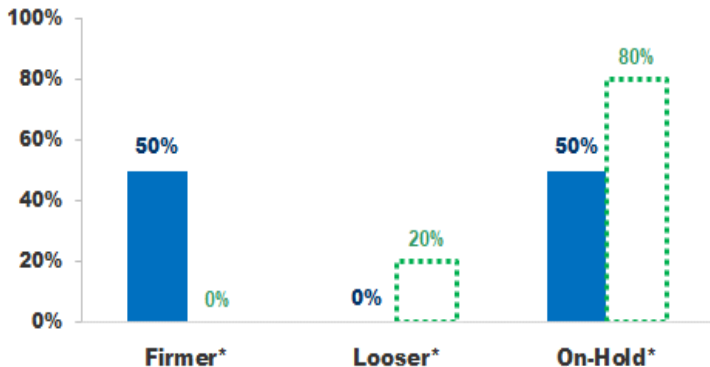
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2020)

Fiscal Policy 2021

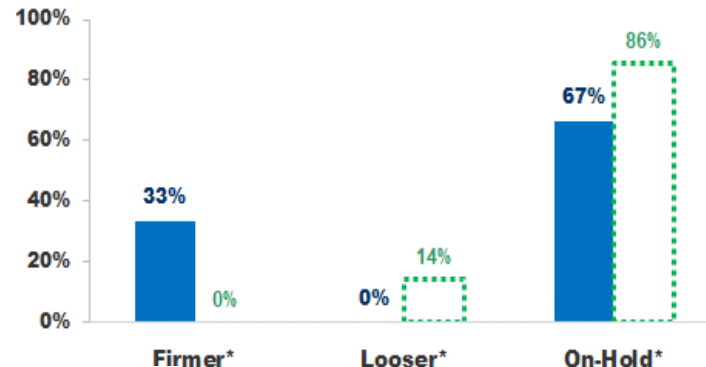
Euro Area-Fiscal Policy (end-2021)

■ Current survey ▤ Prior survey



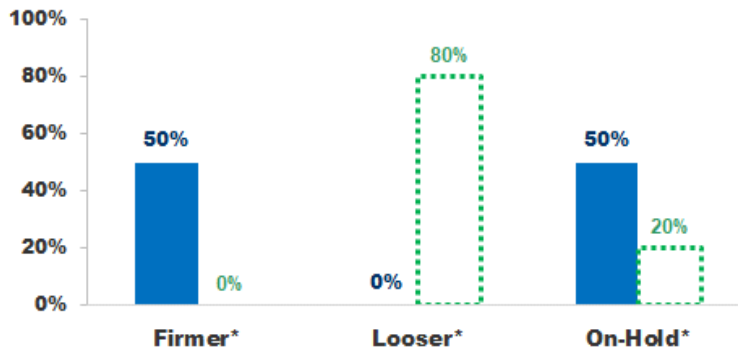
Japan-Fiscal Policy (end-2021)

■ Current survey ▤ Prior survey



US-Fiscal Policy (end-2021)

■ Current survey ▤ Prior survey



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

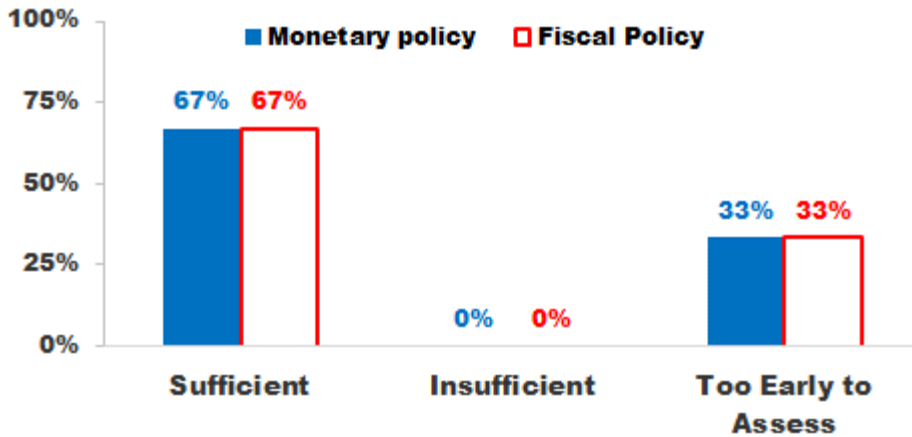
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2020)

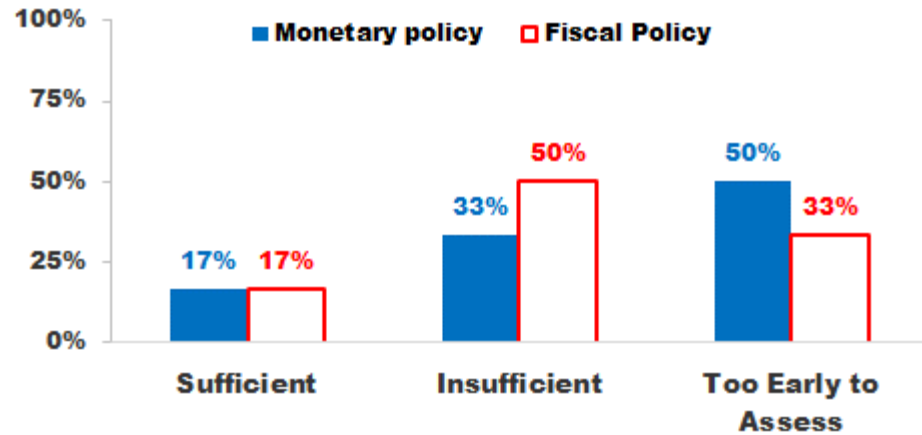
Special Questions

Current Monetary & Fiscal Responses?

China-The policy response at this time is...



India-The policy response at this time is...

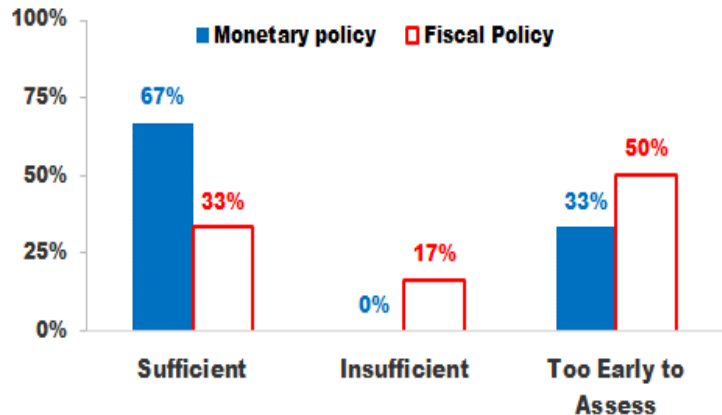


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey.

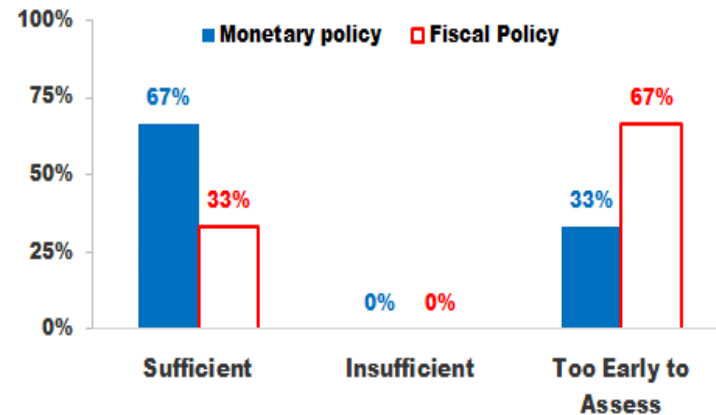
Source: SKBI Big5 Survey (Aug 2020)

Current Monetary & Fiscal Responses?

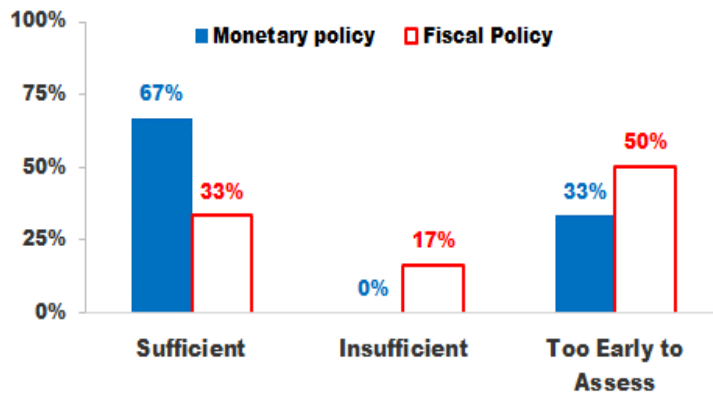
Euro Area-The policy response at this time is...



Japan-The policy response at this time is...



US-The policy response at this time is...

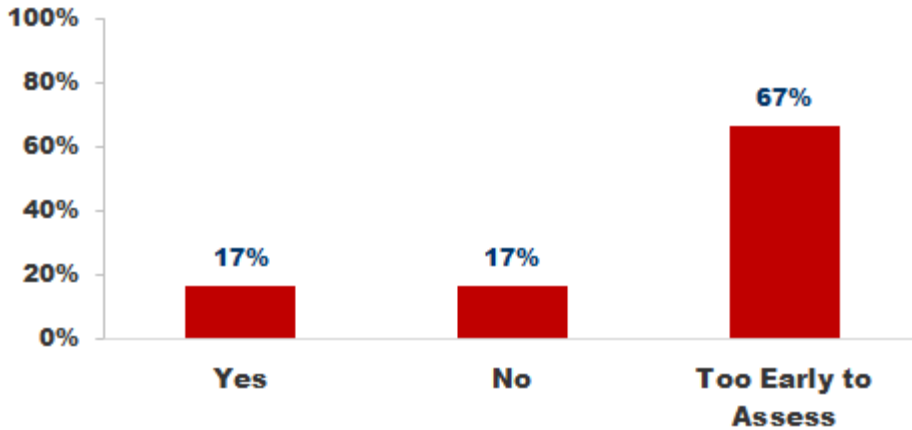


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey.

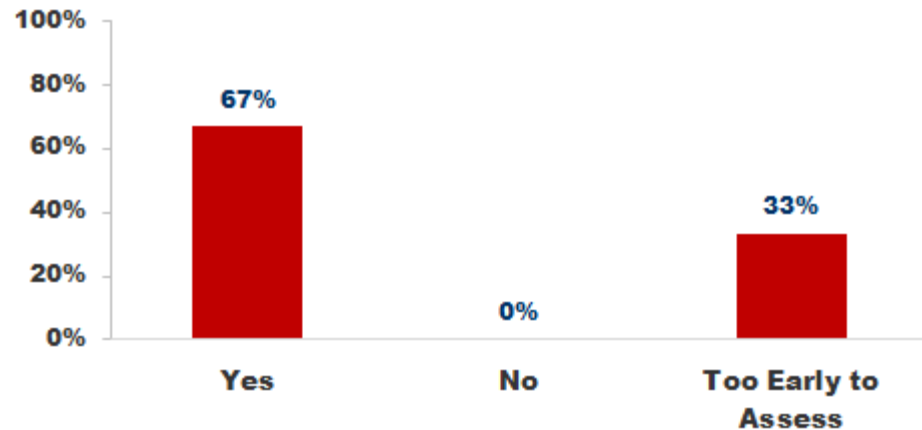
Source: SKBI Big5 Survey (Aug 2020)

COVID-19 & Reduction in Trend Growth?

Is COVID-19 likely to reduce the GDP growth trend of China?



Is COVID-19 likely to reduce the GDP growth trend of India?

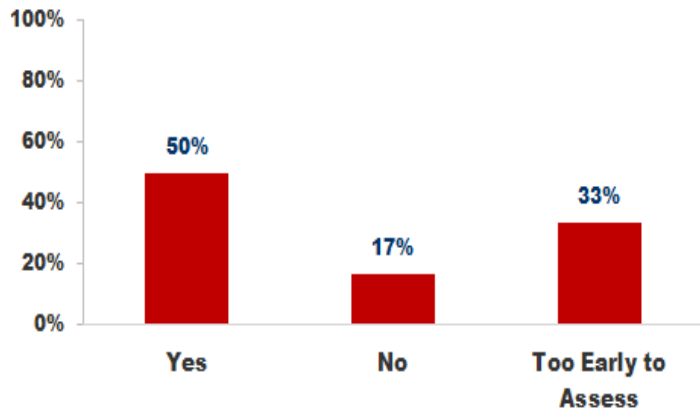


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey.

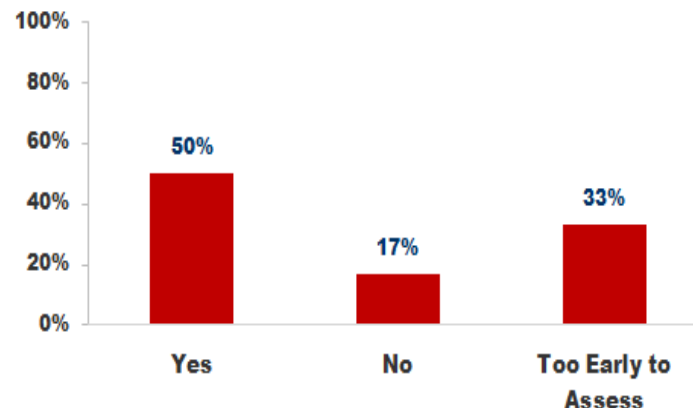
Source: SKBI Big5 Survey (Aug 2020)

COVID-19 & Reduction in Trend Growth?

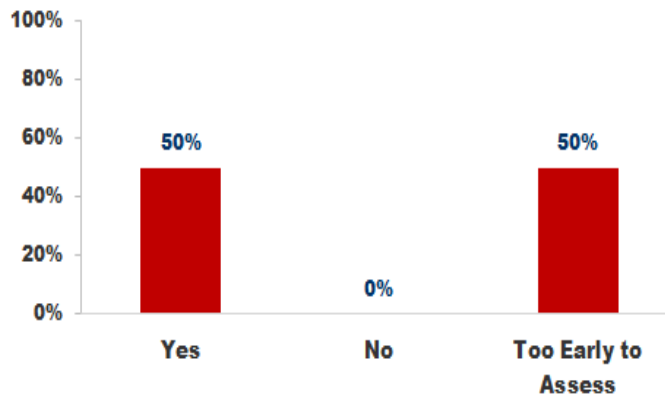
Is COVID-19 likely to reduce the GDP growth trend of Euro Area?



Is COVID-19 likely to reduce the GDP growth trend of Japan?



Is COVID-19 likely to reduce the GDP growth trend of US?

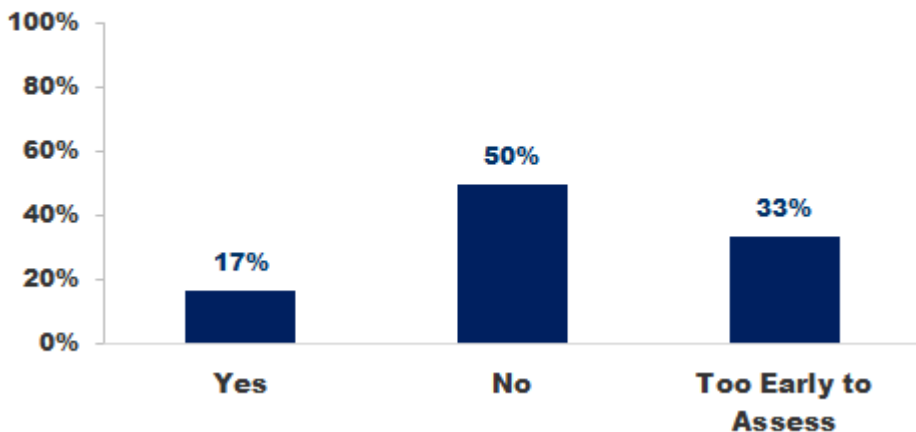


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey.

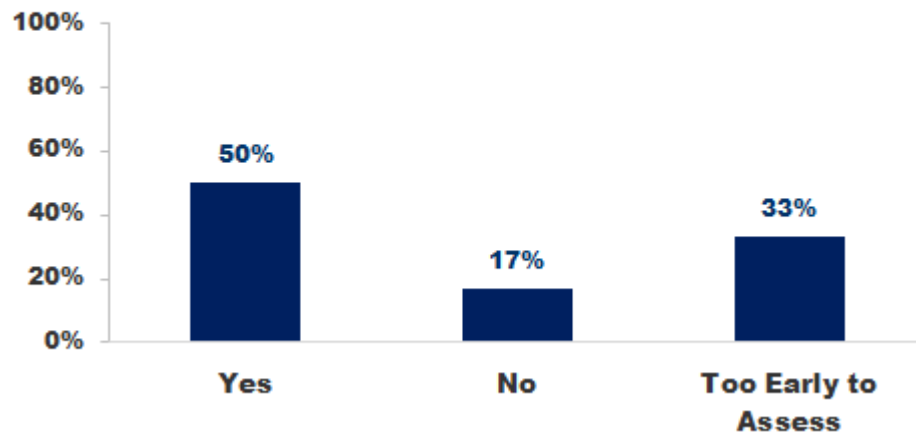
Source: SKBI Big5 Survey (Aug 2020)

Fiscal Debt & Future Growth Prospects?

***Is the higher fiscal debt ratio likely to suppress future GDP growth of China?**



***Is the higher fiscal debt ratio likely to suppress future GDP growth of India?**



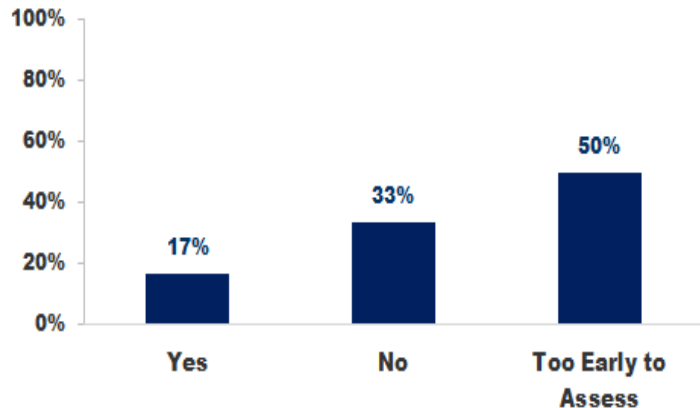
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey.

***The fiscal debt ratio (% of GDP) refers to the total debt liabilities issued by the general government (as per the IMF definition)**

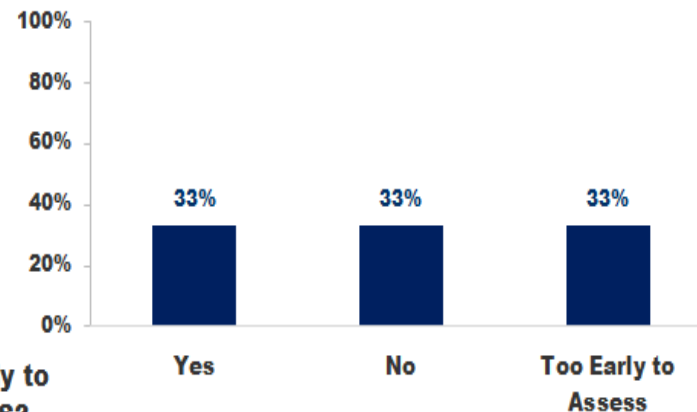
Source: SKBI Big5 Survey (Aug 2020)

Fiscal Debt & Future Growth Prospects?

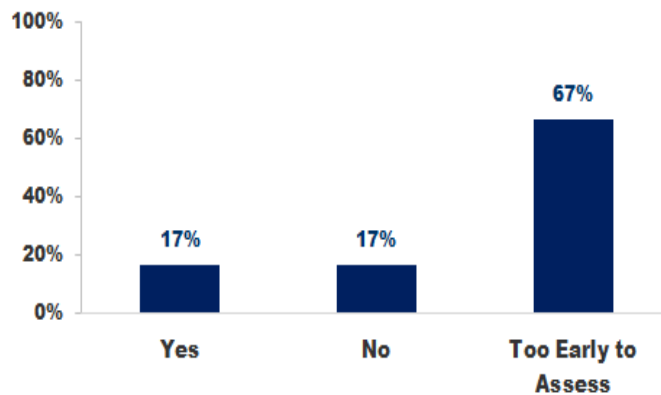
***Is the higher fiscal debt ratio likely to suppress future GDP growth of Euro Area?**



***Is the higher fiscal debt ratio likely to suppress future GDP growth of Japan?**



***Is the higher fiscal debt ratio likely to suppress future GDP growth of US?**



Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey.

***The fiscal debt ratio (% of GDP) refers to the total debt liabilities issued by the general government (as per the IMF definition)**

Source: SKBI Big5 Survey (Aug 2020)

Background Information

The SKBI Big5 survey focuses on the multiyear outlook and assessment of the biggest five economies in the world (in PPP-terms), namely China, Euro Area, India, Japan and United States.

The Institute, via the Big5 survey and Post-Survey event, seeks to establish a recurrent platform in Singapore for a diverse group of participants to explore the relevant risks and opportunities surrounding the global economic landscape. The latest survey questionnaire was sent out, with all responses received, in August 2020.

Should you have any inquiries, please contact Tom Lam (thomaslam@smu.edu.sg) or Dave Fernandez (dfernandez@smu.edu.sg).

List of Participants (August 2020 survey):

- 1) DBS Group**
- 2) ING Bank NV**
- 3) Moody's Investors Service**
- 4) TD Securities**
- 5) UBS**
- 6) United Overseas Bank Group**