

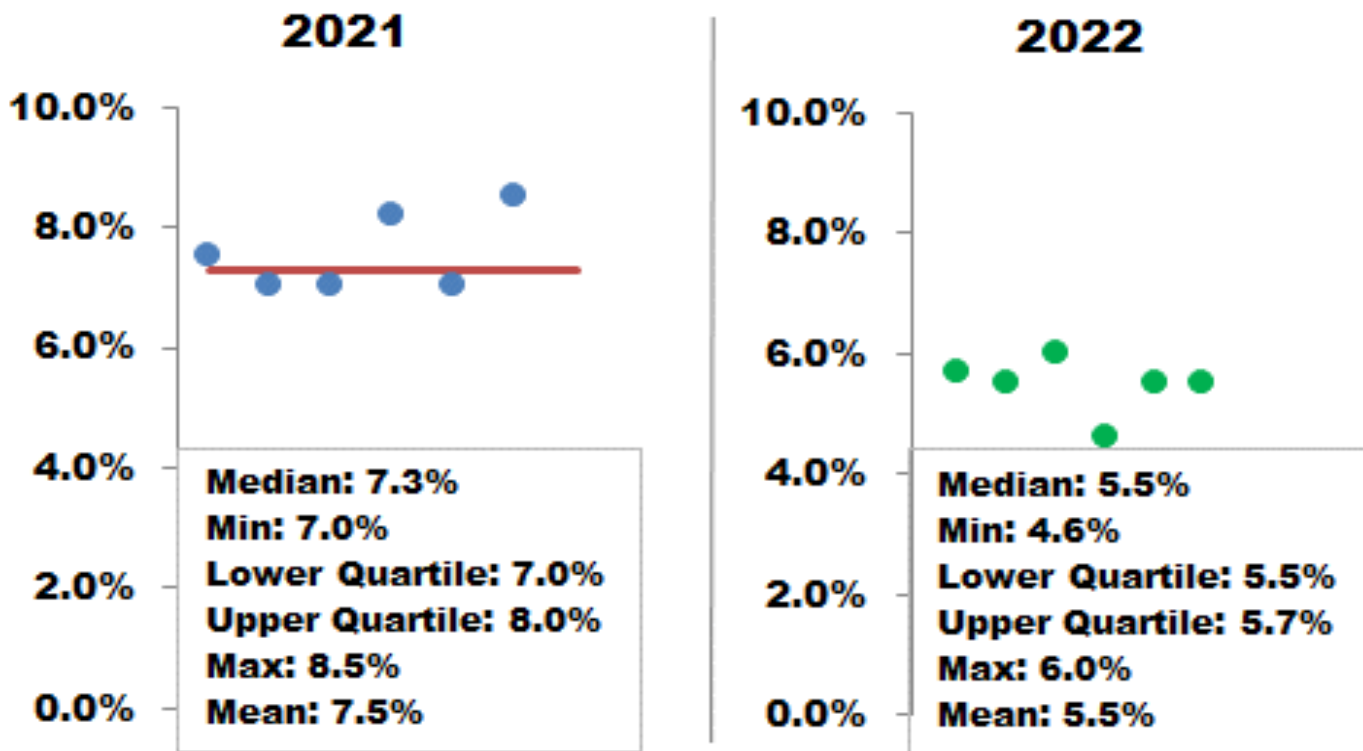
The Sim Kee Boon Institute for Financial Economics (SKBI) Big5 Survey

Takeaways (February 2021 Survey)

- ❖ The latest survey results suggest that the five largest economies collectively is projected to snapback to almost 6% in 2021, a modest upgrade from the August median, following an unprecedented preliminary contraction of roughly 4% last year (in real GDP terms). The 2022 median growth forecast of slightly above 4.5%, while slower, is still respectable, outstripping its pre-COVID 10-year average pace by more than half a percentage point.
- ❖ The aggregate upgrade in 2021, however, obscures the lopsided nature and highly uneven contour of the ongoing recovery. The bulk of the upward revision to growth was mainly due to IN (to 10% from around 5%), to a lesser extent the US (with upside risks) and more modestly JP. But growth in the EA was lowered to just under 4% (from over 5.5%) with accompanying downside risks. While the 2021 inflation forecasts were a touch higher (slight rise in US & IN but lower in JP), the risk assessments for IN and US (in 2022 as well) were evidently skewed to the upside.
- ❖ Generally, participants view monetary policy at this time, by the end of this year and next to be sufficient and on-hold. But our survey implies that the Fed might liftoff as early as end-2022, sooner than the evolving market guidance of 1Q23 (OIS forwards). The views on fiscal policy seem to be tilted toward more action in 2021 (US, JP and EA), even though most see the current fiscal response as sufficient, followed by the prospect of selective consolidation in 2022.
- ❖ Survey participants continue to expect that COVID-19 is likely to reduce trend growth for three of the Big5 economies (with the exception of CN and too early to assess for US). But the potential drag on future growth from a higher fiscal debt ratio, aside from IN, seems more equivocal.

GDP Growth

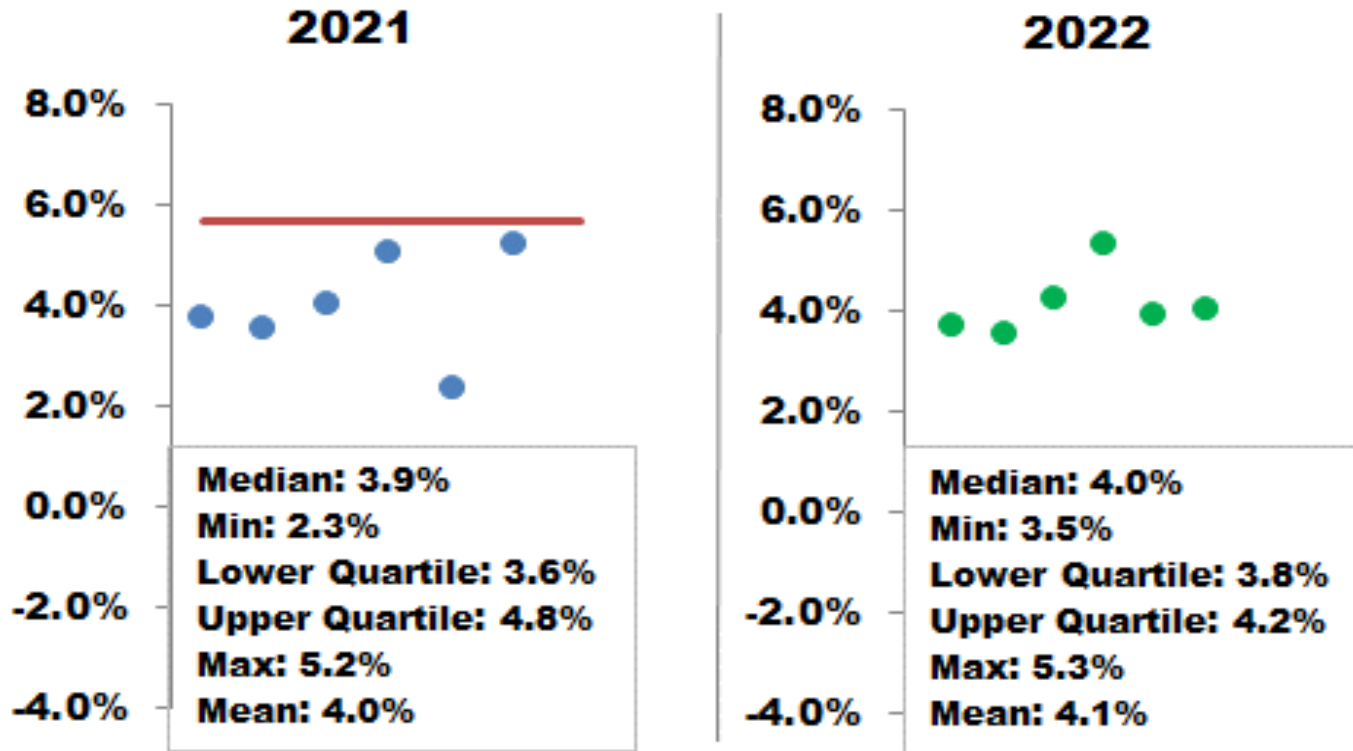
China-Real GDP Growth



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

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

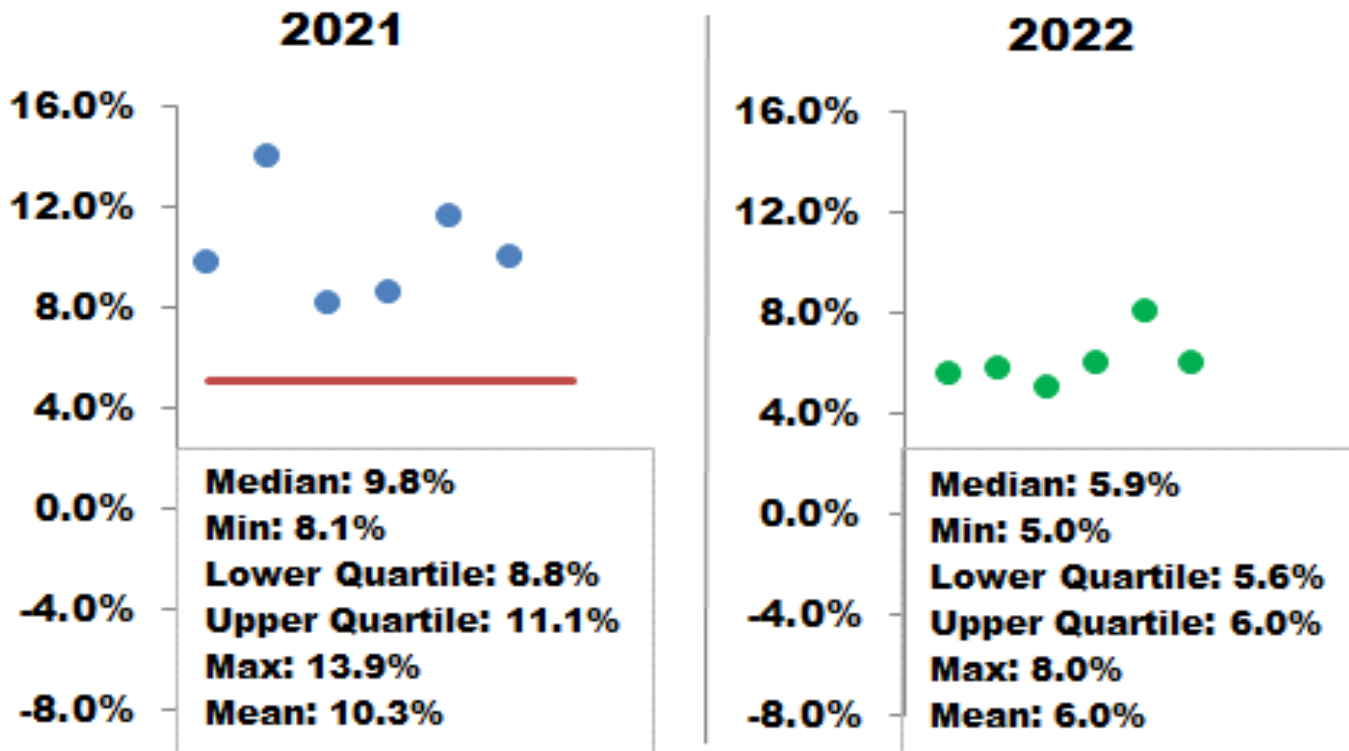
Euro Area-Real GDP Growth



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

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

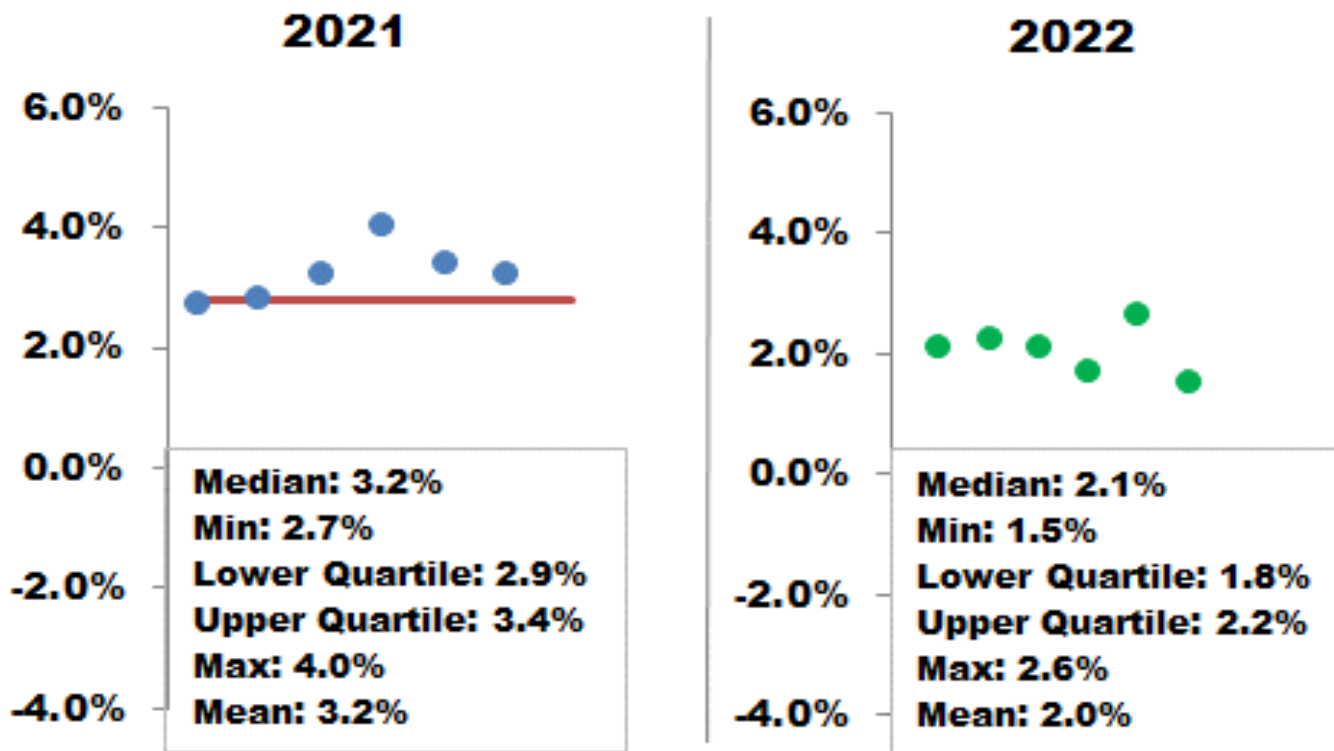
India-Real GDP Growth



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

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

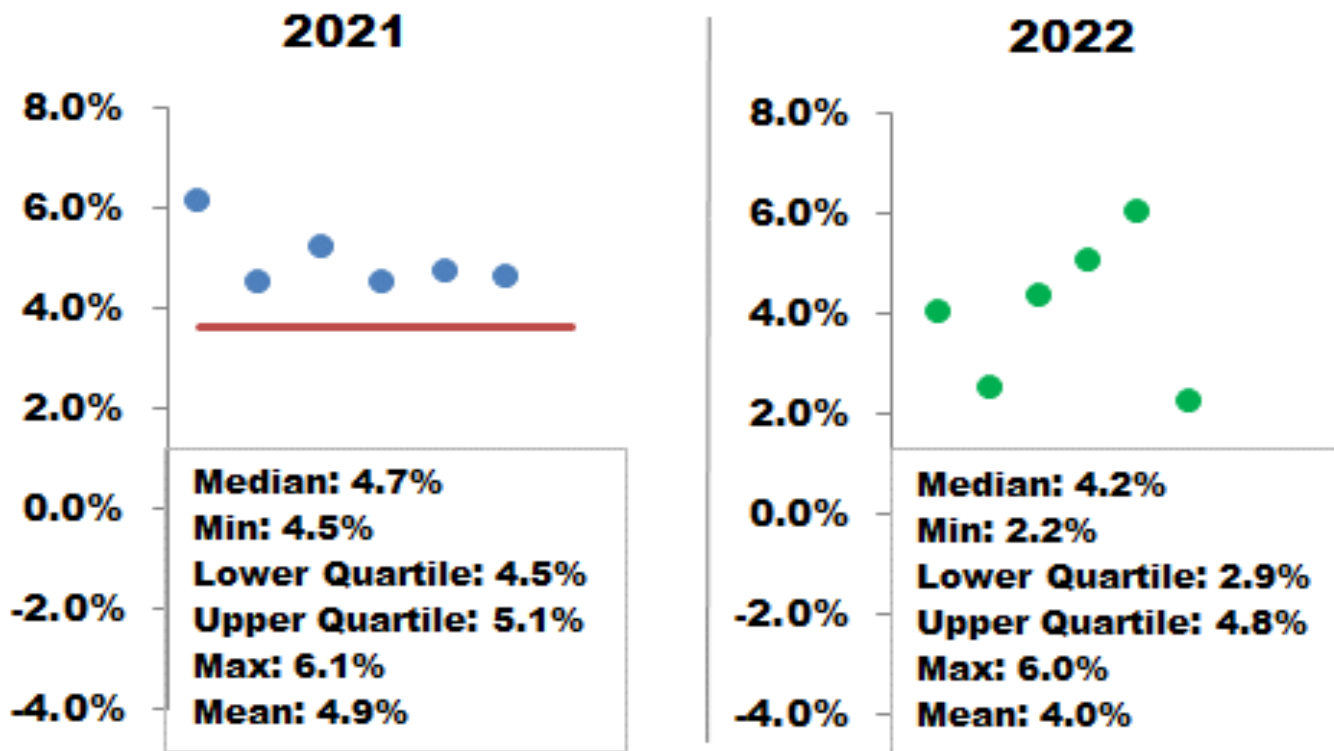
Japan-Real GDP Growth



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

Source: SKBI Big5 Survey (Feb 2021 and Aug 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 (Aug) survey.

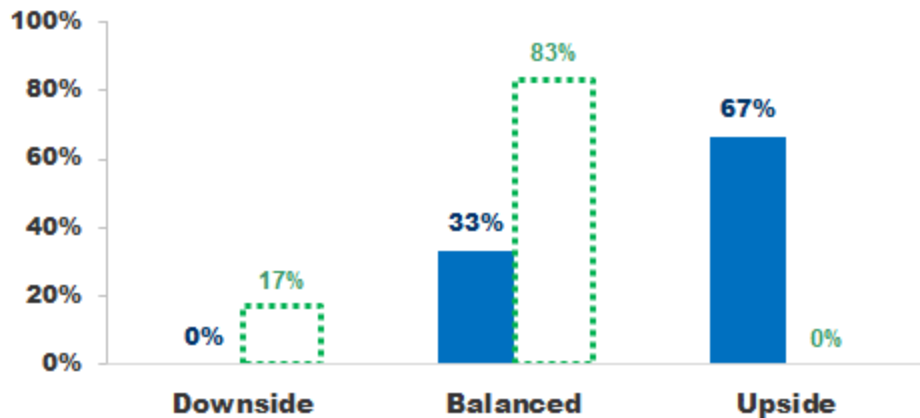
Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

GDP Growth Risk Assessment

Real GDP Growth Risks (2021)

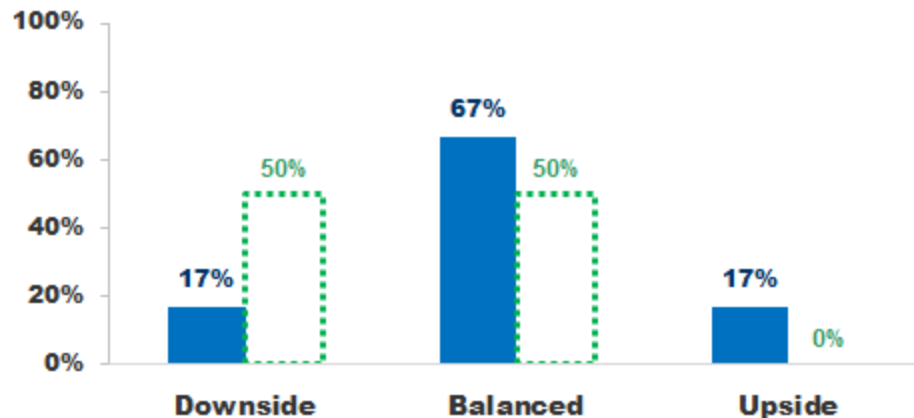
China-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



India-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



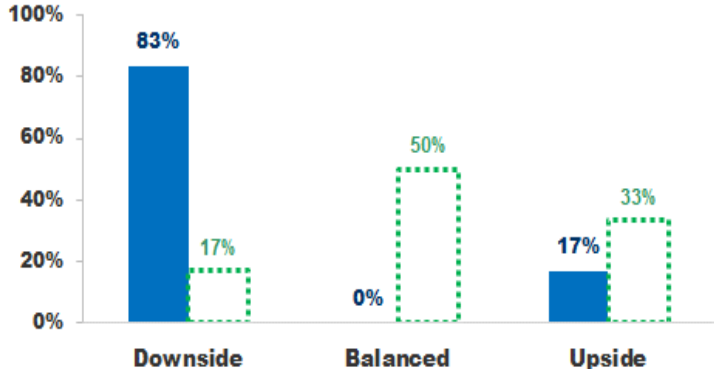
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Real GDP Growth Risks (2021)

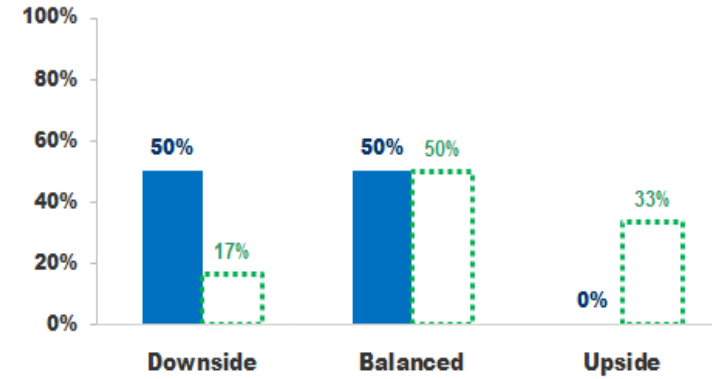
Euro Area-Growth Risk Assessment (2021)

■ Current survey □ Prior survey



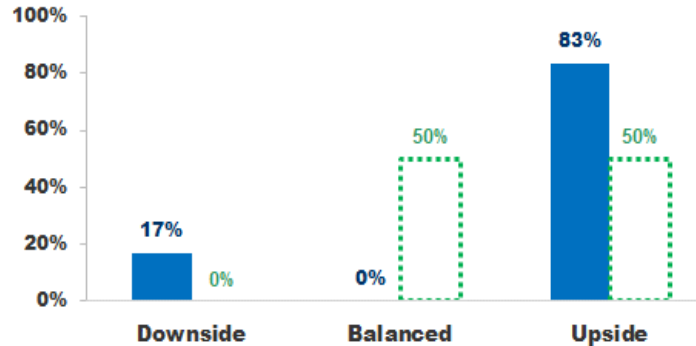
Japan-Growth Risk Assessment (2021)

■ Current survey □ Prior survey



US-Growth Risk Assessment (2021)

■ Current survey □ Prior survey

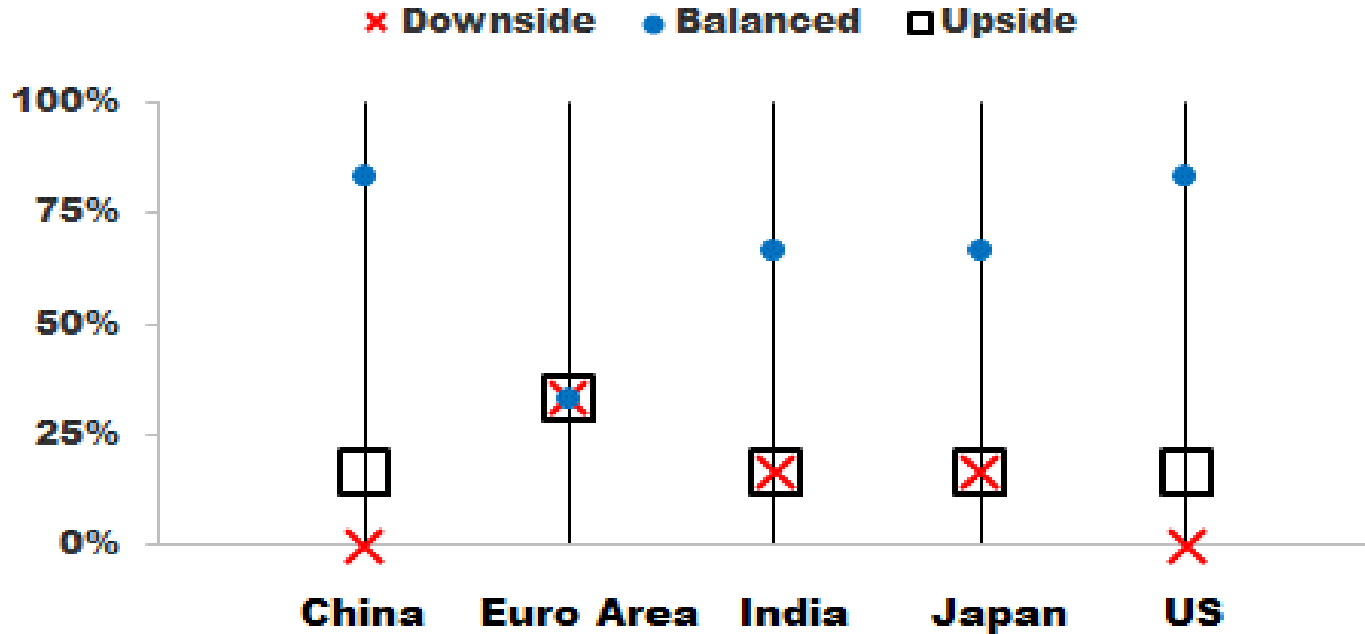


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Real GDP Growth Risks (2022)

Growth Risk Assessment (2022)



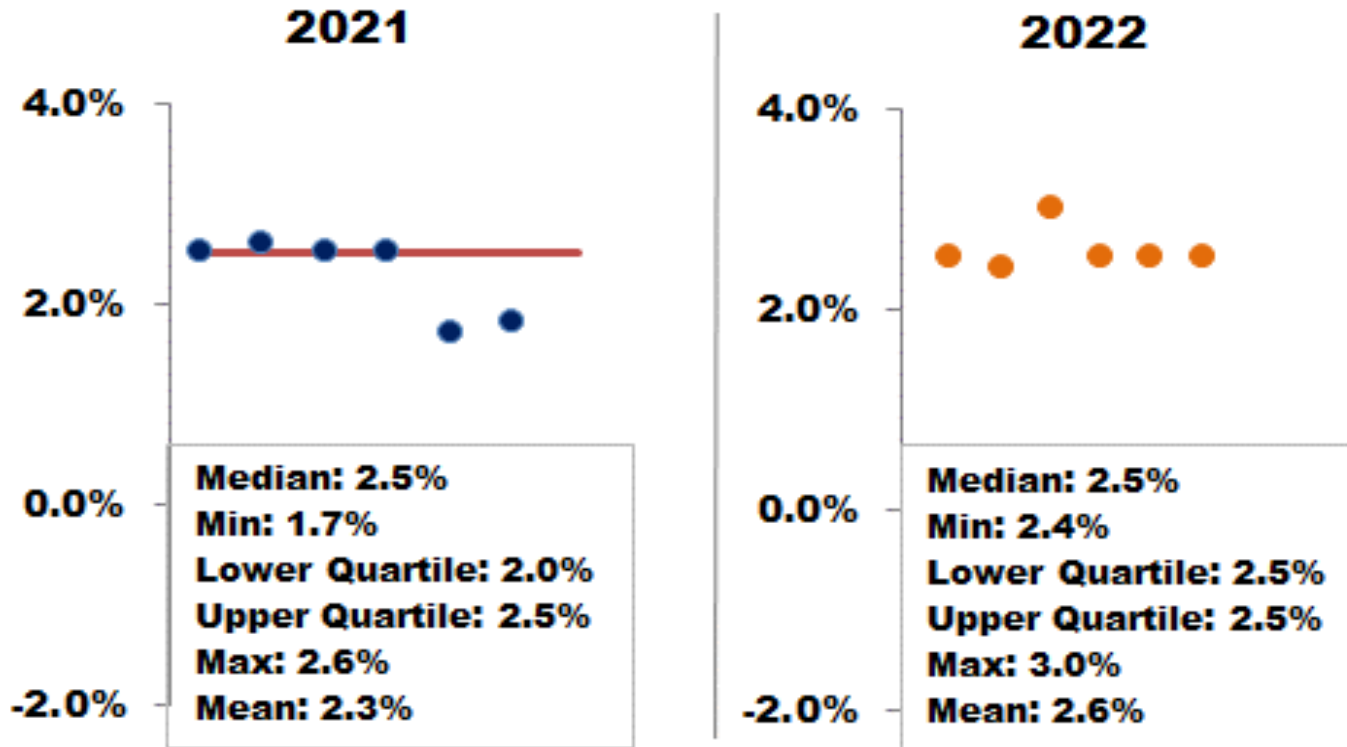
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey.

Source: SKBI Big5 Survey (Feb 2021)

CPI

Inflation

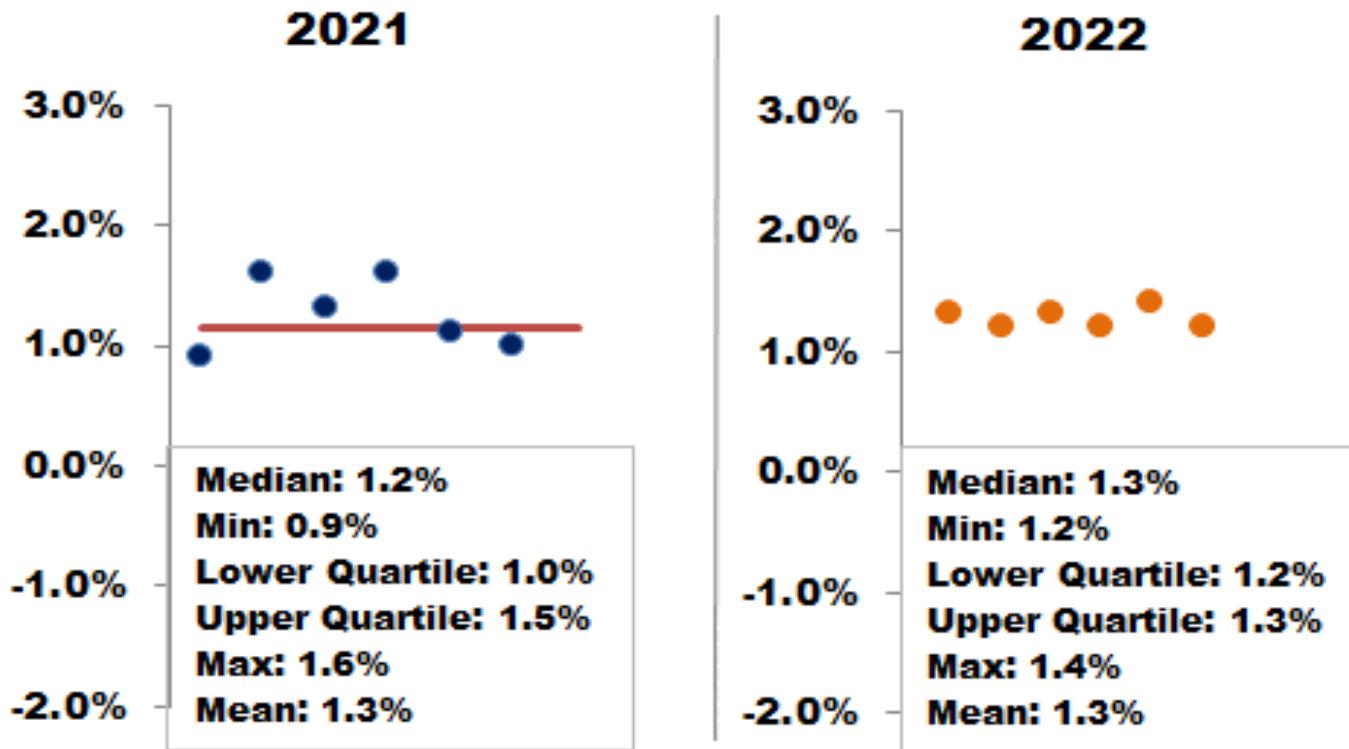
China-CPI Inflation



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

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

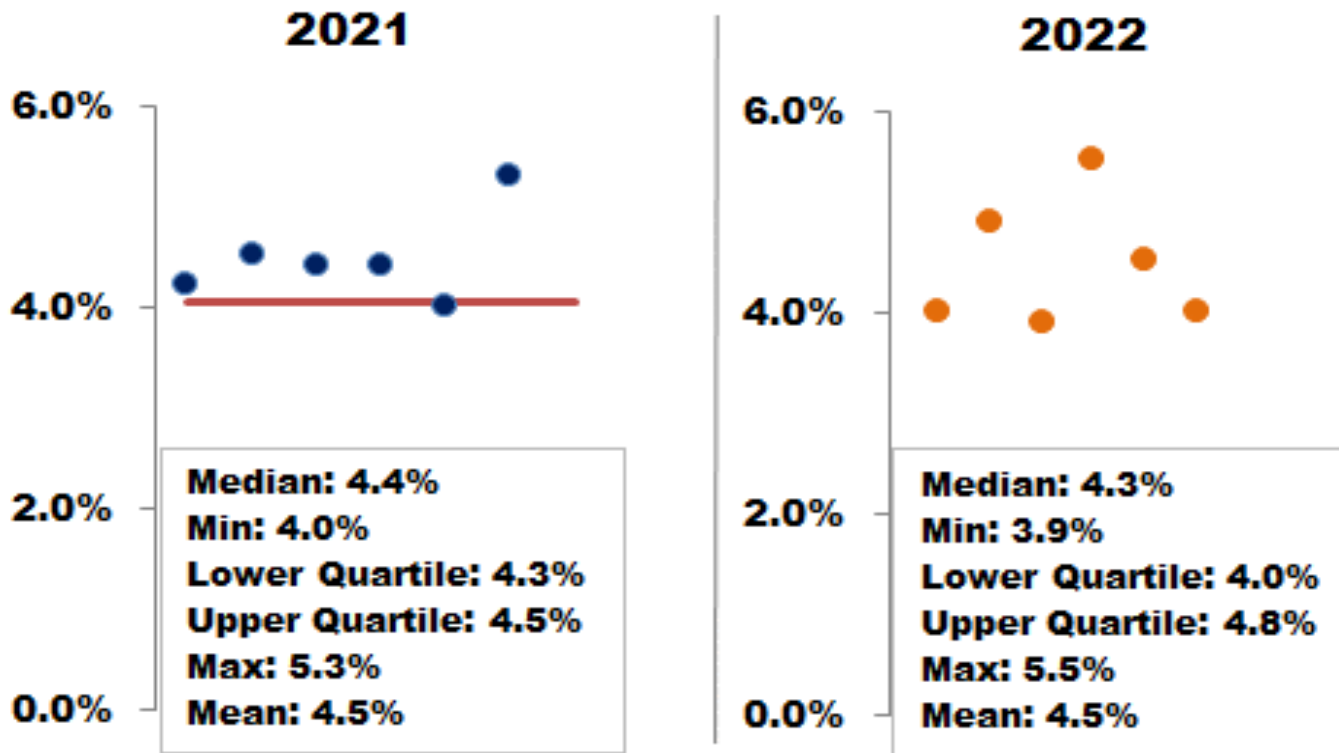
Euro Area-CPI Inflation



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

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

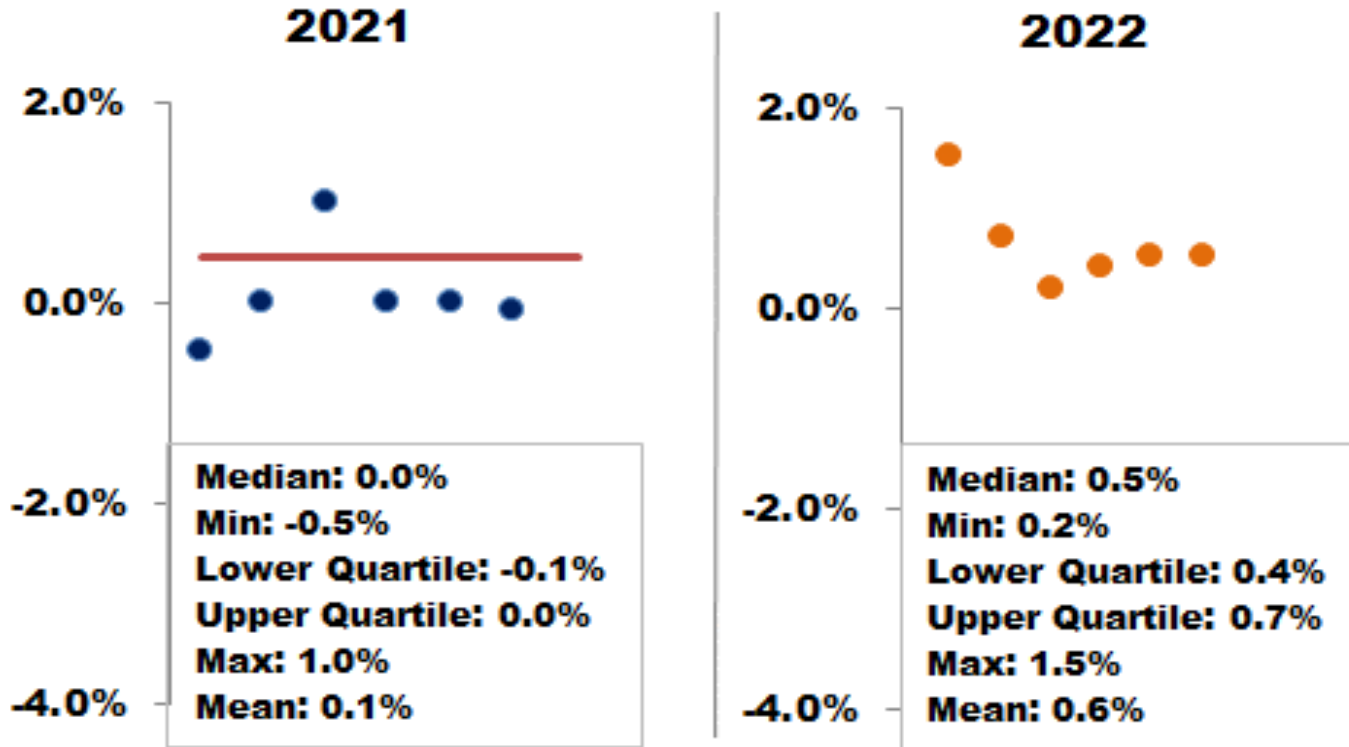
India-CPI Inflation



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

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

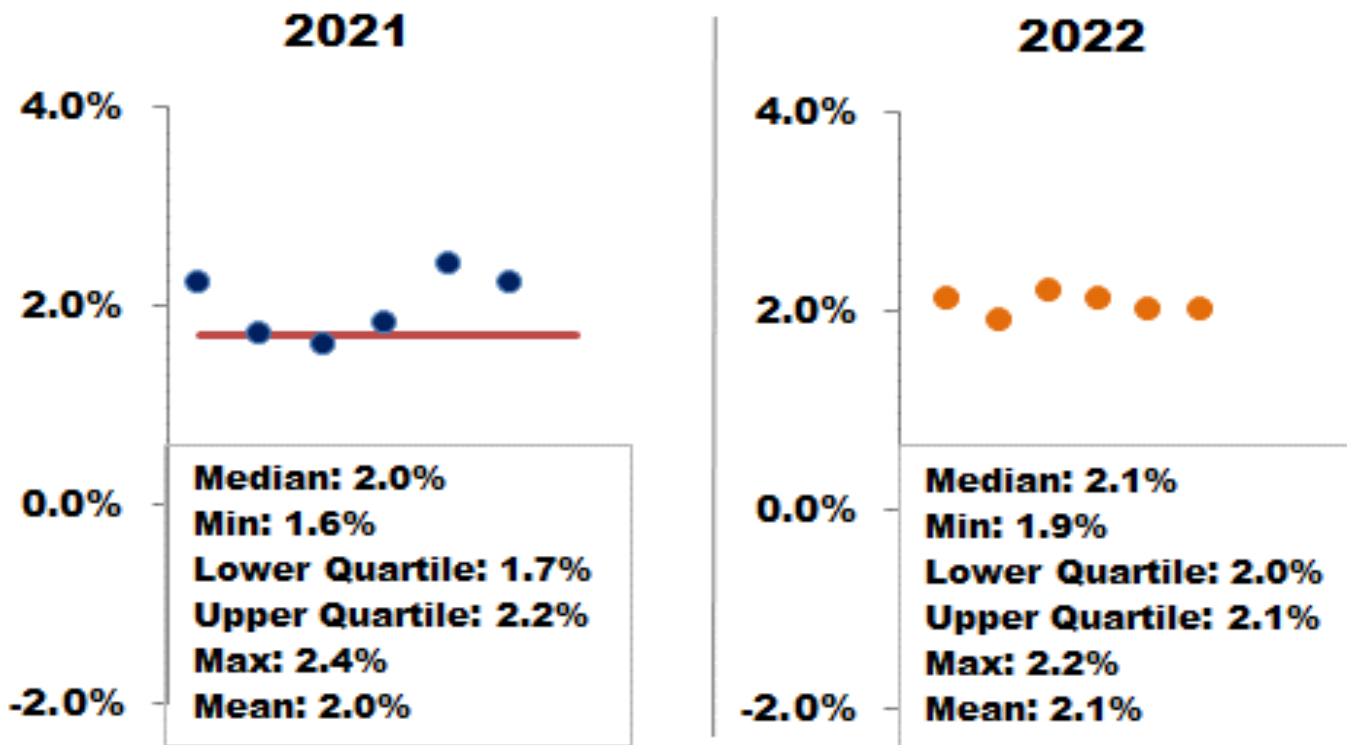
Japan-CPI Inflation



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

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

US-CPI Inflation



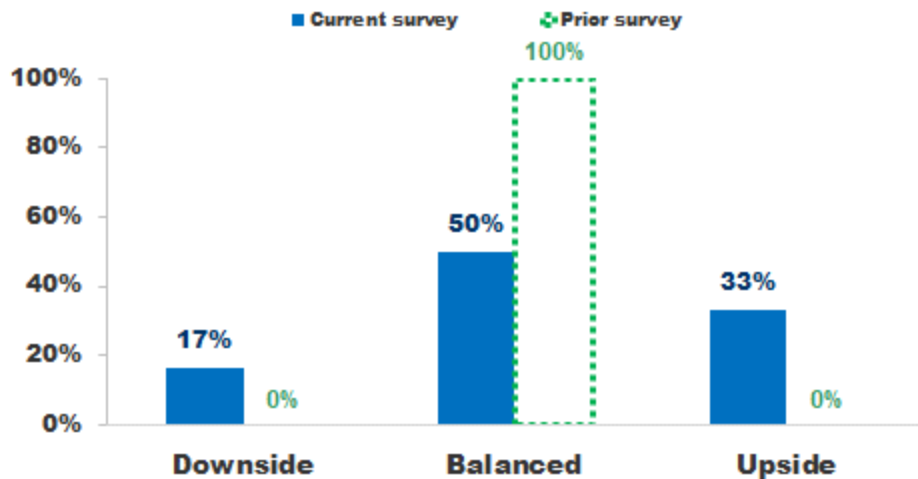
Note: Each dot represents a random participant in the survey and the horizontal line in 2021 depicts the median result from the prior (Aug) survey.

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

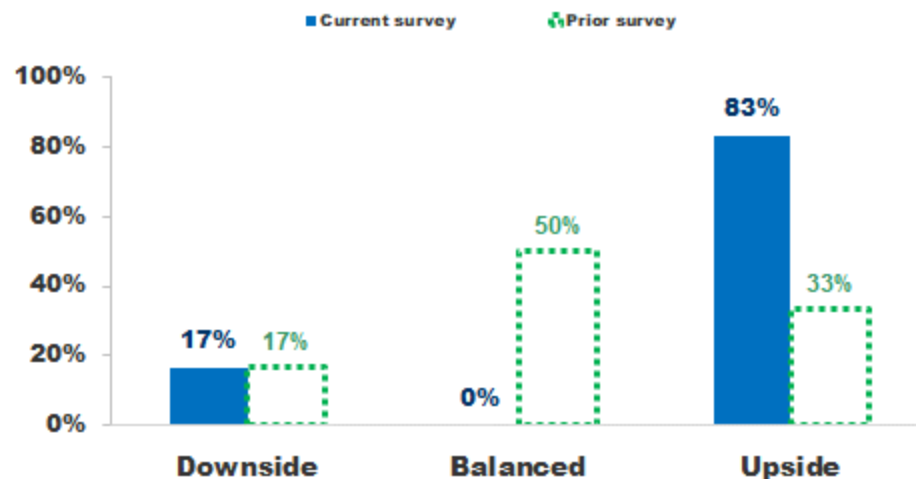
Inflation Risk Assessment

CPI Inflation Risks (2021)

China-Inflation Risk Assessment (2021)



India-Inflation Risk Assessment (2021)

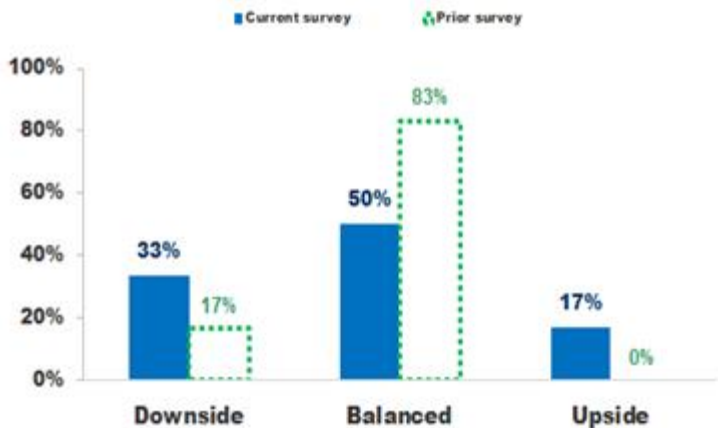


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

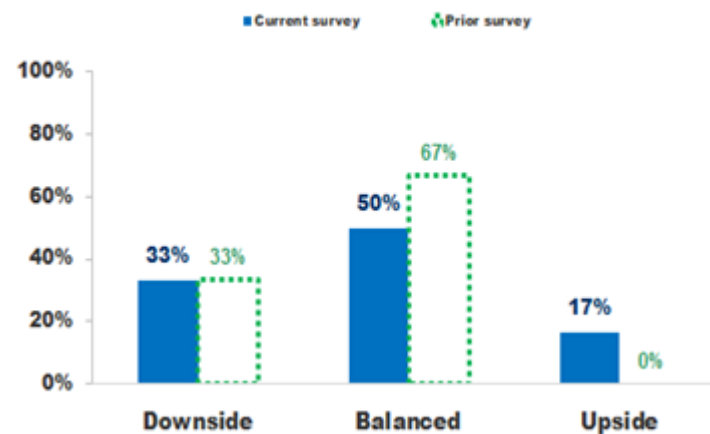
Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

CPI Inflation Risks (2021)

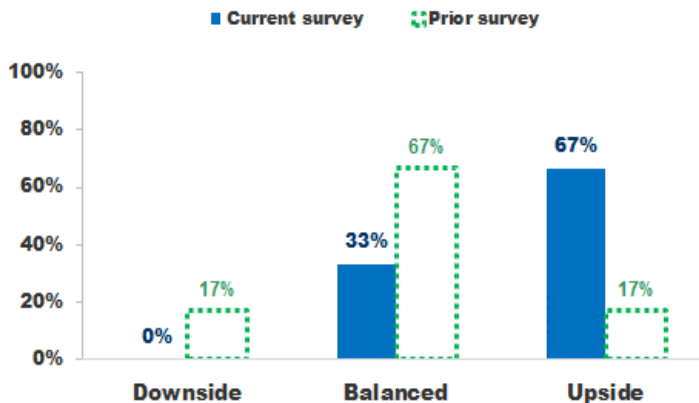
Euro Area-Inflation Risk Assessment (2021)



Japan-Inflation Risk Assessment (2021)



US-Inflation Risk Assessment (2021)

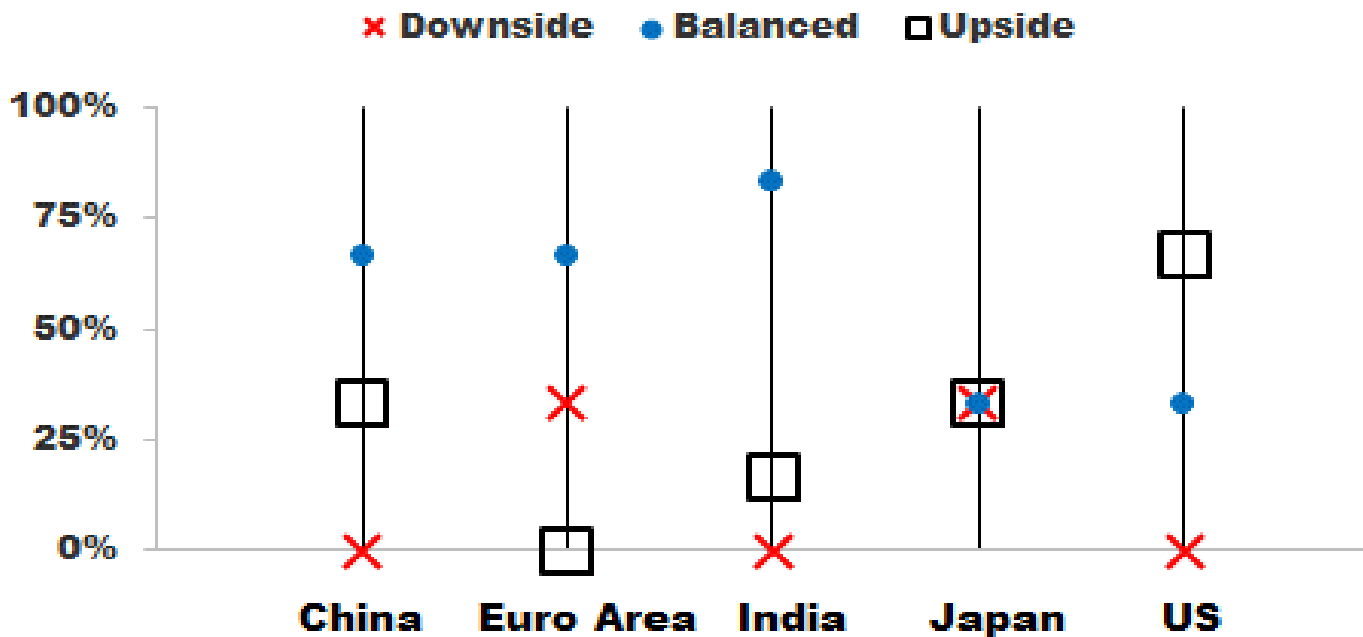


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

CPI Inflation Risks (2022)

Inflation Risk Assessment (2022)



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

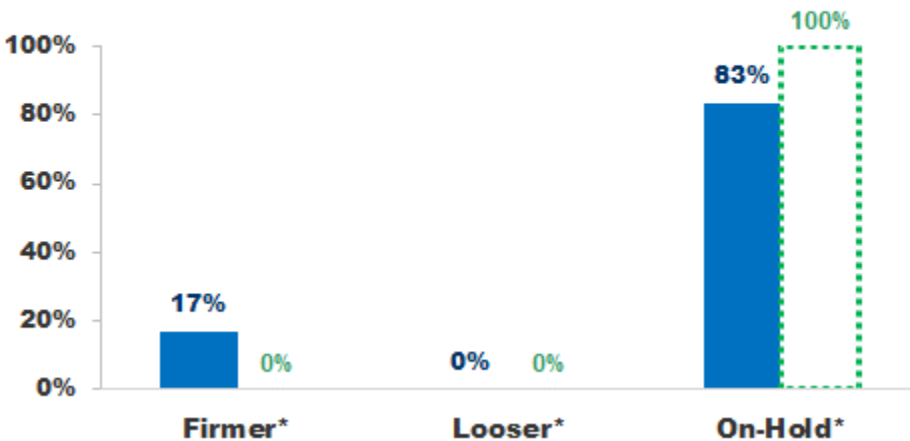
Source: SKBI Big5 Survey (Feb 2021)

Monetary Policy

Monetary Policy (2021)

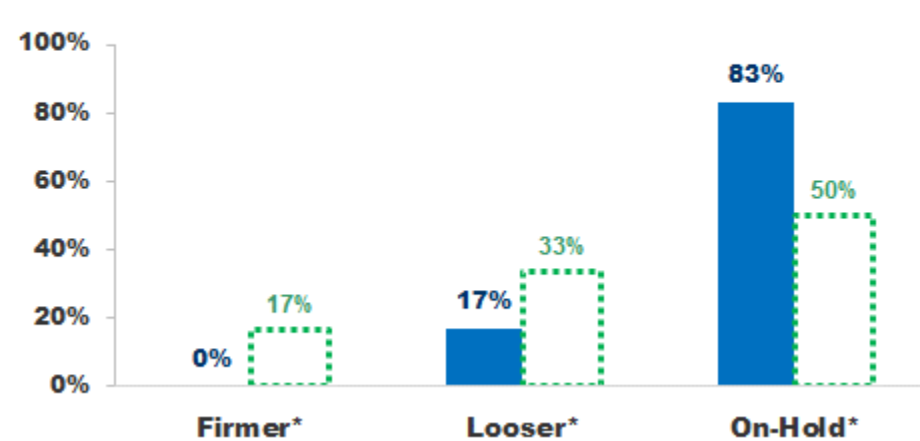
China-Monetary Policy (end-2021)

■ 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 (Aug) surveys.

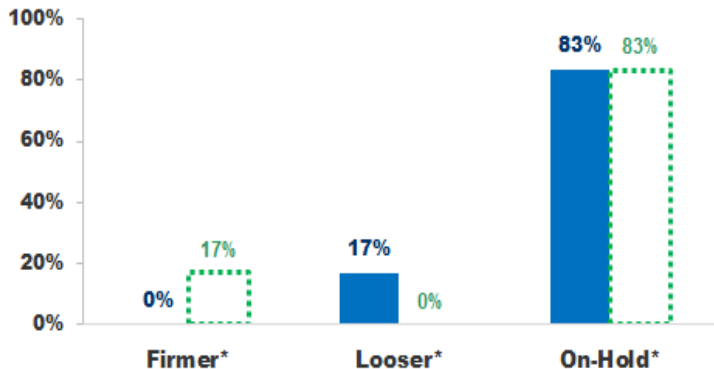
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Monetary Policy (2021)

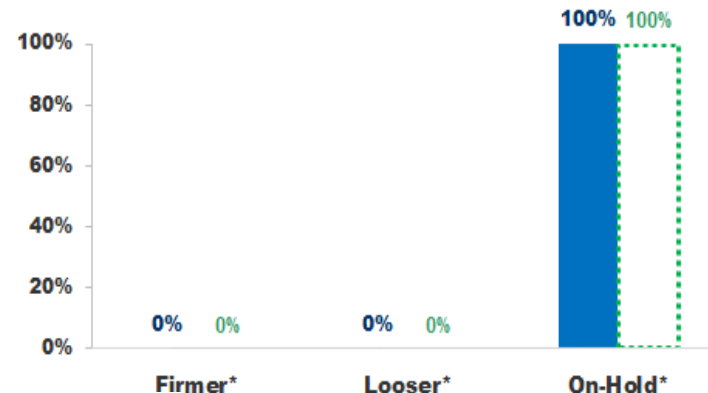
Euro Area-Monetary Policy (end-2021)

■ Current survey ▤ Prior survey



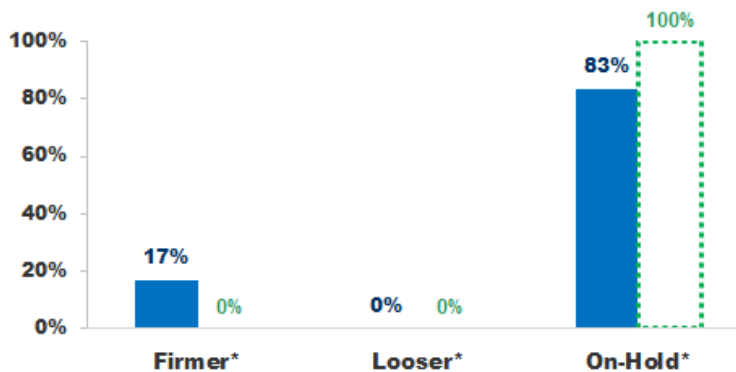
Japan-Monetary Policy (end-2021)

■ Current survey ▤ Prior survey



US-Monetary Policy (end-2021)

■ Current survey ▤ Prior survey



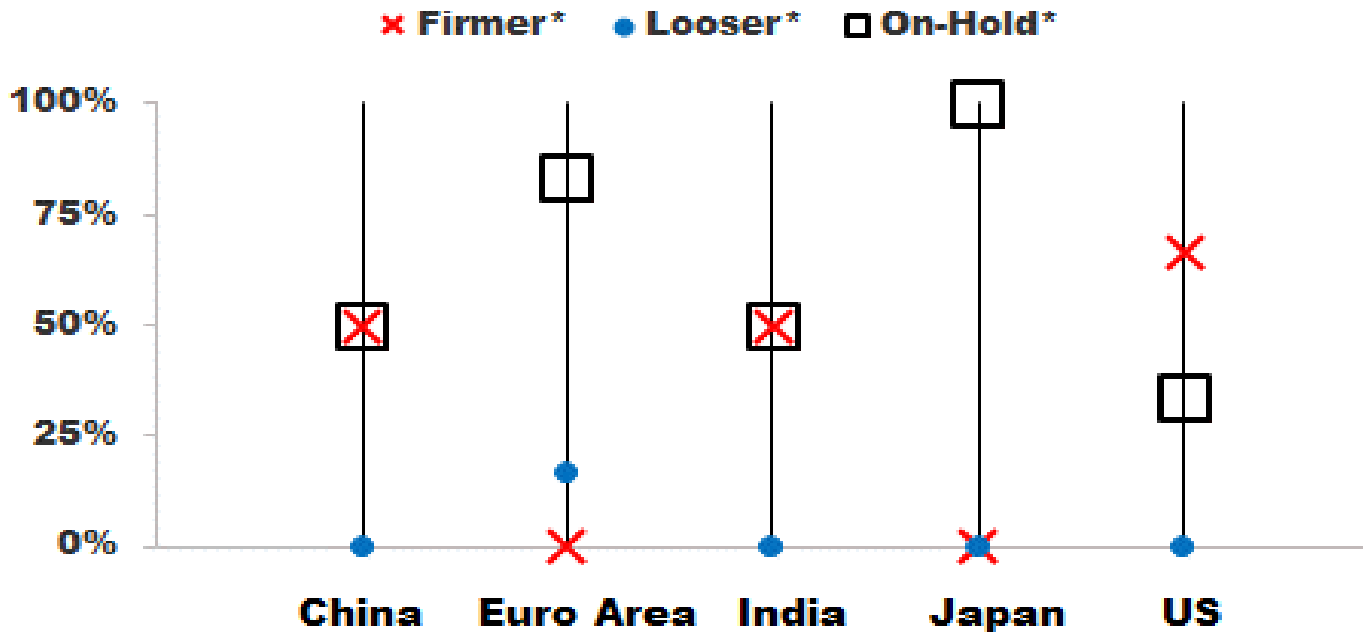
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Monetary Policy (2022)

Monetary Policy (end-2022)



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

*Relative to the prevailing policy stance

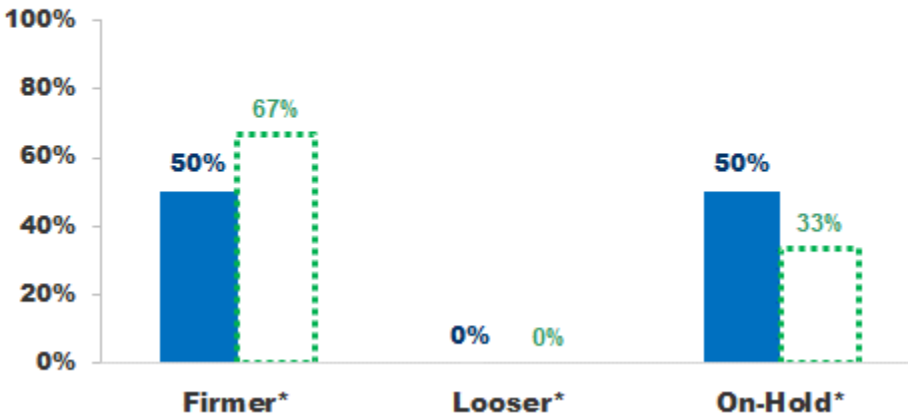
Source: SKBI Big5 Survey (Feb 2021)

Fiscal Policy

Fiscal Policy (2021)

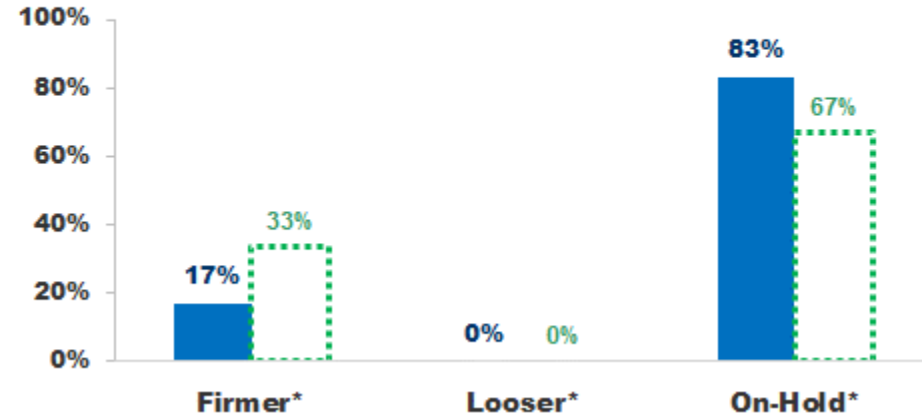
China-Fiscal Policy (end-2021)

■ 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 (Aug) surveys.

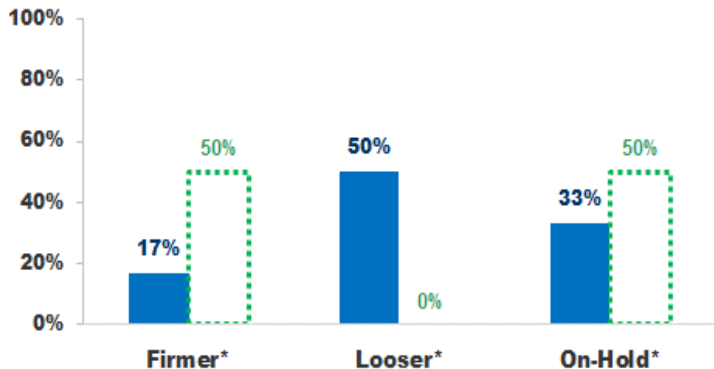
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Fiscal Policy (2021)

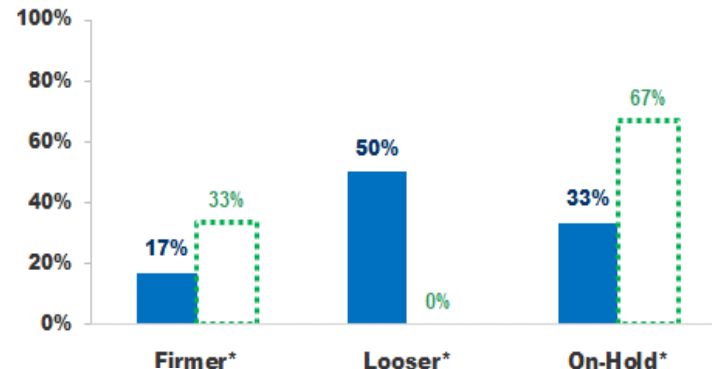
Euro Area-Fiscal Policy (end-2021)

■ Current survey □ Prior survey



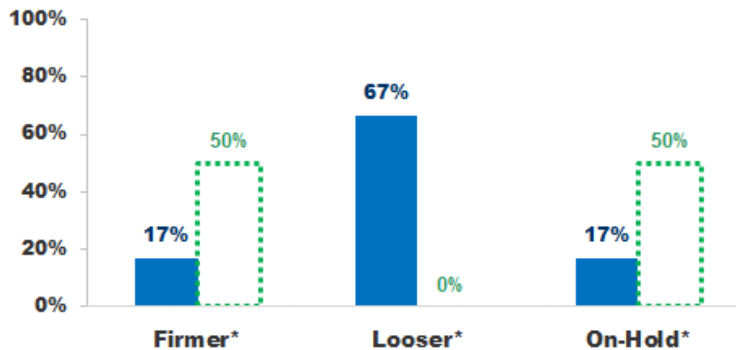
Japan-Fiscal Policy (end-2021)

■ Current survey □ Prior survey



US-Fiscal Policy (end-2021)

■ Current survey □ Prior survey



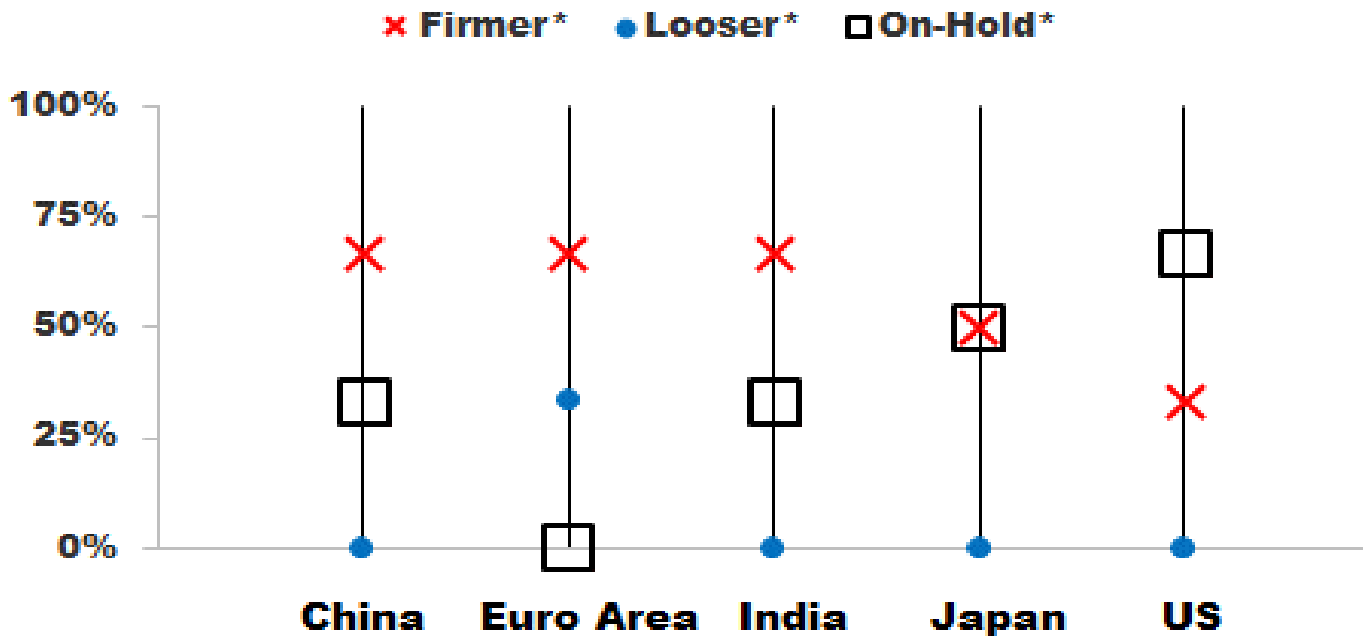
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Fiscal Policy (2022)

Fiscal Policy (end-2022)



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

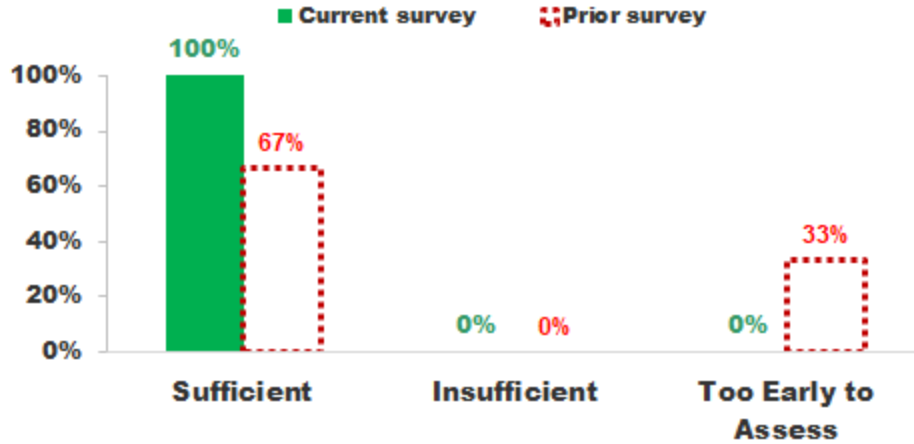
*Relative to the prevailing policy stance

Source: SKBI Big5 Survey (Feb 2021)

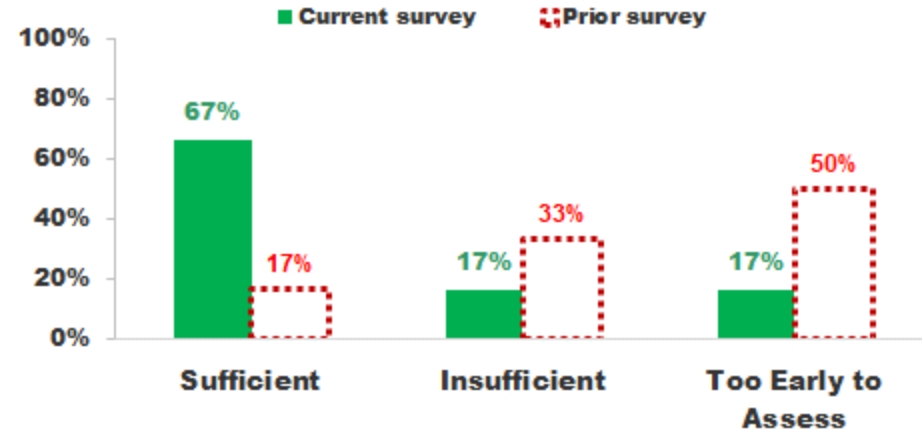
Special Questions

Current Monetary Response

China: The monetary policy response at this time is...



India: The monetary policy response at this time is...

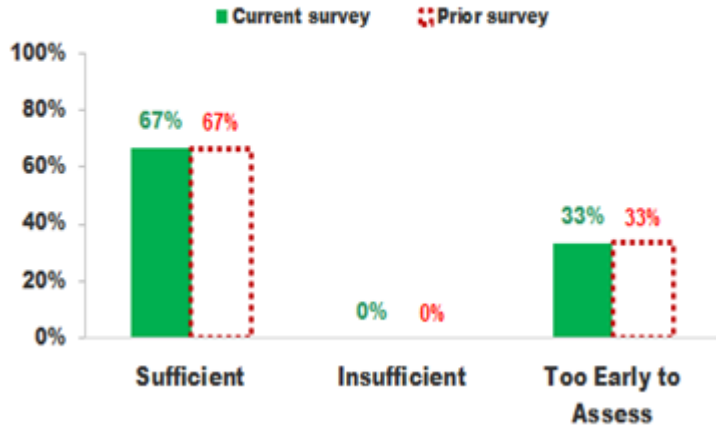


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

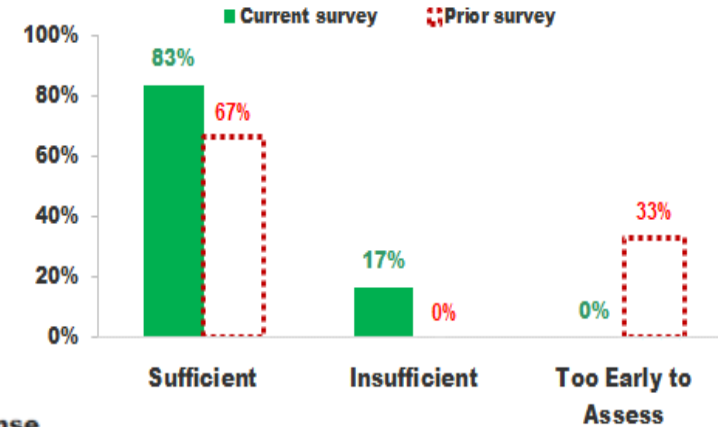
Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Current Monetary Response

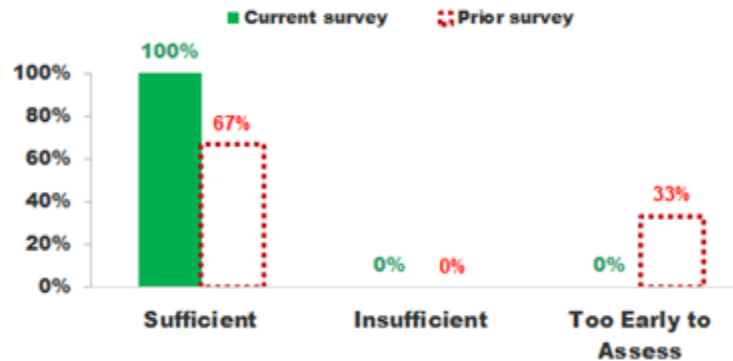
Euro Area: The monetary policy response at this time is...



Japan: The monetary policy response at this time is...



US: The monetary policy response at this time is...



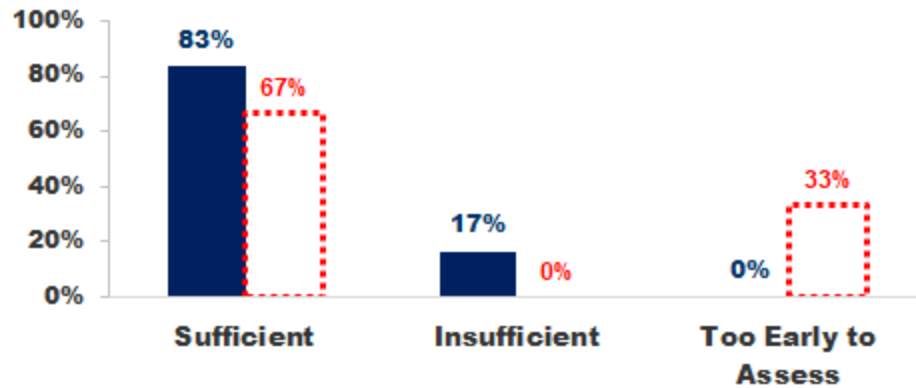
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Current Fiscal Response

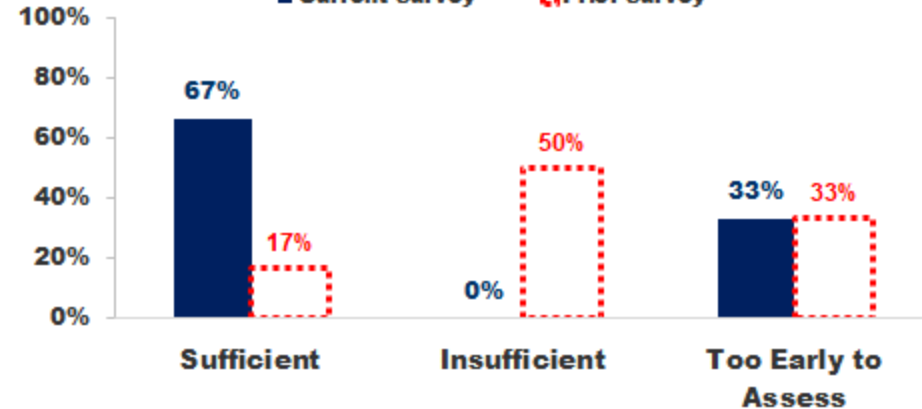
China: The fiscal policy response at this time is...

■ Current survey ❑ Prior survey



India: The fiscal policy response at this time is...

■ Current survey ❑ Prior survey

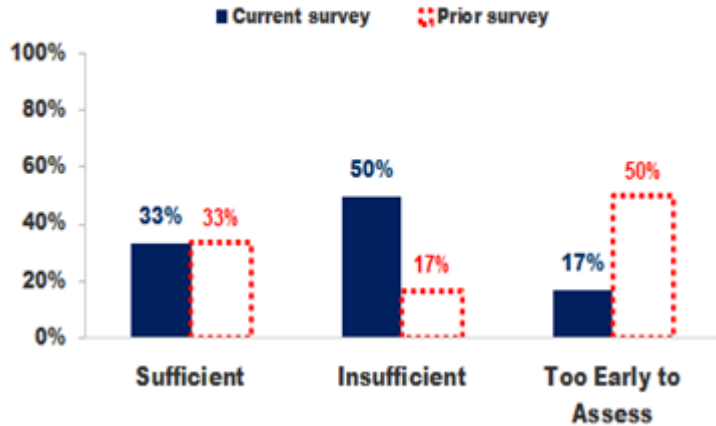


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

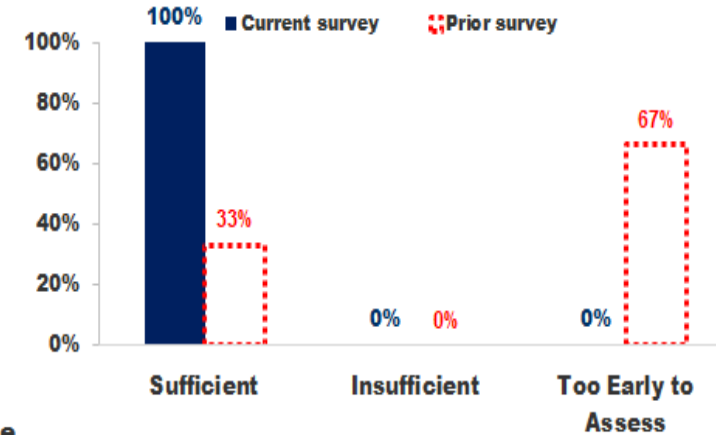
Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Current Fiscal Response

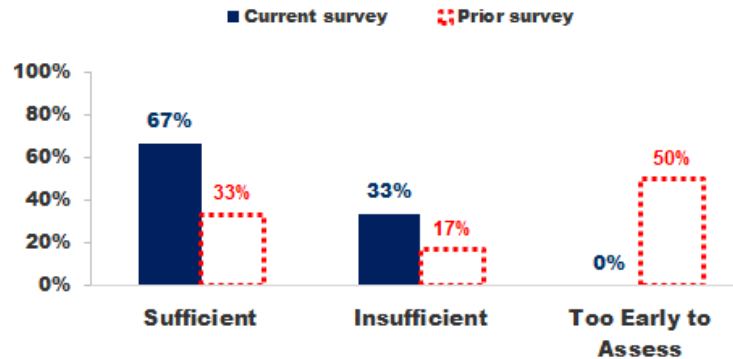
Euro Area: The fiscal policy response at this time is...



Japan: The fiscal policy response at this time is...



US: The fiscal policy response at this time is...



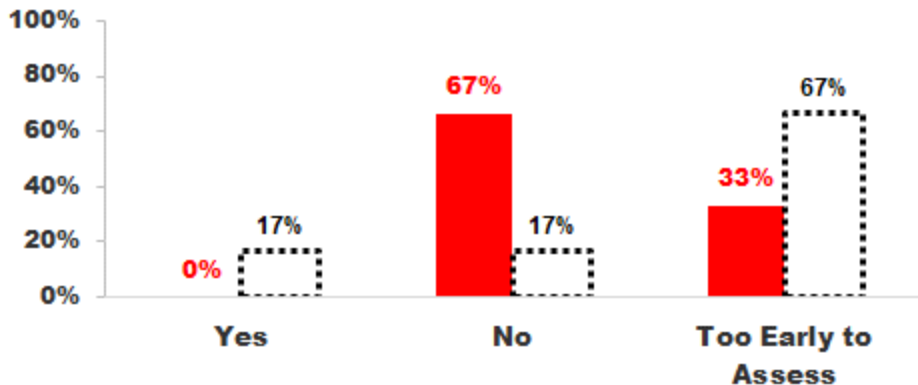
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

COVID-19 & Reduction in Trend Growth?

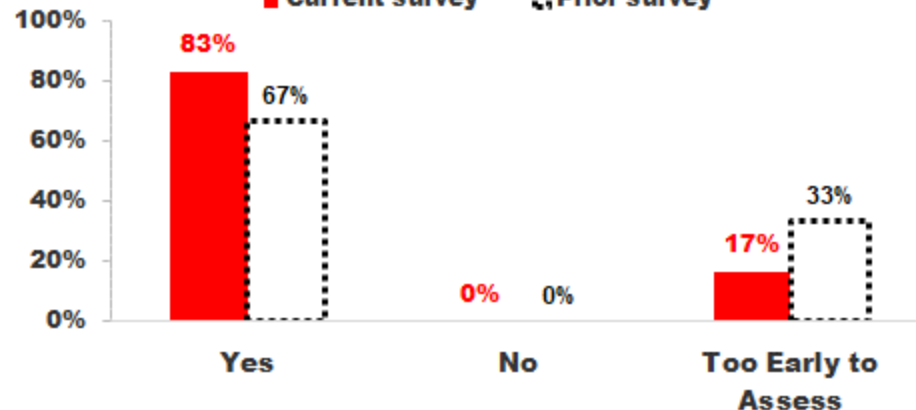
Is COVID-19 likely to reduce the GDP growth trend of China?

■ Current survey ▨ Prior survey



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

■ Current survey ▨ Prior survey



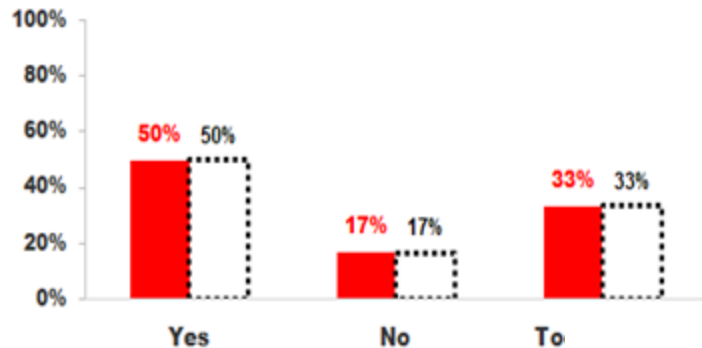
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

COVID-19 & Reduction in Trend Growth?

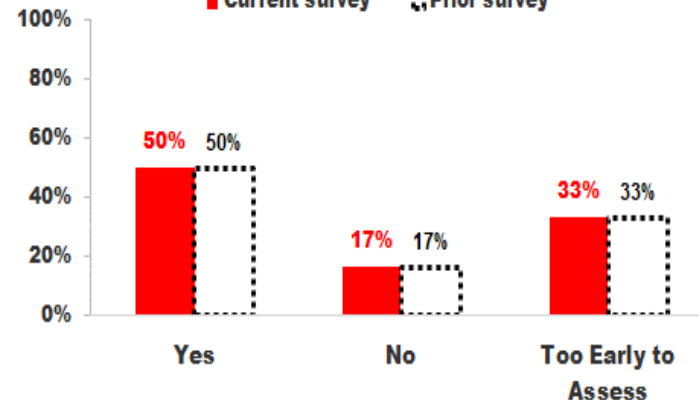
Is COVID-19 likely to reduce the GDP growth trend of Euro Area?

■ Current survey ▨ Prior survey



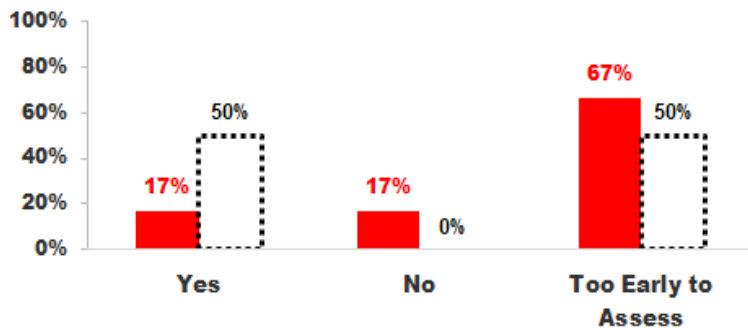
Is COVID-19 likely to reduce the GDP growth trend of Japan?

■ Current survey ▨ Prior survey



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

■ Current survey ▨ Prior survey

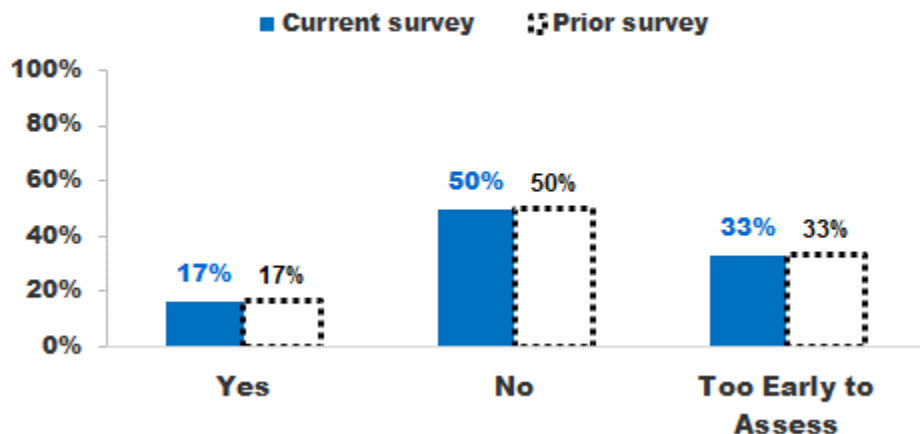


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

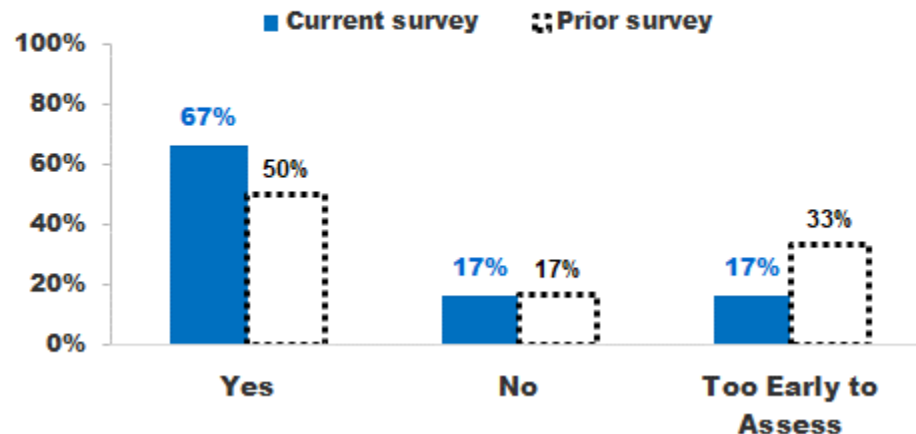
Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Fiscal Debt & Future Growth Prospects?

Is higher fiscal debt* likely to be a drag on future GDP growth of China?



Is higher fiscal debt* likely to be a drag on future GDP growth of India?



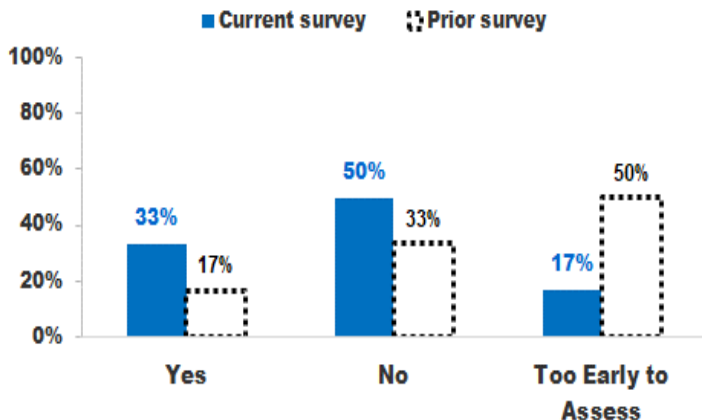
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.

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

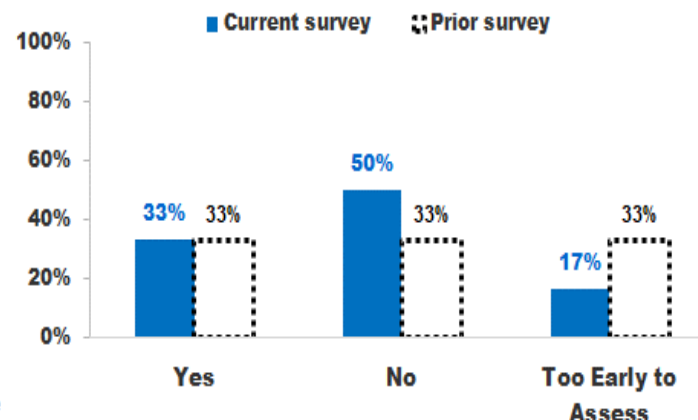
Source: SKBI Big5 Survey (Feb 2021 and Aug 2020)

Fiscal Debt & Future Growth Prospects?

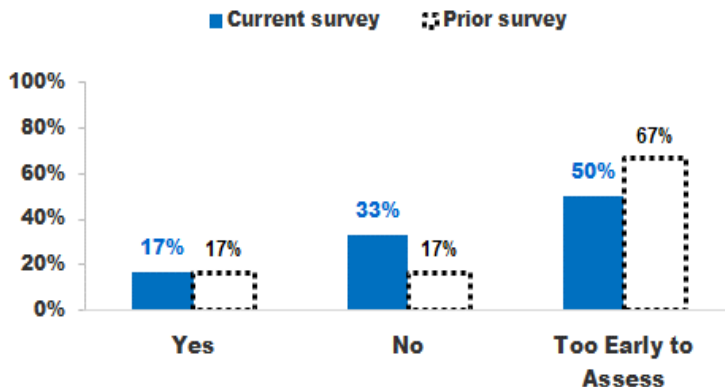
Is higher fiscal debt* likely to be a drag on future GDP growth of Euro Area?



Is higher fiscal debt* likely to be a drag on future GDP growth of Japan?



Is higher fiscal debt* likely to be a drag on future GDP growth of US?



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

***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 (Feb 2021 and 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 February 2021.

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

List of Participants (February 2021 survey):

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