

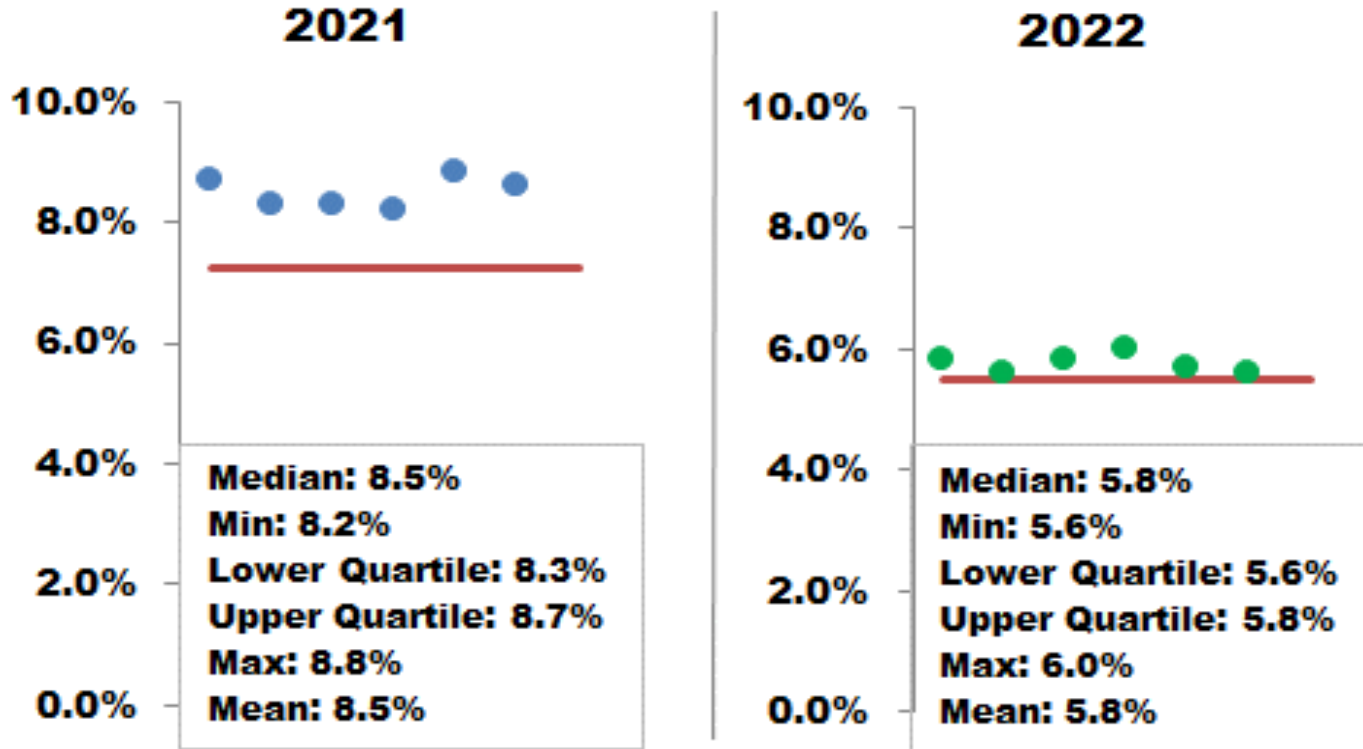
The Sim Kee Boon Institute for Financial Economics (SKBI) Big5 Survey

Takeaways (August 2021 Survey)

- ❖ The latest survey results convey an upshift in growth projections of the five largest economies in aggregate accompanied by higher inflation, especially this year and to a lesser extent next year.
- ❖ The aggregate “Big5” median real GDP growth projections for 2021 and 2022 were raised to 6.7% (up in US, CN and EA but down in IN and JP) and 4.9% (all except US), respectively. The overall “Big5” median CPI inflation forecasts were nudged up to 2.6% (higher in US, IN and EA but lower in CN) and 2.4% (in US, IN and EA some), respectively, for this year and next.
- ❖ While monetary policy seems mostly sufficient and on-hold in 2021, survey participants slant toward more easing from the PBoC. In 2022-23, however, the inclination is for the Fed and RBI to embark on firmer policy. On fiscal policy, the current response also appears to be sufficient with increasing likelihood of staying on-hold in the future (but prospectively firmer in 2023 for the US).
- ❖ The combination of upward revisions and downside risk assessments to growth in 2021, at least for some economies, could imply above average uncertainty in the forecasts. Conversely, the higher inflation projections coupled with upside risk assessments in select economies this year bear watching. But the generally balanced risk assessments to growth and inflation in 2022-2023 along with the varied downside risks (as below) imply a more equivocal outlook beyond this year.
- ❖ Participants view the possibility of COVID-19 escalation, unanchored inflation expectations (sustaining upward inflation) and geopolitical surprises as the three main downside risk factors potentially encircling the collective outlook of the “Big5” economies over the next 12-24 months.

GDP Growth

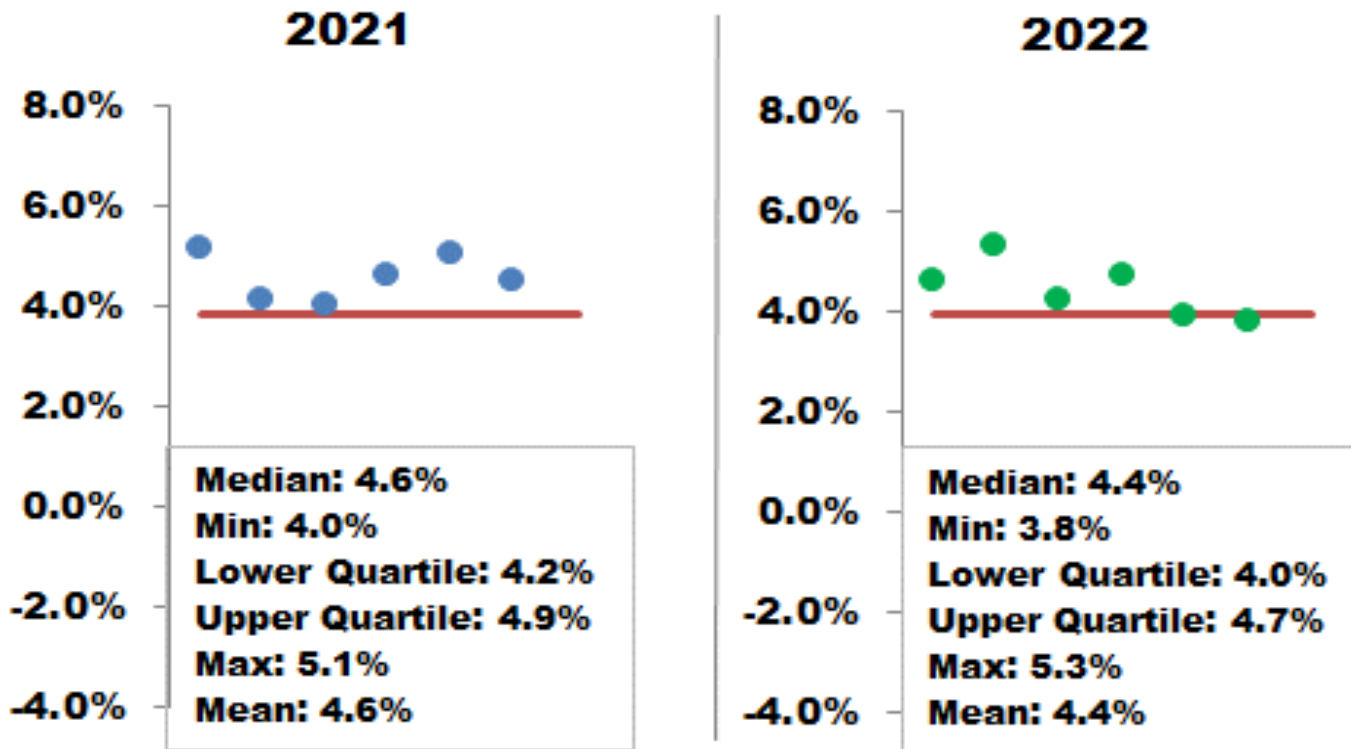
China-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 and 2022 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2021)

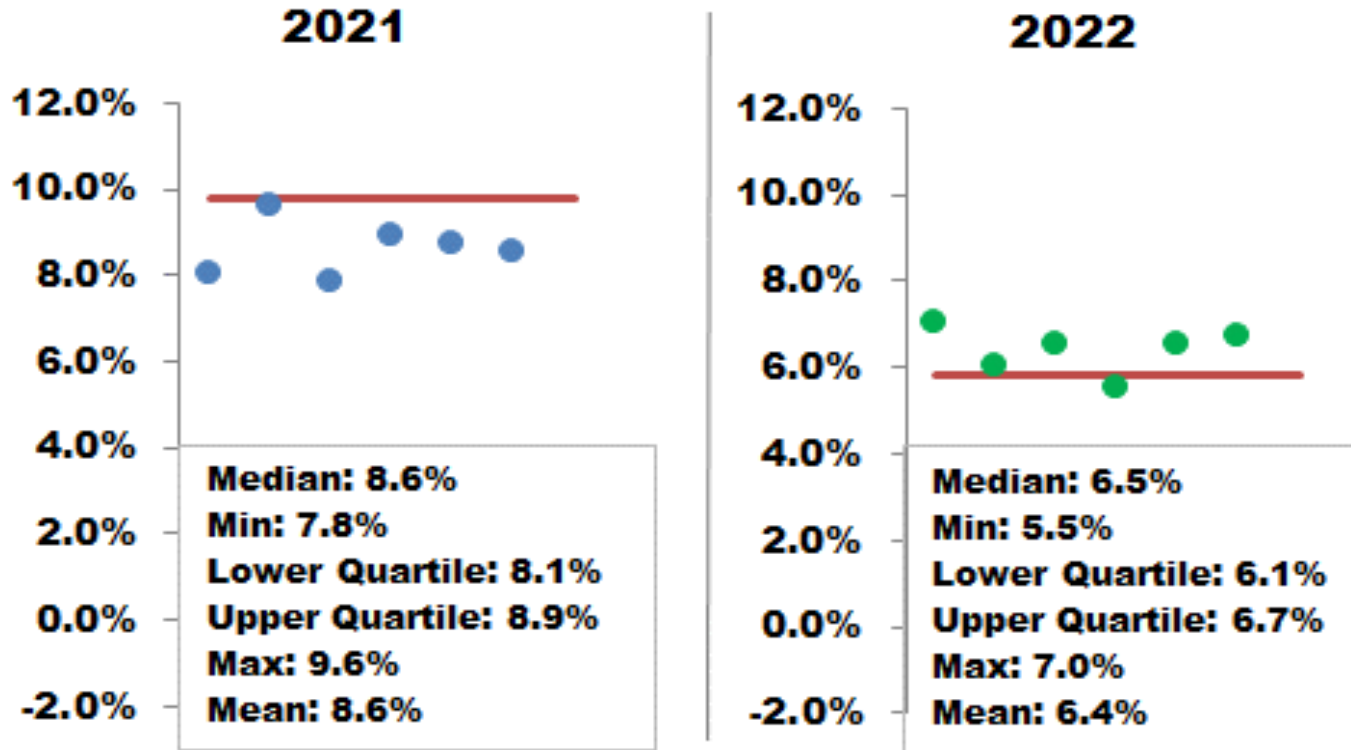
Euro Area-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 and 2022 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2021)

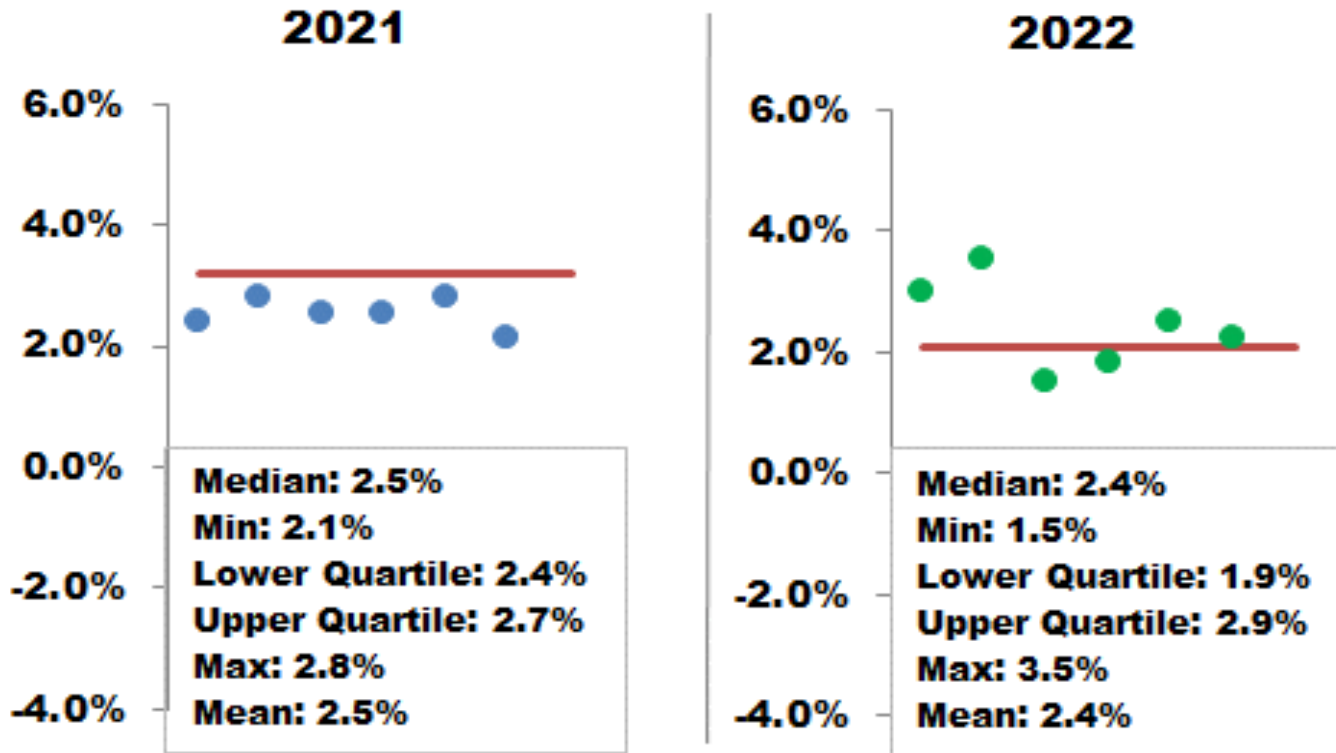
India-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 and 2022 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2021)

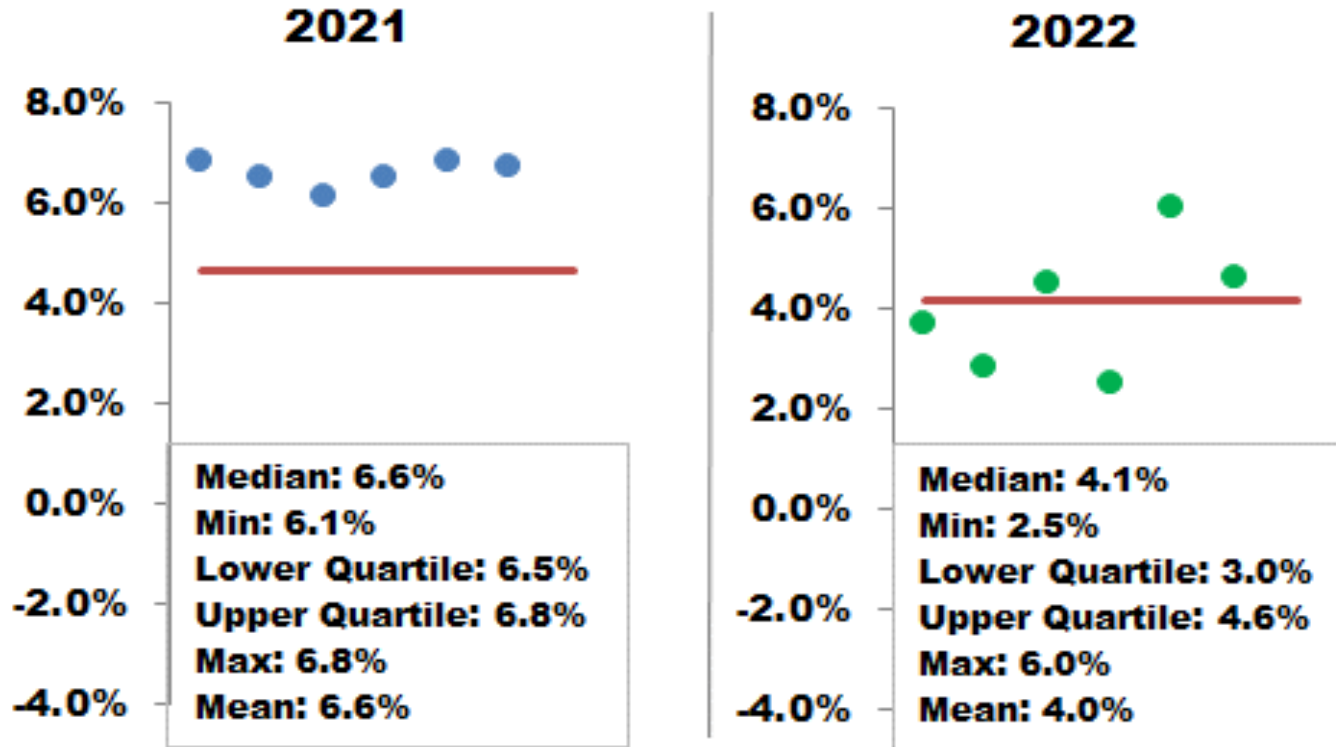
Japan-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 and 2022 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2021)

US-Real GDP Growth



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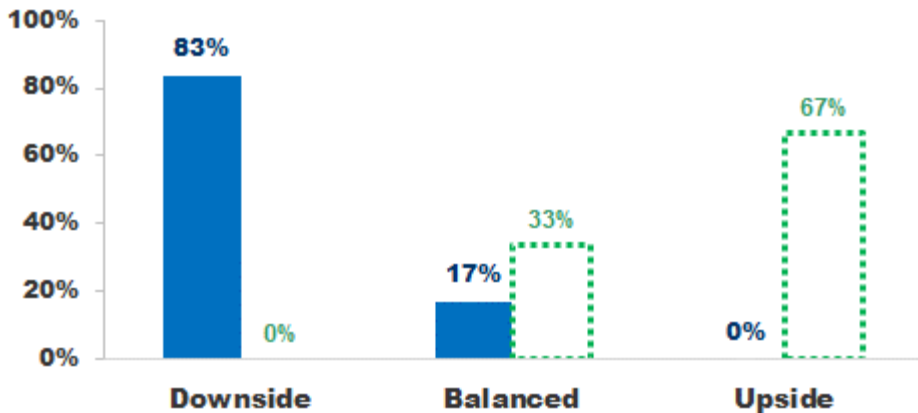
Source: SKBI Big5 Survey (Aug and Feb 2021)

GDP Growth Risk Assessment

Real GDP Growth Risks (2021)

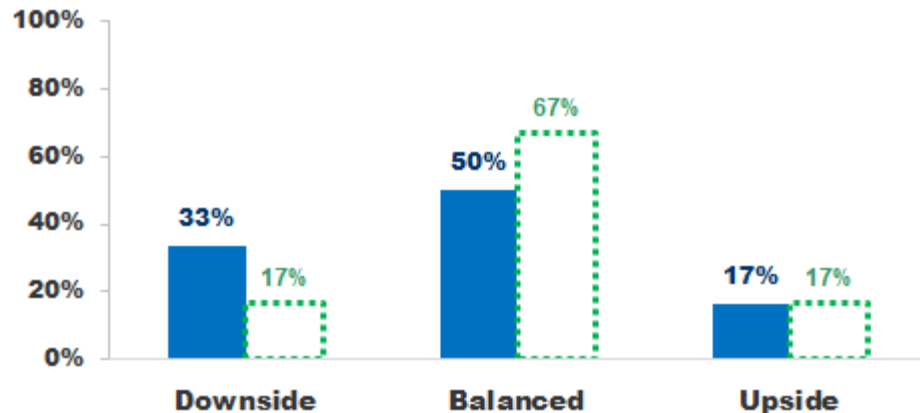
China-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



India-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



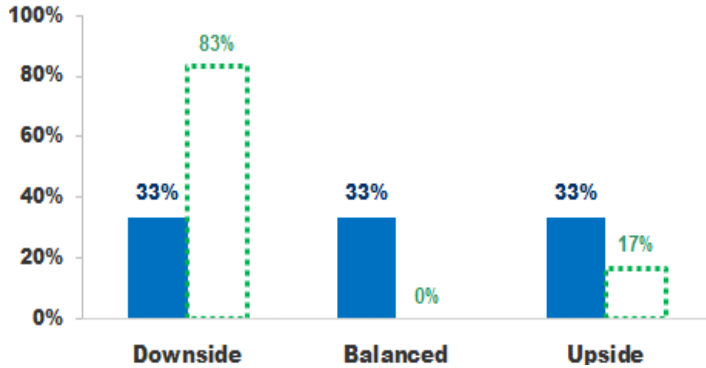
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Real GDP Growth Risks (2021)

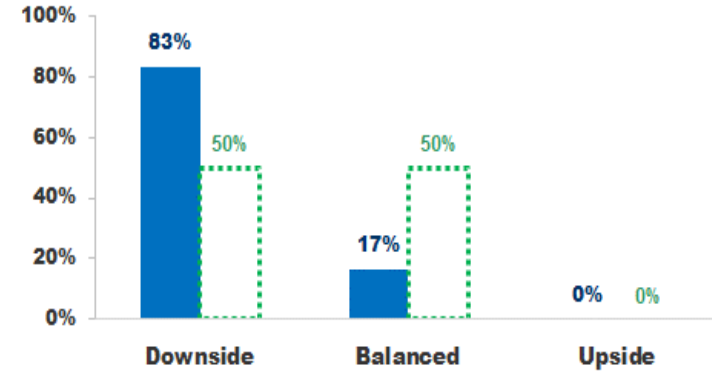
Euro Area-Growth Risk Assessment (2021)

■ Current survey ▨ Prior survey



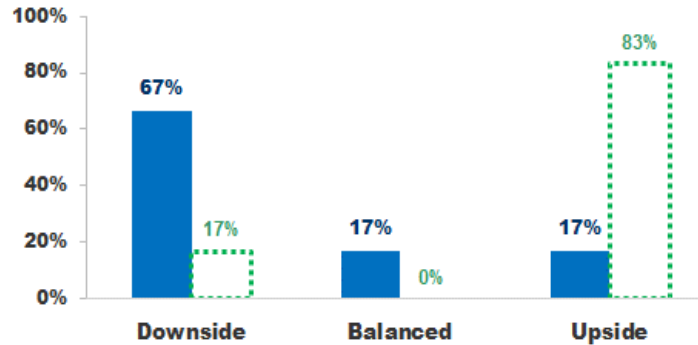
Japan-Growth Risk Assessment (2021)

■ Current survey ▨ Prior survey



US-Growth Risk Assessment (2021)

■ Current survey ▨ Prior survey



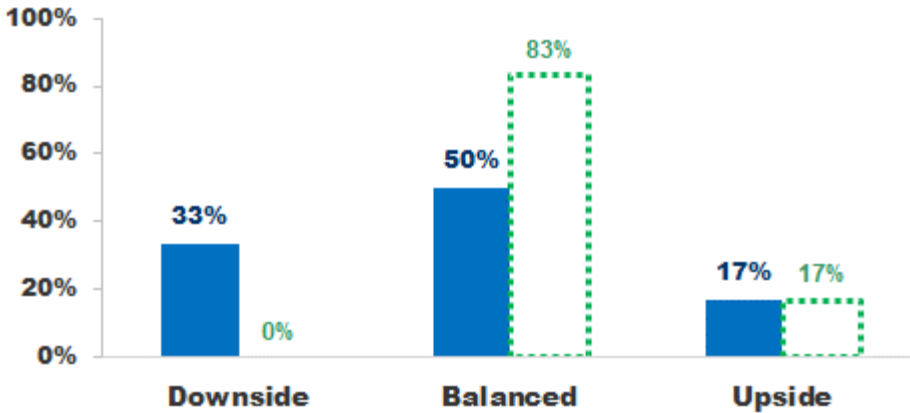
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Source: SKBI Big5 Survey (Aug and Feb 2021)

Real GDP Growth Risks (2022)

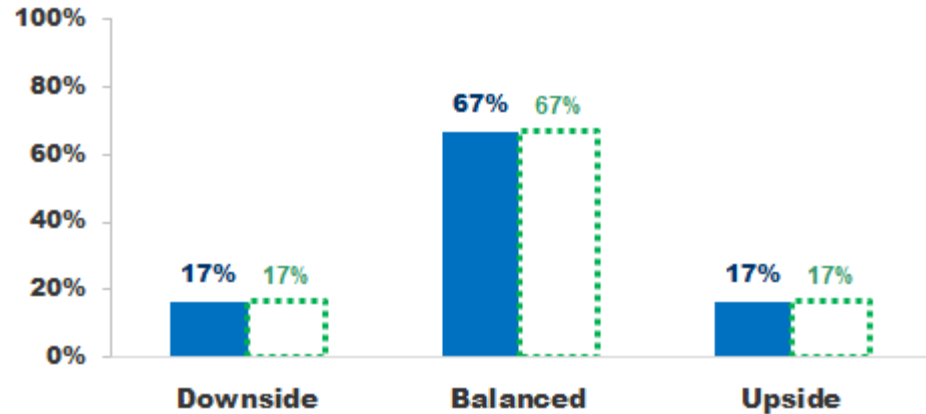
China-Growth Risk Assessment (2022)

■ Current survey ▤ Prior survey



India-Growth Risk Assessment (2022)

■ Current survey ▤ Prior survey



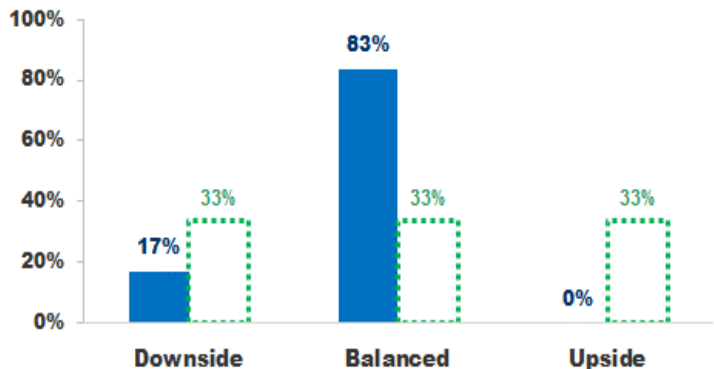
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

Source: SKBI Big5 Survey (Aug and Feb 2021)

Real GDP Growth Risks (2022)

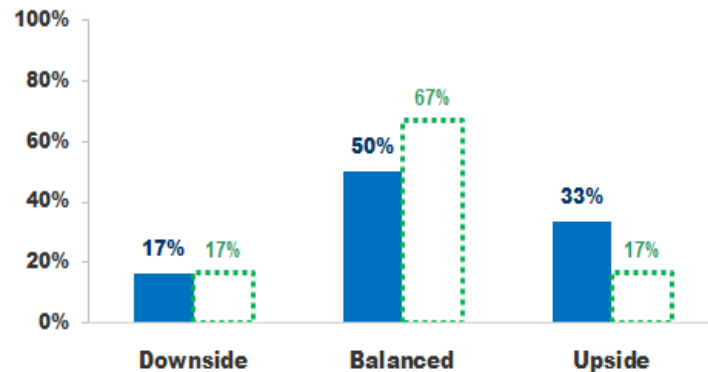
Euro Area-Growth Risk Assessment (2022)

■ Current survey □ Prior survey



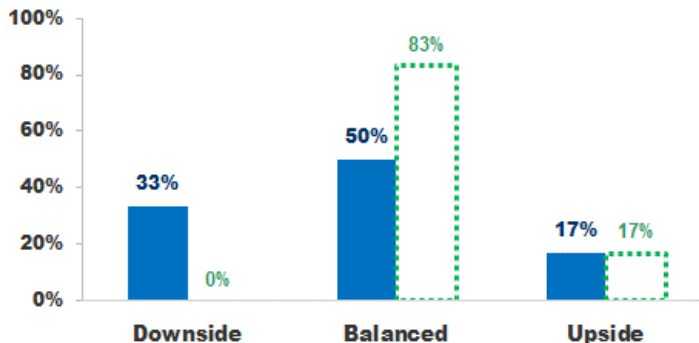
Japan-Growth Risk Assessment (2022)

■ Current survey □ Prior survey



US-Growth Risk Assessment (2022)

■ Current survey □ Prior survey

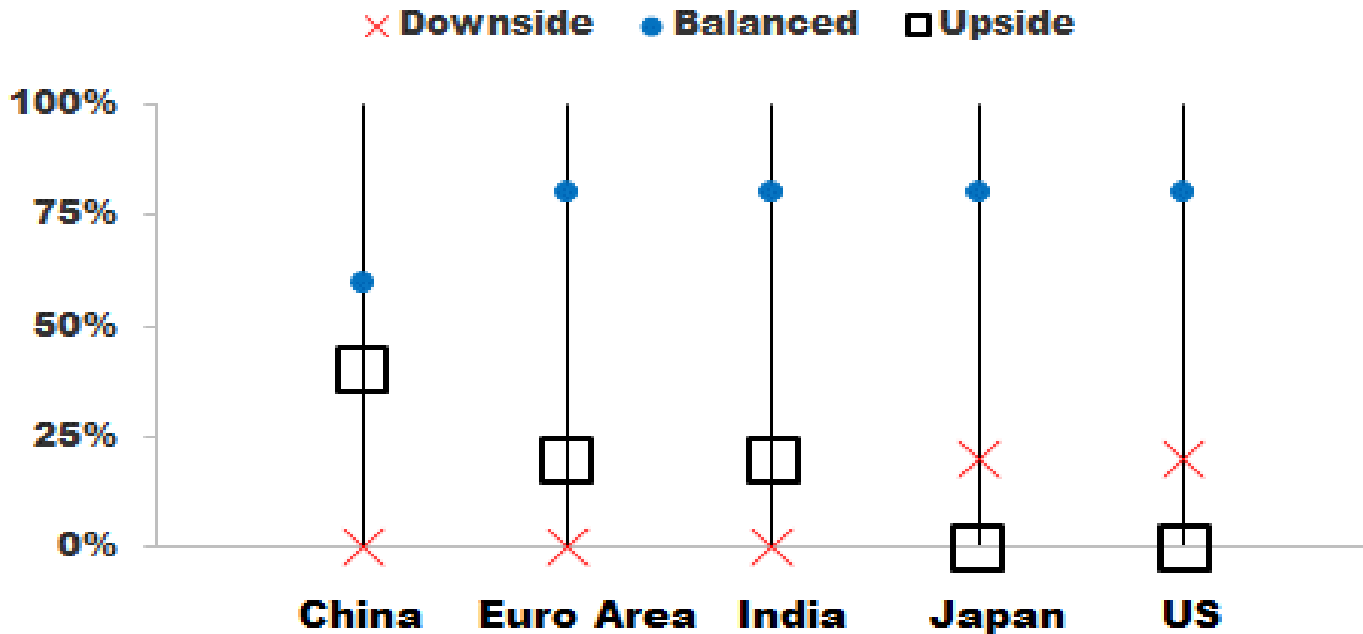


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

Source: SKBI Big5 Survey (Aug and Feb 2021)

Real GDP Growth Risks (2023)

Growth Risk Assessment (2023)



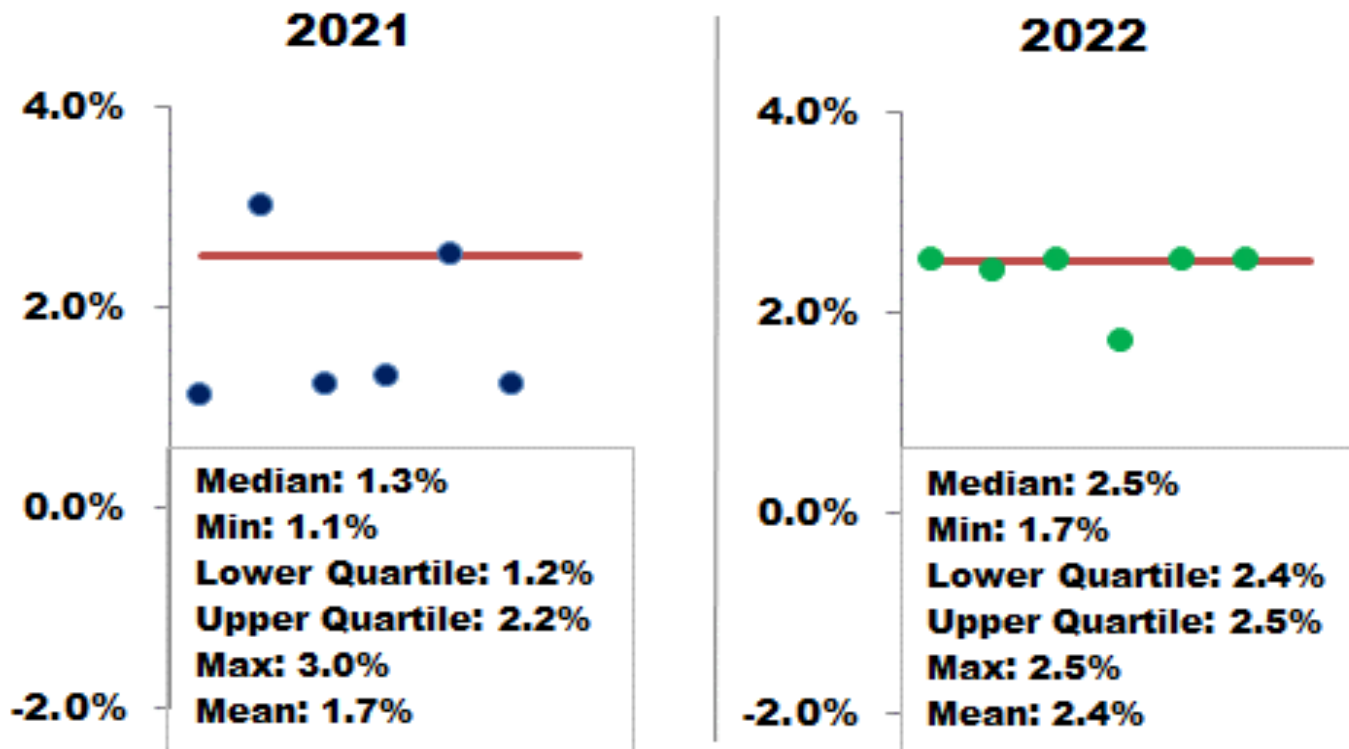
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey.

Source: SKBI Big5 Survey (Aug 2021)

CPI

Inflation

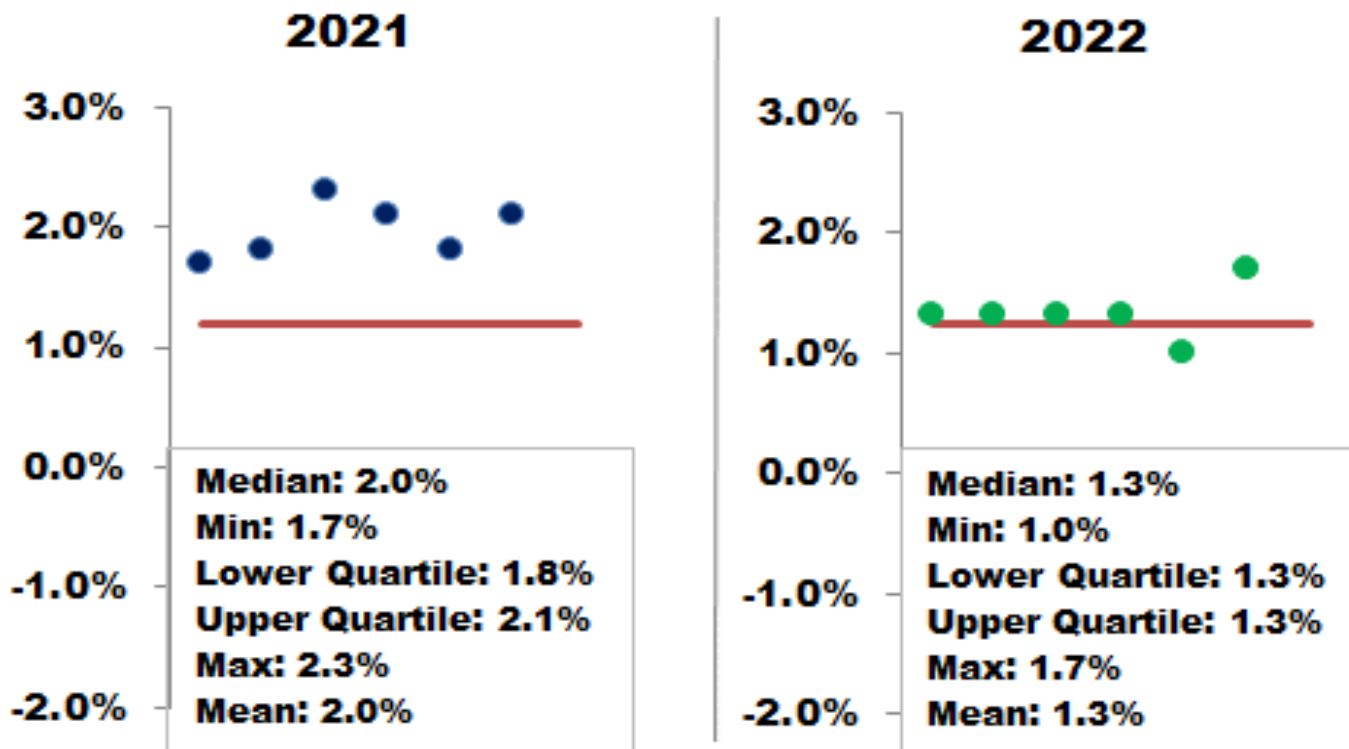
China-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 and 2022 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2021)

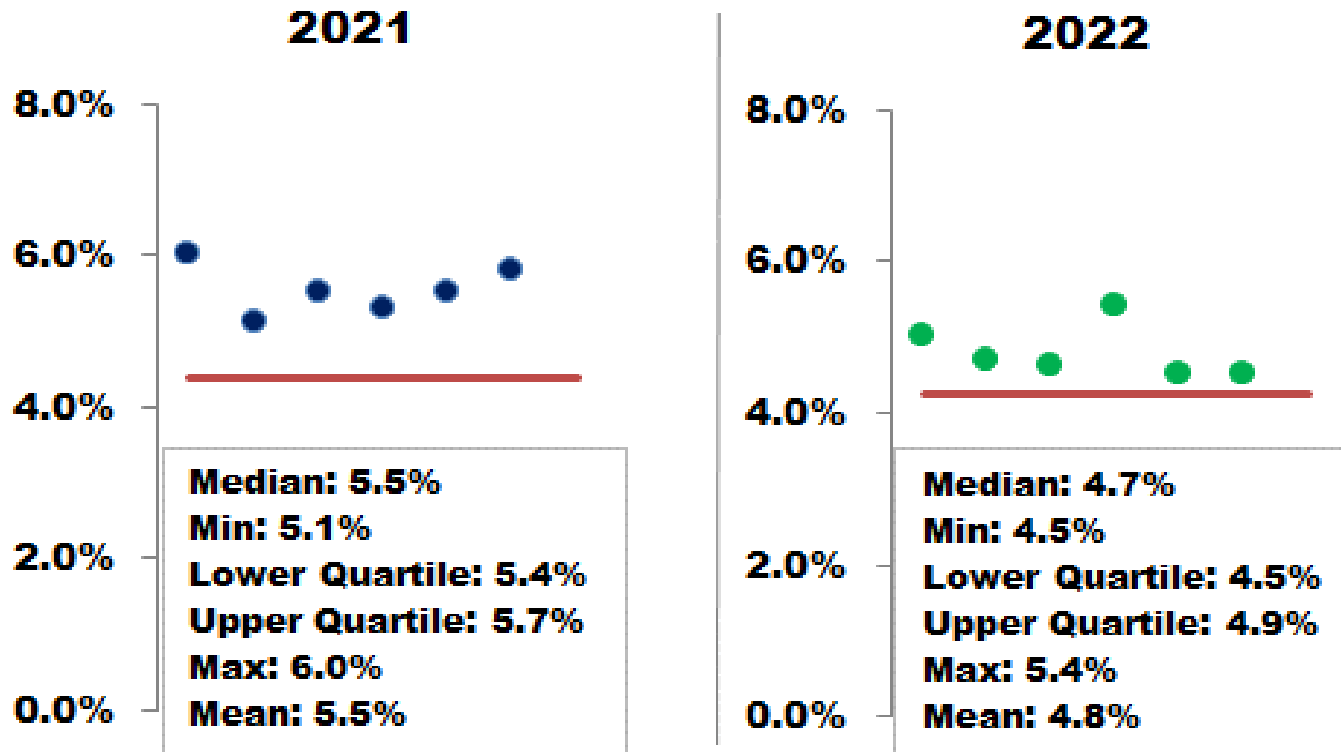
Euro Area-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 and 2022 depicts the median result from the prior (Feb) survey.

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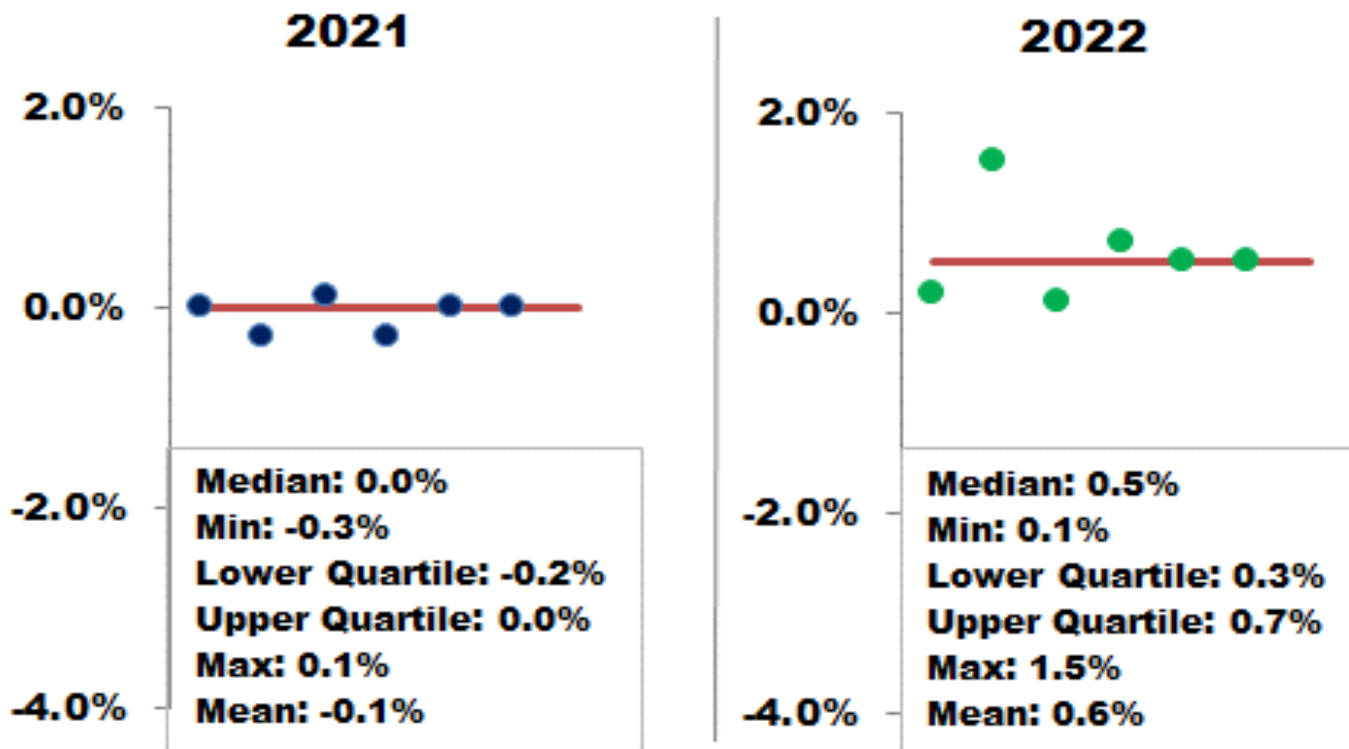
India-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 and 2022 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2021)

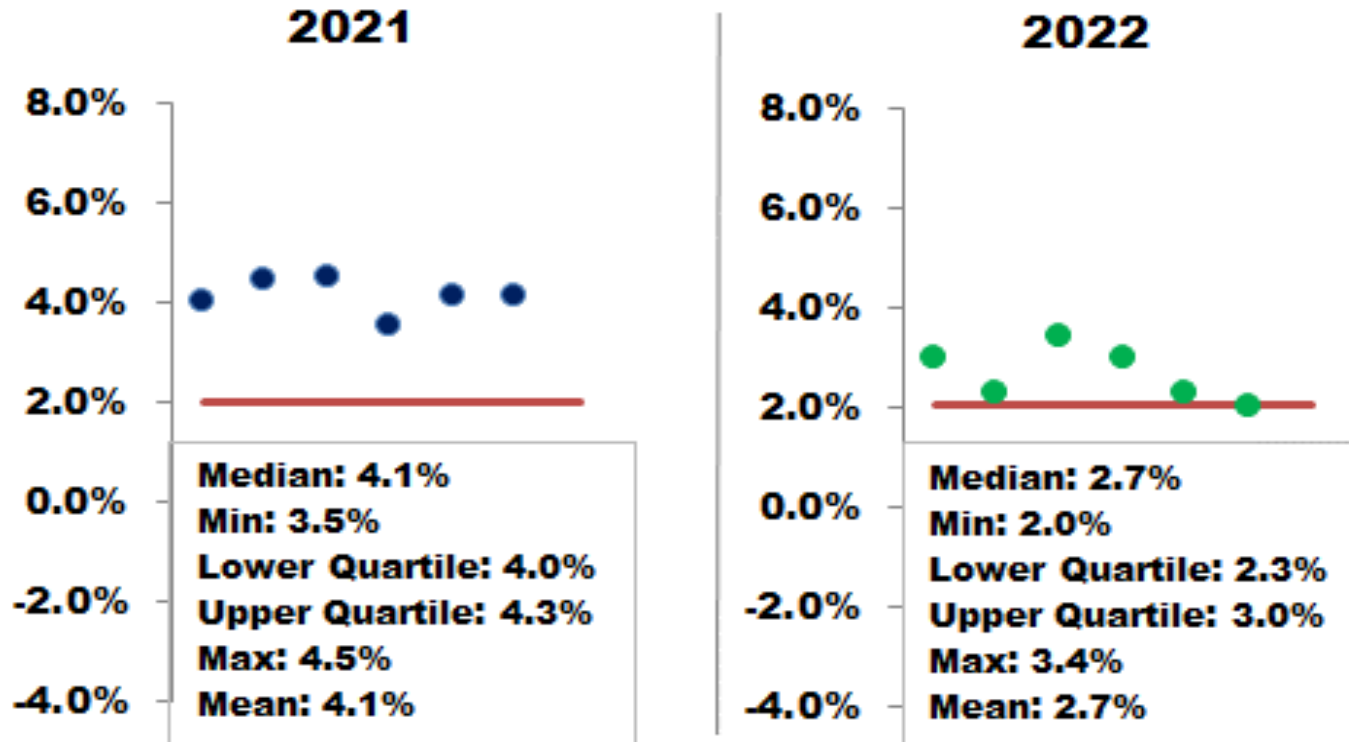
Japan-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 and 2022 depicts the median result from the prior (Feb) survey.

Source: SKBI Big5 Survey (Aug and Feb 2021)

US-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2021 and 2022 depicts the median result from the prior (Feb) survey.

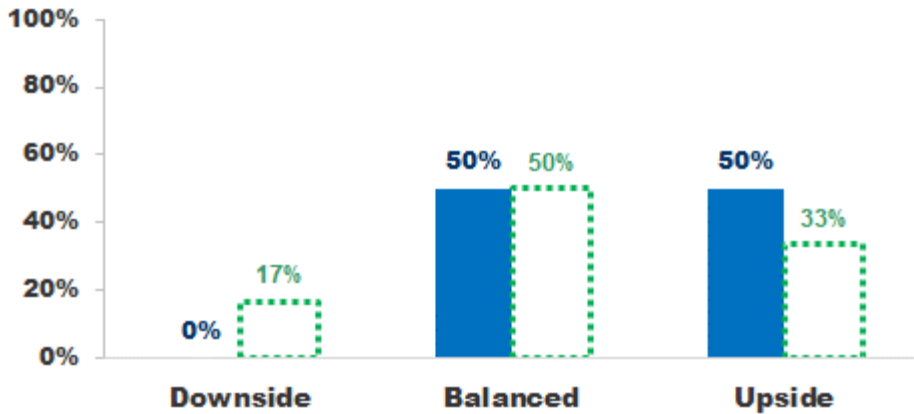
Source: SKBI Big5 Survey (Aug and Feb 2021)

Inflation Risk Assessment

CPI Inflation Risks (2021)

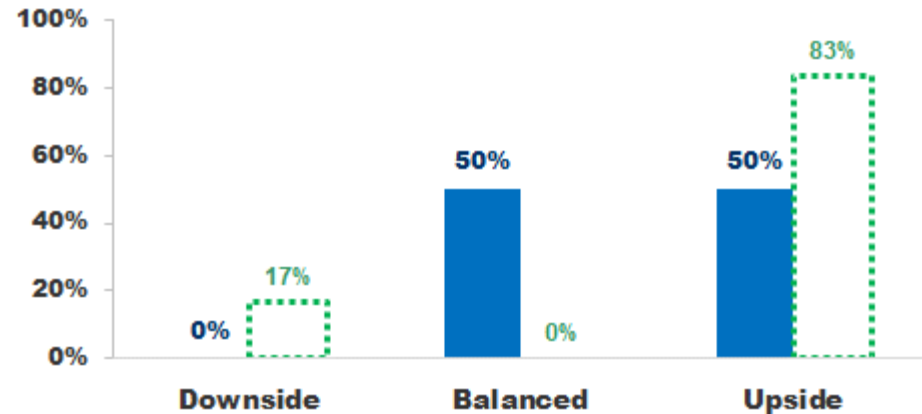
China-Inflation Risk Assessment (2021)

■ Current survey ▨ Prior survey



India-Inflation Risk Assessment (2021)

■ Current survey ▨ Prior survey



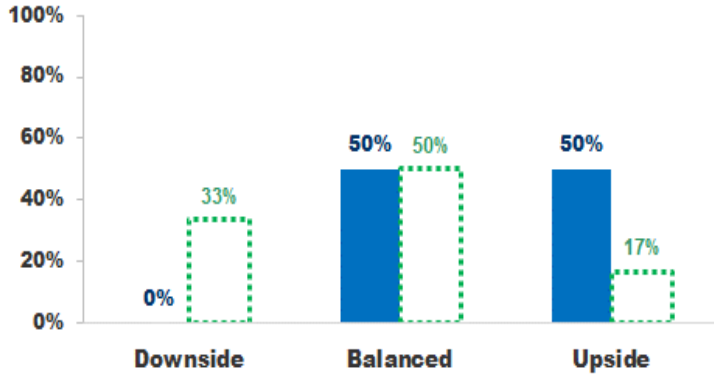
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CPI Inflation Risks (2021)

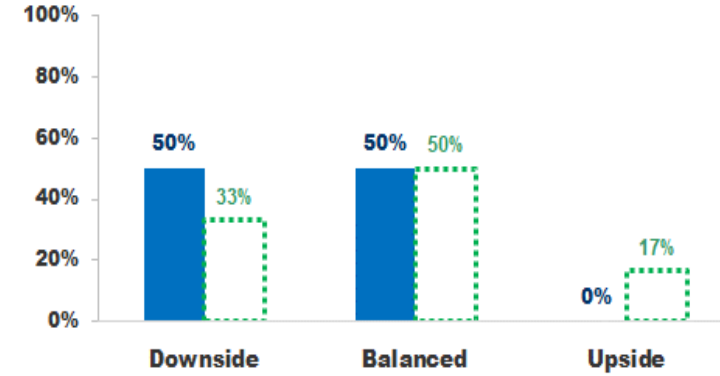
Euro Area-Inflation Risk Assessment (2021)

■ Current survey ▤ Prior survey



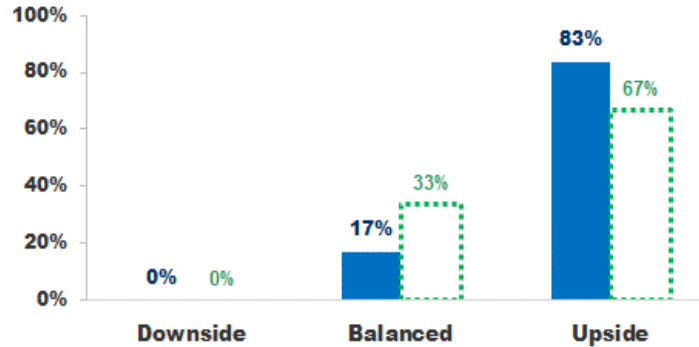
Japan-Inflation Risk Assessment (2021)

■ Current survey ▤ Prior survey



US-Inflation Risk Assessment (2021)

■ Current survey ▤ Prior survey



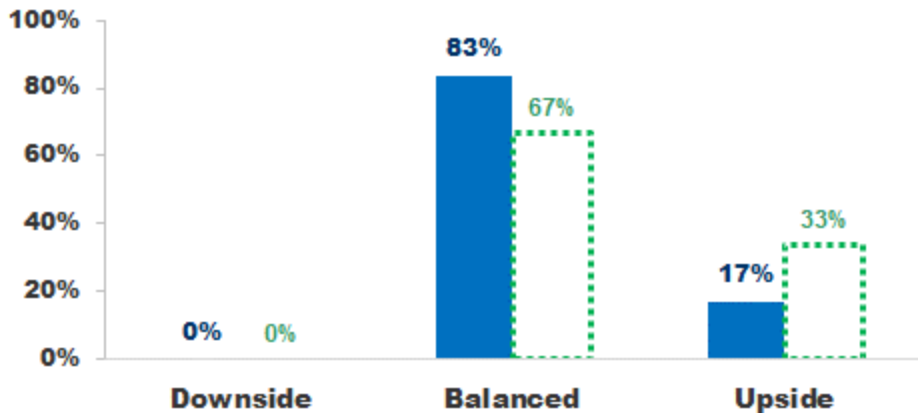
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CPI Inflation Risks (2022)

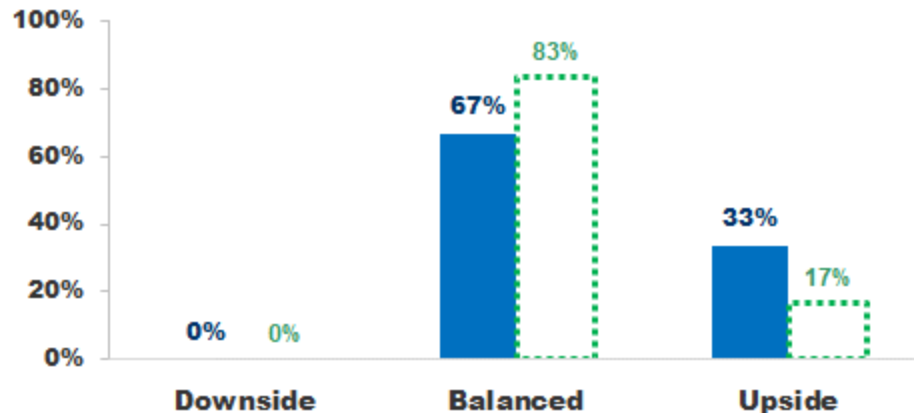
China-Inflation Risk Assessment (2022)

■ Current survey ▤ Prior survey



India-Inflation Risk Assessment (2022)

■ Current survey ▤ Prior survey



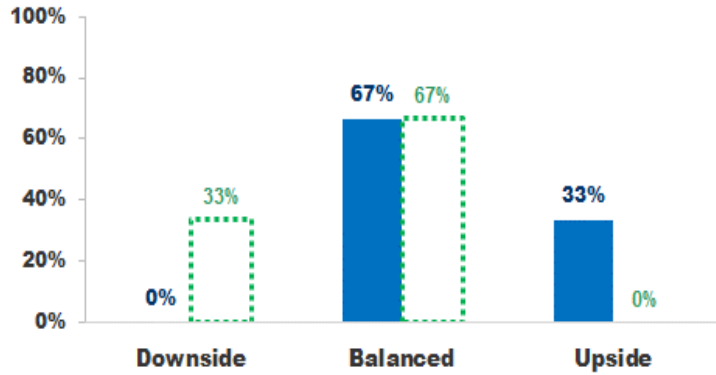
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CPI Inflation Risks (2022)

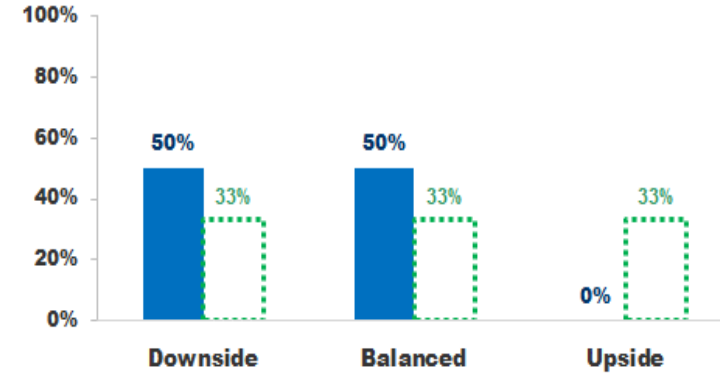
Euro Area-Inflation Risk Assessment (2022)

■ Current survey ▤ Prior survey



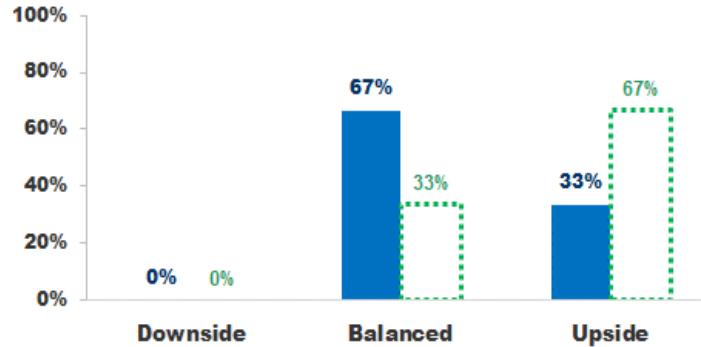
Japan-Inflation Risk Assessment (2022)

■ Current survey ▤ Prior survey



US-Inflation Risk Assessment (2022)

■ Current survey ▤ Prior survey

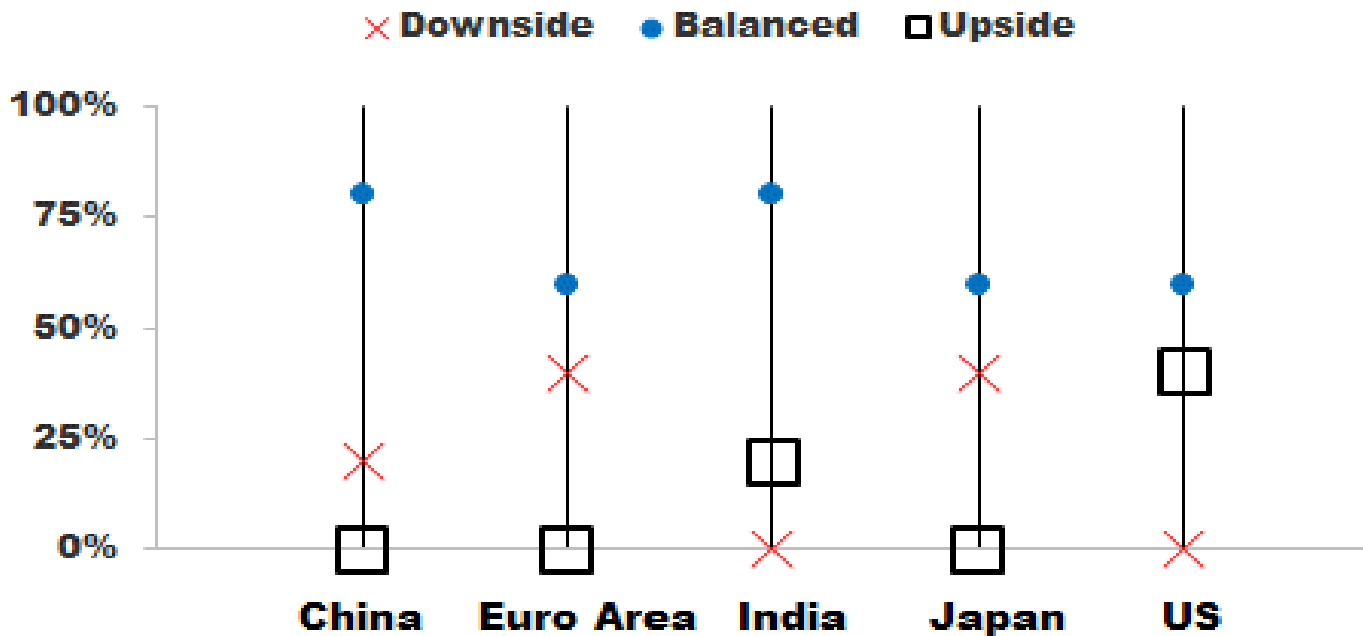


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

Source: SKBI Big5 Survey (Aug and Feb 2021)

CPI Inflation Risks (2023)

Inflation Risk Assessment (2023)



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

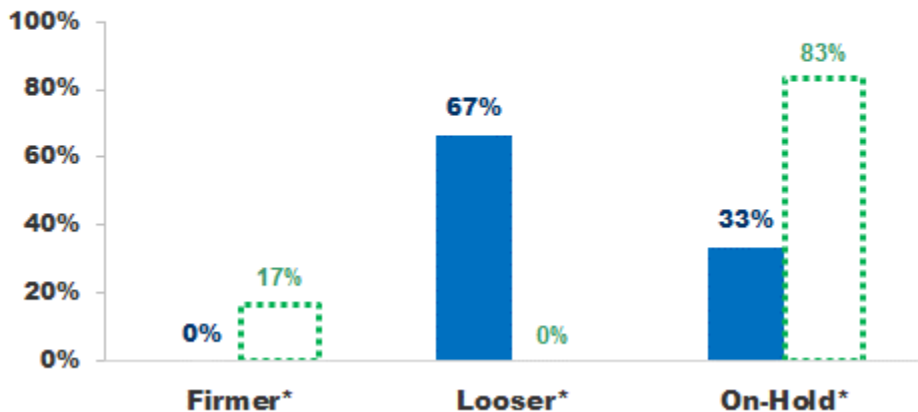
Source: SKBI Big5 Survey (Aug 2021)

Monetary Policy

Monetary Policy (2021)

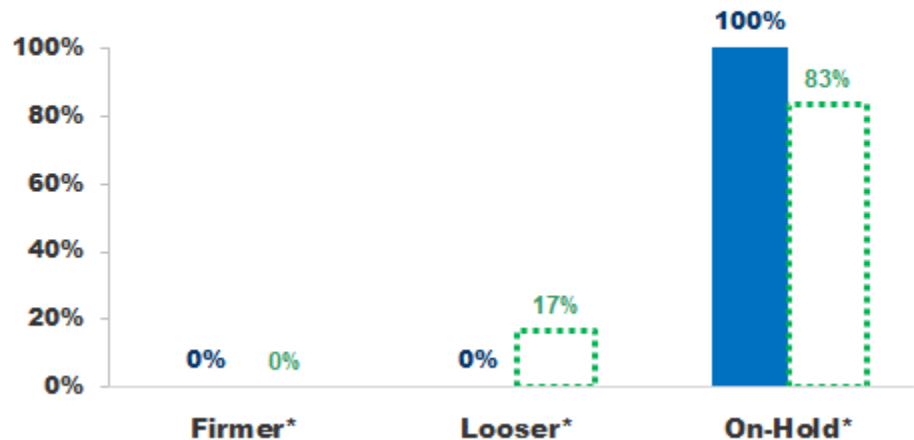
China-Monetary Policy (end-2021)

■ 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 (Feb) surveys.

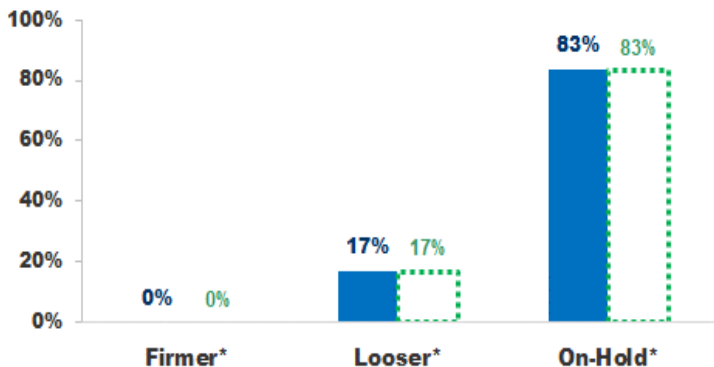
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2021)

Monetary Policy (2021)

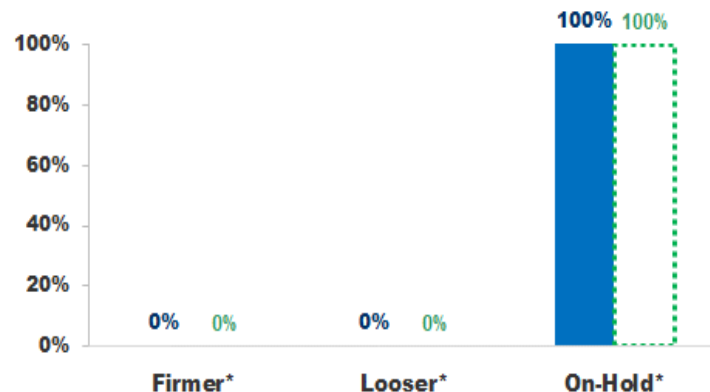
Euro Area-Monetary Policy (end-2021)

■ Current survey ▤ Prior survey



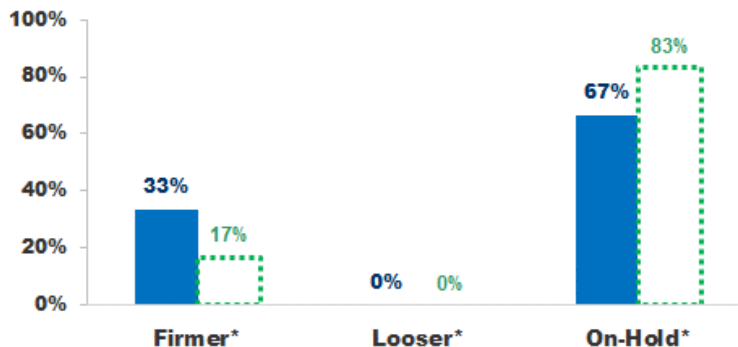
Japan-Monetary Policy (end-2021)

■ Current survey ▤ Prior survey



US-Monetary Policy (end-2021)

■ Current survey ▤ Prior survey



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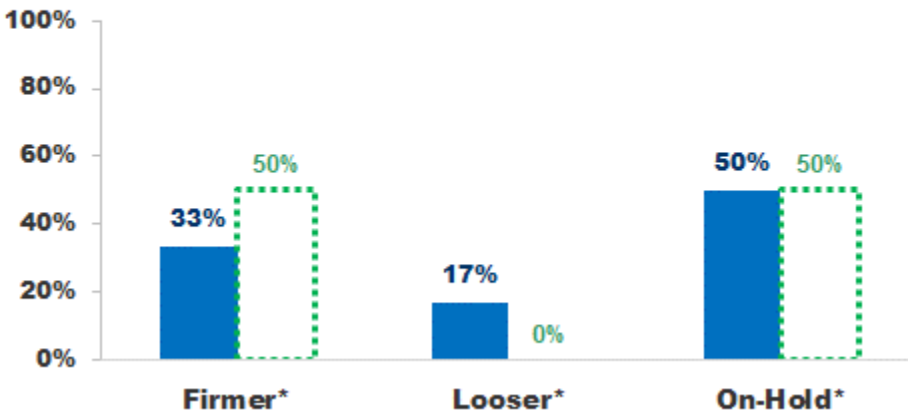
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2021)

Monetary Policy (2022)

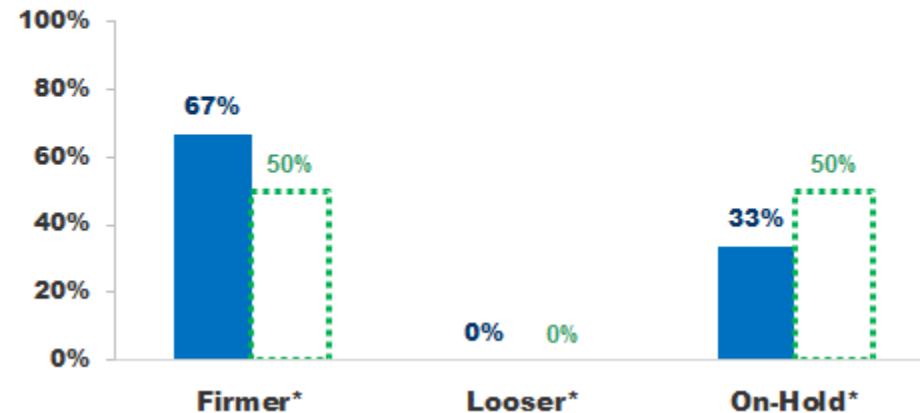
China-Monetary Policy (end-2022)

■ Current survey ▤ Prior survey



India-Monetary Policy (end-2022)

■ Current survey ▤ Prior survey



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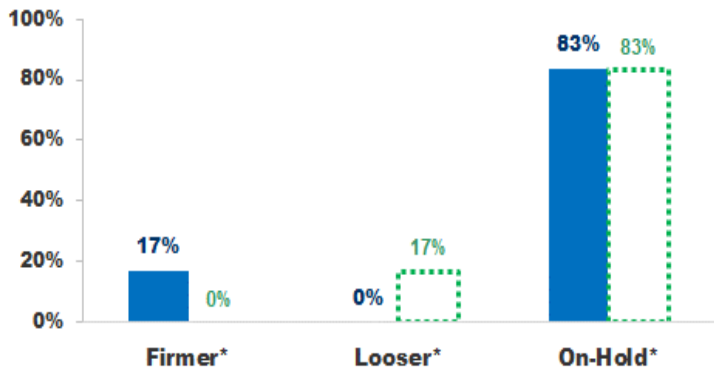
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2021)

Monetary Policy (2022)

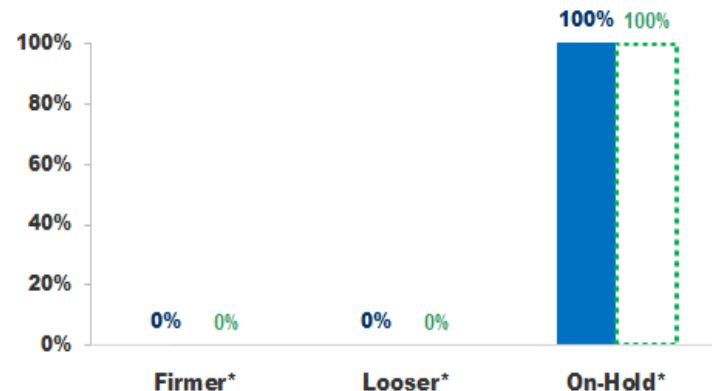
Euro Area-Monetary Policy (end-2022)

■ Current survey ▨ Prior survey



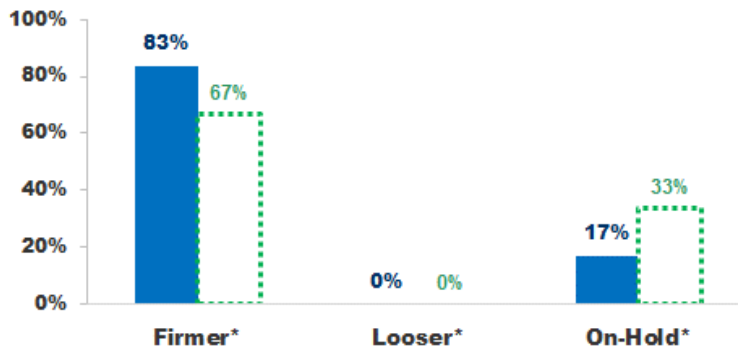
Japan-Monetary Policy (end-2022)

■ Current survey ▨ Prior survey



US-Monetary Policy (end-2022)

■ Current survey ▨ Prior survey



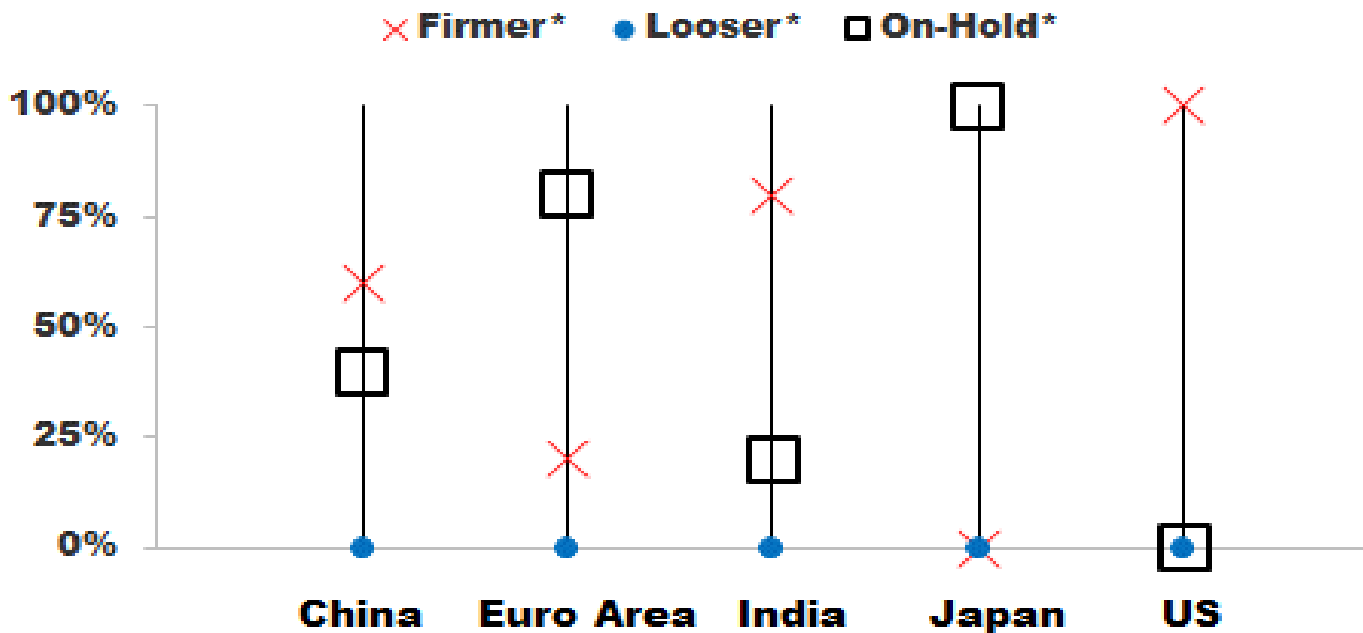
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***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2021)

Monetary Policy (2023)

Monetary Policy (end-2023)



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

***Relative to the prevailing policy stance**

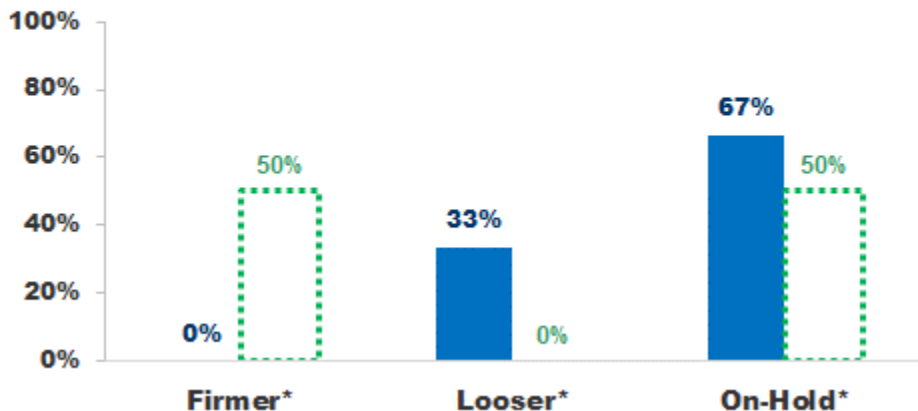
Source: SKBI Big5 Survey (Aug 2021)

Fiscal Policy

Fiscal Policy (2021)

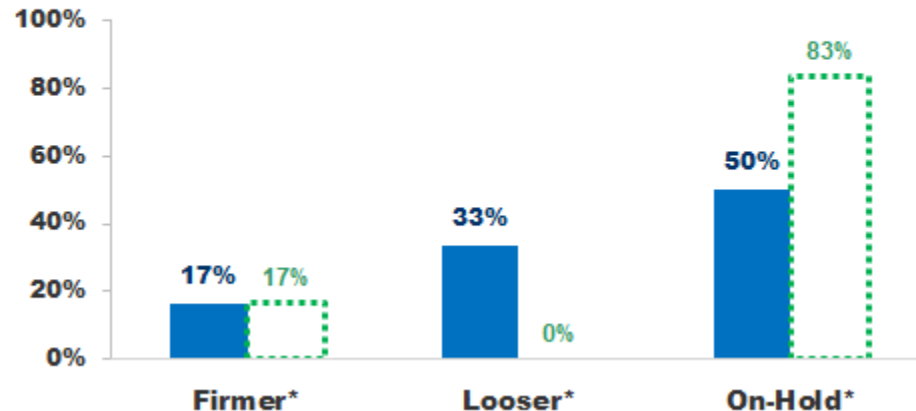
China-Fiscal Policy (end-2021)

■ 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 (Feb) surveys.

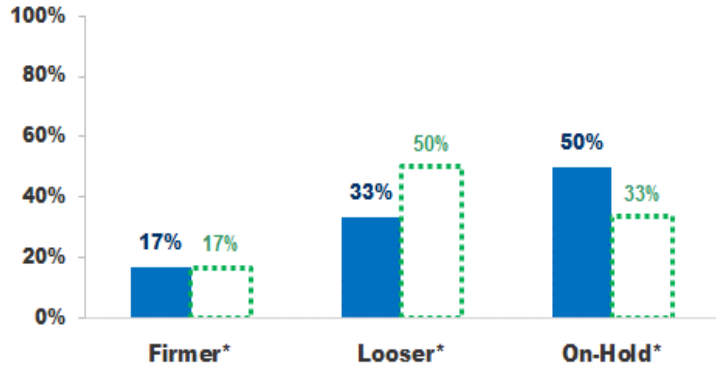
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2021)

Fiscal Policy (2021)

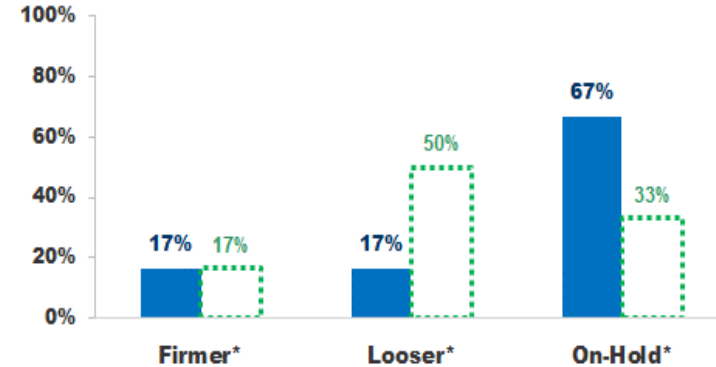
Euro Area-Fiscal Policy (end-2021)

■ Current survey ▨ Prior survey



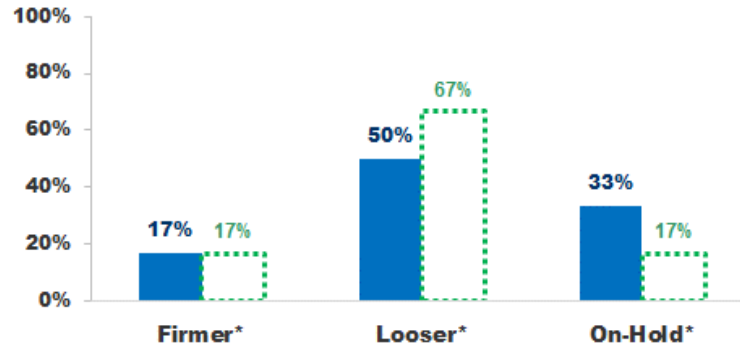
Japan-Fiscal Policy (end-2021)

■ Current survey ▨ Prior survey



US-Fiscal Policy (end-2021)

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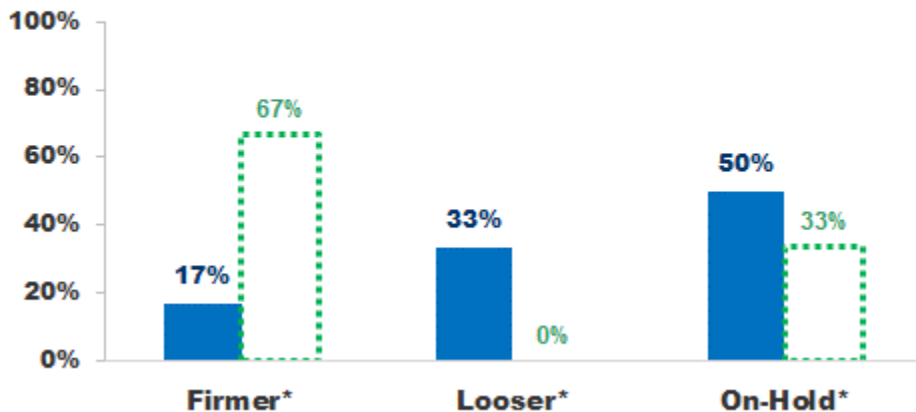
***Relative to the prevailing policy stance**

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Fiscal Policy (2022)

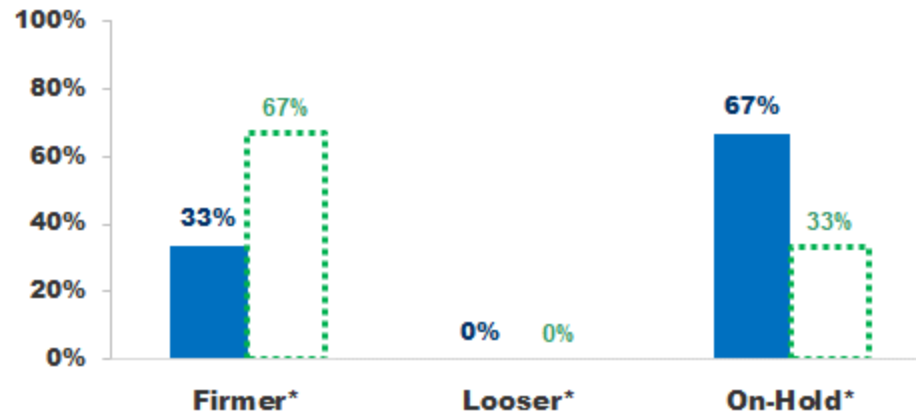
China-Fiscal Policy (end-2022)

■ Current survey ▤ Prior survey



India-Fiscal Policy (end-2022)

■ 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.

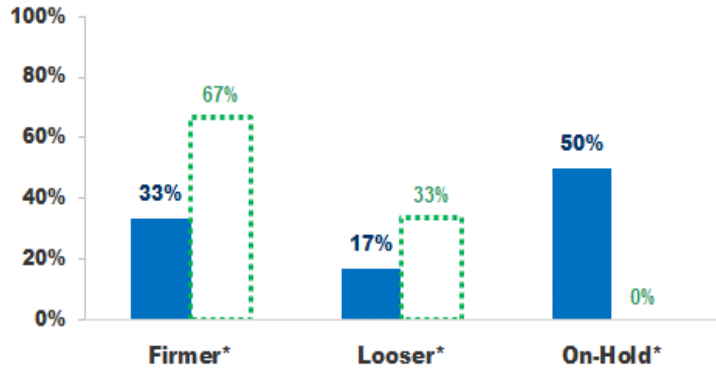
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2021)

Fiscal Policy (2022)

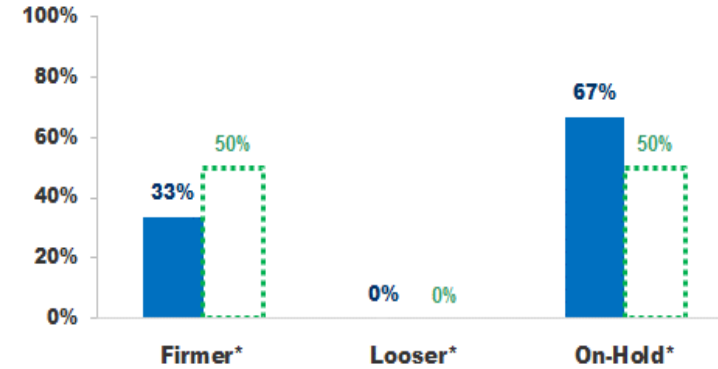
Euro Area-Fiscal Policy (end-2022)

■ Current survey ▨ Prior survey



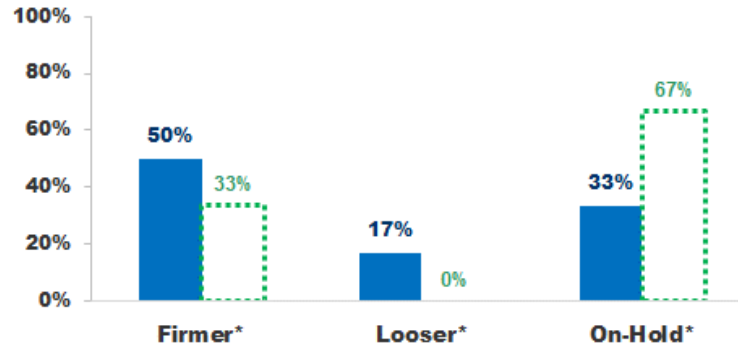
Japan-Fiscal Policy (end-2022)

■ Current survey ▨ Prior survey



US-Fiscal Policy (end-2022)

■ Current survey ▨ Prior survey



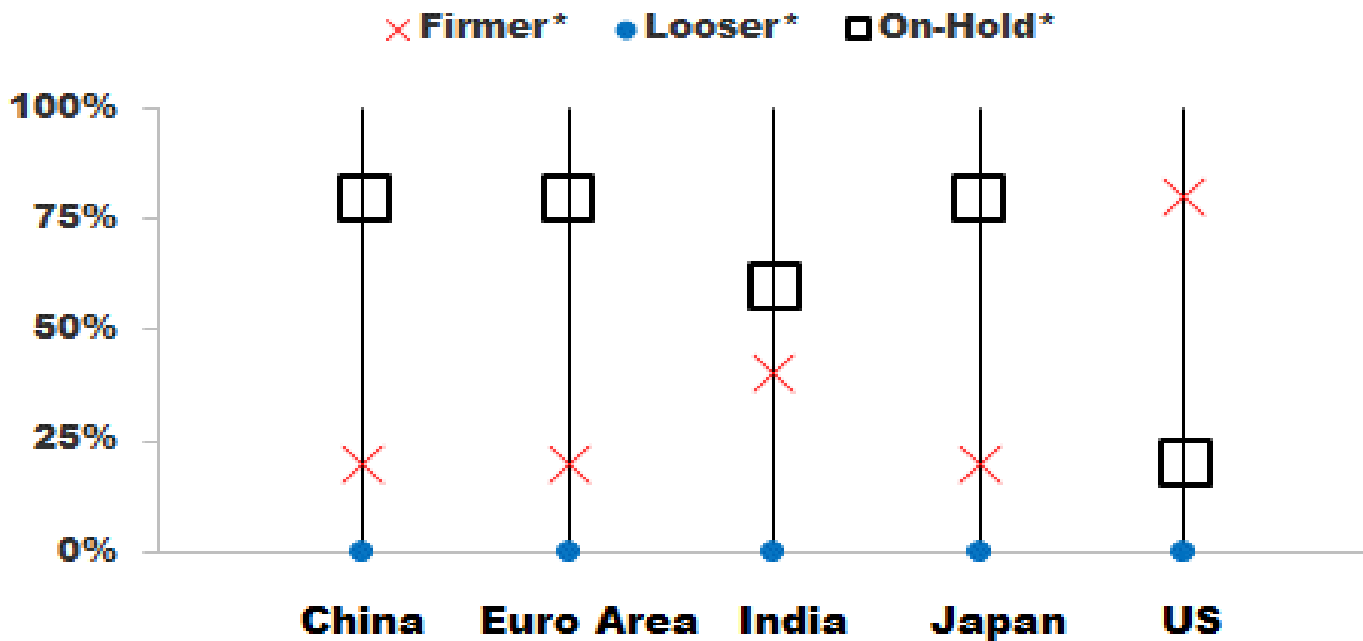
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug and Feb 2021)

Fiscal Policy (2023)

Fiscal Policy (end-2023)



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

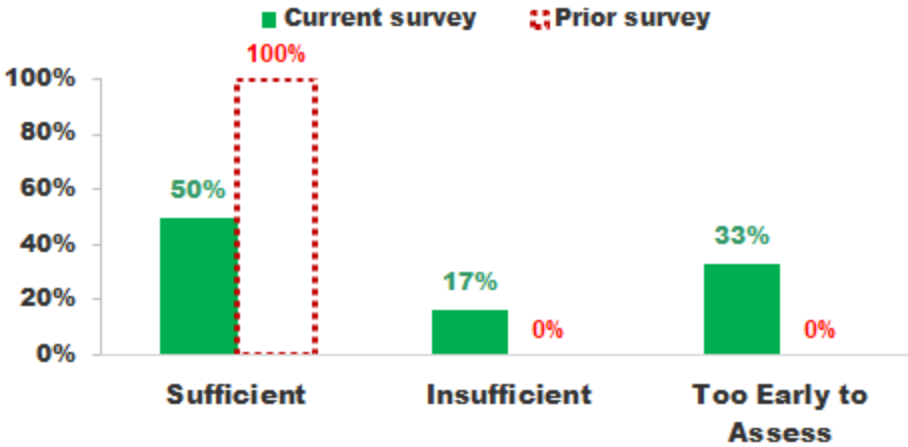
***Relative to the prevailing policy stance**

Source: SKBI Big5 Survey (Aug 2021)

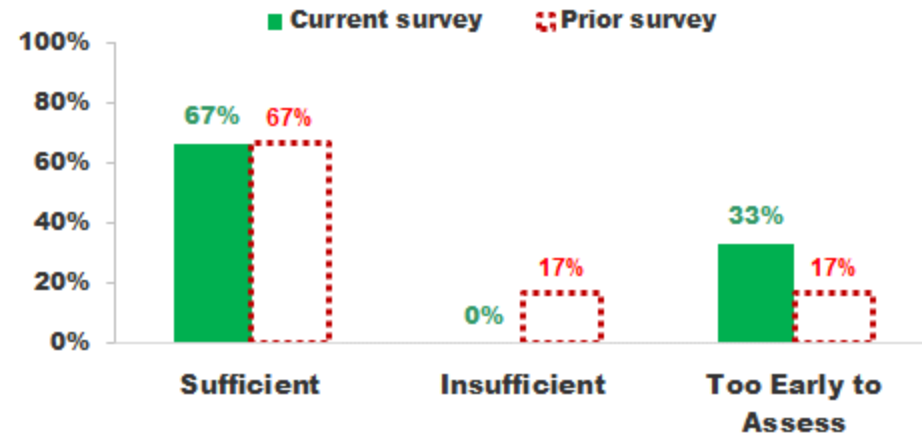
Special Questions

Current Monetary Response

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



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

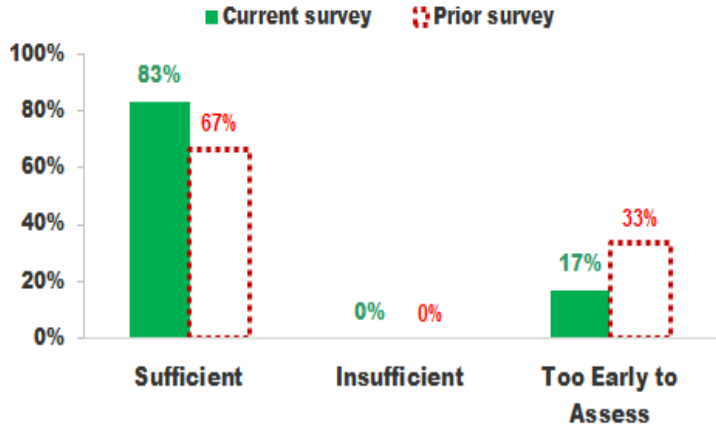


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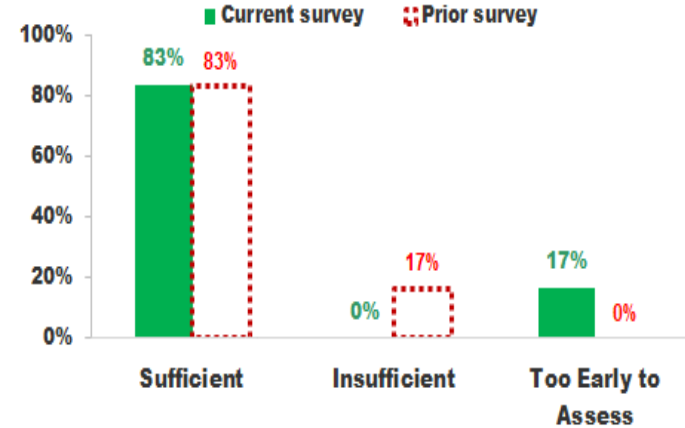
Source: SKBI Big5 Survey (Aug and Feb 2021)

Current Monetary Response

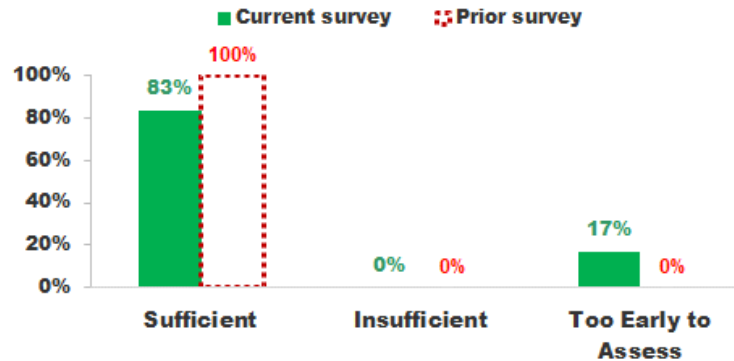
Euro Area: The monetary policy response at this time is...



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



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



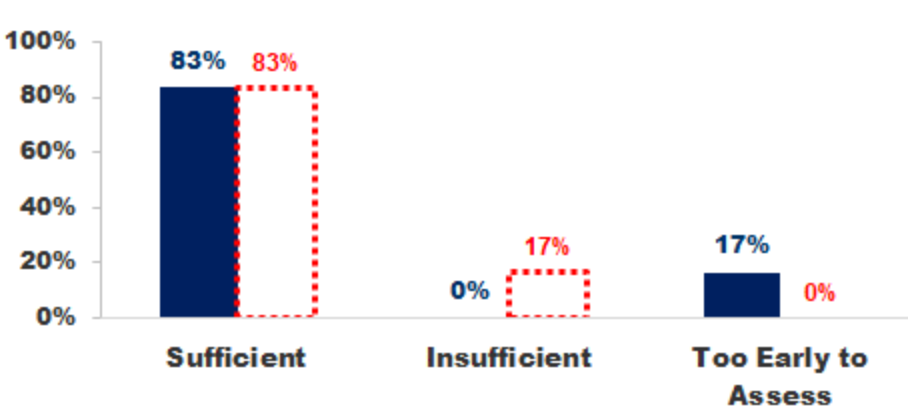
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

Source: SKBI Big5 Survey (Aug and Feb 2021)

Current Fiscal Response

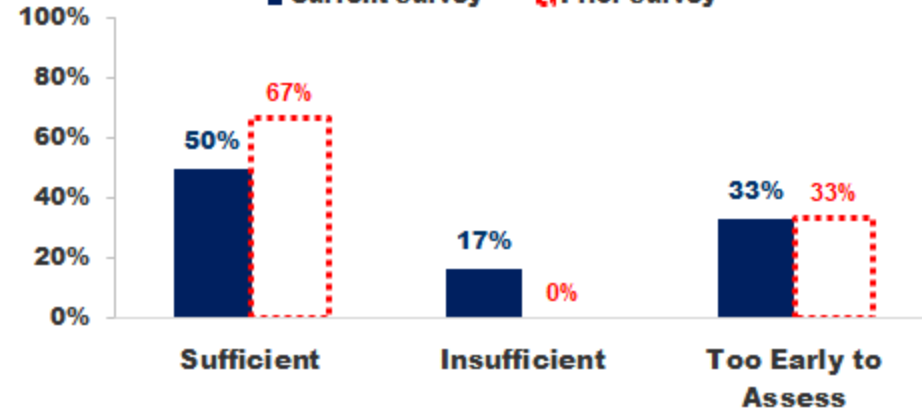
China: The fiscal policy response at this time is...

■ Current survey ❏ Prior survey



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

■ Current survey ❏ Prior survey

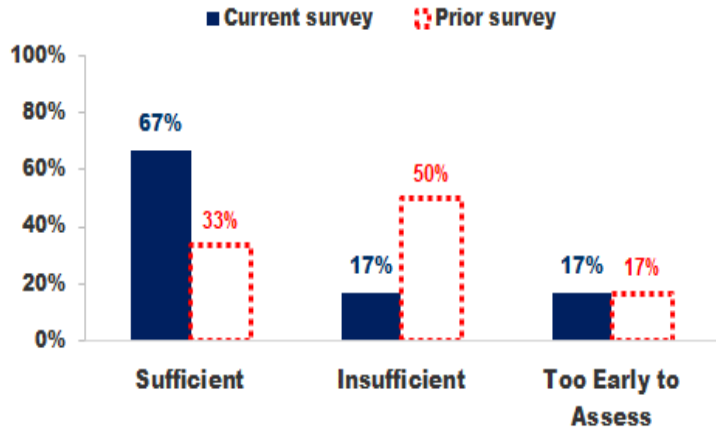


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Feb) surveys.

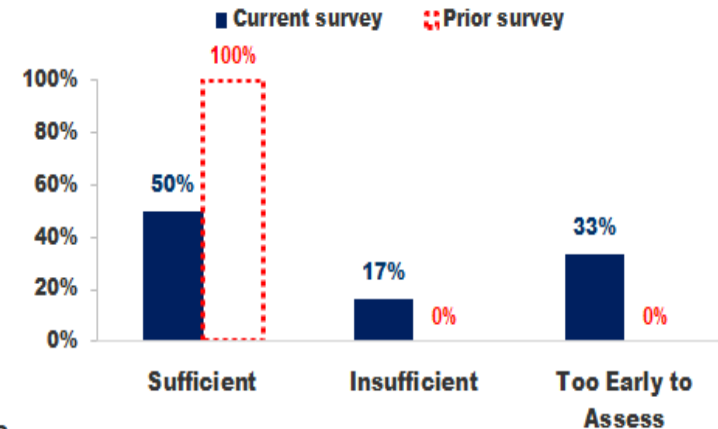
Source: SKBI Big5 Survey (Aug and Feb 2021)

Current Fiscal Response

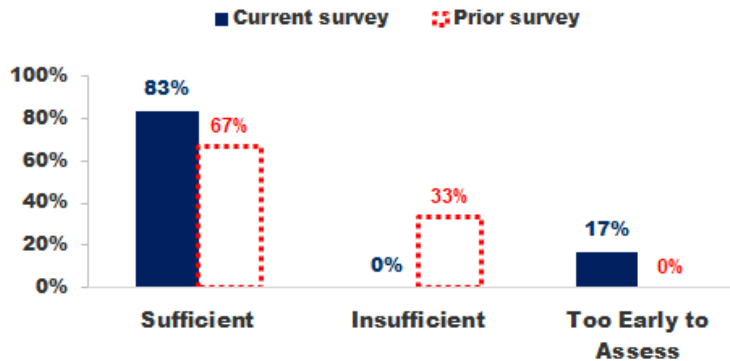
Euro Area: The fiscal policy response at this time is...



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



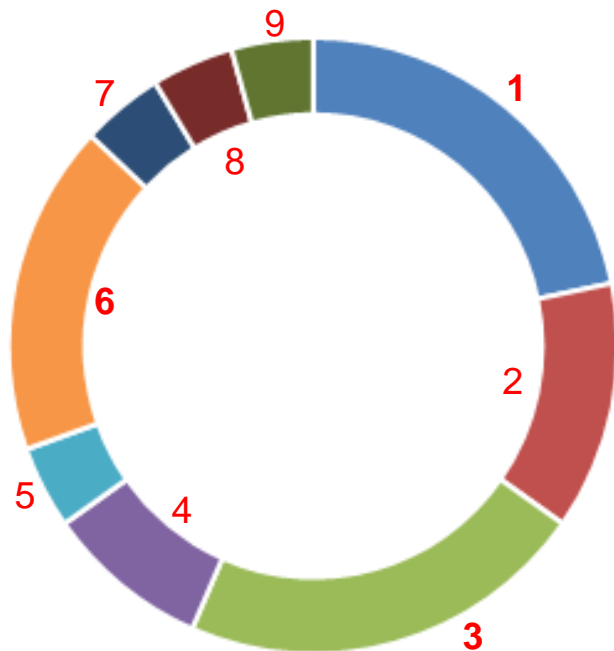
US: The fiscal policy response at this time is...



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

Source: SKBI Big5 Survey (Aug and Feb 2021)

Survey participants listed the potential downside risk factors to the outlook of the “Big5” economies over the next 12-24 months:



- 1) **COVID-19 escalation** [22%]
- 2) Asset price misalignment (stretched valuations) [13%]
- 3) **Sustained inflation surprises (unanchored inflation expectations)** [22%]
- 4) Unintended policy tightening (fiscal or/and monetary) [9%]
- 5) Macroeconomic overheating [4%]
- 6) **Geopolitical event** [17%]
- 7) Abrupt and disorderly capital outflows [4%]
- 8) Large-scale cyber security attack [4%]
- 9) Black swan climate change event [4%]

Source: SKBI Big5 Survey (Aug 2021)

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 2021.

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

List of Participants (August 2021 survey):

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