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SKBI Big 5 Survey 2020 February

Singapore Management University

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Singapore Management University. SKBI Big 5 Survey 2020 February. (2020). 1-47.

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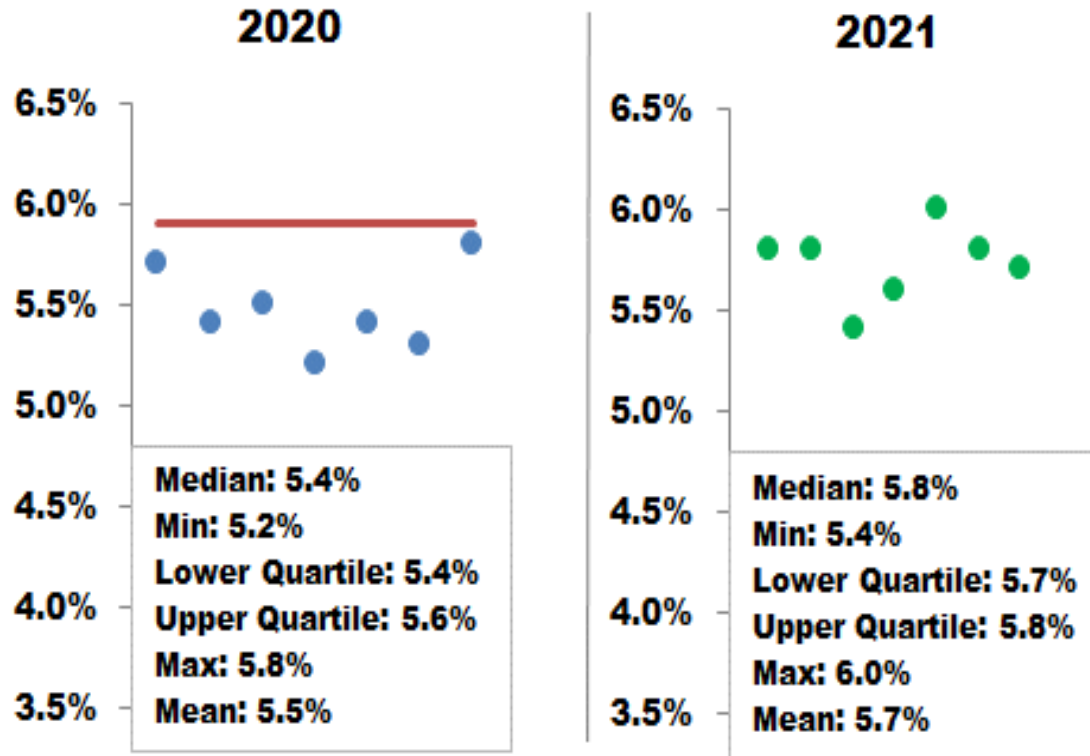
The Sim Kee Boon Institute for Financial Economics (SKBI) Big5 Survey

Takeaways (February 2020 Survey)

- ❖ On balance, our overall read of the latest multiyear Big5 survey results implies the following economy-at-risk scale (least to most): India, US, Euro Area, Japan and China (i.e., India's economy might be least at-risk, while China is deemed to be most at-risk).
- ❖ Broadly, survey participants expect the risk assessment to GDP growth to be skewed to the downside in 2020 followed by a more balanced backdrop in 2021. But participants seem to be more divided, with most responses favoring “downside” or/and “balanced” risks, on the 2022 growth environment. The risks to headline inflation in 2020, however, appear to be more uneven, with potential upside risks in China. Nevertheless, participants seem to coalesce toward a more balanced inflation risk assessment in 2021 and 2022.
- ❖ Despite the general downside risks to growth this year, participants still seem to view the propensity toward easier policies (both monetary and fiscal) to be less uniform across the Big5 economies. Finally, participants also appear to have reduced the potential risks of a recession in the US, Euro Area and (to a lesser extent) Japan by 2022, but bumped up the risks of a “sharp slowdown” in China relative to the prior survey.

GDP Growth

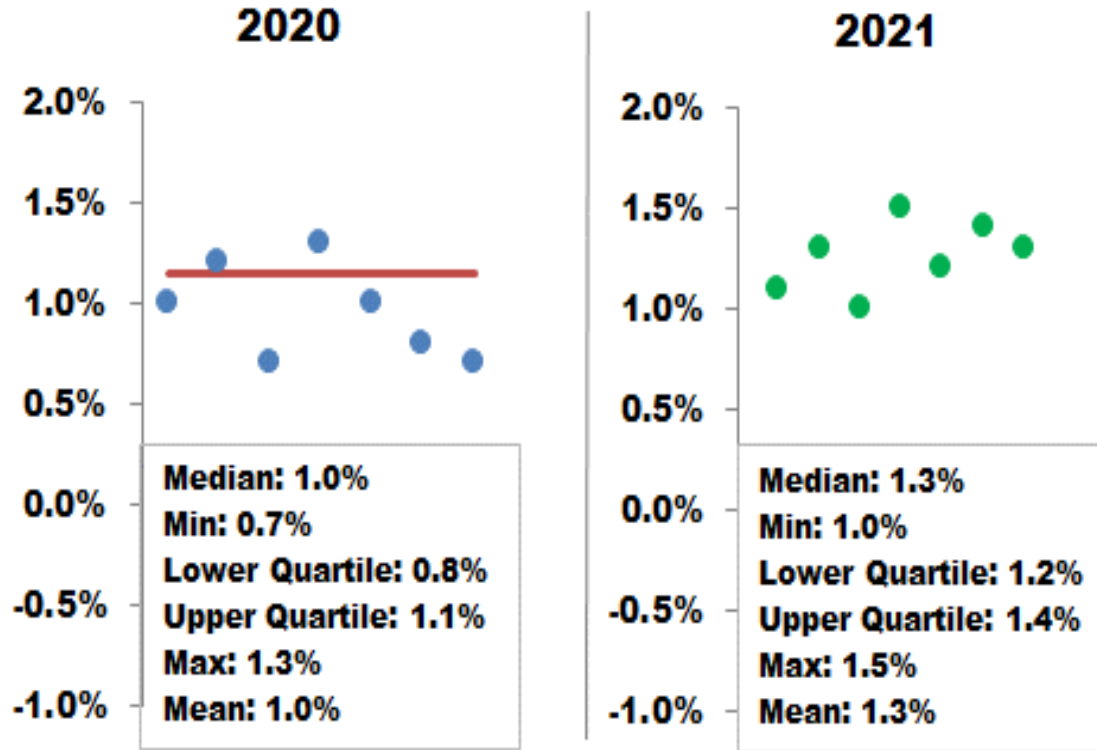
China-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

Source: SKBI Big5 Survey (Feb 2020)

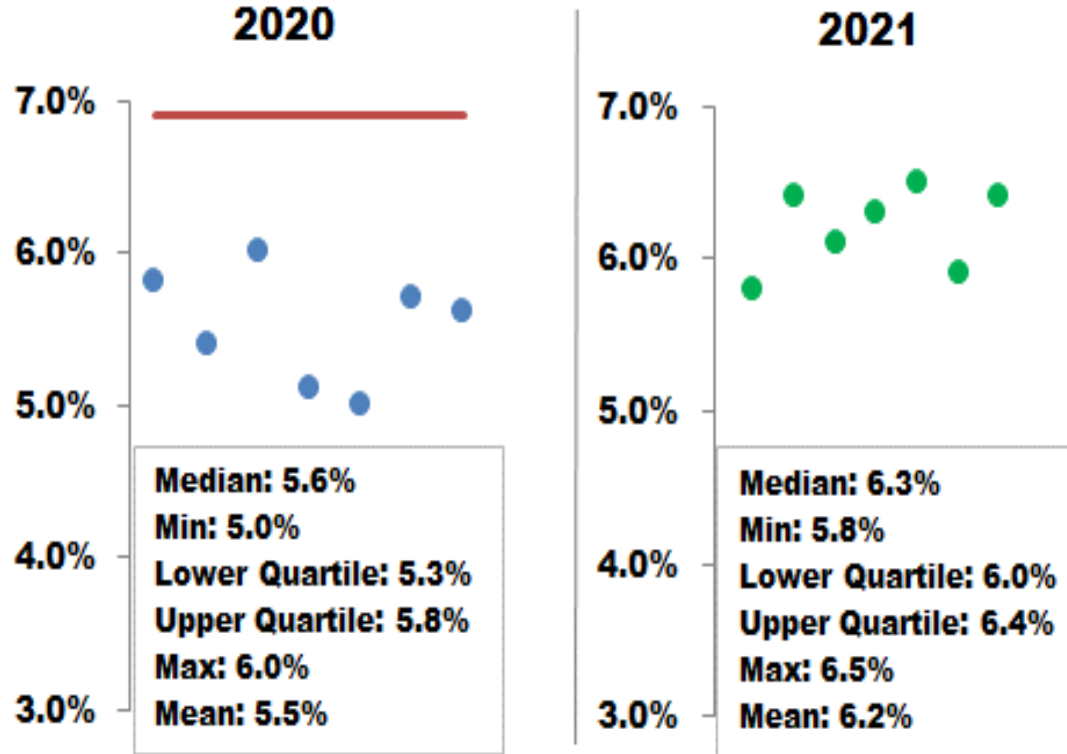
Euro Area-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

Source: SKBI Big5 Survey (Feb 2020)

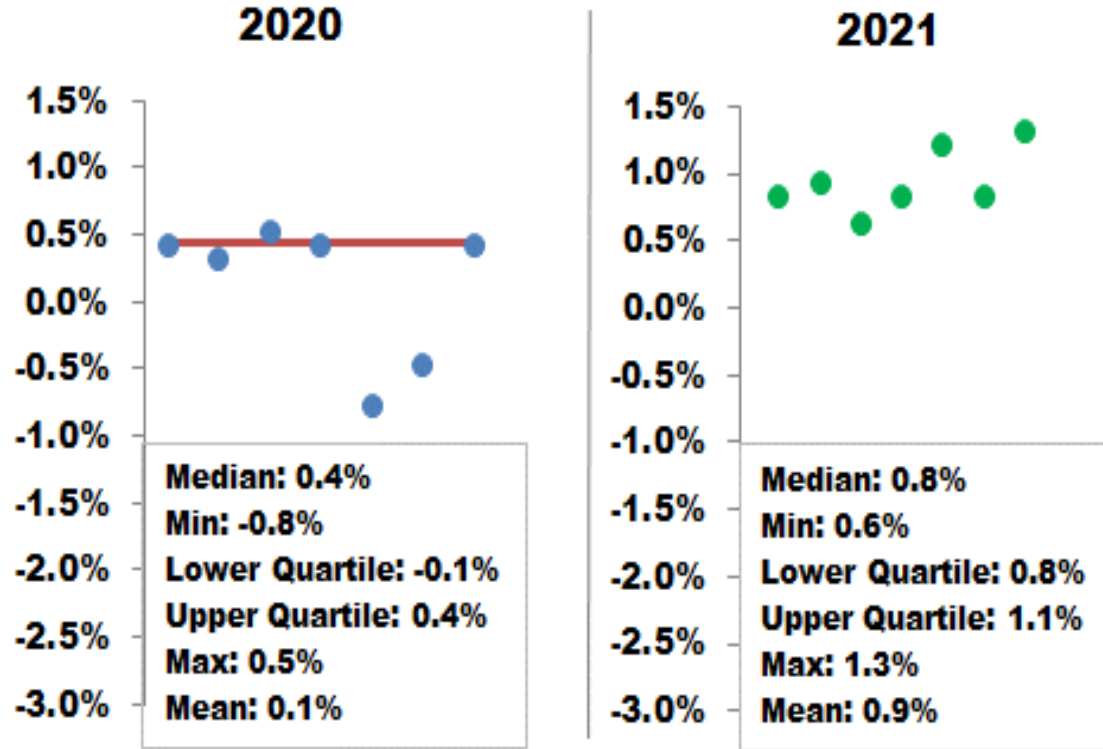
India-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

Source: SKBI Big5 Survey (Feb 2020)

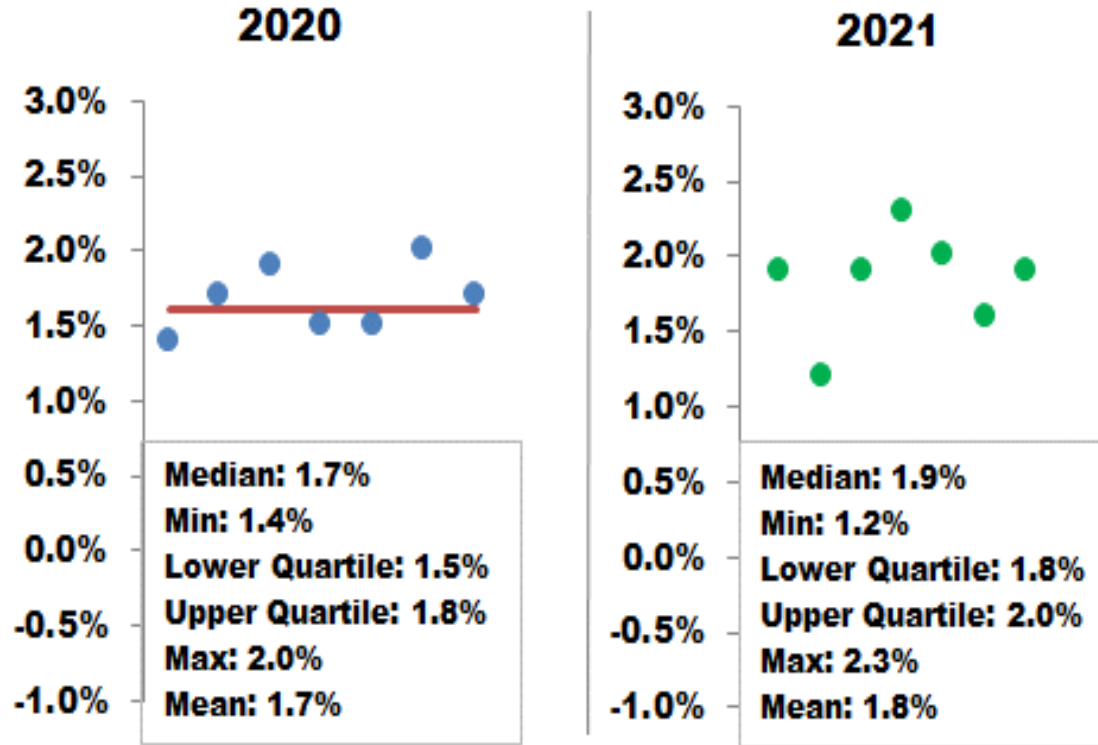
Japan-Real GDP Growth



Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

Source: SKBI Big5 Survey (Feb 2020)

US-Real GDP Growth



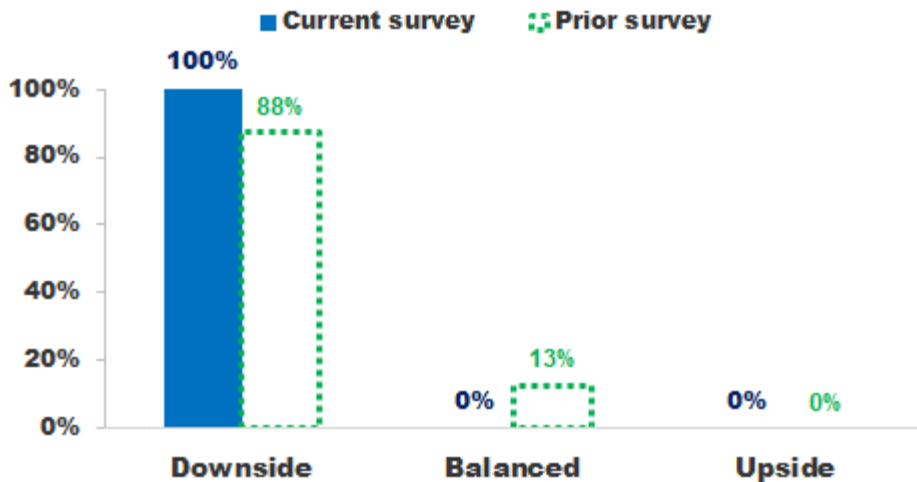
Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

Source: SKBI Big5 Survey (Feb 2020)

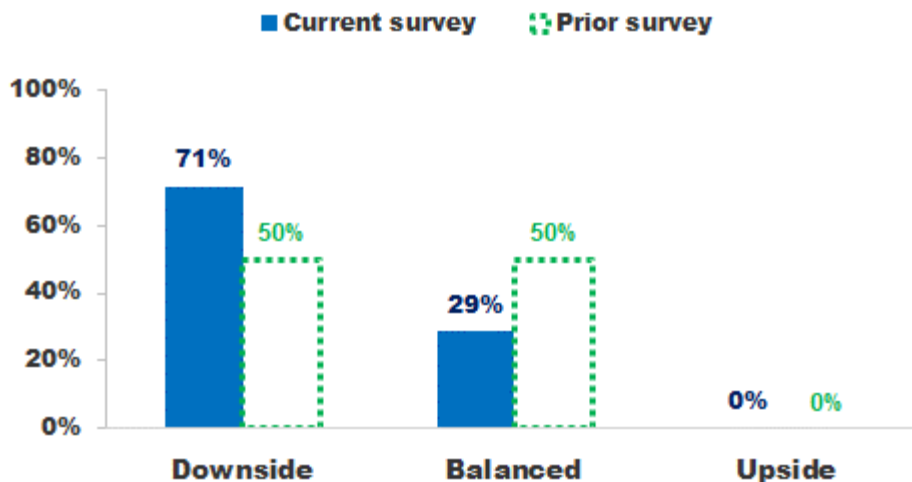
GDP Growth Risk Assessment

Real GDP Growth Risks (2020)

China-Growth Risk Assessment (2020)



India-Growth Risk Assessment (2020)

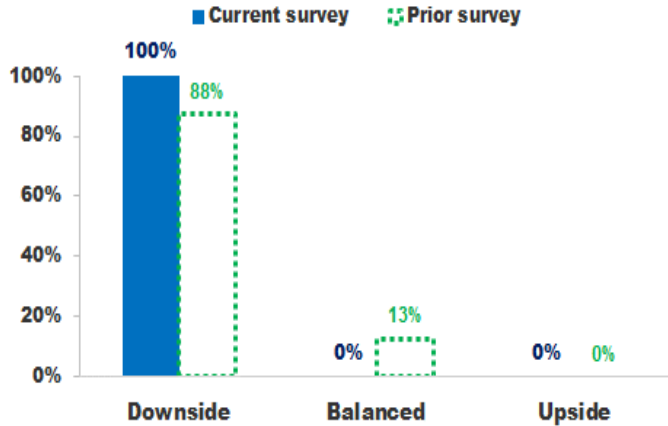


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

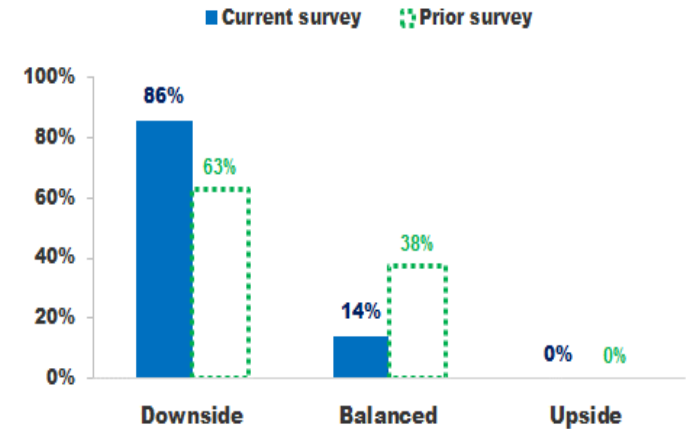
Source: SKBI Big5 Survey (Feb 2020)

Real GDP Growth Risks (2020)

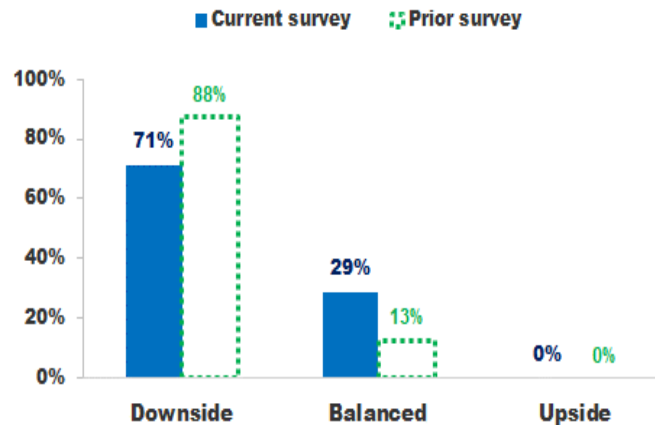
Euro Area-Growth Risk Assessment (2020)



Japan-Growth Risk Assessment (2020)



US-Growth Risk Assessment (2020)



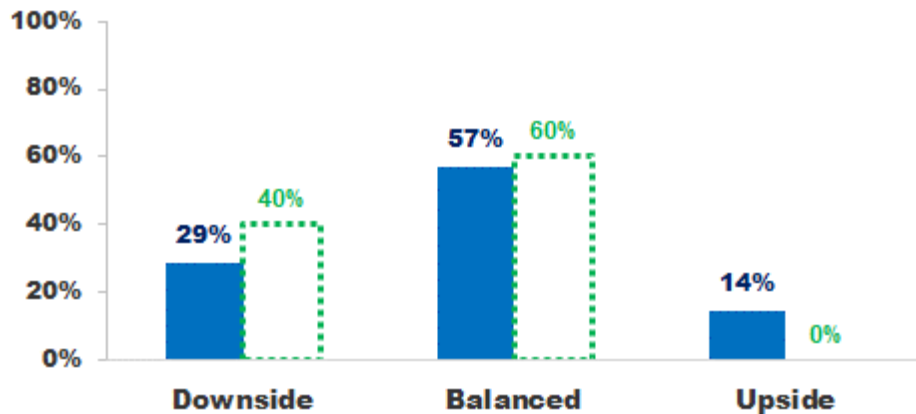
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

Source: SKBI Big5 Survey (Feb 2020)

Real GDP Growth Risks (2021)

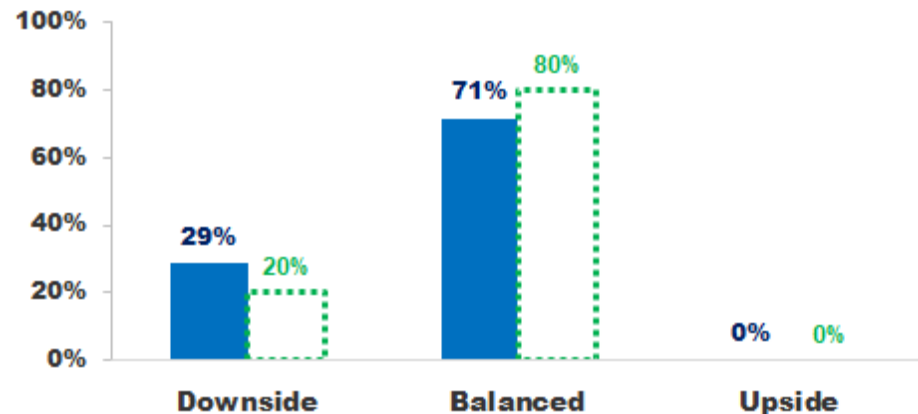
China-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



India-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



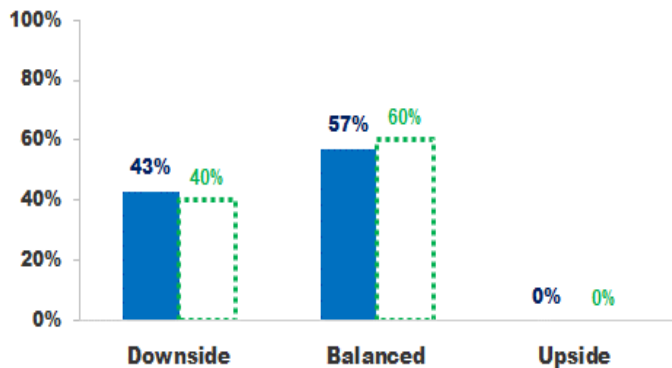
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Source: SKBI Big5 Survey (Feb 2020)

Real GDP Growth Risks (2021)

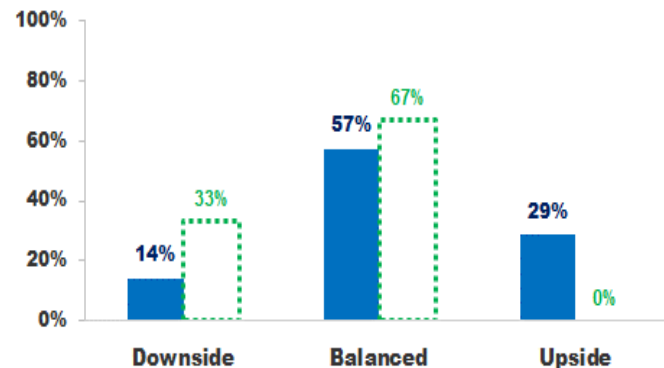
Euro Area-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



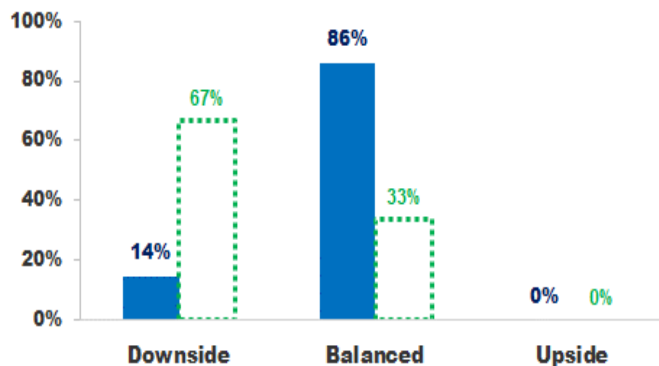
Japan-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



US-Growth Risk Assessment (2021)

■ Current survey ▤ Prior survey



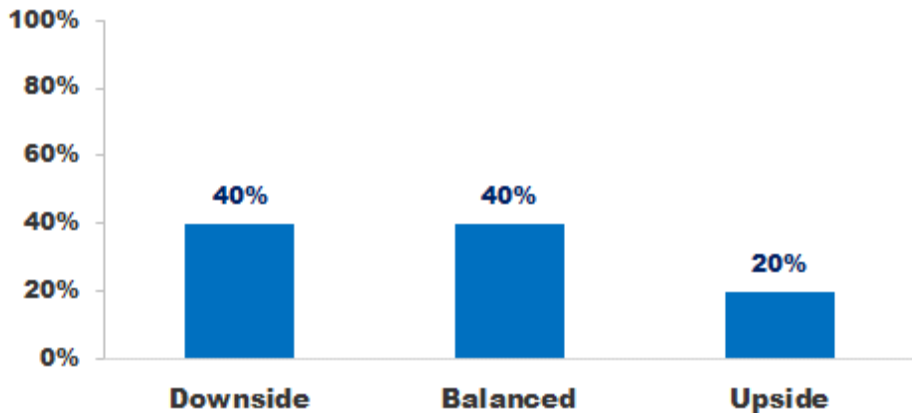
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

Source: SKBI Big5 Survey (Feb 2020)

Real GDP Growth Risks (2022)

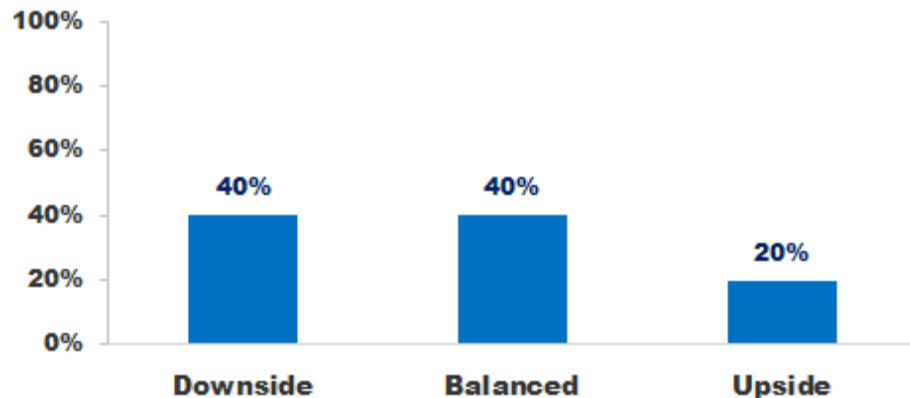
China-Growth Risk Assessment (2022)

■ Current survey



India-Growth Risk Assessment (2022)

■ Current survey



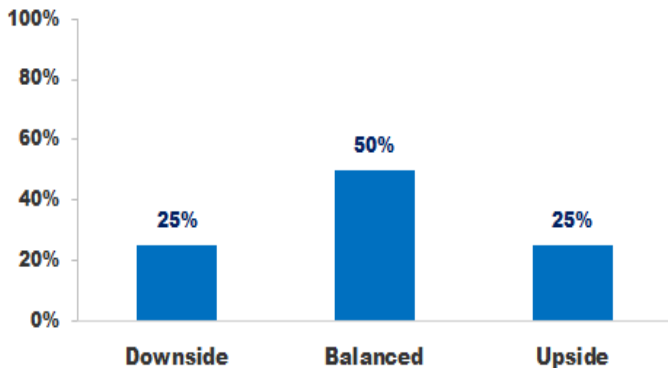
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey

Source: SKBI Big5 Survey (Feb 2020)

Real GDP Growth Risks (2022)

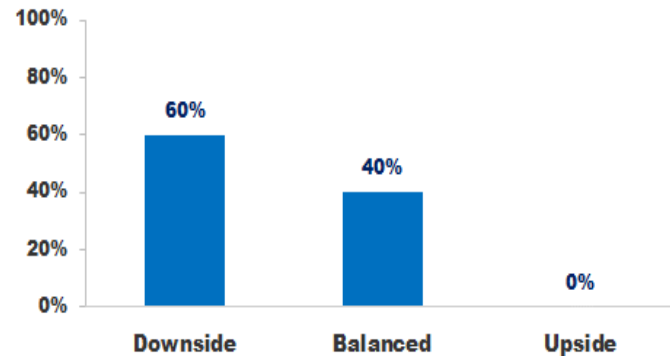
Euro Area-Growth Risk Assessment (2022)

■ Current survey



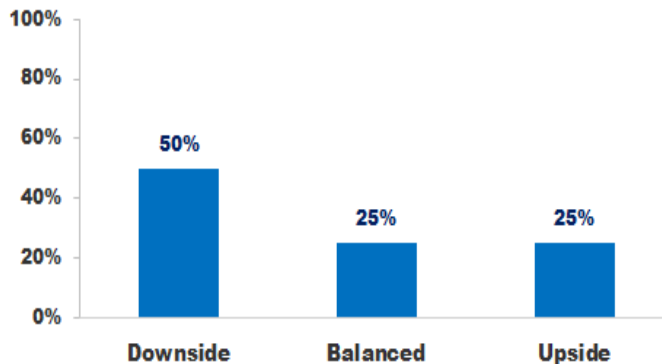
Japan-Growth Risk Assessment (2022)

■ Current survey



US-Growth Risk Assessment (2022)

■ Current survey



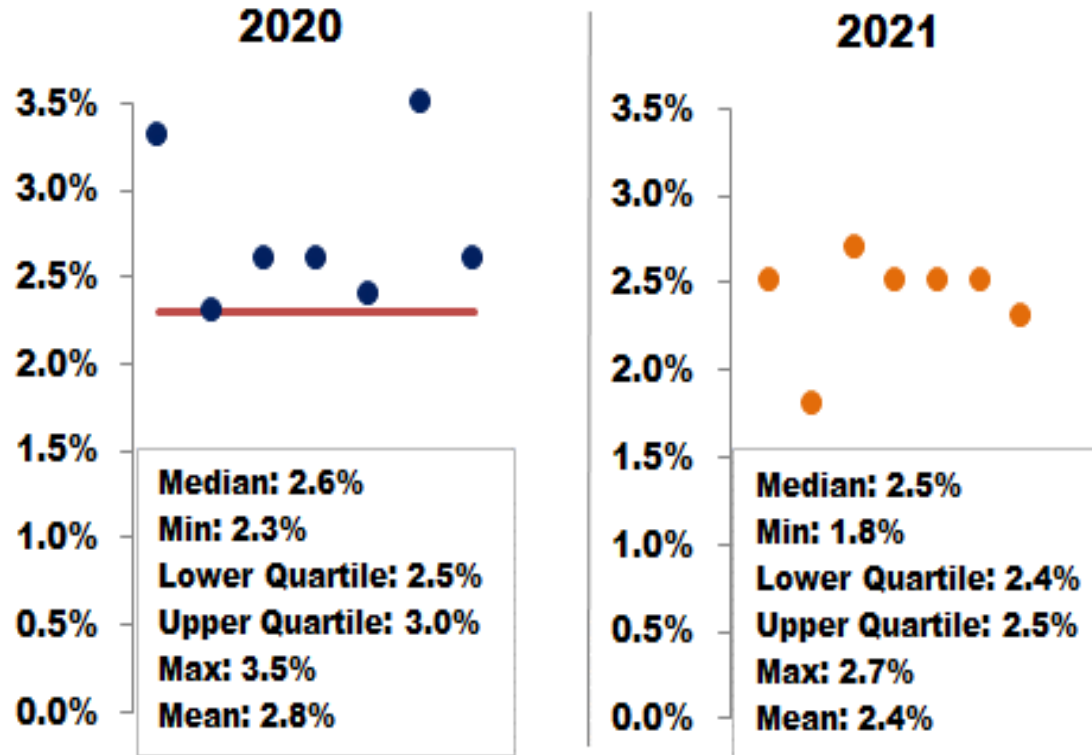
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey

Source: SKBI Big5 Survey (Feb 2020)

CPI

Inflation

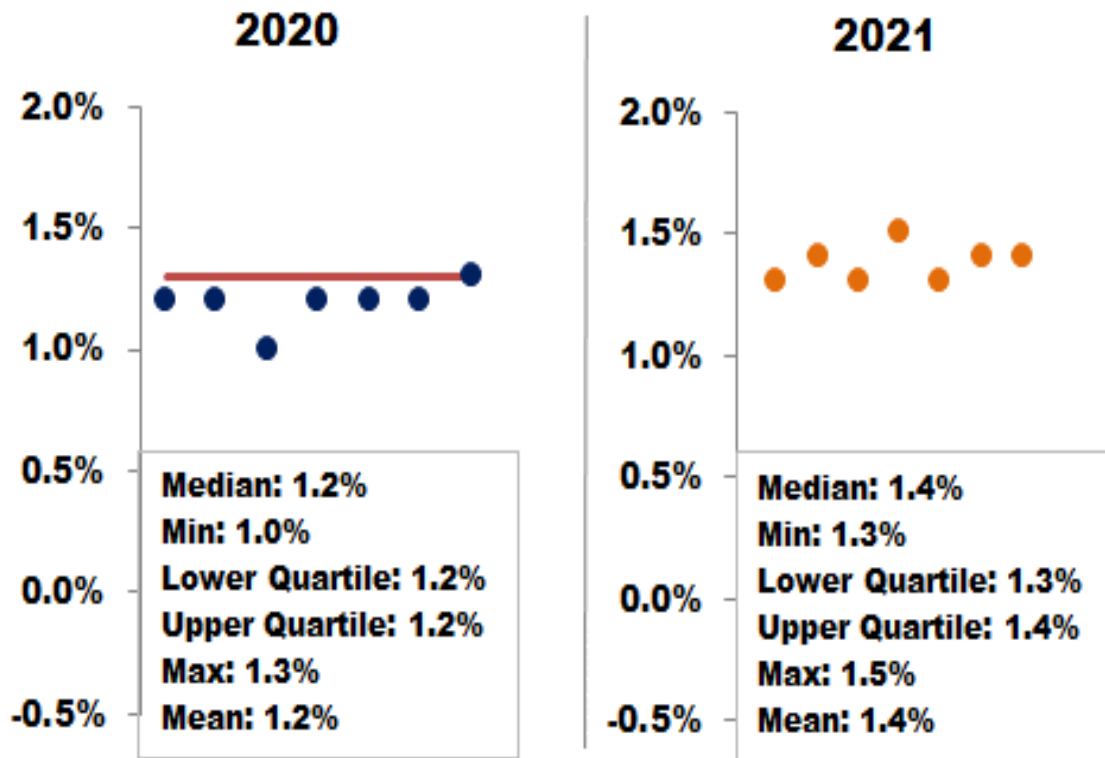
China-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

Source: SKBI Big5 Survey (Feb 2020)

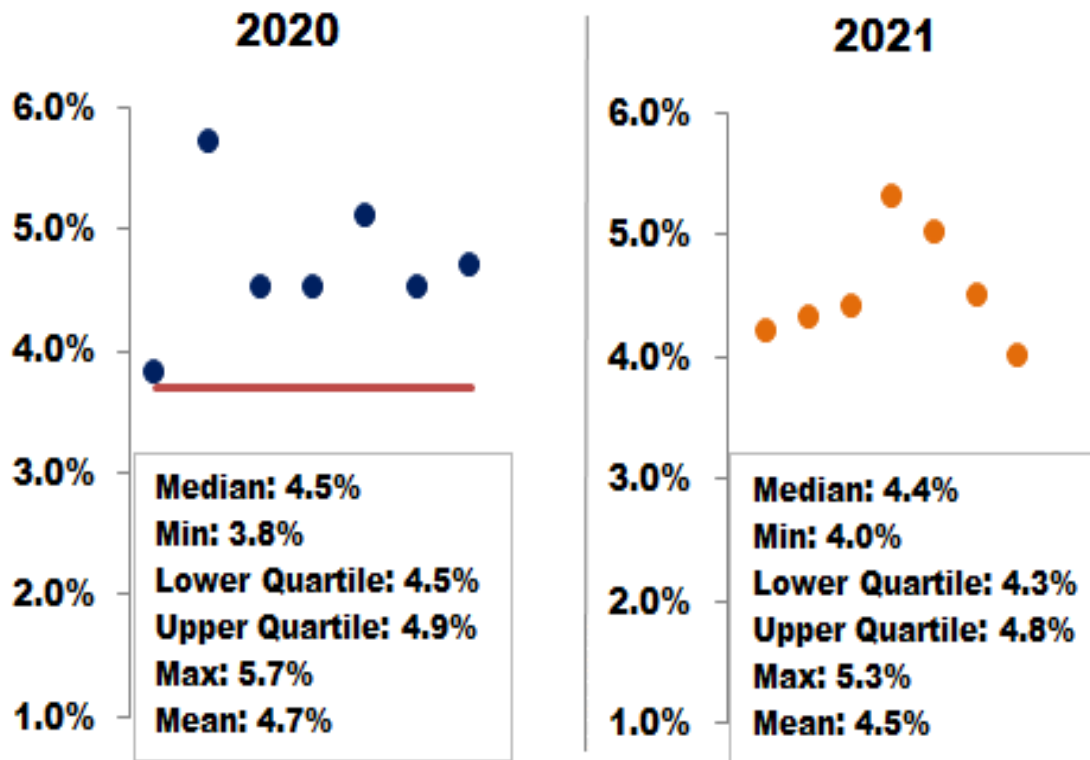
Euro Area-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

Source: SKBI Big5 Survey (Feb 2020)

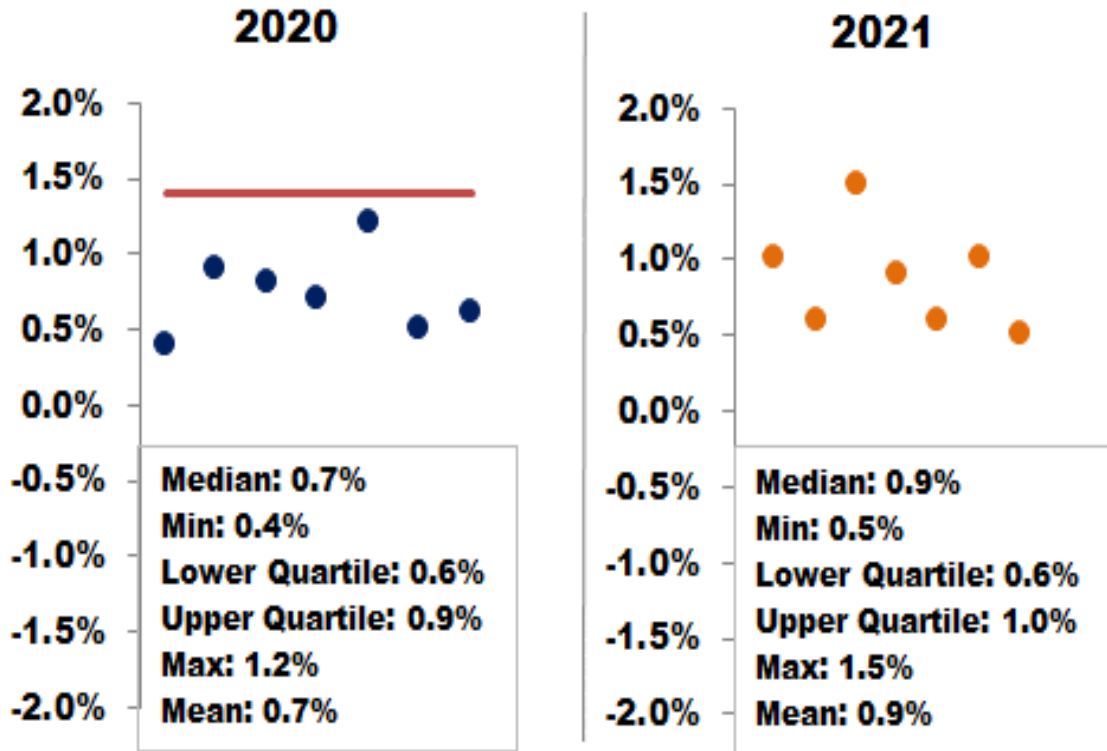
India-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

Source: SKBI Big5 Survey (Feb 2020)

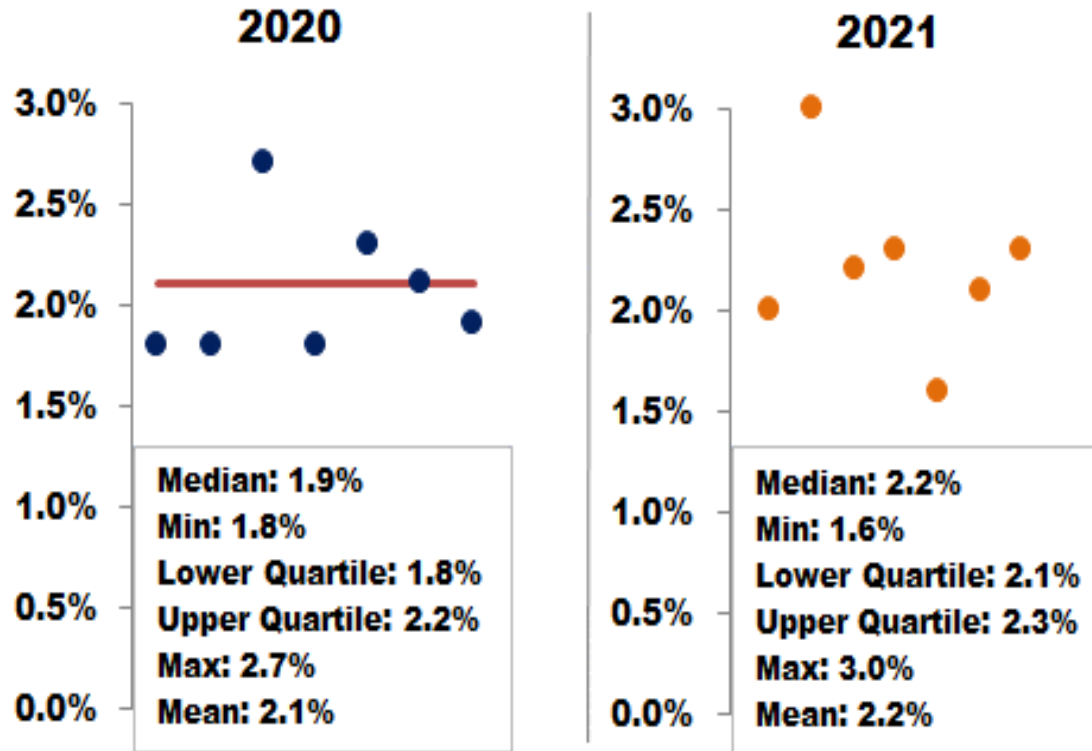
Japan-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

Source: SKBI Big5 Survey (Feb 2020)

US-CPI Inflation



Note: Each dot represents a random participant in the survey and the horizontal line in 2020 depicts the median result from the prior (Aug 2019) survey

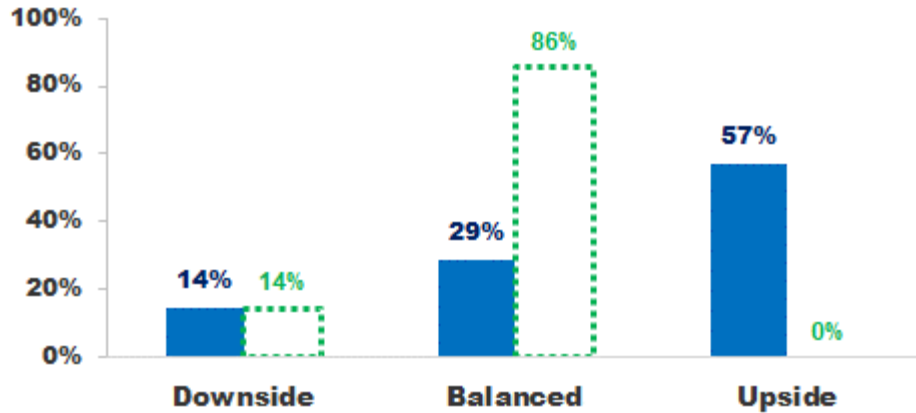
Source: SKBI Big5 Survey (Feb 2020)

Inflation Risk Assessment

CPI Inflation Risks (2020)

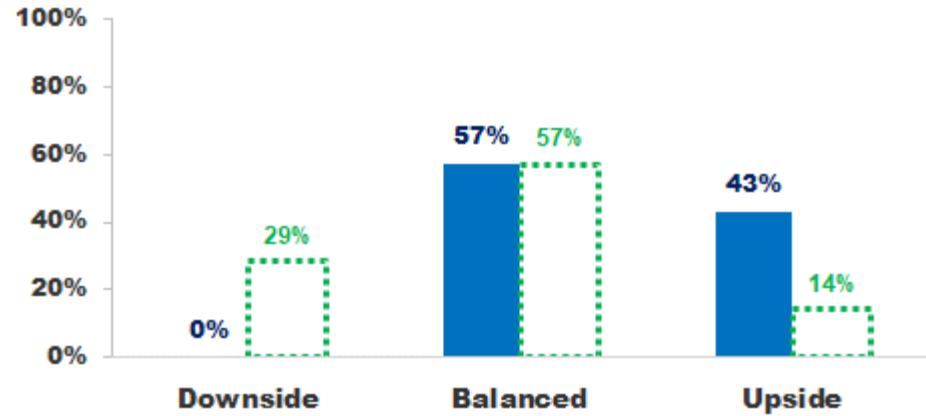
China-Inflation Risk Assessment (2020)

■ Current survey ▤ Prior survey



India-Inflation Risk Assessment (2020)

■ Current survey ▤ Prior survey



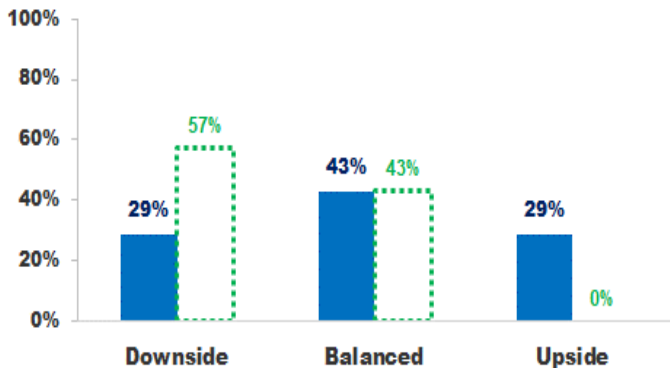
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Source: SKBI Big5 Survey (Feb 2020)

CPI Inflation Risks (2020)

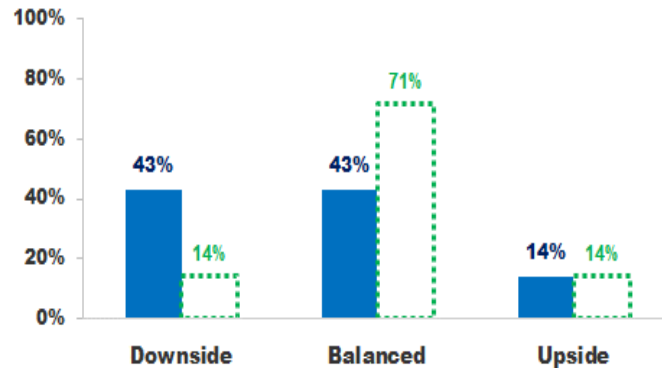
Euro Area-Inflation Risk Assessment (2020)

■ Current survey ▤ Prior survey



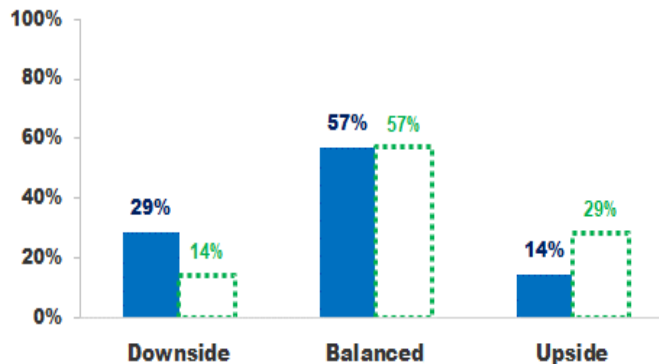
Japan-Inflation Risk Assessment (2020)

■ Current survey ▤ Prior survey



US-Inflation Risk Assessment (2020)

■ Current survey ▤ Prior survey



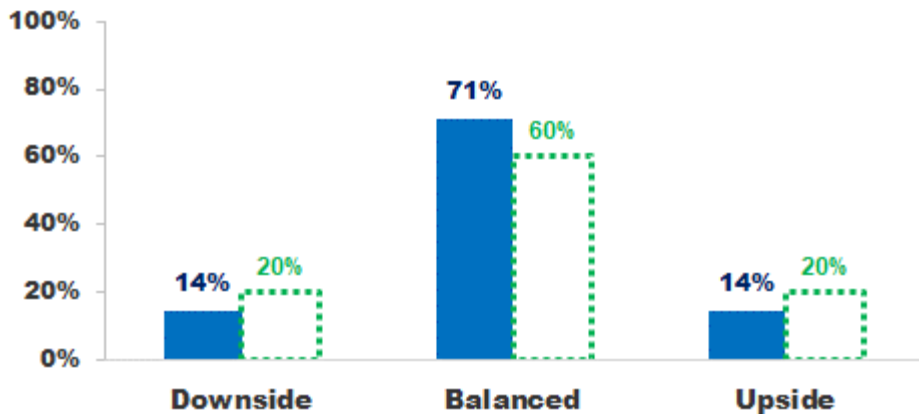
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CPI Inflation Risks (2021)

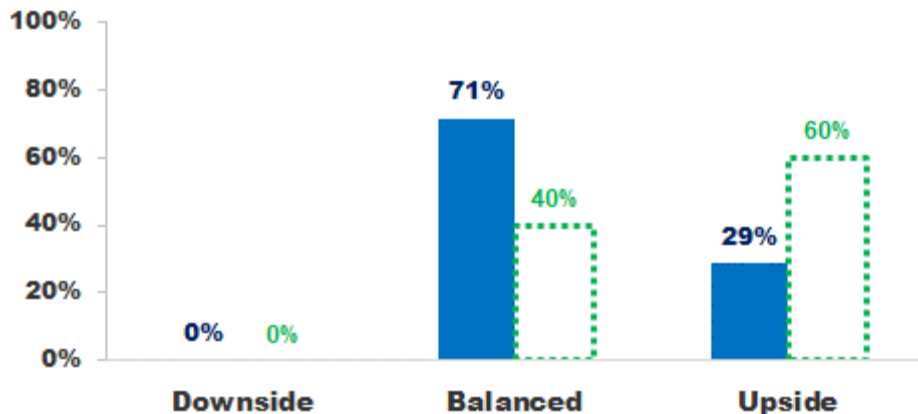
China-Inflation Risk Assessment (2021)

■ Current survey ▤ Prior survey



India-Inflation Risk Assessment (2021)

■ Current survey ▤ Prior survey

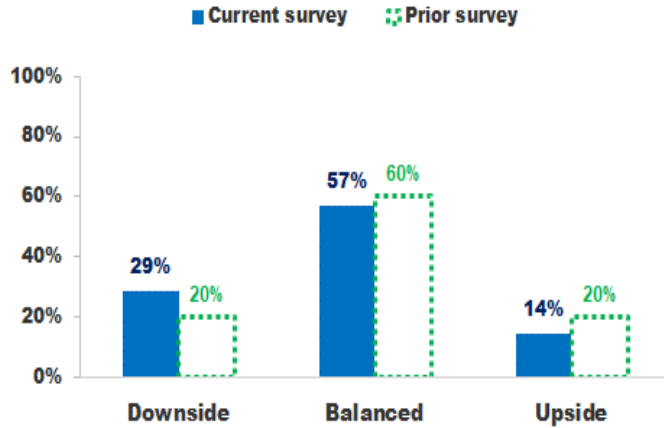


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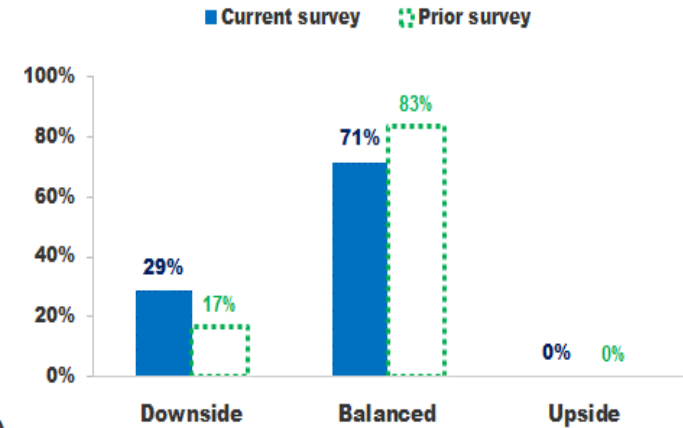
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CPI Inflation Risks (2021)

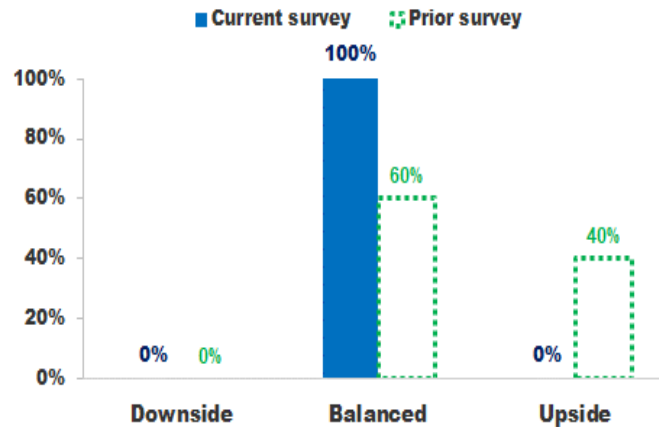
Euro Area-Inflation Risk Assessment (2021)



Japan-Inflation Risk Assessment (2021)



US-Inflation Risk Assessment (2021)



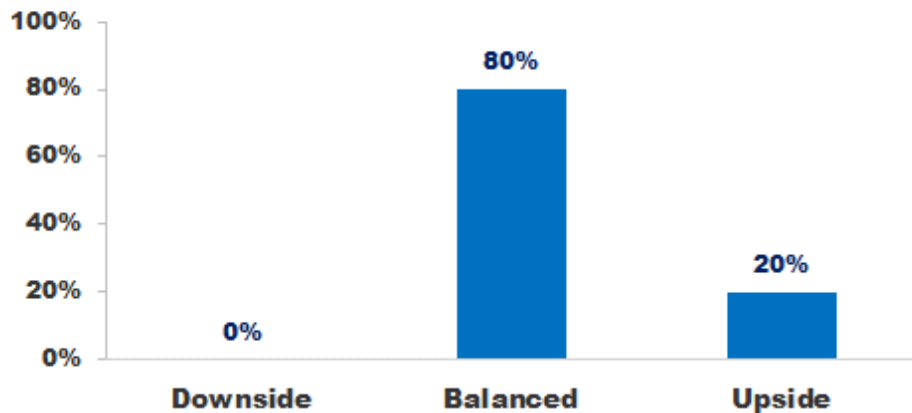
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Source: SKBI Big5 Survey (Feb 2020)

CPI Inflation Risks (2022)

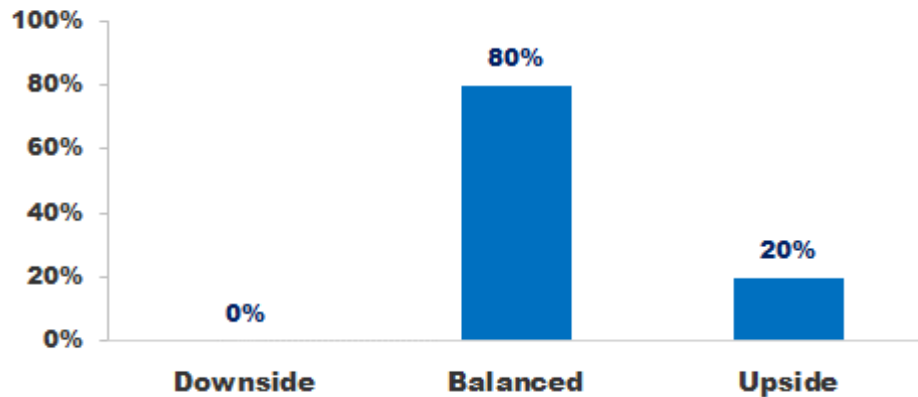
China-Inflation Risk Assessment (2022)

■ Current survey



India-Inflation Risk Assessment (2022)

■ Current survey



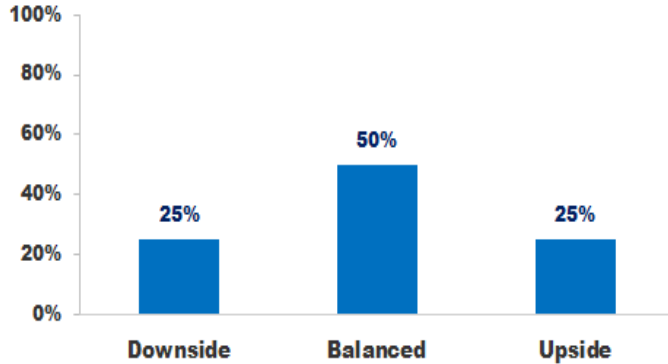
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CPI Inflation Risks (2022)

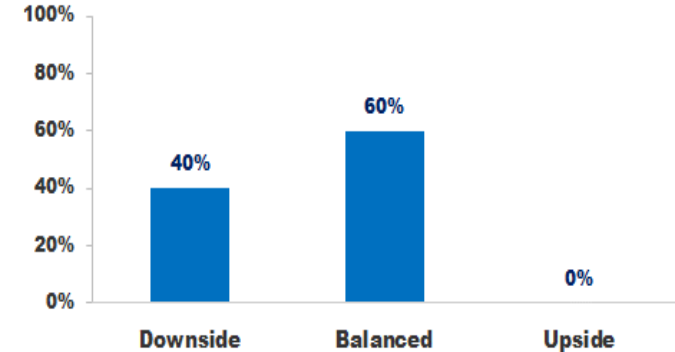
Euro Area-Inflation Risk Assessment (2022)

■ Current survey



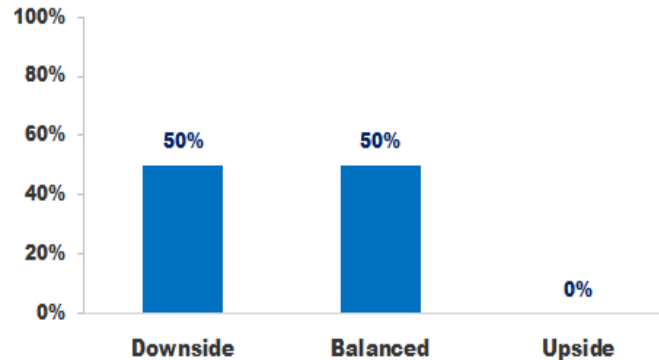
Japan-Inflation Risk Assessment (2022)

■ Current survey



US-Inflation Risk Assessment (2022)

■ Current survey



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

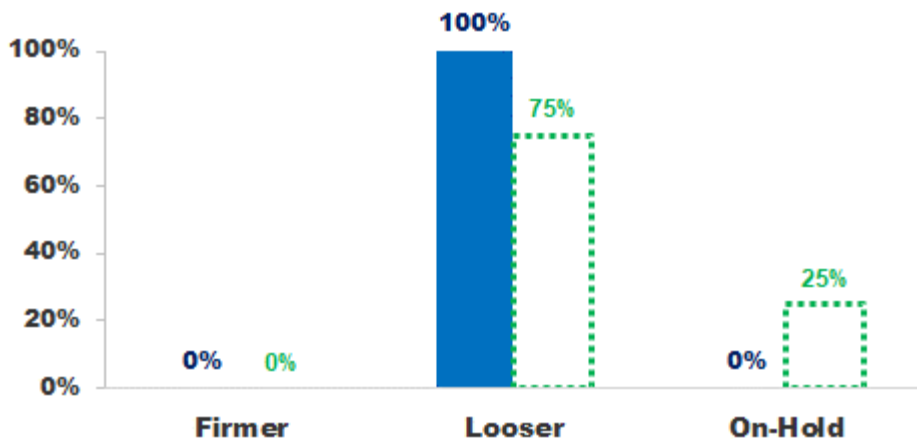
Source: SKBI Big5 Survey (Feb 2020)

Monetary Policy

Monetary Policy 2020

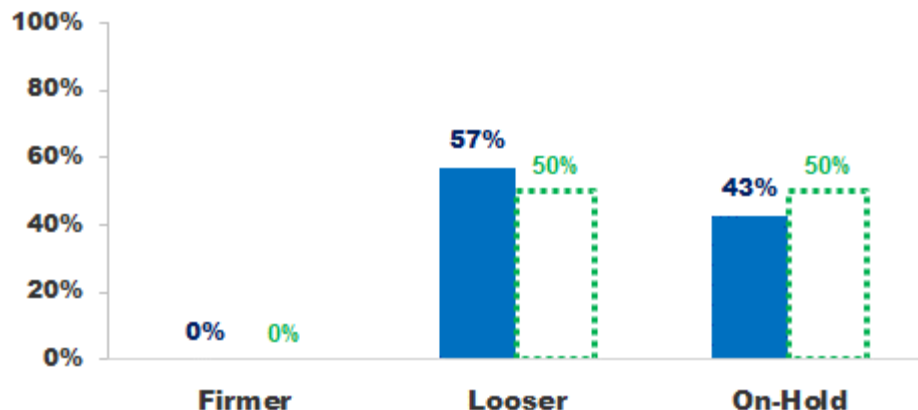
China-Monetary Policy in 2020

■ Current survey ▤ Prior survey



India-Monetary Policy in 2020

■ Current survey ▤ Prior survey



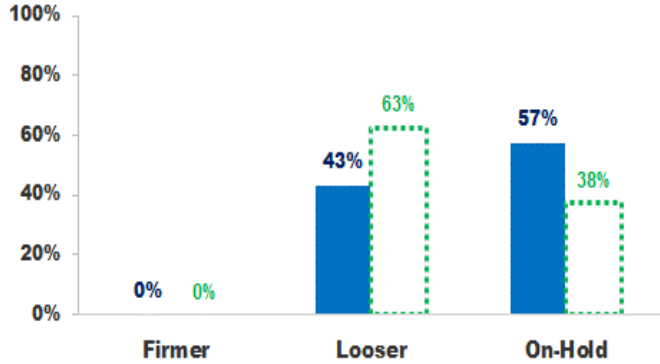
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

Source: SKBI Big5 Survey (Feb 2020)

Monetary Policy 2020

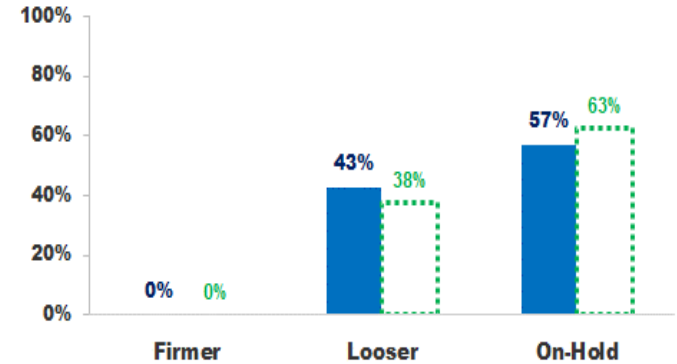
Euro Area-Monetary Policy in 2020

■ Current survey ▤ Prior survey



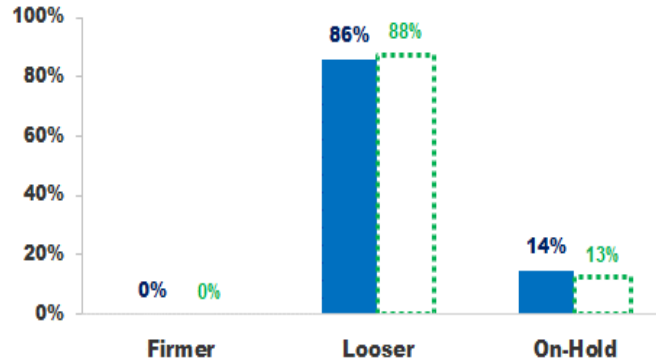
Japan-Monetary Policy in 2020

■ Current survey ▤ Prior survey



US-Monetary Policy in 2020

■ Current survey ▤ Prior survey



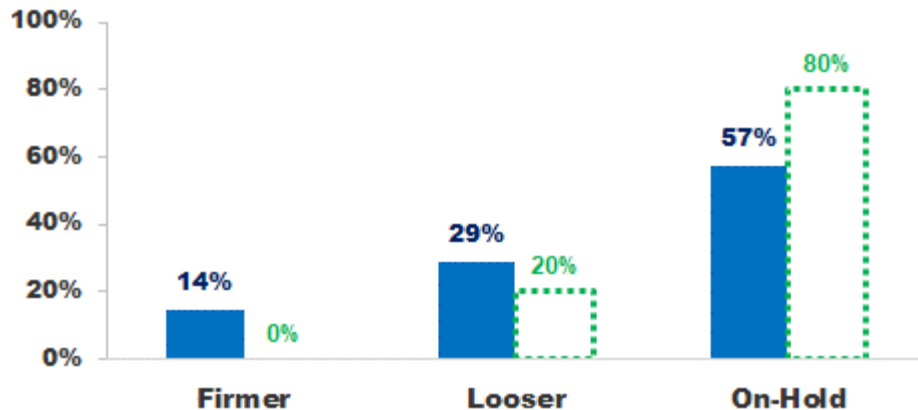
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

Source: SKBI Big5 Survey (Feb 2020)

Monetary Policy 2021

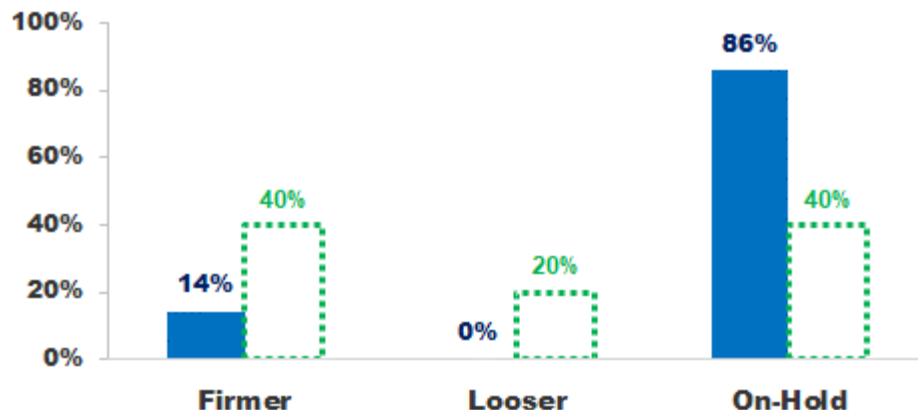
China-Monetary Policy in 2021

■ Current survey ▤ Prior survey



India-Monetary Policy in 2021

■ Current survey ▤ Prior survey



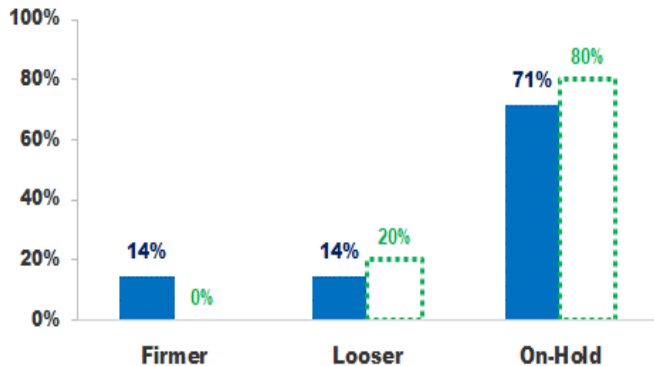
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

Source: SKBI Big5 Survey (Feb 2020)

Monetary Policy 2021

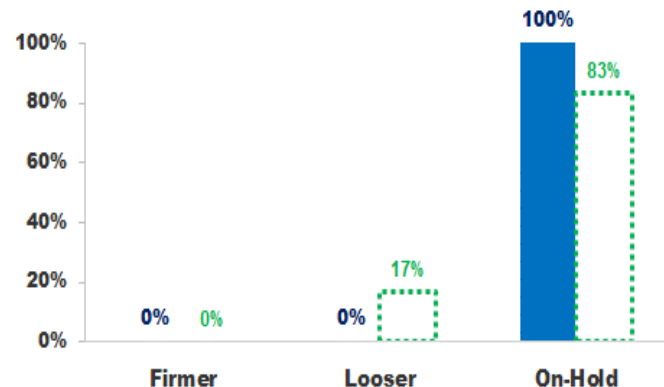
Euro Area-Monetary Policy in 2021

■ Current survey ▤ Prior survey



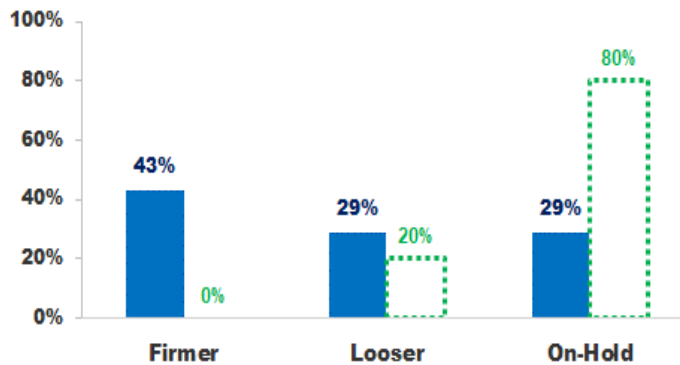
Japan-Monetary Policy in 2021

■ Current survey ▤ Prior survey



US-Monetary Policy in 2021

■ Current survey ▤ Prior survey

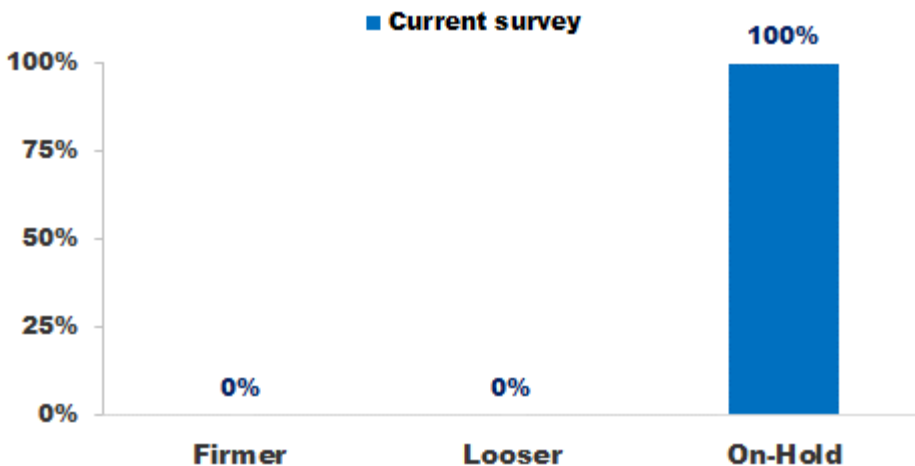


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

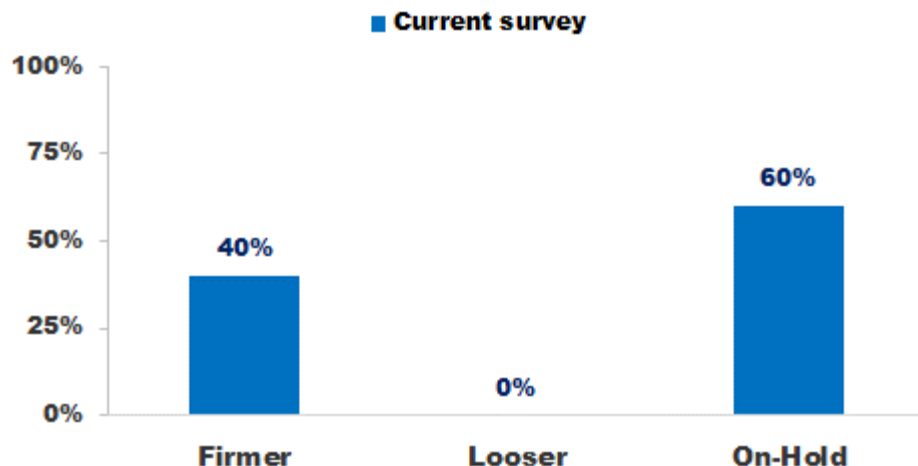
Source: SKBI Big5 Survey (Feb 2020)

Monetary Policy 2022

China-Monetary Policy in 2022



India-Monetary Policy in 2022

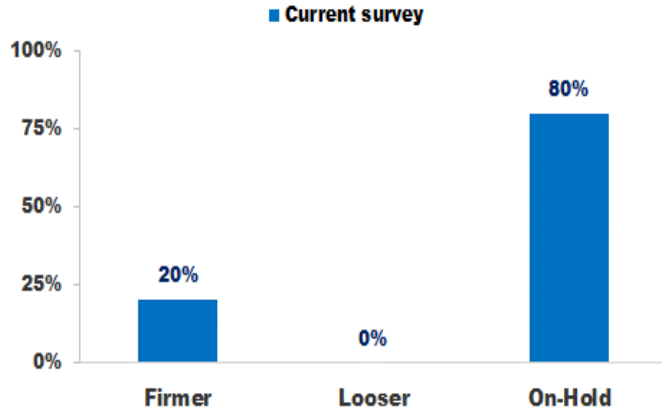


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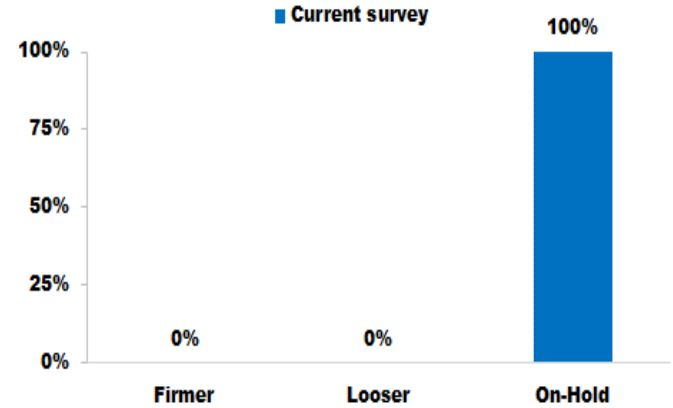
Source: SKBI Big5 Survey (Feb 2020)

Monetary Policy 2022

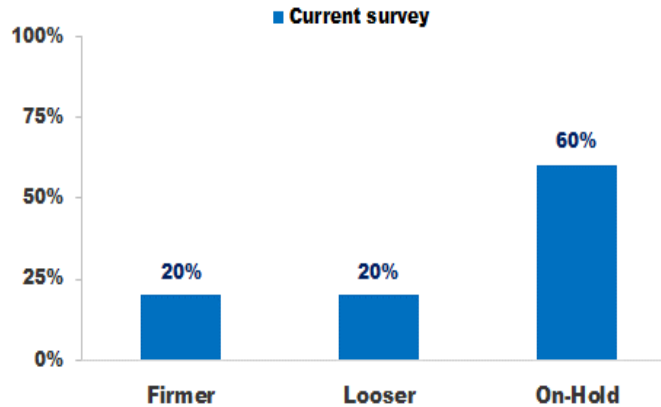
Euro Area-Monetary Policy in 2022



Japan-Monetary Policy in 2022



US-Monetary Policy in 2022



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

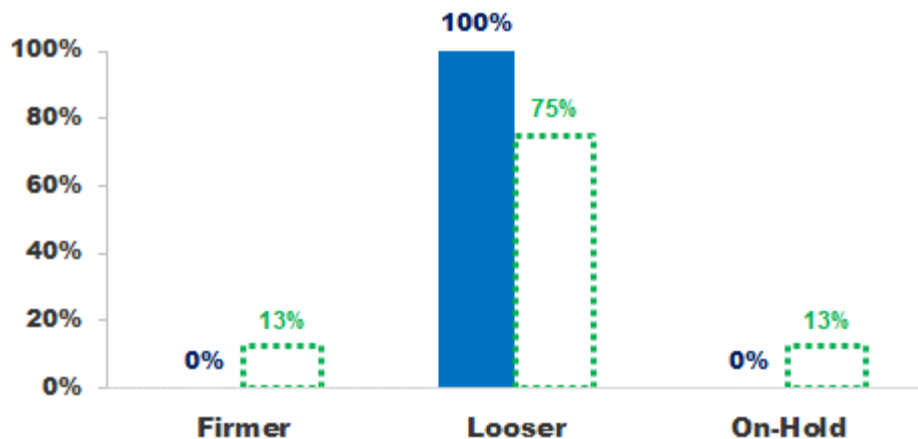
Source: SKBI Big5 Survey (Feb 2020)

Fiscal Policy

Fiscal Policy 2020

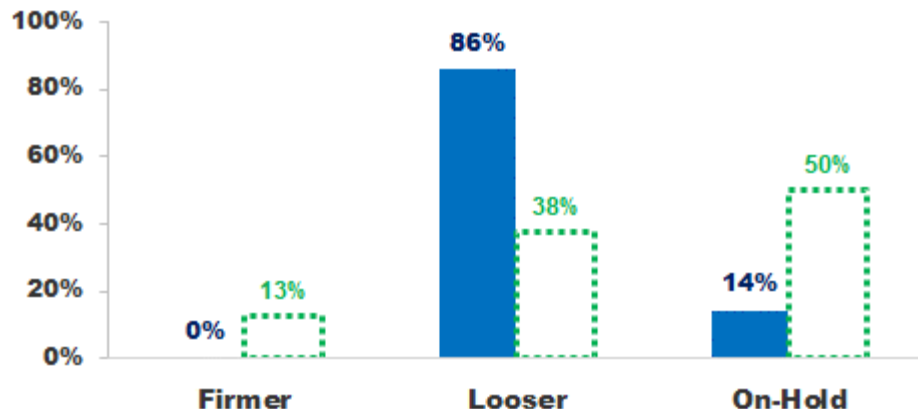
China-Fiscal Policy in 2020

■ Current survey ▨ Prior survey



India-Fiscal Policy in 2020

■ Current survey ▨ Prior survey



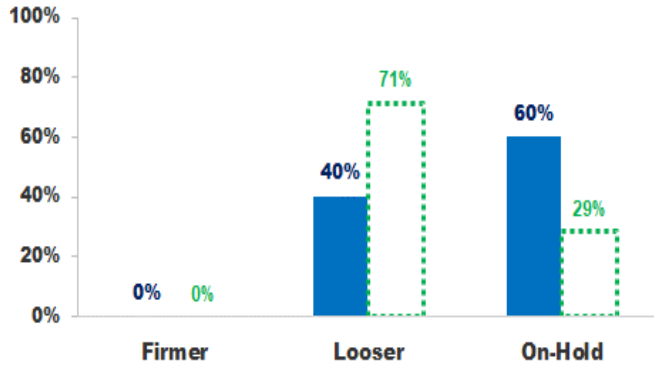
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Source: SKBI Big5 Survey (Feb 2020)

Fiscal Policy 2020

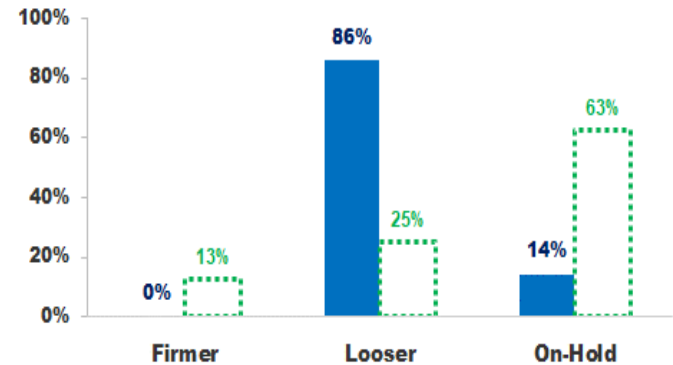
Euro Area-Fiscal Policy in 2020

■ Current survey ▤ Prior survey



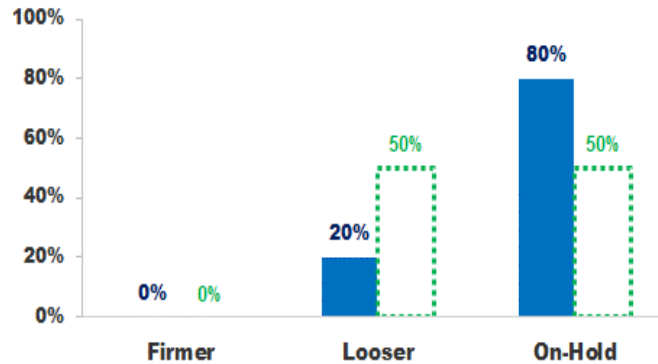
Japan-Fiscal Policy in 2020

■ Current survey ▤ Prior survey



US-Fiscal Policy in 2020

■ Current survey ▤ Prior survey



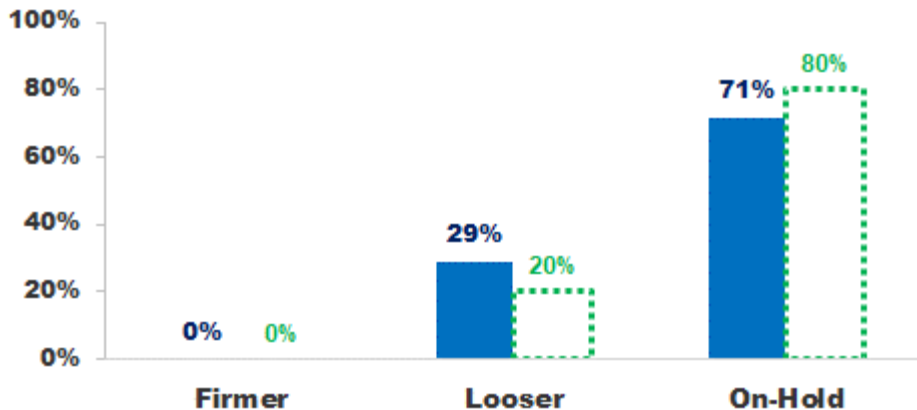
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

Source: SKBI Big5 Survey (Feb 2020)

Fiscal Policy 2021

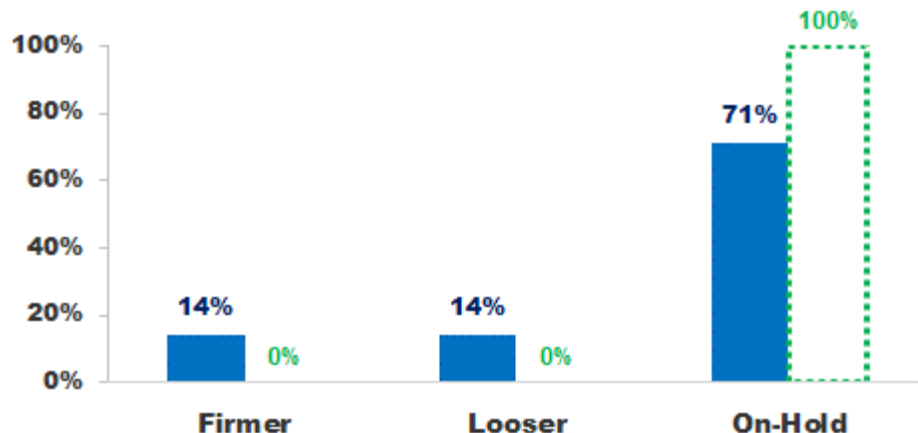
China-Fiscal Policy in 2021

■ Current survey ▤ Prior survey



India-Fiscal Policy in 2021

■ Current survey ▤ Prior survey



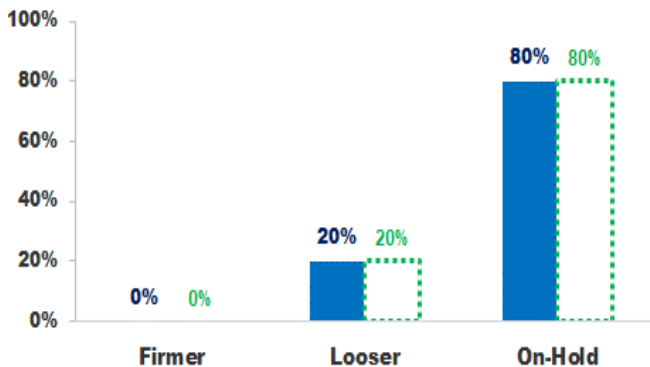
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

Source: SKBI Big5 Survey (Feb 2020)

Fiscal Policy 2021

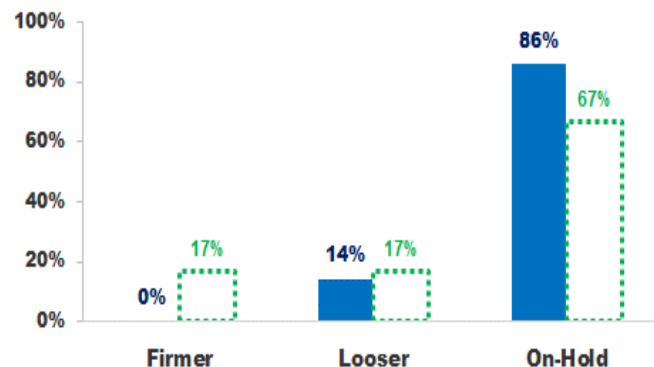
Euro Area-Fiscal Policy in 2021

■ Current survey ▤ Prior survey



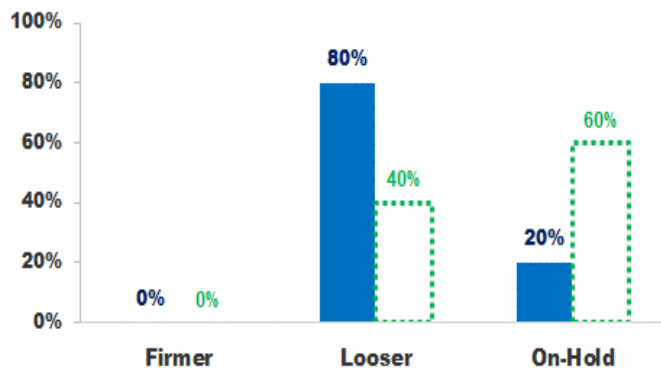
Japan-Fiscal Policy in 2021

■ Current survey ▤ Prior survey



US-Fiscal Policy in 2021

■ Current survey ▤ Prior survey



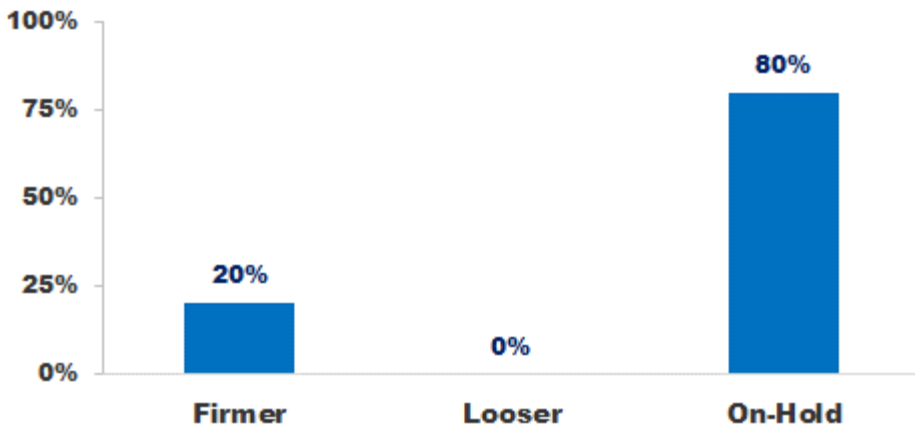
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (August 2019) surveys

Source: SKBI Big5 Survey (Feb 2020)

Fiscal Policy 2022

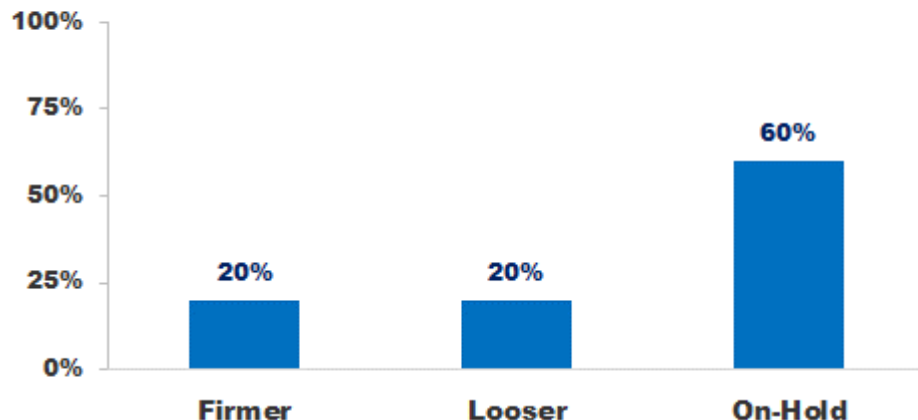
China-Fiscal Policy in 2022

■ Current survey



India-Fiscal Policy in 2022

■ Current survey

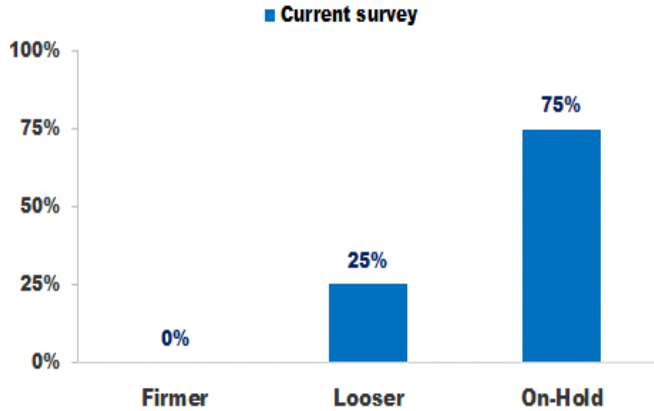


Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey

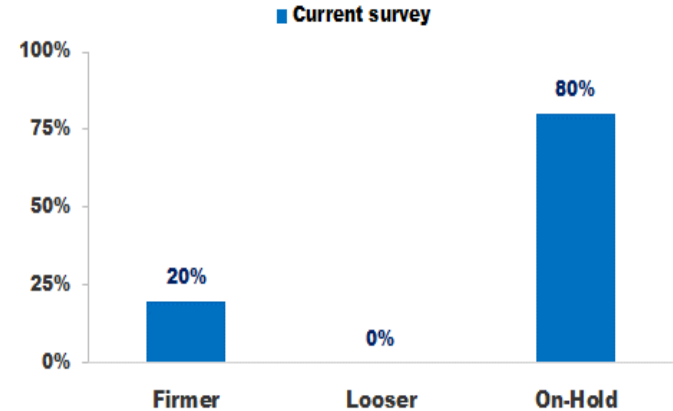
Source: SKBI Big5 Survey (Feb 2020)

Fiscal Policy 2022

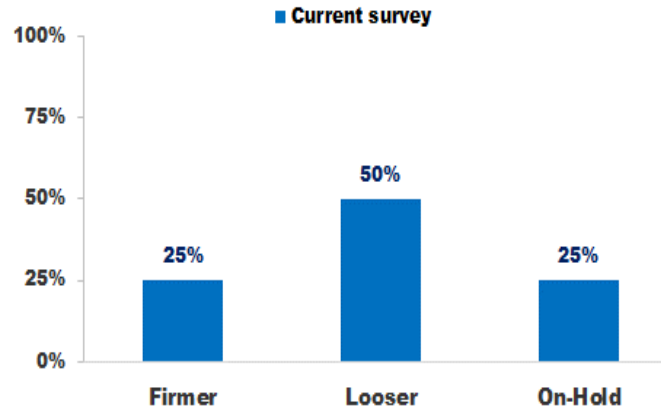
Euro Area-Fiscal Policy in 2022



Japan-Fiscal Policy in 2022



US-Fiscal Policy in 2022



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

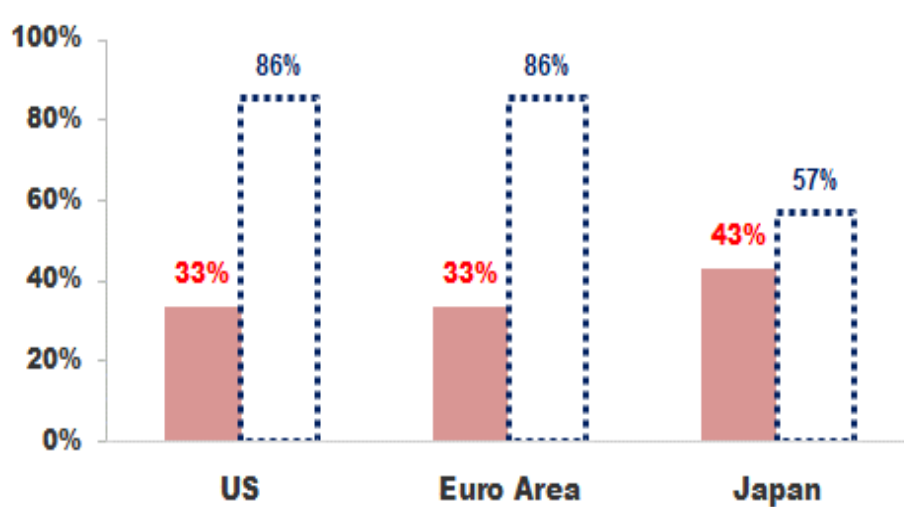
Source: SKBI Big5 Survey (Feb 2020)

Business Cycle Dynamics

Downturn in US, Euro Area & Japan?

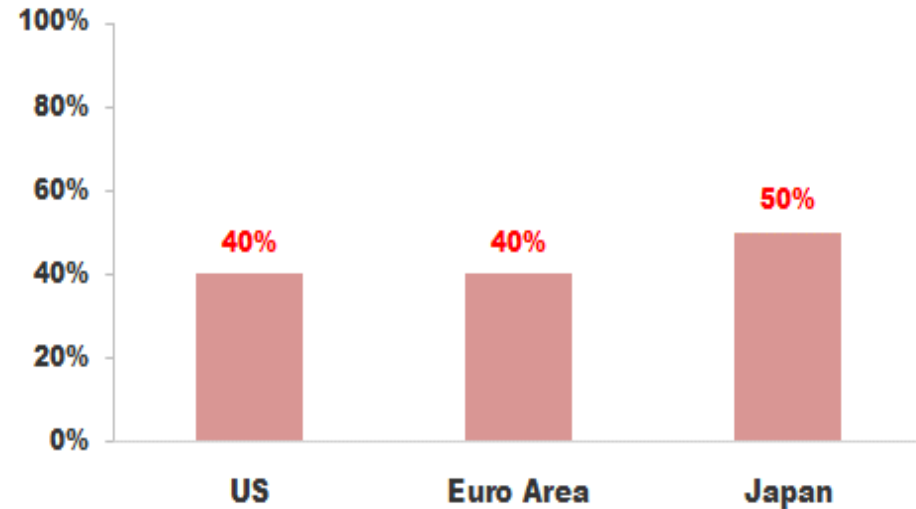
Recession by 2022?

■ Current survey ▤ Prior survey



Recession by 2023?

■ Current survey

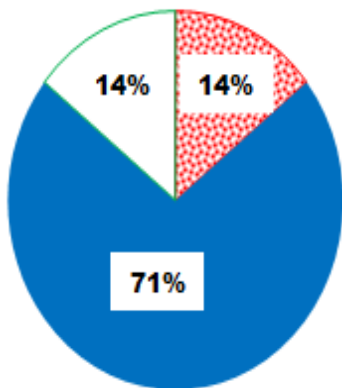


Note: The percentages herein, out of 100%, denote “Yes” responses (i.e., “Yes” a recession is likely by...) in the current and prior (Aug 2019) surveys

Source: SKBI Big5 Survey (Feb 2020)

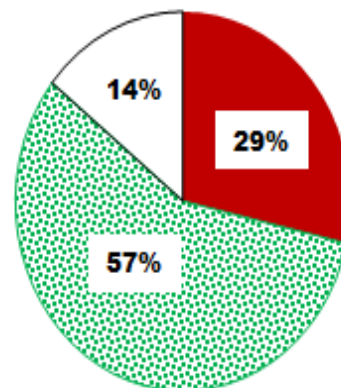
Business Cycle: China & India

A "Sharp Slowdown" in China implies Real GDP Growth* Decelerating by...



■ Less than 1%-pt*
 ■ Roughly 1%-pt*
 ■ More than 1%-pt*

A "Sharp Slowdown" in India implies Real GDP Growth* Decelerating by...



■ Less than 2%-pt*
 ■ Roughly 2%-pt*
 ■ More than 2%-pt*

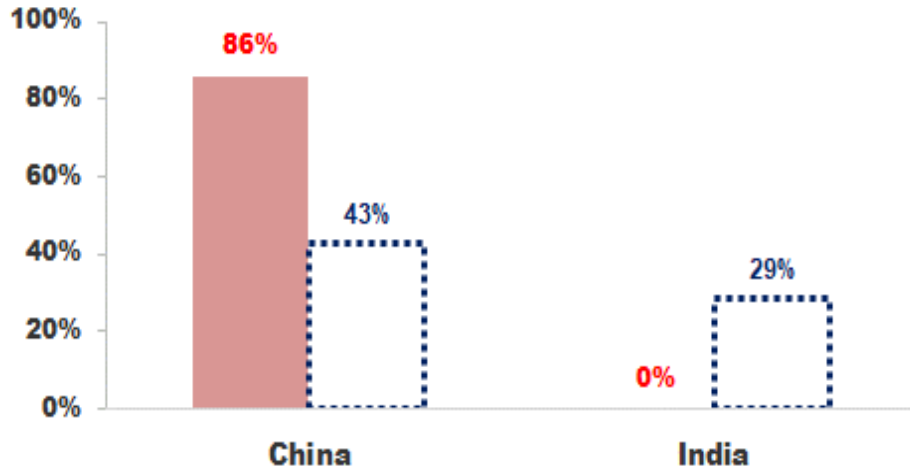
Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current survey

Source: SKBI Big5 Survey (Feb 2020)
***4Q-to-4Q basis**

“Sharp Slowdown” in China & India?

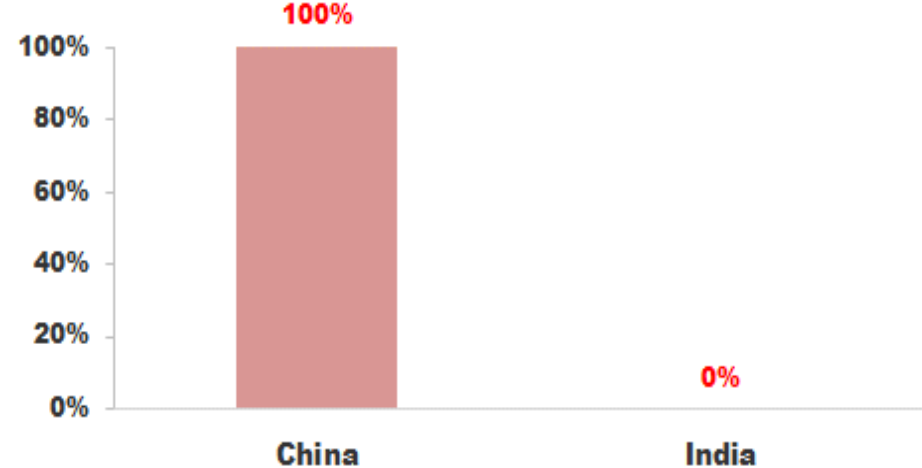
“Sharp Slowdown” by 2022?

■ Current survey ▨ Prior survey



“Sharp Slowdown” by 2023?

■ Current survey



Note: The percentages herein, out of 100%, denote “Yes” responses (i.e., “Yes” a “sharp slowdown” is likely by...) in the current and prior (Aug 2019) surveys

Source: SKBI Big5 Survey (Feb 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 2020.

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

List of Participants (February 2020 survey):

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