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2-2022

### SKBI Big 5 Survey 2022 February

Singapore Management University

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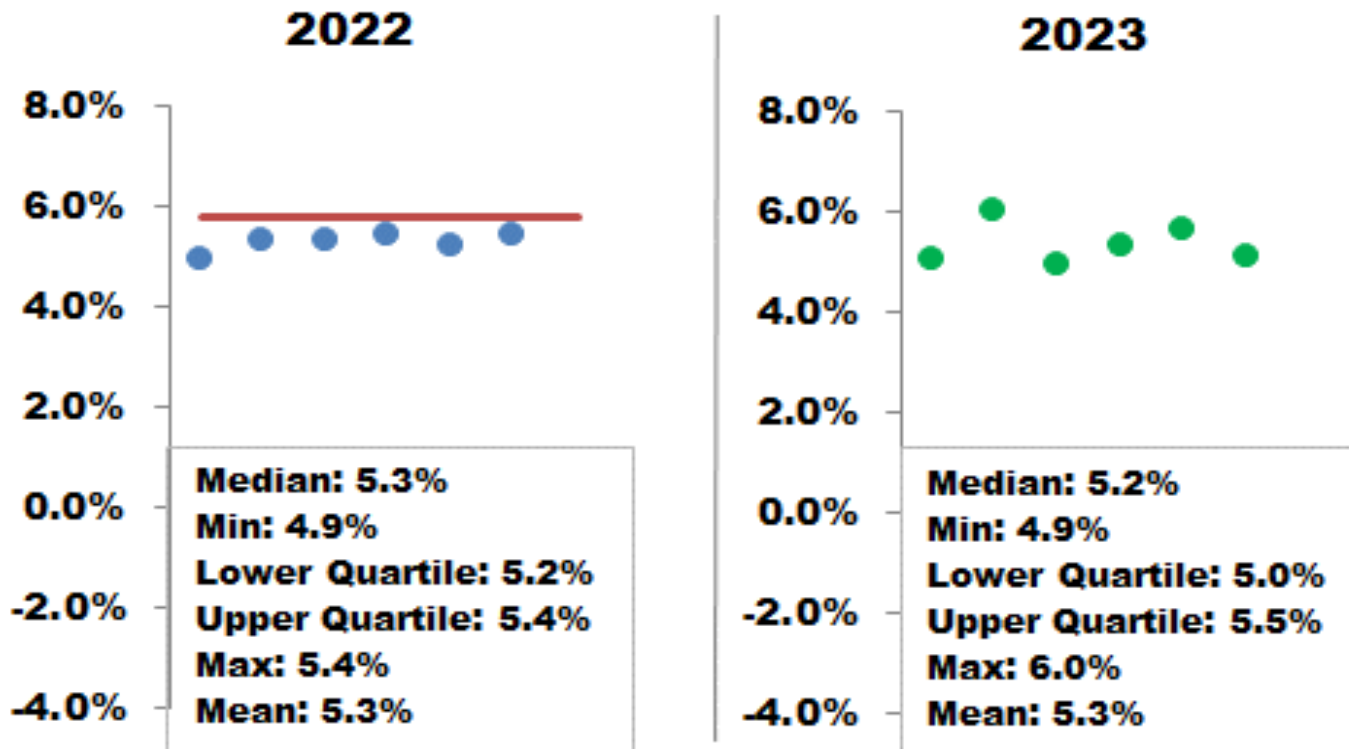
# ***The Sim Kee Boon Institute for Financial Economics (SKBI) Big5 Survey***

# Takeaways (February 2022 Survey)

- ❖ The latest survey results on the largest five economies (Big5), based on submissions prior to the ongoing Russia-Ukraine conflict, imply a more intricate growth, inflation and policy dynamic.
- ❖ The aggregate Big5 median real GDP growth forecast of more than 4.5% in 2022, while slower than previously, is still above-average (CN marked down, IN bumped up). In contrast, the upward revision to Big5 headline inflation, which is projected to rise above 3% in 2022, is noticeably sharper, mostly with upside risks (only CN revised down with balanced risks along with JP). In 2023, survey participants expect growth to revert to its decade average of roughly 4% and inflation to settle modestly above 2% for the Big5 overall (upside risk in IN), implying a seemingly peachy environment. But the reduced forecasts for US and EA relative to 2022 are visibly starker.
- ❖ The monetary policy stance across the Big5 is more-or-less reflective of the respective inflation forecasts in 2022 (looser in CN but firmer for the rest except JP). Although participants generally anticipate the PBoC to transition to a firmer stance by 2024, the rest of the central banks (with BoJ on-hold) are likely to continue raising rates in 2023 before pausing eventually. Broadly, the fiscal stance, while reinforcing monetary policy, seems to be less skewed except for US and CN.
- ❖ Notwithstanding modal expectations of softish landing, participants maintained their uneasiness over the prospect of sustained inflation surprises and upped the risk resulting from geopolitical events over the next 12-24 months. While the risk of COVID-19 escalation was scaled back, concerns over unintended policy tightening (monetary and fiscal) were raised.

# ***GDP Growth***

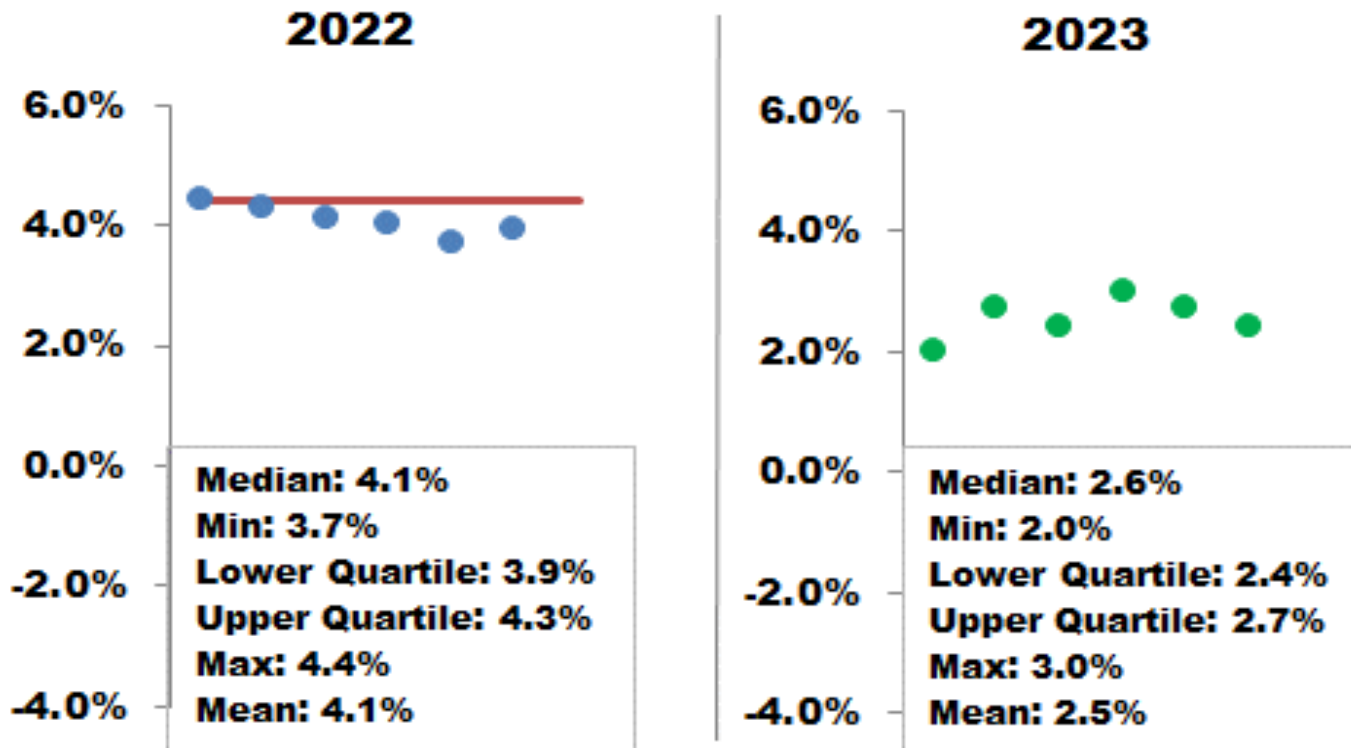
# China-Real GDP Growth



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

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

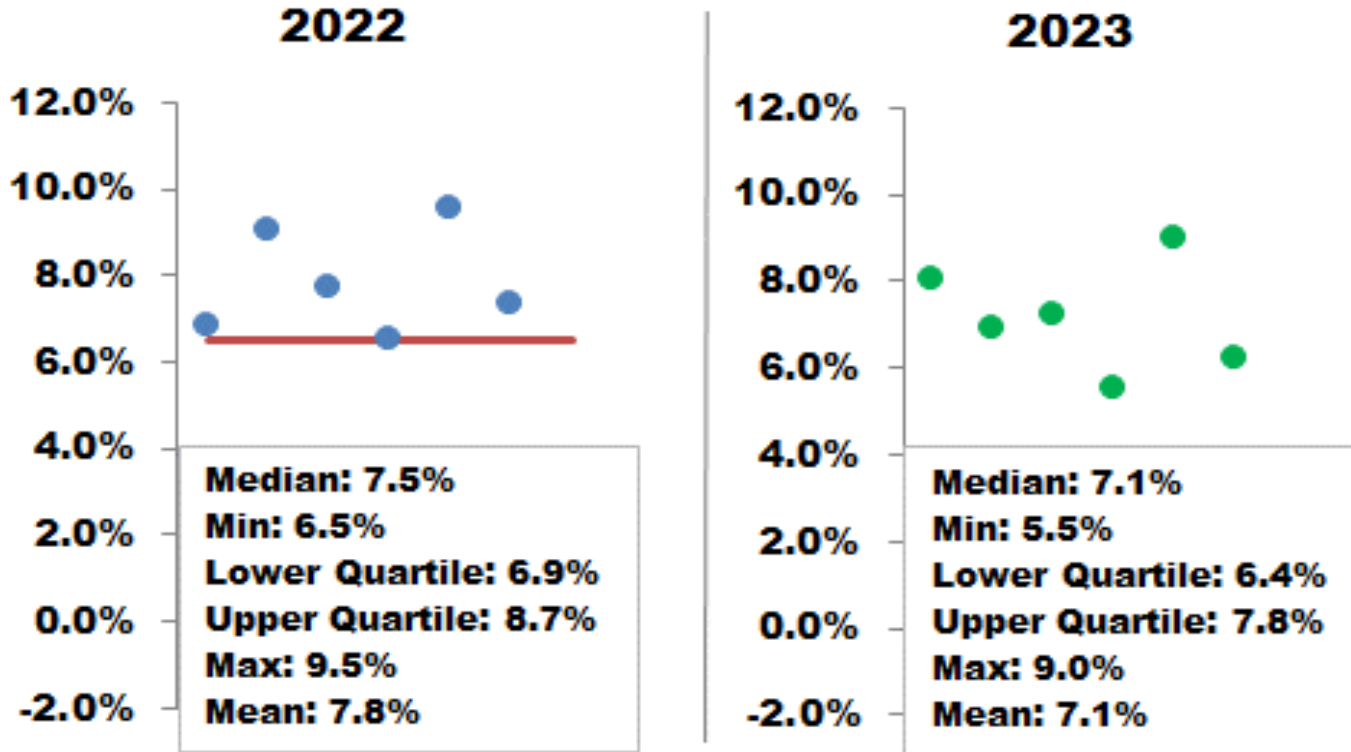
# Euro Area-Real GDP Growth



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

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

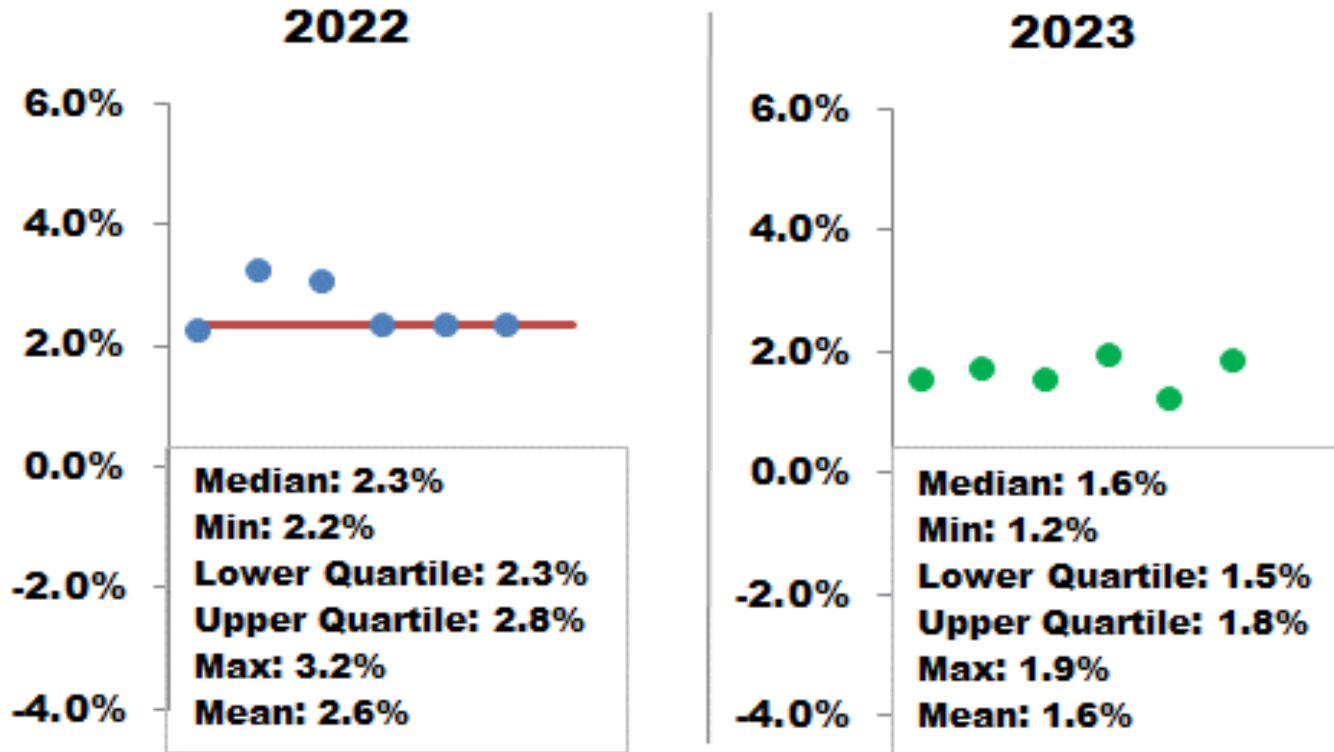
# India-Real GDP Growth



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

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Japan-Real GDP Growth

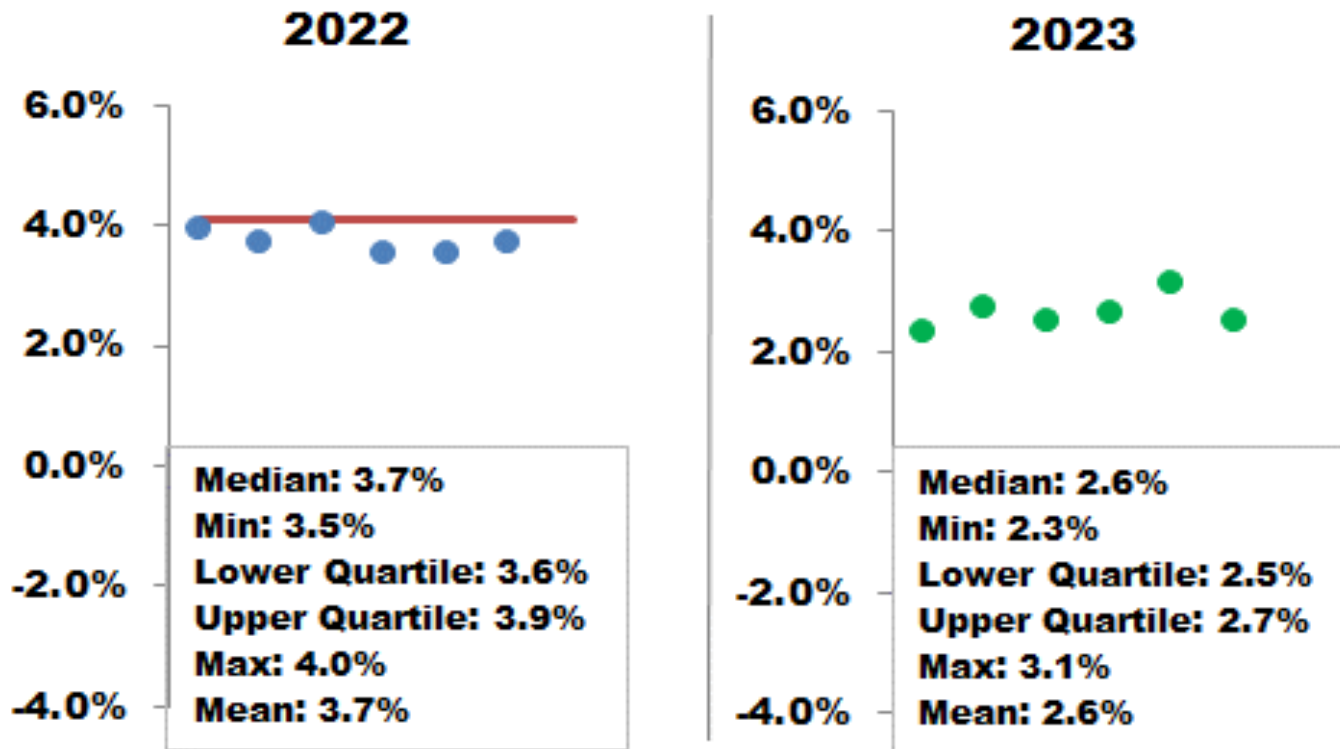


**Note: Each dot represents a random participant in the survey and the horizontal line in 2022 depicts the median result from the prior (Aug) survey.**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**



# US-Real GDP Growth



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

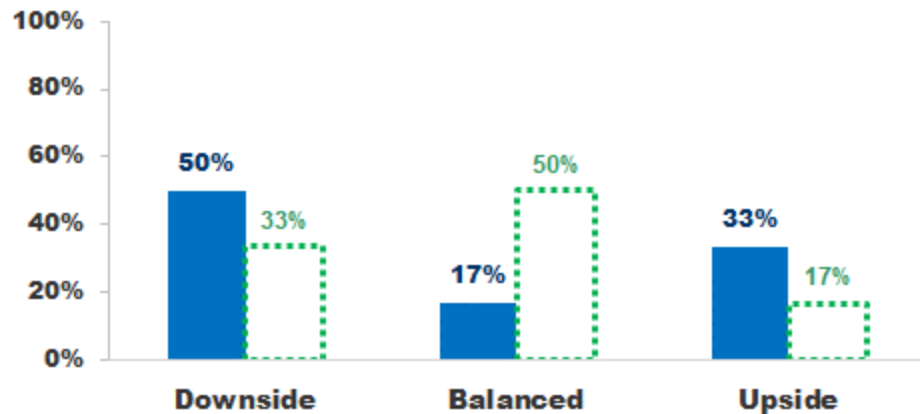
**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# ***GDP Growth Risk Assessment***

# Real GDP Growth Risks (2022)

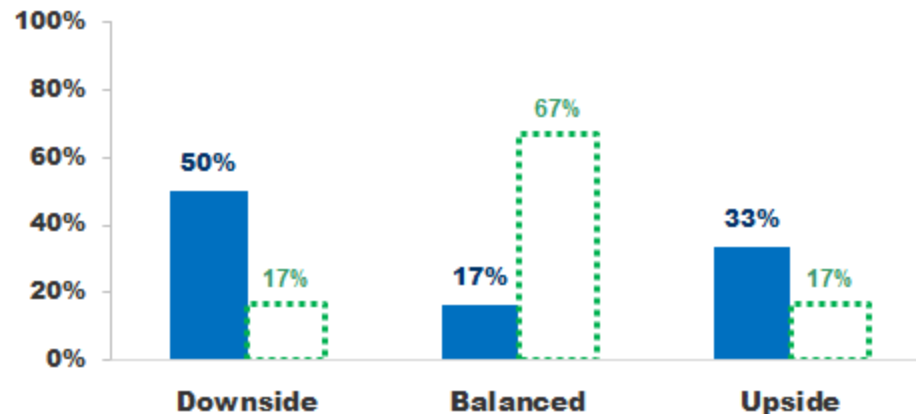
## China-Growth Risk Assessment (2022)

■ Current survey    ▤ Prior survey



## India-Growth Risk Assessment (2022)

■ Current survey    ▤ Prior survey



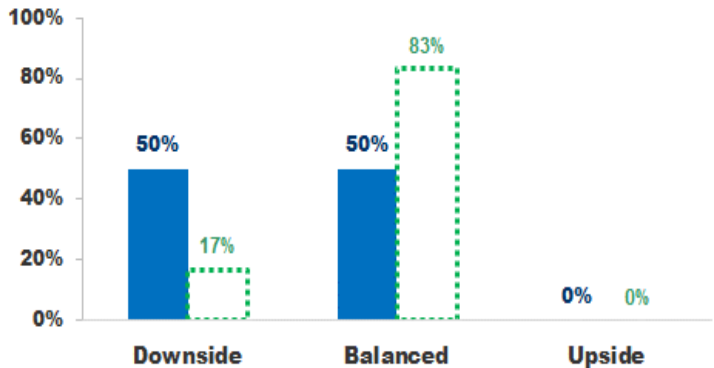
**Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Real GDP Growth Risks (2022)

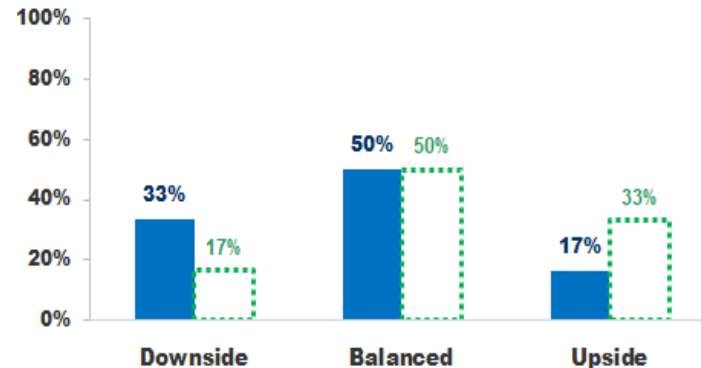
**Euro Area-Growth Risk Assessment (2022)**

■ Current survey    ▨ Prior survey



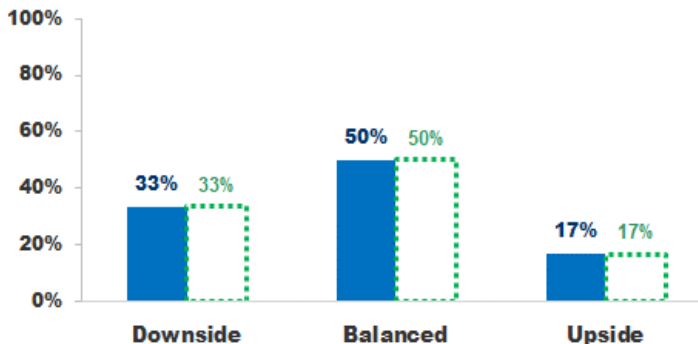
**Japan-Growth Risk Assessment (2022)**

■ Current survey    ▨ Prior survey



**US-Growth Risk Assessment (2022)**

■ Current survey    ▨ Prior survey



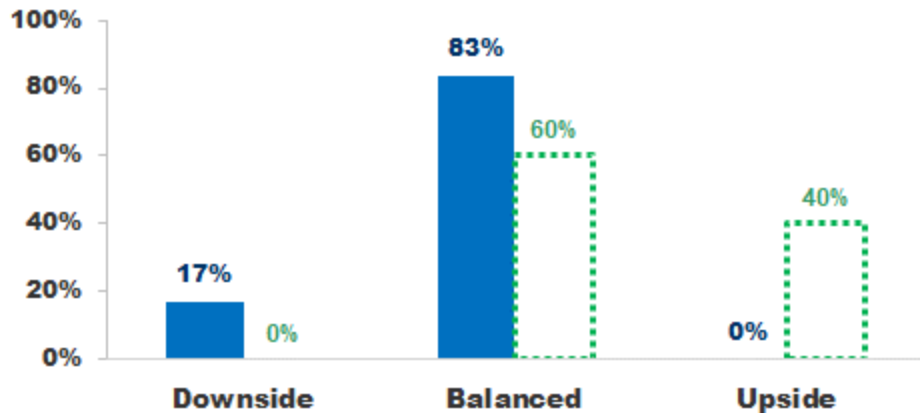
**Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Real GDP Growth Risks (2023)

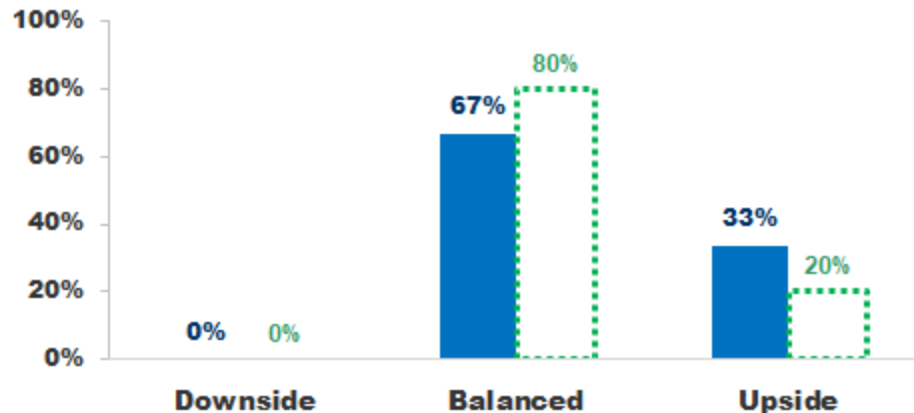
### China-Growth Risk Assessment (2023)

■ Current survey    ▤ Prior survey



### India-Growth Risk Assessment (2023)

■ Current survey    ▤ Prior survey



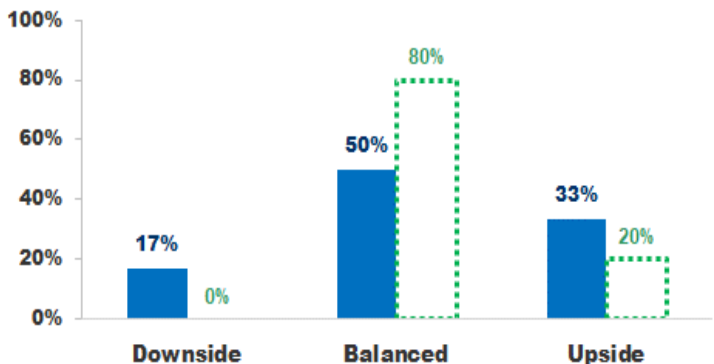
**Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Real GDP Growth Risks (2023)

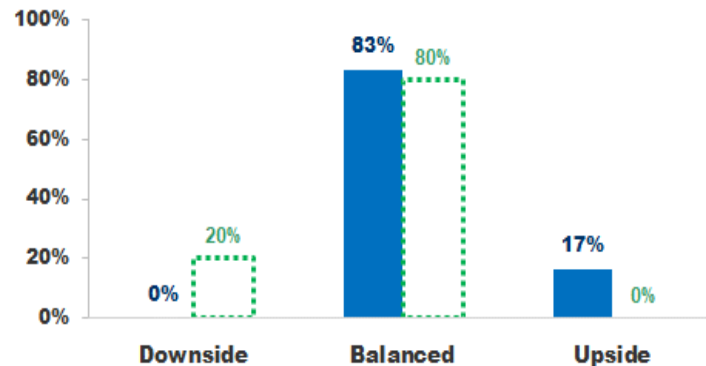
### Euro Area-Growth Risk Assessment (2023)

■ Current survey    ▨ Prior survey



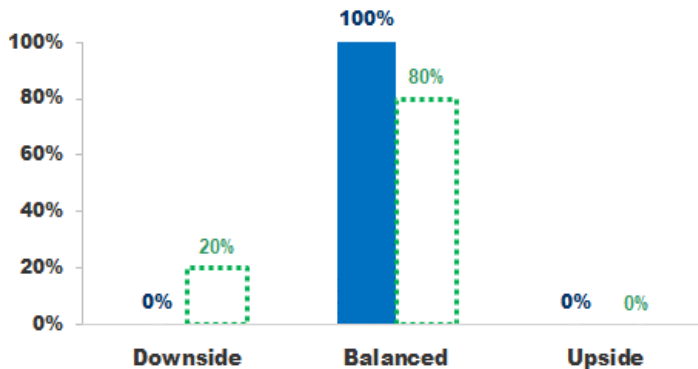
### Japan-Growth Risk Assessment (2023)

■ Current survey    ▨ Prior survey



### US-Growth Risk Assessment (2023)

■ Current survey    ▨ Prior survey

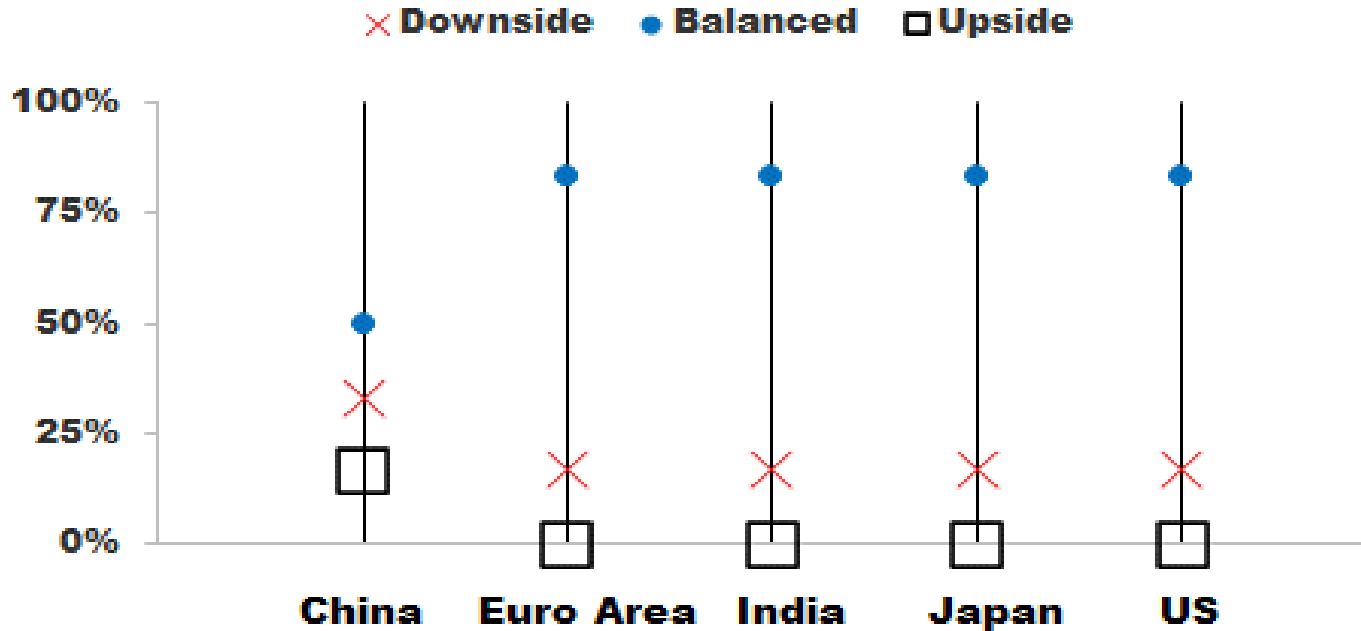


**Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Real GDP Growth Risks (2024)

## Growth Risk Assessment (2024)



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

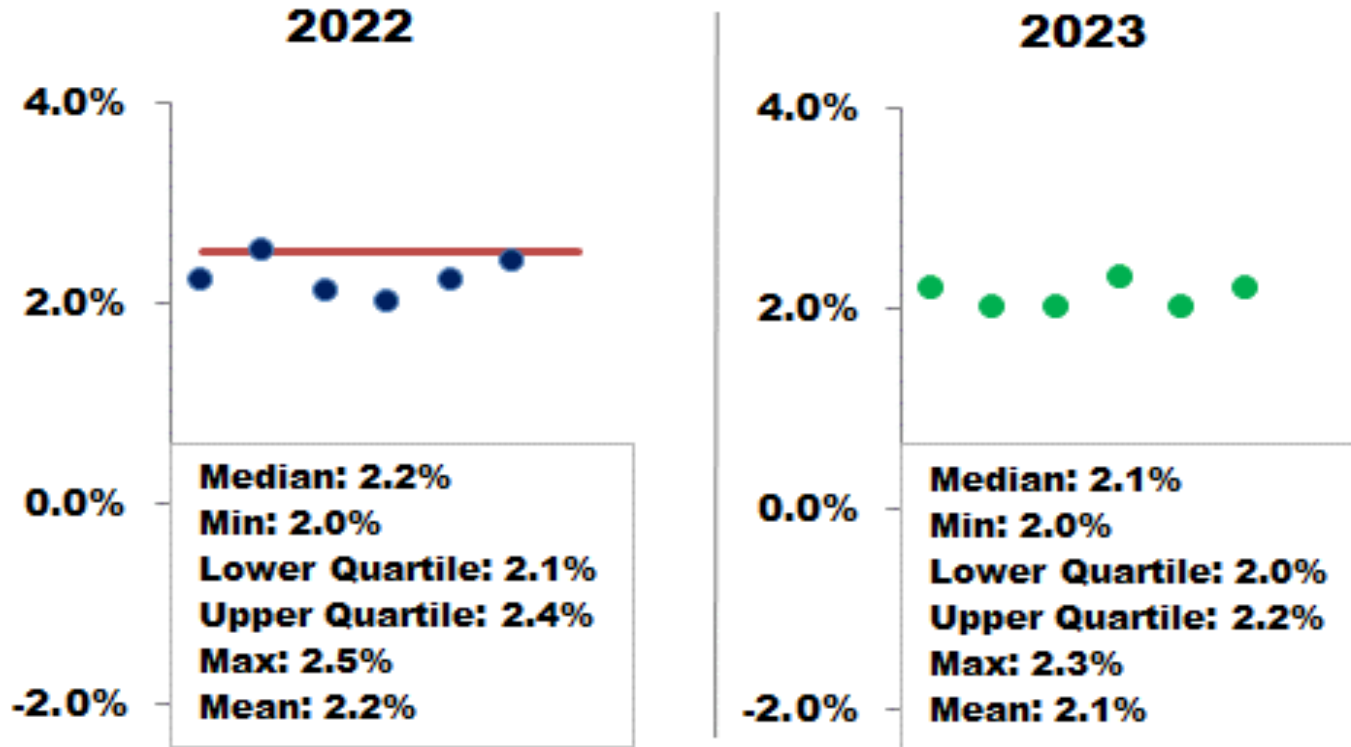
**Source: SKBI Big5 Survey (Feb 2022)**

# ***CPI***

# ***Inflation***



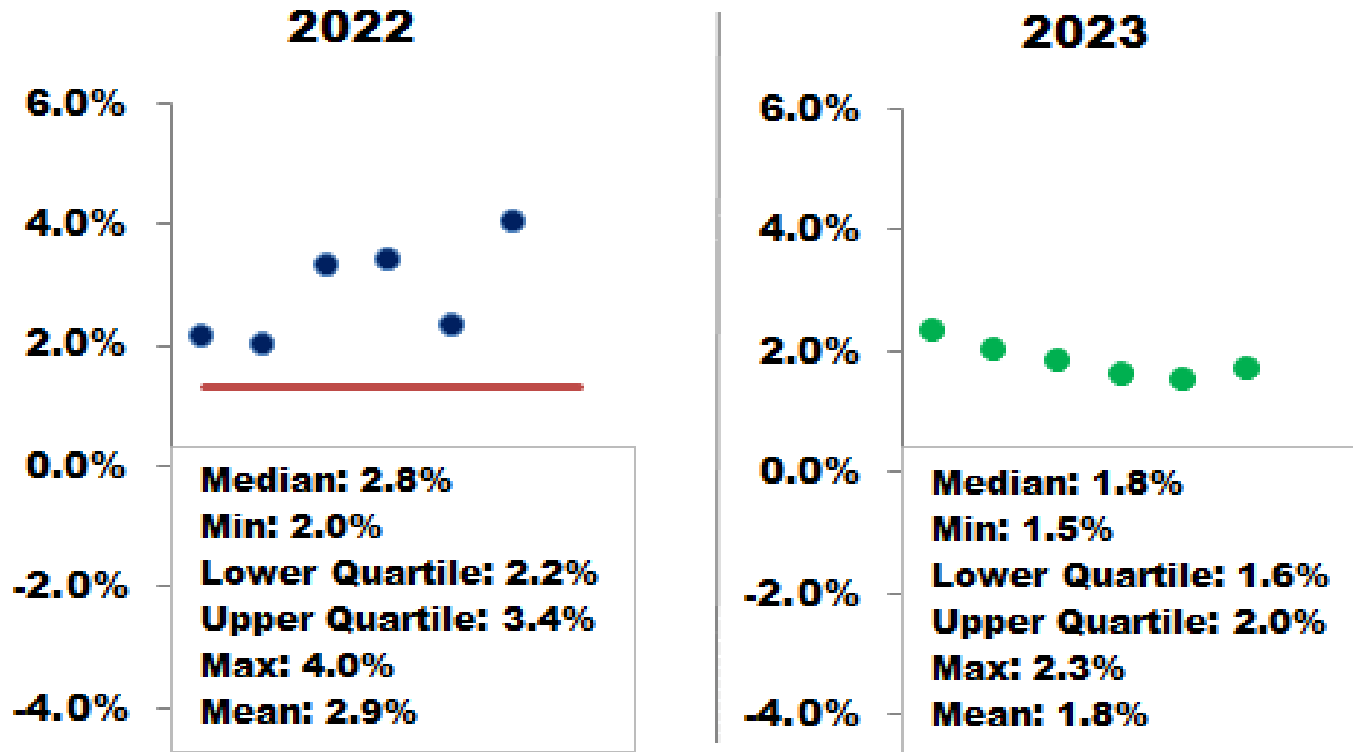
# China-CPI Inflation



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

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

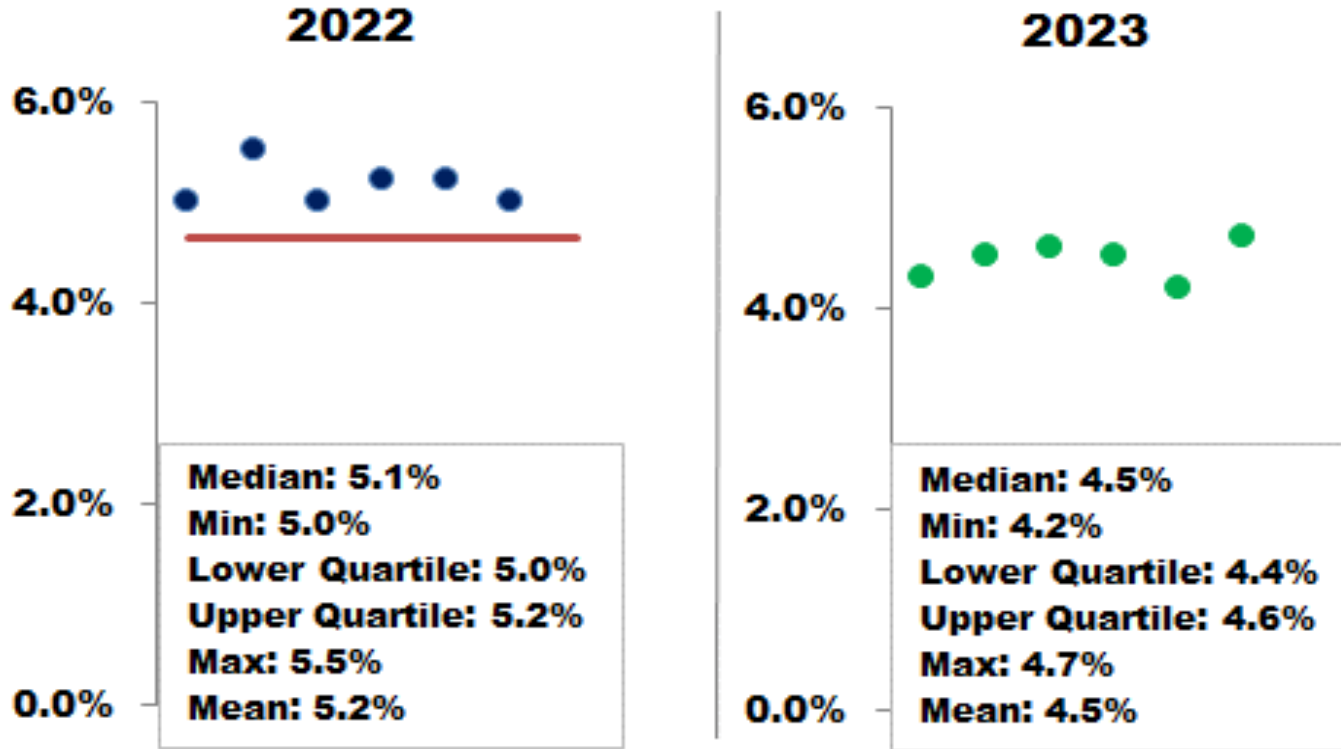
# Euro Area-CPI Inflation



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

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

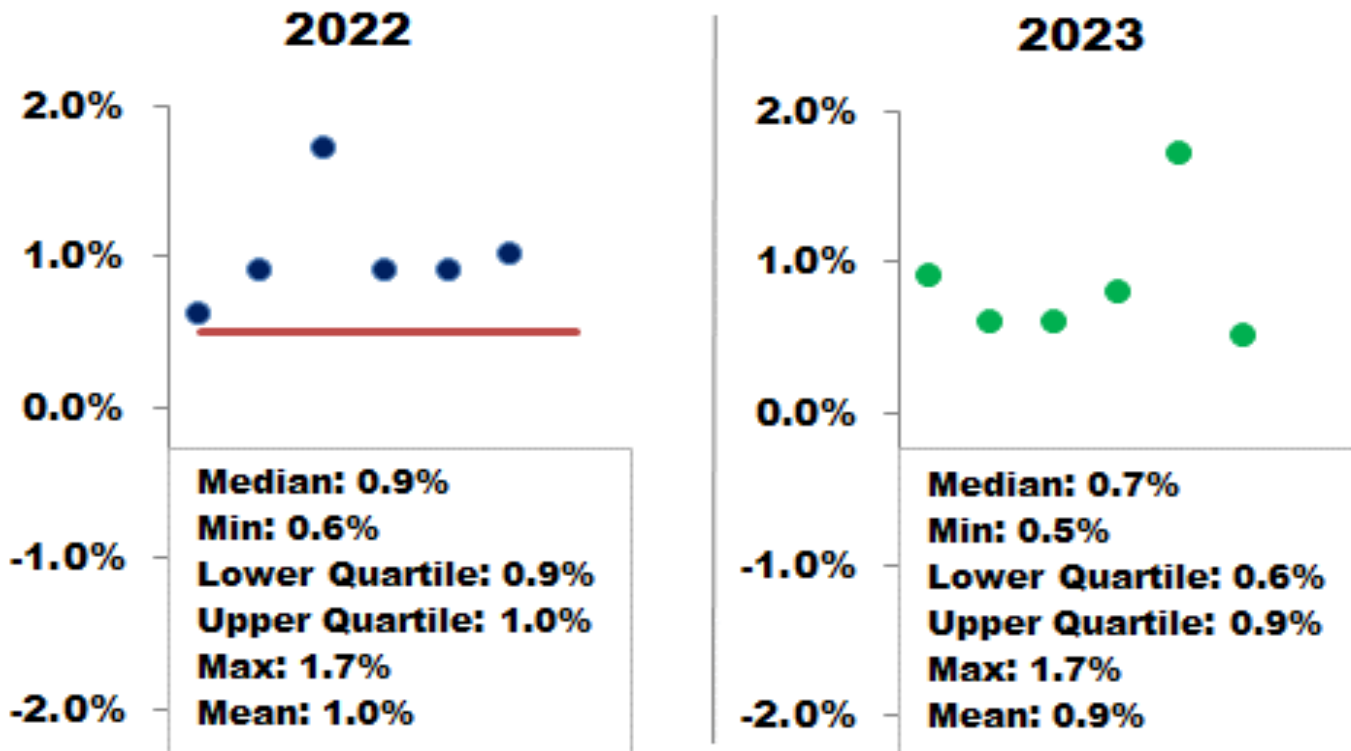
# India-CPI Inflation



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

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

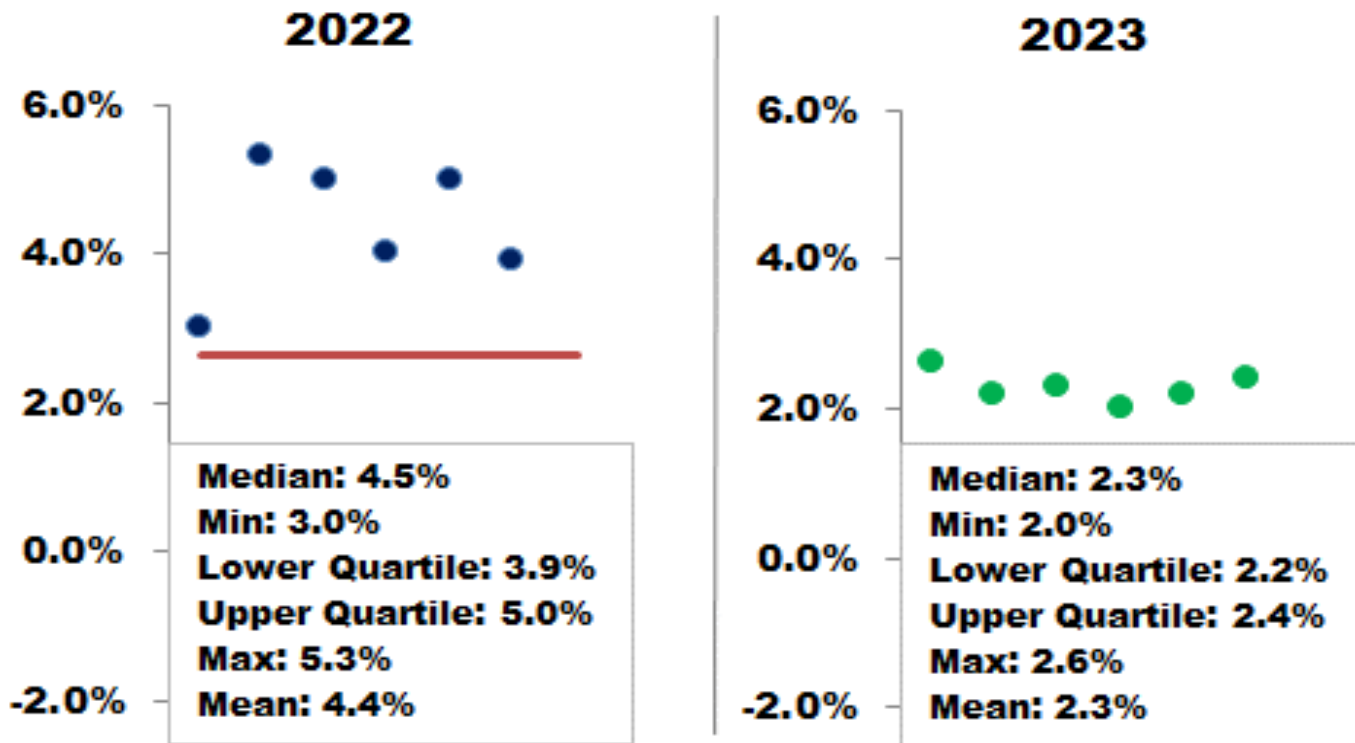
# Japan-CPI Inflation



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

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# US-CPI Inflation



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

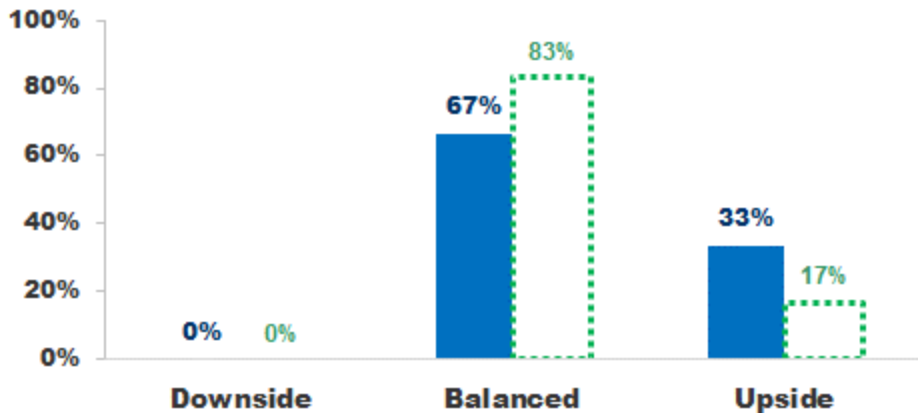
**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# *Inflation Risk Assessment*

# CPI Inflation Risks (2022)

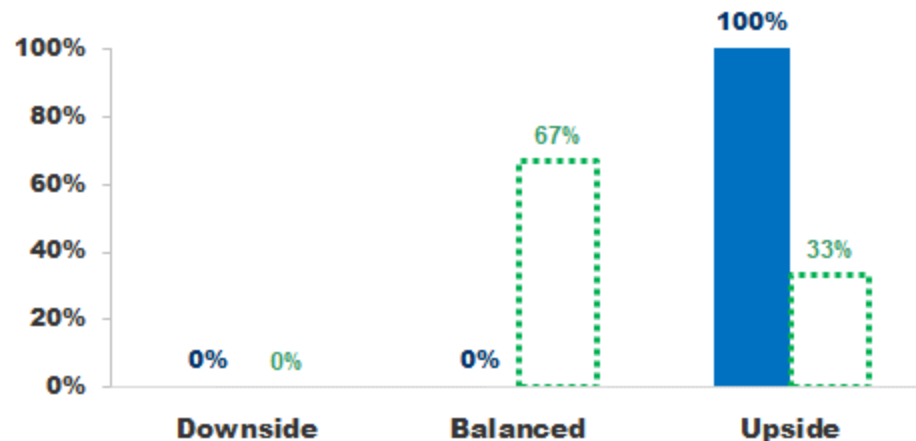
### China-Inflation Risk Assessment (2022)

■ Current survey    ▤ Prior survey



### India-Inflation Risk Assessment (2022)

■ Current survey    ▤ Prior survey

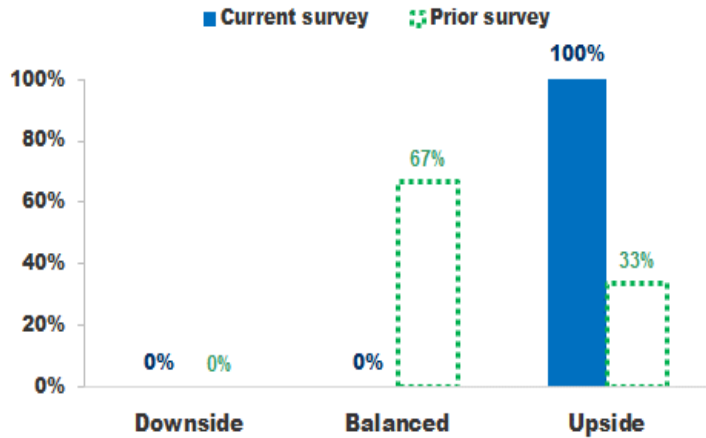


**Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.**

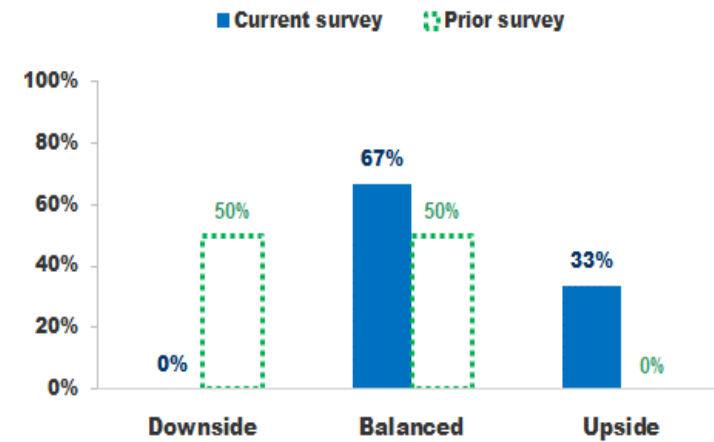
**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# CPI Inflation Risks (2022)

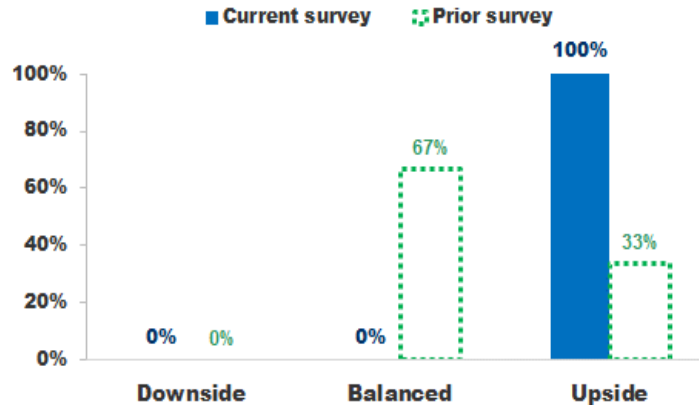
### Euro Area-Inflation Risk Assessment (2022)



### Japan-Inflation Risk Assessment (2022)



### US-Inflation Risk Assessment (2022)



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

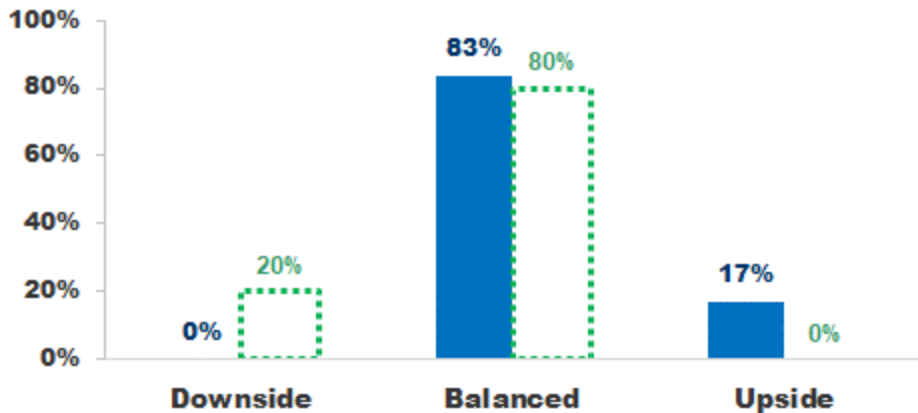
**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**



# CPI Inflation Risks (2023)

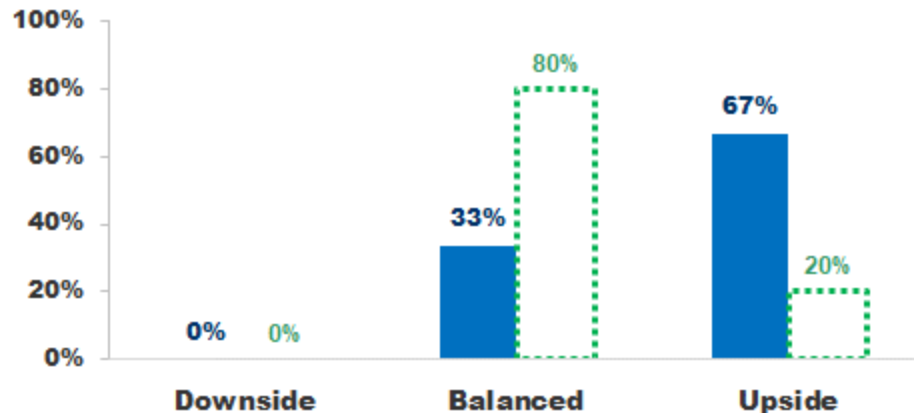
### China-Inflation Risk Assessment (2023)

■ Current survey    ▤ Prior survey



### India-Inflation Risk Assessment (2023)

■ Current survey    ▤ Prior survey



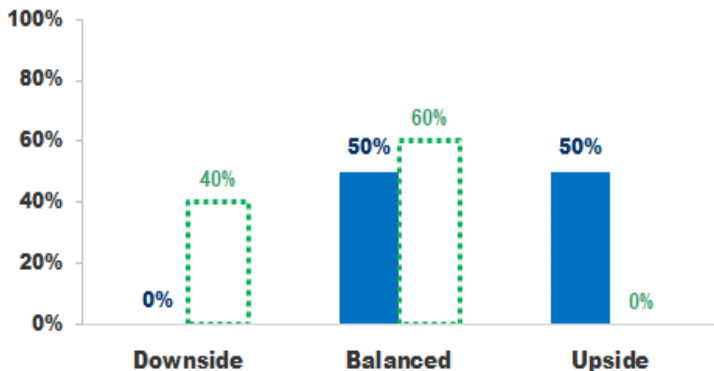
**Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# CPI Inflation Risks (2023)

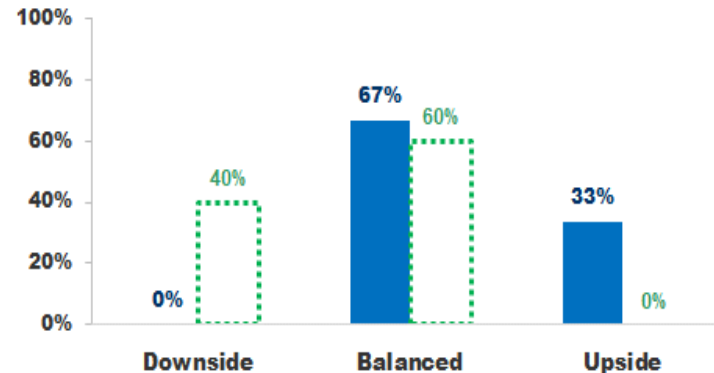
**Euro Area-Inflation Risk Assessment (2023)**

■ Current survey    ▨ Prior survey



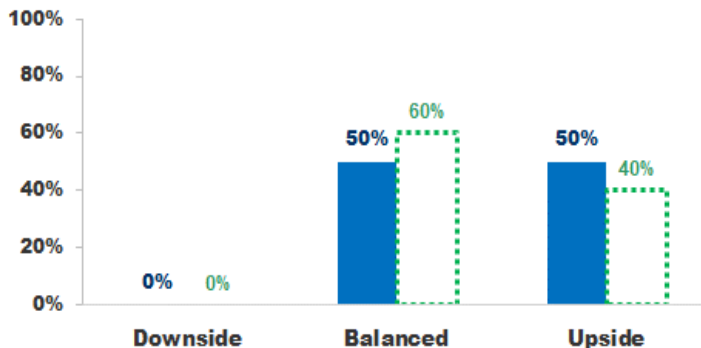
**Japan-Inflation Risk Assessment (2023)**

■ Current survey    ▨ Prior survey



**US-Inflation Risk Assessment (2023)**

■ Current survey    ▨ Prior survey

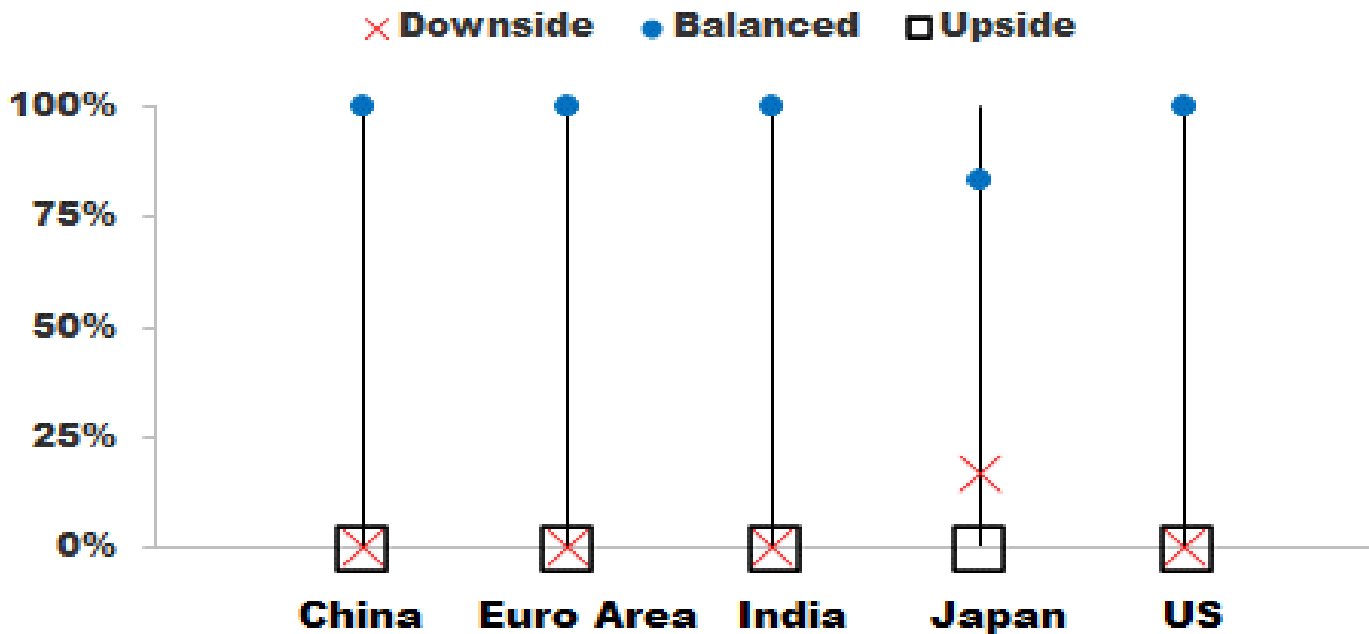


**Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# CPI Inflation Risks (2024)

## Inflation Risk Assessment (2024)



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

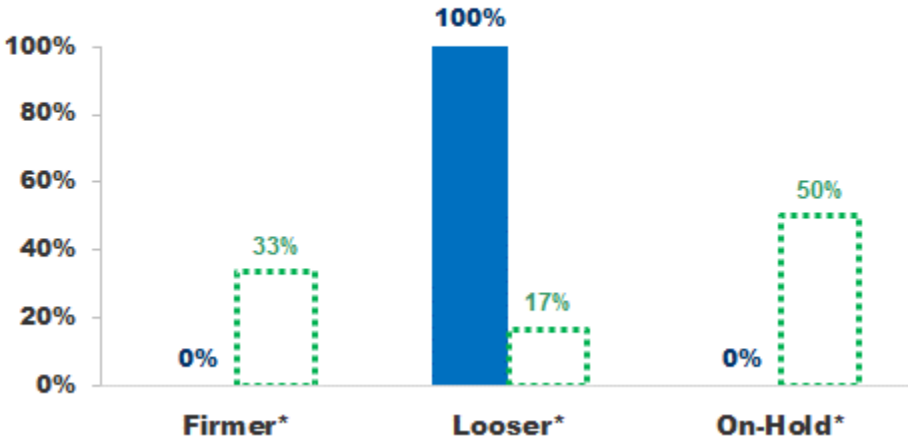
**Source: SKBI Big5 Survey (Feb 2022)**

# *Monetary Policy*

# Monetary Policy (2022)

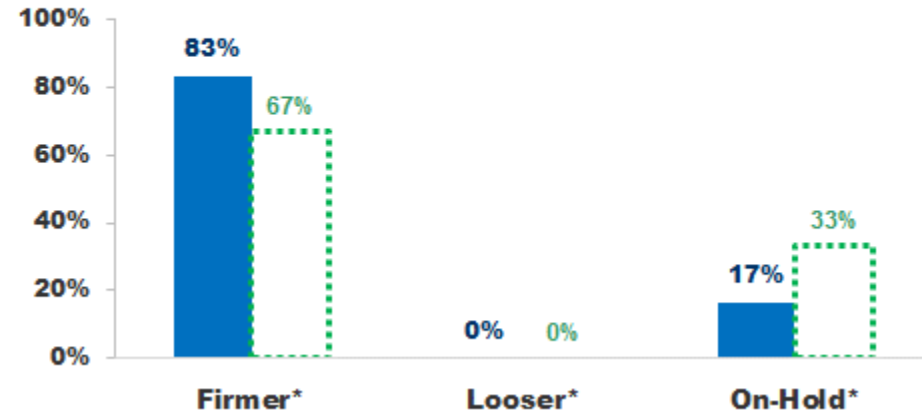
### China-Monetary Policy (end-2022)

■ Current survey    ▤ Prior survey



### India-Monetary 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 (Aug) surveys.**

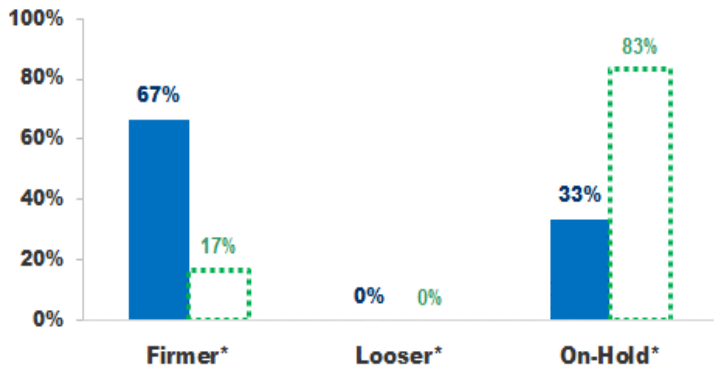
**\*Relative to the prevailing policy stance**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Monetary Policy (2022)

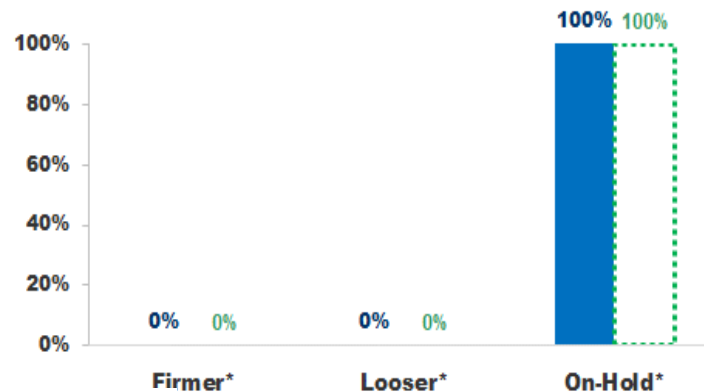
**Euro Area-Monetary Policy (end-2022)**

■ Current survey    ▨ Prior survey



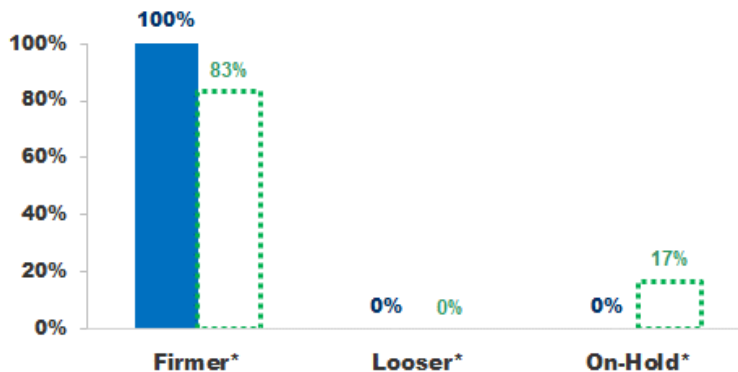
**Japan-Monetary Policy (end-2022)**

■ Current survey    ▨ Prior survey



**US-Monetary Policy (end-2022)**

■ Current survey    ▨ Prior survey



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

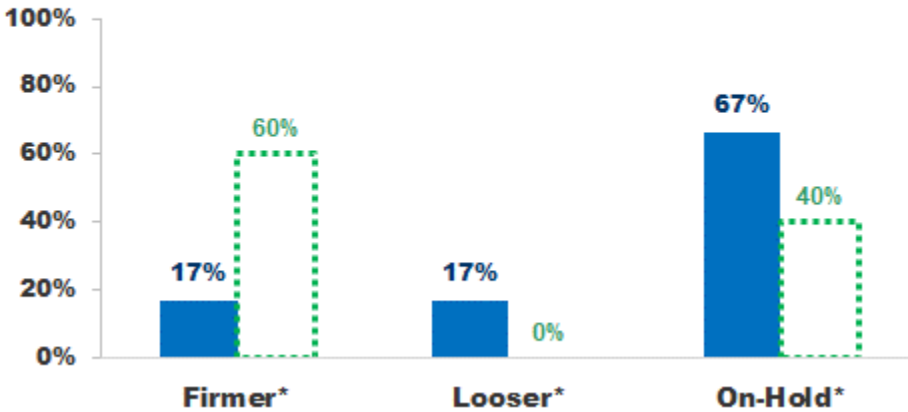
**\*Relative to the prevailing policy stance**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Monetary Policy (2023)

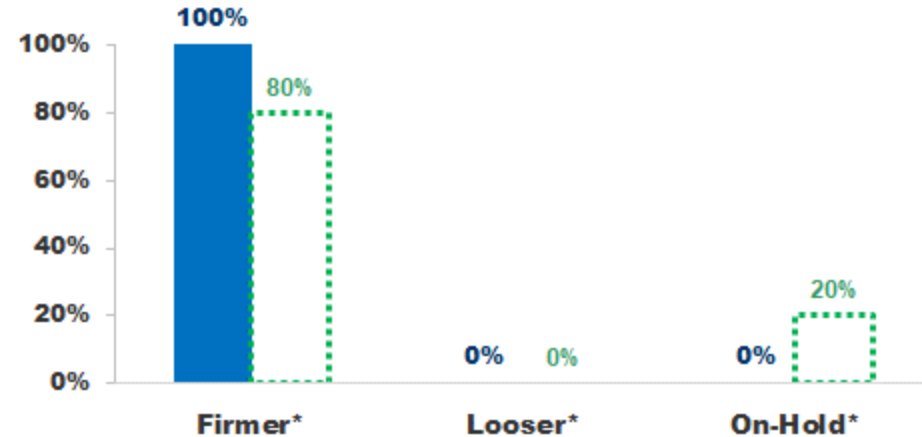
### China-Monetary Policy (end-2023)

■ Current survey    ▤ Prior survey



### India-Monetary Policy (end-2023)

■ 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.**

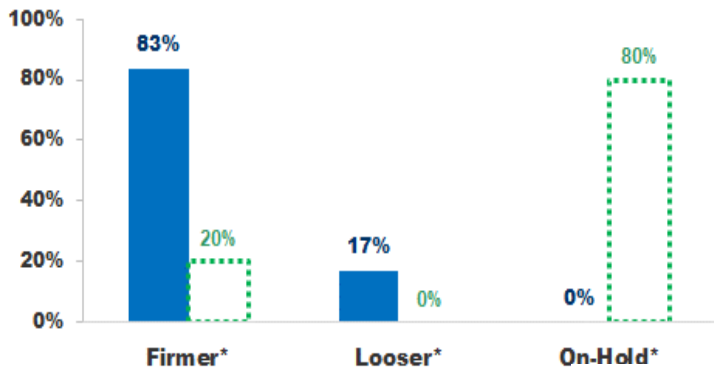
**\*Relative to the prevailing policy stance**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Monetary Policy (2023)

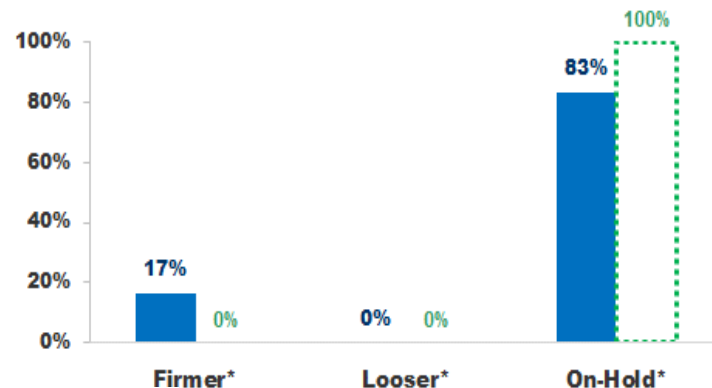
**Euro Area-Monetary Policy (end-2023)**

■ Current survey    ▨ Prior survey



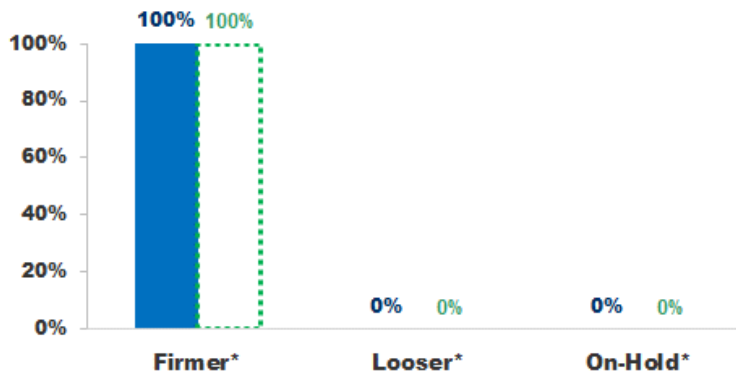
**Japan-Monetary Policy (end-2023)**

■ Current survey    ▨ Prior survey



**US-Monetary Policy (end-2023)**

■ 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**

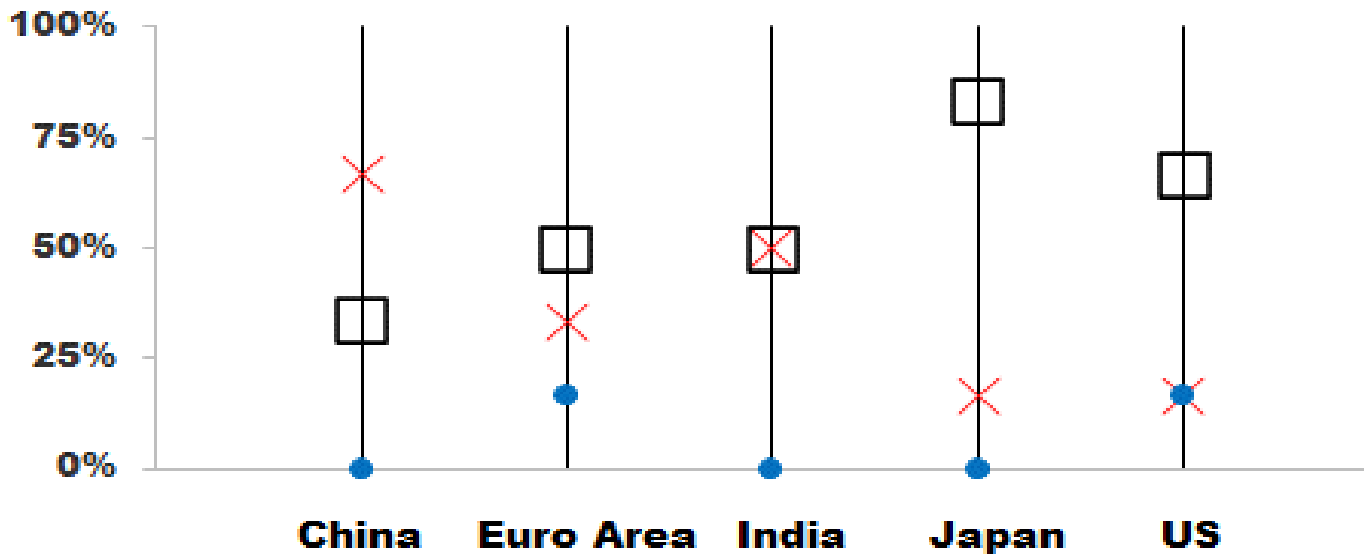
**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**



# Monetary Policy (2024)

## Monetary Policy (end-2024)

× Firmer\* ● Looser\* □ On-Hold\*



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

\*Relative to the prevailing policy stance

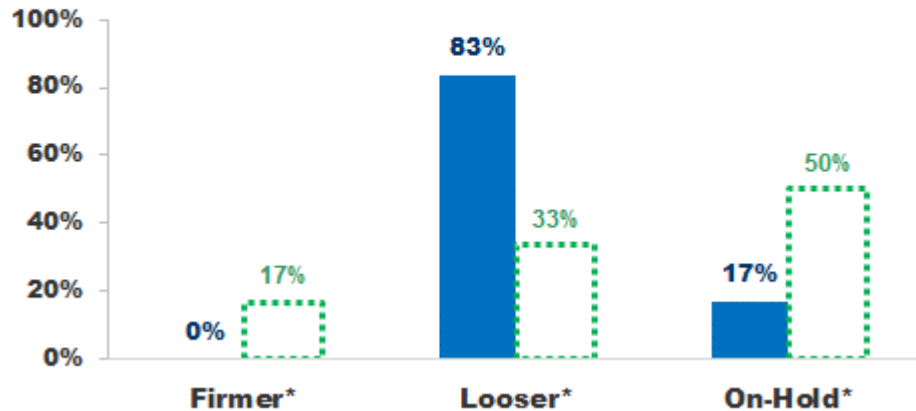
**Source:** SKBI Big5 Survey (Feb 2022)

# *Fiscal Policy*

# Fiscal Policy (2022)

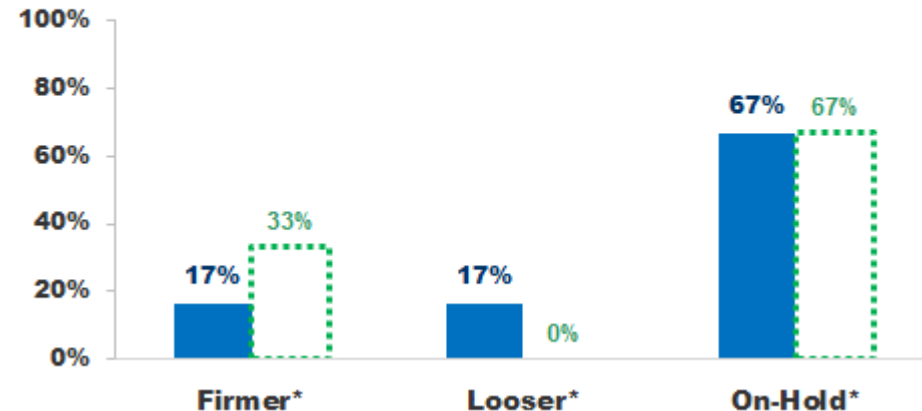
**China-Fiscal Policy (end-2022)**

■ 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 (Aug) surveys.**

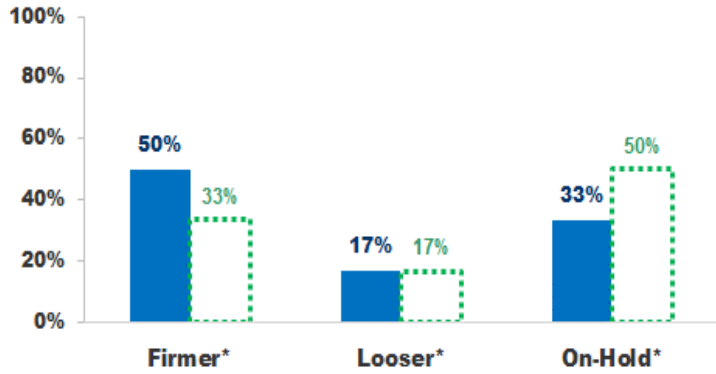
**\*Relative to the prevailing policy stance**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Fiscal Policy (2022)

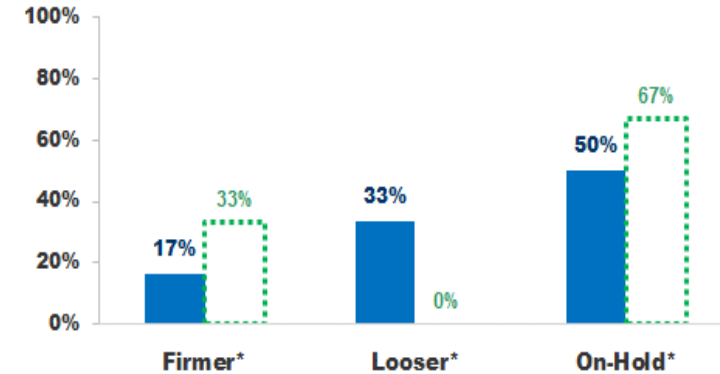
### Euro Area-Fiscal Policy (end-2022)

■ Current survey    ▨ Prior survey



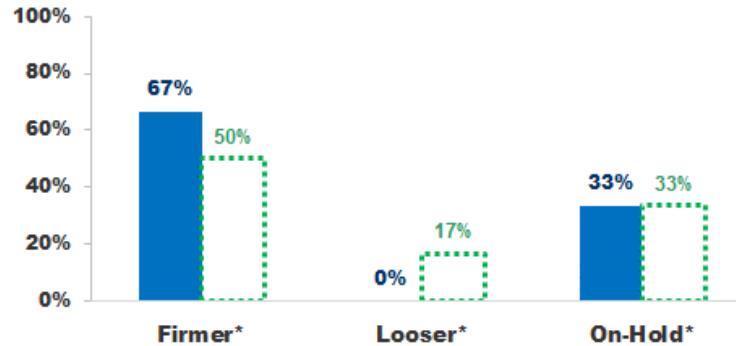
### Japan-Fiscal Policy (end-2022)

■ 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 (Aug) surveys.**

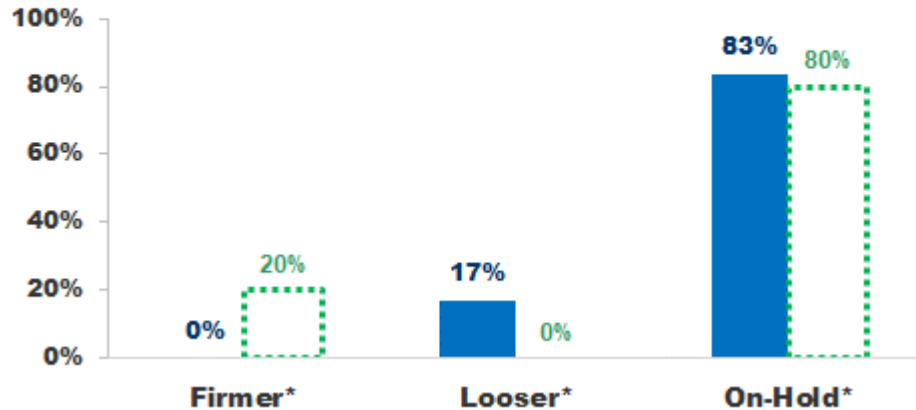
**\*Relative to the prevailing policy stance**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Fiscal Policy (2023)

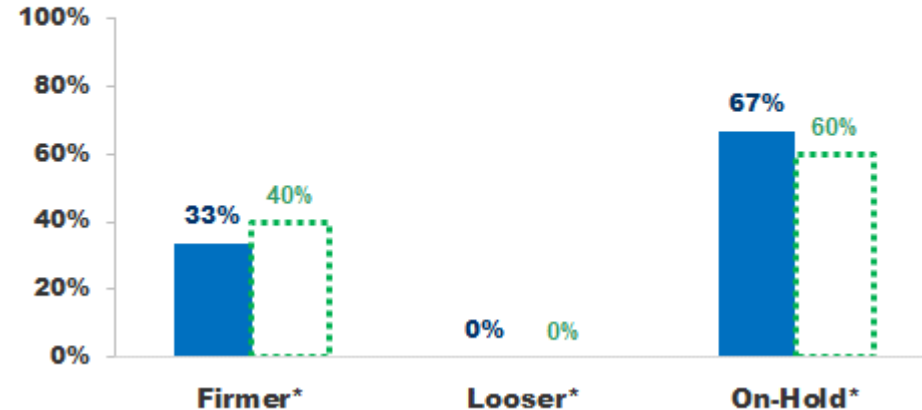
**China-Fiscal Policy (end-2023)**

■ Current survey    ▤ Prior survey



**India-Fiscal Policy (end-2023)**

■ 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.**

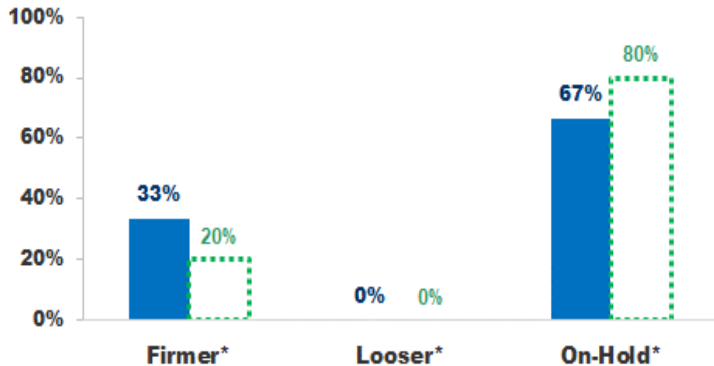
**\*Relative to the prevailing policy stance**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Fiscal Policy (2023)

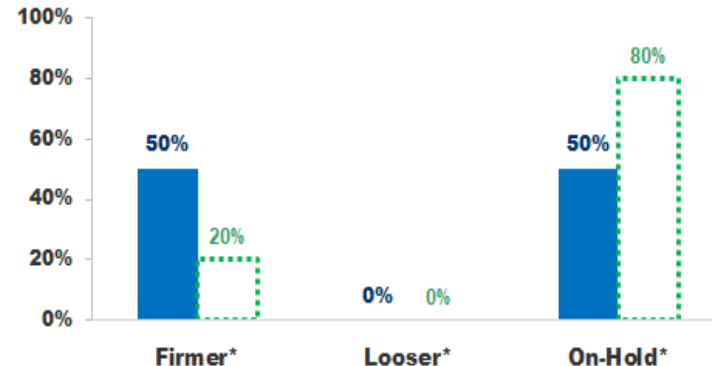
**Euro Area-Fiscal Policy (end-2023)**

■ Current survey    ▨ Prior survey



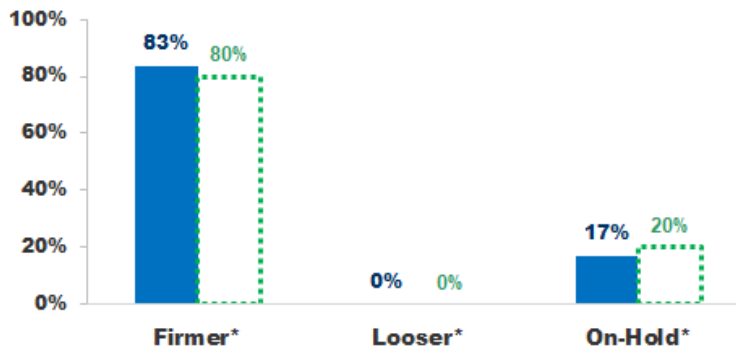
**Japan-Fiscal Policy (end-2023)**

■ Current survey    ▨ Prior survey



**US-Fiscal Policy (end-2023)**

■ Current survey    ▨ Prior survey



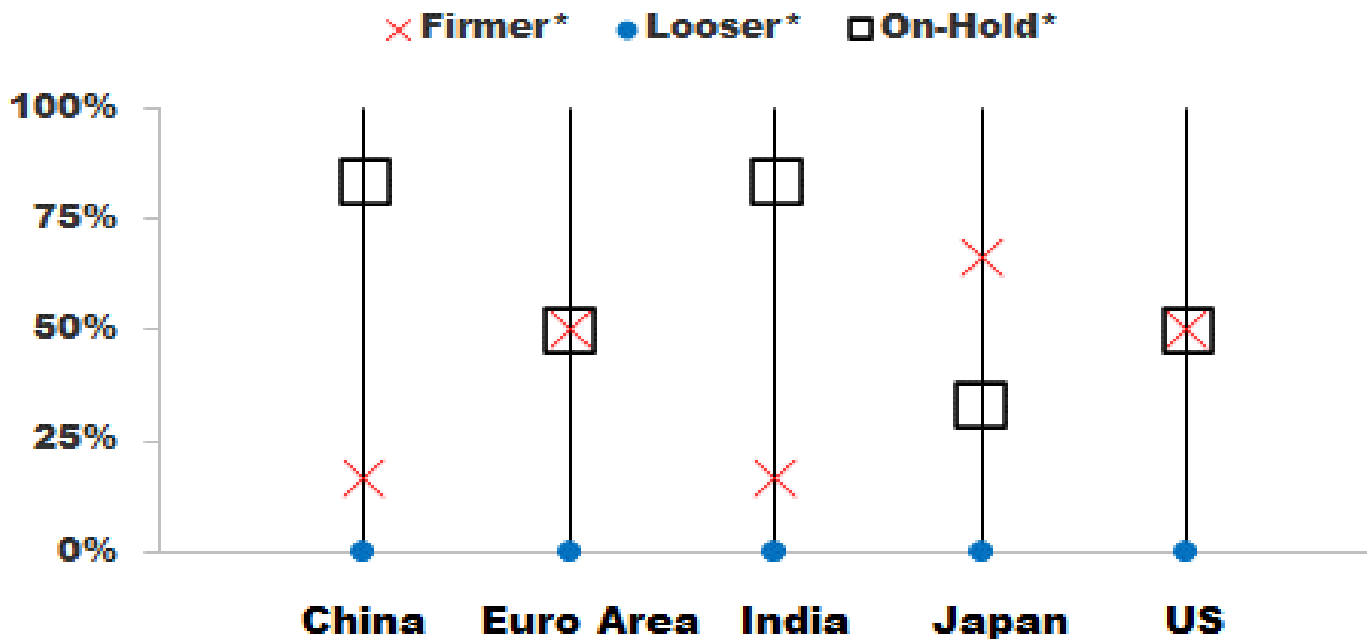
**Note: The percentages herein, which sum to 100%, represent the proportion of participants' responses in the current and prior (Aug) surveys.**

**\*Relative to the prevailing policy stance**

**Source: SKBI Big5 Survey (Feb 2022 and Aug 2021)**

# Fiscal Policy (2024)

## Fiscal Policy (end-2024)



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

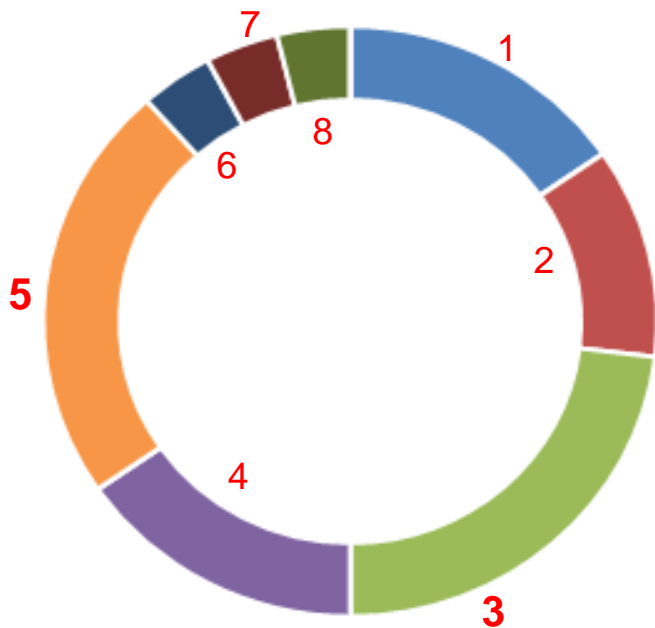
\*Relative to the prevailing policy stance

**Source:** SKBI Big5 Survey (Feb 2022)

# *Special Questions*



**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 [15%]**
- 2) Asset price misalignment (stretched valuations) [12%]
- \*3) Sustained inflation surprises (unanchored inflation expectations) [23%]**
- 4) Unintended policy tightening (fiscal or/and monetary) [15%]
- 5) Geopolitical event [23%]**
- 6) Abrupt and disorderly capital outflows [4%]
- 7) Large-scale cyber security attack [4%]
- 8) Other: "Successful disinflation in the US could result in a cyclical slowdown in demand" [4%]

\*Top two risks in the prior (Aug 2021) survey

**Source: SKBI Big5 Survey (Feb 2022)**

## **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 2022.

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### **List of Participants (February 2022 survey):**

- 1) DBS Group**
- 2) ING Bank NV**
- 3) Moody's Investors Service**
- 4) S&P Global Ratings**
- 5) TD Securities**
- 6) United Overseas Bank Group**