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**FOR IMMEDIATE RELEASE**

**Business sentiment hits 2-year low in Q3 2023**  
*Outlook for manufacturing and wholesale trade deteriorates further*  
*- Singapore Commercial Credit Bureau*

**Singapore, 12 June 2023** – Local business confidence has hit a two-year low in Q3 2023. According to Singapore Commercial Credit Bureau (SCCB) - a subsidiary under Credit Bureau Asia (CBA) Limited, a credit and risk information solutions provider in Southeast Asia, Business Optimism Index (BOI) fell from +4.60 percentage points in Q2 2023 to +3.98 percentage points in Q3 2023. On a year-on-year (y-o-y) basis, BOI dropped from +5.10 percentage points in Q3 2022 to +3.98 percentage points in Q3 2023.

As with Q2 2023, 5 of six indicators are expansionary in Q3 2023.

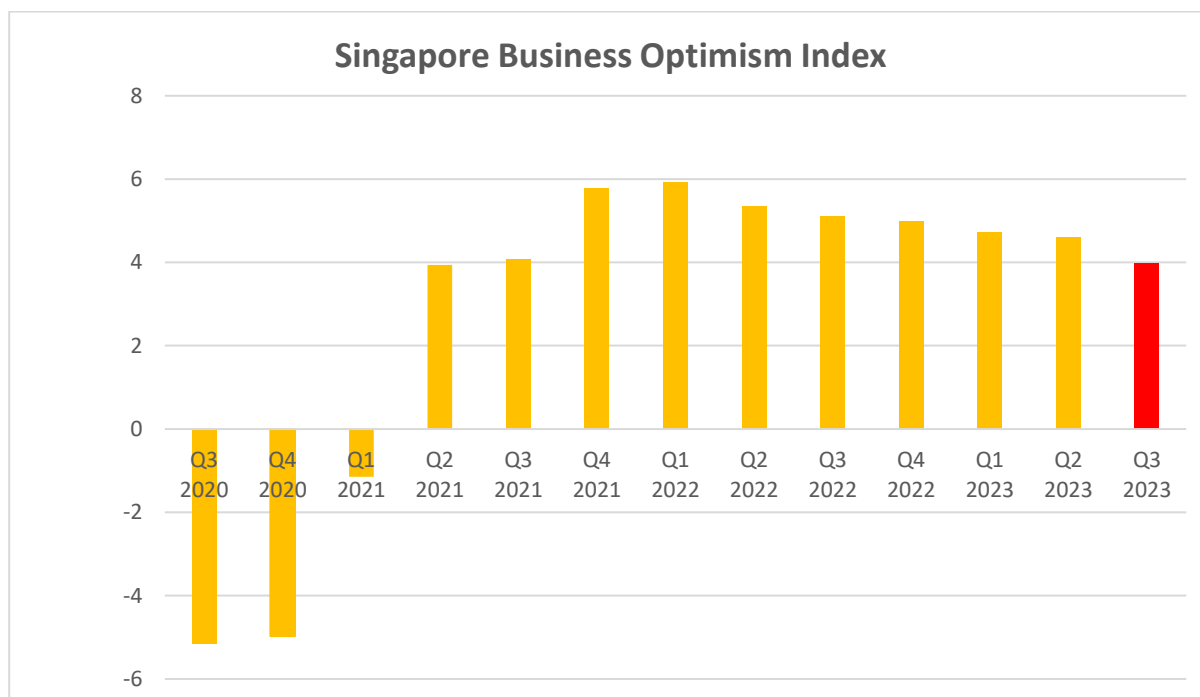


Figure 1. Overall Business Optimism Score, Q3 2020 – Q3 2023

**Point Commentary**

According to SCCB, 3 of six indicators have deteriorated on a q-o-q basis in Q3 2023.

- ❖ Volume of sales rose from +1.49 percentage points in Q2 2023 to +2.99 percentage points in Q3 2023.
- ❖ Net profits increased from 0 percentage point in Q2 2023 to +2.99 percentage points in Q3 2023.
- ❖ Selling price fell from +14.18 percentage points in Q2 2023 to +11.19 percentage points in Q3 2023.
- ❖ New orders fell from +8.96 percentage points in Q2 2023 to +4.48 percentage points in Q3 2023.
- ❖ Inventory levels remained contractionary, up from -4.48 percentage points in Q2 2023 to -2.24 percentage points in Q3 2023.
- ❖ Employment levels slid from +7.46 percentage points in Q2 2023 to +4.48 percentage points in Q3 2023.

On a y-o-y basis, 2 of six indicators have deteriorated in Q3 2023.

- ❖ Volume of sales rose from +2.24 percentage points in Q3 2022 to +2.99 percentage points in Q3 2023.
- ❖ Net profit increased from +1.49 percentage points in Q3 2022 to +2.99 percentage points in Q3 2023.
- ❖ Selling price rose moderately from +8.96 percentage points in Q3 2022 to +11.19 percentage points in Q3 2023.
- ❖ New orders declined from +10.45 percentage points in Q3 2022 to +4.48 percentage points in Q3 2023.
- ❖ Inventory levels remained contractionary at -2.24 percentage points in Q3 2023.
- ❖ Employment levels fell from +9.70 percentage points in Q3 2022 to +4.48 percentage points in Q3 2023.

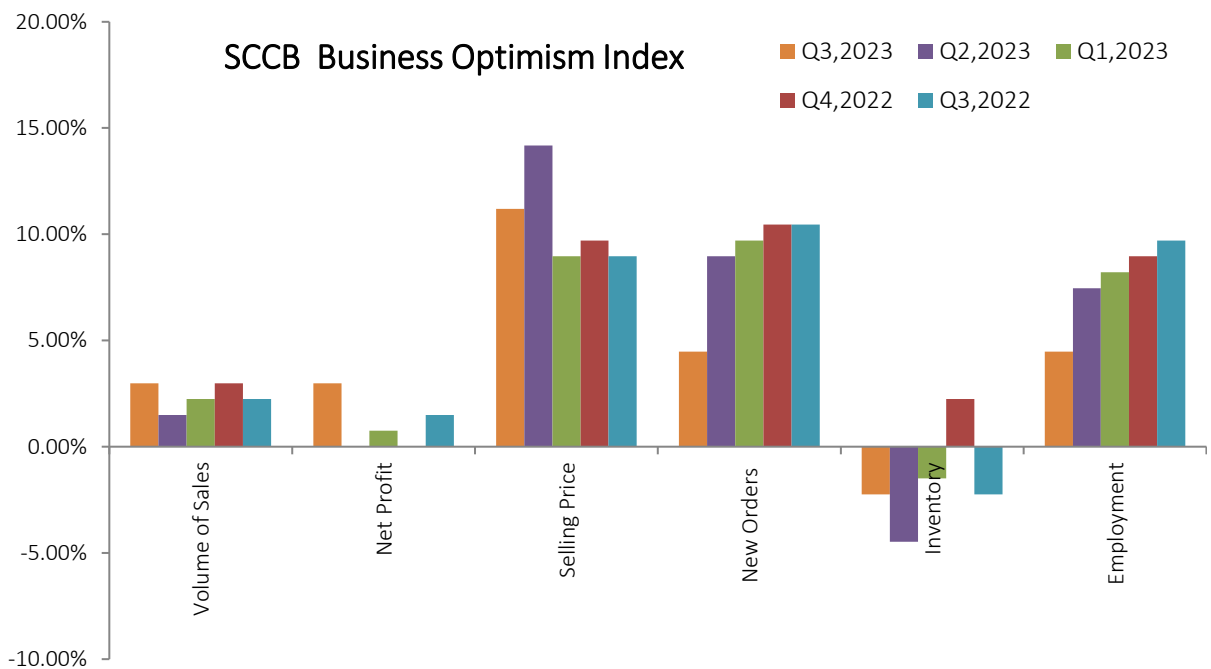


Figure 2. SCCB Optimism Index of Business Indicators, Q3 2022 – Q3 2023

**Key Highlights for Q3 2023 Sectoral Outlook**

The construction, financial, services and transportation sectors have emerged as the most optimistic sectors while the outlook for the manufacturing and wholesale sectors remained downbeat for Q3 2023.

**Construction**

As with Q1 2023, the outlook for the construction sector is relatively upbeat with all six indicators in positive territory. However, visible moderations are seen in 5 of six indicators.

- ❖ Both volume of sales and employment levels moderated from +30.77 percentage points in Q2 2023 to +23.08 percentage points in Q3 2023.
- ❖ Net profit has remained positive at +23.08 percentage points in Q3 2023.
- ❖ Selling price plunged from +46.15 percentage points in Q2 2023 to +3.77 percentage points in Q3 2023.
- ❖ New orders fell from +46.15 percentage points in Q2 2023 to +30.77 percentage points in Q3 2023.
- ❖ Inventory levels dropped from +15.39 percentage points in Q2 2023 to +7.69 percentage points in Q3 2023.

**Financial**

Sentiments within the financial sector moderated further with all six indicators in positive territory.

- ❖ Volume of sales fell from +14.29 percentage points in Q2 2023 to +7.14 percentage points in Q3 2023.
- ❖ Net profit remained expansionary at +7.14 percentage points in Q3 2023.
- ❖ Selling price moderated from +14.29 percentage points in Q2 2023 to 0 percentage point in Q3 2023.
- ❖ New orders fell from +21.43 percentage points in Q2 2023 to +7.14 percentage points in Q3 2023.
- ❖ Inventory levels remained unchanged for the third consecutive quarter at 0 percentage point in Q3 2023.
- ❖ Employment levels dropped from +42.86 percentage points in Q2 2023 to +21.43 percentage points in Q3 2023.

**Services**

The outlook for the services sector remained positive with 5 of six indicators in positive territory.

- ❖ Volume of sales and net profit climbed from +2.27 percentage points in Q2 2023 to +4.55 percentage points in Q3 2023.
- ❖ Both selling price and new orders remained positive at +18.18 percentage points and +2.27 respectively in Q3 2023.
- ❖ Inventory levels rose from -6.82 percentage points in Q2 2023 to -2.27 percentage points in Q3 2023.
- ❖ Employment levels moderated further from +4.55 percentage points in Q2 2023 to +2.27 percentage points in Q3 2023.

### **Transportation**

Sentiments within the transportation sector remained upbeat with 5 of six indicators in positive territory.

- ❖ Volume of sales, net profit and employment levels fell from +41.67 percentage points in Q2 2023 to +33.33 percentage points in Q3 2023.
- ❖ Selling price dropped from +50.0 percentage points in Q2 2023 to +41.67 percentage points in Q3 2023.
- ❖ New orders fell from +25.0 percentage points in Q2 2023 to +16.67 percentage points in Q3 2023.
- ❖ Inventory levels fell into the contractionary zone from 0 percentage point in Q2 2023 to -8.33 percentage points in Q3 2023.

### **Manufacturing**

Sentiments among manufacturers have deteriorated with only 2 of six indicators in the positive territory.

- ❖ Both volume of sales and net profit fell from -3.85 percentage points in Q2 2023 to -7.69 percentage points in Q3 2023.
- ❖ Selling price remained expansionary at +7.69 percentage points in Q3 2023.
- ❖ New orders fell into the contractionary zone from +3.85 percentage points in Q2 2023 to -3.85 percentage points in Q3 2023.
- ❖ Inventory levels rose from +3.85 percentage points in Q2 2023 to 0 percentage point in Q3 2023.
- ❖ Employment levels remained expansionary at +7.69 percentage points in Q3 2023.

### **Wholesale**

Sentiments within the wholesale sector remained weak with 3 of six indicators in negative territory.

- ❖ Both volume of sales and net profits remained in the contractionary zone at -13.33 percentage points in Q3 2023.
- ❖ Selling price rebounded from -6.67 percentage points in Q2 2023 to 0 percentage point in Q3 2023.
- ❖ New orders remained unchanged at 0 percentage point in Q3 2023.
- ❖ Inventory levels rebounded from -13.33 percentage points in Q2 2023 to +6.67 percentage points in Q3 2023.
- ❖ Employment levels rose from -13.33 percentage points in Q2 2023 to -6.67 percentage points in Q3 2023.

The Ministry of Trade and Industry (MTI) has maintained its GDP growth forecast for 2023 to between +0.5 per cent to +2.5 per cent.

“The overall sentiment among the business community has been on a gradual downtrend over the past six quarters since Q2 2022. The manufacturing and wholesale trade sectors have in particular seen a further weakening for the next few months. Given the downside risks in global financial conditions, ongoing geo-political developments and sluggish demand from China, we expect sentiments to remain dampened moving into the second half of the year.” commented Ms. Audrey Chia, SCCB’s Chief Executive Officer.

**Overview of Business Indicators**

**Volume of Sales**

Volume of sales rose to +2.99 percentage points (compared to +1.49 percentage points in Q2 2023). The transportation sector (net +33.33 percentage points) is most upbeat, followed by construction (net +23.08 percentage points), financial (net +7.14 percentage points) and services (net +4.55 percentage points). The remaining sectors are downbeat about volume of sales – agriculture (net -20.0 percentage points), mining (net -20.0 percentage points), wholesale (net -13.33 percentage points) and manufacturing (net -7.69 percentage points).

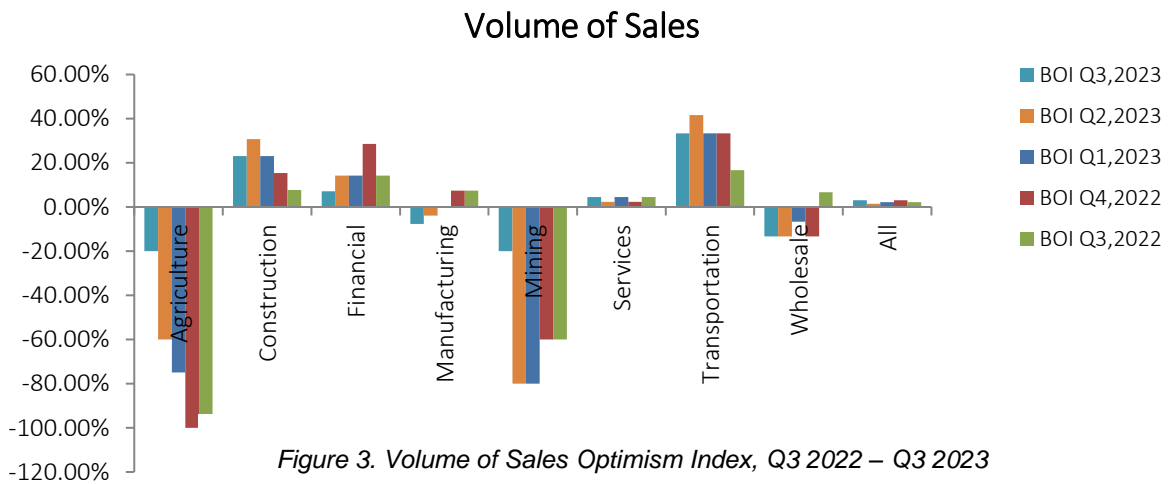


Figure 3. Volume of Sales Optimism Index, Q3 2022 – Q3 2023

**Net Profit**

Net profit rose to +2.99 percentage points (compared to 0 percentage point in Q2 2023). The transportation sector (net +33.33 percentage points) is most upbeat, followed by construction (net +23.08 percentage points), financial (net +7.14 percentage points) and services (net +4.55 percentage points). The remaining sectors are downbeat about net profit – agriculture (net -20.0 percentage points), mining (net -20.0 percentage points), wholesale (net -13.33 percentage points) and manufacturing (net -7.69 percentage points).

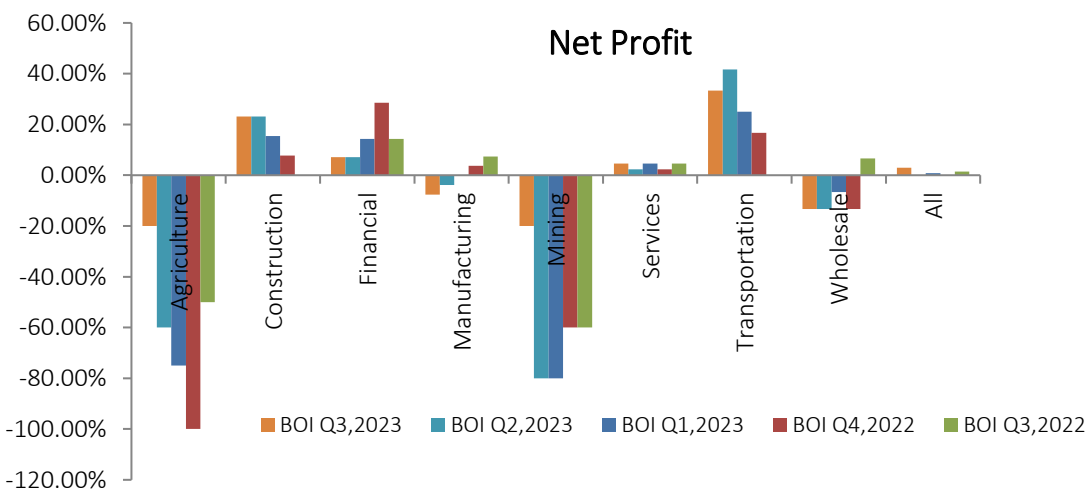


Figure 4. Net Profit Optimism Index, Q3 2022 – Q3 2023

**Selling Price**

Selling price rose to +11.19 percentage points (compared to +14.18 percentage points in Q2 2023). The transportation sector (net +41.67 percentage points) is most upbeat about selling price, followed by services (net +18.18 percentage points), manufacturing (net +7.69 percentage points) and construction (net +3.77 percentage points). Both mining (net -60.0 percentage points) and agriculture (net -20.0 percentage points) are downbeat about selling price. The wholesale and financial sectors (net 0 percentage point) have anticipated selling price to remain unchanged.

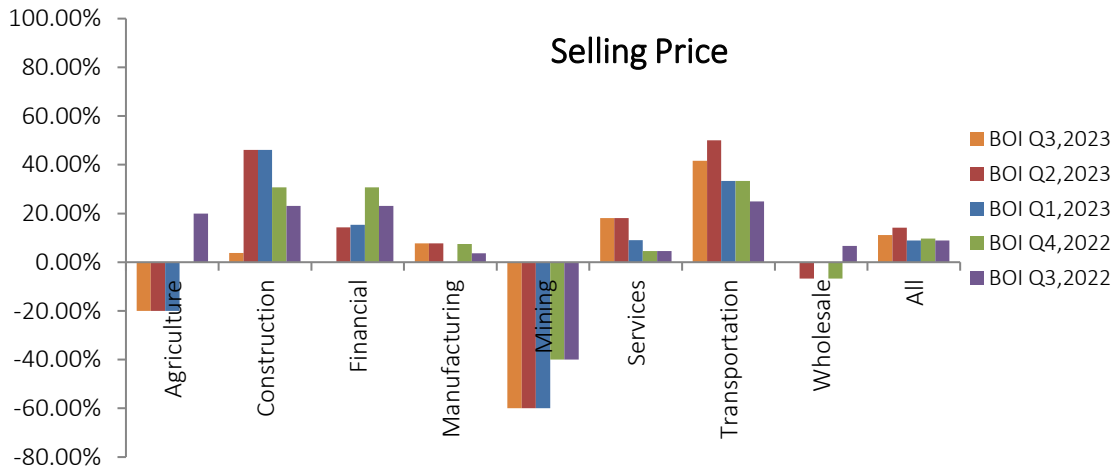


Figure 5. Selling Price Optimism Index, Q3 2022 – Q3 2023

**New Orders**

New orders dropped further to +4.48 percentage points (compared to +8.96 percentage points in Q2 2023). The construction sector (net +30.77 percentage points) is most upbeat, followed by transportation (net +16.67 percentage points), financial (net +7.14 percentage points) and services (net +2.27 percentage points). Both manufacturing (net -3.85 percentage points) and mining (net -20.0 percentage points) sectors are downbeat about new orders. The remaining sectors -agriculture and wholesale (net 0 percentage point) have expected new orders to remain unchanged.



Figure 6. New Orders Optimism Index, Q3 2022 – Q3 2023

**Inventory Levels**

Inventory levels rose to -2.24 percentage points (compared to -4.48 percentage points in Q2 2023). The construction sector (net +7.69 percentage points) is the only sector which is upbeat about inventory levels. Both financial and manufacturing sectors (net 0 percentage point) have anticipated inventory levels to remain unchanged. The remaining sectors have anticipated inventory levels to remain downbeat – agriculture (net -20.0 percentage points), mining (net -40.0 percentage points) and transportation (net -8.33 percentage points).

Both construction (net +15.39 percentage points) and manufacturing (net +3.85 percentage points) are the only optimistic sectors. Both financial and transportation (net 0 percentage point) have anticipated inventory levels to remain unchanged. The agriculture and mining (net -40.0 percentage points), services (net -6.82 percentage points), wholesale (net -13.33 percentage points) and services (net -2.27 percentage points) are downbeat about inventory levels.

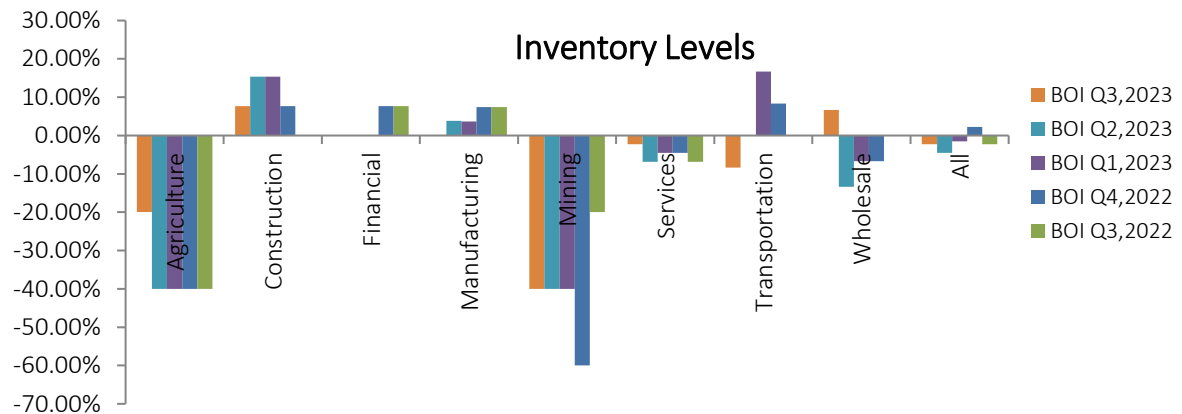


Figure 7. Inventory Levels Optimism Index, Q3 2022 – Q3 2023

**Employment**

Employment levels dropped to +4.48 percentage points (compared to +7.46 percentage points in Q2 2023). The transportation sector (net +33.33 percentage points) is most upbeat, followed by construction (net +23.08 percentage points), financial (net +21.43 percentage points), manufacturing (net +7.69 percentage points) and services (net +2.27 percentage points). The remaining sectors are downbeat about employment – mining (-100.0 percentage points), agriculture (net -20.0 percentage points) and wholesale (net -6.67 percentage points).

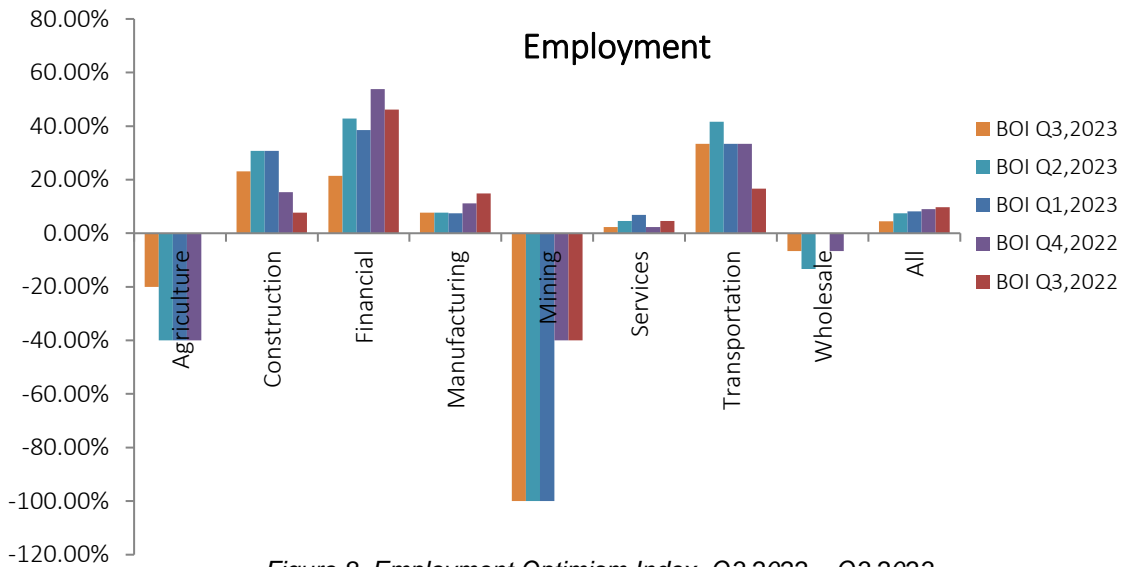


Figure 8. Employment Optimism Index, Q3 2022 – Q3 2023

**Commentary**

The SCCB Business Optimism Index (BOI) is a measure of business confidence in the economy. Released quarterly, it is based on a business sentiment survey that is designed to capture business expectations and is one of the most effective ways to track how the business community perceives the business environment, and where they think it is moving. This is commonly used, worldwide, to assist in analyzing major trends and issues concerning the business community through tracking business parameters including net profits, selling prices, new orders, inventory levels, and employee count.

**About the Survey**

Singapore Commercial Credit Bureau conducts latest Business Expectations Surveys every quarter. Each quarter, 200 business owners and senior executives representing major industry sectors across Singapore are asked if they expect increases, decreases or no changes in their upcoming quarterly Sales, Profits, Employment, New Orders, Inventories and Selling Prices.

Note: The index figures used in the survey represent the net percentage of survey respondents expecting higher sales, profits, etc., compared with the same quarter of the previous year. The indices are calculated by subtracting the percentage of respondents expecting decreases from the percentage expecting increases.

**About Singapore Commercial Credit Bureau**

Established in 2005, Singapore Commercial Credit Bureau (SCCB) operates a database of local enterprises and their credit history to provide clients with the insight needed to build trust and improve the quality of business relationships with their customers, suppliers and business partners. SCCB operates under D&B Singapore.

For more information, please visit, [www.sccb.sg](http://www.sccb.sg)

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**PRESS RELEASE**

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