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FOR IMMEDIATE RELEASE

Business sentiment moderates further for Q4 2022
Outlook for wholesale and services deteriorated slightly
 - Singapore Commercial Credit Bureau

Singapore, 13 September 2022 – Business sentiment among local firms has moderated for the third consecutive quarter in Q4 2022. 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 +5.10 percentage points in Q3 2022 to +4.98 percentage points in Q4 2022. On a year-on-year (y-o-y) basis, BOI dropped from +5.78 percentage points in Q4 2021 to +4.98 percentage points in Q4 2022.

As with Q3 2022, 5 of six indicators are expansionary in Q4 2022.

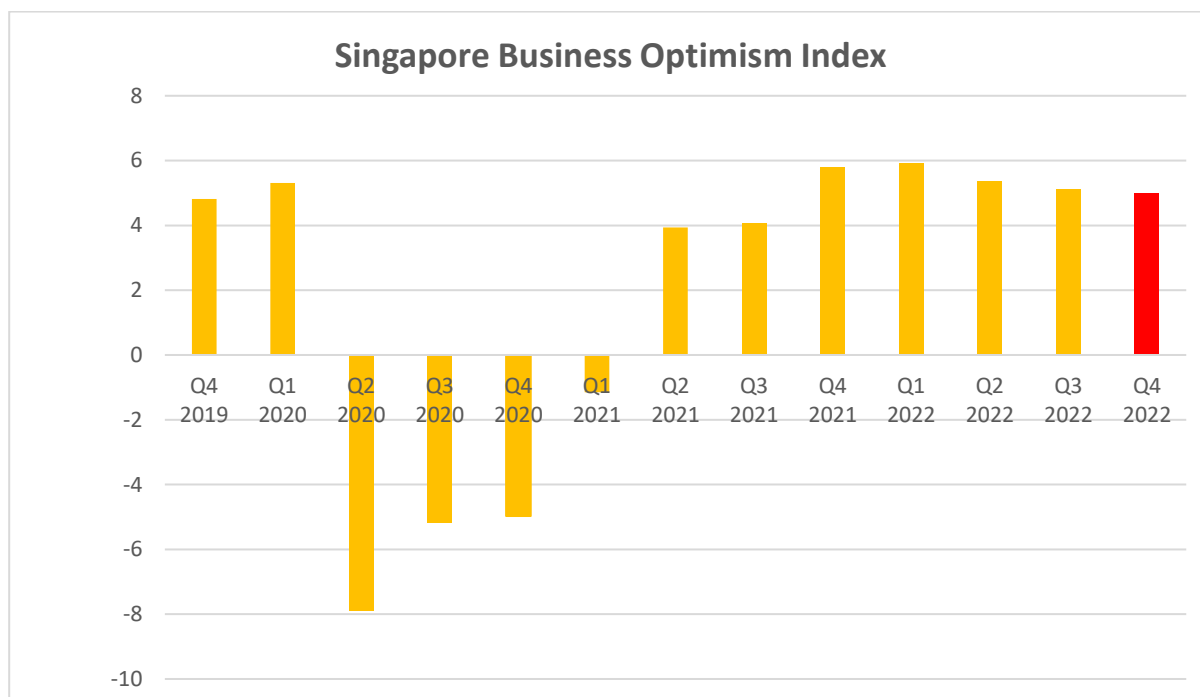


Figure 1. Overall Business Optimism Score, Q4 2019 – Q4 2022

Point Commentary

According to SCCB, 3 of six indicators have experienced improvements on a q-o-q basis as compared to two indicators in Q3 2022.

- ❖ Volume of sales rose from +2.24 percentage points in Q3 2022 to +2.99 percentage points in Q4 2022.
- ❖ Net profits fell from +1.49 percentage points in Q3 2022 to 0 percentage point in Q4 2022.
- ❖ Selling price increased from +8.96 percentage points in Q3 2022 to +9.70 percentage points in Q4 2022.
- ❖ New orders remains expansionary at +10.45 percentage points in Q4 2022.
- ❖ Inventory levels rebounded from -2.24 percentage points in Q3 2022 to +2.24 percentage points in Q4 2022.
- ❖ Employment levels moderated slightly from +9.70 percentage points in Q3 2022 to +8.96 percentage points in Q4 2022.

On a y-o-y basis, 4 of six indicators have improved in Q3 2022.

- ❖ Volume of sales moderated strongly from +7.52 percentage points in Q4 2021 to +2.99 percentage points in Q4 2022.
- ❖ Net profit fell from +9.63 percentage points in Q4 2021 to 0 percentage point in Q4 2022.
- ❖ Selling price rose from 0 percentage point in Q4 2021 to +9.70 percentage points in Q4 2022.
- ❖ New orders dipped slightly from +10.69 percentage points in Q4 2021 to +10.45 percentage points in Q4 2022.
- ❖ Inventory levels rebounded from -5.35 percentage points in Q4 2021 to +2.24 percentage points in Q4 2022.
- ❖ Employment levels fell from +12.12 percentage point in Q4 2021 to +8.96 percentage points in Q4 2022.

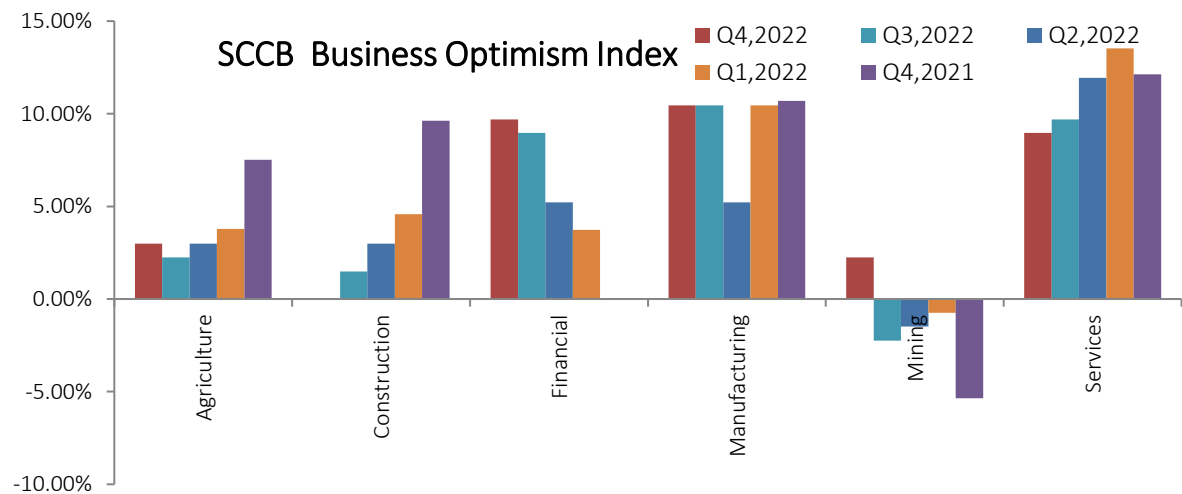


Figure 2. SCCB Optimism Index of Business Indicators, Q4 2021 – Q4 2022

Key Highlights for Q4 2022 Sectoral Outlook

The transportation, financial, manufacturing and construction sectors are relatively upbeat while the outlook for services and wholesale sectors has deteriorated slightly in Q4 2022.

Transportation

Sentiments within the transportation sector improved further with all six indicators in positive territory.

- ❖ Both volume of sales and employment levels rose from +16.67 percentage points in Q3 2022 to +33.33 percentage points in Q4 2022.
- ❖ Net profit rose from 0 percentage point in Q3 2022 to +16.67 percentage points in Q4 2022.
- ❖ Selling price rose from +25.0 percentage points in Q3 2022 to +33.33 percentage points in Q4 2022.
- ❖ New orders rose from +33.33 percentage points in Q3 2022 to +50.0 percentage points in Q4 2022.
- ❖ Inventory levels rose from 0 percentage point in Q3 2022 to +8.33 percentage points in Q4 2022.

Construction

The outlook for the construction sector improved with all six indicators in positive territory.

- ❖ Both volume of sales and employment levels rose from +7.69 percentage points in Q3 2022 to +15.39 percentage points in Q4 2022.
- ❖ Net profit jumped from 0 percentage point in Q3 2022 to +7.69 percentage points in Q4 2022.
- ❖ Selling price increased from +23.08 percentage points in Q3 2022 to +30.77 percentage points in Q4 2022.
- ❖ New orders increased from +23.08 percentage points in Q3 2022 to +38.46 percentage points in Q4 2022.
- ❖ Inventory levels jumped from 0 percentage point in Q3 2022 to +7.69 percentage points in Q4 2022.

Financial

The financial sector remains upbeat with all six indicators in positive territory.

- ❖ Both volume of sales and net profit rose from +14.29 percentage points in Q3 2022 to +28.57 percentage points in Q4 2022.
- ❖ Selling price jumped from +23.08 percentage points in Q3 2022 to +30.77 percentage points in Q4 2022.
- ❖ New orders remained expansionary at +23.08 percentage points in Q4 2022.
- ❖ Inventory levels remained expansionary at +7.69 percentage points in Q4 2022.
- ❖ Employment levels increased from +46.15 percentage points in Q3 2022 to +53.85 percentage points in Q4 2022.

Manufacturing

The manufacturing sector is relatively upbeat with all 6 indicators in the positive territory.

- ❖ Both volume of sales and inventory levels have remained expansionary at +7.41 percentage points in Q4 2022.
- ❖ Net profit moderated from +7.41 percentage points in Q3 2022 to +3.70 percentage points in Q4 2022.
- ❖ Selling price rose from +3.70 percentage points in Q3 2022 to +7.41 percentage points in Q4 2022.
- ❖ New orders moderated from +11.11 percentage points in Q3 2022 to +7.41 percentage points in Q4 2022.
- ❖ Inventory levels remained expansionary at +7.41 percentage points in Q3 2022.
- ❖ Employment levels moderated +14.82 percentage points in Q3 2022 to +11.11 percentage points in Q4 2022.

Services

The outlook for the services sector has moderated further with 5 of six indicators in positive territory.

- ❖ Volume of sales, net profit, new orders and employment levels moderated +4.55 percentage points in Q3 2022 to +2.27 percentage points in Q4 2022.
- ❖ Selling price remained expansionary at +4.55 percentage points in Q4 2022.
- ❖ Inventory levels remained in the negative zone, up from -6.82 percentage points in Q3 2022 to -4.55 percentage points in Q4 2022.

Wholesale

Sentiments within the wholesale sector deteriorated visibly with all six indicators in negative territory.

- ❖ Both volume of sales and net profits fell into the contractionary zone, down from +6.67 percentage points in Q3 2022 to -13.33 percentage points in Q4 2022.
- ❖ Selling price fell from +6.67 percentage points in Q3 2022 to -6.67 percentage points in Q4 2022.
- ❖ New orders dropped from 0 percentage point in Q3 2022 to -13.33 percentage points in Q4 2022.
- ❖ Both inventory and employment levels fell into the contractionary zone, down from 0 percentage point in Q3 2022 to -6.67 percentage points in Q4 2022.

The Ministry of Trade and Industry (MTI) has narrowed its GDP growth forecast for 2022 to between +3.0 per cent to +4.0 per cent.

“The overall lukewarm outlook for local businesses is due primarily to a weakening external demand, escalation of geo-political tensions as well as an overall slower pace of growth globally. This is evident from the deterioration in sentiment across the wholesale trade and services sectors. However, visible improvements were seen in both transportation and construction sectors owing to strong recovery in international air travel and a pickup in consumer-facing services.” said Ms. Audrey Chia, SCCB’s Chief Executive Officer.

Overview of Business Indicators

Volume of Sales

Volume of sales moderated to +2.99 percentage points (compared to +2.24 percentage points in Q3 2022). The transportation sector (net +33.33 percentage points) is most optimistic, followed by financial (net +28.57 percentage points), construction (net +15.39 percentage points), manufacturing (net +7.41 percentage points) and services (net +2.27 percentage points). The agriculture (net -100.0 percentage points), mining (net -60.0 percentage points) and wholesale (net -13.33 percentage points) are most downbeat about volume of sales.

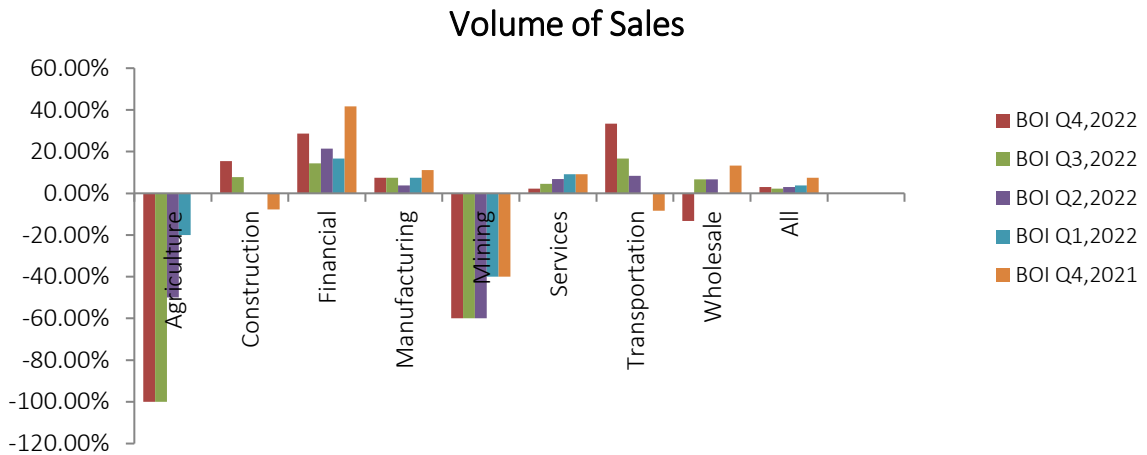


Figure 3. Volume of Sales Optimism Index, Q4 2021 – Q4 2022

Net Profit

Net profit moderated to 0 percentage point (compared to +1.49 percentage points in Q3 2022). The financial sector is most upbeat (net +28.57 percentage points), followed by transportation (net +16.67 percentage points), construction (net +7.69 percentage points), manufacturing (net +3.70 percentage points) and services (net +2.27 percentage points). The remaining sectors are downbeat about net profit - agriculture (net -100.0 percentage points), mining (net -60.0 percentage points) and wholesale (net -13.33 percentage points).

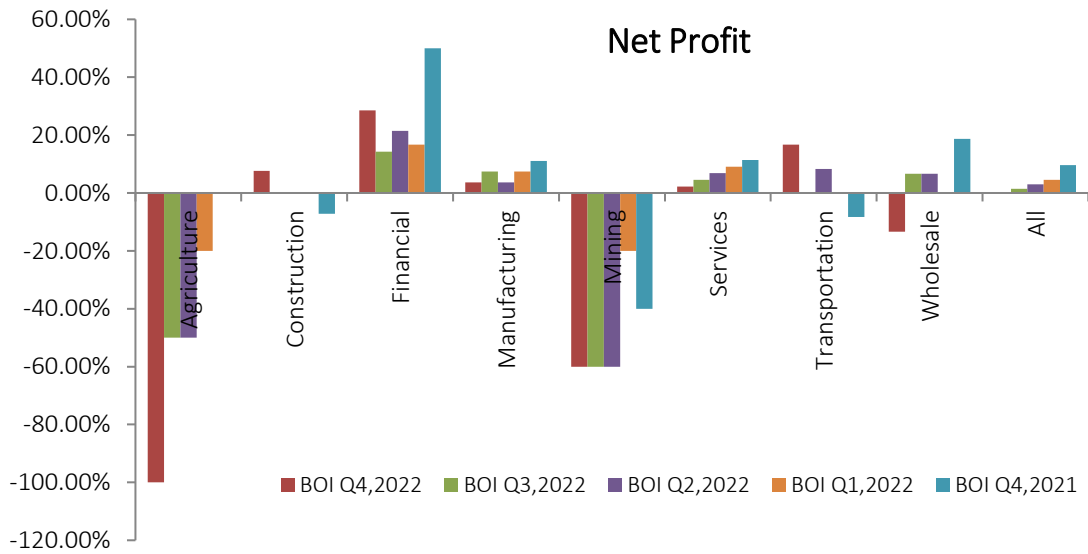


Figure 4. Net Profit Optimism Index, Q4 2021 – Q4 2022

Selling Price

Selling price rose to +9.70 percentage points (compared to +8.96 percentage points in Q3 2022). The transportation sector (net +33.33 percentage points) is most upbeat, followed by construction and financial sectors (net +30.77 percentage points), manufacturing (net +7.41 percentage points) and services (net +4.55 percentage points). The agriculture sector (net 0 percentage point) has anticipated selling price to remain unchanged. Both mining (net -40.0 percentage points) and wholesale (net -6.67 percentage points) are downbeat about selling price.



Figure 5. Selling Price Optimism Index, Q4 2021 – Q4 2022

New Orders

New orders remained expansionary +10.45 percentage points (compared to +10.45 percentage points in Q2 2022). The transportation sector (net +50.0 percentage points) is most upbeat, followed by construction (net +38.46 percentage points), financial (net +23.08 percentage points), manufacturing (net +7.41 percentage points) and services (net +2.27 percentage points). Both mining (net -20.0 percentage points) and wholesale (net -13.33 percentage points) are downbeat about new orders. The agriculture sector (net 0 percentage point) has anticipated new orders to remain unchanged.

New Orders (All Sectors)

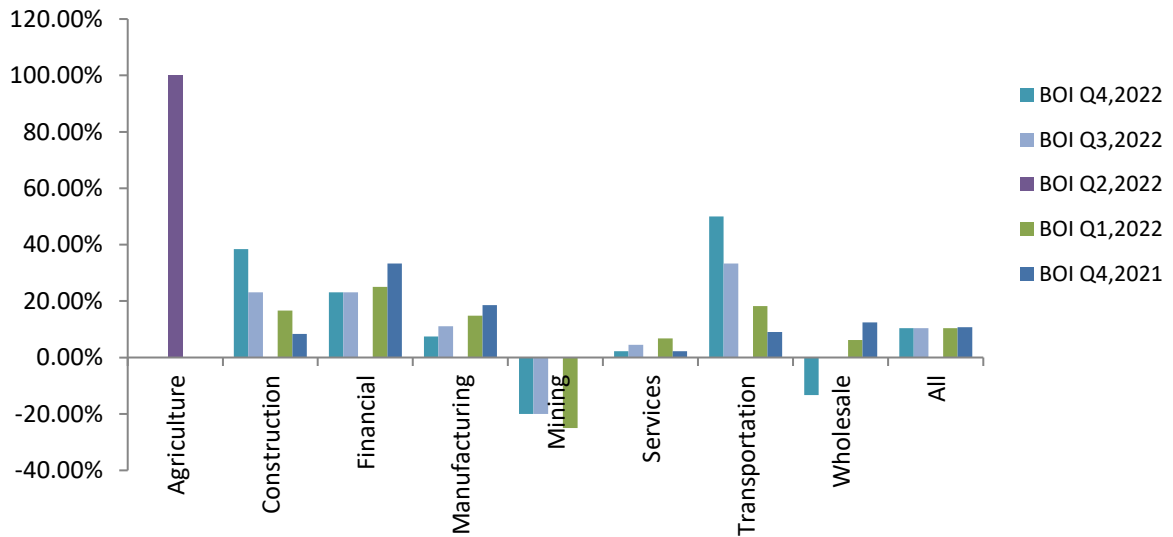


Figure 6. New Orders Optimism Index, Q4 2021 – Q4 2022

Inventory Levels

Inventory levels rose to +2.24 percentage points (compared to -2.24 percentage points in Q3 2022). The transportation sector (net +8.33 percentage points) is most upbeat, followed by construction and financial (net +7.69 percentage points) sectors and manufacturing (net +7.41 percentage points). The remaining sectors are downbeat about inventory – mining (net -60.0 percentage points), agriculture (net -40.0 percentage points), wholesale (net -6.67 percentage points) and services (net -4.55 percentage points).

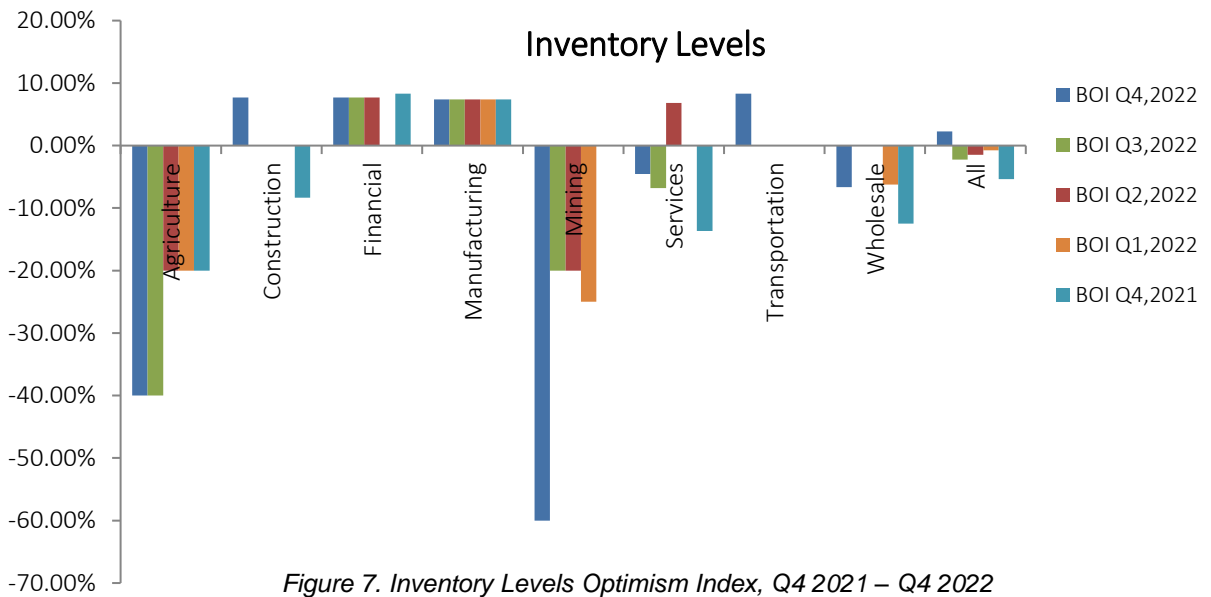


Figure 7. Inventory Levels Optimism Index, Q4 2021 – Q4 2022

Employment

Employment levels dipped slightly to +8.96 percentage points (compared to +9.70 percentage points in Q3 2022). The financial sector (net +53.85 percentage points) is most upbeat, followed by transportation (net +33.33 percentage points), construction (net +15.39 percentage points), manufacturing (net +11.11 percentage points) and services (net +2.27 percentage points). The remaining sectors – agriculture (net -40.0 percentage points), mining (net -40.0 percentage points) and wholesale (net -6.67 percentage points) are downbeat about employment.

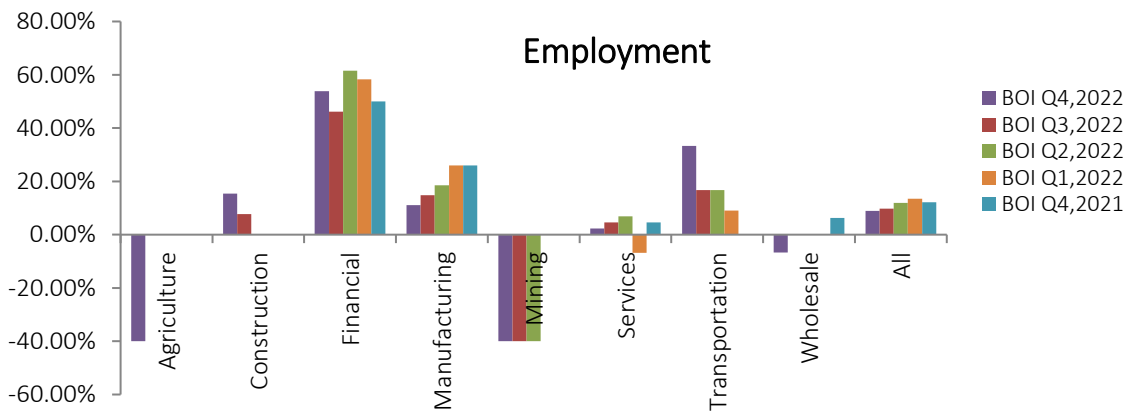


Figure 8. Employment Optimism Index, Q4 2021 – Q4 2022

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

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