

Contact:
 Matthias Chen, Marketing, Strategy & Transformation
 Matthias.Chen@dnb.com.sg
 +65 6439 6670
 +65 9478 5568

FOR IMMEDIATE RELEASE

**Business sentiment moderates slightly for Q2 2022
 amid global uncertainties**
Outlook for manufacturing and finance remains upbeat
- Singapore Commercial Credit Bureau

Singapore, 15 March 2022 – Business sentiment among local firms have moderated slightly for Q2 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) dipped slightly, down from +5.91 percentage points in Q1 2022 to +5.35 percentage points in Q2 2022. On a year-on-year (y-o-y) basis, BOI rebounded from +3.94 percentage points in Q2 2021 to +5.35 percentage points in Q2 2022.

As with Q1 2022, 5 of six indicators are expansionary in Q2 2022.

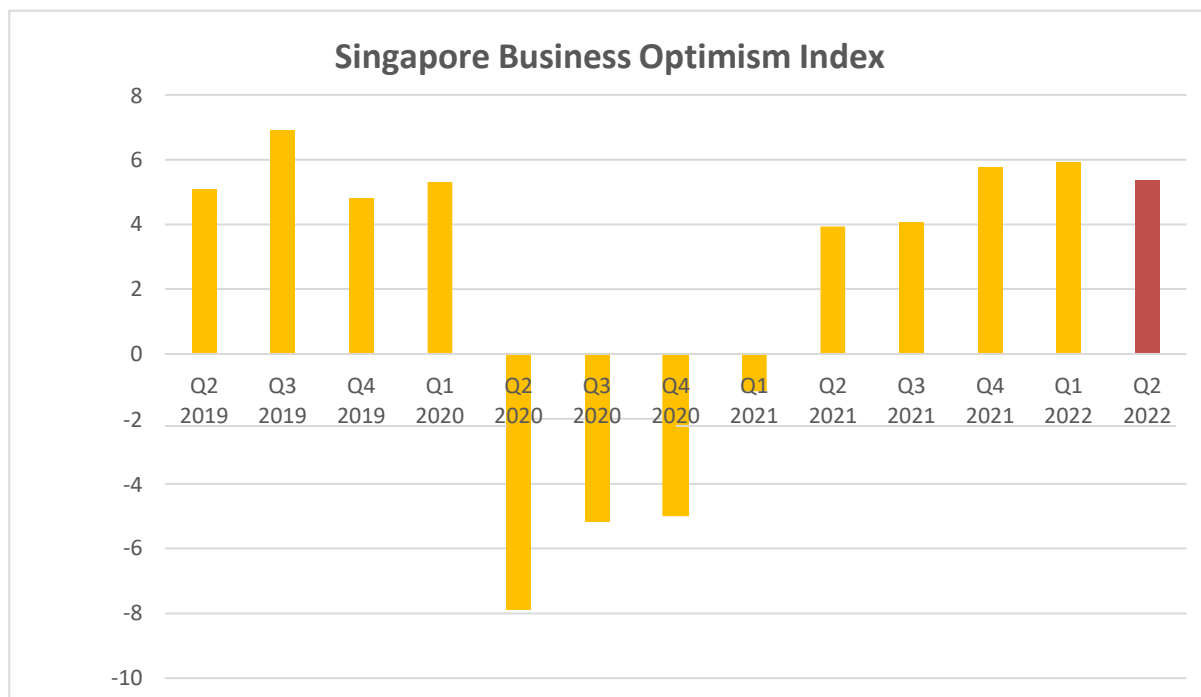


Figure 1. Overall Business Optimism Score, Q2 2019 – Q2 2022

Point Commentary

According to SCCB, only 1 of six indicators have experienced improvements on a q-o-q basis as compared to three indicators in Q1 2022.

- ❖ Volume of sales moderated further from +3.79 percentage points in Q1 2022 to +2.99 percentage points in Q2 2022.
- ❖ Net profits dropped from +4.58 percentage points in Q1 2022 to +2.99 percentage points in Q2 2022.
- ❖ Selling price increased from +3.73 percentage points in Q1 2022 to +5.22 percentage points in Q2 2022.
- ❖ New orders moderated from +10.45 percentage points in Q1 2022 to +5.22 percentage points in Q2 2022.
- ❖ Inventory levels remained contractionary, down from -0.75 percentage points in Q1 2022 to -1.49 percentage points in Q2 2022.
- ❖ Employment levels dipped slightly from +13.53 percentage points in Q1 2022 to +11.94 percentage points in Q2 2022.

On a y-o-y basis, 3 of six indicators have improved in Q2 2022.

- ❖ Both volume of sales and net profits moderated visibly from +9.92 percentage points in Q2 2021 to +2.99 percentage points in Q2 2022.
- ❖ Selling price rose from +1.53 percentage points in Q2 2021 to +5.22 percentage points in Q2 2022.
- ❖ New orders dropped from +9.92 percentage points in Q2 2021 to +5.22 percentage points in Q2 2022.
- ❖ Inventory levels increased from -7.64 percentage points in Q2 2021 -1.49 percentage points in Q2 2022.
- ❖ Employment levels jumped from 0 percentage point in Q2 2021 to +11.94 percentage points in Q2 2022.

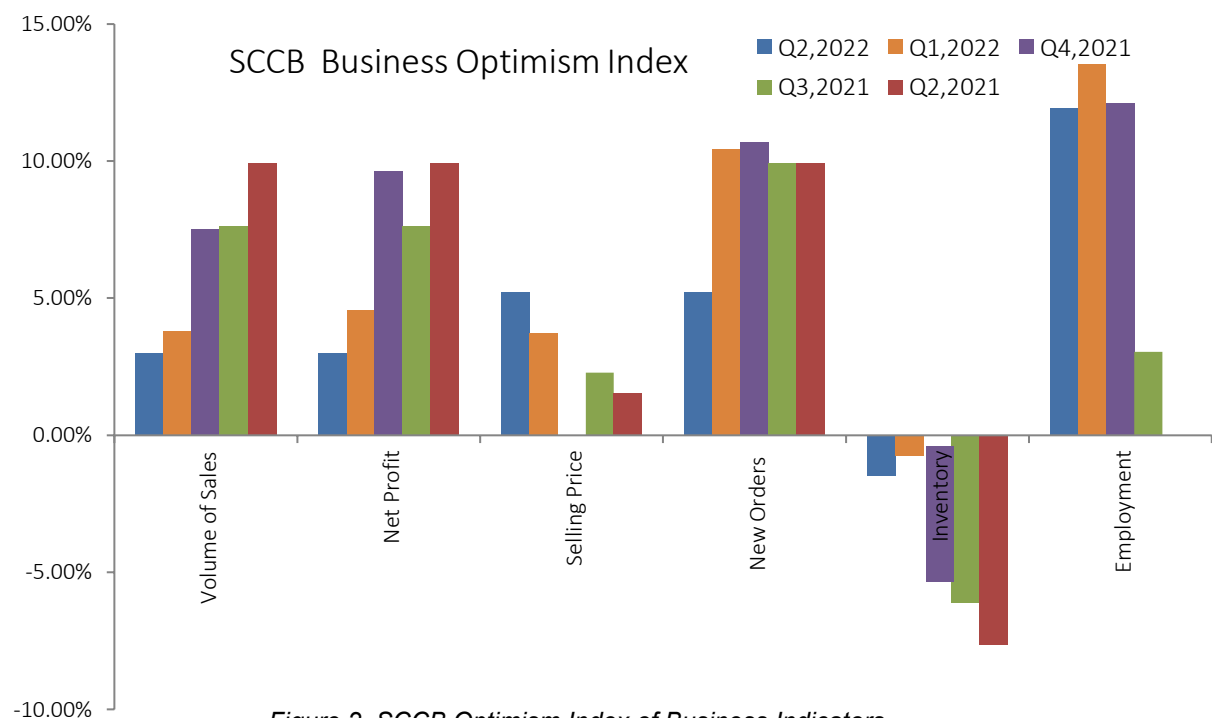


Figure 2. SCCB Optimism Index of Business Indicators, Q2 2021 – Q2 2022

Key Highlights for Q2 2022 Sectoral Outlook

The outlook for the financial and manufacturing sectors are most optimistic while the mining is most downbeat for Q2 2022.

Financial

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

- ❖ Both volume of sales and net profit increased from +16.67 percentage points in Q1 2022 to +21.43 percentage points in Q2 2022.
- ❖ Both selling price and new orders moderated downwards from +25.0 percentage points in Q1 2022 to +23.08 percentage points in Q2 2022.
- ❖ Inventory levels jumped from 0 percentage point in Q1 2022 to +7.69 percentage points in Q2 2022.
- ❖ Employment levels inched up from +58.33 percentage points in Q1 2022 to +61.54 percentage points in Q2 2022.

Manufacturing

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

- ❖ Both volume of sales and net profit moderated from +7.41 percentage points in Q1 2022 to +3.70 percentage points in Q2 2022.
- ❖ Selling price remains expansionary at +3.70 percentage points in Q2 2022.
- ❖ New orders tumbled from +14.82 percentage points in Q1 2022 to +3.70 percentage points in Q2 2022.
- ❖ Inventory levels remain in the positive zone at +7.41 percentage points in Q2 2022.
- ❖ Employment levels decreased from +25.93 percentage points in Q1 2022 to +18.52 percentage points in Q2 2022.

Services

As with Q1 2022, the outlook for the services sector has remained relatively upbeat with 4 of six indicators in positive territory,

- ❖ Both volume of sales and net profit moderated from +9.09 percentage points in Q1 2022 to +6.82 percentage points in Q2 2022.
- ❖ Selling price remained contractionary at -2.27 percentage points in Q2 2022.
- ❖ New orders increased from +6.82 percentage points in Q1 2022 to -2.27 percentage points in Q2 2022.
- ❖ Inventory levels rose from 0 percentage point in Q1 2022 to +6.82 percentage points in Q2 2022.
- ❖ Employment levels rebounded from -6.82 percentage points in Q1 2022 to +6.82 percentage points in Q2 2022.

Transportation

Sentiments within the transportation sector improved slightly with 3 of six indicators in positive territory.

- ❖ Both volume of sales and net profit increased from 0 percentage point in Q1 2022 to +8.33 percentage points in Q2 2022.
- ❖ Both selling price and employment levels rose from +9.09 percentage points in Q1 2022 to +16.67 percentage points in Q2 2022.
- ❖ New orders dipped from +18.18 percentage points in Q1 2022 to +16.67 percentage points in Q2 2022.
- ❖ Inventory levels remained unchanged at 0 percentage point in Q2 2022.

Construction

Sentiments within the construction sector remained muted with only 2 indicators in positive territory.

- ❖ Volume of sales, net profit, inventory and employment levels remained unchanged at 0 percentage point in Q2 2022.
- ❖ Selling price increased from +14.29 percentage points in Q1 2022 to +23.08 percentage points in Q2 2022.
- ❖ New orders jumped from +16.67 percentage points in Q1 2022 to +23.08 percentage points in Q2 2022.

Wholesale

Sentiments within the wholesale sector remained lukewarm with majority of the indicators remaining unchanged.

- ❖ Both volume of sales and net profits jumped from 0 percentage point in Q1 2022 to +6.67 percentage points in Q2 2022.
- ❖ Both selling price and employment levels remained unchanged at 0 percentage point in Q2 2022.
- ❖ New orders dropped from +6.25 percentage points in Q1 2022 to 0 percentage points in Q2 2022.
- ❖ Inventory levels rose from -6.25 percentage points in Q1 2022 to 0 percentage point in Q2 2022.

Mining

The mining sector is most downbeat with all indicators in the negative zone.

- ❖ Volume of sales fell from -40.0 percentage points in Q1 2022 to -60.0 percentage points in Q2 2022.
- ❖ Net profits dropped from -20.0 percentage points in Q1 2022 to -60.0 percentage points in Q2 2022.
- ❖ Selling price dipped from -20.0 percentage points in Q1 2022 to -40.0 percentage points in Q2 2022.
- ❖ Employment levels plunged from 0 percentage point in Q1 2022 to -40.0 percentage points in Q2 2022.
- ❖ New orders dropped from -25.0 percentage points in Q2 2022 to -40.0 percentage points in Q2 2022.
- ❖ Inventory levels rose from -25.0 percentage points in Q1 2022 to -20.0 percentage point in Q2 2022.

The Ministry of Trade and Industry (MTI) has projected GDP growth forecast for 2022 to be between +3.0 per cent to +5.0 per cent.

“We have seen a slight moderation in business sentiment for Q2 2022 primarily due to the geopolitical uncertainties of the Russian-Ukraine conflict which has posed significant downside risks in global supply chains in the short to medium-term. Global supply chains are already in a fragile state since the start of the pandemic and may exacerbate further with these ongoing developments. However, growth prospects for domestically-oriented sectors remain strong with the progressive easing of safe management measures and travel restrictions. Hence, we expect the overall outlook of firms to remain cautiously optimistic in the next quarter.” 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 +3.79 percentage points in Q1 2022). The financial sector (net +21.43 percentage points) is most upbeat, followed by transportation (net +8.33 percentage points), services (net +6.82 percentage points), wholesale (net +6.67 percentage points) and manufacturing (net +3.70 percentage points). The mining (net -60.0 percentage points) and agriculture (net -50.0 percentage points) sectors are pessimistic. The construction sector has anticipated volume of sales to remain unchanged (net 0 percentage point).

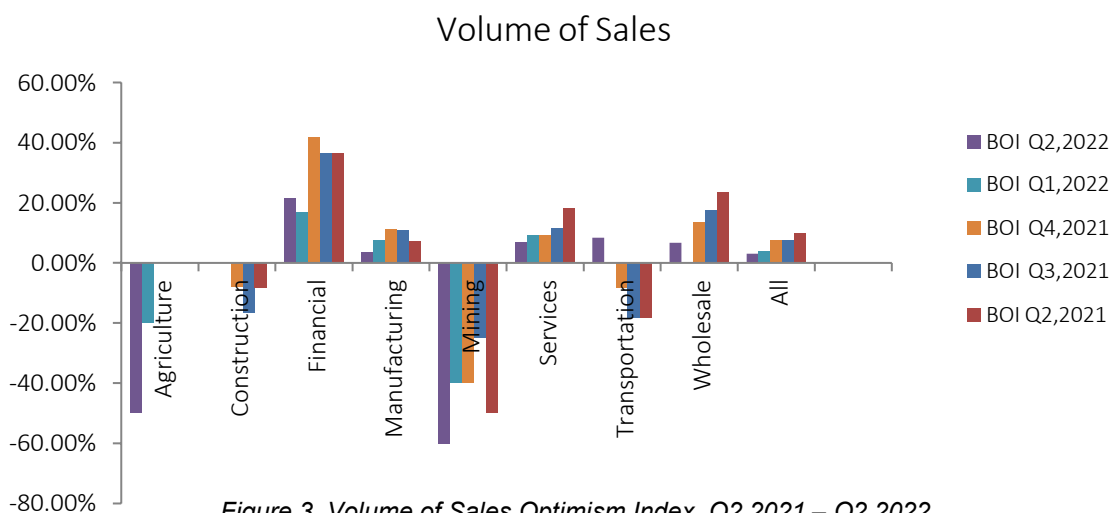


Figure 3. Volume of Sales Optimism Index, Q2 2021 – Q2 2022

Net Profit

Net profit moderated to +2.99 percentage points (compared to +4.58 percentage points in Q1 2022). The financial sector is most upbeat (net +21.43 percentage points), followed by transportation (net +8.33 percentage points), services (net +6.82 percentage points), wholesale (net +6.67 percentage points) and manufacturing (net +3.70 percentage points). Both mining (net -60.0 percentage points) and agriculture (net -50.0 percentage points) are downbeat while the construction sector has anticipated net profit to remain unchanged (net 0 percentage point).

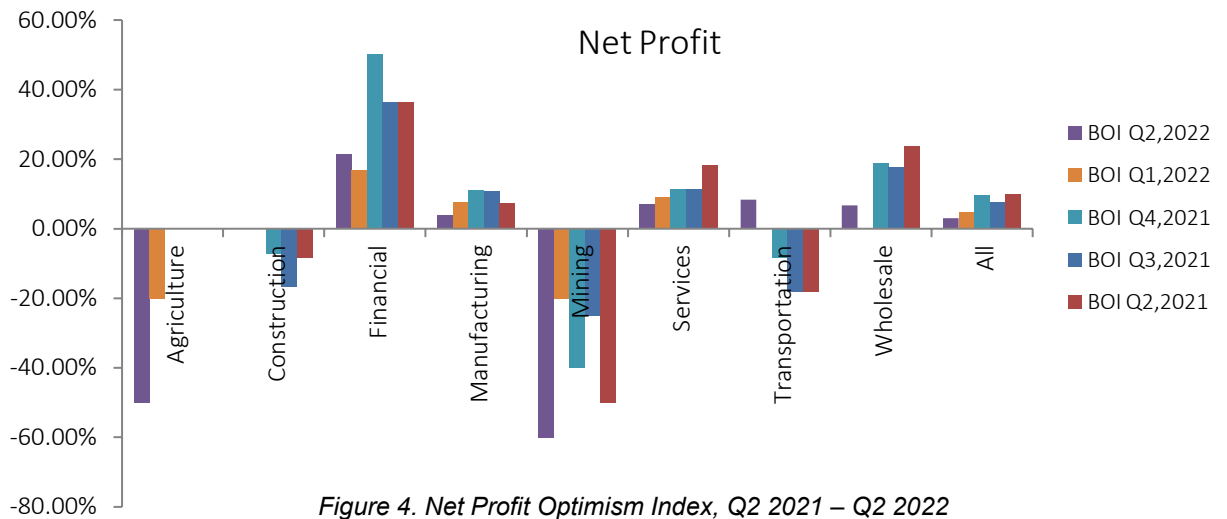


Figure 4. Net Profit Optimism Index, Q2 2021 – Q2 2022

Selling Price

Selling price rose to +5.22 percentage points (compared to +3.73 percentage points in Q1 2022). Both financial and construction sectors (net +23.08 percentage points) are most upbeat, followed by agriculture (net +20.0 percentage points), transportation (net +16.67 percentage points) and manufacturing (net +3.70 percentage points) sectors. Both mining (net -40.0 percentage points) and services (net -2.27 percentage points) have anticipated selling price to be downbeat. The wholesale sector (net 0 percentage point) has anticipated selling price to remain unchanged.



Figure 5. Selling Price Optimism Index, Q2 2021 – Q2 2022

New Orders

New orders moderated to +5.22 percentage points (compared to +10.45 percentage points in Q1 2022). Both construction and financial sectors (net +23.08 percentage points) are most upbeat, followed by agriculture (net +20.0 percentage points), transportation (net +16.67 percentage points) and manufacturing (net +3.70 percentage points). Both mining (net -40.0 percentage points) and services (net -2.27 percentage points) are downbeat about new orders. The wholesale sector (net 0 percentage point) has anticipated new orders to remain unchanged.

New Orders (All Sectors)

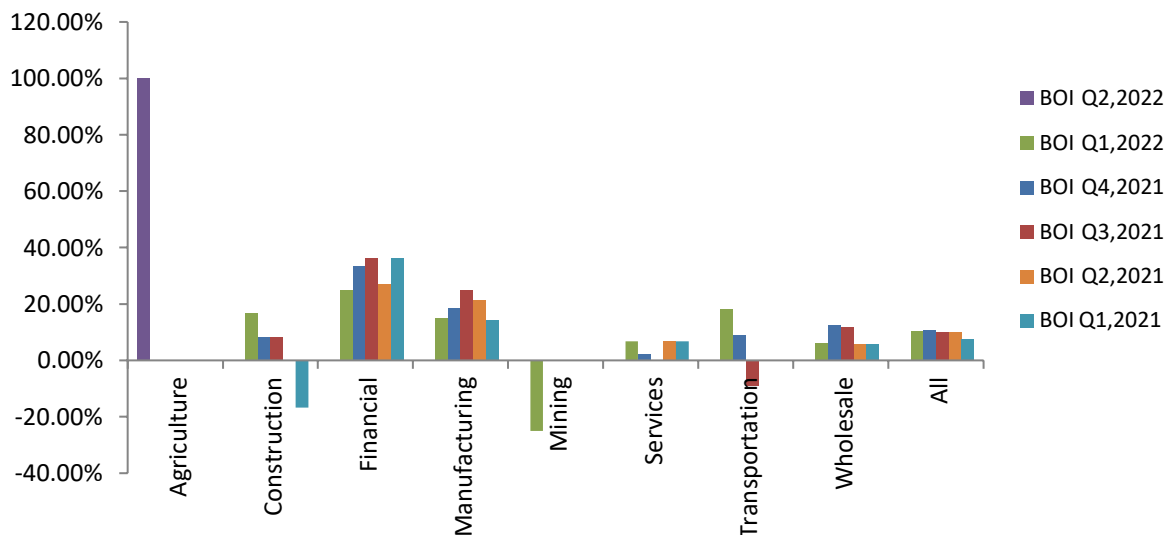


Figure 6. New Orders Optimism Index, Q2 2021 – Q2 2022

Inventory Levels

Inventory levels decreased to -1.49 percentage points (compared to -0.75 percentage points in Q1 2022). The financial sector (net +7.69 percentage points) is most upbeat, followed by manufacturing sector (net +7.41 percentage points) and services (net +6.82 percentage points). Both agriculture and mining (net -20.0 percentage points) are downbeat. The remaining sectors – construction, transportation and wholesale (net 0 percentage point) have anticipated inventory levels to remain unchanged.

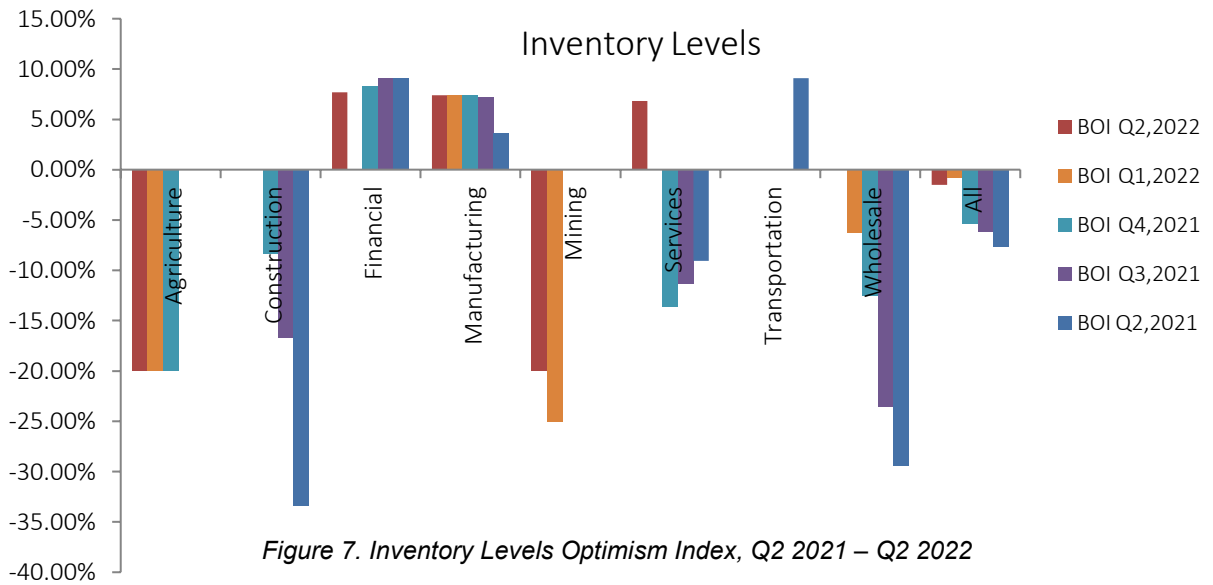


Figure 7. Inventory Levels Optimism Index, Q2 2021 – Q2 2022

Employment

Employment levels dipped slightly to +11.94 percentage points (compared to +13.53 percentage points in Q1 2022). The financial (net +61.54 percentage points), manufacturing (net +18.52 percentage points), transportation (net +16.67 percentage points) and services (net +6.82 percentage points) sectors are most upbeat. The agriculture, construction and wholesale sectors (net 0 percentage point) expected employment to remain unchanged. The mining sector (net -40.0 percentage points) is downbeat about employment.

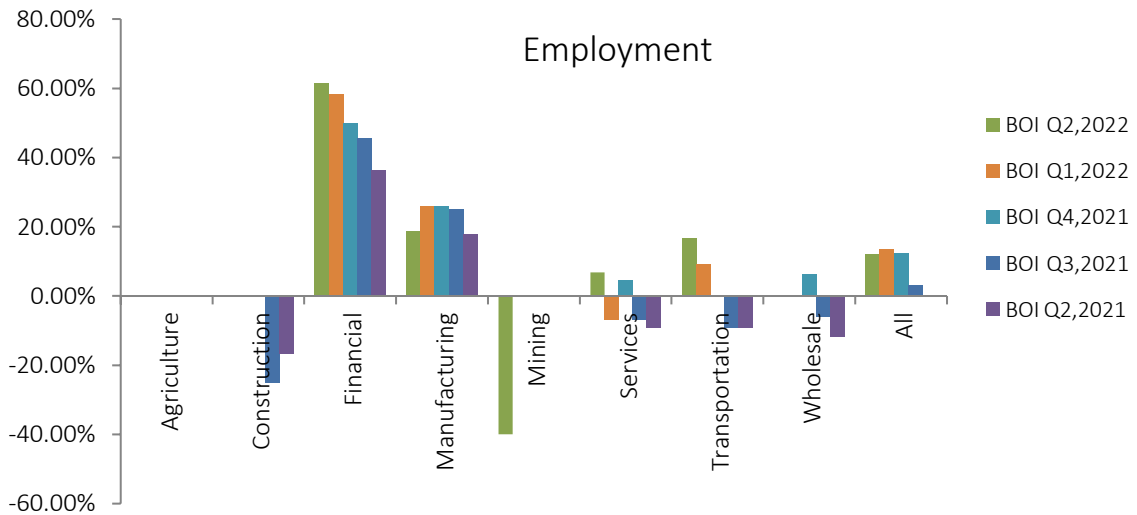


Figure 8. Employment Optimism Index, Q2 2021 – Q2 2022

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

Contact Information

Matthias Chen

Marketing, Strategy & Transformation

DID: +65 6439 6670

HP: +65 9478 5568

Email: Matthias.Chen@dnb.com.sg