

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

**FOR IMMEDIATE RELEASE**

## **Local business sentiment moderates further in Q2 2023** *Outlook for manufacturing and wholesale trade deteriorates* **- Singapore Commercial Credit Bureau**

**Singapore, 14 March 2023** – Business sentiment among local firms has moderated for the fifth consecutive quarter in Q2 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 +4.73 percentage points in Q1 2023 to +4.60 percentage points in Q2 2023. On a year-on-year (y-o-y) basis, BOI dropped from +5.35 percentage points in Q2 2022 to +4.60 percentage points in Q2 2023.

For Q2 2023, all six indicators are expansionary as compared to 5 indicators in Q1 2023.

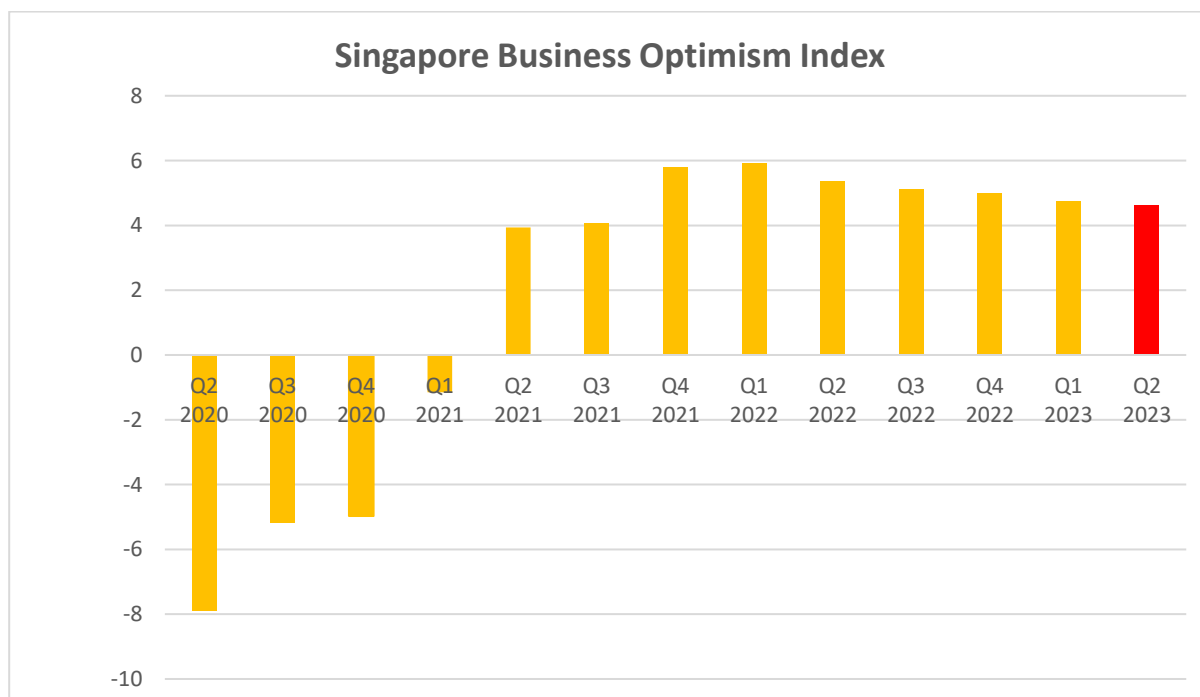


Figure 1. Overall Business Optimism Score, Q2 2020 – Q2 2023

**Point Commentary**

According to SCCB, only 1 of six indicators have experienced improvements on a q-o-q basis in Q2 2023.

- ❖ Volume of sales fell from +2.24 percentage points in Q1 2023 to +1.49 percentage points in Q2 2023.
- ❖ Net profits dipped from +0.75 percentage points in Q1 2023 to 0 percentage point in Q2 2023.
- ❖ Selling price rose from +8.96 percentage points in Q1 2023 to +14.18 percentage points in Q2 2023.
- ❖ New orders dropped from +9.70 percentage points in Q1 2023 to +8.96 percentage points in Q2 2023.
- ❖ Inventory levels fell further from -1.49 percentage points in Q1 2023 to -4.48 percentage points in Q2 2023.
- ❖ Employment levels slid from +8.21 percentage points in Q1 2023 to +7.46 percentage points in Q2 2023.

On a y-o-y basis, 2 of six indicators have seen improvements in Q2 2023 as compared to only one indicator in Q1 2023.

- ❖ Volume of sales dipped from +2.99 percentage points in Q2 2022 to +1.49 percentage points in Q2 2023.
- ❖ Net profit fell from +2.99 percentage points in Q2 2022 to 0 percentage point in Q2 2023.
- ❖ Selling price rose visibly from +5.22 percentage points in Q2 2022 to +14.18 percentage points in Q2 2023.
- ❖ New orders jumped from +5.22 percentage points in Q2 2022 to +8.96 percentage points in Q2 2023.
- ❖ Inventory levels fell from -1.49 percentage points in Q2 2022 to -4.48 percentage points in Q2 2023.
- ❖ Employment levels fell from +11.94 percentage points in Q2 2022 to +7.46 percentage points in Q2 2023.

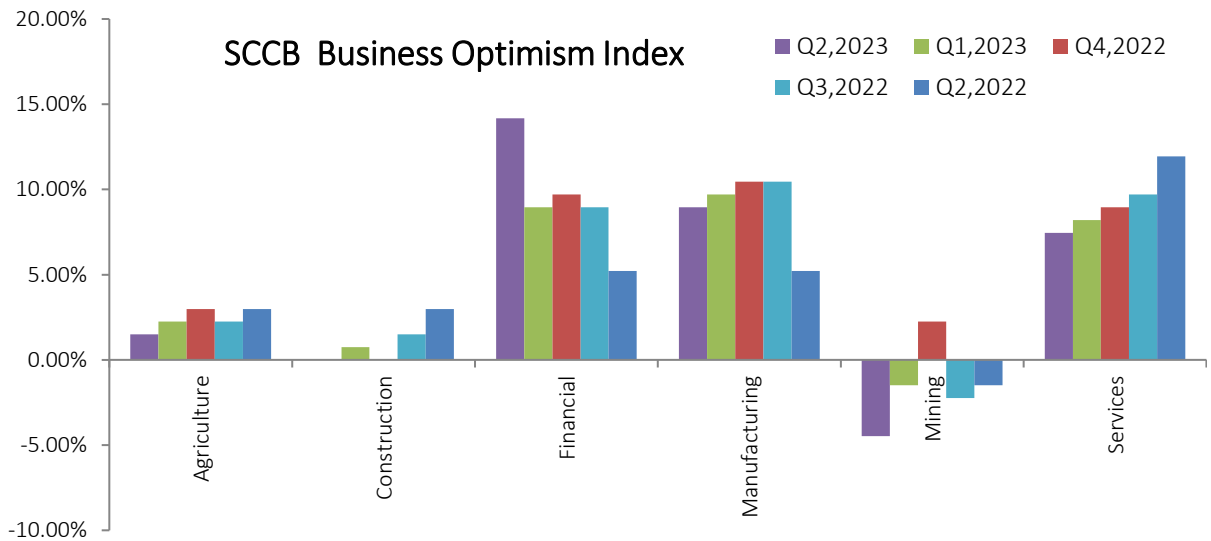


Figure 2. SCCB Optimism Index of Business Indicators, Q2 2022 – Q2 2023

### **Key Highlights for Q2 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 has deteriorated for Q2 2023.

#### **Construction**

As with Q1 2023, the outlook for the construction sector is also relatively upbeat with all six indicators in positive territory.

- ❖ Volume of sales rose from +23.08 percentage points in Q1 2023 to +30.77 percentage points in Q2 2023.
- ❖ Net profit jumped from +15.39 percentage points in Q1 2023 to +23.08 percentage points in Q2 2023.
- ❖ Inventory levels remained expansionary at +15.39 percentage points in Q2 2023.
- ❖ Selling price remained expansionary at +46.15 percentage points in Q2 2023.
- ❖ New orders rose from +38.46 percentage points in Q1 2023 to +46.15 percentage points in Q2 2023.
- ❖ Employment levels remained expansionary at +30.77 percentage points in Q2 2023.

#### **Financial**

Sentiments within the financial sector moderated further with 5 of six indicators in positive territory.

- ❖ Volume of sales remained expansionary at +14.29 percentage points in Q2 2023.
- ❖ Net profit rose from +14.29 percentage points in Q1 2023 to +25.0 percentage points in Q2 2023.
- ❖ Selling price dipped from +15.39 percentage points in Q1 2023 to +14.29 percentage points in Q2 2023.
- ❖ New orders rose from +7.69 percentage points in Q1 2023 to +21.43 percentage points in Q2 2023.
- ❖ Inventory levels remained unchanged at 0 percentage point in Q2 2023.
- ❖ Employment levels rose slightly from +38.46 percentage points in Q1 2023 to +42.86 percentage points in Q2 2023.

#### **Services**

The outlook for the services sector remained positive with 5 of six indicators in positive territory. However, visible moderations are seen in 5 of six indicators.

- ❖ Volume of sales, net profit and new orders fell from +4.55 percentage points in Q1 2023 to +2.27 percentage points in Q2 2023.
- ❖ Selling price rose from +9.09 percentage points in Q1 2023 to +18.18 percentage points in Q2 2023.
- ❖ Inventory levels fell from -4.55 percentage points in Q1 2023 to -6.82 percentage points in Q2 2023.
- ❖ Employment levels moderated downwards +6.82 percentage points in Q1 2023 to +4.55 percentage points in Q2 2023.

#### **Transportation**

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

- ❖ Volume of sales and employment levels rose from +33.33 percentage points in Q1 2023 to +41.67 percentage points in Q2 2023.
- ❖ Net profit increased from +25.0 percentage points in Q1 2023 to +41.67 percentage points in Q2 2023.
- ❖ Selling price climbed from +33.33 percentage points in Q1 2023 to +50.0 percentage points in Q2 2023.

- ❖ New orders moderated from +50.0 percentage points in Q1 2023 to +25.0 percentage points in Q2 2023.
- ❖ Inventory levels fell from +16.67 percentage points in Q1 2023 to 0 percentage point in Q2 2023.

### **Manufacturing**

Sentiments among manufacturers have remained lukewarm with 4 of six indicators in the positive territory.

- ❖ Both volume of sales and net profit fell into negative territory from 0 percentage point in Q1 2023 to -3.85 percentage points in Q2 2023.
- ❖ Selling price rose from 0 percentage point in Q1 2023 to +7.69 percentage points in Q2 2023.
- ❖ Both new orders and inventory levels inched from +3.70 percentage points in Q1 2023 to +3.85 percentage points in Q2 2023.
- ❖ Employment levels rose from +7.41 percentage points in Q1 2023 to +7.69 percentage points in Q2 2023.

### **Wholesale**

Sentiments within the wholesale sector remained muted with 5 of six indicators in negative territory.

- ❖ Both volume of sales and net profits remained in the contractionary zone, down from -6.67 percentage points in Q1 2023 to -13.33 percentage points in Q2 2023.
- ❖ Selling price fell from 0 percentage point in Q1 2023 to -6.67 percentage points in Q2 2023.
- ❖ Employment levels plunged from 0 percentage point in Q1 2023 to -13.33 percentage points in Q2 2023.
- ❖ New orders remained unchanged at 0 percentage point in Q2 2023.
- ❖ Inventory levels fell from -6.67 percentage points in Q1 2023 to -13.33 percentage points in Q2 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 outlook for local businesses has deteriorated slightly owing to a slowdown in manufacturing and wholesale trade sectors. There are also visible moderations in sentiment across the services and financial sectors for Q2 2023. We expect the outlook to be uncertain as the rising interest rates, latent vulnerabilities of the global financial system and escalations in geo-political tensions are likely to weigh on overall business confidence in the coming months.” said Ms. Audrey Chia, SCCB’s Chief Executive Officer.

**Overview of Business Indicators**

**Volume of Sales**

Volume of sales fell to +1.49 percentage points (compared to +2.24 percentage points in Q1 2023). The construction sector (net +30.77 percentage points) is most optimistic, followed by transportation (net +41.67 percentage points), financial (net +14.29 percentage points) and services (net +2.27 percentage points). The remaining sectors are downbeat about volume of sales – agriculture (net -60.0 percentage points), mining (net -80.0 percentage points), wholesale (net -13.33 percentage points) and manufacturing (net -3.85 percentage points).

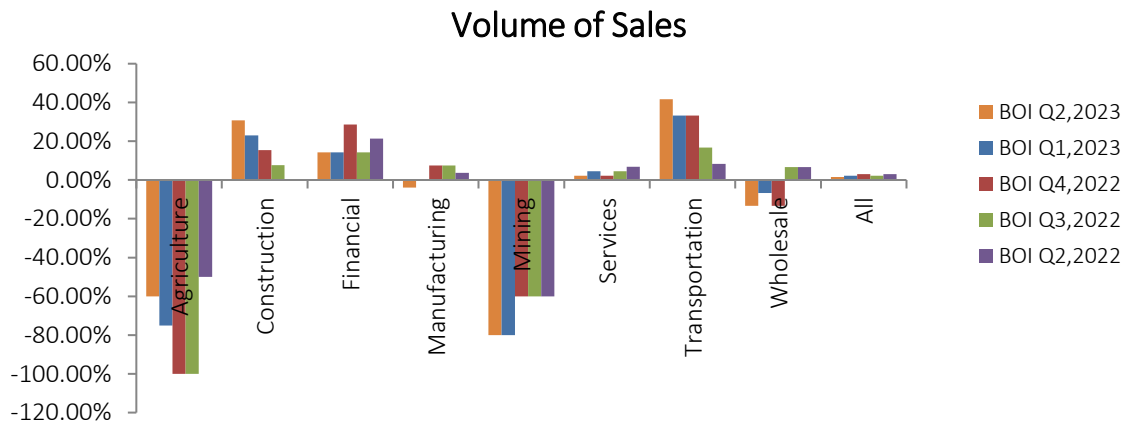


Figure 3. Volume of Sales Optimism Index, Q2 2022 – Q2 2023

**Net Profit**

Net profit jumped fell to 0 percentage point (compared to +0.75 percentage point in Q1 2023). The transportation sector (net +41.67 percentage points) is most upbeat, followed by construction (net +23.08 percentage points), financial (net +7.14 percentage points) and services (net +2.27 percentage points). The remaining sectors are downbeat about net profit - agriculture (net -60.0 percentage points), mining (net -80.0 percentage points), wholesale (net -13.33 percentage points) and manufacturing (net -3.85 percentage points).

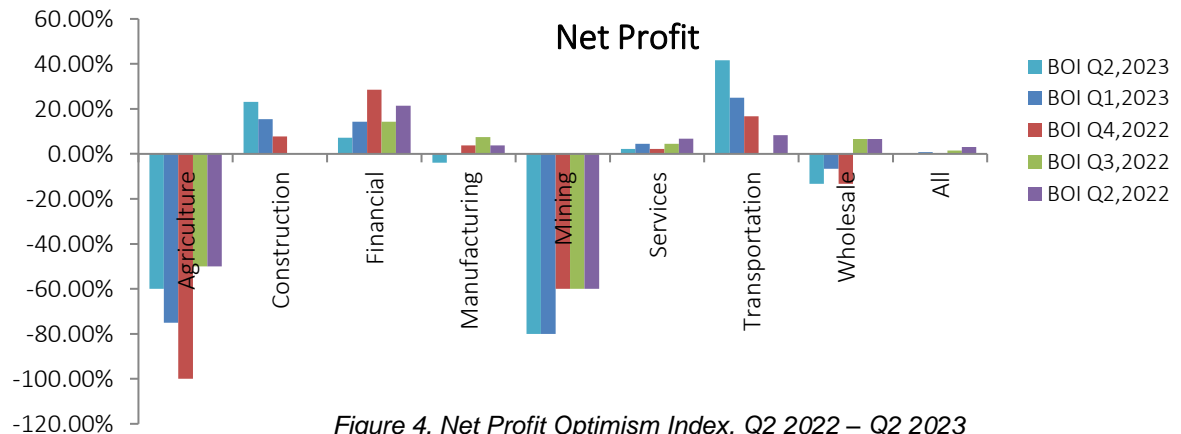


Figure 4. Net Profit Optimism Index, Q2 2022 – Q2 2023

**Selling Price**

Selling price rose to +14.18 percentage points (compared to +8.96 percentage points in Q1 2023). The transportation sector (net +50.0 percentage points) is most upbeat about selling price, followed by construction (net +46.15 percentage points) is most upbeat, services (net +18.18 percentage points), financial (net +14.29 percentage points) and manufacturing (net +7.69 percentage points). The agriculture (net -20.0 percentage points), mining (net -60.0 percentage points) and wholesale (net -6.67 percentage points) sectors are downbeat about selling price.



Figure 5. Selling Price Optimism Index, Q2 2022 – Q2 2023

**New Orders**

New orders dropped further to +8.96 percentage points (compared to +9.70 percentage points in Q1 2023). The construction sector (net +46.15 percentage points) is most upbeat, followed by transportation (net +25.0 percentage points), financial (net +21.43 percentage points), manufacturing (net +3.85 percentage points) and services (net +2.27 percentage points). The wholesale sector (net 0 percentage point) anticipated new orders to remain unchanged. Both mining and agriculture (net -20.0 percentage points), transportation (net -17.39 percentage points) are downbeat about new orders.

**New Orders (All Sectors)**

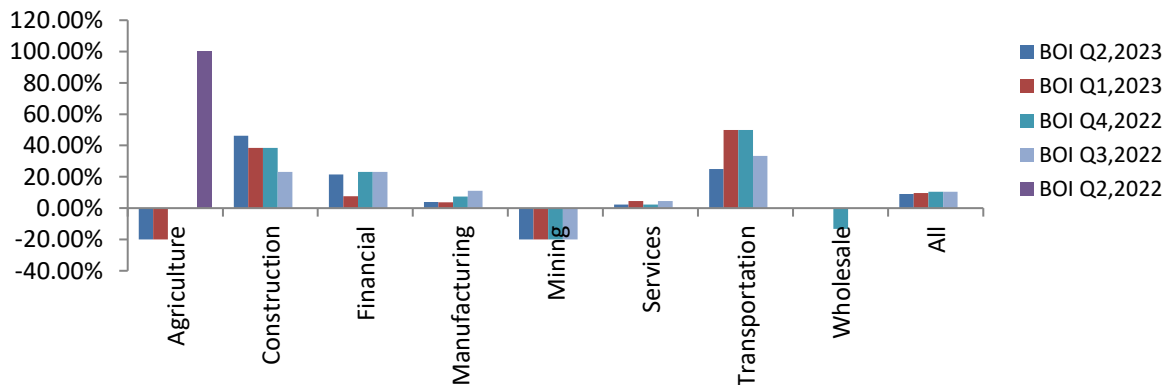


Figure 6. New Orders Optimism Index, Q2 2022 – Q2 2023

**Inventory Levels**

Inventory levels fell -4.48 percentage points (compared to -1.49 percentage points in Q1 2023). 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) and wholesale (net -13.33 percentage points) are downbeat about inventory levels.

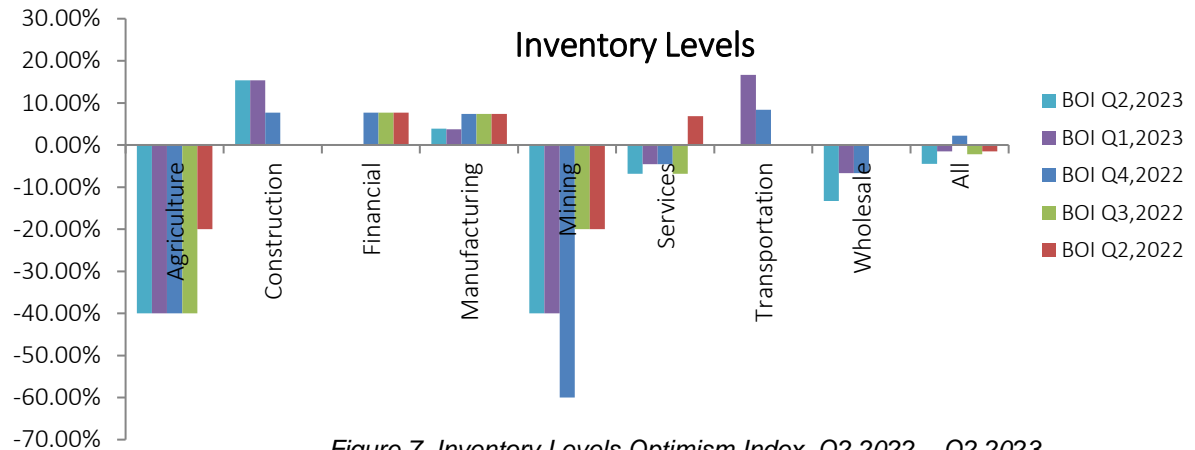


Figure 7. Inventory Levels Optimism Index, Q2 2022 – Q2 2023

**Employment**

Employment levels dropped to +1.99 percentage points (compared to +8.21 percentage points in Q1 2023). The financial (net +42.86 percentage points) is most upbeat, followed by transportation (net +41.67 percentage points), construction (net +30.77 percentage points), manufacturing (net +7.69 percentage points) and services (net +4.55 percentage points). The agriculture (net -40.0 percentage points), mining (net -100.0 percentage points) and wholesale (net -13.33 percentage points) sectors are most downbeat about employment.

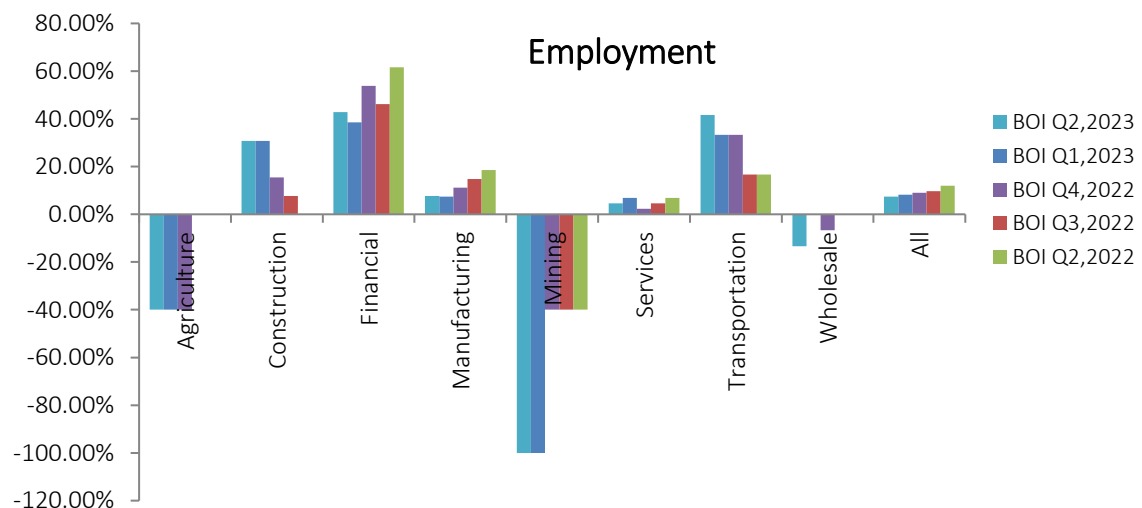


Figure 8. Employment Optimism Index, Q2 2022 – Q2 2023

**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)

**Contact Information**

**Matthias Chen**

**Strategy & Transformation**

**DID: +65 6439 6670**

**HP: +65 9478 5568**

**Email: [Matthias.Chen@dnb.com.sg](mailto:Matthias.Chen@dnb.com.sg)**