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FOR IMMEDIATE RELEASE

Business sentiment rebounds slightly in Q4 2023
Outlook for construction and transportation remains buoyant
- Singapore Commercial Credit Bureau

Singapore, 06 September 2023 – Business sentiment has rebounded after six consecutive quarters of decline in Q4 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) rose from +3.98 percentage points in Q3 2023 to +4.35 percentage points in Q4 2023. On a year-on-year (y-o-y) basis, BOI fell from +4.98 percentage points in Q4 2022 to +4.35 percentage points in Q4 2023.

As with Q3 2023, 5 of six indicators are expansionary in Q4 2023.

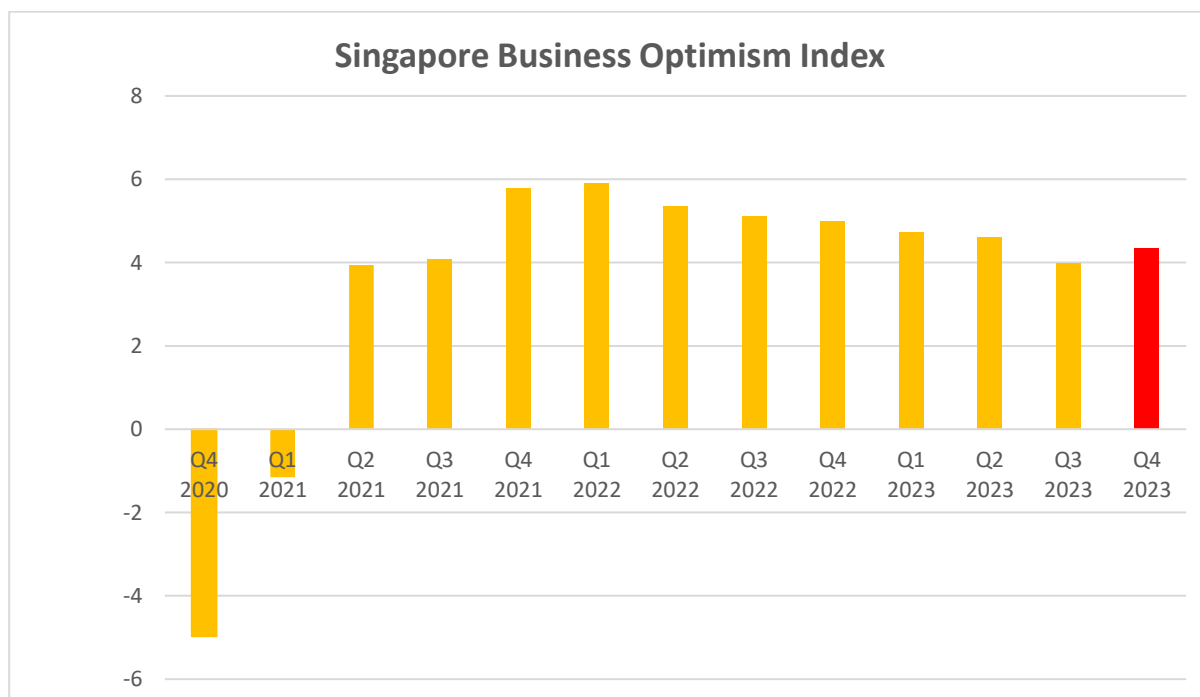


Figure 1. Overall Business Optimism Score, Q4 2020 – Q4 2023

Point Commentary

According to SCCB, 2 of six indicators have improved on a q-o-q basis in Q4 2023.

- ❖ Volume of sales rose from +2.99 percentage points in Q3 2023 to +3.73 percentage points in Q4 2023.
- ❖ Net profits moderated from +2.99 percentage points in Q3 2023 to +2.24 percentage points in Q4 2023.
- ❖ Selling price remained expansionary at +11.19 percentage points in Q4 2023.
- ❖ New orders fell from +4.48 percentage points in Q3 2023 to +3.73 percentage points in Q4 2023.
- ❖ Inventory levels remained contractionary at -2.24 percentage points in Q4 2023.
- ❖ Employment levels rose from +4.48 percentage points in Q3 2023 to +7.46 percentage points in Q4 2023.

On a y-o-y basis, 3 of six indicators have improved in Q4 2023.

- ❖ Volume of sales rose from +2.99 percentage points in Q4 2022 to +3.73 percentage points in Q4 2023.
- ❖ Net profit increased from 0 percentage point in Q4 2022 to +2.24 percentage points in Q4 2023.
- ❖ Selling price inched up moderately from +9.70 percentage points in Q4 2022 to +11.19 percentage points in Q4 2023.
- ❖ New orders declined from +10.45 percentage points in Q4 2022 to +3.73 percentage points in Q4 2023.
- ❖ Inventory levels fell into the contractionary zone from +2.24 percentage points in Q4 2022 to -2.24 percentage points in Q4 2023.
- ❖ Employment levels fell from +8.96 percentage points in Q4 2022 to +7.46 percentage points in Q4 2023.

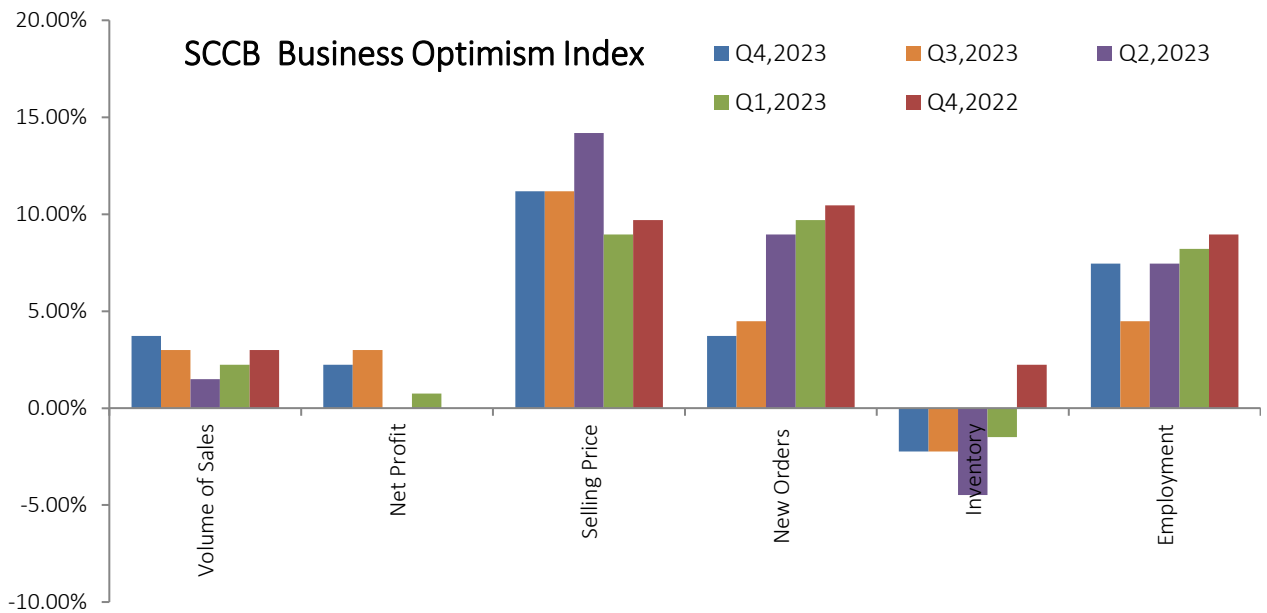


Figure 2. SCCB Optimism Index of Business Indicators, Q4 2022 – Q4 2023

Key Highlights for Q4 2023 Sectoral Outlook

The construction, transportation and services sectors have emerged as the most optimistic sectors while the outlook for the manufacturing and wholesale sectors remained downbeat for Q4 2023.

Construction

As with the previous quarter, the outlook for the construction sector is relatively upbeat with all six indicators in positive territory.

- ❖ Both volume of sales and employment levels rose from +23.08 percentage points in Q3 2023 to +30.77 percentage points in Q4 2023.
- ❖ Both net profit and selling price remained positive at +23.08 percentage points and +30.77 percentage points respectively in Q4 2023.
- ❖ New orders moderated from +30.77 percentage points in Q3 2023 to +23.08 percentage points in Q4 2023.
- ❖ Inventory levels jumped from +7.69 percentage points in Q3 2023 to +15.39 percentage points in Q4 2023.

Transportation

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

- ❖ Both volume of sales and net profit rose from +33.33 percentage points in Q3 2023 to +41.67 percentage points in Q4 2023.
- ❖ Selling price increased from +41.67 percentage points in Q3 2023 to +50.0 percentage points in Q4 2023.
- ❖ New orders remained expansionary at +16.67 percentage points in Q4 2023.
- ❖ Inventory levels rose from -8.33 percentage points in Q3 2023 to 0 percentage point in Q4 2023.
- ❖ Employment levels remained expansionary at +33.33 percentage points in Q4 2023.

Services

The outlook for the services sector remained positive albeit moderating slightly with 4 of six indicators in positive territory.

- ❖ Volume of sales and net profit moderated from +4.55 percentage points in Q3 2023 to +2.27 percentage points in Q4 2023.
- ❖ Selling price fell from +7.69 percentage points in Q3 2023 to +3.85 percentage points in Q4 2023.
- ❖ New orders increased from +2.27 percentage points in Q3 2023 to +4.55 percentage points in Q4 2023.
- ❖ Inventory levels remained contractionary, falling from -2.27 percentage points in Q3 2023 to -4.55 percentage points in Q4 2023.
- ❖ Employment levels moderated from +2.27 percentage points in Q3 2023 to 0 percentage point in Q4 2023.

Financial

Sentiments within the financial sector moderated further with 2 of six indicators in positive territory.

- ❖ Both volume of sales and net profit fell from +7.14 percentage points in Q3 2023 to 0 percentage point in Q4 2023.
- ❖ Selling price and inventory levels remained unchanged at 0 percentage point in Q4 2023.
- ❖ New orders remained expansionary at +7.14 percentage points in Q4 2023.
- ❖ Employment levels fell from +21.43 percentage points in Q3 2023 to +14.29 percentage points in Q4 2023.

Manufacturing

Sentiments among manufacturers have deteriorated with only 1 of six indicators in the positive territory.

- ❖ Both volume of sales and net profit fell from -7.69 percentage points in Q3 2023 to -11.54 percentage points in Q4 2023.
- ❖ Selling price decreased from +7.69 percentage points in Q3 2023 to +3.85 percentage points in Q4 2023.
- ❖ New orders fell further into the contractionary zone, from -3.85 percentage points in Q3 2023 to -7.69 percentage points in Q4 2023.
- ❖ Inventory levels remained unchanged at 0 percentage point in Q4 2023.
- ❖ Employment levels dropped from +7.69 percentage points in Q3 2023 to 0 percentage point in Q4 2023.

Wholesale

Sentiments within the wholesale sector remained weak with 4 of six indicators in negative territory.

- ❖ Volume of sales rose from -13.33 percentage points in Q3 2023 to -6.67 percentage points in Q4 2023.
- ❖ Net profit remained contractionary at -13.33 percentage points in Q4 2023.
- ❖ Selling price remained unchanged at 0 percentage point in Q4 2023.
- ❖ New orders plunged from 0 percentage point in Q3 2023 to -6.67 percentage points in Q4 2023.
- ❖ Inventory levels fell from +6.67 percentage points in Q3 2023 to 0 percentage point in Q4 2023.
- ❖ Employment levels remained contractionary at -6.67 percentage points in Q4 2023.

The Ministry of Trade and Industry (MTI) has narrowed its GDP growth forecast for 2023 to between +0.5 per cent to +1.5 per cent.

“The slight rebound in business sentiment is largely due to moderate growth within the construction, transportation and tourism-related sectors. However, we expect the outlook to remain lukewarm with the prolonged slowdown in external demand within the manufacturing sector and tighter global financial conditions. The ongoing inflation will also likely weigh on sentiments in the coming months as businesses will have to contend with continued cost pressures and potentially dampened consumer spending.” commented Ms. Audrey Chia, SCCB’s Chief Executive Officer.

Overview of Business Indicators

Volume of Sales

Volume of sales rose to +3.73 percentage points (compared to +2.99 percentage points in Q4 2023). The transportation sector (net +41.67 percentage points) is most upbeat, followed by construction (net +30.77 percentage points) and services (net +2.27 percentage points). Both financial and mining sectors (net 0 percentage point) have anticipated volume of sales to remain unchanged. The remaining sectors are downbeat about volume of sales – agriculture (net -20.0 percentage points), manufacturing (net -11.54 percentage points) and wholesale (net -6.67 percentage points).

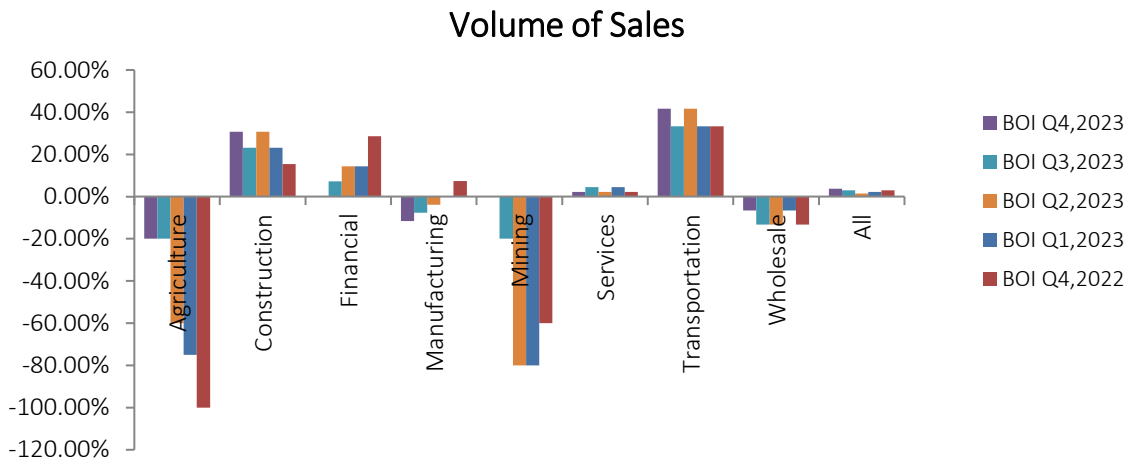


Figure 3. Volume of Sales Optimism Index, Q4 2022 – Q4 2023

Net Profit

Net profit fell to +2.24 percentage points (compared to +2.99 percentage point in Q3 2023). The transportation sector (net +41.67 percentage points) is most upbeat, followed by construction (net +23.08 percentage points) and services (net +2.27 percentage points). The remaining sectors are downbeat about net profit – agriculture (net -20.0 percentage points), manufacturing (net -11.54 percentage points) and wholesale (net -13.33 percentage points).

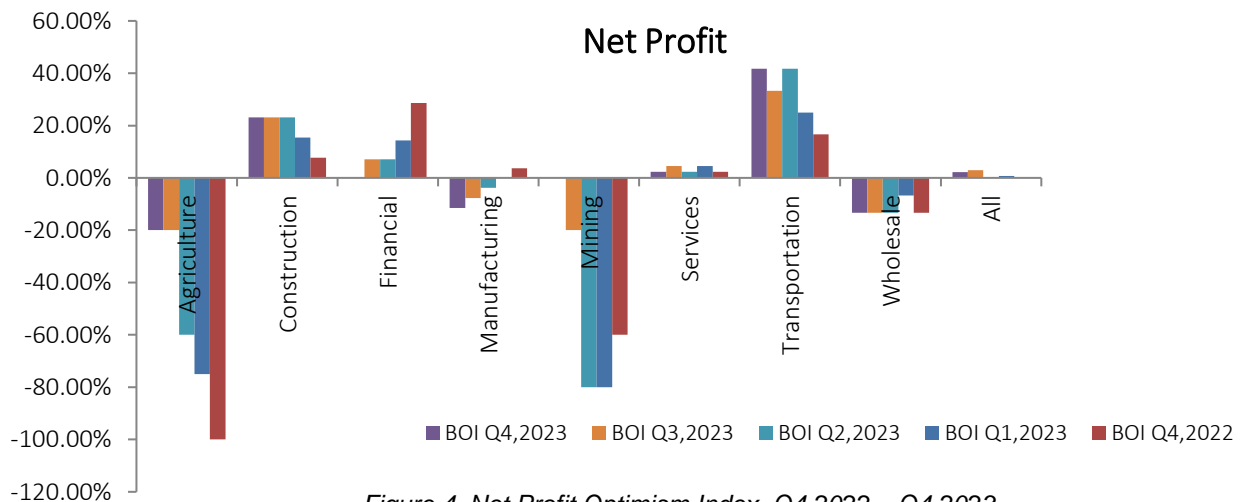


Figure 4. Net Profit Optimism Index, Q4 2022 – Q4 2023

Selling Price

Selling price remained expansionary at +11.19 percentage points (compared to +11.19 percentage points in Q3 2023). The transportation sector (net +50.0 percentage points) is most upbeat about selling price, followed by construction (net +30.77 percentage points), services (net +13.64 percentage points) and manufacturing (net +3.85 percentage points). Both financial and wholesale sectors (net 0 percentage point) have remained unchanged. Both mining and agriculture (net -20.0 percentage points) are downbeat about selling price.

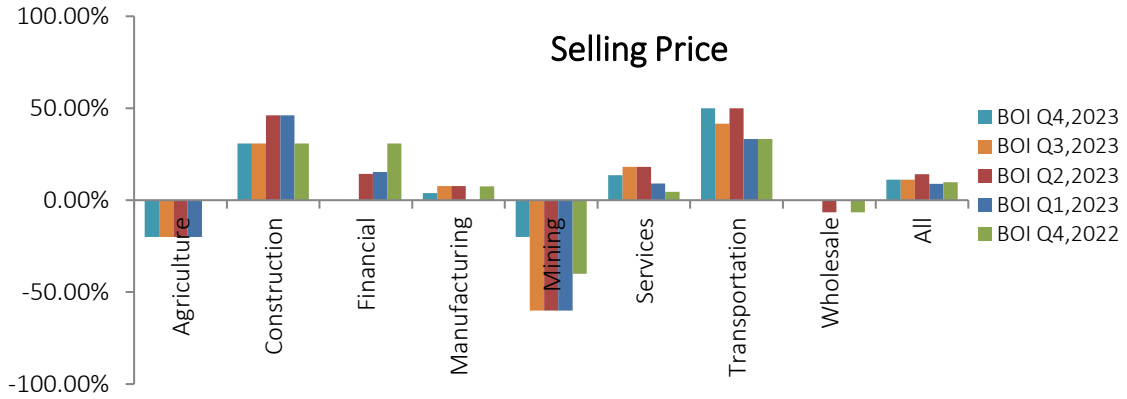


Figure 5. Selling Price Optimism Index, Q4 2022 – Q4 2023

New Orders

New orders dropped further to +3.73 percentage points (compared to +4.48 percentage points in Q3 2023). The construction sector (net +23.08 percentage points) is most upbeat, followed by transportation (net +16.67 percentage points), financial (net +7.14 percentage points) and services (net +4.55 percentage points). Both manufacturing (net -7.69 percentage points) and wholesale (net -6.67 percentage points) sectors are downbeat about new orders. The remaining sectors - agriculture and mining (net 0 percentage point) have expected new orders to remain unchanged.

New Orders (All Sectors)

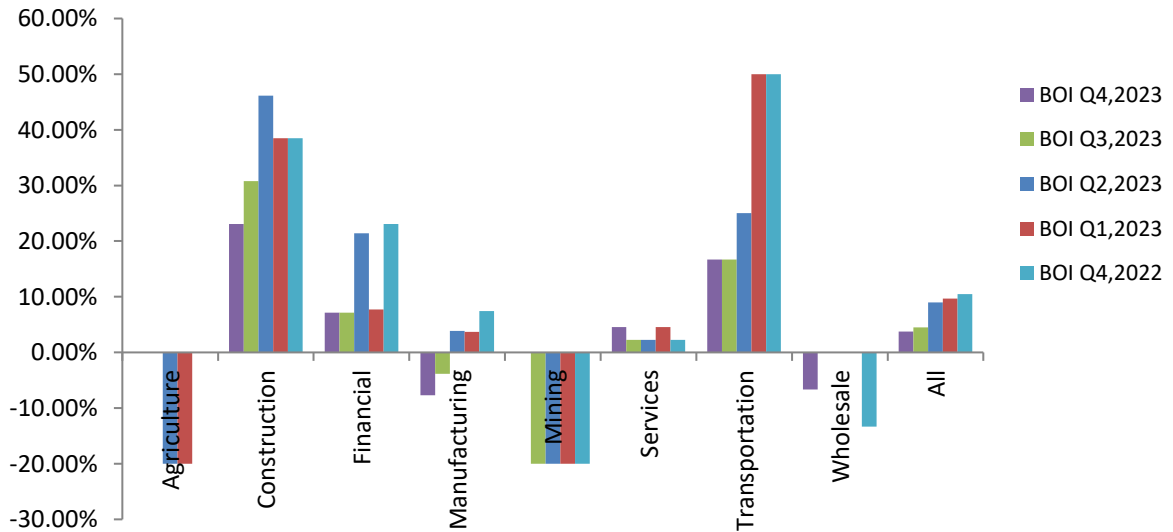


Figure 6. New Orders Optimism Index, Q4 2022 – Q4 2023

Inventory Levels

Inventory levels remained expansionary at -2.24 percentage points (compared to -2.24 percentage points in Q3 2023). The construction sector (net +15.39 percentage points) is the only sector which is upbeat about inventory levels. Both agriculture (net -20.0 percentage points) and mining (net -40.0 percentage points) sectors are downbeat about inventory levels. The remaining sectors have anticipated inventory levels to remain unchanged – financial, manufacturing, transportation and wholesale (net 0 percentage point).

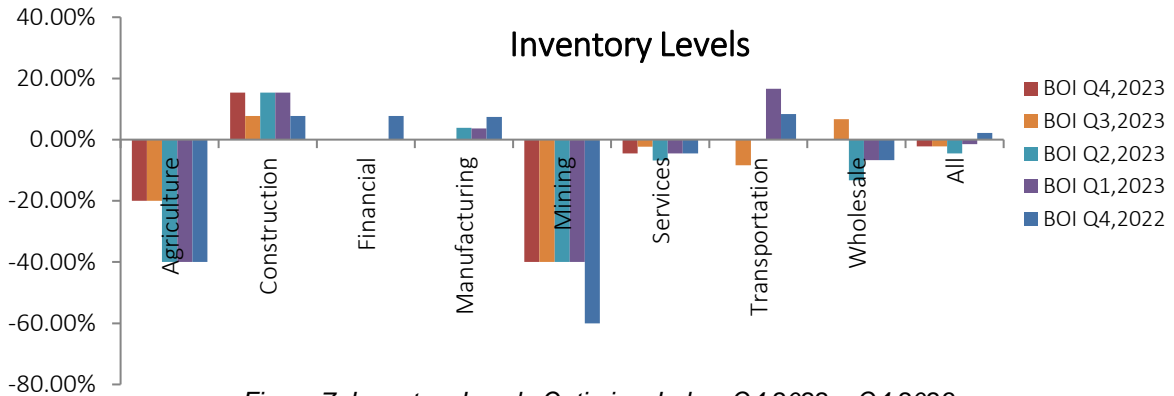


Figure 7. Inventory Levels Optimism Index, Q4 2022 – Q4 2023

Employment

Employment levels rose to +7.46 percentage points (compared to +4.48 percentage points in Q3 2023). The mining sector (net +40.0 percentage points) is most upbeat, followed by transportation (net +33.33 percentage points), construction (net +30.77 percentage points) and financial (net +14.29 percentage points). Both agriculture (net -20.0 percentage points) and wholesale (net -6.67 percentage points) are downbeat about employment. The manufacturing and services sectors (net 0 percentage point) have anticipated employment to remain unchanged.

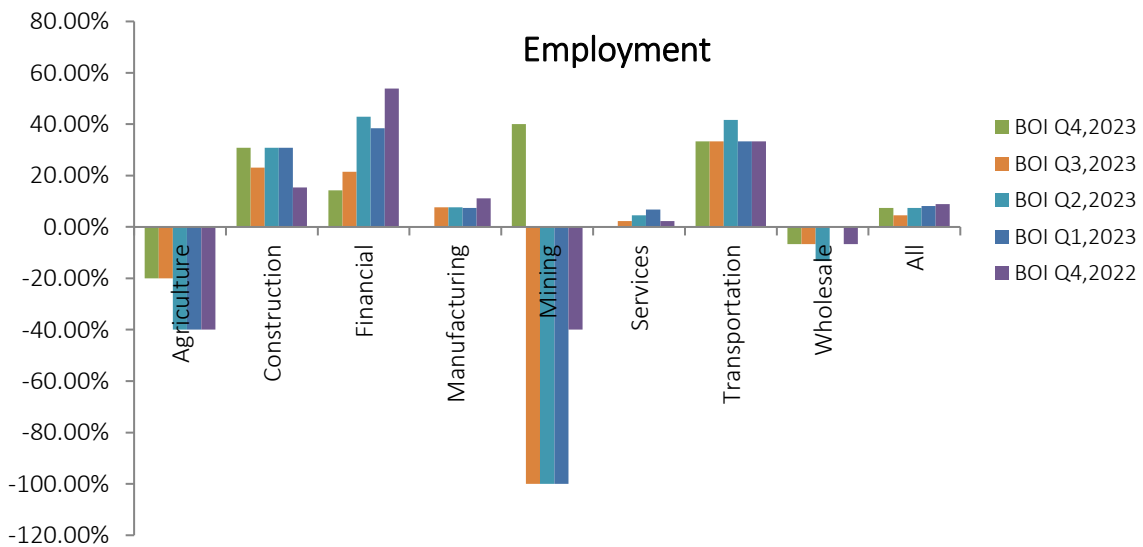


Figure 8. Employment Optimism Index, Q4 2022 – Q4 2023

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.

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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