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FOR IMMEDIATE RELEASE

Local businesses moderately upbeat in Q1 2024
Slight rebound in outlook for manufacturing and financial services
- Singapore Commercial Credit Bureau

Singapore, 04 December 2023 – Local businesses are moderately upbeat for the first quarter of 2024. 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 slightly for the second consecutive quarter in Q1 2024, from +4.35 percentage points in Q4 2023 to +4.48 percentage points in Q1 2024. On a year-on-year (y-o-y) basis, BOI fell from +4.73 percentage points in Q1 2023 to +4.48 percentage points in Q1 2024.

As with Q4 2023, 5 of six indicators are expansionary in Q1 2024.

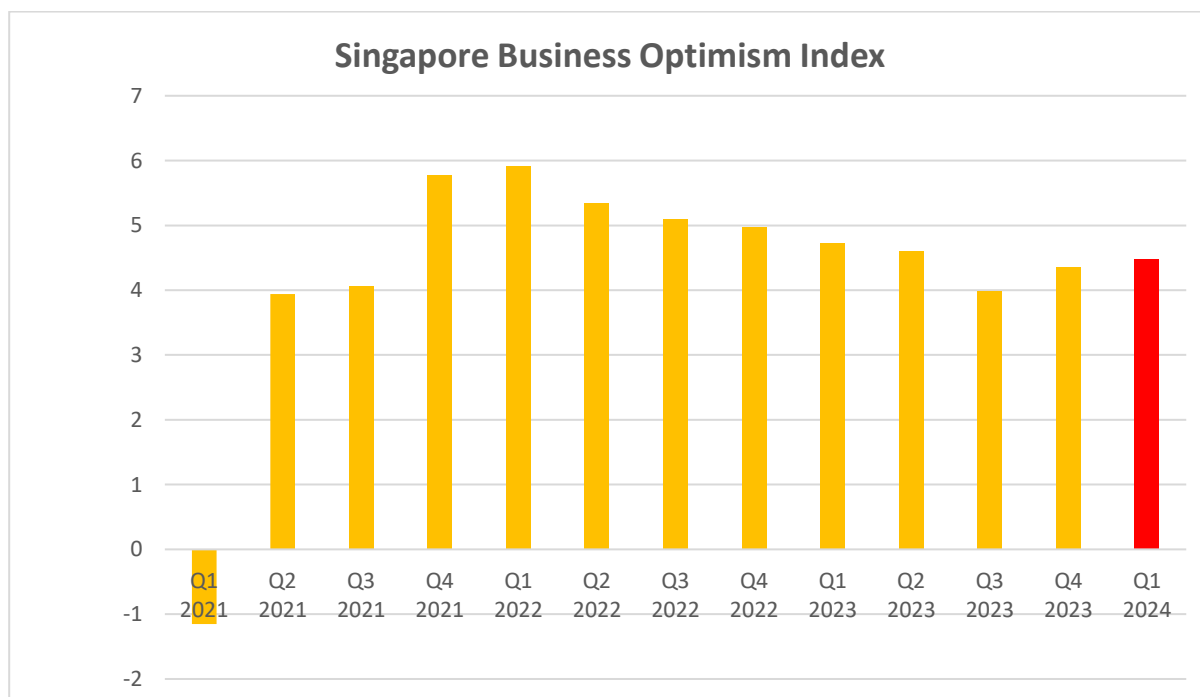


Figure 1. Overall Business Optimism Score, Q1 2021 – Q1 2024

Point Commentary

According to SCCB, 2 of six indicators have improved on a q-o-q basis in Q1 2024.

- ❖ Volume of sales moderated from +3.73 percentage points in Q4 2023 to +2.24 percentage points in Q1 2024.
- ❖ Net profits remained expansionary at +2.24 percentage points in Q1 2024.
- ❖ Selling price rose slightly from +11.19 percentage points in Q4 2023 to +11.94 percentage points in Q1 2024.
- ❖ New orders inched up from +3.73 percentage points in Q4 2023 to +5.22 percentage points in Q1 2024.
- ❖ Inventory levels remained contractionary at -2.24 percentage points in Q1 2024.
- ❖ Employment levels remained expansionary at +7.46 percentage points in Q1 2024.

On a y-o-y basis, 2 of six indicators have improved in Q1 2024.

- ❖ Volume of sales remained expansionary at +2.24 percentage points in Q1 2024.
- ❖ Net profit increased from +0.75 percentage points in Q1 2023 to +2.24 percentage points in Q1 2024.
- ❖ Selling price rose from +8.96 percentage points in Q1 2023 to +11.94 percentage points in Q1 2024.
- ❖ New orders declined from +9.70 percentage points in Q1 2023 to +5.22 percentage points in Q1 2024.
- ❖ Inventory levels remained in the contractionary zone, down from -1.49 percentage points in Q1 2023 to -2.24 percentage points in Q1 2024.
- ❖ Employment levels fell from +8.21 percentage points in Q1 2023 to +7.46 percentage points in Q1 2024.

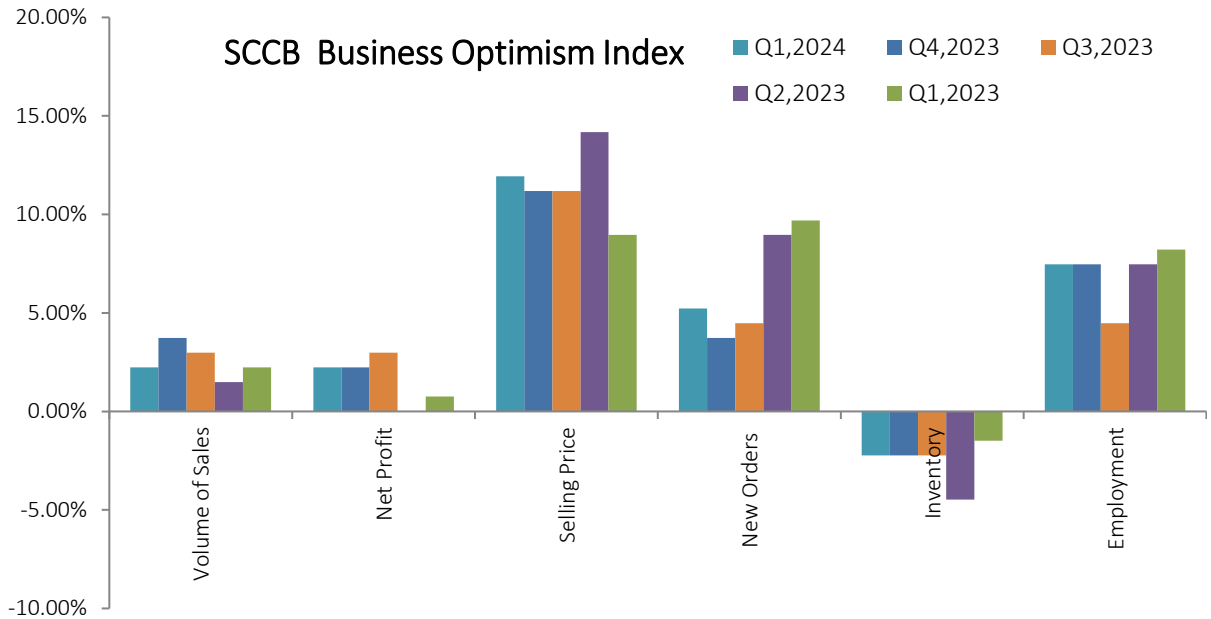


Figure 2. SCCB Optimism Index of Business Indicators, Q1 2023 – Q1 2024

Key Highlights for Q1 2024 Sectoral Outlook

The construction and transportation sectors have emerged as the most optimistic sectors while the outlook for the financial and manufacturing sectors has improved slightly for Q1 2024.

Construction

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

- ❖ Volume of sales moderated downwards from +30.77 percentage points in Q4 2023 to +15.39 percentage points in Q1 2024.
- ❖ Both net profit and new orders fell from +23.08 percentage points in Q4 2023 to +15.39 percentage points in Q1 2024.
- ❖ Both selling price and employment levels remained expansionary at +30.77 percentage points in Q1 2024.
- ❖ Inventory levels remained expansionary at +15.39 percentage points in Q1 2024.

Transportation

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

- ❖ Both volume of sales and net profit fell from +41.67 percentage points in Q4 2023 to +33.33 percentage points in Q1 2024.
- ❖ Selling price moderated from +50.0 percentage points in Q4 2023 to +41.67 percentage points in Q1 2024.
- ❖ New orders remained expansionary at +16.67 percentage points in Q1 2024.
- ❖ Inventory levels remained unchanged at 0 percentage point in Q1 2024.
- ❖ Employment levels moderated from +33.33 percentage points in Q4 2023 to +25.0 percentage points in Q1 2024.

Financial

Sentiments within the financial sector improved visibly with 4 of six indicators in positive territory for Q1 2024 as compared to only two indicators in the previous quarter.

- ❖ Both volume of sales and net profit rose from 0 percentage point in Q4 2023 to +7.14 percentage points in Q1 2024.
- ❖ Selling price and inventory levels remained unchanged at 0 percentage point in Q1 2024.
- ❖ Both new orders and employment levels remained expansionary at +7.14 percentage points and +14.29 percentage points respectively in Q1 2024.

Manufacturing

Sentiments among manufacturers have improved slightly with two of six indicators in the positive territory for Q1 2024 as compared to one indicator in the previous quarter.

- ❖ Both volume of sales and net profit rose from -11.54 percentage points in Q4 2023 to -7.69 percentage points in Q1 2024.
- ❖ Selling price remained expansionary at +3.85 percentage points in Q1 2024.
- ❖ New orders rebounded from the contractionary zone, up from -7.69 percentage points in Q4 2023 to +3.85 percentage points in Q1 2024.
- ❖ Inventory levels remained unchanged at 0 percentage point in Q1 2024.
- ❖ Employment levels remained unchanged at 0 percentage point in Q1 2024.

Wholesale

Sentiments within the wholesale sector remained weak with 2 of six indicators in positive territory although slight improvements were also seen in some of the indicators.

- ❖ Volume of sales rebounded further from -6.67 percentage points in Q4 2023 to 0 percentage point in Q1 2024.
- ❖ Net profit rose from -13.33 percentage points in Q4 2023 to 0 percentage point in Q1 2024.
- ❖ Selling price climbed from 0 percentage point in Q4 2023 to +6.67 percentage points in Q1 2024.
- ❖ New orders rose from -6.67 percentage points in Q4 2023 to +6.67 percentage points in Q1 2024.
- ❖ Inventory levels remained unchanged at 0 percentage point in Q1 2024.
- ❖ Employment levels jumped from -6.67 percentage points in Q4 2023 to 0 percentage point in Q1 2024.

Services

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

- ❖ Both volume of sales and net profit remained expansionary at +2.27 percentage points in Q1 2024.
- ❖ Selling price jumped from +3.85 percentage points in Q4 2023 to +15.91 percentage points in Q1 2024.
- ❖ New orders fell from +4.55 percentage points in Q4 2023 to 0 percentage point in Q1 2024.
- ❖ Inventory levels remained contractionary at -4.55 percentage points in Q1 2024.
- ❖ Employment levels rose from 0 percentage point in Q4 2023 to +2.27 percentage points in Q1 2024.

The Ministry of Trade and Industry (MTI) has projected its GDP growth forecast for 2024 to be between +1.0 per cent to +3.0 per cent.

“Moving into 2024, the outlook for local businesses will remain cautiously optimistic for the first quarter amid downside risks in the global economy and ongoing geo-political conflicts. However, we are likely to see continued growth in construction, tourism-related sectors as well as a slight rebound in manufacturing with a projected recovery in demand for electronics and semiconductors.” commented Ms. Audrey Chia, SCCB’s Chief Executive Officer.

Overview of Business Indicators

Volume of Sales

Volume of sales moderated to +2.24 percentage points (compared to +3.73 percentage points in Q4 2023). The transportation sector (net +33.33 percentage points) is most upbeat, followed by construction (net +15.9 percentage points), financial (net +7.14 percentage points) and services (net +2.27 percentage points). The wholesale sector (net 0 percentage point) has anticipated volume of sales to remain unchanged. The remaining sectors are downbeat about volume of sales – agriculture (net -40.0 percentage points), mining (net -20.0 percentage points) and manufacturing (net -7.69 percentage points).

Volume of Sales

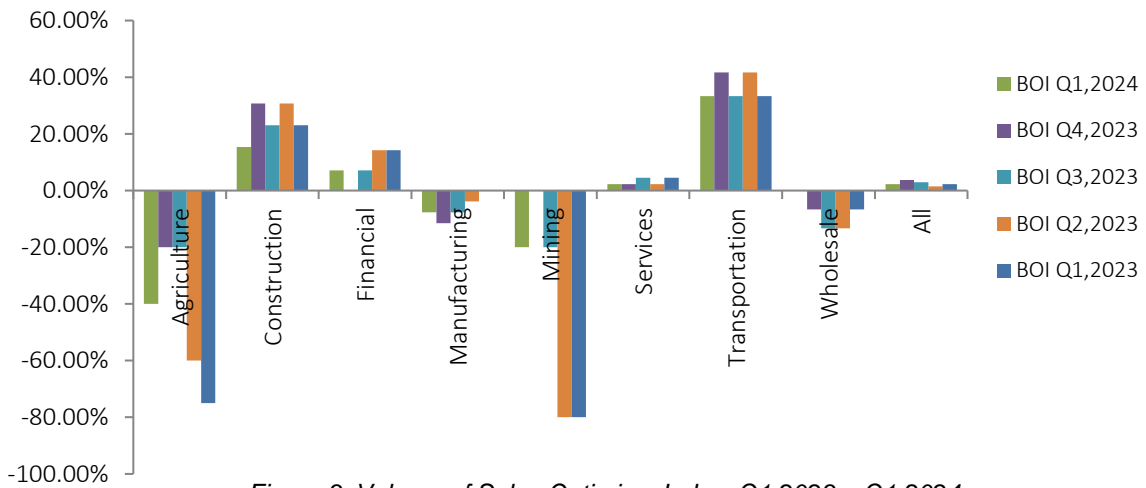


Figure 3. Volume of Sales Optimism Index, Q1 2023 – Q1 2024

Net Profit

Net profit remained expansionary at +2.24 percentage points (compared to +2.24 percentage point in Q4 2023). The transportation sector (net +33.33 percentage points) is most upbeat, followed by construction (net +15.39 percentage points), financial (net +7.14 percentage points) and services (net +2.27 percentage points). The wholesale sector (net 0 percentage point) has anticipated net profit to remain unchanged. The remaining sectors are downbeat about net profit – agriculture (net -40.0 percentage points), mining (net -20.0 percentage points) and manufacturing (net -7.69 percentage points).

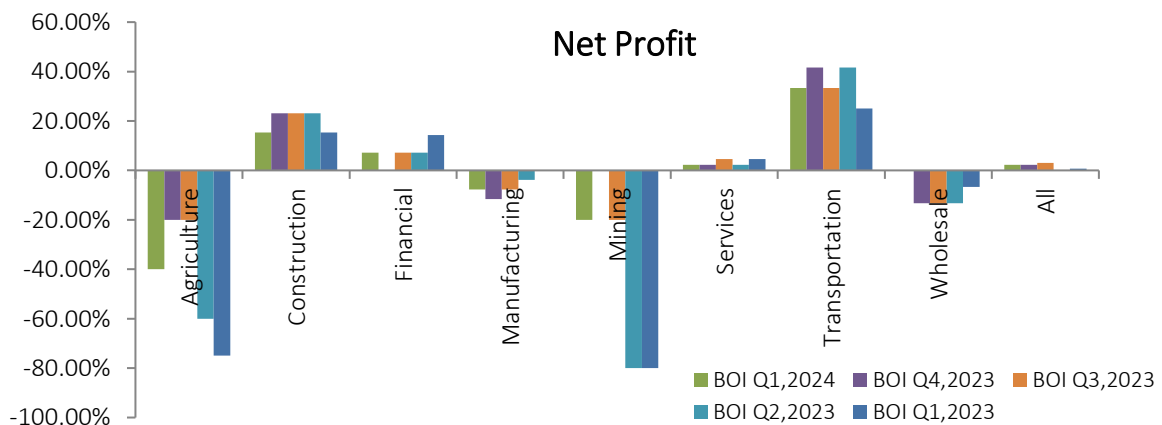


Figure 4. Net Profit Optimism Index, Q1 2023 – Q1 2024

Selling Price

Selling price climbed to +11.94 percentage points (compared to +11.19 percentage points in Q4 2023). The transportation sector (net +41.67 percentage points) is most upbeat about selling price, followed by construction (net +30.77 percentage points), services (net +15.91 percentage points), wholesale (net +6.67 percentage points) and manufacturing (net +3.85 percentage points). Both mining and financial (net 0 percentage point) expected selling price to remain unchanged. The mining sector (net -40.0 percentage points) is downbeat about selling price.



Figure 5. Selling Price Optimism Index, Q1 2023 – Q1 2024

New Orders

New orders rose to +5.22 percentage points (compared to +3.73 percentage points in Q4 2023). The transportation sector (+16.67 percentage points) is most upbeat, followed by the construction sector (net +15.39 percentage points), financial (net +7.14 percentage points), wholesale (net +6.67 percentage points) and manufacturing (net +3.85 percentage points). The remaining sectors – agriculture, services and mining (net 0 percentage point) have expected new orders to remain unchanged.

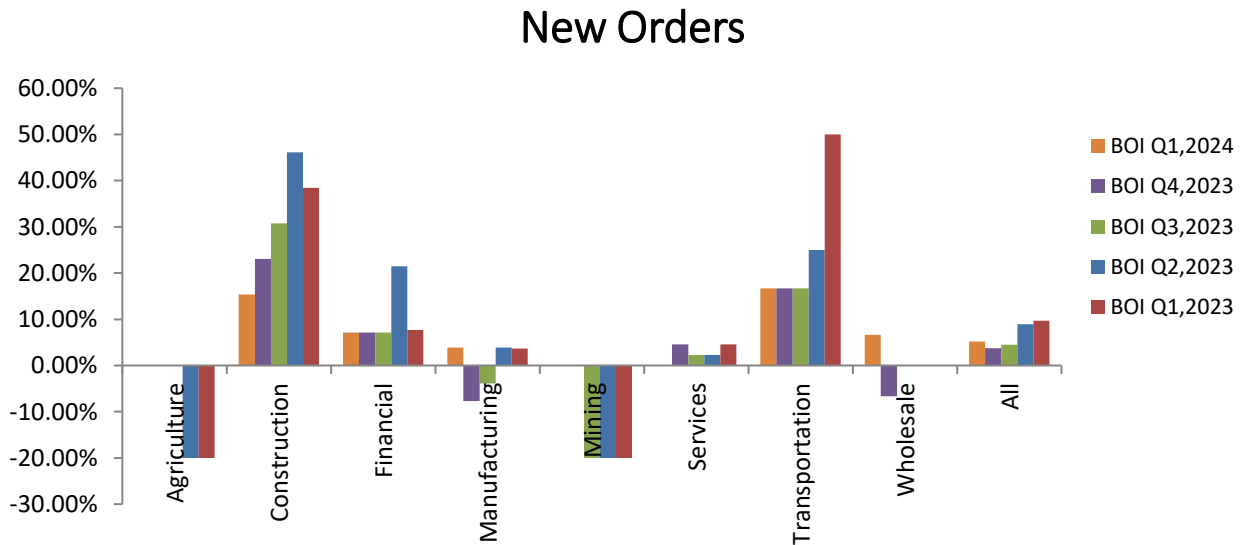


Figure 6. New Orders Optimism Index, Q1 2023 – Q1 2024

Inventory Levels

Inventory levels remained contractionary at -2.24 percentage points (compared to -2.24 percentage points in Q4 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).

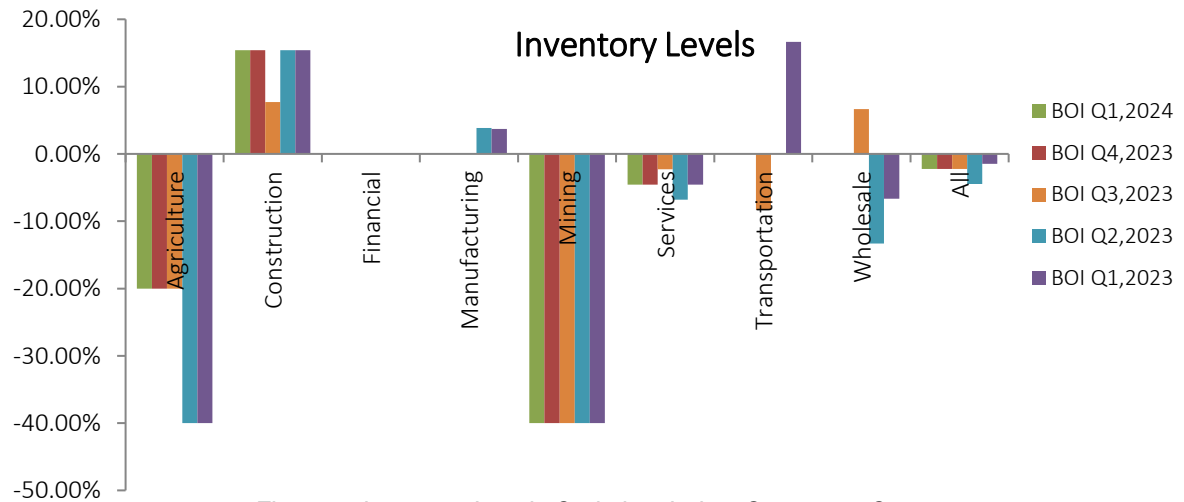


Figure 7. Inventory Levels Optimism Index, Q1 2023 – Q1 2024

Employment

Employment levels remained expansionary at +7.46 percentage points (compared to +7.46 percentage points in Q4 2023). The construction sector (net +30.77 percentage points) is most upbeat, followed by transportation (net +25.0 percentage points), agriculture (net +20.0 percentage points), financial (net +14.29 percentage points) and services (net +2.27 percentage points). The manufacturing and wholesale sectors (net 0 percentage point) have anticipated employment to remain unchanged. The mining sector (net -20.0 percentage points) is downbeat about employment levels.

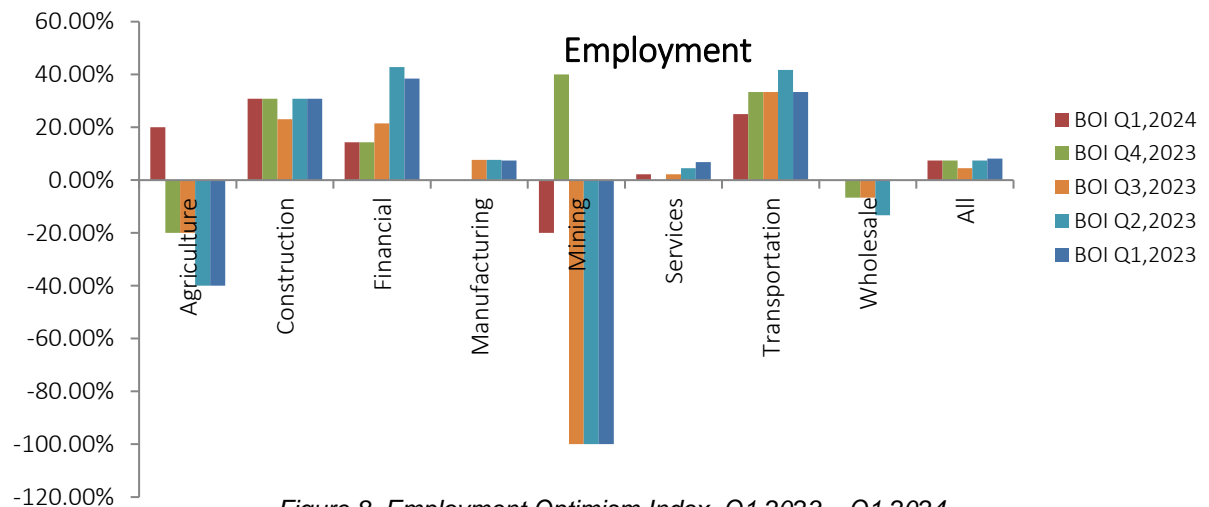


Figure 8. Employment Optimism Index, Q1 2023 – Q1 2024

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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