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FOR IMMEDIATE RELEASE

Local business sentiment hits a 2-year high in Q4 2024
Financial, Construction and Transportation sectors are most upbeat
- Singapore Commercial Credit Bureau

Singapore, 09 September 2024 – Business sentiment among local firms rose for the fifth consecutive quarter, reaching a 2-year high in Q4 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 marginally in Q4 2024, from +4.94 percentage points in Q3 2024 to +5.06 percentage points in Q4 2024. On a year-on-year (y-o-y) basis, BOI rose from +4.35 percentage points in Q4 2023 to +5.06 percentage points in Q4 2024.

As with Q3 2024, 5 of six indicators are expansionary in Q4 2024.

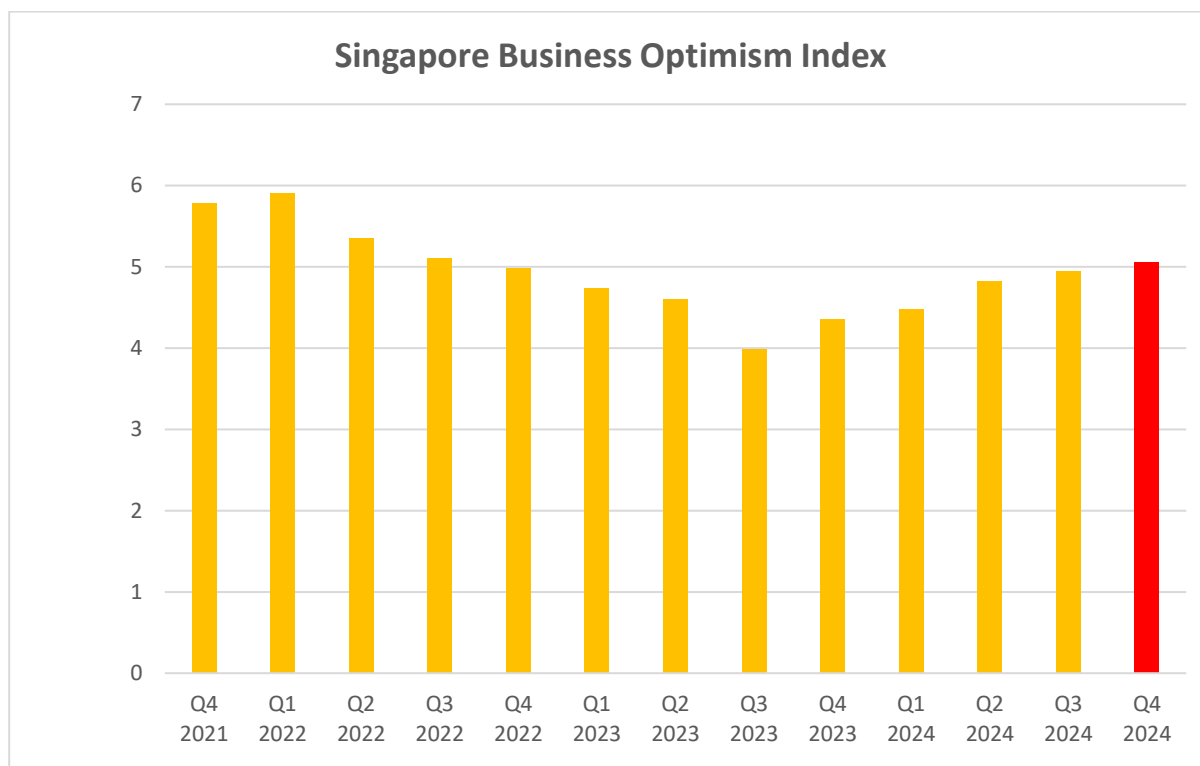


Figure 1. Overall Business Optimism Score, Q4 2021 – Q4 2024

Point Commentary

According to SCCB, 3 of six indicators have improved on a q-o-q basis in Q4 2024.

- ❖ Volume of sales and net profits rose from +5.93 percentage points in Q3 2024 to +7.41 percentage points in Q4 2024.
- ❖ Selling price moderated from +7.41 percentage points in Q3 2024 to +6.67 percentage points in Q4 2024.
- ❖ New orders moderated from +5.19 percentage points in Q3 2024 to +2.96 percentage points in Q4 2024.
- ❖ Inventory levels rebounded from -1.48 percentage points in Q3 2024 to 0 percentage point in Q4 2024.
- ❖ Employment levels fell from +6.67 percentage points in Q3 2024 to +5.93 percentage points in Q4 2024.

On a y-o-y basis, 3 of six indicators have improved in Q4 2024.

- ❖ Volume of sales jumped from +3.73 percentage points in Q4 2023 to +7.41 percentage points in Q4 2024.
- ❖ Net profit jumped from +2.24 percentage points in Q4 2023 to +7.41 percentage points in Q4 2024.
- ❖ Selling price fell from +11.19 percentage points in Q4 2023 to +6.67 percentage points in Q4 2024.
- ❖ New orders moderated from +3.73 percentage points in Q4 2023 to +2.96 percentage points in Q4 2024.
- ❖ Inventory levels rebounded from -2.24 percentage points in Q4 2023 to 0 percentage point in Q4 2024.
- ❖ Employment levels fell from +7.46 percentage points in Q4 2023 to +5.93 percentage points in Q4 2024.

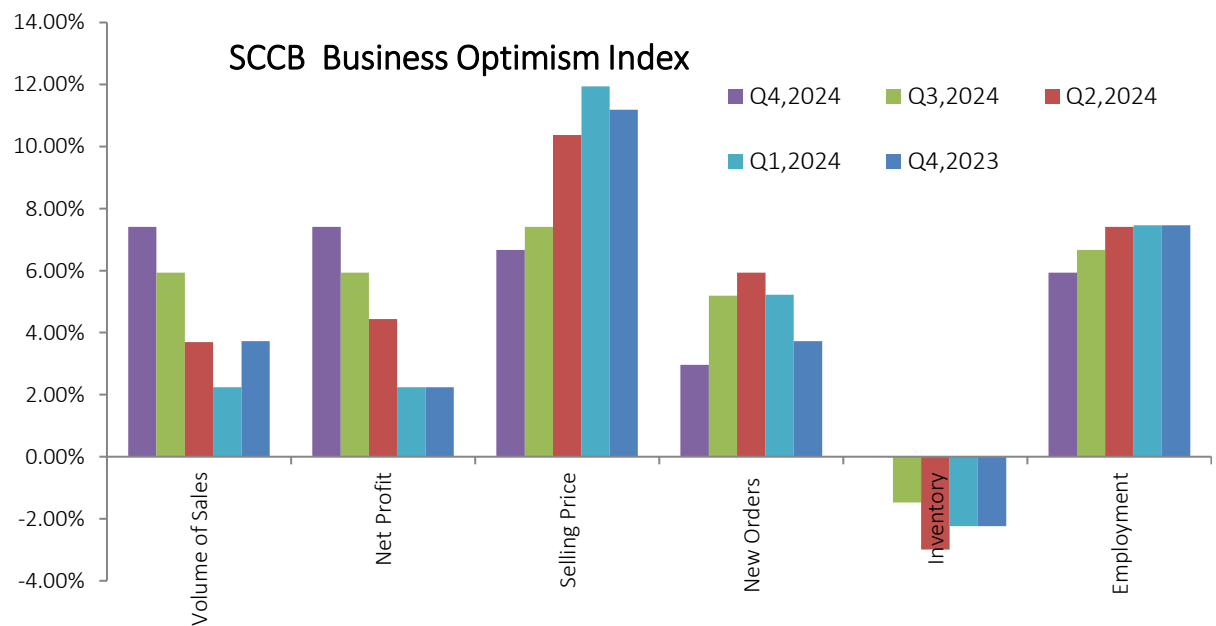


Figure 3. SCCB Optimism Index of Business Indicators, Q4 2023 – Q4 2024

Key Highlights for Q4 2024 Sectoral Outlook

The financial, construction and transportation sectors are the most optimistic sectors while the outlook for the manufacturing sector has remained relatively muted for Q4 2024.

Financial

The financial sector is one of the most upbeat sectors with all six indicators in positive territory for Q4 2024, as compared to 4 of six indicators in Q3 2024.

- ❖ Both volume of sales and net profit rose from +21.43 percentage points in Q3 2024 to +28.57 percentage points in Q4 2024.
- ❖ Both selling price and inventory levels climbed from 0 percentage point in Q3 2024 to +7.14 percentage points in Q4 2024.
- ❖ New orders moderated from +14.29 percentage points in Q3 2024 to +7.14 percentage points in Q4 2024.
- ❖ Employment levels remained expansionary, moderating from +21.43 percentage points in Q3 2024 to +14.29 percentage points in Q4 2024.

Construction

The outlook for the construction sector remained optimistic with 5 of six indicators in positive territory.

- ❖ Volume of sales, net profit and selling price remained upbeat, registering +23.08 percentage points in Q4 2024.
- ❖ New orders remained unchanged at 0 percentage point in Q4 2024.
- ❖ Inventory levels moderated from +15.39 percentage points in Q3 2024 to +7.69 percentage points in Q4 2024.
- ❖ Employment levels moderated from +30.77 percentage points in Q3 2024 to +23.08 percentage points in Q4 2024.

Transportation

As with the previous quarter, sentiments within the transportation sector remained upbeat with 5 of six indicators in positive territory for Q4 2024.

- ❖ Both volume of sales and net profit remained upbeat at +25.0 percentage points in Q4 2024.
- ❖ Selling price fell from +33.33 percentage points in Q3 2024 to +16.67 percentage points in Q4 2024.
- ❖ New orders fell from +33.33 percentage points in Q3 2024 to +25.0 percentage points in Q4 2024.
- ❖ Inventory levels remained unchanged at 0 percentage point in Q4 2024.
- ❖ Employment levels rose from +16.67 percentage points in Q3 2024 to +25.0 percentage points in Q4 2024.

Wholesale

Sentiments within the wholesale sector remained lukewarm with 3 of six indicators in positive territory in Q4 2024.

- ❖ Both volume of sales and net profit remained in the expansionary zone, up from +6.67 percentage points in Q4 2024.
- ❖ Selling price fell from +6.67 percentage points in Q3 2024 to 0 percentage point in Q4 2024.
- ❖ New orders and inventory remained unchanged at 0 percentage point in Q4 2024.
- ❖ Employment levels rose from 0 percentage point in Q3 2024 to +6.67 percentage points in Q4 2024.

Services

The outlook for the services sector remained positive with 3 of six indicators in positive territory.

- ❖ Both volume of sales and net profit remained expansionary at +2.27 percentage points in Q4 2024.
- ❖ Selling price rose from +6.82 percentage points in Q3 2024 to +9.09 in Q4 2024.
- ❖ New orders and employment levels remained unchanged at 0 percentage point in Q4 2024.
- ❖ Inventory levels remained contractionary, up from -4.55 percentage points in Q3 2024 to -2.27 percentage points in Q4 2024.

Manufacturing

Sentiment among manufacturers has improved slightly with 2 of six indicators in the positive territory for Q4 2024.

- ❖ Both volume of sales and net profit rebounded from the contractionary zone from -3.85 percentage points in Q3 2024 to 0 percentage point in Q4 2024.
- ❖ Both selling price and new orders remained expansionary at +3.85 percentage points in Q4 2024.
- ❖ Both inventory and employment levels remained unchanged at 0 percentage point in Q4 2024.

The Ministry of Trade and Industry (MTI) has narrowed its GDP growth forecast for 2024 to be between +2.0 per cent to +3.0 per cent.

“On the overall, we are seeing a brighter quarter ahead for firms in Singapore. The greater optimism displayed by local firms was largely due to strong growth prospects within the financial, construction and transportation sectors. Despite experiencing slight contractions in the recent months, the manufacturing sector has also showed signs of a possible recovery in the final quarter of 2024. However, we would still caution on the geopolitical and economic downside risks globally.” commented Ms. Audrey Chia, SCCB’s Chief Executive Officer.

Overview of Business Indicators

Volume of Sales

Volume of sales jumped to +7.41 percentage points (compared to +5.93 percentage points in Q3 2024). The financial sector (net +28.57 percentage points) is most upbeat, followed by transportation (net +25.0 percentage points) and construction (net +23.08 percentage points) sectors. Both wholesale (net +6.67 percentage points) and services (net +2.27 percentage points) are moderately upbeat. The manufacturing sector (net 0 percentage point) has anticipated volume of sales to remain unchanged. The remaining sectors are downbeat about volume of sales – agricultural (net -20.0 percentage points) and mining (net -16.67 percentage points).

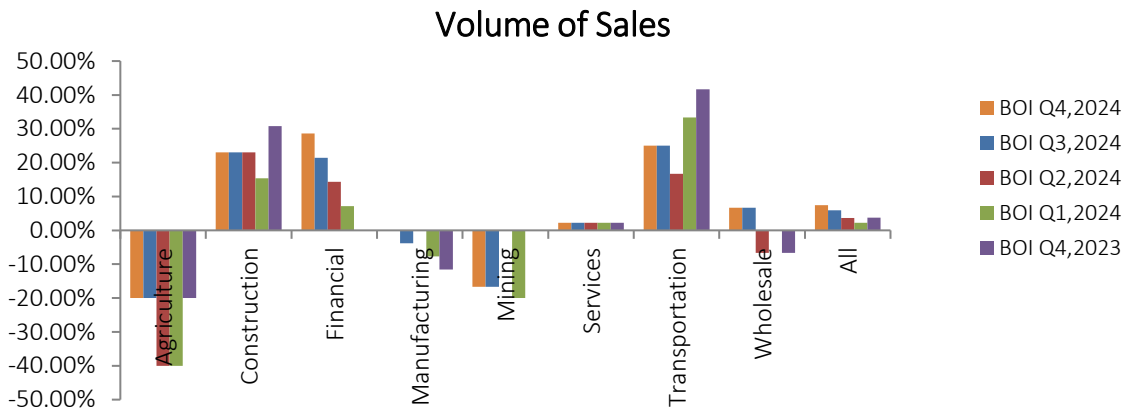


Figure 3. Volume of Sales Optimism Index, Q4 2023 – Q4 2024

Net Profit

Net profit rose to +7.41 percentage points (compared to +5.93 percentage point in Q3 2024). The financial sector (net +28.57 percentage points) is most upbeat, followed by transportation (net +25.0 percentage points) and construction sector (net +23.08 percentage points). Both wholesale (net +6.67 percentage points) and services (net +2.27 percentage points) are moderately upbeat. The manufacturing sector (net 0 percentage point) has anticipated net profit to remain unchanged. Both agriculture (net -20.0 percentage points) and mining (net -16.67 percentage points) are downbeat about net profit.

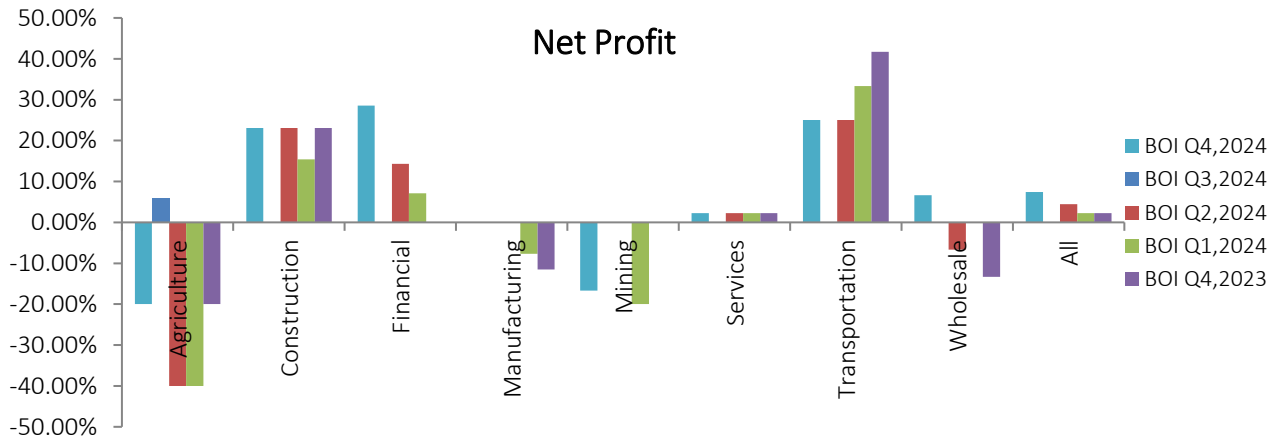


Figure 4. Net Profit Optimism Index, Q4 2023 – Q4 2024

Selling Price

Selling price moderated to +6.67 percentage points (compared to +7.41 percentage points in Q3 2024). The construction sector (net +23.08 percentage points) is most upbeat about selling price, transportation (net +16.67 percentage points), services (net +9.09 percentage points), financial (net +7.14 percentage points) and manufacturing (net +3.85 percentage points). The wholesale sector (net 0 percentage point) has anticipated selling price to remain unchanged. Both agriculture (net -20.0 percentage points) and mining (net -16.67 percentage points) are downbeat about selling price.



Figure 5. Selling Price Optimism Index, Q4 2023 – Q4 2024

New Orders

New orders moderated to +2.96 percentage points (compared to +5.19 percentage points in Q3 2024). The transportation sector (+25.0 percentage points) is most upbeat, followed by the financial sector (net +7.14 percentage points) and manufacturing (net +3.85 percentage points). The remaining sectors – construction, mining, wholesale and services (net 0 percentage point) have expected new orders to remain unchanged. The agricultural sector (net -20.0 percentage points) is downbeat about new orders.

New Orders (All Sectors)

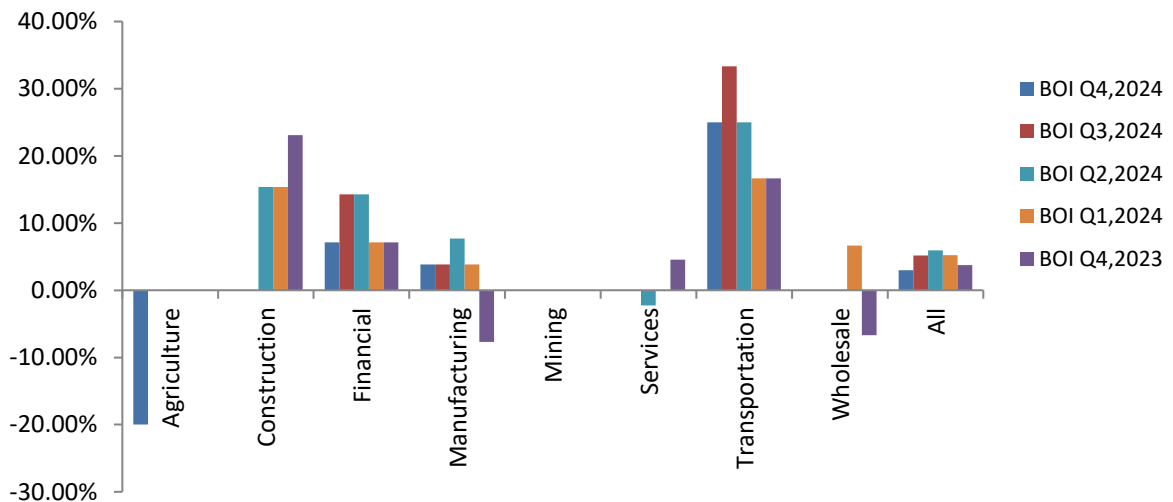


Figure 6. New Orders Optimism Index, Q4 2023 – Q4 2024

Inventory Levels

Inventory levels remained contractionary at 0 percentage point (compared to -1.48 percentage points in Q3 2024). Both construction (net +7.69 percentage points) and financial (net +7.14 percentage points) are upbeat about inventory levels. Both mining (net -16.67 percentage points) and services (net -2.27 percentage points) are downbeat. The remaining sectors have anticipated inventory levels to remain unchanged – agriculture, manufacturing, transportation and wholesale (net 0 percentage point).

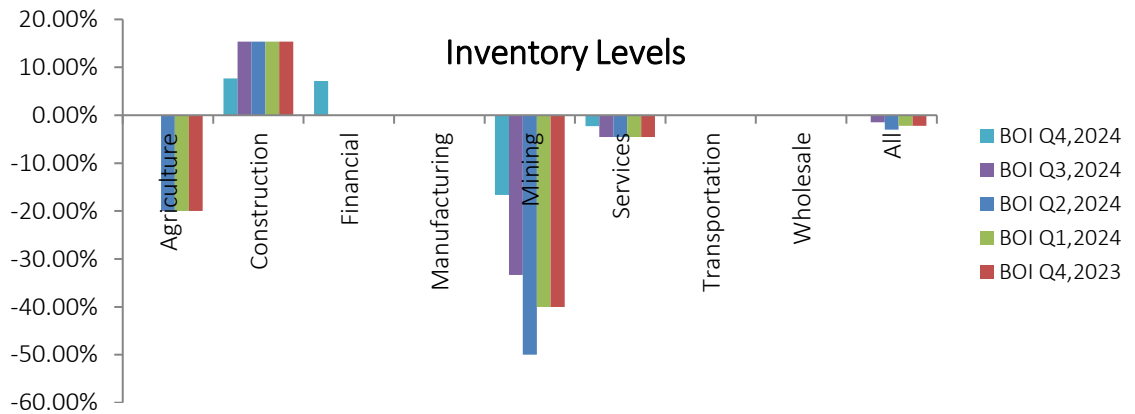


Figure 7. Inventory Levels Optimism Index, Q4 2023 – Q4 2024

Employment

Employment levels remained expansionary at +5.93 percentage points (compared to +6.67 percentage points in Q3 2024). The transportation sector (net +25.0 percentage points) is most upbeat, followed by construction (net +23.08 percentage points), financial (net +14.29 percentage points) and wholesale (net +6.67 percentage points). The mining sector (net -16.67 percentage points) is downbeat while the remaining sectors have anticipated employment levels to remain unchanged – Agriculture, manufacturing and services (net 0 percentage point).

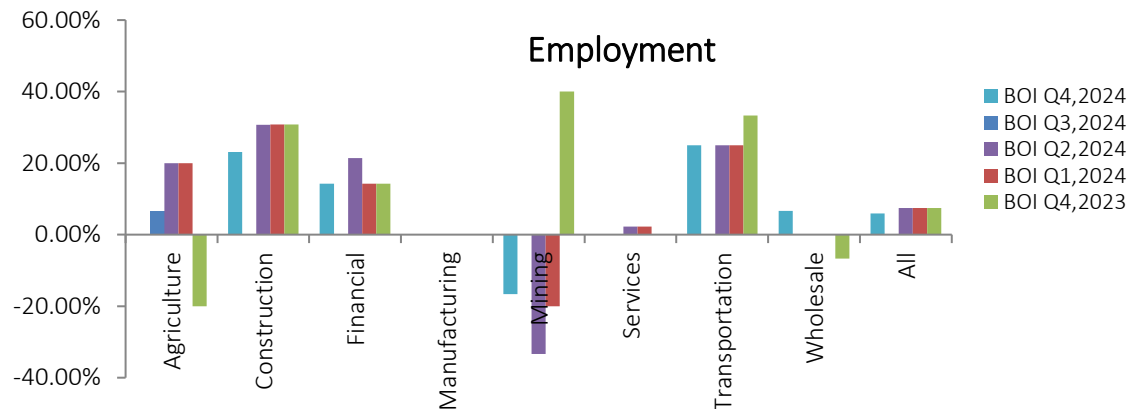


Figure 8. Employment Optimism Index, Q4 2023 – Q4 2024

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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