

News Release

Embargoed until 0830 SST (0030 UTC) 5 January 2023

S&P Global Singapore PMI®

Private sector sees mild contraction at end of 2022

Key findings

Output and new orders decline in December...

...leading to lower buying activity and slowing employment growth

Input cost inflation climbs while selling price inflation drops

Singapore's private sector shrank for the first time since November 2020 according to the latest PMI® indications. Weaker demand conditions led to output contracting, in turn causing buying activity to lower and employment growth to slow. That said, lead times ceased to lengthen as a result of the lower demand while selling price inflation also eased. Overall business confidence remained subdued at the end of year.

The headline seasonally adjusted S&P Global Singapore *Purchasing Manager's Index™ (PMI)* - a composite single-figured indicator of performance - eased from 56.2 in November to 49.1 in December. Posting below the 50.0 neutral threshold, the PMI signalled a deterioration in private sector condition following a two-year growth period, albeit at a mild rate.

Lower private sector activity was recorded in December for the first time since November 2020. An absence of demand expansion and COVID-19 disruptions led to the paring back of business activity according to panellists. Sub-sector data showed the consumer services sector was the most affected.

Although modest, demand for Singaporean goods and services fell in December due to an assortment of factors including higher costs and deteriorating economic conditions. Externally, higher costs and weaker global conditions also affected demand from abroad.

Consequently, private sector firms lowered their buying activity and at the sharpest pace in over a year, which led to lower stocks of purchases. Anecdotal evidence further suggested that firms were reluctant to hold excess inputs with concerns over the demand trajectory in the coming months.

Meanwhile amid supply and manpower shortages, backlogged work continued to build. In turn, firms expanded their workforce capacity in December. That said, the rate of backlog accumulation and employment growth both slowed

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 6-19 December 2022.

Comment

Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence, said:

“Singapore’s private sector economy had seen conditions worsen in the final month of 2022 according to PMI data. The issue of deteriorating demand that had plagued many neighbouring Asian countries has likewise set in for Singapore, albeit at a marginal level.

“The downturn in demand not only affected firms’ willingness to accumulate inputs and labour, but also shifted the pricing power away from businesses as indicated by the fall in selling price inflation even as input cost pressures mounted.

“The latest contraction of private sector output in December was also consistent with warnings from the only sentiment-based PMI sub-index in November, where we saw a sharp fall in business confidence. Although having improved on the month, the current subdued level of business confidence suggested that the growth momentum may remain muted in the months ahead. S&P Global Market Intelligence forecasts for Singapore’s GDP to expand by 2.8% in 2023 after a 3.3% expansion in 2022.”

PMI®

by S&P Global

visibly as demand dipped.

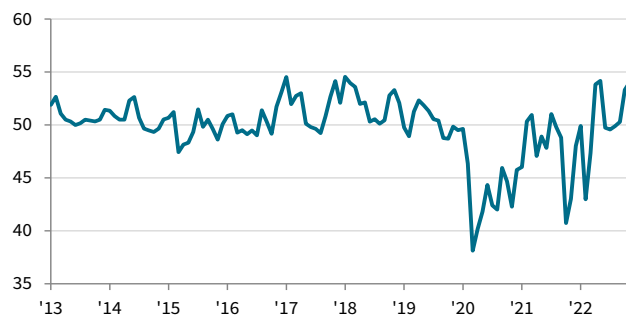
On prices, input cost inflation rose at the end of 2022, attributed to higher purchase costs and wages. Cost pressures heightened with higher prices reported across a range of categories such as raw materials, transportation and energy, and was further aggravated by rising interest rates and currency conversion costs. Wage inflation eased, however.

Despite the rise in input costs, output price inflation fell according to latest survey indications. Firms continued to share their cost burdens with clients but at a slower rate in December so as to avoid further corroding demand.

Overall sentiment in Singapore's private sector remained positive to end the year as firms remained optimistic that output in the year ahead will improve. While the level of business confidence inched up from November, it remained subdued amid lingering concerns over issues including rising costs and recession risks.

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global.

Contact

Jingyi Pan
Economics Associate Director
S&P Global Market Intelligence
T: +65-6439-6022
jingyi.pan@spglobal.com

SungHa Park
Corporate Communications
S&P Global Market Intelligence
T: +82-2-6001-3128
sungha.park@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Survey methodology

The S&P Global Singapore PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services. Data were first collected August 2012.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.