

# News Release

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## S&P Global Singapore PMI®

### Private sector expansion eases in July

#### Key findings

New order growth slows notably

Selling price inflation rises in July

Optimism among firms dims at start of third quarter

Singapore's private sector continued to expand at the start of the third quarter, though the pace of expansion further slowed over the latest survey period. A sharp deceleration of new order growth led to a slower, albeit still solid, expansion in business activity. As a result, staffing and inventory levels both declined. Meanwhile price pressures remained steep with selling price inflation rising further above the series average. Amid a slowdown in demand growth and rising prices, business confidence moderated in July.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index™ (PMI) - a composite single figure indicator of performance - fell to 51.3 in July from 54.1 in June. This signalled a fifth monthly expansion in private sector activity, though at the slowest pace in the current sequence.

July survey data indicated that private sector output remained in expansion and the most rapid within the transport, information & communication sector. While still solid, the rate of business activity expansion fell to the least pronounced in five months. This was in line with a slowdown in new order growth over July, with incoming new business rising at the weakest pace since February. Demand conditions were reported to have weakened on the back of higher borrowing rates and inflation. Furthermore, new export orders shrank for a third consecutive month as economic conditions at major trading partners remained subdued.

Consequent of the slowdown in new order expansion, private sector firms in Singapore pared the rate of purchasing expansion. This led to a renewed contraction in input inventory holdings among Singapore goods and service providers, albeit only marginally. Some firms indicated that they have reduced their inventory holdings given the sharp slowdown in new business growth.

Meanwhile, better supply conditions and the softening of

S&P Global Singapore PMI  
sa, >50 = improvement since previous month



Source: S&P Global PMI.  
Data were collected 12-25 July 2023.

#### Comment

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

*"The latest S&P Global Singapore PMI indicated that business activity across providers of both goods and services continued to expand at a solid rate at the start of the second half of 2023. Higher new orders coupled with rising backlogs suggested that private sector firms retain a strong pipeline of work for the months ahead.*

*"That said, the rate of new order growth slowed sharply at the start of the third quarter. Although the current level of new business expansion is more sustainable for the long run, any protracted deceleration alongside a loss of confidence will be concerning and worth watching in the coming months.*

*"Imported price inflation appear to have returned as well with higher input prices contrasting with slower wage inflation. Private sector firms have thereby lifted selling prices at a faster rate in July, which may risk further dampening sales."*

PMI®

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demand pressures have enabled vendor performance to improve in July. The rate at which delivery times shortened was marginal, but this nevertheless marked the first back-to-back improvement since mid-2017.

As a result of efficiencies gained from better supply conditions and a more moderate pace of new work intakes, backlogged work in the Singaporean private sector rose more slowly in July.

Firms also lowered their staffing levels, though this stemmed from a mixture of resignations and shedding of part-time workers on the back of slower demand growth, according to anecdotal evidence.

On prices, input costs remained on the climb in July due to both rising purchasing costs and wages. The rate of input cost inflation was unchanged from June, however, as higher purchase cost inflation, stemming from rising raw material, transport and finance fees, offset a slowdown in wage inflation. Firms nevertheless passed on rising costs at a faster rate in July, leading to output price inflation rising further above its series average.

Overall sentiment within the Singaporean private sector remained positive at the start of the second half of 2023. That said, the level of business confidence fell over the latest survey period. Concerns over slowing economic conditions and still-elevated inflation were found to have weighed on hopes for higher sales in the coming 12 months.

## PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

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### 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](mailto:economics@ihsmarkit.com).

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