

# News Release

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## S&P Global Singapore PMI®

### Private sector confidence falls sharply despite solid November growth

#### Key findings

Output expansion slows amid virus disruptions

Inflationary pressures show signs of easing

Business optimism dims significantly

Singapore's private sector continued to see conditions improve solidly in November, though output growth was limited by a slowdown in demand expansion and COVID-19 disruptions. Meanwhile supply issues persisted while inflationary pressures were sustained, albeit easing in magnitude. This led to slower purchasing activity growth and a sharp decline in overall business optimism.

The headline seasonally adjusted S&P Global Singapore *Purchasing Manager's Index™ (PMI®)* - a composite single-figured indicator of performance - eased from 57.7 in October to 56.2 in November. Posting above the 50.0 neutral threshold, the PMI signalled a further improvement in private sector conditions in Singapore, with the current sequence extending to two years. The rate of growth, while slower than October, was amongst the strongest on record.

Private sector activity continued to expand at a robust pace midway into the final quarter of 2022 but saw the rate of expansion moderate from October's high. Survey respondents remarked that virus-related disruptions underpinned the slowdown. Indeed, lead times lengthened at a substantial rate in November amid reports of COVID-19 related delays and manpower constraints.

Overall demand, including external demand, meanwhile remained a key driver behind the growth in activity but likewise saw the rate of expansion slow in November. Although underlying demand conditions stayed strong, supply issues and virus disruptions served as frictions for the inflow of new business. In turn, purchasing activity growth decelerated in November which led to a weaker accumulation of input stocks.

A quicker expansion in new orders versus output nevertheless led to the accumulation of backlogged work in November. Survey respondents also linked the rise in work outstanding to input and manpower shortages. As a result, private sector firms attempted to address the capacity issue through

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 11-24 November 2022.

#### Comment

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

*"Latest S&P Global Singapore PMI data for the whole economy revealed that growth persisted at a solid rate, though the pace of output expansion was certainly affected by capacity issues and supply constraints. A lingering COVID-19 impact had also been considerable midway into the final quarter of the year.*

*"That said, one positive development observed via the PMI data had been some easing of inflationary pressures into the year end, albeit still at elevated rates. Anecdotal evidence also suggested that some private sector firms made attempts to smoothen the effects of the GST increase expected in January 2023.*

*"The only sentiment-based PMI sub-index revealed a slump in business confidence, however, outlining the risks of further deceleration of growth momentum in the months ahead."*

PMI®

by S&P Global

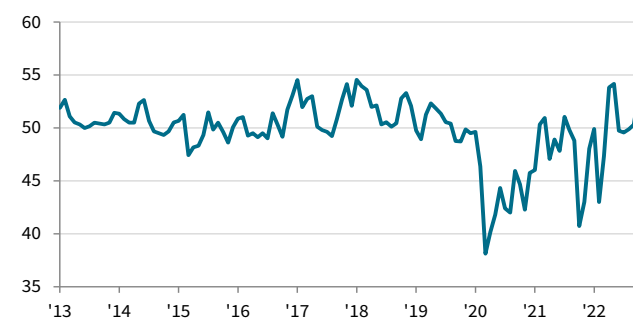
increasing their staffing levels in November and at one of the fastest rates recorded since data collection began in August 2012. The construction sector recorded the fastest uptick in staffing levels according to sub-sector data.

Overall input prices continued to climb at a rapid pace across the private sector, underpinned by higher purchase prices and staff costs. Hikes in raw material, transport and staff costs, coupled with rising interest rates accounted for the increase in cost burdens for firms in Singapore according to survey respondents. As a result, firms shared these cost burdens with their clients with some panellists reported to also raise fees to reflect the pending goods and services tax (GST) hike. The rate at which input cost and output prices rose were rapid, though both rates of inflation slowed from October.

While firms were generally hopeful that sales will continue to improve, the average level of optimism fell to a modest one with recession risks, higher GST impact on sales and COVID-19 implications reported to have negatively affected sentiment.

## 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](mailto:jingyi.pan@spglobal.com)

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

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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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