

# News Release

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## S&P Global Singapore PMI®

### Singapore's private sector expansion accelerates further

#### Key findings

Solid demand growth drives faster output expansion

Business confidence improves in October

Cost pressures worsen for private sector firms

The latest S&P Global PMI® data signalled a sharp expansion in Singapore's private sector economy in October. Faster output growth was driven by strong new orders expansion, which led to higher hiring and purchasing activities. Business confidence also further improved. That said, constraints persisted for private sector firms, including the lengthening of lead times and the worsening of cost pressures in October.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index™ (PMI®) - a composite single-figured indicator of performance - rose from 57.5 in September to 57.7 in October. With the PMI printing above the 50.0 neutral threshold for 23 months running, the latest headline reading was consistent with another improvement in Singapore's private sector economy. Moreover, the rate of sector expansion was among the strongest on record.

Private sector output growth hastened at the start of the fourth quarter, driven by an improvement in demand that was among the fastest on record. Better underlying demand and recovery from the COVID-19 effect boosted sales, according to panellists. Moreover, foreign demand rose at the fastest pace in five months, supported by new overseas client wins.

Amid increasing demand and workloads, employment levels climbed in Singapore's private sector at the fastest pace in five months. Backlogs continued to accumulate, however, as new orders growth surpassed that of output at the start of the fourth quarter.

Meanwhile, purchasing activity also rose in line with the growth in new orders and output. This led to an expansion of stocks of purchases held by private sector firms in Singapore. Anecdotal evidence suggested firms also increased their inventories to safeguard against shipping delays and in anticipation of the growth of new work.

Indeed, vendor performance continued to deteriorate in October, affected by COVID-19 related disruptions. That said, lead times lengthened the least since January 2021, to signal

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 12-25 October 2022.

#### Comment

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

*"The latest S&P Global Singapore PMI data reflected that growth momentum has yet to taper at the start of the fourth quarter, even as domestic COVID-19 cases rose in the early half of October. Faster business activity growth was underpinned by solid demand conditions. This included foreign demand that improved at a visibly sharper rate.*

*"Meanwhile the rise in demand powered further workforce expansion in October and at a faster rate to signal better job market conditions. Better business confidence, higher purchasing activity and inventory holdings were also reflective of the positive expectations held by firms into end-2022.*

*"With that said, constraints including the continued lengthening of lead times and greater cost inflation for private sector firms persists. These trends will be worth watching, especially with respect to inflation given the potential for further swift monetary policy tightening to take place and may erode the recovery momentum."*

PMI®

by S&P Global

an easing of supply constraints.

Price pressures nevertheless persisted for private sector firms in Singapore with overall input cost inflation at amongst the highest on record. Firms faced higher purchase cost inflation as a result of rising raw material, energy and transportation costs while manpower costs rose in tandem at the start of the fourth quarter, contributing to overall input cost inflation. Similarly, selling prices rose as firms shared their heightened cost burdens with their clients.

Despite the abovementioned constraints, Singapore private sector firms retained a positive view on the 12-month outlook. Business confidence rose from September to a level above the series' average, reflecting hopes for continued sales growth as the economy recover from COVID-19 related challenges.

## PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global.

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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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