

# News Release

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## S&P Global Singapore PMI®

### Private sector expansion continues into June

#### Key findings

Output and demand growth continue...

...despite selling price inflation hitting a fresh record high

Business sentiment at highest since July 2021

Singapore's private sector expanded for the nineteenth consecutive month in June, according to the latest S&P Global PMI® data. Continued improvements in COVID-19 conditions supported growth in demand and output, according to survey respondents. To meet ongoing and anticipated demand, firms increased their purchasing activity and inventories in June, albeit at slightly slower rates than May. Supply chain disruptions and freight issues were widely mentioned by firms who registered lower buying activity or a depletion in purchase stocks. In line with this, a further deterioration in vendor performance was recorded. Turning to prices, inflationary pressures persisted, largely driven by a faster rise in purchase costs, with firms raising selling prices at a record pace. Despite inflationary pressures, business sentiment hit an 11-month high.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index™ (PMI™) posted 57.5 in June, down from 59.4 in May. The latest headline reading signalled a nineteenth consecutive month where the PMI printed above the 50.0 neutral threshold, to indicate a further improvement in the health of the sector. Moreover, private sector growth remained historically elevated at the end of the second quarter.

June data indicated an expansion in output for a nineteenth consecutive month amid reports of strengthening demand conditions. In line with higher activity, order book volumes increased at the second-fastest rate in the survey's history in June. Demand from foreign clientele also rose sharply. Anecdotal evidence suggested that the continued loosening of COVID-19 restrictions improved overall demand conditions across Singapore's private sector.

Business sentiment among private sector firms in Singapore remained positive in June. Moreover, the level of confidence strengthened to an 11-month high. Panellists cited expectations for continued improvements in demand conditions and further increases in order book volumes.

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 13-24 June 2022.

#### Comment

Laura Denman, Economist at S&P Global Market Intelligence, said:

*"The health of Singapore's private sector continued to improve in June, according to the latest S&P Global PMI® data. Businesses continued to flourish, supported by strong demand and output growth which were among the highest in the series.*

*"That said, supply chain issues could start to constrain growth in Singapore's private sector. Slight slowdowns in the growth of several indices were recorded in June with some panellists linking this to supply chain disruptions and shipping delays. Moreover, increasing prices, particularly selling price inflation, could start to weigh negatively on demand levels across the private sector.*

*"Nevertheless, Singapore private sector firms seem to remain unfazed by such downside risks. Firms continue to stay hopeful regarding future growth as indicated by the improvement in business confidence recorded in June."*

PMI®

by S&P Global

As a result, purchasing activity and inventories increased in June for a third and second month running, respectively. Firms attributed the uptick to meeting current and future demand. That said, the rate of growth for both indices eased from May amid reports of supply chain disruptions and freight issues.

Longer suppliers' delivery times continued into June extending the current sequence of deteriorating vendor performance to 30 months. Supply chain disruptions and shipping delays were reported as key contributors to the decline.

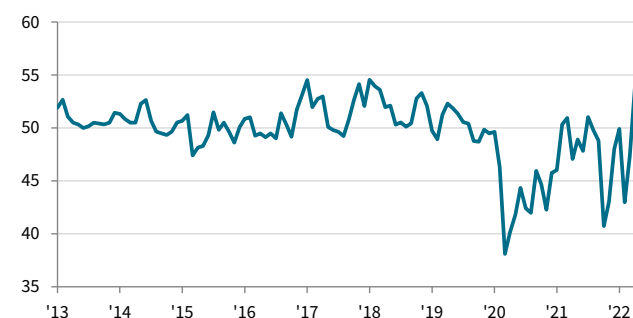
Levels of outstanding work continued to grow in June, extending the current sequence of backlog accumulation to 19 months. Panellists reported high volumes of incoming work as the key driver of the uptick.

Despite rising output and demand, employment levels across Singapore's private sector recorded a renewed downturn. Survey respondents reported voluntary leavers and a low number of part-time workers.

Finally, overall input costs rose again in June. Rapid purchase price inflation, attributed to rising costs of raw materials, energy, and fuel, as well as higher staff expenditures led to the overall increase in input costs. Firms continued to share these cost burdens with their clients, leading to record selling price inflation.

## 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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