News Release

Embargoed until 0830 SST (0030 UTC) 3 November 2023

S&P Global Singapore PMI®

Solid improvement in business activity continues

Key findings

Sharp rise in new business drives output expansion

Employment rises at fastest rate since April

Inflationary pressures intensify

Singapore's private sector expansion was sustained at a strong pace at the start of the fourth quarter, according to the latest PMI® data. Solid new business growth drove higher total activity and a spillover into backlog accumulation. As a result, employment levels grew, though purchasing activity fell as firms reported adequate inventory holdings. Amid supply constraints, price pressures worsened. Overall sentiment was unaffected, however, with the 12-month outlook improving in October.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index™ (PMI) - a composite single figure indicator of performance – posted 53.7 in October. Although down from 54.2 in September, the latest reading signalled a solid improvement in private sector conditions. Moreover, this marked the eighth consecutive month in which Singapore's private sector economy expanded.

Output growth was sustained in October, rising at a pace that remained above the series average. This was primarily driven by solid new business inflows, spurred by increased marketing activities and generally better underlying demand conditions at the start of Q4.

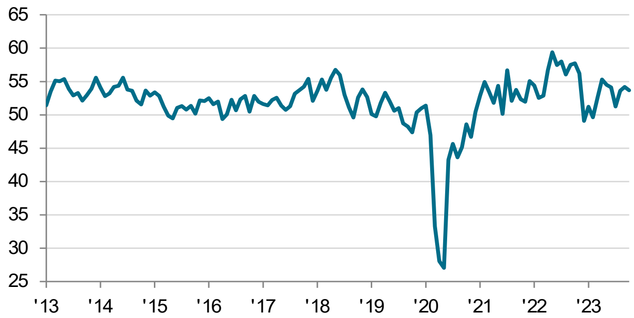
External demand remained weak, however, as new export orders fell at the sharpest pace since the pandemic. Weaker conditions at key export markets and increased competition negatively affected foreign demand, according to panellists.

The improvement in overall sales nevertheless drove private sector firms to raise their staffing levels in October. Employment climbed at the quickest rate since April as firms took on both full- and part-time staff to support ongoing operations. This was also as backlog accumulation continued at a rapid rate over the latest survey period.

In contrast, purchasing activity fell in October. Rather than being a reflection of business activity trends, the latest downturn in buying activity stemmed from firms having adequate input inventories. Stocks of purchases were

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-25 October 2023.

Comment

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

"Robust growth of Singapore's private sector continued at the start of the final quarter of 2023. Solid improvements in demand conditions remained central to the expansion of private sector activity, primarily across the services and construction sectors as manufacturing output deteriorated.

"External demand remained weak, however, in part due to the weakness observed in the goods-producing sector. This is also reflective of the wider climate in the APAC region.

"Meanwhile price pressures intensified in October, stemming largely from higher input and transport costs as wage inflation was modest. Overall sentiment was not affected, however, with firms continuing to hire and growing more confident with regards to output over the next 12 months."

PMI® by S&P Global

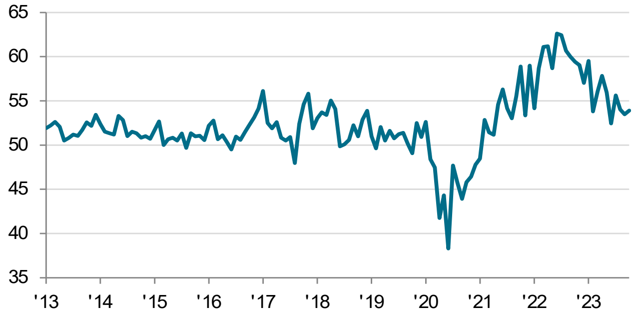
lowered further.

Average input prices rose at the start of the fourth quarter, attributed to higher purchase costs and wages. Furthermore, the rate at which average input prices increased accelerated to the joint-highest since May. This was primarily driven by higher purchase price inflation as wage inflation eased. Purchase prices ticked up solidly as supply constraints worsened, which simultaneously led to a lengthening of lead times in October. Due to higher input prices, Singaporean private sector firms raised their own prices charged at a faster rate.

Finally, sentiment within the private sector remained positive in October with the level of business confidence rising to the highest since July 2021. Businesses were generally hopeful that economic conditions and marketing efforts would sustain sales growth in 2024.

PMI Output Prices Index

sa, >50 = inflation 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@spglobal.com.

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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