

News Release

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S&P Global Singapore PMI®

Fastest output expansion since October 2022

Key findings

Rates of new and export business growth both rise in June

Selling price inflation eases despite quicker cost increases

Optimism levels climb to eight-month high

Singapore's private sector expansion further accelerated in June, according to the latest PMI® data. Faster business activity growth was supported by higher new sales, which led to rising purchasing activity and employment levels. Business sentiment also improved. That said, supply constraints contributed to higher input cost inflation, though firms pared back the rate at which selling prices rose midway through 2024.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index™ (PMI) - a composite single figure indicator of performance - posted 55.2 in June, up from 54.2 in May. This indicated a sixteenth successive monthly improvement of business conditions in the Singaporean private sector and at the fastest pace since March.

Supporting the latest uptick in the headline PMI index were improvements across measures of output, new orders, employment and suppliers' delivery times.

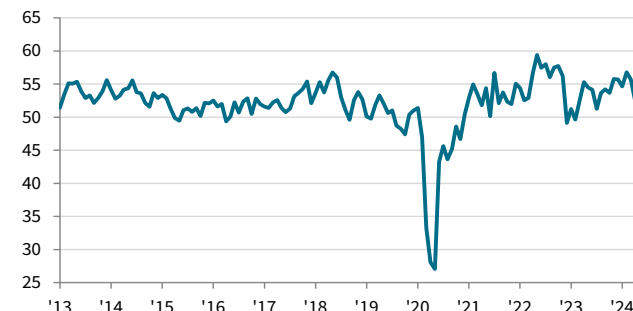
Business activity expanded at the fastest pace in 20 months amidst a sharp uptick in new business. According to survey respondents, better underlying demand and business development efforts by Singaporean firms underpinned the latest rise in new sales. Detailed sector data further revealed that firms in the real estate & business service sector saw the most pronounced increases in both new business and activity.

Backlogs of work accumulated again as a result of faster inflows of new work, further extending the sequence of accumulation to just over three-and-a-half years. The rate of accumulation, while marked, eased from May with greater workforce capacity in June. This was as firms raised staffing levels at the quickest pace in three months.

Purchasing levels rose for a fifth successive month in June as businesses acquired additional inputs in line with higher new orders. However, increased supply delays meant that firms also had to use existing stocks to support operations,

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-24 June 2024.

Comment

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

“Singapore’s private sector expansion remained robust in the second quarter, with June’s PMI output index rounding off the quarter with an average that was solid and only fractionally lower than in the January to March period.”

“Furthermore, the acceleration in new business expansion and uptick in confidence levels hint at the likelihood that business activity growth will be sustained into the second half of the year. Firms have also continued to acquire inputs at a marked pace and maintained the expansion of workforce levels.”

“Pressure on the supply side will be worth watching, however. Despite a slower rise in output prices in June, input costs have increased again at a sharp pace, attributed partly to the heightening of supply pressures. This may put pressure on businesses to lift selling prices in the coming months.”

PMI®

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leading to the first fall in stocks of purchases since January. Anecdotal evidence suggested that shipping and labour constraints led to the greatest lengthening of lead times in four months.

Turning to prices, average input prices increased in June on the back of rising purchase prices and wages. According to survey respondents, higher input material, transport and financing costs were contributors to rising purchase prices. In turn, Singaporean private sector firms continued to raise selling prices to reflect the rise in costs, albeit at a slower pace than in May to support sales. The rates of both input cost and output price inflation were nevertheless sharp and above their respective series averages in June.

Finally, overall sentiment in the Singaporean private sector remained optimistic in June. The level of confidence notably climbed to the highest in eight months with firms expressing hopes for higher sales and activity with better market conditions and promotional efforts in the year ahead.

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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