

## IHS Markit Singapore PMI®

### Private sector conditions deteriorate at faster rate in November

#### Key findings

Output returns to decline

Sharper fall in demand

Business confidence slips

Data were collected 12-24 November 2020.

Business conditions across Singapore's private sector deteriorated at a faster rate midway through the fourth quarter, according to the latest PMI™ data. The survey showed a renewed decline in output as inflows of new business fell at a faster rate. Job losses intensified while firms were noticeably less optimistic about the year-ahead outlook than in October. Consequently, firms continued to scale back on purchasing activity and inventories.

The IHS Markit Singapore *Purchasing Managers' Index™ (PMI)* fell from 48.6 to 46.7 in November, indicating a further deterioration in the health of the private sector.

Business activity fell back into decline in November after a rise in October. While output in manufacturing and wholesale & retail saw growth, services and construction firms reported declines. Anecdotal evidence indicated that temporary closures and weak demand weighed on private sector output.

Demand conditions continued to weaken in November, with inflows of new orders falling further and faster in the middle of the fourth quarter. Overall sales were dragged down also by a much sharper drop in export orders. The impact of the COVID-19 pandemic, renewed lockdown measures abroad and temporary halts to business operations dampened demand for Singaporean goods and services.

With the business environment remaining uncertain, firms remained in cost-cutting mode. Employment was reduced further and at the fastest rate for three months as operating capacity remained in surplus. All four main sectors recorded lower employment. Backlogs of work dropped for a fourth straight month. Firms in sectors such as wholesale, transport, construction, and administrative & support services highlighted lower backlogs.

Singapore PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

#### Comment

Commenting on the latest survey results, Bernard Aw, Principal Economist at IHS Markit, said:

*"The latest PMI data cast a gloom over Singapore's private sector economy, with business conditions worsening at a faster pace in November, linked to a renewed decline in output, dealing a setback to the recovery momentum. Demand conditions also weakened at a quicker pace."*

*"Growth in output in the manufacturing and wholesale sectors were insufficient to offset declines in services and construction, which also underlined the multi-speed recovery in the Singaporean economy."*

*"Firms remained in retrenchment mode, with employment falling further and at a faster pace in November. Forced redundancies were reported by firms in sectors such as wholesale, transport, building construction, and administrative & support services."*

*"Business expectations about the year-ahead outlook also slipped, with firms highlighting concerns about the slower recovery and uncertainty of the business environment."*

continued...

At the same time, input purchases were cut further, with firms preferring to tap into current inventories to meet orders. Input stocks were down for the ninth month in a row.

Meanwhile, the time taken to deliver inputs and services lengthened further, with firms noting that social distancing rules continued to hinder deliveries.

The survey showed a convergence in price trends. While overall input prices were up for a sixth straight month, the rate of increase was the weakest in the current sequence and modest overall. Firms continued to reduce their selling prices in hopes of boosting sales, but the rate of decrease slowed further.

Finally, business sentiment about the year-ahead outlook slipped in November as more firms became pessimistic about future output. Construction companies were particularly downbeat about business prospects. Overall optimism was generally linked to expectations of improving market conditions as the pandemic remained under control in Singapore, as well as government initiatives and planned promotional activity. However, there were concerns about the slow recovery and uncertainty of the business environment.

### Employment Index

sa, >50 = growth since previous month



Source: IHS Markit.

## Contact

Andrew Harker  
Economics Director  
IHS Markit  
T: +44 1491 461 016  
[andrew.harker@ihsmarkit.com](mailto:andrew.harker@ihsmarkit.com)

Katherine Smith  
Public Relations  
IHS Markit  
T: +1 781 301 9311  
[katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

### Survey methodology

The IHS Markit Singapore PMI™ is compiled by IHS Markit 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.

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).

### Survey dates and history

November data were collected 12-24 November 2020.

Survey data were first collected August 2012.

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com). To read our privacy policy, click [here](#).

### 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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)