

News Release

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S&P Global Singapore PMI[®]

Private sector expands at record pace in May

Key findings

Incoming new business rises at record rate...

...driving growth in employment and purchasing activity

Input cost inflation climbs in May

Singapore's private sector expansion accelerated in May, according to the latest S&P Global PMI[®] data. Record demand growth and a consequent expansion in business activity were underpinned by the easing of COVID-19 restrictions. As a result, hiring and purchasing activities rose. That said, supply constraints persisted with lead times having lengthened, contributing to higher levels of backlogged work and prices in May. Overall business sentiment remained positive midway through the second quarter.

The S&P Global Singapore *Purchasing Managers' Index*[™] (PMI) rose to 59.4 in May, up from 56.7 in April. This marked the eighteenth straight month in which the PMI printed above the neutral 50.0 threshold, signalling improving business conditions. The rate of growth was also the fastest on record.

Record demand growth, spurred by the easing of COVID-19 restrictions in Singapore, drove an acceleration in the rate of expansion in business activity in May. Sub-sector data indicated that firms in the consumer services sector saw the strongest growth of new orders. Foreign demand likewise rose and at amongst the fastest rates on record.

Higher volumes of new orders also led to an increase in buying levels in May. Anecdotal evidence suggested that private sector firms also increased their purchasing activity for future demand and to build buffer stocks. As a result, inventory levels rose for the first time in ten months.

Meanwhile, suppliers' delivery times continued to lengthen in the Singapore private sector with panellists reporting shipping delays, manpower constraints and lingering COVID-19 disruptions having underpinned the development.

Employment levels continued to rise as firms boosted staffing levels in line with increased workloads. That said, backlogged work continued to build and at a faster pace compared to April on the back of higher demand and capacity constraints.

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global.
Data were collected 12-25 May 2022.

Comment

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

“Singapore’s private sector expanded strongly midway into the second quarter, according to the S&P Global Singapore PMI, supported by the easing of COVID-19 restrictions in end-April. The consumer services sector, in particular, exhibited strong signs of rebound across measures of demand, output and business sentiment.”

“Supply issues persisted with reports of longer lead times and higher input price inflation recorded on the back of shortages, all of which led to further accumulation of backlogged work. This is a trend worth watching with the potential to further hamper business activity going forward.”

“Overall sentiment remained optimistic, nevertheless, while higher purchasing and employment activity reflected confidence in higher future output. These are the positive signs derived from the latest May survey.”

PMI[®]

by S&P Global

Overall price pressures also persisted with input price inflation soaring to the second sharpest on record. Higher purchase item prices and staff costs both contributed to the increase in overall input prices, with wage inflation, in particular, rising to a three-month high. In turn, private sector firms continued to share their heightened cost burdens with clients, leading to higher output charges.

Business sentiment in the Singapore private sector remained positive for a second straight month in May though the level of business confidence slipped below the series average. Despite broad optimism that the economy will continue to recover, some firms were concerned with lingering COVID-19 effects.

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.

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