

News Release

Embargoed until 0830 SST (0030 UTC) 3 February 2023

S&P Global Singapore PMI®

Higher demand revives business activity expansion

Key findings

Renewed growth in orders and output in January

Vendor performance deteriorates sharply amid supply constraints

Overall input price inflation soars to record at start of 2023

Singapore's private sector returned to expansion at the start of 2023, according to the latest PMI® indications. Higher demand at the start of the year led to a renewed growth of private sector output. Hiring and purchasing activity remained subdued, however, even as firms became more optimistic about the year-ahead outlook. Supply issues meanwhile persisted with lead times continuing to lengthen while price pressures mounted for private sector firms.

The headline seasonally adjusted S&P Global Singapore *Purchasing Manager's Index™* (PMI) - a composite single-figured indicator of performance - climbed from 49.1 in December 2022 to 51.2 in January. Rising above the 50.0 neutral threshold, the PMI signalled a renewed improvement in private sector conditions at the start of the new year.

Demand for Singapore goods and services rose in January, supported by better underlying demand conditions and strong international demand. Specifically, new export orders increased at an above-average rate in the beginning of the year. Anecdotal evidence suggested that improvements in tourism activity and new client wins underpinned the improvements. Sub-sector data further revealed that finance & insurance firms saw the fastest rise in overall demand, followed by consumer services in January.

Given the improvements in demand, private sector business activity grew at the start of 2023. However, supply issues lingered, with suppliers' delivery worsening at the fastest rate since last July, thus limiting the extent to which output was able to expand. As a result, this led to further backlogged work accumulation in January.

Meanwhile employment levels stayed almost stagnant despite higher demand and output in January. Job shedding in slow-moving industries offset the expansion of workforce capacity in others according to survey respondents.

Purchasing activity also continued to fall in January, albeit at a milder rate, resulting in lower stocks of purchases.

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 12-25 January 2023.

Comment

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

"The latest S&P Global Singapore PMI indicated that expansion of the private sector resumed at the start of 2023, reflecting the resilience of the Singaporean economy."

"Demand conditions improved, supported by better external conditions including the easing of COVID-19 restrictions in China, which heralds a positive start to the new year. Business confidence was also lifted with a stronger optimism about output in the coming 12 months suggesting better economic performance in the near term."

"While price pressures mounted in the form of record input cost inflation and higher selling price inflation, the increase in GST in Singapore with the turn of the year had a part to play. The worsening of vendor performance, however, is an issue worth monitoring with supply constraints displaying signs of aggravating thus leading to higher cost pressures. This may remain a significant headwind for private sector firms in the coming months."

PMI®

by S&P Global

Panellists reflected that sufficient inventory holdings in January led to the reduction in buying activity.

Price pressures continued to build for private sector firms. Overall input cost inflation inched up to a survey record at the start of 2023, accounted for by record high purchase cost inflation and a strong growth in wages in January. Firms in the manufacturing sector reported the fastest increase in cost burdens. In turn, higher cost burdens were shared by private sector firms at a quicker rate with clients, the fastest in four months.

Overall sentiment amongst private sector firms remained positive in the first month of 2023. The level of business confidence climbed from December 2022, though remaining well below the series average. Firms were generally hopeful that economic conditions will improve, supported by the latest easing of restrictions in China

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global.

Contact

Jingyi Pan
Economics Associate Director
S&P Global Market Intelligence
T: +65-6439-6022
jingyi.pan@spglobal.com

SungHa Park
Corporate Communications
S&P Global Market Intelligence
T: +82-2-6001-3128
sungha.park@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global 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 S&P Global 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 and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.