



Decide with Confidence

PRESS RELEASE

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FOR IMMEDIATE RELEASE

## Singapore businesses optimistic despite tightening- *D&B Singapore Business Optimism Index*

Singapore, 25 July 2011 – Encouraged by the continued robustness of the local economy, businesses remain optimistic, albeit a slowing economy. Survey findings from the latest D&B Business Optimism Index (BOI) survey, which examines business expectations for the third quarter, observe key indices holding in the positive regions, affirmative of business confidence towards the start of the new financial year.

Expectations of a tighter labour market with rising wages remain reflective of the business confidence within the local economy. While market prices may raise concerns on an increase in upside risks for inflationary pressures to emerge in the remaining months of 2011. On Thursday, the Monetary Authority of Singapore (MAS) raised inflation forecast by one percentage point to 4 to 5 per cent. In view of the uncertain external environment, observers are expecting the authorities to adhere to its current monetary policy.

Last quarter, the Ministry of Trade and Industry (MTI) forecasted a 5 to 7 per cent national growth for 2011.

### **Overview (Sector Breakdown)**

A positive business outlook maintains for the third quarter with positive indices posted across most industries. Particularly from the financial and construction industries, both sectors indicate significant expansion in sales volume and net profit. The former growth in lending and insurance activities will be supported by the continued recovery in the domestic and regional economies in the near future. An increase in public sector projects, partially contributed by an increase demand in Build-To-Order (BTO) projects will also lead an upturn in the construction sector; a sharp contrast to two quarters ago when none of the survey construction firms anticipated an improved outlook.

Despite a pessimistic assessment of inventory levels and conservative stance in recruitment, the manufacturers anticipate an improvement in their book order position in Q3 2011. This may be attributed to the prospects of a recovery in Japanese production in the second half of 2011 given recent news of Japanese efforts to stabilize nuclear reactors, and a strong global demand for consumer electronics.

Singapore's Consumer Price Index (CPI) is expected to climb in the months ahead, on account of an increase in selling price this quarter.

Wage growth looks to share the limelight with job growth in the third quarter, with both the financial and wholesale sectors leading Singapore's hiring position. Unemployment rate is expected to remain at record lows with continued upward pressure on wages.

The details on the indicators are discussed in the following sections:

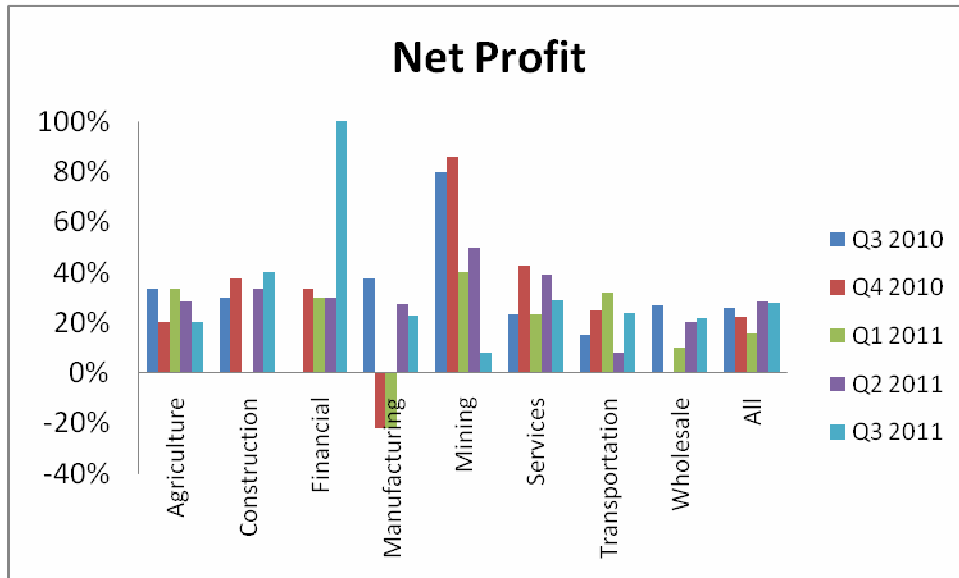


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**Net Profits**

A positive optimism index is maintained at +28%.

Growth is anticipated in all sectors, with the financial and construction sectors as key drivers with an optimism index of +100% (compared to Q2 +30%) and +40% (compared to Q2 +33%) respectively.



**Volume of Sales**

A positive optimism index of +32% (compared to Q3 +33%) amongst companies.

The expansion is expected to be spearheaded by the financial sector at +71% (compared to Q3 +10%) and wholesale sector at +50% (compared to Q3 +25%).

**Selling Prices**

A moderate increase of +14% (compared to Q2 +13%) optimism amongst companies surveyed.

The increase is contributed mainly by the agricultural +40% (compared to Q2 +57%) and construction +30% (compared to Q2 +33%).

**New Orders**

A significant increase in new orders with a net optimism index of +28% (compared to Q2 +36%).

The manufacturing sector is the only sector that supplied the information about their expectation on new orders.

### **Employment**

A positive optimism index of +23% (compared to Q2 +30%).

Hiring situation is most optimistic in the financial and wholesale sectors at +43% each respectively.

Manufacturers remain cautious in their recruitment needs at net +9% (compared to Q2 +36%)

### **Inventory Levels**

A modest increase of +11% (compared to Q2 +8%) optimism amongst companies surveyed.

The manufacturers expect a further decline in inventory at net -4% (compared to Q2 -9%) and the transportation sector expects no change at net 0%.

### **Commentary**

This is the 9<sup>th</sup> D&B Singapore Business Optimism Index (BOI) released (1<sup>st</sup> issue was released in July 2009).

The D&B Business Optimism Index (BOI) is a measure of business confidence in the economy. Released quarterly, it is based on a business sentiment survey that is designed to capture business expectations and is one of the most effective ways to track how the business community perceives the business environment, and where they think it is moving.

This is commonly used, worldwide, to assist in analyzing major trends and issues concerning the business community through tracking business parameters including net profits, selling prices, new orders, inventory levels, and employee count.

### **About the Survey**

D&B Singapore conducts latest Business Expectations Surveys every quarter. Each quarter, 200 business owners and senior executives representing major industry sectors across Singapore are asked if they expect increases, decreases or no changes in their upcoming quarterly Sales, Profits, Employment, New Orders, Inventories and Selling Prices.

Note: The index figures used in the survey represent the net percentage of survey respondents expecting higher sales, profits, etc., compared with the same quarter of the previous year. The indices are calculated by subtracting the percentage of respondents expecting decreases from the percentage expecting increases.

### **About D&B**

D&B is the world's leading provider of business-to-business credit, marketing and purchasing information and receivables management services. D&B manages the world's most valuable commercial database with information on more than 195 million businesses.

Information is gathered in over 200 countries, in 95 languages or dialects, covering 186 monetary currencies. The database is refreshed more than one million times daily as part of D&B's commitment to provide accurate, comprehensive information for its customers around the world.

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