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PRESS RELEASE

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Business optimism displays strong signs of moderation in Q3 - D&B Singapore Business Optimism Index

Singapore, 02 July 2013 – Firms in Singapore are anticipating a healthy forecast in the third quarter following a reversal in business pessimism last quarter. According to Dun & Bradstreet (D&B) Singapore's latest Business Optimism Index (BOI) study, 5 of 6 leading business indicators have remained in the expansionary region for the third quarter. Despite prevailing upbeat sentiments among local firms, 4 of 6 leading business indicators have shown signs of moderation in the latest study.

As the global economy experiences fresh setbacks, local firms remain vulnerable to a pick up in economic and socio-political volatilities around the world. The muted sentiments displayed by local firms are evident in the deceleration of optimism levels in new orders, inventory levels, selling prices, employment levels. Inventory levels for firms are expected to increase at a slower rate from 5.9 percentage points in the second quarter to 2.5 percentage points in the third quarter. While hiring prospects are likely to be optimistic, optimism levels have declined from 15.8 percentage points to 12.5 percentage points. Manufacturers have also anticipated a slowdown in new orders from 50 percentage points to 25 percentage points. Selling prices are also likely to remain unchanged compared to a marginally higher level of optimism at 0.9 percentage points in the second quarter.

Meanwhile, the outlook for volume of sales and net profits remain upbeat for firms as both indicators have reported an increase to 18.3 percentage points each. The increase in optimism levels was more noticeable for net profits compared to volume of sales. Last quarter, net optimism level for volume of sales rose to 17.5 percentage points while net profits climbed to 11.6 percentage points.

From a sectoral perspective, the services sector remains the most optimistic with all leading indicators in the expansionary region, as with the previous quarter. This follows robust growth in real estate, financial and business services for the first half of the year. Both manufacturing and construction sectors are tied in second place with four leading indicators in the expansionary region. A healthy pipeline of infrastructure investments and public housing projects as well as an increase in pharmaceutical and electronics production have accounted for the positive expectations in both industries.

"Business confidence will remain healthy for the third quarter. But the temporary repercussions of the haze situation will have slightly dampened the outlook as evident from the lower levels of optimism we are seeing this quarter. The coming months will prove to be challenging for businesses here. We can expect firms to be increasingly more conservative in their working capital investments to meet short-term business responsibilities and to cover rising business costs." said Ms. Audrey Chia, D&B Singapore's Chief Executive Officer.

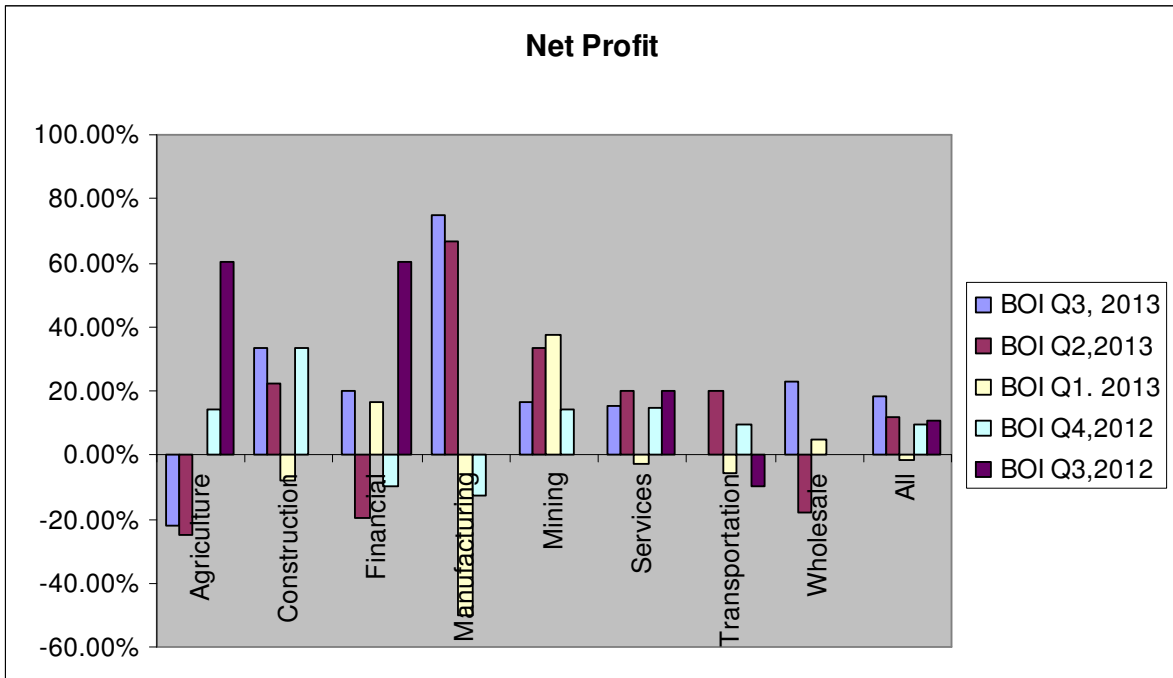
Overview of Business Indicators

Net Profits

Net profits are expected to climb to a net optimism index of +18.30% (compared to Q2 2013 net +11.6%). Manufacturers are most optimistic at net +75.0% while the agriculture sector is the most pessimistic (net -22.2%) about the outlook in Q3. With the exception of the transportation sector (net 0.0%), all remaining sectors have projected an optimistic outlook – Construction (net +33.3%), Financial (net +20.0%), Mining (net +16.7%), Services (net +15.60%) and Wholesale (net +22.7%).

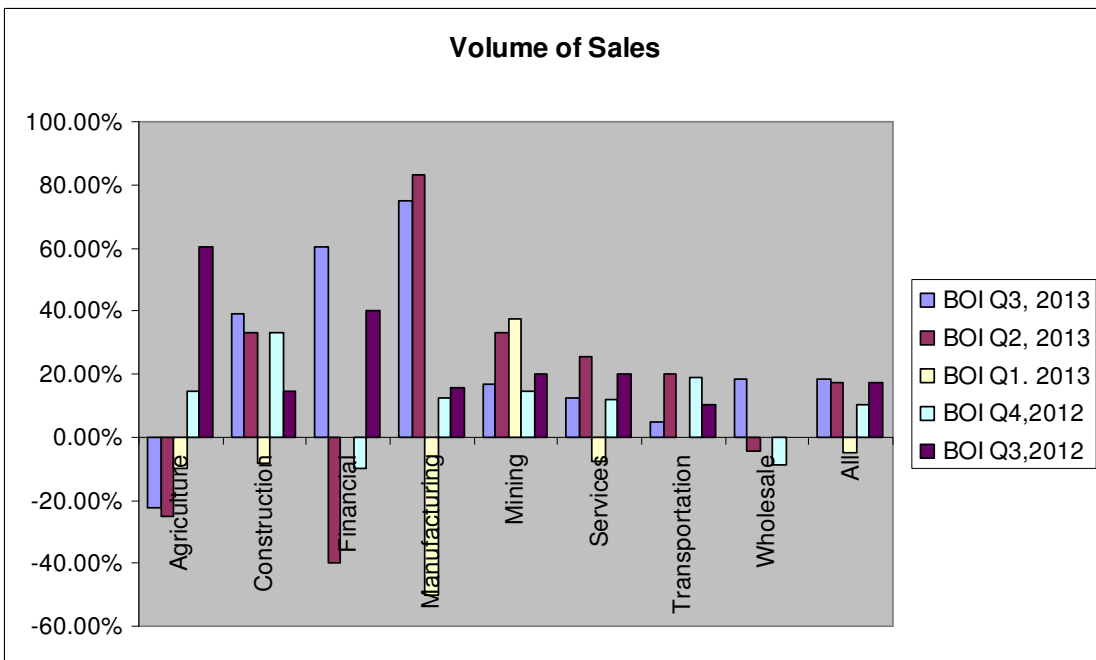


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Volume of Sales

A similar marked increase in sales volume with a net optimism index of +18.3% (compared to Q2 2013 net +17.5%). Manufacturers remain the most upbeat about expected volume of sales at net +75.0%, followed by the financial industry (net +60.0%) and the construction industry (net +38.9%). The agriculture sector is the only pessimistic sector at net -22.2%. All remaining sectors are anticipating a modest increase in expected volume of sales – Wholesale (net +18.2%), Mining (net +16.7%), Services (net +12.5%) and Transportation (net +5.0%).



Inventory Levels

Inventory levels are expected to increase marginally at net +2.5%. The financial sector is most optimistic at net +20.0%, followed by construction (net +5.6%), wholesalers (net +4.5%) and the services sector (net +3.1%). The transportation sector is expecting a decrease in inventory levels (net -5.0%). The remaining sectors have reported unchanged status in inventory levels - Agriculture, Manufacturing and Mining at net 0.0%.

Selling Prices

Net optimism for Selling Prices remains unchanged. As with the previous quarter, the services sector is the only sector expecting an increase in selling prices (net +12.5%). The remaining sectors have reported either an unchanged situation or pessimism in selling price. The financial sector is the most pessimistic at net -20.0%, followed by transportation (net -10.0%) and wholesalers (net -4.5%).

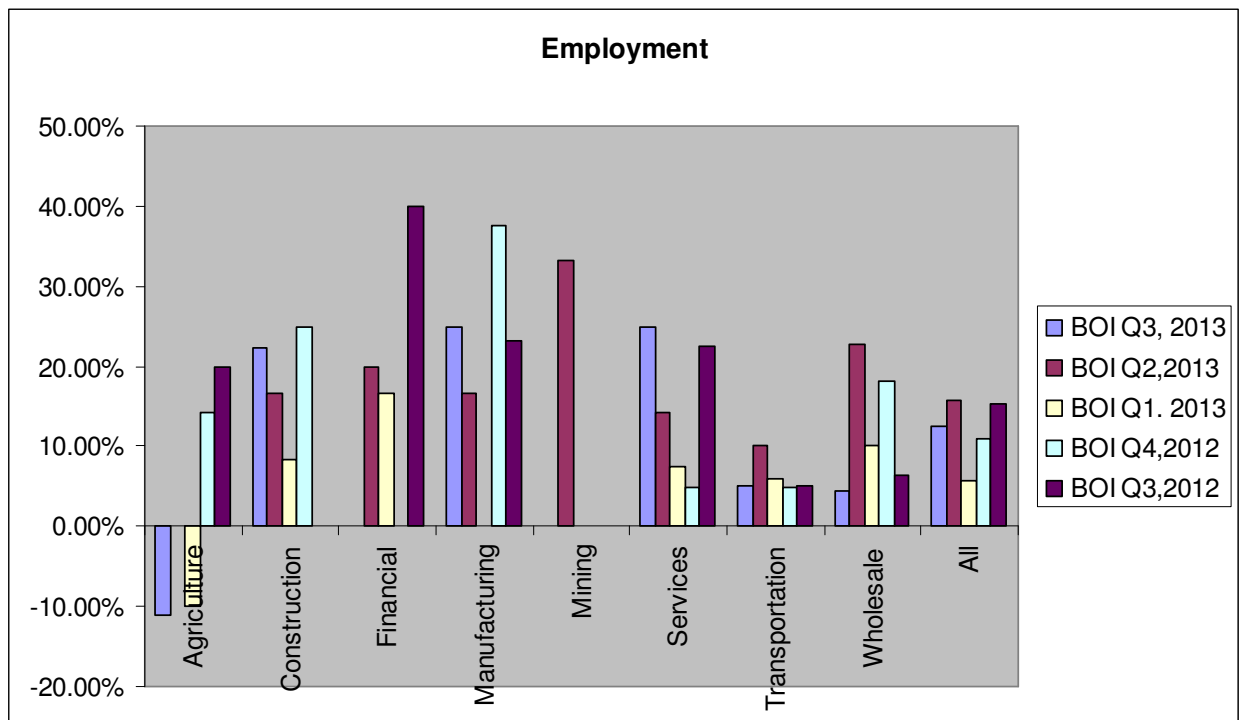
New Orders

New Orders for the manufacturing industry are expected to increase to net +25.0%, a deceleration from Q2 when new orders were expected to increase to net +50.0%.

The manufacturers are the only sector which furnishes information on their new order assessment.

Employment

Employment levels are expected to increase with an overall net balance of +12.5% compared to +15.8% in Q2. The manufacturing and the services industries are likely to experience an increase in hiring at net +25.0% each. The construction sector is also relatively optimistic in hiring prospects with net +22.2%. The agriculture sector is the only sector likely to decrease its hiring at net optimism -11.1%.



Commentary

This is the 17th D&B Singapore Business Optimism Index (BOI) released (1st 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.

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D&B provides two solution sets that meet a diverse set of customer needs globally. Customers use D&B Risk Management Solutions™ to mitigate credit and supplier risk, increase cash flow and drive increased profitability, and D&B Sales & Marketing Solutions™ to provide data management capabilities that provide effective and cost efficient marketing solutions and to convert prospects into clients by enabling business professionals to research companies, executives and industries.

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