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FOR IMMEDIATE RELEASE

Business confidence eases off but remains upbeat in Q1 *- Singapore Commercial Credit Bureau*

Singapore, 20 January 2014 – As the global economy gathered steam and gained traction towards the end of 2013, local business confidence remained on the path of optimism for the first quarter of 2014. According to Singapore Commercial Credit Bureau's latest Business Optimism Index (BOI) study, all 6 business indicators have remained in the expansionary region. Despite the upbeat sentiments resulting mainly from a strengthening external demand, local firms are still cautious about their business expectations. The study revealed that strong signs of moderation were highly evident. Following a sharp increase in overall optimism levels last quarter, business expectations have plateaued from +33.98 percentage points to +13.13 percentage points this quarter. This also stands in sharp contrast to the same quarter a year ago when overall BOI score hit the contractionary region at net -0.82 percentage points.

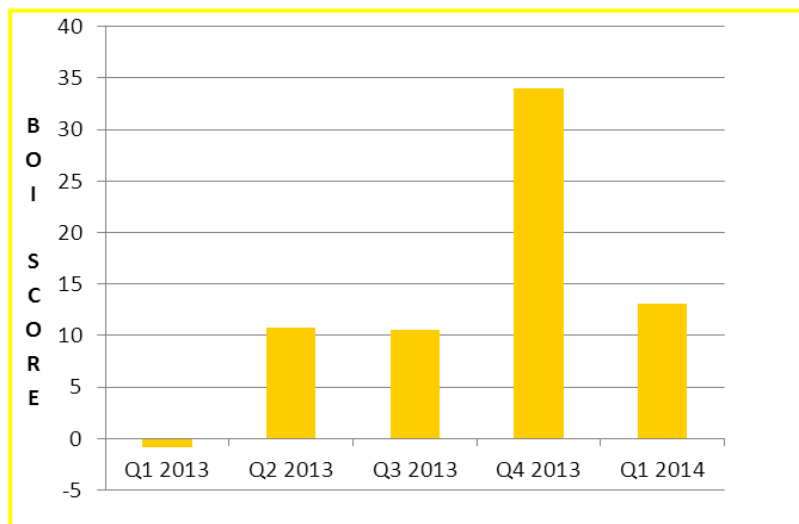


Figure 1. Overall Business Optimism Score, Q1 2013 – Q1 2014

For the first quarter of 2014, local firms have expressed the most optimism in volume of sales and net profits. According to Singapore Commercial Credit Bureau, net optimism levels in volume of sales has moderated from 50.8 percentage points in Q4 2013 to 20.3 percentage points in Q1 this year. A similar trend was also observed for net profits as it moderated sharply from 44.1 percentage points last quarter to 17.5 percentage points this quarter. Meanwhile, inventory levels are expected to climb to a net optimism of 11.9 percentage points while employment is also likely to increase to 10.5 percentage points. Businesses are least optimistic about selling prices as net optimism levels increased modestly to 6.3 percentage points, compared to a relatively higher 16.7 percentage points last quarter. Following improved sentiments in new orders last quarter, manufacturers are cautiously optimistic about new orders as it moderated from 26.7 percentage points in Q4 last year to 9.7 percentage points in Q1 this year. Owing to the spillovers in

weaker production and slow orders towards the end of Q4 last year, manufacturing activities are likely to ease in the next few months.

Compared to the previous year, business confidence has made healthy improvements with all 6 business indicators in the expansionary region compared to only 1 business indicator in the same quarter a year ago. In Q1 2013, business pessimism prevailed as firms anticipated declines in volumes of sales, net profits, selling prices and inventory levels. New orders from the manufacturing sector have also remained stagnant in the previous year. Volume of sales and net profits registered the most significant improvements as the former rose by 25.3 percentage points and the latter by 19.2 percentage points. Inventory levels also leaped by 16.9 percentage points. New orders, selling prices and employment have all increased by 9.7 percentage points, 8 percentage points and 4.7 percentage points respectively.

Ranking atop the list of industries under study, the wholesale, transportation and services sectors are the most optimistic with all 5 business indicators in the expansionary region. With double digit expansions experienced by domestic wholesale trade in electronic components, industrial and construction machinery last year, the outlook for the wholesale trade sector will likely be optimistic this quarter. Sustained growth in the services industry, particularly business, insurance and financial services have accounted for the positive outlook within the sector. The accommodation and food services sectors are also anticipating higher business receipts from the annual Lunar New Year festivities in the first quarter of 2014. Meanwhile, the transportation sector is likely to benefit from an increasing demand for private transportation services as well as the operation and maintenance of roads, bridges and expressways. The mining sector is the least optimistic sector as the industry has anticipated a status quo in volume of sales, net profits, selling price and employment as well as a decline in inventory levels.

Commenting on the state of business expectations in Singapore, Ms. Audrey Chia, SCCB's Chief Executive Officer said, "Expansionary growth in the wholesale trade, services and transportation sectors has certainly accounted for the better business expectations this quarter. Domestic retail sales are also likely to receive a boost from the annual festivities. Hence, businesses here are expecting a healthy surge in corporate earnings."

"The strategic focus for the majority of local firms in the new year ahead will be to ensure that their business models remain competitive and relevant in the long run. This marks a shift away from the traditional focus on increasing topline revenue. Where the triple bottom line is concerned, enhancing capabilities, raising productivities, adopting CSR-related practices and cost cutting measures are vital to business sustainability and profitability." added Ms. Chia.

The Ministry of Trade and Industry (MTI) has recently projected Singapore's growth forecast for 2014 to be 2% to 4%.

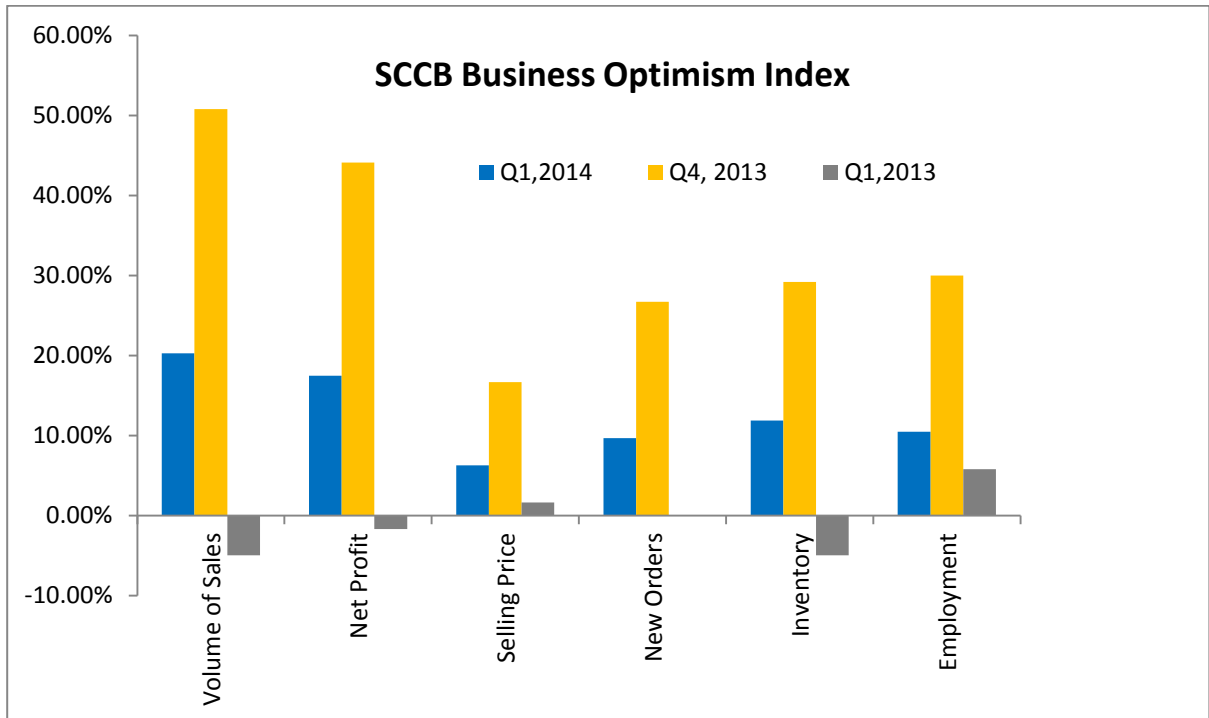


Figure 2. SCCB Optimism Index of Business Indicators

Overview of Business Indicators

Net Profits

Net profits are expected to increase to a net optimism index of +17.5% (compared to Q4 2013 net +44.1%). Both wholesale and financial sectors are most upbeat about the outlook for net profits at net +50.0% and +40.0% respectively. With the exception of the agriculture and mining sectors which projected an unchanged outlook in net profits (net +0.0% respectively), the remaining sectors are optimistic about net profits. The manufacturing sector registered a net optimism level of +19.4%, construction (net +16.7%), services (net +10.4%) and transportation (net +4.8%).

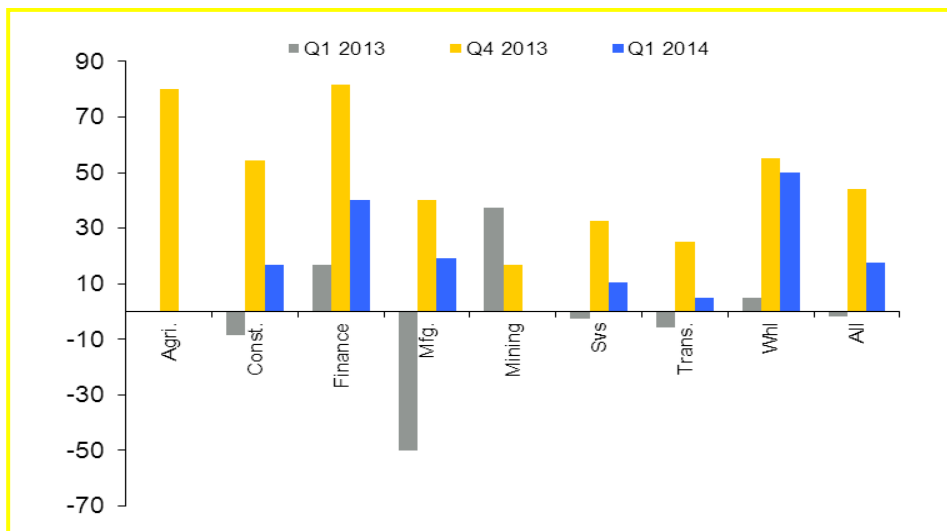


Figure 3. Net Profits Optimism Score, Q1 2013 – Q4 2014

Volume of Sales

Volume of sales is projected to moderate to a net optimism index of +20.3% (compared to Q4 2013 net +50.8%). The financial sector displayed the highest level of optimism at net +60.0%, followed by wholesale (net +55.0%) and manufacturing (net +22.6%). Both agricultural and mining sectors have anticipated an unchanged status in volume of sales at net 0.0% respectively. The construction sector is the only sector which has a negative outlook on volume of sales at net -16.7%.

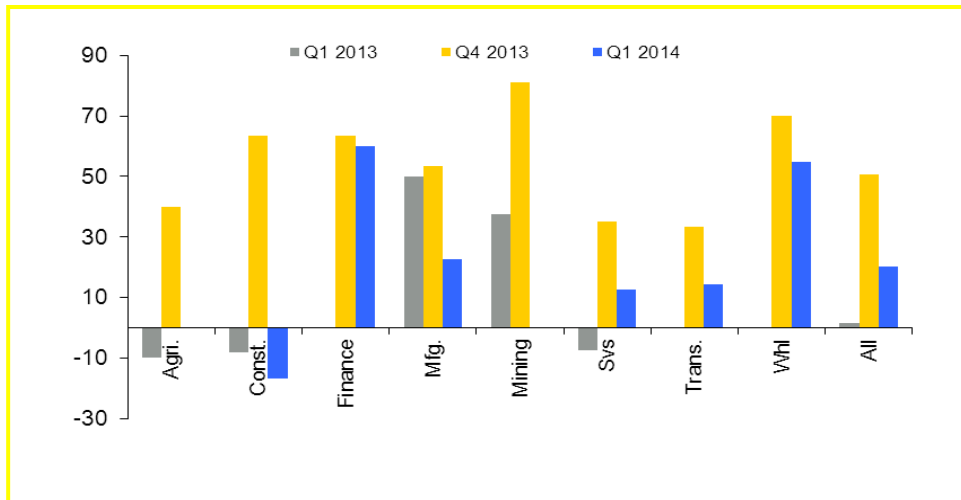


Figure 4. Volume of Sales Optimism Score, Q1 2013 – Q4 2014

Inventory Levels

Net optimism for inventory levels moderated to net +11.9% (compared to Q4 2013 net +29.2%). The wholesale sector is the most optimistic (net +55.0%), followed by construction (net +16.7%), services (net +10.4%), manufacturing (net +9.7%) and transportation (net +4.8%) sectors. The agricultural sector has anticipated an unchanged in status of inventory levels (net 0.0%). Both finance and mining sectors are pessimistic about inventory levels at net -20.0% and net -50.0% respectively.

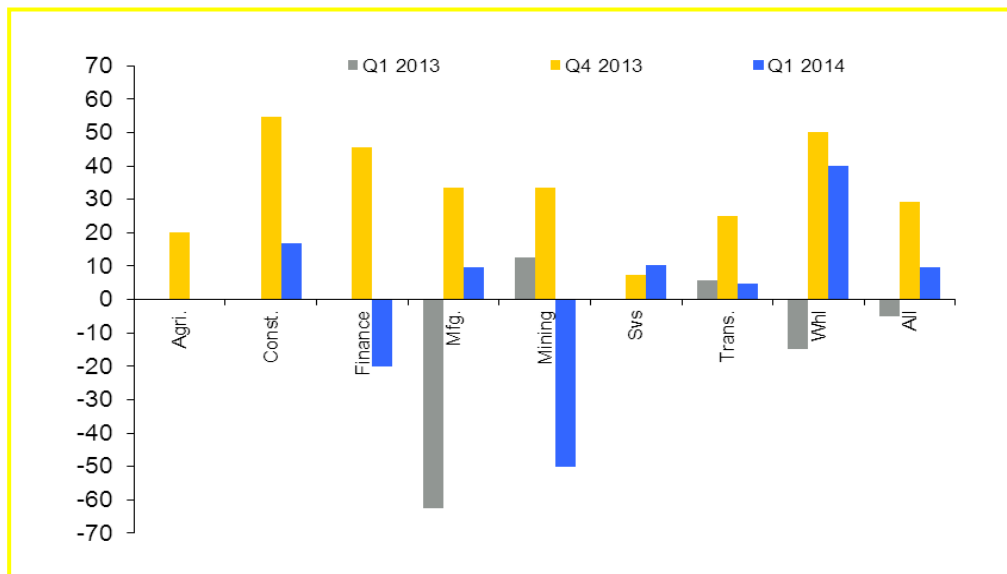


Figure 5. Inventory Levels Optimism Score, Q1 2013 – Q4 2014

Selling Prices

Selling prices are expected to rise this quarter to net +6.3% (compared to Q4 2013 net +16.7%). The wholesale sector is the most optimistic about selling prices (net +30.0%), followed by finance (+20.0%), transportation (net +9.5%) and services sector (net +2.1%). The construction, manufacturing and mining sectors are anticipating an unchanged in status of selling prices at net 0.0% respectively. The agricultural sector is the only sector which is pessimistic about selling prices at net -16.7%.

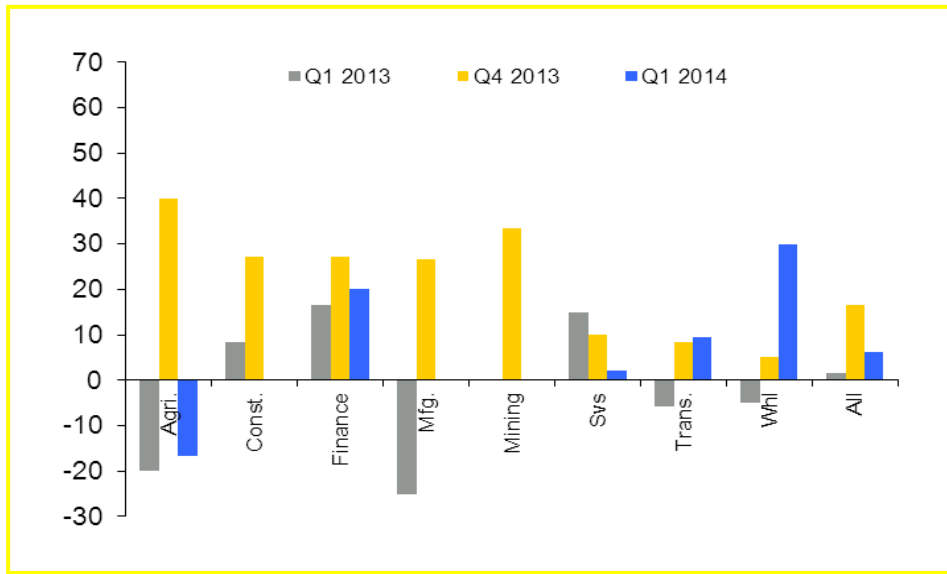


Figure 6. Selling Prices Optimism Score, Q1 2013 – Q4 2014

New Orders

New Orders for the manufacturing industry are expected to increase to net +9.7%, a sharp moderation from the previous quarter when net optimism level climbed to +26.7%.

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

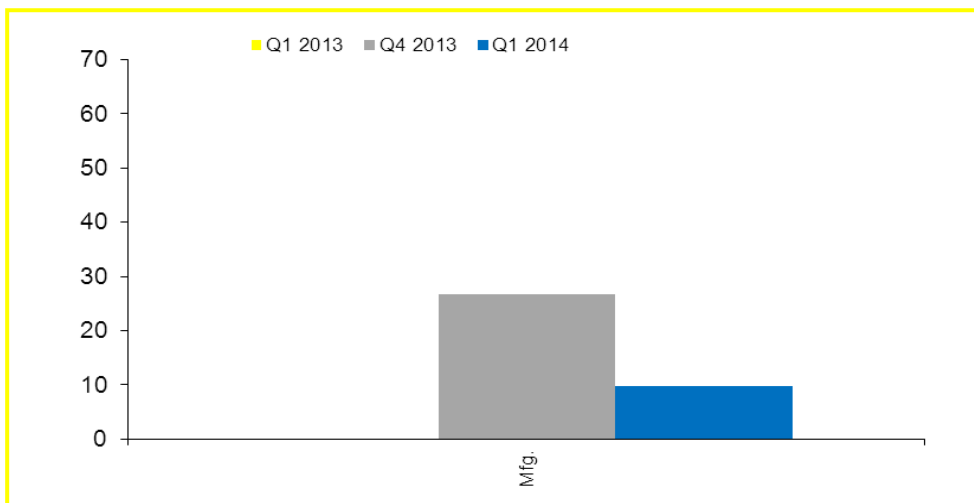


Figure 7. New Orders Optimism Score, Q1 2013 – Q4 2014

Employment

Employment levels are expected to increase with an overall net balance of +10.5% compared to +30.0% in Q4. The wholesale sector is the most optimistic about employment (net +40.0%), followed by transportation (net +33.3%), agriculture (net +16.7%) and services (net +4.2%). The construction and mining sectors are expecting employment to remain unchanged at 0.0% each. The manufacturing and finance sectors are the only two sectors which are pessimistic about employment (net -6.45% and net -20.0% respectively).

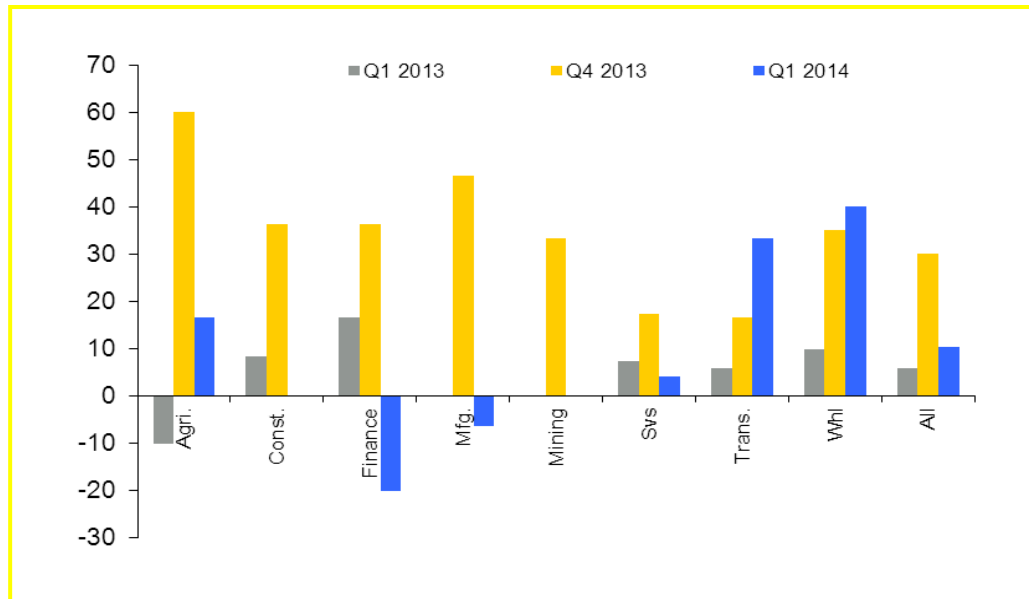


Figure 8. Employment Optimism Score, Q1 2013 – Q4 2014

Commentary

The SCCB 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

Singapore Commercial Credit Bureau 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 Singapore Commercial Credit Bureau

Established in 2005, Singapore Commercial Credit Bureau (SCCB) operates a database of local enterprises and their credit history to provide clients with the insight needed to build trust and improve the quality of business relationships with their customers, suppliers and business partners. SCCB operates under D&B Singapore. For more information, please visit, www.sccb.sg.

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