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FOR IMMEDIATE RELEASE

Business sentiments remain upbeat in Q3 2015 on the back of resilient domestic sector - *Singapore Commercial Credit Bureau*

Singapore, 29 June 2015 – After staging a slight rebound in Q2 2015, business confidence in Singapore continues to receive a boost for the second consecutive quarter in Q3 2015. According to Singapore Commercial Credit Bureau (SCCB)'s latest quarterly Business Optimism Index (BOI) study, BOI displayed further signs of improvement for the second consecutive quarter, rising from +9.0 percentage points in Q2 2015 to +14.60 percentage points in Q3 2015. The latest BOI reading marks a return of optimism to similar levels experienced in the same quarter last year. On a year-on-year (y-o-y) basis, BOI fell marginally from +14.65 percentage points in Q3 2014 to +14.60 percentage points in Q3 2015.

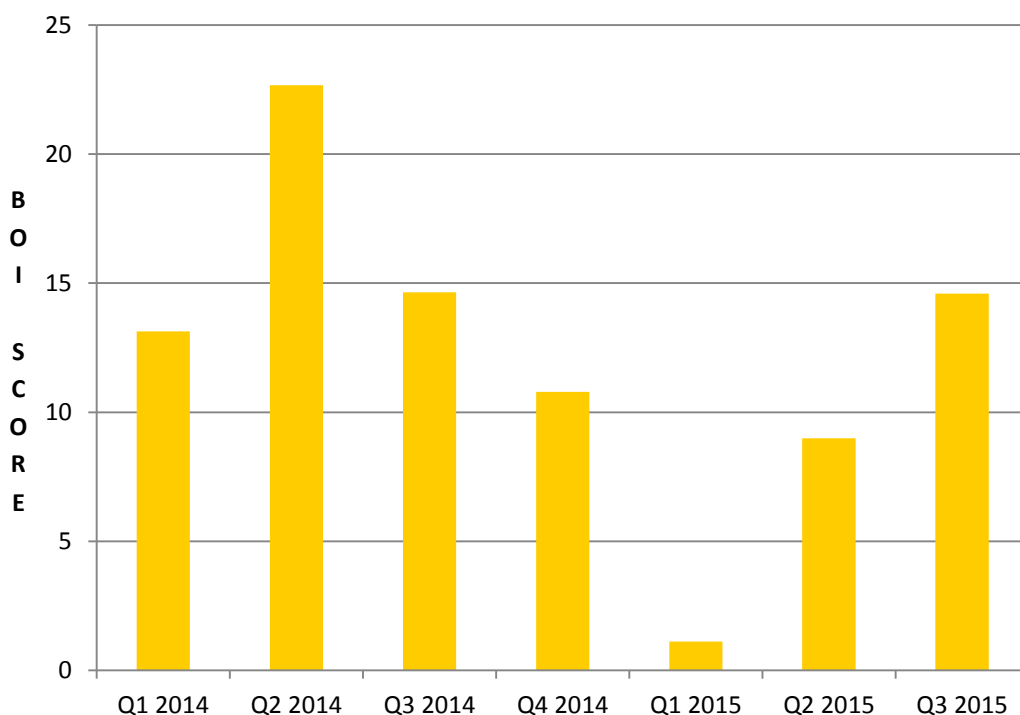


Figure 1. Overall Business Optimism Score, Q1 2014 – Q3 2015

For Q3 2015, all six indicators are in the expansionary region, as compared to Q2 2015 when only 4 of six indicators were expansionary. A y-o-y comparison further reveals that all six business indicators were expansionary in the same quarter last year.

According to SCCB, volume of sales has experienced a significant upswing in Q3 2015. Overall volume of sales rose from +15.0 percentage points in Q2 2015 to +27.86 percentage points in Q3 2015. Net profits, have however, moved in the opposite direction as it moderates from +23.57 percentage points in Q2 2015 to +14.29 percentage points in Q3 2015. On a y-o-y basis, both volume of sales and net profits have fallen with volume of sales slipping from +29.0 percentage in Q3 2014 to +27.86 percentage points in Q3 2015 and net profits tumbling from +25.0 percentage points in Q3 2014 to +14.29 percentage points in Q3 2015.

Selling prices continue to moderate downwards for the second consecutive quarter, from +2.86 percentage points in Q2 2015 to +2.14 percentage points in Q3 2015. On a y-o-y basis, selling prices have fallen from +6.0 percentage points in Q3 2014 to +2.14 percentage points in Q3 2015.

Meanwhile, both inventory and employment levels have increased markedly for Q3 2015. Inventory levels rebounded strongly from the contractionary region, from -3.57 percentage points in Q2 2015 to +12.86 percentage points in Q3 2015. On a y-o-y basis, inventory levels also rose significantly from +3.0 percentage points in Q3 2014 to +12.86 percentage points in Q3 2015. Hiring sentiments have remained relatively upbeat, posting an increase from +10.0 percentage points in Q2 2015 to +15.71 percentage points in Q3 2015. Y-o-y employment levels have also similarly increased from +10.0 percentage points in Q3 2014 to +15.71 percentage points in Q3 2015.

Following three consecutive quarters of decline in new orders, manufacturers have anticipated new orders to pick up in Q3 2015. According to SCCB, new orders are expected to spring back into the expansionary region from -8.70 percentage points in Q2 2015 to +15.39 percentage points in Q3 2015. In a recent report by the Singapore Institute of Purchasing & Materials Management (SIPMM), the Purchasing Managers' Index (PMI) returns on the expansionary path for the first time in six months, posting a reading of 50.2. The increase in new orders is likely to be attributed to modest improvements in both US and China.

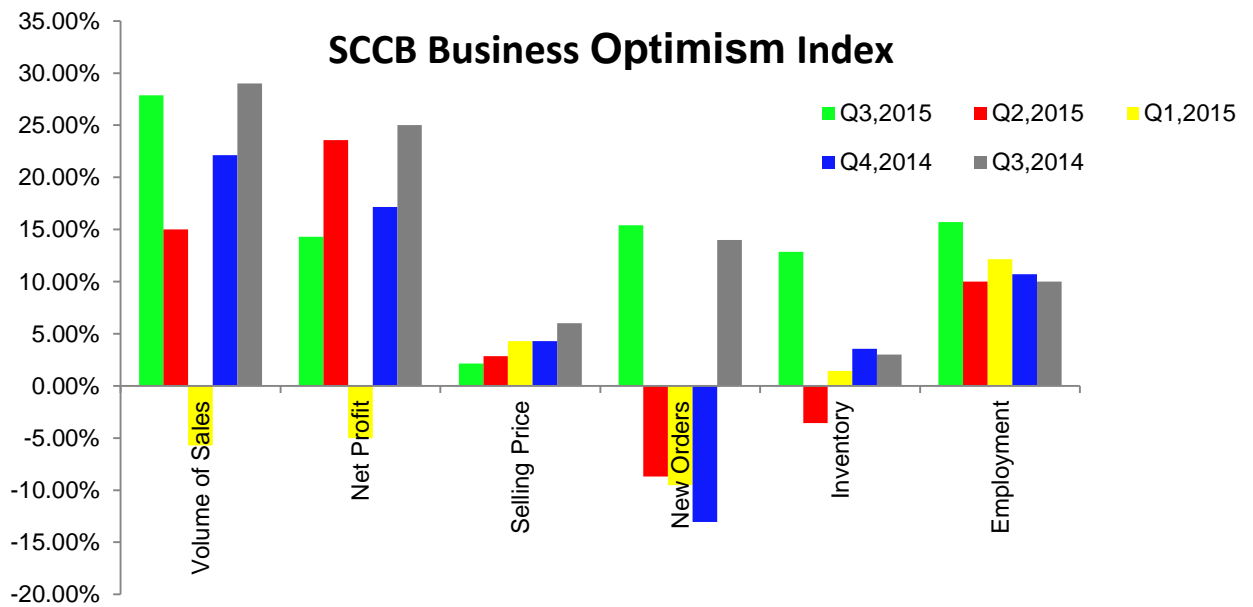


Figure 2. SCCB Optimism Index of Business Indicators, Q3 2014 – Q3 2015

For Q3 2015, the construction and services sectors emerged as the most optimistic sectors with five business indicators in the expansionary region.

Bolstered by a pick-up in both private sector construction activities and robust demand for public institutional and building developments, the construction sector is anticipating a relatively optimistic quarter ahead. According to SCCB, all five business indicators are in the expansionary region in Q3 2015, as compared to Q2 2015 when only 2 of five business indicators were expansionary. As growth in public sector construction contracts look set to remain resilient, volume of sales within the sector are expected to increase from 0 percentage points in Q2 2015 to +36.36 percentage points in Q3 2015. Net profits are also expected to spring from the contractionary region from -9.09 percentage points in Q2 2015 to +54.55 percentage points in Q3 2015. To meet the increase in overall construction demand, the sector is anticipating an increase in hiring from +18.18 percentage points in Q2 2015 to +45.46 percentage points in Q3 2015.

Riding on the back of higher receipts in the information and communications and business services sub-sectors, the service industry is anticipating a relatively upbeat quarter with all five business indicators in the expansionary region. Volume of sales within the sector is expected climb markedly from +21.43 percentage points in Q2 2015 to +30.95 percentage points in Q3 2015. However, SCCB notes a significant moderation in net profits as it decreases from +33.93 percentage points in Q2 2015 to +19.05 percentage points in Q3 2015. The weaker showing in net profits is attributed to the lacklustre performance in the accommodation and food services sub-sector, decline in tourist arrivals as well as a contraction in consumer-related personal and recreational services. Hiring sentiments have remained relatively upbeat as it inches up from +16.07 percentage points in Q2 2015 to +16.67 percentage points in Q3 2015.

Driven by growth within the banking cluster, the finance sector emerged as the third most optimistic sector with 4 business indicators in the expansionary region. Despite the stellar performance in optimism levels, volume of sales within the sector are expected to moderate from +50.0 percentage points in Q2 2015 to +33.33 percentage points in Q3 2015. Net profits have also similarly moderated downwards from +66.67 percentage points in Q2 2015 to +16.67 percentage points in Q3 2015. This could be due to a deceleration in demand for corporate bank loans and tepid growth in the fund management industry. According to a recent report released by the Ministry of Trade and Industry (MTI), y-o-y corporate loans growth have slowed to 0.8 per cent in Q1 2015 from 6.4 per cent in Q4 2014. Employee levels within the sector are expected to increase from +16.67 percentage points in Q2 2015 to +25.0 percentage points in Q3 2015.

Despite a decline in manufacturing output over the recent months, the sector has seen marginal improvements with 4 of six business indicators moderating upwards. Volume of sales are expected to rise markedly from +4.35 percentage points in Q2 2015 to +19.23 percentage points in Q3 2015 while hiring levels are anticipated to increase from 0 percentage points in Q2 2015 to +7.69 percentage points in Q3 2015. New orders are expected to rebound into the expansionary region from -8.7 percentage points in Q2 2015 to +15.39 percentage points in Q3 2015. In light of expected recovery in exports and growth in the coming months in the US economy, the external-oriented manufacturing firms have anticipated improved sentiments for the upcoming quarter. However, the outlook for the manufacturing sector still remains mixed. According to SCCB, net profits and selling prices have moderated downwards from +17.39 percentage points in Q2 2015 to +15.39 percentage points in Q3 2015 and +4.35 percentage points in Q2 2015 and 0 percentage points in Q3 2015 respectively. This is likely to be attributed to the impact of a sustained contraction in overall manufacturing output over the past few months. According to the MTI, manufacturing activity declined by 2.7 per cent year-on-year in Q1 2015.

On the other end of the spectrum, the mining sector has emerged as the least optimistic sector for Q3 2015 with none of the business indicators in the expansionary region. According to SCCB, all five business indicators are expected to moderate downwards. The mining sector is anticipating an unchange in status in volume of sales, net profits and employee size while both selling prices and inventory levels are expected to decline to -20.0 percentage points respectively. Overall sentiments within the local mining sector have dampened owing to the downturn in global commodities and slump in metal prices, of which the local mining firms are susceptible given its heavy reliance on business from the region and beyond.

“On the overall, business sentiments have improved markedly in Q3 2015 following the previous quarter’s rebound from the near-contractionary BOI reading seen in Q1 2015. For the first time in three quarters, the BOI reading has risen above the 10 percentage point mark. While external headwinds in the recent quarter continue to weigh on investor confidence, the resilient performance by the more domestically-oriented

sectors such as construction and certain segments of the services sector has likely bolstered business sentiments here.” commented Ms. Audrey Chia, SCCB’s Chief Executive Officer.

“However, there is still a sense of cautious optimism for Q3. While sales are projected to increase in anticipation of a rise in demand, profit margins have remained constrained by upward cost pressures and sustained moderation in selling prices over the past year. It is one thing for firms to be effective in generating sales and quite another for firms to be achieving optimal operating efficiencies and keeping a healthy bottomline. Hence, it would still be premature to tell if the local economy is poised for a sustained optimism for the rest of the year.” added Ms. Chia.

According to SCCB, y-o-y net profits have slowed down from +25.0 percentage points in Q3 2014 to +14.29 percentage points in Q3 2015. The latest reading in selling prices have also hit a two-year low reading of +2.14 percentage points, moderating downwards for five consecutive quarters since Q2 2014.

In a recent report by the MTI, the Singapore economy is expected to grow moderately from 2.0 per cent to 4.0 per cent this year.

Overview of Business Indicators

Volume of Sales

Volume of sales climbs further to a net optimism of +27.86% (compared to net +15.00% in Q2 2015). The wholesale sector displayed the highest optimism, registering net +42.86%, followed by the construction (net +36.36%), financial (net +33.33%) and services (net +30.95%). Both manufacturing and transportation sectors are moderately optimistic at net +19.23% and net +9.09% respectively. The agriculture and mining sectors are the only two sectors anticipating unchanged volume of sales (net 0.0%).

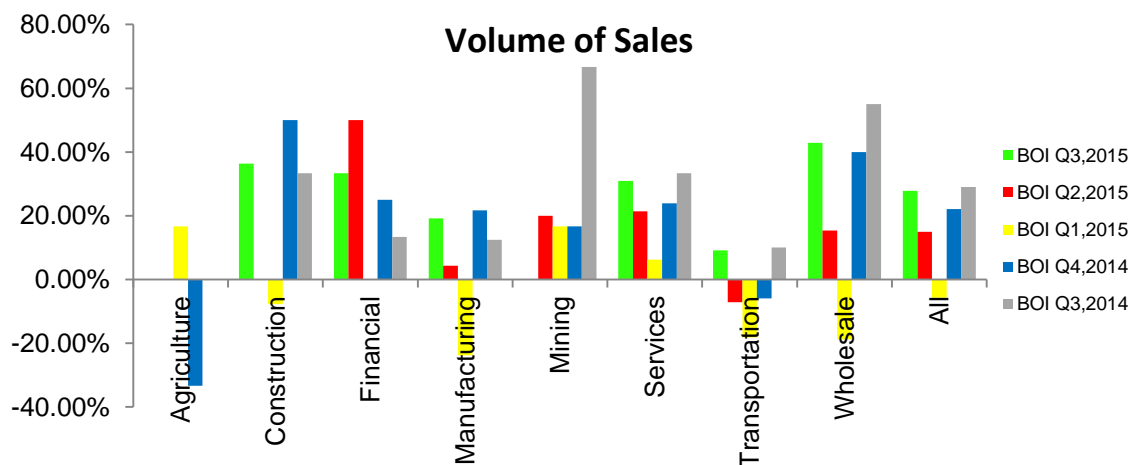


Figure 3. Volume of Sales Optimism Score, Q3 2014 – Q3 2015

Net Profits

Net profits slips slightly to +14.29% on the BOI (compared to net +15.0% in Q2 2015). The construction sector is most optimistic about net profits, registering +54.55%. The services, financial and manufacturing sectors are moderately optimistic, posting +19.05%, +16.67% and +15.39% on the BOI respectively. The wholesale sector is marginally optimistic at net +3.57%. Both mining and transportation sectors have expected net profits to remain unchanged (net 0.0%) while the agriculture sector has expressed pessimism (net -20.0%).

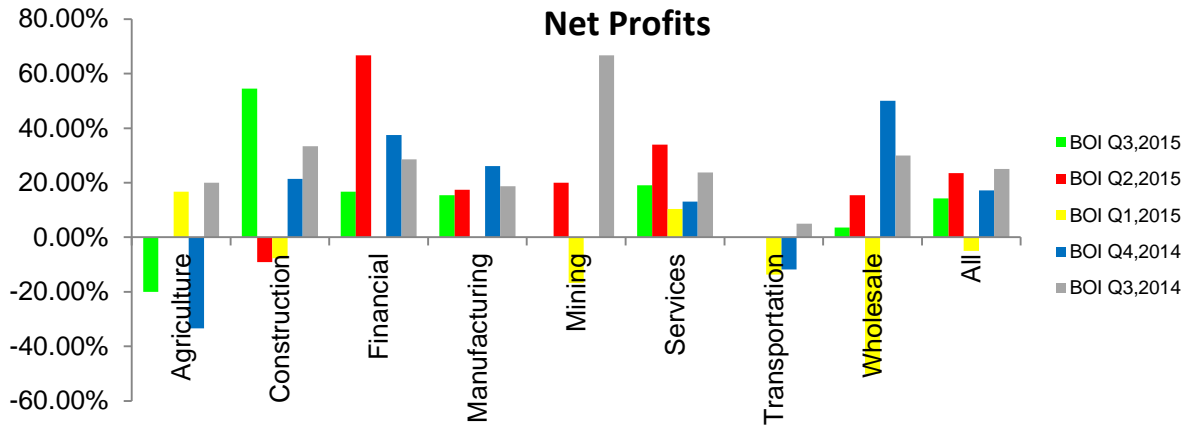


Figure 4. Net Profits Optimism Score, Q3 2014 – Q3 2015

Inventory Levels

Inventory levels rebounded significantly into the expansionary region to net +12.86% (compared to net -3.57% in Q2 2015). The agriculture and services have emerged most optimistic at net +60.0% and +21.43% respectively. The construction (net +18.18%), transportation (net +18.18%), financial (net +16.67%) and wholesale (net +14.29%) sectors have anticipated moderate optimism. The mining and manufacturing sectors are pessimistic about inventory levels at net -20.0% and -11.54% respectively.

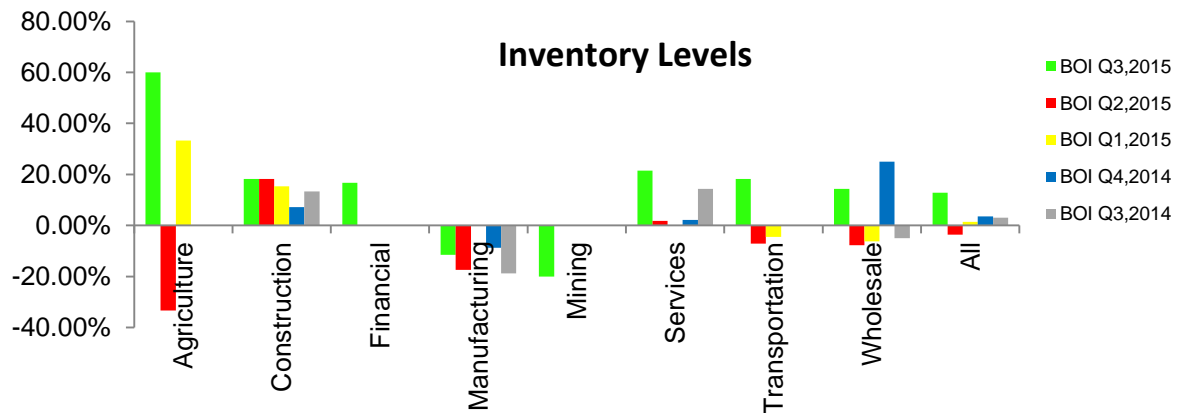


Figure 5. Inventory Levels Optimism Score, Q3 2014 – Q3 2015

Selling Price

Selling price experienced further moderation at net +2.14% (compared to net +2.86% in Q2 2015). The services (net +14.29%), construction (net +9.09%) and transportation (net +9.09%) sectors are the only sectors which are optimistic about selling prices. Both manufacturing and financial sectors have anticipated selling price to remain unchanged (net 0.0%). The remaining sectors have expected selling price to decrease - Agriculture (net -40.0%), Mining (net -20.0%) and Wholesale (net -7.14%).



Figure 6. Selling Prices Optimism Score, Q3 2014 – Q3 2015

New Orders

New Orders for the manufacturing industry rebounded into the expansionary region at net +15.39% (compared to net -8.70% in Q2 2015).

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

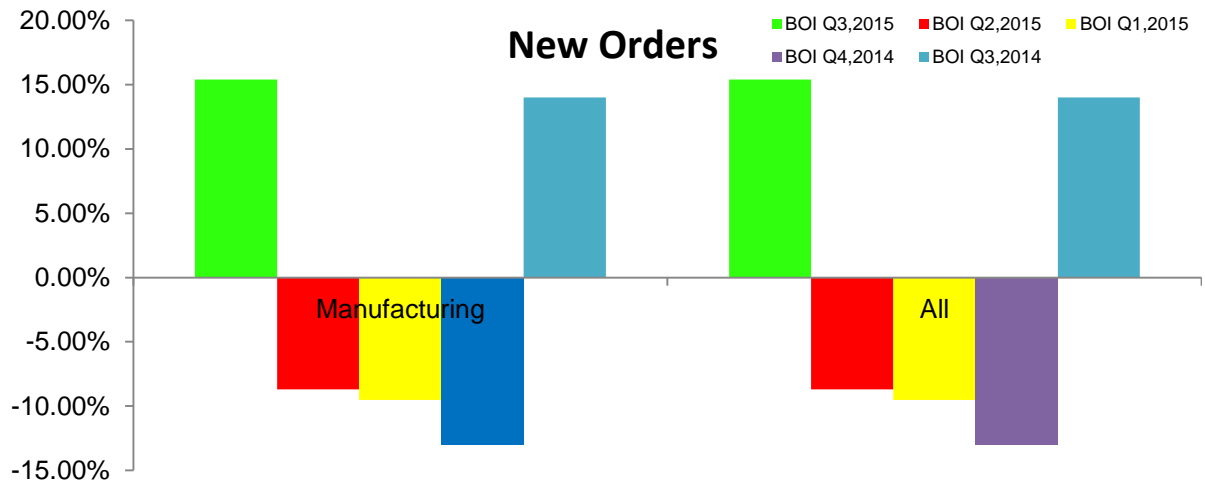


Figure 7. New Orders Optimism Score, Q3 2014 – Q3 2015

Employment

Employment levels are expected to increase slightly as net optimism climbs to net +15.71% (compared to net +10.0% in Q2 2015). The construction sector is most optimistic at net +45.56, followed by agriculture (net +40.0%), transportation (net +27.27%), financial (net +25.0%) and services (net +16.67%). The manufacturing sector is marginally optimistic at net +7.69%. Both mining and wholesale sectors are expecting hiring levels to remain unchanged (net 0.0%).

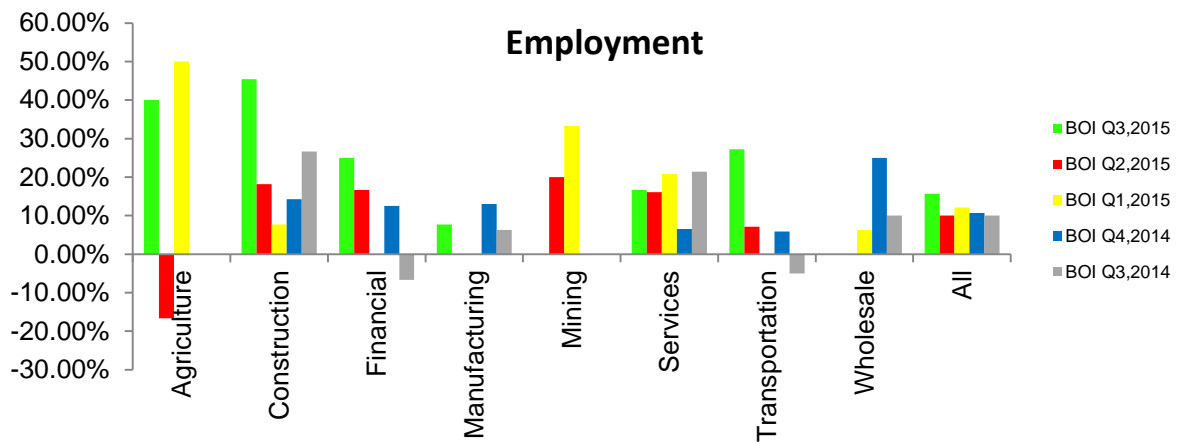


Figure 8. Employment Optimism Score, Q3 2014 – Q3 2015

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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