



Decide with Confidence

PRESS RELEASE

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Grim outlook for Singapore businesses in fourth quarter - *D&B Singapore Business Optimism Index*

Singapore, 31 October 2011 –It seems like recent announcements of contagion measures for the euro zone debt crisis has yet to instill greater confidence amongst businesses in Singapore. Singapore's economy has been undermined by softening global market conditions weighed down particularly by currency volatility and weaker global demand. Closer to home, recent floods in Thailand have further dampened hopes of economic growth within the region.

The fourth quarter D&B Business Optimism Index (BOI) survey has found businesses in Singapore generally gloomier on a range of indexes, indicating that companies now expect little change in growth pace for the remaining months of 2011. Last Thursday, the Monetary Authority of Singapore (MAS) reported that Singapore's economic growth is expected to stall over the next few quarters before seeing a modest recovery in the later part of 2012.

Overview (Sector Breakdown)

The business outlook for the fourth quarter appears grim with mostly negative indices reported across industries. The bout of extreme market volatility has clouded the business outlook for local firms, tipping Q4 sales volume expectations into the contraction region, the economy's lowest level in two years. Marginal growths are expected from Q4 overall net profit, selling price and inventory level across all industries. Given the sector's vulnerability to current shocks to global demand, the sharpest drop-off in business sentiment was from the manufacturers with a decline expected in its net profits, selling prices, new orders and inventory levels. Influenced by the poorer prospects in profit-making, the manufacturers remain reluctant to hire more workers.

Despite expectations of an easing labour market in the months ahead, hiring prospects from the rest of the employers remain relatively optimistic as compared to the previous quarter. Most companies still believe that they would be taking on new employees, particularly from the construction and services sectors.

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



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Net Profits

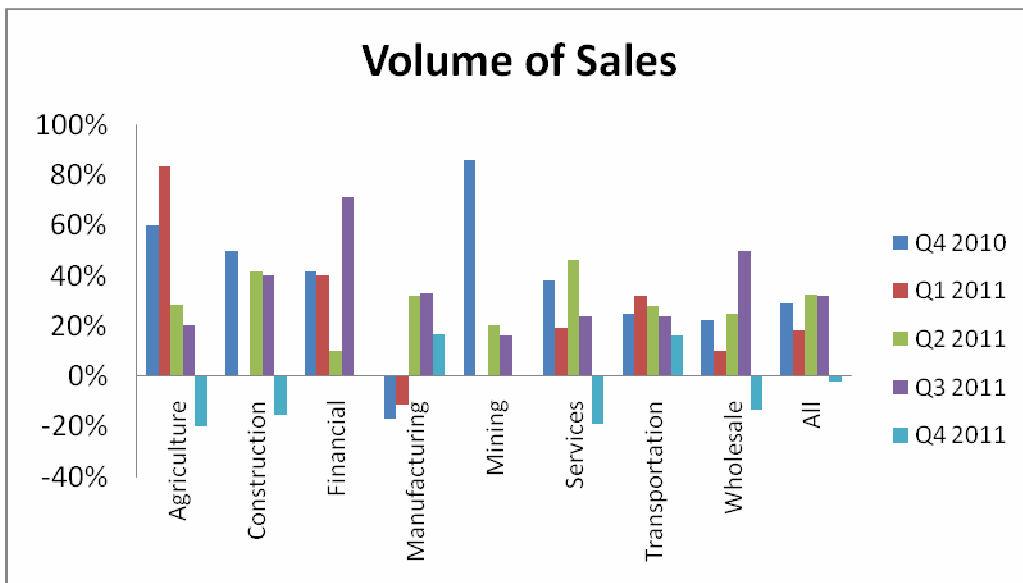
A positive optimism index at +1.5% (compared to Q3 +28%). The overall sentiment is less bullish when compared with Q3 2011.

Contraction in net profits is expected across most sectors, in particular the manufacturing sector at -22.2% (compared to Q3 +23%).

Volume of Sales

A significant decrease in sales volume with a net optimism index of -2.3% (compared to Q3 +32%) amongst companies surveyed.

The construction sector is anticipating a worsened performance with a net -15.4% (compared to Q3 +40%).



Selling Prices

A positive optimism index at +0.8% (compared to Q3 +14%). The overall sentiment is less bullish when compared with Q3 2011.

The optimism is mainly driven by the construction +7.7% (compared to Q3 +30%) and services sector +9.4% (compared to Q3 +25%).

New Orders

A significant decrease in new orders with a net optimism index of -11.1% (compared to Q3 +28%).

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

Employment

A positive optimism index of +3.8% (compared to Q3 +23%).

Hiring situation remains optimistic in the services, construction and transportation sectors. Manufacturers remain reluctant in hiring more workers at -11.1% (compared to Q3 +9%)

Inventory Levels

A positive optimism index remains at +1.5% (compared to Q3 +11%).

The manufacturers expect a further decline in inventory at -22.2% (compared to Q3 -4%).

Commentary

This is the 10th 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.

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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