



Decide with Confidence

PRESS RELEASE

Contact:

**FOR IMMEDIATE RELEASE**

Eugene Z., Marcom & Product Development

eugene.tan@dnb.com.sg

+65 6439 6670

## Positive business sentiments prevail in Q4 as local economy gets growth outlook boost

*- D&B Singapore Business Optimism Index*

**Singapore, 08 October 2013** – Despite potential downside risks and uncertainties over the tapering of quantitative easing in the US, the outlook for Singapore is on course to remain positive for the final quarter of the year. According to Dun & Bradstreet (D&B) Singapore's latest Business Optimism Index (BOI) study, all 6 leading business indicators are in the expansionary region for the fourth quarter, compared to five in the previous quarter. The strong reading bodes well for businesses here as global economic recovery though gradual and fragile is still within sight in the coming months.

This quarter, local firms have remained most optimistic about the volume of sales and net profits as both indicators surged to 50.8 percentage points and 44.1 percentage points respectively. This represents more than twice the increase compared to the previous quarter when net optimism levels for volume sales and net profits registered 18.3 percentage points each. Inventory levels have also risen sharply to 29.2 percentage points, compared to a mere 2.5 percentage points in the third quarter. Following the recent measures by the government to give priority to local residents in the recruitment process, local firms have anticipated an increase in hiring over the next three months with a net optimism level of 30 percentage points. Selling prices have also increased substantially to 16.7 percentage points after remaining unchanged in the third quarter.

Meanwhile, manufacturers have anticipated a marginally higher increase in new orders from 25 percentage points to 26.7 percentage points. While factory output increased in August, industrial production fell by 1.4 per cent month-on-month, according to a report released by the Economic Development Board (EDB).

A year-on-year (y-o-y) analysis further revealed that business confidence has improved significantly over the past year with 5 of six business indicators in the expansionary region. With the exception of new orders, all business indicators have risen over the past year. The most marked improvements were seen in the volume of sales and net profits as they increased by 40.8 percentage points and 34.8 percentage points respectively. Inventory levels, employment and selling prices have also increased slightly compared to a year ago by 21.3 percentage points, 19.1 percentage points and 15.1 percentage points respectively. Meanwhile, new orders have contracted by 23.3 percentage points from the same quarter last year.

"Corporate optimism has remained strong despite the troubling signs of a sputtering economy globally. The upswing in business outlook is perhaps an indication of an improved pace of growth. However, we should be mindful that while pessimism is relatively low, a large proportion of firms are not expressing optimism. Whether it is the volume of sales or hiring prospects, we are witnessing a status quo for many businesses here for the fourth quarter." cautioned Ms. Audrey Chia, D&B Singapore's Chief Executive Officer.

According to the Monetary Authority of Singapore (MAS), the government has recently raised its growth outlook for the year to 2.9%, near the middle of the government's forecast range of 2.5% to 3.5%.

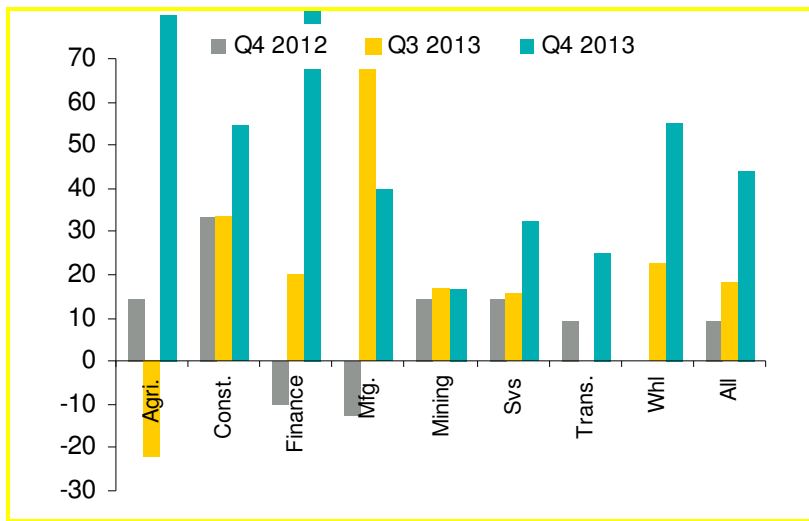


Decide with Confidence

**Overview of Business Indicators**

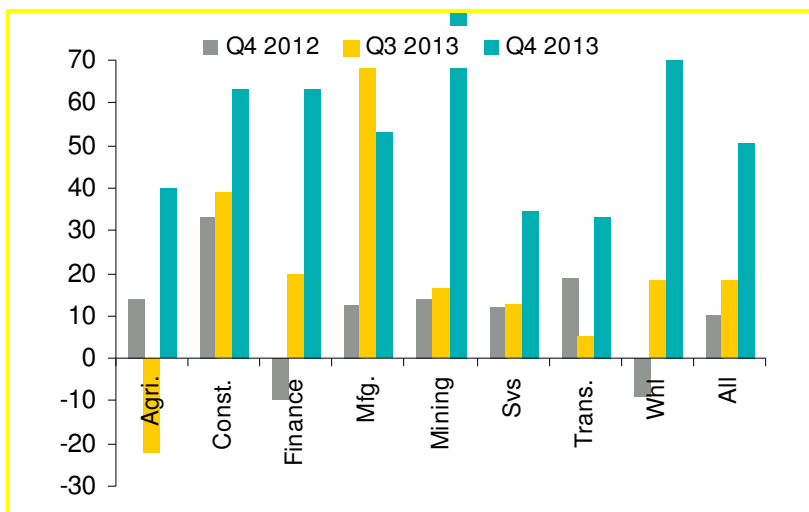
**Net Profits**

Net profits are expected to increase to a net optimism index of +44.1% (compared to Q3 2013 net +18.3%). Both financial and agricultural sectors are most upbeat about the outlook for net profits at net +81.8% and +80.0% respectively. The wholesale and construction sectors have also projected a positive outlook with net optimism +55.0% and +54.5% respectively. The mining sector displayed the least optimism at net +16.7%.



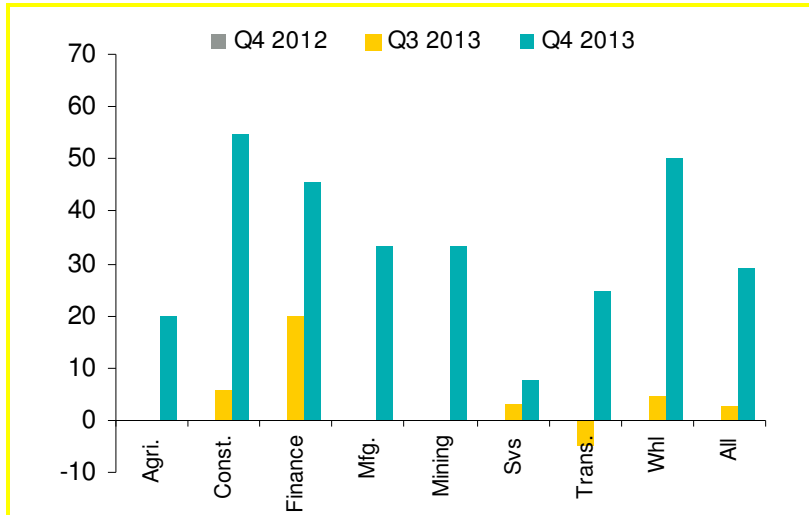
**Volume of Sales**

Volume of sales is projected to climb to a net optimism index of +50.8% (compared to Q3 2013 net +18.3%). The mining sector displayed the highest level of optimism at net +83.3%, followed by wholesale (net +70.0%), construction (net +63.6%), financial (net +63.6%) and manufacturing (net +53.3%). The transportation sector is the least optimistic with a net optimism level of +33.3%.



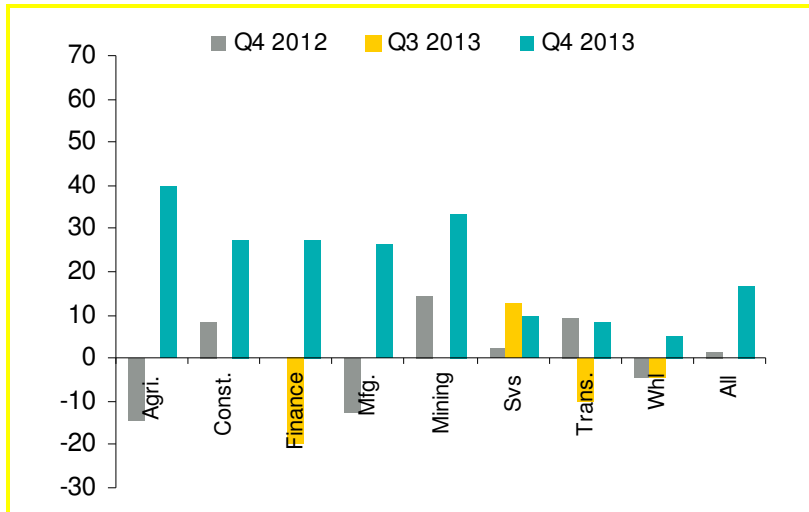
**Inventory Levels**

Net optimism for inventory levels increased sharply to net +29.2%. The construction sector is the most optimistic (net +54.5%), followed by wholesalers (net +50.0%) and financial sector (net +45.5%). The services sector displayed the least optimism at net +7.5%.



**Selling Prices**

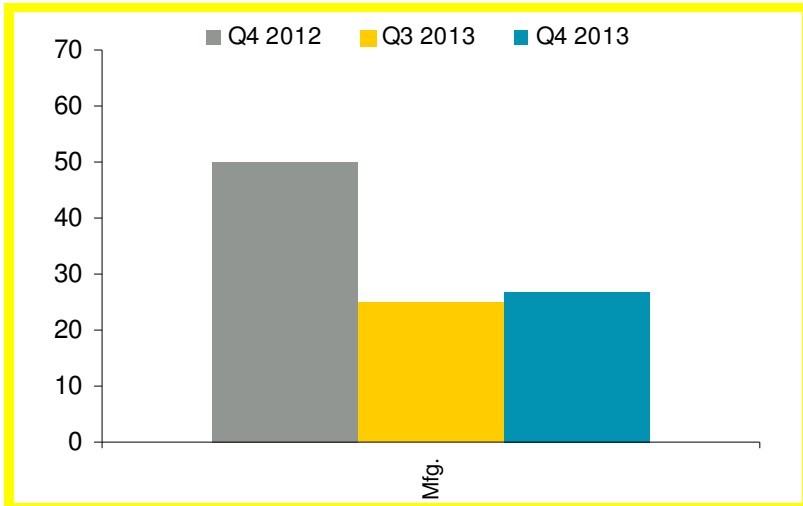
Selling prices are expected to rise this quarter to net +16.7% (compared to Q3 2013 net 0.0%). The agricultural sector is the most optimistic about selling prices (net +40.0%), followed by mining (net +33.3%), construction and finance sectors (net +27.3%). The wholesale sector is the least optimistic about selling prices with a net optimism level of +5.0%.



**New Orders**

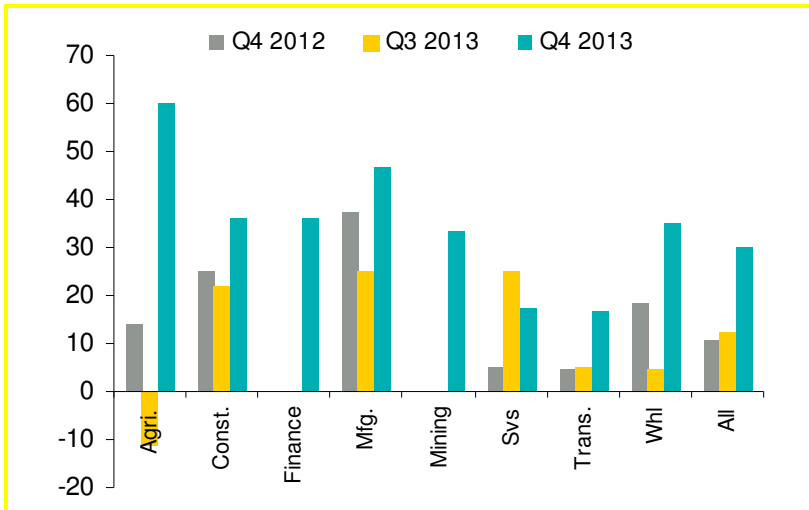
New Orders for the manufacturing industry are expected to increase to net +26.7%, a similar magnitude in increase experienced in Q3 when new orders increased to net +25.0%.

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 +30.0% compared to +12.5% in Q3. The agricultural and manufacturing sectors are most optimistic about hiring prospects with net +60.0% and net +46.7% respectively. All remaining sectors are also anticipating an increase in hiring – Construction (net +36.3%), Financial (net +36.3%), Wholesale (net +35.0%), Mining (net +33.3%), Services (net +17.5%) and Transportation (net +16.7%).



**Commentary**

This is the 18<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)**

D&B is the world's leading source of commercial information and insight on businesses, enabling companies to Decide with Confidence® for 171 years. D&B's global commercial database contains more than 225 million business records. The database is enhanced by D&B's proprietary DUNSRight® Quality Process, which provides our customers with quality business information. This quality information is the foundation of our global solutions that customers rely on to make critical business decisions.

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.

For more information, please visit [www.dnb.com](http://www.dnb.com).

**Contact Information**

**Eugene Z.**

**Marcom & Product Development**

**DID:** +65 6439 6670

**HP:** +65 9478 5568

**Email:** [Eugene.tan@dnb.com.sg](mailto:Eugene.tan@dnb.com.sg)