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**FOR IMMEDIATE RELEASE**

**Business sentiments remain upbeat in Q4 2017**  
*Outlook for manufacturing, services and wholesale firms to remain optimistic*  
 - Singapore Commercial Credit Bureau

**Singapore, 11 September 2017** – Business sentiments among local companies have remained upbeat despite moderating slightly for the final quarter of 2017. According to Singapore Commercial Credit Bureau (SCCB)'s Business Optimism Index study, BOI dropped from +3.58 percentage points in Q3 2017 to +2.60 percentage points in Q4 2017. On a year-on-year (y-o-y) basis, BOI declined slightly from +2.87 percentage points in Q4 2016 to +2.60 percentage points in Q4 2017.

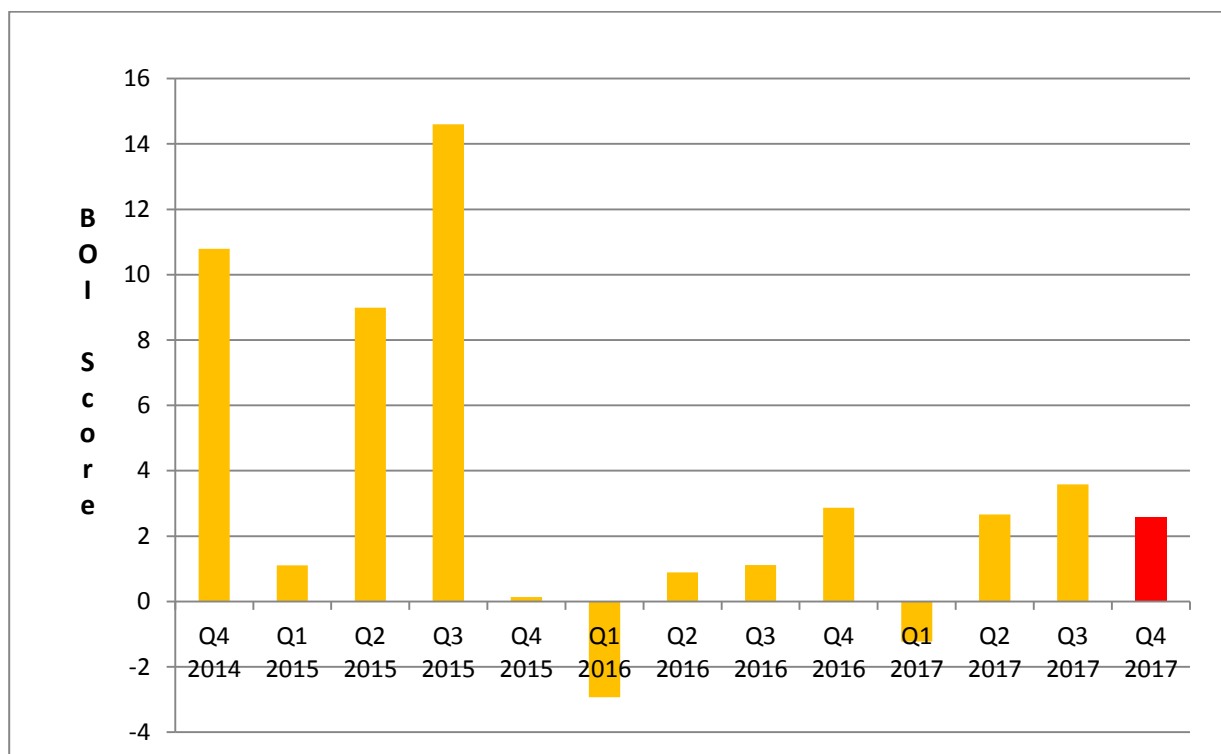


Figure 1. Overall Business Optimism Score, Q4 2014 – Q4 2017

As with Q3 2017, 5 indicators are expansionary and 1 indicator is contractionary.

**Point Commentary**

According to SCCB, 4 of six indicators have moderated downwards for Q4 2017 on a q-o-q basis.

- ❖ Volume of sales has remained in the expansionary zone at +5.34 percentage points in Q4 2017, down from +5.5 percentage points in Q3 2017.
- ❖ Net profits moderated downwards strongly from +5.0 percentage points in Q3 2017 to +2.48 percentage points in Q4 2017.
- ❖ Selling price rebounded from the contractionary zone from -1.00 percentage points in Q3 2017 to +2.91 percentage points in Q4 2017.
- ❖ New orders inched up further from +7.00 percentage points in Q3 2017 to +7.28 percentage points in Q4 2017.
- ❖ Inventory levels fell into the contractionary zone from +2.50 percentage points in Q3 2017 to -5.83 percentage points in Q4 2017.
- ❖ Employment levels moderated downwards from +4.0 percentage points in Q3 2017 to +3.40 percentage points in Q4 2017.

On a y-o-y basis, 3 of six indicators have improved for Q4 2017.

- ❖ Volume of sales rebounded into positive territory from -2.65 percentage points in Q4 2016 to +5.34 percentage points in Q4 2017.
- ❖ Net profits have moderated downwards from +2.65 percentage points in Q4 2016 to +2.48 percentage points in Q4 2017.
- ❖ Both selling price and employment levels have climbed upwards from 0 percentage point in Q4 2016 to +2.91 percentage points in Q4 2017; from +3.31 percentage points in Q4 2016 to +3.40 percentage points in Q4 2017.
- ❖ New orders have remained in the positive territory at 7.28 percentage points in Q4 2017.
- ❖ Inventory levels have fallen into the contractionary zone from +8.61 percentage points in Q4 2016 to -5.83 percentage points in Q4 2017.

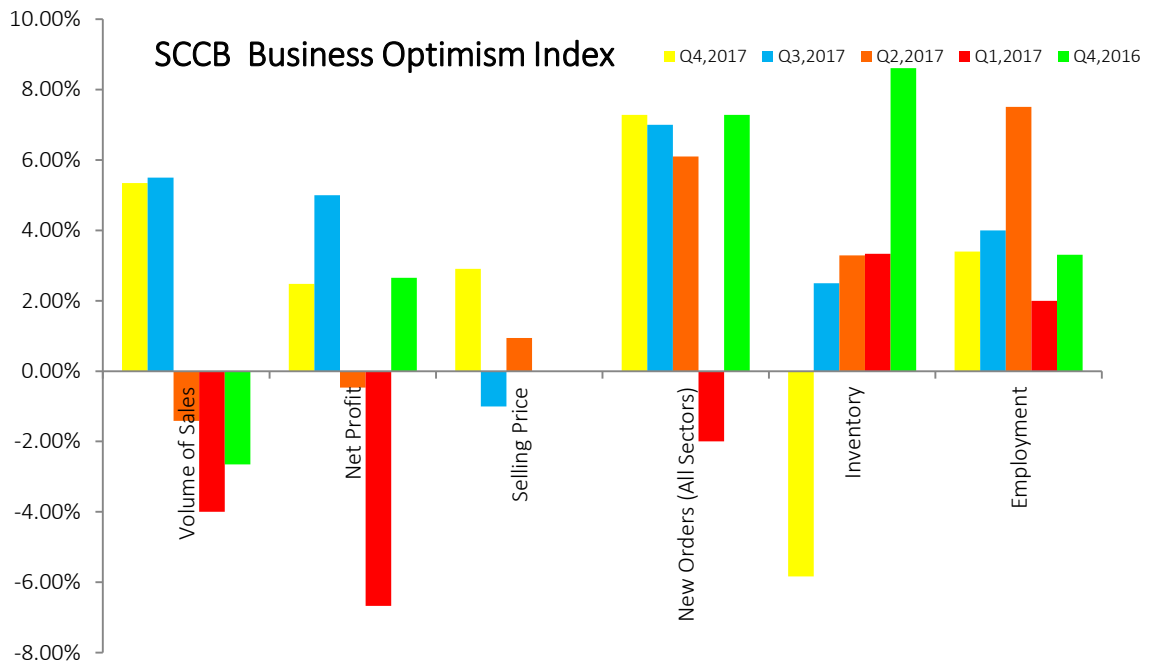


Figure 2. SCCB Optimism Index of Business Indicators, Q4 2016 – Q4 2017

### **Key Highlights for Q4 2017 Sectoral Outlook**

For Q4 2017, the manufacturing, services and wholesale sectors have emerged as the most optimistic sectors with 4 indicators in the expansionary region.

#### **Manufacturing**

Due to growth in the electronics and precision engineering sectors, the outlook for manufacturers has remained optimistic with 4 indicators in the positive region for Q4 2017.

- ❖ Both volume of sales and net profits have increased from +7.50 percentage points in Q3 2017 to +4.76 percentage points and +7.89 percentage points in Q4 2017 respectively
- ❖ New orders jumped significantly from +2.50 percentage points in Q3 2017 to +19.05 percentage points in Q4 2017
- ❖ Employment levels inched upwards from 0 percentage point in Q3 2017 to +2.38 percentage points in Q4 2017
- ❖ Selling price is expected to remain unchanged at 0 percentage point in Q4 2017
- ❖ Inventory levels have declined from 0 percentage point in Q3 2017 to -4.76 percentage points in Q4 2017

#### **Services**

Sentiments within the services sector have also remained relatively upbeat with 4 indicators in the positive territory for Q4 2017. This was largely attributed to resilient growth in the education, health and social services as well as corporate services sectors.

- ❖ Both volume of sales and net profit rose from +1.47 percentage points in Q3 2017 to +2.50 percentage points and +3.75 percentage points in Q4 2017 respectively
- ❖ Selling price jumped from 0 percentage point in Q3 2017 to +3.75 percentage point in Q4 2017
- ❖ Employment levels climbed from +4.41 percentage points in Q3 2017 to +7.50 percentage points in Q4 2017
- ❖ New orders fell into the contractionary zone from +10.29 percentage points in Q3 2017 to -2.50 percentage points in Q4 2017
- ❖ Inventory levels remain unchanged at 0 percentage point in Q4 2017

#### **Wholesale**

Due to growth within the wholesale trade of machinery, equipment and supplies, the wholesale trade industry has turned moderately optimistic for Q4 2017.

- ❖ Selling price rebounded into positive territory from -7.69 percentage points in Q3 2017 to +10.0 percentage points in Q4 2017
- ❖ Both new orders and employment levels have also jumped visibly from +11.54 percentage points in Q3 2017 to +16.67 percentage points in Q4 2017; and from +3.85 percentage points in Q3 2017 to +10.0 percentage points in Q4 2017
- ❖ Volume of sales moderated downwards from +3.85 percentage points in Q3 2017 to +3.33 percentage points in Q4 2017
- ❖ Net profits fell into negative territory from +3.85 percentage points in Q3 2017 to -13.33 percentage points in Q4 2017
- ❖ Inventory levels remained in the contractionary zone at -16.07 percentage points in Q4 2017, down from -3.85 percentage points in Q3 2017

#### **Transportation**

The outlook for the transportation sector remains optimistic with 3 indicators in the positive territory for Q4 2017 driven mainly by growth within the water transport segment.

- ❖ Volume of sales climbed from +16.67 percentage points in Q3 2017 to +18.18 percentage points in Q4 2017.

- ❖ Net profits and selling price rose from +8.33 percentage points in Q3 2017 to +9.09 percentage points in Q4 2017.
- ❖ New orders fell from +16.67 percentage points in Q3 2017 to 0 percentage point in Q4 2017 while employment levels declined from +8.33 percentage points in Q3 2017 to 0 percentage point in Q4 2017.
- ❖ Inventory levels slipped into the contractionary zone from +8.33 percentage points in Q3 2017 to -9.09 percentage points in Q4 2017.

### **Construction**

Owing to prolonged deterioration in both private and public sector building activities, the outlook for the construction sector is expected to be pessimistic for Q4 2017 with only 2 indicators in positive territory.

- ❖ Net profits are expected to plunge from +7.14 percentage points in Q3 2017 to 0 percentage point in Q4 2017.
- ❖ Inventory levels have deteriorated further in negative territory from -7.14 percentage points in Q3 2017 to -30.0 percentage points in Q4 2017.
- ❖ Selling prices will remain unchanged for Q4 2017 at 0 percentage point.
- ❖ Both volume of sales and new orders are expected to increase from +7.14 percentage points in Q3 2017 to +10.0 percentage points in Q4 2017; and from -7.14 percentage points in Q3 2017 to 0 percentage point in Q4 2017.

“Although business sentiments have dipped slightly for Q4 2017, strong sequential growth in the manufacturing segment and a recovery of export markets around the region has led businesses to maintain positive for the final quarter of 2017. Despite the optimism seen in the manufacturing and services sectors, a lacklustre construction demand in terms of contracts awarded will likely persist due primarily to a weak demand for private industrial and commercial projects.” commented Ms. Audrey Chia, SCCB’s Chief Executive Officer.

“We expect that the overall outlook will remain stable for the rest of 2017 given that Singapore’s economy will continue to be supported by robust public finances and the government’s fiscal buffers to further diversify the country’s economic base and keep negative shocks at bay in the near-term.” added Ms. Chia.

The Ministry of Trade and Industry (MTI) has narrowed its GDP growth forecast for 2017 to be between 2.0 and 3.0 per cent.

**Overview of Business Indicators**

**Volume of Sales**

Volume of sales is expected to moderate downwards slightly to +5.34 percentage points (compared to +5.5 percentage points in Q3 2017). The agricultural sector (net +20.0 percentage points) is most upbeat, followed by transportation (net +18.18 percentage points), mining (net +16.67 percentage points) and construction (net +10.0 percentage points). The remaining sectors are marginally optimistic – Manufacturing (net +4.76 percentage points), Finance (+4.55 percentage points), Wholesale (+3.33 percentage points) and Services (net +2.50 percentage points).

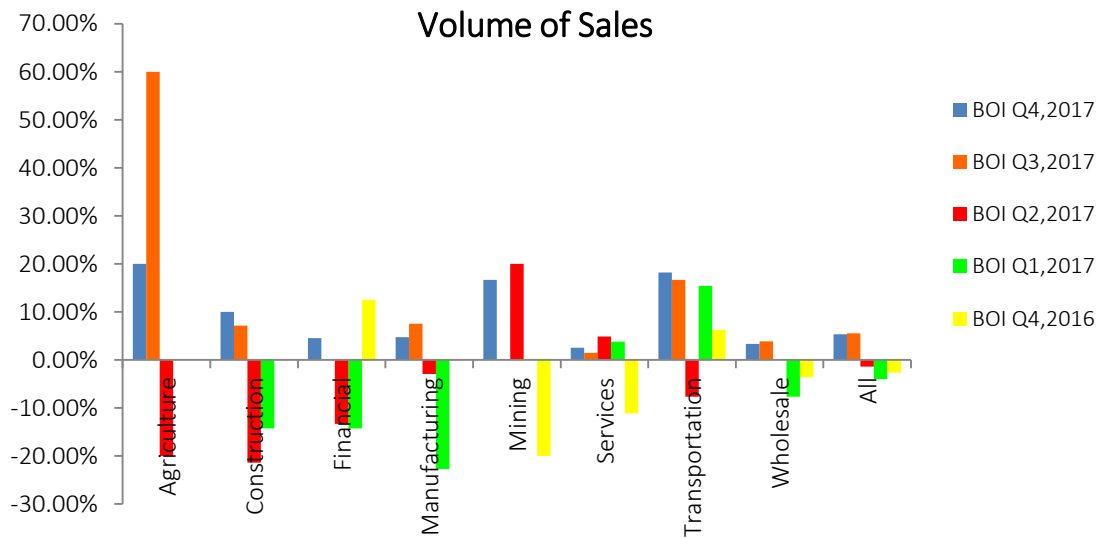


Figure 3. Volume of Sales Optimism Index, Q4 2016 – Q4 2017

**Net Profit**

Net profit has moderated downwards to +2.48 percentage points (compared to net +5.0 percentage points in Q3 2017). Both financial and transportation sectors are most optimistic (net +9.09 percentage points), followed by manufacturing (net +7.89 percentage points) and services (net +3.75 percentage points). The wholesale sector (net -13.33 percentage points) is the only sector which is pessimistic about net profit while the remaining sectors anticipate net profit to remain unchanged (net 0 percentage point) – agriculture, construction and mining.

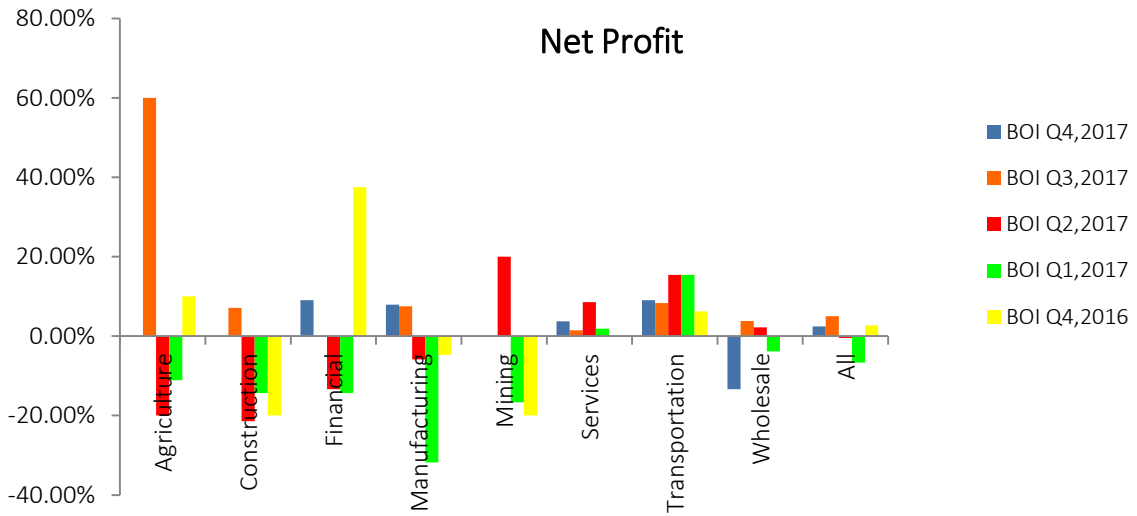


Figure 4. Net Profit Optimism Index, Q4 2016 – Q4 2017

**Inventory Levels**

Inventory levels slipped into the contractionary zone after six consecutive quarters in positive territory, registering -5.83 percentage points (compared to +2.50 percentage points in Q3 2017). None of the sectors are optimistic about inventory levels. The agricultural, mining and services sectors (net 0 percentage point) have anticipated inventory levels to remain unchanged. The construction sector (net -30.0 percentage points) is most pessimistic about inventory levels, followed by Wholesale (net -16.07 percentage points), Transportation (net -9.09 percentage points), Manufacturing (net -4.76 percentage points) and Finance (net -4.55 percentage points).

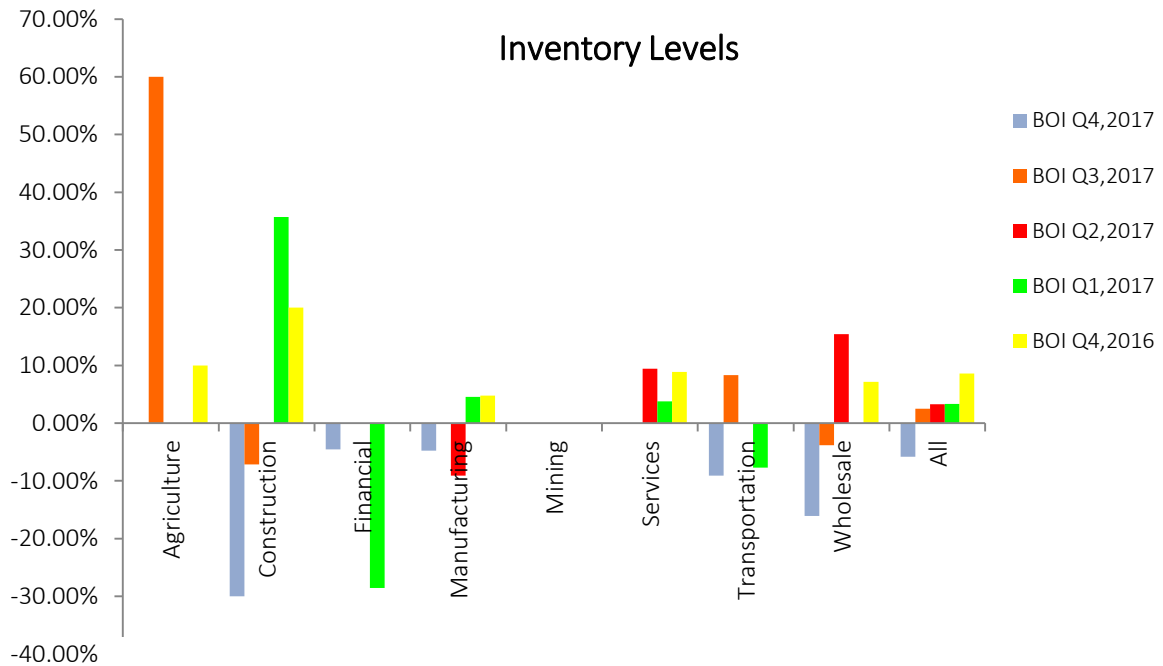


Figure 5. Inventory Levels Optimism Index, Q4 2016 – Q4 2017

**Selling Price**

Selling price rebounded into expansionary territory registering +2.91 percentage points (compared to net -1.0 percentage point in Q3 2017). The wholesale sector (net +10.0 percentage points) is most optimistic about selling price, followed by transportation (net +9.09 percentage points) and services (net +3.75 percentage points). The mining sector (net -16.67 percentage points) is the only sector which is pessimistic while the remaining sectors have anticipated selling price to remain unchanged (net 0 percentage point) – Agriculture, Construction, Finance and Manufacturing.

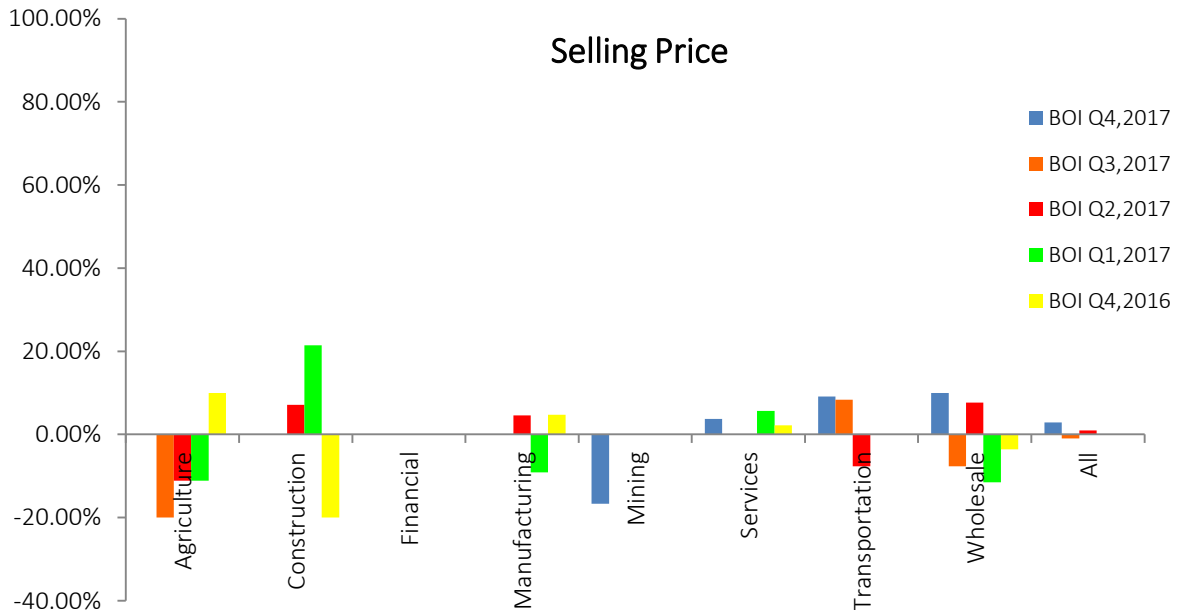


Figure 6. Selling Price Optimism Index, Q4 2016 – Q4 2017

**New Orders**

New orders have inched up slightly to +7.28 percentage points (compared to +7.0 percentage points in Q4 2017). The mining sector (net +33.33 percentage points) is most optimistic about new orders, followed by manufacturing (net +19.05 percentage points), wholesale (net +16.67 percentage points) and finance (net +9.09 percentage points). The services sector is most pessimistic (net -2.5 percentage points) about new orders while the remaining sectors have anticipated new orders to remain unchanged (net 0 percentage point) – Agriculture, Construction and Transportation.

### New Orders (All Sectors)

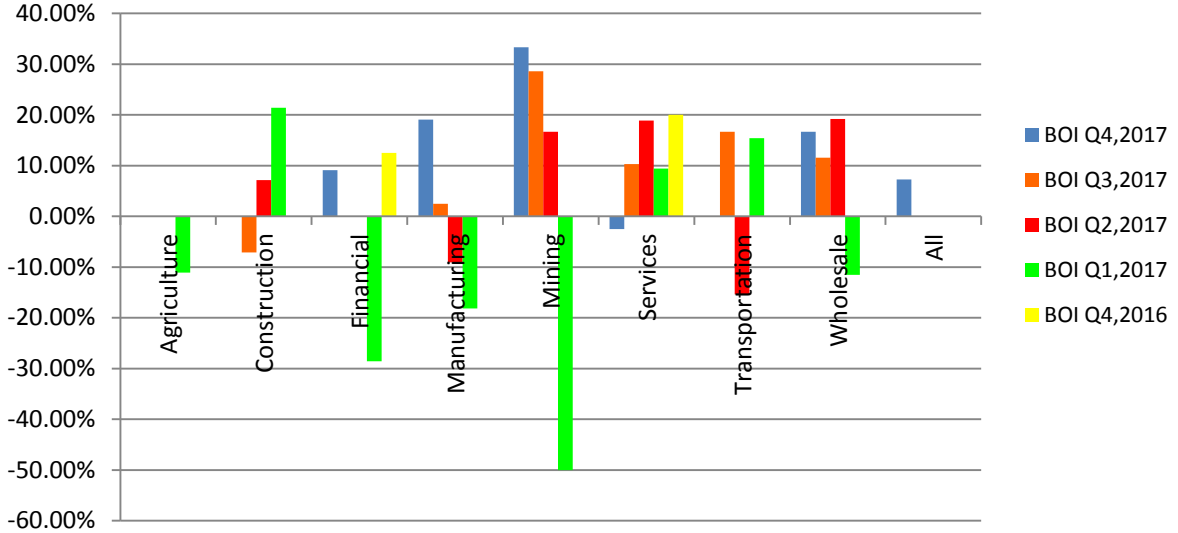


Figure 7. New Orders Optimism Index (All Sectors), Q4 2016 – Q4 2017

### Employment

Employment levels have moderated further to +3.40 percentage points (compared to net +4.0 percentage points in Q3 2017). Both wholesale and construction sectors (net +10.0 percentage points) are most upbeat about employment levels, followed by services (net +7.5 percentage points) and manufacturing (net +2.38 percentage points). The mining (net -33.33 percentage points) and finance (net -9.09 percentage points) are downbeat about employment while the remaining sectors have anticipated employment to remain unchanged (net 0 percentage point) – Agriculture and Transportation.

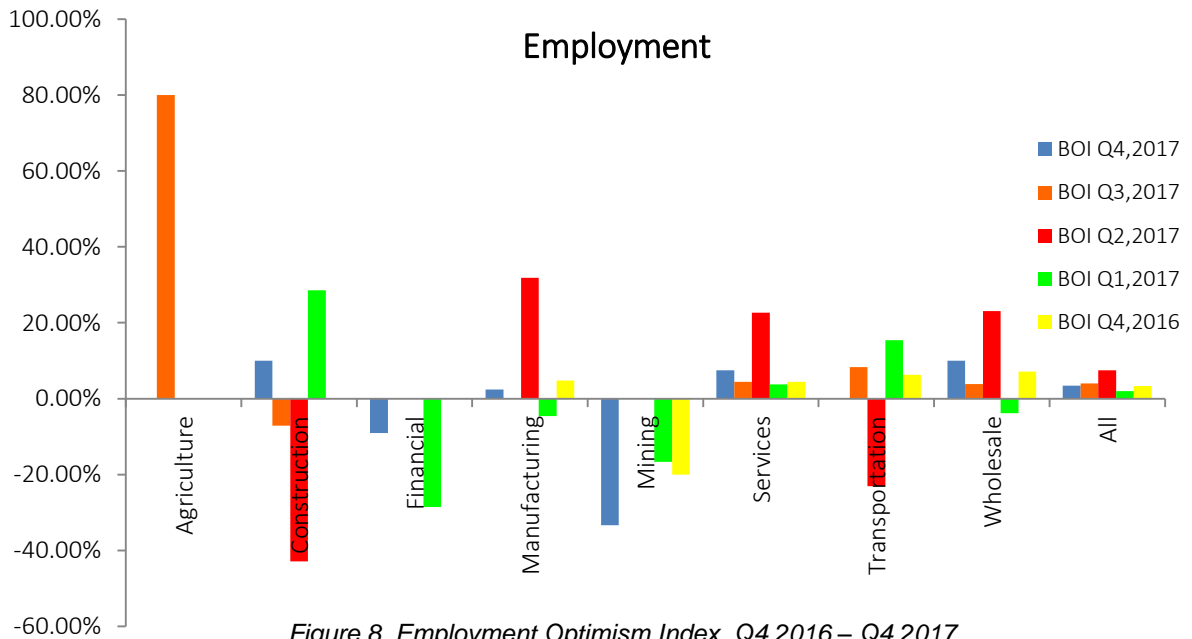


Figure 8. Employment Optimism Index, Q4 2016 – Q4 2017



**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](http://www.sccb.sg)

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