

Contact:
 Matthias Chen, Marcom & Product Development
 Matthias.Chen@dnb.com.sg
 +65 6439 6670
 +65 9478 5568

FOR IMMEDIATE RELEASE

Local business confidence improves for the second straight quarter in Q3 2017 despite downside risks
Outlook for Manufacturing and Transportation sectors improves significantly
 - Singapore Commercial Credit Bureau

Singapore, 06 June 2017 – Business confidence have displayed further signs of improvement for the second consecutive quarter. According to Singapore Commercial Credit Bureau (SCCB)’s latest quarterly Business Optimism Index (BOI) study, BOI jumped from +2.66 percentage points in Q2 2017 to +3.58 percentage points in Q3 2017. On a year-on-year (y-o-y) basis, BOI rose from +1.11 percentage points in Q3 2016 to +3.58 percentage points in Q3 2017.

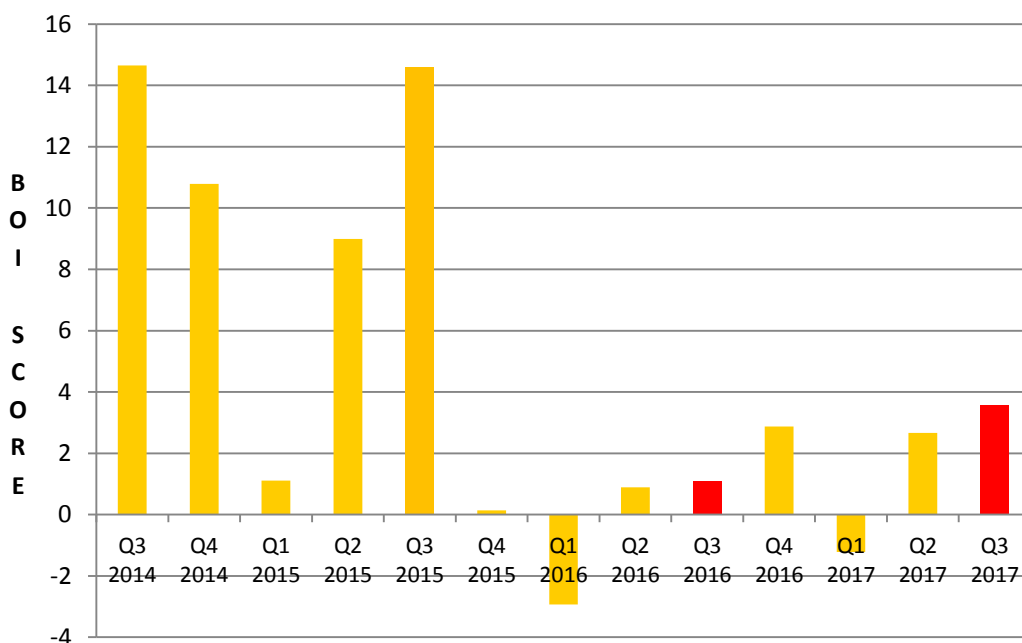


Figure 1. Overall Business Optimism Score, Q3 2014 – Q3 2017

For Q3 2017, the number of positive indicators increased on a quarter-on-quarter (q-o-q) basis. Of the six indicators, 5 were expansionary and 1 was contractionary.

Point Commentary

According to SCCB, sentiments for 3 business indicators have improved in Q3 2017 on a q-o-q basis.

- ❖ Volume of sales has rebounded from the contractionary zone from -1.41 percentage points in Q2 2017 to +5.5 percentage points in Q3 2017.
- ❖ Net profits jumped from -0.47 percentage points in Q2 2017 to +5.0 percentage points in Q3 2017.
- ❖ Selling price fell from +0.94 percentage points in Q2 2017 to -1.00 percentage points in Q3 2017.
- ❖ New orders inched slightly from +6.10 percentage points in Q2 2017 to +7.00 percentage points in Q3 2017.
- ❖ Both inventory and employment levels have moderated downwards from +3.29 percentage points in Q2 2017 to +2.50 percentage points in Q3 2017; and from +7.51 percentage points in Q2 2017 to +4.0 percentage points in Q3 2017.

On a y-o-y basis, 4 of six indicators have improved for Q3 2017.

- ❖ Both volume of sales and net profits rose into the expansionary zone from -5.33 percentage points in Q3 2016 to +5.5 percentage points in Q3 2017; and from -1.33 percentage points in Q3 2016 to +5.0 percentage points in Q3 2017.
- ❖ Selling price has remained contractionary, rising from -6.0 percentage points in Q3 2016 to -1.0 percentage point in Q3 2017.
- ❖ New orders moderated downwards from +10.0 percentage points in Q3 2016 to +7.0 percentage points in Q3 2017.
- ❖ Inventory levels dropped from +9.33 percentage points in Q3 2016 to +2.50 percentage points in Q3 2017.
- ❖ Employment levels jumped from 0 percentage point in Q3 2016 to +4.0 percentage points in Q3 2017.

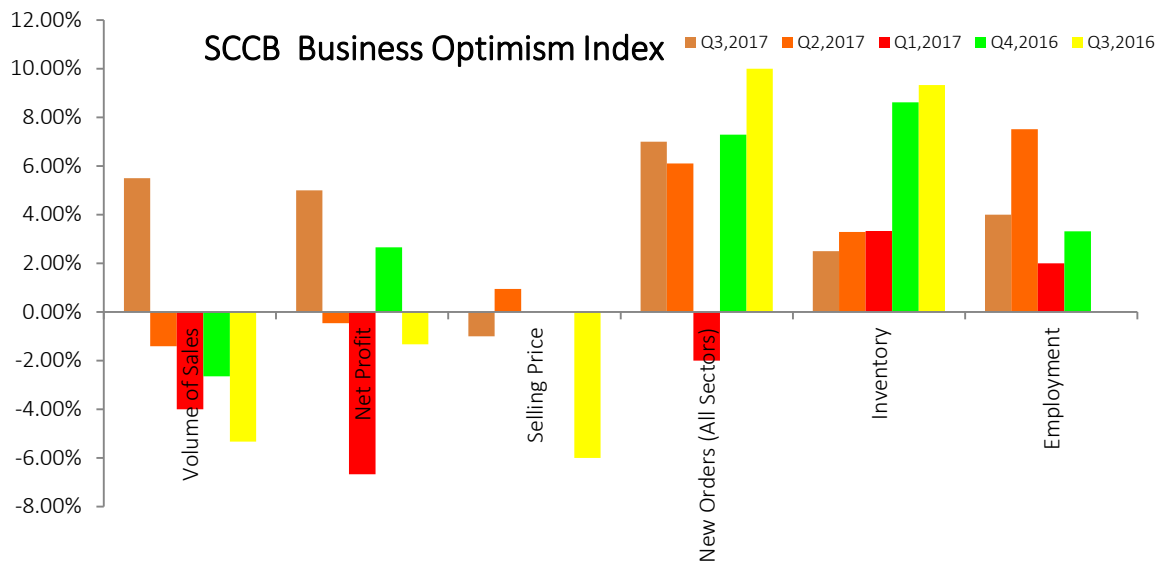


Figure 2. SCCB Optimism Index of Business Indicators, Q3 2016 – Q3 2017

Key Highlights for Q3 2017 Sectoral Outlook

Transportation

The transportation sector has emerged as the most optimistic sector with 6 indicators in the positive territory for Q3 2017. This was largely due to growth in the water transport segment. The improvement in the outlook within the transportation industry marks a reversal from the previous quarter when only 1 indicator was expansionary.

- ❖ Volume of sales and employment levels are expected to rebound from -7.69 percentage points in Q2 2017 to +16.67 percentage points in Q3 2017; and from -23.07 percentage points in Q2 2017 to +8.33 percentage points in Q3 2017 respectively.
- ❖ Selling prices are expected to rise from -7.69 percentage points in Q2 2017 to +8.33 percentage points in Q3 2017.
- ❖ Net profit is expected to moderate downwards from +15.39 percentage points in Q2 2017 to +16.67 percentage points in Q3 2017;
- ❖ New orders climbed from -15.39 percentage points in Q2 2017 to +10.29 percentage points in Q3 2017 respectively.
- ❖ Inventory levels are expected to increase from 0 percentage point in Q2 2017 to +8.33 percentage points in Q3 2017.

Services

The outlook for the services sector has moderated slightly with 4 indicators in the positive region for Q3 2017 as opposed to 5 indicators in Q2 2017. This was due to slowdown in the food and beverage segment.

- ❖ Employment levels moderated significantly from +22.64 percentage points in Q2 2017 to +4.44 percentage points in Q3 2017.
- ❖ Both volume of sales and net profit have declined markedly from +4.88 percentage points in Q2 2017 to +1.47 percentage points in Q3 2017; and from +8.54 percentage points in Q2 2017 to +1.47 percentage points in Q3 2017.
- ❖ New orders dropped from +18.87 percentage points in Q2 2017 to +10.29 percentage points in Q3 2017.
- ❖ Inventory levels fell from +9.43 percentage points in Q2 2017 to 0 percentage point in Q3 2017.
- ❖ Selling price remained unchanged at 0 percentage point in Q3 2017.

Manufacturing

The manufacturing outlook continues to improve from the preceding quarter as the number of expansionary indicators increased from 2 in Q2 2017 to 3 in Q3 2017. This was attributed to robust growth within the electronics and precision engineering segments.

- ❖ Both volume of sales and net profit rebounded from -2.94 percentage points in Q2 2017 to +7.50 percentage points in Q3 2017; and from -5.88 percentage points in Q2 2017 to +7.50 percentage points in Q3 2017 respectively.
- ❖ Selling price and employment levels moderated downwards from +4.55 percentage points in Q2 2017 to 0 percentage point in Q3 2017; and from +31.82 percentage points in Q2 2017 to 0 percentage point in Q3 2017.
- ❖ Inventory levels and new orders have increased from -9.09 percentage points in Q2 2017 to 0 percentage point in Q3 2017 respectively.

Construction

Owing to weakness in private building segment, sentiments within the construction sector remained muted for Q3 2017 with only 2 indicators in the positive territory. SCCB notes that 3 indicators were contractionary and 1 remained unchanged.

- ❖ Volume of sales and net profit have increased from -21.43 percentage points in Q2 2017 to +7.14 percentage points in Q3 2017.
- ❖ Employment levels have remained contractionary, rising from -42.86 percentage points in Q2 2017 to -7.14 percentage points in Q3 2017.
- ❖ Selling price has moderated downwards from +7.14 percentage points in Q2 2017 to 0 percentage point in Q3 2017.
- ❖ Both new orders and inventory levels fell into the contractionary territory from +7.14 percentage points in Q2 2017 to -7.14 percentage points in Q3 2017; and from 0 percentage point in Q2 2017 to -7.14 percentage points in Q3 2017.

Financial

Due to a pullback within the financial services sector, the outlook has also remained dampened with only 2 indicators displaying signs of improvement. According to SCCB, the remaining 4 indicators were unchanged.

- ❖ Both volume of sales and net profits have continued to rise markedly from -13.33 percentage points in Q2 2017 to 0 percentage point in Q3 2017.
- ❖ As with Q2 2017, selling price, new orders, inventory and employee levels were unchanged at 0 percentage point.

“The outlook among the business community has stayed relatively resilient despite the downside risks in the global economy. The improvements were supported mainly by the rise in optimism within the transportation and manufacturing sectors. However, we are expecting sentiments to remain lukewarm in the coming months given the pockets of weakness in both construction and financial sectors which have offset the improvements made.” commented Ms. Audrey Chia, SCCB’s Chief Executive Officer.

“While sound economic fundamentals of our local economy could act as a floor under prevailing global uncertainties, businesses should brace themselves for the challenges brought about by the economic restructuring and proactively create new revenue streams and invest in the upskilling of employees to remain relevant in the long-term.” added Ms. Chia.

The Ministry of Trade and Industry (MTI) has maintained its GDP growth forecast for 2017 to be between 1.0 and 3.0 per cent.

Overview of Business Indicators

Volume of Sales

Volume of sales is expected to rebound into the expansionary zone at +5.5 percentage points (compared to net -1.41 percentage points in Q2 2017). The agricultural sector (net +60.0 percentage points) is most optimistic, followed by transportation (net +16.67 percentage points), manufacturing (net +7.5 percentage points) and construction (net +7.14 percentage points). Meanwhile, the services sector (net +1.47 percentage points) is marginally optimistic while the financial and mining sectors (0 percentage point) have anticipated volume of sales to remain unchanged.

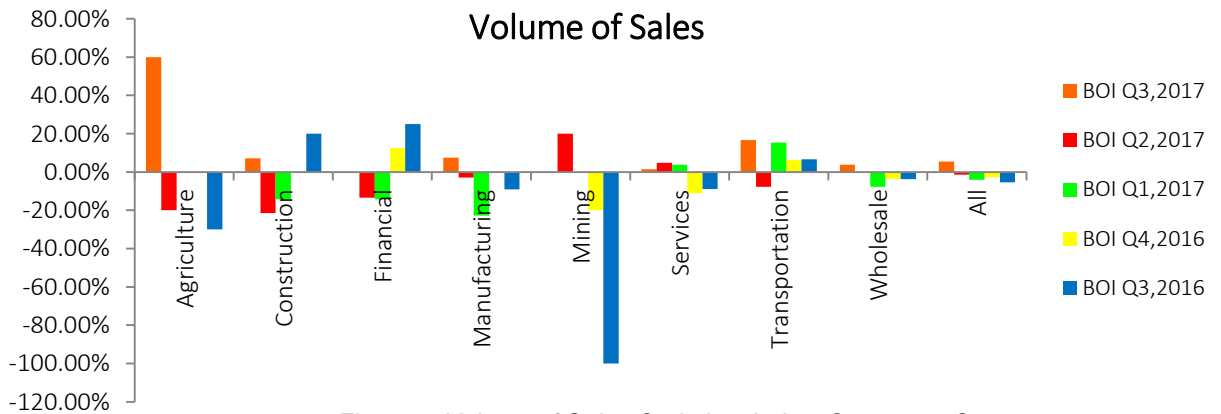


Figure 3. Volume of Sales Optimism Index, Q3 2016 – Q3 2017

Net Profit

Net profit has also turned expansionary at +5.0 percentage points (compared to net -0.47 percentage points in Q2 2017). The agricultural sector (net +60.0 percentage points) is most optimistic, followed by transportation (net +8.33 percentage points), manufacturing (net +7.5 percentage points) and construction (net +7.14 percentage points) sectors. Both wholesale (net +3.85 percentage points) and services (net +1.47 percentage points) sectors are marginally optimistic. Meanwhile, the mining and financial services (0 percentage point) sectors have anticipated net profit to remain unchanged.

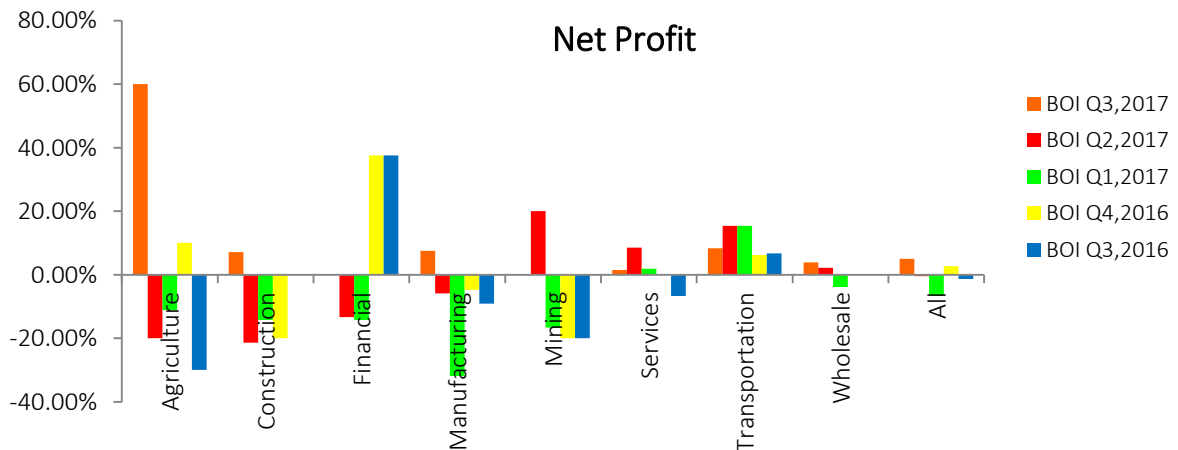


Figure 4. Net Profit Optimism Index, Q3 2016 – Q3 2017

Inventory Levels

Inventory levels have remained in the expansionary zone for the sixth consecutive quarter, however experiencing further moderation to +2.5 percentage points (compared to +3.29 percentage points in Q2 2017). Both agricultural (net +60.0 percentage points) and transportation (net +8.33 percentage points) are the only sectors which are optimistic about inventory levels. The wholesale sector (net -3.85 percentage points) is pessimistic about inventory levels. Meanwhile, the remaining sectors have anticipated inventory to remain unchanged – Financial, Manufacturing, Mining and Services.

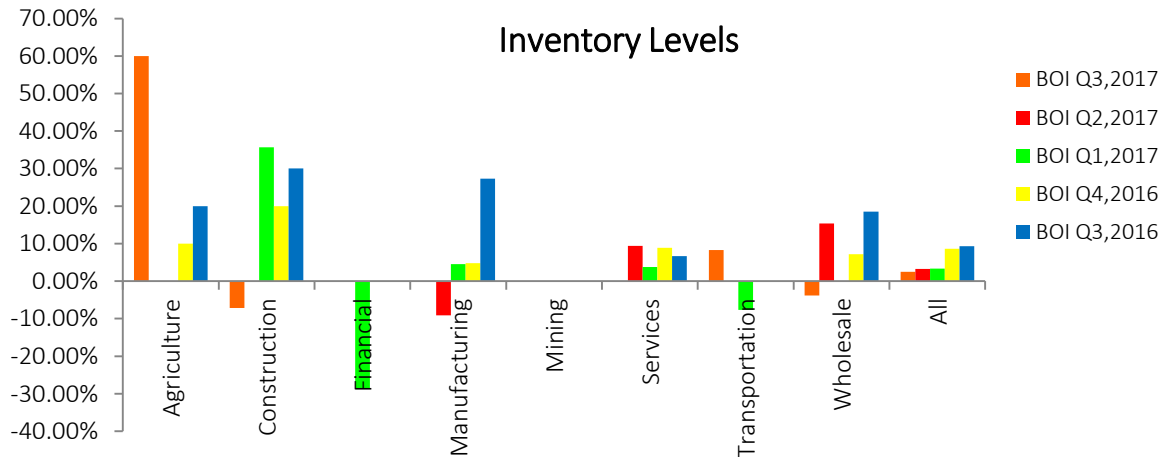


Figure 5. Inventory Levels Optimism Index, Q3 2016 – Q3 2017

Selling Price

Selling price fell into the contractionary zone at net -1.0 percentage point (compared to net +0.94 percentage points in Q2 2017). The transportation sector (net +8.33 percentage points) is the only sector which is optimistic about selling price. Majority of the sectors have anticipated selling price to remain unchanged – Construction, Financial, Manufacturing, Mining and Services. Meanwhile, both agricultural (net -20.0 percentage points) and wholesale (net -7.69 percentage points) sectors are downbeat about selling price.

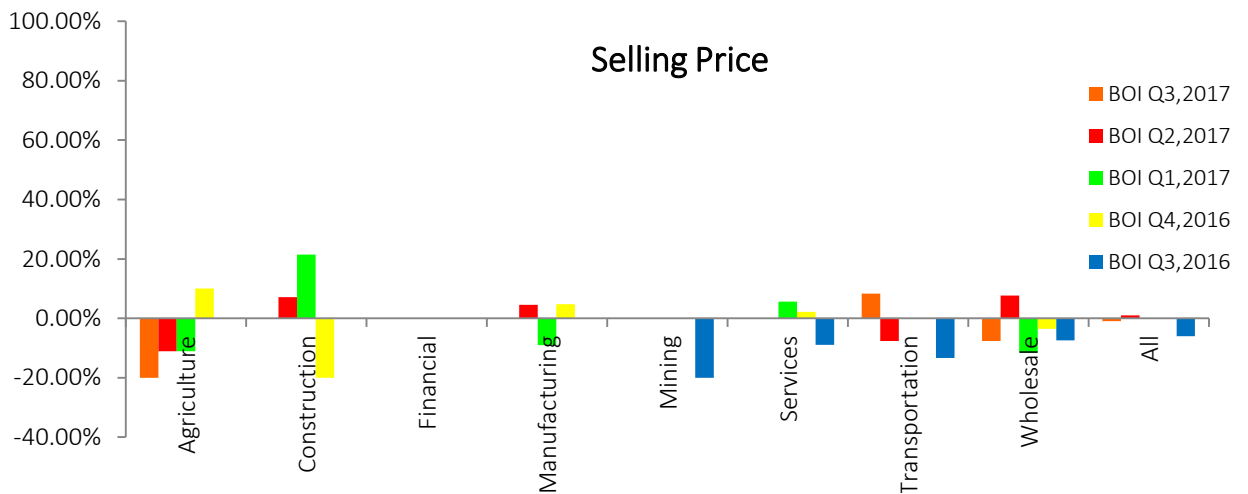


Figure 6. Selling Price Optimism Index, Q3 2016 – Q3 2017

New Orders

New orders have leaped into the expansionary zone to net +7.0 percentage points (compared to +6.10 percentage points in Q2 2017). The mining sector (net +28.57 percentage points) is most optimistic, followed by transportation (net +16.67 percentage points), wholesale (net +11.54 percentage points) and services (net +10.29 percentage points). The manufacturing sector (net +2.5 percentage points) is marginally optimistic. Meanwhile, new orders for agricultural and financial sectors are expected to remain unchanged.

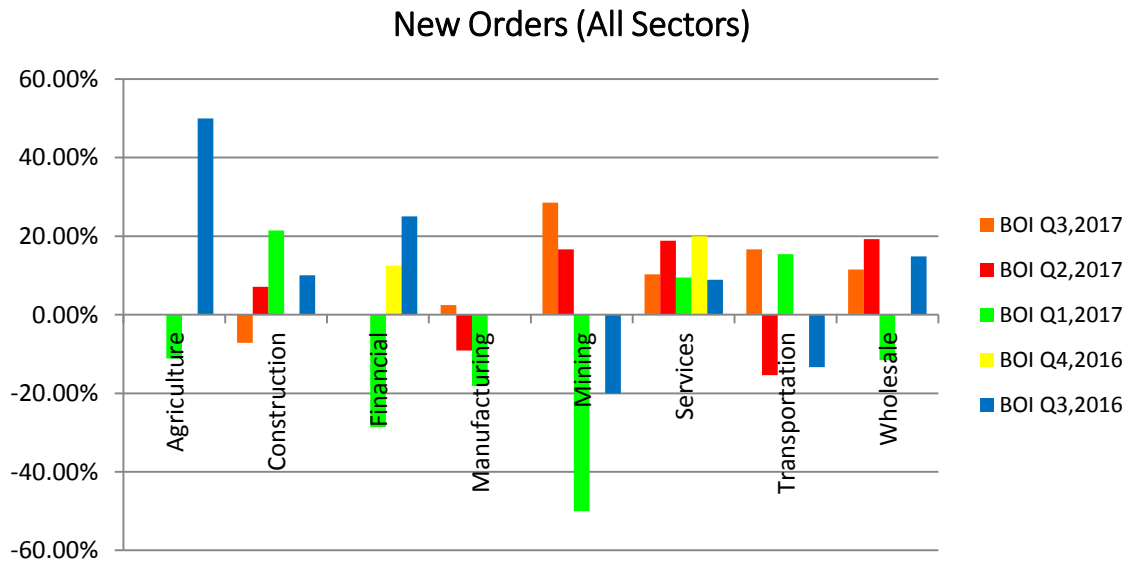


Figure 7. New Orders Optimism Index (All Sectors), Q3 2016 – Q3 2017

Employment

Employment levels are expected to moderate downwards to +4.0 percentage points (compared to net +7.51 percentage points in Q2 2017). The agricultural sector (net +80.0 percentage points) is most optimistic, followed by the transportation (net +8.33 percentage points), services (net +4.41 percentage points) and wholesale (net +3.85 percentage points) sectors. The manufacturing, financial and mining sectors (net 0 percentage point) have anticipated employment to remain unchanged.

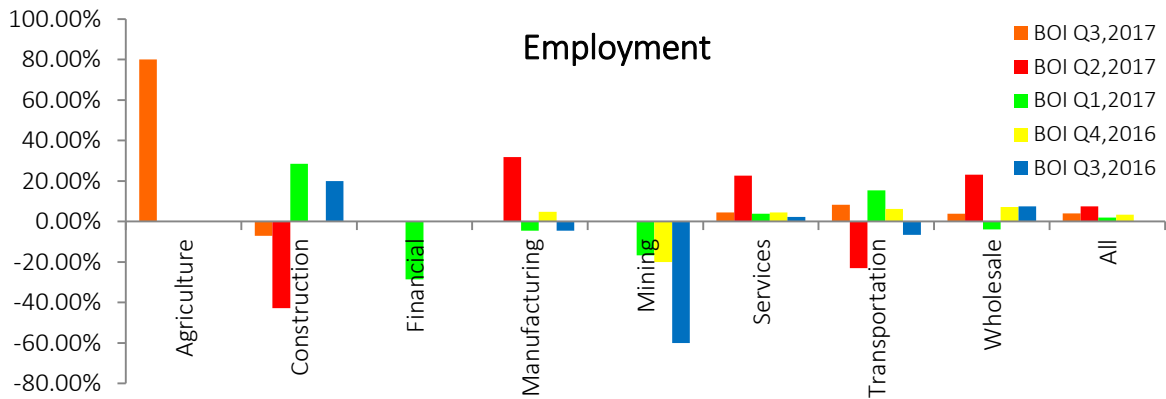


Figure 8. Employment Optimism Index, Q3 2016 – Q3 2017

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

Contact Information

Matthias Chen
Marcom & Product Development
DID: +65 6439 6670
HP: +65 9478 5568
Email: Matthias.Chen@dnb.com.sg