

Contact:  
Matthias Chen, Marketing, Strategy & Innovation  
Matthias.Chen@dnb.com.sg  
+65 6439 6670  
+65 9478 5568

**FOR IMMEDIATE RELEASE**

**Business sentiment hits near 2-year low in Q4 2019**  
*Manufacturing and Wholesale Trade embracing for a downturn*  
*- Singapore Commercial Credit Bureau*

**Singapore, 16 September 2019** – Local business confidence has moderated to a near two-year low for the final quarter of 2019. According to Singapore Commercial Credit Bureau (SCCB)'s Business Optimism Index study, BOI has dropped marginally from +6.91 percentage points in Q3 2019 to +4.82 percentage points in Q4 2019. On a year-on-year (y-o-y) basis, BOI fell from +9.19 percentage points in Q4 2018 to +4.82 percentage points in Q4 2019.

As with Q3 2019, 5 of six indicators are expansionary for Q4 2019.

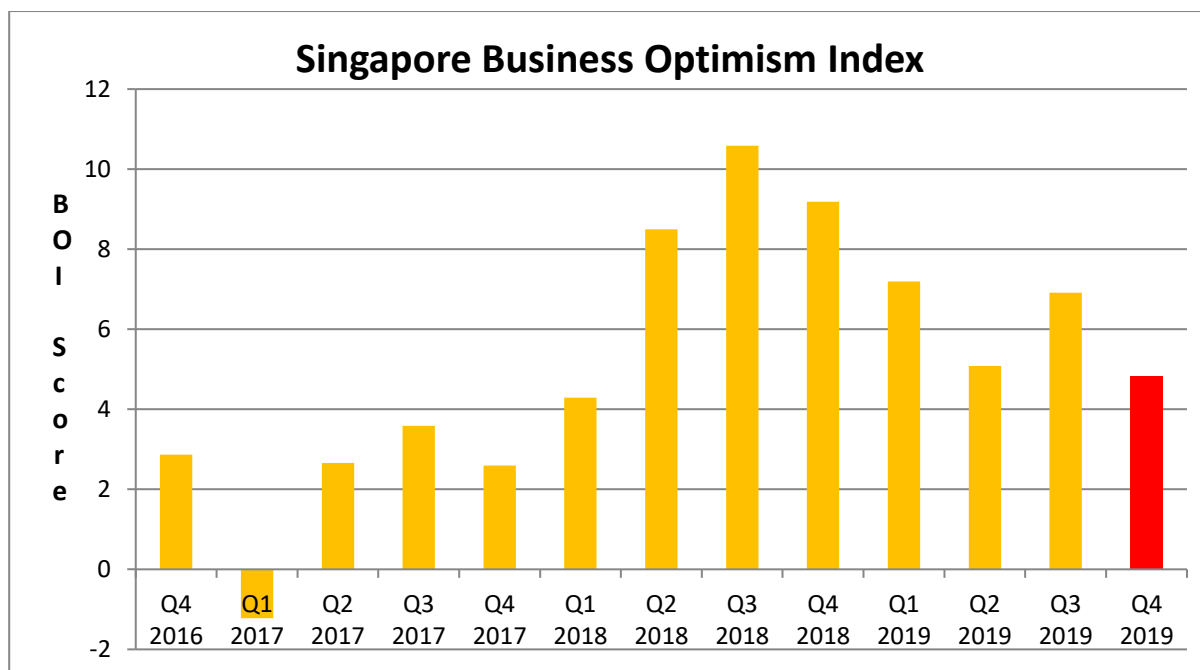


Figure 1. Overall Business Optimism Score, Q4 2016 – Q4 2019

**Point Commentary**

According to SCCB, 5 of six indicators have fallen in Q4 2019 on a q-o-q basis.

- ❖ Volume of sales has fallen from +9.76 percentage points in Q3 2019 to +4.88 percentage points in Q4 2019.
- ❖ Net profits fell from +8.13 percentage points in Q3 2019 to +4.44 percentage points in Q4 2019.
- ❖ New orders tumbled from +11.38 percentage points in Q3 2019 to +4.44 percentage points in Q4 2019.
- ❖ Employment levels moderated downwards from +16.26 percentage points in Q3 2019 to +14.44 percentage points in Q4 2019.
- ❖ Inventory levels dipped from +3.25 percentage points in Q3 2019 to +2.22 percentage points in Q4 2019.
- ❖ Selling price remained in the negative zone, up from -7.32 percentage points in Q3 2019 to -3.33 percentage points in Q4 2019.

On a y-o-y basis, only 1 of six indicators have improved for Q4 2019.

- ❖ Volume of sales decreased from +16.59 percentage points in Q4 2018 to +4.88 percentage points in Q4 2019.
- ❖ Net profit fell moderately from +8.78 percentage points in Q4 2018 to +4.44 percentage points in Q4 2019.
- ❖ Selling price remained in the contractionary zone, down from -0.98 percentage points in Q4 2018 to -3.33 percentage points in Q4 2019.
- ❖ New orders moderated from +12.68 percentage points in Q4 2018 to +4.44 percentage points in Q4 2019.
- ❖ Inventory levels decreased from +13.66 percentage points in Q4 2018 to +2.22 percentage points in Q4 2019.
- ❖ Employment levels jumped from +4.39 percentage points in Q4 2018 to +14.44 percentage points in Q4 2019.

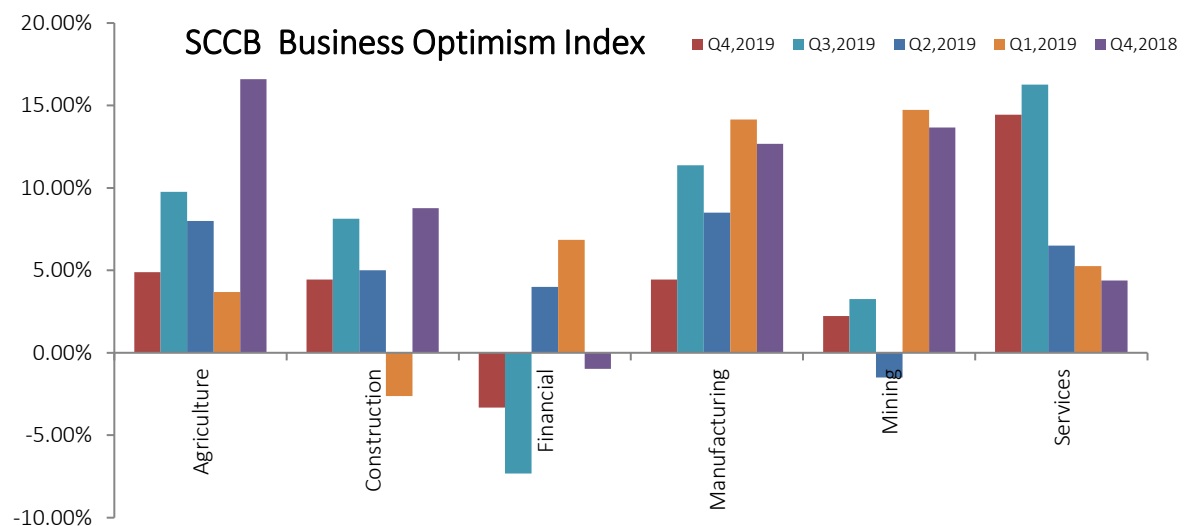


Figure 2. SCCB Optimism Index of Business Indicators, Q4 2018 – Q4 2019

**Key Highlights for Q4 2019 Sectoral Outlook**

**Financial**

The financial sector has emerged as the most optimistic sector with 5 indicators in the positive region for Q4 2019. All six indicators have risen in the final quarter.

- ❖ Both volume of sales and net profit each rose from +10.0 percentage points in Q3 2019 to +66.67 percentage points and +16.67 percentage points in Q4 2019 respectively.
- ❖ Selling price rebounded from -20.0 percentage points in Q3 2019 to 0 percentage point in Q4 2019.
- ❖ New orders increased from +30.0 percentage points in Q3 2019 to +33.33 percentage points in Q4 2019.
- ❖ Inventory levels rose from 0 percentage point in Q3 2019 to +33.33 percentage points in Q4 2019.
- ❖ Employment levels jumped from +10.0 percentage points in Q3 2019 to +50.0 percentage points in Q4 2019.

**Transportation**

The transportation sector is also relatively optimistic for Q4 2019. 5 of six indicators have moderated upwards for Q3 2019.

- ❖ Both volume of sales and net profits rebounded from -10.0 percentage points in Q3 2019 to 0 percentage point in Q4 2019.
- ❖ Selling price rose from 0 percentage point in Q3 2019 to +57.14 percentage points in Q4 2019.
- ❖ New orders increased from +10.0 percentage points in Q3 2019 to +28.57 percentage points in Q4 2019.
- ❖ Employment levels rebounded from -30.0 percentage points in Q3 2019 to +28.57 percentage points in Q4 2019.
- ❖ Inventory levels have remained unchanged at 0 percentage point in Q4 2019.

**Construction**

Sentiments within the construction sector saw sustained improvements for Q4 2019 with 3 indicators in the expansionary zone.

- ❖ Volume of sales increased from +20.0 percentage points in Q3 2019 to +50.0 percentage points in Q4 2019.
- ❖ Net profits rebounded from -20.0 percentage points in Q3 2019 to +50.0 percentage points in Q4 2019.
- ❖ Selling price moderated from +20.0 percentage points in Q3 2019 to 0 percentage point in Q4 2019.
- ❖ Both new orders and inventory levels remained in the contractionary zone.
- ❖ Inventory levels inched from -40.0 percentage points in Q3 2019 to -30.0 percentage points in Q4 2019.
- ❖ New orders increased from -40.0 percentage points in Q3 2019 to -20.0 percentage points in Q4 2019.
- ❖ Employment levels remained upbeat at +20.0 percentage points in Q4 2019.

### **Manufacturing**

The manufacturing sector is one of the least optimistic sectors due to a slowdown in the electronics, transport engineering and precision engineering sub-segments. For Q4 2019, only 1 of six indicators are in positive territory.

- ❖ Both volume of sales and net profits increased moderately from -21.05 percentage points in Q3 2019 to -15.0 percentage points in Q4 2019.
- ❖ Selling price plunged from +5.26 percentage points in Q3 2019 to -5.0 percentage points in Q4 2019.
- ❖ New orders remained in the contractionary zone, down from -5.26 percentage points in Q3 2019 to -10.0 percentage points in Q4 2019.
- ❖ Inventory levels and employment each rebounded from -5.26 percentage points in Q3 2019 to 0 percentage point and +5.0 percentage points respectively in Q4 2019.

### **Wholesale Trade**

The outlook for the wholesale trade sector has also remained downbeat due to a fall in non-oil domestic exports. For Q4 2019, none of the six indicators are in positive territory.

- ❖ Volume of sales has fallen from -14.29 percentage points in Q3 2019 to -18.18 percentage points in Q4 2019.
- ❖ Net profits have increased from -21.43 percentage points in Q3 2019 to -18.18 percentage points in Q4 2019.
- ❖ Selling price plunged from 0 percentage point in Q3 2019 to -18.18 percentage points in Q4 2019.
- ❖ New orders moderated from +14.29 percentage points in Q3 2019 to 0 percentage point in Q4 2019.
- ❖ Inventory levels plunged from 0 percentage point in Q3 2019 to -9.09 percentage points in Q4 2019.
- ❖ Employment levels fell from +7.14 percentage points in Q3 2019 to -9.09 percentage points in Q4 2019.

The Ministry of Trade and Industry (MTI) has downgraded its GDP growth forecast for 2019 to 0 per cent to 1.0 per cent.

“Most sectors are experiencing a downturn for the final quarter of 2019, most noticeably the manufacturing and wholesale trade sectors. This is largely due to trade tensions affecting international supply chains, shrinking imports from China and a generally muted global outlook. This has led to negative spillover effects on the vulnerable trade-related sectors.” commented Ms. Audrey Chia, SCCB’s Chief Executive Officer.

“Despite the moderated outlook, we are still seeing signs of green shoots in certain sectors such as the construction, transportation and services sectors. Growth in these sectors are expected to be sustained into the remaining months of the year.” added Ms. Chia.

**Overview of Business Indicators**

**Volume of Sales**

Volume of sales increased to +4.88 percentage points (compared to +9.76 percentage points in Q3 2019). The agriculture and financial sectors (net +66.67 percentage points) are most upbeat, followed by construction (net +50.0 percentage points). Majority of the sectors have anticipated volume of sales to remain unchanged – mining, services and transportation (net 0 percentage point). The remaining sectors – manufacturing (net -15.0 percentage points) and wholesale (net -18.18 percentage points) are downbeat about volume of sales.

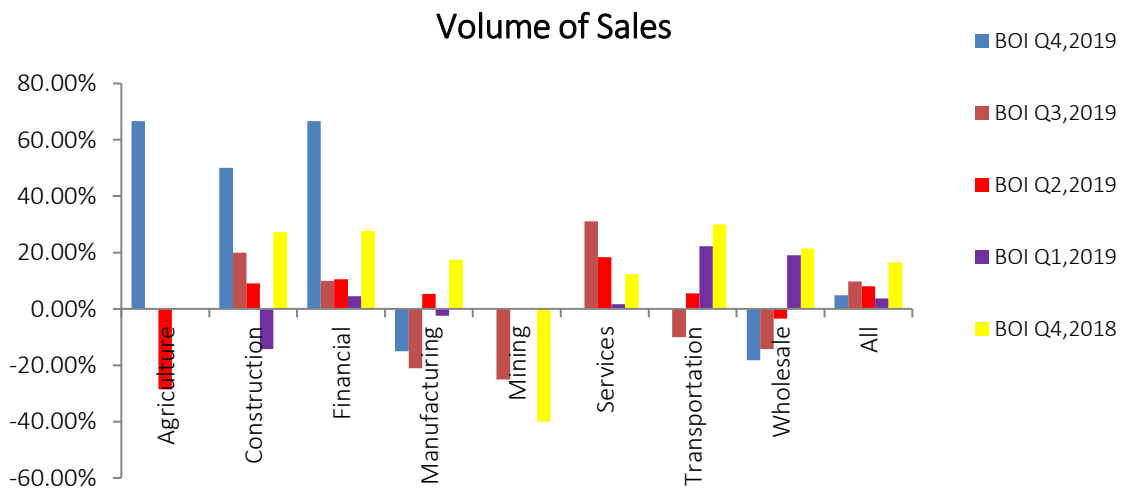


Figure 3. Volume of Sales Optimism Index, Q4 2018 – Q4 2019

**Net Profit**

Net profit has remained in the positive territory at +4.44 percentage points (compared to +8.13 percentage points in Q3 2019). The agriculture sector (net +66.67 percentage points) is most upbeat, followed by construction (net +50.0 percentage points), financial (net +16.67 percentage points) and services (net +3.23 percentage points). Both mining and transportation have anticipated an unchanged outlook (net 0 percentage point). The remaining sectors are downbeat about net profit – manufacturing (net -15.0 percentage points) and wholesale (net -18.18 percentage points).

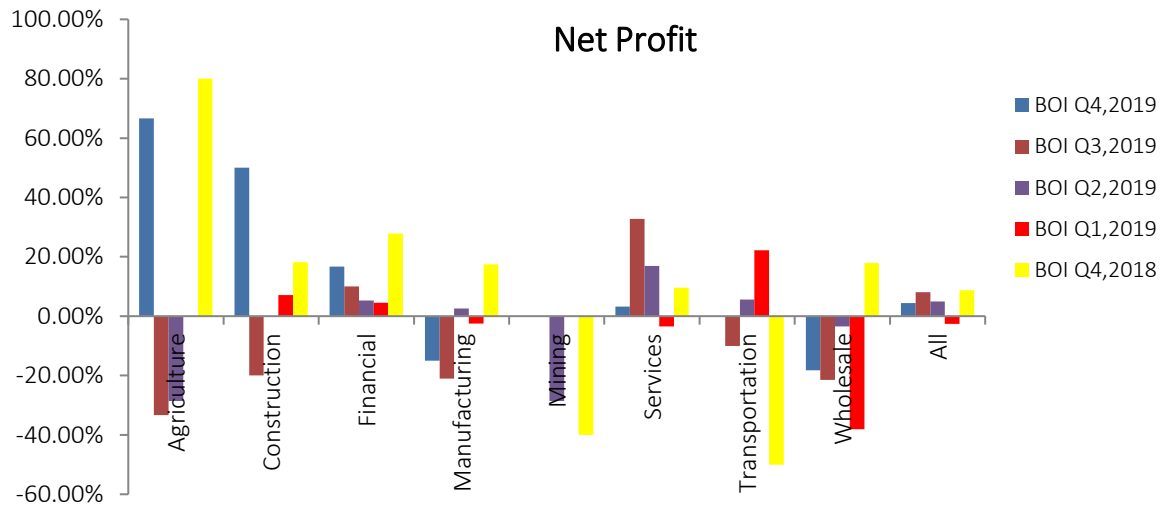


Figure 4. Net Profit Optimism Index, Q4 2018 – Q4 2019

**Inventory Levels**

Inventory levels have moderated downwards to +2.22 percentage points (compared to +3.25 percentage points in Q3 2019). The mining sector (net +100 percentage points) is most upbeat, followed by agriculture and financial (net +33.33 percentage points) and services (net +3.22 percentage points). Both manufacturing and transportation (net 0 percentage point) are expecting the outlook to remain unchanged. The remain sectors – construction (net -30.0 percentage points) and wholesale (net -9.09 percentage points) are pessimistic about inventory levels.

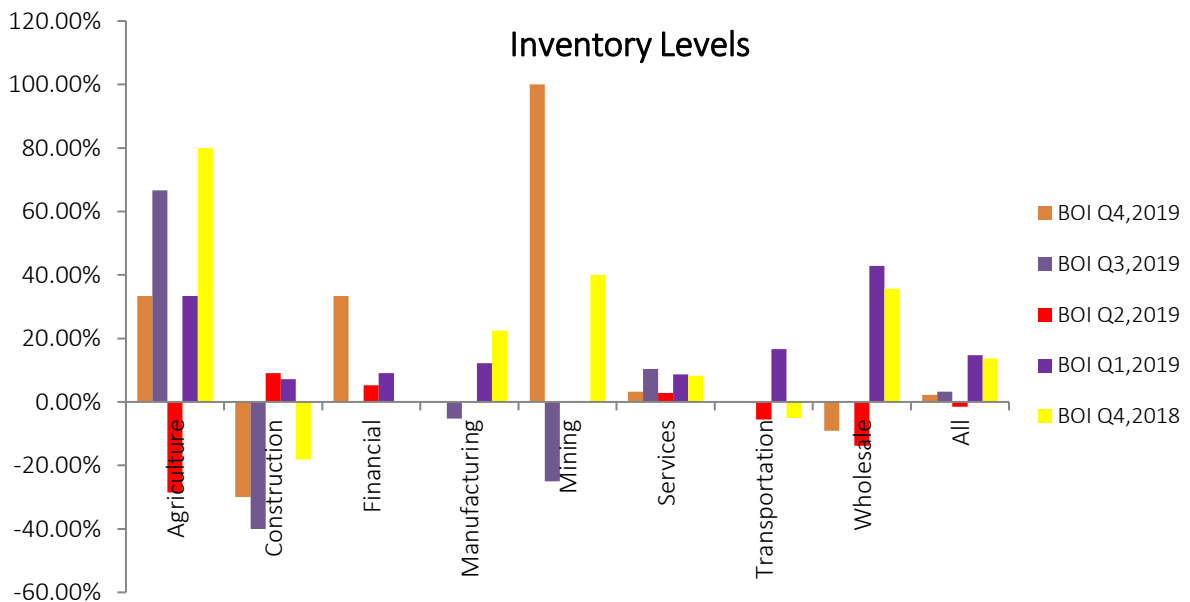


Figure 5. Inventory Levels Optimism Index, Q4 2018 – Q4 2019

**Selling Price**

Selling price rose to -3.33 percentage points (compared to -7.32 percentage points in Q3 2019). The transportation sector (net +57.14 percentage points) is the only optimistic sector. The wholesale (net -18.18 percentage points), services (net -12.90 percentage points) and manufacturing (net -5.0 percentage points) are downbeat about selling price. The remaining sectors have anticipated selling prices to remain unchanged – agriculture, construction, financial and mining (net 0 percentage point).

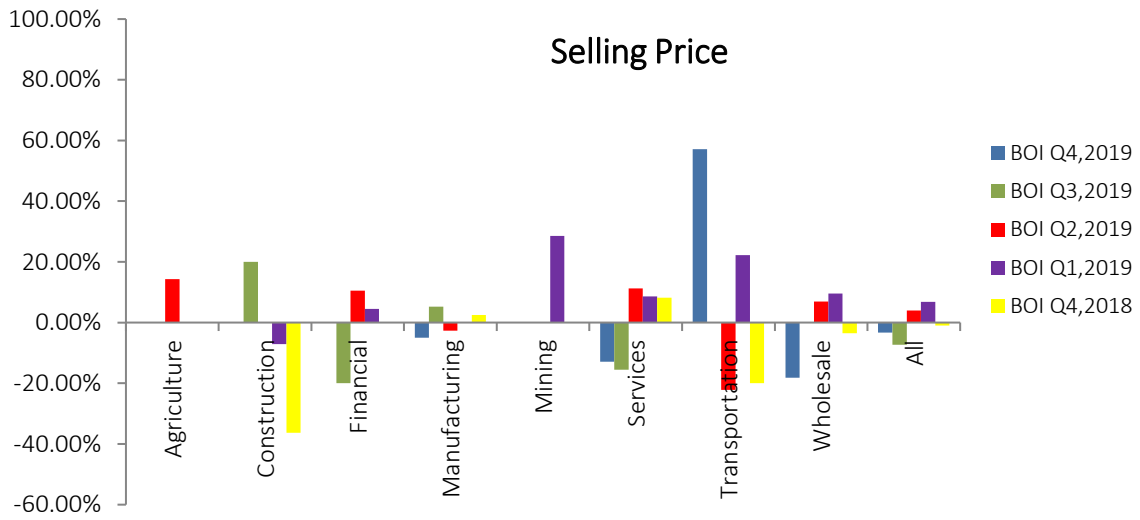


Figure 6. Selling Price Optimism Index, Q4 2018 – Q4 2019

**New Orders**

New orders fell to +4.44 percentage points (compared to +11.38 percentage points in Q3 2019). The mining sector (net +100 percentage points) is most upbeat, followed by agriculture and financial (net +33.33 percentage points), transportation (net +28.57 percentage points) and services (net +3.22 percentage points). The wholesale sector (net 0 percentage point) has anticipated new orders to remain unchanged. Both construction (net -20.0 percentage points) and manufacturing (net -10.0 percentage points) are downbeat about new orders.

## New Orders (All Sectors)

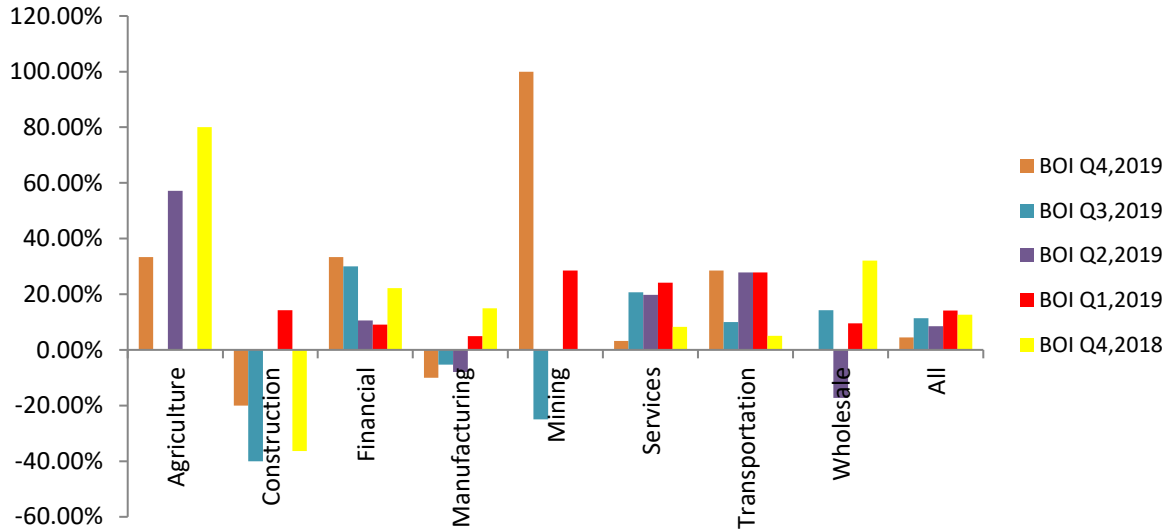


Figure 7. New Orders Optimism Index, Q4 2018 – Q4 2019

### Employment

Employment levels have moderated downwards to +14.44 percentage points (compared to +16.26 percentage points in Q3 2019). The mining sector (net +100.0 percentage points) is most upbeat about employment, followed by financial (net +50.0 percentage points), transportation (net +28.57 percentage points), construction (net +20.0 percentage points), services (net +12.90 percentage points) and manufacturing (net +5.0 percentage points). The outlook for the agriculture sector (net 0 percentage point) is expected to remain unchanged. The wholesale sector (net -9.09 percentage points) is downbeat about employment.

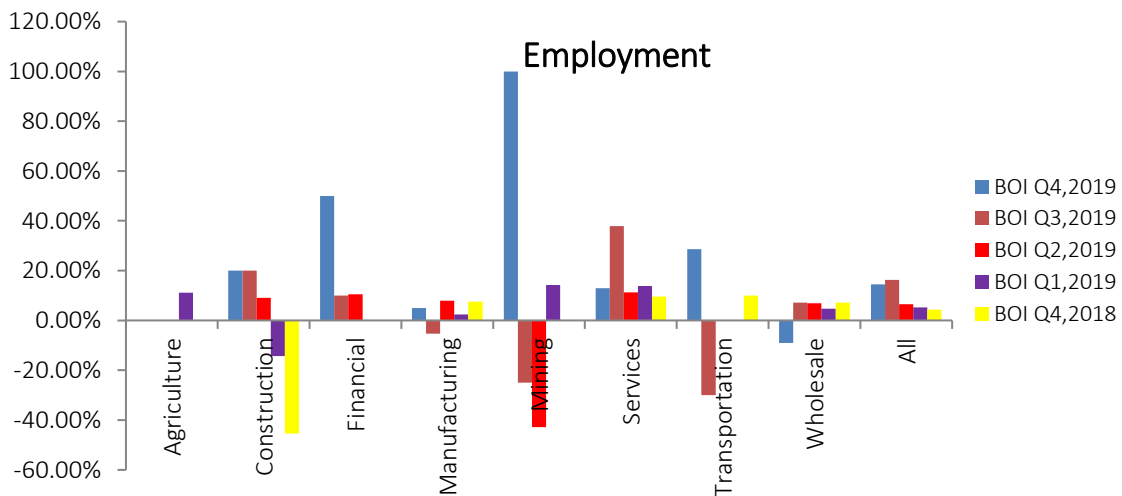


Figure 8. Employment Optimism Index, Q4 2018 – Q4 2019



**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)

**Contact Information**

**Matthias Chen**

**Marketing, Strategy & Innovation**

**DID: +65 6439 6670**

**HP: +65 9478 5568**

**Email: [Matthias.Chen@dnb.com.sg](mailto:Matthias.Chen@dnb.com.sg)**