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**FOR IMMEDIATE RELEASE**

## **Business sentiment remains cautiously optimistic in Q3 2021**

*Outlook for Services sector deteriorated slightly, Construction and  
Transportation sectors remained downbeat  
- Singapore Commercial Credit Bureau*

**Singapore, 14 June 2021** – Business sentiments among local firms have remained expansionary for the second consecutive quarter in Q3 2021, improving marginally from Q2 2021. According to Singapore Commercial Credit Bureau (SCCB) - a subsidiary under Credit Bureau Asia (CBA) Limited, a credit and risk information solutions provider in Southeast Asia, Business Optimism Index (BOI) inched up marginally from +3.94 percentage points in Q2 2021 to +4.07 percentage points in Q3 2021. On a year-on-year (y-o-y) basis, BOI rebounded from -5.16 percentage points in Q3 2020 to +4.07 percentage points in Q3 2021.

For Q3 2021, 5 of six indicators are expansionary as compared to 4 indicators in Q2 2021.

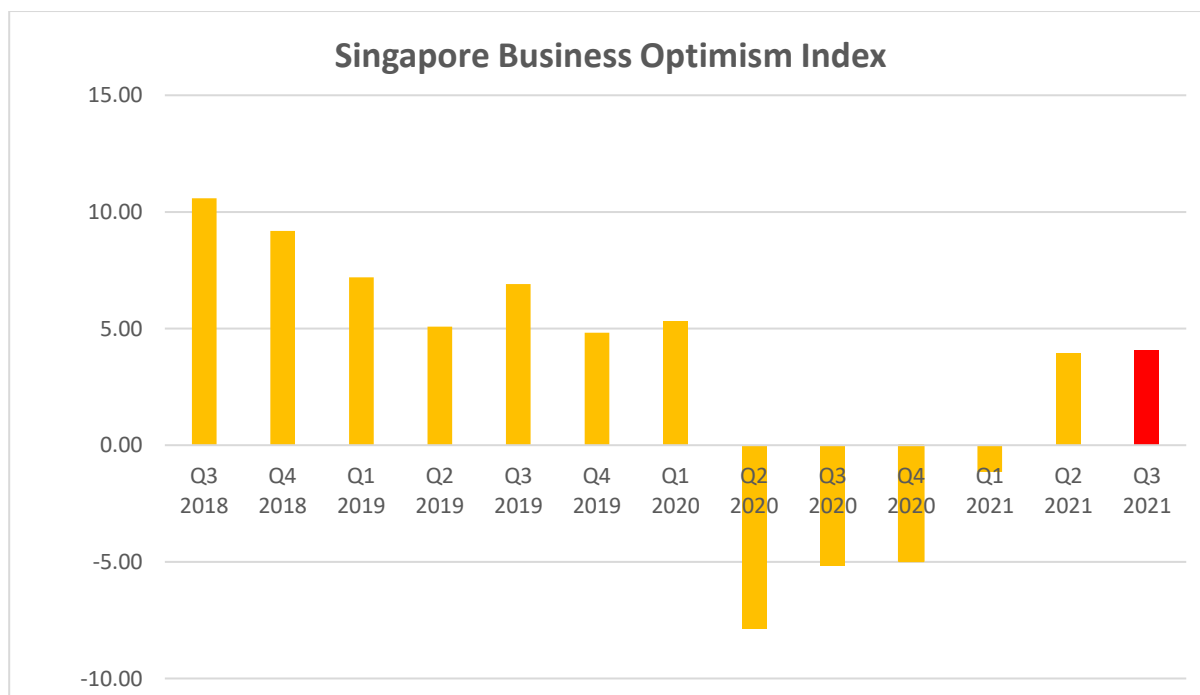


Figure 1. Overall Business Optimism Score, Q3 2018 – Q3 2021

**Point Commentary**

According to SCCB, 3 of six indicators have experienced improvements on a q-o-q basis as compared to all six indicators in Q2 2021.

- ❖ Both volume of sales and net profit moderated from +9.92 percentage points in Q2 2021 to +7.63 percentage points in Q3 2021.
- ❖ Selling price rose from +1.53 percentage points in Q2 2021 to +2.29 percentage points in Q3 2021.
- ❖ New orders remained unchanged at +9.92 percentage points in Q3 2021.
- ❖ Inventory levels inched upwards from - 7.64 percentage points in Q2 2021 to -6.11 percentage points in Q3 2021.
- ❖ Employment levels increased from 0 percentage point in Q2 2021 to +3.05 percentage points in Q3 2021.

On a y-o-y basis, 5 of six indicators have improved in Q3 2021.

- ❖ Volume of sales jumped from -3.33 percentage points in Q3 2020 to +7.63 percentage points in Q3 2021.
- ❖ Net profits rebounded from -8.89 percentage points in Q3 2020 to +7.63 percentage points in Q3 2021.
- ❖ Selling price increased from -10.0 percentage points in Q3 2020 to +2.29 percentage points in Q3 2021.
- ❖ New orders increased from -4.44 percentage points in Q3 2020 to +9.92 percentage points in Q3 2021.
- ❖ Inventory levels fell from -3.26 percentage points in Q3 2020 to -6.11 percentage points in Q3 2021.
- ❖ Employment levels rose from -3.29 percentage points in Q3 2020 to +3.05 percentage points in Q3 2021.

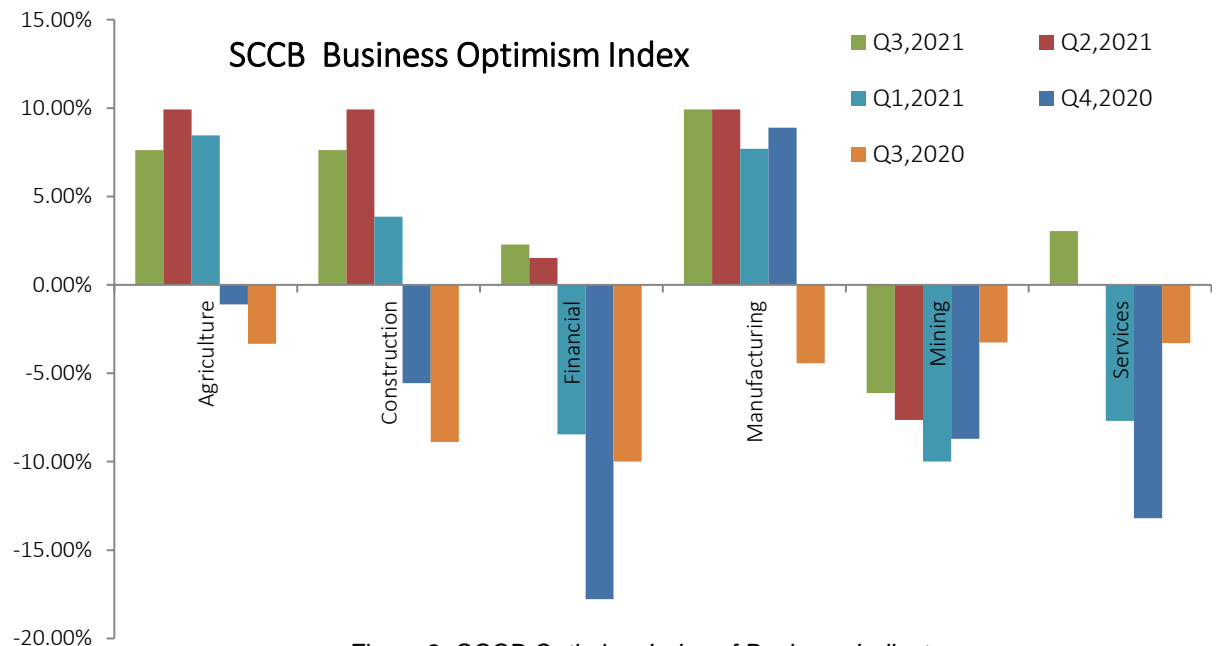


Figure 2. SCCB Optimism Index of Business Indicators, Q3 2020 – Q3 2021

### **Key Highlights for Q3 2021 Sectoral Outlook**

The outlook for the financial, manufacturing and wholesale sectors remained upbeat while sentiments within the services sectors are mixed. The construction and transportation sectors expect the outlook to remain muted.

#### **Financial**

As with the previous quarter, the outlook for the financial sector is most optimistic with all 6 indicators in positive territory.

- ❖ Both volume of sales and net profit remained expansionary at +36.36 percentage points in Q3 2021.
- ❖ Selling price climbed remained expansionary at +27.27 percentage points in Q3 2021.
- ❖ New orders climbed from +27.27 percentage points in Q2 2021 to +36.36 percentage points in Q3 2021.
- ❖ Inventory levels remained at +9.09 percentage points in Q3 2021.
- ❖ Employment levels rose from +36.36 percentage points in Q2 2021 to +45.45 percentage points in Q3 2021.

#### **Manufacturing**

The outlook for the manufacturing sector has also remained optimistic with all 6 indicators in the positive territory.

- ❖ Both volume of sales and net profit rose from +7.14 percentage points in Q2 2021 to +10.71 percentage points in Q3 2021.
- ❖ Selling price jumped from 0 percentage points in Q2 2021 to +3.57 percentage points in Q3 2021.
- ❖ New orders climbed from +21.43 percentage points in Q2 2021 to +25.0 percentage points in Q3 2021.
- ❖ Inventory levels rose from +3.57 percentage points in Q2 2021 to +7.14 percentage points in Q3 2021.
- ❖ Employment levels increased from +17.86 percentage points in Q2 2021 to +25.0 percentage points in Q3 2021.

#### **Wholesale**

Sentiments within the wholesale sector remains upbeat with 4 of six indicators in positive territory.

- ❖ Both volume of sales and net profit moderated from +23.53 percentage points in Q2 2021 to +17.65 percentage points in Q3 2021.
- ❖ Selling remained at +5.88 percentage points in Q3 2021.
- ❖ New orders climbed from +5.88 percentage points in Q2 2021 to +11.76 percentage points in Q3 2021.
- ❖ Inventory levels moderated from -29.41 percentage points in Q2 2021 to -23.53 percentage points in Q3 2021.
- ❖ Employment levels rose from -11.77 percentage points in Q2 2021 to -5.88 percentage points in Q3 2021.

#### **Services**

The outlook for the services sector has deteriorated slightly with 2 of six indicators in positive territory, as compared to 3 indicators in Q2 2021.

- ❖ Both volume of sales and net profit moderated from +18.18 percentage points in Q2 2021 to +11.36 percentage points in Q3 2021.
- ❖ Selling price fell into the contractionary zone from 0 percentage point in Q2 2021 to -2.27 percentage points in Q3 2021.
- ❖ New orders moderated from +6.82 percentage points in Q2 2021 to 0 percentage point in Q3 2021.
- ❖ Inventory levels fell from -9.09 percentage points in Q2 2021 to -11.36 percentage points in Q3 2021.

- ❖ Employment levels rose from -9.09 percentage points in Q2 2021 to -6.82 percentage points in Q3 2021.

### **Construction**

Sentiments within the construction sector remained downbeat with 4 indicators in the contractionary zone.

- ❖ Both volume of sales and net profit deteriorated from -8.33 percentage points in Q2 2021 to -16.67 percentage points in Q3 2021.
- ❖ Selling price remained unchanged at +16.67 percentage points in Q3 2021.
- ❖ New orders rose from 0 percentage point in Q2 2021 to +8.33 percentage points in Q3 2021.
- ❖ Inventory levels increased from -33.33 percentage points in Q2 2021 to -16.67 percentage points in Q3 2021.
- ❖ Employment levels fell from -16.67 percentage points in Q2 2021 to -25.0 percentage points in Q3 2021.

### **Transportation**

Sentiments within the transportation sector remained weak with 5 of six indicators in the negative territory.

- ❖ Volume of sales, net profit and selling price remained at -18.18 percentage points in Q3 2021.
- ❖ New orders fell from 0 percentage point in Q2 2021 to -9.09 percentage points in Q3 2021.
- ❖ Inventory levels moderated from +9.09 percentage points in Q2 2021 to 0 percentage point in Q3 2021.
- ❖ Employment levels remained contractionary at -9.09 percentage points in Q3 2021.

The Ministry of Trade and Industry (MTI) has maintained the GDP growth forecast for 2021 to be between +4.0 per cent to +6.0 per cent.

“We expect sentiments among local businesses to remain cautiously optimistic in Q3 following a rebound in the previous quarter. The recent spate of tightening measures and border controls aimed at containing the resurgence in COVID-19 cases domestically have resulted in the further dampening of the outlook for certain sectors such as construction and transportation. Certain segments within the consumer-facing services sector have also experienced a moderation in outlook.” said Ms. Audrey Chia, SCCB’s Chief Executive Officer.

“Given the lingering uncertainties in the pandemic both locally and globally, we foresee the outlook to remain mixed and uneven across different sectors. Moving into Q3, firms will have to brace themselves for more downside risks ahead.” added Ms. Chia.

**Overview of Business Indicators**

**Volume of Sales**

Volume of sales moderated to +7.63 percentage points (compared to +9.92 percentage points in Q2 2021). The financial sector (net +36.36 percentage points) is most upbeat, followed by wholesale (net +17.65 percentage points), services (net +11.36 percentage points) and manufacturing (net +10.71 percentage points). The agriculture sector (net 0 percentage point) expected volume of sales to remain unchanged. The remaining sectors are downbeat – construction (net -16.67 percentage points), transportation (net -18.18 percentage points) and mining (net -25.0 percentage points).

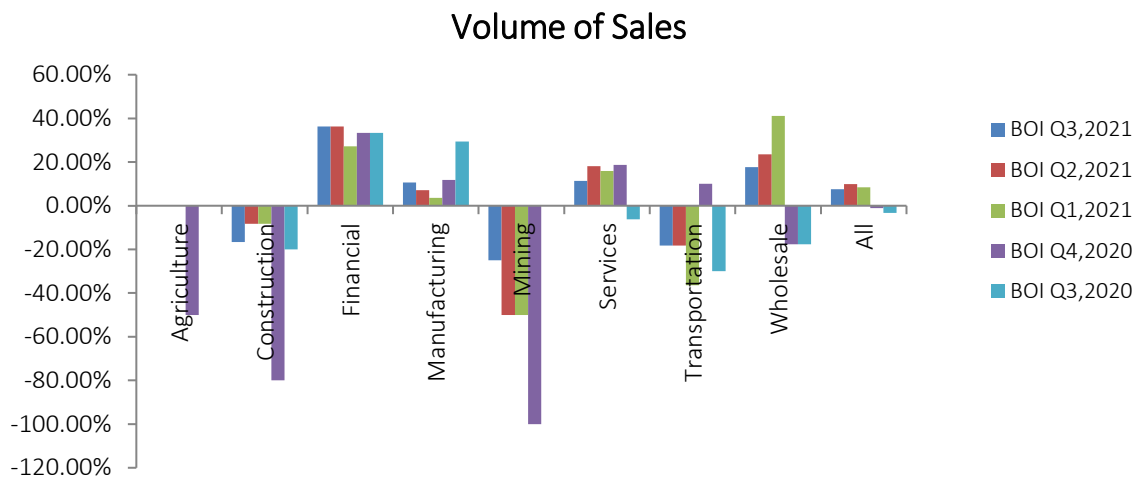


Figure 3. Volume of Sales Optimism Index, Q3 2020 – Q3 2021

**Net Profit**

Net profit moderated to +7.63 percentage points (compared to +9.92 percentage points in Q2 2021). Both financial (net +36.36 percentage points) and wholesale (net +17.65 percentage points) are most optimistic, followed by services (net +11.36 percentage points) and manufacturing (net +10.71 percentage points). The agriculture sector (net 0 percentage point) expected volume of sales to remain unchanged. The remaining sectors are downbeat – construction (net -16.67 percentage points), transportation (net -18.18 percentage points) and mining (net -25.0 percentage points).

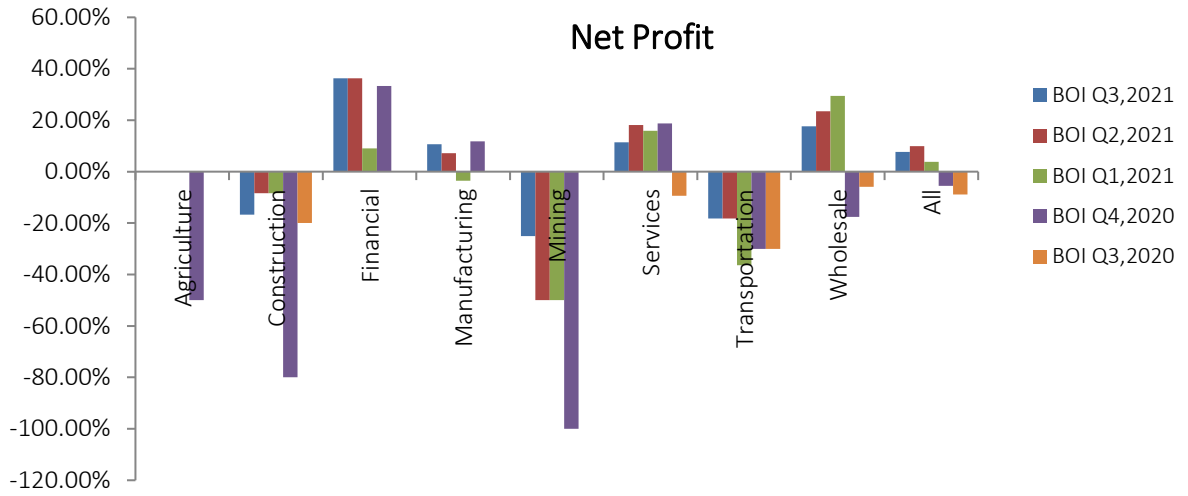


Figure 4. Net Profit Optimism Index, Q3 2020 – Q3 2021

**Selling Price**

Selling price increased to +2.29 percentage points (compared to +1.53 percentage points in Q2 2021). The financial (net +27.27 percentage points) is the most optimistic sector, followed by construction (net +16.67 percentage points) and wholesale (net +5.88 percentage points). Both agriculture (net -25.0 percentage points), transportation (net -18.18 percentage points) and services (net -2.27 percentage points) are downbeat while the mining sector has anticipated selling price to remain unchanged (net 0 percentage point).

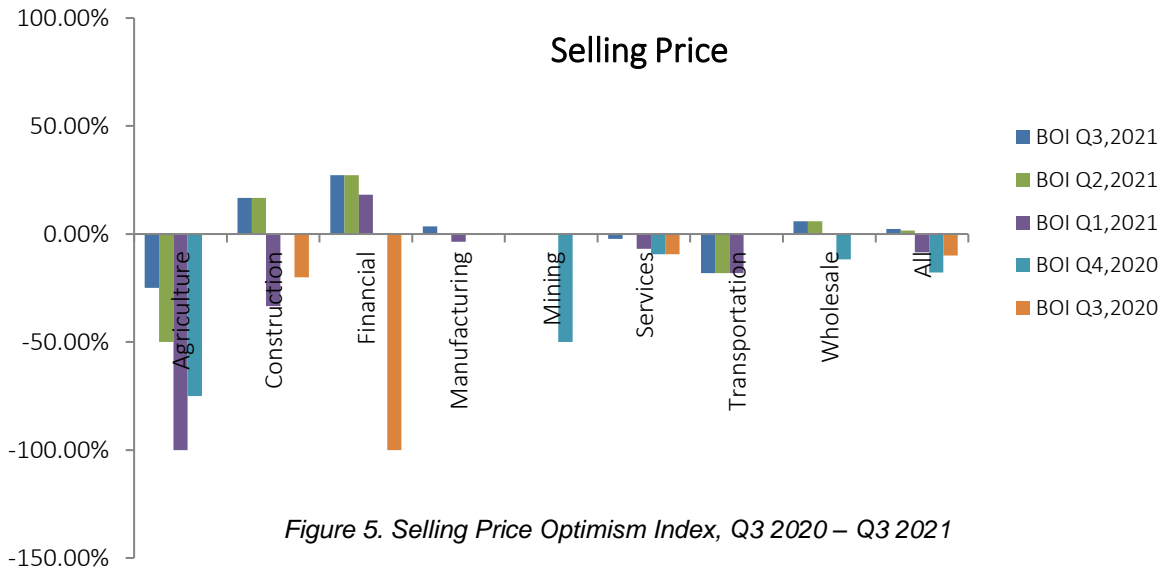


Figure 5. Selling Price Optimism Index, Q3 2020 – Q3 2021

**New Orders**

New orders inched remained at +9.92 percentage points (compared to +9.92 percentage points in Q2 2021). The financial (net +36.36 percentage points), manufacturing (net +25.0 percentage points), wholesale (net +11.76 percentage points) and construction (net +8.33 percentage points) are upbeat. The transportation sector (net -9.09 percentage points) is downbeat. The remaining sectors have anticipated new orders to remain unchanged – agriculture, mining and services (net 0 percentage point).

**New Orders (All Sectors)**

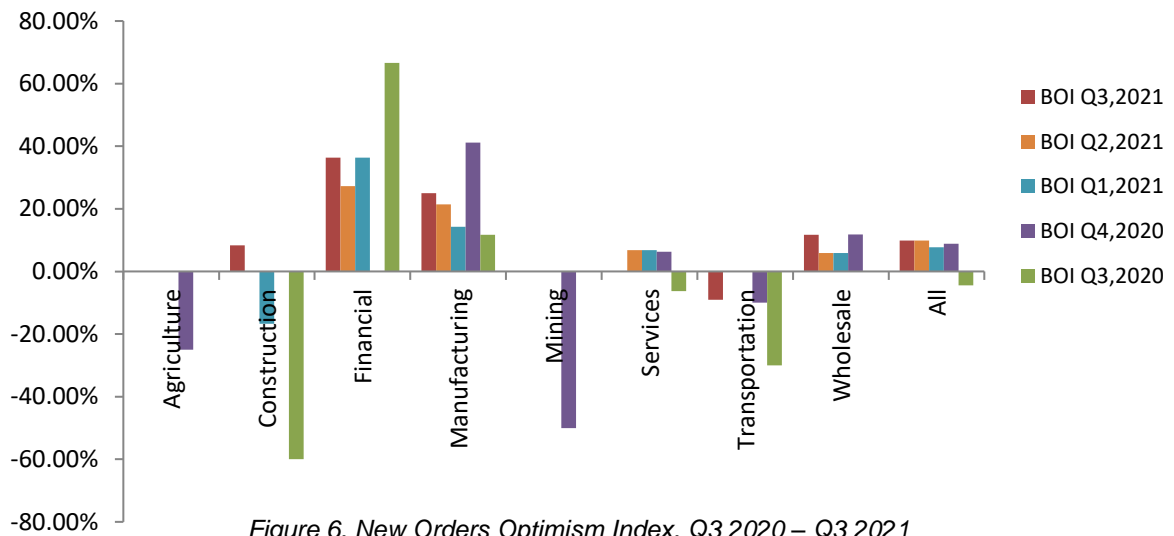


Figure 6. New Orders Optimism Index, Q3 2020 – Q3 2021

**Inventory Levels**

Inventory levels increased to -6.11 percentage points (compared to -7.64 percentage points in Q2 2021). Both financial (net +9.09 percentage points) and manufacturing (net +7.14 percentage points) sectors are upbeat. The construction (net -16.67 percentage points), wholesale (net -23.53 percentage points) and services (net -11.36 percentage points) are downbeat. Both agriculture and mining (net 0 percentage point) have expected inventory levels to remain unchanged.

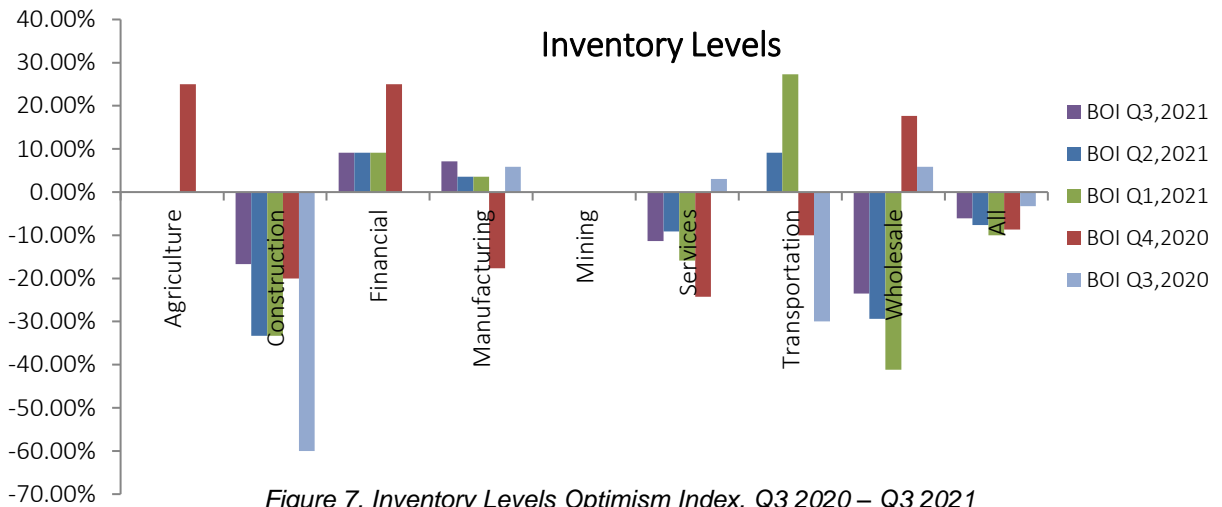


Figure 7. Inventory Levels Optimism Index, Q3 2020 – Q3 2021

**Employment**

Employment levels increased to +3.05 percentage points (compared to 0 percentage point in Q2 2021). The financial (net +45.45 percentage points) and manufacturing (net +25.0 percentage points) sectors are most upbeat. The agriculture and mining sectors (net 0 percentage point) expected employment to remain unchanged. The remaining sectors are downbeat – construction (net -25.0 percentage points), transportation (net -9.09 percentage points), services (net -6.82 percentage points) and wholesale (net -5.88 percentage points).

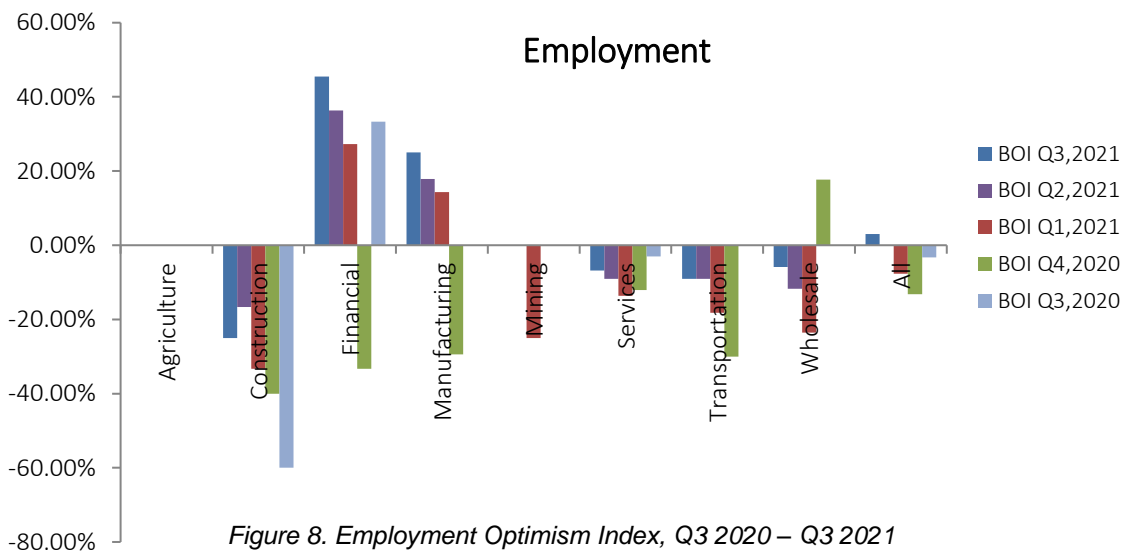


Figure 8. Employment Optimism Index, Q3 2020 – Q3 2021



**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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