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FOR IMMEDIATE RELEASE

Slight uptick in local business sentiment for the second consecutive quarter in Q1 2021
Financial, Services and Manufacturing are the most upbeat sectors
- Singapore Commercial Credit Bureau

Singapore, 16 December 2020 – Business confidence among local firms experienced a slight uptick in Q1 2021 albeit remaining in the contractionary zone. According to Singapore Commercial Credit Bureau (SCCB)'s Business Optimism Index study, BOI inched up for the second consecutive quarter from -4.97 percentage points in Q4 2020 to -1.03 percentage points in Q1 2021. On a year-on-year (y-o-y) basis, BOI fell from +5.31 percentage points in Q1 2020 to -1.03 percentage points in Q1 2021.

For Q1 2021, 3 of six indicators are expansionary as compared to only 1 indicator in Q4 2020.

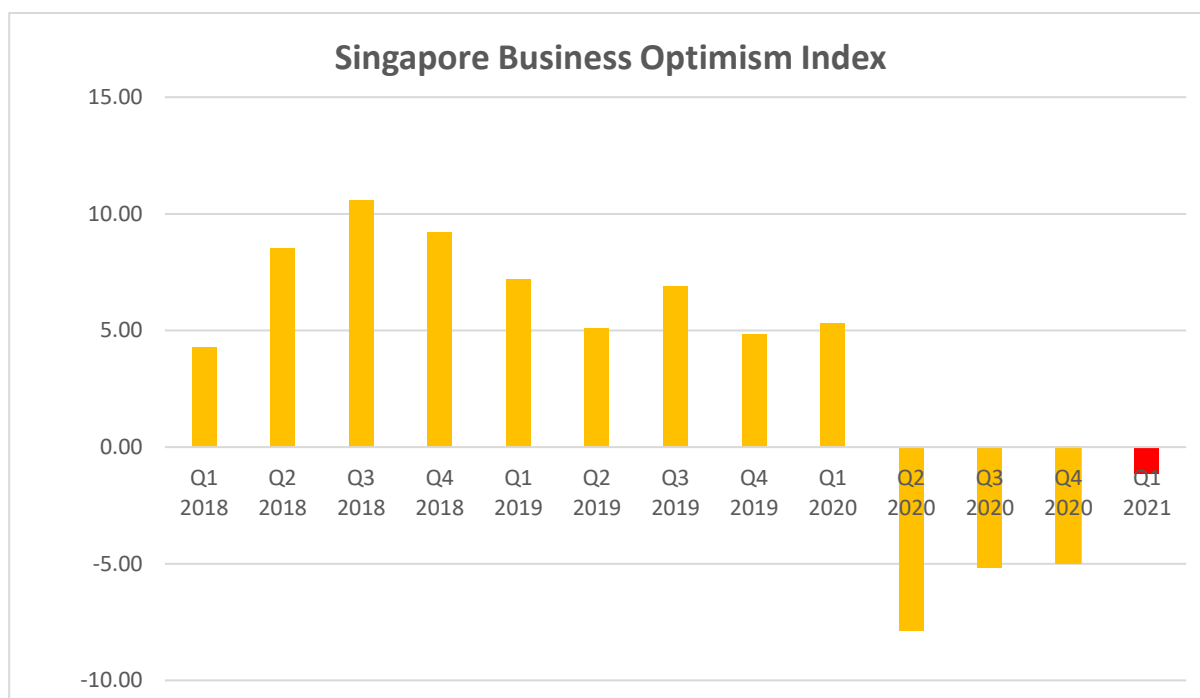


Figure 1. Overall Business Optimism Score, Q1 2018 – Q1 2021

Point Commentary

According to SCCB, 4 out of six indicators have experienced improvements on a q-o-q basis as compared to 2 indicators in Q4 2020.

- ❖ Volume of sales rebounded from -1.11 percentage points in Q4 2020 to +8.46 percentage points in Q1 2021.
- ❖ Net profits rose from -5.56 percentage points in Q4 2020 to +3.85 percentage points in Q1 2021.
- ❖ Selling price jumped from -17.78 percentage points in Q4 2020 to -8.46 percentage points in Q1 2021.
- ❖ New orders dipped slightly from +8.89 percentage points in Q4 2020 to +7.69 percentage points in Q1 2021.
- ❖ Inventory levels fell from -8.70 percentage points in Q4 2020 to -10.0 percentage points in Q1 2021.
- ❖ Employment levels rose from -13.19 percentage points in Q4 2020 to -7.69 percentage points in Q1 2021.

On a y-o-y basis, 2 of six indicators have improved in Q1 2021.

- ❖ Volume of sales inched slightly from +6.97 percentage points in Q1 2021 to +8.46 percentage points in Q1 2021.
- ❖ Net profits fell visibly from +9.45 percentage points in Q1 2020 to +3.85 percentage points in Q1 2021.
- ❖ Selling price dropped from +8.96 percentage points in Q1 2020 to -8.46 percentage points in Q1 2021.
- ❖ New orders increased from +3.98 percentage points in Q1 2020 to +7.69 percentage points in Q1 2021.
- ❖ Inventory levels plunged from -0.50 percentage points in Q1 2020 to -10.0 percentage points in Q1 2021.
- ❖ Employment levels decreased from +2.99 percentage points in Q1 2020 to -7.69 percentage points in Q1 2021.

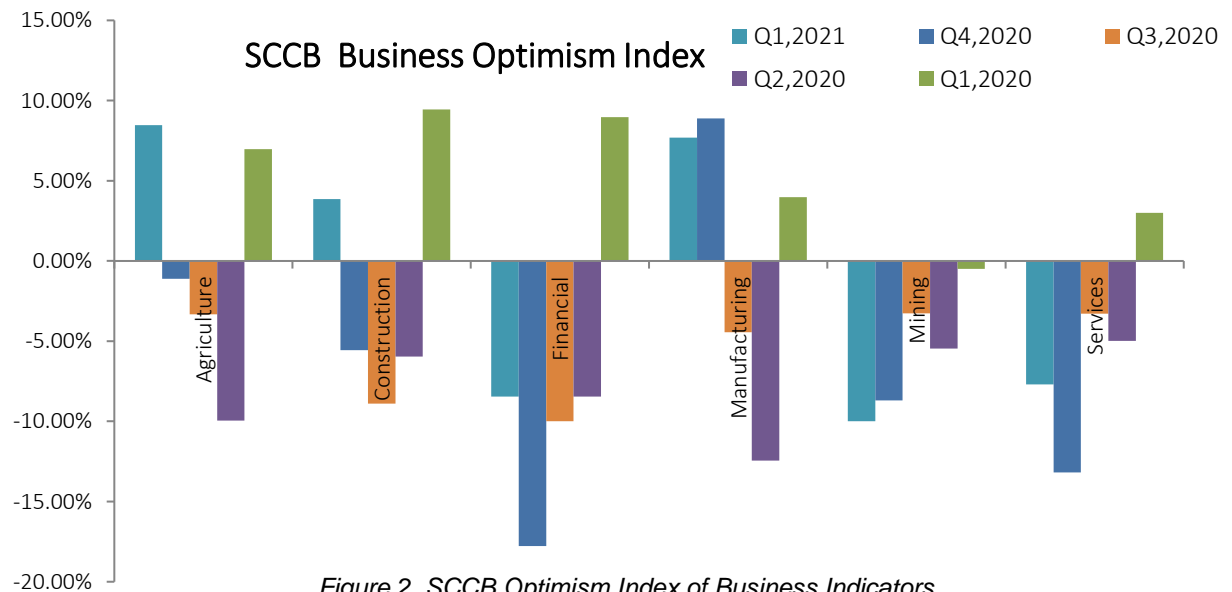


Figure 2. SCCB Optimism Index of Business Indicators, Q1 2020 – Q1 2021

Key Highlights for Q1 2021 Sectoral Outlook

The outlook for the financial, manufacturing and services sectors have seen visible improvements while sentiments within the construction and transportation sectors remained downbeat.

Financial

Sentiments within the financial sector is relatively upbeat with all 6 indicators in positive territory.

- ❖ Volume of sales moderated slightly from +33.33 percentage points in Q4 2020 to +27.27 percentage points in Q1 2021.
- ❖ Net profit decreased visibly from +33.33 percentage points in Q4 2020 to +9.09 percentage points in Q1 2021.
- ❖ Selling price jumped from 0 percentage point in Q4 2020 to +18.18 percentage points in Q1 2021.
- ❖ New orders increased from 0 percentage point in Q4 2020 to +36.36 percentage points in Q1 2021.
- ❖ Inventory levels fell from +25.0 percentage points in Q4 2020 to +9.09 percentage points in Q1 2021.
- ❖ Employment levels rebounded from -33.33 percentage points in Q4 2020 to +27.27 percentage points in Q1 2021.

Manufacturing

The outlook for the manufacturing sector has also remained relatively optimistic with 4 of six indicators in the positive territory.

- ❖ Volume of sales decreased from +11.76 percentage points in Q4 2020 to +3.57 percentage points in Q1 2021.
- ❖ Net profit plunged from +11.76 percentage points in Q4 2020 to -3.57 percentage points in Q1 2021.
- ❖ Selling price fell from 0 percentage point in Q4 2020 to -3.57 percentage points in Q1 2021.
- ❖ New orders moderated from +41.18 percentage points in Q4 2020 to +14.29 percentage points in Q1 2021.
- ❖ Inventory levels rebounded from -17.65 percentage points in Q4 2020 to +3.57 percentage points in Q1 2021.
- ❖ Employment levels increased from -29.41 percentage points in Q4 2020 to +14.29 percentage points in Q1 2021.

Services

As with Q4 2020, the outlook for the services sector is moderately upbeat with 3 of six indicators in positive territory.

- ❖ Both volume of sales and net profit fell slightly from +18.75 percentage points in Q4 2020 to +15.91 percentage points in Q1 2021.
- ❖ Selling price increased from -9.38 percentage points in Q4 2020 to -6.82 percentage points in Q1 2021.
- ❖ New orders inched up from +6.25 percentage points in Q4 2020 to +6.82 percentage points in Q1 2021.
- ❖ Inventory levels increased from -24.24 percentage points in Q4 2020 to -15.91 percentage points in Q1 2021.
- ❖ Employment levels dipped from -12.12 percentage points in Q4 2020 to -13.64 percentage points in Q1 2021.

Construction

The construction sector emerged as the most pessimistic sector with all 6 indicators in the contractionary zone. However, there are visible improvements seen across 3 of six indicators.

- ❖ Both volume of sales and net profit rose significantly from -80.0 percentage points in Q4 2020 to -8.33 percentage points in Q1 2021.
- ❖ Selling price fell from 0 percentage point in Q4 2020 to -33.33 percentage points in Q1 2021.
- ❖ New orders dropped from 0 percentage point in Q4 2020 to -16.67 percentage points in Q1 2021.
- ❖ Inventory levels fell from -20.0 percentage points in Q4 2020 to -33.33 percentage points in Q1 2021.
- ❖ Employment levels climbed from -40.0 percentage points in Q4 2020 to -33.33 percentage points in Q1 2021.

Transportation

Sentiments within the transportation sector remained weak with 4 of six indicators in the negative territory.

- ❖ Volume of sales plunged from +10.0 percentage points in Q4 2020 to -36.36 percentage points in Q1 2021.
- ❖ Net profit fell slightly from -30.0 percentage points in Q4 2020 to -36.36 percentage points in Q1 2021.
- ❖ Selling price dropped from 0 percentage point in Q4 2020 to -18.18 percentage points in Q1 2021.
- ❖ New orders increased from -10.0 percentage points in Q4 2020 to 0 percentage point in Q1 2021.
- ❖ Inventory levels jumped from -10.0 percentage points in Q4 2020 to +27.27 percentage points in Q1 2021.
- ❖ Employment levels rose from -30.0 percentage points in Q4 2020 to -18.18 percentage points in Q1 2021.

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

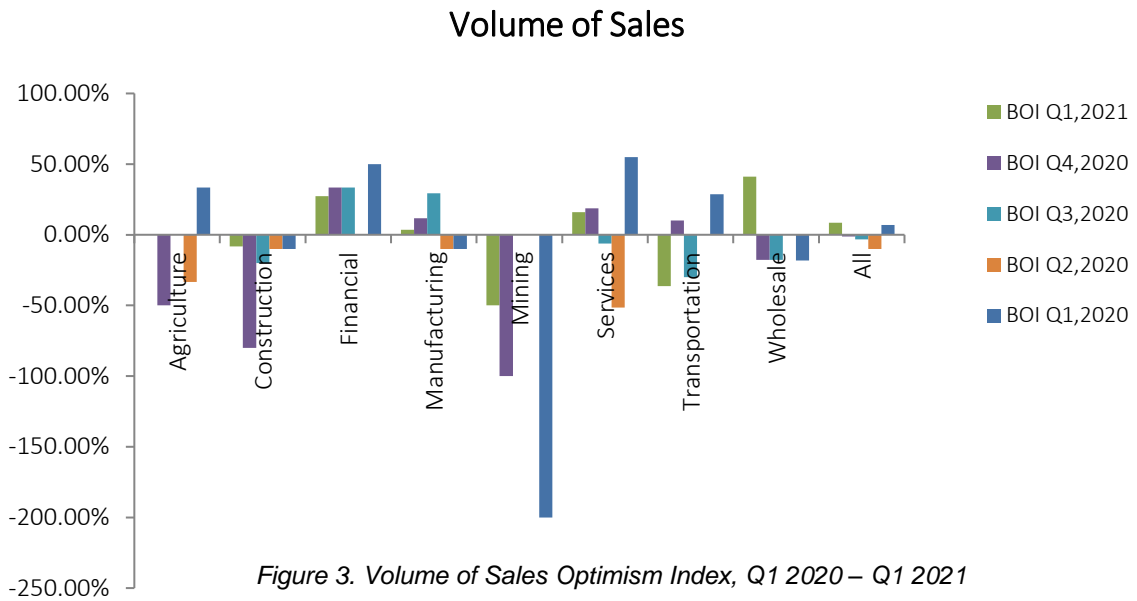
“We are definitely seeing visible improvements in the outlook among local firms for the first quarter of 2021 as we transition into phase 3 of the re-opening. This is especially among sectors which have accelerated the digitalization of our economy to stay ahead in the new normal. The increase in demand for IT and digital solutions also bodes well for firms in other sectors which are likely to see sustained investments in digital transformation.” said Ms. Audrey Chia, SCCB’s Chief Executive Officer.

While there is a slight upturn in business sentiments for the first quarter of 2021, the overall economy is not entirely out of the woods yet. This is especially the case for both the construction and transportation sectors which anticipated weaker activities brought about by global travel restrictions, domestic public health and safe distancing measures. We expect sentiments to remain volatile for the first half 2021.” added Ms. Chia.

Overview of Business Indicators

Volume of Sales

Volume of sales increased to +8.46 percentage points (compared to -1.11 percentage points in Q4 2020). The wholesale (net +41.18 percentage points), financial (net +27.27 percentage points), services (net +15.91 percentage points) and manufacturing (net +3.57 percentage points) are most upbeat. The agriculture sector (net 0 percentage point) expected volume of sales to remain unchanged. The remaining sectors are downbeat – mining (net -50.0 percentage points), transportation (-36.36 percentage points) and construction (net -8.33 percentage points).



Net Profit

Net profit rebounded to +3.85 percentage points (compared to -5.56 percentage points in Q4 2020). The wholesale (net +29.41 percentage points), services (net +15.91 percentage points) and financial (+9.09 percentage points) sectors are most upbeat. The agriculture sector (net 0 percentage point) expected net profit to remain unchanged. The remaining sectors are downbeat - mining (net -50.0 percentage points), transportation (-36.36 percentage points) and construction (net -8.33 percentage points).

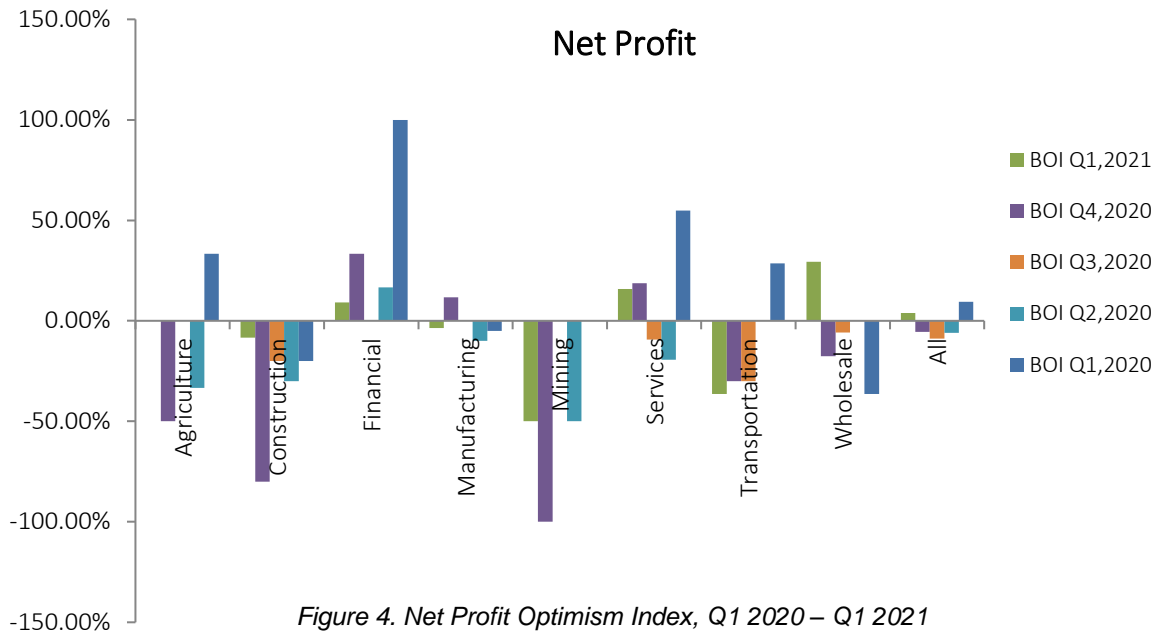


Figure 4. Net Profit Optimism Index, Q1 2020 – Q1 2021

Selling Price

Selling price increased to -8.46 percentage points (compared to -17.78 percentage points in Q4 2020). The financial (net +18.18 percentage points) is the only optimistic sector while both mining and wholesale (net 0 percentage point) expected selling price to remain unchanged. The remaining sectors are downbeat – agriculture (net -100.0 percentage points), construction (net -33.33 percentage points), transportation (net -18.18 percentage points), services (net -6.82 percentage points) and manufacturing (net -3.57 percentage points).

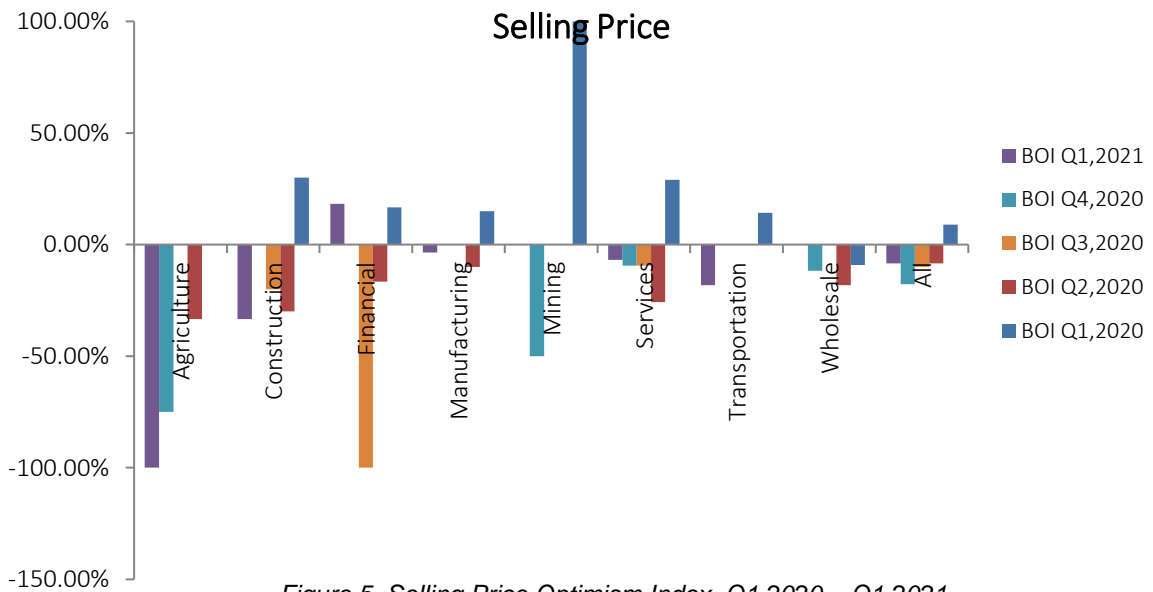


Figure 5. Selling Price Optimism Index, Q1 2020 – Q1 2021

New Orders

New orders dipped to +7.69 percentage points (compared to +8.89 percentage points in Q4 2020). The construction (net -16.67 percentage points) is the only downbeat sector. The financial (net +36.36 percentage points), manufacturing (net +14.29 percentage points), services (net +6.82 percentage points) and wholesale (net +5.88 percentage points) are upbeat about new orders. The agriculture, mining and transportation (net 0 percentage point) sectors expected new orders to remain unchanged.



Figure 6. New Orders Optimism Index, Q1 2020 – Q1 2021

Inventory Levels

Inventory levels fell further to -10.0 percentage points (compared to -8.70 percentage points in Q4 2020). The transportation (net +27.27 percentage points), financial (net +9.09 percentage points) and manufacturing (net +3.57 percentage points) are optimistic while both agriculture and mining (net 0 percentage point) expected inventory levels to remain unchanged. The wholesale (net -41.18 percentage points), construction (net -33.33 percentage points) and services (net -15.91 percentage points) are downbeat about inventory levels.

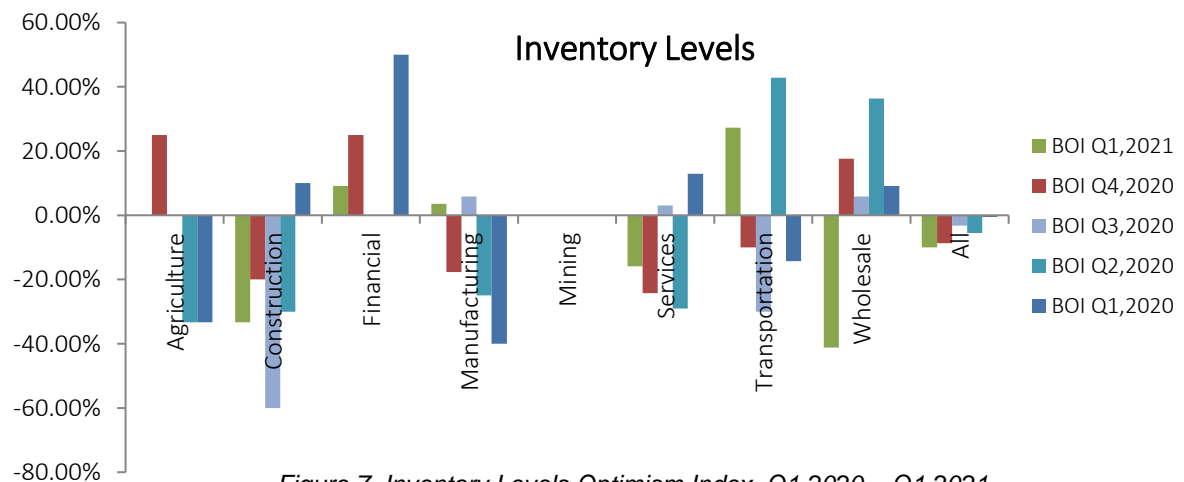


Figure 7. Inventory Levels Optimism Index, Q1 2020 – Q1 2021

Employment

Employment levels have increased to -7.69 percentage points (compared to -13.19 percentage points in Q4 2020). The financial (net +27.27 percentage points) and manufacturing (net +14.29 percentage points) sectors are most upbeat while the agriculture sector (net 0 percentage point) expected employment to remain unchanged. The remaining sectors are downbeat – construction (net -33.33 percentage points), mining (net -25.0 percentage points), wholesale (net -23.53 percentage points), transportation (net -18.18 percentage points) and services (net -13.64 percentage points).

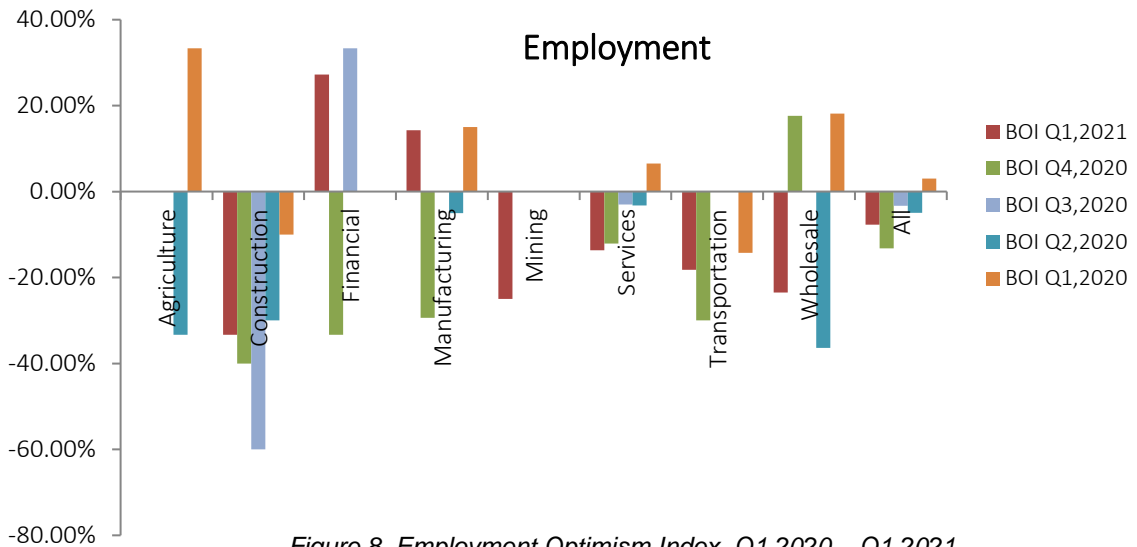


Figure 8. Employment Optimism Index, Q1 2020 – Q1 2021

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

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