

Nikkei Singapore PMI™

PMI rises to five-month high in April

Key points:

- Output growth at strongest since June 2018
- Strong demand exerts pressure on capacities
- Business optimism picks up further

Data collected April 10 – 24

Singapore's private sector began the second quarter on a brighter note, with the headline PMI rising to a five-month high. The pick-up was supported by stronger demand, greater output volumes and further growth in employment. Buoyed by these positive developments, the 12-month ahead outlook for business activity strengthened.

Elsewhere, cost pressures continued to build, but intense competition weighed on output price inflation. Buying activity declined once again, but supply chains continued to struggle, with average lead times lengthening.

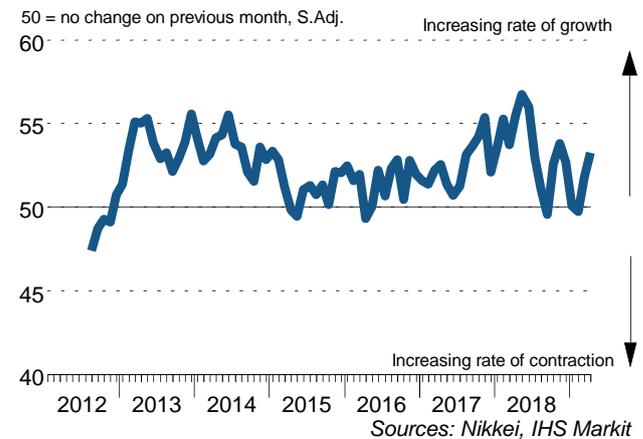
The headline **Nikkei Singapore Purchasing Managers' Index™ (PMI™)** recorded 53.3 in April. This was up from 51.8 in March to the highest since last November, reflecting a stronger improvement in private sector economic conditions.

Behind the strengthening in the PMI were pick-ups in its two key contributing components, output and new orders. Demand improved in April, which panellists linked to better advertising, firmer underlying conditions in local markets and promotional efforts. The rate of increase in new sales was the fastest since November 2018 and marked overall. New export orders were also up from March, but growth softened slightly.

The quicker expansion in order books led capacity pressures to intensify in April, with the rate of accumulation accelerating to a ten-month peak. To cater for this, output in Singapore's private sector increased at a marked pace during the latest survey period. Growth stepped up for a third successive month to the strongest since June 2018.

Efforts to expand operating capacities were evidenced by a further monthly gain in private sector payroll numbers in Singapore. The rate of

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job creation was the fastest in five months and sharp relative to the historical trend. Subsequently, this nudged staffing costs higher. Latest data signalled the strongest rise in labour expenses since last December.

Although purchase prices rose to a weaker extent, overall input cost inflation accelerated due to higher wage pressures. Nevertheless, selling prices rose only marginally and to a slower degree than in March amid reports of stronger competition.

Elsewhere, firms in Singapore's private sector continued to run down their stocks of inputs. The decline was moderate and slightly stronger than in March. Panellists mentioned greater output requirements as a reason behind the depletion. Some firms also mentioned sufficient holdings, which was a factor behind a fourth successive monthly drop in purchasing activity.

Looking ahead, stronger operating conditions in the latest survey period filtered through to the business outlook, with confidence at its highest since last October. Some firms anticipate better demand to support higher business activity.

Continued...

Comment:

Commenting on the Singapore PMI survey data, **Joe Hayes**, Economist at IHS Markit, which compiles the survey, said:

“Growth momentum in Singapore’s economy continued to build at the start of the second quarter, with new orders and output rising at faster rates, helping to drive job creation and lift sentiment towards the year-ahead outlook. There was also signs that export conditions were becoming more supportive, with reports of greater appetite for goods and services from other Southeast Asian markets.”

“At current levels, the PMI is indicative of GDP expanding at an annual rate of around 4%, which would be a notable turnaround from the subdued figure seen in Q1.”

-Ends-

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Notes to Editors:

The Nikkei Singapore *PMI*[™] is based on data compiled from monthly replies to questionnaires sent to executives in over 400 private sector companies, selected to accurately represent the true structure of the Singapore economy, including manufacturing, services, construction and retail. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index[™] (PMI[™]) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

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