

Embargoed until 0830 SST (0030 UTC) 6 January 2020

IHS Markit Singapore PMI®

Singapore's economy continues to recover from recent downturn

Key findings

Firmer demand drives output up for first time since July

Weakness persists across international markets as exports fall

Business confidence slides to near three-year low

Singapore's private sector economy showed further signs of recovery at the end of 2019, with business conditions improving for the second successive month following October's survey-record contraction. Output increased as firms reported improved domestic demand conditions. That said, exports continued to fall sharply and employment was reduced for a fourth month running. Expectations towards the year ahead also stumbled, with business confidence easing to a near three-year low.

The IHS Markit Singapore PMI® is compiled by IHS Markit from survey responses from a panel of around 400 private sector companies. The headline PMI is a composite single-figure indicator of economic performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the economy.

The IHS Markit Singapore Purchasing Managers' Index™ (PMI) increased to 51.0 in December, from 50.4 in November, thereby signalling back-to-back improvements in business conditions following October's survey-record decline. That said, due to the severity of the deterioration seen at the start of the fourth quarter, Singapore's private sector signalled a contraction overall for the three months to December.

Supporting the continued recovery in December was a further month of growing order book volumes, which increased at the fastest pace in five months. According to surveyed companies, firmer domestic demand, new client wins and promotional activities drove the pickup in sales. However, there was still a notable degree of slack on the international front, as export orders dropped sharply from November. External political issues reportedly suppressed new work from abroad.

Nevertheless, the improvement in total new orders led to higher activity levels during December. Output increased for the first

continued...

Singapore PMI
sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Joe Hayes, Economist at IHS Markit, said:

"Singapore's economy has managed to claw itself back from the brink in the closing months of 2019. The situation in October looked dire, leading the monetary authority to loosen policy. Since then however, there have been signs of stabilisation, particularly in the domestic market."

"Latest data presented tentative signs that growth momentum is beginning to build again, with the headline PMI signalling back-to-back expansions in November and December. That said, due to the severity of October's downturn, it's likely that fourth quarter GDP will record an underwhelming print akin to that seen in the third quarter."

"Looking ahead, a sustained domestic-driven upturn will be crucial to Singapore's economic performance at the start of 2020, especially given that latest survey data showed exporters are still struggling."

time since July. Although the rate of increase was notably weaker than the long-run average, it presented a marked turnaround from the solid drop seen in October.

To cater for higher business activity, private sector firms in Singapore boosted their input purchasing during December. The rate of increase, albeit only modest, was the fastest in a year. Some companies were reportedly stock building due to the improved trend in demand. Consequently, pre-production inventories rose for the first time since the end of 2018.

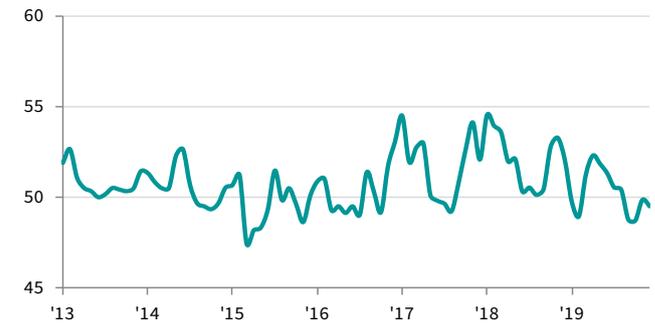
That said, firms' projections for output for the coming year were less positive, with the degree of optimism easing to a near three-year low. Expectations of a sluggish domestic market weighed on the outlook.

Meanwhile, staffing levels were reduced for the fourth straight month as firms indicated that business conditions were not strong enough to warrant additional staff. Nonetheless, survey data showed operating capacities were under pressure in December, with backlogs rising at the fastest pace in eight months.

Elsewhere, prices data showed an easing of inflationary pressures in December, with both input costs and output prices rising at slower rates.

Employment Index

sa, >50 = growth since previous month



Source: IHS Markit.

Contact

Joe Hayes
Economist
IHS Markit
T: +44 1491 461 006
joseph.hayes@ihsmarkit.com

Bernard Aw
Principal Economist
IHS Markit
T: +65 6922 4226
bernard.aw@ihsmarkit.com

Katherine Smith
Public Relations
IHS Markit
T: +1 781 301 9311
katherine.smith@ihsmarkit.com

Survey methodology

The IHS Markit Singapore PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Survey dates and history

December 2019 data were collected 05-17 December 2019.

Survey data were first collected August 2012.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email katherine.smith@ihsmarkit.com. To read our privacy policy, [click here](#).

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to ihsmarkit.com/products/pmi.html.