

News Release

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S&P Global Singapore PMI®

Private sector expansion accelerates in April

Key findings

Demand and output rise with better COVID-19 conditions

Price pressures worsen with record purchase price inflation

Business confidence sharply improves

Singapore's private sector expansion picked up speed in April, according to the latest S&P Global PMI® data. Demand and output growth accelerated with improvements in COVID-19 conditions. In turn, hiring and purchasing activities rose. That said, lead times continued to worsen, contributing to higher levels of backlogged work in April. Price pressures also persisted with record purchase price inflation recorded. Overall business optimism was renewed in April.

The S&P Global Singapore Purchasing Managers' Index™ (PMI) rose to 56.7 in April, from 52.9 in March. This marked the seventeenth straight month in which the PMI printed above the neutral 50.0 threshold, signalling improving business conditions. The rate of growth was also the joint-fastest seen in nearly four years.

Demand and output both expanded at the fastest paces in nine months, supported by the easing of COVID-19 restrictions and as virus cases fell in the city. International demand likewise rose in April driven by the reopening of foreign economies.

As a result, workforce capacity expansion was renewed in April with employment levels climbing at the fastest rate since February 2018 to meet the increase in output requirements. Purchasing activity likewise expanded following two straight months of decline. That said, stocks of purchases continued to contract amid shipping delays reported by survey respondents.

Indeed, suppliers' delivery times continued to lengthen at a substantial rate in April, owing to supply chain disruptions aggravated by the Ukraine war and the COVID-19 outbreak in Mainland, China according to panellists.

In turn, the accumulation of backlogged work continued in April and at a solid rate. Survey respondents also linked the increase in work outstanding to the growth in demand.

On prices, both input costs and output prices rose at the

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 11-25 April 2022.

Comment

Jingyi Pan, Economics Associate Director at S&P Global, said:

“Singapore’s private sector saw strong expansion at the start of the second quarter, according to the S&P Global Singapore PMI, supported by the easing of COVID-19 disruptions. Rapid demand and output growth enabled employment levels to once again expand while higher purchasing activity had also been reflective of the improved business confidence in the private sector.

“Price pressures and supply constraints persisted, however, though the unleashing of pent-up demand is likely to have contributed. It will be important to observe the price trends going forward with higher business costs having the potential to serve as speed bumps for recovery.

“Overall sentiment turned positive in April, which was a positive sign, in part reflecting the expectations for future output to continue improving on the back of easing restrictions.”

PMI®

by S&P Global

start of the second quarter. Record purchase price inflation and rapid wage increases led to continued overall input price growth. Anecdotal evidence suggested that private sector firms faced higher raw material, fuel and shipping costs.

Amid the rapid increase in input costs, firms continued to share these cost burdens with their clients. According to sub-sector data, the manufacturing and transport, information & communication sectors saw the sharpest increases in overall input prices.

Overall sentiment in Singapore's private sector turned positive in April following March's pessimistic outlook. Firms were generally hopeful that demand will continue to grow with the easing of COVID-19 restrictions and more broadly as the economy recovers.

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global.

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Survey methodology

The S&P Global Singapore PMI® is compiled by S&P Global 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. Data were first collected August 2012.

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.

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