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## IHS Markit Singapore PMI®

### PMI reaches four-month high in November

#### Key findings

Pick-up in new orders drives PMI back into expansion territory...

...but business activity continues to decline

Demand driven by domestic markets as export sales

Singapore's private sector economy managed to sneak into expansion territory during November, primarily resulting from an uptick in new business receipts. That said, underlying fragilities were apparent as firms continued to reduce output volumes and export demand deteriorated at a steep pace. The outlook for the coming 12 months was subsequently subdued, with confidence dipping to a 32-month 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) registered a four-month high of 50.4 in November, up from October's survey-record low of 47.4 and above the crucial 50.0 mark which separates expansion from contraction. That said, the improvement in business conditions was only marginal and markedly weaker than the long-run trend rate of growth. Nevertheless, it was the first time since July that an expansion has been recorded.

A key factor supporting the improvement was new orders, which rebounded from October's relatively sharp contraction to expand modestly. Anecdotal evidence suggested that greater promotional efforts, increased advertising and new client wins had contributed to the rise in sales.

That said, survey data implied that new business growth was domestically-driven, as new export orders fell for a fourth consecutive month. Furthermore, the deterioration in new business from overseas was steep and the fastest seen in over seven years of data collection. Political troubles and economic

*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:

"Latest survey data for Singapore was highly conflicting. On the one hand, the improvement in total new order intakes will be most welcome, particularly for policymakers following the recent monetary loosening. The fact that this was domestically-driven will also be a positive takeaway. However, output volumes were once again reduced and exports plummeted."

"A revival in the domestic economy is by no means out of the question, but intensified weakness on the external front will severely undermine this. Indeed, firms are concerned that this will be the case and tapered their expectations for the year ahead and kept hiring on hold."

"Based on October and November survey data, Singapore's economy appears to be broadly stagnant so far in the fourth quarter."

fragility in key export markets were mentioned by survey respondents.

The rise in overall order book volumes was insufficient to drive business activity higher, according to latest survey data, as private sector output in Singapore declined in November. That said, higher demand did help curb the downturn to some extent, with the decline slowing notably from October.

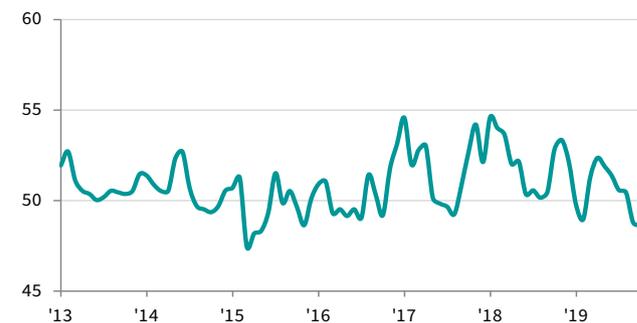
Falling output volumes and the slight increase in new business both led to an accumulation of outstanding work in November. That said, private sector firms in Singapore kept employment levels broadly unchanged from October, despite the increase in capacity pressures.

Efforts to contain costs were also partly responsible for businesses' reluctance to hire new staff. Latest survey data showed falling labour costs, although overall expenses rose due to greater purchase prices. Consequently, firms opted to share part of these cost burdens with clients, with output charges rising at the fastest pace since last December.

Looking ahead, business expectations remained positive, however the degree of optimism dipped to a 32-month low in November. According to surveyed companies, uncertainty and concern of weaker domestic and global economic conditions weighed on sentiment.

### Employment Index

sa, >50 = growth since previous month



Source: IHS Markit.

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### 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](mailto:economics@ihsmarkit.com).

### Survey dates and history

November 2019 data were collected 12-25 November 2019.

Survey data were first collected August 2012.

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### 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](http://ihsmarkit.com/products/pmi.html).