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## IHS Markit Singapore PMI®

# Business conditions continue to improve at robust pace in March

### Key findings

Output and new order volumes increase for fourth month in a row

Stronger growth in staffing levels

Sentiment dips to four-month low

Data were collected 12-25 March 2021.

Singapore's private sector remained comfortably inside growth territory at the end of the first quarter, although the rate of improvement took a step back from that seen in February. Output and new orders rose sharply, whilst firms added to their workforces to combat rising backlogs. Sentiment meanwhile dipped to a four-month low as uncertainty surrounding the longer-term impact of the coronavirus disease 2019 (COVID-19) weighed on the outlook. As a result, input inventories fell solidly.

On the price front, inflationary pressures continued to build, although the rate of growth eased from that in February. Firms meanwhile raised their selling prices marginally.

The IHS Markit Singapore Purchasing Managers' Index™ (PMI) fell from 54.9 in February to 53.5 in March, signalling a softer improvement in business conditions in the Singaporean private sector.

Underlying data showed construction activity returned to growth, and was the strongest-performing area in March, followed by services and manufacturing respectively. Wholesale & retail meanwhile fell into contraction territory, with the rate of decline robust.

Stronger client demand was widely reported in the latest survey. Although the rate of growth in new orders eased from February's two-and-a-half year high, it remained sharp. The rate of expansion in export orders meanwhile quickened to the fastest since May 2018.

The sustained growth in demand supported a second month of job creation, with the latest result marginal, but the strongest in 21-months. Despite this, firms continued to develop capacity pressures. Backlogs have now accumulated for the fourth consecutive month, with the latest result marked and among the sharpest in the series history.

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Singapore PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Shreeya Patel, Economist at IHS Markit, said:

"Latest PMI survey data showed that Singapore's private sector economy continued its recovery from the severe downturn seen throughout most of 2020. The growth recorded in March signalled an outright first quarter expansion with demand and output remaining historically elevated. Employment meanwhile rose at a faster pace, and a robust rise in incomplete work suggests firms may add to their workforces in the coming months to combat backlogs.

"However, the headline figure also indicated signs of moderation, as the rate of expansion softened from February's two-and-a-half year high. At the same time, vendor performance continued to deteriorate with pandemic restrictions continuing to disrupt global supply chains.

"Nevertheless, COVID-19 case numbers have flat-lined, and businesses have mostly resumed their operations. The next stage in Singapore's return to normality is the resumption of tourist activity. The only means of fully re-opening the borders is vaccinations which remain at the heart of the government's mandate. Plans currently in place detail the inoculation of the majority of the nation by the end of the year."

Higher sales and rising customer numbers fed through to an increase in business activity during March. Output has now expanded for the fourth successive month and the latest rise was strong overall.

Higher demand encouraged firms to raise their purchasing activity, with the rate of growth solid. In contrast, inventories held by Singaporean private sector business fell during the month to signal a renewed decline stocked inputs. According to firms, an uncertain demand environment discouraged firms from adding to stocks.

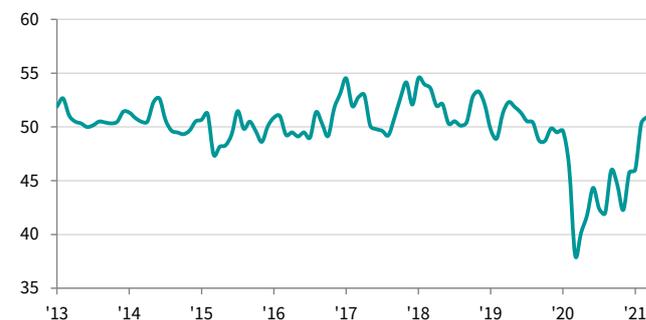
Lead times lengthened in March, which extended the period of deteriorating vendor performance to 15 consecutive months. Anecdotal evidence linked capacity pressures and disrupted global supply chains as a result of COVID-19 restrictions.

Overall input price inflation softened in March but remained historically elevated. Purchase prices rose amid higher freight costs, while an increase in workforce numbers added to wage expenses. Consequently, selling prices rose, as firms sought to pass on part of the burden. That said, the rate of output price inflation was only marginal.

Finally, business confidence remained in positive territory, but eased in the final month of the first quarter. Anecdotal evidence linked uncertain global conditions to the moderation in optimism.

### Employment Index

sa, >50 = growth since previous month



Source: IHS Markit.

## Contact

Shreeya Patel  
Economist  
IHS Markit  
T: +44 134 432 81096  
[shreeya.patel1@ihsmarkit.com](mailto:shreeya.patel1@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@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](mailto:economics@ihsmarkit.com).

### Survey dates and history

March data were collected 12-25 March 2021.

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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)