

IHS Markit Singapore PMI®

Private sector expansion accelerates in September

Key findings

Demand and output growth improve at end of Q3

Supply constraints and price pressures persist

Employment conditions remain weak amid COVID-19 disruptions

Data were collected 13-24 September 2021.

Singapore's private sector continued to expand at a firm pace in September despite rising COVID-19 infections and ahead of tightening of COVID-19 restrictions at the end of September. Demand and output grew at stronger rates than in August, though buying activity and employment levels remained subdued, affected by the virus. Supply constraints meanwhile lingered alongside stronger price pressures for private sector firms in September, but overall sentiment remained positive.

The IHS Markit Singapore Purchasing Managers' Index™ (PMI) rose to 53.8 in September from 52.1 in August, to indicate a faster expansion of the Singapore private sector. This marked the tenth straight month in which the PMI printed above the neutral 50.0 threshold.

The easing of COVID-19 restrictions in August kept demand improving into September as both business activity and new orders sustained growth at faster rates in the latest survey. Underlying data pointed to the transport, information & communications technology sector experiencing the fastest growth in orders. This was also supported by foreign demand as overall export orders picked up at the fastest rate since April 2018.

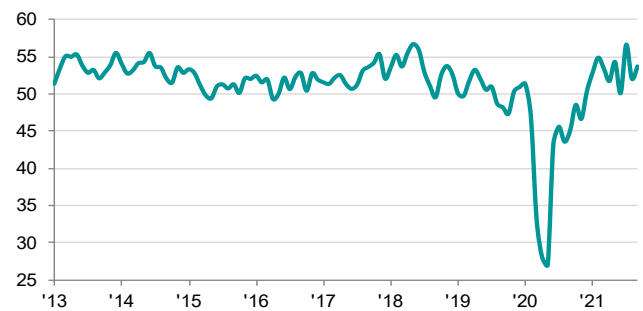
That said, firms remained cautious with their buying activity which declined in September, contributing to lower levels of inputs held in stock. Despite the increase in overall demand, uncertainty with regards to the COVID-19 virus held private sector firms back in their stockpiling efforts.

Employment levels also fell in September, and at a faster rate compared to August. While some instances of redundancies were reported, others experienced labour shortages amid distribution of quarantine orders.

Supply constraints remained evident when examining vendor

continued...

Singapore PMI
sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Jingyi Pan, Economics Associate Director at IHS Markit, said:

“Business activity in the Singapore private sector continued to grow at a healthy pace in September, reflecting the improvement in business conditions following the easing of some restrictions in August. That said, lingering uncertainties with regards to the COVID-19 virus continued to dampen purchasing activity and employment levels in the private sector.”

“Meanwhile issues of supply constraints and price pressures further accumulated at the end of Q3, which will be trends worth scrutinising.”

“The good news is that business confidence improved in the latest survey as firms remained hopeful that the COVID-19 endemic situation can spark further recovery of economic activities. This comes, however, ahead of the tightening of restrictions into end-September, placing the focus on upcoming PMI signals.”

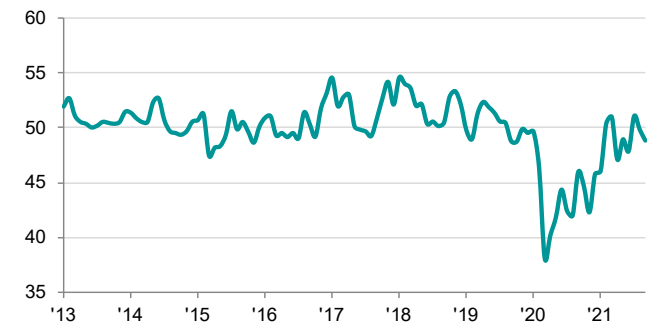
performance in September. Suppliers' delivery times continued to lengthen and to the greatest extent since July 2020 amid ongoing COVID-19 disruptions to shipping. As a result of both supply and labour constraints, the level of work outstanding continued to increase among private sector firms.

Price pressures remained steep as well for Singapore private sector firms. Overall input prices increased for the sixteenth straight month in September, attributed to both an increase in purchase prices and wages. Input price inflation accelerated to the fourth-fastest pace on record. This was likewise tied to the supply constraint issues according to panellists. Consequently, firms continued to share these cost burdens with their clients, with charges rising at the fourth-fastest rate on record.

Overall business confidence nevertheless improved in September. Firms expressed optimism that the shift to a COVID-19 endemic situation can enable further growth of demand and business activity in the Singapore private sector. Sentiment remained below the long-run survey average, however.

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.

Survey dates and history

September data were collected 13-24 September 2021.

Survey data were first collected August 2012.

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