

IHS Markit Singapore PMI®

Private sector output growth accelerates to eight-month high in January

Key findings

Stronger domestic demand supports faster activity growth

Exports continue to fall sharply amid economic weakness in Asia

Geopolitical instability dampens business confidence

According to latest business survey data for Singapore, operating conditions for private sector companies improved at the start of the year. This was evidenced by stronger rises in output and new business, spurring companies on to purchase greater input quantities and lift their selling prices.

That said, economic and political uncertainty overseas led to a further sharp reduction in export sales and kept business confidence at a subdued level.

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) rose to 51.4 in January, from 51.0 in December, signalling the third successive monthly improvement in private sector business conditions across Singapore. Overall, the headline measure hit an eight-month high and was notably stronger than the average seen across the second half of 2019.

There were two key supporting factors in January. The first was new business, which increased for the third month in a row. Furthermore, the rate of expansion was the strongest since last May. Improved domestic demand, promotions and new client wins were reported by panel members.

The second contributor to the latest upturn was output. Private sector companies in Singapore registered higher activity levels during January in response to greater workloads. As was the case with new business, output increased at the fastest pace since last May, although the rate of growth was below the long-run trend.

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:

"Having endured a torrid second half of 2019, the opening month of 2020 brings some positivity as domestic-led demand growth supported the strongest rise in output since last May. Policymakers in particular will be encouraged given the monetary authority's move last year to loosen.

"However, major external headwinds remained apparent, indicating that trade frictions weren't the sole negative at force for Singapore's export-oriented economy.

"Geopolitical tensions and weak demand from key foreign markets such as China reportedly contributed to one of the sharpest reductions in exports since survey data were first available over seven years ago.

"While it is uplifting to see the domestic economy having such a positive influence, the direction of regional growth across Asia could heavily disrupt Singapore's economy in 2020."

That said, while domestic demand was reportedly resilient, latest survey data pointed to continued weakness across international markets as new export orders fell at the second-sharpest rate for over seven years. Reduced sales to major clients in China and Hong Kong were linked to the sustained decline.

External factors were also a dominant factor behind another month of subdued business confidence in Singapore. Geopolitical instability and concerns regarding the economic impact of the recent coronavirus outbreak weighed on sentiment in January. Overall, activity is expected to rise over the next 12 months, but the degree of positivity held close to December's 34-month low.

Businesses boosted their purchases and stocks of inputs to keep up with solid demand and planned new product launches, but staffing levels were cut for a fifth month in a row. The net effect of higher workloads and lower employment was a stronger accumulation of backlogs of work.

Output and input prices data indicated similar trends at the beginning of 2020. The latter rose moderately and at a quicker pace than in December amid higher raw material and labour expenses, while the former increased at a broadly similar rate as firms sought to protect profit margins.

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

January 2020 data were collected 13-27 January 2020.

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.