

IHS Markit Singapore PMI®

Business conditions improve for fifth month running in April, albeit at slower pace

Key findings

Output growth sustained amid strong upturn in new orders

Cost pressures intensify

Outlook for output improves

Data were collected 12-26 April 2021.

Singapore's private sector saw a fifth straight month of expansion at the start of the second quarter. Output and new order growth remained strong in April, although demand for exports contracted for the first time since January, with firms' demand for inputs also falling. At the same time, the outlook improved in April on average for Singaporean firms.

On the price front, firms registered a further rise in inflationary pressures, with overall input price inflation quickening to the fastest since September 2020. Firms also continued to try to pass on higher costs to customers.

The IHS Markit Singapore Purchasing Managers' Index™ (PMI) fell to 51.8 in April from 53.5 in March, signalling a softer improvement in business conditions for Singapore's private sector. Nevertheless, the latest sequence of growth marks the longest stretch of expansion for over a year-and-a-half.

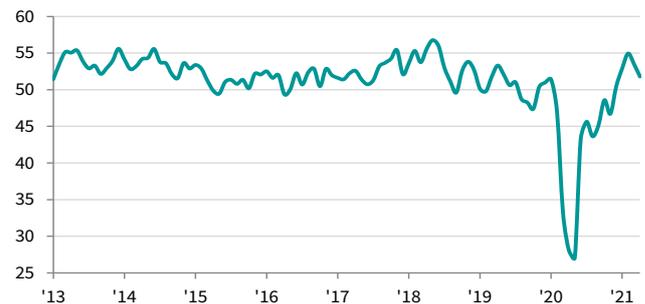
Wholesale & retail was the strongest-performing sub-sector in April, whilst the construction sector also supported the headline PMI reading. In contrast, the performances of the manufacturing and services sectors weakened since March.

Improving demand conditions led to a fifth successive monthly increase in output across the Singapore private sector, reflecting further increases in client demand. That said, the rate of expansion in new orders slipped to a four-month low.

The volume of new export business declined slightly in April, following two consecutive months of growth. Supply constraints and sustained concerns regarding the impact of the COVID-19 pandemic reportedly dampened overseas demand.

Firms' demand for inputs was also affected in April, with almost half of the survey respondents reporting lower input buying. Lingering COVID-19 concerns were highlighted as having played

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:

"April PMI data suggested that Singapore's private sector economy continued on its path of recovery from the severe downturn seen during the depths of the pandemic in 2020. The early second quarter data did, however, see the rate of expansion moderating with renewed COVID-19 concerns, particularly as new overseas infections rose, affecting demand from abroad."

"That said, business expectations remained strongly positive in April. Hopes around the vaccine distribution and a continued recovery from the COVID-19 pandemic both contributed towards private sector firms expressing greater optimism in their outlook in April."

"The next stage of any recovery in Singapore's economy and a return to normality continue to rest on the resumption of more services activities, and the control of virus cases domestically and internationally. The travel bubble to commence with Hong Kong represents a step in the right direction."

continued...

a part in inducing caution amongst private sector firms in their purchasing activity. At the same time, pressure on operating capacity grew amid supplier shortages. That said, firms cut their workforce numbers at a solid rate amid slower new order growth.

Firms once again registered a rise in cost burdens, as input price inflation accelerated in April. Greater wage costs were linked to higher input prices following more overtime bonus payments being made to staff. Purchase cost inflation also quickened to the fastest since August 2020 amid supplier price hikes. As a result, output charges increased for the third straight month as firms continued to partially pass higher costs on to customers.

Broadly, however, firms remained confident regarding the outlook for output over the coming year, as expectations improved in April. Vaccine distribution and the continued recovery from the COVID-19 crisis helped to lift the outlook.

Employment Index

sa, >50 = growth since previous month



Source: IHS Markit.

Contact

Jingyi Pan
Economics Associate Director
IHS Markit
T: +65 6439 6022
jingyi.pan@ihsmarkit.com

Joanna Vickers
Corporate Communications
IHS Markit
T: +44 207 260 2234
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.

Survey dates and history

April data were collected 12-26 April 2021.

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 © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@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. ihsmarkit.com/products/pmi.html.