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## IHS Markit Singapore PMI®

### Output falls at survey-record pace amid domestic and external weakness

#### Key findings

Stronger deterioration in demand leads to further fall in output

Exports fall sharply amid unfavourable conditions across Asia

Singapore's private sector economy endured a difficult start to the fourth quarter, according to latest PMI data from IHS Markit. A stronger slowdown in demand conditions led businesses to reduce output at the sharpest rate since data collection began over seven years ago, while employment was also reduced as firms were cautious towards the outlook and looked to cut costs. As part of efforts to stymie the downturn in sales, the price of goods and services were discounted at the fastest rate for over two years.

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.

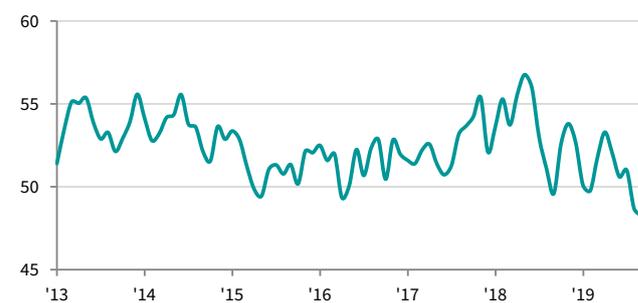
The IHS Markit Singapore Purchasing Managers' Index™ (PMI) fell to 47.4 in October, from 48.3 in September, signalling a sharper downturn in Singapore's private sector economy. Furthermore, the decline was the third in successive months and the sharpest since August 2012.

The deterioration in economic performance was primarily driven by accelerated declines in output, new orders and employment, the survey's key gauges of business health. Output decreased in October for the third month in a row and at a survey-record pace (since August 2012). Panellists attributed the steep drop to sluggish demand across both domestic and foreign markets.

A third straight monthly reduction in new orders was registered by private sector firms in Singapore. In fact, the deterioration in demand was the sharpest since May 2015. A struggling domestic economy and challenging export conditions were reportedly major factors behind the loss of sales. Reduced new business

*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 show that policy easing by the Monetary Authority of Singapore (MAS) was fully justified and necessary, although may not have been sufficient.

"Difficulties endured by Singapore's economy have merely intensified at the start of the fourth quarter, with firms registering historically marked drops in demand and output, as well as cut backs to staffing levels.

"Weak regional economic activity across Asia has also clearly sent shock waves through the domestic economy, and panellists have subsequently curbed their expectations for the coming year.

"Overall, the current level of the PMI is consistent with the economy contracting by approximately 1% on an annual basis."

from overseas was evidenced by a drop in new export orders in October. Panellists attributed the decline to sluggish global growth, particularly in Asia.

With inflows of new work falling more rapidly, this enabled firms to allocate extra resources to tackling outstanding orders. Backlogs declined in October, as has been the case since August, and to the quickest extent since data were first collected over seven years ago. Lower operational requirements encouraged firms to cost cut and trim staffing levels. The modest fall in employment during October was the strongest for nearly four years. Consequently, labour costs declined sharply during the latest survey period.

That said, lower staff expenses failed to offset increases to purchase prices, which rose for a sixteenth successive month. Overall input costs inflation was solid and accelerated to a six-month high. Despite the more intense price pressures, firms discounted their output charges in October in an attempt to drive up sales. The rate of deflation was mild, but the strongest for over two years.

Lastly, businesses retained a confident outlook towards the year ahead, although sentiment was subdued amid expectations of prolonged economic weakness.

### 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

October 2019 data were collected 11-25 October 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](https://ihsmarkit.com/products/pmi.html).