

Nikkei Singapore PMI™

Private sector operating conditions deteriorate

Key points:

- Declines in both output and new orders
- Export sales fall further
- Despite lower input costs, firms raise charges again

Data collected September 12–24

Nikkei survey data signalled the first deterioration in the health of Singapore’s private sector for nearly two-and-a-half years during September. Declines in both output and new orders weighed on the headline PMI. Notably, export sales fell further.

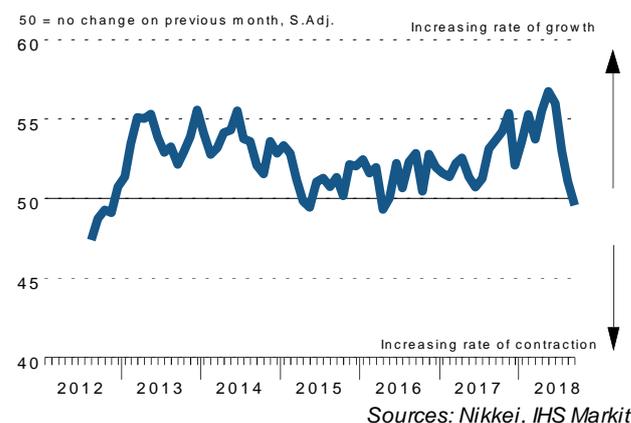
Facing weak demand conditions, firms cut back further on purchasing activity which likely contributed to another fall in input inventories. Employment levels were largely stable while September saw no signs of capacity pressure. The picture for price developments was mixed, with firms raising their charges despite a fall in input costs. That said, business outlook for the year ahead remained generally upbeat.

The headline **Nikkei Singapore Purchasing Managers’ Index™ (PMI™)** fell from 51.1 in August to 49.6 in September, signalling a deterioration in business conditions. The decline was the first recorded since April 2016, which took the third quarter average (51.2) to the lowest for over two years.

The headline reading is a composite index derived from questions on new orders, output, employment, suppliers’ delivery times and inventories, thereby providing an early indication of the health of the private sector.

Survey data indicated a notable softening of demand conditions at the end of the third quarter. In September, new business inflows fell for the first time in nearly two-and-a-half years as export receipts declined for a third straight month. The weakness in new orders contrasted with the solid expansion seen over the first half of the year. Consequently, firms scaled back on output, reporting the first decline for almost six years.

Nikkei Singapore PMI™



Lower sales allowed companies to work through their backlogs, resulting in a decrease in the level of unfinished work, the first recorded since late 2015. Despite a lack of capacity pressure, staff numbers grew on average, but the survey showed only a marginal rise in employment.

With the reduction in sales and business activity, purchasing activity also declined as firms preferred to tap on current inventories to meet demand. This, in turn, led to a further depletion in stocks of purchases. Despite lower appetite for inputs, vendor performance deteriorated for a second straight month during September, with anecdotal evidence suggesting that manpower shortages were a factor behind delivery delays.

The survey also brought signs of deflationary pressure in costs. After two years of inflation, overall input prices decreased in September as the first decline in staff costs in the survey history was reported. Input purchase prices rose, but the data showed only a mild rise in paid prices. Despite reduced costs, firms raised selling prices at the fastest rate in four months, generally commenting on the rollback of promotional prices.

Finally, firms remained positive about output in the year ahead, with optimism generally linked to higher sales forecasts, promotional activity, new product launches and marketing strategies.

Comment:

Commenting on the Singapore PMI survey data, **Bernard Aw**, Principal Economist at IHS Markit, which compiles the survey, said:

“Latest PMI data suggested that Singapore’s private sector economy could see its weakest quarterly growth for more than two years during the third quarter. However, other survey indicators showed that this could be temporary as longer-term prospects remain positive.

“Responding to weaker demand conditions, firms reduced purchasing activity and drew down on existing inventories. The employment gain was also marginal. That said, business confidence about output over the next 12 months remained upbeat, with the Future Output Index unchanged at a one-year high.

“The survey also showed that the decline in export orders was the slowest in three months, although ongoing challenges surrounding global trade conditions are a key concern.”

-Ends-

Nikkei Singapore PMI™ is sponsored by **NIKKEI**

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately two and a half million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

Since our founding in 1876 as the Chugai Bukka Shimpo (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately two and a half million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 500,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Eight years after its creation, the online edition is set to evolve from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.

<http://www.nikkei.co.jp/nikkeiinfo/en/>

NIKKEI ASIAN REVIEW <http://asia.nikkei.com/>

INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.



Asia300:

Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.



JAPAN UPDATE:

Keeping you up-to-date with business and news from Japan.



VIEWPOINTS:

Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.



POLITICS & ECONOMY:

Looking at fiscal and monetary policy, international affairs and more



MARKETS:

Deep analysis of the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.



Video:

Watch analysts explain our articles, catch interviews with top executives.



Print Edition:

Weekly delivery of the best content from Nikkei Asian Review to your home or office

For further information, please contact:

IHS Markit (About PMI and its comment)

Bernard Aw, Principal Economist
Telephone +65-6922-4226
Email bernard.aw@ihsmarkit.com

Jerrine Chia, Marketing and Communications
Telephone +65 6922-4239
E-mail jerrine.chia@ihsmarkit.com

Nikkei inc.

Ken Chiba, Deputy General Manager, Public Relations Office
Atsushi Kubota, Manager, Public Relations Office
Telephone +81-3-6256-7115
Email koho@nex.nikkei.co.jp

Notes to Editors:

The Nikkei Singapore *PMI*[™] is based on data compiled from monthly replies to questionnaires sent to executives in over 400 private sector companies, selected to accurately represent the true structure of the Singapore economy, including manufacturing, services, construction and retail. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index[™] (PMI[™]) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: 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 © 2018 IHS Markit Ltd. All rights reserved.

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 <https://ihsmarkit.com/products/pmi.html>.

The intellectual property rights to the Nikkei Singapore *PMI*[™] 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. Nikkei uses the above marks under license. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).