

News Release

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S&P Global Singapore PMI®

Business conditions improve sharply in July

Key findings

New business and activity rise at sharpest rates since late-2022

Employment growth accelerates to five-month high

Price pressures intensify

Singapore's private sector expansion further accelerated in July, according to the latest PMI® data. Incoming new business and activity both grew at faster rates, leading to higher levels of purchases and inventory holdings. Greater capacity pressures also encouraged businesses to hire additional staff. Meanwhile, price pressures intensified while optimism levels softened.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index™ (PMI) - a composite single figure indicator of performance - posted 57.2 in July, up from 55.2 in June. This indicated a seventeenth successive monthly improvement of business conditions in the Singapore private sector and at the fastest pace since October 2022.

Business activity expanded at the fastest pace in 21 months amidst an acceleration in new business growth. Improvements in underlying demand conditions and effective business development strategies supported the quickest expansion in new business inflows in almost two years. Sub-sector data revealed that the transport, information & communication sector recorded the fastest upticks in both output and new sales.

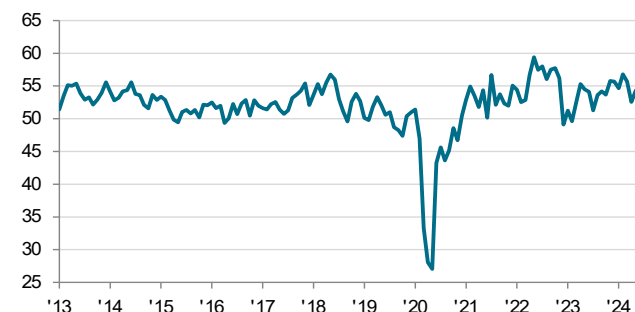
The acceleration in new orders growth resulted in an accumulation of backlogged work in July. The level of outstanding business rose at a marked pace, which led to businesses raising their workforce capacity at the most pronounced pace since February. Staff on both full- and part-time bases were hired according to anecdotal evidence.

In line with the increases in orders and output, Singaporean private sector firms further lifted their purchasing levels for a sixth straight month in July. This contributed to higher stocks of purchases, although the rate of accumulation was only marginal amidst a worsening of lead times. According to panellists, vendor performance deteriorated in July on the back of supply constraints and shipping delays.

Turning to prices, average input costs rose in July, attributed

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 11-25 July 2024.

Comment

Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence, said:

"July's PMI data revealed to us that Singapore's private sector expansion remained robust going into the second half of 2024. Business activity growth was observed across the majority of sectors tracked, led by firms in the transport, information & communication segment."

"While confidence levels converged with the long-run average, we saw businesses hiring at a solid pace in July, which reflected their expectations for growth. Furthermore, forward-looking indicators, including the new orders and backlogs of work indices, remained elevated, thereby pointing to sustained expansions in the coming months."

"Price pressures notably heightened in the latest survey period, stemming specifically from input material and transport costs as wage inflation eased. This led to the first increase in selling price inflation in three months, which will be worth monitoring."

PMI®

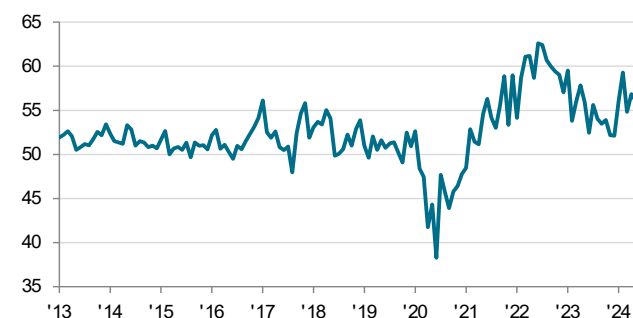
by S&P Global

to both higher purchase prices and wages. The rate of input cost inflation accelerated for a second successive month to the highest since February. Consequently, firms raised their selling prices at a faster pace, sharing their additional cost burdens with their clients.

Overall, sentiment in the Singaporean private sector remained positive at the start of the second half of 2024 with hopes that new product launches and other business development efforts can help to spur sales in the year ahead. The level of confidence eased to a four-month low, however, matching the long-run average in July.

PMI Output Prices Index

sa, >50 = inflation since previous month



Source: S&P Global PMI.

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Survey methodology

The S&P Global Singapore PMI® is compiled by S&P Global 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. Data were first collected August 2012.

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@spglobal.com.

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