

# News Release

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## S&P Global Singapore PMI®

### Sharp improvement in business conditions

#### Key findings

New business and activity rise at fastest rates in nearly two years

Vendor performance worsen at most pronounced pace in 19 months

Business confidence highest since July 2021

Singapore's private sector expansion accelerated again in August, according to the latest S&P Global PMI® data. Incoming new business and activity grew at the fastest rates in almost two years, leading to higher purchasing and recruitment in August. Sentiment also improved with business confidence at the strongest level in over three years. Inventory levels declined, however, amid a marked lengthening of lead times. These supply constraints also led to a further intensification of price pressures.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index™ (PMI) - a composite single figure indicator of performance - posted 57.6 in August, up from 57.2 in July. This indicated an eighteenth successive monthly improvement of business conditions in the Singapore private sector. The rate of growth accelerated for a fourth straight month to the fastest since October 2022.

Central to the latest expansion of private sector activity was rising new business inflows in August. The rate at which new orders and output rose was the fastest in 23 and 22 months respectively, driven by improvements in underlying demand conditions and effective business development efforts. Firms in the real estate & business services sector experienced the sharpest rise in both new business inflows and activity.

Rising new work intakes led to a further accumulation of backlogged work in the Singaporean private sector, with the volume of unfinished business increasing at the fastest pace in three months. In turn, firms took on additional staff to cope with the build-up of capacity pressure.

Meanwhile, purchasing activity rose in August for a seventh successive month and at a faster pace than July with some firms indicating interests to build safety stocks amid delivery delays. That said, stocks of purchases declined marginally in August amid delivery delays.

According to panellists, shipping, supply and labour

S&P Global Singapore PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-23 August 2024.

#### Comment

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

*"The latest S&P Global Singapore PMI revealed that Singapore's private sector expansion remained robust in August, with the rate of expansion having accelerated for a fourth successive month to signal that the upturn continued midway through the third quarter of the year. Barring any sharp downturns in September, the latest whole economy PMI suggests that we will see a better third quarter GDP, which is in line with S&P Global Market Intelligence's forecast."*

*"Judging by the forward-looking indicators such as new orders, backlogs and future output, it is likely that the rise in business activity will continue in the near-term. That said, worsening supply constraints and rising price pressures will be areas to monitor for any threats to the current growth cycle."*

PMI®

by S&P Global

constraints led to a worsening of vendor performance in August. The rate at which lead times lengthened was the most pronounced in 19 months.

Furthermore, higher transport costs, stemming from supply issues, coupled with rising input material costs resulted in rising purchase prices in August. This was as wage inflation intensified at the third-sharpest pace on record, altogether leading to higher overall cost inflation. As a result, businesses shared their additional cost burdens at a faster pace in August. The construction sector observed the quickest rise in both input costs and charges among the monitored sectors.

Despite the worsening of supply conditions and price pressures, Singaporean private sector firms maintained a positive outlook for business activity in the year ahead. The level of optimism soared to the highest in just over three years with hopes that business conditions can improve and support sales.

## 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](mailto:economics@spglobal.com).

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