News Release
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S&P Global Singapore PMI®

Business conditions improve at softest pace since February

May 2025

New orders rise at slowest pace in four-month growth sequence

Input cost inflation eases to lowest since August 2021

Firms most pessimistic in almost five years

Business conditions across Singapore further improved further in May, albeit at a reduced pace. Business activity growth moderated in tandem with a more modest uptick in new work. Stocks of purchases were depleted, though this was partly driven by a supplier delays. Pessimism resurfaced among businesses amid concerns over the outlook for growth and contributed to another fall in headcounts.

Meanwhile input cost inflation fell to a 45-month low, resulting in only a marginal rise in output charges in May.

The headline seasonally adjusted S&P Global Singapore Purchasing Manager's Index™ (PMI®) - a composite single figure indicator of performance – posted 51.5 in May, down from 52.8 in April. This marked a fourth successive month in which the index posted above the 50.0 no-change mark to signal an improvement in business conditions. The rate of expansion was the lowest in three months, however.

Central to the latest easing in overall growth was a slowdown in the rate of new business expansion. Incoming new orders rose at the softest pace in the current four-month sequence as US tariffs reportedly affected demand. The rate of output growth also eased, but was broadly in line with the solid long-run average. Sub-sector data revealed that the wholesale & retail sector led growth in output while finance & insurance firms saw the sharpest fall in activity.

Concerns over the global geopolitical and economic outlook heightened in May, leading to a pessimistic view regarding output in the year ahead. This was the first time that companies held a negative outlook since February 2023, with the level of pessimism being the most pronounced level in almost five years. The lack of confidence also affected employment, as staffing levels fell among Singapore companies for the sixth month in a row.

Consequent of a reduction in headcounts, the level of backlogged orders accumulated again in May.

Purchasing activity rose in response to higher new business and output. The rate of growth was only marginal however, and inventory levels slipped for the first time since March on the back of shipment delays. According to panellists, labour constraints, linked to Covid-19 disruptions, resulted in another

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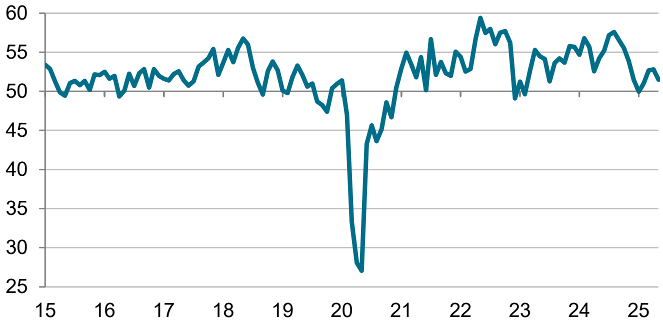
Index, sa, >50 = improvement m/m



Data were collected 12-23 May 2025.

Source: S&P Global PMI. ©2025 S&P Global.

Comment

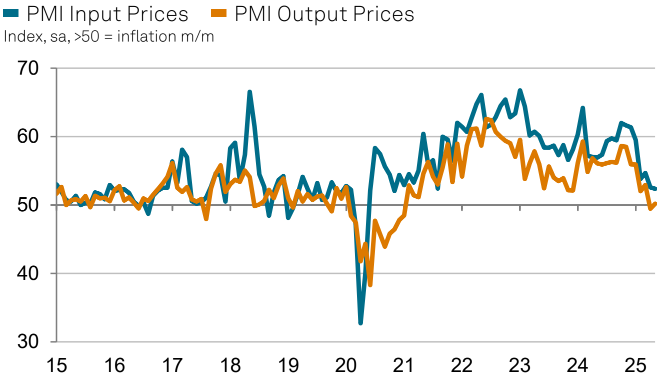
Commenting on the latest survey results, Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence, said:

"Business conditions in Singapore continued to improve in May, extending the growth streak that commenced in February this year, according to the latest S&P Global PMI data. Private sector activity expanded at a solid rate for a third straight month.

"That said, forward-looking indicators are foreshadowing a softening of conditions ahead. Specifically, a marked deceleration in new order growth was accompanied by sentiment turning pessimistic and at a post-pandemic low. Concerns have notably heightened surrounding the outlook for growth on the back of rising geopolitical uncertainty."

deterioration in vendor performance midway through the second quarter.

Finally, charges for goods and services were higher in May following a brief decline in during April. Businesses reportedly raised charges to reflect recent increase in costs. The rate of charge inflation was marginal, however, as average input prices rose only modestly. Falling staff costs in May drove a moderation of input price inflation to the lowest in almost four years.



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Contact

Jingyi Pan
Economics Associate Director
S&P Global Market Intelligence
T: +65-6439-6022
jingyi.pan@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

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. Data collection began in 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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