



Decide with Confidence

PRESS RELEASE

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FOR IMMEDIATE RELEASE

## **Q3 business expectations continue to ride high despite indications of impending slow down- *D&B Singapore Business Optimism Index***

Singapore, 28 July 2010 – Massive growth was observed in all sectors, with the construction, manufacturing and services sectors singled out as the star performers. In particular, the biomedical and electronics industries within the manufacturing sector enjoyed a phenomenal expansion in their output, with the sector being one of the key drivers indicating reasonably high optimism in its net profit yield for Q3 2010.

A positive business outlook was observed across the board, with the overall Optimism Index for both Net Profit and Employment maintaining in the positive region for the fifth quarter running. Nevertheless, the anxiety from Europe's sovereign debt crisis, and the global financial fragility are starting to take their toll on overall business confidence with reported figures appearing less robust than in the previous quarter.

### **Overview (Sector Breakdown)**

The majority of companies surveyed have indicated continued optimism towards their third quarter performance for sales volume, net profit, selling price, employment and inventory, although overall sentiment is less bullish than in Q2 2010.

In general, the inventory levels across all sectors are expected to increase modestly in Q3 2010, except for the services sector that presented a pessimistic outlook this quarter.

Selling prices are expected to rise moderately in most sectors, strongly led by the mining, services and construction sectors.

Compared to the previous quarter, the financial sector remains cautious in their overall assessment of their business outlook in Q3 2010, reporting a relatively lower net increase in volume of sales and no change in net profit and employment figures.

The details on the indicators are discussed in the following sections:

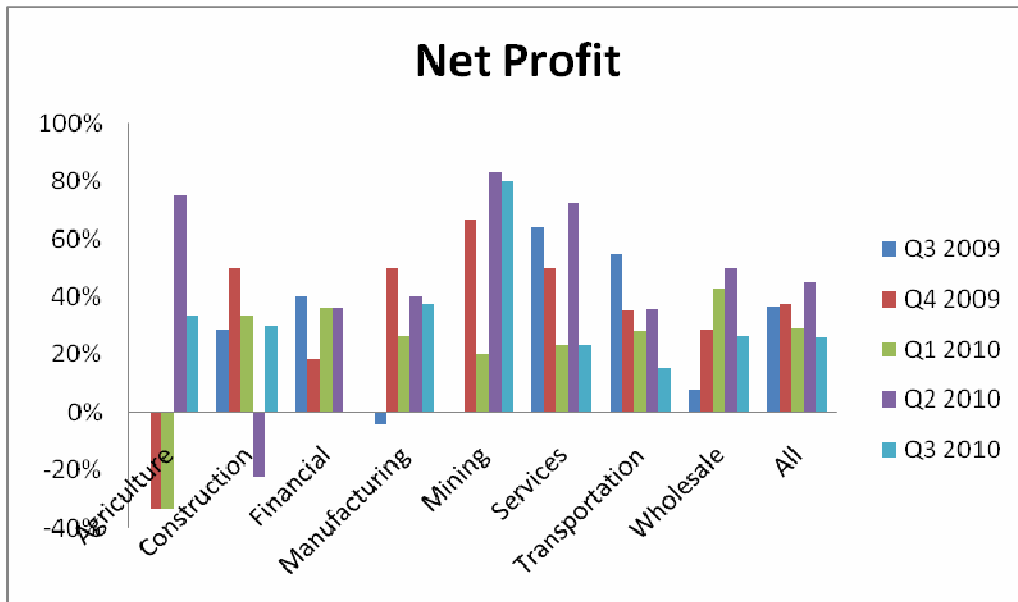


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**Net Profits**

A positive optimism index of +26% (compared to Q2 +45%) amongst companies surveyed, mainly driven by the mining, manufacturing and agricultural sectors.

The overall sentiment remains positive for the fifth quarter running but significantly less bullish when compared with Q2 2010.



**Volume of Sales**

A positive optimism index of +29% (compared to Q2 +41%) amongst companies surveyed, mainly driven by the mining, agricultural and services sectors.

Except for the transportation sector, overall optimism is observed across all sectors although less bullish than Q2 2010.

**Selling Prices**

An increase of +4% (compared to Q2 +14%) optimism amongst companies surveyed.

The improved sentiment is strongly reflected by the mining sector (net +40%).

**New Orders**

A positive optimism index of +35% (compared to Q2 +42%).

The manufacturing sector is the only sector that supplied the information about their expectation on new orders.

**Employment**

A positive optimism index of +13% (compared to Q2 +14%) for the fifth quarter running. Employer hiring expectations are strongest in the mining sector (+60%).

The financial sector expects no change in their workforce.

**Inventory Levels**

A modest optimism index of +7%, reflecting a similar situation to Q2 2010 (net +10%).

The construction, financial and mining sectors expects no change to their inventory levels, except for the services sector (-11%).

**Commentary**

This is the 5<sup>th</sup> D&B Singapore Business Optimism Index (BOI) released (1<sup>st</sup> issue was released in July 2009).

The D&B Business Optimism Index (BOI) is a measure of business confidence in the economy. Released quarterly, it is based on a business sentiment survey that is designed to capture business expectations and is one of the most effective ways to track how the business community perceives the business environment, and where they think it is moving. This is commonly used, worldwide, to assist in analyzing major trends and issues concerning the business community through tracking business parameters including net profits, selling prices, new orders, inventory levels, and employee count.

**About the Survey**

D&B Singapore conducts latest Business Expectations Surveys every quarter. Each quarter, 200 business owners and senior executives representing major industry sectors across Singapore are asked if they expect increases, decreases or no changes in their upcoming quarterly Sales, Profits, Employment, New Orders, Inventories and Selling Prices.

Note: The index figures used in the survey represent the net percentage of survey respondents expecting higher sales, profits, etc., compared with the same quarter of the previous year. The indices are calculated by subtracting the percentage of respondents expecting decreases from the percentage expecting increases.

**About D&B**

D&B is the world's leading provider of business-to-business credit, marketing and purchasing information and receivables management services. D&B manages the world's most valuable commercial database with information on more than 145 million companies.

Information is gathered in over 200 countries, in 95 languages or dialects, covering 186 monetary currencies. The database is refreshed more than one million times daily as part of D&B's commitment to provide accurate, comprehensive information for its customers around the world.

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