



Decide with Confidence

PRESS RELEASE

Contact:  
Penny Phua, Marcom & Product Manager  
penny.phua@dnb.com.sg  
+65 6513 8336

## Q1 2010: Business sentiment still positive but more cautious than previous quarter

— *D&B Singapore Business Optimism Index*

Singapore, 23 February 2010 – The general business sentiment is expected to improve in Q1 2010. In February 2010, the Ministry of Trade and Industry (MTI) reported that the Singapore economy is expected to grow at 4.5 to 6.5 per cent this year, following a contraction of 2.0 per cent in 2009.

A large proportion of the surveyed companies anticipate a rise in their sales volume and net profit. A moderate increase in selling price, employment and inventory level is also expected. However, despite the positive business sentiment, industries still remain cautious of the economic situation in the months ahead.

### Overview (Sector Breakdown)

A large proportion of the services companies are optimistic that their sales volume, net profit, selling price and employment will grow in Q1 2010. However, they are cautious about the business situation when compared with Q4 2009.

Compared to the previous quarter, the manufacturers are also rather cautious in their sales volume, net profit, inventory level and employment. They are expecting their selling price to decline in Q1 2010.

Similarly, the construction sector also presents a fairly cautious outlook when compared with Q4 2009. Despite the boost in housing demand, the size of employment in the construction sector is expected to shrink. However, the sector's net profit is anticipated to grow in Q1 2010.

The financial sector anticipates that their net profit and selling price will grow. In fact, more financial companies are optimistic about their net profit and selling price when compared with the previous quarter. However, this is not matched with an improved sentiment for their workforce, which is expected to remain status quo.

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

### **Net Profits**

An increase of +29% (compared to Q4 +38%) optimism amongst companies surveyed, mainly driven by wholesale, financial and construction sector.

The agriculture sector is the only sector that remains pessimistic, as its net optimism index falls to net – 33%.

### **Volume of Sales**

A positive optimism index of +33% (compared to Q4 +44%).

The overall sentiment is slightly less bullish when compared with Q4 2009 (compared to Q4 +44%).

### **Selling Prices**

A positive optimism index of +11%. The situation is similar to Q4 2009 (+13%).

The optimism is mainly driven by transportation, financial and construction sectors.

Both the manufacturing (net -16%) and the agricultural (net -33%) sectors expressed their pessimistic views about the trend of their selling prices.

### **New Orders**

A positive optimism index of +16% (compared to Q4 +41%).

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

### **Employment**

A positive optimism index of +5% for the third quarter running.

Employer hiring expectations are strongest in the primary sectors: agriculture (net +33%), mining (+20%) and services (+15%). The manufacturers expect no change in their workforce.

### **Inventory Levels**

A modest optimism index +6%. This contrasts significantly with the condition in Q4 2009 (net +41%).

The growth is only observed in the agricultural (net +100%), wholesale (+14%), transportation (+12%) and manufacturing (+5%) sectors.

**Commentary**

This is the 3<sup>rd</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.

Contact Penny Phua at 6513 8336/ penny.phua@dnb.com.sg for more information.