

## BT-SUSS Business Climate Survey 2024Q3<sup>1</sup>

### Summary Report

In January 1996, *The Business Times* of Singapore launched a quarterly survey on business activities to track Singapore business cycles and to ascertain any dichotomy in performance by size and ownership of companies. The small sample survey has reached its 29<sup>th</sup> anniversary. This report covers the performance of firms in Singapore in 2024Q3 and business prospects for the next six months (October 2024-March 2025). Of the 103 firms that responded to the mail survey (conducted 12<sup>th</sup> September–14<sup>th</sup> October 2024), 59 or 57% indicated overseas business, within the range in the previous two quarters (61%-50%). The survey respondents are from all major economic sectors.

#### Singapore Business Climate

Business conditions strengthened slightly in 2024Q3, following stronger improvements in 2024Q2. Sales increased to a low expansion. Profit contraction stagnated whereas orders/new business contracted less again but at a slower pace than a quarter ago. Firms have remained slightly optimistic over business prospects in the next six months. The net balances, with changes over a quarter ago in parentheses, are as follows:<sup>2</sup>

- 6% for sales (+8% points vs +16% points in 2024Q2);
- -10% for profits (unchanged vs +11%);
- -6% for orders/new business (+3% points vs +11%); and
- 7% for business prospects in the next six months (-1% point vs +5%).

The special question pertains to a country/economy that holds the best business prospects in the next twelve months in the company's line of business. For all firms the three most-cited countries account for half (55%) of the respondents (*Table 1*). Indonesia's business prospects have grown substantially from a year ago. Business prospects of Malaysia are higher but weaker for Singapore. India has emerged as offering the best prospects for foreign firms and remains a 2<sup>nd</sup> most-cited among commerce firms.

By contrast, China is perceived to hold less business prospects than a year ago, when it was the 3<sup>rd</sup> most-cited jointly with Malaysia. It also lost a top-3 position among large, foreign, and commerce firms. But China has become the 2<sup>nd</sup> most-cited among firms in transport & communications. Among manufacturing firms, USA has dropped to 2<sup>nd</sup> most-cited from the most-cited position a year ago.

**Table 1: Best Business Prospects in the Next 12 Months**

	Rank	Most Cited	2 <sup>nd</sup> Most Cited	3 <sup>rd</sup> Most Cited
<b>All Companies</b> (97)		Indonesia, Singapore	20%	Malaysia 15%
<b>Size of Companies</b>				
<b>Small</b> (20)		Indonesia 40%	Malaysia, Singapore 20%	
<b>Large</b> (77)		Singapore 19%	Indonesia, Malaysia 14%	
<b>Ownership of Companies</b>				
<b>Local</b> (80)		Singapore 20%	Indonesia 19%	Malaysia 18%
<b>Foreign</b> (17)		India 29%	Indonesia 24%	Singapore 18%
<b>Sector of Companies</b>				
<b>Manufacturing</b> (31)		Indonesia 19%	USA 16%	China, India, Malaysia, SG 10%
<b>Construction</b> (10)		Singapore 60%	Malaysia 30%	Vietnam 10%
<b>Commerce</b> (14)		Indonesia 29%	India 14%	Others* 7%
<b>Transport &amp; Communications</b> (9)		Indonesia 33%	China 22%	India, Malaysia, SG, USA 11%
<b>Financial &amp; Business Services</b> (33)		Singapore 24%	Malaysia 21%	Indonesia 18%

(# of firms) Higher/Lower value than in 2023 Shared rank percentage pertains to single country.

\*China, Malaysia, Singapore, Sri Lanka, Taiwan, UAE Dubai, Vietnam, Bangladesh.

Non-shaded cells indicate little difference in values between the two years given the sample size.

<sup>1</sup> Singapore University of Social Sciences (SUSS) is formerly SIM University (UniSIM).

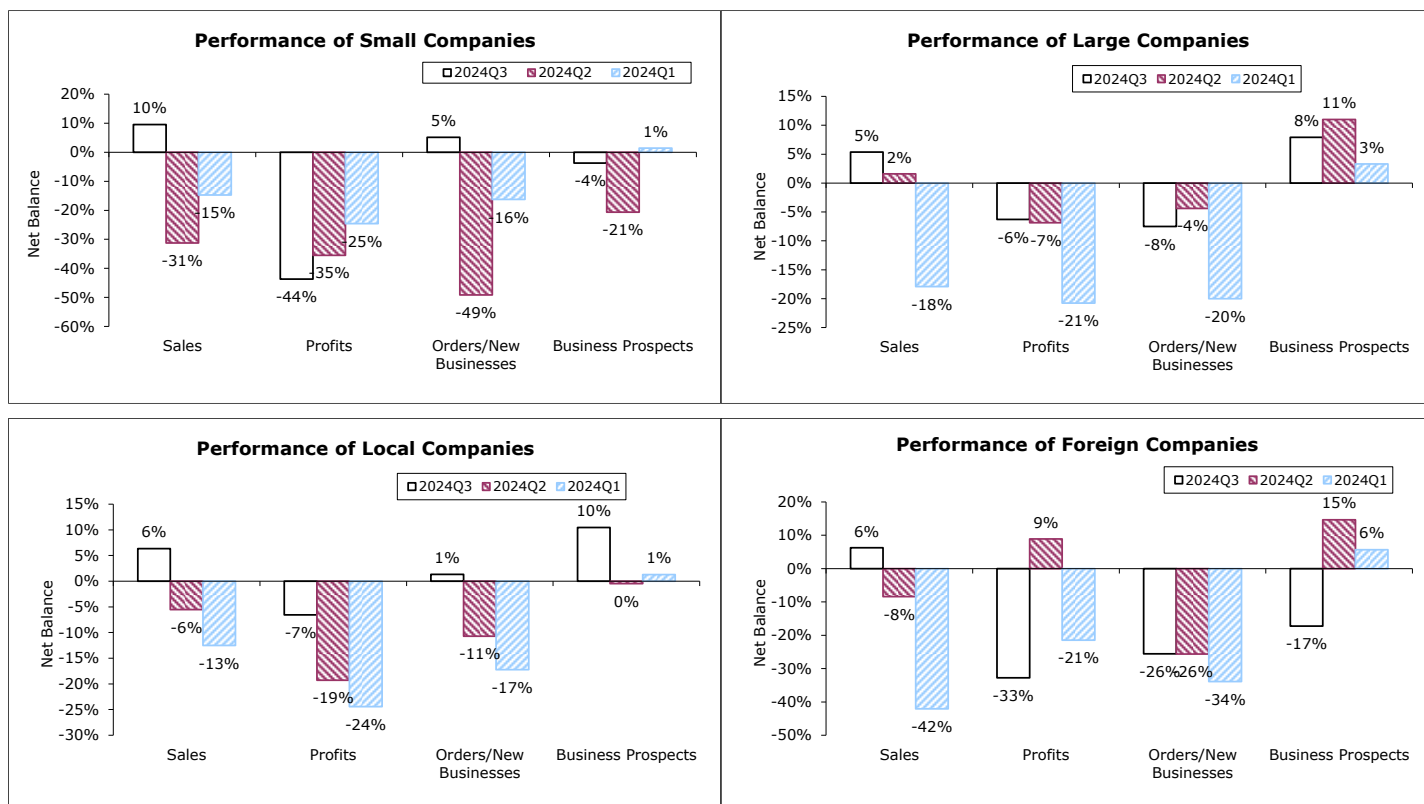
<sup>2</sup> A net balance measures the difference between the percentage of firms with higher values and that with lower values compared to the same quarter a year ago. A positive net balance denotes expansion; a negative balance reflects contraction.

## Performance Differential

In 2024Q3, small firms performed better than a quarter ago, except in profits. Improved sales and orders/new business resulted in negligible pessimism. In contrast, large firms are slightly less optimistic with somewhat worse contraction in orders/new business. Compared to the previous quarter, the performance gap between small and large firms has widened in profits, but narrowed in the other three indicators.

Local firms recorded better results across all four indicators in 2024Q3. Foreign firms were hit by contraction in profits and have turned pessimistic. The performance gap between foreign and local firms has widened for orders/new business and business prospects, and unchanged in sales and profits.

**Chart 1: Net Balances by Size and Ownership**



A small firm is one with sales of less than S\$10 million in a manufacturing industry or less than S\$5 million in a non-manufacturing industry. Changes in the net balances of small and foreign firms involving less than 2 firms are negligible given their sample size.

In 2024Q3, the star performer status was shared between two sectors. They were financial & business services (capturing 7.5 of the 20 top positions) and commerce (with 7 top slots). The remaining top positions were taken by the other three sectors, reflecting a more wide-spread recovery in performance. For all firms, financial & business services posted the highest expansion in profits and are the most optimistic over business prospects. Commerce firms obtained the highest orders/new business, whereas the best sales were captured by firms in transport & communications. An expansion index (compiled from positive net balances by sector, across groups of firms and indicators) rose to 43% from 42% a quarter ago. This is the 5<sup>th</sup> straight increase in business activities from the trough (13.5%) in 2023Q2.

## Outlook

From an analysis of the regression predictions of quarterly GDP growth rates by lagged net balances and a business cycle leading index, Singapore could grow at **3.7% - 4.0% in 2024Q4**. This implies a growth rate that is lower than in 2024Q3 (4.1% MTI advance estimate). Hence, Singapore GDP growth would likely reach **3.4%-3.5% in 2024**.

We thank the company respondents for giving their time and support to the survey. The project consultant is Ms Chow Kit Boey (ex-associate professor and CBRD director, NUS Business School). The opinions, figures and estimates expressed in the report are the responsibility of the consultant, and do not constitute an endorsement by The Business Times nor SUSS.  
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