

BT-SUSS Business Climate Survey 2024Q1¹

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. Currently, the small sample survey is in its 29th year. This report covers the performance of firms in Singapore in 2024Q1 and business prospects for the next six months (April-September 2024). Of the 115 firms that responded to the mail survey (conducted 12th March–11th April 2024), 57 or 50% indicated overseas business, lower than a quarter ago (57%). The survey respondents are from all major economic sectors.

Singapore Business Climate

Business conditions improved further in 2024Q1. Profits and orders/new business contracted less than a quarter ago, at double-digit points and of approximately the same magnitude of change as a quarter ago. There was practically no change in the contraction in sales. Consequently, firms are no longer pessimistic over business prospects in the next six months. The net balances, with changes over a quarter ago in parentheses, are as follows:²

- -18% for sales (-2% points vs +19% points in 2023Q4);
- -21% for profits (+15% points vs +14%);
- -20% for orders/new business (+13% points vs +11%); and
- 3% for business prospects in the next six months (+13% points vs +24%).

The special topic covers the speed of payment in 2023 after completion of work/goods and services delivered. The fastest payment of within one month was received by half of the firms (*Table 1*). One third of firms reported slowest payment of 4-6 months, while one quarter of firms had overdue payment beyond one year. On credit crunch, three-quarters of the firms indicated no credit crisis in 2023, whereas almost one in ten faced credit crunch more than 3 times. The payment pattern in 2023 was similar to that in 2022 for six in ten firms.

Other findings by sector are:

- (a) Wholesale & retail trade firms were most promptly paid, with 70% receiving payment within one month.
- (b) Financial & business services firms suffered the slowest payment, with 40% hit by overdue payment beyond a year.
- (c) Credit crunch hit manufacturing firms the most, with 14% encountering over 3 times credit crisis in 2023.
- (d) One third of firms each in construction and transport & communications reported better payment schedule than in 2022. In contrast, one third of financial & business services firms reported worse schedule.

Table 1: Payment Schedule, 2023

	<i>Percentage of Firms</i>			
Fastest payment (111)	After a year	In 4-12 mths	In 2-3 mths	Within one mth
	1%	5%	41%	54%
Slowest payment (110)	Beyond 12 mths	In 7-12 mths	In 4-6 mths	Within 3 mths
	25%	23%	30%	22%
Cash Crunch (107)	Over 3 times	2-3 times	Once	None
	7%	11%	7%	75%
Compared to 2022 (109)	Worse	Similar	Better	
	21%	64%	15%	

(Number of firms).

mths=months

Green shaded cell denotes highest value.

¹ Singapore University of Social Sciences (SUSS) is formerly SIM University (UniSIM).

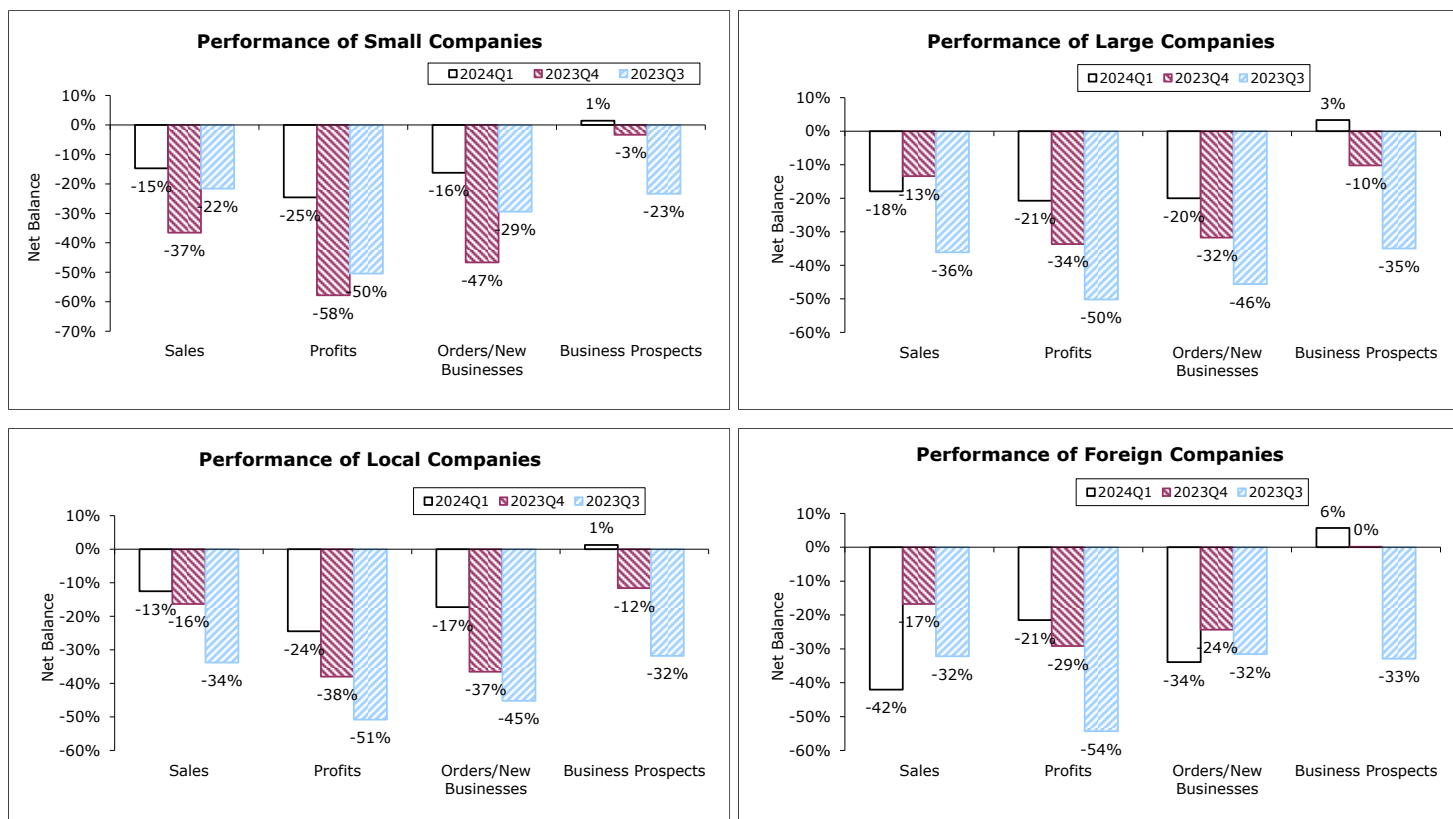
² A net balance measures the difference between the percentage of firms with higher values and that with lower values compared to the same quarter a year ago. A positive net balance denotes expansion; a negative balance reflects contraction.

Performance Differential

Small firms posted better performance in 2024Q1 than a quarter ago, except for the negligible rise in business prospects (*Chart 1*). Large firms obtained improved results except in sales, and were outperformed by small firms in sales and orders/new business. Compared to the previous quarter, the performance gap between small and large firms has narrowed for the four indicators.

While local firms achieved better results across all the indicators in 2024Q1, foreign firms encountered worse contraction in sales and orders/new business. Hence, local firms outperformed foreign firms in sales and orders/new business, resulting in wider performance gaps. However, the performance gap between foreign and local firms has narrowed for profits and business prospects.

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.

The construction sector was the star performer in 2024Q1 for the third consecutive quarter, but was less dominant. It captured 11½ of the 20 top positions (16 a quarter ago). For all firms, construction was the top performer in sales, orders/new business, and in business prospects. Whereas in the previous two quarters, construction was top across the four indicators. The top performer in profits was taken by financial & business services firms. An expansion index (compiled from positive net balances by sector, across groups of firms and indicators) rose to 37% from 34% a quarter ago. This corresponds to GDP rates of 2.7% (advance estimate) and 2.2% respectively.

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 **3.0% - 3.3% in 2024Q2**. This implies a growth rate that is slightly higher than in 2024Q1 (2.7% MTI advance estimate), in view of continued political conflicts and impact of severe weather.

We thank the company respondents for giving their time and support to the survey. The project consultant is Ms Chow Kit Boey (former 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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