

Singapore

Strong demand supports Singapore business activity growth

- **Headline PMI rises to its highest level in 19 months**
- **Jobs growth lags behind that of output**
- **Rising staff costs hold back hiring plans**

Strong growth of Singapore's private sector business activity in September signals that momentum in the economy has accelerated in the third quarter. Rising output and order book inflows continued to support economic activity, with a revival of export sales at the end of the third quarter a particular highlight.

Strong demand

At 52.9 in September, the Nikkei Singapore PMI rose for the second successive month to the highest since February of last year.

Production increased at the fastest pace since November 2015, driven by a strong upturn in new orders. The latest expansion in new business volumes was the largest since June 2014. Companies attributed the increase to stronger underlying client demand.

Moreover, resurgent new export orders provided an additional tailwind. Foreign sales grew for the first time in seven months. Some survey respondents noted stronger overseas demand, notably from emerging markets.

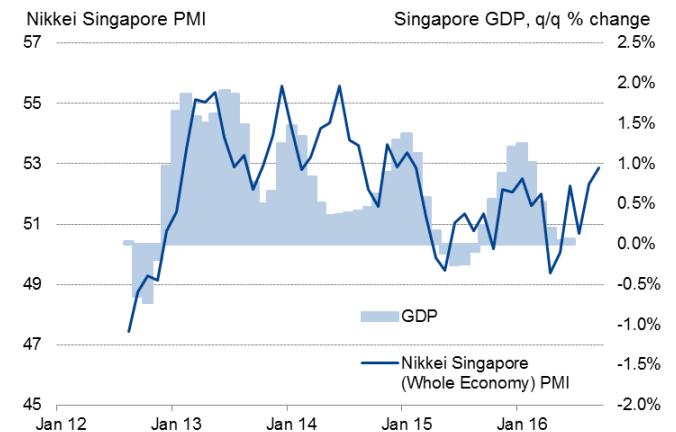
Rising staff costs curb jobs growth

The rate of employment growth, however, has not yet responded to the increase in demand. September data indicated that staffing numbers grew more modestly than in August. The lower jobs growth can be partly linked to strong wage inflation, causing companies to monitor payrolls judiciously. The survey's Staff Costs Index signalled a sharp rise in average pay at the end of the third quarter.

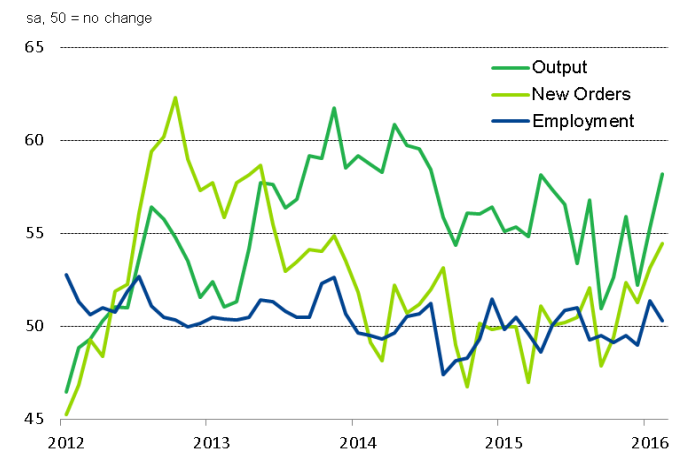
As a result, companies' operating capacities were further taxed, with outstanding work increasing at the fastest rate in the four-year history of the series.

Meanwhile, latest survey data pointed towards greater overall cost burdens, which in turn led to higher selling prices as companies sought to protect their margins.

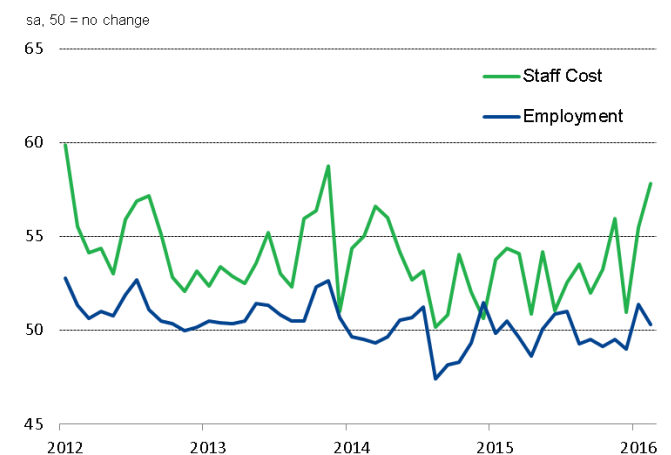
Singapore economic growth



Growth in output and new orders outpaces job creation



Rising salaries restrain more hiring



Bernard Aw

Economist

IHS Markit

Tel: +65 6922 4226

Email: bernard.aw@ihsmarkit.com

[Click here](#) for more PMI and economic commentary.

For further information, please visit www.ihsmarkit.com

Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited.