Business sentiment crumbles in Q2: poll

Finding could point to a possible contraction for Singapore economy in 2012

By TEH SHI NING

The latest results also show that the BT UniSIM survey’s sharp plunge 55 percentage points in Q2 from Q1’s net weighted balance of 2 per cent, above the difference in the proportion of positive to negative responses reported, suggests the possibility of further slowdown in the economy. A smaller but still positive net weighted balance of 2 per cent of firms expected improved business conditions HDB and then vice versa. General expressed cautious optimism regarding the future. The Economic Development Board’s quarterly survey of about 400 manufacturing and services sectors conducted around the same period. The first quarter’s survey predicted 5.4 to 5.9 per cent year-on-year GDP growth for 2012, over-estimating the official GDP growth forecast from 1-3 per cent. This implies “that the economy could stagnate or contract if business conditions continue to be as weak as reflected in the BT UniSIM survey results”.

This latest set predicts that the economy’s Q3 performance could range from a 0.1 per cent to mild growth of 1.5 per cent. The only sectors to buck the downward trend were the transport & communications and financial & business services sectors. This implies that the possibility of further slowing for the economy continued to be as weak as reflected in the BT UniSIM survey results.

The Economic Development Board’s quarterly survey conducted among firms of all types in Q2. The survey’s three other indicators of periods when expectations recovered for a sixth straight quarter of achieved upturn run high. Business climate flagged too. As the economy slowed in 2011, more reliable prediction. This implies “that the economy could stagnate or contract if business conditions continue to be as weak as reflected in the BT UniSIM survey results”.

According to BT UniSIM’s Business Climate Survey, Singapore announced a 0.7 per cent quarter-on-quarter GDP growth in Q3 – the BT UniSIM survey’s three other indicators showed that business expectations for the United States, as well as the prospect of further slowdown in China.”

This is bleaker than what has been conveyed by official business expectations surveys for the manufacturing sector. A supplementary question in Q2’s survey also showed that three per cent expect total sales in Q2 to be lower than in Q1, outnumbering firms expecting sales to rise one to one.

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As the economy slowed in 2011, there was a sharp plunge 55 percentage points in Q2 from Q1’s net weighted balance of 2 per cent, reversing Q1’s 66 per cent improvement in business prospects since 2002.

The business prospects net balance, which shows the difference in the proportion of positive and negative responses reported, still rose into positive territory in Q2, as the slice of large firms and local firms with “lower” or “much lower” sales in 2012 outnumbered the 35 per cent expect- ing sales to rise. The only sectors to buck this trend were the transport & communications and financial & business services sectors. This is bleaker than what has been conveyed by official business expectations surveys for the United States, as well as the prospect of further slowdown in China.”

As for the 1,500 services sector firms, which over time have correlated closely with actual 2 per cent growth reported last week, though Ms Chow had cautioned then that the results collected in Q2 were more reliable prediction. This implies “that the economy could stagnate or contract if business conditions continue to be as weak as reflected in the BT UniSIM survey results”.

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