Pessimism among companies in Q4 2014 hits its highest since Q3 2012, and indicators point to GDP slowing further in Q1 2015

By Teh Shi Ning
@TehShiNingBT

tshining@sph.com.sg

Business climate turns gloomy: survey

Business sentiment in Singapore soared rapidly in Q4 2014, as sales, profits and orders took a turn for the worse. Firms are among companies that may have contributed to the surge in the latest Business Times/UniSIM Business Climate Survey, which paints a gloomier picture than official surveys and predicts that GDP could slow further or even stagnate in Q1 this year.

Of the 179 firms polled in December 2014 and January 2015, 50 per cent expect business prospects to worsen over the next six months, up from 29 per cent a quarter earlier. The business prospects net balance of 3 per cent of firms was saying about how their business conditions compare to a quarter ago, wiping out gains chalked up over the past five quarters, the survey showed.

The worst of misery was among manufacturers, which reported a greater than 25 per cent drop in sales. Close to a fifth of companies based here worst hit by decline in December. This compares gloomily to the recent spikes to its highest since Q3 2012, which paints a gloomier picture than official surveys and predicts that GDP could slow further or even stagnate in Q1 this year.

The survey also showed that while business conditions in both domestic and domestic markets were gloomier in Q4, the Singapore market had weakened to a greater extent than peers. The survey director Chow Kit Boey said. The structural changes in the domestic economy and constantly erupting external shocks are major factors prolonging the current contractionary phase of the business cycle,” Ms Chow said.

What to expect: GDP Q4 2014 and Q1 2015

Economists polled by Bloomberg have revised this upwards when it releases final GDP figures on Tuesday morning, because manufacturing output contracted less than initially thought in December. Economists polled by Bloomberg now hold a median forecast of 1.7 per cent year-on-year growth for Q4 GDP. Some believe this could push growth for the full year up to 2.9 or 3 per cent, from the advance estimate of 2.8 per cent.

Economists are expecting the Ministry of Trade and Industry to revise this upwards when it releases official advance estimates in Q1.

Professor of Political Economy at the National University of Singapore

BUSINESS sentiments in Singapore soared rapidly in Q4 2014, as sales, profits and orders took a turn for the worse. Firms in manufacturing, retail, services and construction experienced a fall off in sales, profits and orders, according to the BT-UniSIM Business Climate Survey, which paints a gloomier picture than official surveys and predicts that GDP could slow further or even stagnate in Q1 this year.

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