Sluggish global economy weighs on business sentiment

By NISHA RAMCHANDANI (SINGAPORE) Companies in the manufacturing and services sectors express lower business confidence in the second half of 2013 compared to the first half, reflecting a gloomier outlook for the global economy.

A survey by the Singapore Economic Development Board (EDB) which polled the manufacturing and services sectors shows that firms see the outlook remaining weak in the first six months of 2013 compared to the second half of 2012.

In fact, the business climate in the first half of 2013 will remain comparable to H2 2012. While a weighted 14 per cent of firms expect slower business, a weighted 19 per cent expect output to fall in Q1 2013 compared to the previous quarter.

Manufacturers, services see weak H1: surveys

Where: employment prospects are concern, a weighted 85 per cent of manufacturers expect output to fall in Q1 2013 compared to Q4 2012.

On the services side, a survey by the Department of Statistics (DOS) which covered some 1,500 companies showed that an overall net weighted balance of 34 per cent of firms in the services sector anticipate lower levels of business activity in the first half of 2013 compared to the same period last year.

Meanwhile, a weighted 11 per cent of firms project stable business activity in the coming quarter while a weighted 77 per cent are concerned about weak business climate in H1 2013 in particular, the manufacturing sector anticipates the least optimistic business sentiment with a net weighted balance of 24 per cent anticipating a worsening of business climate among its members. The pharmaceutical segment is the most optimistic with an overall net weighted balance of 6 per cent.

The electronics cluster was the least optimistic with a net weighted balance of 28 per cent. Meanwhile, the electronics, chemicals and precision engineering clusters are output slack just dipping as demand from Europe and the US remain tepid.

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