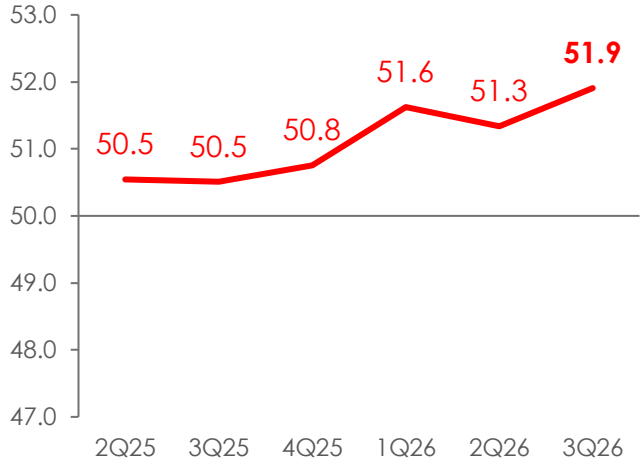
The OCBC SME Index remained in expansion at 51.9 in 3Q 2026, with growth underpinned by continued momentum in outward-oriented sectors.

OCBC SME Index

(>50 indicates **Expansion**, <50 indicates **Contraction**)



Against a backdrop of rapidly changing business conditions, SMEs have remained relatively resilient and continued to adapt, alongside a modest pickup in sentiments. Overall, SME payments and collections rose by 19.3% and 18.6% year-on-year respectively in 3Q 2026.

Nonetheless, the pace of improvement remains uneven across sectors. Growth continues to be led by outward-oriented and technology-related industries such as ICT and Manufacturing, amidst favourable trade, electronics and AI-related demand. In comparison, growth across domestically oriented sectors has been more measured and varied, with all sectors remaining in expansion except Education.

Cost pressures remain elevated across energy, logistics, electricity and manpower, while high oil prices continue to add challenges to the current operating environment. As some of these costs are passed through the supply chain, the increase in transactional values may partly reflect higher prices, alongside improving underlying business activity. This could, in turn, have partly contributed to the expansionary readings observed across some sectors.

Taken together, the GDP nowcast based on the OCBC SME Index for 3Q 2026 is around 5.3%, broadly in line with the GDP advance estimates released by the Ministry of Trade and Industry at 5.4%.

Looking ahead, the outlook for SMEs is likely to remain uneven, both across and within industries. Among businesses facing similar operating conditions, differences in cost structures, productivity and technology adoption could lead to varying outcomes. SMEs that are better able to manage costs, improve productivity and leverage technology may be better positioned to capture emerging opportunities ahead.

About the OCBC SME Index

Launched in 2021, the OCBC SME Index is the first data-driven index in Singapore that provides a barometer of SME business health and performance. The index is derived using the transactional data of over 100,000 OCBC Bank SME customers in Singapore with annual sales turnover of up to S$30 million. Centred around a score of 50, which indicates no change relative to the same period from the previous year, scores above 50 reflect improved business health, while scores below 50 indicate deterioration. A reading of the index and its historical trends offer insights into the economic conditions faced by SMEs and how they have performed across various industries.

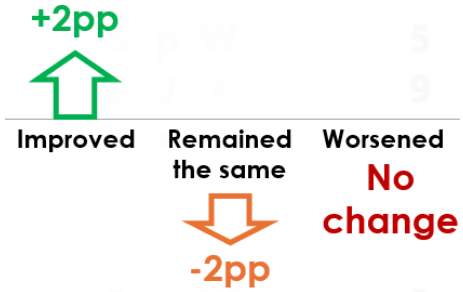
Of the 670 responses collected from the SME Business Outlook poll, sentiments among SMEs have improved.

Based on the OCBC SME Business Outlook poll conducted in September, 35% of the respondents reported better business conditions as compared to 3 months ago. This represents a 2-percentage point increase from the poll conducted earlier in June, in line with the improvement seen in the SME Index reading from the previous quarter.

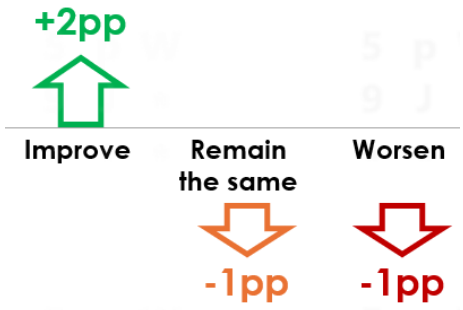
Looking ahead, sentiments on the outlook have also improved with 42% of SME business owners expecting conditions to improve in the near-term, a 2-percentage point increase from the previous quarter. At the same time, 18% of respondents expect conditions to worsen, and the remaining 39% expect conditions to remain the same. The more positive business outlook comes as concerns over the Middle East conflict have eased somewhat, with the impact thus far appearing less severe than initially feared.

Near-term optimism was stronger among outward-oriented SMEs, with 45% expecting a better outlook, compared with 39% of domestically oriented SMEs. Resilient external demand, supported in part by the technology and electronics upcycle, continues to provide opportunities for SMEs exposed to regional trade and supply chain activity, although geopolitical uncertainties remain.

Compared to 3 months ago, do you think your company's business has improved, worsened, or stayed the same?



Do you think your company's business will improve, remain the same, or worsen in the next 6 months?

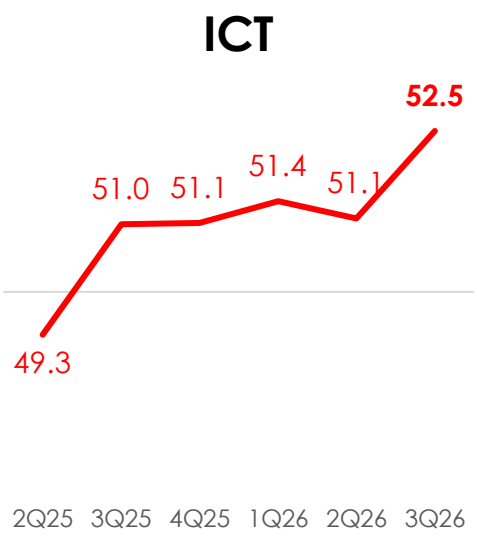


About the OCBC SME Business Outlook poll

The OCBC SME Business Outlook poll is conducted quarterly with the objective of understanding how SME Business Owners have fared in the recent months, their business outlook and key challenges they are likely to face in the next 6 months. About 670 responses were collected for the 3Q poll, during the survey period between 31 Aug and 30 Sep 2026.

Most sectors recorded improved readings, with outward-oriented sectors providing strong support towards the overall expansion.

Outward Oriented



ICT grew to 52.5 in 3Q 2026, reversing the slight moderation in reading seen in the previous quarter. This was accompanied by a 16.1% increase in collections and 13.4% increase in payments. While growth was observed across all segments, ICT Manufacturing and Sales segment (53.0) led the expansion and recorded the strongest business activity.

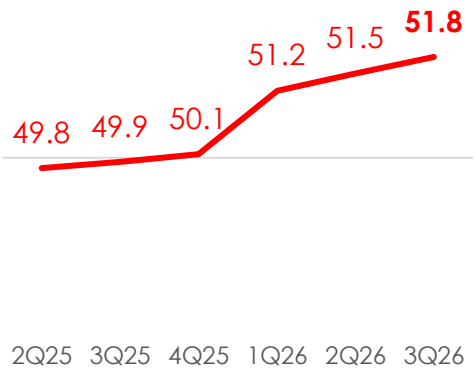
Rising digitalisation among businesses across the broader economy, particularly SMEs, continue to support the ICT sector, with adoption of digital tools and technologies gaining momentum.



Manufacturing extended its upward trajectory in 3Q 2026 and registered its sixth consecutive quarter of expansion with a reading of 52.4. This was accompanied by a 15.8% increase in collections and 15.9% increase in payments on a year-on-year basis. Upward momentum is driven by strong performance within the Precision Engineering (52.9) and Electronics & Semiconductor (52.5) segment.

SMEs are likely benefiting from the global technology upcycle, supported by sustained AI-related demand for semiconductors and other electronics products.

Transport & Logistics

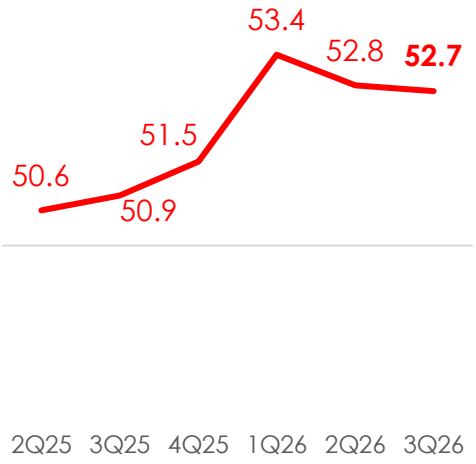


Transport & Logistics maintained a healthy pace of growth with a rise in reading to 51.8 in 3Q 2026. Overall collections and payments grew by 18.8% and 20.4% respectively on a year-on-year basis. Growth in the sector was supported by expansions in Logistics (52.0) and Sea Transport (51.7).

Firm external trade activity could have provided a supportive backdrop for SMEs in these segments, amid strong growth in Singapore's exports.

Domestic Facing

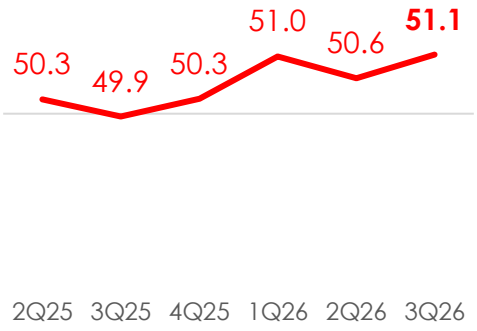
Retail



Retail maintained strong growth momentum in 3Q 2026, despite easing marginally from 52.8 in the previous quarter to 52.7. This was accompanied by a year-on-year increase in overall collections and payments of 17.5% and 18.6% respectively.

At the overall economic level, retail sales softened but underlying momentum remained largely intact. Discretionary spending has seen a healthy year-on-year growth, but overall sales is expected to moderate for the rest of the year.

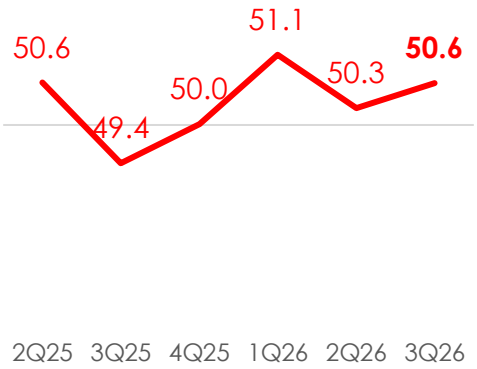
Building & Construction



Building & Construction rose to 51.1 in 3Q 2026, with overall growth supported by businesses in the Building Materials (51.5) and Construction (51.0) segments.

Like in the previous quarter, SMEs in the sector recorded sizeable increases in both collections and payments, rising by 26.6% and 28.2% respectively. While construction demand is expected to remain firm through 2026, the prolonged Middle East conflict has contributed to volatility in commodity prices, with diesel and bitumen prices remaining elevated relative to pre-conflict levels. As higher input costs are passed through the supply chain, part of the expansion may reflect upward cost pressure, alongside increased business activity.

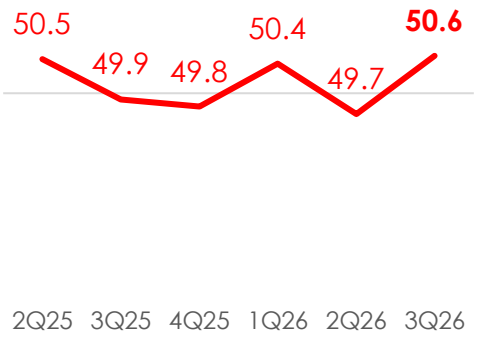
F&B



F&B grew to 50.6 in 3Q 2026, up from the 50.3 registered in the previous quarter. Expansions in F&B Services (50.9) and F&B Wholesale Trade (50.9) outweighed the contraction in F&B Retail (49.5). Overall collections and payments grew year-on-year by 7.1% and 8.9%, respectively.

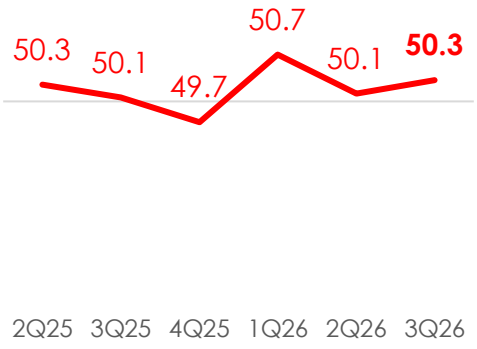
The expansion in F&B masks considerable variation within the sector, as businesses face differing abilities to manage ongoing cost pressures. Larger operators may benefit from greater scale and operational efficiencies, while smaller establishments have less room to absorb these pressures.

Business Services



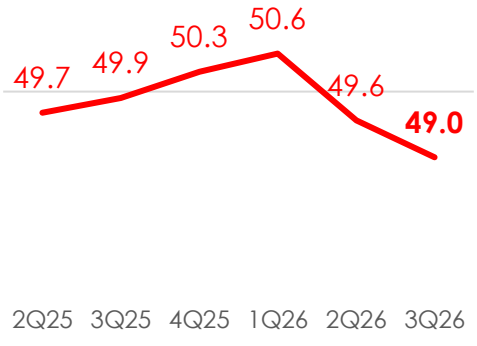
Business Services rose to 50.6 in 3Q 2026 from 49.7 in the previous quarter. The improvement was broad-based across the Business Consultancy (50.8), Accounting & Legal (50.8) and Advertising & Exhibition (50.2) segments, while overall collections and payments grew by 20.0% and 17.2% year-on-year respectively.

Healthcare



Healthcare improved to 50.3 in 3Q 2026. Growth in overall collections and payments was relatively muted compared with other sectors, increasing by 0.7% and 1.5% year-on-year respectively. Like the previous quarter, healthy performance in the Healthcare Distributor segment (51.9) was partially offset by contraction in the Healthcare Provider segment (49.8).

Education



Education slipped further into contraction at 49.0 in 3Q 2026 from 49.6 registered in the previous quarter. Weaknesses within the Training Centers (48.5) and Formal Education & Commercial Schools (49.3) segments hampered overall growth of the sector.

Overall payments grew by 3.8% year-on-year, faster than the increase in collections at 1.3%. This suggests that SMEs in the sector are potentially facing cost pressures arising from higher manpower, rental and other operating expenses.

Looking ahead, SMEs may see more divergence in performance as businesses adapt differently to changing conditions.

Challenges ahead

Manpower and Wages

Rising manpower costs and competition for skilled workers remain key challenges for SMEs. In 3Q 2026, SMEs' total wage bill grew by 8.4%, led by a 9.9% increase in domestically oriented industries, and a 6.8% in outward-oriented sectors. Wage pressures continue to raise operating costs, while skills shortages can make it more difficult for businesses to recruit and retain the talent they need to grow. These pressures may be particularly pronounced for labour-intensive SMEs, such as those in Building & Construction and Retail, where manpower accounts for a larger share of operating costs.

Geopolitical Risks to Business Costs

The prolonged Middle East conflict has continued to put pressure on global energy prices and supply chains, raising the cost of fuel and transportation. In Singapore, electricity tariffs for non-households rose by an average of 17.5% in Q3 2026 as higher global fuel costs fed through to electricity generation costs. Elevated costs add to broader inflationary pressures and weigh on global economic activity, while increasing operating costs for SMEs. The impact on SMEs is likely to vary as businesses face different levels of exposure to costs increases.

Opportunities

Technology adoption as a differentiator

As operating and wage costs remain elevated, technology adoption could increasingly become a key differentiator among SMEs. Digital technologies and AI could help businesses improve efficiency, automate routine tasks and raise productivity, supporting margins amid rising costs. However, the ability to adopt and benefit from these technologies is likely to vary across SMEs, resulting in increasingly uneven outcomes even among businesses within the same industry. SMEs that successfully invest in productivity may therefore be better positioned to manage cost pressures and pursue further growth.

	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26
Building & Construction	**50.3**	**49.9**	**50.3**	**51.0**	**50.6**	**51.1**
Construction	*50.1*	*50.0*	*50.3*	*50.9*	*50.5*	*51.0*
Investment Companies and Operators	*50.4*	*49.4*	*49.6*	*49.1*	*49.3*	*49.2*
Building Materials	*50.5*	*49.3*	*49.4*	*50.5*	*50.8*	*51.5*
Other Building & Construction	*50.6*	*50.2*	*50.7*	*51.7*	*50.4*	*49.9*
Business Services	**50.5**	**49.9**	**49.8**	**50.4**	**49.7**	**50.6**
Business Consultancy	*50.2*	*49.8*	*49.7*	*50.7*	*49.9*	*50.8*
Advertising and Exhibition	*49.8*	*49.2*	*49.2*	*49.5*	*49.2*	*50.2*
Accounting and Legal	*51.6*	*50.5*	*50.4*	*50.9*	*50.1*	*50.8*
Other Business Services	*52.0*	*51.5*	*52.0*	*51.3*	*50.7*	*50.0*
Education	**49.7**	**49.9**	**50.3**	**50.6**	**49.6**	**49.0**
Early Childhood Education	*49.3*	*49.3*	*50.6*	*50.4*	*51.8*	*51.6*
Training Centres	*50.6*	*50.9*	*50.8*	*50.9*	*48.4*	*48.5*
Recreation Classes	*50.8*	*50.5*	*50.1*	*50.5*	*50.0*	*49.8*
Formal Education & Commercial Schools	*48.0*	*49.2*	*49.5*	*49.5*	*49.5*	*49.3*
Other Education	*49.9*	*49.8*	*50.4*	*50.5*	*49.5*	*49.3*
F&B	**50.6**	**49.4**	**50.0**	**51.1**	**50.3**	**50.6**
F&B Services	*50.3*	*49.0*	*49.9*	*51.2*	*50.1*	*50.9*
F&B Wholesale Trade	*51.7*	*50.7*	*49.8*	*50.4*	*50.7*	*50.9*
F&B Retail	*49.9*	*48.4*	*49.2*	*50.6*	*49.7*	*49.5*
Other F&B	*51.6*	*51.2*	*50.5*	*51.5*	*50.0*	*49.9*
Healthcare	**50.3**	**50.1**	**49.7**	**50.7**	**50.1**	**50.3**
Healthcare Distributor	*49.1*	*50.2*	*49.7*	*52.2*	*51.9*	*51.9*
Healthcare Provider	*50.9*	*49.6*	*49.8*	*50.3*	*49.4*	*49.8*
Other Healthcare	*50.2*	*50.3*	*49.8*	*49.7*	*49.4*	*48.4*
ICT	**49.3**	**51.0**	**51.1**	**51.4**	**51.1**	**52.5**
Data Processing and Software Development	*48.6*	*50.6*	*50.9*	*50.7*	*49.8*	*50.9*
IT Consultancy	*49.6*	*50.0*	*49.6*	*50.1*	*50.4*	*50.9*
ICT Manufacturing and Sales	*50.4*	*50.8*	*50.5*	*51.3*	*51.9*	*53.0*
Web Portals and Hosting	*51.3*	*51.0*	*51.7*	*51.4*	*50.1*	*50.4*
Other ICT	*49.9*	*49.9*	*50.6*	*51.0*	*50.7*	*52.0*
Manufacturing	**50.6**	**50.9**	**51.0**	**51.6**	**52.1**	**52.4**
Precision Engineering	*50.0*	*51.3*	*50.9*	*52.3*	*53.1*	*52.9*
Electronics and Semiconductors	*50.0*	*50.2*	*51.9*	*50.1*	*50.7*	*52.5*
Consumer Products	*51.3*	*50.7*	*50.8*	*51.3*	*50.7*	*50.7*
Others Manufacturing	*50.9*	*50.3*	*50.6*	*51.0*	*51.4*	*51.8*
Transport & Logistics	**49.8**	**49.9**	**50.1**	**51.2**	**51.5**	**51.8**
Sea Transport	*49.7*	*49.9*	*49.8*	*51.1*	*50.9*	*51.7*
Land Transport	*49.6*	*49.9*	*50.6*	*51.0*	*50.9*	*50.6*
Logistics	*50.8*	*49.4*	*48.6*	*50.4*	*51.1*	*52.0*
Other Transport & Logistics	*50.9*	*51.9*	*51.2*	*49.9*	*50.1*	*49.6*
Resources	**50.1**	**50.2**	**50.6**	**50.4**	**50.8**	**50.9**
Retail	**50.6**	**50.9**	**51.5**	**53.4**	**52.8**	**52.7**
Wholesale Trade	**51.3**	**51.2**	**50.9**	**51.4**	**51.7**	**52.7**
Others	**50.7**	**50.9**	**51.3**	**51.3**	**50.4**	**50.8**
Overall SME Index	**50.5**	**50.5**	**50.8**	**51.6**	**51.3**	**51.9**

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