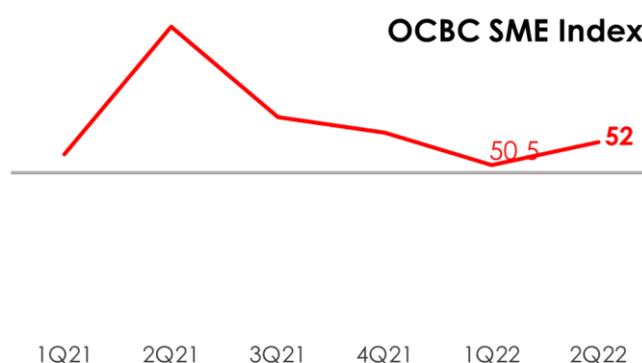


**The OCBC SME Index was expansionary for the sixth consecutive quarter at 52 in 2Q 22** with the lifting of most COVID-19 restrictions in Singapore. The positive impact of the local reopening was broad-based but was moderated by the continued rise in prices for food, commodities and services arising from the protracted conflict in Ukraine as well as the lockdowns in China. *A reading above 50 indicates improved activity while below 50 indicates a deterioration relative to the same period a year ago.*



**2Q 22 collections grew by 2%** over the quarter as SMEs performed better across industries.

**Our 2Q 22 GDP Nowcast came in at 5.8%**, up from the 3.7% GDP growth registered in 1Q 22. This reading is directionally aligned with the pick-up in the consensus forecast of 4.8% in the Monetary Authority of Singapore's Survey of Professional Forecasters in June 2022. *The GDP Nowcast estimates GDP using the latest OCBC SME Index.*

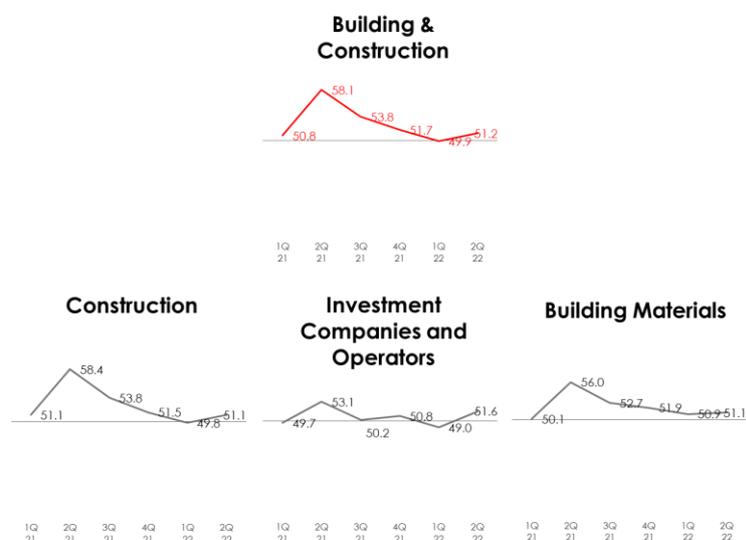
**The positive reading in 2Q 22 was observed across all industries.** Wholesale Trade, Transport & Logistics and Manufacturing continued to see growth on the back of strong cross-border trade. F&B and Business Services benefited from the easing of dining in restrictions and the opening of the borders to travel. The growth in ICT remained healthy with the continued momentum in digitalisation.

The OCBC SME Index is expected to remain expansionary in 3Q 22 though headwinds persist with the growing inflationary pressures and supply side challenges regionally.

Industry	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Building & Construction	50.8	58.1	53.8	51.7	49.9	51.2
Transport & Logistics	51.9	58.8	54.6	54.3	51.4	52.0
F&B	51.1	54.7	48.9	47.9	47.7	51.5
Healthcare	51.3	55.0	51.2	50.0	50.1	50.4
Education	51.2	58.1	51.5	50.0	49.0	50.1
ICT	50.6	54.7	52.5	52.3	51.2	51.4
Business Services	49.5	56.8	52.6	52.5	50.9	52.8
Manufacturing	50.9	57.8	53.4	53.0	51.0	52.5
Resources	51.3	55.1	51.9	53.1	50.1	51.7
Retail	51.4	62.9	50.6	51.5	49.8	51.0
Wholesale Trade	50.8	56.1	51.7	52.7	51.4	52.1

Values <48 and >52 are highlighted in darker shades to indicate weaker/stronger performances

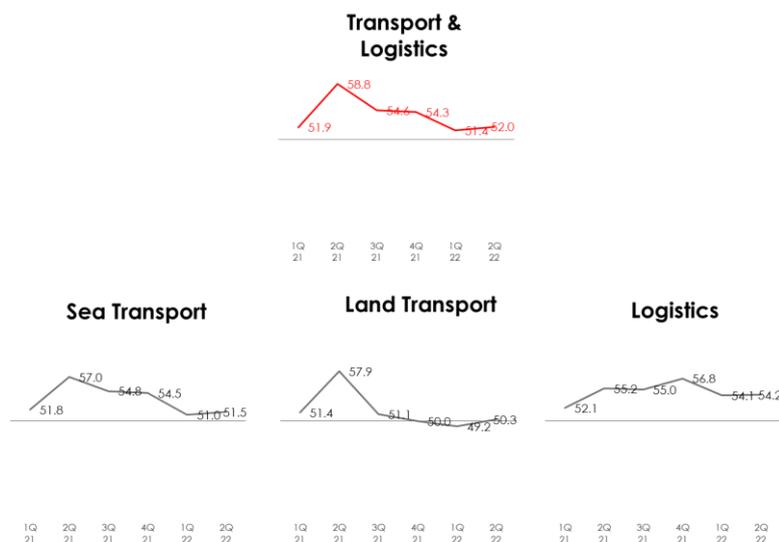
**Building & Construction grew to 51.2** from 49.9 last quarter.



The Construction segment turned around with an expansionary reading of 51.2. This was due to growth in the Construction and Investment sub-sectors. The Construction sector was spurred by some relief in the availability of labour with the reopening of borders across the region. The Investment sub-sector was buoyed by increases in property prices and rental yields as buyers overcame the initial uncertainty from additional property cooling measures introduced in Dec 2021.

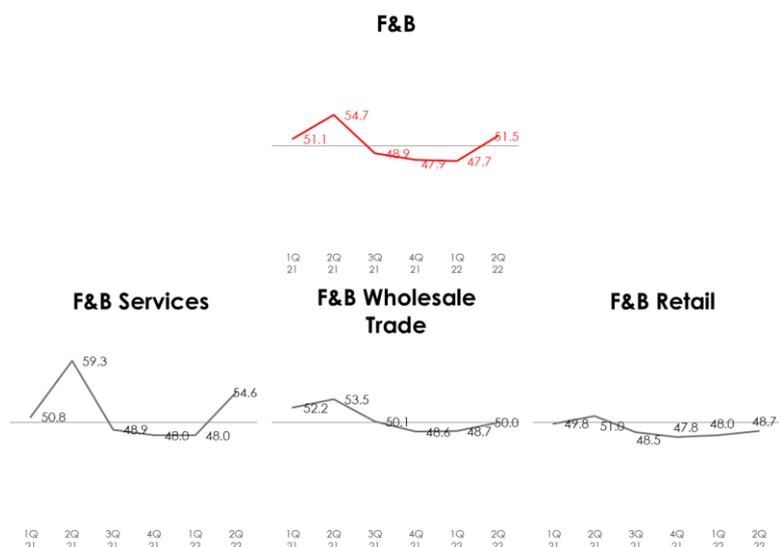
The industry however continues to be weighed down by higher commodity and energy prices as well as supply chain disruptions.

**Transport & Logistics continued a run of 6 quarters of expansion at 52** as borders opened in 2Q 22.



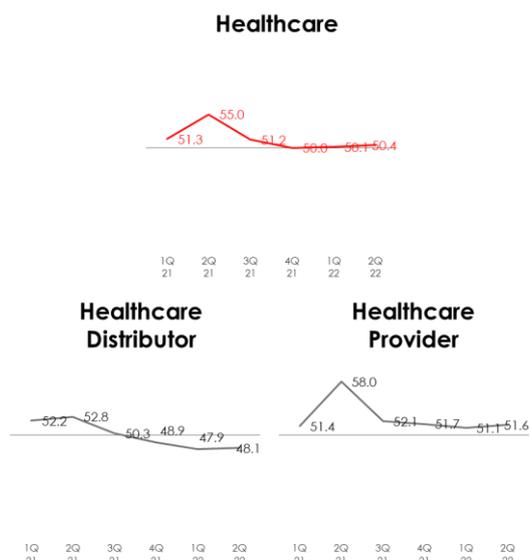
Growth was led by a consistently strong showing in the logistics sub-sector which registered 54.2. Sea and land transport saw a pick-up over the quarter helped by healthy cross-border trade. Land transport turned expansionary with an improvement to 50.3.

**F&B rebounded sharply over the quarter to 51.5** as dine-in restrictions were lifted.



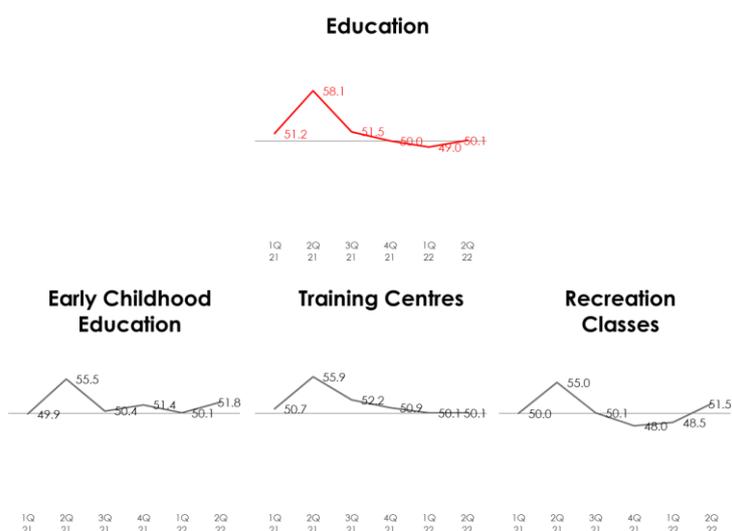
The F&B Services sub-sector benefitted significantly from the removal of safe distancing measures for dining in as restaurants were met with the pent-up demand from larger dining events as well as stronger visitor traffic. The readings for F&B retailers and wholesaler were less optimistic due to rising food prices and supply chain disruptions.

**Healthcare continued flat lining at 50.4**, caused primarily by weaker performance of the distributors.



The industry continued to be weighed down by Healthcare Distributors at 48.1. Year on year, collections for the distributors dropped 18% from the high in 2021 led by Covid-related supplies and could be signalling a reversion of demand to pre-pandemic levels.

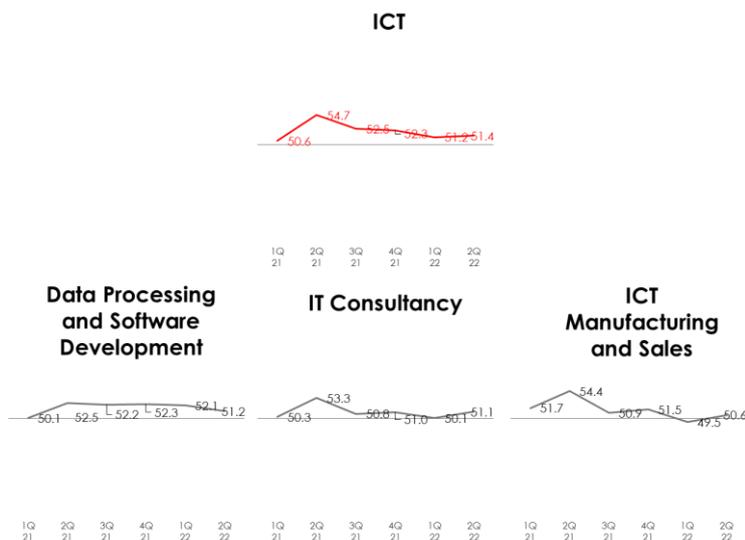
**Education reversed the contraction in 1Q 22**, with a reading of 50.1.



The pick-up in readings for the Education sub-sectors in early childhood education and recreation classes were the result of the lifting of Covid restrictions and a higher proportion of parents returning to work at the office. Collections for recreation classes rebounded strongly with a 25% increase YoY. We expect the

momentum for training centres improve in the coming quarters especially for foreign labour with the reopening of borders.

**Information, Communications and Technology remained expansionary for 6 consecutive quarters at 51.4**, supported by a healthy increase in collections of 25% YoY.



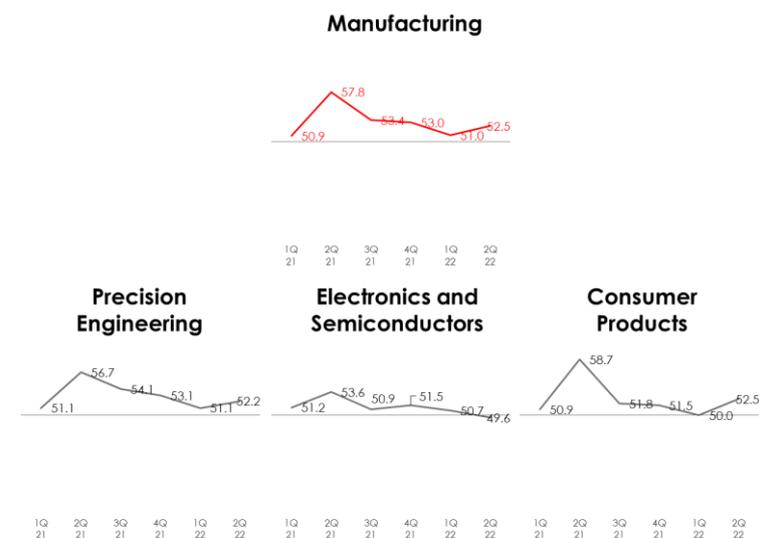
The industry continues to be lifted by the pace of digitalisation across businesses. Data Processing and Software Development maintained its growth at 51.2, with a solid 70% growth in collections YoY. IT Consultancy and ICT Manufacturing & Sales reversed the slowdown in the last quarter with readings of 51.1 and 50.6 respectively. Local manufacturing of electronics components was reported to have grown by 33.6% YoY in May 2022.

**Business Services picked up its pace of expansion at 52.8**, with resumption of travel in 2Q 22.



All the Business Services sub-sectors benefitted greatly from the resumption of business travel in 2Q 22 and growing rebound in the regional economies. Business consultancy and Advertising & exhibitions continued to register improved expansionary readings at 52.2 and 53.7 respectively. Accounting and Legal recorded a 50% increase in collections YOY along with an improved reading of 51.8.

**Manufacturing picked up its pace of growth to 52.5**, with a 14% increase in YoY collections.



The growth in Manufacturing was led by Consumer Products at 52.5 with a 21% increase in collections YoY. Precision Engineering also registered a healthy 52.2 with a 12% increase in collections YoY. This was in line with the 8.4% increase in the 3-monthly average manufacturing output in May 2022 reported by EDB.

The Electronics and Semiconductors sub-sector was still in contractionary territory, at 49.6 but should see an improvement in the second half of the year.

Industry	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
<b>Building &amp; Construction</b>	<b>50.8</b>	<b>58.1</b>	<b>53.8</b>	<b>51.7</b>	<b>49.9</b>	<b>51.2</b>
Construction	51.1	58.4	53.8	51.5	49.8	51.1
Investment Companies and Operators	49.7	53.1	50.2	50.8	49.0	51.6
Building Materials	50.1	56.0	52.7	51.9	50.9	51.1
Other Building & Construction	49.5	55.0	53.1	51.3	49.9	50.8
<b>Business Services</b>	<b>49.5</b>	<b>56.8</b>	<b>52.6</b>	<b>52.5</b>	<b>50.9</b>	<b>52.8</b>
Business Consultancy	50.0	55.3	51.4	51.7	50.3	52.2
Advertising and Exhibition	49.1	58.3	54.9	54.4	52.1	53.7
Accounting and Legal	49.6	53.9	50.4	49.9	49.4	51.8
Other Business Services	50.0	54.1	51.1	51.1	50.5	51.9
<b>Education</b>	<b>51.2</b>	<b>58.1</b>	<b>51.5</b>	<b>50.0</b>	<b>49.0</b>	<b>50.1</b>
Early Childhood Education	49.9	55.5	50.4	51.4	50.1	51.8
Training Centres	50.7	55.9	52.2	50.9	50.1	50.1
Recreation Classes	50.0	55.0	50.1	48.0	48.5	51.5
Formal Education & Commercial Schools	52.7	53.5	51.6	50.7	50.4	50.1
Other Education	51.2	57.1	51.9	50.2	49.0	49.4
<b>F&amp;B</b>	<b>51.1</b>	<b>54.7</b>	<b>48.9</b>	<b>47.9</b>	<b>47.7</b>	<b>51.5</b>
F&B Services	50.8	59.3	48.9	48.0	48.0	54.6
F&B Wholesale Trade	52.2	53.5	50.1	48.6	48.7	50.0
F&B Retail	49.8	51.0	48.5	47.8	48.0	48.7
Other F&B	50.5	49.5	49.8	50.4	48.6	49.7
<b>Healthcare</b>	<b>51.3</b>	<b>55.0</b>	<b>51.2</b>	<b>50.0</b>	<b>50.1</b>	<b>50.4</b>
Healthcare Distributor	52.2	52.8	50.3	48.9	47.9	48.1
Healthcare Provider	51.4	58.0	52.1	51.7	51.1	51.6
Other Healthcare	48.5	49.9	50.3	49.4	51.7	51.1
<b>ICT</b>	<b>50.6</b>	<b>54.7</b>	<b>52.5</b>	<b>52.3</b>	<b>51.2</b>	<b>51.4</b>
Data Processing and Software Development	50.1	52.5	52.2	52.3	52.1	51.2
IT Consultancy	50.3	53.3	50.8	51.0	50.1	51.1
ICT Manufacturing and Sales	51.7	54.4	50.9	51.5	49.5	50.6
Web Portals and Hosting	50.0	51.2	50.5	49.8	51.3	50.4
Other ICT	49.3	52.6	52.2	50.7	50.1	50.9
<b>Manufacturing</b>	<b>50.9</b>	<b>57.8</b>	<b>53.4</b>	<b>53.0</b>	<b>51.0</b>	<b>52.5</b>
Precision Engineering	51.1	56.7	54.1	53.1	51.1	52.2
Electronics and Semiconductors	51.2	53.6	50.9	51.5	50.7	49.6
Consumer Products	50.9	58.7	51.8	51.5	50.0	52.5
Others Manufacturing	50.4	55.1	52.9	52.0	50.6	52.6
<b>Transport &amp; Logistics</b>	<b>51.9</b>	<b>58.8</b>	<b>54.6</b>	<b>54.3</b>	<b>51.4</b>	<b>52.0</b>
Sea Transport	51.8	57.0	54.8	54.5	51.0	51.5
Land Transport	51.4	57.9	51.1	50.0	49.2	50.3
Logistics	52.1	55.2	55.0	56.8	54.1	54.2
Other Transport & Logistics	49.2	53.6	52.1	52.5	51.4	51.0
<b>Industry</b>	<b>1Q21</b>	<b>2Q21</b>	<b>3Q21</b>	<b>4Q21</b>	<b>1Q22</b>	<b>2Q22</b>
<b>Wholesale Trade</b>	<b>50.8</b>	<b>56.1</b>	<b>51.7</b>	<b>52.7</b>	<b>51.4</b>	<b>52.1</b>
<b>Retail</b>	<b>51.4</b>	<b>62.9</b>	<b>50.6</b>	<b>51.5</b>	<b>49.8</b>	<b>51.0</b>
<b>Resources</b>	<b>51.3</b>	<b>55.1</b>	<b>51.9</b>	<b>53.1</b>	<b>50.1</b>	<b>51.7</b>
<b>Others</b>	<b>51.0</b>	<b>61.1</b>	<b>54.7</b>	<b>53.7</b>	<b>51.3</b>	<b>53.2</b>
<b>Overall SMEI</b>	<b>51.2</b>	<b>59.5</b>	<b>53.6</b>	<b>52.6</b>	<b>50.5</b>	<b>52.0</b>

A score above 50 signifies improved health and a score of below 50 shows a deterioration relative to the same period a year ago.

**About the OCBC SME Index**

The OCBC SME Index is the first data-driven SME-focused index in Singapore based on the transactional data of SMEs, providing a barometer of SME business health and performance. The index is derived using the SME transactional data of over 100,000 OCBC Bank SME customers in Singapore with annual sales turnover of up to S\$30 million. The OCBC SME Index is centered on a score of 50 which represents zero change in the inputs from a year ago. A score above 50 signifies improved health and a score of below 50 shows a deterioration relative to the same period a year ago.

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