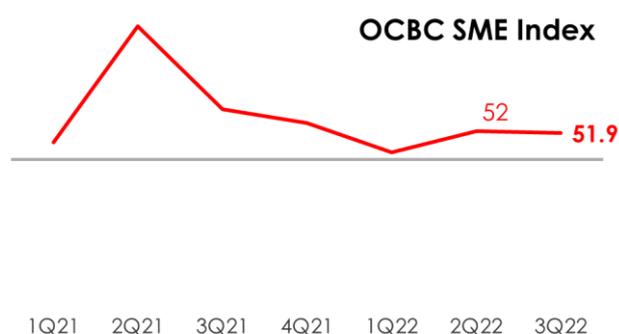


**The OCBC SME Index remained expansionary for the seventh consecutive quarter since 1Q 2021.**

Registering 51.9 for 3Q 2022, growth was broad-based and supported by a healthy pick-up in consumer demand and international air travel. Business sentiment however continued to be weighed down by concerns over rising inflationary pressures going forward, especially in energy and transport costs. A reading above 50 indicates improved activity while below 50 indicates a deterioration relative to the same period a year ago.



**The 3Q 22 GDP Nowcast came in at 4.6%**, sustaining the growth momentum recorded in 2Q 22 at 4.5%. For reference, advance estimates released by the Ministry of Trade and Industry indicated that GDP grew by 4.4% in the third quarter. *The GDP Nowcast estimates GDP using the latest OCBC SME Index.*

**The positive reading in 3Q 22 was observed across all but one of the industries** – Information, Communications and Technology (ICT). SMEs in Business Services and Manufacturing continued to deliver a strong performance on the back sustained demand with the re-opening of international borders. F&B rebounded strongly and other consumer-facing services sectors such as Healthcare, Education and Retail also expanded with the boost in domestic spending.

The OCBC SME Index is likely to moderate downwards in the 4<sup>th</sup> quarter of 2022 but remain slightly expansionary, with growing downside risks arising from the softening in global and regional demand, persistent inflationary pressures especially in energy and manpower costs, and rising interest rates.

Industry	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Building & Construction	50.8	58.1	53.8	51.7	49.9	51.2	51.8
Transport & Logistics	51.9	58.8	54.6	54.3	51.4	52.0	50.1
F&B	51.1	54.7	48.9	47.9	47.7	51.5	52.5
Healthcare	51.3	55.0	51.2	50.0	50.1	50.4	50.7
Education	51.2	58.1	51.5	50.0	49.0	50.1	51.2
ICT	50.6	54.7	52.5	52.3	51.2	51.4	49.4
Business Services	49.5	56.8	52.6	52.5	50.9	52.8	53.6
Manufacturing	50.9	57.8	53.4	53.0	51.0	52.5	52.3
Resources	51.3	55.1	51.9	53.1	50.1	51.7	51.1
Retail	51.4	62.9	50.6	51.5	49.8	51.0	50.9
Wholesale Trade	50.8	56.1	51.7	52.7	51.4	52.1	51.0

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

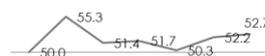
**Business Services edged higher in 3Q 22**, picking up its pace of expansion from 52.8 in 2Q 22 to 53.6 in 3Q 22.

### Business Services

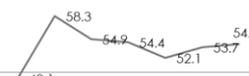


1Q 21 2Q 21 3Q 21 4Q 21 1Q 22 2Q 22 3Q 22

### Business Consultancy



### Advertising and Exhibition



### Accounting and Legal



1Q 21 2Q 21 3Q 21 4Q 21 1Q 22 2Q 22 3Q 22

The industry has remained buoyant since 1Q 21, lifted by steady performance across all segments. This is especially so for Advertising and Exhibition which grew from 53.7 in 2Q 22 to 54.2 in 3Q 22. Sentiment was upbeat with a significant boost from the resumption of MICE activities and a strong quarter of events and conventions built around the F1 Singapore Grand Prix. SMEs in Business Consultancy continued to register solid growth since the beginning of the year with the resumption of business across all sectors.

**Manufacturing sector continued its expansion this quarter** moderating slightly from 52.5 in 2Q 22 to 52.3 in 3Q 22, with a 2.4% increase in QoQ collections.

**Manufacturing**

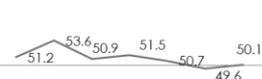


1Q 21 2Q 21 3Q 21 4Q 21 1Q 22 2Q 22 3Q 22

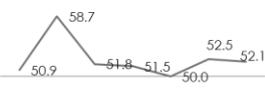
**Precision Engineering**



**Electronics and Semiconductors**



**Consumer Products**

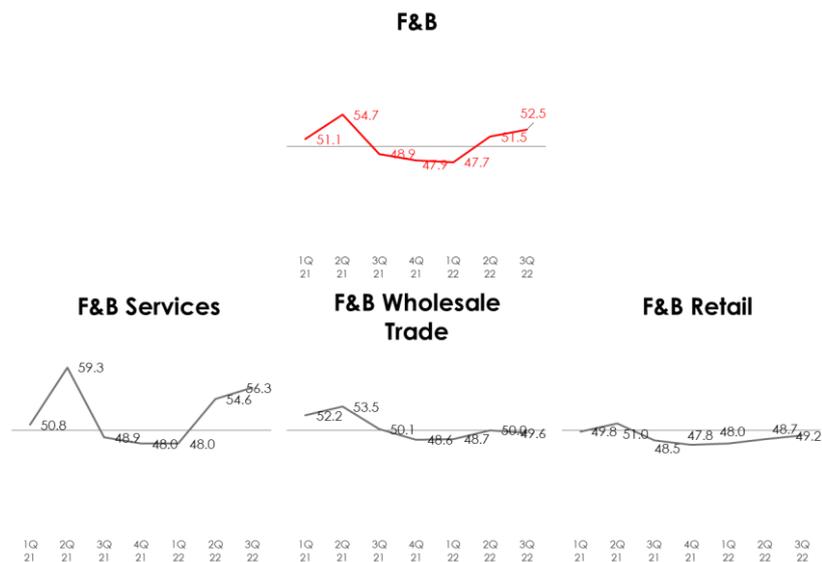


1Q 21 2Q 21 3Q 21 4Q 21 1Q 22 2Q 22 3Q 22 1Q 21 2Q 21 3Q 21 4Q 21 1Q 22 2Q 22 3Q 22 1Q 21 2Q 21 3Q 21 4Q 21 1Q 22 2Q 22 3Q 22

Precision Engineering and Consumer Products saw robust growth in 3Q 22 with a reading of 52.1. Expansion was supported by healthy demand for consumables and industrial tools and machinery.

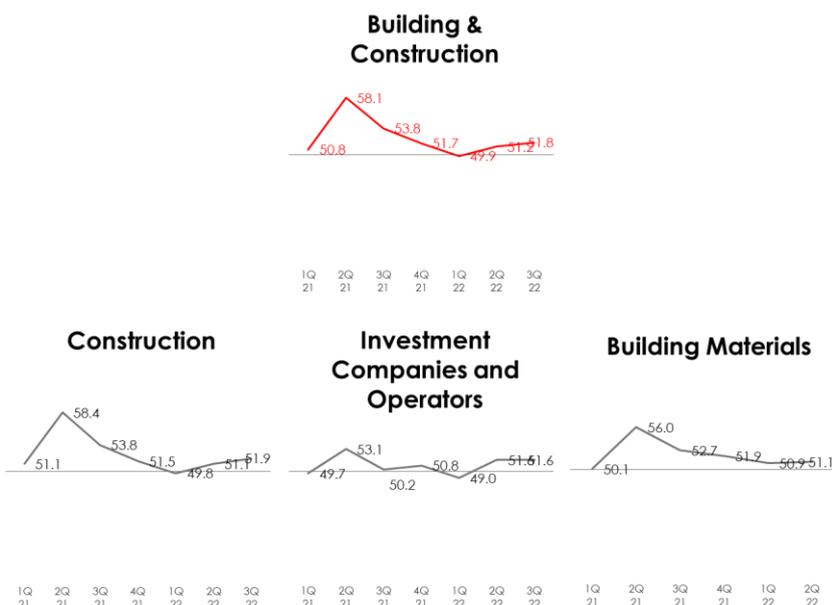
Meanwhile, the Electronics and Semiconductor segment was muted at 50.1 as businesses remained cautious against the backdrop of persistent supply chain disruptions and softening consumer demand for electronics in the second half of the year.

**F&B extended its gains into 3Q 22**, driven by growth in the F&B Services segment.



The F&B sector saw an improvement in reading from 51.5 in 2Q 22 to 52.5 in 3Q 22, and collections increased by 3.8% QoQ. Expansion in the F&B Services segment to 56.3 significantly outweighed the contraction in the F&B Wholesale Trade (49.6) and F&B Retail (49.2) segments. SMEs in F&B services gained from the jump in tourist arrivals and also came on the back of a low base one year ago with the suspension of dining-in services during Phase 2 Heightened Alert.

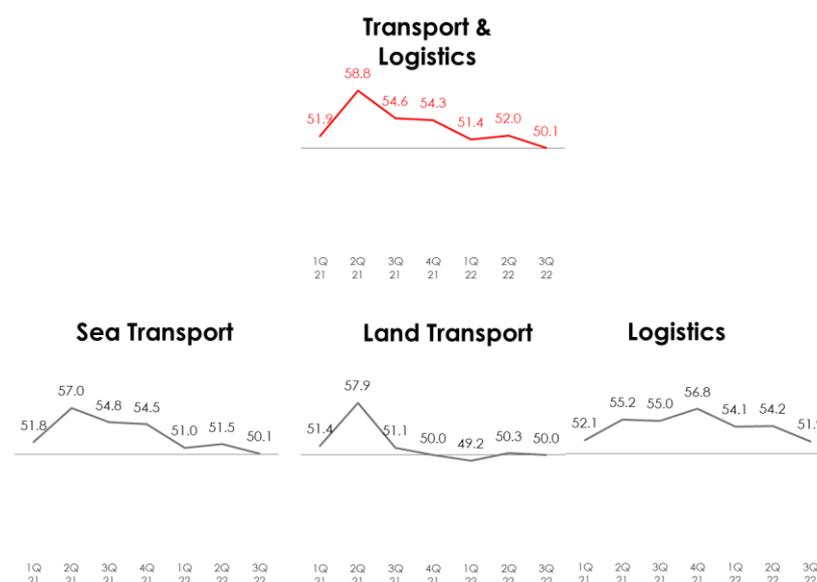
**Building & Construction grew to 51.8** from 51.2 last quarter.



The Building & Construction sector remained expansionary in 3Q 22 with readings across all segments rising above 51. Momentum improved because of the pipeline of public and private sector projects and the acceleration of work on projects delayed through the pandemic. On a QoQ basis, collections also increased by 3.3%.

The rise in wage costs and the prices of steel, cement and other construction materials continue to pose challenges to SMEs, even as demand ticks higher.

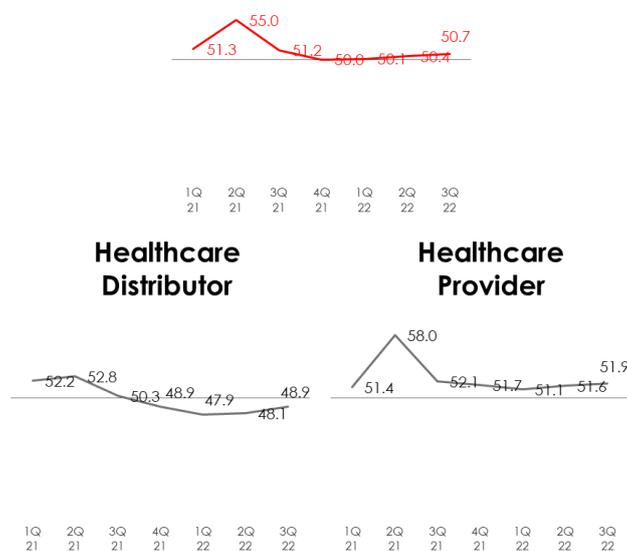
**Growth in Transport & Logistics has slowed down** after 6 consecutive quarters of robust performance with a reading of 50.1 in 3Q 22, down from the 52.0 in 2Q 22.



While the sector remains expansionary, growth has moderated since the last quarter especially in the Logistics segment as its reading dropped from 54.2 in 2Q 22 to 51.9 in 3Q 22. Elevated oil prices could have dampened demand for transport and logistics services as higher costs are gradually being passed onto consumers.

**Healthcare saw a slight uptick in reading at 50.7 in 3Q 22**, as the Healthcare providers were resilient and expansionary while the Healthcare distributors lagged the overall sector, contracting for the fourth consecutive quarter with a reading of 48.9 on lower Covid-related supplies. On a QoQ basis, collections for the segment have also dropped by 16.5%.

### Healthcare



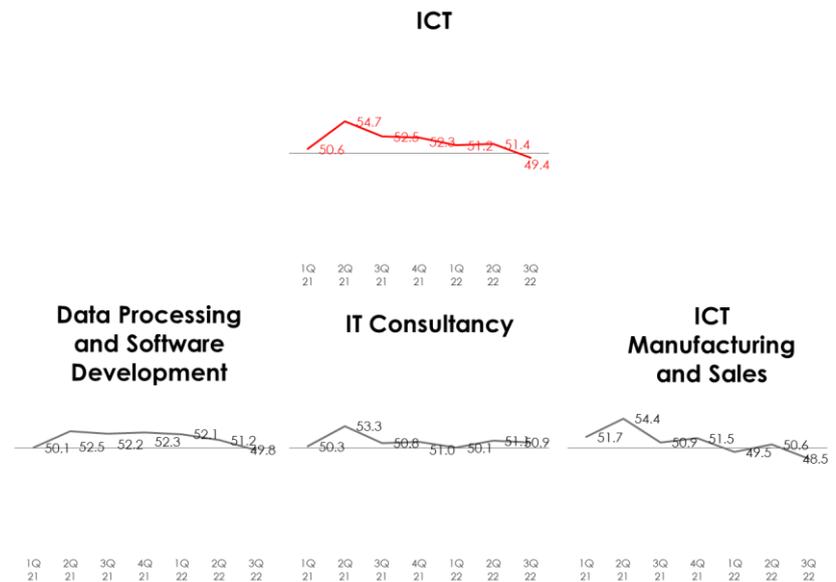
**Education remained buoyant at 51.2 in 3Q 22**, up from 50.1 in the previous quarter.

### Education



Early Childhood Education saw the largest expansion within the sector, supported by sustained demand for childcare services as more parents returned to work from office. Training Centres and Recreation Classes also experienced broad gains, as the lifting of COVID-19 restrictions encouraged more in-person classes to resume, providing some growth momentum for both segments.

**ICT went into contractionary territory for the first time since 1Q 21**, and collections also declined by 3.5% QoQ.



The industry was weighed down by performance in Data Processing & Software Development and ICT Manufacturing & Sales which fell short of expectations. Specifically, the reading for ICT Manufacturing & Sales slipped from 50.6 in 2Q 22 to 48.5 in 3Q 22 as global chip shortages and supply chain uncertainties persist, hindering growth in the segment.

Industry	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<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>	<b>51.8</b>
Construction	51.1	58.4	53.8	51.5	49.8	51.1	51.9
Investment Companies and Operators	49.7	53.1	50.2	50.8	49.0	51.6	51.6
Building Materials	50.1	56.0	52.7	51.9	50.9	51.1	51.0
Other Building & Construction	49.5	55.0	53.1	51.3	49.9	50.8	50.9
<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>	<b>53.6</b>
Business Consultancy	50.0	55.3	51.4	51.7	50.3	52.2	52.7
Advertising and Exhibition	49.1	58.3	54.9	54.4	52.1	53.7	54.2
Accounting and Legal	49.6	53.9	50.4	49.9	49.4	51.8	51.6
Other Business Services	50.0	54.1	51.1	51.1	50.5	51.9	53.5
<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>	<b>51.2</b>
Early Childhood Education	49.9	55.5	50.4	51.4	50.1	51.8	52.5
Training Centres	50.7	55.9	52.2	50.9	50.1	50.1	50.9
Recreation Classes	50.0	55.0	50.1	48.0	48.5	51.5	51.0
Formal Education & Commercial Schools	52.7	53.5	51.6	50.7	50.4	50.1	51.0
Other Education	51.2	57.1	51.9	50.2	49.0	49.4	50.2
<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>	<b>52.5</b>
F&B Services	50.8	59.3	48.9	48.0	48.0	54.6	56.3
F&B Wholesale Trade	52.2	53.5	50.1	48.6	48.7	50.0	49.6
F&B Retail	49.8	51.0	48.5	47.8	48.0	48.7	49.2
Other F&B	50.5	49.5	49.8	50.4	48.6	49.7	50.7
<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>	<b>50.7</b>
Healthcare Distributor	52.2	52.8	50.3	48.9	47.9	48.1	48.9
Healthcare Provider	51.4	58.0	52.1	51.7	51.1	51.6	51.9
Other Healthcare	48.5	49.9	50.3	49.4	51.7	51.1	50.8
<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>	<b>49.4</b>
Data Processing and Software Development	50.1	52.5	52.2	52.3	52.1	51.2	49.8
IT Consultancy	50.3	53.3	50.8	51.0	50.1	51.1	50.9
ICT Manufacturing and Sales	51.7	54.4	50.9	51.5	49.5	50.6	48.5
Web Portals and Hosting	50.0	51.2	50.5	49.8	51.3	50.4	50.3
Other ICT	49.3	52.6	52.2	50.7	50.1	50.9	50.5
<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>	<b>52.3</b>
Precision Engineering	51.1	56.7	54.1	53.1	51.1	52.2	52.1
Electronics and Semiconductors	51.2	53.6	50.9	51.5	50.7	49.6	50.1
Consumer Products	50.9	58.7	51.8	51.5	50.0	52.5	52.1
Others Manufacturing	50.4	55.1	52.9	52.0	50.6	52.6	52.1
<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>	<b>50.1</b>
Sea Transport	51.8	57.0	54.8	54.5	51.0	51.5	50.1
Land Transport	51.4	57.9	51.1	50.0	49.2	50.3	50.0
Logistics	52.1	55.2	55.0	56.8	54.1	54.2	51.9
Other Transport & Logistics	49.2	53.6	52.1	52.5	51.4	51.0	50.8
<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>51.0</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>50.9</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>51.1</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>53.7</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>	<b>51.9</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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