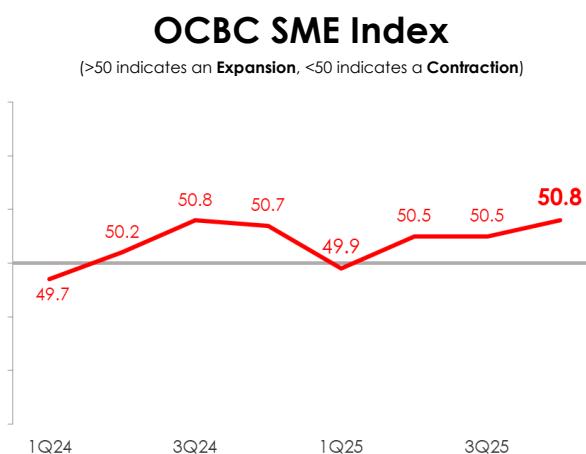


## The OCBC SME Index rose to 50.8 in 4Q 2025, remaining in expansionary territory for the third consecutive quarter.

SMEs rounded off the year on a positive note with a strong performance in 4Q25. This was accompanied by an 11.8% increase in overall collections and 10.7% increase in overall payments year-on-year.

Growth was broad-based, with outward oriented industries outperforming the domestically oriented industries. Like the previous quarter, SMEs in the Manufacturing, ICT, and Wholesale Trade continue to be the main drivers of growth despite the macroeconomic headwinds. Against softer consumer demand and a tougher operating environment, SMEs in the Building & Construction, Retail and Education sector stayed resilient.



**The 4Q 2025 GDP growth Nowcast based on the OCBC SME Index is around 5%,** up from the 4.3% registered in 3Q 2025. This is aligned with the GDP advance estimates released by the Ministry of Trade and Industry projected to be at 5.7%, year-on-year in 4Q 2025.

The pace of growth of the OCBC SME Index and overall collections and payments were strong in 4Q 2025. While this momentum could carry into early 2026, the outlook for the year ahead is likely to ease due to higher operating costs and stronger market competition in the region. Uncertainty from geopolitical conflict could weigh on business confidence and demand. Still, opportunities remain for SMEs that position themselves to expand into external markets or leverage cross-border initiatives such as the Johor-Singapore Special Economic Zone. Productivity gains through AI and digital transformation can also help SMEs manage rising costs and enhance competitiveness.

### 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 offers insights into the economic conditions faced by SMEs and how they have performed across various industries.

## In line with the OCBC SME Index reading, business owners in the outward oriented sectors seem to show strong business sentiment over the past quarter.

40% of respondents from the outward oriented sectors indicated that business conditions have improved, higher than the 33% of respondents from the domestically oriented sectors. Notably, 28% of the respondents from the domestically oriented sectors also indicated that their business performance has worsened over the last quarter.

Looking ahead, almost 1 in 2 of SME business owners expect the outlook to improve in the next 6 months. Again, SMEs in the outward oriented sectors were more optimistic as compared to the domestic sectors. This is potentially driven by the sustained momentum in demand in 4Q 2025.

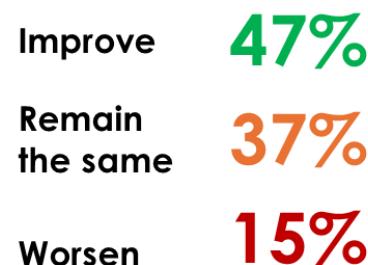
Chief among the concerns of SME business owners was stiff market competition, with about 36% of respondents indicating it as the biggest challenge to their business in the next 6 months. This was followed by geopolitical uncertainties, with about 20% of business owners indicating it as their biggest challenge.

SME business owners from the domestically oriented sectors remain more concerned with cost pressures and manpower constraints as the total wage bill of SMEs from the domestically oriented industries rose by 10% in 4Q 2025. To build more resilient supply-chains and revenue streams, a sizeable share of SME business owners is also looking towards other end-demand markets for business expansion.

*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?*



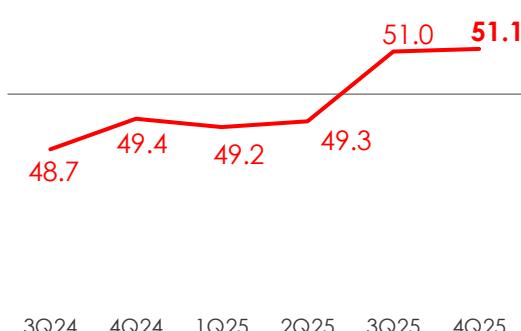
### About the OCBC SME Business Outlook poll

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 700 responses were collected for the 4Q poll, during the survey period between 1 Dec and 30 Dec 2025.

**Sustained business activity in the outward oriented industries provided a lift to overall SME performance.**

## Outward Oriented

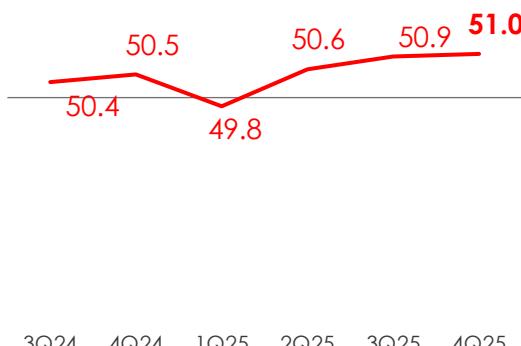
### ICT



ICT continues to register a consecutive healthy expansion at 51.1 in 4Q 2025. The performance of the industry is driven primarily by the Data Processing and Software Development (50.9), and ICT Manufacturing and Sales (50.5) segment. The IT Consultancy (49.6) segment weighed down on the performance of the industry.

3Q24 4Q24 1Q25 2Q25 3Q25 4Q25

### Manufacturing



Manufacturing remains on an upward growth trajectory, with an expansionary reading of 51.0 this quarter. Collections and Payments saw a year-on-year increase of 2% and 3%, respectively, indicating that SMEs continue to benefit from stable business activity in the industry. The strong result is driven by expansions across all segments, driven primarily by Precision Engineering (50.9) and Consumer Products manufacturing (50.8).

3Q24 4Q24 1Q25 2Q25 3Q25 4Q25

## Transport & Logistics



Coming off from a high base in 4Q 2024, Transport & Logistics registered an expansion at 50.1. This was accompanied by an increase in overall collections and payments of 8% on-year and 10% on-year respectively. Growth in the industry was driven by the Land Transport segment (50.6). The Sea Transport (49.8) and Logistics (48.6) segments continue to remain in contraction, exerting a drag on the performance of the industry.

## Domestic facing

### Building & Construction



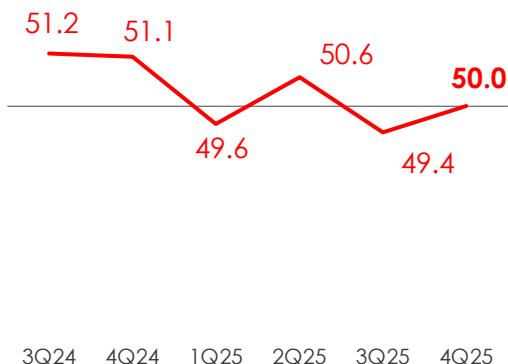
Building & Construction rose to 50.3 in 4Q25, with a healthy year-on-year increase in overall collections (18%) and payments (19%). The performance of the industry is driven largely by expansions in the Construction segment (50.3). The Building Materials segment remained in contraction (49.4) and exerted a drag on the performance of the industry. Overall, SMEs in Building & Construction should continue to benefit from the strong pipeline of public and private housing and infrastructure projects in the year ahead.

## Education



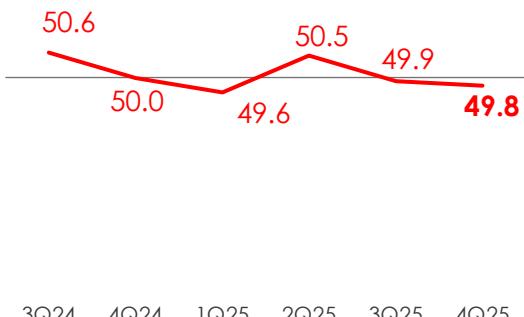
Education improved to 50.3 in 4Q25, with a 4% increase in collections and 1% increase in payments. Performance of the industry primarily attributed to expansions in Early Childhood Education (50.6). Business activities within Training Centers (50.8) also increased, likely driven by individuals utilizing their Skills Future credits ahead of the end-2025 expiry.

## F&B



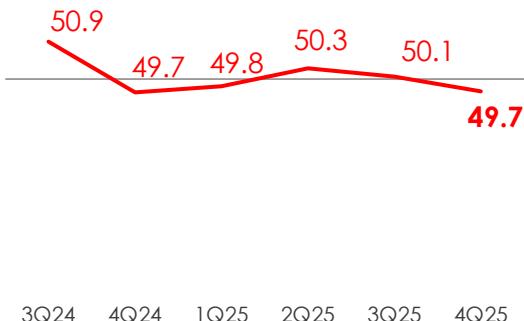
Food & Beverages (F&B) was neutral with a reading of 50.0. While SMEs in the Food Farming and Food Manufacturing segments provided some lift to overall performance, growth was muted due to weaker activity in downstream value chain. F&B Wholesale Trade and F&B Retail trade saw a slowdown, with a reading of 49.8 and 49.2 respectively.

## Business Services



Business Services contracted marginally with a reading of 49.8 in 4Q25. The performance of the industry was predominantly weighed down by contraction in both the Business Consultancy (49.7), Advertising and Exhibition (49.2) segments.

## Healthcare



Healthcare registered a contraction at 49.7 this quarter. The lacklustre performance of the industry can be attributed primarily to contractions in the Healthcare Distributor (49.7) and Healthcare Provider (49.8) segments, year-on-year.

## The OCBC SME Index will moderate as gradual easing is expected in 1Q 2026.

### Challenges ahead

#### Momentum likely to soften

Coming off from a strong year of growth in 2025, growth momentum is likely to soften in the near term. While majority of SMEs are not serving the US market directly, policy unpredictability and economic uncertainty remain, and this could weigh on business confidence. Even as several key sectors have also benefitted from the AI boom, it remains to be seen how sustainable such growth will be moving ahead.

Domestically, SMEs will also face higher operating costs and stronger market competition. With the rise in Chinese outbound FDI and a greater Chinese presence in ASEAN markets, some SMEs are concerned about competitiveness vis-à-vis Chinese exporters.

### Opportunities

#### Riding Asia's Innovation Shifts

Singapore continues to be a key hub for international firms, especially those operating in advanced manufacturing or technology. SMEs that form part of the global value chain and support these big MNCs are well positioned to capture new business opportunities.

Geopolitical uncertainty and trade shocks have pushed SMEs to diversify and build their supply chain resilience. The Johor-Singapore Special Economic Zone is a cross-border initiative SMEs can tap into to expand regionally and strengthen their resource networks.

Budget 2026 might be tilted towards initiatives that help with efficiency and productivity, such as digitalization and technology adoption, workforce training, and internationalization. SMEs can consider ways to partner with the government to enhance their competitiveness.

|  | 3Q24        | 4Q24        | 1Q25        | 2Q25        | 3Q25        | 4Q25        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Building &amp; Construction</b>       | <b>50.4</b> | <b>50.2</b> | <b>49.5</b> | <b>50.3</b> | <b>49.9</b> | <b>50.3</b> |
| Construction                             | 50.2        | 50.0        | 49.4        | 50.1        | 50.0        | 50.3        |
| Investment Companies and Operators       | 51.4        | 51.0        | 49.8        | 50.4        | 49.4        | 49.6        |
| Building Materials                       | 51.4        | 51.5        | 50.5        | 50.5        | 49.3        | 49.4        |
| Other Building & Construction            | 50.2        | 49.3        | 49.7        | 50.6        | 50.2        | 50.7        |
| <b>Business Services</b>                 | <b>50.6</b> | <b>50.0</b> | <b>49.6</b> | <b>50.5</b> | <b>49.9</b> | <b>49.8</b> |
| Business Consultancy                     | 50.0        | 49.2        | 49.0        | 50.2        | 49.8        | 49.7        |
| Advertising and Exhibition               | 51.3        | 50.9        | 50.1        | 49.8        | 49.2        | 49.2        |
| Accounting and Legal                     | 51.2        | 50.5        | 50.2        | 51.6        | 50.5        | 50.4        |
| Other Business Services                  | 50.5        | 50.8        | 51.4        | 52.0        | 51.5        | 52.0        |
| <b>Education</b>                         | <b>50.5</b> | <b>50.0</b> | <b>49.6</b> | <b>49.7</b> | <b>49.9</b> | <b>50.3</b> |
| Early Childhood Education                | 50.0        | 49.4        | 50.2        | 49.3        | 49.3        | 50.6        |
| Training Centres                         | 50.3        | 50.5        | 50.5        | 50.6        | 50.9        | 50.8        |
| Recreation Classes                       | 50.6        | 50.5        | 50.5        | 50.8        | 50.5        | 50.1        |
| Formal Education & Commercial Schools    | 49.1        | 48.7        | 47.5        | 48.0        | 49.2        | 49.5        |
| Other Education                          | 50.8        | 50.1        | 49.3        | 49.9        | 49.8        | 50.4        |
| <b>F&amp;B</b>                           | <b>51.2</b> | <b>51.1</b> | <b>49.6</b> | <b>50.6</b> | <b>49.4</b> | <b>50.0</b> |
| F&B Services                             | 50.6        | 50.6        | 48.3        | 50.3        | 49.0        | 49.9        |
| F&B Wholesale Trade                      | 51.3        | 52.4        | 51.8        | 51.7        | 50.7        | 49.8        |
| F&B Retail                               | 52.1        | 51.5        | 49.8        | 49.9        | 48.4        | 49.2        |
| Other F&B                                | 50.6        | 50.3        | 50.4        | 51.6        | 51.2        | 50.5        |
| <b>Healthcare</b>                        | <b>50.9</b> | <b>49.7</b> | <b>49.8</b> | <b>50.3</b> | <b>50.1</b> | <b>49.7</b> |
| Healthcare Distributor                   | 50.1        | 50.0        | 48.9        | 49.1        | 50.2        | 49.7        |
| Healthcare Provider                      | 51.9        | 50.2        | 50.5        | 50.9        | 49.6        | 49.8        |
| Other Healthcare                         | 49.2        | 49.0        | 49.7        | 50.2        | 50.3        | 49.8        |
| <b>ICT</b>                               | <b>48.7</b> | <b>49.4</b> | <b>49.2</b> | <b>49.3</b> | <b>51.0</b> | <b>51.1</b> |
| Data Processing and Software Development | 48.1        | 49.3        | 49.3        | 48.6        | 50.6        | 50.9        |
| IT Consultancy                           | 50.2        | 49.9        | 49.4        | 49.6        | 50.0        | 49.6        |
| ICT Manufacturing and Sales              | 50.5        | 50.0        | 50.0        | 50.4        | 50.8        | 50.5        |
| Web Portals and Hosting                  | 48.3        | 49.5        | 50.0        | 51.3        | 51.0        | 51.7        |
| Other ICT                                | 49.3        | 49.8        | 49.6        | 49.9        | 49.9        | 50.6        |
| <b>Manufacturing</b>                     | <b>50.4</b> | <b>50.5</b> | <b>49.8</b> | <b>50.6</b> | <b>50.9</b> | <b>51.0</b> |
| Precision Engineering                    | 50.3        | 50.6        | 49.6        | 50.0        | 51.3        | 50.9        |
| Electronics and Semiconductors           | 50.4        | 50.9        | 50.7        | 50.0        | 50.2        | 51.9        |
| Consumer Products                        | 49.8        | 50.4        | 49.6        | 51.3        | 50.7        | 50.8        |
| Others Manufacturing                     | 50.8        | 50.2        | 49.9        | 50.9        | 50.3        | 50.6        |
| <b>Transport &amp; Logistics</b>         | <b>51.1</b> | <b>51.7</b> | <b>49.5</b> | <b>49.8</b> | <b>49.9</b> | <b>50.1</b> |
| Sea Transport                            | 49.5        | 50.4        | 48.8        | 49.7        | 49.9        | 49.8        |
| Land Transport                           | 50.4        | 50.1        | 49.3        | 49.6        | 49.9        | 50.6        |
| Logistics                                | 52.6        | 54.7        | 51.7        | 50.8        | 49.4        | 48.6        |
| Other Transport & Logistics              | 51.8        | 52.0        | 51.7        | 50.9        | 51.9        | 51.2        |
| <b>Resources</b>                         | <b>50.9</b> | <b>50.2</b> | <b>49.9</b> | <b>50.1</b> | <b>50.2</b> | <b>50.6</b> |
| <b>Retail</b>                            | <b>50.8</b> | <b>50.5</b> | <b>49.0</b> | <b>50.6</b> | <b>50.9</b> | <b>51.5</b> |
| <b>Wholesale Trade</b>                   | <b>50.7</b> | <b>51.1</b> | <b>51.1</b> | <b>51.3</b> | <b>51.2</b> | <b>50.9</b> |
| <b>Others</b>                            | <b>50.3</b> | <b>50.2</b> | <b>50.1</b> | <b>50.7</b> | <b>50.9</b> | <b>51.3</b> |
| <b>Overall SME Index</b>                 | <b>50.8</b> | <b>50.7</b> | <b>49.9</b> | <b>50.5</b> | <b>50.5</b> | <b>50.8</b> |

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