



OCBC SME Index

First Edition 1 Q 2021

5 May 2021

Rationale for the OCBC SME Index

SMEs a critically important driver of the Singapore economy, accounting for 43% of nominal value add, 70% of employment and 99% of all enterprises in 2020*.

Absence of a quantitative data-driven barometer of SME health and performance to supplement the business sentiment surveys available today.

Opportunity to spotlight how SMEs are emerging from the Covid-19 pandemic and responding to disruptions and opportunities in digitalization, industry transformation and the shift towards sustainability.

* Department of Statistics

The OCBC SME Index

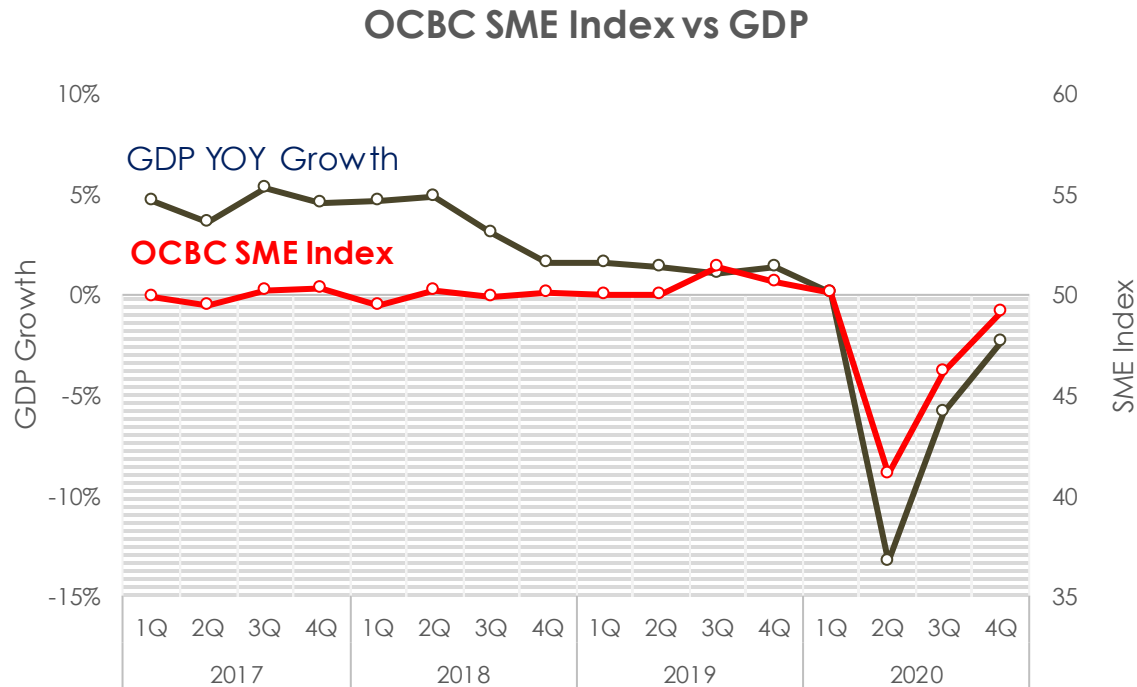
The OCBC SME Index is a **high-frequency index measuring the business health and performance of SMEs.**

OCBC serves more than 1-in-2 local SMEs in Singapore and the index is derived from the **transactional data of over 100,000 micro, small and medium-sized businesses** with up to \$30 million in annual sales turnover.

Over 90% of the SMEs in the Index are micro and small enterprises and are representative of the national industry distribution but analyzed by industry value chains.

This is the **first data-driven SME-focused index in Singapore** based on transactional data of SMEs and will be available monthly.

OCBC SME Index has a high correlation to quarterly GDP

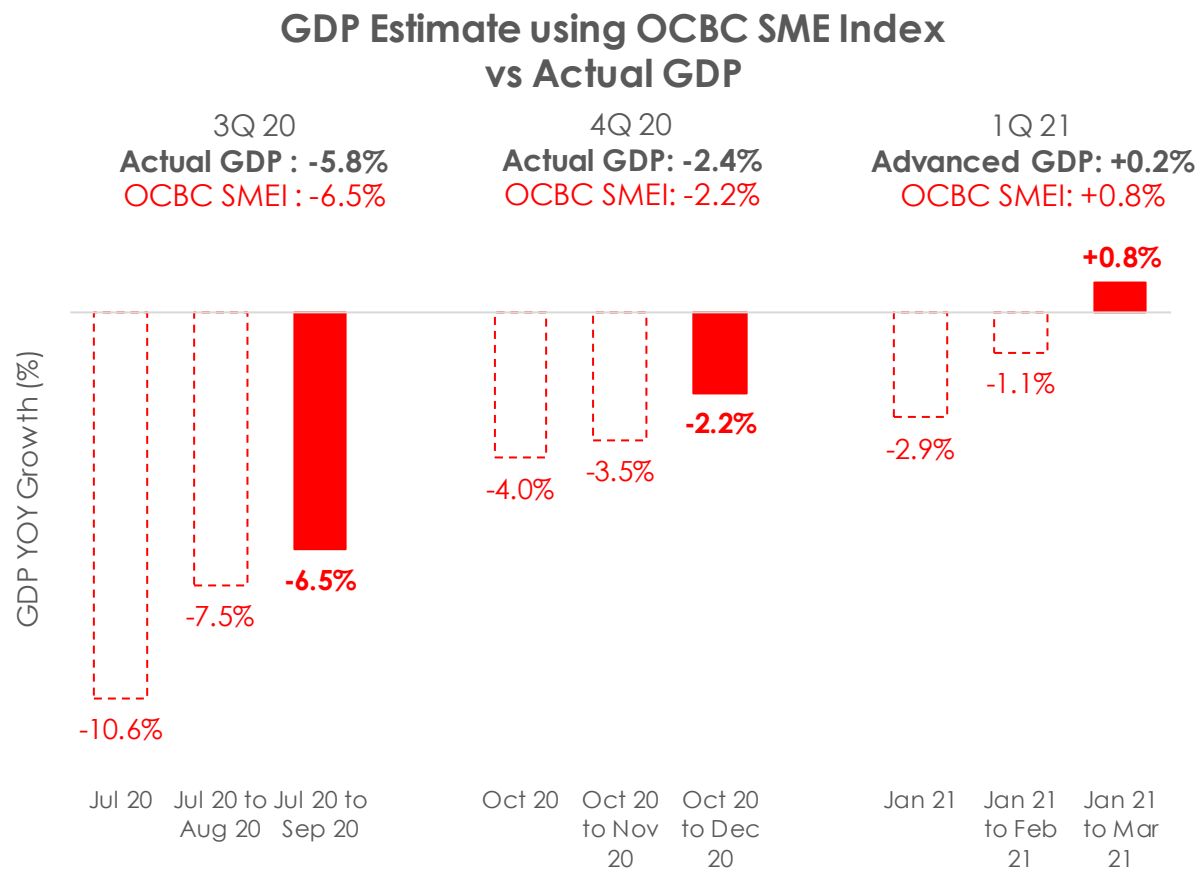


The Index is based on a composite of six indicators including collections, payments, cash flow, credit and debit transactions and balances of OCBC SME customers.

The Index is centered on a score of 50 which represents zero change in the inputs. A score above 50 signifies that SME health has improved and a score below 50 shows a deterioration relative to the same period a year ago.

The OCBC SME Index has exhibited a **high historical correlation of 0.82 to quarterly GDP** since 2013.

OCBC SME Index Monthly Nowcast for 1Q 2021 is 0.8%

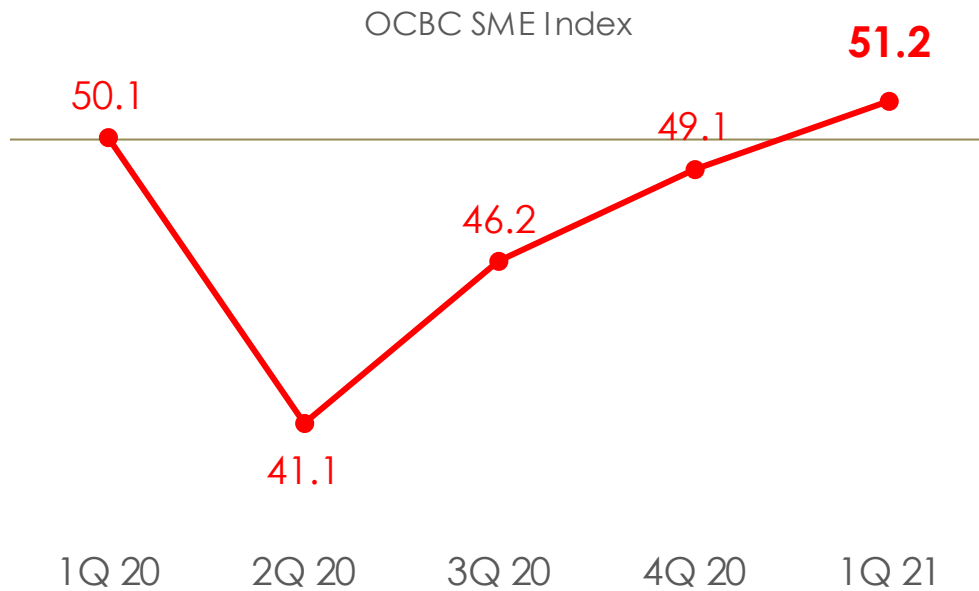


Over the past 3 quarters, the OCBC SMEI-based GDP estimates have been directionally consistent with the advanced estimates from MTI.

The 1Q 2021 Nowcasts in January and February 2021 were in negative territory at -2.9% and -1.1% respectively, in line with consensus estimates from economists at the time.

In March 2021, the final OCBC Nowcast for 1Q 2021 GDP turned positive to +0.8%, directionally in line with the advance estimates released by MTI.

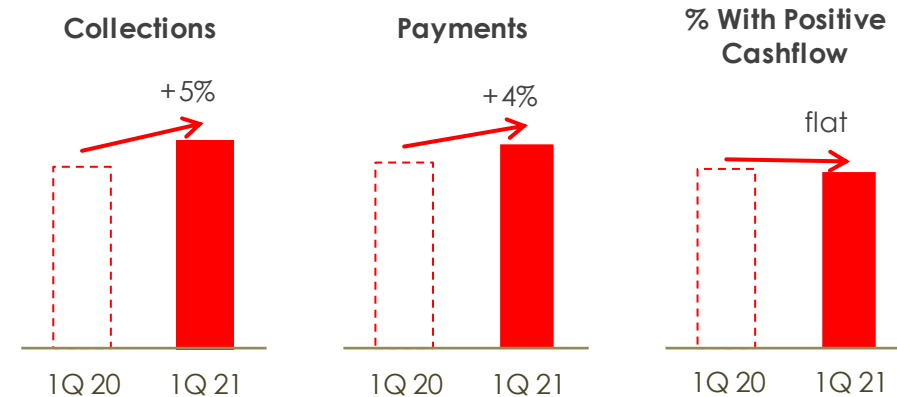
The OCBC SME Index improved from 49.1 to 51.2 in 1Q 2021



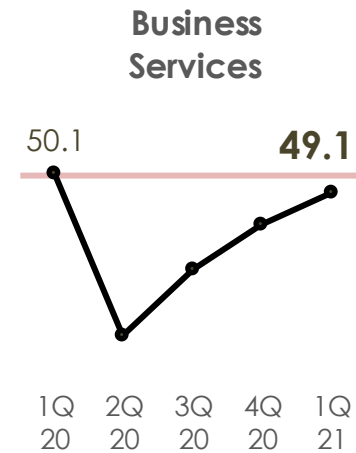
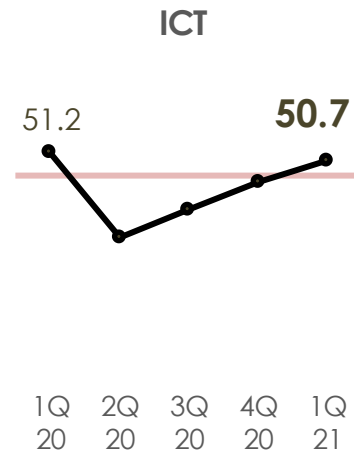
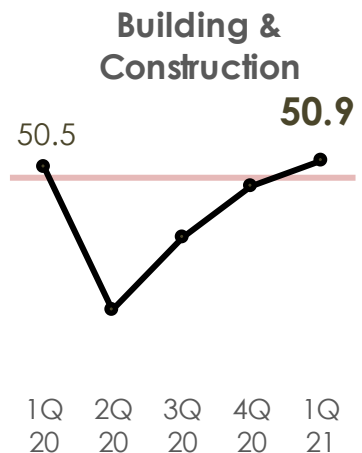
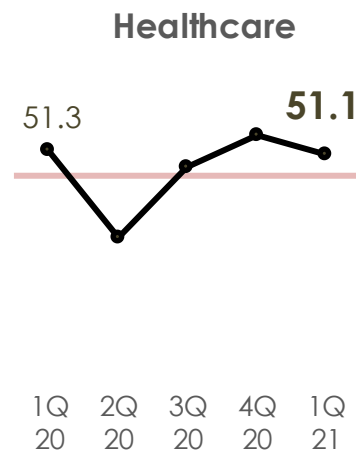
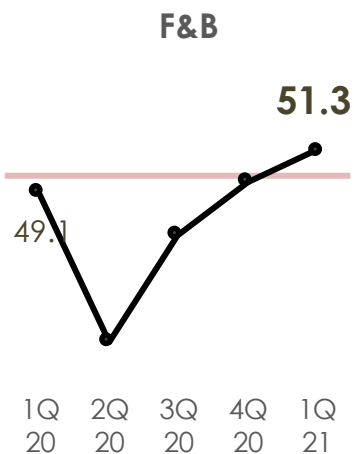
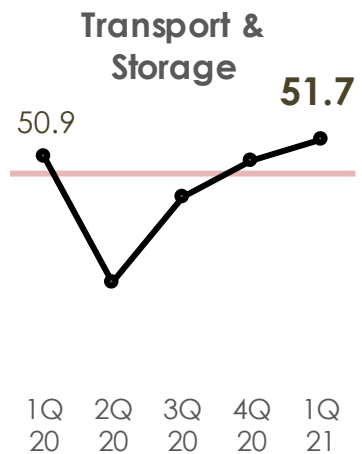
The Index exceeded 50 in 1Q 2021, **turning expansionary for the first time since the pandemic** began one year ago.

The SME Index recorded **3 consecutive quarters of improvement** since dropping to the low of 41.1 during the Circuit Breaker in 2Q 2020.

In 1Q 2021, SMEs collections from sales improved by 5% YOY along with a 4% increase in payments. Net cash flow positions have also reverted back to pre-Circuit Breaker levels.



Broad-based improvements across industry value chains since 2Q 2020



Green shoots observed in Healthcare and Transport & Storage which led the recovery in 3Q 2020 and 4Q 2020, and remained above 50 in the subsequent quarters.

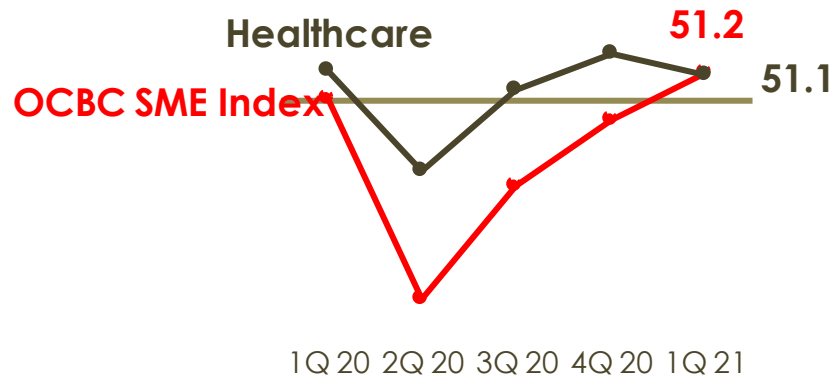
SMEs in Construction and F&B industries continued to be vulnerable to COVID-19 restrictions on travel and foreign labour supply, recovering slower.

Building and Construction was bolstered by Property Sales due to improving sentiments in the property market and the gradual recovery in Construction and Building Materials with the resumption of construction projects.

Business Services remained muted at 49.1 in 1Q 2021 as SMEs in consultancy, tourism and MICE continue to be affected restrictions on travel.

Green Shoots in Healthcare observed in 3Q 2020

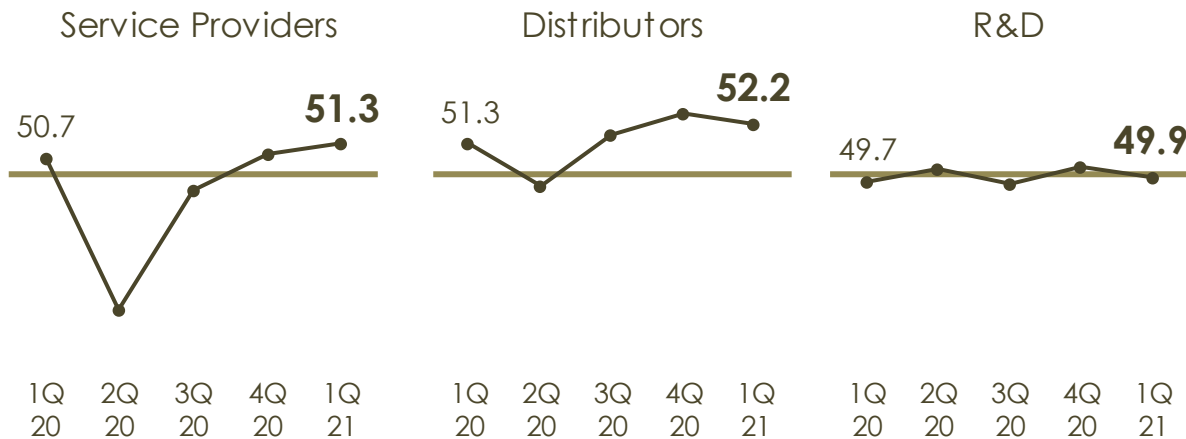
OCBC SME Index Healthcare Industry



The Healthcare industry consistently performed better than the OCBC SME Index across the past 5 quarters.

SMEs in Distribution and R&D were resilient during Circuit Breaker and green shoots were observed in 3Q 2020 especially in the distribution of general healthcare and Covid-19 related supplies.

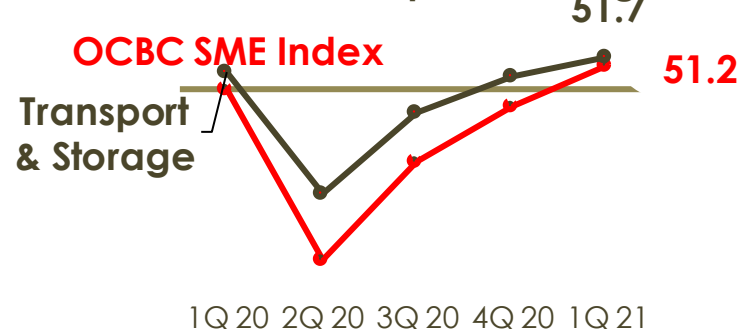
OCBC SME Index Healthcare Value Chain



Clinics and other Services Providers were heavily impacted by the safe distancing measures during Circuit Breaker and only began to rebound with the resumption of service in Phase 3.

Green shoots in Transport & Storage in 4Q 2020 led by e-commerce

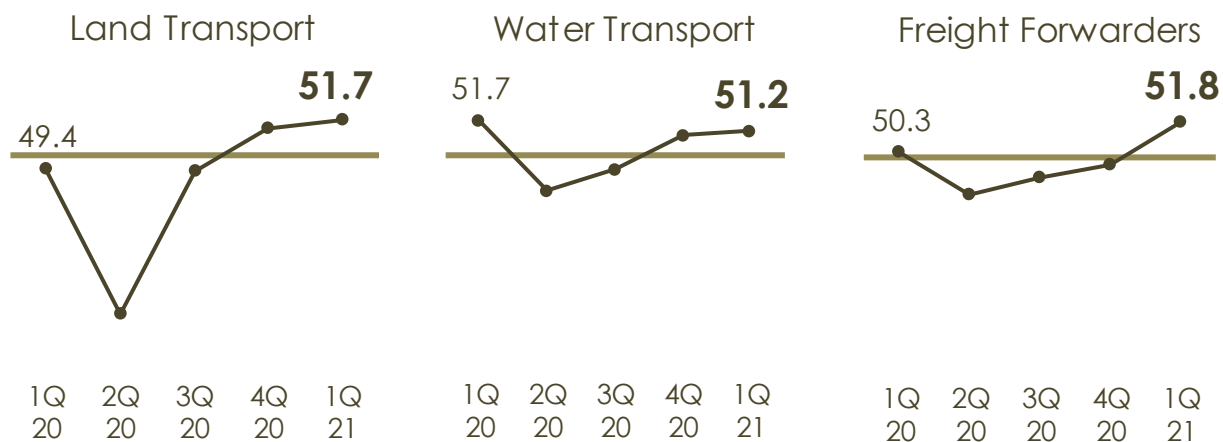
OCBC SME Index Transport & Storage Industry



Transport & Storage performed better than the OCBC SME Index, turning expansionary in 4Q 2020.

SMEs in domestic logistics supporting food deliveries and e-commerce drove the improvement in Land Transport in 4Q 2020 and 1Q 2021, followed by a pick-up in passenger transport.

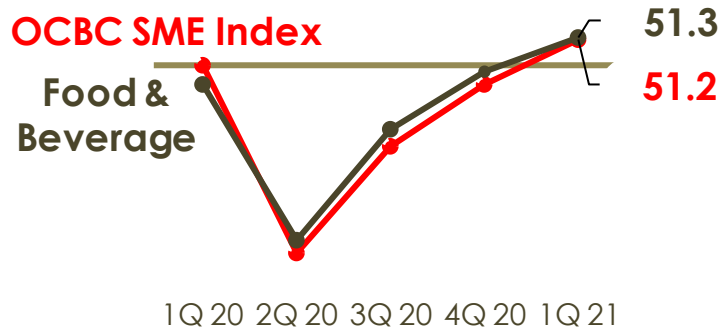
OCBC SME Index Transport & Storage Value Chain



SMEs in Water Transport and Freight Forwarding also benefited from the growth in trade and e-commerce, expanding to 51.2 and 51.8 respectively in 1Q 2021.

F&B industry turned positive in 1Q 2021 with recovery in Services

OCBC SME Index Food & Beverage Industry

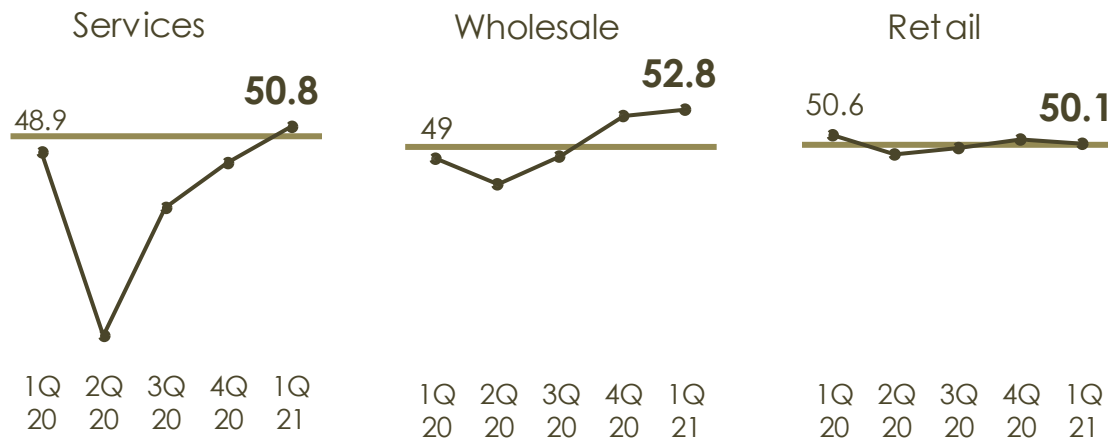


The F&B industry closely mirrored the OCBC SME Index over the 5 quarters.

SMEs in Wholesale and Retail remained buoyant during Circuit Breaker, especially in the import & export of food and in supermarkets and sundry stores.

With the gradual opening up to Phase 3, the restaurants and food services businesses experienced positive growth, turning expansionary in 1Q 2021 to 50.8.

OCBC SME Index F&B Value Chain



Retail* (e.g. Supermarket)
Services* (e.g. Restaurant)

Thank You