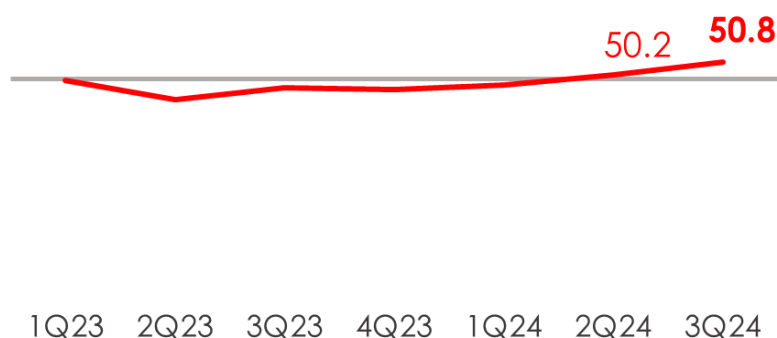


The OCBC SME Index extended its gains for the second quarter in a row, registering a reading of 50.8 in 3Q 2024. The improvement in reading from 50.2 was accompanied by a 0.4% on-year increase in collections and 0.3% on-year increase in payments. Against the backdrop of cooling inflation and growing external demand outlook, the performance of SMEs has picked up this quarter. *A reading above 50 indicates improved activity while below 50 indicates a deterioration relative to the same period a year ago.*

OCBC SME Index



The GDP growth Nowcast for 3Q 2024 is slightly above 3.5%, above the 2Q 2024 GDP growth of 2.9%. For reference, the latest 3Q 2024 median consensus forecast from the MAS Survey of Professional Forecasters (September 2024) stands at 2.6%. *The GDP Nowcast estimates GDP using the latest OCBC SME Index.*

The positive OCBC SME Index reading was supported by a broad-based expansion across all industries, with the exception of ICT in contraction. Similar to the previous quarter, domestically oriented sectors such as F&B, Healthcare, Retail and Education continued to see healthy business activity. Notably, Manufacturing also turned expansionary after 5 consecutive quarters in contraction amid the pickup in factory activity and business sentiments in the industry.

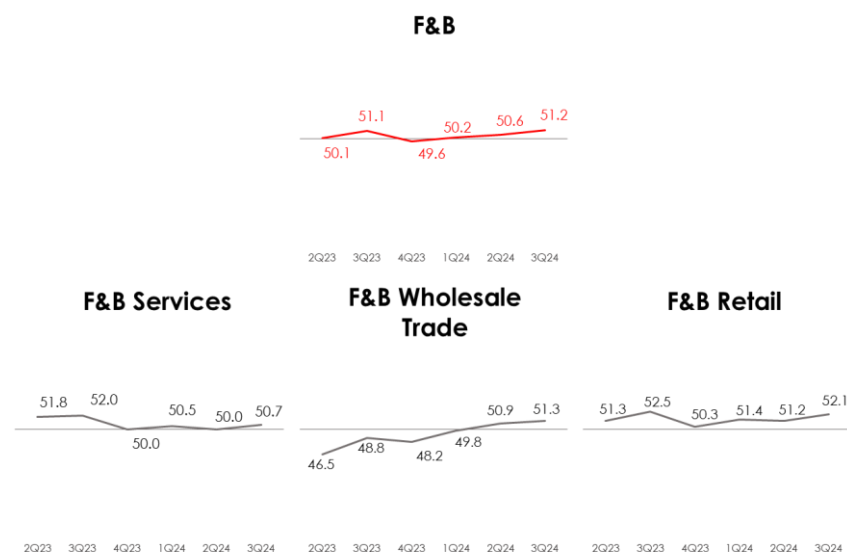
The OCBC SME Index is likely to remain slightly expansionary in the next quarter and range bound moving ahead. As the gradual recovery in electronics demand is expected provide growth momentum for trade-related sectors, further interest rate cuts and disinflationary environment should also help mitigate domestic business cost concerns. However, downside risks persist, as heightened geopolitical tensions would result in greater uncertainty in the macroeconomic environment.

Industry	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
F&B	50.1	51.1	49.6	50.2	50.6	51.2
Transport & Logistics	45.6	46.9	47.8	49.7	50.6	51.2
Resources	48.0	48.8	49.7	49.9	51.1	50.9
Healthcare	49.9	49.8	50.2	49.4	50.2	50.9
Retail	49.7	50.9	50.9	50.9	50.3	50.8
Wholesale Trade	46.4	47.9	49.1	49.4	50.4	50.7
Business Services	50.2	50.0	49.3	49.4	49.8	50.6
Education	50.8	51.0	49.7	50.5	50.8	50.5
Building & Construction	51.3	50.8	50.3	49.9	49.8	50.4
Manufacturing	49.3	49.7	49.4	49.8	49.9	50.4
ICT	47.7	48.6	48.3	48.5	49.5	48.7

4 in 10 of the respondents in the 3Q 2024 OCBC SME Business Outlook poll saw improved business performance this quarter, as compared to three months ago. In line with the uptick in the OCBC SME Index reading, this proportion is higher than the 35% registered in 2Q 2024. 45% of the SMEs in Building & Construction also saw better business activity, the highest across all industries.

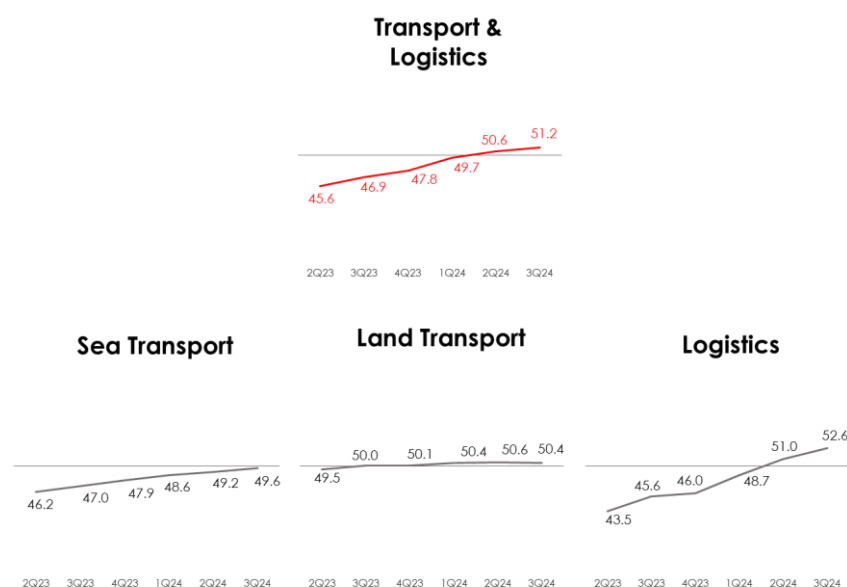
Looking ahead, business confidence of SME business owners remained similar to the previous quarter with 48% of the 1,100 respondents surveyed expecting their business to perform better over the next 6 months. Another 40% are expecting it to remain the same, while 11% of the respondents are expecting a weaker near-term outlook.

Food & Beverage expanded to 51.2 in 3Q 2024, higher than the 50.6 registered last quarter. Both collections and payments for the industry increased by 6.0% on a year-on-year basis.



Growth in F&B was supported by healthy expansions across all key segments of the industry this quarter. F&B Services and F&B Retail registered a reading of 50.7 and 52.1 respectively, while F&B Wholesale Trade is on a steady uptrend as its reading edged higher to 51.3. Despite the strong performance, SMEs in F&B continue to be weighed down by operating costs and daily expenses that have risen over the quarters. Based on the OCBC SME Business Outlook poll, 41% of the respondents from F&B have cited manpower shortage as one of the biggest challenges in the next 6 months.

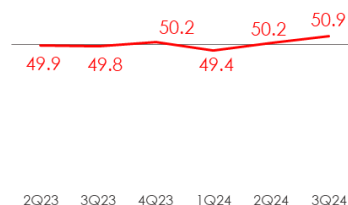
Transport & Logistics rose to 51.2 this quarter, higher than the 50.6 registered in 2Q as the industry displays a resilient recovery and continues on an upward trajectory.



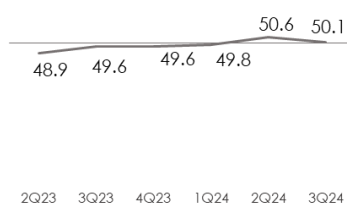
Growth was mainly driven by robust performance in the Logistics segment (52.6), which is in turn partly attributed to the pickup in factory output and manufacturing sentiments given the complexities of global supply chain. On the other hand, the contraction in Sea Transport narrowed to 49.6 this quarter, amid port congestions and delayed shipments caused by Red Sea diversions.

Healthcare grew to 50.9 in 3Q 2024, as collections and payments grew modestly at 2.9% and 5.3% on a year-on-year basis. Overall growth was supported primarily by the Healthcare Provider segment which registered a reading of 51.9, as Healthcare Distributors eased to 50.1 this quarter. Wage bill of SMEs in Healthcare is found to have risen at a faster pace relative to the other industries over the past quarter. The positive reading suggests that businesses have remained resilient despite mounting manpower cost pressures.

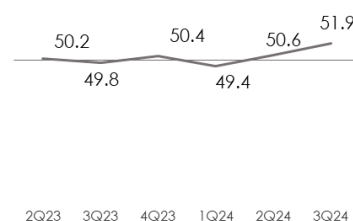
Healthcare



Healthcare Distributor



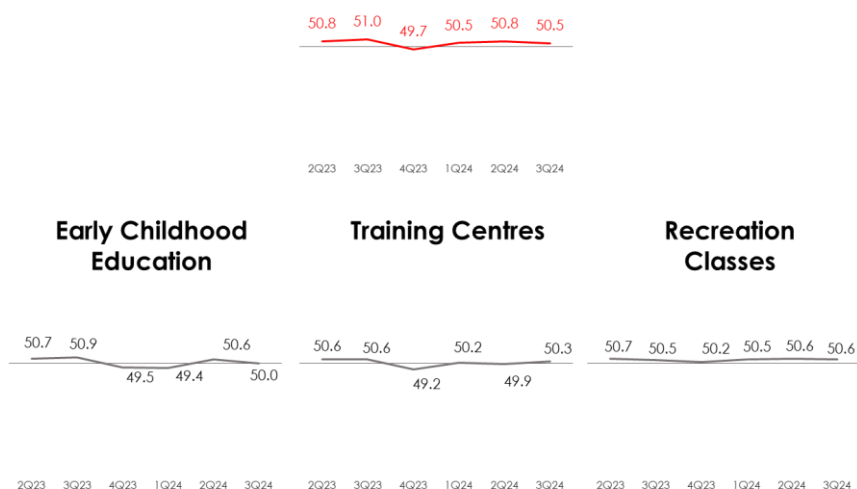
Healthcare Provider



Based on the OCBC SME Business Outlook poll, business owners from Healthcare were also least optimistic on the outlook in the next 6 months. 1 in 3 respondents (34%) expected an improvement in business conditions, while close to a quarter expect business conditions to worsen looking ahead.

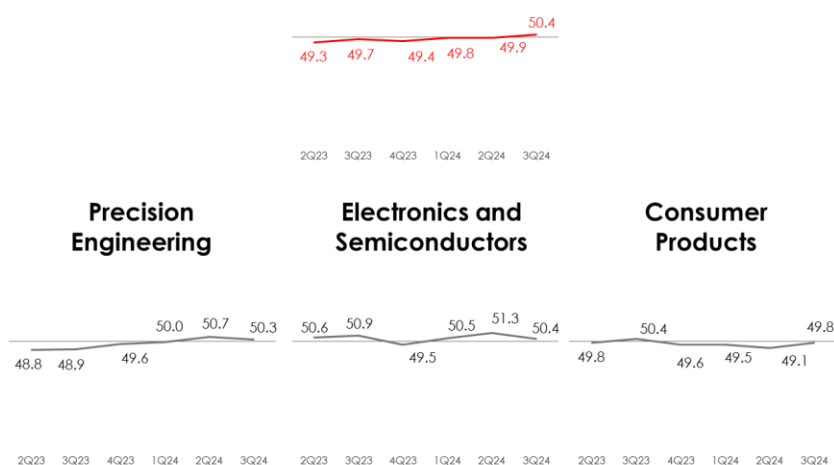
Education eased to 50.5 but remained in expansionary territory this quarter. This was accompanied by a 7.7% increase in collections and 8.2% increase in payments on a year-on-year basis. While Early Childhood Education stay flat at 50.0, Recreation Classes showed consistent growth across time, delivering a reading of 50.6 this quarter. As Education serves as one of the more labor-intensive consumer-facing industries, manpower shortage (41%) and inflation (35%) have been cited as key areas of concern faced by SME business owners in the near term based on the OCBC Business Outlook poll.

Education



Manufacturing turned expansionary for the first time after 5 consecutive quarters of contraction. SME Index for industry grew from 49.9 in 2Q 2024 to 50.4 this quarter, led by a 9.8% increase in overall collections and 6.8% increase in overall payments. Overseas collections and payments also jumped by 25.5% on-year and 40.0% on-year respectively.

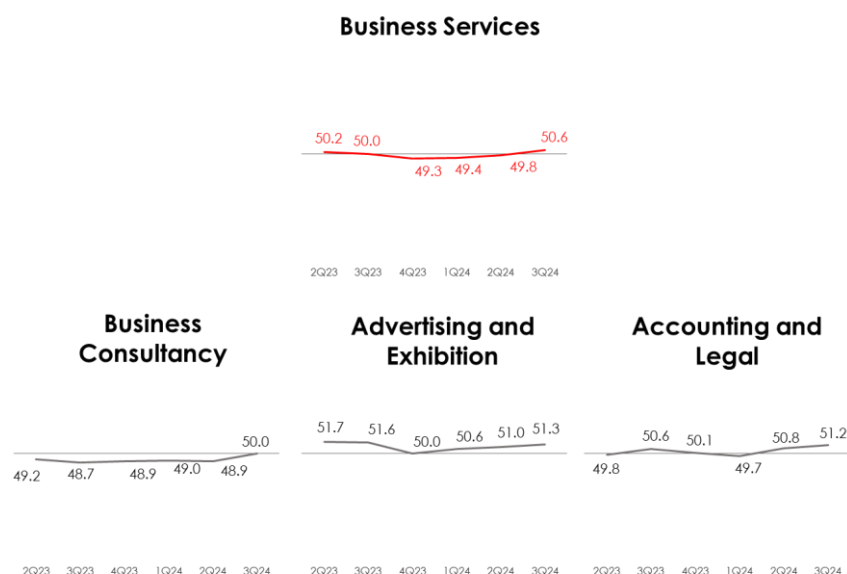
Manufacturing



Performance of SMEs in both the Precision Engineering (50.3) and Electronics and Semiconductors (50.4) segment moderated from the previous quarter, even as collections and payments registered a healthy increase as compared to the same period last year. Specifically, the Electronics and Semiconductors segment registered a 20.0% increase in collections and a 11.7% increase in payments. While the recovery in global electronics demand, and improvement in business sentiments and factory

output bodes well for SMEs in the industry, it remains to be seen whether growth can be sustained in the near term.

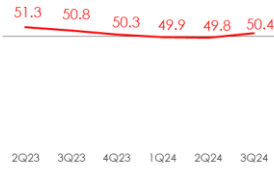
Business Services inched higher to 50.6 this quarter. This was led by steady performances in the Advertising & Exhibition (51.3) and Accounting & Legal (51.2) segments, while SMEs in Business Consultancy moved into neutral territory (50.0) after 5 consecutive quarters in contraction. About 1 in 2 of the business owners from the industry have cited global economic slowdown as their top concern in the next 6 months.



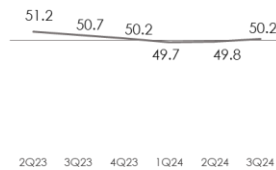
Building & Construction saw a slight uptick in reading from 49.8 in 2Q 2024 to 50.4 this quarter. Growth was broad-based across all segments, led by a 9.1% on-year increase in collections and 9.2% on-year increase in payments.

The Construction segment (50.2), which forms the majority of SMEs within the industry, expanded at a slower pace as compared to the Investment Companies and Operators (50.7) and Building Materials (51.4) segments. The cool down in inflation and anticipated fall in interest rates in the near-term should help to improve liquidity conditions in the industry.

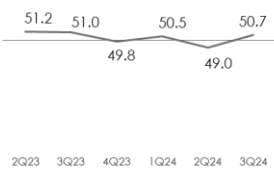
Building & Construction



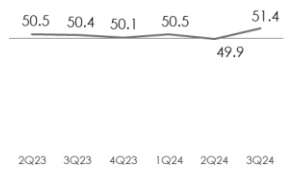
Construction



Investment Companies and Operators



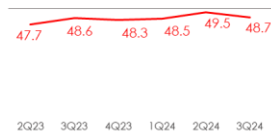
Building Materials



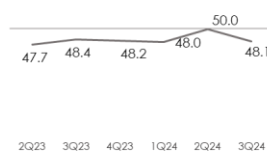
The ICT industry dipped to 48.7 and remained in contraction for the ninth consecutive quarter.

Expansions in IT Consultancy (50.2) and ICT Manufacturing and Sales (50.5) were outweighed by weaknesses in the Data Processing and Software Development (48.1) segment.

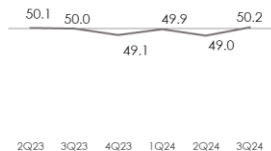
ICT



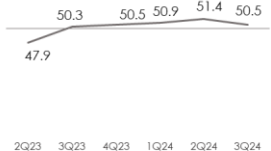
Data Processing and Software Development



IT Consultancy



ICT Manufacturing and Sales



In spite of the slowdown in business activity, ICT business owners were relatively optimistic on the near-term outlook as compared to the other industries. 53% of the respondents are expecting business conditions to improve in the next 6 months and only another 9% expect conditions to worsen.

Industry	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Building & Construction	51.3	50.8	50.3	49.9	49.8	50.4
Construction	51.2	50.7	50.2	49.7	49.8	50.2
Investment Companies and Operators	51.2	51.0	49.8	50.5	49.0	50.7
Building Materials	50.5	50.4	50.1	50.5	49.9	51.4
Other Building & Construction	51.7	51.2	51.0	49.6	49.6	50.2
Business Services	50.2	50.0	49.3	49.4	49.8	50.6
Business Consultancy	49.2	48.7	48.9	49.0	48.9	50.0
Advertising and Exhibition	51.7	51.6	50.0	50.6	51.0	51.3
Accounting and Legal	49.8	50.6	50.1	49.7	50.8	51.2
Other Business Services	52.0	51.9	51.2	50.0	49.8	50.5
Education	50.8	51.0	49.7	50.5	50.8	50.5
Early Childhood Education	50.7	50.9	49.5	49.4	50.6	50.0
Training Centres	50.6	50.6	49.2	50.2	49.9	50.3
Recreation Classes	50.7	50.5	50.2	50.5	50.6	50.6
Formal Education & Commercial Schools	49.4	49.4	51.1	50.5	50.5	49.1
Other Education	51.2	51.9	50.8	51.2	51.1	50.8
F&B	50.1	51.1	49.6	50.2	50.6	51.2
F&B Services	51.8	52.0	50.0	50.5	50.0	50.7
F&B Wholesale Trade	46.5	48.8	48.2	49.8	50.9	51.3
F&B Retail	51.3	52.5	50.3	51.4	51.2	52.1
Other F&B	51.6	51.7	50.9	50.8	50.3	50.6
Healthcare	49.9	49.8	50.2	49.4	50.2	50.9
Healthcare Distributor	48.9	49.6	49.6	49.8	50.6	50.1
Healthcare Provider	50.2	49.8	50.4	49.4	50.6	51.9
Other Healthcare	50.8	50.9	50.3	50.0	49.0	49.2
ICT	47.7	48.6	48.3	48.5	49.5	48.7
Data Processing and Software Development	47.7	48.4	48.2	48.0	50.0	48.1
IT Consultancy	50.1	50.0	49.1	49.9	49.0	50.2
ICT Manufacturing and Sales	47.9	50.3	50.5	50.9	51.4	50.5
Web Portals and Hosting	49.1	49.3	49.6	49.3	48.1	48.3
Other ICT	49.6	48.5	47.1	48.5	49.4	49.3
Manufacturing	49.3	49.7	49.4	49.8	49.9	50.4
Precision Engineering	48.8	48.9	49.6	50.0	50.7	50.3
Electronics and Semiconductors	50.6	50.9	49.5	50.5	51.3	50.4
Consumer Products	49.8	50.4	49.6	49.5	49.1	49.8
Others Manufacturing	49.5	49.4	49.3	49.9	49.4	50.8
Transport & Logistics	45.6	46.9	47.8	49.7	50.6	51.2
Sea Transport	46.2	47.0	47.9	48.6	49.2	49.6
Land Transport	49.5	50.0	50.1	50.4	50.6	50.4
Logistics	43.5	45.6	46.0	48.7	51.0	52.6
Other Transport & Logistics	49.6	48.4	48.6	50.5	51.5	51.8
Wholesale Trade	46.4	47.9	49.1	49.4	50.4	50.7
Retail	49.7	50.9	50.9	50.9	50.3	50.8
Resources	48.0	48.8	49.7	49.9	51.1	50.9
Others	50.6	50.7	50.4	50.0	50.4	50.4
Overall SMEI	49.0	49.6	49.5	49.7	50.2	50.8

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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About the OCBC SME Business Outlook poll

The OCBC SME Business Outlook poll was conducted with the objective of understanding how the 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 1,100 responses were collected during the survey period between 2 Sep and 30 Sep 2024.