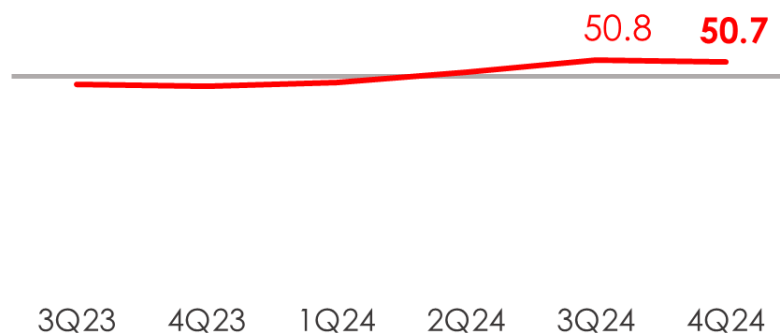


The OCBC SME Index expanded for the third consecutive quarter at 50.7 in 4Q 2024 easing marginally by 0.1 from the previous quarter. This was accompanied by a 2.5% on-year increase in collections and a 0.2% on-year increase in payments. The overall performance of SMEs remained healthy this quarter in a moderately favourable operating environment with the wave of interest rate cuts and further moderation in inflation.

Over the course of the year, the Index picked up from five consecutive quarters of contraction ending in the first quarter to turn expansionary from the second quarter for the rest of 2024. In the first half of the year, overall growth was muted by external headwinds and the weaker performance of outward oriented sectors, even as consumer facing sectors were resilient and registered modest growth. With the recovery in global electronics demand and manufacturing output in the second half, the index registered broad-based improvements across all industries.

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 4Q 2024 is around 4.5%. For reference, advanced estimates released by the Ministry of Trade and Industry indicated that GDP grew by 4.3% in the fourth quarter. *The GDP Nowcast estimates GDP using the latest OCBC SME Index.*

The positive OCBC SME Index reading was supported by strong performance in trade-related industries such as Transport & Logistics and Wholesale Trade as demand for these services increased along with the expansion in manufacturing and factory output. While the domestically oriented industries

remained generally positive, with some possibly seasonal exceptions in Healthcare and Education.

In 2025, the OCBC SME Index is likely to remain in expansionary range. SMEs are expected to benefit from the resilience in external demand led by the ongoing tech and electronics upcycle, and the easing of inflationary pressures. Of course, the downside risks will also persist with elevated geopolitical tensions and increased uncertainty in the global trade environment.

Industry	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Transport & Logistics	46.9	47.8	49.7	50.6	51.2	51.7
F&B	51.1	49.6	50.2	50.6	51.2	51.1
Wholesale Trade	47.9	49.1	49.4	50.4	50.7	51.1
Retail	50.9	50.9	50.9	50.3	50.8	50.5
Manufacturing	49.7	49.4	49.8	49.9	50.4	50.5
Resources	48.8	49.7	49.9	51.1	50.9	50.2
Building & Construction	50.8	50.3	49.9	49.8	50.4	50.2
Education	51.0	49.7	50.5	50.8	50.5	50.0
Business Services	50.0	49.3	49.4	49.8	50.6	50.0
Healthcare	49.8	50.2	49.4	50.2	50.9	49.7
ICT	48.6	48.3	48.5	49.5	48.7	49.4

SME business owners remained optimistic in the 4Q 2024 OCBC SME Business Outlook poll.

Looking ahead, 48% of the nearly 1,000 respondents surveyed expect business to perform better over the next 6 months and another 37% are expecting it to remain the same.

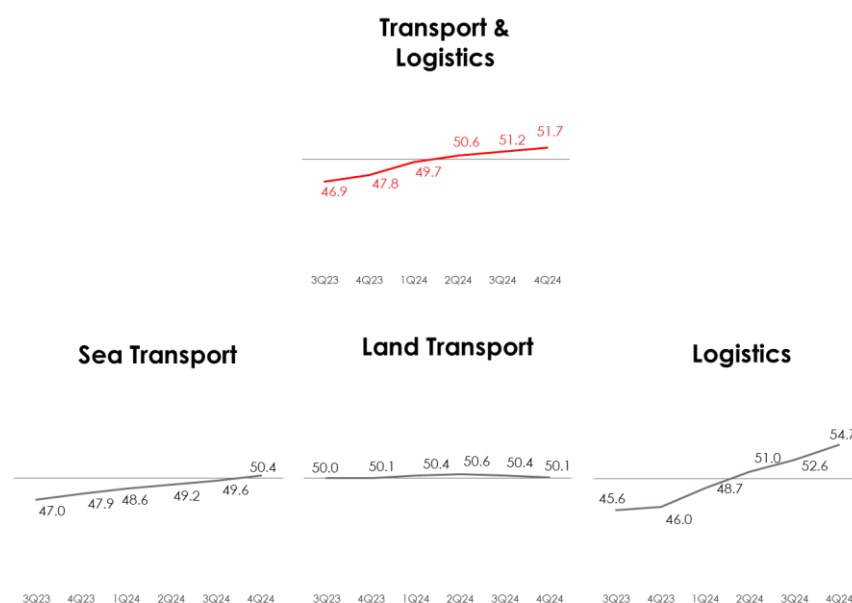
Nearly 20% of the business owners identified business expansion as their top priority for 2025, half of which were focused on growing their businesses in overseas markets. Another 20% of respondents had their top priority in improving their business either by launching new products and services or by scaling their digital capabilities both to participate in the digital economy and ecosystems through e-commerce and to leverage digital tools for better operating performance.

15% expect a weaker first half in 2025, slightly higher than the 11% recorded in the 3Q poll, and mainly from the domestic industries.

Higher cost pressures and manpower-related issues continued to be a key area of concern for SMEs. In 4Q 2024, SMEs in domestically oriented sectors saw wages grow by 11.7% on average, and across the year it was consistently higher than the wage increases in the externally oriented sectors. Several industries registered double digit increases in wages through the year. These were mainly in the labor-intensive domestic services industries such as Early Childhood Education,

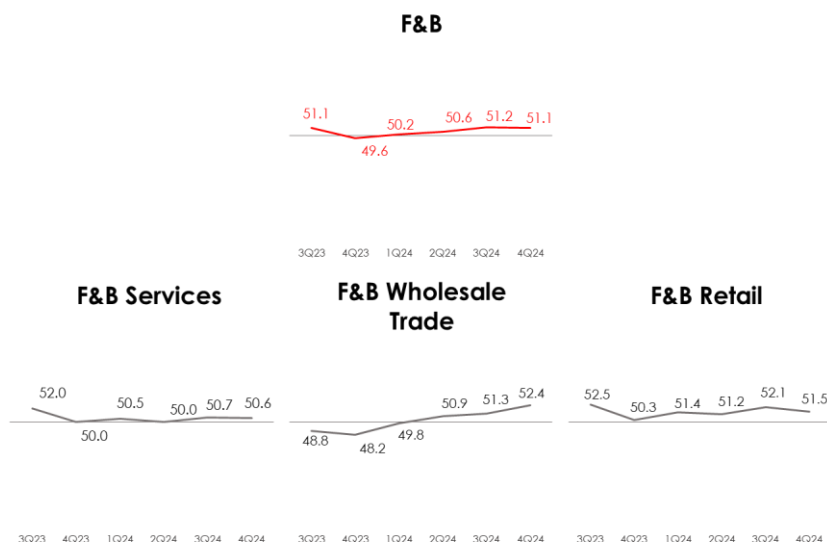
Healthcare Providers and F&B Retail as well as in Precision Engineering and Land Transport.

Transport & Logistics ticked higher to 51.7 in 4Q 2024, up from the 51.2 registered last quarter. This was accompanied by a 6.9% on-year increase in collections and 0.5% on-year increase in payments. While overseas collections rose by 9.0% on-year, overseas payments saw a corresponding drop of 15.5% on-year.



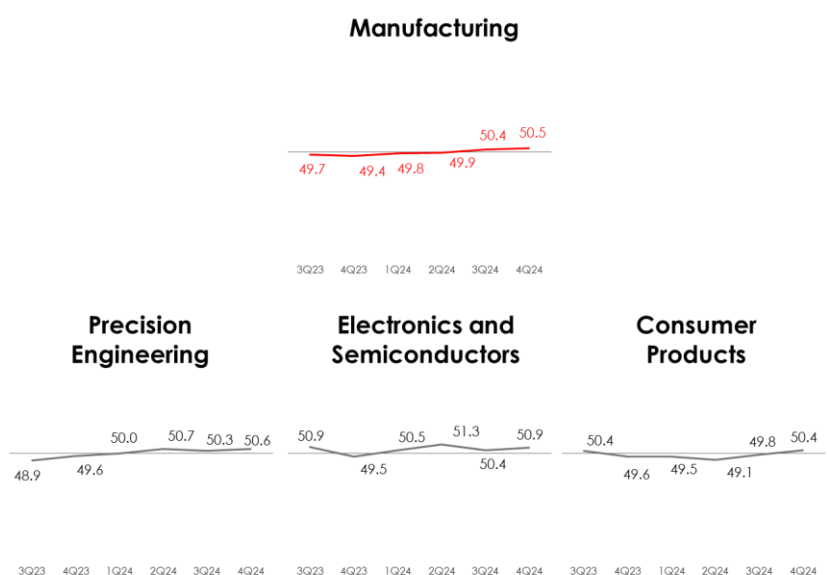
The growth uptick in Transport & Logistics is mainly supported by the strong performance in the Logistics segment, where demand is in turn driven by the increase in e-commerce activities and the expansion in manufacturing and factory output. While Land Transport flatlined at 50.1, SMEs in the Sea Transport segment continue on a recovery trajectory and turned expansionary at 50.4 after eight consecutive quarters in contraction.

Food & Beverage grew to 51.1 and registered another quarter of healthy growth in 4Q 2024. Collections and payments for the industry increased by 7.6% and 7.2% on a year-on-year basis.



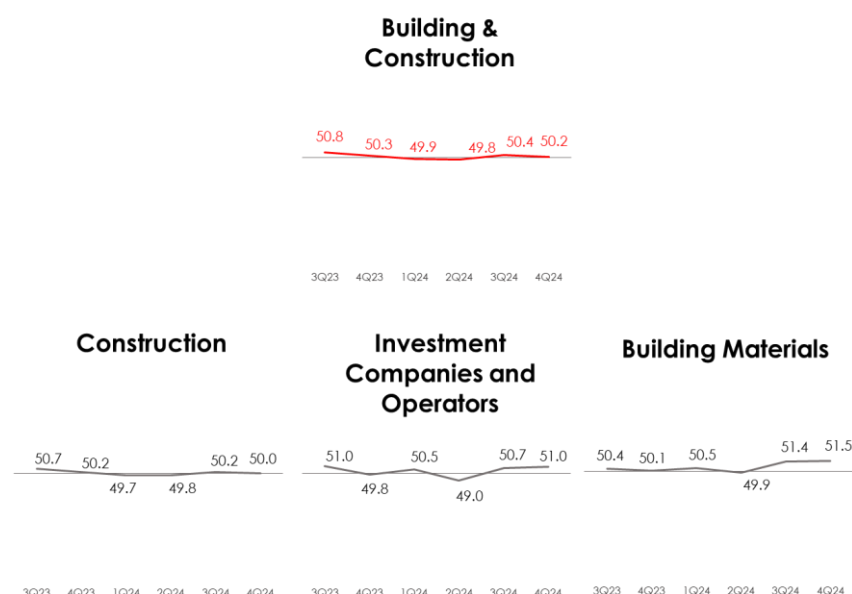
Growth in F&B was primarily supported by robust expansion in the F&B Wholesale Trade segment, as SMEs in the segment continue on a steady uptrend and edge higher to 52.4 this quarter. Collections and payment for the segment also grew by 15.7% on-year and 11.2% on-year respectively. SMEs in F&B Services (50.6) and F&B Retail (51.5) also registered modest expansions this quarter. Despite the strong performance, business owners in the industry were less optimistic on the near-term outlook with 1 in 4 of the respondents in the OCBC SME Business Outlook poll expecting business conditions to worsen in the next 6 months.

Manufacturing expanded to 50.5 this quarter, a marginal improvement from the 50.4 in 3Q 2024. This was led by a 5.8% on-year increase in collections and a 2.9% on-year increase in payments. Overseas collections and payments also jumped by 33.0% on-year and 7.3% on-year respectively.



Growth in Manufacturing was broad-based and supported by expansions across all key segments of the market. Specifically, the Electronics and Semiconductor segment grew to 50.9, with SMEs within the segment seeing a 22.8% increase in collections and 30.0% increase in payments. Businesses are expected to continue to benefit from resilient external demand in the near-term. However, as there are greater uncertainties with the macroeconomic and trade environment in the medium term, it remains to be seen whether growth can be sustained moving forward.

Building & Construction eased to 50.2 this quarter, down from the 50.4 registered in 3Q 2024. This was led by a 2.5% on-year increase in collections and 1.5% on-year increase in payments.

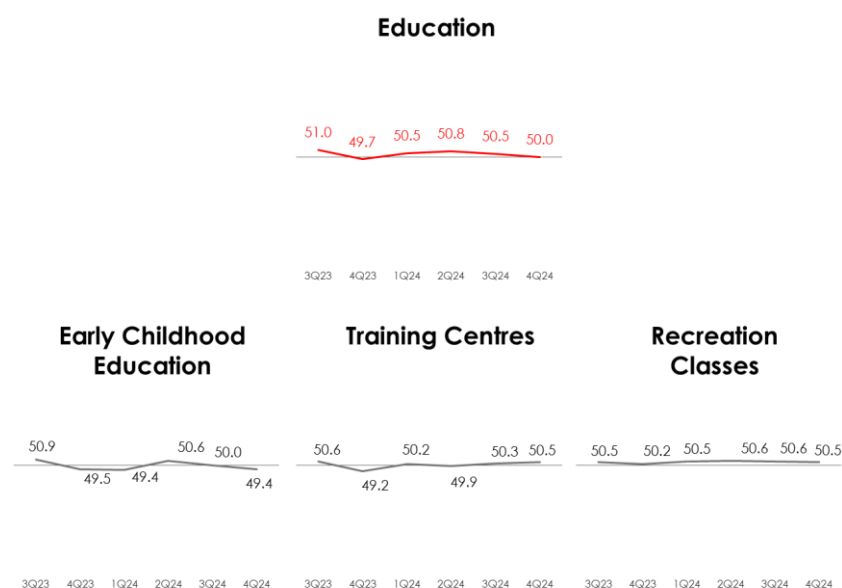


The moderation in reading was primarily attributed to a slowdown in the Construction segment, which makes up the majority of SMEs within the industry. SMEs in Construction (50.0) expanded at a slower pace as compared to the Investment Companies and Operators (51.0) and Building Materials (51.5) segments. As Building & Construction is highly labor intensive, businesses in the industry have seen the highest increase in manpower costs this quarter as compared to the rest of the industries.

Education fell into neutral territory at 50.0 this quarter. In line with the decline in SME Index reading, 45% of the respondents from the Education industry also felt that business

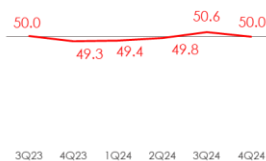


conditions have worsened over the past 3 months based on the OCBC SME Business Outlook poll. While both the Training Centers and Recreational Classes segments registered modest growth with a reading of 50.5, overall performance in the industry was weighed down by weaknesses in the Early Childhood Education segment (49.4) which has trended downwards in the recent quarters. As Education remains as one of the consumer-facing industry highly reliant on manpower, labor costs and rising wage bill continues to be one of key concerns faced by business owners.

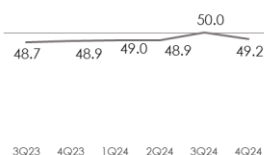


Business Services slowed to 50.0 in 4Q 2024, down from the 50.6 recorded last quarter as performance across all key segments of the market have eased. On a year-on-year basis, collections grew by 1.4% followed with a corresponding decline in payments by 1.5%. Expansions in Advertising & Exhibition and Accounting & Legal were outweighed by weaknesses in the Business Consultancy segment which contracted at 49.2 this quarter. The rise in use of AI technology and budget tightening measures undertaken by businesses might have muted demand for Business Consultancy services, hampering the growth of SMEs in the segment.

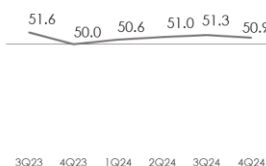
Business Services



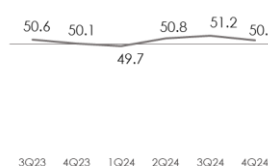
Business Consultancy



Advertising and Exhibition



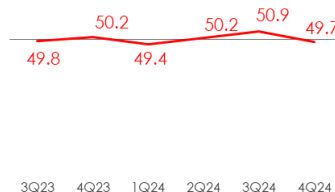
Accounting and Legal



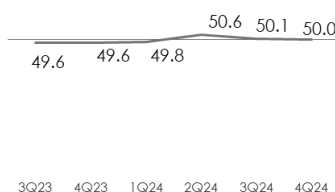
Healthcare turned contractionary at 49.7 in 4Q 2024.

This is a sizeable drop from the 50.9 registered in the previous quarter even as collections and payments rose slightly by 0.5% and 0.6% on-year respectively. While Healthcare Distributors flatlined at 50.0, Healthcare Providers saw a substantial decline in reading from 51.9 in 3Q to 50.2 in 4Q. With a rapidly ageing population and rising demand for healthcare services, outlook for the SMEs in the healthcare sector should remain optimistic in the medium term.

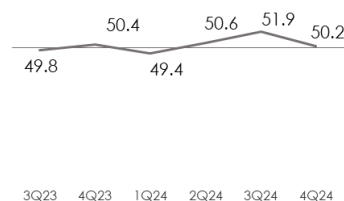
Healthcare



Healthcare Distributor

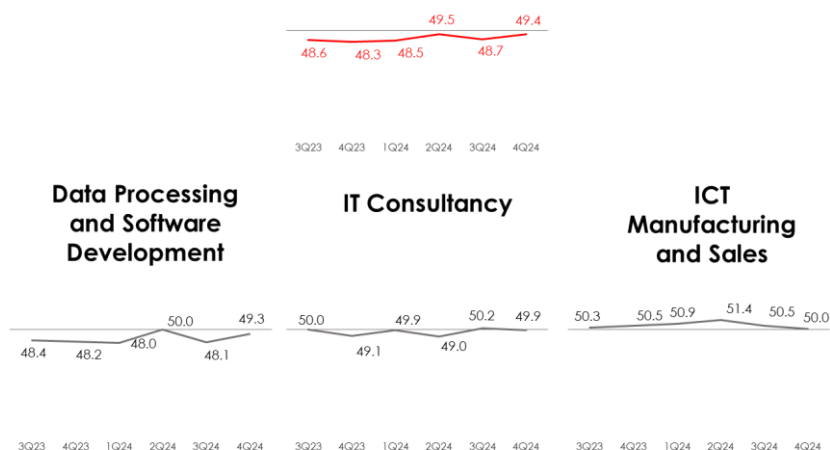


Healthcare Provider



The contraction in ICT narrowed to 49.4, an improvement from the 48.7 registered from the previous quarter. This marks the industry's tenth consecutive quarter in contraction, as the overall reading was primarily weighed down by a slower pace of growth in the Data Processing & Software Development segment (49.3).

ICT



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. 63% of the respondents are expecting business conditions to improve in the next 6 months and only another 11% expect conditions to worsen.

Industry	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Building & Construction	50.8	50.3	49.9	49.8	50.4	50.2
Construction	50.7	50.2	49.7	49.8	50.2	50.0
Investment Companies and Operators	51.0	49.8	50.5	49.0	50.7	51.0
Building Materials	50.4	50.1	50.5	49.9	51.4	51.5
Other Building & Construction	51.2	51.0	49.6	49.6	50.2	49.3
Business Services	50.0	49.3	49.4	49.8	50.6	50.0
Business Consultancy	48.7	48.9	49.0	48.9	50.0	49.2
Advertising and Exhibition	51.6	50.0	50.6	51.0	51.3	50.9
Accounting and Legal	50.6	50.1	49.7	50.8	51.2	50.5
Other Business Services	51.9	51.2	50.0	49.8	50.5	50.8
Education	51.0	49.7	50.5	50.8	50.5	50.0
Early Childhood Education	50.9	49.5	49.4	50.6	50.0	49.4
Training Centres	50.6	49.2	50.2	49.9	50.3	50.5
Recreation Classes	50.5	50.2	50.5	50.6	50.6	50.5
Formal Education & Commercial Schools	49.4	51.1	50.5	50.5	49.1	48.7
Other Education	51.9	50.8	51.2	51.1	50.8	50.1
F&B	51.1	49.6	50.2	50.6	51.2	51.1
F&B Services	52.0	50.0	50.5	50.0	50.7	50.6
F&B Wholesale Trade	48.8	48.2	49.8	50.9	51.3	52.4
F&B Retail	52.5	50.3	51.4	51.2	52.1	51.5
Other F&B	51.7	50.9	50.8	50.3	50.6	50.3
Healthcare	49.8	50.2	49.4	50.2	50.9	49.7
Healthcare Distributor	49.6	49.6	49.8	50.6	50.1	50.0
Healthcare Provider	49.8	50.4	49.4	50.6	51.9	50.2
Other Healthcare	50.9	50.3	50.0	49.0	49.2	49.0
ICT	48.6	48.3	48.5	49.5	48.7	49.4
Data Processing and Software Development	48.4	48.2	48.0	50.0	48.1	49.3
IT Consultancy	50.0	49.1	49.9	49.0	50.2	49.9
ICT Manufacturing and Sales	50.3	50.5	50.9	51.4	50.5	50.0
Web Portals and Hosting	49.3	49.6	49.3	48.1	48.3	49.5
Other ICT	48.5	47.1	48.5	49.4	49.3	49.8
Manufacturing	49.7	49.4	49.8	49.9	50.4	50.5
Precision Engineering	48.9	49.6	50.0	50.7	50.3	50.6
Electronics and Semiconductors	50.9	49.5	50.5	51.3	50.4	50.9
Consumer Products	50.4	49.6	49.5	49.1	49.8	50.4
Others Manufacturing	49.4	49.3	49.9	49.4	50.8	50.2
Transport & Logistics	46.9	47.8	49.7	50.6	51.2	51.7
Sea Transport	47.0	47.9	48.6	49.2	49.6	50.4
Land Transport	50.0	50.1	50.4	50.6	50.4	50.1
Logistics	45.6	46.0	48.7	51.0	52.6	54.7
Other Transport & Logistics	48.4	48.6	50.5	51.5	51.8	52.0
Wholesale Trade	47.9	49.1	49.4	50.4	50.7	51.1
Retail	50.9	50.9	50.9	50.3	50.8	50.5
Resources	48.8	49.7	49.9	51.1	50.9	50.2
Others	50.7	50.4	50.0	50.4	50.4	50.2
Overall SMEI	49.6	49.5	49.7	50.2	50.8	50.7

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 955 responses were collected during the survey period between 2 Dec and 30 Dec 2024.