

# THE BUSINESS TIMES



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Monday, May 18, 2020

## THE FUTURE OF FREQUENT FLYING

Will you resume business travel once the travel curbs are lifted?

VIEWS FROM THE TOP / 14-15



## TOPLINE

Japfa fishes for growth in aquaculture  
COMPANIES & MARKETS / 4

## MARK TO MARKET

Covid-19 market turmoil: Is the worst over? TOP STORIES / 2



## MIND THE GAP

ESG investments show resilience in crisis

TOP STORIES / 3

## MARKETS

	Weekly	Change
STI	2,523.55	-68.33
KL COMP	1,403.44	21.13
NIKKEI 225	20,037.47	-141.62
HANG SENG	23,797.47	-432.70
SHENZHEN B	846.64	2.90
DOW	23,685.42	-645.90

## DAILY DIGEST

The next instalment of wage support totalling S\$4 billion for over 140,000 employers will be disbursed from May 28 as part of the enhanced Jobs Support Scheme, the Ministry of Finance says.

TOP STORIES / 2

Banks in Asia's financial hubs find that the disruption from the coronavirus outbreak is helping them push back the threat from a new breed of virtual upstarts.

COMPANIES & MARKETS / 5



Indonesia is planning an US\$8.6 billion bailout for 12 state-owned firms to reduce the impact of the Covid-19 pandemic, mostly as cash compensation and working capital investments.

GOVERNMENT & ECONOMY / 18

The combined annual wealth of Britain's wealthiest people fell for the first time in a decade during the coronavirus pandemic, says the Sunday Times in its Rich List 2020.

GOVERNMENT & ECONOMY / 20

A slight recovery in copper and several other base metals prices is a further indication that China's economy is beginning to grow again.

INDUSTRY / 21

## VIRUS OUTBREAK

# Business outlook falls below 2008 crisis level to record low: poll

Survey finds large companies more despondent about prospects than smaller counterparts, as sales, profits and orders fell at a faster pace

## BT EXCLUSIVE

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SINGAPORE companies saw their worst levels of business since the Asian financial crisis in the first three months of the year, as the deadly novel coronavirus pandemic forced the economy into hibernation.

Despite a milder decline in end-2019 after six quarters of deterioration, sentiment fell much deeper into negative territory by mid-April, the latest quarterly *The Business Times*-Singapore University of Social Sciences Business Climate Survey found.

Economist Tan Khay Boon, a senior lecturer at SIM Global Education, said of the results: "The near-term implication is that output and investment will decrease significantly while unemployment will surge . . ."

"For the mid-term, firms will be under greater pressure to cut costs, enhance their operational efficiency and explore new customer bases."

Maybank Kim Eng senior economist Chua Hak Bin also told BT that the poll suggests this year's pandemic-driven recession "will likely be worse than the 2008 global financial crisis".

Scores for sales, profits, and orders and new business all dropped steeply, as did companies' pessimism over mid-term prospects, according to the poll's 151 respondents.

Overall, a net balance of 84 per cent expected business to worsen in the next six months.

The score – a whopping 76-percentage point decline on the quarter prior – took the gloom to a level that the survey's authors noted was "marginally worse" than the last quarter of 2008. It was also the lowest reading on record since the survey began in 1996.

The net balance is the difference between the share of respondents seeing a year-on-year increase in an indicator, and those reporting a decrease.

Sales net balance was down by 40 points to -66 per cent, while profits shed 35 points to -67 per cent and orders and new business lost 41 points to -67 per cent. These figures are similar to the trough last seen in mid-1998, when gross domestic product shrank by 2.4 per cent.

Survey consultants Chow Kit Boey and Chan Cheong Chiam predicted that the economy will contract year on year by between 4.3 per cent and 5 per cent in the second quarter.

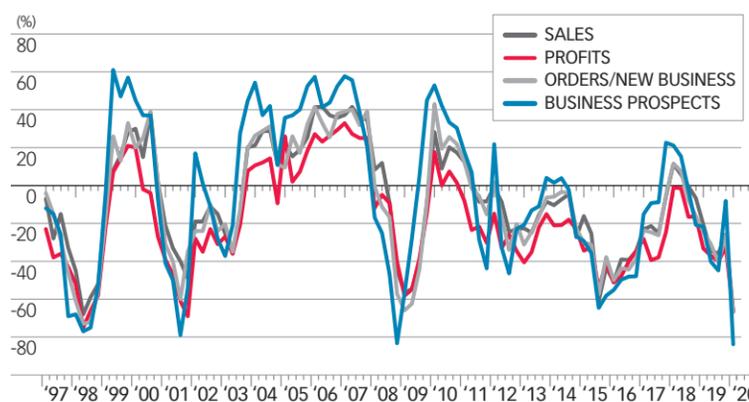
Yet Maybank Kim Eng's Dr Chua called the forecast "far too optimistic", as the poll, which was carried out from March 13 to April 15, predated an extension of Singapore's quasi-lockdown.

He has pegged gross domestic product (GDP) to shrink by 15 per cent to 20 per cent instead.

Ms Chow also told BT that the enhanced circuit breaker, which was extended by a month on April 21, could

## New lows

Overall net balances



Source: BT-SUSS Business Climate Survey

"The near-term implication is that output and investment will decrease significantly while unemployment will surge . . . For the mid-term, firms will be under greater pressure to cut costs, enhance their operational efficiency and explore new customer bases."

Tan Khay Boon, senior lecturer at SIM Global Education

have dampened sentiment beyond the survey findings – especially for the construction industry, which has been hit by a work stoppage as labourers were ordered to stay home.

"If Singapore starts to relax restrictions in June, opening up more sectors, then I think GDP will be around our forecast," she said.

"If strict restrictions continue longer, the second quarter would contract more – by around 7 per cent, the largest drop since the global financial crisis."

Quarterly GDP last shrank by 7.7 per cent in the first three months of 2009. Still, United Overseas Bank economist Barnabas Gan added that the reopening of markets such as China

and South Korea could give a lift to export-related companies here.

Similarly, Dr Tan noted that restrictions on businesses will likely be eased soon. He said: "More countries are also beginning to unlock their economies and this will help to generate more optimism in the business climate."

The transport and communications sector registered the smallest contraction in areas such as sales and outlook. Construction players had the most resilient profits, while manufacturers saw the smallest drop in new orders.

Mr Gan said: "Larger firms tend to be impacted more heavily by disruptions to global supply chains and a reduction in global demand as they are more exposed to global trade . . . We expect Singapore's exports to be impacted negatively from a reduction in global trade as it is a trade-reliant economy."

The survey found large companies more despondent about their prospects than their smaller counterparts, as their sales, profits and orders fell at a faster pace. Meanwhile, foreign firms saw bigger declines, and were further in the red, compared with local businesses.

While support measures such as wage subsidies have been rolled out since February, Dr Chua suggested that the weaker showing among big and foreign firms may have come as "the fiscal packages are designed to direct its financial support more to smaller SMEs and local workers".