



Decide with Confidence

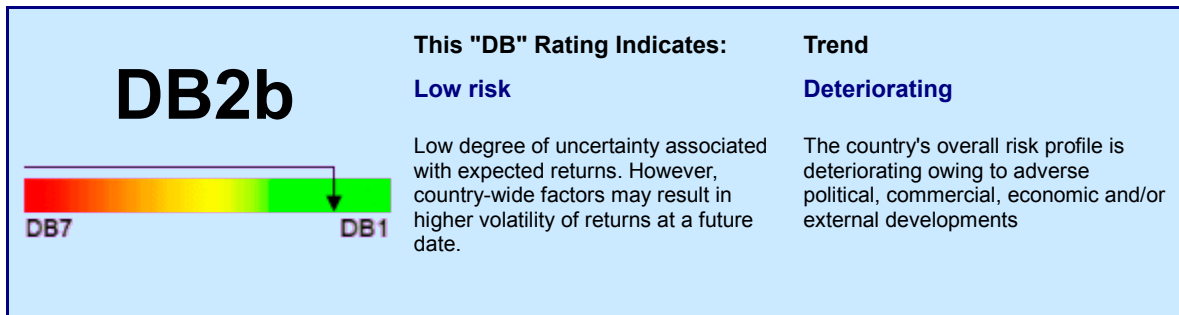
D&B Country RiskLine Report

SINGAPORE

Region : Asia Pacific

Edition : May 2013

D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

Political risk - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

Commercial risk - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

External risk - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

Macroeconomic risk - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Key Facts

Population: 5.3m

Surface area (sq km): 699

Mobile phones (per 1000 people): 1,333

Timezone: GMT +08:00

Official languages: Malay; English; Mandarin Chinese; Tamil

Head of state: President Tony TAN Keng Yam

GDP (USD): 262.4bn

GDP per capita (USD): 49,769

Life expectancy (years): 81

Literacy (% of adult pop.): 92.5

Country Overview:

Singapore island lies off the southern tip of the Malay Peninsula. The climate is hot, humid and rainy. Despite an extensive system of rain-fed reservoirs, Singapore is highly dependent upon water piped from Malaysia. Politically, the state is extremely stable and enjoys some of the lowest crime rates in the world.

Since separating from Malaysia in 1965, Singapore's development indicators and income per capita have grown far faster than those of its neighbours. Its population is ethnically and linguistically diverse: it has four official languages. Despite its tiny size and small population, Singapore maintains the best-equipped armed forces in the region and a national conscript army.

Singapore has adopted an open commercial environment since independence, benefiting from its strategic position as an entrepôt on major Asian and trans-Pacific trade routes. More recently, the economy has begun to focus on business services, private banking for high net worth individuals and pharmaceutical services.

Trade & Commercial Environment

Trade Terms

Minimum Terms: OA

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms: SD

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms: 30-60 days

Normal period of credit associated with transactions with companies in the stated country.

Transfer Situation

Local Delays: 0-1 month

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays: 0-1 month

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

Trade & Commercial Environment

The central bank decided to keep their monetary stance of a modest and gradual appreciation of the Singaporean dollar unchanged in their twice-yearly policy review held in April; this was due to their expectation that the economy will pick up later in the year as part of a global recovery, while inflation will probably rise in H2 on account of increasing labour costs. Meanwhile, D&B expects payment and credit risks to heighten alongside a slowing economy. We continue to recommend OA as its minimum terms and SD as recommended terms for Singapore, in part due to the country's ample FX reserves (USD258.2bn as of end-March) and stable financial system. However, we advise an increased level of caution when dealing with exporters.

Export Credit Agencies

US Eximbank	Full cover available
Atradius	Full cover available
ECGD	Full cover available
Euler Hermes UK	Full ST cover available

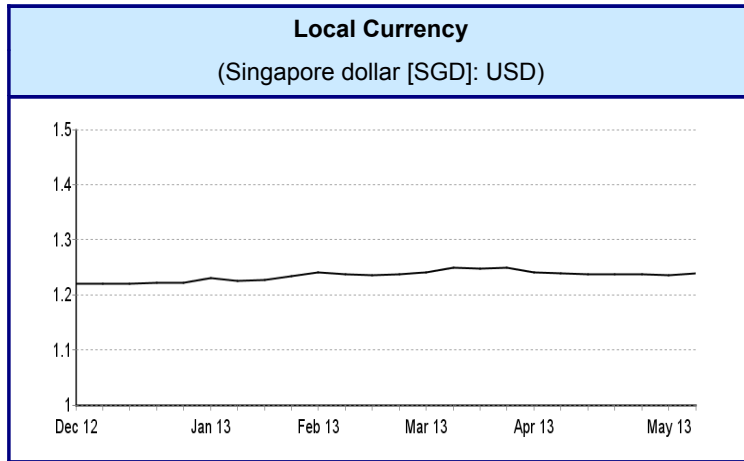
Economic Indicators

	2010	2011	2012	2013f	2014f
Real GDP growth, %	14.8	4.9	1.3	2.1	2.9
Inflation, annual ave, %	2.8	5.3	4.5	4.0	3.5
Govt balance, % GDP	6.5	5.1	1.1	0.7	2.1
Export growth, %	28.7	15.7	-1.2	-0.2	4.7
C/A balance, % GDP	24.5	22.2	18.6	16.7	18.8

Export growth figures include oil exports and re-exports; government balance follows IMF definition.

Currency Information

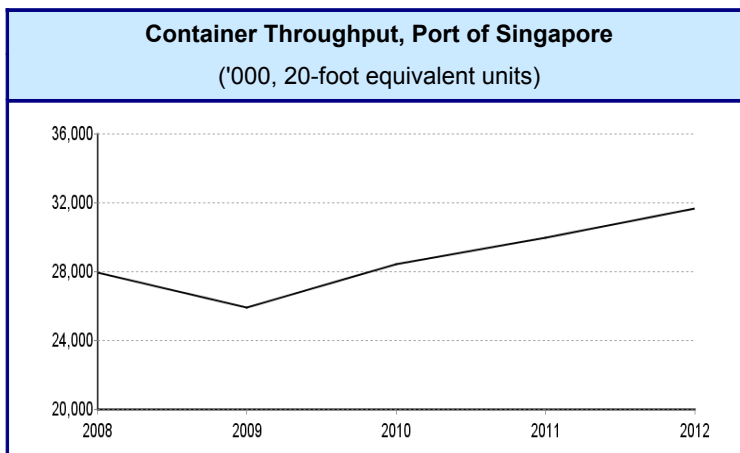
Exchange Rates	
(London, 06 May 13)	
EUR	1.6155
GBP	1.9169
JPY*	1.2607
USD	1.2358
*(x 100)	



Local Currency
(Singapore dollar [SGD]: USD)

	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13
Week 1	1.220	1.230	1.240	1.240	1.241	1.236
Week 2	1.221	1.225	1.237	1.248	1.240	1.239
Week 3	1.220	1.228	1.235	1.248	1.237	
Week 4	1.221	1.234	1.238	1.249	1.236	
Week 5	1.222				1.236	

Container Throughput, Port of Singapore



Data Table

2008	2009	2010	2011	2012
27918.2	25866.5	28431.1	29937.6	31649.4

Risk Factor

The Singaporean economy contracted unexpectedly in Q1 by 0.6% from a year earlier, after expanding by 1.5% in year-on-year (y/y) terms the previous quarter, according to advanced GDP estimates. On a seasonally-adjusted basis, the economy fell by 1.4% quarter on quarter (q/q) in the three months to March, reversing a 3.3% gain posted in Q4 2012. The slowdown was caused mainly by a 6.5% decrease in the manufacturing sector. Positively, however, both the services and the construction sectors expanded by 1.2% and 7.0% y/y respectively in this period.

The overall trade performance improved slightly in March but the electronics sector continues to demonstrate weakness. Non-oil domestic exports declined by 4.8% from a year earlier, albeit recovering from a free-fall of 30.6% seen in the previous month. However, exports of electronic products, which account for nearly a third of the whole basket, continued to slide for the eighth consecutive month by 17.9% y/y in March; this comes after a 27.4% plunge posted in February. Non-electronic exports increased by 2.3% in March, rebounding from a fall of 32.1% in the previous month. Shipments to the EU and the US fell by 16.2% and 10.8% y/y, respectively, while exports to China rose by 1.2%. We believe that any meaningful recovery in the trade performance is unlikely in the short term. Industrial output, a lead indicator for exports, dropped by 4.1% in March (and 8.6% if biomedical manufacturing is excluded) following a contraction of 16.3% experienced in February. In the first three months of the year industrial output shrank 6.7% y/y on average, among which electronics output registered a fall of 9.8%.

The picture is not particularly upbeat either on the domestic front either. Overall retail sales fell by 4.0% in February from a year earlier. However, if motor vehicle sales were excluded, sales rose strongly by 9.4% y/y, supported by shopping for the Chinese New Year on food, clothes, watches and jewellery, a pattern that is unlikely to be repeated in the coming months. Meanwhile, the Nielsen *Global Consumer Confidence Index* showed a reading of 96 in January-March, edging up one point from the previous quarter (a reading above 100 indicates overall optimism). This is in sharp contrast with the country's neighbouring economies where impacts of sluggish external trade are more than offset by strong private consumption (Malaysia gained a score of 107 in the index). Fortunately, inflation is gradually easing alongside a more subdued level of consumption. Headline CPI rose 3.5% y/y on March compared with 4.9% in February; it currently stands at its lowest level since October 2010. Indeed, the central bank is forecasting an average monthly inflation of below 3.0% for the rest of 2013, which is the lowest level in three years.

Glossary & Definitions

DEFINITIONS

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Recommended Terms:

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms:

Normal period of credit associated with transactions with companies in the stated country.

Local Delays:

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

F/X Bank Delays:

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C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

GLOSSARY

CiA	Cash in Advance
CLC	Confirmed Letter of Credit
CWP	Claims Waiting Period
FX	Foreign Exchange
LC	Letter of Credit
LT	Long term
MT	Medium term
OA	Open Account
SD	Sight Draft
ST	Short term

Customer Service & Support

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