

SBF National Business Survey 2025 – Annual Business Sentiments Edition

Business Confidence Continues to Slide with Cautious Outlook for 2026

While concern over US tariffs has subsided from 81% in April 2025 to 57% in October 2025, a larger share of businesses anticipate worsening conditions (37%) rather than improvement (14%) in the year ahead.

Thursday, 27 November 2025 [Singapore]

The Singapore Business Federation (SBF) today released findings from its National Business Survey 2025 – Annual Business Sentiments Edition, which revealed that overall business confidence - measured by the Business Sentiment Index (BSI) - declined from 55.4 in Q2 2025 to 52.2 in Q3 2025. This represents a sharper 3.2-point fall compared to the 1.1-point dip between Q1 and Q2, reflecting a sense of persistent cautiousness among businesses amid ongoing global economic and tariff uncertainties.¹

2. Sentiment toward Singapore's economic outlook over the next 12 months also remains cautious, with 37% of companies expecting the economy to worsen compared to only 14% anticipating improvement, underscoring the need for continued vigilance and adaptability among businesses.

Differing Sentiments across Business Size and Sectors

3. Companies in Banking & Insurance, Other Financial & Insurance Activities (e.g. Holding/Investment Companies), and Construction & Civil Engineering sectors remain comparatively more confident, while those in the Hotels, Restaurants & Accommodations (HRA), Retail Trade, and IT & Related Services sectors are more bearish. Across the seven measured dimensions, profitability expectations are lowest at 48.5, reflecting a 2.9-point decline from Q2.

4. Small and medium-sized enterprises (SMEs) are notably more pessimistic than large companies with 22% expressing dissatisfaction with the current climate compared to 15% of large firms. Nearly four in ten (38%) of SMEs also anticipate a deterioration over the next year versus 34% of large companies.

5. Across sectors, expectations are uneven: businesses in Retail Trade and HRA sectors expect conditions to worsen over the next 12 months, while comparatively more firms in Administrative & Support Services, Banking & Finance, and Wholesale Trade foresee improvements.

Easing Concerns Over US Tariffs, But Global Sentiment Still Weak

6. Sentiments relating to the impact of US tariffs have eased since the initial reaction following Liberation Day in April this year. Negative assessments have fallen from 81% to 57% in October 2025,

¹ BSI comprises of **7 key business sentiment** components with assigned fixed weight to ensure consistent interpretation and comparability. The 7 business sentiments (with assigned weightage) include hiring intentions (1), cost expectations (3), profitability outlook (5), operational capacity utilisation (7), access to financing (8), business confidence (9), policy sentiment (11).

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while the proportion of businesses perceiving no significant impact has correspondingly risen from 15% to 41%.

7. Despite this moderation in tariff-related concerns, businesses remain dissatisfied with the global business climate. Dissatisfaction stands at 33%, outweighing the 14% who are satisfied. However, companies are comparatively more upbeat about the ASEAN business climate, with 22% expressing satisfaction, indicating that regional markets continue to offer more promising opportunities and resilience.

Top Business Concerns Amid Uncertain Profitability Outlook

8. Manpower cost (63%), customer demand uncertainty (44%), and rental cost (40%) remain the top three business challenges in 2025, findings consistent with previous year. Notably, cybersecurity and data-privacy risks have grown in prominence, rising to 36% and displacing foreign workforce policies from the top five concerns. Businesses in HRA, Banking & Insurance, and Other Financial & Insurance Activities report the highest levels of concern over cybersecurity vulnerabilities.

9. The challenges also vary significantly by sector. Availability of manpower is cited as having the highest impact on HRA as well as Health & Social Services, while foreign workforce policies are most acutely felt by Construction & Civil Engineering and HRA firms. Retail Trade businesses report the greatest concern with educating employees on adapting to new technology (48%), whereas Banking & Insurance companies are most worried about employees' skill levels (44%), highlighting ongoing pressures around talent development and workforce readiness.

10. Outlook on profitability remains under strain, with only 4% of businesses reporting an increase over the past year compared to 34% that experienced a decline. Rising manpower, rental, and logistics costs continue to be the top three contributors to this squeeze. SMEs cited utilities among their top five cost increases, while large companies consider raw material price volatility among their highest-impact cost drivers.

Shifting Priorities Amid Uncertainty and Charting the Way Forward

11. In view of current uncertainties, businesses are prioritising increasing employees' salaries (39%), investments in new technologies (33%), and expansion into overseas markets (30%) for the next 12 months. Compared to the last 12 months, the strongest increases in intention are observed in expanding into overseas markets (+11%), re-engineering business processes (+8%), and diversifying supply chains (+7%). These shifts underline companies' efforts to future-proof operations against rising costs, volatile demand, and operational risks.

12. Looking ahead, businesses have identified revenue growth (65%) and ensuring positive cash flow (49%) as top priorities for the next 12 months, consistent with their focus in 2024. However, finding new business opportunities and maintaining revenue levels have overtaken talent-related priorities such as attracting or retaining employees and training staff. This shift underscores the heightened importance placed on commercial resilience and market expansion amid a more demanding business environment.

Calls for Support Ahead of Singapore Budget 2026



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13. As the government prepares for Budget 2026, businesses have identified schemes to manage rising costs (63%), support the attraction and development of the local workforce (46%), and improve cash flow (42%) as their top three requests. Companies also hope for stronger support in capability development, particularly in areas that enhance business resilience, including strategy development (34%) and financial robustness (28%) as well as in strengthening human capital (31%) to meet the challenges of a fast-evolving economic landscape.

14. **Mr Kok Ping Soon, Chief Executive Officer of SBF**, said. “Amidst external uncertainties and operating under persistent cost pressures, Singapore businesses are cautious on the outlook for 2026. Nonetheless, it is encouraging that concerns around the impact of US tariffs have softened, suggesting that companies have begun adjusting to the new trade dynamics or are experiencing less disruption than initially expected. However, manpower costs, uncertainty in external demand, and rental costs are weighing down businesses. Businesses are calling out for support in managing costs, cash flow, and workforce development in Budget 2026. It reflects their desire to maintain resilience while investing in capability building. SBF will continue to support companies in strengthening their competitiveness and work closely with the Government to ensure that Singapore remains an attractive and vibrant hub for enterprise and growth.”

Annex A: SBF National Business Survey 2025 – Annual Business Sentiments Edition full report

Annex B: SBF National Business Survey 2025 – Annual Business Sentiments Edition infographic

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About Singapore Business Federation (新加坡工商联合总会)

Singapore Business Federation (SBF) is the apex business chamber with over 32,000 members across diverse industries. With a vision to advance Singapore towards a globally competitive and sustainable economy, SBF mobilises the business community to be future-ready and magnify transformation opportunities through policy advocacy, partnership platforms and capability programmes.

For more information, please visit: www.sbf.org.sg