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SBF National Business Survey 2025 – Singapore Budget Edition

Singapore businesses outlook weakened amid rising economic uncertainty; Number of businesses expecting economy to worsen over the next 12 months doubled

- *New Business Sentiment Index (BSI)¹ stands at 56.5 reflecting a cautious sentiment amid global economic uncertainty.*
- *9 in 10 businesses are satisfied or neutral toward the Singapore Budget 2025 measures.*
- *While the proportion of businesses expecting the economy to worsen has nearly doubled, bright spots remain in specific sectors.*

Wednesday, 28 May 2025 [Singapore] - The Singapore Business Federation (SBF) today released the findings of the National Business Survey 2025 – Singapore Budget Edition that included its inaugural Business Sentiment Index (BSI), a new indicator that consolidates key measures that capture business confidence. The overall BSI stands at 56.5, reflecting a generally cautious sentiment among businesses amid ongoing global economic uncertainty. While Budget 2025 has been largely well-received, significant concerns about the broader economic outlook persist.

2 The survey was conducted from 27 March to 21 April 2025 and gathered responses from 526 businesses across all major sectors, with small and medium-sized enterprises (SMEs) accounting for 83% of the respondents. The findings offer insights into business reactions to Singapore Budget 2025, as well as trends in enterprise transformation, workforce development, and access to financing amid global economic uncertainty.

Weakening Economic Outlook a Major Concern

3 Business outlook in Q1 2025 has weakened considerably from Q4 2024. The proportion of businesses expecting the economy to worsen in the next 12 months has nearly doubled, surging from 22% in Q4 2024 to 40% in Q1 2025. This bearish sentiment is shared by both SMEs, with the proportion expecting worsening conditions increasing from 23% to 41%, and large companies, where the figure rose from 18% to 38% over the same period.

4 Businesses in the Hotels, Restaurants & Accommodations, Health and Social Services, and Retail Trade sectors are particularly pessimistic about the economic prospects for the next 12 months. Notably, the Hotels, Restaurants & Accommodations sector registered the lowest overall BSI score (52.2) among all sectors, reflecting the cautious outlook for this sector. This sector also reported the lowest revenue expectations, lowest profitability expectations, least positive business expansion outlook, lowest level of planned capital investment, and the least optimistic business growth confidence level.

¹ The inaugural Business Sentiment Index (BSI) measures business confidence in Singapore, offering key insights into business trends such as cost and revenue expectations, hiring, business expansion and capital investment, in a shifting economic landscape. Refer to full report for details.

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5 Adding to concerns are expectations that costs will remain high, with the BSI component average across all sectors standing at 68.0, indicating that businesses anticipate rising cost pressures over the next six months. The Real Estate and Hotels, Restaurants & Accommodations sectors face the highest cost expectations with their BSI scores in this area standing at 78.4 and 71.9, respectively.

Bright Spots in Specific Sectors and Outlooks

6 While overall sentiment is cautious, there are pockets of optimism. The Banking & Insurance (61.2) and Education (60.5) sectors showed a more optimistic sentiment based on their BSI scores. These two sectors also recorded the highest revenue expectations. The Education sector (60.8), alongside Real Estate (60.4) and Banking & Insurance (59.1), also reported the highest profitability expectations.

7 The outlook for Business Expansion stands at a moderate 61.6, signalling some optimism for growth, particularly for the Education (66.6) and Banking & Insurance (65.6) sectors. Encouragingly, the Hiring Outlook (57.7) indicates that businesses generally intend to maintain their current workforce size. The Hotels, Restaurants & Accommodations (67.4), IT & Related Services (61.8), and Education (60.1) sectors have the most optimistic hiring outlook.

Positive Reception to the Singapore Budget 2025

8 Despite the gloomy economic outlook, the Singapore Budget 2025 has been met with considerable approval. A significant majority of businesses (92%) were either satisfied or neutral with the Budget, with large companies (96%) showing slightly higher satisfaction or neutrality compared to SMEs (92%).

9 The five most useful measures identified by businesses are the 50% Corporate Income Tax (CIT) Rebate (58%), enhancement of the Progressive Wage Credit Scheme (44%), CPF transition offset (37%), extension of Senior Employment Credit (30%), and the new SkillsFuture Workforce Development Grant (16%).

10 Around one in two businesses believe that Budget 2025 measures will help Singapore be a better place to start new businesses or develop new ideas (52%) and support Singapore enterprises in scaling up and compete globally (51%). More than one in three businesses surveyed indicated that the Budget has addressed their cost concerns (38%) and improved their confidence in Singapore's business environment for the next 12 months (37%).

Transformation, Liquidity, and Financing Challenges

11 Transformation momentum remains strong as businesses continue to pursue long-term competitiveness through enterprise and workforce transformation. Around half of businesses have taken steps to support enterprise transformation (52%) and workforce transformation (49%). However, challenges persist, including the high costs of adopting new technologies (47%) and a shortage of manpower to cover duties when staff attend training (36%).

12 Businesses are keen to leverage Budget 2025 measures for transformation, with internationalisation (51%) and Artificial Intelligence development (36%) schemes emerging as top

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priorities for enterprise transformation. For workforce transformation, the redesigned SkillsFuture Enterprise Credit (69%) and the new SkillsFuture Workforce Development Grant (59%) are the most preferred initiatives.

13 Liquidity is a concern for a segment of the business community. One in four (22%) businesses face a moderate to severe credit crunch, with a worrying 35% of these reporting insufficient cash to operate for even 3-6 months. These businesses are prioritising cutting non-essential outflows (46%).

14 27% of businesses have sought financing in the last 12 months, primarily to support expansion activities in Singapore (37%). Among all the Enterprise Financing Scheme loans, SME Working Capital was the most utilised (63%), followed by Trade Loan (33%) and Project Loan (17%). Key challenges faced by businesses with the Enterprise Financing Scheme (EFS) include high interest rates (46%), difficulties in meeting eligibility criteria (42%), and lengthy approval timelines (42%). Businesses seek greater government support on financing related programmes, more flexible repayment terms and access to alternative financing solutions.

15 **Mr Kok Ping Soon, Chief Executive Officer of SBF**, said: “The weakened outlook reflects the increasingly uncertain operating environment facing businesses. Amidst the softening sentiment, businesses are satisfied with the Budget 2025 measures. Many believed it has helped address some cost concerns and make Singapore a better place to start new businesses or develop new ideas. It is heartening to see that transformation momentum remain strong. It is important that businesses stay the course in enterprise and workforce transformation by leveraging on the slew of government support. Accessibility and cost of financing have emerged as an area of concern. We hope to work with Government and financial institutions to better support our businesses which may now require larger financing lines and longer financing terms to deal with impact of US tariff measures.”

Annex A: National Business Survey 2025 – Singapore Budget Edition

Full Report: [Link](#)

Infographic Report: [Link](#)

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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