

Business Expectations Survey (Services Sector)

First Quarter 2015

BUSINESS EXPECTATIONS SURVEY (SERVICES SECTOR)

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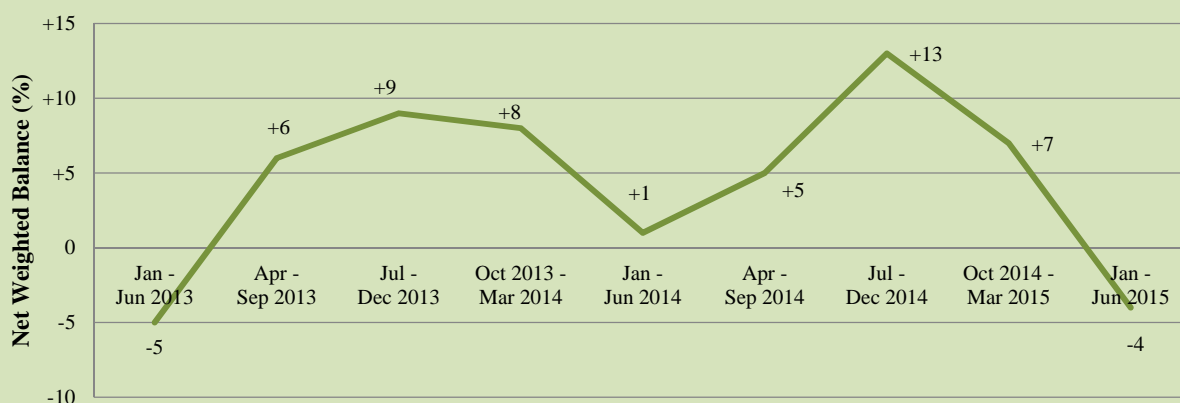
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Business Expectations of Services Sector First Quarter 2015

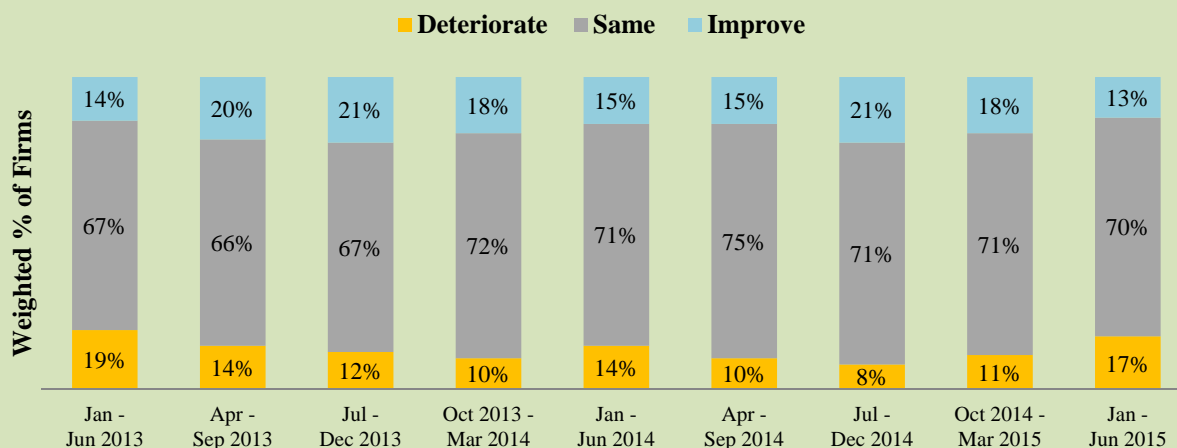
Highlights

- A net weighted balance of 4% of firms in the services sector expects less favourable business conditions for the period of Jan - Jun 2015 compared with Jul - Dec 2014. This is due partly to seasonal effect, i.e. firms in the services sector are generally less optimistic in their business outlook for first half of the year when compared with the second half of the preceding year, which coincided with the year-end holidays and festive period. Comparing the same period in the previous two years, the net weighted balance was +1% for Jan - Jun 2014 and -5% for Jan - Jun 2013.

Business Outlook for the next 6 months



- The majority of firms (a weighted 70%) predict business conditions to remain the same for Jan - Jun 2015. A weighted 13% of firms expects better business prospects while a weighted 17% of firms foresees slower business.



General Business Outlook for Jan - Jun 2015 (by Industry)

Within the services sector, after experiencing brisk business during the year-end holidays, the accommodation, food & beverage and transport & storage services industries expect less business activity for Jan – Jun 2015 compared to Jul – Dec 2014 (Chart 1).

A net weighted balance of 25% of firms in the accommodation industry and 14% in the food & beverage services industry expect lower level of business activity for Jan - Jun 2015.

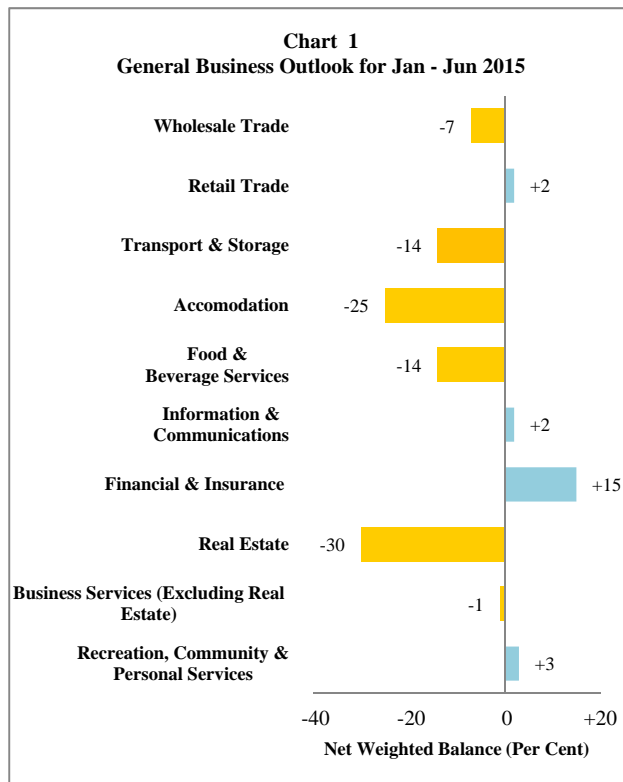
For the transport & storage services industry, a net weighted balance of 14% of firms expects less favourable conditions for first half of 2015 compared to the second half of 2014. In particular, water and air transport firms expect lower cargo and passenger volume for the first six months of the year.

For the wholesale trade industry, the majority of firms (a weighted 75%) expect business conditions to remain the same for Jan - Jun 2015. A weighted 9% of firms foresees better business prospects while a weighted 16% of firms anticipates slower business. This translates to a net weighted balance of -7%. Wholesalers of household goods and food & beverages are optimistic about the coming months.

On the other hand, wholesalers of petroleum & petroleum products and wholesalers of marine equipment including those for oil & gas sector are less favourable of the business situation ahead, in view of the weak oil prices.

Firms in the real estate industry continue to anticipate the business situation to deteriorate for the six-month period ending Jun 2015. In particular, the real estate developers continue to cite the series of government measures implemented, including the Additional Buyer’s Stamp Duty (ABSD) and Total Debt Servicing Ratio (TDSR) as the reasons for their negative sentiments.

On the other hand, firms in the financial & insurance services industry are optimistic in their 6-month outlook ending Jun 2015, recording the highest net weighted balance of 15%. In particular, insurance and fund management companies expect higher demand for their services.



Operating Receipts and Employment Forecast for Jan - Mar 2015 (by Industry)

The services sector expects operating receipts to remain at similar level for first quarter 2015 compared to the preceding quarter, recording a net weighted balance of -1%.

Within the services sector, the financial & insurance services industry is the most optimistic (Chart 2). A net weighted balance of 34% of firms expects revenue to increase for the first quarter of 2015. Banks and financial companies foresee that the global economy will gradually improve.

On the other hand, the accommodation and food & beverage services industries expect turnover to drop in first quarter of 2015 over the preceding quarter, which coincided with the year-end holidays and festive period.

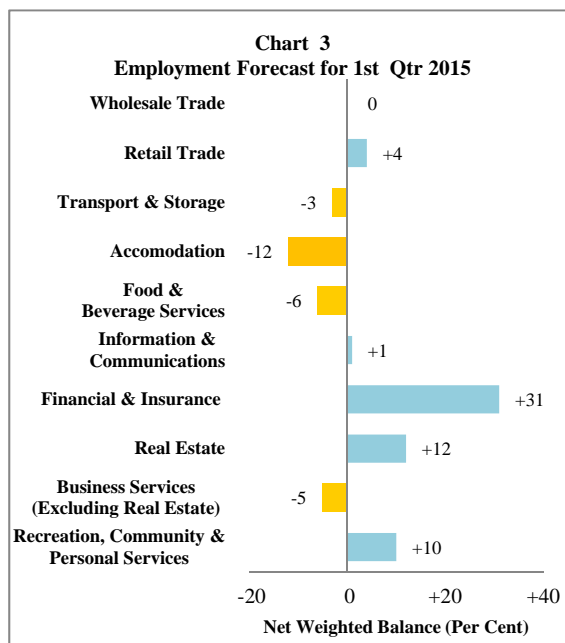
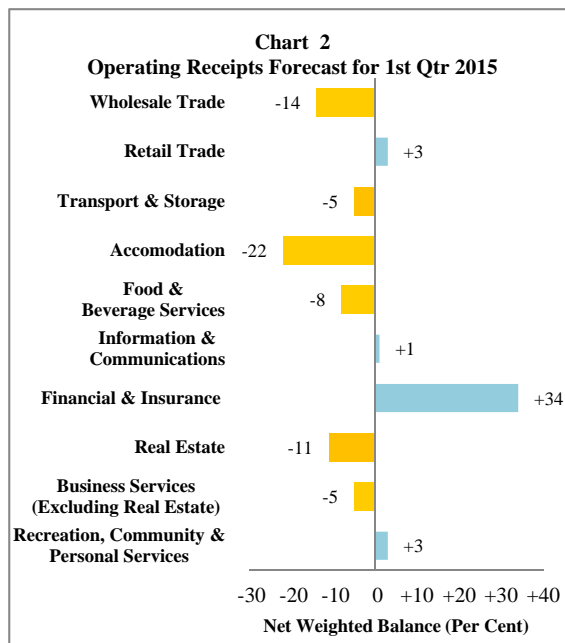
Similarly, firms in the wholesale trade industry also anticipate revenue to fall for the first quarter of 2015. In particular, wholesalers of petroleum & petroleum products expect the lower oil prices to affect their revenue.

In terms of employment, a net weighted balance of 2% of firms in the services sector expects to increase hiring in first quarter 2015.

In line with their sentiments in operating receipts, a net weighted balance of 31% of firms in the financial & insurance services industry expects to increase hiring, in particular banks and finance companies (Chart 3).

The real estate industry also expects a higher employment level. In particular, firms engaged in the management of residential, commercial & industrial properties expect to engage more workers due to increased demand for their services.

On the other hand, the accommodation and food & beverages services industries expect to reduce hiring, anticipating lower business activity in the first quarter of 2015 after the year-end holidays.



Explanatory Note

Introduction

The Business Expectations Survey for the services sector is conducted quarterly (i.e. one month before the reference quarter) by the Singapore Department of Statistics. The 1st quarter 2015 survey was conducted from Dec 2014 to mid-Jan 2015. It is a survey aimed at obtaining the business outlook for the immediate future of firms in the services sector.

Data Collection

The Business Expectations Survey covers some 1,500 enterprises in wholesale trade, retail trade, transport & storage services, accommodation, food & beverage services, information & communications services, financial & insurance services, real estate, business services (excluding real estate) and recreation, community & personal services. Respondents are asked about their expectations of the business situation in the next six months as well as operating receipts and employment in the next three months. Their views are expressed in terms of directional change (i.e., “up”, “same” or “down”).

Enterprises’ responses are then weighted and aggregated to derive the weighted percentages for “up”, “same” or “down” at industry and overall sectorial level for each question. Employment size is used as the weighting variable at both the enterprise and industry level for the employment forecast. For the general business outlook and operating receipts forecast, operating receipts and value added are used as weights at the enterprise level and industry level respectively.

Net Weighted Balance

A "net weighted balance" is used to indicate the likely overall direction of change of a particular activity or industry. Net weighted balance is calculated by taking the difference between the weighted percentages of "ups" and "downs". A plus sign in the net weighted balance indicates a net upward trend and a minus sign denotes a net downward trend.

Singapore Department of Statistics
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Chart A.1 General Business Outlook for Jan - Jun 2015 compared with Jul - Dec 2014

Industry	Net Weighted Balance	Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	-4	13 70 17
WHOLESALE & RETAIL TRADE	-6	11 72 17
Wholesale Trade	-7	9 75 16
Retail Trade	+2	30 42 28
TRANSPORT & STORAGE	-14	8 70 22
ACCOMMODATION & FOOD SERVICES	-20	18 44 38
Accommodation	-25	14 47 39
Food & Beverage Services	-14	23 40 37
INFORMATION & COMMUNICATIONS	+2	10 82 8
FINANCIAL & INSURANCE	+15	22 71 7
Banks & Finance Companies	+8	9 90 1
Security Dealing Activities	+19	30 59 11
Fund Management	+16	16 84
Insurance Companies	+24	35 54 11
Other Financial Services	+23	37 49 14
REAL ESTATE	-30	2 66 32
BUSINESS SERVICES (excluding Real Estate)	-1	19 61 20
RECREATION, COMMUNITY & PERSONAL SERVICES	+3	14 75 11

Note: "Net weighted balance" is the difference between the weighted percentages of "ups" and "downs". A plus sign indicates a net upward trend and a minus sign denotes a net downward trend.

Chart A.2 Operating Receipts Forecast for Jan - Mar 2015 compared with Oct - Dec 2014

Industry	Net Weighted Balance	Percentage of Up/Same/Down
		
TOTAL SERVICES SECTOR	-1	19 Up, 61 Same, 20 Down
WHOLESALE & RETAIL TRADE	-12	17 Up, 54 Same, 29 Down
Wholesale Trade	-14	16 Up, 54 Same, 30 Down
Retail Trade	+3	27 Up, 49 Same, 24 Down
TRANSPORT & STORAGE	-5	8 Up, 79 Same, 13 Down
ACCOMMODATION & FOOD SERVICES	-16	19 Up, 46 Same, 35 Down
Accommodation	-22	16 Up, 46 Same, 38 Down
Food & Beverage Services	-8	24 Up, 44 Same, 32 Down
INFORMATION & COMMUNICATIONS	+1	11 Up, 79 Same, 10 Down
FINANCIAL & INSURANCE	+34	41 Up, 52 Same, 7 Down
Banks & Finance Companies	+63	65 Up, 33 Same, 2 Down
Security Dealing Activities	+29	29 Up, 71 Same, 0 Down
Fund Management	+3	5 Up, 93 Same, 2 Down
Insurance Companies	+10	31 Up, 48 Same, 21 Down
Other Financial Services	+6	18 Up, 70 Same, 12 Down
REAL ESTATE	-11	13 Up, 63 Same, 24 Down
BUSINESS SERVICES (excluding Real Estate)	-5	18 Up, 59 Same, 23 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+3	17 Up, 69 Same, 14 Down

Note: "Net weighted balance" is the difference between the weighted percentages of "ups" and "downs". A plus sign indicates a net upward trend and a minus sign denotes a net downward trend.

Chart A.3 Employment Forecast for Jan - Mar 2015 compared with Oct - Dec 2014

Industry	Net Weighted Balance	Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+2	14 74 12
WHOLESALE & RETAIL TRADE	+1	14 73 13
Wholesale Trade	0	11 78 11
Retail Trade	+4	21 62 17
TRANSPORT & STORAGE	-3	6 85 9
ACCOMMODATION & FOOD SERVICES	-8	9 74 17
Accommodation	-12	7 74 19
Food & Beverage Services	-6	10 74 16
INFORMATION & COMMUNICATIONS	+1	10 81 9
FINANCIAL & INSURANCE	+31	35 61 4
Banks & Finance Companies	+39	42 55 3
Security Dealing Activities	+21	21 79
Fund Management	+3	3 97
Insurance Companies	+14	27 60 13
Other Financial Services	+29	29 71
REAL ESTATE	+12	16 80 4
BUSINESS SERVICES (excluding Real Estate)	-5	13 69 18
RECREATION, COMMUNITY & PERSONAL SERVICES	+10	14 82 4

Note: "Net weighted balance" is the difference between the weighted percentages of "ups" and "downs". A plus sign indicates a net upward trend and a minus sign denotes a net downward trend.