

# Business Expectations (Services Sector)

First Quarter 2017

## **BUSINESS EXPECTATIONS (SERVICES SECTOR)**

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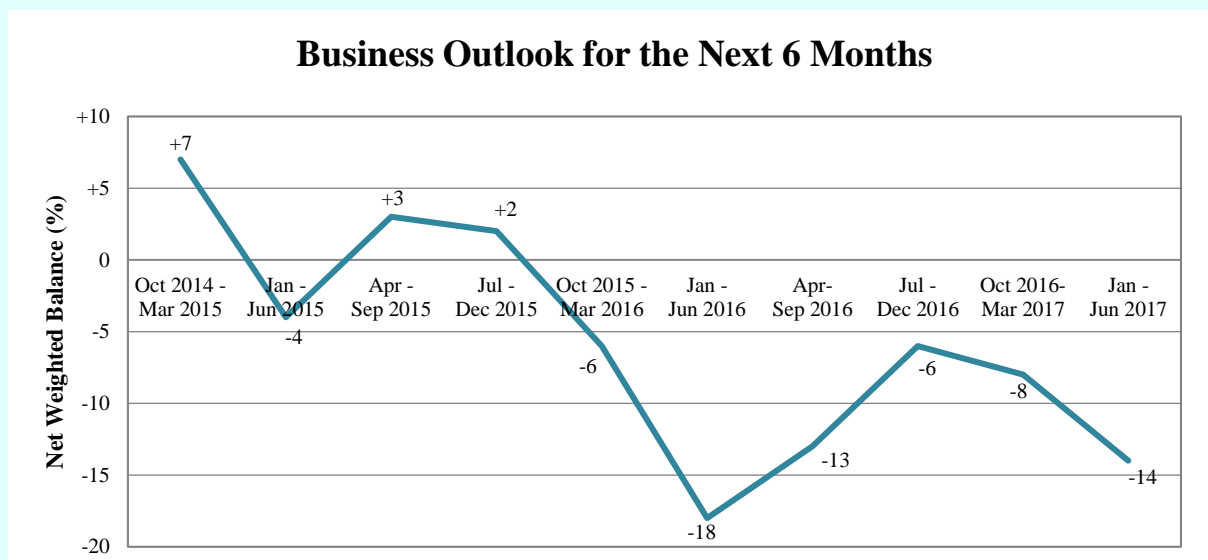
# Business Expectations Services Sector

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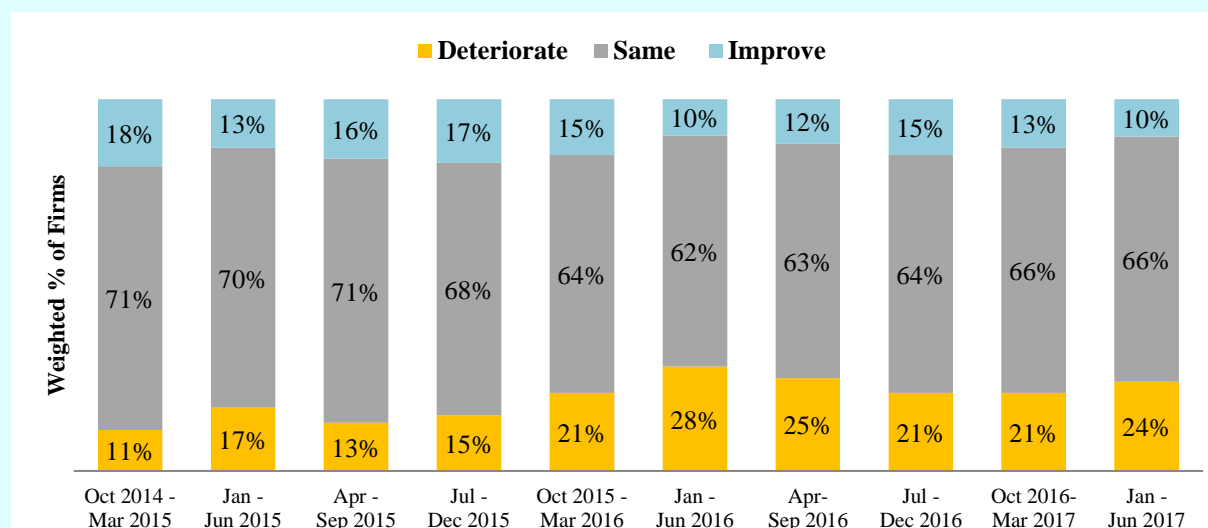
## FIRST QUARTER 2017

### Highlights

- A net weighted balance of 14% of firms in the services sector expects less favourable business conditions for the period of Jan – Jun 2017 compared with Jul - Dec 2016. This is less optimistic compared to the net weighted balance of -8% registered in the previous quarter’s survey (i.e. Oct 2016 - Mar 2017) but is an improvement over the net weighted balance of -18% recorded for the same period last year (i.e. Jan – Jun 2016).



- A weighted 10% of firms is optimistic about the business conditions for Jan – Jun 2017 while a weighted 24% of firms foresees a slower business. The majority of firms (a weighted 66%) anticipate the level of business activity to remain the same.



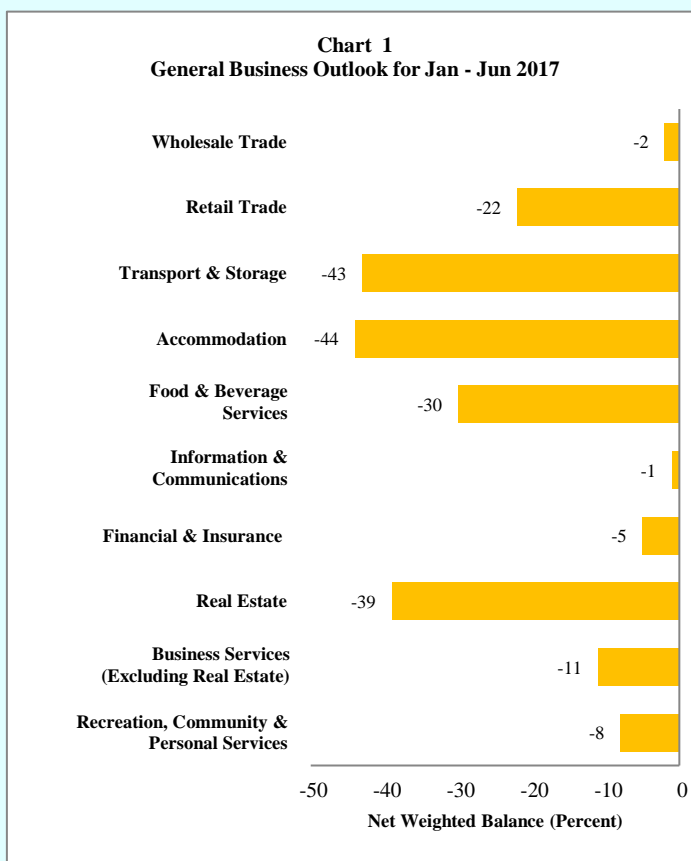
**General Business Outlook for Jan – Jun 2017 (by Industry)**

Within the services sector, all industries expect the level of business activity to deteriorate or remain the same for the period of Jan – Jun 2017 as compared to Jul – Dec 2016 (Chart 1).

After experiencing brisk business during the year-end holidays, firms in the accommodation and food & beverage services industries expect slower business in the first half of 2017.

A net weighted balance of 43% of the firms in the transport & storage industry expects the business situation to worsen in the 6 months ending June 2017. In particular, shipping lines foresee a slower global economy and weaker consumer demand to have a negative impact on the cargo volume in the period of Jan – Jun 2017.

Firms in the real estate industry are also less optimistic in their business outlook, registering a net weighted balance of -39%. Real estate developers continue to cite the government property cooling measures including the Additional Buyer’s Stamp Duty (ABSD) and Total Debt Servicing Ratio (TDSR) as well as the uncertain economic outlook for the weak demand in the property market.



For the retail trade industry, a net weighted balance of 22% of the firms expects business prospects to deteriorate. In particular, retailers of wearing apparel & footwear, household appliances & furniture expect weaker consumer demand.

### Operating Receipts and Employment Forecast for Jan – Mar 2017

A net weighted balance of 13% of firms in the services sector expects operating receipts to decrease for the period of Jan – Mar 2017 as compared to the period of Oct – Dec 2016.

All industries within the services sector expect operating receipts to deteriorate or remain the same in the first quarter of 2017 compared to the preceding quarter (Chart 2).

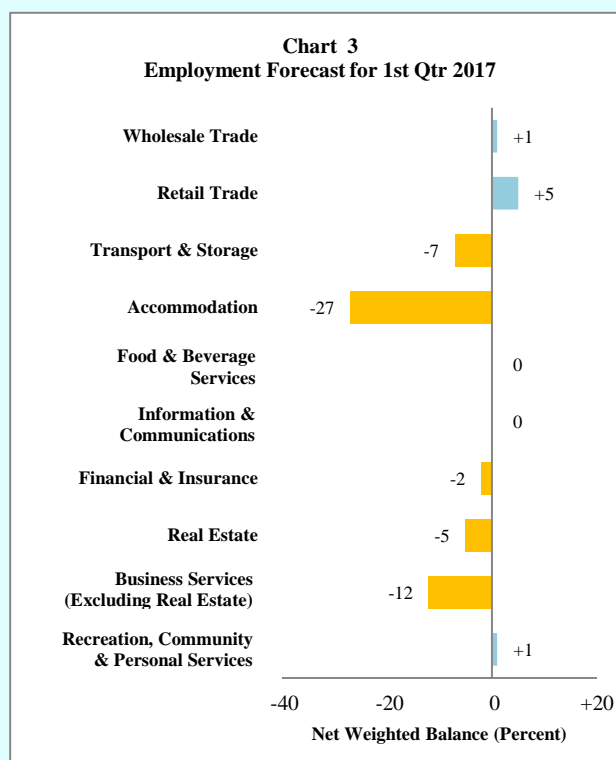
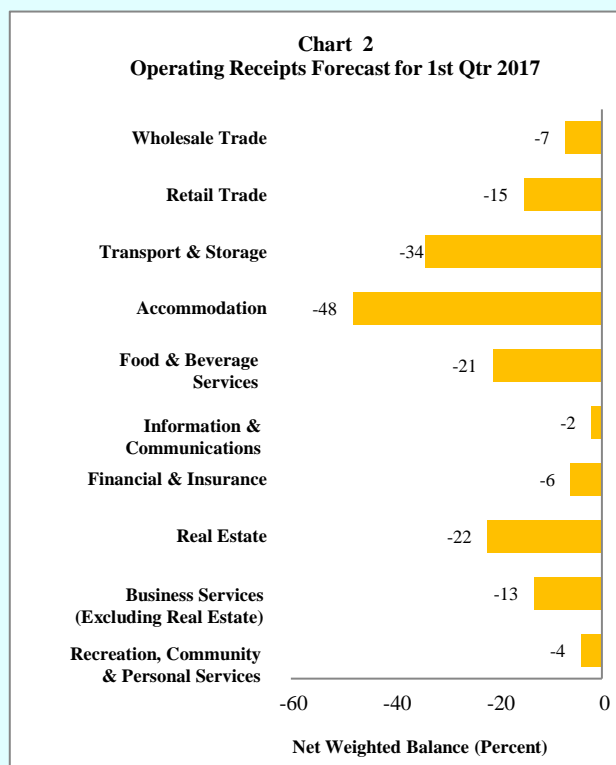
In line with their negative business outlook, firms in the accommodation and food & beverage services industries expect the level of operating receipts to fall, with net weighted balance of -48% and -21% respectively for the period of Jan – Mar 2017 as compared to the preceding 3 months which coincided with the year-end and festive holidays.

Firms in the transport & storage and real estate industries are also less optimistic in their operating receipts outlook for the first quarter of 2017 with net weighted balance of -34% and -22% respectively.

In terms of employment, a net weighted balance of 4% of the firms in the services sector expects to reduce hiring for the period of Jan – Mar 2017.

Within the services sector, firms in the accommodation, business services, and transport & storage industries expect to reduce hiring as they anticipate slower business activity (Chart 3).

On the other hand, the retail trade industry expects hiring to increase due mainly to supermarkets which expect higher sales during the Chinese New Year festive period.



### 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 1<sup>st</sup> quarter 2017 survey was conducted from Dec 2016 to mid-Jan 2017. 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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For enquiries, please contact

Mr Heng Shi Jie T (+65) 6835 8948 E [heng\\_shi\\_jie@singstat.gov.sg](mailto:heng_shi_jie@singstat.gov.sg)

Ms Wong Yan Ru T (+65) 6332 7075 E [wong\\_yan\\_ru@singstat.gov.sg](mailto:wong_yan_ru@singstat.gov.sg)

Chart A.1 General Business Outlook for Jan- Jun 2017 compared with Jul – Dec 2016

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
<b>TOTAL SERVICES SECTOR</b>	<b>-14</b>	10 Up, 66 Same, 24 Down
<b>WHOLESALE &amp; RETAIL TRADE</b>	<b>-4</b>	13 Up, 70 Same, 17 Down
Wholesale Trade	-2	13 Up, 72 Same, 15 Down
Retail Trade	-22	15 Up, 48 Same, 37 Down
<b>TRANSPORT &amp; STORAGE</b>	<b>-43</b>	7 Up, 43 Same, 50 Down
<b>ACCOMMODATION &amp; FOOD SERVICES</b>	<b>-37</b>	7 Up, 49 Same, 44 Down
Accommodation	-44	3 Up, 50 Same, 47 Down
Food & Beverage Services	-30	12 Up, 46 Same, 42 Down
<b>INFORMATION &amp; COMMUNICATIONS</b>	<b>-1</b>	7 Up, 85 Same, 8 Down
<b>FINANCIAL &amp; INSURANCE</b>	<b>-5</b>	8 Up, 79 Same, 13 Down
Banks & Finance Companies	-5	10 Up, 75 Same, 15 Down
Security Dealing Activities	-6	14 Up, 66 Same, 20 Down
Fund Management	-4	2 Up, 92 Same, 6 Down
Insurance Companies	-5	12 Up, 71 Same, 17 Down
Other Financial Services	-4	5 Up, 86 Same, 9 Down
<b>REAL ESTATE</b>	<b>-39</b>	2 Up, 57 Same, 41 Down
<b>BUSINESS SERVICES (excluding Real Estate)</b>	<b>-11</b>	15 Up, 59 Same, 26 Down
<b>RECREATION, COMMUNITY &amp; PERSONAL SERVICES</b>	<b>-8</b>	9 Up, 74 Same, 17 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.2 Operating Receipts Forecast for Jan - Mar 2017 compared with Oct- Dec 2016

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
<b>TOTAL SERVICES SECTOR</b>	<b>-13</b>	12 63 25
<b>WHOLESALE &amp; RETAIL TRADE</b>	<b>-8</b>	13 66 21
Wholesale Trade	-7	12 69 19
Retail Trade	-15	22 41 37
<b>TRANSPORT &amp; STORAGE</b>	<b>-34</b>	8 50 42
<b>ACCOMMODATION &amp; FOOD SERVICES</b>	<b>-36</b>	10 44 46
Accommodation	-48	5 42 53
Food & Beverage Services	-21	16 47 37
<b>INFORMATION &amp; COMMUNICATIONS</b>	<b>-2</b>	12 74 14
<b>FINANCIAL &amp; INSURANCE</b>	<b>-6</b>	12 70 18
Banks & Finance Companies	-1	11 77 12
Security Dealing Activities	0	20 60 20
Fund Management	-10	8 74 18
Insurance Companies	-23	27 23 50
Other Financial Services	-4	4 88 8
<b>REAL ESTATE</b>	<b>-22</b>	5 68 27
<b>BUSINESS SERVICES (excluding Real Estate)</b>	<b>-13</b>	15 57 28
<b>RECREATION, COMMUNITY &amp; PERSONAL SERVICES</b>	<b>-4</b>	11 74 15

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 2017 compared with Oct- Dec 2016

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
<b>TOTAL SERVICES SECTOR</b>	<b>-4</b>	9 Up, 78 Same, 13 Down
<b>WHOLESALE &amp; RETAIL TRADE</b>	<b>+2</b>	10 Up, 82 Same, 8 Down
Wholesale Trade	+1	6 Up, 89 Same, 5 Down
Retail Trade	+5	18 Up, 69 Same, 13 Down
<b>TRANSPORT &amp; STORAGE</b>	<b>-7</b>	3 Up, 87 Same, 10 Down
<b>ACCOMMODATION &amp; FOOD SERVICES</b>	<b>-6</b>	14 Up, 66 Same, 20 Down
Accommodation	-27	5 Up, 63 Same, 32 Down
Food & Beverage Services	0	17 Up, 66 Same, 17 Down
<b>INFORMATION &amp; COMMUNICATIONS</b>	<b>0</b>	9 Up, 82 Same, 9 Down
<b>FINANCIAL &amp; INSURANCE</b>	<b>-2</b>	3 Up, 92 Same, 5 Down
Banks & Finance Companies	-5	2 Up, 91 Same, 7 Down
Security Dealing Activities	0	8 Up, 84 Same, 8 Down
Fund Management	+4	6 Up, 92 Same, 2 Down
Insurance Companies	+2	2 Up, 98 Same, 0 Down
Other Financial Services	+4	4 Up, 96 Same, 0 Down
<b>REAL ESTATE</b>	<b>-5</b>	7 Up, 81 Same, 12 Down
<b>BUSINESS SERVICES (excluding Real Estate)</b>	<b>-12</b>	8 Up, 72 Same, 20 Down
<b>RECREATION, COMMUNITY &amp; PERSONAL SERVICES</b>	<b>+1</b>	11 Up, 79 Same, 10 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.