

Business Expectations Survey (Services Sector)

Second Quarter 2015

BUSINESS EXPECTATIONS SURVEY (SERVICES SECTOR)

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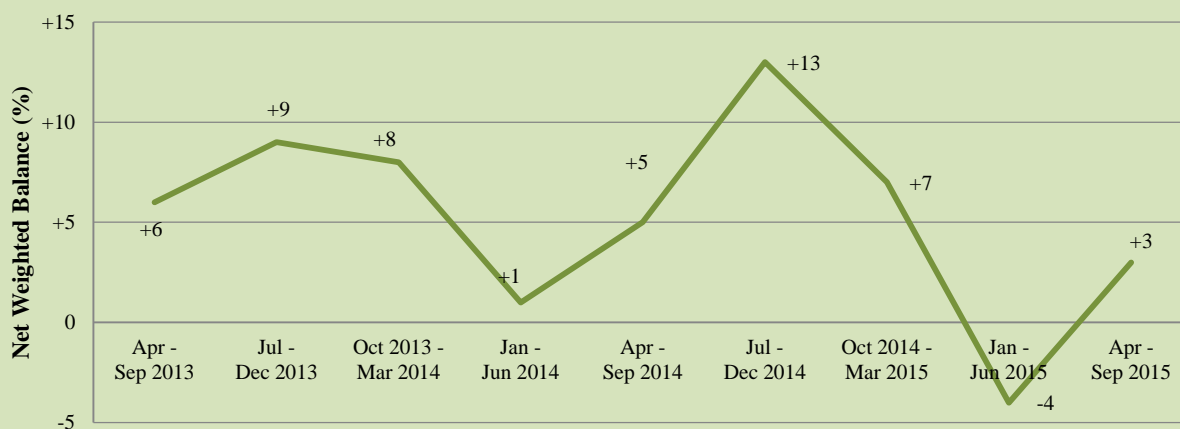
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Business Expectations of Services Sector Second Quarter 2015

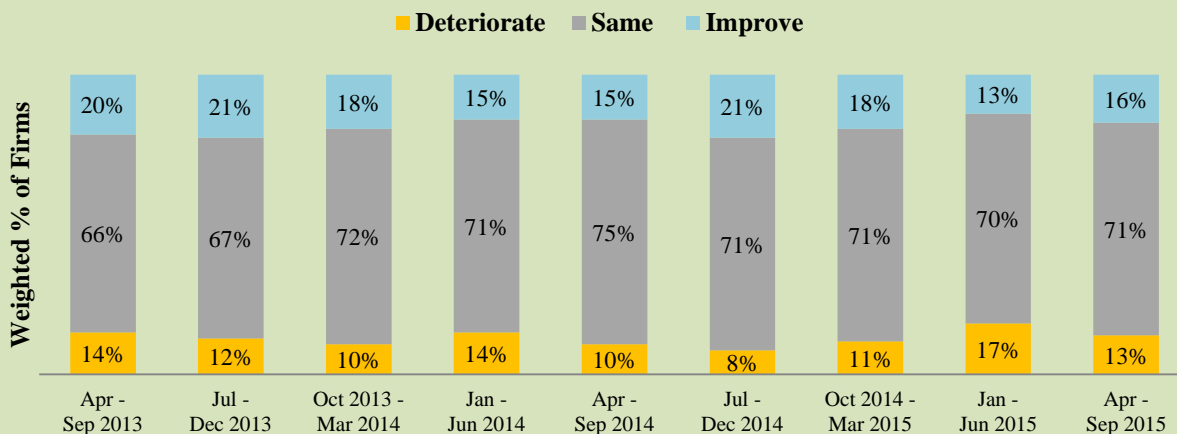
Highlights

- A net weighted balance of 3% of firms in the services sector expects more favourable business conditions for the period of Apr - Sep 2015 compared with Oct 2014 - Mar 2015, which is higher than the -4% registered in the previous survey for Jan - Jun 2015. Compared to the same period last year, the magnitude of the positive net weighted balance is lower than the 5% registered for Apr - Sep 2014.

Business Outlook for the next 6 months



- The majority of firms (a weighted 71%) predicts business conditions to remain the same for Apr - Sep 2015. A weighted 16% of firms expects better business prospects while a weighted 13% of firms foresees slower business.



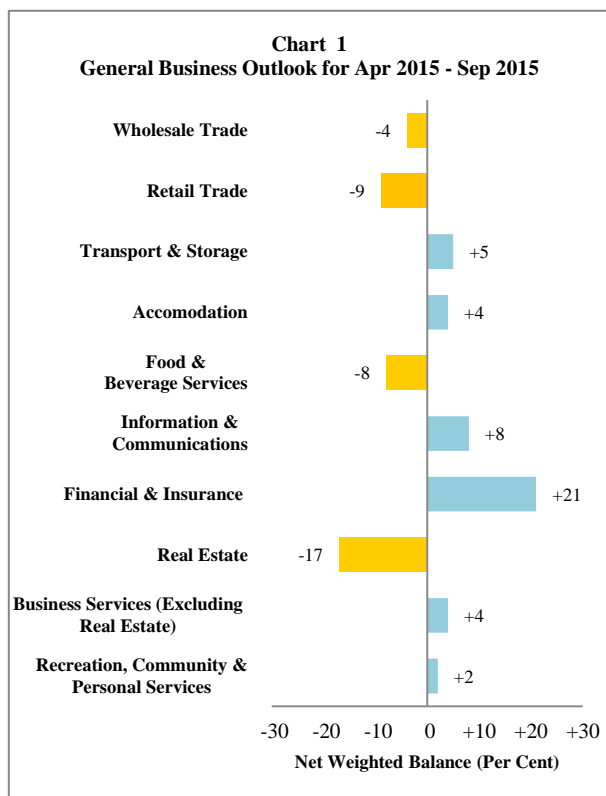
General Business Outlook for Apr - Sep 2015 (by Industry)

Within the services sector, the financial & insurance and the information & communications services industries were among those which expect more business activity for Apr – Sep 2015 compared to Oct 2014 – Mar 2015 (Chart 1). On the other hand, industries such as real estate and retail trade are less optimistic in their outlook.

A net weighted balance of 21% of firms in the financial & insurance services industry is optimistic in the six-month business outlook ending Sep 2015. In particular, banks and finance companies expect more demand for their services.

For the information & communications industry, a significant majority of firms (a weighted 86%) expect business conditions to remain the same. A weighted 11% of firms foresees better business prospects while a weighted 3% of firms anticipates slower business. This translates to a net weighted balance of 8% of firms expecting a more favourable business situation in the coming months.

On the other hand, the real estate industry expects the business situation to deteriorate for the six-month period ending Sep 2015. Developers continue to cite the series of government measures, including the Additional Buyer’s Stamp Duty (ABSD) and the Total Debt Servicing Ratio (TDSR) framework, as the reasons for their negative outlook.



A net weighted balance of 9% of firms in the retail trade expects less favourable business conditions for Apr - Sep 2015. In particular, department stores and supermarkets predict sales during this period to be slower compared with the preceding 6 months (i.e. Oct 2014 – Mar 2015), which coincided with the year-end holiday and festive period.

Operating Receipts and Employment Forecast for Apr - Jun 2015 (by Industry)

The services sector expects operating receipts to increase for the second quarter of 2015 compared to the preceding quarter, with a positive net weighted balance of 6% of firms forecasting higher earnings.

Within the services sector, the recreation, community & personal services industry is the most optimistic (Chart 2). A net weighted balance of 20% of firms expects revenue to increase for the second quarter of 2015. In particular, firms in amusement and recreation activities expect better business during the three-month period ending June 2015 due to the upcoming school holidays.

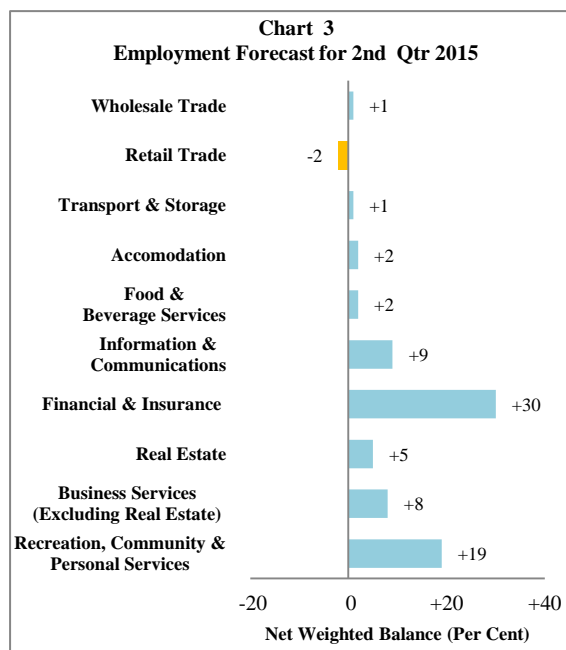
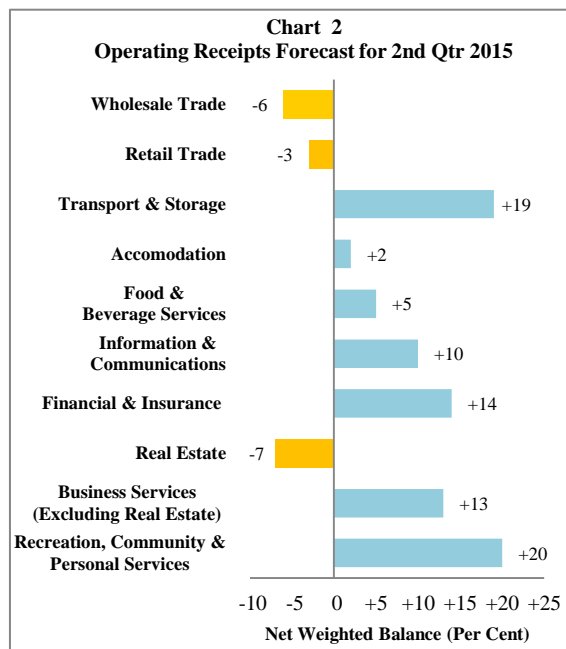
For the transport & storage services industry, firms in water transport and supporting services to water transport are optimistic in their revenue outlook as they foresee increased demand during the period of Apr - Jun 2015 compared to Jan - Mar 2015.

On the other hand, wholesalers expect turnover to drop in the second quarter of 2015 over the preceding quarter. In particular, wholesalers of petroleum & petroleum products expect the lower oil prices to affect their revenue.

In terms of employment, a positive net weighted balance of 8% of firms in the services sector projects an increase in hiring activity in the second quarter of 2015. All services industries, except the retail trade industry, plan to increase recruitment.

A net weighted balance of 30% of firms in the financial & insurance services industry, in particular banks and finance companies, expects to hire more staff (Chart 3).

Within the recreation, community & personal services industry, health care providers expect to increase hiring activity due to expansion of their services.



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 2nd quarter 2015 survey was conducted from Mar 2015 to mid-Apr 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 Apr - Sep 2015 compared with Oct 2014 - Mar 2015

Industry	Net Weighted Balance	Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+3	16 Up, 71 Same, 13 Down
WHOLESALE & RETAIL TRADE	-4	15 Up, 66 Same, 19 Down
Wholesale Trade	-4	14 Up, 68 Same, 18 Down
Retail Trade	-9	22 Up, 47 Same, 31 Down
TRANSPORT & STORAGE	+5	16 Up, 73 Same, 11 Down
ACCOMMODATION & FOOD SERVICES	-2	18 Up, 62 Same, 20 Down
Accommodation	+4	22 Up, 60 Same, 18 Down
Food & Beverage Services	-8	13 Up, 66 Same, 21 Down
INFORMATION & COMMUNICATIONS	+8	11 Up, 86 Same, 3 Down
FINANCIAL & INSURANCE	+21	28 Up, 65 Same, 7 Down
Banks & Finance Companies	+8	9 Up, 90 Same, 1 Down
Security Dealing Activities	+34	34 Up, 66 Same, 0 Down
Fund Management	+20	20 Up, 80 Same, 0 Down
Insurance Companies	+4	18 Up, 68 Same, 14 Down
Other Financial Services	+52	69 Up, 14 Same, 17 Down
REAL ESTATE	-17	1 Up, 81 Same, 18 Down
BUSINESS SERVICES (excluding Real Estate)	+4	18 Up, 68 Same, 14 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+2	8 Up, 86 Same, 6 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 Apr - Jun 2015 compared with Jan - Mar 2015

Industry	Net Weighted Balance	Percentage of Up/Same/Down
		
TOTAL SERVICES SECTOR	+6	21 Up, 64 Same, 15 Down
WHOLESALE & RETAIL TRADE	-6	12 Up, 70 Same, 18 Down
Wholesale Trade	-6	10 Up, 74 Same, 16 Down
Retail Trade	-3	29 Up, 39 Same, 32 Down
TRANSPORT & STORAGE	+19	27 Up, 65 Same, 8 Down
ACCOMMODATION & FOOD SERVICES	+4	20 Up, 64 Same, 16 Down
Accommodation	+2	21 Up, 60 Same, 19 Down
Food & Beverage Services	+5	20 Up, 65 Same, 15 Down
INFORMATION & COMMUNICATIONS	+10	18 Up, 74 Same, 8 Down
FINANCIAL & INSURANCE	+14	28 Up, 58 Same, 14 Down
Banks & Finance Companies	+4	23 Up, 58 Same, 19 Down
Security Dealing Activities	+21	34 Up, 53 Same, 13 Down
Fund Management	+20	20 Up, 80 Same, 0 Down
Insurance Companies	+50	63 Up, 24 Same, 13 Down
Other Financial Services	+7	17 Up, 73 Same, 10 Down
REAL ESTATE	-7	13 Up, 67 Same, 20 Down
BUSINESS SERVICES (excluding Real Estate)	+13	30 Up, 53 Same, 17 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+20	25 Up, 70 Same, 5 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 Apr - Jun 2015 compared with Jan - Mar 2015

Industry	Net Weighted Balance	Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+8	15 78 7
WHOLESALE & RETAIL TRADE	0	11 78 11
Wholesale Trade	+1	9 83 8
Retail Trade	-2	15 68 17
TRANSPORT & STORAGE	+1	6 89 5
ACCOMMODATION & FOOD SERVICES	+2	12 78 10
Accommodation	+2	7 88 5
Food & Beverage Services	+2	14 74 12
INFORMATION & COMMUNICATIONS	+9	16 77 7
FINANCIAL & INSURANCE	+30	33 64 3
Banks & Finance Companies	+26	29 68 3
Security Dealing Activities	-3	9 79 12
Fund Management	+86	86 14 0
Insurance Companies	+41	49 43 8
Other Financial Services	+26	26 74 0
REAL ESTATE	+5	13 79 8
BUSINESS SERVICES (excluding Real Estate)	+8	18 72 10
RECREATION, COMMUNITY & PERSONAL SERVICES	+19	20 79 1

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.