

Business Expectations (Services Sector)

Second Quarter 2017

BUSINESS EXPECTATIONS (SERVICES SECTOR)

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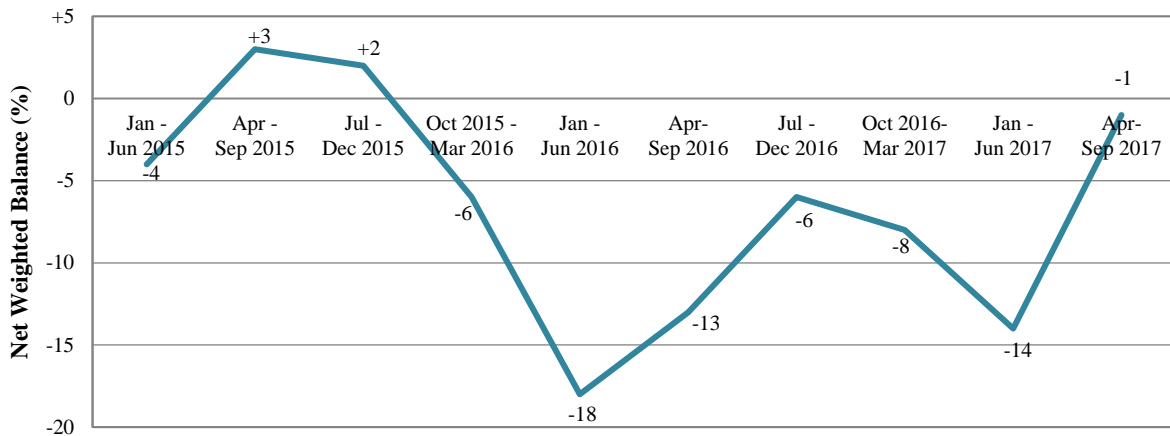
Business Expectations Services Sector

SECOND QUARTER 2017

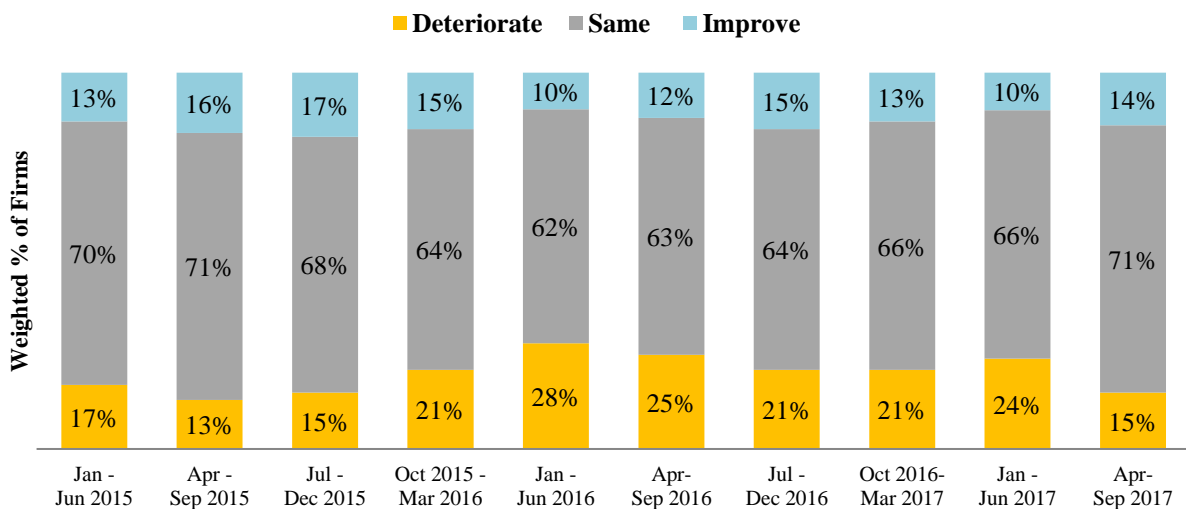
Highlights

- A net weighted balance of 1% of firms in the services sector expects less favourable business conditions for the period of Apr – Sep 2017 compared with Oct 2016 - Mar 2017. This is an improvement from the net weighted balance of -14% recorded in the previous quarter’s survey (i.e. Jan – Jun 2017) and -13% recorded for the same period last year (i.e. Apr – Sep 2016).

Business Outlook for the Next 6 Months



- A weighted 14% of firms is optimistic about the business conditions for Apr – Sep 2017 while a weighted 15% of firms foresees slower business. The majority of firms (a weighted 71%) anticipate the level of business activity to remain the same.



General Business Outlook for Apr - Sep 2017 (by Industry)

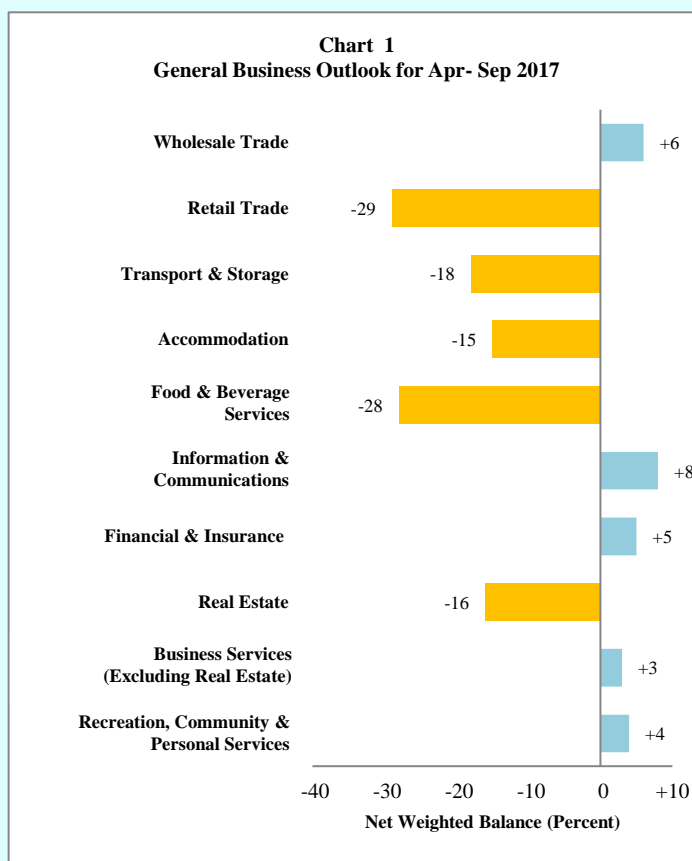
Business sentiments are mixed within the services sector. The information & communications and wholesale trade industries are among those which foresee more favourable business conditions during the period of Apr- Sep 2017 compared to Oct 2016 – Mar 2017. On the other hand, industries such as retail trade, food & beverage services and transport & storage services are less optimistic in their business outlook.

A net weighted balance of 8% of the firms in the information & communications industry expects the business situation to improve in the coming 6 months ending Sep 2017 (Chart 1). Within the industry, firms engaged in computer programming, consultancy & related services expect more favourable business conditions in view of higher demand for their services.

On the other hand, the retail trade and food & beverage services industries are less optimistic about the business prospects for the period of Apr to Sep 2017 compared to the period of Oct 2016 to Mar 2017, which coincided with the year-end holiday and the festive period. Within the retail trade industry, department stores, supermarkets and retailers of wearing apparels are among those which expect less favourable business conditions during this period.

Firms in the transport & storage industry expect business situation to deteriorate. In particular, air transport firms expect passenger volume to decline in the coming six months.

The accommodation industry also anticipate slower business activities for the period of Apr to Sep 2017 compared to the preceding 6 months (i.e. Oct 2016 to Mar 2017) due to a drop in corporate travellers.



Operating Receipts and Employment Forecast for Apr - Jun 2017

The services sector expects operating receipts to remain at a similar level for second quarter 2017 over the preceding quarter.

Within the services sector, the recreation, community & personal services industry is the most optimistic in its revenue outlook (Chart 2). In particular, healthcare providers expect sales to increase in anticipation of higher demand for their services from Apr - Jun 2017.

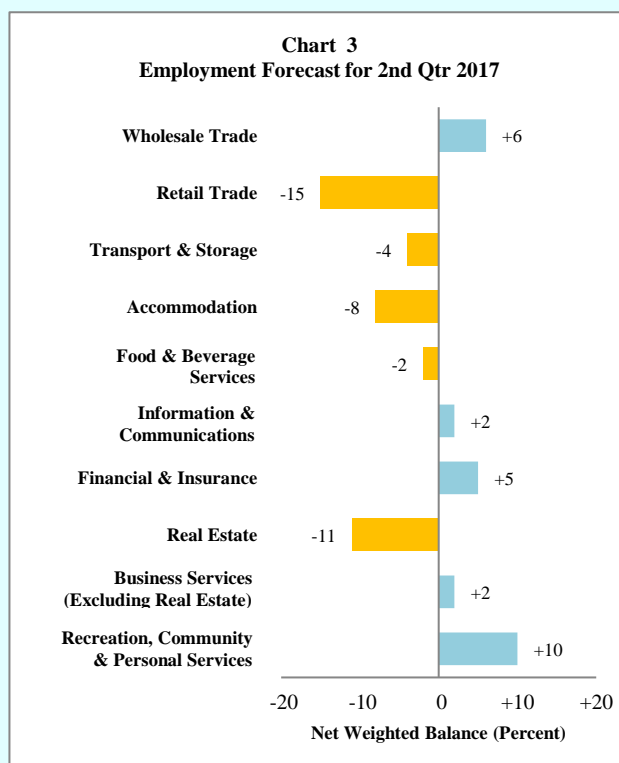
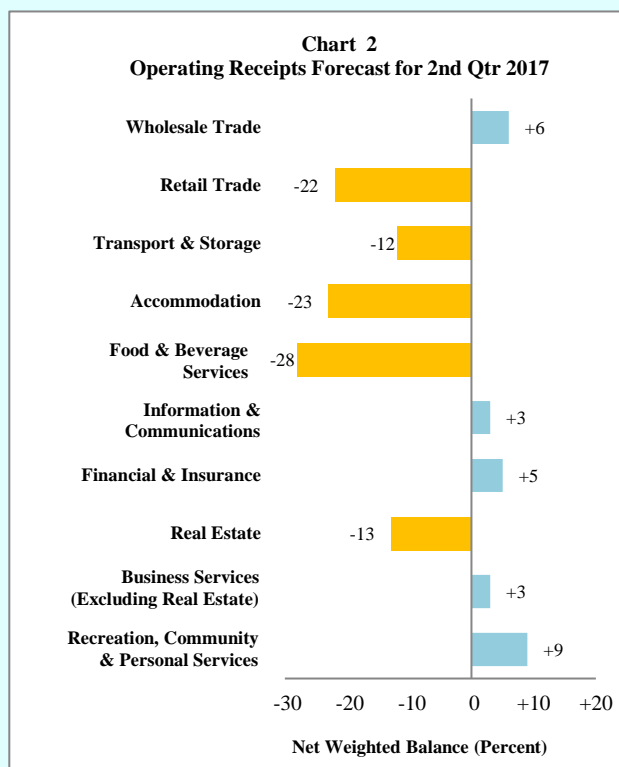
In line with their negative business outlook, firms in the food & beverage services, accommodation and retail trade industries expect the level of operating receipts to fall in the second quarter of this year.

In terms of employment, firms expect hiring to remain at a similar level for the period of Apr – Jun 2017, with a net weighted balance of 1%. Majority of firms (a weighted 81%) expect employment level to remain the same.

The recreation, community & personal services industry expects employment level to increase (Chart 3) due mainly to firms engaged in health services and amusement & recreation activities.

Firms in the wholesale trade and financial & insurance industries also expect hiring to increase, with a net weighted balance of 6% and 5% respectively.

On the other hand, firms in the retail trade, real estate and accommodation industries expect to reduce hiring as they anticipate slower business activities in the second quarter of the year.



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 2017 survey was conducted from Mar 2016 to mid-Apr 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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Chart A.1 General Business Outlook for Apr - Sep 2017 compared with Oct 2016 - Mar 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	-1	14 Up, 71 Same, 15 Down
WHOLESALE & RETAIL TRADE	+2	14 Up, 74 Same, 12 Down
Wholesale Trade	+6	14 Up, 78 Same, 8 Down
Retail Trade	-29	10 Up, 51 Same, 39 Down
TRANSPORT & STORAGE	-18	13 Up, 56 Same, 31 Down
ACCOMMODATION & FOOD SERVICES	-21	8 Up, 63 Same, 29 Down
Accommodation	-15	11 Up, 63 Same, 26 Down
Food & Beverage Services	-28	5 Up, 62 Same, 33 Down
INFORMATION & COMMUNICATIONS	+8	18 Up, 72 Same, 10 Down
FINANCIAL & INSURANCE	+5	15 Up, 75 Same, 10 Down
Banks & Finance Companies	+11	23 Up, 65 Same, 12 Down
Security Dealing Activities	+13	26 Up, 61 Same, 13 Down
Fund Management	-5	2 Up, 91 Same, 7 Down
Insurance Companies	+2	12 Up, 78 Same, 10 Down
Other Financial Services	-2	6 Up, 86 Same, 8 Down
REAL ESTATE	-16	2 Up, 80 Same, 18 Down
BUSINESS SERVICES (excluding Real Estate)	+3	20 Up, 63 Same, 17 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+4	14 Up, 76 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.

Chart A.2 Operating Receipts Forecast for Apr - Jun 2017 compared with Jan - Mar 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	0	16 68 16
WHOLESALE & RETAIL TRADE	+3	18 67 15
Wholesale Trade	+6	18 70 12
Retail Trade	-22	17 44 39
TRANSPORT & STORAGE	-12	14 60 26
ACCOMMODATION & FOOD SERVICES	-25	12 51 37
Accommodation	-23	17 43 40
Food & Beverage Services	-28	7 58 35
INFORMATION & COMMUNICATIONS	+3	14 75 11
FINANCIAL & INSURANCE	+5	16 73 11
Banks & Finance Companies	+5	14 77 9
Security Dealing Activities	+31	31 69
Fund Management	-6	10 74 16
Insurance Companies	+15	41 33 26
Other Financial Services	0	6 88 6
REAL ESTATE	-13	3 81 16
BUSINESS SERVICES (excluding Real Estate)	+3	19 65 16
RECREATION, COMMUNITY & PERSONAL SERVICES	+9	18 73 9

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 2017 compared with Jan - Mar 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+1	10 81 9
WHOLESALE & RETAIL TRADE	-1	9 81 10
Wholesale Trade	+6	11 84 5
Retail Trade	-15	4 77 19
TRANSPORT & STORAGE	-4	4 88 8
ACCOMMODATION & FOOD SERVICES	-4	6 84 10
Accommodation	-8	7 78 15
Food & Beverage Services	-2	6 86 8
INFORMATION & COMMUNICATIONS	+2	10 82 8
FINANCIAL & INSURANCE	+5	11 83 6
Banks & Finance Companies	+5	12 81 7
Security Dealing Activities	0	100
Fund Management	+22	24 74 2
Insurance Companies	+3	13 77 10
Other Financial Services	0	2 96 2
REAL ESTATE	-11	4 81 15
BUSINESS SERVICES (excluding Real Estate)	+2	16 70 14
RECREATION, COMMUNITY & PERSONAL SERVICES	+10	12 86 2

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.