

# Business Expectations (Services Sector)

Third Quarter 2017

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

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# Business Expectations

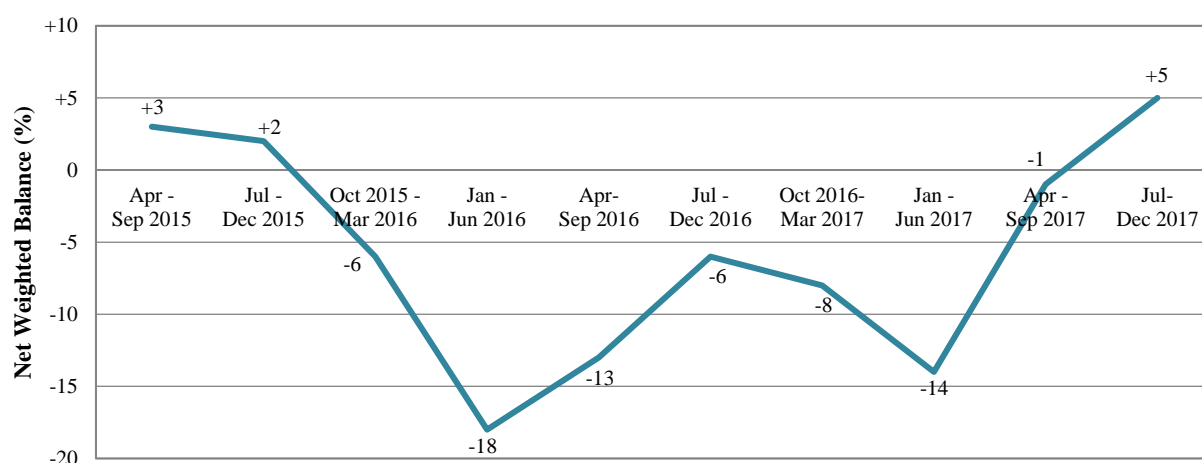
## Services Sector

THIRD QUARTER 2017

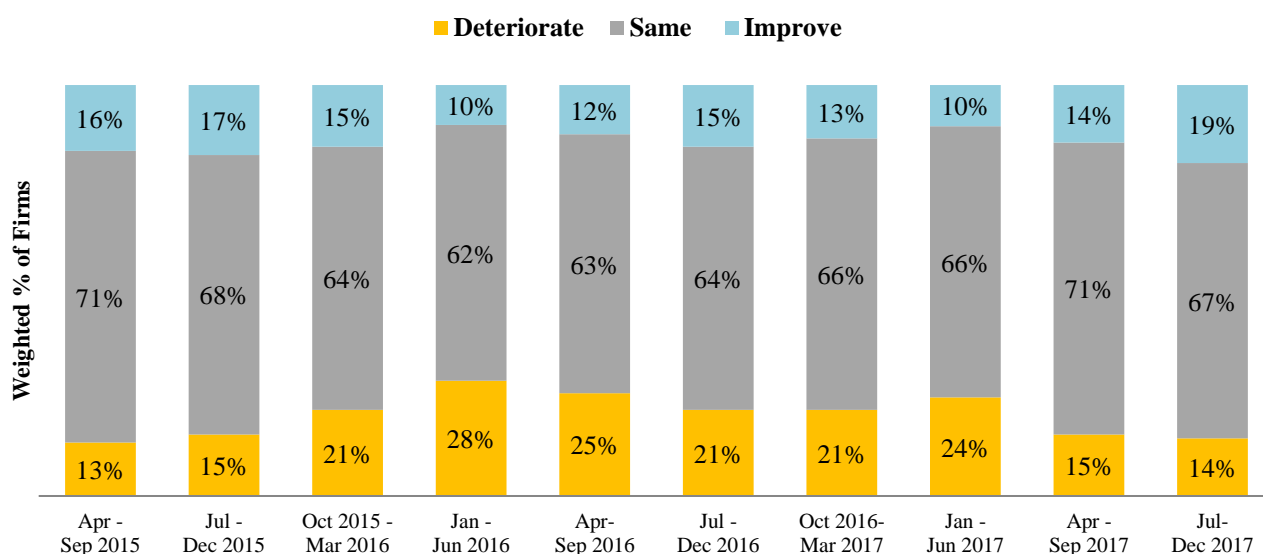
### Highlights

- A net weighted balance of 5% of firms in the services sector expects more favourable business conditions for the period of Jul - Dec 2017 compared with Jan - Jun 2017. This is an improvement from the net weighted balance of -1% recorded in the previous quarter's survey (i.e. Apr – Sep 2017) and -6% recorded for the same period last year (i.e. Jul - Dec 2016).

### Business Outlook for the Next 6 Months



- A weighted 19% of firms is optimistic about the business conditions for Jul – Dec 2017 while a weighted 14% of firms foresees slower business. The majority of firms (a weighted 67%) anticipate the level of business activity to remain the same.

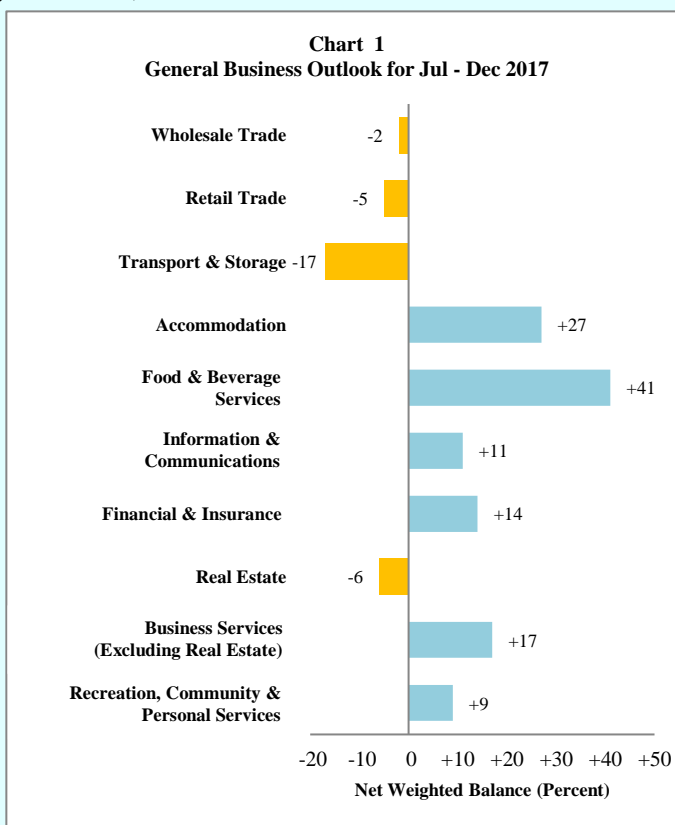


**General Business Outlook for Jul - Dec 2017 (by Industry)**

Within the services sector, the food & beverage services, accommodation, business services (excluding real estate) and financial & insurance industries are among those which foresee more favourable business conditions during the period of Jul - Dec 2017 compared with Jan - Jun 2017 (Chart 1). On the other hand, the transport & storage services, real estate and retail trade industries are less optimistic in their business outlook.

A net weighted balance of 41% of firms in the food & beverage services and 27% of firms in the accommodation industries are upbeat about the business prospects for the coming six months ending Dec 2017 which coincides with the year-end festive season. Hoteliers also foresee better business due to the upcoming Formula One night race in September 2017.

The financial & insurance industry expects more favourable business conditions in the next six months. Within the industry, banks and insurance companies expect an increase in demand for their services.



Among industries that expect less favourable business conditions, the transport & storage industry is the least optimistic, with a net weighted balance of -17%. In particular, firms engaged in cargo handling and warehousing & storage expect business situation to deteriorate due to lower demand for their services.

Firms in the retail trade industry also expect business conditions to worsen. Retailers of wearing apparel, information & communications equipment and household goods are among those that are less optimistic in their business outlook for the coming months.

### Operating Receipts and Employment Forecast for Jul - Sep 2017

A net weighted balance of 9% of firms in the services sector expects operating receipts to increase for the period of Jul – Sep 2017 compared with the period of Apr – Jun 2017.

In line with their positive business outlook, firms in the food & beverage services and accommodation industries expect higher level of operating receipts in the third quarter of the year (Chart 2).

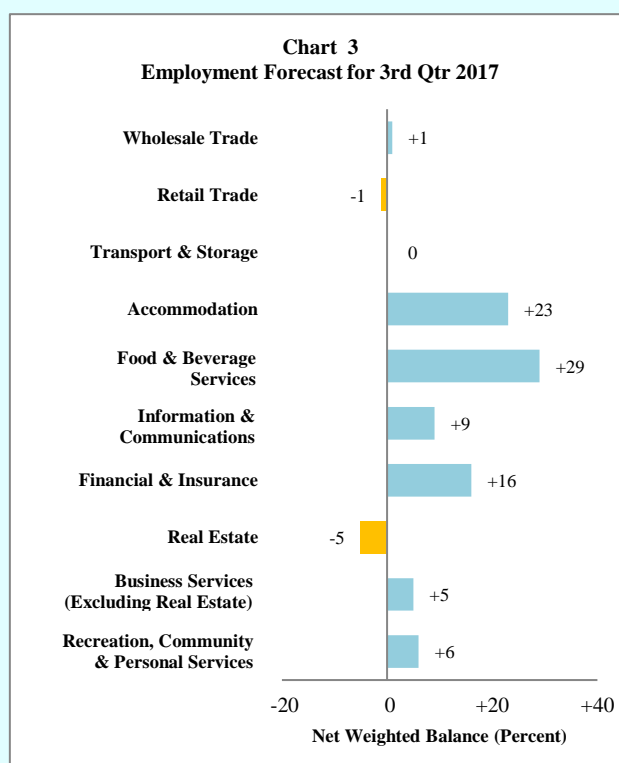
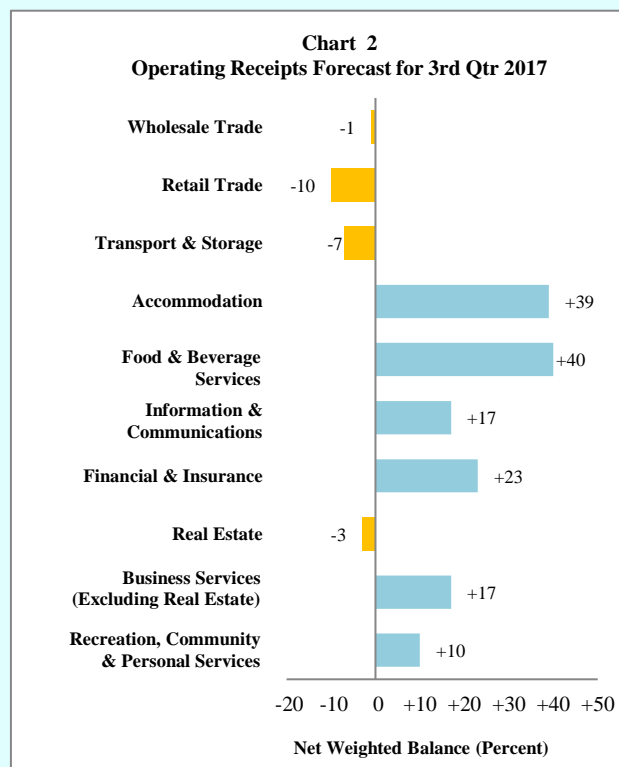
Firms in the information & communications industry also expect brisk business in the third quarter of the year. In particular, firms engaged in computer programming, consultancy & related activities expect higher sales in anticipation of higher demand for their services for the period of Jul - Sep 2017.

On the other hand, firms in the retail trade and transport & storage industries expect revenue to fall in the third quarter of the year.

In terms of employment, a net weighted balance of 6% of firms in the services sector expects to increase hiring in the third quarter of 2017.

Firms in the food & beverage services and accommodation industries expect to increase hiring, with a net weighted balance of 29% and 23% respectively (Chart 3) for the period of Jul – Sep 2017.

Conversely, firms in the real estate industry expect to reduce hiring for the third quarter of 2017. This is due mainly to the firms engaged in the management of residential, commercial & industrial properties expecting a drop in demand for their services in the next three months.



### 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 3<sup>rd</sup> quarter 2017 survey was conducted from Jun 2017 to mid-Jul 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 Jul - Dec 2017 compared with Jan - Jun 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
<b>TOTAL SERVICES SECTOR</b>	+5	19 Up, 67 Same, 14 Down
<b>WHOLESALE &amp; RETAIL TRADE</b>	-3	12 Up, 73 Same, 15 Down
Wholesale Trade	-2	11 Up, 76 Same, 13 Down
Retail Trade	-5	17 Up, 61 Same, 22 Down
<b>TRANSPORT &amp; STORAGE</b>	-17	16 Up, 51 Same, 33 Down
<b>ACCOMMODATION &amp; FOOD SERVICES</b>	+33	41 Up, 51 Same, 8 Down
Accommodation	+27	37 Up, 53 Same, 10 Down
Food & Beverage Services	+41	45 Up, 51 Same, 4 Down
<b>INFORMATION &amp; COMMUNICATIONS</b>	+11	19 Up, 73 Same, 8 Down
<b>FINANCIAL &amp; INSURANCE</b>	+14	23 Up, 68 Same, 9 Down
Banks & Finance Companies	+6	16 Up, 74 Same, 10 Down
Security Dealing Activities	+15	15 Up, 85 Same, 0 Down
Fund Management	0	0 Up, 100 Same, 0 Down
Insurance Companies	+20	30 Up, 60 Same, 10 Down
Other Financial Services	+33	47 Up, 39 Same, 14 Down
<b>REAL ESTATE</b>	-6	6 Up, 82 Same, 12 Down
<b>BUSINESS SERVICES (excluding Real Estate)</b>	+17	28 Up, 61 Same, 11 Down
<b>RECREATION, COMMUNITY &amp; PERSONAL SERVICES</b>	+9	14 Up, 81 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.2 Operating Receipts Forecast for Jul - Sep 2017 compared with Apr - Jun 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
<b>TOTAL SERVICES SECTOR</b>	<b>+9</b>	21 Up, 67 Same, 12 Down
<b>WHOLESALE &amp; RETAIL TRADE</b>	<b>-2</b>	14 Up, 70 Same, 16 Down
Wholesale Trade	-1	13 Up, 73 Same, 14 Down
Retail Trade	-10	17 Up, 56 Same, 27 Down
<b>TRANSPORT &amp; STORAGE</b>	<b>-7</b>	13 Up, 67 Same, 20 Down
<b>ACCOMMODATION &amp; FOOD SERVICES</b>	<b>+40</b>	44 Up, 52 Same, 4 Down
Accommodation	+39	44 Up, 51 Same, 5 Down
Food & Beverage Services	+40	45 Up, 50 Same, 5 Down
<b>INFORMATION &amp; COMMUNICATIONS</b>	<b>+17</b>	25 Up, 67 Same, 8 Down
<b>FINANCIAL &amp; INSURANCE</b>	<b>+23</b>	31 Up, 61 Same, 8 Down
Banks & Finance Companies	+21	22 Up, 77 Same, 1 Down
Security Dealing Activities	+15	15 Up, 85 Same, 0 Down
Fund Management	+21	21 Up, 79 Same, 0 Down
Insurance Companies	+22	48 Up, 26 Same, 26 Down
Other Financial Services	+31	46 Up, 39 Same, 15 Down
<b>REAL ESTATE</b>	<b>-3</b>	4 Up, 89 Same, 7 Down
<b>BUSINESS SERVICES (excluding Real Estate)</b>	<b>+17</b>	32 Up, 53 Same, 15 Down
<b>RECREATION, COMMUNITY &amp; PERSONAL SERVICES</b>	<b>+10</b>	18 Up, 74 Same, 8 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 Jul – Sep 2017 compared with Apr - Jun 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
<b>TOTAL SERVICES SECTOR</b>	<b>+6</b>	13 80 7
<b>WHOLESALE &amp; RETAIL TRADE</b>	<b>0</b>	8 84 8
Wholesale Trade	+1	8 85 7
Retail Trade	-1	10 79 11
<b>TRANSPORT &amp; STORAGE</b>	<b>0</b>	7 86 7
<b>ACCOMMODATION &amp; FOOD SERVICES</b>	<b>+27</b>	31 65 4
Accommodation	+23	29 65 6
Food & Beverage Services	+29	32 65 3
<b>INFORMATION &amp; COMMUNICATIONS</b>	<b>+9</b>	19 71 10
<b>FINANCIAL &amp; INSURANCE</b>	<b>+16</b>	20 76 4
Banks & Finance Companies	+8	14 80 6
Security Dealing Activities	+8	8 92
Fund Management	+50	50 50
Insurance Companies	+22	22 78
Other Financial Services	+29	29 71
<b>REAL ESTATE</b>	<b>-5</b>	8 79 13
<b>BUSINESS SERVICES (excluding Real Estate)</b>	<b>+5</b>	16 73 11
<b>RECREATION, COMMUNITY &amp; PERSONAL SERVICES</b>	<b>+6</b>	9 88 3

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.