

Business Expectations (Services Sector)

Fourth Quarter 2015

BUSINESS EXPECTATIONS (SERVICES SECTOR)

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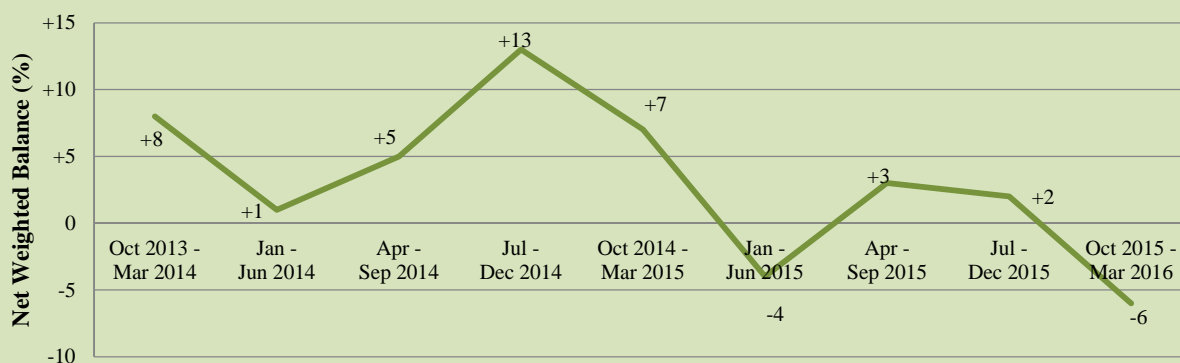
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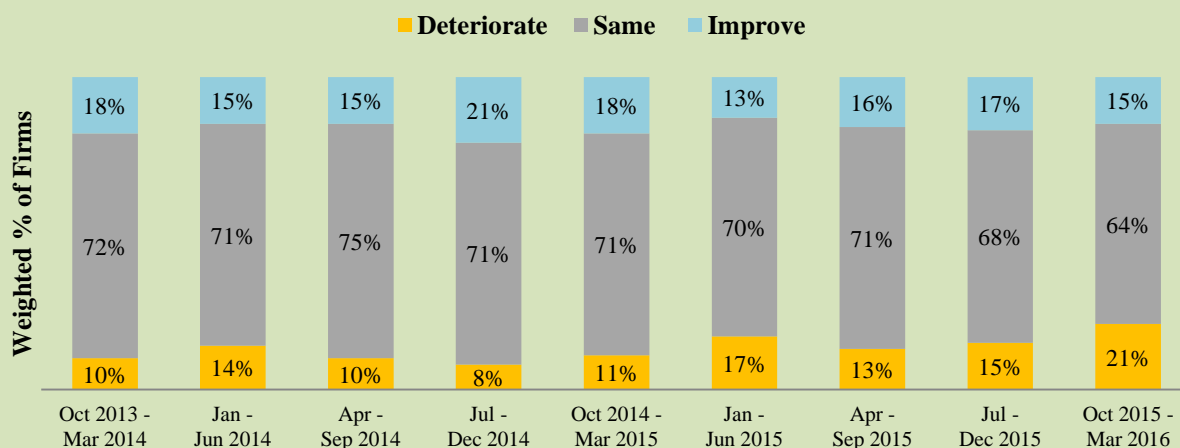
Highlights

- A net weighted balance of 6% of firms in the services sector expects less favourable business conditions for the period of Oct 2015 - Mar 2016 compared with Apr - Sep 2015. Sentiments are less optimistic compared to the previous quarter's survey (i.e. Jul - Dec 2015) and the same period last year (i.e. Oct 2014 - Mar 2015), which recorded net weighted balances of 2% and 7% respectively.

Business Outlook for the next 6 months



- The majority of firms (a weighted 64%) expect business conditions to remain the same for Oct 2015 - Mar 2016. A weighted 15% of firms anticipates a favourable business outlook while a weighted 21% of firms foresees a reduction in business activities.

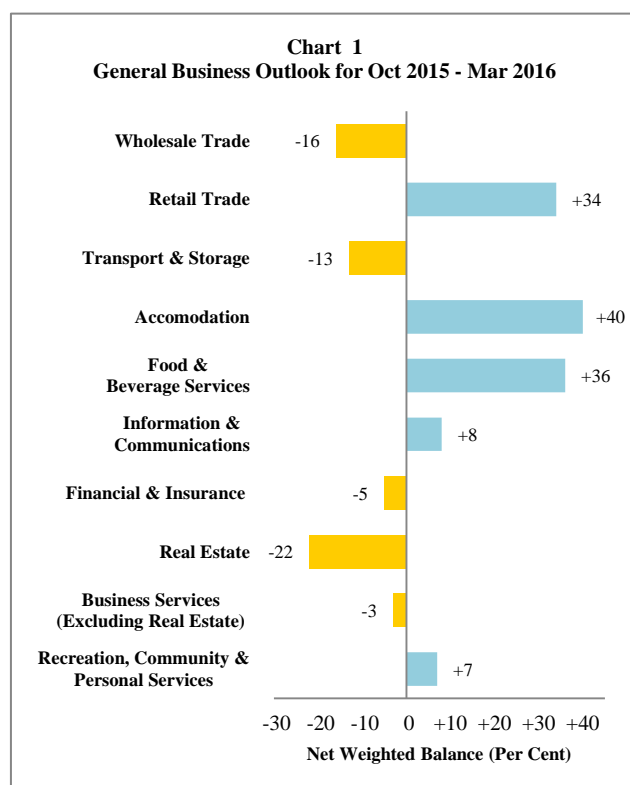


General Business Outlook for Oct 2015 - Mar 2016 (by Industry)

Business sentiments were mixed within the services sector. The accommodation, food & beverage services and retail trade industries were among those which foresee favourable business conditions for Oct 2015 - Mar 2016 compared to Apr – Sep 2015 (Chart 1). On the other hand, industries such as real estate, wholesale trade and transport & storage services are less optimistic in their outlook.

With the upcoming year-end holidays and festive season, the accommodation industry (+40%), food & beverage services industry (+36%) and retail trade industry (+34%) are particularly upbeat about the business prospects ahead. Within the retail trade industry, department stores, supermarkets as well as retailers of wearing apparel and household equipment expect brisk business during this period.

A net weighted balance of 22% of firms in the real estate industry anticipates the business situation to deteriorate for Oct 2015 - Mar 2016. In particular, the real estate developers are negative in their outlook as they do not expect the series of government measures including the Additional Buyer’s Stamp Duty (ABSD) and Total Debt Servicing Ratio (TDSR) to be lifted soon. The developers also cited the uncertain economic outlook for the negative sentiments, which may lead to buyers holding back on purchases of properties.



For the wholesale trade industry, a net weighted balance of 16% of firms expects less favourable business conditions for Oct 2015 - Mar 2016. In particular, wholesalers of petroleum & petroleum products as well as marine equipment related to offshore oil exploration foresee lower business activity for the next six months, citing the declining oil price and global economic uncertainty.

Within the transport & storage services industry, a net weighted balance of 13% of firms anticipates the business situation to deteriorate during the six months ending Mar 2016. In particular, water transport firms expect lower cargo volume in the coming months.

Operating Receipts and Employment Forecast for Oct - Dec 2015 (by Industry)

The services sector on the whole expects operating receipts in the fourth quarter of 2015 to remain at similar level compared to the preceding quarter.

The more optimistic industries within the services sector are the retail trade and food & beverages services industries (Chart 2), projecting increased sales from the year-end festive spending. Similarly, the accommodation industry expects a high level of business activity during this period.

A net weighted balance of 21% of firms providing information & communications services expects revenue to increase in the fourth quarter of 2015. Computer consultancy and computer facilities management services firms are among those which expect higher turnover.

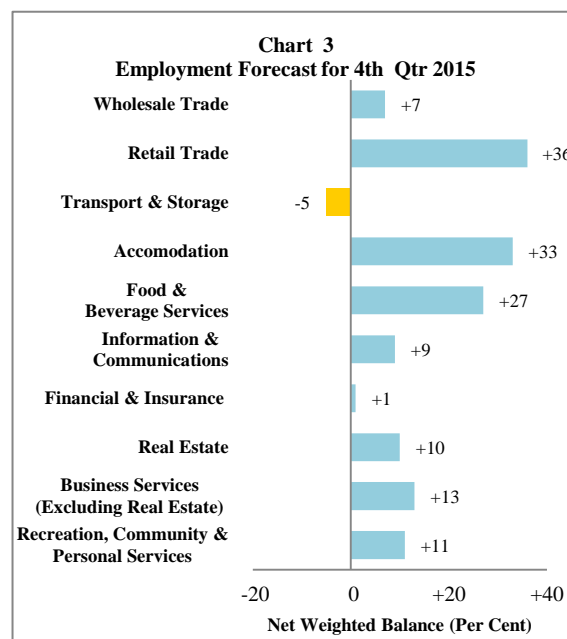
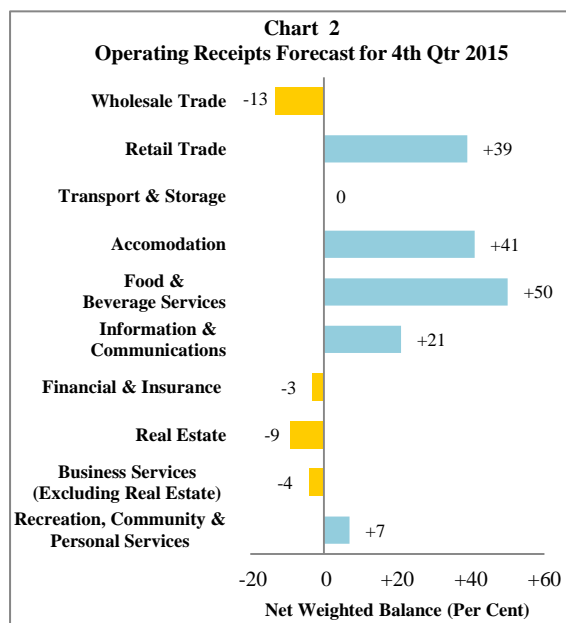
On the other hand, the wholesale trade industry is less optimistic for Oct – Dec 2015. In particular, wholesalers of commodities cited lower demand and falling commodity prices as reasons for their negative revenue outlook.

Similarly, a net weighted balance of 9% of firms in the real estate industry foresees reduced turnover in the next three months due to lower demand.

In terms of employment, a net weighted balance of 12% of firms in the services sector expects to hire more in the fourth quarter of 2015. All the services industries, except the transport & storage industry, expect increase in hiring activity (Chart 3).

In anticipation of more sales, the retail trade and food & beverage industries expect to recruit more staff during the period of Oct - Dec 2015 compared with Jul - Sep 2015. In particular, department stores and retailers of wearing apparel & footwear foresee a rise in demand for manpower for the upcoming year-end festive season and promotions.

On the other hand, the transport & storage industry expect to reduce hiring. In particular, logistics providers and freight forwarders predict a decline in employment as they foresee lower demand.



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 4th quarter 2015 survey was conducted from Sep 2015 to mid-Oct 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 Oct 2015 - Mar 2016 compared with Apr - Sep 2015

Industry	Net Weighted Balance	Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	-6	15 Up, 64 Same, 21 Down
WHOLESALE & RETAIL TRADE	-11	16 Up, 57 Same, 27 Down
Wholesale Trade	-16	13 Up, 58 Same, 29 Down
Retail Trade	+34	46 Up, 42 Same, 12 Down
TRANSPORT & STORAGE	-13	8 Up, 71 Same, 21 Down
ACCOMMODATION & FOOD SERVICES	+38	46 Up, 46 Same, 8 Down
Accommodation	+40	47 Up, 46 Same, 7 Down
Food & Beverage Services	+36	45 Up, 46 Same, 9 Down
INFORMATION & COMMUNICATIONS	+8	11 Up, 86 Same, 3 Down
FINANCIAL & INSURANCE	-5	16 Up, 63 Same, 21 Down
Banks & Finance Companies	-13	12 Up, 63 Same, 25 Down
Security Dealing Activities	0	100 Same
Fund Management	-47	2 Up, 49 Same, 49 Down
Insurance Companies	+22	35 Up, 52 Same, 13 Down
Other Financial Services	+11	22 Up, 67 Same, 11 Down
REAL ESTATE	-22	1 Up, 76 Same, 23 Down
BUSINESS SERVICES (excluding Real Estate)	-3	18 Up, 61 Same, 21 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+7	14 Up, 79 Same, 7 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 Oct - Dec 2015 compared with Jul - Sep 2015

Industry	Net Weighted Balance	Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	-1	19 Up, 61 Same, 20 Down
WHOLESALE & RETAIL TRADE	-8	17 Up, 58 Same, 25 Down
Wholesale Trade	-13	13 Up, 61 Same, 26 Down
Retail Trade	+39	54 Up, 31 Same, 15 Down
TRANSPORT & STORAGE	0	13 Up, 74 Same, 13 Down
ACCOMMODATION & FOOD SERVICES	+45	52 Up, 41 Same, 7 Down
Accommodation	+41	47 Up, 47 Same, 6 Down
Food & Beverage Services	+50	58 Up, 34 Same, 8 Down
INFORMATION & COMMUNICATIONS	+21	26 Up, 69 Same, 5 Down
FINANCIAL & INSURANCE	-3	19 Up, 59 Same, 22 Down
Banks & Finance Companies	-10	12 Up, 66 Same, 22 Down
Security Dealing Activities	-6	0 Up, 94 Same, 6 Down
Fund Management	-68	9 Up, 14 Same, 77 Down
Insurance Companies	+30	49 Up, 32 Same, 19 Down
Other Financial Services	+22	25 Up, 72 Same, 3 Down
REAL ESTATE	-9	7 Up, 77 Same, 16 Down
BUSINESS SERVICES (excluding Real Estate)	-4	23 Up, 50 Same, 27 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+7	19 Up, 69 Same, 12 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 Oct - Dec 2015 compared with Jul - Sep 2015

Industry	Net Weighted Balance	Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+12	18 76 6
WHOLESALE & RETAIL TRADE	+16	22 72 6
Wholesale Trade	+7	15 77 8
Retail Trade	+36	37 62 1
TRANSPORT & STORAGE	-5	4 87 9
ACCOMMODATION & FOOD SERVICES	+28	32 64 4
Accommodation	+33	36 61 3
Food & Beverage Services	+27	31 65 4
INFORMATION & COMMUNICATIONS	+9	12 85 3
FINANCIAL & INSURANCE	+1	8 85 7
Banks & Finance Companies	-5	5 85 10
Security Dealing Activities	0	100
Fund Management	0	100
Insurance Companies	+10	14 82 4
Other Financial Services	+24	26 72 2
REAL ESTATE	+10	14 82 4
BUSINESS SERVICES (excluding Real Estate)	+13	22 69 9
RECREATION, COMMUNITY & PERSONAL SERVICES	+11	16 79 5

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.