

Business Expectations Survey

SERVICES SECTOR

Singapore Department of Statistics

First Quarter 2010

The Business Expectations Survey for the services sector for first quarter 2010 was conducted from December 2009 to mid-January 2010.

General Business Outlook for January - June 2010

Overall, the services sector expects a favourable business outlook in the first half of 2010. A weighted 35% of firm foresees better business climate, while a weighted 11% of firms projects less favourable conditions for the next six months ending Jun 2010. Majority of the firms (a weighted 54%) anticipate business activities to remain stable. This results in a net weighted balance of 24% of firms having a positive outlook. This magnitude is larger than the positive net weighted balance of 17% recorded for Oct 2009 - Mar 2010 in previous quarter's survey. The positive sentiment is also in contrast to the negative net weighted balance of 53% recorded for the same period of the previous year (i.e. Jan - Jun 2009).

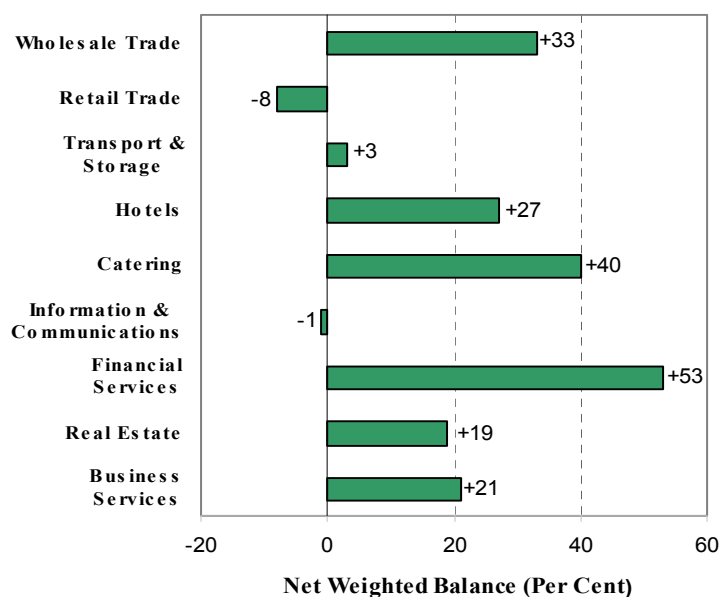
In the wholesale trade industry, a net weighted balance of 33% of wholesalers expresses positive sentiments for the next six months ending Jun 2010 (chart 1). These include dealers of chemicals & chemical products, industrial machinery & equipment and computers & accessories.

For the retail trade industry, a net weighted balance of 8% of firms is less upbeat about the business conditions for the period of Jan - Jun 2010 compared with Jul - Dec 2009, due mainly to retailers of motor vehicles.

The transport industry registered a slight positive net weighted balance of 3% in the business outlook for Jan - Jun 2010, due mainly to mixed sentiments of the major segments. Firms in air transport services are optimistic while shipping lines foresee a decline in the level of business activity.

The business situation for the hotel industry is expected to improve for the next six months ending Jun 2010 in anticipation of higher visitor arrivals. Similarly, a net weighted balance of 40% of firms in the catering trade industry forecasts positive outlook ahead. Firms engaged in conventional restaurants and food caterers are among those that express positive sentiments.

Chart 1
General Business Outlook for Jan - Jun 2010



Majority of the firms in the information & communications industry predict business outlook to remain stable for the first half of 2010.

Within the financial services industry, a net weighted balance of 53% of firms projects favourable business climate for the period of Jan - Jun 2010. Banks & finance companies, stock share & bond brokers, fund managers and insurance companies look forward to brisk business ahead.

An overall net weighted balance of 19% of firms in the real estate industry anticipates better business prospects in the coming months. Within the industry, firms engaged in the operation of service apartments foresee brisk business activity for the next six months ending Jun 2010. Real estate management firms, on the other hand, are less optimistic.

For the business services industry, a net weighted balance of 21% of firms projects better business for Jan - Jun 2010. Firms providing renting of transport equipment, accounting book-keeping & auditing, research & experimental development and labour recruitment services are among those that predict favourable business climate.

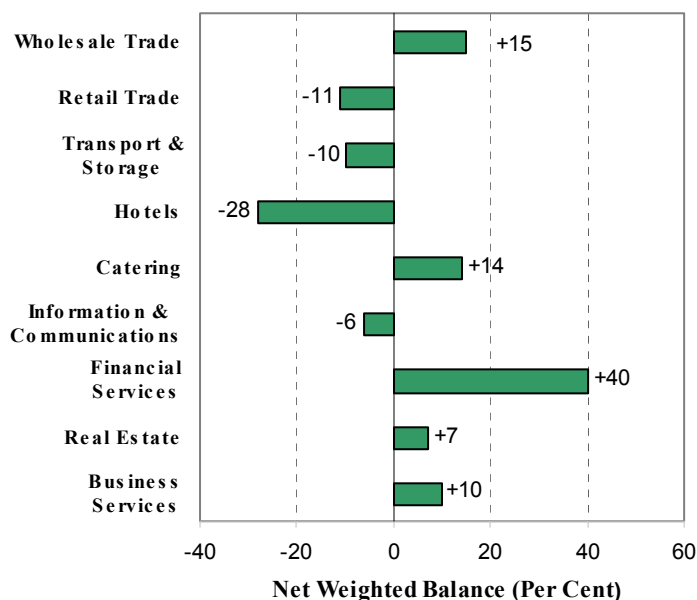
Forecast for First Quarter 2010

On the whole, a net weighted balance of 11% of firms in the services sector expects both operating receipts and employment to improve for first quarter 2010 over the preceding quarter.

The wholesalers generally forecast higher operating receipts in Jan - Mar 2010 compared with Oct - Dec 2009 (chart 2). Wholesalers of industrial machinery & equipment are among those that project revenue to increase. The demand for manpower is also expected to rise in the coming months (chart 3).

In the retail trade industry, a net weighted balance of 11% of firms anticipates a drop in revenue in first quarter 2010 compared with the previous quarter. In particular, retailers of motor vehicles and wearing apparel & footwear are less optimistic. Employment level is expected to remain stable during the quarter.

Chart 2
Operating Receipts Forecast for 1st Quarter 2010

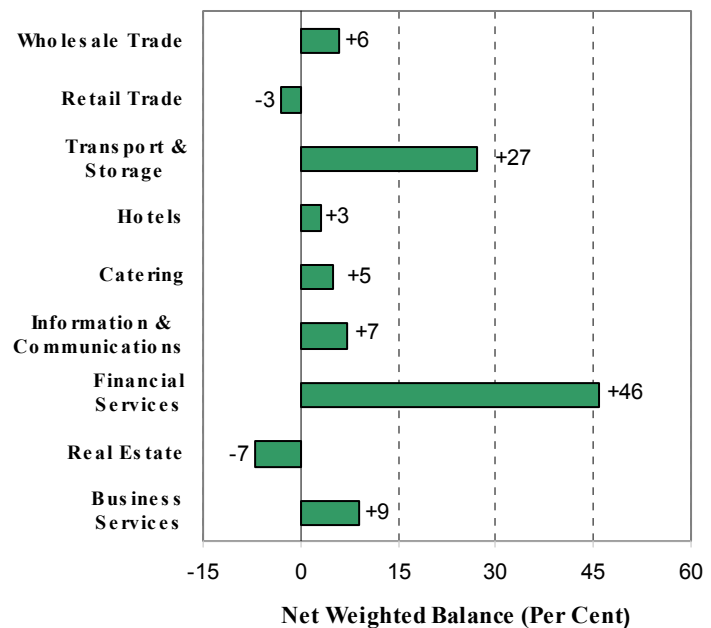


A net weighted balance of 10% of firms in the transport & storage industry foresees a decline in earnings for the three-month period ending Mar 2010, due mainly to shipping lines and air transport services firms. While air transport firms express positive sentiments in the longer 6-month business outlook, they are less optimistic in the receipts forecast for first quarter 2010. Employment for the transport & storage industry is expected to increase during the same period, largely due to hiring plans by land transport firms.

A net weighted balance of 28% of hoteliers forecasts lower receipts for the period of Jan - Mar 2010 after experiencing brisk business during the year-end holidays and festive season in the last quarter. The level of employment is expected to remain the same.

Firms in the catering trade industry predict earnings to improve during the first quarter of 2010. In particular, conventional restaurants expect an increase in revenue, in anticipation of the Chinese New Year celebrations. The industry also intends to increase hiring during the period.

Chart 3
Employment Forecast for 1st Quarter 2010



The information & communications industry expects a decline in income for the next three months ending Mar 2010. Within the industry, firms engaged in motion picture & video activities and IT development foresee lower revenue. The employment level is, however, expected to rise, largely due to firms engaged in publishing activities and network operators.

A net weighted balance of 40% of firms in the financial services industry projects higher receipts in first quarter 2010. In particular, banks & finance companies, stock, share & bond brokers and fund managers anticipate an increase in revenue. Correspondingly, the industry foresees more hiring during the quarter.

In the real estate industry, a net weighted balance of 7% of firms predicts higher turnover for the period of Jan - Mar 2010 compared with Oct - Dec 2009. Real estate developers and firms engaged in the operation of service apartments are among those who are optimistic in their operating receipts forecast. The industry, however, foresees a drop in employment level, due to real estate management firms.

For the business services industry, an overall net weighted balance of 10% foresees an improvement in earnings for first quarter 2010. These include firms providing accounting, book-keeping & auditing, research & development and labour recruitment services. Similarly, the employment level is expected to increase during the period.

Singapore Department of Statistics
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Press release is also available at the Department's website at <http://www.singstat.gov.sg/news/news.html#press>

Explanatory Note

The Business Expectations Survey for the services sector is conducted quarterly by the Singapore Department of Statistics. It is a survey aimed at obtaining the business outlook for the immediate future of firms in the services sector.

The Business Expectations Survey covers some 1,400 enterprises in wholesale trade, retail trade, transport & storage services, hotels, catering trade, information & communications services, financial & insurance services, real estate and business 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 sectoral 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.

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.

GENERAL BUSINESS OUTLOOK FOR JAN- JUN 2010

Per Cent

Industry	General business outlook for <i>Jan - Jun 2010</i> compared with <i>Jul - Dec 2009</i>			
	Net Weighted Balance	Up	Same	Down
TOTAL SERVICES SECTOR	+24	35	54	11
WHOLESALE & RETAIL TRADE	+28	41	46	13
Wholesale Trade	+33	42	49	9
Retail Trade	-8	28	36	36
TRANSPORT & STORAGE	+3	20	63	17
HOTELS & CATERING	+35	42	51	7
Hotels	+27	39	49	12
Catering	+40	43	54	3
INFORMATION & COMMUNICATIONS	-1	6	87	7
FINANCIAL SERVICES	+53	56	41	3
Banks & Finance Companies	+64	64	36	0
Stock, Share & Bond Brokers	+27	32	63	5
Fund Management	+58	58	42	0
Insurance Companies	+33	49	35	16
Other Financial Services	+24	32	60	8
REAL ESTATE	+19	21	77	2
BUSINESS SERVICES	+21	39	43	18
Legal, Accounting & Business Consultancy	+18	37	44	19
Architectural & Engineering	-13	19	49	32
Other Business Services	+39	49	41	10

Source: Singapore Department of Statistics

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 indicates a net downward trend.

FORECAST FOR FIRST QUARTER 2010

Per Cent

Industry	Forecast for 1st Quarter 2010 compared with 4th Quarter 2009							
	Operating Receipts				Employment			
	Net Weighted Balance	Up	Same	Down	Net Weighted Balance	Up	Same	Down
TOTAL SERVICES SECTOR	+11	28	55	17	+11	21	69	10
WHOLESALE & RETAIL TRADE	+12	29	54	17	+4	16	72	12
Wholesale Trade	+15	29	57	14	+6	17	72	11
Retail Trade	-11	26	37	37	-3	14	69	17
TRANSPORT & STORAGE	-10	14	62	24	+27	28	71	1
HOTELS & CATERING	0	35	30	35	+5	16	73	11
Hotels	-28	18	36	46	+3	21	61	18
Catering	+14	44	26	30	+5	14	77	9
INFORMATION & COMMUNICATIONS	-6	7	80	13	+7	12	83	5
FINANCIAL SERVICES	+40	49	42	9	+46	48	50	2
Banks & Finance Companies	+54	55	44	1	+55	56	43	1
Stock, Share & Bond Brokers	+20	37	46	17	+36	36	64	0
Fund Management	+66	66	34	0	+11	11	89	0
Insurance Companies	-9	35	21	44	+36	45	46	9
Other Financial Services	+20	25	70	5	+23	25	73	2
REAL ESTATE	+7	12	83	5	-7	9	75	16
BUSINESS SERVICES	+10	34	42	24	+9	20	69	11
Legal, Accounting & Business Consultancy	+20	40	40	20	+5	7	91	2
Architectural & Engineering	-11	25	39	36	0	11	78	11
Other Business Services	+11	32	47	21	+12	27	58	15

Source: Singapore Department of Statistics

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.