

# Business Expectations Survey

## SERVICES SECTOR

Singapore Department of Statistics

Second Quarter 2009

The Business Expectations Survey for the services sector for second quarter 2009 was conducted from March 2009 to mid-April 2009.

### General Business Outlook for April - September 2009

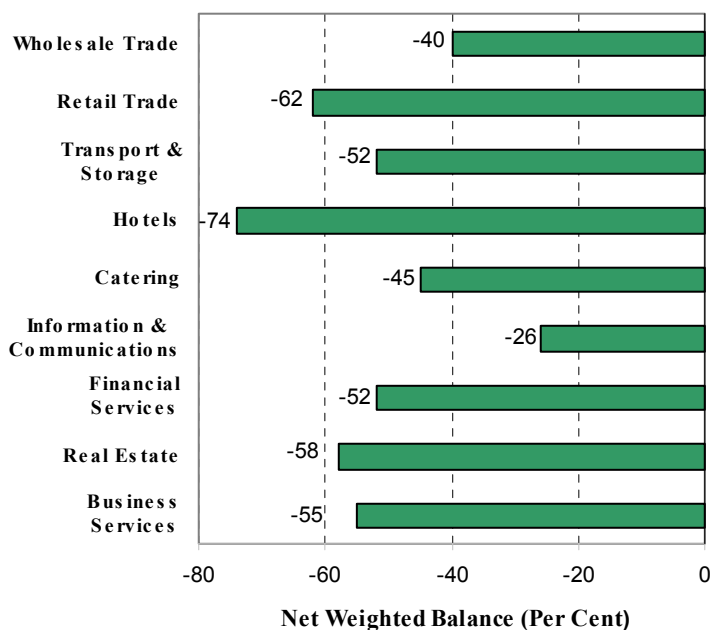
On the whole, a net weighted balance of 48% of firms in the services sector expects business situation to be less favourable for the period of Apr - Sep 2009 compared with Oct 2008 - Mar 2009. The magnitude of the negative net weighted balance is smaller than the negative weighted balance of 53% registered for Jan - Jun 2009 in previous quarter's survey. This is also in contrast to the slight positive net weighted balance of 3% recorded in the same period of the previous year (i.e. Apr - Sep 2008).

In the wholesale trade industry, a net weighted balance of 40% of wholesalers predicts a drop in business for the six-month period ending Sep 2009 (chart 1). Dealers of household electrical appliances & equipment, chemicals & chemical products, other non-agricultural intermediate products, industrial machinery & equipment, computers & accessories and motor vehicles are among those who expect business to decline.

A net weighted balance of 62% of retailers forecasts lower levels of business activity for the period of Apr - Sep 2009. These include department stores as well as retailers of motor vehicles, wearing apparel & footwear and jewellery & watches.

Within the transport & storage industry, a net weighted balance of 52% of firms is less optimistic about business conditions ahead. In particular, firms providing air transport services, ship & boat leasing services, supporting services to air transport and freight forwarding, packing & crating services project slower business in the coming months.

Chart 1  
General Business Outlook for Apr - Sep 2009



Hoteliers continue to expect less favourable business prospects for the six-month period ending Sep 2009. Firms in the catering trade industry also express negative business sentiments for the period of Apr - Sep 2009 over Oct 2008 - Mar 2009.

For the information & communications industry, a net weighted balance of 26% of firms anticipates the business climate to deteriorate for the next six months ending Sep 2009. In particular, IT consultancy firms predict a drop in demand for their services.

Firms in the financial services industry continue to forecast slower business for the period of Apr - Sep 2009. Banks & finance companies, stock, share & bond brokers, fund managers and insurance companies foresee business outlook to weaken.

In the real estate industry, a net weighted balance of 58% of firms is less positive about business prospects for the period of Apr - Sep 2009 over Oct 2008 - Mar 2009. Real estate developers and firms engaged in operation of service apartments are among those who are pessimistic.

An overall net weighted balance of 55% of firms in the business services industry foresees business situation to deteriorate for the six-month period ending Sep 2009. These include firms engaged in renting of transport equipment, legal, architectural & engineering, industrial design, technical testing & analysis, research & experimental development, advertising and labour recruitment activities.

### Forecast for Second Quarter 2009

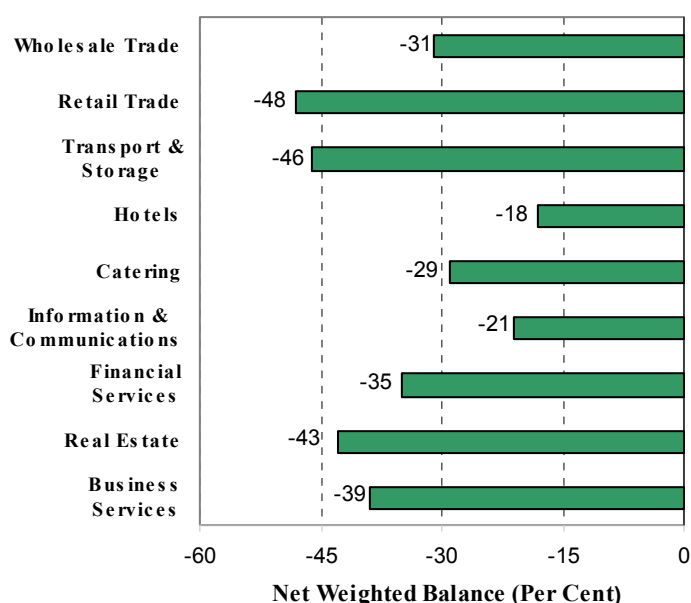
The overall services sector anticipates a decline in both business receipts and employment for second quarter 2009 over the preceding quarter.

A net weighted balance of 31% of wholesalers predicts revenue to fall for the period of Apr - Jun 2009 compared with Jan - Mar 2009 (chart 2). Correspondingly, fewer workers are expected to be employed during the quarter (chart 3).

In the retail trade industry, a net weighted balance of 48% of firms foresees lower turnover for the next three months ending Jun 2009. In particular, department stores, supermarket owners as well as retailers of motor vehicles, wearing apparel & footwear and jewellery & watches anticipate business to drop. At the same time, less hiring is expected.

Within the transport & storage industry, a net weighted balance of 46% of firms expects a drop in earnings for second quarter 2009 compared with the previous quarter. The employment level is expected to decline during the period.

**Chart 2**  
**Operating Receipts Forecast for 2nd Quarter 2009**

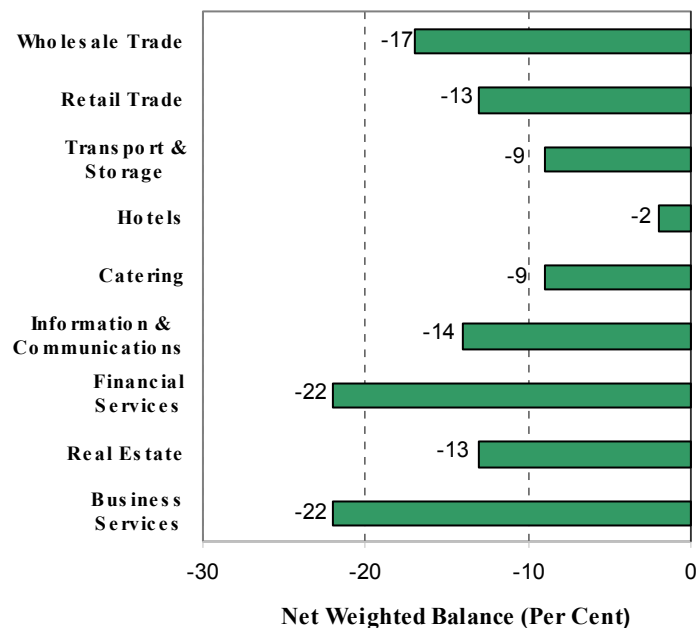


A net weighted balance of 18% of hoteliers foresees receipts to drop for the three-month period ending Jun 2009. The industry expects the manpower situation to remain similar in the coming months.

Firms in the catering trade industry project lower operating receipts for second quarter 2009. Correspondingly, the employment level is expected to decrease during the quarter.

The information & communications industry is less optimistic about the income and employment levels for the period of Apr - Jun 2009.

**Chart 3**  
**Employment Forecast for 2nd Quarter 2009**



In the financial services industry, a net weighted balance of 35% of firms anticipates business receipts to decline for the next three months ending Jun 2009. In terms of employment, a net weighted balance of 22% of firms foresees less hiring during the quarter.

For the real estate industry, a net weighted balance of 43% of firms predicts lower turnover for second quarter 2009 over the preceding quarter. As for employment, the industry foresees a drop in the manpower demand.

In the business services industry, a net weighted balance of 39% of firms foresees a reduction in earnings for the period of Apr - Jun 2009 over Jan - Mar 2009. These include firms engaged in renting of transport equipment, legal, research & experimental development and labour recruitment activities. At the same time, the employment level is expected to decrease.

Singapore Department of Statistics  
30 Apr 2009

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

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## **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.

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**GENERAL BUSINESS OUTLOOK FOR APR - SEP 2009**

Per Cent

Industry	General business outlook for <i>Apr - Sep 2009</i> compared with <i>Oct 2008 - Mar 2009</i>			
	Net Weighted Balance	Up	Same	Down
<b>TOTAL SERVICES SECTOR</b>	<b>-48</b>	<b>5</b>	<b>42</b>	<b>53</b>
<b>WHOLESALE &amp; RETAIL TRADE</b>	<b>-43</b>	<b>10</b>	<b>37</b>	<b>53</b>
Wholesale Trade	-40	10	40	50
Retail Trade	-62	6	26	68
<b>TRANSPORT &amp; STORAGE</b>	<b>-52</b>	<b>3</b>	<b>42</b>	<b>55</b>
<b>HOTELS &amp; CATERING</b>	<b>-55</b>	<b>7</b>	<b>31</b>	<b>62</b>
Hotels	-74	11	4	85
Catering	-45	5	45	50
<b>INFORMATION &amp; COMMUNICATIONS</b>	<b>-26</b>	<b>1</b>	<b>72</b>	<b>27</b>
<b>FINANCIAL SERVICES</b>	<b>-52</b>	<b>5</b>	<b>38</b>	<b>57</b>
Banks & Finance Companies	-64	1	34	65
Stock, Share & Bond Brokers	-50	6	38	56
Fund Management	-45	0	55	45
Insurance Companies	-32	16	36	48
Other Financial Services	-28	12	48	40
<b>REAL ESTATE</b>	<b>-58</b>	<b>2</b>	<b>38</b>	<b>60</b>
<b>BUSINESS SERVICES</b>	<b>-55</b>	<b>3</b>	<b>39</b>	<b>58</b>
Legal, Accounting & Business Consultancy	-50	1	48	51
Architectural & Engineering	-68	0	32	68
Other Business Services	-55	6	33	61

*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.

**FORECAST FOR SECOND QUARTER 2009**

Per Cent

Industry	Forecast for 2nd Quarter 2009 compared with 1st Quarter 2009							
	Operating Receipts				Employment			
	Net Weighted Balance	Up	Same	Down	Net Weighted Balance	Up	Same	Down
<b>TOTAL SERVICES SECTOR</b>	<b>-36</b>	<b>11</b>	<b>42</b>	<b>47</b>	<b>-15</b>	<b>10</b>	<b>65</b>	<b>25</b>
<b>WHOLESALE &amp; RETAIL TRADE</b>	<b>-33</b>	<b>13</b>	<b>41</b>	<b>46</b>	<b>-16</b>	<b>7</b>	<b>70</b>	<b>23</b>
Wholesale Trade	-31	13	43	44	-17	6	71	23
Retail Trade	-48	14	24	62	-13	9	69	22
<b>TRANSPORT &amp; STORAGE</b>	<b>-46</b>	<b>8</b>	<b>38</b>	<b>54</b>	<b>-9</b>	<b>13</b>	<b>65</b>	<b>22</b>
<b>HOTELS &amp; CATERING</b>	<b>-25</b>	<b>11</b>	<b>53</b>	<b>36</b>	<b>-7</b>	<b>9</b>	<b>75</b>	<b>16</b>
Hotels	-18	14	54	32	-2	4	90	6
Catering	-29	10	51	39	-9	10	71	19
<b>INFORMATION &amp; COMMUNICATIONS</b>	<b>-21</b>	<b>5</b>	<b>69</b>	<b>26</b>	<b>-14</b>	<b>9</b>	<b>68</b>	<b>23</b>
<b>FINANCIAL SERVICES</b>	<b>-35</b>	<b>15</b>	<b>35</b>	<b>50</b>	<b>-22</b>	<b>10</b>	<b>58</b>	<b>32</b>
Banks & Finance Companies	-36	13	38	49	-28	12	48	40
Stock, Share & Bond Brokers	-32	11	46	43	0	12	76	12
Fund Management	-73	0	27	73	-25	0	75	25
Insurance Companies	-25	30	15	55	-7	11	71	18
Other Financial Services	+4	24	56	20	-19	0	81	19
<b>REAL ESTATE</b>	<b>-43</b>	<b>6</b>	<b>45</b>	<b>49</b>	<b>-13</b>	<b>6</b>	<b>75</b>	<b>19</b>
<b>BUSINESS SERVICES</b>	<b>-39</b>	<b>8</b>	<b>45</b>	<b>47</b>	<b>-22</b>	<b>12</b>	<b>54</b>	<b>34</b>
Legal, Accounting & Business Consultancy	-47	2	49	49	-34	1	64	35
Architectural & Engineering	-36	0	64	36	-42	0	58	42
Other Business Services	-32	18	32	50	-12	20	48	32

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.