

# Business Expectations Survey

## SERVICES SECTOR

Singapore Department of Statistics

Second Quarter 2010

The Business Expectations Survey for the services sector for second quarter 2010 was conducted from March 2010 to mid-April 2010.

### General Business Outlook for April - September 2010

An overall net weighted balance of 36% of firms in the services sector expressed positive business sentiments for the period of Apr - Sep 2010 compared with Oct 2009 - Mar 2010. This magnitude is larger than the positive net weighted balance of 24% registered for Jan - Jun 2010 in previous quarter's survey. The positive outlook is also in contrast to the negative net weighted balance of 48% recorded for the same period of the previous year (i.e. Apr - Sep 2009).

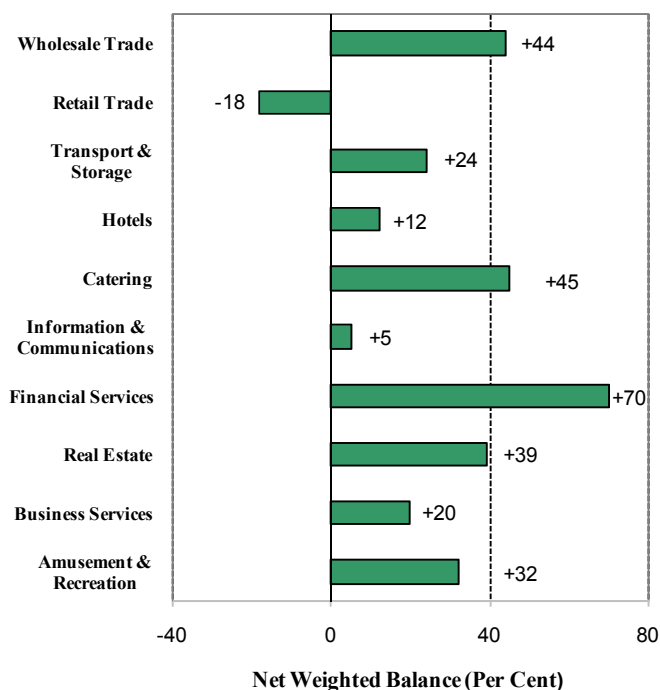
Within the wholesale trade industry, a net weighted balance of 44% of traders anticipates favourable business conditions for the six-month period ending Sep 2010 (chart 1). In particular, wholesalers of food & beverages, chemicals & chemical products, non-agricultural intermediate products, industrial machinery & equipment and computers & accessories are among those which project better business ahead.

On the other hand, a net weighted balance of 18% of retailers is less optimistic about the business prospects in the coming months. These include department stores, supermarkets, as well as retailers of motor vehicles, cosmetics & toiletries and wearing apparel & footwear.

In the transport & storage industry, a net weighted balance of 24% of firms expects the business environment to improve for the period Apr - Sep 2010. Firms providing land transport, shipping lines and firms engaged in supporting services to air transport are among those which forecast positive outlook ahead.

The hoteliers continue to project better business for the next six months ending Sep 2010. A net weighted balance of 45% of firms for catering trade industry expects brisk business in the coming months.

Chart 1  
General Business Outlook for Apr - Sep 2010



Business climate for the information & communications industry is expected to improve for the period of Apr - Sep 2010 over Oct 2009 - Mar 2010.

The financial services industry continues to project a healthy business outlook, with a net weighted balance of 70% of firms expressing positive business sentiments for the next six months ending Sep 2010. These include banks & finance companies, stock share & bond brokers, fund managers and insurance companies.

A net weighted balance of 39% of firms in the real estate industry projects better business for the period Apr - Sep 2010 compared with Oct 2009 - Mar 2010. In particular, real estate developers and firms engaged in the operation of service apartments project favourable business climate in the coming months.

Within the business services industry, a net weighted balance of 20% of firms foresees an increase in demand for their services for the six-month period ending Sep 2010. These include firms engaged in renting of construction & industrial machinery, legal, engineering and labour recruitment activities.

In the amusement & recreation industry, a net weighted balance of 32% of firms anticipates favourable business prospects for the period Apr - Sep 2010.

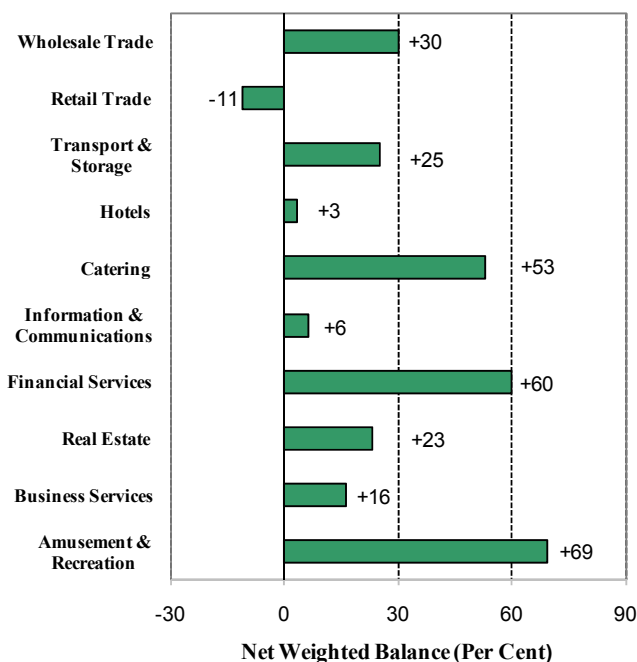
### Forecast for Second Quarter 2010

Overall, a net weighted balance of 30% and 20% of firms forecast growths in operating receipts and employment for second quarter 2010 over the preceding quarter respectively.

Within the wholesale trade industry, a net weighted balance of 30% of firms predicts an improvement in earnings in Apr - Jun 2010 (chart 2). Dealers of food & beverages, non-agricultural intermediate products, industrial, machinery & equipment and electronic components are among those which foresee higher business activities. Correspondingly, the industry is positive about the employment prospects during the quarter (chart 3).

A net weighted balance of 11% of retailers foresees lower business receipts for second quarter 2010 compared with the previous quarter. In particular, retailers of motor vehicles and wearing apparel & footwear are less optimistic. The employment level is expected to remain stable during this period.

**Chart 2**  
**Operating Receipts Forecast for 2nd Quarter 2010**



In the transport & storage industry, a net weighted balance of 25% of firms predicts higher turnover for the three-month period ending Jun 2010. At the same time, the industry foresees more hiring during the quarter.

The hoteliers generally foresee the level of business receipts to remain stable for the period of Apr - Jun 2010. Employment level is expected to rise during the same period.

For the catering trade industry, a net weighted balance of 53% of firms, especially conventional restaurants, forecasts revenue to improve for the next three months ending Jun 2010. Correspondingly, more workers are expected to be recruited during the quarter.

Within the information & communications industry, the income level is expected to increase for Apr - Jun 2010. As for employment, a net weighted balance of 12% of firms anticipates more hiring for the period of Apr - Jun 2010.

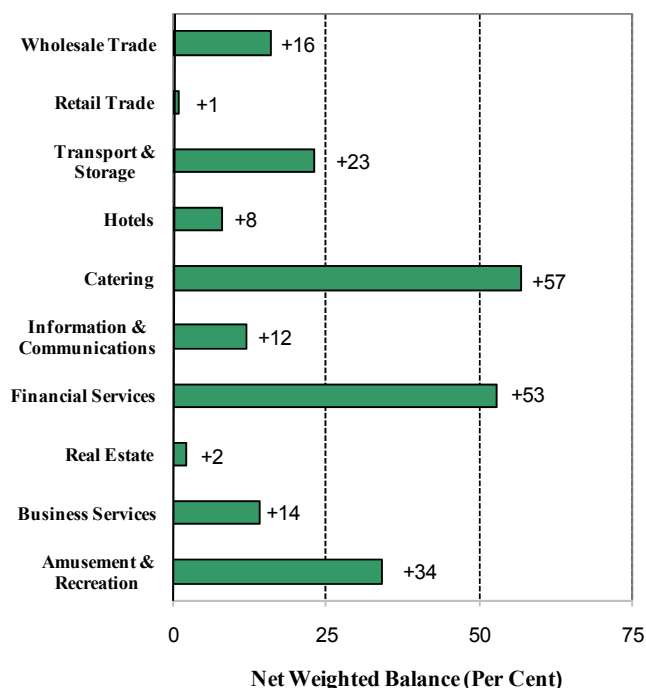
In the financial services industry, a net weighted balance of 60% of firms projects higher earnings for the three-month period ending Jun 2010. These include banks & finance companies, stock share & bond brokers, fund managers and insurance companies. In line with the expected increase in revenue, a net weighted balance of 53% of firms predicts an increase in manpower.

An overall net weighted balance of 23% of firms in the real estate industry foresees an increase in sale volume in second quarter 2010 compared with the previous quarter. Within the industry, real estate developers and firms engaged in operation of service apartments are among those which foresee higher turnover during the period. In terms of employment, the manpower situation is expected to remain at the same level in the coming months.

Within the business services industry, a net weighted balance of 16% of firms expects to generate higher receipts in second quarter 2010 over first quarter 2010. Correspondingly, more employees are expected to be recruited during the same period.

Firms in the amusement & recreation industry express optimism in both their receipts and employment levels for the three-month period ending Jun 2010.

**Chart 3**  
**Employment Forecast for 2nd Quarter 2010**



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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, business services and amusement & recreation activities. 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.

## **Sample Review**

The sample of the Business Expectations Survey is reviewed at regular intervals to reflect the changes in the structure of the services sector. With effect from the 2Q2010 survey, the sample also includes enterprises engaged in amusement & recreation activities. The amusement & recreation industry comprises amusement parks/centres, cabarets, night clubs, discotheques & karaoke lounges, firms engaged in horse-racing & other betting activities and other amusement & recreation activities.

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**GENERAL BUSINESS OUTLOOK FOR APR - SEP 2010**

Per Cent

Industry	General business outlook for <i>Apr - Sep 2010</i> compared with <i>Oct 2009 - Mar 2010</i>			
	Net Weighted Balance	Up	Same	Down
<b>TOTAL SERVICES SECTOR</b>	<b>+36</b>	<b>45</b>	<b>46</b>	<b>9</b>
<b>WHOLESALE &amp; RETAIL TRADE</b>	<b>+37</b>	<b>51</b>	<b>35</b>	<b>14</b>
Wholesale Trade	+44	54	36	10
Retail Trade	-18	30	22	48
<b>TRANSPORT &amp; STORAGE</b>	<b>+24</b>	<b>34</b>	<b>56</b>	<b>10</b>
<b>HOTELS &amp; CATERING</b>	<b>+35</b>	<b>48</b>	<b>39</b>	<b>13</b>
Hotels	+12	47	18	35
Catering	+45	48	49	3
<b>INFORMATION &amp; COMMUNICATIONS</b>	<b>+5</b>	<b>11</b>	<b>83</b>	<b>6</b>
<b>FINANCIAL SERVICES</b>	<b>+70</b>	<b>70</b>	<b>30</b>	<b>0</b>
Banks & Finance Companies	+78	78	22	0
Stock, Share & Bond Brokers	+37	37	63	0
Fund Management	+46	46	54	0
Insurance Companies	+67	69	29	2
Other Financial Services	+61	63	35	2
<b>REAL ESTATE</b>	<b>+39</b>	<b>42</b>	<b>55</b>	<b>3</b>
<b>BUSINESS SERVICES</b>	<b>+20</b>	<b>31</b>	<b>58</b>	<b>11</b>
Legal, Accounting & Business Consultancy	+22	26	70	4
Architectural & Engineering	+10	33	44	23
Other Business Services	+22	34	54	12
<b>AMUSEMENT &amp; RECREATION</b>	<b>+32</b>	<b>34</b>	<b>64</b>	<b>2</b>

*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 2010**

Per Cent

Industry	Forecast for 2nd Quarter 2010 compared with 1st Quarter 2010							
	Operating Receipts				Employment			
	Net Weighted Balance	Up	Same	Down	Net Weighted Balance	Up	Same	Down
<b>TOTAL SERVICES SECTOR</b>	<b>+30</b>	<b>40</b>	<b>50</b>	<b>10</b>	<b>+20</b>	<b>27</b>	<b>66</b>	<b>7</b>
<b>WHOLESALE &amp; RETAIL TRADE</b>	<b>+26</b>	<b>44</b>	<b>38</b>	<b>18</b>	<b>+13</b>	<b>23</b>	<b>67</b>	<b>10</b>
Wholesale Trade	+30	45	40	15	+16	25	66	9
Retail Trade	-11	30	29	41	+1	16	69	15
<b>TRANSPORT &amp; STORAGE</b>	<b>+25</b>	<b>33</b>	<b>59</b>	<b>8</b>	<b>+23</b>	<b>23</b>	<b>77</b>	<b>0</b>
<b>HOTELS &amp; CATERING</b>	<b>+37</b>	<b>50</b>	<b>37</b>	<b>13</b>	<b>+45</b>	<b>48</b>	<b>49</b>	<b>3</b>
Hotels	+3	34	35	31	+8	17	74	9
Catering	+53	58	37	5	+57	59	39	2
<b>INFORMATION &amp; COMMUNICATIONS</b>	<b>+6</b>	<b>10</b>	<b>86</b>	<b>4</b>	<b>+12</b>	<b>18</b>	<b>76</b>	<b>6</b>
<b>FINANCIAL SERVICES</b>	<b>+60</b>	<b>63</b>	<b>34</b>	<b>3</b>	<b>+53</b>	<b>54</b>	<b>45</b>	<b>1</b>
Banks & Finance Companies	+70	71	28	1	+71	71	29	0
Stock, Share & Bond Brokers	+33	33	67	0	+26	26	74	0
Fund Management	+25	40	45	15	+17	17	83	0
Insurance Companies	+61	62	37	1	+15	19	77	4
Other Financial Services	+55	59	37	4	+23	31	61	8
<b>REAL ESTATE</b>	<b>+23</b>	<b>27</b>	<b>69</b>	<b>4</b>	<b>+2</b>	<b>7</b>	<b>88</b>	<b>5</b>
<b>BUSINESS SERVICES</b>	<b>+16</b>	<b>30</b>	<b>56</b>	<b>14</b>	<b>+14</b>	<b>26</b>	<b>62</b>	<b>12</b>
Legal, Accounting & Business Consultancy	+22	37	48	15	+25	25	75	0
Architectural & Engineering	-16	10	64	26	-22	10	58	32
Other Business Services	+26	34	58	8	+20	31	58	11
<b>AMUSEMENT &amp; RECREATION</b>	<b>+69</b>	<b>72</b>	<b>25</b>	<b>3</b>	<b>+34</b>	<b>39</b>	<b>56</b>	<b>5</b>

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.