Business Expectations Survey
SERVICES SECTOR

Singapore Department of Statistics **Third Quarter 2009**

The Business Expectations Survey for the services sector for third quarter 2009 was conducted from June 2009 to mid-July 2009.

General Business Outlook for July - December 2009

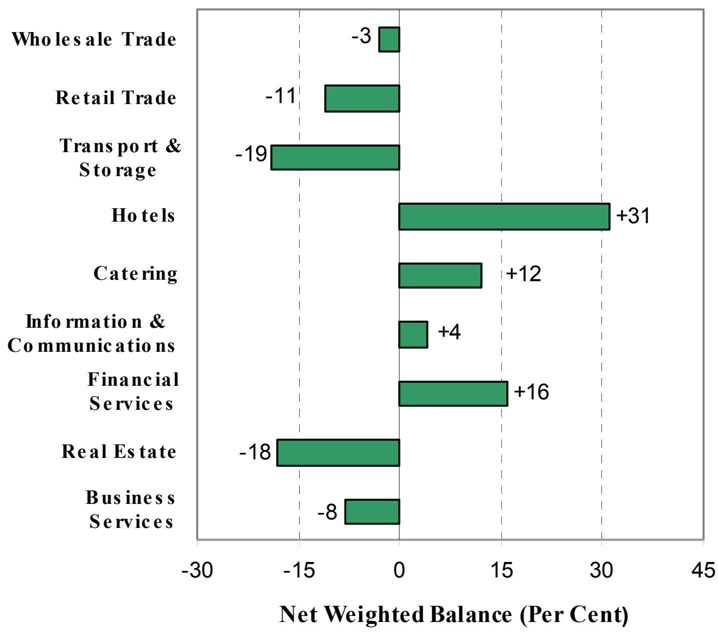
The services sector is generally cautious about the business situation for the period of Jul - Dec 2009 compared with Jan - Jun 2009. Overall, majority of the firms (a weighted 55%) foresee the business climate to remain unchanged for the second half of 2009. A weighted 21% of firms expresses positive sentiments while a weighted 24% of firms expects business conditions to deteriorate. This translates to a net weighted balance of 3% of firms anticipating a drop in business for the second half of 2009 compared with the first half of the year. The magnitude of the negative net weighted balance is much smaller than the negative net weighted balance of 48% recorded for Apr - Sep 2009 in previous quarter's survey.

Within the wholesale trade industry, majority of the firms (a weighted 53%) expect the business environment to remain the same for the second half of 2009 compared with first half of 2009 (chart 1). For the remaining wholesalers, a weighted 22% foresees business outlook to improve. These firms are mainly engaged in the wholesale of food & beverages and household electrical appliances & equipment. On the other hand, a weighted 25% of wholesalers, largely from chemicals & chemical products, industrial machinery & equipment and motor vehicles, anticipates business to decline. On the whole, a net weighted balance of 3% of wholesale firms expects a less favourable outlook for the next six months ending Dec 2009.

In the retail trade industry, a net weighted balance of 11% of firms predicts business to be less brisk for the period of Jul - Dec 2009 over Jan - Jun 2009.

For the transport & storage industry, a net weighted balance of 19% of firms is less upbeat about business conditions for the six-month period ending Dec 2009. These include mainly firms providing air transport and ship & boat leasing services.

Chart 1
General Business Outlook for Jul - Dec 2009



Hoteliers expect business sentiments to improve for Jul - Dec 2009 compared with the low base of Jan - Jun 2009, with a net weighted balance of 31% of firms expecting better business. Similarly, firms in the catering trade industry, especially conventional restaurants, foresee higher levels of business activity in the coming months.

Majority of the firms in the information & communications industry predict business outlook to remain the same for the period of Jul - Dec 2009.

A net weighted balance of 16% of firms in the financial services industry projects an improvement in the business climate for the next six months ending Dec 2009 compared with the first half of 2009. In particular, banks & finance companies, stock, share & bond brokers, fund managers and insurance companies are more optimistic about business conditions in the coming months compared to Jan - Jun 2009.

A net weighted balance of 18% of firms in the real estate industry anticipates less favourable business climate for the period of Jul - Dec 2009. Firms engaged in the operation of service apartments are among those which foresee lower levels of business activity ahead.

In the business services industry, a net weighted balance of 8% of firms is less optimistic about business conditions in the second half of 2009. These include firms engaged in the renting of transport equipment, architectural & engineering, travel and exhibition fair & convention activities.

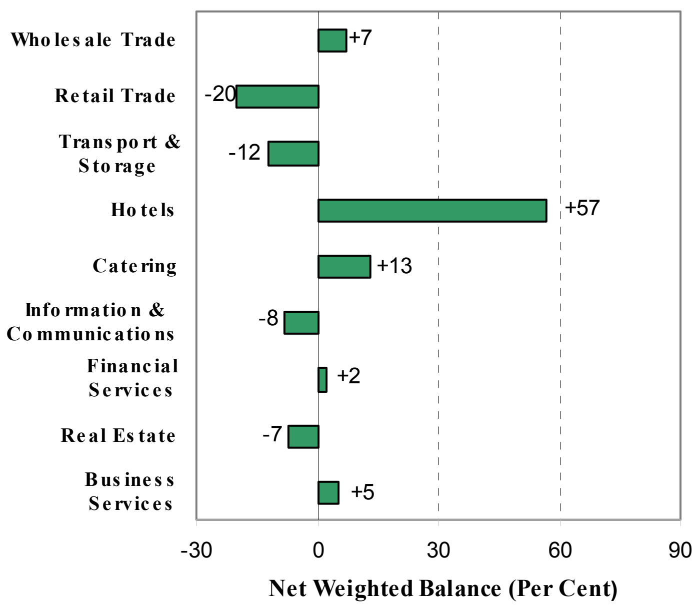
Forecast for Third Quarter 2009

On the whole, the services sector projects both the revenue and employment levels to remain stable for third quarter 2009 over the preceding quarter, with net weighted balances of -1% and +4% respectively. This is an improvement compared with the net weighted balances of -36% and -15% registered for last quarter's operating receipts and employment expectations respectively.

Within the wholesale trade industry, a net weighted balance of 7% of firms predicts their earnings to improve for the three-month period ending Sep 2009 (chart 2). Wholesalers of food & beverages and household electrical appliances are among those who project revenue to increase. The demand for manpower is expected to remain the same in the coming months (chart 3).

A net weighted balance of 20% of retailers foresees lower turnover for the period of Jul - Sep 2009 over Apr - Jun 2009. The employment level is expected to remain unchanged during the quarter.

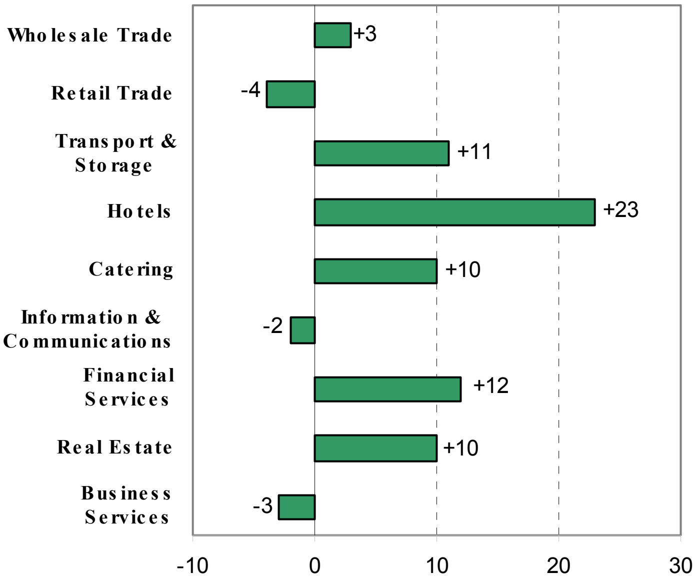
Chart 2
Operating Receipts Forecast for 3rd Quarter 2009



In the transport & storage industry, a net weighted balance of 12% of firms anticipates a drop in business receipts for the next three months ending Sep 2009. These include firms engaged in air transport and ship & boat leasing activities. Within the industry, the land transport firms foresee more hiring.

Firms in the hotel industry predict higher receipts in third quarter 2009 compared with the previous quarter which experienced lower level of performance. The upcoming Formula One Grand Prix event and year-end festive season also provided the hoteliers with more positive sentiments. Correspondingly, a net weighted balance of 23% of firms expects to recruit more workers for the three-month period ending Sep 2009.

Chart 3
Employment Forecast for 3rd Quarter 2009



Within the catering trade industry, a net weighted balance of 13% of firms predicts sales to increase for the period of Jul - Sep 2009. Employment is also expected to rise during the quarter.

For the information & communications industry, a net weighted balance of 8% of firms foresees lower turnover for the period of Jul - Sep 2009 compared with Apr - Jun 2009. The industry expects the manpower demand to remain at similar level in the coming months.

Firms in the financial services industry generally anticipate income level to remain the same for the next three months ending Sep 2009. The industry projects an increase in employment as business conditions are expected to improve in the coming months.

An overall net weighted balance of 7% of firms in the real estate industry foresees lower revenue in Jul - Sep 2009. In particular, firms engaged in the operation of service apartments expect slower business. Within the industry, real estate agents and real estate management firms foresee more hiring during the period.

Within the business services industry, a net weighted balance of 5% of firms predicts higher business receipts for third quarter 2009 over second quarter 2009. The employment level is expected to remain unchanged during the quarter.

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 JUL - DEC 2009

Per Cent

Industry	General business outlook for *Jul - Dec 2009* compared with *Jan - Jun 2009*			
	Net Weighted Balance	Up	Same	Down
TOTAL SERVICES SECTOR	**-3**	**21**	**55**	**24**
WHOLESALE & RETAIL TRADE	**-4**	**22**	**52**	**26**
Wholesale Trade	-3	22	53	25
Retail Trade	-11	21	47	32
TRANSPORT & STORAGE	**-19**	**12**	**57**	**31**
HOTELS & CATERING	**+18**	**39**	**40**	**21**
Hotels	+31	42	47	11
Catering	+12	37	38	25
INFORMATION & COMMUNICATIONS	**+4**	**12**	**80**	**8**
FINANCIAL SERVICES	**+16**	**34**	**48**	**18**
Banks & Finance Companies	+12	29	54	17
Stock, Share & Bond Brokers	+32	44	44	12
Fund Management	+48	61	26	13
Insurance Companies	+9	36	37	27
Other Financial Services	+5	19	67	14
REAL ESTATE	**-18**	**7**	**68**	**25**
BUSINESS SERVICES	**-8**	**21**	**50**	**29**
Legal, Accounting & Business Consultancy	+2	16	70	14
Architectural & Engineering	-30	18	34	48
Other Business Services	-10	26	38	36

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 THIRD QUARTER 2009

Per Cent

Industry	Forecast for 3rd Quarter 2009 compared with 2nd Quarter 2009							
	Operating Receipts				Employment			
	Net Weighted Balance	Up	Same	Down	Net Weighted Balance	Up	Same	Down
TOTAL SERVICES SECTOR	**-1**	**23**	**53**	**24**	**+4**	**14**	**76**	**10**
WHOLESALE & RETAIL TRADE	**+3**	**25**	**53**	**22**	**+1**	**11**	**79**	**10**
Wholesale Trade	+7	26	55	19	+3	11	81	8
Retail Trade	-20	18	44	38	-4	10	76	14
TRANSPORT & STORAGE	**-12**	**20**	**48**	**32**	**+11**	**17**	**77**	**6**
HOTELS & CATERING	**+28**	**45**	**38**	**17**	**+13**	**14**	**85**	**1**
Hotels	+57	62	33	5	+23	25	73	2
Catering	+13	35	43	22	+10	11	88	1
INFORMATION & COMMUNICATIONS	**-8**	**12**	**68**	**20**	**-2**	**5**	**88**	**7**
FINANCIAL SERVICES	**+2**	**26**	**50**	**24**	**+12**	**22**	**68**	**10**
Banks & Finance Companies	-6	18	58	24	+11	22	67	11
Stock, Share & Bond Brokers	-3	6	85	9	+28	28	72	0
Fund Management	+42	58	26	16	0	0	100	0
Insurance Companies	+8	43	22	35	+18	39	40	21
Other Financial Services	-6	17	60	23	0	2	96	2
REAL ESTATE	**-7**	**12**	**69**	**19**	**+10**	**16**	**78**	**6**
BUSINESS SERVICES	**+5**	**29**	**47**	**24**	**-3**	**15**	**67**	**18**
Legal, Accounting & Business Consultancy	+23	37	49	14	+3	6	91	3
Architectural & Engineering	-14	20	46	34	-41	0	59	41
Other Business Services	-5	25	45	30	+2	21	60	19

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.