

Business Expectations Survey

SERVICES SECTOR

Singapore Department of Statistics

Third Quarter 2010

The Business Expectations Survey for the services sector for third quarter 2010 was conducted from June to mid-July 2010.

General Business Outlook for July - December 2010

Firms in the services sector are upbeat about the business conditions for the period of Jul - Dec 2010 compared with Jan - Jun 2010. Overall, a net weighted balance of 33% of firms projects a healthy business outlook. This magnitude is smaller than the net weighted balance of 36% registered for Apr - Sep 2010 in previous quarter's survey. The positive outlook is in contrast to the slight negative net weighted balance of 3% recorded for the same period of previous year (i.e. Jul - Dec 2009).

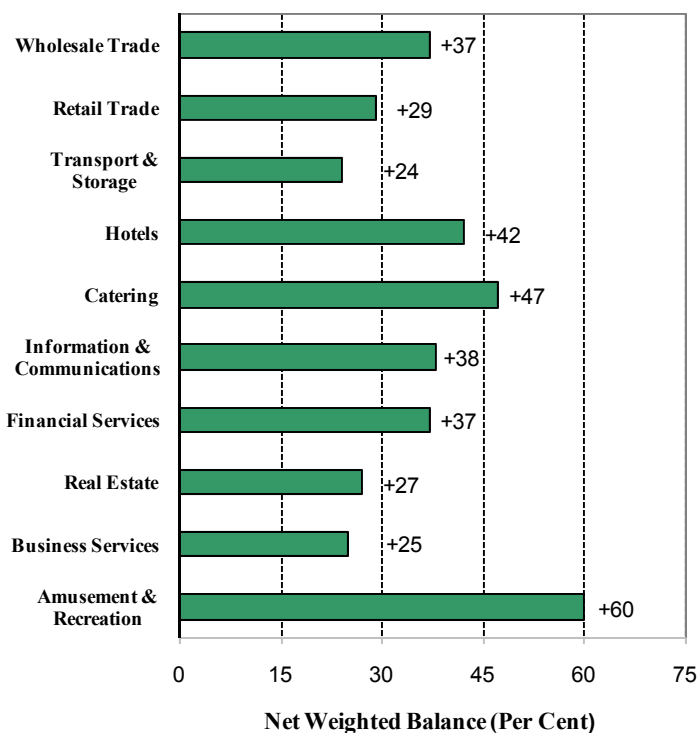
In the wholesale trade industry, a net weighted balance of 37% of dealers anticipates better business prospects for second half of 2010 over the first half of 2010 (chart 1). These include wholesalers of food & beverages, cosmetics & toiletries, industrial machinery & equipment, electronic components, computers & accessories and motor vehicles.

A net weighted balance of 29% of retailers foresees an increase in business activity for the next six months ending Dec 2010. Department stores and retailers of wearing apparel & footwear and jewellery & watches are among those that express positive sentiments.

Within the transport & storage industry, a net weighted balance of 24% of firms expects favourable business climate for the period of Jul - Dec 2010. In particular, shipping lines as well as firms providing air transport services and supporting services to air transport expect their business to improve during the period.

Business sentiments for the hoteliers continue to remain upbeat for the six-month period ending Dec 2010. Similarly, a net weighted balance of 47% of firms in the catering trade industry looks forward to brisk business in the coming months. Conventional restaurants, fast food restaurants and food caterers are among those that forecast higher business volume during the period.

Chart 1
General Business Outlook for Jul - Dec 2010



For the information & communications industry, a net weighted balance of 38% of firms is optimistic about the business situation for the second half of 2010. In particular, firms engaged in publishing, motion picture & video, radio & television, sound recording & broadcasting and telecommunications activities project better business ahead.

Within the financial services industry, a net weighted balance of 37% of firms predicts an improvement in the business environment for the next six months ending Dec 2010. These include banks & finance companies, fund managers and insurance companies.

A net weighted balance of 27% of firms in the real estate industry projects higher level of business activity for the period of Jul - Dec 2010 over Jan - Jun 2010.

In the business services industry, a net weighted balance of 25% of firms forecasts the demand for their services to increase for the six-month period ending Dec 2010. These include firms engaged in renting of construction equipment and legal activities as well as head & regional offices, labour recruitment firms and travel agencies.

Within the amusement & recreation industry, a net weighted balance of 60% of firms expects business to do well for the second half of 2010 over first half of 2010.

Forecast for Third Quarter 2010

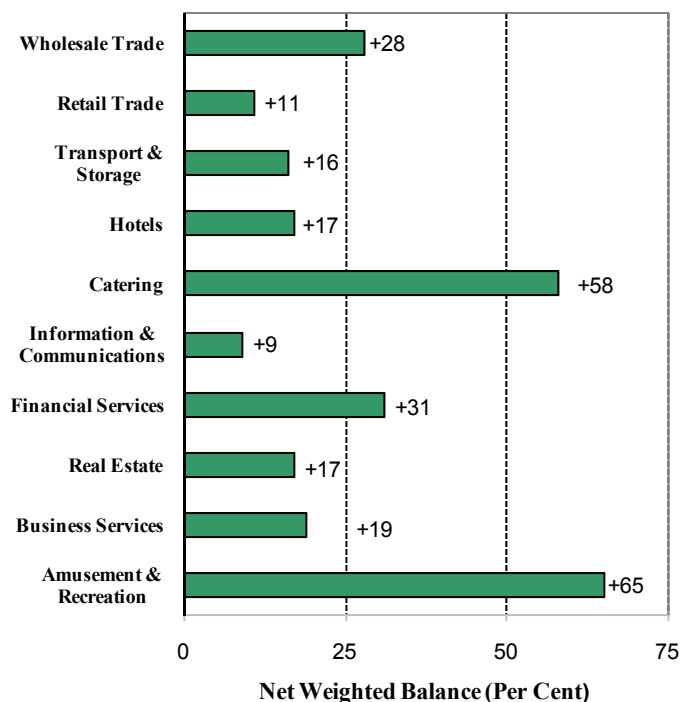
The overall services sector expects higher business receipts and employment for third quarter 2010 over the preceding quarter.

A net weighted balance of 28% of wholesalers anticipates higher receipts for the three-month period ending Sep 2010 (chart 2). These include those engaged in the wholesaling of food & beverages, cosmetics & toiletries, industrial machinery & equipment, electronic components and computers & accessories. Correspondingly, the industry predicts higher manpower demand during the quarter (chart 3).

Within the retail trade industry, a net weighted balance of 11% of retailers expects sales to improve for third quarter 2010. In particular, retailers of food & beverages, cosmetics & toiletries and furniture & furnishings are among those that expect higher earnings. At the same time, the industry foresees more hiring during the period.

A net weighted balance of 16% of firms in the transport & storage industry foresees higher revenue for the period of Jul - Sep 2010 compared with Apr - Jun 2010. Correspondingly, the employment level is expected to rise.

Chart 2
Operating Receipts Forecast for 3rd Quarter 2010



Hoteliers project an improvement in business receipts for the next three months ending Sep 2010. The positive sentiments are due to upcoming major events such as Formula One Grand Prix and Youth Olympic Games (YOG). In terms of employment, a net weighted balance of 22% of firms predicts more hiring in the coming months.

Within the catering trade industry, a net weighted balance of 58% of firms foresees higher receipts for third quarter 2010 over second quarter 2010. In line with the expected increase in earnings, a net weighted balance of 26% of firms is positive about the employment prospect during the quarter.

In the information & communications industry, a net weighted balance of 9% of firms predicts an improvement in earnings for the next three months ending Sep 2010. At the same time, more employees are expected to be employed during the same period.

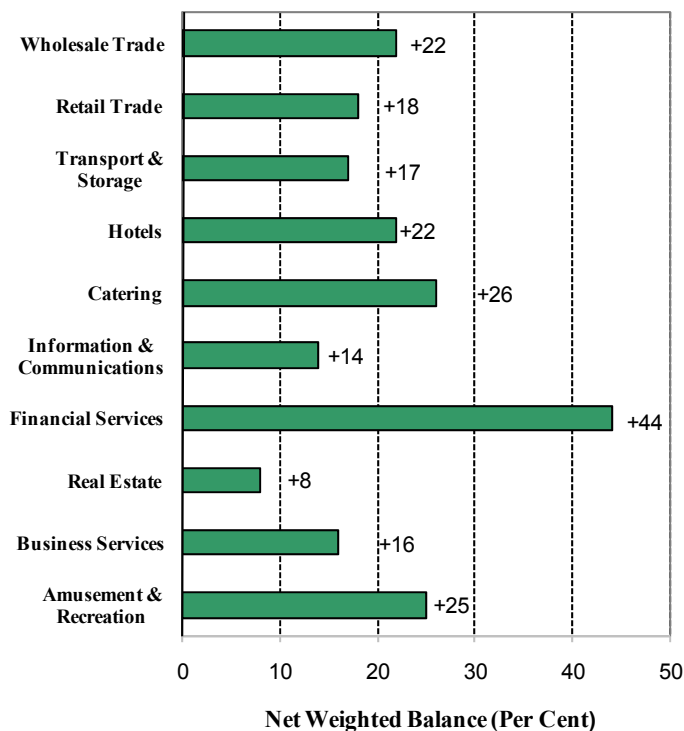
A net weighted balance of 31% and 44% of firms in the financial services industry anticipates growth in revenue and employment respectively, for the period of Jul - Sep 2010. In particular, banks & finance companies, fund managers and insurance companies are optimistic in their turnover and hiring expectations.

For the real estate industry, a net weighted balance of 17% of firms expects higher receipts for the period of Jul - Sep 2010 compared with Apr - Jun 2010. As for employment, the demand for manpower is expected to rise.

Within the business services industry, a net weighted balance of 19% of firms predicts higher turnovers in third quarter 2010. Correspondingly, the industry foresees more hiring during the quarter.

An overall net weighted balance of 65% of firms in the amusement & recreation industry expects income to improve for the next three months ending Sep 2010. The level of employment level is also expected to increase in the coming months.

**Chart 3
Employment Forecast for 3rd Quarter 2010**



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, 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.

GENERAL BUSINESS OUTLOOK FOR JUL - DEC 2010

Per Cent

Industry	General business outlook for Jul - Dec 2010 compared with Jan - Jun 2010			
	Net Weighted Balance	Up	Same	Down
TOTAL SERVICES SECTOR	+33	39	55	6
WHOLESALE & RETAIL TRADE	+36	45	46	9
Wholesale Trade	+37	45	47	8
Retail Trade	+29	48	33	19
TRANSPORT & STORAGE	+24	30	64	6
HOTELS & CATERING	+45	51	43	6
Hotels	+42	56	30	14
Catering	+47	49	49	2
INFORMATION & COMMUNICATIONS	+38	40	58	2
FINANCIAL SERVICES	+37	41	55	4
Banks & Finance Companies	+34	36	62	2
Stock, Share & Bond Brokers	-19	14	53	33
Fund Management	+43	43	57	0
Insurance Companies	+59	63	33	4
Other Financial Services	+44	47	50	3
REAL ESTATE	+27	28	71	1
BUSINESS SERVICES	+25	35	55	10
Legal, Accounting & Business Consultancy	+29	38	53	9
Architectural & Engineering	+18	20	78	2
Other Business Services	+24	38	48	14
AMUSEMENT & RECREATION	+60	67	26	7

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 2010

Per Cent

Industry	Forecast for 3rd Quarter 2010 compared with 2nd Quarter 2010							
	Operating Receipts				Employment			
	Net Weighted Balance	Up	Same	Down	Net Weighted Balance	Up	Same	Down
TOTAL SERVICES SECTOR	+24	33	58	9	+21	27	67	6
WHOLESALE & RETAIL TRADE	+26	37	52	11	+21	25	71	4
Wholesale Trade	+28	38	52	10	+22	24	74	2
Retail Trade	+11	31	49	20	+18	27	64	9
TRANSPORT & STORAGE	+16	27	62	11	+17	22	73	5
HOTELS & CATERING	+45	55	35	10	+25	29	67	4
Hotels	+17	44	29	27	+22	25	72	3
Catering	+58	60	38	2	+26	31	64	5
INFORMATION & COMMUNICATIONS	+9	17	75	8	+14	22	70	8
FINANCIAL SERVICES	+31	37	57	6	+44	46	52	2
Banks & Finance Companies	+30	32	66	2	+53	53	47	0
Stock, Share & Bond Brokers	-24	6	64	30	0	0	100	0
Fund Management	+41	56	29	15	+44	45	54	1
Insurance Companies	+42	52	38	10	+30	39	52	9
Other Financial Services	+32	37	58	5	+25	30	65	5
REAL ESTATE	+17	18	81	1	+8	17	74	9
BUSINESS SERVICES	+19	32	55	13	+16	27	62	11
Legal, Accounting & Business Consultancy	+27	39	49	12	+27	28	71	1
Architectural & Engineering	-7	6	81	13	-27	11	51	38
Other Business Services	+23	38	47	15	+23	32	59	9
AMUSEMENT & RECREATION	+65	67	31	2	+25	26	73	1

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.