



Business Expectations (Services Sector)

First Quarter 2018

BUSINESS EXPECTATIONS (SERVICES SECTOR)
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Business Expectations

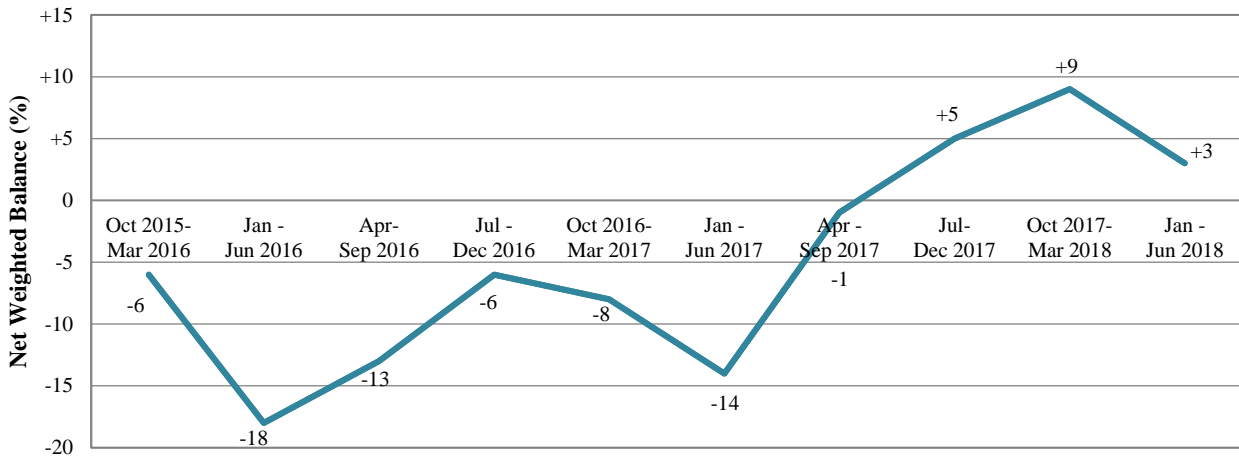
Services Sector

FIRST QUARTER 2018

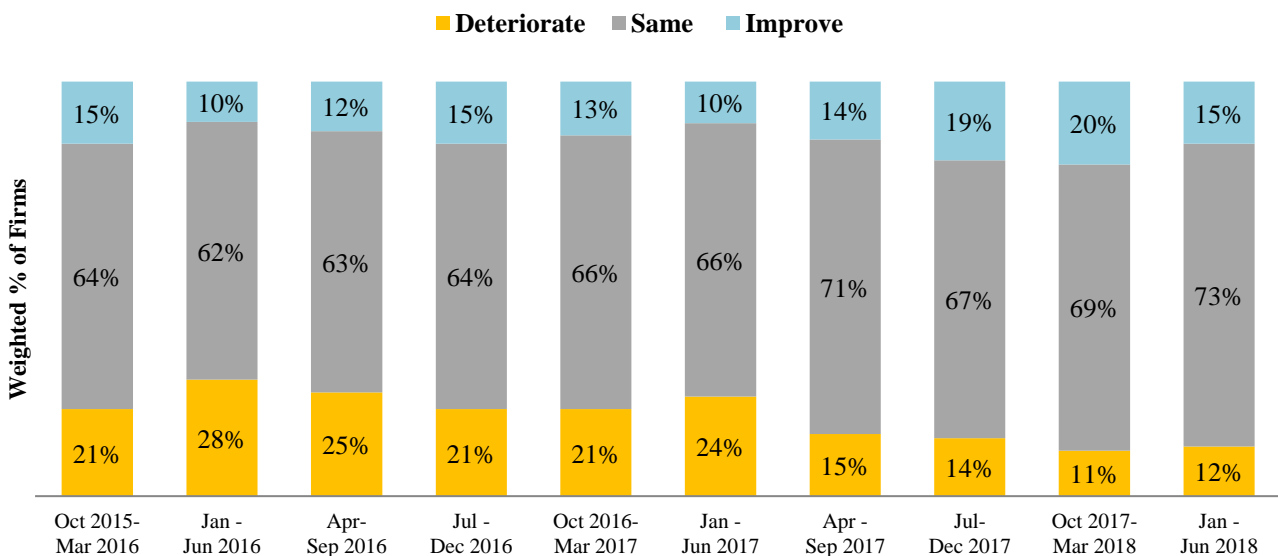
Highlights

- A net weighted balance of 3% of firms in the services sector expects more favourable business conditions for the period of Jan - Jun 2018 compared with Jul - Dec 2017. This is less optimistic as compared to the net weighted balance of +9% recorded in the previous quarter's survey (i.e. Oct 2017 – Mar 2018) but is an improvement over the net weighted balance of -14% recorded for the same period last year (i.e. Jan - Jun 2017).

Business Outlook for the Next 6 Months



- A weighted 15% of firms is optimistic about the business conditions for Jan – Jun 2018 while a weighted 12% of firms foresees slower business. The majority of firms (a weighted 73%) anticipate the level of business activity to remain the same.



Business Expectations of Services Sector, First Quarter 2018

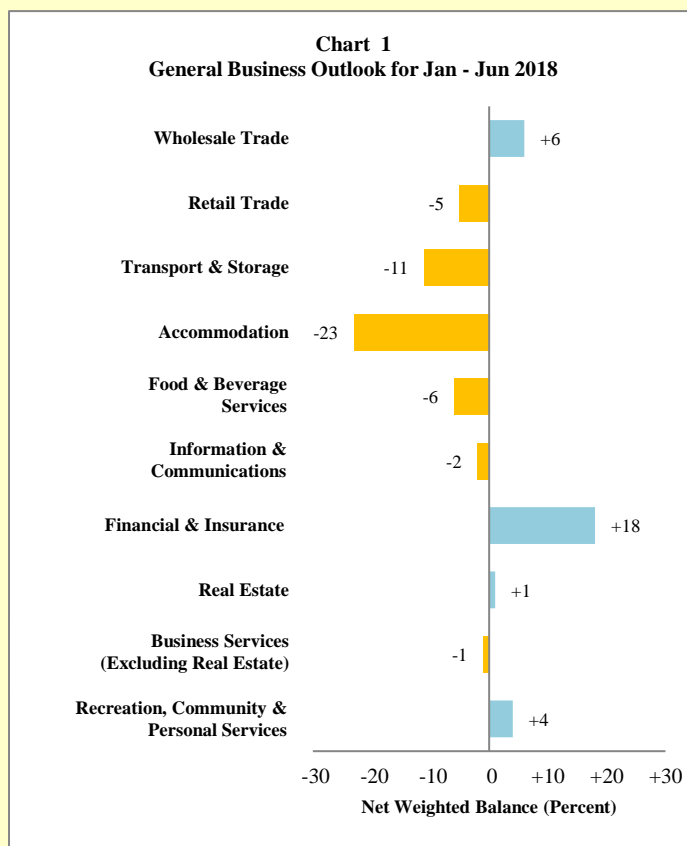
General Business Outlook for Jan - Jun 2018 (by Industry)

Within the services sector, the financial & insurance, wholesale trade and recreation, community & personal services industries are among those which foresee more favourable business conditions during the period of Jan – Jun 2018 compared with Jul - Dec 2017. On the other hand, the accommodation, transport & storage and food & beverage services industries are less optimistic in their business outlook.

A net weighted balance of 18% of firms in the financial & insurance industry expects the business conditions to improve in the coming 6 months ending Jun 2018 (Chart 1). Within the industry, banks and insurance companies are among those that expect more favourable business conditions as they foresee an improvement in the global economic conditions.

Firms in the wholesale trade industry also expect business situation to improve over the next 6 months. In particular, wholesalers of machinery, equipment & supplies are more optimistic in their business outlook as they expect an increase in demand for their products.

On the other hand, firms in the accommodation, food & beverage services and retail trade industries are less optimistic about the business prospects for the period of Jan – Jun 2018 compared to the period of Jul – Dec 2017, which coincided with the year-end holiday and the festive period.



Operating Receipts and Employment Forecast for Jan - Mar 2018

A net weighted balance of 3% of firms in the services sector expects operating receipts to increase for the period of Jan – Mar 2018 compared with the period of Oct – Dec 2017.

In line with their positive business outlook, firms in the financial & insurance industry are the most optimistic in their revenue outlook (Chart 2).

A net weighted balance of 8% of firms in the recreation, community & personal services industry also expects revenue to increase during the period of Jan – Mar 2018. In particular, healthcare providers expect turnover to be higher in anticipation of higher demand for their services.

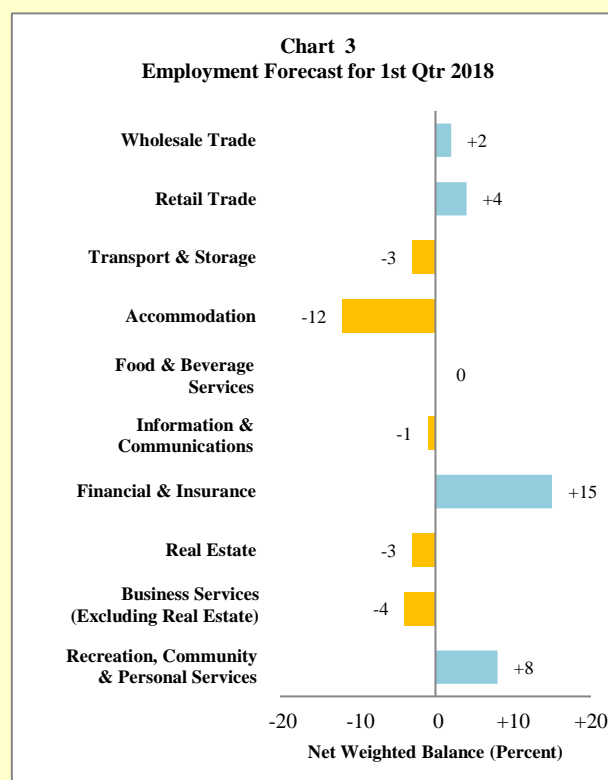
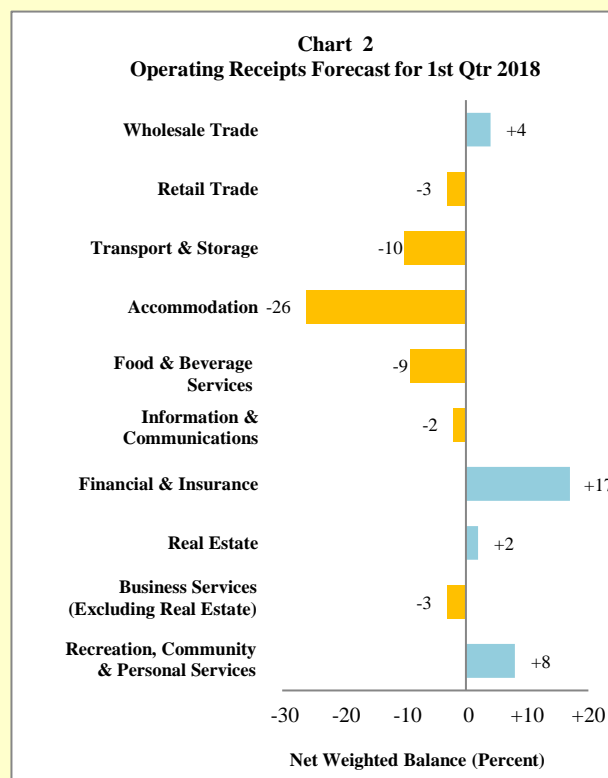
On the other hand, firms in the accommodation and food & beverage services industries expect lower turnover during the period of Jan – Mar 2018 compared with Oct – Dec 2017.

In terms of employment, firms expect hiring to remain at a similar level for the period of Jan – Mar 2018, with a net weighted balance of 1%.

Firms in the financial & insurance and recreation, community & personal services industries expect to increase hiring activity as they foresee an improvement in business conditions in the next three months (Chart 3).

Firms in the retail trade industry also expect hiring to increase due mainly to supermarkets expecting higher sales during the Chinese New Year festive period.

Conversely, firms in the accommodation and business services industries are among those that expect to reduce hiring in the first quarter of the year.



Business Expectations of Services Sector, First Quarter 2018

Explanatory Note

Introduction

The Business Expectations Survey for the services sector is conducted quarterly (i.e. one month before the reference quarter) by the Singapore Department of Statistics. The 1st quarter 2018 survey was conducted from Dec 2017 to mid-Jan 2018. It is a survey aimed at obtaining the business outlook for the immediate future of firms in the services sector.

Data Collection

The Business Expectations Survey covers some 1,500 enterprises in wholesale trade, retail trade, transport & storage services, accommodation, food & beverage services, information & communications services, financial & insurance services, real estate, business services (excluding real estate) and recreation, community & personal 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 sectorial 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.

Net Weighted Balance

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.

Singapore Department of Statistics
31 Jan 2018

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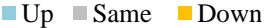
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Chart A.1 General Business Outlook for Jan - Jun 2018 compared with Jul - Dec 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+3	15 Up, 73 Same, 12 Down
WHOLESALE & RETAIL TRADE	+5	19 Up, 67 Same, 14 Down
Wholesale Trade	+6	18 Up, 70 Same, 12 Down
Retail Trade	-5	25 Up, 45 Same, 30 Down
TRANSPORT & STORAGE	-11	14 Up, 61 Same, 25 Down
ACCOMMODATION & FOOD SERVICES	-15	15 Up, 55 Same, 30 Down
Accommodation	-23	8 Up, 61 Same, 31 Down
Food & Beverage Services	-6	24 Up, 46 Same, 30 Down
INFORMATION & COMMUNICATIONS	-2	7 Up, 84 Same, 9 Down
FINANCIAL & INSURANCE	+18	23 Up, 72 Same, 5 Down
Banks & Finance Companies	+22	22 Up, 78 Same, 0 Down
Security Dealing Activities	+13	13 Up, 87 Same, 0 Down
Fund Management	+7	7 Up, 93 Same, 0 Down
Insurance Companies	+29	35 Up, 59 Same, 6 Down
Other Financial Services	+10	24 Up, 62 Same, 14 Down
REAL ESTATE	+1	8 Up, 85 Same, 7 Down
BUSINESS SERVICES (excluding Real Estate)	-1	11 Up, 77 Same, 12 Down
RECREATION, COMMUNITY & PERSONAL	+4	13 Up, 78 Same, 9 Down

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.

Chart A.2 Operating Receipts Forecast for Jan - Mar 2018 compared with Oct - Dec 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		
TOTAL SERVICES SECTOR	+3	18 Up, 67 Same, 15 Down
WHOLESALE & RETAIL TRADE	+3	21 Up, 61 Same, 18 Down
Wholesale Trade	+4	21 Up, 62 Same, 17 Down
Retail Trade	-3	27 Up, 43 Same, 30 Down
TRANSPORT & STORAGE	-10	16 Up, 58 Same, 26 Down
ACCOMMODATION & FOOD SERVICES	-18	18 Up, 46 Same, 36 Down
Accommodation	-26	10 Up, 54 Same, 36 Down
Food & Beverage Services	-9	27 Up, 37 Same, 36 Down
INFORMATION & COMMUNICATIONS	-2	8 Up, 82 Same, 10 Down
FINANCIAL & INSURANCE	+17	26 Up, 65 Same, 9 Down
Banks & Finance Companies	+28	31 Up, 66 Same, 3 Down
Security Dealing Activities	+13	13 Up, 87 Same, 0 Down
Fund Management	+11	11 Up, 89 Same, 0 Down
Insurance Companies	+3	26 Up, 51 Same, 23 Down
Other Financial Services	+6	25 Up, 56 Same, 19 Down
REAL ESTATE	+2	6 Up, 90 Same, 4 Down
BUSINESS SERVICES (excluding Real Estate)	-3	17 Up, 63 Same, 20 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+8	18 Up, 72 Same, 10 Down

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.

Chart A.3 Employment Forecast for Jan – Mar 2018 compared with Oct - Dec 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+1	10 81 9
WHOLESALE & RETAIL TRADE	+3	10 83 7
Wholesale Trade	+2	7 88 5
Retail Trade	+4	17 70 13
TRANSPORT & STORAGE	-3	6 85 9
ACCOMMODATION & FOOD SERVICES	-4	17 62 21
Accommodation	-12	4 80 16
Food & Beverage Services	0	23 54 23
INFORMATION & COMMUNICATIONS	-1	5 89 6
FINANCIAL & INSURANCE	+15	20 75 5
Banks & Finance Companies	+12	18 76 6
Security Dealing Activities	0	100
Fund Management	+25	28 69 3
Insurance Companies	+24	26 72 2
Other Financial Services	+17	23 71 6
REAL ESTATE	-3	8 81 11
BUSINESS SERVICES (excluding Real Estate)	-4	10 76 14
RECREATION, COMMUNITY & PERSONAL SERVICES	+8	11 86 3

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.