



Business Expectations (Services Sector)

First Quarter 2019

BUSINESS EXPECTATIONS (SERVICES SECTOR)
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Business Expectations

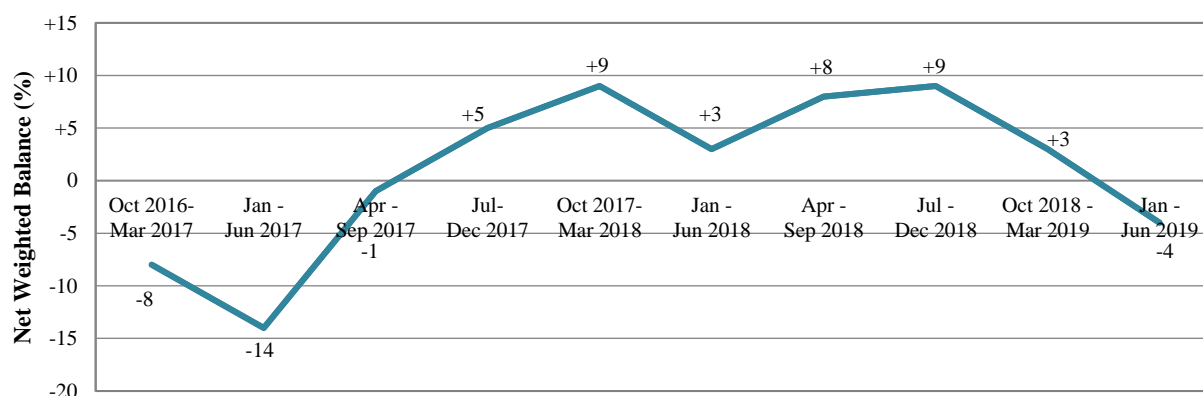
Services Sector

FIRST QUARTER 2019

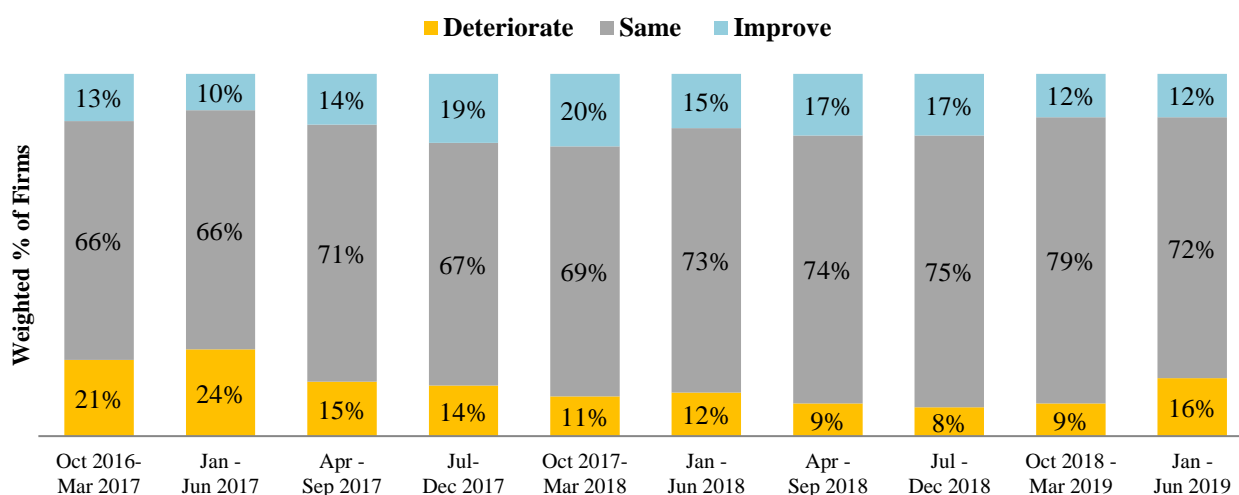
Highlights

- A net weighted balance of 4% of firms in the services sector expects less favourable business conditions for the period of Jan - Jun 2019 compared with Jul – Dec 2018. This is less optimistic compared to the net weighted balance of +3% recorded in the survey for the previous quarter (i.e. for Oct 2018 – Mar 2019), due partly to seasonal effect. Within the services sector, industries such as accommodation and air transport¹ generally register a lower net weighted balance in their business outlook for the Jan – Jun period, compared with the previous quarter’s survey for Oct – Mar which coincided with the year-end holidays and festive period. Comparing with the same period last year, the net weighted balance for Jan – Jun 2018 was +3%, which was similarly lower than the +9% registered for Oct 2017 – Mar 2018.

Business Outlook for the Next 6 Months



- A weighted 12% of firms is optimistic about the business conditions for Jan – Jun 2019 while a weighted 16% of firms foresees slower business. The majority of firms (a weighted 72%) anticipate the level of business activity to remain the same.



General Business Outlook for Jan - Jun 2019 (by Industry)

Within the services sector, the information & communications and food & beverage services industries are among those which foresee more favourable business conditions during the period of Jan – Jun 2019 compared with Jul – Dec 2018 (Chart 1). On the other hand, the accommodation, transport & storage and wholesale trade industries are less optimistic in their business outlook.

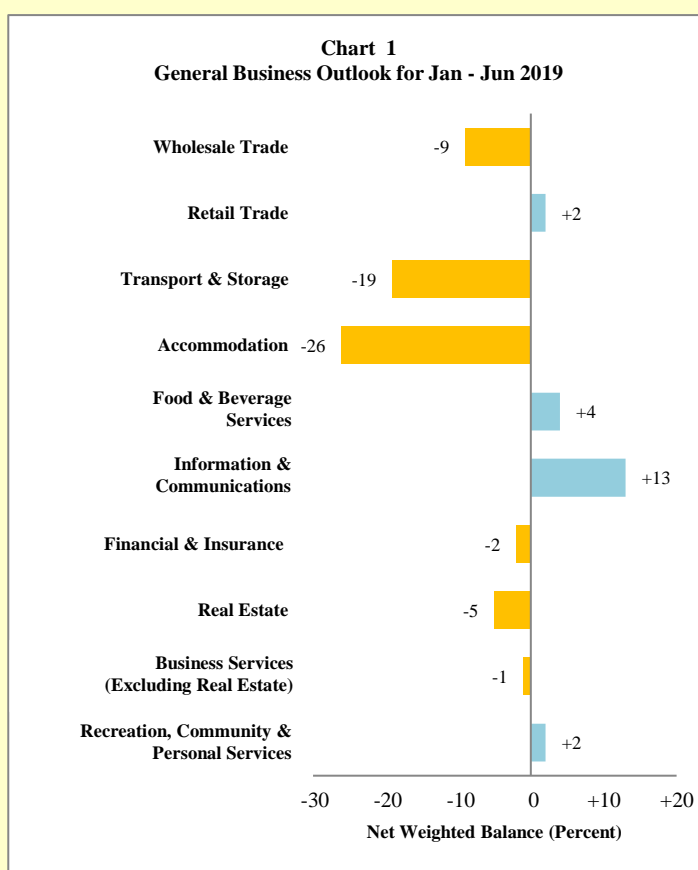
Firms in the information & communications industry expect business conditions to improve over the next 6 months. In particular, firms engaged in computer consultancy as well as web portal services are positive about their business outlook.

Firms in the food & beverage services industry expect more favourable business situation during the period of Jan – Jun 2019. Within the industry, fast food outlets and food caterers are among those that expect business conditions to improve in the coming 6 months.

On the other hand, firms in the accommodation industry are less optimistic about the business prospects for the period of Jan – Jun 2019, compared to the period of Jul – Dec 2018 which coincided with the year-end holiday and festive period.

Similarly, firms in the transport & storage industry foresee business conditions to be less favourable. In particular, air transport¹ firms expect lower demand in the coming 6 months, compared to the period of Jul – Dec 2018 which includes the year-end school holiday period.

Firms in the wholesale trade and financial & insurance industries expect business conditions to worsen for the period of Jan – Jun 2019 compared to the preceding 6 months. Wholesalers as well as banks and finance companies expect the ongoing trade conflict between US and China to have a negative impact on their business.



¹ Includes supporting services to air transport.

Operating Receipts and Employment Forecast for Jan - Mar 2019

A net weighted balance of 7% of firms in the services sector expects operating receipts to decrease for the period of Jan – Mar 2019 compared with the period of Oct – Dec 2018.

Within the services sector, firms in the accommodation, wholesale trade and transport & storage industries expect revenue to decrease, while the information & communications and food & beverage services industries are optimistic in their revenue outlook for the first quarter of 2019 (Chart 2).

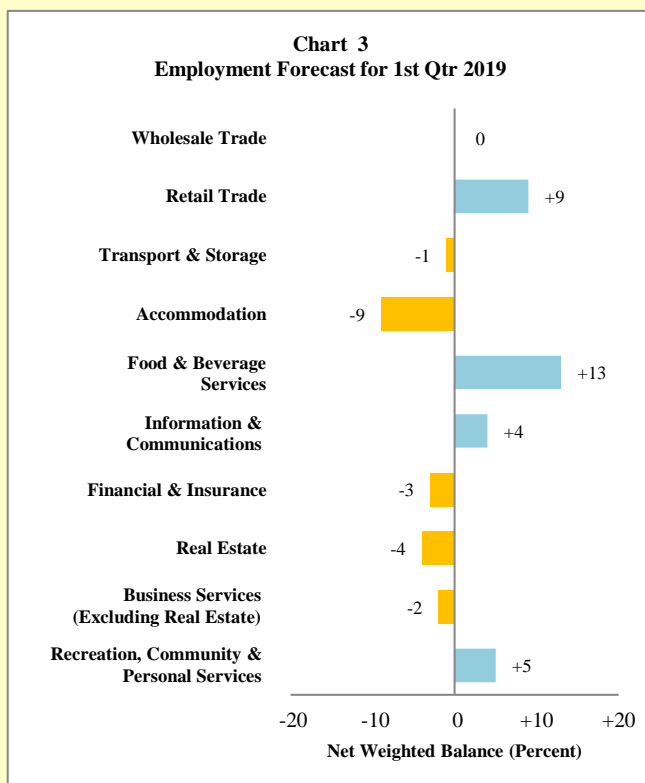
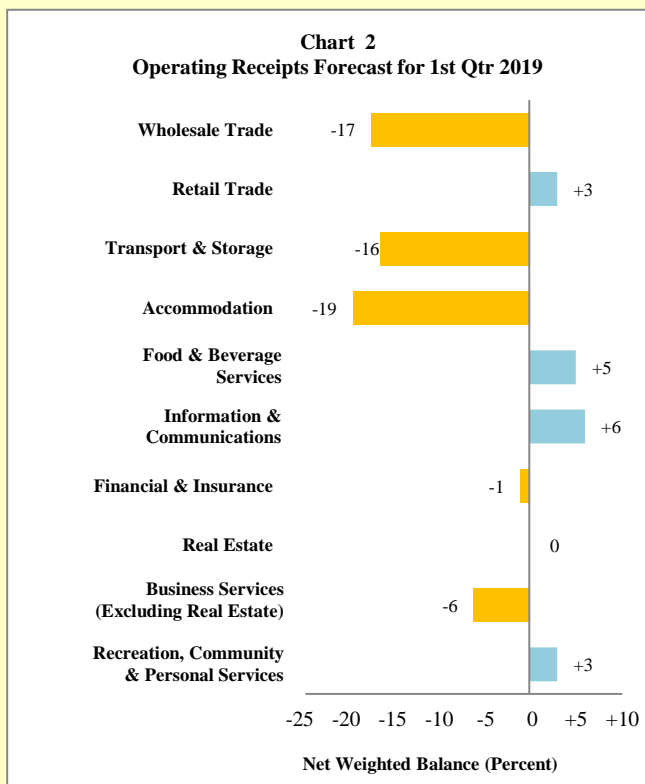
In line with their positive business outlook, firms in the information & communications industry expect revenue to increase due to higher demand for their services.

On the other hand, firms in the wholesale trade industry expect lower turnover during the period of Jan – Mar 2019. In particular, wholesalers of machinery and equipment expect lower demand for their products compared to the fourth quarter of 2018.

In terms of employment, a net weighted balance of 2% of firms in the services sector expects an increase in hiring activity in the next three months ending Mar 2019.

Firms in the food & beverage services and retail trade industries expect employment level to increase (Chart 3). Within these industries, food caterers and supermarkets are among those that expect to increase hiring for the period of Jan – Mar 2019.

Conversely, firms in the accommodation, real estate and financial & insurance industries are among those that expect to reduce hiring activity in the first quarter of 2019.



Business Expectations of Services Sector, First Quarter 2019

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 2019 survey was conducted from Dec to mid-Jan 2019. 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 2019

More data are available at SingStat website at
<https://www.singstat.gov.sg/publications/industry/business-expectations>

or through the QR code below.



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Chart A.1 General Business Outlook for Jan - Jun 2019 compared with Jul - Dec 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	-4	12 Up, 72 Same, 16 Down
WHOLESALE & RETAIL TRADE	-8	9 Up, 74 Same, 17 Down
Wholesale Trade	-9	7 Up, 77 Same, 16 Down
Retail Trade	+2	24 Up, 54 Same, 22 Down
TRANSPORT & STORAGE	-19	9 Up, 63 Same, 28 Down
ACCOMMODATION & FOOD SERVICES	-12	18 Up, 52 Same, 30 Down
Accommodation	-26	8 Up, 58 Same, 34 Down
Food & Beverage Services	+4	30 Up, 44 Same, 26 Down
INFORMATION & COMMUNICATIONS	+13	19 Up, 75 Same, 6 Down
FINANCIAL & INSURANCE	-2	16 Up, 66 Same, 18 Down
Banks & Finance Companies	-16	14 Up, 56 Same, 30 Down
Security Dealing Activities	-8	11 Up, 70 Same, 19 Down
Fund Management	-17	0 Up, 83 Same, 17 Down
Insurance Companies	+12	14 Up, 84 Same, 2 Down
Other Financial Services	+21	27 Up, 67 Same, 6 Down
REAL ESTATE	-5	4 Up, 87 Same, 9 Down
BUSINESS SERVICES (excluding Real Estate)	-1	14 Up, 71 Same, 15 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+2	10 Up, 82 Same, 8 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 2019 compared with Oct – Dec 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	-7	14 Up, 65 Same, 21 Down
WHOLESALE & RETAIL TRADE	-15	9 Up, 67 Same, 24 Down
Wholesale Trade	-17	8 Up, 67 Same, 25 Down
Retail Trade	+3	25 Up, 53 Same, 22 Down
TRANSPORT & STORAGE	-16	7 Up, 70 Same, 23 Down
ACCOMMODATION & FOOD SERVICES	-8	21 Up, 50 Same, 29 Down
Accommodation	-19	13 Up, 55 Same, 32 Down
Food & Beverage Services	+5	31 Up, 43 Same, 26 Down
INFORMATION & COMMUNICATIONS	+6	13 Up, 80 Same, 7 Down
FINANCIAL & INSURANCE	-1	21 Up, 57 Same, 22 Down
Banks & Finance Companies	-25	10 Up, 55 Same, 35 Down
Security Dealing Activities	-8	11 Up, 70 Same, 19 Down
Fund Management	-3	14 Up, 69 Same, 17 Down
Insurance Companies	+44	50 Up, 44 Same, 6 Down
Other Financial Services	+17	26 Up, 65 Same, 9 Down
REAL ESTATE	0	5 Up, 90 Same, 5 Down
BUSINESS SERVICES (excluding Real Estate)	-6	20 Up, 54 Same, 26 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+3	13 Up, 77 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 2019 compared with Oct – Dec 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+2	11 80 9
WHOLESALE & RETAIL TRADE	+3	9 85 6
Wholesale Trade	0	4 92 4
Retail Trade	+9	20 69 11
TRANSPORT & STORAGE	-1	6 87 7
ACCOMMODATION & FOOD SERVICES	+7	21 65 14
Accommodation	-9	12 67 21
Food & Beverage Services	+13	23 67 10
INFORMATION & COMMUNICATIONS	+4	10 84 6
FINANCIAL & INSURANCE	-3	5 87 8
Banks & Finance Companies	-4	3 90 7
Security Dealing Activities	0	100
Fund Management	-22	78 22
Insurance Companies	+5	14 77 9
Other Financial Services	+6	7 92 1
REAL ESTATE	-4	1 94 5
BUSINESS SERVICES (excluding Real Estate)	-2	12 74 14
RECREATION, COMMUNITY & PERSONAL SERVICES	+5	14 77 9

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.