



Business Expectations (Services Sector)

First Quarter 2020

BUSINESS EXPECTATIONS (SERVICES SECTOR)
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Business Expectations

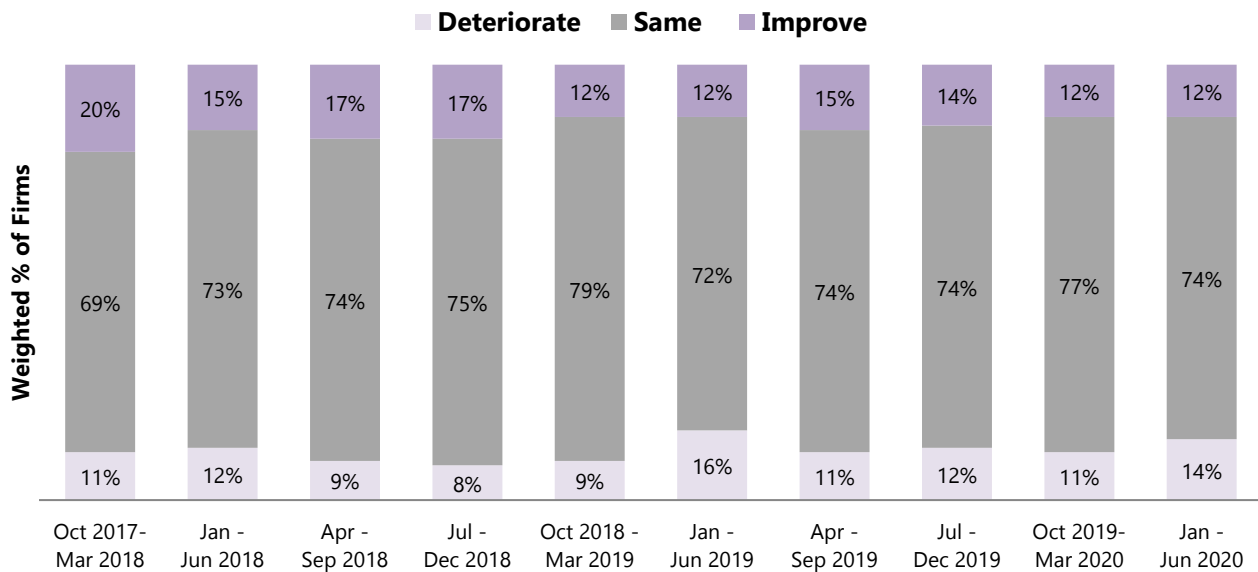
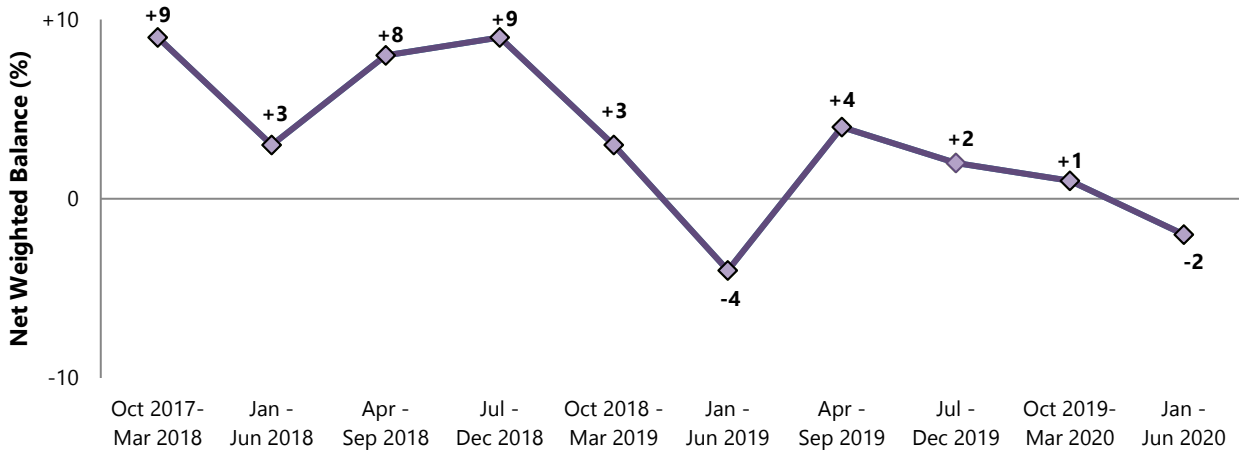
Services Sector

First Quarter 2020¹

Highlights

The services sector in Singapore expects business conditions to soften in the next 6 months ending Jun 2020. 14% of firms² foresee slower business while 12% of firms are optimistic about the business conditions, resulting in a net weighted balance of 2% of firms predicting a less favourable business outlook for the period of Jan – Jun 2020. While this is weaker than the outlook for Oct 2019 – Mar 2020 (net weighted balance of +1%), it represents an improvement over the results in the same period last year (net weighted balance of -4%).

Business Outlook for the Next 6 Months



¹ The 1st quarter 2020 survey was conducted from Dec 2019 to mid-Jan 2020, before the first imported case of 2019 novel coronavirus (2019-nCov) infection was confirmed in Singapore.

² Refers to weighted percentage of firms.

General Business Outlook for Jan - Jun 2020 (by Industry)

Within the services sector, the financial & insurance, information & communications and recreation, community & personal services industries are among those which foresee more favourable business conditions during the period of Jan – Jun 2020 compared with Jul – Dec 2019 (Chart 1). On the other hand, the accommodation, retail trade and food & beverage services industries are less optimistic in their business outlook.

The financial & insurance industry expects business conditions to improve over the next 6 months. Amongst them, banks as well as firms engaged in payment services are positive about their business outlook.

Similarly, firms in the information & communications industry are optimistic in their business outlook during the period of Jan – Jun 2020. Within the industry, firms engaged in software publishing and web portal services expect higher demand for their services.

Likewise, firms in the recreation, community & personal services industry expect the business situation to be more favourable in the next 6 months ending Jun 2020. Firms engaged in health and childcare services are among those that are optimistic in their business outlook during this period.



On the other hand, firms in the accommodation, retail trade and food & beverage services industries expect business prospects to deteriorate for the period of Jan – Jun 2020, compared to the period of Jul – Dec 2019 which coincided with the year-end holiday and festive period.

Similarly, firms in the wholesale trade industry expect business conditions to worsen in the coming 6 months. In particular, wholesalers of machinery & equipment expect lower demand for their products.

Operating Receipts and Employment Forecast for Jan - Mar 2020

The services sector, with a net weighted balance of 3% of firms, expects operating receipts to decrease for the period of Jan – Mar 2020 compared with the period of Oct – Dec 2019.

In line with their positive business outlook, firms in the financial & insurance and information & communications industries expect operating receipts to increase in the first quarter of the year (Chart 2).

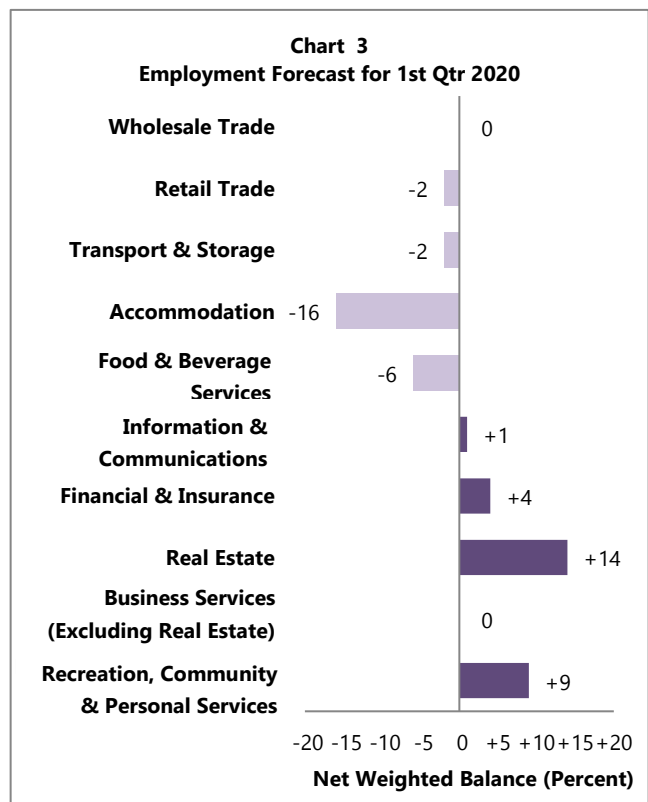
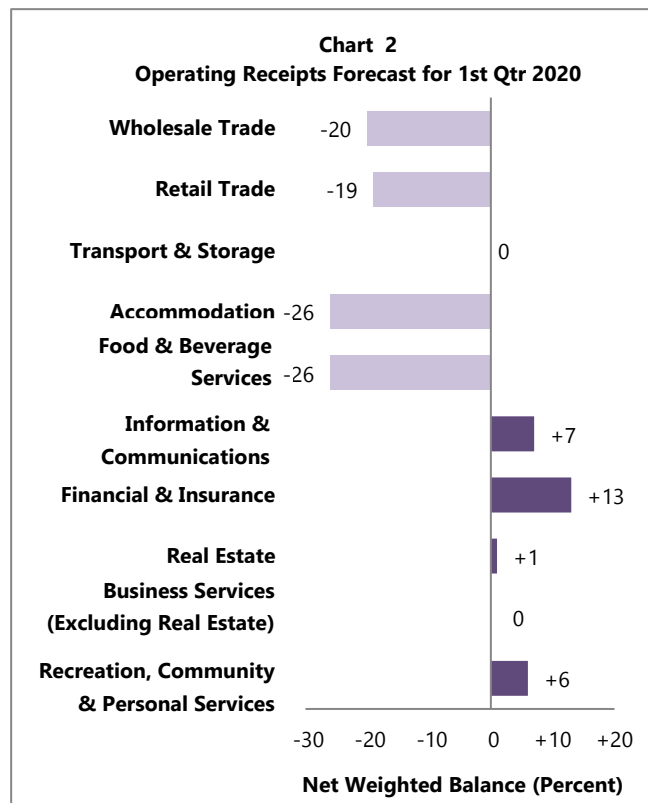
Conversely, firms in the accommodation, food & beverage services and retail trade industries expect lower turnover during the period of Jan – Mar 2020. Within the retail trade industry, retailers of wearing apparels & footwear and motor vehicles are among those which expect lower sales in the next 3 months.

In terms of employment, the services sector expects hiring to remain at a similar level for the period of Jan – Mar 2020 compared with the period of Oct – Dec 2019, with a net weighted balance of 1%.

Firms in the real estate industry expect to increase hiring for the first quarter of 2020. This is due mainly to the firms engaged in the management of residential, commercial & industrial properties expecting an increase in demand for their services (Chart 3).

Likewise, the recreation, community & personal services industry expects employment to increase, especially for firms engaged in health and childcare services.

Conversely, firms in the accommodation and food & beverage services industries expect to hire less for the period of Jan – Mar 2020.



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 2020 survey was conducted from Dec 2019 to mid-Jan 2020. 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.

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31 Jan 2020

More data are available at SingStat Website at
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 2020 compared with Jul - Dec 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	-2	12 74 14
WHOLESALE & RETAIL TRADE	-16	12 60 28
Wholesale Trade	-15	11 63 26
Retail Trade	-22	15 48 37
TRANSPORT & STORAGE	-4	10 76 14
ACCOMMODATION & FOOD SERVICES	-26	10 54 36
Accommodation	-32	6 56 38
Food & Beverage Services	-20	14 52 34
INFORMATION & COMMUNICATIONS	+8	19 70 11
FINANCIAL & INSURANCE	+12	16 80 4
Banks & Finance Companies	+17	17 83
Security Dealing Activities	0	100
Fund Management	0	100
Insurance Companies	+2	20 62 18
Other Financial Services	+16	20 76 4
REAL ESTATE	0	3 94 3
BUSINESS SERVICES (excluding Real Estate)	+1	10 81 9
RECREATION, COMMUNITY & PERSONAL SERVICES	+6	15 76 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.

Chart A.2 Operating Receipts Forecast for Jan - Mar 2020 compared with Oct – Dec 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		
TOTAL SERVICES SECTOR	-3	15 Up, 67 Same, 18 Down
WHOLESALE & RETAIL TRADE	-20	10 Up, 60 Same, 30 Down
Wholesale Trade	-20	9 Up, 62 Same, 29 Down
Retail Trade	-19	18 Up, 45 Same, 37 Down
TRANSPORT & STORAGE	0	21 Up, 58 Same, 21 Down
ACCOMMODATION & FOOD SERVICES	-26	9 Up, 56 Same, 35 Down
Accommodation	-26	6 Up, 62 Same, 32 Down
Food & Beverage Services	-26	12 Up, 50 Same, 38 Down
INFORMATION & COMMUNICATIONS	+7	22 Up, 63 Same, 15 Down
FINANCIAL & INSURANCE	+13	20 Up, 73 Same, 7 Down
Banks & Finance Companies	+19	19 Up, 81 Same, 0 Down
Security Dealing Activities	+7	7 Up, 93 Same, 0 Down
Fund Management	+15	15 Up, 85 Same, 0 Down
Insurance Companies	+4	25 Up, 54 Same, 21 Down
Other Financial Services	+7	19 Up, 69 Same, 12 Down
REAL ESTATE	+1	4 Up, 93 Same, 3 Down
BUSINESS SERVICES (excluding Real Estate)	0	14 Up, 72 Same, 14 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+6	18 Up, 70 Same, 12 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 2020 compared with Oct – Dec 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+1	12 Up, 77 Same, 11 Down
WHOLESALE & RETAIL TRADE	-1	12 Up, 75 Same, 13 Down
Wholesale Trade	0	8 Up, 84 Same, 8 Down
Retail Trade	-2	22 Up, 54 Same, 24 Down
TRANSPORT & STORAGE	-2	4 Up, 90 Same, 6 Down
ACCOMMODATION & FOOD SERVICES	-8	9 Up, 74 Same, 17 Down
Accommodation	-16	2 Up, 80 Same, 18 Down
Food & Beverage Services	-6	11 Up, 72 Same, 17 Down
INFORMATION & COMMUNICATIONS	+1	7 Up, 87 Same, 6 Down
FINANCIAL & INSURANCE	+4	5 Up, 94 Same, 1 Down
Banks & Finance Companies	0	100 Same
Security Dealing Activities	0	100 Same
Fund Management	+25	25 Up, 75 Same
Insurance Companies	+9	14 Up, 81 Same, 5 Down
Other Financial Services	+2	2 Up, 98 Same
REAL ESTATE	+14	23 Up, 68 Same, 9 Down
BUSINESS SERVICES (excluding Real Estate)	0	15 Up, 70 Same, 15 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+9	18 Up, 73 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.