



Business Expectations Services Sector

First Quarter 2021

GENERAL BUSINESS OUTLOOK (JAN – JUN 2021)

Business expectations of firms in the services sector have improved and turned favourable compared to the last period. 21% of firms¹ are optimistic about the business conditions while 14% of firms foresee slower business conditions, resulting in a net weighted balance of 7% of firms predicting a more favourable business outlook for the period of Jan – Jun 2021. This is the first positive net weighted balance after 4 quarters of negative sentiments.



+7%
Net Weighted
Balance

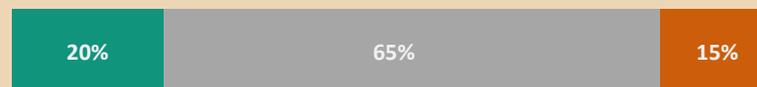
Up Same Down



OPERATING RECEIPTS FORECAST (JAN – MAR 2021)



+5%
Net Weighted
Balance



EMPLOYMENT FORECAST (JAN – MAR 2021)



0%
Net Weighted
Balance



¹ Refers to weighted percentage of firms.

GENERAL BUSINESS OUTLOOK (JAN – JUN 2021)

Within the services sector, the finance & insurance, recreation, community & personal services, food & beverage services, retail trade and information & communications industries expect business conditions to improve for the period of Jan – Jun 2021 compared with Jul – Dec 2020. On the other hand, industries such as accommodation and real estate continue to be less optimistic in their business outlook.



Firms in the finance & insurance industry are optimistic about the business conditions for the period Jan – Jun 2021 compared to the preceding 6 months. Among them, banks and insurance companies are positive in their business outlook.

The retail trade and food & beverage services industries expect business situation to be more favourable in the coming months due to Phase 3 of re-opening. Retailers expect better business prospects with the increase in capacity limit for malls. Similarly, food & beverage establishments foresee business situation to improve as more diners in a group can be served.

The information & communications industry expects business conditions to improve in the coming 6 months, with a net weighted balance of 12%. Within the industry, software publishers (including firms engaged in games publishing) as well as firms engaged in web portals services are among those that are positive in their business outlook during this period.

Conversely, firms in the accommodation industry expect the business situation to be less favourable for Jan – Jun 2021. Hoteliers expect slow pick-up in demand due to global travel restrictions.

The real estate industry expects weaker business conditions for the next 6 months, registering a net weighted balance of -16%. In particular, firms engaged in the rental of commercial premises foresee lower demand for such spaces in view of companies continuing with the work-from-home arrangements.

Similarly, firms in the professional and administrative & support services industry foresee weak business conditions. Firms engaged in architectural, engineering and security services expect weaker demand for their services in anticipation of lower number of contracts in the coming months.

² “Business services (excluding real estate)” is renamed to “professional and administrative & support services” with effect from BES1Q2021 to better reflect the activities within this industry.

OPERATING RECEIPTS AND EMPLOYMENT FORECAST (JAN – MAR 2021)

The services sector, with a net weighted balance of +5% of firms, expects operating receipts to increase for the period of Jan – Mar 2021 compared with the period of Oct – Dec 2020. Within the sector, sentiments of the industries are mixed.

Firms in the recreation, community & personal services industry expect higher revenue in first quarter 2021. In particular, healthcare providers expect turnover to increase due to higher demand for their services.

On the other hand, firms in the accommodation industry expect lower turnover due to weak tourism demand.

In terms of employment, the services sector expects hiring to remain at a similar level for the period of Jan – Mar 2021 compared with the period of Oct – Dec 2020.

The information & communication services industry expect to hire more in the next 3 months ending Mar 2021. Within the industry, firms engaged in computer programming activities expect to hire more due to an increase in demand for their services.

Conversely, firms in the accommodation industry expect lower employment level in first quarter of 2021 in view of lower demand.

Operating Receipts and Employment Forecast for 1st Quarter 2021

<p>Wholesale Trade</p> <p>Operating Receipts Forecast 10%</p>  <p>Employment Forecast 1%</p>	<p>Retail Trade</p> <p>Operating Receipts Forecast 12%</p>  <p>Employment Forecast 2%</p>
<p>Transportation & Storage</p> <p>Operating Receipts Forecast 8%</p>  <p>Employment Forecast 4%</p>	<p>Accommodation</p> <p>Operating Receipts Forecast -46%</p>  <p>Employment Forecast -23%</p>
<p>Food & Beverage Services</p> <p>Operating Receipts Forecast 12%</p>  <p>Employment Forecast 6%</p>	<p>Information & Communications</p> <p>Operating Receipts Forecast 9%</p>  <p>Employment Forecast 12%</p>
<p>Finance & Insurance</p> <p>Operating Receipts Forecast 13%</p>  <p>Employment Forecast 3%</p>	<p>Real Estate</p> <p>Operating Receipts Forecast -17%</p>  <p>Employment Forecast -6%</p>
<p>Professional and Administrative & Support Services</p> <p>Operating Receipts Forecast -12%</p>  <p>Employment Forecast -10%</p>	<p>Recreation, Community & Personal Services</p> <p>Operating Receipts Forecast 16%</p>  <p>Employment Forecast 7%</p>

EXPLANATORY NOTES

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 2021 survey was conducted from Dec 2020 to Jan 2021. 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, transportation & storage, accommodation, food & beverage services, information & communications, finance & insurance, real estate, professional and administrative & support services 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.



More data are available on the SingStat Website at
www.singstat.gov.sg/find-data/search-by-theme/industry/business-expectations/latest-data

or through the QR code below.



Singapore Department of Statistics
29 Jan 2021

For enquiries, please contact:

Mr Tan Jason T (+65) 6884 4485 E tan_jason@singstat.gov.sg
Ms Lynn Zhang T (+65) 6835 8956 E lynn_zhang@singstat.gov.sg