



Business Expectations (Services Sector) Second Quarter 2018

BUSINESS EXPECTATIONS (SERVICES SECTOR)
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Business Expectations Services Sector

SECOND QUARTER 2018

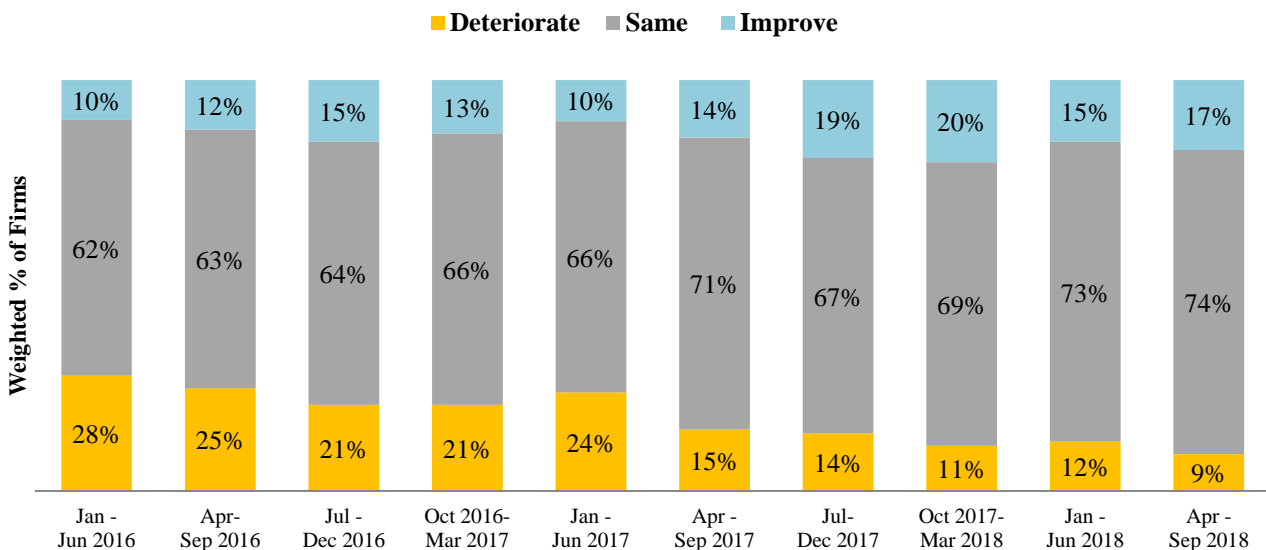
Highlights

- A net weighted balance of 8% of firms in the services sector expects more favourable business conditions for the period of Apr - Sep 2018 compared with Oct 2017 - Mar 2018. This is an improvement from the net weighted balance of +3% recorded in the previous quarter's survey (i.e. for Jan – Jun 2018) and -1% recorded over the same period last year (i.e. for Apr - Sep 2017).

Business Outlook for the Next 6 Months



- A weighted 17% of firms is optimistic about the business conditions for Apr – Sep 2018 while a weighted 9% of firms foresees slower business. The majority of firms (a weighted 74%) anticipate the level of business activity to remain the same.



General Business Outlook for Apr - Sep 2018 (by Industry)

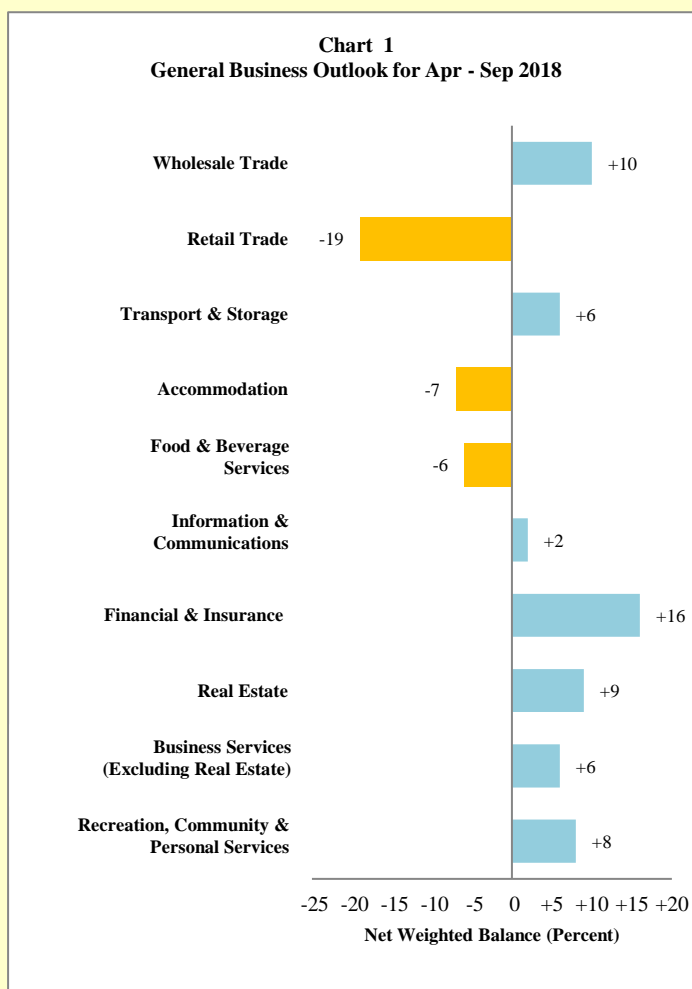
Within the services sector, the financial & insurance, wholesale trade and real estate industries are among those which foresee more favourable business conditions during the period of Apr – Sep 2018 compared with Oct 2017 – Mar 2018. On the other hand, the retail trade, accommodation and food & beverage services industries are less optimistic in their business outlook.

Firms in the financial & insurance industry are optimistic in their business outlook for the next 6 months, particularly banks and insurance firms, as they foresee an improvement in the global economic conditions.

A net weighted balance of 10% of the firms in the wholesale trade industry expects business conditions to improve in the coming 6 months ending Sep 2018. In particular, wholesalers of machinery, equipment & supplies expect better business prospects in anticipation of higher demand for their services.

Firms in the real estate industry expect business conditions to be more favourable over the next 6 months. Within the industry, real estate developers and firms engaged in the management of residential, commercial & industrial properties are among those that expect an improvement in business conditions in the coming months.

On the other hand, firms in the retail trade, accommodation and food & beverage services industries expect business prospects to deteriorate for the period of Apr – Sep 2018 compared to the period of Oct 2017 – Mar 2018, which coincided with the year-end holiday and the festive period. Within the retail trade industry, department stores, supermarkets and retailers of wearing apparels & footwear are among those which expect less favourable business conditions during this period.



Operating Receipts and Employment Forecast for Apr - Jun 2018

A net weighted balance of 8% of firms in the services sector expects operating receipts to increase for the period of Apr – Jun 2018 compared with the period of Jan – Mar 2018.

Within the services sector, firms in the recreation, community & personal services industry are the most optimistic in their revenue outlook (Chart 2). In particular, healthcare providers expect revenue to increase as they foresee higher demand for their services.

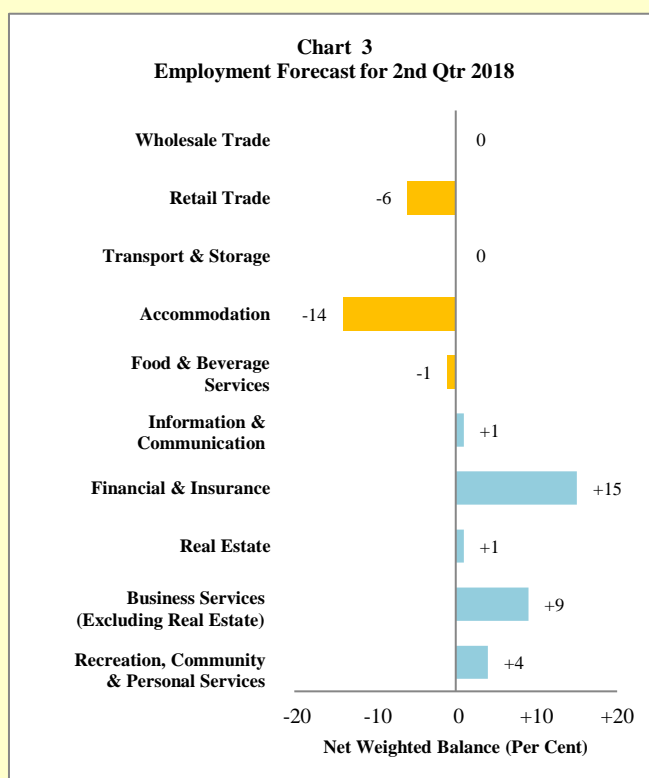
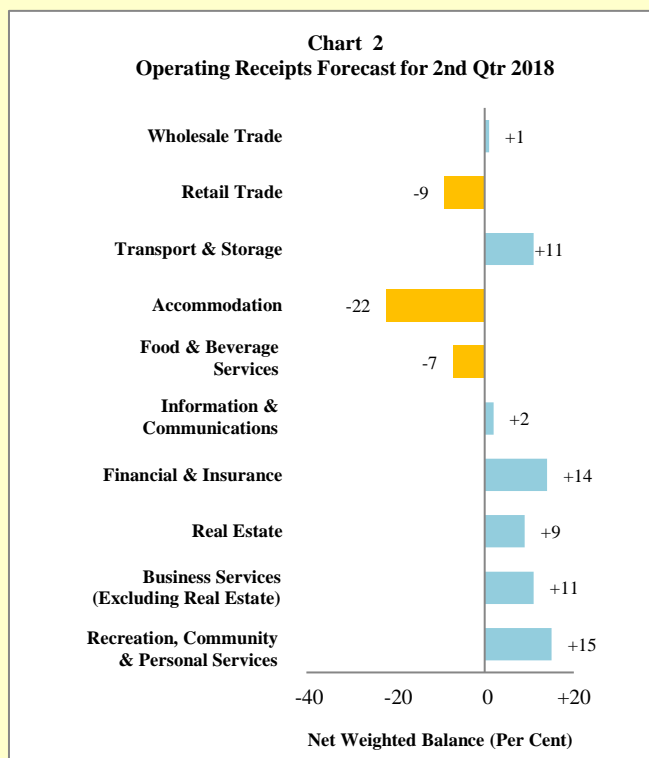
Similarly, firms in the financial & insurance, transport & storage and business services industries also expect higher turnover in the second quarter of 2018 compared to the preceding quarter.

In line with their negative business outlook, firms in the accommodation, retail trade and food & beverage services industries expect lower turnover during the period of Apr – Jun 2018 compared with Jan – Mar 2018.

In terms of employment, a net weighted balance of 3% of firms in the services sector expects to increase hiring activity for the period of Apr – Jun 2018.

Firms in the financial & insurance, business services and recreation, community & personal services industries expect to increase hiring in the second quarter of the year (Chart 3).

On the other hand, firms in the accommodation and retail trade industries expect to hire less as they foresee slower business activities in the next three months.



Business Expectations of Services Sector, Second 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 2nd quarter 2018 survey was conducted from Mar to mid-Apr 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
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For enquiries, please contact

Mr Heng Shi Jie T (+65) 6835 8948 E heng_shi_jie@singstat.gov.sg

Ms Lynn Zhang T (+65) 6835 8956 E lynn_zhang@singstat.gov.sg

Chart A.1 General Business Outlook for Apr - Sep 2018 compared with Oct 2017 - Mar 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+8	17 74 9
WHOLESALE & RETAIL TRADE	+7	19 69 12
Wholesale Trade	+10	19 72 9
Retail Trade	-19	18 45 37
TRANSPORT & STORAGE	+6	20 66 14
ACCOMMODATION & FOOD SERVICES	-7	18 57 25
Accommodation	-7	13 67 20
Food & Beverage Services	-6	24 46 30
INFORMATION & COMMUNICATIONS	+2	11 80 9
FINANCIAL & INSURANCE	+16	23 70 7
Banks & Finance Companies	+25	28 69 3
Security Dealing Activities	+13	13 87
Fund Management	+4	4 96
Insurance Companies	+20	32 56 12
Other Financial Services	+5	19 67 14
REAL ESTATE	+9	16 77 7
BUSINESS SERVICES (excluding Real Estate)	+6	14 78 8
RECREATION, COMMUNITY & PERSONAL	+8	13 82 5

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 Apr - Jun 2018 compared with Jan - Mar 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+8	20 Up, 68 Same, 12 Down
WHOLESALE & RETAIL TRADE	-1	20 Up, 59 Same, 21 Down
Wholesale Trade	+1	20 Up, 61 Same, 19 Down
Retail Trade	-9	23 Up, 45 Same, 32 Down
TRANSPORT & STORAGE	+11	16 Up, 79 Same, 5 Down
ACCOMMODATION & FOOD SERVICES	-15	13 Up, 59 Same, 28 Down
Accommodation	-22	6 Up, 66 Same, 28 Down
Food & Beverage Services	-7	21 Up, 51 Same, 28 Down
INFORMATION & COMMUNICATIONS	+2	15 Up, 72 Same, 13 Down
FINANCIAL & INSURANCE	+14	24 Up, 66 Same, 10 Down
Banks & Finance Companies	+13	21 Up, 71 Same, 8 Down
Security Dealing Activities	+32	32 Up, 68 Same, 0 Down
Fund Management	+9	13 Up, 83 Same, 4 Down
Insurance Companies	+32	48 Up, 36 Same, 16 Down
Other Financial Services	+7	20 Up, 67 Same, 13 Down
REAL ESTATE	+9	15 Up, 79 Same, 6 Down
BUSINESS SERVICES (excluding Real Estate)	+11	22 Up, 67 Same, 11 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+15	23 Up, 69 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.3 Employment Forecast for Apr – Jun 2018 compared with Jan – Mar 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+3	12 79 9
WHOLESALE & RETAIL TRADE	-2	8 82 10
Wholesale Trade	0	6 88 6
Retail Trade	-6	14 66 20
TRANSPORT & STORAGE	0	6 88 6
ACCOMMODATION & FOOD SERVICES	-4	12 72 16
Accommodation	-14	2 82 16
Food & Beverage Services	-1	16 67 17
INFORMATION & COMMUNICATIONS	+1	11 79 10
FINANCIAL & INSURANCE	+15	19 77 4
Banks & Finance Companies	+8	14 80 6
Security Dealing Activities	+11	11 89
Fund Management	+61	63 35 2
Insurance Companies	+17	18 81 1
Other Financial Services	+21	21 79
REAL ESTATE	+1	12 77 11
BUSINESS SERVICES (excluding Real Estate)	+9	16 77 7
RECREATION, COMMUNITY & PERSONAL SERVICES	+4	11 82 7

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.