Business Expectations (Services Sector)

Second Quarter 2019

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DEPARTMENT OF STATISTICS SINGAPORE

BUSINESS EXPECTATIONS (SERVICES SECTOR)
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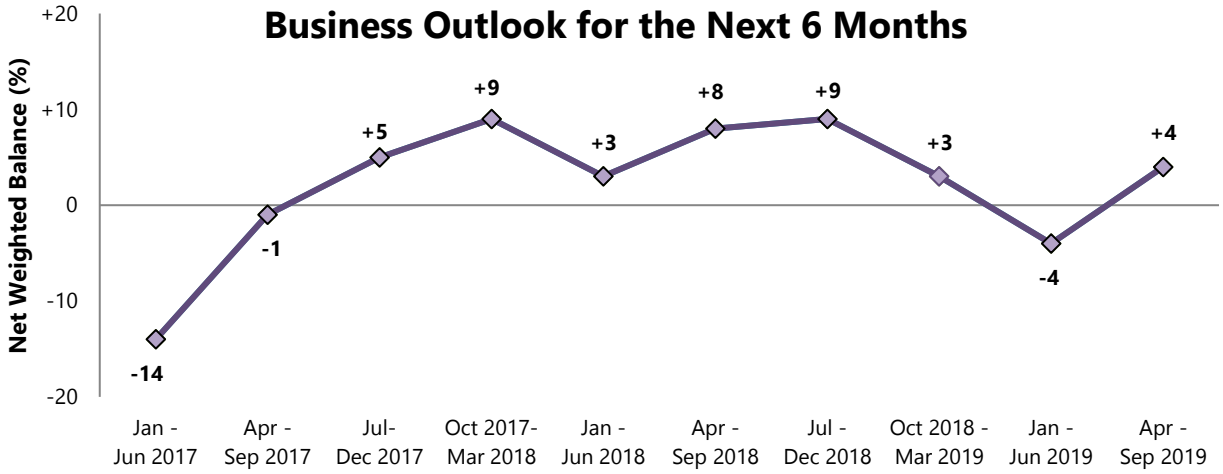
Business Expectations

Services Sector

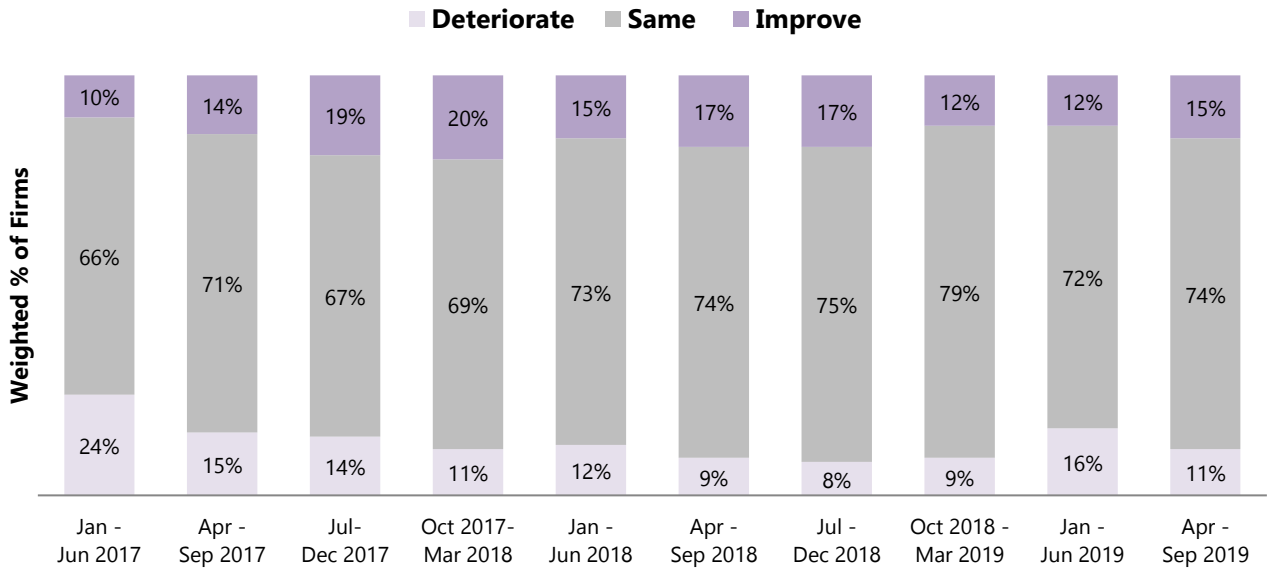
SECOND QUARTER 2019

Highlights

- A net weighted balance of 4% of firms in the services sector expects more favourable business conditions for the period of Apr - Sep 2019 compared with Oct 2018 - Mar 2019. This is an improvement over the net weighted balance of -4% recorded in the previous quarter (i.e. Jan – Jun 2019) but less optimistic when compared to the net weighted balance of +8% recorded for the same period last year (i.e. Apr - Sep 2018).



- A weighted 15% of firms is optimistic about the business conditions for Apr – Sep 2019 while a weighted 11% 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 2019 (by Industry)

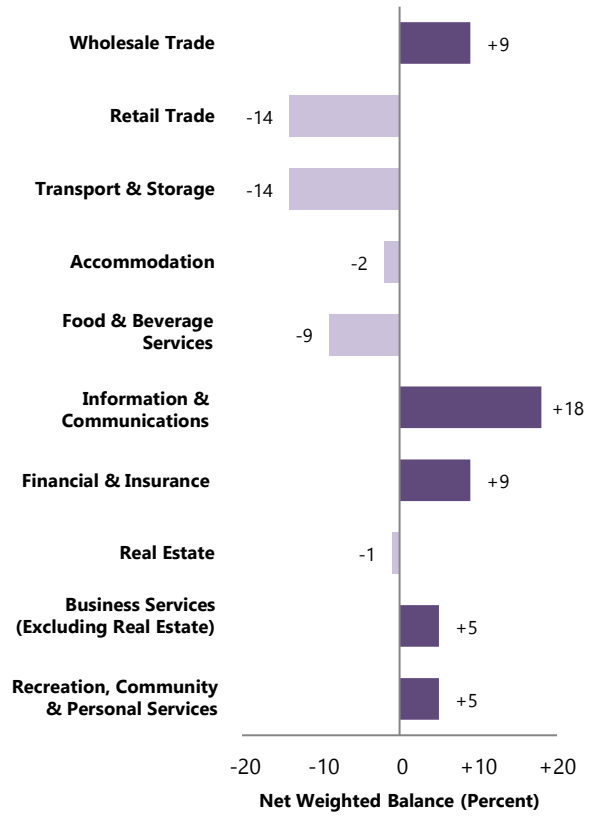
Within the services sector, the information & communications, wholesale trade and financial & insurance industries are among those which foresee more favourable business conditions during the period of Apr – Sep 2019 compared with Oct 2018 – Mar 2019 (Chart 1). On the other hand, the retail trade, transport & storage and food & beverage services industries are less optimistic in their business outlook.

Firms in the information & communications industry are optimistic in their business outlook for the next 6 months. Amongst them, firms engaged in computer programming & consultancy services, software publishing services and web portal services expect business conditions to improve.

Firms in the wholesale trade industry expect a more favourable business situation during the period of Apr – Sep 2019. In particular, wholesalers of machinery & equipment as well as petroleum & petroleum products expect higher demand for their products.

Firms in the financial & insurance industry also expect business conditions to improve over the next 6 months. Within the industry, fund management and insurance companies are among those that are optimistic in their business outlook.

Chart 1
General Business Outlook for Apr - Sep 2019



On the other hand, firms in the retail trade and food & beverage services industries foresee less favourable business conditions in the coming 6 months, compared to the period of Oct 2018 – Mar 2019 which coincided with the year-end holiday and festive period. Department stores and supermarkets are among those that are less optimistic in their business outlook during this period.

Similarly, firms in the transport & storage industry expect less favourable business conditions. In particular, air transport firms expect lower demand for the period of Apr – Sep 2019 compared to the preceding 6 months which included the year-end holiday period.

Operating Receipts and Employment Forecast for Apr - Jun 2019

A net weighted balance of 6% of firms in the services sector expects operating receipts to increase for the period of Apr – Jun 2019 compared with the period of Jan – Mar 2019.

In line with their positive business outlook, firms in the financial & insurance, information & communications and wholesale trade industries expect higher level of operating receipts in the second quarter of the year (Chart 2). Within the information & communications industry, software publishers expect higher sales for the period of Apr – Jun 2019.

On the other hand, firms in the retail trade and transport & storage industries expect lower turnover over the same period.

In terms of employment, a net weighted balance of 2% of firms in the services sector expects an increase in hiring activity for the period of Apr - Jun 2019.

Firms in the recreation, community & personal services, information & communications and business services industries expect to hire more over the next 3 months (Chart 3).

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

Conversely, firms in retail trade and food & beverage services industries expect to hire less as they anticipate slower business activities in the second quarter of the year.

Chart 2
Operating Receipts Forecast for 2nd Qtr 2019

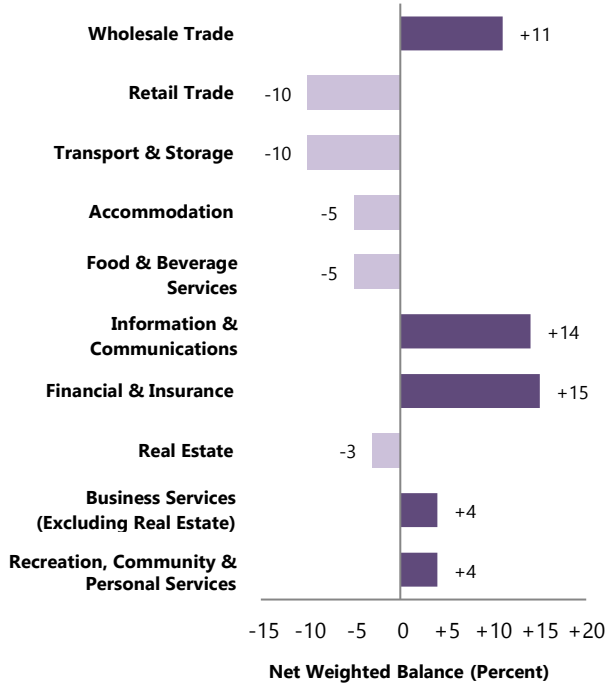
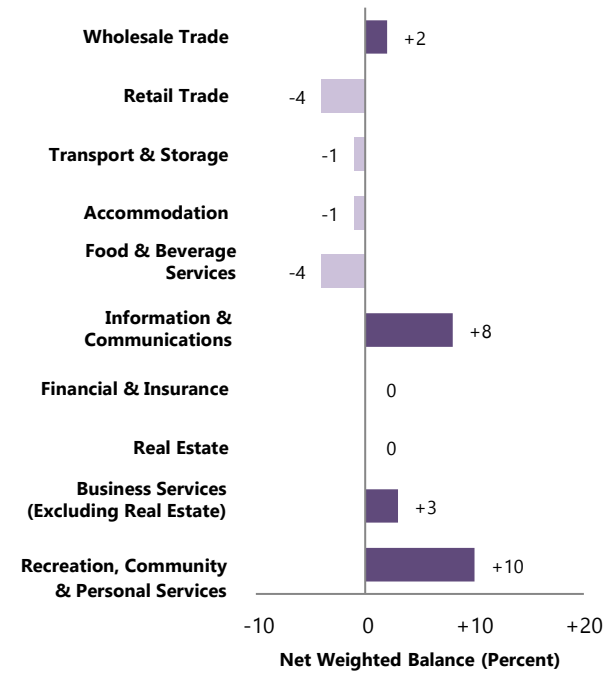


Chart 3
Employment Forecast for 2nd Qtr 2019



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 2nd quarter 2019 survey was conducted from Mar to mid-Apr 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
30 Apr 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 Apr - Sep 2019 compared with Oct 2018 - Mar 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		Up Same Down
TOTAL SERVICES SECTOR	**+4**	15 74 11
WHOLESALE & RETAIL TRADE	**+7**	16 75 9
Wholesale Trade	**+9**	15 79 6
Retail Trade	**-14**	22 42 36
TRANSPORT & STORAGE	**-14**	7 72 21
ACCOMMODATION & FOOD SERVICES	**-5**	16 63 21
Accommodation	**-2**	12 74 14
Food & Beverage Services	**-9**	21 49 30
INFORMATION & COMMUNICATIONS	**+18**	19 80 1
FINANCIAL & INSURANCE	**+9**	23 63 14
Banks & Finance Companies	**-3**	18 61 21
Security Dealing Activities	**+11**	11 89
Fund Management	**+4**	10 84 6
Insurance Companies	**+5**	14 77 9
Other Financial Services	**+34**	41 52 7
REAL ESTATE	**-1**	6 87 7
BUSINESS SERVICES (excluding Real Estate)	**+5**	14 77 9
RECREATION, COMMUNITY & PERSONAL SERVICES	**+5**	12 81 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.

APPENDIX

Chart A.2 Operating Receipts Forecast for Apr - Jun 2019 compared with Jan – Mar 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		Up Same Down
TOTAL SERVICES SECTOR	**+6**	18 70 12
WHOLESALE & RETAIL TRADE	**+9**	18 73 9
Wholesale Trade	**+11**	18 75 7
Retail Trade	**-10**	25 40 35
TRANSPORT & STORAGE	**-10**	9 72 19
ACCOMMODATION & FOOD SERVICES	**-5**	14 67 19
Accommodation	**-5**	16 63 21
Food & Beverage Services	**-5**	12 71 17
INFORMATION & COMMUNICATIONS	**+14**	15 84 1
FINANCIAL & INSURANCE	**+15**	31 53 16
Banks & Finance Companies	**-3**	20 57 23
Security Dealing Activities	**+11**	11 89
Fund Management	**+8**	8 92
Insurance Companies	**+19**	40 39 21
Other Financial Services	**+46**	52 42 6
REAL ESTATE	**-3**	5 87 8
BUSINESS SERVICES (excluding Real Estate)	**+4**	18 68 14
RECREATION, COMMUNITY & PERSONAL SERVICES	**+4**	14 76 10

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.

APPENDIX

Chart A.3 Employment Forecast for Apr – Jun 2019 compared with Jan – Mar 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		Up Same Down
TOTAL SERVICES SECTOR	**+2**	11 80 9
WHOLESALE & RETAIL TRADE	**0**	10 80 10
Wholesale Trade	**+2**	6 90 4
Retail Trade	**-4**	17 62 21
TRANSPORT & STORAGE	**-1**	5 89 6
ACCOMMODATION & FOOD SERVICES	**-3**	13 71 16
Accommodation	**-1**	17 65 18
Food & Beverage Services	**-4**	12 72 16
INFORMATION & COMMUNICATIONS	**+8**	13 82 5
FINANCIAL & INSURANCE	**0**	9 82 9
Banks & Finance Companies	**-7**	6 81 13
Security Dealing Activities	**+10**	20 70 10
Fund Management	**+24**	24 76
Insurance Companies	**+5**	13 79 8
Other Financial Services	**+9**	11 87 2
REAL ESTATE	**0**	12 76 12
BUSINESS SERVICES (excluding Real Estate)	**+3**	12 79 9
RECREATION, COMMUNITY & PERSONAL SERVICES	**+10**	13 84 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.