



Business Expectations Services Sector

Second Quarter 2020¹

GENERAL BUSINESS OUTLOOK (APR – SEP 2020)

The services sector in Singapore expects business conditions to deteriorate in the next 6 months, with a net weighted balance of 58% of firms predicting less favourable business outlook for the period of Apr – Sep 2020 compared to Oct 2019 – Mar 2020.

General Business Outlook for the Next 6 Months



-58%
Net Weighted
Balance



OPERATING RECEIPTS FORECAST (APR – JUN 2020)



-53%
Net Weighted
Balance



EMPLOYMENT FORECAST (APR – JUN 2020)



-24%
Net Weighted
Balance

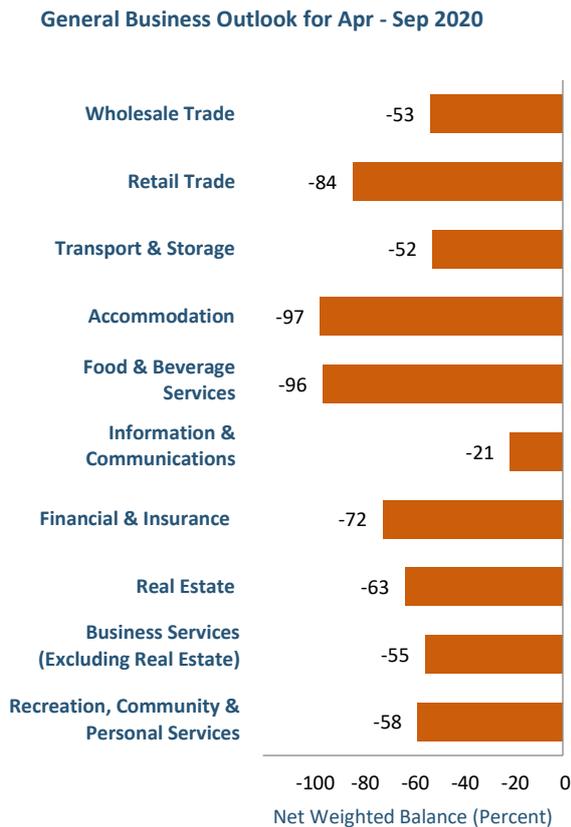


¹The 2nd quarter 2020 survey was conducted from Mar to Apr 2020, during the implementation of Circuit Breaker measures which included closure of non-essential services, prohibition of social gatherings and allowing only delivery/take-away for food & beverage establishments.

GENERAL BUSINESS OUTLOOK (APR – SEP 2020)

All industries within the services sector expect the level of business activity to decline for Apr – Sep 2020 compared to Oct 2019 – Mar 2020.

Among the services industries, industries more affected by COVID-19 are the accommodation, food & beverage services and retail trade.



Firms in the accommodation industry expect business conditions to deteriorate as they are affected by global travel restrictions. Similarly, air transport firms within the transport & storage industry also foresee a drop in demand due to travel restrictions.

For the food & beverage services and retail trade industries, they expect the business situation to be less favourable due to the implementation of the Circuit Breaker measures in Apr-May 2020, and in anticipation that demand may not recover immediately after the Circuit Breaker period.

For the financial & insurance industry, banks and finance companies foresee the global economic slowdown from COVID-19 to adversely affect their business.

The wholesale trade industry also expects business conditions to worsen for the period Apr – Sep 2020. In particular, wholesalers of petroleum & petroleum products cited low demand for oil due to weak global economic conditions for their negative outlook.

The information & communications industry expects less favourable business conditions for the next 6 months. Despite the negative outlook of the industry, the software publishing segment (including firms engaged in games publishing) is positive in the business outlook. There are also firms, such as those engaged in web portal services, that foresee business level to remain largely at similar level.

OPERATING RECEIPTS AND EMPLOYMENT FORECAST (APR – JUN 2020)

The services sector, with a net weighted balance of -53% of firms, expects operating receipts to decrease for the period of Apr – Jun 2020 compared with the period of Jan – Mar 2020.

In line with their negative business outlook, firms in the accommodation, food & beverage services and retail trade industries expect lower turnover in the second quarter of the year, due mainly to travel restrictions and Circuit Breaker measures.

In terms of employment, the services sector expects to reduce hiring for the period of Apr – Jun 2020 compared with the period of Jan – Mar 2020, with a net weighted balance of -24%.

Firms in the accommodation and retail trade industries expect to decrease hiring in second quarter 2020 in view of lower level of business activity during the Circuit Breaker period.

Likewise, the food & beverage services industry expects employment to drop due to dine-in restrictions.

Operating Receipts and Employment Forecast for 2nd Quarter 2020

<p>Wholesale Trade</p> <p>Operating Receipts Forecast -47%</p>  <p>Employment Forecast -13%</p>	<p>Retail Trade</p> <p>Operating Receipts Forecast -82%</p>  <p>Employment Forecast -22%</p>
<p>Transport & Storage</p> <p>Operating Receipts Forecast -46%</p>  <p>Employment Forecast -18%</p>	<p>Accommodation</p> <p>Operating Receipts Forecast -90%</p>  <p>Employment Forecast -56%</p>
<p>Food & Beverage Services</p> <p>Operating Receipts Forecast -88%</p>  <p>Employment Forecast -42%</p>	<p>Information & Communication</p> <p>Operating Receipts Forecast -12%</p>  <p>Employment Forecast -4%</p>
<p>Financial & Insurance</p> <p>Operating Receipts Forecast -65%</p>  <p>Employment Forecast -7%</p>	<p>Real Estate</p> <p>Operating Receipts Forecast -45%</p>  <p>Employment Forecast -30%</p>
<p>Business Services (excluding Real Estate)</p> <p>Operating Receipts Forecast -54%</p>  <p>Employment Forecast -38%</p>	<p>Recreation, Community & Personal Services</p> <p>Operating Receipts Forecast -69%</p>  <p>Employment Forecast -19%</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 2nd quarter 2020 survey was conducted from Mar to Apr 2020, during the implementation of Circuit Breaker measures which included closure of non-essential services, prohibition of social gatherings and allowing only delivery/take-away for food & beverage establishments. 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.



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

or through the QR code below.



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