

Business Expectations Survey (Services Sector)

Third Quarter 2015

BUSINESS EXPECTATIONS SURVEY (SERVICES SECTOR)

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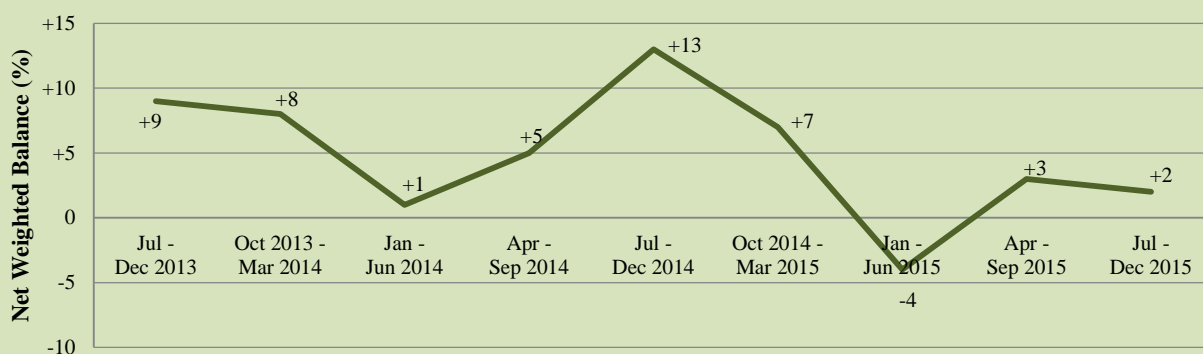
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Business Expectations of Services Sector Third Quarter 2015

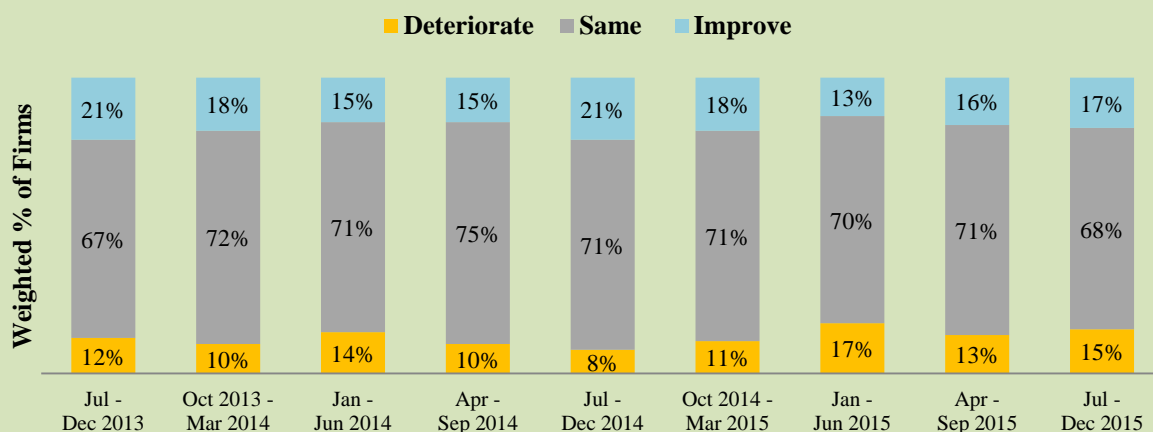
Highlights

- A net weighted balance of 2% of firms in the services sector is optimistic about business prospects for the period of Jul - Dec 2015 compared with Jan - Jun 2015. The positive magnitude is comparable with the net weighted balance of 3% registered for Apr - Sep 2015, but lower than the 13% registered for the same period last year (i.e. Jul - Dec 2014).

Business Outlook for the next 6 months



- The majority of firms (a weighted 68%) predict the business conditions to remain the same for Jul - Dec 2015. A weighted 17% of firms anticipates better business prospects while a weighted 15% of firms projects slower business.



General Business Outlook for Jul – Dec 2015 (by Industry)

Within the services sector, all industries except the real estate and wholesale trade industries are optimistic about the business conditions for the next six-month period ending Dec 2015 (Chart 1).

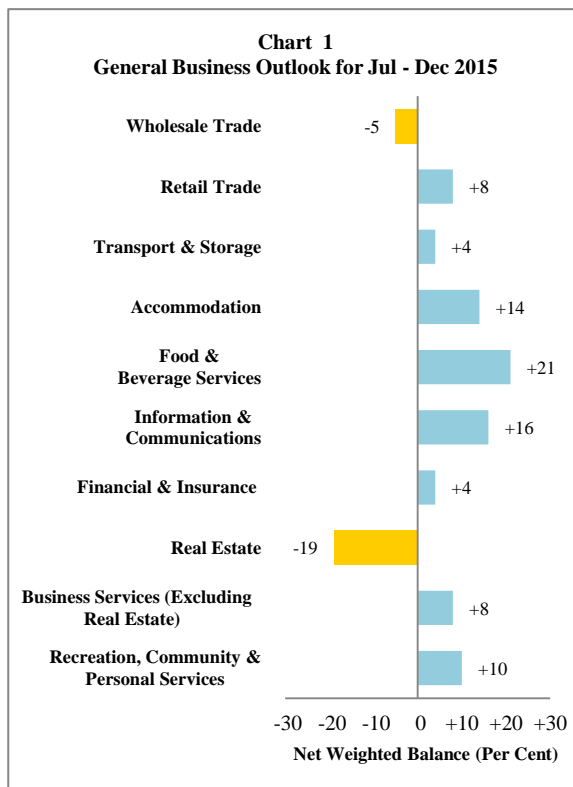
A net weighted balance of 14% of firms in the accommodation industry expects better business prospects for Jul - Dec 2015. Hotels expect higher volume of business due to the upcoming Formula One night race and the year-end holiday period.

Besides the accommodation industry, the food & beverage services and information & communications services industries are optimistic about business conditions for the second half of 2015, registering net weighted balances of 21% and 16% respectively.

For the recreation, community & personal services industry, a net weighted balance of 10% of firms expects higher level of business activity for Jul - Dec 2015. Within the industry, healthcare services providers anticipate increased demand for their services.

On the other hand, the real estate industry expects the business situation to be less favourable for the second half of 2015. Developers continue to cite the series of government measures, including the Additional Buyer’s Stamp Duty (ABSD) and the Total Debt Servicing Ratio (TDSR) framework, as the reasons for their negative outlook.

For the wholesale trade industry, a net weighted balance of 5% of firms expects slower business for Jul - Dec 2015. In particular, wholesalers of petroleum & petroleum products cited the uncertainty in the global economy for their negative outlook.



Operating Receipts and Employment Forecast for Jul - Sep 2015 (by Industry)

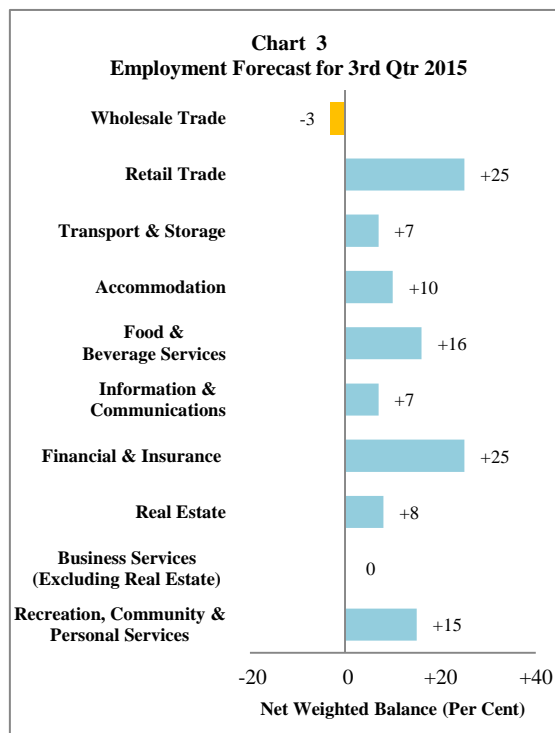
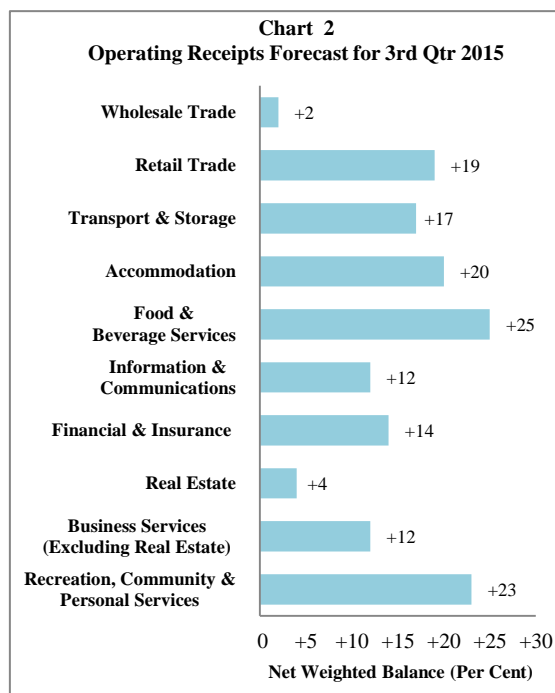
A net weighted balance of 11% of firms in the services sector expects operating receipts to increase for the third quarter of 2015 compared to the preceding quarter.

All the services industries expect revenue to increase during the three month period ending Sep 2015 compared to the three month period ending Jun 2015 (Chart 2). The food & beverage services industry is the most optimistic (+25%), followed by recreation, community & personal services (+23%), accommodation (+20%) and retail trade (+19%).

In terms of employment, a net weighted balance of 8% of firms in the services sector expects an increase in hiring activity in the third quarter of 2015. All services industries, except the wholesale trade industry, expect employment level to increase (Chart 3).

In line with the anticipated increase in sales, the retail trade and food & beverage industries plan to increase recruitment in the third quarter of 2015.

Firms in the financial & insurance industry also expect to increase hiring activity. In particular, banks, fund managers & insurance firms expect to hire more staff as they anticipate a higher demand for their services.



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 3rd quarter 2015 survey was conducted from Jun 2015 to mid-Jul 2015. 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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Chart A.1 General Business Outlook for Jul - Dec 2015 compared with Jan - Jun 2015

Industry	Net Weighted Balance	Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+2	17 Up, 68 Same, 15 Down
WHOLESALE & RETAIL TRADE	-3	18 Up, 61 Same, 21 Down
Wholesale Trade	-5	17 Up, 61 Same, 22 Down
Retail Trade	+8	24 Up, 60 Same, 16 Down
TRANSPORT & STORAGE	+4	13 Up, 78 Same, 9 Down
ACCOMMODATION & FOOD SERVICES	+17	23 Up, 71 Same, 6 Down
Accommodation	+14	19 Up, 76 Same, 5 Down
Food & Beverage Services	+21	28 Up, 65 Same, 7 Down
INFORMATION & COMMUNICATIONS	+16	19 Up, 78 Same, 3 Down
FINANCIAL & INSURANCE	+4	19 Up, 66 Same, 15 Down
Banks & Finance Companies	+3	9 Up, 85 Same, 6 Down
Security Dealing Activities	-23	77 Same, 23 Down
Fund Management	+21	21 Up, 79 Same
Insurance Companies	+6	20 Up, 66 Same, 14 Down
Other Financial Services	+2	42 Up, 18 Same, 40 Down
REAL ESTATE	-19	2 Up, 77 Same, 21 Down
BUSINESS SERVICES (excluding Real Estate)	+8	25 Up, 58 Same, 17 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+10	14 Up, 82 Same, 4 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.2 Operating Receipts Forecast for Jul - Sep 2015 compared with Apr - Jun 2015

Industry	Net Weighted Balance	Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+11	26 Up, 59 Same, 15 Down
WHOLESALE & RETAIL TRADE	+3	21 Up, 61 Same, 18 Down
Wholesale Trade	+2	19 Up, 64 Same, 17 Down
Retail Trade	+19	42 Up, 35 Same, 23 Down
TRANSPORT & STORAGE	+17	30 Up, 57 Same, 13 Down
ACCOMMODATION & FOOD SERVICES	+22	27 Up, 68 Same, 5 Down
Accommodation	+20	24 Up, 72 Same, 4 Down
Food & Beverage Services	+25	32 Up, 61 Same, 7 Down
INFORMATION & COMMUNICATIONS	+12	22 Up, 68 Same, 10 Down
FINANCIAL & INSURANCE	+14	30 Up, 54 Same, 16 Down
Banks & Finance Companies	+18	27 Up, 64 Same, 9 Down
Security Dealing Activities	-30	12 Up, 46 Same, 42 Down
Fund Management	+29	29 Up, 71 Same, 0 Down
Insurance Companies	+44	57 Up, 30 Same, 13 Down
Other Financial Services	-15	25 Up, 35 Same, 40 Down
REAL ESTATE	+4	16 Up, 72 Same, 12 Down
BUSINESS SERVICES (excluding Real Estate)	+12	33 Up, 46 Same, 21 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+23	30 Up, 63 Same, 7 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 Jul - Sep 2015 compared with Apr - Jun 2015

Industry	Net Weighted Balance	Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+8	17 Up, 74 Same, 9 Down
WHOLESALE & RETAIL TRADE	+6	16 Up, 74 Same, 10 Down
Wholesale Trade	-3	9 Up, 79 Same, 12 Down
Retail Trade	+25	30 Up, 65 Same, 5 Down
TRANSPORT & STORAGE	+7	14 Up, 79 Same, 7 Down
ACCOMMODATION & FOOD SERVICES	+14	22 Up, 70 Same, 8 Down
Accommodation	+10	14 Up, 82 Same, 4 Down
Food & Beverage Services	+16	25 Up, 66 Same, 9 Down
INFORMATION & COMMUNICATIONS	+7	14 Up, 79 Same, 7 Down
FINANCIAL & INSURANCE	+25	28 Up, 69 Same, 3 Down
Banks & Finance Companies	+24	27 Up, 70 Same, 3 Down
Security Dealing Activities	-15	16 Up, 53 Same, 31 Down
Fund Management	+78	78 Up, 22 Same, 0 Down
Insurance Companies	+21	21 Up, 79 Same, 0 Down
Other Financial Services	+24	24 Up, 76 Same, 0 Down
REAL ESTATE	+8	14 Up, 50 Same, 6 Down
BUSINESS SERVICES (excluding Real Estate)	0	15 Up, 70 Same, 15 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+15	20 Up, 75 Same, 5 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.