



Business Expectations (Services Sector)

Third Quarter 2018

BUSINESS EXPECTATIONS (SERVICES SECTOR)
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Business Expectations

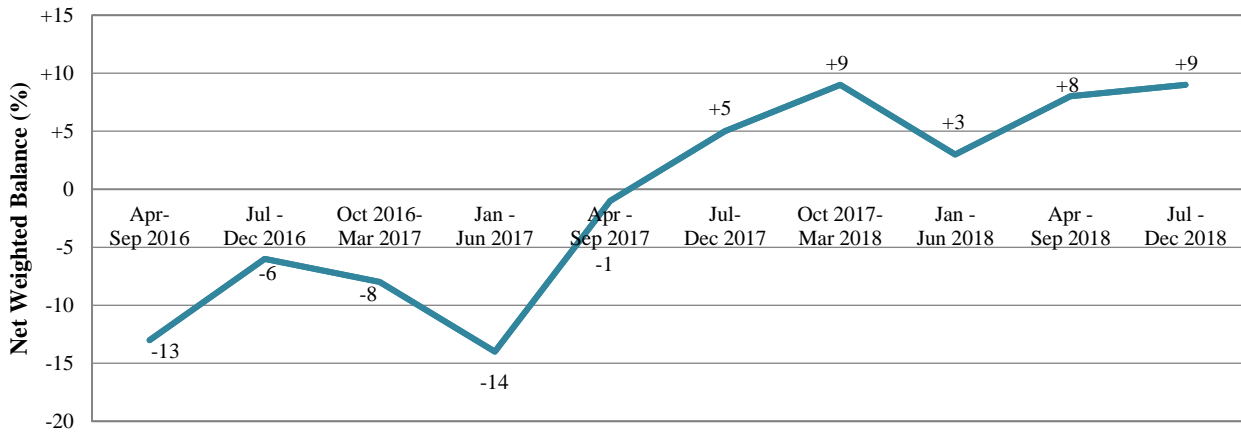
Services Sector

THIRD QUARTER 2018

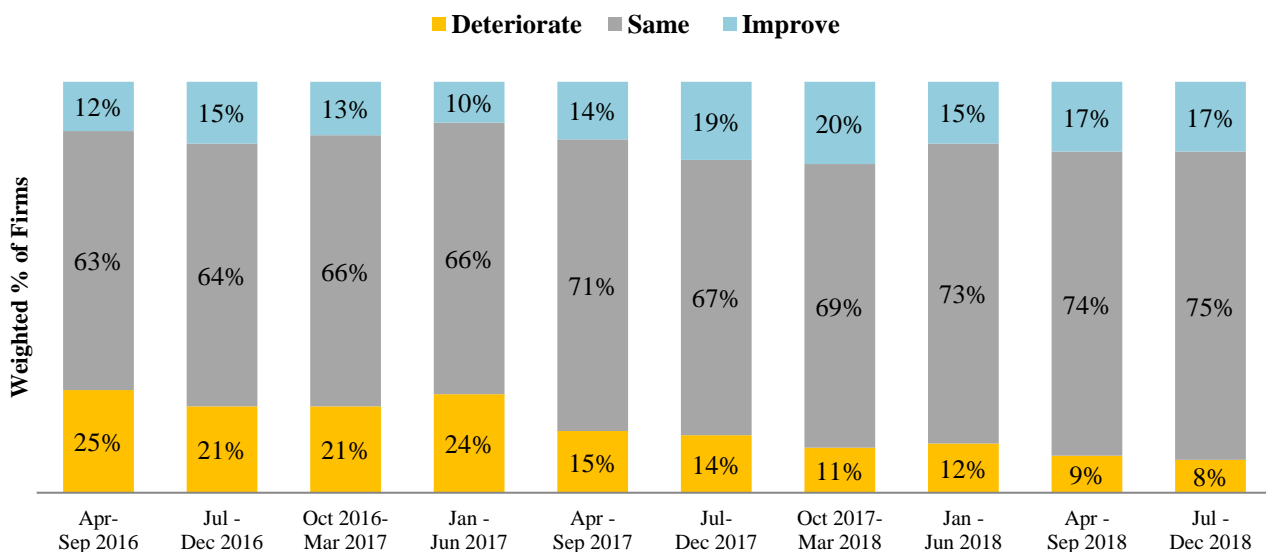
Highlights

- A net weighted balance of +9% of firms in the services sector expects more favourable business conditions for the period of Jul - Dec 2018 compared with Jan - Jun 2018. This is comparable to the net weighted balance of +8% recorded in the previous quarter's survey (i.e. for Apr – Sep 2018) and an improvement from the net weighted balance of +5% recorded over the same period last year (i.e. for Jul - Dec 2017).

Business Outlook for the Next 6 Months



- A weighted 17% of firms is optimistic about the business conditions for Jul – Dec 2018 while a weighted 8% of firms foresees slower business. The majority of firms (a weighted 75%) anticipate the level of business activity to remain the same.



General Business Outlook for Jul - Dec 2018 (by Industry)

All industries within the services sector, except for the real estate industry, foresee business conditions to be more favourable during the period of Jul – Dec 2018 compared with Jan – Jun 2018 (Chart 1).

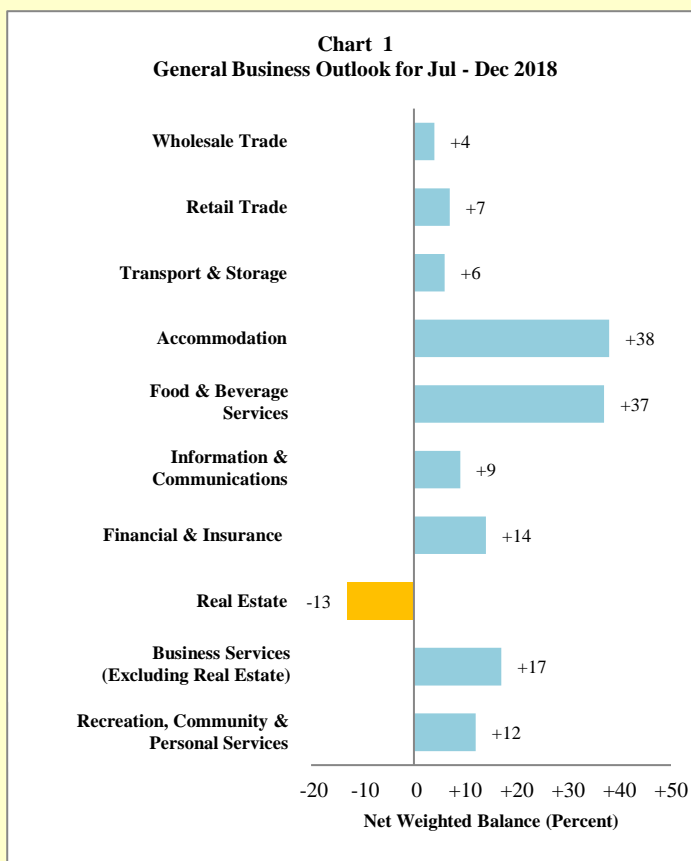
Firms in the accommodation and food & beverage services industries are upbeat about the business conditions in the next 6 months ending Dec 2018 which coincides with the year-end holidays and the festive season.

Firms in the business services industry also foresee an improvement in business conditions in the second half of 2018. Firms engaged in legal, management consultancy and engineering activities are among those which expect an increase in demand for their services.

A net weighted balance of +14% of the firms in the financial & insurance industry expects business situation to improve for the next 6 months. Within the industry, banks and insurance firms are among the most optimistic in their business outlook.

Firms in the recreation, community & personal services industry project a positive business outlook, registering a net weighted balance of +12%, with those engaged in amusement & recreation activities expecting more visitors during the year-end period.

On the other hand, firms in the real estate industry expect less favourable business conditions for Jul – Dec 2018. In particular, real estate developers expect the recent government property cooling measures including the Additional Buyer’s Stamp Duty (ABSD) and Loan-to-Value (LTV) limits to have a negative impact on the property market.



Operating Receipts and Employment Forecast for Jul - Sep 2018

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

Within the services sector, the accommodation and food & beverage services industries are the most optimistic in their revenue outlook for Jul – Sep 2018 (Chart 2). Hoteliers expect brisk business due to the upcoming Formula One night race in Sep 2018.

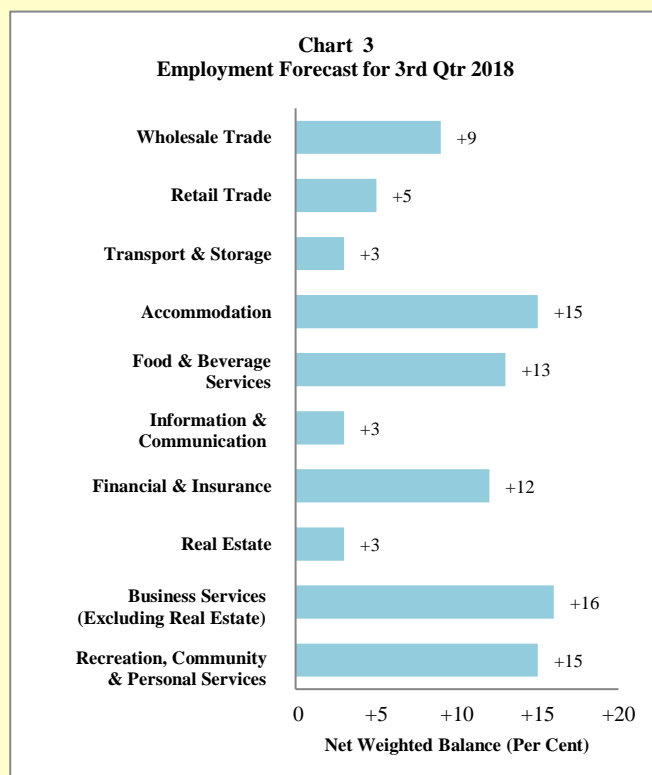
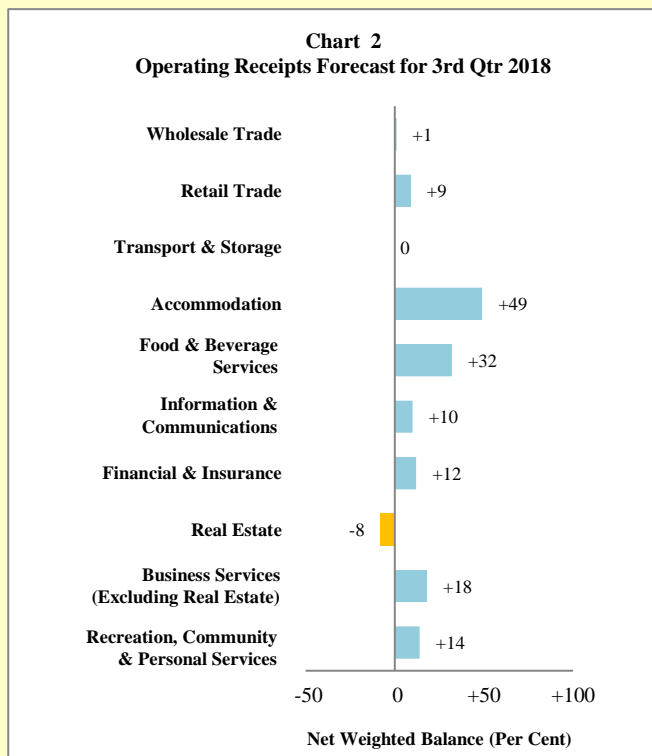
Firms in the business services, recreation, community & personal services and financial & insurance industries also expect revenue to increase for third quarter 2018, registering net weight balances of +18%, +14% and +12% respectively.

Conversely, firms in the real estate industry expect lower turnover during the period of Jul – Sep 2018 compared with Apr – Jun 2018.

In terms of employment, a net weighted balance of +10% of firms in the services sector expects to increase hiring activity for the period of Jul – Sep 2018.

All industries within the services sector expect to hire more in third quarter 2018. Firms in the business services and recreation, community & personal services industries are among the most optimistic in their hiring outlook in the third quarter of 2018, registering net weight balances of +16% and +15% respectively (Chart 3).

In line with their positive sentiments in operating receipts, firms in the accommodation and food & beverage services industries also expect an increase in employment in the next three months ending Sep 2018.



Business Expectations of Services Sector, Third 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 3rd quarter 2018 survey was conducted from Jun to mid-Jul 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
31 Jul 2018

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 Jul - Dec 2018 compared with Jan - Jun 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+9	17 75 8
WHOLESALE & RETAIL TRADE	+4	11 82 7
Wholesale Trade	+4	9 86 5
Retail Trade	+7	28 51 21
TRANSPORT & STORAGE	+6	18 70 12
ACCOMMODATION & FOOD SERVICES	+37	45 47 8
Accommodation	+38	44 50 6
Food & Beverage Services	+37	46 45 9
INFORMATION & COMMUNICATIONS	+9	15 79 6
FINANCIAL & INSURANCE	+14	22 70 8
Banks & Finance Companies	+17	24 69 7
Security Dealing Activities	+10	10 90
Fund Management	+1	18 65 17
Insurance Companies	+23	31 61 8
Other Financial Services	+12	18 76 6
REAL ESTATE	-13	5 77 18
BUSINESS SERVICES (excluding Real Estate)	+17	23 71 6
RECREATION, COMMUNITY & PERSONAL SERVICES	+12	15 82 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.

Chart A.2 Operating Receipts Forecast for Jul - Sep 2018 compared with Apr - Jun 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+8	20 Up, 68 Same, 12 Down
WHOLESALE & RETAIL TRADE	+2	20 Up, 62 Same, 18 Down
Wholesale Trade	+1	20 Up, 61 Same, 19 Down
Retail Trade	+9	26 Up, 57 Same, 17 Down
TRANSPORT & STORAGE	0	16 Up, 68 Same, 16 Down
ACCOMMODATION & FOOD SERVICES	+42	47 Up, 48 Same, 5 Down
Accommodation	+49	51 Up, 47 Same, 2 Down
Food & Beverage Services	+32	42 Up, 48 Same, 10 Down
INFORMATION & COMMUNICATIONS	+10	17 Up, 76 Same, 7 Down
FINANCIAL & INSURANCE	+12	19 Up, 74 Same, 7 Down
Banks & Finance Companies	+8	9 Up, 90 Same, 1 Down
Security Dealing Activities	+10	10 Up, 90 Same, 0 Down
Fund Management	+9	25 Up, 59 Same, 16 Down
Insurance Companies	+17	43 Up, 31 Same, 26 Down
Other Financial Services	+15	19 Up, 77 Same, 4 Down
REAL ESTATE	-8	6 Up, 80 Same, 14 Down
BUSINESS SERVICES (excluding Real Estate)	+18	29 Up, 60 Same, 11 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+14	18 Up, 78 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.3 Employment Forecast for Jul – Sep 2018 compared with Apr – Jun 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+10	15 80 5
WHOLESALE & RETAIL TRADE	+7	11 85 4
Wholesale Trade	+9	9 91
Retail Trade	+5	16 73 11
TRANSPORT & STORAGE	+3	7 89 4
ACCOMMODATION & FOOD SERVICES	+13	17 79 4
Accommodation	+15	21 73 6
Food & Beverage Services	+13	16 81 3
INFORMATION & COMMUNICATIONS	+3	7 89 4
FINANCIAL & INSURANCE	+12	15 82 3
Banks & Finance Companies	+10	14 82 4
Security Dealing Activities	+8	8 92
Fund Management	+27	27 73
Insurance Companies	+16	17 82 1
Other Financial Services	+8	9 90 1
REAL ESTATE	+3	12 79 9
BUSINESS SERVICES (excluding Real Estate)	+16	24 68 8
RECREATION, COMMUNITY & PERSONAL SERVICES	+15	16 83 1

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.