Business Expectations (Services Sector)

Third Quarter 2019

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DEPARTMENT OF STATISTICS SINGAPORE

BUSINESS EXPECTATIONS (SERVICES SECTOR)
ISSN 2591-7412

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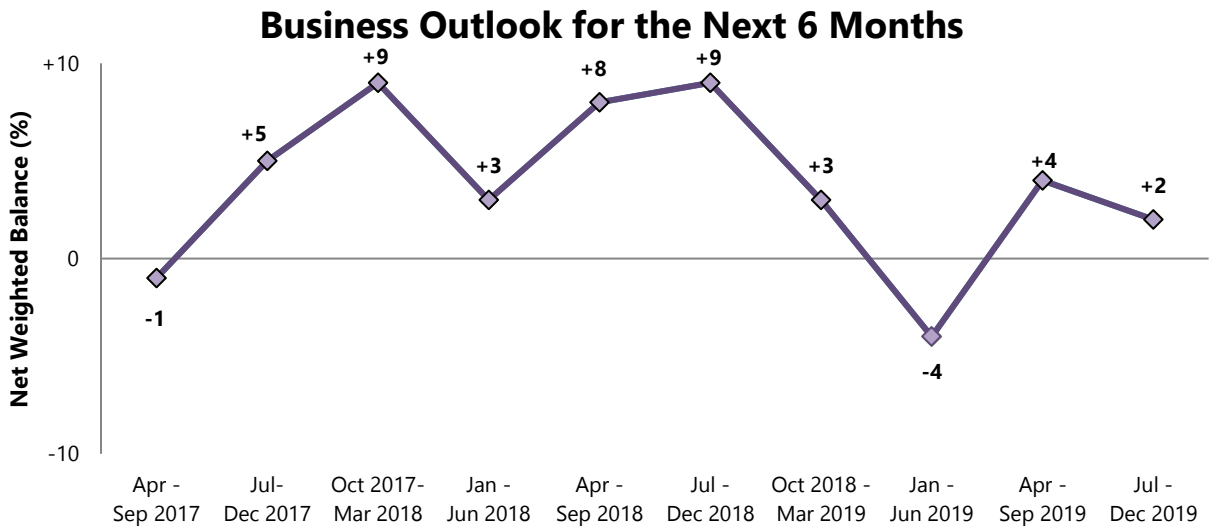
Business Expectations

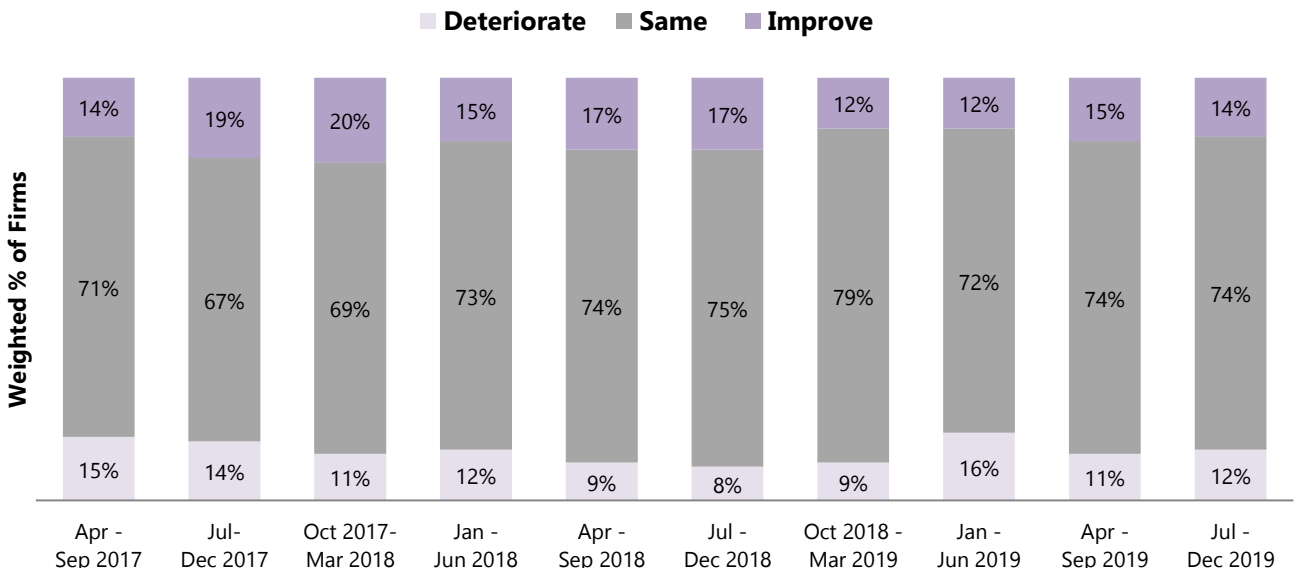
Services Sector

THIRD QUARTER 2019

Highlights

Business expectations of firms in the services sector have moderated in the second half of 2019 compared to first half of 2019. 14% of firms[1] are optimistic about the business conditions while 12% of firms foresee slower business, resulting in a net weighted balance of 2% of firms predicting a more favourable business outlook for the period of Jul – Dec 2019. The sentiment is weaker than the net weighted balance of +4% recorded in the previous quarter (i.e. Apr – Sep 2019) and +9% recorded for the same period last year (i.e. Jul - Dec 2018).



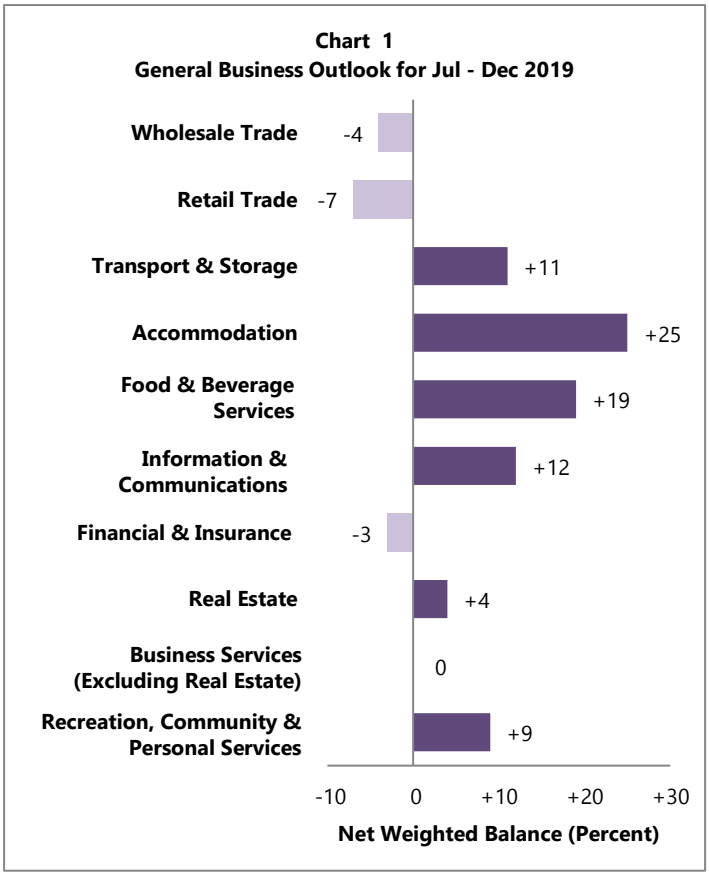


[1] *Refers to weighted percentage of firms.*

General Business Outlook for Jul - Dec 2019 (by Industry)

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

Firms in the accommodation and food & beverage services industries are optimistic in their business outlook for the next 6 months ending Dec 2019 which coincides with the year-end festive season. Hoteliers expect better business due to the upcoming Formula One night race in September 2019.



Firms in the information & communications industry expect business situation to improve during the period of Jul – Dec 2019. In particular, firms engaged in computer programming & consultancy services and web portal services foresee favourable business conditions.

Firms in the transport & storage industry also expect better business prospects in the next 6 months ending Dec 2019. Within the industry, shipping lines and air transport firms foresee higher cargo and passenger volume in the coming months.

On the other hand, firms in the retail trade industry foresee less favourable business situation in the next 6 months. Retailers of wearing apparels & footwear and motor vehicles are among those that are less optimistic in their business outlook during this period.

Similarly, firms in the wholesale trade and financial & insurance industries are less optimistic in their business outlook for the period of Jul – Dec 2019 compared to the preceding 6 months. Wholesalers as well as banks and finance companies expect the ongoing trade conflict between US and China to have a negative impact on their businesses.

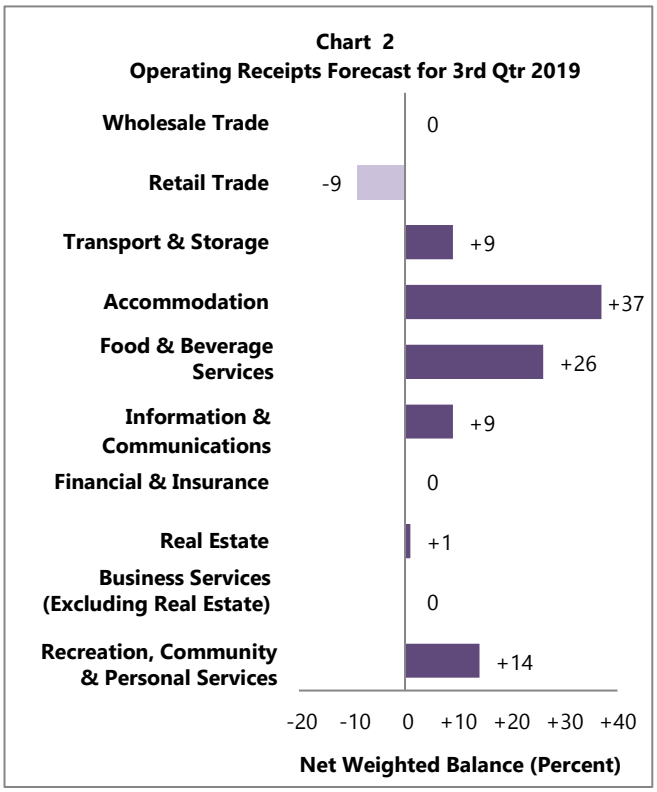
Operating Receipts and Employment Forecast for Jul - Sep 2019

The services sector, with a net weighted balance of 3% of firms, expects operating receipts to increase for the period of Jul – Sep 2019 compared with the period of Apr – Jun 2019.

Within the services sector, firms in the accommodation and food & beverage services industries expect higher level of operating receipts in the third quarter of the year (Chart 2).

Firms in the recreation, community & personal services industry also expect revenue to increase during the period of Jul – Sep 2019. In particular, the attractions and healthcare services segments expect higher turnover.

Conversely, firms in the retail trade industry expect lower turnover over the next 3 months.

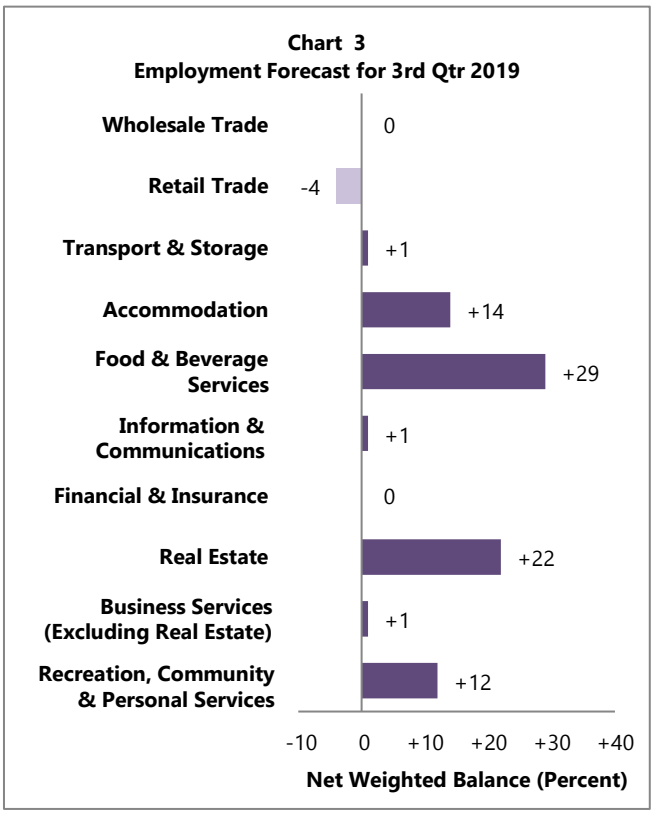


In terms of employment, the services sector, with a net weighted balance of 5% of firms, expects an increase in hiring activity for the period of Jul - Sep 2019.

In line with the positive sentiments for their operating receipts, firms in the food & beverage services and accommodation industries expect to hire more over the next 3 months (Chart 3).

Firms in the real estate industry also expect to increase hiring for the third quarter of 2019. This is due mainly to the firms engaged in the management of residential, commercial & industrial properties expecting an increase in demand for their services.

On the other hand, firms in the retail trade industry expect to hire less for the period of Jul – Sep 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 3rd quarter 2019 survey was conducted from Jun to mid-Jul 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
31 Jul 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 Jul - Dec 2019 compared with Jan - Jun 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down (Up / Same / Down)
TOTAL SERVICES SECTOR	+2	14 / 74 / 12
WHOLESALE & RETAIL TRADE	-4	11 / 74 / 15
Wholesale Trade	-4	10 / 76 / 14
Retail Trade	-7	20 / 53 / 27
TRANSPORT & STORAGE	+11	25 / 61 / 14
ACCOMMODATION & FOOD SERVICES	+22	34 / 54 / 12
Accommodation	+25	38 / 49 / 13
Food & Beverage Services	+19	29 / 61 / 10
INFORMATION & COMMUNICATIONS	+12	17 / 78 / 5
FINANCIAL & INSURANCE	-3	15 / 67 / 18
Banks & Finance Companies	-14	10 / 66 / 24
Security Dealing Activities	-23	7 / 63 / 30
Fund Management	-17	15 / 53 / 32
Insurance Companies	+11	19 / 73 / 8
Other Financial Services	+17	23 / 71 / 6
REAL ESTATE	+4	5 / 94 / 1
BUSINESS SERVICES (excluding Real Estate)	0	12 / 76 / 12
RECREATION, COMMUNITY & PERSONAL SERVICES	+9	16 / 77 / 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 Jul - Sep 2019 compared with Apr – Jun 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down (Up / Same / Down)
TOTAL SERVICES SECTOR	+3	15 / 73 / 12
WHOLESALE & RETAIL TRADE	-1	12 / 75 / 13
Wholesale Trade	0	11 / 78 / 11
Retail Trade	-9	23 / 45 / 32
TRANSPORT & STORAGE	+9	14 / 81 / 5
ACCOMMODATION & FOOD SERVICES	+32	44 / 44 / 12
Accommodation	+37	49 / 39 / 12
Food & Beverage Services	+26	39 / 48 / 13
INFORMATION & COMMUNICATIONS	+9	11 / 87 / 2
FINANCIAL & INSURANCE	0	21 / 58 / 21
Banks & Finance Companies	-14	13 / 60 / 27
Security Dealing Activities	-9	7 / 77 / 16
Fund Management	-17	15 / 53 / 32
Insurance Companies	+22	42 / 38 / 20
Other Financial Services	+23	24 / 75 / 1
REAL ESTATE	+1	4 / 93 / 3
BUSINESS SERVICES (excluding Real Estate)	0	13 / 74 / 13
RECREATION, COMMUNITY & PERSONAL SERVICES	+14	21 / 72 / 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.3 Employment Forecast for Jul – Sep 2019 compared with Apr – Jun 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		Up / Same / Down
TOTAL SERVICES SECTOR	**+5**	13 / 79 / 8
WHOLESALE & RETAIL TRADE	**-2**	7 / 84 / 9
Wholesale Trade	**0**	8 / 84 / 8
Retail Trade	**-4**	5 / 86 / 9
TRANSPORT & STORAGE	**+1**	8 / 85 / 7
ACCOMMODATION & FOOD SERVICES	**+26**	33 / 60 / 7
Accommodation	**+14**	22 / 70 / 8
Food & Beverage Services	**+29**	36 / 57 / 7
INFORMATION & COMMUNICATIONS	**+1**	8 / 85 / 7
FINANCIAL & INSURANCE	**0**	2 / 96 / 2
Banks & Finance Companies	**-2**	98 / 2
Security Dealing Activities	**-17**	83 / 17
Fund Management	**0**	100
Insurance Companies	**+1**	7 / 87 / 6
Other Financial Services	**+8**	9 / 90 / 1
REAL ESTATE	**+22**	27 / 68 / 5
BUSINESS SERVICES (excluding Real Estate)	**+1**	12 / 77 / 11
RECREATION, COMMUNITY & PERSONAL SERVICES	**+12**	16 / 80 / 4

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.