

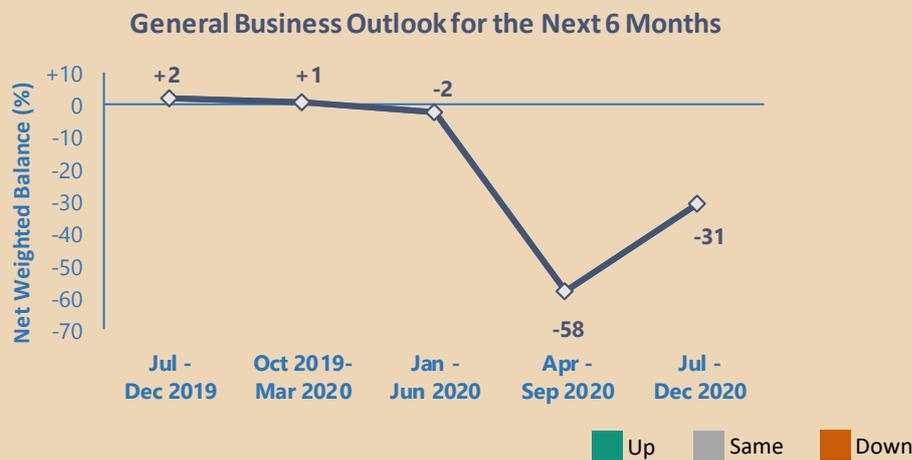


Business Expectations Services Sector

Third Quarter 2020¹

GENERAL BUSINESS OUTLOOK (JUL – DEC 2020)

The services sector in Singapore expects business conditions to deteriorate in the next 6 months ending Dec 2020. 40% of firms² foresee slower business conditions while 9% of firms are optimistic about the business conditions, resulting in a net weighted balance of 31% of firms predicting a less favourable business outlook for the period of Jul – Dec 2020. Though the business outlook remains negative, the net weighted balance of -31% is an improvement from the -58% recorded in previous quarter's survey for the period of Apr – Sep 2020.



-31%
Net Weighted
Balance



OPERATING RECEIPTS FORECAST (JUL – SEP 2020)



-29%
Net Weighted
Balance



EMPLOYMENT FORECAST (JUL – SEP 2020)



-21%
Net Weighted
Balance



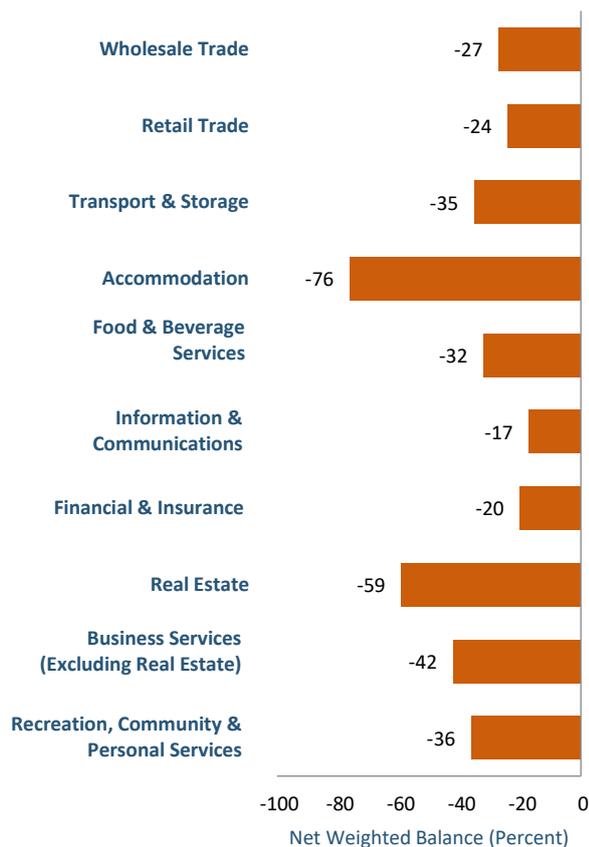
¹ The 3rd quarter 2020 survey was conducted from Jun to Jul 2020, with gradual resumption of business activities starting from Phase 1 on 2 Jun 2020. Phase 2 of re-opening started from 19 Jun, with the resumption of most activities subject to safe distancing measures and in groups of no more than 5 persons.

² Refers to weighted percentage of firms.

GENERAL BUSINESS OUTLOOK (JUL – DEC 2020)

All industries within the services sector expect the level of business activity to decline for Jul – Dec 2020 compared to Jan – Jun 2020.

General Business Outlook for Jul - Dec 2020



Firms in the accommodation industry expect a fall in demand for the next 6 months ending Dec 2020 as they foresee low tourist arrivals due to global travel restrictions.

The real estate industry also expects the business situation to be less favourable for the period of Jul-Dec 2020. Firms engaged in the rental of commercial and office premises foresee downward pressure on rental rates due to weaker demand for commercial and office spaces.

Similarly, the business services (excluding real estate) industry expects business conditions to worsen, with a net weighted balance of -42%. Travel agencies and event organisers are among those that expect business conditions to deteriorate.

The food & beverage services and retail trade industries expect the business situation to be less favourable for Jul-Dec 2020, with a net weighted balance of -32% and -24% respectively. The business sentiments have improved from the net weighted balance recorded in the previous quarter's survey (covering the Circuit Breaker period) at -96% for food & beverage services and -84% for retailers for the period of Apr-Sep 2020. While food & beverage services establishments are able to provide dine-in services and retailers can open their physical stores during Phase 2 of re-opening, they expect business to be affected due to the safe distancing measures which do not allow them to operate at full capacity.

The information & communications industry expects less favourable business conditions for the next 6 months. However, within the industry, firms in the software publishing segment (including firms engaged in games publishing) are positive in their business outlook.

OPERATING RECEIPTS AND EMPLOYMENT FORECAST (JUL – SEP 2020)

A net weighted balance of -29% of firms in the services sector expects operating receipts to decrease for the period of Jul – Sep 2020 compared with the period of Apr – Jun 2020.

Firms in the accommodation industry expect a drop in turnover in 3rd quarter 2020 in view of low tourist arrivals.

Similarly, the recreation, community & personal services industry, in particular firms engaged in amusement and recreation services, expects lower business receipts.

In terms of employment, the services sector expects the employment level to drop for the period of Jul – Sep 2020 compared with the period of Apr – Jun 2020, with a net weighted balance of -21%.

In line with their outlook for operating receipts, firms in the accommodation industry expect to decrease hiring in 3rd quarter 2020.

For the business services (excluding real estate) industry, travel agencies and event organisers foresee employment level to drop as they expect slower business in the next three months ending Sep 2020.

Operating Receipts and Employment Forecast for 3rd Quarter 2020

Wholesale Trade Operating Receipts Forecast -28%  Employment Forecast -18%			Retail Trade Operating Receipts Forecast -21%  Employment Forecast -15%		
Transport & Storage Operating Receipts Forecast -22%  Employment Forecast -19%			Accommodation Operating Receipts Forecast -68%  Employment Forecast -49%		
Food & Beverage Services Operating Receipts Forecast -29%  Employment Forecast -27%			Information & Communications Operating Receipts Forecast -12%  Employment Forecast -5%		
Financial & Insurance Operating Receipts Forecast -21%  Employment Forecast -6%			Real Estate Operating Receipts Forecast -40%  Employment Forecast -30%		
Business Services (excluding Real Estate) Operating Receipts Forecast -41%  Employment Forecast -37%			Recreation, Community & Personal Services Operating Receipts Forecast -35%  Employment Forecast -10%		

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 3rd quarter 2020 survey was conducted from Jun to Jul 2020, with gradual resumption of business activities starting from Phase 1 on 2 Jun 2020. Phase 2 of re-opening started from 19 Jun, with the resumption of most activities subject to safe distancing measures and in groups of no more than 5 persons. 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, accommodation, food & beverage services, information & communications, financial & insurance, 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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