

Business Expectations (Services Sector)

Fourth Quarter 2017

BUSINESS EXPECTATIONS (SERVICES SECTOR)

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Business Expectations

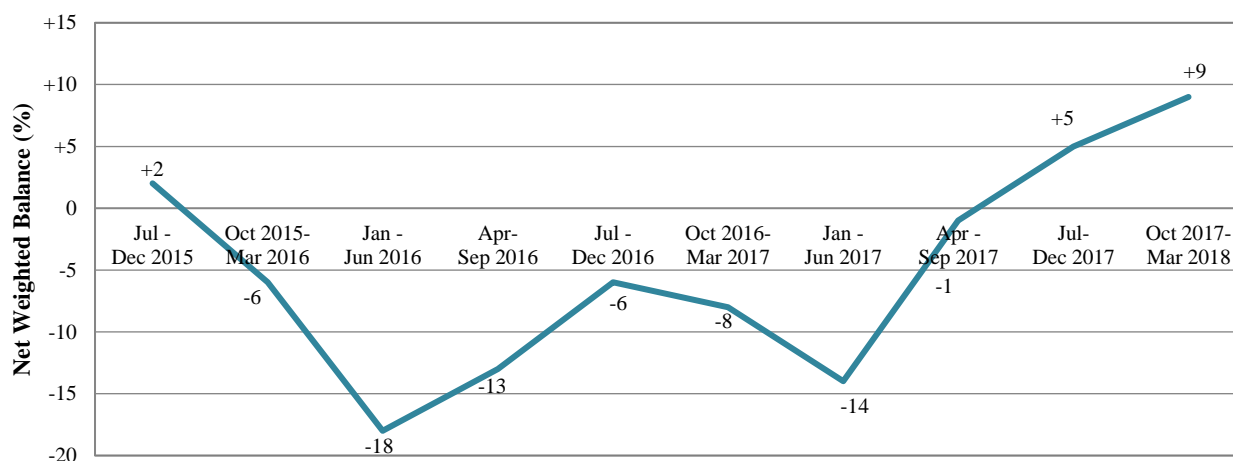
Services Sector

FOURTH QUARTER 2017

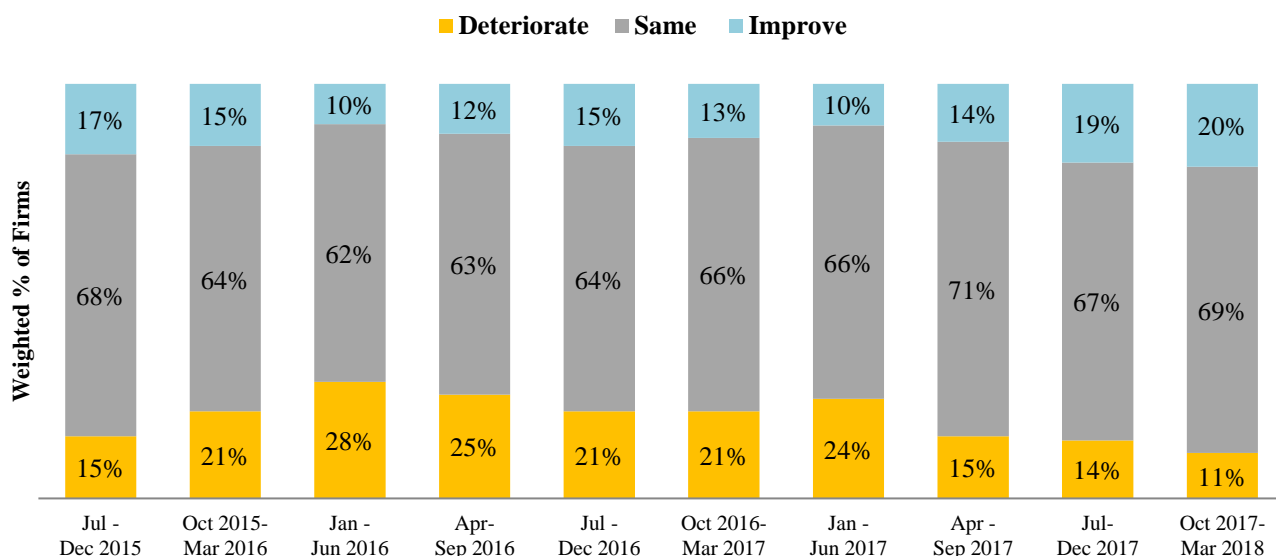
Highlights

- A net weighted balance of 9% of firms in the services sector expects more favourable business conditions for the period of Oct 2017 - Mar 2018 compared with Apr - Sep 2017. This is an improvement from the net weighted balance of +5% recorded in the previous quarter's survey (i.e. Jul - Dec 2017) and -8% recorded over the same period last year (i.e. Oct 2016 - Mar 2017).

Business Outlook for the Next 6 Months



- A weighted 20% of firms is optimistic about the business conditions for Oct 2017 – Mar 2018 while a weighted 11% of firms foresees slower business. The majority of firms (a weighted 69%) anticipate the level of business activity to remain the same.



General Business Outlook for Oct 2017 - Mar 2018 (by Industry)

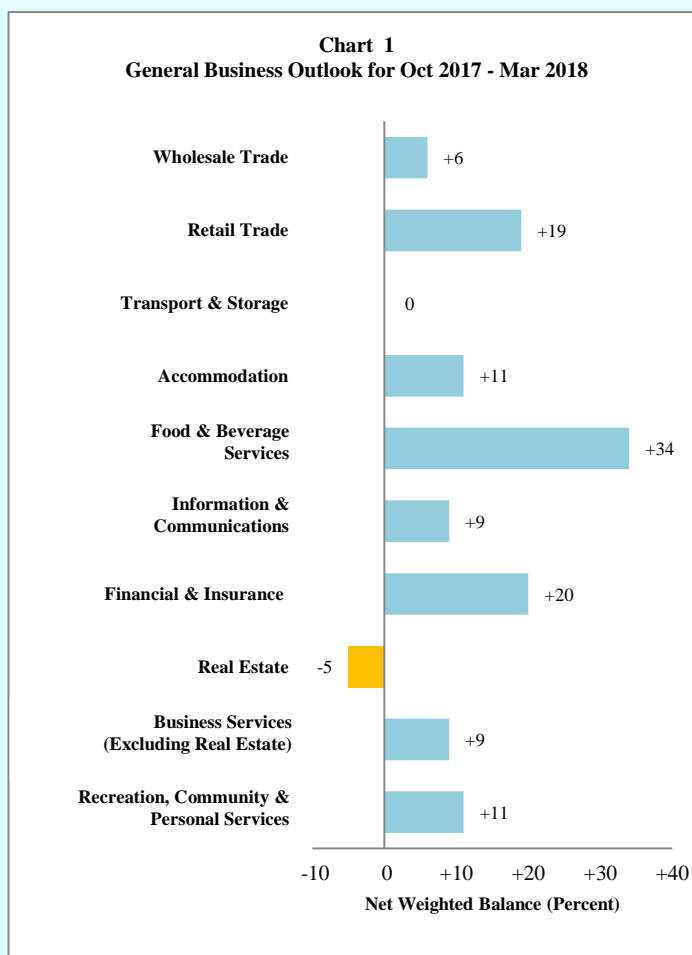
All industries within the services sector, except for the real estate industry, foresee business conditions to be more favourable during the period of Oct 2017 – Mar 2018 compared with Apr – Sep 2017.

Firms in the food & beverage services, retail trade and accommodation industries expect the year-end holidays and the festive season to have a positive impact in the business conditions in the next 6 months ending Mar 2018, with net weighted balances of +34%, +19% and +11% respectively (Chart 1).

Firms in the financial & insurance industry also expect business conditions to be more favourable. Within the industry, banks and insurance companies are among those that expect business conditions to improve over the next 6 months.

Similarly, firms in the recreation, community & personal services industry foresee an improvement in the business conditions for the coming 6 months ending Mar 2018. Within the industry, healthcare providers are more optimistic about the business situation as they foresee an increase in demand for their services.

On the other hand, the real estate industry expects business conditions to be less favourable during the period of Oct 2017 – Mar 2018 compared with Apr – Sep 2017. Within the real estate industry, firms engaged in the leasing of commercial premises expect weaker demand for their services.



Operating Receipts and Employment Forecast for Oct - Dec 2017

A net weighted balance of 11% of firms in the services sector expects operating receipts to increase for the period of Oct – Dec 2017 compared with the period of Jul – Sep 2017.

Firms in the retail trade industry are among the most optimistic in their revenue outlook (Chart 2). Within the retail trade industry, department stores and supermarkets are among those which expect brisk business during this period.

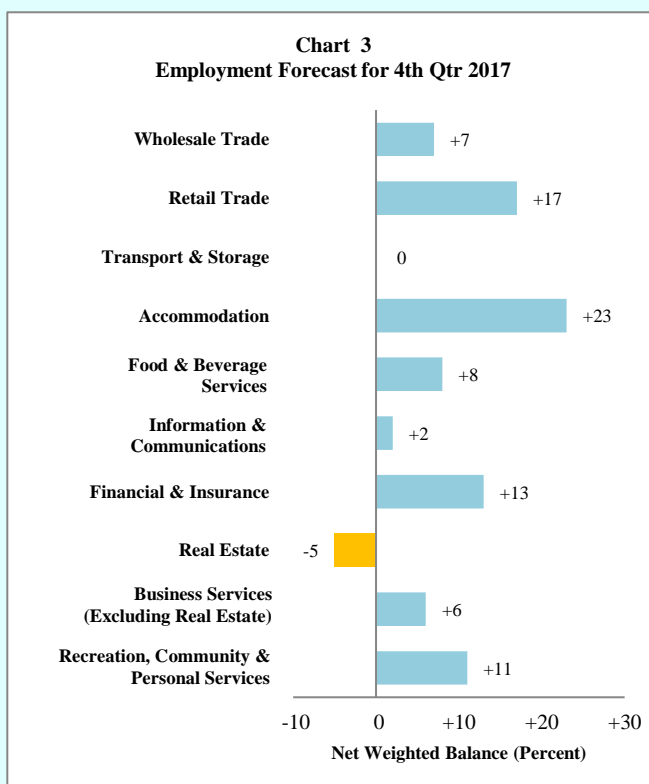
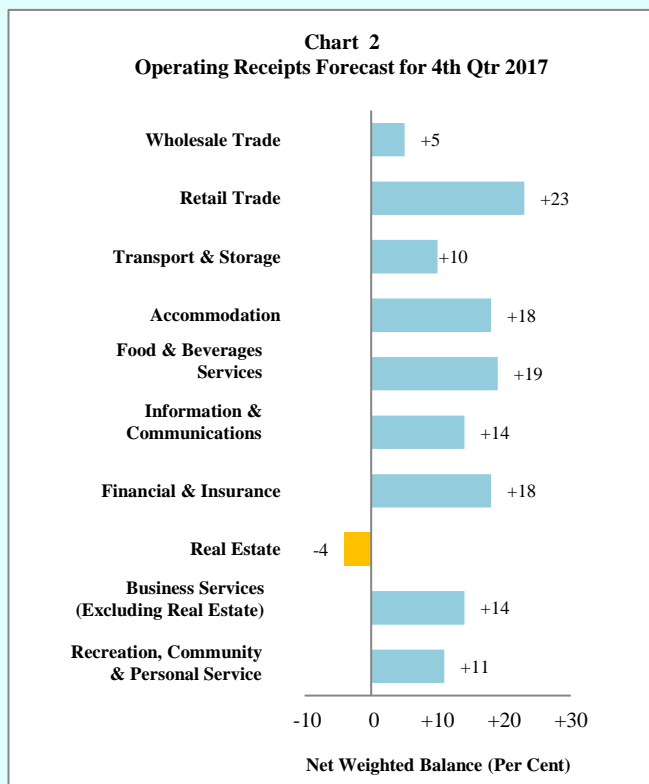
Firms in the information & communications industry also expect revenue to increase during the period of Oct – Dec 2017. In particular, firms engaged in computer programming, consultancy & related activities expect turnover to be higher in anticipation of higher demand for their services.

Conversely, firms in the real estate industry expect lower turnover during the period of Oct – Dec 2017 compared with Jul – Sep 2017.

In terms of employment, a net weighted balance of 7% of firms in the services sector expects to increase hiring in Oct – Dec 2017.

Firms in the accommodation, retail trade and financial & insurance industries expect to increase hiring activity due to an improvement in business conditions in the next three months (Chart 3).

On the other hand, firms in the real estate industry are less optimistic with a net weighted balance of 5% of firms expecting to reduce hiring in the fourth quarter of 2017.



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 4th quarter 2017 survey was conducted from Sep 2017 to mid-Oct 2017. 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
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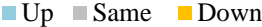
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Chart A.1 General Business Outlook for Oct 2017 - Mar 2018 compared with Apr - Sep 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+9	20 Up, 69 Same, 11 Down
WHOLESALE & RETAIL TRADE	+7	16 Up, 75 Same, 9 Down
Wholesale Trade	+6	13 Up, 80 Same, 7 Down
Retail Trade	+19	34 Up, 51 Same, 15 Down
TRANSPORT & STORAGE	0	23 Up, 54 Same, 23 Down
ACCOMMODATION & FOOD SERVICES	+22	41 Up, 40 Same, 19 Down
Accommodation	+11	32 Up, 47 Same, 21 Down
Food & Beverage Services	+34	52 Up, 30 Same, 18 Down
INFORMATION & COMMUNICATIONS	+9	15 Up, 79 Same, 6 Down
FINANCIAL & INSURANCE	+20	30 Up, 60 Same, 10 Down
Banks & Finance Companies	+4	22 Up, 60 Same, 18 Down
Security Dealing Activities	-7	19 Up, 55 Same, 26 Down
Fund Management	+22	22 Up, 78 Same, 0 Down
Insurance Companies	+37	42 Up, 53 Same, 5 Down
Other Financial Services	+40	41 Up, 58 Same, 1 Down
REAL ESTATE	-5	6 Up, 83 Same, 11 Down
BUSINESS SERVICES (excluding Real Estate)	+9	21 Up, 67 Same, 12 Down
RECREATION, COMMUNITY & PERSONAL	+11	17 Up, 77 Same, 6 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 Oct - Dec 2017 compared with Jul - Sep 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		
TOTAL SERVICES SECTOR	+11	26 Up, 59 Same, 15 Down
WHOLESALE & RETAIL TRADE	+7	27 Up, 53 Same, 20 Down
Wholesale Trade	+5	26 Up, 53 Same, 21 Down
Retail Trade	+23	37 Up, 49 Same, 14 Down
TRANSPORT & STORAGE	+10	24 Up, 62 Same, 14 Down
ACCOMMODATION & FOOD SERVICES	+18	41 Up, 36 Same, 23 Down
Accommodation	+18	40 Up, 38 Same, 22 Down
Food & Beverage Services	+19	43 Up, 33 Same, 24 Down
INFORMATION & COMMUNICATIONS	+14	21 Up, 72 Same, 7 Down
FINANCIAL & INSURANCE	+18	33 Up, 52 Same, 15 Down
Banks & Finance Companies	+5	22 Up, 61 Same, 17 Down
Security Dealing Activities	-2	24 Up, 50 Same, 26 Down
Fund Management	+30	37 Up, 56 Same, 7 Down
Insurance Companies	+27	46 Up, 35 Same, 19 Down
Other Financial Services	+30	46 Up, 38 Same, 16 Down
REAL ESTATE	-4	5 Up, 86 Same, 9 Down
BUSINESS SERVICES (excluding Real Estate)	+14	31 Up, 52 Same, 17 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+11	21 Up, 69 Same, 10 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 Oct – Dec 2017 compared with Jul - Sep 2017

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+7	15 77 8
WHOLESALE & RETAIL TRADE	+10	15 80 5
Wholesale Trade	+7	13 81 6
Retail Trade	+17	21 75 4
TRANSPORT & STORAGE	0	11 78 11
ACCOMMODATION & FOOD SERVICES	+13	20 73 7
Accommodation	+23	29 65 6
Food & Beverage Services	+8	16 76 8
INFORMATION & COMMUNICATIONS	+2	6 90 4
FINANCIAL & INSURANCE	+13	17 79 4
Banks & Finance Companies	+9	15 79 6
Security Dealing Activities	-1	10 79 11
Fund Management	+38	42 54 4
Insurance Companies	+12	15 82 3
Other Financial Services	+18	18 82
REAL ESTATE	-5	7 81 12
BUSINESS SERVICES (excluding Real Estate)	+6	17 72 11
RECREATION, COMMUNITY & PERSONAL SERVICES	+11	15 81 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.