Business Expectations (Services Sector)

Fourth Quarter 2018

DEPARTMENT OF
STATISTICS
SINGAPORE

**BUSINESS EXPECTATIONS (SERVICES SECTOR)**
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Business Expectations
Services Sector
FOURTH QUARTER 2018

Highlights

- A net weighted balance of 3% of firms in the services sector expects more favourable business conditions for the period of Oct 2018 - Mar 2019 compared with Apr - Sep 2018. This is less optimistic as compared to the net weighted balance of +9% recorded in the survey for the previous quarter (i.e. for Jul – Dec 2018) and for the same period last year (i.e. for Oct 2017 - Mar 2018).

Business Outlook for the Next 6 Months
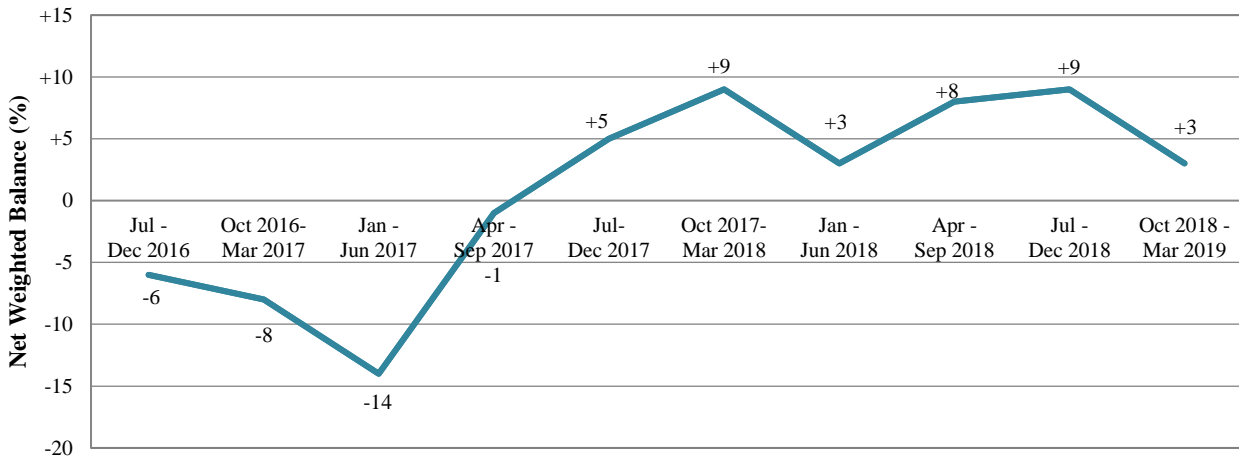
- A weighted 12% of firms is optimistic about the business conditions for Oct 2018 – Mar 2019 while a weighted 9% of firms foresees slower business. The majority of firms (a weighted 79%) anticipate the level of business activity to remain the same.
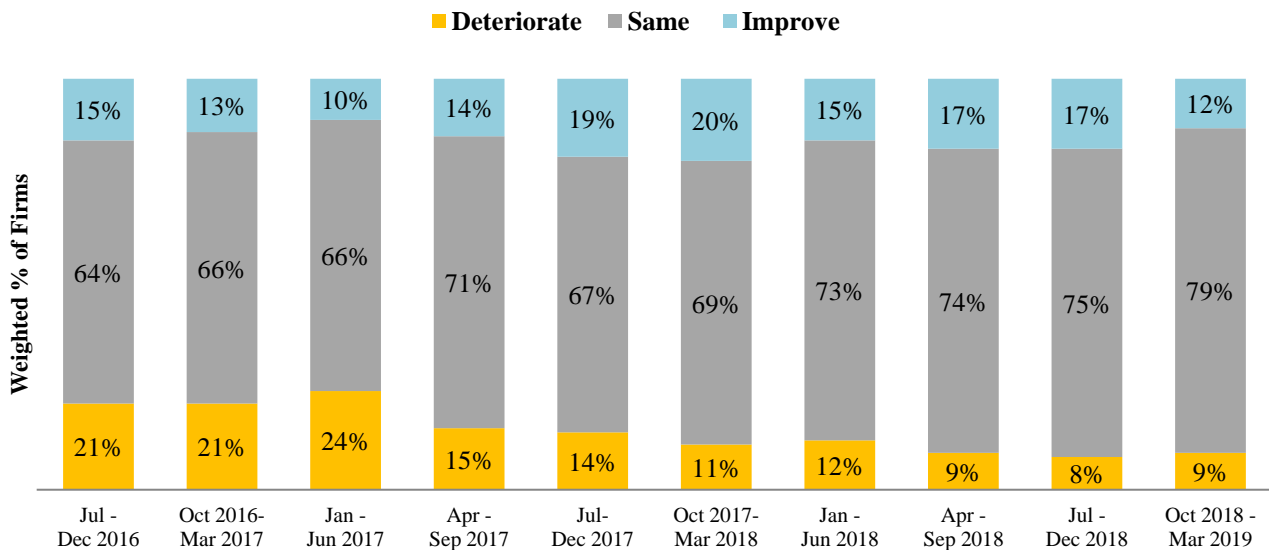
General Business Outlook for Oct 2018 - Mar 2019 (by Industry)

All industries within the services sector, except for the real estate industry, foresee business conditions to either be more favourable or remain the same during the period of Oct 2018 – Mar 2019 compared with Apr – Sep 2018 (Chart 1).

Firms in the food & beverage services, retail trade and accommodation industries expect better business prospects in the next 6 months ending Mar 2019 which coincides with the year-end holidays and the festive season.

Firms in the information & communications industry also expect business conditions to be more favourable for the period of Oct 2018 – Mar 2019. In particular, firms engaged in computer programming & consultancy as well as web portal services anticipate higher demand for their services.

A net weighted balance of 5% of the firms in the recreation, community & personal services industry expects business conditions to improve over the next 6 months. Within the industry, healthcare providers are among the most optimistic in their business outlook.

Chart 1
General Business Outlook for Oct 2018 - Mar 2019

Industry	Net Weighted Balance (Percent)
Wholesale Trade	+2
Retail Trade	+29
Transport & Storage	+3
Accommodation	+17
Food & Beverage Services	+36
Information & Communications	+13
Financial & Insurance	+1
Real Estate	-18
Business Services (Excluding Real Estate)	+2
Recreation, Community & Personal Services	+5

On the other hand, firms in the real estate industry expect less favourable business conditions for the same period, registering a net weighted balance of -18%. Real estate developers continue to expect the 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 Oct - Dec 2018
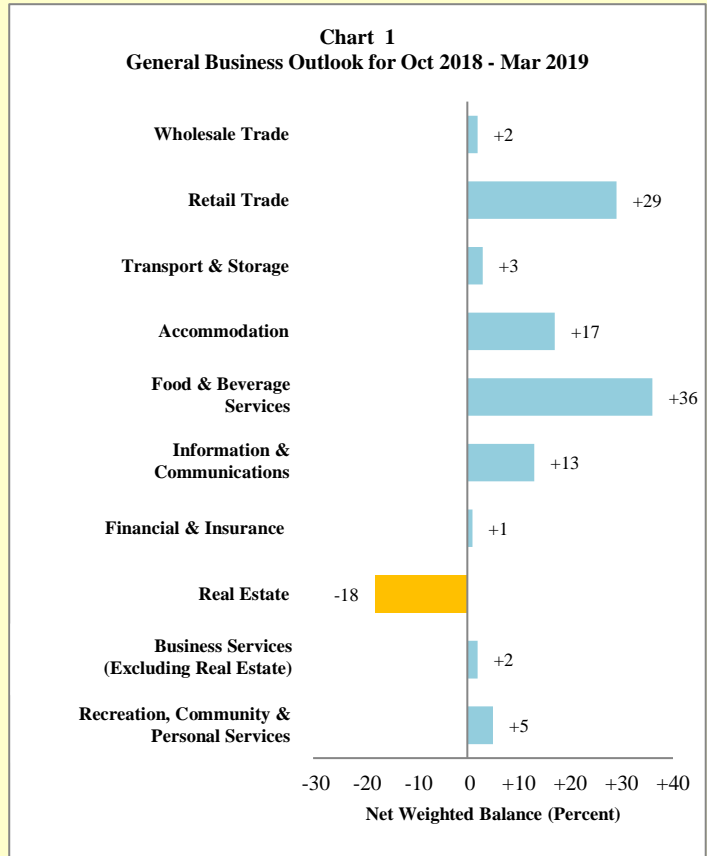
A net weighted balance of 8% of firms in the services sector expects operating receipts to increase for the period of Oct – Dec 2018 compared with the period of Jul – Sep 2018.

Firms in the retail trade, food & beverage services and accommodation industries 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 the period of Oct – Dec 2018.
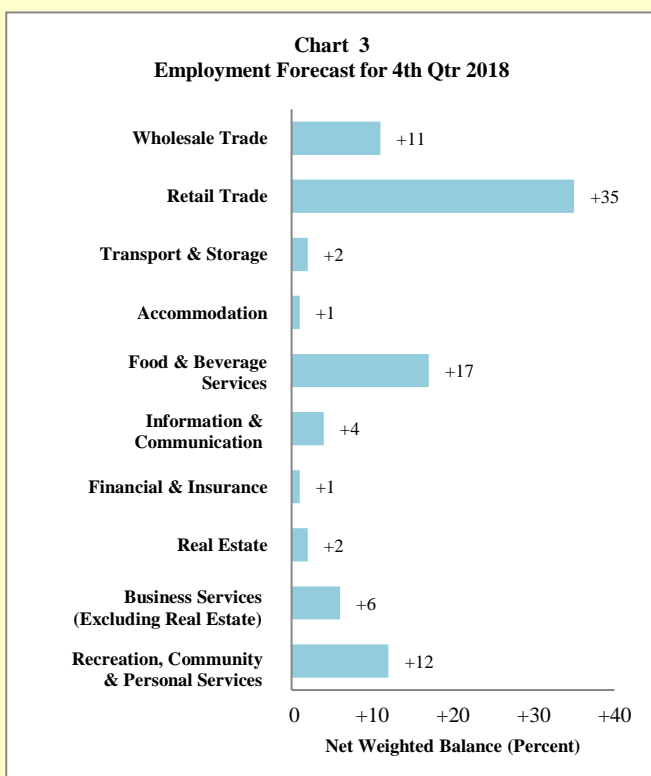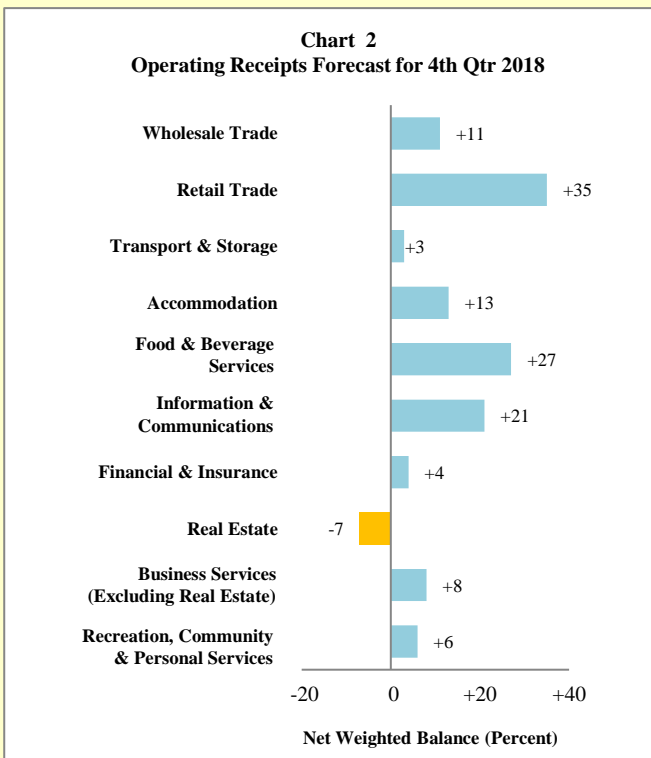
Firms in the information & communications, wholesale trade and business services industries also expect revenue to increase in the fourth quarter of 2018 compared with the preceding quarter.

On the other hand, firms in the real estate industry expect lower turnover for the next three months ending Dec 2018.

Chart 2
Operating Receipts Forecast for 4th Qtr 2018

Industry	Net Weighted Balance (Percent)
Wholesale Trade	+11
Retail Trade	+35
Transport & Storage	+3
Accommodation	+13
Food & Beverage Services	+27
Information & Communications	+21
Financial & Insurance	+4
Real Estate	-7
Business Services (Excluding Real Estate)	+8
Recreation, Community & Personal Services	+6

In terms of employment, a net weighted balance of 10% of firms in the services sector expects to hire more in the next three months.

In line with their positive revenue outlook, firms in the retail trade and food & beverage services industries expect to increase hiring activity for the period of Oct – Dec 2018, with a net weighted balance of +35% and +17% respectively (Chart 3).

Similarly, the recreation, community & personal services industry expects an increase in employment due mainly to firms engaged in health services.

Chart 3
Employment Forecast for 4th Qtr 2018

Industry	Net Weighted Balance (Percent)
Wholesale Trade	+11
Retail Trade	+35
Transport & Storage	+2
Accommodation	+1
Food & Beverage Services	+17
Information & Communication	+4
Financial & Insurance	+1
Real Estate	+2
Business Services (Excluding Real Estate)	+6
Recreation, Community & Personal Services	+12

Business Expectations of Services Sector, Fourth 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 4th quarter 2018 survey was conducted from Sep to mid-Oct 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 Oct 2018

More data are available at SingStat website at
https://www.singstat.gov.sg/publications/industry/business-expectations

or through the QR code below.

Chart A.1 General Business Outlook for Oct 2018 - Mar 2019 compared with Apr - Sep 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■Up ■Same ■Down
TOTAL SERVICES SECTOR	+3	12 / 79 / 9
WHOLESALE & RETAIL TRADE	+5	12 / 81 / 7
Wholesale Trade	+2	9 / 84 / 7
Retail Trade	+29	43 / 43 / 14
TRANSPORT & STORAGE	+3	15 / 73 / 12
ACCOMMODATION & FOOD SERVICES	+26	35 / 56 / 9
Accommodation	+17	29 / 59 / 12
Food & Beverage Services	+36	43 / 50 / 7
INFORMATION & COMMUNICATIONS	+13	17 / 79 / 4
FINANCIAL & INSURANCE	+1	8 / 85 / 7
Banks & Finance Companies	-5	6 / 83 / 11
Security Dealing Activities	+11	11 / 89 /
Fund Management	0	100
Insurance Companies	+20	22 / 76 / 2
Other Financial Services	0	5 / 90 / 5
REAL ESTATE	-18	1 / 80 / 19
BUSINESS SERVICES (excluding Real Estate)	+2	16 / 70 / 14
RECREATION, COMMUNITY & PERSONAL SERVICES	+5	11 / 83 / 6

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 2018 compared with Jul - Sep 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		▪ Up ▪ Same ▪ Down
TOTAL SERVICES SECTOR	+8	Up 19 / Same 70 / Down 11
WHOLESALE & RETAIL TRADE	+13	Up 25 / Same 63 / Down 12
Wholesale Trade	+11	Up 22 / Same 67 / Down 11
Retail Trade	+35	Up 47 / Same 41 / Down 12
TRANSPORT & STORAGE	+3	Up 16 / Same 71 / Down 13
ACCOMMODATION & FOOD SERVICES	+20	Up 33 / Same 54 / Down 13
Accommodation	+13	Up 31 / Same 51 / Down 18
Food & Beverage Services	+27	Up 36 / Same 55 / Down 9
INFORMATION & COMMUNICATIONS	+21	Up 29 / Same 63 / Down 8
FINANCIAL & INSURANCE	+4	Up 12 / Same 80 / Down 8
Banks & Finance Companies	-11	Same 89 / Down 11
Security Dealing Activities	+11	Up 11 / Same 89
Fund Management	+8	Up 8 / Same 92
Insurance Companies	+31	Up 45 / Same 41 / Down 14
Other Financial Services	+10	Up 13 / Same 84 / Down 3
REAL ESTATE	-7	Up 6 / Same 81 / Down 13
BUSINESS SERVICES (excluding Real Estate)	+8	Up 23 / Same 62 / Down 15
RECREATION, COMMUNITY & PERSONAL SERVICES	+6	Up 13 / Same 80 / Down 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.

Chart A.3 Employment Forecast for Oct – Dec 2018 compared with Jul – Sep 2018

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		■ Up ■ Same ■ Down
TOTAL SERVICES SECTOR	+10	15 / 80 / 5
WHOLESALE & RETAIL TRADE	+19	21 / 77 / 2
Wholesale Trade	+11	12 / 87 / 1
Retail Trade	+35	38 / 59 / 3
TRANSPORT & STORAGE	+2	7 / 88 / 5
ACCOMMODATION & FOOD SERVICES	+13	15 / 83 / 2
Accommodation	+1	6 / 89 / 5
Food & Beverage Services	+17	18 / 81 / 1
INFORMATION & COMMUNICATIONS	+4	13 / 78 / 9
FINANCIAL & INSURANCE	+1	7 / 87 / 6
Banks & Finance Companies	-1	6 / 87 / 7
Security Dealing Activities	0	100
Fund Management	+8	8 / 92
Insurance Companies	+3	17 / 69 / 14
Other Financial Services	0	100
REAL ESTATE	+2	6 / 90 / 4
BUSINESS SERVICES (excluding Real Estate)	+6	17 / 72 / 11
RECREATION, COMMUNITY & PERSONAL SERVICES	+12	13 / 86 / 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.