



Business Expectations (Services Sector) Fourth Quarter 2019

BUSINESS EXPECTATIONS (SERVICES SECTOR)
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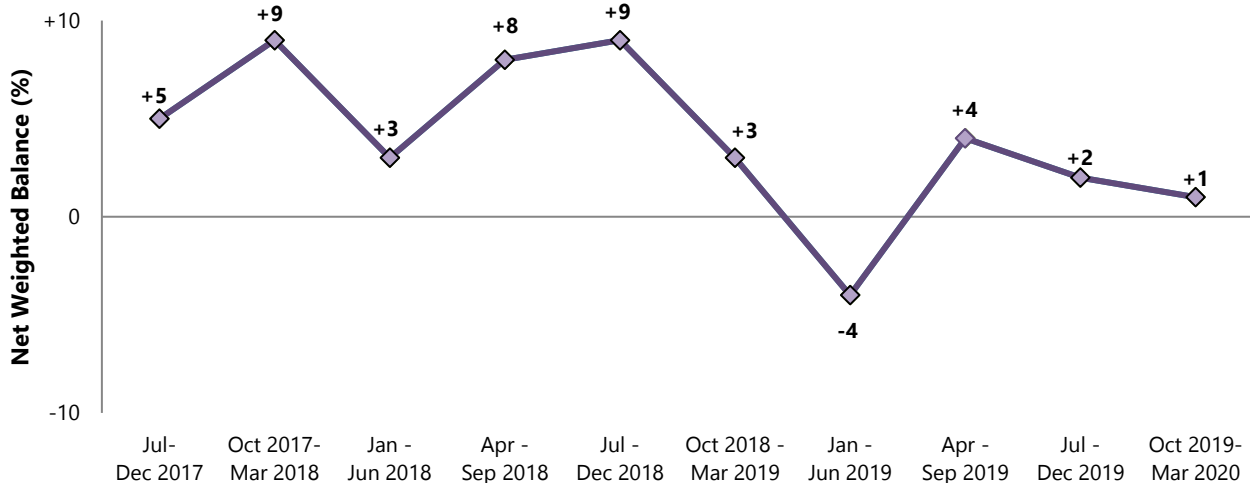
Business Expectations Services Sector

Fourth Quarter 2019

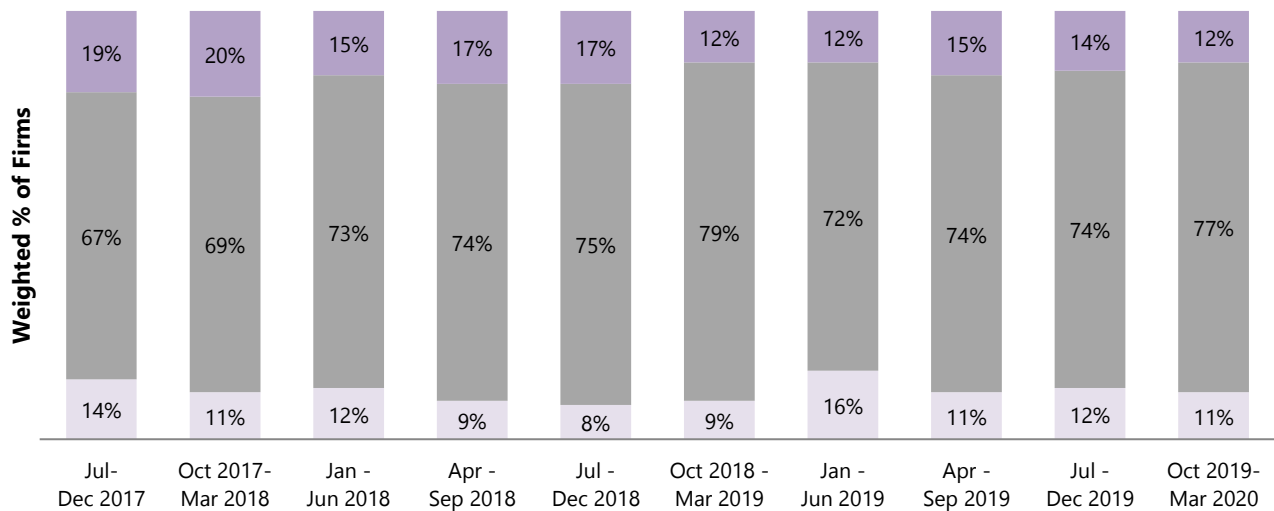
Highlights

Business expectations for Oct 2019 – Mar 2020 moderated among services firms in Singapore. 12% of firms¹ are optimistic about the business conditions while 11% of firms foresee slower business, resulting in a net weighted balance of 1% of firms predicting a more favourable business outlook for the period of Oct 2019 – Mar 2020. This is weaker than the outlook for Jul – Dec 2019 (net weighted balance of 2%) and for the same period last year (net weighted balance of 3%).

Business Outlook for the Next 6 Months



■ Deteriorate ■ Same ■ Improve



¹ Refers to weighted percentage of firms.

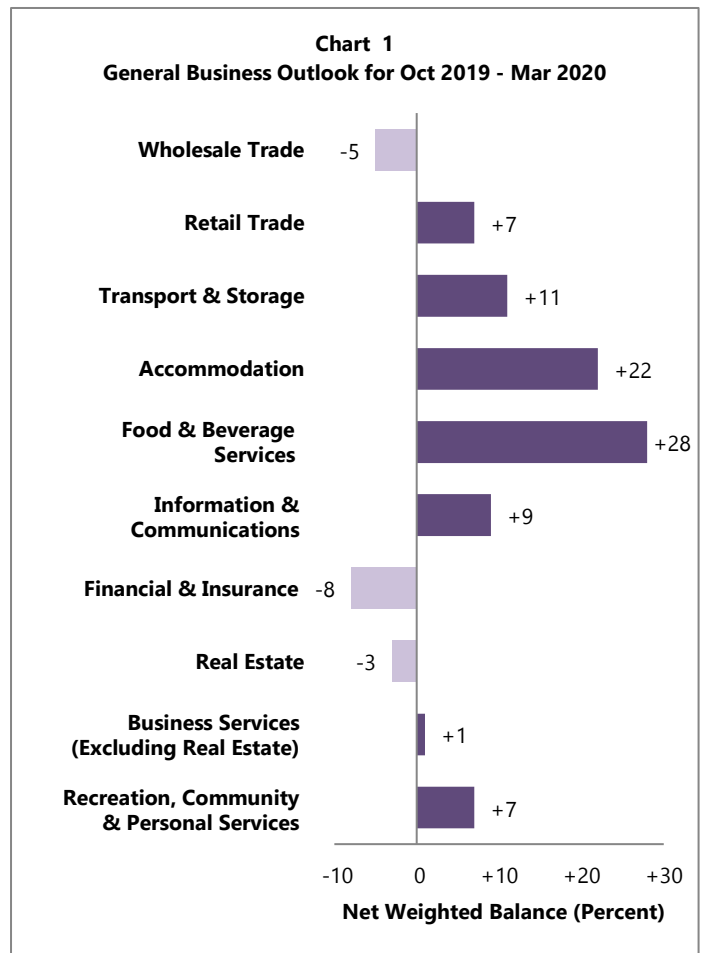
General Business Outlook for Oct 2019 - Mar 2020 (by Industry)

Within the services sector, the food & beverage services, accommodation and retail trade industries are among those which foresee more favourable business conditions during the period of Oct 2019 – Mar 2020 compared with Apr – Sep 2019 (Chart 1). On the other hand, the financial & insurance and wholesale trade industries are less optimistic in their business outlook.

Firms in the food & beverage services, accommodation and retail trade industries are more optimistic about the business conditions in the next 6 months ending Mar 2020, which coincides with the year-end holidays and festive season. Within the retail trade industry, department stores and supermarkets are among those which are more optimistic in their business outlook during this period.

Similarly, firms in the transport & storage industry expect business conditions to improve during the period of Oct 2019 – Mar 2020. In particular, air transport firms expect higher demand for their services in the coming 6 months.

Firms in the information & communications industry also expect the business situation to be more favourable in the next 6 months ending Mar 2020. Within the industry, firms engaged in software publishing and web portal services are among those that are optimistic in their outlook.



On the other hand, firms in the wholesale trade and financial & insurance industries are less optimistic in their business outlook for the period of Oct 2019 – Mar 2020 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 Oct - Dec 2019

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

In line with their positive business outlook, firms in the food & beverage services, retail trade and accommodation industries expect revenue to increase during this period (Chart 2).

Similarly, firms in the information & communications industry expect operating receipts to increase in the fourth quarter of the year due to higher demand for their services.

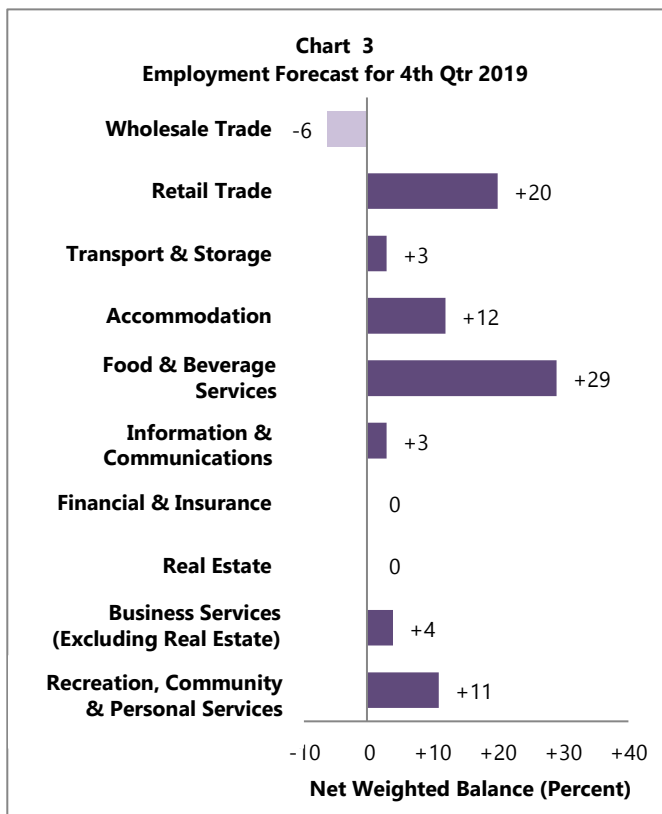
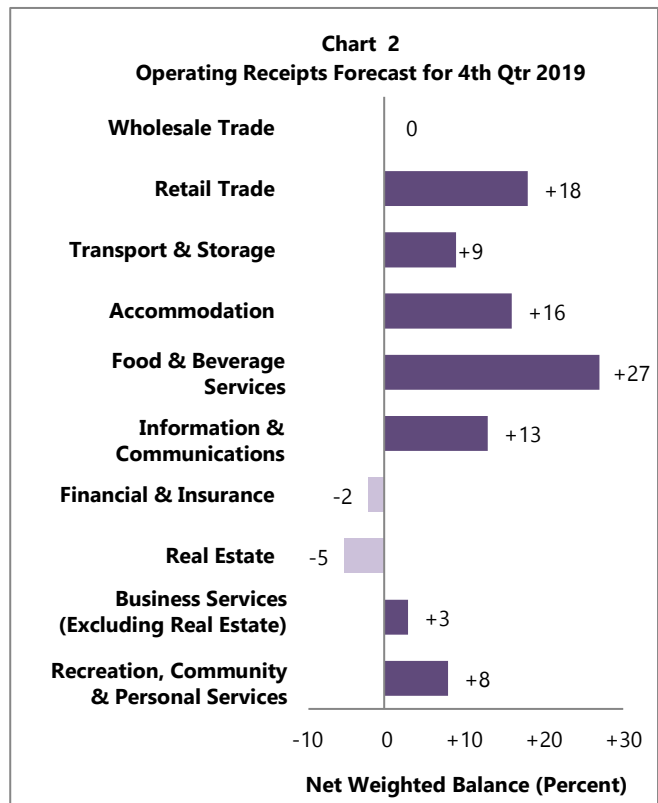
On the other hand, firms in the real estate industry as well as the financial & insurance industries expect lower turnover over the next 3 months.

In terms of employment, the services sector, with a net weighted balance of 6% of firms, expects an increase in hiring activity for the period of Oct - Dec 2019.

Firms in the food & beverage services, retail trade and accommodation industries expect to hire more for the fourth quarter of 2019 (Chart 3).

Likewise, firms in the recreation, community & personal services industry, especially for firms engaged in health and childcare services, expect to increase hiring over the next 3 months.

Conversely, firms in the wholesale trade industry expect to hire less for the period of Oct – Dec 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 4th quarter 2019 survey was conducted from Sep to mid-Oct 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 Oct 2019

More data are available at SingStat Website at
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 Oct 2019 - Mar 2020 compared with Apr - Sep 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
TOTAL SERVICES SECTOR	+1	12 Up, 77 Same, 11 Down
WHOLESALE & RETAIL TRADE	-4	10 Up, 76 Same, 14 Down
Wholesale Trade	-5	8 Up, 79 Same, 13 Down
Retail Trade	+7	31 Up, 45 Same, 24 Down
TRANSPORT & STORAGE	+11	17 Up, 77 Same, 6 Down
ACCOMMODATION & FOOD SERVICES	+25	37 Up, 51 Same, 12 Down
Accommodation	+22	31 Up, 60 Same, 9 Down
Food & Beverage Services	+28	44 Up, 40 Same, 16 Down
INFORMATION & COMMUNICATIONS	+9	14 Up, 81 Same, 5 Down
FINANCIAL & INSURANCE	-8	10 Up, 72 Same, 18 Down
Banks & Finance Companies	-24	76 Same, 24 Down
Security Dealing Activities	-22	78 Same, 22 Down
Fund Management	-21	79 Same, 21 Down
Insurance Companies	+24	37 Up, 50 Same, 13 Down
Other Financial Services	+11	17 Up, 77 Same, 6 Down
REAL ESTATE	-3	2 Up, 93 Same, 5 Down
BUSINESS SERVICES (excluding Real Estate)	+1	9 Up, 83 Same, 8 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+7	13 Up, 81 Same, 6 Down

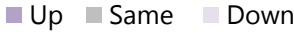
Note: "Net weighted balance" is the difference between the weighted percentages of "ups" and "downs". A plus sign indicates a net upward trend and a minus sign denotes a net downward trend.

Chart A.2 Operating Receipts Forecast for Oct - Dec 2019 compared with Jul – Sep 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		
TOTAL SERVICES SECTOR	+3	17 Up, 69 Same, 14 Down
WHOLESALE & RETAIL TRADE	+1	14 Up, 73 Same, 13 Down
Wholesale Trade	0	12 Up, 76 Same, 12 Down
Retail Trade	+18	37 Up, 44 Same, 19 Down
TRANSPORT & STORAGE	+9	21 Up, 67 Same, 12 Down
ACCOMMODATION & FOOD SERVICES	+21	33 Up, 55 Same, 12 Down
Accommodation	+16	30 Up, 56 Same, 14 Down
Food & Beverage Services	+27	36 Up, 55 Same, 9 Down
INFORMATION & COMMUNICATIONS	+13	24 Up, 65 Same, 11 Down
FINANCIAL & INSURANCE	-2	23 Up, 52 Same, 25 Down
Banks & Finance Companies	-39	61 Same, 39 Down
Security Dealing Activities	-1	7 Up, 85 Same, 8 Down
Fund Management	-7	13 Up, 67 Same, 20 Down
Insurance Companies	+33	50 Up, 33 Same, 17 Down
Other Financial Services	+52	56 Up, 40 Same, 4 Down
REAL ESTATE	-5	4 Up, 87 Same, 9 Down
BUSINESS SERVICES (excluding Real Estate)	+3	14 Up, 75 Same, 11 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+8	16 Up, 76 Same, 8 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 2019 compared with Jul – Sep 2019

Industry	Net Weighted Balance	Weighted Percentage of Up/Same/Down
		
TOTAL SERVICES SECTOR	+6	14 Up, 78 Same, 8 Down
WHOLESALE & RETAIL TRADE	+3	13 Up, 77 Same, 10 Down
Wholesale Trade	-6	7 Up, 80 Same, 13 Down
Retail Trade	+20	24 Up, 72 Same, 4 Down
TRANSPORT & STORAGE	+3	11 Up, 81 Same, 8 Down
ACCOMMODATION & FOOD SERVICES	+25	28 Up, 69 Same, 3 Down
Accommodation	+12	17 Up, 78 Same, 5 Down
Food & Beverage Services	+29	31 Up, 67 Same, 2 Down
INFORMATION & COMMUNICATIONS	+3	10 Up, 83 Same, 7 Down
FINANCIAL & INSURANCE	0	6 Up, 88 Same, 6 Down
Banks & Finance Companies	-2	98 Same, 2 Down
Security Dealing Activities	-17	83 Same, 17 Down
Fund Management	-8	25 Up, 42 Same, 33 Down
Insurance Companies	+7	12 Up, 83 Same, 5 Down
Other Financial Services	+12	13 Up, 86 Same, 1 Down
REAL ESTATE	0	10 Up, 80 Same, 10 Down
BUSINESS SERVICES (excluding Real Estate)	+4	15 Up, 74 Same, 11 Down
RECREATION, COMMUNITY & PERSONAL SERVICES	+11	16 Up, 79 Same, 5 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.