

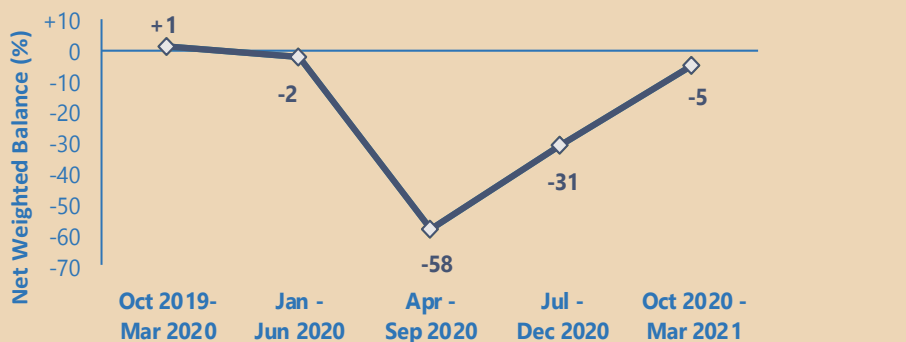
## Business Expectations Services Sector

Fourth Quarter 2020

### GENERAL BUSINESS OUTLOOK (OCT 2020 – MAR 2021)

Business expectations of firms in the services sector have improved but remain unfavourable. 25% of firms<sup>1</sup> foresee slower business conditions while 20% of firms are optimistic, resulting in a net weighted balance of 5% of firms expecting a less favourable business outlook for the period of Oct 2020 – Mar 2021. Though the business outlook remains negative, this is an improvement from the net weighted balance of -31% recorded in the previous quarter's survey for the period of Jul – Dec 2020.

General Business Outlook for the Next 6 Months



-5%  
Net Weighted  
Balance

20%

55%

25%

Up Same Down

### OPERATING RECEIPTS FORECAST (OCT – DEC 2020)



-5%  
Net Weighted  
Balance

20%

55%

25%

### EMPLOYMENT FORECAST (OCT – DEC 2020)



-7%  
Net Weighted  
Balance

11%

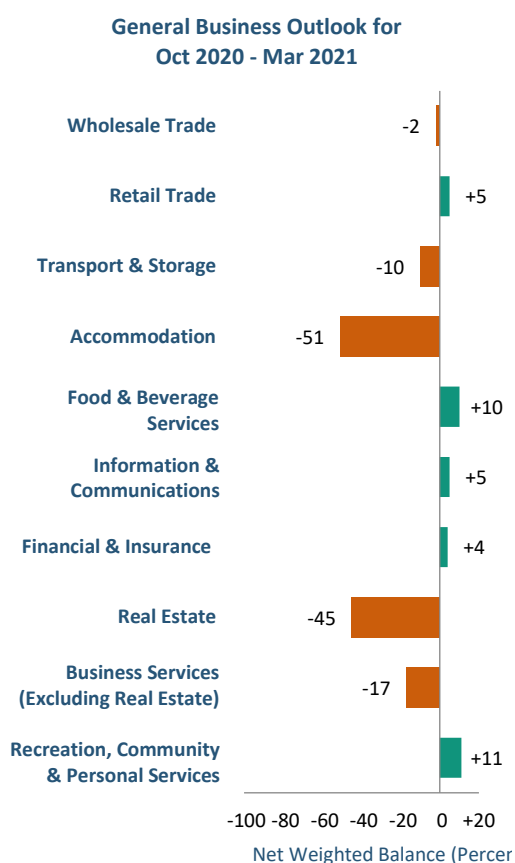
71%

18%

<sup>1</sup> Refers to weighted percentage of firms.

## GENERAL BUSINESS OUTLOOK (OCT 2020 – MAR 2021)

Within the services sector, several industries expect business conditions to improve for the period of Oct 2020 – Mar 2021 compared with Apr – Sep 2020. These include the recreation, community & personal services, food & beverage services, retail trade and information & communications industries. On the other hand, industries such as the accommodation, real estate and business services industries continue to be less optimistic in their business outlook.



Firms in the recreation, community & personal services industry expect business conditions to improve for the period of Oct 2020 – Mar 2021 compared to the preceding 6 months that experienced a low base of activities due to Circuit Breaker measures. Within the industry, healthcare providers are optimistic in their business outlook as they are able to resume non-urgent elective health services, and operators of attractions can reopen with safe management measures in place.

The food & beverage services and retail trade industries expect better business prospects as the food & beverage services establishments are now allowed to provide dine-in services and retailers are able to reopen their physical stores. In addition, retailers and restaurants cited the coming year-end holidays and festive season as reasons for their positive outlook.

The information & communications industry expects business conditions to improve in the coming 6 months, with a net weighted balance of 5%. Within the industry, software publishers (including firms engaged in games publishing) and firms engaged in web portals services are among those that are positive in their business outlook during this period.

On the other hand, firms in the accommodation industry expect the business situation to be less favourable for the Oct 2020 – Mar 2021 period. Hoteliers expect slow pick up in demand due to low tourist arrivals.

Firms in the real estate industry are less optimistic for the same period, registering a net weighted balance of -45%. Firms engaged in the rental of commercial and office premises expect downward pressure on rental rates due to weaker demand for such spaces.

Firms in the business services (excluding real estate) industry also expect business activity to fall for the next 6 months ending Mar 2021. In particular, firms engaged in architectural and engineering activities anticipate lower demand for their services due mainly to the uncertain economic conditions.

## OPERATING RECEIPTS AND EMPLOYMENT FORECAST (OCT – DEC 2020)

A net weighted balance of -5% of firms in the services sector expects operating receipts to decrease for the period of Oct – Dec 2020 compared with the period of Jul – Sep 2020. Within the sector, sentiments of the industries are mixed.

Firms in the recreation, community & personal services industry, in particular healthcare providers and attraction operators, expect higher revenue in fourth quarter 2020.











On the other hand, firms in the accommodation industry expect a drop in turnover as they anticipate lower number of guests serving Stay-Home Notice at their hotels coupled with continued low tourist arrivals in the coming months.

In terms of employment, the services sector expects employment level to drop for the fourth quarter, with a net weighted balance of -7%.

The food & beverage services and retail trade industries expect to hire more in the next 3 months ending Dec 2020 due to an increase in demand for their services, in anticipation of the upcoming year-end holidays and festive season.

Conversely, firms in the accommodation and transport & storage industries expect to decrease hiring in fourth quarter 2020. Hoteliers and air transport firms expect slow pick up in demand for their services due to global travel restrictions.

## Operating Receipts and Employment Forecast for 4th Quarter 2020

<b>Wholesale Trade</b> Operating Receipts Forecast <b>-3%</b>  Employment Forecast <b>-5%</b>	<b>Retail Trade</b> Operating Receipts Forecast <b>5%</b>  Employment Forecast <b>3%</b>
<b>Transport &amp; Storage</b> Operating Receipts Forecast <b>-3%</b>  Employment Forecast <b>-20%</b>	<b>Accommodation</b> Operating Receipts Forecast <b>-51%</b>  Employment Forecast <b>-60%</b>
<b>Food &amp; Beverage Services</b> Operating Receipts Forecast <b>10%</b>  Employment Forecast <b>8%</b>	<b>Information &amp; Communications</b> Operating Receipts Forecast <b>5%</b>  Employment Forecast <b>0%</b>
<b>Financial &amp; Insurance</b> Operating Receipts Forecast <b>1%</b>  Employment Forecast <b>1%</b>	<b>Real Estate</b> Operating Receipts Forecast <b>-35%</b>  Employment Forecast <b>-6%</b>
<b>Business Services (excluding Real Estate)</b> Operating Receipts Forecast <b>-20%</b>  Employment Forecast <b>-18%</b>	<b>Recreation, Community &amp; Personal Services</b> Operating Receipts Forecast <b>11%</b>  Employment Forecast <b>6%</b>

## 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 4<sup>th</sup> quarter 2020 survey was conducted from Sep to Oct 2020. 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.



More data are available on the SingStat Website at  
[www.singstat.gov.sg/find-data/search-by-theme/industry/services/latest-data](http://www.singstat.gov.sg/find-data/search-by-theme/industry/services/latest-data)

or through the QR code below.



Singapore Department of Statistics  
30 Oct 2020

For enquiries, please contact:

Mr Tan Jason      T (+65) 6884 4485    E [tan\\_jason@singstat.gov.sg](mailto:tan_jason@singstat.gov.sg)  
Ms Lynn Zhang    T (+65) 6835 8956    E [lynn\\_zhang@singstat.gov.sg](mailto:lynn_zhang@singstat.gov.sg)