

BUSINESS TENDENCY SURVEY SERVICES SECTOR 4th QUARTER 2024 REPORT

**SERVICES SECTOR BUSINESS TENDENCY SURVEY:
4th QUARTER REPORT**

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List of Acronyms

BTS	Business Tendency Survey
pp	percentage points
&	and

1 Introduction

This report presents results of the 4th Quarter 2024 Services Sector Business Tendency Survey (BTS) covering the following:

- a) Construction
- b) Transportation and Storage
- c) Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles
- d) Financial and Insurance Activities
- e) Accommodation and Food Services

Indicators produced from the BTS are key in monitoring the current business situation and short-term developments in the mentioned sectors.

The results are based on views of senior executives in the respective sectors and relate to general business situation, financial situation, access to credit, technical capacity, employment, selling prices, volume of orders and main challenges experienced. The survey was conducted on **411** establishments and for the quarter under review, the response rate was **60** percent.

Key indicators derived from the survey comprise the Confidence Index and Balance of Opinion or Net Balance.

Confidence indices are compiled using an average of balances of opinion on questions relating to the present business situation, current level of total order books, current level of stock, employment in next three months, and business situation in the next three months. Positive values of the indicator reflect optimism towards the business conditions while negative values imply pessimism and zero reflects perception of no change in business situation.

Balance of opinion is the difference between the proportion of positive responses and that of negative responses. Values of the indicator range from -100, when all responses are negative to +100, when all responses are positive. The BTS is conducted, guided by the United Nations Handbook on Economic Tendency Surveys as well as the Organization for Economic Co-operation and Development (OECD) Handbook on Business Tendency Surveys.

2 Survey Findings

2.1 Summary

All sectors' confidence indices slightly increased during 4th quarter 2024 as compared to 3rd quarter 2024 except for the *Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles* Sector, which dropped from -6.9 to -25.8.

Competition was cited as the major limiting factor for business expansion by respondents in four sectors namely; *Construction, Accommodation & Food Services, Transportation & Storage and Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles*, while **insufficient demand** was cited by those in the *Financial & Insurance* sector.

2.2 Business Situation

During the quarter under review, **48.4** percent of respondents considered the general business climate as *satisfactory*. The sectoral analysis showed that over **fifty** percent of respondents in *Construction, Financial and Insurance Services, and Accommodation and Food Services*, shared the same sentiments. Figure 2.1.

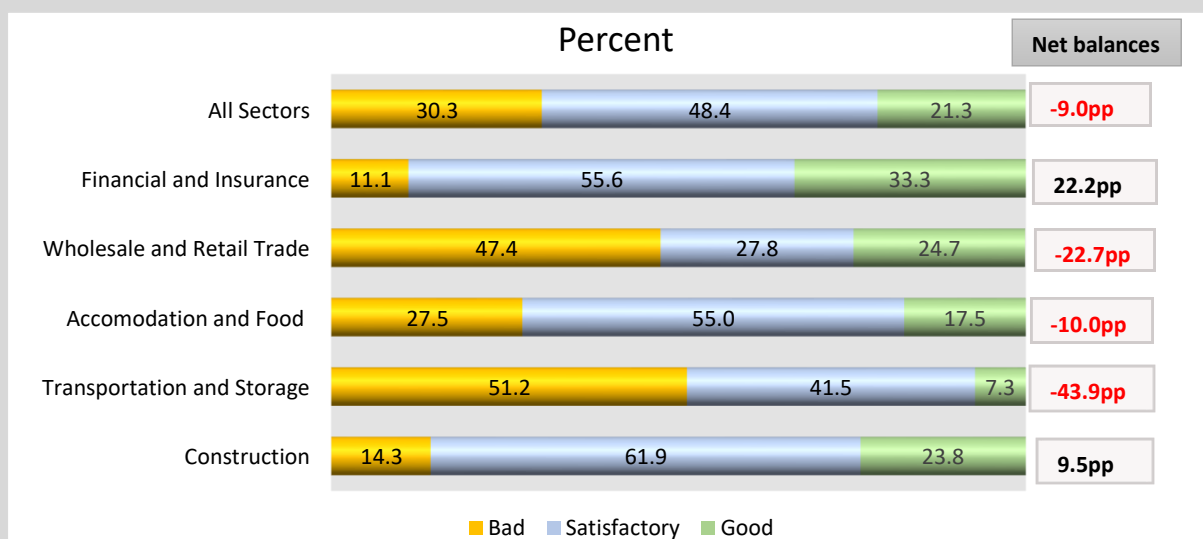


Figure 2.1: Opinion towards Business Situation, 4th Quarter 2024

2.3 Financial Situation

Overall, **44.1** percent of respondents considered the financial situation as *satisfactory* during 4th quarter 2024. The proportions of respondents who shared the same sentiments ranged from **34.0** percent in *Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles* to **57.5** percent in *Accommodation and Food Services* Sector, Figure 2.2.

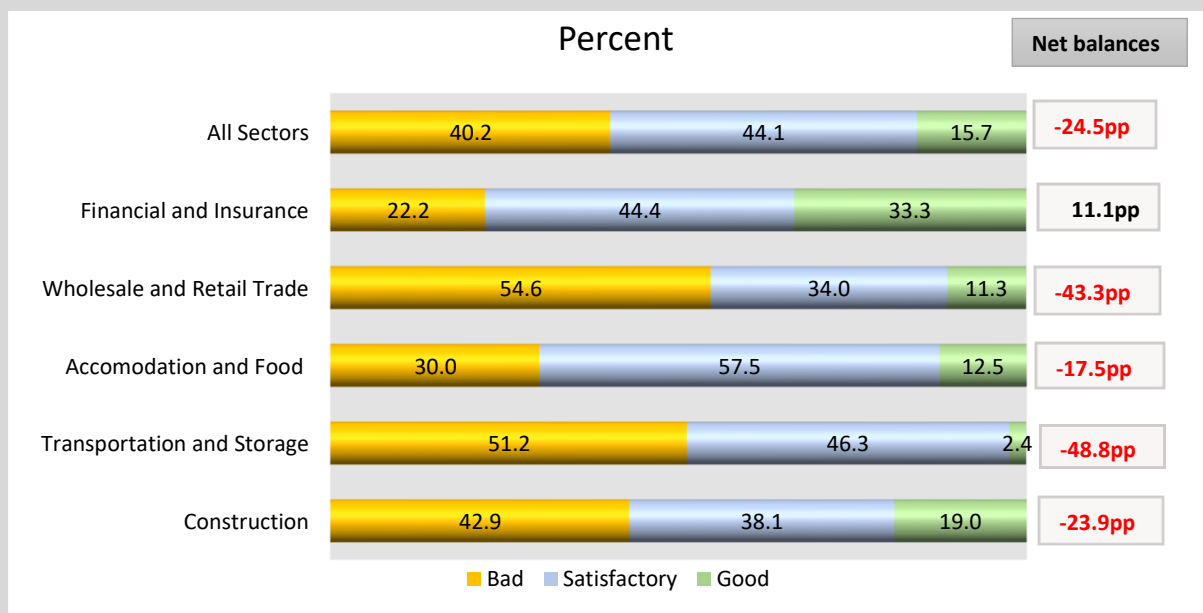


Figure 2.2: Opinion towards the Current Financial Situation, 4th Quarter 2024

2.4 Level of Stocks for Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles Sector

Excluding normal seasonal variations, **49.5** percent of respondents in the *Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles* Sector considered their establishments' current stock levels to be *below normal* during the 4th quarter of 2024, Figure 2.3.

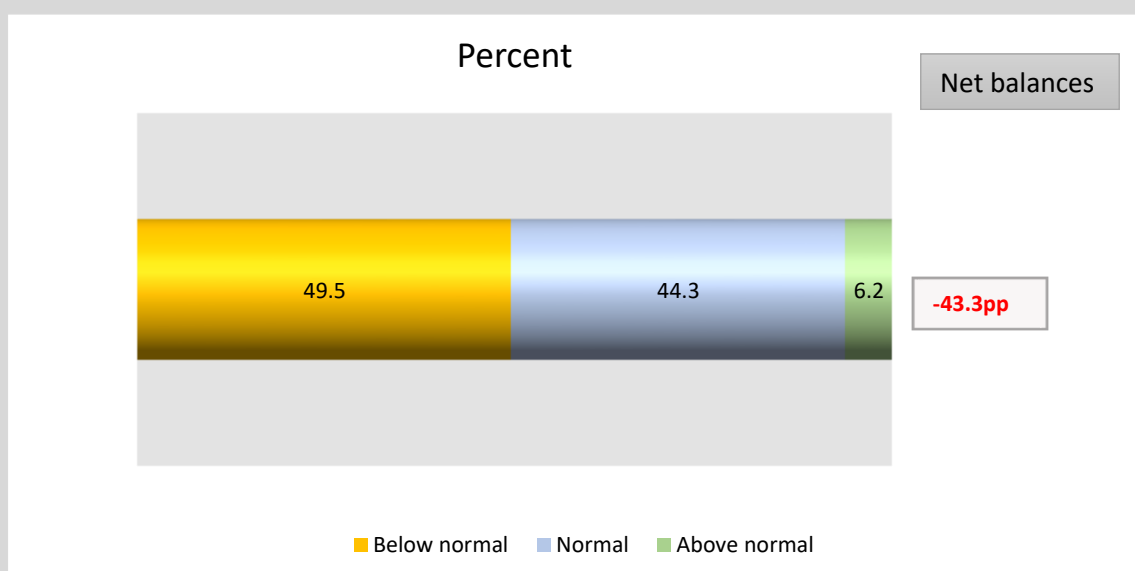


Figure 2.3: Opinion towards Current Level of Stocks in Volume Terms for Wholesale & Retail Sector, 4th Quarter 2024

2.5 Level of Total Order Books for Construction Sector

Excluding normal seasonal variations, **52.4** percent of respondents in the *Construction* Sector considered their companies' level of total order books to be *normal* during 4th quarter of 2024, Figure 2.4

2.4

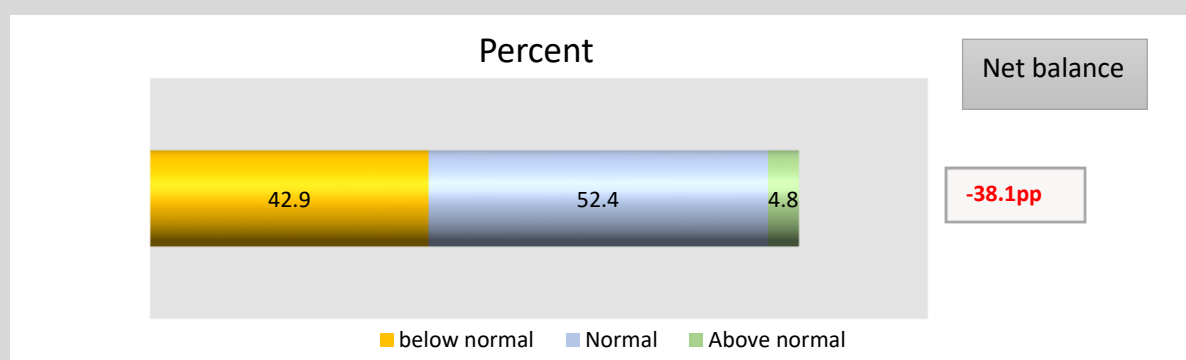


Figure 2.4: Opinion towards Current Level of Total Order Books for Construction Sector, 4th Quarter 2024

2.6 Access to Bank Credit

Overall, **53.2** percent of respondents considered access to bank credit as *normal* during 4th quarter 2024. Sectoral analysis shows proportions of respondents sharing the same sentiments ranging from **35.1** percent in the *Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles* Sector to **68.3** percent in *Transportation and Storage* Sector, Figure 2.5.

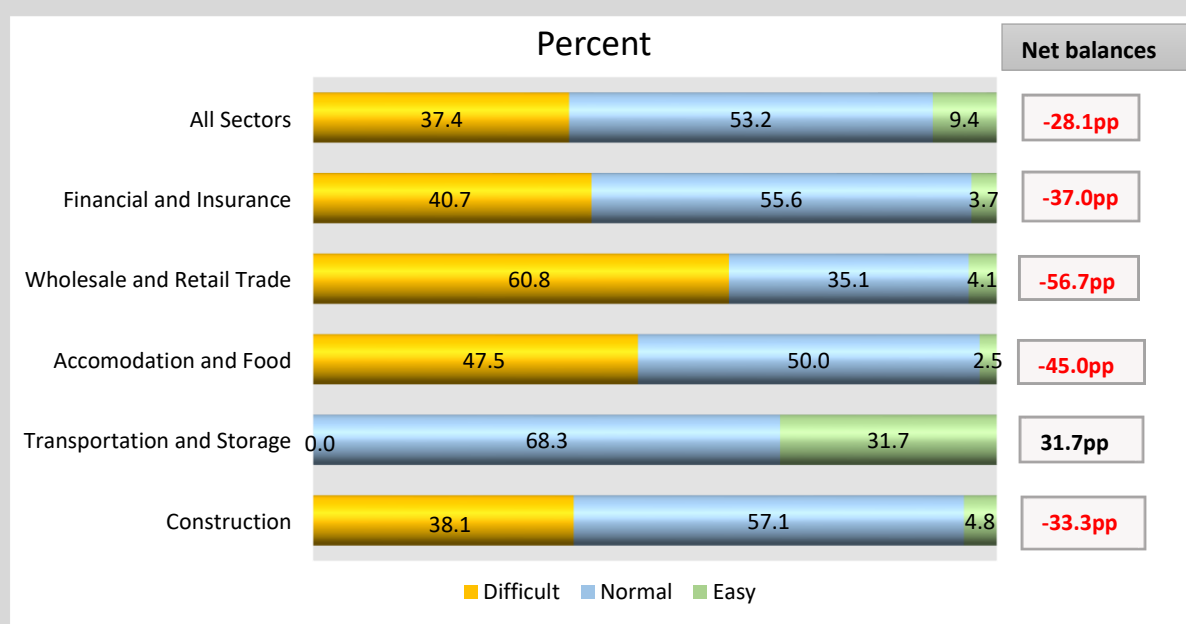


Figure 2.5: Opinion towards Access to Credit, 4th Quarter 2024

2.7 Technical Capacity for Construction Sector

Excluding normal seasonal variations, **66.7** percent of respondents in the *Construction* Sector considered their companies' technical capacity to be *normal* during the 4th quarter 2024, Figure 2.6.

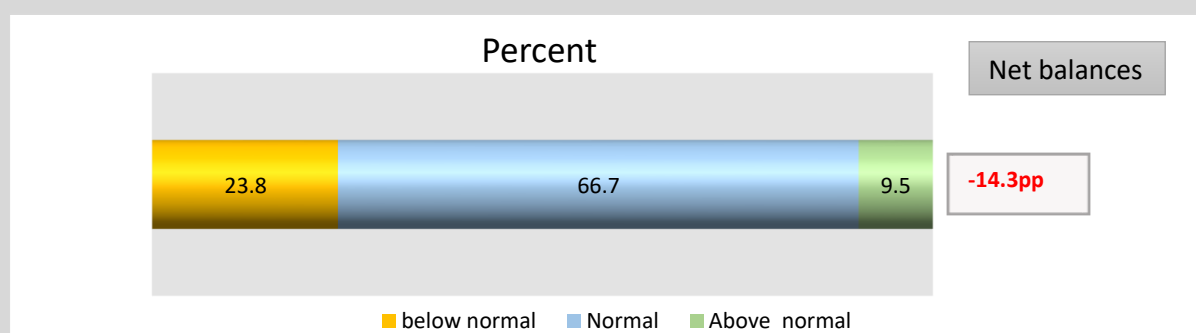


Figure 2.6: Opinion towards Technical Capacity for Construction Sector, 4th Quarter 2024

2.8 Volume of Demand

Excluding normal seasonal changes, **41.4** percent of establishments in *Transportation & Storage*, **40.7** percent in *Financial & Insurance Sector* and **37.5** percent in the *Accommodation & Food Services* Sector, viewed the volume of demand as having remained unchanged during 4th quarter 2024, when compared to 3rd quarter 2024, Figure 2.7.

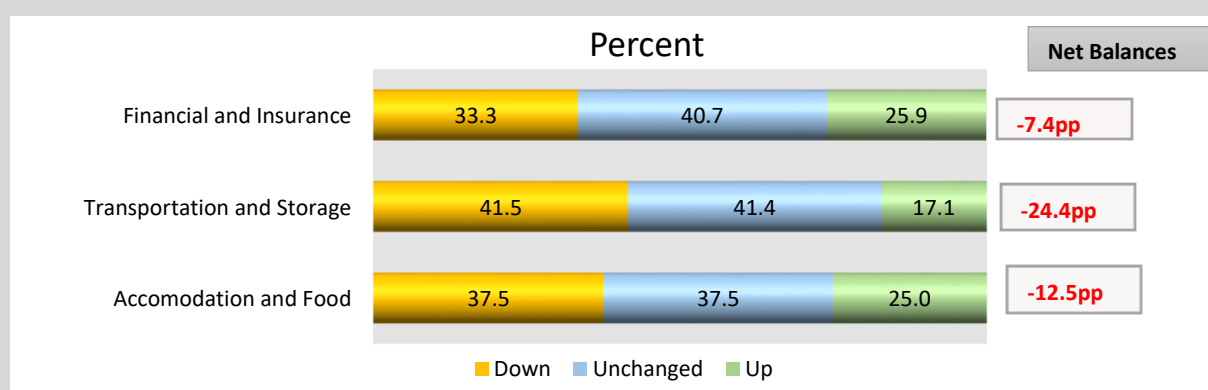


Figure 2.7: Volume of Demand for 4th Quarter 2024, against 3rd Quarter 2024

2.9 Number of Persons Employed

Proportions of respondents who regarded the number of people employed by their establishments as having remained *unchanged* during the quarter under review, were above **50.0** percent in all sectors, except in the *Construction* and *Transportation and Storage* Sectors which recorded **42.9** percent and **48.8** percent respectively, Figure 2.8.

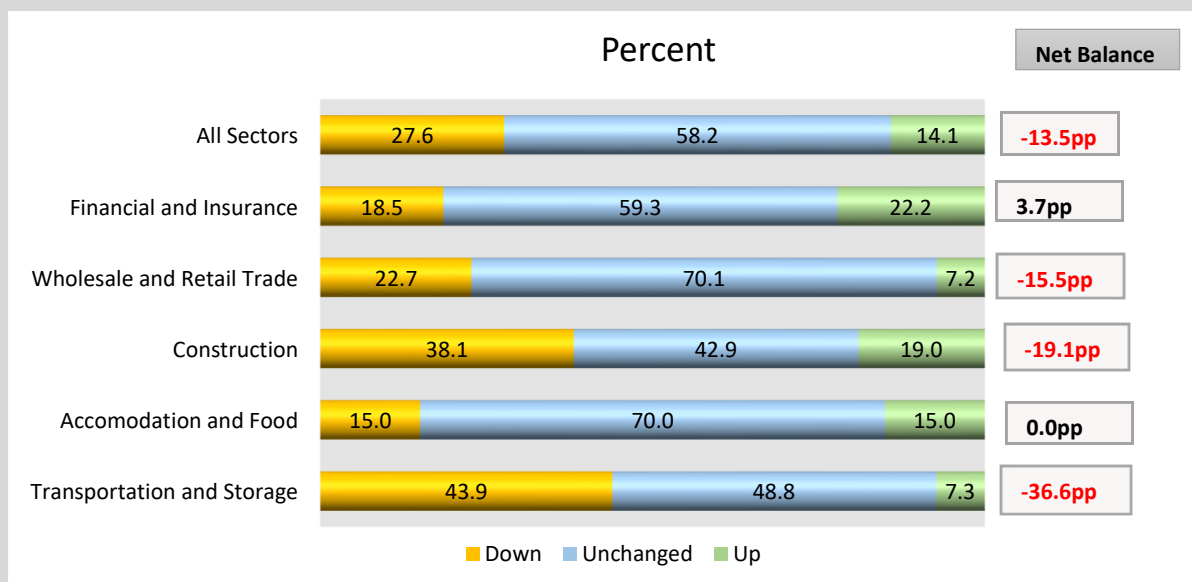


Figure 2.8: Opinions on Changes in Persons Employed in 4th Quarter 2024, compared to 3rd Quarter 2024

2.10 Expected Future Business Situation

Overall, **49.2** percent of respondents anticipated *the same* business situation during the 1st quarter of 2025 when compared to 4th quarter 2024. The proportions of respondents having these sentiments ranged from **39.2** percent in *Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles* Sector, to **55.6** percent in *Financial and Insurance* Sector. Figure 2.9.

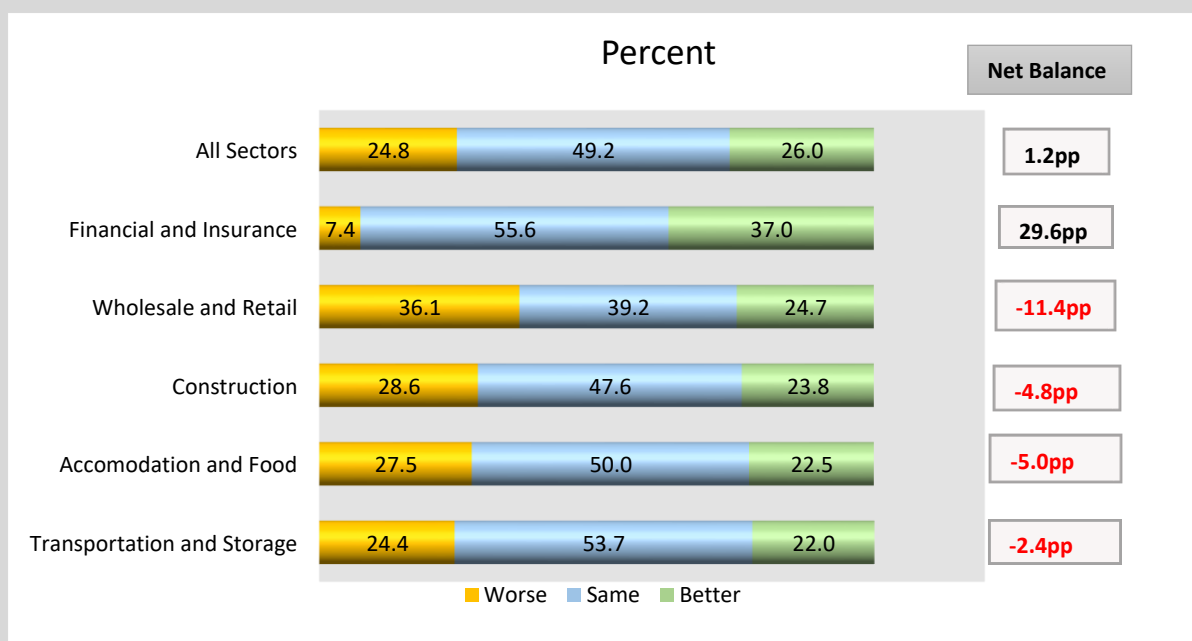


Figure 2.9: Expectations towards business situation during 1st Quarter 2025

2.11 Expected Employment Level

Overall, **60.1** percent of respondents anticipated their employee numbers to remain *unchanged* during 1st quarter of 2025. In all sectors except for *Construction*, which recorded **47.6** percent, proportions of establishments that shared the same sentiments were above **fifty** percent, Figure 2.10.

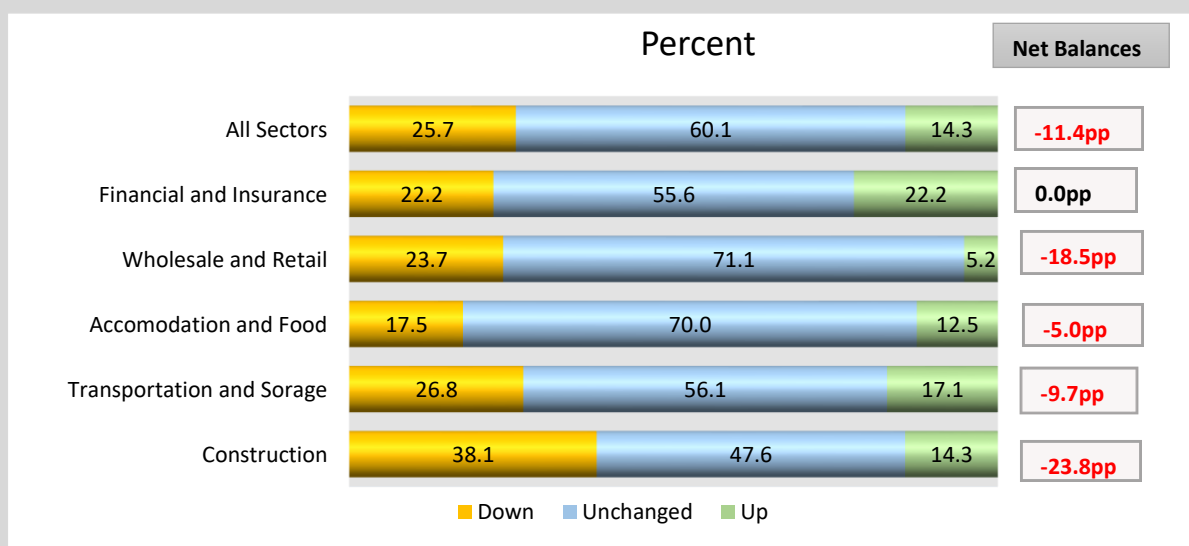


Figure 2.10: Expectations towards employment level during 1st Quarter 2025

2.12 Expectations towards Volume of Demand

About **51.0** percent of respondents in the *Transportation and Storage Services* Sector, had the view that volume of demand would decrease during the 1st quarter of 2025. In *Accommodation and Food Services* and *Financial and Insurance* Sectors, proportions of respondents sharing the same sentiments were **42.5** percent and **33.3** percent, respectively, Figure 2.11.

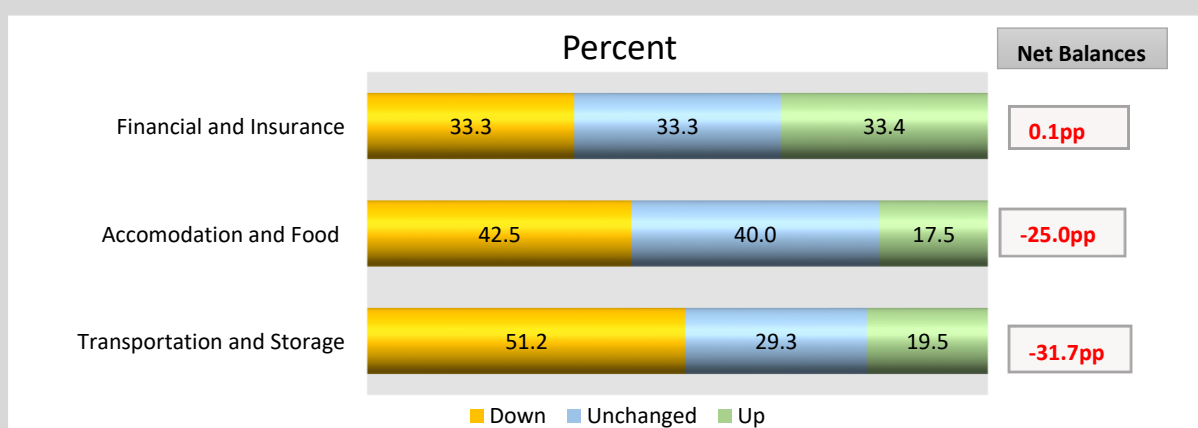


Figure 2.11: Expectations towards volume of demand during 1st Quarter 2025

2.13 Expectations towards Volume of Orders (Contracts) in Construction Sector

In the *Construction Sector*, **47.6** percent of respondents anticipated volume of orders to remain unchanged during 1st quarter 2025, Figure 2.12.

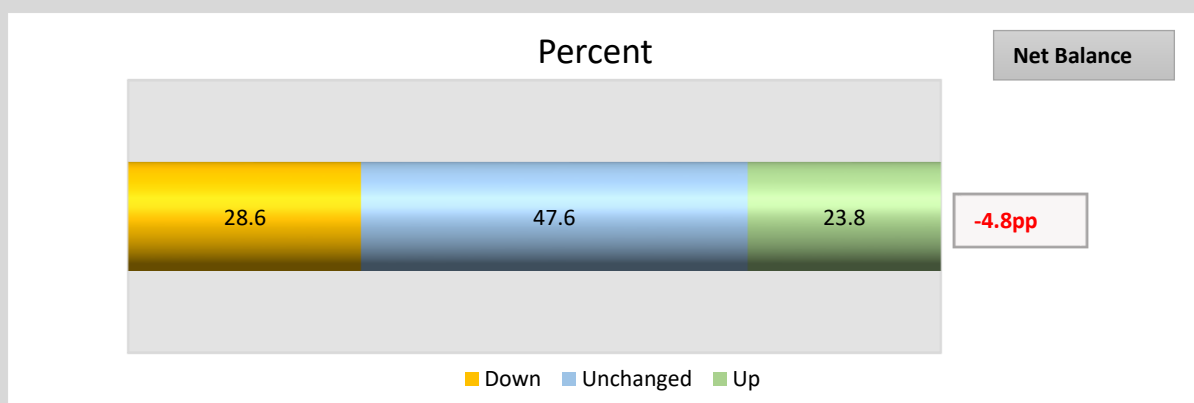


Figure 2.12: Expectations towards orders placed by suppliers during 1st quarter 2025 (Construction Sector)

2.14 Expectations towards Average Selling Price

Proportions of respondents who anticipated the average selling prices to remain *unchanged* during the 1st quarter of 2025 were **61.9** percent and **55.6** percent in the *Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles* and *Construction* Sectors, respectively, Figure 2.13.

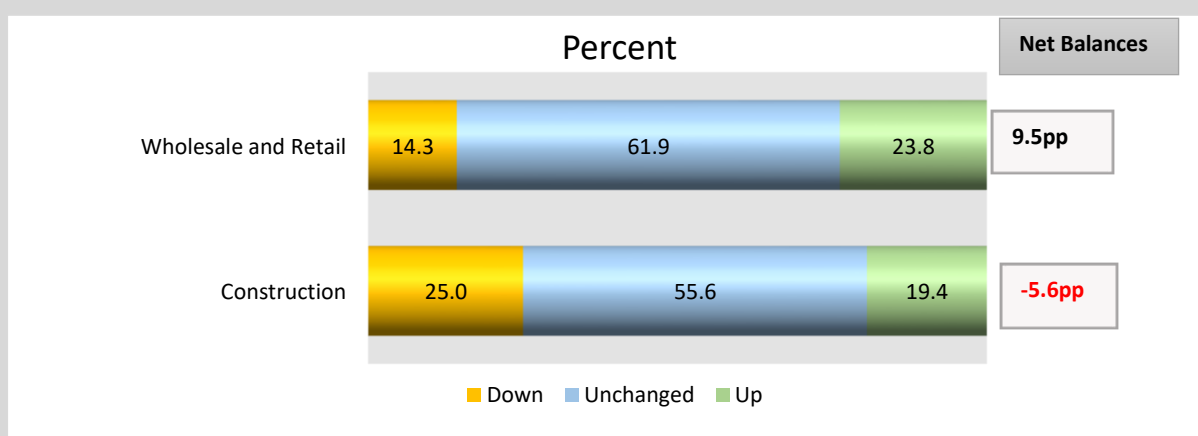


Figure 2.13: Expectations towards Average Selling Price during 1st Quarter 2025 (*Wholesale & Retail Trade* and *Construction* Sectors)

2.15 Confidence Indices¹

Though marginal increases were generally recorded, 4th quarter 2024 confidence indices remained negative for all sectors. The *Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles* Sector recorded a confidence index of **-25.8** compared to **-6.9** in 3rd quarter 2024, Figure 2.14.

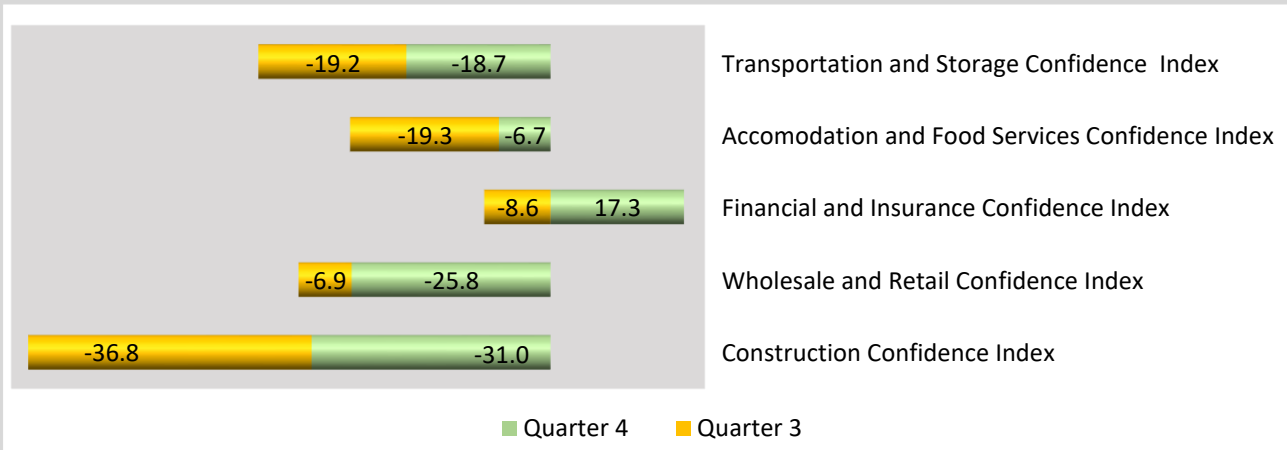


Figure 2.14: Confidence Indices for the Various Sectors

2.16 Constraints to Business Expansion

Competition was cited as a major constraint to business expansion by respondents in *Construction, Accommodation & Food Services, Transportation & Storage and Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles* Sectors, while **insufficient demand** was cited by those in the *Financial & Insurance* Sector.

¹ Confidence indices were compiled using average of the balances of opinion for questions relating to; present business situation, business situation in the next three months; the present level of total order books and employment in next three months (Construction confidence index); employment in next three months, present business situation and the business situation in the next three months (Other services Confidence indices. Positive values of the index reflect optimism towards the business situation while negative values imply pessimism. A value of zero implies same situation expected in the next quarter as prevailed in the previous quarter