BOSSES in the manufacturing sector are less gloomy about prospects for the next six months than those in the services sector, according to two surveys yesterday.

Only 7 per cent of manufacturers expect the outlook for the April to September period to deteriorate compared with the first three months of this year, said the Economic Development Board (EDB) in its latest poll of the sector’s expectations.

But 14 per cent of services firms are pessimistic about the next six months, showed the corresponding survey for that sector conducted by the Department of Statistics (DOS).

In both sectors, about 20 per cent of companies foresee better days ahead.

But 74 per cent of manufacturing firms believe business conditions will remain stable, while only two-thirds of their counterparts in services industries expect this.

Precision engineering and transport engineering firms, which have been in a slump, are the most upbeat of all the manufacturers in expecting higher output in the next three months, the EDB said.

Chemicals manufacturers, however, are the gloomiest.

Petroleum refineries in particular are tipping weaker margins due to excess supply in the region and lower crude oil prices, while output will likely fall when scheduled maintenance for petroleum and petrochemical plants is carried out in the next three months.

In the services industries, financial and insurance companies have the cheeriest outlook over the next six months, said the DOS.

Leading the optimism are the infocomm and consumer electronics segments, said the EDB.

Among firms in the services industries, financial and insurance companies have the cheeriest outlook over the next half-year while those in retail are the least optimistic.

Dr Tan Khay Boon, an economist and senior lecturer at SIM Global Education, blames the poor sentiment in retail trade on domestic constraints.

“High labour costs, a tightening of the car loan market and a slowdown in the tourism industry may have contributed to the poorer outlook in the retail sector,” he said.

All manufacturing clusters expect to hire more workers in the next three months, especially in the precision engineering and transport engineering fields.

But employers in the services fields of retail, transport and storage, and food and beverage are likely to cut back on hiring.

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