



MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

BUSINESS TENDENCY STATISTICS THIRD QUARTER 2016

Business Tendency Statistics present statistics on the business performance based on the Business Tendency Survey which is conducted quarterly. The main objective of this survey is to measure the current business performance in Malaysia as well as expectations for the upcoming three and six months.

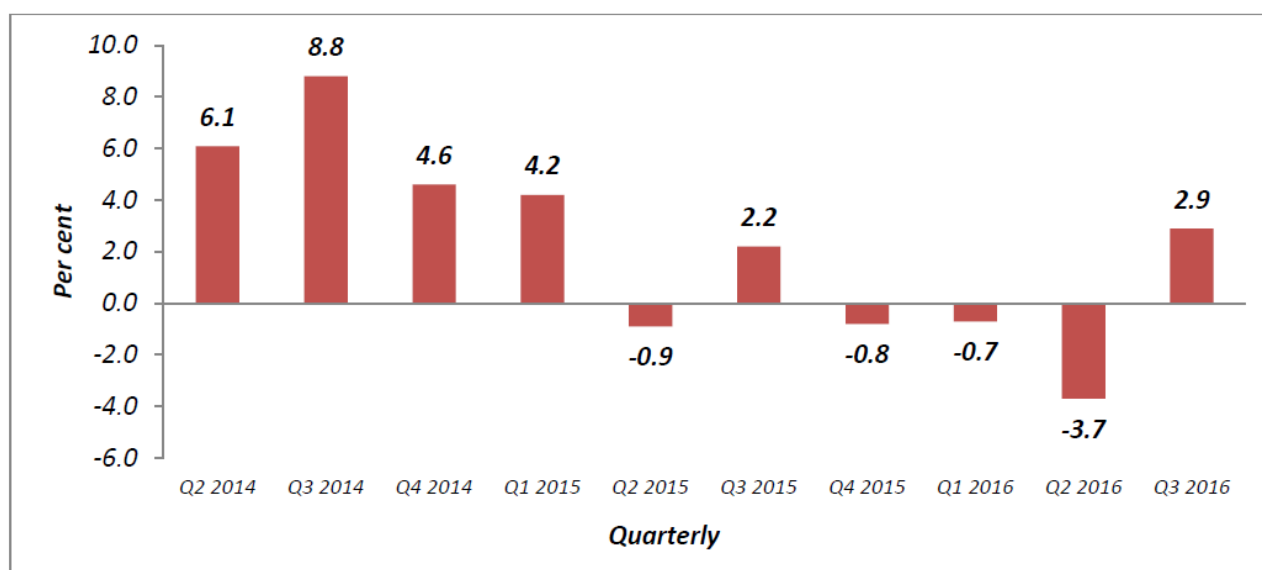
This report publishes the statistics of the current business situation for the second quarter of 2016, business expectation for the third quarter of 2016 and the upcoming six months period of July to December 2016.

FORECAST OF BUSINESS PERFORMANCE FOR THE THIRD QUARTER 2016

The business performance in the third quarter of 2016 is expected to increase as recorded by the confidence indicator of +2.9 per cent.

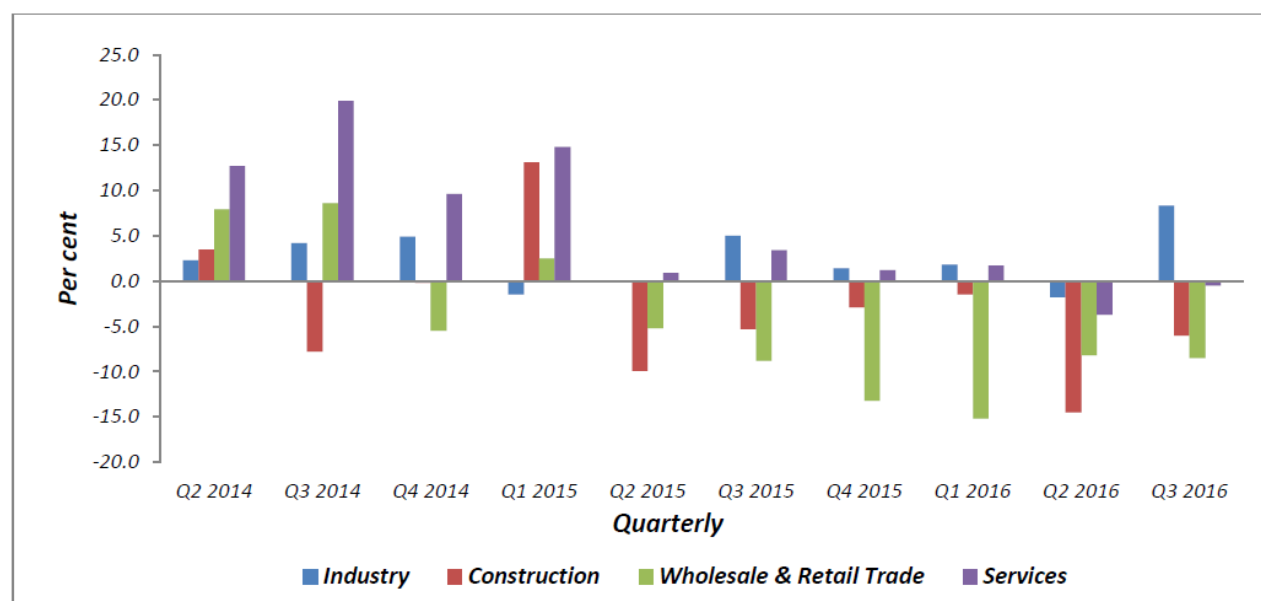
Confidence indicator is a short-term indicator which summarises the overall views of business situation in various sectors in Malaysia. The confidence indicator is computed as the average of the net balance for selected variables.

Chart I: Quarterly Confidence Indicator, Malaysia, 2014-2016



The business performance for industry sector is expected to increase in third quarter 2016 with confidence indicator +8.3 per cent. Meanwhile, other sectors such as wholesale & retail trade, construction and services are expected to decline in the same quarter with confidence indicators of -8.5 per cent, -6.0 per cent and -0.5 per cent respectively (Chart II).

Chart II: Quarterly Confidence Indicator by Sector, Malaysia, 2014-2016



Forecast of Gross Revenue and Number of Employees

Forecast in the third quarter of 2016 showed 31.7 per cent of establishments expect an increase in gross revenue while 20.1 per cent of establishments foresee a decrease. Meanwhile, 48.2 per cent of establishments predict that the gross revenue will unchanged.

The difference between the percentages of establishments responded favorable and unfavorable response known as net balance. The gross revenue in the third quarter of 2016 is expected to rise with net balance of +11.6 per cent compared to +11.4 per cent in the previous quarter.

Table 1: Expected of Net Balance Gross Revenue and Number of Employees, 2014-2016

Period		Gross Revenue (%)				Number of Employees (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2014	Q2	40.3	42.0	17.7	22.6	20.1	70.9	9.0	11.1
	Q3	38.5	40.9	20.5	18.0	21.8	71.4	6.8	15.0
	Q4	38.2	41.0	20.8	17.3	20.4	71.9	7.6	12.8
2015	Q1	34.5	39.3	26.2	8.5	18.0	72.8	9.2	8.8
	Q2	34.6	37.9	27.4	7.2	18.8	69.4	11.8	6.9
	Q3	35.2	43.4	21.4	13.9	18.0	74.3	7.7	10.3
	Q4	29.5	45.5	25.0	4.5	15.9	72.2	11.9	4.0
2016	Q1	29.9	39.6	30.5	-0.7	17.5	72.1	10.4	7.1
	Q2	33.3	44.9	21.9	11.4	16.0	72.2	11.8	4.2
	Q3	31.7	48.2	20.1	11.6	24.0	66.8	9.1	14.9

In terms of number of employees, 24.0 per cent of establishments predict an increase while, 9.1 per cent of establishments predict a decrease in the third quarter of 2016. The magnitude of the positive net balance for the number of employees in the same quarter is higher, i.e. +14.9 per cent than +4.2 per cent registered in the second quarter of 2016 (Table 1).

CURRENT SITUATION OF BUSINESS PERFORMANCE SECOND QUARTER 2016

The current situation of business performance in the second quarter 2016 is much better with an overall net balance of all sectors -2.3 per cent as compared to -6.4 per cent in the previous quarter. More than half of the establishments (59.0%) reported the current situation of their business to remain the same. Meanwhile, 19.4 per cent of establishments showed improvement in their business climate while 21.6 per cent of establishments showed less favorable conditions.

Chart III: Quarterly Net balance of Current Situation Overall of All Sectors, Malaysia, 2014-2016

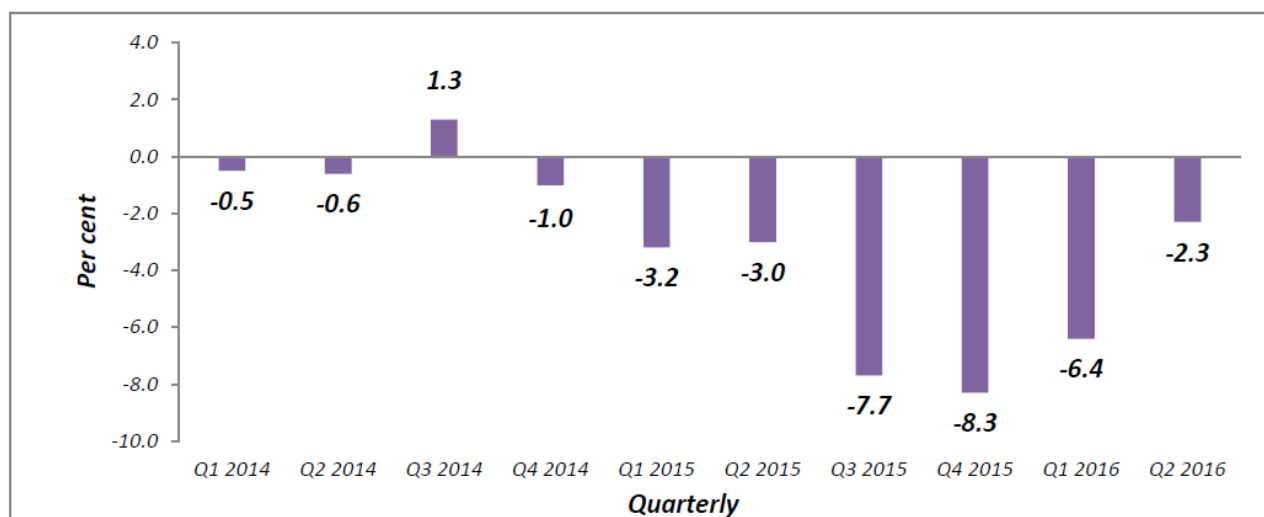


Table 2: Net Balance of Current Situation for Business Performance, 2014-2016

Duration		Up (%)	Same (%)	Down (%)	Net Balance (%)
2014	Q1	16.6	66.2	17.1	-0.5
	Q2	19.0	61.4	19.6	-0.6
	Q3	19.9	61.5	18.6	1.3
	Q4	17.3	64.5	18.3	-1.0
2015	Q1	17.2	62.5	20.3	-3.2
	Q2	17.7	61.0	21.4	-3.0
	Q3	14.2	63.9	21.9	-7.7
	Q4	14.7	62.2	23.1	-8.3
2016	Q1	15.3	63.0	21.7	-6.4
	Q2	19.4	59.0	21.6	-2.3

Gross Revenue and Number of Employees

In the second quarter of 2016, the establishments reported that their gross revenue showed an increase with a net balance of +4.8 per cent as compared to -21.7 per cent in the previous quarter. The establishments which reported increases in their business gross revenue in the second quarter of 2016 were 32.3 per cent. In contrast, 27.5 per cent of establishments reported deterioration. Meanwhile, 40.3 per cent of establishments have stated their business gross revenue remained the same.

In terms of number of employees, 18.2 per cent of establishments indicated an increase in employment, while 16.6 per cent of establishments reported a decrease. Meanwhile, 65.2 per cent of establishments reported no change. Overall, a net balance of +1.6 per cent for the number of employees were recorded in the second quarter of 2016 as compared to +0.3 per cent in the previous quarter.

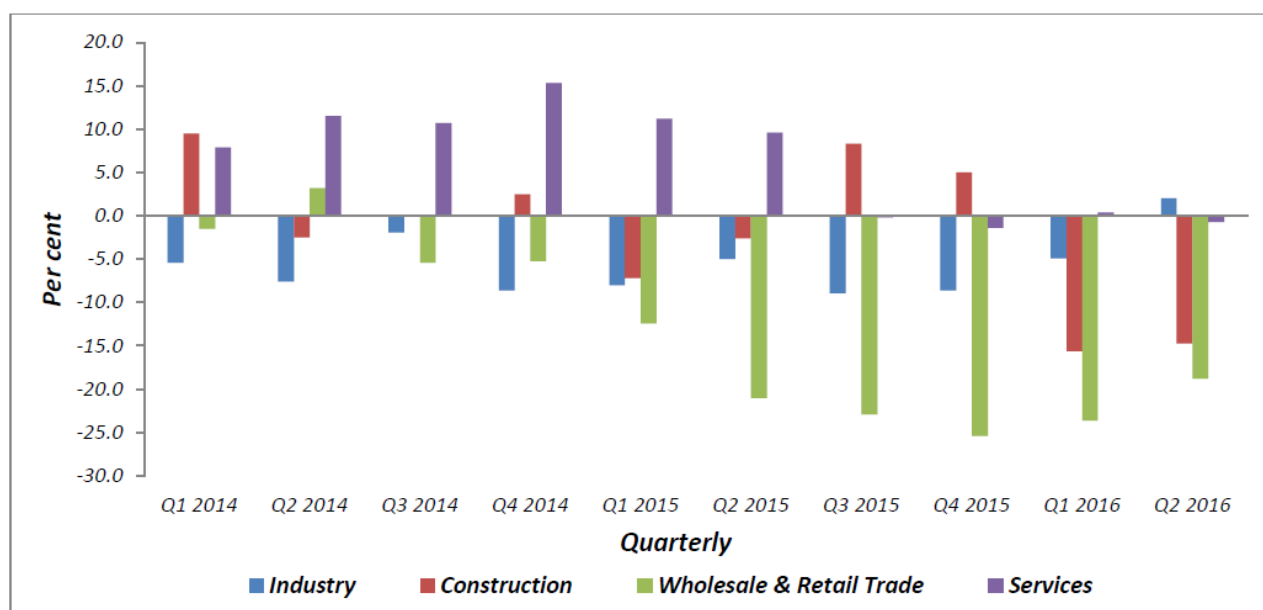
Table 3: Net Balance of Current Situation for Gross Revenue and Number of Employees, 2014-2016

Duration		Gross Revenue (%)				Number of Employees (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2014	Q1	29.9	39.0	31.1	-1.2	22.5	64.4	13.1	9.4
	Q2	36.8	38.8	24.3	12.5	19.9	66.7	13.4	6.5
	Q3	29.7	35.8	34.5	-4.9	21.0	63.3	15.7	5.4
	Q4	30.2	38.3	31.5	-1.3	18.9	66.3	14.8	4.1
2015	Q1	31.0	37.3	31.6	-0.6	17.4	64.4	18.2	-0.8
	Q2	32.9	36.2	30.9	2.0	20.3	63.2	16.5	3.8
	Q3	29.6	37.2	33.2	-3.6	17.4	63.7	18.9	-1.4
	Q4	32.4	36.7	30.9	1.5	19.1	63.9	17.0	2.0
2016	Q1	20.9	36.5	42.6	-21.7	19.4	61.6	19.0	0.3
	Q2	32.3	40.3	27.5	4.8	18.2	65.2	16.6	1.6

Net Balance of Current Situation by Sector

At sector level, business current situation of industry showed positive improvement with a net balance of +2.0 per cent as compared to +0.4 per cent in the previous quarter. In contrast, the wholesale & retail trade, construction and services sectors have deteriorated during the second quarter 2016 with a net balance of -18.8 per cent, -14.7 per cent and -0.7 per cent respectively (Chart IV).

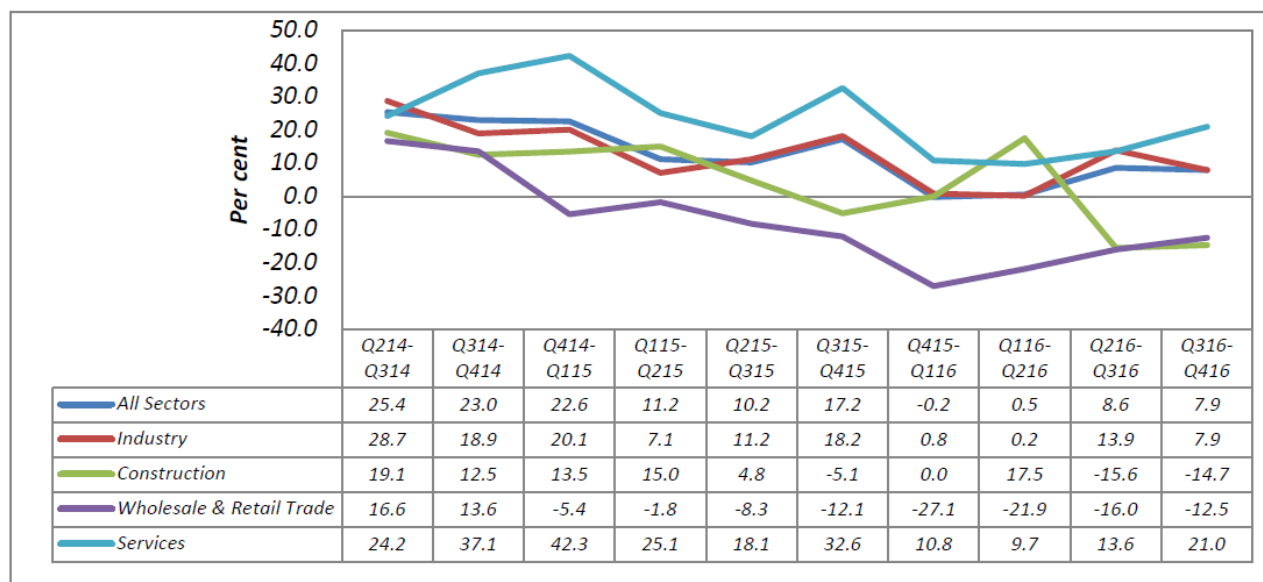
Chart IV: Quarterly Net Balance of Current Situation by Sector, Malaysia, 2014-2016



EXPECTATIONS OF BUSINESS PERFORMANCE JULY-DECEMBER 2016

Expectations of business performance in July to December 2016 will increase with a net balance of +7.9 per cent. The services and industry sectors are expected to increase with the net balance of +21.0 per cent and +7.9 per cent respectively. On the other hand, the sectors which expected to decrease are construction (-14.7%) and wholesale & retail trade (-12.5%).

Chart V: Net balance of Business Performance Expectation for upcoming six month by Sector, Malaysia, 2014-2016



Released By:

**THE OFFICE OF CHIEF STATISTICIAN MALAYSIA
DEPARTMENT OF STATISTICS, MALAYSIA**

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