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BUSINESS TENDENCY STATISTICS



FORECAST OF BUSINESS PERFORMANCE FOR THE FIRST QUARTER 2023

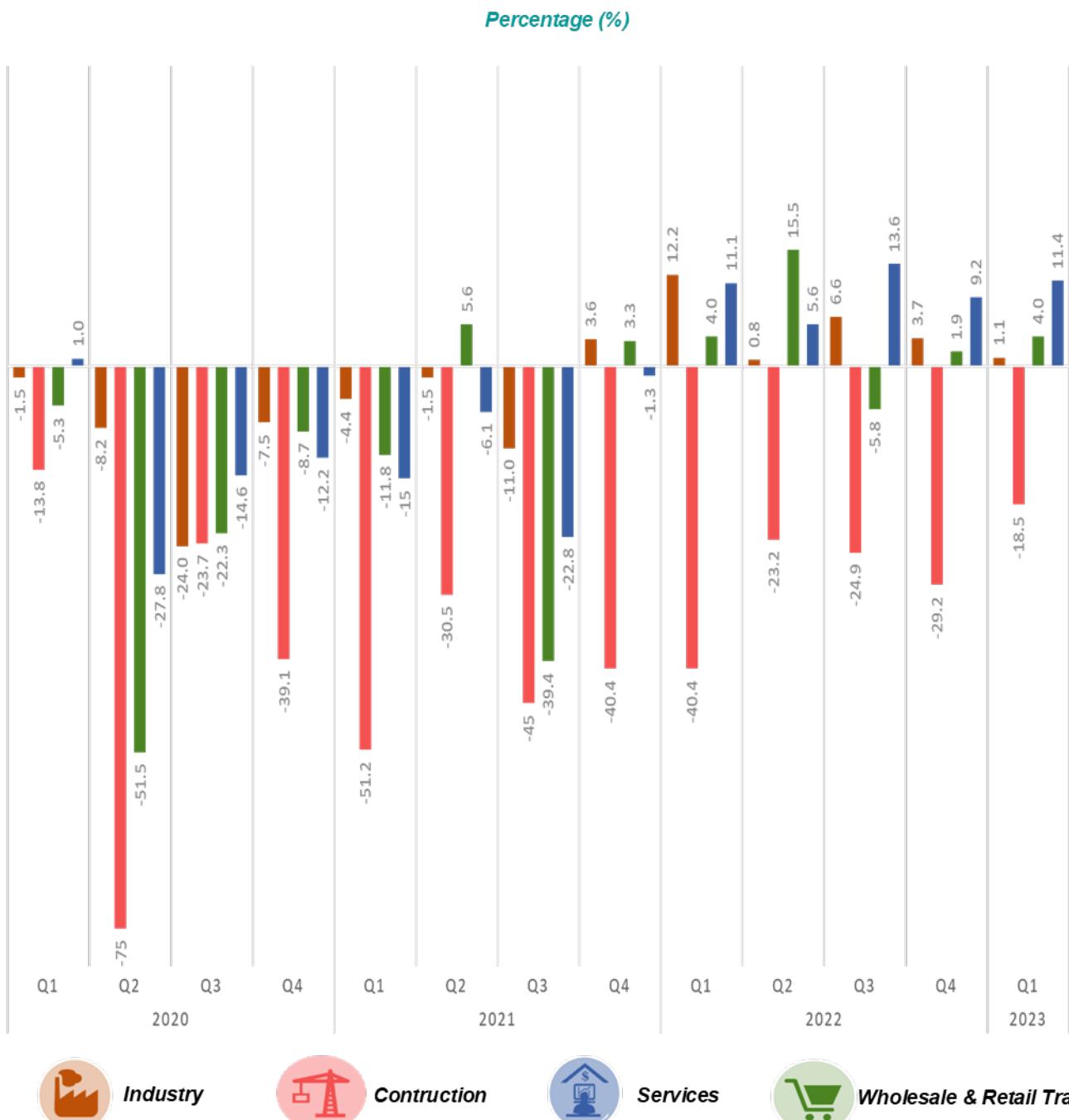
Sentiment among Malaysian businesses remained positive in the beginning of 2023. The confidence indicator in the first quarter of 2023 shows slight uptick to +3.6 per cent as against +3.2 per cent registered in the fourth quarter 2022.

Among all of the sectors surveyed, Services, Wholesale and Retail Trade and Industry sectors stayed optimistic about their future business condition. The confidence indicator for Services sector posted a better reading with +11.4 per cent in the first quarter 2023 from +9.2 per cent in the previous quarter. All sub-sectors under Services sectors foresee positive business outlook except for Professional sub-sector which predicts less favourable business condition in the reference quarter. Similarly, sentiment within Wholesale and Retail trade sector continued positive in the first quarter 2023 with +4.0 per cent compared to +1.9 per cent in the last quarter. Industry sector also expects favourable business condition in the first quarter 2023 as the confidence indicator posted +1.1 per cent.

Meanwhile, businesses in the Construction sector continued to remain pessimistic with confidence indicator of -18.5 per cent in the reference quarter as against to -29.2 per cent in the fourth quarter 2022.

Exhibit I: Quarterly Confidence Indicator by Sector,

Malaysia, 2020-2023



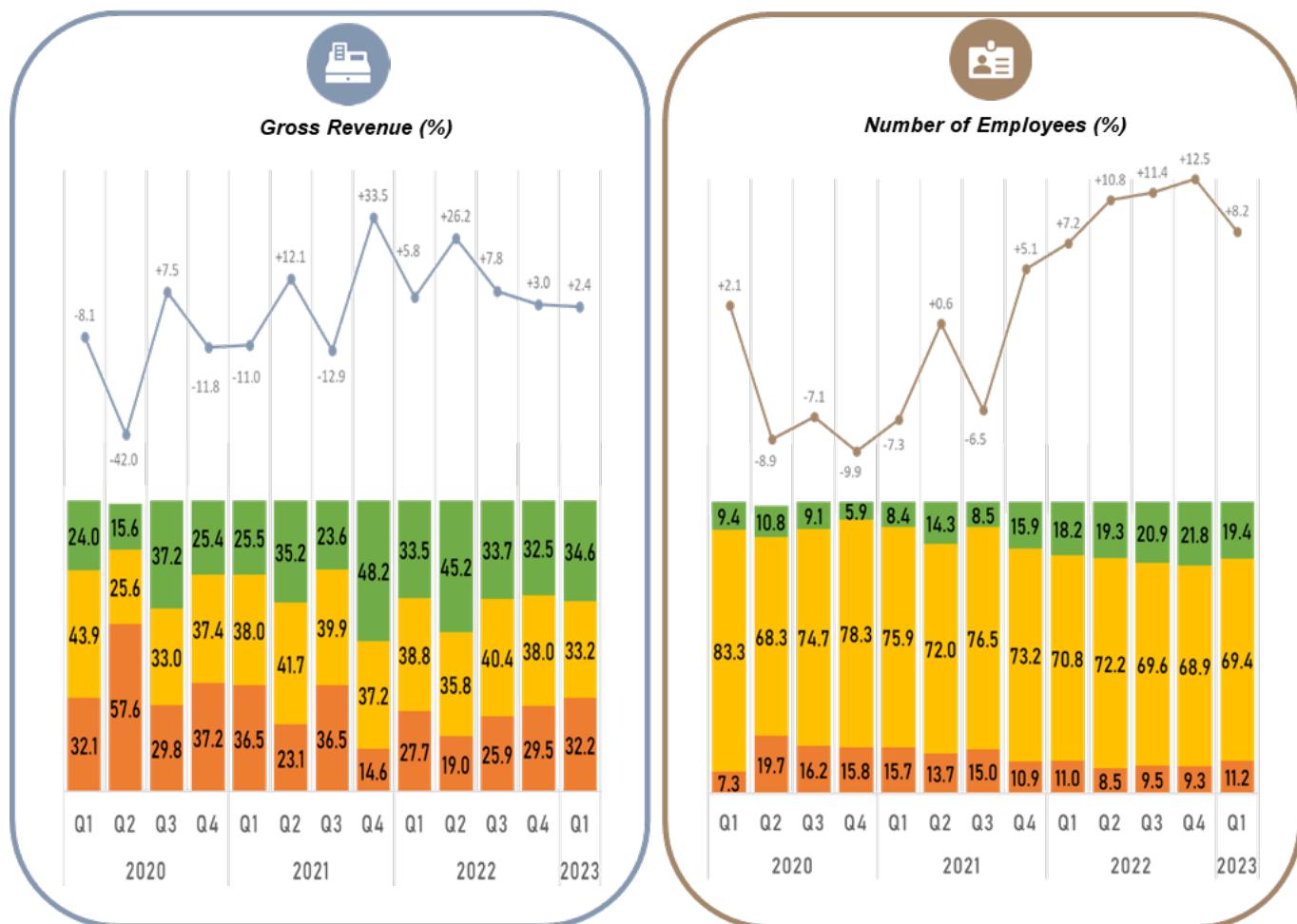
Expectations of Gross Revenue and Number of Employees

A total of 34.6 per cent of respondents anticipate their gross revenue to grow in the first quarter 2023, while 32.2 per cent of the respondents predict a decrease which result to a net balance of +2.4 per cent. Concomitantly, 33.2 per cent of respondents foresee their gross revenue to stagnate.

In terms of employment, majority of the establishments (69.4 per cent) predict to maintain their employees at the current state for the first quarter 2023. 19.4 per cent of establishments expect to expand their number of workforce, whilst 11.2 per cent foresee to scale down their manpower which further leads to a net balance of +8.2 per cent for the reference quarter.

Exhibit II: Expected of Net Balance Gross Revenue and

Number of Employees, 2020-2023



Net Balance

Higher

Same

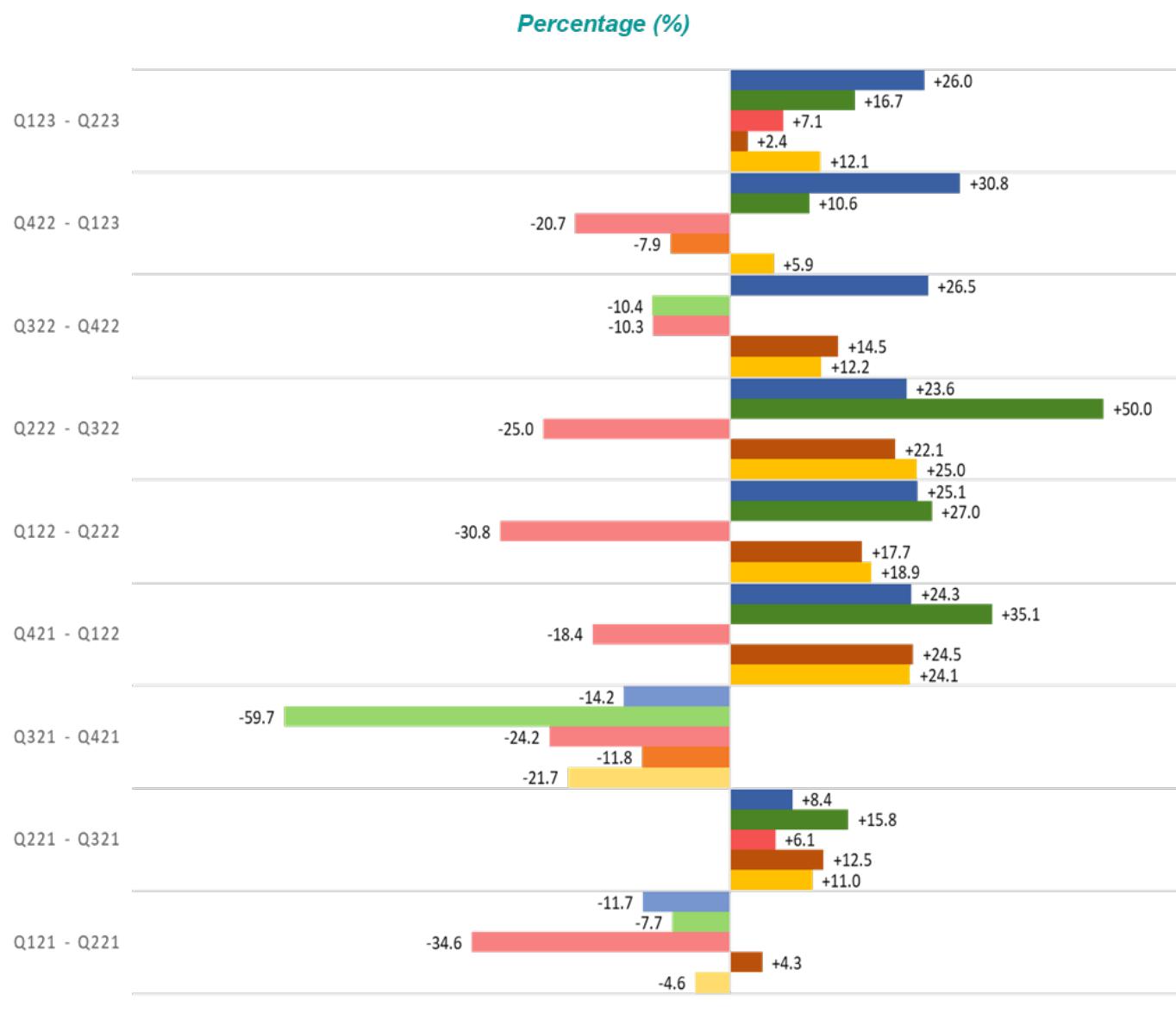
Lower

EXPECTATIONS OF BUSINESS PERFORMANCE IN JANUARY TO JUNE 2023

Looking ahead, business perception for the first half of 2023 improved with a net balance of +12.1 per cent as against +5.9 per cent recorded previously which all sectors registered at positive territory. Sentiments among Services sector remained positive with net balance of +26.0 per cent for January to June 2023 compared to +30.8 per cent recorded in last quarter. All sub-sectors under Services sectors expect a promising business situation in the forthcoming six months. Wholesale and Retail Trade sector also foresees brighter business outlook with a net balance of +16.7 per cent from +10.6 per cent for the period of October 2022 until March 2023.

Whereas, business outlook within Construction and Industry sectors soared to positive territory in the next six months, ending June 2023. Construction sector turns optimism for the first time since second quarter of 2021 which improved significantly with a net balance of +7.1 per cent from -20.7 per cent. Similarly, Industry sector depicts the same direction with a net balance of +2.4 per cent as against -7.9 per cent recorded previously. This is mainly driven by the uplifted outlook in Agriculture and Electricity and Water sub-sectors.

Exhibit III: Net Balance of Business Performance Expectation for Upcoming Six Month by Sector, Malaysia, 2021-2023



Total



Industry



Construction



Wholesale & Retail Trade



Services

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