



## BUSINESS TENDENCY STATISTICS FOURTH QUARTER 2015

Business Tendency Statistics presents data 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 expectation for the upcoming three and six months.

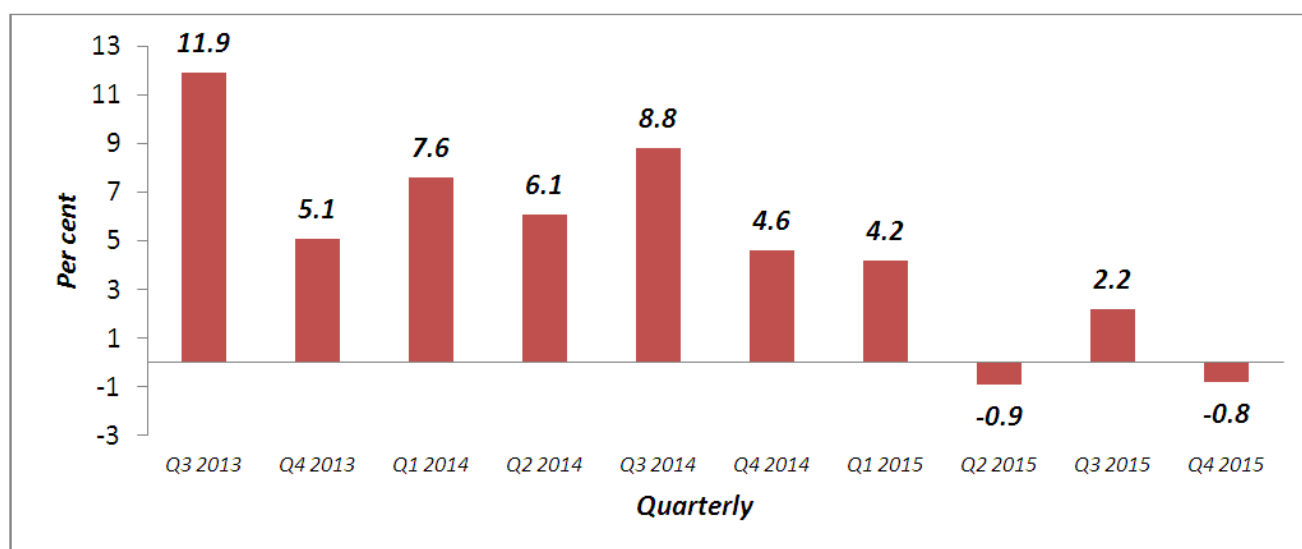
This report publishes the statistics of current business situation for the third quarter of 2015, business expectation for the fourth quarter of 2015 and the upcoming six months period of October 2015 to March 2016.

### FORECAST OF BUSINESS PERFORMANCE FOR THE FOURTH QUARTER 2015

Business performance in the fourth quarter 2015 is expected to slow down, as shown by the confidence indicator -0.8 per cent as compared to +2.2 per cent in the third quarter of 2015.

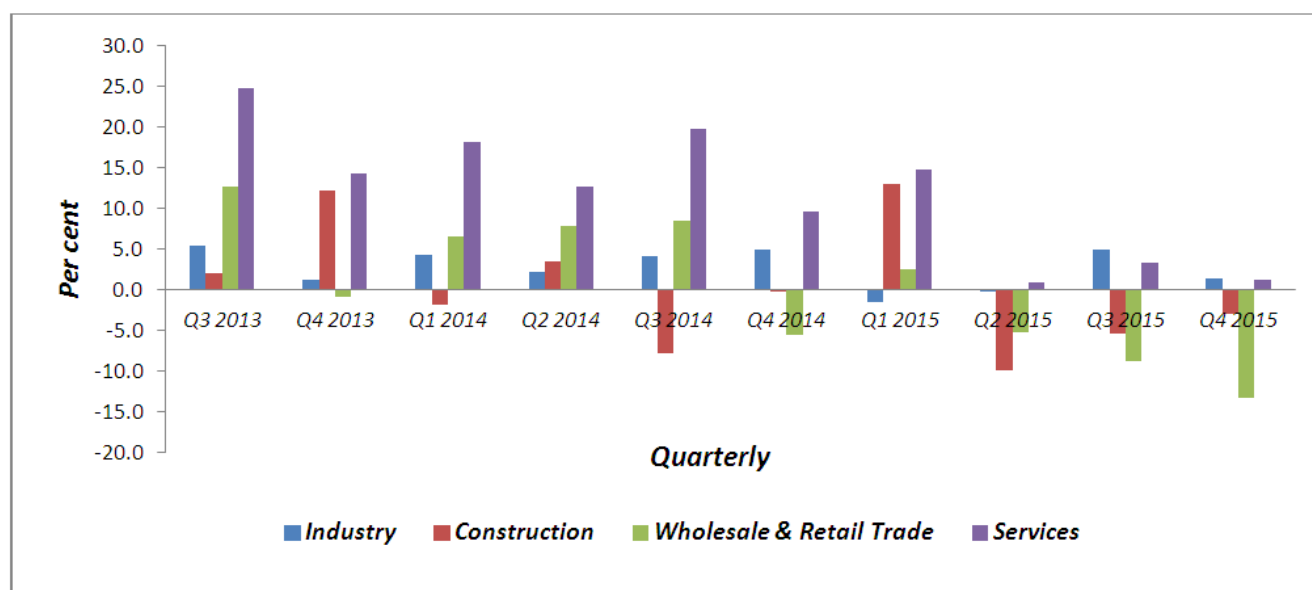
Confidence indicator is an indicator that summaries the overall views on short-term business situation in various sectors in Malaysia. The confidence indicator is computed as the average of the net balance for selected variables.

*Chart I: Confidence Indicator, 2013-2015*



The business performance by sector shows the industrial and services sectors are expected to grow in the fourth quarter of 2015 with confidence indicator +1.4 per cent and +1.2 per cent respectively. However, the business performance of the wholesale & retail trade and construction sectors is expected to drop with confidence indicator -13.2 percent and -2.9 percent respectively. (Chart II)

**Chart II: Confidence Indicator by Sector, 2013-2015**



### Forecast of Gross Revenue and Number of Employees

The forecast for fourth quarter of 2015 shows 29.5 per cent of establishments expected an increase in gross revenue while 25.0 per cent of establishments foreseen a decrease. Meanwhile, 45.5 per cent of establishments predict that the gross revenue unchanged.

The difference between the percentages of establishments giving favorable and unfavorable response known as the net balance, remained positive at +4.5 per cent as compared to +13.9 in the previous quarter.

**Table 1: Expected of Net Balance Gross Revenue and Number of Employees, 2013-2015**

Period		Gross Revenue (%)				Number Of Employee (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2013	Q3	44.9	41.0	14.2	30.7	21.5	72.9	5.6	16.0
	Q4	36.3	42.3	21.4	14.9	18.1	72.0	9.9	8.3
2014	Q1	34.1	38.5	27.4	6.8	19.5	72.3	8.2	11.3
	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

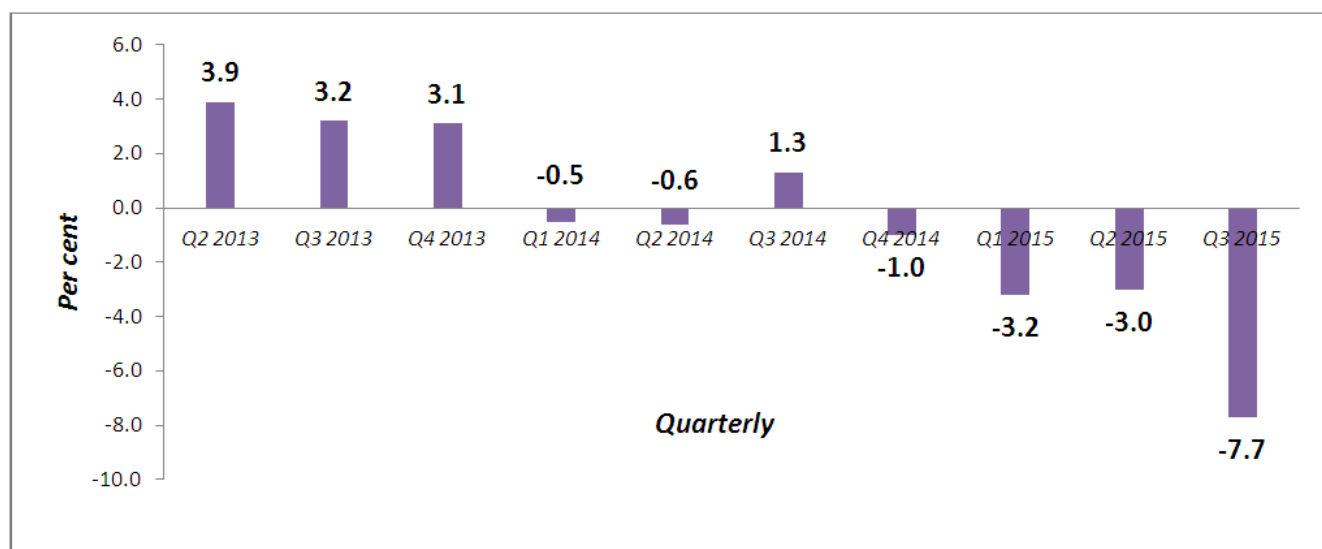
In terms of number of employees, 15.9 per cent of establishments predict an increase while, 11.9 per cent of establishments predict a decrease in the fourth quarter of 2015. The magnitude of the positive net balance of the number of employees in the fourth quarter of 2015 is lower (+4.0%) than the +10.3 per

cent registered for third quarter of 2015.

## CURRENT SITUATION OF BUSINESS PERFORMANCE THIRD QUARTER 2015

The current situation of business performance decreased with the overall net balance for all sectors recorded -7.7 per cent as compared to -3.0 per cent in the previous quarter. A significant majority of establishments (63.9%) reported the current situation of their business to remain the same. 14.2 per cent of establishments show improvement in their business climate while 21.9 per cent of establishments show less favorable conditions (Chart III) .

*Chart III: Net balance of Current Situation Overall All Sectors, 2013-2015*



*Table 2: Net Balance of Current Situation for Business Performance, 2013-2015*

Duration		Up (%)	Same (%)	Down (%)	Net Balance (%)
2013	Q2	18.2	67.5	14.3	3.9
	Q3	19.1	65.0	15.9	3.2
	Q4	19.6	63.9	16.5	3.1
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	-3.7
	Q3	14.2	63.9	21.9	-7.7

## Gross Revenue and Number of Employee

A total of 29.6 per cent of establishments reported an improvement in their business gross revenue. In contrast, 33.2 per cent of establishments have reported deterioration in their gross revenue condition and 37.2 per cent of establishments stated their gross revenue remain the same in the third quarter of 2015. This translates to a net balance of -3.6 per cent as compared to +2.0 per cent in the previous quarter.

In terms of number of employees, 17.4 per cent of establishments indicated an increase in employment, while 18.9 per cent of establishments reported a decrease. Meanwhile, 63.7 per cent of establishments reported no change. Overall, a net balance of -1.4 per cent for the number of employees was recorded in the third quarter of 2015 compared with +3.8 percent in the second quarter of 2015.

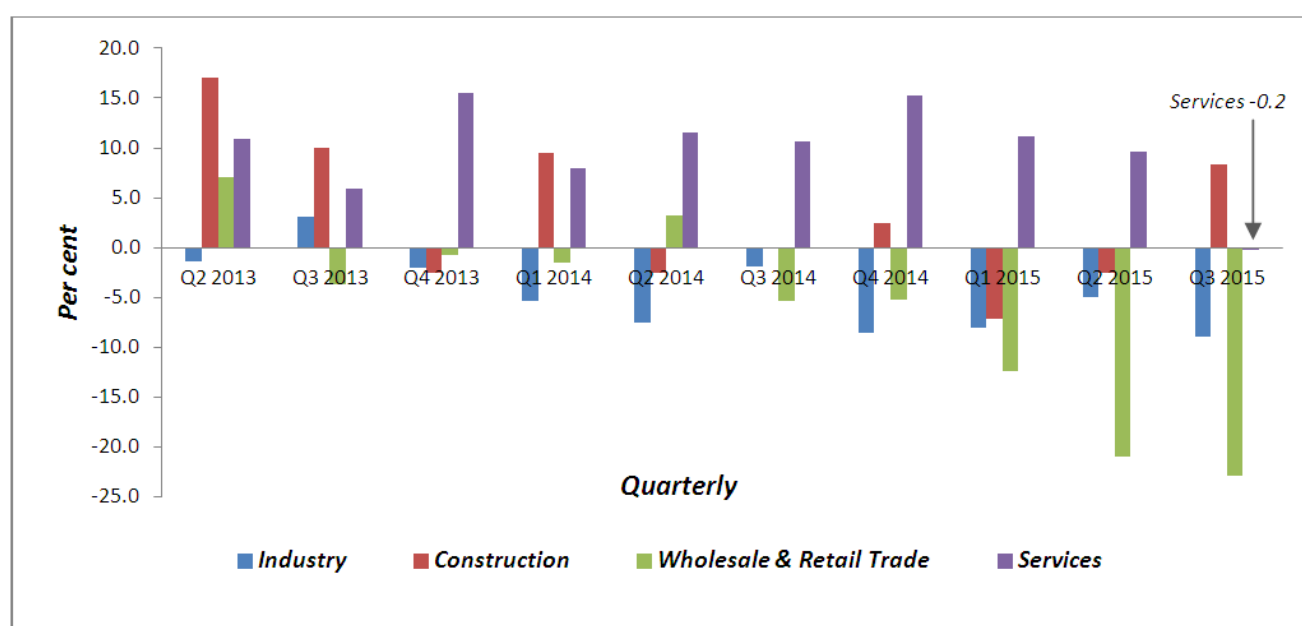
**Table 3: Net Balance of Current Situation for Gross Revenue and Number of Employee, 2013-2015**

Duration		Gross Revenue (%)				Number of Employee (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2013	Q2	38.8	33.7	27.5	11.3	19.2	65.3	15.5	3.6
	Q3	39.9	32.8	27.3	12.6	20.9	66.2	12.8	8.1
	Q4	38.7	36.0	25.3	13.4	21.7	65.5	12.8	8.9
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

### Net Balance of Current Situation by Sector

At sectors level, business current situation of wholesale & retail trade, industry and services has deteriorated during the third quarter 2015 with a net balance of -22.9 per cent, -8.9 per cent and -0.2 per cent respectively. In contrast, the construction sector has reported a better net balance of +8.3 per cent (Chart IV).

**Chart IV: Net Balance of Current Situation by Sector, 2013-2015**

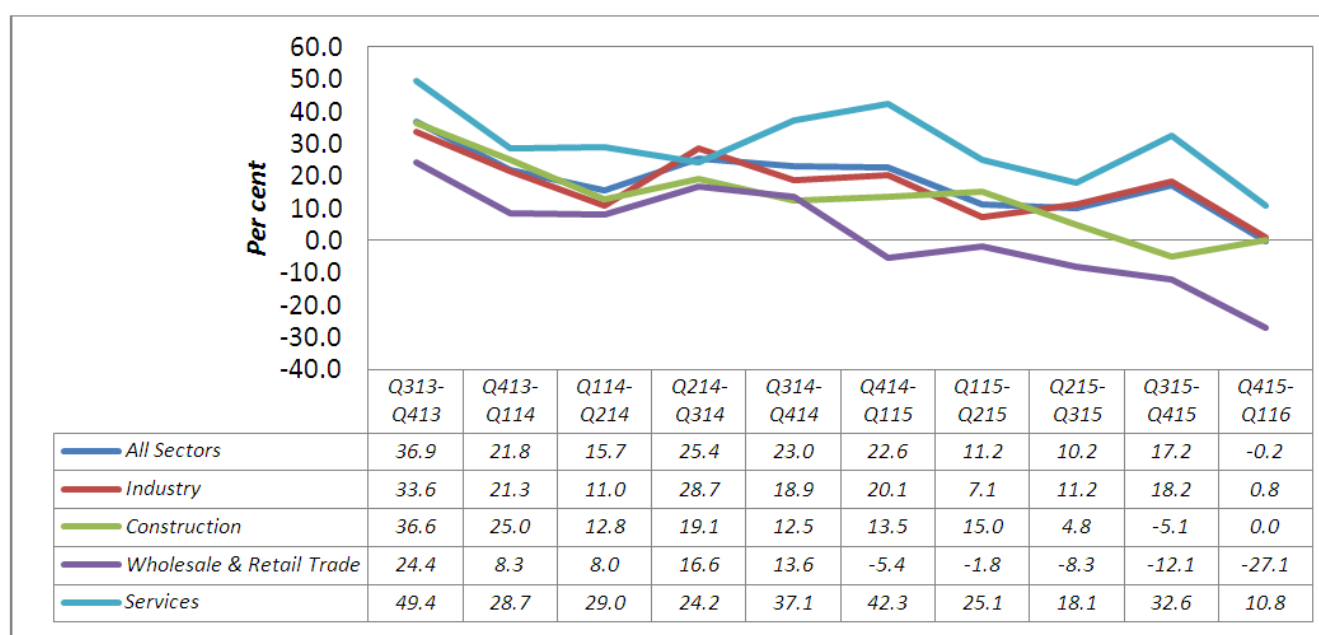




## EXPECTATIONS OF BUSINESS PERFORMANCE OCTOBER 2015 - MARCH 2016

Looking ahead, the business conditions in October 2015 to March 2016 are expected to decline with net balance -0.2 per cent. The sector which expected to decrease is wholesale & retail trade sector (-27.1%). On the other hand, the services and industry sectors are expected to increase with the net balance of +10.8 per cent and +0.8 per cent respectively. While the construction sector expects business performance to remain the same compared to the previous period.

**Chart V: Net balance of Business Expectation for upcoming six month by Sector, 2013-2015**



### Released By:

**THE OFFICE OF CHIEF STATISTICIAN MALAYSIA**  
**DEPARTMENT OF STATISTICS, MALAYSIA**  
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### Contact person:

Ho Mei Kei  
 Public Relation Officer  
 Corporate and User Services Division  
 Department of Statistics, Malaysia  
**Tel** : +603-8885 7942  
**Fax** : +603-8888 9248  
**Email** : mkho@stats.gov.my

### Contact person:

Baharudin Mohamad  
 Public Relation Officer  
 Strategic Communication and International Division  
 Department of Statistics Malaysia  
**Tel** : +603-8090 4681  
**Fax** : +603-8888 9248

Email : [baharudin\[at\]dosm.gov.my](mailto:baharudin[at]dosm.gov.my)

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