



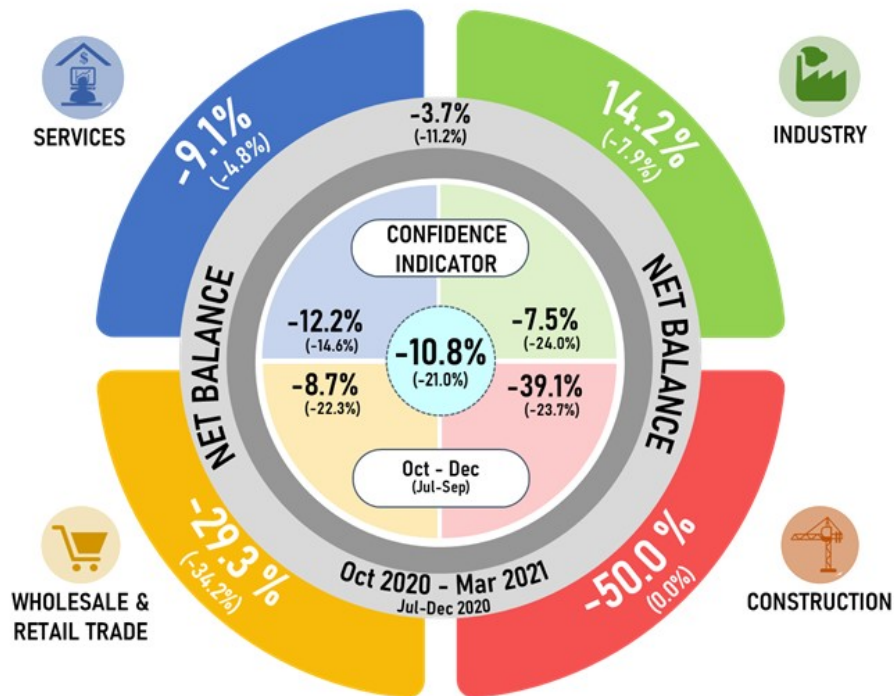
BUSINESS TENDENCY STATISTICS FOURTH QUARTER 2020



BUSINESS TENDENCY STATISTICS

Business prospects improve for the fourth quarter of 2020 but remain pessimistic

QUARTERLY CONFIDENCE INDICATOR, 2019-2020



* Agriculture, Mining, Manufacturing and Electricity & Water

** Accommodations, Transportation & Storage, Communication, Finance, Insurance, Real Estate, Information Technology & Communication, Food & Beverage, Administrative & Support Services, Professional, Health, Education and Other Services

Source: Business Tendency Statistics, Fourth Quarter 2020, Department of Statistics Malaysia

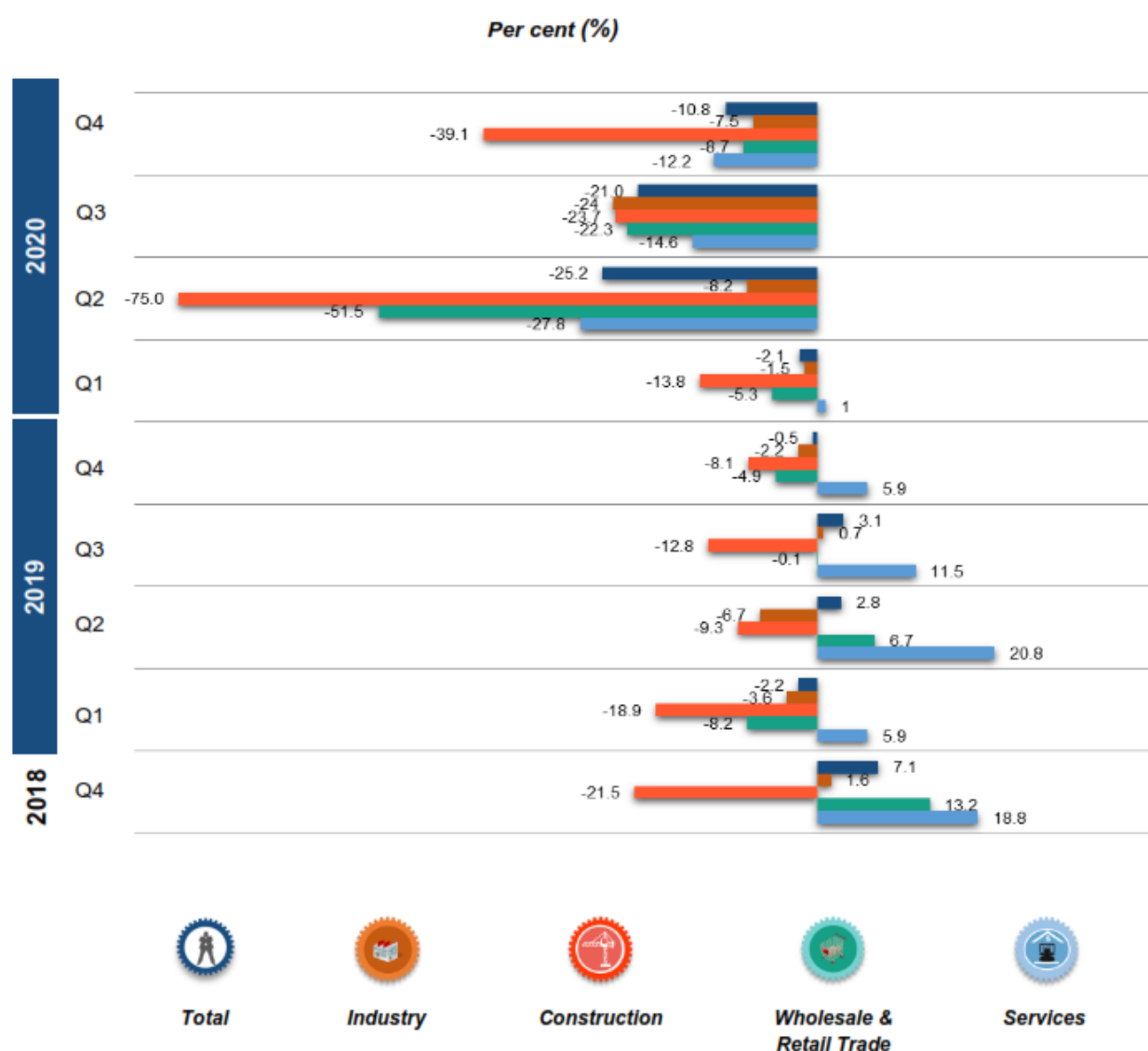
FORECAST OF BUSINESS PERFORMANCE FOR THE FOURTH QUARTER 2020

Businesses are forecasting a better business performance in the fourth quarter of 2020 which shows recovery signs, though remain pessimistic by registering -10.8 per cent as against -21.0 per cent in the last quarter.

Among all the sectors covered, Industry, Wholesale & Retail Trade and Services sectors foresee better performance in the fourth quarter of 2020 as compared to the previous quarter. This expectation is reflected by the significant improvement in the confidence indicators of the Industry and Wholesale & Retail Trade sectors with -7.5 per cent and -8.7 per cent in the reference quarter compared to -24.0 per cent and -22.3 per cent in the third quarter of 2020 respectively. While, Services sector predicts better performance with a slight increase in the fourth quarter of 2020 that is -12.2 per cent compared to -14.6 per cent in the last quarter.

Whereas, the Construction sector is the most pessimistic sector with -39.1 per cent in this quarter as against -23.7 per cent in the previous quarter.

Chart I: Quarterly Confidence Indicator by Sector, Malaysia, 2018-2020










Expectations of Gross Revenue and Number of Employees

In terms of gross revenue, 25.4 per cent of respondents predict their gross revenue to increase in the fourth quarter of 2020 whilst 37.2 per cent expect reduction which further leads to a net balance of -11.8 per cent. Simultaneously, 37.4 per cent of respondents anticipate their gross revenue remain the same.

In the same quarter, 78.3 per cent of establishments expect their number of workforce to remain the same despite the net balance of -9.9 per cent. Correspondingly, 5.9 per cent of establishments predict to increase their workforce, while 15.8 per cent intend to reduce their workforce in the fourth quarter of 2020.

Table 1: Expected of Net Balance Gross Revenue and Number of Employees, 2018-2020

<i>Period</i>		<i>Gross Revenue (%)</i>				<i>Number of Employees (%)</i>			
					<i>Net Balance</i>				<i>Net Balance</i>
2020	Q4	25.4	37.4	37.2	-11.8	5.9	78.3	15.8	-9.9
	Q3	37.2	33.0	29.8	+7.5	9.1	74.7	16.2	-7.1
	Q2	15.6	25.6	57.6	-42.0	10.8	68.3	19.7	-8.9
	Q1	24.0	43.9	32.1	-8.1	9.4	83.3	7.3	+2.1
2019	Q4	31.9	46.8	21.3	+10.6	9.2	82.5	8.3	+0.9
	Q3	33.6	50.5	15.9	+17.7	9.7	84.2	6.1	+3.6
	Q2	37.8	46.5	15.7	+22.1	12.7	80.1	7.2	+5.5
	Q1	30.4	51.0	18.6	+11.8	8.5	86.5	5.0	+3.5
2018	Q4	42.6	42.6	14.8	+27.8	8.6	84.2	7.2	+1.4
	Q3	45.1	44.4	10.5	+34.6	11.5	80.3	8.2	+3.3
	Q2	34.0	54.6	11.4	+22.6	8.7	83.4	7.9	+0.8
	Q1	30.4	57.3	12.3	+18.1	25.2	61.6	13.2	+12.0

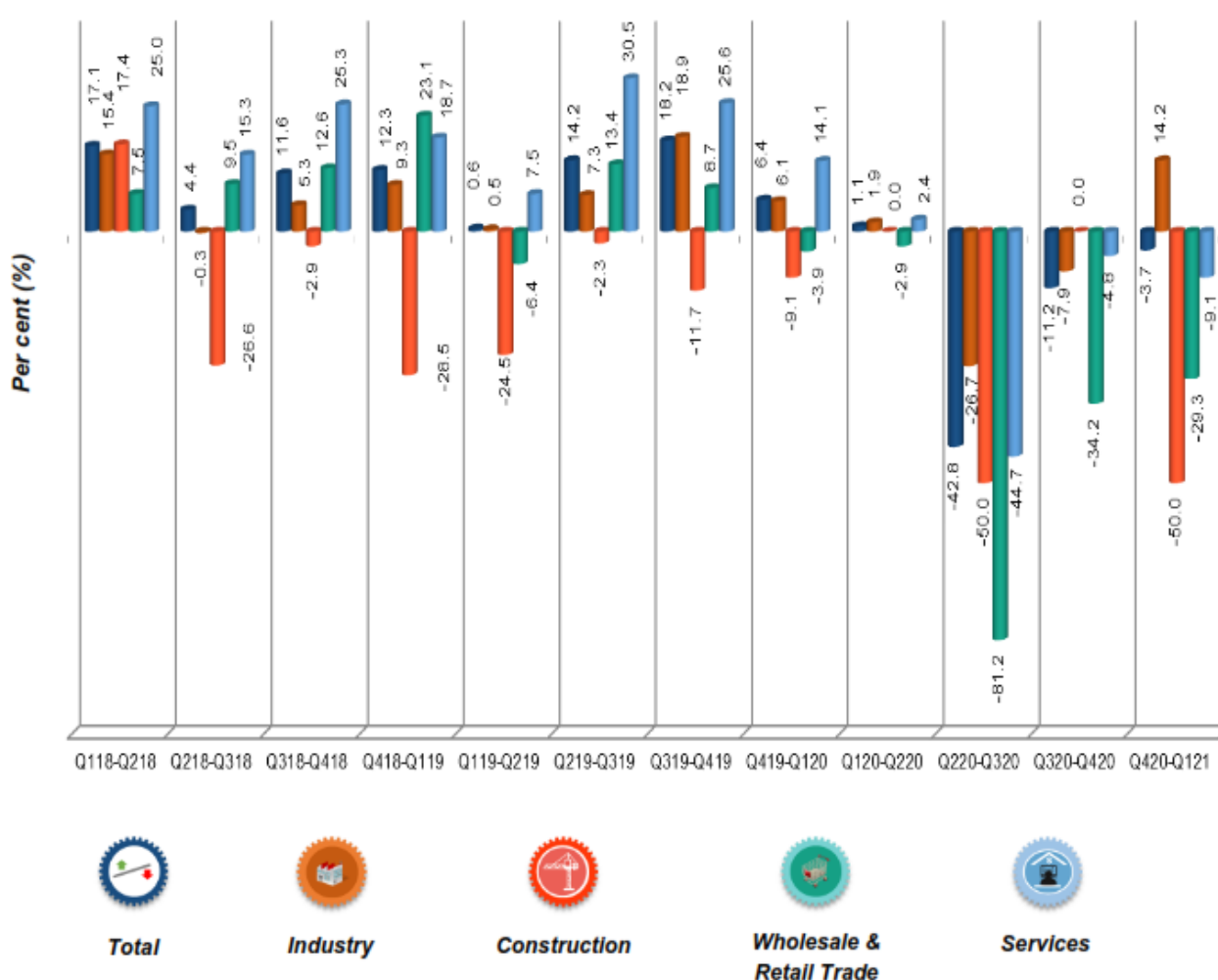
 Higher  Same  Lower

EXPECTATIONS OF BUSINESS PERFORMANCE IN OCTOBER 2020 TILL MARCH 2021

Expectation of businesses improved for October 2020 till March 2021, with the overall net balance registered -3.7 per cent as against -11.2 per cent recorded previously. Industry sector is optimistic towards business performance with a net balance of +14.2 per cent as compared to -7.9 per cent for July till December 2020. This performance is driven by the Agriculture, Mining, Manufacturing and Electricity & Water subsectors which expect better business situation. Concurrently, the Wholesale & Retail Trade sector also anticipates better business performance for the next six months with a net balance of -29.3 per cent compared to -34.2 per cent recorded for the period of July till December 2020.

While, the Construction and Services sectors foresee the business performance will deteriorate in the forthcoming six months with a net balance of -50.0 per cent and -9.1 per cent respectively.

Chart II: Net Balance of Business Performance Expectation for Upcoming Six Month by Sector, Malaysia, 2018-2020



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