



## BUSINESS TENDENCY STATISTICS SECOND QUARTER 2016

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

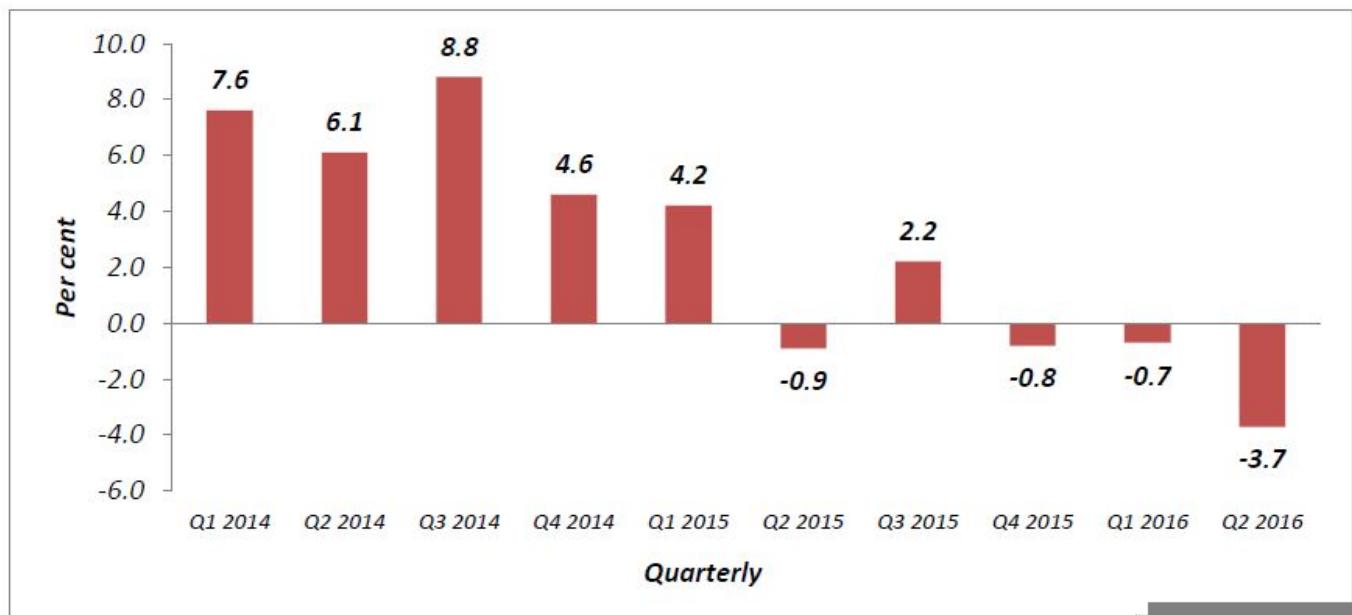
This report publishes the statistics of current business situation for the first quarter of 2016, business expectation for the second quarter of 2016 and the upcoming six months period of April to September 2016.

### FORECAST OF BUSINESS PERFORMANCE FOR THE SECOND QUARTER 2016

The business performance in the second quarter of 2016 is expected to slow down, as stated by the confidence indicator of -3.7 per cent.

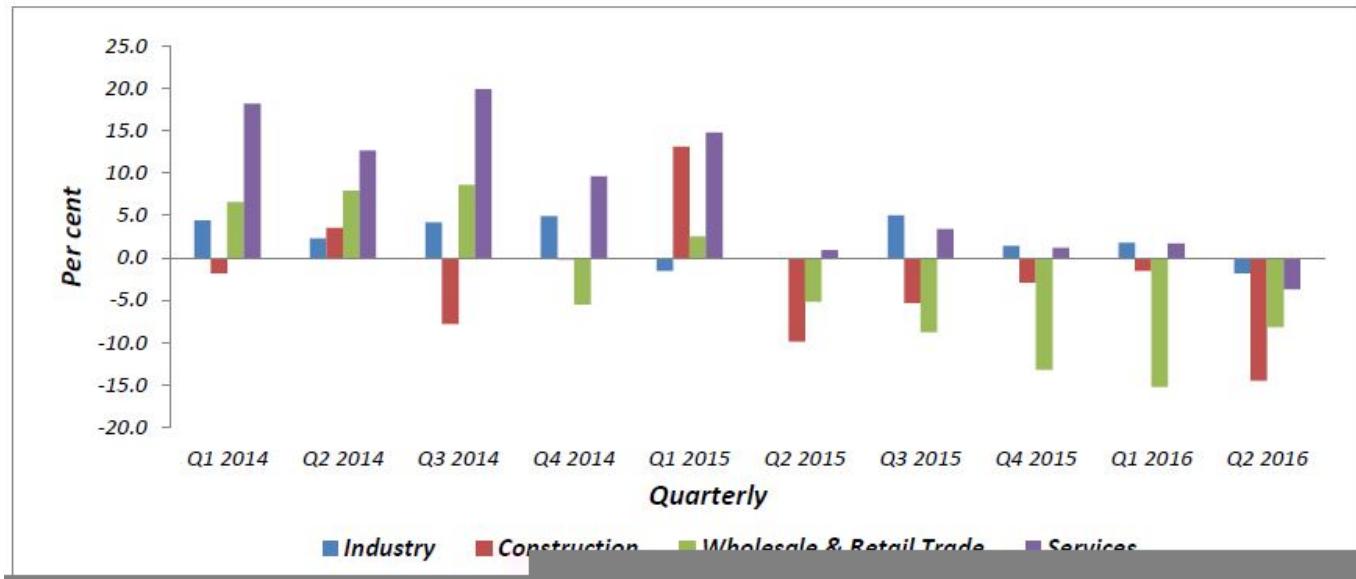
Confidence indicator is a short-term indicator which summarises the overall views of business situation in various sectors in Malaysia. The confidence indicator is computed as the average of the net balance for selected variables.

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



The business performance for all sectors namely construction, wholesale & retail trade, services and industry are expected to decline in the second quarter of 2016 with confidence indicator -14.5 per cent, -8.2 per cent, -3.7 per cent and -1.8 per cent (Chart II).

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



### Forecast of Gross Revenue and Number of Employees

Forecast in the second quarter of 2016 showed 33.3 per cent of establishments expect an increase in gross revenue while 21.9 per cent of establishments foresee a decrease. Meanwhile, 44.9 per cent of establishments predict that the gross revenue will remain unchanged.

The difference between the percentages of establishments giving favorable and unfavorable response known as the net balance. The expectations for second quarter of 2016 showed an increase in the net balance of +11.4 per cent compared to -0.7 per cent in the previous quarter.

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

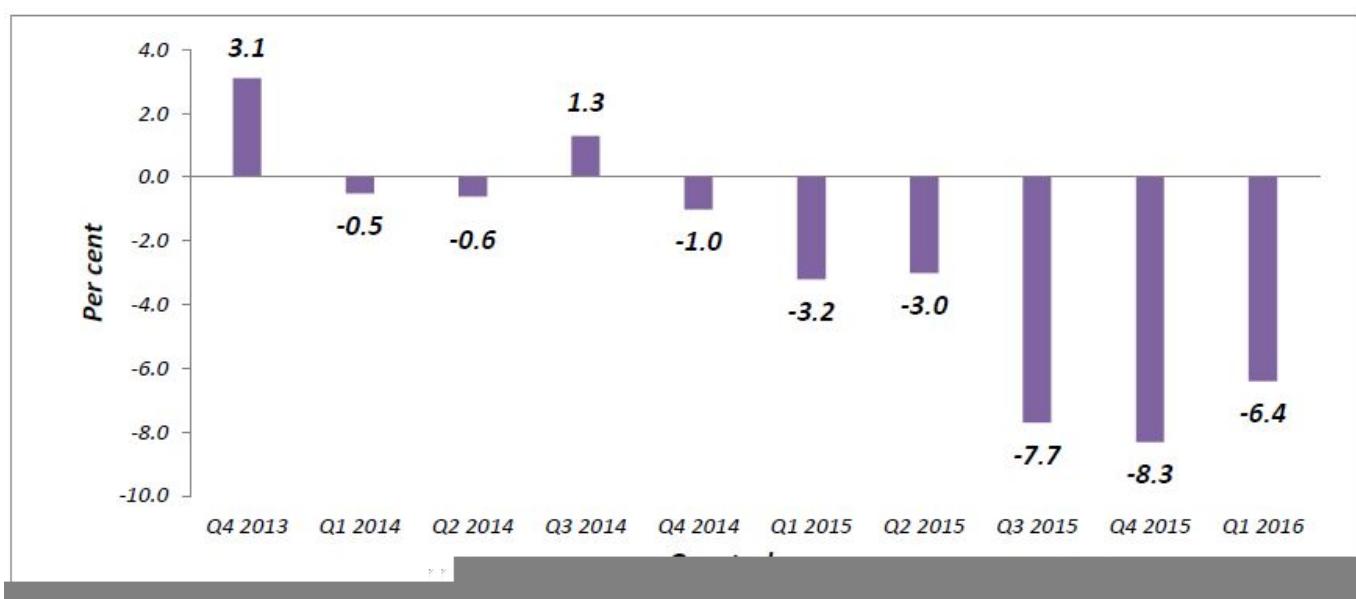
Period		Gross Revenue (%)				Number of Employees (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2014	Q1	34.1	38.5	27.4	6.8	19.5	72.3	8.2	11.3
	Q2	40.3	42.0	17.7	22.6	20.1	70.9	9.0	11.1
	Q3	38.5	40.9	20.5	18.0	21.8	71.4	6.8	15.0
	Q4	38.2	41.0	20.8	17.3	20.4	71.9	7.6	12.8
2015	Q1	34.5	39.3	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
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

In terms of number of employees, 16.0 per cent of establishments predict an increase while, 11.8 per cent of establishments predict a decrease in the second quarter of 2016. The magnitude of the positive net balance for the number of employees in the second quarter of 2016 is lower (+4.2%) than +7.1 per cent registered for first quarter of 2016 (Table 1).

### CURRENT SITUATION OF BUSINESS PERFORMANCE FIRST QUARTER 2016

The current situation of business performance in the first quarter 2016 is much better with an overall net balance of all sectors of -6.4 per cent as compared to -8.3 per cent in the previous quarter. A significant majority of establishments (63.0%) reported the current situation of their business to remain the same. 15.3 per cent of establishments showed improvement in their business climate while 21.7 per cent of establishments showed less favorable conditions.

**Chart III: Quarterly Net balance of Current Situation Overall of All Sectors, Malaysia, 2013-2016**



**Table 2: Net Balance of Current Situation for Business Performance, 2013-2016**

<b>Duration</b>		<b>Up (%)</b>	<b>Same (%)</b>	<b>Down (%)</b>	<b>Net Balance (%)</b>
<b>2013</b>	Q4	19.6	63.9	16.5	3.1
<b>2014</b>	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
<b>2015</b>	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
<b>2016</b>	Q1	15.2	63.0	21.7	-6.1

### **Gross Revenue and Number of Employees**

In the first quarter of 2016, the establishments reported that they experienced a decline in gross revenue with a net balance of -21.7 per cent as compared to +1.5 per cent in the previous quarter. A total of 20.9 per cent of establishments reported gross revenue of their business increased in the first quarter of 2016. In contrast, 42.6 per cent of establishments reported deterioration. Meanwhile, 36.5 per cent of establishments stated their business gross revenue remained the same.

In terms of number of employees, 19.4 per cent of establishments indicated an increase in employment, while 19.0 per cent of establishments reported a decrease. Meanwhile, 61.6 per cent of establishments reported no change. Overall, a net balance of +0.3 per cent for the number of employees were recorded in the first quarter of 2016 as compared to +2.0 per cent in the fourth quarter of 2015.

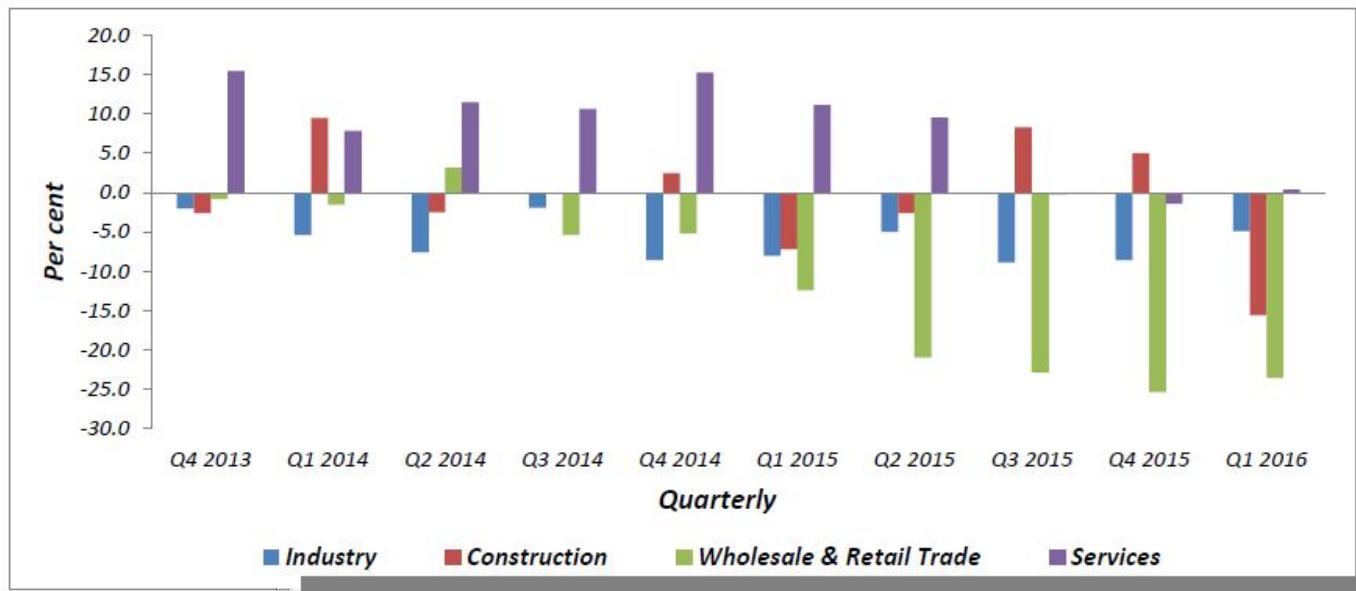
**Table 3: Net Balance of Current Situation for Gross Revenue and Number of Employees, 2013-2016**

Duration		Gross Revenue (%)				Number of Employees (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2013	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
	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	19.1	61.6	19.0	0.3

#### Net Balance of Current Situation by Sector

At sector level, business current situation of services showed positive improvement with a net balance of +0.4 per cent as compared to -1.4 per cent in the previous quarter. In contrast, the industry, construction and wholesale & retail sectors have deteriorated during the first quarter 2016 with a net balance of -4.9 per cent, -15.6 per cent and -23.6 per cent respectively (Chart IV).

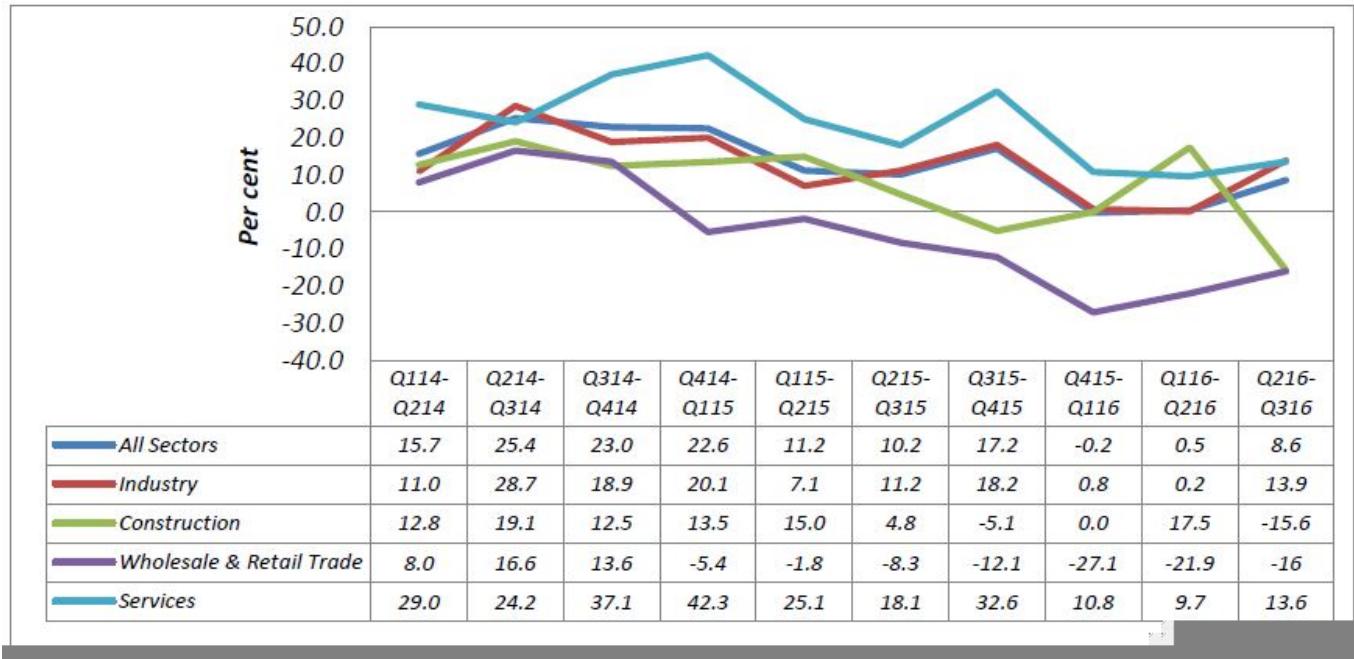
**Chart IV: Quarterly Net Balance of Current Situation by Sector, Malaysia, 2013-2016**



## EXPECTATIONS OF BUSINESS PERFORMANCE APRIL - SEPTEMBER 2016

Moving forward, the business conditions in April to September 2016 are expected to increase with net balance of +8.6 per cent. The sectors which expected to increase are industry and services with the net balance of +13.9 per cent and +13.6 per cent respectively. On the other hand, the sectors which expected to decrease are construction (-15.6%) and wholesale & retail trade sector (-16.0%).

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



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