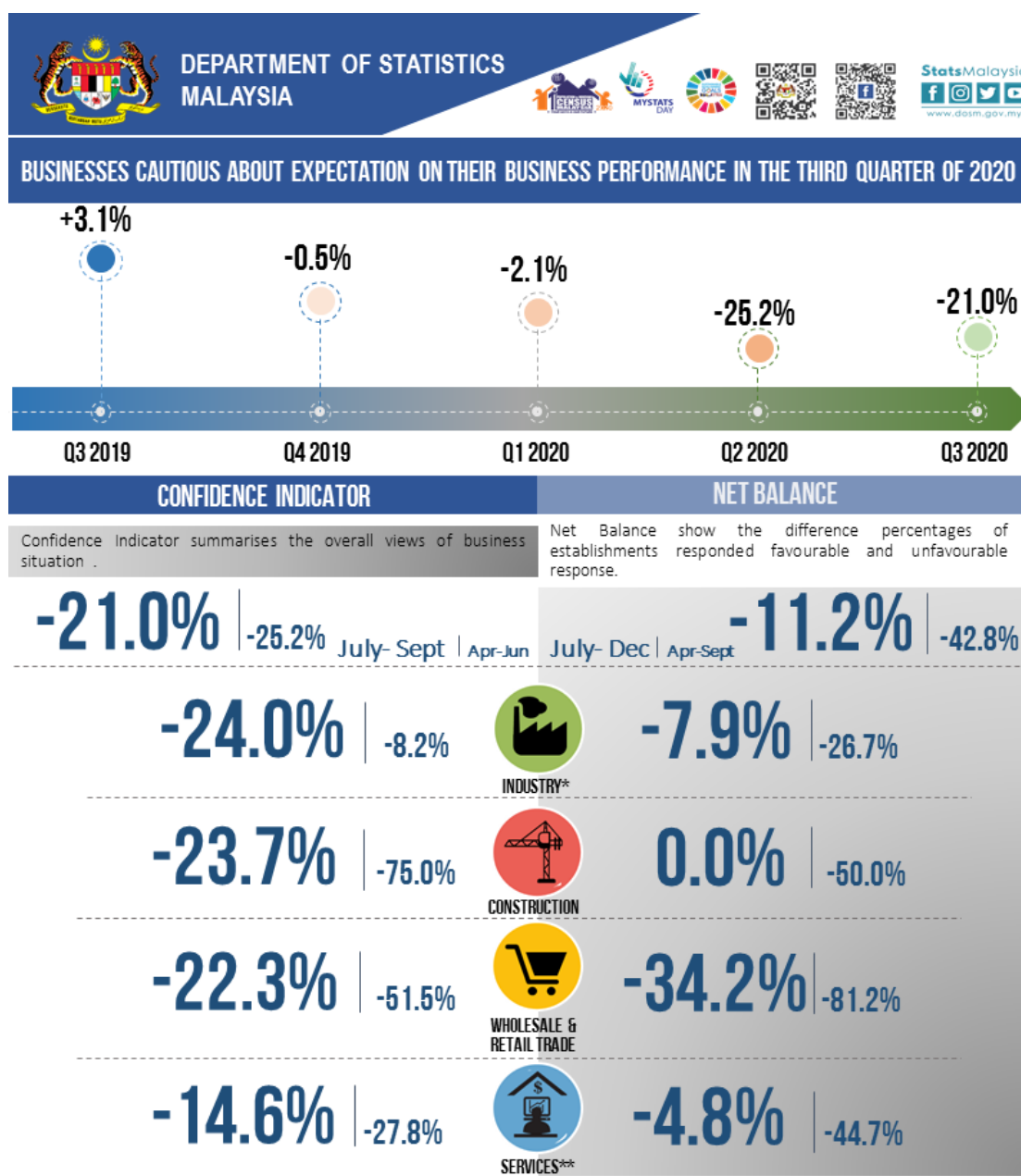




BUSINESS TENDENCY STATISTICS THIRD QUARTER 2020



* 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, Third Quarter 2020

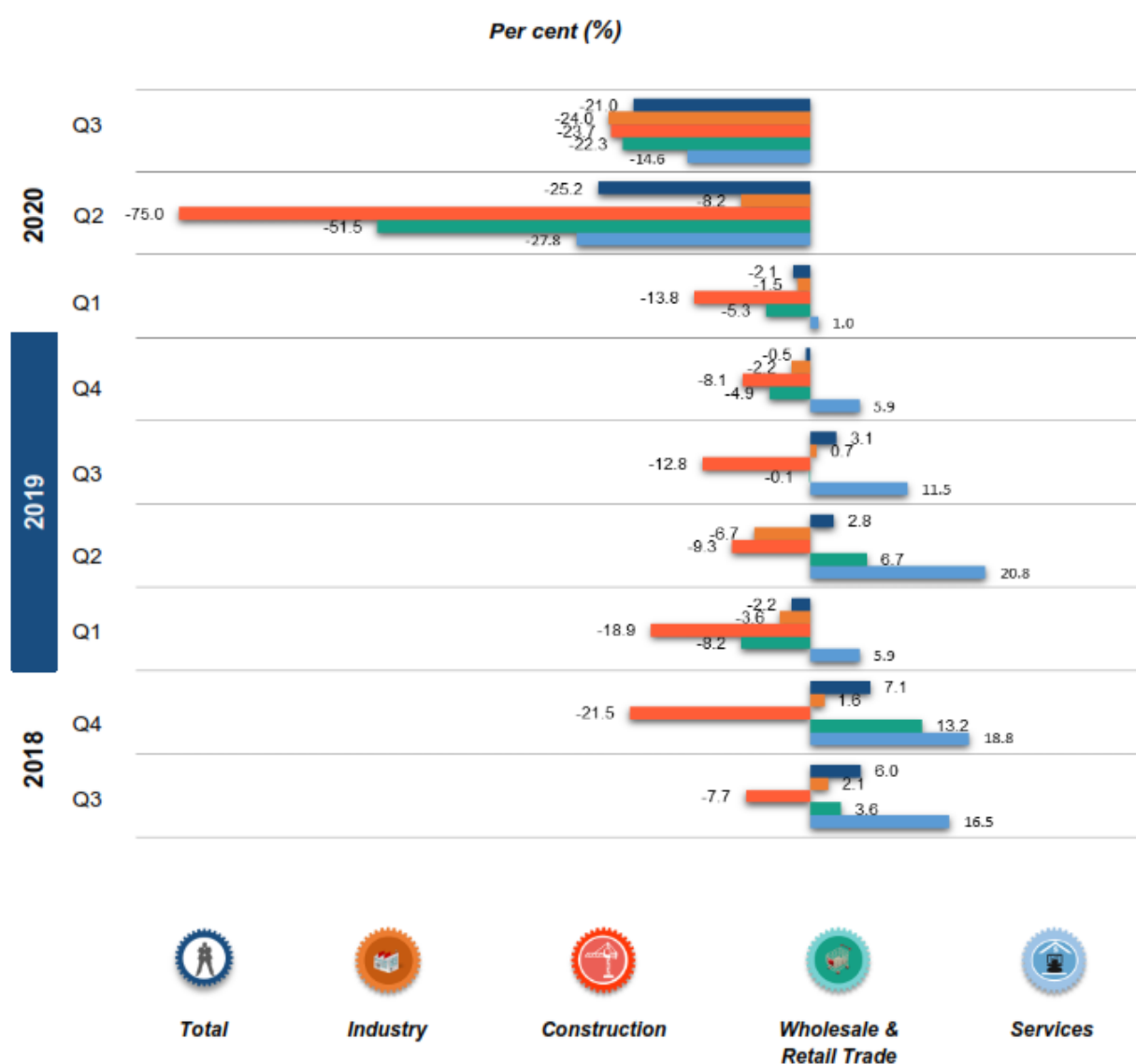
FORECAST OF BUSINESS PERFORMANCE FOR THE THIRD QUARTER 2020

Businesses remain cautious of their business performance for the third quarter of 2020. The confidence indicator recorded an improvement -21.0 per cent as against -25.2 per cent in the second quarter of 2020.

All sectors anticipate less favourable business situation in the third quarter of 2020. This trend is similar to the second quarter of 2020 where all sectors were in negative trajectory. Nevertheless, better expectations were shown by the Construction, Wholesale & Retail Trade and Services sectors compared to the second quarter of 2020. The confidence indicator for the Construction sector improved to -23.7 per cent against -75.0 per cent recorded in the previous quarter. The Wholesale & Retail Trade and Services sectors also foresee better business performance with -22.3 per cent and -14.6 per cent respectively in the reference quarter compared to -51.5 per cent and -27.8 per cent in the second quarter of 2020.

Meanwhile, the Industry sector forecasts a slower business conditions with a significant decline by -24.0 per cent during this quarter compared to -8.2 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 overall, 37.2 per cent of respondents foresee an increment in their gross revenue for the third quarter of 2020 while 29.8 per cent forecast a decrease in gross revenue which led to a net balance of +7.5 per cent. Concurrently, 33.0 per cent of respondents predicted their gross revenue remain the same.

In terms of number of employees, the recruitment trends are projected to decline in the third quarter of 2020 with a net balance -7.1 per cent. A total of 9.1 per cent of establishments intend to increase their workforce, while 16.2 per cent expects a decrease in the number of employees in the third 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	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



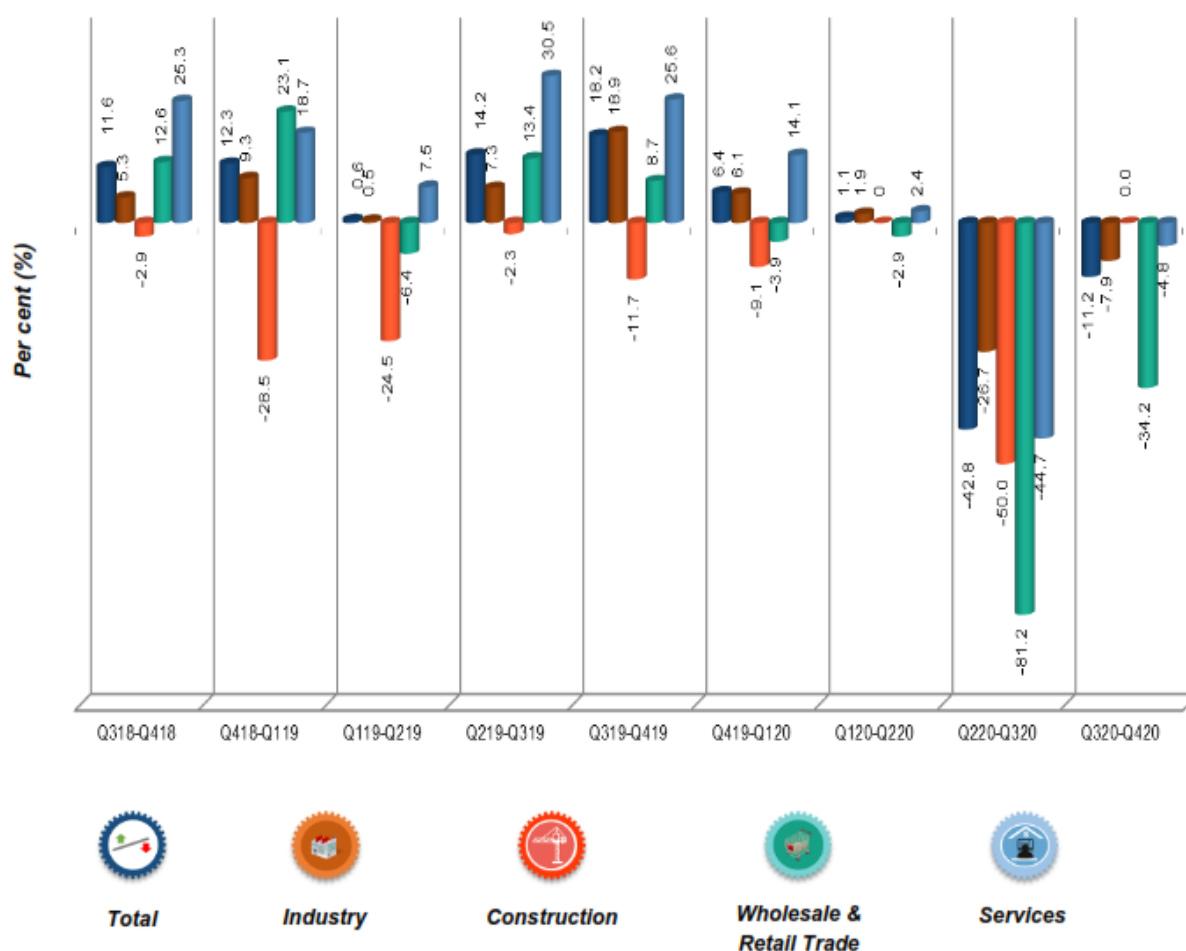
Lower

EXPECTATIONS OF BUSINESS PERFORMANCE IN JULY TILL DECEMBER 2020

Businesses predict better business situation despite negative trajectory for the period of July to December 2020 with a net balance of -11.2 per cent compared to -42.8 per cent in the previous quarter. The Industry and Services sectors expect a significant improvement with a net balance of -7.9 per cent and -4.8 per cent during the reference period compared to -26.7 per cent and -44.7 per cent respectively. Simultaneously, the Wholesale and Retail Trade sector also predicts a better business performance with a net balance -34.2 per cent as against -81.2 per cent in the last quarter.

While, the Construction sector anticipates their business performance to remain unchanged with a net balance of 0.0 per cent.

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



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