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DoSM: Business outlook for Q3 rebounds as confidence indicator rises

KUALA LUMPUR: Businesses expect an improving business situation for the third quarter of 2026 (Q3'26), with a positive confidence indicator of 5.9% compared with -1.8% in Q2'26, according to the Department of Statistics Malaysia (DoSM).

In a statement yesterday, DoSM reported that all sectors expect more favourable business performance in Q3'26, with the industry, services, construction, and wholesale & retail trade sectors showing positive business sentiment.

In its Business Tendency Statistics for the Third Quarter 2026, DoSM noted that the positive outlook across

all sectors, with an overall confidence indicator of 5.9%, reflects increased confidence in external and domestic economic activities.

The Business Tendency Statistics publication presents expectations for business performance over the next three and six months. The statistics are derived from the Business Tendency Survey, which is conducted quarterly.

According to the department, the industry sector is turning optimistic, with the confidence indicator registering 8.2% in Q3'26, up from -3.7% in the previous quarter.

The confidence indicator for the construction sector climbed to 4.1%

in the reference quarter, up from -9.5% in Q2'26.

DoSM said the wholesale & retail trade sector also predicts encouraging performance, with a confidence indicator of 1.2%, up from -7.5% recorded in Q2'26.

"The services sector expects its business performance to remain optimistic, with a confidence indicator of 5.2% as compared to 6.2% in the previous quarter," it noted.

The confidence indicator at the state level showed varied levels of business confidence, with most states recording positive readings - Johor 4.9%, Kedah 5.1%, Kelantan

2.1%, Negeri Sembilan 9.4%, Pahang 7.1%, Penang 5%, Perak 1.5%, Perlis 5.4%, Selangor 5.8%, Terengganu 10.5%, Sabah 3.7%, Sarawak 5.8%, Kuala Lumpur 9.5% and Putrajaya 0.6%.

However, Malacca (-3.9%) and Labuan (-5.4%) recorded pessimistic confidence indicators.

"Looking at the business sentiment for the second half of 2026, businesses remain optimistic, with the net balance rising to 12.9% from 7.9% recorded from April to September 2026.

"The positive outlook across all sectors indicates favourable business

conditions in the forecast period," it added.

In terms of gross revenue, DoSM said that 31.9% of businesses expect an increase in Q3 2026, while 47.4% anticipate no change and 20.7% foresee a decline, resulting in a net balance of positive 11.2% for the reference quarter.

Regarding employment, 13.9% of businesses expect to increase their workforce, while 78.3% expect to maintain it.

"Meanwhile, 7.8% expect a reduction, resulting in a net balance of 6.1% in the third quarter of 2026," the department added. - Bernama