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Malaysia's consumer confidence seen to be weak - Nielsen



About half of Malaysians (52%) polled by Nielsen believe their state of personal finances will be either not so good or bad in the next 12 months.

KUALA LUMPUR: Consumer spending in Malaysia is expected to remain flat at best for the next six months, according to the forecast by market research firm Nielsen.

This is based on the Nielsen Consumer Confidence Index dipping by five points to 84 percentage points (pp) in the fourth quarter (Q4) of last year compared with the preceding quarter.

The consumer sentiment does not appear to reflect the state of the overall economy. The economy grew at 4.5% in Q4, the fastest pace in a year, according to data from the Department of Statistics.

Globally, Nielsen said, Malaysia ranked 37th most confident country in the quarter under review, down seven spots from the third quarter of 2016.

The five-point drop in Malaysian consumer confidence was in contrast to the average global consumer confidence that grew by two points to 101 pp.

"Malaysia now has one of the lowest consumer confidence ratings in South-East Asia, which does not bode well for local demand in the country for 2017," said Nielsen Malaysia country manager Richard Hall in a statement.

“With such low confidence level, we cannot expect consumer spending levels to move positively for the next six months. As such, I believe that consumer spending will remain flat at best.”

In the latest Nielsen Global Survey of Consumer Confidence and Spending Intentions, confidence levels in South-East Asia continued to remain high with four out of six countries in the region scoring above the 100 pp mark, Singapore and Malaysia being the exception.

The Philippines (132 pp, unchanged from last quarter), Indonesia (120 pp, -2), Vietnam (112, +5) and Thailand (110 pp, +2) retained their titles as the top 10 most confident countries globally while Singapore scored 86 pp (-8 from previous quarter).

The economy (55%), increasing food prices (25%) and political stability (21%) were listed as Malaysian consumers' top key concerns in Q4 2016.

Nielsen Malaysia said more than four-fifths of the respondents (85%) also believed that the nation was in a recessionary state (+8% from the preceding quarter) and at least one in two Malaysians perceived that their state of personal finances to be either not so good or bad in the next 12 months (52%, +5% from previous quarter).

Only 59% of the Malaysian respondents in the Nielsen online poll said they would channel any spare cash into savings after covering essential living expenses, compared with 65% in the previous quarter. Nonetheless, Malaysia ranked a high 10th place globally on depositing extra spare cash into savings (the global average is 50%) but the country ranked lower than its Asean neighbours (Vietnam, Indonesia, Singapore, the Philippines and Thailand).

Nielsen said there had been a slide among respondents putting in any spare cash into retirement funds (19%, down 7 percentage points) and investing in shares of stock or mutual funds (28%, down six percentage points).

The fast-moving consumer goods (FMCG) sector recorded a small increase in Q4 2016, with a growth of just 1.4% compared to the same quarter in the previous year.

“The FMCG market was static in Q4 after two quarters of growth which was driven by market adjustment following the GST (good and services tax) implementation in 2015. This lower single-digit growth level can be expected to continue into 2017 as consumer confidence took another dip in Q4 2016.” Hall said.

The Nielsen Global Survey of Consumer Confidence and Spending Intentions measures consumer confidence, perceptions of local job prospects, major concerns and spending intentions among more than 30,000 respondents with Internet access in 63 countries.