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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

BUSINESS TENDENCY STATISTICS FIRST QUARTER 2016

Business Tendency Statistics presents data 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.

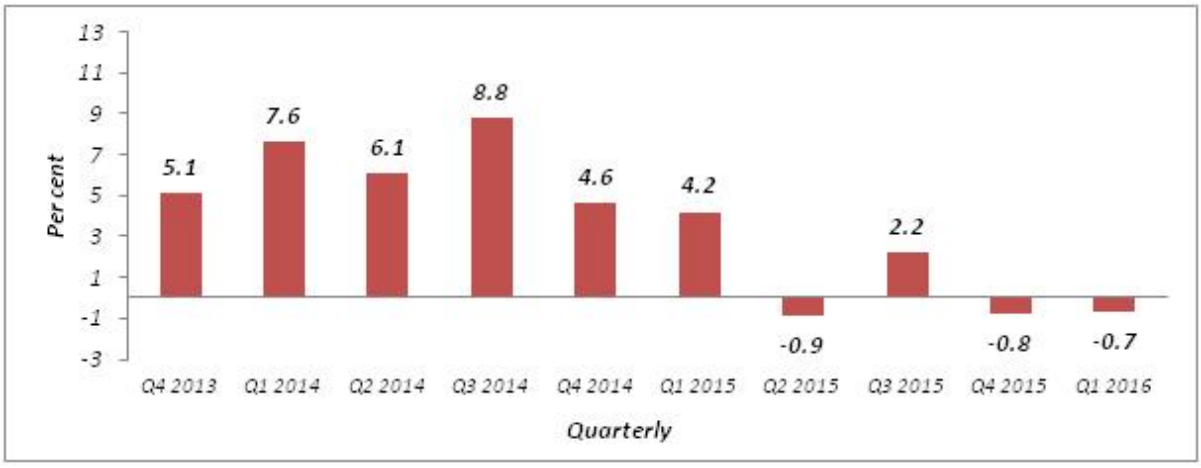
This report publishes the statistics of current business situation for the fourth quarter of 2015, business expectation for the first quarter of 2016 and the upcoming six months period of January to June 2016.

FORECAST OF BUSINESS PERFORMANCE FOR THE FIRST QUARTER 2016

Business performance in the first quarter 2016 is expected to slow down, as shown by the confidence indicator of -0.7 per cent.

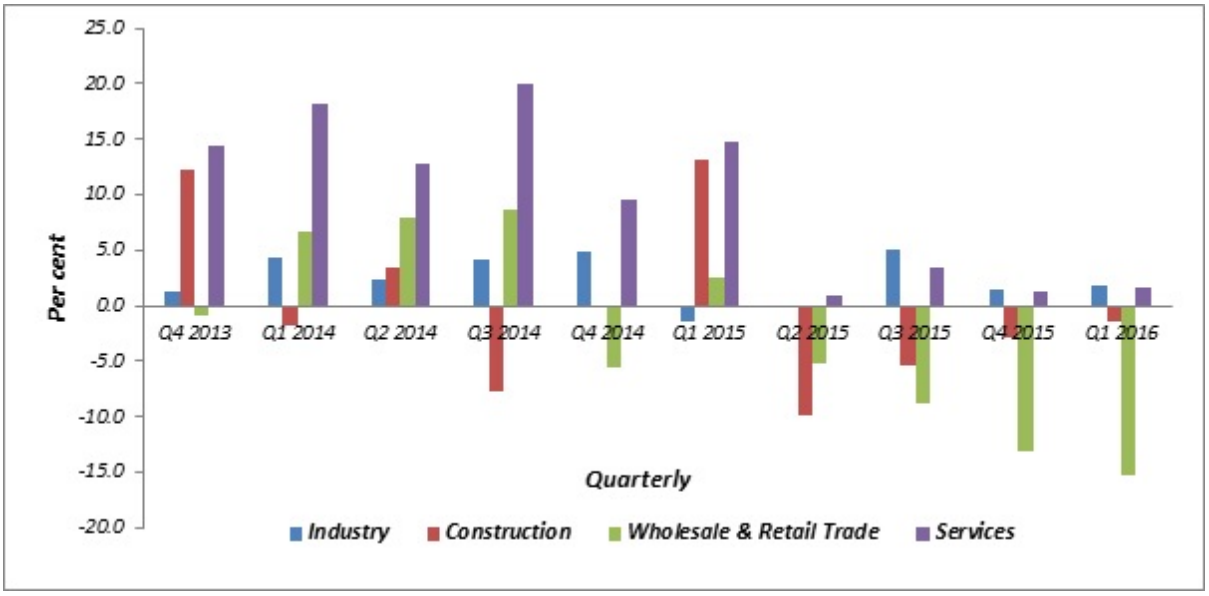
Confidence indicator is an indicator that summaries the overall views on short-term business situation in various sectors in Malaysia. The confidence indicator is computed as the average of the net balance for selected variables.

Chart I: Confidence Indicator, 2013-2016



The business performance by sector shows the industry and services sectors are expected to grow in the first quarter of 2016 with confidence indicator +1.8 per cent and +1.7 per cent respectively. However, the business performance of construction and wholesale & retail trade sectors are expected to drop with confidence indicator -1.5 percent and -15.2 percent respectively (Chart II).

Chart II: Confidence Indicator by Sector, 2013-2016



Forecast of Gross Revenue and Number of Employees

The forecast for first quarter of 2016 shows 29.9 per cent of establishments expected an increase in gross revenue while 30.5 per cent of establishments foreseen a decrease. Meanwhile, 39.6 per cent of establishments predict that the gross revenue unchanged.

The difference between the percentages of establishments giving favorable and unfavorable response known as the net balance, decreased by -0.7 per cent as compared to +4.5 per cent in the previous quarter.

Table 1: Expected of Net Balance Gross Revenue and Number of Employees, 2013-2016

Period		Gross Revenue (%)				Number of Employees (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2013	Q4	36.3	42.3	21.4	14.9	18.1	72.0	9.9	8.3
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

In terms of number of employees, 17.5 per cent of establishments predict an increase while, 10.4 per cent of establishments predict a decrease in the first quarter of 2016. The magnitude of the positive net balance for the number of employees in the first quarter of 2016 is higher (+7.1%) than +4.0 per cent registered for fourth quarter of 2015 (Table 1).

CURRENT SITUATION OF BUSINESS PERFORMANCE FOURTH QUARTER 2015

The current situation of business performance decreased with the overall net balance for all sectors recorded -8.3 per cent as compared to -7.7 per cent in the previous quarter. A significant majority of establishments (62.2%) reported the current situation of their business to remain the same. 14.7 per cent of establishments show improvement in their business climate while 23.1 per cent of establishments show less favorable conditions.

Chart III: Net balance of Current Situation Overall All Sectors, 2013-2015

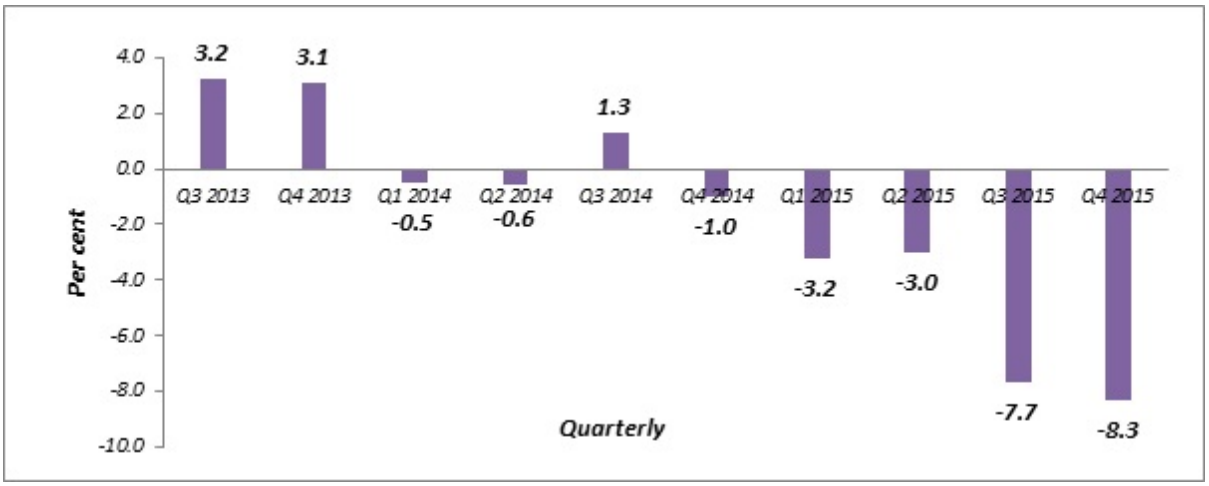


Table 2: Net Balance of Current Situation for Business Performance, 2013-2015

Duration		Up (%)	Same (%)	Down (%)	Net Balance (%)
2013	Q3	19.1	65.0	15.9	3.2
	Q4	19.6	63.9	16.5	3.1
2014	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
2015	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

Gross Revenue and Number of Employees

A total of 32.4 per cent of establishments reported an improvement in their business gross revenue in the fourth quarter of 2015. In contrast, 30.9 per cent of establishments have reported deterioration and 36.7 per cent of establishments stated their business gross revenue remains the same. This translates to a net balance of 1.5 per cent as compared to -3.6 per cent in the previous quarter.

In terms of number of employees, 19.1 per cent of establishments indicated an increase in employment, while 17.0 per cent of establishments reported a decrease. Meanwhile, 63.9 per cent of establishments reported no change. Overall, a net balance of 2.0 per cent for the number of employees was recorded in the fourth quarter of 2015 compared with -1.4 per cent in the third quarter of 2015.

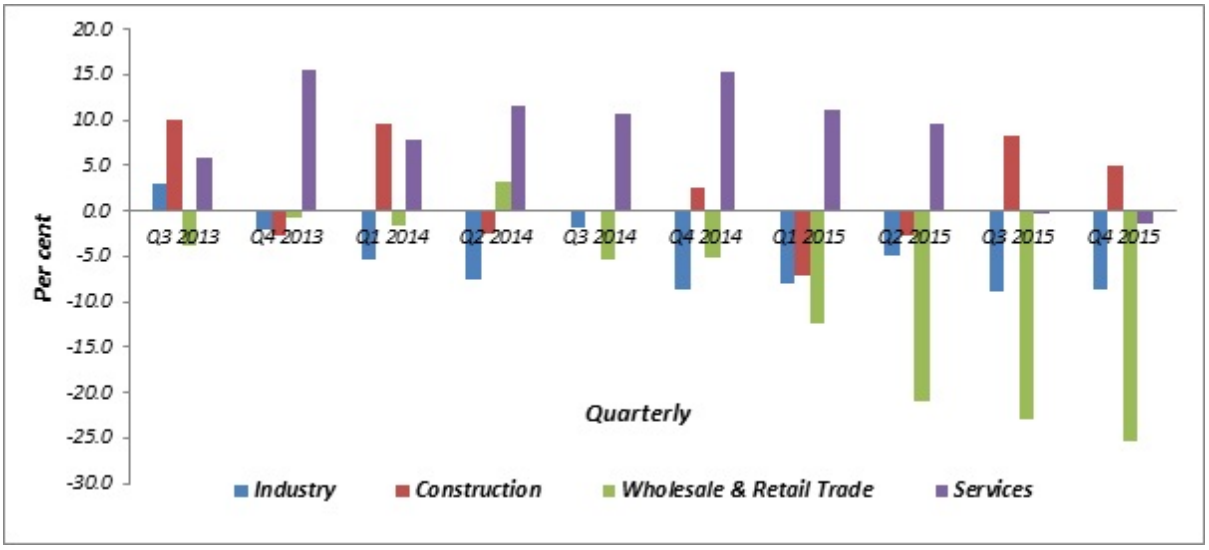
Table 3: Net Balance of Current Situation for Gross Revenue and Number of Employees, 2013-2015

Duration		Gross Revenue (%)				Number of Employees (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2013	Q3	39.9	32.8	27.3	12.6	20.9	66.2	12.8	8.1
	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

Net Balance of Current Situation by Sector

At sectors level, business current situation of industry, wholesale & retail trade and services has deteriorated during the fourth quarter 2015 with a net balance of -8.6 per cent, -25.4 per cent and -1.4 per cent respectively. In contrast, the construction sector has reported a better net balance of +5.0 per cent (Chart IV).

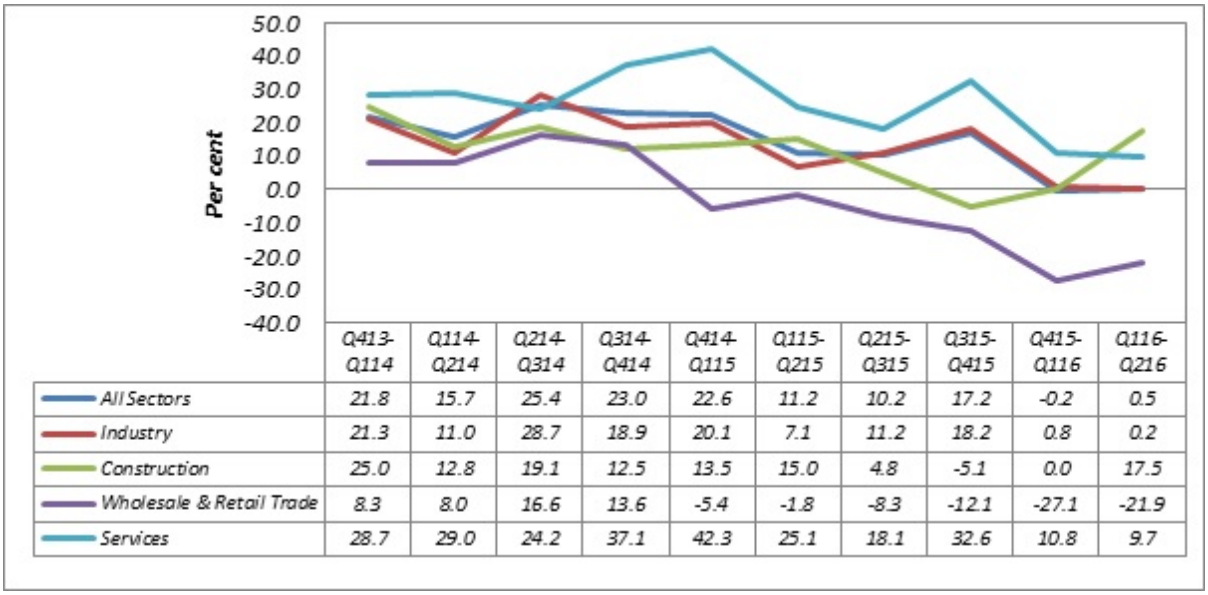
Chart IV: Net Balance of Current Situation by Sector, 2013-2015



EXPECTATIONS OF BUSINESS PERFORMANCE JANUARY - JUNE 2016

Looking ahead, the business conditions in January to June 2016 are expected to increase with net balance of +0.5 per cent. The sectors which expected to increase are industry, construction and services with the net balance of +0.2 per cent, +17.5 per cent and +9.7 per cent respectively. On the other hand, the industry which expected to decrease is wholesale & retail trade sector (-21.9%).

Chart V: Net balance of Business Expectation for upcoming six month by Sector, 2013-2016



	Q413-Q114	Q114-Q214	Q214-Q314	Q314-Q414	Q414-Q115	Q115-Q215	Q215-Q315	Q315-Q415	Q415-Q116	Q116-Q216
All Sectors	21.8	15.7	25.4	23.0	22.6	11.2	10.2	17.2	-0.2	0.5
Industry	21.3	11.0	28.7	18.9	20.1	7.1	11.2	18.2	0.8	0.2
Construction	25.0	12.8	19.1	12.5	13.5	15.0	4.8	-5.1	0.0	17.5
Wholesale & Retail Trade	8.3	8.0	16.6	13.6	-5.4	-1.8	-8.3	-12.1	-27.1	-21.9
Services	28.7	29.0	24.2	37.1	42.3	25.1	18.1	32.6	10.8	9.7

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