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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

BUSINESS TENDENCY STATISTICS FOURTH 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 expectations for the upcoming three and six months.

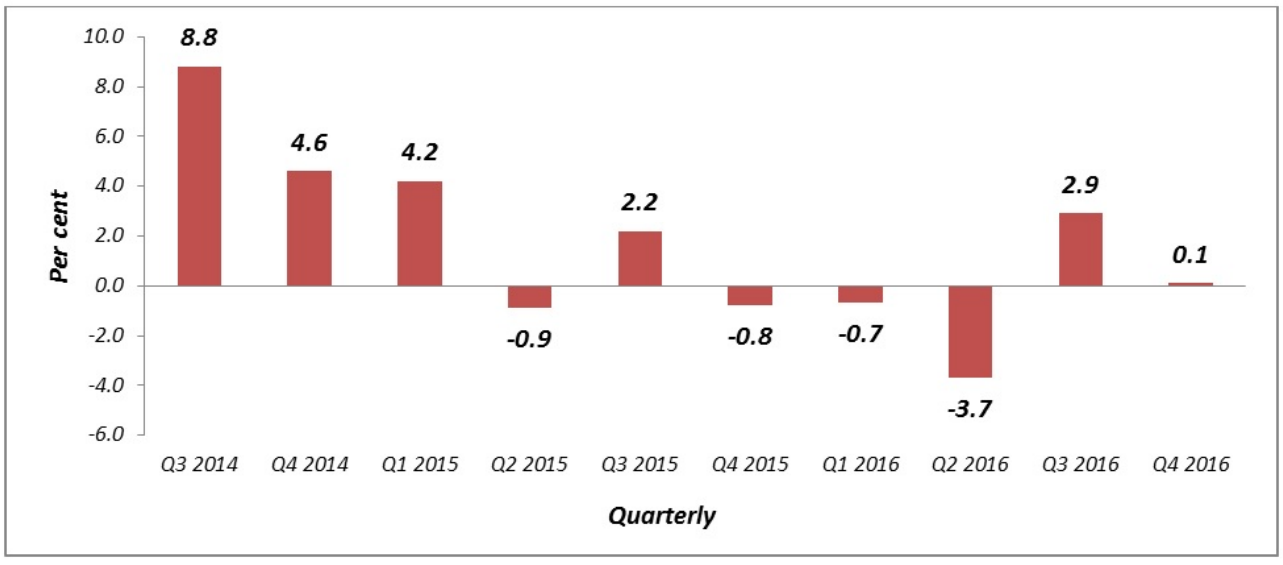
This report publishes the statistics of the current business situation for the third quarter of 2016, business expectation for the fourth quarter of 2016 and the upcoming six months period of October 2016 to March 2017.

FORECAST OF BUSINESS PERFORMANCE FOR THE FOURTH QUARTER 2016

The business performance in the fourth quarter of 2016 is expected to increase slightly as recorded by the confidence indicator of +0.1 per cent.

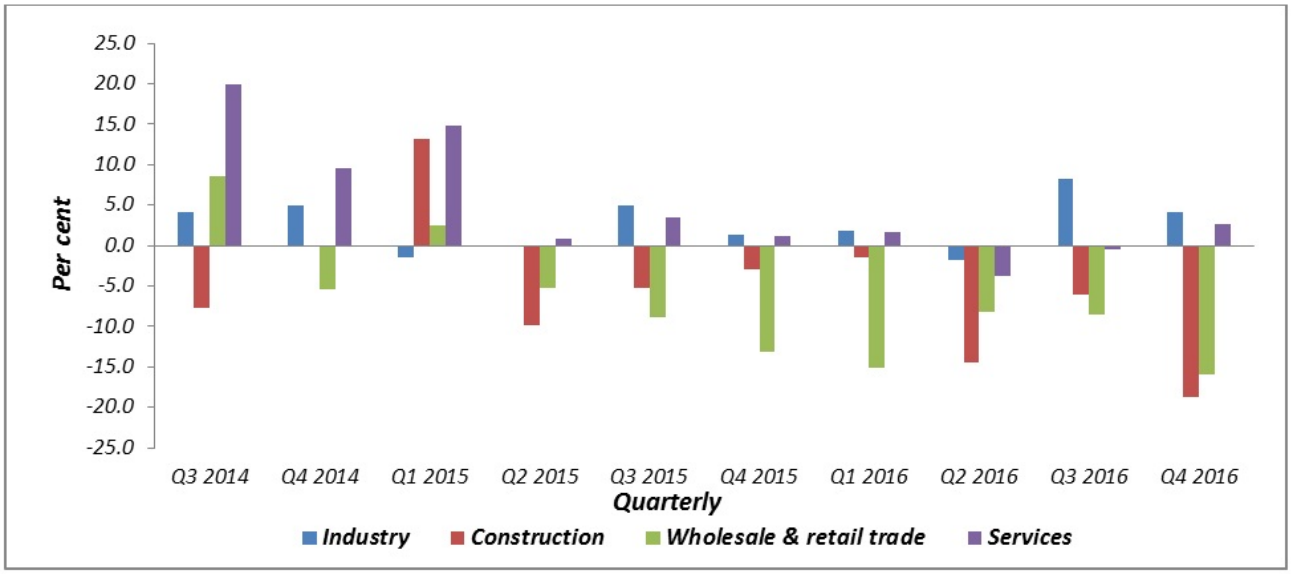
Confidence indicator is a short-term indicator which summarises the overall views of business situation in various sectors in Malaysia. The confidence indicator is computed as the average of the net balance for selected variables.

Chart i: Quarterly Confidence Indicator, Malaysia, 2014-2016



The business performances for industry and services sectors are expected to increase in fourth quarter 2016 with confidence indicators of +4.2 per cent and +2.6 per cent respectively. Meanwhile, the construction and wholesale & retail trade sectors are expected to decline in the same quarter with confidence indicators of -18.8 per cent and -16.0 per cent respectively. (Chart II)

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



Forecast of Gross Revenue and Number of Employees

Forecast in the fourth quarter of 2016 showed 29.0 per cent of establishments covered in this survey expect an increase in gross revenue while 21.7 per cent of establishments foresee a decrease. Meanwhile, 49.3 per cent of establishments predict that the gross revenue will unchanged.

The gross revenue in the fourth quarter of 2016 is expected to rise with net balance of +7.3 per cent.

The difference between the percentages of establishments responded favourable and unfavourable response known as net balance.

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	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
	Q3	31.7	48.2	20.1	11.6	24.0	66.8	9.1	14.9
	Q4	29.0	49.3	21.7	7.3	21.9	68.0	10.1	11.8

In terms of number of employees, 21.9 per cent of establishments predict an increase while, 10.1 per cent of establishments predict a decrease in the fourth quarter of 2016. The magnitude of the positive net balance for the number of employees in the same quarter is lower, i.e. +11.8 per cent than +14.9 per cent registered in the third quarter of 2016. (Table 1)

CURRENT SITUATION OF BUSINESS PERFORMANCE IN THE THIRD QUARTER 2016

The current situation of business performance in the third quarter 2016 is lower with an overall net balance of all sectors -5.8 per cent as compared to -2.3 per cent in the previous quarter. More than half of the establishments (61.2%) reported the current situation of their business to remain the same. Meanwhile, 16.5 per cent of establishments showed improvement in their business climate while 22.3 per cent of establishments showed less favourable conditions.

Chart iii: Quarterly Net Balance of Current Situation Overall of All Sectors, Malaysia, 2014-2016

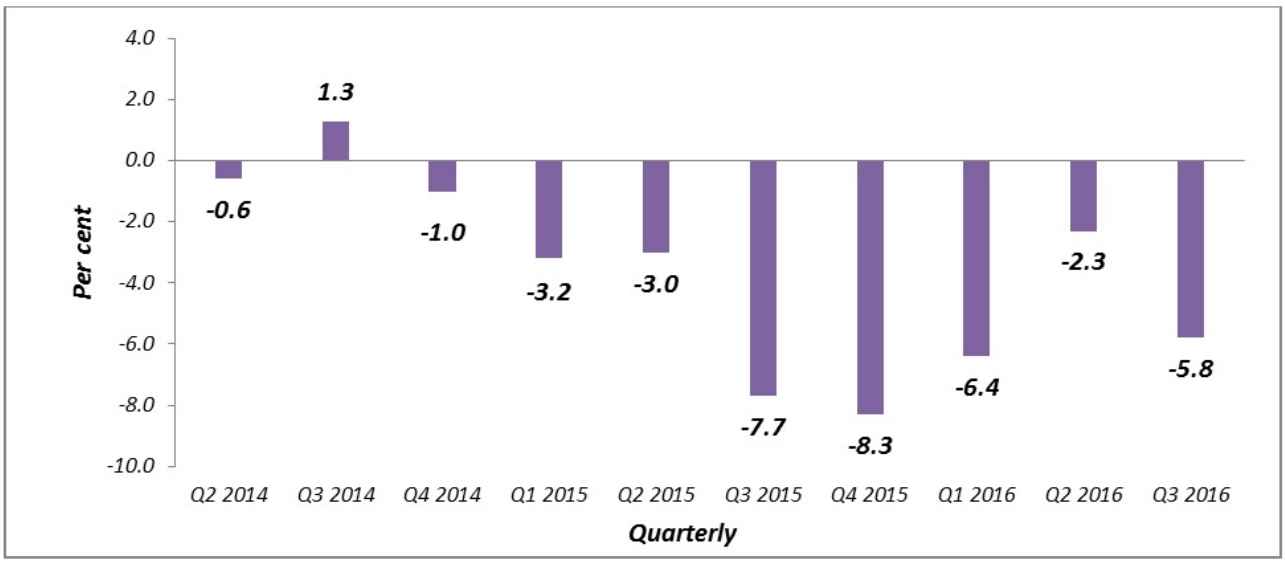


Table 2: Net Balance of Current Situation for Business Performance, 2014-2016

Period		Up (%)	Same (%)	Down (%)	Net Balance (%)
2014	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
2016	Q1	15.3	63.0	21.7	-6.4
	Q2	19.4	59.0	21.6	-2.3
	Q3	16.5	61.2	22.3	-5.8

Gross Revenue and Number of Employees

In the third quarter of 2016, the establishments reported that their gross revenue showed a decrease with a net balance of -3.5 per cent as compared to +4.8 per cent in the previous quarter. The establishments which reported increases in their business gross revenue in the third quarter of 2016 were 28.4 per cent. In contrast, 31.9 per cent of establishments reported deterioration. Meanwhile, 39.7 per cent of establishments have stated their business gross revenue remained the same.

In terms of number of employees, 18.9 per cent of establishments indicated an increase in employment, while 21.2 per cent of establishments reported a decrease. Meanwhile, 59.9 per cent of establishments reported no change. Overall, a net balance of -2.3 per cent for the number of employees were recorded in the third quarter of 2016 as compared to +1.6 per cent in the previous quarter.

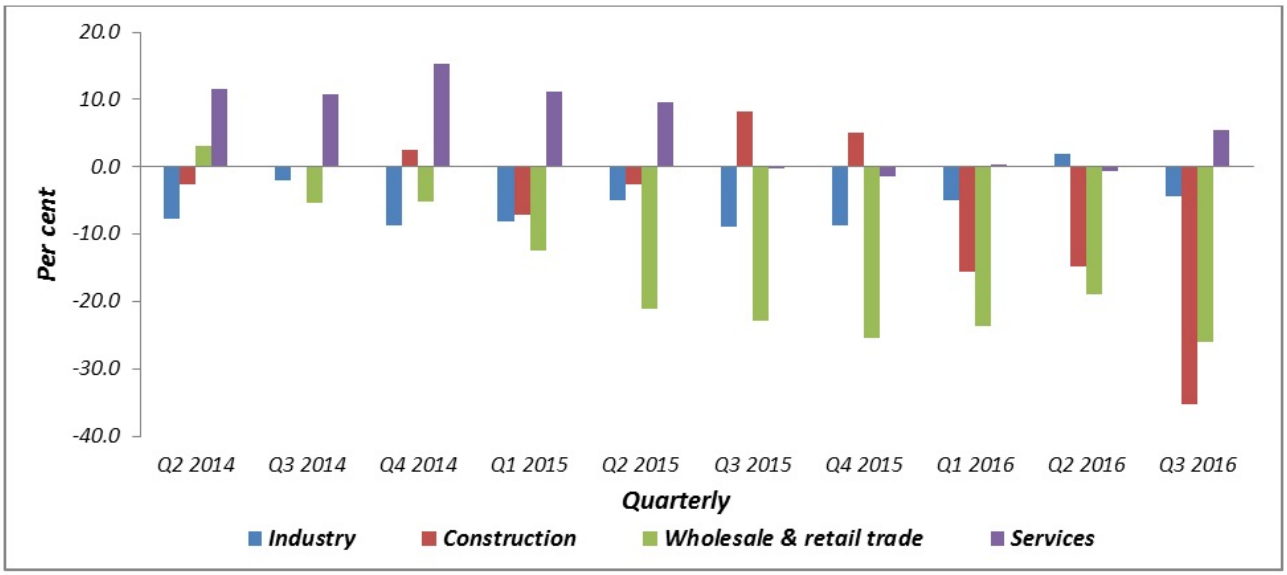
Table 3: Net Balance of Current Situation for Gross Revenue and Number of Employees, 2014-2016

Period		Gross Revenue (%)				Number of Employees (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2014	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	19.4	61.6	19.0	0.3
	Q2	32.3	40.3	27.5	4.8	18.2	65.2	16.6	1.6
	Q3	28.4	39.7	31.9	-3.5	18.9	59.9	21.2	-2.3

Net Balance of Current Situation by Sector

At sector level, business current situation of services showed positive improvement with a net balance of +5.4 per cent as compared to -0.7 per cent in the previous quarter. In contrast, the industry, construction and wholesale & retail trade sectors have deteriorated during the third quarter 2016 with a net balance of -4.4 per cent, -35.3 per cent and -26.0 per cent respectively. (Chart iv)

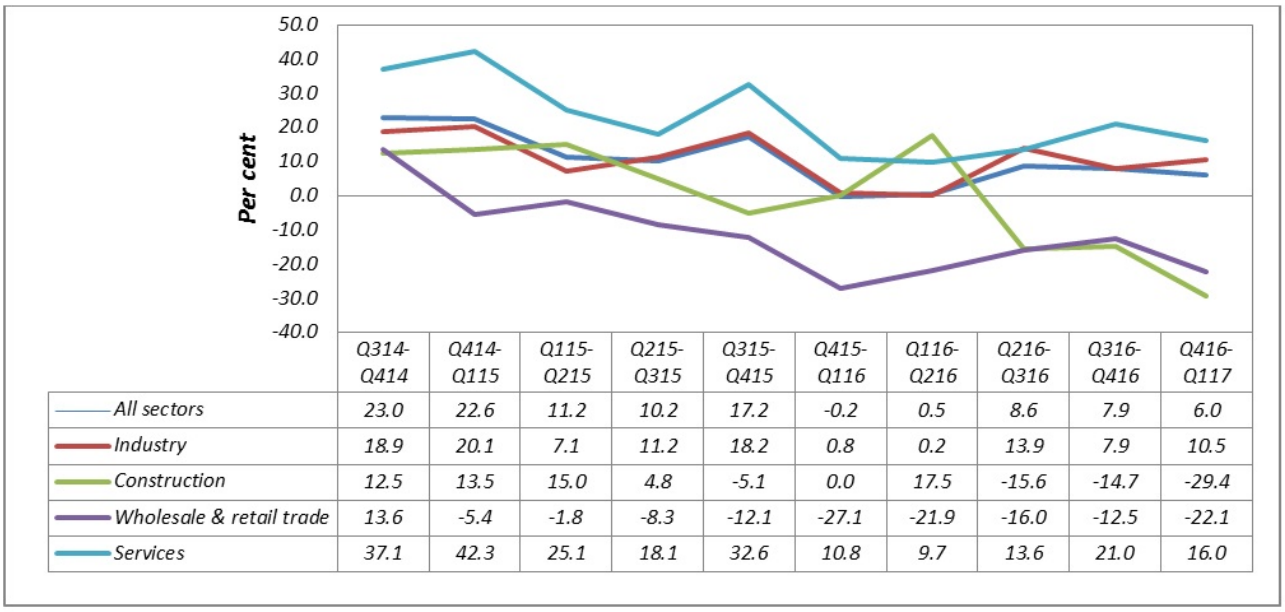
Chart iv: Quarterly Net Balance of Current Situation by Sector, Malaysia, 2014-2016



EXPECTATIONS OF BUSINESS PERFORMANCE OCTOBER 2016-MARCH 2017

The business performance in October 2016 to March 2017 is expected to increase with a net balance of +6.0 per cent. The industry and services sectors are expected to increase with the net balance of +10.5 per cent and +16.0 per cent respectively. On the other hand, the construction and wholesale & retail trade sectors are expected to decline with net balance of -29.4 per cent and -22.1 per cent respectively.

Chart v: Net Balance of Business Performance Expectation for Upcoming Six Month by Sector, Malaysia, 2014-2017



	Q314-Q414	Q414-Q115	Q115-Q215	Q215-Q315	Q315-Q415	Q415-Q116	Q116-Q216	Q216-Q316	Q316-Q416	Q416-Q117
All sectors	23.0	22.6	11.2	10.2	17.2	-0.2	0.5	8.6	7.9	6.0
Industry	18.9	20.1	7.1	11.2	18.2	0.8	0.2	13.9	7.9	10.5
Construction	12.5	13.5	15.0	4.8	-5.1	0.0	17.5	-15.6	-14.7	-29.4
Wholesale & retail trade	13.6	-5.4	-1.8	-8.3	-12.1	-27.1	-21.9	-16.0	-12.5	-22.1
Services	37.1	42.3	25.1	18.1	32.6	10.8	9.7	13.6	21.0	16.0

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