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BUSINESS TENDENCY STATISTICS, FOURTH QUARTER 2025

FORECAST OF BUSINESS PERFORMANCE FOR THE FOURTH QUARTER 2025

Businesses anticipate a favourable business environment in the fourth quarter of 2025, supported by the positive confidence indicator, which reflects optimism across key sectors as against the last quarter (Exhibit I).

Among all the surveyed sectors, Services sector remains highly confident, recording a CI of +10.0 per cent, a significant increase from +1.5 per cent in the third quarter of 2025. This upward sentiment is driven by Insurance (+41.1%), Education (+25.6%) and Health (+22.8%) subsectors. Similarly, Industry sector also shows continued steady expectancy, posting a CI of +5.8 per cent, improving from +2.2 per cent in the preceding quarter, supported mainly by the Electricity & Water (+22.1%) and Agriculture (+19.0%) subsectors. Furthermore, Wholesale and Retail Trade sector records a significant recovery, with the CI rising to +3.5 per cent in the fourth quarter of 2025, up from -7.3 per cent in the previous quarter. Only Construction sector continues to record pessimist sentiment, posting a CI of -1.2 per cent, but this indicates a better outlook compared to the -2.0 per cent recorded in the previous quarter (Exhibit II).

In the fourth quarter of 2025, the state-level Business Confidence Indicator shows a mixed pattern, with several states recording notable improvements as observed in Johor (+8.7%), Kedah (+4.2%), Kelantan (+10.4%), Negeri Sembilan (+4.7%), Pahang (+2.9%), Selangor (+8.0%), Terengganu (+7.3%), Sabah (+0.9%), Sarawak (+5.3%), W.P. Kuala Lumpur (+7.0%), W.P. Labuan (+0.2%) and W.P. Putrajaya (+3.8%). Meanwhile, Melaka (-6.0%), Pulau Pinang (-0.7%), Perak (-1.4%) and Perlis (-0.5%) showing pessimism, indicating that although many states are experiencing improved confidence, several others continue to face challenges that are weighing on their business prospects as illustrated in Exhibit III.

In the fourth quarter of 2025, The state-level Net Balance shows that most states continue to record strengthening, although several are moving in the opposite direction. Strong confidence was recorded in Johor (+11.4%), Kedah (+20.3%), Negeri Sembilan (+8.9%), Penang (+6.8%), Perak (+8.2%), Perlis (+9.3%), Selangor (+12.5%), Terengganu (+13.7%), Sabah (+24.1%), Sarawak (+6.3%), W.P. Kuala Lumpur (+15.5%) and W.P. Putrajaya (+4.1%). In contrast, Kelantan (-3.9%), Melaka (-5.8%), Pahang (-8.2%) and W.P. Labuan (-4.1%) recorded negative readings, indicating uneven confidence levels across states, with some continuing to face pressure despite the overall positive trend as illustrated in Exhibit IV.

EXPECTATIONS OF GROSS REVENUE AND NUMBER OF EMPLOYEES

A total of 30.6 per cent of respondents expect their gross revenue to rise in the fourth quarter of 2025, while 22.7 per cent expect it to drop, resulting in a net balance of +7.9 per cent. Also, 46.8 per cent of respondents predict a standstill in their gross revenue.

In terms of employment, 76.5 per cent of businesses are expecting to retain their staff throughout the fourthquarter of 2025. Approximately 14.7 per cent of respondents anticipate to hire more, while 8.8 per cent expect to reduce their personnel, resulting in a net balance of +6.0 per cent for the reference quarter (Exhibit V).

EXPECTATIONS OF BUSINESS PERFORMANCE IN OCTOBER 2025 TO MARCH 2026

Looking ahead to the six-month period (October 2025 – March 2026), the overall business outlook continues to reflect positive sentiment, posting a net balance of +12.0 per cent compared to +9.9 per cent in the previous half-year. Wholesale and Retail Trade sector shows the most significant turnaround in expectations, surging from a cautious net balance of -10.5 per cent in the previous six month outlook to a strong optimistic net balance of +10.3 per cent. Meanwhile, Services (+16.5%), Construction (+11.3%), and Industry (+10.0%) sectors continue to project optimistic business outlooks. The high forward-looking sentiment in Services is driven particularly by Education (+42.3%) and Food and Beverage (+41.2%), although Other services subsector anticipates a cautious outlook, recording -15.4 per cent (Exhibit VI).

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