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BUSINESS TENDENCY STATISTICS, FIRST QUARTER 2026



FORECAST OF BUSINESS PERFORMANCE FOR THE FIRST QUARTER 2026

Businesses foresee a favourable business environment in the first quarter of 2026, backed by a confidence indicator of +4.0 per cent, compared to +6.2 per cent in the previous quarter (Exhibit I).



All sectors expect positive business conditions in the first quarter of 2026. The business confidence for Services sector remains on a positive region, with the confidence indicator of +6.6 per cent as against +10.0 per cent in the last quarter. Simultaneously, Industry sector continues to be optimistic about the business performance, with a confidence indicator of +3.3 per cent for the corresponding quarter as compared to +5.8 per cent in the fourth quarter of 2025. Meanwhile, sentiments within Construction sector upturn to a positive trajectory by posting +1.4 per cent as against -1.2 per cent in the fourth quarter of 2025. Sentiment in the Wholesale & Retail Trade sector remains positive, registering +2.5 per cent as compared to +3.5 per cent in the previous quarter (Exhibit II).



In the first quarter of 2026, the state-level Business Confidence Indicator shows a mixed pattern, with several states recording notable improvements in confidence while others continue to face pressure in the current business environment. Optimistic sentiment is observed in Johor (+3.0%), Negeri Sembilan (+8.0%), Pulau Pinang (+4.5%), Perlis (+3.7%), Selangor (+13.1%), Terengganu (+10.2%), Sabah (+2.4%), W.P. Kuala Lumpur (+2.0%), W.P. Labuan (+2.0%) and W.P. Putrajaya (+3.4%). Meanwhile, Kedah (-0.9%), Kelantan (-5.3%), Melaka (-1.9%), Pahang (-9.8%), Perak (-7.5%) and Sarawak (-0.7%) recorded negative readings, indicating that although many states are experiencing improved confidence, several others continue to face challenges that are weighing on their business prospects (Exhibit III).



In the first quarter of 2026, expectations for the business situation over the next six months at the state level indicate an overall positive outlook, although several states remain cautious. Strong optimism was recorded in Johor (+14.6%), Terengganu (+15.8%), Negeri Sembilan (+13.4%), W.P. Putrajaya (+11.9%), Pulau Pinang (+7.2%), Selangor (+9.2%), Kedah (+7.5%), Sabah (+6.8%) and Perak (+9.5%). In addition, Melaka (+3.1%), Pahang (+2.4%), W.P. Labuan (+0.7%) and W.P. Kuala Lumpur (+0.5%) also posted positive readings, reflecting expectations of improved business activities in the near term. However, several states continued to register negative readings, namely Kelantan (-4.4%), Pulau Pinang (-0.8%), Perlis (-5.7%) and Sarawak (-1.3%) indicating that some businesses are still facing uncertainties and external pressures (Exhibit IV).



EXPECTATIONS OF GROSS REVENUE AND NUMBER OF EMPLOYEES

A total of 29.8 per cent of respondents expect their gross revenue to rise in the first quarter of 2026, while 29.4 per cent expect it to drop, resulting in a net balance of -2.7 per cent. Also, 43.8 per cent of respondents predict a standstill in their gross revenue.

In terms of employment, 75.3 per cent of businesses are expecting to retain their staff throughout the first quarter of 2026. Approximately 16.6 per cent of respondents anticipate to hire more, while 8.1 per cent expect to reduce their personnel, resulting in a net balance of +8.5 per cent for the reference quarter (Exhibit V).



EXPECTATIONS OF BUSINESS PERFORMANCE IN JANUARY TO JUNE 2026

Looking at the business sentiment for the first half of 2026, businesses remain upbeat, albeit at a lower net balance of +10.8 per cent from +12.0 per cent recorded previously. Positive outlook is underpinned across all sectors, indicating a promising business conditions in the forecasted period. The Services sector anticipates favourable business situation in the forthcoming six months with a net balance of +20.6 per cent as against +16.5 per cent recorded for the period of October 2025 until March 2026. Construction sector also foresees positive business condition with a net balance +12.0 per cent as compared to +11.3 per cent recorded previously. Sentiment within Wholesale & Retail Trade sector also shows optimism with net balance +6.9 per cent as against +10.3 per cent previously. Similarly, Industry sector expects better business situation with a net balance of +6.2 per cent compared to +10.0 per cent (Exhibit VI).



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