



BUSINESS TENDENCY STATISTICS THIRD QUARTER 2018



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20 October 2018

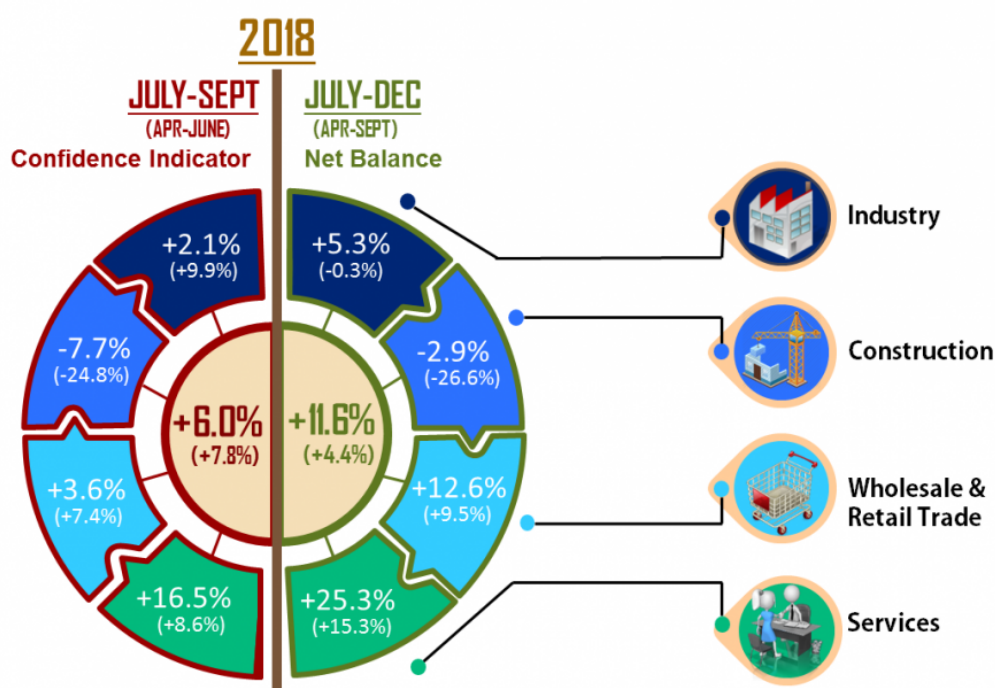
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BUSINESS TENDENCY STATISTICS THIRD QUARTER 2018

**BUSINESSES ARE OPTIMISTIC ON A STEADY ECONOMIC
PERFORMANCE FOR THE THIRD QUARTER OF 2018**

Business Performance Expectation

Business performance is expected to grow at a slower pace with confidence indicator of +6.0 per cent from +7.8 per cent in the previous quarter



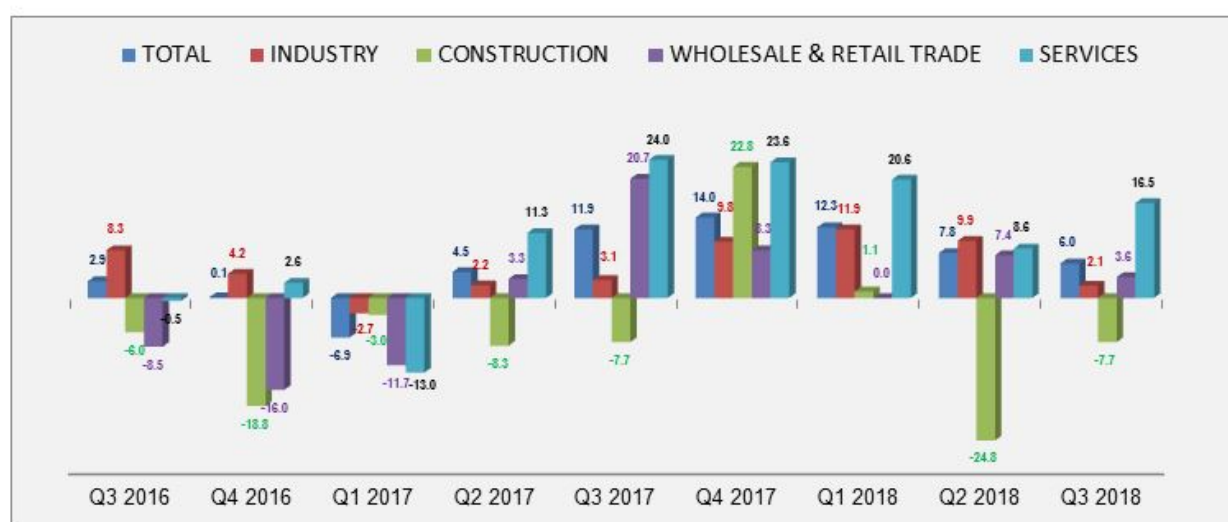
Source: Business Tendency Statistics, Third Quarter, 2018

FORECAST OF BUSINESS PERFORMANCE FOR THE THIRD QUARTER 2018

The business performance in the third quarter of 2018 is expected to grow at a slower pace with confidence indicator of +6.0 per cent from +7.8 per cent in the second quarter of 2018. This indicates that the optimists continue to outnumber the pessimists but at a smaller percentage difference as compared to the previous quarter.

Respondents from services sector is expecting their business situation to improve in the third quarter of 2018 with confidence indicator of +16.5 per cent as compared to +8.6 per cent in second quarter of 2018. Meanwhile, other sectors such as industry and wholesale & retail trade also expect their business situation to improve at a moderate rate with smaller confidence indicators at +2.1 per cent and +3.6 per cent, respectively. However, construction sector expects their business situation to be less bullish with confidence indicator of -7.7 per cent.

Chart I: Quarterly Confidence Indicator by Sector, Malaysia, 2016-2018



Expectations of Gross Revenue and Number of Employees

Majority of the respondents in all surveyed sectors which was 45.1 per cent anticipated that their gross revenue to increase while 44.4 per cent expected unchanged. In contrast, 10.5 per cent of the respondents foresee a decrease in gross revenue.

The survey results showed that most of the businesses (80.3%) are expected to maintain their number of employees at the current state for the third quarter of 2018. Only 11.5 per cent of the businesses are planning to hire new employees while 8.2 per cent of the businesses foresee a decrease in the number of employees.

Table 1: Expected of Net Balance Gross Revenue and Number of Employees, 2016-2018

Period		Gross Revenue (%)				Number of Employees (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
2016	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
2017	Q1	24.0	44.8	31.2	-7.2	16.3	70.0	13.7	2.7
	Q2	35.1	45.9	19.0	16.1	20.3	72.0	7.7	12.6
	Q3	33.9	53.7	12.4	21.5	25.6	70.4	4.0	21.6
	Q4	42.4	49.5	8.1	34.2	28.2	64.7	7.1	21.2
2018	Q1	30.4	57.3	12.3	18.1	25.2	61.6	13.2	12.0
	Q2	34.0	54.6	11.4	22.6	8.7	83.4	7.9	0.8
	Q3	45.1	44.4	10.5	34.6	11.5	80.3	8.2	3.3

CURRENT SITUATION OF BUSINESS PERFORMANCE IN THE SECOND QUARTER 2018

Business performance for the second quarter of 2018 was positive with an overall net balance of +3.6 per cent. The increase was mainly contributed by services sector (+22.0%).

Chart II: Net Balance of Current Situation for Business Performance by Sector, Malaysia, 2016-2018



Gross Revenue and Number of Employees

In overall, 38.5 per cent of the respondents indicated an increase in gross revenue for the second quarter of 2018 while 25.0 per cent of the respondents stated that their business experienced a decline which led to a net balance of +13.5 per cent.

A total of 14.0 per cent of the businesses stated that they hired fewer employees in the second quarter of 2018. Meanwhile, more than half of the establishments (72.2%) reported that the number of employees to remain and the rest of the 13.8 per cent respondents indicated an increase. Overall, a net balance of -0.2 per cent was recorded in the second quarter of 2018.

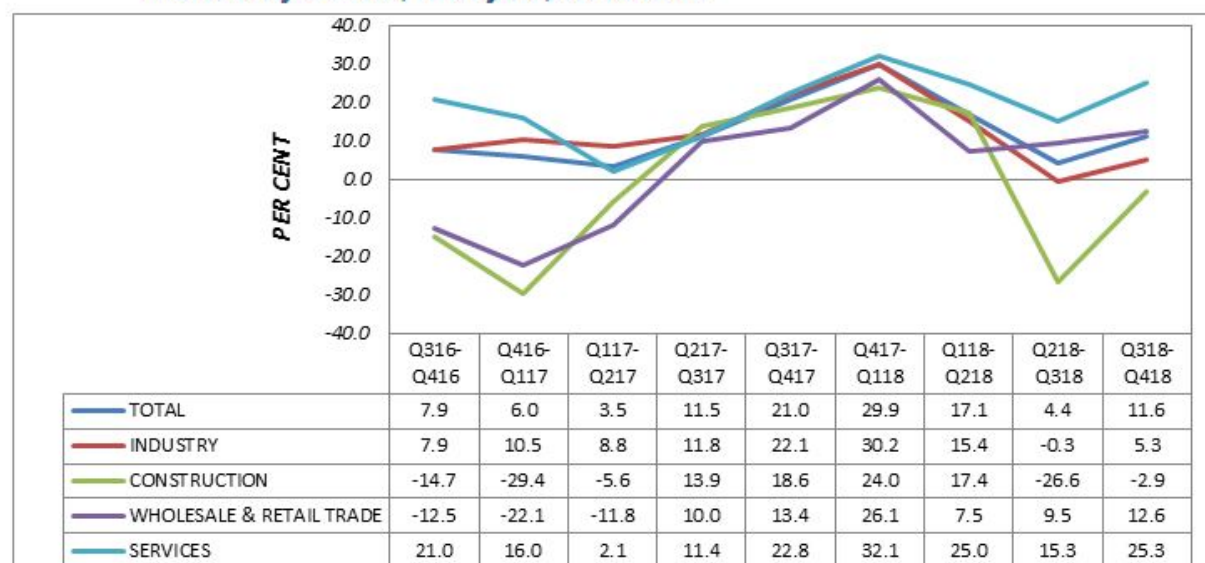
Table 2: Net Balance of Current Situation for Gross Revenue and Number of Employees, 2016-2018

Period		Gross Revenue (%)				Number of Employees (%)			
		Up	Same	Down	Net Balance	Up	Same	Down	Net Balance
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
	Q4	31.8	33.0	35.2	-3.4	17.6	60.5	21.9	-4.3
2017	Q1	40.8	36.6	22.6	18.2	23.0	64.7	12.3	10.7
	Q2	47.9	36.2	15.9	32.0	27.3	63.4	9.3	17.9
	Q3	43.8	46.4	9.8	33.0	29.2	59.6	11.2	18.0
	Q4	34.3	53.5	12.2	22.1	25.6	59.6	14.8	10.8
2018	Q1	26.0	50.6	23.4	2.6	11.8	75.3	12.9	-1.1
	Q2	38.5	36.5	25.0	13.5	13.8	72.2	14.0	-0.2

EXPECTATIONS OF BUSINESS PERFORMANCE IN JULY TILL DECEMBER 2018

It is expected that the business performance will continue to grow for the period of July to December 2018 based on a net balance of +11.6 per cent for all surveyed sectors. This positive business outlook was mainly supported by services sector that was most optimistic with a net balance of +25.3 per cent as compared to +15.3 per cent for the period of April to September 2018.

Chart III: Net Balance of Business Performance Expectation for Upcoming Six Months by Sector, Malaysia, 2016-2018



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