

**FOR IMMEDIATE RELEASE**  
 Matthias Chen  
 Marketing Communications  
[matthias.chen@dnb.com.sg](mailto:matthias.chen@dnb.com.sg)  
 +65 6439 6670

## Business sentiments remain buoyant in Q3 2018

*Business Optimism Index hits 3-year high in Q3 2018*

D&B Malaysia Quarterly Business Optimism Index

**Kuala Lumpur, 03 July 2018** – Malaysian business confidence has hit a 3-year high for Q3 2018. According to Dun & Bradstreet (D&B) Malaysia’s Business Optimism Index (BOI) study, overall BOI increased from +12.58 percentage points in Q1 2018 to +13.17 percentage points in Q2 2018. On a year-on-year (y-o-y) basis, BOI jumped significantly from +3.40 percentage points in Q3 2017 to +13.17 percentage points in Q3 2018.

The six business indicators under the quarterly BOI study include volume of sales, net profits, selling price, inventory level, employees and new orders. This is the 22<sup>nd</sup> D&B BOI study being released in Malaysia.

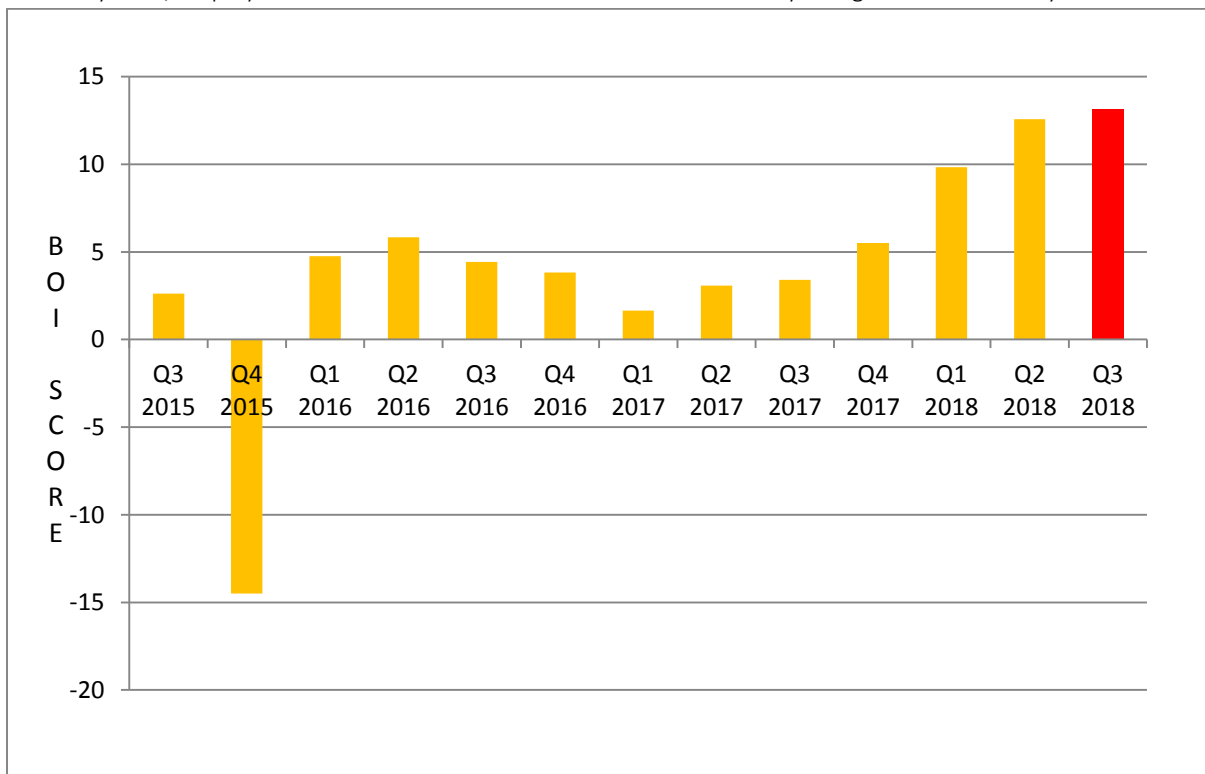


Figure 1. Overall Business Optimism Index (Q3 2015 – Q3 2018)

### **Point Commentary**

According to D&B Malaysia, 2 of six indicators have climbed upwards on a quarter-on-quarter (q-o-q) basis.

- ❖ New orders rose from +14.0 percentage points in Q2 2018 to +19.5 percentage points in Q3 2018.
- ❖ Inventory levels jumped from +3.50 percentage points in Q2 2018 to +18.0 percentage points in Q3 2018.
- ❖ Both volume of sales and net profits eased slightly from +19.0 percentage points in Q2 2018 to +18.0 percentage points in Q3 2018 and from +16.0 percentage points in Q2 2018 to +15.5 percentage points in Q3 2018.
- ❖ Selling price fell visibly from +9.50 percentage points in Q2 2018 to +1.0 percentage point in Q3 2018.
- ❖ Employment levels decreased from +13.5 percentage points in Q2 2018 to +7.0 percentage points in Q3 2018.

On a year-on-year (y-o-y) basis, 5 of six indicators have risen upwards for Q3 2018.

- ❖ Volume of sales rose visibly from +3.88 percentage points in Q3 2017 to +18.0 percentage points in Q3 2018.
- ❖ New orders jumped from +8.74 percentage points in Q3 2017 to +19.5 percentage points in Q3 2018.
- ❖ Inventory levels climbed from +4.85 percentage points in Q3 2017 to +18.0 percentage points in Q3 2018.
- ❖ Employment levels increased from +3.88 percentage points in Q3 2017 to +7.0 percentage points in Q3 2018.
- ❖ Net profits rebounded from the contractionary zone from -3.88 percentage points in Q3 2017 to +15.5 percentage points in Q3 2018.
- ❖ Selling prices moderated downwards from +2.91 percentage points in Q3 2017 to +1.0 percentage point in Q3 2018.

### **Sectoral Outlook**

For Q3 2018, the manufacturing sector has emerged as the most upbeat sector while the construction and transportation sectors are least optimistic.

#### ***Manufacturing***

As with Q2 2018, the manufacturing sector is most optimistic with 6 indicators in the positive region for Q3 2018. However, 4 of six indicators have moderated downwards.

- ❖ Selling prices and inventory levels have increased from +5.13 percentage points and +7.69 percentage points in Q2 2018 to +11.11 percentage points in Q3 2018 respectively.
- ❖ Volume of sales moderated from +43.59 percentage points in Q2 2018 to +22.22 percentage points in Q3 2018 while net profits fell from +33.33 percentage points in Q2 2018 to +16.67 percentage points in Q3 2018.
- ❖ New orders and employment levels eased downwards slightly from +28.21 percentage points in Q2 2018 to +22.22 percentage points in Q3 2018 and from +17.95 percentage points in Q2 2018 to +13.89 percentage points in Q3 2018.

#### ***Financial***

The financial sector remains as one of the most optimistic sectors with 3 indicators climbing upwards.

- ❖ Both selling prices and new orders jumped from +7.69 percentage points in Q2 2018 to +18.18 percentage points in Q3 2018 and +9.09 percentage points in Q3 2018 respectively.
- ❖ Inventory levels climbed from 0 percentage point in Q2 2018 to +9.09 percentage points in Q3 2018.
- ❖ Employment levels moderated downwards from +23.07 percentage points in Q2 2018 to 0 percentage point in Q3 2018.

- ❖ Both volume of sales and net profits fell from +46.15 percentage points and +38.46 percentage points in Q2 2018 to +27.27 percentage points in Q3 2018.

### ***Wholesale***

The wholesale sector saw sustained improvements for the second consecutive quarter with 5 of six indicators moving upwards for Q3 2018.

- ❖ Volume of sales, net profits and new orders each rose from +12.50 percentage points in Q2 2018 to +26.09 percentage points, +21.74 percentage points and +26.09 percentage points in Q3 2018 respectively.
- ❖ Employment levels increased from +8.33 percentage points in Q2 2018 to +8.7 percentage points in Q3 2018.
- ❖ Inventory levels jumped from +4.17 percentage points in Q2 2018 to +26.09 percentage points in Q3 2018.
- ❖ Selling price moderated downwards from +12.5 percentage points in Q2 2018 to 0 percentage point in Q3 2018.

### ***Construction***

The construction sector remains one of the least optimistic sectors with only 2 indicators in expansionary zone for Q3 2018.

- ❖ Both volume of sales and net profit rebounded from the negative territory from -28.57 percentage points in Q2 2018 to +22.22 percentage points and +11.11 percentage points in Q3 2018 respectively.
- ❖ Selling price fell into negative territory from 0 percentage point in Q2 2018 to -11.11 percentage points in Q3 2018.
- ❖ Inventory levels remain unchanged at 0 percentage point in Q3 2018.
- ❖ Both new orders and employment levels rebounded from -14.29 percentage points in Q2 2018 to 0 percentage point in Q3 2018.

### ***Transportation***

The transportation sector is least optimistic with none of the indicators in expansionary zone for Q3 2018.

- ❖ Both net profits and employment levels fell into the negative territory from +14.29 percentage points in Q2 2018 to -16.67 percentage points in Q3 2018 and from 0 percentage point in Q2 2018 to -16.67 percentage points in Q3 2018.
- ❖ Volume of sales, selling price and new orders each dropped from +14.29 percentage points in Q2 2018 to 0 percentage point in Q3 2018.
- ❖ Inventory levels remain unchanged at 0 percentage point in Q3 2018.

### **Supporting Quotes**

“We are expecting the growth outlook for Q3 to remain on the expansionary path with majority of the sectors experiencing an uptick in sentiments compared to a year ago. Despite being the most optimistic sector, we are seeing some signs of moderation in the outlook for manufacturers due to weaker domestic and global demand in the recent months. However, we expect the uptrend in overall business optimism to sustain in the coming months in light of improved domestic consumption resulting from the abolition of the goods and services (GST) tax and introduction of fuel subsidies.”

### **Ms. Audrey Chia**

Chief Executive Officer

Dun & Bradstreet (Malaysia) Sdn. Bhd.

## Overview of Business Indicators

### Net Profit

Net profits decreased slightly to +15.50 percentage points (net +16.0 percentage points in Q2 2018). The mining sector is most upbeat (+36.36 percentage points), followed by agriculture (net +35.72 percentage points), financial (net +27.27 percentage points) and wholesale (net +21.74 percentage points). The construction (net +11.11 percentage points), manufacturing (net +16.67 percentage points) and services (net +8.89 percentage points) are marginally optimistic about net profit. The transportation sector (net -16.67 percentage points) is the only sector which is pessimistic about net profits.

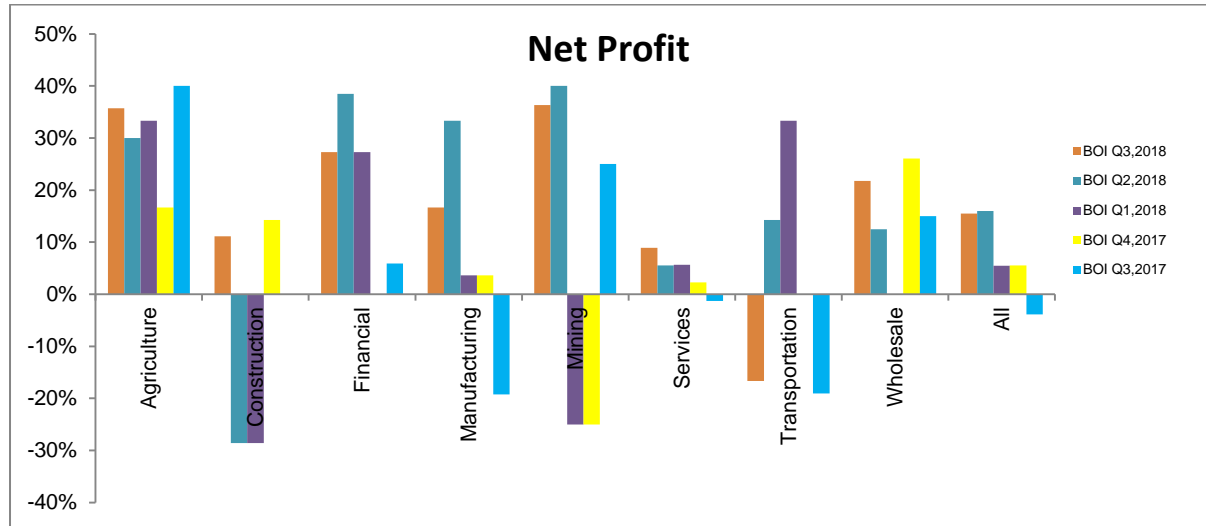


Figure 2. Net Profits Optimism Score, Q3 2017 – Q3 2018

### Volume of Sales

Volume of sales moderated slightly to +18.0 percentage points (net +19.0 percentage points in Q2 2018). The agricultural sector (net +35.72 percentage points) is most upbeat, followed by mining (net +27.27 percentage points), financial (net +27.27 percentage points), wholesale (net +26.09 percentage points), manufacturing (net +22.22 percentage points) and construction (net +22.2 percentage points). The services (net +10.0 percentage points) sector is moderately optimistic. The transportation sector (net 0 percentage point) has anticipated volume of sales to remain unchanged.

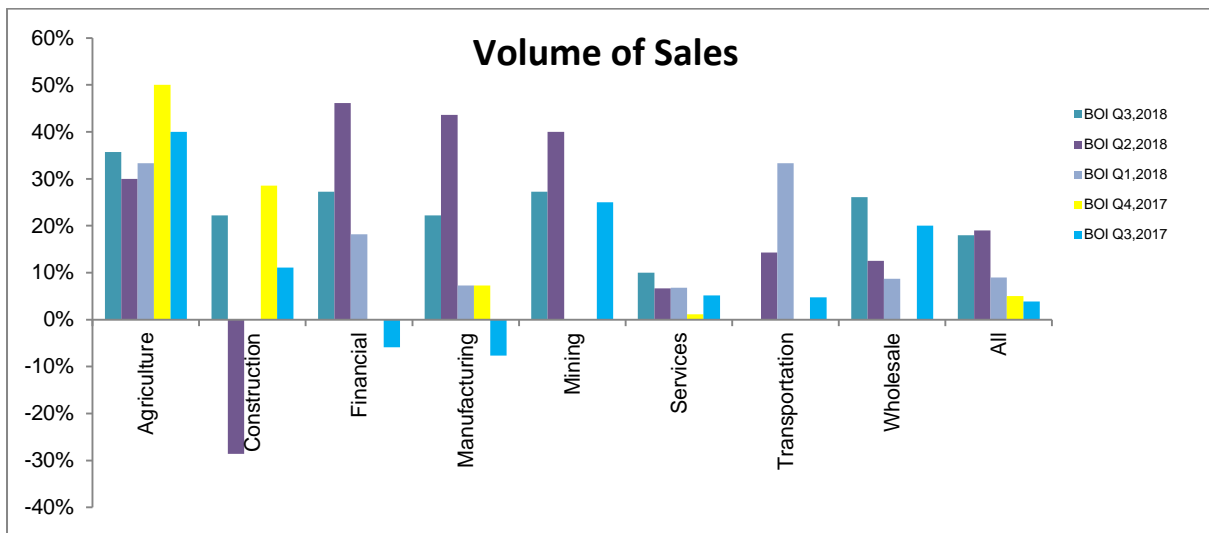


Figure 3. Volume of Sales Optimism Score, Q3 2017 – Q3 2018

### Selling Prices

Selling prices declined to +1.0 percentage point (net +9.50 percentage points in Q2 2018). The financial sector (net +18.18 percentage points) is most optimistic, followed by agriculture (net +14.29 percentage points) and manufacturing (net +11.11 percentage points). The construction sector (net -11.11 percentage points) and services sector (net -5.56 percentage points) are pessimistic about selling prices. The mining, transportation and wholesale sectors (net 0 percentage point) have anticipated selling prices to remain unchanged.

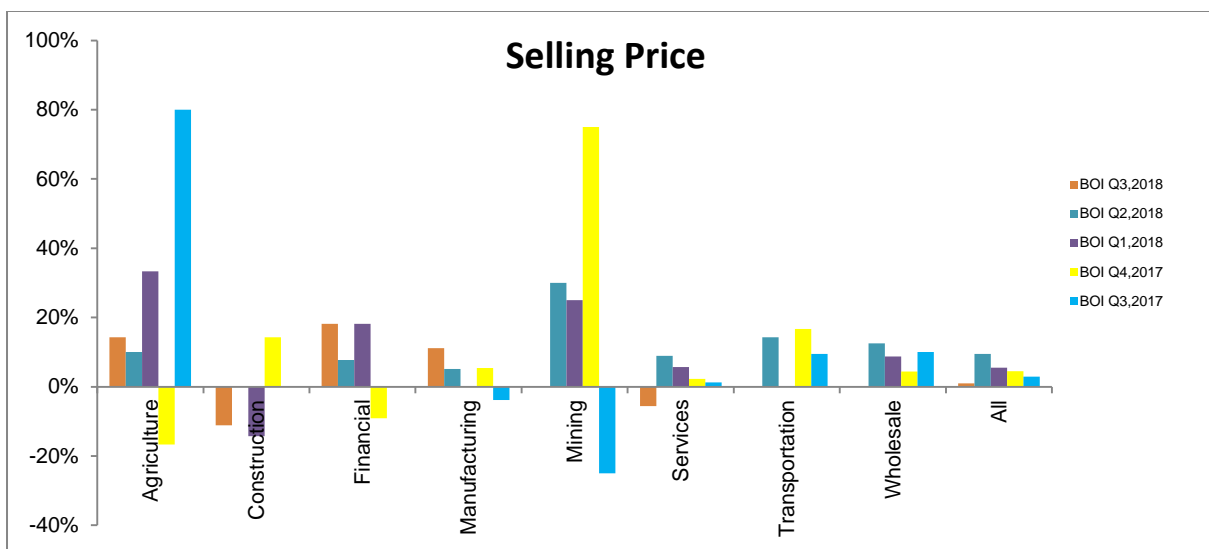


Figure 4. Selling Price Optimism Score, Q3 2017 – Q3 2018

**New Orders**

New orders have risen to +19.50 percentage points (net +14.0 percentage points in Q2 2018). The agricultural sector (net +42.86 percentage points) is most upbeat, followed by wholesale (net +26.09 percentage points), manufacturing (net +22.22 percentage points), mining (net +18.18 percentage points) and services (net +17.78 percentage points). The financial sector (net +9.09 percentage points) is marginally optimistic. Both construction and transportation sectors (0 percentage point) have anticipated new orders to remain unchanged.



Figure 5. New Orders (All Sectors) Optimism Score, Q3 2017 – Q3 2018

**Inventory**

Inventory levels increased to +18.0 percentage points (net +3.50 percentage points in Q2 2018). The agriculture sector (net +50.0 percentage points) is most upbeat, followed by wholesale (net +26.09 percentage points), mining (net +18.18 percentage points), services (net +17.78 percentage points), manufacturing (net +11.11 percentage points) and financial (net +9.09 percentage points). Both construction and transportation (net 0 percentage point) have anticipated inventory levels to remain unchanged.

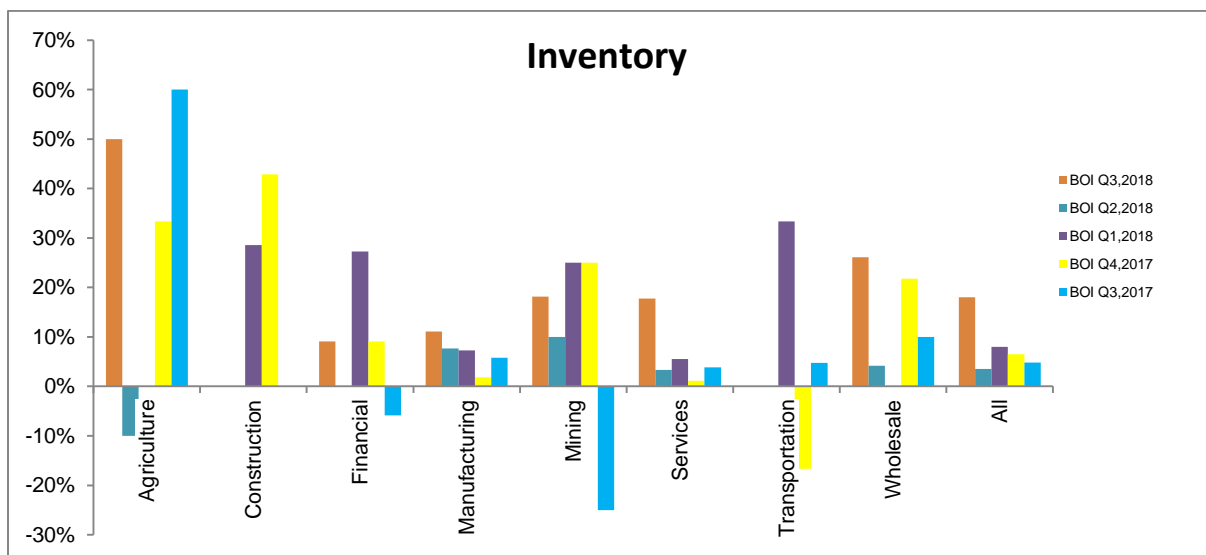


Figure 6. Inventory Optimism Score, Q3 2017 – Q3 2018

## Employment

Employment levels moderated slightly to +7.0 percentage points (net +13.50 percentage points in Q2 2018). The manufacturing sector (net +13.89 percentage points) is most upbeat, followed by services (net +10.0 percentage points) and wholesale (net +8.70 percentage points). The construction, financial and mining sectors (0 percentage point) have anticipated employment to remain unchanged. Both agriculture (net -7.14 percentage points) and transportation (net -16.67 percentage points) are downbeat about employment.

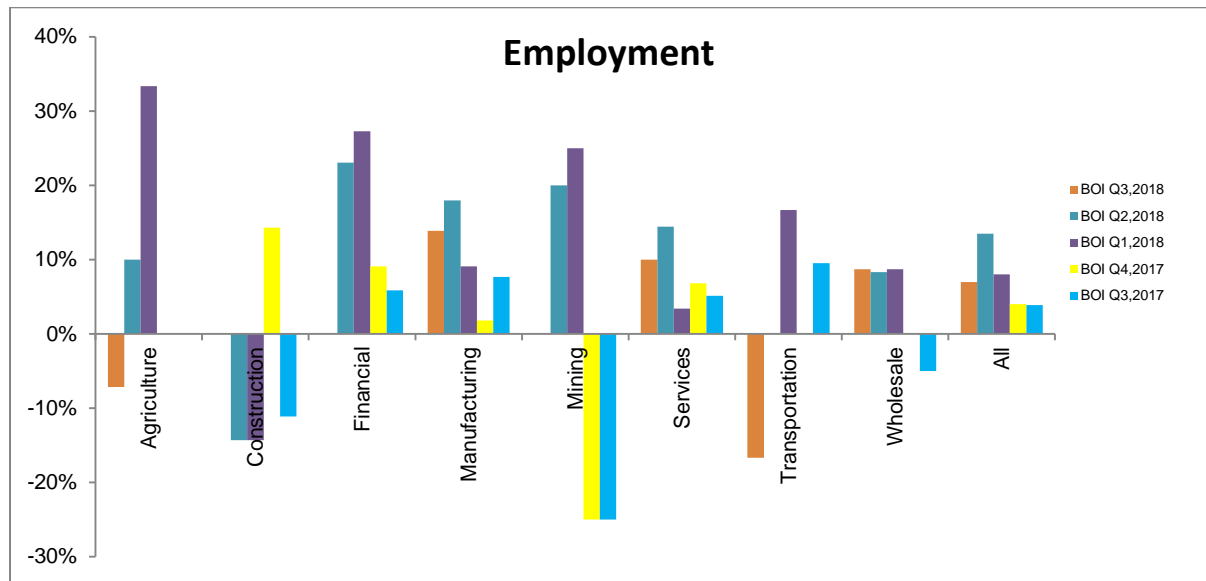


Figure 7. Employment Optimism Score, Q3 2017 – Q3 2018

## Commentary

D&B Business Optimism Index (BOI) was first released in Malaysia in April 2013. This is the 22<sup>nd</sup> D&B Business Optimism Index (BOI) being released in Malaysia.

The D&B Business Optimism Index (BOI) is a measure of business confidence in the economy. Released quarterly, it is based on a business sentiment survey that is designed to capture business expectations and is one of the most effective ways to track how the business community perceives the business environment, and where they think it is moving. This is commonly used, worldwide, to assist in analyzing major trends and issues concerning the business community through tracking business parameters including net profits, selling prices, new orders, inventory levels, and employee count.

## About the Survey

D&B Malaysia conducts latest Business Expectations Surveys every quarter. Each quarter, 200 business owners and senior executives representing major industry sectors across Malaysia are asked if they expect increases, decreases or no changes in their upcoming quarterly Sales, Profits, Employment, New Orders, Inventories and Selling Prices.

Note: The index figures used in the survey represent the net percentage of survey respondents expecting higher sales, profits, etc., compared with the same quarter of the previous year. The indices are calculated by subtracting the percentage of respondents expecting decreases from the percentage expecting increases.

## **About Dun & Bradstreet Malaysia**

Dun & Bradstreet Malaysia grows the most valuable relationships in business. By uncovering truth and meaning from data, we connect customers with the prospects, suppliers, clients and partners that matter most, and have since 1841. Nearly ninety percent of the Fortune 500, and companies of every size around the world, rely on our data, insights and analytics. For more information about Dun & Bradstreet Malaysia, please visit [www.dnb.com.my](http://www.dnb.com.my).

## **About Dun & Bradstreet Worldwide Network**

The Dun & Bradstreet Worldwide Network is an unrivalled alliance of Dun & Bradstreet and leading business information providers across the globe. Through this network, customers grow their most valuable relationships with prospects, customers and partners through data. For nearly two centuries of helping businesses understand this dynamic, we have honed the expertise of how data and analytics forge the relationships that lead to industry-leading performance. To activate these capabilities, we build – or co-develop with partners – solutions tailored to marketing, sales, finance, supply, compliance or information technology. And we deliver this content however a customer wants to consume it.

## **Contact Information**

**Matthias Chen**

**Marcom & Product Development**

**DID: +65 6439 6670**

**HP: +65 9478 5568**

**Email: [Matthias.chen@dnb.com.sg](mailto:Matthias.chen@dnb.com.sg)**

**###**