



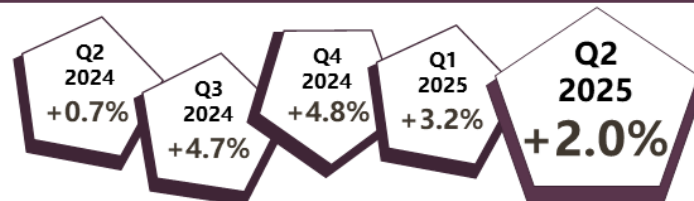
MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

BUSINESS TENDENCY STATISTICS, SECOND QUARTER 2025

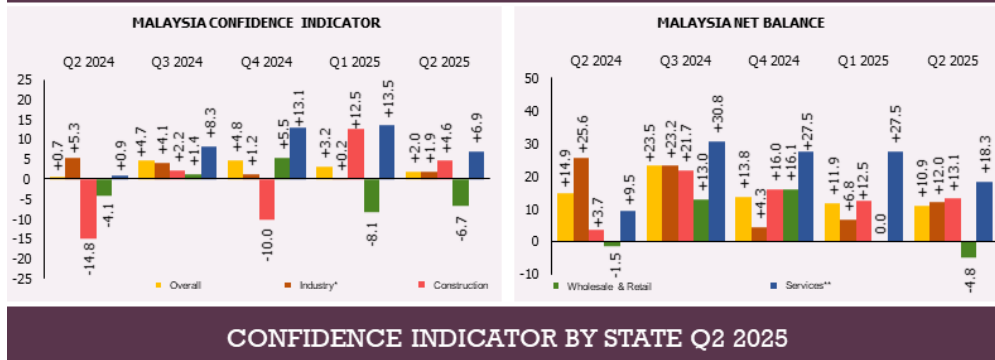


MINISTRY OF ECONOMY
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BUSINESS TENDENCY STATISTICS



BUSINESS SENTIMENT REMAINS OPTIMISTIC IN THE SECOND QUARTER OF 2025, REFLECTED BY THE POSITIVE CONFIDENCE INDICATOR OF +2.0 PER CENT.



*Agriculture, Mining, Manufacturing and Electricity & Water
** Accommodations, Transportation & Storage, Communication, Finance, Insurance, Real Estate, Information Technology & Communication, Food & Beverage, Administrative & Support Services, Professional, Health, Education and Other Services
Source: Business Tendency Statistics First Quarter 2025, Department of Statistics Malaysia (DOSM)



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FORECAST OF BUSINESS PERFORMANCE FOR THE SECOND QUARTER 2025

Businesses continue to anticipate a favourable business environment in the second quarter of 2025, supported by a positive confidence indicator of +2.0 per cent, which reflects sustained optimism from the previous quarter of +3.2 per cent (Exhibit I).



Services, Construction and Industry are the sectors that expect steady business conditions in the second quarter of 2025. Confidence in the Services sector remains positive with a confidence indicator of +6.9 per cent, compared to +13.5 per cent in the previous quarter. Simultaneously, sentiment in the Construction sector maintains favourable with +4.6 per cent as against +12.5 per cent in the first quarter of 2025. Meanwhile, the Industry sector remains optimistic about its business prospects, with the confidence indicator improving to +1.9 per cent from +0.2 per cent in the preceding quarter. In contrast, sentiment in the Wholesale and Retail Trade sector indicates a pessimist condition, with the confidence indicator -6.7 per cent in the second quarter of 2025 from -8.1 per cent previously (Exhibit II).



In the perspective of state's business prospects in Q2 2025, the confidence indicators show mixed performance among the states in Malaysia. The states with optimistic sentiment are Johor (+1.5%), Kedah (+4.3%), Perlis (+3.5%), Terengganu (+18.0%), W.P. Kuala Lumpur (+0.9%) and W.P. Putrajaya (+3.7%). However, majority of states showed pessimistic sentiment namely Kelantan (-7.8%), Melaka (-2.0%), Negeri Sembilan (-1.2%), Pahang (-4.5%), Penang (-5.1%), Perak (-6.3%), Selangor (-1.2%), Sabah (-0.3%), Sarawak (-2.9%) and W.P. Labuan (-3.9%) as illustrated in Exhibit III.



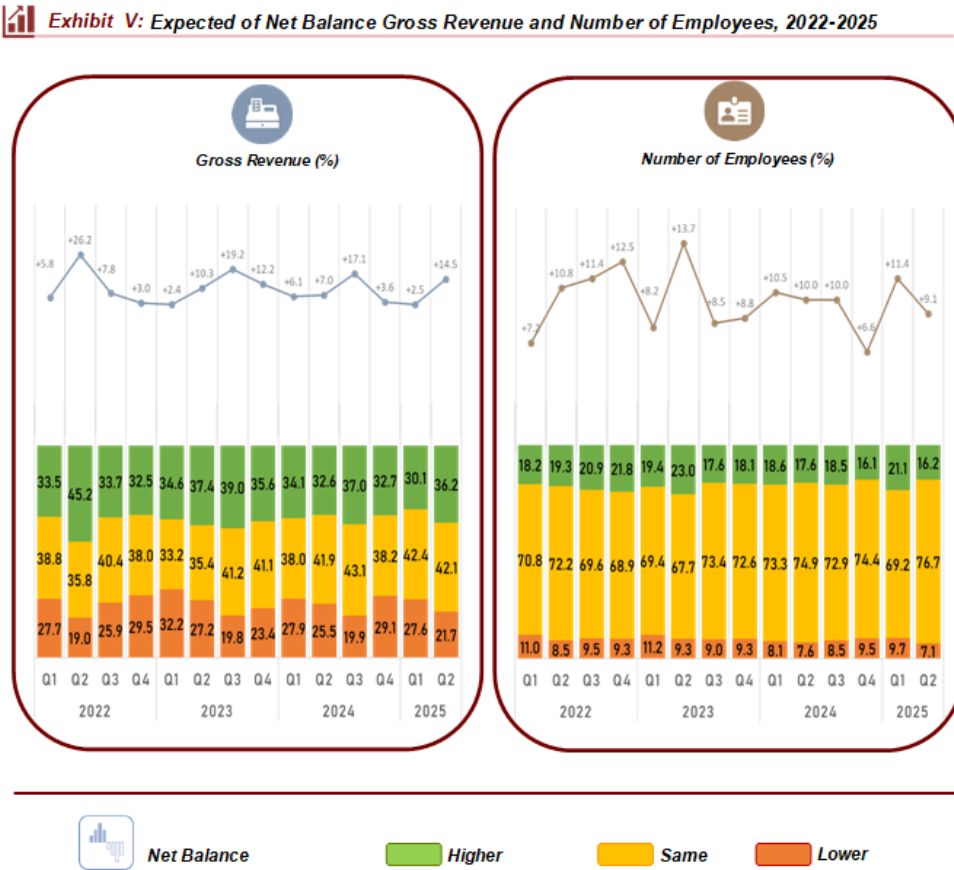
In Q2 2025, the Net Balance by State showed significant variation across Malaysia. States with optimistic sentiment included Johor (+13.8%), Kedah (+9.2%), Kelantan (+6.2%), Melaka (+9.6%), Negeri Sembilan (+10.1%), Pahang (+9.0%), Perak (+8.6%), Selangor (+13.1%), Terengganu (+44.7%), Sabah (+9.6%), W.P. Kuala Lumpur (+12.8%), and W.P. Putrajaya (+18.7%). Conversely, several states indicated more cautious sentiment, namely Penang (-2.3%), Perlis (-2.9%), Sarawak (-3.8%), and W.P. Labuan (-18.2%), as illustrated in Exhibit IV.



EXPECTATIONS OF GROSS REVENUE AND NUMBER OF EMPLOYEES

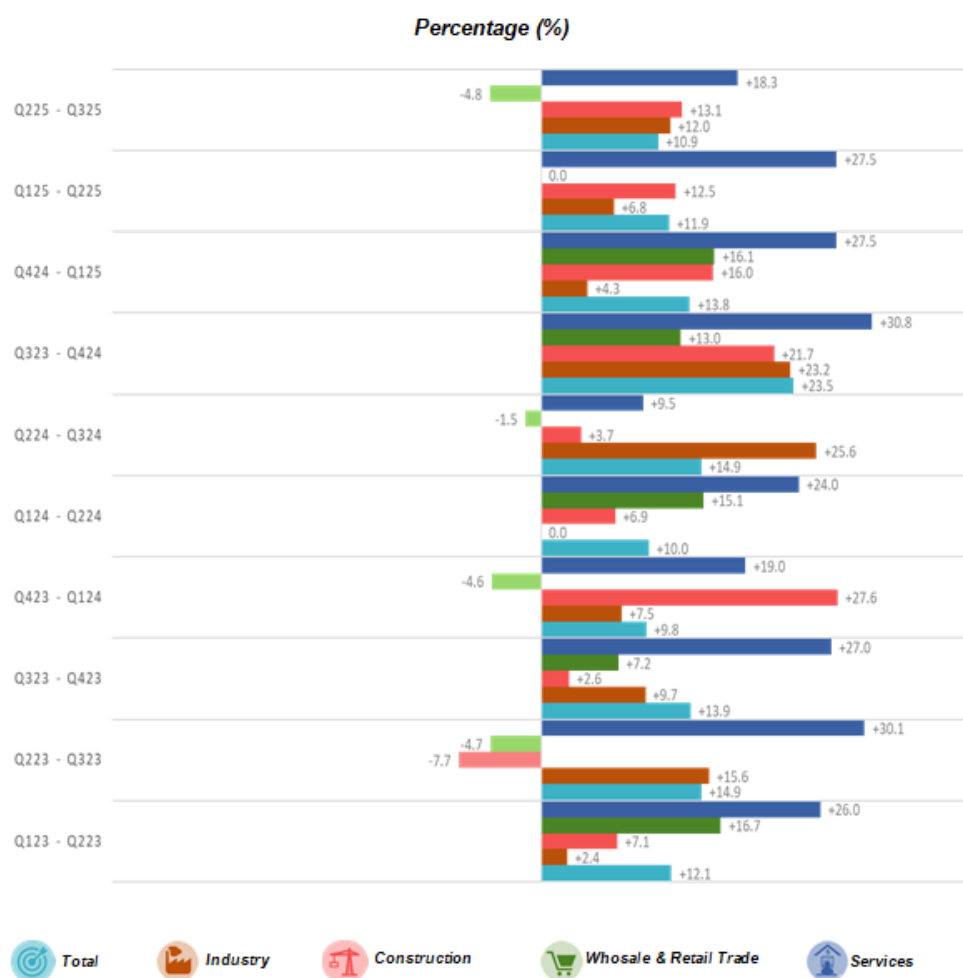
A total of 36.2 per cent of respondents expect their gross revenue to rise in the second quarter of 2025, while 21.7 per cent expect it to drop, resulting in a net balance of +14.5 per cent. Also, 42.1 per cent of respondents predict a standstill in their gross revenue.

In terms of employment, 76.7 per cent of businesses are expecting to retain their staff throughout the second quarter of 2025. Approximately 16.2 per cent of respondents anticipate to hire more, while 7.1 per cent expect to reduce their personnel, resulting in a net balance of +9.1 per cent for the reference quarter (Exhibit V).



EXPECTATIONS OF BUSINESS PERFORMANCE IN APRIL TO SEPTEMBER 2025

Looking ahead to the period of April to September 2025, the overall business outlook continues to reflect positive sentiment with a net balance of +10.9 per cent, compared to +11.9 per cent in the previous period. Sentiment in the Services sector remains sturdy, maintaining a net balance of +18.3 per cent, consistent with the previous quarter. The Construction sector projects an optimistic outlook with a net balance of +13.1 per cent as against +12.5 per cent for the corresponding period. Similarly, the Industry sector anticipates encouraging business conditions with the confidence indicator increases to +12.0 per cent from +6.8 per cent previously. Conversely, the Wholesale and Retail Trade sector reflects a more cautious sentiment, recording a subdued level of confidence regarding business expectations over the next six months (Exhibit VI).



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