

# The 71st Business Trend Survey (1st half of 2021)

The Japanese Chamber of Trade & Industry, Malaysia  
(JACTIM)  
March 2021

Note 1: This is a survey report mainly on business trend in 1st half of 2021, questioned to 552 JACTIM member companies between January 20 and February 19, 2021. 221 companies responded. (Breakdown: Manufacturing industry 132 companies, 59.7%, Non-manufacturing industry 89 companies, 40.3%). Response rate is 40.0%.

Note 2: Distribution and collection of questionnaire were carried out via online system.

Note 3: The Japanese Chamber of Trade & Industry, Malaysia (JACTIM) conducts business trend survey to JACTIM member companies twice a year. (1st half and 2nd half of the year)

# Business Trend in 1st half of 2021 【Summary】

- Business sentiment DI recorded ▲11.8 point and it improved to the level which is higher than prior to COVID-19. +5.0 point is forecasted in 2nd half and the further improvement is expected.
- Number of employees DI is ▲1.8 point which is shortage after 4 terms. ▲8.6 point is forecasted in 2nd half, too.
- Supply and demand outlook DI is ▲1.4 point and it greatly improved. ▲0.5 point is forecasted in 2nd half, too.
- Key to the continuous trend of improvement to 2nd half shall depends on economic activities which is firmly under way along with convergence of infection.

## (1) Business sentiment DI is recovered to the level higher than pre-COVID-19

Although this term recorded ▲11.8 point which is negative for the last 6 terms continuously since 2nd half, in 2018, it recovered to the level higher than pre-COVID-19. It might be due to reaction from the previous level which was the lowest since the commencement of this survey. 2nd half is forecasted to turn to positive which is +5.0 point increased by 16.8 point in comparison with this term.

## (2) Number of employees DI is turned to shortage after 4 terms.

It turned to surplus of +1.4 point in 2nd half of 2019 first time since Bankruptcy of Lehman Brothers and since then surplus trend has been continued however it turned to shortage this term as ▲1.8 point. It recorded ▲8.6 point and number of employees is forecasted to be shortage trend in 2nd half, too.

## (3) Supply and demand outlook DI of the industry, too, has been improved due to recovery of demand.

It greatly improved since previous time (2nd half of 2020) which recorded ▲34.8 point, lowest since 1st half of 2012 (▲37.7 point) and it recorded ▲1.4 point. It seems relaxation of restriction of economic activities during COVID-19 contributed to the recovery of demand. And further improvement is expected as ▲0.5 point in 2nd half.

## (4) Get out of deteriorating business sentiment caused by COVID-19?

Great improvement was observed in entire DI which completely changed from the previous survey which most DI were deteriorated due to effect associated with COVID-19, too. It is observed as reaction from previous term described as the worst restriction of economic activities during COVID-19 and key to the continuous trend of improvement to 2nd half shall depends on economic activities which is firmly under way along with convergence of infection.

Business Sentiment Diffusion Index (DI) Trend

Survey Period	No of Respondent	①Good 社/%		②Remain unchanged		③Bad		DI (P)
		No. of Respondent	%	No. of Respondent	%	No. of Respondent	%	
2018 1H	182	38	20.9	119	65.4	25	13.7	7.1
2018 2H	250	47	18.8	143	57.2	60	24.0	-5.2
2019 1H	285	43	15.1	145	50.9	97	34.0	-18.9
2019 2H	291	39	13.4	126	43.3	126	43.3	-29.9
2020 1H	160	21	13.1	72	45.0	67	41.9	-28.8
2020 2H	178	17	9.6	41	23.0	120	67.4	-57.9
2021 1H	221	53	24.0	89	40.3	79	35.7	-11.8
2021 2H Est.*	221	66	29.9	100	45.2	55	24.9	5.0

Employee DI Trend

Survey Period	No of Respondent	①Surplus 社/%		②Adequate		③Insufficient		DI (P)
		No. of Respondent	%	No. of Respondent	%	No. of Respondent	%	
2018 1H	182	15	8.2	129	70.9	38	20.9	-12.6
2018 2H	251	19	7.6	194	77.3	38	15.1	-7.6
2019 1H	283	35	12.4	208	73.5	40	14.1	-1.8
2019 2H	287	53	18.5	191	66.6	49	17.1	1.4
2020 1H	160	30	18.8	112	70.0	18	11.3	7.5
2020 2H	178	50	28.1	119	66.9	9	5.1	23.0
2021 1H	221	29	13.1	159	71.9	33	14.9	-1.8
2021 2H Est.*	221	23	10.4	156	70.6	42	19.0	-8.6

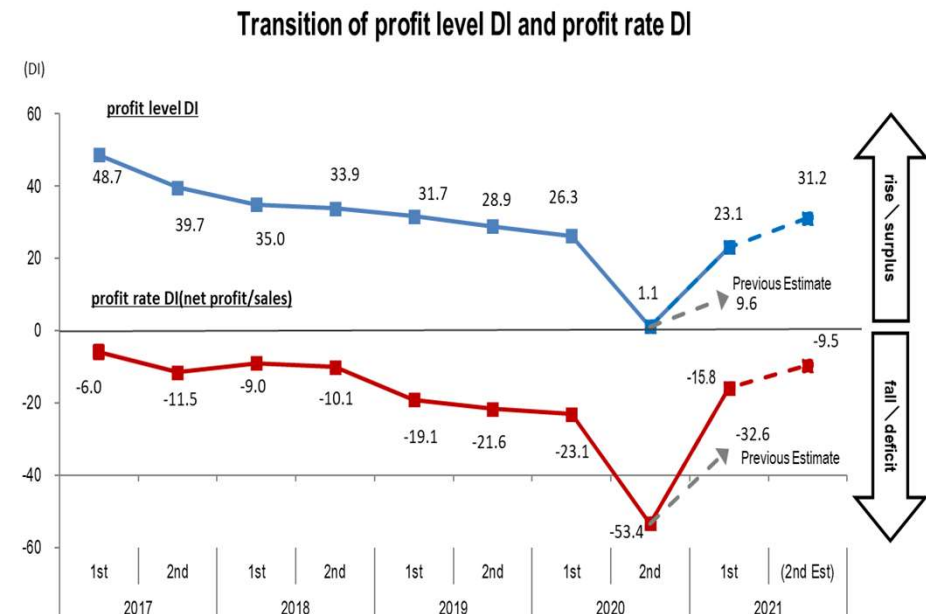
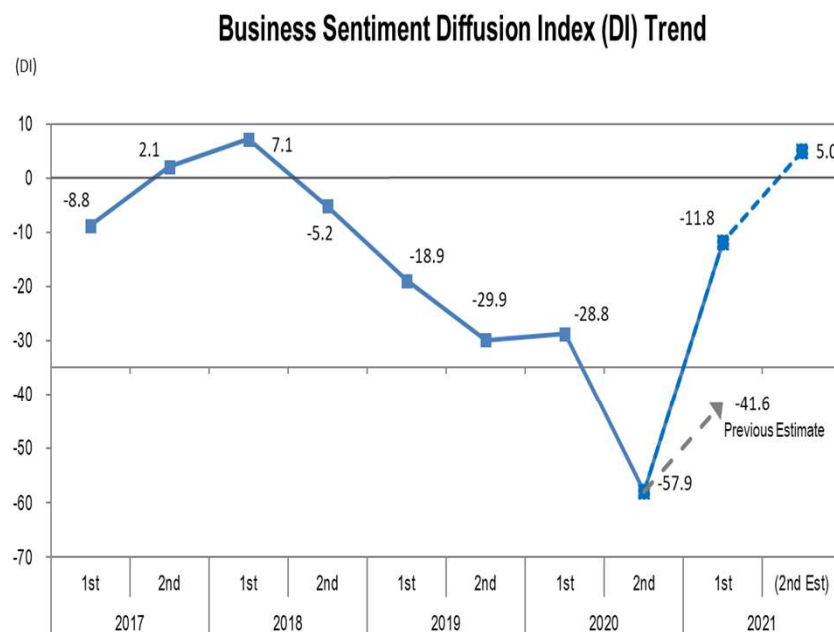
Supply/Demand Judgement DI Trend

Survey Period	No of Respondent	①Excess Demand 社/%		②Balanced		③Excess Supply		DI (P)
		No. of Respondent	%	No. of Respondent	%	No. of Respondent	%	
2018 1H	174	22	12.6	118	67.8	34	19.5	-6.9
2018 2H	236	30	12.7	157	66.5	49	20.8	-8.1
2019 1H	270	16	5.9	170	63.0	84	31.1	-25.2
2019 2H	269	11	4.1	158	58.7	100	37.2	-33.1
2020 1H	160	10	6.3	95	59.4	55	34.4	-28.1
2020 2H	178	12	6.7	92	51.7	74	41.6	-34.8
2021 1H	221	46	20.8	126	57.0	49	22.2	-1.4
2021 2H Est.*	221	41	18.6	138	62.4	42	19.0	-0.5

Note: Respective DI value=(Number of companies as 「①」- number of companies as 「③」)/X100  
 \*Response on their estimation for 1st Half 2021 in the "2nd half of Survey 2021".

# 1. Business outlook in 1st half of 2021 (Business condition, profit situation)

- Business sentiment DI is negative as ▲11.8 point for the last 6 terms continuously but it greatly improved from the previous survey which was the lowest level since commencement of this survey. +5.0 point is forecasted in 2nd half which is improved by 16.8 point in comparison with this term and it is expected to get out of deterioration of business outlook caused by COVID-19.
- Both profit rate DI as well as profit level DI were resulted to exceed previous predicted value by more than 10 point respectively and further improvement is expected in the next term as same as business sentiment DI.



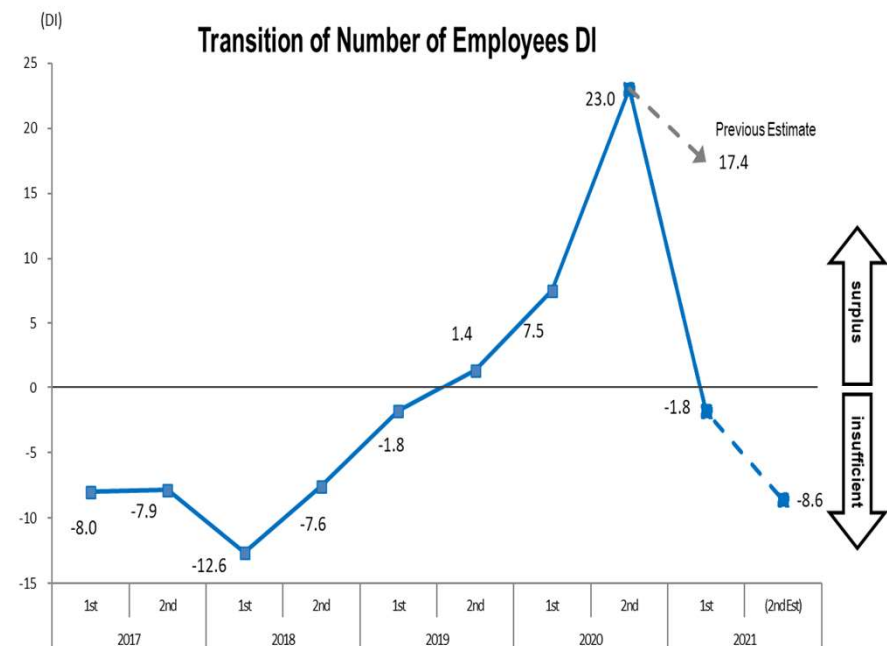
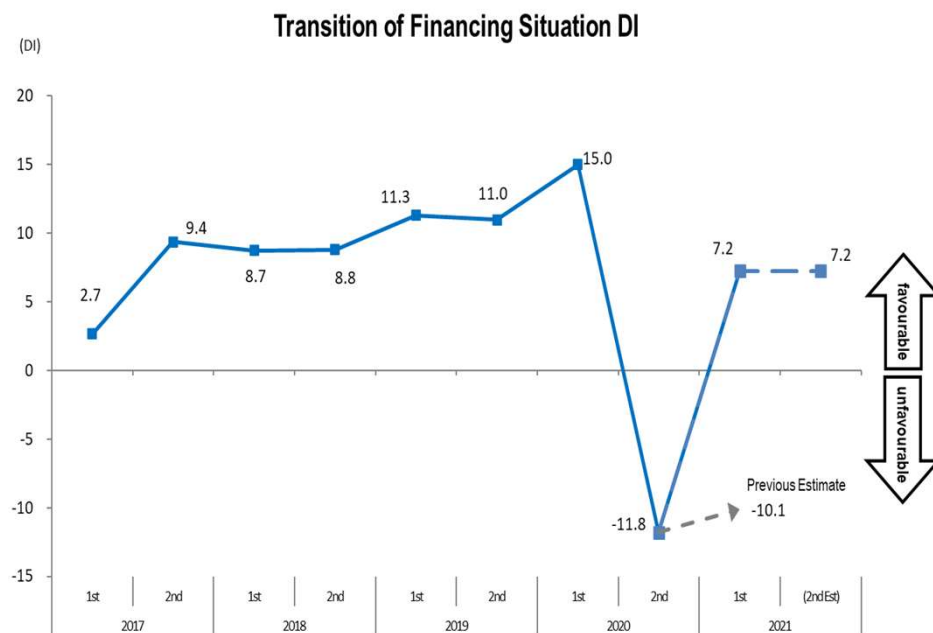
Note: Business Sentiment Diffusion Index (DI) = (number of company as 'good') / (Number of responding companies) \* 100

ote(1): profit rate DI = (number of companies as 'rise' - number of companies as 'fall') / (number of responding companies \* 100

ote(2): profit level DI = (number of companies as 'surplus' - number of companies as 'deficit') / (number of responding companies) \* 100

## 2. Business outlook in 1st half of 2021 (Financing, Number of employees)

- As for financing situation DI, it is +7.2 point which greatly recovered from previous value ▲11.8 point and predictive value ▲10.1 point. 2nd term is predicted as +7.2 and continuous improvement of the situation is expected.
- Employees DI was significant surplus trend with previous value of 23.0 point and previous predicted value of 17.4 point but it turned to shortage of ▲1.8 point after 4 terms. ▲8.6 point is predicted continuously in 2nd half and further shortage is forecasted.

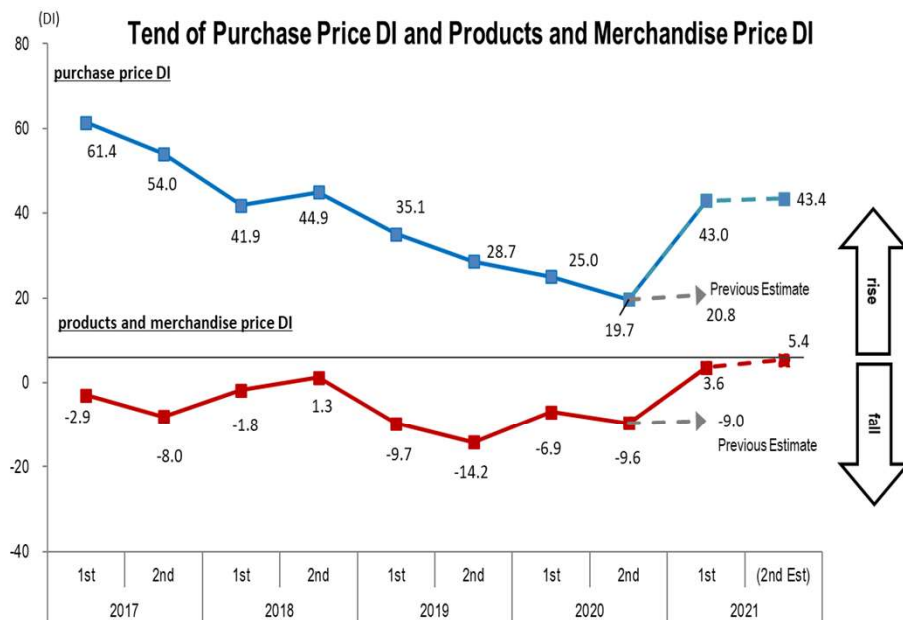


Note: Financing DI = (number of companies as 'easy' - number of companies as 'tough') / (number of responding companies) \* 100

Note: number of employees DI = (number of companies as 'surplus' - number of companies as 'shortage') / (number of responding companies) \* 100

### 3. Business outlook of manufacturers

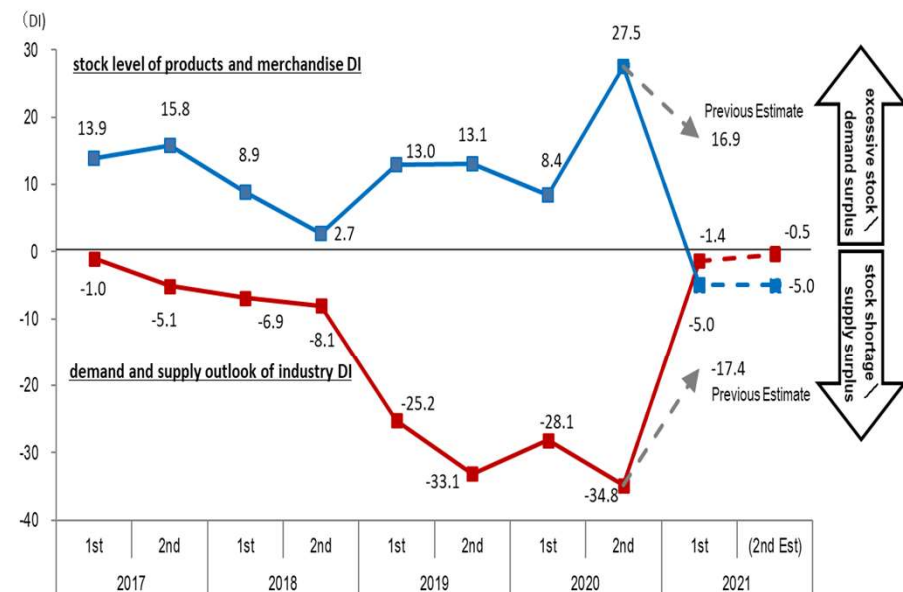
- Purchase price DI is +43.0 point significantly exceeding predicted value of previous term which is +20.8 point and products and merchandise price DI, too, drastically increased by 13 points from previous value and turned to positive as +3.6. They showed upward trend in sudden turn from continuous fall/negative in 4 terms respectively and current situation is expected to be maintained in 2nd half.
- In products and merchandise stock level DI and demand and supply outlook DI, stock surplus was totally eliminated and turned to slight shortage along with recovery of demand deemed due to relaxation of restriction of economic activities caused by COVID-19. Demand in 2nd half, too, is recovery trend and stock shortage situation is expected to be continued.



Note(1): products and merchandises price DI=(number of companies as「excessive」- number of companies as「fall」)/(number of responding companies)\*100

Note(2): cost price DI=(number of companies as「rise」- number of companies as「fall」)/(number of responding companies)\*100

**Products and Merchandises Stock Level DI as well as Demand and Supply Outlook of Industry DI**



Note(1): stock level of products and merchandise DI=(number of companies as「surplus」- number of companies as「shortage」)/(number of responding companies)\*100

Note(2): demand and supply outlook of industry DI=(number of companies as「demand surplus」- number of companies as「supply surplus」)/(number of responding companies)\*100

## 4. Factors affecting business performance

- Although COVID-19 is the most influential factor to business performance, the ratio was reduced by approximately 8 points.
- Economic trend of Malaysia as well as exchange rate trend are remained as one of the most influential factors, as same as the result in the annual survey. Economic trend of China and US-China trade conflicts were slightly increased.

