

# **68<sup>th</sup> Business Survey (Second Half of 2019)**

The Japanese Chamber of Trade and Industry  
February 2020

Target: 557 JACTIM member companies (Excluding Individual Members/Overseas Members)

Number of Valid Respondent: 296 companies (53% of total members)

Respondent :296 (Manufacturing Sector: 191 (65%) , Non-Manufacturing Sector: 105 (35%))

Method: On-line Survey

Period of Survey: August 13 ~ October 25, 2019

Frequency of Survey: Twice (first half and second half) a year.

# Business Trend in 2<sup>nd</sup> Half of 2019 [Summary]

- **Business condition DI recorded a 29.9 point decline which is the lowest level since the Bankruptcy of Lehman Brothers in late 2008.**  
Some improvement is expected in the next period.
- **Employee ID turned to surplus from past shortage and ratio of companies facing surplus is expected to increase in the next period as well.**
- **Supply and demand situation of the DI showed a 33.1 point decline as a result of the largest oversupply since 2013.**

## (1) Business sentiment declined consecutively for three terms of the index to the lowest level since Bankruptcy of Lehman Brothers in 2008. (Each Index is 6-months long)

Against the previous Index (1H2019) where members expected improvement in the future, this did not happen as the current Index is at negative 29.9 points (-29.9 points), which incidentally, is the lowest it has been since the Bankruptcy of Lehman Brothers in 2008. More respondents replied that the reasons for their pessimism is caused by the US-China trade conflict, a stagnation of semiconductor market conditions and increased labor cost.

## (2) The staff level has reached “surplus” for the first time since the 2008 Bankruptcy of Lehman Brothers.

The employee DI, which has shown a shortage of employees in the past, is now at a positive 1.4 points. This is reflected by the fact that those who citing “surplus” increased than responding “adequate”. However, this is not across the board as some respondents still experience a shortage at certain levels.

## (3) Supply / Demand Judgement DI is the lowest level since 2013

As for supply / demand judgement DI, it sits at the lowest level of negative 33.1 point. This is the lowest level since 2013. However, a bright spot is that respondents expect the situation to improve with demand increase. We will observe this closely.

## (4) More members cite U.S. and China economies and the trade friction between 2 as impacting factors in doing business in Malaysia.

While the ratio of respondents affected by the impact of economic trend of Malaysia decreased, the ratio of our member citing U.S. and China economies and U.S.-China trade friction increased.

Data: JACTIM “Business Trend Survey”

DI = Replying “①” – Replying “②”/Respondents x100

\* Response on their estimation for 1st Half 2020 in the “2<sup>nd</sup> half of Survey 2019”.

**Business Sentiment Diffusion Index (DI) Trend**

| Survey Period | No of Respondent | ①Good             |      | ②Remain unchanged |      | ③Bad              |      | DI (P) |
|---------------|------------------|-------------------|------|-------------------|------|-------------------|------|--------|
|               |                  | No. of Respondent | %    | No. of Respondent | %    | No. of Respondent | %    |        |
| 2017 1H       | 148              | 21                | 14.2 | 93                | 62.8 | 34                | 23.0 | -8.8   |
| 2017 2H       | 191              | 47                | 24.6 | 101               | 52.9 | 43                | 22.5 | 2.1    |
| 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 Est.* | 291              | 34                | 11.7 | 144               | 49.5 | 113               | 38.8 | -27.1  |

**Employee DI Trend**

| Survey Period | No of Respondent | ①Surplus          |      | ②Adequate        |      | ③Insufficient    |      | DI (P) |
|---------------|------------------|-------------------|------|------------------|------|------------------|------|--------|
|               |                  | No. of Respondent | %    | No of Respondent | %    | No of Respondent | %    |        |
| 2017 1H       | 150              | 14                | 9.3  | 110              | 73.3 | 26               | 17.3 | -8.0   |
| 2017 2H       | 191              | 25                | 13.1 | 126              | 66.0 | 40               | 20.9 | -7.9   |
| 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 Est.* | 289              | 55                | 19.0 | 196              | 67.8 | 38               | 13.1 | 5.9    |

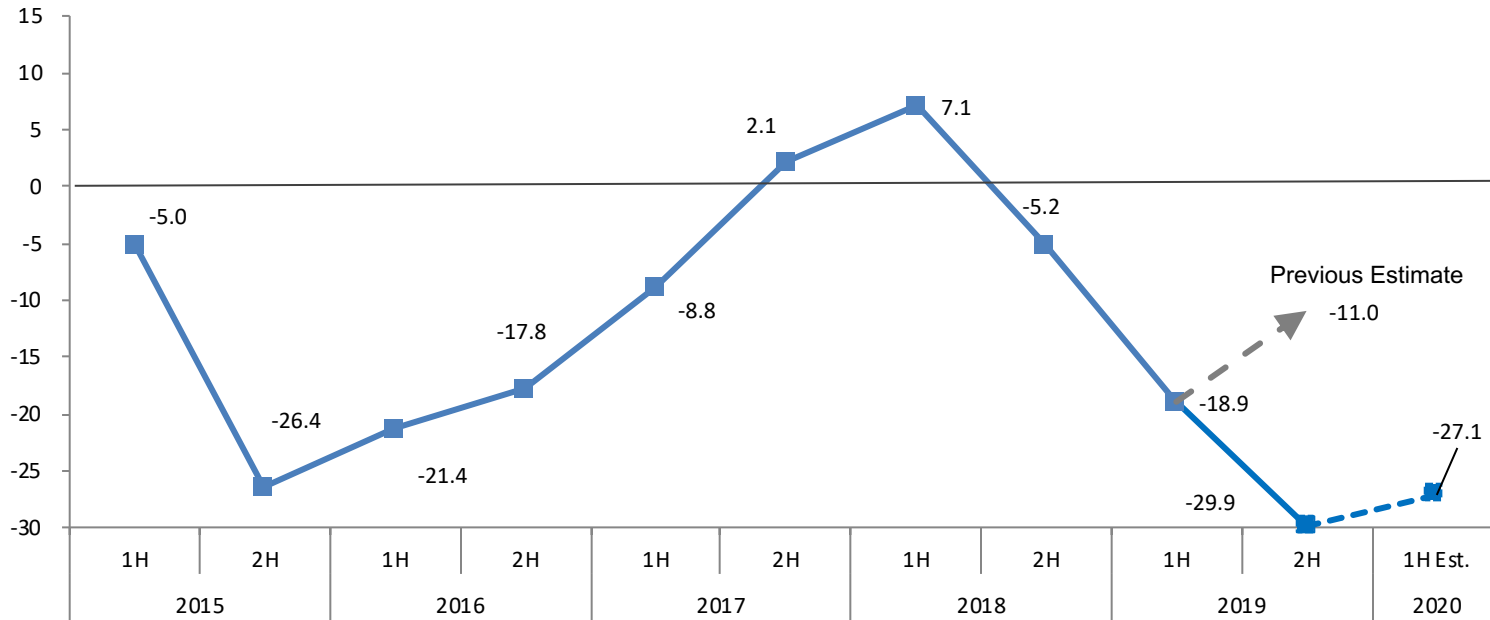
**Supply/Demand Judgement DI Trend**

| Survey Period | No of Respondent | ①Excess Demand    |      | ②Balanced        |      | ③Excess Supply   |      | DI (P) |
|---------------|------------------|-------------------|------|------------------|------|------------------|------|--------|
|               |                  | No. of Respondent | %    | No of Respondent | %    | No of Respondent | %    |        |
| 2017 1H       | 101              | 16                | 15.8 | 68               | 67.3 | 17               | 16.8 | -1.0   |
| 2017 2H       | 137              | 18                | 13.1 | 94               | 68.6 | 25               | 18.2 | -5.1   |
| 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 Est.* | 269              | 17                | 6.3  | 165              | 61.3 | 87               | 32.3 | -26.0  |

# Business Trend in 2<sup>nd</sup> Half of 2019

(DI)

## Business Sentiment Diffusion Index (DI) Trend



Data: JACTIM "Business Trend Survey"  
DI =  $\frac{\text{Replying "Favourable"} - \text{Replying "Unfavourable"}}{\text{Respondents}} \times 100$

# Impacting Factors in doing Business in Malaysia

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