# RAM Business Confidence Index

A comprehensive survey on business sentiment among Malaysian SMEs and Corporates

RAM

How is this index derived?

- The RAM Business Confidence Index (BCI) is derived from a **quarterly survey of around 3,500 firms** (comprising large corporates and SMEs) nationwide.

- Firms are surveyed via telephone interviews on their **performance expectations and operational intentions in the coming 6 months**.

- Overall indices for Corporates and SMEs as well as **breakdowns by sector, geography and other classifications such as export-orientation** can be obtained. Sub-indices by response – in terms of **investment intentions, hiring intentions, profitability outlook** – are also available.

- An index reading **above the benchmark of 50 indicates positive sentiment** while a reading **below 50 shows negative sentiment**.

Overall RAM BCI
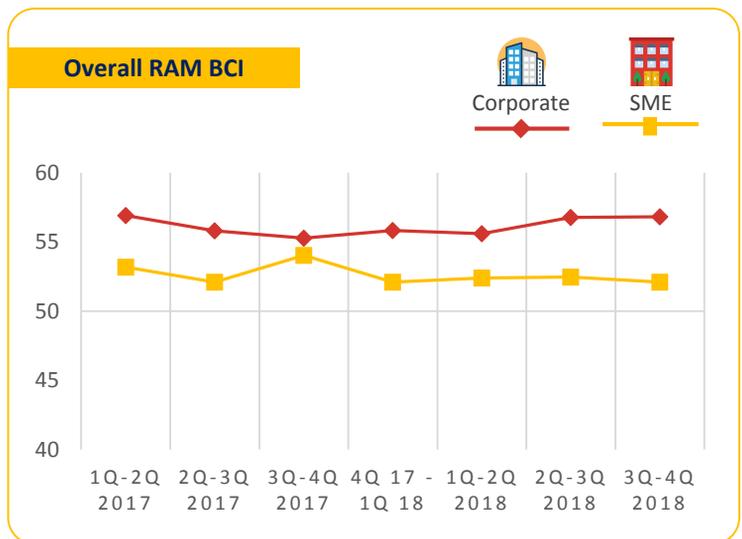
Corporate   SME

Our main coverage

CORPORATEs	**SMEs**
(> RM50 mil turnover per year)	*(<RM50 mil turnover per year)*
✓ Agriculture/Mining	✓ Business Services
✓ Construction	✓ Construction
✓ Manufacturing	✓ Manufacturing
✓ Transport/Storage	✓ Retail
✓ Wholesale	✓ Transport/Storage

Other insights & breakdowns

- Export- vs domestic-oriented firms
- Business locations
- Sentiment pre- and post-policy changes
- Main challenges
- E-commerce usage

SURVEY ASPECTS

Business Expansion
Level of expansion or consolidation of business activities

Capital Investment
Capex growth rate (%)

Hiring
Changes to firm headcount

Turnover
Turnover growth rate (%)

Profitability
Profitability growth rate (%)

Capacity Utilisation
Utilisation of productive capacity (%)

Access to Bank Financing
Relative ease in accessing new bank financing opportunities

Organisations that will benefit
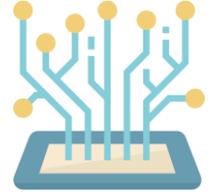
Risk-management teams	Wholesale & retail banks	Government bodies & regulators	Research houses & think tanks	Data aggregators & distributors

How can the RAM BCI help you?

- Provides a **better understanding** of underlying macroeconomic trends from a micro perspective.

- Provides **warning signals on impending risks** and indicates turning points in the economy.

- Helps **manage operational risk** for your business and promotes operational efficiency by identifying growth areas.

- Provides **insights into firm behaviour and sentiment** on new industry developments and policy changes.

- Sheds light on structural developments that can be useful for **more effective macro policy prescriptions**.

- Enhances banks' marketing efforts in **targeting sectors and expanding loan portfolios.**

Products Available
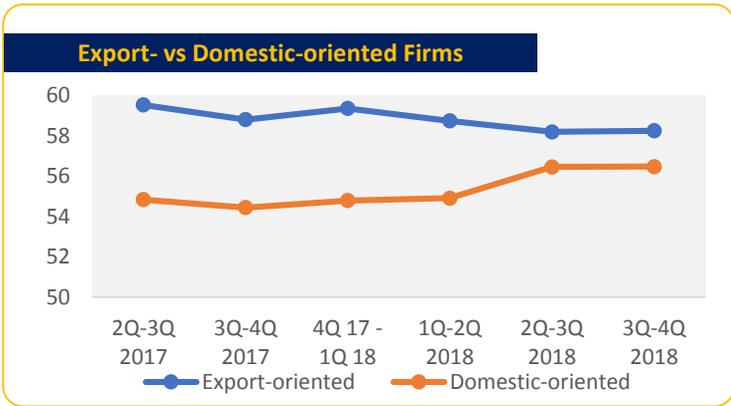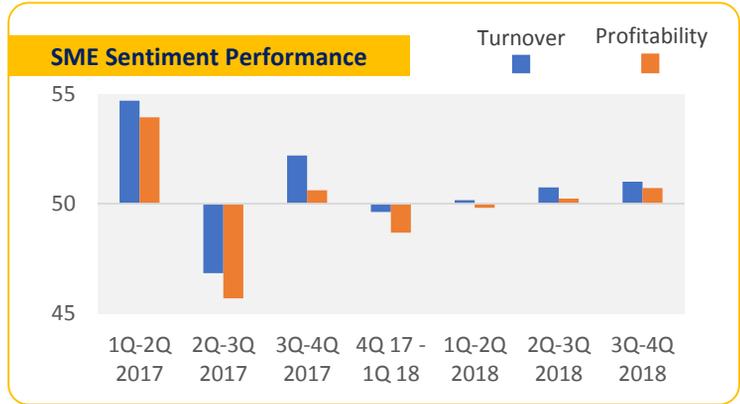
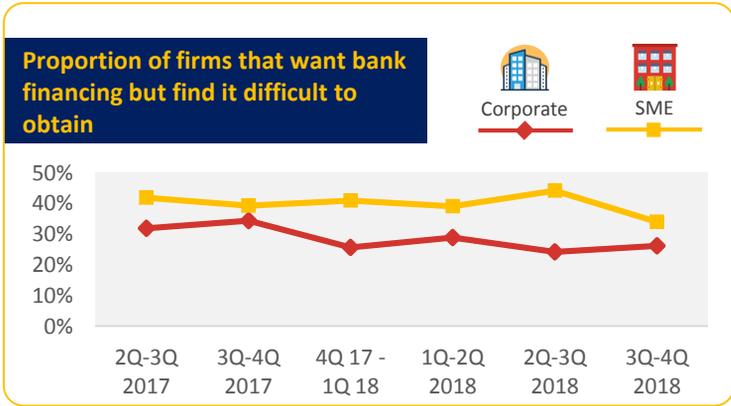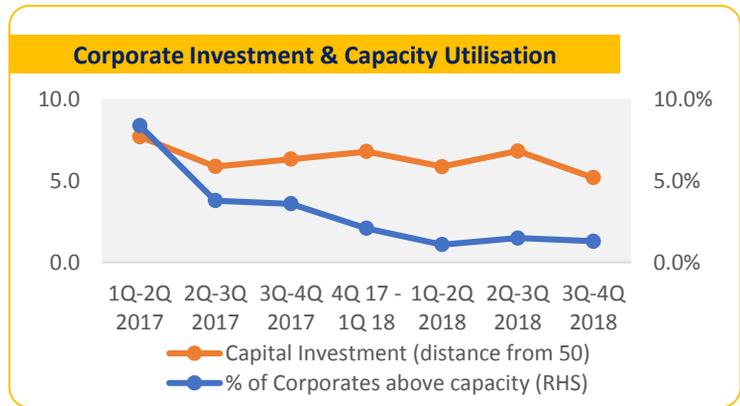| Data series	Quarterly reports & analyses	Bespoke research e.g. industry outlook and analysis, focus-group sessions and thematic studies

Some interesting analytical findings to date

SMEs' behaviour indicates **higher sensitivity to demand outlook** and **changes in business costs**

SME Sentiment Performance

Turnover Profitability

Chart categories: 1Q-2Q 2017, 2Q-3Q 2017, 3Q-4Q 2017, 4Q 17 - 1Q 18, 1Q-2Q 2018, 2Q-3Q 2018, 3Q-4Q 2018

Export- vs Domestic-oriented Firms

Chart categories: 2Q-3Q 2017, 3Q-4Q 2017, 4Q 17 - 1Q 18, 1Q-2Q 2018, 2Q-3Q 2018, 3Q-4Q 2018

Export-oriented   Domestic-oriented

Export-oriented firms first to benefit from initial global recovery, but **domestic-oriented firms' sentiment catching up quickly**

Investment momentum decelerates as capacity utilisation tapers off

Corporate Investment & Capacity Utilisation

Chart categories: 1Q-2Q 2017, 2Q-3Q 2017, 3Q-4Q 2017, 4Q 17 - 1Q 18, 1Q-2Q 2018, 2Q-3Q 2018, 3Q-4Q 2018

Capital Investment (distance from 50)
% of Corporates above capacity (RHS)

Proportion of firms that want bank financing but find it difficult to obtain

Corporate   SME

Chart categories: 2Q-3Q 2017, 3Q-4Q 2017, 4Q 17 - 1Q 18, 1Q-2Q 2018, 2Q-3Q 2018, 3Q-4Q 2018

SMEs still **find it more difficult to access financing** compared to Corporates

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