



RAM BUSINESS CONFIDENCE INDEX SHOWS SMEs AND CORPORATE MALAYSIA POSITIVE ABOUT Q1-Q2 2017 BUSINESS OUTLOOK

5 key industry sectors record positive sentiments for next six months

Kuala Lumpur, January 10, 2017 -- RAM Holdings Berhad and RAM Credit Information Sdn Bhd today announced the findings of the first **RAM Business Confidence Index**. This is a jointly conducted survey on business sentiments among SMEs and Corporates across 5 main industry sectors; the survey was concluded in November 2016. SMEs surveyed were from the Retail, Construction, Business Services, Transport & Storage and Manufacturing sectors while Corporates included those from the Manufacturing, Construction, Wholesale, Agriculture & Mining and Transport & Storage sectors.

Overall, the findings point to an optimistic outlook to the start of 2017. Corporates displayed a slightly higher positive outlook with 56.9 as compared to SMEs, which recorded 53.2. Despite the current challenging economic conditions, the majority of firms surveyed (79.3% of SMEs and 62.5% of Corporations) are profitable.

RAM Business Confidence Index measures positive and negative sentiment of firms on their 6-months forward looking expectations on key aspects which include turnover, profitability, business expansion, hiring, capital investment, capacity utilisation and access to bank financing. An index of above 50 indicates a positive sentiment while less than 50 indicates a negative sentiment.

RAM Holdings Group Chief Executive Officer and Executive Director YBhg Datuk Seri Dr K Govindan said, "Having surveyed nearly 3,000 SMEs and Corporates, the **RAM Business Confidence Index** is the most comprehensive survey of business sentiments in Malaysia. The overall business confidence indices for both SMEs and Corporates indicate healthy economic prospects over the next 6 months."

Positive Corporate Sentiments Across Sectors Surveyed

All five sectors recorded indices above the 50-point benchmark, signaling a general sense of optimism amongst Corporate Malaysia.

The Corporate manufacturing sector, a key sector of the economy, recorded a notable positive sentiment of 56.5, suggesting that firms are anticipating a recovery in external demand along with continuing support provided by domestic demand in 2017. Likewise, the Construction sector remains positive due to ongoing infrastructure works while the Wholesale sector was slightly less optimistic with an index of 54.0 given the



slowdown in retail domestic demand, on account of the increasing cost of living and soft labour conditions earlier in 2016.

SMEs Cautiously Positive

Meanwhile, the RAM Business Confidence Index for SME was also positive at 53.2, with all sectors registering above 50, indicating that SMEs are cautiously optimistic. The SME Manufacturing sector emerged as the most sanguine about business prospects at 54.1 in tandem with an expected uptick in economic activities in 2017.

The Retail sector was less bullish at 51.9, as it has borne the brunt of the decline in discretionary spending. However, it is anticipated that the labour market will see some improvements and together with the normalisation of demand after GST implementation, discretionary spending can be expected to increase going forward.

Corporates more confident about Business Expansion than SMEs

Most key aspects of the indices registered above 50, suggesting that both corporate and SME businesses in Malaysia are broadly optimistic about economic performance.

The Corporates are relatively more positive with most indicators including hiring, capacity utilisation and business expansion. Despite positive sentiments about turnover and profitability in Q1-Q2 2017, the survey findings suggest that SMEs in general exercise some degree of caution and risk aversion. In the light of economic uncertainties, they are seen to opt for greater utilization of existing capacity ahead of new capital investments. The survey also found that more than 80% of firms surveyed did not require bank financing; of the rest that did, ease of access to financing was higher for SMEs than Corporates. This could be due to a combination of factors including tighter lending requirements by banks.

RAM Credit Information Chief Executive Officer, Dawn Lai shared, "Although SMEs may be more cautious to expand in a more challenging business environment, SMEs can still raise their competitiveness by utilizing risk management tools such as credit scoring and ratings to manage their credit transactions and ensure a healthy cash flow."

As the surveys will be conducted quarterly, the **RAM Business Confidence Index** offers a timely barometer of future economic activity to guide businesses' investment decisions and planning as well as provide inputs for strategic policymaking by various stakeholders of the economy.

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About RAM Holdings Berhad

RAM Holdings is a leading provider of independent credit research and advisory services. RAM Holdings (formerly known as Rating Agency Malaysia Berhad) was established in November 1990 as a catalyst for the domestic debt-capital market and as the nation's first credit-rating agency. Its shareholders comprise both local and foreign financial institutions. On 1 July 2007, the rating operations were novated to a newly formed subsidiary, RAM Rating Services Berhad ("RAM Ratings"). Today, RAM Holdings spearheads the cultivation of new businesses and continues to provide training as well as economic research that promotes financial and credit expertise, in addition to soft skills. For more information, log on to www.ram.com.my

About RAM Credit Information Sdn Bhd

RAM Credit Information Sdn Bhd (RAMCI) has established itself among Malaysia's leading and trusted credit and business information bureaus in recent decades and has a comprehensive database that has been built over the past 25 years. Today, RAMCI's institutional partners such as RAM Holdings Berhad and Experian Asia Pacific have availed the company to extensive domain knowledge to serve both businesses and consumers in Malaysia and globally through its comprehensive array of services. It also collaborates with associations and cooperatives to serve their members. RAMCI's core capabilities include online credit information, credit rating and credit scoring services, monitoring and international information services and trade bureau services. For more information, log on to www.ramcreditinfo.com.my