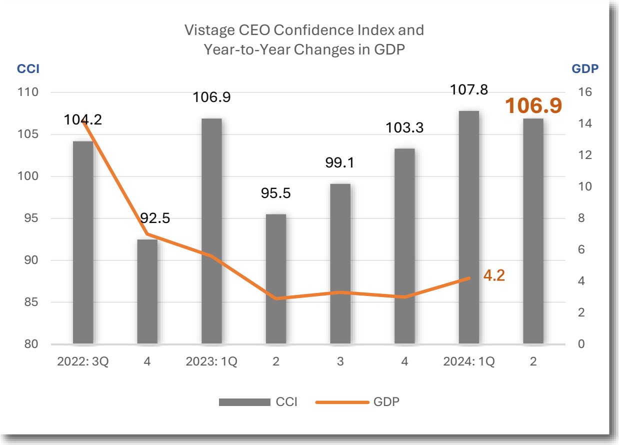
# VISTAGE-MIER
CEO Confidence Index

Surveying CEOs, Executives of small to mid-sized businesses since 2003

2Q2024 | June 2024 | Malaysia

## SLIGHT DENT IN CONFIDENCE




| | 3Q 2022 | 4Q 2022 | 1Q 2023 | 2Q 2023 | 3Q 2023 | 4Q 2023 | 1Q 2024 | 2Q 2024 |
|---|---|---|---|---|---|---|---|---|
| VISTAGE-MIER CEO CONFIDENCE INDEX | 104.2 | 92.5 | 106.9 | 95.5 | 99.1 | 103.3 | 107.8 | 106.9 |
| Current Economic Conditions | 123 | 97 | 117 | 90 | 87 | 89 | 104 | 103 |
| Expected Economic Conditions | 104 | 77 | 125 | 102 | 114 | 117 | 124 | 125 |
| Expected Change in Employment | 150 | 142 | 148 | 139 | 142 | 145 | 146 | 145 |
| Planned Fixed Investment | 137 | 124 | 137 | 128 | 131 | 135 | 143 | 144 |
| Expected Revenue Growth | 146 | 138 | 151 | 141 | 144 | 154 | 158 | 155 |
| Expected Profit Growth | 128 | 121 | 130 | 122 | 131 | 141 | 140 | 136 |

Note: All component questions are scored as the percent giving favorable replies minus the percent for unfavorable plus 100. The VISTAGE-MIER CEO Confidence Index is the sum of the components calculated as a percentage of the level recorded in 2nd quarter 2003 survey.

## VISTAGE CEO CONFIDENCE INDEX HIGHLIGHTS

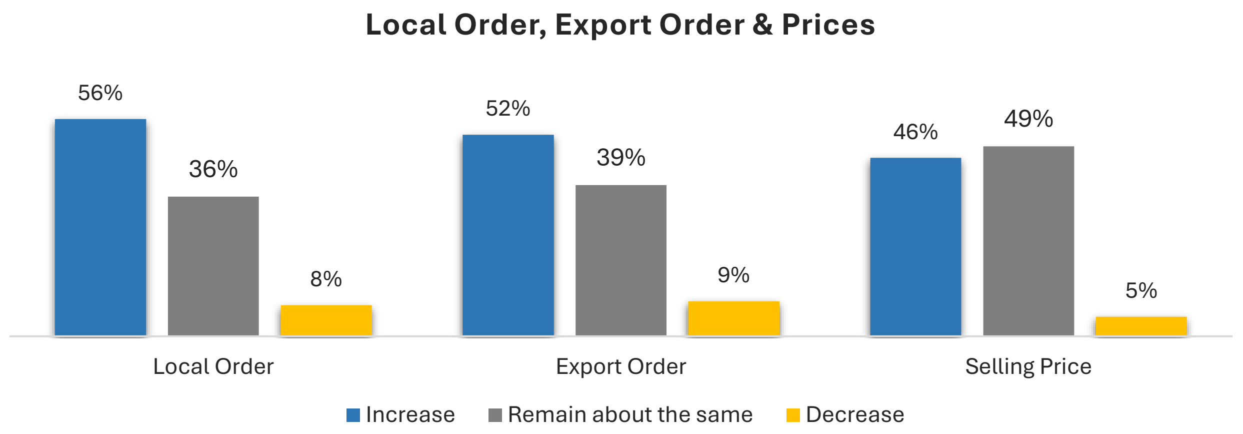
The Vistage-MIER CEO Confidence Index (CCI) for the 2Q2024 stands at 106.9, reflecting a slight decline from the first quarter's 107.8. However, it is still significantly higher than the 95.5 recorded in the same quarter last year. This indicates continued overall confidence among CEOs, albeit with a minor dip in optimism compared to the previous quarter. Concurrently, the Gross Domestic Product (GDP) growth rate for 2Q2024 is 4.2%, suggesting robust economic performance and resilience despite slight fluctuations in the Chief Executive Officer (CEO) sentiment. The comparison highlights a general upward trend in both CEO confidence and economic growth compared to the previous year.

In 2Q2023 and 2Q2024, current economic conditions have shown an upward trend, with an increase of 13 points. However, there has been a slight decline when comparing 1Q2024 to 2Q2024, with a decrease of 1 point. Note that the response rate reflecting improved economic conditions dropped to 28% in 2Q2024 from 29% in 1Q2024. Nevertheless, on a positive note, the response rate indicating worsened economic conditions saw a significant decline from 37.21% in 2Q2023 to 25% in both 1Q2024 and 2Q2024. It is observed that a large proportion of CEOs have reported unchanged current economic conditions.

Regarding expected economic conditions, the index recorded an increasing trend from 2Q2023 to 2Q2024 with additional 23 points. Similarly, the numbers grew by 1.0 points between 1Q2024 and 2Q2024. It is reported that most CEOs are optimistic about expected economic conditions, with 44% and 42% of respondents opting for improvements in 2Q2024 and 1Q2024 accordingly. But their pessimistic view rose marginally from 18% in 1Q2024 to 19% in 2Q2024 responses (2Q2023: 27.3%).

The expected change in employment metrics indicates a positive trajectory from 139 points in 2Q2023 to 145 points in 2Q2024, registering a 6 point increase. However, a quarter-to-quarter analysis reveals small changes in employment expectations between 1Q2024 (146 points) and 2Q2024 (145 points). The index for planned fixed investment increased to 144 in 2Q2024 from 143 in 1Q2024.

Between 2Q2023 and 2Q2024, both expected revenue and profit growth have shown a rise of 14 points to 155 and 136 respectively, indicating strong optimism in business performance. However, a short-term analysis from 1Q2024 to 2Q2024 highlights a contrasting sentiment, with expected revenue growth experiencing a decline of 3.0 points and expected profit growth dropping by 4 points.

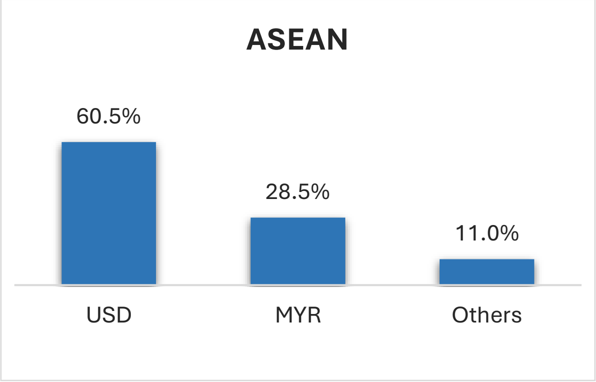


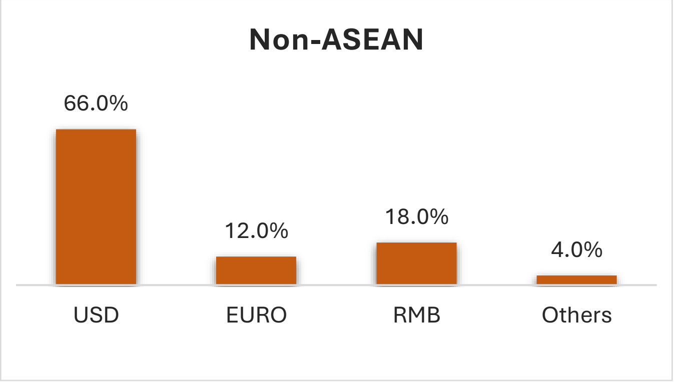

The present market dynamics reflect strong growth and stability in both local and export orders. More specifically, 36% of the respondents claimed local orders were stable, 56% reported they had increased, and only 8% stated they had decreased. Similar encouraging patterns were also observed in export orders, with 52% reporting an increase, 39% staying the same, and 9% seeing a reduction. In terms of selling prices, 46% of companies have increased their prices, 49% are maintaining them the same, and only 5% have decreased them. This data emphasizes a largely positive picture, with a significant tendency towards market demand and price methods that are both growing and stable.

## PREFERRED CURRENCIES FOR ASEAN AND NON-ASEAN TRADE

According to last quarter's survey on the currencies used in exports within ASEAN countries, the majority of 516 respondents indicated that they traded in USD. This was followed by MYR, which was used by 243 respondents, accounting for 28.5%. Note that trading in SGD, THB, RMB, and other currencies was also reported by respondents.

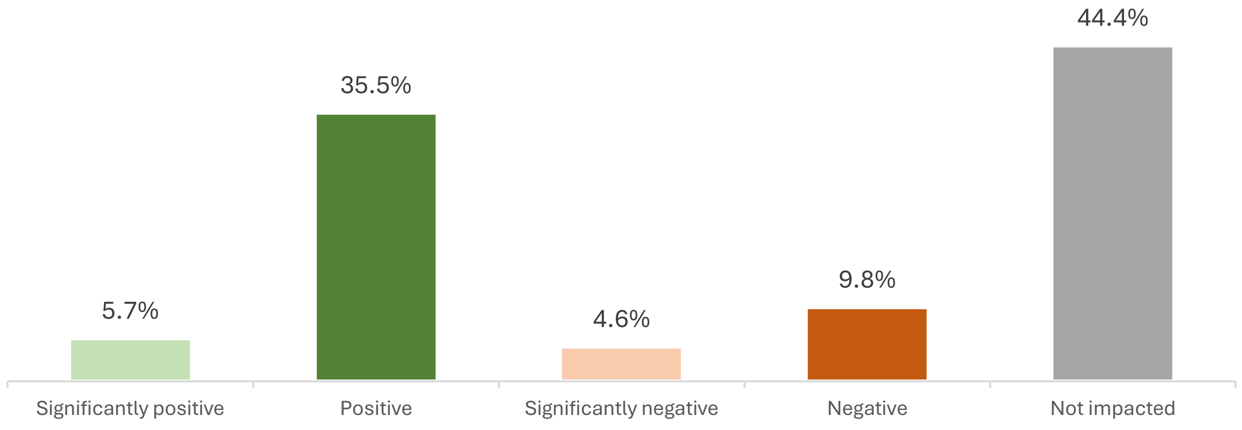
In trading with non-ASEAN countries, the predominant currency is USD, utilized by 66.0% of respondents. The EURO is the second most common, with 12.0%, followed by the RMB representing 18.0%. Correspondingly, AUD, JPY, GBP, and other currencies were used by a smaller segment. This data underscores the predominant reliance on USD in ASEAN and non-ASEAN trade, with significant usage of MYR as well.



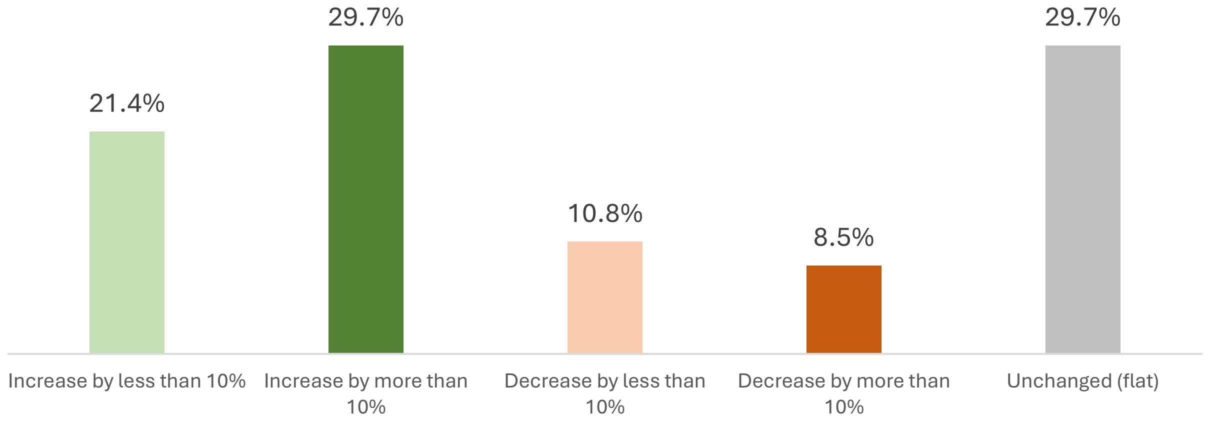
## STRATEGIC SHIFTS: THE BUSINESS IMPACT OF CHINA PLUS ONE

Examining the impact of Chinese foreign Investments, specifically in Malaysia, findings revealed a spectrum of responses from surveyed businesses. A substantial 44.4% recorded no impact by these investments. A large segment, 35.5%, noted a generally positive effect. A minority, comprising 9.8%, indicated a negative outcome, while 5.7% reported a significantly positive impact. In contrast, only 4.6% experienced a significantly negative impact. This data underscores the significant effects of Chinese Foreign Investments under the Plus One strategy, highlighting more potential benefits than challenges for businesses in Malaysia.




## SALES GROWTH RATES FOR NON-EXPORTING COMPANIES

Among the non-exporting companies, the survey revealed varied rates of sales or revenue growth over the past 12 months. Specifically, 29.7% experienced substantial growth of over 10%, while another 29.7% indicated that their sales or revenue remained unchanged (flat) during this period. A modest increase of less than 10% was reported by 234 responses of 21.4%. Conversely, 10.8% saw a slight decrease of less than 10% in sales or revenue, and 8.5% reported a more significant decline exceeding 10%. These findings highlighted the financial outcomes among companies not engaged in exporting, illustrating the diverse impact of export activities on overall business performance.

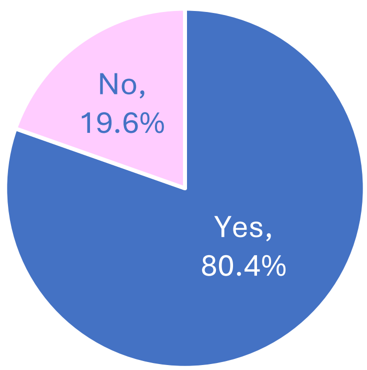


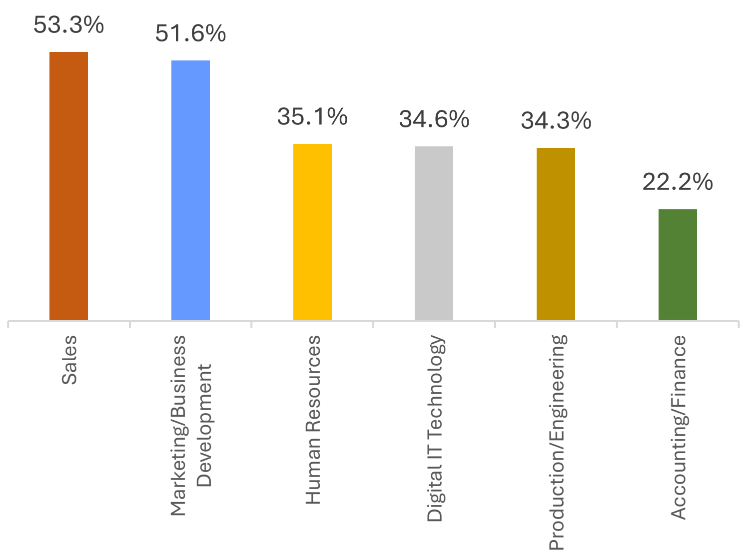
## ASSESSING GOVERNMENT EFFORTS TO ENCOURAGE DOMESTIC DIRECT INVESTMENT (DDI)

A significant majority of all responses, 62.8%, indicated that current measures are not adequate to bolster DDI. In contrast, 37.3% of respondents believed that the government's initiatives were indeed sufficient. These responses underscore a critical perception gap regarding the effectiveness of governmental strategies in fostering domestic investment compared to foreign investment.

Some respondents suggested that the government should focus more on industries by understanding Malaysian capabilities rather than merely offering grants. They also recommended implementing a range of tax incentives, including the expansion in the scope for Investment Tax Allowance (ITA), start-up and small business incentives, and training and skills development allowances. These measures can encourage domestic investment, fostering economic growth and job creation. Regular evaluation and adjustment of these incentives are essential to maintain their effectiveness in encouraging higher domestic investments.

## SKILLED WORKER EMIGRATION: IMPACT ON HIRING AND RECRUITMENT



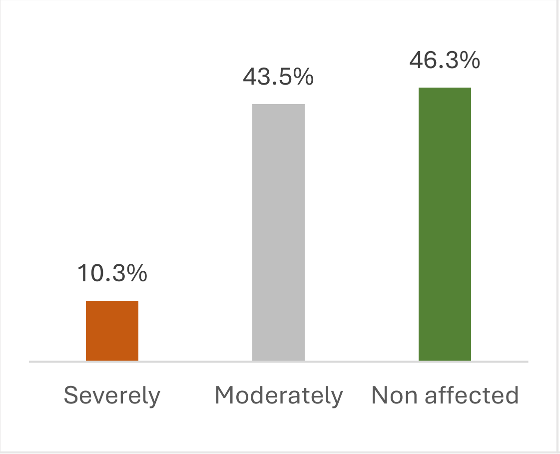



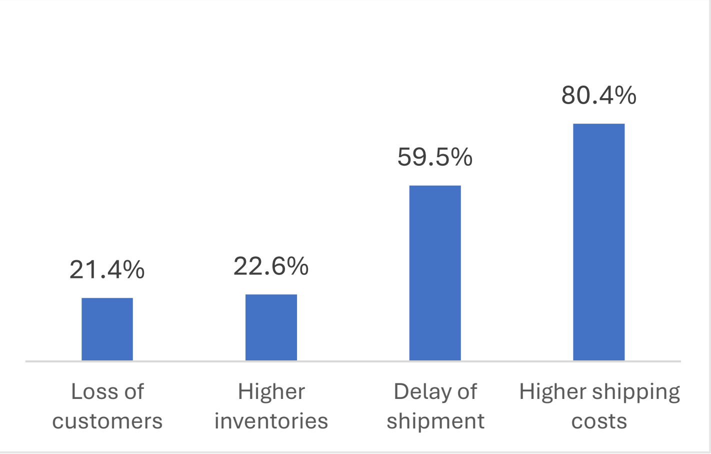

In light of the ongoing trend where a significant number of skilled workers are migrating to countries with better job prospects, higher pay, and improved living standards, 80.4% acknowledge facing challenges in hiring the necessary talent. Among these, the most affected areas include Sales, cited by 53.3%, and Marketing/Business Development, reported by 51.6%. Difficulties are also noted in Human Resources (35.1%), Digital Technology (34.6%), Production/Engineering (34.3%), and Accounting/Finance (22.2%). In contrast, 19.6% indicated no issues in recruiting skilled personnel amidst this competitive global job market landscape.

## REVITALIZING CONNECTIVITY: THE DEBATE OVER THE KUALA LUMPUR-SINGAPORE HSR PROJECT

The High-Speed Railway (HSR) Project connecting Kuala Lumpur to Singapore has garnered strong support, with 82.6% in favor of its revival and active pursuit. This overwhelming majority highlights a significant consensus among stakeholders, likely driven by anticipated economic benefits and regional connectivity opportunities. In contrast, only 17.4% expressed opposition to the project's revival, indicating limited resistance.

## NAVIGATING SUPPLY CHAIN DISRUPTIONS: IMPACT OF MIDDLE EAST AND RUSSIA-UKRAINE CONFLICTS




Due to the Middle East and Russia-Ukraine wars, supply chain disruptions have been the order of the day. Around 54% of respondents reported being severely and moderately affected, while 46% were unaffected. Among those affected, a substantial 80.4% noted higher shipping costs, 59.5% cited delays in shipments, 22.6% recorded increased inventories, and 21.4% highlighted potential loss of customers. These challenges reflects the volatility and uncertainty attributed to geopolitical conflicts on global supply chains, necessitating strategic adjustments to mitigate risks and maintain operational resilience.

## ABOUT VISTAGE MALAYSIA AND MIER

Vistage Malaysia is a fully owned subsidiary of Vistage International, USA, the world's most trusted resource for CEOs, business owners, and key executives of small and medium-sized businesses to help them become better leaders, make better decisions, and deliver better results, providing unparalleled access to issue resolution and better performance through monthly peer advisory group meetings, one-on-one business coaching, expert speaker presentations, and extensive online connectivity spread over across 35 countries with more than 45,000 members worldwide.

Vistage Malaysia has more than 1,350 members with a combined annual revenue of RM90 billion and employing over 130,000 employees. Vistage member companies grow, on average, 2.2 times faster than they did prior to joining Vistage. In 4Q2005, Vistage Malaysia entered into a strategic alliance with the Malaysian Institute of Economic Research (MIER) to co-brand the CEO Confidence Index. MIER is an independent, private, non-profit organization, devoted to economic, financial, and business research that would serve as a think-tank for the government and private sector by providing an objective and impartial understanding of socioeconomic issues of national, regional and global importance.