VISTAGE

MALAYSIA · QUARTERLY REPORT

CEO Confidence Index

Second Quarter 2026

HEADLINE INDEX

78.2

▲ 8.4% QoQ

a tentative recovery

Response rate 89% (1,212 of 1,363 members)

Fieldwork 8 – 24 June 2026 · Margin of error 3.7% · Baseline year 2003 · Analysis by Prof. Dr Yeah Kim Leng

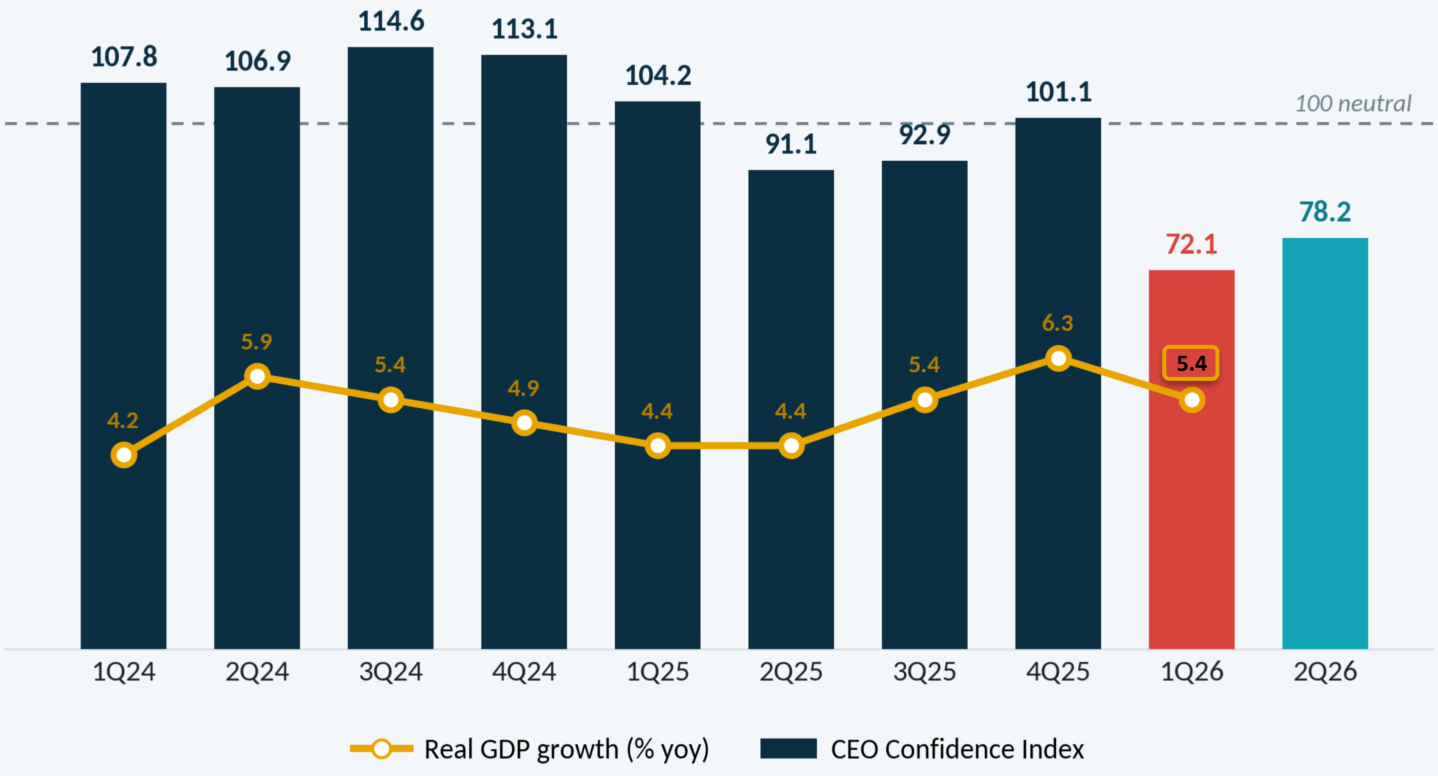
What this report covers

01 The Confidence Index

Where CEO sentiment stands, and how it shifted this quarter

- Headline index & GDP
- Component scorecard
- Sentiment distribution
- Component-by-component detail

CEO confidence shows a tentative recovery



Note: GDP statistics sourced from the Department of Statistics Malaysia; 2Q 2026 GDP not yet released.

Figure 1 · Confidence Index & quarterly GDP growth

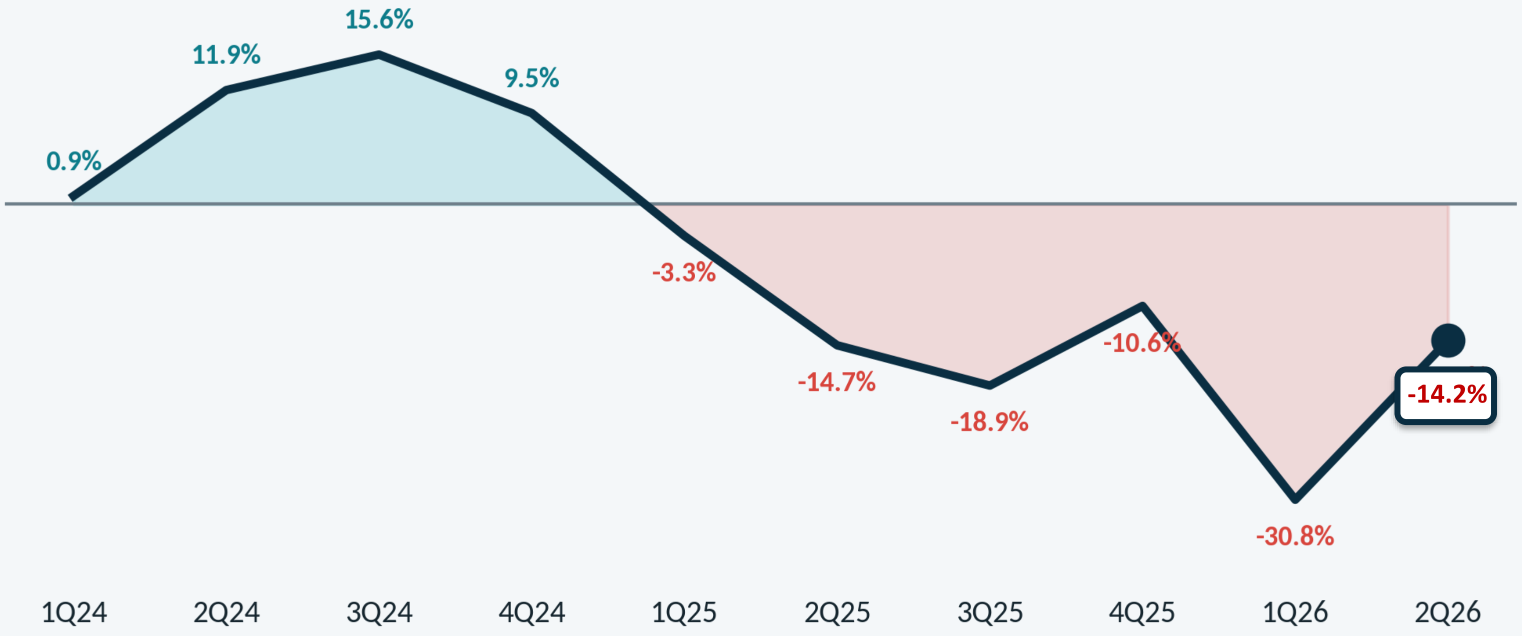
WHAT IT MEANS

The index rose **6.1 points** (+8.4%), reversing the previous quarter’s sharp plunge.

The turn follows the **US–Iran framework agreement** to end the four-month energy-corridor conflict.

Even so, it stays **below the 100 line** and 14.2% under a year ago — a rebound, not full repair.

Positive momentum, but still below a year ago



QUARTER-ON-QUARTER

+8.4%

first rise since 3Q 2025

YEAR-ON-YEAR

–14.2%

confidence still below 2Q 2025

Figure 2 · Year-on-year change in the Confidence Index

The component scorecard

Index & Components	4Q25	1Q26	2Q26	QoQ	YoY
Vistage CEO Confidence Index	**101.1**	**72.1**	**78.2**	**+8.4%**	−14.2%
Current Economic Conditions	93	67	**59**	**−11.9%**	−28.0%
Expected Economic Conditions	108	45	**70**	**+55.6%**	−28.6%
Expected Change in Employment	140	114	**120**	**+5.3%**	−7.0%
Planned Fixed Investment	138	106	**116**	**+9.4%**	−5.7%
Expected Revenue Growth	150	116	**120**	**+3.4%**	−11.8%
Expected Profit Growth	135	97	**106**	**+9.3%**	−12.4%

Diffusion index rebased to 2003 = 100. Readings above 100 signal expansion; below 100, contraction. Five of six components rose this quarter — current conditions the sole exception.

Table 1 · CEO Confidence Index & component scores

Five of six components turned up

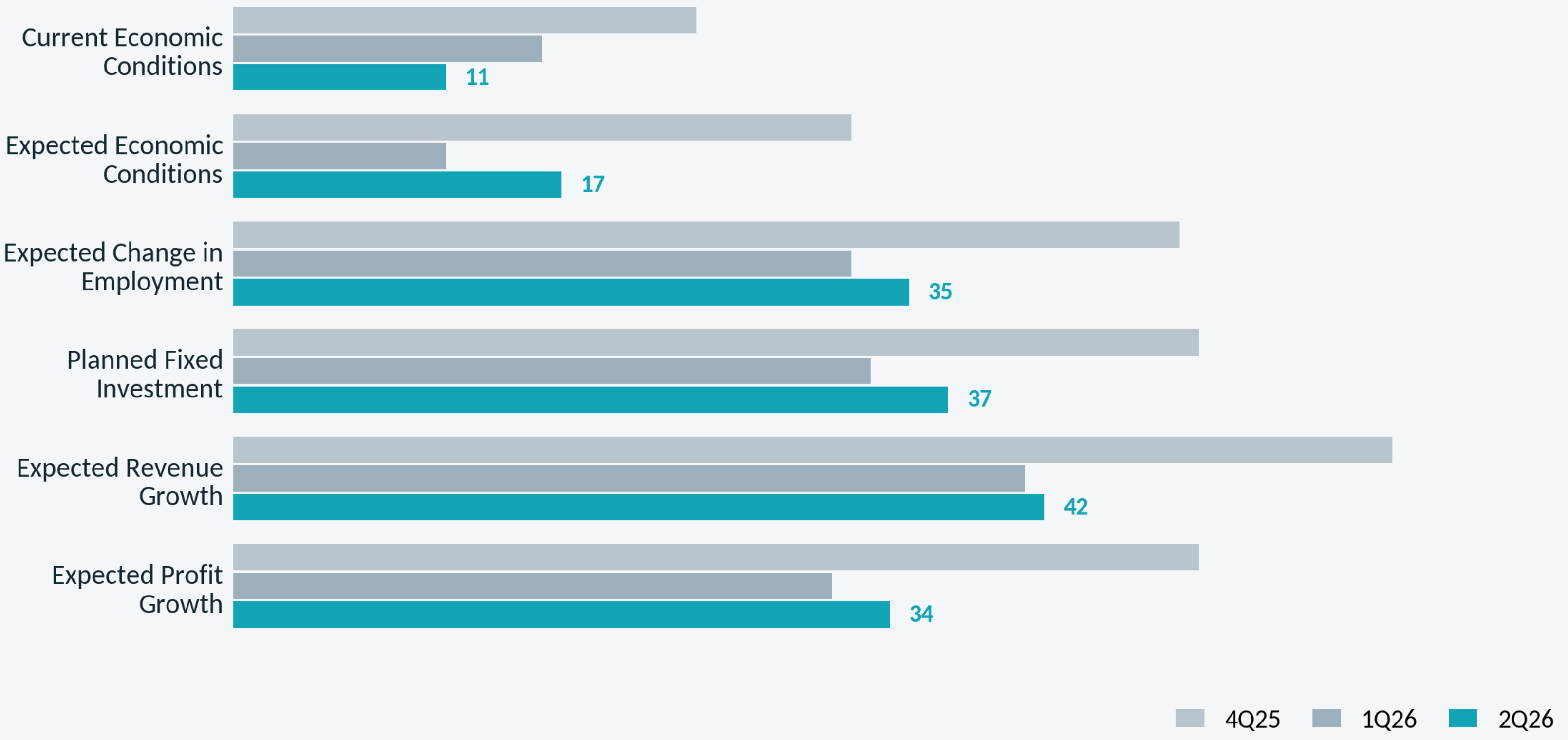
Component	Value	Change	Note
Current Economic Conditions	59	▼ 12%	below 100
Expected Economic Conditions	70	▲ 56%	below 100
Expected Change in Employment	120	▲ 5%	above 100
Planned Fixed Investment	116	▲ 9%	above 100
Expected Revenue Growth	120	▲ 3%	above 100
Expected Profit Growth	106	▲ 9%	above 100

Expected economic conditions staged the sharpest swing — up 56% to 70 — as CEOs judged the peak of the energy crisis is likely behind us.

Current conditions alone fell further, to 59, reflecting the lingering drag of high fuel, freight and insurance costs.

Values are 2Q 2026 component index; arrows show quarter-on-quarter change.

More CEOs expect improvement — almost across the board



READ

The optimist share rose for **five of six** components versus 1Q.

Current conditions is the **lone exception**, slipping to 11%.

Shares still sit well below the highs of late 2025.

Figure 3 · Proportion of CEOs expecting improvement (%)

And fewer expect things to worsen

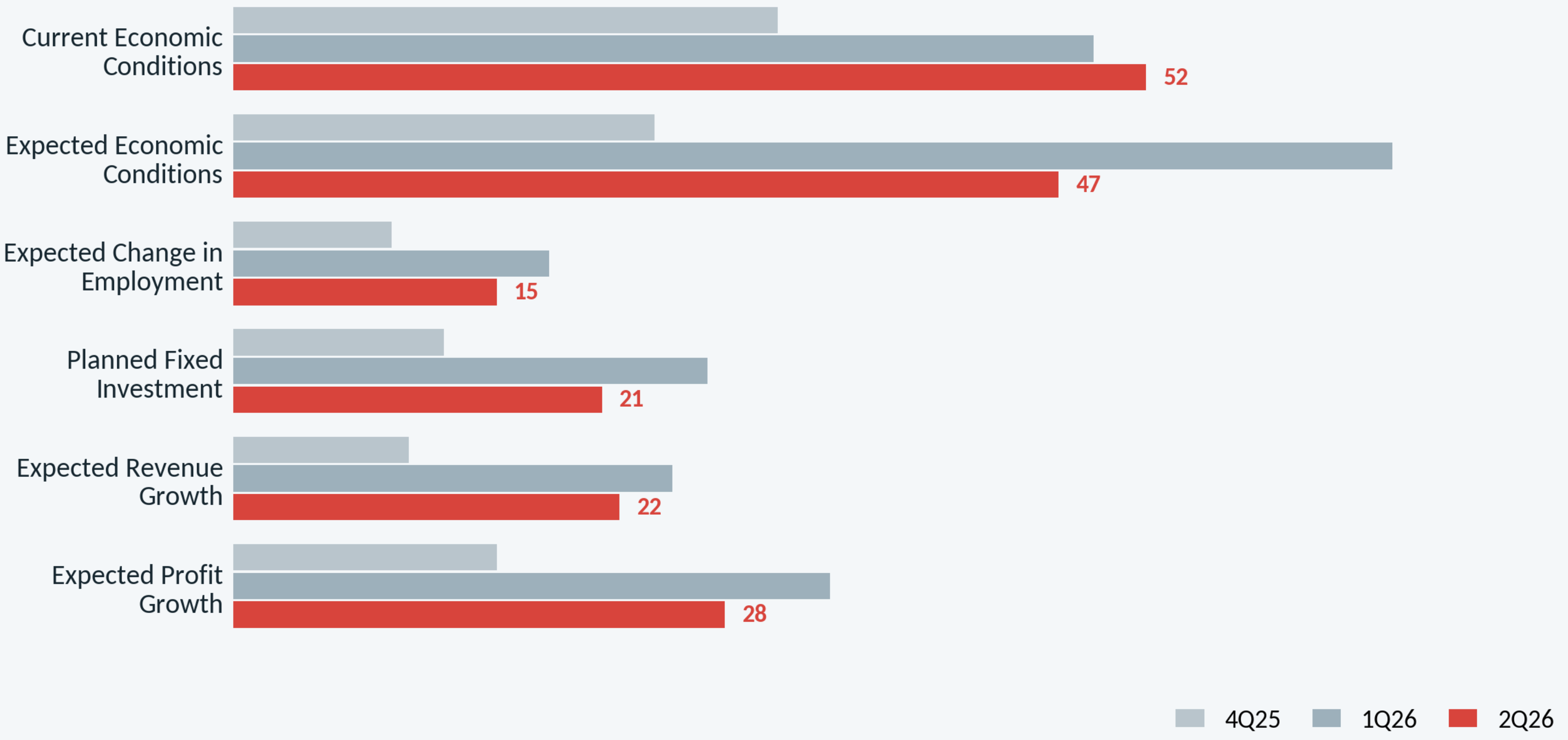


Figure 4 · Proportion of CEOs expecting deterioration (%)

READ

Pessimism eased for five components — led by **expected conditions**, where the worry share fell from 66% to 47%.

Only **current conditions** saw the worrier share edge higher, to 52%.

A wider band of CEOs is holding steady

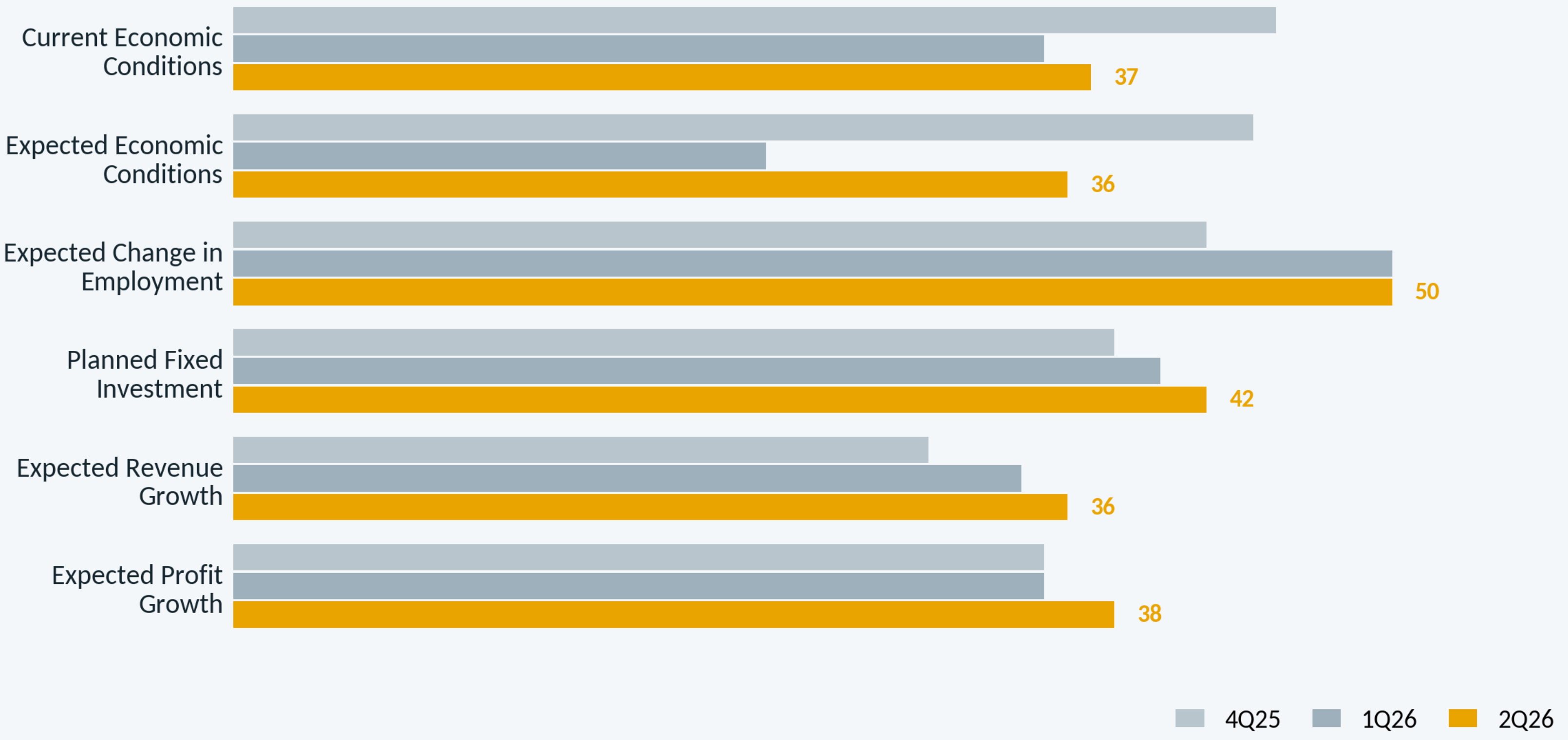


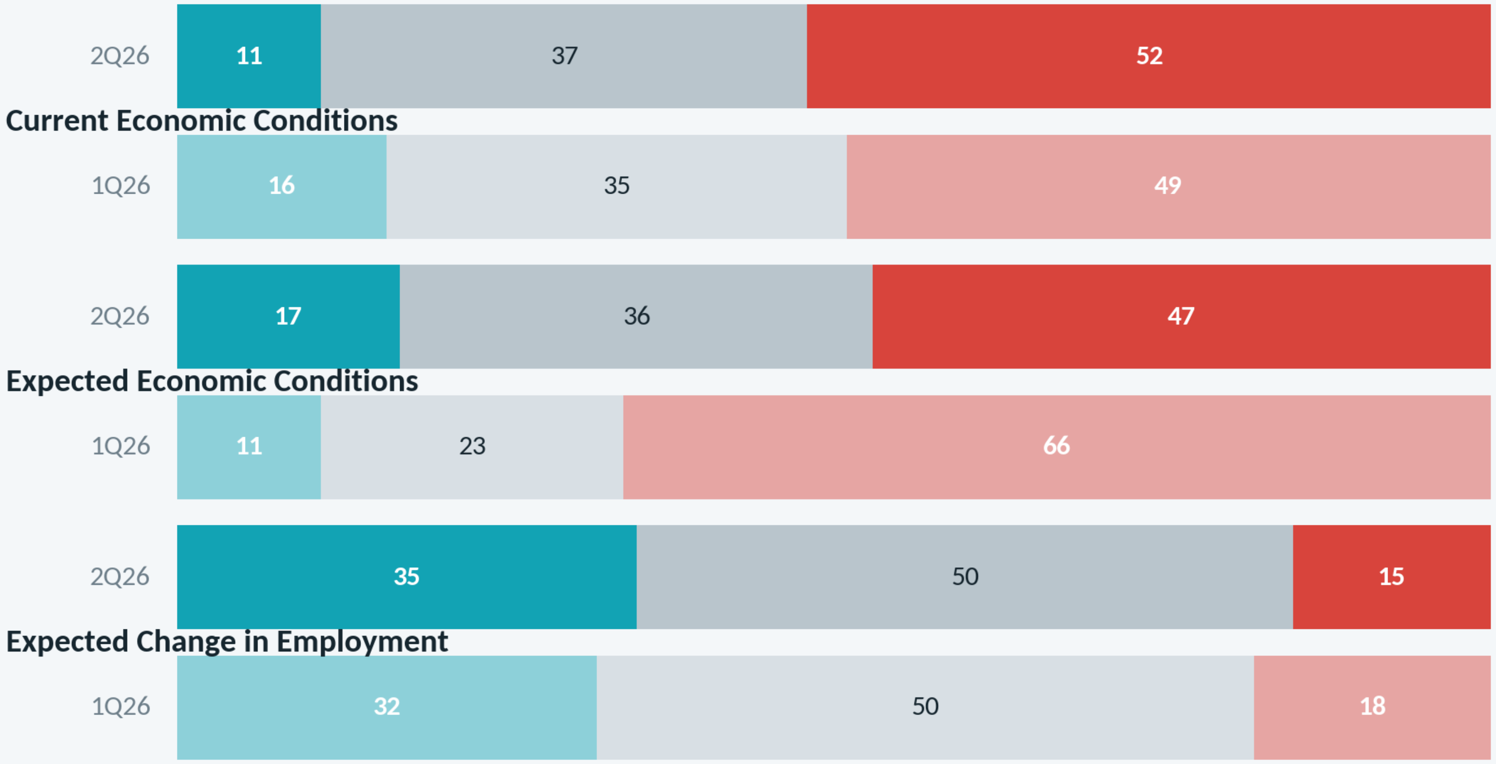
Figure 5 · Proportion of CEOs expecting no change (%)

READ

The "no change" share rose for five components, signalling a **wait-and-see** stance.

Employment held at **50%** — half of CEOs are keeping their workforce unchanged.

Component detail — the macro view



SENTIMENT SPLIT

- Improving
- No change
- Worsening

TAKEAWAY

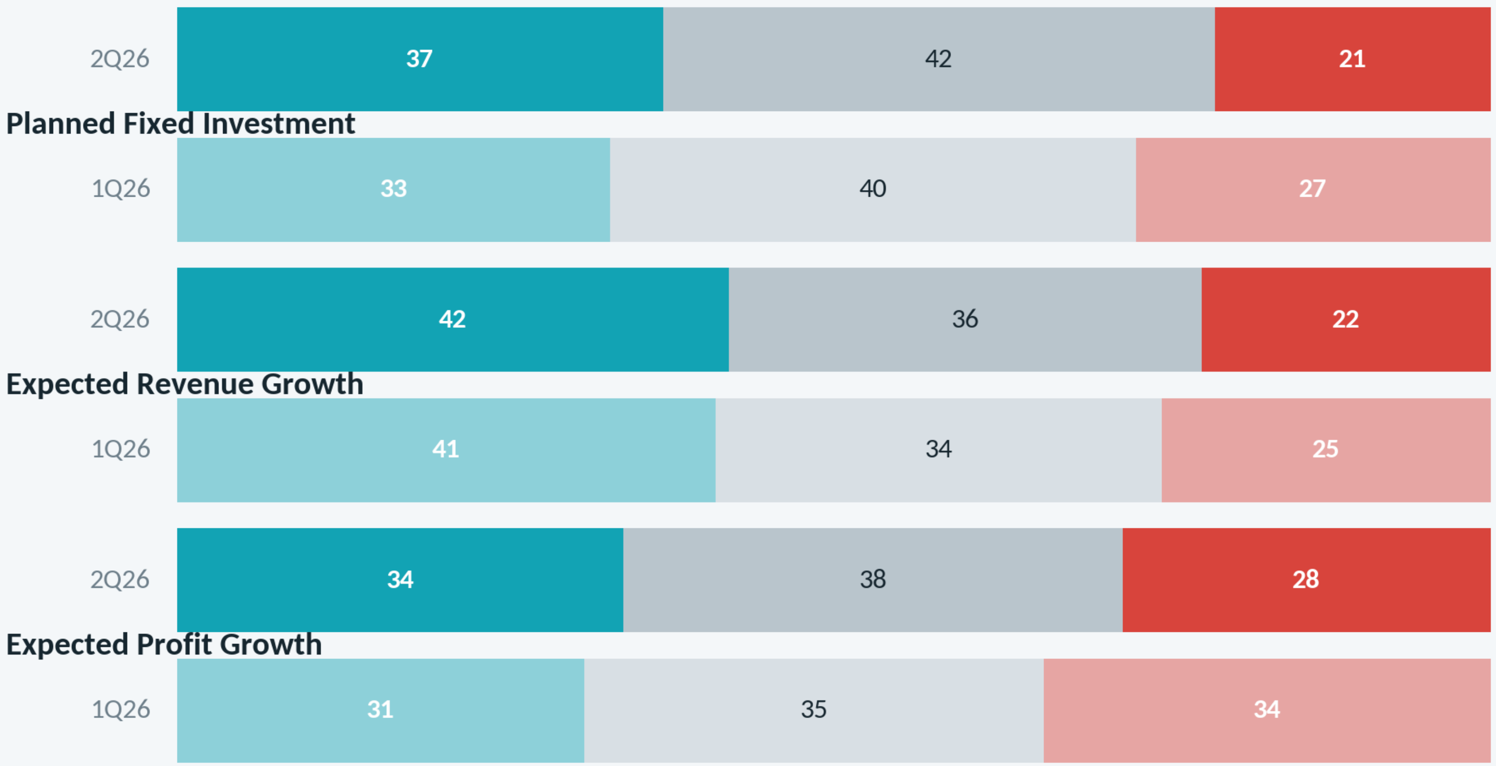
Current conditions keep deteriorating (52% worsening).

Expected conditions flipped decisively — worriers down from 66% to 47%.

Employment stayed firm; half hold headcount steady.

Figures 6–8 · Current & expected conditions, employment (1Q vs 2Q 2026, %)

Component detail — the business view



SENTIMENT SPLIT

- Improving
- No change
- Worsening

TAKEAWAY

Investment rebounded cautiously — cutters fell from 27% to 21%.

Revenue downside faded; contraction fears down to 22%.

Profit pessimism reversed sharply, from 34% to 28% — early margin relief.

Figures 9–11 · Investment, revenue & profit expectations (1Q vs 2Q 2026, %)

02 Orders & Selling Prices

Demand is turning up — led by exports — as pricing pressure cools

- Local & export orders
- Selling-price intentions

Orders turn up, with a stronger uptick in exports

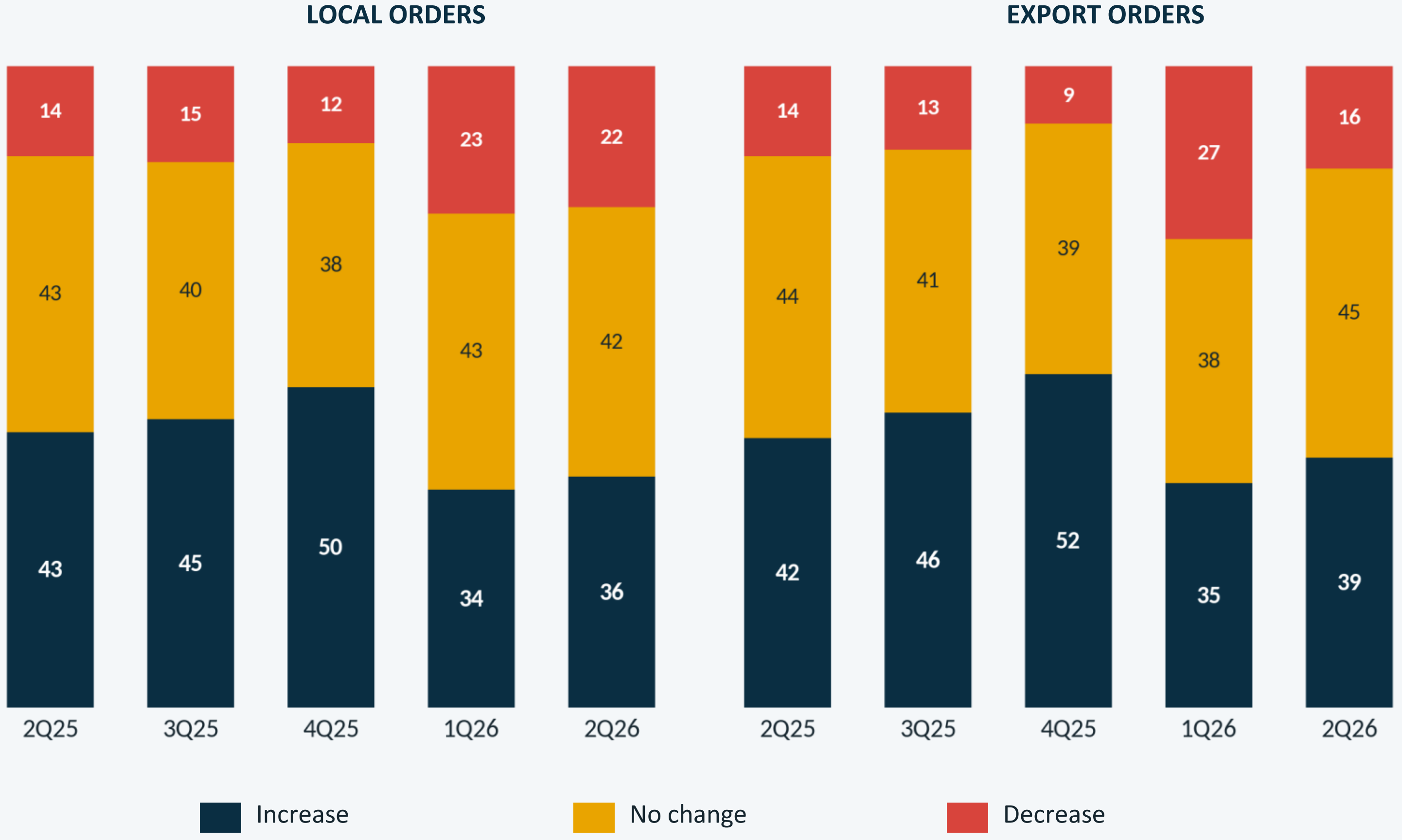


Figure 12 · Local & export order expectations (%)

THE DIVERGENCE

Export orders surged: the "higher" share rose to 39% while "lower" collapsed from 27% to 16%.

Local orders firmed more gently to 36% — stabilising rather than accelerating.

Geopolitical calm is **reaching trade-exposed sectors first**.

Pressure to raise prices has eased considerably

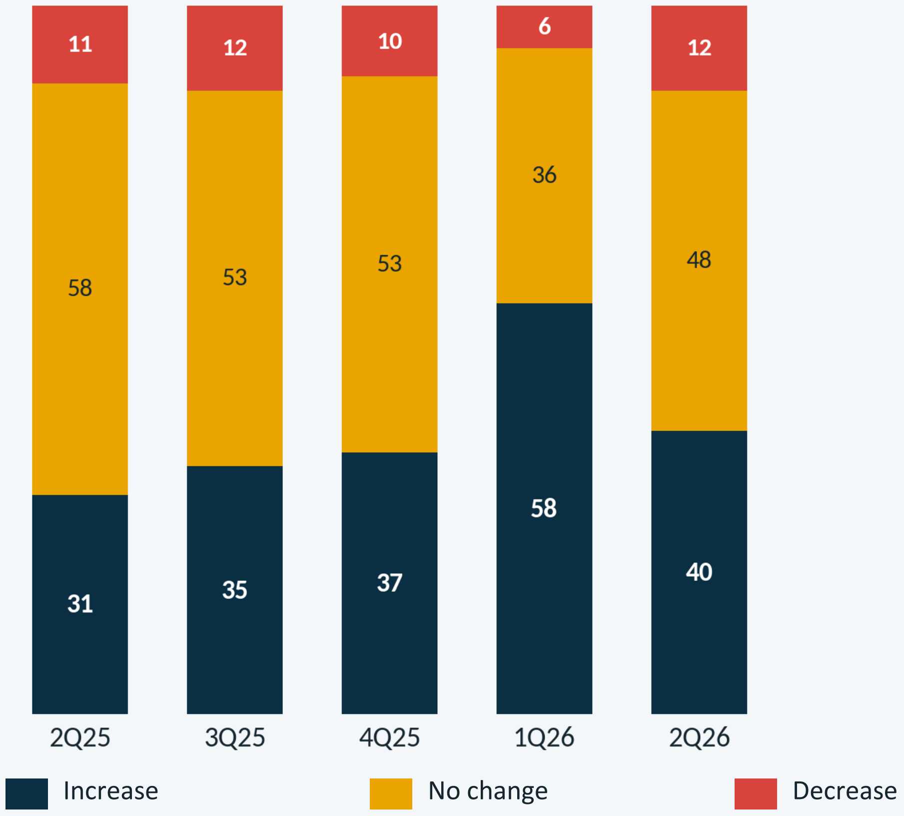


Figure 13 · Selling-price intentions (%)

A MORE BALANCED MARKET

The share intending to **raise prices fell 18 points to 40%**, from a 58% peak in 1Q.

Price-holders jumped to **48%** and the share cutting prices doubled to 12%.

The relentless-increase phase appears to be behind us.

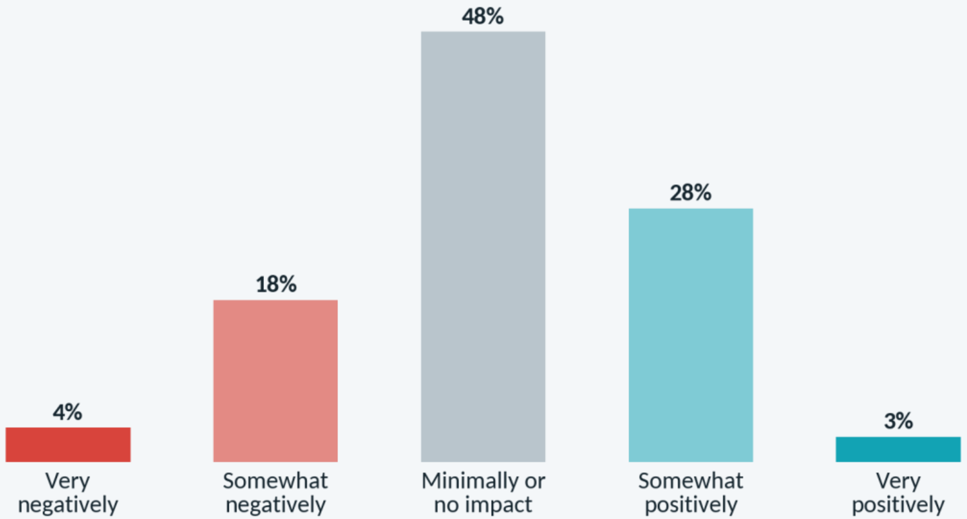
03 Ringgit Impact & Preferences

A stronger currency helps most — but a meaningful minority feel the squeeze

- Impact over the past six months
- Preferred future direction

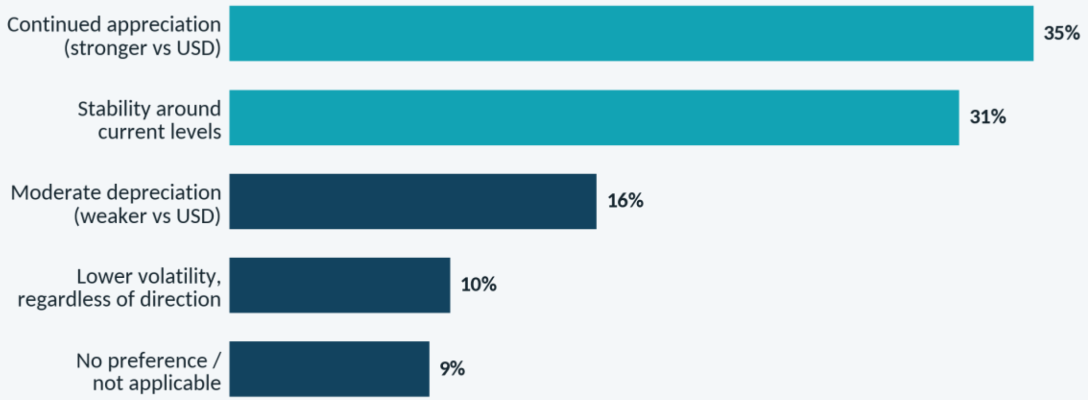
A stronger Ringgit: mostly benign, sometimes a headwind

IMPACT OVER THE PAST 6 MONTHS



Nearly one-third of CEOs benefited (31% positive); one-fifth felt a negative effect (22%).

PREFERRED FUTURE DIRECTION



Two-thirds want a stronger (35%) or stable (31%) Ringgit — predictability prized over direction.

04 Crisis Response & Resilience

How CEOs are defending margins, cash and options through the energy shock

- Critical threats
- Cost-shock response
- Cash-flow tactics
- SME relief facility
- Opportunities & AI

Energy and production costs top the threat list

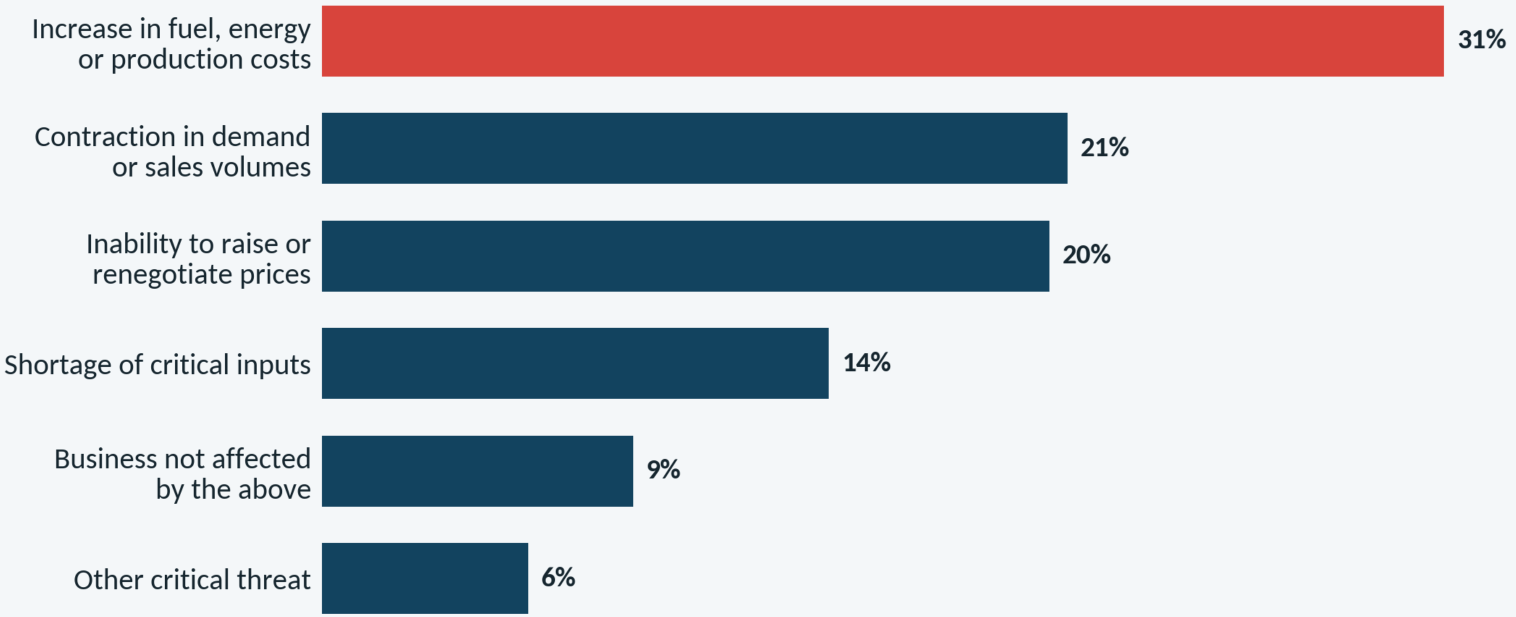


Figure 16 · Critical threats to business survivability (%)

THE RISK LANDSCAPE

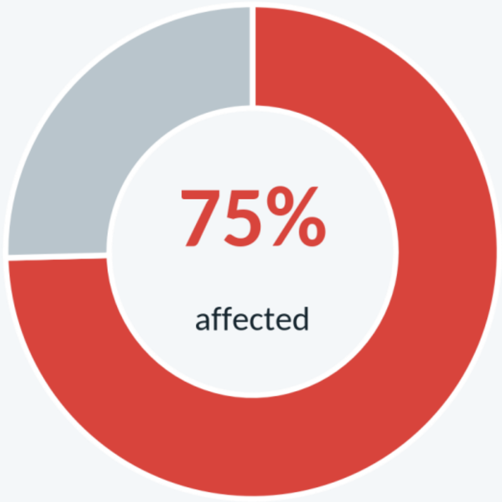
Cost pressure dominates: **31%** name energy & production costs the top survival threat.

Demand contraction (21%) and pricing inflexibility (20%) compound the squeeze.

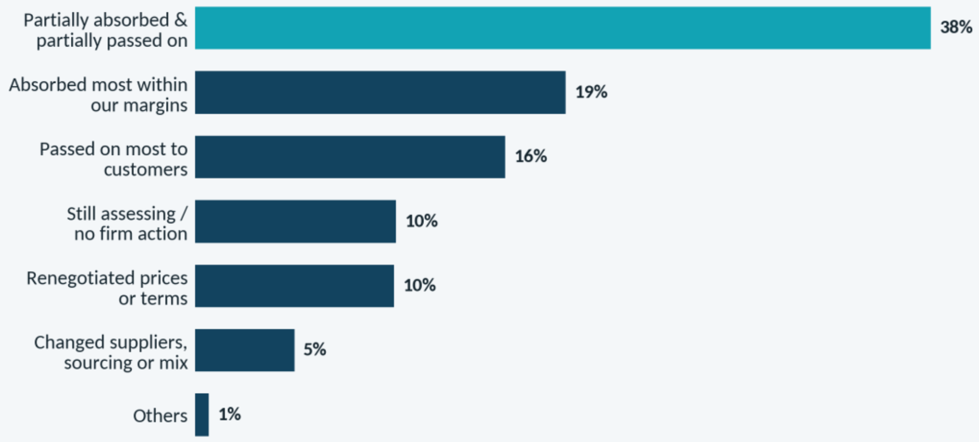
Just **9%** report no impact from the crisis.

Most face cost increases — and absorb part of the hit

FACING SUPPLIER / INPUT COST RISES



HOW CEOs RESPONDED



PRAGMATIC, TIERED

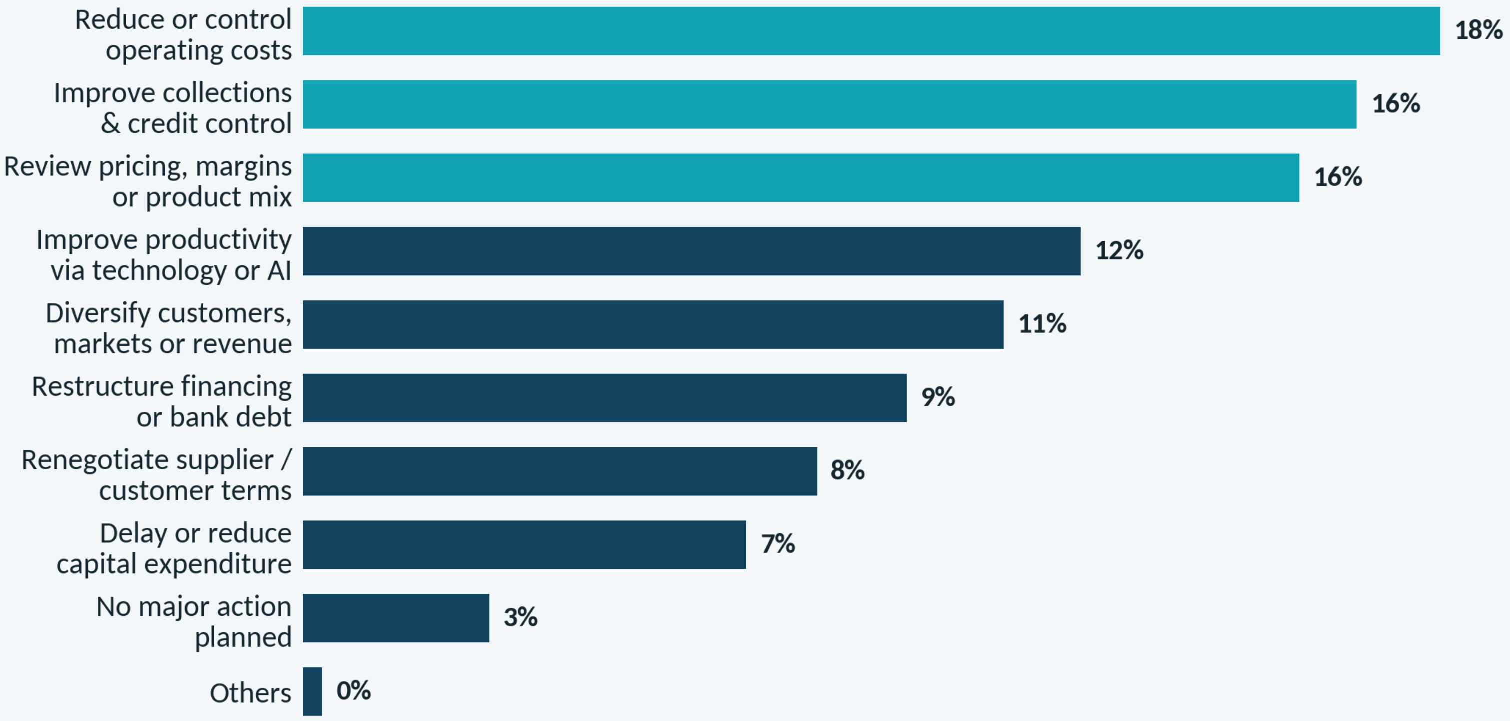
Three in four CEOs face higher input costs.

The most common response — **38%** — is to split the increase, part-absorbed and part-passed on.

Only 5% made structural supply-chain changes.

Figures 17–18 · Exposure to cost increases & response (%)

Coping with tight cash: balanced, not brutal



DEFENCE + STRATEGY

Cost control (18%), collections (16%) and pricing review (16%) lead the **defensive** toolkit.

But many pair it with **strategic** moves — AI-driven productivity (12%) and diversification (11%).

Only 3% plan no action.

Figure 19 · Strategies to cope with tight cash flow (%)

The RM5bn SME relief facility is barely reaching CEOs

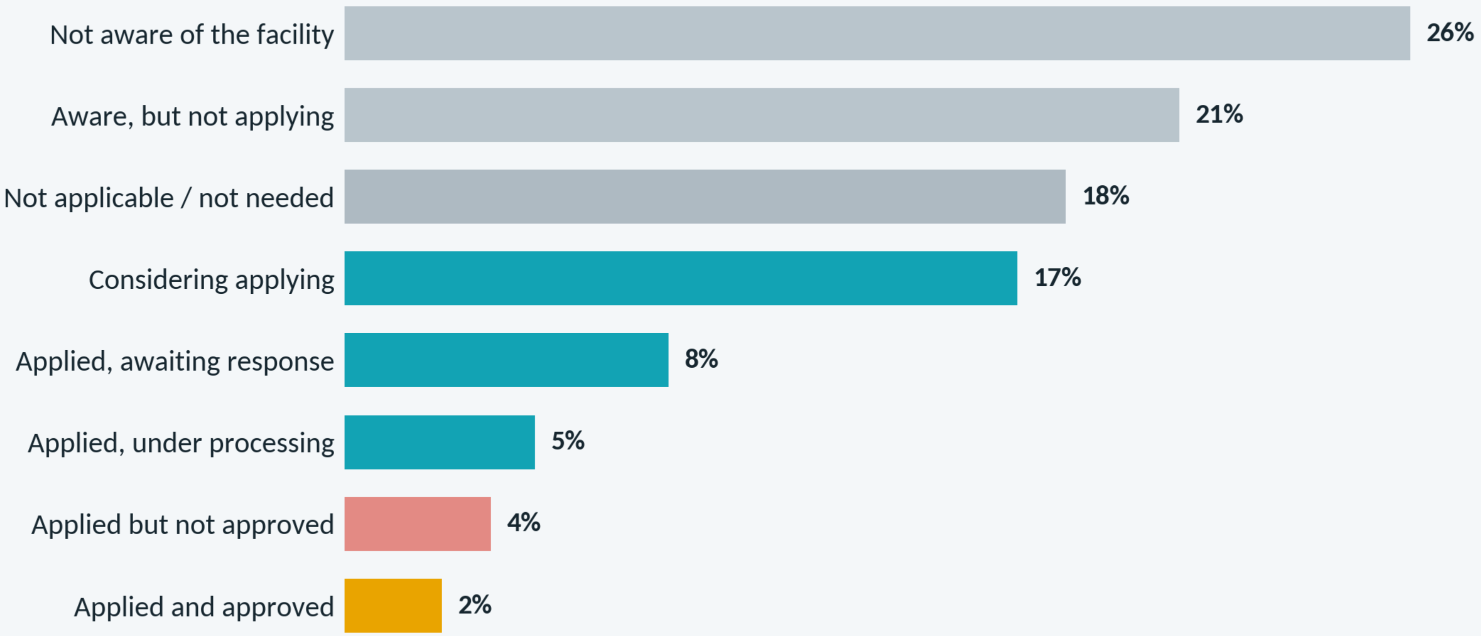


Figure 20 · CEO responses to the SME Stabilisation Relief Facility (%)

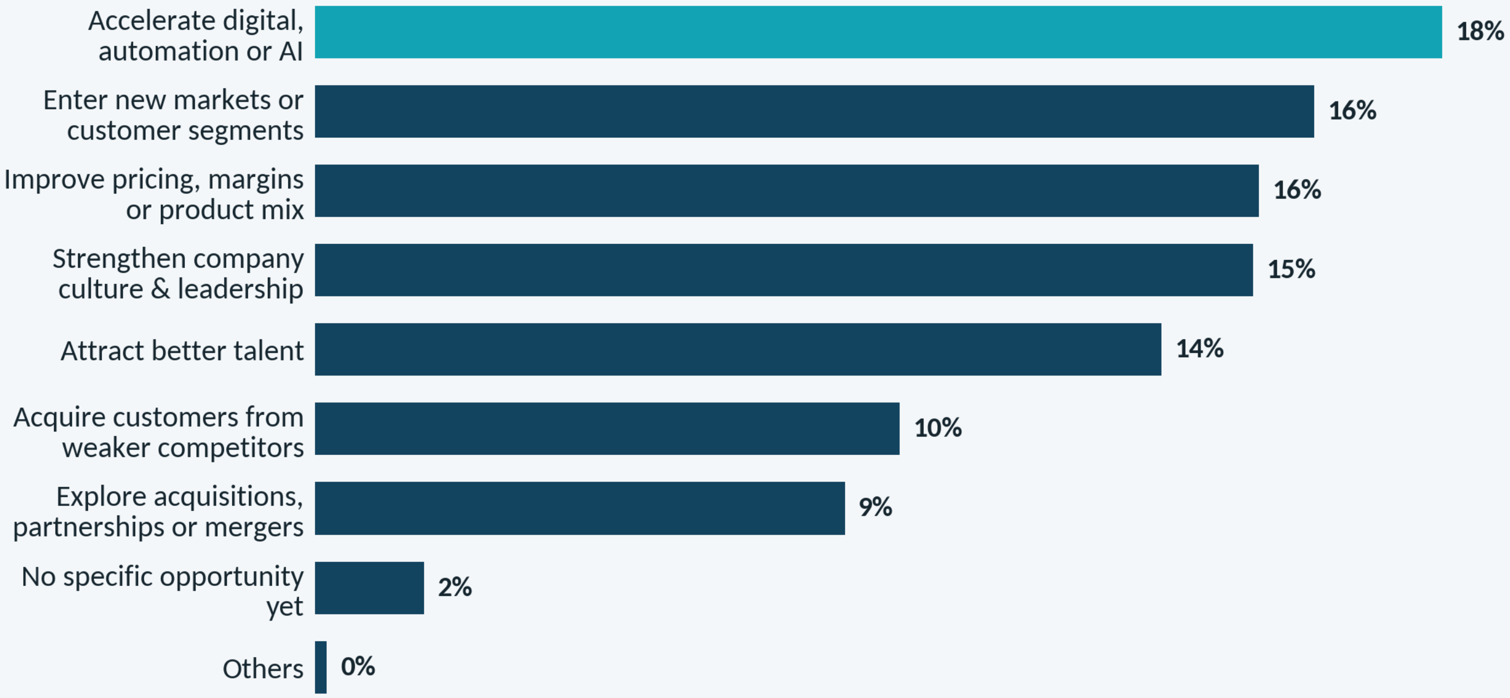
A POLICY-TRANSMISSION GAP

26% are unaware the facility exists; another 21% are aware but not applying.

Just **2%** have successfully secured funding.

Outreach and application support are the clear fix.

Playing offence: where CEOs see opportunity



PROACTIVE POSITIONING

Technology leads: **19%** will accelerate digital, automation and AI.

New markets (16%), pricing/mix and culture (15% each) and talent (14%) follow.

The strongest members **attack, not just defend**.

Figure 21 · Opportunities CEOs are pursuing (%)

What holds AI adoption back: capability, not scepticism

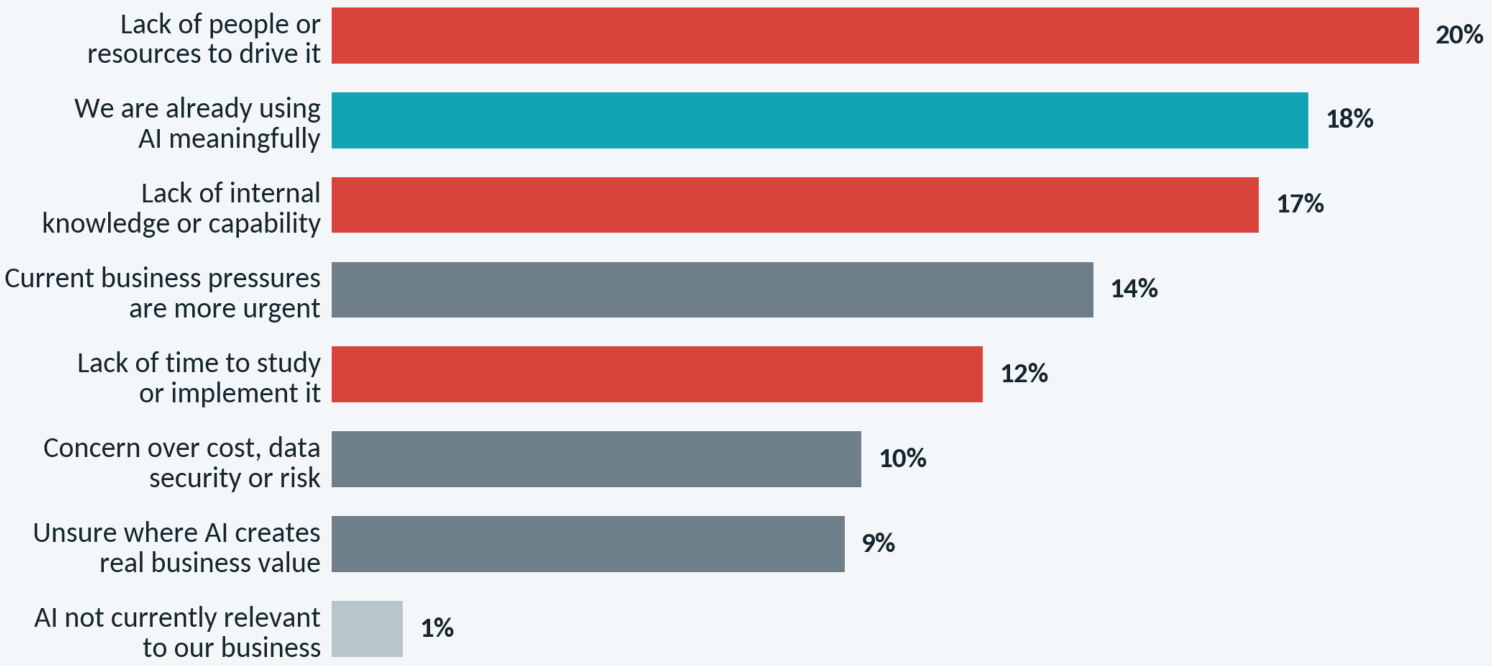


Figure 22 · Main reasons cited for lack of AI adoption (%)

CAPABILITY GAP

The top barriers are **resources (20%)** and internal knowledge (17%).

18% say they already use AI meaningfully.

Only **1%** say AI is irrelevant — the potential is recognised, the capacity isn't yet there.

05 Labour Market & Workforce

Selective hiring, a services-heavy base, and a workforce tilted young

- Hiring strategies
- Sector distribution
- Age profile & tenure

Mixed signals: selective hiring, targeted cuts

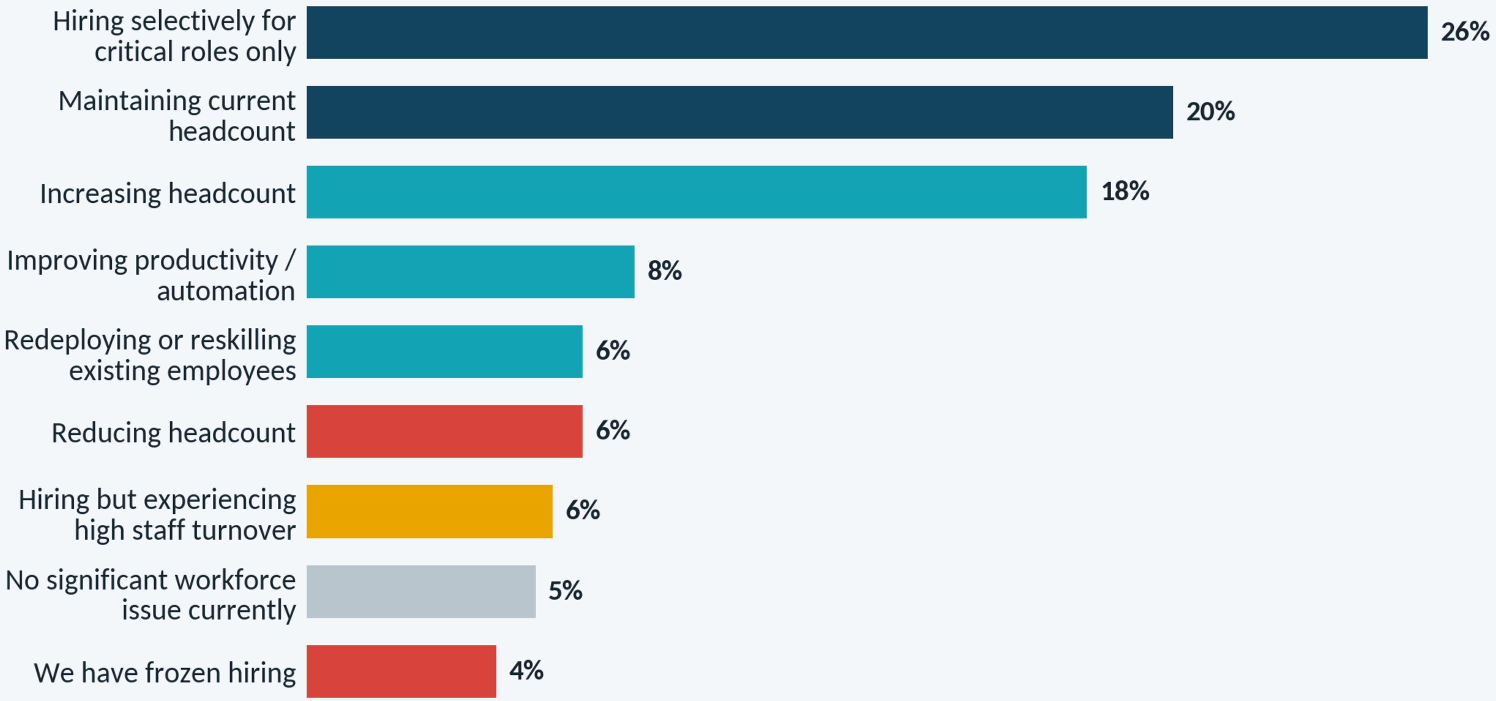


Figure 23 · How CEOs are responding to labour-market changes (%)

HOW CEOs RESPOND

A quarter (26%) hire **only for critical roles**; 20% hold headcount; 19% are growing.

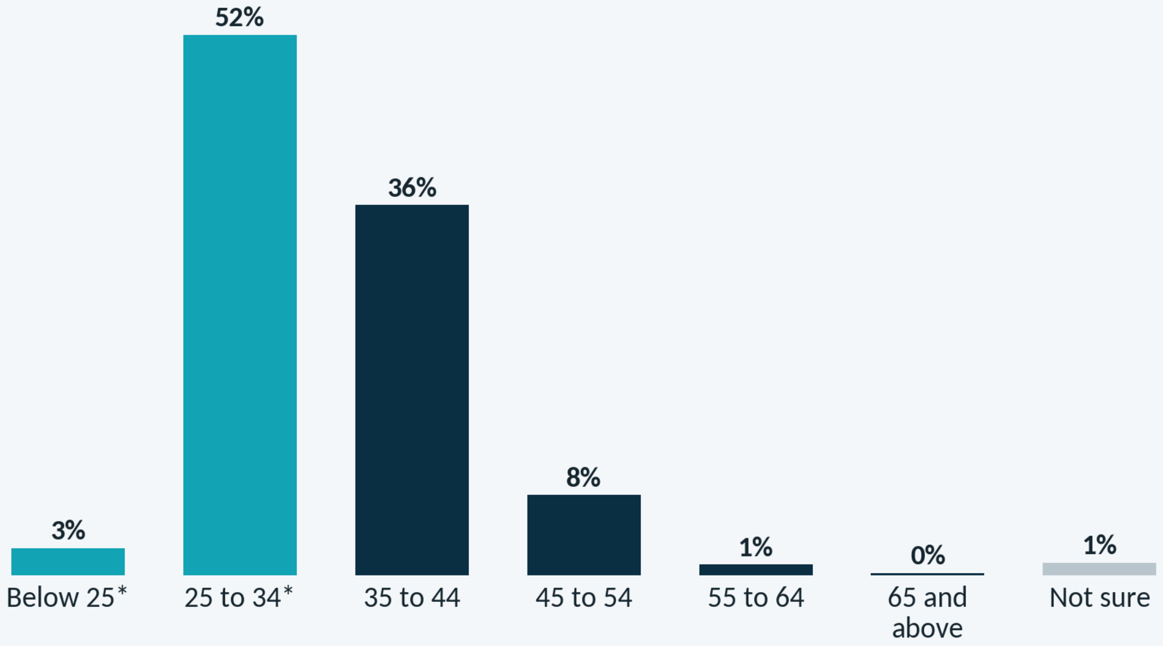
Manufacturing skews toward cuts and automation; **services toward churn**.

A services-dominated respondent base

Workforce strategy	Agric.	Manuf.	Constr.	Services	Others
Hiring selectively for critical roles	2%	23%	12%	56%	7%
Maintaining current headcount	1%	21%	9%	62%	7%
Increasing headcount	0%	19%	12%	61%	7%
Improving productivity / automation	1%	30%	9%	54%	6%
Reducing headcount	0%	32%	3%	63%	3%
Redeploying or reskilling employees	0%	19%	9%	64%	8%
Hiring but high staff turnover	1%	12%	10%	70%	7%
No significant workforce issue	6%	16%	13%	57%	8%
Frozen hiring	0%	17%	8%	72%	4%
ALL RESPONDENTS	**1%**	**22%**	**10%**	**60%**	**7%**

Row shares sum to 100%. Services span 54–72% of every strategy; manufacturing is over-represented in headcount cuts (32%) and automation (30%).

Gen Z and Millennials form the workforce core



UNDER-35 SHARE

55%

of firms are majority Gen Z / Millennial

IMPLICATIONS

A further 36% are led by the 35–44 group; older cohorts drop off sharply.

A clear tilt to **younger talent** — with implications for succession and skills.

Figure 24 · Age group forming the largest company workforce (%) · * Gen Z / Millennial

Younger staff stay two-to-five years

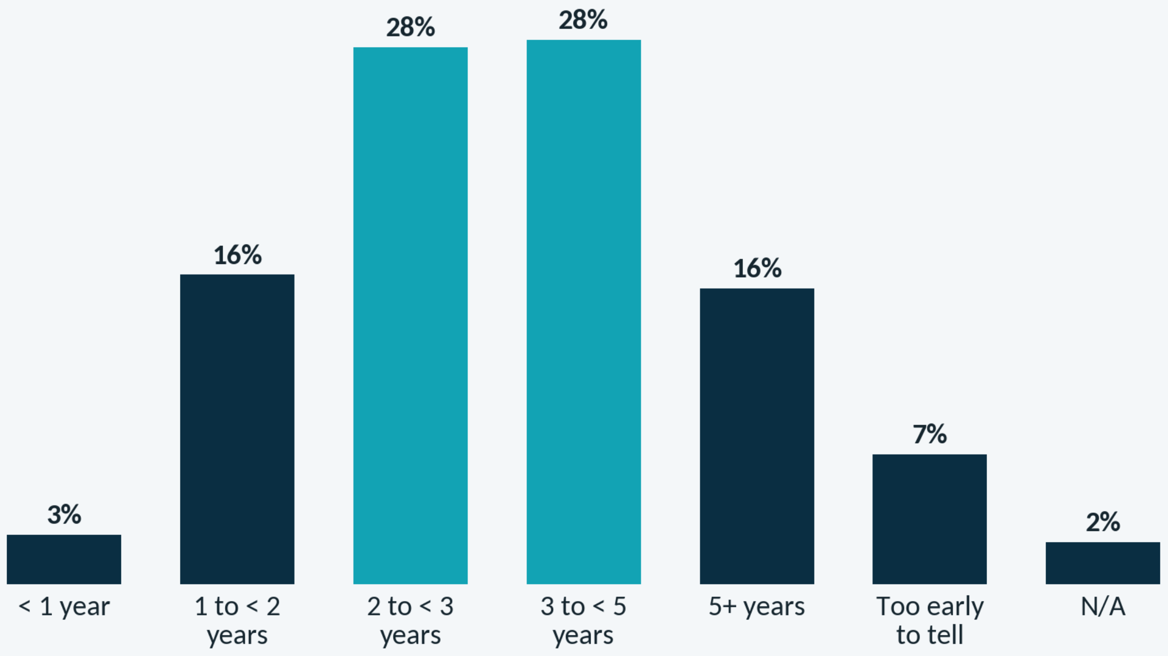


Figure 25 · Employment duration of Gen Z & Millennials (%)

RETENTION PATTERN

Tenure clusters in the **2-to-5-year band** — 29% stay 3–5 years, 28% stay 2–3.

Very early exits are rare (3% under a year); **15%** retain young talent beyond five years.

A signal for how to time training and career-progression investment.

IN SUMMARY

Five things to remember

01 **A tentative recovery**

Confidence rose 8.4% to 78.2 after the US–Iran framework, but stays below 100 and below last year.

02 **Outlook drove the turn**

Expected conditions swung up 56%; current conditions alone fell further, to 59.

03 **Margins are easing**

Pricing pressure cooled and profit pessimism reversed — early signs of margin relief.

04 **Resilience is pragmatic**

CEOs blend cost control with AI-driven productivity and diversification; few retrench hard.

05 **Two gaps to close**

Low take-up of the SME relief facility, and a capability—not scepticism—barrier to AI.

VISTAGE

VISTAGE

CEO CONFIDENCE INDEX

WHY VISTAGE

The Index measures what CEOs think. The sharper question is who they think it through with.

This quarter's findings show leaders weighing growth against risk, and speed against caution — trade-offs that rarely come with clean answers. What turns an anxious call into a confident one is often not more data, but a room of trusted peers who have faced the same decision and will tell you the truth about it.

That is the premise of the Vistage CEO community: experienced leaders who challenge each other's assumptions in confidence, so no one carries the hardest decisions alone.

Curious about these conversations?

vistage.com.my

ABOUT THE INDEX

Vistage Malaysia, a subsidiary of Vistage International, USA, counts more than 1,500 members representing RM90 billion in revenue and 140,000 employees. The Index has tracked CEO sentiment since 2003.

ANALYSIS BY

Prof. Dr Yeah Kim Leng

Professor of Economics and Director, Economic Studies Programme, Jeffrey Cheah Institute on Southeast Asia, Sunway University. Adviser to the Prime Minister's Policy Advisory Committee; former member of Bank Negara Malaysia's Monetary Policy Committee.