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## **Malaysian firms bullish about the global economic environment: HSBC report**

Fuelled by rising customer demand and a favourable economic backdrop, Malaysian firms have a positive outlook about their prospects, according to a new HSBC survey of 200 Malaysian firms: *'Navigator: Now, next and how for business'*. The report also reveals that Malaysian business confidence is on the rise, underpinned by intra-Asia opportunities with firms eyeing China, Singapore and Indonesia for future expansion.

HSBC Navigator is a global survey of more than 8,500 businesses across 34 of the world's major markets, including Malaysia, gauging business sentiment and expectations on trade activity and business growth.

According to the report, nine out of ten (89%) companies in Malaysia are positive about the trading environment, significantly higher than companies globally (78%). At a company level, a similar proportion of respondents in Malaysia (91%) are confident that their company will succeed in the current environment, with consumer confidence being the top factor driving the optimism (39%).

The findings also indicate Malaysian firms are confident in the opportunities presented within Asia, as China, Singapore and Indonesia were cited as the key expansion markets.

Reflecting on the trade and policy environment in Asia, Malaysian firms are also optimistic that regional policy initiatives will help their business. Specifically, Malaysian companies cite ASEAN (74%), the Regional Comprehensive Economic Partnership (RCEP) (65%) and the ASEAN 2025 Initiative (63%) as favourable policy initiatives. Free trade agreements were also viewed positively by the majority (64%) of Malaysian businesses. While the new government is undertaking a review of Chinese infrastructure projects, around 62% of Malaysian businesses surveyed believe China's Belt and Road Initiative (BRI) will have a positive impact on business opportunities.

Despite global headwinds such as rising protectionism and trade tension between the US and China, Malaysian firms remain resilient and opportunistic. Indeed, only 25% of Malaysian respondents viewed the US-China trade dispute as a hindrance to their business. In fact, nearly half (48%) deemed the ongoing trade dispute as a business opportunity given the potential to see a shift in regional supply chain patterns.

**Stuart Milne, Chief Executive Officer at HSBC Bank Malaysia Berhad**, said: “Malaysian firms remain optimistic about the global economic environment. Although Malaysia’s market openness can create trade and economic vulnerabilities from the ongoing US-China trade dispute, Malaysian firms believe that the current environment can present opportunities to capture market share. These firms are also looking closer to home for opportunities and are adapting their approach to stay fit for the future. We expect technology, digitisation and data utilisation to play an increasingly strategic role in enabling businesses to develop their products and services, reach new customers and cut costs by improving operational efficiency.”

While overall business sentiment remains buoyant, Malaysian firms are also focused on improving their operations given the increasingly competitive global landscape. Malaysian firms cite improving productivity and skills development, as well as improving long-term performance as the most critical business strategies

Further reflecting on business growth drivers, Malaysian firms are prioritising three key business strategies in their direct control: increased expenditure on R&D and technology (36%), product/service expansion (35%) and geographic expansion (33%).

Looking ahead, technology is also expected to play a key role in business and trade activity. Indeed, almost nine out of ten Malaysian firms surveyed utilise data to optimise performance, considerably ahead of their global peers (75%). The focus on technology is tipped to be a long-term trend as Malaysian firms are expected to continue their investment push in digital and innovation in order to target new customers (51%), with 46% of firms seeing this investment as enhancing their competitive edge.

With digitisation rife in the current business and trade environment, Malaysian companies believe the Internet of Things, smart manufacturing/industry 4.0 and more efficient manufacturing are the most important opportunities to take advantage of.

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**Note to editors:**

**HSBC Navigator: Now, next and how for business**

HSBC’s Navigator report comprises a global survey gauging business sentiment and expectations on trade activity and business growth from 8,650 decision-makers in 34 markets. Research was conducted by Kantar TNS for HSBC between August and September 2018. HSBC’s Navigator helps businesses capitalise on new opportunities and make informed decisions for the future by understanding the outlook for international trade.

The full report can be accessed here: [www.business.hsbc.com/trade-navigator](http://www.business.hsbc.com/trade-navigator)

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### **About HSBC Malaysia**

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