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Malaysian firms show strong optimism amidst changing geopolitical conditions: HSBC

Malaysian businesses are optimistic about the growth outlook for their business, despite recent geopolitical developments reshaping global supply chains. Not only that, their optimism about growth prospects has strengthened over the past twelve months, reveals HSBC's global survey '*Navigator: Now, next and how*'.

This latest report surveys more than 9100 companies across 35 global markets in the world – including more than 202 firms from Malaysia.

Optimistic Outlook

The survey data reflect this sense of optimism – over the next year, more than four in five (81%) businesses expect their sales to grow, which is ahead of peers globally and in Asia (79% and 77% respectively). Growth in the near term (next year) is expected to be driven by improving productivity, investment in technology and entering new markets.

This sense of optimism is also evidenced by the fact that more than four out of five businesses in Malaysia (85%) feel they have positive prospects for international trade over the next two years. This is above the global and Asian levels (81% and 78% respectively).

Commenting on the survey findings, Stuart Milne, CEO, HSBC Malaysia, said: "Malaysian businesses are responding positively to changes in the global geopolitical landscape. Enhanced use of digital technology, expansion across new markets and focusing on strategic suppliers in their supply chains will ensure that they are well positioned to leverage opportunities from the changing economic landscape."

Trade Outlook

Businesses in Malaysia strongly believe in the idea of trade as a force for good, believing that over the next five years, international trade will drive innovation, provide new business opportunities and improve efficiency. China (35%) and Singapore (28%) remain Malaysia's two largest trading partners, while third-placed Indonesia has increased greatly in the last 12 months to 25% from 19% a year earlier. Given the Malaysian government's focus in attracting investments from China, the Malaysia–China linkage assumes greater importance in the larger context of trade.

In the next three to five years, Asia is still seen as the region offering the best prospects for growth by two-thirds (66%) of Malaysian companies against a quarter (24%) who are considering Europe and just 17% who are favourable towards North America. The top five expansion markets over the next three to five years for Malaysia are Singapore, China, Japan, Indonesia and the United States.

Technology

The Budget 2020, recently announced by the Malaysian government, emphasises accelerating the digital economy. This is in sync with findings from the survey that reveal that Malaysian businesses believe technology is a key enabler for business growth. Malaysia and Brazil (also 42%) are the countries that anticipate the most impact from introducing transformative technologies, a level which is considerably above global (28%) or Asia (31%).

5G technology, artificial intelligence and robotics are the key technologies, which will have the biggest future impact on their business, according to the surveyed companies. They feel that adoption of these technologies will help improve the quality of products / services, improve productivity, reduce costs and improve customer experience.

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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 9,131 decision-makers in 35 markets. Research was conducted by Kantar for HSBC between August and September 2019. 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

Interviews for the *Navigator: Now, next and how* survey were conducted in Argentina, Australia, Bangladesh, Belgium, Brazil, Canada, Egypt, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Italy, Japan, mainland China, Malaysia, Mexico, the Netherlands, Poland, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, the UAE, the UK, the USA and Vietnam.

Over 5,000 of the companies interviewed were SMEs making annual sales of between US\$5m and US\$50m, with the remainder being larger enterprises.

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