

Malaysia's consumer confidence shaken by uncertain global economy, survey shows

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KUALA LUMPUR, Oct 30 — Consumers in Malaysia are less optimistic this quarter, their confidence rattled by a belief that demand and investments may not be as resilient due to the slowing economy in Europe, North America and China, according to the latest global online consumer confidence findings from Nielsen, a global provider of information into what consumers watch and buy.

Malaysia's consumer confidence fell six points in the index to 105 in the third quarter of 2012 from 111 three months ago, despite seeing its Gross Domestic Product (GDP) growing by 5.4 per cent in the second quarter of the year and inflation at its slowest pace in September.

"Although domestic conditions remain stable consumers may have increasing concerns that external demand and investments may not be as resilient as expected and the economic situation in Europe, North America and the slowing down of demand in China may be contributing to the decline in optimism," Nielsen Malaysia's managing director, Richard Hall, said in a statement today.

Southeast Asia's third biggest economy ranked ninth out of 58 countries surveyed in the Nielsen Global Online Consumer Confidence Survey 2012, falling four rungs from the previous quarter and landing behind neighbours Indonesia and India which both drew 119 points.

While it remained in the top 10, it also placed behind the Philippines (118), Thailand (112), China (106), the United Arab Emirates (114), Saudi Arabia (113) and Brazil (110) in the survey but ahead of Singapore, which ranked 15th out of the 58 countries surveyed.

Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism.

However, consumer confidence rose to 118.3 in the third quarter of 2012 from 114.9 in the second quarter of 2012, according to the Malaysian Institute of Economic Research (MIER), which polls a sample of over 1,200 households in Malaysia every quarter to gauge consumer spending trends and sentiments.

The local research house has found that historically, from 2005 until 2012, Malaysia's consumer confidence averaged 106.54 reaching an all time high of 124.10 in March of 2007 and a record low of 70.50 in June of 2008.

The Nielsen survey found that consumer confidence in Malaysia dropped by six points due to the drop in optimism based on job prospects as well as personal financial status.

Consumers are split between saying the country is in a recession or not.

Just over half of the online consumers surveyed or 51 per cent felt that the nation is in an economic recession, while 49 per cent said that Malaysia is not in recession.

Slightly more than a quarter of those surveyed by Nielsen believed that the recession would last for another 12 months.

Four out of five consumers have changed their spending patterns to save on household expenses, Nielsen said, pointing a slowdown in the total Fast Moving Consumer Goods (FMCG) tracked by Nielsen, which showed a year-on-year decline of 3.1 per cent and 2.4 per cent in sales value during the Ramadan fasting month and Hari Raya Aidilfitri festival last July and August.

It said only 36 categories experienced positive growth during the two-month period, which usually peaks as the Aidilfitri festival is celebrated by the 60-per cent majority Muslim population.

"The trends suggest that consumers are spending cautiously and holding back spending amid global economic uncertainties.

"On the other hand, Nielsen's survey reveals that they have increased both their contribution to savings and retirement funds (increased by three and five per cent respectively)," Hall said.

He noted that pre-budget sentiment may have also contributed to the slowdown in growth on a year-on-year basis.

He said consumers are deferring spending especially on discretionary items such as major durable goods while waiting for the government to roll out people-friendly incentives or measures before the close of the third quarter.

Nielsen said nearly one-fifth of online consumers polled were most concerned about the state of economy, followed by job security and political stability.

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