Consumers Confident But Cautious

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Malaysian consumers' confidence high.
Optimistic on available job prospects.
Saving habits not effected by high confidence .

Malaysian consumers' confidence has hit an all time high in three years with 103 in the third quarter of 2010 according to the latest edition of Nielsen's Global Consumer Confidence Index.

Yet, it is more likely that Malaysians would continue to save on household expenditures which was a habit cultivated during the economic recession.

With the latest index of 103, Malaysian now ranks eighth in the Asia Pacific region along with Hong Kong (103), and ahead of New Zealand (99), Taiwan (88), Vietnam (88), Korea (59) and Japan (52). Across 53 markets worldwide, Malaysia ranks tenth.

More Malaysian consumers (53%) feel that the country is not in an economic recession (compared to 54% and 44% in the second and first quarters respectively) and are more confident about local job prospects compared to the second quarter of 2010.

Sixty-four percent believe that their job prospects over the next 12 months are excellent or good, a 1-point and 7-point increase compared to the second and first quarters respectively.

In another vote of optimism, 60% of Malaysian consumers believe that the state of their personal finances over the next 12 months will be good or excellent, up 1 point from the second quarter of 2010. The figure is also higher than the 56% average across the Asia Pacific.

While consumers are feeling more positive about their personal finances, only 34 percent of them believe the next 12 months ahead will be an excellent or good time to buy the things they want and need (up from 29% in the second quarter).

Malaysian consumers are also still showing caution when it comes to household expenditures. In the third quarter, 73 percent said they changed their spending habits to save on household expenses, compared to 78 percent in the second quarter.

The top five household expenditure areas in which consumers in Malaysia are cutting back on include new clothes, out of home entertainment, technology products, groceries, utilities, and phone bills.

Once economic conditions improve, Malaysian consumers are likely to continue to save on household expenditures: 35 percent of consumers said they will continue to save on utility bills, 31 percent will spend less for new clothes, 29 percent will reduce out-of-home entertainment, 24 percent will use cheaper groceries brands and save on phone bills.

"While Malaysian consumers generally feel secure about their financial condition, lingering uncertainties about the economy, both locally and globally have influenced the way they look at spending. Saving on household expenses is something within their control, and they are exercising more discretion in this regard," said Kow Kuan Hua, managing director of the Nielsen Company in Malaysia.

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