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## Malaysia's economy to expand between 4.4% and 4.5% in 2019

FROM P1

Institute for Democracy and Economic Affairs research manager in economics and business Lau Zheng Zhou said Malaysia's 2019 GDP should not be too far off from the International Monetary Fund's full-year estimate of 4.7%.

"Our 3Q growth eased to 4.4% from 4.9% in 2Q, dragged by slower production across the board: Services, manufacturing and agriculture.

"Private consumption has also fallen on a YoY basis, but seemed to have picked up in 3Q and hopefully in 4Q, due to the holiday season effect," he said.

The economy received a slight boost in December as total trade

grew 1.9%, ending a six-month streak in the negative territory. Export for the month expanded 2.7%, while imports increased slightly by 0.9% following a two-month decline, largely due to the preparations for the Chinese New Year.

The central bank's unexpected policy rate cut in January indicated future headwinds and the bank's intention to keep borrowing cost low to bump up the country's 2020 growth targets.

Lau said the coronavirus outbreak may bring about a larger impact on the country's economy as China has turned into a key trading partner.

"The supply chain link with

China is heavily disrupted and this may have repercussions on private investment. Firm managers may choose to hold cash in reserve rather than making new investment or consumption — and this may slow down growth due to multiplier effect," he said.

Lau said the US-China "Phase 1" trade deal may provide short-term relief to world trade and investment, as the coronavirus outbreak would prompt China to back down from raising the tariff on US goods.

"But the overall outlook for 2020 is slow, unless there is further risk from climate change (following Australia's bushfires) and other random events. Central banks in

both advanced economies and Malaysia have been quite accommodating too. So, it is a picture of slow but stable growth," he said.

Yeah, however, expects a better 2020 with the GDP expected to grow between 4.6% and 4.7% despite all the downside risks.

"The economy remains resilient amid higher government spending, especially on infrastructure spending," he said.

He added that higher exports on account of the US-China "Phase 1" trade deal and stronger global growth prospects will also keep Malaysia's GDP growth trajectory within the 4%-5% range this year. Putrajaya is setting its sight on a 4.8% growth for 2020.