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## Govt optimistic over economic growth despite lower PPI

THE government is optimistic over Malaysia's economic growth despite the Producer Price Index (PPI) shrinking by 1.8% year-on-year in June 2019.

Deputy Finance Minister Datuk Amiruddin Hamzah said the PPI for the last three consecutive months was much higher than what the market had forecast.

"The data shows that we are moving in the right direction and can manage to bring down the numbers for unemployment, while our inflation rate is moderate.

"The country's gross domestic product in the first quarter 2019 advanced by 4.5%, which is a good percentage," he told reporters after the Lee, Hishamuddin Allen & Gledhill (LHAG) Tax, Sales and Services Tax and Customs Seminar 2019 in Kuala Lumpur yesterday.

Meanwhile, MIDF Research in a statement yesterday said it foresees the PPI growing further into deflation this year at 1.5% from 1.1% in 2018.

The research firm said this was mainly due to domestic oil prices which are expected to be on the low side even with the removal of the RON95 price cap, in line with declining global crude oil prices.