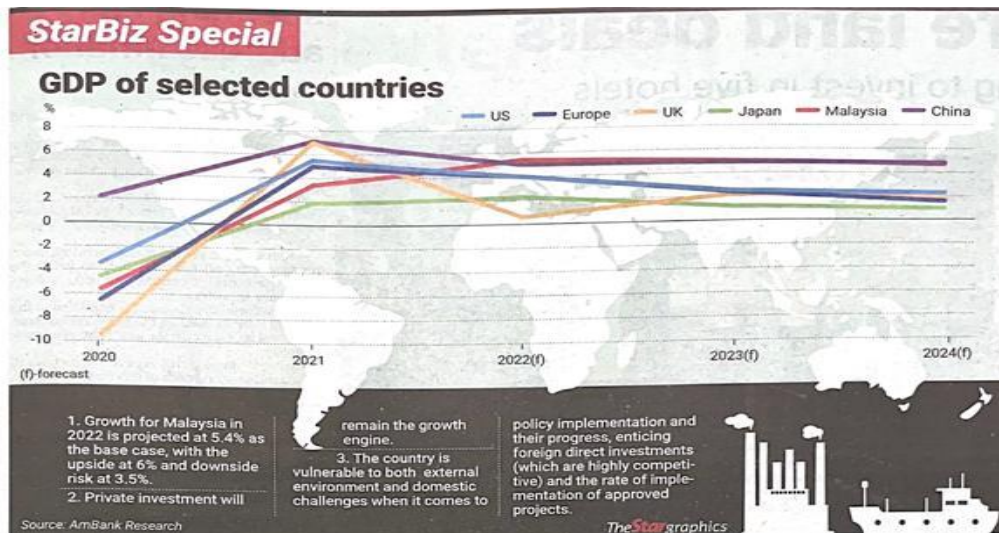


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Moderate outlook seen this year

Challenges remain but country on the right track

ECONOMY

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PETALING JAYA: The outlook of the Malaysian economy remains "moderate" at best in 2022 although supply chain disruptions have started to ease.

While business activities have resumed and consumer sentiment is picking up, economists said a number of headwinds will continue to weigh on the already bumpy economic recovery.

These include inflationary pressures and the developments surrounding the Omicron variant of Covid-19.

As a result, there is a chance for the domestic economy to grow slower than the government's projection of 5.5% to 6.5% this year.

The government slashed its growth forecast for 2021 to 3% to 4%, down from its initial target of 6.5% to 7.5% last year.

Economist Manokaran Mottain, who expects a moderate outlook for Malaysia, cautioned that there are various challenges for the domestic economy, moving ahead.

He projects the national gross domestic product (GDP) to expand by only about 4% in 2022, significantly lower than what the government is expecting.

"Supply chain disruptions will continue for now, and it will take another three to six months to normalise significantly," he said.

He also pointed out that the recovery from floods in many parts of the country, if not expedited, will drag economic recovery.

The financial assistance to the flood vic-

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Dr Carmelo Ferlito

tims is still slow and many have yet to receive the money as promised.

"This should be accelerated and the government should not be too stringent on the criteria to qualify for assistance," said Manokaran, who is also a director of Rising Success Consultancy.

Looking ahead, he said that the fast and efficient implementation of Budget 2022 measures would help to support growth.

Meanwhile, Centre for Market Education CEO Dr Carmelo Ferlito said that the economy needs a strong push from private investments to achieve sustainable growth.

Tax reforms are also required, centred on cutting income tax, reintroducing the goods and services tax as well as reforming and rationalising incentive schemes.

"It is also very important that Asean countries work together to implement a coordinated strategy which must start with freedom of movements for business people and labour," he said.

Ferlito added that the Malaysian economy is seeing "very positive and encouraging" signals at the moment.

"The economy is rebounding well after the end of the lockdowns and we can hope this will continue in 2022 if external shocks are avoided," he said.

Ferlito said the immediate and biggest threats facing the Malaysian economy are the government's response to Omicron and inflation.

"In this sense, further lockdowns must be avoided, while on inflation, the government will need to embark on a gradual plan of spending cuts," he said.

Since 2020, the government has announced eight stimulus packages worth RM530bil cumulatively as a response to the Covid-19 induced crisis.

The government has also tabled two annual budgets, namely Budget 2021 and Budget

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