

KERATAN AKHBAR

TARIKH : 16 NOVEMBER 2022
AKHBAR : NEW STRAITS TIMES
MUKA SURAT : 19

Malaysia's economic growth momentum likely to be sustained

STRONG DOMESTIC DEMAND

Malaysia's economic growth momentum likely to be sustained

KUALA LUMPUR: Malaysia continues to excel in trade and investment, and showing solid fundamentals for further growth next year, said industry observers.

The country's current account surplus rose to RM14.1 billion, or 3.1 per cent of gross domestic product (GDP), in the third quarter, mainly due to a larger surplus in the goods trade account of RM43 billion.

The services trade deficit narrowed with a smaller deficit in transportation services and a sur-

plus in travel services amid the reopening of international borders. This was the first surplus in travel services recorded since June 2020.

Maybank Investment Bank said as the economic recovery momentum continued, the pick-up in domestic demand, elevated global commodity prices, and a weaker ringgit versus the US dollar would lead to higher import growth.

MIDF Research expects the GDP growth momentum to be sustained on the back of growing

domestic demand despite the manufacturing Purchasing Managers' Index (PMI) falling to 48.7 last month from 49.1 in September.

The research house said although the PMI readings continued to signal slowing demand, external trade data remained robust.

"While manufacturers in other countries expressed concerns about their domestic outlook, Malaysia's manufacturers continued to indicate optimistic sentiment.

"Still, we maintain a cautiously optimistic outlook for domestic production and trade activities, mainly due to uncertainties on the external front."

OCBC Bank revised its full-year GDP growth forecast for Malaysia this year to 6.9 per cent from 5.7 per cent previously following the 14.2 per cent year-on-year expansion achieved in the third quarter.

Its economist, Wellian Wiranto, said the Q3 growth was higher than the bank's 12.5 per cent forecast, suggesting a further uptick

in momentum for the rest of the year.

"Even as we remain cautious of the potential headwinds posed by the global semiconductor sector's slowdown, Malaysia's external sector has seen robust output, with the growth of 23.9 per cent year-on-year in the third quarter."

Set against the relatively strong economic backdrop, it opined that Bank Negara Malaysia might raise the Overnight Policy Rate to 3.25 per cent in the first quarter of next year.