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► While GDP may moderate due to global slowdown, strong local demand will support growth: MIDF Research

KUALA LUMPUR: MIDF Research said it is cautiously optimistic that Malaysia's economy will remain resilient amid the various headwinds expected next year and able to climb the "wall of worry" in 2023 with the support of robust domestic demand.

Director and head of research Imran Yassin Md Yusof said MIDF foresees Malaysia's GDP growth moderating to 4.2% in 2023 from the 8% expected for this year, mainly due to a deceleration in external trade performance amid a global slowdown and rising interest rates.

"However, MIDF Research is optimistic that the domestic demand will provide support to the economy, fuelled by continuous upbeat consumer spending, moderation in price pressures, further improvement in tourism-related activities and a possible revival of infrastructure projects," he told a media briefing on next year's market outlook yesterday.

He said inflationary pressures have been the key feature for this year due to the spillover of strong demand last year and exacerbated by the unexpected Ukraine-Russia conflict, resulting in high commodity



Continuous consumer spending, moderation in price pressures, improvement in tourism-related activities and a possible revival of infrastructure projects are catalysts that will spur growth next year. – ADIB RAWI YAHYA/THESUN

prices while the intermittent lockdowns in China caused supply chain disruptions.

"In response to the high inflation, monetary authorities globally adopted a tightening stance to curb price pressures and anchor inflation expectations," he noted.

The aggressiveness of the US Federal Reserve in particular had caused downward pressure on risk assets, notably in the equity, bond and currency markets, he added.

He said the global economy is expected

to experience a slowdown in 2023, mainly dragged by slowing growth in the advanced economies while emerging market economies will be the major contributor towards global growth as domestic economic activities continue to recover from the global pandemic.

However, he said highly open trading economies will likely be impacted by the expected softening of final demand and adjustments in global production activities. – Bernama