

KERATAN AKHBAR

TARIKH : 19 DISEMBER 2023
AKHBAR : NEWS STRAITS TIMES
MUKA SURAT : 2 BUSINESS TIMES

Firmer growth seen in 2024

BETTER CORPORATE EARNINGS PROJECTED

FIRMER GROWTH SEEN IN 2024

Maybank IB expects 4.4pc GDP expansion to be lifted by spending, among others

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ECONOMIC growth is expected to come in firmer next year, with a gross domestic product (GDP) expansion of 4.4 per cent, helped by resilient consumer spending, pick-up in government consumption and private investment, along with recovery in the tourism and electronics sectors.

Growth will be driven by private consumption, government consumption, private investment amid rebounds in exports and imports of goods and services, plus services and manufacturing sectors.

Maybank Investment Bank Bhd (Maybank IB) called 2024 the "take-off" year, where execution and implementation of blueprints, masterplans and roadmaps, with fiscal reforms and economic restructuring, are high on the government's agenda.

It noted that implementation of targeted rationalisation of fuel subsidy in 2024 would be the key element of fiscal reforms, while the Progressive Wage Policy



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(PWP) will be the main event for economic restructuring.

The research firm expects the fuel subsidy rationalisation — and hence the adjustment in fuel prices — to be gradual to mitigate impact on inflation, which it expects to reaccelerate to three per cent, hence its view of Bank Negara Malaysia keeping the overnight policy rate at three per cent in 2024 despite the outlook of interest rate cuts in major advanced economies and Asean peers.

PWP, on the other hand, will be the key labour market policy in-

tervention/measure to address the economic, social and political issues of cost of living, adequacy of retirement savings and equality, by way of raising workers income and ultimately labour share of GDP over the next 10 years, which are the targets under the 12th Malaysian Plan Mid-Term Review, National Industrial Master Plan 2030 and Madani Economy.

On equities, Maybank IB said global monetary policy tightening at its tailwind, stable domestic interest rate policy outlook, economic transformation, and

rising foreign direct investment momentum are key catalysts.

The bank also looks forward to better corporate earnings growth in 2024 and improved earnings in most sectors, with gloves and aviation sectors to turn profitable.

"We maintain our year-end 2024 FTSE Bursa Malaysia Kuala Lumpur Composite Index target of 1,610.

"For investment strategy, we recommend a portfolio of selective trade-related, and domestic sectors, balanced with yield and environmental social and governance stocks."