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KUALA LUMPUR: Malaysia's economy in the fourth quarter of 2023 (4Q23) likely expanded 3.4% from a year earlier, marginally faster than the previous three-month period, though a slump in exports and easing activity signalled weakening momentum.

While all major sectors registered an expansion in the October-December period, growth in the construction sector slowed to 2.5% from a year earlier, from 7.2% in the previous quarter, while manufacturing sector's growth was nearly stagnant at 0.1%, official advance estimates released by the Statistics Department showed yesterday.

In 3Q23, gross domestic product (GDP) expanded 3.3% as buoyant domestic spending offset weak external demand. Malaysia's exports, which have been in

decline since March, contracted 8% in 2023, according to trade data released separately yesterday.

The department began releasing preliminary estimates on quarterly economic performance in October last year, citing demand for more timely statistics and to comply with international best practices.

The country's full-year economic growth is expected to come in at 3.8% in 2023, the department said, below the government's projection of a 4% expansion and a sharp drop from a 22-year high of 8.7% in 2022.

Malaysia's growth outlook was expected to remain cloudy in coming months, analysts say, flagging risks including a possible spike in inflation following planned subsidy cuts this year.

"We think the economy is set to remain weak in the near term as elevated interest

rates, a cooling labour market, soft foreign demand and subdued commodity prices weigh on activity," Capital Economics Emerging Asia Economist Shivaan Tandon said in a note.

Alex Holmes of Oxford Economics says the government's forecast of 4%-5% growth in 2024 "looks difficult to reach", amid easing domestic consumption and subdued global growth.

The data release comes ahead of Bank Negara Malaysia's monetary policy meeting on Jan 24.

The central bank is likely to keep its benchmark interest rate unchanged for the fourth straight time, according to all 28 economists polled by *Reuters*.

Final 4Q23 and full-year GDP figures are expected to be released on Feb 16. — *Reuters*