KERATAN AKHBAR

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MUKA SURAT : 2

No need to revised GDP growth

LESS UNCERTAINTY

BANK NEGARA: NO NEED TO REVISE GDP GROWTH

Central bank keeps forecast between 4.0 and 4.8pc, with potential outcomes from tariff talks

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BANK Negara Malaysia sees no immediate need to revise its growth forecast as the recent trade talks have helped reduce some economic uncertainty, according to its governor.

Datuk Seri Abdul Rasheed Ghaffour, however, said lingering risks remain particularly around sector-specific tariffs and unresolved discussions with certain countries.

Bank Negara kept its 2025 gross domestic product (GDP) growth forecast at between 4.0 and 4.8 per cent, taking into account potential outcomes from ongoing tariff negotiations.

The previous July forecast revision had assumed tariffs of between 25 and 30 per cent, but Malaysia's exports to the United States have been subject to a lower rate of 19 per cent since Aug 1.

Bank Negara had initially projected GDP growth of 4.5 to 5.5 per cent in March.

"There is no need for us to revise the growth numbers. In terms of the balance of risk growth and gains, the completion of negotiations reduces the uncertainty," he said after announcing the country's second-quarter GDP yesterday.

"But again, there is still uncertainty that lingers; in terms of the sectoral tariff, for example, and also in terms of the developments of discussions and negotiations with certain countries, which have not concluded yet," he added.

Malaysia's economy expanded 4.4 per cent in the second quarter, driven by robust expansion in domestic demand and export growth. This was unchanged from the 4.4 per cent expansion in the first quarter. On a quarter-on-quarter seasonally adjusted basis, the economy expanded by 2.1 per cent, up from 0.7 per cent in the first quarter.

Rasheed said while the recent tariff reduction offers some certainty, the high-tariff environment remains a headwind for Malaysia's open economy.

Economists contacted by *Business Times* expect slower growth as export gains fade despite resilient domestic demand.

Bank Muamalat Malaysia Bhd chief economist Dr Mohd Afzanizam Abdul Rashid said growth in the second half could be in the range of 3.7 to 3.8 per cent, bringing full-year expansion to around 4.1 per cent

Afzanizam said net exports were the main drag on overall growth in the second quarter, where it fell 72.6 per cent, but domestic demand remained resilient, particularly private sector consumption and investment.

"In addition, the additional allocation for Sumbangan Tunai Rahmah of RM2 billion would also helped to promote higher domestic demand which can provide offset to the looming risks of slower global growth in the second half of the year," he said.

Economist specialising in Southeast Asian development Doris Liew said the 4.4 per cent growth appears modest when viewed against the backdrop of strong front-loading in the first half of the year.

"As such, the headline figure masks some underlying softness, especially with external demand momentum likely to normalise in the coming months," she said.

Dr Geoffrey Williams opined that the stable economic growth at 4.4 per cent for the first and second quarters is in line with the underlying growth potential of the economy and shows a resilient performance.

He said the first half results were helped by export front-loading and Employees Provident Fund withdrawals, as well as previously announced increases in civil service pay.

"So this is largely driven by domestic demand rather than an improvement in underlying growth potential," he added.

However, Williams said exports in the second half of the year will be lower, so slower growth is likely, consistent with the forecast downgrade.