

Malaysia's full year economic growth expected to remain positive – Zafrul

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Malaysia's economy is on track for recovery with full-year economic growth expected to remain positive at between 3.0 percent and 4.0 percent in 2021, and further expand at between 5.5 percent and 6.5 percent in 2022, said Finance Minister Tengku Zafrul Abdul Aziz said.

Despite headwinds throughout the third quarter of 2021 (Q3 2021), various key economic indicators point to a strong recovery momentum, especially as the nation enters the fourth quarter of the year (Q4 2021) and into 2022, he said.

“This includes improvements in the labour market, as the unemployment rate declined to 4.5 percent in September, as well as a 24.7 percent increase in exports and an 11.6 percent increase in manufacturing sales during the same month.

“Furthermore, in Q3 2021, we saw an increase in both business and consumer

confidence as tracked by the Malaysian Institute of Economic Research, as well as RM12.8 billion in net foreign direct investments (FDI), bringing the total net FDI for the first nine months of this year to more than RM30 billion,” he said in a statement today.

The International Monetary Fund and the World Bank have projected Malaysia’s economy to grow at 6.0 percent and 5.8 percent in 2022 respectively.

Malaysia’s gross domestic product (GDP) grew by 3.0 percent in the first nine months of 2021, compared with a 6.4 percent contraction in the same period last year.

This was despite the fact that the GDP contracted by 4.5 percent year-on-year in Q3 2021, reflecting challenges caused by strict containment measures to stem the surge in new cases caused by more virulent Covid-19 variants of concern.

In terms of monthly GDP performance, the contraction narrowed to 1.1 percent in September from 7.6 percent in July and 4.7 percent in August 2021, which indicated improvements in economic and social activities as the National Covid-19 Immunisation Programme gained momentum, allowing more states to shift towards Phase 4 of the National Recovery Plan.

Moving forward, Tengku Zafrul said the economic growth would be driven primarily by an expansionary Budget 2022, normalisation in economic and social activities premised on high vaccination rates, resumption of projects with high multiplier effects, and strong external demand, especially from major trading partners.

“The government will continue to protect lives and livelihoods from the threat of Covid-19 while also ensuring that the country's medium- to long-term economic growth prospects remain strong.

“The government is committed to responding strategically, proactively, and decisively, while also attempting to limit the Covid-19 pandemic’s long-term economic consequences,” he added.

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