

Strong investments, exports drive GDP growth to 5.3pct

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The Malaysian economy expanded by 5.3 percent in the third quarter of 2024 (3Q 2024), driven by strong investment activities and continued improvement in exports.

Bank Negara Malaysia (BNM) governor Abdul Rasheed Ghaffour said with the country's economy expanding by 5.9 percent in 2Q 2024, the average growth for the first three quarters came to an average of 5.2 percent.

"Investment activity was underpinned by strong spending on structures and machinery and equipment (M&E), while household spending sustained its expansion amid positive labour market conditions and policy support," he said at today's third quarter GDP press conference.

Rasheed (above) noted that exports continued to strengthen on the back of recovering external demand and positive spillovers from the global tech upcycle.

At the same time, imports also grew at a faster pace following strong demand for

capital and intermediate goods to support rising investments and trade.

“On the supply side, most sectors remained supportive of growth. In particular, the improvement in the manufacturing sector was driven by export-oriented clusters,” he said.

“However, growth was partly offset by maintenance activities in the mining sector.”

Going forward, Rasheed said the Malaysian economy would be supported by robust expansion in investment activity, continued improvement in exports, and resilient household spending.

Investment activities would be driven by progress in multi-year projects across private and public sectors.

“Catalytic initiatives announced in national master plans and higher realisation of approved investments are also key drivers for investment activities,” he continued.

“These investments, which are supported by higher capital imports, will raise exports and expand productive capacity in the economy.”

The governor noted that household spending would be underpinned by continued employment and wage growth as well as policy measures.

He said the ongoing global tech upcycle and continued strong demand for manufactured goods and commodities are expected to lift exports.

On the country's growth outlook, Rasheed said it remains subject to downside risks stemming from slower external demand, further escalation of geopolitical tensions, and protectionist measures, as well as weaker-than-expected commodity production.

Upside risks to growth include greater spillovers from the tech upcycle, faster implementation of investment projects, and more robust tourism activity, he added.

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