

Fitch downgrades Malaysia from 'positive' to 'stable'
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International ratings agency Fitch today downgraded its outlook for Malaysia from "positive" to "stable", saying the economy would be hit by

In a global review conducted in response to the international financial crisis, Fitch also knocked its sovereign rating for South Korea down to negative from stable.

"In revising the outlook on Malaysia to stable, Fitch took into account the likely impact on the balance of payments of lower oil and other commodity prices," the credit assessor said in a statement.

It said that Malaysia would also suffer from "the deterioration in external demand conditions for electronics exports."

"Malaysia is one of Asia's more open economies and the region's only significant net oil exporter," it said.

Government slashes growth

Malaysia earlier this month slashed its 2009 growth forecast from 5.4 percent to 3.5 percent, and announced a RM7 billion spending programme to boost the economy.

The stimulus package includes a RM1.5 billion fund aimed at attracting private sector investment.

Prime Minister Abdullah Ahmad Badawi said Monday that Malaysia has strong economic fundamentals and a resilient banking and financial system, but was not completely insulated from the international credit crunch.

"Malaysia is a very open economy and we expect to experience a slowdown in growth next year, stemming mainly from softening export demand and lower foreign direct investment inflow," he said according to the state Bernama news agency.