

# MADANI-NOMICS STARTS BEARING FRUIT

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**O**N May 17, the Finance Ministry announced that Malaysia's economic growth for the first quarter of 2024 was 4.2 per cent (fourth quarter of 2023: 2.9 per cent), surpassing Bloomberg's consensus forecast of 3.9 per cent.

This was driven by a recovery in export performance and robust domestic demand.

As emphasised by Prime Minister Datuk Seri Anwar Ibrahim, the encouraging economic performance in first quarter of 2024 demonstrates that effective policies and sound economic management have catalysed this growth.

"Despite global economic uncertainties, Malaysia's economic performance is strengthening. The increased confidence in the domestic capital market is evident from the recent record highs of the FTSE Bursa Malaysia KLCI (FBM KLCI), reflecting renewed interest from global investors in Malaysia's reform narrative," Anwar said.

According to Bank Negara

Malaysia, the increase was due to higher household spending, increased employment and wages, and higher capital expenditure. The low unemployment rate of 3.3 per cent and controlled inflation rate of 1.7 per cent also contributed to economic stability.

The economic momentum reflects the country's solid foundations and investor confidence in the domestic economy, further bolstered by the government's effective policies.

The Madani Economy framework, which outlines robust strategies for Malaysia's economic growth and identifies new growth industries, has begun to yield positive results.

Based on this progress, S&P Global Ratings (S&P) maintained a favourable sovereign credit rating for Malaysia. It said Malaysia's economic growth rate was faster than other nations with similar income levels.

Fitch Ratings projects Malaysia's gross domestic product (GDP) to grow by 4.4 per cent this year.

Rajiv Batra, chief Asia-Pacific equity strategist at JP Morgan, in



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an interview with CNBC on July 10, said had upgraded Malaysia from "underweight" to "neutral" due to the surprising speed of progress.

On July 19, the Statistics Department's advance estimate showed Malaysia's economy was projected to grow 5.8 per cent in second quarter, marking the highest growth since the 7.4 per cent expansion in the fourth quarter of 2022.

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said increased household spending was spurred by festive seasons and school holidays, as well as the second phase of the Sumbangan

Tunai Rahmah payments in April.

Additionally, RM6.98 billion had been withdrawn from the Employees Provident Fund's Akaun Fleksibel as of June.

"For the external sector, the total trade, exports, and imports increased compared to the same period last year. Other factors include the rise in tourist arrivals, crude palm oil production, and progress in mega projects," he added.

Some key initiatives introduced by Anwar include the Madani Economy framework, which maps out robust strategies for Malaysia's economic growth,

identifies new growth industries, and generates positive outcomes.

The framework also emphasises the importance of inclusive and sustainable economic development, ensuring that all segments of society benefit.

The second Madani budget this year will focus on prudent financial management and ensures the welfare of vulnerable groups is safeguarded.

The National Energy Transition Roadmap and the New Industrial Master Plan 2030 introduced by the government attracts high-value investments in high-value-added industries, thereby creating high-income jobs.

As Anwar explained, the 5.8 per cent economic growth projection for the second quarter indicated that the country has successfully broken through the "wall of worry".

This potential growth is indeed an extraordinary figure, beyond the forecasts made by all parties.

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