

Anwar: GDP growth to hit official 4% to 5% target

Madani reform agenda is delivering positive results

ECONOMY

PETALING JAYA: The government is confident that the Ekonomi Madani reform agenda is delivering positive results to propel economic growth within its official target range of 4% to 5% this year, says Prime Minister Datuk Seri Anwar Ibrahim.

"With the buoyant labour market and stronger trade and investment performance already pushing the first quarter gross domestic product (GDP) growth beyond market expectations to 4.2%, the government is confident that the full-year economic growth will be within its official growth target range," said Anwar, who is also Finance Minister, in a statement issued by the Finance Ministry.

This comes following the announcement by S&P Global Ratings (S&P) and Fitch Ratings (Fitch) to reaffirm their sovereign credit rating on Malaysia at *A-* and *BBB+* respectively, with a "stable" outlook.

S&P on Thursday stated that its ratings are underpinned by Malaysia's strong external position and monetary policy flexibility. In addition, its economic growth rate trend is faster than sovereigns of similar income level.

It highlighted that Malaysia is set to become a key beneficiary in the semiconductor industry boom cycle and the sustained economic growth along with a savvy execution in reforming its blanket subsidy programmes would be the key factor in improving its public finance.

"The reaffirmation of Malaysia's sovereign credit ratings and positive economic

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Fitch Ratings

outlook by S&P and Fitch is testament to the government's responsible economic management and how the Ekonomi Madani reform agenda is delivering positive results," Anwar added.

They include the continuous reforms across institutions to enhance ease of doing business and competitiveness, as well as the continuing progress of projects and policy reforms under the New Industrial Master Plan 2030, the National Energy Transition Roadmap, and the Mid-Term Review of the 12th Malaysia Plan.

S&P forecast Malaysia's economy to grow on average 4.4% annually over 2025 to 2027. In 2024, the growth is projected to be at 4.3% on the back of improving external demand alongside robust private-sector investments.

"We project Malaysia's GDP per capita to be US\$12,376 in 2024, lower than most peers in the same rating category but the third highest in South-East Asia, behind neighbours Singapore and Brunei," the rating agency's release noted.

Meanwhile, Fitch said Malaysia's GDP

growth would rebound to 4.4% in 2024 and 4.5% in 2025, up from 3.6% in 2023, on resilient domestic demand and investments in the manufacturing sector.

Fitch also anticipated the country's current account surplus to rise to 2.1% and 2.4% of GDP in 2024 and 2025, respectively.

"Malaysia is seen to benefit from the global supply chain diversification, as well as an increase in realised foreign investments in 2024," it noted.

Fitch said private consumption would benefit from the favourable labour market conditions, cash assistance programmes and retirement fund withdrawals while manufacturing output and exports are expected to grow with a recovery in external demands for electronics.

The finance ministry said the government is committed to ensure public finance sustainability by adhering to a consistent fiscal consolidation trajectory.

The tapered fiscal deficit of 5% in 2023 is expected to narrow further to 4.3% in 2024. In the medium term, the government targets to achieve a budget deficit of 3% or less.