

**Malaysia's economy likely to slow despite earlier boom**  
**The Malaysian Insider**  
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**By Debra Chong**

KUALA LUMPUR, Nov 18 — Malaysia should brace for a protracted economic slump despite the expected announcement today that its economy has grown by up to 4.8 per cent in the past three months, analysts have warned, as the mushrooming debt cloud from the US and Europe spreads eastwards.

As the country heads into the last six weeks of the year, Bloomberg News reported today that most Asian currencies have been falling in the past three months on concern the nations that led the recovery from the 2009 global recession will falter.

File photo of a weekly night market in Kota Kinabalu. Analysts have said Malaysia should brace itself for a slump despite the recent growth in the economy. — Reuters pic  
"It's part of monetary easing if they let their currencies weaken," the business news agency reported United Overseas Bank economist Ho Woei Chen as saying.

The ringgit has fallen more than five per cent in the past three months while the Thai baht has weakened 3.3 per cent but neither countries have cut their rates even as Indonesia and Australia lowered borrowing costs in this last quarter.

"Probably they are not cutting interest rates that aggressively but letting their currency depreciate," Ho said, adding he expects Malaysia and Thailand to highlight the risks to growth going forward.

Citing United Overseas Bank Ltd, Bloomberg reported that policymakers throughout the region may allow more weakening to support non-oil exports to Europe and the US, which have been crashing across the board in Singapore.

The republic's main electronics sector has been battered and dropped by 31 per cent last month compared to the same period last year due to poor demand for disk drives and integrated circuits which plunged more than 50 per cent.

Analysts observed that Malaysia's growth spurt in the last quarter was due to its strong domestic demand and export before the sovereign debt-crisis deepened in Europe.

Investment experienced a sprint in Southeast Asia's third- largest economy since the Najib administration last year identified US\$444 billion (RM1.37 trillion) worth of private sector-led projects to spur growth, Bloomberg reported.

International Business Machines Corp (IBM), Toshiba Corp and Agilent Technologies Inc are among the companies that have pledged new investments here.

Exports grew at the fastest pace in more than a year in September as companies shipped abroad more electronics and commodities.

But the analysts also warned that the growth could be stunted if the external sectors spilled over into the domestic economy.

"Supply chain disruptions stemming from Thai floods may depress industrial production in the short run," reported Bloomberg, quoting Daniel Wilson, an analyst at Australia & New Zealand Banking Group Ltd. in Singapore..

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