

**World Bank expects slower growth to hit Malaysia**  
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KUALA LUMPUR, Nov 21 — Malaysia's economy is expected to slow further in the remainder of 2011 and into early 2012 mainly due to the deterioration in the outlook for external demand, said the World Bank today.

The international bank said in a report that while domestic demand is expected to remain resilient the weakening global environment is likely to put pressure on manufacturing wages and agricultural commodity prices, which could dampen consumer spending.

The report forecast growth of 4.3 per cent for this year and 4.9 per cent in 2012.

Bank Negara however said last week that Malaysia's economic growth for the first two quarters has been revised upwards to 4.75 per cent for the first half of the year due to new information received by the Statistics Department but this is still below the World Bank's forecast of 5.2 per cent in the previous edition of the Malaysia Economic Monitor.

The World Bank said that the slowdown in advanced economies has resulted in a two-speed economy for Malaysia with a slowdown in exports of electrical and electronic (E&E) products partially compensated by robust commodity-related exports.

It also noted that Malaysia's post-crisis performance has been middling compared to other regional economies.

"Although private consumption growth (and domestic demand more generally) has been a stronger driver of growth compared to countries like Thailand and Hong Kong SAR (China), Malaysia's overall performance has been dragged down by weakness the key E&E export sector, which caused the recovery of exports to lag that of neighboring countries," said the report.

On the positive side, the report pointed out that private investment was robust in the first half of the year with foreign direct investment rising 75.4 per cent and approved manufacturing projects growing 116 per cent.

The Malaysian economy surpassed expectations and grew at 5.8 per cent in the third quarter, according to statistics released last week.

The third quarter growth was much higher than the 4.9 per cent growth expected by economists polled by newswire Reuters.

Government officials have maintained that the country could still grow between 5-6 per cent this year although most local research houses have estimated growth of between 3-5 per cent.

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