

Economist Sees Five Per Cent Economic Growth For Malaysia
Bernama
12 March, 2014

KUALA LUMPUR, March 12 (Bernama) -- Malaysia's economy is expected to expand by five per cent this year as last year's second-half upward momentum is likely to be sustained, said Allianz Group Chief Economist, Michael Heise.

Heise said the anticipation of higher private investment, coupled with stronger exports, would support the growth for this year.

"We expect stable growth for Malaysia which would benefit from the improvement in exports, especially to the European countries following their economic recoveries," he told a media briefing on 'The global economic outlook, emerging markets and Malaysia', here today.

He said the commodity prices would help the economy, with oil palm and others commodities to trade higher due to the Ukraine crisis.

"The prices would stay elevated for some time.

"The recovery in the exports will then trigger strong investments moving into the country," he said.

In 2013, the country's real gross domestic product expanded by 4.7 per cent, he said.

The economist said Malaysia would experience less dynamic private consumption this year as it would be slightly affected by the implementation of the goods and services tax.

However, it would be offset by the likely reduction in personal savings, he said.

Going forward, Heise said, Malaysia's fiscal consolidation, as well as the possible second round effects of inflation, would be among the challenges for the country.

He said the ringgit was expected to experience a five per cent devaluation by year-end in the course of further tapering in the US' stimulative quantitative easing policy.

"A lot depends on the action of the European Central Bank, which is so far still on the "easing-bias" ... I could foresee some changes to its policy in the year.

"Together with the US Federal Reserve's action, it may again create some noise in financial markets, and that may put some pressure on the emerging markets.

"However, it would not be a major or aggressive (changes) because the markets are expecting these monetary policies," he said.

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