

Malaysia's GDP To Grow 5.4 Per Cent In 2014, Says RHB Research
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KUALA LUMPUR, March 20 (Bernama) -- RHB Research said Malaysia's Gross Domestic Product is likely to grow at 5.4 per cent in 2014, on the back of stronger economic growth this year.

"We see some bright spots in the global economy. In particular, the US economy is envisaged to stage a stronger growth in 2014 to help lift the global economy," it said in a note Thursday.

The research firm expects Malaysia's real exports to pick up the pace to 4.5 per cent this year, despite it falling further to -0.3 per cent in 2013.

The ringgit will likely remain in a rangebound trading pattern at around the RM3.25 to RM3.30 level against the US dollar in the near term, said RHB Research.

In the longer run, the domestic unit will eventually strengthen to around RM3.15 per US dollar supported by a surplus in the current account of the balance of payments, it added.

RHB Research said the current account of the balance of payments is likely to record a smaller surplus of RM28.7 billion or 3.4 per cent of gross national income in 2014.

It also expects Bank Negara to increase the overnight policy rate 25 basis points towards the late third quarter of 2014 to 3.25 per cent, after keeping it unchanged at three per cent for more than two years.

Despite the increase in household debt, the research firm said it does not anticipate drastic tightening of measures to contain the household debt.

RHB Research expects fixed capital formation to sustain at a growth of 8.5 per cent in 2014, compared with 8.2 per cent in 2013.

It said the growth of public investment would likely be supported by the Public-Private Partnership programme and progress in the implementation of some large infrastructure projects.

"We envisage public investment to expand at a faster pace in 2014, after growing at a modest pace in 2013," said the research firm.

RHB Research also expects public consumption to grow at a slower pace this year, in line with the government's efforts to reduce spending in order to contain its budget deficit and debt.

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