

## **HSBC: Malaysia to Record GDP Growth of 5.2 This Year**

**Bernama**

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KUALA LUMPUR, June 26 (Bernama) -- HSBC Bank (M) Bhd expects Malaysia to record a better gross domestic product (GDP) growth of 5.2 per cent versus 4.7 per cent achieved last year.

Its Asean Economist Su Sian Lim said the growth would be driven mainly by vigorous domestic demand and encouraging export data.

"Malaysia is a good example whereby its Economic Transformation Programme does help shape the composed nation's growth as this prove to be vital in the next three to five years.

"I am confident with the outlook, assuming that policymakers step up and do the right things," she told reporters at a briefing today.

Su also anticipated the ringgit to weaken to 3.33 against the US dollar from the current 3.21, adding that Bank Negara would increase the policy rate to 3.50 per cent from the initial 3.0 per cent, both by year-end.

"I also expect that there would be two interest rate hikes in July and another close to the year-end," she said.

Su said if there was no rate tightening, the nation was delaying an important decision until later, where the impact would be more costly.

On earlier measures taken by the central bank to tighten the rates, she said it was the right step taken before the tapering of the quantitative easing occurred in the United States.

"The US is currently pumping money in terms of stimulus at a gradual pace and the broad dollar will likely trend upwards," she added.

Asked whether the interest hike would drive the aim of the government to achieve a high-income nation by 2020 off course, she said Malaysia is currently doing good and the US\$15,000 per capita target was achievable.

HSBC has also projected the national consumer price index to stand at 3.2 per cent by year-end.

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