

World Bank: Malaysia's Q1 exports fell 17.2pc, growth at risk

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By Syed Jaymal Zahiid

Malaysia's GDP is expected to grow at 4.4 per cent this year, but uncertainty over the global economic outlook pose significant risk to growth for Southeast Asia's third-biggest economy. — Reuters pic

KUALA LUMPUR, June 30 — Exports dropped by 17.2 per cent in the first quarter of 2016 as slow global growth weighed in on demand, the World Bank said in its Malaysian Economic Monitor report released today.

Malaysia's GDP is expected to grow at 4.4 per cent this year, but uncertainty over the global economic outlook pose significant risk to growth for Southeast Asia's third-biggest economy, the bank said.

“Private consumption growth mitigated the decline in private investment, particularly the oil and gas sector.

“Sluggish demand for commodities also led exports to decline by 17.2 per cent in 1Q 2016,” the report said.

The bank had originally expected Malaysia's GDP to grow by 4.5 per cent in December but revised its reading to reflect the gradual deceleration in private consumption as a result of softer labour markets, and cautious household spending triggered by a new tax and subsidy cuts.

Sharp decline in the ringgit could also worsen consumer sentiment, forcing adjustments that could slow the economy significantly.

“In an adverse scenario, a sharp adjustment among households due to steep decline in real income growth and or weakening of the ringgit could eventually have spillover effects on overall consumer confidence sentiments,” the report said.

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