

Economists: Malaysia to benefit from China's strong growth
Free Malaysia Today
April 18, 2017

Growth of 6.9% in first quarter of 2017 reflects healthy demand in China which will likely translate into higher exports from Malaysia, says report.

KUALA LUMPUR: China's economy grew faster than expected in the first quarter of 2017 – and this is good for Malaysia.

The 6.9% growth – the strongest since 2015 – was above the consensus estimate of 6.8%.

This is good for Malaysia as China is Malaysia's largest trading partner.

Affin Hwang Investment Bank Bhd chief economist Alan Tan told The Edge Financial Daily that the strong gross domestic product (GDP) growth reflected a healthy domestic demand in China.

“A combination of better external and domestic demand would mean that Malaysia should benefit not just from China's demands for manufactured goods but also for Malaysia's commodity-related products,” he was quoted as saying.

Tan believed Malaysia could now perhaps possibly achieve the upper end of Bank Negara Malaysia's forecast of 4.3% to 4.8% GDP growth.

Affin Hwang has maintained Malaysia's GDP growth at 4.4% for 2017.

Socio-Economic Research Centre Sdn Bhd executive director Lee Heng Guie expressed similar sentiments.

However, Lee added a caution, telling The Edge: “Of course, it's only the first quarter, so we have to wait and see if this could continue into the second half.”

Lee said if China maintained this steady growth, it would be positive for regional trade and investment, including for Malaysia.

CIMB economist Michelle Chia, however, said: “It's in line with the reality, but it's not too much bigger than expectations. The numbers are definitely good, but it's not a game changer.”

She is maintaining CIMB's forecast for Malaysia's GDP growth at 4.2%.

On the impact of the better-than-expected Chinese GDP growth on Malaysia's equity market, Inter-Pacific Securities Sdn Bhd head of research Pong Teng Siew told The Edge:

“The data is positive, but it’s not a forward-looking data so it has a limited impact. The market continues to expect the Chinese economy to slow down as it adjusts to a new economic model. This was despite the first quarter growth turning out to be better than consensus.”

He said the market remained jittery despite a better performance in the KLCI Index yesterday, closing higher by 0.17% or 2.94 points at 1,733.93.

This, he said, was due to geopolitical concerns and tensions, a slowing economy and some negative signs in the US economy such as slower vehicle sales, property sales and decline in retail prices.

“At the moment, it’s safe to say that all the bullishness that people had when (Donald) Trump became president (of the US) is going to be reversed, as much of it has not turned out as expected,” he was quoted as saying.

Copyright (C) 2009-2016 MToday News Sdn. Bhd. All Rights Reserved

Source:<http://www.freemalaysiatoday.com/category/nation/2017/04/18/economists-malaysia-to-benefit-from-chinas-strong-growth/>