

**Investments help fire up first quarter 2017 economic growth**  
**Free Malaysia Today**  
**May 19, 2017**

**Malaysia's economy grew 5.6% in the first quarter of 2017, higher than the 4.1% registered in the same quarter of 2016.**

KUALA LUMPUR: Malaysia's economy recorded robust growth of 5.6% in the first quarter of this year (Q1) against the 4.1% registered in the same quarter of 2016, boosted by strong domestic demand and private expenditure.

Bank Negara Malaysia (BNM) governor Muhammad Ibrahim said growth for the just-ended quarter was the best since the corresponding quarter of 2015, which saw gross domestic product (GDP) at 5.8%.

During the Q1, domestic demand increased to 7.7% supported by continued expansion in private sector expenditure, which grew by 8.2% and the turnaround in public sector expenditure.

Private consumption rose 6.6%, while investments grew sharply by 12.9% following continued capital spending in the services and manufacturing sectors.

Investments in machinery and equipment were higher during the quarter, supported by the implementation of several large-scale projects in the manufacturing sector.

Public consumption recorded a 7.5% growth in Q1 due to higher spending on both emoluments as well as supplies and services, while investments improved 3.2%, driven mainly by higher spending on fixed assets by public corporations.

Meanwhile, headline inflation rose by 4.3% due to higher fuel oil prices with RON95 petrol averaging RM2.23 per litre compared with RM1.73 in the same quarter last year.

"We anticipate inflation to range between 3.0-4.0% this year," Muhammad told a press conference to announce the first quarter GDP performance here today.

The governor said Malaysia's household debt had been reduced to 88.4% during the said quarter from 89% at end-2016 on the back of stable labour market conditions and adequate financial buffers.

He also said demand for home financing remained a key contributor to the debt level during the reviewed quarter, while adding that outstanding housing loans expanded 8.5% annually.

The overall housing loans approval rate remained high at 74.2% with banks approving RM22.3 billion to 90,137 borrowers during the quarter, of which half was for affordable housing units priced below RM500,000.

Going forward, Muhammad said the economy was on track to register higher growth of between 4.3% and 4.8% this year on anticipation of a further expansion in domestic demand, better export growth, and moderate inflation in the coming quarters.

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