

Malaysia's outlook remains positive — World Bank

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KUALA LUMPUR: The outlook for the Malaysian economy remains positive as the country continues to experience broad-based growth across a range of diversified sectors, the World Bank says.

In a statement to clarify reports about its East Asia and Pacific Economic Update released on Wednesday, it also highlighted that its forecast on the country's fiscal balance remains towards a decline in the deficit.

“With faster than expected GDP (gross domestic product) growth working in support of fiscal consolidation efforts, Malaysia's budget deficit is projected to decline to 3% of GDP in 2017, and further to 2.8% and 2.7% of GDP in 2018 and 2019 respectively.

“The World Bank's assessment is that an appropriate pathway of public sector fiscal consolidation has put Malaysia's debt on a sustainable pathway over the medium term,” it said.

Meanwhile, it said regional risks raised in the update, like an unexpectedly fast tightening of global financial conditions or escalation of geopolitical tensions that could cause outflow of capital from a country, are risk factors that affect East Asia and the Pacific region as a whole, and did not refer specifically to Malaysia.

“We believe Malaysia's domestic monetary and financial conditions continue to be supportive of economic activity. While Malaysia is relatively more financially integrated compared [with] other economies of the region, the fact that a significant share of external debt is either ringgit-denominated or medium/long term in maturity also helps to mitigate that risk, as indeed does the level of reserves,” it added.

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