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Lim Guan Eng addresses a press conference in Putrajaya April 23, 2019. — Picture by Miera Zulyana

KUALA LUMPUR , July 7 — Standard and Poor's (S&P) Global Ratings positive outlook of the local economy demonstrates that rising direct public debt was not jeopardising Malaysia's sovereign credit rating, said Lim Guan Eng.

The finance minister said S&P's A- rating of Malaysia also demonstrated confidence in the local economy, Malaysia's strong institutional profile, economic fundamentals and prudent debt management.

"The reaffirmation (by S&P) also shows that the increase in government's direct debt does not affect Malaysia's sovereign credit ratings, especially when the government's overall debt and liabilities have been reduced," Lim said in a statement.

Lim then attributed the improved numbers to Malaysia's growth prospects after the World Bank projected a 4.6 per cent GDP growth in 2019, along with rising exports despite the US-China trade war.

He detailed how local exports grew 2.5 per cent to RM84.1 billion from RM82.1 billion in 2018.

"As a result of the continuous export growth, trade surplus for the first five months of 2019 has risen by 4.3 per cent to RM56.8 billion, compared to RM 54.5 billion in the same period last year.

"Approved foreign direct investment (FDI) across all sectors for the first quarter of 2019 rose 73.4 per cent to RM29.3 billion, versus RM16.9 billion a year ago. The first quarter of 2019 approved FDI growth was driven by a

127 per cent increase in approved manufacturing FDI to RM20.2 billion from RM8.9 billion a year ago," he said.

Lim said Bank Negara Malaysia's decision to cut its Overnight Policy Rate by 25 basis points to 3 per cent in May this year has eased the burden to consumers, which was evident in the 13 per cent spike in vehicle purchases from January to May this year.

Among other factors that contributed to the higher fiscal ratings, Lim said, was the government's sound debt management, which he said was duly recognised by S&P.

He said despite the government's direct debt rising from 50.1 per cent in 2017 to 51.2 per cent in 2018, it was only one component of overall debts and liabilities, not including other government guarantees, finance leases, and liabilities from 1Malaysia Development Berhad (1MDB).

"The Ministry of Finance is confident of reducing the government's fiscal deficit from 3.7 per cent of GDP in 2018 to 3.4 per cent this year," he added.

Lim also expressed plans to promote economic stability and strong local financial institutions as important pillars in driving Malaysia's development, while keeping Malaysia's sovereign credit ratings high at A- or A3.

"Growth and reform measures carried out will rebuild trust in the government, improve domestic business environment while enhancing the welfare of the rakyat through the creation of better job opportunities and wage growth," he added.