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Ministry of Finance (MoF) in a statement said the 4.9 per cent GDP growth was above market consensus of 4.7 per cent as compiled by Bloomberg.- NSTP/Osman Adnan

KUALA LUMPUR: Malaysia's second quarter 2019 gross domestic product (GDP) growth which expanded to 4.9 per cent year-on-year, from 4.5 per cent in the previous quarter, continued to highlight the country's resilience amid the challenging global environment.

In beating market expectations, it also highlighted the effectiveness of institutional reforms carried out under the leadership of Prime Minister Tun Dr Mahathir Mohamad.

The Ministry of Finance (MoF) in a statement here said, the 4.9 per cent GDP growth was above market consensus of 4.7 per cent as compiled by Bloomberg.

"This is especially evident when several of Malaysia's major trade partners are experiencing a synchronised growth slowdown caused by multiple factors, including the ongoing China-US trade war.

"Indeed, Malaysia is one of the few economies in the region that experienced faster growth in the second quarter compared to the previous quarter," Minister Lim Guan Eng said in the statement.

The second quarter Malaysian GDP growth was supported by solid domestic demand growth of 4.6 per cent year-on-year, which was faster than the 4.4 per cent rate recorded in the first quarter of the year.

However, Lim said, while Malaysia's growth is encouraging, the government would not ignore the high risks associated with the escalating China-US trade war.

He pointed out that Malaysia is focused on growing the domestic economy sustainably, and would prepare contingent expansionary measures when necessary, to counter any adverse impact from the trade war.

"The government's success in managing its finances prudently through its reforms over the past year will allow Malaysia to respond appropriately if required. The government is mindful of the weakening global demand and its effects on the domestic economy," he said.

To recap, the International Monetary Fund (IMF) in July downgraded its 2019 global GDP growth forecast to 3.2 per cent from 3.3 per cent, while earlier in the year, it projected the 2019 world's economy to expand by 3.5 per cent.

The slowdown originated from persisting trade tensions. In contrast, the World Bank projected the Malaysian GDP to grow 4.6 per cent for the whole of 2019.

The strong GDP growth, along with cost consolidation and fiscal transparency carried out by the government, are among factors that convinced international credit rating agencies to reaffirm Malaysia's sovereign credit ratings at a high grade of A- or A3, said the statement.

On July 18, Fitch Ratings confirmed the government's credit rating at A- with a stable outlook and this followed the same action taken by S&P Global Ratings on July 3.

-- Bernama