

ECONOMIC FORECAST

GROWTH EXPECTED TO PICK UP IN H2

Higher oil price, China stimulus measures brighten outlook, Bloomberg survey shows

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MALAYSIA'S economic growth is expected to bounce back in the second half of the year, said economists.

They said although the first-quarter growth might be the slowest in nearly three years, a pick-up was expected from July to December with the recovery of the global oil price.

The oil price has gained around 30 per cent in the first quarter of this year, with Brent posting its best quarterly performance in a decade. Brent was up US\$0.72 (RM2.96) at US\$71.55 per barrel on Friday.

Economists have upgraded their forecast to a median of US\$68.25 a barrel from US\$67 in less than a month, according to a Bloomberg survey.

Bloomberg Intelligence economist Tamara Mast Henderson said Malaysia's economic

outlook in the second half could be more positive as the oil price had recovered and the supportive measures taken by Malaysia's top trading partner China were bearing fruit.

"The bright side for Malaysia's economy in the second half of this year is that oil prices have regained ground.

"And China's stimulus measures appear to be getting traction, which will cushion Malaysia's exports. Tax cuts should continue to support domestic demand.

"We expect the central bank to maintain the same degree of accommodation this year," she said in a note.

INFO BOX

4.5pc

Bloomberg's first-quarter economic growth forecast median for Malaysia

ING Group, the latest to update its economic forecast for Malaysia this month, predicted a significant pick-up of 4.8 per cent growth for the second half of the year.

It predicted a 4.2 per cent growth for

the first quarter of this year.

The Bloomberg survey also showed that Malaysia's economic growth forecast median in the

first quarter stood at 4.3 per cent, a little higher than the historic low of four per cent in the second quarter of 2016.

Henderson said Malaysia's economy ended on a stronger note last year, recording the first pick-up since the third quarter of 2017.

However, the fourth-quarter momentum might not persist in the first half of this year as uncertainty about the United States' trade policy dragged into the second quarter and global growth faltered, she added.

Bank Negara Malaysia is expected to announce its gross domestic product growth for the first quarter on May 6.