

ECONOMY TO STAY RESILIENT, SAY EXPERTS

Research houses forecast GDP to grow between 4.5pc and 4.9pc

KUALA LUMPUR

INDUSTRY executives and analysts believe that the economy will remain firm despite the challenging global environment.

Analysts at research houses, such as Affin Hwang Capital and MIDF Research, have forecast a gross domestic product (GDP) growth range of between 4.5 per cent and 4.9 per cent this year.

Last year, the economy expanded by 4.7 per cent amid pockets of stress by unresolved trade tensions that spilled into this year and heightened capital market volatilities worldwide.

Permodalan Nasional Bhd (PNB), Malaysia's largest fund manager, said the economy would likely expand between 4.8 per cent and 4.9 per cent this year.

Its chief executive officer, Datuk Abdul Rahman Ahmad, said this would boost the stock market.

"We believe that over the midterm, the stock market will reflect this growth.

"We don't have a 'crystal ball' of when this will happen, but we do believe that the Malaysian stock market will reflect this eventually," Rahman said at a briefing on PNB's financial results here yesterday.



Trucks transporting containers out of Port Klang. According to MIDF Research, Malaysia is experiencing full employment. FILE PIC

PNB's forecast is slightly higher than Bank Negara Malaysia's (BNM) projection of between 4.3 per cent and 4.8 per cent this year.

MIDF Research said the economy was expected to expand steadily at 4.9 per cent this year amid recovery in commodity-based sectors, receding United States-China trade war effects and solid domestic demand.

"Malaysia's job market stays at full-employment condition as the unemployment rate hovers below 3.5 per cent," it said.

Public Investment Bank Bhd said there were signs of moderation in global growth, with a prolonged period of political uncertainties over Brexit and the US-China trade tensions only adding to the already-high stress levels.

"Amid the tailspin, support to growth may come from domestic sources, and the private sector expected to be the key driver of growth," it said.

PublicInvest, which expected a GDP of 4.9 per cent this year, said Malaysia's fundamentals were

strong to weather uncertain periods ahead. This was driven not only by its broad-based economy, but also by its resilient private sector activities.

"The rapid reform efforts may add to growth vibrancy which, in due time, will be a pull factor for the return of foreign investors," the firm added.

Affin Hwang expected a GDP growth of 4.7 per cent, which sits at the higher end of BNM's forecast range.

"The difference lies with our higher growth forecast on real ex-

ports, which is projected to expand by 1.5 per cent this year, against BNM's projection of 0.1 per cent (1.5 per cent last year)."

The firm said its optimism on trade was based on the possibility that the US-China trade tensions would reach some form of trade compromise by June, without the possible escalation of reimposition of tariffs on both countries' goods.

Affin Hwang also expected China's economic growth to stabilise and improve in the second half of the year.