



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Malaysia's Economic Prospects

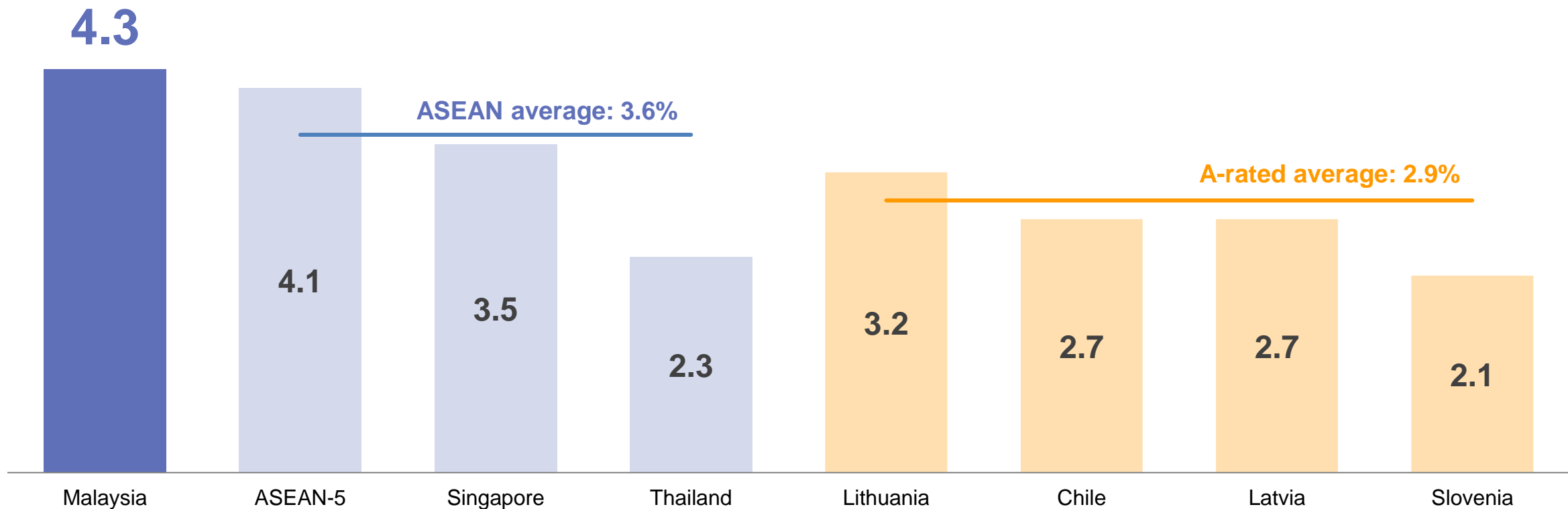
Abdul Rasheed Ghaffour
Governor, Central Bank of Malaysia

1 November 2024



Malaysia has consistently delivered resilient growth performance...

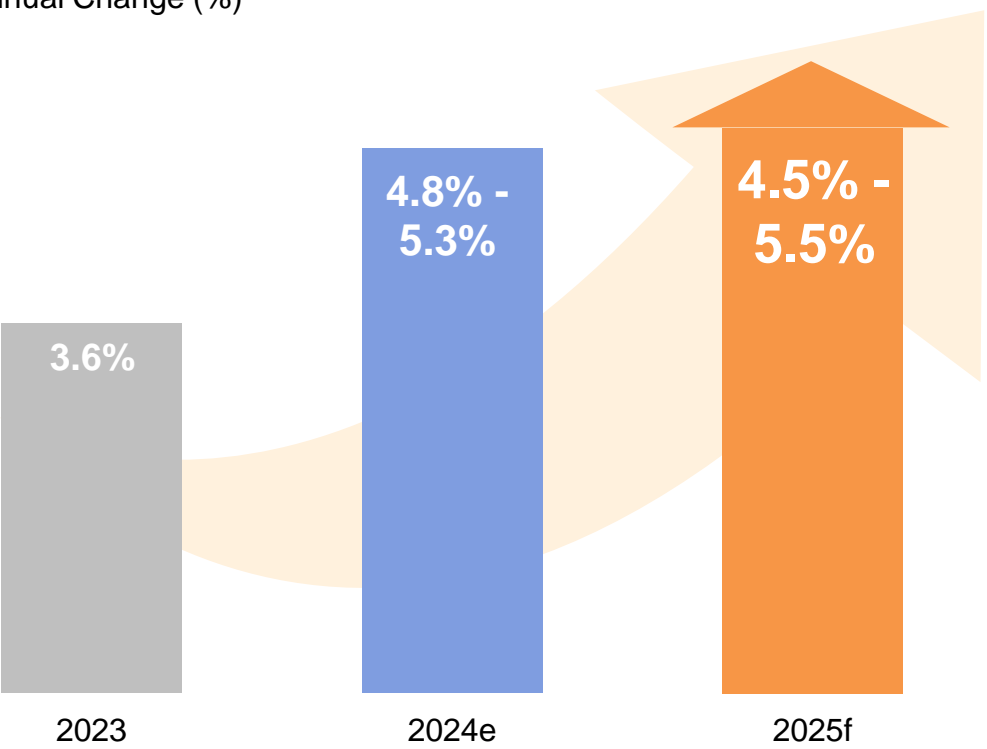
Average GDP growth of Malaysia, ASEAN economies and selected A-rated Economies
(% yoy, 2011 – 2023)



Source: Department of Statistics Malaysia and World Economic Outlook

...with an upward revision of the 2024 GDP growth forecast range following a strong 1H outturn

Malaysia GDP Growth
Annual Change (%)



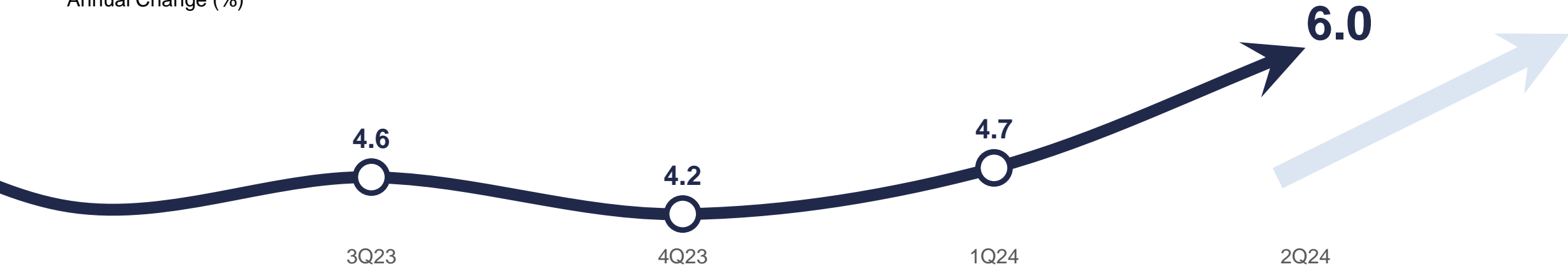
Note: e: Estimate; f: Forecast
Source: Ministry of Finance Malaysia estimates




Key Growth Drivers

- 
Strong household spending
Higher income growth and continued expansion in employment
- 
Robust expansion in investment
Supported by new and ongoing multi-year projects as well as implementation of national master plans
- 
Steady rise in exports
Stronger global trade amid the technology upcycle
- 
Higher tourist spending

Private consumption will remain an anchor of growth

Private Consumption
Annual Change (%)



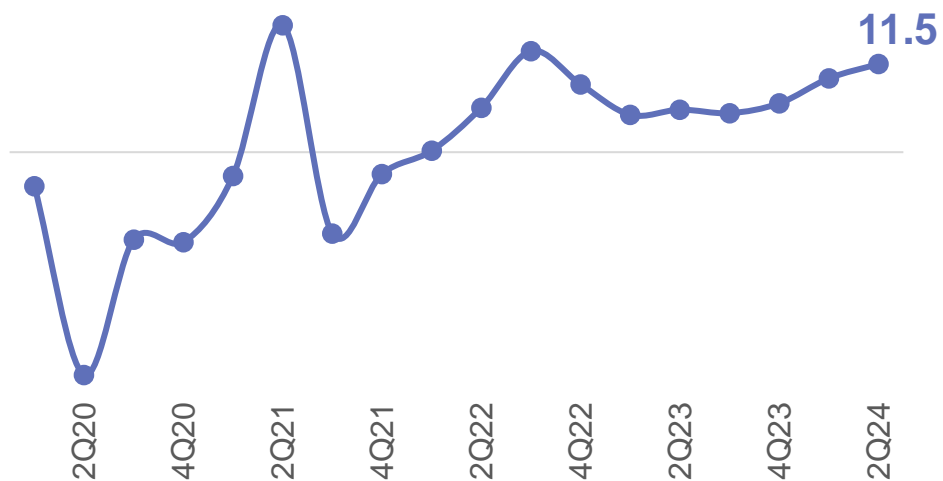
-  Continued private sector wage growth
-  Low unemployment rate
-  Policy measures to support households

Source: Department of Statistics Malaysia

Robust expansion in investment to continue

Real Gross Fixed Capital Formation (GFCF)

Annual change, %

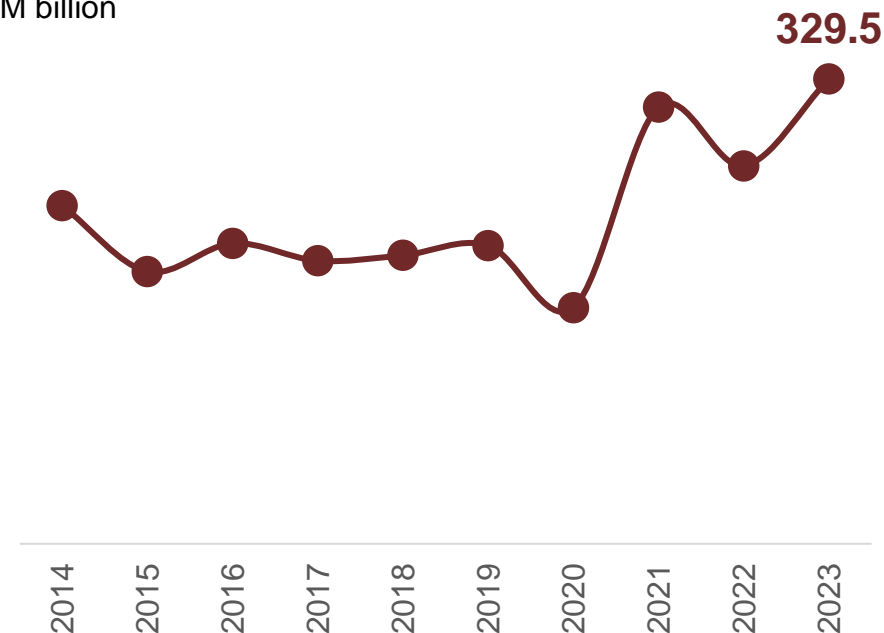


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Clear GFCF uptrend

Total Investment Approvals

RM billion

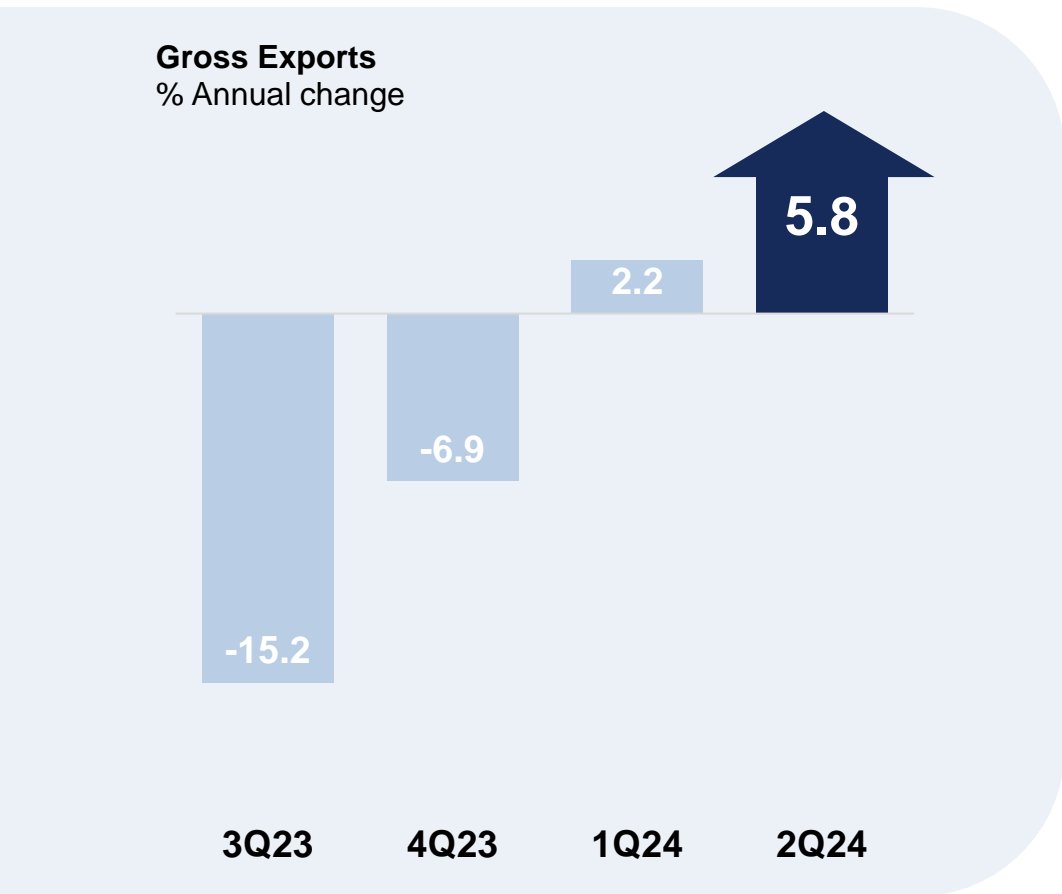


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Strong investment intentions

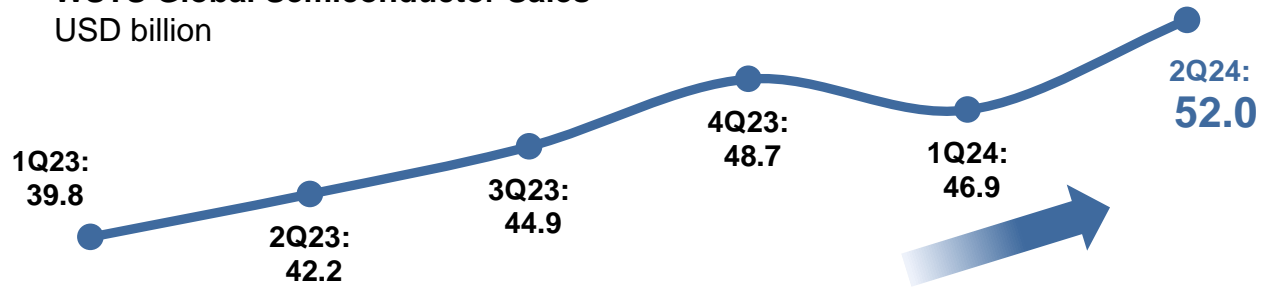
Source: Department of Statistics, Malaysia, Malaysia Investment Development Authority (MIDA)

Global tech upcycle and travel receipts to lift exports



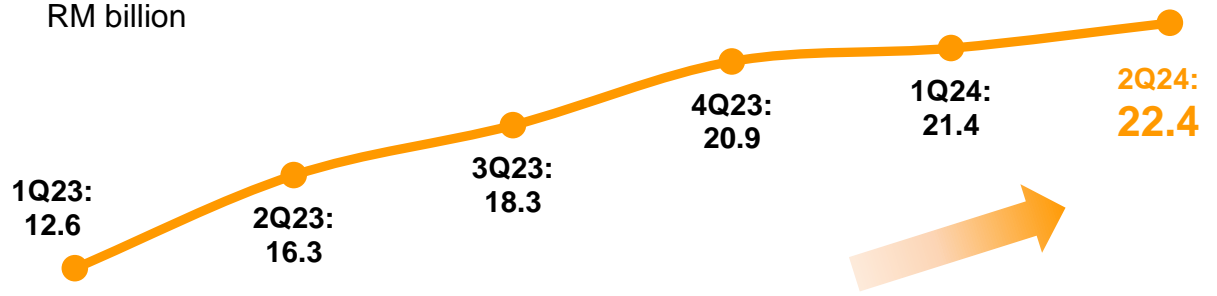
Global tech upcycle

WSTS Global Semiconductor Sales
USD billion



Improved travel receipts

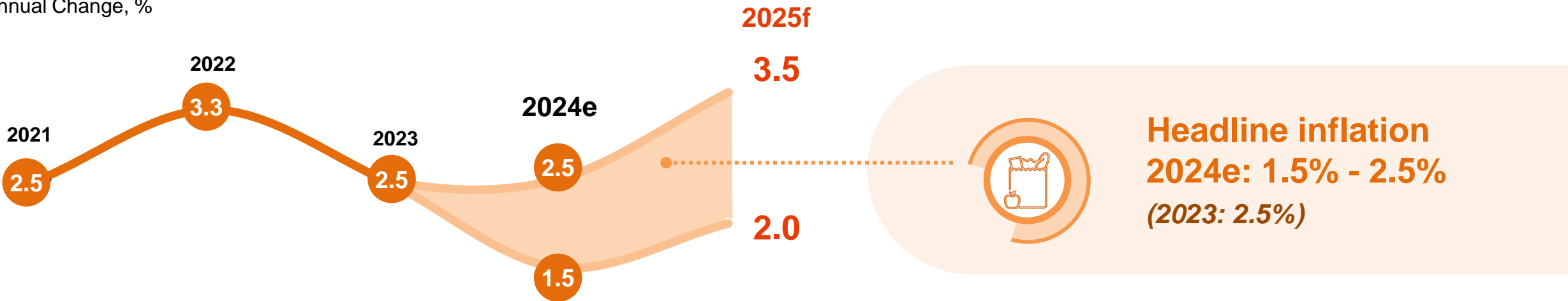
Travel Receipts
RM billion



Source: Department of Statistics Malaysia, World Semiconductor Trade Statistics (WSTS)

Modest inflation that is conducive to growth and reforms

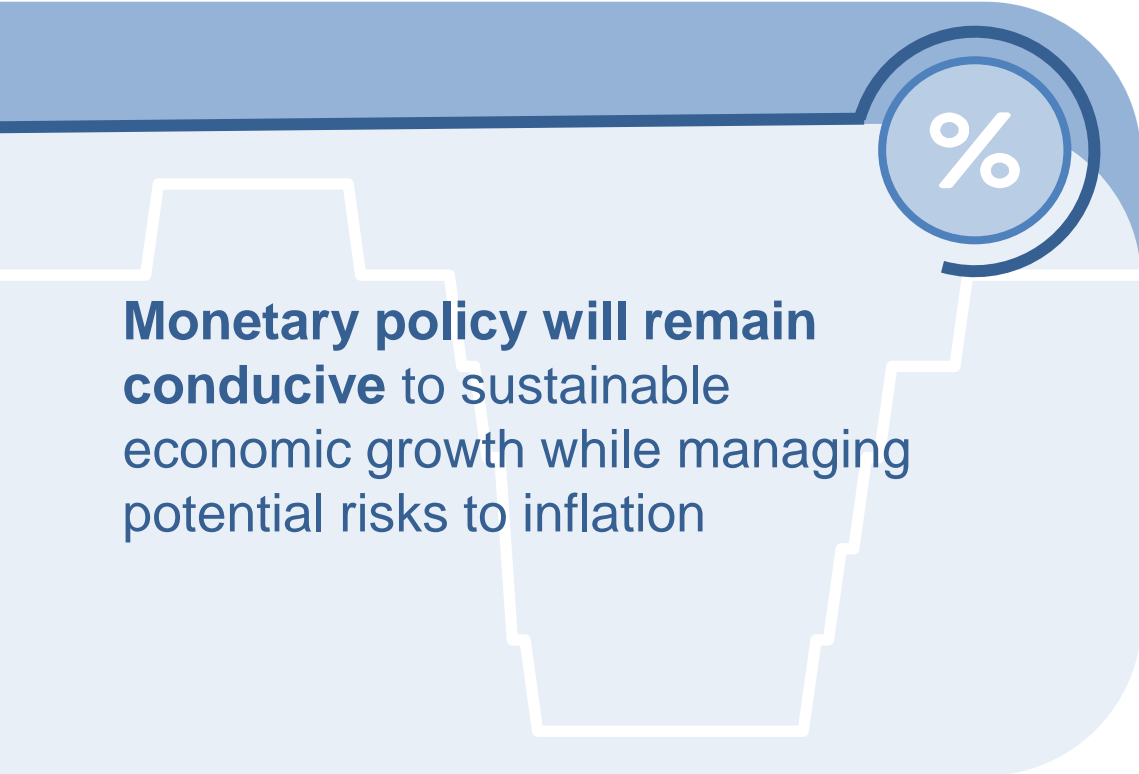
Headline Inflation
Annual Change, %




Note: e: Estimate; f: Forecast
Source: Department of Statistics Malaysia and Ministry of Finance Malaysia estimates

Sound monetary and financial policy underpin macroeconomic stability

Macroeconomic stability to pave the way for successful reforms



Monetary policy will remain conducive to sustainable economic growth while managing potential risks to inflation



A sound financial sector will continue to remain supportive of economic activity

Strong lending capacity among banks

Continued bank willingness to lend

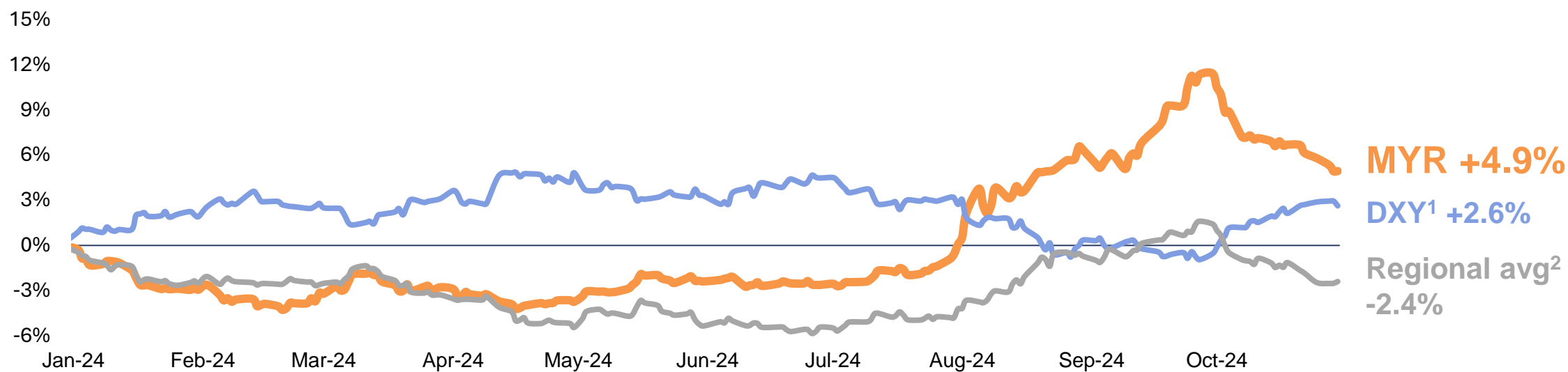
Sound repayment capacity of households and businesses

Continued availability of targeted support, including funds for SMEs

Ringgit recovery gaining momentum

Supported by sound macroeconomic fundamentals, positive prospects and improved sentiments

Year-to-date Regional Currency Movements Against the US Dollar



¹ The US dollar Index (DXY) is an index of the US dollar value against a basket of foreign currencies, namely EUR (57.6%), JPY (13.6%), GBP (11.9%), CAD (9.1%), SEK (4.2%), and CHF. (3.6%)

² Regional average includes the Indonesian Rupiah, Korean Won, Filipino Peso, Singaporean Dollar and Thai Baht.

Data as of 30 October 2024.

Source: Bloomberg

Our coordinated actions have led to positive ringgit outcomes

BNM-Government actions to encourage inflows



Encouraging GLCs and GLICs to repatriate and convert foreign investment income



Engagements with exporters to convert their export proceeds and foreign investment income



Expansion of the pilot Qualified Resident Investor (QRI) programme

+4.9%

MYRUSD appreciation (YTD)

Improvement in ringgit

21%

Increase in daily average FX market trading volume

Higher FX Market trading¹

50 to 42.2
pips

Average daily bid-ask spread

Narrower daily bid-ask spread¹

Note: ^{1/} Referring to the period from 1 Jan to 26 Feb 2024, when the coordinated actions began.
Data as of 30 October 2024
Source: Bloomberg, Bank Negara Malaysia

Sound and progressive financial sector as strong enablers to economic growth

Equity market

Centralised Sustainability Reporting
Islamic Real Estate Investment Trusts (REITs) and
Islamic Exchange Traded Funds (ETFs)



Sustainability

Financing facilities and tools supporting
businesses to transition
Joint Committee for Climate Change initiatives



Islamic and ESG assets

World's largest sukuk market
World's first exchangeable sukuk
and green sukuk
Islamic finance-based social impact initiatives



Digitalisation

Digital Banks and Digital Insurance and
Takaful Operators
Digital payments
MyDigital ID



Strong fundamentals will support Malaysia's continued resilience

Robust growth

4.5% - 5.5%

GDP growth,
2025 forecast

Modest inflation

2.0% - 3.5%

Headline inflation,
2025 forecast

Improving Current Account

2.4%

Current account balance (% of GDP)
2025 forecast

Sound financial sector

18.5%

Total capital
ratio

RM142.6 bn

Excess total
capital

Ringgit upside

USDMYR

RM4.7773

Feb 26 '23

RM4.3780

Oct 30 '24

Supportive monetary policy

3.0%

Current Overnight Policy Rate

Source: Bank Negara Malaysia and Ministry of Finance