



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Economic Prospects

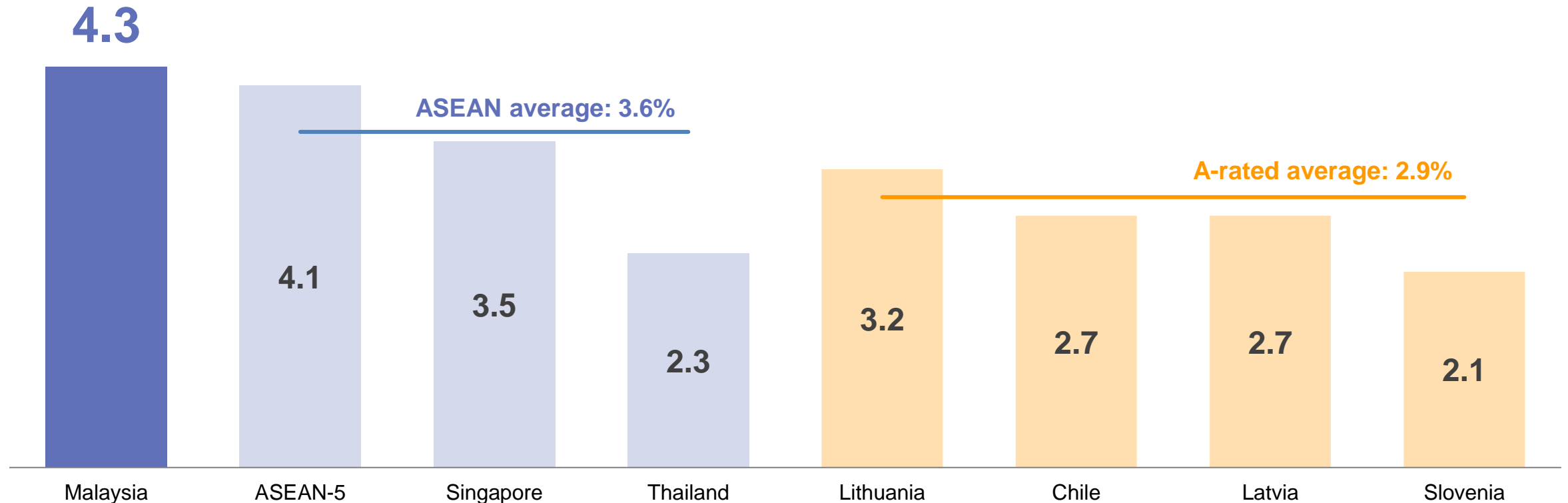
Abdul Rasheed Ghaffour
Governor, Central Bank of Malaysia

29 August 2024

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Years of
Nation-Building

Malaysia has consistently delivered resilient growth performance...

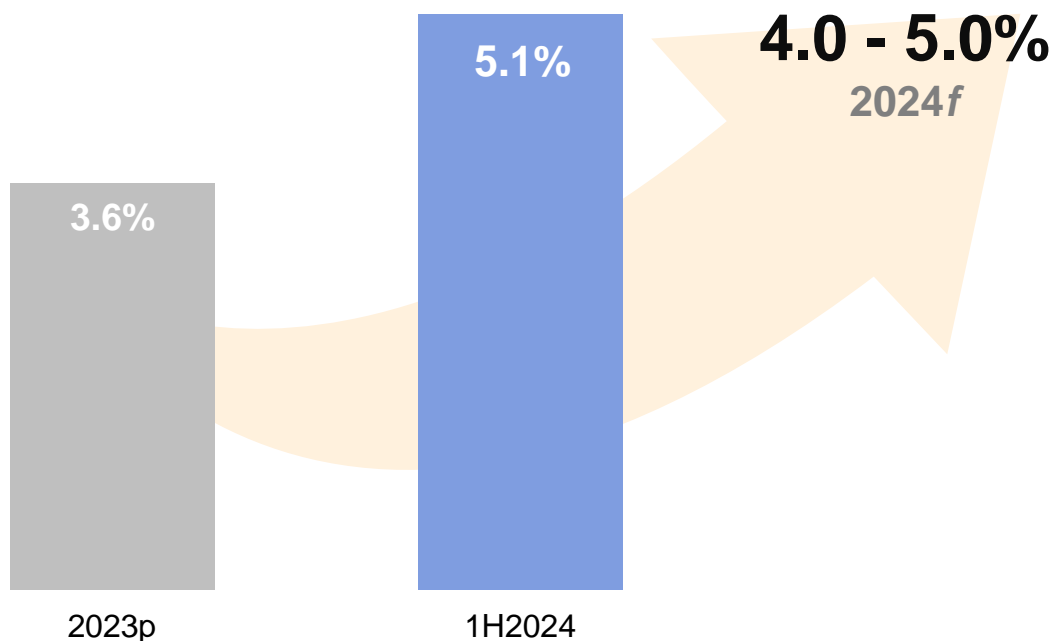
Average GDP growth of Malaysia, ASEAN economies and selected A-rated Economies
(% yoy, 2011 – 2023)



Source: Department of Statistics Malaysia and World Economic Outlook

2024 GDP Growth to be closer to the upper bound of the 4.0 - 5.0% forecast range following strong 1H outturn

Malaysia GDP Growth
Annual Change (%)



Note: p Preliminary, f Forecast

Source: Department of Statistics Malaysia and Bank Negara Malaysia estimates

Key Growth Drivers in 2024



Continued expansion in 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 arrivals and spending

Private consumption remains an anchor of growth supported by sustained labour market conditions

Private Consumption
Annual Change (%)



Continued private sector wage growth



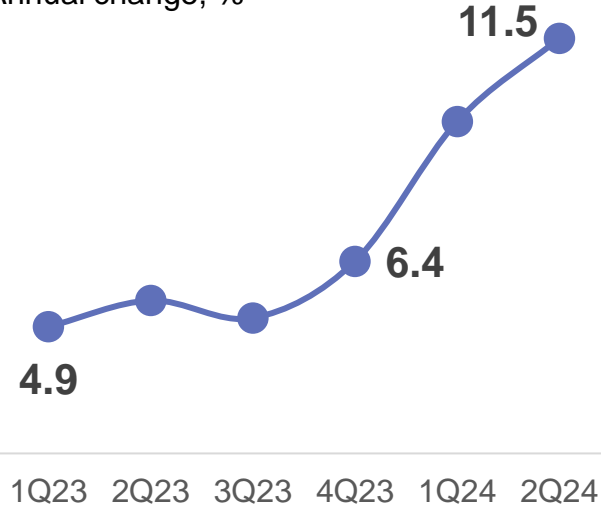
Low unemployment rate



Policy measures to support households

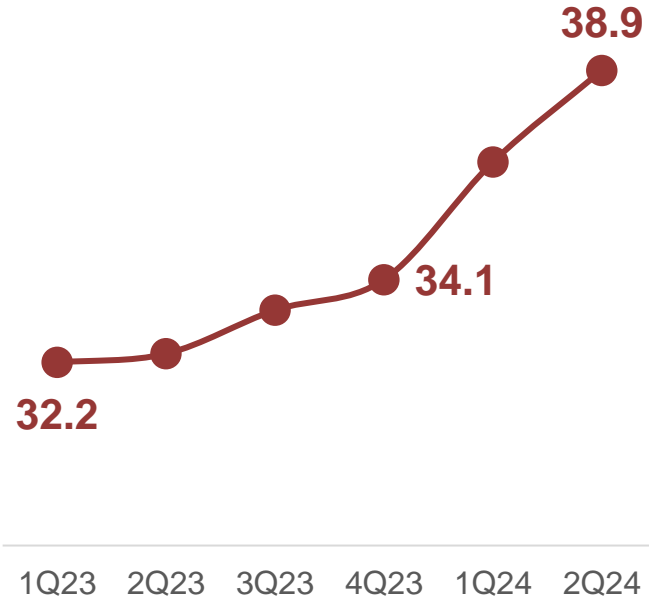
Robust expansion in investment

Real Gross Fixed Capital Formation (GFCF)
Annual change, %



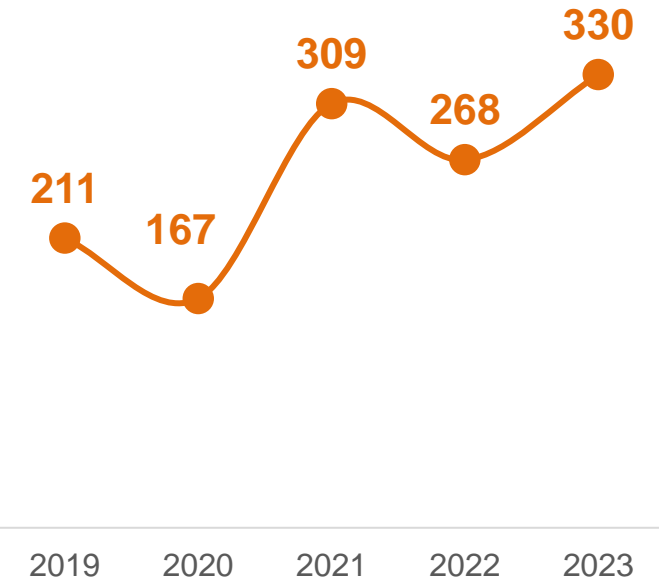
1 Clear GFCF uptrend

Total Value of Construction Work Done
RM billion



2 Progress in key infra projects

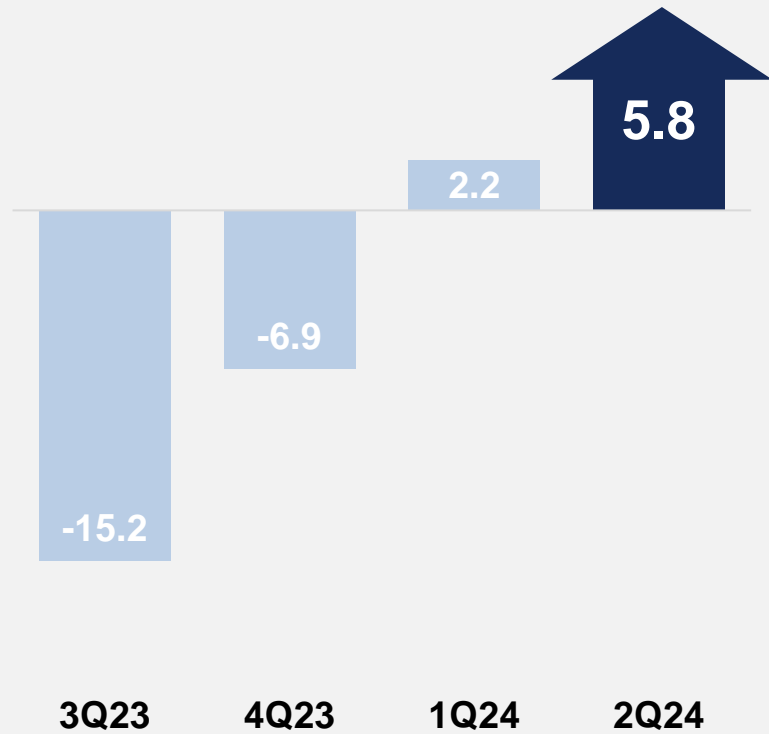
Total Investment Approvals
RM billion



3 Strong investment intentions

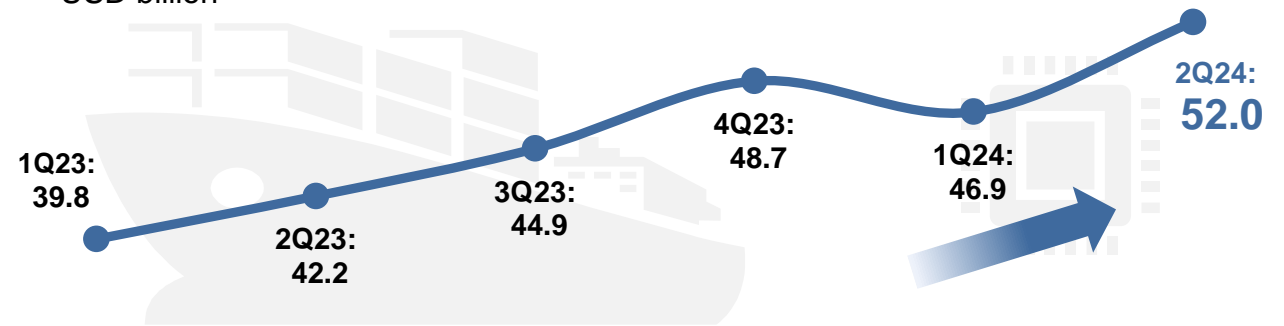
Global tech upcycle and travel receipts to lift exports

Gross Exports
% Annual change



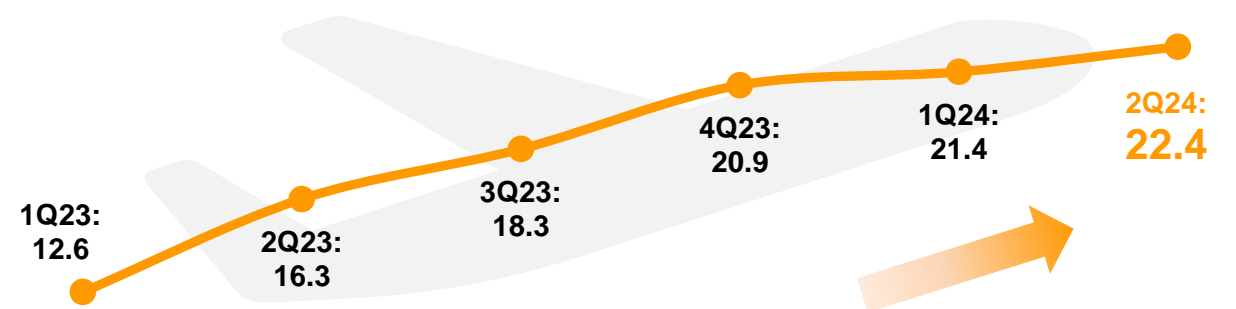
Global tech upcycle to further support E&E exports

WSTS Global Semiconductor Sales
USD billion



Improved travel receipts given higher tourist arrivals

Tourist Arrivals
RM billion

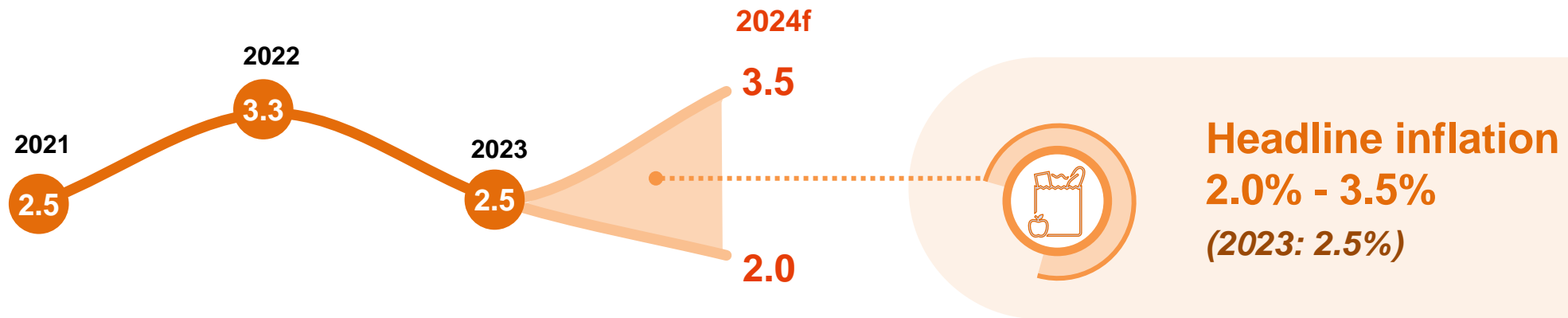


Source: Department of Statistics Malaysia, World Semiconductor Trade Statistics (WSTS)

Modest inflation that is conducive to growth and reforms

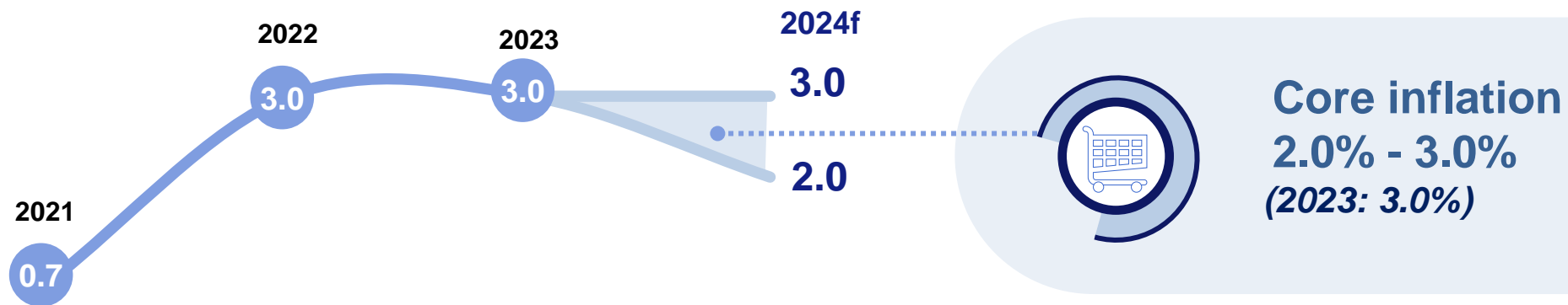
Headline Inflation

Annual Change, %



Core Inflation


Annual Change, %




Source: Department of Statistics Malaysia and Bank Negara Malaysia estimates

Sound monetary and financial policy underpins 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

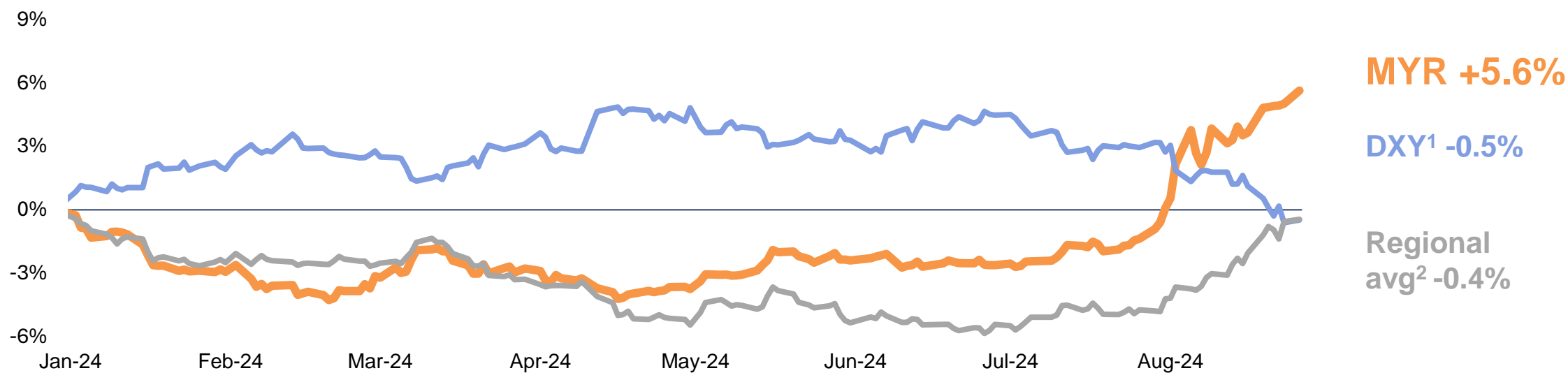
Sound repayment capacity of households and businesses

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 26 August 2024.

Source: Bank Negara Malaysia and Bloomberg

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*



Islamic and ESG assets

*Market leader
World's first exchangeable sukuk
and green sukuk
Expedite the transition of industries*



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%

GDP growth,
2024 forecast

Modest inflation

2.0% - 3.5%

Headline inflation,
2024 forecast

Improving Current Account

1.8% - 2.8%

Current account as % of GDP,
2024 forecast

Sound financial sector

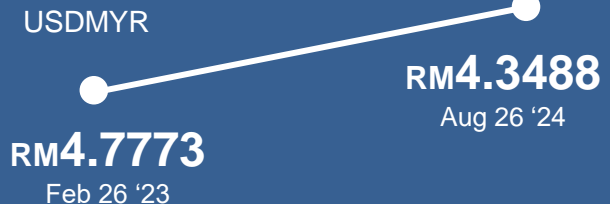
18.5%

Total capital
ratio

RM142.6 bn

Excess total
capital

Ringgit upside



Supportive MP

3.0%

Current Overnight Policy Rate

Source: Bank Negara Malaysia