



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

# ***Economic Prospects***

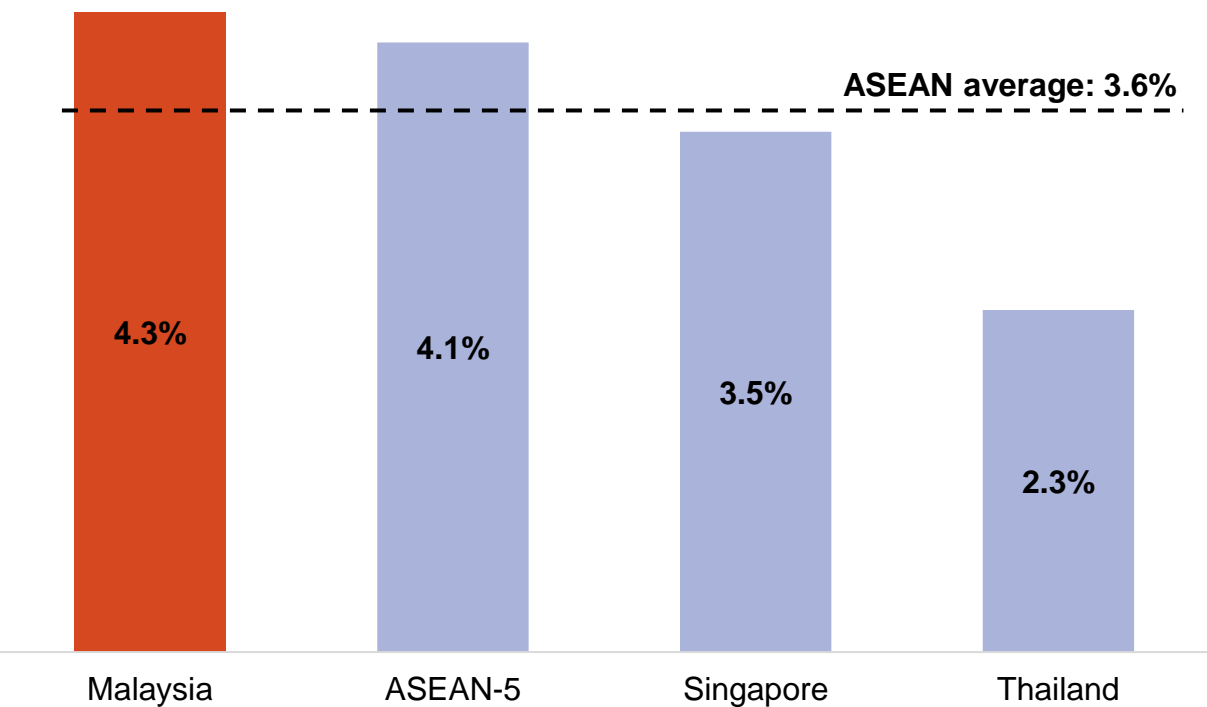
**Abdul Rasheed Ghaffour**  
Governor, Central Bank of Malaysia

**22 April 2024**

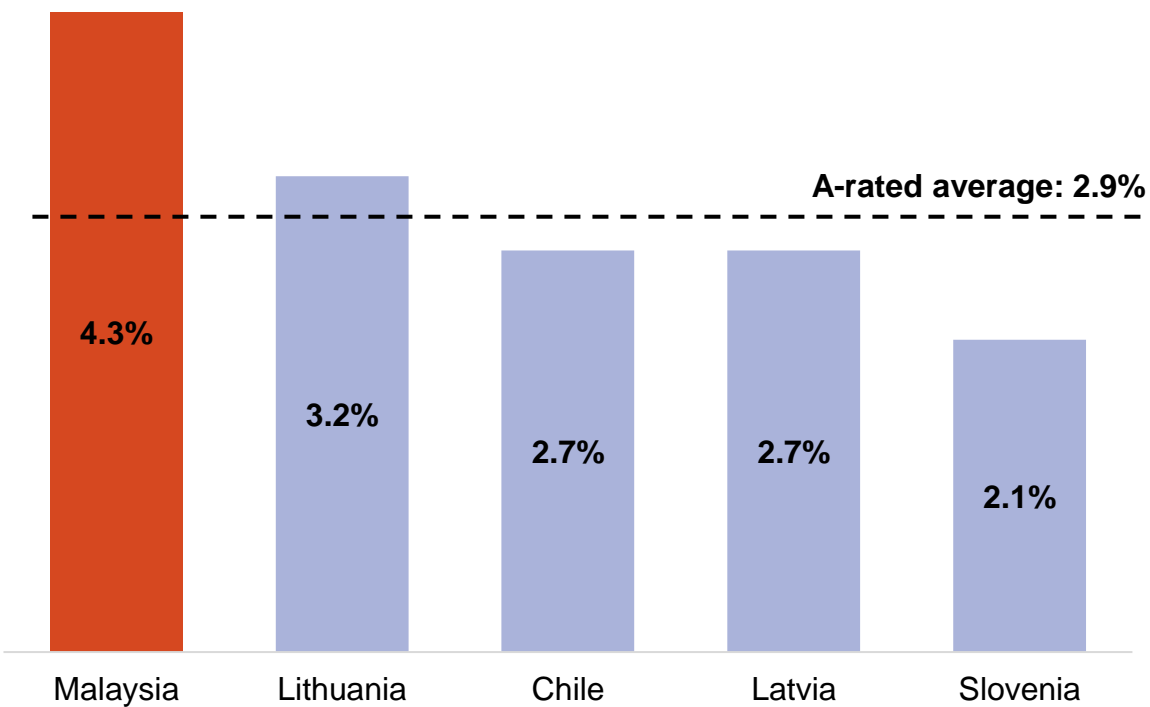


# Malaysia has experienced resilient and robust growth performance...

Average GDP growth of ASEAN economies  
(%, 2011 – 2023)



Average GDP growth of selected A-rated economies  
(%, 2011 – 2023)

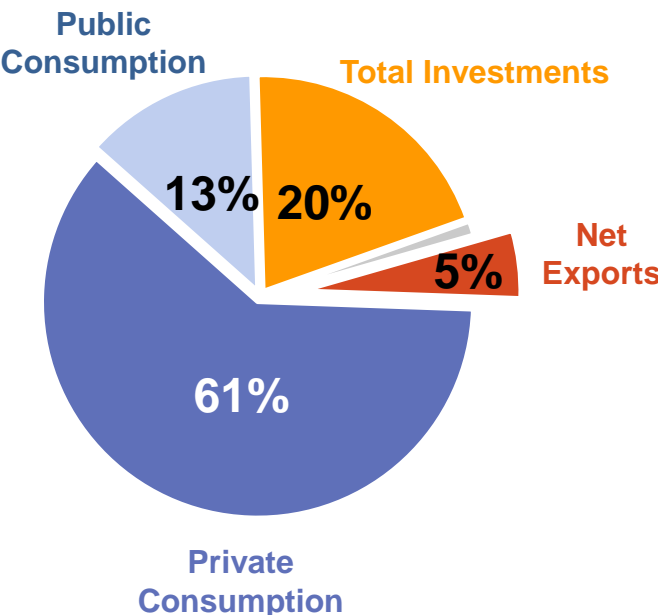


Source: Department of Statistics Malaysia and World Economic Outlook

# ...borne by a diversified and dynamic economy

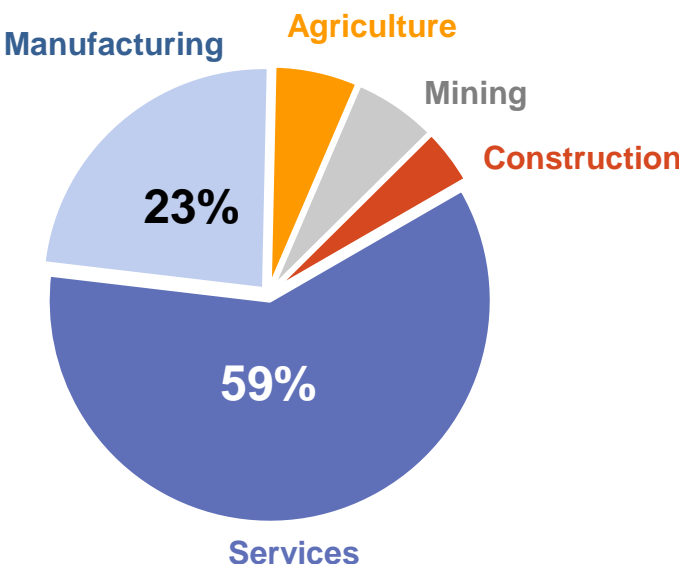
Both domestically and externally driven

**GDP by expenditure in 2023**  
(% share of GDP)



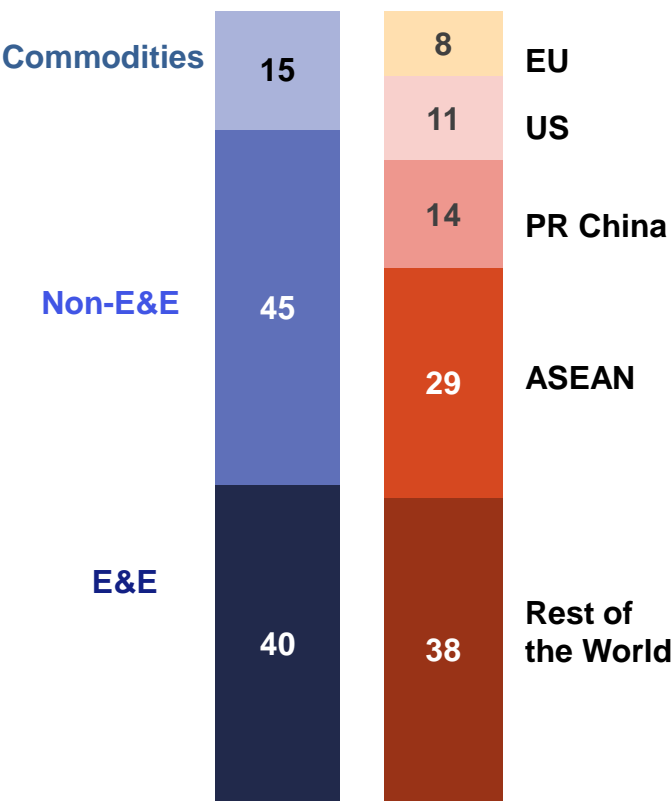
Complex economic structure

**GDP by activity in 2023**  
(% share of GDP)



Diversified products and partners

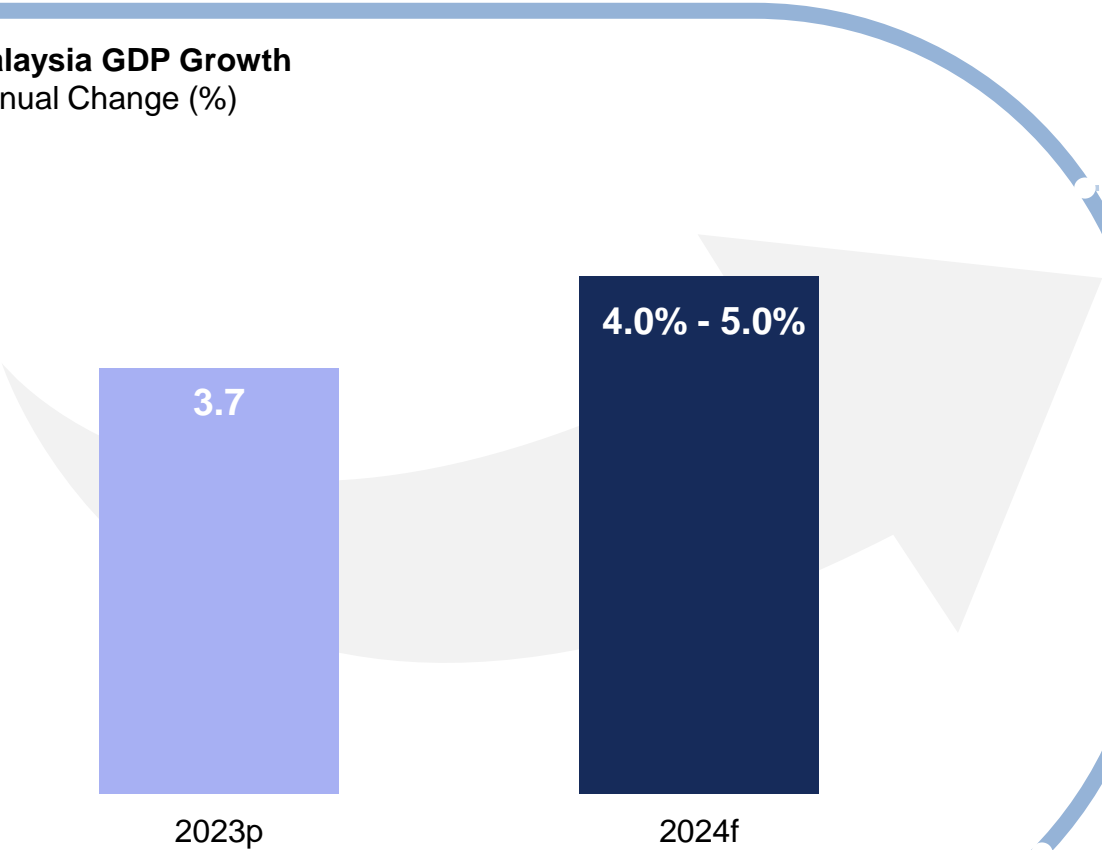
**Exports by products and markets in 2023**  
(% share of exports)



Source: Department of Statistics Malaysia

# The Malaysian economy poised to grow 4.0% - 5.0% in 2024...

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*



### Improvement in investment

*Supported by new and ongoing multi-year projects as well as implementation of national master plans*



### Recovery in goods trade activity

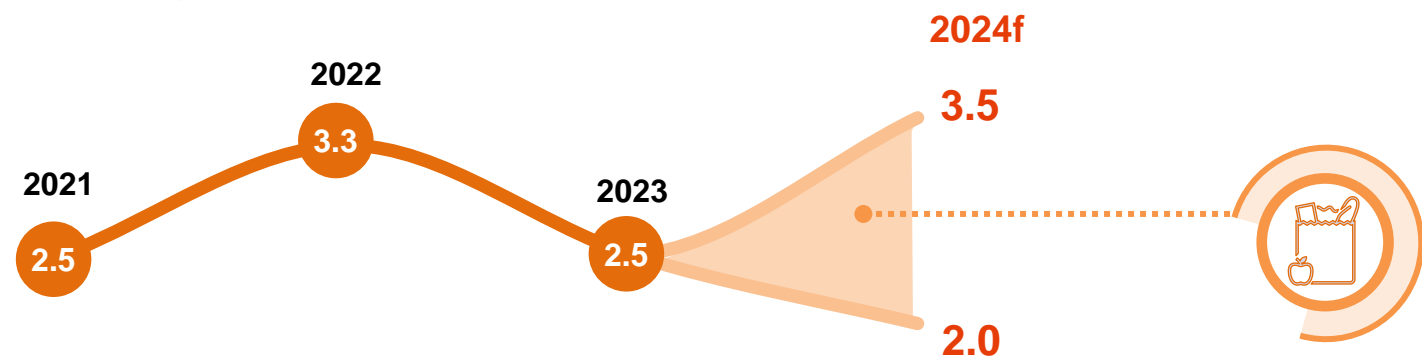
*Stronger global trade amid the technology upcycle*



### Further improvement in tourist arrivals and spending

# ...with modest inflationary conditions that is conducive to growth

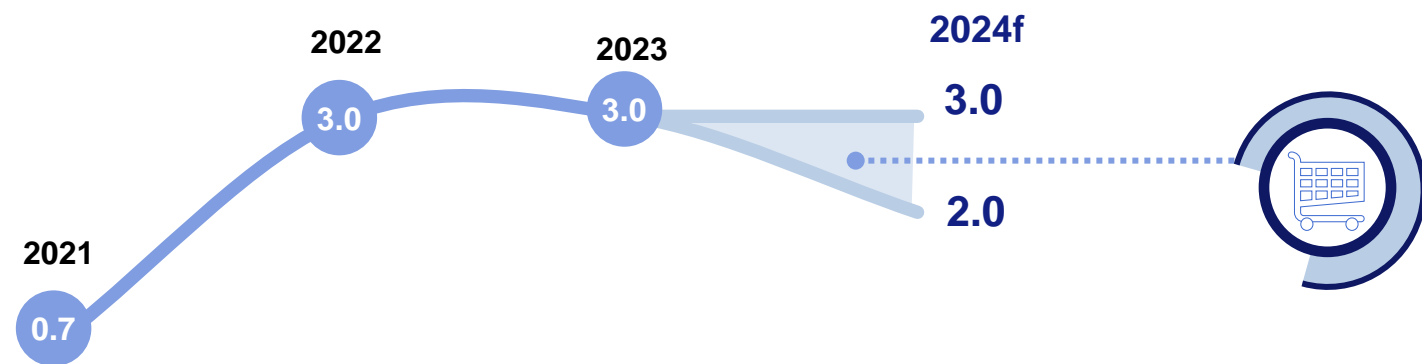
**Headline Inflation**  
Annual Change, %



**Headline inflation**  
2.0% - 3.5% (2023: 2.5%)

► Partly reflecting the potential upside from domestic subsidy rationalisation

**Core Inflation**  
Annual Change, %



**Core inflation**  
2.0% - 3.0% (2023: 3.0%)

► Amid stable cost and demand conditions

Source: Department of Statistics Malaysia and Bank Negara Malaysia estimates

# Sound monetary and financial policy is a steadfast pillar for macroeconomic stability



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

Monetary policy will focus on the medium-term prospects of Malaysia's economy



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

- Strong lending capacity among banks, given healthy capital and liquidity buffers
- Continued willingness to lend by banks
- Repayment capacity of household remained sound
- Continued availability of targeted support, including funds for SMEs

*Macroeconomic stability to pave the way for successful reforms*



# While ringgit is affected by cyclical factors, growth prospects and sound fundamentals suggest a considerable upside to the currency

Ringgit performance has been mainly affected by cyclical factors...



Interest rate differentials



Global Economic Fluctuations



Investor Sentiments

*BNM is taking concerted measures to manage the pressure*



Encourage conversion of FCY income by GLCs and GLICs



Actively engage Corporates and Investors



Monitor conversion of export proceeds and import payments

Note: <sup>f</sup> forecast

1/ Industry consists of manufacturing, mining and construction sector

2/ 5-year average

Source: Department of Statistics Malaysia, International Monetary Fund and Bank Negara Malaysia

...however, sound domestic fundamentals and positive prospects will lend support to the ringgit



*Diversified economy*



*Diversified Export Product Mix*

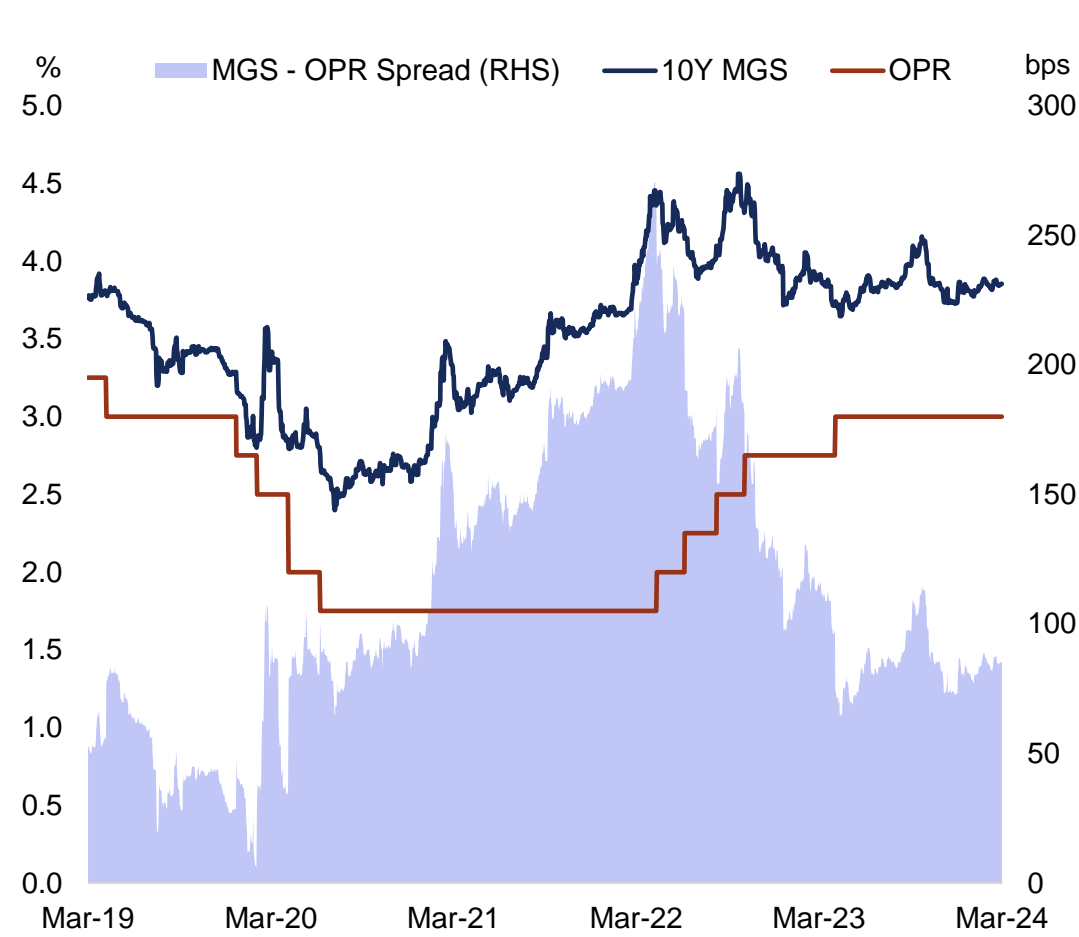


*Sound Financial Sector*

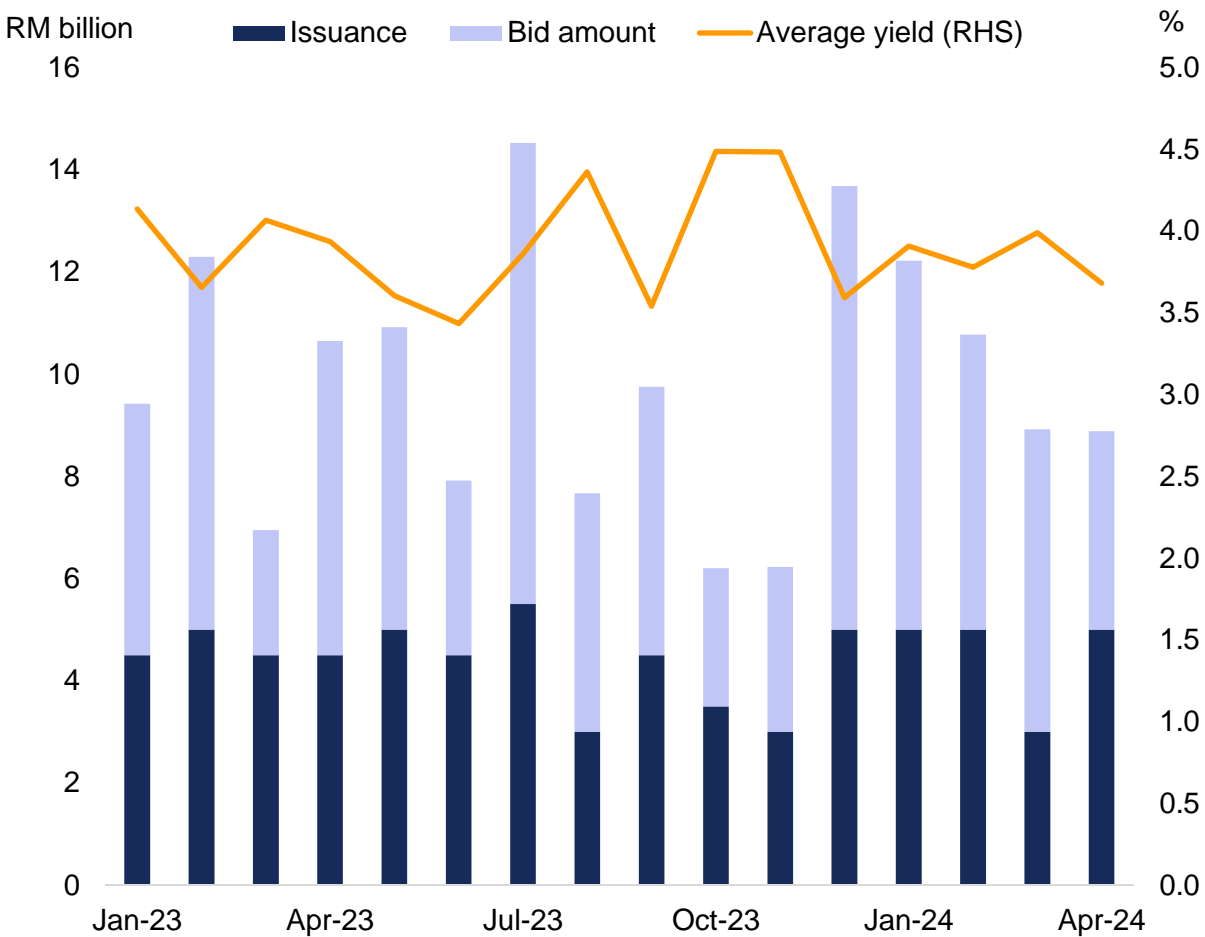
<i>Fundamentals</i>	<i>2023</i>		<i>2024<sup>f</sup></i>	<i>2015-19<sup>2</sup></i>
Economic Growth (%)	3.7	➡	4.0 - 5.0	4.9
Inflation (%)	2.5	➡	2.0 - 3.5	1.9
Gross Exports Growth (%)	- 8.0	➡	5.0	5.6
Current Account Surplus (% of GDP)	1.2	➡	1.8 - 2.8	2.8
Productivity per worker (%)	0.9	➡	2.3 - 3.3	3.2

# The Malaysian government bond market stands out as one of the largest and most developed in Asia

10-year MGS yields



Bond market performance





# Sound and progressive financial sector as strong enablers to economic growth



## Digitalisation

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



## 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*



## Stock exchange

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

# Strong fundamentals support Malaysia's resilience



**Malaysia's economy  
to grow between 4% -  
5% in 2024**



**Headline inflation is  
expected to be between  
2.0% - 3.5%**



**Current account surplus to  
improve to 1.8% – 2.8% of  
GDP in 2024**



**Sound financial sector with  
18.5% total capital ratio and  
RM142.6 billion excess total  
capital in 2023**



**A considerable upside to  
the Ringgit given  
Malaysia's strong  
fundamentals and  
prospects**



**OPR at 3% remains  
supportive of growth**