

# PROJECTS TO EASE SLOWDOWN EFFECTS

Growth may remain stable underpinned by domestic demand, say analysts

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**T**HE higher development expenditure of RM54.9 billion announced in the 2019 Budget suggests that the implementation of infrastructure projects will offset a potential slowdown in the external sector.

On the third-quarter gross domestic product (GDP) growth announced by Bank Negara Malaysia on Friday, Bank Islam chief economist Dr Mohd Afzanizam Abdul Rashid said in a nutshell, economic growth is slowing, judging from the 4.7 per cent GDP expansion between January and September.

He said this was lower compared with the 5.9 per cent growth in the same period last year.

It remains uncertain whether the external demand will continue to remain robust, especially when the global manufacturing Purchasing Managers' Index continued to slide to 52.1 points last

month from 54.5 in December last year.

Afzanizam said rate hikes in the United States since December 2015 would soon have an impact on the US economy as monetary policy responses would take some time to work their way through the economy.

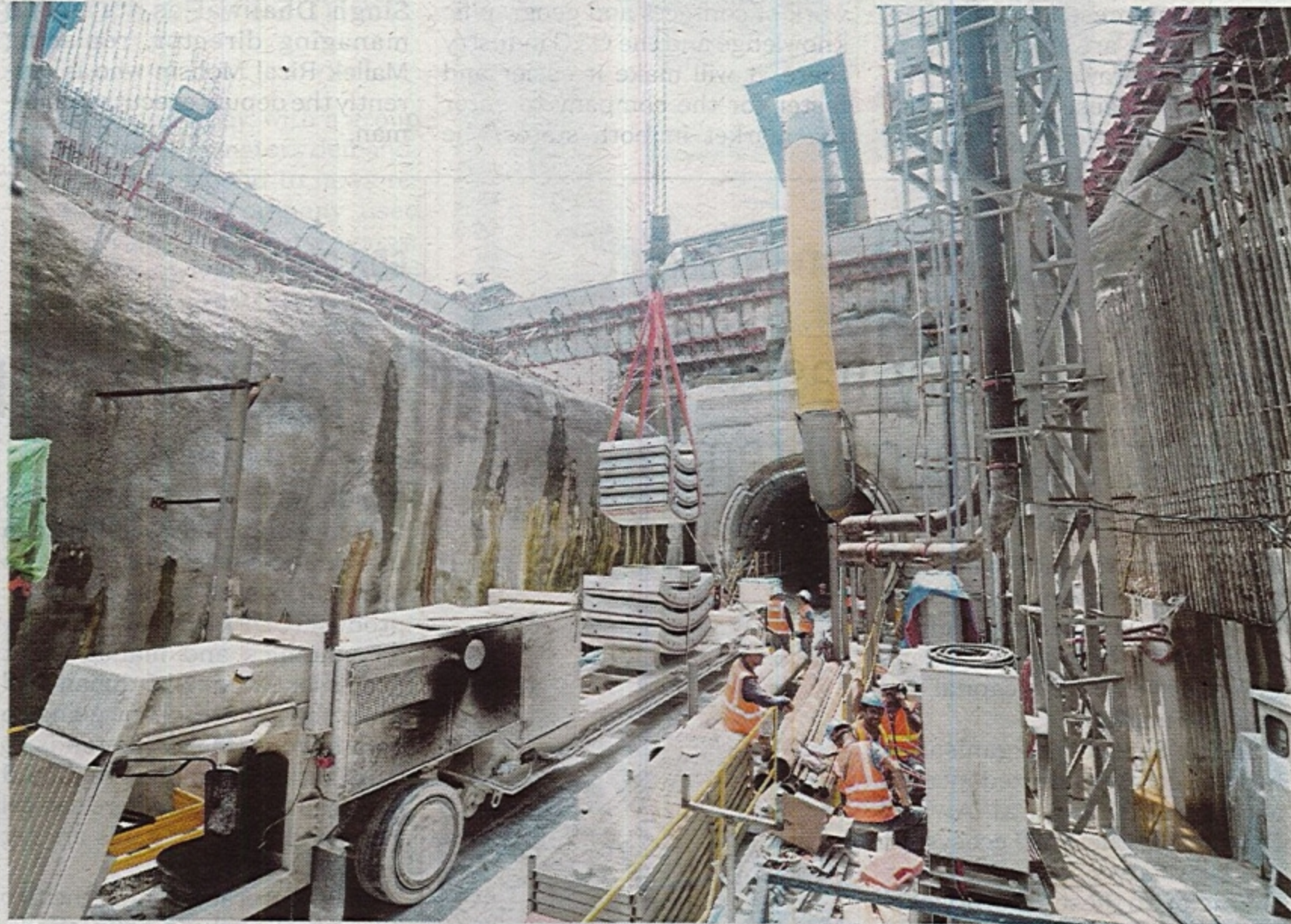
"Not to mention the effects of the trade war between the US and China and Brexit on global growth as business and market sentiments would likely be more guarded."

He said the surplus in the current account balance should be positive on the ringgit.

"We should expect consumer spending to 'retrace' next year as inflation is likely to rise, albeit gradually, following the introduction of a price mechanism for fuel," he said.

Putra Business School senior lecturer Dr Ahmed Razman Abdul Latiff said economic growth is expected to continue on a stable path this year, to be driven mainly by domestic demand.

He said his GDP growth target in the fourth quarter is between 4.6 and 4.7 per cent.



*The RM54.9 billion development expenditure announced in the 2019 Budget will lead to implementation of infrastructure projects in Malaysia.*

"The economy expanded 4.4 per cent year-on-year in the third quarter of this year, which is below the market consensus of 4.6 per cent and also below average

4.8 per cent from 2000 until this year.

"This growth rate is also the weakest since the third quarter of 2016 and is mainly due to declin-

ing commodity exports.

"However, there are positive trends to be seen in investment, private consumption and government spending," he said.