

DoSM: Economic momentum to be slower due to geopolitical conflict

MALAYSIA'S Leading Index (LI), has indicated that the country's economic growth momentum will be slower due to geopolitical conflict and among others, according to the **Department of Statistics Malaysia (DoSM)**.

The LI is a predictive tool used to anticipate economic upturns and downturns in an average of four to six months ahead.

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the LI remained above 100 points at 110.1 points in January 2022, with the year-on-year LI rising by 0.02%, mainly backed by the number of new companies registered.

He added that looking into month-on-month (MoM) perspective, the LI decreased 1.2% as against 0.5% recorded in December 2021, dragged by real imports of semi-conductors (-0.6%) and number of housing units approved (-0.5%).

"The LI which elucidated the direction of the Malaysian economy remained above 100 points and signalled a slower economic momentum in the upcoming months.

"The outlook is in line with the fully reopening of international borders as the country is entering into the endemic phase alongside the implementation of a new minimum wage to RM1,500 which are expected to increase consumption and support domestic demand.

"However, the geopolitical conflict and lockdown of China's major cities impose downside risks to the economic prospect if both incidents prolong," he said in a statement.

Nevertheless, Mohd Uzir noted that the rapid spread of the Omicron variant is not expected to pose a significant effect on the growth of GDP.

He said looking at the economic situation, the Coincident Index rose 5.5% to 117.4 points in January 2022 against 111.3 points in January 2021.

The same trend was also shown by the MoM comparison which recorded 2.5%, where 117.4 points and 114.5 points were recorded in January 2022 and December 2021 respectively.

"The rise was driven by the incline in capacity utilisation in the manufacturing sector (2.7%), volume index of retail trade (0.2%) and real contributions to Employees Provident Fund (0.1%)," he said.

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