

Malaysian economy on track to achieve above trend growth this year

THE Malaysian economy appears to be on track to achieve above trend growth this year assuming that the Covid-19 can be contained and there is freer human mobility, hence, the GDP growth expected to be more than 5% in 2022.

Bank Islam Malaysia Bhd chief economist Dr Mohd Afzanizam Abdul Rashid foresees GDP in 2022 to reach 5.5%.

“As for exports and imports for the whole year, the trend will continue to be favourable, but given the high base factor last year especially beginning February 2021, growth should start to normalise commencing next month.

“For 2022, we are projecting total exports and imports to grow by 10% and 12% respectively,” he told The Malaysian Reserve.

Malaysia’s trade in January 2022 continued to be resilient, expanding 24.8% to RM203.05 billion compared to that of January 2021, the Ministry of International Trade and Industry (MITI) said.

According to MITI, exports accelerated 23.5% to RM110.73 billion in January 2022, the sixth successive month of double-digit expansion since August 2021, while imports increased 26.4% to RM92.32 billion and trade surplus grew 10.9% to RM18.4 billion.

“Export expansion was underpinned by higher global demand primarily for exports of electrical and electronics (E&E) products, as well as palm oil and palm oil-based agriculture products.

Malaysia posted higher double-digit exports from most major markets, namely Asean, China, the US, the European Union and Japan.

“Compared to December 2021, trade, exports, imports and trade surplus declined 6.3%, 10.6%, 0.6% and 40.6% respectively, due to high base effect and seasonal factors following new year holidays,” it said in a statement.

In January 2022, all major sectors recorded double-digit year-on-year expansion, supported by significant export growth for almost all key products.

Exports of manufactured goods, which made up 85.5% of total exports, grew 19.3% to RM94.67 billion.

Mohd Afzanizam said the latest print on international trade indicates that Malaysia has been benefitting from the improvement in the global demand hence we could see exports of key products such as E&E which accounted for 40.4% of total exports have been growing at a rate of 22.1%, the third consecutive months of double-digit expansion.

“Commodities related exports such as palm oil and palm-based products, liquefied natural gas and petroleum products have also recorded a very robust growth of 107.1%, 71.9% and 39.2% respectively during January.

“The double-digit growth in total imports of 26.4% also indicates that the domestic economy is picking up with imports of capital and consumption goods both accelerated 37.7% and 32% respectively, a sign that private investment and consumption would grow at a respectable rate in the first quarter of 2022,” he added.

In a separate statement, **chief statistician Datuk Seri Dr Mohd Uzir Mahidin** said the expansion in exports in January 2022 was supported by both domestic exports and re-exports.

“Domestic exports stood at RM90.9 billion and contributed 82.1% to the total exports, widened by 26.1%. While, the re-exports with a value of RM19.8 billion, increased by 13.2% compared to January 2021.

“Imports were higher by 26.4% to RM92.3 billion and total trade expanded by 24.8% from RM162.6 billion in January 2021 to RM203 billion. Trade surplus in January 2022, with a value of RM18.4 billion marked the 21st consecutive months of trade surplus since May 2020,” he said.

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