



## **Malaysia central bank slashes 2021 growth outlook as COVID-19 surge, lockdowns weigh**

KUALA LUMPUR: Malaysia's central bank slashed its 2021 economic outlook due to a resurgence in COVID-19 infections and new lockdown measures, even as the economy grew more quickly than expected on an annual basis in the second quarter.

Malaysia's economy grew 16.1 per cent from a pandemic-induced slump a year ago, helped by an improvement in domestic demand and robust exports, and beating expectations for 14.3 per cent growth in a Reuters poll of economists.

But the central bank expected the economy to expand between 3 and 4 per cent in 2021, cutting its full-year forecast from the 6 to 7.5 per cent growth projected in March, Bank Negara Malaysia said in a statement.

"Malaysia's growth recovery is expected to broadly resume in the later part of the second half of 2021 and improve going into 2022," BNM Governor Nor Shamsiah Mohd Yunus said in the statement.

The expected reopening of the economy would support a gradual recovery in the fourth quarter this year, with higher global growth and sustained policy support providing a further lift to economic growth, the central bank said.

Malaysia has seen a resurgence of COVID-19 infections due to the Delta variant of the coronavirus, seeing record-high levels of cases and deaths in recent weeks.

On Thursday, it reported a record 21,668 new coronavirus cases that took the total tally to more than 1.34 million.

Some form of lockdown has been in place since May, though essential businesses have been allowed to operate.

The recovery in the second quarter comes after gross domestic product shrank 17.1 per cent a year earlier, the worst contraction in over two decades, as Malaysia introduced its first set of lockdowns to curb the spread of COVID-19 in 2020.

<https://www.channelnewsasia.com/business/malaysia-economy-grows-more-quickly-q2-central-bank-cuts-2021-view-2110211>