



## **Malaysia's GDP grows at the fastest pace in a year in the second quarter, slowing down in the second half**

KUALA LUMPUR (Reuters) - Gross domestic product (GDP) rose 8.9% in the second quarter from a year earlier, the fastest year-on-year growth in a year, Bank Negara Malaysia said on Thursday. Growth in domestic demand and robust exports provided tailwinds

Growth expanded from 5% in the first quarter and beat market expectations of 6.7%.

It was the largest since the second quarter of 2021, when the base effect recorded 16.1% growth.

The quarter-on-quarter (seasonally adjusted) growth rate was 3.5%. It was 3.8% in the first quarter.

The Malaysian economy has been on a strong recovery since border reopening in April.

"The economic recovery is expected to continue in the second half of the year, but the pace will be slower in the face of global headwinds," Fed Governor Noli Shamsier said at a news conference.

He said he expects growth this year to be near the upper end of its previous forecast of 5.3% to 6.3%.

Headline and core inflation are expected to average higher in 2022. But Nor Shamshier said monetary policy needed to adjust the policy rate gradually to avoid the need for stronger measures in the future. He said any action would be taken carefully and step by step.

Bank Negara Malaysia decided to raise interest rates for the second time in a row in July.

Malaysia's economic growth will slow in coming quarters as commodity prices fall and the boost from the reopening of borders wears off, Capital Economics said in a report.

"However, the slowdown is likely to be relatively mild as the reopening of borders provides some support to economic activity," said Gareth Leather, senior economist for Asia at the firm.

<https://jp.reuters.com/article/malasia-gdp-idJPKBN2PI08D>