

KUALA LUMPUR: Hong Leong IB Research raised its 2017 full year gross domestic product growth forecast for Malaysia to 5.4 per cent year-on-year from 4.9 per cent previously.

The research firm said it anticipates 2Q17 real GDP growth to have grown at a stronger pace of 5.8 per cent y-o-y after the release of various indicators which showed higher strength.

In a GDP preview note today, the research house said 2Q17 GDP growth is higher than the strong momentum of 5.6 per cent y-o-y recorded in 1Q17.

“While we expect near-term growth impetus to remain resilient, our forecast trajectory for a more moderate 2H is retained as the base effect (commodity sector) and exuberance (exports & capital market activity) wear off.

“Despite the upward revision to 2017 GDP print, we maintain our expectations for Bank Negara Malaysia to retain the OPR at 3.00 per cent in the remainder of 2017.

“We opine that spillover from robust exports to domestic demand has not jeopardized growth stability, inflation has eased while core inflation remains contained, and financial stability concerns are in check” it said.