

Malaysia Business Forecast Report Q1 2015

<https://marketpublishers.com/r/M3C13D44802EN.html>

Date: October 2014

Pages: 51

Price: US\$ 1,195.00 (Single User License)

ID: M3C13D44802EN

Abstracts

Includes 3 FREE quarterly updates

Core Views

The Malaysian economy's strong real GDP growth in Q214 is likely to continue to be supported by strong exports, but we expect consumer spending growth to weaken. In light of strong H114 data, we have upgraded our full-year forecast from the current level of 4.5% to 5.8%.

The proposed changes to Malaysia's fuel subsidy scheme will place upside pressures on inflation, posing short-term problems for the government as it seeks to contain the rising cost of living. However, we believe that the proposed changes will have a positive impact on long-term fiscal discipline by reducing expenditures and increasing government revenue.

In line with our expectations, Bank Negara Malaysia (BNM) held its Overnight Policy Rate (OPR) at 3.25% during its monetary policy meeting on September 18. We forecast interest rates to remain on hold for the rest of 2014 and through 2015 as BNM focuses on maintaining growth as exports have slowed and inflation should remain manageable.

We continue to forecast the ringgit to appreciate to MYR3.1100/USD by end-2014 and MYR2.9500/USD by end-2015 due to strong GDP growth, benign inflation, and a stronger demand for exports.

The debacle over the new Selangor Chief Minister in Malaysia will have negative effects on the policy making ability of Pakatan Rakyat (PR), which holds the majority in Selangor's State Legislative Assembly, and shows that the coalition lacks unity. Infighting has also distracted the government from dealing with more pressing economic

issues. We believe that this will lead to a deterioration in the business environment and may deter investors from investing in the state.

Major Forecast Changes

We have upgraded our full-year GDP forecast from the current level of 4.5% to 5.8% in the light of strong H114 data. While exports are likely to continue to provide support for growth, we expect consumer spending growth to weaken over the coming quarters.

Contents

Executive Summary
Core Views
Major Forecast Changes
Key Risks To Outlook

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis

BMI Political Risk Index

Domestic Politics

Politicking At Expense Of Economy

The debacle over the new Selangor Chief Minister in Malaysia will have negative effects on the policy making ability of Pakatan Rakyat (PR), which holds the majority in Selangor's State Legislative Assembly, and shows that the coalition lacks unity. Infighting has also distracted the government from dealing with more pressing economic issues. We believe that this will lead to a deterioration in the business environment and may deter investors from investing in the state.

Table: Political Over view

Long-Term Political Outlook

Race Relations Still Cloud The Horizon

Malaysia's ethnic diversity will continue to influence domestic politics, and the rise of a stronger opposition presents myriad possibilities in the political arena over the longer term.

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis

BMI Economic Risk Index

Economic Activity

Growth Continues To Be Export-Driven

The Malaysian economy's strong real GDP growth in Q214 is likely to continue to be supported by strong exports, but we expect consumer spending growth to weaken. In light of strong H114 data, we have upgraded our full-year forecast from the current level of 4.5% to 5.8%.

Table: Economic Activity

Revamped Fuel Subsidy Good For Government Coffers

The proposed changes to Malaysia's fuel subsidy scheme will place upside pressures on inflation, posing short-term problems for the government as it seeks to contain the rising cost of living. However, we believe that the proposed changes will have a positive impact on long-term fiscal discipline by reducing expenditures and increasing government revenue.

Table: Fiscal Policy

BNM Holds Rates For Now

In line with our expectations, Bank Negara Malaysia (BNM) held its Overnight Policy Rate (OPR) at 3.25% during its monetary policy meeting on September 18. We forecast interest rates to remain on hold for the rest of 2014 and through 2015 as BNM focuses on maintaining growth as exports have slowed and inflation should remain manageable.

Table: Monetary Policy

Exchange Rate Policy

MYR: The Bull Market Charges On

We continue to forecast the ringgit to appreciate to MYR3.1100/USD by end-2014 and MYR2.9500/USD by end-2015 due to strong GDP growth, benign inflation, and a stronger demand for exports.

Table: BMI CURRENCY FORECAST

Table: Current Account

CHAPTER 3: 10-YEAR FORECAST

The Malaysian Economy to 2023

Productivity Gains To Support 4.0% Real Growth

Owing to strong demographic trends, a continually improving business environment, and further ASEAN economic integration, we see

Malaysian real GDP seeing a compound annual average growth rate of 4.0% (8.3% in nominal US dollar terms) over the next decade.

While this is slightly below the 4.3% (10.5% in nominal US dollar terms) rate seen over the past decade, this largely reflects lower growth in the working age population, while labour productivity growth is set to rise. The lofty level of household debt, and uncertainty regarding the fiscal trajectory are risks, but are not likely to derail the economy's strong prospects.

Table: Long-Term Macroeconomic Forecasts

CHAPTER 4: OPERATIONAL RISK

SWOT Analysis

Operational Risk Index

Operational Risk

Table: Operational Risk

Transport Network

Table: Asia Transport Network Risks

Economic Openness

Table: Asia - Economic Openness Risk

Table: Top 5 Products Imported (USDmn), 2007-2013

Table: Top 5 Trade Partners Product Exports (USDmn), 2007-2013

CHAPTER 5: KEY SECTORS

Oil & Gas

Table: Headline Forecasts

Table: Oil Production

Table: Gas Production

Table: Gas Production

Infrastructure

Table: Construction And Infrastructure Industry Data

Table: Construction And Infrastructure Industry Data

Other Key Sectors

Table: Pharma Sector Key Indicators

Table: Food & Drink Sector Key Indicators

Table: Autos Sector Key Indicators

Table: Defence & Security Sector Key Indicators

Table: Telecoms Sector Key Indicators

Table: Freight Key Indicators

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Big Emerging Market Revisions

Table: Global Assumptions

Table: Developed States, Real GDP Growth, %

Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH

FORECASTS, %

Table: Emerging Mar kets , Real GDP Growth , %

I would like to order

Product name: Malaysia Business Forecast Report Q1 2015

Product link: <https://marketpublishers.com/r/M3C13D44802EN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/M3C13D44802EN.html>