Macroeconomic Outlook

Sustained global growth amid moderating inflation

Global growth expected to be sustained in 2024

The global economy is expected to remain sustained, supported by moderating inflation, resilient labour markets and a rebound in global trade. The impact from tight monetary policy is expected to dissipate towards the second half of 2024. Global inflation would likely moderate further, though upside risks from higher commodity prices have risen. China's growth is expected to expand albeit at a slower pace in 2024, as fiscal support will be offset by weak property market. Global trade growth is expected to rebound in 2024, driven mainly by the technology upcycle and tourism recovery.

Downside risks stem mainly from escalation of geopolitical tensions, higher-than-expected inflation, and a sharp tightening in financial market conditions. However, upside risk to global growth can arise from stronger-than-expected domestic demand, particularly in advanced economies.

Malaysian economy to expand further

Continued expansion in domestic demand and improvement in external demand to support growth

Going forward, growth of the Malaysian economy will be driven mainly by resilient domestic expenditure, with additional support from exports recovery. Household spending will be supported by sustained growth in employment and wage growth. Tourist arrivals and spending are expected to improve further. Additionally, investment activities will be supported by continued progress of multi-year projects in both the private and public sectors, and augmented by the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments.

The growth outlook faces downside risks from weaker-than-expected external demand, further escalation of geopolitical conflicts and larger declines in commodity production. Nevertheless, greater spillover from the tech upcycle, more robust tourism activities, and faster implementation of new and existing investment projects provide upside to Malaysia's economic outlook.

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Inflation to be moderate in 2024

Headline inflation and core inflation are expected to remain moderate amid stable demand conditions and contained cost pressures

For 2024, headline and core inflation are projected to remain moderate averaging from 2% to 3.5%, and 2% to 3%, respectively. The wider forecast range has incorporated some potential upside on inflation that could arise from the implementation of subsidy rationalisation. The outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.