

# Macroeconomic Outlook



## Sustained global growth in 2024

### Despite tight monetary policy, trade rebound and resilient labour market will support global growth

The global economy is expected to grow at a sustained pace in 2024. Tight monetary policy and withdrawal of fiscal support will weigh on growth. But this will be offset by a rebound in international trade, resilient labour market and falling inflation. The global trade rebound is driven by global technology upcycle, and full recovery in tourism activity. Global inflation will moderate further, as falling commodity prices and loosening labour market translate to lower core inflation. After benefiting from reopening recovery in 2023, China's growth is expected to soften in 2024, given continued drag from the property market downturn.

Downside risks stem mainly from an escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and heightened volatility in global financial markets. However, upside risk to global growth could arise from stronger-than-expected domestic demand, especially in advanced economies, and stronger fiscal policy support in China.



## Malaysian economy to continue expansion

### Domestic demand to anchor growth in 2024

For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans. Budget 2024 measures will also provide additional support to economic activity.

The growth outlook remains subject to downside risks from weaker-than-expected external demand and declines in commodity production. Meanwhile, upside risks to domestic growth emanate from greater spillover from the tech upcycle, stronger-than-expected tourism activity and faster implementation of both existing and new projects.

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## Headline inflation and core inflation are expected to remain modest in 2024

**Headline inflation is expected to average between 2.1% - 3.6%<sup>1</sup> for the year as a whole**

As expected, both headline and core inflation have moderated, mainly due to lower cost pressures amid stabilising demand conditions. In 2024, inflation is expected to remain modest, broadly reflecting stable cost and demand conditions. However, the inflation outlook remains highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

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<sup>1</sup> Source: Economic Outlook 2024, Ministry of Finance Malaysia.