

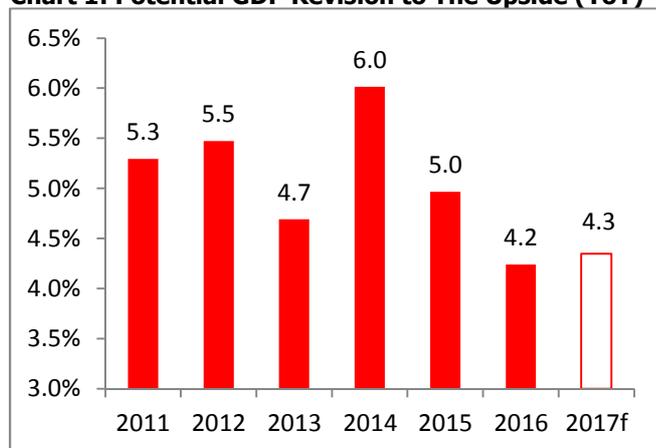
### Revision to 2017 GDP Growth Forecast on the Horizon Amid Expectation of Stronger Trade Activity

**Recent surge in global trade activity to boost domestic growth.** Globally and regionally, trade activity has been on the uptrend – reflecting a surge in demand led by China and firmer commodity prices. In February, China saw its imports demand grew 38.1% - twice the consensus figure surveyed by Bloomberg and highest in 5 years.

**Of the 13 countries that we track and assessed, 6 record exports growth of above 15%** in February which includes Hong Kong, India, Korea, Singapore, Taiwan and Vietnam. On this backdrop, there is 80% likelihood that February trade figures for Malaysia which will be released on Wednesday to beat ours and consensus expectations. We have previously projected February exports growth to reach 14.6% while the median Bloomberg poll stood at 14.9%. The February’s figure is crucial in ironing out the seasonal element due to distortion to the Chinese New Year festival.

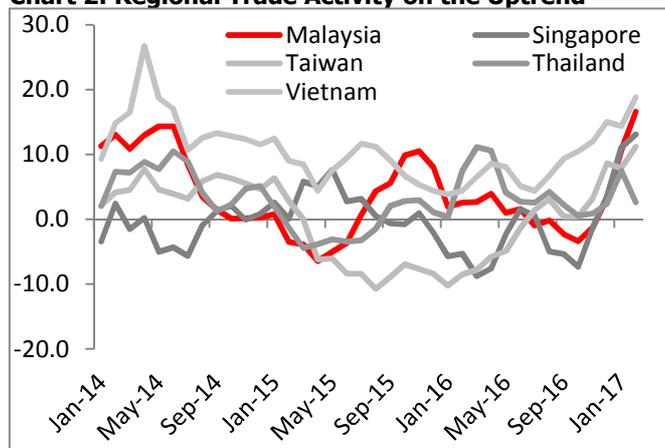
**2017 GDP growth forecast revision is pending February’s trade data.** Strong trade activity is often a strong tailwind to domestic growth. As an open economy which trade activities account for nearly 1.3 times its GDP, improvement in external demand is often a huge boon to the domestic economy. GDP growth was at its slowest last year since 2010 at 4.2% which coincided with lackluster trade growth for the year at 1.5% (exports: 1.1%, imports: 1.9%). Our analytics show GDP growth could have an upward revision between 0.4 – 0.8% points depending on the final trade data for February.

**Chart 1: Potential GDP Revision to The Upside (YoY)**



Source: Department of Statistics Malaysia (DOSM); MIDF Research

**Chart 2: Regional Trade Activity on the Uptrend**



Source: Bank of Thailand; MIDF Research

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