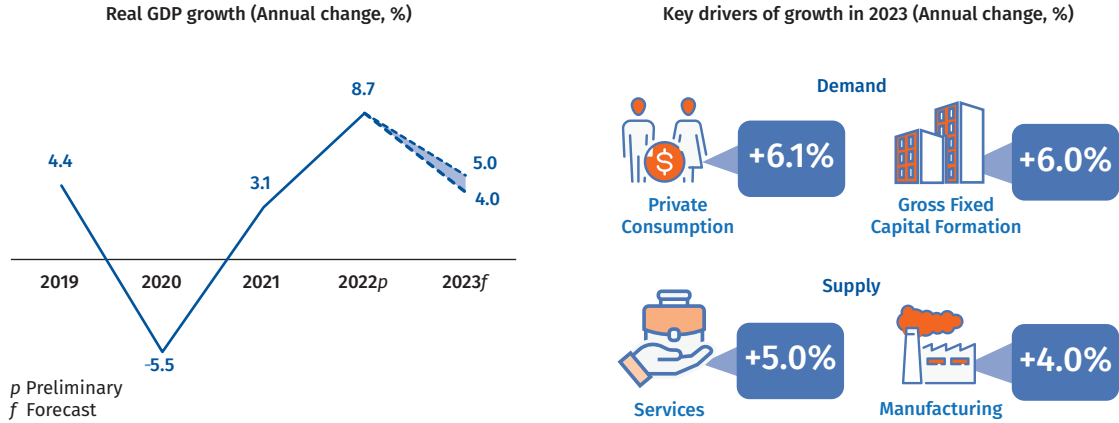


# Key Highlights on Economic Development and Outlook

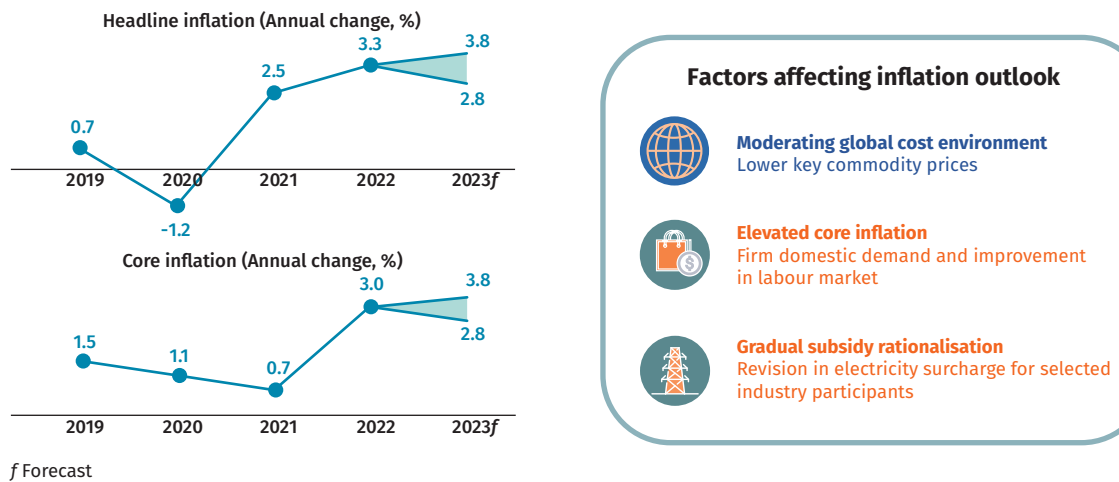
## Malaysia's economy to grow between 4% and 5% in 2023



## Various factors supporting growth, despite external and domestic headwinds



## Headline and core inflation to average between 2.8% and 3.8% in 2023



Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

# Key Highlights on Box Articles

## Rebuilding Retirement Savings and Financial Safety Nets in Malaysia Necessary reforms to ensure Malaysia's retirement saving framework is future-ready

### Gaps in the current retirement saving framework



#### Sufficiency: Savings adequacy

- Low number of EPF members meeting the Basic Savings threshold



#### Exclusion: Access to social protection

- Limited access to social protection for workers in the informal sector



#### Adaptability: Gaps in old-age assistance and labour market frictions

- Insufficiency of old-age assistance
- Lack of job opportunity for the old-age groups to re-enter job market

### Saving our tomorrow: Reforms for a better future



#### Ringfencing of retirement funds

- Allow for greater accumulation of savings, alongside structural reforms to boost income



#### Unlocking the potential of data

- Universal registration into EPF and SOCSO to identify needs for uncovered segments
- Enable linking of cash assistance with upskilling programmes



#### Enhancing old-age assistance and labour participation

- Linking old-age assistances to standard of living
- Hiring incentives for old-age workers

## An orderly transition to a green economy will allow Malaysia's growth to become more resilient, sustainable and inclusive

### A suite of mitigation measures can be considered to encourage an orderly transition



#### Regulation

Legislate **Climate Change Act**  
Develop **sectoral pathways (LT-LEDS)**



#### Price Reforms

Rationalise **fossil fuel subsidies** and redirection to renewable energy



#### Leadership and Governance

Prioritise **low carbon procurement**



#### Investment

Scale up **R&D** and commercialisation of green technologies



#### Awareness and Capacity Building

Promote **public awareness** on carbon capture, palm-based feedstock and bio-based solutions

### Regional countries are moving ahead to implement climate policies

		Policies						
		Policy already in place	Policy currently under planning	No policy in place	National Net Zero Target	Net-Zero Policy Framework & Legislation	Carbon Market Mechanism	Carbon Tax
	Singapore	●	●	●	By 2050	●	●	●
	Indonesia	●	●	●	By 2060	●	●	●
	Thailand	●	●	●	By 2065	●	●	●
	Malaysia	●	●	●	By 2050	●	●	●
	Philippines	●	●	●	75% below BAU by 2030	●	●	●

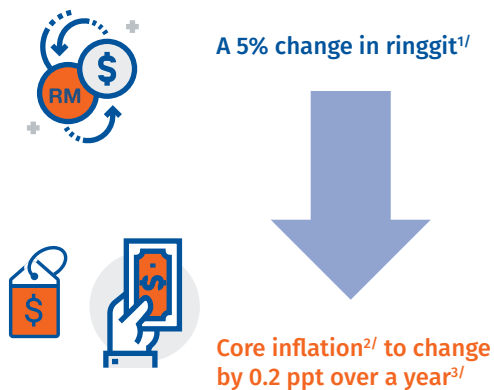
Source: Various news flows, Grantham Research Institute on Climate Change and Environment

## Key Highlights on Box Articles

### Exchange Rate Pass-Through to Inflation in Malaysia

Although the ringgit has depreciated, impact to inflation has been quite contained...

...in part reflecting country-specific factors



Factors that limit exchange rate pass-through:

1. **Low share of imports in consumption and production**
2. **Stable firm pricing behaviour**
3. **Policy intervention such as subsidies and price ceilings**

<sup>1/</sup> Ringgit here refers to RM/USD.

<sup>2/</sup> Core inflation refers to core consumer price index (CPI) which excludes volatile items (e.g. fresh food) and price-administered items, as well as direct impact from consumption tax policy changes.

<sup>3/</sup> On average over 2006 to 2022.