

01/10/1998

Economy to record 2pc growth next year, Isis says

THE Institute of Strategic and International Studies (Isis) believes that the Malaysian economy will record a 2 per cent growth for 1999.

Its chairman Tan Sri Dr Noordin Sopiee said this is based on the positive results shown with the introduction of measures by the Government and Bank Negara, adding that these measures "have been a great success".

Growth is possible with the turnaround in domestic demand as a result of increased liquidity in the banking system and a positive change in sentiment, he added.

"The recession of 1998, will end in 1998 and we will have positive growth for 1999.

"Look at the (performance) stock market ... there is non-existence of black market for the currency ... look at the investments that are on stream.

"Look at the mood and sentiment, before September it was grim and of despair but now it is more hopeful," he said adding that the country's reserves have also increased.

Last week, Prime Minister Datuk Seri Dr Mahathir Mohamad said the country's reserves have gone up by US\$90 million (US\$1 = RM3.80) following the new measures.

Malaysia also registered a trade surplus of RM26 billion in the first seven months of this year, partly because of those measures.

"We are definitely on the road to recovery and the economy is going to turnaround and sustain (the recovery)," said Noordin adding that if these measures were not introduced the country will have achieved a minus 10 per cent growth.

The measures included capital controls, extending the grace period for the classification on non-performing loans from three to six months and reducing the statutory reserve requirement of banks from 6 per cent to 4 per cent of their eligible liabilities.

(END)