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GDP-IMPROVEMENT

ECONOMISTS EXPECT MARKED IMPROVEMENT IN FIRST QUARTER GDP

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KUALA LUMPUR, May 20 (Bernama) -- Malaysia's first quarter gross domestic product (GDP) could see a marked improvement from the 8.1 percent contraction registered in the last quarter of 1998, economists said.

Expecting the economy to shrink between two and three percent in January to March, the economists told Bernama that the second quarter will show a lower drop, followed by a positive GDP in the second half of the year.

An economist, who had forecast the first quarter GDP to decline by just 2.7 percent, said the effect of reflation of the economy through pumping liquidity into the banking system will only be more noticeable from the second quarter onwards.

He also said his 2.7 percent projection stemmed from the positive growth of the agriculture and services sector but this was offset by the drop in manufacturing, mining and construction.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said today growth for the first quarter of this year was well within estimates.

"It is within our projected target and will contribute to the one percent Gross Domestic Product (GDP) growth forecast (for this year)," he added.

The economists said they had to date projected between 0.6 percent and 0.8 percent in GDP growth for the whole year.

However, they added that with the continued pump-priming and easing of monetary policy by the authorities, the one percent target is within reach.

One economist stressed that it is important to keep the ringgit pegged at 3.80 against the US dollar to boost export as Malaysian products will be relatively cheaper against some of its neighbours.

For 1998, Malaysia's GDP fell 6.7 percent. -- BERNAMA

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