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## Economists bullish about economy

THE outlook for the Malaysian economy strengthened over the past few months, with 1999 gross domestic product (GDP) now seen up 1.3 per cent, according to a Reuters poll of 10 research houses.

In a March Reuters survey, economists expected 1999 GDP to show only 0.2 per cent growth from the previous full year.

The outlook for 2000 growth has similarly strengthened, to 3.3 per cent from 2.9 per cent.

First quarter GDP was down 1.5 per cent a year earlier, Prime Minister Datuk Seri Dr Mahathir Mohamad said last month.

Economists said the economy, which suffered its first recession in 13 years in 1998, will again show growth in second quarter GDP figures, which should be up on a year earlier.

"I expect positive growth to emerge in the second quarter of this year," said Mr Neil Saker, head of economic research at SG Securities in Singapore.

"Recent data show that our projections will be achieved."

Economists are watching industrial production, which was down 3.4 per cent in the first quarter from a year earlier but up an annual 2.6 per cent in April.

"Industrial production contracted in the first quarter, but it is improving. At the end of last year it was in double-digit decline.

"It will move to positive in the second quarter," said Mr Kevin Ng, economist at ABN Amro in Singapore.

Bank Negara Malaysia sees 1999 full-year growth of at least 1 per cent.

The Government expects 2000 GDP to show 5 per cent growth.

Similarly, Associated Press quoted analysts as saying surprisingly strong economic indicators suggest that Malaysia's economy is headed for recovery after its worst recession since Independence.

The economy has contracted for five straight quarters, since Asia's regional financial turmoil took hold in July 1997.

Recent robust figures in the manufacturing sector and in foreign trade, however, have prompted economists and analysts to increase their growth forecasts for Malaysia's second quarter, marking a return to growth.

"Strong manufacturing growth for March and April means that Malaysia's economic recovery is solidifying much more quickly than anticipated," Mr Song Seng Wun, a regional economist with Singapore brokerage house G.K. Goh Holdings, told Dow Jones Newswires.

Song said he had raised his estimate for second quarter economic growth to 2.2 per cent, from 0.8 per cent. He upped his annual economic growth estimate to 2 per cent from 0.8 per cent.

Malaysia's economy contracted 6.7 per cent in 1998 after nearly a decade of above 8 per cent growth.

The Department of Statistics on Monday said the year's manufacturing output rose 4.5 per cent in April and 4.3 per cent in March.

Malaysia reported growth last week in imports for the first time since last August, suggesting that domestic demand is coming out of its slumber. April figures showed imports rose 4.4 per cent to RM19.7 billion.

"The latest import figures sent out a positive story: that the economy is picking up," said research manager at Singapore's J.M. Sassoon, Liew Yin Sze.

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