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MUSTAPA-INTEREST RATES

INTEREST RATE MOVEMENTS TO TRACK ECONOMIC DEVELOPMENT

KUALA LUMPUR, Aug 10 -- Bank Negara Malaysia would decide on the movement of interest rates in accordance with economic developments, Second Finance Minister Datuk Mustapa Mohamed said today.

Commenting on the 50 basis points reduction in Bank Negara's benchmark three-month intervention rate yesterday, he said it is one of the tools used by Bank Negara to undertake its monetary policy.

Bank Negara in a move to further ease lending rates to strengthen economic growth, announced that the intervention rate would be reduced to 5.5 percent, making it the third reduction for this year.

The cut would result in lending rates dipping to one of its lowest in the last 16 years.

Asked whether there is room for further reduction in interest rates, he said: "Bank Negara will look at it every now and then."

On the Gross Domestic Product (GDP) growth for the second quarter, Mustapa said there is normally a six to seven weeks time lapse before the announcement is made.

"We will be working hard with the Statistics Department on this," he added.

Explaining that he does not know when the figures will be released, he added: "I hope it will come soon."

"The PM has given indications of the figures," he added.

Datuk Seri Dr Mahathir Mohamad said a fortnight ago that Malaysia's GDP growth would record a positive growth of between two and three percent in the second quarter of this year. -- BERNAMA

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