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MALAYSIA-GDP

MALAYSIA CAN SHOW FIVE PERCENT GROWTH IN 2000, SAYS ECONOMISTS

KUALA LUMPUR, April 22 (Bernama) -- Malaysia can register five percent growth in its gross domestic product (GDP) next year mainly due to measures taken to further stimulate domestic spending, economists said today.

The five percent forecast was revealed by the Prime Minister Datuk Seri Dr Mahathir Mohamad when he announced the mid-term review of the Seventh Malaysia Plan (7MP) today.

Dr Mahathir had also announced measures to ensure sustainable economic growth for the remaining period of the plan that would end next year.

"The continued government spending, especially in projects that generate demand for domestic goods and services, would stimulate domestic spending required for economic recovery," an economist told Bernama.

The federal government's development allocation for the whole 7MP will be increased by RM22 billion to RM89.5 billion from RM67.5 billion.

He said with efforts to avert resurgence of price pressures and contain inflation, the general public would have greater confidence to consume more of the present excess capacity in the system.

Another economist said prospects for a faster growth was good following moves to direct public expenditure at projects with short gestation period.

"The government is hoping that the growth momentum of 1999 (one percent GDP) would spillover strongly into 2000 to enable Malaysia to register the five percent target," he said.

However, he cautioned that growth was also influenced by external factor, adding that the U.S., one of Malaysia's important trading partners was now enjoying a strong economy, but how long this would last was left to be seen.

Meanwhile, dealers said, the stimulus tabled in the mid-term review will "put Malaysia back on the track for economic growth."

A trader noted that the market had reacted positively to the mid-term review of the Seventh Malaysia Plan.

The Kuala Lumpur Stock Exchange ended higher today. The benchmark Composite Index added 19.73 points to 636.43 with 331.063 million shares traded.

"There's a lot of foreign investors entering the market, especially from US-based funds," he said.

A dealer was confident that the bullish sentiment would spillover tomorrow with the market poised to test the 650-point resistance.--BERNAMA

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