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GDP growth for Q3 expected to exceed 7pc: PM

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PRIME Minister Datuk Seri Dr Mahathir Mohamad says Malaysia's gross domestic product (GDP) growth for the third quarter 2000 is expected to "exceed 7 per cent".

"It looks good... but will not be as high as what was achieved in the first quarter of this year.

"The first quarter was high because last year's first quarter was very low and it was easy for us to beat the figure," he said after officiating at a national seminar on "Islamic Development and the Threat of Deviant Teachings" in Kuala Lumpur yesterday.

The second, third and fourth quarters of 1999 were also quite good, he added.

The Prime Minister said he was optimistic that Malaysia would achieve the 7.5 per cent GDP growth forecast for the whole of this year as announced by Finance Minister Tun Daim Zainuddin in his budget speech last month.

Dr Mahathir was asked to comment on a news agency report which quoted a Bank Negara Malaysia official as saying the third quarter figures would be released next week.

The economy sputtered 10.3 per cent in the first half of 2000, up from 5.8 per cent for the whole of last year. An economist contacted by Business Times said the country should still be able will exceed the official forecast of 7.5 per cent this year, despite slower growth in the third quarter.

In fact, the GDP growth for 2000 would likely be above 8 per cent, he said, pointing to the strong rise in September of the Industrial Production Index as well as the 35th consecutive month of trade surplus.

"The IPI remains strong meaning there is no softening of our exports," he said.

The IPI jumped 15.6 per cent to 196.5 points from the same month last year. It was the 14th consecutive month of double-digit growth, attributable mainly to the robust manufacturing sector.

The RM6.1 billion trade surplus in September was RM1.3 billion or 28 per cent higher than the RM4.8 billion posted in the preceeding month.

Sungei Way Group corporate adviser Tan Sri Ramon Navaratnam was much more bullish, saying that the third quarter GDP would be more than 9 per cent, and for the whole year over 8 per cent.

"The drive behind the third quarter growth came from the spreading out of economic activities which were more concentrated in nature during the first half of the year," he said.

The manufacturing sector, led by exports of electronics and electrical products churned out by multinational companies, has been the main contributor to growth. Now economic activities have widened into the construction industry as well, especially property development, he added.

Another economist forecast the third quarter growth at about 7.5 per cent and and for the whole of 2000 8.5 per cent.

"I don't see very strong numbers from the manufacturing sector," he said, adding that there is also not much improvement in the services sector, namely finance, insurance and real estate.

"Credit growth was also weak in July-September, only by 3.6 per cent."

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