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Govt confident of strong economic performance in Q2

THE Government is confident that the economy will post a strong performance for the second quarter despite concerns that a slowdown in US imports might affect Malaysia's gross domestic product growth.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the country has reasonable hopes of maintaining the growth momentum.

"It may not be as high as in the first quarter, but it will be as good as the last quarter of 1999," he told reporters after launching the Perodua Kenari in Kuala Lumpur yesterday.

Malaysia's 11.7 per cent first quarter growth has prompted a wave of forecast upgrades by foreign investment houses for the country's gross domestic product (GDP).

On whether Malaysia would be able to chalk up an 8.0 per cent growth for the whole of this year, he said: "I don't know. We'll try."

According to a Reuters poll of 10 research houses, the economy is seen expanding by 7.5 per cent in 2000 and 6.2 per cent in 2001.

The stronger growth forecast for this year was made on the back of the strong first quarter performance.

It was the fourth consecutive quarter that GDP had risen on year-on-year since the end of Malaysia's deepest recession in more than four decades.

But economists said the expansion, driven by both external demand and a pick-up in private sector expenditure, would taper off during the rest of the year.

"The growth rate in the first quarter was exceptionally high and I don't think it's sustainable. We expect the numbers to slow down in the remaining quarters of the year," said Mr Eddie Lee, regional economist at Vickers Ballas.

The official forecast is for the GDP to grow by 5.8 per cent in 2000, up from 5.6 per cent the previous year, but the Government said recently it may revise the figure upwards.

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