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MIER-GDP

MIER: Q3,Q4 GDP GROWTH AT BETWEEN 5-6 PCT

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KUALA LUMPUR, Aug 22 (Bernama) -- Malaysia's gross domestic product growth in the third and fourth quarters of this year will be higher than the 3.8 percent attained in the second quarter, says Dr Mohammed Ariff Abdul Kareem, executive director of Malaysian Institute of Economic Research,

A combination of increased export demand and government fiscal stimulus would produce growth of between five percent and six percent in the second half of the year, he told reporters at the "Dynamics Of The Islamic Financial Market" conference here today.

"We expect the GDP growth in the third and fourth quarter to be even better (than second quarter) at around 5.0 to 6.0 percent," he said. "The economic recovery is really kicking strongly in the second half. There are very clear indications already."

Among the indications were the recovery in manufacturing and export performances, said Dr Mohammed Ariff.

Sustained domestic demand and a recovery in exports led Malaysia to register a GDP growth of 3.8 percent in the second quarter of this year

Announcing the second quarter economic performance yesterday, Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz said exports recorded a positive annual growth of 5.3 percent, the first time since the first quarter of last year.

This was due to the stronger growth in electronic exports and positive terms of trade from higher prices of palm oil, rubber, cocoa, and saw logs.

The manufacturing sector also rebounded in the second quarter to take a lead in growth with value added increasing by 5.6 percent (1Q -2.3), the first positive growth since the first quarter of last year.

Dr Mohammed Ariff also said that MIER expected exports to rise faster than before in the second half given that the ringgit had depreciated sufficiently to stimulate export demand.

"It makes Malaysia's exports cheaper. Not only in the US but also outside (US)," he said.

Dr Mohammed Ariff also said it was appropriate for BNM to revise its earlier growth projection of 3.5 percent for 2002.

Dr Zeti yesterday said a revision would be made on and would be presented in the 2003/2004 Budget to be unveiled on Sept 20 by Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad.

"There is potential for a better performance than our forecast," she said.

As for MIER's forecast of a GDP growth of 4.5 percent for 2002, Dr Mohammed Ariff said the economic think-tank was still sticking to its original projection.

Asked whether the slow external growth could lead to a setback in MIER's forecast of 4.5 percent, he said the development in the U.S was unlikely to affect Malaysia's growth performance this year.

He said problems affecting the financial sector in the U.S. had yet to sour other sectors like real estate.

"It may happen but later. For the rest of this year, very slim," he said. -- BERNAMA

LES SHY