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ZETI-REVISION

MSIA'S 2002 GDP TO BE REVISED FROM 3.5 PCT PROJECTED EARLIER

KUALA LUMPUR, Aug 21 (Bernama) -- Malaysia's economic growth projection of 3.5 percent for this year will be revised, thanks to the country's stronger pace in economic expansion, Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz said today.

The revision would be announced when the 2003/2004 Budget is unveiled on Sept 20 by Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad.

"The performance in 2002 would be better than the 3.5 percent forecast made in Bank Negara's annual report," she told a press conference here.

Malaysia recorded a GDP growth of 3.8 percent in the second quarter compared with 0.5 percent in the same period last year and 1.1 percent in the first quarter of this year.

Dr Zeti expressed confidence that if there was lower growth in external factors, the economy could still achieve a 3.5 percent growth.

She reasoned that the manufacturing sector, which has high sensitivity to external factors, had been resilient to external shocks in the previous quarters.

Although there was a mixed perception on the outlook of the U.S economic growth, Dr Zeti said that demand driven growth in the local economy would cushion the impact of any slowdown in the American economy.

She said there were a mixed bag of U.S. economic growth indicators, positive in corporate profits, employment and housing but negative in consumer confidence indices, durable and manufacturing orders.

Even if the US economic growth is moderate, it would still continue to recover, she added.

Although Malaysia is not immune to global developments, prospects for demand led growth and further increase in inter-regional trade would contribute to prospects of sustainable and improved growth in the second half year.

On the performance of the ringgit following the strengthening of major currencies against it, Dr Zeti said Malaysia has strengthened its tolerance level to absorb volatility while the exchange rate regime facilitates trade and prevents any disalignment.

This mechanism in place alleviates Malaysia's trade volume, foreign direct investments and portfolio investments, she added. -- BERNAMA

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