

27/03/2002

Nation in early stages of recovery, says Zeti

Hamisah Hamid

MALAYSIA is now in the early stages of recovery, with the first quarter expected to show gross domestic product (GDP) growth as against last year's contraction.

Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz said that for the last five years, the fourth quarter had been the best-performing seasonally.

"The first quarter, as you know, is not. The fourth quarter is usually the best-performing, but that is not the indication of our recovery prospects," she said.

"Our recovery has already commenced... we are in the early stages of recovery," she told reporters at the sidelines of the Islamic Capital Market Conference in Kuala Lumpur yesterday.

Zeti was responding to queries whether the GDP growth for January-March this year would be better than the fourth quarter of 2001.

Last year's fourth quarter registered a smaller-than-expected 0.5 per cent contraction, bringing economic growth for 2001 to 0.4 per cent.

The central bank, when releasing its 2001 annual report last week, had forecast a 1 per cent growth for the first quarter of this year.

At the press conference last week, Zeti said the central bank expected either flat growth or 1 per cent growth in the first quarter of 2002.

She added that growth is expected to improve in the second quarter and to strengthen further in the second half, given the improvement in the external demand and major economies of the world.

Bank Negara has also projected a modest economic recovery this year with 3.5 per cent GDP growth, a lower estimate than the 4 to 5 per cent projected growth made in Budget 2002 and slightly higher than the 3 per cent estimate made by Prime Minister Datuk Seri Dr Mahathir Mohamed earlier this year.

(END)