

Economists: Growth stronger than expected
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The 8.9 percent Gross Domestic Product (GDP) growth recorded in the second-quarter is above market expectations, economists said today.

"It is above our estimate of 8.5 per cent. This translates into a 9.5 percent growth in the first-half.

"Even if the second-half performance moderates to around 6.0 percent, the full-year growth could still come close to our forecast of 8.0 percent for 2010.

"Therefore, we are not changing our bullish view on the economy, especially given the new growth drivers from the New Economy Model and the 10th Malaysia Plan," said AmResearch economist Manokaran Mottain.

He told Bernama today that robust domestic demand and sustained steady performance in trade activity would further boost economic growth.

Bank Negara today announced an 8.9 percent GDP growth for the second-quarter, which was lower than the first-quarter growth of 10.1 percent.

AmResearch had forecast Malaysia's second-quarter GDP to remain strong at 8.5 percent, despite some weaknesses.

The research house recognised the slower growth of 9.4 percent in June's Industrial Production Index against the consensus estimate of 11.7 percent.

However, manufacturing activity was still stronger in the second-quarter, posting an increase of 15.6 percent versus 5.3 percent recorded in the first-quarter.

This, it said was in tandem with regional performances, especially with the country's major trading partners like China and Singapore.

Meanwhile, Muhammad Saleh Majid said the latest data was a respectable figure the country can be proud of.

"We are growing in tandem with Singapore and China which are moderating their economic growths so as not to reach an over-heated situation," he said.

The former president of Bursa Saham Kuala Lumpur, now known as Bursa Malaysia, also said the lower growth, when compared with the first quarter growth of 10.1 percent, was expected.

"We managed to remain resilient because of the RM67 billion stimulus package which still had a positive impact on the economy," he said, adding that the lower growth was due to external factors.

Muhammad Saleh said several developed countries, which were Malaysia's trading partners, were still reeling from the recession.

"The United States is still not out of the economic crisis and Japan is still trying to cope with

the rising Yen which was affecting exports.

"We are still safe. We did not experience an economic downfall like other developing countries," he added.

- Bernama

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