

RAM expects economy to expand 7.4% this year
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RAM Holdings Bhd expects the economy to expand by 7.4 percent this year albeit at a moderate momentum in the second half of this year.

It said Malaysia's gross domestic product (GDP) is expected to grow at 5.6 percent slower pace in the second half of 2010, on account of moderating external demand, fading low-base effects and easing restocking activities.

The projected second half growth was broadly in line with the country's potential output, it said in a statement.

For the second quarter of this year, RAM said Malaysia has recorded a stronger-than-projected 8.9 percent GDP growth.

It said Malaysia's inflation rate reflected rising consumer confidence and recovering global demand following worldwide financial turbulence.

The year-on-year increase in the domestic inflation rate to 1.9 percent in July (coinciding with the commencement of the Malaysian government's subsidy rationalisation programme) is mainly attributable to the food and transport components.

"All things considered, we have maintained our estimated inflation rate of 2.5 percent for 2010," it said.

RAM also projected exports to expand by 12.9 percent, with imports at 18.3 percent, backed by a pick-up in industrial and investment activities.

It said the export growth was attributable to sustained demand from newly-industrialised economies and China.

"This trend is expected to continue as Asian economies still power much of the current global growth momentum, the crisis-hit economies are expected to continue experiencing lethargic recovery," it said.

Meanwhile, private consumption is expected to maintain its upbeat momentum, with a 7.7 percent growth for the year, slightly higher than the public sector component, with growth anticipated to touch 6.4 percent.

Given the robust showing in the first half of the year, investor confidence is seen to have strengthened, while lingering uncertainty over the direction of economic performance seems to have dissipated somewhat.

It said this will sustain vigorous investment activities in the second half, with an overall 9.9 percent expansion for 2010.

- Bernama

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