

5.7% growth in 2008, 5.4% in 2009
Malaysiakini.com
Aug 29, 2008

Malaysia's economy will grow by 5.7 percent this year, slowing to 5.4 percent in 2009, with strong domestic demand offsetting a global slowdown and high inflation.
MCPX

budget 2009 290808The forecasts were much higher than those issued by institutions including the Malaysian Institute of Economic Research, which has cut its 2008 growth projection to 4.6 percent, partly due to domestic political turmoil.

Malaysia's stock market and foreign investors have been spooked since March general elections in which the opposition gained unprecedented ground, and promised to soon topple the ruling coalition.

Prime Minister Abdullah Ahmad Badawi, who announced the nation's 2009 budget today, said the economy had sustained "strong growth momentum" despite volatile global financial markets and rising prices.

"The underlying strength of our economy is the strong domestic demand, which has become a key driver of growth," he said in a statement, noting that the economy had grown by 6.7 percent in the first half of 2008.

"The significant transformation of the Malaysian economy has led to more diversified sources of growth," he said, citing the growing services sector and the agricultural industry which has been boosted by high commodity prices.

"The government's target of 5.7 percent is based on the premise of increased government spending and strong domestic demand," said Yeah Kim Leng, an economist from Ratings Agency Malaysia.

"Our take is much more cautiously optimistic at 5.0 percent for this year's growth, taking into account the food and fuel price increases and uncertainties over the global economy," he told AFP.

Ministry: 4.4% inflation for 2008

The Finance Ministry said in a report that exports would grow by 9.3 percent in 2008 to RM661.17 billion, and by 7.5 percent to RM710.99 billion the following year.

Imports are expected to rise by 8.1 percent to RM545.60 billion in 2008, and by 7.1 percent to RM584.34 billion in 2009.

"We saw good export growth for the first half of the year but the slowdown in Europe and a possible recession there has impacted us badly," Yeah said.

The Finance Ministry predicted average inflation at 4.4 percent in 2008, substantially lower than the 5.5-6.0 percent forecast by the central bank in July.

"Slower global growth (in the second half) is expected to reduce the pressure on prices," it

said.

Malaysians have been hard hit by the rising cost of food and an overnight 41 percent increase in petrol in June, with domestic inflation hitting a 27-year high of 8.5 percent in July.

Last Friday, Abdullah announced a 5.6 percent cut to petrol prices in what many saw as a political ploy to influence the outcome of a by-election in which opposition leader Anwar Ibrahim successfully ran to return to parliament.

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.
Source : <http://www.malaysiakini.com/news/88835>