

Report: Economy To Grow 5-6 Per Cent Next Year
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KUALA LUMPUR, Oct 7 (Bernama) -- The Malaysian economy is expected to grow between five and six per cent next year, largely driven by domestic activities, with the private sector taking up a more significant role.

The public sector will remain supportive with higher capital spending, says the 2010/2011 Economic Report released by the Treasury today.

It said the projection took into consideration a modest world economic growth with sustained strong expansion in intra-regional trade, improvements in electrical and electronics exports and firm commodity prices.

Malaysia's Gross Domestic Product (GDP) moderated to four per cent in the second quarter of the year from a revised 4.9 per cent growth recorded in the first quarter.

The lower result was attributed to weaker external conditions and slower growth in public sector spending, it said.

Prime Minister Datuk Seri Najib Tun Razak, who is also Finance Minister, announced in mid-August that the government was projecting a five to six per cent GDP growth for the year.

"Domestic demand, in particular private sector expenditure, is expected to play a more significant role in driving economic expansion next year," the report said.

Private investment is expected to gain momentum with strong growth of 15.9 per cent supported by steady inflow of foreign direct investments and acceleration in implementing entry-point projects.

For 2012, public expenditure is expected to increase 4.7 per cent with public investment increasing seven per cent.

"On the external front, increased domestic demand in the region and steady intra-regional trade will provide support for Malaysia's exports," the report said.

Meanwhile, the services sector is expected to sustain at 6.5 per cent in 2012 compared with 6.4 per cent this year, driven by the wholesale and retail trade, finance and insurance as well as the communication sub-sectors.

"The contribution of the services sector is expected to increase to 58.9 per cent of the GDP.

"The manufacturing sector is expected to grow, supported by strong domestic-oriented industries and improvements in the global personal computer market," the report added.

The manufacturing sector is expected to sustain growth at 4.5 per cent in 2012, the same as this year.

The agriculture sector, meanwhile, is envisaged to grow 4.1 per cent in 2012 compared with

4.7 per cent in 2011, with a strong performance in most sub-sectors, such as the plantation - particularly oil palm and rubber - which is expected to perform strongly in line with yield improvement.

The mining sector is expected to expand 2.5 per cent next year compared with a decline of 2.4 per cent in 2011, supported by the higher production of crude oil and natural gas.

The construction sector, on the other hand, is projected to grow strongly by 7.0 per cent in 2012 versus an expected 3.4 per cent in 2011, driven by the commencement of large infrastructure projects and vibrant housing construction activities.

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