

Economy grew at faster pace of 5.8pc in Q3
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KUALA LUMPUR, Nov 18 — The Malaysian economy surpassed expectations and grew at 5.8 per cent in the third quarter, Bank Negara said today.

It also said that first and second quarter growth have been revised to 5.2 and 4.3 per cent from 4.9 and 4.0 per cent respectively.

Third quarter growth was much higher than the 4.9 per cent growth expected by economists polled by newswire Reuters.

Bank Negara said that the third quarter's robust growth was due to strong domestic demand and public sector spending in particular.

Bank Negara governor Tan Sri Zeti Akhtar Aziz said that the outlook for the fourth quarter remained uncertain due to economic problems in advanced economies but that domestic demand is expected to sustain growth.

"The public sector gathered momentum in the third quarter and we expect this to continue in the fourth quarter," said Zeti in a press conference.

She added that current interest rates were still supportive of growth and that the country's economic conditions were much stronger than during the onset of the global financial crisis in 2008.

"When Bank Negara reduced rates (in 2008), it was the most exceptional of times," she said. "We do not see any trending to economic contraction as in 2008 and 2009 and interest rates are seen as appropriate."

A representative from the statistics department said at the press conference that the revisions for the first and second quarter were due to additional information received by the department.

Malaysia's public sector consumption jumped 21.7 per cent in the third quarter as compared with 7.3 per cent for the private sector.

Export growth, meanwhile, remained steady at 4.2 per cent as compared with 4.1 per cent in the second quarter.

The country also recorded a sharp drop in its overall balance of payments from RM61.7 billion in the second quarter to RM10.9 billion in the third quarter due to a RM23.4 billion outflow of portfolio investments.

Household debt grew 11.4 per cent compared to the same period last year while the ratio of debt to GDP grew slightly from the second quarter to 77.6 per cent.

The impaired loans ratio, however, declined slightly from 2.0 per cent to 1.9 per cent.

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