

## **Improving trade data good news for M'sian economy**

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**By FINTAN NG**

KUALA LUMPUR: Surging exports in February and a more positive overall trend may be harbingers of improving economic growth for the country although the outlook is still conditional on global developments, especially in the eurozone, where there are still lingering concerns over sovereign debt and spending.

Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz (*pic*) said at a media briefing following the awarding of scholarships to Sijil Pelajaran Malaysia top scorers that the trend had been quite positive despite the poor numbers in January.

"If this trend is sustainable, then we'll see improvement in the overall performance of the economy and see our outlook for growth closer to the upper end of the 4% to 5% range we forecast," she said.

The International Monetary Fund, in its latest World Economic Outlook released on Tuesday, revised Malaysia's growth to 4.4% this year from 4% earlier in the year as well as the country's growth outlook. The Malaysian Institute of Economic Research in a recent briefing has also revised growth to 4.2% from 3.7% previously.

Zeti said risks remained, including a worsening of the euro-zone's debt crisis as well as a deeper downturn. "There'll be a dampening effect to our economy if these risks materialise," she added.

Zeti declined to comment on the first quarter's gross domestic product (GDP) performance but said trade had improved significantly. "If this trend continues, then it'll show in the first quarter's numbers," she said.

The central bank would be releasing first quarter GDP figures on May 23.

Statistics Department data showed exports jumped 14.5% year-on-year in February to RM56.9bil largely due to demand for electrical and electronic products, which rose 7.8% to RM18.6bil while crude petroleum exports climbed 54.4% on higher sales volume as well as higher prices.

Zeti said the central bank's decision on monetary policy would depend on domestic conditions. The overnight policy rate has remained at 3% since last May after four increases from March 2010.

"Our conditions show that inflation has moderated and we believe this trend will continue unless there are any developments, so the current interest rate is appropriate for the prevailing conditions and our projections also show inflation continuing to moderate," Zeti said.

Economists believe that Singaporean policymakers would set the tone for policy tightening in the region as concerns over price pressures lingered following the decision by the Monetary Authority of Singapore last week to allow the Singapore dollar to appreciate at a faster pace in a trading band on concerns over inflation.

Meanwhile, Zeti said the central bank would continue to monitor residential property prices. "We don't think there is a general property bubble. We believe there are areas

where prices remain high but we've enough measures in place to prevent the formation of such asset bubbles," she said.

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