

Malaysia's Economy Grows By 5.6 Per Cent In 2012

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KUALA LUMPUR, Feb 20 (Bernama) -- Malaysia's economy grew by 5.6 per cent last year compared to the 5.1 per cent in 2011, said Bank Negara Malaysia.

The central bank said despite the challenging global economic environment, the country's economy recorded a higher growth of 6.4 per cent in the fourth quarter of last year.

Total investments remained robust and were the main growth driver during the quarter, it said in a statement Wednesday.

Bank Negara said private consumption growth continued to remain strong although the pace of increase moderated.

The growth during the quarter also benefited from a significantly lower negative contribution from net exports.

On the supply side, most economic sectors recorded improvements in growth during the quarter.

Domestic demand continued to expand at the pace of 7.5 per cent with gross fixed capital formation remaining strong, registering double-digit growth of 15 per cent in the fourth quarter.

Private sector investment advanced by 20.2 per cent, supported by capital spending in the domestic-oriented manufacturing and consumer-related services sub-sectors, namely, telecommunications, real estate, aviation and the on-going implementation of projects in the oil and gas sector.

Investment was also supported by capacity expansion in the primary-related manufacturing cluster and capital spending in new growth areas such as medical and communications equipment.

Public investment expanded by 11.1 per cent, driven by capital spending by public enterprises in the transportation, utilities, oil and gas and communications sectors, Bank Negara said.

Meanwhile, private consumption registered a growth of 6.1 per cent in the fourth quarter, supported by stable labour market conditions and an improved consumer sentiment.

The stronger growth in the first half of the year reflected the effects of the various government transfers to households disbursed during the period.

Public consumption on the other hand grew by 1.1 per cent, attributable to continued spending on emoluments, amidst lower spending on supplies and services.

On the supply side, growth in most economic sectors improved in the fourth quarter, said the central bank.

Growth was also led by the manufacturing and services sectors, supported by domestic demand and a gradual improvement in the external environment.

The agricultural sector expanded at a faster pace amidst higher crude palm oil output and production of poultry, while growth in the mining sector rebounded following a recovery in the production of natural gas.

Growth in the construction sector continued to be robust, driven by the civil engineering and residential sub-sectors.

According to Bank Negara, the headline inflation rate, as measured by the annual change in the Consumer Price Index (CPI), continued to moderate to 1.3 per cent in the fourth quarter, reflecting lower inflation in the food and non-alcoholic beverages category.

Going forward, it said there were emerging signs of improvements in the global economy, with the latest economic indicators, also suggesting further stabilisation in the growth performance of Asia.

Notwithstanding these improvements, considerable structural challenges remain in the advanced economies, which would constrain the prospect for a stronger economic recovery.

Bank Negara said in particular, several advanced economies will continue to address the issues relating to fiscal sustainability and persistently weak labour market conditions.

In the emerging markets, the highly accommodative monetary policy sustained in the major advanced economies requires close surveillance, given the potential impact of excessive global liquidity on asset price inflation.

For the Malaysian economy, the sustained expansion in domestic activity is expected to continue to drive growth, supported by the sustained private sector expansion.

Bank Negara said the stabilisation of external conditions is also expected to lend support to Malaysia's economic growth prospects.

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