

**Malaysian Economy Doing Better, Says RBS**  
**Bernama**  
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KUALA LUMPUR, Jan 29 (Bernama) -- The Royal Bank of Scotland plc (RBS) said it is "becoming more positive" on the Malaysian economy with the country witnessing growth and the government "tightening fiscal policy".

In its Asia Economic Outlook 2013 report, it said exports and electronics exports had reached the cyclical trough and were starting to grow modestly.

"Reflecting this improvement as well as rebuilding of inventories, manufacturing activity has rebounded at a quicker pace. The improvement in exports has come in a period of already strong domestic demand," said RBS analyst Sanjay Mathur, who is also head of economic research for Asia Pacific.

The report also said consumption indicators including passenger car sales and 'currency in circulation' have been turning over the last two months and the pattern would likely stay considering the levels of consumer sentiment and the employment outlook.

Investment indicators such as commercial vehicle sales, fund-raising in capital markets and capital good imports have also been reasonably firm, while the government is tightening its fiscal policy.

"Growth in government spending is now roughly in line with nominal gross domestic product, a sharp correction from the pace between February and July 2012," said RBS, adding that it also expected a softening in bond yields.

Continued foreign interest in domestic bonds, strong commodity prices and global risk appetite meanwhile have supported the ringgit's performance.

However, it added that the main risk will be the upcoming election with its element of uncertainty.

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