

# 6.4% economic growth last quarter

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## Advancement the highest since over two years ago

**KUALA LUMPUR:** Malaysia's economy recorded a spectacular performance in the last quarter of 2012, growing 6.4%.

This is the highest quarterly growth since two and a half years ago and was buoyed by robust manufacturing and construction sectors.

It supported the overall economic growth for 2012 that expanded to 5.6% compared to 5.1% in 2011.

Economists polled by Reuters had forecast that the growth of the fourth quarter would accelerate to 5.5% from 5.2% in the previous three-month period, and forecast a full-year growth at 5.3%.

All sectors registered positive growth with the services, manufacturing and construction sectors continuing to be the key drivers in the supply side.

Many experts believed that the Economic Transformation Programme, with its multi-billion projects, had to a great extent supported the growth in the construction sector that carried spill-over effects onto other sectors.

Bank Negara Malaysia said total investment remained robust and was the main driver of growth during the quarter.

"The growth of private consump-

tion 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," it said in a statement yesterday.

The main drivers of the economy in the fourth quarter included domestic demand that continued to expand by 7.5%.

Private sector investment advanced by 20.2% supported by

capital spending in the domestic-oriented manufacturing and consumer-related services sub-sectors, namely telecommunications, real estate and 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%, driven by capital spending by public enterprises in the transportation, utilities, oil and gas and com-

munications sectors.

Bank Negara said the headline inflation rate, as measured by the annual change in the Consumer Price Index, continued to moderate to 1.3% in the fourth quarter.

Going forward, Bank Negara said there were emerging signs of improvements in the global economy where the latest economic indicators also suggested further stabilisation in growth performance in Asia.

Prime Minister Datuk Seri Najib Tun Razak noted that the growth was among the highest in the world, and the highest in this region.

"This success is possible only because of the peace and stability that we have in the country now," he stressed.

## Economists credit ETP projects for performance

**KUALA LUMPUR:** Economists believe that the various Economic Transformation Programmes (ETPs) played a major role in boosting the country's economic performance last year and say government stability is vital to sustain the momentum.

Alliance Research chief economist Manokaran Mottain said the fourth quarter performance – the strongest since the second quarter of 2010 – was surprising given the weak external factors since the global economy was still uncertain.

"The ETP programmes, with their

as a rescue as they created a lot of multiplier effects directly benefiting the construction and its related sectors.

"Manufacturing and services sectors are also enjoying the spillover effects," he said yesterday.

Malaysian Rating Corp Bhd (MARC) chief economist Nor Zahidi Alias said he was surprised that the domestic forces were still supporting the economy.

"The ETP projects have brought positive impact on the headline growth, which shows from the double-digit expansion in the con-

tinued its momentum for this quarter," he said.

CIMB Investment Bank Bhd chief economist Lee Heng Guie said the stronger than expected GDP growth of 6.4% in the fourth quarter of 2012 and 5.6% for the full year underscored the resilience of the Malaysian economy.

CIMB has maintained its GDP growth estimate of 5.5% for this year.

Meanwhile, MCA Economic Bureau chairman Tan Sri Dr Fong Chan Onn called the fourth quarter growth "gravity defying" that

grammes implemented under the ETP.

"If you compare this with Singapore, which recorded a 0.5% growth in the last quarter, and Japan and the European Union, which suffered contractions, in the context of the world scenarios our growth is gravity defying," said Dr Fong.

He predicted GDP growth to continue as ETP programmes continued and called on people to "keep the momentum going" by giving Prime Minister Datuk Seri Najib Tun Razak the mandate in the

## Only political parties that embrace Islam are safe, says Nik Aziz

By SYED AZHAR  
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**KOTA BARU:** PAS spiritual adviser Datuk Nik Abdul Aziz Nik Mat said the general election is crucial for the party to achieve its goal of forming