

Malaysia sees strong growth in 2008 - 2nd finmin

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KUALA LUMPUR, Aug 7 (Reuters) - Malaysia expects economic growth to remain strong this year despite concerns over a slowdown in domestic spending in the second half, Second Finance Minister Nor Mohamed Yakcop said on Thursday.

"Even though it may have been slightly affected by private sector spending, I still believe that the rate of economic growth during the second half of 2008 will be positive," Nor Mohamed told reporters.

"Although not as high as the first six months, for the full year it will still show a rate of economic growth that can be considered strong."

Malaysia's economy grew 7.1 percent in the first quarter from the same period a year earlier driven by domestic consumption and exports on the back of high commodity prices.

The country is a net crude oil exporter and the world's second-largest producer of crude palm oil.

Nor Mohamed said growth would have continued into the April-June period.

"All indications are that growth during the second quarter ... have been good," he said.

But high oil prices and cost increases could curb consumer spending and hit exports.

Inflation in June jumped to 7.7 percent from a year earlier, its highest level in more than 27 years, after the government hiked fuel prices.

"The second half is the issue because obviously the three factors that promote growth -- consumption, investment and exports -- whether or not they were affected by this increase in prices of oil and other goods, whether the confidence to spend is there (are a concern)," the minister said.

Malaysia has officially forecast 2008 growth at 5 percent, easing from 6.3 percent last year.

Source: Loh Li Lian