

Analysts optimistic on ETP

This year's programme will be bolstered by MRT, Greater KL projects

PETALING JAYA: The encouraging Economic Transformation Programme (ETP) annual report results have got analysts optimistic of a better year for the scheme, driven by big infrastructure projects and reliable implementation.

AmResearch economic research director Manokaran Mottain said that this year's ETP performance would be bolstered by the impending My Rapid Transit (MRT) and Greater KL projects.

"Last year, RM13bil worth of projects were realised of the total RM15bil targeted for 2011. We think this year, we (Malaysia) should be able to realise RM30bil to RM40bil worth of projects, given that more investments are coming in," he told *StarBiz*.

He said the market was expecting more newsflow to mark the progress of the ETP and that the developments would help cushion the impact of global economy uncertainties.

"At this point, the local economy structure is changing towards more domestic demand and we can expect that and private consumption to be

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the engine of growth for Malaysia," he said.

RAM Holdings Bhd chief economist Dr Yeah Kim Leng said that the initial concerns about the poor implementation were now also put to rest.

"Earlier, we were concerned about Malaysia's Achilles' Heel – the implementation capability. The achievements so far has help counter that perception and that is not just in the results reported. We have also seen Malaysia's position improve according to global indicators," he said.

Yeah referred to Malaysia's improvement from 26th to 21st place on the World Economic Forum's *Global Competitive Report 2011* rankings among 142 countries.

The country also improved from

the 23rd spot to the 18th in the World Bank's *Doing Business Report 2012*, ahead of developed economies such as Germany, Japan, Taiwan, Switzerland and France.

Albeit the notable progress, Yeah said there were areas to further focus on. "We need to look into building and keeping quality human capital, the initiatives to wean the economy from dependencies like unskilled foreign workers, subsidies, price controls and government procurements. In terms of technology upgrading, it has to be accompanied by more merit- and need-based governance system in both public and government sectors too."

CIMB Research said although KPIs were surpassed by 23% for the 12 National Key Economic Areas (NKEA) and 31% for the six National Key Results Areas, the research house remained neutral on the country due to heightened election risks.

"We maintain our end-2012 KLCI target of 1,610 points, which is based on an unchanged calendar year 2013 price-earnings ratio target of 13 times," analyst Terence Wong noted

in his report.

"Constant ETP updates last year did help to rerate several sectors and stocks, particularly the O&G (oil and gas) sector. However, the overall impact of the ETP on the stockmarket has waned in recent months as investors refocused on other issues such as external risks to global economic growth as well as the upcoming general election," he added.

The Government delivered strong results in all 12 NKEAs, 11 of which outdone their KPI. The 11 NKEAs, excluding Greater KL, exceeded the RM494bil target by 19%, amounting to RM589bil and accounting for 70% of national gross national income of RM831bil.

The communications content and infrastructure NKEA exceeded its KPI by 70% while Greater KL exceeded by 51%. This is positive for the construction and property sectors as the key entry point projects in Greater KL are the MRT, river rehabilitation and pedestrian network projects which will improve accessibility and make the Klang Valley more attractive work and live in.