

**4th quarter growth 4.5%, but -1.7% for 2009**  
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The Malaysian economy registered a positive gross domestic product (GDP) growth of 4.5 percent in the fourth quarter of 2009, amid strengthened domestic and external demand, but the entire year's growth contracted to 1.7 per cent.

The government had earlier projected a contraction of three percent in GDP for 2009. In 2008, Malaysia's GDP growth was 4.6 percent.

Sustained growth in private consumption and increased public sector spending contributed to higher domestic demand, said Bank Negara Malaysia (BNM).

The implementation of the fiscal stimulus measures gained further momentum during the quarter providing an additional impetus to growth.

"The recovery in the global economy had improved further in the fourth quarter of 2009. This positive trend is expected to continue in 2010, although the pace of the global recovery is expected to be gradual and uneven," the central bank said. The bank also said prospects for sustained global growth would depend on the recovery in private sector demand, particularly, when the effects of policy measures begin to diminish.

The Malaysian economy has recovered from the global crisis and turned around to record a positive growth in the fourth quarter.

"Going forward, the improvement experienced in the second-half of 2009 is expected to strengthen in 2010.

"Higher domestic demand, particularly, private consumption spending is expected given the stable labour market conditions, improved consumer and business confidence and continued access to financing," Bank Negara said in a statement released today.

Further improvements in external demand, following the gradual recovery in the global economy, was also expected to provide further impetus to the domestic economy.

The bank also said Malaysia's export performance benefitted from improvements in external demand in regional economies and from stronger commodity prices.

On the supply side, all economic sectors recorded positive growth with the exception of the mining sector.

Domestic demand increased by three per cent (from 0.4 percent in third quarter) following sustained growth in private consumption and higher public sector spending.

Private consumption spending, which expanded by 1.7 per cent (third quarter: 1.5 per cent), was supported by better conditions in the labour market, a low level of inflation and higher spending for the year-end festive season amid improved consumer sentiment.

The public sector continued to provide impetus to growth with public consumption expanding 1.3 percent due to higher expenditure on emoluments and supplies and services.

**Stimulus measures**

The central bank said following accelerated implementation of the stimulus measures during the quarter, public sector capital expenditure also increased further.

The bulk of the development expenditure was channelled into the trade and industry, public utilities, education and transportation sectors.

Although private capital spending remained weak, there were signs of stabilisation as business sentiment continued to improve.

As a result, gross fixed capital formation turned around to register a positive growth of 8.2 percent during the quarter (third quarter: -7.9 percent).

On the supply side, all economic sectors registered improved performance during the quarter.

In the services sector, growth was higher at 5.1 per cent (third quarter : 3.4 percent), driven primarily by strong performance in finance and insurance, wholesale and retail trade, real estate and business services sub-sectors.

The manufacturing sector recovered to record a positive growth of 5.3 percent during the quarter (third quarter: -8.6%), reflecting improvements in both external and domestic demand.

Meanwhile, the construction sector expanded 9.2 percent (third quarter: 7.9%), supported mainly by the continued progress in the implementation of projects under the stimulus packages.

Growth in the agriculture sector was driven mainly by higher industrial crops production while the mining sector contracted at a slower pace due to lower crude oil output.

- *Bernama*

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