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KUALA LUMPUR: Malaysia remains optimistic of achieving its gross domestic product (GDP) growth target of 4 per cent to 4.5 per cent this year and withstand the downside risks to the economy, said Minister in the Prime Minister's Department Datuk Abdul Rahman Dahlan.

He saiddownside risks that impacted the country's growth included lower oil prices, uncertainty in the eurozone and volatility of monetary policy in developed countries.

"The government has taken preliminary steps to protect the economy from the impact of these risks," he said in a statement yesterday.

Rahman said measures that will be undertaken to sustain growth included improving public infrastructure, strengthening the agriculture sector via adoption of technology and automation, developing young agropreneurs and providing funds to promote exports.

"Even though development projects are ongoing, the government will ensure that measures to optimise public spending are taken so that our fiscal target can be met," he said.

Malaysia's GDP growth in the second quarter came in line with market expectations and estimates but marked the lowest rate since 2009.

Analysts, meanwhile, said the GDP figures should improve in the second half based on several growth catalysts.

Bank Islam's head economist Mohd Afzanizam Abdul Rashid said ongoing infrastructure projects and a cut in overnight policy rate (OPR) by 25 basis points would help underpin growth, especially in the domestic demand.

He said the reduction in the Employees Provident Fund contribution rate by three per cent since March and weak ringgit can improve Malaysia's export competitiveness.

"While the scope for a reduction in OPR exists, we foresee Bank Negara would want to maintain the OPR at three per cent to conserve ammunition in the future," he said.

Credit Suisse economist Michael Wan expects growth to improve following the fading of earlier negative shocks to private consumption, such as tobacco duty hikes and public transport fare increases.

"We continue to expect some improvement in the current account in the second half, driven by lagged impact of oil prices on liquefied natural gas exports, although noting that today's print raises downside risks to our full-year number of US$8 billion," he said.

Sunway University Business School's Professor of Economics Dr Yeah Kim Leng said a positive sign from the GDP growth performance shows the continuing strength of domestic demand, particularly the pace of private consumption which edged closer to trend.

"This augurs well for the second half where exports are expected to improve and provide the needed uplift from the current declining GDP growth trend," he added.