

19 October 2024

Global Economics & Market Strategy

Malaysia Budget 2025: Balancing Prosperity and Fiscal Sustainability

- ◆ Budget 2025 maintains a balanced approach between national prosperity and fiscal sustainability. Overall, we believe that Budget 2025 is positive for GDP and the MYR, while we remain cautious about the potential impact on the inflation trajectory amid domestic policy changes.
- ◆ We believe the fiscal deficit target of 3.8% of GDP is attainable for 2025. The further expansion of the SST scope and the introduction of new revenue drivers, along with subsidy reforms, will help narrow Malaysia's fiscal deficit in 2025.
- ◆ We have revised our GDP projection for 2025 to 5.0%, up from 4.7%, aligning with the official range of 4.5% to 5.5%.

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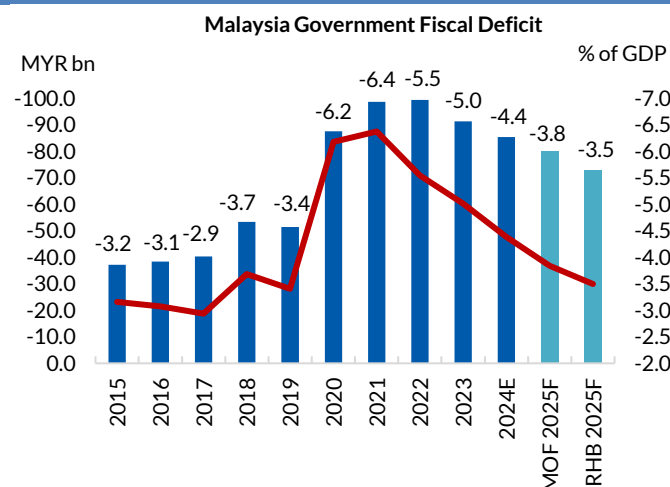
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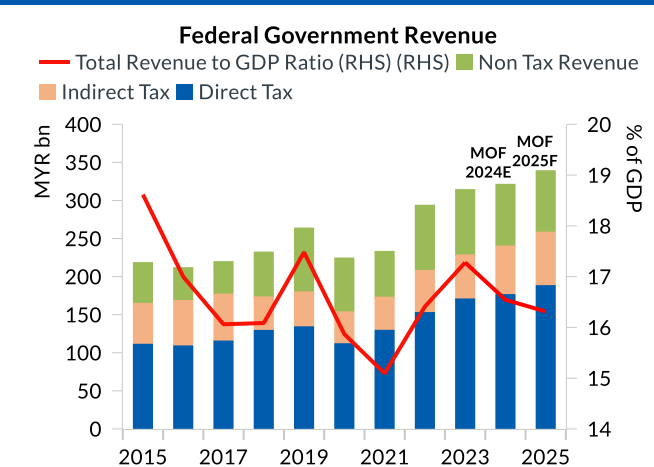
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Figure 1: Budget deficit to decline to 3.8% of GDP, the lowest since 2019



Source: MOF, RHB Economics & Market Strategy.

Figure 2: Revenue drivers and cost optimisation will help fuel Malaysia's macroeconomic prudence goals



Source: MOF, RHB Economics & Market Strategy.

A Balanced Approach to Support GDP and MYR

In line with our earlier expectations, Budget 2025 maintains a balanced approach, balancing national prosperity and fiscal sustainability. Overall, we believe that Budget 2025 is positive for GDP and the MYR, while we remain cautious about the potential impact on the inflation trajectory amid domestic policy changes. We are confident that Budget 2025 will drive growth and fiscal stability, fostering a more inclusive economy that balances development with community well-being. The fiscal deficit target for 2025 is set at 3.8% of GDP (down from 4.3% in 2024), which is lower than our in-house estimate of 3.5% of GDP. The medium-term deficit target for 2025-2027 is 3.5% of GDP, assuming real GDP growth averages 4.9% and crude oil prices average USD 80 per barrel.

With the theme "Madani Economy: Prosperous Nation, Well-being of the People," Budget 2025 appears mildly expansionary. The budget allocates a total of MYR 421 bn, comprising MYR 335 bn for operating expenditure (OE) and MYR 86 bn for development expenditure (OE). Of the MYR86 bn in DE, MYR40 bn is allocated to the economic sector to enhance essential infrastructure and investment support. Key subsectors receiving the largest allocations include transportation, environment, trade, and industry. Emoluments will remain the largest component of OE, accounting for 31.6% of OE, with an allocation of MYR 105.9 bn due to a 7% to 15% increase in civil servants' salaries. Pensions will also be adjusted in line with the Public Service Remuneration System (SSPA) implementation in December 2024.

We believe the fiscal deficit target of 3.8% of GDP is attainable for 2025. Expanding the SST scope, introducing new revenue drivers (discussed in the sections below), and subsidy reforms will help narrow Malaysia's fiscal deficit in 2025. Tax revenue will remain the main source of government income, bolstered by sustained economic growth, the phased roll-out of the e-invoice, and the full-year implementation of the higher service tax rate. We think Malaysia's growth momentum will also improve in 2025, thus capping the fiscal deficit % of GDP via the denominator effect. Next year's fiscal reforms are expected to be more inclusive, featuring a progressive expansion of tax revenue and the retargeting of subsidies to those most in need.

We remain optimistic about the 2025 economy and MYR outlook. We have revised our GDP projection 2025 to 5.0%, up from 4.7%, aligning with the official range of 4.5% to 5.5%. Following the Budget announcements, we see potential upsides to our initial estimate. For example, private consumption, which exceeds 50% of GDP, will benefit from increased incomes for government employees and pensioners and a rise in minimum wages. The tourism and services sectors would benefit from Malaysia's 2025 ASEAN Chairmanship and hosting numerous international and regional MICE events. The new Investment Incentive Framework and strong fiscal support for loan facilities will also enhance business financing and bolster Malaysia's economic capabilities. Higher OE in 2025, which surprised our estimates for an initial budget deficit of 3.5% (empirical 3.8%), will lift government expenditure and support growth. For 2024, officials are optimistic, raising the GDP growth target range to 4.8%–5.3%, up from the initial target of 4%–5%.

GDP growth for 2025 is expected to be well supported by ongoing multi-year infrastructure projects, along with business-friendly policies and incentives targeting priority sectors such as technology, tourism, and export-capable industries. Initiatives under the Economy MADANI framework, including key plans like the National Energy Transition Roadmap and the New Industrial Master Plan 2030, are anticipated to spur investment spending in the medium term. Public investment is expected to rise due to the acceleration of key projects in the final year of the Twelfth Plan. The services sector will benefit from a healthy labour market and increasing household incomes. Additionally, exports and export-oriented industries will benefit from easing global monetary conditions in 2025.

We maintain our MYR forecast at 4.05 per USD for 2024 and 3.89 per USD for 2025 based on (1) a positive economic outlook, (2) an improvement in the fiscal position, and (3) narrowing U.S.-MY real rate differences, as BNM is expected to maintain the OPR in 2024 and 2025 amid FFR cuts.

Our inflation projection 2025 is maintained at 2.7% (compared to 2.1% for 2024) due to gradual subsidy reforms. The official projection range is 2%–3.5% for 2025. The inflation trajectory will depend on (1) the mechanism and magnitude of RON95 subsidy rationalisation, (2) potential upsides from the expansion of the SST, (3) potential demand upsides from higher household incomes, and (4) fluctuations in global commodity prices.

Regarding revenue enhancement, the scope of the SST will be progressively widened from 1 May 2025 to include commercial services, non-essential goods, and premium imports such as salmon and avocados. To ensure business continuity, the government will conduct engagement sessions with stakeholders and relevant industries before finalising the scope of the expansion and the tax rates to be imposed. Additionally, a 2% tax on dividend income exceeding MYR

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100,000 received by individual shareholders will take effect for the 2025 assessment year. Exemptions may apply for dividends from the Employees Provident Fund (EPF), Permodalan Nasional Bhd (PNB), unit trusts, and foreign dividends. Excise duty on sugary drinks will be raised by 40 sen per litre in January to address national obesity and diabetes rates, while a carbon tax on the iron, steel, and energy industries will be implemented by 2026.

Subsidy retargeting initiatives will be introduced, impacting the T15 income category through subsidy rationalisation for RON95, education, and healthcare. Consequently, the remaining 85% of the population should not experience a significant rise in the cost of living from the budget measures. The blanket subsidy for RON95 petrol will be rationalised in mid-2025, with the total subsidy estimated at MYR 12 bn for 2025, down from MYR 20 bn in 2023. We believe there is unlikely to be a rise in RON95 prices, thus limiting the impact on inflation.

The unresolved question is the targeting mechanism for the RON95 fuel subsidy, which lacks clarity. We see two potential methods for subsidy retargeting: (1) accurately identifying 85% of the population¹ (excluding the T15 income bracket), allowing them to access subsidised RON95 at the current price, while the T15 pays the floating price, or (2) increasing RON95 prices and providing cash transfers or reimbursements to the non-T15 income group. The inflation impact of method 1 is likely to be limited, as only 15% of the income group would be affected by the price hike. However, we are more concerned about method two's inflationary effects, which might involve a free price float of RON95 nationwide. The inflationary impact is likely substantial as petrol accounts for a significant 5.5% of the CPI basket (compared to diesel's 0.2%), and approximately 90% of registered vehicles are petrol-powered.

As highlighted in our previous [thematic report](#), the free float of RON95 petrol could generate a potential saving of MYR24.1 bn in fuel subsidies and lift headline inflation by 3.05% ppt. Malaysia may see fiscal savings of MYR1.9 bn in operating expenditure and a 0.3% ppt upside in average annual inflation for every 10-cent increase in RON95 retail price. Our analysis is predicted on a few key assumptions, i.e. (1) the unsubsidised RON95 retail price at MYR3.30 per litre (with Brent oil price estimated at USD85 per barrel), (2) the subsidy per litre is estimated by the price differences between unsubsidised RON95 retail price versus current retail price of MYR2.05 per litre, (3) the RON95 consumption is projected at 19.3 bn litre.

The government will introduce targeted subsidies in public hospitals, excluding the T15 income bracket from receiving these benefits. Additionally, education subsidies for the T15 group will be gradually reduced. Total subsidy and social assistance allocations will decrease to MYR 52.57 bn in 2025, down from MYR 61.39 bn in 2024. These projections do not yet account for measures to be announced in Budget 2025.

Savings from tax and subsidy adjustments will be redirected to education and healthcare. At the same time, cash aid for 9 million low-income individuals (covering 60% of Malaysia's adult population) will increase to MYR 13 bn next year, up from MYR 10 bn in 2024. Wider tax relief measures for first-time homeowners, education, and health insurance premiums have also been announced.

The government has set the minimum wage at RM1,700, up from RM1,500, effective 1 February 2025. We draw inferences from previous minimum wage hikes to gauge the likely inflationary impact. Our findings indicate that (1) the direct effect on consumer prices was relatively muted; (2) the impact on producer price inflation was more pronounced; (3) a 1% increase in the minimum wage is likely to lead to a 1% rise in producer price inflation (adjusted for oil prices volatility); and (4) the initial spike in producer price inflation is expected to last an average of 2-3 months. The Human Resources Ministry will also publish starting salary guidelines based on the Malaysia Standard Classification of Occupations (MASCO). Additionally, following a pilot program in June 2024, the Progressive Wage Policy will be fully implemented next year with a budget of MYR 200 mn, benefiting 50,000 workers.

The government remains committed to strengthening public finances, per the targets set under the Ekonomi MADANI framework and Act 850. According to the objectives of the Public Finance and Fiscal Responsibility Act (passed on 11 October 2023), the fiscal deficit should be at or below 3% to achieve this within three to five years. Other key objectives include: (1) annual development expenditure should not exceed 3% of GDP, (2) government debt should not exceed 60% of GDP, and (3) government guarantees should not exceed 25% of GDP. The Ministry of Finance will also need to formulate a Medium-Term Fiscal Framework, providing a three- to five-year projection of the government's fiscal position and economic outlook, supported by a revenue strategy and expenditure policy.

¹ In the diesel rationalisation programme, fleet cards were given to eligible vehicle owners to enjoy subsidised prices

Figure 3: Highlighted Measures

Tax and Revenue Enhancement
<ul style="list-style-type: none"> • The government will introduce a carbon tax on the iron, steel, and energy industries by 2026 to encourage using low-carbon technologies. • An investment tax allowance of 60% for five years will be provided to logistics companies undertaking "complex smart logistics activities". • The government proposes a 2% tax on dividend income exceeding RM100,000, effective from the year of assessment 2025. • SST will be implemented progressively and in a way that does not burden the public. SST expansion will take effect from 1 May 2025. • Income tax relief for medical and education insurance premiums increased to RM4,000. • Tax relief of up to RM10,000 for medical expenses, including insurance and takaful and co-payment schemes. • Sales tax on imported premium items such as salmon and avocados. SST will not be imposed on basic food items commonly used by the people. • 2% tax on dividends of over RM100,000 that have been received by individual shareholders, starting in 2025. • Tax incentives for local suppliers involved in Sustainable Supply Chain Efforts based on results. • To fully implement e-invoicing by 1 July next year, the government will expedite capital allowances for expenses related to the purchase of ICT equipment and related expenses, allowing them to be fully claimed within two years. • The government plans to extend tax relief for individual income on contributions to Private Retirement Schemes. • Excise duty on sugar-sweetened beverages increased by 40 sen per litre from 1 January 2025. • Tax relief of up to RM7,000 for the purchase of residential properties priced up to RM500,000 to encourage first-time home ownership. • Tax relief of up to RM5,000 for residential properties priced between RM500,000 and RM750,000. The relief can be claimed for three consecutive assessment years on sale and purchase agreements completed between 1 January 2025 and 31 December 2027. • 50% tax deduction on cost expenses for employers implementing flexible work arrangements. • 50% tax break for employers for 12 months if they re-employ women back to work.
Development Plans
<ul style="list-style-type: none"> • Allocation for Felra, Felcra and Risda raised RM2.6 bn from RM2.4 bn in 2024. • Under the energy transition agenda, the National Energy Transition Facilitation Fund allocation is raised to RM300 million from RM100 million in 2024. Application for rooftop solar quota allocation under net-energy metering (NEM) also extended until 30 June 2025. • The Green Technology Financing Scheme programme continues until 2026 with RM1 bn funding. • The federal government allocates more than RM250 million to repair dangerous slopes across the country, RM21 million to curb sinkholes in Perak, Kedah and Perlis, and RM10 million to carry out geotechnical study of the structure of the soil in the main roads around Kuala Lumpur's Golden Triangle. • Among projects in Sabah and Sarawak highlighted in the budget: <ul style="list-style-type: none"> - RM7.4 bn for four work packages under Phase 2 Sabah-Sarawak Link-Road, two of which are to be awarded before end-2024 - RM253 million for expansion of Tawau and Miri airports - RM1 bn for Sarawak Cancer Centre • Other projects are developed based on the "user-pay" format via PPP: <ul style="list-style-type: none"> - WISE Highway from Gopeng to Kuala Kangsar - WCE Highway for the Banting-Gelang Patah route will be prioritised in government planning • Development allocation for Sabah and Sarawak RM6.7bil and RM5.9bil. Special allocation for Sarawak and Sabah doubled to RM600mil, the first time reassessed from 1969. • MyDigital ID, as a Single Government App, centralises all agencies, including Padu, JPJ and LHDN. • RM750mil to be prepared under the Exporter Sustainability Incentive Scheme by EXIM Bank to encourage exporters to broaden their operations. • RM40mil will be allocated under Matrade as a refund grant to help Malaysian exporters promote their products and services and explore new overseas markets. • RM550mil for tourism, particularly promotional activities for Visit Malaysia Year 2026. • RM300mil under the National Energy Transition Roadmap aimed at achieving zero greenhouse gas emissions by 2050. • RM1bil to continue the implementation of the green technology financing scheme. • Forest City has been designated a duty-free zone to support the local tourism and economy. • RM635mil has been allocated to upgrade infrastructure, replace outdated equipment, and expand Internet access across all public universities. • RM45.3bil has been allocated to the Health Ministry, up from RM41.2bil allocated under Budget 2024. • RM500mil for the supply of clean water and electricity in Sabah and Sarawak, covering 5,150 houses.

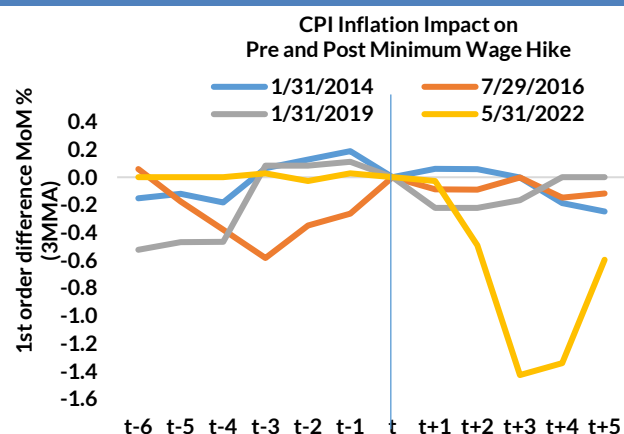
Source: MOF, RHB Economics & Market Strategy.

Figure 3: Highlighted Measures (Continued)

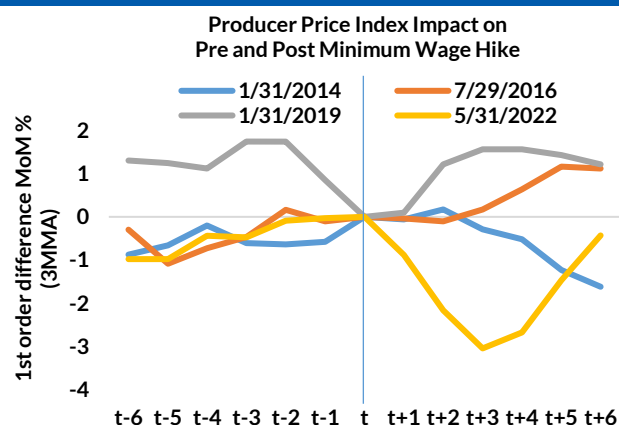
Subsidy Reforms	
<ul style="list-style-type: none"> The government to introduce targeted subsidies in public hospitals, to exclude the top 15% income bracket from receiving government subsidies. Blanket subsidy for widely used RON95 grade petrol will be rationalised in mid-2025. RON95 subsidy to continue to be implemented for 85% of the people. No subsidies for electricity use of over 600 kWh. E-Rebates worth RM70mil to encourage consumers and industries to buy energy-efficient electrical appliances. RM60mil for Domestic Trade and Cost of Living Ministry to continue to combat subsidised fuel smuggling 	
Social Assistance Programme	
<ul style="list-style-type: none"> The monthly minimum wage will be raised to RM1,700 from RM1,500 beginning Feb 1, 2025. Allocation for cash transfers under Sumbangan Tunai Rahmah and Sumbangan Asas Rahmah programmes raised RM13 bn from RM10 bn. The higher outlay will benefit nine million recipients, covering 60% of the adult population in Malaysia. RM250 for children aged six years and younger from low-income families, RM200 for those seven to 18 years old. RM600 for senior citizens, up from RM500. RM600 in STR to those who are single. The government plans to make contributions to EPF compulsory for foreign workers, to be implemented in phases. RM1.3 bn allocated to empower G1-G4 contractors, particularly Bumiputera contractors, to undertake small and medium projects such as road construction and repair and maintenance of public infrastructure. RM600mil to boost the rural economy in villages, towns, interior areas and Orang Asli settlements. Following the pilot policy of Progressive Wage Policy in June, it will be fully implemented next year, with a budget of RM200mil benefiting 50,000 workers. Education Ministry gets the biggest allocation this year - RM64.1bil. RM2bil for hostel food aid. Allocation for Supplementary Food Programme (RMT) increased to RM870mil. The government plans to make it mandatory for non-citizen workers to contribute to EPF. The EPF is also looking into transferring a portion of savings to close family members. Welfare aid for senior citizens increased to RM600 per month from RM500. Poor senior citizens are eligible for assistance of over RM10,000 per year, compared to RM8,000 previously. RM12.8 bn in government guarantees approved by the Housing Credit Guarantee Scheme (SJKP) for over 57,000 first-time home buyers. RM1bil allocation for senior citizens, including cash assistance and activity centres. Special one-off RM500 aid for all government servants, including those on contract, who are Grade 56 and below, while government pensioners will receive RM250 by February 2025. 	

Source: MOF, RHB Economics & Market Strategy.

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Figure 4: Higher minimum wage did not impact CPI materially in the past...

Source: Macrobond, RHB Economics & Market Strategy.

Figure 5: ... albeit it has a material impact on PPI* levels at the onset of higher wages

Source: Macrobond, RHB Economics & Market Strategy.
 PPI* = PPI MoM % - Brent MoM %, in stripping out Brent price impact

Figure 6: History of minimum wages since 2012

Scheduled Minimum Wage Increase	Actual Minimum Wage Increase	Months Delayed	Minimum Wage Amount	Percentage Change
1-Jul-12	1-Jan-14	18	RM 900	N/A
1-Jul-14	1-Jul-16	24	RM 1,000	11.11%
1-Jul-16	1-Jan-19	30	RM 1,100	10.00%
1-Jul-18	1-Feb-20	19	RM 1,200	9.09%
1-Jul-20	1-May-22	22	RM 1,500	25.00%
1-Feb-25	N/A	N/A	RM 1,700	13.33%

Source: MOF, RHB Economics & Market Strategy.

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Figure 7: GDP to stay supported on robust domestic demand...

	Actual		MOF Forecast		RHB Forecast	
(%YoY)	2022	2023	2024	2025	2024	2025
Consumption						
Private	11.3	4.7	5.5	5.9	5.7	5.7
Public	5.1	3.3	3.5	3.8	4.5	3.6
Investment	6.8	5.5	10.7	8.0	8.7	4.1
Export	14.5	-8.1	7.8	3.8	6.3	5.4
Import	16.0	-7.4	8.4	3.7	6.5	4.2
GDP	8.9	3.6	4.8 - 5.3	4.5 - 5.5	5.0	5.0

Source: MOF, RHB Economics & Market Strategy.

Figure 8: ...as well as resilient services and manufacturing activities

	Actual		MOF Forecast		RHB Forecast	
(%YoY)	2022	2023	2024	2025	2024	2025
Agriculture	1.3	0.7	2.0	1.9	0.4	0.5
Mining	3.5	0.5	2.2	-1.0	0.8	0.5
Manufacturing	8.1	0.7	4.1	4.5	4.4	4.6
Construction	5.1	6.1	14.1	9.4	14.9	9.0
Services	11.0	5.1	5.3	5.5	5.5	5.9
GDP	8.9	3.6	4.8 - 5.3	4.5 - 5.5	5.0	5.0

Source: MOF, RHB Economics & Market Strategy.

Figure 9: We upgraded our 2025 GDP projection

	Actual		MOF Forecast		RHB Forecast	
(%YoY)	2022	2023	2024	2025	2024	2025
GDP	8.9	3.6	4.8 - 5.3	4.5 - 5.5	5.0	5.0
CPI	3.3	2.5	1.5 - 2.5	2.0 - 3.5	2.1	2.7
Current Account Balance % of GDP	3.3	1.6	2.3	2.4	2.3	2.5
Oil Price Assumption (USD/Barrel)	100	80	80 - 85	80	70-75	85-90
Fiscal Balance % of GDP	-5.5	-5.0	-4.3	-3.8	-4.3	-3.5

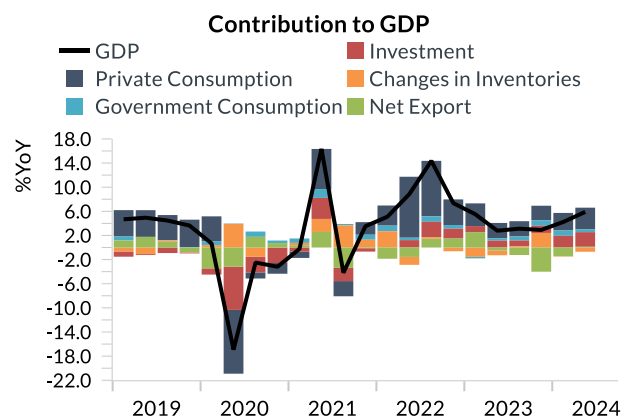
Source: MOF, RHB Economics & Market Strategy.

Figure 10: Oil revenue to edge slightly lower on lower petroleum tax

Budget Assumption (MYR bn)	Actual		MOF	
	2022	2023	2024	2025
Petroleum Tax	23.42	26.10	21.75	20.74
Petroleum Royalty	5.97	6.85	6.67	6.65
Petronas Dividend	50.00	40.00	32.00	32.00
Total Oil Revenue	79.40	72.94	60.45	59.39
Total Subsidy	67.36	71.88	61.39	52.57

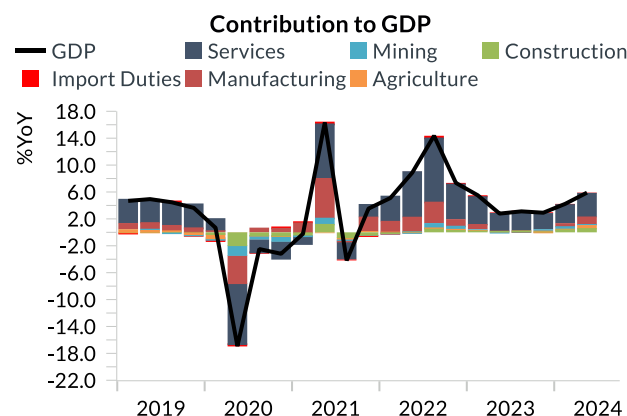
Source: MOF, RHB Economics & Market Strategy.

Figure 11: Budget 2025 will support GDP growth via government and private consumption...



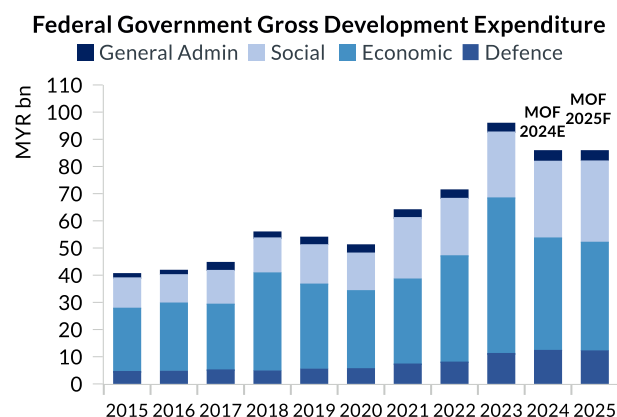
Source: Macrobond, RHB Economics & Market Strategy.

Figure 12: ... while policies will develop Malaysia's industries especially manufacturing and services

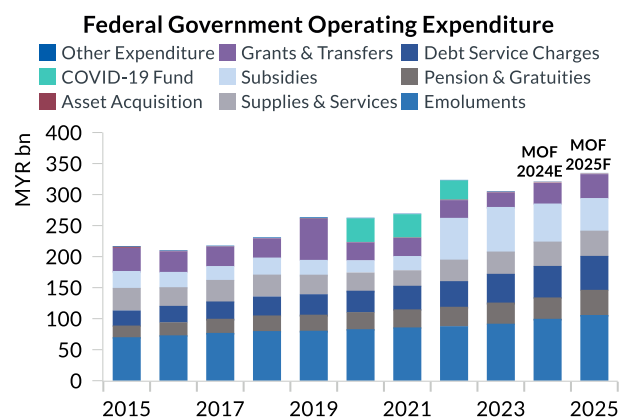


Source: Macrobond, RHB Economics & Market Strategy.

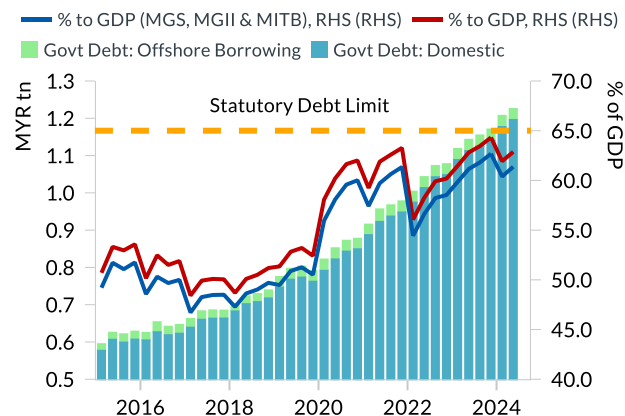
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Figure 13: Highest DE allocation towards economic segment

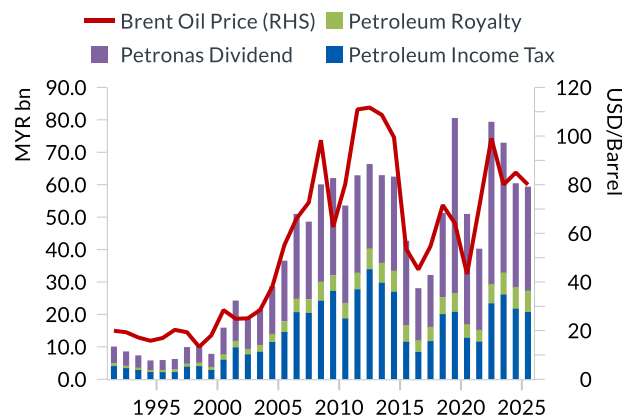
Source: MOF, RHB Economics & Market Strategy.

Figure 14: Emoluments will remain the largest component of OE

Source: MOF, RHB Economics & Market Strategy.

Figure 15: The debt-to-GDP ratio is projected to remain around 64% by the end of 2024 and 2025

Source: MOF, RHB Economics & Market Strategy.

Figure 16: Softer oil revenue anticipated in 2025

Source: MOF, RHB Economics & Market Strategy.

Figure 17: Medium-Term Fiscal Framework (MTFF), for 2025 – 2027...

	RM BILLION	% OF GDP
Revenue	1,055.0	15.7
Non-petroleum	901.3	13.4
Petroleum-related	153.7	2.3
Operating expenditure	1,043.3	15.6
Current balance	11.7	0.1
Gross development expenditure	246.0	3.7
Less: Loan recovery	3.7	0.1
Net development expenditure	242.3	3.6
Overall balance	-230.6	-3.5
Primary balance	-53.7	-0.8

Source: MOF, RHB Economics & Market Strategy.

Figure 18: ... and its underlying assumptions

Underlying assumptions:	
Average real GDP growth (%)	4.9
Average nominal GDP growth (%)	7.2
Average crude oil price (USD per barrel)	80
Average oil production (barrels per day)	500,000

Source: MOF, RHB Economics & Market Strategy.

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Figure 19: The detailed breakdown of fiscal projections

	2022 Actual MYR bn	2023 Actual MYR bn	% YoY change	2024 Estimate MYR bn	% YoY change	2025 Forecast MYR bn	% YoY change
Total Revenue	294.4	315.0	7.0	322.1	2.3	339.7	5.5
Tax Revenue	208.8	229.2	9.8	241.0	5.2	259.0	7.5
Direct Tax	153.5	171.3	11.6	177.1	3.3	188.8	6.6
Corporate Tax	82.1	91.7	11.7	98.5	7.4	106.5	8.1
Petroleum Income Tax	23.4	26.1	11.4	21.8	-16.7	20.7	-4.6
Individual Income Tax	33.8	37.8	11.8	40.8	8.0	44.0	7.8
Withholding and others	3.9	4.1	4.8	4.2	2.6	4.7	11.7
Other Direct Tax	10.2	11.6	13.6	11.8	1.4	12.9	9.5
Indirect Tax	55.3	57.8	4.6	64.0	10.6	70.2	9.8
Sales and Service Tax	31.4	35.5	13.1	40.9	15.4	46.7	14.2
Excise Duties	12.6	13.1	4.7	13.7	4.1	13.8	0.8
Import Duty	3.2	3.0	-4.9	3.0	-0.3	3.3	8.0
Export Duty	2.6	2.0	-22.2	2.0	-3.2	2.0	-1.0
Others	5.6	4.2	-25.0	4.4	5.0	4.5	2.3
Non-Tax Revenue	85.6	85.8	0.2	81.0	-5.5	80.7	-0.4
Licenses and Permits	15.6	16.7	7.3	16.5	-1.2	16.7	0.7
Investment Income	58.2	55.8	-4.1	49.3	-11.7	48.2	-2.2
Service Fees	2.3	2.8	23.7	2.9	1.5	2.9	0.7
Rental	0.3	0.3	-8.3	0.2	-21.8	0.3	31.6
Proceeds from Sales of Goods	0.1	0.1	-13.0	0.1	10.3	0.1	6.3
Fines and Penalties	1.6	1.7	4.8	1.7	0.9	1.7	0.7
Exploration of Oil and Gas MTJA	1.5	1.6	4.8	1.6	2.1	1.6	0.9
Contributions and Compensation	0.1	0.0	-90.0	0.1	640.0	0.0	-91.9
Non-Revenue Receipt	5.2	6.0	15.9	7.9	31.6	8.4	6.0
Revenue from Federal Territories	0.7	0.7	2.4	0.6	-9.5	0.8	18.5
Total Expenditure	364.3	407.4	11.8	407.5	0.0	421.0	3.3
Operating Expenditure	292.7	311.3	6.3	321.5	3.3	335.0	4.2
Emoluments	87.8	91.9	4.6	99.8	8.6	105.9	6.2
Retirement charges	31.4	34.1	8.5	34.4	1.1	40.6	17.7
Debt service charges	41.3	46.3	12.3	50.8	9.6	54.7	7.7
Grants and transfers to state Gov	8.1	8.7	7.0	8.7	0.7	9.3	5.9
Supplies and services	34.7	35.9	3.5	39.2	9.2	40.7	3.7
Subsidies and social assistance	67.4	71.9	6.7	61.4	-14.6	52.6	-14.4
Asset acquisition	0.8	1.0	33.4	1.7	66.6	1.2	-30.6
Refunds and write-offs	0.5	0.5	-4.2	0.5	1.5	0.5	1.3
Grants to statutory bodies	14.0	15.8	12.4	15.6	-0.7	16.3	4.2
Others	6.7	5.2	-22.3	9.3	76.9	13.3	43.7
Gross Development Expenditure	71.6	96.1	34.3	86.0	-10.5	86.0	0.0
Economics	39.1	57.2	46.3	41.4	-27.7	40.0	-3.4
Transport	16.6	17.8	7.3	16.3	-8.5	17.6	8.0
Trade and Industry	2.3	3.0	30.5	3.6	19.9	3.1	-13.3
Energy and public utilities	2.4	2.4	0.6	3.1	29.3	3.0	-0.8
Agriculture	2.5	3.0	18.5	3.1	3.2	3.1	-1.7
Environment	1.7	1.9	7.1	3.3	79.0	3.2	-3.8
Communication	0.2	0.3	39.1	0.9	149.3	1.0	19.0
Others	13.4	28.9	116.1	11.1	-61.5	9.0	-19.5
Social	21.1	24.2	14.7	28.2	16.4	29.9	6.0
Education and training	10.0	12.2	21.5	14.3	17.1	15.0	5.3
Health	4.4	4.8	8.7	6.1	28.1	6.9	11.6
Housing	1.7	2.1	27.3	2.0	-5.1	2.3	16.0
Others	5.0	5.2	2.4	5.8	12.6	5.7	-1.8
Security	8.2	11.4	38.6	12.5	10.0	12.3	-1.4
General Administration	3.1	3.2	3.5	3.9	20.8	3.8	-2.7
Total Revenue	294.4	315.0	7.0	322.1	2.3	339.7	5.5
Total Expenditure	364.3	407.4	11.8	407.5	0.0	421.0	3.3
Less: Loan recovery	1.4	1.0	-28.4	1.2	14.6	1.3	14.5
COVID-19 Fund	31.0	-	-	-	-	-	-
OVERALL BALANCE	-99.5	-91.4		-84.3		-80.0	
as % of GDP	-5.5	-5.0		-4.3		-3.8	

Source: MOF, RHB Economics & Market Strategy.

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