

KERATAN AKHBAR

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Maybank IB expects lower deficit of 5pc

RETABLETING OF BUDGET

MAYBANK IB EXPECTS LOWER DEFICIT OF 5PC

Economists say key 'people-friendly' measures, fuel subsidy will remain

KUALA LUMPUR

THE government is expected to retable the 2023 Budget with a deficit to gross domestic product (GDP) ratio of five per cent, down from the 5.5 per cent in the initial budget presented last October.

Economists at Maybank Investment Bank (Maybank IB) said the RM163.7 billion "mini" 2023 Budget, approved by Parliament post-15th General Election on Dec 19-20 had led to disbursements of "goodies" under the original 2023 Budget.

These included civil service salary hikes, one-off special payments to civil servants and government pensioners, and cash handouts.

"Expect other key 'people-friendly' measures of '2023 Budget version 1.0' to remain in the retabled version, e.g. two per cent cut in personal income tax for middle-income taxpayers.

"Additionally, we think fuel subsidy will stay for one more year amid the outcry over the costs of living and doing business given the sticky inflation, while the still-elevated crude oil price means another windfall year for Petronas' special/extra dividend that will fund the fuel subsidy," they said.

On incentives and allocations, Maybank IB expects top-ups, add-ons and enhancements in priorities areas.

They are supporting small and medium enterprises to resuscitate domestic direct investment, driving tourism sector recovery and addressing food prices, supply and security issues.

Other areas are improving the quality of essential public services especially healthcare, education and public transport, narrowing the socioeconomic development and basic infrastructure gaps between states/regions with continued focus on Sabah and Sarawak, and strengthening Malaysia's electric vehicle (EV) ecosystem.

Maybank IB said the 2023 Budget would also focus on prudence in spending.

"The finance minister may put forth the proposal for a Government Procurement Act (GPA) to improve good governance in public spending and contracts, especially via open tender, as well as compulsory audit and accountability in large-value procurement/contracts.

Maybank IB said this will be in addition to the proposed Fiscal Responsibility Act, and on top of expenditure optimisation and cost-savings initiatives.



Maybank Investment Bank expects a greater focus on the electric vehicle ecosystem in Malaysia. FILE PIC