

FIABCI Malaysia Morning Talk

Budget 2025 – Charting the Future of Malaysia

Lee Heng Guie
Executive Director
2 October 2024



Agenda

1

Global Economy is Growing but Risks still Prevalent

2

Domestic Economy Remains on the Expansion Path

3

The State of Malaysia's Real Estate Market

4

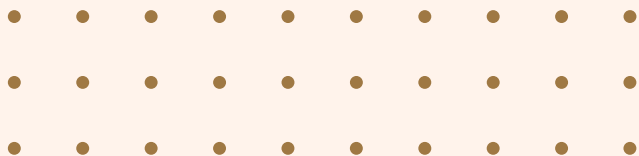
Budget 2025 – Sustaining Growth with Fiscal Stability



Global Economic Outlook

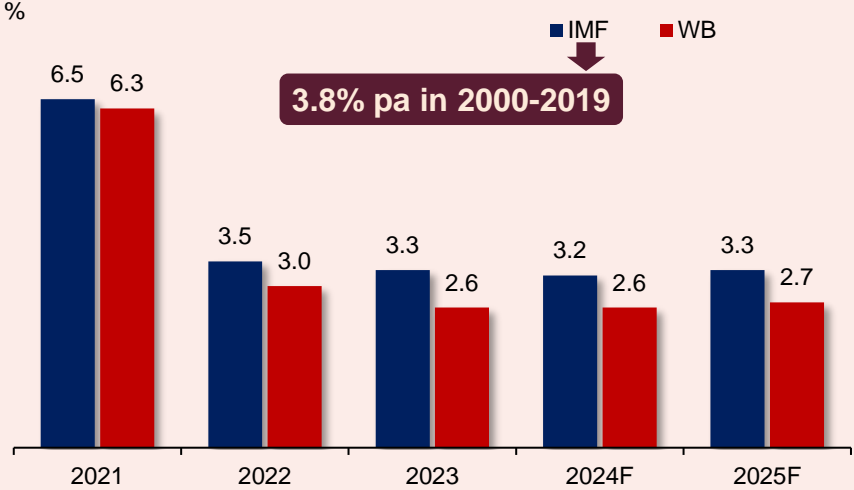
Global Economy is Growing but Risks still Prevalent

1. *Global Growth Continued amid the Challenges and Risks*
2. *The US Economy is “Cruising” Along; Can Avoid Recession*
3. *Inflation “Emergency” is Over and the Fed Rate Cuts Coming; How Much?*
4. *China Economy is Hitting the Wall; Policy Bazooka Comes to Rescue*
5. *Geopolitical Risks will Remain Top of Mind*

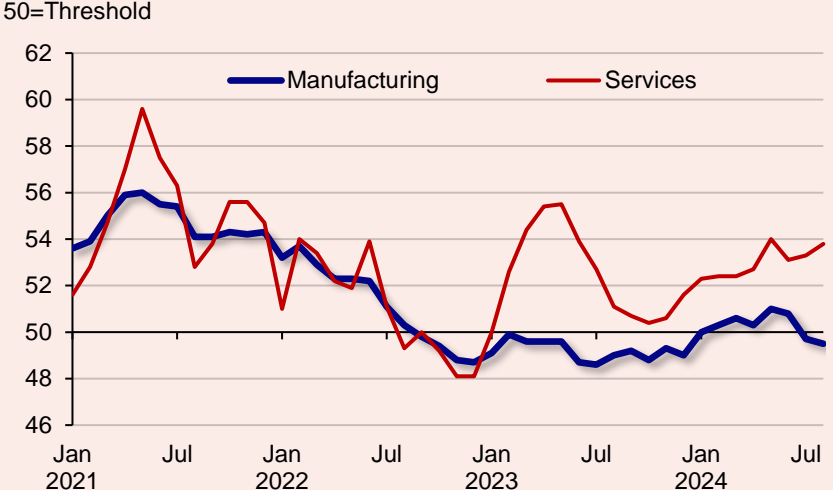


The global economy continues to grow at a slower pace

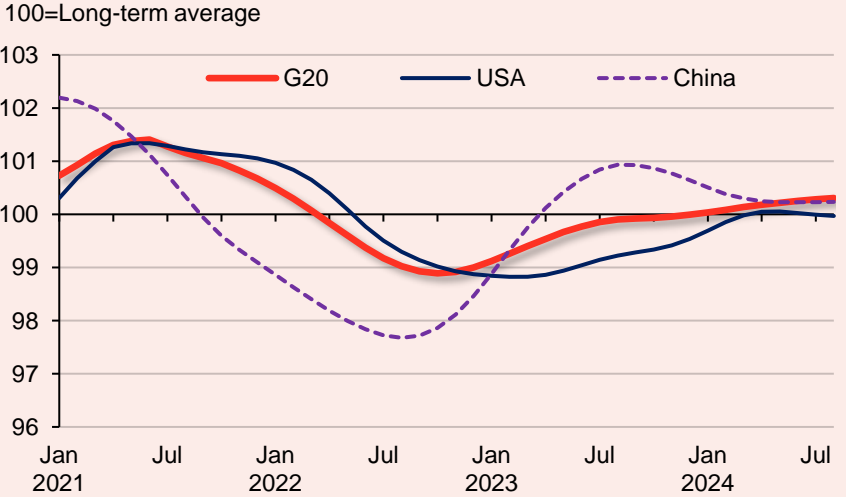
Global growth estimates



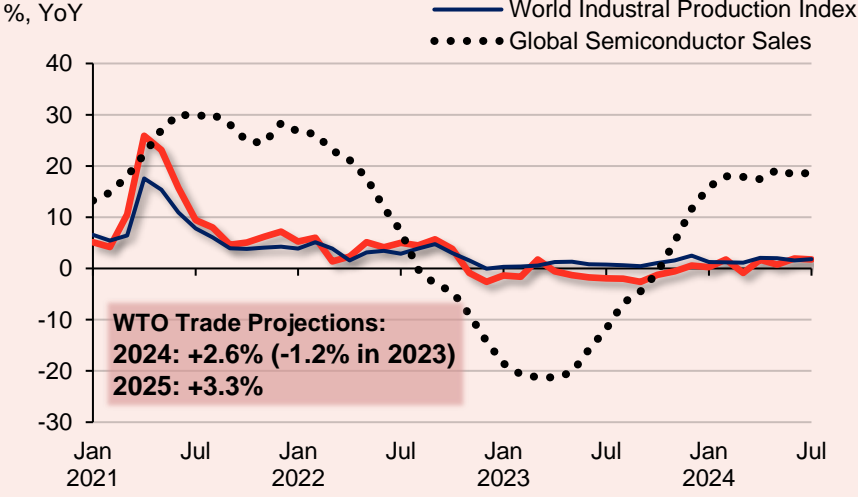
Global PMI for manufacturing & services



OECD Composite Leading Indicators (CLI)



Key economic activities



Mixed indicators:

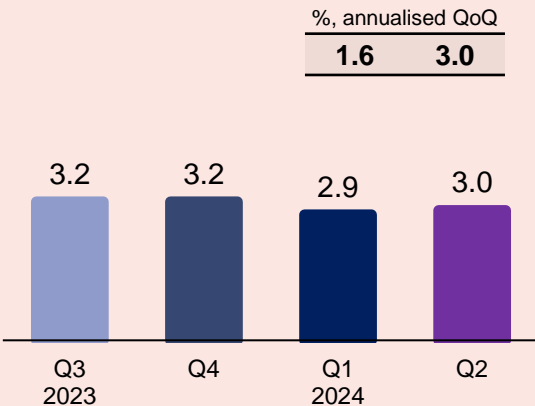
- Global Manufacturing PMI fell below threshold for two straight months (49.7 in Jul and 49.5 in Aug), after maintaining positive momentum in the first six months of 2024. Global Services PMI remains on a solid expansion.
- The OECD composite leading indicators (CLI) for G20 were pointing a stable growth ahead.
- Global semiconductor sales recorded strong double-digit growth since Dec 2023.
- World trade volume growth remained uneven.

Source: International Monetary Fund (IMF); World Bank (WB); S&P Global; Organisation for Economic Co-operation and Development (OECD); CPB Netherlands

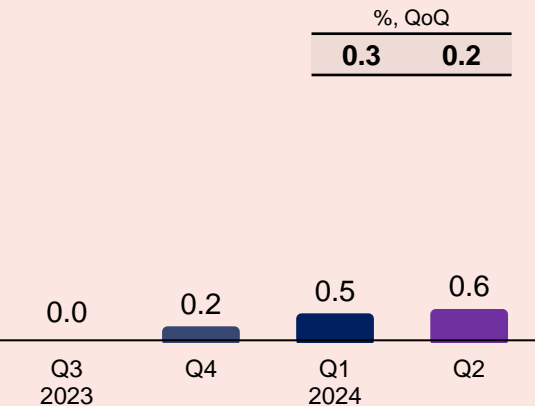
GDP growth heatmap for advanced and emerging economies

Key economic powerhouse

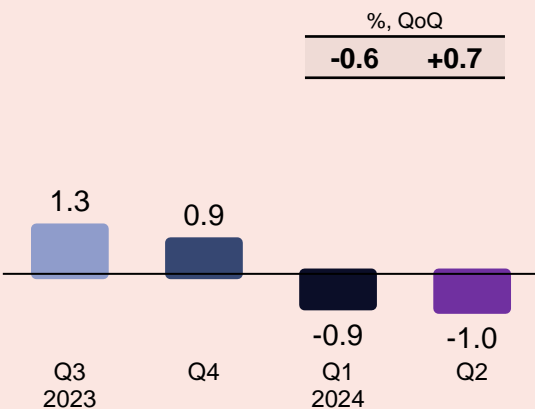
The United States



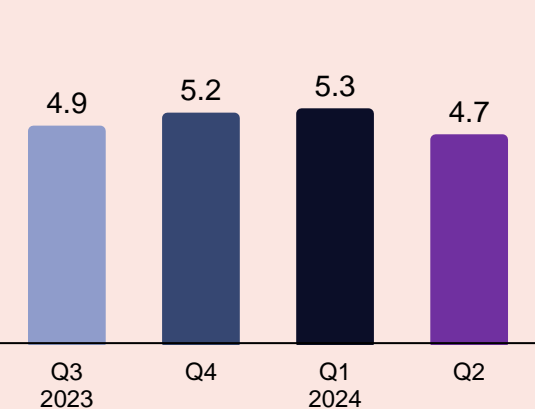
Euro area



Japan



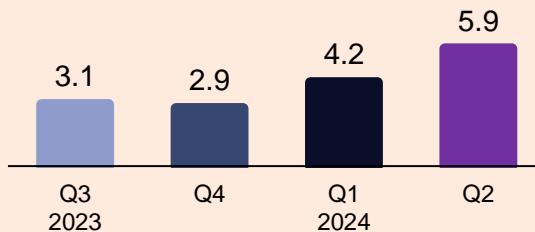
China



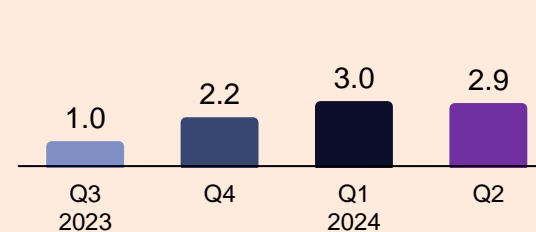
Regional economies

%, YoY

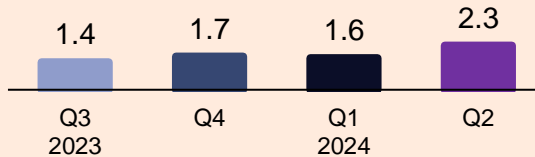
Malaysia



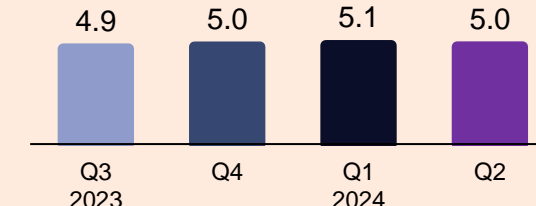
Singapore



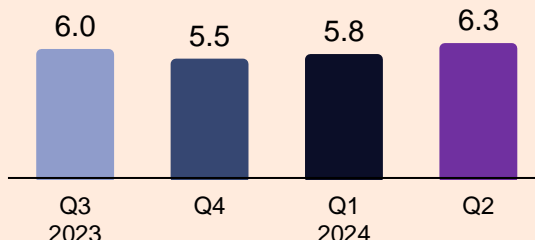
Thailand



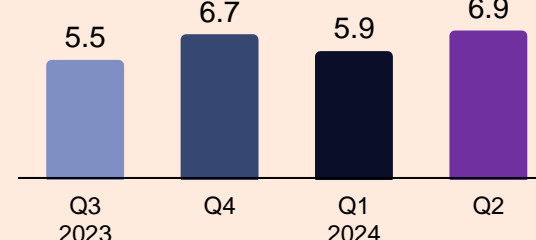
Indonesia



Philippines



Vietnam



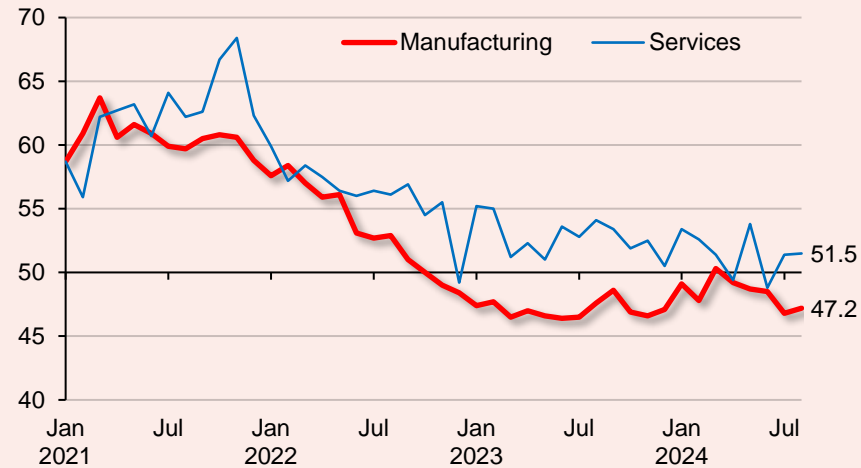
Source: Various officials (unadjusted data except for Euro Area)

Growth divergences among major economies

The United States

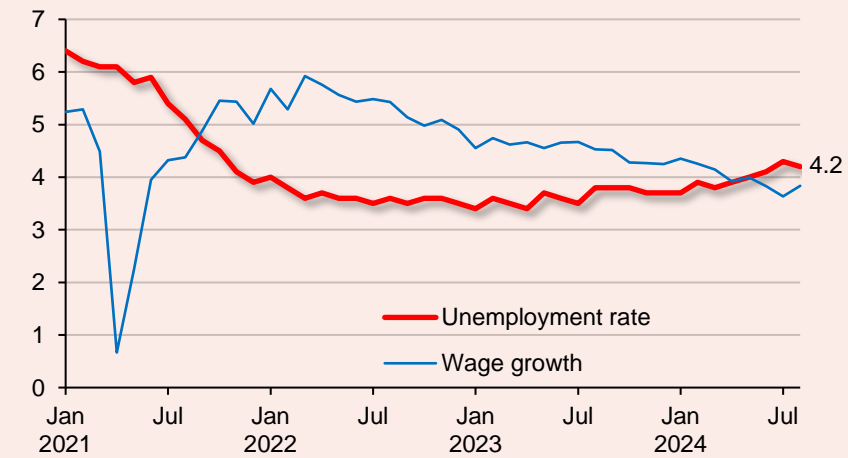
Manufacturing and services PMI

50=Threshold



Unemployment rate and wage growth

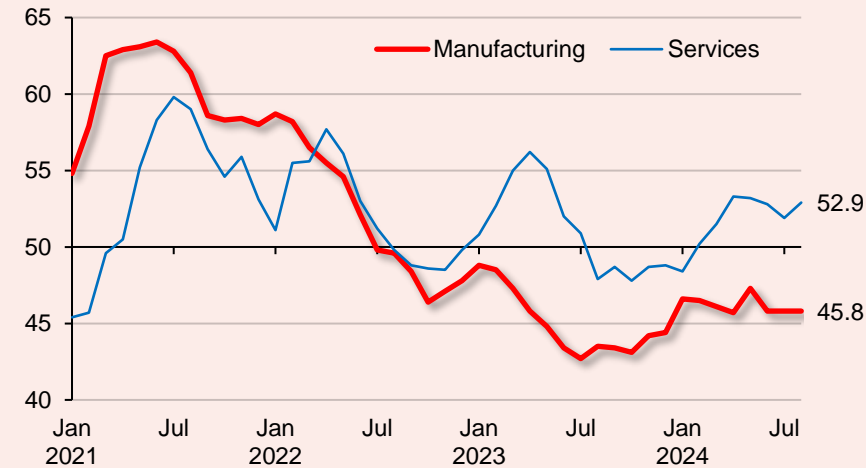
% / %, YoY



Euro Area

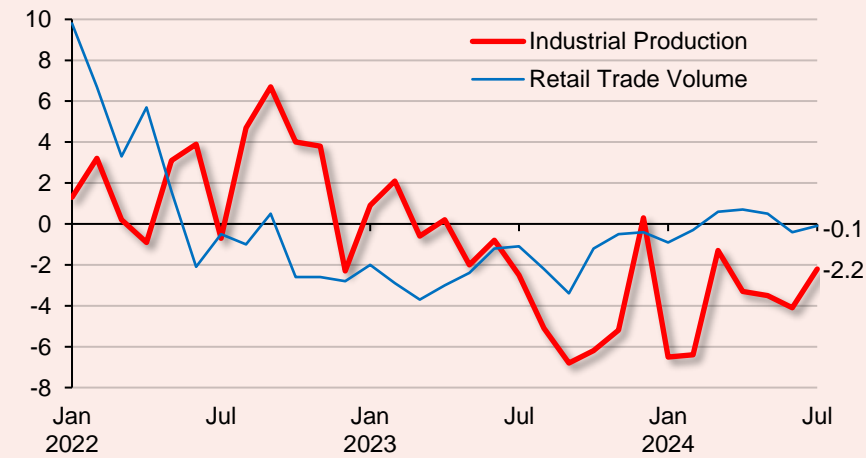
Manufacturing and services PMI

50=Threshold



Industrial and retail activities

%, YoY



The United States

Starting rate-easing cycle

- Mixed economic performance. Manufacturing PMI has persistently fallen; slowing-down job market, while the retail sector still steady; and headline inflation level held steady. Question: How aggressive is the rate cut?

Euro Area

Still weak economic growth

- High-frequency economic data indicated unfavourable performance. Both retail sales and industrial production continued to contract.
- Inflation rate at three-year low (2.2% in Aug 2024).

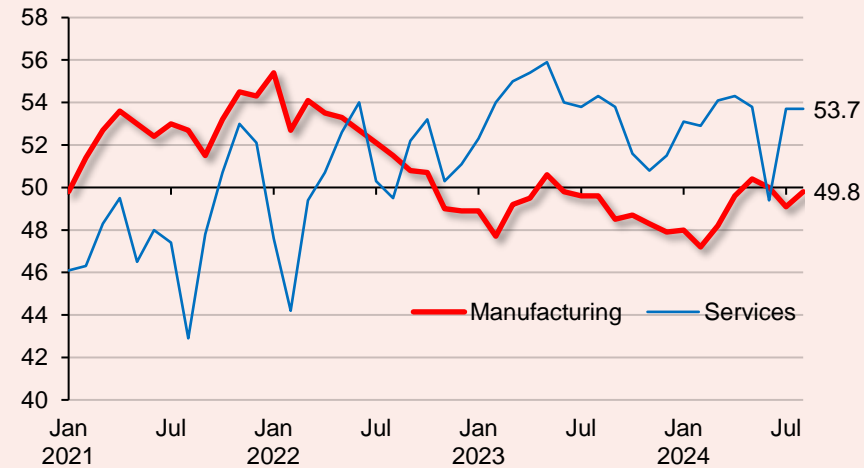
Source: Institute for Supply Management (ISM); US Bureau of Labour Statistics; S&P Global; Eurostat

Growth divergences among major economies (cont.)

Japan

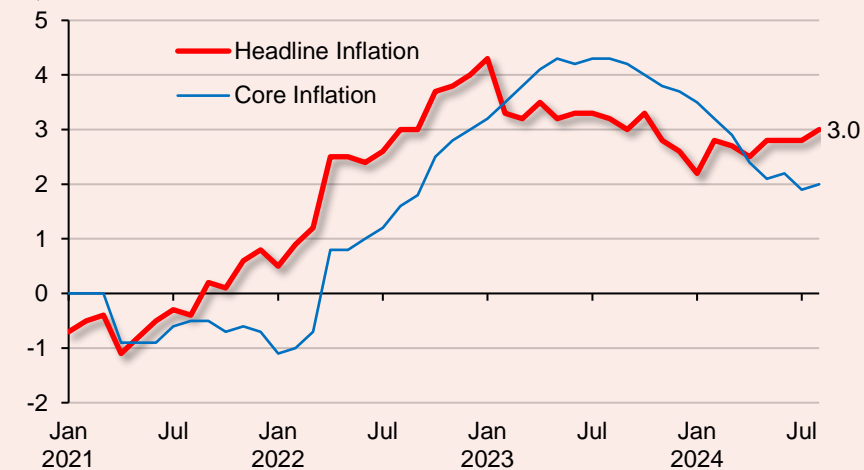
Manufacturing and services PMI

50=Threshold



Headline & core inflation

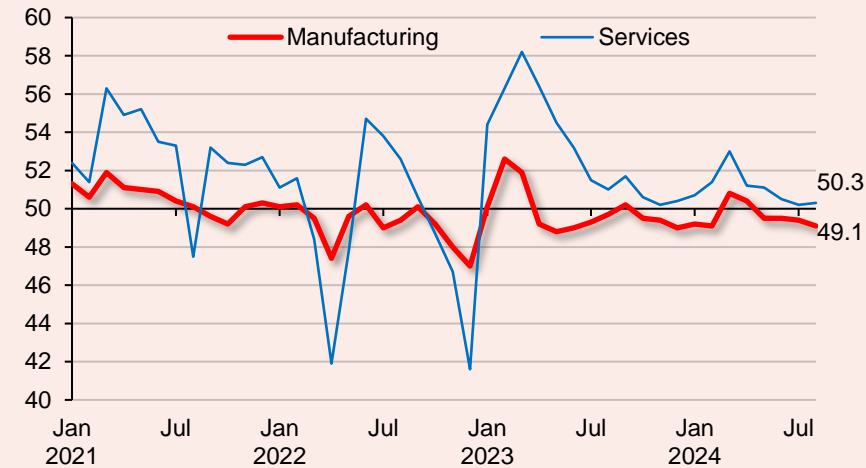
%, YoY



China

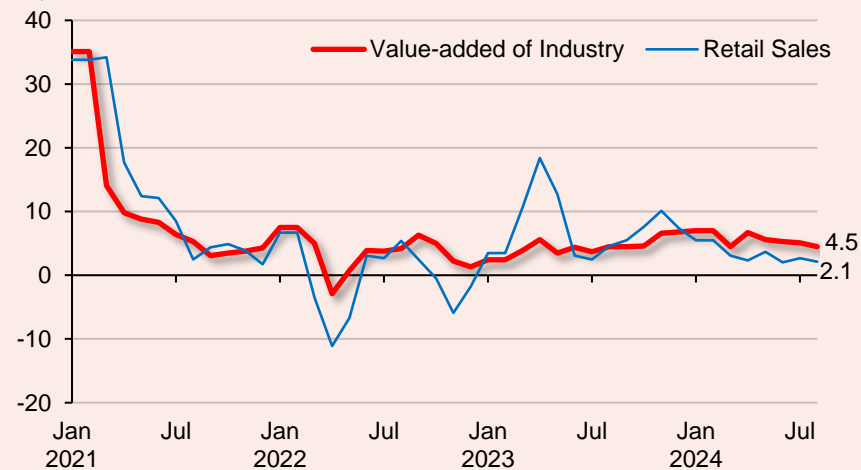
Manufacturing and services PMI

50=Threshold



Industrial and retail activities

%, YoY



Japan

A turnaround in growth?

- A modest turnaround in growth is expected in 2H 2024, driven by stronger wage growth and consumer spending, but may be partially offset by potentially aggressive rate hikes.
- Bank of Japan signals further rate hikes as long as inflation remains above its 2% target.

China





Searching for a breakthrough

- Economic data in recent months has missed forecasts, raising concerns that the growth target was at risk.
- Pulls the bold stimulus package trigger to prop up its economy.

Source: S&P Global; Statistics Bureau of Japan; National Bureau of Statistics of China

How will the US and China economic slowdown affect Malaysia?

Trade and investment with selected countries

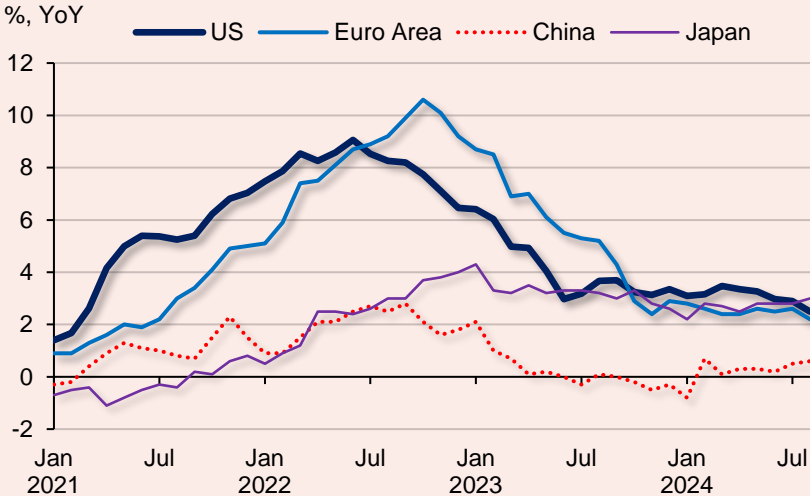
2023 % share (value)	Exports	Imports	Total Trade	Approved Foreign Investment	Approved Foreign Manufacturing Investment
	Rankings				
 United States	#3 11.3% of total (RM161.3 billion)	#4 7.3% (RM89.0 billion)	#3 9.5% (RM250.2 billion)	#3 11.4% (RM21.5 billion)	#2 14.1% (RM18.1 billion)
 China	#2 13.5% (RM192.2 billion)	#1 21.3% (RM258.6 billion)	#1 17.1% (RM450.8 billion)	#5 7.7% (RM14.5 billion)	#5 9.3% (RM12.0 billion)
 Japan	#6 6.0% (RM85.7 billion)	#6 5.9% (RM70.9 billion)	#5 5.9% (RM156.6 billion)	#6 7.2% (RM13.6 billion)	#6 7.9% (RM10.2 billion)
 European Union	#4 7.9% (RM112.9 billion)	#3 7.7% (RM93.8 billion)	#4 7.8% (RM206.7 billion)	N/A 27.0% (RM50.9 billion)	N/A 35.0% (RM45.0 billion)
Malaysia's Overall	RM1,425.6 billion	RM1,211.5 billion	RM2,637.1 billion	RM188.4 billion	RM128.4 billion

Note: The European Union excludes the United Kingdom.
The European Union rankings in approved and manufacturing investments are excluded.

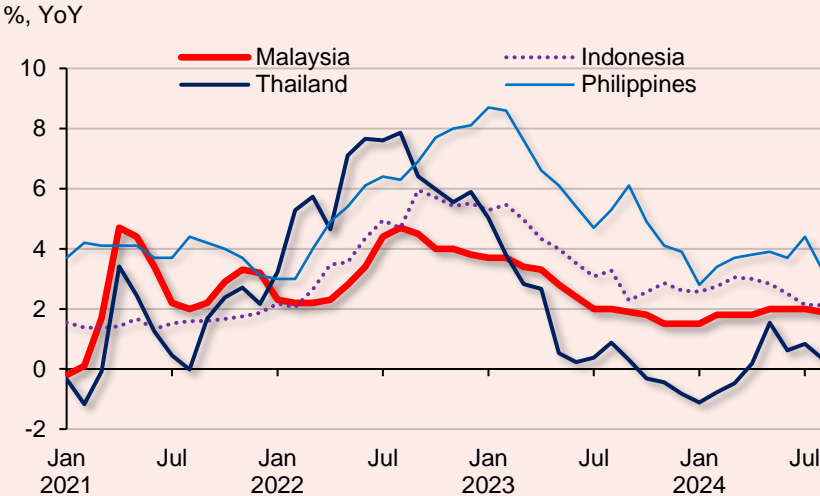
Source: BNM; DOSM

Overall price levels are now stabilising, but no room for complacency

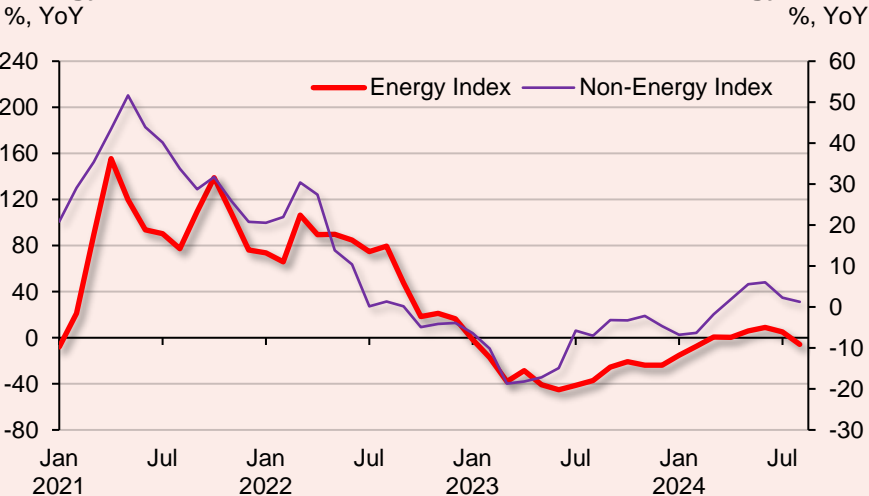
Inflation – Major economies



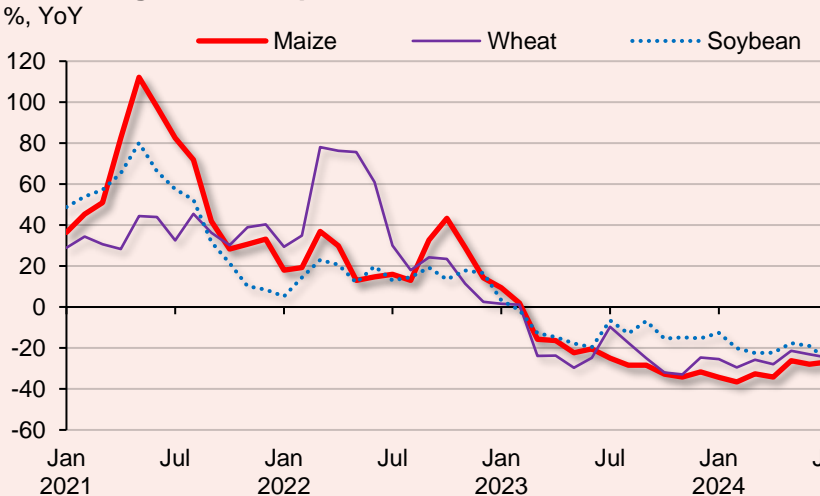
Inflation – Selected ASEAN economies



Energy Index



Selected global food prices

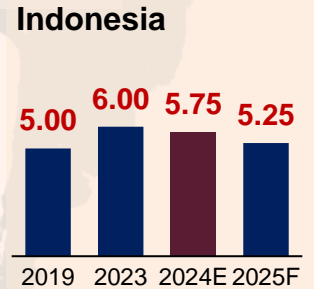
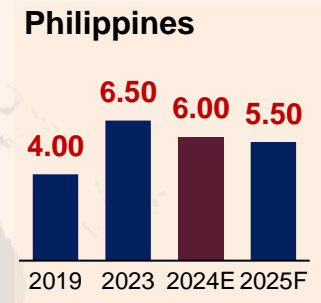
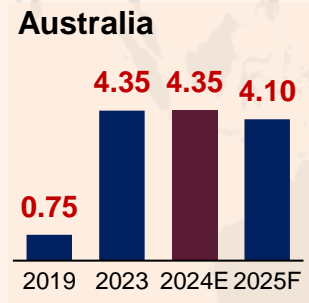
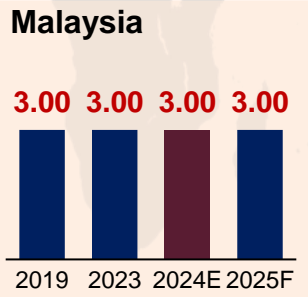
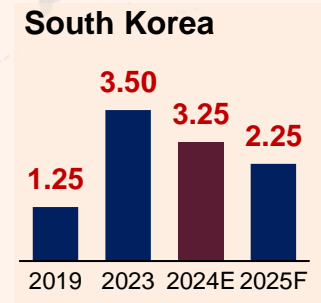
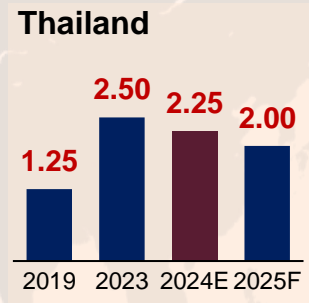
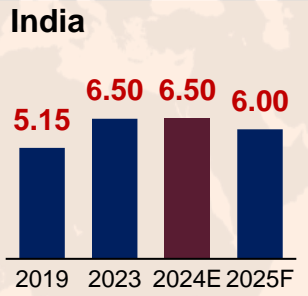
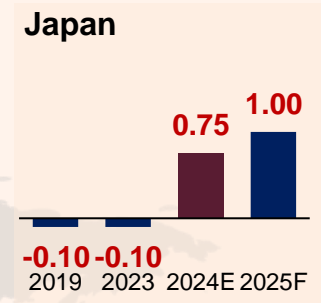
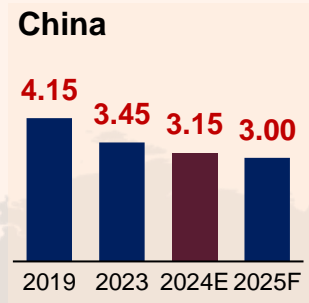
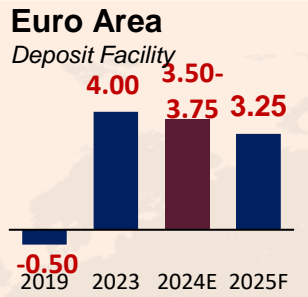
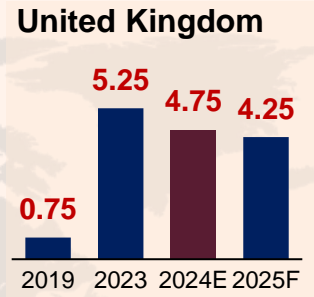
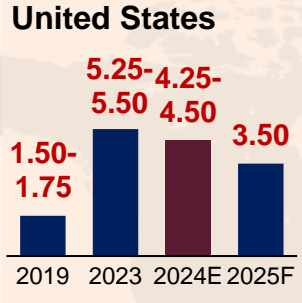


- Headline inflation has been moderating over the past few months and has started to stabilise at its current level. Overall commodities prices also have tamed.
- The Drewry World Container Index (WCI) has shown a significant increase in the price of 40ft containers, rising from USD1,342 on 26 Oct 2023 to a peak of USD5,937 (+342.6%) on 18 Jul 2024, before easing to USD3,970 as of 19 Sep 2024.

Source: World Bank; Various officials for inflation data

Global monetary policy tracker

Policy rate (% , end-period)



Federal Reserve Chair Jerome Powell said that a 50 basis point rate cut reflects the Fed's growing confidence that, with an appropriate recalibration of policy, it can maintain strength in the labour market while achieving moderate growth and ensuring that inflation moves sustainably toward the 2% target.

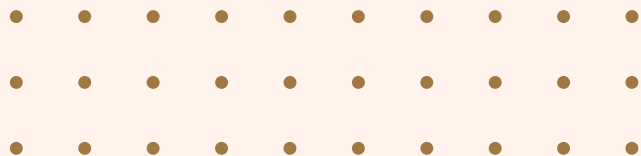
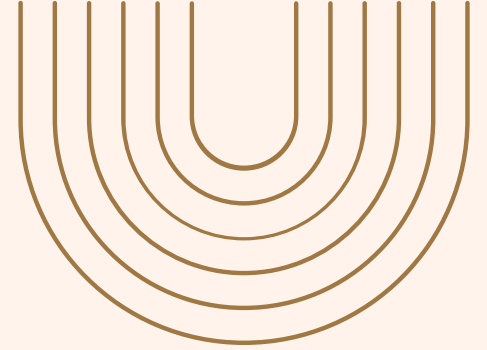
Source: Various officials; SERC's forecasts



Malaysia Economic Outlook

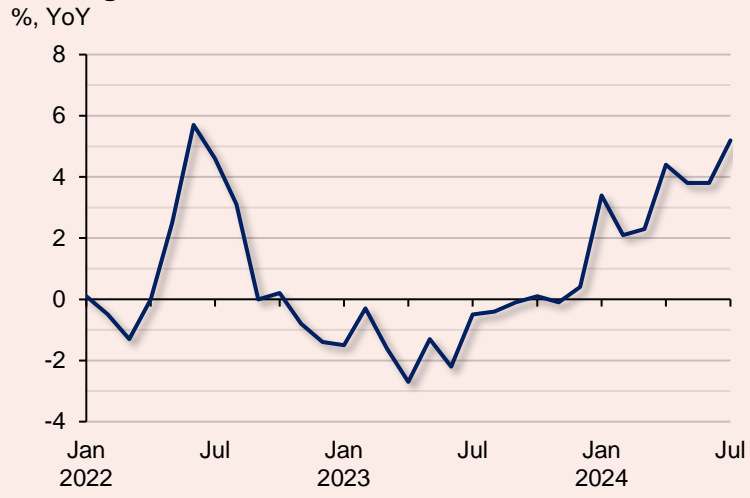
Domestic Economy Remains on the Expansion Path

1. *The Malaysian Economy Fired on Twin Cylinders*
2. *Continued Reforms to Boost Macro-Economic Stability*
3. *Stage Set for Robust Private Investment Cycle*
4. *2025 Budget Insights*
5. *Drivers of the Real Estate Market*



Tracking Malaysia's economic indicators

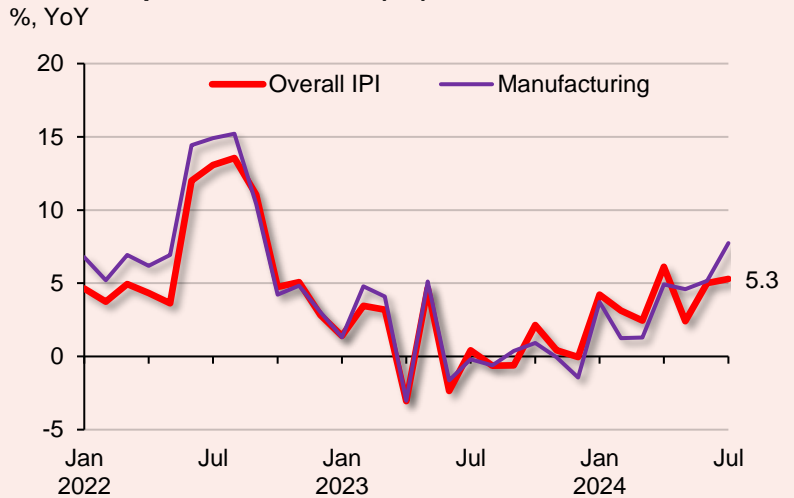
Leading indicators



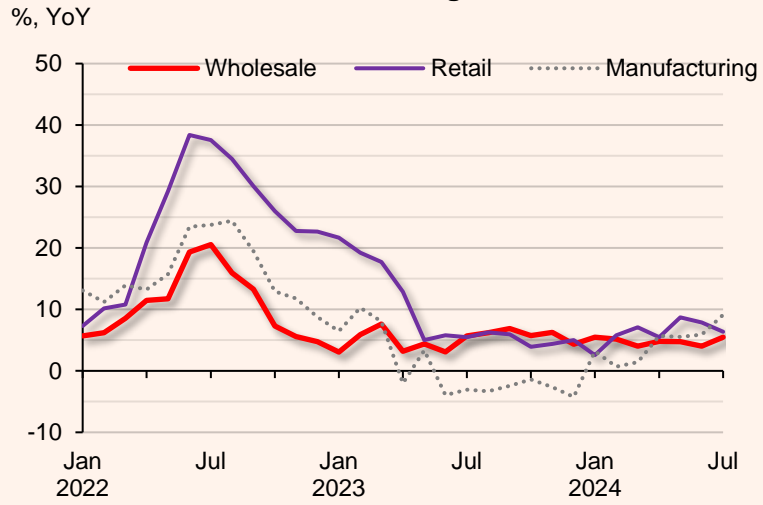
Purchasing Managers' Index (PMI)



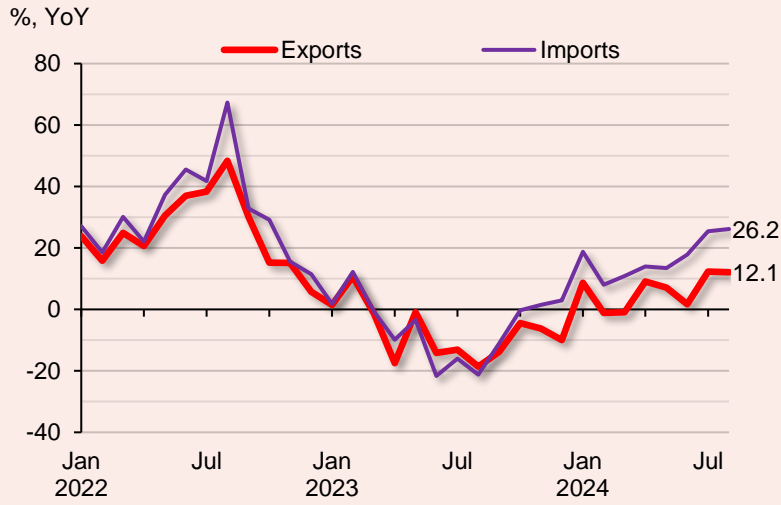
Industrial production index (IPI)



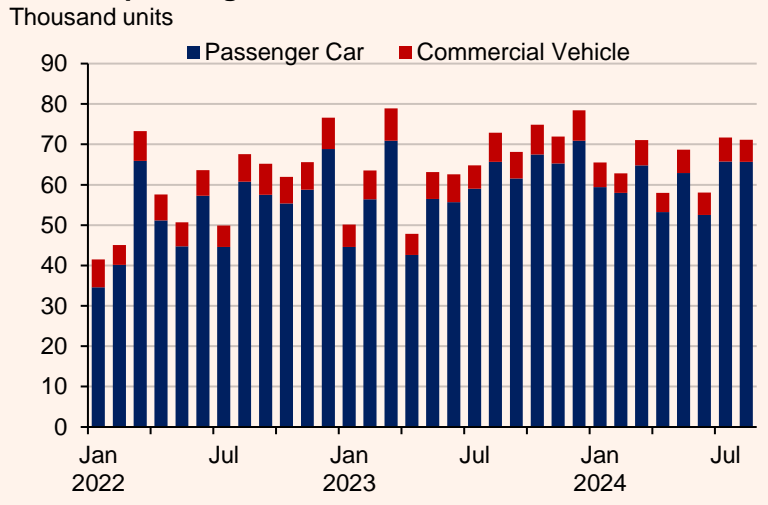
Wholesale, retail & manufacturing sales



External trade



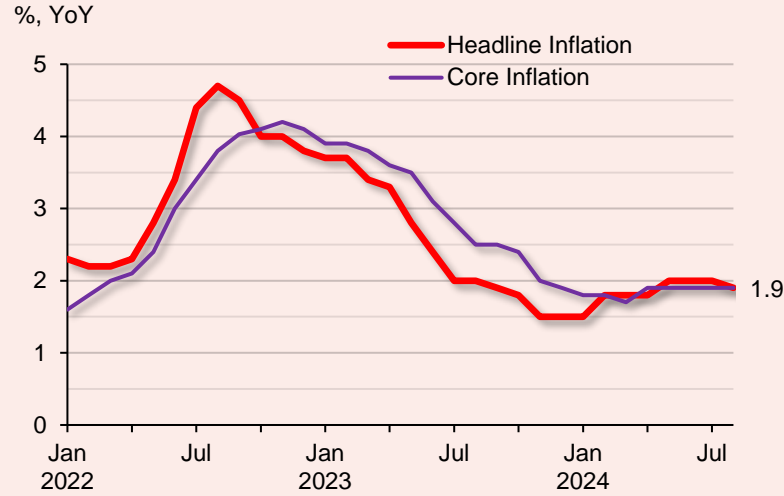
Sales of passenger & commercial vehicles



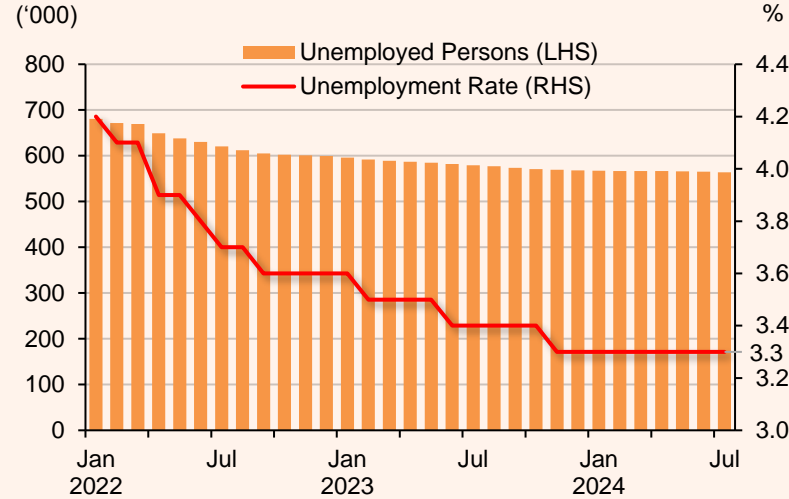
Source: S&P Global; DOSM; Malaysian Automotive Association (MAA)

Tracking Malaysia's economic indicators (cont.)

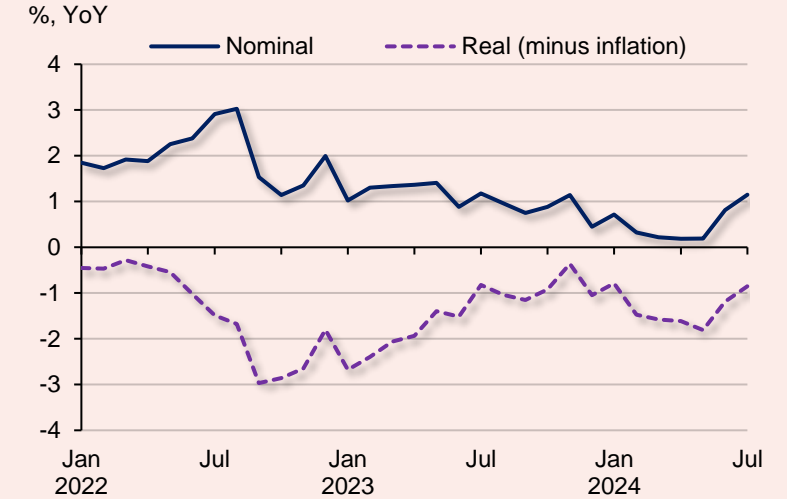
Inflation



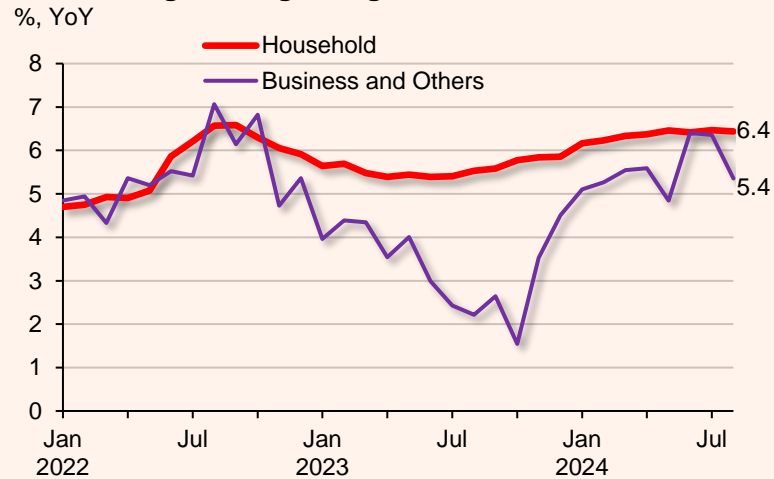
Unemployment



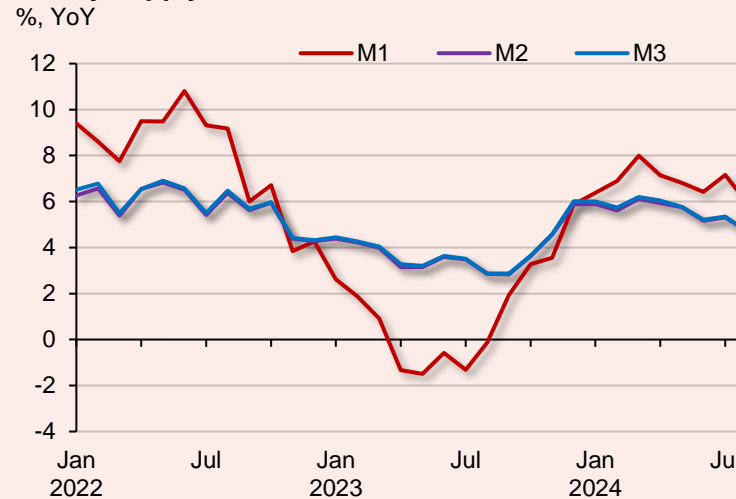
Manufacturing wage (per employee) growth



Outstanding banking loan growth



Money supply



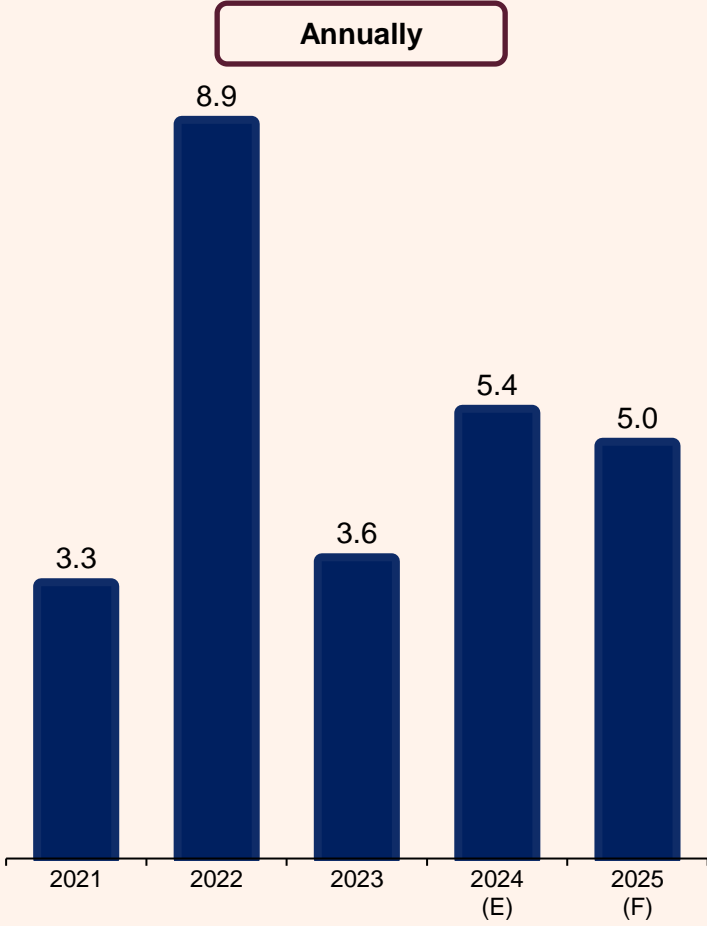
Foreign exchange reserves



Source: DOSM; BNM; MIDA

The Malaysian economy is doing better

Malaysia's real GDP growth (% YoY)



Drivers of economic growth in 2024-2025

Supporting drivers

- Stronger growth in domestic economy as well as an upswing in external demand.
- Investment upcycle in the technology and digital infrastructure.
- Increase in tourist arrivals in line with the visa exemption given to tourists from China and India.

Dampening drivers

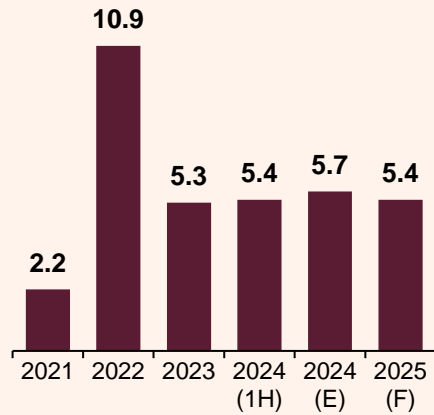
- Increased cost of living and business costs, especially with the implementation of the subsidy rationalisation for diesel.
- Businesses and households' anxieties have already built up over the petrol subsidy rationalisation will be next in line.
- Domestic economic growth outlook remains subject to downside risks, mainly from the worsening of geopolitical tensions, higher-than-anticipated inflation outturns, and volatility in global financial markets.

Source: Department of Statistics Malaysia (DOSM); SERC's forecast

All economic sectors will register positive growth in 2024-2025

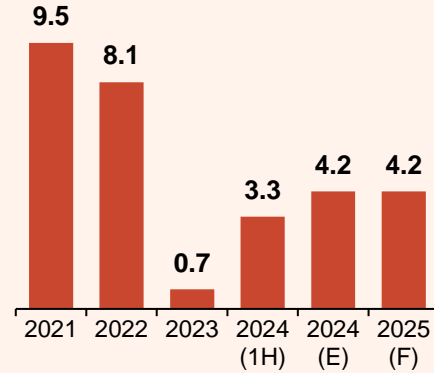
GDP growth by economic sector (% YoY)

Services



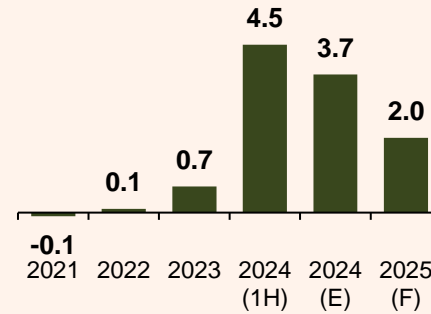
- Consumption supports retail, dining, accommodation, and communications sectors.
- Recovery in tourism activities will further bolster the consumption sector.
- Increased trade-related activities will benefit the wholesale, transportation, and warehousing sub-sectors.

Manufacturing



- Recovery in foreign demand benefits export-oriented industries, particularly E&E products that are experiencing a technology upcycle.
- Domestic-oriented industries will be driven by sustained growth in consumption and investment.

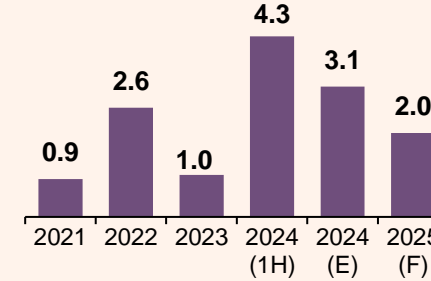
Agriculture



- Production of crude palm oil (CPO), livestock products, and other agricultural goods is expected to increase.
- CPO: Lower-than-expected impact of El Niño, improved labour supply, an expansion of mature areas, and higher oil extraction rates.

CPO Prices:
2024F: RM3,971/tonne
 (2023: RM3,810/tonne)

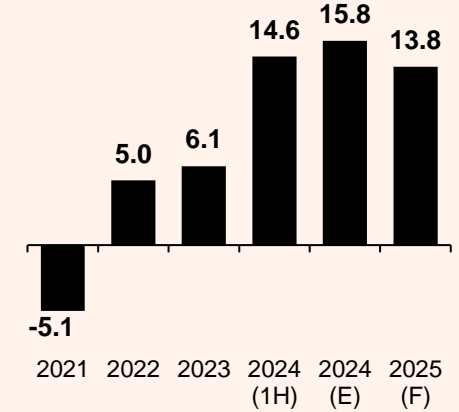
Mining and Quarrying



- Natural gas production is recovering from new and existing gas fields, as well as from crude oil and condensate production.
- With a positive global economic outlook, demand is expected to increase.

Crude oil prices:
2024F: US\$81/barrel
 (2023: US\$83/barrel)

Construction

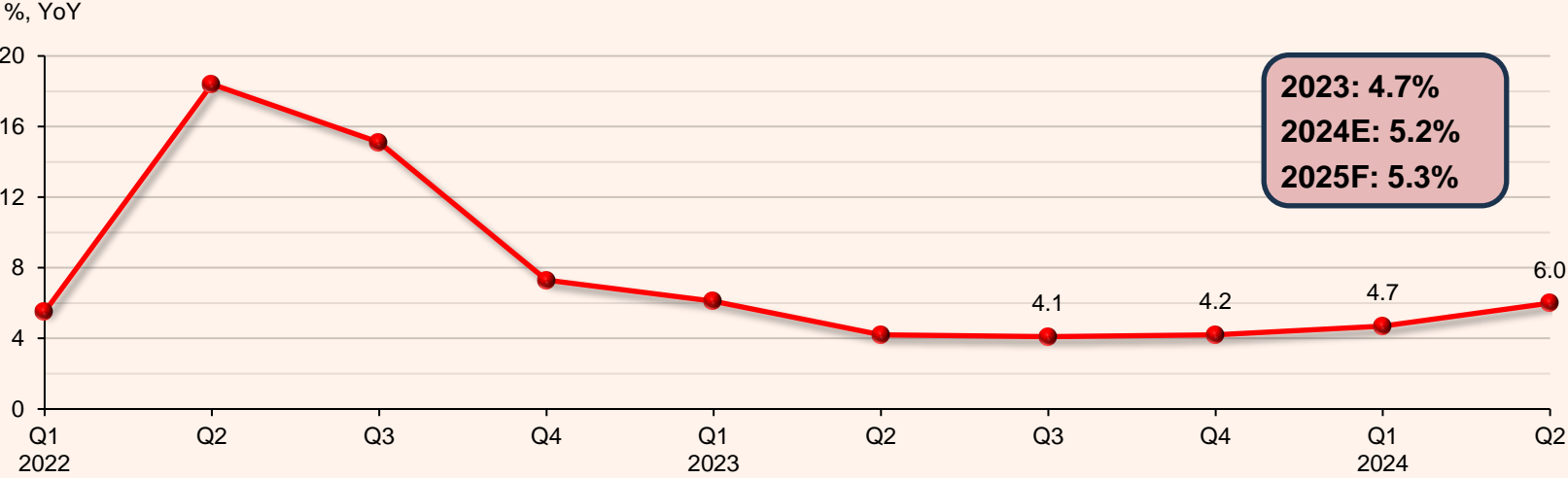


- All construction sub-sectors (residential, non-residential, and civil engineering) are expanding.
- Strategic infrastructure and utility projects, including the Central Spine Road (CSR), Pan-Borneo Highway, MRT, LRT, and East Coast Rail Link (ECRL), are contributing to this growth.

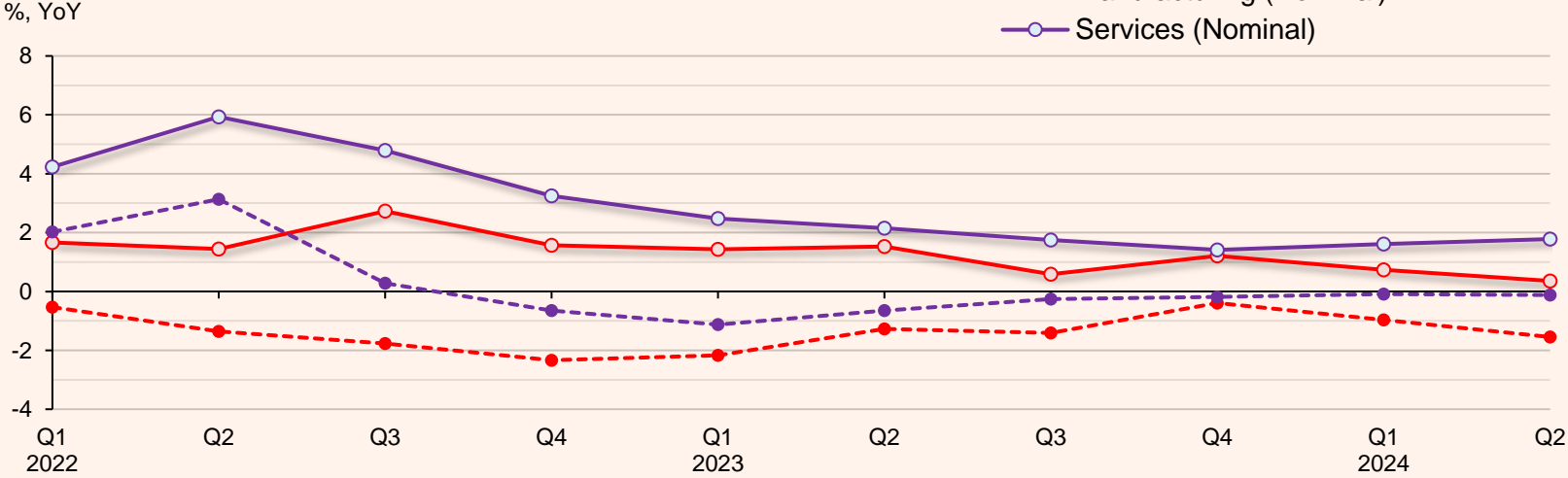
Source: Department of Statistics Malaysia (DOSM); SERC's forecast

Sustaining private consumption

Private consumption growth (60.7% of GDP in 2023)



Real wage growth per employee



Key focuses

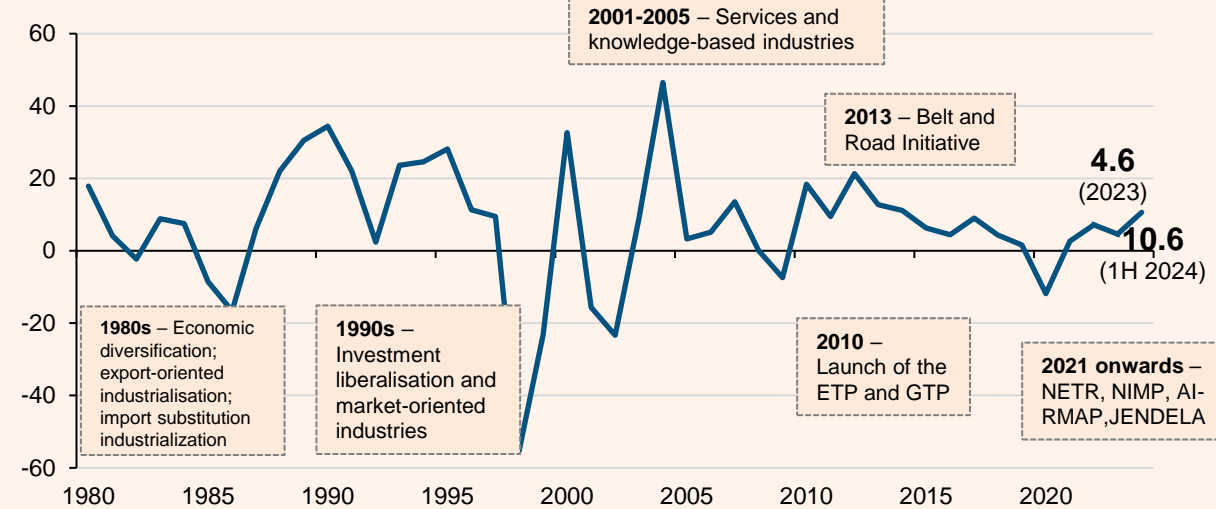
- Stable labour market conditions. Rising cost of living and high prices pressure as well as anxiety about retargeting subsidies rationalisation for RON95 may lead to cautious spending.
- Higher tourist arrivals and spending are expected with the implementation of visa free for India and China. Malaysia targets 27.3 million tourist arrivals with RM102.7 billion in total tourism receipts in 2024. China and India are expected to contribute 5 million and 1 million tourist arrivals, respectively.
- The Employees Provident Fund (EPF)'s Flexible Account (Account 3) allows members to withdraw funds for life cycle needs.
- As of 19 July 2024, 3.8 million or 29.3% of total 13.1 million EPF members under the age of 55 have transferred RM12.6 billion from the Sejahtera Account (Account 2) to the Flexible Account (Account 3).
- 3.4 million or 26.2% of total EPF members under the age of 55 have withdrawn RM8.9 billion from the Flexible Account, a 27.5% increase from RM6.98 billion as of 10 June 2024.

Source: DOSM

New private investment cycle is taking shape

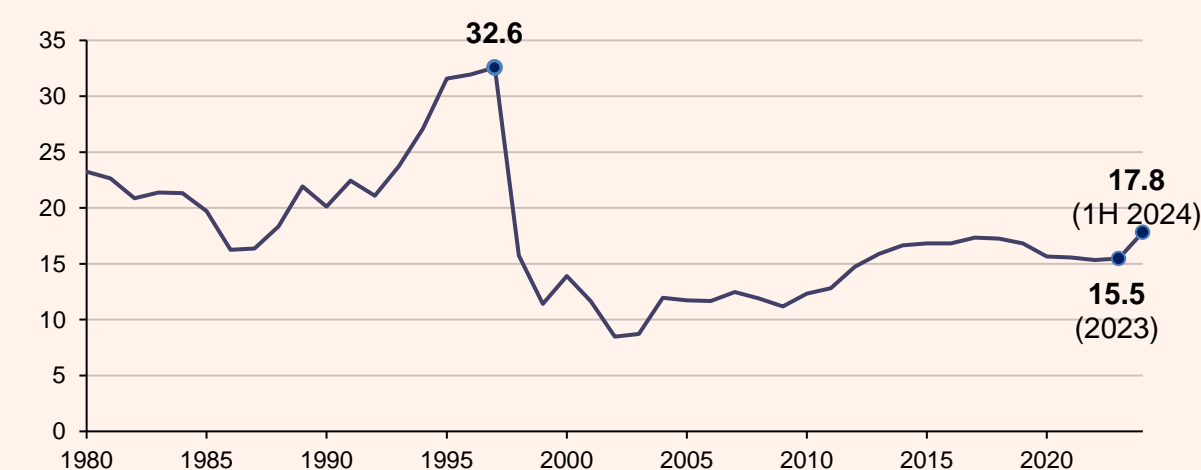
Private investment growth

% YoY



Private investment to GDP ratio

%



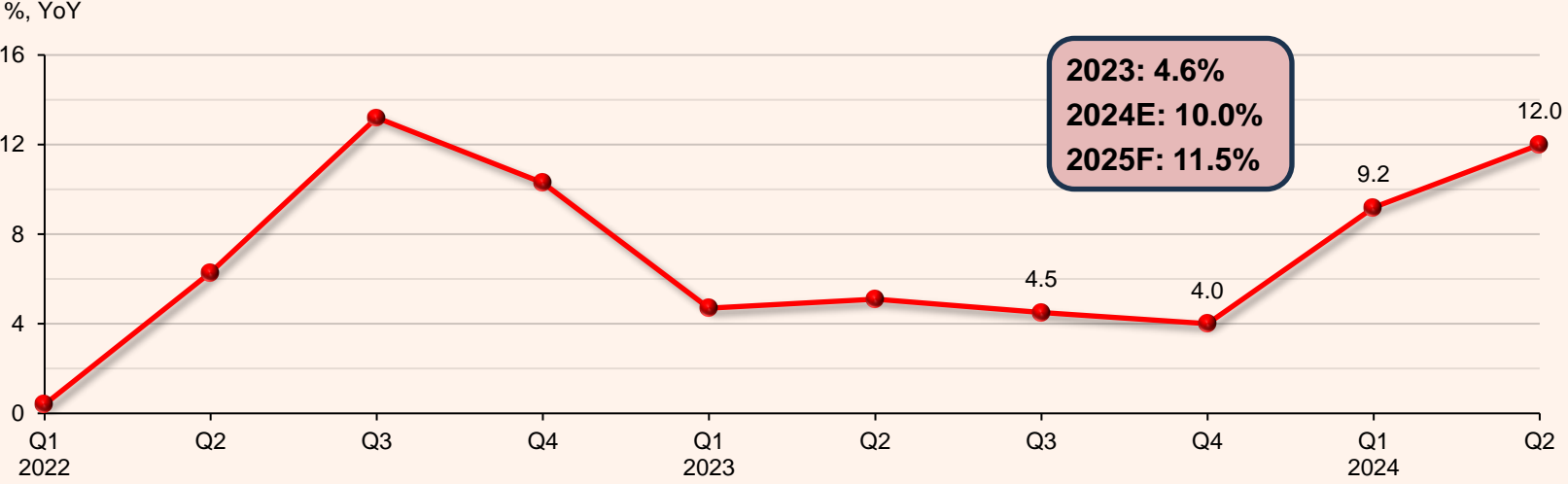
Source: DOSM

Key focuses

- 5-year Malaysia Plan, Industrial Master Plans, various roadmaps and plans covering agriculture, ICT, industrialisation, manufacturing, and services.
- **1970s-1980s** – Economic diversification; export-oriented industrialisation, imports substitution industrialisation based on heavy industries (automotive; iron and steel); and the Look East policy.
- **1990s** – Investment liberalisation, including foreign equity for export-oriented industries.
- **2000s** – Manufacturing cum services, knowledge-based, ICT; digitalisation, e-commerce, advanced technology, energy transition, climate change wave.
- **2010** – The Economic Transformation Programme (ETP) to make Malaysia better and drive private investment; and Government Transformation Programme (GTP) to address the cost of living and security.
- **2013** – China's Belt and Road Initiative (BRI), which fostered closer trade and investment relations between Malaysia and China.
- **2020-2023** – Malaysia MADANI Economy Framework, New Industrial Master Plan (NIMP) 2030, National Energy Transition Roadmap (NETR), National Artificial Intelligence Roadmap (AI-RMAP); JENDELA; Malaysian Aerospace Industry Blueprint 2030.
- **2024** – Johor-Singapore Special Economic Zone (JS-SEZ); KL20 Summit to attract more investments in startups.

Strong investment upcycle set to take off

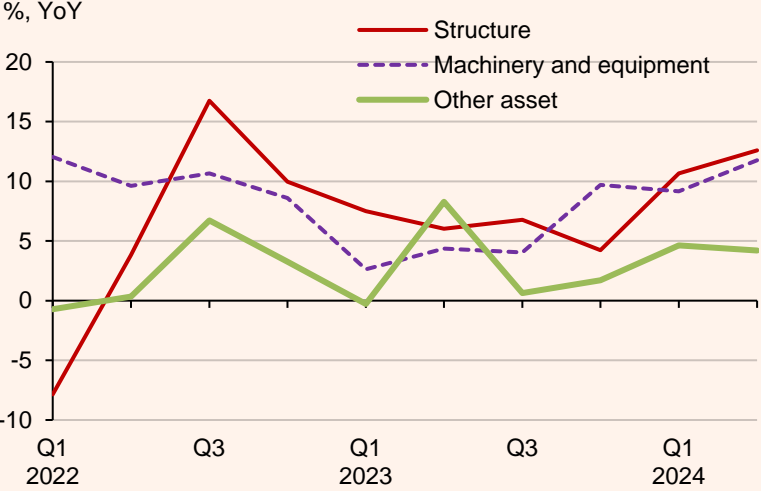
Private investment growth (15.5% of GDP in 2023)



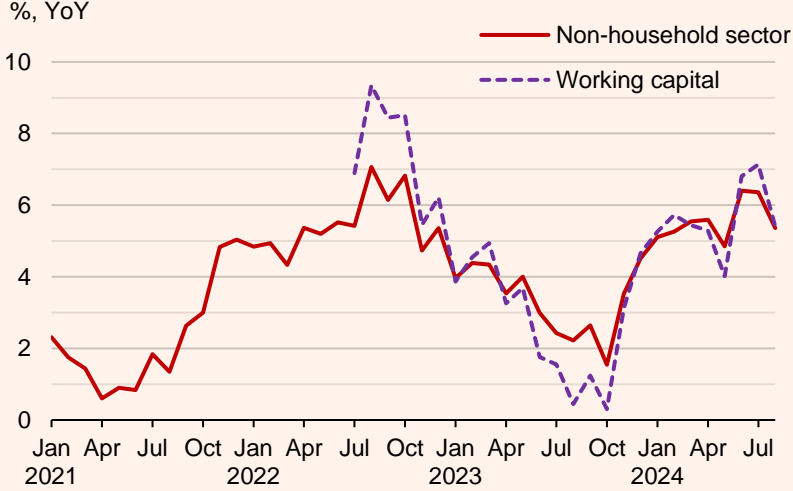
Key focuses

- With a plethora of investments streaming in from multinationals like Google, Microsoft and Tesla, Malaysia will experience a global tech upcycle especially where digital infrastructure like Artificial Intelligence (AI), cloud computing, EVs are concerned.
- Several strategic plans, namely the New Industrial Master Plan (NIMP) 2030, National Energy Transition Roadmap (NETR), the Mid-Term Review of the 12th Malaysia Plan (2021-2025), and National Semiconductor Strategy (NSS) are gradually materialising and will be the catalyst for higher investment growth.
- Additionally, Johor-Singapore Special Economic Zone (JS-SEZ), together with Special Financial Zone (SFZ) in the Forest City, are set to be a game changer.

Gross fixed capital formation by type of assets



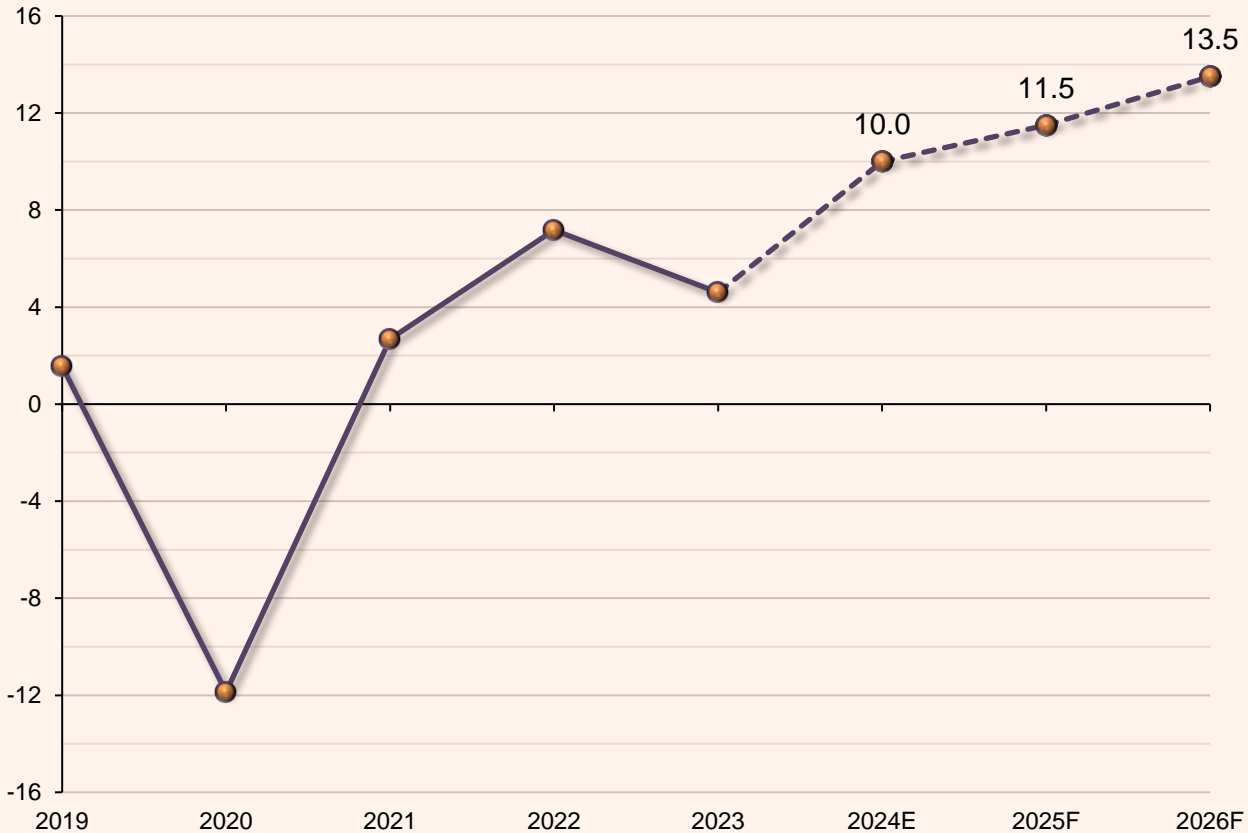
Outstanding loans to the business sector



Source: DOSM; BNM

Sustaining higher private investment prospects ahead

Private investment growth
%, YoY



Reduce bureaucracy, red tape and gold-plating as well as address skills mismatches and encouraging the deployment of technology and innovation would bring down costs of doing business.

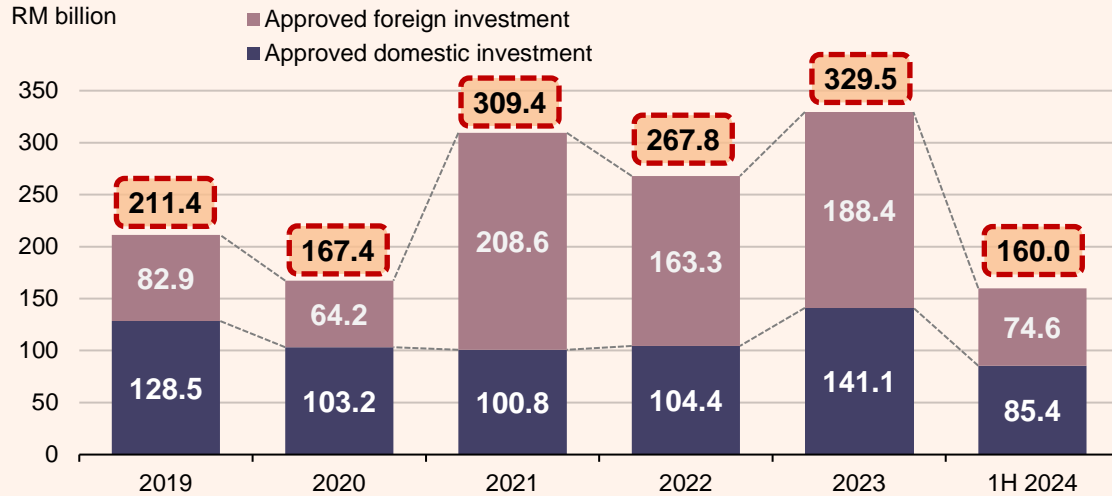
Source: DOSM

Drivers of higher private investment growth in the medium term:

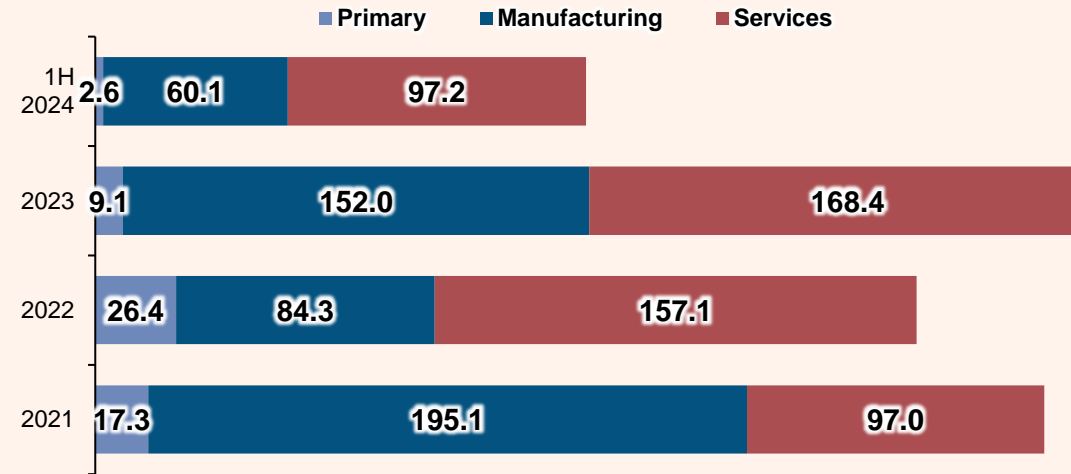
- **National Strategic Plans and Roadmaps**
 - #1 Malaysia MADANI Economy**
 - A whole-of-Malaysia approach with 7 intermediate indicators.
 - #2 12th Malaysia Mid-Term Review (2021-2025)**
 - 17 big bolds to catalyse socio-economic development.
 - #3 New Industrial Master Plan 2030**
 - Key industries include E&E, chemical products, advanced materials, aerospace, and healthcare.
 - #4 National Energy Transition Roadmap**
 - Six energy transition levers and 10 flagship projects that address energy efficiency, renewable energy, hydrogen, bioenergy, green mobility, and CCUS.
 - #5 National Artificial Intelligence Roadmap 2021-2025**
 - Create a thriving and sustainable AI innovation ecosystem.
 - #6 National Semiconductor Strategy**
 - Boost the semiconductor industry by enhancing research, development, and manufacturing capabilities.
 - #7 Johor-Singapore Special Economic Zone (J-S SEZ)**
 - Foster economic connectivity by improving cross-border flows of goods, investments, and people.
- On-going implementation of multi-year infrastructure projects.
- Realisation of some approved investments in previous years (2021-2023) and in 2024.
- Continued capacity expansions in the manufacturing sector (semiconductor, transport equipment, chemical and chemical products) and services (renewable energy, ICT, data centres, technology-related fields).

Highest investment approvals ever recorded in 2023

MIDA's approved DDI and FDI



MIDA's approved Investment by major sector



Source: MIDA






Major foreign investors by ranking (1H 2024)

Approved investment value

1.		Austria	RM30.1 billion (18.8%)
2.		Singapore	RM16.5 billion (10.3%)
3.		China	RM9.8 billion (6.1%)
4.		Netherlands	RM4.0 billion (2.5%)
5.		Taiwan	RM2.4 billion (1.5%)




Note: Figure in parenthesis indicates % share of total approved foreign approved investments.

Notable flagship investment projects

United States 	Project
	Google to invest RM9.4 billion in Malaysia to establish its first data centre and Google Cloud region
	Microsoft to invest US\$2.2 billion in cloud and AI infrastructure over the next 4 years
	Amazon Web Services (AWS) RM25.5 billion (USD6 billion) by 2037 to open a Cloud Computing Infrastructure in several states
	Setting up a vast network of fast-charging and regular-charging stations; establish its state-of-the-art head office and service center; and experiencing centers

China 	Project
	Partnering with xFusion partner to invest RM1.7 billion to open new facility

United Arab Emirates 	Project
	US\$8 billion for up to 10GW of renewable energy projects

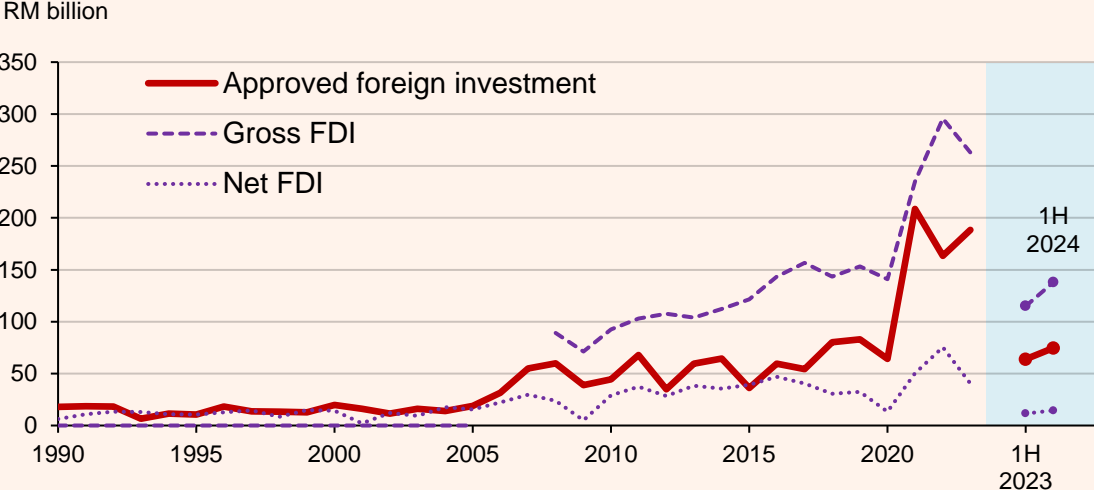
Germany 	Project
	Invest RM1.62 billion to open semiconductor backend
	An additional 5 billion euro over the next 5 years in Kulim to build world's largest 200mm SiC Power Fab in Kulim

Malaysia 	Project
	Khazanah Nasional Bhd will launch a National Fund-of-Funds to invest RM1 billion in innovative high-growth Malaysian companies which was announced during the KL20 Summit
	The newly launched National Semiconductor Strategy (NSS) which will be allocated RM25 billion, is expected to attract at least RM500 million (first phase) with a focus on integrated circuit design, advanced packaging and manufacturing equipment.

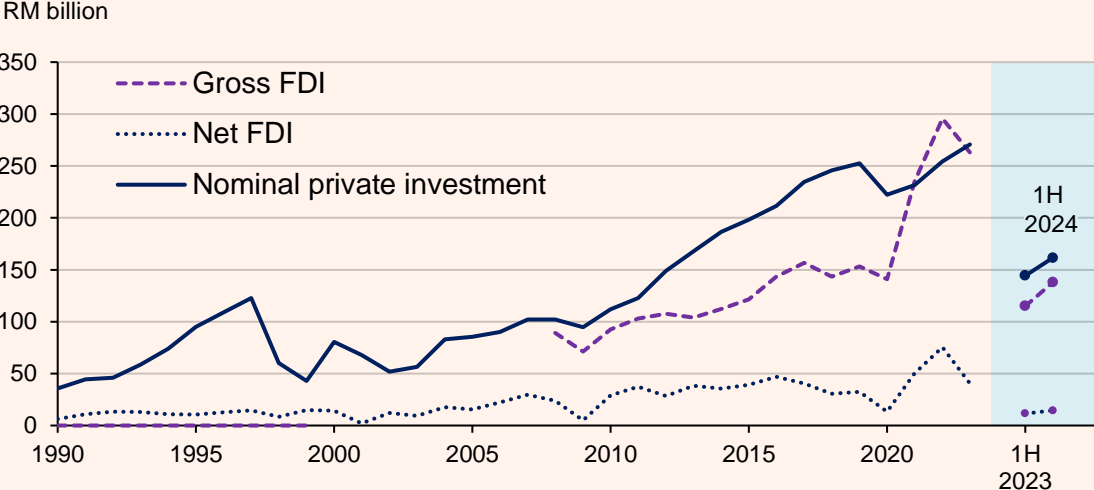
Source: MIDA

Higher FDI inflows and private investment

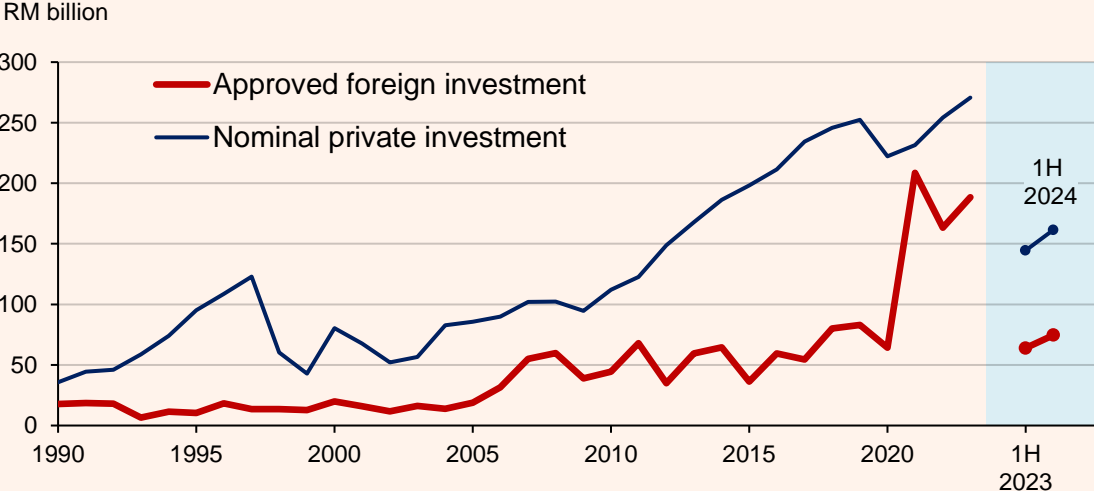
Approved foreign investment vs. FDI



FDI vs. nominal private investment



Approved foreign investment vs. nominal private investment



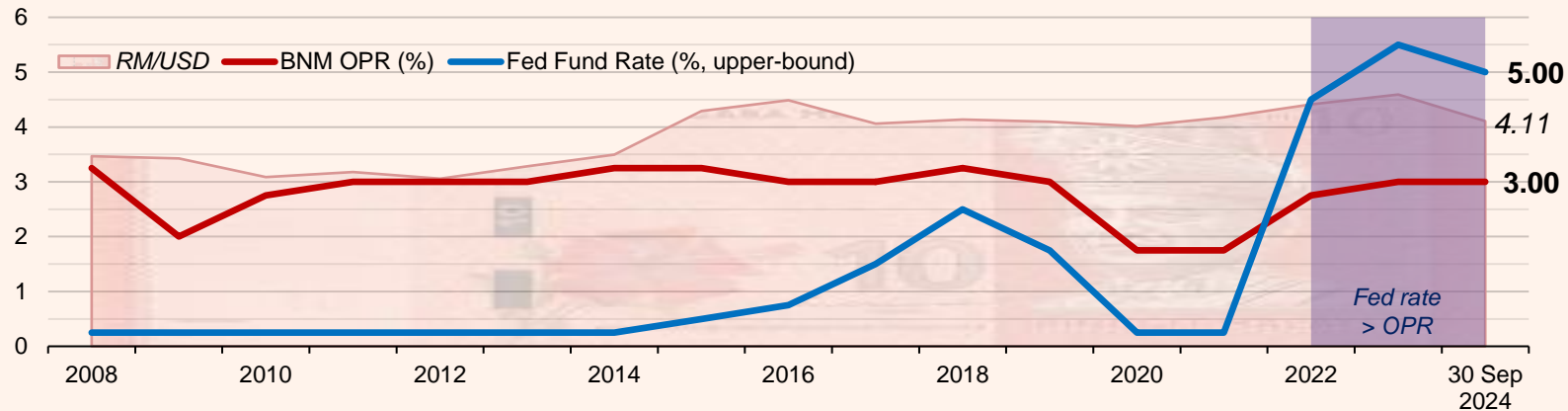
Realisation of approved investment is very crucial

Source: BNM; MIDA; DOSM

BNM's OPR to maintain status quo at 3.00% in 2024 and 1H 2025

BNM OPR vs. Fed Funds Rate vs. RM/USD

Rate at end-period

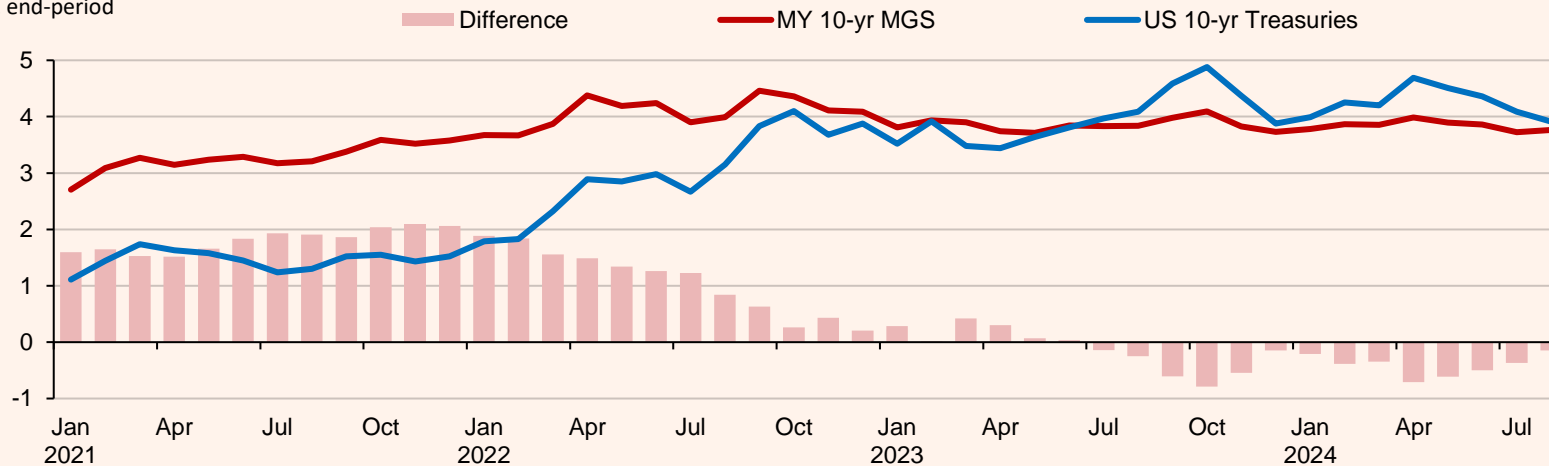


OPR to stay put at 3.00%

- BNM will maintain the OPR at 3.00% in 2024 to support the economy while keeping domestic prices stable.
- Developments in global energy and commodities market, the implementation of subsidies rationalisation for RON95, the impending salary hike for civil servants and review of new minimum wage.

Yields: MY 10-year MGS vs. US 10-year Treasuries

% end-period

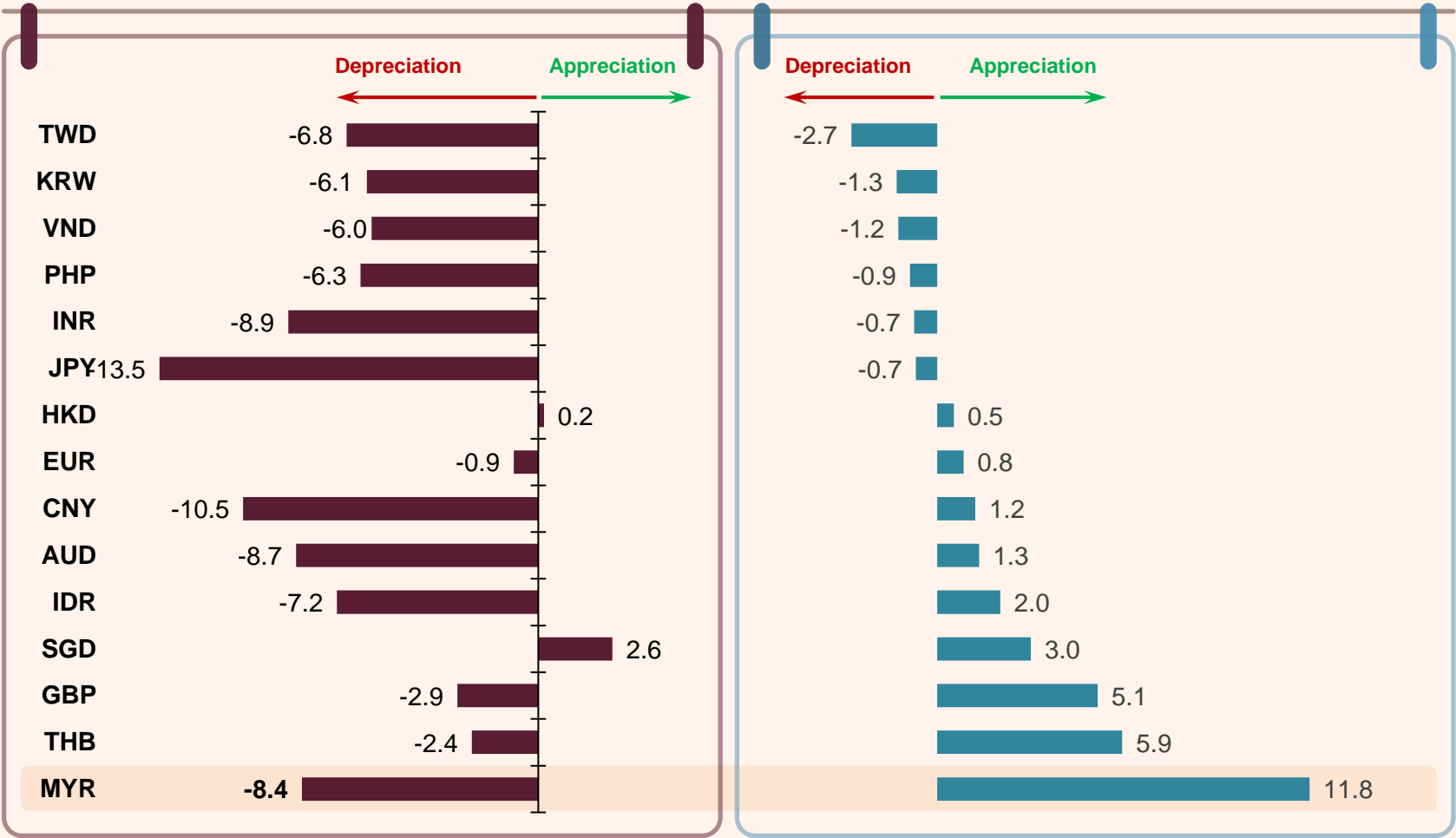


Source: Fed; BNM; US Treasury Department

The Ringgit has recouped its losses

Selected major and regional currencies against the USD (%)

31 Mar 2022 → 29 Dec 2023 → 30 Sep 2024



Since 31 Mar 2022:

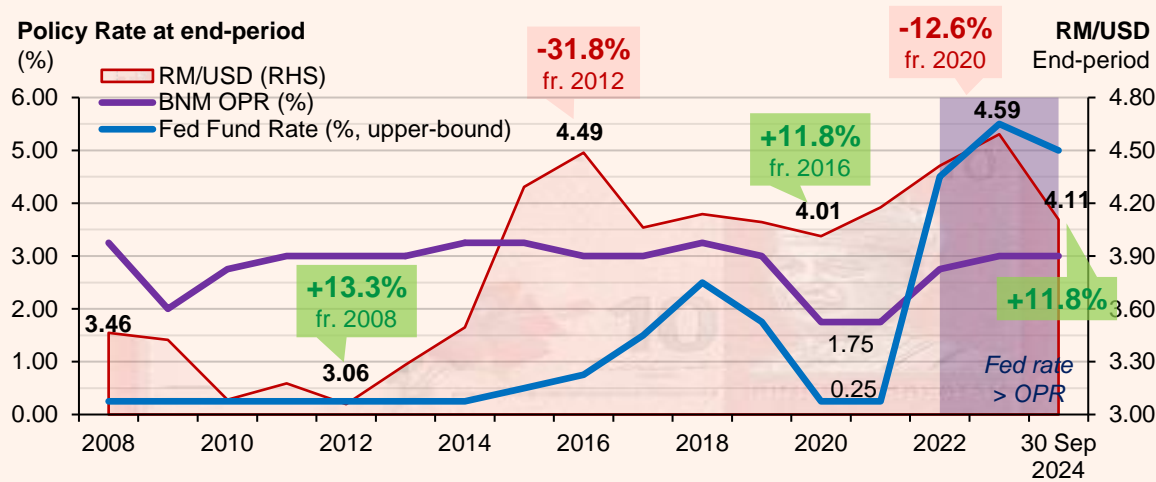
- **SDG** outperformed all other currencies, claiming the top spot.
- **MYR** ranked as the third strongest currency against the US dollar.
- **JPY** was the worst performing currency as of now.

Net Impact		
#12	TWD	-9.4
#10	KRW	-7.3
#8	VND	-7.1
#9	PHP	-7.2
#14	INR	-9.6
#15	JPY	-14.1
#5	HKD	+0.7
#6	EUR	-0.05
#13	CNY	-9.5
#11	AUD	-7.4
#7	IDR	-5.3
#1	SGD	+5.7
#4	GBP	+2.0
#2	THB	+3.3
#3	MYR	+2.3

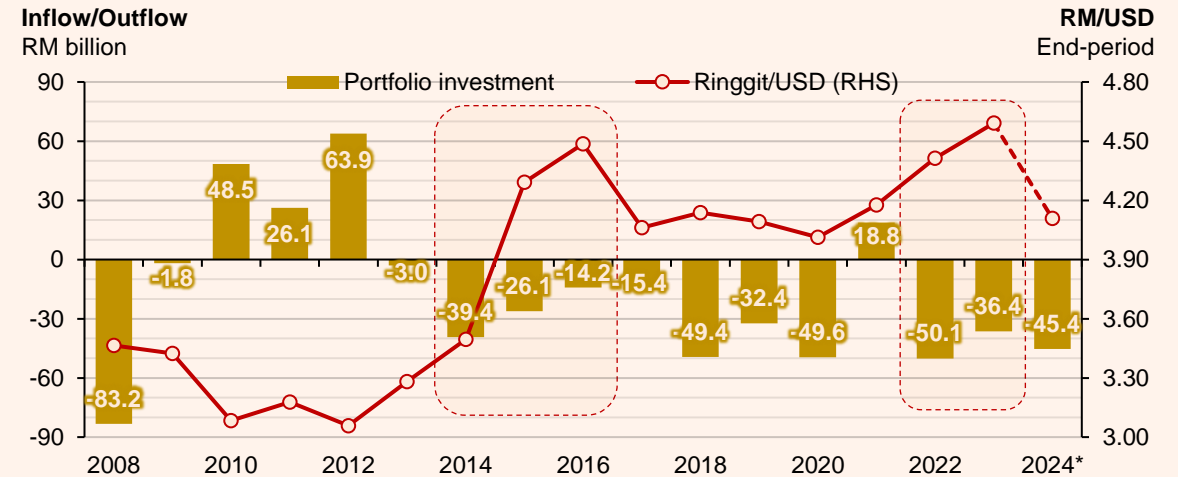
Source: Bank Negara Malaysia (BNM)

Interest rate differentials and capital flows impact on the Ringgit

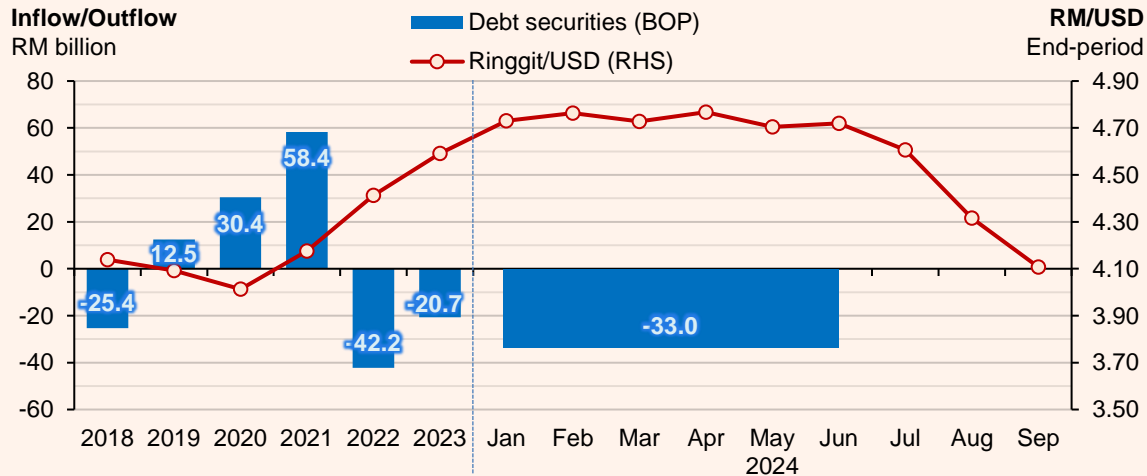
BNM OPR vs. Fed Funds Rate vs. RM/USD



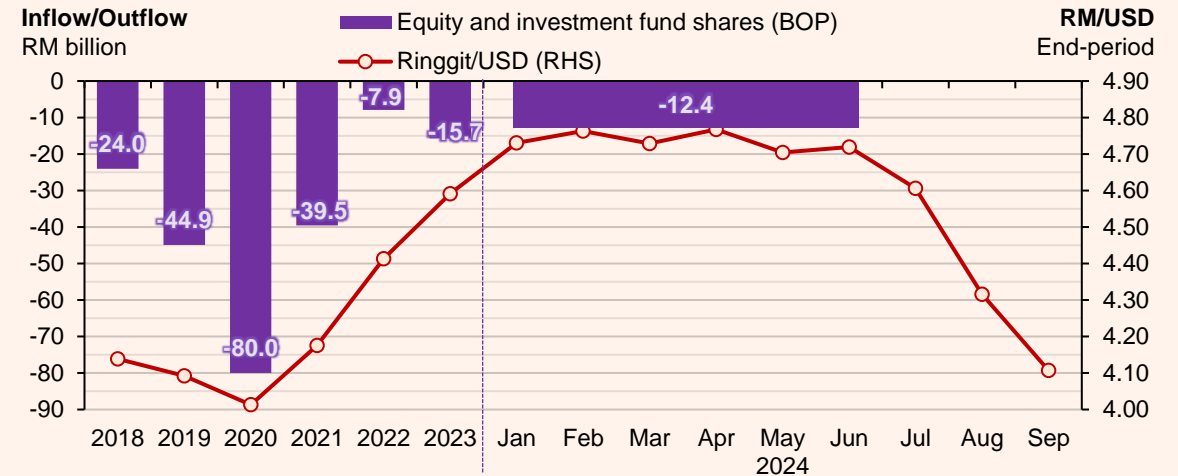
Overall net portfolio investment flow in Malaysia



Net inflow/outflow in the Malaysian debt securities



Net outflow in the Malaysian equity and investment fund shares

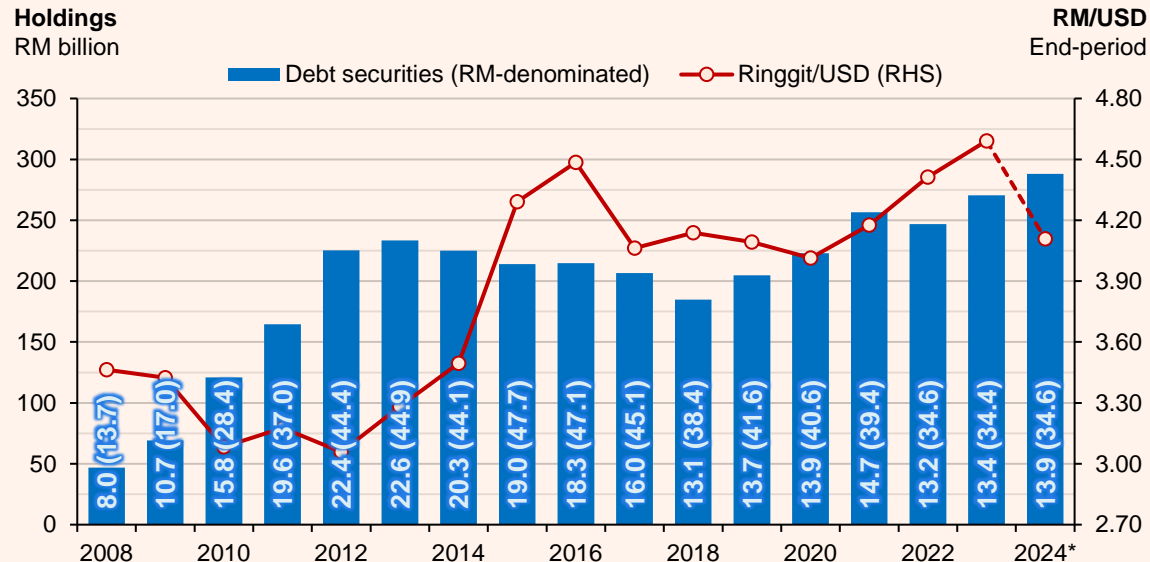


Source: Fed; BNM; DOSM

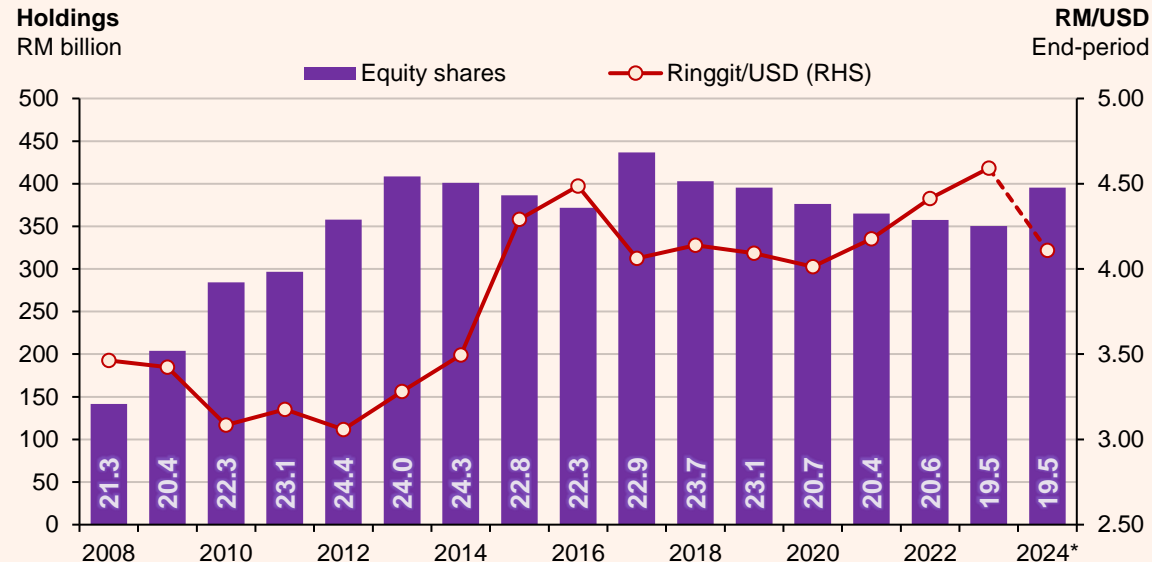
* RM/USD as at 30 Sep 2024; Portfolio investment for Jan-Jun 2024.

Foreign holdings of Malaysia's debt and equities

Foreign holdings in the Malaysian debt market



Foreign holdings in the Malaysian equity market



* RM/USD as at 30 Sep 2024; Debt securities holdings as at end-Aug 2024; Equity holdings as at end-Jun 2024.

Note:
 Data label indicates % share of foreign holdings as at end-period; figures in parenthesis indicates % share of foreign holdings in the Malaysian Government Securities (MGS).
 Foreign holdings in equity market for the year 2008-2009 were computed based on the investor's country of incorporation, while 2010 onwards was computed based on the nationality of investors.

Source: BNM; Bursa Malaysia

Factors that drive the real estate market

Climate Change

- **Natural disasters:** Areas prone to natural disasters, such as floods, hurricanes, or wildfires.
- **Regulations:** Sustainable building and smart cities. Climate-related regulations, energy-efficient buildings.

Cultural and Lifestyle Trends

- **Workplace trends:** Office-based hybrid working remains the new normal; hybrid working policies.
- **Lifestyle preference:** 71% prioritised access to public transportation, 65% favoured onsite F&B, and 48% preferred sustainable building features as the most desired amenities. *Source: 2023 Asia Pacific Office Occupier Sentiment Survey (CBRE)*

- **Supply chains security lead to reshoring:** Regional conflict leads to higher costs of imported material and disruption in raw material supply.

Demographics

- **Homeownership (76.9%) vs renting?**
- **Population growth:** Population growth ↑ housing demand; supply of housing influences population increase
- **Demographic shifts:** Aging baby boomers – currently 11% of total population (15.3% in 2030). Emerging millennial generation.

Interest Rates

- **Mortgage rates:** Higher interest rate, higher borrowing cost.
- **Investment returns:** Lower interest rates can lead to higher property values as investors seek better returns.

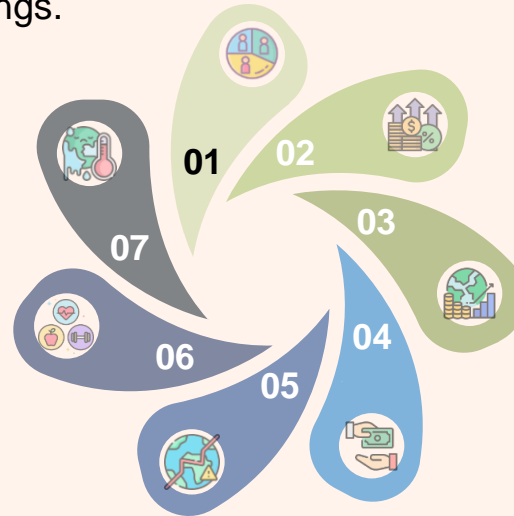
Economic Performance

- **Economic growth:** Overall health of economy – economic cycle - economic / financial crisis.

Geopolitics

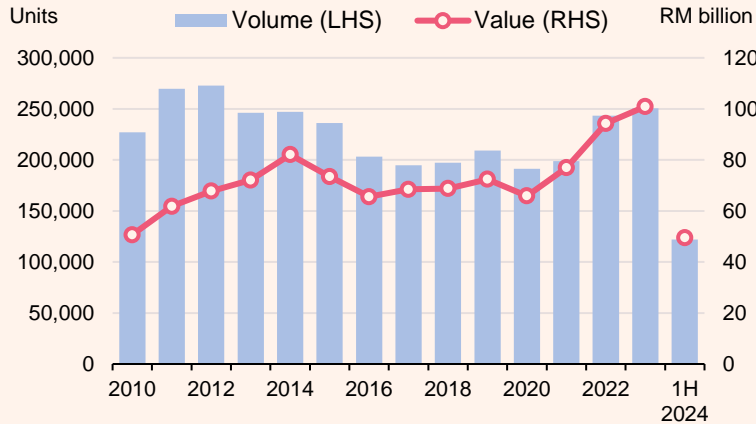
Government Policies /Subsidies

- **Incentives:** Home Ownership Campaign (HOC), public housing projects (PPRs), MM2H etc.
- **Policy changes:** Taxes, electricity tariffs, subsidies rationalisation, etc.

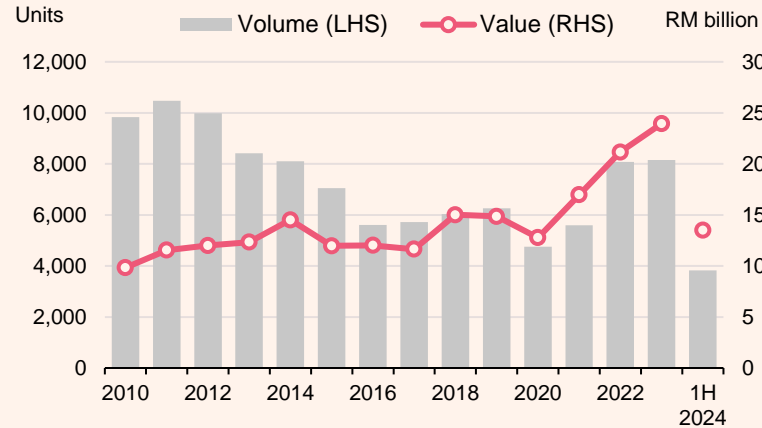


Malaysia's key property market trends: Transactions and Unsold

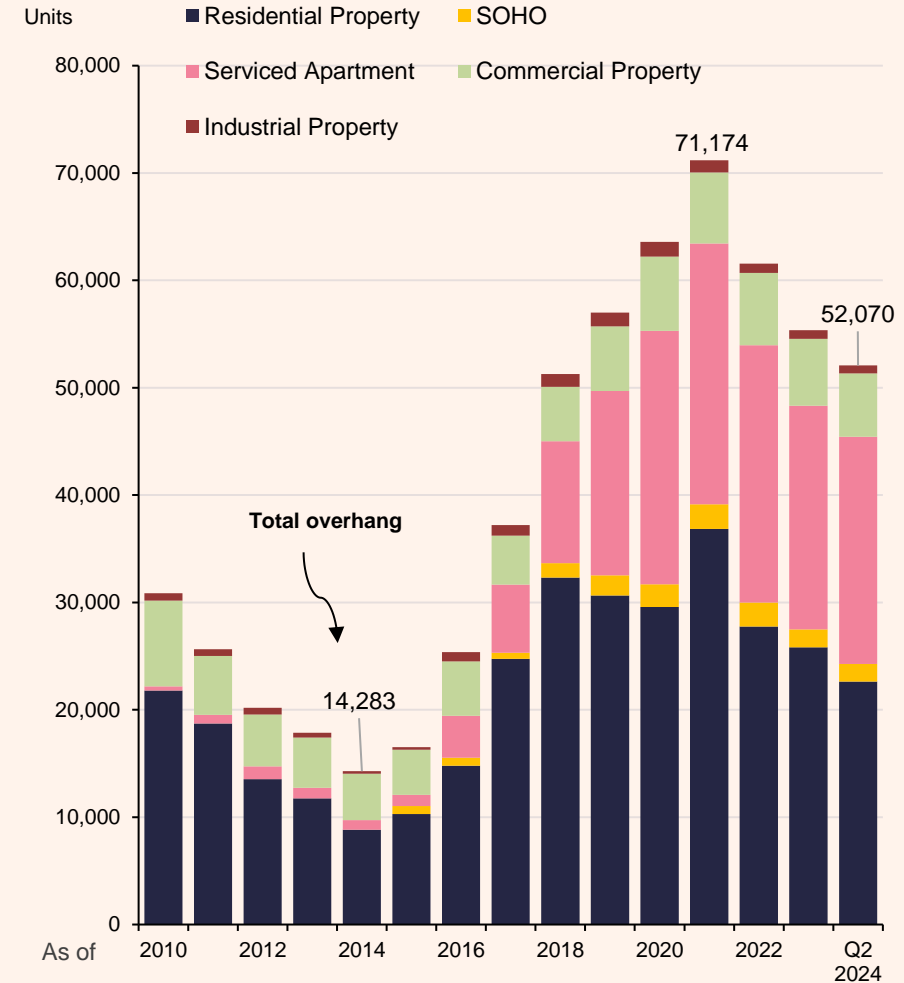
Property Transaction: Residential



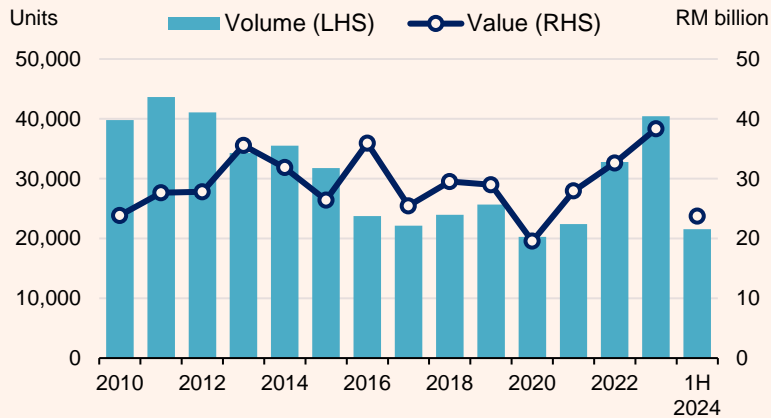
Property Transaction: Industrial



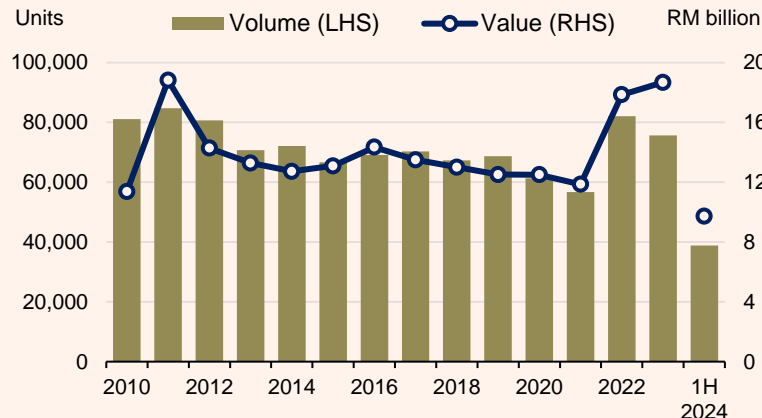
Overhang by Sub-Sector



Property Transaction: Commercial



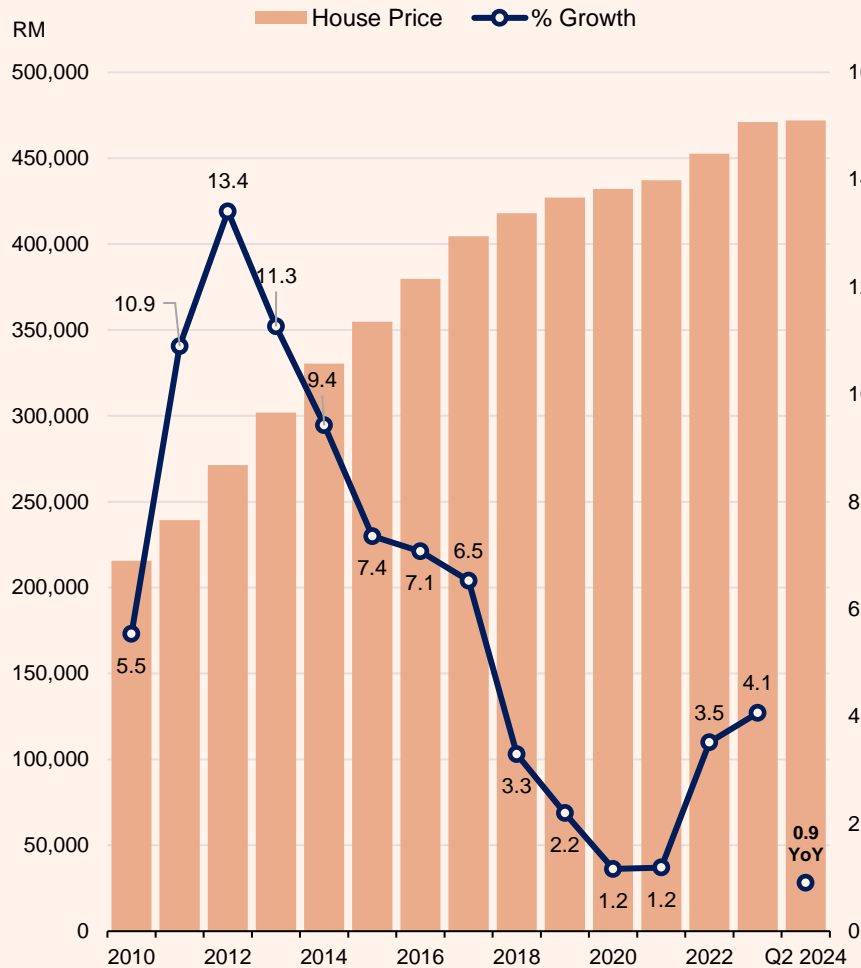
Property Transaction: Agriculture



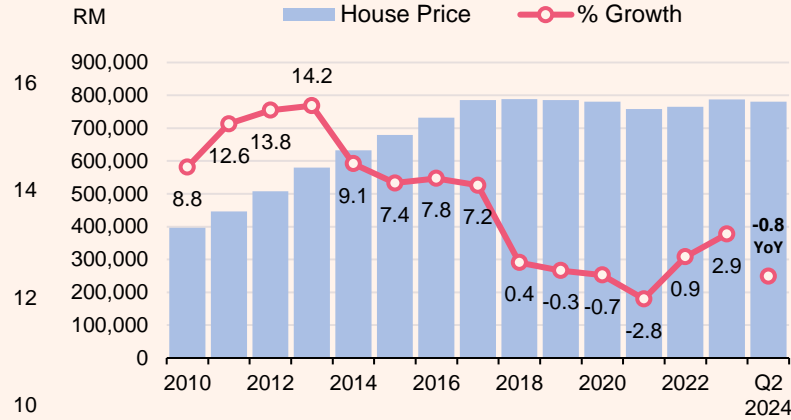
Source: National Property Information Centre (NAPIC)

Average house prices in Malaysia and selected states

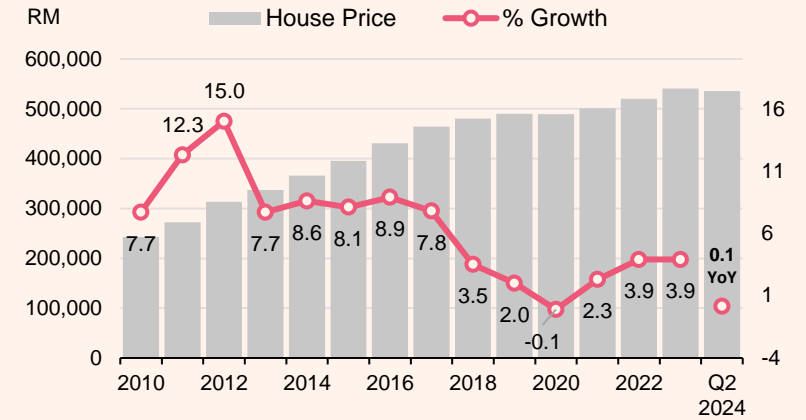
Malaysia



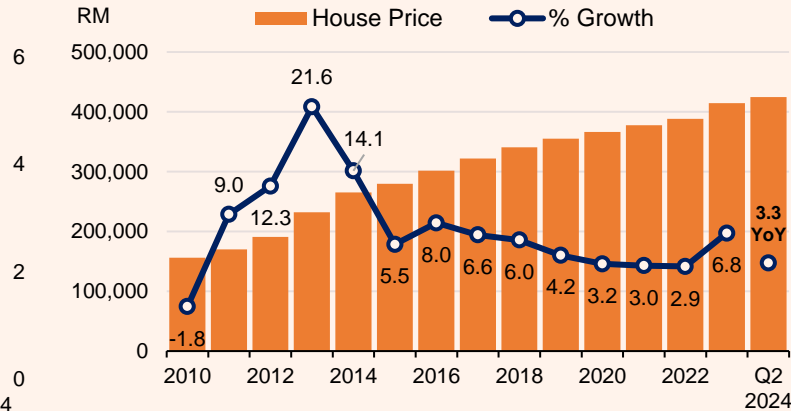
Kuala Lumpur



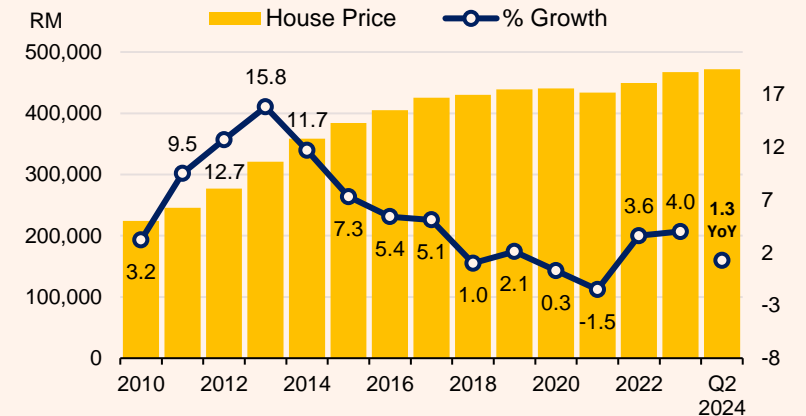
Selangor



Johor



Pulau Pinang



Note: The average house price represents the mean price of terraced, high-rise, semi-detached, and detached houses. Base year = 2010

Source: National Property Information Centre (NAPIC)

REHDA's property industry survey 1H2024




A: RM0 – RM100,000 F: RM500,001 – RM600,000
 B: RM100,001 – RM200,000 G: RM600,001 – RM700,000
 C: RM200,001 – RM300,000 H: RM700,001 – RM800,000
 D: RM300,001 – RM400,000 I: RM800,001 – RM900,000
 E: RM400,001 – RM500,000 J: RM900,001 – RM1,000,000
 K: > RM1,000,000

Overall Market Sentiment

- #1 56% of respondents are not planning to launch new projects in 2H 2024, mostly due to unfavourable market and business constraints.
- #2 Property developers are more optimistic in 1H 2025.

Unsold Property

- #3 As of 30 Jun 2024, 49% of respondents reported unsold completed residential units. The top 3 reasons are:

-  23% End-financing loan rejection
-  19% Low demand or interest
-  18% Bumiputera lots

- #4 46% of respondents reported having unsold completed units priced at RM500,000 or below.
- #5 33% of unsold completed Bumiputera lots aged more than 36 months, with 47% of them priced between RM500,000 and RM700,000.

Note: Overhang refers to properties that are completed with a Certificate of Completion and Compliance (CCC) and have been on the market for over 9 months since the launch date.

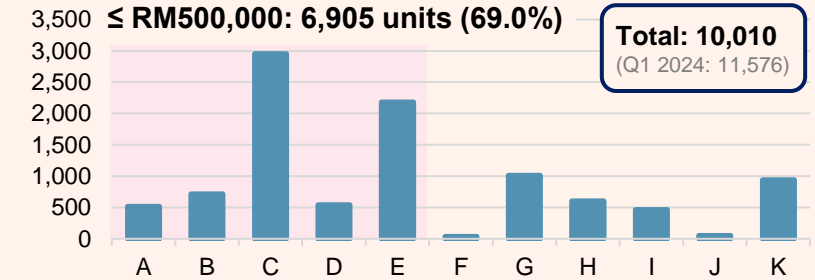
Source: Real Estate and Housing Developers' Association Malaysia (REHDA); National Property Information Centre (NAPIC)

NAPIC

As of Q2 2024 (units)

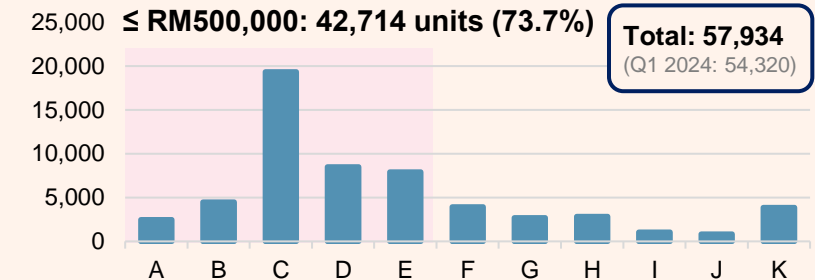
1

Unsold Not Constructed Residential Units



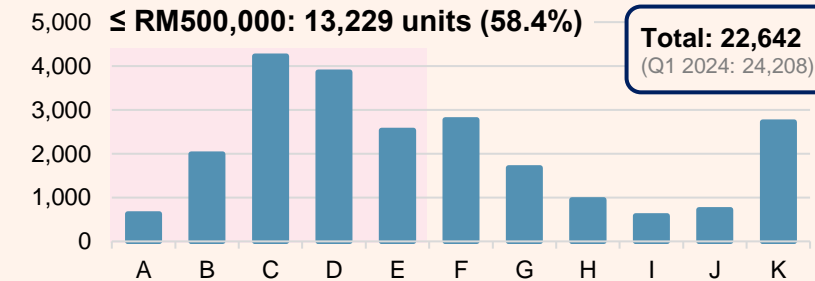
2

Unsold Under Constructed Residential Units



3

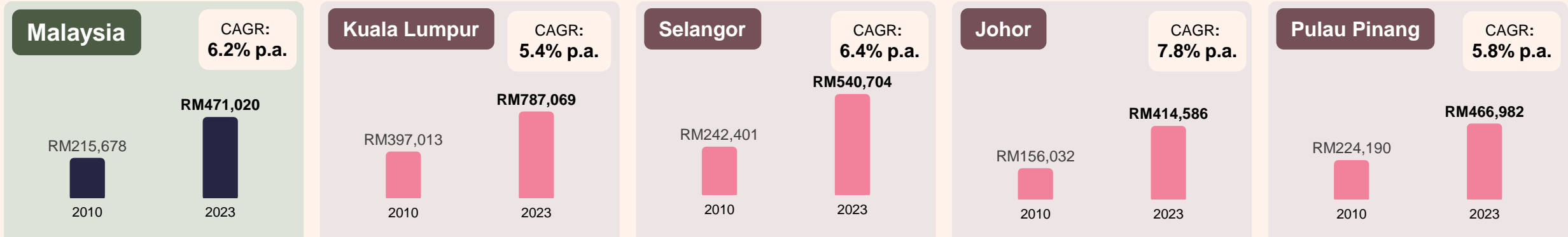
Overhang Residential Units



2010 vs. 2023: House prices growth



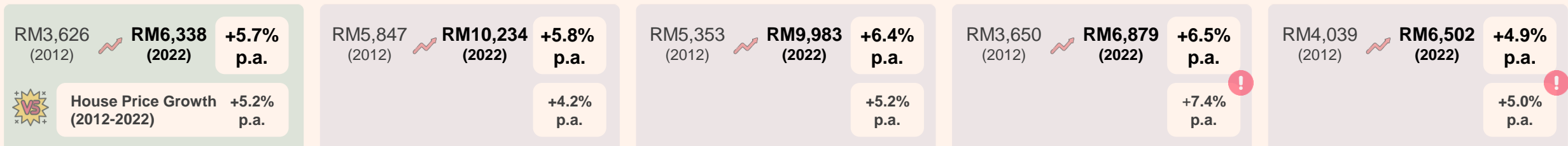
Average House Price Growth (2010 – 2023)



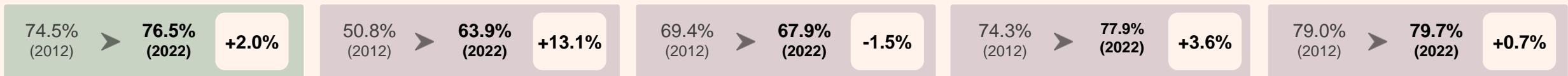
Population



Median Household Income



Home Ownership by Household



Note: The average house price represents the mean price of terraced, high-rise, semi-detached, and detached houses. Base year = 2010

Source: National Property Information Centre (NAPIC); Department of Statistics Malaysia (DOSM)

A 2025 Budget Drives Growth with Fiscal Stability

Skills Development

- Enhancement of Progressive Wage Model
- TVET, STEM

Sustaining High Investment

- Reinvestment Allowance
- Facilitation Fund/Grant
- Family offices
- R&D Tax
- ESG Fund

Managing Business Costs

- Preferential Tax Rate for SMEs
- Minimum Wage Rate and Tiered Levy – Not too Steep
- E-invoicing – Higher Exemption for SMEs

Fiscal Consolidation

- Further reduction in deficit to GDP ratio (-3.8% in 2025 vs. -4.3% in 2024)

Revenue Enhancement and Tax System

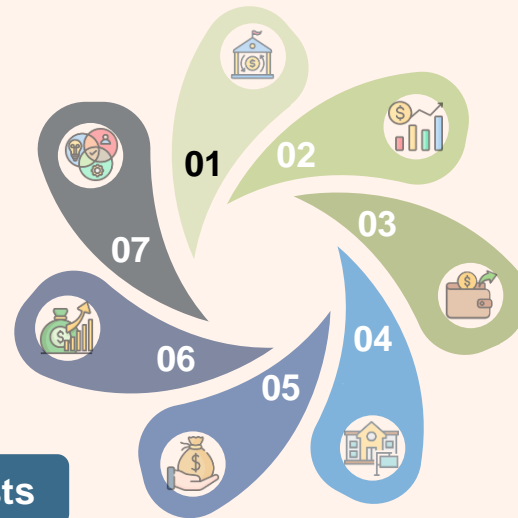
- Reintroduction of GST
- E-invoicing
- Global Minimum Tax Rate (15%) and Domestic Minimum Top Up Tax (DMTT)

Operating Expenditure Rationalisation

- Fuel Subsidies Rationalisation
- Consolidation of departments and agencies

Easing Cost of Living

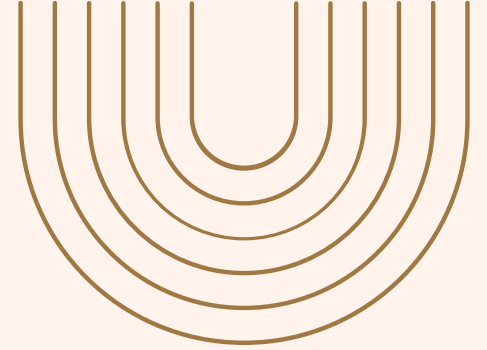
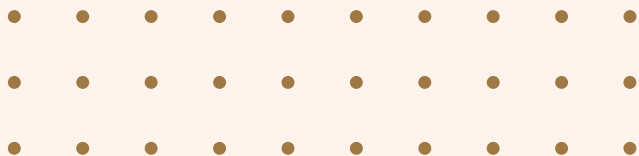
- Sumbangan Tunai Rahmah
- Tax Rebate and Relief for Individuals
- Medical Inflation; Income Enhancement for Retirees





In conclusion

- *Attracting the right kind of quality investments will transform the Malaysian economy, pushing for the next economic take-off. Our narrative is that Malaysia offers compelling growth and boundless investment opportunities in this region.*
- *In the rapidly evolving world of complexity masked by geopolitical conflicts and shifts, increasingly volatile and difficult-to-predict global setting, navigating investment opportunities in Malaysia requires both domestic and foreign investors to have a better understanding of the dynamic global and domestic market landscape.*
- *By fostering a more business-friendly environment and thriving investment ecosystem, Malaysia can unlock the full potential of its investment opportunities, entrepreneurial spirit and innovative capabilities.*
- *Malaysia has “diversity” as selling points to differentiate us from other countries in the region. These diversities are natural resources, industries, markets, products, languages, ethnicities, cultures, and markets in the region.*



THANK YOU

Address : 6th Floor, Wisma Chinese Chamber,
258, Jalan Ampang,
50450 Kuala Lumpur, Malaysia.
Tel : 603 - 4260 3116 / 3119
Email : serc@accimserc.com
Website : <https://www.accimserc.com>

For our website:



For our LinkedIn:

