

Malaysia Budget 2027

Positioning for the Growth Cycle

- Budget 2027 is set at RM459.8bn within a RM510bn resource envelope, with the fiscal deficit narrowing to 3.3% (2026: 3.6%) and debt-to-GDP easing to 63.7%. Subsidies and assistance exceed RM80bn, including RM16bn for STR/SARA.
- Middle-income households and MSMEs benefit from higher individual tax relief of RM12k, selected 1ppt income tax cuts and lower MSME tax rates of 14%/16%. Minimum wage rises to RM2,000 from June 2027, with a RM2,500 floor planned for semi-skilled workers and graduates.
- Investment priorities include RM25bn in GLIC commitments, RM1.2bn for semiconductors, RM2.1bn for mid-tier firms and RM6bn for R&D. Sabah and Sarawak receive RM18.7bn and RM16.2bn, respectively, alongside TNB's RM15bn grid investment.
- Consumer, Construction, Technology, Utilities, Renewable Energy, Property, Healthcare, and Tourism are potential beneficiaries, while labour-intensive industries face wage pressures. No new sin or carbon taxes were announced.

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Budget 2027 at a Glance

Budget 2027 is set at RM459.8bn (OE: RM376.8bn; DE: RM83bn), with the fiscal deficit targeted at 3.3% of GDP.

GDP growth projected at 4.2–5.2% in 2027, vs revised 2026 growth of 4.8–5.3%.

Federal revenue projected at RM380.8bn (2026: RM363.6bn), with federal debt-to-GDP easing to 63.7%.

Key ministry allocations: Education (RM69bn), Health (RM47.7bn), Defence and Home Affairs (RM22bn each).

East Malaysia allocations: Sabah (RM18.7bn) and Sarawak (RM16.2bn), supporting regional infrastructure development.

STR/SARA assistance increased to RM16bn (2026: RM15bn), with eligible recipients receiving up to RM150 monthly under SARA.

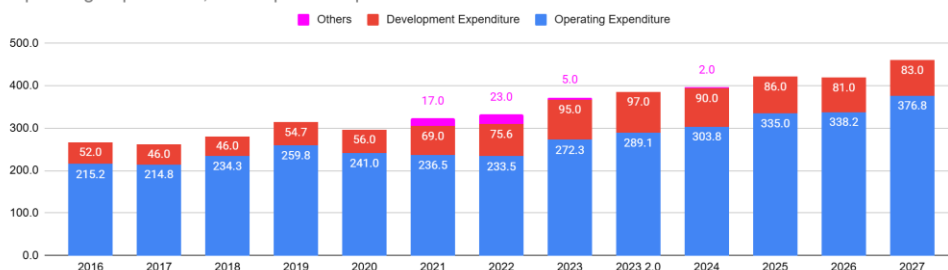
RM510bn expenditure and investment framework, including RM25bn in GLIC investments, RM11bn in public-private investments and RM14.2bn from statutory bodies and MKD companies.

Technology and innovation: RM1.2bn for semiconductors via Khazanah/KWAP, RM6bn for R&D and RM30m through MDEC for AI adoption among 4,000 MSMEs.

Tourism and culture: RM935m allocated, alongside the extension of VMY2027.

Fig #1 Budget 2016-2027 (RM' bn)

Operating Expenditure, Development Expenditure and Covid-19 fund



Source: MOF



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M+Global View

- **We favour Utilities, Construction, Renewable Energy and Consumer** as the key beneficiaries of Budget 2027, supported by infrastructure spending, energy transition initiatives and stronger household assistance. Healthcare, Property and Technology remain selectively positive, while higher wages could pressure labour-intensive businesses with limited pricing power.

Preferred Budget 2027 Beneficiaries

Theme	Stocks
Grid Infrastructure	EITA (BUY, RM0.83), MNHLDG, PWRWELL (BUY, RM1.41), SCGBHD
RE & Energy Efficiency	IAB, KJTS (BUY, RM1.32), NORTHERN, SAMAIEN, SLVEST
Construction & Engineering	AWC (BUY, RM0.80), GAMUDA, HKB, SUNCON
Consumer	99SMART, ECOSHOP, SPRITZER
Technology	LGMS (BUY, RM0.70), OPPSTAR, SKYECHIP, STRATUS
Healthcare	KPJ, PMCK, SUNMED
Affordable Housing	INTA (BUY, RM0.76), LAGENDA, LBS, SSB8
Shipping	MISC, MTTSL

- **FBM KLCI positioned for a potential year-end recovery.** We see limited risk of significant post-Budget profit-taking, as the market has already undergone a correction over the past month amid surging US Treasury yields and uncertainty surrounding the FBM KLCI's expansion from 30 to 50 constituents. With the benchmark trading near oversold territory, we expect selective buying interest to emerge, supported by Budget 2027 initiatives, potential index-related fund flows and favourable year-end seasonality. Historically, the FBM KLCI has recorded positive December returns in over 85% of the past 25 years, averaging nearly 2%, providing scope for a year-end recovery, particularly if bond yields stabilise.
- **Our 4Q26 stock picks remain relevant.** The preferred Budget 2027 beneficiaries are not exhaustive, as our recently published 4Q26 strategy already captures key opportunities in Construction and Technology, particularly infrastructure, data centres, power-related projects and semiconductor automation. We believe these themes remain well-positioned for near- to medium-term growth, with Budget 2027 providing additional catalysts alongside existing structural drivers.

Fig #2 4Q26 Sector and Stock-Pick Themes

Companies	Sector	AI / Data Center	Semiconductor / Automation	Power / Electricity / Infrastructure	Net Cash / Dividend Yield	Quality scoring	Momentum Scoring	Combined Scoring
CBHB	Construction	✓		✓	✓	B	A	A
CHEEDING	Construction			✓	✓	B	C	B
HKB	Construction			✓	✓	C	A	A
KOSSAN	Healthcare				✓	D	D	D
CLOUDPT	Technology	✓			✓	A	D	C
INFOM	Technology	✓			✓	A	A	A
OGX	Technology	✓		✓	✓	A	A	A
QES	Technology	✓	✓		✓	A	A	A
SCICOM	Technology	✓			✓	A	A	A
THMY	Technology		✓		✓	A	A	A
UMSINT	Technology		✓		✓	B	A	A
UWC	Technology	✓	✓			B	A	A
VITROX	Technology	✓	✓		✓	A	A	A

Source: M+Global

Key Budget 2027 Announcements

- **Economic growth remains resilient.** Malaysia's GDP is projected to grow by 4.2–5.2% in 2027, compared with revised 2026 growth of 4.8–5.3%. Budget 2027 is set at RM459.8bn, with development expenditure (DE) increasing to RM83bn (vs. RM81bn in 2026). The government targets a narrower fiscal deficit of 3.3% in 2027



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(vs. 3.6% in 2026), maintaining its medium-term target of 3.0% by 2028.

- **Higher household assistance.** STR and SARA allocations increase to RM16bn (vs. RM15bn in 2026), with eligible STR recipients receiving SARA of up to RM150 monthly. Non-STR adults aged 18 and above will receive two RM100 SARA payments, while eligible purchases will be expanded to include fresh produce at designated FAMA markets.
- **Tax relief for the M40 and MSMEs.** The individual tax relief threshold rises to RM12,000 (from RM9,000, unchanged since 2010), and resident tax rates are cut by 1ppt to 18% (RM70,001-100,000) and 24% (RM100,001-150,000), adding up to RM1,600 in disposable income for ~5m taxpayers. MSME tax rates fall to 14% on the first RM150k and 16% on RM150k-600k, benefitting 300k MSMEs by up to RM6,000. Income above RM1m will be taxed at 30%.
- **Higher wage floor.** The minimum wage rises to RM2,000 (from RM1,700) from June 2027, with MSMEs with annual sales below RM50m exempted. A RM2,500 minimum wage for semi-skilled workers and graduates will be introduced under a reformed income framework, while GLICs/GLCs raise their living wage benchmark from RM3,100 to RM3,400.
- **Continued infrastructure development.** Development expenditure rises to RM83bn (vs. RM81bn in 2026), supporting transport connectivity, public facilities and regional development. Federal allocations for Sabah and Sarawak increase to RM18.7bn and RM16.2bn, respectively, reinforcing infrastructure investment in East Malaysia.
- **Greater support for high-value manufacturing.** Khazanah and KWAP will invest RM1.2bn to strengthen domestic semiconductor companies, complemented by RM2.1bn in funding for mid-tier businesses across E&E, digital, aerospace and medical devices. These initiatives aim to strengthen Malaysia's position in higher-value industries.
- **Accelerating AI adoption and innovation.** RM6bn is allocated for research, development and commercialisation, alongside RM30m through MDEC to support AI adoption among 4,000 MSMEs. Plans for a sovereign AI cloud could further strengthen domestic digital capabilities and data security.
- **Strengthening healthcare capacity.** The Ministry of Health receives RM47.7bn (vs. RM46.5bn in 2026), including RM1.2bn for hospital and clinic maintenance, over RM770m for medical equipment and RM200m for patient outsourcing. Additional investments in electronic medical records could accelerate healthcare digitalisation.
- **Tourism and regional investment.** RM935m is allocated for tourism and culture, alongside the extension of the Visit Malaysia campaign into 2027. Continued development of the Johor-Singapore Special Economic Zone (JS-SEZ) could further attract industrial investment, support tourism activity and stimulate infrastructure demand.
- **Expanded SME financing support.** Total loan and financing guarantee facilities increase to RM57bn (vs. RM50bn in 2026), including RM32bn in guarantees through SJPP and CGC. Improved financing accessibility could support SME expansion, working capital requirements and domestic business activity.



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- **Accelerating renewable energy development.** The Government plans RM1.5bn in investments for centralised solar parks serving government buildings, while 150MW under LSS6 will be reserved for Bumiputera companies. These initiatives could support solar EPCC activities and demand for related electrical infrastructure.
- **Supporting housing affordability.** SJKP will provide up to RM20bn in housing financing guarantees, targeting approximately 80,000 first-time homebuyers. Proposed stamp duty exemptions for eligible first-home purchases could improve affordability and support demand in the residential property market.

M+Global view

- **Household assistance.** Higher STR/SARA allocations should support spending on daily necessities, particularly among lower- and middle-income households. Value-oriented retailers with extensive store networks and exposure to essential goods could benefit from higher transaction volumes.
- **Infrastructure development.** Higher development expenditure and increased allocations for Sabah and Sarawak should sustain demand for infrastructure, civil engineering and utility-related works. Contractors with established government project exposure and strong execution capabilities could benefit.
- **High-value manufacturing.** Greater government-backed investment could strengthen Malaysia's semiconductor ecosystem and encourage domestic companies to move into higher-value activities. Industry players could benefit from stronger investment and localisation efforts. We have seen many of the technology companies moving up the value chain. Meanwhile, selected companies are involved in Malaysia-Arm Collaboration which may provide margin expansion for companies in Malaysia.
- **AI adoption and innovation.** Government support for AI adoption could accelerate enterprise digitalisation and create opportunities in system integration, cloud services and cybersecurity.
- **Healthcare capacity.** Higher healthcare spending should support demand for medical equipment, hospital maintenance, digital healthcare solutions and outsourced services. Private hospitals could benefit from patient outsourcing, while procurement opportunities may support pharmaceutical and medical suppliers.
- **Tourism and regional investment.** Continued tourism promotion and JS-SEZ development could support hotel occupancy, retail spending, property demand and industrial activity, particularly in Johor. We expect the recent Bahrain Grand Prix in Sepang has put Malaysia into the limelight and the ongoing efforts towards 2027 will be beneficial in overall tourism and services industry.
- **SME financing.** Expanded financing guarantees could improve credit accessibility for SMEs and mid-tier companies, potentially supporting loan demand and business investment. Banks with established SME franchises could benefit.
- **Renewable energy.** Planned solar investments and LSS6 allocations should create additional opportunities for solar EPCC contractors and electrical infrastructure providers. We expect long term growth in the utility and solar sectors with the ongoing NETR efforts to achieve higher RE power generation mix going into 2030-2050 and also hitting carbon neutral by 2050.



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- **Housing affordability.** Higher housing financing guarantees and stamp duty exemptions could improve first-time homebuyer accessibility, supporting demand for affordable and mid-market residential properties. Loan approval rates will be a key factor for the property segment.
- **Tax cuts and wages.** Lower personal and MSME tax rates and a higher wage floor should lift disposable income across B40 and M40 households, supporting discretionary and staples spending. However, the RM2,000 minimum wage adds to operating costs for labour-intensive businesses, with the impact partly mitigated by the exemption for MSMEs with sales below RM50m and the June 2027 effective date.
- **Winners.** East Malaysia-related stocks could benefit from higher federal allocations of RM18.7bn for Sabah and RM16.2bn for Sarawak, supporting infrastructure and regional development. TNB's RM15bn grid investment, the RM1.5bn centralised solar park and LSS6 should sustain opportunities in Utilities and Renewable Energy. Technology and EMS players could benefit from RM1.2bn in semiconductor investments, RM6bn in R&D funding and AI adoption initiatives. Healthcare is supported by the RM47.7bn MoH allocation and an ageing population. Higher development expenditure, the Variation of Price (VOP) clause and housing financing guarantees could support selected Construction and Property players, while expanded SME financing benefits Banks. Consumer retailers should gain from RM16bn in STR/SARA assistance and lower personal income taxes, and Tourism from the RM935m allocation, the extended Visit Malaysia campaign and the 2027 SEA Games.
- **Losers.** The minimum wage increase to RM2,000 from June 2027 could raise operating costs for labour-intensive sectors such as Construction, Plantation, low-value Manufacturing, F&B and Services. However, the impact on larger listed companies may be relatively limited, as many likely already pay above the new wage floor. Greater pressure could fall on non-exempt business, where those with annual sales exceeding RM50m, particularly those with limited pricing power. The planned RM2,500 wage floor for semi-skilled workers and graduates could add further cost pressure. On a positive note, no new sin or carbon taxes were announced, providing near-term relief for tobacco, breweries and carbon-intensive industries.

Sectorial and policies analysis

Utilities	M+Global View
• Grid investment. TNB to invest RM15bn to strengthen the national grid. PETRONAS and TNB involvement in ASEAN Power Grid cross-border projects. • Sabah power supply. STATCOM systems at the Dam Road and Segaliud substations (RM204m); Southern Link Transmission Line to continue. • Water. RM2.5bn National NRW Reduction Programme to replace 1,900km of ageing pipes. 40-year Perak-Penang bulk water agreement; Machang WTP under way and Lebir Dam planning to begin.	• Positive on the Utilities sector as TNB's RM15bn grid investment should support transmission and distribution infrastructure, while continued water infrastructure spending creates opportunities for pipe replacement and NRW-related solutions. • Electricity: TNB, YTLPOWER • Substation and Cables: MNHLDG, SCGBHD, PWRWELL • NRW: IAB
Construction	M+Global View
• Higher Development Expenditure. DE is set at RM83bn, up from RM81bn in Budget 2026. • Higher allocation for East Malaysia. Sabah and Sarawak will receive RM18.7bn and RM16.2bn (2026: RM17.6bn and RM15.1bn). • Borneo road projects. RM3.3bn allocated for road projects in Sabah and Sarawak. LoA for the Miri	• Positive on the Construction sector as higher development expenditure, East Malaysia infrastructure projects and flood mitigation works should sustain order book opportunities. The VOP clause could also help cushion selected construction cost pressures



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section of the Trans Borneo Highway has been issued, with Limbang and Lawas expected by end-2026. SSLR1 and Pan Borneo Sabah Phase 1B targeted for completion by end-2027. • Rural infrastructure. RM3.3bn for basic rural infrastructure, including RM2.3bn for rural roads (vs. RM1.3bn in 2022). • Rail Infrastructure. Prasarana's RM3.4bn rail overhaul and agreed ECRL extension to Rantau Panjang could support infrastructure and engineering contracts. • Variation of Price (VOP). VOP clause reintroduced to absorb cost increases for diesel and bitumen. JKR pre-approved projects of up to RM5m can be tendered via quotation. • Bumiputera contractors. Procurement reserved for G1-G4 Bumiputera contractors raised to RM7.5bn (from RM4bn); direct award threshold up to RM200k and quotation up to RM3m for maintenance and upgrading works. • Road maintenance. RM2.5bn for Federal roads (incl. ~RM800m for G1-G4 contractors) and RM5.7bn from MARRIS funds for state roads. • Flood mitigation. 82 projects under way. New projects include Kuching City Flood Mitigation, Sungai Golok IRBD Phase 2 and Sungai Kemaman IRBD. RM100m for retention ponds in the Klang Valley; nearly RM320m for slopes and drainage. • Transport and public buildings. e-ART for Johor Bahru, Prasarana's RM3.4bn rail overhaul, 42 new ETS/KTM Komuter train sets, RM1.1bn for port roads and airports, RM2bn for school repairs (from RM1bn), RM1.3bn to upgrade 682 dilapidated schools and RM2.3bn for government quarters.	• Construction: GAMUDA, IJM, SUNCON, HKB. • Water and flood related: HSSEB, JAKS • Building material: HUMEIND and MCEMENT • Slope maintenance: FIBROMAT
Renewable Energy • Green Investment Tax Allowance. ITA of up to 100% for green and sustainable technology projects, EV charging stations and green technology assets for own consumption, extended to 31-Dec-2030. • Centralised solar park. RM1.5bn investment in a centralised solar park for government buildings. • Large-Scale Solar (LSS6). 150MW reserved for Bumiputera companies. • GLIC/GLC energy transition. UEM Lestra to invest RM1bn, including energy storage at KLIA and a 1GW hybrid energy project in Johor. KWAP's RM1bn Dana Iklim+ for renewable energy and decarbonisation. • NUR MADANI. Rebates of up to RM200 for purchases of energy-efficient air conditioners and refrigerators.	M+Global View • Positive on the Renewable Energy sector as the RM1.5bn centralised solar park, LSS6 allocation and extended green investment incentives should support solar development and EPCC opportunities. • Renewable Energy related: SLVEST, SAMAIEN, NORTHERN, and PEKAT • Natural gas: GASMSIA.
Consumer • STR and SARA. RM16bn will be allocated for STR and SARA (2026: RM15bn). All STR recipients (up to 9m) will receive SARA of up to RM150 per month (RM1,800 annually). Non-STR Malaysians aged 18 and above (up to 13m) will receive RM100 SARA MADANI twice, ahead of Aidilfitri and the 70th National Day. • Wider SARA network. SARA will cover fresh produce at 216 FAMA farmers' markets and tamu, while participating small grocery shops will be widened to 10k (from 6,800). • Income tax cuts. Individual tax relief raised to RM12k (from RM9k); resident rates cut by 1ppt to 18% (RM70,001-100k) and 24% (RM100,001-150k), adding up to RM1,600 in disposable income for ~5m taxpayers. Income above RM1m will be taxed at 30%. • Minimum wage. Raised to RM2,000 (from RM1,700) from June 2027; MSMEs with annual sales below	M+Global View • Strongly positive on the Consumer sector as RM16bn in STR/SARA assistance, personal income tax reductions and higher minimum wages should support household spending. • Value-oriented retailers are better positioned to capture recurring expenditure, although wage costs remain a consideration. • Consumer: 99SMART, ECOSHOP, MRDIY, FFB, LHI, TEOSENG, and QL



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RM50m are exempted. • Jualan Rahmah and Agro MADANI. Allocation raised to RM750m (from RM630m), targeting 35k programmes nationwide. • Civil servants and retirees. Special assistance of RM1,500 for 1.3m civil servants (Premier Grade B and below) and RM750 for over 1m retirees, paid in two tranches. Early Schooling Aid raised to RM200 per pupil (5.3m pupils).	
Healthcare • Ministry of Health receives RM47.7bn (vs. RM46.5bn), including RM1.2bn for hospital and clinic maintenance and over RM770m for equipment (haemodialysis, 400 ambulances, robotic surgery). • Private Healthcare Outsourcing. RM200m allocated to expand the outsourcing of public patients to private healthcare facilities, potentially creating opportunities for private hospital operators. • MediAsas plan. Launched from Jan-2027, with diagnosis-based hospital charges. EPF members under 55 can pay premiums via their Sejahtera Account; RM200 per employee subsidy for SMEs. • Private hospital billing. Standardised and transparent fee categories from 2027; EMR based on one individual, one record. • Elderly care. Service tax on elderly care cut to 6% (from 8%) from 1-Jan-2027, with exemption for annual fees up to RM96k. • Contract doctors. More than 9,000 contract doctors to be offered permanent posts in 2027.	M+Global View • Positive on the Healthcare sector as higher government healthcare spending and RM200m for patient outsourcing could support private hospitals and medical equipment suppliers. However, standardised private hospital billing warrants monitoring. • Hospital: PMCK and KPJ • Medical equipment: UMC, LACMED
Property • SJKP guarantees. Housing financing guarantees of up to RM20bn, opening home ownership to 80k first-time buyers, particularly the self-employed. • Stamp duty exemption. Full exemption on loan agreements and instruments of transfer for first homes up to RM500k. For homes up to RM750k, the first RM500k is fully exempt and the balance 50% exempt. Applies to SPAs executed from 1-Jan-2027 to 31-Dec-2030. • Abandoned projects. Full stamp duty exemption for rescuing contractors/developers and original purchasers (2027-2030), targeting zero abandoned projects by 2030. • Affordable housing. Nearly RM1bn for Rumah Mesra Rakyat and Program Residensi Rakyat, with four new projects in Kulai, Nilai, Paya Rumpit and Pertang Valley. At least 2,500 Rumah MADANI units in Belfield and Bandar MADANI Bukit Jalil (Phase 1 registration opens next week). • Data centres and industrial. Sime Darby Property, EPF and LTAT set up the RM1.25bn New Economy Venture Fund to develop data centres and industrial logistics assets in Elmina. • Johor Investment Prospects. JS-SEZ recorded RM132bn in investments between 2025 and June 2026, while Nexus Sedenak has RM12bn in potential investments and could generate 45,000 jobs. These developments may indirectly support industrial and residential property demand. • Family office incentives. New family-office initiatives and tax incentives support Forest City's financial services positioning.	M+Global View • Positive on the Property sector as SJKP guarantees and stamp-duty exemptions should improve housing affordability and support first-time homebuyers. Johor's investment pipeline could further stimulate industrial and residential property demand over time. • Affordable and low-cost housing: LAGENDA, LBS, INTA and SSB8 • Data Centre-related: SIMEPROP
Technology • R&D and Commercialisation. RM6bn allocated across ministries for broader research, development and commercialisation initiatives, including technology-related activities.	M+Global View • Positive on the Technology sector as RM1.2bn in semiconductor investments, mid-tier industrial funding and R&D initiatives should strengthen Malaysia's



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• Semiconductor ecosystem. Khazanah and KWAP to invest RM1.2bn to move local semiconductor companies into higher-value segments, including a fund with the Selangor State Government. Khazanah and InvestPenang set up a RM100m Strategic Investment Fund; MTDC's SemiconStart supports IC design, advanced packaging and materials startups. • Mid-tier companies and startups. RM2.1bn from the NIMP fund, Dana Pemacu and MTC Fund for mid-tier companies in E&E, digital, aerospace and medical devices; RM450m from Jelawang Capital and Dana Perintis for startups. • AI adoption. RM30m MDEC fund to help 4,000 MSMEs adopt AI and train 5,000 AI professionals. Sovereign AI Cloud being planned; 100k additional free AI subscriptions. • Cybersecurity. NACSA and MCMC to develop home-grown post-quantum data protection technologies. National Scam Response Centre to launch an AI app to check suspicious numbers, accounts and links. • Tax incentives. Accelerated Capital Allowances for locally produced machinery and ICT equipment/software extended to 31-Dec-2030; low-value asset limit raised to RM3,000; 5% preferential tax rate for new Global Services Hubs.	semiconductor ecosystem. • Companies involved in IC design, advanced packaging and semiconductor equipment could benefit over the longer term. • Technology: SKYECHIP, OPPSTAR, UNISEM, VITROX • Cybersecurity related: LGMS and INFOM
Telecommunication • JENDELA. Total investment of RM5bn. In 2027, focus on bringing 4G to every Orang Asli village and internet access along 7,000km of roads and 1,700km of railway. • MADANI Submarine Cable (SALAM). Roll-out to continue in 2027. • Rural connectivity. TNB and telecommunications companies to pool government funds and CSR contributions to accelerate rural electricity and internet projects. • Electronic Medical Records. MCMC to invest RM1bn to accelerate EMR implementation across healthcare facilities nationwide.	M+Global View • Positive on the Telecommunications sector as continued JENDELA, SALAM and rural connectivity initiatives should support network expansion, fibre deployment and telecommunications infrastructure investment. • Telco-related: TM, REACHTEN, OCK, and BINACOM
Tourism • Visit Malaysia campaign extended into 2027, with RM935m allocated for tourism and culture. • Flight Matching Grant. International and Charter Flight Matching Grant for new direct routes from China, India, Central Asia and Europe, expanded to cruise ships, ferries and tour buses. • Duty-free islands. Duty-free purchase limit in Langkawi and Labuan raised to RM10k, subject to a 48-hour minimum stay. • Airports. Government and MAHB to provide RM1.1bn to upgrade port-area roads and airports in Kota Kinabalu, Miri, Tawau, Sandakan, Penang and STOLports in Sarawak. • Events. RM240m for the 2027 SEA Games and ASEAN Para Games. Rebates for organisers at venues of 10k+ capacity; MICE tax incentives extended to YA2030.	M+Global View • Positive on the Tourism sector as Visit Malaysia initiatives, expanded flight connectivity and major sporting events should support tourist arrivals, aviation demand and tourism-related spending. • Aviation: AAGB. • Consumer: SPRITZER
Shipping & Ports • Shipping Tax Exemption. Full income tax exemption for qualifying Malaysian shipping companies extended until YA2036, supporting eligible operators' tax efficiency and fleet investment. • Ship financing. Stamp duty on loans to purchase or build Malaysian ships fixed at RM2,000 for loans up to RM100m and RM5,000 above that. • Maritime hub. LuMIC in Lumut to be further developed as a maritime hub. • Trade momentum. Trade reached RM2.5tn in 8M26,	M+Global View • Positive on the Shipping sector as the extension of income tax exemptions until YA2036 and lower vessel-financing stamp duties should support qualifying shipping operators. Port operators could also benefit from sustained trade activity. • Shipping: MISC and MTTSL • Ports: WPRTS



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with exports up 31.2% to RM1.36tn.	
Transportation & Logistics	M+Global View
• Rail Transportation. The Government plans to procure 42 ETS and KTM Komuter train sets, while ECRL Phase 1 (Kota Bharu–Gombak) is scheduled to commence operations in December 2026, improving rail connectivity and capacity. • Public transport. My50 continues and MyKomuter50 is introduced for 40k KTM Komuter users. RM270m allocated for stage buses, including links to 15 East Coast ECRL stations. e-ART to be implemented in Johor Bahru ahead of the RTS Link opening. • Airports and port roads. Government and MAHB to provide RM1.1bn to upgrade port-area roads and airports in Kota Kinabalu, Miri, Tawau, Sandakan and Penang. • Cross-border trade. JS-SEZ recorded RM132bn in investment from 2025 to Jun-2026, with Nexus Sedenak holding RM12bn in potential investment. Under the DELAPAN zone, the 122-acre NCT InnoSphere will serve as a logistics hub and the Bukit Kayu Hitam immigration complex gets direct access to the Inland Container Depot. Tebedu-Entikong trade route to reopen. • Industrial logistics. RM1.25bn New Economy Venture Fund (Sime Darby Property, EPF and LTAT) to develop data centres and industrial logistics assets in Elmina. • Commercial vehicles. Telematics systems to be mandated on commercial vehicles, with voluntary implementation through 2027.	• Positive on the Transportation and Logistics sector as JS-SEZ investments, improved cross-border connectivity and industrial development should support freight volumes and warehousing demand. • Transportation: HI, BUSCAP • Rail-related: GOHUB, RPLANET
Financial services	M+Global View
• SME financing. SJPP and CGC to provide guarantees of up to RM32bn; total loan and guarantee facilities rise to RM57bn (from RM50bn). SJPP to cover mid-tier companies with limits of up to RM50m, incl. RM1bn for M&A. • BNM and DFIs. BNM adds another RM5bn to its SME financing facility for firms affected by the West Asia conflict. BPMB to allocate RM7bn across seven strategic sectors and RM1bn for exporters. • Microfinancing. Raised to RM6.6bn, including RM3bn via AIM, RM1.3bn via TEKUN and RM1.7bn via BSN. • Stamp duty. Full exemption on opening savings and current accounts; RM10 stamp duty on P2P loan and excess credit agreements (2027-2030). • Capital markets. SC and the Hong Kong regulator to facilitate dual listings, with matching grants for listing costs. Tokenised retail savings sukuk; 40% tax exemption for Shariah-compliant fund managers (YA2028-2030).	• Slightly positive on the Banking sector as expanded SME financing and government-backed guarantees could support business loan growth. • Banks: CIMB, ABMB, and PBBANK • Capital market: BURSA
Security and Defence	M+Global View
• MinDef & MoHA. MinDef and MoHA each being allocated RM22bn, with RM7.1bn for the acquisition and maintenance of assets for the armed forces, police and uniformed bodies. • Border security. RM490m for the Malaysia Border Control and Protection Agency; 48 new body and luggage scanners at KLIA, Penang and Kota Kinabalu airports. • Enforcement. RM1.1bn to strengthen MACC, PDRM, KPDN, RMCD and MyCC operational capabilities.	• Selectively positive on the security and defence sector as higher asset procurement and border security spending are likely to create opportunities for security technology providers. • Security: DATASONIC and UNIPAC
Automotive	M+Global View
• Automotive Hi-Tech Valley. Tanjong Malim to be built up as a regional automotive hub. Tax deduction capped at RM5m for relocation expenditure by wholly Malaysian-owned vendors (1-Jan-2027 to 31-Dec-2030).	• Neutral to Positive on the Automotive sector as relocation incentives for local vendors and extended EV charging incentives should support automotive localisation and infrastructure



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• Fuel quotas. BUDI95 petrol quota raised to 300 litres per month; eligible jeep and pick-up owners under BUDI Diesel get 400 litres. Fuel subsidies are expected at RM40bn. • Commercial vehicles. Telematics systems to be mandated on commercial vehicles, including alcohol detection devices (voluntary through 2027). • EV charging. Investment Tax Allowance of up to 100% for EV charging stations extended to 31-Dec-2030; 50 EV charging facilities to be installed along the PLUS highway.	development. However, the absence of major direct vehicle purchase incentives limits the near-term impact. • Automotive: DRBHCOM
E-commerce	M+Global View
• E-Commerce Bill. Proposed legislation aims to strengthen accountability among online platforms and sellers, while addressing unfair competition affecting local merchants. • Foreign platforms. Government reviewing legislative and enforcement measures to protect local MSMEs from unfair competition by foreign e-commerce players. • Digital adoption. RM142m for NADI, RM10m for JOM Malaysia and RM60m for MATRADE. BPMB to provide RM1bn in export financing for MSMEs. • Gig workers. Government and Grab to share a RM160m package for e-hailing and p-hailing workers, alongside a 35-50% SOCSO matching incentive. P-hailing to be regulated under APAD and LPKP. • Digital payments. QR payment facilities to be expanded to 15 locations, including resort islands.	• Neutral on the e-commerce sector as digital adoption initiatives and proposed platform regulations could support local merchants and online transactions. However, competitive pressures and higher delivery costs may limit margin improvements. • Courier: POS, EVOCOM
Agriculture & Plantation	M+Global View
• FELDA. RM1.26bn approved to strengthen FELDA's finances, maintain roads and provide housing for the FELDA generation. • Oil palm replanting. RM100m hybrid financing for 4,500 smallholders (only half repayable), plus RM200m in soft loans at 2% interest with a four-year repayment deferment. • Crop diseases. RM30m to curb pests and diseases in oil palm (Ganoderma, bagworms, mealybugs), cocoa and pepper. • Smallholders. Rubber production incentive raised to RM3.30/kg (from RM3.00); farm road repair allocation doubled to RM100m. • Food security. RM2.62bn in assistance for paddy farmers (~RM4,300 per hectare), with the harvesting incentive raised to RM100 per hectare per season. RM300m for federal-state agri-food projects. • Financing. More than RM1b in agropreneur financing from Agrobank, Bank Rakyat and SKM.	• Neutral on the Plantation sector as replanting assistance, disease control and smallholder financing primarily benefit smaller producers. While these measures could improve productivity over time, direct earnings contributions to listed plantation companies may be limited.
Wages & Tax Measures	M+Global View
• Wage payments. Non-MSME companies may only claim tax deductions on wages paid through bank accounts permitted under the Employment Act 1955. • MSME Corporate Tax. Eligible MSMEs will benefit from a 1ppt tax reduction, bringing rates to 14% on the first RM150k and 16% on the next RM450k of chargeable income. • Sales tax reclaim. Manufacturers may reclaim sales tax on machinery, spare parts and equipment bought locally, and on raw materials for pharmaceuticals, animal feed, fertilisers and pesticides. • No new sin or carbon taxes were announced in the speech.	• Neutral to negative on labour-intensive sectors as the higher RM2,000 minimum wage could increase operating costs for construction, plantation, manufacturing, F&B and services companies. • The 1ppt corporate tax reduction offers some relief to eligible MSMEs, while larger listed companies already paying above the new wage floor may face limited direct impact.

Source: MoF, M+Global

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