Market Pulse | Question of the Week

The 13MP at a Glance

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Continuation of Fiscal Prudence

Prime Minister Datuk Seri Anwar Ibrahim unveiled the 13th Malaysia Plan (13MP), the national development blueprint charting the country's economic direction for the next 5 years (2026 to 2030).

From a macroeconomic perspective, the government is targeting GDP growth of 4.5% to 5.5% over the period. This is broadly in line with Malaysia's historical growth trend, which has averaged around 4.6% over the past 15 years.

On the fiscal front, the government aims to reduce the fiscal deficit to 3% of GDP by 2030, down from the current 4%. This consolidation is expected to be driven by widening the tax base to increase revenue, and continuing the gradual rationalisation of subsidies.

Development expenditure will be stepped up slightly, rising 5% from RM415 billion in 12MP to RM430 billion under the new plan. This allocation will support infrastructure projects such as the Penang LRT, Johor LRT, MRT3, and various flood mitigation programmes.

Policy continuity remains a key theme. The 13MP reaffirms existing strategies including the National Energy Transition Roadmap (NETR), the New Industrial Master Plan 2030 (NIMP 2030), Johor-Singapore Special Economic Zone (JS-SEZ) and the National Semiconductor Strategy (NSS), all of which are expected to remain in focus throughout the plan period.

Our Views

Overall, the 13MP is market-neutral, offering no immediate catalysts for a broad market re-rating. However, from a bottom-up perspective, there are some potential sectoral winners and losers.

Winners

Consumer

The consumer sector stands out as a key beneficiary. With the government signalling more direct cash assistance to the public and measures to boost graduate wages, consumer spending is expected to get a lift — a positive for consumer-related names.

Construction

The construction sector is another potential winner. The 5% increase in development expenditure signals a renewed push for infrastructure projects, which could support order books and earnings visibility across selected contractors.

Losers

Sin Sectors

The so-called "sin sectors" particularly alcohol and vape may come under pressure as the government plans to expand its pro-health taxation framework to include these products.

Property

The property sector could also face headwinds, stemming from the government's proposal to transition from the current **Sell-Then-Build (STB)** model to a **Build-Then-Sell (BTS)** model. The move is aimed at reducing the risk of projects being abandoned.

Under the current STB model, buyers typically pay a 10% deposit and secure a mortgage for the remaining amount early in the process, bearing interest costs during construction.

In contrast, the BTS model which is practiced in some developed markets delays full payment until completion. This shifts the development risk from the homebuyer to the developer. While the BTS model could help lower the incidences of abandoned projects, it introduces several drawbacks:

- **Favors large developers** with strong balance sheets, as smaller players may struggle to self-finance the construction period due to reduced bank financing linked to uncertain pre-sales.

- **Potential increase in property prices**, as developers may pass on higher financing costs to buyers. similar to the DIBS (Developer Interest Bearing Scheme) period between 2010–2014.

- **Reduced supply**, as higher risk and tighter funding conditions may cause developers to scale back launches.

Given these challenges, particularly the impact on housing affordability, smaller developers, and the broader economy (where property has significant multiplier effects), we believe that a full-scale shift to the BTS model is unlikely. If implemented, it will likely be limited to affordable housing or developers without an established track record.