

2012 Budget to zero in on reducing cost of living
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The 2012 Budget is expected to announce measures to reduce the cost of living as well as bigger allocation for infrastructure projects, especially, for rural areas, says Affin Investment Bank Head of Retail Research Nazri Khan.

He said the budget was anticipated to address these issues most probably by way of further reducing personal income taxes especially for the middle-income group, in order to increase the country's competitive advantage.

"But, we understand alternative taxes will be introduced which would be more consumption-base instead of income base.

"So there are chances that we may see further tax on utilities such as telecommunication and water service," he said in an interview with Bernama today.

Nazri also expected a further increase in sin taxes to be imposed on liquor and cigarette.

Asked on how the budget would affect the stock market, he said politically connected shares, linked to the government, may receive a boost in terms of stock prices as well as fundamental upgrades.

He said stocks like United Malaya Land Bhd, Malaysian Resources Corp Bhd and Gamuda Bhd plus education stocks such as Seg International Bhd and Help International Corp could come into play and benefit from the budget announcement.

"Our concern is global development where we see negative factors, especially in the US and Europe that can actually overwhelm the budget play for this year," he said, adding that there could be some rally a week before the budget is tabled in Parliament by Prime Minister Najib Abdul Razak on Oct 7.

- Bernama