

**MARC: Budget Deficit Of 4.7 Per Cent Attainable**  
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KUALA LUMPUR, Oct 10 (Bernama) -- The government can attain its optimistic deficit target of 4.7 per cent of gross domestic product (GDP) in Budget 2012, says Malaysian Rating Corp Bhd (MARC).

In a research note, MARC said, it was intrigued by the government's target as it was lower than the corporation's already optimistic target of 4.9 per cent.

"However, we do not feel that such a target is out of reach, judging by Malaysia's relatively high revenue-to-GDP ratio which is among the highest in the region," it said.

MARC, however, said the attainment of this result was predicated on the achievement of the actual growth in 2011 which was expected to be in the lower range of the government's projection.

It said sharp reduction in the budget gap was probably aimed at taking some pressure off a possible sovereign re-rating.

MARC said it was not being overly concerned about the country's deficit and debt position.

"The various macro matrices commonly used for sovereign evaluation indicate that Malaysia still stands rather favourably in relation to its regional peers.

"At the same time, the government's revenue as a portion of GDP is among the highest in the region," it said.

It said of the total debt, almost 96 per cent was domestic and financing it via Malaysian Government Securities (MGS) was never difficult as demand for the instruments from financial institutions was strong.

MARC said borrowing domestically was a sound strategy given the current turmoil in global financial markets that has been exacerbated by sovereign-debt concerns.

It said at present the industry was not witnessing any groundbreaking capital market-specific measures.

"The incentives for the Kuala Lumpur International Financial District could sow the seed for future competitiveness of Kuala Lumpur and Malaysia as a global financial centre," it said.

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