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Strong signs that the Bunny will attract the Bulls

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WHAT'S up Doc?"

Bugs Bunny won't know that this is the Lunar Year of the Rabbit. But it's unlikely that Ben Hardaway's creation, too laid-back and contemptuous to be a rabbit, knows it is a rabbit. Or if other rabbits know that Bugs Bunny is supposed to be a rabbit.

Only a "wabbit" chews on a carrot and say, "What's up Doc?"

But many economic and stock market analysts will do that if the stock market perform poorly in the next one year. Or if government policies aimed at recovery do not produce the desired results. Even if they themselves and not the Government had set the goals and the expectations for the stock market for every Lunar or Calendar year.

What if the year turns out bad, or worse than expected? Do people turn into "wabbits", chew on their share scripts or devalued ringgit, and say, "What's up Doc?"

In the year that saw some Asian Tigers withering in the region's worst financial crisis, Prime Minister Datuk Seri Dr Mahathir Mohamad must have come across enough number of people musing "What's up Doc?"

In the last 20 months or so that the country battled for economic survival with very unconventional "weapons", especially Dr Mahathir's economic sense and recovery ideas have been challenged, ridiculed, condemned, written off.

But with the close of the Year of the Tiger and the start of the Rabbit Year, it is clear that there are several appropriate responses to the question "What's up Doc?".

The Composite Index of the Kuala Lumpur Stock Exchange is up. Domestic demand is up. Confidence is up, be it consumer confidence, business confidence, or foreign investors' confidence. Reserves and savings are up. Foreign direct investments are up. Trade surplus is up record high.

Sure, many key elements in the economy are still down. The ringgit has stayed at 3.80 to the US dollar, and just as well, but that's down compared with 2.40 during the pre-crisis time. Profits are generally down, too. And if one compares the level of confidence now and before the crisis, it is probably down now. But not on a downtrend, and there's a big difference.

Thus, a lot of people, including analysts, international observers, the people who run the International Monetary Fund, the US, and millions of Malaysians, will have to admit that while the Year of the Tiger may have turned out to be as bad as predicted, things had generally gone Malaysia's way, if only in the last few months.

In some aspects, the year was better than expected, although not considerably so.

After all, the economy did come back from the brink of collapse and the stock market, having seen the KLCI sank to a low of 262.70, leapt gallantly in the last four months to close the year's trading at 580.79 points, a level many thought was not achievable at the start of the year. On the economic front, signs of recovery emerged as clear as the stripes on a tiger in technicolour, also during the last lapse of the year.

Demand for cars and vehicles increased markedly, consumers and businesses expressed greater confidence in prospects, fewer employers retrenched their staff, and there were clear directions as to where the economy was supposed to be heading to, unlike at the start of the year

when there were so much confusion and contradictions. Efforts to consolidate the banking system were bringing back confidence and the merger that created Bumiputra Commerce Bank Bhd, the second largest banking group in the country, was well received. The selective capital controls introduced in September were the turning point that enabled many of these improvements to take place. And the Year of the Tiger did not come to a close before the international community came around to recognise the wisdom of the Malaysian Government's decision to impose those controls. The Group of 15 are solidly behind Dr Mahathir and the Group of 7 have said they are going to look into some ideas - incidentally quite related to Malaysia's ideas - that may just save the world.

At the rate things have been going, the Year of the Rabbit ought to bring further improvements in the economy and the stock market. This newspaper's survey found that analysts, chartists, and stockbroking firms are generally more bullish about the Rabbit. Some of them are expecting the KLCI to reach 800 points during the year on the back of new fundamentals which should help improve the capital market. Some expect a return of foreign funds, especially with the lifting of the moratorium on repatriation of portfolio capital. Some forecast the growth domestic product will expand by 2 per cent.

A lot will depend, unfortunately, on international and regional developments. A lot more will depend on whether Malaysians are prepared to work harder and make more of the improvements that have been achieved so far.

Most importantly, the people need to be ready to protect their own and the nation's interests against further disruptions, either from the speculators, the street prowlers from the Tiger Year, the foreign propaganda, or their own greed.

Which is what the "wabbit" would do, actually. Warner Bros' Chuck Jones, who also brought Daffy Duck, Porky Pig, Sylvester and Tweety Bird to international stardom, once described Bugs Bunny as a rabbit that lives happily in his rabbit environment. "Bugs would fight back against anybody who threatens to disrupt this environment."

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