

Najib expected to bring new blood into Finance Ministry
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Deputy Prime Minister Najib Abdul Razak, who was made finance minister a day ago, is expected to rely on a group of high-level experts, including his brother Nazir, the current head of the CIMB banking group, to revive the country's flagging economy.

"There is a real possibility that Nazir is headed for an official job at the Finance Ministry," the head of research at a large securities firm told Malaysiakini.

"But it won't take place immediately because from a governance point of view, it is going to look odd if two brothers dominated the same ministry at the same time."

Dealers are also closely watching an Umno supreme council meeting due to take place this afternoon for further signs of change.

However, party watchers told Malaysiakini the meeting was likely to dwell on divisional nominations for the top party posts and the recent resignation of de facto law minister Zaid Ibrahim.

"It is natural that Najib would want his own men to take charge," said a party insider. "But not now. That's impossible, it can only happen early next year after party elections in December."

There has been talk that Agriculture and Agro-based Industries Minister Mustapa Mohamad might soon replace Second Finance Minister Nor Mohamed Yakcop.

Malaysian policymakers, including Nor Mohamed, have come under attack for raising fuel price by 70 cents - or 40 percent - in June.

Embattled Prime Minister Abdullah Ahmad Badawi too drew fire after unveiling a record RM207.9 billion budget for 2009 that analysts slammed as inflationary and aimed at shoring his own political standing and popularity.

Also known by his short name of Pak Lah, the prime minister surprised the country yesterday by swapping portfolios with his deputy. He handed over his Finance Ministry to Najib in exchange for the latter's defence post.

Dealers said investors were still trying to digest the sudden move, which some political observers believed was aimed at pacifying dissenters in Umno, who have been urging him to step down in favor of Najib.

"The Finance Ministry is a powerful one but for me, I also see the switch as a good move for Abdullah to consolidate his power," said Dr PHS Lim, president of the Malaysian Investors Association.

"Defence is very important in national security and to control the situation in the country."

Anwar still the main issue

In Malaysia, the finance portfolio took on added significance only after former premier Dr Mahathir Mohamad assumed the post in 1998 following the Asian financial crisis.

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Abdullah, who inherited the Finance Ministry along with the premiership in 2004, is now facing a mounting challenge from Anwar, who has promised to overthrow the Umno-led Barisan Nasional and form a new government soon.

Speculation is also abuzz the opposition icon may be arrested after Abdullah yesterday described him as a threat to national security.

"The biggest issue is still Anwar Ibrahim and when he will form the next government and what sort of action the current government will take against him," said David Cohen, director of Singapore-based Action Economics.

"Attempts to arrest him or some of the other members of parliament would add to investor aversion," he added.

Malaysian shares plunged nearly four percent in Thursday morning trade, with the benchmark Composite Index breaching the psychological 1,000 points, pulled by steep falls on Wall Street and growing uncertainty in the local political scene.

The Kuala Lumpur Composite Index, which dived at the opening bell, trimmed losses in afternoon trade to close the day at 991.66 points, down 1.13 percent.

Traders expect further losses in the days ahead, pegging support at the 900 points mark.

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