

# Eyes on the Anwar administration's macro policy direction

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Now that Prime Minister Datuk Seri Anwar Ibrahim has named himself finance minister and announced his “unity government” cabinet of 28 ministers, including two deputy prime ministers, eyes and ears will be out on his administration's macro and fiscal policy direction once they are sworn in.

As finance minister, there is no question that Anwar will be tabling the revised Budget 2023, but there are expectations that he will do so earlier rather than later. Will the special parliament sitting be brought forward from Dec 19, now that the cabinet has been announced in record time?

Former finance minister Tengku Datuk Seri Zafrul Abdul Aziz was named minister of international trade and industry while PKR deputy president Rafizi Ramli — among the candidates rumoured for the finance post — is economic affairs minister.

The naming of PKR's Fahmi Fadzil as communications and digital minister also puts in the spotlight the current administration's backing of Digital Nasional Bhd (DNB) and the single wholesale network for 5G. Fahmi had previously highlighted governance concerns on DNB, which he would be in the position to fix as minister. Share prices of telecommunications stocks are among those that have regained ground following the conclusion of GE15, alongside the broader market.

Eyes will continue to be on the ringgit, which has recovered on the back of a broader decline in the US dollar's strength as well as the prospects of China's zero-Covid policy coming to an end. Newsflow from China will be closely watched, with the Chinese Communist Party's top decision-makers set to convene behind closed doors to review and set key policy directions for the economy.

Markets, which had rallied last week when US inflation reading in October came in slower than September, would be placing

bets based on their expectation of the US Federal Reserve's still-unknown terminal rate even as the Fed enters its quiet period (starting Saturday, Dec 3) ahead of the Federal Open Market Committee's last meeting for the year on Dec 14. Data watchers would also pore over China's exports and trade data for November (exports fell year on year in October) as well as official releases for consumer price index (CPI), producer price index (PPI) and Caixin Purchasing Managers' Index (PMI).

Given that the Fed is widely seen to raise rates by 50 basis points within a fortnight, the Reserve Bank of Australia and the Bank of Canada are expected to raise rates when rate setters meet on Tuesday (Dec 6). The same is expected of the Reserve Bank of India on Wednesday (Dec 7).

Bank Negara Malaysia's Monetary Policy Committee is only scheduled to meet in mid-January but the scheduled release of its foreign reserves for end-November this

Wednesday (Dec 7) will be closely watched.

Expectations are that the central bank's reserves gained ground, reversing the US\$3 billion (RM13.21 billion) lost in the three months between August and October. Bank Negara's reserves were already up US\$2.3 billion in the first two weeks of November, with reserves at US\$107.5 billion as of Nov 15, being one time short-term external debt and 5.2 months' worth of imports of goods and services (6.2 months on the old measure).

On Friday (Dec 9), the Department of Statistics Malaysia will release unemployment figures for October. Unemployment rate had already fallen to 3.6% in September from 3.7% in August with the number of unemployed persons falling for 14 consecutive months to 605,000 (612,000 persons in August). This happened even as the number of employed persons increased to 16.05 million in September from 16.02 million in August.

Over at the Kuala Lumpur High Court, the Malaysia Development Bhd (IMDB)-Tan-

ore trial, in which former prime minister Datuk Seri Najib Razak is charged with four counts of abuse of power and 21 counts of money laundering involving RM2.28 billion of 1MDB funds, resumes on Monday (Dec 5) before judge Datuk Collin Lawrence Sequerah with the continued cross-examination of former AmBank customer relationship manager Joanna Yu Ging Ping and former treasury secretary-general Tan Sri Mohd Iwan Serigar. Former Bank Negara governor Tan Sri Zeti Akhtar Aziz, who was unwell and could not attend court on Nov 23, is also scheduled to testify this week.

On Monday, the Federal Court will also hear the Malaysia Competition Commission's (MyCC) appeal against the Court of Appeal's decision in April 2021 to allow Grab Holdings leave (permission) to seek judicial review against MyCC's proposed fine of RM86.77 million in October 2019 for breaching anti-monopoly laws following Grab's merger with Uber in 2018.