

'VAST EXPERIENCE, KNOWLEDGE'

MUCH EXPECTED OF MUSTAPA, ZAFRUL

Economists think ministers have what it takes to steer nation through the storms

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THE new cabinet faces numerous economic issues amid the double trouble of the coronavirus outbreak and oil price war, economists said.

But they think Prime Minister Tan Sri Muhyiddin Yassin and his new ministers, especially Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz, have the experience and know-how to steer the economy through the storms.

In banking sector heavyweight Tengku Zafrul and Minister in the Prime Minister's Department Datuk Seri Mustapa Mohamed, Malaysia has individuals with vast experience and economic knowledge, they said.

IQI Global chief economist Shan Saeed said the government could not afford to experiment at the moment as the country navigated volatile times.

"Right now, Malaysia needs experienced people who have delivered previously in various capacities and have strong standing in the market not only locally, but also globally."

He said the global economy was witnessing some very interesting phenomena, like a trade war, stock market crash, structured currency depreciation, coronavirus, oil price war and, above all, economic slowdown in Europe, Japan, Australia and the United States.

He said Mustapa and Tengku Zafrul had the ability to deliver.

"It seems like a new idea to bring a banker on board as he understands the reality. He is on the ground and can do a lot of things at the strategic level. Banking is the lifeline to the economy. It is a good move (to bring Tengku



Shoppers in Jalan Tuanku Abdul Rahman, Kuala Lumpur. It is important to lift the living standards of people and improve the purchasing power of the masses. FILE PIC



Shan Saeed

Tengku Zafrul to hit the ground running and make some tactical or strategic moves to send positive signals to the market and players."

Shan said the government would now pursue an expansionary fiscal policy, adding that the government must formulate strategies quickly to provide a roadmap to the economy.

"The challenge is how to use these monetary and fiscal policies to deliver a positive economic outcome.

"I think that's the key; to lift the living standards and improve purchasing power of the masses at the macro level.

"Overall, the market is expecting that both these gentlemen

will give direction to the economy."

OCBC Bank economist Wellian Wiranto said the appointment of Tengku Zafrul, a technocrat at the helm of the Finance Ministry, reflected the government's serious bid to win market confidence.

"The in-trays of these new ministers are going to be very full. As if being hit by the impact from the virus and politics is not enough, the precipitous decline in oil price just gave the Malaysian economy another hard slap in the face.

"Given Tengku Zafrul's deep banking expertise and the fact that he is not deemed to be a political appointee, it appears that the prime minister understands the importance of presenting a market-friendly face for the crucial portfolio."

Putra Business School business development manager Associate Professor Dr Ahmed Razman Abdul Latiff said the markets were looking for global players who were known in international circles, not novices or first-timers.

He said Muhyiddin's decision to unveil his cabinet without a deputy prime minister and appoint a banker to hold a very important portfolio were big surprises.

"In this kind of situation, normally a government will respond by injecting cash into the economy to reinvigorate the economy, but the concern will be the source of the cash injection.

"With the falling oil price, this has affected the government's ability to tap petroleum revenue for the purpose of this cash injection. The slowing economy

due to Covid-19 has resulted in lower revenue for the government across industries and sectors."

He said it seemed like the only option left for the government was to increase borrowings, but this would have a negative effect on the country in the long run.

He said Mustapa and Tengku Zafrul must try unconventional solutions, such as reforming the monetary system by controlling the credit in the market via the sovereign bank system and start protecting the ringgit by pegging it to a basket of commodities.

"The economy will be slowing down further but the market will be more resilient.

"In the long run, the people and the nation will be more prosperous.

"The strategy of taking more borrowings to inject cash into the economy may work for a while, but this time, it may not be effective due to high level of indebtedness for both government and households."



Associate Professor Dr Ahmed Razman Abdul Latiff



Wellian Wiranto