



Edward Iskandar Toh
Chief Investment Officer,
Fixed Income

US : Both US houses scrambled to stitch up a compromised Covid Relief package towards the end of December; the absence of which would have shut the Government down. DJIA closed the year at the highest at 30,606. In maintaining the status quo, the Federal Reserve has done all they can for now on the monetary policy front. It is hoped that the incoming US President may be more successful on the infrastructure spending front through active fiscal policies if the Democrats can win both Georgia Senate race thus controlling both houses. **Low interest rates for longer will likely be necessary and expected for the year.**

Malaysia: Rising Covid incidences are a major concern. Strict lockdowns could be imminent. With vaccines only available from February, herd immunity may only develop by third quarter 2021. This may threaten the anticipated recovery. If the Health DG has his way, only a full lockdown can prevent a collapse of our health care system, and this may lead to calls for even lower interest rates. There is a growing suspicion of potential rate cut developing . We have **room to cut rates and may occur as early as January.**