

# WEEKLY MARKET UPDATES

22 November 2022

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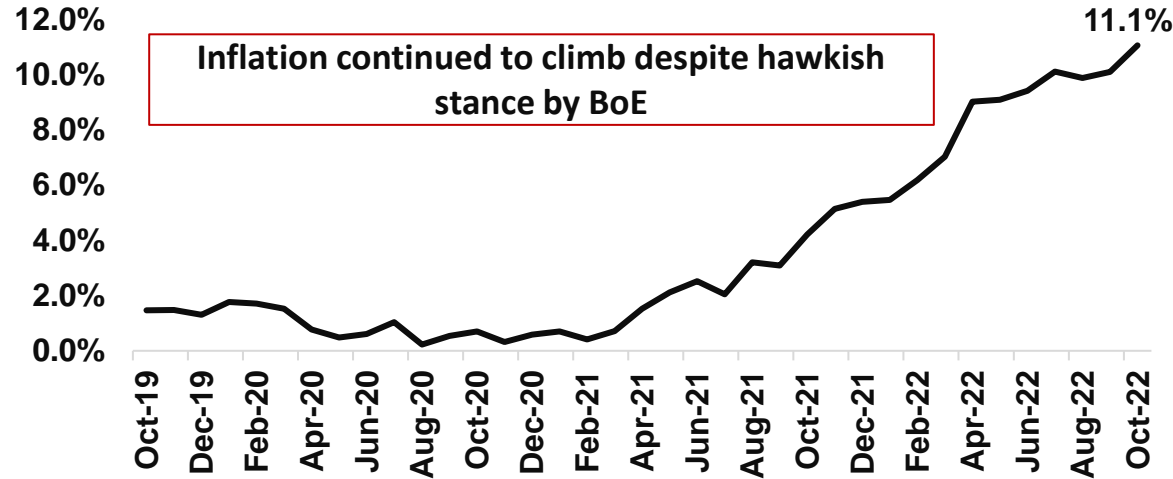
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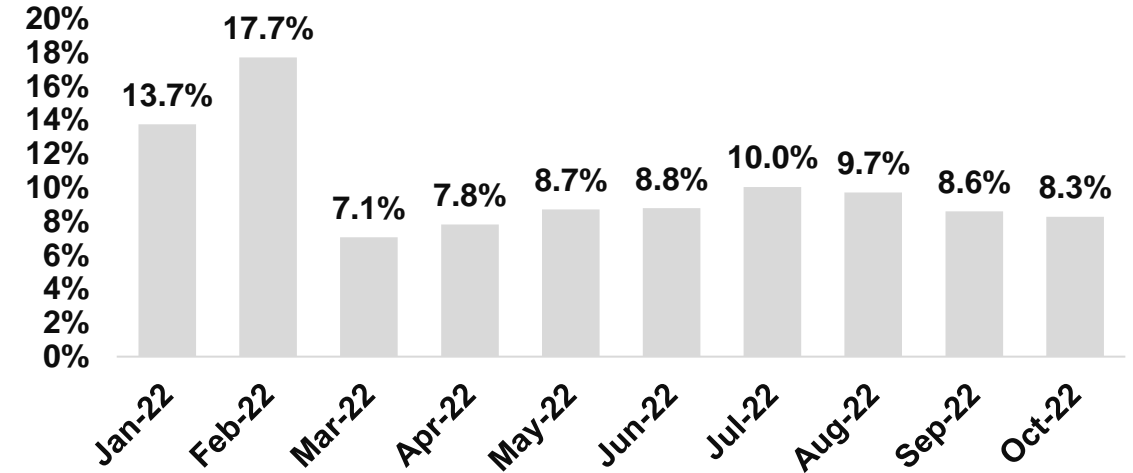
# KEY HIGHLIGHT OF THE WEEK: CONSUMER SPENDING

## REMAINED RESILIENT DESPITE INFLATIONARY ENVIRONMENT

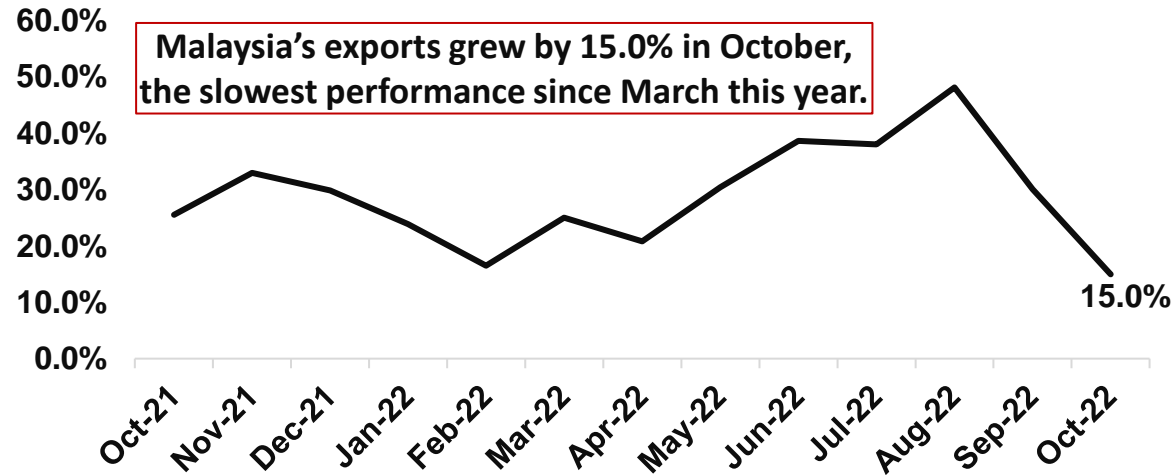
The U.K. Consumer Price Index (CPI), y-o-y%



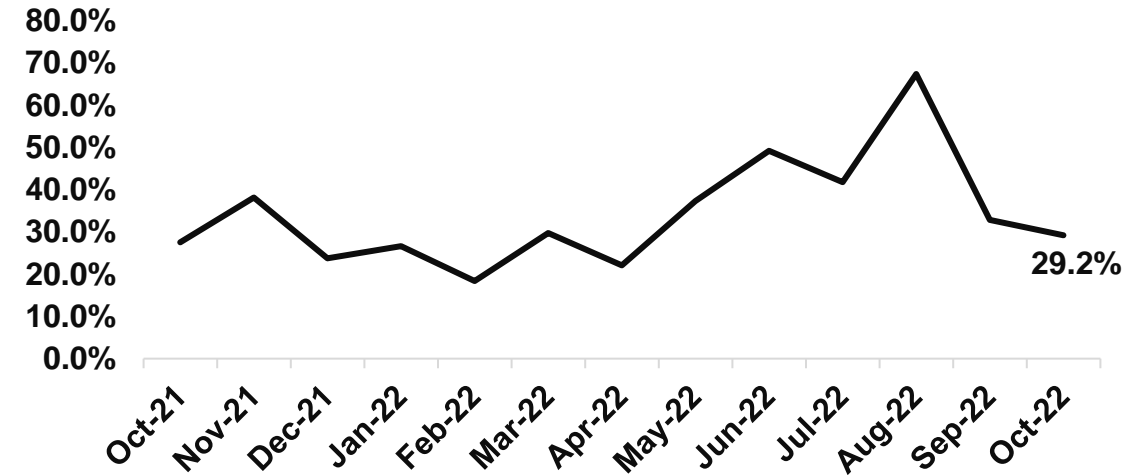
The U.S. Retail Sales, y-o-y%



Malaysia's Exports, y-o-y%

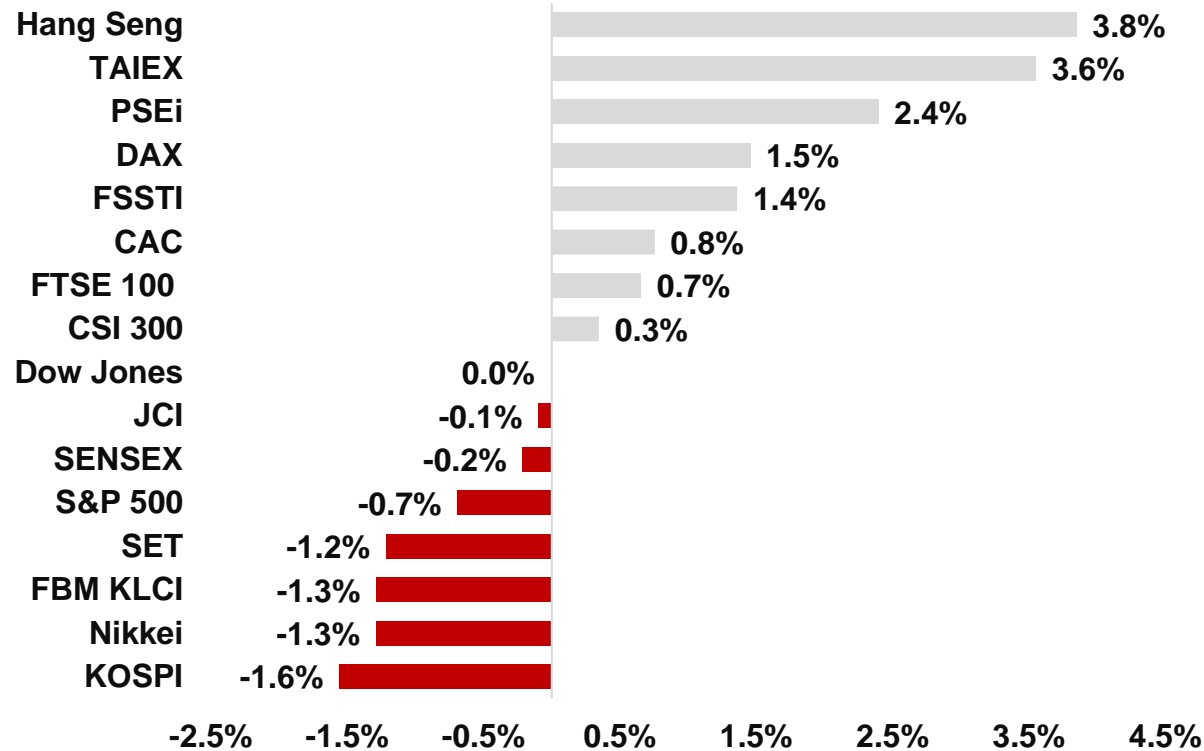


Malaysia's Imports, y-o-y%

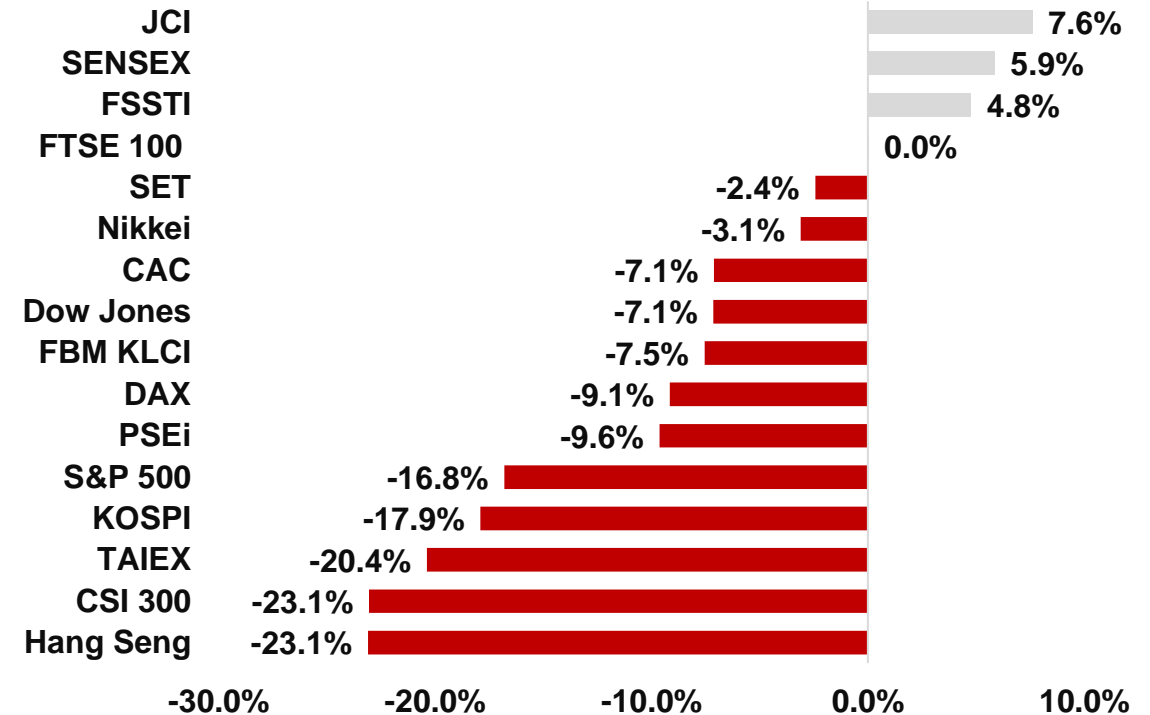


# REGIONAL EQUITY: MARKET WAS MIXED LAST WEEK

Weekly Gain/Loss of Major Equity Market, %



YTD Gain/Loss of Major Equity Markets, %  
(As of 18 November 2022)



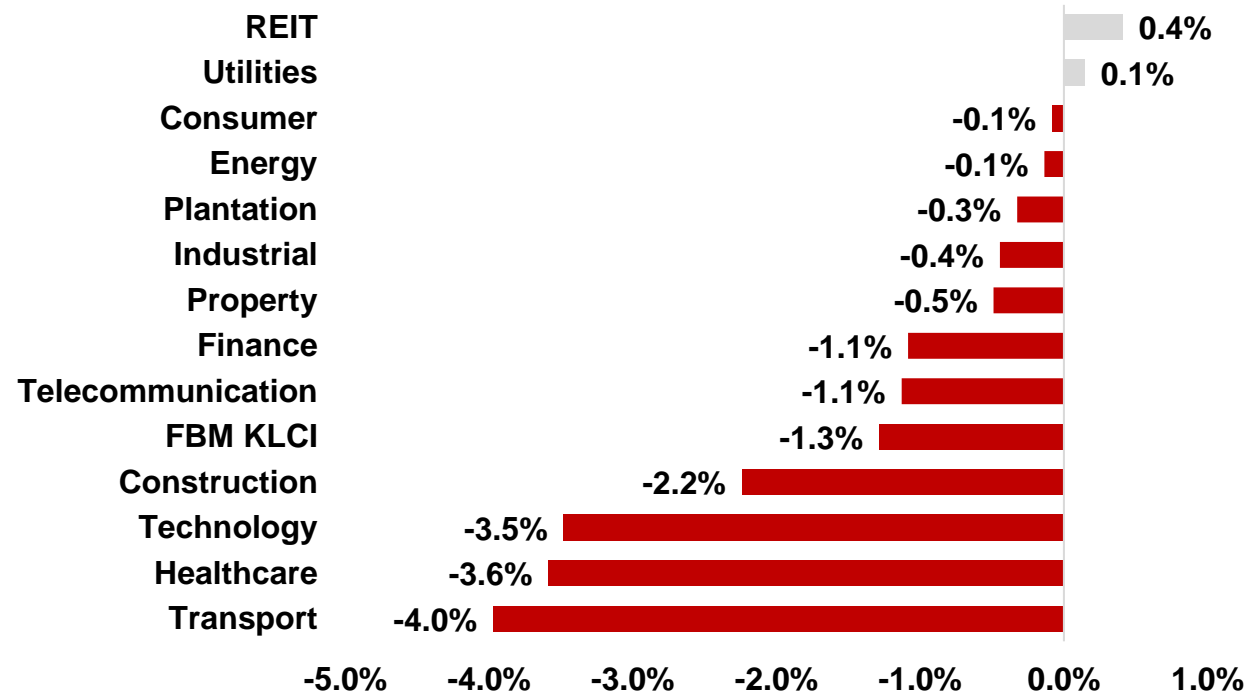
Source: CEIC

Note: 18 and 19 November are declared as PH in conjunction with GE15 polling day

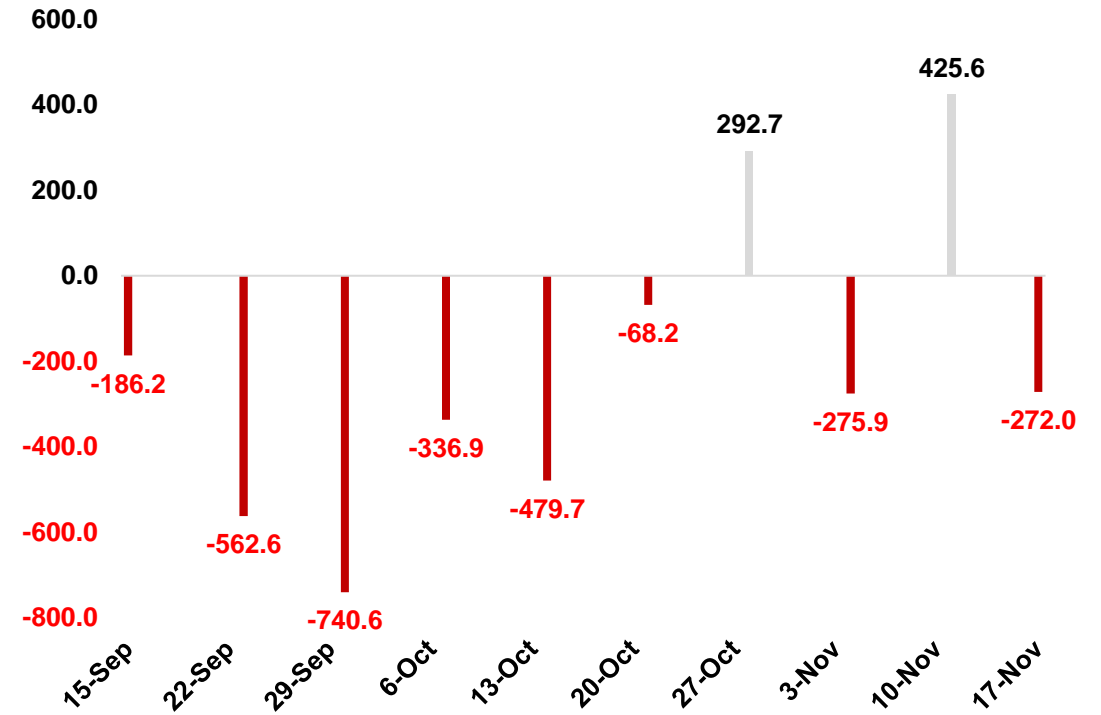
- Hong Kong's Hang Seng index and Taiwan's TAIEX index were the top gainers, higher by 3.8% and 3.6% respectively, for the week ended on 18 November.
- On the domestic front, FBM KLCI posted losses at 1.3% over the week as investors were trading cautiously in anticipation of Malaysia's GE15. We notice a similar trend in the past two general elections as well.

# DOMESTIC EQUITY: LOCAL INDICES WERE IN THE RED AHEAD OF GE15

Bursa Sectoral Performance, w-o-w%



Weekly Foreign Fund Net Inflows/Outflows, RM Million



Source: CEIC, Trading View

Note: 18 and 19 November are declared as PH in conjunction with GE15 polling day

- Bursa sectoral indices posted negative print as losses in key regional markets alongside uncertainty ahead of GE15 have weighed on the market's sentiment.
- Nevertheless, REIT and Utilities were the only two sectors that recorded positive gains at 0.4% and 0.1% respectively.
- Meanwhile, foreign investors have offloaded a total of RM272.0 million in the equity market for the week ended on 17 November given mixed economic data from the U.S. and cautious sentiments surrounding GE15.

# FIXED INCOME: UST YIELDS ENDED HIGHER AS FED WILL CONTINUE TO TIGHTEN ITS MONETARY

## Weekly Changes, basis points (bps)

UST	Yields (%) 11-Nov-22	Yields (%) 18-Nov-22	Change (bps)
3-M UST	4.28%	4.34%	6
2-Y UST	4.34%	4.51%	17
5-Y UST	3.95%	3.99%	4
10-Y UST	3.82%	3.82%	0

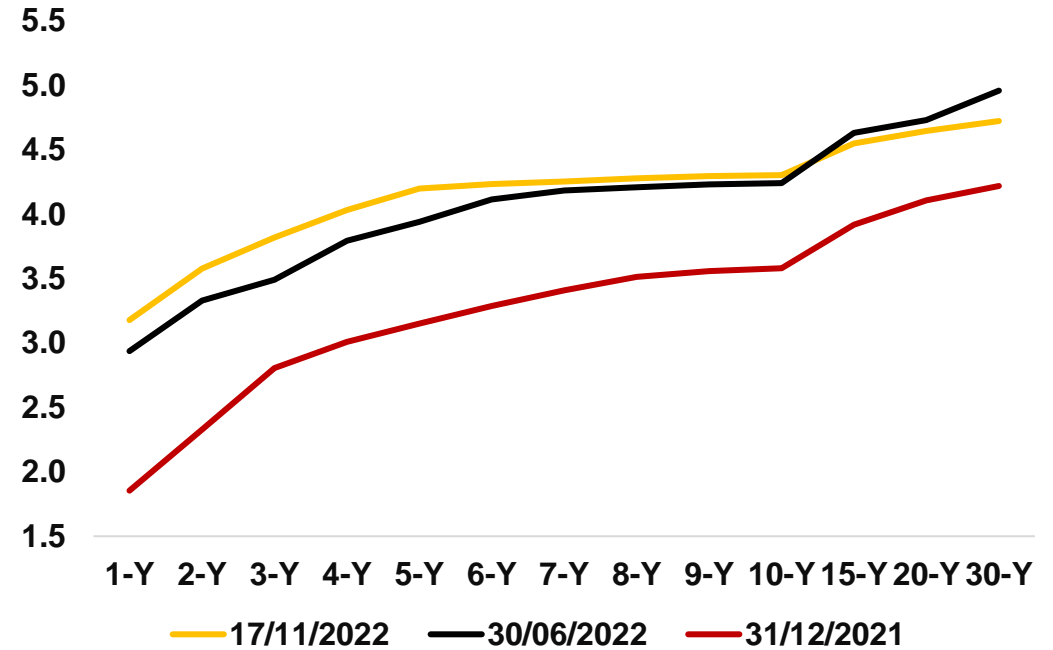
MGS	Yields (%) 11-Nov-22	Yields (%) 17-Nov-22	Change (bps)
3-Y MGS	3.92%	3.81%	-11
5-Y MGS	4.24%	4.17%	-7
7-Y MGS	4.30%	4.24%	-6
10-Y MGS	4.40%	4.26%	-14

Source: CEIC, Trading View

Note: 18 and 19 November are declared as PH in conjunction with GE15 polling day

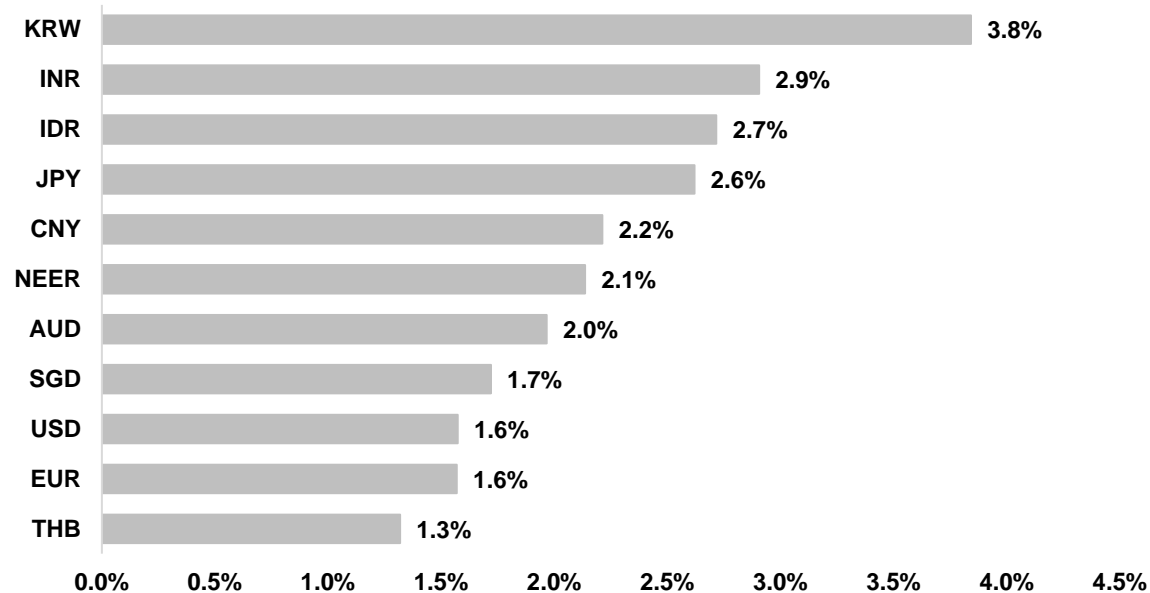
- The U.S. Treasury (UST) yields marched higher between 4 bps and 17 bps for the week ended on 18 November as the Fed is likely to remain on the monetary tightening path as retail sales prove resilient despite a series of 75 bps rate hikes.
- On the domestic front, Malaysian Government Securities (MGS) yields fell between -6 bps and -14 bps for the week ended on 17 November as the market braced for GE15 results.
- Looking forward, we foresee the market to remain volatile as Malaysia deals with a hung parliament. The situation is unlikely to be resolved anytime soon.

## MGS Yield, %



# FX MARKET: RINGGIT IS ANTICIPATED TO TRADE BETWEEN RM4.55 TO RM4.58 DURING THE WEEK

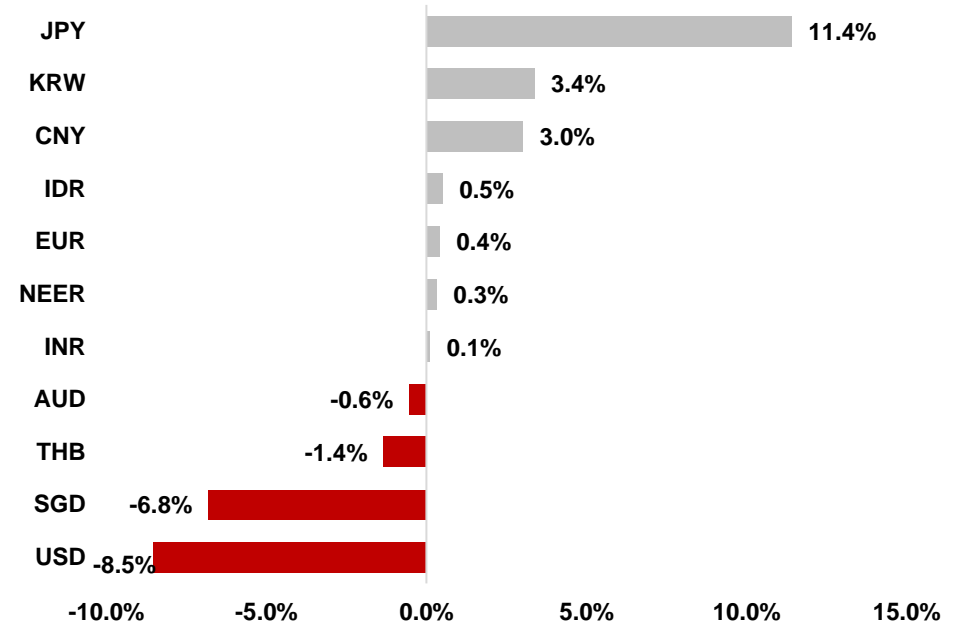
MYR against regional currencies, w-o-w%  
(Week Ending 17 November)



Source: Investing.com

Note: 18 and 19 November are declared as PH in conjunction with GE15 polling day

MYR against regional currencies,  
YTD Gain% (As at 17 November)



- On a weekly basis, the Ringgit is traded higher against the USD on the back of China's reopening news that could bring a positive spillover effect in the country's market sentiment. The anticipated yet "slower" 50bps hike in the December FOMC meeting also lifted Ringgit's sentiments.
- The local note could, however, retreat against the greenback amid hawkish statements by several Fed officials committed to choking off inflation. The October U.S. retail sales suggested that consumer spending is still resilient, which will keep them on guard and continue their campaign to increase the interest rates and decelerate economic activity.
- On the domestic front, the hung parliament situation could worsen the Ringgit outlook if it is left for far too long. This could stoke anxiety in the market, causing investors to stay away from the Malaysian market until the parliament reaches a consensus to form a government.

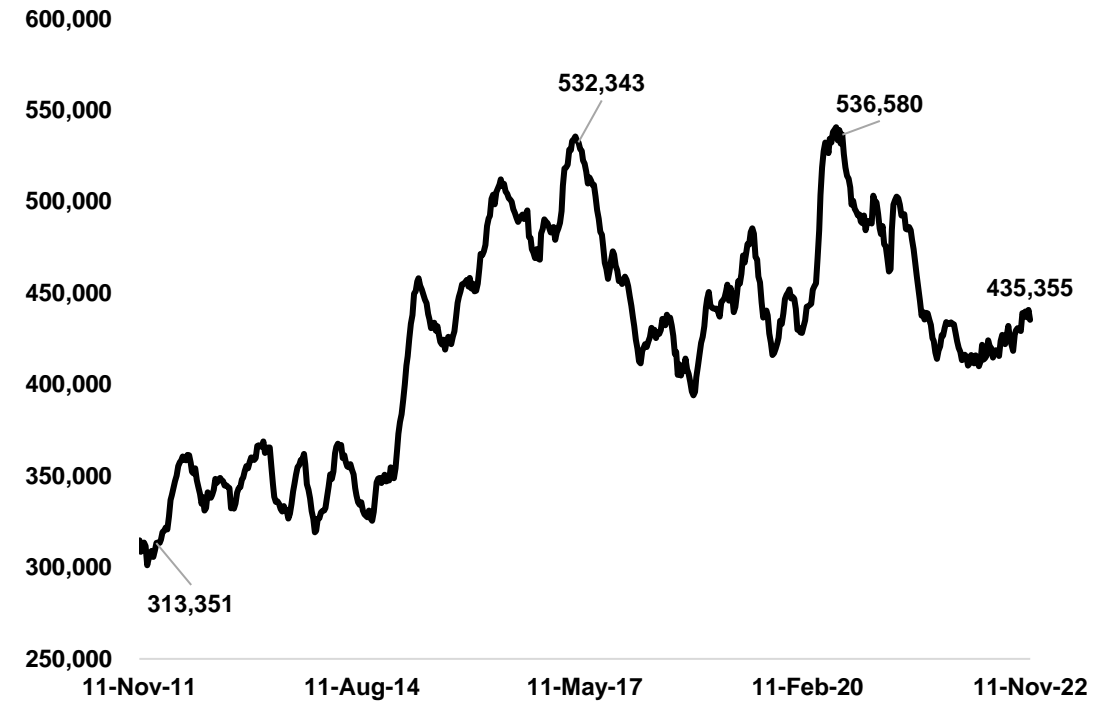
# COMMODITY: BRENT PRICE POSTED A SECOND WEEKLY DECLINE FOLLOWING WEAK DEMAND IN CHINA AND RATE HIKES FROM THE U.S.

Brent Crude in USD per barrel



Source: Bloomberg

U.S. Crude Oil Inventory, '000 barrel - EIA



Source: Energy Information Administration (EIA)

- Resurging Covid-19 cases in China could delay or even discourage economic reopening hopes, making the demand outlook from the world's top crude importer gloomy.
- In addition, concerns over aggressive monetary tightening by major central banks, as signalled by the policymakers, could tip the economy into recession, thus hurting energy demand further.

# COMMODITY: GOLD PRICE DECLINED DURING THE WEEK AMID RATE HIKES CUES FROM THE FED OFFICIALS

Gold in USD per ounce



U.S. Dollar Index (DXY)



Source: Bloomberg

- Most Fed members were in sync with the need to restrain the soaring prices, with the St Louis Fed President James Bullard stating the policy is yet too restrictive, suggesting a 5-7% range could be on the cards to stem inflation.
- San Francisco Fed President Mary Daly stressed that pausing interest rates were off the table. Meanwhile, Kansas City Fed President Esther George emphasised that policymakers should be mindful not to stop the rate hike too soon.



# WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- The main highlight of the week would be the Fed's minute meeting to be published this Wednesday, with investors looking for some clues or indications for the central bank to pivot. While the sliding of U.S. CPI could back up the likelihood of 50 bps in the December meeting, the recent stronger-than-expected retail sales put investors on edge.
- The flash PMIs data for major developed economies will be released, such as the U.S., U.K., Japan, the Eurozone as well as Australia, elaborating on the health of the world economy. Specifically, the November figures would provide insight to see any signs of further recession risks and implications for monetary policy and businesses.
- Additionally, the OECD will publish its latest forecast on the global economy on Tuesday following its recent projection made in September that suggested a worsening growth outlook for next year. Meanwhile, in the Asia-Pacific region, the central banks of New Zealand and South Korea are likely to raise their benchmark interest rates at their meetings on Wednesday and Thursday, respectively, as inflation continues to remain elevated.
- In the latest development domestically, Malaysia's GE15 ended with a hung parliament as no single coalition crossed the simple majority threshold. The political landscape has become increasingly fractured and divided, pushing the electorates away from the centre. Though Malaysia's fundamental economy remains strong, the current scenario could affect investors in the short term as they might adopt a wait-and-see approach until the new government is formed.

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