

WEEKLY MARKET UPDATES

28 MARCH 2022

ECONOMIC RESEARCH

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International

Country	Economic Indicators	Remarks
China	Monetary Policy	<ul style="list-style-type: none"> ✓ The People's Bank of China (PBOC) maintained its one-year loan prime rate (1-Y LPR) at 3.7% while the five-year rate (5-Y LPR) was retained at 4.6%. ✓ The benchmark interest rates for corporate and household loans was kept at its February fixing in order to support its internal and external conditions which were affected by the lockdown measures.
The U.S.	Consumer Sentiment	<ul style="list-style-type: none"> ✓ The University of Michigan consumer sentiment for the U.S. decreased to 59.4 in March (February: 62.8), the lowest reading since August of 2011. ✓ The sub-indexes for both current conditions (March: 67.2 vs. February: 68.2) and expectations (March: 54.3 vs. February: 59.4) declined during the month. ✓ Inflation has been the primary cause of rising pessimism, with an expected year-ahead inflation rate at 5.4%, the highest since November 1981.
The U.S.	Flash Composite Purchasing Manager's Index (PMI)	<ul style="list-style-type: none"> ✓ The headline Flash U.S. PMI Composite Output Index was higher to 58.5 points in March compared to 55.9 points previously. This indicates the sharpest increase in the nation's private sector output since July last year. Additionally, favourable domestic demand conditions have supported new export order which rose at a higher rate during March. ✓ Nevertheless, manufacturers continued to record sharper upticks in input cost and therefore, companies still sought to pass on higher costs to customers.

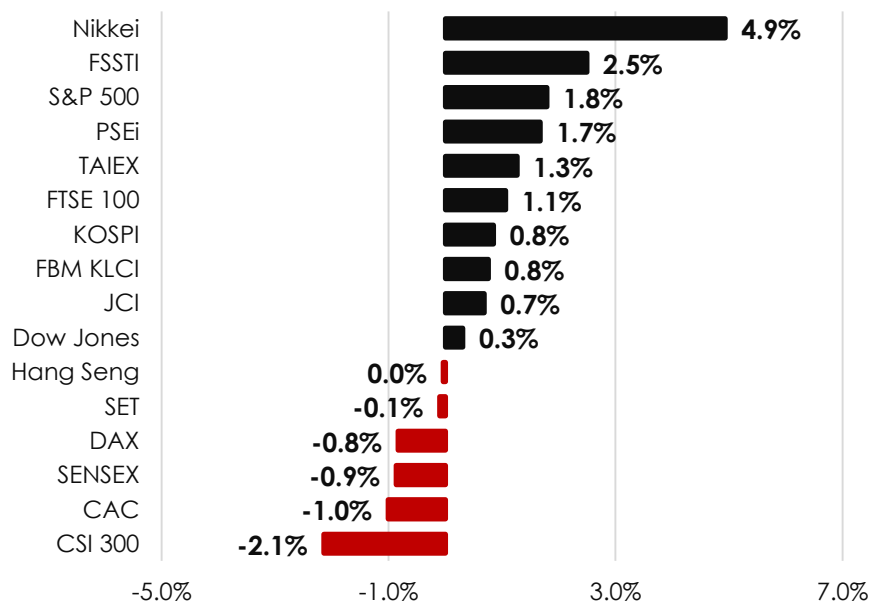
Domestic

Country	Economic Indicators	Remarks
Malaysia	Consumer Price Index (CPI)	<ul style="list-style-type: none"> ✓ Malaysia's CPI grew moderately by 2.2% year-on-year (y-o-y) in February, after rising by 2.3% in the previous month. ✓ This was mainly attributed by the slower price increases for Transport at 3.9% during the month from a 6.0% growth in the preceding month. ✓ Nonetheless, higher costs of Food and Non-Alcoholic Beverages (February: 3.7% vs. January: 3.6%), as well as Housing, Water, Electricity, Gas & Other Fuels (February: 0.8% vs. January: 0.7%) were seen in February.
	Leading Indicator (LI)	<ul style="list-style-type: none"> ✓ The performance of Leading Index (LI) increased by 0.02% y-o-y to 110.1 points in January 2022 (December 2021: 111.4 points) mainly backed by the Number of New Companies Registered. ✓ Additionally, the Coincident Index (CI) rose by 5.5% to 117.4 points in January 2022 (December 2021: 114.5 points) as the rapid spread of Omicron variant is not expected to pose a significant effect on the economy.

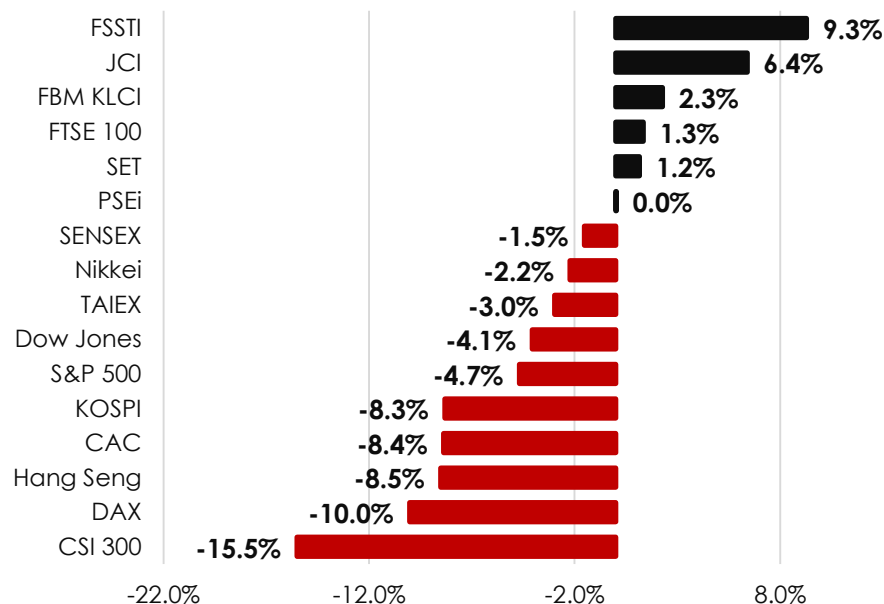
WEEKLY MARKET PERFORMANCE

- ✓ The Japan's Nikkei index led gainers with a 4.9% weekly advance among the major equity markets last week. This was due to a cheaper Japanese Yen (JPY) which has promoted purchases of export-reliant industries like electronics and automobiles, making their products more competitive globally.
- ✓ Meanwhile, the China's CSI 300 declined by 2.1% as investors weighed the latest developments in Russia and Ukraine, alongside with more hawkish comments from the U.S. Federal Reserve (Fed) officials.
- ✓ On a Year-To-Date (YTD) basis, FBM KLCI (2.3%) was among the top performers as Malaysia's reopening of international borders starting 1 April 2022 has boosted buying interest.

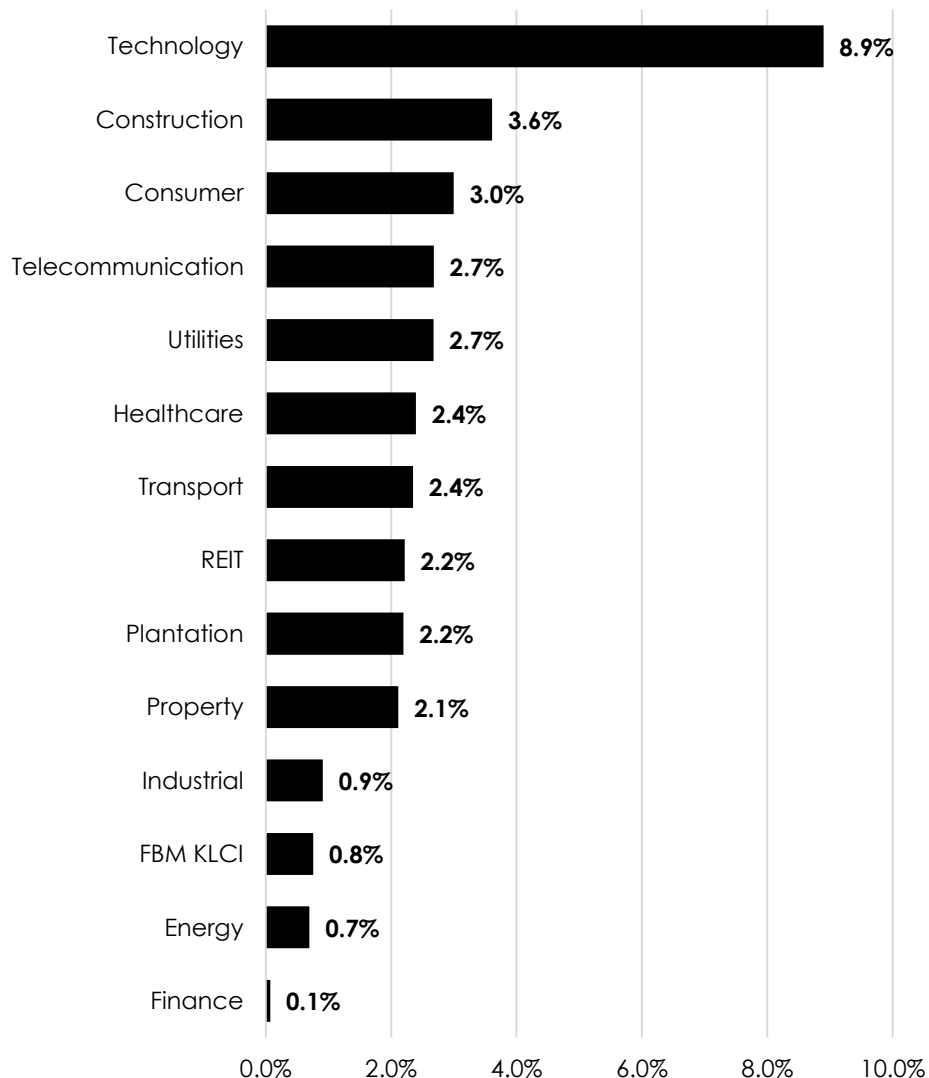
**Weekly Gain/Loss of Major Equity Markets, %
(Week Ending 25 March)**



**YTD Gain/Loss Of Major Equity Markets, %
(As at 25 March)**



Bursa Sectoral Performance, w-o-w%



Source: Bursa

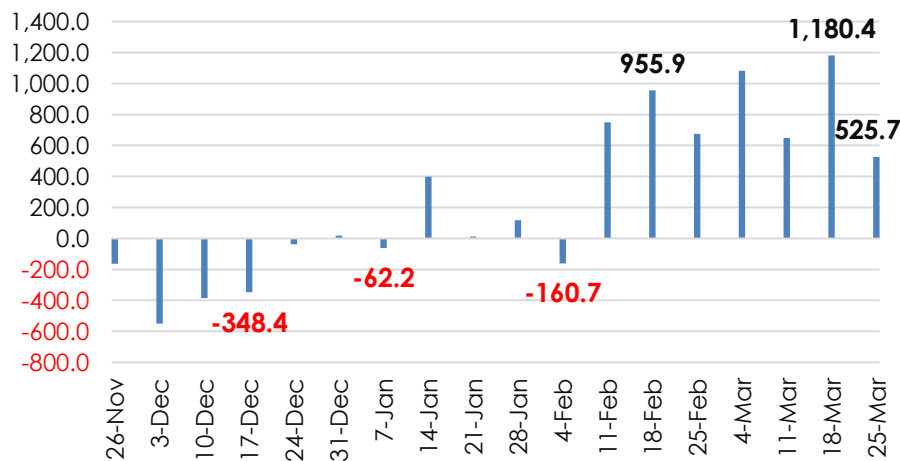
WEEKLY SECTORAL PERFORMANCE

- ✓ **Technology index** emerged as top gainer with an 8.9% gain due to bargain hunting activities after its major sell-off during early part of 2022.
- ✓ This was followed by the **Construction sector** which recorded a 3.6% increase. The upturn mainly contributed by spillover effect from the Mass Rapid Transit 3 (MRT3) line project which has supported buying activities in construction stocks.
- ✓ **Looking forward, the FBM KLCI will be traded range bound between 1,590.0 points and 1,610.0 points this week amid profit-taking activities.**
- ✓ However, investors will remain cautious in view of persistence raise in the global inflation alongside development between the Russian and Ukraine conflicts.

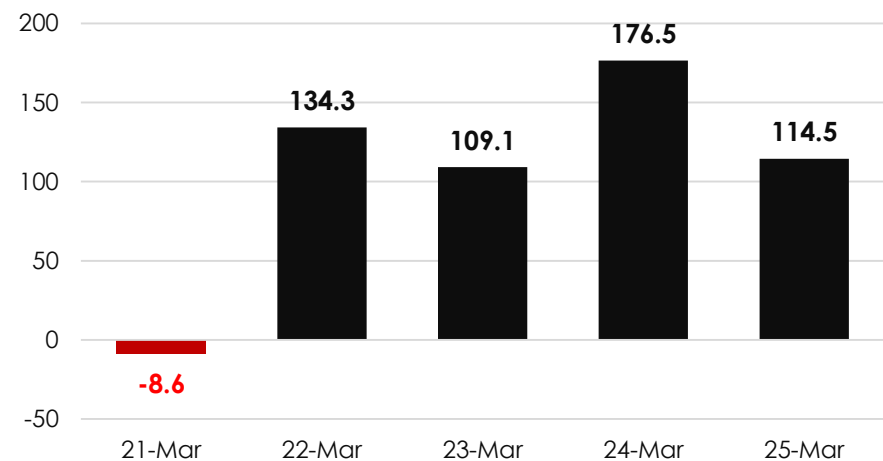
WEEKLY FOREIGN FUND FLOW

- ✓ Foreign investors remained to be net buyers for the seventh straight week as they bought RM525.7 million net of local equities last week. However, this was lower as compared to RM1.2 billion net inflows recorded in the preceding week.
- ✓ On further scrutiny, Bursa started the week on the wrong foot as foreign investors sold RM8.6 million net of local equities on Monday, ending its 30-day streak of net buying. Notwithstanding that, foreign investors turned to be net buyers for the remaining days of the week, where largest inflows was recorded on Thursday at RM176.5 million.
- ✓ On a YTD basis, international investors have acquired RM6.1 billion net of local equities in 2022 compared to RM1.6 billion net disposed during the same period in 2021. This suggests that foreign investors continued to have a strong interest on Malaysian equity market.

**Weekly Foreign Fund Flow in Malaysia
(RM Million)**



**Daily Foreign Net Inflow/Outflow from 21 to 25
March (RM Million)**



Source: Bursa

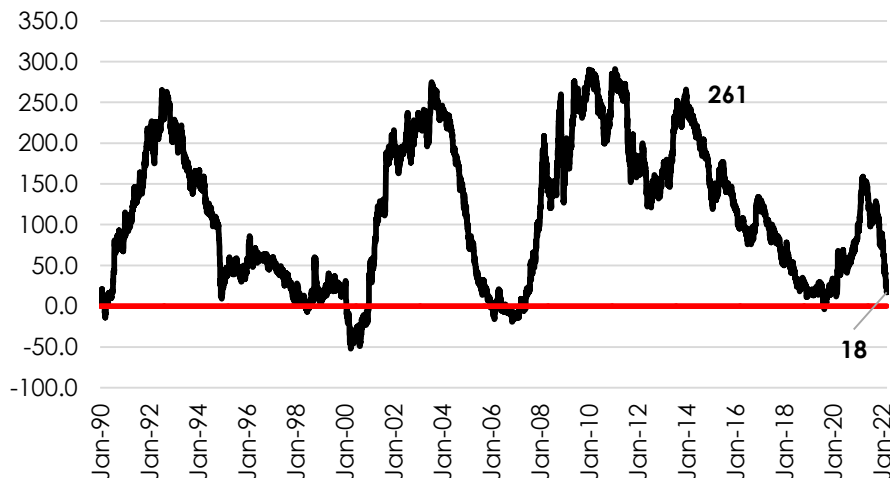
Bond Yields Weekly Change, basis points (bps)

UST	Yields (%) 18-Mar-22	Yields (%) 25-Mar-22	Change (bps)
3-M UST	0.42%	0.55%	13
2-Y UST	1.97%	2.30%	33
5-Y UST	2.14%	2.55%	41
10-Y UST	2.14%	2.48%	34

MGS	Yields (%) 18-Mar-22	Yields (%) 25-Mar-22	Change (bps)
3-Y MGS	2.67%	2.73%	6
5-Y MGS	3.30%	3.43%	13
7-Y MGS	3.55%	3.72%	17
10-Y MGS	3.69%	3.87%	18

Sources: CEIC, BNM

Yield Curve, bps



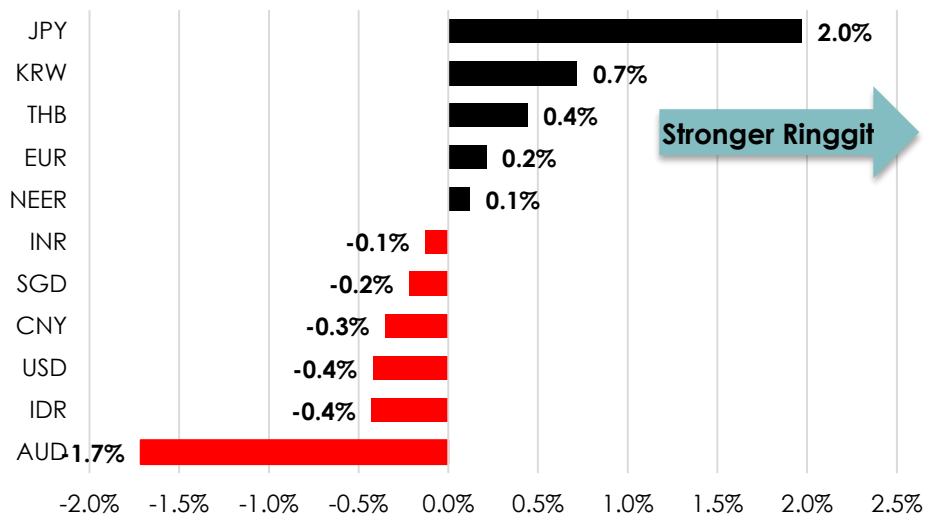
Source: CEIC

- ✓ As for the bond market, the U.S. Treasury (UST) yields saw **a significant jump between 13 bps and 41 bps** for the week ending 25 March amid hawkish comments by the Fed.
- ✓ Meanwhile, the yield curve (10-Y UST yields minus 2-Y UST yields) narrowed to 18 bps on last Friday as cloud outlook has spurred interest rate on short-term bonds to move higher than long-term bonds.
- ✓ On domestic front, the MGS bond yields also moved higher between 6 bps and 18 bps on last Friday in tandem with rising global bond yields.
- ✓ Looking forward, MGS yields are anticipated to trend higher as the market expects a more aggressive rate hike during the upcoming meetings.
- ✓ Additionally, the domestic debt market may record modest foreign fund outflows in the near-term amid heightened global risk-off sentiment alongside increasingly hawkish Fed rhetoric.

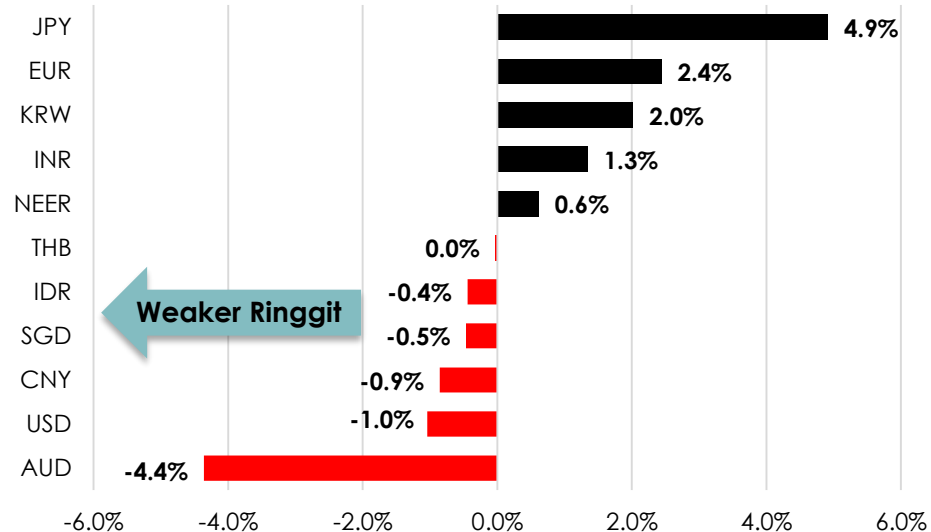
WEEKLY PERFORMANCE

- ✓ The Ringgit fell by 0.4% week-on-week to close at RM4.2080 against the U.S. Dollar on 25 March from RM4.1910 on 18 March.
- ✓ The U.S. Dollar emerged stronger during the week underpinned by positive U.S. economic data which saw its weekly jobless data dropped to the lowest level since 1969. The figure decreased to 187k for the week ending 19 March from 215k in the previous week, suggesting a healthy labour market condition.
- ✓ According to labor department, the strength in the job market may push the Fed to raise interest rates by a half percentage point at its next policy meeting in May.
- ✓ Be that as it may, we foresee that the Ringgit is expected to trade on upside bias against the U.S. Dollar this week, moving between RM4.19 to RM4.20. The local note could gain the momentum following a fairly stable released data of inflation in February which increased at a slower rate despite uncertainties of Ukraine war.

**MYR against regional currencies, w-o-w%
(Week Ending 25 March)**



**MYR against regional currencies,
YTD Gain% (As at 25 March)**



BRENT

- ✓ Brent crude oil price recorded a 11.8% weekly increase to settle at USD120.65 per barrel on 25 March (18 March: USD107.93 per barrel) after a two-week losing streak.
- ✓ This was fueled by the disruptions of Russian and Kazakh crude exports via the Caspian Pipeline Consortium (CPC) pipeline which have raised concerns over tight global supplies.
- ✓ Apart from that, a decline in the U.S. crude inventories has also supported the price movement last week.
- ✓ On further scrutiny, the U.S. Energy Information Administration (EIA) reported that the crude oil stockpiles dropped by 2.5 million barrels to 413.4 million barrels in the week ending 18 March (11 March: 415.9 million barrels). Similarly, the American Petroleum Institute (API) mentioned that fuel inventories declined by 4.3 million barrels for the week which ended on 18 March after rising by 3.8 million barrels in the previous week.

Brent Crude in USD per barrel



Source: Bloomberg

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



GOLD

- ✓ Gold price increased by 1.9% to USD1,958.29 per ounce on 25 March (18 March: USD1,921.62 per ounce) after registering a dip of 3.8% in the previous week.
- ✓ The rise in gold price was as a result of the conflict in Ukraine war which showed no signs of slowing, hence boosting its appeal as safe-haven and an inflation hedge.
- ✓ In the latest development, Ukrainian forces advance east of Kyvi as Russians forces appear to have halted, at least for now, in aiming to capture the said capital.
- ✓ All in all, investors remained cautious following signal by the Fed to lay out more aggressive approach to monetary tightening in an effort to combat rising inflation.
- ✓ For record, U.S. inflation rate continued to climb high to reach 7.9% y-o-y in February (January: 7.5%), marking a new record pace in 40 years since 1982. It is no doubt that Russia's invasion of Ukraine on 24 February has been the biggest factor boosting the already-high inflation in the country.

Gold in USD per ounce



U.S. Headline Inflation, y-o-y%



Sources: Bloomberg, CEIC

ECONOMIC RESEARCH

- ✓ For this week, Bursa Malaysia is expected to trade range-bound within 1,590.00 points-1,610.00 points on the back of persistent foreign net inflows, as well as reopening of international borders of Malaysia on 1 April. Thus far, the FBMKLCI has strengthened by 12.04 points to 1,603.30 points from 1,591.26 points in the previous week.
- ✓ Developments in Ukraine, as well as rising commodities prices will continue to shape the market sentiment in the near term. Despite the ongoing war between Ukraine and Russia, the U.S. jobs report for March is expected to remain decent with unemployment rate likely to fall further to 3.7% (February: 3.8%). As such, bets for a half-percentage point increases have gone up at the upcoming FOMC meeting on 3 to 4 May.
- ✓ Inflation rate is expected to remain elevated as the military conflict in Ukraine has yet to recede. This will pose a serious challenge to the policy makers especially in areas relating to fuel subsidies, as well as monetary policy. Perhaps, the Bank Negara Malaysia (BNM) would shed more lights in this respect when they unveil their annual report on 30 March.
- ✓ Elsewhere, flash PMI surveys across the Asian region such as Indonesia and Philippines for the month of March will be released this week. Both countries' readings are expected to improve mainly due to the drop in daily cases of Covid-19 infections which could help to bolster the economic outlook and new orders. Meanwhile, it would be a different case for China as the PMI data could be affected by stricter Covid-related social distancing measures.
- ✓ Domestically, with the announcement of the reopening of international borders effectively on 1 April, Malaysian economy is anticipated to accelerate in light of the livelier tourism related industries. Following this, the country is on right path to achieve its gross domestic product (GDP) growth projection of 5.5% to 6.5% this year.

COVID-19 UPDATE: DAILY NUMBER OF CONFIRMED CASES

Date	Global	China	Germany	India	Indonesia	Italy	Japan	Singapore	South Korea	Spain	Thailand	United Kingdom	United States	France	Malaysia
25-Feb-22	1,726,762	9,103	210,743	13,166	49,447	47,493	65,657	18,593	165,890	20,794	24,932	36,299	74,160	66,714	30,644
26-Feb-22	1,615,602	38,163	175,833	11,499	46,643	42,069	65,196	18,597	166,198	18,060	25,615	30,501	75,849	55,715	27,299
27-Feb-22	1,321,698	23,704	107,913	10,273	34,976	39,360	69,661	16,857	163,555	16,226	24,719	27,784	74,433	51,270	24,466
28-Feb-22	1,264,845	26,321	62,349	8,013	25,054	31,878	69,267	14,228	139,626	8,739	22,311	25,052	24,696	42,569	23,100
1-Mar-22	1,205,542	34,722	122,111	6,915	24,728	19,366	51,272	13,544	138,989	7,495	20,420	31,341	17,528	3,447	25,854
2-Mar-22	1,591,771	32,865	186,406	7,554	40,920	47,136	61,843	24,080	219,240	16,949	22,197	44,594	78,090	79,705	27,500
3-Mar-22	1,630,220	55,617	210,673	6,561	37,259	37,946	71,570	19,159	198,788	16,644	23,618	44,723	64,245	56,214	32,467
4-Mar-22	1,709,770	57,192	217,593	6,396	26,347	41,500	70,958	18,162	266,853	20,141	23,834	46,123	53,139	59,935	33,209
5-Mar-22	1,662,823	52,868	192,210	5,921	30,156	38,353	64,333	17,564	254,310	19,459	22,818	43,689	51,159	55,714	33,406
6-Mar-22	1,473,197	37,938	116,889	5,476	24,867	41,364	63,520	16,274	243,625	18,198	21,881	41,348	44,853	52,449	27,435
7-Mar-22	1,298,121	31,378	78,428	4,362	21,380	35,889	55,417	13,158	210,709	9,691	21,162	38,715	13,732	45,328	26,856
8-Mar-22	1,271,882	25,504	156,799	3,993	30,148	22,662	40,575	13,520	202,702	8,382	18,943	48,968	8,530	1,243	31,490
9-Mar-22	1,779,204	28,865	215,854	4,575	26,336	60,753	49,416	22,201	342,429	19,137	22,073	68,442	60,034	89,546	30,246
10-Mar-22	1,883,859	26,596	262,752	4,184	21,311	49,815	62,747	17,051	327,538	18,608	22,984	69,985	31,021	67,257	30,787
11-Mar-22	1,786,899	25,027	252,836	4,194	16,110	55,156	62,825	16,165	282,973	18,282	24,792	73,402	48,117	72,891	32,800
12-Mar-22	1,781,034	19,558	237,086	3,614	14,900	53,961	55,970	15,345	383,651	17,270	24,592	70,375	41,197	68,752	26,250
13-Mar-22	1,811,787	17,788	146,607	3,116	11,585	54,669	55,328	12,632	350,169	16,576	23,584	66,922	38,240	72,443	22,535
14-Mar-22	1,349,184	14,835	92,378	2,503	9,629	50,079	52,002	9,701	309,780	9,154	22,130	61,945	10,807	60,422	22,030
15-Mar-22	1,517,798	15,717	198,888	2,568	14,408	29,698	35,846	9,042	362,322	8,722	19,742	75,587	8,360	9,986	26,534
16-Mar-22	2,056,971	13,947	262,593	2,876	13,018	86,414	45,649	15,851	400,730	20,141	23,945	99,546	65,569	113,572	28,298
17-Mar-22	2,203,088	15,861	294,931	2,539	11,532	74,147	57,922	11,278	621,328	19,022	25,456	93,354	25,467	107,225	27,004
18-Mar-22	2,039,210	11,180	297,845	2,528	9,528	82,368	55,147	10,713	407,017	19,002	27,071	91,321	40,844	100,519	24,241
19-Mar-22	1,765,608	10,269	260,239	2,075	7,951	78,577	49,246	10,594	381,329	16,871	25,804	82,390	35,769	92,516	22,341
20-Mar-22	1,703,562	9,391	131,792	1,761	5,922	75,768	45,733	10,244	334,708	15,416	24,996	74,822	32,348	98,104	19,105
21-Mar-22	1,160,205	8,024	92,314	1,549	4,699	61,564	42,151	7,859	208,914	7,692	23,441	66,864	6,411	81,228	17,828
22-Mar-22	1,356,702	6,958	222,080	1,581	7,464	33,445	27,701	7,538	353,806	6,926	21,382	80,267	18,124	23,602	21,483
23-Mar-22	1,988,198	7,052	283,732	1,778	6,376	96,904	21,420	13,166	490,872	12,556	25,164	107,499	40,117	168,907	22,491
24-Mar-22	1,762,853	6,401	318,387	1,938	5,808	78,358	36,605	8,940	395,480	-	27,024	92,433	26,781	144,951	24,316
25-Mar-22	1,608,935	7,237	296,498	1,685	4,857	82,648	49,063	8,478	339,514	-	26,050	51,762	47,528	148,243	21,839

Source: CEIC

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