



From the Desk
of the
Chief Economist

BANK ISLAM

MONTHLY ECONOMIC & MARKET UPDATES

4 MAY 2021

ECONOMIC RESEARCH

**DR. MOHD AFZANIZAM ABDUL RASHID
ADAM MOHAMED RAHIM
SHAFIZ BIN JAMALUDDIN
NOR JANNAH ABDULLAH**

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GLOBAL ECONOMY

- ✓ **Global growth is expected to improve further** - The International Monetary Fund (IMF) has lifted its global economic projection by 0.5% to 6.0% in 2021, higher than the 5.5% forecast made in January. This was supported by the aggressive stimulus spending by the US and other countries, as well as the start of the vaccination campaigns in many countries.
- ✓ **Worldwide Covid-19 confirmed cases have exceeded 150.0 million in April** - The total number of people infected with Covid-19 globally was reported at 150.1 million as at 30 April. The US, India and Brazil have seen the highest number of confirmed cases, followed by France, Turkey and Russia.
- ✓ **Strict measures to protect lives and health services** – Lockdowns have been a hugely popular means of addressing rising number of Covid-19 cases. Thus far, Germany has implemented tough lockdown rules in a bid to curb the third wave of infections, issuing a set of new measures expected to last until June this year. Apart from that, Japan has declared third state of emergency in the prefectures of Osaka, Kyoto, Hyogo and Tokyo from 25 April to 11 May as Covid-19 cases rise in these areas.
- ✓ **How has the vaccination campaign progress so far?** - More than 1.16 billion vaccine doses have been administered worldwide, equal to 15 doses for every 100 people as at 2 May 2021. Notwithstanding that, there is already a stark gap between vaccination programs in different countries, with some yet to report a single dose.
- ✓ **Global manufacturing activities expanded for the tenth straight month** – The J.P. Morgan Global Manufacturing Purchasing Managers' Index (PMI) increased to 55.8 points in April from 55.0 points in the previous month as the gradual lifting of Covid-19 restrictions in many parts of the world is driving an accelerated upturn in manufacturing activities and demand conditions.

WORLD ECONOMIC OUTLOOK PROJECTION BY THE IMF – 0.5% HIGHER THAN THE PREVIOUS FORECAST

	2020	Projections		Difference from January 2021 WEO Update ¹		Difference from October 2020 WEO ¹	
		2021	2022	2021	2022	2021	2022
World Output	-3.3	6.0	4.4	0.5	0.2	0.8	0.2
Advanced Economies	-4.7	5.1	3.6	0.8	0.5	1.2	0.7
United States	-3.5	6.4	3.5	1.3	1.0	3.3	0.6
Euro Area	-6.6	4.4	3.8	0.2	0.2	-0.8	0.7
Germany	-4.9	3.6	3.4	0.1	0.3	-0.6	0.3
France	-8.2	5.8	4.2	0.3	0.1	-0.2	1.3
Italy	-8.9	4.2	3.6	1.2	0.0	-1.0	1.0
Spain	-11.0	6.4	4.7	0.5	0.0	-0.8	0.2
Japan	-4.8	3.3	2.5	0.2	0.1	1.0	0.8
United Kingdom	-9.9	5.3	5.1	0.8	0.1	-0.6	1.9
Canada	-5.4	5.0	4.7	1.4	0.6	-0.2	1.3
Other Advanced Economies ²	-2.1	4.4	3.4	0.8	0.3	0.8	0.3
Emerging Market and Developing Economies	-2.2	6.7	5.0	0.4	0.0	0.7	-0.1
Emerging and Developing Asia	-1.0	8.6	6.0	0.3	0.1	0.6	-0.3
China	2.3	8.4	5.6	0.3	0.0	0.2	-0.2
India ³	-8.0	12.5	6.9	1.0	0.1	3.7	-1.1
ASEAN-5 ⁴	-3.4	4.9	6.1	-0.3	0.1	-1.3	0.4
Emerging and Developing Europe	-2.0	4.4	3.9	0.4	0.0	0.5	0.5
Russia	-3.1	3.8	3.8	0.8	-0.1	1.0	1.5
Latin America and the Caribbean	-7.0	4.6	3.1	0.5	0.2	1.0	0.4
Brazil	-4.1	3.7	2.6	0.1	0.0	0.9	0.3
Mexico	-8.2	5.0	3.0	0.7	0.5	1.5	0.7
Middle East and Central Asia	-2.9	3.7	3.8	0.7	-0.4	0.7	-0.2
Saudi Arabia	-4.1	2.9	4.0	0.3	0.0	-0.2	0.6
Sub-Saharan Africa	-1.9	3.4	4.0	0.2	0.1	0.3	0.0
Nigeria	-1.8	2.5	2.3	1.0	-0.2	0.8	-0.2
South Africa	-7.0	3.1	2.0	0.3	0.6	0.1	0.5

April's
projection:
6.0%

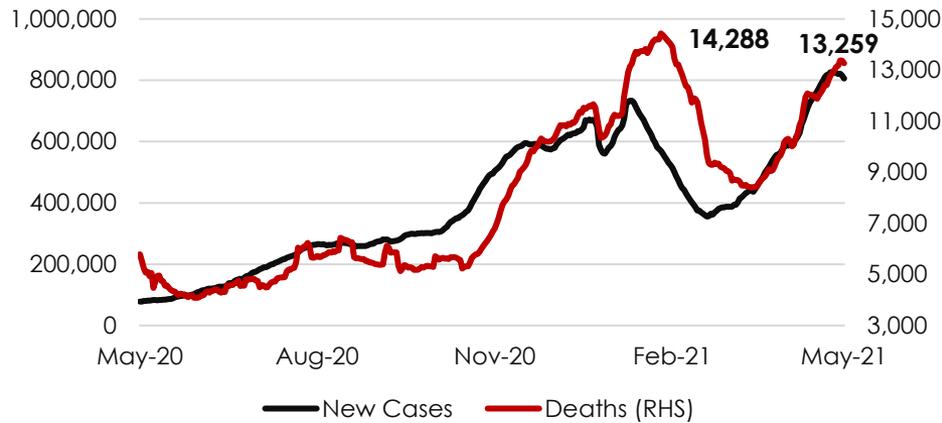


January's
projection:
5.5%

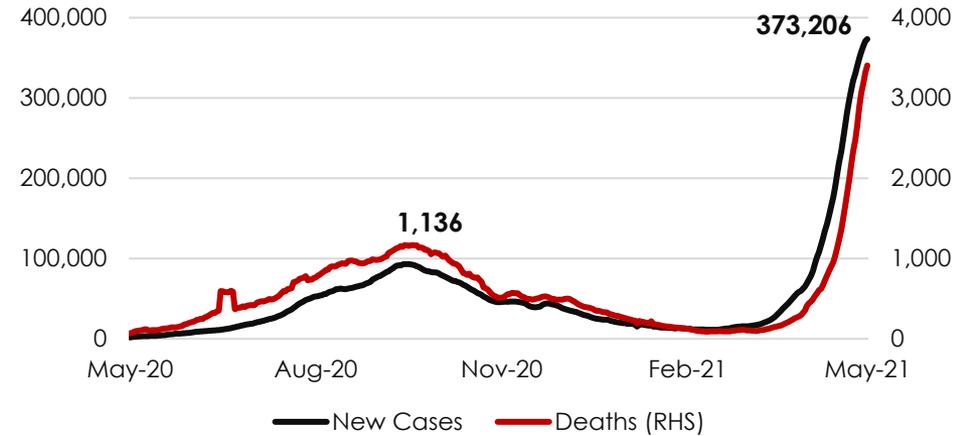
Source: IMF

Better projection was due to additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in 2H2021.

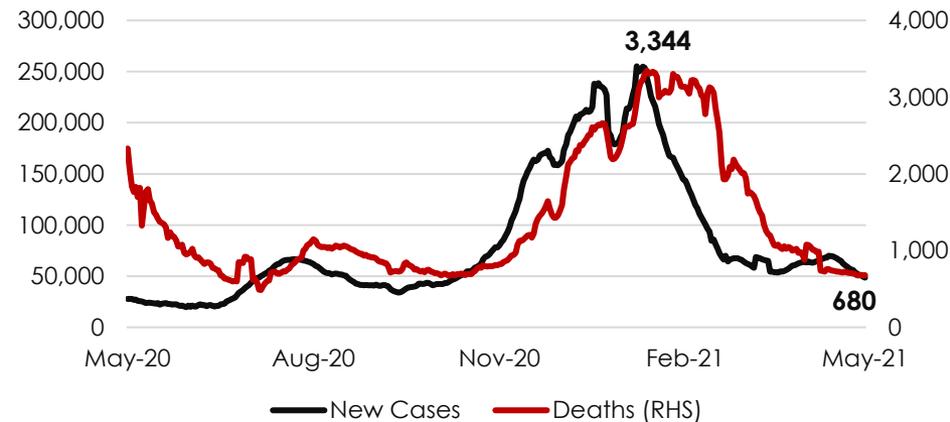
Covid-19 Cases and Deaths Global (7-Day Moving Average)



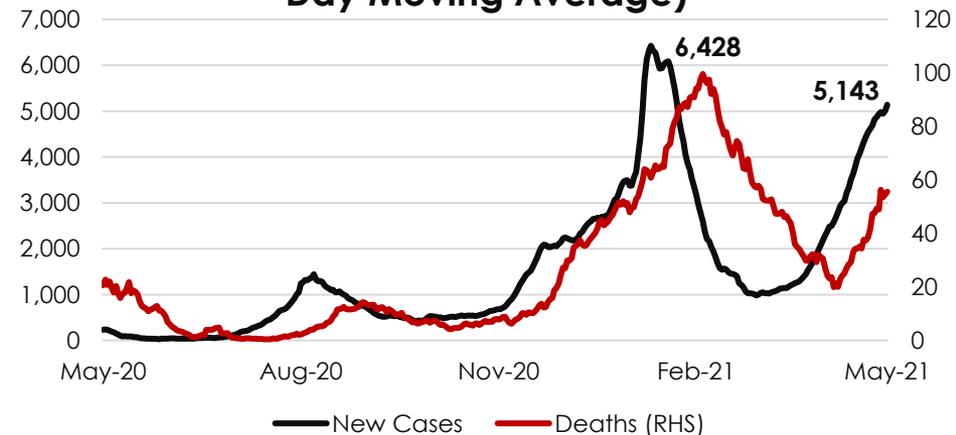
Covid-19 Cases and Deaths in India (7-Day Moving Average)



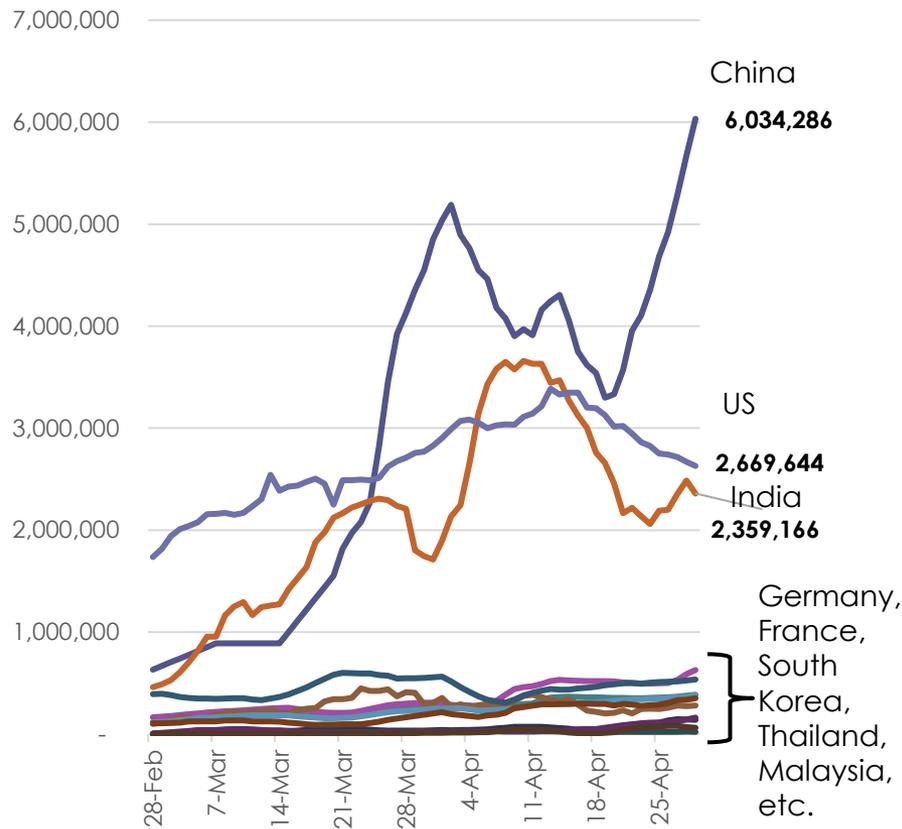
Covid-19 Cases and Deaths in US (7-Day Moving Average)



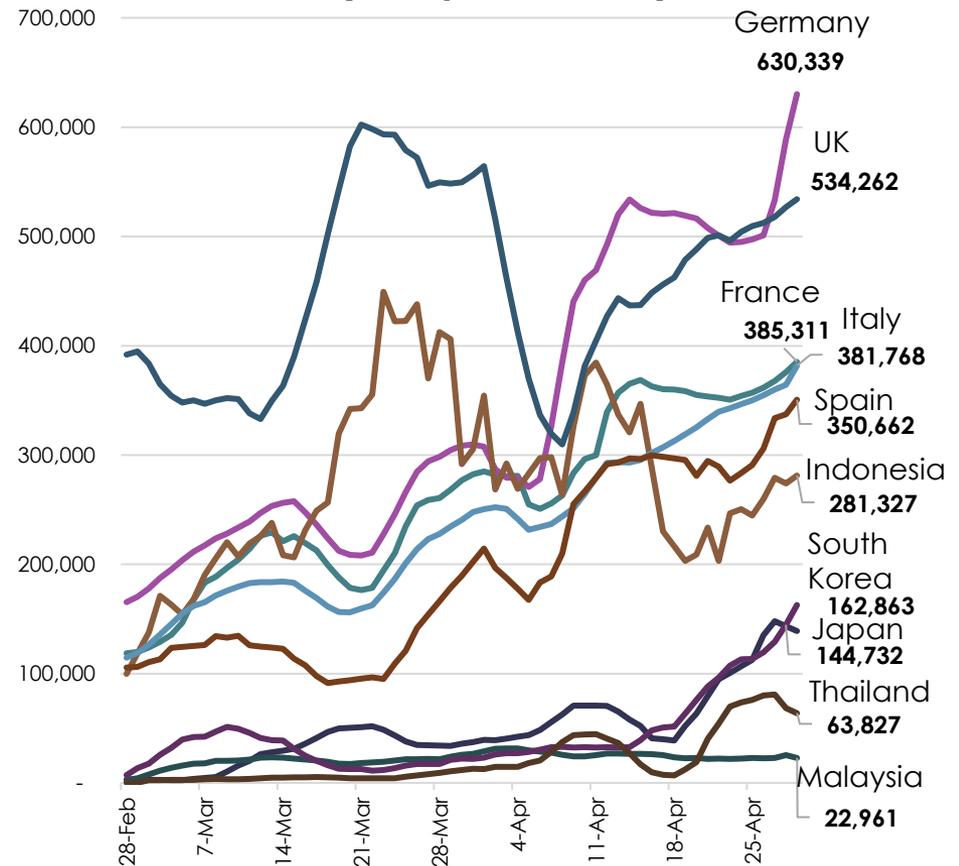
Covid-19 Cases and Deaths in Japan (7-Day Moving Average)



Daily Vaccination Doses Administered (7-day smoothed) for outliers



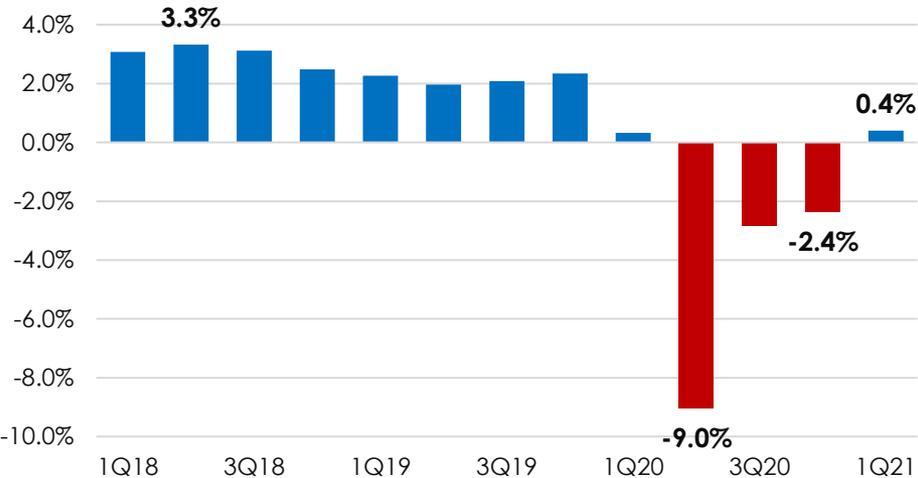
Daily Vaccination Doses Administered (7-day smoothed)



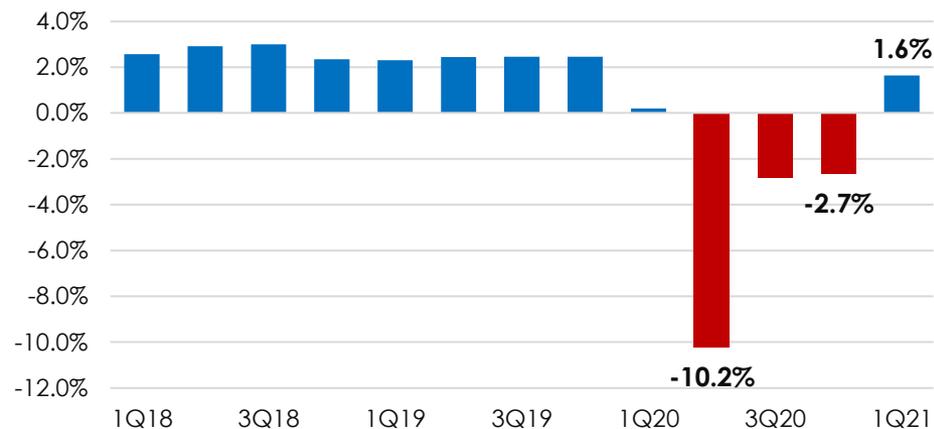
Source: CEIC

US ECONOMY: GDP REBOUNDED BY 0.4% Y-O-Y IN 1Q2021 (ADVANCE ESTIMATE)

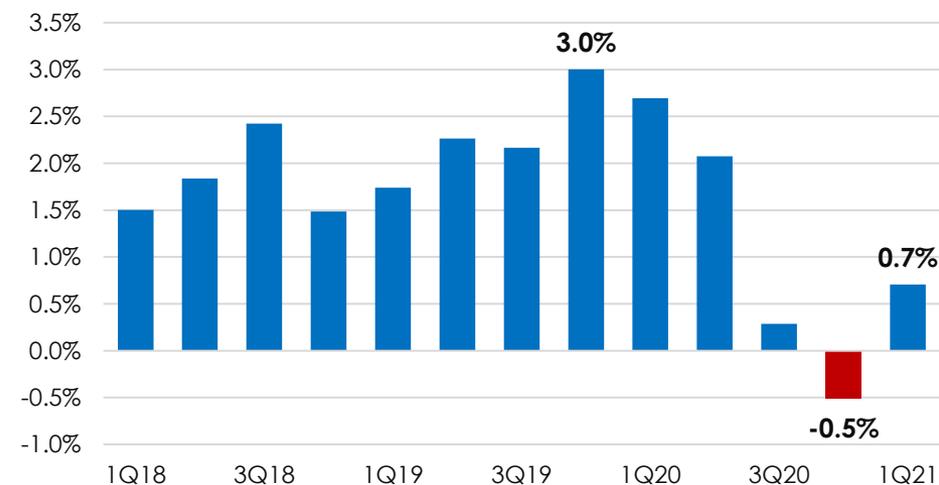
GDP, y-o-y%



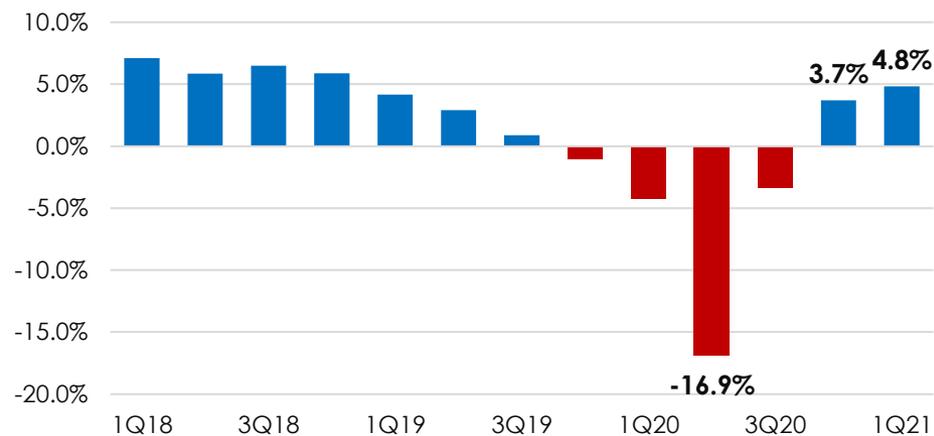
Personal Consumption Expenditure (PCE), y-o-y%



Government Spending, y-o-y%

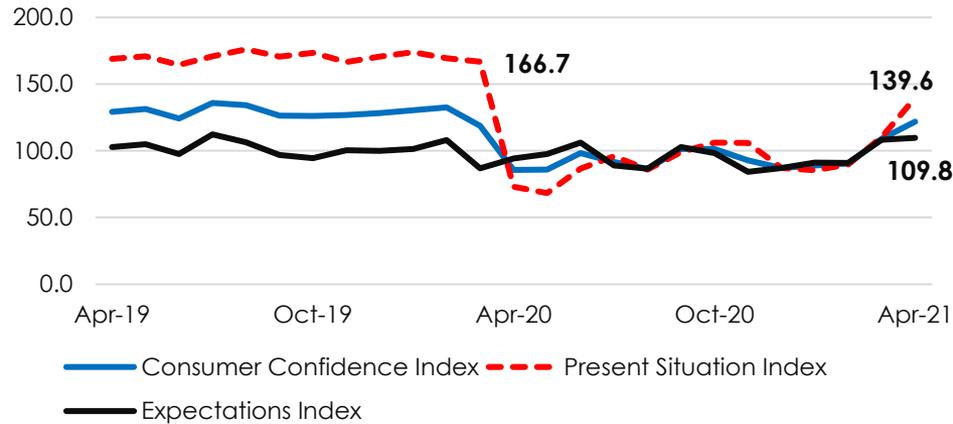


Gross Private Domestic Investment (GPDI), y-o-y%

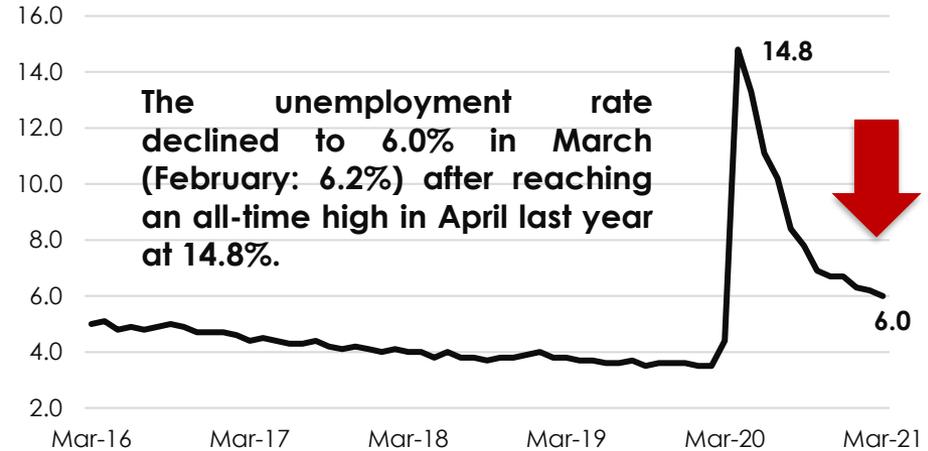


Source: CEIC, US BEA

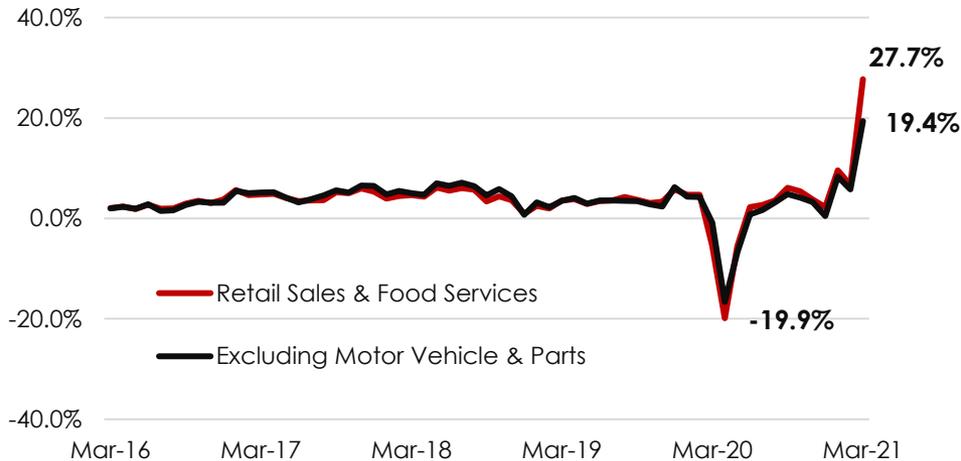
Conference Board Consumer Confident Index, points



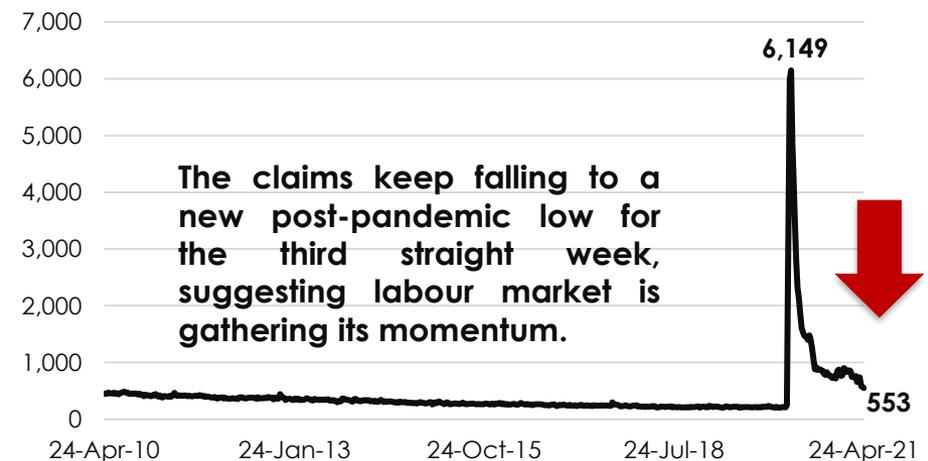
Unemployment Rate, %



Retail Sales & Food Services, y-o-y%

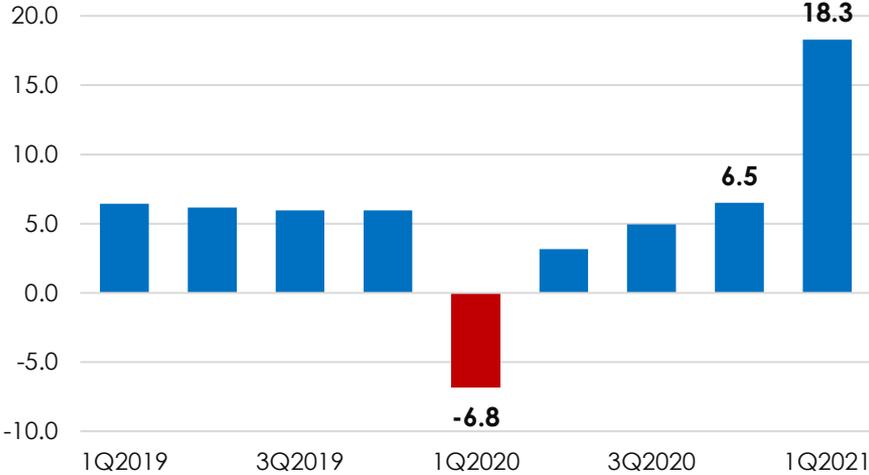


US IJC, '000



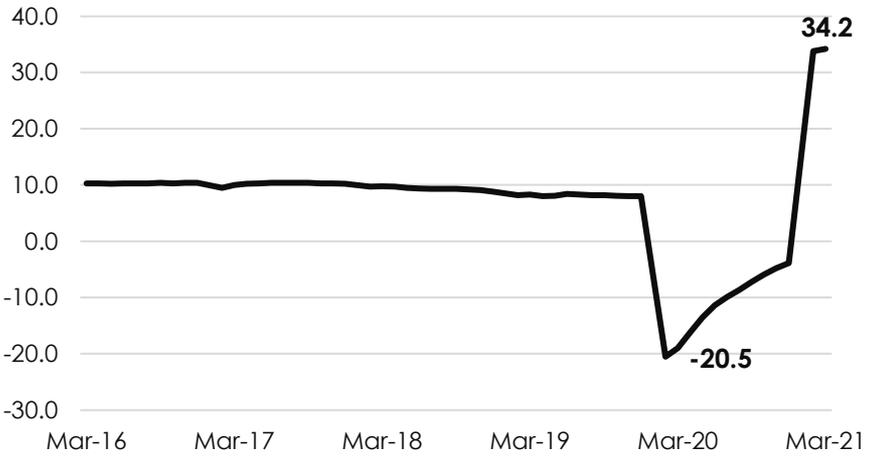
CHINA ECONOMY – CONTINUED TO GAIN ECONOMIC MOMENTUM

GDP, y-o-y%

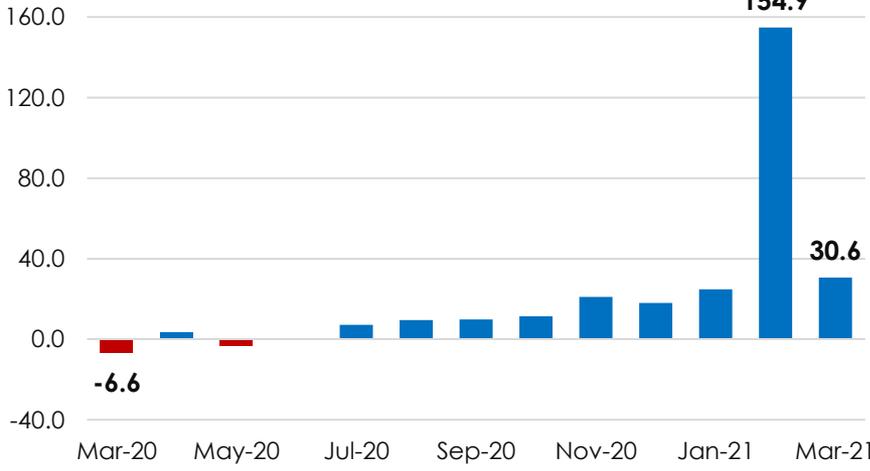


- ✓ China's GDP surged by 18.3% year-on-year (y-o-y) in 1Q2021 from a 6.5% growth in the previous quarter.
- ✓ This was the strongest pace of expansion since the series began in 1992, backed by strengthening domestic and global demand, strict Covid-19 containment measures, as well as continued fiscal and monetary support.

Retail Sales, y-o-y%



Exports, y-o-y%



Source: CEIC

Singapore's GDP, y-o-y%



Source: CEIC

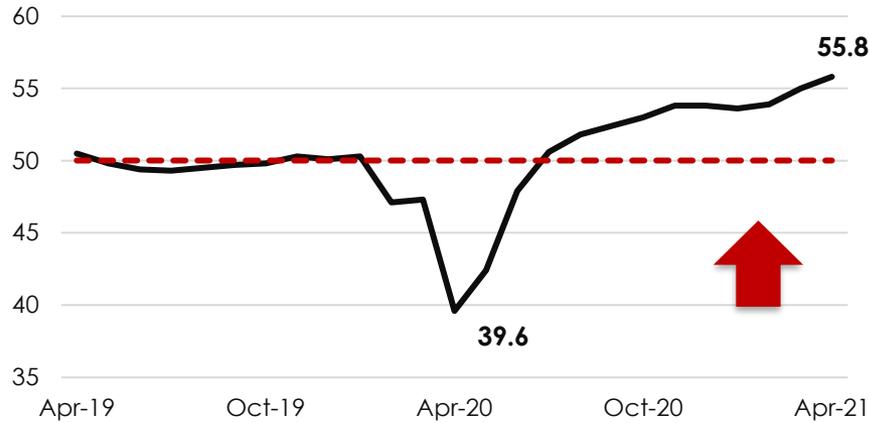
Quarter/Year	1Q2020	2Q2020	3Q2020	4Q2020	2020	1Q2021*
% Change over corresponding period of previous year (y-o-y)						
Overall GDP	0.0	-13.3	-5.8	-2.4	-5.4	0.2
Goods Producing Industries:	6.7	-10.0	1.1	3.9	0.3	3.3
Manufacturing	8.3	-0.4	11.0	10.3	7.3	7.5
Construction	-0.3	-65.6	-52.5	-27.4	-35.9	-20.2
Services Producing Industries	-1.9	-12.7	-8.3	-4.7	-6.9	-1.2

Source: MTI, Singapore
*Advance estimates

- ✓ Singapore's GDP rebounded by 0.2% y-o-y in 1Q2021 from a 2.4% contraction in the preceding quarter as the country continued its recovery from the unprecedented impact of Covid-19 since last year.
- ✓ This was mainly attributed to the Manufacturing sector which expanded by 7.5% in 1Q2021, though at a softer rate as compared to a 10.3% increase in the previous quarter. Growth of the sector was supported by output expansions in the electronics, precision engineering, chemicals and biomedical manufacturing clusters.
- ✓ Meanwhile, the Construction and Services sectors continued to record a negative growth of 20.2% (4Q2020: -27.4%) and 1.2% (4Q2020: -4.7%) in 1Q2021. Nonetheless, the degree of contraction was softened as compared to the previous quarter.

MANUFACTURER SENTIMENTS CONTINUED TO IMPROVE AMID BETTER DEMAND CONDITIONS

J.P. Morgan Global Manufacturing PMI, points

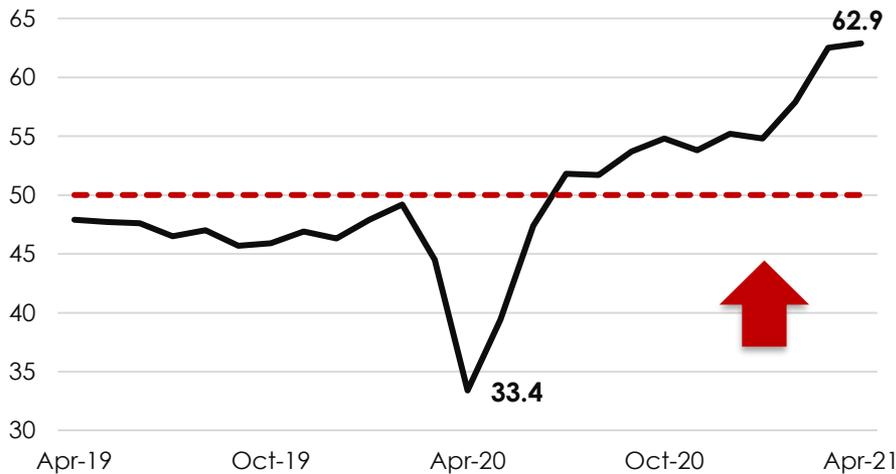


Index Summary:

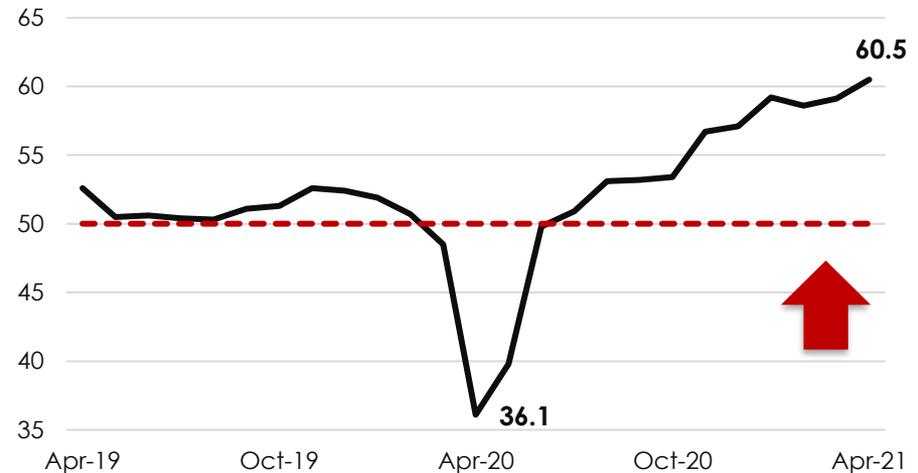
Index	Mar-21	Apr-21	Interpretation
PMI	55.0	55.8	Improvement, faster rate
Output	55.0	55.7	Growth, faster rate
New Orders	55.8	56.7	Growth, faster rate
New Export Orders	53.5	54.7	Growth, faster rate
Future Output	66.5	66.6	Growth expected, better sentiment
Employment	51.6	52.5	Growth, faster rate
Input Prices	68.4	69.6	Inflation, faster rate
Output Prices	59.3	59.7	Inflation, faster rate

Source: IHS Markit

Eurozone Manufacturing PMI, points



US Manufacturing PMI, points



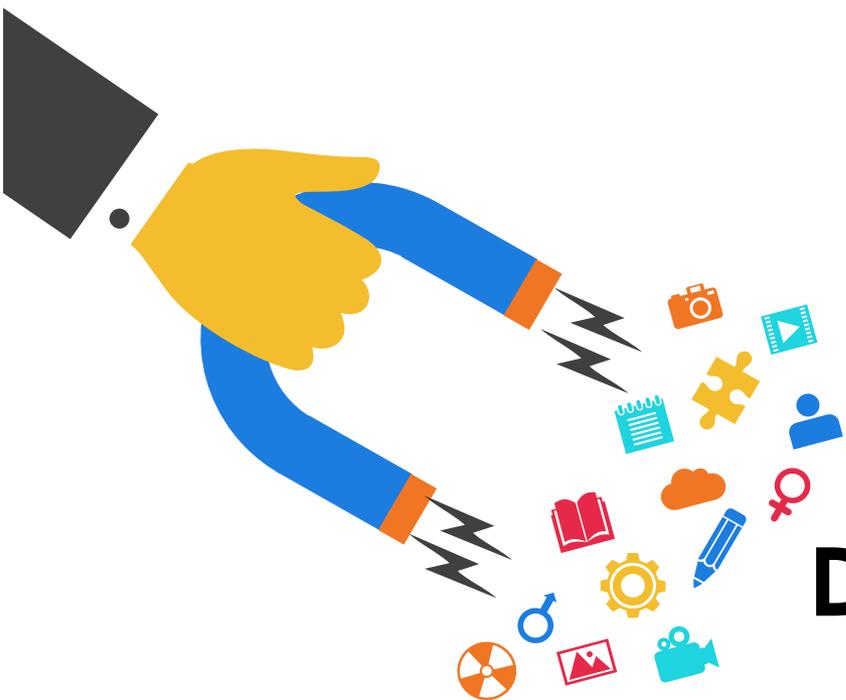
CENTRAL BANK POLICY RATES

Policy rates	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21*
Advanced countries														
US (Fed Fund Rate)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Japan (Policy Balance Rate)	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Euro Zone (Main Refinancing Rate)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UK (Bank Rate)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Canada (ON Lending Rate)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Latin America														
Mexico (ON Rate)	6.00	5.50	5.00	5.00	4.50	4.25	4.25	4.25	4.25	4.25	4.00	4.00	4.00	4.00
Brazil (Selic Rate)	3.75	3.00	2.25	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.75	2.75	2.75
Argentina (LELIQ 7D Notes Rate)	38.00	38.00	38.00	38.00	38.00	38.00	36.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00
Eastern Europe														
Russia (Key Rate)	5.50	5.50	4.50	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.50	5.00	5.00
Ukraine (Discount Rate)	8.00	8.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.50	7.50	7.50
Turkey (1W Repo Rate)	8.75	8.25	8.25	8.25	8.25	10.25	10.25	15.00	17.00	17.00	17.00	19.00	19.00	19.00
Asia														
China (1Y Loan Prime Rate)	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
India (Repo Rate)	4.40	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Indonesia (7D Repo Rate)	4.50	4.50	4.25	4.00	4.00	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50
Thailand (1D Repo Rate)	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
South Korea (Base Rate)	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Philippines (O/N Lending Rate)	2.75	2.75	2.25	2.25	2.25	2.25	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Australia (Cash Rate)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.10	0.10	0.10	0.10	0.10	0.10	0.10
New Zealand (Cash Rate)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Malaysia (OPR)	2.50	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75

* As at 4 May 2021

Source: Bloomberg

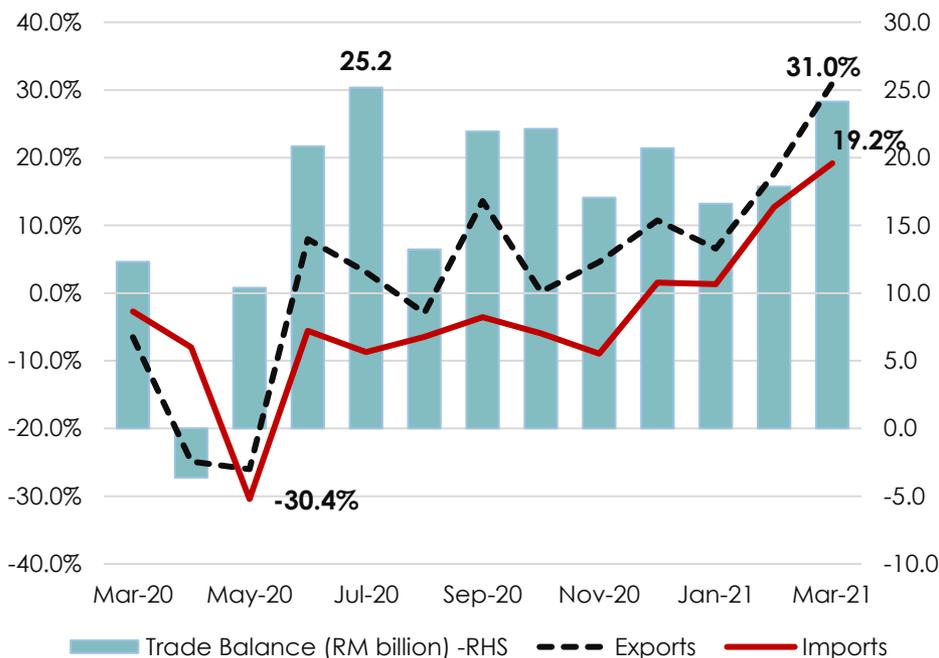
- ✓ Most of the central banks have maintained their benchmark policy rate due the highly fluid environment caused by the resurgence in Covid-19 infections globally despite an anticipation of economic recovery this year.
- ✓ For instance, as at 4 May 2021, the Reserve Bank of Australia (RBA) left its cash rate unchanged at 0.1%. Policymakers reaffirmed their commitment to maintain highly supportive monetary conditions until at least 2024 when actual inflation is consistently between 2.0% and 3.0% target range. However, the bank scenario for GDP growth has been revised up further, with the growth of 4.75% expected in 2021 (2020: -2.45%) and 3.50% in 2022.



DOMESTIC LANDSCAPE

EXPORTS SOARED BY 31.0% IN MARCH 2021 – THE HIGHEST SINCE JULY 2017

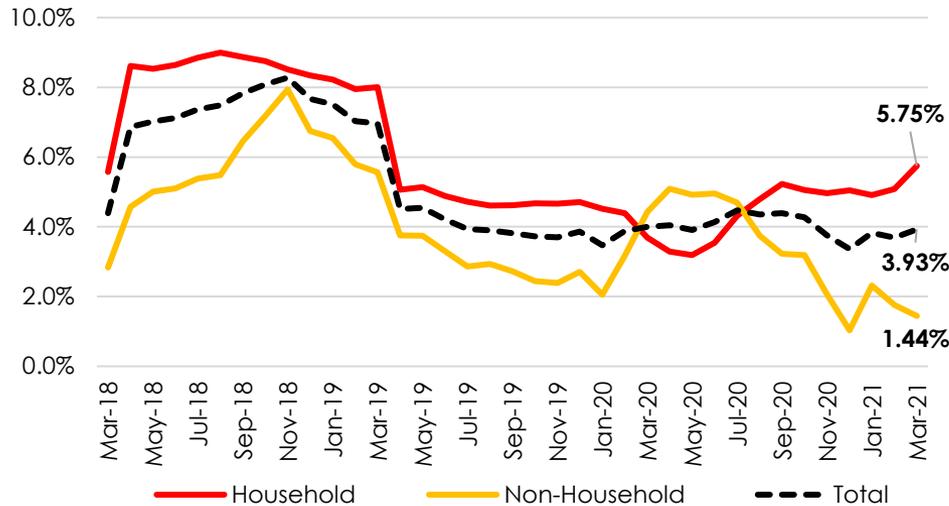
External Trade Performance



Source: CEIC

- ✓ Malaysia's exports jumped by 31.0% year-on-year (y-o-y) in March, extending the 17.6% gain in the preceding month.
- ✓ The strong expansion was mainly contributed by exports of the Manufacturing sector which increased by 35.8% in March (February: 20.9%). Apart from that, the Agriculture sector surged by 43.8% in March from a 9.7% growth in the previous month. Both sectors exports accounted for 94.6% of total exports during March.
- ✓ Nevertheless, exports of the Mining sector continued to drop, marking the 21st consecutive month of decline since July 2019 (March: -24.1% vs. February: -7.8%).
- ✓ Within the Manufacturing industry, exports of Electrical & Electronic Products (E&E) (March: 48.0% vs. February: 25.5%) and Rubber Products (March: 210.6% vs. February: 188.7%) continued to drive the growth, contributing for 51.3% of total manufactured goods exports.
- ✓ As for the Agriculture sector, the expansion was mainly underpinned by higher exports of Palm Oil & Palm-Based Products (March: 54.1% vs. February: 10.7%). In addition, exports of Other Vegetables Oil increased by 50.3% in March from a 33.6% growth previously. Both products accounted for about 77.1% of total Agriculture product exports.
- ✓ On imports, it increased by 19.2% in March from a 12.7% growth previously. On further scrutiny, imports of Capital Goods surged by 93.4% in March (February: 38.3%), while imports of Intermediate Goods rebounded by 12.4% in March (February: -0.1%). Meanwhile, imports of Consumption Goods moderated by 13.0% in March from a 17.6% expansion previously. Consequently, the trade surplus balance widened from RM17.9 billion in February to RM24.2 billion in March.
- ✓ Cumulatively, total exports jumped by 18.2% during 1Q2021 after registering a 5.1% growth in the previous quarter. Meanwhile, total imports recovered by 10.8% in 1Q2021 from a 4.5% contraction during the final quarter of 2020. As such, the trade surplus balance narrowed to RM58.6 billion during 1Q2021 (4Q2020: RM59.9 billion).

Financing Growth by Sector, y-o-y%



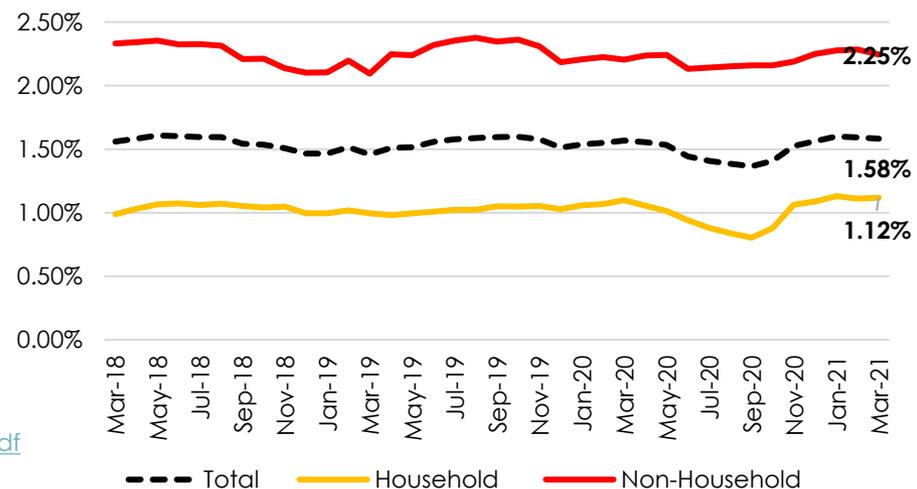
Source: CEIC

- ✓ The banking system's financing activities went up by 3.93% y-o-y in March from 3.69% recorded in the preceding month.
- ✓ The upturn was fuelled by the Household sector which rose by 5.75% in March (February: 5.08%). Within the Household sector, financing for the purchase of securities (March: 5.65% vs. February: 1.95%), purchase of transports vehicles (March: 6.03% vs. February: 5.27%) and purchase of residential (March: 7.15% vs. February: 7.00%) were higher in March. Similarly, the purchase of consumer durable goods jumped by 30.29% in March (February: -8.69%) as consumer spending improved.
- ✓ On the other hand, financing growth for the Non-Household sector moderated by 1.44% in March (February: 1.76%).

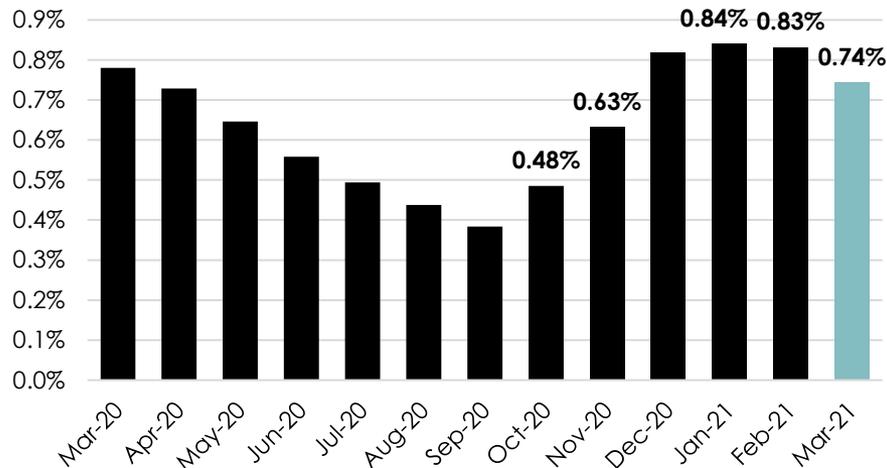
- ✓ As for the Gross Impaired Financing Ratio (GIFR), the performance was slightly better during March as it declined to 1.58% from 1.59% in February. This was mainly due to lower GIFR for Non-Household sector which dropped to 2.25% in March (February: 2.28%) while Household sector inched up to 1.12% in March (February: 1.11%).
- ✓ All in all, Malaysia's banking sector remain resilient in view of lower GIFR as compared to BNM's stress test which forecasted it to be at 2.9% for AS1 and 3.3% for AS2 by end of this year*.

* https://www.bankislam.com/wp-content/uploads/BNM-AR-2020_31032021.pdf

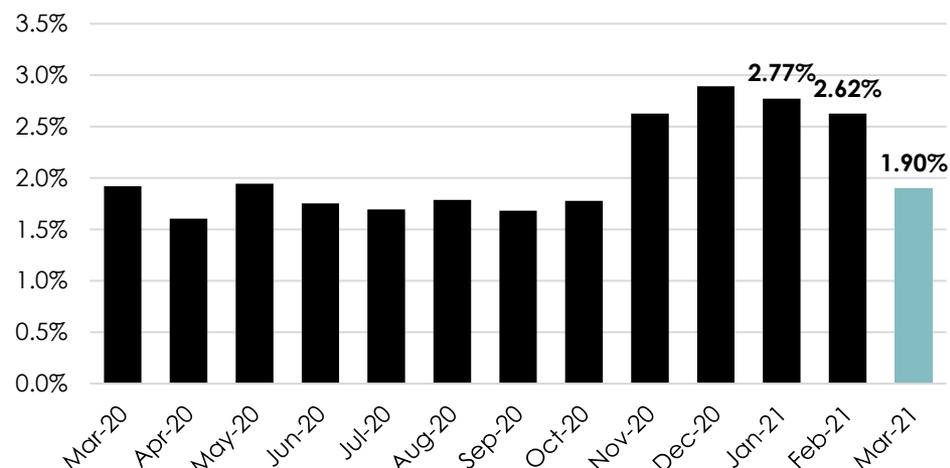
GIFR (%)



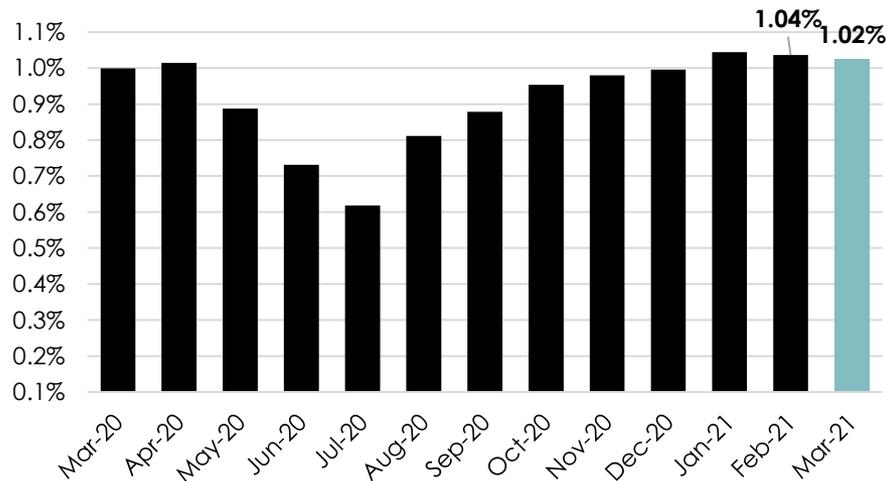
GIFR-Purchase of Transport Vehicles



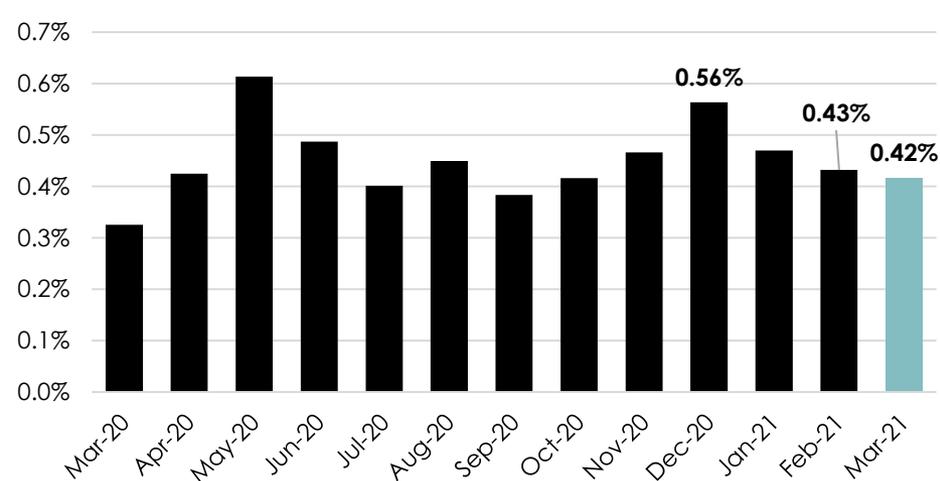
GIFR-Purchase of Consumer Durables



GIFR-Credit Card

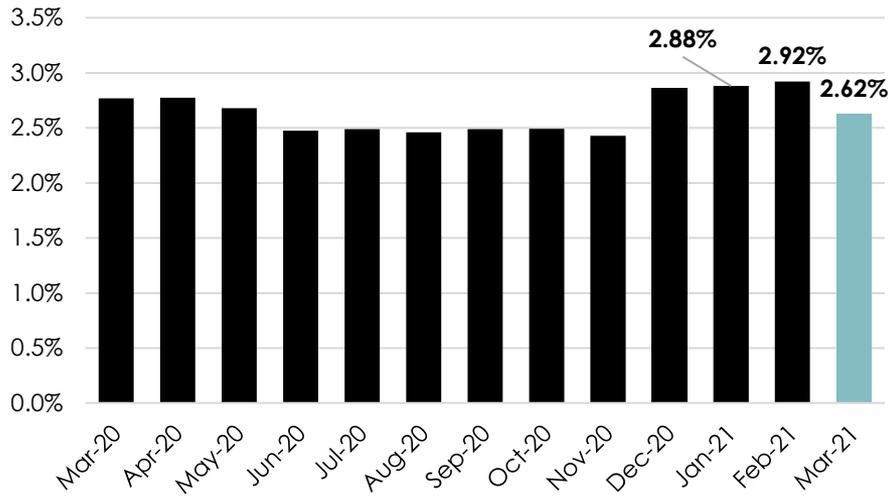


GIFR-Purchase of Securities

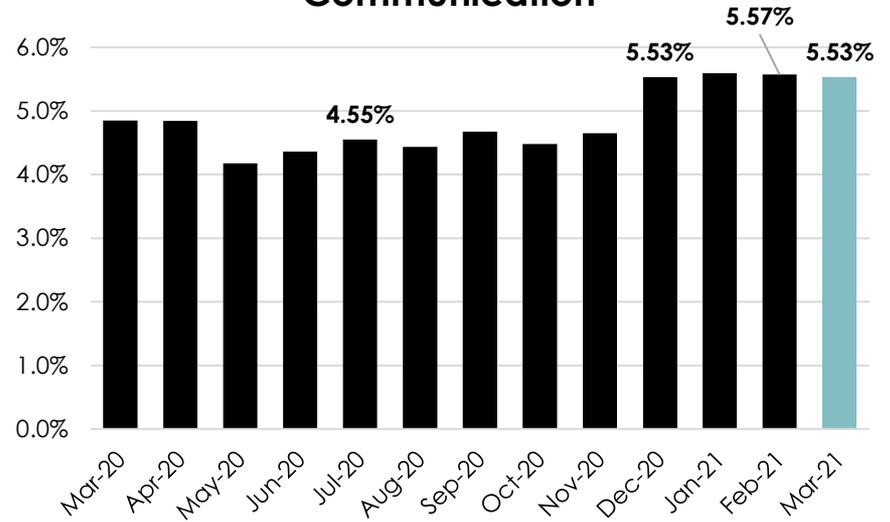


Sources: CEIC, BNM

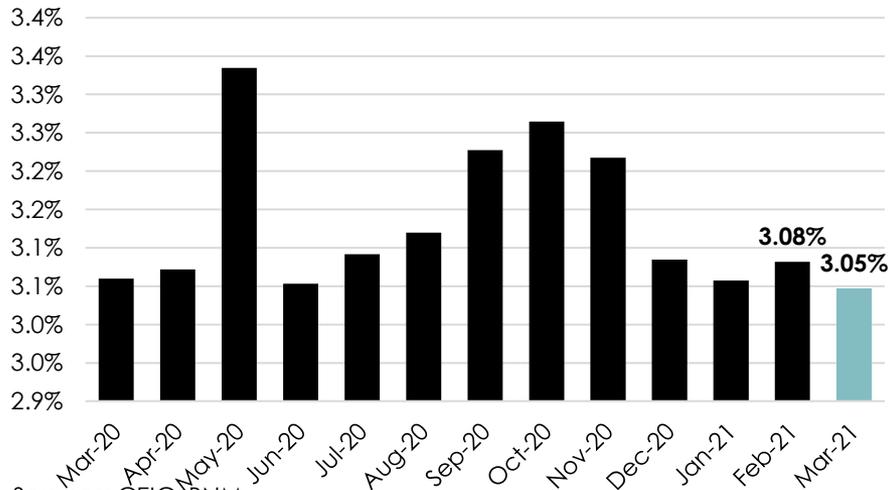
GIFR-Construction



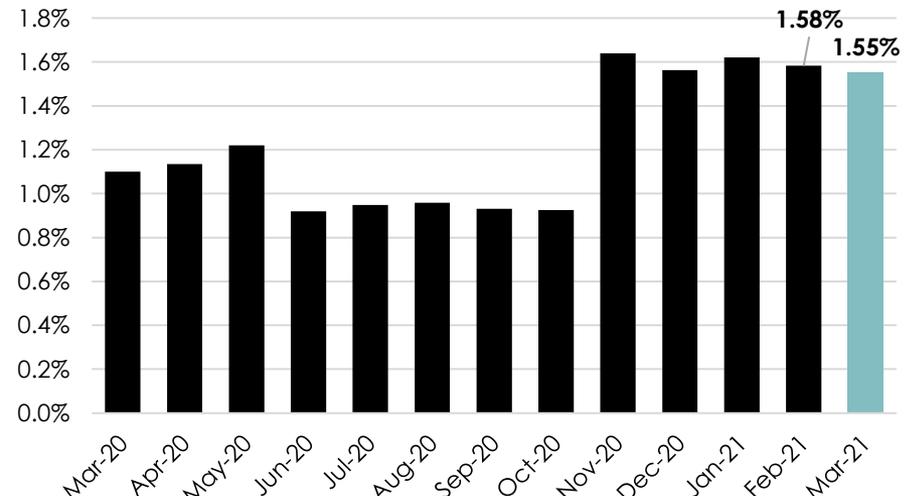
GIFR-Transport, Storage & Communication



GIFR-Manufacturing



GIFR- Education, Health & Others

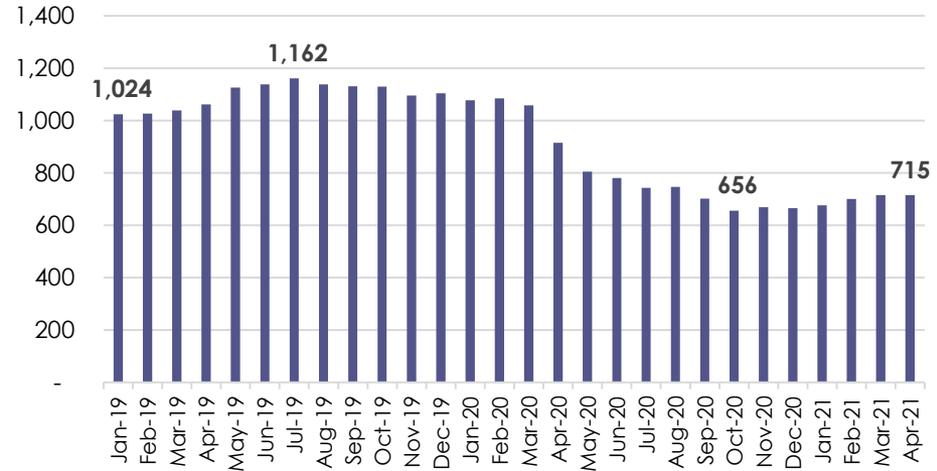


Brent Price, USD per barrel



Source: Bloomberg

International Oil Rig Count



- ✓ The positive sentiment brought by the Covid-19 vaccine rollout in many countries led to a 5.8% monthly increase in Brent price to USD67.25 per barrel on 30 April 2021 from USD63.54 per barrel on 31 March 2021. Moreover, the Brent price has also recorded a Year-To-Date (YTD) advance of 29.8% in 2021 so far amid prospects of higher oil demand.
- ✓ The Organization of the Petroleum Exporting Countries (OPEC) in April raised its forecast for growth in world oil demand this year on expectations that the pandemic will subside. Demand is forecasted to rise by 5.95 million barrels per day (bpd) in 2021 compared to the 5.89 million bpd increase estimated in March.
- ✓ In line with the expected stronger demand for oil, the OPEC announced that it will gradually ease production cuts which will lead to an additional output of 2.0 million bpd between May and July. Therefore, it is no surprise that the international oil rig count has been steadily increasing since October 2020 from 656 rigs to 715 rigs in April 2021.
- ✓ However, the recovery remains fragile with the number of Covid-19 cases surging in some major consuming countries such as India. Sales of gasoline in India fell to 2.14 million tonnes in April (March: 2.74 million tonnes), the lowest since August, according to the preliminary data of state-owned fuel retailers.

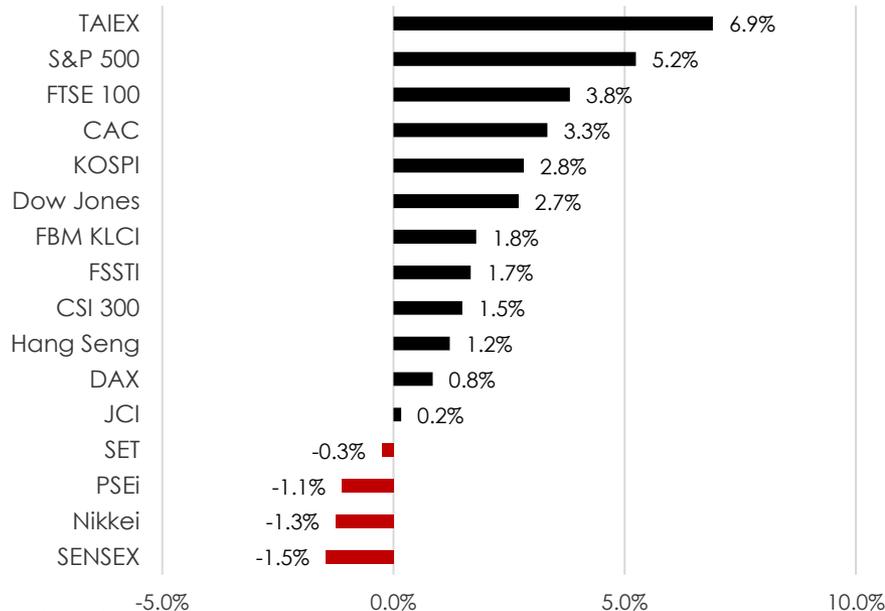


MALAYSIA'S FINANCIAL MARKET

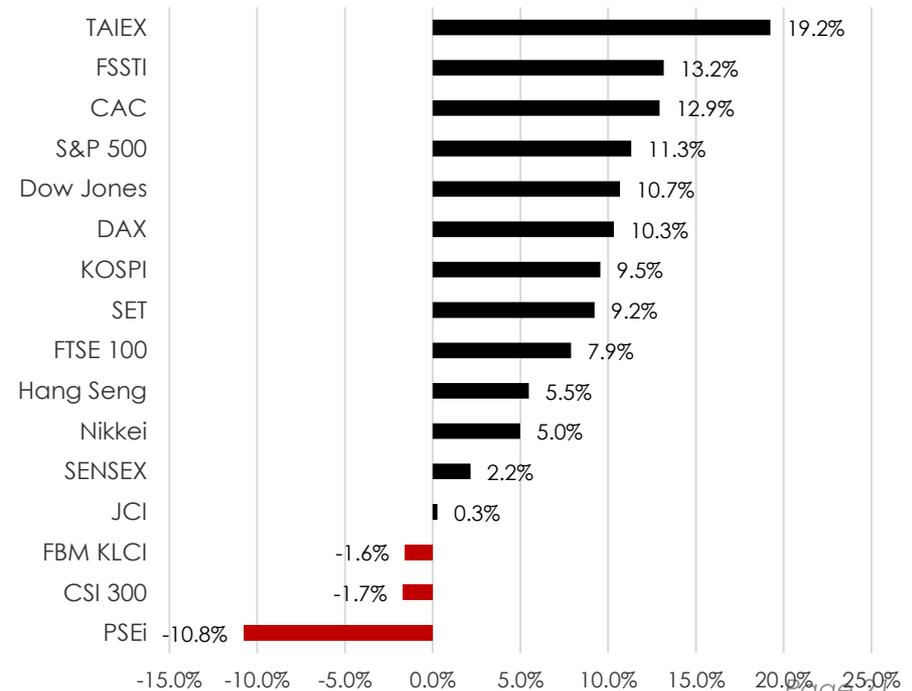
MOST EQUITY MARKETS PERFORMED WELL IN APRIL

- ✓ In April, gainers exceeded losers with Taiwan's TAIEX index recording the largest monthly gain of 6.9%. This marks the fifth straight month of outperforming other Asia benchmark indices, the longest winning streak since 1997. Semiconductor component manufacturers such as MediaTek Inc. and Taiwan Semiconductor Manufacturing Co. were the biggest contributors to the monthly advance in the local bourse amid a global surge in demand for computer chips and other electronics following the resurgence in Covid-19 cases in many countries.
- ✓ Meanwhile, India's SENSEX index led losers with a 1.5% monthly decline as sentiment was hit due to fears of more localised lockdown restrictions on the back of rising Covid-19 cases. Investors were also seen cautious ahead of the exit polls of four states and one union territory which showed that the ruling Bharatiya Janata Party was not gaining a sound majority in the fiercely fought state of West Bengal.
- ✓ On the domestic front, the FBM KLCI index recorded a 1.8% gain in April but saw a heavier loss of 1.6% on a Year-To-Date (YTD) basis. Other YTD decliners include the Philippines' PSEI index and China's CSI 300 index which lost 10.8% and 1.7% in April, respectively.

Monthly Gains/Losses of Benchmark Indices in April 2021

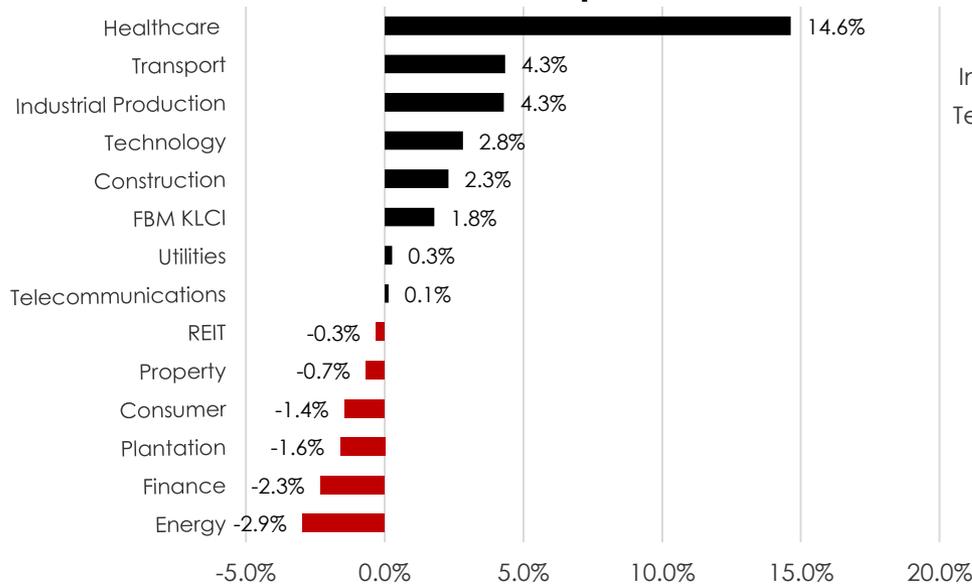


YTD Gain/Losses of Benchmark Indices

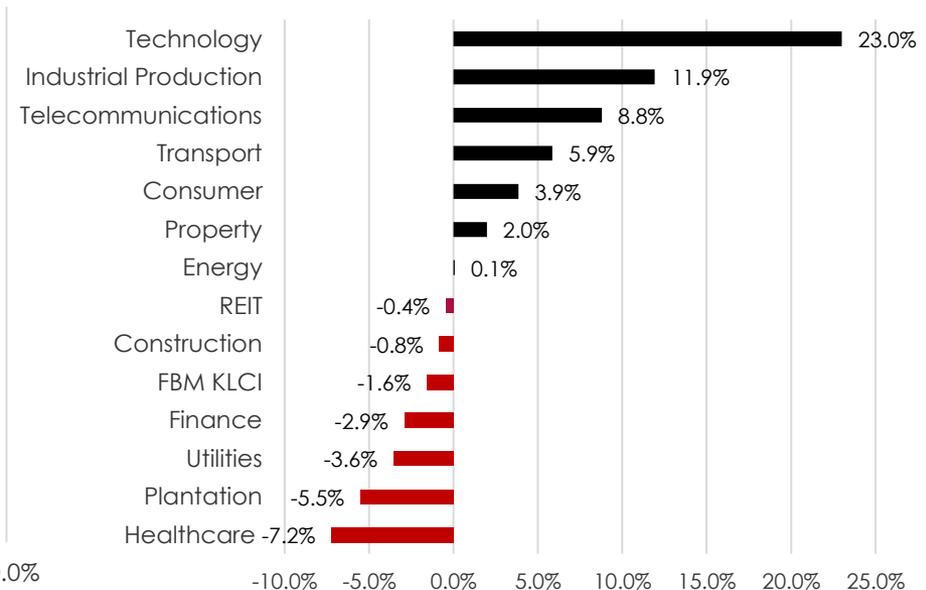


- ✓ The Bursa Malaysia Healthcare Index emerged as the biggest gainer after advancing by 14.6% in April. The rise in the index was mainly attributable to the rubber gloves sector which garnered interest following the surge in Covid-19 cases locally and globally. On further scrutiny, India reported more than 300,000 new Covid-19 cases for the 12th straight day on 3 May 2021, taking its overall caseload to 19.9 million. Such situations raised prospects for demand for rubber gloves despite ongoing vaccination programs in many countries.
- ✓ Meanwhile, the Bursa Malaysia Energy Index dropped the most in April to the tune of 2.9%. Oil has rallied so far in 2021 amid prospects for a rebound in demand as Covid-19 vaccines are rolled out, paving the way for greater economic activity. However, the recovery has been uneven with some nations particularly India suffering from resurgent waves of the virus which may pose downside risks towards demand.

Bursa Malaysia Sectoral Monthly Performance in April 2021

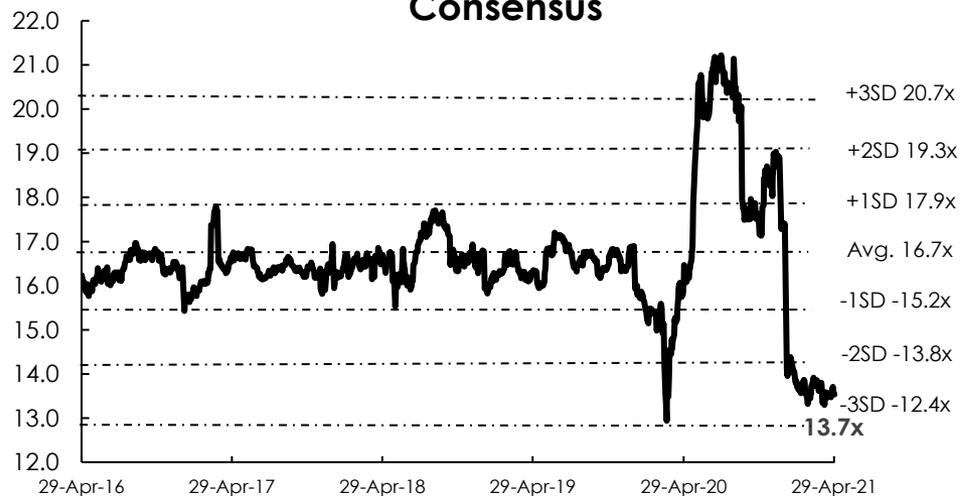


Bursa Malaysia Sectoral YTD Gains/Losses



- ✓ Based on the latest Bloomberg consensus, the market is expecting earnings of the FBM KLCI index to recover by 66.2% in 2021 (2020: -20.6%) which is deemed commendable.
- ✓ Earlier in March, the consensus of earnings growth for the FBM KLCI index was at 64.7%. The upward revisions was mainly due to the fiscal support initiatives implemented by the government, as well as the pent-up consumer demand.
- ✓ On the valuation front, the FBM KLCI index appears attractive as its forward price-to-earnings ratio (PER) of 13.7x which is roughly two standard deviations (SD) below the five year average of 16.7x.
- ✓ Therefore, we reiterate our year-end target of **1,715 points for the FBM KLCI index in 2021**. This is derived by multiplying the 2021 FBM KLCI EPS integer of 118.3 with a forward PER target of 14.5x which is roughly -1.5 SD lower than the mean to reflect the expected earnings recovery while acknowledging risks of a slower-than-expected vaccine distribution and another wave of Covid-19 infections.

FBM KLCI P/E Band based on 2021 Earnings Consensus



Earnings Growth Trajectory of the FBM KLCI

Year	Earnings Per Share (EPS) Integer of FBM KLCI	Year-on-year (y-o-y) EPS Growth
2022F	112.1	-5.3%
2021E	118.3	66.2%
2020	71.2	-20.6%
2019	89.7	13.0%
2018	79.3	-26.5%
2017	107.9	9.8%
2016	98.3	4.4%
2015	94.2	-13.0%

- ✓ The next semi-annual review of the FBM KLCI index component stocks in June will be based on the market capitalisation rankings at the close of business on 24 May 2021. The new changes will be announced on 3 June 2021, and take effect on 21 June 2021.
- ✓ According to the ground rules of the FTSE Bursa Malaysia Index Series, a security would be inserted into the FBM KLCI index during the periodic review, if its ranking by market capitalisation rises to the 25th rank or higher.
- ✓ Therefore, Mr. DIY Group looks like a strong bet to be added into the component stock list as it is the highest ranked non-component stock of the FBM KLCI index, standing at the 20th spot with a market capitalisation of RM25.0 billion as at 30 April 2021.
- ✓ As such, Sime Darby, which has the lowest rank in terms of market capitalisation amongst the FBM KLCI components, will likely be replaced with Mr. DIY Group in the upcoming FBM KLCI index review.

Top 40 stocks by Market Capitalisation as at 30 April 2021

Rank based on Market Capitalisation	Companies	Market Capitalisation (RM billion)
1	Maybank	93.9
2	Public Bank	80.6
3	Petronas Chemicals	65.6
4	Tenaga Nasional Berhad	56.8
5	IHH Healthcare	47.2
6	Top Glove	45.2
7	Press Metal Aluminium Holdings	42.0
8	CIMB	41.5
9	Hong Leong Bank	38.6
10	Maxis	36.0
11	Axiata	35.5
12	Hartalega	35.2
13	Digi	32.6
14	Nestle'	31.8
15	Sime Darby Plantation	31.3
16	Petronas Gas	31.1
17	MISC	30.3
18	PPB Group	26.3
19	IOI Corp	25.6
20	Mr. DIY Group	25.0
21	Kuala Lumpur Kepong	23.7
22	Telekom Malaysia	21.5
23	RHB Bank	20.9
24	Petronas Dagangan	20.0
25	Hap Seng Consolidated	20.0
26	Genting Berhad	19.2
27	Hong Leong Financial Group	19.0
28	Dialog	17.2
29	Genting Malaysia	16.3
30	Supermax	15.8
31	Sime Darby	15.4
32	QL Resources	14.7
33	Westports	14.7
34	KLCCP Stapled Group	12.5
35	Inari Amertron	11.5
36	Kossan Rubber Industries	11.3
37	Fraser & Neave Holdings	11.0
38	Malaysia Airports Holdings Berhad	9.9
39	AMMB Holdings	9.9
40	Gamuda	8.9

Source: Bloomberg

Stocks highlighted in green indicate that it is a FBM KLCI index component

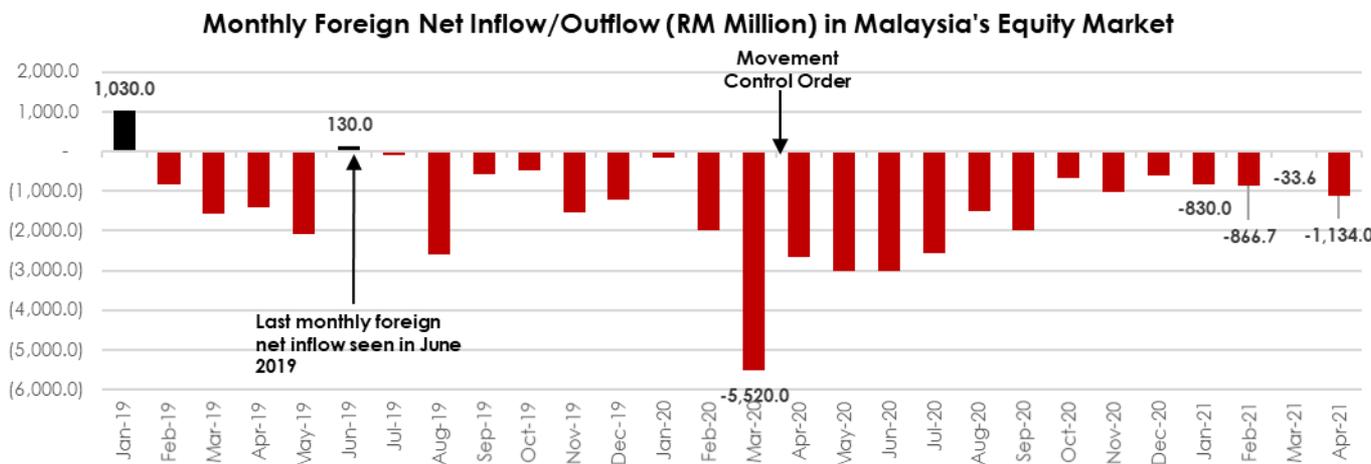
FOREIGN FUND FLOWS-EQUITY

- ✓ Foreign fund net outflows in April 2021 accelerated to RM1,134.0 million (March 2021: -RM33.6 million), marking the 22nd consecutive month of foreign net selling on Bursa Malaysia. Aside from that, local retail investors have recorded net inflows of RM646.0 million in April 2021 (March 2021: RM1,616.0 million) while local institutions acquired RM488.0 million net last month after selling RM1,582.4 million net of local equities in the month before.
- ✓ In comparison with other regional peers under our coverage, Malaysia has the smallest YTD foreign net outflow of USD704.9 million while Taiwan recorded the largest YTD foreign net outflow of USD9,378.7 million net. Meanwhile, India and Indonesia are the only countries with a foreign net inflow of USD6,262.8 million and USD602.9 million respectively.

YTD Regional Foreign Net Inflow/Outflow as at 30 April 2021

Country	USD Million
India	6,262.8
Indonesia	602.9
Malaysia	-704.9
Thailand	-1,093.8
Phillipines	-1,225.0
South Korea	-8,283.6
Taiwan	-9,378.7

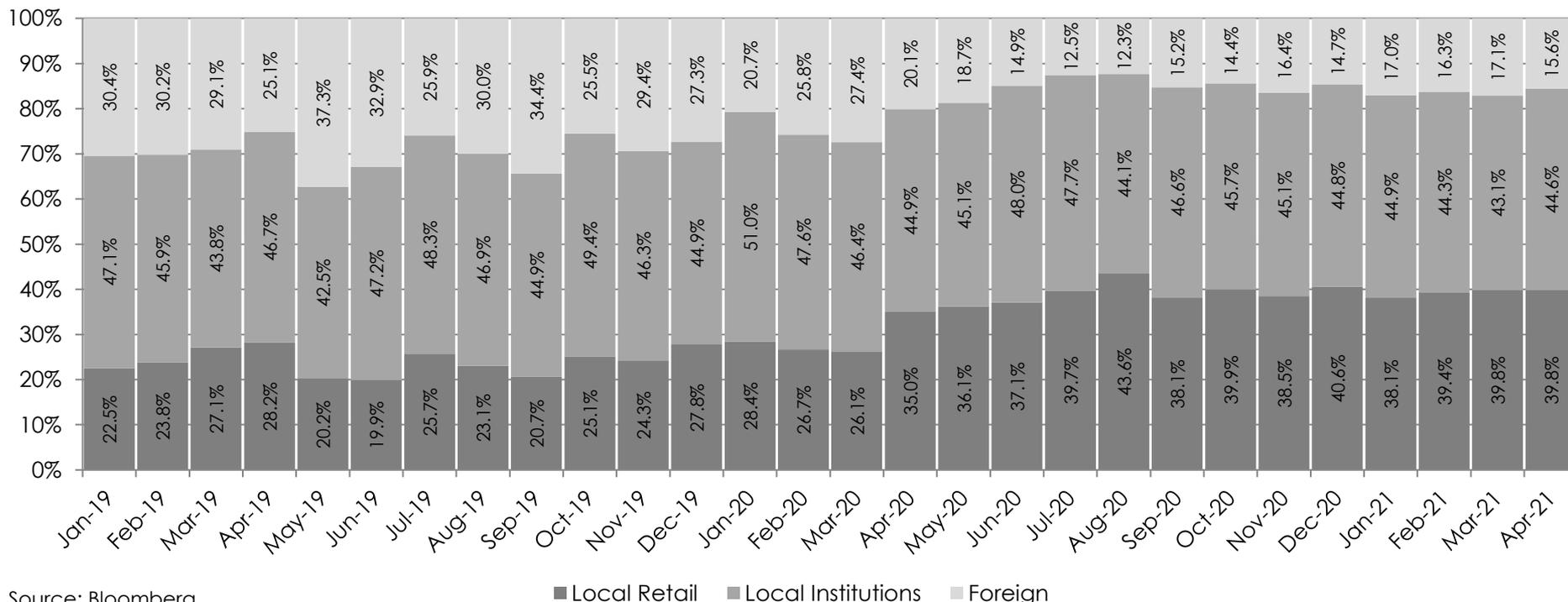
Source: Bloomberg



Source: Bloomberg

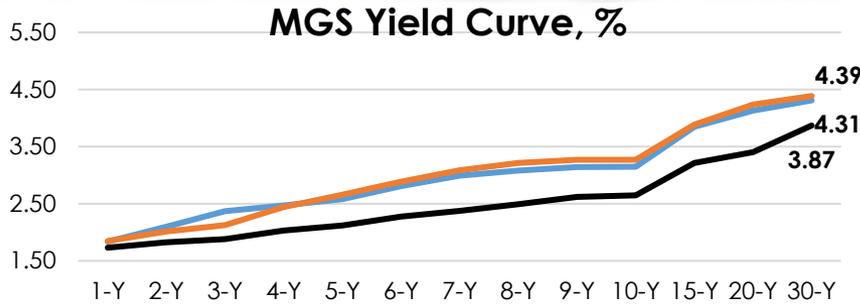
- ✓ Overall, the traded value on Bursa Malaysia reached RM169.5 billion in April (March: RM230.1 billion).
- ✓ On further scrutiny, we observed that the participation of retail investors remained strong, as the retail investors' share of value traded on Bursa Malaysia remained unchanged at 39.8% in April (March: 39.8%).
- ✓ It is noteworthy that the retail investors' share of value traded on Bursa Malaysia has remained above 30.0% since April 2020.
- ✓ Meanwhile, foreign investors who have been constantly selling local equity saw their trading participation based on value traded on Bursa Malaysia decline slightly to 15.6% in April (March: 17.1%).
- ✓ We also noted that participation from local institutions was fairly stable at 44.6% in April (March: 43.1%).

Trading Participation (%) based on value traded amongst investor types

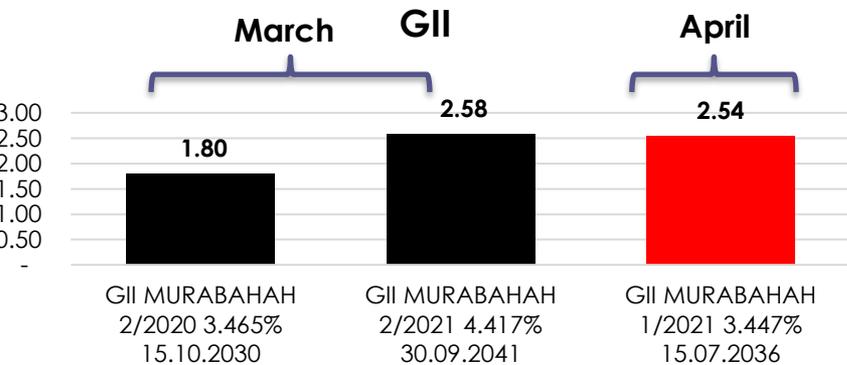
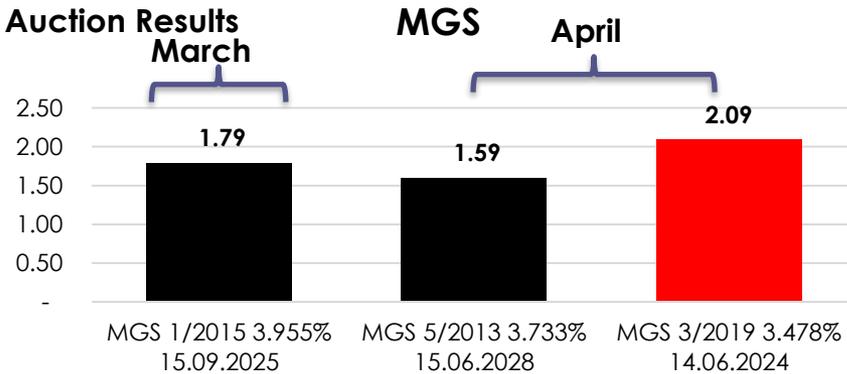


Source: Bloomberg

■ Local Retail ■ Local Institutions ■ Foreign



Source: BNM



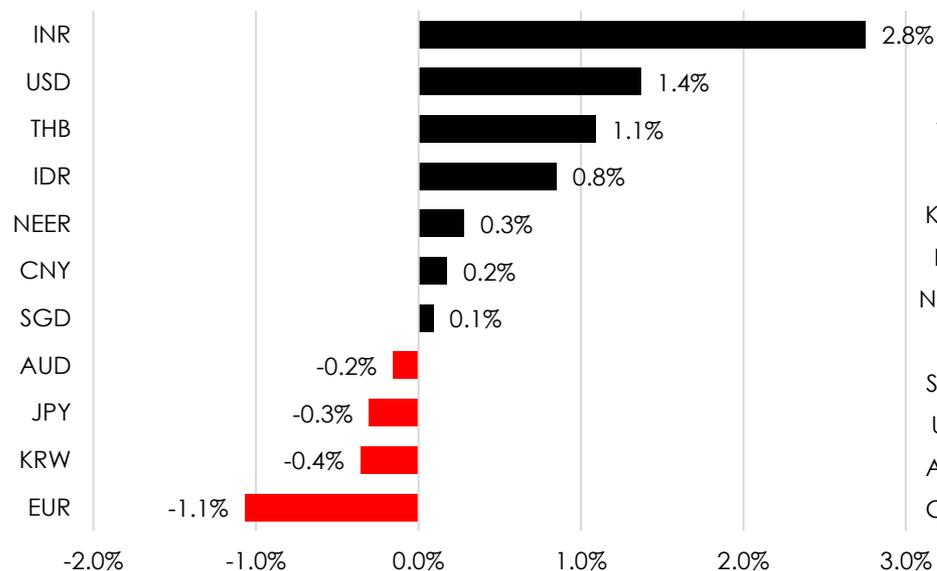
Source: Bond Info Hub
ECONOMIC RESEARCH

- ✓ Overall, MGS benchmark yields were lower during April after rising significantly during March following the sharp rise in US Treasury yields. The 10-Y MGS declined by 12 bps to close at 3.15% on 30 April while 5-Y MGS dropped by 7 bps to 2.58% as the surge in Covid-19 cases could weigh on global economic recovery this year.
- ✓ On the other hand, foreign investors continued to purchase local govies for the 11th consecutive month with RM5.9 billion inflows recorded during March this year (February: 7.2 billion). Cumulatively, the foreign inflows in 3M2021 stood at RM16.7 billion compared to outflows of RM16.9 billion in 3M2020, indicating that Malaysia's bond market remains favorable.
- ✓ On the auction front, the reopening of 3-Y MGS 06/24 and 15-Y GII 07/36 remained well supported, garnering a Bid-To-Cover (BTC) ratio of 2.09x and 2.54x, respectively amid positive market sentiment.
- ✓ All in all, we anticipate a strong demand for local govies in view of the risk-off mode among investors amid gloomy global outlook clouded by rising risks from the new wave of Covid-19 cases across the world.

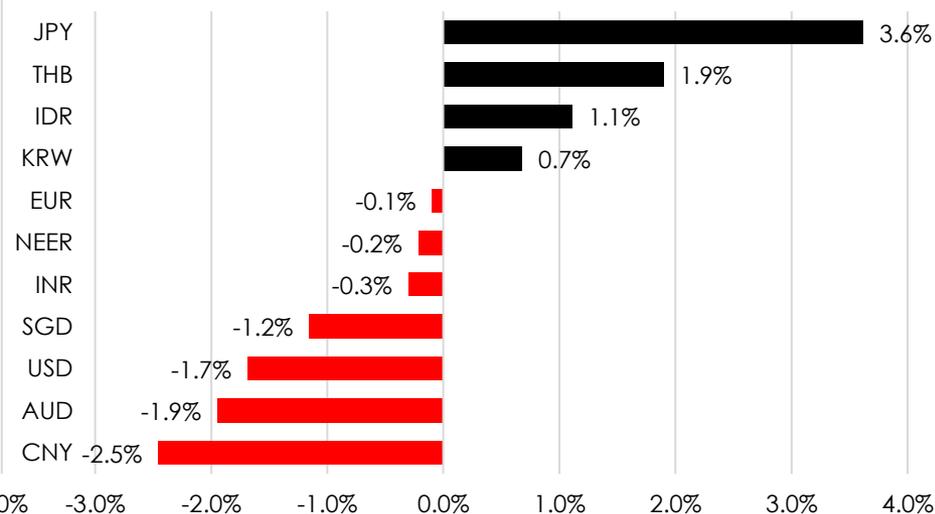
RINGGIT STRENGTHENED DURING APRIL

- ✓ The Ringgit gained by 1.4% month-on-month (m-o-m) against USD to close at RM4.088 on 30 April from RM4.145 on 31 March. The stronger Ringgit was supported by a firmer Brent price which increased from USD63.54 per barrel on 31 March to USD67.25 per barrel at the end of April.
- ✓ In tandem with the monthly appreciation of the Ringgit, US Dollar Index dropped -2.1% in April (March: 2.6%) partly due to softer 10-Y US Treasury yields which shed 9 bps during the month.
- ✓ On the domestic front, the business environment signaled improvement as reflected by Malaysia's IHS Markit Purchasing Manager's Index (PMI) which rose to 53.9 points in April from 49.9 points previously. It was the first expansion since July last year mainly propelled by the increase in output.
- ✓ Be that as it may, increasing local Covid-19 cases, as well as concerns surrounding political risks would exert downward pressure on Ringgit in the medium term.

MYR Against Other Currencies, m-o-m%

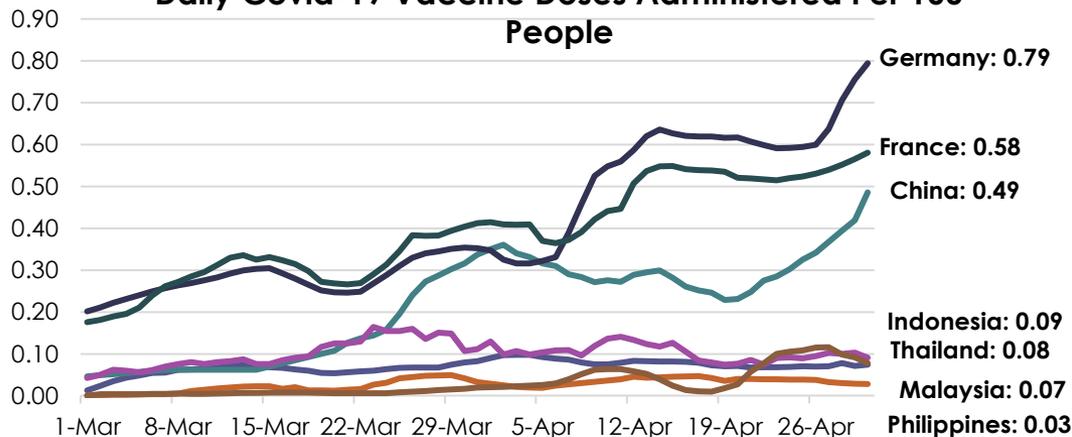


YTD Performance MYR Against Other Currencies, %



- ✓ **Underlying data have been showing positive trends lately** - As highlighted earlier, recent economic data points either locally or globally have been encouraging. Moreover, Malaysia is expected to chart a decent economic recovery in the coming months based on the smooth growth rate of the Leading Index (LI), which increased by 8.5% y-o-y to reach 111.2 points in February compared to an 8.2% growth in the preceding month. The LI is used to predict the economic direction in an average of four to six months ahead.
- ✓ **OPR to remain at 1.75%** - Such positive economic trends may warrant a hike in the Overnight Policy Rate (OPR) by Bank Negara Malaysia (BNM). However, the sudden surge in Malaysia's daily Covid-19 cases to reach nearly 4,000 cases as of late will exert downward pressure on the nation's economic growth trajectory especially with the reimposition of the Movement Control Order 3.0 (MCO 3.0) in six districts within Selangor from 6 May 2021 to 17 May 2021. Moreover, inter-district travel will not be allowed under MCO 3.0, restricting human mobility. Henceforth, BNM will likely maintain the OPR at 1.75% during its upcoming policy meeting on 6 May 2021 in order to stimulate the economy in the wake of the latest wave of Covid-19 cases.
- ✓ **Asset allocation to focus on regional markets** - In terms of asset allocation, it is advisable to look at regional equity markets with commendable vaccination rates such as Europe namely, France and Germany. The reason being is that markets with better vaccination rates may signal better economic prospects in the medium term. At the same time, it is also wise to have some exposure in the fixed income sphere, particularly in emerging markets that have higher bond yields compared to developed markets to offset the risks from the ongoing pandemic. Of course, the split between asset classes will be based on each investors' risk tolerance.

Daily Covid-19 Vaccine Doses Administered Per 100



Sources: Our World In Data

Regional Bond Yields

Country	Yields on 10-Y Bonds
Philippines	7.67%
Indonesia	6.46%
Malaysia	3.10%
Thailand	1.77%
Singapore	1.59%
Spain	0.47%
France	0.16%
Germany	-0.20%

Sources: Bloomberg, investing.com

Note: As at 30 April 2021

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An aerial photograph of a city skyline at sunset, with a prominent pink bar at the bottom. The sky is filled with soft, golden light and scattered clouds. The city features numerous high-rise buildings, with a particularly tall, slender skyscraper on the left. A highway with traffic is visible in the foreground, winding through the city. The overall mood is warm and serene.

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