



From the Desk
of the
Chief Economist

BANK ISLAM

WEEKLY MARKET UPDATES

23 NOVEMBER 2020

ECONOMIC RESEARCH

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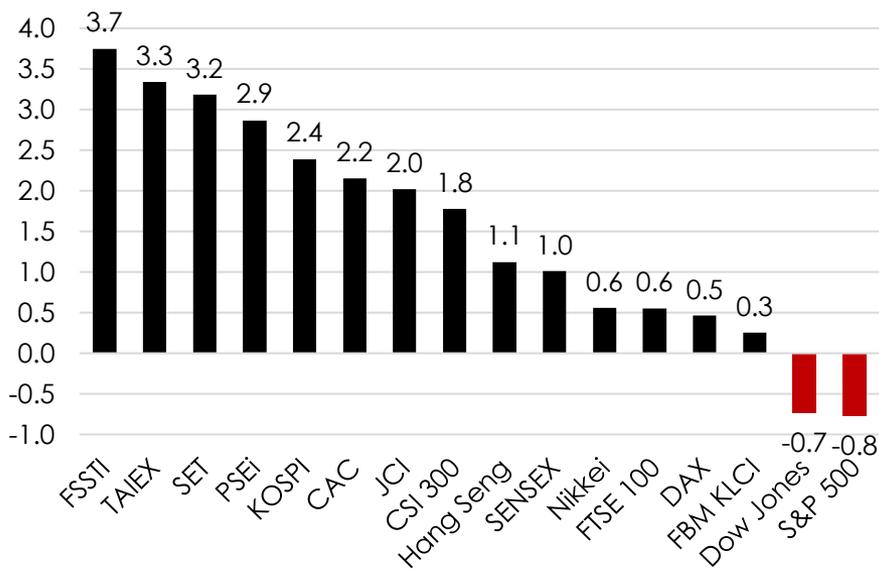
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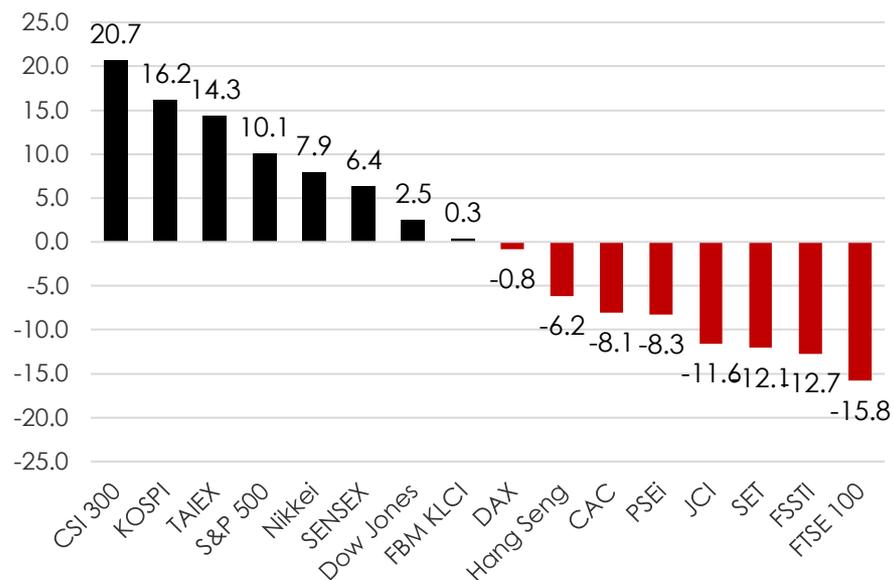
WEEKLY MARKET PERFORMANCE

- ✓ Majority of equity markets worldwide were in the green zone last week. Singapore's FSSTI index was the biggest gainer during the week with a 3.7% gain. Investors cheered reports that the city state was proposing a digital economy agreement with the European Union (EU) which would allow EU businesses to adopt Singapore as a base to expand its operations to the rest of East Asia.
- ✓ Meanwhile, Wall Street's S&P 500 and Dow Jones index led laggards, losing 0.8% and 0.7% for the week respectively. Wall Street's slump happened in the wake of the disagreement between the White House and the Federal Reserve over the decision to release government funds to further shore up growth,
- ✓ On the domestic front, the FBM KLCI was up 0.3% for the week and is the only gainer amongst its ASEAN peers on a year-to-date (YTD) basis.

Weekly Gain of Major Equity Markets (%) (Week Ended 20 November)



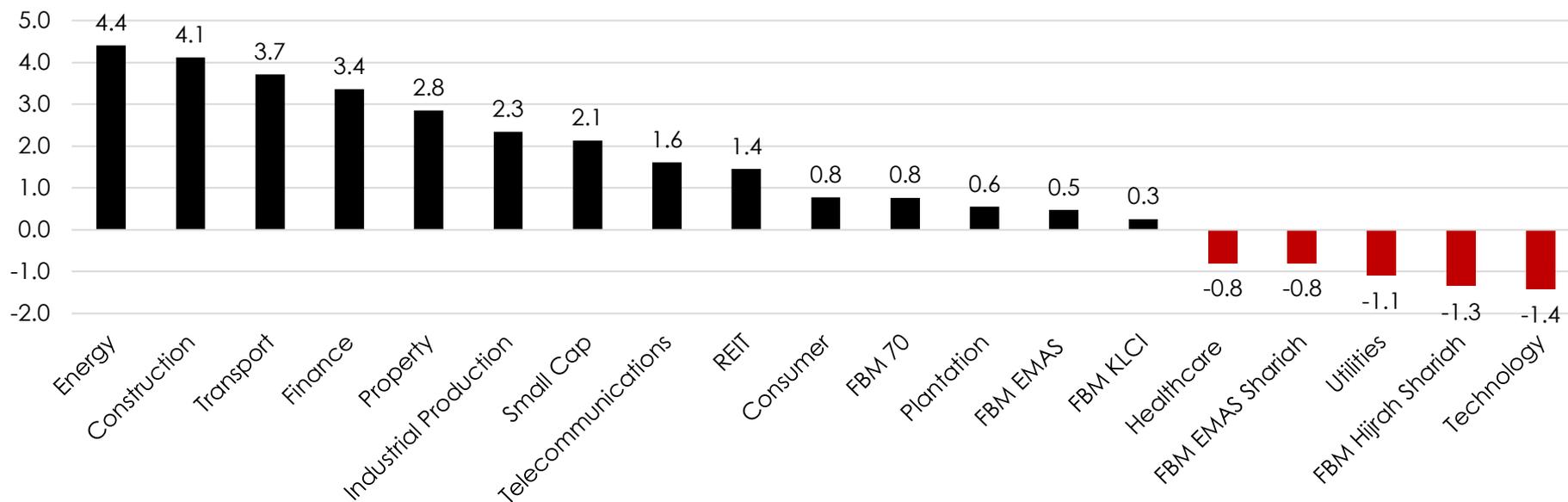
YTD Gain Of Major Equity Markets (%) (As at 20 November)



WEEKLY SECTORAL PERFORMANCE

- ✓ The Bursa Malaysia Energy index was the biggest gainer last week with a 4.4% weekly advance. Most of the optimism in the oil market came from the signs that Covid-19 vaccine in the US could be underway within less than a month. Optimism that relief from the pandemic is in sight had pushed oil higher in recent weeks, with the market looking past surging infections and more lockdown measures across Europe.
- ✓ On the other hand, the Bursa Malaysia Technology Index led laggards, recording a 1.4% weekly loss. The trends of surging Covid-19 infections have propelled the sector as of late. Therefore, international investors may have cashed in gains from the sector and moved on a thematic play focusing on sectors that will thrive when the vaccine is successfully developed, such as the oil and gas sector.

Bursa Malaysia Sectoral Weekly Performance (%)

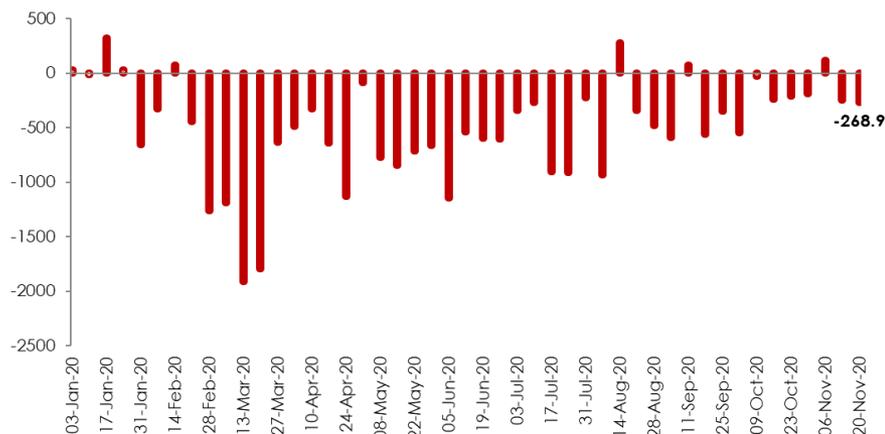


Sources: Bloomberg

WEEKLY FOREIGN FUND FLOW

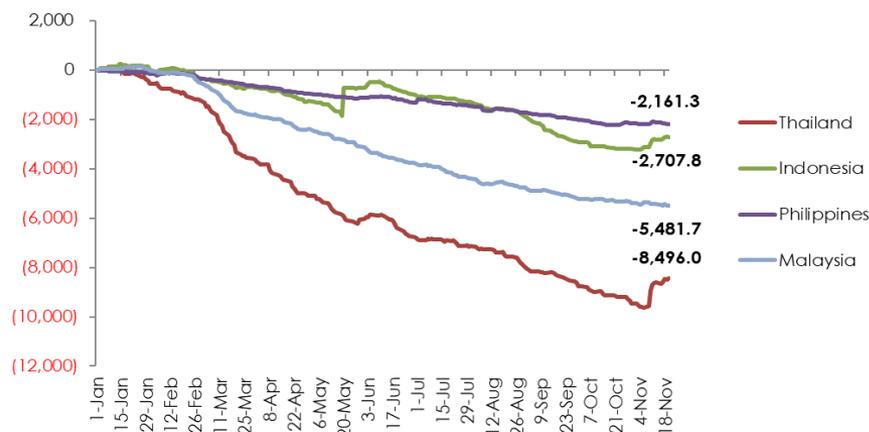
- ✓ Foreign investors sold RM268.9 million net of local equities from Monday to Friday last week compared to RM246.3 million sold in the whole of the preceding week.
- ✓ Offshore investors sold RM126.4 million net of local equities on Monday. The positive vibes which came from the signing of the Regional Comprehensive Economic Partnership (RCEP) by Malaysia and 14 other countries were somewhat outweighed by the sell-off in rubber glove counters. The level of foreign net selling inched higher to RM143.7 million on Tuesday as investors continued to reduce exposure in rubber glove counters. Offshore funds later snapped up RM169.6 million net of local equities on Wednesday as the majority of investors chose to focus more on positive vaccine news rather than rising virus infections. The foreign net inflow was however short-lived as international investors sold RM170.5 million net of local equities on Thursday. Friday recorded a foreign net inflow of RM2.1 million net which pushed the local bourse higher by 0.6% to close at 1,593.8 points.
- ✓ On a YTD basis, foreign funds have taken out USD5,481.7 million net of local equities from Bursa. In comparison with ASEAN peers namely Thailand, Indonesia and the Philippines, Malaysia has the second largest foreign net outflow on a cumulative basis.

Weekly Foreign Fund Flow in Malaysia (RM Million)



Sources: Bloomberg

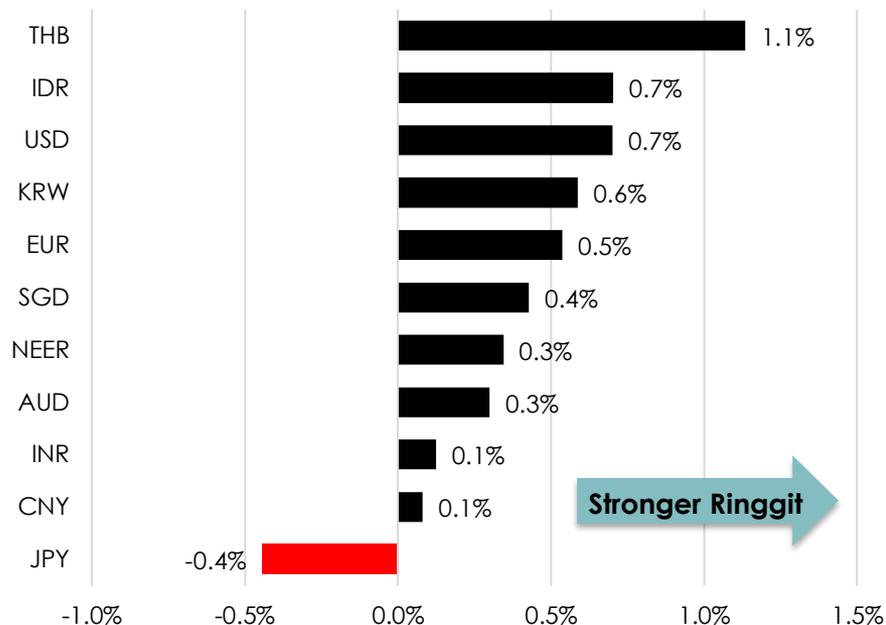
YTD Regional Foreign Fund Flow (USD Million)



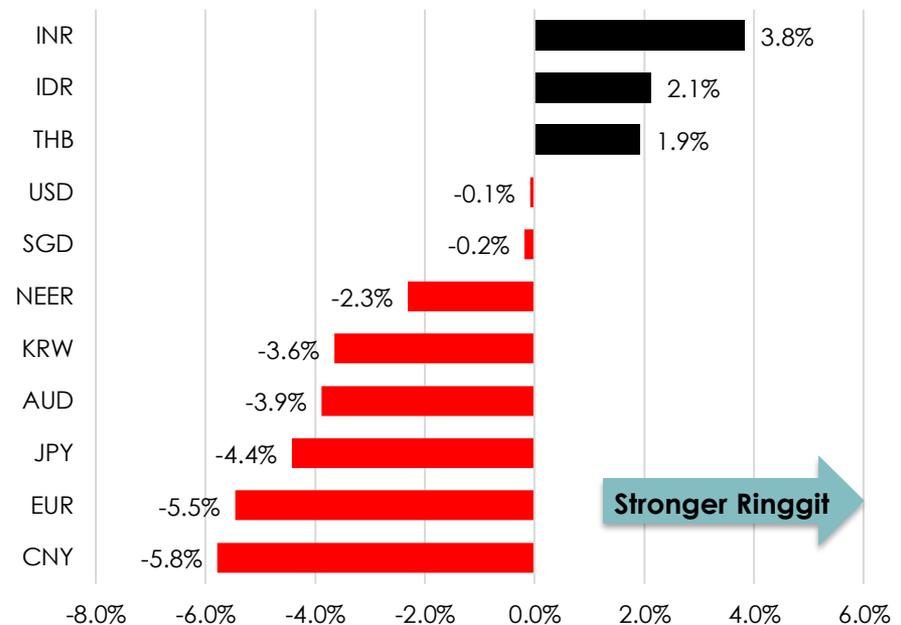
WEEKLY PERFORMANCE

- ✓ The Ringgit gained by 0.7% week-on-week (w-o-w) against US Dollar, closing at RM4.093 on 20 November from RM4.123 on 13 November.
- ✓ The positive developments over the vaccine will likely overshadow surging virus cases. In addition, Moderna Inc's experimental vaccine is 94.5% effective in preventing Covid-19 infection, based on interim data from a late stage trial. This follows news that Pfizer and BioNTech's vaccine have a 95.0% success rate and showed no serious side effects.

**W-o-w,%
(Week Ended 20 November)**



**YTD Gain,%
(As at 20 November)**



GOVERNMENT AND CORPORATE BONDS

- ✓ The total trading value of 10 most actively traded government bonds was lower at 59.3% out of the overall Government Bonds traded compared to 64.5% in the previous week. In absolute terms, the total trading value for the 10 most actively traded Government Bonds declined to RM7.5 billion from RM9.9 billion in the preceding week. In addition, all of the 10 most actively traded bonds saw higher yields hence lower prices during the week under review.
- ✓ Meanwhile, the total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM2.1 billion in the review week compared to RM1.4 billion in preceding week. The total trading value of 10 most actively traded issues also increased (lower trading breadth) to RM490.0 million compared to RM477.8 million in the week before. Aside from that, 8 of the 10 most actively traded corporate bonds saw higher yields, hence lower prices during the review week.

Malaysian Government Bonds

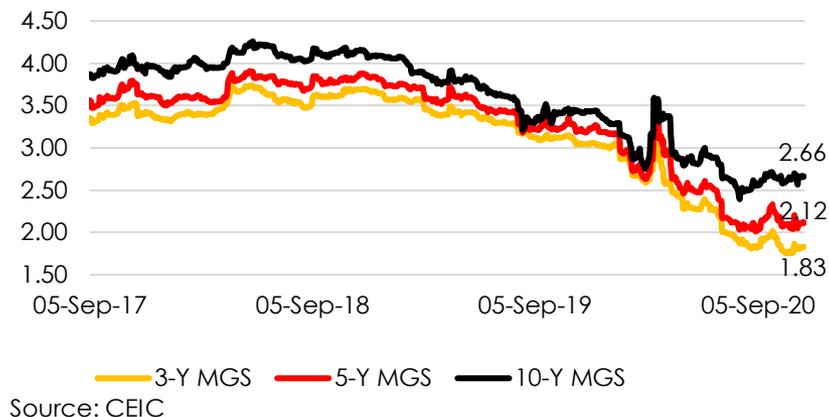
Name	Coupon	Maturity	13-Nov	20-Nov	Weekly change in basis points	Weekly Trading Value (RM Million)
			Yield	Yield		
Malaysia Government Securities	3.620	11/30/21	1.556	1.586	3.0	1,498.0
Malaysia Investment Issue	3.422	09/30/27	2.336	2.542	20.6	1,042.5
Malaysia Government Securities	2.632	04/15/31	2.644	2.664	2.0	790.5
Malaysia Government Securities	3.955	09/15/25	2.121	2.139	1.8	772.3
Malaysia Government Securities	3.502	05/31/27	2.400	2.477	7.7	715.3
Malaysia Government Securities	4.048	09/30/21	1.550	1.590	4.0	618.2
Malaysia Investment Issue	3.726	03/31/26	2.264	2.294	3.0	566.6
Malaysia Government Securities	3.885	08/15/29	2.678	2.745	6.7	527.5
Malaysia Government Securities	3.480	03/15/23	1.821	1.834	1.3	525.2
Malaysia Government Securities	4.642	11/07/33	3.162	3.207	4.5	459.3
Total Trading Value (Top 10)						7,515.2
Total Trading Value (Overall)						12,665.2

Sources: Bloomberg

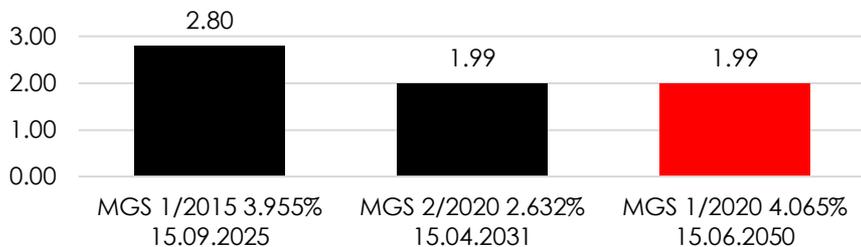
Malaysian Corporate Bonds

Name	Coupon	Maturity	13-Nov	20-Nov	Weekly change in basis points	Weekly Trading Value (RM Million)
			Yield	Yield		
Pengurusan Air SPV Berhad	3.070	06/05/25	2.597	2.620	2.3	90.0
Perbadanan Tabung Pendidikan	3.850	06/15/22	1.841	1.908	6.7	70.0
Affin Bank Berhad	5.450	02/05/27	3.342	3.309	-3.3	50.0
Sarawak Energy Berhad	5.500	07/04/29	2.943	2.973	3.0	50.0
Tropicana Corp Bhd	5.800	05/14/27	5.535	5.543	0.8	40.0
Pengurusan Air SPV Berhad	4.160	11/11/21	2.090	2.173	8.3	40.0
Sarawak Energy Berhad	5.280	08/17/35	3.415	3.459	4.4	40.0
Affin Islamic Bank Berhad	5.050	10/23/28	3.698	3.667	-3.1	40.0
Manjung Island Energy Bhd	4.900	11/25/31	3.127	3.167	4.0	40.0
Telekom Malaysia Berhad	4.200	09/13/21	2.132	2.139	0.7	30.0
Total Trading Value (Top 10)						490.0
Total Trading Value (Overall)						2,119.1

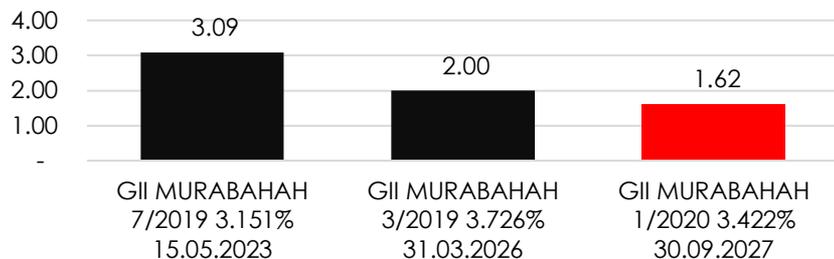
MGS Yields



MGS



GII



Source: Bond Info Hub

- ✓ On the local bond market, the 3-Y and 5-Y MGS yielded higher to close at 1.83% (13 November: 1.82%) and 2.12% (13 November: 2.11%) while the 10-Y MGS maintained at 2.66% on last Friday, following vaccine hopes.
- ✓ As for auction market, the issuance of 30-Y MGS sustained its Bid-to-Cover (BTC) ratio at 1.99x, with a coupon of 4.065% that will mature on 15 June 2050.
- ✓ On one hand, the 7-Y GII auction reopening saw tepid bidding, with BTC ratio of 1.62x, carrying a 3.422% coupon rate.
- ✓ Looking forward, the Ringgit-denominated bonds are expected to inch up due to better risk-sentiment, following the signing of one of the world's largest free-trade agreement known as Regional Comprehensive Economic Partnership (RCEP).

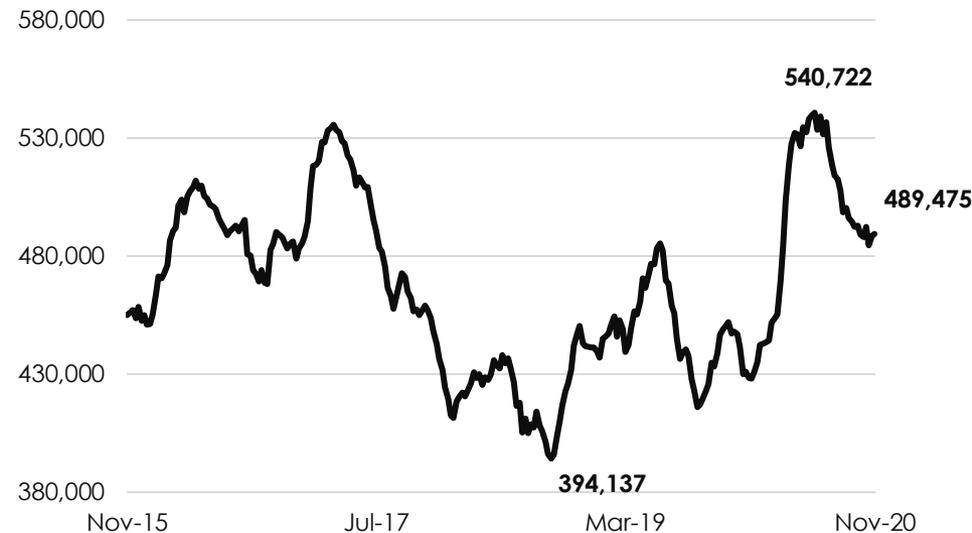
BRENT

- ✓ Brent crude oil price recorded a 5.1% weekly increase to settle at USD44.96 per barrel (bbl.) last Friday (13 November: USD42.78/bbl.). This was the third straight week of gains boosted by better prospects for Covid-19 vaccines and hopes that the Organization of the Petroleum Exporting Countries Plus (OPEC+) would extend current production cuts into 2021.
- ✓ Putting a lid on prices were rising concerns over fuel demand recovery as the number of Covid-19 infections continue to rise globally.
- ✓ On the supply side, the US Energy Information and Administration (EIA) and the American Petroleum Institute (API) reported an increase in the US crude inventories. The EIA data showed crude stocks rose by 0.8 million barrels to 489.5 million barrels in the week ended 13 November from 488.7 million previously. Similarly, the American Petroleum Institute (API) showed that crude stockpiles increased by 4.2 million barrels as at 17 November from 5.1 million barrels declined in the previous week.

Brent Crude in USD per barrel



US Crude Oil Inventory, '000 barrel - EIA



Date	Global	China	Germany	India	Indonesia	Italy	Japan	Singapore	South Korea	Spain	Thailand	United Kingdom	United States	France	Malaysia
1-Nov	518,172	28	14,177	46,963	3,143	31,756	754	12	124	24,258	4	21,915	99,356	32,530	957
2-Nov	470,365	34	12,097	45,231	2,696	29,905	667	4	97	15,689	3	23,254	80,379	49,290	834
3-Nov	443,825	60	15,352	38,310	2,618	22,253	468	1	75	10,585	10	18,950	75,888	52,156	1,054
4-Nov	478,815	30	17,214	46,253	2,973	28,241	619	9	118	14,873	7	20,018	85,412	36,254	1,032
5-Nov	542,813	32	19,990	50,210	3,356	30,548	938	7	125	21,161	6	25,177	88,163	39,807	1,009
6-Nov	596,377	44	21,506	47,638	7,843	34,502	944	7	145	23,249	8	24,138	106,050	58,017	1,755
7-Nov	615,710	43	23,399	50,356	-	37,802	1,132	4	89	22,563	12	23,287	116,780	60,235	1,168
8-Nov	595,737	31	16,017	45,674	4,262	39,809	1,172	7	143	22,535	7	24,957	131,821	86,794	852
9-Nov	532,402	47	13,363	45,903	3,880	32,614	998	2	126	13,904	3	20,572	127,151	38,619	972
10-Nov	451,550	29	15,332	38,073	2,853	25,269	899	8	100	9,371	4	21,350	104,659	19,571	869
11-Nov	513,837	28	18,487	44,281	3,779	35,090	1,173	9	146	15,787	3	20,412	122,231	22,166	822
12-Nov	589,815	37	21,866	47,905	3,770	32,961	1,555	18	143	19,427	5	22,950	133,935	34,971	919
13-Nov	646,019	36	23,542	44,879	4,173	37,977	1,587	11	191	18,178	9	33,470	142,076	32,978	1,304
14-Nov	667,118	32	22,461	44,684	5,444	40,902	1,685	12	205	17,717	0	27,301	193,734	23,620	1,114
15-Nov	625,725	24	16,947	41,100	5,272	37,249	1,694	2	208	16,946	5	26,860	181,066	32,059	1,208
16-Nov	549,464	24	10,824	30,548	4,106	33,977	1,459	3	223	9,562	9	24,962	155,001	27,123	1,103
17-Nov	473,307	24	14,419	29,163	3,535	27,352	1,190	5	229	6,077	3	21,363	137,486	9,094	1,210
18-Nov	554,186	14	17,561	38,617	3,807	32,191	1,489	6	313	10,422	2	20,051	151,266	45,498	660
19-Nov	608,107	23	22,609	45,576	4,265	34,280	2,151	5	343	7,090	8	19,609	164,044	27,667	1,290
20-Nov	627,762	31	23,648	45,882	4,798	36,176	2,301	4	363	16,233	4	22,915	164,560	21,130	958
21-Nov	643,122	44	22,964	46,232	4,792	37,239	2,398	4	386	15,156	10	20,252	184,191	22,642	1,041
22-Nov	604,943	60	15,741	45,209	4,998	34,764	2,514	5	330	-	11	19,875	191,033	17,854	1,096

Source: CEIC

- ✓ Following a 9.8% rally from a low of 1,452.0 points on 2 November 2020 to 1,593.8 points last Friday, the FBM KLCI is ripe for further profit taking consolidation, given the overbought momentum.
- ✓ Other factors influencing investor sentiment this week would be the peak of the release of 3Q2020 corporate earnings which will show if businesses performed better during the Recovery Movement Control Order (RMCO).
- ✓ On the policy making front, the approval for the Budget 2021 will be held on 27 November 2020, Friday. One of the measures proposed under Budget 2021 was allowing contributors to withdraw from Account 1 of the Employees Provident Fund (EPF) account. EPF cited that the fund may have to liquidate its assets and rebalance its portfolio to make billions of ringgit available to contributors in need of funds to lessen their financial burden caused by the Covid-19 pandemic. Such statement is likely to dent investor appetite in the short term.
- ✓ Meanwhile, the lifting of the Conditional Movement Control Order (CMCO) in some states of Malaysia may act as a buffer for concerns of the high number of Covid-19 infections in the country.
- ✓ At this juncture, major supports for the FBM KLCI are pegged from 1,570 to 1,580 points while key resistance levels are situated between 1,600 and 1,620 points.
- ✓ As investors are expected to lock in profits this week, we view there may be a shift from the equity market to the bond market. Therefore, we do not discount any possibility in the decline in bond yields as more investors as expected to pile into the bond market.

THANK YOU

Bank Islam ensures that social and environmental considerations are consistently its top priority governed by the Bank's core values and Shariah principles. More initiatives will be developed by the Bank as the Bank strives to make a positive difference for its financial and social performance.

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