



From the Desk
of the
Chief Economist

BANK ISLAM

WEEKLY MARKET UPDATES

7 MARCH 2022

ECONOMIC RESEARCH

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International

Country	Economic Indicators	Remarks
The U.S.	Unemployment Rate	<ul style="list-style-type: none"> ✓ The U.S. Bureau of Labor Statistics reported an increase in the total nonfarm payroll employment by 678,000 in February (January: 481,000). ✓ Unemployment rate fell to its lowest rate since February 2020 to 3.8% in February (January 2022: 4.0%).
China	Gross Domestic Product	<ul style="list-style-type: none"> ✓ Li Keqiang, the Premier of the People's Republic of China presented the annual Government Work Report last Saturday, reiterating an expectations for GDP growth to be around 5.5% in 2022 following policymakers' confidence in economic resilience despite various risks and challenges coming ahead this year.
Russia	Interest Rate	<ul style="list-style-type: none"> ✓ The Bank of Russia raised its key interest rate to 20.0% from 9.5% on 28 February to stimulate rise in deposit rates, to cushion against the increased depreciation and inflation risks.

Domestic

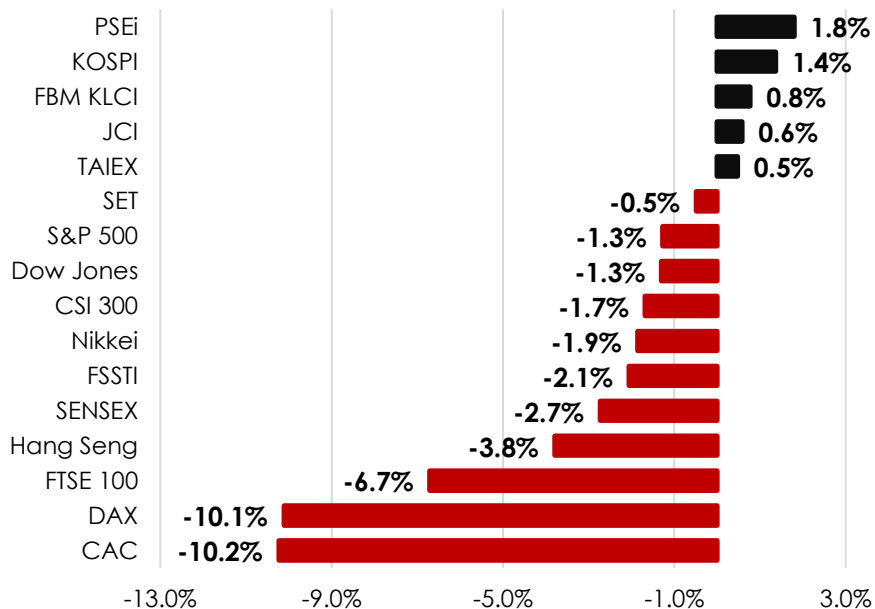
Country	Economic Indicators	Remarks
Malaysia	Consumer Price Index	<ul style="list-style-type: none"> ✓ Malaysia's Consumer Price Index (CPI) increased moderately by 2.3% year-on-year (y-o-y) in January 2022 (December 2021: 3.2%). ✓ This was mainly attributable by the slower price increases for Housing, Water, Electricity, Gas & Other Fuels (January 2022: 0.7% vs. December 2021: 3.4%), as well as Transport (January 2022: 6.0% vs. December 2021: 9.5%). These sub-indexes accounted for 38.4% out of total CPI.
	Overnight Policy Rate (OPR)	<ul style="list-style-type: none"> ✓ Monetary Policy Committee (MPC) of Bank Negara Malaysia (BNM) in its meeting decided to maintain the OPR at 1.75%, considering the current monetary policy measures to be appropriate and accommodative. ✓ The overall recovery outlook remains on track albeit high confirmed cases due to the Omicron variant since the economic impact of this variant is expected to be less severe.

Sources: The U.S Bureau of Labour Statistics, Bank of Russia, DOSM

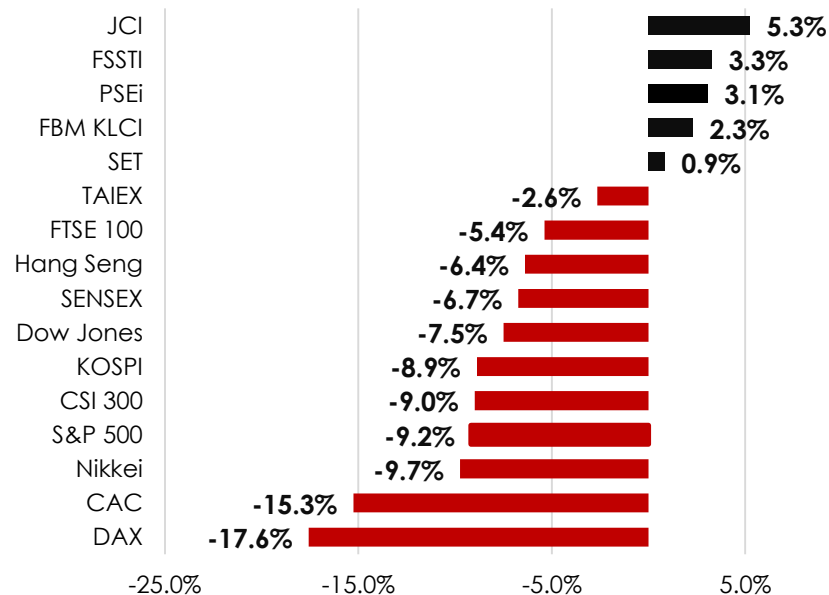
WEEKLY MARKET PERFORMANCE

- ✓ The Philippines's PSEi led gainers with a 1.8% weekly advance among the major equity markets last week after the U.S. Federal Reserve (Fed) chair Jerome Powell signaling support for a less aggressive interest rate hike during their next policy meeting on 15 to 16 March.
- ✓ Meanwhile, France's CAC continued to drop for the third straight week, declining by 10.2% last week amid lingering geopolitical concerns.
- ✓ On a Year-To-Date (YTD) basis, the FBM KLCI was among the gainers as it increased by 2.3% or 36.4 points as at 4 March 2022.

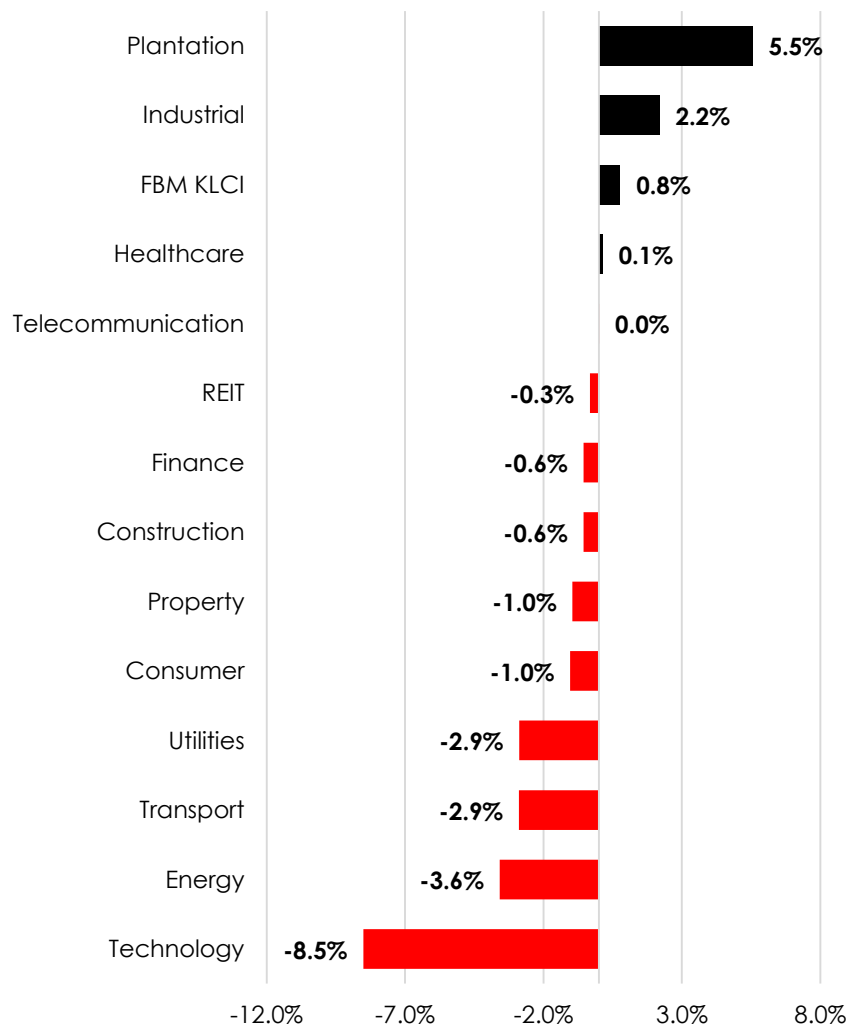
**Weekly Gain/Loss of Major Equity Markets, %
(Week Ended 4 March)**



**YTD Gain/Loss Of Major Equity Markets, %
(As at 4 March)**



Bursa Sectoral Performance, w-o-w%



Source: Bursa

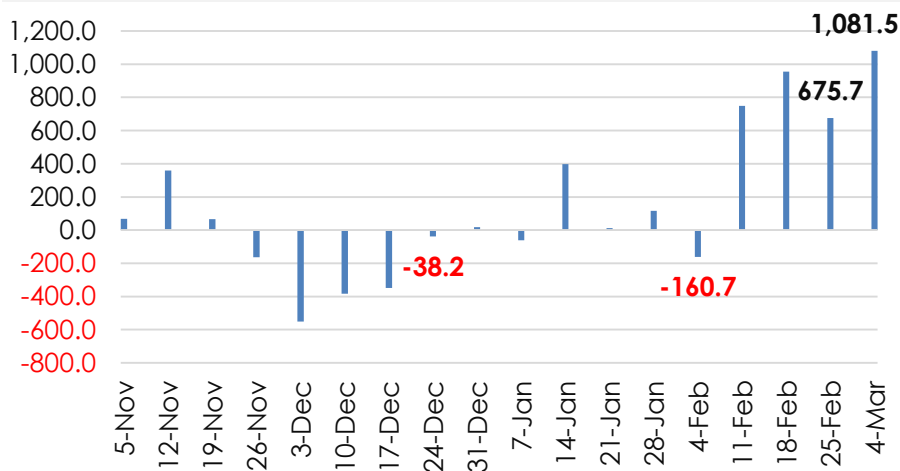
WEEKLY SECTORAL PERFORMANCE

- ✓ Bursa's **plantation** continued to emerge as top gainer, rising by 5.5% on a weekly basis.
- ✓ The sustained performance in plantation sector was driven by soaring Crude Palm Oil (CPO) future which has reached RM8,163.00 per tonne on 1 March amid worries over supply disruption of sunflower oil.
- ✓ This is likely to support the CPO future in the near term as sunflower oil is traded at a premium against CPO.
- ✓ Meanwhile, the **technology index** remained under selling pressure, plummeting by 8.5%.
- ✓ All in all, the FBM KLCI will be traded within the range between 1,595.0 points and 1,615.0 points this week as investors will stay alert on the back of increasing external uncertainties, particularly tension between Russia and Ukraine.

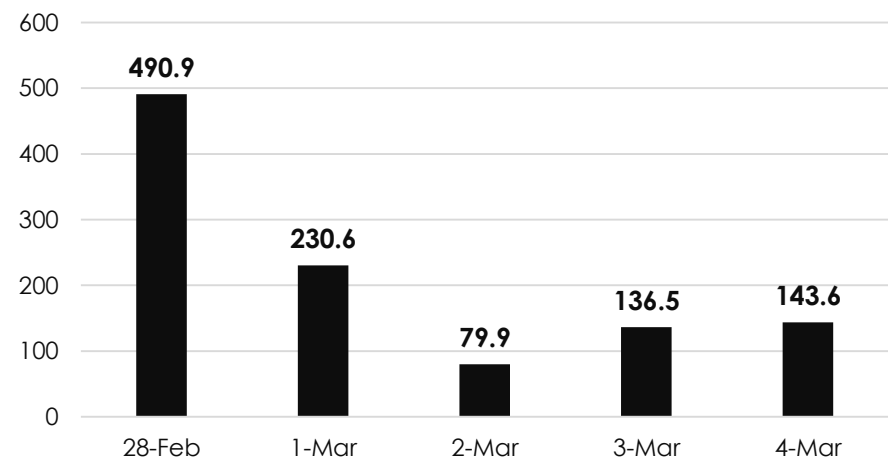
WEEKLY FOREIGN FUND FLOW

- ✓ Foreign investors remained to be net buyers as they bought RM1.1 billion net of local equities last week, higher than RM675.7 million net inflows in the previous week. This was the highest weekly inflows from foreign investors so far for the year.
- ✓ On further scrutiny, foreign investors were net buyers on everyday of the week with largest foreign inflow was recorded on Monday, 28 February at RM490.9 million.
- ✓ Apart from that, we noted that the international funds have been net buyers for seven out of nine weeks in 2022, suggesting foreign investors continued to support Malaysia's equity market.
- ✓ On a YTD basis, international investors have acquired RM3,765.2 million net of local equities in 2022 compared to RM1,457.7 million net disposed during the same period in 2021.

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



Daily Foreign Net Inflow/Outflow From 28 February to 4 March (RM Million)

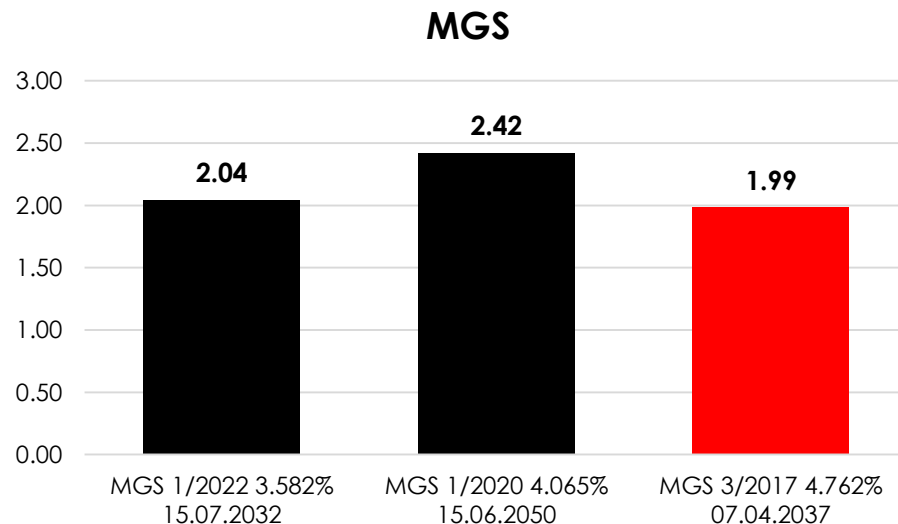


MGS Benchmark Yields Weekly Change, basis points (bps)

	Coupon (%)	Yields (%) 25-Feb-22	Yields (%) 4-Mar-22	Change (bps)
3-Y MGS 06/24	3.48%	2.69%	2.73%	4
5-Y MGS 11/26	3.90%	3.29%	3.27%	-2
7-Y MGS 06/28	3.73%	3.57%	3.51%	-6
10-Y MGS 07/32	3.58%	3.67%	3.65%	-2

Source: BNM

Past Auction Result



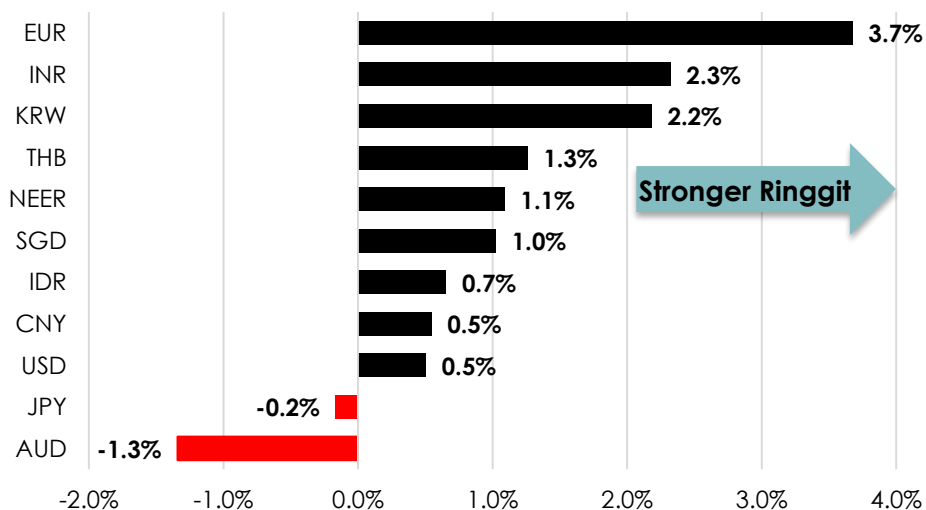
Source: CEIC

- ✓ As for the bond market, the MGS benchmark yields were mixed between -6 bps and 4 bps on a weekly basis.
- ✓ The shorter tenure 3-Y MGS 06/24 higher by 4 bps to settle at 2.73% while the 10-Y MGS 07/32 fell by 2 bps to 3.65%.
- ✓ Meanwhile, latest auction in the primary market indicated that demand for local govies was mildly positive.
- ✓ This was reflected by the reopening of 15-Y MGS 04/37 which drew a Bid-To-Cover (BTC) ratio of 1.99x which was slightly higher than average of 1.90x in 2021.
- ✓ All in all, market volatility remains as investors are still somewhat cautious given high uncertainties on geopolitics and the U.S. inflation, as well as monetary tightening cycle.

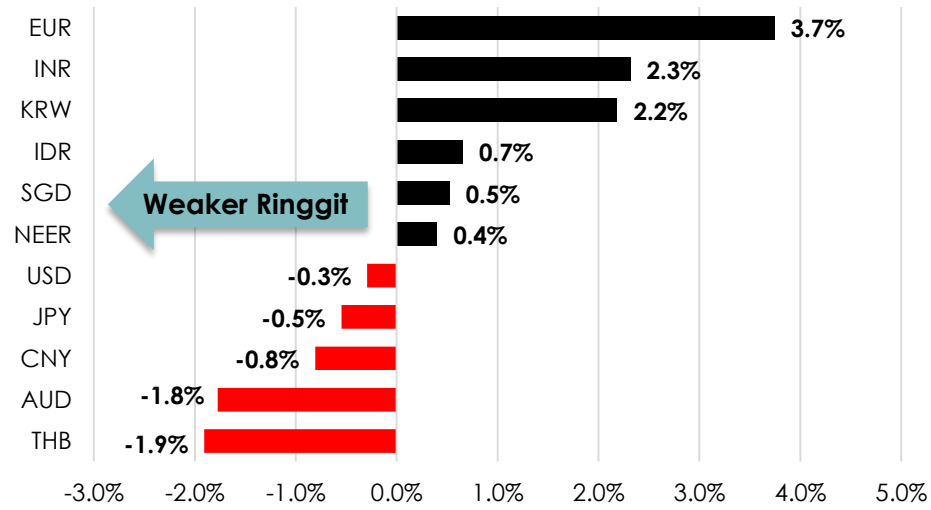
WEEKLY PERFORMANCE

- ✓ The Ringgit appreciated by 0.5% week-on-week (w-o-w) to close at RM4.1760 against the U.S. Dollar on last Friday from RM4.1985 previously.
- ✓ The stronger ringgit was supported by the 20.6% weekly gain in Brent price which rose to USD118.11 per barrel on 4 March from USD97.93 per barrel in the previous week.
- ✓ On the local front, investors are expected to remain positive over decision by the BNM to leave its interest rate unchanged at 1.75% during last week's meeting. BNM is in view that the current stance of monetary policy to be appropriate and accommodative while continue assessing the economic situation, especially on the geopolitical issues.
- ✓ Be that as it may, further appreciation in the local note could be limited given the heightened conflict between Russia and Ukraine which leads to safe-haven currencies in high demand.
- ✓ Therefore, the Ringgit is expected to trade within the range of RM4.17 and RM4.18 for this week.

**MYR against regional currencies, w-o-w%
(Week Ended 4 March)**



**MYR against regional currencies,
YTD Gain% (As at 4 March)**



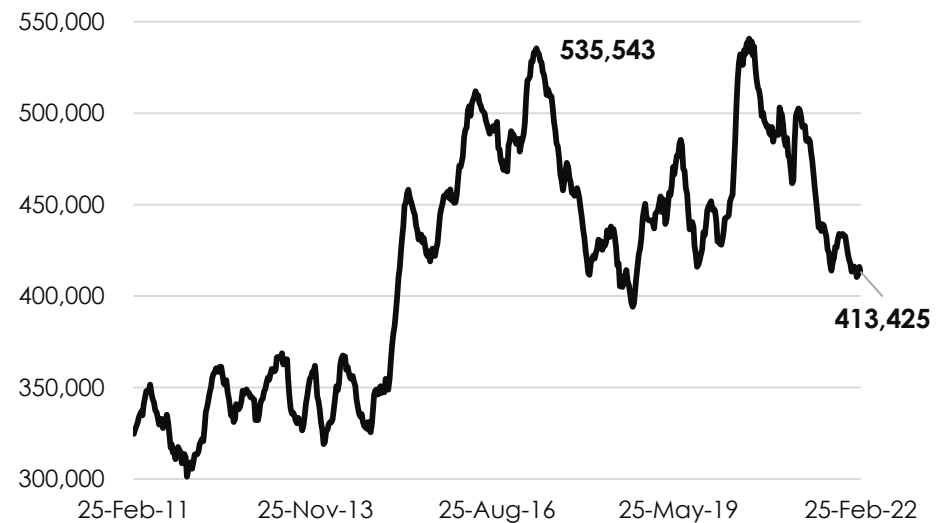
BRENT

- ✓ Brent crude oil price recorded a 20.6% weekly increase to settle at USD118.11 per barrel on 4 March (25 February: USD97.93 per barrel), the highest since 2013 as Russia's invasion on Ukraine has intensified.
- ✓ Apart from that, Brent price surged throughout the week as the U.S. and its allies heaped sanctions on Russia to squeeze its industry and threaten a growing supply crunch in coming months.
- ✓ On the supply side, the U.S. Energy Information Administration (EIA) reported that the crude oil inventories declined by 2.6 million barrels to 413.4 million barrels in the week ended 25 February (18 February: 416.0 million barrels). Meanwhile, the U.S. American Petroleum Institute (API) mentioned that oil stockpiles dropped by 6.1 million barrels in the week ended 11 February from 6.0 million increase in the previous week, suggesting improving demand conditions.

Brent Crude in USD per barrel



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



GOLD

- ✓ On 4 March 2022, gold price rose by 4.3% to USD1,970.70 per ounce after registering a dip of 0.5% to USD1,889.34 per ounce on 25 February.
- ✓ The upturn in gold price is due to investors are worried on the radiation risks following the attack on Zaporizhzhia Nuclear Power Plant, Europe's largest nuclear power station in Ukraine.
- ✓ Nonetheless, future interest rate hike by the Fed this month to curb inflation could limit the gain of gold as it will lead to a higher U.S. Treasury (UST) bond yields.
- ✓ On further scrutiny, the U.S. Dollar index reached its highest level since May 2020 as it soared by 2.1% to 98.65 on 4 March (25 February: 96.62) due to the uncertainty surrounds the financial market following the ongoing geopolitical events. Because of its status as the world's reserve currency, the U.S. Dollar is frequently seen as the ultimate haven asset.

Gold in USD per ounce



U.S. Dollar Index (DXY)



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
4-Feb-22	3,081,620	227	248,838	149,394	32,211	112,956	103,038	4,297	27,437	65,392	9,909	88,083	301,298	274,179	7,234
5-Feb-22	3,009,108	229	217,815	127,952	33,729	100,900	99,299	13,208	36,347	57,628	10,490	76,409	348,077	239,755	9,117
6-Feb-22	2,505,587	466	133,173	107,474	36,057	93,192	100,949	10,390	38,680	53,015	10,879	62,988	281,475	213,366	10,089
7-Feb-22	2,056,200	463	95,267	83,876	26,121	78,943	92,865	7,752	35,285	27,690	10,470	52,003	100,482	149,763	11,034
8-Feb-22	1,870,102	767	169,571	67,597	37,492	41,602	71,708	7,806	36,710	23,413	10,398	60,208	93,230	45,694	13,944
9-Feb-22	2,971,597	783	234,250	71,365	46,843	102,429	95,945	13,011	49,567	52,426	13,182	75,882	308,782	201,170	17,134
10-Feb-22	2,592,961	1,244	247,862	67,084	40,618	81,669	97,946	10,314	54,122	46,009	14,822	68,933	197,474	176,501	19,090
11-Feb-22	2,506,673	1,170	240,172	58,077	40,489	76,195	100,097	10,686	53,926	42,391	15,242	63,721	194,159	153,009	20,939
12-Feb-22	2,318,750	1,503	209,789	50,407	55,209	67,478	98,173	9,930	54,912	36,897	16,330	51,861	166,102	129,791	22,802
13-Feb-22	1,956,903	1,641	125,160	44,877	44,526	62,221	67,506	10,505	56,428	32,547	15,882	44,251	155,150	117,574	21,072
14-Feb-22	1,594,216	1,483	76,465	34,113	36,501	52,345	80,234	9,420	54,617	16,395	14,900	37,251	65,147	86,562	21,315
15-Feb-22	1,543,600	2,205	159,217	27,409	57,049	28,776	63,581	9,082	57,164	14,072	14,373	41,514	46,132	26,360	22,133
16-Feb-22	2,092,040	1,765	219,972	30,615	64,718	71,023	79,896	19,420	90,435	32,179	16,462	54,281	187,479	118,385	27,831
17-Feb-22	2,072,642	4,441	235,626	30,757	63,956	59,869	90,522	16,883	93,132	29,516	17,349	52,020	111,426	98,697	26,701
18-Feb-22	2,039,871	6,271	220,048	25,920	59,635	58,055	95,603	18,545	109,823	26,476	18,066	51,064	110,395	92,318	27,808
19-Feb-22	1,893,758	3,833	189,105	22,270	59,384	53,700	92,939	18,094	102,210	23,766	18,885	44,353	102,705	78,410	28,825
20-Feb-22	1,634,467	6,331	118,032	19,968	48,484	50,675	77,153	24,836	104,814	22,195	18,953	32,947	110,057	73,008	26,832
21-Feb-22	1,322,690	6,281	73,867	16,051	34,418	42,202	72,861	6,283	95,339	11,053	18,883	34,422	38,020	58,944	25,099
22-Feb-22	1,329,846	7,720	125,902	13,405	57,491	24,484	55,903	13,623	99,569	9,832	18,363	37,416	33,621	3,469	27,179
23-Feb-22	1,718,437	6,460	209,052	15,102	61,488	60,137	66,373	26,032	171,442	23,264	21,232	44,830	53,666	95,944	31,199
24-Feb-22	1,856,864	8,916	216,322	14,148	57,426	49,162	77,810	20,312	170,015	21,517	23,557	38,745	121,839	66,801	32,070
25-Feb-22	1,727,958	9,103	210,743	13,166	49,447	47,493	65,657	18,593	165,890	20,502	24,932	36,012	76,158	66,714	30,644
26-Feb-22	1,604,958	38,163	175,833	11,499	46,643	42,069	65,196	18,597	166,198	17,683	25,615	30,193	69,395	55,715	27,299
27-Feb-22	1,334,804	23,704	107,913	10,273	34,976	39,360	69,661	16,857	163,555	15,761	24,719	27,477	87,175	53,623	24,466
28-Feb-22	1,248,080	26,321	62,349	8,013	25,054	31,878	69,267	14,228	139,626	13,353	22,311	24,698	16,198	42,569	23,100
1-Mar-22	1,296,634	34,722	122,111	6,915	24,728	19,366	51,272	13,544	138,989	12,007	20,420	31,027	9,843	1,094	25,854
2-Mar-22	1,601,870	32,865	186,406	7,554	40,920	47,136	61,843	24,080	219,240	15,778	22,197	43,713	95,051	79,713	27,500
3-Mar-22	1,599,865	55,617	210,673	6,561	37,259	37,946	71,570	19,159	198,788	18,561	23,618	41,781	44,971	56,214	32,467
4-Mar-22	1,662,235	57,192	217,593	6,396	26,347	41,500	70,958	18,162	266,853	18,471	23,834	25,853	76,282	59,935	33,209

Source: CEIC

- ✓ The FBM KLCI is expected to trade range-bound this week between 1,595.0 points and 1,615.0 points as investor sentiment is likely to remain cautious due to market volatility. Meanwhile, on Friday-to-Friday basis, the FBM KLCI rose 12.22 points to end the week at 1,603.94 points on 4 March from 1,591.72 points in the previous week.
- ✓ In relation to economic data, Department of Statistic Malaysia (DOSM) will be releasing Industrial Production Index (IPI) data for the month of January.
- ✓ Russia's invasion of Ukraine will continue to dominate market focus and sentiment of the week as rallies in commodities prices adding to already high U.S. inflation. The U.S.'s inflation figure for the month of February will be closely watched this Thursday as further moves by the Fed on policy tightening will be dependent on such data. Though jobless claims data for the week ended 5 March will draw the interest, the inflation figures will be the key before the next week's Federal Open Market Committee (FOMC) policy decision. Similarly, China will be releasing its inflation figure for the said month on Friday.
- ✓ Meanwhile, another important event is on the European Central Bank's (ECB) interest rate decision this Thursday. The market will be paying attention for the ECB to deliver an impact analysis on the Russian invasion and sanctions on the Eurozone economy, financial sector, as well as monetary policy.
- ✓ On the domestic front, Prime Minister Ismail Dato' Sri Ismail Sabri Yaakob had on 5 March, confirming that the country's borders will be reopened soon. This has been much-awaited news by most parties especially the tourism sector which has been badly impacted from the pandemic since March 2020.
- ✓ At the same time, Health Minister, Khairy Jamaluddin has stated that Malaysians can start living with Covid-19 despite Omicron wave shows no sign of abating. For record, the country has been showing a significant rise of confirmed cases in February and slowly registering over 30,000 cases since 3 March. Although the daily case rate remains high, the impacts are manageable, measured by hospitalisations, admissions to intensive care units (ICU) and mortality rate, supported by the country's successful immunisation rate against Covid.

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