



From the Desk
of the
Chief Economist

BANK ISLAM

WEEKLY MARKET UPDATES

10 MAY 2021

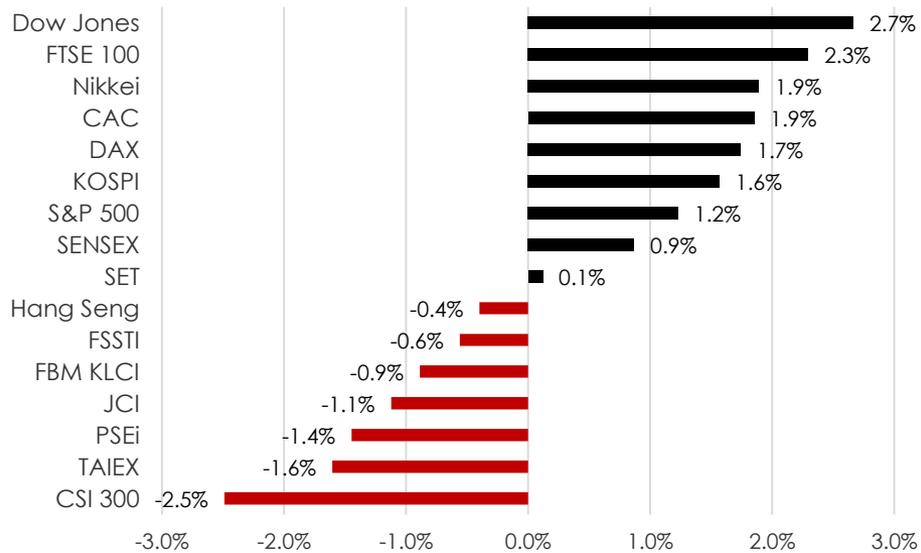
ECONOMIC RESEARCH

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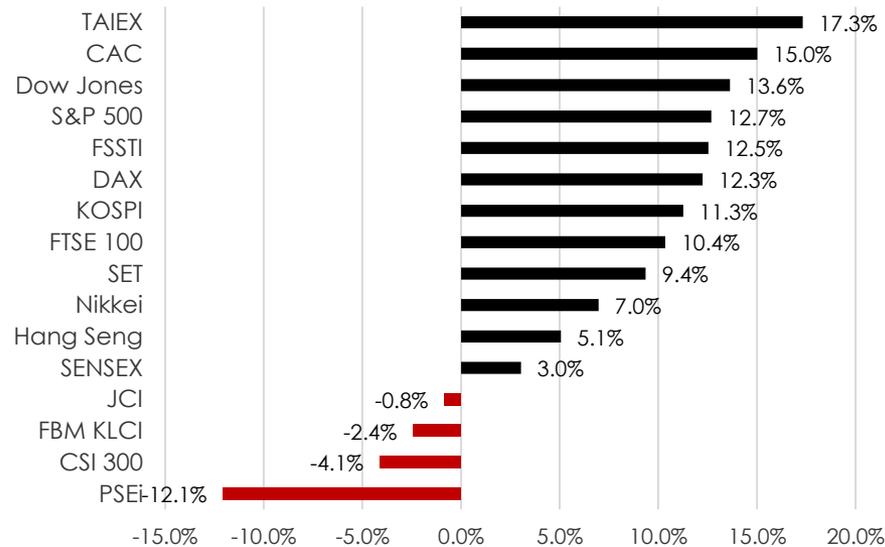
WEEKLY MARKET PERFORMANCE

- ✓ The Dow Jones Index led gainers with a 2.7% weekly advance. The Dow Jones Index closed at a record high at 34,777.8 points on last Friday as an unexpectedly weak April jobs report cooled fears that the US Federal Reserve may be forced to tighten policy sooner than many expect to curb an overheating economy.
- ✓ Meanwhile, China's CSI 300 index led losers with a 2.5% weekly decline as worries over lofty valuations and Sino-West tensions offset optimism surrounding data and survey pointing to a continued recovery in the world's second-largest economy. On further scrutiny, US President Joe Biden threw his support behind waiving intellectual property rights for Covid-19 vaccines including the ones from China, causing the CSI 300 Healthcare Index to drop by 6.8% during the week.
- ✓ On the domestic front, the FBM KLCI index was lower by 0.9% for the week but recorded a larger loss on a Year-To-Date (YTD) basis of 2.4%.

Weekly Gain/Loss of Major Equity Markets (%)
(Week Ended 7 May)



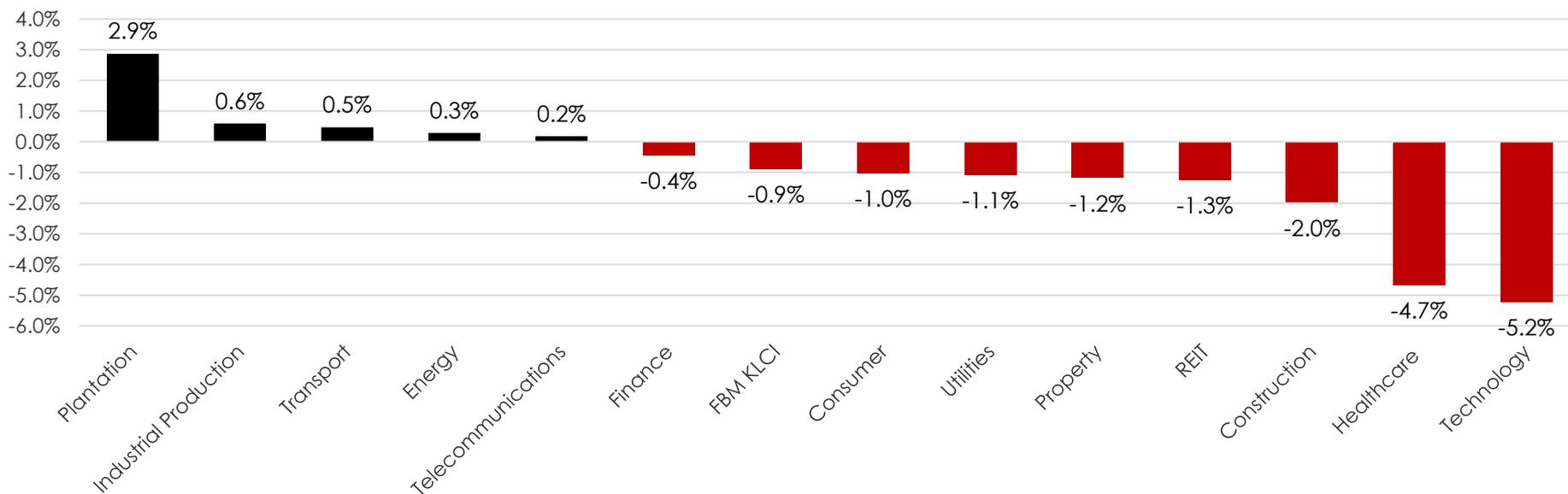
YTD Gain/Loss Of Major Equity Markets (%)
(As at 7 May)



WEEKLY SECTORAL PERFORMANCE

- ✓ The Bursa Malaysia Plantation index led gainers with a 2.9% weekly advance as the Crude Palm Oil (CPO) futures contract on Bursa extended its rally on Friday to closed at an all-time high of above RM4,400 a tonne for the July benchmark contract. The upbeat performance was due to concerns over weak production and lower stockpile in the country ahead of the Malaysian Palm Oil Board (MPOB) report due out this week which supported the prices of the crop.
- ✓ On the other hand, the Bursa Malaysia Technology Index was the largest decliner with a 5.2% weekly drop. Much of the week's decline in the index was due to profit taking activity after the index's rally amidst the strong demand for semiconductor products worldwide. Recall that the sector reached the 88.1 points on 26 April 2021, the highest level since 4 March 2021. Since then, the index has started to gradually retreat, settling at 80.7 points on last Friday.

Bursa Malaysia Sectoral Weekly Performance (%)

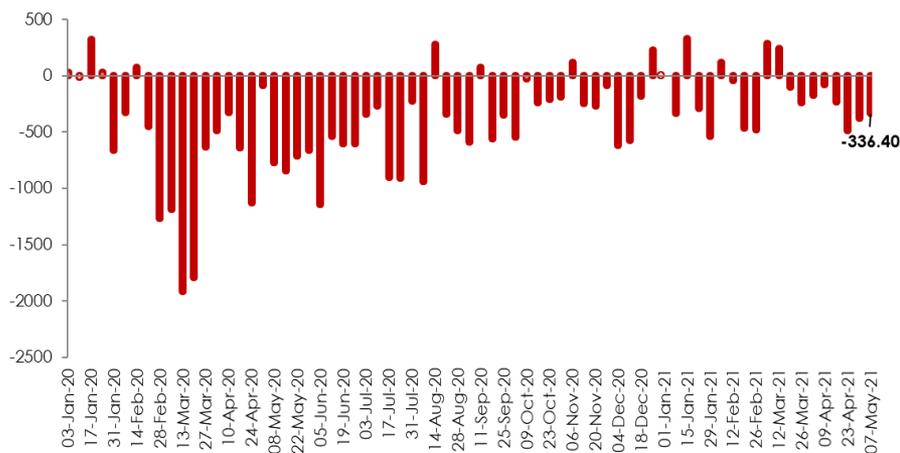


Source: Bursa

WEEKLY FOREIGN FUND FLOW

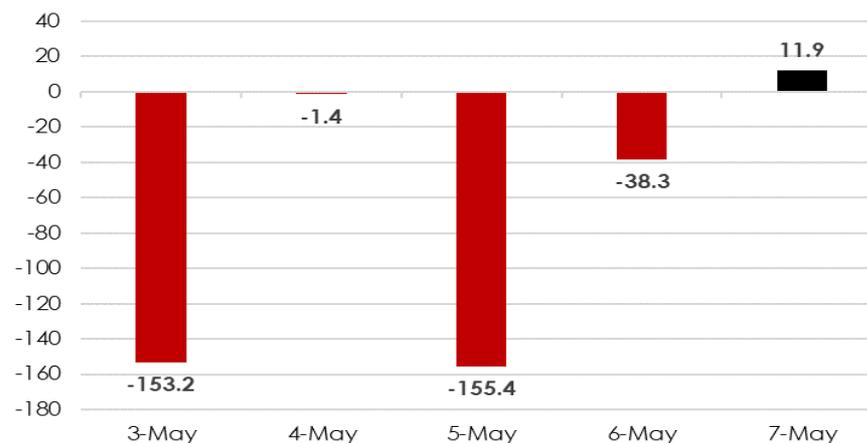
- ✓ The pace of foreign net selling was slightly slower last week. Foreign investors disposed RM336.4 million net of local equities last week compared to the RM376.5 million net in the week before.
- ✓ The local bourse started the week on a rough note as foreign funds decided to take out RM153.2 million net of local equities on Monday. The momentum for foreign net selling activities slowed down substantially to RM1.4 million on Tuesday as investors looked for signs of recovery from the Covid-19 pandemic as major economies around the world reopen. Nevertheless, international investors withdrew RM155.4 million net of local equities on Wednesday after digesting the government's announcement to re-enforce the Movement Control Order (MCO). Foreign net selling continued on Thursday but at a moderate pace of RM38.3 million as investors took cue of the commodity prices which were near multi-year highs. Investors were back in buying mode on Friday as they acquired RM11.9 million net of local equities, snapping the seven-day foreign net selling streak on Bursa.
- ✓ Malaysia's YTD foreign net outflow stands at RM3.2 billion. There have only been 4 weeks of foreign net buying out of 18 weeks this year so far.

Weekly Foreign Fund Flow in Malaysia (RM Million)



Sources: Bursa and Bloomberg

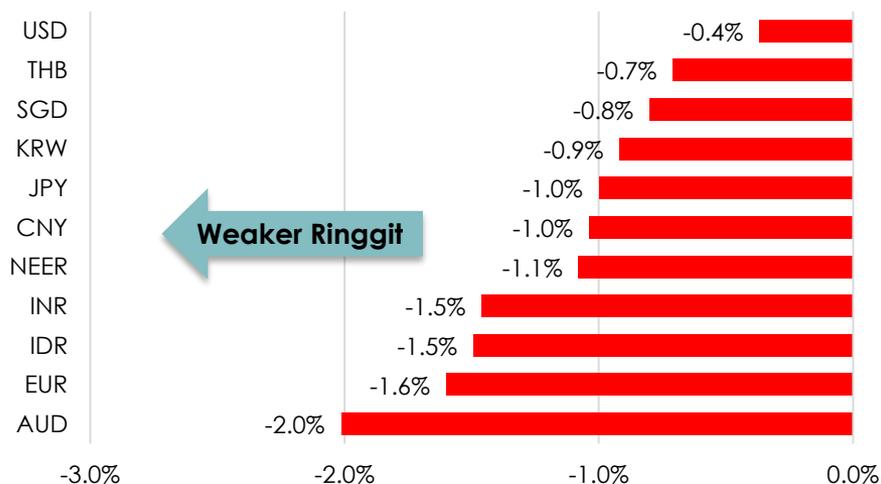
Daily Foreign Net Inflow/Outflow in May 2021 (RM Million)



WEEKLY PERFORMANCE

- ✓ The Ringgit fell by 0.4% week-on-week (w-o-w) against the US Dollar to close at RM4.1100 on 7 May from RM4.0930 on 30 April. This was mainly underpinned by a stronger USD in view of better economic data as reflected by the lower Initial Jobless Claim which dropped to 498k for week ended 1 May 2021 (previous week: 590k). Apart from that, the US's Covid-19 cases tapered down from 53.9k cases on 30 April to 43.2k cases on 9 May alongside higher vaccination rates would likely to support the US Dollar in the medium term.
- ✓ On the domestic front, Ringgit was heavily weighed by the imposition of the MCO 3.0 on 7 May as local cases remained above 2,000 since 15 April.
- ✓ Looking forward, the Ringgit is expected to trade in a tight range against US Dollar amid the uncertainty due to local Covid-19 cases while the focus this week will be on the first quarter Gross Domestic Product (GDP) which will be released tomorrow.

MYR against regional currencies, w-o-w% (Week Ended 7 May)



MYR against regional currencies, YTD Gain% (As at 7 May)

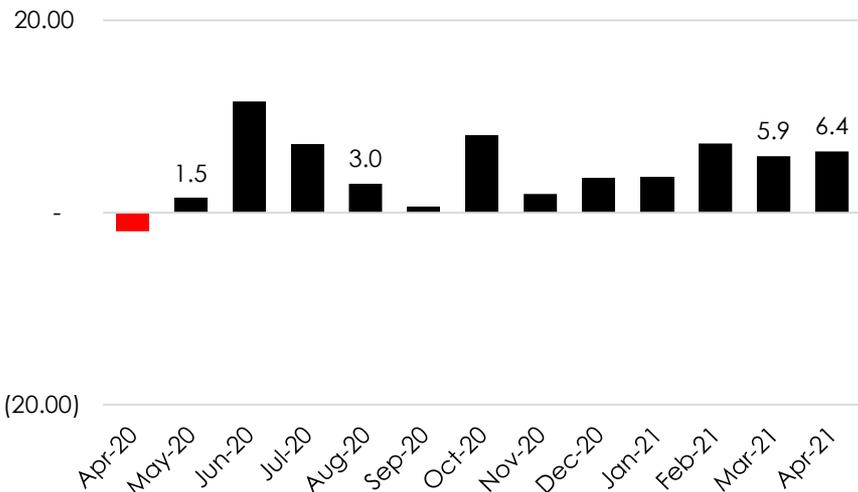


MGS Benchmark Weekly Change (bps)

MGS Benchmark	Coupon (%)	Yields (%) 30-Apr-21	Yields (%) 7-May-21	Change (bps)
3-Y MGS 06/24	3.48%	2.34%	2.32%	-2
5-Y MGS 09/25	3.96%	2.53%	2.54%	1
7-Y MGS 06/28	3.73%	2.98%	2.93%	-5
10-Y MGS 04/31	2.63%	3.11%	3.08%	-3

Source: BNM

Foreign Fund Flows in Bond Market, RM billion



Source: CEIC

- ✓ As for the bond market, the MGS yields were mixed with 5-Y MGS 09/25 higher by 1 bps to 2.54% on 7 May while others saw a weekly decline. The other tenures such as 3-Y MGS 06/24, 7-Y MGS 06/28 and 10-Y MGS 04/31 MGS went down by 2 bps, 5 bps and 3 bps to close at 2.32%, 2.93% and 3.08% respectively on 7 May following the imposition of MCO 3.0 that has halted some economic activities.
- ✓ On the other hand, foreign fund investors continued to purchase local govies for the 12th straight month with higher inflows recorded in April at RM6.4 billion from RM5.9 billion in March. In light of this, the cumulative inflows were higher at RM23.1 billion in 4M2021 compared to outflows of RM18.8 billion in the same period last year.
- ✓ All in all, we opine the demand for local bond would remain strong amid risk-off mode among investors in the wake of rising uncertainty due to high local and international Covid-19 cases.

BRENT

- ✓ Brent crude oil price recorded a 1.5% weekly increase to settle at USD68.28 per barrel last Friday (30 April 2021: USD67.25 per barrel). This was the second consecutive weekly gain due to an improvement on demand outlook in advanced economies following easing restrictions in the US and Europe.
- ✓ Apart from that, the decline in the US crude stocks has also supported the market. The US Energy Information Administration (EIA) reported a fall in crude oil inventory by 8.0 million barrels to 485.1 million barrels in the week ended 30 April (23 April: 493.0 million barrels), the most in three months since February this year. Similarly, the American Petroleum Institute (API) report showed that crude stockpiles dropped by 7.7 million barrels in the week ended 30 April from 4.3 million barrels increase in the preceding week.
- ✓ Be that as it may, concerns over rising number of Covid-19 infections in India, the world's third-biggest oil importer, as well as weak US jobs report have affected the market sentiment last week.

Brent Crude in USD per barrel



Source: Bloomberg

US Crude Oil Inventory, '000 barrel - EIA



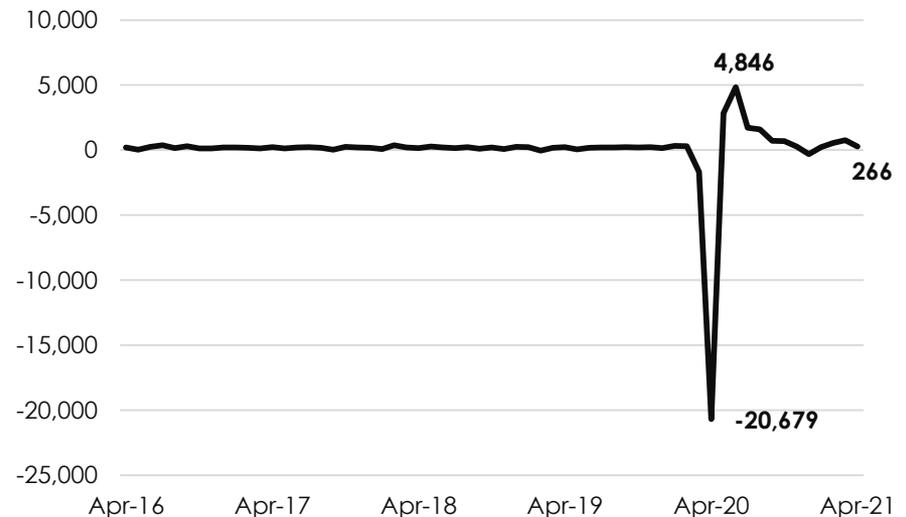
GOLD

- ✓ Gold price posted a 3.5% weekly increase to USD1,831.24 per ounce on 7 May from USD1,769.13 per ounce in the preceding week. This was the highest level recorded since February this year due to a disappointing US nonfarm payrolls report which also caused investors away from the dollar and pushed the US Treasury yields lower.
- ✓ On further scrutiny, the US economy added 266k jobs in April from a 770k increase in the previous month (Consensus: 978k). Such reading heightened the uncertain outlook regarding the US job market recovery and reinvigorated the expectations that the Fed would remain ultra-accommodative until the economy has further improved.
- ✓ Apart from that, the precious metal has continued to benefit from safe-haven demand stemming from the ongoing Covid-19 crisis as infection rates keep increasing globally.

Gold in USD per ounce



US Nonfarm Payrolls, m-o-m changes ('000)



Source: Bloomberg

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
9-Apr-21	748,942	31	25,464	131,968	5,504	17,209	3,331	21	670	10,423	559	2,855	74,849	23,638	1,854
10-Apr-21	770,637	32	24,097	145,384	5,265	18,924	3,587	26	677	10,197	789	2,456	76,377	39,963	1,510
11-Apr-21	754,692	17	17,855	152,879	4,723	17,551	3,610	32	614	10,364	967	845	80,631	43,283	1,739
12-Apr-21	678,691	30	13,245	168,912	4,127	15,737	2,883	20	587	5,567	985	1,730	67,554	34,895	1,317
13-Apr-21	587,116	23	10,810	161,736	4,829	9,780	2,516	25	542	3,849	965	3,568	48,354	7,556	1,767
14-Apr-21	704,551	29	21,693	184,372	5,702	13,439	3,367	14	731	8,811	1,335	2,471	62,801	38,956	1,889
15-Apr-21	822,762	20	29,426	200,739	5,656	16,160	3,952	27	698	10,019	1,543	2,491	78,134	43,354	2,148
16-Apr-21	820,346	18	25,831	217,353	6,177	16,963	4,624	16	673	10,315	1,585	2,671	73,306	37,936	2,551
17-Apr-21	827,228	34	23,804	234,692	5,363	15,923	4,473	34	658	9,553	1,547	2,756	73,932	36,360	2,331
18-Apr-21	835,122	36	19,185	261,500	5,041	15,364	4,611	39	671	9,800	1,767	2,206	73,697	34,218	2,195
19-Apr-21	743,455	42	-	273,810	4,585	12,688	4,223	23	532	5,227	1,390	1,882	61,306	29,344	2,078
20-Apr-21	672,363	25	21,046	259,170	4,952	8,863	3,265	20	549	3,854	1,443	2,963	38,084	6,636	2,341
21-Apr-21	791,007	31	24,884	295,041	5,549	12,069	4,179	14	731	8,535	1,458	2,524	57,164	42,553	2,340
22-Apr-21	889,911	11	29,518	314,835	5,720	13,836	4,929	15	735	10,610	1,470	2,396	60,383	34,368	2,875
23-Apr-21	911,403	37	27,543	332,730	6,243	16,046	5,473	24	797	9,568	2,070	2,728	62,642	34,034	2,847
24-Apr-21	871,652	22	23,392	346,786	5,436	14,758	5,101	39	785	9,703	2,839	2,678	63,206	32,192	2,717
25-Apr-21	851,775	23	18,773	349,691	4,544	13,814	5,142	23	644	9,784	2,438	2,061	63,216	30,884	2,690
26-Apr-21	791,291	20	11,907	352,991	4,402	13,157	4,722	40	499	4,883	2,048	1,712	51,809	24,465	2,776
27-Apr-21	674,819	19	10,976	323,144	5,944	8,440	4,177	45	512	3,773	2,179	2,064	34,469	4,914	2,733
28-Apr-21	777,771	26	22,231	360,960	4,656	10,398	4,523	12	769	8,789	2,012	2,685	40,461	29,980	3,142
29-Apr-21	885,142	33	24,736	379,257	5,241	13,382	5,425	23	679	9,594	1,871	2,166	51,939	31,444	3,332
30-Apr-21	891,457	33	24,329	386,452	5,833	14,314	5,794	35	661	9,139	1,583	2,445	53,857	26,373	3,788
1-May-21	889,284	27	18,935	401,993	5,500	13,445	4,820	24	627	8,221	1,891	2,381	59,590	24,120	2,881
2-May-21	829,601	27	16,290	392,488	4,512	12,964	5,623	34	606	8,790	1,940	1,907	53,567	23,986	3,418
3-May-21	737,365	18	9,160	368,147	4,394	9,145	5,637	39	488	3,778	2,041	1,671	45,150	9,888	2,500
4-May-21	659,172	27	7,534	357,229	4,730	5,946	4,764	17	541	2,925	1,763	1,649	36,178	3,606	3,120
5-May-21	733,735	19	18,034	382,315	4,369	9,113	4,734	17	676	5,780	2,112	1,946	39,480	23,116	3,744
6-May-21	859,171	18	21,953	412,262	5,285	10,579	3,763	16	574	6,554	1,911	2,144	44,834	25,764	3,551
7-May-21	847,220	28	18,485	414,188	5,647	11,798	4,871	18	525	4,234	2,044	2,613	42,847	21,564	4,498
8-May-21	821,152	15	15,685	401,078	6,327	10,549	5,528	25	701	-	2,419	2,490	46,599	17,804	4,519
9-May-21	786,943	22	12,656	403,738	6,130	10,174	6,505	20	564	-	2,101	2,047	43,193	20,745	3,733

Source: CEIC

- ✓ With Hari Raya Aidilfitri around the corner this week, we expect trading to be relative thin as many traders will be on leave. Therefore, we foresee the FBM KLCI index to trade within a **tight range between 1,580 to 1,600 points**.
- ✓ During the week, investors will be focusing on **Malaysia's 1Q2021 GDP** which will be announced on 11 May 2021. Malaysia's 1Q2021 GDP is expected to show a decline compared to the same period last year. Recall that the impact of the MCO 1.0 was only felt towards the tail end of 1Q2020 as it came into effect on 18 March 2020 while the MCO 2.0 was reimposed beginning 13 January 2021 before transitioning to the Conditional Movement Control Order (CMCO) on 5 March 2021. Therefore, the impact from the MCO 2.0 in 1Q2021 is more prevalent compared to 1Q2020.
- ✓ On the global front, other countries such as **the UK and the Philippines will also be releasing their 1Q2021 GDP readings** while the **US, China and India will be publishing inflation updates for April**. Other important data include the **US retail sales. Data for consumer confidence and factory production numbers will also be released by the US, Eurozone and India this week**.
- ✓ With regard to monetary policy, central banks in Mexico and the Philippines will be deciding on interest rates this week.
- ✓ Recent reports from Our World In Data indicate that the number of daily doses administered per 100 people in Malaysia reached 0.13 as at 8 May 2021, the highest ever following the commencement of the voluntary AstraZeneca vaccination programme. Notwithstanding this, it may be more prudent to focus on the sustainability of such trends as it could determine the length of Malaysia's journey to reach herd immunity. In short, investors must not be complacent with any positive data they encounter but rather focus on the long-term view.

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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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