



From the Desk
of the
Chief Economist

BANK ISLAM

WEEKLY MARKET UPDATES

12 OCTOBER 2020

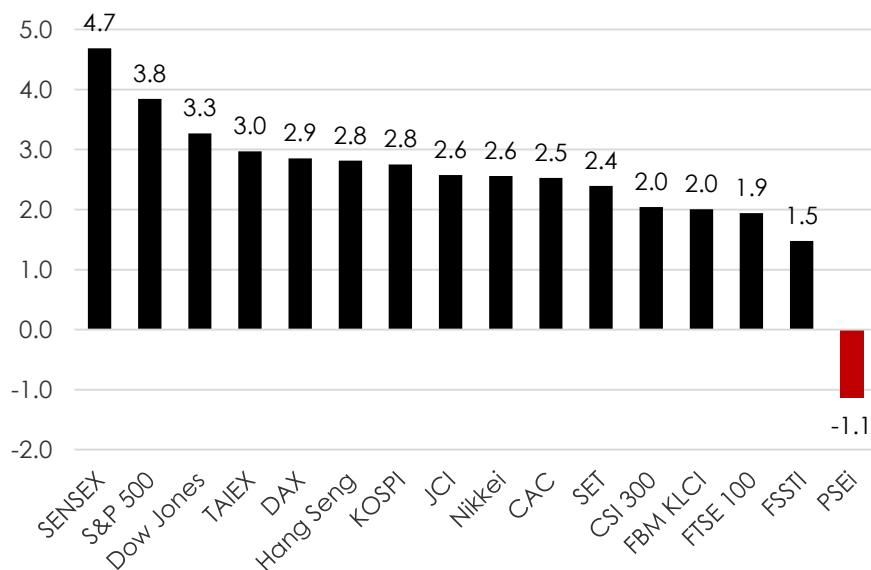
ECONOMIC RESEARCH

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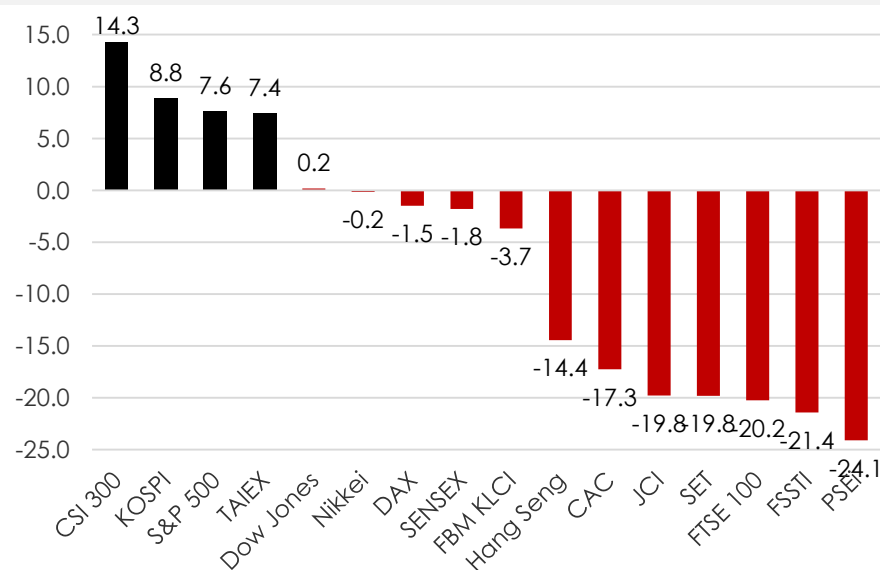
WEEKLY MARKET PERFORMANCE

- ✓ Majority of equity markets worldwide were in the green zone last week. India's SENSEX was the biggest gainer during the week with a 4.7% gain following the Reserve Bank of India's (RBI) accommodative stance and steps to boost liquidity to the banking sector. The RBI on Friday announced that it will conduct on-tap targeted long-term repo operations (TLTRO) to ensure comfortable liquidity condition in the banking system.
- ✓ Meanwhile, the Philippines' PSEi was the only laggard, losing 1.1% for the week. This was mainly due to a possible delay in the passage of the national budget for 2021 which would serve as a risk against the local economic recovery.
- ✓ On the domestic front, the FBM KLCI was up 2.0% for the week despite lingering political uncertainty as investors await the outcome of Dato' Seri Anwar Ibrahim's audience with the Yang di-Pertuan Agong on 13 October.

Weekly Gain of Major Equity Markets (%) (Week Ended 9 October)



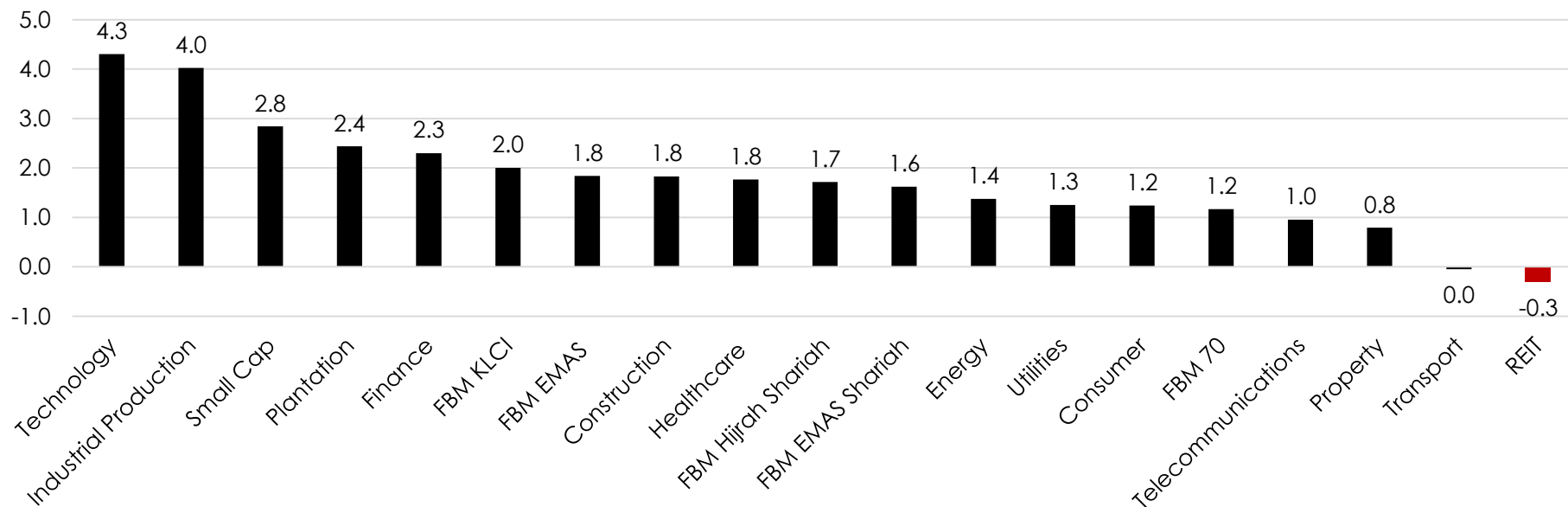
YTD Gain Of Major Equity Markets (%) (As at 9 October)



WEEKLY SECTORAL PERFORMANCE

- ✓ The Bursa Malaysia Technology index was the biggest gainer last week with a 4.3% weekly advance. The resurgence of Covid-19 infections around Malaysia is happening with daily cases being recorded at three-digits throughout last week. Some employers have reinstated 'work-from-home' policies to reduce risks of infections at the work place. Therefore, the use of computing software especially video conferencing and cloud storage will remain high.
- ✓ On the other hand, the Bursa Malaysia REIT Index led laggards, recording a 0.3% weekly loss. The dampened sentiment in the REITs sector was probably attributable to occurrence of Covid-19 cases in some malls around the Klang Valley. In fact, some malls such as One Utama has been ordered to close down for seven days due to a Covid-19 case recorded at one of its shops in early October.

Bursa Malaysia Sectoral Weekly Performance (%)

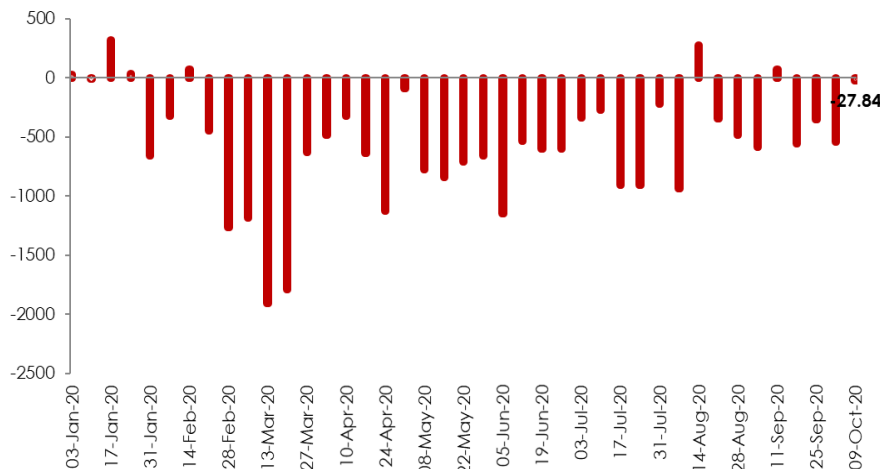


Sources: Bloomberg

WEEKLY FOREIGN FUND FLOW

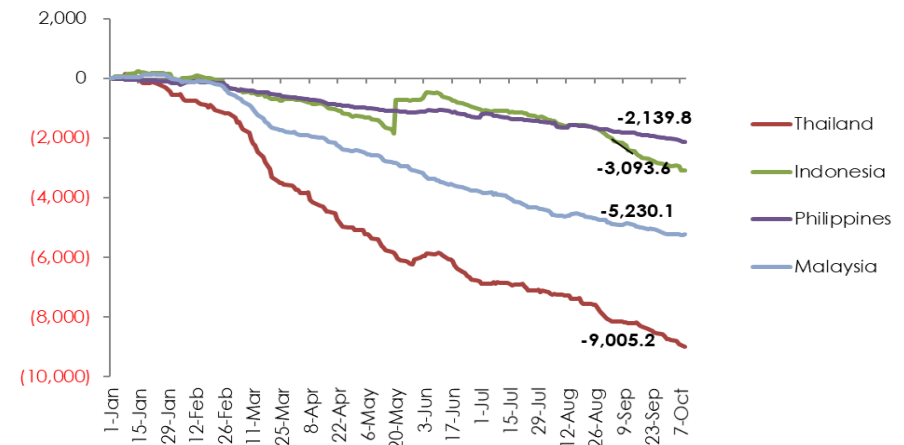
- ✓ Foreign investors only sold RM27.8 million net of local equities last week compared to -RM543.7 million in the whole of the preceding week. This is the second smallest weekly foreign net outflow recorded so far in 2020.
- ✓ International investors snapped up RM34.3 million net of local equities on Monday. Tuesday however saw foreign investors disposing RM66.8 million net of local equities, wiping off Monday's foreign net inflow. Profit taking activity was prevalent in glove makers such as Top Glove and Hartalega which both recorded a 3.1% decline on Tuesday. International investors later dumped RM161.4 million net of local equities on Wednesday after President Trump ordered a stop to talks on another round of aid for the economy until after the election. Offshore investors made their way back to Bursa on Thursday albeit at a measurable level of RM38.6 million net before buying more on Friday at RM127.4 million net.
- ✓ On a year-to-date basis, foreign funds have taken out RM22.3 billion net of local equities from Bursa. In comparison with Asian peers namely Thailand, Indonesia and the Philippines, Malaysia has the second largest foreign net outflow on a year-to-date basis.

Weekly Foreign Fund Flow in Malaysia (RM Million)



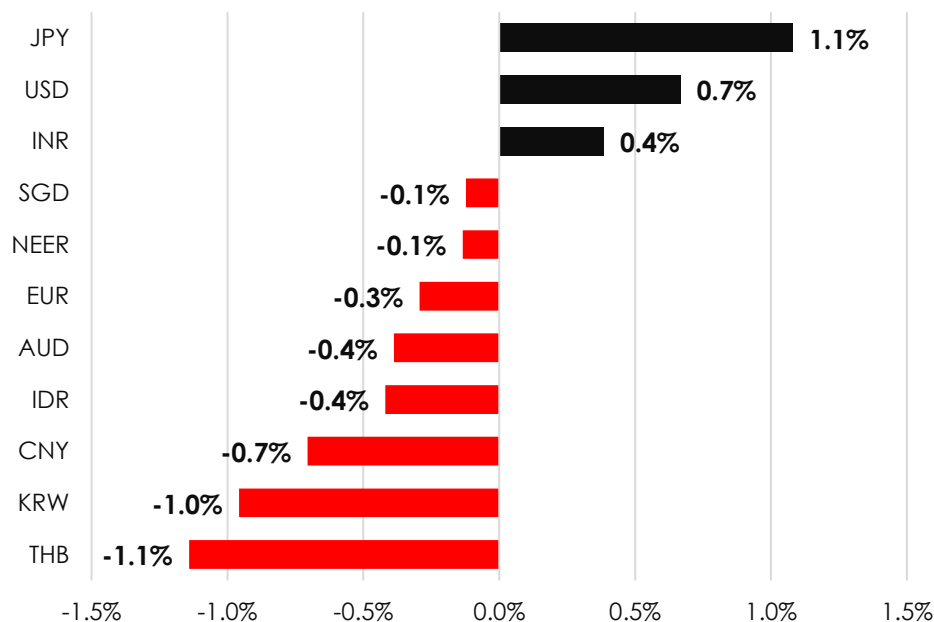
Sources: Bloomberg

YTD Regional Foreign Fund Flow (USD Million)

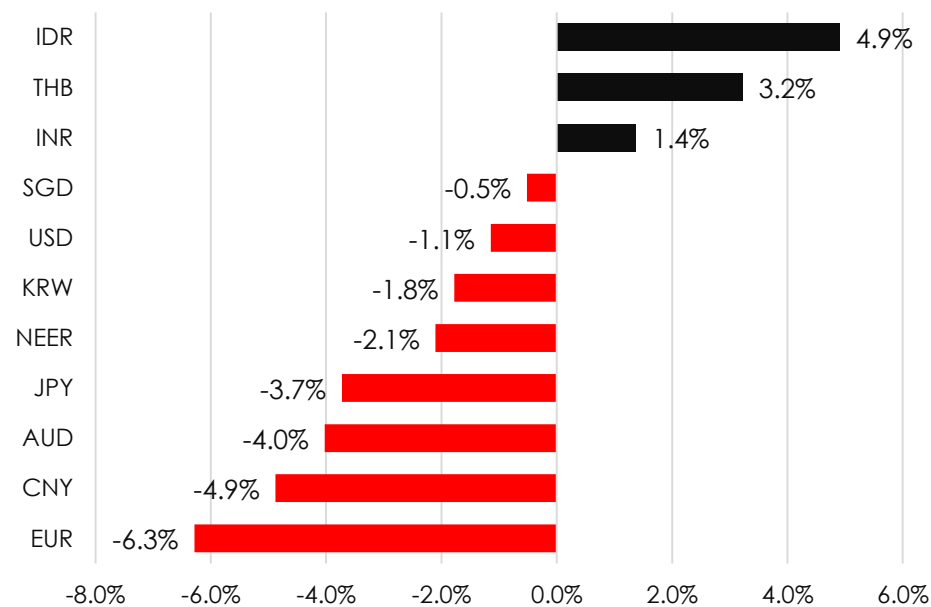


WEEKLY PERFORMANCE

- ✓ The Ringgit appreciated against USD to close at RM4.1347 on 9 October from RM4.1635 on 2 October after the greenback traded on a see-saw trajectory following renewed stimulus hopes in the US.
- ✓ Be that as it may, we believe domestic political uncertainty may weigh on the Ringgit's performance in the immediate term.
- ✓ On year-to-date basis, the Ringgit was higher against IDR (4.9%), THB (3.2%) and INR (1.4%) respectively.

MYR against other Currencies
(Week Ended 9 October)

Sources: Bloomberg

Year-To-Date
(As at 9 October)

GOVERNMENT AND CORPORATE BONDS

- ✓ The total trading value of 10 most actively traded issues was unchanged at 63.3% out of the overall Government Bonds traded. In absolute terms, the total trading value for 10 most actively traded Government Bonds dropped by 31.4% to RM11.8 billion from RM17.2 billion in the preceding week. In addition, 6 out of the 10 most actively traded bonds saw lower yields hence higher prices during the review week.
- ✓ Meanwhile, the total trading value for Corporate Bonds (Conventional & Sukuk) decreased to RM1.2 billion in the review week compared to RM3.2 billion in preceding week. The total trading value of 10 most actively traded issues meanwhile increased (lower trading breadth) to 31.3% compared to 25.5% of the overall Corporate Bonds trades in the week before. Aside from that, 6 of the 10 most actively traded corporate bonds saw lower yields, hence higher prices during the review week.

Malaysian Government Bonds

Name	Coupon	Maturity	2-Oct	9-Oct	Weekly change in basis points	Weekly Trading Value (RM Million)
			Yield	Yield		
Malaysia Government Securities	4.048	09/30/21	1.700	1.580	-12.0	2,528.3
Malaysia Government Securities	3.659	10/15/20	1.437	1.796	35.9	1,826.0
Malaysia Investment Issue	3.151	05/15/23	2.004	1.914	-9.0	1,802.2
Malaysia Government Securities	3.955	09/15/25	2.215	2.180	-3.5	1,442.9
Malaysia Government Securities	4.160	07/15/21	1.707	1.480	-22.7	1,027.4
Malaysia Government Securities	3.480	03/15/23	0.720	1.856	113.6	820.6
Malaysia Government Securities	3.502	05/31/27	2.405	2.409	0.4	747.9
Malaysia Government Securities	3.885	08/15/29	2.613	2.635	2.2	643.5
Malaysia Investment Issue	3.716	03/23/21	1.679	1.671	-0.8	474.4
Malaysia Investment Issue	3.655	10/15/24	2.168	2.147	-2.1	471.3
Total Trading Value (Top 10)						11,784.5
Total Trading Value (Overall)						18,599.1

Malaysian Corporate Bonds

Name	Coupon	Maturity	2-Oct	9-Oct	Weekly change in basis points	Weekly Trading Value (RM Million)
			Yield	Yield		
UMW Holdings	5.020	10/04/21	2.487	2.487	0.0	60.0
Tenaga Nasional Berhad	3.250	08/10/35	3.378	3.378	0.0	50.3
BGSM Management Sdn Bhd	5.450	06/28/24	2.794	2.784	-1.0	40.0
Danum Capital Bhd	3.420	02/21/35	3.428	3.431	0.3	40.0
Press Metal Aluminium	4.000	08/15/25	3.895	3.995	10.0	31.3
Teknologi Tenaga Perlis	4.590	01/29/21	2.264	2.246	-1.8	30.0
Sarawak Energy Bhd	3.650	06/15/35	3.479	3.459	-2.0	30.0
Sarawak Energy Bhd	5.180	04/25/36	3.578	3.576	-0.2	30.0
Sarawak Energy Bhd	4.950	11/25/33	3.348	3.326	-2.2	30.0
Danum Capital Bhd	3.290	05/13/30	3.058	3.046	-1.2	30.0
Total Trading Value (Top 10)						371.5
Total Trading Value (Overall)						1,190.5

Sources: Bloomberg

BRENT

- ✓ Brent crude oil price recorded a 9.1% weekly increase to settle at USD42.85 per barrel last Friday as oil workers in the US Gulf Coast evacuated 183 offshore oil platforms and halted nearly 1.7 million barrels per day (mbpd) of output as Hurricane Delta approaches the region.
- ✓ Apart from that, prices were also supported by potential production outages in Europe's North Sea due to a Norwegian workers' strike over pay. Norway's Lederne labour union would expand its ongoing oil strike from 10 October unless a wage bargain can be reached.
- ✓ Meanwhile, the US Energy Information and Administration (EIA) and the American Petroleum Institute (API) reported a rise in the US crude inventories. EIA data showed crude stocks increased by 0.5 million barrels to 492.9 million barrels in the week ended 2 October from 492.4 million previously. Similarly, the API report showed crude stockpiles rose by 1.0 million barrels as at 6 October from 0.8 million barrels draw in the previous week.

Brent Crude in USD per barrel



US Crude Oil Inventory, '000 barrel - EIA



Sources: 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
11/9/2020	294,252	28	1,484	96,551	3,861	1,597	680	63	176	11,588	7	2,919	31,988	9,685	182
12/9/2020	306,980	20	1,630	97,570	3,737	1,616	643	86	136	12,409	5	3,539	37,128	9,260	58
13/9/2020	312,105	23	948	94,372	3,806	1,501	674	42	121	11,919	7	3,497	45,523	9,641	47
14/9/2020	283,801	29	927	92,071	3,636	1,456	439	49	109	10,347	2	3,330	40,126	7,101	31
15/9/2020	247,036	23	1,407	83,809	3,141	1,008	301	48	106	7,681	5	2,621	35,177	5,893	23
16/9/2020	256,136	16	1,901	90,123	3,507	1,229	490	34	113	8,580	10	3,103	34,111	7,720	62
17/9/2020	300,479	19	2,194	97,894	3,963	1,452	561	26	153	11,232	0	3,991	34,078	9,138	21
18/9/2020	313,665	44	1,916	96,424	3,635	1,583	485	18	126	12,638	7	3,395	40,795	10,468	95
19/9/2020	313,774	17	2,297	93,337	3,891	1,907	579	11	110	12,904	3	4,322	42,618	13,084	20
20/9/2020	324,187	26	1,345	92,605	4,168	1,637	584	15	82	13,921	6	4,422	48,266	13,465	52
21/9/2020	287,850	36	922	86,961	3,989	1,587	483	18	70	10,104	0	3,899	41,695	11,569	57
22/9/2020	237,514	14	1,821	75,083	4,176	1,350	298	30	61	7,758	5	4,368	36,766	4,057	82
23/9/2020	262,460	18	1,769	83,347	4,071	1,391	330	21	110	9,114	3	4,926	39,145	8,921	147
24/9/2020	315,943	10	2,143	86,508	4,465	1,640	273	12	125	11,931	2	6,178	49,176	12,730	71
25/9/2020	313,919	15	2,153	86,052	4,634	1,786	456	15	114	11,977	3	6,634	40,043	16,068	111
26/9/2020	318,568	18	2,507	85,362	4,823	1,912	558	11	61	11,813	3	6,873	41,254	15,613	82
27/9/2020	321,077	15	1,410	88,600	4,494	1,869	635	20	95	12,643	1	6,041	50,070	13,845	150
28/9/2020	294,474	27	1,192	82,170	3,874	1,766	441	15	50	9,967	22	5,692	48,958	11,123	115
29/9/2020	239,209	25	2,089	70,589	3,509	1,494	363	15	38	7,213	14	4,044	35,217	3,841	101
30/9/2020	255,163	23	1,798	80,472	4,002	1,647	516	27	113	7,694	5	7,143	32,688	7,813	89
1/10/2020	299,556	20	2,503	86,821	4,284	1,850	553	23	77	9,719	5	7,108	38,476	11,855	260
2/10/2020	330,382	21	2,673	81,484	4,174	2,548	652	19	63	10,853	6	6,914	44,985	13,959	287
3/10/2020	323,730	19	2,563	79,476	4,317	2,499	553	10	75	9,956	8	6,968	46,293	11,543	317
4/10/2020	324,263	20	2,279	75,829	4,007	2,843	571	6	64	10,398	2	12,871	49,465	16,911	293
5/10/2020	302,577	25	1,382	74,442	3,992	2,578	400	12	73	6,286	5	22,961	49,036	12,545	432
6/10/2020	252,448	24	2,639	61,267	3,622	2,257	308	7	75	4,228	10	12,593	36,136	4,810	691
7/10/2020	278,978	18	2,828	72,049	4,056	2,677	496	11	114	4,030	15	14,542	38,920	10,479	489
8/10/2020	349,405	24	4,058	78,524	4,538	3,677	477	10	69	10,491	7	14,162	38,904	17,965	375
9/10/2020	359,923	40	4,516	70,496	4,850	4,458	619	9	54	12,423	6	17,540	52,458	18,071	354
10/10/2020	378,035	26	4,721	73,272	4,094	5,372	594	10	72	12,788	6	13,864	54,232	20,120	374
11/10/2020	347,526	27	3,483	74,383	4,294	5,724	679	7	58	0	2	15,165	57,828	26,675	561

Sources: CEIC

- ✓ Following a bullish downtrend line breakout, the FBM KLCI is on course for a higher upside in the weeks ahead towards 1,537-1,563 points, supported by bottoming up indicators.
- ✓ However, after surging 30 points last week, profit-taking may emerge as elevated domestic political uncertainties (Dato' Seri Anwar has been granted an audience with the Yang di-Pertuan Agong on 13 October) and more targeted lockdowns amid spiking Covid-19 local transmissions could pose downside economic risks.
- ✓ Sectors wise, major beneficiaries from the imminent third wave of Covid-19 in Malaysia are rubber gloves, technology, telco and courier while sectors most vulnerable appeared to be aviation, retail, F&B, gaming, malls and hotels.
- ✓ On the external front, contradictory signals regarding the possibility of additional fiscal stimulus from the US government will likely have a continued unsettling effect on markets in the week ahead.
- ✓ Aside from that, the UK's self-imposed deadline for a post-Brexit EU trade deal falls this Thursday and there is some faint indication that a bare-bones agreement could be reached. Even if a deal is stuck, the back and forth nature of UK's new relationship with the EU may continue to hold markets in its sway.
- ✓ At this juncture, major supports for the FBM KLCI are pegged at 1,500 to 1,520 points while key resistance levels are situated between 1,530 to 1,550 points.

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.

A vibrant, stylized illustration of a sustainable community. In the foreground, a green hillside is dotted with white houses and green trees. Various people are engaged in activities: a person on a scooter, a couple walking, a person on a bicycle, and a group of people standing together. In the background, a city skyline is visible, featuring several tall buildings, including two prominent orange towers. The sky is blue with a large yellow sun and several white clouds.

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