



From the Desk
of the
Chief Economist

BANK ISLAM

WEEKLY MARKET UPDATES

14 FEBRUARY 2022

ECONOMIC RESEARCH

DR. MOHD AFZANIZAM ABDUL RASHID

SHAFIZ BIN JAMALUDDIN

NOR JANNAH ABDULLAH

RAJA ADIBAH RAJA HASNAN

FARAH SHAKIRAH ABDUL KARIM

International

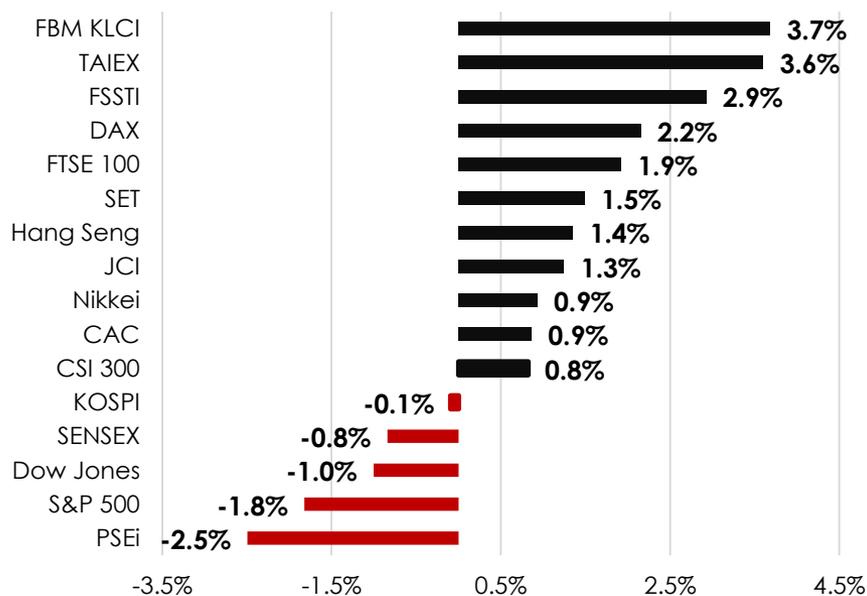
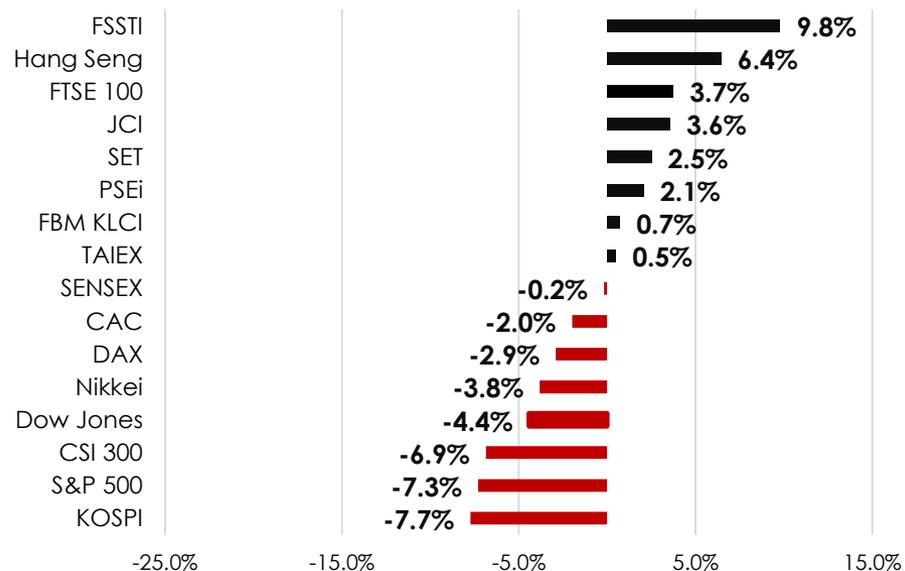
Country	Economic Indicators	Remarks
The U.S.	Labour Market	<ul style="list-style-type: none"> ✓ The number of Americans filing new claims for unemployment benefits fell by 16k to reach 223k for the week ending 5 February 2022 as compared to 23k previously.
The U.K.	Gross Domestic Product (GDP)	<ul style="list-style-type: none"> ✓ The U.K.'s economy grew by 7.5% y-o-y in 2021, rebounding from a contraction of 9.4% in 2020, mostly recovering from its pandemic plunge. ✓ On a quarterly basis, the GDP grew by 1.0% in the final three months of the year despite the emergence of Omicron variant, matching its expansion on the third quarter.
The U.K.	Policy Rate	<ul style="list-style-type: none"> ✓ The Bank Rate increased by 0.25 percentage points to 0.5%. ✓ The BoE will also reduce the purchases of U.K. government bond and non-financial investment-grade corporate bond.
Europe	Policy Rate	<ul style="list-style-type: none"> ✓ The interest rate on the main refinancing operations, marginal lending facility and deposit facility maintained at 0.00%, 0.25% and -0.50% respectively. ✓ Asset purchases will be reduced over the coming quarters with pandemic emergency purchase programme (PEPP) will come to an end by March.

Domestic

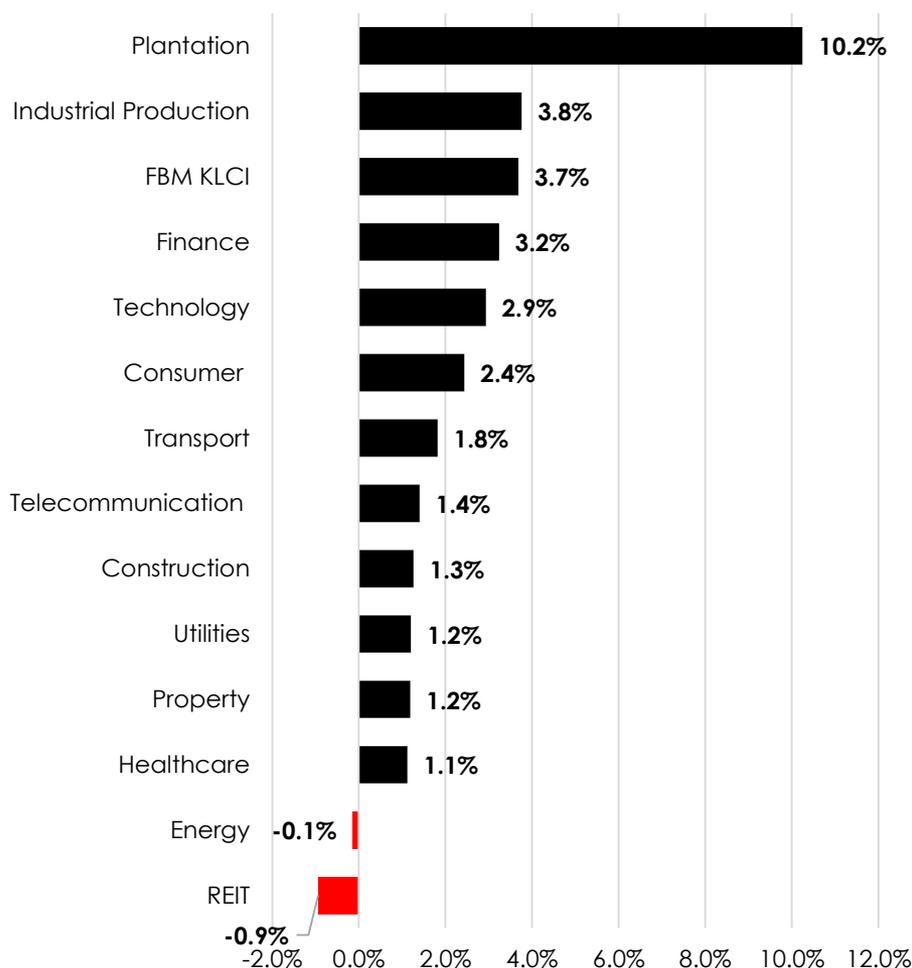
Country	Economic Indicators	Remarks
Malaysia	Industrial Production Index (IPI)	<ul style="list-style-type: none"> ✓ The IPI softened by 5.8% y-o-y in December 2021 (November 2021: 9.4%) on the back of moderation growth from Manufacturing (December 2021: 8.4% vs. November 2021: 11.3%) and Electricity (December 2021: 3.7% vs. November 2021: 5.1%). ✓ On further scrutiny, the Mining recorded a decline of 2.5% during the month after rising by 3.7% in November.
	4Q2021 Gross Domestic Product (GDP)	<ul style="list-style-type: none"> ✓ The 4Q2021 GDP picked up by 3.6% from a contraction of 4.5% in the previous quarter as pandemic curbs eased. ✓ For the full year, Malaysia's economic grew by 3.1% as compared to 5.6% contraction in 2020.

WEEKLY MARKET PERFORMANCE

- ✓ Malaysia's FBM KLCI led gainers with a 3.7% weekly advance among the major equity markets contributed by positive sentiment following a better GDP data in 4Q2021. The nation economy grew by 3.6% during the December quarter from a 4.5% contraction in the previous quarter, mainly driven by a rebound in domestic demand (4Q2021: 2.3% vs. 3Q2021: -4.1%) and strong exports (4Q2021: 13.3% vs. 3Q2021: 5.1%) performance. Apart from that, improved buying interest in banking, plantation and telecommunication heavyweights has also supported the market.
- ✓ Meanwhile, the Philippines's PSEi declined for the third straight week by 2.5% as the stock market continued to bear the brunt of the Omicron-driven pessimism amid higher new daily cases of infections in the country.
- ✓ On a Year-To-Date (YTD) basis, the FBM KLCI was among the gainers as it increased by 0.7% or 11.0 points as at 11 February 2022.

Weekly Gain/Loss of Major Equity Markets, %
(Week Ended 11 February)YTD Gain/Loss Of Major Equity Markets, %
(As at 11 February)

Bursa Weekly Sectoral Performance, w-o-w%



Sources: CEIC, Bursa

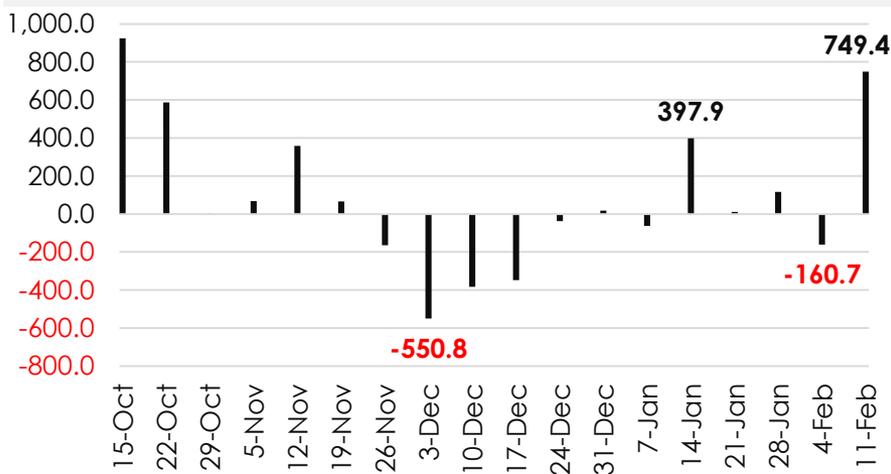
WEEKLY SECTORAL PERFORMANCE

- ✓ The Bursa Malaysia Plantation Index emerged as a top gainer last week following selected index heavyweight stocks rose towards the wrap of the week.
- ✓ For example, Sime Darby Plantation Bhd ended the week by closing at RM0.31 cent or 7.91% higher to RM4.23, giving it a market capitalization of RM29.25 billion following stronger Crude Palm Oil (CPO) future price which hit historic high of RM5,749.0 per tonne on 7 February due to supply constraints.
- ✓ Other plantation giants for instance, Kuala Lumpur Kepong Bhd, IOI Corp Bhd, as well as Genting Plantations Bhd also showed similar trends.
- ✓ The FBM KLCI is likely to continue its uptrend movement this week, trading at range between 1,570.0-1,590.0 points.

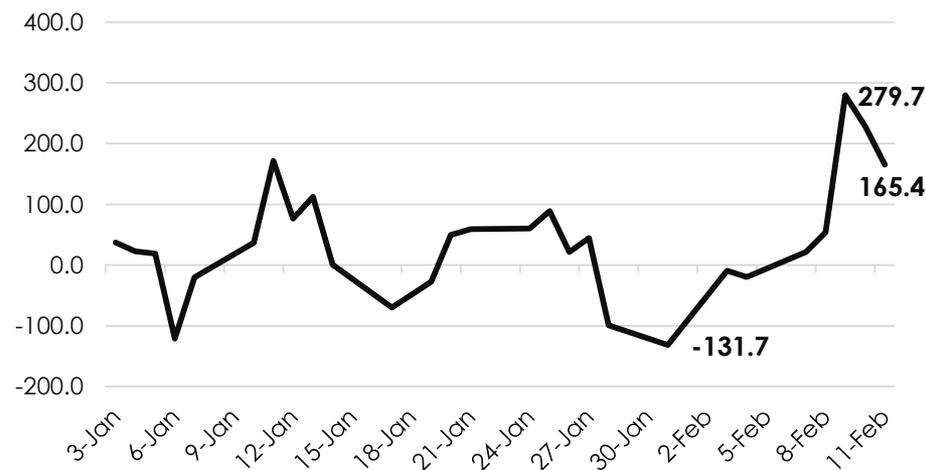
WEEKLY FOREIGN FUND FLOW

- ✓ Foreign investors turned to be net buyers as they bought RM749.4 million net of local equities last week as compared to RM160.7 net sold in the previous week. This was mainly contributed by the upbeat Malaysia's economic data such as GDP, expanding by 3.1% in 2021 from a 5.6% contraction in the previous year.
- ✓ On further scrutiny, foreign investors were net buyers on everyday of the week with largest foreign inflow was recorded on Wednesday, 9 February at RM279.7 million.
- ✓ Thus far in 2022, we noted that the international funds have been net buyers for four out of six weeks, suggesting foreign investors have returned to Malaysia's equity market.
- ✓ On a YTD basis, international investors have acquired RM1,052.5 million net of local equities in 2022 compared to RM757.7 million net disposed during the same period in 2021.

Weekly Foreign Fund Flow in Malaysia (RM Million)



Daily Foreign Net Inflow/Outflow From 1 January to 11 February (RM Million)



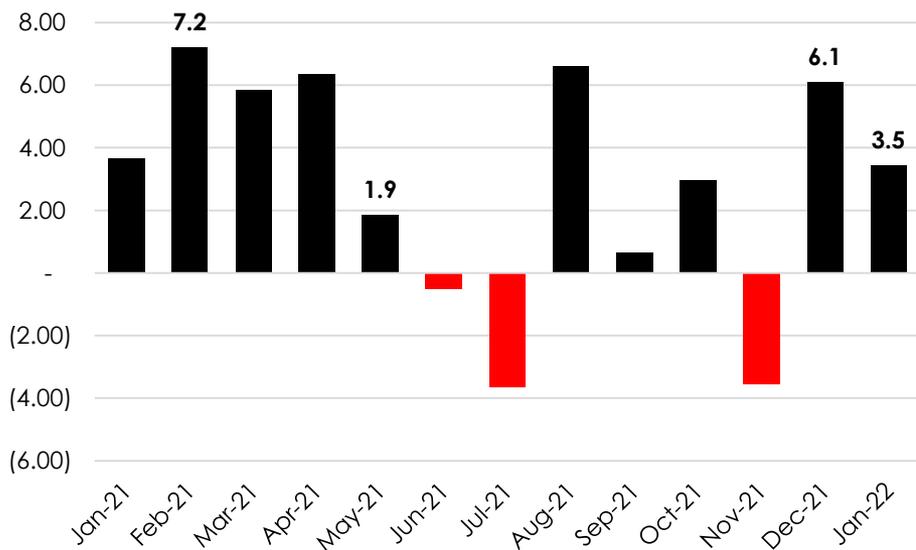
Source: Bursa

MGS Benchmark Yields Weekly Change, basis points (bps)

	Coupon (%)	Yields (%) 4-Feb-22	Yields (%) 11-Feb-22	Change (bps)
3-YMGS 06/24	3.48%	2.83%	2.83%	0
5-YMGS 11/26	3.90%	3.27%	3.32%	5
7-YMGS 06/28	3.73%	3.50%	3.61%	11
10-YMGS 07/32	3.58%	3.66%	3.70%	4

Source: BNM

Foreign Fund Flows in Bond Market, RM Billion



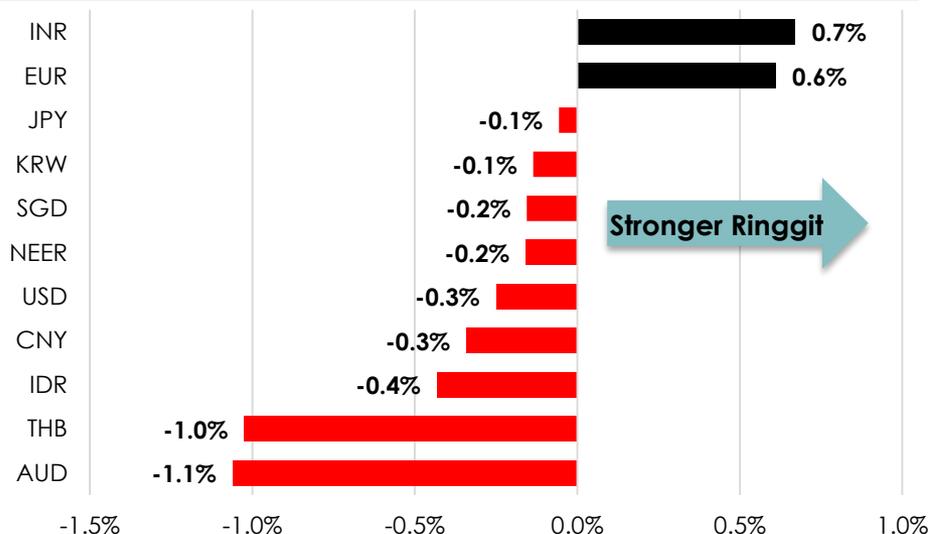
Source: CEIC

- ✓ As for the bond market, the MGS benchmark yields ended higher between 4 bps and 11 bps on a weekly basis.
- ✓ The upturn mainly due to increase in the U.S. Treasury (UST) yields after the U.S. Consumer Price Index (CPI) accelerated by 7.5% y-o-y in January which was the highest since February 1982.
- ✓ On the other hand, foreign investors continued to be the net buyers with a total of RM3.5 billion net inflows were recorded in January (December 2021: RM6.1 billion). This shows that the demand for local govies remains healthy.
- ✓ All in all, the market participants are expected to remain cautious amid rising uncertainty surrounding the geopolitical tensions, as well as potential risk of heightened financial market volatility following adjustments in monetary policy in major economies.

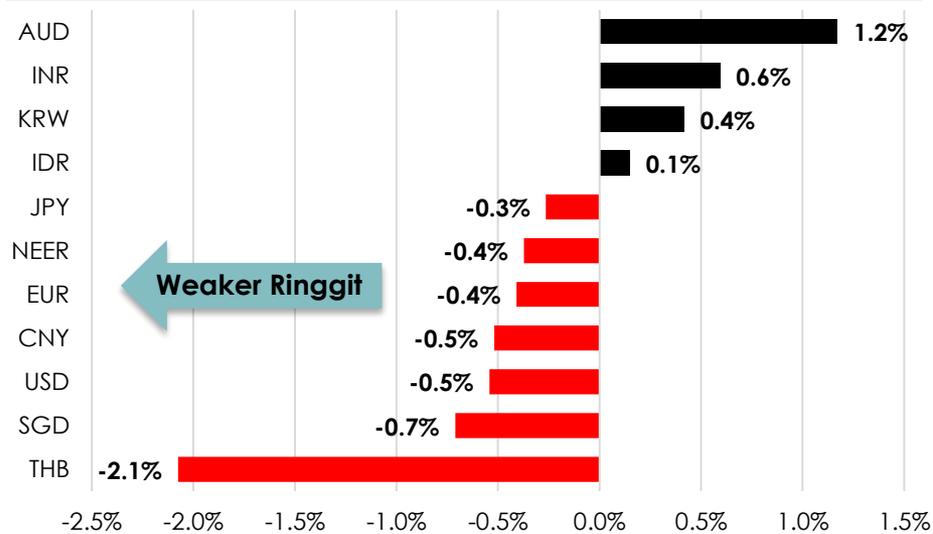
WEEKLY PERFORMANCE

- ✓ Last Friday, the Ringgit fell by 0.3% week on-week (w-o-w), closing at RM4.1880 against the U.S. Dollar on 11 February from RM4.1780 in the previous week.
- ✓ The local note has been moving in a narrow range last week and is expected to continue despite the better-than-expected performance of 4Q2021 GDP that picked up by 3.6% after a contraction of 4.5% in the previous quarter.
- ✓ The reason could be on the number of new Covid-19 cases which has been on upward trend, climbing to 20,939 on last Friday due to the more-easily transmitted Omicron variant.
- ✓ On the global front, the U.S. CPI has accelerated by 7.5% y-o-y in January 2022 (December 2021: 7.0%), marking the highest since February of 1982. Subsequently, the pressure increased on the Fed to contain hotter-than-expected inflation in the country that calls for a hike in the U.S. Fed Fund Rate (FFR) in the upcoming Federal Open Market Committee (FOMC) meeting which scheduled on 15 to 16 March 2022.
- ✓ All in all, the local note is expected to trade in a tight range with downside bias at between RM4.18 and RM4.19 against the greenback this week.

MYR against regional currencies, w-o-w% (Week Ended 11 February)



MYR against regional currencies, YTD Gain% (As at 11 February)



Source: Bloomberg

BRENT

- ✓ Brent crude oil price recorded a 1.3% weekly increase to settle at USD94.44 per barrel on 11 February (4 February: USD93.27 per barrel), the highest since September 2014 due to tighter supply, higher demand and production constraints.
- ✓ On further scrutiny, oil prices rose for an eighth straight week amid growing concerns about supply disruptions as a result of intensifying geopolitical tensions between Russia and Ukraine. Apart from that, the International Energy Agency (IEA) mentioned that oil supply shortfall from the Organization of the Petroleum Countries Plus (OPEC+) may lead to a tighter market and thus push prices higher.
- ✓ On the supply side, the U.S. Energy Information Administration (EIA) reported that the crude oil inventories dropped by 4.8 million barrels to 410.4 million barrels in the week ended 4 February (28 January: 415.1 million barrels). This was the biggest decline since August last year, indicating strong demand conditions.

Brent Crude in USD per barrel



Source: Bloomberg

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



GOLD

- ✓ Gold price increased by 2.8% to USD1,858.76 per ounce on 11 February (4 February: USD1,808.28 per ounce) after registered a dip of 2.4% in the fourth week of January.
- ✓ The rise in gold price is as a result of speculation that the Fed could implement emergency rate hike to dampen inflation before the next meeting which scheduled to take place in March. Hence, investors ought for this safe haven asset amid highest consumer prices in 40 years reported in January.
- ✓ On a further note, the U.S. Dollar index rose by 0.6% to 96.08 on 11 February recovered from a decline of 1.8% in the previous week after the White House's National Security Advisor, Jake Sullivan warned that Russia would invade Ukraine in anytime soon in the recent White House briefing.
- ✓ His comments also has led the U.S. crude futures to soar the highest since 2014, to reach USD94.66 per barrel and closed at USD93.90 per barrel on 11 February, a total 4.5% increase.

Gold in USD per ounce



U.S Dollar Index (DXY)



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
11-Jan-22	1,931,583	248	45,690	168,063	802	117,405	6,394	750	3,094	89,643	7,133	92,348	448,662	88,617	3,175
12-Jan-22	3,564,128	312	80,430	194,720	646	220,519	6,829	846	4,383	170,548	7,681	129,606	1,327,932	343,164	3,198
13-Jan-22	3,208,394	308	81,417	247,417	793	196,205	12,243	882	4,161	167,732	8,167	112,328	804,000	358,044	3,684
14-Jan-22	3,229,152	280	92,223	264,202	850	184,577	17,940	960	4,542	157,009	8,158	100,196	847,717	299,641	3,346
15-Jan-22	3,251,272	241	78,022	268,833	1,054	200,869	21,241	945	4,414	145,738	7,793	93,488	881,722	308,908	3,074
16-Jan-22	3,199,122	202	52,504	271,202	855	192,936	22,707	956	4,193	130,912	8,077	83,542	887,006	324,580	3,010
17-Jan-22	2,390,318	285	34,145	258,089	772	157,465	26,881	863	3,857	83,342	6,929	75,127	424,345	278,129	2,342
18-Jan-22	2,165,311	243	74,405	238,018	1,362	83,387	23,351	1,165	4,067	73,665	6,397	94,170	384,453	98,892	3,245
19-Jan-22	3,670,335	171	112,323	282,970	1,745	228,123	29,862	1,448	5,803	152,737	7,122	127,239	962,030	428,429	3,229
20-Jan-22	3,796,729	135	133,536	317,532	2,116	200,966	39,841	1,615	6,600	145,596	8,129	114,552	910,804	432,729	3,764
21-Jan-22	3,806,343	124	140,160	347,254	2,604	198,865	44,638	1,472	6,769	138,917	8,640	107,824	772,798	421,807	4,046
22-Jan-22	3,719,760	154	135,461	337,704	3,205	185,600	49,531	10,264	7,003	129,369	8,112	96,762	766,133	379,597	4,116
23-Jan-22	3,497,462	210	85,440	333,533	2,925	177,335	54,180	2,463	7,628	124,230	7,686	97,173	762,939	387,472	3,856
24-Jan-22	2,679,898	286	63,393	306,064	2,927	142,487	48,411	3,496	7,508	70,517	7,139	88,231	291,442	301,339	3,214
25-Jan-22	2,451,140	232	126,955	255,874	4,878	77,666	47,176	3,002	8,563	64,594	6,718	97,733	285,839	60,695	4,066
26-Jan-22	4,045,802	175	164,000	285,914	7,010	211,277	60,933	5,996	13,008	128,322	7,587	122,523	1,055,938	500,563	4,744
27-Jan-22	3,642,076	261	203,136	286,384	8,077	170,940	69,736	4,832	14,507	115,536	8,078	108,863	483,858	421,898	5,439
28-Jan-22	3,593,369	295	190,148	251,209	9,905	156,040	73,945	5,469	16,096	107,763	8,450	104,385	563,510	390,453	5,522
29-Jan-22	3,525,793	238	189,166	235,532	11,588	144,347	80,994	5,554	17,523	91,944	8,618	92,553	571,293	337,275	5,139
30-Jan-22	3,429,610	248	118,970	234,281	12,422	137,427	82,159	5,207	17,519	82,329	8,444	80,618	518,189	330,747	4,915
31-Jan-22	2,476,210	193	78,318	209,918	10,185	104,110	85,042	4,498	17,075	45,863	8,008	69,975	171,948	240,671	4,774
1-Feb-22	2,202,537	213	162,613	167,059	16,021	57,631	61,190	4,481	18,341	38,669	7,422	83,103	123,302	82,378	5,566
2-Feb-22	3,451,055	252	208,498	161,386	17,895	133,306	80,222	6,264	20,267	78,479	8,587	112,458	658,926	367,424	5,736
3-Feb-22	3,148,057	207	236,120	172,433	27,197	119,323	93,388	3,101	22,906	69,641	9,172	92,594	284,704	311,639	5,720
4-Feb-22	3,071,656	227	248,838	149,394	32,211	112,956	103,038	4,297	27,437	63,649	9,909	88,171	306,049	274,179	7,234
5-Feb-22	2,999,908	229	217,815	127,952	33,729	100,900	99,299	13,208	36,347	56,081	10,490	84,053	341,177	239,755	9,117
6-Feb-22	2,468,791	466	133,173	107,474	36,057	93,192	100,949	10,390	38,680	51,164	10,879	63,493	290,001	213,366	10,089
7-Feb-22	2,074,172	463	95,267	83,876	26,121	78,943	92,865	7,752	35,285	26,436	10,470	57,337	73,268	155,489	11,034
8-Feb-22	1,835,896	767	169,571	67,597	37,492	41,602	71,708	7,806	36,710	22,185	10,398	57,623	71,022	45,694	13,944
9-Feb-22	2,975,048	783	234,250	71,365	46,843	102,429	95,945	13,011	49,567	48,289	13,182	66,183	364,896	201,170	17,134
10-Feb-22	2,580,263	1,244	247,862	67,084	40,618	81,669	97,946	10,314	54,122	40,422	14,822	68,214	193,059	176,501	19,090
11-Feb-22	2,473,605	1,170	240,172	58,077	40,489	76,195	100,097	10,686	53,926	23,305	15,242	66,638	201,679	153,009	20,939

Source: CEIC

- ✓ For this week, Bursa Malaysia is anticipated to continue its uptrend amid improved sentiment despite regional market volatility. Therefore, FBM KLCI is expected to trade within 1,570.0 points and 1,590.0 points during the week. Meanwhile on Friday-to-Friday basis, the FBM KLCI gained 56.13 points to end the week at 1,578.89 points from 1,522.76 points in the previous week.
- ✓ In relation to economic data, the Department of Statistics Malaysia (DOSM) is expected to release the export data for the month of January 2022 this Friday. Meanwhile, Singapore will be releasing its 4Q2021 GDP on Thursday, followed by its 2022 budget on the next day. The said budget will address concerns pertaining to more immediate issues such as cost of living and provision of assistance for sectors that have been adversely affected by the Covid-19.
- ✓ On the global front, the market's attention would be on the release of FOMC minutes this Thursday which details out on the Fed's tightening path to get more clues regarding the outcome of future interest rate decisions. Market also will get an additional update on inflation picture with Tuesday's release of the U.S.'s producer price index (PPI) that is expected to remain elevated. Other than that, it is a packed week on the U.K. economic calendar for this week including unemployment rate data on Tuesday, inflation data on Wednesday and retail sales data on Friday.
- ✓ Meanwhile, China is expected to release its January's data in relation to CPI and PPI on Wednesday. Both figures are estimated to grow by 1.0% (December 2021: 1.5%) and 9.5% (December 2021: 10.3%) y-o-y respectively during the month. According to IHS Markit, the Omicron wave had caused the manufacturing output fell, though price pressures eased in tandem, pointing to lowered producer prices readings in the upcoming release this week.
- ✓ All in all, BNM is in view that Malaysian economy is expected to remain on its recovery path following the release of its 4Q2021 GDP on last Friday. Such optimism was supported by the continued expansion in global demand and higher private-sector expenditure, as well as Covid-19 vaccination progress. Be that as it may, the balance of risks remains tilted to the downside, mainly from developments surrounding Covid-19, both globally and domestically.

Produced and issued by BANK ISLAM MALAYSIA BERHAD (Bank Islam) for private circulation only or for distribution under circumstances permitted by applicable laws. All information, opinions and estimates contained herein have been compiled or arrived at based on sources and assumptions believed to be reliable and in good faith at the time of issue of this document. This document is for information purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. No representation or warranty, expressed or implied is made as to its adequacy, accuracy, completeness or correctness. All opinions and the content of this document are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Bank Islam as a result of using different assumptions and criteria. No part of this document may be used, reproduced, distributed or published in any form or for any purpose without Bank Islam's prior written permission.

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.

BANK ISLAM

Assuring Trust. Delivering Value.

Thank You