



From the Desk  
of the  
**Chief Economist**

**BANK ISLAM**

# **WEEKLY MARKET UPDATES**

**14 SEPTEMBER 2020**

## **ECONOMIC RESEARCH**

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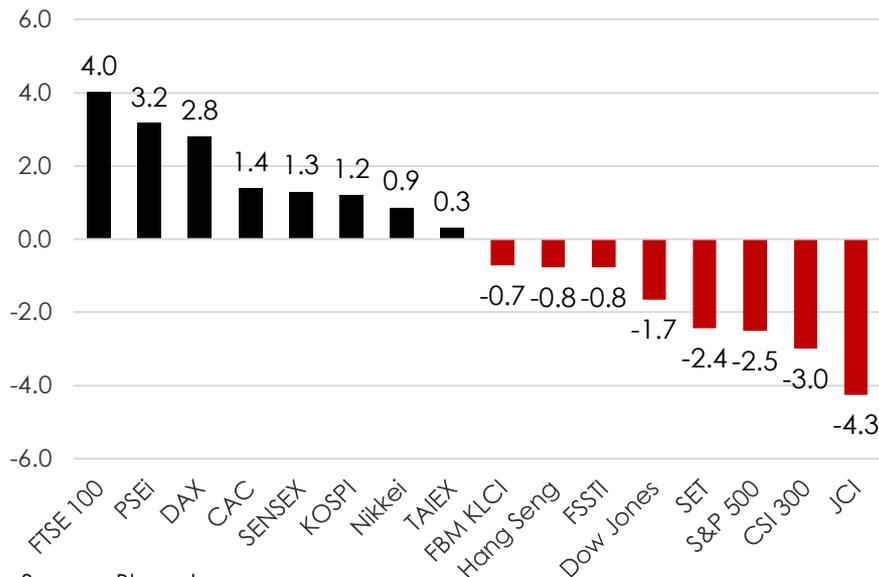
**SHAFIZ BIN JAMALUDDIN**

**NOR JANNAH ABDULLAH**

## WEEKLY MARKET PERFORMANCE

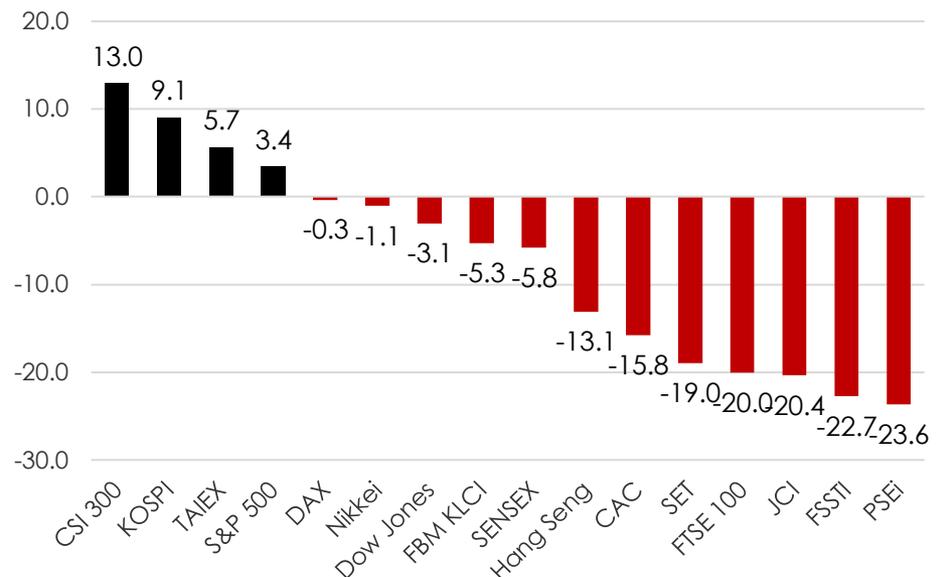
- ✓ Majority of equity markets worldwide ended mixed last week. Laggards were led by Indonesia's JCI index which dropped 4.3% for the week as the Indonesian government brings back social distancing measures effective on 14 September 2020 for its capital, Jakarta. Restrictions on the capital city will exert more pressure towards the economy as it contributes about one-fifth of Indonesia's GDP.
- ✓ Meanwhile, UK's FTSE 100 index emerged as the largest gainer with a 4.0% weekly gain, the largest since the week ended 5 June 2020. The pound's 3.7% weekly slump against the dollar provided a boon for the FTSE 100 in a week dominated by heightened tension between the UK and Europe, as the clock ticks down to secure a Brexit deal.
- ✓ As for the local bourse, the FBM KLCI was the smallest laggard on a weekly basis among ASEAN peers but remained as the smallest decliner on a year-to-date basis.

**Weekly Gain of Major Equity Markets (%)  
(Week Ended 11 September)**



Source: Bloomberg  
ECONOMIC RESEARCH

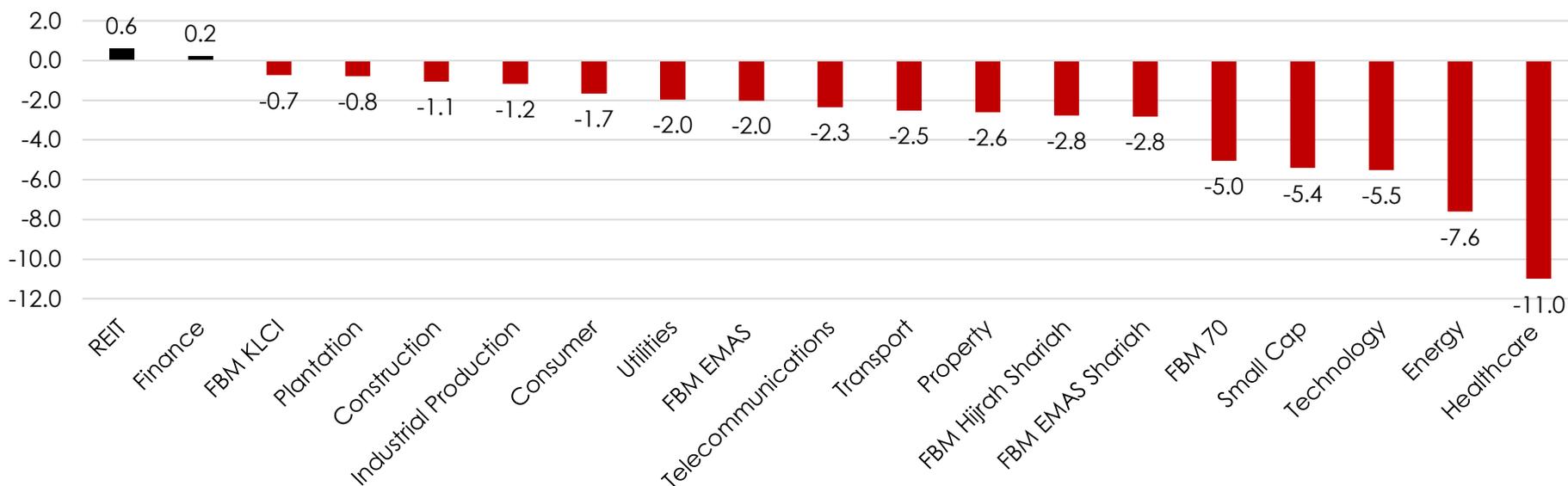
**YTD Gain Of Major Equity Markets (%)  
(As at 11 September)**



## WEEKLY SECTORAL PERFORMANCE

- ✓ The Bursa REIT index was the biggest gainer last week with a 0.6% weekly advance. The reason being is that some of the REITs remain attractive for yield hungry investors especially for a REIT like KIP REIT which has shown sustained and consistent performance by showing an increase in dividend payout to 3.05 sen for 1H2020 (1H2019: 3.03 sen).
- ✓ On the other hand, the Bursa Healthcare Index led laggards, recording an 11.0% weekly loss. This was largely attributable to Thursday's large sell-off in shares of glove makers following a sector downgrade by a foreign research house. Bargain hunting activity was prevalent on the following day, pushing stock prices of glove makers such as Hartalega and Top Glove by 4.7% and 20.3% respectively. As a result the FBM KLCI jumped 14.8 points or 1.0% to 1,504.9 points from the previous day's close of 1,490.1 points.

### Bursa Malaysia Sectoral Weekly Performance (%)

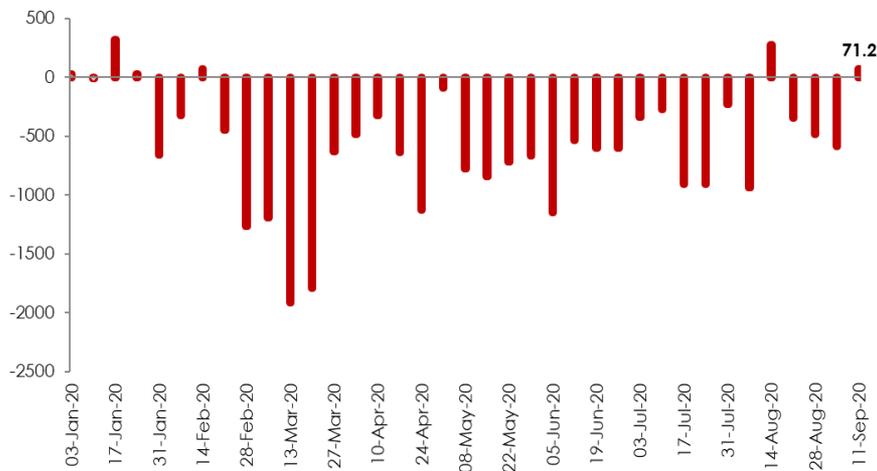


Source: Bloomberg

## WEEKLY FOREIGN FUND FLOW

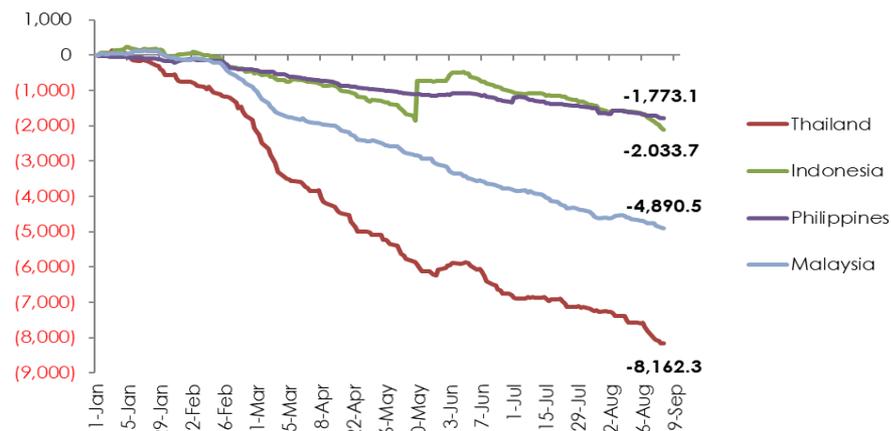
- ✓ From Monday to Friday, foreign funds have bought RM71.2 million net of local equities on Bursa compared to -RM589.4 million net sold during the whole of the previous week.
- ✓ International investors began the week by withdrawing -RM72.3 million net of local equities on Monday. The level of foreign net selling then dropped to -RM11.5 million on Tuesday despite President Donald Trump raising the prospect of a decoupling of the US economy from mainland China. Foreign funds made a return to Bursa on Wednesday as they acquired RM58.9 million net of local equities. The momentum of foreign net buying accelerated to RM94.8 million on Thursday following the rebound of US stocks overnight from a three-day rout. Foreign net buying activity took a breather on Friday to reach RM1.3 million net as the bargain hunting activity in glove counters was partially dampened by another technology sell-off on Wall Street overnight.
- ✓ On a year-to-date basis, foreign funds have taken out -RM20.85 billion net of local equities, exceeding the -RM19.49 billion foreign net outflow in 2015. In comparison with ASEAN peers namely Thailand, Indonesia and the Philippines, Malaysia has the second largest foreign net outflow after Thailand.

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



Source: Bloomberg

### YTD Regional Foreign Fund Flow (USD Million)



## GOVERNMENT AND CORPORATE BONDS

- ✓ The total trading value of 10 most actively traded issues increased (lower trading breadth) to 60.9% compared to 59.5% of the overall Government Bonds trades in the week before. In absolute terms, the total trading value for Government Bonds increased by 4.8% to RM9.5 billion from RM9.1 billion in the preceding week. In addition, all of the 10 most actively traded bonds saw higher yields hence lower prices during the review week.
- ✓ Likewise, the total trading value for Corporate Bonds (Conventional & Sukuk) jumped to RM3.3 billion in the review week compared to RM2.4 billion in earlier week. The total trading value of 10 most actively traded issues meanwhile declined (higher trading breadth) to 28.7% compared to 34.9% of the overall Corporate Bonds trades in the week before. Aside from that, 6 out of the 10 most actively traded corporate bonds saw lower yields, hence higher prices during the review week.

### Malaysian Government Bonds

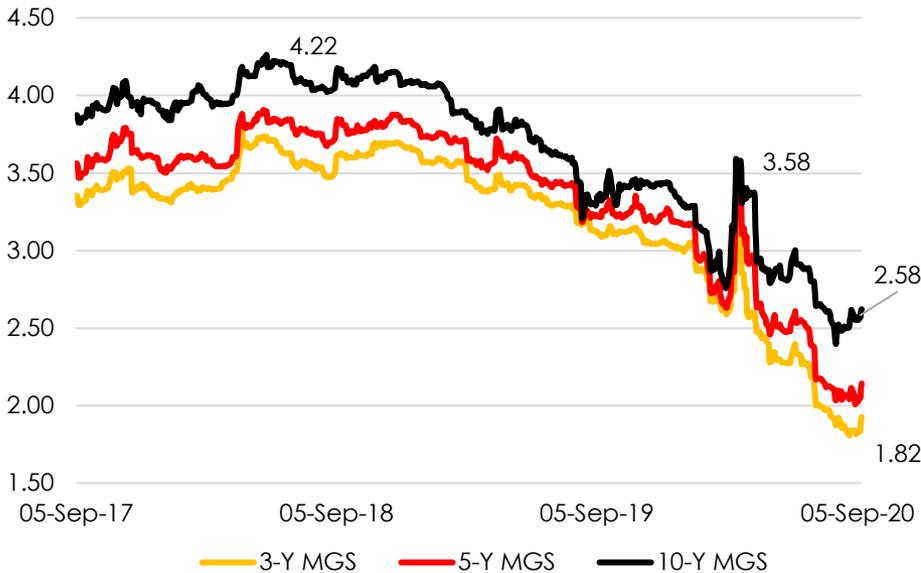
Name	Coupon	Maturity	4-Sep	11-Sep	Change	Weekly Trading Value
			Yield	Yield	(Weekly % change)	
Malaysia Government Securities	3.659	10/15/20	1.702	1.739	3.7	2,329.5
Malaysia Government Securities	3.48	03/15/23	1.812	1.916	10.4	1,337.6
Malaysia Government Securities	4.16	07/15/21	1.628	1.710	8.2	1,043.7
Malaysia Government Securities	3.885	08/15/29	2.557	2.618	6.1	1,034.7
Malaysia Government Securities	3.502	05/31/27	2.312	2.429	11.7	944.2
Malaysia Investment Issue	3.757	05/22/40	3.434	3.459	2.5	759.3
Malaysia Government Securities	3.828	07/05/34	3.001	3.093	9.2	654.4
Malaysia Government Securities	3.955	09/15/25	2.028	2.151	12.3	547.0
Malaysia Investment Issue	3.655	10/15/24	2.008	2.095	8.7	461.0
Malaysia Government Securities	4.048	09/30/21	1.641	1.770	12.9	431.2
<b>Total Trading Value (Top 10)</b>						<b>9,542.7</b>
<b>Total Trading Value (Overall)</b>						<b>15,678.6</b>

### Malaysian Corporate Bonds

Name	Coupon	Maturity	4-Sep	11-Sep	Change	Weekly Trading Value
			Yield	Yield	(Weekly % change)	
Danainfra Nasional	4.06	05/25/22	1.842	1.842	0.0	150.0
MMC Corp	5.7	03/24/28	3.945	3.865	-8.0	132.8
MMC Corp	5.95	11/12/27	3.935	3.836	-9.9	110.0
Malaysia Rail Link	3.13	07/05/30	2.800	2.799	-0.1	100.0
PPTN	4.27	03/01/29	2.697	2.731	3.4	95.0
Pelabuhan Tanjung Pelepas	3.95	06/18/27	3.520	3.197	-32.3	90.0
Lebuhraya Duke Fasa 3	6.43	08/23/39	5.078	5.117	3.9	75.0
Malakoff Power	5.15	12/17/20	2.493	2.412	-8.1	70.0
Bank Pembangunan	4.75	09/12/29	2.759	2.759	0.0	70.0
PPTN	4.19	08/27/21	1.783	1.763	-2.0	65.0
<b>Total Trading Value (Top 10)</b>						<b>957.8</b>
<b>Total Trading Value (Overall)</b>						<b>3,341.9</b>

Source: Bloomberg

## MGS YIELD



- ✓ On the local bond market, the 3-Y MGS, 5-Y MGS and 10-Y MGS inched up to 1.92% (4 September: 1.82%), 2.14% (4 September: 2.03%) and 2.62% (4 September: 2.56%) on last Friday, mainly due to the selling activities in light of mixed view on BNM decision to maintain the OPR at 1.75% during its meeting on 10 September.
- ✓ The MGS yields would likely to linger around 1.91% for 3-Y MGS and 2.60% for 10-Y MGS in the medium term as the OPR is expected to remain at 1.75% for the remaining of 2020.

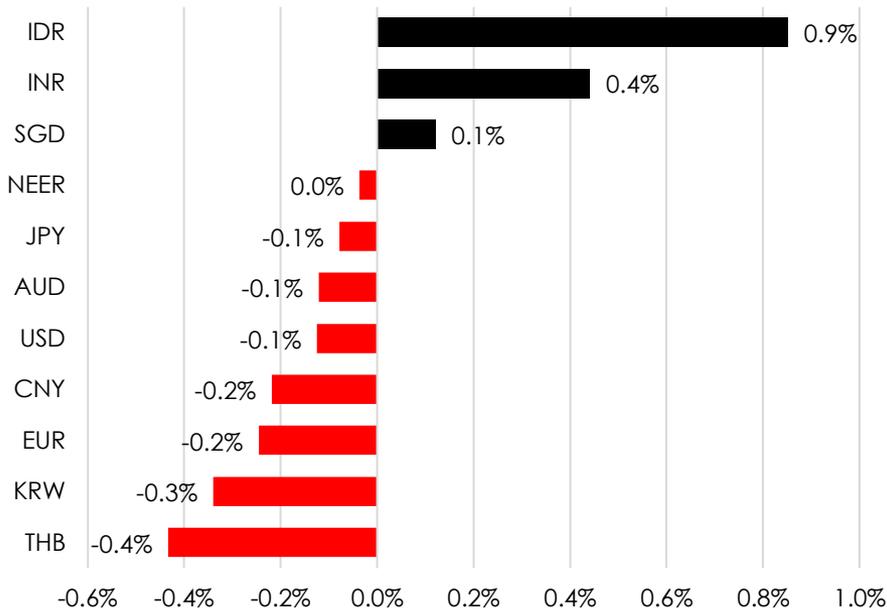
Date	3-Y MGS	5-Y MGS	10-Y MGS
04/09/2020	1.82%	2.03%	2.56%
07/09/2020	1.83%	2.03%	2.55%
08/09/2020	1.85%	2.06%	2.58%
09/09/2020	1.84%	2.05%	2.57%
10/09/2020	1.92%	2.12%	2.61%
11/09/2020	1.92%	2.14%	2.62%

Source: CEIC

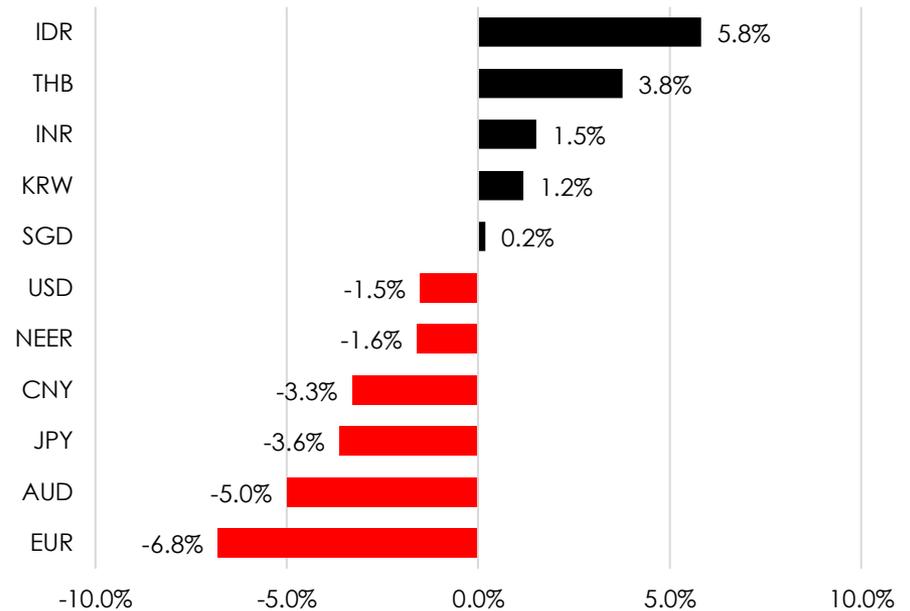
**WEEKLY PERFORMANCE**

- ✓ The Ringgit ended slightly lower at RM4.1515 on 11 September against USD from RM4.1475 on 4 September.
- ✓ This was on the back of stronger USD with some recovery on US labour market data.
- ✓ However, the Ringgit was stronger against IDR (5.8%), THB (3.8%) and INR (1.5%) on Year-To-Date (YTD) basis.

**USDMYR  
(Week Ended 11 September)**



**YTD Gain  
(As at 11 September)**



Source Bloomberg

## BRENT

- ✓ Brent crude oil price recorded a 6.6% weekly decrease to settle at USD39.83 per barrel last Friday pressured by rising concerns over oil demand recovery as number of Covid-19 infections are increasing globally.
- ✓ On the supply side, the US Energy Information and Administration (EIA) and the American Petroleum Institute (API) reported a surprise rise in the US crude inventories. EIA data showed crude stocks increased by 2.0 million barrels to 500.4 million barrels in the week ended 4 September from 498.4 million previously (Market expectation: - 1.9 million barrel). Similarly, the API report showed crude stockpiles rose by 3.0 million barrels as at 9 September compared with market expectations a draw of 1.4 million barrels.
- ✓ All in all, demand and supply imbalances still persist which could exert more pressure on crude oil prices moving forward.

### Brent Crude in USD per barrel



### US Crude Oil Inventory, '000 barrel - EIA



Source: Bloomberg

Date	Global	China	Germany	India	Indonesia	Italy	Japan	Singapore	South Korea	Spain	Thailand	United Kingdom	United States	France	Malaysia
13/8/2020	282,884	82	1,521	66,999	1,942	476	937	42	56	5,806	3	1,009	54,791	2,429	15
14/8/2020	286,912	99	1,452	64,553	2,098	522	1,070	102	103	6,303	17	1,129	55,907	2,515	20
15/8/2020	296,898	70	1,339	65,002	2,307	574	1,360	83	166	6,828	0	1,440	52,799	2,667	26
16/8/2020	278,560	66	718	63,490	2,345	629	1,137	81	279	8,149	1	1,073	55,359	3,242	25
17/8/2020	255,055	98	481	57,981	2,081	477	953	86	197	4,749	1	1,044	54,375	2,948	12
18/8/2020	212,651	67	1,431	55,079	1,821	320	1,018	91	246	3,185	3	713	41,073	314	7
19/8/2020	215,895	54	769	64,531	1,673	401	865	100	297	4,887	1	1,089	39,125	2,165	16
20/8/2020	267,521	33	1,707	69,652	1,902	642	951	93	288	8,191	7	812	37,908	3,680	5
21/8/2020	281,723	40	2,327	68,898	2,266	840	1,220	68	324	8,455	1	1,182	46,259	4,688	9
22/8/2020	273,521	50	1,134	69,878	2,197	947	1,012	117	332	8,730	0	1,033	43,952	4,396	8
23/8/2020	255,970	38	782	69,239	2,090	1,071	1,014	50	397	10,240	5	1,288	45,960	3,110	10
24/8/2020	259,406	41	711	61,408	3,914	1,209	760	87	266	5,817	2	1,041	44,946	4,805	7
25/8/2020	211,695	23	1,278	60,975	-	953	614	51	280	4,075	5	972	37,765	1,842	11
26/8/2020	214,428	34	1,576	67,151	2,447	876	701	31	320	5,928	0	1,184	32,883	3,227	6
27/8/2020	272,806	32	1,507	75,760	2,306	1,366	846	60	441	9,945	2	1,048	37,030	4,998	5
28/8/2020	280,419	30	1,571	77,266	2,719	1,409	905	77	371	10,034	6	1,522	45,484	5,963	10
29/8/2020	286,846	22	1,479	76,472	3,003	1,460	850	94	323	9,884	1	1,276	46,194	7,262	11
30/8/2020	278,706	28	785	78,761	3,308	1,444	841	51	299	11,345	0	1,108	44,002	5,313	17
31/8/2020	270,291	32	610	78,512	2,858	1,365	601	54	248	6,497	1	1,715	43,983	5,126	6
1/9/2020	214,810	19	1,218	69,921	2,743	996	527	41	235	4,876	5	1,406	37,068	2,998	14
2/9/2020	253,768	20	1,256	78,357	2,775	975	609	40	267	6,277	8	1,295	31,808	4,765	6
3/9/2020	281,789	20	1,311	83,883	3,075	1,326	598	8	195	9,701	2	1,508	42,662	6,748	14
4/9/2020	286,815	33	1,453	83,341	3,622	1,397	669	48	198	9,508	4	1,735	39,402	6,799	11
5/9/2020	294,183	23	1,378	86,432	3,269	1,732	608	40	168	9,403	7	1,940	44,563	8,860	6
6/9/2020	306,857	19	988	90,632	3,128	1,694	543	34	167	9,864	6	1,813	49,131	8,390	6
7/9/2020	265,972	34	814	90,802	3,444	1,296	437	40	119	6,214	1	2,988	45,350	6,961	62
8/9/2020	220,024	22	1,499	75,809	2,880	1,150	378	22	136	4,280	1	2,948	33,486	4,111	100
9/9/2020	223,622	9	1,176	89,706	3,046	1,369	492	47	156	3,168	1	2,460	26,015	5,519	24
10/9/2020	250,414	13	1,892	95,735	3,307	1,700	495	75	155	8,866	7	2,659	23,204	8,294	45
11/9/2020	288,937	28	1,484	96,551	3,861	1,327	680	63	176	10,764	7	2,919	31,988	9,685	182
12/9/2020	288,060	20	1,630	97,570	3,737	1,616	643	86	136	-	5	3,539	37,128	9,260	58
13/9/2020	307,930	23	948	94,372	3,806	1,501	674	42	121	12,183	7	3,497	45,523	9,641	47

Source: CEIC

- ✓ As investors anticipate Top Glove's upcoming results this Thursday, the FBM KLCI may inch higher in a holiday-shortened week. Nevertheless, in the light of internal and external headwinds, any rebound could be capped during this seasonally sluggish September.
- ✓ Overall, volatility remains elevated and the domestic political uncertainty ahead of the Sabah state election on 26 September 2020, expiry of the loan moratorium and the review of Malaysia's position in the World Government Bond Index by end of the month.
- ✓ On the external front, worries of a resurgence in Covid-19 cases worldwide during winter and fall season coupled with escalating the US-China tensions will continue to act as hurdles for the investor community.
- ✓ As for the monetary policy front, the US Federal Reserve will be holding its policy meeting from 15 to 16 September 2020 which will give more colour on its plans as a much-awaited fiscal aid package stalled in the Senate.
- ✓ For now, key supports are pegged at 1,480 to 1,490 points while resistances are situated near 1,500 to 1,520 points.

# THANK YOU

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