



From the Desk
of the
Chief Economist

BANK ISLAM

WEEKLY MARKET UPDATES

15 FEBRUARY 2021

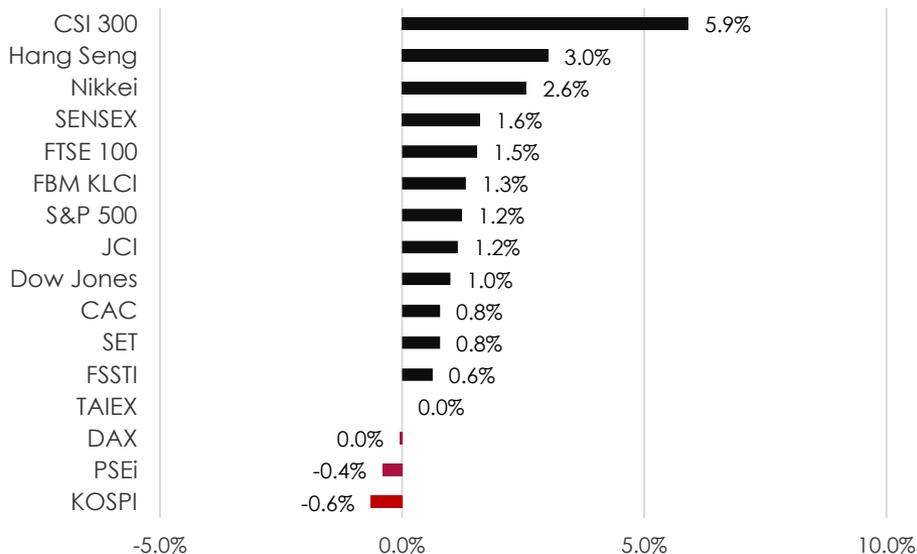
ECONOMIC RESEARCH

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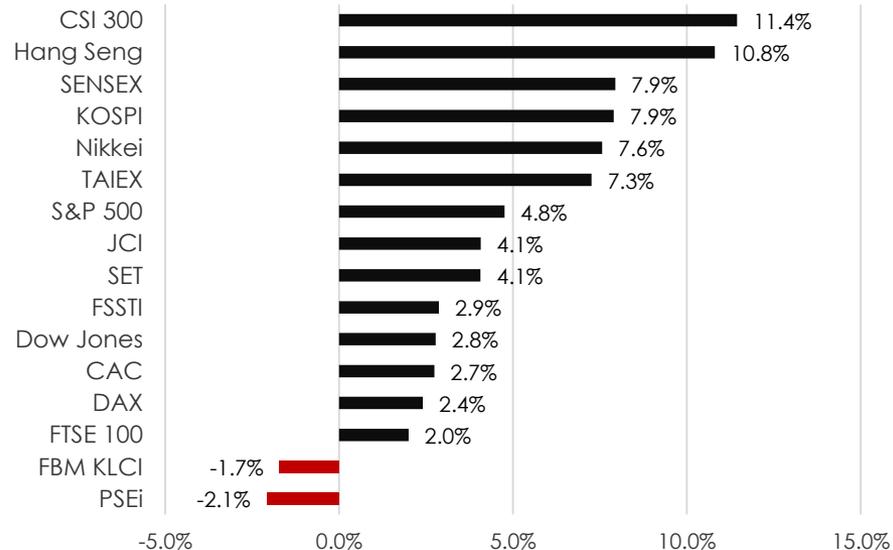
WEEKLY MARKET PERFORMANCE

- ✓ Major equity markets worldwide ended the week on a positive note with gainers led by China's CSI 300 Index which recorded a 5.9% advance. The China market soared on Wednesday, 10 February 2021 ahead of Lunar New Year holiday amid optimism about a global economic recovery. The mainland bourses will pause for five trading days from 11 to 17 February respectively.
- ✓ Meanwhile, South Korea's KOSPI Index was the largest decliner during the week, declining by 0.6%. Investor sentiment was subdued as the unemployment rate in the country hit a 21-year high in January 2021, reaching 5.4% from 4.6% in the previous month.
- ✓ On the domestic front, the FBM KLCI index was among the top performance during the week with a 1.3% increase supported by the Energy and Banking sectors.

Weekly Gain/Loss of Major Equity Markets (%) (Week Ended 12 February)



YTD Gain/Loss Of Major Equity Markets (%) (As at 12 February)

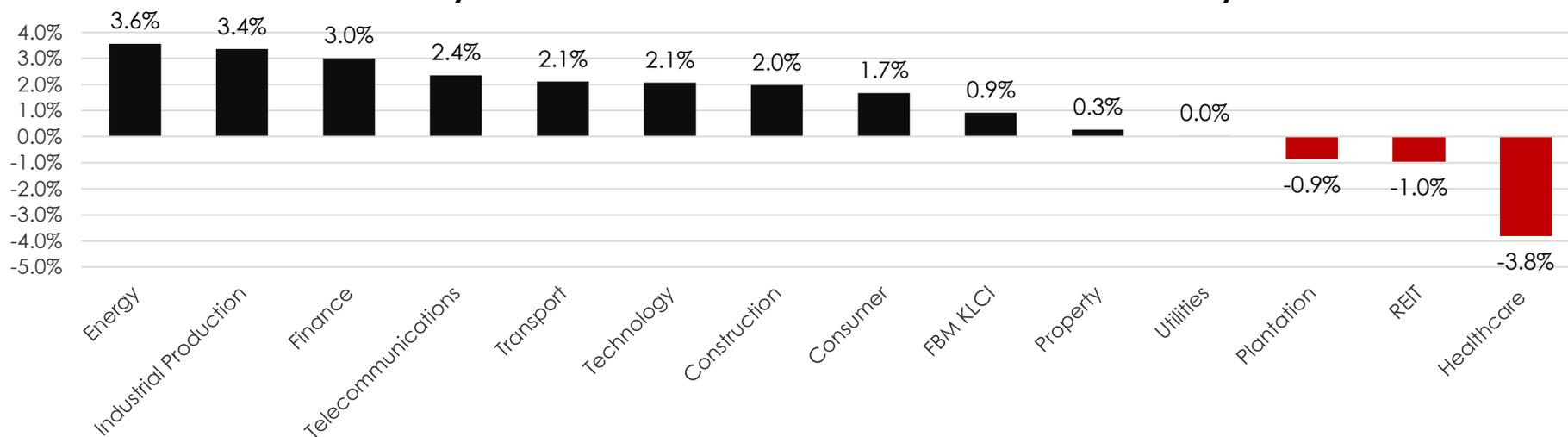


WEEKLY SECTORAL PERFORMANCE

- ✓ The Bursa Malaysia Energy index was the biggest gainer last week with a 3.6% weekly advance. This was supported by the rally in certain blue chips namely Tenaga Nasional Berhad (TNB) following the appointment of its new Chief Executive Officer (CEO), a day after its previous CEO announced his exit. Apart from that, Brent price increased above USD60.0 per barrel last week for the first time since January last year has also supported the energy sector.
- ✓ Another sector which supported the local bourse was the Industrial Production amid the anticipation of an economic recovery this year which would boost demand for products and services.
- ✓ On the other hand, the Bursa Malaysia Healthcare Index was the largest decliner with a 3.8% weekly drop. The drop came from the social media-driven retail frenzy on rubber glove stocks which subsided as retail investors could no longer sustain the buying momentum of the respective stocks. The rollout of vaccines has also stoked fears of lesser demand for rubber gloves moving forward.

Bursa Malaysia Sectoral Weekly Performance (%)

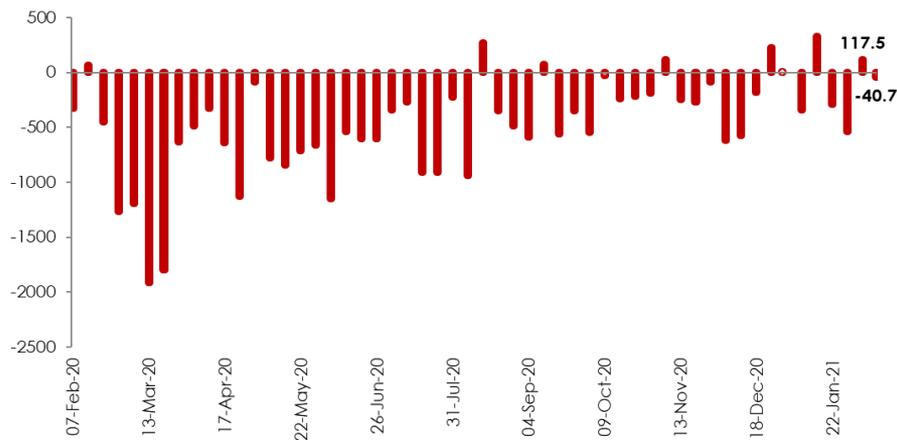
Bursa Malaysia Performance For the Week Ended 11 February 2021



WEEKLY FOREIGN FUND FLOW

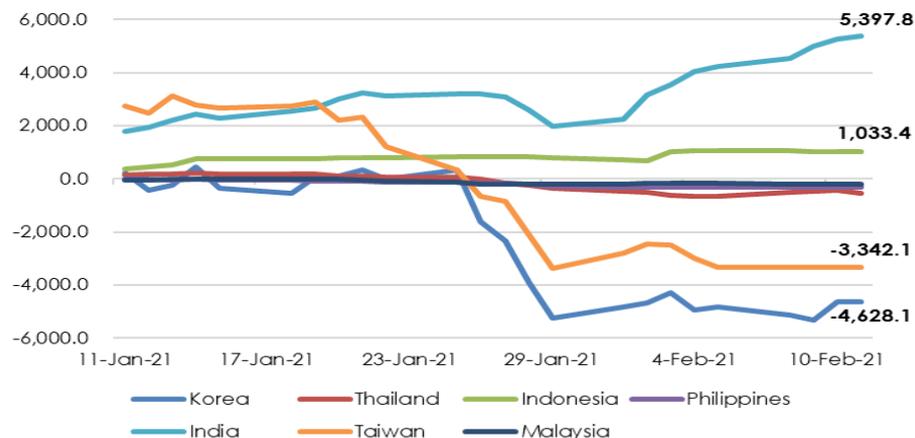
- ✓ Foreign investors disposed RM40.7 million net of local equities during the second week of February 2021 compared to the RM117.5 million bought in the preceding week.
- ✓ Bursa started the week on the wrong foot as international investors disposed RM107.2 million net of local equities on Monday. The level of foreign net selling shrank to just RM8.6 million on Tuesday as risk-on sentiment turned stronger amid the ascent in the oil price which hit a 13-month following hopes in economic recovery. International funds later made their way back to Bursa as they snapped up RM33.3 million net of local equities on Wednesday. Thursday continued to see a foreign net inflow worth RM41.8 million although it was the eve of Chinese New Year where investors tend to trade lightly ahead of the long weekend.
- ✓ On a year-to-date basis, international investors have sold RM757.8 million net (or USD189.0 million net) of local equities from Bursa. In comparison with Southeast Asian peers namely Thailand and the Philippines, Malaysia has the smallest year-to-date foreign net inflow while Thailand has the largest year-to-date foreign net outflow of USD560.4 million.

Weekly Foreign Fund Flow in Malaysia (RM Million)



Source: Bloomberg

YTD Regional Foreign Fund Flow (USD Million)

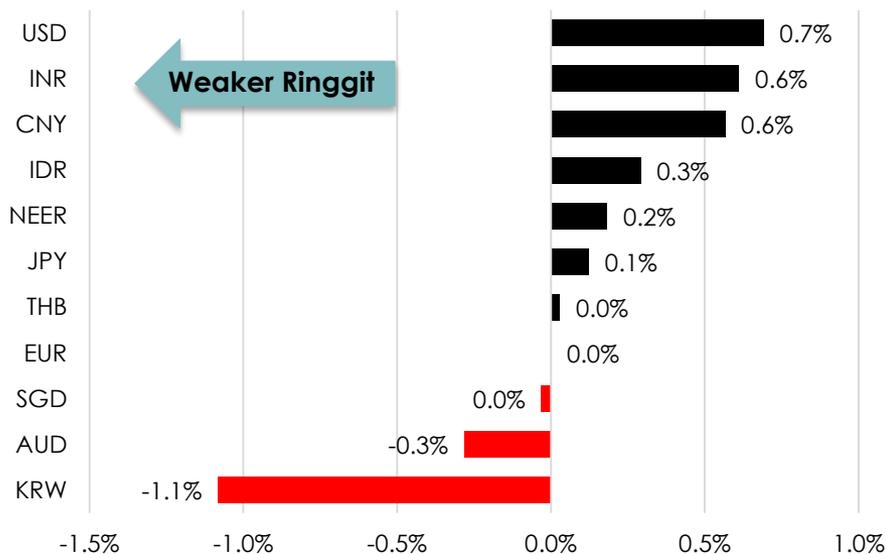


WEEKLY PERFORMANCE

- ✓ The Ringgit strengthened by 0.7% against US greenback on 11 February 2021 to close at RM4.0413 from RM4.0697 on 5 February 2021. The gain was attributed by higher Brent price (5.2% w-o-w to close at USD62.43 per barrel) in light of industry data showing a fall in US crude oil stocks while global Covid-19 vaccination programs led to expectation of higher fuel demand.
- ✓ As for US Dollar, the currency was pinned lower amid soft US inflation coupled with the Federal Reserve's (Fed) chairman Jerome Powell's reiteration to keep interest rates low, suggesting the monetary would remain accommodative for quiet some time.
- ✓ Looking forward, the Ringgit is likely to trade higher against the USD this week at between RM4.04 and RM4.00 driven by positive sentiments in the wake of first phase Covid-19 vaccine program commence on early of March that will determine the reopening of the economy.
- ✓ Nonetheless, the duration of the Movement Control Order 2.0 (MCO 2.0) would remain as the main downside risk as the daily Covid-19 cases remain above 2,000.

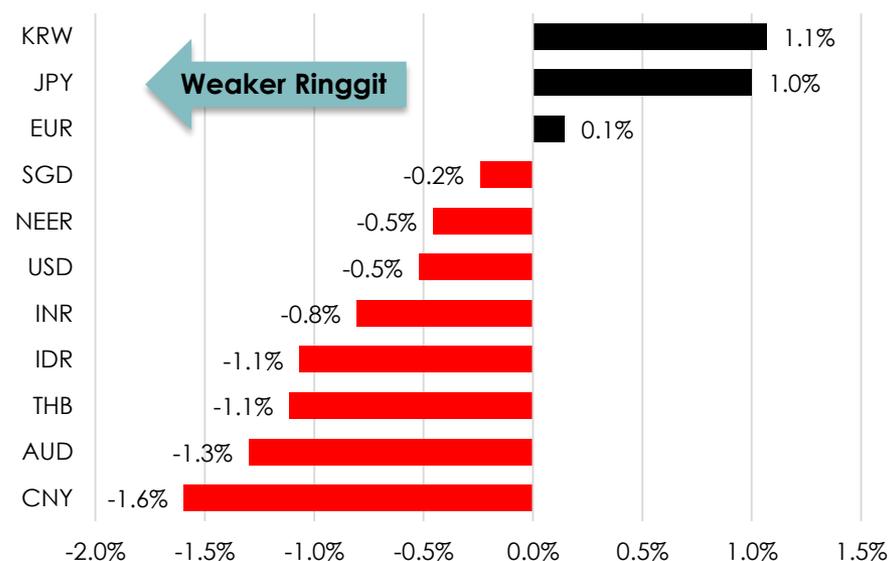
W-o-w,%

(Week Ended 11 February)

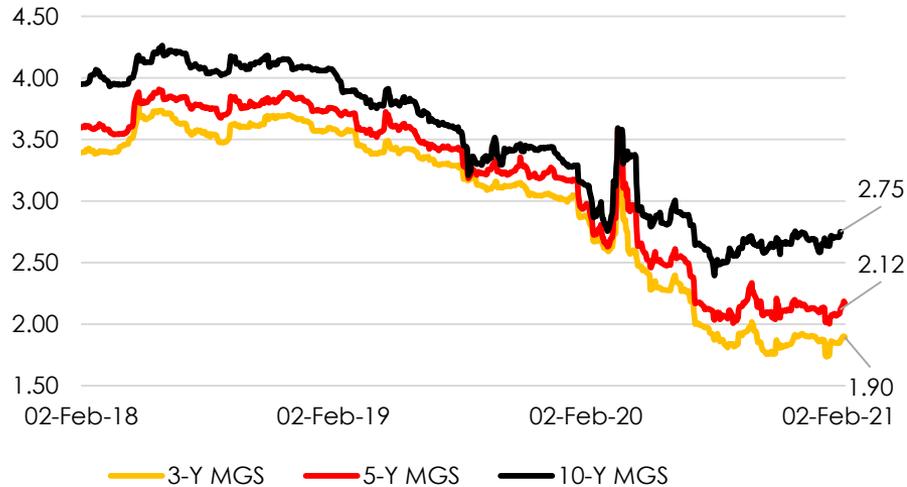


YTD Gain,%

(As at 11 February)

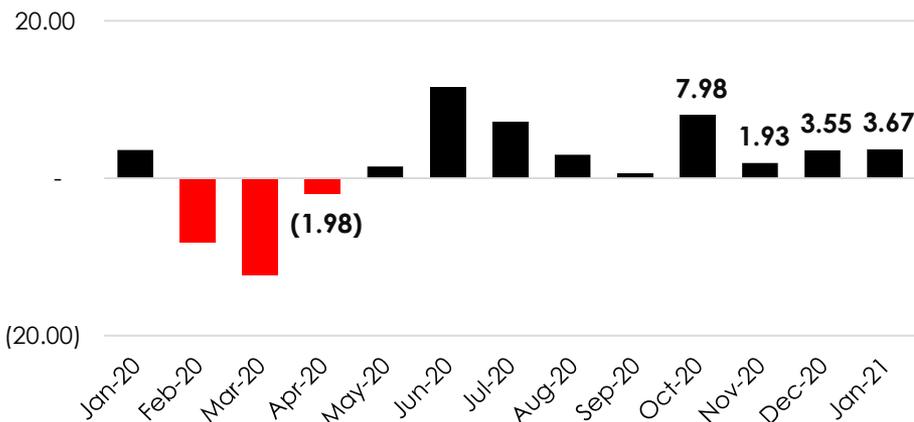


MGS Yields (%)



✓ On the local bond market, the 3-Y, 5-Y MGS and 10-Y MGS yielded higher to close at 1.89% (5 February: 1.87%), 2.17% (5 February: 2.13%) and 2.80% (5 February: 2.75%) on 11 February 2021 amid ease of lockdown measures as more retail businesses were allowed to operate started on 10 February 2021 which could pent up demand conditions.

Foreign Fund Flows in Bond Market, RM billion



✓ Nevertheless, interest from foreign investors remained forthcoming in the bond market space, registering higher inflows of RM3.67 billion during January 2021 from RM3.55 billion in December last year. This demonstrates the Malaysia's fixed income market remained attractive to foreign funds in light of wide interest rate differentials with the developed countries.

Source: CEIC

BRENT

- ✓ Brent crude oil price recorded a 5.2% weekly increase to settle at USD62.43 per barrel last Friday (5 February 2021: USD59.34/barrel) as hopes of a stimulus bill in the US have nudged sentiment higher.
- ✓ Supporting prices further were a drop in the US crude inventories reported by the US Energy Information Administration (EIA) and the American Petroleum Institute (API). The EIA data showed crude stocks continued to fall for the third straight week to 469.0 million barrels in the week ended 5 February from 475.7 million barrels previously. Similarly, the API report showed crude stockpiles declined by 3.5 million barrels in the week ended 9 February from 4.3 million draw in the preceding week.
- ✓ However, on the demand side, the Organization of the Petroleum Exporting Countries (OPEC) reduced its fuel demand outlook for 2021 due to persistent coronavirus-induced restrictions and the spread of new variants would cap some of the gains in the oil market.

Brent Crude in USD per barrel



US Crude Oil Inventory, '000 barrel - EIA



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
14-Jan-21	733,682	184	25,164	16,946	11,278	15,773	5,308	38	524	36,493	271	47,525	217,166	23,649	3,337
15-Jan-21	735,299	173	22,368	15,590	11,557	17,243	6,591	45	512	38,200	188	48,682	225,573	20,744	3,211
16-Jan-21	739,261	169	18,678	15,158	12,818	16,144	6,696	30	580	37,488	230	55,761	226,608	21,112	4,029
17-Jan-21	743,856	166	13,882	15,144	14,224	16,310	6,386	24	520	42,291	374	41,342	246,485	21,207	3,339
18-Jan-21	621,566	169	7,141	13,788	11,287	12,544	5,998	30	389	24,517	369	38,598	212,253	16,642	3,306
19-Jan-21	522,195	232	11,369	10,064	9,086	8,825	6,034	14	386	18,325	171	37,535	185,383	3,052	3,631
20-Jan-21	529,532	165	15,974	13,823	10,365	10,496	5,446	30	404	34,979	59	33,355	142,240	23,347	4,008
21-Jan-21	638,175	223	20,398	15,223	12,568	13,568	5,447	40	401	41,537	142	38,905	152,937	26,565	3,170
22-Jan-21	667,905	175	17,862	14,545	11,703	14,055	5,799	38	345	41,303	309	37,892	187,919	22,551	3,631
23-Jan-21	654,649	178	16,417	14,256	13,632	13,633	5,054	15	431	40,095	198	40,261	188,176	22,609	4,275
24-Jan-21	634,553	164	12,257	14,849	12,191	13,331	4,587	10	392	41,661	198	33,552	190,994	23,522	3,346
25-Jan-21	548,072	205	6,729	13,203	11,788	11,628	4,152	48	437	23,556	187	30,004	170,883	18,435	3,048
26-Jan-21	423,135	155	6,412	9,102	9,994	8,559	3,330	44	349	17,033	959	22,195	141,691	4,012	3,585
27-Jan-21	486,814	140	13,202	12,689	13,094	10,584	3,537	14	559	32,072	819	20,088	133,409	22,009	3,680
28-Jan-21	588,918	117	17,549	11,666	11,948	15,191	3,927	25	497	36,912	756	25,308	148,533	26,483	4,094
29-Jan-21	603,194	93	14,022	18,855	13,695	14,360	3,909	34	469	35,258	802	28,680	155,203	23,347	5,725
30-Jan-21	579,590	106	12,321	13,083	13,802	13,563	3,567	24	456	32,670	930	29,079	158,153	22,670	5,728
31-Jan-21	564,175	130	11,192	13,052	14,518	12,713	3,659	58	354	31,573	829	23,275	164,415	24,136	5,298
1-Feb-21	474,841	97	5,608	11,427	12,001	11,249	2,776	29	305	17,930	836	21,088	141,327	19,235	4,214
2-Feb-21	367,268	65	6,114	8,635	10,994	7,925	2,108	29	336	11,394	836	18,607	112,129	3,669	3,455
3-Feb-21	431,165	53	9,705	11,039	10,379	9,651	2,210	19	467	21,996	795	16,840	125,444	22,871	4,284
4-Feb-21	493,668	51	14,211	12,899	11,984	13,182	2,593	18	451	25,354	809	19,202	116,762	25,904	4,571
5-Feb-21	498,934	44	12,908	12,408	11,434	13,656	2,619	22	370	23,274	586	20,634	120,876	23,148	3,391
6-Feb-21	494,652	54	10,485	11,713	11,749	14,213	2,307	25	393	20,531	490	19,114	124,866	20,741	3,847
7-Feb-21	466,902	31	8,616	12,059	12,156	13,439	2,080	26	372	19,522	237	18,262	129,961	20,586	3,731
8-Feb-21	396,314	44	4,535	11,831	10,827	11,640	1,555	24	288	10,013	186	15,845	106,988	19,715	3,100
9-Feb-21	316,250	47	3,379	9,110	8,242	7,969	1,776	22	302	5,810	189	14,104	91,412	3,566	2,764
10-Feb-21	353,577	45	8,072	11,067	8,700	10,612	1,420	11	444	13,041	157	12,364	86,449	18,570	3,288
11-Feb-21	422,950	21	10,237	12,923	8,776	12,947	1,826	15	504	13,795	201	13,013	90,930	24,631	3,384
12-Feb-21	426,402	34	9,860	9,309	8,435	15,137	1,739	12	403	7,181	175	13,494	97,134	20,406	3,318
13-Feb-21	417,694	33	8,354	12,143	9,869	13,893	1,403	18	362	-	126	15,144	101,693	20,279	3,499
14-Feb-21	300,530	19	6,114	12,194	8,844	13,523	1,318	9	326	-	166	13,307	7,689	20,398	2,464

Source: CEIC

- ✓ The FBM KLCI index is expected to trade higher within 1,580.0 to 1,610.0 points this week mainly supported by firmer crude oil price (5.2% w-o-w to close at USD62.43 per barrel) while the National Covid-19 Immunisation Programme which will kick off in March 2021 could pent up the consumer demand.
- ✓ With regards the trend of Covid-19 cases, the daily number of cases have been abating to 2,464 cases on 14 February from a range of 3,400 to 5,300 cases a day in the preceding week. In addition, the infection rate has been slowing down as reflected by lower estimated R-naught at 0.89 as at 14 February from 0.92 as at 7 February. As such, it reflects the enforcement of MCO 2.0 was effective to curb the spread of Covid-19 infection.
- ✓ On the external front, the US stocks were riding a wave of optimism on the prospects of a post-pandemic recovery alongside with higher vaccination rate. The S&P 500 (1.23% w-o-w to close at 3,934.8 points) and Nasdaq (1.73% w-o-w to close at 14,095.5 points) set record closing highs on Friday amid anticipation of President Joe Biden's USD1.9 trillion fiscal aid appears to be on way to help the US economy. The yield on 10-Y US Treasury bond which was higher by 1 basis point to 1.20% on Friday last week is also expected to see an uptrend this week as high frequency economic indicators show a pick-up with jobless claims are slowing.
- ✓ Going forward, the investors would remain cautious amid sluggish sentiment whether the Malaysian government would extend the MCO 2.0 which was expected to end on 18 February. Foreign net selling is likely to persist on Bursa ascribed to strict standard operating procedures (SOP) which has disrupted human mobility and caused hindrance in business operations.

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A cityscape at sunset with a pink bar at the bottom. The sky is filled with soft, golden light and scattered clouds. The city buildings are silhouetted against the bright horizon. A prominent road with traffic is visible in the foreground.

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