



From the Desk
of the
Chief Economist

BANK ISLAM

WEEKLY MARKET UPDATES

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ECONOMIC RESEARCH

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International

Country	Economic Indicators	Remarks
The U.S.	Monetary Policy	<ul style="list-style-type: none"> ✓ The meeting minutes for the Federal Open Market Committee (FOMC)'s meeting in January outlined the plans for interest rate hikes and to shrink its balance sheet. ✓ The minutes indicate a strong compulsion among the FOMC members to tighten monetary policy amid raising concerns over inflation and financial stability.
The U.K.	Inflation	<ul style="list-style-type: none"> ✓ The Consumer Price Index (CPI) increased by 5.5% year-on-year (y-o-y) in January 2022 (December 2021: 5.4%). ✓ U.K.'s January CPI recorded its highest figure since March 1992 due to higher costs for clothing and footwear, housing and household services, as well as furniture and household goods. ✓ Bank of England (BoE) anticipated that the inflation would reach at around 7.25% in April this year.
Singapore	Gross Domestic Product	<ul style="list-style-type: none"> ✓ Singapore maintained its economic growth estimates for 2022 between 3.0% and 5.0% following continued economic recovery in 2021 at 7.6%. ✓ The GDP in 4Q2021 grew by 6.1% y-o-y, slightly above the government's estimate of 5.9%.

Domestic

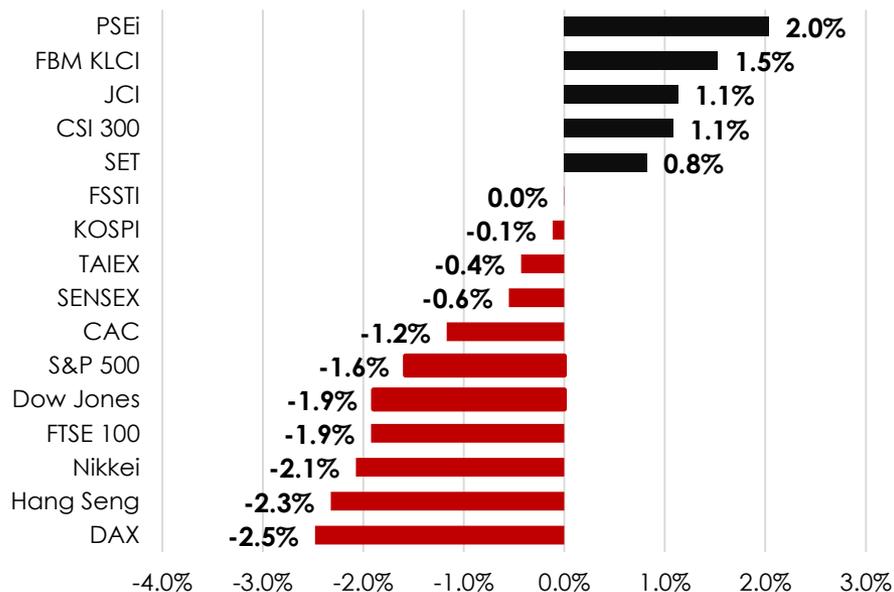
Country	Economic Indicators	Remarks
Malaysia	Exports	<ul style="list-style-type: none"> ✓ Malaysia's exports recorded a double-digit growth for the sixth consecutive month. Exports grew by 23.5% y-o-y in January 2022 (December 2021: 29.2%) supported by continuous expansion in Manufacturing (January 2022: 19.3% vs. December: 2021: 28.4%).
	Labour Market	<ul style="list-style-type: none"> ✓ The Labour Market Review for the 4Q2021 released by Department of Statistics Malaysia (DOSM) revealed that the number of employed persons rose by 1.8% y-o-y to 15.44 million persons with employment-to-population ratio accounted for 65.7% due to majority of states have transitioned to Phase 4 of National Recovery Plan (NRP). ✓ The unemployment rate declined to 4.3% in 4Q2021 (3Q2021: 4.7%), the lowest rate since pandemic hit. ✓ The number of unemployed persons reduced by 66.3 thousand to 694.4 thousand persons in 4Q2021.

Sources: The Federal Reserve, BoE, DOSM, Department of Statistics Singapore

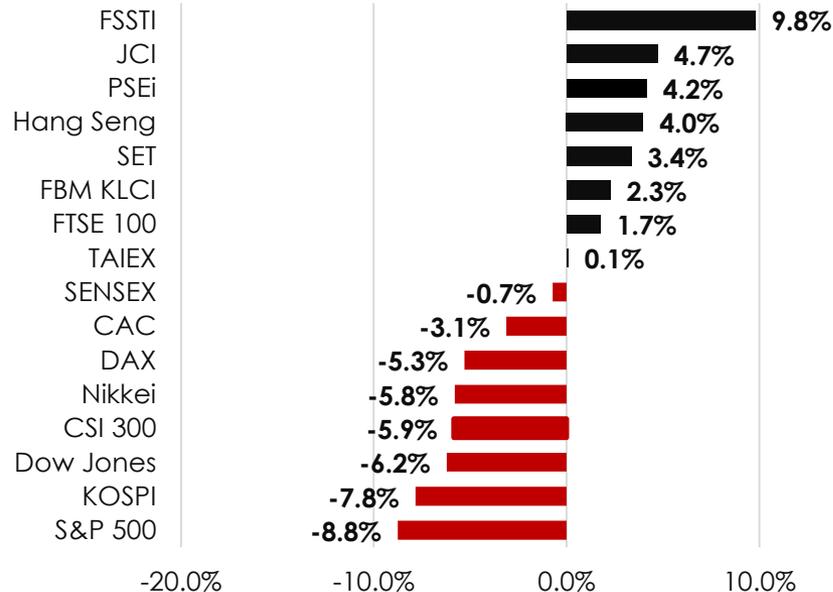
WEEKLY MARKET PERFORMANCE

- ✓ The Philippines's PSEi led gainers with a 2.0% weekly advance among the major equity markets last week after declining for the third straight week previously. However, the index ended slightly lower on Friday, down by 20.14 points from the preceding day as renewed jitters over rising tensions between Russia and Ukraine spilled over global stock markets.
- ✓ Meanwhile, German's DAX tumbled by 2.5% after recording a 2.2% gain in the previous week amid lingering geopolitical concerns.
- ✓ On a Year-To-Date (YTD) basis, the FBM KLCI was among the gainers as it increased by 2.3% or 35.0 points as at 18 February 2022.

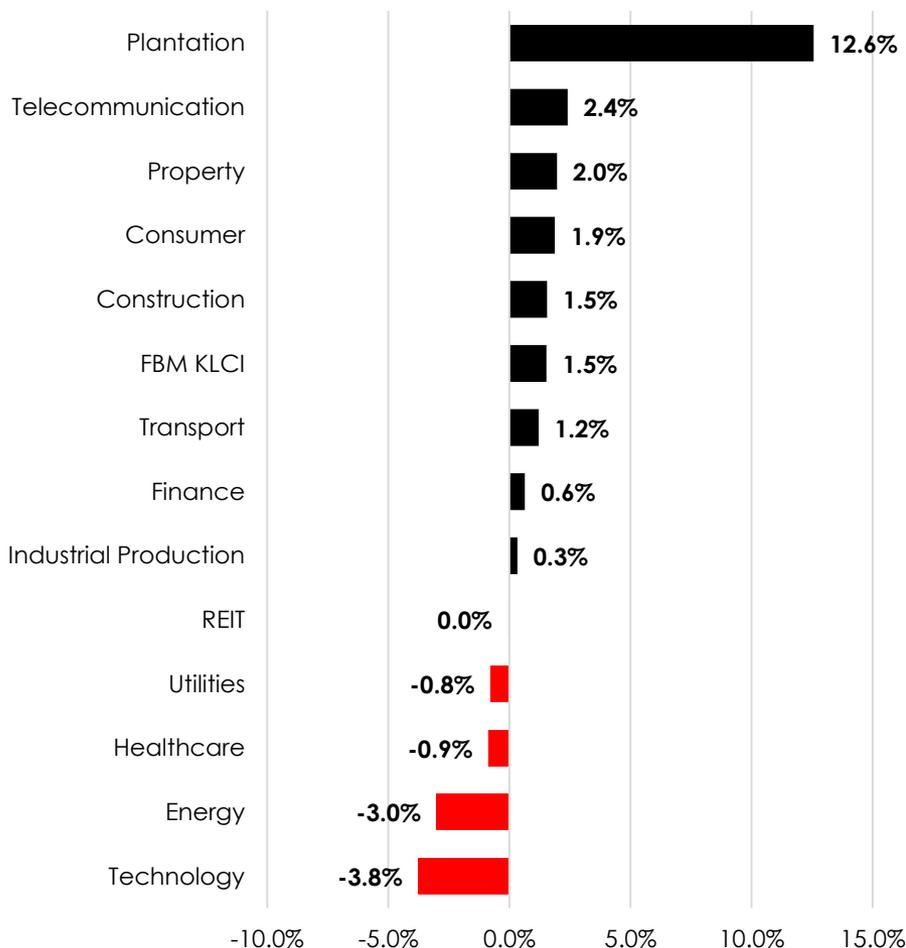
**Weekly Gain/Loss of Major Equity Markets, %
(Week Ended 18 February)**



**YTD Gain/Loss Of Major Equity Markets, %
(As at 18 February)**



Bursa Weekly Sectoral Performance, w-o-w%



Source: Bursa

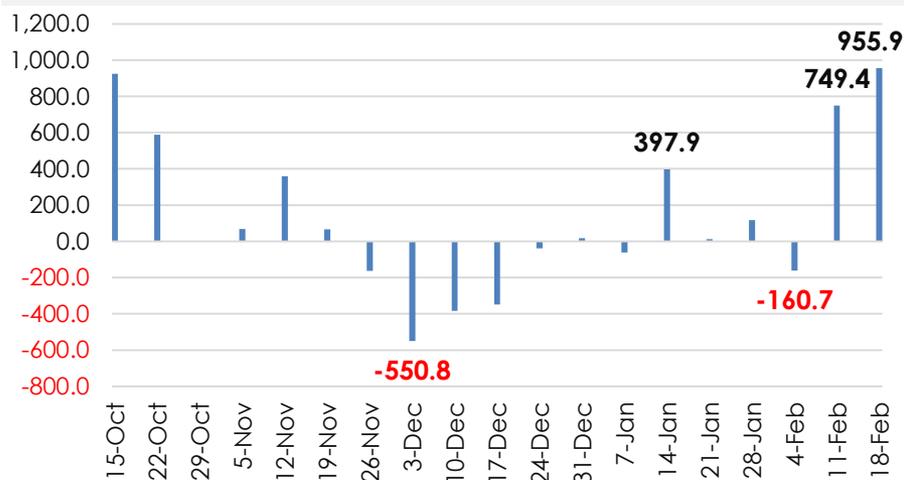
WEEKLY SECTORAL PERFORMANCE

- ✓ Bursa's **plantation** emerged as top gainer last week, rising by 12.6% w-o-w.
- ✓ The upturn was supported by firm Crude Palm Oil (CPO) future which has been lingering around RM5,400.00 per tonne since 28 January 2022 due to worries over tight supply.
- ✓ The **technology index** was under selling pressure, declining by 3.8% amid concerns over high interest rate environment that will dampen the price valuation.
- ✓ All in all, the FBM KLCI will be traded with the range between 1,590.0 points and 1,610.0 points this week as investors will stay alert on the back of increasing market volatility and external uncertainties.

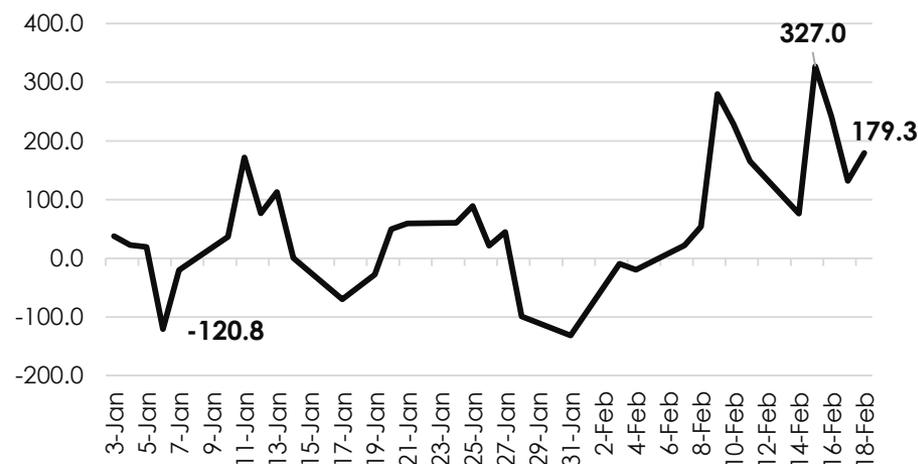
WEEKLY FOREIGN FUND FLOW

- ✓ Foreign investors remained to be net buyers as they bought RM955.9 million net of local equities last week, higher than RM749.4 net inflows in the previous week. This was the second straight week of net inflows, mainly attributable by upbeat Malaysia's export data which sustained its double-digit growth for the sixth consecutive month (Jan 2022: 23.5% y-o-y vs. Dec 2021: 29.2%)
- ✓ On further scrutiny, foreign investors were net buyers on everyday of the week with largest foreign inflow was recorded on Tuesday, 15 February at RM327.0 million. This was also the highest net buying by foreign investors so far for the year.
- ✓ Apart from that, we noted that the international funds have been net buyers for five out of seven weeks in 2022, suggesting foreign investors have returned to Malaysia's equity market.
- ✓ On a YTD basis, international investors have acquired RM2,008.4 million net of local equities in 2022 compared to RM1,145.9 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 18 February (RM Million)



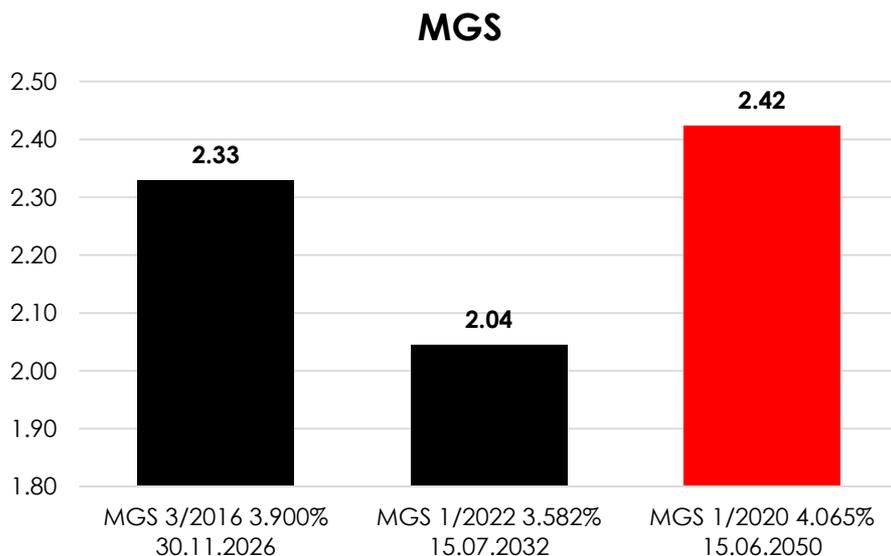
Source: Bursa

MGS Benchmark Yields Weekly Change, basis points (bps)

	Coupon (%)	Yields (%) 11-Feb-22	Yields (%) 18-Feb-22	Change (bps)
3-Y MGS 06/24	3.48%	2.83%	2.72%	-11
5-Y MGS 11/26	3.90%	3.32%	3.29%	-3
7-Y MGS 06/28	3.73%	3.61%	3.58%	-3
10-Y MGS 07/32	3.58%	3.70%	3.65%	-5

Source: BNM

Past Auction Result



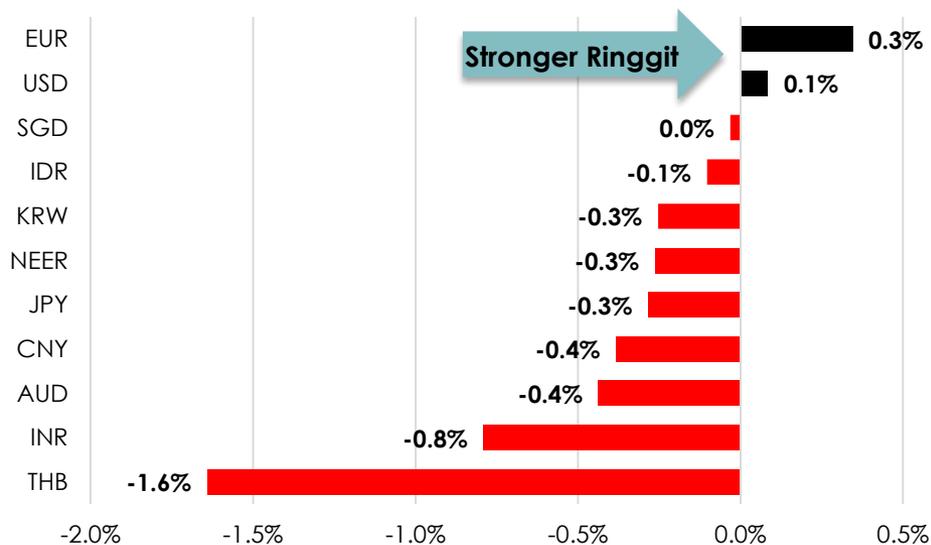
Source: CEIC

- ✓ As for the bond market, the MGS benchmark yields ended lower between 3 bps and 11 bps on a weekly basis.
- ✓ The shorter tenure 3-Y MGS 06/24 plummeted by 11 bps to settle at 2.72% while the 10-Y MGS 07/32 fell by 5 bps to 3.65%.
- ✓ This was mainly due to higher demand for safe haven bids amid continued Russia-Ukraine conflicts.
- ✓ Additionally, latest auction in the primary market indicated that demand for local govies remained firm. This was reflected by the reopening of 30-Y MGS 06/50 which has drawn a strong Bid-To-Cover (BTC) ratio of 2.42x last week.
- ✓ All in all, the elevated Omicron-related cases and foreign geo-political tensions are anticipated to provide a boost in safety of bonds in the short-term.

WEEKLY PERFORMANCE

- ✓ The Ringgit strengthened by 0.1% week-on-week (w-o-w) to close at RM4.1840 against the USD Dollar on 18 February from RM4.1880 previously. The gain was mainly due to a firmer Brent price which has been lingering above USD90.0 per barrel that could be supportive for the local note given its strong correlation with Malaysian Ringgit.
- ✓ Apart from that, Malaysia's exports which grew by 23.5% y-o-y, marking its sixth successive month of double-digit expansion since August last year indicated that the country has benefited from the improving global demand, driven by exports of electrical and electronics (E&E) products, as well as palm oil and palm oil-based agriculture products.
- ✓ On the global front, the release of FOMC meeting minutes during the week which showed a less-hawkish-than-feared stance has eased the greenback, making the Ringgit stronger.
- ✓ All in all, the Ringgit should be viewed positively in a near term. For this week, the Ringgit is expected to trade within a tight range of between RM4.18 and RM4.19 against the U.S. Dollar.

**MYR against regional currencies, w-o-w%
(Week Ended 18 February)**



Source: Investing.com

**MYR against regional currencies,
YTD Gain% (As at 18 February)**



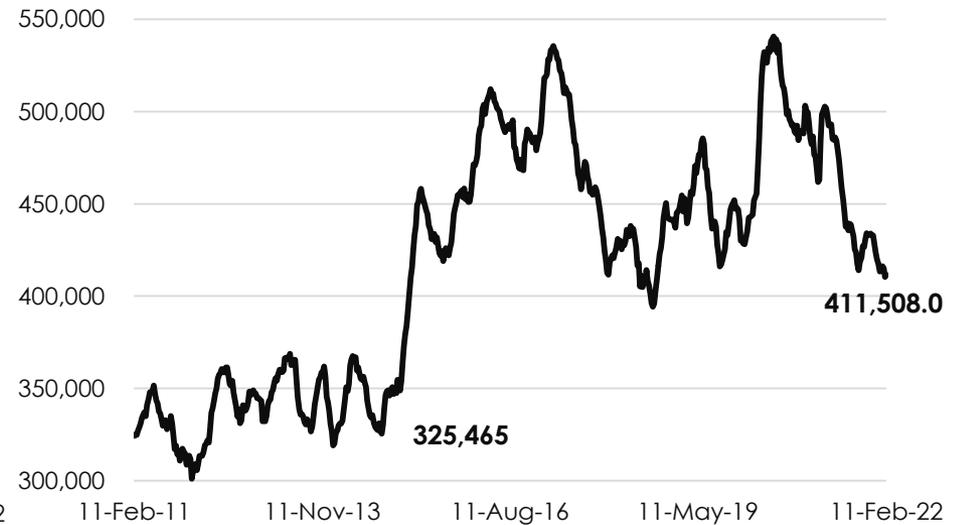
BRENT

- ✓ Brent crude oil price recorded a 1.0% weekly fall to settle at USD93.54 per barrel on 18 February (11 February: USD94.44 per barrel) as escalating violence in city of Donetsk, Ukraine has raised concerns over supply disruptions from a possible Russia-Ukraine war, offsetting prospects of Iranian oil returning to global markets.
- ✓ On the supply side, the U.S. Energy Information Administration (EIA) reported that the crude oil inventories increased by 1.1 million barrels to 411.5 million barrels in the week ended 11 February (4 February: 410.4 million barrels). Meanwhile, the U.S. American Petroleum Institute (API) mentioned that oil stockpiles continued to decline for the fourth straight week, decreasing by 1.1 million barrels in the week ended 11 February from 2.0 million draws in the previous week, suggesting improving demand conditions.
- ✓ Moving forward, Brent price is expected to range between USD90.0 and USD100.0 per barrel amid heightened geopolitical uncertainties.

Brent Crude in USD per barrel



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



GOLD

- ✓ Gold price marked its third straight weekly gain as it rose by 2.1% to USD1,898.43 per ounce on 18 February as compared to USD1,858.76 per ounce on 11 February.
- ✓ As U.S. Federal Reserve's announcement to raise interest rates could impede the demand for this safe haven asset, news relating to a possible skirmish in the east of Ukraine portraying heightened tensions between Ukraine and Russia has led the gold price to soar higher.
- ✓ Jens Stoltenberg, NATO's Secretary General, responded that Russia could be trying to stage a pretext for an invasion in Ukraine following shelling allegations in an eastern district of Luhansk.
- ✓ Notwithstanding this, the U.S. Dollar index declined moderately by 0.04% to 96.04 on 18 February (11 February: 96.08) as investors sentiment has improved due to the announcement on an upcoming meeting between Russian and U.S. officials which will be held this week in Europe.

Gold in USD per ounce



U.S. Dollar Index (DXY)



- ✓ The FBM KLCI index is expected to trade range-bound with an upside bias, within 1,590 points and 1,610.0 points despite the anticipation of profit-taking activities. Meanwhile, on Friday-to-Friday basis, the FBM KLCI gained 24.16 points to end the week at 1,603.05 points from 1,578.89 points last week.
- ✓ Looking ahead this week from the domestic front, the DOSM will be releasing the inflation data this Thursday for the month of January. We foresee that the figure will increase moderately by 2.9% y-o-y in the said month after rising by 3.2% in December last year.
- ✓ Globally, flash Purchasing Managers' Index (PMI) surveys for the U.S., U.K., Eurozone and Asia Pacific economies including Japan and Australia will be released. The February data will be keenly watched amid disruptions from the Omicron wave across the developed countries. In the meantime, the Reserve Bank of New Zealand (RBNZ) and Bank of Korea (BoK) will hold their monetary policy meeting decision this week, with RBNZ anticipated to raise by 25 bps to 1.00% whereas BoK to remain unchanged at 1.25%.
- ✓ Other important event that will be closely watched is this coming **Thursday meeting between the U.S. Secretary of State, Anthony Blinken and Russian Foreign Minister, Sergei Lavrov in Europe**, as long as Russia does not send its troops into Ukraine before hand. The meeting was initially suggested by the U.S. which aimed to resolve the crisis between Ukraine and Russia through diplomacy and dialogue. As such, this would chart the path for investors sentiment throughout the week.
- ✓ Last week, Malaysia's confirmed daily number of new Covid cases has remained above 20,000 mark, with the highest recorded on 19 February at 28,825 cases which brought the nation's total number of infections to 3.19 million since the pandemic occurred in early 2020. Be that as it may, the country is geared for reopening of its border, realistically target to be in the second half of this quarter, according to Health Minister, Khairy Jamaluddin. Previously, the National Recovery Council (NRC) has recommended for the country's border to reopen for quarantine-free travel by 1 March.
- ✓ Similar move taken by the neighbouring countries despite the rise in infection is Singapore, which has planned to push its economic reopening in the coming weeks with the aim to accelerate its recovery from the said virus. The country has decided to "live with the Covid" by allowing more business and social activity, as well as more inbound travelers. It was reported that the Health Minister, Ong Ye Kung signaling fundamental change, where the country allows quarantine-free entry for fully vaccinated arrivals from anywhere*.

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
18-Jan-22	2,170,336	243	74,405	238,018	1,362	83,387	23,351	1,165	4,067	73,969	6,397	94,170	385,329	98,892	3,245
19-Jan-22	3,679,959	171	112,323	282,970	1,745	228,123	29,862	1,448	5,803	153,286	7,122	127,239	962,786	428,429	3,229
20-Jan-22	3,810,767	135	133,536	317,532	2,116	200,966	39,841	1,615	6,600	146,190	8,129	114,552	911,438	432,729	3,764
21-Jan-22	3,824,518	124	140,160	347,254	2,604	198,865	44,638	1,472	6,769	139,506	8,640	107,824	773,966	421,807	4,046
22-Jan-22	3,737,582	154	135,461	337,704	3,205	185,600	49,531	10,264	7,003	129,928	8,112	96,762	767,979	379,597	4,116
23-Jan-22	3,516,655	210	85,440	333,533	2,925	177,335	54,180	2,463	7,628	124,894	7,686	97,173	765,454	387,472	3,856
24-Jan-22	2,690,984	286	63,393	306,064	2,927	142,487	48,411	3,496	7,508	71,000	7,139	88,231	292,907	301,339	3,214
25-Jan-22	2,461,253	232	126,955	255,874	4,878	77,666	47,176	3,002	8,563	64,891	6,718	97,733	286,892	60,695	4,066
26-Jan-22	4,064,355	175	164,000	285,914	7,010	211,277	60,933	5,996	13,008	129,169	7,587	122,523	1,056,566	500,563	4,744
27-Jan-22	3,673,118	261	203,136	286,384	8,077	170,940	69,736	4,832	14,507	116,382	8,078	108,863	495,901	421,898	5,439
28-Jan-22	3,613,958	295	190,148	251,209	9,905	156,040	73,945	5,469	16,096	108,443	8,450	104,385	564,547	390,453	5,522
29-Jan-22	3,541,160	238	189,166	235,532	11,588	144,347	80,994	5,554	17,523	92,509	8,618	92,553	567,401	337,275	5,139
30-Jan-22	3,447,019	248	118,970	234,281	12,422	137,427	82,159	5,207	17,519	82,994	8,444	80,618	516,229	330,747	4,915
31-Jan-22	2,513,995	193	78,318	209,918	10,185	104,110	85,042	4,498	17,075	46,258	8,008	69,975	191,961	240,671	4,774
1-Feb-22	2,216,149	213	162,613	167,059	16,021	57,631	61,190	4,481	18,341	39,035	7,422	83,103	135,299	82,378	5,566
2-Feb-22	3,416,236	252	208,498	161,386	17,895	133,306	80,222	6,264	20,267	79,337	8,587	112,458	617,711	367,424	5,736
3-Feb-22	3,153,004	207	236,120	172,433	27,197	119,323	93,388	3,101	22,906	70,533	9,172	92,594	286,009	311,639	5,720
4-Feb-22	3,082,184	227	248,838	149,394	32,211	112,956	103,038	4,297	27,437	64,752	9,909	88,171	306,311	274,179	7,234
5-Feb-22	3,004,369	229	217,815	127,952	33,729	100,900	99,299	13,208	36,347	57,142	10,490	84,053	338,177	239,755	9,117
6-Feb-22	2,506,716	466	133,173	107,474	36,057	93,192	100,949	10,390	38,680	52,447	10,879	63,493	288,060	213,366	10,089
7-Feb-22	2,046,380	463	95,267	83,876	26,121	78,943	92,865	7,752	35,285	27,377	10,470	57,337	87,404	149,763	11,034
8-Feb-22	1,857,634	767	169,571	67,597	37,492	41,602	71,708	7,806	36,710	23,165	10,398	57,623	85,219	45,694	13,944
9-Feb-22	2,981,832	783	234,250	71,365	46,843	102,429	95,945	13,011	49,567	51,694	13,182	66,183	329,698	201,170	17,134
10-Feb-22	2,580,570	1,244	247,862	67,084	40,618	81,669	97,946	10,314	54,122	45,364	14,822	68,214	190,569	176,501	19,090
11-Feb-22	2,512,185	1,170	240,172	58,077	40,489	76,195	100,097	10,686	53,926	41,665	15,242	66,638	200,940	153,009	20,939
12-Feb-22	2,319,383	1,503	209,789	50,407	55,209	67,478	98,173	9,930	54,912	35,965	16,330	58,316	163,600	129,791	22,802
13-Feb-22	1,965,960	1,641	125,160	44,877	44,526	62,221	67,506	10,505	56,428	29,856	15,882	45,500	169,957	117,574	21,072
14-Feb-22	1,570,425	1,483	76,465	34,113	36,501	52,345	80,234	9,420	54,617	15,695	14,900	40,844	41,698	86,562	21,315
15-Feb-22	1,525,637	2,205	159,217	27,409	57,049	28,776	63,581	9,082	57,164	13,311	14,373	41,170	32,762	26,360	22,133
16-Feb-22	2,123,318	1,765	219,972	30,615	64,718	71,023	79,896	19,420	90,435	28,866	16,462	45,922	243,618	118,385	27,831
17-Feb-22	2,072,078	4,441	235,626	30,757	63,956	59,869	90,522	16,883	93,132	26,952	17,349	53,755	111,750	98,697	26,701
18-Feb-22	1,963,747	6,271	220,048	25,920	59,635	58,055	95,603	18,545	109,831	15,441	18,066	51,352	108,409	92,259	27,808

Source: CEIC

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