



MUAMALAT BEYOND

Presenting Malaysia's First Islamic Premier Banking

MONTHLY MARKET OUTLOOK

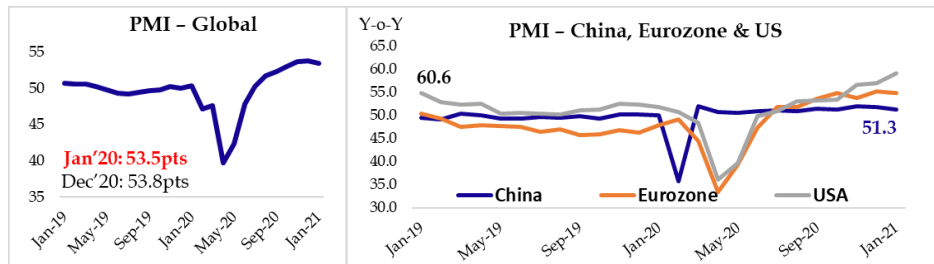
February 2021



GLOBAL MARKET PERFORMANCE

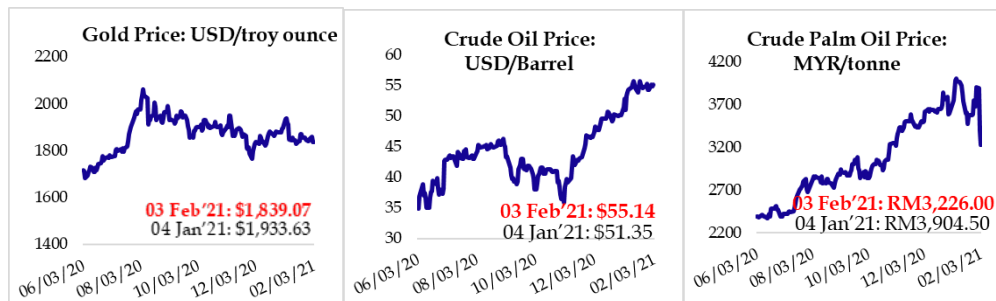
RECENT DEVELOPMENTS

- **PMI:** Global manufacturing production and new orders both expanded in Jan 2021 extending to seven months consecutive growths. However, rates of increase eased for the second successive month, as growth of new export orders slipped to near-stagnation.
- **GOLD:** Prices remain sideline but US fiscal stimulus plan within low interest rate environment should be beneficial for gold prices in the long term.
- **CRUDE OIL:** Prices extended gains after closing at highest level in more than a year as declines in US and China's crude stockpiles added impetus to upward trend driven by tightening global supplies.
- **CRUDE PALM OIL:** India's announcement to impose additional tax, i.e. cess, on CPO import effective 1 Feb 2021 has pushed down prices in anticipation of lower imports from the major market.
- **USD/MYR:** MYR opened lower on strengthening of USD amid the US proposed USD1.9 trillion Covid-19 relief package but impact was cushioned by firmer oil prices.



OUTLOOK 2021

- **GOLD PRICE:** Could reach USD2,300/ ounce by year end (*Goldman Sachs*)
- **CRUDE OIL PRICE:** Forecast at USD53/barrel by year end (*Energy Information Association*)
- **CRUDE PALM OIL PRICE:** Average of RM2,700/tonne (*MIDF Research*)
- **MYR:** Average trading of 3.90 vs. USD by year end (*Maybank Kim Eng Research*)



"Disclaimer: The information and opinions in this report were prepared by Bank Muamalat Malaysia Berhad (BMMB). The information and opinions provided in the report is believed by BMMB to be reliable and has been obtained from local and international research houses. BMMB makes no representation as to the accuracy or completeness of such information and opinions. Opinions, estimates and projections in this report constitute the current judgment of the author as of the report date. They do not necessarily reflect the opinions of BMMB and are subject to change without notice. BMMB and its affiliates are not liable for any price deviation from actual market movement from the information provided. This report has been prepared solely for information purposes, for private and limited circulation to the Muamalat Beyond Premier Banking customers. It shall not be reproduced, distributed or published without BMMB's consent."



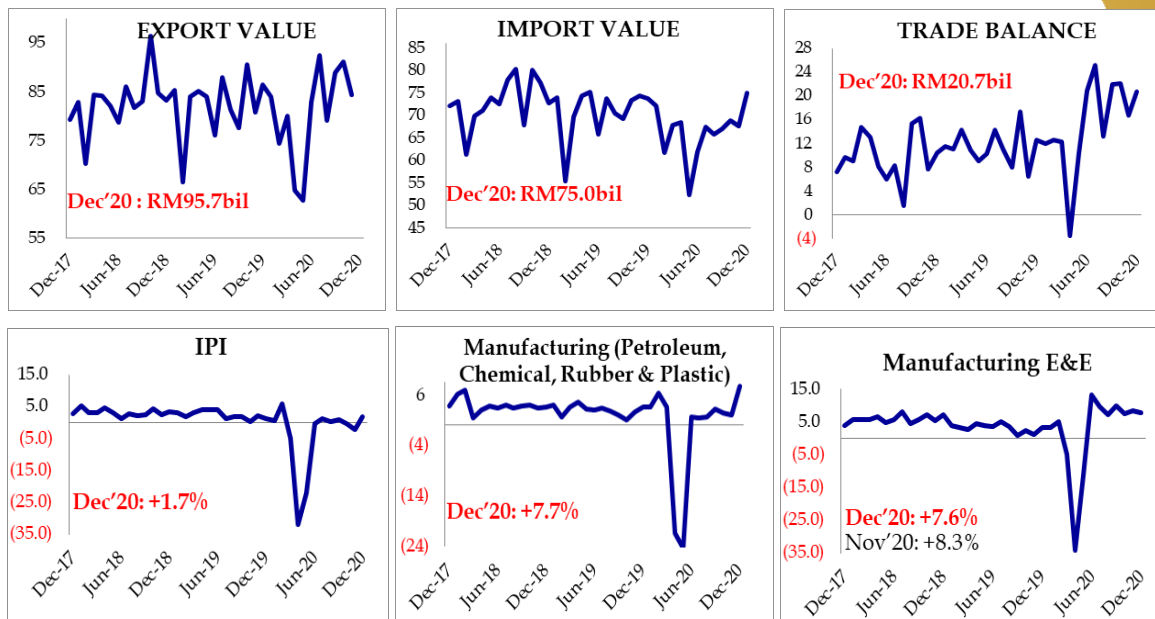
MUAMALAT BEYOND

Presenting Malaysia's First Islamic Premier Banking

MALAYSIA'S MARKET PERFORMANCE

RECENT DEVELOPMENTS

- **EXPORTS:** Value increased 10.2% m-o-m in Dec 2020. Manufactured goods (85.6% of total exports) increased by 12.4% y-o-y, while agriculture goods (8.7%) expanded by 47.1% y-o-y but mining goods (5.2%) dropped by -31.0% y-o-y.
- **IMPORTS:** Value increased 11.0% m-o-m. Imports of consumption goods (9.4% of total imports) rose 3.3% y-o-y, while imports of both intermediate goods (53.1%)
- **CPI:** Remained in deflationary zone for the 10th straight month at -1.4%, due to declines in Transport (-8.4%), Utilities (-3.3%), Clothing (-0.4%), Restaurants and Hotels (-0.2%), as well as Household (-0.1%)
- **TRADE BALANCE:** Trade surplus increased 21.4% m-o-m to RM20.7 billion, as both exports and imports recovered from declines in Nov 2020
- **IPI:** Return to positive growth of 1.7% in Dec'20. Meanwhile, Mining and Electricity index dropped -5.4% and -0.2% respectively



Disclaimer: The information and opinions in this report were prepared by Bank Muamalat Malaysia Berhad (BMMB). The information and opinions provided in the report is believed by BMMB to be reliable and has been obtained from local and international research houses. BMMB makes no representation as to the accuracy or completeness of such information and opinions. Opinions, estimates and projections in this report constitute the current judgment of the author as of the report date. They do not necessarily reflect the opinions of BMMB and are subject to change without notice. BMMB and its affiliates are not liable for any price deviation from actual market movement from the information provided. This report has been prepared solely for information purposes, for private and limited circulation to the Muamalat Beyond Premier Banking customers. It shall not be reproduced, distributed or published without BMMB's consent.



MUAMALAT BEYOND

Presenting Malaysia's First Islamic Premier Banking

MALAYSIA'S MARKET PERFORMANCE

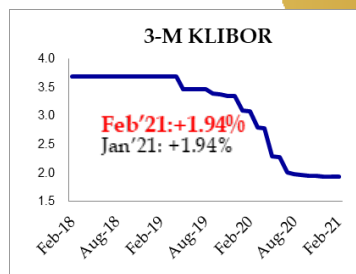
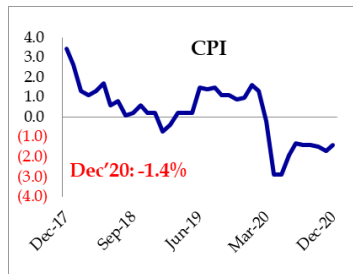
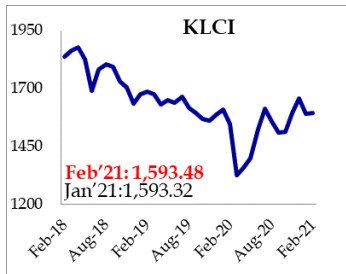
(continued)

OUTLOOK 2021

- **CPI:** Forecast at 2.5% (BNM, HLIB Research)
- **GDP:** Range of 6.5%-7.5%; Median of 6.8% (BNM, Bloomberg)
- **KLCI:** Forecast at 1,700 pts (CGS CIMB Research)

MONTHLY MARKET OUTLOOK

February 2021



Disclaimer: The information and opinions in this report were prepared by Bank Muamalat Malaysia Berhad (BMMB). The information and opinions provided in the report is believed by BMMB to be reliable and has been obtained from local and international research houses. BMMB makes no representation as to the accuracy or completeness of such information and opinions. Opinions, estimates and projections in this report constitute the current judgment of the author as of the report date. They do not necessarily reflect the opinions of BMMB and are subject to change without notice. BMMB and its affiliates are not liable for any price deviation from actual market movement from the information provided. This report has been prepared solely for information purposes, for private and limited circulation to the Muamalat Beyond Premier Banking customers. It shall not be reproduced, distributed or published without BMMB's consent."



MUAMALAT BEYOND

Presenting Malaysia's First Islamic Premier Banking

MALAYSIA'S MARKET PERFORMANCE

(continued)

KEY NEWS HIGHLIGHTS

GLOBAL

- **Japan's machine tool orders grow for the third month**

Preliminary data from the Japan Machine Tool Builders' Association showed that machine tool orders increased 9.7% y-o-y in Jan 2021 after 9.9% rise in Dec 2020 and 8.6% growth in Nov 2020. Latest growth was led by 21.6% surge in foreign demand, while domestic orders shrunk -10.9%. On a monthly basis, machine tool orders decreased -10.5% in Jan 2021.

- **BI Survey: Indonesia's retail sales fell in Jan 2021**

Indonesia's retail sales rebounded in Dec 2020, as demand increased in the festive period but are expected to fall in Jan 2021, due to factors including Covid-19 lockdown restrictions and harsh weather, results of a monthly survey from Bank Indonesia (BI) showed recently. It showed that retailers estimated -1.8% m-o-m sales contraction in Jan 2021 as demand normalised after the holiday period in Dec 2020. All commodity groups are expected to register sales decline with automotive fuels component logging the worst fall. In Dec 2020, the retail sales index rose 4.8% from Nov, when they decreased -1.2%. Sales grew the most for other household equipment as well as for information and communication devices.

- **UK retail sales fall: consumer spending down**

Total retail sales decreased -1.3% y-o-y in Jan 2021, as the current lockdown has hit non-essential retailers harder than in Nov 2020, with the new variant hampering consumer confidence and leading customers to hold back on spending, especially on clothing and footwear. Meanwhile, retailers have worked hard to expand their online delivery and click and collect offerings to ensure everyone can get the products they need during lockdown. UK consumer spending dropped -16.3% in Jan 2021, i.e. biggest fall since May 2020. On the other hand, supermarket spending advanced 17%, while online retail spending surged 73%.

- **ECB: Eurozone recovery delayed, to gather pace from mid-year**

European Central Bank (ECB) said that with Eurozone nations locking down their economies to slow the virus spread, the bloc's economy shrank in 4Q2020 and contraction in 1Q2021 is a distinct possibility as much of the services sector remains shut. ECB expects the upswing to gather pace around the middle of the year, even if the uncertainties persist. It added that a return to pre-pandemic levels of economic activity will not be seen before mid-2022. With monetary policy already stretched, fiscal policy must pick up the slack, and ECB called on Europe's political leadership to finally ratify an unprecedented EUR750 billion recovery fund.

"Disclaimer: The information and opinions in this report were prepared by Bank Muamalat Malaysia Berhad (BMMB). The information and opinions provided in the report is believed by BMMB to be reliable and has been obtained from local and international research houses. BMMB makes no representation as to the accuracy or completeness of such information and opinions. Opinions, estimates and projections in this report constitute the current judgment of the author as of the report date. They do not necessarily reflect the opinions of BMMB and are subject to change without notice. BMMB and its affiliates are not liable for any price deviation from actual market movement from the information provided. This report has been prepared solely for information purposes, for private and limited circulation to the Muamalat Beyond Premier Banking customers. It shall not be reproduced, distributed or published without BMMB's consent."



MUAMALAT BEYOND

Presenting Malaysia's First Islamic Premier Banking

MALAYSIA'S MARKET PERFORMANCE

(continued)

KEY NEWS HIGHLIGHTS (continued)

LOCAL

- **Malaysia's GDP shrank further in 4Q2020 with contraction of -3.4%; full year -5.6%**

The gross domestic product (GDP) contracted -3.4% in 4Q2020 as the recovery of economy was impacted by tightening of movement restrictions, bringing full-year GDP performance in 2020 to contraction of 5.6%, i.e. biggest decline since -7.4% in 1998. The contraction is more severe than the Ministry of Finance's projection of -3.5% to -5.5% for 2020. Drop in private consumption accelerated to -3.4% in 4Q2020 vs. -2.1% in 3Q2020 due to lower household expenditure amid tighter movement restrictions. Increase in public consumption also moderated in 4Q2020 with slower growth of 2.7% vs. 6.9% in 3Q2020 on the back of moderated government spending. Investment in the private sector contracted at slower pace of -7.0% vs. -9.3% a quarter ago, while public investments declined further at -19.8% vs. -18.6% in 3Q2020, due to lower capital spending by both government and public corporates.

- **Malaysia's 2020 wholesale and retail sales value fall -5.9%**

Total sales contracted -5.9% for full year 2020, i.e. historical low. Wholesale and retail trade declined by -0.3% y-o-y in Dec 2020 to RM115.5 billion, with wholesale trade down -0.6% y-o-y to RM55.3 billion while retail trade declined -2.0% y-o-y to RM46.8 billion. On the other hand, motor vehicles continued to record positive growth with increase 7.4% y-o-y to RM13.4 billion. In terms of volume index, the country's wholesale and retail trade registered negative growth of -0.7% y-o-y, which was due to fall in retail trade, which decreased -2.9%, while wholesale trade also depicted slight fall of -0.02%.

- **MARC upgrades Top Glove credit rating to AA+ on strong financial performance**

Malaysian Rating Corp Bhd (MARC) has upgraded Top Glove Corp Bhd's corporate credit rating to AA+ (from AA) and kept its outlook at 'Stable'. It also affirmed Top Glove's rating of AA-IS(CG) on its special purpose vehicle TG Excellence Bhd's RM3 billion Perpetual Sukuk Wakalah Programme. Top Glove, which wholly owns TG Excellence, has provided a subordinated unconditional and irrevocable corporate guarantee on the perpetual Sukuk.

- **Sarawak Consolidated Industries and its unit bag contracts worth RM821.0 million**

Sarawak Consolidated Industries Bhd (SCIB) and its unit have bagged contracts worth RM821.3 million in Malaysia and Qatar for engineering, procurement, construction and commissioning (EPCC) projects. It has received a letter of award and acceptance (LOA) for an EPCC project in Kuching, Sarawak worth RM422.0 million for the proposed mixed development of Lot 6036 Block 26 Muara Tuang Land District and part of River Bank reserve.

"Disclaimer: The information and opinions in this report were prepared by Bank Muamalat Malaysia Berhad (BMMB). The information and opinions provided in the report is believed by BMMB to be reliable and has been obtained from local and international research houses. BMMB makes no representation as to the accuracy or completeness of such information and opinions. Opinions, estimates and projections in this report constitute the current judgment of the author as of the report date. They do not necessarily reflect the opinions of BMMB and are subject to change without notice. BMMB and its affiliates are not liable for any price deviation from actual market movement from the information provided. This report has been prepared solely for information purposes, for private and limited circulation to the Muamalat Beyond Premier Banking customers. It shall not be reproduced, distributed or published without BMMB's consent."



MALAYSIA'S MARKET PERFORMANCE

(continued)

KEY NEWS HIGHLIGHTS (continued)

LOCAL

- **Government confident of reducing jobless rate to 3.5% despite MCO Enforcement**

Following the second National Employment Council (NEC) meeting, the government estimates more than 160,000 new jobs will be created in 2021, based on committed investment. The government also welcomed the Federation of Malaysian Manufacturers (FMM) and SME Association of Malaysia's offer to assist in addressing the rise in unemployment through initiatives announced in Budget 2021, especially in terms of upskilling and digitalisation. The NEC Special Task Force (STF) has rolled out a strategy to address issues of unemployment and mismatch in jobs via the matching of human capital to industry needs.

- **Tomei 4Q2020 net profit up four times on lower expenses**

Tomei Consolidated Bhd's net profit jumped by more than four-folds to RM11.7 million in its 4Q2020 ended 31 Dec 2020, from RM2.7 million a year ago, thanks to lower expenses. Earnings per share rose to 8.42 sen from 1.93 sen. Its quarterly revenue increased 23% to RM167.8 million, from RM136.5 million previously, on higher sales volume and selling price.

- **DNeX-led consortium wins bid for Khazanah SilTerra**

A consortium led by Dagang NeXchange Bhd (DNeX) has won the bid to acquire semiconductor fabricating company SilTerra Malaysia Sdn Bhd from Khazanah Nasional Bhd. DNeX said Khazanah has informed it that it had won its bid for the entire issued share capital of SilTerra, subject to the signing of a definitive agreement. Acceptance of the bid is still subject to strict confidentiality with Khazanah and no further details of the bid can be publicly disclosed until the signing of the definitive agreement.

- **Malaysia's 2020 IPI declines -4.2%**

Malaysia's Industrial Production Index (IPI) for overall 2020 recorded decline of -4.2% y-o-y, influenced by all indices: mining (-9.7%), electricity (-3.7%) and manufacturing index (-2.7%). For Dec 2020, IPI grew 1.7% y-o-y from a year earlier, driven by growth in the manufacturing segment (4.1%) as mining and electricity components dropped by -5.4% and -0.2%, respectively. The IPI for 4Q2020 fell -0.3% as compared to the same period of previous year, largely due to contraction in mining (-10.5%) and electricity (-0.6%), while only manufacturing recorded increase of 2.8%.

- **Malaysia's Dec 2020 manufacturing sales rise 4.5%; highest growth since Mar 2020**

Manufacturing sales grew 4.5% to RM124.6 billion in Dec 2020 compared with the same period in 2019, i.e. highest growth since Mar 2020. The y-o-y increase in Dec 2020 was driven by transport equipment and other manufacturing products (20.5%), food, beverages and tobacco products (7.9%), and electrical and electronics products (4.2%). On monthly basis, the sales value rose by 3.9% from Nov 2020

"Disclaimer: The information and opinions in this report were prepared by Bank Muamalat Malaysia Berhad (BMMB). The information and opinions provided in the report is believed by BMMB to be reliable and has been obtained from local and international research houses. BMMB makes no representation as to the accuracy or completeness of such information and opinions. Opinions, estimates and projections in this report constitute the current judgment of the author as of the report date. They do not necessarily reflect the opinions of BMMB and are subject to change without notice. BMMB and its affiliates are not liable for any price deviation from actual market movements from the information provided. This report has been prepared solely for information purposes, for private and limited circulation to the Muamalat Beyond Premier Banking customers. It shall not be reproduced, distributed or published without BMMB's consent."