



MUAMALAT BEYOND

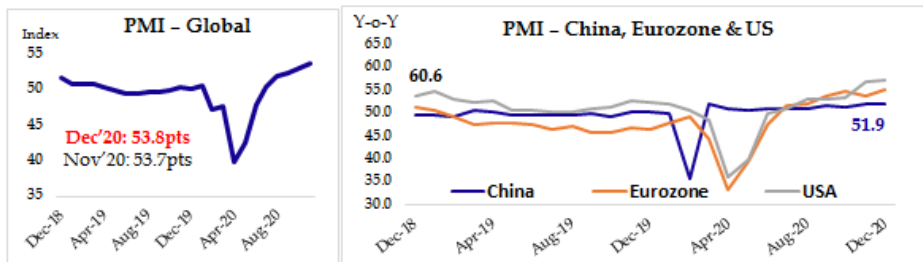
Presenting Malaysia's First Islamic Premier Banking



GLOBAL MARKET PERFORMANCE

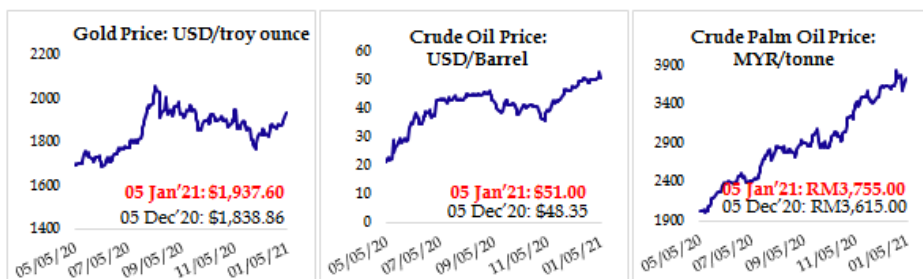
RECENT DEVELOPMENTS

- **PMI:** Manufacturing new orders rose for 6th successive month in Dec 2020. Signs of recovery and growth in most major domestic markets were accompanied by 4th successive monthly increase in new export orders.
- **GOLD:** Price rose >2% in 1st week of 2021 to highest level in nearly two months, bolstered by USD's slide ahead of run-off elections for US Senate.
- **CRUDE OIL:** Price surged to its highest since Feb 2020 after Saudi Arabia pledged to voluntarily cut output by an extra 1 million barrels per day.
- **CRUDE PALM OIL:** Upward momentum continued, with support from limited supply of major edible oils, low inventory levels in larger edible oil consuming countries and La Nina phenomenon, which slowed soybean planting.
- **USD/MYR:** USD slipped as US inflation expectations increased, stocks rebounded and major oil exporting countries agreed to curb supply.



OUTLOOK 2021

- **GOLD PRICE:** Forecast at USD1,900/ounce (*RBC Wealth Mgmt*)
- **CRUDE OIL PRICE:** Forecast at USD51/barrel (*MIDF Research*)
- **CRUDE PALM OIL PRICE:** Average of RM3,500/tonne in 1Q (*HLIB Research*)
- **MYR:** Average trading of 4.01 vs. USD in 1Q (*Kenanga Research*)
- **US FED RESERVE RATE:** Forecast at range of 0.0%-0.25% (*Focus Economics*)



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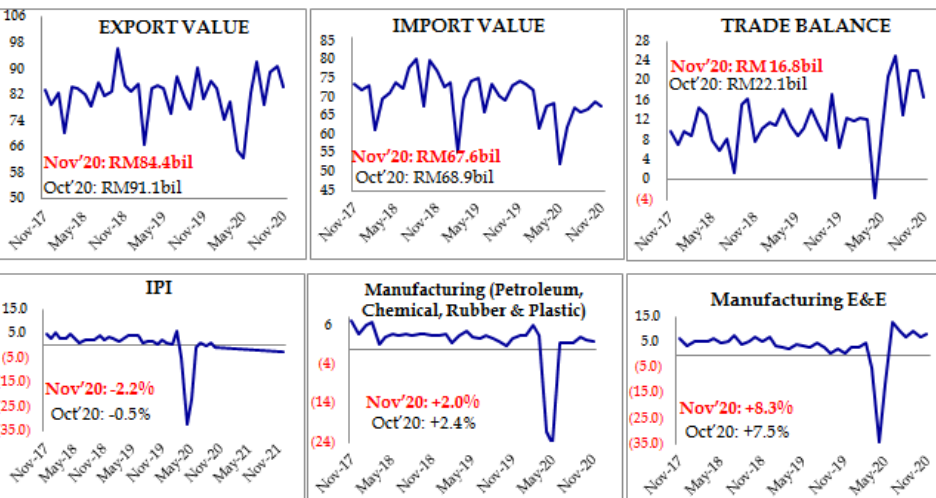
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MALAYSIA'S MARKET PERFORMANCE

RECENT DEVELOPMENTS

- **EXPORTS:** Value dropped 7.3% m-o-m in Nov 2020. Manufactured goods (88.15% of total exports) increased by 8.1% y-o-y while agriculture goods (6.7%) expanded by 6.0% y-o-y but mining goods (4.9%) dropped by 34.6% y-o-y.
- **IMPORTS:** Value reduced 1.9% m-o-m. Imports of intermediate goods dropped 10.6% y-o-y while capital goods declined 26.5% y-o-y and consumption goods down by 7.2% y-o-y.
- **TRADE BALANCE:** Trade surplus reduced 24% m-o-m to RM16.8 billion, as m-o-m drop in export outpaced import.
- **CPI:** Remained in deflationary zone for the 9th straight month at -1.7%, with transport contraction worsened to 5-month low.
- **IPI:** Growth declined by -0.5% due to steeper decline in mining (-10.6% vs. -9.6% in Sept) and slower manufacturing production (+2.4% vs. +4.3% in Sept), which offset rebound in electricity production (+1.0% vs. -2.1% in Sept).



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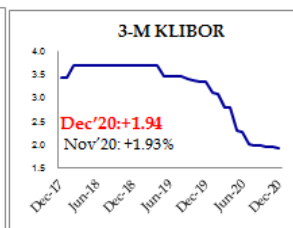
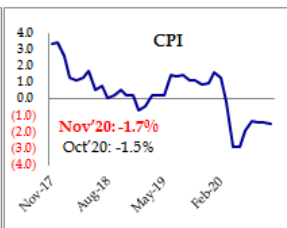
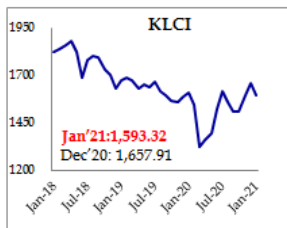
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MALAYSIA'S MARKET PERFORMANCE

(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)



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MALAYSIA'S MARKET PERFORMANCE

(Continued)

KEY NEWS HIGHLIGHT

GLOBAL

• US unemployment claims rise as pandemic weighs on economy

Worker filings for initial US jobless claims jumped to nearly one million recently, indicating rising layoffs amid surge in Covid-19 cases at start of the year. The number of applications for unemployment benefits, a proxy for layoffs, rose by 181,000 to 965,000, which put initial jobless claims at highest level since mid-Aug 2020 and well above circa 800,000/week average in recent months. The increase is another sign that the US economic recovery is sputtering, as virus infections hit record levels nationwide.

• China exports boom to record year, while Covid-19 ravages global economy

Covid-19 dealt a blow to global trade in 2020 but China's exports rose in 2020 to their highest level on record, positioning it as the only major world economy to grow during the pandemic-scarred year. For full year 2020, China's exports rose 3.6% from a year earlier to a record USD2.6 trillion. China's robust economic recovery also propped up demand for imports, which fell by just -1.1% in 2020, resulting in a USD535.03 billion trade surplus for the year, i.e. biggest since 2015. China's exports and economic activity plunged in early months of 2020 due to lockdowns to contain the fast-spreading virus. However, by Apr, China's factories were coming back online to produce and export medical and work-from-home computer equipment to Western countries.

• Eurozone's Nov 2020 industrial production better than expected

The improvement was due to rebound in the output of intermediate and capital goods that bode well for investment later in 2021. The industrial output in the 19 countries rose 2.5% in Nov against Oct's -0.6% y-o-y decline. Ireland was the clear outlier, with 52.8% surge in industrial output in the month, which was caused by revisions of seasonal adjustment models because of the Covid-19 pandemic. Production also rose in Germany but was down in France, Italy, Spain and the Netherlands.

• China's bank lending falls in Dec 2020

China's bank lending fell slightly to CNY1.26 trillion in Dec 2020 but was above economists' forecast of CNY1.22 trillion. Total social financing, i.e. broad measure of credit and liquidity in the economy, decreased to CNY1.72 trillion at the end of year. M2 money supply grew at slower pace of 10.1% annually vs. economists' forecast of 10.5%.



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MONTHLY MARKET OUTLOOK

January 2021

MALAYSIA'S MARKET PERFORMANCE

(Continued)

KEY NEWS HIGHLIGHTS (continued)

LOCAL

• Perak Transit teams up with Energetic Point to run Kuantan bus terminal

Perak Transit Bhd has teamed up with concession owner Energetic Point Sdn Bhd to operate Terminal Sentral Kuantan in Pahang, which serves as a hub for express buses as well as local city buses. The collaboration is in line with the group's business plans to develop and operate integrated public transportation terminals in other cities. It is consistent with the overall corporate strategy to capture opportunities to further expand its business to provide its experience and know-how in terminal set up, management and operation of bus terminals. By venturing into terminal management services, it involves minimal capital expenditure with faster growth and recurring earnings.

• HeiTech Padu bags contract renewal from IRB worth RM35.3 million

The Inland Revenue Board (IRB) has renewed a contract worth RM35.3 million for HeiTech Padu Bhd for supply, delivery and renewal of CA Gen software, Access Gen (TSO) and Composer Report for the mainframe system. The contract is for a period of three years commencing 1 Feb 2021 to 31 Jan 2024. However, the contribution will only start in the next FYE 31 Dec 2022. The contract will not have any effect on its net assets for FY2021 and that none of its directors or substantial shareholders or connected persons has any direct or indirect interest in the contract.

• Kinsteel's regularisation plan rejected

Bursa Malaysia has rejected Kinsteel Bhd's proposed regularisation plan given the plan's heavy reliance on its subsidiaries financial performance. The proposed regularisation scheme is dependent on Perfect Channel Sdn Bhd (PCSB) and Perfect Wiremakers Sdn Bhd (PWSB)'s ability to generate sufficient revenue, income and operating cash flow. PCSB and PWSB have registered low profit margins and continuing losses for the last five financial years from 30 June 2016 to the 16-month financial period ended 30 Oct 2020.

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MALAYSIA'S MARKET PERFORMANCE

(Continued)

KEY NEWS HIGHLIGHTS (continued)

LOCAL

• EcoWorld Malaysia calls off merger talks with UEM Sunrise

EcoWorld Development Group Malaysia has ceased its merger talks with UEM Sunrise Bhd and it will now focus on its own business plans for FY2021. The decision to cease the merger discussion was because it seeks to pursue its own business plans. The current challenging environment with the re-implementation of Movement Control Order (MCO) was also part of the reason. Earlier on 2 Oct 2020, UEM Group Bhd invited EcoWorld Malaysia to consider the proposed merger with UEM Sunrise.

• Health Minister: National Pandemic Management Strategic Plan to be launched soon

The National Pandemic Management Strategic Plan, which encompasses the management of pandemic including Covid-19 as a whole nation approach, will be launched soon, said Malaysia's Health Minister. The government had set up the Pandemic Management Strategic Committee, chaired by Senior Minister (Security Cluster) with 10 working groups to implement the national plan. The minister said he would lead the health security working group, which has the responsibility of ensuring that Malaysia manages to reduce the risk and threats as well as recover from a pandemic through several actions. A total of 136 initiatives have been drawn up by the working groups and will be implemented within five years.

• Pharmaniaga secures 14 million vaccine doses from Sinovac

Pharmaniaga Bhd is partnering with China's Sinovac Life Sciences Co Ltd for the supply of 14 million doses of Covid-19 vaccine in Malaysia. It expects the vaccine to be distributed to the public by end Mar 2021, which will cover 22% of the country's total population. Under the agreement, Pharmaniaga will carry out the fill and finish process of the vaccine developed by Sinovac, which is one, the leading vaccine developers in China.

• CNAAsia and Intcys ink MoU for digital bank license bid

Investment holding company, CNAAsia Corporation Bhd, has inked a Memorandum of Understanding (MoU) with Intcys Sdn Bhd, a social enterprise, in its bid to apply for a digital banking license from Bank Negara Malaysia (BNM). The company would invest RM400 million to establish the digital banking platform, i.e. the MyWEW (Women Empowering Women) Digital Bank, to provide micro-credit facilities primarily suited for women.

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