



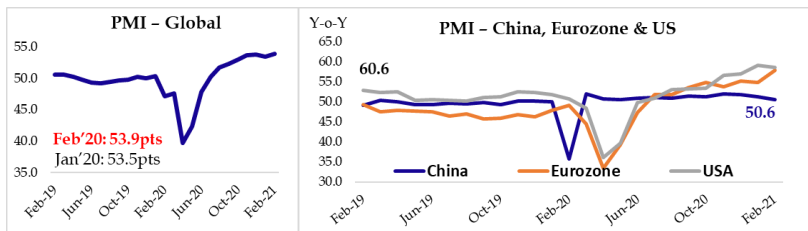
MUAMALAT BEYOND

Presenting Malaysia's First Islamic Premier Banking

GLOBAL MARKET PERFORMANCE

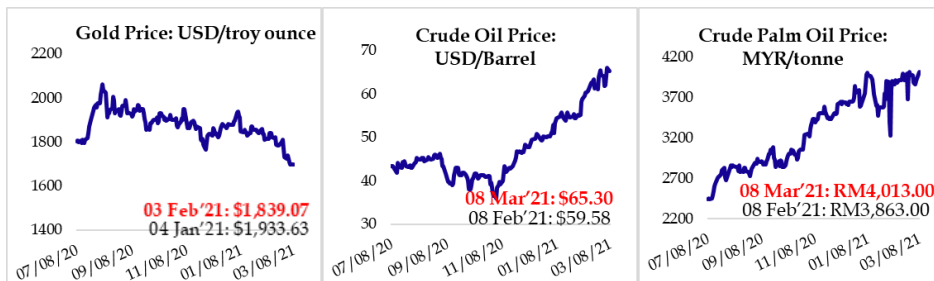
RECENT DEVELOPMENTS

- **PMI:** Global manufacturing output rose at a slightly quicker pace in Feb 2021, despite growth of new order intakes easing to a five-month low. Although the trend in international trade remained relatively subdued, rate of expansion in new export business nonetheless gathered pace.
- **GOLD:** Price on downward trend from Jan 2021 due to positive news on vaccine, challenging its short-term prospect. However, the US fiscal stimulus plan within low interest rate environment should be beneficial for gold price in the long term.
- **CRUDE OIL:** Brent crude price climbed above USD65/barrel, linked to positive sentiment from vaccine development that renew optimism on global fuel consumption.
- **CRUDE PALM OIL:** Recent advance in futures prices was based on expectations of pickup in demand, with overnight gains in soybean oil and stronger petroleum prices boosting CPO's appeal for use in food and biofuels. Palm oil exports also expected to rise in Mar, due to forward purchases for month of Ramadhan.
- **USD/MYR:** MYR weakened to lowest in >3 months as USD was lifted by increase in bond yields due to Fed's dovish stance. However, encouraging economic data and improvement in domestic Covid-19 situation could limit MYR depreciation.



OUTLOOK 2021

- **GOLD PRICE:** Could reach USD2,300/ounce by year end (*Citibank*)
- **CRUDE OIL PRICE:** Forecast at USD53/barrel by year end (*Energy Information Association*)
- **CRUDE PALM OIL PRICE:** Average of RM2,700/tonne (*HLIB Research*)
- **MYR:** Average trading of 3.95 vs. USD by year end (*Kenanga Research*)



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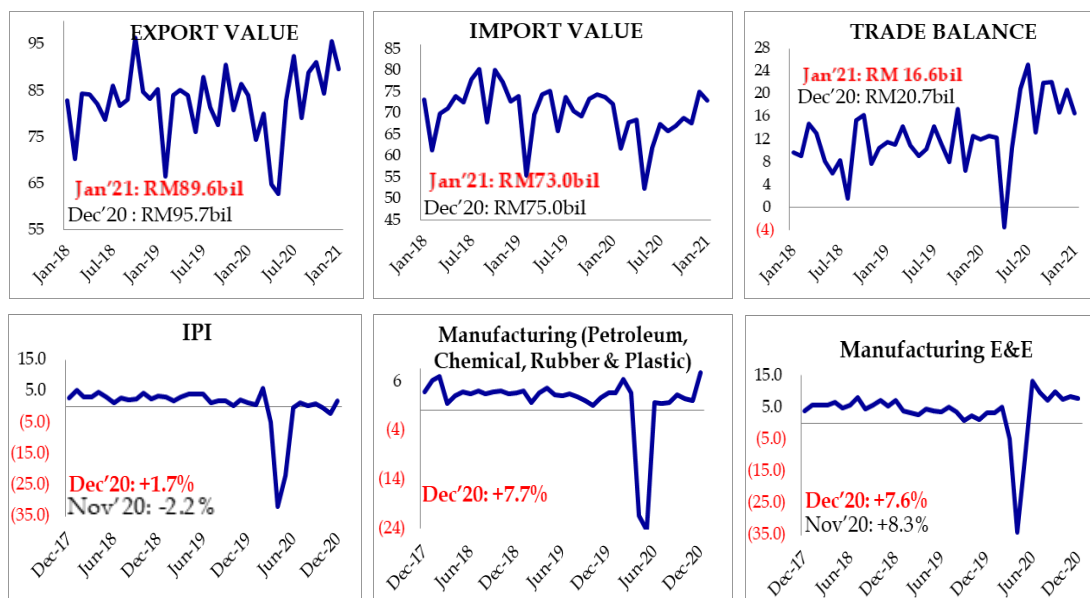
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MALAYSIA'S MARKET PERFORMANCE

RECENT DEVELOPMENTS

- **EXPORTS:** Value dropped -6.4% m-o-m in Jan 2021 due to reductions in index of animal & vegetable oils & fats (-49.7%), mineral fuels (-19.3%) and manufactured goods (-8.4%).
- **IMPORTS:** Value also down -2.7% m-o-m due to drops in index of miscellaneous manufactured articles (-10.2%), chemicals (-7.1%) and machinery & transport equipment (-3.9%).
- **CPI:** Remained in deflationary zone for the 11th straight month but at much lower negative of -0.2% in Jan 2021, mainly due to decline in Transport (-5.1%), Clothing and Footwear (-0.4%) as well as Restaurants and hotels (-0.1%).
- **TRADE BALANCE:** Trade surplus also narrowed by -19.8% to RM16.6 billion, with both exports and imports declining m-o-m.
- **IPI:** Increased by 1.7% y-o-y in Dec 2020, with manufacturing index accelerated to 4.1% growth from 2.0% in Nov, supported by continued growth in the electrical and electronics (E&E) products. Meanwhile, drop in mining index also moderated to -5.4% from -15.4% in Nov.



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MONTHLY MARKET OUTLOOK

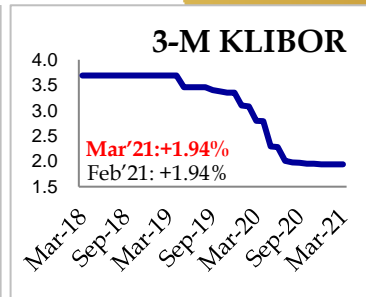
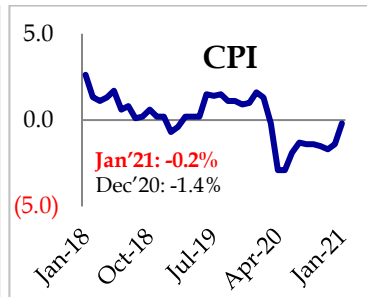
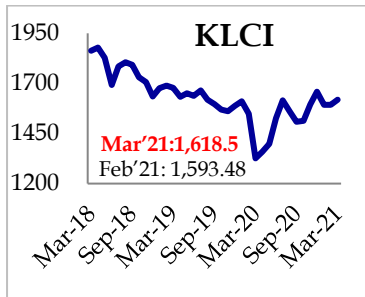
March 2021

MALAYSIA'S MARKET PERFORMANCE

(continued)

OUTLOOK 2021

- **CPI:** Range of 1.4%-2.5% (*Kenanga Research, BNM*)
- **GDP:** Range of 6.5%-7.5%; Median of 5.5% (*BNM, Bloomberg*)
- **KLCI:** Forecast at 1,700 pts (*MIDF Research*)



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MALAYSIA'S MARKET PERFORMANCE

(continued)

KEY NEWS HIGHLIGHTS

GLOBAL

- **US Senate votes to take up USD1.9 trillion pandemic relief bill**

The approval of the nation's sixth stimulus since the pandemic-triggered lockdowns that began a year ago is expected to be conducted by the weekend of 6 Mar to 7 Mar 2021. The 51-50 vote on 4 Mar 2021, with Vice President Harris providing the tie-breaker, reflected the solid opposition of Senate Republicans, who say the drive by Democrats to pass it on their own has resulted in a far-too-costly measure that will further boost US debt and could spark inflation. The vote has the Senate considering a bill passed in the House a week ago but the chamber will later vote on a package of changes offered by Senate Majority Leader that are designed to shore up support among Democrats, which includes tighter eligibility for USD1,400 stimulus checks and subsidies for health insurance premiums of laid-off workers through Sept.

- **US Fed's Beige Book shows businesses optimistic on vaccine take-up**

The US economy expanded modestly in the first two months of the year and sentiment among business owners is picking up as vaccinations bolstered the prospects for economic growth, the US Federal Reserve (Fed) said. Most businesses remain optimistic regarding the next 6 to 12 months as Covid-19 vaccines become more widely distributed, according to the Fed's Beige Book based on information collected by its 12 regional banks through 22 Feb 2021. Economic prospects have brightened as the daily count of Covid-19 cases has fallen to the lowest in more than four months. Overall, modest improvements are expected in employment levels in the near term, with wage increases for many districts expected to persist or to pick up somewhat over the next several months.

- **Germany's retail sales fall more than expected**

Retail sales fell for a second straight month and at a faster than expected pace at -4.5% m-o-m in Jan 2021, which was worse than -0.3% decline economists had expected. In Dec 2020, sales decreased -9.1%. This latest decline was the first since Apr 2020, when retail sales fell -5.6%. These results can be explained by the second Covid-19 lockdown, which led to partial retail closure in Germany starting on 16 Dec 2020.

- **Caixin PMI: China's factory activity growth slips to nine-month low**

The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) fell to 50.9 in Feb 2021, the lowest level since May 2020. This was mainly due to weak overseas demand and Covid-19 flare-ups that weighed on output, adding pressure on the country's labour market. The slowdown in the manufacturing sector underscores fragility of the ongoing economic recovery in China, although domestic virus cases have since been stamped out and analysts expect strong rebound in full-year growth. Feb 2021 also saw the Lunar New Year holidays, when many workers return to their hometowns, although this year saw far fewer trips amid virus fears.

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MALAYSIA'S MARKET PERFORMANCE

(continued)

KEY NEWS HIGHLIGHTS (continued)

LOCAL

- **Bank Negara Malaysia keeps Overnight Policy Rate at 1.75%, as expected**

The central bank said the global economic recovery, while uneven, is gaining momentum, supported by steady improvements in manufacturing and trade activities. The ongoing roll-out of vaccination programmes in many economies, together with policy support, will further facilitates an improvement in private demand and labour market conditions. While financial markets have experienced bouts of volatility, financial conditions remain supportive of economic activities. Risks to the growth outlook have abated slightly but remain tilted to the downside, primarily due to uncertainty over the path of Covid-19 pandemic and effectiveness of the vaccination programmes. For Malaysia, it said the latest indicators point to improvements in external demand and continued consumer spending.

- **Malaysia's Jan 2021 exports rise 6.6% y-o-y to RM89.6 billion**

Malaysia's total exports rose 6.6% y-o-y in Jan 2021 to RM89.6 billion from RM84.1 billion previously. The Department of Statistic Malaysia (DOSM) in its external trade statistics for Jan 2021 said imports continued to record an increase of 1.3% to RM73.0 billion.

- **Malaysia's FDI inflows dropped -56% in 2020**

Malaysia's foreign direct investment (FDI) fell -56% to USD3.4 billion in 2020, as the Covid-19 pandemic hit economic activity globally. Malaysia's economy contracted -5.6% last year, making its worst performance since -7.4% fall in 1998 during the Asian Financial Crisis. Net foreign investment totalled RM13.9 billion in 2020, down from RM31.7 billion the previous year.

- **MIDA: Nearly RM70 billion worth of potential investments being actively evaluated**

The Malaysian Investment Development Authority (MIDA) said it had RM65.9 billion worth of potential investments being actively evaluated as at Dec 2020. Once approved, these projects are expected to be implemented in 2021 to 2022. It has also identified 240 high-profile foreign investment projects, which include Fortune 500 companies in manufacturing and services sectors, with combined potential investment value of RM81.9 billion. These include ongoing negotiations with companies from various sectors, such as automotive, chemical and advanced electronics, to make Malaysia their high-value manufacturing, services and global supply chain hub.

- **Vaccination programme to restore business confidence in Malaysia.**

Malaysia's National Covid-19 Immunisation Programme will help to restore business confidence and improve the country's economic growth. As more Malaysians are vaccinated against Covid-19 vaccine, an increasing number of consumers would be confident to go out and spend, which in turn would revive confidence among the business operators. When the majority of Malaysian have been inoculated under the programme, the government can consider relaxing the standard operating procedures for certain quarters. The implementation of the three-phase programme will see more than 500,000 frontliners receiving the vaccine during the first phase, which run until Apr 2021.

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(continued)

KEY NEWS HIGHLIGHTS (continued)

LOCAL

- **MISC completes maiden ethane cargo delivery**

MISC Bhd (51%-owned subsidiary of Petroliaam National Bhd) has completed its maiden ethane cargo delivery, which is also the largest to-date in the history of ethane shipping at over 51,000 tonnes. MISC said its first very large ethane carrier (VLEC) Seri Everest has completed the cargo discharge at Lianyungang port, Jiangsu province, China on 28 Feb 2021.

- **MyEG 4Q2020 net profit up 6.74%, helped by revenue from Covid-19 screenings**

MyEG Services Bhd's net profit rose 6.74% to RM75.51 million in its 4Q2020 ended 31 Dec 2020 from RM70.74 in the preceding quarter, boosted by revenue from Covid-19 health screenings, as well as online motorcycle insurance and road tax renewal services. Quarterly revenue increased 10.13% to RM149.89 million from RM136.10 million previously, with increased revenue contribution from its screening and accommodation arrangement service for inbound travellers.

- **Sunway eyes RM1.6 billion in property sales this year**

Sunway Bhd has set a sales target of RM1.6 billion for its property division this year, as the group launches RM2.8 billion worth of properties in anticipation of economic recovery, amid the global Covid-19 vaccine rollout. The target is higher than the RM1.3 billion sales achieved last year and the RM1.5 billion sales registered in 2019.

- **TNB enters Vietnam and Singapore energy market under Sunseap partnership**

Tenaga Nasional Bhd's (TNB) wholly-owned subsidiary, TNB Renewables Sdn Bhd, will buy a 39% stake in a 21.6MW project comprising five rooftop solar power plants in Vietnam from Singapore's Sunseap Group. This acquisition will serve as a beachhead for TNB to establish its local presence in Vietnam and expand into the rapidly growing renewable energy (RE) and utility market there. TNB Renewables has also entered into a collaboration with Sunseap Group to tap into the renewable energy (RE) and corporate power purchase agreement (PPA) market in Singapore.

- **Petronas launches Malaysia Bid Round 2021, offers 13 exploration blocks**

Petroliaam Nasional Bhd (Petronas) has launched the Malaysia Bid Round (MBR) 2021, under which the company is offering 13 oil and gas exploration blocks to open up more investment opportunities for investors to explore and monetise hydrocarbon resource potentials in Malaysia.

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