BANK ISLAM

MONTHLY ECONOMIC UPDATES

2 October 2019

Economic Research

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GLOBAL VIEW

GLOBAL ECONOMY – LOOKS GLOOMIER NOW

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Institution	Revised Forecast		Previous Forecast	
	2019F	2020F	2019F	2020F
Organisation for Economic Co-operation and Development (OECD)	2.9%	3.0%	3.2%	3.4%
International Monetary Fund (IMF)	3.2%	3.5%	3.3%	3.6%
World Bank	2.6%	2.7%	2.9%	2.8%

Source: OECD, IMF, World Bank

Forecast downgraded !!!

The global growth projections have been revised down. Global technology supply chains were threatened by the prospect of US sanctions, heightening uncertainties from UK Brexit, rising geopolitical tensions as well as volatility in energy prices.

- ✓ It remain to be seen whether such risk factors will subside in 2020.
- ✓ GDP releases so far this year, together with generally softening inflation, point to weaker-than anticipated global activities going forward.

GLOBAL PROSPECT REMAIN CHALLENGING

- The protracted period of high trade tensions between the US and China is exacerbating an ongoing slowdown in global economic activities.
- Using monetary policy to balance out the slowing economic growth has its limits and poses investment risks. As such, fiscal stimulus is needed to spur the economic activities.
- Tensions in the Middle East have surged following attacks on oil facilities in Saudi Arabia. This could create a supply shock in the market.
- There seems to be a looming crisis at World Trade Organisation (WTO). The Appellate Body, which is responsible for the dispute settlement will be down with one member (total member 7) by 11 December 2019. This could exacerbate the trade war.

GLOBAL PMI FOR MANUFACTURING – SENTIMENTS ARE WEAK

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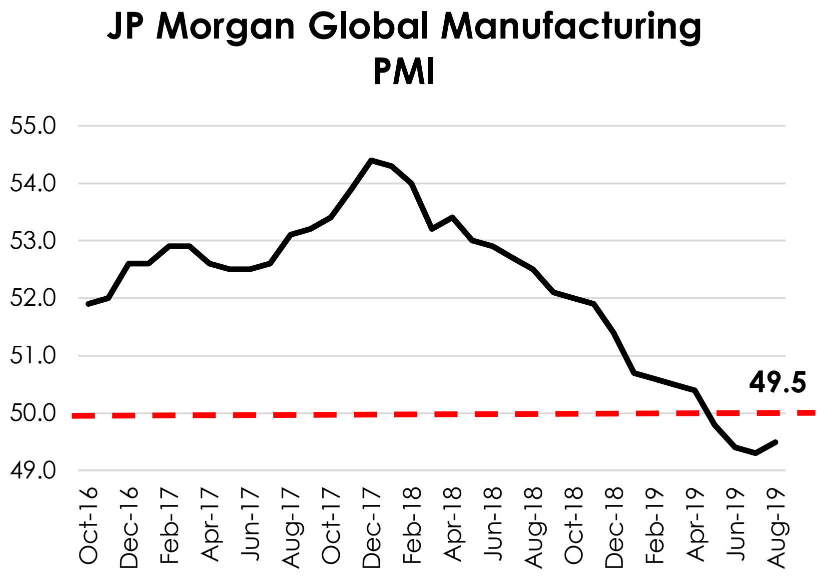

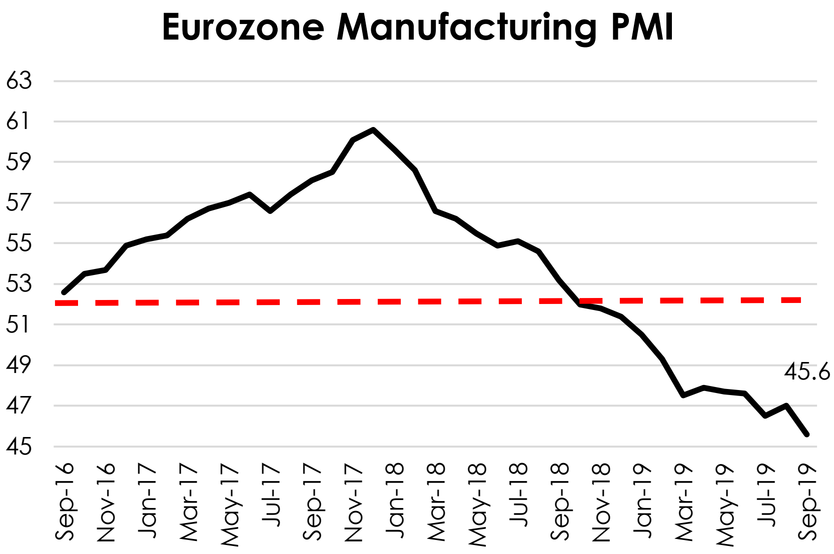

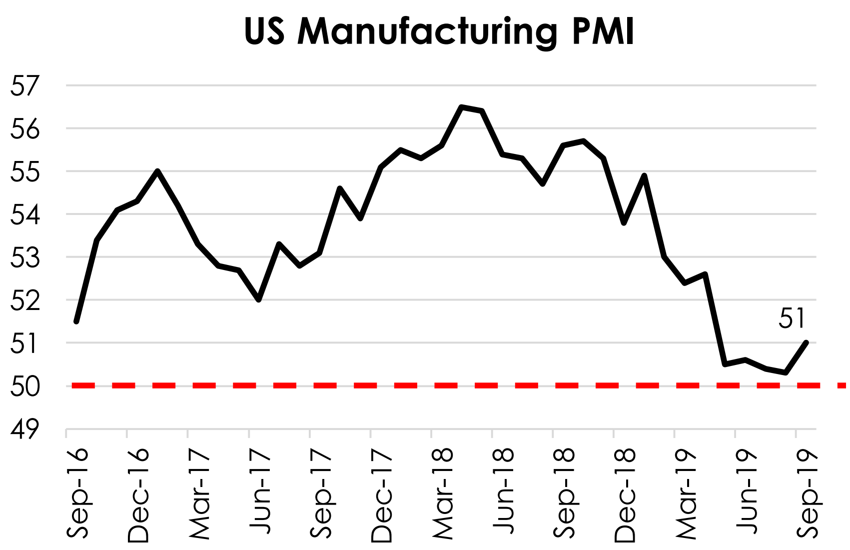

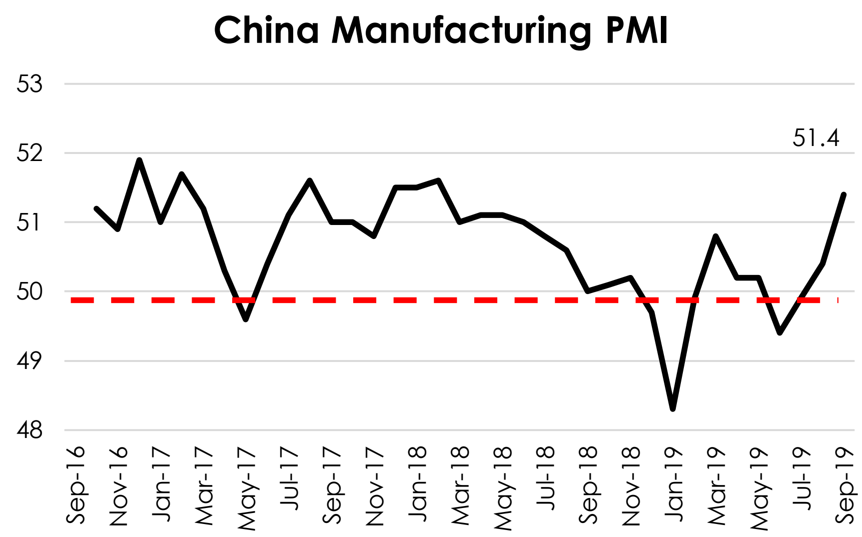

Source: IHS Markit, Bloomberg

US – BUSINESS & CONSUMER SENTIMENTS HAVE WEAKENED FURTHER

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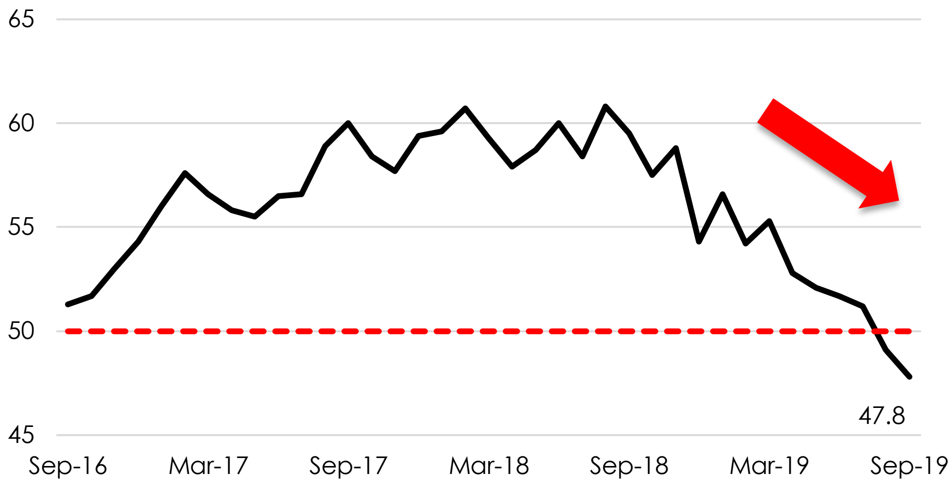
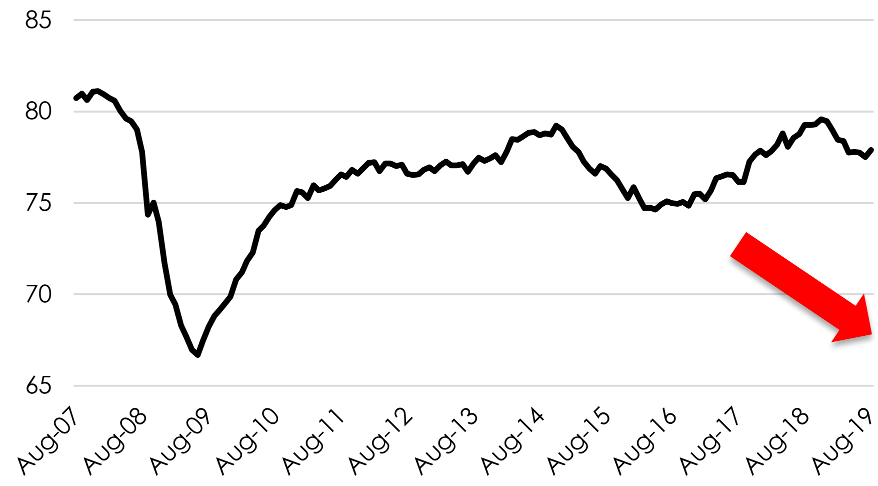
ISM Manufacturing PMI

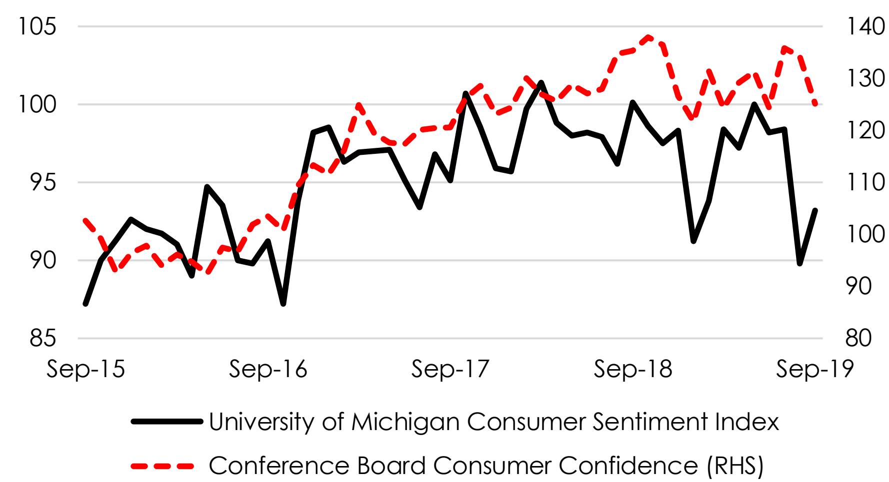


Capacity Utilization Rate, %



Sources: Bloomberg, CEIC

Consumer Sentiment



- The US ISM Manufacturing PMI **dropped to 47.8 points in September** from 49.1 points in the preceding month. This was the **lowest figure recorded since June 2009** at 46.3 points, signaling a deterioration in the manufacturing industry's sentiment.
- **Production** (Sept: 47.3 points vs. Aug: 49.5 points) and **Employment index** (Sept: 46.3 points vs. Aug: 47.4 points) **contracted at a faster rates.**
- Some of the respondents mentioned that business outlook has been flat and remain cautious. They have seen a reduction in sales orders and have also reduced the workforce by 10.0%.

CHINA FACED HEADWINDS

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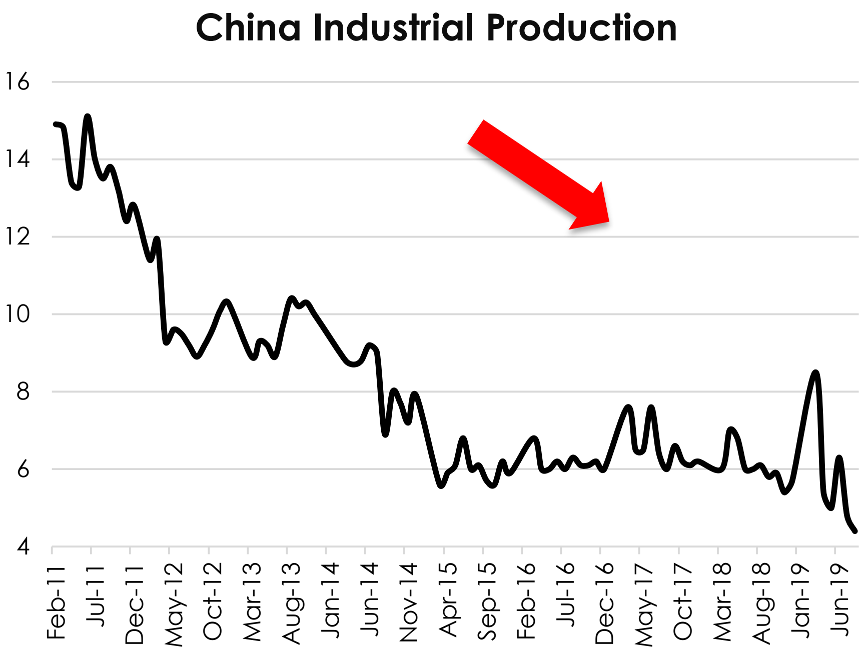
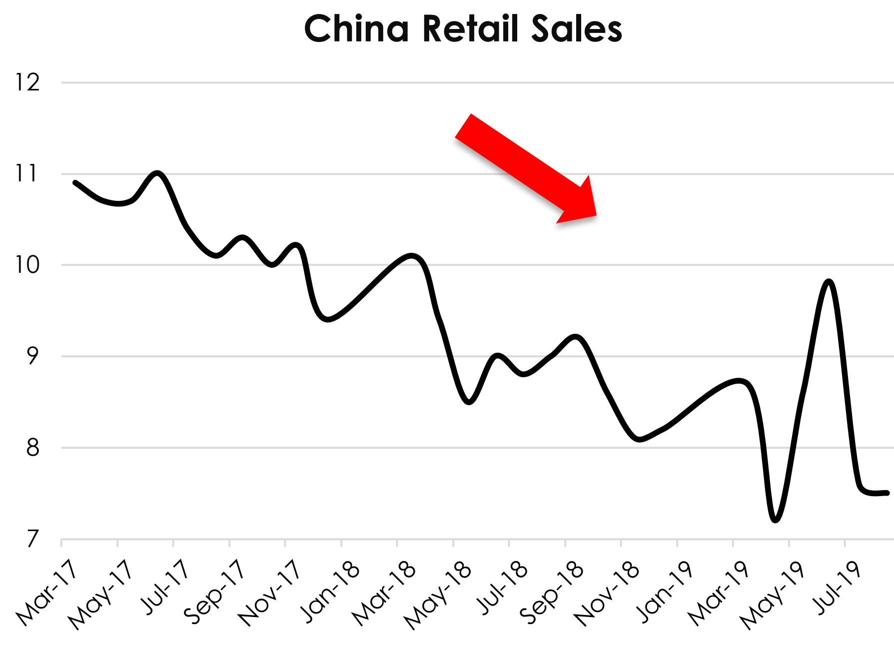


Source: Bloomberg



Source: Bloomberg

- China's **industrial production further softened** by 4.4% in August as compared to 4.8% in July. This would mean lower capital expenditure as outlook for final demand is very challenging.
- Additionally, **retail sales moderated by 7.5%** in August (July: 7.6%), reflecting consumers are gradually become cautious in their spending habit. That could include tourism as outbound trips from China is expected to increase to 160 million by 2020 from 117 million in 2015 (source: McKinsey & Company).

EUROZONE – PROTRACTED DOWNTURN

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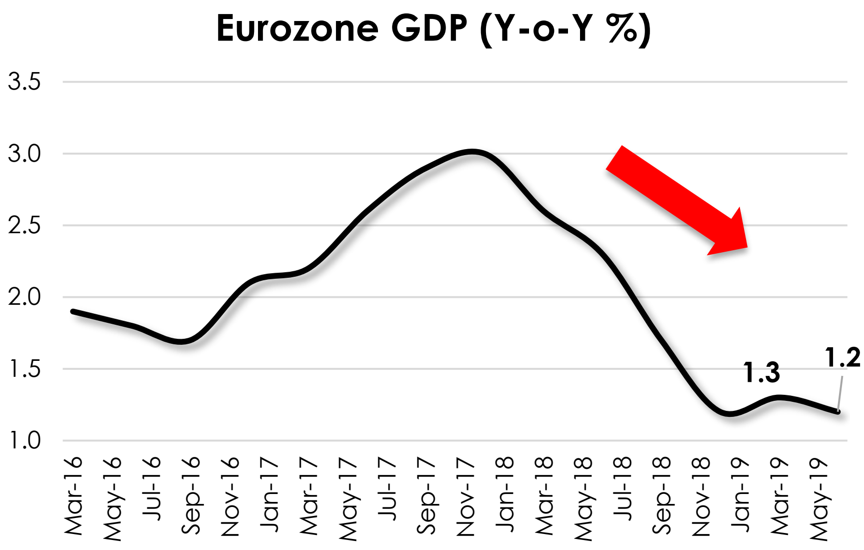
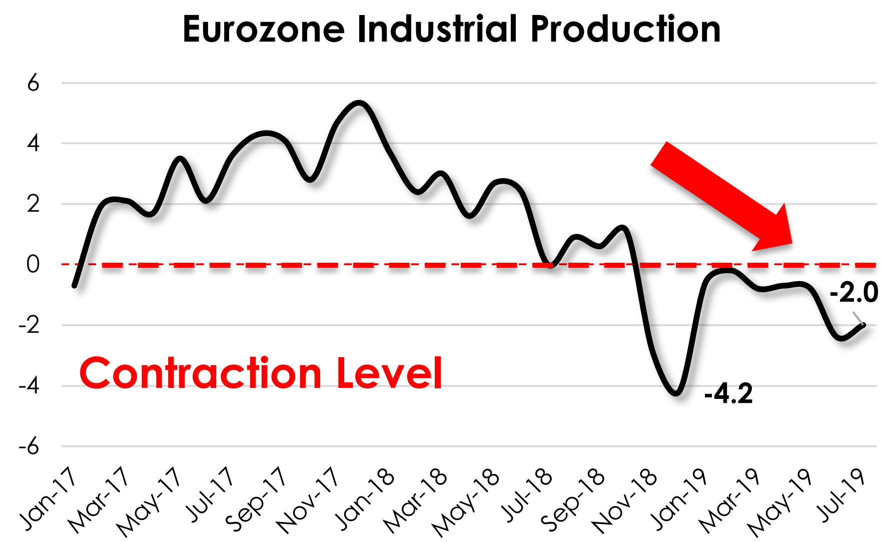


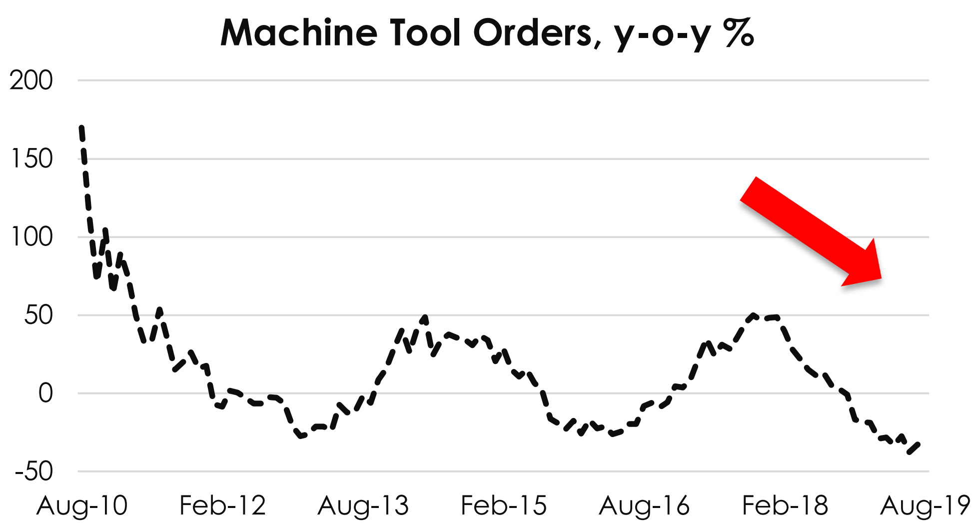
Source: Bloomberg

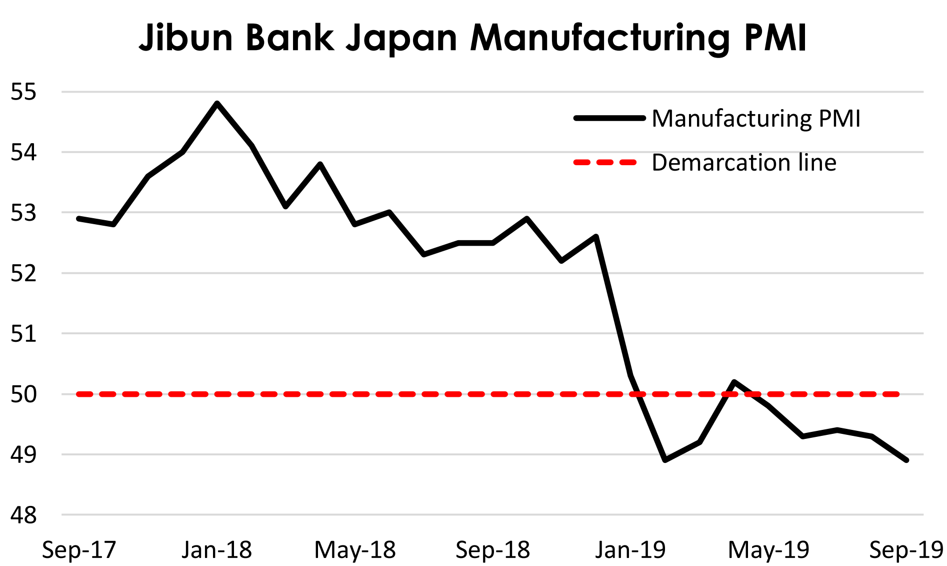


Source: Bloomberg

- Eurozone's **economic activities softening by 1.2% in 2Q2019**, slightly lower as compared to 1.3% in the previous quarter.
- Similarly, the **industrial production (IP) declined 2.0%** y-o-y in July (June: -2.4%). This represents 9 straight months of IP contraction since November 2018 (-2.9%).
- The main factor was Germany, which posted contraction in GDP by -0.1% quarter-on-quarter (q-o-q) in 2Q2019 (1Q2019: +0.4%). The country could be heading towards technical recession with July's IP fell 5.3% (Jun: -5.9%).
- Automotive industry were the driver. In 8M2019, new-car demand in EU fell 3.2% to 10.5 million led by UK (-3.4%), France (-3.0%) and Italy (-3.0%).

JAPAN – IN A DOLDRUMS





Sources: Bloomberg

- **Japan's Machine Tool Orders slumped by 37.0%** year-on-year (y-o-y) in August from 37.1% contraction in the previous month.
- This was a **eleventh straight month of decline**, indicating slower business and capital spending among the businesses.
- Apart from that, the global economic slowdown driven by the international trade tension has weighed on the manufacturer's sentiment.
- This was premised on the latest Japan's **Manufacturing Purchasing Manager's Index (PMI) which dropped to 48.9 points** in September from 49.3 points in August.
- This was the lowest figure recorded since February this year at 48.9 points signaling a deterioration in the manufacturing sector business activities and production. The Value Added Tax (VAT) hike from 8% to 10% effective 1 October could dampened private sector spending.

SINGAPORE – LOOSING MOMENTUM IN PRODUCTION

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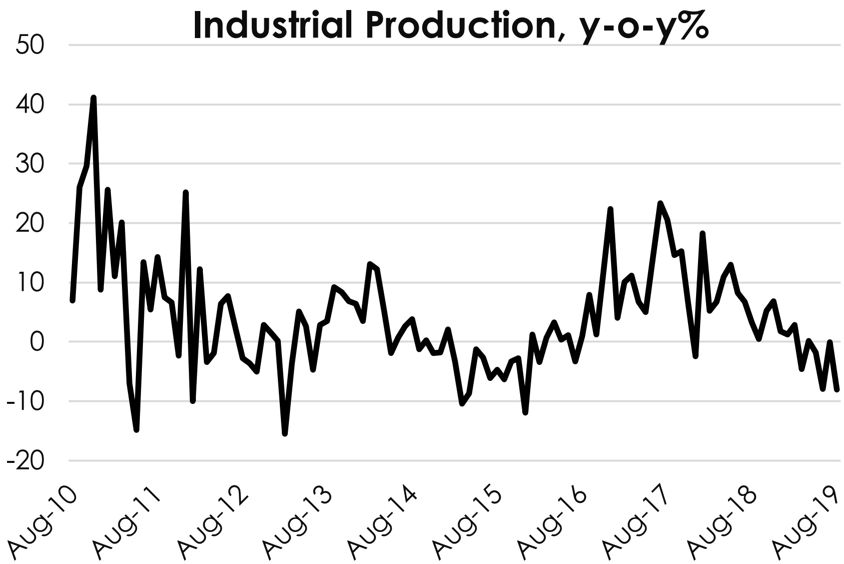
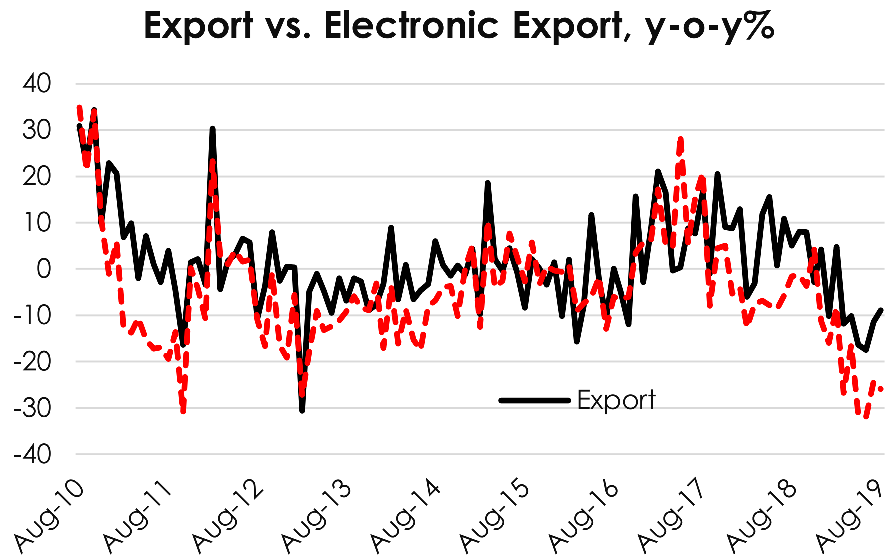


Sources: Bloomberg



Sources: Bloomberg

- Singapore's Industrial Production **slumped** by 8.0% year-on-year (y-o-y) in August from 0.4% contraction in the preceding month. It fell for a fourth straight month since May at -1.8%, indicating a further deterioration in its factory output.

- The fall was mainly attributed by the plunge in Electronics (August: -24.4% vs. July: 0.0%) and Precision Engineering (August: -13.6% vs. July: -7.8%).

- On the same note, Singapore's export performance has been **declining for sixth consecutive month** since March this year (August: -8.9% vs. July: -11.2%).

HONG KONG - ECONOMY WEIGHED BY THE STREET PROTEST

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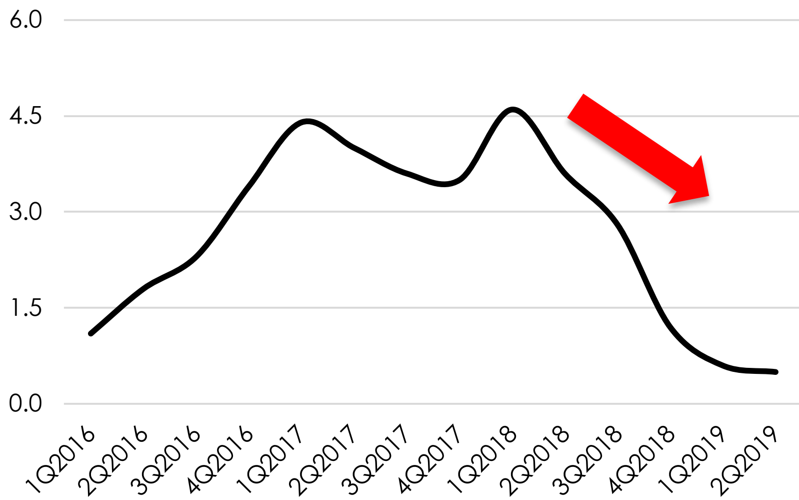
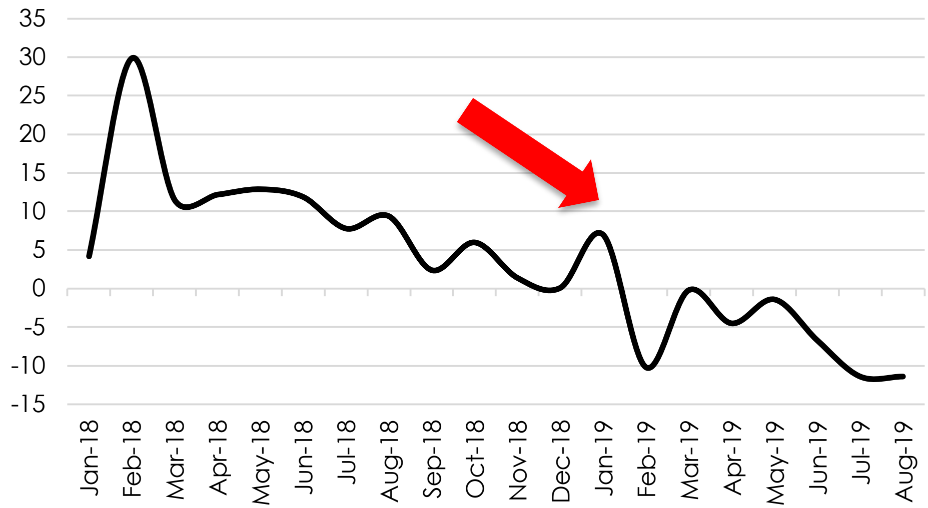


Source: Bloomberg



Source: Bloomberg

- While the protests grind on, economic consequences began to mount. **A drop in Retail sales (August 2019: -11.4% vs. August 2018: 9.4%) and the softening in Gross Domestic Product (GDP) are the main casualties.**

- **GDP grew marginally by 0.5% year-on-year (y-o-y) in 2Q2019** as compared to 3.6% in same period last year.

- It remain to be seen the protests would be resolved amicably. The 70th year of China's anniversary appears to have aggravated the Hong Kongers. And the parade which demonstrates China's military capability could lead further friction with the US. In a nutshell, geo political risks have heightened.

GLOBAL POLICY RATES

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Policy rates	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Advanced countries						
US (Fed Fund Rate)	2.50	2.50	2.50	2.25	2.25	2.00
Japan (Policy Balance Rate)	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Euro Zone (Main Refinancing Rate)	0.00	0.00	0.00	0.00	0.00	0.00
UK (Bank Rate)	0.75	0.75	0.75	0.75	0.75	0.75
Canada (ON Lending Rate)	1.75	1.75	1.75	1.75	1.75	1.75
Latin America						
Mexico (ON Rate)	8.25	8.25	8.25	8.25	8.00	7.75
Brazil (Selic Rate)	6.50	6.50	6.50	6.00	6.00	5.50
Argentina (LELIQ 7D Notes Rate)	73.93	70.73	62.69	60.40	83.26	79.21
Eastern Europe						
Russia (Key Rate)	7.75	7.75	7.50	7.25	7.25	7.00
Ukraine (Discount Rate)	17.50	17.50	17.50	17.00	17.00	16.50
Turkey (1W Repo Rate)	24.00	24.00	24.00	19.75	19.75	16.50
Asia						
China (12M Lending Rate)	4.35	4.35	4.35	4.35	4.35	4.35
India (Repo Rate)	6.00	6.00	5.75	5.75	5.40	5.40
Indonesia (7D Repo Rate)	6.00	6.00	6.00	5.75	5.50	5.25
Thailand (1D Repo Rate)	1.75	1.75	1.75	1.75	1.50	1.50
South Korea (Base Rate)	1.75	1.75	1.75	1.50	1.50	1.50
Philippines (O/N Lending Rate)	4.75	4.50	4.50	4.50	4.25	4.00
Australia (Cash Rate)	1.50	1.50	1.25	1.00	1.00	1.00
New Zealand (Cash Rate)	1.75	1.50	1.50	1.50	1.00	1.00
Malaysia (OPR)	3.25	3.00	3.00	3.00	3.00	3.00

Source: Bloomberg

Global central bankers have become cognizant on the impending risks to growth. Further interest cut and reinstatement of Quantitative Easing (QE) measures could gain momentum as we progress into next year.

CENTRAL BANKS HAVE BECOME MORE DOVISH

Country	Previous Rate (%)	Current Rate (%)	Remarks
 **US**	**2.25**	**2.00**	➢ On 18 September 2019, the US Federal Reserve (Fed) **delivered 25 basis points (bps) cut** in the Federal Fund Rate (FFR) from 2.00% - 2.25% to **1.75% - 2.00%.** ➢ The Fed is still optimistic about the state of the economy especially on the consumer spending which has been resilient amidst steady unemployment rates. ➢ However, the central bank acknowledged that the business fixed assets investment and exports have weakened, insinuating that intervention on the part of the monetary authorities are needed.

CENTRAL BANKS HAVE BECOME MORE DOVISH

Country	Previous Rate (%)	Current Rate (%)	Remarks
INDONESIA	**5.50**	**5.25**	➢ The Bank of Indonesia (BI) Board of Governors **decided to slash the BI 7-day Reserve Repo Rate by 25 bps to 5.25%** at its meeting on 19 September 2019. ➢ This **was the third time of interest rate cut this year**, aiming to stimulate domestic economic growth momentum against a backdrop of global economic moderation. ➢ The BI is **projected that the national economic activities to grow between 5.0% to 5.4% in 2019** (2020F: 5.1% to 5.5%). The nation's GDP growth sustained at 5.0% in 2Q2019 from 5.1% in 1Q2019.

CENTRAL BANKS HAVE BECOME MORE DOVISH

Country	Previous Rate (%)	Current Rate (%)	Remarks
PHILIPPINES	**4.50**	**4.25**	➢ On 27 September 2019, the Monetary Board of Bangko Sentral Ng Pilipinas (BSP) **decided to lower its Overnight Reverse Repurchase (RRP) facility by 25 bps to 4.00%.** ➢ This was the **third rate cuts in 2019** as prospects for global economic growth are likely to remain weak following uncertainty over trade policies. ➢ The decision was based on the price pressure as reflected by the CPI has moderated (August: 1.7% vs. July: 2.4%). The **BSP expect inflation is likely to settle within the lower half of the target range of 3.0% ± 1.0% for 2019 up to 2020.**

FISCAL STIMULUS-THAILAND

Country	Amount	% of GDP	Stimulus Package	Objective
 Thailand	THB316 billion	1.9%	✓ Providing relief to those affected by the drought. ✓ Boosting local tourism spending and international tourist arrivals (including China and India). ✓ Supporting the poor and SMEs. ✓ Expediting budget spending.	✓ To boost the GDP at least at 3.0% growth in 2019 and 3.5% in 2020.

Source: Nomura

FISCAL STIMULUS-HONG KONG

Country	Amount	% of GDP	Stimulus Package	Objective
 Hong Kong	HKD19.1 billion	0.6%-0.7%	✓ Personal tax reduction. ✓ Subsidy of HKD2,500 per child for kindergarten, primary and secondary. ✓ One-time electricity subsidy (HKD2,000 per household). ✓ One-off living subsidiaries for low-income families. ✓ One-extra month's allowance for social welfare recipients. ✓ Waiver of 27 government charges and fees for 12 months.	✓ To boost the economy by 0.3%

Source: HSBC

FISCAL STIMULUS-GERMANY

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Country	Amount	% of GDP	Remarks
Germany	EUR50.0 billion	1.4%	✓ Merkel's government is ready to back off its balanced-budget policy and expand borrowing if the economy slides into recession.

Source: Bloomberg

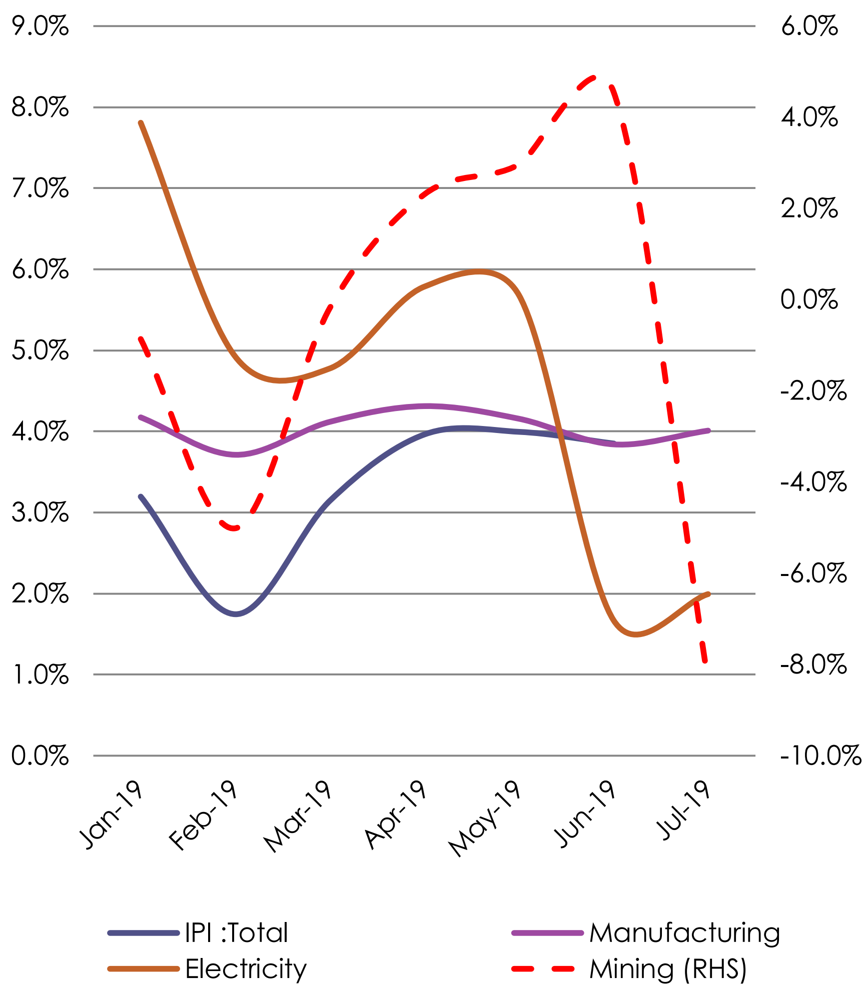
FISCAL STIMULUS-INDIA

Country	Remarks
 India	✓ The government cut the corporate tax from 30% to 22% . The move is none other than to boost investment among the private corporation. ✓ Companies that already seek tax exemption would see their tax rate reduced from 35% to 25%. ✓ Small and new manufacturing firms could get as low as 15% tax rate from the previous 25% threshold.

Sources: Reuters & BBC

DOMESTIC LANDSCPAE

LOWER IPI GROWTH IN JULY



Sources: DOSM & CEIC

- Malaysia's Industrial Production Index (IPI) **grew by 1.2%** year-on-year (y-o-y) in July, slowing from 3.9% growth from the previous month.
- On sectoral basis, **production in mining (July: -8.4% vs. June: 4.6%) recorded sharp fall in July.**
- In contrast, Manufacturing (July: 4.0% vs. June: 3.8%) and Electricity (July: 2.0% vs. June: 1.7%) production grew positively, offsetting the contraction in Mining during July.
- This suggests **production activities are shifting into lower gear** particularly the manufacturing sector (7M2019: 4.0% vs. 7M2018: 5.0%)

EXPORTS REBOUNDED IN JULY

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Sources: DOSM & CEIC

- Malaysia's **exports rebounded by 1.7%** year-on-year (y-o-y) in July after posted a negative growth of 3.4% in June.
- Exports of Electrical & Electronics (E&E) and Liquefied Natural Gas (LNG) were the main underpinning factors with both item grew by 6.0% (Jun: -10.9%) and 31.3% (Jun: 6.1%) respectively.
- On **imports**, it **contracted by 5.9%** in July albeit at a softer pace as compared to -9.8% decline in June led by 13.9% drop in imports of Capital Goods. Consequently, the trade surplus widened from RM10.5 billion in June to RM14.3 billion in July.
- Nevertheless, the foreign trade activities was on downtrend, weighing by prolonged trade tension between the US and China as higher tariff rates will become effective in September.

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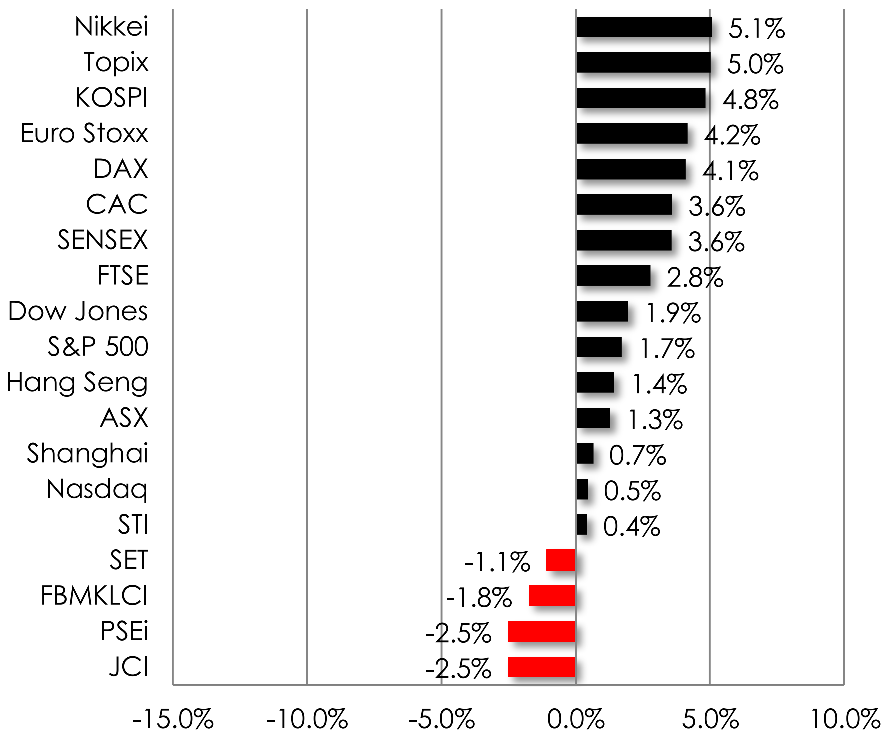
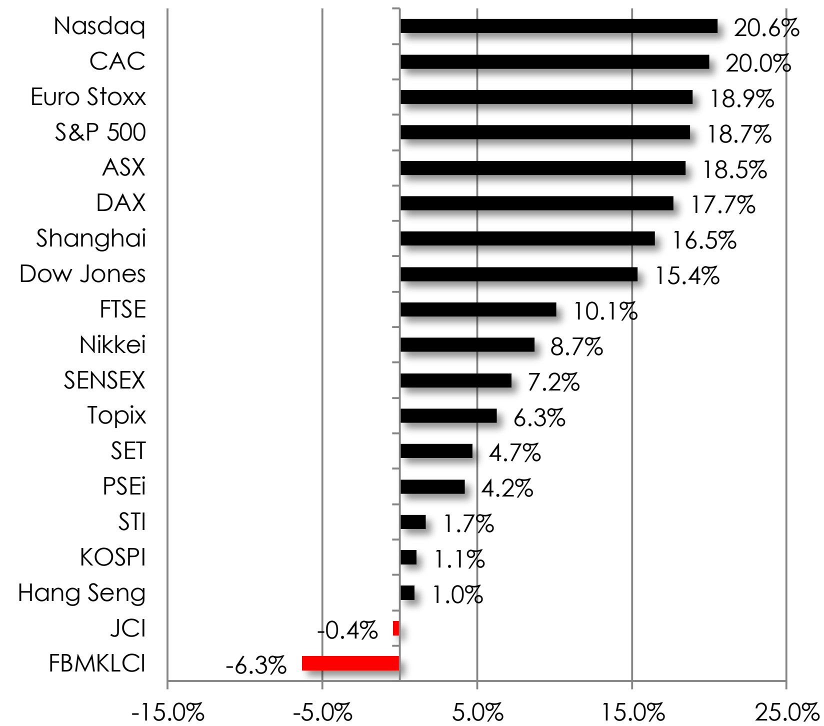
- **FBMKLCI and JCI were the worst performing index, declining by 6.3% (Y-T-D) and 0.4% in September.**
- Companies' earnings growth are expected to remain low while FBMKLCI price-to-earnings ratio (PER) suggests valuation is still expensive.
- PER for FBMKLCI, STI (Singapore), SET (Thailand), JCI (Indonesia) and HSI (Hong Kong) stood at 16.5x, 12.6x, 16.6x, 15.7x and 10.4x respectively.

September

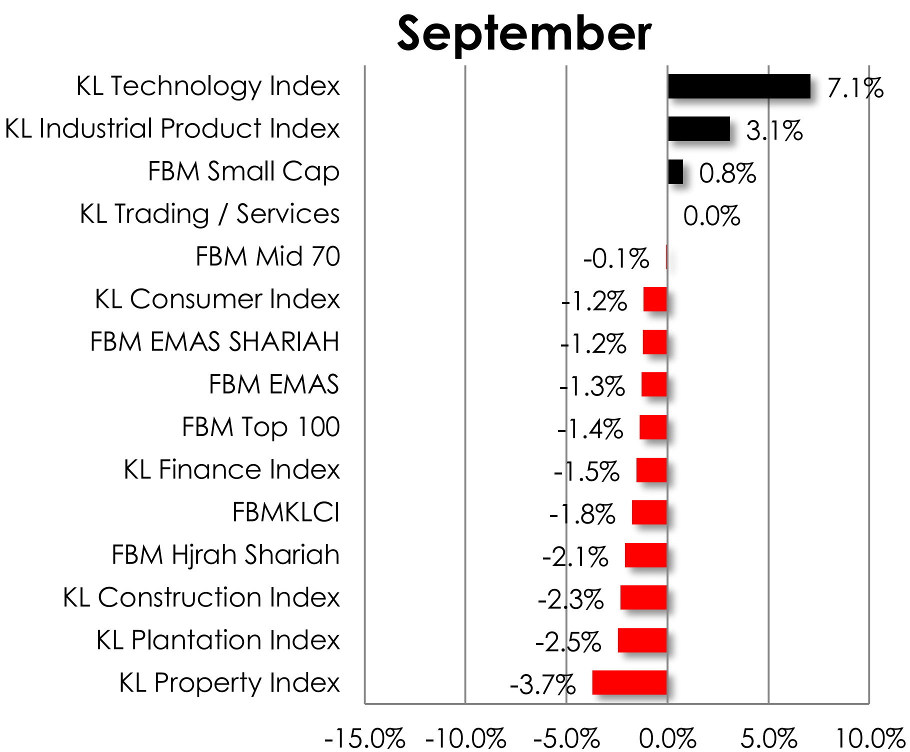


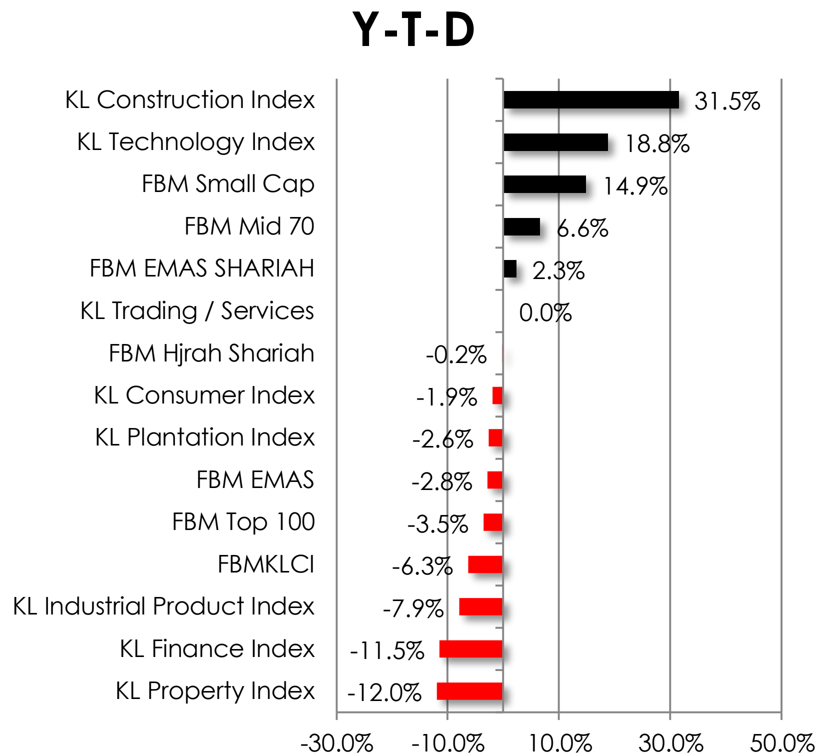
Y-T-D



Source: Bloomberg

Property sector was the worst performer in September, declining by 3.7% and 12.0% on monthly and YTD basis respectively. Notwithstanding, the total of unsold residential properties declined by 7.3% q-o-q from 140.8k units in 1Q2019 to 130.5k units in 2Q2019. This suggests an improvement in the property market after continuous uptrend in the number of unsold units since 2017. Following this, we expect that the number of overhang units would improve gradually for the next few quarters as the House Ownership Campaign (HOC) initiated by the government has received favourable response.

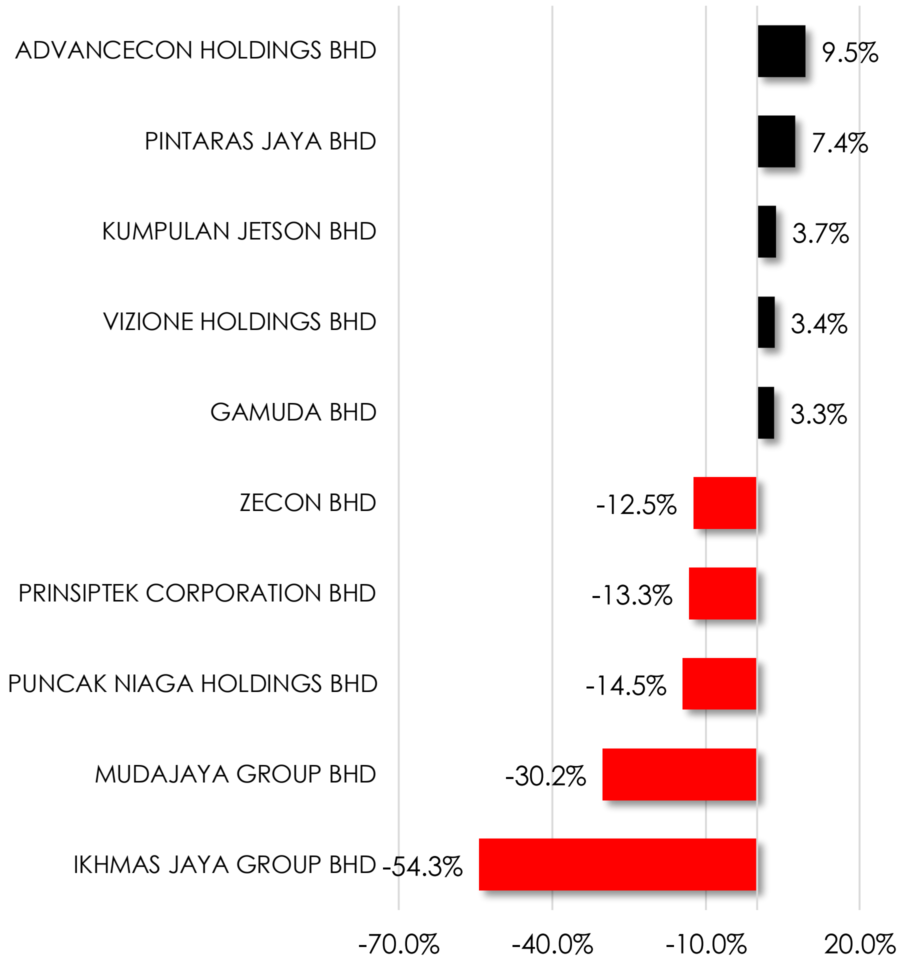




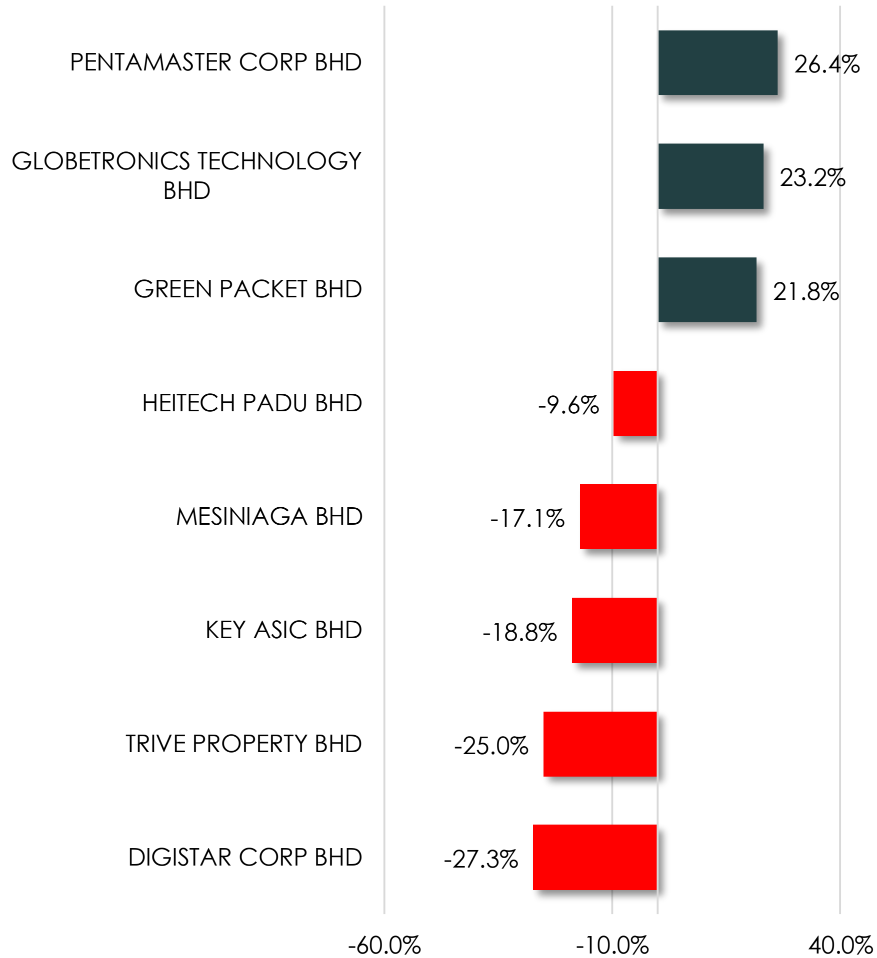
Source: Bloomberg

TOP 5 GAINERS AND LOSERS

Construction



Technology

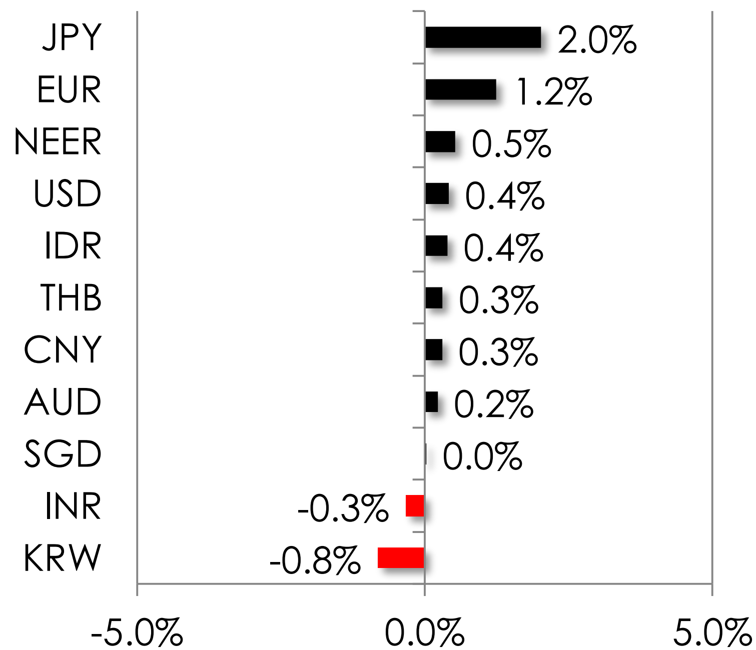


Source: Bloomberg

MALAYSIAN RINGGIT - WEAKENING

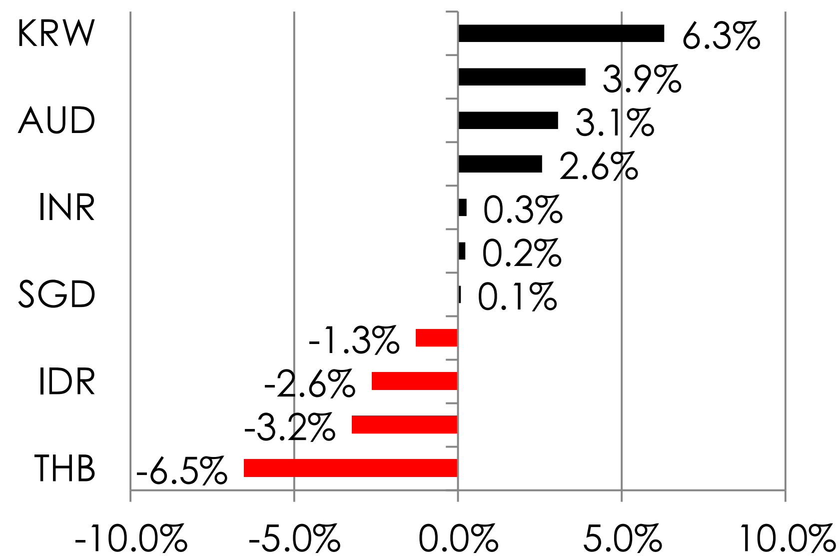
Ringgit has been volatile during September with USDMYR went to as low as RM4.2203 on 3 September and ended the month at RM4.1877. Demand for safe haven currencies have been so prevalent amidst heightening uncertainties in global financial market. This happened despite the Fed cut its rate as expected while BNM maintains the OPR during month. Risk-aversion is the clear motivation for the flight-to-safety behaviour. As such, USDMYR is susceptible to further weaknesses in October.

September

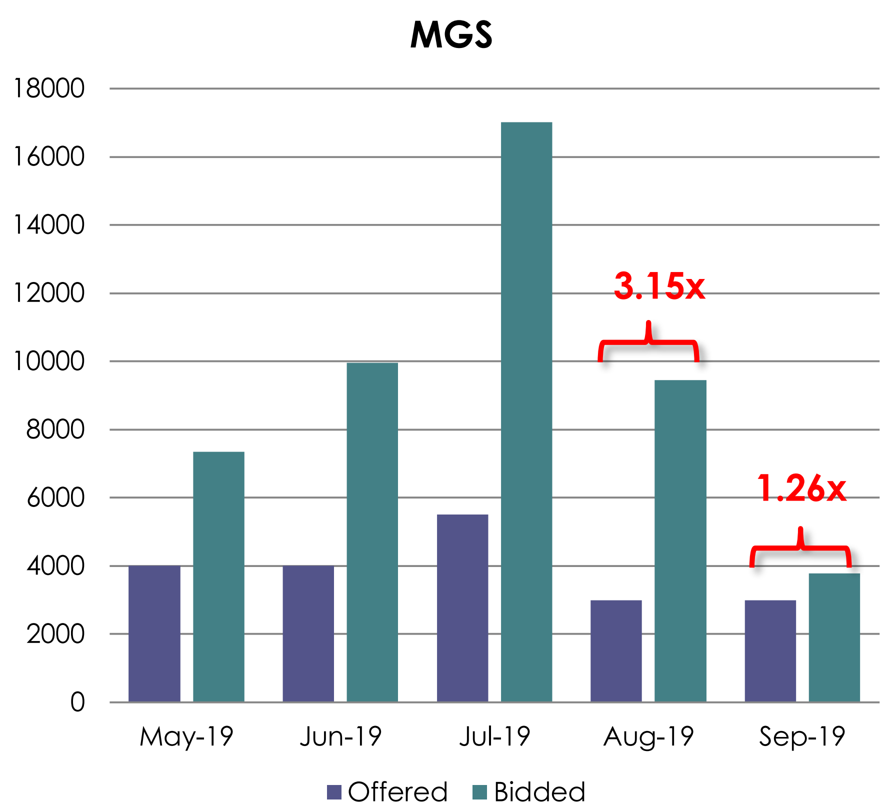


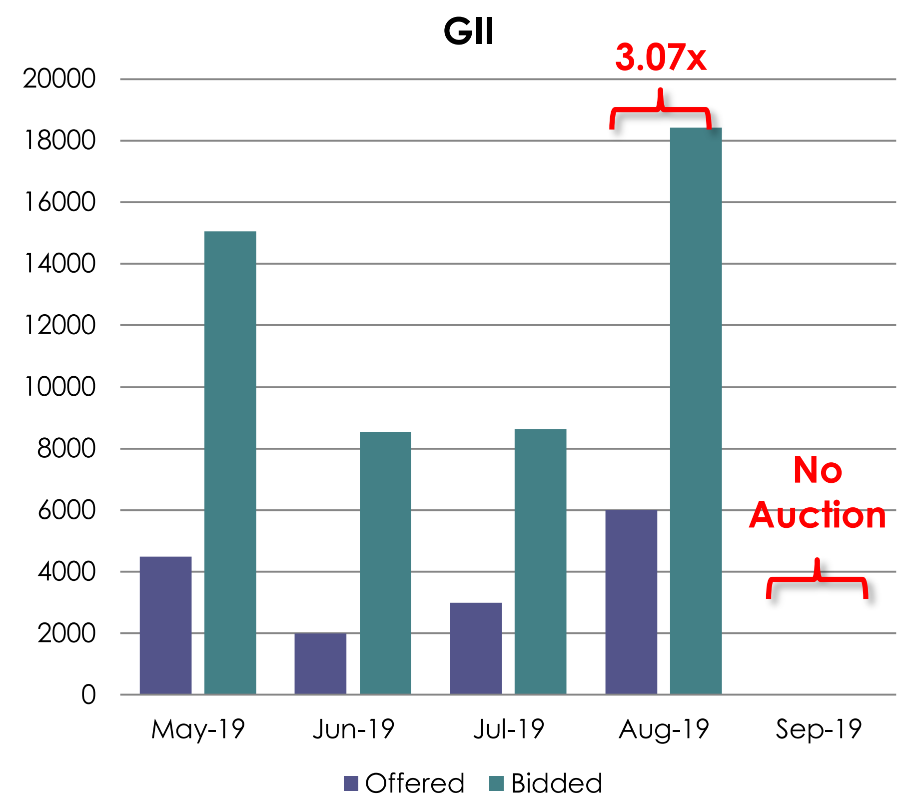
Source: Bloomberg

Y-T-D



MGS AND GII AUCTION





Source: BNM

- Bid-to Cover (BTC) ratio for MGS was lower at 1.26x in September (August: 3.15x) while there is no auction for GII during the month. The average BTC ratio for MGS and GII stood at 2.59x and 3.29x in 8M2019. There seems to be lack of appetite for our local govvies.

- On the other hand, FTSE Russell has decided to retain Malaysia in its World Government Bond Index (WGBI). However, Malaysia will continue to be on the watch list for potential downgrade from its current Market Accessibility Level of 2. The next review date will be in March 2020.

FOREIGN FUND FLOWS IN EQUITIES (RM Mil)

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	Foreign Institutional	Foreign Retail	Local Institutional	Local Nominees	Local PDT	Local Retail
2010	15,226	(236)	(7,576)	(4,647)	(2)	(2,765)
2011	2,236	(207)	5,688	(4,935)	(71)	(2,711)
2012	13,817	(180)	(4,152)	(5,143)	(74)	(4,269)
2013	2,995	(423)	10,278	(6,326)	(68)	(6,455)
2014	(6,611)	(270)	10,694	(2,484)	(51)	(1,278)
2015	(19,380)	(282)	23,829	(2,352)	(53)	(1,762)
2016	(2,938)	(225)	4,520	(1,413)	(26)	82
2017	11,117	(353)	(5,794)	(3,835)	(39)	(1,096)
2018	(11,544)	(155)	10,496	(2,740)	(51)	3,994
9M2019	(7,774)	(67)	5,670	382	(31)	1,921

Source: CEIC

- Total net outflows from foreign institutional funds moderated to RM500 million in September. This was significantly lower compared to a net outflows of RM2.6 billion in August. Local institutional investors alongside with local retail provide the support to the Malaysian equities market.
- On cumulative basis, foreign institutional investors recorded a net outflows of RM7.8 billion for the first nine months this year. Again, local institutional investors and local retail were the main buyer for the market amounting to RM5.7 billion and RM1.9 billion respectively.

FOREIGN FUND FLOWS IN FIXED INCOME SECURITIES (RM Mil)

Year	Total	BNM Bills	BNNN/BNMN-I	Tbills	MITB	MGS	PDS & Others	GII
2005	(10,911)	(6,699)	(2,914)	(2,019)	(603)	(1,088)	2,406	5
2006	16,172	2,760	2,982	(155)	39	6,678	2,972	897
2007	45,783	22,963	3,730	848	121	14,464	3,987	(330)
2008	(35,257)	(24,476)	(7,424)	(1,099)	(462)	(137)	(1,212)	(447)
2009	22,304	7,114	644	432	25	12,035	2,032	21
2010	51,742	19,337	363	19	(60)	32,777	(847)	153
2011	43,511	13,440	(70)	258	(23)	28,770	(4,232)	253
2012	60,928	30,768	3,447	(288)	(67)	27,164	(800)	1,331
2013	8,031	(17,048)	15,155	333	110	7,407	166	1,409
2014	(8,313)	(7,601)	(9,127)	(878)	(88)	8,207	(1,764)	1,857
2015	(11,270)	(26,006)	(10,872)	2,495	534	16,834	(425)	6,480
2016	825	(15,557)	(79)	(1,107)	(452)	6,334	1,000	9,899
2017	(7,975)	(3,724)	-	753	802	(4,041)	922	(3,032)
2018	(21,865)	650	-	325	76	(18,287)	(2,517)	(2,603)
8M 2019	3,387	-	-	(922)	(504)	7,586	(667)	(616)

Source: CEIC

- There was marginal net outflows totaling RM89 million during August after recording a net inflows of RM5.7 billion and RM6.6 billion in the month of July and June.
- On cumulative basis, Malaysia's fixed income market still recorded a net inflows of RM3.4 billion between January to August this year as compared to a net outflows of RM21.9 billion in 2018.
- Views of further OPR cut and undervalued USDMYR would lure foreign investors to come in. Nonetheless, the 10-year MGS appears to be very low at the moment (3.26% as 1 October, 5 basis points lower compared to 30 Sep closing).

SOYBEAN VS. CPO PRICES

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Source: Bloomberg

- Prices for Soybean Oil increased from USD26.7 per pound (as of 9 May 2019) to USD29.1 per pound (as of 27 September 2019) while Crude Palm Oil (CPO) prices rose from RM1956.0 per Metric Tonnes (MT) on 3 July 2019 to RM2149.0 per MT (as of 27 September).
- Such development was in tandem with the agreement between the US and China to go back to the negotiation table in mid October. Lower CPO stock could also helped support the CPO prices.

CRUDE PALM OIL (CPO)

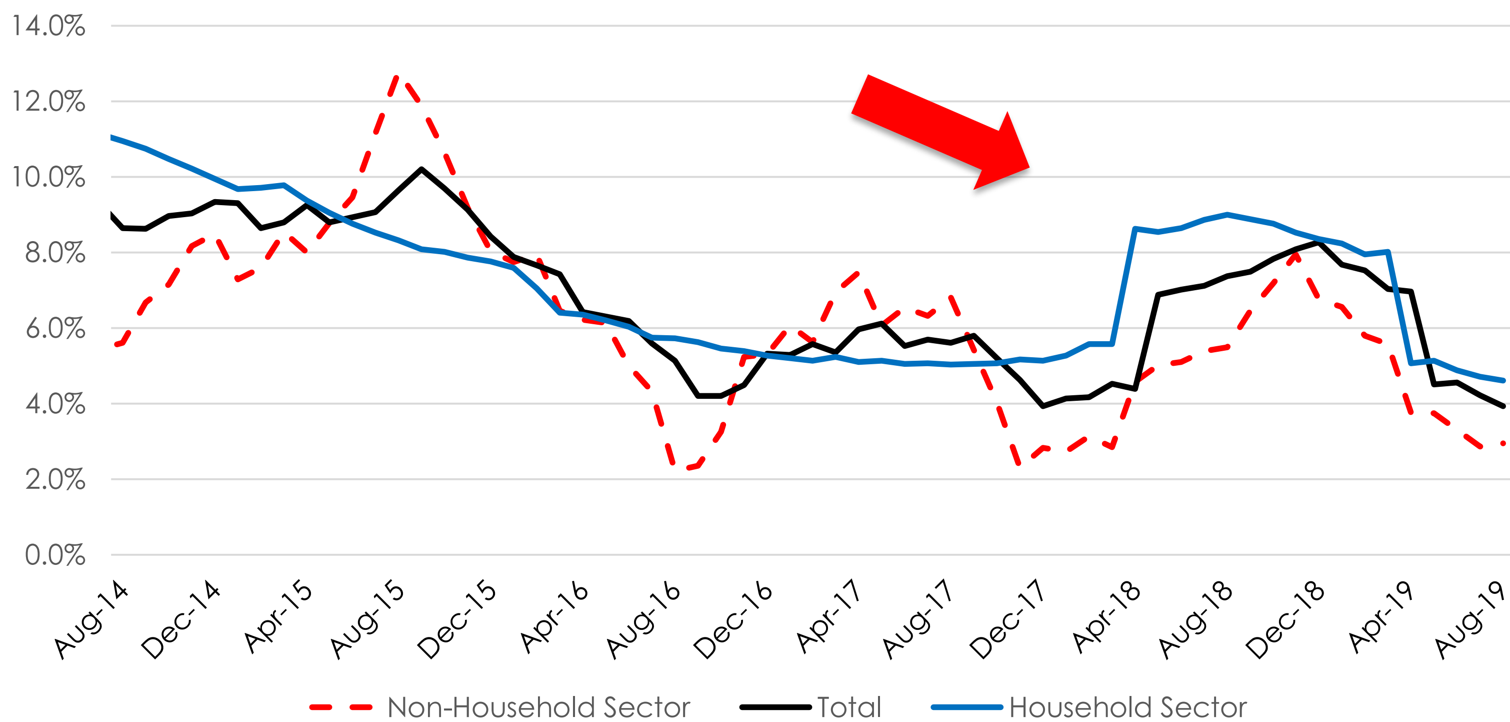
BANK ISLAM

000 metric tonne	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19
Opening stocks	3,216.5	3,002.9	3,057.0	2,920.4	2,726.9	2,444.5	2,410.7	2,378.1
Production	1,737.5	1,544.5	1,672.1	1,649.4	1,671.5	1,510.8	1,740.8	1,821.5
Y-o-Y	9.5%	15.0%	6.2%	5.8%	9.6%	13.4%	15.8%	12.4%
M-o-M	-3.9%	-11.1%	8.3%	-1.4%	1.3%	-9.6%	15.2%	4.6%
Exports	1,680.8	1,325.1	1,620.7	1,653.9	1,714.6	1,383.2	1,489.2	1,732.9
Y-o-Y	14.1%	6.6%	3.5%	8.1%	32.7%	22.5%	24.4%	57.6%
M-o-M	21.5%	-21.2%	22.3%	2.0%	3.7%	-19.3%	7.7%	16.4%
Imports	81.5	94.3	131.2	62.1	61.8	101.3	40.1	51.1
Y-o-Y	134.0%	40.4%	231.2%	74.4%	91.5%	17.9%	-9.0%	-36.3%
M-o-M	-25.0%	15.7%	39.2%	-52.7%	-0.5%	63.9%	-60.4%	27.4%
Consumption	351.8	259.6	319.2	251.1	301.1	262.6	324.3	266.0
Y-o-Y	5.9%	8.8%	73.4%	19.6%	12.8%	-5.6%	0.3%	-18.8%
M-o-M	0.0%	-26.2%	22.9%	-21.3%	19.9%	-12.8%	23.5%	-18.0%
Closing stocks	3,002.9	3,057.0	2,920.4	2,726.9	2,444.5	2,410.7	2,378.1	2,251.8
Y-o-Y	17.8%	23.4%	24.8%	24.3%	11.5%	9.4%	6.6%	-10.1%
M-o-M	-6.6%	1.8%	-4.5%	-6.6%	-10.4%	-1.4%	-1.4%	-5.3%
Stock-to-usage	8.5	11.8	9.2	10.9	8.1	9.2	7.3	8.5

Source: CEIC, MPOB

- CPO's inventory levels have been falling to 2.25 million MT in August 2019 from 2.28 million MT in the pre, underpinned by higher exports (August: 1.7 million MT vs. July: 1.4 million MT).
- India remained the top buyer of Malaysia's palm-oil products in August 19, partly due to stocking-up activities ahead of the increase in refined palm-oil import duties on Malaysia, starting September 2019.

LOAN GROWTH REMAINED STABLE IN AUGUST



Source: CEIC

- Total loan growth sustained at 3.9% in August (July: 3.9%). Household loans moderated by 4.6% in August (July: 4.7%) while non-household sector remain stable at 2.9% in August (July: 2.9%).
- Lending growth is poised for a slowdown as asset quality has been less satisfactory, judging from the gradual increase in the impairment ratio.

GROSS IMPAIRED FINANCING RATIO STEADILY RISING

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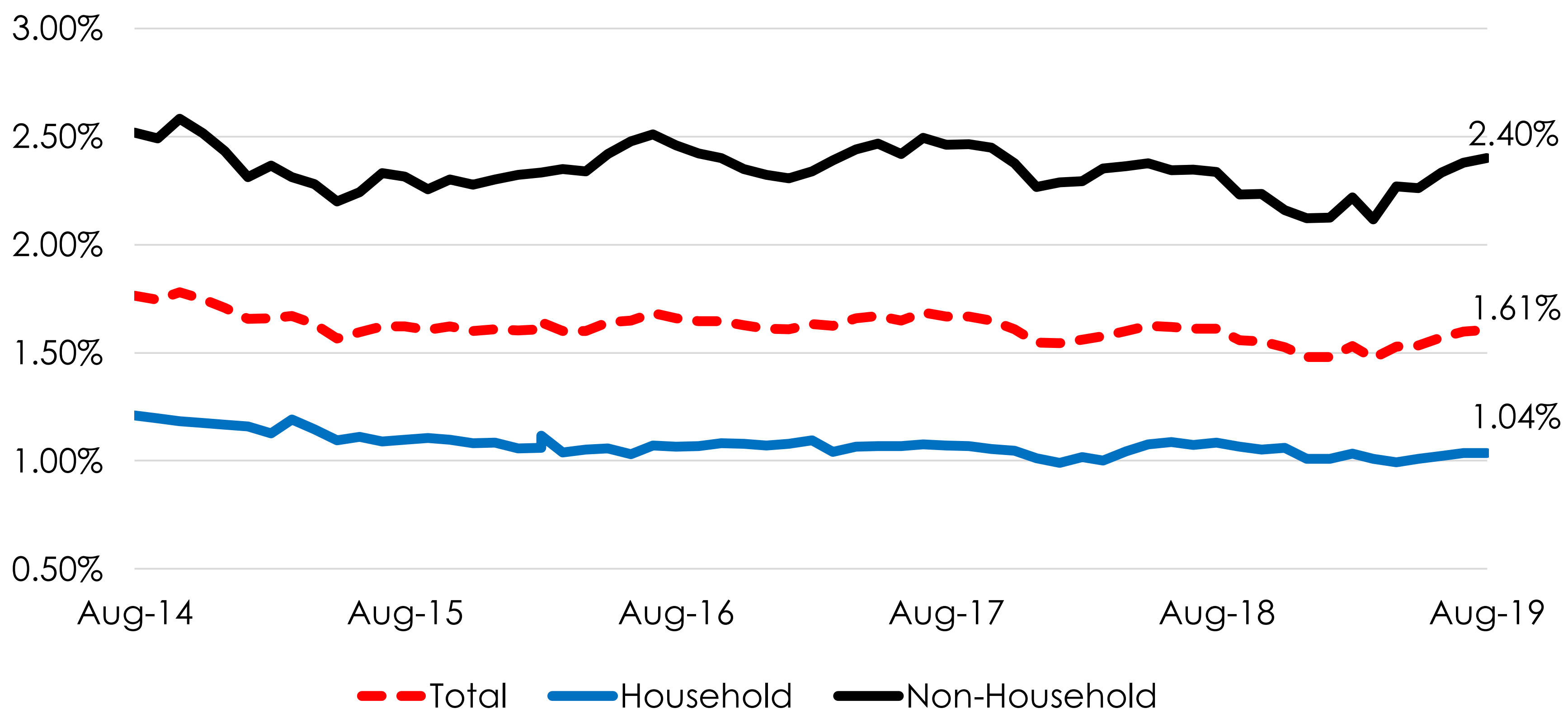
Gross Impaired Financing Ratio (GIFR) edged up to 1.61% in August from 1.60% in the preceding month. Non-household sector is taking the lead, rising from 2.38% in July to 2.40% in August. Meanwhile, impairment in household related financing sustained at 1.04% in August (July: 1.04%)



Source: CEIC

IMPAIRMENT RATIO - HOUSEHOLD

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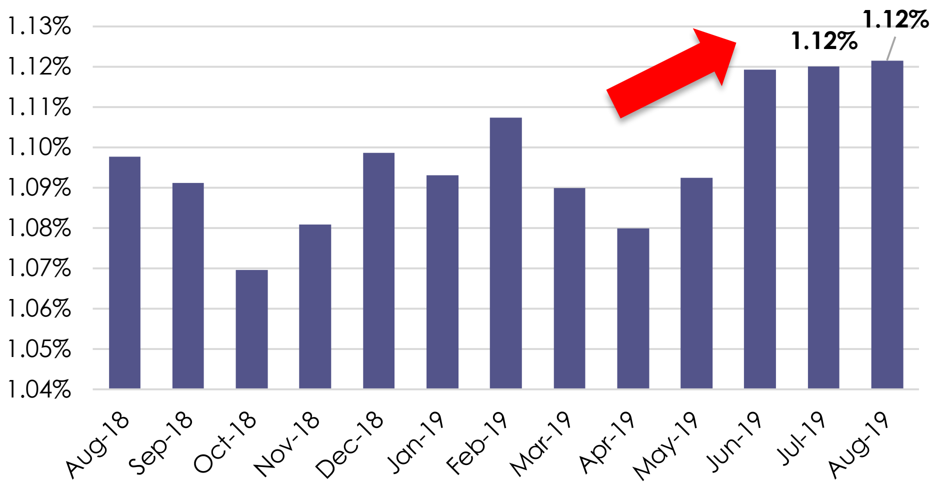
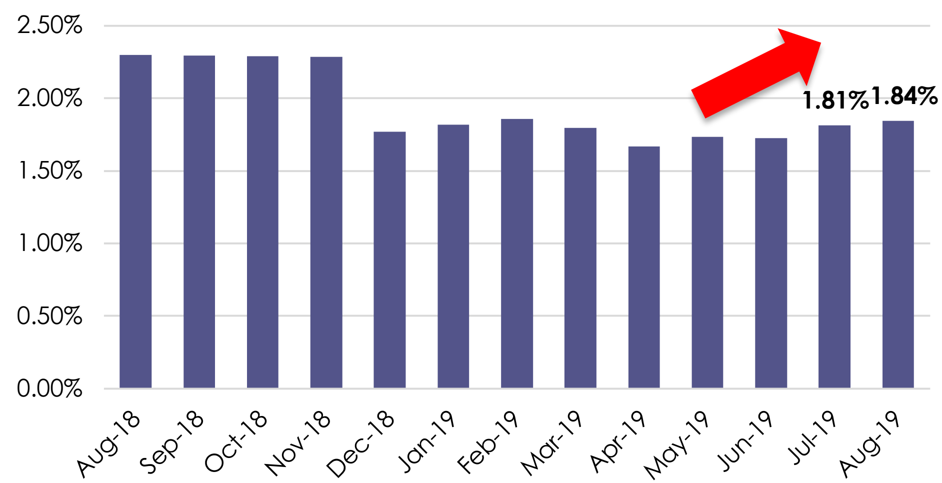
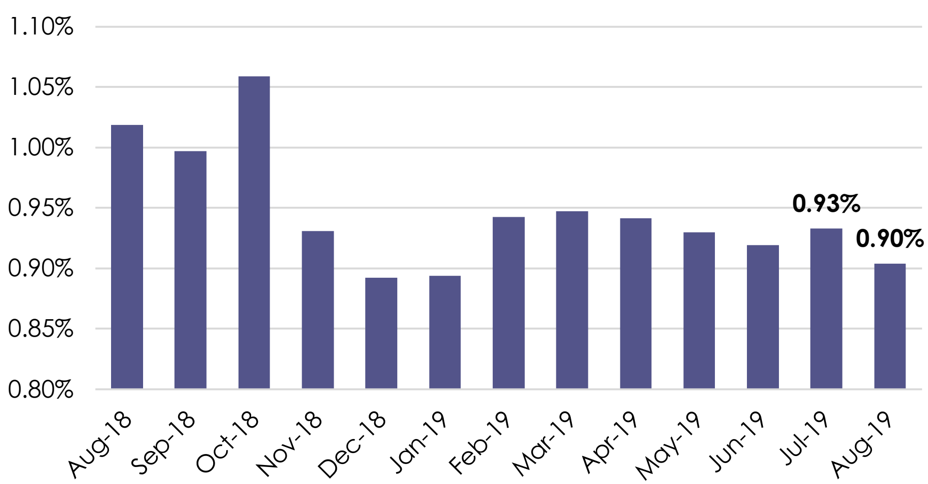
Purchase of Residential Property



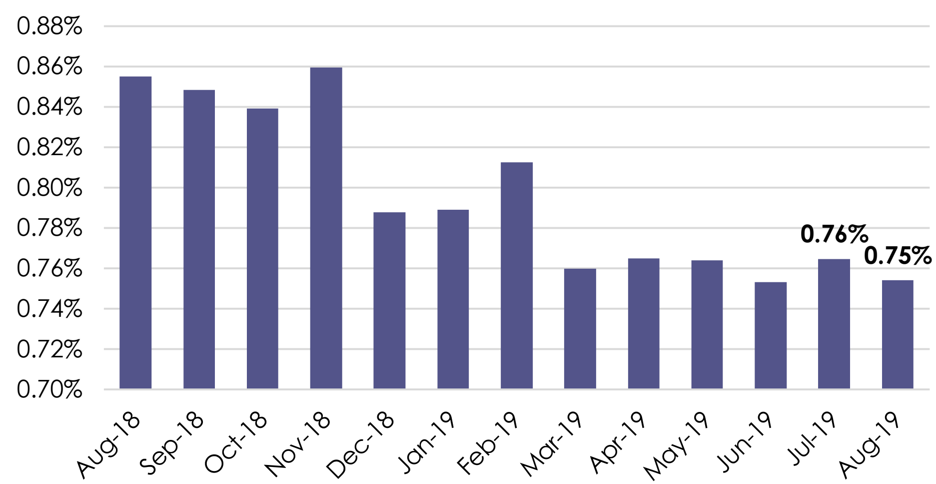
Personal Use



Credit Card



Passenger Vehicles



Source: CEIC

IMPAIRMENT RATIO-NON HOUSEHOLD

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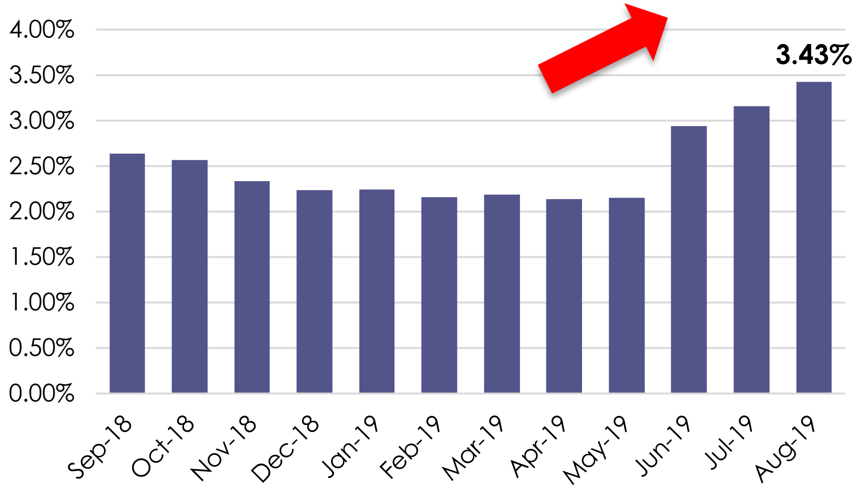
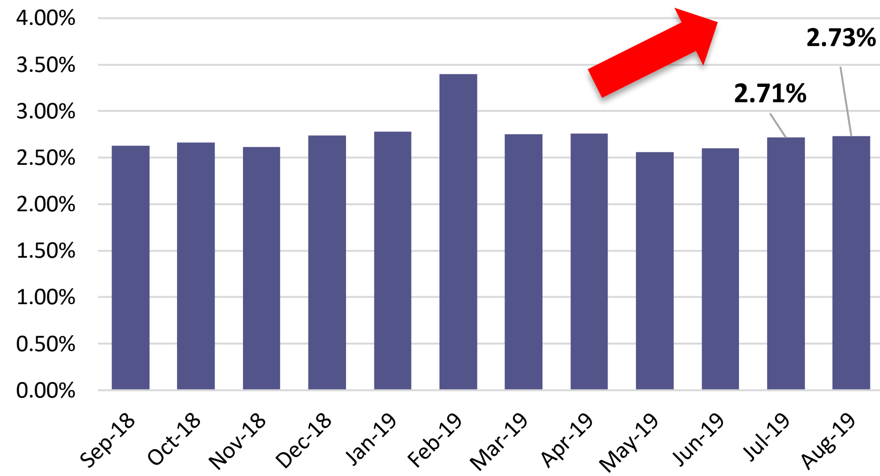
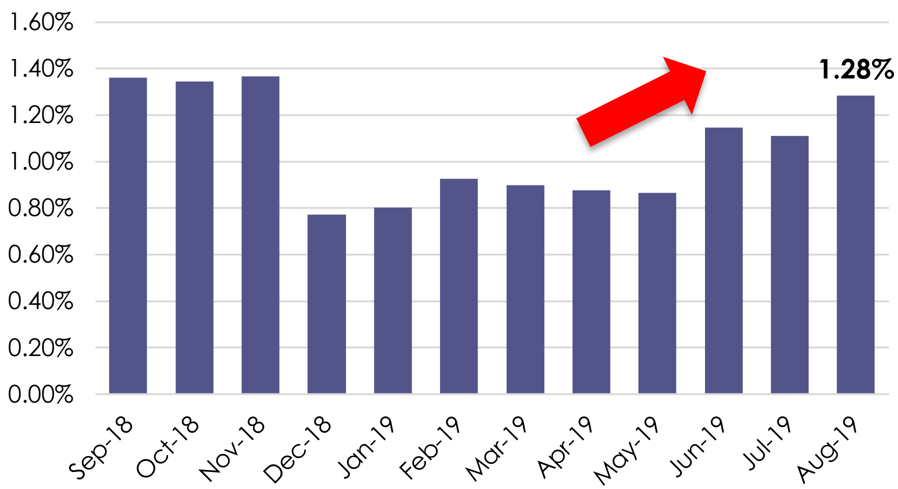
Manufacturing



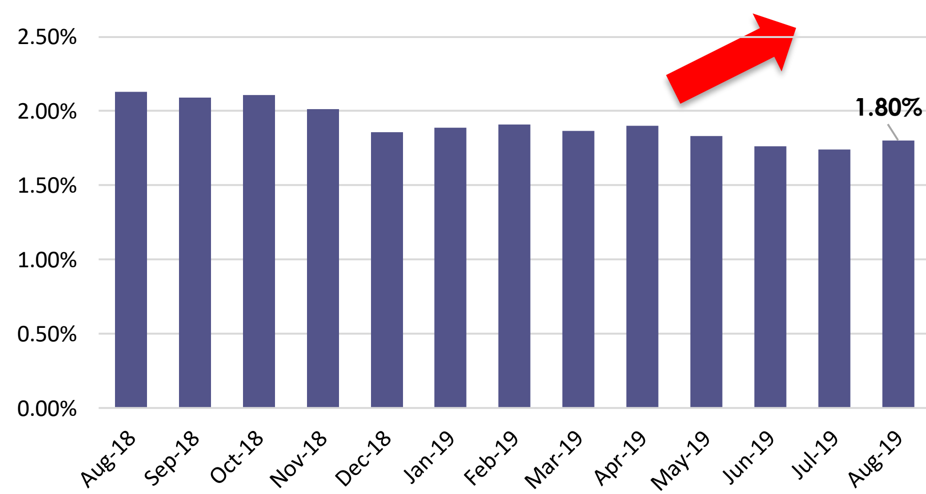
Construction



Utilities



Wholesale & Retail



Source: CEIC

Economic growth is expected to be between 4% and 4.5% between 2020 and 2021. This indicates the economy is growing below its potential, suggesting a more active role from the government is needed to spur economic activities.

Budget 2020 would be tabled on 11 October. We expect fiscal deficits to be in the region of 3.3% of GDP in 2020 against the original target under the 11th Malaysian Plan (11MP) of 3.0%. Expect higher development expenditure (DE) next year. As such, construction sector would be the immediate beneficiaries alongside with manufacturing and services sector due to the spillover effects.

In view of the possible weaknesses coming from the external sector, **we expect the BNM to cut the Overnight Policy Rate (OPR) by 25 basis points to 2.75% at the upcoming Monetary Policy Committee (MPC) meeting on 5 November 2019. We also believe another 25 basis points OPR cut in 2020 that would bring OPR to 2.50%.**

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THANK YOU

Bank Islam ensures that social and environmental considerations are consistently its top priority governed by the Bank's core values and Shariah principles. More initiatives will be developed by the Bank as the Bank strives to make a positive difference for its financial and social performance.