From the Desk of the Chief Economist

BANK ISLAM

THE FOMC STOOD PAT ON INTEREST RATES

29 JANUARY 2021

ECONOMIC RESEARCH

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FFR REMAINED AT 0.25%

- ✓ The Federal Open Market Committee (FOMC) voted unanimously to keep the Federal Funds Rate (FFR) target range unchanged at 0.00% to 0.25% after its 26-27 January 2021 meeting.

- ✓ The FOMC restated its aim to achieve maximum employment and inflation moderately above 2.0% for some time so that inflation averages 2.0% over the long run.

- ✓ According to the Federal Reserve (Fed), the pace of economic recovery and improvement in the labour market have softened recently as many industries were outweighed by the resurgence of the Covid-19 infections. Nevertheless, the business investment and manufacturing production have gained its momentum while the housing sector has more than fully recovered from the downturn partly supported by low mortgage interest rates.

- ✓ Meanwhile, the low crude oil prices have left a significant imprint on consumer price inflation. Overall, the full year inflation remained below FOMC's 2.0% long run objective.

- ✓ The Fed's Chairman, Jerome Powell struck a balance between highlighting the ongoing challenges for the economy while maintaining a degree of cautious optimism about the future. The roll-out of vaccination campaign could boost the economic activities.

- ✓ Apart from that, the central bank would continue to increase its securities holdings by at least USD120.0 billion per month (USD80.0 billion of Treasury and USD40.0 billion of agency mortgage-backed securities (MBS)) until substantial further progress has been made toward the Committee's maximum employment and price stability goals.

- ✓ The FOMC's members would continue to monitor the implications of incoming information for the economic outlook. The Committee would also be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals.

CENTRAL BANK POLICY RATES

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Policy rates	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21*
Advanced countries													
US (Fed Fund Rate)	1.75	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Japan (Policy Balance Rate)	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-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	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UK (Bank Rate)	0.75	0.75	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Canada (ON Lending Rate)	1.75	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Latin America													
Mexico (ON Rate)	7.25	7.00	6.50	6.00	5.50	5.00	5.00	4.50	4.25	4.25	4.25	4.25	4.25
Brazil (Selic Rate)	4.50	4.25	3.75	3.75	3.00	2.25	2.25	2.00	2.00	2.00	2.00	2.00	2.00
Argentina (LELIQ 7D Notes Rate)	50.00	40.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00	36.00	38.00	38.00	38.00
Eastern Europe													
Russia (Key Rate)	6.25	6.00	6.00	5.50	5.50	4.50	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Ukraine (Discount Rate)	11.00	11.00	10.00	8.00	8.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Turkey (1W Repo Rate)	11.25	10.75	9.75	8.75	8.25	8.25	8.25	8.25	10.25	10.25	15.00	17.00	17.00
Asia													
China (1Y Loan Prime Rate)	4.15	4.05	4.05	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
India (Repo Rate)	5.15	5.15	4.40	4.40	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Indonesia (7D Repo Rate)	5.00	4.75	4.50	4.50	4.50	4.25	4.00	4.00	4.00	4.00	3.75	3.75	3.75
Thailand (1D Repo Rate)	1.25	1.00	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
South Korea (Base Rate)	1.25	1.25	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Philippines (O/N Lending Rate)	4.00	3.75	3.25	2.75	2.75	2.25	2.25	2.25	2.25	2.25	2.00	2.00	2.00
Australia (Cash Rate)	0.75	0.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.10	0.10	0.10
New Zealand (Cash Rate)	1.00	1.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Malaysia (OPR)	2.75	2.75	2.50	2.50	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75

**** As at 28 January 2021***
Source: Bloomberg

✓ Most of Central Banks have decided to maintain their benchmark interest rate in January 2021 to support economic challenges brought by the pandemic. This suggests that monetary policy accommodativeness would continue despite better economic activities expected in 2021.

MARKET REACTIONS

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- ✓ The three US major indexes suffered their biggest one-day percentage drop in three months on Wednesday, adding to losses after the latest Fed statement.
- ✓ The major indexes were also pressured by a slump in Boeing shares after the plane maker took a hefty USD6.5 billion charge on its all-new 777X jetliner due to the Covid-19 pandemic combined with selling of long positions by hedge funds.
- ✓ Looking ahead, concerns about heightened stock market valuations, rising Covid-19 cases and uneven distribution of vaccine rollouts have heightened investor worry about a pullback and increase in volatility in the near-term. The Chicago Board Options Exchange (CBOE) Market Volatility index, often used as a gauge for investor anxiety, closed at a high of 37.2 points on Wednesday, its highest since 30 October 2020.
- ✓ As equity market investors shifted to safe haven assets such as bonds, US Treasury yields saw a drop. On further scrutiny, the 5-Y, 10-Y and 30-Y US Treasury yields saw a 1.0 basis point decline while the 7-Y US Treasury yield retreated by 2.0 basis points. The 3-Y US Treasury yield on the other hand saw no daily changes on Wednesday.

Changes in US Treasury Yields

Tenure of US Treasury Bill	Daily change in yields (basis points) on 27 January 2021
3-Y	0.0
5-Y	-1.0
7-Y	-2.0
10-Y	-1.0
30-Y	-1.0

Source: US Department of Treasury

Performance of US Stock Market

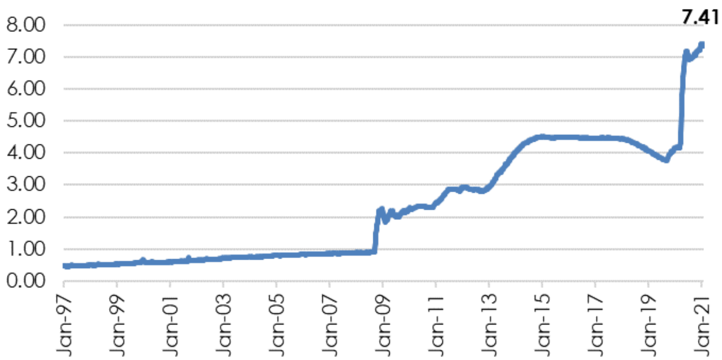
Index	Percentage Change in Index on 27 January 2021
Dow Jones Industrial Average	-2.1%
S&P 500	-2.6%
Nasdaq	-2.6%

Source: Bloomberg

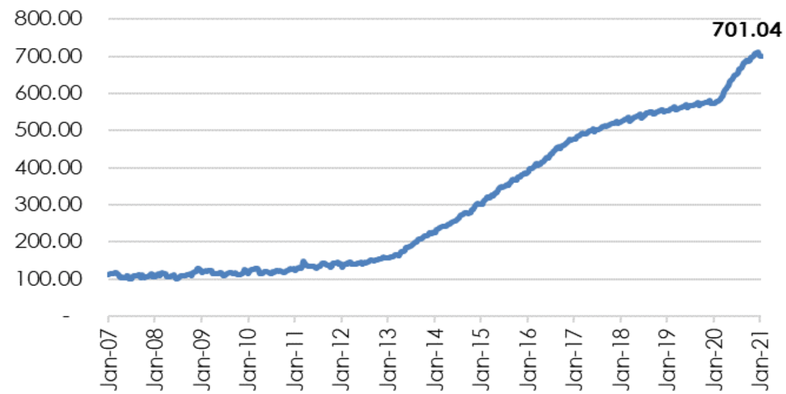
CENTRAL BANKS ARE EXPANDING

Global liquidity has remained abundant in tandem with the stimulus packages announced by governments around the world:

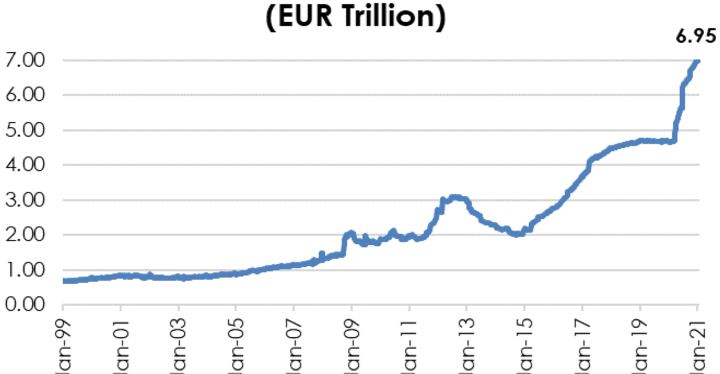
US Federal Reserve (USD Trillion)



Bank Of Japan (Yen Trillion)



European Central Bank (EUR Trillion)



Source: Bloomberg

Country	Latest Actions
US Federal Reserve	Will continue buying at least USD120.00 billion worth of bonds a month.
European Central Bank	The European Central Bank announced it would keep interest rates at record lows and bond-buying at EUR1.85 trillion (USD2.25 trillion) after it boosted bond-buying by EUR500.00 billion in December 2020 to support the Eurozone.
Bank of Japan	The Bank of Japan (BOJ) maintained its targets under yield curve control (YCC) at -0.1% for short-term rates and around 0% for 10-year bond yields during its latest policy meeting. BOJ will discuss ways to scale back its massive asset-buying programme and loosen its grip on YCC to breathe life back into markets numbed by years of heavy-handed intervention.

Sources: Various Media

US TREASURY YIELD CURVES HAVE STEEPENED

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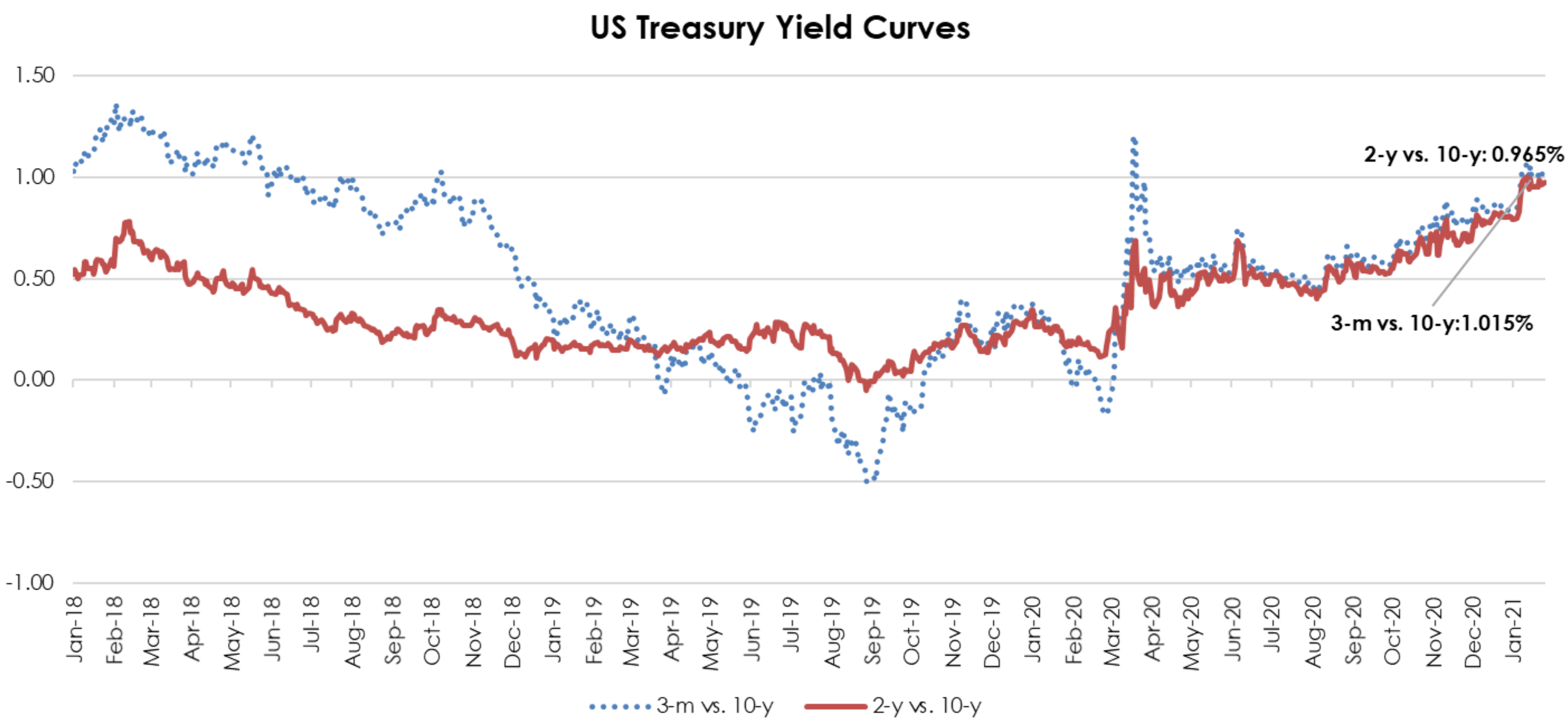
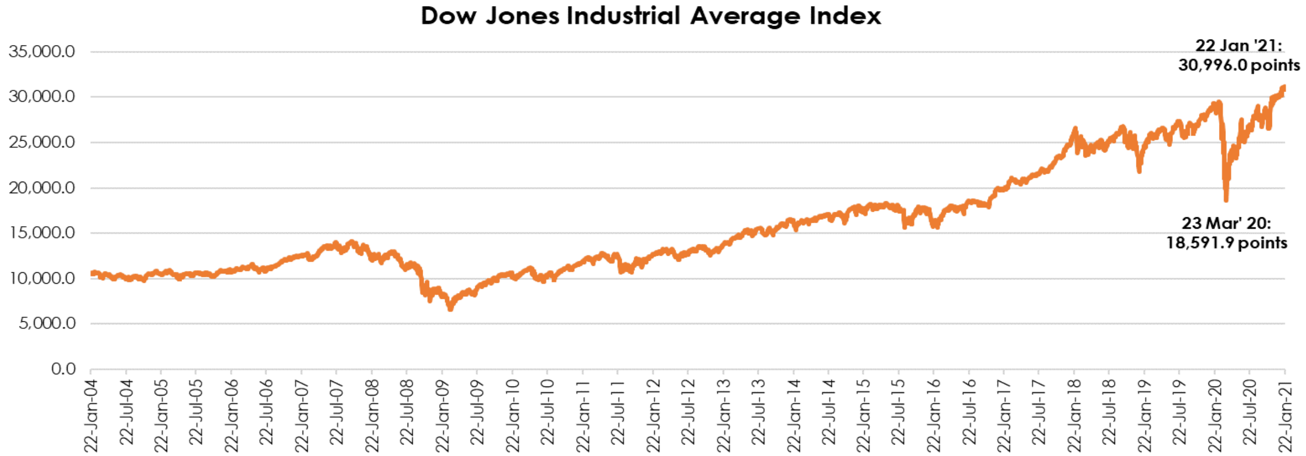
- ✓ After the curve inverted in 2019, the shape of the curve has become steep. This would imply that the bond markets have been bearish about the rates. In other words, risk-on mode has emerged.



Source: Bloomberg

ECONOMIES MAY RECOVER AT A SLOWER-THAN EXPECTED RATE BUT ASSET PRICES CONTINUE TO RISE STRONGLY

- ✓ After reaching a trough of 18,591.9 points on 23 March 2020 amid the outbreak of the Covid-19 pandemic, the Dow Jones Industrial Average index has rebounded by an astounding 66.7% as at January 2021. Substantial liquidity has been injected into the US stock market since the outbreak via the stimulus package from the previous Trump administration. Even now the Biden administration is proposing a USD1.9 trillion stimulus package to combat the economic impact from the resurgence in Covid-19 infections.
- ✓ However, as risk-on mode emerges in the markets such as equity following the concentration of liquidity on asset markets, measures of monetary velocity fall. Even since 2007, the velocity of money has fallen dramatically as the US Fed greatly expanded its balance sheet in an effort to combat the global financial crisis and deflationary pressures.
- ✓ Conversely, when money starts to shift into the real economy, then monetary velocity rises. If velocity picks up, then there will be less cash chasing assets, and more capital invested in reviving the real economy.
- ✓ In other words, buying power could shift from investors to consumers, leading to an economic boom. Counterintuitively, share prices could struggle to keep up and possibly crash later on.



Source: Bloomberg

- ✓ So far, about 25.0 million people in the US have received at least one of the required two vaccine doses as at 24 January 2021, and Biden hopes to boost the pace of daily shots to 1.5 million. As such, Biden has requested an additional USD1.9 trillion in government spending to speed up the vaccination and expand benefits available for households and businesses. However, with the filibuster rule in place which allows members of the Congress to debate over a legislation to delay or prevent it, the bill could get derailed unless the Democrats can get 10 Republicans to join them in closing debate and moving on with a vote, a process known as cloture. Due to this, the new round of stimulus may not get a vote until mid-March 2021.
- ✓ Notwithstanding this, the Fed will remain with its dovish stance for the meantime as job losses remained heightened and still nearly 10.0 million short of its pre-pandemic levels. Moreover, the latest inflation rate in the US stood at 1.3% in 2020 (2019: 1.8%) which is still below the Fed's 2.0% annual inflation target.
- ✓ Other countries such as Germany has slashed its GDP growth forecast to 3.0% this year, down from a 4.4% growth forecast at the end of October 2020, as the lockdown from November 2020 until February 2021 is impacting the economy. Germany's Ifo business climate index slumped to a six-month low of 90.1 points in January 2021 (December: 92.2 points) as the second wave of Covid-19 halted the recovery.
- ✓ Therefore, the overall situation appears highly uncertain. With that, the Fed's latest decision to keep rates unchanged is apt considering the near-term economic backdrop which has weakened at a time when consumers cut down spending following a slowdown in labour market recovery.
- ✓ As for Bank Negara Malaysia (BNM), we are pencilling in a 25 basis points cut in the Overnight Policy Rate (OPR) in the upcoming meeting during March. We opine that the latest MCO would have a significant impact to economic activities that would alter the strength of the recovery momentum. A highly accommodative monetary policy is warranted in order to supplement the expansionary fiscal policies so that a decent economic growth could be sustained.
- ✓ Plus, the Credit Rating Agencies (CRAs) have grown a "little" uncomfortable with the elevated levels of government debt and narrowing tax base. As such, the BNM may need to chip in.

BIDEN'S USD1.9 TRILLION PACKAGE PROPOSAL

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Features	Details
Stimulus Checks	✓ Boosting direct payments to individuals to USD2,000.00 for most Americans, on top of the USD600.00 that Congress approved in December 2020.
Vaccinations & Testing	✓ Allocate USD20.00 billion to create a national vaccine distribution program that would offer free shots to all U.S. residents regardless of immigration status. ✓ Allocate USD50.00 billion to ramp up testing efforts, including purchasing rapid-result tests, expanding lab capacity and helping local jurisdictions implement testing regimens.
State Aid	✓ Push for USD35.00 billion in funding assistance for state, local and territorial governments plus USD20.00 billion for public transit systems.
Unemployment Insurance	✓ Extend and expand unemployment benefits that are scheduled to run out in mid-March. The proposal increases a weekly federal benefit to USD400.00 from USD300.00 and extends it through the end of September 2021.
Paid Leave	✓ Create a requirement for employers, regardless of size, to offer paid sick leave during the pandemic to workers. ✓ Provide benefits of as much as USD1,400.00 per week and tax credits for employers with fewer than 500 employees to reimburse them for the cost of the leave.
Minimum Wage	✓ More than double the federal minimum wage to USD15.00 an hour from USD7.25.

Source: Bloomberg

BIDEN'S USD1.9 TRILLION PACKAGE PROPOSAL (CONTINUED)

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Features	Details
Tax Credits	✓ Expand tax credits for low- and middle- income families and make them refundable for 2021. He is proposing to expand the child tax credit to USD3,000.00 from USD2,000.00 for each child 17 and younger. Children under age six would be eligible for USD3,600.00. ✓ Biden is also requesting USD25.00 billion for a stabilization fund to help open child-care centres and USD15.00 billion in grants to support essential workers in meeting child care costs.
Schools	✓ Calling for USD170.00 billion to help schools to open which will allow many parents, especially women, to rejoin the labour force after they dropped out to care for children learning at home. ✓ Allocate USD130.00 billion would go to K-12 schools to help them hire additional staff to reduce class size, modify spaces and purchase resources to help meet students' academic and mental health needs. The plan would also direct USD35.00 billion to colleges and universities and create a USD5.00 billion fund for governors to direct help to schools most hard-hit by the virus.
Rental Assistance	✓ Extend the eviction and foreclosure moratorium through September. It would also provide USD30.00 billion to help low-income households who have lost jobs pay rent and utility bills. The plan would also provide USD5.00 billion to states and localities to offer emergency housing for families facing homelessness.
Small Businesses	✓ Proposing to leverage USD35.00 billion in government funds into USD175.00 billion in low-interest loans to finance small businesses. He is also calling for USD15.00 billion in grants for such employers. He is proposing to use laid-off restaurant workers to partner with federal nutrition programs to get those employees working again.

Source: Bloomberg

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APPENDIX

- ✓ The Federal Reserve is committed to using its full range of tools to support the US economy in this challenging time, thereby promoting its maximum employment and price stability goals.
- ✓ The Covid-19 pandemic is causing tremendous human and economic hardship across the US and around the world. The pace of the recovery in economic activity and employment has moderated in recent months, with weakness concentrated in the sectors most adversely affected by the pandemic. Weaker demand and earlier declines in oil prices have been holding down consumer price inflation. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to US households and businesses.
- ✓ The path of the economy will depend significantly on the course of the virus, including progress on vaccinations. The ongoing public health crisis continues to weigh on economic activity, employment, and inflation, and poses considerable risks to the economic outlook.
- ✓ The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer run goal, the Committee will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent. The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved. The Committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent and expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, the Federal Reserve will continue to increase its holdings of Treasury securities by at least USD80 billion per month and of agency mortgage-backed securities by at least USD40 billion per month until substantial further progress has been made toward the Committee's maximum employment and price stability goals. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.
- ✓ In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectations, and financial and international developments.
- ✓ Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Thomas I. Barkin; Raphael W. Bostic; Michelle W. Bowman; Lael Brainard; Richard H. Clarida; Mary C. Daly; Charles L. Evans; Randal K. Quarles; and Christopher J. Waller.

US ECONOMY IS EXPECTED TO CONTRACT BY 3.5% IN 2020 – ADVANCE ESTIMATES BY THE US BUREAU OF ECONOMIC ANALYSIS

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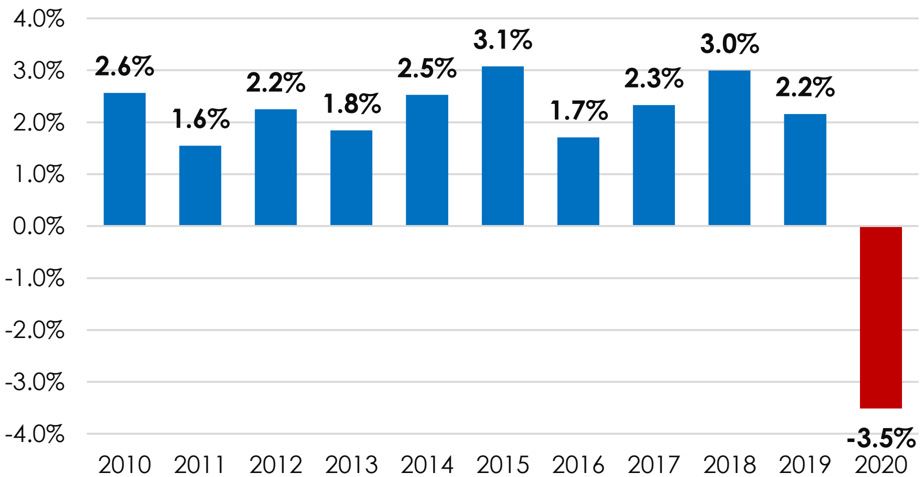
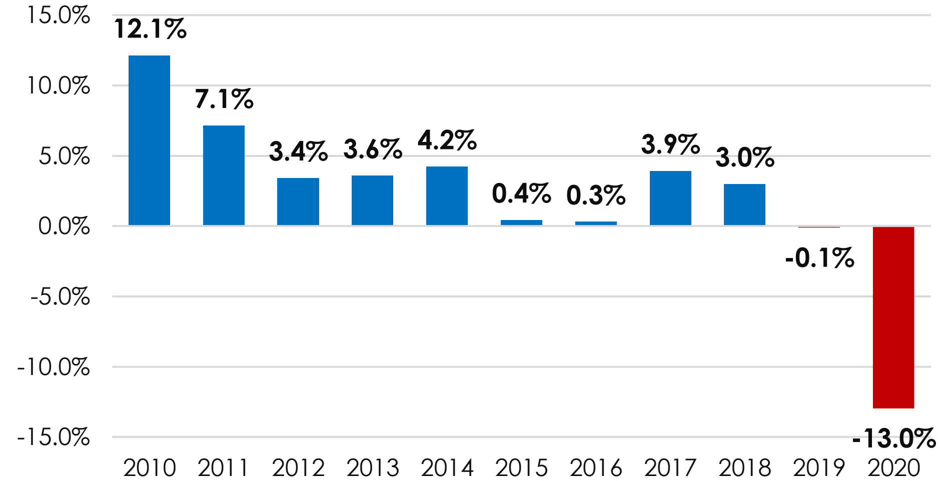
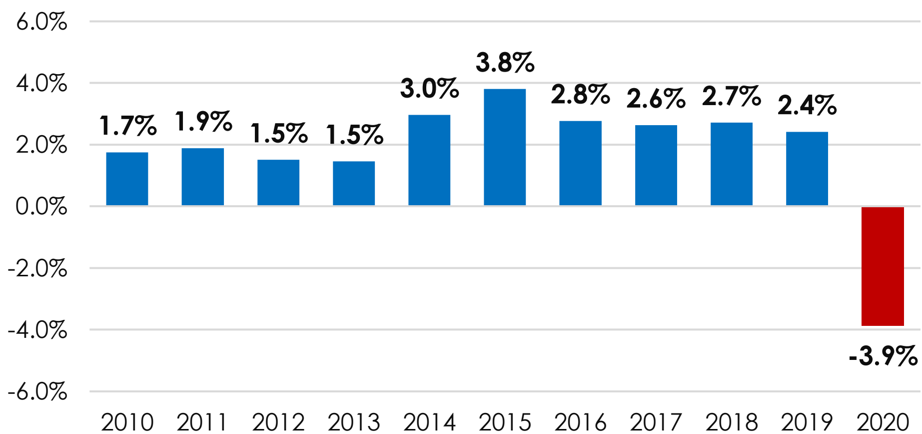
GDP, y-o-y%



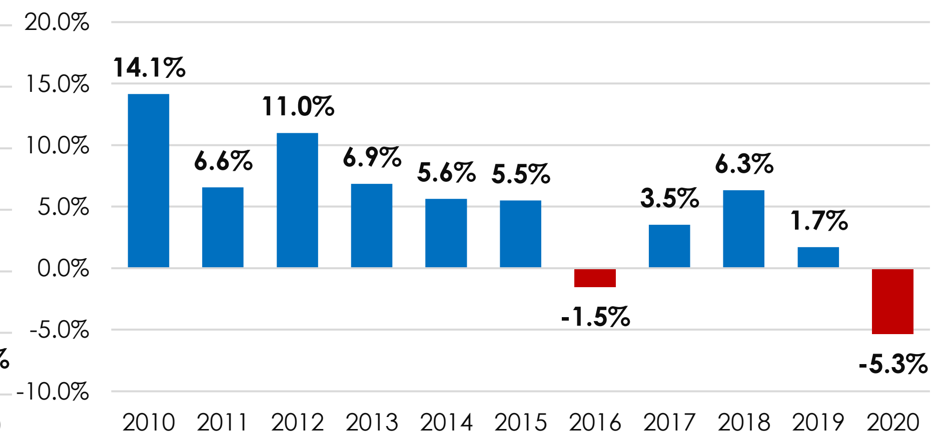
Exports, y-o-y%



Personal Consumption Expenditure (PCE), y-o-y%

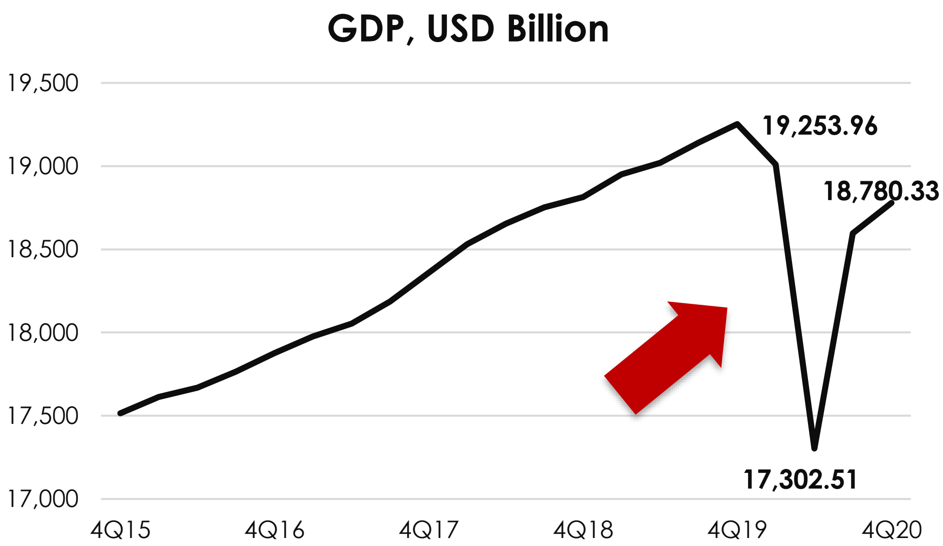


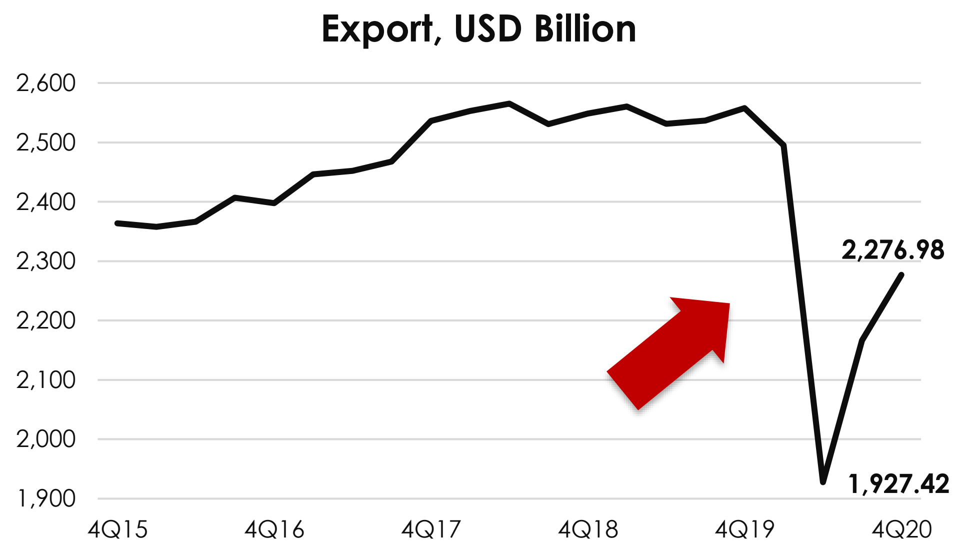
Gross Private Domestic Investment (GPDI), y-o-y%

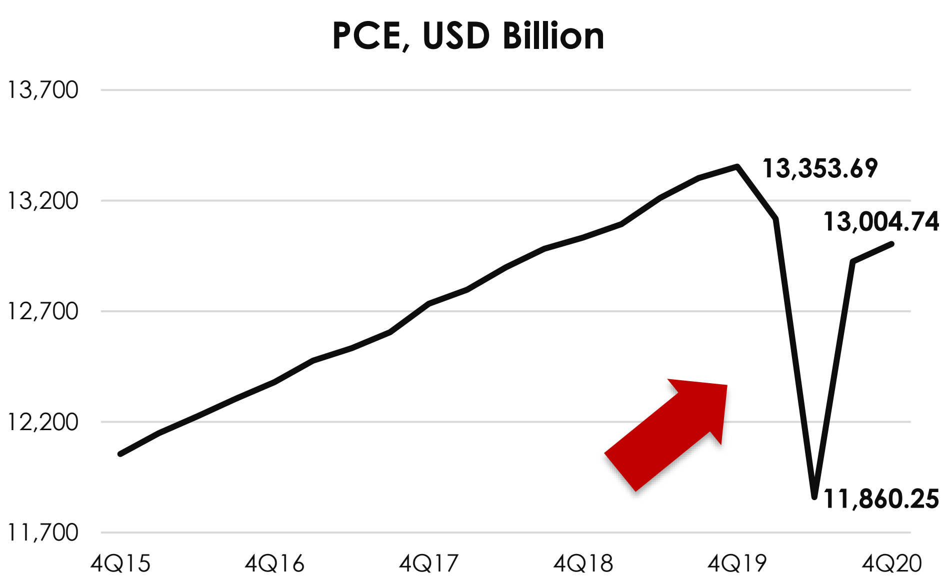


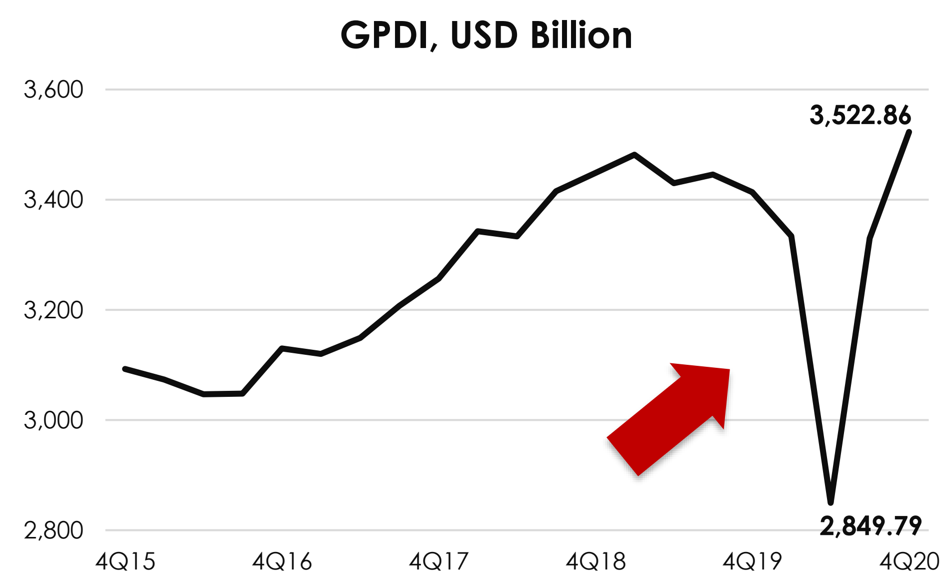
Sources: US BEA, CEIC

RECOVERY IN THE US ECONOMIC ACTIVITIES DURING 4Q2020









Sources: US BEA, CEIC

BETTER PROJECTION FOR US ECONOMIC GROWTH IN 2021

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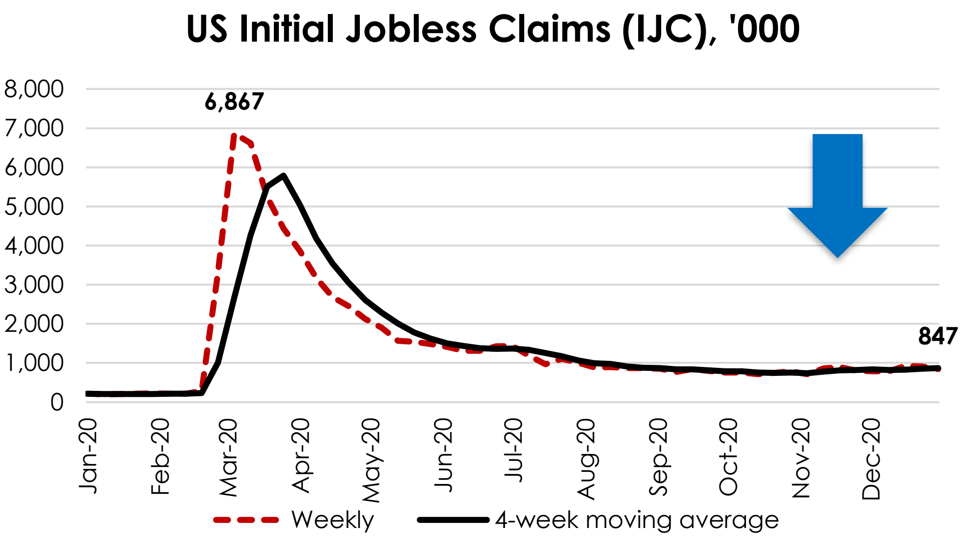
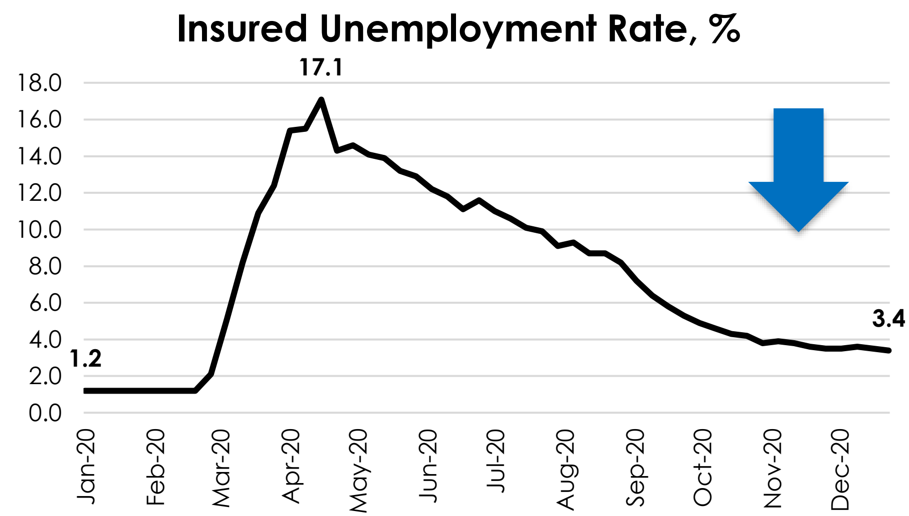
	Year over Year						Q4 over Q4 2/		
		Estimate	Projections		Difference from October 2020 WEO Projections 1/		Estimate	Projections	
	2019	2020	2021	2022	2021	2022	2020	2021	2022
World Output	**2.8**	**–3.5**	**5.5**	**4.2**	**0.3**	**0.0**	**–1.4**	**4.2**	**3.7**
Advanced Economies	**1.6**	**–4.9**	**4.3**	**3.1**	**0.4**	**0.2**	**–3.9**	**4.6**	**1.9**
United States	2.2	–3.4	5.1	2.5	2.0	–0.4	–2.1	4.0	2.0
Euro Area	1.3	–7.2	4.2	3.6	–1.0	0.5	–6.8	5.8	2.0
Germany	0.6	–5.4	3.5	3.1	–0.7	0.0	–5.3	5.2	1.7
France	1.5	–9.0	5.5	4.1	–0.5	1.2	–8.2	7.4	2.0
Italy	0.3	–9.2	3.0	3.6	–2.2	1.0	–8.3	4.2	2.3
Spain	2.0	–11.1	5.9	4.7	–1.3	0.2	–9.8	7.1	2.0
Japan	0.3	–5.1	3.1	2.4	0.8	0.7	–2.3	2.7	1.6
United Kingdom	1.4	–10.0	4.5	5.0	–1.4	1.8	–8.3	6.0	1.9
Canada	1.9	–5.5	3.6	4.1	–1.6	0.7	–4.0	3.7	2.7
Other Advanced Economies 3/	1.8	–2.5	3.6	3.1	0.0	0.0	–2.2	4.5	1.9
Emerging Market and Developing Economies	**3.6**	**–2.4**	**6.3**	**5.0**	**0.3**	**–0.1**	**0.9**	**3.7**	**5.4**
Emerging and Developing Asia	5.4	–1.1	8.3	5.9	0.3	–0.4	3.2	3.8	6.4
China	6.0	2.3	8.1	5.6	–0.1	–0.2	6.2	4.2	6.0
India 4/	4.2	–8.0	11.5	6.8	2.7	–1.2	0.6	1.7	7.8
ASEAN-5 5/	4.9	–3.7	5.2	6.0	–1.0	0.3	–3.2	5.2	6.1
Emerging and Developing Europe	2.2	–2.8	4.0	3.9	0.1	0.5	–2.7	4.8	3.0
Russia	1.3	–3.6	3.0	3.9	0.2	1.6	–4.6	5.3	2.6
Latin America and the Caribbean	0.2	–7.4	4.1	2.9	0.5	0.2	–4.8	2.3	2.8
Brazil	1.4	–4.5	3.6	2.6	0.8	0.3	–1.9	1.6	2.6
Mexico	–0.1	–8.5	4.3	2.5	0.8	0.2	–5.4	2.2	2.4
Middle East and Central Asia	1.4	–3.2	3.0	4.2	0.0	0.2	...	...	...
Saudi Arabia	0.3	–3.9	2.6	4.0	–0.5	0.6	–3.1	3.5	4.0
Sub-Saharan Africa	3.2	–2.6	3.2	3.9	0.1	–0.1	...	...	...
Nigeria	2.2	–3.2	1.5	2.5	–0.2	0.0	...	...	...
South Africa	0.2	–7.5	2.8	1.4	–0.2	–0.1	–6.2	2.8	0.6
Memorandum									
Low-Income Developing Countries	5.3	–0.8	5.1	5.5	0.2	0.0	...	...	...
World Growth Based on Market Exchange Rates	2.4	–3.8	5.1	3.8	0.3	0.0	–2.0	4.3	3.1
World Trade Volume (goods and services) 6/	**1.0**	**–9.6**	**8.1**	**6.3**	**–0.2**	**0.9**	...	...	...
Advanced Economies	1.4	–10.1	7.5	6.1	0.4	1.0	...	...	...
Emerging Market and Developing Economies	0.3	–8.9	9.2	6.7	–1.0	0.8	...	...	...

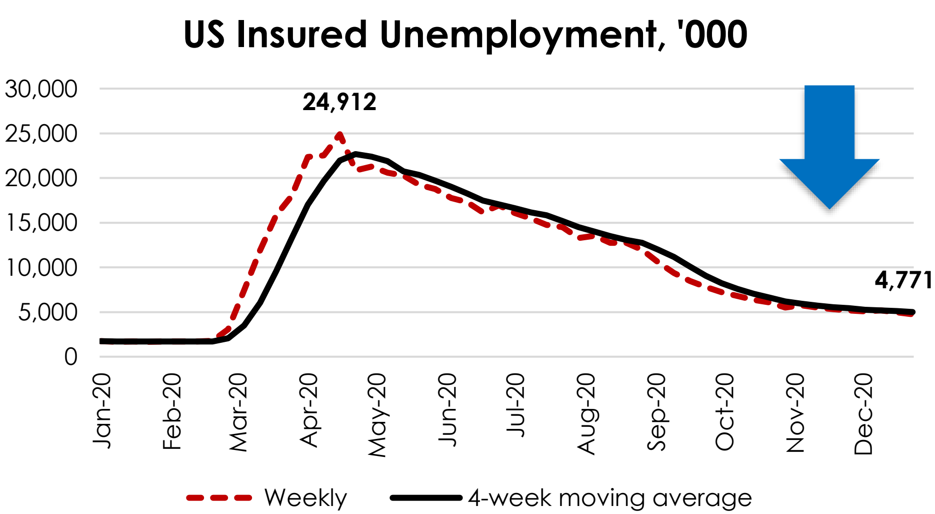
Source: IMF

According to the International Monetary Fund (IMF) world economic outlook (WEO) report in January 2021, the upward revision of the US economic growth by 2.0% to 5.1% in 2021 (WEO October 2020: 3.1%) was a result from strong economic momentum in 2H2020 and additional support from the December 2020 fiscal package. This would the strongest growth since 1984 with vaccines and stimulus are expected to drive the recovery.

LABOUR MARKET IS GRADUALLY IMPROVING BUT HAS NOT REACHED PRE-PANDEMIC LEVELS







- ✓ The number of Americans filing for unemployment benefits decreased by 67k as at 23 January to 847k (previous week: 914k).
- ✓ Similarly, the number of people already collecting for the unemployment benefits declined to 4.7 million as at 16 January from 5.0 million in the preceding week as more Americans are being hired.
- ✓ Overall, the labour market continues to repair itself, though at a slower pace.

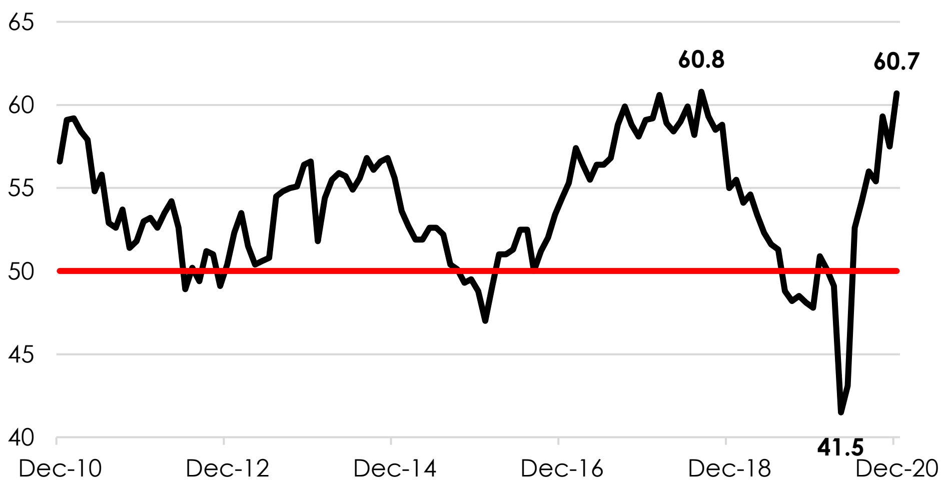
Sources: CEIC, US Department of Labor

MANUFACTURING SECTOR CONTINUED ITS RECOVERY

BANK ISLAM

Index	Series Index December	Series Index November	Percentage Point Change	Direction	Rate of Change	Trend (Months)
PMI	60.7	57.5	3.2	Growing	Faster	7
New Orders	67.9	65.1	2.8	Growing	Faster	7
Production	64.8	60.8	4.0	Growing	Faster	7
Employment	51.5	48.4	3.1	Growing	From Contracting	1
Supplier Deliveries	67.6	61.7	5.9	Slowing	Faster	14
Inventories	51.6	51.2	0.4	Growing	Faster	3
Customers' Inventories	37.9	36.3	1.6	Too Low	Slower	51
Prices	77.6	65.4	12.2	Increasing	Faster	7
Backlog of Orders	59.1	56.9	2.2	Growing	Faster	6
New Export Orders	57.5	57.8	-0.3	Growing	Slower	6
Imports	54.6	55.1	-0.5	Growing	Slower	6
OVERALL ECONOMY				Growing	Faster	8
Manufacturing Sector				Growing	Faster	7

US ISM Manufacturing PMI, points



Sources: Bloomberg, US ISM

- ✓ The US Institute for Supply Management (ISM) Manufacturing Purchasing Manger's Index (PMI) **increased to 60.7 points in December** from 57.5 points in the preceding month.
- ✓ This figure indicates **expansion in the overall economy for the eighth month in a row** after contracting in March, April, and May, which ended a period of 131 consecutive months of growth.
- ✓ The strong growth was mainly **supported by New Orders** (December: 67.9 points vs. November: 65.1 points) and **Production** (December: 64.8 points vs. November: 60.8 points) indexes during December.

MANUFACTURERS' SENTIMENTS IN DECEMBER 2020

Business Sector	Outlook on Business Activities
Chemical Products	Managed to see a slight growth in 2020, surviving lockdowns, customer restrictions and limited manpower due to work from home arrangements.
Transportation Equipment	Covid-19 outbreaks have caused supply chain issues for Tier-1 and Tier-2 suppliers. Nevertheless, end-customer demand for products is keeping production and future outlook positive.
Computer & Electronic Products	Despite facing delays in shipment, many customers are not cancelling orders outright, leading to a pick-up in business especially in China which saw an economic growth in 2020 despite the pandemic.
Food, Beverage & Tobacco Products	Vendors and service suppliers unable to maintain levels of service due to employee shortages. Logistic issues also hurting the sector due to Covid-19 related problems.
Miscellaneous manufacturing	Sales have exceeded pre-Covid-19 levels, but uncertainty remains through the winter months while Covid-19 is still rampant.
Fabricated Metal Products	Business outlook is strong through the 1Q2021 with an anticipated 20.0% growth in sales for 2021.
Machinery	Business is almost back to normal levels. However, customers are still cautious with capital spending.

Source: US ISM