

30 JAN, 2023

Financial Markets



The Malaysian Reserve, Malaysia

Financial Markets

Market Outlook 2023

Going forward, short-term market volatility is expected to persist amid the expectation of softening in global growth. Nevertheless, several upside and domestic catalysts could potentially boost market sentiment, possibly providing some fundamental support to domestic market in the medium term.

Source: Year in Review 2022, Annual Report 2022 and what lies ahead? Bursa Malaysia

Downside risks	Upside factors
Persistent global inflationary pressures.	Further recovery in domestic economy, albeit a slower pace, driven by strength in tourism activity from China's reopening (World Bank forecasted a 6.4% and 4.2% GDP growth for Malaysia in 2022F and 2023F respectively).
Rising global interest rates, fuelled by the Fed's aggressive rate hikes, impede economic recovery.	Better earnings growth outlook.
Weakening global economic outlook due to prolonged geopolitical uncertainties, global supply-chain disruptions and looming recession in key economies (US & EU).	Political stability with the possibility of more supportive policy measures in the new federal budget to boost consumption spending.
Weakening local currency against strength of US dollar which increase cost of imported materials, putting pressure on corporate earnings.	Market valuation remained attractive with FBMKLCI's forward PE of 14.5x, being one of the lowest in the region, suggesting potential bargain hunting activities.

Source: Year in Review 2022, An eventful 2022 and what lies ahead? Bursa Malaysia

10 top traded Shariah-compliant stocks that were favoured by foreign investors as at Sept 30, 2022

Company	Sector	Average Daily Value (RM mil)	Foreign Inflow (RM mil)
Petronas Chemicals Group Bhd	Industrial products & services	81.7	852.8
Dagang NeXchange Bhd	Technology	67.6	143.9
Press Metal Aluminium Holdings Bhd	Industrial products & services	55.0	817.6
Kuala Lumpur Kepong Bhd	Plantation	45.3	576.6
Hibiscus Petroleum Bhd	Energy	41.4	70.0
Tenaga Nasional Bhd	Utilities	34.5	129.2
Hartalega Holdings Bhd	Healthcare	30.0	141.8
Sime Darby Plantation Bhd	Plantation	28.1	439.2
IOI Corp Bhd	Plantation	17.8	299.5
MR D.J.Y Group (M) Bhd	Consumer products & services	16.2	326.2

Source: Islamic Capital Market in Malaysia (Nov 1, 2022)

Malaysia's Capital Market Size

Year	Total market capitalisation of securities listed in Bursa Malaysia (RM bil)	Bonds & Sukuk Outstanding (RM bil)	Total size of Malaysia capital market (RM bil)
2019	1,711.84	1,490.28	3,202.11
2020	1,817.29	1,609.01	3,426.30
2021	1,789.20	1,740.83	3,530.02
Jan 2022	1,729.61	1,751.88	3,481.49
Feb 2022	1,806.47	1,764.44	3,570.91
Mar 2022	1,795.27	1,769.56	3,564.83
Apr 2022	1,826.05	1,780.07	3,606.12
May 2022	1,774.41	1,790.13	3,564.55
June 2022	1,647.73	1,810.03	3,457.76
Jul 2022	1,693.39	1,821.63	3,515.01
Aug 2022	1,706.31	1,843.15	3,549.46
Sept 2022	1,602.44	1,857.16	3,459.60
Oct 2022	1,660.91	1,867.13	3,528.04
Nov 2022	1,703.55	1,867.80	3,571.35

Source: Malaysia's Capital Market Size, Securities Commission Malaysia

Sustainable Finance

- Facilitating Sustainable and Responsible Investment (SRI) products and services. Enable and encourage capital flows into sustainable investments through SRI products and services.
- Enhancing Corporate Governance (CG) and sustainability practices and disclosures. Inculcate good CG and sustainability practices and disclosures.
- Participating in relevant committees, working groups and events. Contribute to the active development of the sustainable finance ecosystem through collaboration and thought leadership.

Top 5 most active ETFs by Value (RM) (Dec 2022)

1. GOLDETF	RM1,764,903
2. CHINAETF-MYR	RM1,678,779
3. FANG-2XL	RM1,508,134
4. CHINA100-MYR	RM1,254,326
5. KLCI2XL	RM917,423

Top 5 most active ETFs by Volume (units) (Dec 2022)

1. CHINA100-MYR	916,600
2. GOLDETF	705,600
3. KLCI2XL	514,000
4. CHINAETF-MYR	339,700
5. FBMKLCI-EA	322,100

Source: ETF Performance Report, Dec 2022, Bursa Malaysia

Malaysian Government Securities (MGS) - Conventional

MGS Benchmarks			Trading Yields (%)			Total Volume (RM mil)	Daily change (bps)
Tenure	Maturity	Coupon (%)	Low	High	Close		
3-year	Mar 2025	3.882	3.49	3.55	3.49	63.44	-4
5-year	Nov 2027	3.899	3.70	3.79	3.70	647.77	-9
7-year	Apr 2029	4.504	3.92	3.98	3.92	304.60	-4
10-year	Jul 2032	3.582	3.91	3.98	3.93	397.45	-4

Government Investment Issues (GI) - Islamic

GI Benchmarks			Trading Yields (%)			Total Volume (RM mil)	Daily change (bps)
Tenure	Maturity	Low	High	Close			
3-year	Oct 2025	3.54	3.61	3.54	387.99	-5	
5-year	Sep 2027	3.73	3.83	3.79	170.11	-1	
7-year	Jul 2029	3.99	4.04	3.99	610.68	-4	
10-year	Oct 2032	4.04	4.09	4.04	319.0	-5	

Source: Government Securities Yield - BNM (as of Jan 18, 2023)

Short-term bills

Types of bills	Up to 3-mth	Abv 3- to 6-mth	Abv 6- to 12-mth
Malaysia Treasury Bills	2.98	3.16	3.25
Malaysia Islamic Treasury Bills	2.98	3.17	3.25
Bank Negara Monetary Notes Conventional	2.98	3.16	3.25
Bank Negara Monetary Notes	2.98	3.17	3.25

Source: BNM and ETR, Bursa Malaysia Bonds Sub Bhd (as of Jan 18, 2023)

Economic Value Generated & Distributed - Bursa Malaysia

Economic Value Generated		RM (mil)
Operating revenue		751.6
Total income		767.5
Other income		15.9
Economic Value Distributed		RM (mil)
Dividends		331.8
Staff costs		158
Taxes		123.2
Community investment		6.3
Economic value retained for reinvestment		23.4
Other operating expenses		124.8

Source: Sustainability Report 2021, Bursa Malaysia