

Performance and Key Highlights of Bursa Malaysia Derivatives (BMD) Products in Q1 2021

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Global Highlights



1. Global COVID-19 Vaccine Immunisation Program

- COVID-19 cases continued to haunt the global environment in early of 2021 where the number of cases has reached 130 million marks with 2.8 million deaths.
- Despite the continuous surging of COVID-19 cases globally, the prospect of returning to normal condition is revived in the first 3 months of the year as most of the countries around the world are aggressively rolling out their own vaccination programs.
- Based on data from BBC news, more than 677 million doses of the COVID-19 vaccines have been administered in 151 countries worldwide with countries like United States and China have administered the most with 167 million and 143 million respectively.
- According to the data, the Oxford-AstraZeneca is now the most widely used vaccine around the world, with Pfizer-BioNTech rank in the second highest of usage.



2. The Inauguration of New President of United States

- Following the victory in the last election in 2020, the new President of United States took the oath in the formal inauguration ceremony that took place on 20 January 2021.
- The ceremony marked the official appointment of Joe Biden as the 46th president of the United States.
- Two weeks earlier, a protest happened in the Capitol where a large group of pro-Trump protesters tried to breach the building.



3. US COVID-19 Relief Package

- On 11th March 2021, President Joe Biden signed the USD1.9 trillion coronavirus relief package which marked his first duty as the President of United States.
- The package known as the American Rescue Plan consists special assistance in expanding health care system, extending unemployment benefits and reopening the schools for children.

Source : Bloomberg, Reuters, BBC News The Edge Market and The Star

Domestic Highlights



1. Reinstatement of Movement Control Order

- Following the rising infections nationwide to 4 digit cases, Malaysian government had decided to reinstate the Movement Control Order in 5 states namely Melaka, Johor, Penang, Selangor and Sabah from 13 January to 26 January 2021.
- Under the MCO condition, all the social gatherings are banned and dine-ins are forbidden, while people can only travel within 10km radius from home.
- However, as the situation did not get any better, the MCO was extended twice to the whole country from 27 February to 4 February and from 5 February to 4 March 2021.
- Effective 5 March 2021, the government has announced that MCO was officially phased out to be replaced with Conditional Movement Control Order (CMCO) and Recovery Movement Control Order (RMCO).



2. COVID-19 National Immunisation Programme

- In line with global peers, Malaysia has also launched its own National Immunisation Program (NIP) where the first batch of COVID-19 vaccines arrived on 21 February 2021.
- The program will be conducted in three phases where the first phase will be targeted to all the front liners until April 2021 while the second phase will only commence in April for senior citizens and individual with critical illnesses.
- The vaccines will only available to general public in third phase expected to begin around May 2021.
- Under the program, Malaysia hopes to achieve herd immunity against COVID-19 once it has inoculated 80% of total country's population by February 2022.

Source : Bloomberg, Reuters, The Edge Market and The Star

Domestic Highlights



3. Emergency Proclamation in Malaysia

- Due to the continuous rising of COVID-19 cases in Malaysia, the country's King Al-Sultan Abdullah had declared a state of emergency across the country to curb the spread of the infection.
- Under the emergency declaration, which will last until 1 August 2021, Malaysia will remain open for business and economic activity, but the parliament and state legislative assemblies will not convene.
- General, state and by elections are also not allowed under this period, and the authority to make new laws called ordinances rests with the King if he is satisfied that there are certain circumstances which make it necessary for him to take "immediate action".



4. Special Assistance Package 2021

- In complement with the four economic stimulus package announced in 2020, Malaysia government had introduced its fifth stimulus package known Perlindungan Ekonomi dan Rakyat Malaysia or better known as PERMAI.
- PERMAI, which is valued at RM15 billion, consists three main objectives, namely combating the COVID-19 outbreak, safeguarding the people's welfare and supporting the business continuity.

Source : Bloomberg, Reuters, The Edge Market and The Star

Overall BMD Performance Q1 2021

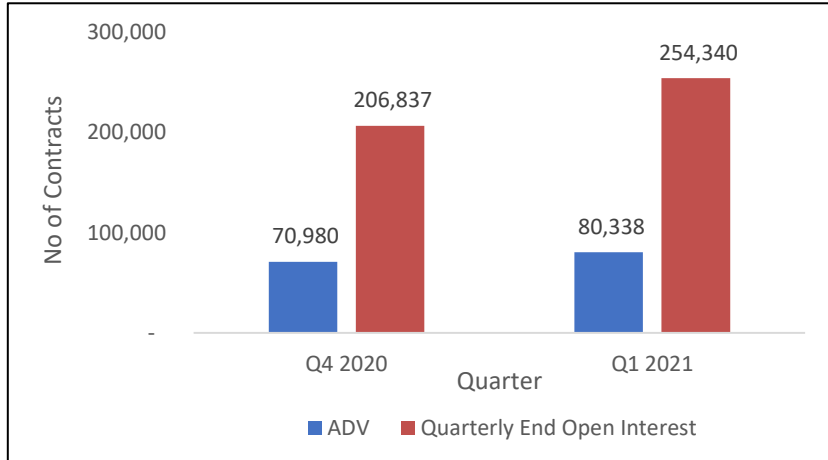
No of Trading Days

Q1 2021 : 60

Q4 2020 : 64

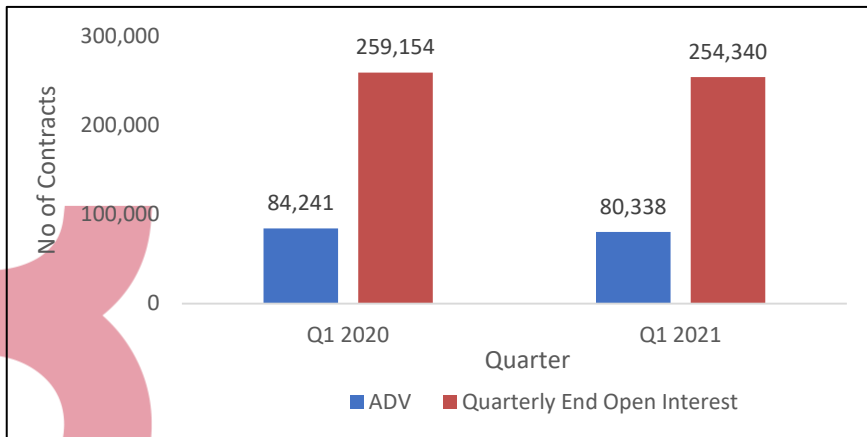
Q1 2020 : 64

QoQ Performance



- Measuring QoQ performance, the overall BMD exchange showed a stellar performance as both ADV and quarterly end open interest recorded an impressive growth.
- The ADV grew by 13.18% from 70,980 contracts in Q4 2020 to 80,338 contracts in Q1 2021.
- Meanwhile, the quarterly end open interest grew by 22.97% from 206,837 contracts in Q4 2020 to 254,340 contracts in Q1 2021.

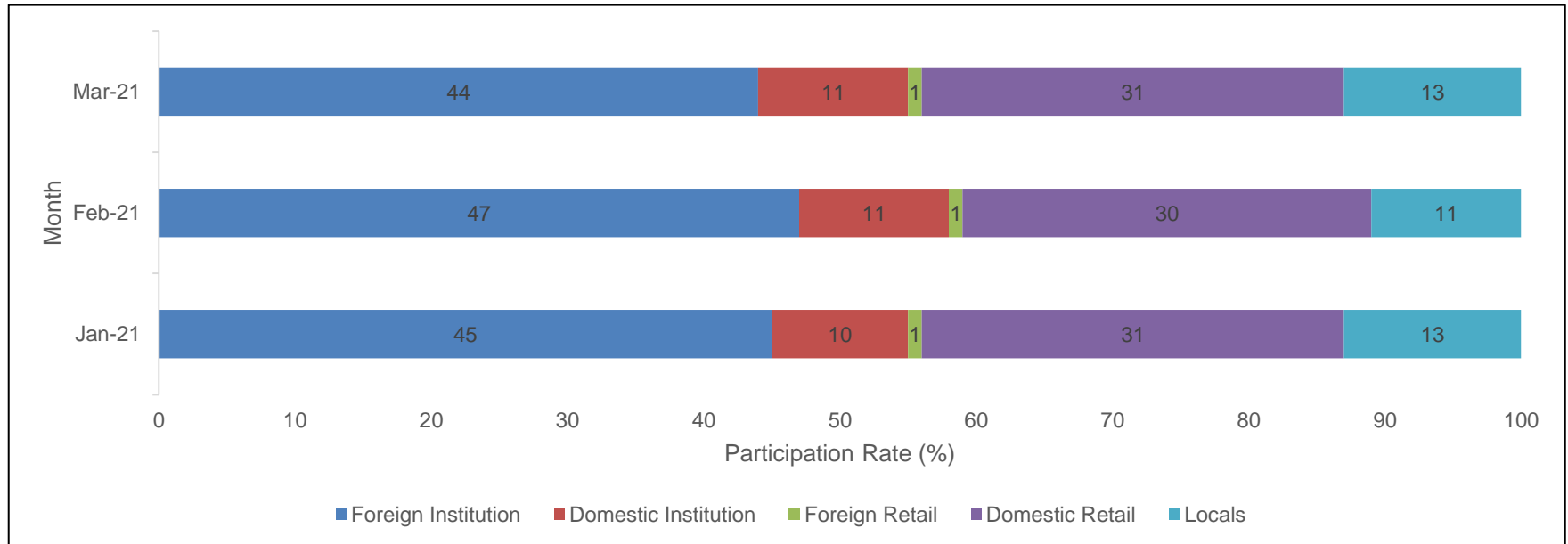
YoY Performance



- The performance of overall BMD's products are different when YoY comparison is made when both ADV and quarterly end open interest showed a marginal drop.
- In terms of ADV, the number of contracts fell 4.63% from 84,241 contracts in Q1 2020 to 80,338 contracts in Q1 2021.
- On quarterly end open interest, the number of contracts dropped by 1.86% from 259,154 contracts in Q1 2020 to 254,340 contracts in Q1 2021.

Source : Bursa Malaysia Website

Overall BMD Market Demography Q1 2021



Review :

- Composition of market demography is unchanged compared to the previous quarter where foreign institution continued to dominate the overall BMD market, making up around 44% to 47% participation rate for the first three months of 2021.
- Domestic retail participants remained to be the second largest participant in BMD market when they constituted around 30% to 31% market share in Q1 2021.
- Local participants and domestic institution were in the third and fourth ranking in terms of the participation rate where the market share were 11% to 13% and 10% to 11%, respectively.

Source : Bursa Malaysia Website

FCPO Performance Q1 2021

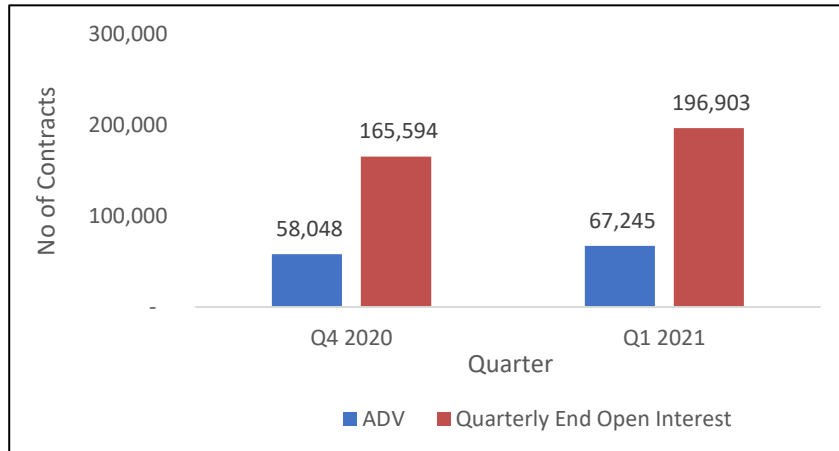
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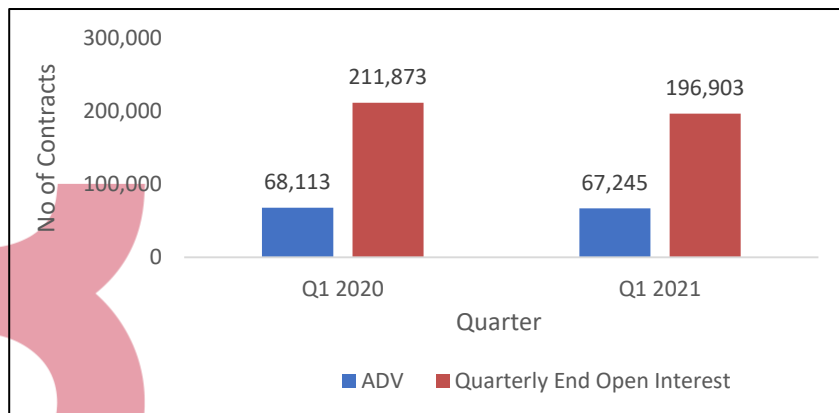
Q1 2020 : 64

QoQ Performance



- FCPO recorded an improvement in its ADV and quarterly end open interest on QoQ basis.
- The ADV expanded by 15.84% to 67,245 contracts in Q1 2021 from 58,048 contracts in Q4 2020.
- At the same time, the quarterly end open interest grew by 18.91% from 165,594 contracts in Q4 2020 to 196,903 contracts in Q1 2021.

YoY Performance



- From YoY perspective, the narrative is different as both ADV and quarterly end open interest recorded a negative growth.
- In terms of ADV, the number of contracts dropped slightly 1.27% from 68,113 contracts in the first quarter last year to 67,245 contracts in the first quarter this year.
- Meanwhile, the quarterly end open interest fell by 7.07% from 211,873 contracts in Q1 2020 to 196,903 contracts in Q1 2021.

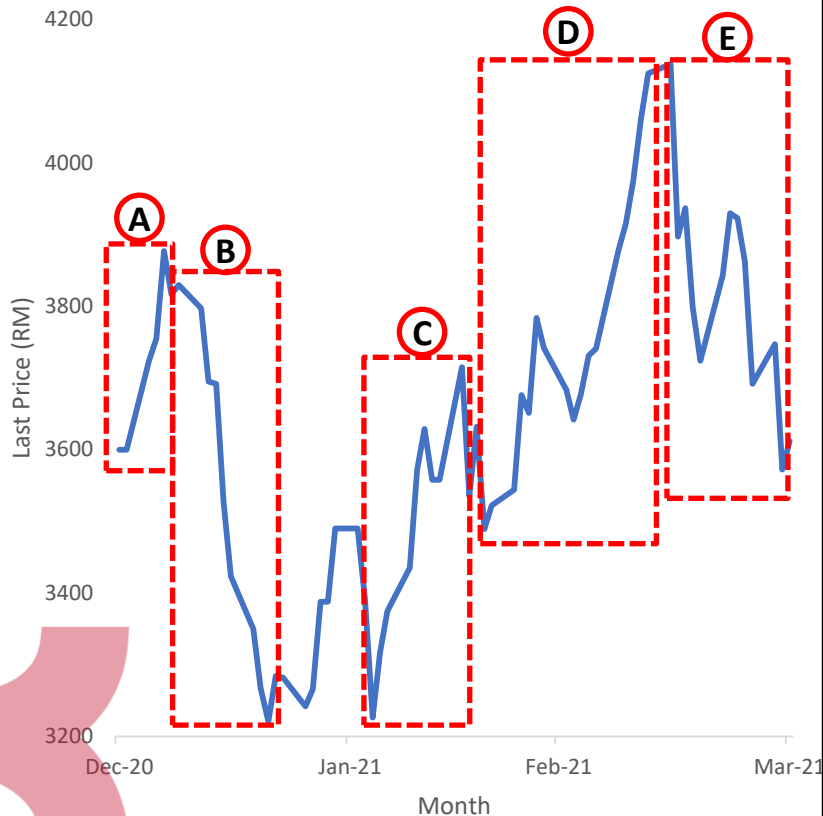
Source : Bursa Malaysia Website

FCPO Q1 2021 Price Performance

Snapshot of FCPO Performance

Price as at : **3,612** Quarter High : 4,138 Quarter Low : 3,221 Q1 2021 : +0.33
 31/03/2021 (Last trading day) (15/03/2021) (20/01/2021) Performance (% Change)

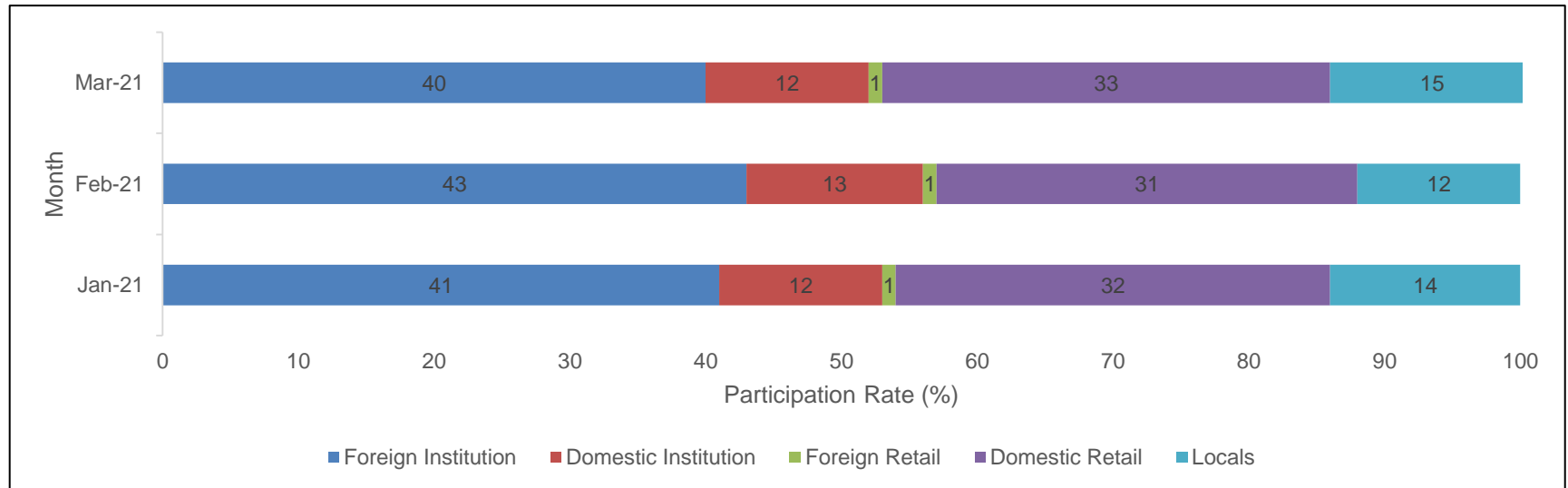
FCPO Price Performance Q1 2021



Period	Remarks
A	1 Jan 21 to 6 Jan 21 (+7.69%) FCPO kicked-off the year with a good start, rising 7% in the first week of January on bullish data that showed stockpiles will fall to a 13-year low in December.
B	7 Jan 21 to 20 Jan 21 (-15.61%) FCPO was in a downtrend due to the sluggish demand data for the first half of January and tracking concerns over decision made by Malaysian government to keep February export tax rate at 8%.
C	3 Feb 21 to 15 Feb 21 (+15.16%) Market rebounded, supported by a jump in exports during the first 10 days of February and tracking the rising prices in other vegetable oils.
D	18 Feb 21 to 15 Mar 21(+18.60%) FCPO moved higher driven by strength in other competing oil markets especially US Soybean oil due to concerns over supply in South America.
E	16 Mar 21 to 31 Mar 21 (-7.31%) FCPO reversed all gains in the previous session due to the drop in US soybean oil prices on profit taking activities.

Source : Bloomberg and The Edge Market

FCPO Market Demography Q1 2021



Review :

- The same narrative was seen in the FCPO market demography in the first three months of 2021 where foreign institutions were the largest participants with market share around 40% to 43%.
- Behind foreign institution was domestic retail with participation rate in a range of 31% to 33%.
- Meanwhile, both local participants and domestic institutions retained their third and fourth largest participants in FCPO market in January 2021 with participation rate of 14% and 12% respectively, before domestic institution were able to take over the third ranking in February 2021 where they made up 13% participation rate, compared to 12% made by local participants.
- Nevertheless, local participants managed to reclaim the third ranking in March 2021 as they successfully made up 15% participation rate, as compared 12% made by domestic institution.

Source : Bursa Malaysia Website

FKLI Performance Q1 2021

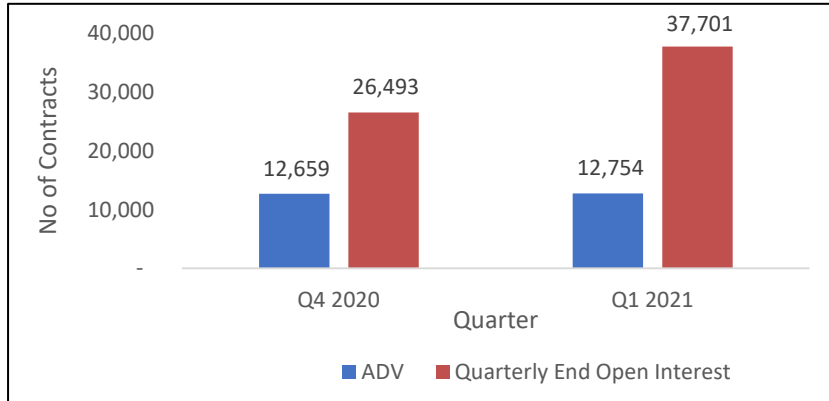
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Q1 2021 : 60

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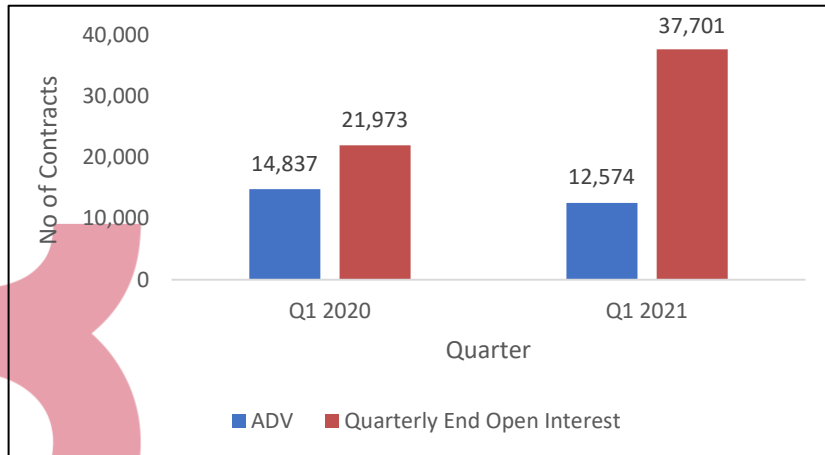
Q1 2020 : 64

QoQ Performance



- Similarly, FKLI also showed an improvement in its ADV and quarterly end open interest on QoQ basis.
- The ADV increased marginally 0.75% from 12,659 contracts in Q4 2020 to 12,754 contracts in Q1 2021.
- The quarterly end open interest grew exponentially by 42.31% from 26,493 contracts in Q4 2020 to 37,701 contracts in Q1 2021.

YoY Performance



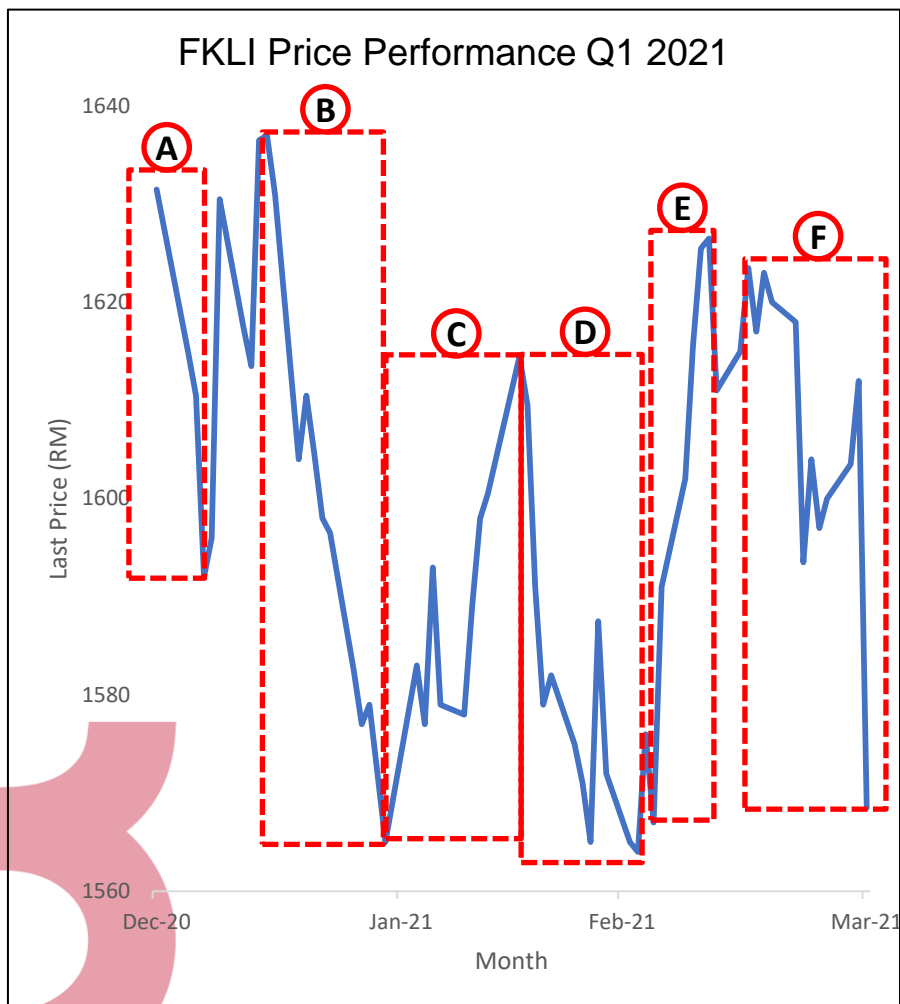
- Both ADV and quarterly end open interest recorded a different performance in terms of YoY comparison.
- For the ADV, the number of contracts fell by 15.25% to 12,574 contracts in Q1 2021 compared to 14,837 contracts in the same period last year.
- However, the quarterly end open interest expand exponentially by 71.58% from 21,973 contracts in Q1 2020 to 37,701 contracts in Q1 2021.

Source : Bursa Malaysia Website

FKLI Q1 2021 Price Performance

Snapshot of FKLI Performance

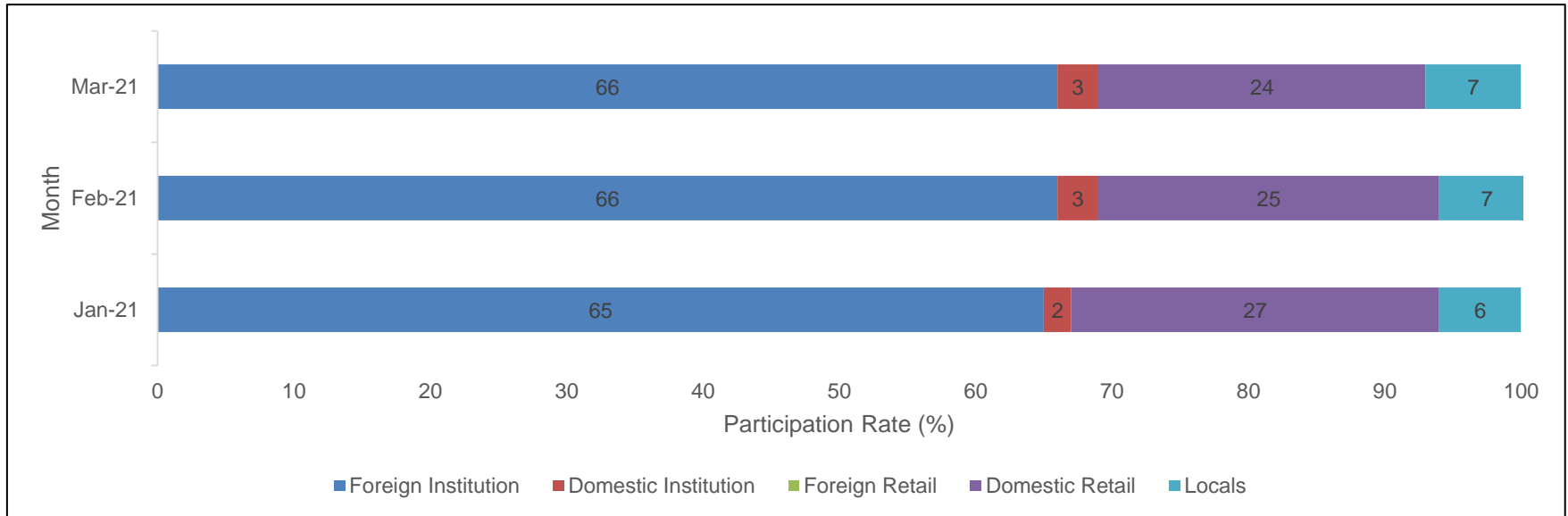
Price as at 31/03/2021 (Last trading day) : **1,568.5** Quarter High : **1,6,37** (14/01/2021) Quarter Low : **1,564** (02/03/2021) Q1 2021 (% Change) : **-3.86**



Period	Remarks
A	1 Jan 21 to 6 Jan 21 (-2.18%) FKLI commenced the year of 2021 with a decline due to heavy sell down in glove counters, while the negative outlook on Malaysian banks by Fitch ratings had caused the banking stocks to drop in prices.
B	14 Jan 21 to 29 Jan 21 (-4.40%) Market was dragged down in the second half of January due to the concern on slow economic recovery following the enforcement of Movement Control Order in 6 states of Malaysia and tracking profit taking activities by traders following the decision by BNM to maintain Overnight Policy Rate (OPR) at 1.75%
C	2 Feb 21 to 16 Feb 21 (+1.99%) FKLI rose in most first half of February in tandem with other regional markets, taking positive cue from gains in US stock markets due to strong earning season, progress in vaccination and stimulus talks.
D	17 Feb 21 to 2 Mar 21 (-2.83%) The local bourse ended the rest of February session lower despite the rollout of the Malaysia's vaccination programme, due to continued sell down on the glove counters, while the extension of MCO had also triggered concerns among the investors.
E	4 Mar 21 to 11 Mar 21 (+3.80%) Market was in an uptrend on bargain hunting activities on glove makers' stocks and renewed buying interest on oil and gas stocks following an increase in oil prices after Saudi Arabia and OPEC+ extended their production cuts.
F	17 Mar 21 – 31 Mar 21 (-3.00%) FKLI reversed the earlier gains to close lower in last few days of March in line with regional peers on concern over rising US bond yields and strengthening in US dollar.

Source : Bloomberg and The Edge Market

FKLI Market Demography Q1 2021



Review :

- Foreign institution continued their domination in FKLI market for Q1 2021 with market share around 65% to 66%, followed by domestic retail in second spot with market share in a range of 24% to 27%.
- Local participants remained to be the third largest participants in FKLI market for Q1 2021 with participation rate of 6% to 7%.
- Behind local participants was domestic institutions with participation rate of 2% to 3% in Q1 2021.

Source : Bursa Malaysia Website

Bursa Malaysia Derivatives Q1 2021 Highlights

1

Bursa Malaysia Derivatives to revamp Crude Palm Kernel Oil futures (FPKO) contract

- On 5th March 2021, Bursa Malaysia Derivatives (BMD) has decided to revamp FPKO contract to meet the evolving industry needs.
- According to the statement made by BMD, the improvements to the contract have been applied across five main areas mainly contract grade, delivery points, daily price limits, speculative position limits and imposition of traceability document requirements.

2

Virtual Palm and Lauric Oils Price Outlook Conference and Exhibition 2021

- Bursa Malaysia Derivatives (BMD) had organised its annual event of Virtual Palm and Lauric Oils Price Outlook Conference or better known as Virtual POC2021 on 23 and 24 March 2021.
- Just like 2020, this year Virtual POC2021 was hosted in digital platform where all the industry participants able to meet and exchange ideas while collecting some information on CPO price outlook and trends.
- In the event, most of the analysts expected the spot and futures contract of CPO to decline this year mainly due to a recovery in supply.
- A well known commodity analyst, Thomas Mielke expected the CPO prices to start declining in the Q2 2021, while another analyst, James Fry forecasted FCPO to trade at RM3,300 per tonne by end of 2021.
- Another analyst, Dorab Mistry, expected the third month FCPO to hold the price of RM 3,300 level until June before it bottom out at RM2,700 level from July onwards.

Source : The Edge Market

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