

Performance and Key Highlights of Bursa Malaysia Derivatives (BMD) Products in Q2 2021

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Global Highlights



1. The Emergence of New COVID-19 Variant

- At this point of writing, Covid-19 cases are still rising worldwide with US continued to be the most heavily affected countries, followed by India and Brazil.
- One of the factors that contributed to the rising cases is the existence of a new Variant of Concerns (VoC) namely Delta variant.
- The variant, which was first detected in India in late 2020, appeared to be more transmissible and so far has spread to 74 countries worldwide, according to World Health Organisation (WHO).
- However, study had shown that people who had received vaccine were less likely to be admitted to hospital with the Delta variant.



2. The Race to Vaccinate the World

- According to Financial Times, there are more than three billion doses of coronavirus vaccines administered in over 190 countries around the world, with China and India having administered the most around 1.4 billion and 370 million, respectively.
- Malta has the highest vaccination rate, having 69.9% of its total population fully vaccinated, followed by United Arab Emirates (UAE) and Iceland with 66.8% and 66.3%, respectively, of its total population.
- While many countries especially in Europe and America are progressing well in the vaccination, it was reported that many African nations are experiencing supply problems.



3. US Infrastructure Package

- In late June, President Joe Biden had secured a deal on an infrastructure package worth about \$1 trillion to upgrade roads, bridges and broadband networks over the next eight years.
- According to the US government, the package would be the American's largest ever investments in public transit, bridge systems and clean drinking water.

Source : Bloomberg, Reuters, BBC News, Financial Times and WHO

Domestic Highlights



1. Malaysia Entered its Third Nationwide Lockdown

- Following the continuous rise of COVID-19 infections nationwide, Malaysian government had declared a total lockdown for the whole country on 1st June 2021.
- Before the announcement, daily new cases had breached the 9,000 mark for the first time on 29 May 2021.
- However, this lockdown is different from the previous measures where it will be implemented in three phases where only essential economic and service sectors will be allowed to operate during the Phase 1 of the National Recovery Plan.
- When certain conditions are met, the country will move to the Phase 2 and 3, where more economic sectors and social activities will be opened and allowed.



2. The PEMULIH Assistance Package

- The implementation of total lockdown has prompted the government to introduce another stimulus package known as PEMULIH which is worth RM150 billion.
- The package aims to sustain the previous aid programmes and support businesses, while at the same time accelerating the country's vaccination programme.
- From the RM150 billion, RM10 billion will be in direct fiscal spending which will go directly towards the cash aid programs.



3. Malaysia Ramp Up its Vaccination Programme

- Despite the rising cases in Malaysia, there is still light at the end of tunnel when the vaccination programme are accelerated nationwide.
- With the aim of achieving herd immunity by end of December this year, Malaysia has ramped up its vaccination programmes by having more private clinics as well as mega vaccination centres to administer the doses.
- According to data from Malaysia Special Committee on COVID-19 Supply (JKAV) , at least 15.1% of Malaysia's total population has received full vaccines, while 32.4% has received at least one dose.

Source : Bloomberg, Reuters and JKAV

Overall BMD Performance Q2 2021

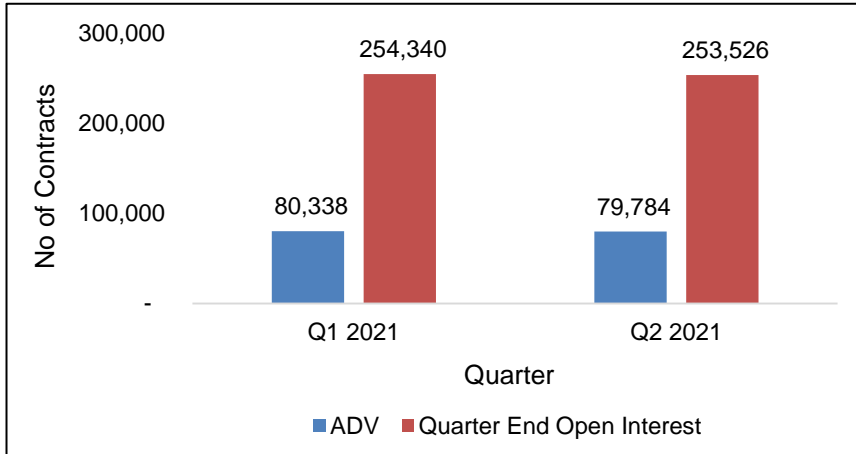
No of Trading Days

Q2 2021 : 60

Q1 2021 : 60

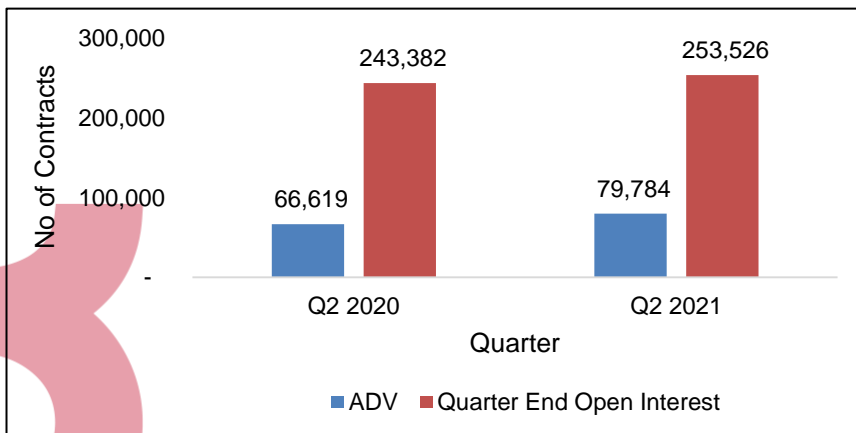
Q2 2020 : 60

QoQ Performance



- When QoQ comparison is made, the overall BMD market showed mere decline in their ADV when the number of contracts registered dropped 0.69% from 80,338 contracts in Q1 2021 to 79,784 contracts.
- However, the quarter-end open interest picked up slightly from 254,340 contracts in Q1 2021 to 253,526 contracts in Q2 2021.

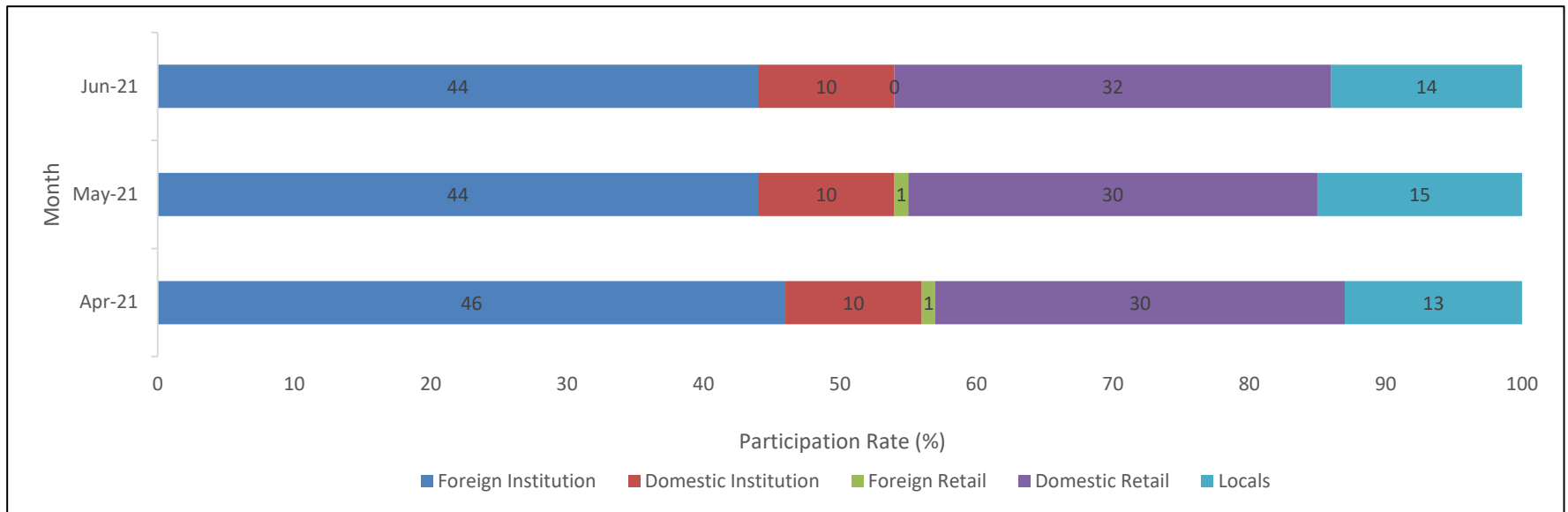
YoY Performance



- The narrative is different when YoY comparison is made as both ADV and quarter-end open interest recorded growth in their number of contracts.
- While quarter-end open interest grew 4.17% from 243,382 contracts in Q2 2020 to 253,526 contracts in Q2 2021, the ADV had grown impressively around 19.76% from 66,619 contracts in Q2 2020 to 79,784 contracts in Q2 2021.

Source : Bursa Malaysia Website

Overall BMD Market Demography Q2 2021



Review :

- Foreign institution remained to be the largest participants in overall BMD market with market share surpassing the 40% mark in the second three months of the year.
- **Behind** foreign institution was the domestic retail which made up around 30 - 32% of the market share in Q2 2021, while **local** participants, which lied in third place, made up around 13 - 15% of the market share.
- Domestic institution continued to be the fourth largest participants in the overall BMD market, consistently making up 10% of the market share in Q2 2021.

Source : Bursa Malaysia Website

FCPO Performance Q2 2021

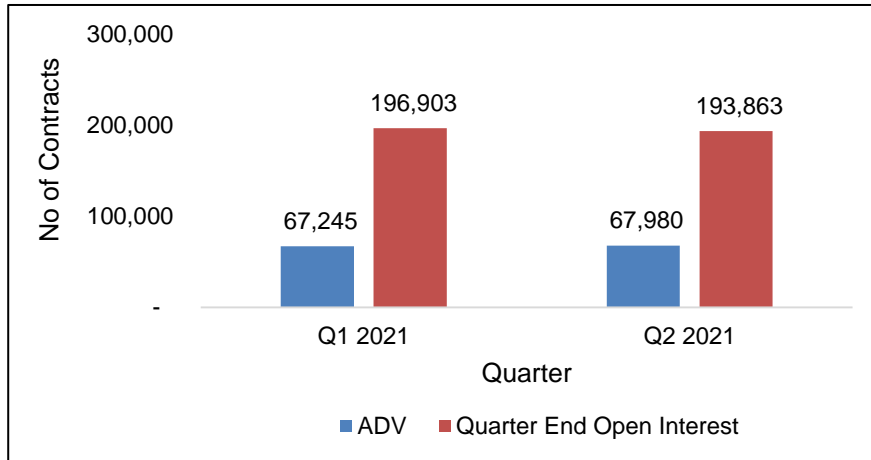
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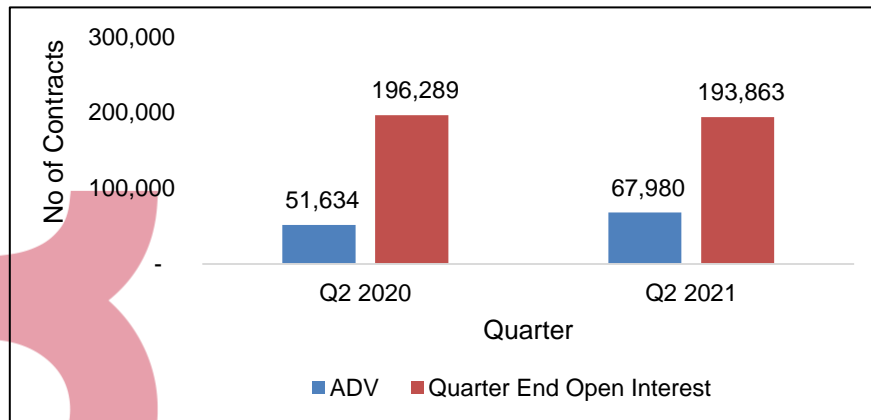
Q2 2020 : 60

QoQ Performance



- A steady performance was shown in the BMD flagship product in QoQ comparison.
- In terms of ADV, the number of contracts improved 1.09% from 67,245 contracts in first quarter of this year to 67,980 contracts in second quarter of this year.
- Meanwhile, the quarter-end open interest dropped marginally by 1.54% from 196,903 contracts in Q1 2021 to 193,863 contracts in Q2 2021.

YoY Performance



- Just like BMD market, FCPO had also shown a better performance in YoY performance as both ADV and quarter-end open interest recorded growth.
- For ADV, the number of contracts increased 31.66% from 51,634 contracts in second quarter last year to 67,980 contracts in second quarter this year.
- As for the quarter-end open interest, the number of contracts declined by 1.24% from 196,289 contracts in Q2 2020 to 193,863 contracts in Q2 2021.

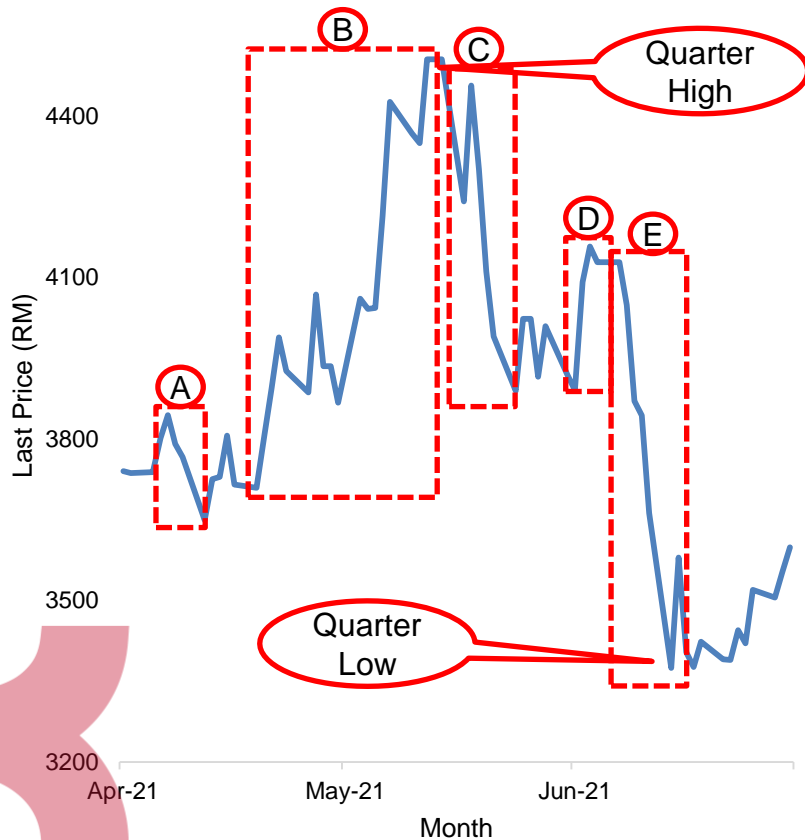
Source : Bursa Malaysia Website

FCPO Q2 2021 Price Performance

Snapshot of FCPO Performance

Price as at : **3,599** Quarter High : **4,506** Quarter Low : **3,375** Q2 2021 : **-3.80**
 30/06/2021 (Last trading day) (14/05/2021) (14/06/2021) Performance (% Change)

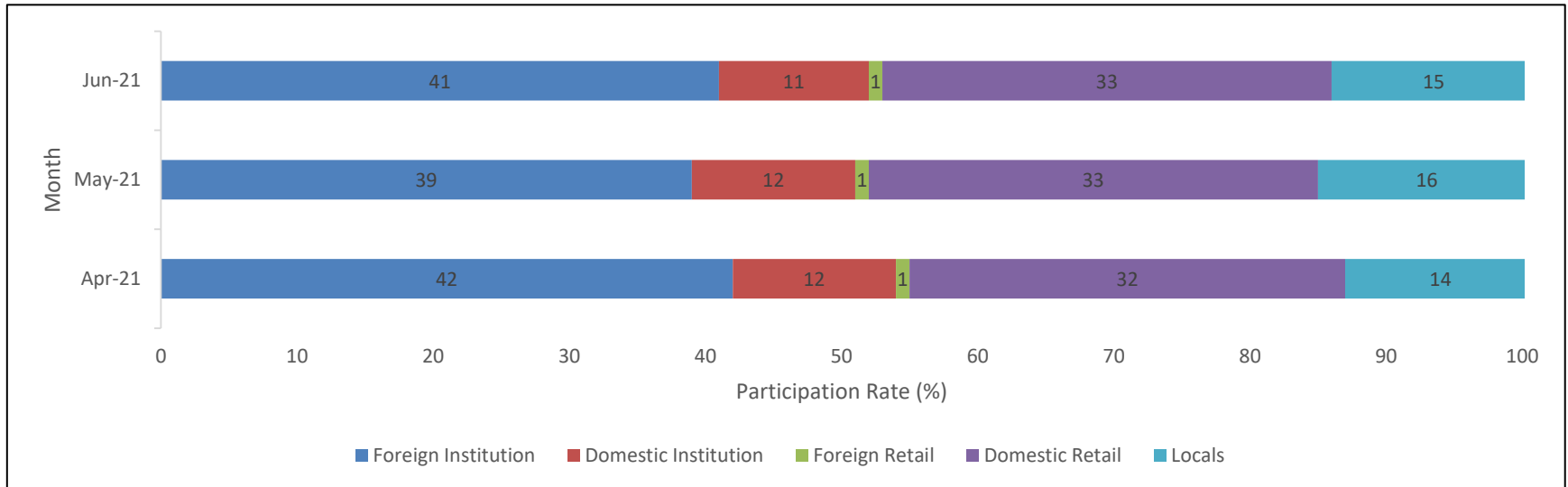
FCPO Price Performance Q2 2021



Period	Remarks
A	7 Apr 21 to 12 Apr 21 (-5.07%) FCPO dropped due to the overnight weakness in rival soybean oils and crude oil market.
B	19 Apr 21 to 14 May 21 (+21.46%) FCPO surged to reach its YTD high level of RM 4,506/MT amid the strong performance of US soybean oil on fears of tightening global grains and vegetable oil supplies, while also tracking the stronger palm oil exports data on April.
C	18 May 21 to 24 May 21 (-12.72%) Palm oil retreated from its YTD high, driven by the decision by Malaysian government to keep its palm oil export tax rate at 8%, and tracking fears over lockdown in Malaysia which may hinder domestic consumption of palm oil.
D	1 Jun 21 to 7 Jun 21 (+6.12%) Market rebounded higher mirroring the stronger soybean oil market as hot and dry weather in parts of the U.S. Midwest is causing concerns over yields of newly planted corn and soybean crops.
E	8 Jun 21 to 14 Jun 21 (-16.65%) FCPO dropped, affected by weaker early June exports figures and weaker US soybean oil market.

Source : Bloomberg and The Edge Market

FCPO Market Demography Q2 2021



Review :

- The demographic composition of the BMD flagship product of FCPO is similar to that of overall BMD market where foreign institution continued to dominate the market.
- Their participation rate stood around 40%, followed by domestic retail participants which made up 32% - 33% of the market.
- Local participants and domestic institutions remained to be the third and fourth largest participants of FCPO market with local participants having 14% - 16% of the market share, while domestic institutions made up around 11% - 12% of the market share.
- Foreign retail were the smallest participants in FCPO market in Q2 2021, consistently making up around 1% of the market share.

Source : Bursa Malaysia Website

FKLI Performance Q2 2021

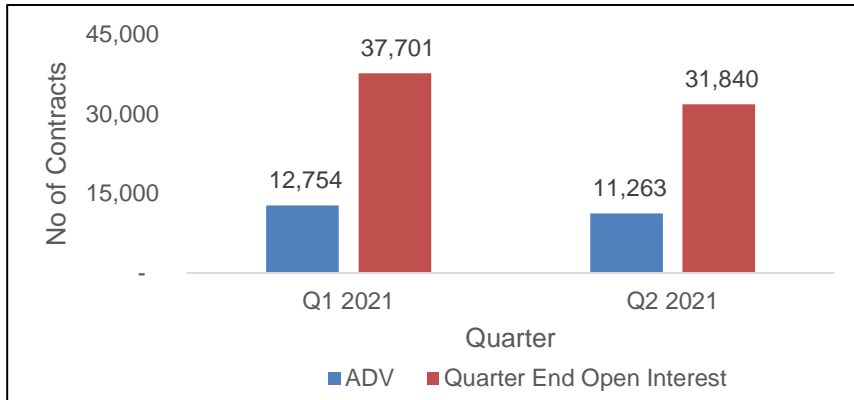
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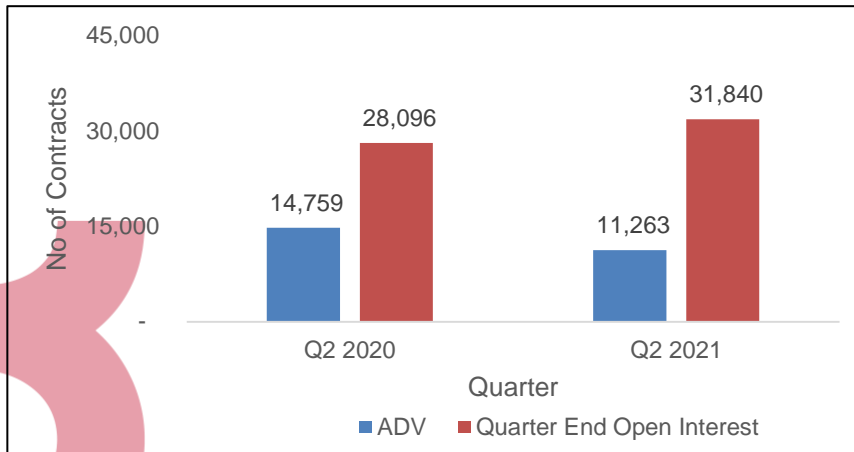
Q2 2020 : 60

QoQ Performance



- Unlike FCPO, FKLI witnessed a QoQ decline.
- Both ADV and quarter-end open interest declined by 11.69% and 15.55%, respectively.
- ADV dropped from 12,754 contracts in Q1 2021 to 11,263 contracts in Q2 2021, while quarter-end open interest declined from 37,701 contracts in Q1 2021 to 31,840 contracts in Q2 2021.

YoY Performance



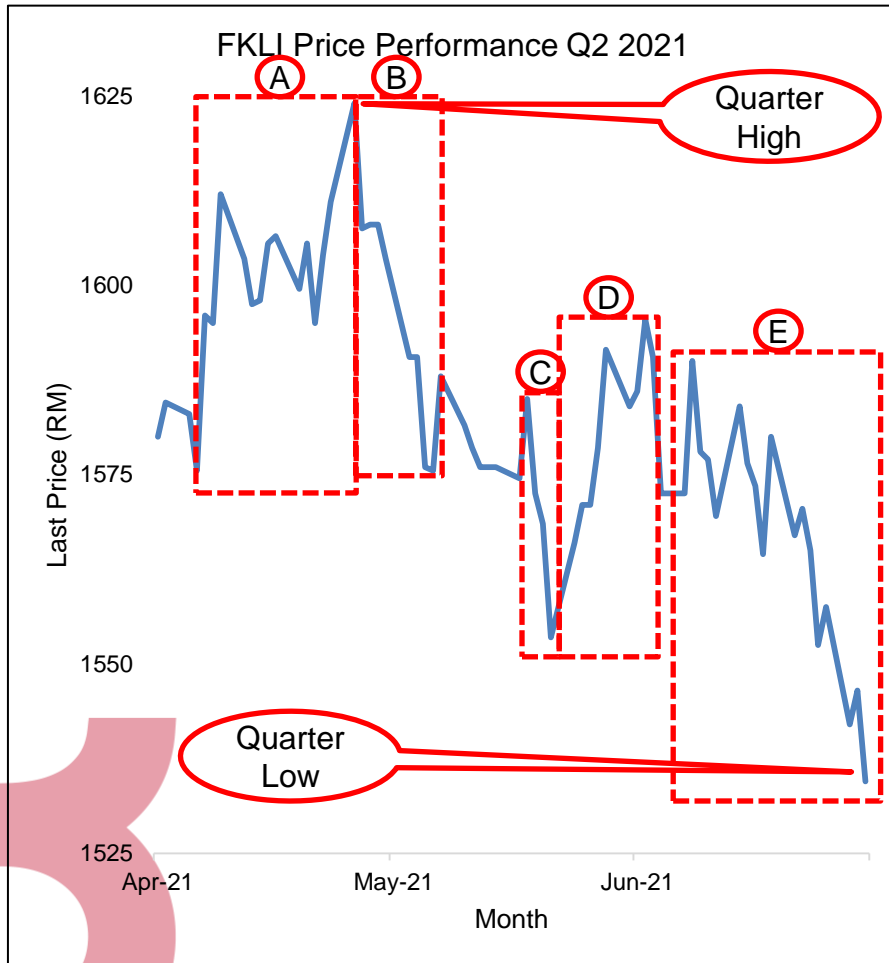
- From YoY perspective, ADV still showed a decline from 14,759 contracts in Q2 2020 to 11,263 contracts in Q2 2021, a drop of 23.69%.
- However, the quarter-end open interest showed 13.33% improvement from 28,096 contracts in Q2 2020 to 31,840 contracts in Q2 2021.

Source : Bursa Malaysia Website

FKLI Q2 2021 Price Performance

Snapshot of FKLI Performance

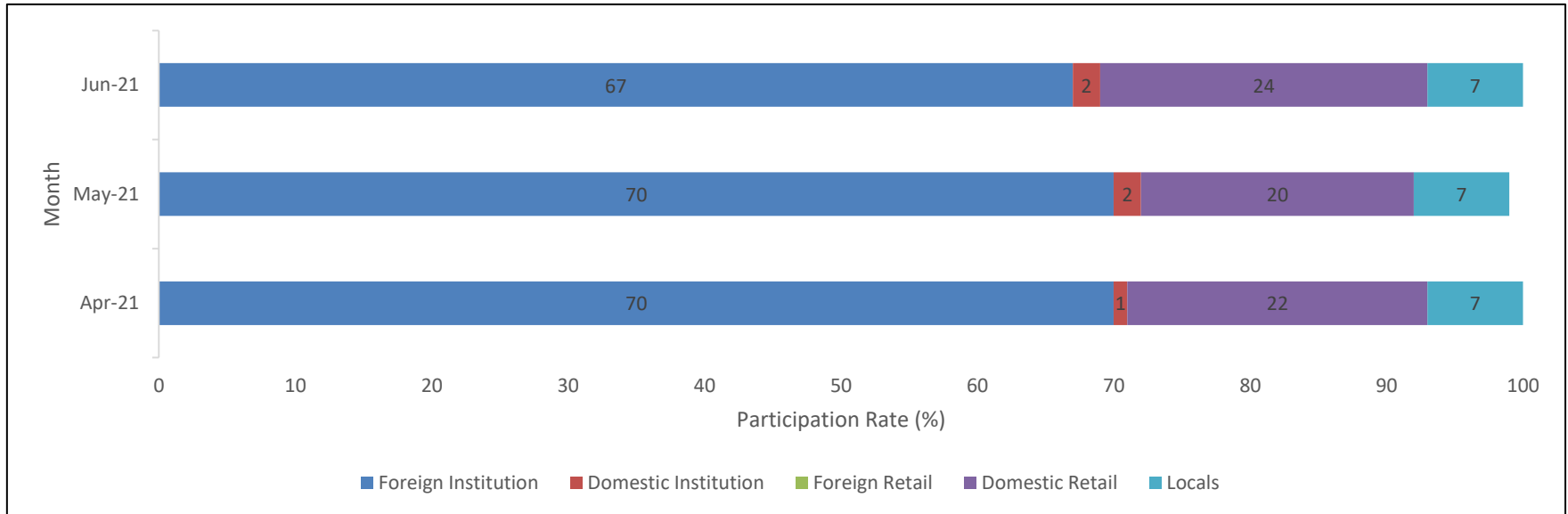
Price as at : **1,534.50** Quarter High : **1,624** Quarter Low : **1,534.50** Q2 2021 (% : **-2.88**
 30/06/2021 (Last trading day) (26/04/2021) (30/06/2021) Change)



Period	Remarks
A	6 Apr 21 to 26 Apr 21 (+3.08%) Market was on the uptrend due to the strong buying momentum on rubber glove manufacturers' stocks, while also tracking a rise in telecommunications counters following the Celcom-Digi merger news.
B	27 Apr 21 to 6 May 21 (-1.99%) Local bourse dropped in line with regional markets driven by weak Chinese manufacturing data, and the fears of another possible lockdown in Malaysia had also dampened market sentiment.
C	18 May 21 to 21 May 21 (-1.99%) Market fell to near two month low as the worries over stricter lockdown throughout the whole country amid the rising cases continued to dominate the market sentiment
D	24 May 21 to 2 Jun 21 (+1.88%) Market was on the rise mostly on the technical rebound, while the stronger crude oil prices had also lifter the FBMKLCI.
E	8 Jun 21 to 30 Jun 21 (-3.49%) Market turned negative due to several factors that include : <ol style="list-style-type: none"> 1) Concerns over rising COVID-19 infections in Malaysia that already surpassed the 5 digit mark 2) Worries over country's economic uncertainty following the announcement of National Recovery Plan 3) Response on US Federal Reserve's hawkish comment that they might raise the interest rates sooner than expected

Source : Bloomberg and The Edge Market

FKLI Market Demography Q2 2021



Review :

- Although the market composition is similar to the last quarter, the participation rate had shown some changes as foreign institutions, which remained to be the largest participants in FKLI market in Q2 2021, had surpassed the 70% mark in terms of market share.
- Domestic retail and local participants retained their second and third largest participants spot respectively.
- For domestic retails, their participation rate was around 20% - 24%, while locals made up around 7% in Q2 2021.
- Domestic institution contributed to 1% of market share in the second three months in 2021.

Source : Bursa Malaysia Website

1

Bursa Excellence Awards 2020 Ceremony

- The Bursa Excellence Awards 2020 was held on 9 April 2020 to honour the top-performing brokers and market intermediaries.
- During the ceremony, Kenanga Futures Sdn Bhd (KF) has bagged three awards where KF had been announced as the Best Institutional Derivatives Trading Participant and Best Trading Participant Equity and Financial Derivatives.
- On top of that, KF had also claimed the second runner up for Best Overall Derivatives Trading Participant award.

2

FKLI and FCPO Recorded a new All Time High Volume

- It was another historical record for both FKLI and FCPO when both products registered an all time high trading volume in Q2 2021.
- FKLI registered a new all time high in daily trading volume on 27 May 2021 at 66,887 contracts, surpassing the previous record of 65,000 contracts a year ago.
- Meanwhile, the flagship product of FCPO has renewed its all time high monthly trading volume to 1.71 million contracts which is equivalent to 42.6 million metric tonnes in June 2021.
- This record has surpassed the previous record of 1.66 million which is equivalent to 41.5 million metric tonnes recorded in March 2020.

Source : The Edge Market

3

Bursa Malaysia Derivatives to Launch After Hours (T+1) Trading Session

- Bursa Malaysia Derivatives (BMD) has obtained approval in principle from Securities Commission (SC) to launch an after hours (T+1) trading session.
- BMD in their statement said that the initiative is set to enhance the attractiveness of the Malaysia derivatives market to traders around the world.
- BMD will work with relevant stakeholders to ensure a successful launch which is expected to occur in fourth quarter of this year or early 2022.

Source : The Edge Market

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