

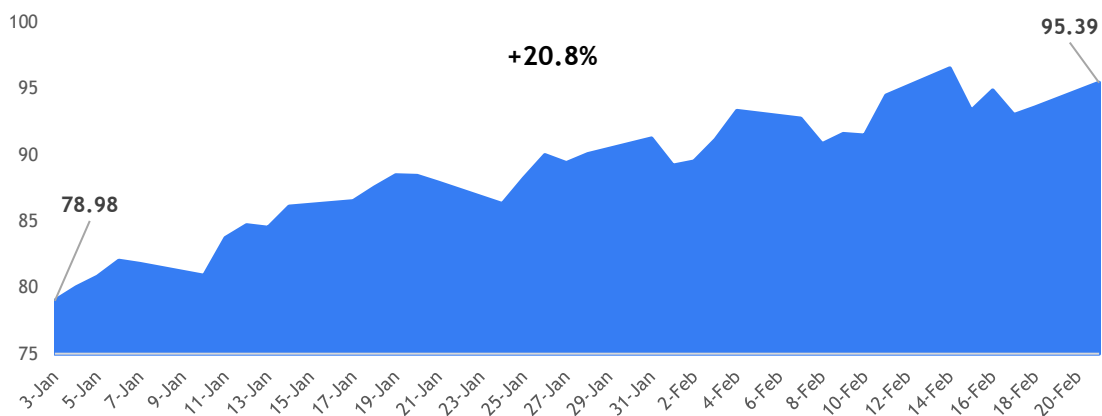
Brent Crude Oil Futures Rose on Mismatch in Supply and Demand and Geopolitical Uncertainties

Entering into 2022, global economy began to recover as the world learnt to cope and live with pandemic. Normalisation in consumption has driven the demand for energy. However, oil supply has yet to keep up with the demand growth as oil companies have reduced their output during pandemic. Mismatch in supply and demand has eventually lifted oil prices.

In more recent development, geopolitical tension between oil giant - Russia and Ukraine has further pressured on the oil price on potential supply disruption. Since the beginning of the year, crude oil futures have escalated as much as 20.8% as illustrated in Figure 1.

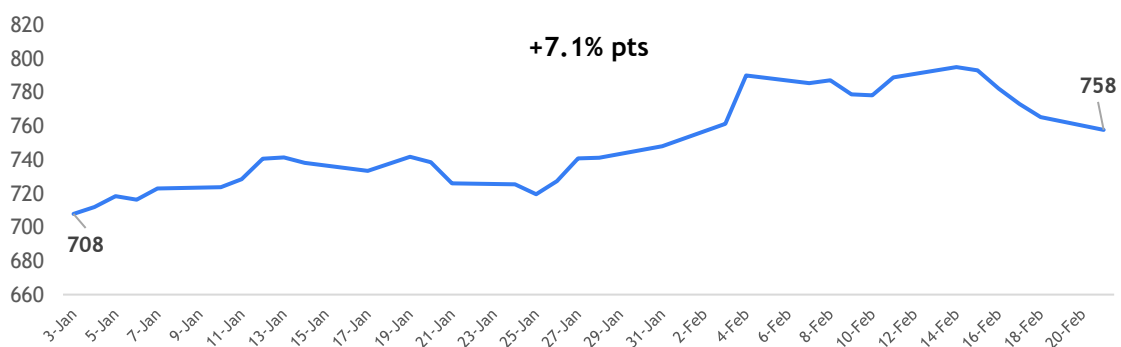
On local front, Malaysia being an oil exporter, reaped the benefit of rising oil price. Bursa Malaysia Energy index showed rose by 7.1% point (pts) from 3 January to 21 February, as illustrated in Figure 2.

Figure 1: Brent Crude Oil Futures (USD per barrel), 3 January - 21 February 2022



Source: Bloomberg

Figure 2: Daily Closing of Bursa Malaysia Energy Index, 3 January - 21 February 2022



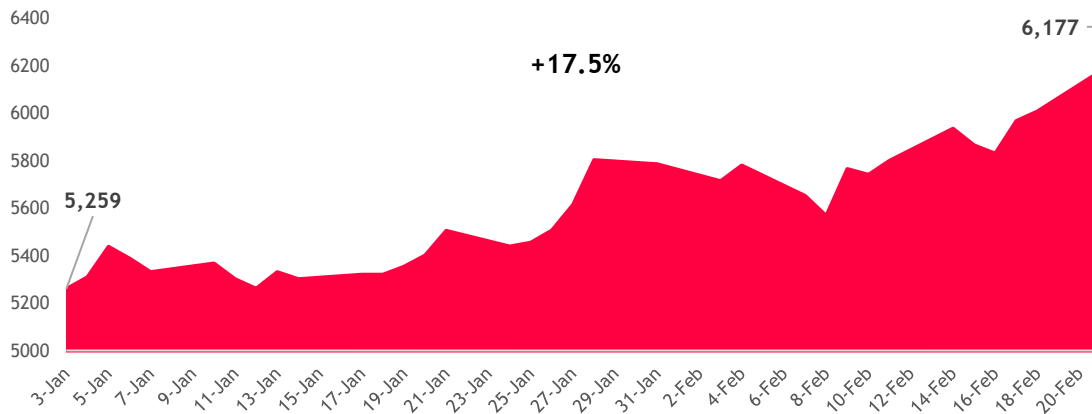
Source: Bursa Malaysia

Reduced Supply and Rally of Substitute Oil Prices Drove Hike in Crude Palm Oil Prices

Crude palm oil (CPO) is another commodity enjoying soaring prices in 2022. Foreign labour shortage in Malaysia coupled with export restriction in Indonesia have resulted in tightened CPO supply, thus leading to upward pricing. Price rally of soybean oil, the closest substitute to CPO, has further strengthen its price appreciation. CPO futures jumped 17.5% to RM6,177 per tonne as at 21 February, as illustrated in Figure 3.

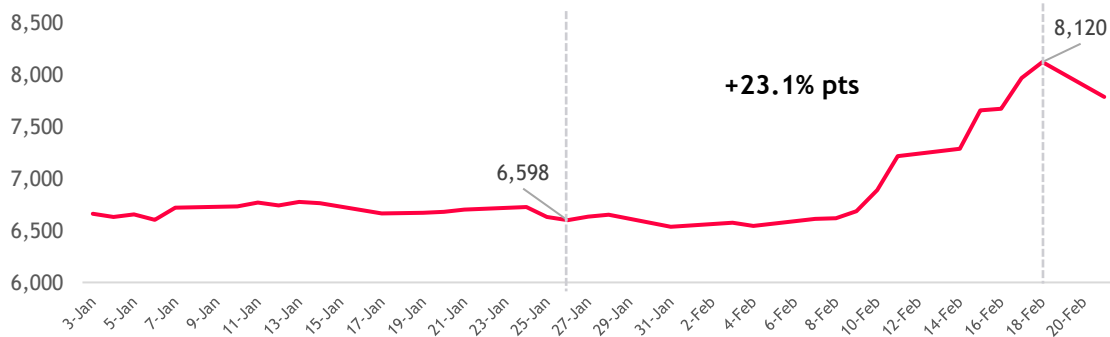
Bursa Malaysia Plantation Index rose as much as 23.1% pts from 26 January to 18 February (Figure 4) in respond to Indonesia’s tightened export rules and rising CPO prices.

Figure 3: CPO Futures (RM per tonne), 3 January to 21 February 2022



Source: Bloomberg

Figure 4: Daily Closing of Bursa Malaysia Plantation Index, 3 January - 21 February 2022

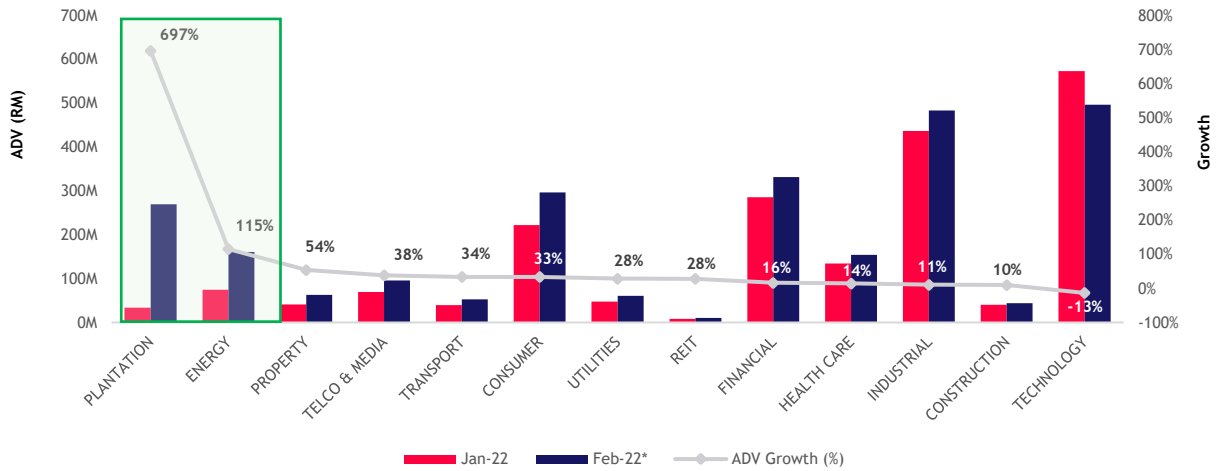


Source: Bursa Malaysia

Trading of Plantation and Energy Sectors Rose on Higher Commodities Prices

In February, the plantation and energy sectors led in terms of monthly average daily traded value (ADV) growth at 697% and 115% respectively. As at 21 February, plantation sector recorded a monthly ADV of RM269 million while energy sector's ADV stood at RM161 million.

Figure 5: ADV by Sector, January - February 2022



Notes:

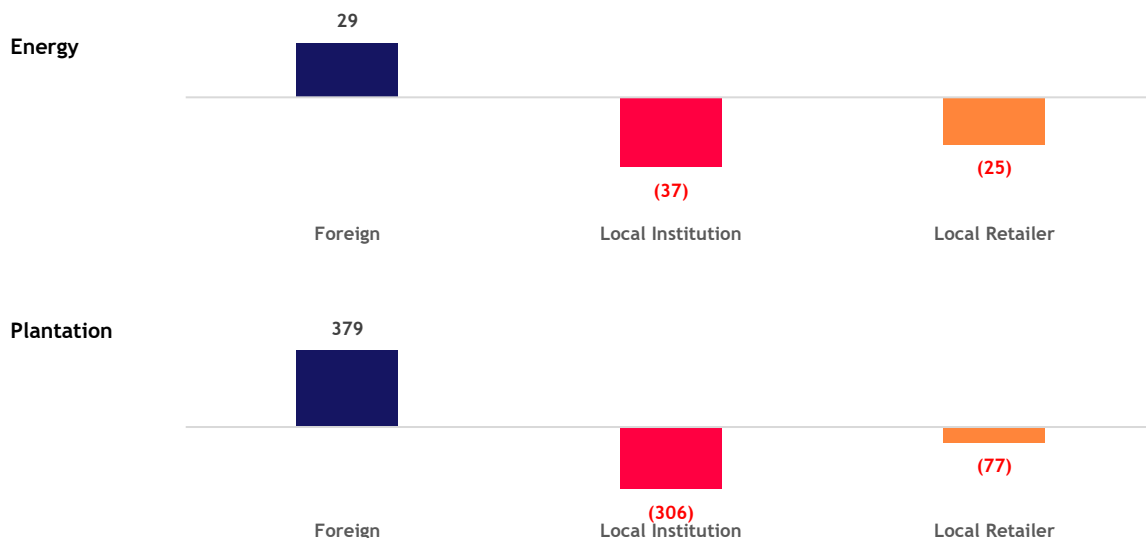
- i. * Data from 1 to 21 February 2022;
- ii. ADV based on market transaction only

Source: Bursa Malaysia

Foreign Investors Being the Major Force of Inflow

Escalation of commodities prices have attracted foreign funds to the bourse. In the month of February up to 21th, the energy sector recorded a foreign inflow of +RM29 million, while the plantation sector saw a whopping +RM379 million of foreign inflow. Meanwhile, local institutions and retailers took profit from both sectors.

Figure 6: Sectorial Fund Flow by Investor Category (RM Mil), February 2022



Notes:

- i. Data from 1 to 21 February 2022;
- ii. Fund flow based on market transaction only and exclude PDT, IVT and nominee

Source: Bursa Malaysia

Formerly a special purpose acquisition company (SPAC), HIBISCS successfully acquired its qualifying asset in 2012 and is currently an operator of offshore oil and gas producing fields in Malaysia, United Kingdom and Australia. HIBISCS rallied with an ADV of RM73 million in February, far ahead of DIALOG (RM16 million) and ARMADA (RM15 million). Foreign investors net purchased all the three counters in February.

Figure 7: Top Three Traded Energy Stocks by ADV and Fund Flow by Investor Category, February 2022

Stock	ADV (RM Mil)	Fund Flow (RM Mil)		
		Foreign	Local Institution	Local Retailer
HIBISCS	73	+14	(2)	(25)
DIALOG	16	+10	(6)	(5)
ARMADA	15	+11	(14)	+2

Notes:

- i. Data from 1 to 21 February 2022;
- ii. Based on market transaction only and exclude PDT, IVT and nominee

Source: Bursa Malaysia

KLK, which completed its acquisition of IJM Plantation last year, topped in terms of trading among its peers with an ADV of RM93 million. Foreign investors significantly increased their positions in KLK with a whopping +RM198 million, as compared SIMEPLT with +RM66 million and IOICORP with +RM39 million.

Figure 8: Top Three Traded Plantation Stocks by ADV and Fund Flow by Investor Category, February 2022

Stock	ADV (RM Mil)	Fund Flow (RM Mil)		
		Foreign	Local Institution	Local Retailer
KLK	93	+198	(203)	(7)
SIMEPLT	55	+66	(32)	(20)
IOICORP	31	+39	(14)	(20)

Notes:

- i. Data from 1 to 21 February 2022;
- ii. Based on market transaction only and exclude PDT, IVT and nominee

Source: Bursa Malaysia

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