

**KEYNOTE ADDRESS BY
YB DATUK JOHARI ABDUL
GHANI
DEPUTY MINISTER OF
FINANCE**

**BURSA MALAYSIA BROKERS'
AWARDS**

Time : 8.00 pm

**Date : 1st April 2016
(Friday)**

**Venue : Grand Ballroom,
Mandarin Oriental
Kuala Lumpur**

**YBhg. Tan Sri Amirsham A Aziz
Chairman of Bursa Malaysia Berhad**

**YBhg. Datuk Seri Tajuddin Atan
Chief Executive Officer of Bursa
Malaysia Berhad**

**(Other delegates - To be updated by
Bursa Malaysia upon confirmation)**

Ladies and Gentlemen,

**Assalamualaikum warahmatullahi
wabarakatuh and a very good
evening**

1. I am pleased to be here today at the Annual Broker Awards 2015. It is encouraging seeing the broking community come together under one roof for a night of celebration and networking amongst peers.

2. This marks the 3rd year Bursa Malaysia has organised the annual Broker Awards. And today it is to thank the industry and participants for their performance in 2015. I commend Bursa Malaysia for recognising the contribution of the

**broking community, for
acknowledging excellence in your
business, and to celebrate success
on your achievements.**

MALAYSIAN ECONOMY

Ladies and gentlemen,

**3. Allow me to briefly touch on
the Malaysian economy. These are
challenging times for the domestic
economy. The challenges include:
slower global growth as reflected
in the International Monetary
Fund's recent revised growth**

forecast to 3.4% for 2016 from an earlier estimate of 3.6% while trade will moderate to 3.4% from 4.1%; a sharper-than-anticipated slowdown in China which would affect our exports; heightened volatility in financial markets resulting in capital outflows; prolonged weak commodity prices, particularly crude oil and a weaker ringgit which would make imports and debt servicing in foreign currencies more costly. However, the weak ringgit is a mixed blessing as it benefits certain segments such as

industries whose inputs are in ringgit, but sell or export in foreign currencies.

4. It is pertinent to note that the Malaysian economy remains on a positive growth path. Despite a more challenging external environment, the economy expanded 5% in 2015. For 2016, we have revised the growth forecast to 4% - 4.5% in the recalibrated 2016 Budget in January, following declining crude oil prices. Growth will be driven by domestic demand.

More importantly, the economy remains resilient supported by sound macroeconomic fundamentals such as a diversified economic structure; favourable labour market conditions; manageable inflation which is projected between 2.5% - 3.5%; healthy foreign reserves; and a strong financial system which supports economic activity. On the monetary policy in 2016, 2016 will focus on ensuring the monetary conditions remain supportive of sustainable domestic growth with

price stability, taking into consideration the evolving risks in the external and domestic environments.

Ladies and gentlemen,

5. Difficult times necessitate us to remain resilient, optimistic and united to face the situation. This has certainly proved true in Malaysia's experience of facing economic and financial crises. The economy bounced back with a growth of 6.1% in 1999 from a

contraction of 7.4% in 1998 following the Asian financial crisis. We should not forget that among the significant effects of the recession were the sharp retrenchments; increase in inflation; reduction of international reserves to RM59 billion and the Kuala Lumpur Stock Exchange (KLSE) index plummeting to reach 260 – points level in 1997. We did it again in 2010 with a growth of 7.4% after experiencing a negative growth of 1.5% in 2009 during the

global financial crisis sparked by the subprime crisis in the US.

6. Recognisant of the challenging times in 2015, I would like to congratulate all of you for your contributions to the capital market. Looking at the results from last year, it is a testament that you are able to grow the capital market albeit during challenging times and overcome externalities beyond your control.

STOCK MARKET PERFORMANCE

Ladies and gentlemen,

7. The stock market acts as an indicator for the economy. This market usually leads the expected performance of the economy. Thus, if the economy is expected to grow, this is reflected by the positive growth of the market, leading the way, by about 12-18 months ahead. The rationale is simple; via growing economy, corporate earnings would

also grow, leading to the demand for listed investments as investors expect greater returns in the future.

8. Asia, and indeed the world, has undergone a trying time in the past months. We have seen dynamic economies plunging within a short period of time. Malaysia too has not been spared by the financial firestorm that has razed the region. The FBM KLCI closed at 1,692.51 points on the last trading day of 2015, decreasing 3.9% from

end-2014 at 1,761.25 points. Global events which took place in 2015 had truly tested equity markets around the world. Currently, the FBM KLCI closed at 1,715.04 points on 29 March 2016, improving 1.3% year-to-date.

9. Malaysia is steadfastly moving forward to achieve its aspiration to become a developed nation by 2020. Thus, Bursa Malaysia has to play a bigger role to invigorate the economy through expanding the role of the capital market in

financing the country's development. We need to differentiate ourselves. The question is – is it sufficient to be different only in areas related to the diversification of products and services? What else needs to be done to take us further? Investors' may deem new markets within ASEAN such as Vietnam and most recently, Myanmar is much more attractive and interesting compared to us.

Ladies and gentlemen,

10. Malaysian investors' today are more sophisticated and demanding. They are pushing for new products and services to invest in. I have been told that the trading in structured warrants grew substantially, from RM2.4 billion to RM14.8 billion in 2015, complementing the trading activities of conventional stocks. For a broker who had diversified their trading business, you too

would have benefitted in terms of business flows. As such, I urge you to continue to be innovative, push the boundaries – what worked 20 years ago may not be as effective today. As such, I applaud Bursa Malaysia in recognising new categories of awards.

11. Another aspect is in the area of Islamic finance in which Malaysia is leading the world is in Islamic ETFs. This year, we are pleased to note that Malaysian i-VCAP was awarded as the winner

for the Best Global Islamic ETF, Best New ETF (ASEAN) and ETF Manager of the Year (ASEAN) in the ETF and Indexing Awards 2016 organised by Asia Asset Management and ETFI ASIA. With 4 primary listings of Islamic ETFs to-date, Bursa Malaysia is well positioned to carve a niche area within the fast growing global ETF market which is estimated to have USD2.99 trillion asset-under-management at the end of 2015*, of which only an estimated US\$355 million are shariah compliant.**

(Source: * = ETFGI, an ETF research firm. ** = IFN Islamic Finance News, Volume 12, Issue 12.)

12. Last year:-

- i. The daily average volume for 2015 stood at 2.038 billion shares, a decrease of 6% from 2.157 billion shares in 2014. The average daily value at RM2.082 billion in 2015, recorded a decrease of 4% from RM2.162 billion in 2014; and**

- ii. Market capitalisation stood at RM1.695 trillion in 2015, an increase of 3% from 2014's RM 1.651 trillion; while**
- iii. Foreign participation advanced substantially from 24% in 2014 to 27% in 2015. Despite the heavy foreign outflows, foreign institution contributed positively to the overall trade.**

13. But I believe Malaysia has the opportunity. Not only through our diversity – as we have a broad-based of listed companies representing over 50 sectors with banking representing the largest at 18%, but also through our fortitude during previous challenging economic periods that has helped to create a strong and more resilient marketplace that is on track to achieve developed status by 2020. We also have our intermediaries, all of you here, as a key capital market players and top

executives who are well equipped and well positioned to provide unique opportunities for investors.

14. It is an evening of celebration and I am sure you are anticipating on who will be stepping on stage to be acknowledged for their contributions. With this ladies and gentlemen, I would like to take this opportunity to congratulate and to also thank all of you for your contributions to the capital market.

Thank you.