

Index Futures

# **FTSE Bursa Malaysia KLCI Futures (FKLI)**



## WHAT IS FKLI?

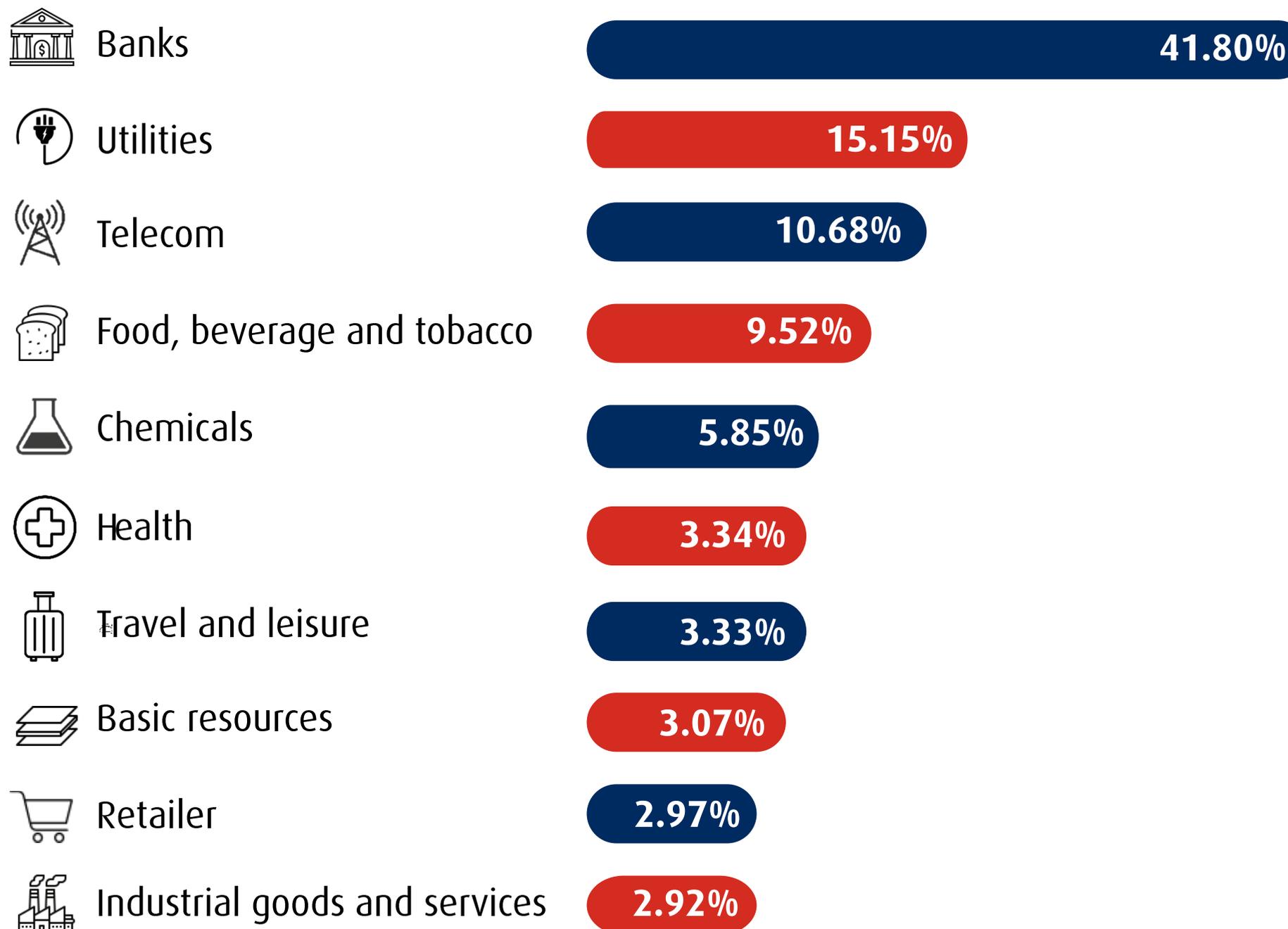
A Futures contract traded on Bursa Malaysia Derivatives Exchange which underlying is

**FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI)** containing

**30**

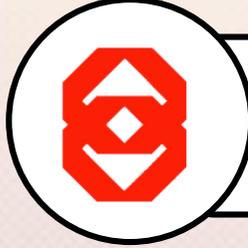
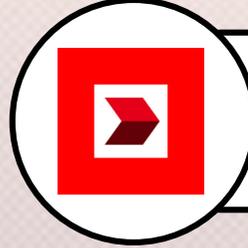
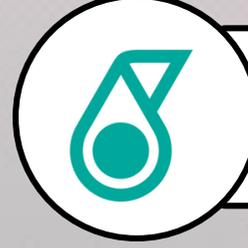
largest companies listed on the Main Board by full market capitalization.

# TOP 10 INDUSTRIES IN KLCI INDEX\*



\*As of 29 March 2024

# TOP 5 COMPANIES IN KLCI INDEX\*

	<u>Company</u>	<u>Net Mcap (MYR mil)</u>
	Malayan Banking <i>Banks</i>	71,444
	Public Bank <i>Banks</i>	59,864
	CIMB Group Holdings <i>Banks</i>	52,562
	Tenaga Nasional <i>Electricity</i>	41,768
	Petronas Chemical Group <i>Chemicals</i>	18,949

\*As of 29 March 2024

# BENEFITS OF TRADING FKLI FUTURES



## All-in-one

An all-in-one solution to trade the 30 largest Malaysian companies without having to buy each stock separately.



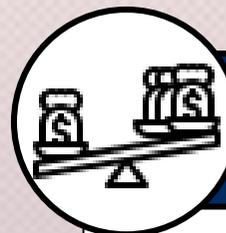
## Risk Control

Used by fund managers as a financial instrument to hedge their investment portfolios and control financial risk.



## Exposure

Exposure to different markets and industries like banks, utilities and telecommunications.



## Leverage

Pay a relatively small amount of initial margin to leverage all 30 stocks in KLCI index and magnify your returns.

# CONTRACT SPECIFICATIONS

## FTSE Bursa Malaysia KLCI Futures (FKLI)

Contract  
Code

FKLI

Underlying  
Instrument

FTSE Bursa Malaysia Kuala Lumpur Composite Index  
(FBM KLCI)

Contract  
Size

FBM KLCI multiplied by RM50

Minimum  
Fluctuation

0.5 pt = RM 25

Settlement  
Method

Cash

Contract  
Month

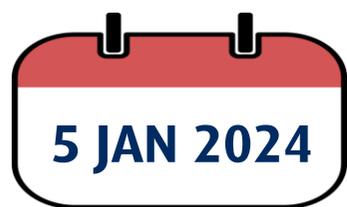
Spot month, the next month and the next two calendar  
quarterly months.

Trading  
Hours

08:45 - 12:45, 14:30 - 17:15  
21:00 - 02:30 (T+1 session)

# TRADING EXAMPLES

## Bullish Market



You think the price of FKL1 will go up and BUY 1 lot @1,533.5



You close your position and SELL 1 lot @1,554.5

Gross Profit  
= Price Difference x Contract Size  
= (1554.5 - 1533.5) x RM 50  
= RM 1,050

## Bearish Market



You think the price of FKL1 will go down and SELL 1 lot @1,533.5



You close your position and BUY 1 lot @1,511.0

Gross Profit  
= Price Difference x Contract Size  
= (1533.5 - 1,511.0) x RM 50  
= RM 1,125

# FACTORS AFFECTING PRICES OF FKLI

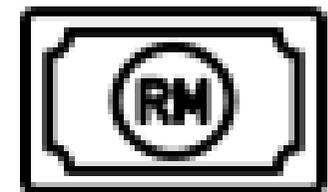
## Global Index



A good performance of a leading global index like U.S will increase their buying power to purchase goods from Malaysia, thus strengthening local economy and stock prices.

## Currency

When Ringgit Malaysia appreciates, the buying power of consumers increases and this stimulates the growth of local companies.



Meanwhile, the strengthening of Ringgit Malaysia increases the cost of purchase for foreigners, thus reducing their interest in local companies and affect stock prices.

# FACTORS AFFECTING PRICES OF FKLI

## Geo-Politics

Political instability will decrease local consumer confidence and foreign investments in Malaysia, which can impact the economy and stock index.



## Corporate Earnings



When the 30 listed companies report better-than-expected earnings, it will increase the stock prices and cause the FKLI Futures prices to increase.

# FACTORS AFFECTING PRICES OF FKLI

## Interest Rate



A higher interest rate increases the cost of funding for local companies, which in turn affect the performance and stock prices.

## Economic Data

Economic data like a high inflation rate causes less consumer spending and negatively impacts the stock index. Other economic data includes GDP and unemployment rates.



# OVERVIEW IN 2023

FTSE Bursa Malaysia KLCI Futures (FKLI)



## JAN - FEB 2023

+2.29%

FKLI remained stable and rose slightly by 2.29% due to an unchanged OPR of 2.75% and expectations of a soft landing.

**A**

## FEB - APR 2023

-5.96%

The higher inflation and fears over the banking crisis in the U.S. caused the market to retreated by 5.96%.

**B**

# OVERVIEW IN 2023

## FTSE Bursa Malaysia KLCI Futures (FKLI)



### MAY – JUNE 2023

-4.79%

U.S. Federal Reserve and BNM raised interest rate and OPR by 25 basis point to 5.25 % and 3.00% respectively. Debt default may happen due to the U.S. debt celling issue.

**C**

### JUL – SEP 2023

+6.22%

BNM kept OPR unchanged at 3.00%. In the U.S., the ease of inflation data and positive bank earnings pushed the U.S. index to 52-weeks highs.

**D**



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