

EQUITY MARKET AND INFRASTRUCTURE

In 2022, global volatility was largely influenced by rising recessionary risk, higher global interest rates, strict COVID-19 lockdowns in China and Russia’s invasion of Ukraine. In line with the global market, the domestic market was impacted as the FBMKLCI recorded a yearly decline of -4.60% (Chart 1), ending the year 2022 at 1,495.49 points.

The average daily trading volume and value for 2022 trended downwards to 3.00 billion units and RM2.18 billion, respectively in 2022 (Chart 2) (2021: trading volume and value of 5.85 billion units and RM3.66 billion, respectively), despite the country entering the endemic phase and reopening of economic activities.

Higher global inflationary pressure, poor global equity market outlook and the tightening of monetary policy affected market sentiment amid healthy local retail and foreign investor participation in 2022.

FBMKLCI valuation improved slightly compared to most regional emerging markets (Chart 3) amid an anticipated stronger economic recovery momentum.

Market-wide circuit breaker and dynamic and static price limits for equities were in place as part of the risk management mechanism to address excessive market volatility. In 2022, no circuit breakers were triggered.

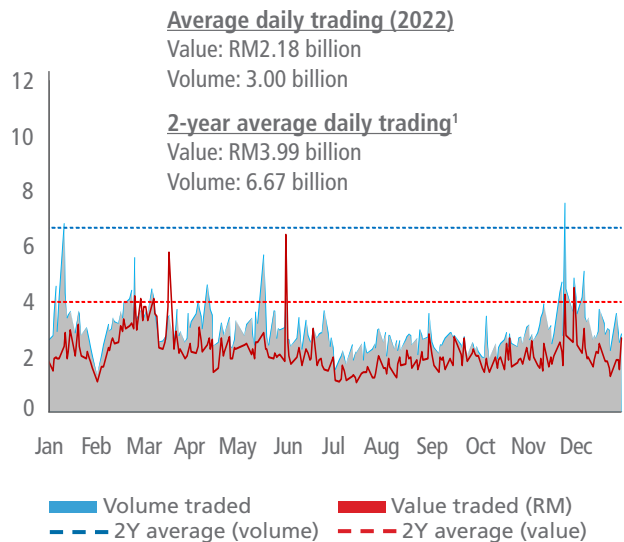
Securities and Derivatives Clearing Guarantee Funds have been in place to manage the settlement of trades when there is a payment or delivery default. There has been no utilisation of the clearing guarantee funds since inception.

CHART 1
Equity market performance



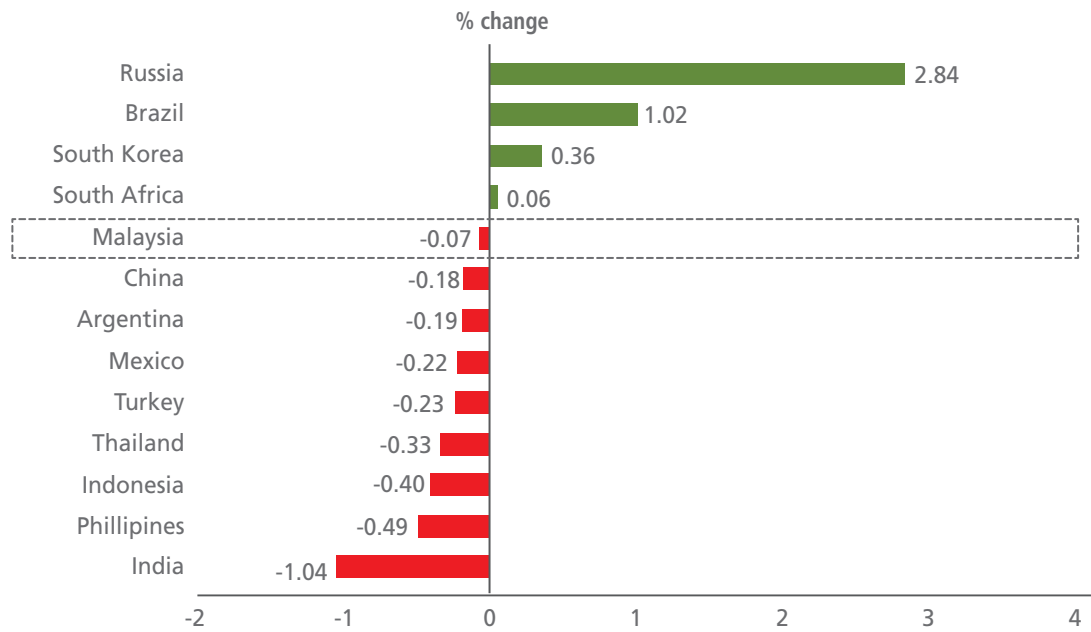
Source: Bloomberg.

CHART 2
Average daily trading



Source: The SC.

¹ A two-year average covering average daily trading between 2020 and 2021.

CHART 3Emerging Markets – Composite Valuation Score²

Source: Bloomberg.

² Composite valuation score comprises equally weighted price-to-book ratio, price-to-earnings ratio and dividend yield.