

PODCAST: Amid volatility, 2019 offers great opportunities for Islamic investors

Following 2017's market rally, Islamic investors faced volatile market conditions in 2018 and the road is likely to remain bumpy in 2019 although the global economy's fundamentals are strong, believes UOB Asset Management (Malaysia), rejecting the idea of a close recession. MARC ROUSSOT delves further.

"We think that market volatility will be elevated due to the market reacting to binary events such as the trade war and Brexit. Elevated market volatility going forward should be a positive factor for gold. However, we do not think that the decision-makers in the binary events would want to end up in a lose-lose situation where everything capitulates," explains Muhammad Zulfadzlie Zulkifli, the chief investment officer of UOB Islamic Asset Management (Malaysia).

Despite a long list of strong geopolitical headwinds including Brexit, the ongoing US-China trade war, the possible hard landing of China's economy, the growing uncertainty around US-North Korea talks and plenty of elections scheduled in 2019 including in Indonesia and India, Muhammad remains confident of the future performance of the market.

"The economy is still expanding, even though it is slowing down. In addition, if you look at the leading indicators, the Fed's probability models and other indicators that historically have signaled recessions, they are not flashing red just yet," says Muhammad.

From a geographical perspective, one of the sweetest spot for Islamic investors is the Gulf where GCC member states are

reforming, consolidating their budgets and diversifying their economies. Combined with a much lower breakeven price of oil, all these measures bode well for the reduction of deficits.

Looking at Shariah compliant equities and Sukuk, Muhammad is neutral in terms of asset allocations. "We were quite bullish on equity especially at the beginning of the year and it proved to be right but we do not favor one asset class over the other at this point of time given the volatility," he says. ☺

This is an excerpt of an interview with Muhammad Zulfadzlie Zulkifli, the chief investment officer of UOB Islamic Asset Management (Malaysia). For a broader Islamic markets outlook, listen to the IFN Podcast.

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Muhammad Zulfadzlie Zulkifli, chief investment officer of UOB Islamic Asset Management (Malaysia)

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