

FUND FLOW REPORT

Week Ended
April 29, 2016

Foreign Flow Meter (M'sia)



Tide

MODERATE-HIGH
(rising)



Current

MODERATE-HIGH
(rising)

- It was all red across the board for equity markets around the world. However, it was a relatively mild retreat and not as severe as that experienced in January during China's market rout.
- The FOMC's decision to hold its benchmark rate in its April's meeting delivered no surprise to the market. Nikkei225 took a turn from its prior two-week rally, retreating -5.2%. Investors, expecting an expansion in stimulus package, were left disappointed by Bank of Japan's inaction amid the lackluster economic data released last week.
- Brent crude oil price held its ground firmly at >USD40pb, recording a gain of 7.0% to USD48.13pb. However it dropped sharply to USD45.83pb on Monday.
- The Ringgit maintained its resilience against the greenback, depreciating -0.1% to RM3.9045. It underwent selling pressure on Tuesday morning, retreating by -1.4% after 1MDB's default on its USD1.75b bond coupon payment.
- Meanwhile, KLCI ended down -2.6% at 1672.72points, the second consecutive weekly loss.
- Fatigue hit global liquidity flow to Asia last week.
- Based on provisional data from the respective exchanges in seven Asian markets that we track, investors classified as "foreign" slammed the brakes on their purchases of Asian equity last week.
- The writings had been on the wall and the buying inevitably came to an end. After 10 consecutive weeks mopping up shares listed on Bursa, foreign investors turned net sellers last week.
- The amount sold was -RM430.8m net, the second lowest out of only five weeks that net sale had been recorded this year.
- For the month of April, foreign buyers added only RM433.9m of Malaysian stocks into their portfolios, after investing a whopping RM6.08b in March. We note that the markets in Indonesia and Thailand were also the casualties of foreign attrition from Tuesday to Friday.

3 May 2016 | Strategy - Weekly Fund Flow

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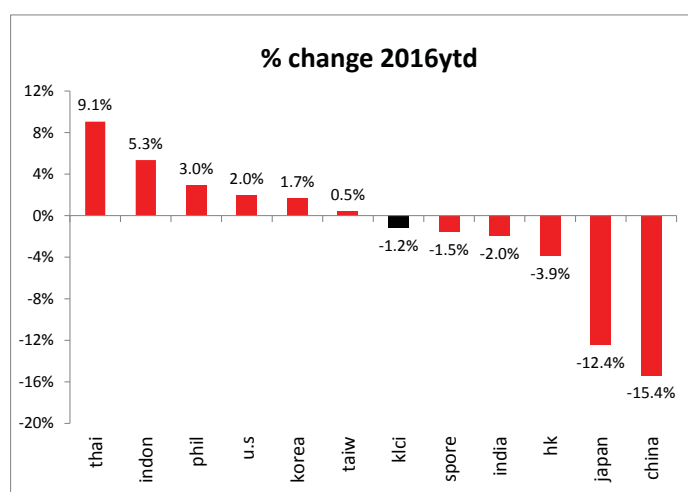
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A. MARKET SNAPSHOT

- It was all red across the board for equity markets around the world. However, it was a relatively mild retreat and not as severe as that experienced in January during China's market rout.
- The FOMC's decision to hold its benchmark rate in its April's meeting was expected. Its reassurance of gradual rate adjustments with no direct hints of a June hike supported market sentiment amid a string of lower-than-expected US economic data.
- Nikkei225 took a turn from its prior two-week rally, retreating -5.2%. Investors, expecting an expansion in stimulus package, were left disappointed by Bank of Japan's inaction amid the lackluster economic data released last week. Yen rallied by 4.4% last week against USD as investors sought haven.
- Brent crude oil price held firmly at >USD40pb, gaining 7.0% to USD48.13pb. Market appears to have shifted its focus from OPEC's protracted freeze talks to real structural improvements. The continued decline in US crude production was the main catalyst for last week's advance. EIA's data indicated that the US crude production remained at <9mbpd for the third straight week. This has potentially enhanced market conviction of a supply rebalancing process. Buoyed by that, the Brent price surged to >USD48pb for the first time this year on early Friday. Meanwhile, OPEC members were relatively quiet last week, with market patiently awaiting further freeze talk development in their June's summit.
- The CSI300 Index was moving sideways, closing the week with a marginal loss of -0.6% to 3156.75points. The release of China's March industrial profit showing an increase of 11.1%yoy failed to lift the buying spirit. Market appeared cautious in trading, arguably waiting for further clues from PBOC on its subsequent policy direction following its prior week's remark on a moderation in stimulus.
- The Ringgit maintained its resilience against the greenback, depreciating -0.1% to RM3.9045. It underwent selling pressure on Tuesday morning, retreating by -1.4% after 1MDB's default on its USD1.75b bond coupon payment. Market tensions dissipated later on as 1MDB explained the default as triggered by its dispute with IPIC which had supposedly promised to bear the interest payment, rather than a sign of financial strains. The Ringgit subsequently reclaimed its lost ground intraday.
- Meanwhile, KLCI ended down -2.6% at 1672.72points, the second consecutive weekly loss. The market is entering a seasonally weaker May-October period. Expect investors to remain cautious in the weeks ahead.

Performance of major markets		
Weekly % change	Week before	Last week
Thai SET	1.83	-0.44
China CSI300	-2.97	-0.57
India Sensex	0.82	-0.90
Korea KOSPI	0.04	-1.06
FTSE	-0.53	-1.09
S&P500	0.52	-1.26
Dow Jones	0.59	-1.28
Phil Comp	-0.90	-1.32
Jakarta JCI	1.89	-1.55
Taiwan Taiex	-1.89	-1.85
Hang Seng	0.71	-1.86
KLCI	-0.58	-2.63
CAC	1.66	-3.08
DAX	3.20	-3.22
Straits Times	0.56	-3.47
Nikkei 225	4.30	-5.16

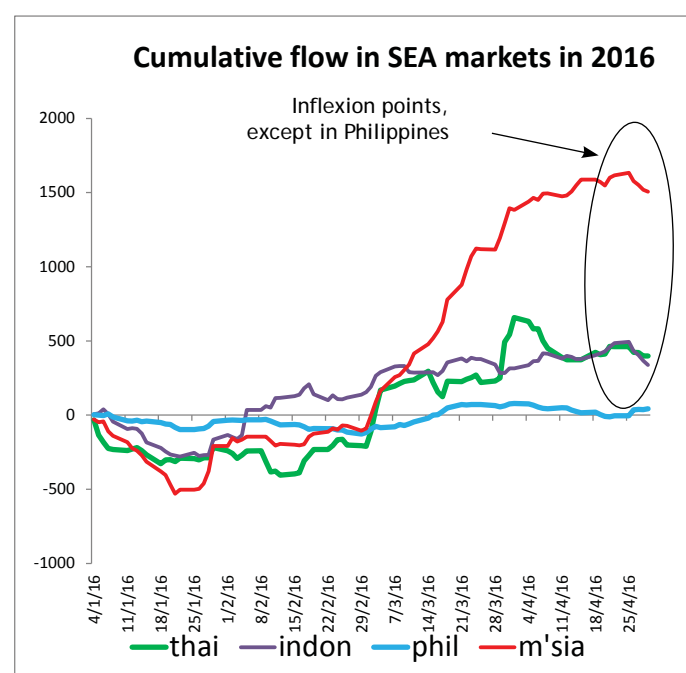
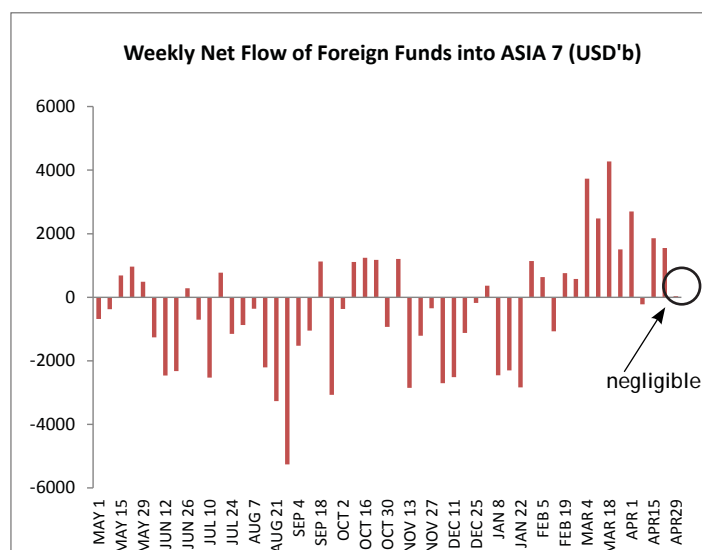
Source: Bloomberg



FUND FLOW REPORT

B. TRACKING MONEY FLOW - ASIA ¹

- Fatigue hit global liquidity flow to Asia last week.
- Based on provisional data from the respective exchanges in seven Asian markets that we track, investors classified as “foreign” slammed the brakes on their purchases of Asian equity last week. The estimated foreign inflow to the seven markets last week plunged to only USD35m.
- The inflexion point can be tracked to Thursday, arguably due to Japan’s BOJ inaction.
- Amid the negative sentiment, foreigners continued to favor Korea over other Asian markets. The purchase magnitude, however, has tapered to USD259m. Korea’s 1Q16 GDP growth of 2.7%yoy was in line with market expectation. Nevertheless, the persistent decline in exports continued to weigh on investors’ sentiment. Market’s concerns potentially intensified as Korea’s industrial production data surprised the market with a fall of -1.5%yoy.
- In contrast, foreigners sold -USD156m of Taiwan equities. The week started on a positive note with strong foreign buying in the first two days but the momentum was disrupted on Wednesday after Apple Inc. posted its first quarterly revenue decline in more than a decade with a forecast of another sales drop in 2Q16. The market underwent heavy attrition of -USD190m on Thursday, with investors appeared to start offloading their holdings in TSMC and Hon Hai Precision, Apple Inc.’s main component suppliers.
- The foreign inflow to Indonesia in prior week appeared to be transient, with foreign buyers offloading -USD148m of equities last week. The Finance Ministry has revised upward its 2016 budget deficit to 2.4-2.5% of GDP from an initial estimate of 2.15%. This arguably dampened the Rupiah’s prospect and suppressed foreigners’ appetite for Indonesian market. Bank Rakyat and Bank Mandiri were among the main selling targets. Investors appeared to be reducing their exposure in the banking industry. The authority plans to raise the minimum capital requirement to 100b Rupiah, apart from the effort to lower the lending rates.
- The inflow to Thailand was disrupted. Foreigners sold -USD78m net last week. Market sentiment was weak as the Finance Ministry cut its 2016 GDP forecast by 0.4% to 3.3%, with export expected to contract by -0.7%. Meanwhile, Philippine registered its first net inflow of USD42m in almost a month. India on the other hand saw a net foreign purchase of USD221m.



¹ Based on 7 Asian markets, for which fund flow data is publicly available. These are our proxy for Asia: TIPS (Thailand, Indonesia, Philippines), Korea, Taiwan, India and Malaysia.

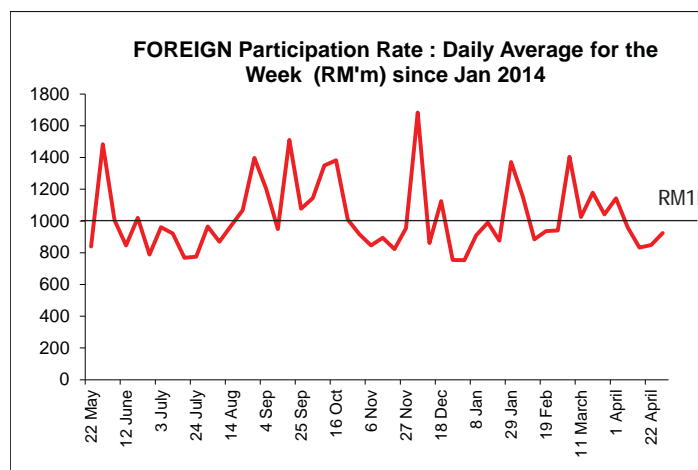
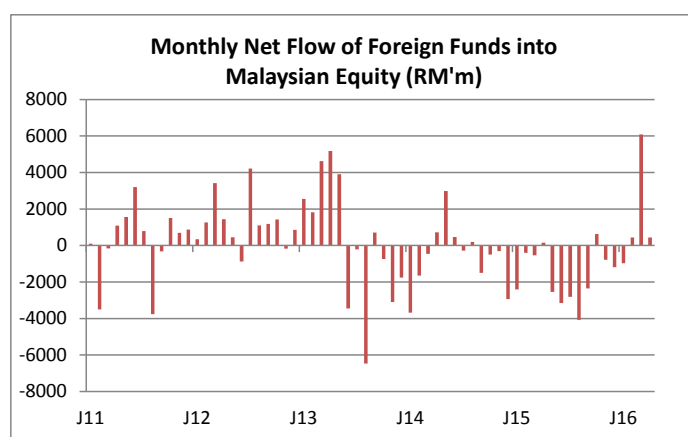
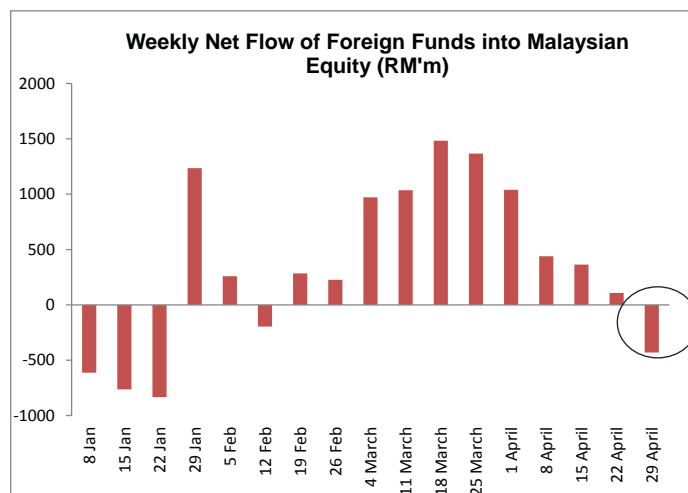
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
MAR 18	1212.8	-9.3	67.4	93.4	711.1	1834.7	363.3	4273.3
MAR 25	257.3	-8.1	23.2	22.7	551.9	316.1	339.6	1502.6
APR 1	-81.0	437.7	-62.3	7.1	1342.6	788.7	264.0	2696.9
APR 8	343.5	-207.5	97.7	-35.1	-161.4	-369.4	112.5	-219.7
APR 15	724.3	-78.0	-34.8	-27.4	199.4	983.5	93.2	1860.1
APR 22	625.8	89.8	106.8	-20.4	326.0	397.6	27.4	1552.9
APR 29	258.8	-77.8	-147.6	47.2	220.8	-156.2	-110.0	35.3

Source: Respective exchange statistics reported on Bloomberg, Bursa Malaysia. These figures are subject to revisions.

C. TRACKING MONEY FLOW - MALAYSIA

- The writings had been on the wall and the buying inevitably came to an end. After 10 consecutive weeks mopping up shares listed on Bursa, foreign investors turned net sellers last week.
- The amount sold was -RM430.8m net, the second lowest out of only five weeks that net sale had been recorded this year. This is estimated based on transactions in the open market and excluded off market deals.
- For the month of April, foreign buyers added only RM433.9m of Malaysian stocks into their portfolios, after investing a whopping RM6.08b in March.
- Interestingly, last week did not begin on an auspicious note. Foreigners were still buying on Monday, albeit in moderate amount. However, the trend reversed abruptly on Tuesday as foreigners sold -RM220m, the highest since January 21, and only the fifth day that the attrition exceeded RM200m this year.
- The selling on Tuesday continued for the rest of the week, but the amount tapered significantly and on Friday, foreign investors sold only -RM50m net.
- We note that the markets in Indonesia and Thailand (but not in the Philippines) were also the casualties of foreign attrition from Tuesday to Friday.
- Last week's foreign withdrawal reduced the cumulative year-to-date net inflow to RM6.0b. There is still a lot of ground to make up after the -RM19.5b net outflow for the entire 2015 and -RM6.9b in 2014.
- The sudden selling by foreigners lifted foreign participation rate by 8.8% last week. The average daily value of shares traded rose to RM924m, from RM850m the week before. We note that foreign participation surpassed the RM1b mark in back-to-back last two days of the week, the first time since 1 April.
- Local funds remained net sellers, offloading -RM104.6m last week but participation rate remained lively with average value traded rising to RM2.2b, the 8th straight week that it exceeded RM2b.
- Retail interests may be returning as participation rate rebounded 8% to RM623m, the highest in 4 weeks. However, it was still in the low zone.



BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	NET (USD)*
MAR 18	1607.6	1702.1	-94.5	5007.9	6396.6	-1388.7	3687.2	2204.0	1483.2	363.3
MAR 25	1695.8	1667.6	28.2	5421.2	6815.3	-1394.1	3286.2	1920.3	1365.9	339.6
APR 1	1419.4	1521.7	-102.3	5275.9	6213.8	-937.9	3377.1	2336.9	1040.2	264.0
APR 8	1415.4	1485.9	-70.5	5565.1	5934.3	-369.2	2619.8	2180.1	439.7	112.5
APR 15	1436.8	1444.8	-8.0	4949.6	5306.0	-356.4	2264.8	1900.4	364.4	93.2
APR 22	1557.2	1559.6	-2.1	5523.4	5628.0	-104.6	2177.4	2070.4	107.0	27.4
APR 29	1921.7	1646.0	275.7	6228.0	6072.9	155.1	2094.1	2524.9	-430.8	-110.0

* Estimate by MIDF Research based on prevailing exchange rate. Source: Bursa's preliminary data

FUND FLOW REPORT

D. TOP 100 STOCKS: MONEY FLOW ²


TOP 10 NET MONEY INFLOWS

- Tenaga Nasional registered the highest net money inflow of RM26.75m last week. Accordingly, its share price outperformed the market benchmark in spite of a slight -0.97% weekly decline. In comparison, the FBM KLCI tumbled by -2.63% during the week under review. In this regard, it is notable that net money inflow amidst retreating share price may indicate buy on weakness (BOW) stance among some investors. Recently, the company reported 2QFY16 core net profit of RM1.5b (normalised for translation losses of RM235m) which came within our and consensus expectations.

IHH Healthcare came in second with RM18.55m net inflow. Its share price however fell -2.53% during the review week but marginally outperformed the market benchmark. It is notable that some investors may be taking a BOW stance on this stock. The group recently acquired Bulgaria's Tokushukai-Sofia EOOD and City Clinic Group.

IJM Corp recorded the third highest net money inflow of RM7.86m. Its share price outperformed the market benchmark as it ended only -1.15% lower during the review week. Likewise, we expect a BOW stance on this stock among some investors..

TOP 10 NET MONEY OUTFLOWS

- Dutch Lady Milk Industries saw the largest net money outflow of -RM9.78m during the review week. However, its stock price slightly outperformed the FBM KLCI as it ended the week lower by -1.12% against a bigger -2.63% decline in the market benchmark. The company recently announced its Q1 profit almost doubles to RM34m driven by lower dairy raw material prices.
- F&N came in second last week with a net outflow of -RM4.03m. Its share price however massively outperformed the market benchmark with a 6.50% weekly gain. Nonetheless, it is notable that net money outflow amidst advancing share price indicates sell on strength (SOS) stance among some investor.
- British American Tobacco registered the third largest net money outflow at -RM3.99m in the review week. Accordingly, its share price underperformed the market benchmark with a huge -15.82% weekly loss. Recently, the company reported 1QFY16 net profit of RM175.5m which lagged our expectation. 

Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 29 April 2016 among the largest 100 market capitalized stocks on Bursa Malaysia.

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TNB	26.75	2.78	-0.97	BOW
IHH HEALTH	18.55	-10.91	-2.53	BOW
IJM CORP	7.86	-3.88	-1.15	BOW
HAP SENG CONS	3.96	-2.88	0.26	-
PETRO CHEM	3.41	0.12	0.15	-
PETRO GAS	3.15	-0.70	-0.09	BOW
DIGI.COM	2.84	0.42	-5.98	BOW
MY EG	2.30	1.24	-2.90	BOW
MSM M'SIA	1.92	0.00	-1.21	BOW
MAH SING	1.80	0.09	-4.58	BOW

Source: Bloomberg, MIDFR;

Note: BOW - Buy on weakness, SOS - Sell on strength (Bloomberg defined)

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
DUTCH LADY	-9.78	0.14	-1.12	-
F&N	-4.03	-0.54	6.50	SOS
BAT	-3.99	-1.33	-15.82	-
TM	-3.80	1.07	-0.89	-
AIRASIA	-3.79	9.55	-9.52	-
INARI	-3.70	0.14	-9.60	-
KLCCP	-3.47	-1.77	0.28	SOS
AXIATA	-3.31	-0.92	-3.42	-
SIME DARBY	-2.80	-0.68	-2.90	-
PUBLIC BANK	-2.78	15.78	-2.30	-

Source: Bloomberg, MIDFR;

Note: BOW - Buy on weakness, SOS - Sell on strength (Bloomberg defined)

² Money flow indicates whether a particular stock is being more heavily purchased or sold. Money flow generally confirms price trend. As price rises, money flow is usually positive, vice versa. A divergence may portend a reversal in price trend. A rising stock price with a negative money flow can indicate a future price correction, vice versa.

How is money flow calculated? When a trade is performed, its price is compared to the price of the previous trade (the first trade of the day is compared to the previous day's close). If the prices differ, either upticks or downticks, the value of the trade (price multiplied by number of shares) is added to or subtracted from the money flow respectively.

Source: Bloomberg, MIDFR

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