

FUND FLOW REPORT

Week Ended May 6, 2016	Foreign Flow Meter (M'sia)	
	 Tide	MODERATE-HIGH (rising)
	 Current	HIGH (rising)

- Equity markets around the world remained mired in the redzone for the second consecutive week. Nevertheless, it was still not the bloodbath experienced in January.
- The tepid performance was due to a lack of market catalyst, as well as fatigue in the oil market. The biggest market news was arguably Friday's U.S nonfarm payroll of 160k which lagged expectations of ~200k. It reduced significantly the odds of a Fed rate hike in June. Wall Street responded positively but the impact on Asia will be felt on Monday.
- Brent crude oil price retreated by -5.9% to USD45.27pb.
- The Ringgit slid by -2.6% to RM4.004 against the greenback, losing its one-month-long grip at <RM4 after Brent slid to as low as USD44.19pb during the week.
- Prior week's fatigue culminated into a sharp foreign sell-off in Asian equity last week.
- The week was ravaged by holidays. Taiwan, Thailand and Malaysia bourses were closed on Monday for Labor Day's holiday. The bourses in Indonesia, Korea and again Thailand were closed on Thursday and Friday due to public holidays.
- There was heavy foreign attrition in Taiwan where foreign investors dumped -USD1.56b, the highest since February 2014. Taiwan's 1Q16 GDP contracted -0.84%yoy, its third consecutive contraction.
- Foreign selling on Bursa continued for the second consecutive week. The net amount sold increased to -RM623.1m, from -RM430.8m the week before. This was despite trading being restricted to only four days as the market was closed on Monday .
- Foreigners had been net sellers on Bursa for eight consecutive days. However we note that the outflow receded significantly on Friday to only -RM32m. The Ringgit also rose for the first time in six days on Friday.

9 May 2016 | Strategy - Weekly Fund Flow

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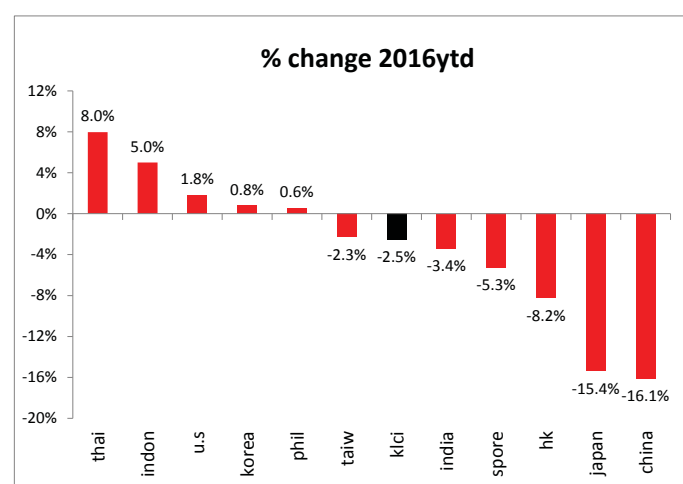
RISING TIDE OUT

A. MARKET SNAPSHOT

- Equity markets around the world remained mired in the redzone for the second consecutive week. Nevertheless, it was still not the bloodbath experienced in January.
- A lack of market catalyst, as well as fatigue in the oil market were the main culprit for last week's tepid performance. The biggest market news was arguably Friday's U.S nonfarm payroll of 160k which lagged expectations of 200k. It reduced significantly the odds of a Fed rate hike in June. Wall Street responded positively but the impact on Asia will be felt on Monday.
- The Brent crude oil price retreated by -5.9% to USD45.27pb. The Brent started the week on a weak note by registering a -3% loss on Monday. Market sentiment was shaken by a surge in OPEC production. Reuters' survey indicates that OPEC's April output increased by 170,000bpd to 32.64mbpd, with much of the surge contributed by Iran and Iraq. The April figure closely trailed January's high of 32.65mbpd which had then seen the price plunged to <USD30pb. Sentiment was further dampened as OPEC officials insinuated that freeze talks might not be the top agenda in their June summit. Despite the headwinds, the Brent appeared resilient to maintain its ground at >USD40pb. This was arguably driven by a continuing structural improvement on the US side. EIA's data indicated a persistent moderation in the US crude production at <9mbpd and an inventory build-up of 2.78m.
- China's CSI300 Index recorded a marginal loss of -0.8% to 3130.35points. Closed on Monday for Labor Day's holiday, the China market opened on Tuesday on a strong note, with the CSI300 recorded a 1.8% intraday surge. This was potentially catalyzed by the release of April NBS manufacturing PMI at 50.1. A PMI figure >50 indicates an expansion in the sector. The April figure, following March's 50.2, arguably strengthened market's conviction of a stabilizing economic condition in China. However, the rally was capped by the lower-than-expected Caixin manufacturing PMI. Market subsequently appeared prudent in their trading with signs of moderation shown by the services PMI released on Thursday.
- The Ringgit slid by -2.6% to RM4.004 against the greenback, losing its one-month-long grip at <RM4 after Brent slid to as low as USD44.19pb during the week. Pressure continued to pile up with the release of US trade data. The narrowing US trade deficit figure added further strength to the dollar. The Ringgit, however, managed to pare its week-long loss by rising 0.09% on Friday.
- Meanwhile, KLCI extended its loss to the third straight week, retreating by -1.4% to 1649.36points.

Performance of major markets		
Weekly % change	Week before	Last week
Dow Jones	-1.28	-0.19
Jakarta JCI	-1.55	-0.33
S&P500	-1.26	-0.40
China CSI300	-0.57	-0.84
Korea KOSPI	-1.06	-0.87
Thai SET	-0.44	-0.99
KLCI	-2.63	-1.40
India Sensex	-0.90	-1.48
DAX	-3.22	-1.68
FTSE	-1.09	-1.86
Phil Comp	-1.32	-2.34
Taiwan Taiex	-1.85	-2.76
CAC	-3.08	-2.88
Nikkei 225	-5.16	-3.36
Straits Times	-3.47	-3.79
Hang Seng	-1.86	-4.54

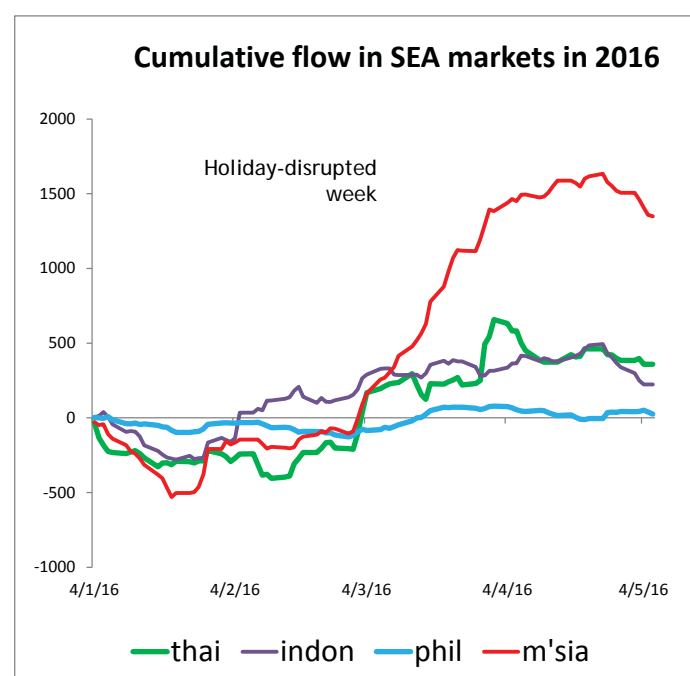
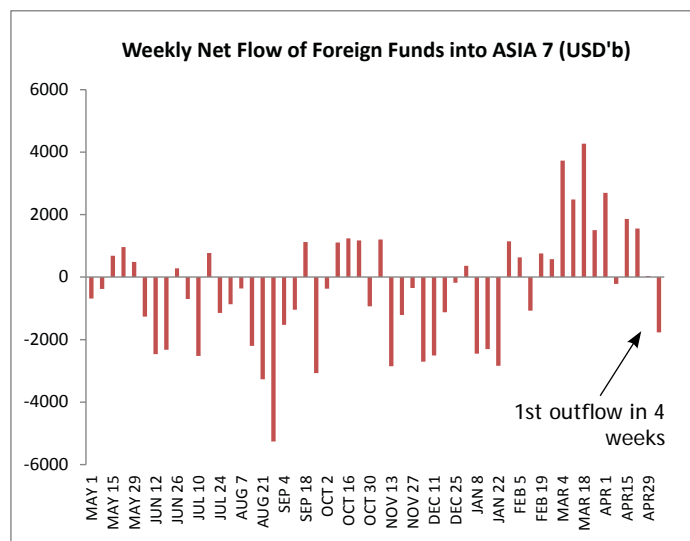
Source: Bloomberg



FUND FLOW REPORT

B. TRACKING MONEY FLOW - ASIA ¹

- Prior week's fatigue culminated into a sharp foreign sell-off in Asia last week.
- Based on provisional data from the respective exchanges in seven Asian markets that we track, investors classified as "foreign" offloaded equities amounted to -USD1.77b, the most severe in 15 weeks.
- The week was ravaged by holidays. Taiwan, Thailand and Malaysia bourses were closed on Monday for Labor Day's holiday. The bourses in Indonesia, Korea and again Thailand were closed on Thursday and Friday due to public holidays.
- There was heavy foreign attrition in Taiwan where foreign investors dumped -USD1.56b, the highest since February 2014. Taiwan's 1Q16 GDP contracted -0.84%yoy, its third consecutive contraction. The sell-off was arguably further catalyzed by a higher-than-expected inflation rate, which from market's perspective could contain the central bank's appetite for additional monetary easing. Big market-capitalization companies turned out to be the primary selling targets amid the uncertain macro-conditions. Electronic components producers TSMC and Hon Hai Precision were the severe victims of attrition, after the release of April Nikkei manufacturing PMI indicating a contraction in Taiwan manufacturing sector.
- Korea remained on the radar of international investors, attracting net inflow for the 11th of the last 12 weeks. However, the amount tapered further as foreigners are turning cautious. The market underwent attrition on Monday after data showing an 11.2%yoy decline in export. Market sentiment was lifted later on as Korea manufacturing PMI edged up to 50.0 in April. Samsung Electronics continued to be foreigners' top-pick since its announcement of better-than-expected 1Q earnings in prior week. Foreign holdings exceeded 50% last week, the first time since December last year.
- Foreign buyers continued to sell Indonesian equities by a magnitude of -USD115m. Foreigners' appetite for Indonesia market was potentially dampened by the weaker-than-expected 1Q GDP growth of 4.9%. In addition, investors were arguably offloading their position in the run-up to the long holidays starting on Thursday. Indonesian Rupiah was one of the worst performing Asian currencies last week with a decline of -1.2%.
- Meanwhile, Thailand, Philippine and India failed to resist the outflow current, with each market underwent relatively mild attrition.



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.

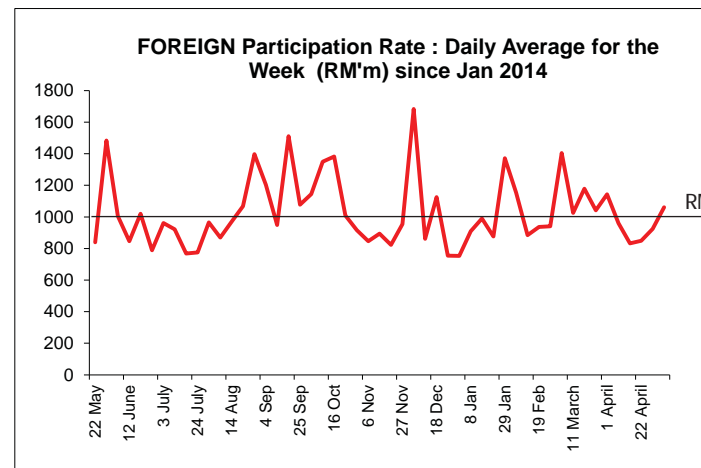
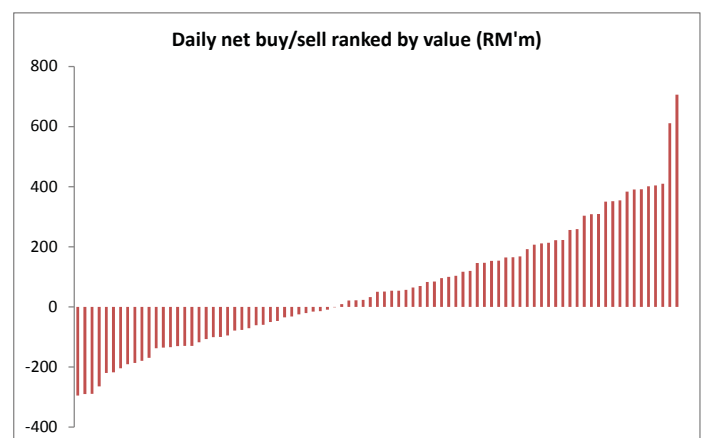
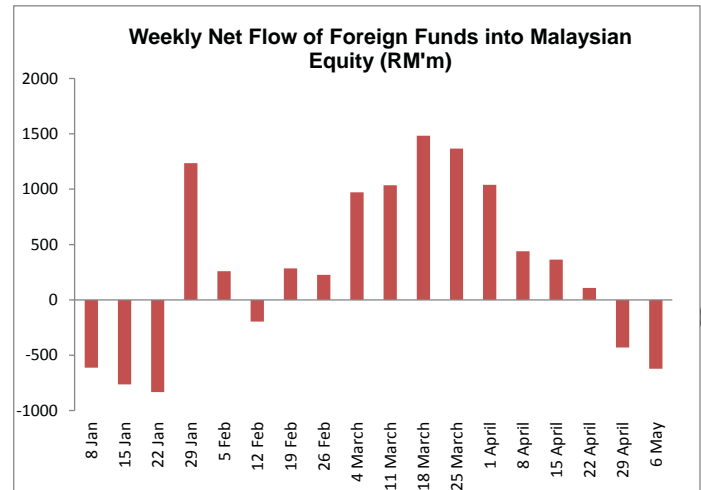
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
MAR 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	35.2
MAY 6	168.8	-26.4	-114.5	-16.5	-64.9	-1559.6	-156.5	-1769.5

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

C. TRACKING MONEY FLOW - MALAYSIA

- Foreign selling on Bursa continued for the second consecutive week.
- The net amount sold last week increased to -RM623.1m, from -RM430.8m the week before, estimated based on transactions in the open market which excluded off market deals. This was despite trading being restricted to only four days as the market was closed on Monday .
- As of Friday, foreigners had been net sellers for eight consecutive days. Heavy selling was recorded on Wednesday and Thursday as attrition exceeded RM200m per day. That made it seven days this year that the threshold had been broken. However we note that the outflow amount receded significantly on Friday to only -RM32m. On Friday too, the Ringgit rose for the first time in six days.
- Last week’s foreign withdrawal reduced the cumulative year-to-date net inflow to +RM5.34b, down from a peak of +RM6.47b. The amount is still modest relative to the -RM19.5b and -RM6.9b net outflow in 2015 and 2014 respectively.
- The heavy selling by foreigners lifted foreign participation rate by 15% last week. The average daily value of shares traded rose to RM1.06b, from RM923m the week before. It was the first time in five weeks that foreign participation rate had averaged >RM1b. On Wednesday, total foreign trade surged to RM1.31b, the highest in 23 days on heavy selling.
- Local funds and retailers supported the market last week, albeit passively. Local institutions mopped up RM538.5m, on RM1.998b participation rate. It was the first time that average trading value fell below the RM2b mark in ten weeks.
- Retail interests, which appeared to be returning dissipated disappointingly. Participation rate plunged -16% as the average value traded by retailers fell to RM598m.



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 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
MAY 6	1237.3	1152.7	84.6	4265.5	3727.0	538.5	1809.5	2432.6	-623.1	-156.5

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

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