

MIDF EQUITY STRATEGY | 28 JUNE 2017 WEEK ENDED 23 JUNE 2017

- Global equity markets mostly were in the positive territory last week.
- Wall Street started strong for the week as gains technology stocks propelled U.S. indices to all-time highs. However, optimism was partially dented by the decline in oil prices. Nonetheless, Wall Street still ended the week on a positive note.
- Brent crude oil price declined by -3.86% for the week to settle at USD45.54 pb, extending losses for the fifth week, Despite API reporting a bigger-than-expected fall in U.S crude stockpiles by 2.72m barrels in the preceding week, it was not sufficient to erode the pessimism that saw oil prices retreating to a seven-month low on Wednesday.
- The KLCI experienced its first weekly loss in four weeks as some investors cashed in gains ahead of the long weekend. The KLCI ended the week at 1,779 points. The ringgit meanwhile weakened by -0.31% for the week to USD/RM4.2893 due to the slump in oil prices.
- Ahead of the Aidilifitri break, global investors increased their exposure in Malaysian equity, albeit moderately.
- Based on preliminary data by Bursa, foreign investors acquired last week amounted to RM177.0m, offsetting the -RM99.6m outflow in the week before.
- Foreign participation eased but remains at a reasonable level. Foreign average daily trade value (ADTV) dropped slightly below the RM1b mark, decreasing by -9% for the week, from RM1.4b to RM989.6m.

THE TIDE SLOWLY RETURNS AHEAD OF AIDILFITRI

A. MARKET SNAPSHOT

- Global equity markets mostly were in the positive territory last week.
- Wall Street started strong for the week as gains technology stocks propelled U.S. indices to all-time highs. However, optimism was partially dented by the decline in oil prices. Nonetheless, Wall Street still ended the week on a positive note.
- In Asia, the CSI 300 Index advanced by 1.2% to close at an 18-month high on Tuesday amid MSCI's decision to include 222 China A-shares effective from June 2018. MSCI's decision is considered a milestone for China's integration with global financial markets, after facing three years of rejection. MSCI's decision means that a total of 222 A-share large cap stocks will vie for the inclusions, with China to command a 0.73% weightage of the flagship index.
- Over in the U.K, the FTSE 100 surged to 7,523 points while the pound took a hit by declining below the GBP/USD1.28 level as the first phase of Brexit talks began on Monday. As Wednesday came, a reversal of trend took place as the pound inched higher by 0.34%, settling at GBP/USD 1.2671 while the FTSE 100 shed 24 points to 7,447 points after Bank of England's chief economist, Andy Haldane stated his support for a rate hike this year.
- Brent crude oil price declined by -3.86% for the week to settle at USD45.54 pb, extending losses for the fifth week, Despite API reporting a bigger-than-expected fall in U.S crude stockpiles by 2.72m barrels in the preceding week, it was not sufficient to erode the pessimism that saw oil prices retreating to a seven-month low on Wednesday. Meanwhile, according to Iran's oil minister, OPEC is considering to deepen the output cut due to the increasing output in the U.S.
- The KLCI experienced its first weekly loss in four weeks as some investors cashed in gains ahead of the long weekend. The KLCI ended the week at 1,779 points. The ringgit meanwhile weakened by -0.31% for the week to USD/RM4.2893 due to the slump in oil prices.

Table 1 Weekly performance of major indices

Weekly % change	Week before	Last week
China CSI 300	-1.61	2.96
Taiwan TAIEX	-0.42	2.18
Jakarta JCI	0.85	1.85
Nikkei	-0.35	0.95
Korea KOSPI	-0.83	0.71
Thai SET	0.63	0.37
India SENSEX	-0.66	0.26
S&P 500	0.06	0.21
Hang Seng	-1.55	0.17
CAC 40	-0.69	0.05
Dow Jones	0.53	0.05
DAX	-0.49	-0.15
FTSE 100	-0.85	-0.53
KLCI	0.14	-0.66
FSSTI Index	-0.70	-0.68
Phil PCOMP	-1.35	-0.86

Source: Bloomberg

B. TRACKING MONEY FLOW - ASIA¹

- In Asia, global investors are slowly making a comeback after the disposal in the preceding week. Investors classified as “foreign” acquired USD668.6m net last week in the aggregate seven countries that we track.
- Global funds chipped in USD174.26m net of equities in Taiwan last week, accompanied by Taiex’s largest weekly gain since the week ended March 24. Sentiments improved on the back of the technology rally on Wall Street, which saw the recovery of Taiwan semiconductor players such as Hon Hai and TSMC gain 7.1% and 2.6% for the week, respectively. In contrast, the Taiwan dollar extended its losses for the fourth week, depreciating against the greenback by 0.04% as Fed’s rate hike boosted the value of the greenback.
- Meanwhile, international investors in Korea made a roaring comeback as they purchased USD749.2m net of stocks. The heavy foreign buying coincided with KOSPI’s uptrend which led to a weekly gain of 0.71%. Samsung electromechanics came into last week’s spotlight as it shares saw a single day gain of 5.26% on Thursday, a daily gain not seen in more than four years on the back of solid demand for microchips. Notwithstanding KOSPI’s performance, the Won loss -0.41% for the week amid intensified geopolitical tensions following President Trump’s statement about China’s failure to rein in North Korea.
- In Emerging South East Asian markets, global investors appeared mixed ahead of the long Aidilfitri holiday.
- Foreign investors retreated from Indonesia last week as they offloaded -USD177.1m net of local stocks. Thursday experienced the

Chart 1 YTD performance of major markets

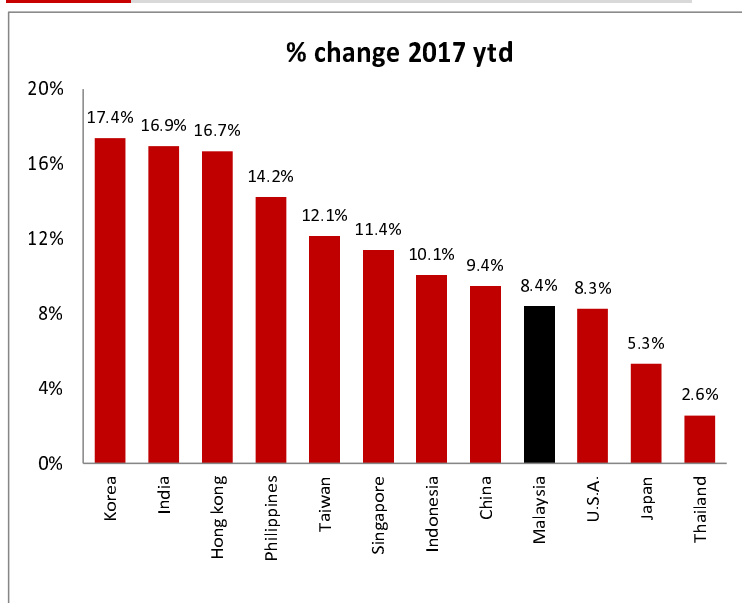
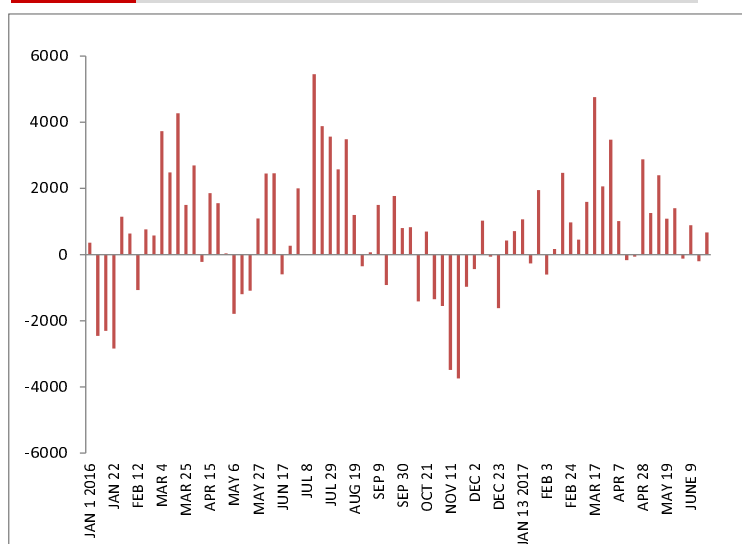


Chart 2 Weekly Net Flow of Foreign Funds into 7 Asian Markets since Jan 2016 (USD'b)



Source: Bloomberg, Bursa Malaysia

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.

biggest foreign net outflow in a day since May 29. The selloff was mainly contributed by stocks of property developers such as Ciputra Development amid soaring home prices which weighed down on Standard and Poor's upgrade on Indonesia's sovereign rating last month. Nonetheless, the JCI ascended to a closing of 5,829 points on Thursday, gaining 1.85% for the week.

- In Manila, foreign buying continued for its ninth straight week despite foreign investors being net sellers in three out of five trading days last week. The weak foreign buying coincided with the lacklustre performance of the PSEi which ended the week at a four-week low of 7,814 points, losing 0.86% on a weekly basis.
- Foreign investors continued selling in Thailand for the third week but on a smaller scale. The outlook brightened as Thailand's 13.2%yoy increase in exports was the biggest in 52 months. However, expectations of an increase in non-performing loans towards the end of the year according to Fitch Ratings put a dent on investor sentiment in the Thai bourse.

Chart 3 Net Flow of Foreign Funds into Taiwan, Korea and India since Jan 2017(USD'b)

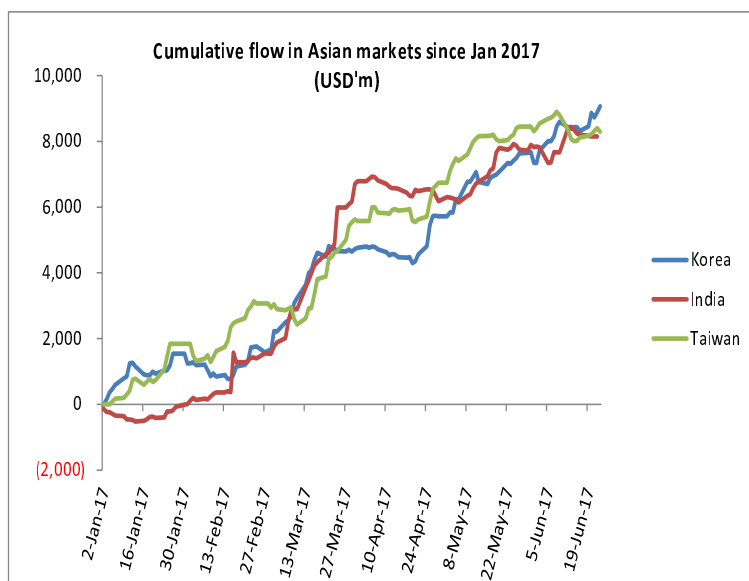
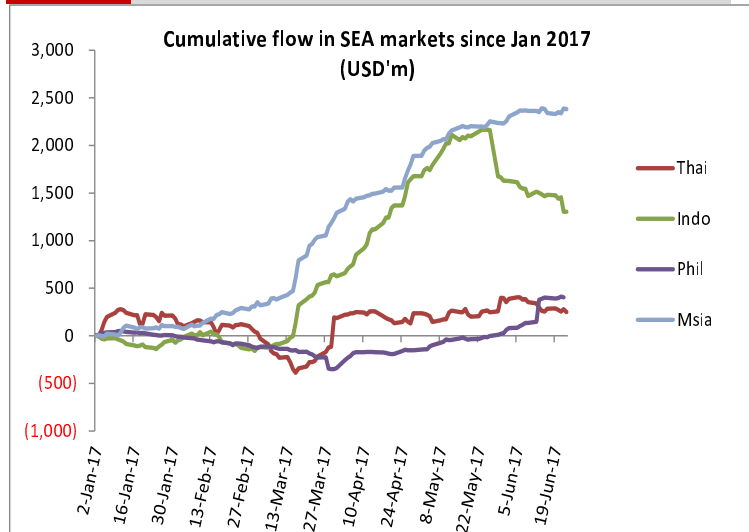


Chart 4 Net Flow of Foreign Funds into South East Asia Emerging Markets since Jan 2017 (USD'b)



Source: Bloomberg, Bursa Malaysia

Table 2 Weekly Net Flow Of Foreign Fund Into Equity By Market (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
MAY 5	520.3	-90.4	116.5	39.7	-126.9	665.2	133.2	1,257.7
MAY 12	524.7	118.0	319.5	65.4	486.2	750.1	132.7	2,396.6
MAY 19	312.0	-64.0	-16.1	5.6	948.7	-147.0	44.5	1,083.6
MAY 26	561.2	45.5	66.4	25.7	210.8	443.2	52.4	1,405.2
JUN 2	79.1	144.3	-535.9	76.1	-28.7	93.0	50.4	-121.6
JUN 9	881.4	-37.6	-158.2	73.9	-179.1	250.7	58.6	889.6
JUN 16	-279.2	-67.5	12.9	265.9	572.1	-680.9	-23.2	-199.9
JUN 23	749.2	-34.7	-177.1	1.83	-86.1	174.3	41.3	668.6

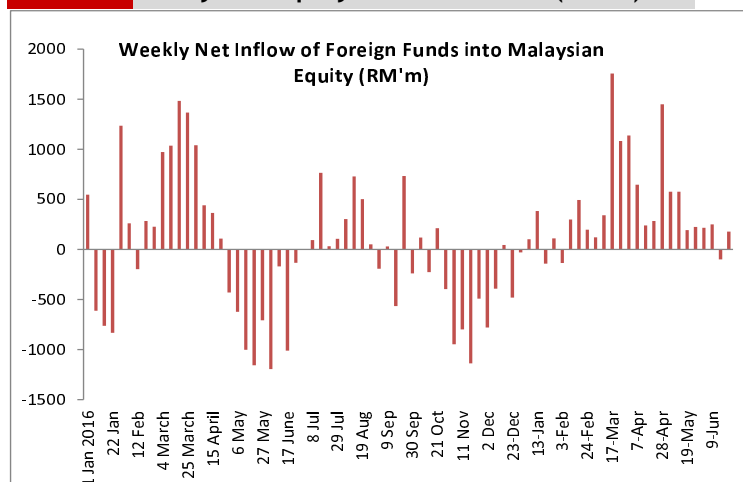
Source: Respective exchange statistics reported on Bloomberg. Bursa Malaysia. These figures are subject to revisions.

FUND FLOW REPORT

C. TRACKING MONEY FLOW - MALAYSIA

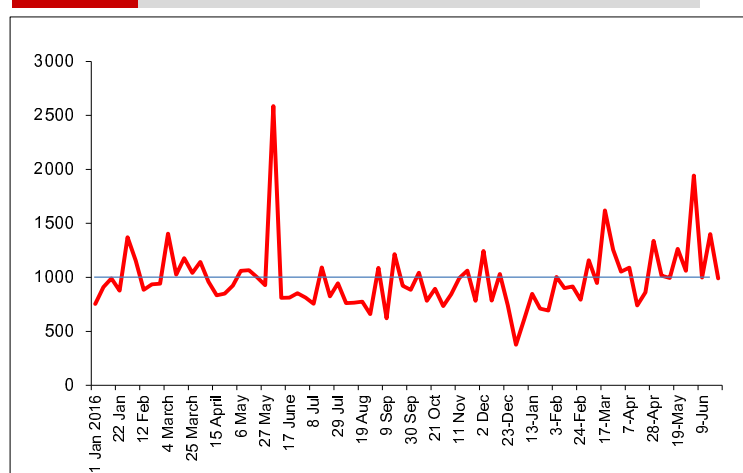
- Ahead of the Aidilfitri break, global investors increased their exposure in Malaysian equity, albeit moderately.
- Based on preliminary data by Bursa, foreign investors acquired last week amounted to RM177.0m, offsetting the -RM99.6m outflow in the week before.
- The heaviest foreign buying was recorded on Thursday as net purchases surged to RM208.9m as the fall in crude oil price prompted investors to embark on bargain hunting in the local bourse. This coincided with other regional markets that experienced heavy foreign buying, notably Korea and Taiwan.
- Foreign participation eased but remains at a reasonable level. Foreign average daily trade value (ADTV) dropped slightly below the RM1b mark, decreasing by -9% for the week, from RM1.4b to RM989.6m. Indeed, foreign trading was active on Tuesday and Wednesday as the trading value exceeded RM1b for both days. However, the momentum was lost as expected as the market edged towards Friday.
- In contrast, the retail market continued its sluggish pace. Retail ADTV declined by 21% for the week from RM812.7m in the week before to RM642.8m, the lowest since the week ended February 3. It has now been four straight weeks that the retail ADTV is below the RM1b mark.

Chart 5 Weekly Net Flow of Foreign Funds into Malaysian Equity since Jan 2016 (RM'm)



Source: Bursa Malaysia preliminary statistics

Chart 6 Foreign Participation on Bursa: Daily Average for the Week since Jan 2016 (RM'm)



Source: Bursa Malaysia preliminary statistics, MIDFR

Table 3 BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			NET (USD)*
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	
MAY 12	2,365.4	2,368.1	-2.89	6,177.4	6,751.1	-573.7	2,278.2	1,701.5	576.6	132.7
MAY 19	3,503.3	3,464.8	38.5	8,834.2	9,065.1	-230.9	3,258.6	3,066.2	192.4	44.5
MAY 26	3,197.9	3,160.5	37.4	8,471.2	8,732.3	-261.1	2,762.8	2,539.1	223.7	52.4
JUN 2	2,183.1	2,256.4	-73.3	6,865.2	7,007.7	-142.5	4,964.5	4,748.7	215.8	50.4
JUN 9	2,241.9	2,239.3	2.60	7,142.6	7,395.6	-252.4	2,622.5	2,372.7	249.8	58.6
JUN 16	1,607.2	1,643.5	-36.3	5,894.2	5,758.3	135.9	2,751.3	2,850.9	-99.6	-23.2
JUN 23	1,643.3	1,570.6	72.7	5,623.8	5,873.5	-249.7	2,562.5	2,385.5	177.0	41.3

Source: Bursa's preliminary data

* Estimate by MIDF Research based on prevailing exchange rate.

D. MONEY FLOW² AMONG BURSA'S TOP 100 CAPITALIZED STOCKS: WEEK ENDED 23 JUNE
TOP 10 NET MONEY INFLOWS

- Sime Darby stocks were the beneficiary of the highest net money inflow of RM13.44m. Its share price outperformed the benchmark index with a -0.10% loss during the review week.
- The second highest net money inflow was into Maybank which amounted to RM10.29m. Its share price outperformed the benchmark index with a -0.31% loss during the review week.
- Cahya Mata Sarawak saw the third highest net money inflow of RM4.63m. Its share price underperformed the benchmark index with a -0.74% loss during the review week. The net inflow amidst declining share price indicates a buy-on-weakness (BOW) stance among some investors.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
SIME DARBY	13.44	-4.55	-0.10	BOW
MAYBANK	10.29	0.52	-0.31	BOW
CMSB	4.63	3.75	-0.74	BOW
PETDAG	3.77	1.94	-0.33	BOW
KL KEPONG	3.62	4.18	-1.98	BOW
MAHB	3.58	3.05	-1.02	BOW
AMMB	3.51	2.36	-2.35	BOW
FGV	2.84	-2.95	-0.57	BOW
IHH	2.83	6.26	0.17	-
MY EG	2.78	2.54	-1.85	BOW

Source: Bloomberg, MIDFR;

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

TOP 10 NET MONEY OUTFLOWS

- CIMB Group saw the largest net money outflow of -RM23.36m last week. Its stock price substantially underperformed the benchmark index with a -0.74% loss.
- Public Bank recorded the second largest net money outflow -RM14.41m during the week under review. Its share price outperformed the benchmark index with a -0.10% loss.
- Gamuda registered the third largest net money outflow at -RM13.58m. Its share price substantially outperformed the benchmark index with a 1.49% gain. The net outflow amidst advancing share price indicates a sell-on-strength (SOS) stance among some investors.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
CIMB	-23.36	-7.63	-0.74	-
PUBLIC BANK	-14.41	1.95	-0.10	-
GAMUDA	-13.58	6.53	1.49	SOS
BAT	-12.39	-3.41	-3.34	-
DIALOG	-5.76	-1.85	0.52	SOS
TNB	-5.39	20.34	-1.94	-
INARI	-4.33	0.80	5.94	SOS
SP SETIA	-4.15	5.95	-6.85	-
AXIATA	-3.82	-0.51	-1.00	-
TELEKOM	-3.61	0.24	-0.45	-

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

DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (23878-X). It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein

This document may not be reproduced, distributed or published in any form or for any purpose.



MIDF RESEARCH is part of
MIDF Amanah Investment Bank Berhad (23878 - X)
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Business Address:
11 & 12 th Floor, Menara MIDF,
82, Jalan Raja Chulan, 50200
Kuala Lumpur.
Tel: 2173 8888
Fax: 2173 8380