

**FUND FLOW REPORT**

Week Ended March 4, 2016	Foreign Flow Meter (M'sia)	
	 Tide	HIGH
	 Current	HIGH

- It was green across the board for equity markets around the world last week, with a few standout performances, mainly in Asia.
- There was some jittery earlier in the week after losses in China. However, things turned around after China's central bank announced, Monday evening, a cut in the statutory reserves ratio by 50 bp to 17% which will inject about 685b yuan (USD105b) into the financial system.
- On Saturday, China announced during the National People's Congress that it is setting a GDP growth target of 6.5-7.0%. China's CSI300 rose 4.95% last week, the best since October last year.
- Another market driver last week was the continued recovery in the price of crude oil. The price of Brent crude punched through the USD38pb level last Friday and was last traded at USD38.72pb, up 10.3% and the highest on closing since 10 December.
- The biggest push was arguably on news coming out of the U.S. Production fell for the 6th consecutive week, oil rigs count declined further while U.S employment was significantly above estimate, with nonfarm payroll rising by 242,000 in February, and unemployment falling to 4.9%.
- The KLCI rose a decent 1.75% but was still a laggard. Year-to-date, the index is now out of the redzone. The Ringgit rose a strong 0.54% on Friday to RM4.1122 against the greenback, the strongest since 19 August last year. It added 2.21% last week, behind only the Korean Won.
- A tidal wave of global liquidity landed on Asia last week. There was heavy foreign liquidity inflow to Taiwan & Korean equities. In Asia, Thailand was the biggest recipient, followed by Malaysia.
- Foreign investors made a roaring comeback on Bursa last week, after what appeared to be restrained buying in the fortnight prior.
- Last week, foreigners bought RM972.2m net on Bursa, more than triple that in each of the preceding 2 weeks. The daily net purchase exceeded RM300m on Wednesday - Friday, a rare occurrence.
- Last week's foreign purchases swung the cumulative year-to-date numbers into the positive region, with a net surplus of RM567.4m.

7 March 2016 | Strategy - Weekly Fund Flow

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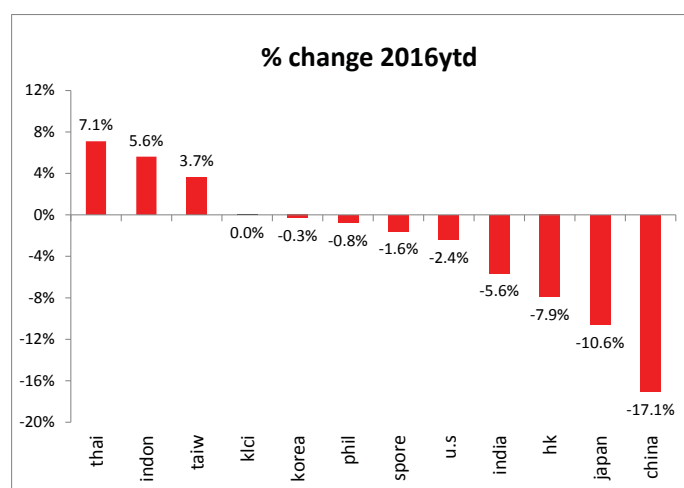
## TIDAL WAVE HITS ASIA

### A. MARKET SNAPSHOT

- It was green across the board for equity markets around the world, with a few standout performances, mainly in Asia.
- There was some market jittery earlier in the week after losses in China. However, things turned around after China's central bank announced, Monday evening, a cut in the statutory reserves ratio by 50 bp to 17% effective March 1, which will inject about 685b yuan (USD105b) into the financial system, based on Bloomberg's estimate. Subsequent release of the official PMI showing the reading (49.0) to be the lowest since November 2011 raised optimism that more stimulus will be forthcoming. On Saturday, China announced during the National People's Congress that it is setting a GDP growth target of 6.5-7.0% and a deficit of 3%. China's CSI300 rose 4.95% last week, the best since October last year.
- Another market driver last week was the continued recovery in the price of crude oil. The price of Brent crude punched through the USD38pb level last Friday and was last traded at USD38.72pb, up 10.3% and the highest on closing since 10 December. Market sentiment turned positive on a host of demand and supply factors, such as reports of an increase in the U.S refinery utilization rate. Before that Russia reported a decline in its February oil output, while the heads of its oil producers supported a freeze in output. Meanwhile, market talks by OPEC and non-Opec members provided optimism that production will be curtailed.
- The biggest push was arguably on news coming out of the U.S. Price firmed on U.S EIA's statistics showing oil production falling for a 6th straight week to 9.08mbpd, its lowest level since November 2014. On Friday Baker Hughes reported that the U.S. oil rig count fell further by 8 to 392, compared with 922 the same time a year ago. Topping it all was the strong U.S employment statistics, with nonfarm payroll rising by 242,000 in February, significantly above the 190,000 expected, and unemployment falling to 4.9%. That reduces the likelihood a slowdown in the U.S, and together with the situation in China engenders hopes that energy demand will remain healthy.
- The Dow Jones and S&P500 rose for the third week running and added 2.20% and 2.67% respectively. However the star performer last week was the Singapore STI, which rose a whopping 7.1%.
- The KLCI rose a decent 1.75% but was still a laggard. Year-to-date, the index is now out of the redzone. The Ringgit rose a strong 0.54% on Friday to RM4.1122 against the greenback, the strongest since 19 August last year. It added 2.21% last week, behind only the Korean Won. The Ringgit, hence the KLCI should be buoyed the strong oil price movement on Friday.

Performance of major markets		
Weekly % change	Week before	Last week
Straits Times	-0.28	7.08
India Sensex	-2.34	6.44
Nikkei 225	1.39	5.10
China CSI300	-3.39	4.95
Hang Seng	0.41	4.20
CAC	2.17	3.29
DAX	1.33	3.27
Taiwan Taiex	1.03	2.76
Thai SET	1.73	2.71
S&P500	1.58	2.67
Jakarta JCI	0.76	2.49
Dow Jones	1.51	2.20
Phil Comp	-0.31	1.89
Korea KOSPI	0.20	1.85
KLCI	-0.68	1.75
FTSE	2.45	1.70

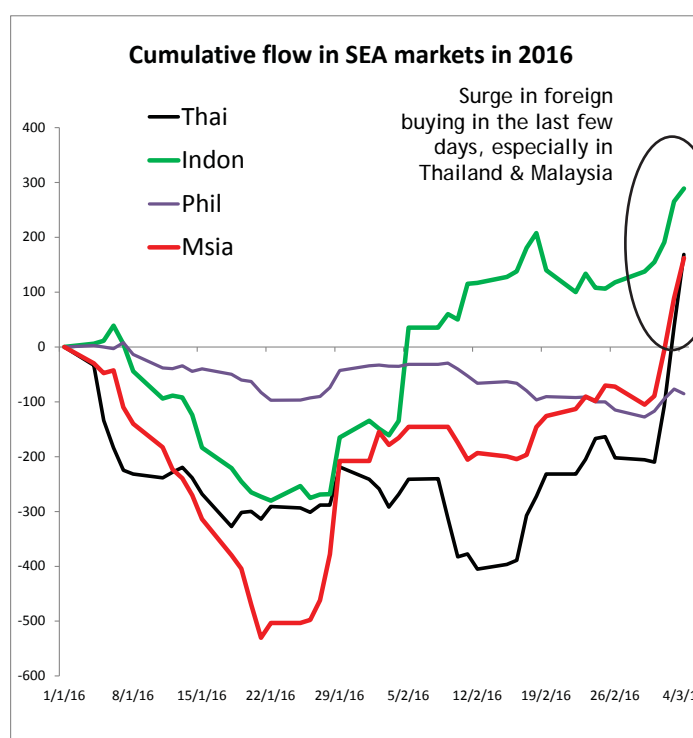
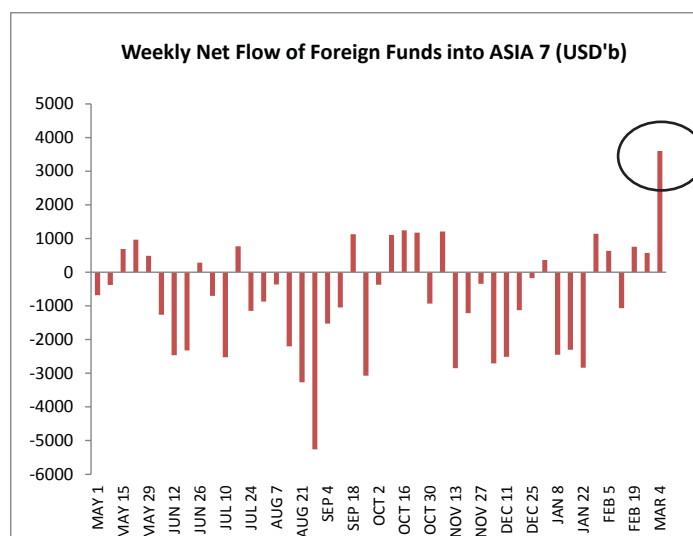
Source: Bloomberg



## FUND FLOW REPORT

### B. TRACKING MONEY FLOW - ASIA <sup>1</sup>

- A tidal wave of global liquidity landed on Asia last week.
- Based on provisional data from the respective exchanges, investors classified as “foreign” purchased a whopping USD3.60b (net) worth of stocks last week, in the 7 Asian markets that we track. It was more than 6 times that recorded in the week before and was the highest since January last year, disregarding the spike in money flow in April due to cross-border M&A.
- About two-thirds of the money went to the North Asian markets of Taiwan and Korea. The two Asian market stalwarts reported a surplus of about USD1.1b each.
- The inflow to Taiwan spiked to its highest since April last year and the buying has now extended to five trading weeks. Foreigners bought financial and old economy stocks, the former benefitting from a more stable yuan. There was strong buying of HTC Corp. after the company reported strong sales of its new virtual reality headset and wearable device, the HTC Vive.
- The Korean Won was the best performing Asian currency last week, adding 2.88%, including the 0.95% surge on Friday. This reflected frantic buying of Korean shares which surged to its highest, also since April last year.
- There was heavy foreign inflow to Thailand in the last three days of the week. Driving sentiment was the recovery in oil and latex prices, as well as the stimulus in China, which is one of its biggest export markets. The three biggest contributors to the weekly gain in the index were PTT PCL, Airports of Thailand and Bank of Ayudhya.
- In Indonesia, money inflow rose to USD171m from <USD100m in the preceding three weeks. Rupiah strengthened 1.93% as Bank Indonesia Governor spoke about implementing law requiring the use of rupiah for onshore transactions. Jokowi last week ordered fuel (and food) stockpiling, which will involve developing energy infrastructure such as refinery.
- The Indian market finally came into the radar of foreign investors after being at the periphery for quite some time. The strong inflow last week followed Monday’s budget announcements, including retaining the government’s goal of narrowing the fiscal deficit to a 9-year low and boosting spending on roads, ports, power plants and other public projects.



<sup>1</sup> 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.

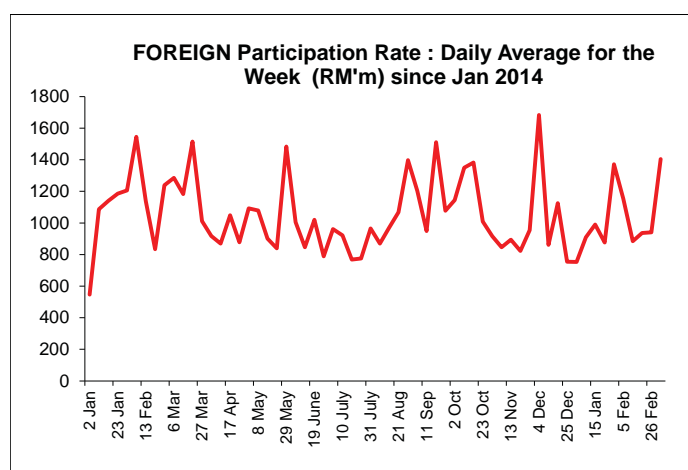
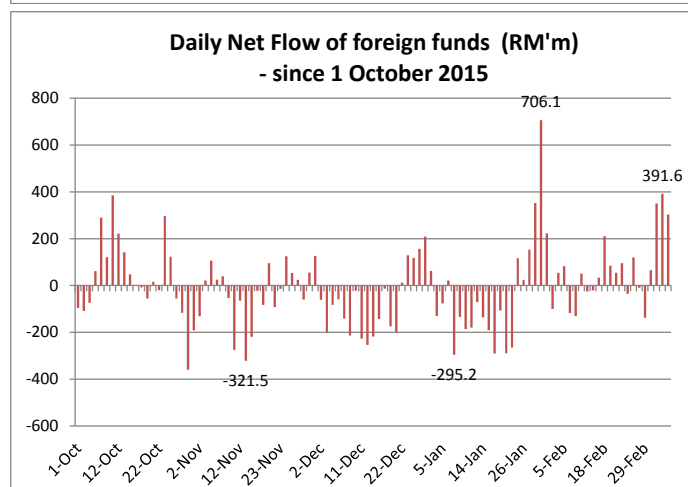
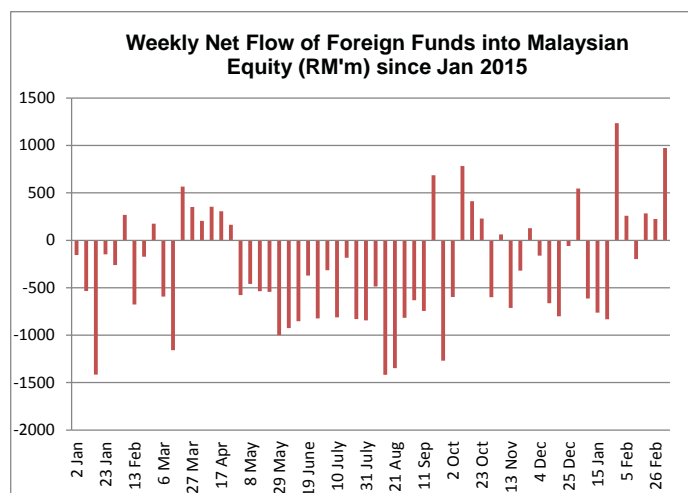
### WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
JAN 22	-1048.9	-22.7	-96.9	-57.2	-911.1	-511.9	-189.4	-2838.2
JAN 29	-10.7	72.1	115.2	54.2	48.8	566.8	295.4	1141.8
FEB 5	91.2	-22.7	200.3	11.0	-91.8	329.7	62.1	579.8
FEB 12	-548.2	-163.9	81.8	-34.3	-357.8	0.0	-47.8	-1070.1
FEB 19	91.3	173.7	23.1	-24.5	-232.6	660.6	67.6	759.2
FEB 26	177.4	29.6	-22.3	-24.3	-238.7	600.4	53.5	575.7
MAR 4	1118.9	370.8	171.1	29.7	611.0	1060.3	234.8	3596.6

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

**C. TRACKING MONEY FLOW - MALAYSIA**

- Foreign investors made a roaring comeback on Bursa last week, after what appeared to be restrained buying in the fortnight prior.
- Last week, foreigners bought listed equities amounted to RM972.2m net on Bursa, more than triple that in each of the preceding 2 weeks. This is estimated based on transactions in the open market and excluded off market deals.
- The bulk of the purchases came in the latter half of the week as foreign investors bought more than RM300m a day on Wednesday till Friday. The week started on an edgy note as foreigners dumped -RM137.6m on Monday, the highest in 23 trading days. Sentiment was dampened by the heavy selling in China during the morning session. The outflow started to reverse on Tuesday, and by Wednesday foreigner investors had pumped in RM350.0m, the third highest in a day this year. The buying peaked on Thursday as the purchased amount hit RM391.6m, the fifth highest since the start of 2014. There was still active buying on Friday, but the amount receded to RM303.3m.
- Last week's foreign purchases swung the cumulative year-to-date flow-of-fund figures into the positive region, with a net surplus of RM567.4m. For the entire 2015, the net outflow was -RM19.5b.
- In February, the net foreign purchases totalled RM570.7m, the first monthly surplus in 4 months.
- Foreign participation rate surged to its highest since the first week of December. The average daily traded value of shares spiked to RM1.40b, almost 50% higher compared with that the week before. In the last 3 trading days, the participation rate ranged between RM1.36b - RM1.51b, an elevated level.
- Local investors took the opportunity of foreign buying to offload -RM819.7m. Participation rate surged to RM2.23b, surpassing the RM2b level after averaging less than that in the three weeks prior.
- Despite heavy institutional presence, retailers conviction in the market remained low. Retail investors offloaded -RM152.5m, the highest attrition in 9 weeks. Sellers dominated the participation rate, as trading activity was still subdued at RM624m, only a slight pick-up from RM621m the week before.


**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)*
JAN 22	2073.3	2060.5	12.8	5799.0	4978.2	820.8	1773.8	2607.4	-833.6	-189.4
JAN 29	1367.0	1483.6	-116.6	5124.9	6243.0	-1118.1	3361.5	2126.8	1234.7	295.4
FEB 5	1210.0	1226.8	-16.8	4464.9	4707.3	-242.4	2437.9	2178.7	259.2	62.1
FEB 12	643.8	616.3	27.5	2172.4	2002.8	169.6	1227.2	1424.3	-197.1	-47.8
FEB 19	1429.5	1486.0	-56.5	4852.5	5079.3	-226.8	2482.0	2198.7	283.3	67.6
FEB 26	1600.7	1503.8	96.9	4694.8	5017.0	-322.2	2465.5	2240.2	225.3	53.5
MAR 4	1483.2	1635.7	-152.5	5162.9	5982.6	-819.7	3996.7	3024.5	972.2	234.8

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

## FUND FLOW REPORT

### D. TOP 100 STOCKS: MONEY FLOW <sup>2</sup>

#### TOP 10 NET MONEY INFLOWS

- IHH Healthcare registered the highest net money inflow of RM21.13m last week. However, its share price underperformed the market benchmark with a -1.23% weekly decline. In comparison, the FBM KLCI advanced by 1.75% during the week under review. On this score, it is notable that net money inflow amidst retreating share price may indicate buy on weakness (BOW) stance among some investors. The company recently reported higher FY15 core earnings of RM899m (+14.9%yoy).
- Malayan Banking came in second with RM16.66m net inflow. Accordingly, its share price outperformed the market benchmark with a 2.58% week-on-week gain. In an arguably a watershed development, the group announced that it provided more Islamic loans than conventional financing in Malaysia for the first time last year.
- Petronas Gas recorded the third highest net money inflow of RM15.82m but its share price underperformed the market benchmark as it ended merely 0.63% higher during the review week.

#### TOP 10 NET MONEY OUTFLOWS

- AirAsia saw the largest net money outflow of -RM16.72m during the review week. Nonetheless, its stock price massively outperformed the FBM KLCI as it ended the week higher by a whopping 24.46% against a much smaller 1.75% gain in the market benchmark. On this score, it is notable that net money outflow amidst advancing share price indicates sell on strength (SOS) stance among some investor.
- Top Glove Corp came in second last week with a net outflow of -RM4.82m. Its share price underperformed the market benchmark as it recorded a -3.06% weekly decline. The strengthening of Ringgit against US Dollar to 3.11 is seen as negative to exporters like Top Glove.
- SapuraKencana registered the third largest net money outflow at -RM4.56m in the review week. However, its share price outperformed the market benchmark with a 7.18% weekly gain which may indicate SOS stance among some investors. 

Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 6 March 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	
IHH HEALTH	21.13	-0.65	-1.23	BOW
MAYBANK	16.66	9.51	2.58	-
PETRO GAS	15.82	-3.11	0.63	-
PETRO CHEM	13.65	3.14	2.95	-
PUBLIC BANK	13.64	-0.69	1.84	-
TNB	11.65	0.29	0.76	-
AXIATA	11.02	1.93	3.45	-
MAXIS	7.57	5.53	2.25	-
GENTING	6.97	5.99	4.75	-
GENTING M'SIA	6.97	0.38	3.10	-

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	
AIRASIA	-16.72	-0.48	24.46	SOS
TOP GLOVE	-4.82	2.14	-3.06	-
SAPURAKENCANA	-4.56	0.61	7.18	SOS
LAFARGE	-2.90	1.70	-1.52	-
FGV	-2.70	1.06	-3.18	-
IJM CORP	-2.44	1.42	0.00	-
DIALOG	-2.34	-1.91	1.91	SOS
KL KEPONG BHD	-1.93	-3.88	-1.17	-
GENTING PLANT	-1.58	-0.11	0.56	SOS
IGB REIT	-1.37	0.96	2.67	SOS

Source: Bloomberg, MIDFR;

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

<sup>2</sup> 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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