

MALAYSIA EQUITY RESEARCH | 25 July 2016

Week Ended July 22, 2016

- Global equity markets were moving sideways after prior week's rally.
- Equity markets in general lacked clear trading direction amid mixed market signals.
- Global investors were potentially on hold, hoping to gain further clarification through US Fed's and BoJ's policy meetings this week.
- Brent crude price took a -4.0% hit to USD45.69pb, retreating further away from the psychological USD50pb level.
- Ringgit depreciated -2.9% to USD/MYR4.06 after advancing +2.2% in prior week. The decline in Ringgit was partly due to the tepid oil price.
- Meanwhile, FBM KLCI fell marginally by -0.7% to 1,657.42 points.
- Foreign tide into Asia remained robust for the second week.
- On Bursa, however, the tide-in has showed signs of receding.
- Last week, the net amount purchased by foreign investors tapered down significantly to a marginal +RM31.2m from +RM764.2m the week prior.
- The cumulative net foreign inflow thus far this year into shares listed on Bursa was little changed. As of last Friday, the year-to-date cumulative flow into Bursa edged up slightly to an estimated +RM853.8m from +RM822.6m the week prior.

25 July 2016 | Strategy - Weekly Fund Flow

RECEDING FOREIGN TIDE INTO BURSA

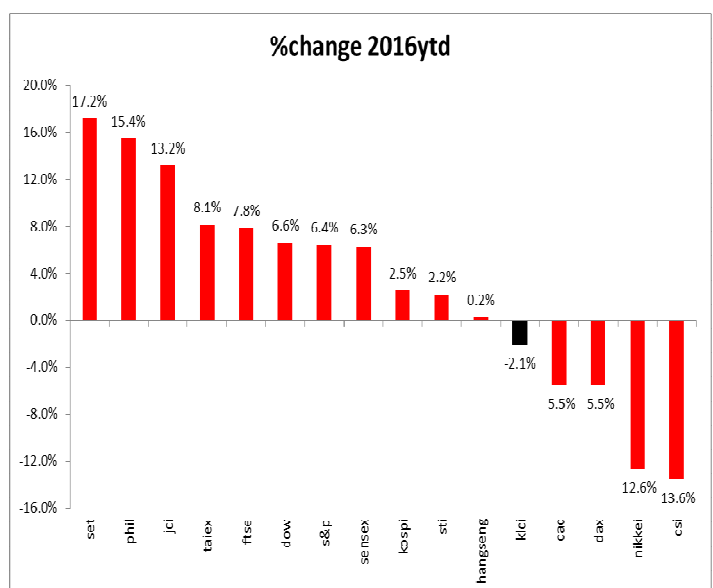
A. MARKET SNAPSHOT

- Global equity markets were moving sideways after prior week's rally.
- Equity markets in general lacked clear trading direction amid mixed market signals. US earnings report season has been encouraging with almost 80% of the S&P500 companies reporting so far have outperformed market estimates. However, global economic outlook remained uncertain as IMF further reduced its global growth forecast by -0.1% for 2016 and 2017 respectively.
- In light of that, global investors were potentially on hold, hoping to gain further clarification through US Fed's and BoJ's policy meetings this week.
- China CSI300 ended its three-week-long rally with a -1.6% retreat to 3,225.16 points. Fatigue was seen among Chinese equities as trading commenced on Monday. The flood in Yangtze region, prior week's bullish catalyst, turned out to be last week's selling impetus as investors re-examined its impact on the broader economy. The natural disaster is expected to take -0.2% off China's 3Q GDP growth. In addition, market sentiment was also weighed down by a tapering household income growth which could transpire into weaker domestic consumption.
- Brent crude price took a -4.0% hit to USD45.69pb. It has retreated further away from the psychological USD50pb level. Traders have potentially turned cautious on crude oil as memories of 2H15 bull-turned-bear market still remained fresh to them, during which Brent price was seemingly recovering and advancing to >USD60pb around mid-year, but then unexpectedly embarked on a 6-month-long downtrend seeing the price plunging below USD30pb on January 2016. Some traders were arguably concerned of a re-occurrence of a similar price movement for 2H16.
- Brent price managed to secure a +USD1.60 gain over Wednesday night as US crude inventory continued to decline for the ninth straight week. However, the gain was quickly erased due to broader concerns on a lingering supply glut.
- Ringgit depreciated by -2.9% to USD/MYR4.06 after advancing +2.2% in prior week. Depreciation momentum was building up since Tuesday with Ringgit retreated above USD/MYR4.00. The decline in Ringgit was partly due to the tepid oil price, apart from a stronger USD in light of resilient US economic fundamentals.
- Meanwhile, week-on-week, FBM KLCI fell marginally by -0.7% to 1,657.42 points.

Performance of major markets

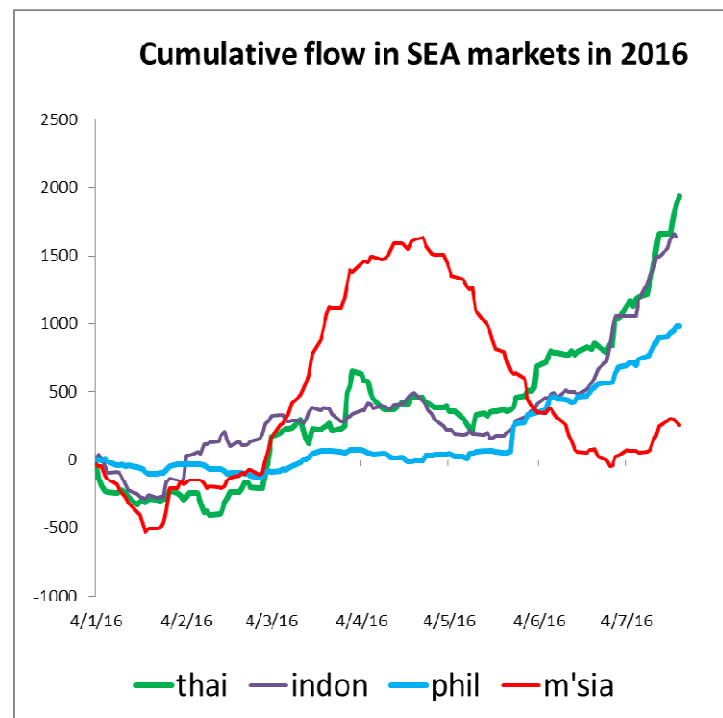
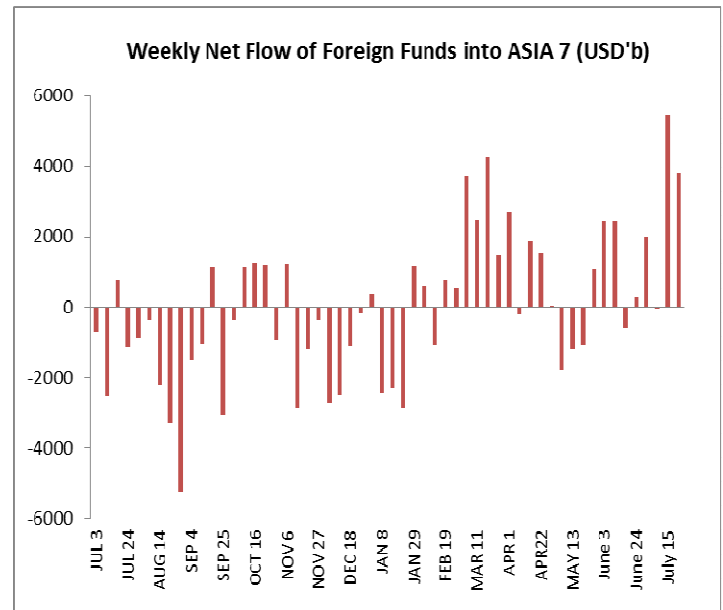
Weekly % change	Week before	Last week
JAKARTA COMPOSITE	2.79	1.70
HANG SENG	5.33	1.41
STOCK EXCH OF THAI	2.50	1.15
FTSE 100	1.19	0.92
DAX	4.54	0.80
NIKKEI 225	9.21	0.78
TAIWAN TAIEX	3.58	0.71
Straits Times Index	2.75	0.68
S&P 500	1.49	0.61
DOW JONES	2.04	0.29
CAC 40	4.34	0.20
PSEi - PHILIPPINE	3.33	-0.06
S&P BSE SENSEX	2.62	-0.12
KOSPI	2.76	-0.34
FTSE KLCI	1.45	-0.66
CSI 300	2.63	-1.56

Source: Bloomberg



B. TRACKING MONEY FLOW - ASIA¹

- Foreign tide to Asia remained robust for the second week.
- Investors classified as “foreign” actively loaded up equities amounted to +USD3.8b, based on provisional data from the respective exchanges in seven Asian markets that we track.
- Foreign net buying in North Asian markets continued to be strong at +USD2.9b. Meanwhile, TIPs markets retained its appeal to foreigners by attracting +USD505m of net inflow.
- Taiwan enjoyed yet another robust influx of foreign tide at +USD2.1b, after netting +USD1.88b in prior week. It was the largest weekly net inflow since 24 April 2015. Taiwan economy started to show signs of improvement. Its June export orders fell by a smaller-than-expected margin at -2.4%yoy, improved significantly from prior month’s -5.8%yoy decline. Equity-wise, TSMC was one of the main buying targets in the rumor that the chip manufacturer has been selected by Apple Inc. as the sole supplier of A11 chipsets which will be powering iPhone 8.
- Foreign investors continued to be net buyers on Korean market at +USD815.8m. Market sentiment was potentially lifted by the news of the government’s plan to expand its supplementary budget announced last month to 11tr won. The budget, aimed to cushion the economic shocks amid the corporate restructuring program, is expected to create 68,000 new jobs and boost 2016 and 2017 GDP growth by +0.1% and +0.2% respectively. Equity-wise, Samsung Electronics was potentially foreigners’ top-pick. As of last Friday, the rate of foreign holdings in Samsung shares edged up to its year-to-date high at 50.74%.
- Foreigners continued to build up their holding in Indonesia for the eight successive week at +USD150.7m. They have been loading up +USD1.5b over the past 8 weeks. Bank Indonesia maintained its benchmark rate at 6.5% in its last week meeting, with the official indicating room for further cuts in the coming months.
- Thailand bourse was closed on Monday and Tuesday for holidays. Despite the short trading week, foreign net buying in Thailand has extended for the tenth consecutive week, the longest buying trend since January 2013. Over the past ten weeks, foreign investors have mopped up +USD1.6b in Thailand.
- Meanwhile, Philippines continued to see net foreign inflow for the ninth successive week with foreign investors’ net purchase of +USD78.6m.



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.

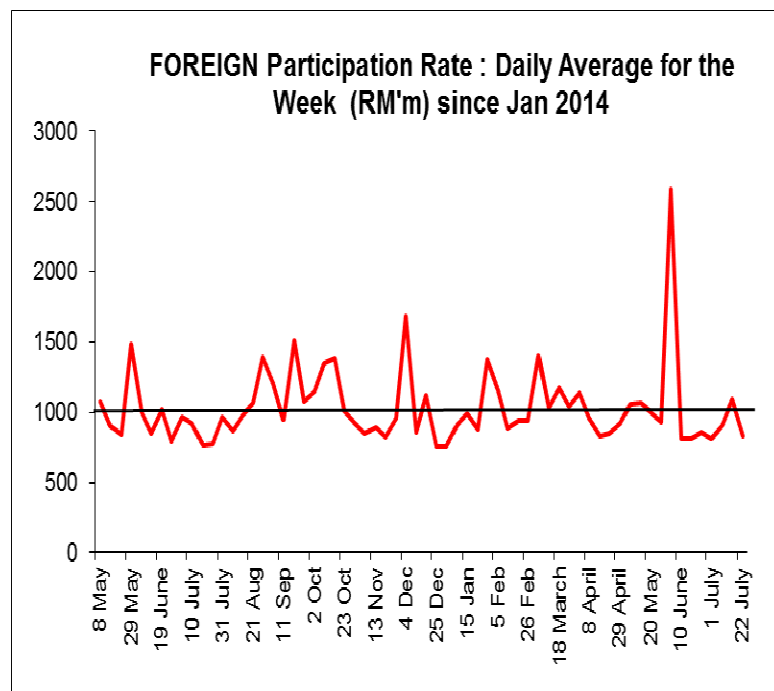
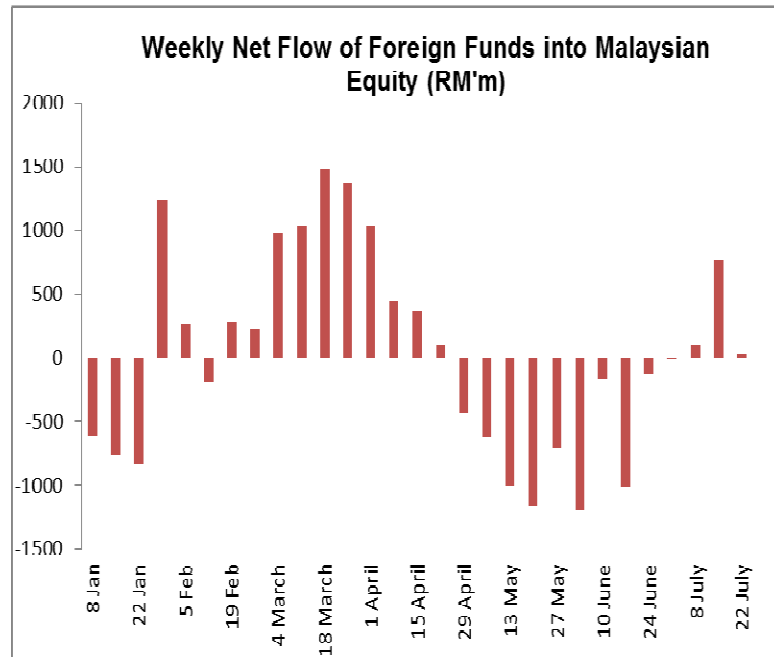
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
June 10	852.3	98.7	122.7	100.5	244.3	1079.2	-41.84	2455.8
June 17	-365.4	3.4	11.1	10.4	19.5	-26.9	-246.91	-594.8
June 24	-131.3	40.6	107.8	92.7	-71.6	259.5	-32.40	265.1
July 1	159.7	204.4	449.5	125.0	159.7	902.1	0.75	2001.1
July 8	-108.1	162.9	0.0	62.1	95.9	-243.8	23.57	-7.5
July 15	1722.3	464.1	433.3	157.5	598.2	1881.4	193.08	5449.9
July 22	815.8	275.6	150.7	78.6	329.5	2145.5	8.55	3804.2

Source: Various countries' exchanges, via Bloomberg. These figures are subject to revisions. Aggregated by MIDFR.

C. TRACKING MONEY FLOW - MALAYSIA

- Foreign tide into Bursa showed signs of receding last week.
- The net amount purchased by foreign investors tapered down to a marginal +RM31.2m from +RM764.2m the week prior. The estimates are based on transactions in the open market which excluded off market deals.
- Foreigners were net buyers on Bursa on the first two trading days, and turned net sellers Wednesday onward.
- We note that the foreign buying momentum in the preceding week was carried forward when Bursa commenced on Monday as foreign investors loaded up +RM167.6m, with the buying pace moderated to +RM65.6m on Tuesday. However, Wednesday appeared as the turning point of the week as foreigners turned net seller after seven successive days of net purchases. They sold -RM45.4m on that day. Selling pressure ticked up on the following day as foreigners sold another -RM76.3m. The selling pace persisted into Friday as foreign investors reduced their holding on Bursa by another -RM80.3m.
- The cumulative net foreign inflow thus far this year into shares listed on Bursa was little changed. As of last Friday, the year-to-date cumulative flow into Bursa edged up slightly to an estimated +RM853.8m from +RM822.6m the week prior. In retrospect, foreigners had offloaded -RM19.5b and -RM6.9b in 2015 and 2014 respectively.
- Foreign participation rate demonstrated significant moderation. It dropped by -RM269m to RM824.4b from prior week's RM1.09b. This was the sixth time it stayed below the RM1b level in the past seven weeks.
- Local institution, on net, was non-player with a negligible selling of -RM0.5m after offloading -RM702.5m in previous week. Meanwhile, its participation rate retreated below the RM2b level to RM1.93b, down from RM2.1b from the week prior.
- Retail buyers continued to sell on Bursa, extending their selling trend to the fifth consecutive week. The selling magnitude moderated to -RM30.7m, compared to -RM61.4m the week prior. Meanwhile, their participation rate further improved to RM606.3m, up from previous week's RM541.4m.



BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

Week	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	NET (USD)*
10 June	1395.90	1446.00	-50.10	4922.40	4702.40	220.00	1939.90	2109.80	-169.90	-41.84
17 June	1326.00	1112.90	213.10	4399.20	3600.10	799.10	1524.70	2536.90	-1012.20	-246.91
24 June	1051.50	1072.00	-20.50	3968.00	3813.20	154.80	1639.30	1773.60	-134.30	-32.40
1 July	1134.40	1182.50	-48.10	4422.80	4373.30	49.50	2028.50	2029.90	-1.40	0.75
8 July	477.70	484.20	-6.50	1719.00	1806.00	-87.00	1179.90	1086.40	93.50	23.57
15 July	1322.90	1384.30	-61.40	4933.00	5635.50	-702.50	3114.60	2350.40	764.20	193.08
22 July	1500.40	1531.10	-30.70	4831.00	4831.50	-0.50	2076.60	2045.40	31.20	8.55

* Estimate by MIDF Research based on prevailing exchange rate.


Source: Bursa's preliminary data

TOP 100 STOCKS: MONEY FLOW

TOP 10 NET MONEY INFLOWS

- Sime Darby registered the highest net money inflow of RM11.46m last week. Accordingly, its share price outperformed the broader market as it ended slightly higher by 0.13% while the FBM KLCI closed lower by -0.66% during the week under review.
- Petronas Gas came in second with RM7.25m net inflow but its share price slightly underperformed the market benchmark with a -0.81% loss during the review week. Nonetheless, it is notable that net money inflow amidst retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- Bumi Armada recorded the third highest net money inflow of RM4.44m. Its share price outperformed with a gain of 1.33% during the review week. Recently, the company announced that it is teaming up with Shapoorji Pallonji & Co. Pte. Ltd. of India to bid for contracts in the floating production, storage and offloading (FPSO) vessel business.

TOP 10 NET MONEY OUTFLOWS

- Dutch Lady saw the largest net money outflow of -RM29.97m during the review week. However, its stock price outperformed the market benchmark as it ended the week higher by 1.64% against a -0.66% loss in the FBM KLCI. However, it is noteworthy that net money outflow amidst advancing share price indicates a sell on strength (SOS) stance among some investors.
- Fraser & Neave came in second last week with a net outflow of -RM26.42m and its share price marginally underperformed the market benchmark with a -0.76% weekly loss.
- Tenaga Nasional registered the third largest net money outflow at -RM10.68m in the review week. Nonetheless, its share price slightly outperformed as it inched up 0.14% higher during the week under review which may indicate a SOS stance among some investors. In a related development, the construction of 2,000MW Jimah East Power plant has kicked off with a concrete pouring ceremony in Jimah, Port Dickson last week. 

Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 22 July 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	
SIME DARBY	11.46	1.23	0.13	-
PETRO GAS	7.25	-2.13	-0.81	BOW
BUMI ARMADA	4.44	6.00	1.33	-
TOP GLOVE	3.48	-1.12	-2.67	BOW
PETRO DAGANG	3.40	2.55	-0.51	BOW
BAT	3.09	6.60	0.63	-
MAXIS	3.05	3.82	-0.83	BOW
SAPURAKENCANA	2.95	-0.38	-3.42	BOW
HLEONG FIN	2.89	0.72	1.72	-
CIMB	2.74	10.18	-1.41	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	-29.97	-0.94	1.64	SOS
F&N	-26.42	-0.56	-0.76	-
TNB	-10.68	11.79	0.14	SOS
KLCCP	-6.65	-1.20	-1.06	-
HAP SENG CON	-6.52	-11.53	0.52	SOS
DIGI.COM	-4.44	-1.02	0.20	SOS
GENTING M'SIA	-3.87	-1.09	-2.00	-
IHH HEALTH	-3.40	-3.81	-2.56	-
TM	-2.67	-0.33	-0.29	-
IJM CORP	-1.88	-6.59	-1.71	-

Source: Bloomberg, MIDFR;

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

²Money 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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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	<i>Negative</i> total return is expected to be -15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.