

MIDF EQUITY STRATEGY | 27 MARCH 2017 WEEK ENDED 24 MARCH 2017

- Global equity markets lost traction after a promising week before as the vote on the healthcare bill in the U.S kept investors on tenterhooks. The vote is seen as a bellwether for President Trump's capacity to deliver his campaign promises.
- The lacklustre performance of U.S. equities placed some pressure on Asian markets as Asian shares retreated from a 21-month high.
- Crude oil price slid for four days straight despite news on OPEC extending its output cut beyond June 2017. Crude price declined -1.8% last week to USD50.80pb.
- Meanwhile, the ringgit continued to strengthen for the third week running, appreciating 0.2% against the greenback to last trade at USD/RM4.4262.
- The flow of global money into Asian equity remained strong last week. Investors classified as "foreign" purchased equity in the seven Asian markets that we track at the third highest weekly pace this year.
- On Bursa, the foreign liquidity tide remained elevated for the second week running. Foreign investors purchased RM1.08b net in the open market (excluding off market deals) last week, the second week running the amount had exceeded RM1b .
- Foreign investors have now been net buyers on Bursa for seven consecutive weeks. As of Friday, foreign net buying had extended for eleven trading days. So far, the month of March has recorded a cumulative foreign net purchase of RM3.23b. With five trading days left in the month, it is the highest since March 2016.
- The KLCI remained above 1,740 points for the whole of last week. On Tuesday, the KLCI reached 1,754 points, the highest since May 2015.

THE TIDE STAYS HIGH ON BURSA

A. MARKET SNAPSHOT

- Global equity markets lost traction after a promising week before as the vote on the healthcare bill in the U.S kept investors on tenterhooks. The vote is seen as a bellwether for President Trump's capacity to deliver his campaign promises.
- Wall Street was the biggest casualty last week as the Dow Jones and S&P500 led losers, declining -1.52% and -1.44% respectively. On Tuesday, the S&P500 fell -1.24% the sharpest daily decline since October 2016. This was led by a sell-off in financial stocks which saw Bank of America sinking -5.8% while JP Morgan Chase lost -3.0%.
- Later on Friday, Republican leaders withdrew the healthcare bill as it became clear that they did not have the votes to carry the Bill that had been promised for seven years. As a consequence, investors are questioning President Trump's ability to push through his other promises that cover tax cuts and higher infrastructure spending.
- The lacklustre performance of U.S. equities put some pressure on Asian markets as Asian shares retreated from a 21-month high. Japan's Nikkei index performed the worst among its Asian peers with a decline of -1.33% on a Friday-to-Friday basis. Nikkei's weak performance also coincided with the news of Japanese Prime Minister Shinzo Abe and his wife being accused of giving cash to an ultra-nationalist school at the centre of a real estate scandal which involved the school.
- European equity markets also followed suit as they fell sharply across the board on Friday, reversing gains contributed by European lenders that borrowed more than what was forecasted under the ECB's Targeted Long-Term Refinancing Operation (TLTRO) programme. Meanwhile in the U.K., investors' jitters were compounded by the terror attack in London on Wednesday which was then followed by FTSE 100 Index's 0.7% fall, the most since late January.
- Crude oil price slid for four days straight despite news on OPEC extending its output cut beyond June 2017. Further pressure came in on Tuesday when EIA reported that U.S. crude oil inventories increased by almost 5m barrels to a an all-time

Table 1 Weekly performance of major indices

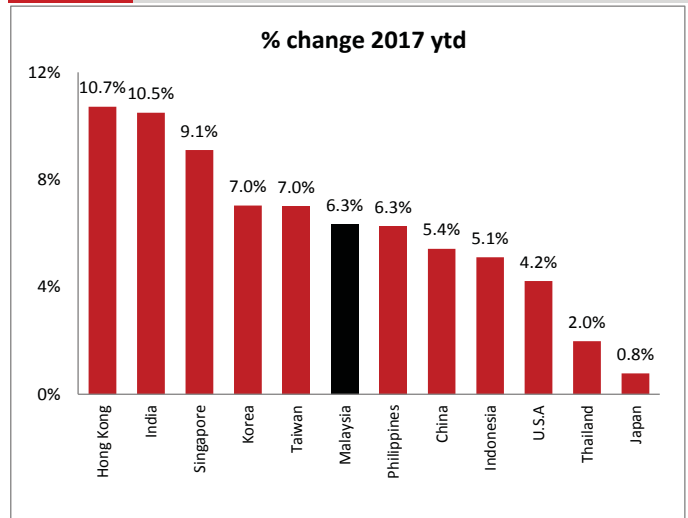
Weekly % change	Week before	Last week
China CSI 300	0.52	1.27
Thai SET	1.37	0.80
Jakarta JCI	2.78	0.48
Korea KOSPI	3.21	0.20
Hang Seng	3.15	0.20
KLCI	1.61	0.03
Taiwan TAIEX	2.92	-0.06
CAC	0.72	-0.17
DAX	1.10	-0.26
India SENSEX	2.43	-0.77
FSSTI Index	1.15	-0.84
Phil PCOMP	2.78	-1.03
FTSE	1.12	-1.19
Nikkei	-0.42	-1.33
S&P 500	0.24	-1.44
Dow Jones	0.06	-1.52

Source: Bloomberg

high of 533.1m barrels for the week before, beating analysts' estimates of 2.8m barrels. Concerns on U.S. production is dampening efforts by OPEC to control output and facilitate price recovery. Crude price declined -1.8% to USD50.80pb for the week.

- The KLCI remained above 1,740 points for the whole of last week. On Tuesday, the KLCI reached 1,754 points, the highest since May 2015, following the strong performance in most regional stock indices. The ringgit continued to strengthen for the third straight week, appreciating 0.2% against the greenback to last trade at USD/RM4.4262.

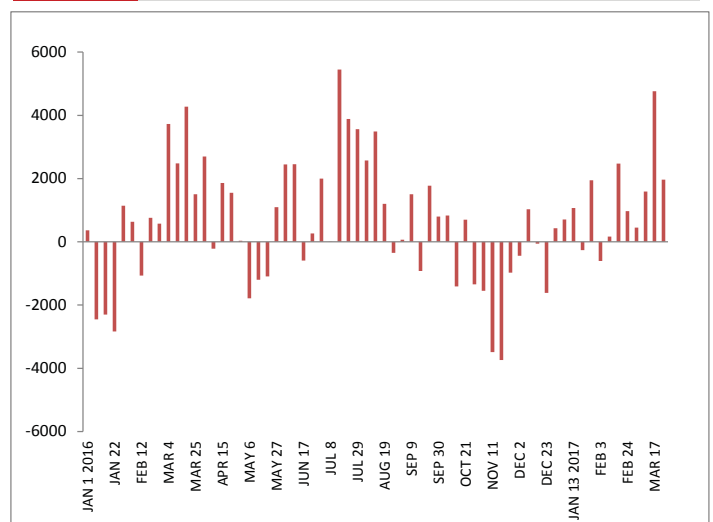
Chart 1 YTD performance of major markets



B. TRACKING MONEY FLOW - ASIA¹

- The flow of global money into Asian equity remained strong last week. Investors classified as “foreign” purchased equity in the seven Asian markets that we track amounted to USD1.97b, the third highest in a week this year.
- The buying was almost across the board, with the exception of that for the Philippines. Taiwan recorded the highest net foreign inflow of USD860m. The Taiex reached 9,972 points, the highest in 8 months on Tuesday following February’s export orders that beat estimates, coinciding with the Taiwan dollar’s surge to its strongest level in more than 28 months. Momentum of foreign net inflows continued until Friday despite rumours about Taiwan’s Central Bank stating that foreign capital inflows must only be used for declared purposes.
- Global money flow into Korean equity decelerated significantly to only USD51m, from >USD1b in each of the preceding two weeks. There could be caution as Korea’s KOSPI hit 2178 points on Tuesday, a level

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.

not reached in 68 months. In addition, sentiment was affected after Samsung Electronics said it may have to delay its adoption of a holding company format.

- Meanwhile, the inflows into emerging South East Asian markets remained strong. In Bangkok, foreigners returned strongly after three weeks of selling. Foreigners purchased USD123.6m, after offloading a cumulative -USD466m in the preceding three weeks. Foreign investors also mopped up Thai bonds, which provided an impetus for the Baht to rise to USD/THB34.57 on Friday, the strongest level since August 2016.
- Buying momentum remains in Indonesia as foreigners bought USD213.6m net for the fourth week in a row. The net inflow was in line with the Jakarta Composite Index that closed at 5,567.13 points, its highest on record. The IDX's market capitalisation is now IDR6,050.1t.
- For the tenth week running, foreign investors sold Philippine shares which is the longest streak of attrition since July-October 2015. The Exchange recorded its highest foreign pullout since December 20 2016 on Friday of USD22.7m, as the peso came under pressure. Funds were also tied in the subscription for Wilcon Depots's IPO, the country's leading home improvement and construction supplies retailer.

Chart 3 Net Flow of Foreign Funds into Taiwan, Korea and India since Jan 2016 (USD'b)

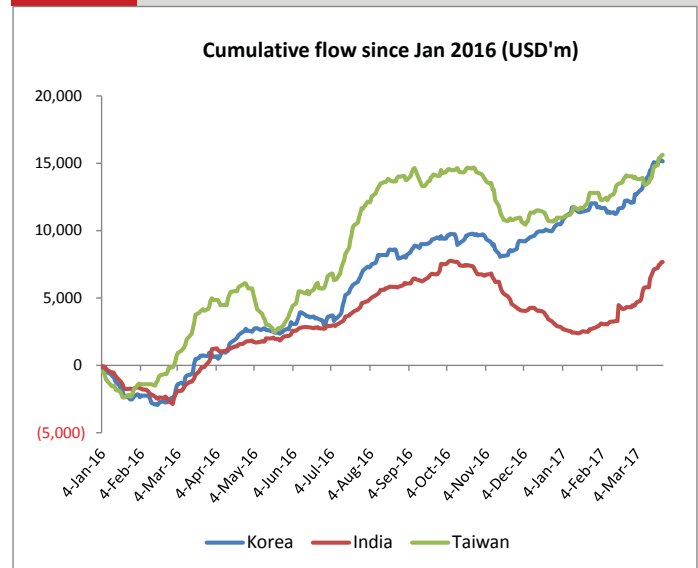
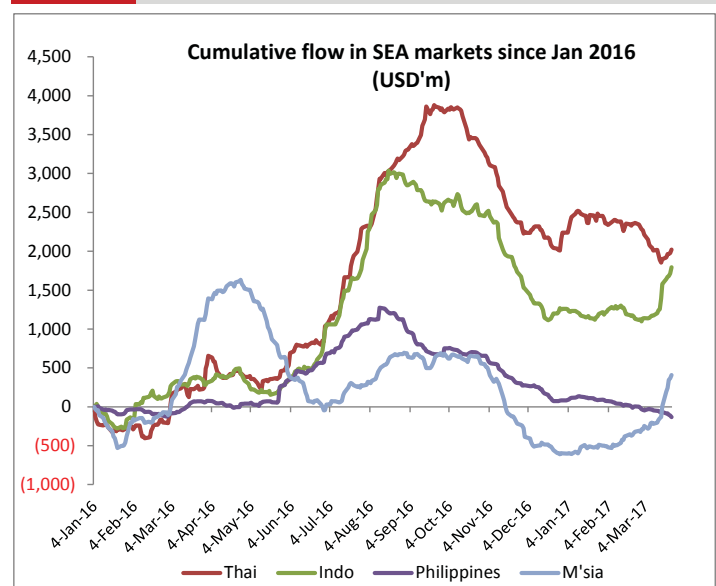


Chart 4 Net Flow of Foreign Funds into South East Asia Emerging Markets since Jan 2016 (USD'b)



Source: Bloomberg, Bursa Malaysia

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

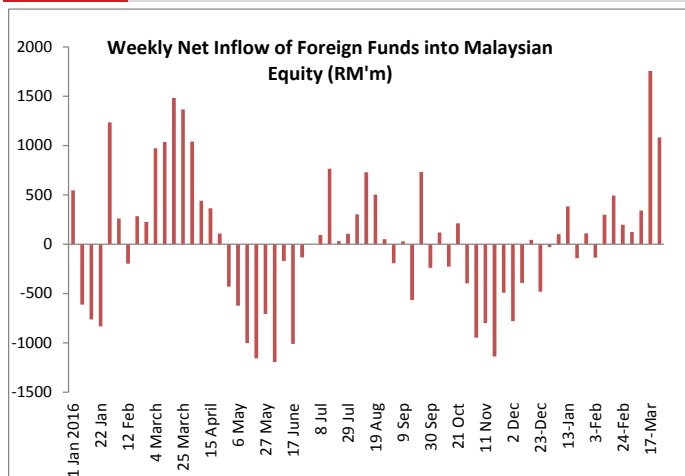
WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
FEB 3	-349.6	-113.9	53.5	-13.5	382.0	-531.4	-30.8	-603.7
FEB 10	-350.2	44.1	16.8	-34.3	118.7	305.5	67.0	167.7
FEB 17	314.0	-28.8	-18.5	-14.3	82.0	907.6	111.0	1212.6
FEB 24	604.0	9.42	-59.5	-20.8	-151.2	546.6	44.1	972.6
MAR 3	451.2	-152.3	9.11	-49.1	335.9	-172.7	27.5	449.7
MAR 10	1,020.2	-201.2	32.6	-1.1	1,137.2	-473.8	76.7	1,590.6
MAR 17	1,379.4	-112.3	406.3	-19.9	1,329.6	1,383.0	395.6	4,761.8
MAR 24	50.5	123.6	213.6	-66.5	542.1	860.0	244.4	1,967.8

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

C. TRACKING MONEY FLOW - MALAYSIA

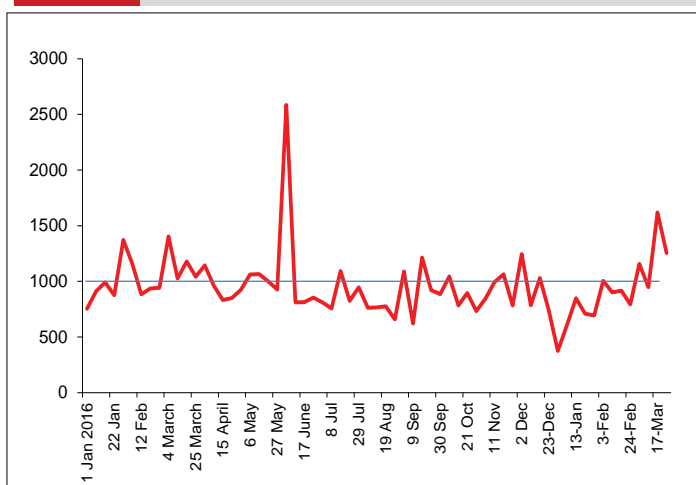
- The foreign liquidity tide on Bursa remained elevated for the second week running.
- Foreign investors purchased RM1.08b net in the open market (excluding off market deals) last week, the second week running the amount had exceeded RM1b .
- Foreign investors have now been net buyers on Bursa for seven consecutive weeks. As of Friday, foreign net buying had extended for eleven trading days.
- So far, the month of March has recorded a cumulative foreign net purchase of RM3.23b. With five trading days left in the month, it is already higher than RM956m in February and is the highest since March 2016.
- The strong foreign buying momentum is reflected by the fact that when equity market around the globe retraced significantly on Wednesday, foreigners continued to pick up Malaysian shares. The global retracement on Wednesday was spurred by concerns arising ahead of the Republican's healthcare vote on Thursday which was eventually withdrawn.
- Foreign participation remained at an elevated level. The foreign average daily trade value (ADTV) stood at to RM1.26b, the second highest this year. The strong foreign buying momentum continues to enable local investors to lighten their position. Year-to-date, local fund managers have disposed RM3.86b net.
- The retail market remained vibrant as retail ADTV increased by 1.3% to RM1.26b compared to the week before, marking the third week in a row it exceeded RM1b.

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)	
FEB 10	1675.2	1107.1	-11.1	5647.9	5934.0	-286.1	1948.9	1651.7	297.2	67.0
FEB 17	2056.0	2010.6	45.4	7596.4	8135.7	-539.3	2536.0	2042.1	493.9	111.0
FEB 24	2,347.5	2,453.5	-16.0	8,070.3	8,250.3	-180.0	2,079.3	1,883.3	196.0	44.1
MAR 3	2,387.2	2,541.6	-154.4	7,725.6	7,692.3	33.3	2,955.5	2,834.4	121.1	27.5
MAR 10	2,642.9	2,749.0	-106.1	7,913.7	8,148.7	-235.0	2,538.4	2,197.3	341.1	76.7
MAR 17	3,028.9	3,208.9	-180.0	9,265.8	10,841.8	-1,576.0	4,926.6	3,170.6	1,756.0	395.6
MAR 24	3,149.9	3,169.1	-19.2	8,417.8	9,480.6	-1,062.8	3,680.0	2,598.1	1,081.9	244.4

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 24 MAR
TOP 10 NET MONEY INFLOWS

- Genting Malaysia registered the highest net money inflow of RM30.51m last week. Its share price rose 1.83%, outperforming against the FBM KLCI which rose by 0.03% during the week under review.
- CIMB Group recorded the second highest net money inflow of RM21.92m. Accordingly, its share price underperformed against the market benchmark with a -0.53% weekly loss. On this score, it is notable that the net inflow amidst declining share price indicates a buy on weakness (BOW) stance among some investors
- MAHB saw the third highest net money inflow of RM13.03m. Its share price outperformed against the benchmark index with a 3.03% gain during the review week. The company announced on last Thursday that a Memorandum of Understanding (MoU) was signed between the company and Cainiao Network to explore the potential for developing e-commerce and logistics hubs in KLIA Aeropolis.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
GENTING M'SIA	30.51	-8.60	1.83	-
CIMB GROUP	21.92	-31.03	-0.53	BOW
MAHB	13.03	-5.46	3.03	-
AXIATA	12.29	-0.27	-0.20	BOW
PUBLIC BANK	6.32	-4.66	-1.09	BOW
SIME DARBY	4.42	-33.35	0.64	-
PRESS METAL	4.32	0.01	5.31	-
SUNWAY	3.94	-1.53	0.00	-
YTL POWER	3.65	-1.37	-1.31	BOW
MAYBANK	3.65	-53.70	1.01	-

Source: Bloomberg, MIDFR;

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

TOP 10 NET MONEY OUTFLOWS

- Tenaga Nasional saw the largest net money outflow of -RM22.52m last week. Its stock price lagged as it remained unchanged against the market benchmark which rose 0.03% during the week under review.
- Digi recorded the second largest net money outflow -RM10.95m during the week under review. Its share price underperformed the market benchmark with a -0.19% weekly loss.
- Telekom Malaysia registered the third largest net money outflow at -RM9.89m in the week under review and its share price outperformed the FBM KLCI with a 0.32% gain. The company announced that it has appointed Datuk Seri Mohammed Shazalli Ramly as its new managing director and group chief executive officer (CEO) with effect from 1 May 2017.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TNB	-22.52	4.53	0.00	-
DIGI	-10.95	1.07	-0.19	-
TELEKOM	-9.89	-5.65	0.32	SOS
HONG LEONG	-9.75	-12.49	-0.44	-
WESTPORTS	-6.98	-7.73	1.77	SOS
PETRONAS GAS	-6.73	-0.85	-0.30	-
KL KEPONG	-6.31	-0.65	-1.13	-
PETCHEM	-6.09	-2.85	1.21	SOS
FGV	-3.35	-2.61	6.81	SOS
DIALOG	-2.91	-0.20	1.81	SOS

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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