

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 1 OCTOBER 2018 WEEK ENDED 28 SEPTEMBER

- Benchmarks around the globe ended the week mixed amidst a series of market-defining events arising, especially from the U.S.
- Wallstreet ended the month of September rather on rough note, with benchmarks of S&P500 and the Dow Jones displayed contrary movement to the previous weeks positives. S&P500 experienced its first weekly loss in three weeks, posting -0.53% change. The Down Jones followed suit, ending the week -1.14% lower to close at 26,439.93.
- Brent crude oil price gained 5.0% for the week to USD82.72pb, supported by signs of tightening U.S crude output.
- The tide to Asia paused last week. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as “foreign” disposed -USD18.90m net last week, the lowest weekly withdrawal so far this year.
- International funds acquired RM212.3m net of local equities last week, about half the net inflow in the previous two weeks. Malaysia was one of the two markets which attracted weekly foreign net inflow amongst the ASEAN markets besides Indonesia.
- The FBM KLCI inched -0.97% lower for the week to end at 1,793.15 points. Meanwhile, the Ringgit depreciated by 0.19% to USD/MYR4.1383, a similar magnitude of gains seen in the week before.

MIXED SENTIMENTS ACROSS ASIAN MARKETS

A. MARKET SNAPSHOT

- Benchmarks around the globe ended the week mixed amidst a series of market-defining events arising, especially from the U.S.
- Wallstreet ended the month of September rather on rough note, with benchmarks S&P500 and Dow Jones displayed contrary movement to previous week's positives. S&P500 experienced its first weekly loss in three weeks, posting -0.53% drop with Dow Jones, ending the week -1.14% lower. Despite the weekly downturn, US stocks have actually experienced its best quarterly advance in five years with gains led by technology firms.
- On the economic front, consumer confidence in the U.S surged to an 18-year high of 138.4 in September amidst growing optimism towards the labour market, a similar direction as with University of Michigan's consumer sentiment which rose to a six-month high of 100.8 points in the same month. Among others, the effects of tax cuts and strong labour market are major factors boosting the domestic demand side. Moving forward, we foresee continuous solid expansion in the US economy in 2H18. Nevertheless, escalating trade war, rising inflationary pressure and mid-term elections are possible downside risks on the economy.
- On the latest FOMC meeting, the Fed decided to raise interest rate by 25bps to the range of 2.00-2.25%, a move widely expected by consensus. The economy is predicted to expand at solid pace this year underpinned by sound industrial production, external trade and upbeat domestic spending.
- In Asia, the Bank of Japan (BOJ) is said to have entered a phase to balance the pros and cons of its massive stimulus program. Governor, Kuroda noted that keeping rates unchanged over an extended period isn't the solution to its economic woes, implying that BOJ may raise rates in the event of a spike in inflation. This essentially highlights the growing concerns of BOJ's ability in sustaining its radical stimulus action.
- In Europe, European Central Bank (ECB) president, Mario Draghi highlighted on Monday that there is room for the underlying inflation in Europe to rise underpinned by a tightening labour market. Draghi's statement shook markets with Germany's 10-year bond yields reaching the highest level in 3 months at 0.514% while the euro rose 0.6% against the greenback. Although the annual rate of inflation in Europe is expected to hover around 1.7% until 2020, the ECB is projecting a higher core inflation of 1.8%, excluding food and energy.
- Brent crude oil price gained 5.0% for the week to USD82.72pb. During the week, Saudi Arabia and Russia's reluctance to accept President Trump's urge to increase production lifted oil price to a 4-year higher of over USD81pb. In addition, the Iran sanctions by the U.S beginning in November took a hit on sales of Iranian oil. Such situations could act as the sustaining factor of current oil price levels.

Weekly % change	Week before	Last week
FSSTI Index	1.78	1.22
Nikkei	3.36	1.05
China CSI 300	5.19	0.83
FTSE 100	2.55	0.49
Jakarta JCI	0.45	0.32
Taiwan TAIEX	0.96	0.31
CAC 40	2.65	0.30
Korea KOSPI	0.90	0.17
Thai SET	1.97	0.02
S&P 500	0.85	-0.53
Hang Seng	2.45	-0.59
DAX	2.53	-0.90
KLCI	0.38	-0.97
Dow Jones	2.25	-1.14
Phil PCOMP	-0.41	-1.44
India SENSEX	-3.28	-1.67

Source: Bloomberg

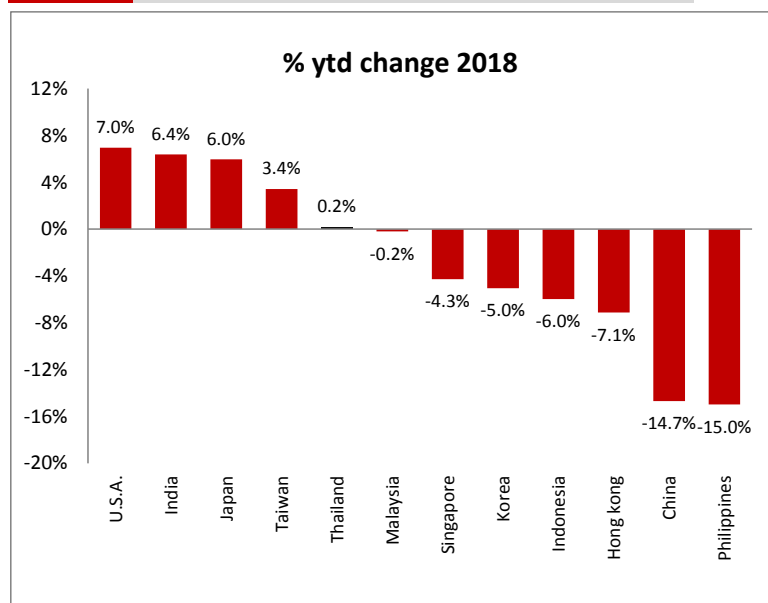
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- The FBM KLCI inched -0.97% lower for the week to end at 1,793.15 points. Meanwhile, the Ringgit depreciated by 0.19% to USD/MYR4.1383, a similar magnitude of gains seen in the week before.

B. TRACKING MONEY FLOW - ASIA¹

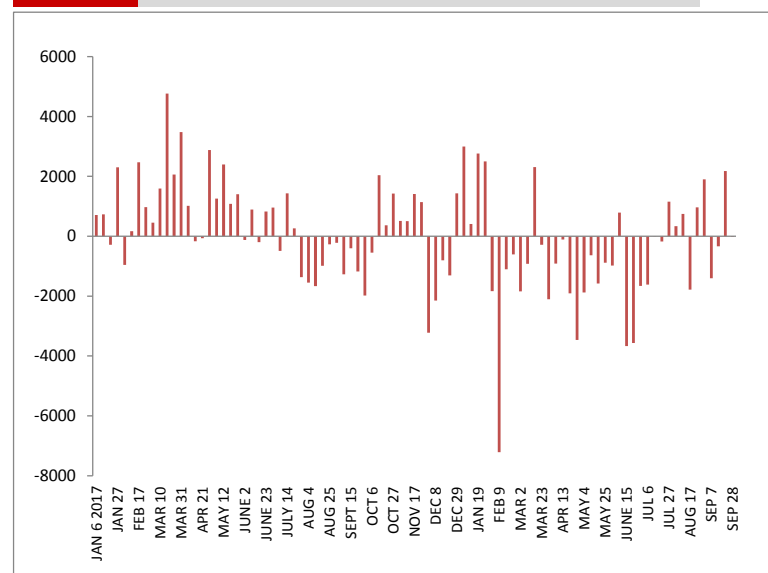
- The tide to Asia paused last week. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as “foreign” disposed -USD18.90m net last week, the lowest weekly withdrawal so far this year.
- In Korea, international investors turned into sellers after only a week of buying, offloading -USD57.26m net of equities, the lowest attrition in eight weeks. Its market was only active for two days, following the Chuseok holiday from 24th to 26th September. The week saw foreign investors snapping up USD223.44m net on Thursday, followed by an attrition of -USD280.7m, with foreigners sold shares of semiconductor producers. South Korean chipmakers Samsung Electronics and SK Hynix ended the week lower by -2.2% and -2.5% respectively. KOSPI ended the week with slight uptick of 0.17% to a 63-day high of 2343.07 points. Sentiment in Korea was partly supported by its Consumer Confidence Index, which reads at 101.7 in September 2018.
- Taiwan saw a foreign net inflow of USD578.81m, extending the foreign tide for six consecutive weeks. A marginal foreign net outflow was seen in mid-week worth -USD8.86m amidst the concern over US-China trade frictions. Nonetheless, international investors turned net buyers thereafter from Thursday until the week ended. Friday recorded inflows worth USD88.75m net, coinciding with the Taiex’s advance to 11,006 points. In so far, Governor Yang Chin-long of Taiwan’s Central Bank, stated that the impact of the trade war on Taiwan has been minimal
- In the emerging South East Asian markets that we monitor, only two markets namely Malaysia and Indonesia experienced a weekly foreign net inflow.
- In Bangkok, foreign selling made a comeback as international investors unloaded -USD4.87m net last week. Thursday recorded the highest outflow during the week at -USD53.60m net following the announcement of Fed rate hike. However, the Baht was resilient against the dollar, advancing by 0.33% during the week due to support of persistent fund inflows on three

Chart 1 YTD performance of major markets



Source: Bloomberg

Chart 2 Weekly Net Flow of Foreign Funds into 7 Asian Markets since Jan 2017 (USD'm)



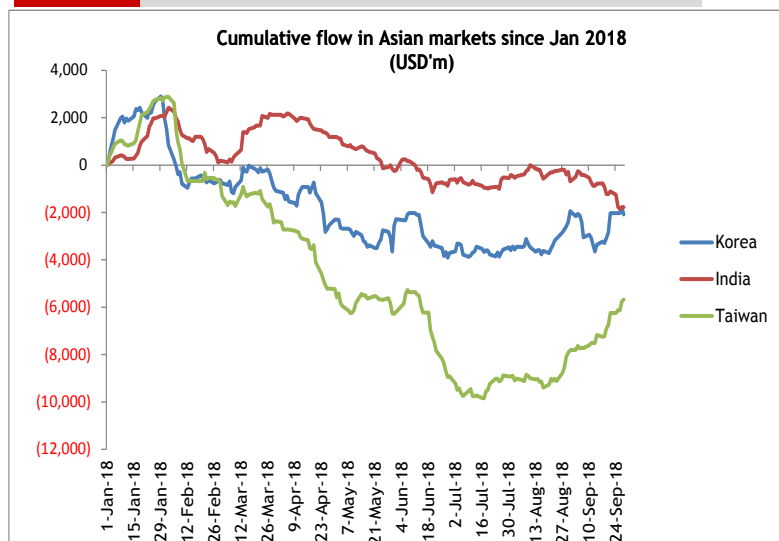
Source: Bloomberg, Bursa Malaysia, MIDFR

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.

out of five trading days. Notably, the Baht has been on firming up in the past three weeks, appreciating by 0.53% (weekly average).

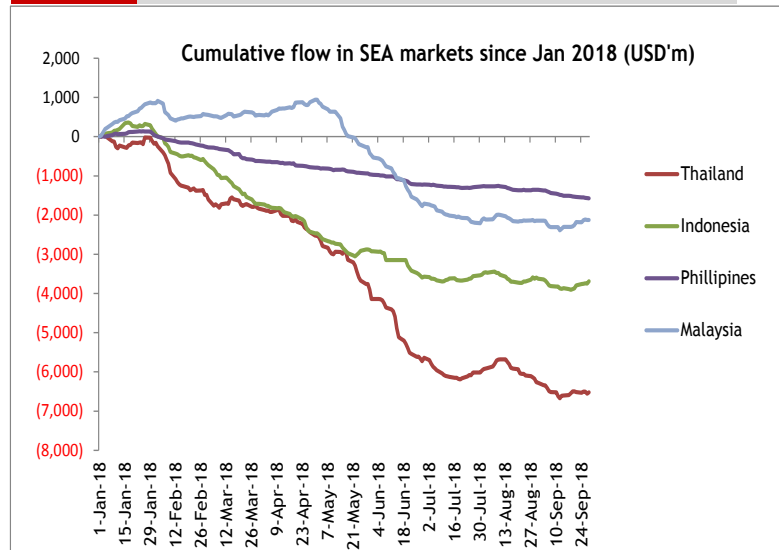
- Manila experienced its fourth straight week of foreign selling, at similar magnitude as the previous week. International investors sold -USD33.1m net last week compared to -USD31.5m net in the previous two weeks, stretching the foreign daily selling binge to 22 days as of last Friday. Foreign selling peaked during the week on Monday at -USD10.4m net as investors turned into a safe-mode, waiting to see if the BSP will raise interest rates at the Monetary Board meeting on Thursday.
- In Jakarta, foreign investors bought USD108.1m net, marking another week of buying. However, foreigners sold -USD7.6m net on Thursday, being the only day that recorded outflows. The following day, foreigners came back snapping up USD59.4m net, the highest for the week. This coincided with the Rupiah, which closed 0.80% higher from the previous day. On weekly basis, the currency has actually depreciated by -0.58%. As the global landscape continued to exert pressure on Rupiah, the Bank of Indonesia decided to raise interest rate benchmark by another 25bps to 5.75% hours after the Federal Reserve hiked US interest rates for the third time this year. The move by BI was seen as a stabilisation measures as well as to halt a deepening slide in the currency and worsening current account deficit.

Chart 3 Net Flow of Foreign Funds into Taiwan, Korea and India since Jan 2018(USD'm)



Source: Bloomberg, MIDFR

Chart 4 Net Flow of Foreign Funds into South East Asia Emerging Markets since Jan 2018 (USD'm)



Source: Bloomberg, Bursa Malaysia, MIDFR

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

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
AUG 3	118.0	116.9	77.2	16.2	48.8	-123.8	85.9	339.1
AUG 10	-10.9	221.7	-50.4	-1.2	468.6	7.0	112.5	747.1
AUG 17	-164.5	-238.9	-173.9	-88.5	-566.9	-393.5	-154.0	-1,780.1
AUG 24	530.3	-174.1	6.6	-9.3	321.9	276.8	11.3	963.6
AUG 31	1,152.1	-189.8	69.8	7.8	-439.8	1,301.0	-3.7	1,897.4
SEP 7	-1,109.3	-231.5	-191.6	-82.6	285.9	89.1	-160.0	-1,399.9
SEP 14	-309.2	-88.5	-50.6	-65.4	-378.9	553.6	0.7	-338.4
SEP 21	1,328.0	89.4	68.5	-31.5	-440.1	922.7	124.5	2,061.7
SEP 28	-57.3	-4.9	108.1	-33.1	-661.9	578.8	51.3	-18.9

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

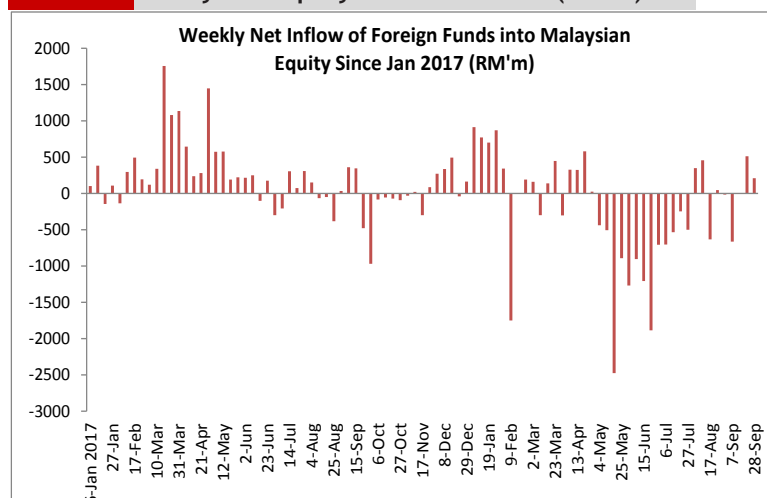
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C. TRACKING MONEY FLOW - MALAYSIA

- For the third week running, foreign funds bought equities listed on Bursa, the longest buying streak so far since GE14.
- Based on preliminary data from Bursa which excluded off market deals, international funds acquired RM212.3m net of local equities last week, about half the net inflow in the previous two weeks. Malaysia was one of the two markets which attracted weekly foreign net inflow amongst the ASEAN markets besides Indonesia.
- Foreign investors first bought RM199.4m net on Tuesday followed by RM72.3m net on Wednesday. A highest weekly foreign net attrition worth -RM37.9m was seen on Thursday as foreign investors reacted to the interest rate hike by the Federal Reserve. The same trend was seen across ASEAN markets namely Thailand, the Philippines and Indonesia, with the highest foreign outflow of -USD53.60m recorded in Thailand.
- Nevertheless, offshore funds paced down the outflow on Friday recording only -RM10.90m net attrition.
- The month of September has seen a foreign net inflow of RM66.30m. Meanwhile, the year-to-date outflow from Bursa as of last Friday stood at -RM8.5b or -USD2.2b, which is still the second lowest foreign outflow amongst the 4 ASEAN markets we monitor.
- Institutional investors were more active than the retail market and foreign institutions as its weekly average daily traded value (ADTV) was 7.3% higher at RM2.2b. Meanwhile the weekly ADTV of the foreign market declined by more than 10% but still remain above their healthy levels of RM1b. Meanwhile in the retail market, ADTV grew 5.6% to RM917.80, which is well above RM800.0m.

Chart 5

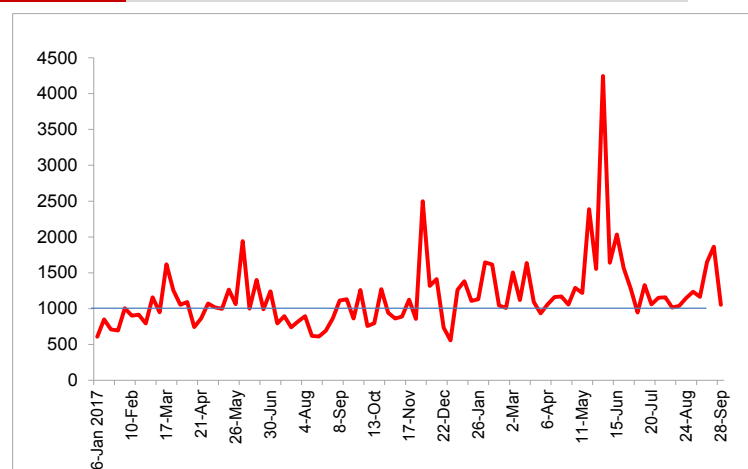
Weekly Net Flow of Foreign Funds into Malaysian Equity since Jan 2017 (RM'm)



Source: Bursa Malaysia preliminary statistics, MIDFR

Chart 6

Foreign Participation on Bursa: Daily Average for the Week since Jan 2017 (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)	
AUG 24	2,201.2	2,225.0	-23.8	4,630.3	4,653.0	-22.7	2,317.0	2,270.5	46.5	11.3
AUG 31	2,280.2	2,259.1	21.1	5,159.7	5,165.5	-5.8	2,462.7	2,478.0	-15.3	-3.7
SEP 7	2,142.7	2,108.3	34.4	5,423.6	4,794.6	629.0	2,580.3	3,243.7	-663.4	-160.0
SEP 14	1,489.4	1,512.8	-23.4	3,900.5	3,879.7	20.8	2,476.1	2,473.5	2.6	0.7
SEP 21	1,712.5	1,763.3	-50.8	3,810.4	4,274.4	-464.0	3,986.6	3,471.8	514.8	124.5
SEP 28	2,269.6	2,319.4	-49.8	5,339.2	5,501.7	-162.50	2,739.6	2,527.3	212.3	51.3

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 28 SEPTEMBER
TOP 10 NET MONEY INFLOWS

- Public Bank Berhad registered the highest net money inflow of RM84.2m last week. Its share price however retreated by 0.24% for the week, outperforming the FBM KLCI which lost 0.97% on a weekly basis. It is notable that the net money inflow amidst retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- Maybank recorded the second highest net money inflow of RM14.9m. Its share price outperformed against the market benchmark with 2.6% advance.
- Malaysia Airports Holdings Berhad ended the week with its share price closed at RM8.90. It fell by 0.67%, outperforming the FBM KLCI, which declined 0.97%. Notably, the weakness in 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	
PUBLIC BANK	84.20	-8.70	-0.24	BOW
MAYBANK	14.88	-3.03	2.62	-
MAHB	13.95	-1.04	-0.67	BOW
GENTING BHD	11.62	3.71	-2.37	BOW
PETDAG	8.85	-1.89	-0.53	BOW
NESTLE	7.96	-0.61	-0.41	BOW
HARTALEGA	6.64	-7.24	-0.45	BOW
YINSON	6.15	-0.19	1.10	-
TNB	4.89	6.16	0.57	-
PPB GROUP	4.48	0.38	0.24	-

Source: Bloomberg, MIDFR;

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

TOP 10 NET MONEY OUTFLOWS

- CIMB Group recorded the highest net money outflow of -RM42.5m last week. Its share price retreated by 0.99% for the week, to close at RM6.01. Notably, the movement was in parallel with FBM KLCI which lost 0.97% on a weekly basis.
- Petronas Chemicals Group Berhad recorded the second largest money outflow of -RM33.1m, during the week under review. Its share price underperformed the benchmark index with -1.47% lost for the week.
- Digi.com Berhad meanwhile registered the third largest net money outflow at -RM8.8m. Its share price outperformed the market benchmark, despite recording 0.41% loss in the week.


Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
CIMB	-42.53	-0.19	-0.99	-
PETCHEM	-33.11	11.05	-1.47	-
DIGI.COM	-8.75	18.77	-0.41	-
HONG LEONG	-8.28	0.89	-1.15	-
DUTCH LADY	-6.02	0.02	0.28	SOS
SCIENEX BHD	-4.60	0.18	1.60	SOS
TOP GLOVE	-2.98	-0.38	-0.37	-
LAFARGE	-2.48	0.53	-3.52	-
GAMUDA	-1.47	-1.97	1.82	SOS
SP SETIA	-1.38	-0.14	1.89	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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