

FUND FLOW REPORT

Week Ended
December 4, 2015

Foreign Flow Meter (M'sia)



Tide

(increase)
MODERATE



Current

(increase)
HIGH

- Sentiment in the equity market worsened in most markets in a week laden with statistics and events.
- Among others, investors had to contend with the repercussions of Moscow's decision to impose sanctions on Ankara, decision to admit China's yuan into the SDR basket, a disappointing ECB announcement, OPEC meeting in Vienna, a volatile crude oil market and a robust U.S employment statistics.
- China's market was the best performer, also buoyed by a resumption of its IPO market.
- European markets came under selling pressure after the ECB's announcement to extend its QE by a disappointing only 6 months.
- Brent crude oil fell 4.2% last week. It dropped to its lowest level this year on Wednesday at USD42.43pb. OPEC's meeting revealed serious discord within the organization and caused the oil market to plunge into further slump.
- The tide out of Asian equity surged last week as sentiment succumbed to negative developments across the world.
- On Bursa, foreign investors' decision were motivated by external developments and that led to a moderate outflow of RM161m last week. Cumulative year-to-date outflow was RM18.5b, while the outflow in November was RM1.0b net.
- The opening week of December could have been better for the equity market. Still, barring any backlash post the Fed's FOMC interest rate decision on Dec 16, we do not foresee any obstacle to the market posting a gainful December.
- The movement of the Ringgit was rather uncharacteristic last week. It rose steadily even as oil price came under heavy selling pressure, especially on Wednesday when Brent crude dipped below USD43pb and hit its lowest for the year. This is positive for the local market as the financial markets are finally recognizing that Malaysia's dependence on oil has decline significantly.

7 December 2015 | Strategy - Weekly Fund Flow

HIGH TIDE IN AN EVENTFUL WEEK

A. MARKET SNAPSHOT

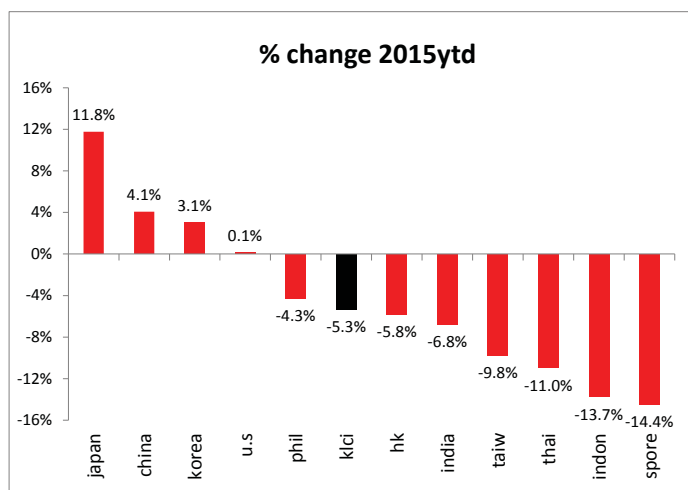
- Sentiment in the equity market worsened in most markets in a week laden with statistics and events.
- Emerging markets opened on a weak note on Monday, partly soured by Moscow's decision to impose sanctions on Ankara over the downing of its fighter jet. These include prohibition on the recruitment of Turkish citizens, banning chartered flights between the two countries and restricting Turkish imports. 3m Russians visited Turkey last year and around 90,000 Turkish nationals work in Russia.
- China stocks swung wildly on Monday following the >5% rout on the preceding Friday. However optimism rose after the IMF officially voted to admit the yuan as the 5th currency in the SDR basket alongside the US dollar, the Japanese yen, sterling and the euro. The market rallied further on prospects for monetary more stimulus, that the central bank will make its 7th interest-rate cut since November last year. Financial stocks surged, with many financial stocks hitting the 10% limit-up on Thursday. China's market is also currently buoyed by a resumption of its IPOs. A first batch of 10 IPOs were listed this week, with the 2nd batch of 10 in the pipeline.
- Brent crude oil fell 4.2% last week. It dropped to its lowest level this year on Wednesday at USD42.43pb. The price of oil was depressed ahead of the OPEC meeting in Vienna on Friday, on widespread belief that there is discord in the organization over production. Underlying this was Saudi Arabia's price cut on January oil sales to the U.S. Aggravating the situation was the U.S. Energy Department's statistics showing U.S. crude inventories rising by 1.2m barrels in the preceding week. As it turned out, the OPEC meeting plunged the oil market into further slump. Members disagreed to control production as a way to control price and are set to disregard the production limit of 30mbpd set since 2011. OPEC is producing 31.8m now. Brent fell 1.9% to USD43.0pb.
- The sharpest decline of the week worldwide happened on Thursday in Western markets. Share and bond prices tumbled after ECB disappointed investors with a relatively smaller-than-expected additional stimulus. The ECB extended its quantitative easing by only 6 months until March 2017 at the current rate of EUR60b a month. Investors were expecting more robust package. The DAX and CAC fell 4.8% and 4.4% respectively last week.
- On Friday, the U.S Labour Department announced that the non-farm payroll rose 211k in November and unemployment rate at 5%. That exceeded expectatons. Wall Street rallied on Friday.

Performance of major markets

Weekly % change	Week before	Last week
China CSI300	-5.76	3.39
Hang Seng	-3.02	0.76
Straits Times	-2.01	0.70
Dow Jones	-0.14	0.28
S&P500	0.04	0.08
Taiwan Taiex	-0.79	0.00
Phil Comp	-0.08	-0.07
KLCI	1.25	-0.87
Jakarta JCI	-0.02	-1.14
India Sensex	1.00	-1.88
Nikkei 225	0.02	-1.91
FTSE	0.64	-2.15
Thai SET	-2.20	-2.17
Korea KOSPI	1.97	-2.69
CAC	0.39	-4.37
DAX	1.56	-4.80

Source: Bloomberg

Major Asian indices (2015)

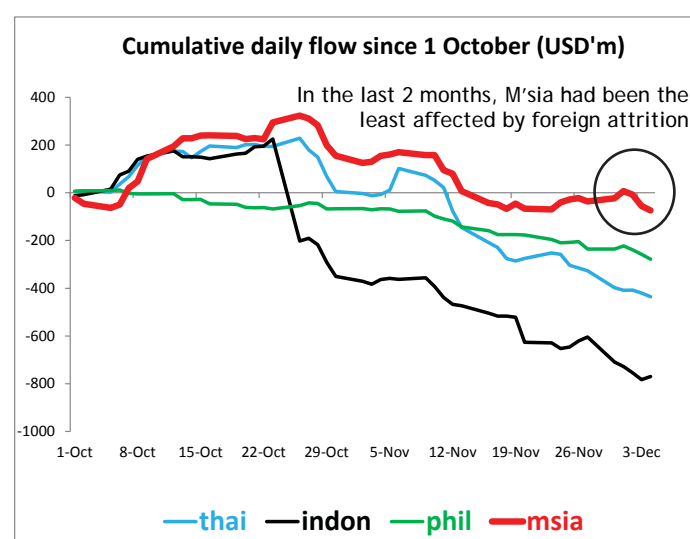
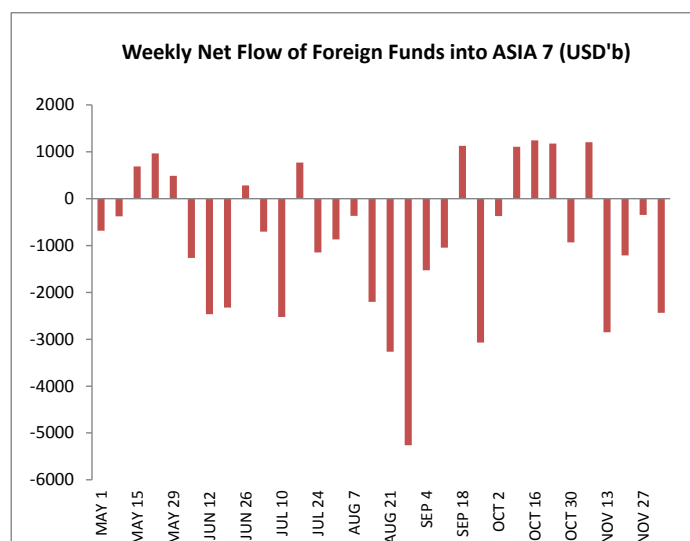


Source: Bloomberg. All in local currency.

FUND FLOW REPORT

B. TRACKING MONEY FLOW - ASIA ¹

- The tide out of Asian equity surged last week as sentiment succumbed to negative developments across the world.
- Based on provisional data from the respective exchanges, investors classified as “foreign” sold USD2.44b net in the 7 Asian stock markets that we track (TIPs + India, Taiwan, Korea and Malaysia). It was the fourth consecutive week of deficit and was much higher compared with USD347m outflow the week before.
- Korea was an outlier last week. A week after the KOSPI outperformed regional peers, foreign investors offloaded Korean stocks at the third highest pace in a week this year. The bourse was hardest hit on Monday, as foreigners dumped USD470m net, the third highest in a day this year. Although a portion of the foreign liquidity returned on Tuesday on growing expectations that a Korea-China FTA will be ratified, news that U.S manufacturing sector contracted in November for the first time since November 2012 set the tone for a weak sentiment towards Korean E&E stocks.
- There was heavy attrition from the electronics and electrical sector, with Samsung hard hit. Foreigners also exited manufacturing stocks such as automotive. The Korean won was the worst performing Asian currency last week.
- Taiwan also suffered heavy foreign attrition as foreigners offloaded USD577m, the 10th highest in a week this year. Foreigners exited large-cap stocks in electronics as well as financial sectors. A notable exception was smartphone maker HTC Corp, which was buoyed by speculation that it will introduce a smart watch next year.
- In Southeast Asia, Indonesia was the worst hit by foreign attrition, the rate of which was the highest in 5 weeks. The Government postponed the announcement of the 7th economic package scheduled on Friday. Apparently it would be announced next week by the economic minister after President Jokowi, who was in Paris last week, has fine-tuned some of the policies.
- Meanwhile, the outflow from Thailand and the Philippines continued at a steady pace.



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.

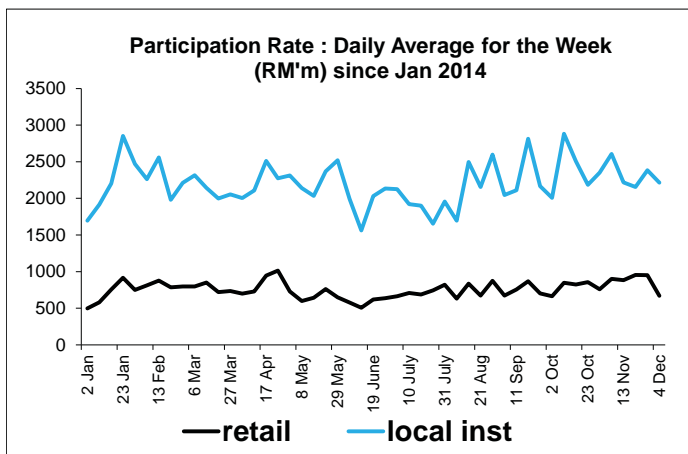
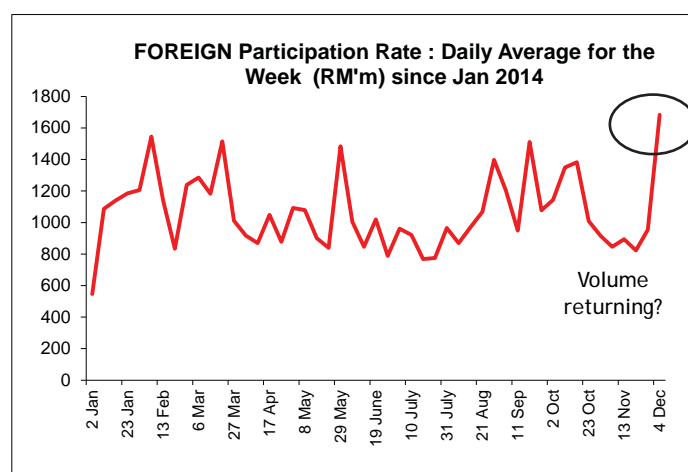
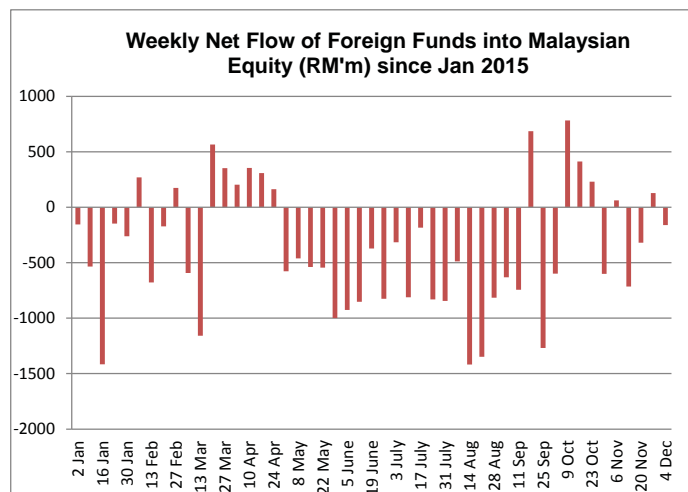
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
OCT 23	-97.7	-1.1	82.1	-21.8	304.6	856.4	54.3	1176.8
OCT 30	-134.7	-189.4	-575.6	0.8	-80.5	185.3	-139.4	-933.5
NOV 6	171.6	96.6	-12.3	-10.2	41.5	904.0	14.8	1205.9
NOV 13	-584.6	-247.5	-110.6	-65.7	-340.5	-1339.5	-163.3	-2851.6
NOV 20	-246.9	-129.6	-37.6	-33.2	-372.9	-318.9	-73.3	-1212.4
NOV 27	-333.9	-51.2	22.6	-59.1	-190.1	234.7	30.4	-346.7
DEC 4	-1150.3	-109.5	-165.4	-42.6	-353.7	-576.7	-38.2	-2436.5

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

C. TRACKING MONEY FLOW - MALAYSIA

- On Bursa, foreign investors' decision were motivated by external developments and that led to an outflow albeit on a moderate scale last week.
- Foreign funds sold RM161.3m, net of purchases, in the open market (i.e excluding off-market deals) last week, reversing the RM128m mopped up in the week before.
- However, it was not a case of one-way traffic. Bursa actually reported net inflow of foreign money in the first two days of the week. In particular, Tuesday proved to be an auspicious first trading day for December as foreigners bought RM126.1m net. It was relatively aggressive as the amount was the highest in 26 trading days.
- The attrition started on Wednesday and turned heavy on Thursday as the outflow hit RM200m. Selling momentum eased on Friday.
- For 2015, last week's deficit increased the cumulative net foreign outflow to RM18.5b, compared with the RM6.9b outflow for the entire 2014. The final tally for November was RM1.0b net outflow. That reversed the RM622m net inflow in October.
- Foreign participation (i.e gross trade) "exploded" last Monday, the last day of November, hitting RM4.19b, the highest this year. The previous high was RM3.68b, coincidentally on the last trading day of May.
- Last Monday's surge in foreign participation raised the participation rate for the week (average daily gross trade) to RM1.68b, the highest this year. Excluding Monday, the participation rate for the week was RM1.06b, still relatively high. It appears that the low volume season has been rather transient this year.
- Local institutions supported the market last week mopping up RM232.3m net on yet active RM2.22b participation rate.
- The market for small cap stocks proved to be resilient despite signs of edginess leading up to last week. Prices of small cap stocks held steady although retailers offloading RM71m net. Participation rate plunged to RM669m, compared with an average of RM923m in the previous four weeks. Retailers are on the sideline.



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)*
OCT 23	2110.3	2182.3	-72.0	5384.1	5542.5	-158.4	2638.3	2407.9	230.4	54.3
OCT 30	1943.6	1847.2	96.4	6126.9	5623.2	503.7	1989.3	2589.4	-600.1	-139.4
NOV 6	2240.3	2268.3	-28.0	6495.2	6530.0	-34.8	2148.4	2085.6	62.8	14.8
NOV 13	1822.9	1716.8	106.1	4739.7	4131.8	607.9	1430.8	2144.8	-714.0	-163.3
NOV 20	2386.1	2388.0	-1.9	5550.4	5228.4	322.0	1898.3	2218.4	-320.1	-73.3
NOV 27	2347.9	2406.2	-58.3	5927.6	5997.3	-69.7	2448.5	2320.5	128.0	30.4
DEC 3	1638.0	1709.0	-71.0	5656.6	5424.3	232.3	4126.8	4288.1	-161.3	-38.2

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

FUND FLOW REPORT

D. TOP 100 STOCKS: MONEY FLOW ²

TOP 10 NET MONEY INFLOWS

- Public Bank registered the highest net money inflow of RM20.73m last week, topping the chart for second consecutive weeks. Accordingly, its share price outperformed the market benchmark despite a minute 0.11% weekly rise. In comparison, the FBM KLCI eased -0.87% during the week under review.
- Axiata came in second with RM18.85m net inflow and its share price slightly outperformed the market benchmark as it recorded a comparatively smaller -0.65% week-on-week loss. It must be highlighted that net money inflow amidst retreating share price may indicate buy on weakness (BOW) stance among some investors. Recently, Axiata-owned Edotco Group Sdn Bhd established a foothold in Myanmar after agreeing to pay USD125m for a 75% stake in Digicel Myanmar Tower Co.
- Telekom Malaysia recorded the third highest net money inflow of RM12.97m and its share price also outperformed the market benchmark as it ended unchanged during the review week. TM recently announced its partnership with iflix, South-east Asia's leading Internet TV service.

TOP 10 NET MONEY OUTFLOWS

- Tenaga Nasional saw the largest net money outflow of -RM11.19m during the review week. Accordingly, its stock price underperformed the FBM KLCI as it ended the week lower by -1.47% against a smaller -0.87% loss in the market benchmark. It was reported that the government shall decide on power tariff revision this week. It is notable that the previous two ICPT calculations resulted in tariff hike which the government decided to absorb.
- My EG Services came in second last week with a net outflow of -RM4.34m but its share price outperformed the market benchmark with a 1.71% weekly gain. On this score, net money outflow amidst advancing share price may indicate sell on strength (SOS) stance among some investors.
- Malayan Banking registered the third largest net money outflow at -RM3.92m in the review week. Nonetheless, its share price narrowly outperformed the broader market as it registered a -0.83% weekly loss.

Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 5 December 2015 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	
PUBLIC BANK	20.73	37.40	0.11	-
AXIATA	18.85	-2.81	-0.65	BOW
TM	12.97	2.45	0.00	-
PETRO GAS	10.83	3.66	1.30	-
GENTING	8.71	-3.32	-0.69	BOW
DIGI.COM	8.09	-10.94	-0.98	BOW
MAXIS	6.95	1.09	1.53	-
TOP GLOVE	6.24	-2.07	6.50	-
CIMB	4.79	19.55	-0.88	BOW
HAP SENG CONS	4.05	2.98	1.63	-

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	
TNB	-11.19	19.80	-1.47	-
MY EG	-4.34	1.09	1.71	SOS
MAYBANK	-3.92	-0.64	-0.83	-
KOSSAN	-3.20	5.58	5.49	SOS
HLEONG BANK	-2.39	0.19	-4.19	-
AMMB	-2.23	0.30	0.22	SOS
KPJ HEALTH	-1.83	1.06	-0.93	-
PPB GROUP	-1.76	0.57	-3.02	-
IJM CORP	-1.33	-1.43	-1.75	-
PETRO CHEM	-1.26	-3.69	0.45	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

E. THE WEEK AHEAD

NOT AN AUSPICIOUS START TO DECEMBER

- The opening week of December could have been better for the equity market. The KLCI and FBM70 made little progress from that at the end of November (see chart). As we had written last week, December tends to be a positive month, although 2014 was an aberration due to the collapse in oil price.
- Barring any backlash post the Fed’s FOMC interest rate decision on Dec 16, we do not foresee any danger to the market posting a gainful December. The KLCI may be a bit under the weather this week after the index fell below the 50-day moving average (50DMA) short-term support line on Friday (see chart). However, markets around the world are expected to be agitated ahead of the FOMC meet anyway.
- Oil price may have come under pressure on Friday after the OPEC meeting meeting. The local market has not performed well under such a circumstance in the past. The weak link has been the exchange rate. But the equations may be changing based on developments of late.

PROMISING RINGGIT PLAY

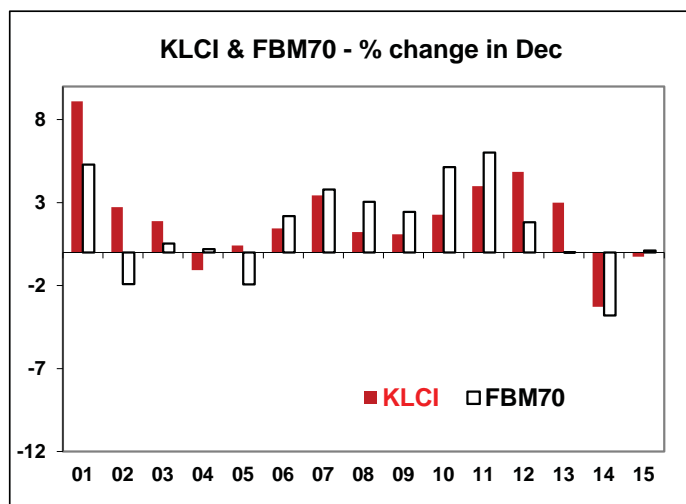
- The movement of the Ringgit was rather uncharacteristic last week. It rose steadily even as oil price came under heavy selling pressure, especially on Wednesday when Brent crude dipped below USD43pb and hit its lowest for the year.
- Has the Ringgit finally shed its “petroleum-driven” tag? Will it finally decouple from the debilitating effect of oil price downswing? These remain to be answered but last week’s development is rather promising for local equity.

END OF EARNINGS RECESSION

- Companies listed on Bursa Malaysia completed reporting their profit for 3Q15 last week. We are currently confident enough to proclaim that the “profit or earnings recession” for Bursa listed companies is showing signs of ending. The aggregate normalized earnings of the 30 companies that make up the FBM KLCI index totalled RM14.53b in 3Q15, higher +10.9% quarter-on-quarter and +4.1% year-on-year respectively.
- The 3Q15 aggregate normalized earnings finally came within expectation. It had been below expectation for the preceding six consecutive quarters.
- Overall, only 21% of stocks under MIDFR Universe coverage reported lower-than-expected earnings which compares favorably against 33% recorded in the preceding quarter. The 21% is the lowest rate of “underperformance” since 1Q14.
- Of the rest, 17% posted earnings that were better than expected versus 62% which came within expectations. We expect the KLCI to grow 9% next year to around 1800 points.



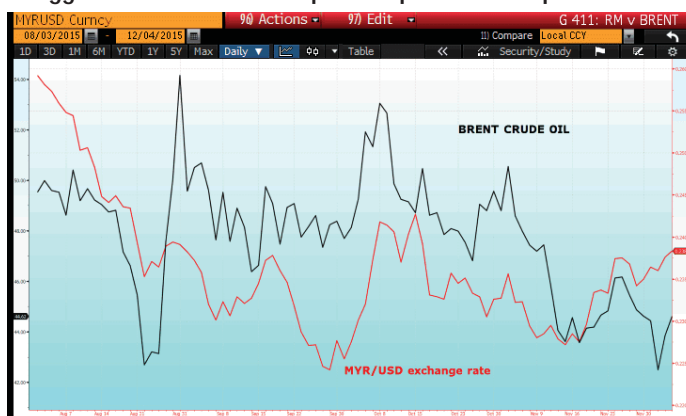
Market has yet to reflect December optimism



KLCI fell below the 50DMA on Friday



Ringgit was resilient despite depressed oil price



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