

MALAYSIA EQUITY RESEARCH | 26 January 2015

Week Ended 23 January 2015

- The flow out of Asian equity reversed abruptly last week as global funds made a general return into this region. The rate of net inflow for the week was quite steep at more than three billion dollars thanks largely to a strong reversal into Taiwan.
- The main impetus to the strong foreign funds re-entry into Asia may be attributable to the decision by European Central Bank (ECB) to initiate its own version of Quantitative Easing. While the ECB's so-called "monetary bazooka" was directed at European bonds, nonetheless some of the money will arguably indirectly benefit the other asset classes and regions, Asia included.
- Last week, Malaysia experienced the smallest foreign net outflow since the start of 2015.
- It is also noteworthy that the amount of foreign net buying into Malaysia last Friday was the highest single day net foreign purchase since early June last year.

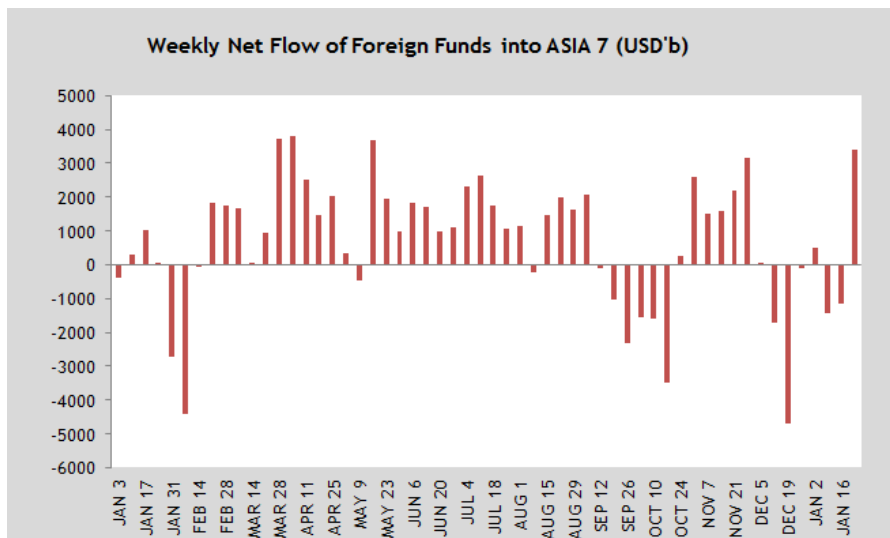
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26 January 2015 | Strategy - Weekly Fund Flow

A sudden strong reversal back into Asia

TRACKING MONEY FLOW - ASIA

- The flow out of Asian equity reversed abruptly last week as global funds made a general return into this region. The rate of net inflow for the week was quite steep at more than three billion dollars thanks largely to a strong reversal into Taiwan (see table).
- The main impetus to the strong foreign funds re-entry into Asia may be attributable to the decision of European Central Bank (ECB) to initiate its own version of Quantitative Easing. While the ECB's so-called "monetary bazooka" was directed at European bonds, nonetheless some of the money will arguably indirectly benefit the other asset classes and regions, Asia included.
- Funds classified as "foreign" were, in aggregate, net buyers of stocks in the seven Asian exchanges that we track. The net amount bought last week jumped drastically to +USD3.39b from -USD1.16b in the earlier week.
- All the markets that we track recorded positive flows last week except for Malaysia which recorded a marginal net outflow.
- Last week, foreign net liquidity rushed into our so-called "Emerging Asia", as represented by the markets in Thailand, Indonesia, Philippines (TIPs), Malaysia and the India. Collectively, the net inflow amount increased starkly from USD80m to USD997m last week.
- Similarly, the rate of inflow into our so-called "Developed" Asia, as represented by Taiwan and Korea, rose markedly to USD2.40b. This performance was in clear contrast to the net outflow of -USD1.24b last week. The net funds into Taiwan catapulted from -USD499m in prior week to +USD2.19b, the South Korean market flow showed a similar reversal from -USD744m to +USD209m last week.



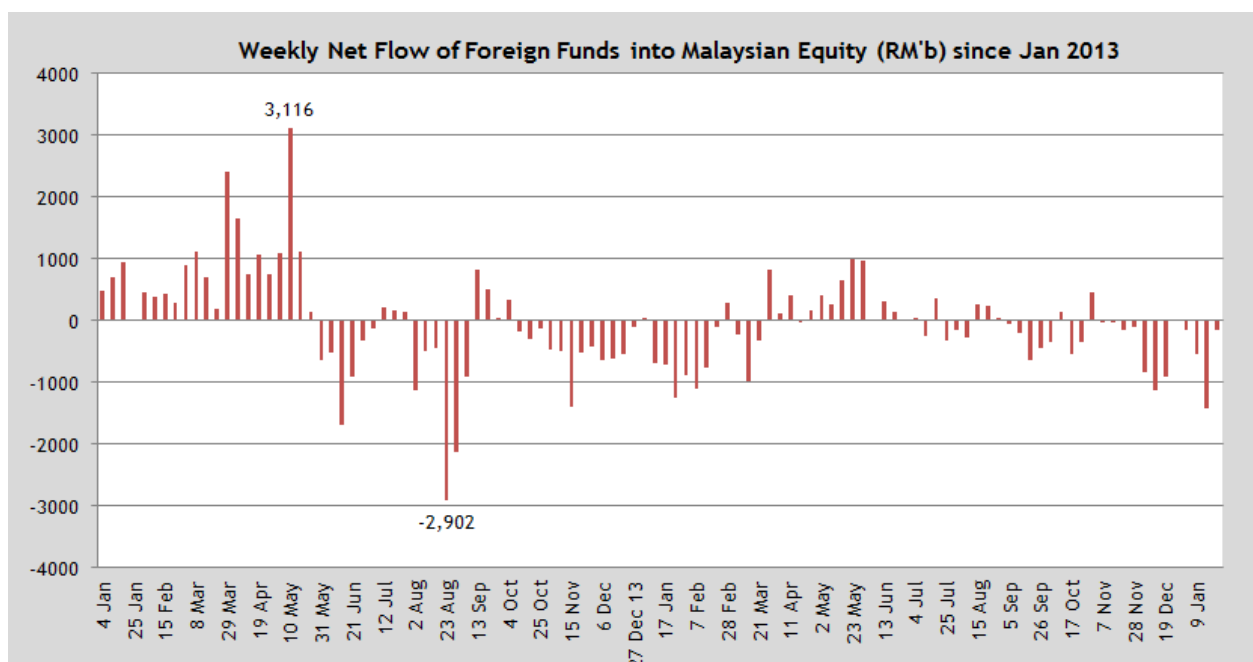
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
AUG 8	148.6	-29.2	-72.2	-67.8	367.6	-467.3	-88.91	-209.1
AUG 15	700.6	82.4	-38.1	86.8	441.8	96.1	82.18	1451.7
AUG 22	499.0	32.7	54.3	96.5	288.7	956.9	71.54	1999.7
AUG 29	405.5	4.1	-56.5	189.1	139.2	947.7	11.68	1640.8
SEP 5	440.6	213.1	70.6	-16.3	793.6	598.6	-19.22	2080.8
SEP 12	-204.8	88.6	-148.0	2.2	432.0	-222.6	-61.47	-114.0
SEP 19	-354.7	169.0	-171.5	-31.9	31.9	-457.3	-197.07	-1011.5
SEP 26	-661.0	253.5	-247.9	-6.1	-366.5	-1166.0	-137.80	-2331.9
OCT 3	-309.1	-75.9	-344.4	20.3	107.2	-866.0	-104.76	-1572.7
OCT 10	-716.4	-64.4	-88.9	-189.7	-304.0	-256.1	41.21	-1578.2
OCT 17	-1093.2	-248.8	-187.8	-299.9	-604.9	-888.4	-166.31	-3489.3
OCT 24	139.0	-93.8	30.5	-8.8	290.6	27.9	-107.49	277.8
OCT 31	219.3	-81.4	210.8	1.6	668.7	1439.8	140.15	2598.9
NOV 7	-248.9	129.9	-14.9	-17.9	891.6	797.9	-8.69	1529.0
NOV 14	-12.9	39.2	259.7	23.7	455.3	818.0	-8.14	1575.0
NOV 21	955.7	40.2	76.1	156.2	139.3	856.5	-42.21	2181.8
NOV 28	860.1	127.4	113.1	439.4	833.5	831.4	-32.20	3172.7
DEC 5	470.8	19.8	-65.5	-114.0	275.8	-280.5	-243.02	63.3
DEC 12	-696.2	-246.2	-110.6	-54.3	534.7	-824.1	-320.21	-1716.9
DEC 19	-1514.0	-593.7	-383.4	-111.1	-732.1	-1095.9	-257.68	-4687.8
DEC 26	-49.5	-46.4	-269.2	155.7	-292.8	405.2	8.03	-89.0
JAN 2	-144.56	-32.43	194.0	-2.69	143.6	387.1	-44.07	500.9
JAN 9	-118.1	-191.0	14.0	-9.7	-440.3	-540.1	-150.33	-1435.6
JAN 16	-743.6	-283.6	-160.1	369.8	550.0	-499.0	-396.07	-1162.7
JAN 23	208.8	112.6	44.0	147.5	734.0	2194.1	-41.47	3399.5

Source: Various countries' exchanges. These figures are subject to revisions.

TRACKING MONEY FLOW - MALAYSIA

- Foreign money continued to exit the Malaysian equity market on net basis. However, the rate of outflow declined sharply to the smallest weekly quantum thus far this year.
- Last week, investors classified as “foreign” offloaded local equity in the open market (i.e. excluding off-market deals) amounted to merely -RM41m. As mentioned earlier, that was the smallest outflow since the start of 2015.
- Foreign investors were net sellers in three out of the five trading days last week. Selling peaked on Tuesday, when a net amount of -RM182.6m was offloaded. Foreign selling subsided thereafter as they turned net buyers on Wednesday and the net buying by foreign investors jumped to nearly RM260m on Friday.
- It is noteworthy that the amount of foreign net buying on last Friday was the highest single day net foreign purchase since early June last year.
- Foreign participation rate (daily average gross purchase and sale) increased further to RM1.19b, the third week in a row that the amount exceeded RM1b. The average daily foreign participation rate in 2014 was RM980m.
- Local institutions continued to help supported the market last week, mopping up RM331m net. The participation rate was also elevated at RM2.85b.
- Local retailers were cautious last week as they recorded selling at -RM183m net. Most retail investors were seemed still on the side line although participation rate climbed slightly to RM916m. That was only marginally higher than 2014’s average of RM873m.

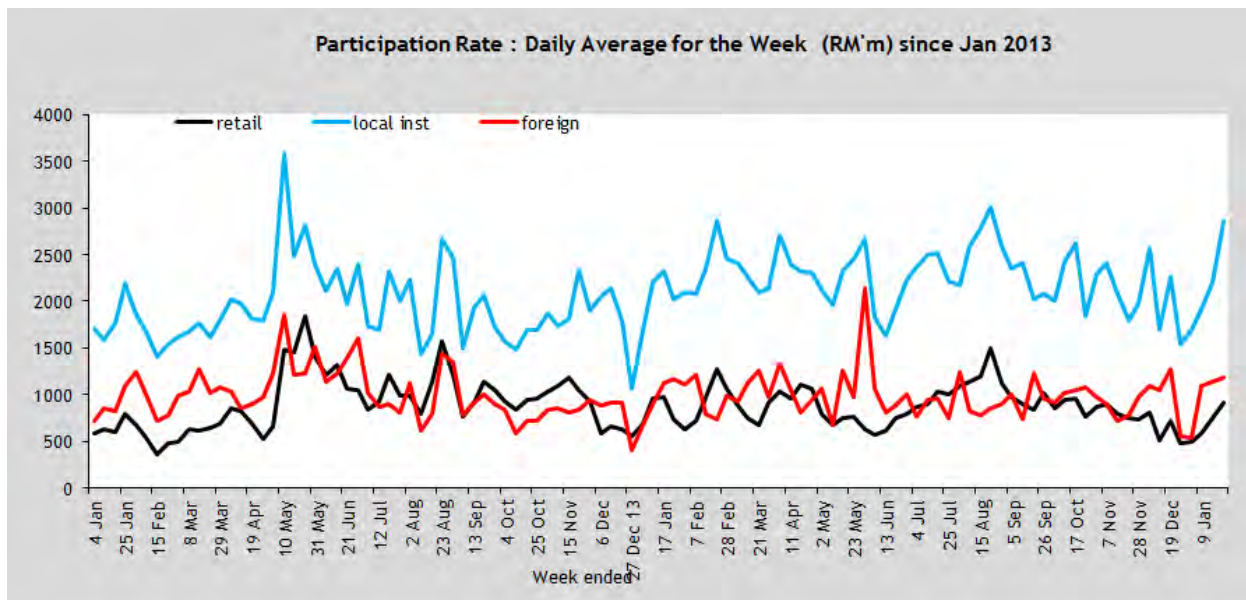


Source: Bursa, excluding off-market trades

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)*
5 Sep	1873.70	2005.40	-131.70	4790.00	4597.10	192.90	1970.00	2031.20	-61.20	-19.22
12 Sep	2223.60	2257.80	-34.20	6142.50	5911.00	231.50	1748.20	1945.50	-197.30	-61.47
19 Sep	1674.40	1655.20	19.20	4352.00	3735.40	616.60	2130.70	2766.50	-635.80	-197.07
26 Sep	2528.40	2528.20	0.20	5429.00	4981.80	447.20	2157.10	2604.50	-447.40	-137.80
3 Oct	2135.10	2117.20	17.90	5183.90	4859.50	324.40	2116.00	2458.30	-342.30	-104.76
10 Oct	1974.10	1795.80	178.30	4705.70	5018.00	-312.30	2095.30	1961.30	134.00	41.21
17 Oct	2382.50	2422.30	-39.80	6843.70	6259.00	584.70	2358.90	2903.80	-544.90	-166.31
24 Oct	1436.60	1622.60	-186.00	3946.10	3408.80	537.30	1992.20	2343.50	-351.30	-107.49
31 Oct	2114.60	2222.50	-107.90	5549.80	5901.90	-352.10	2646.40	2186.40	460.00	140.15
7 Nov	2267.30	2234.20	33.10	6030.90	6034.30	-3.40	2233.90	2263.60	-29.70	-8.69
14 Nov	2011.50	1933.20	78.30	5176.20	5227.20	-51.00	1797.50	1824.80	-27.30	-8.14
21 Nov	1932.60	1780.00	152.60	4500.80	4511.80	-11.00	1871.50	2013.10	-141.60	-42.21
28 Nov	1847.20	1835.20	12.00	4977.10	4880.20	96.90	2376.00	2484.90	-108.90	-32.20
5 Dec	2139.00	1883.90	255.10	6715.50	6131.60	583.90	2314.10	3153.10	-839.00	-243.02
12 Dec	1276.90	1267.60	9.30	4771.10	3662.70	1108.40	2072.10	3189.80	-1117.70	-320.21
19 Dec	1741.30	1860.90	-119.60	6153.40	5135.80	1017.60	2732.20	3630.20	-898.00	-257.68
26 Dec	928.90	1003.40	-74.50	3119.60	3073.20	46.40	1120.00	1091.90	28.10	8.03
2 Jan	970.70	1028.00	-57.30	3496.50	3284.80	211.70	1016.00	1170.40	-154.40	-44.07
9 Jan	1501.30	1399.40	101.90	5003.60	4570.30	433.30	2448.00	2983.20	-535.20	-150.33
16 Jan	1928.40	1853.20	75.20	6176.10	4835.40	1340.70	2141.00	3556.90	-1415.90	-396.07
23 Jan	2198.90	2382.40	-183.50	7294.80	6963.40	331.40	2890.10	3038.00	-147.90	-41.47

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



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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.