



**FUND FLOW REPORT**

Week Ended November 13, 2015	Foreign Flow Meter (M'sia)	
	 Tide	MODERATE-HIGH
	 Current	(maintain) MODERATE

- Global equity markets reverted to the historically subdued November mood last week after a promising start to the month. Prices lost traction and slid in most markets.
- Events in Paris over the weekend means the mood will turn acidic this week.
- The feared November jinx is turning into reality yet again. Geopolitical risks have just risen through the roof, compounding an already fragile sentiment in the equity market. Investors should be bracing for a period of heavy selling in the days ahead.
- Even before the Paris tragedy, global risk appetite towards equity was on the wane. The recent “mini rally” in the dollar during which the trade-weighted greenback rose by >4%, fizzled last week.
- The weakening dollar put pressure on commodity prices in general. The price of Brent crude fell below USD45pb last Thursday, the first time the support level was broken since August. It was last traded at USD44.47pb on Friday.
- In the Asian equity markets, the buying in early November also turned out to be transient as global funds exited again last week. This time around, the rate of attrition was severe. The selling was across the board.
- On Bursa, foreign investors’ trading pattern reflected broader regional trend. Marginal buying the week before turned heavy selling last week.
- The selling was the heaviest in seven weeks, despite the holiday break on Tuesday. In aggregate, foreign funds offloaded RM714m net of purchases, in the open market last week.
- Last week’s sales increased the cumulative net foreign outflow to RM18.2b, compared with the RM6.9b outflow for the entire 2014.

16 November 2015 | Strategy - Weekly Fund Flow

## EXIT TIME

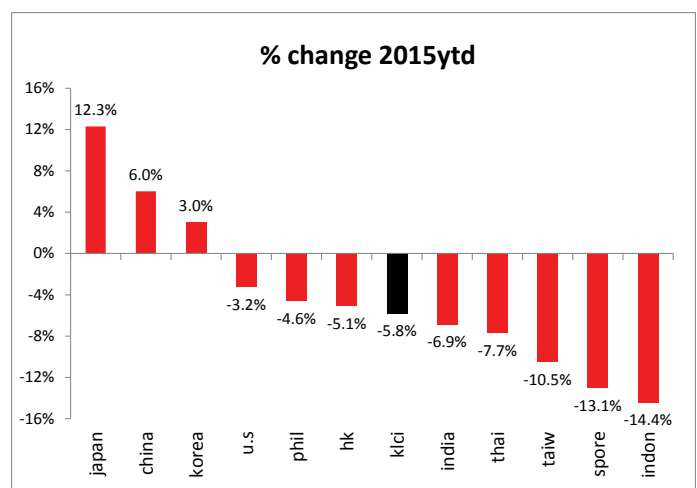
### A. MARKET SNAPSHOT

- Global equity markets reverted to the historically subdued November mood last week after a promising start to the month. Prices lost traction last week and slid in most markets.
- Events in Paris over the weekend means the mood will turn acidic this week. The feared November jinx is turning into reality yet again. Geopolitical risks have just risen through the roof, compounding an already fragile sentiment in the equity market. Investors should be bracing for a period of heavy selling in the days ahead.
- Last week, in the bellweather Wall Street, the Dow Jones and S&P500 lost -3.7% and -3.6% respectively. The recent "mini rally" in the dollar which began in mid-October, during which the greenback rose by >4%, (based on Bloomberg Spot Index) fizzled last week. It put a pressure on commodity prices in general and reduced risk appetite, especially towards equity.
- The market came under heavy weather on Thursday as the Dow Jones lost 254 points or -1.4%. The price of Brent crude fell below USD45pb on the day, the first time the support level was broken since August. It was last traded at USD44.47pb on Friday.
- Price of crude oil has also been weighed down by growing supply. The Energy Information Administration (EIA) reported that U.S. crude inventories rose by 4.2m barrels in the first week of November, much higher than the market's expectation of 1.1m barrels, based on a WSJ survey.
- Meanwhile, China's market was relatively resilient last week, losing only -1.2%. China's industrial production, fell to a 6-month low in October, and growth decelerated further to 5.6%yoy, the lowest since November 20098.
- China's GDP growth decelerated to 6.9% in 3Q15, the lowest rate in six years. Beijing is set to lower its growth target from 7% currently. President Xi Jinping said early in November that China needs to grow by at least 6.5% during the 2016-2020 period in order to meet its targets.
- The KLCI lost -1.6% last. For the year, it has lost -5.8%. In dollar terms, the decline is more than 25%.

Performance of major markets		
Weekly % change	Week before	Last week
Nikkei 225	0.96	1.72
China CSI300	7.34	-1.24
KLCI	1.20	-1.59
Jakarta JCI	2.50	-2.05
Hang Seng	1.00	-2.06
Thai SET	1.41	-2.27
India Sensex	-1.47	-2.49
DAX	1.27	-2.54
Straits Times	0.40	-2.82
Phil Comp	-0.23	-3.10
Korea KOSPI	0.57	-3.32
CAC	1.77	-3.54
S&P500	0.95	-3.63
FTSE	-0.11	-3.71
Dow Jones	1.40	-3.71
Taiwan Taiex	1.63	-4.19

Source: Bloomberg

### Major Asian indices (2015)

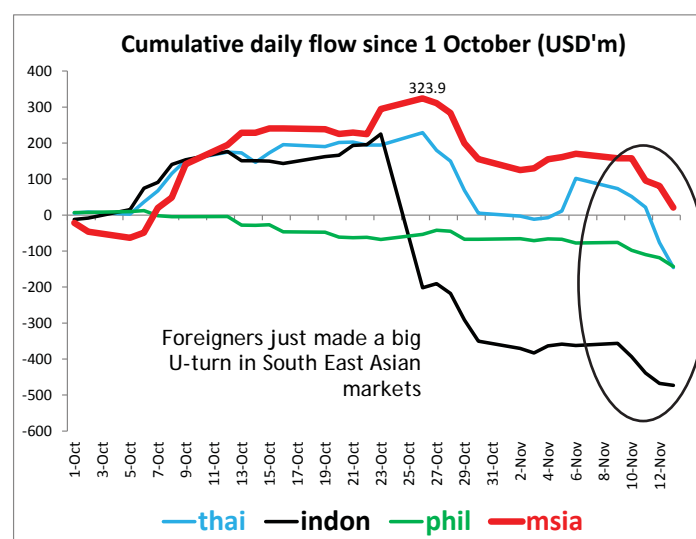
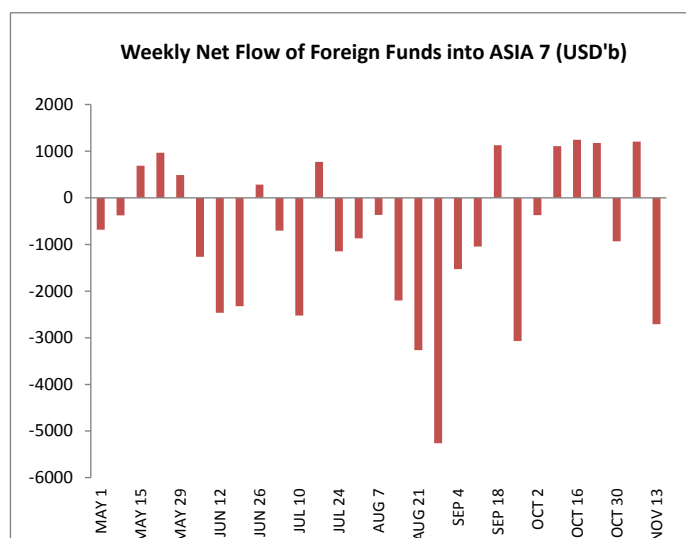


Source: Bloomberg. All in local currency.

## FUND FLOW REPORT

### B. TRACKING MONEY FLOW - ASIA <sup>1</sup>

- The buying in early November also turned out to be transient as global funds exited Asian stocks again last week. This time around, the rate of attrition was severe.
- Based on provisional data from the respective exchanges, investors classified as “foreign” offloaded USD2.72b net in the 7 Asian stock markets that we track (TIPs + India, Taiwan, Korea and Malaysia). It was the heaviest outflow since September.
- The selling was across the board.
- The worst hit was Taiwan where an outflow of USD1.34b put an abrupt halt to six straight weeks of buying. Investors dumped stocks in the electronics sector following heavy losses incurred by high-tech stocks on Wall Street. The Philadelphia Semiconductor Index fell by more than 4% last week, and that dampened sentiment towards Taiwanese tech stocks such as Hon Hai Precision Industry, which assembles Iphone and Ipads, and Largan Precision Co, which is a camera lens supplier to Apple. Heavyweight TSMC was also not spared.
- Foreign investors also reversed out of Korea after buying in the first week of November. The KOSPI index fell below the psychological 2000 point level last week, as China’s weak industrial production data raised concerns over Korea’s vulnerability to the country. About a quarter of Korea’s exports are destined to China. Last week, Korea’s Ministry of Science reported that Korea’s ICT exports shrank 1.6%yoy. Bank of Korea last Thursday kept its policy interest rates unchanged at 1.5%, for a fifth straight month.
- Foreign selling also picked up in Thailand and Indonesia. Thailand suffered most among SEA markets, with an outflow of USD248m. Thai telecommunication stocks came under selling pressure ahead of the 4G spectrum auction on concerns that they may overpay for the rights. As it turned out, units under True Corp and AIS were the winning bidders, forking out a whopping Baht80.8b or USD2.25b, which is above expectation.
- An estimated USD111m left Indonesian equity reflecting bearish commodities outlook. The rupiah was the third worst performing currency last week behind the Won and the Ringgit.



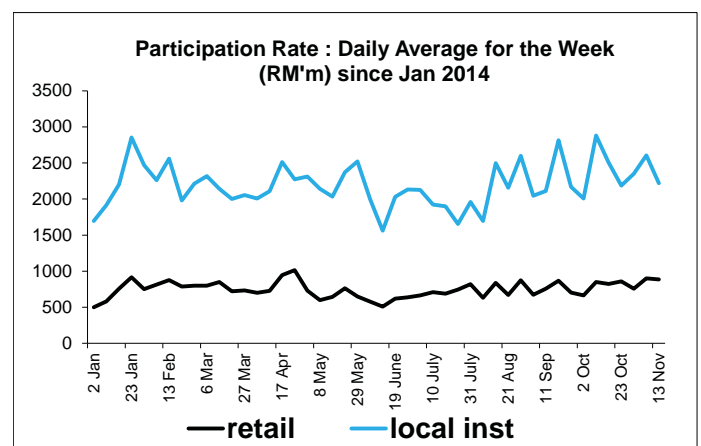
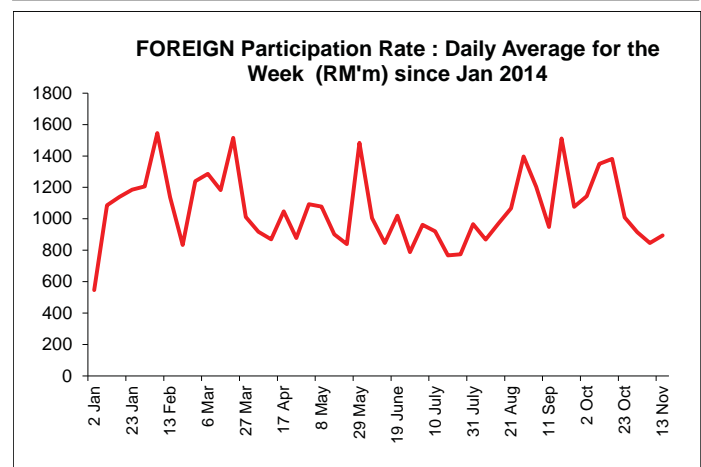
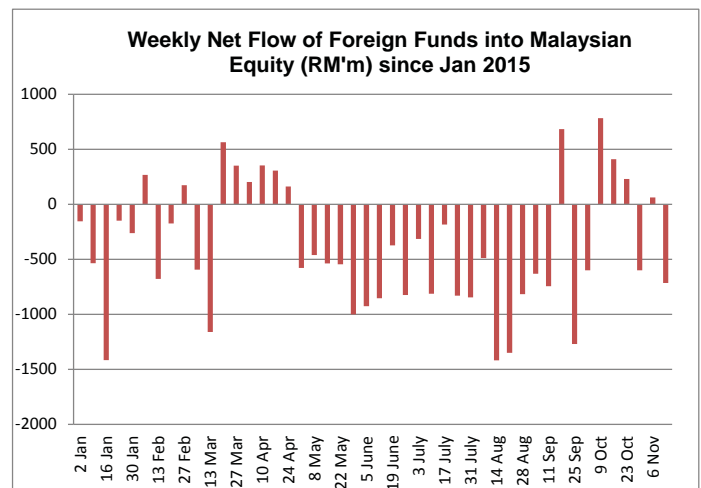
<sup>1</sup> Based on 7 Asian markets, for which fund flow data is publicly available. These are our proxy for Asia: TIPs (Thailand, Indonesia, Philippines), Korea, Taiwan, India and Malaysia.

WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)								
WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
OCT 2	116.8	-158.1	-42.2	-8.4	-221.9	79.8	-135.1	-369.3
OCT 9	303.0	143.9	161.8	-12.3	122.7	201.1	187.7	1107.9
OCT 16	-70.1	43.4	-10.5	-22.9	418.5	804.5	98.9	1261.8
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	-213.9	-1339.5	-163.0	-2724.7

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

**C. TRACKING MONEY FLOW - MALAYSIA**

- On Bursa, foreign investors' trading pattern reflected broader regional trend. Marginal buying the week before turned heavy selling last week.
- The selling was the heaviest in seven weeks, despite the holiday break on Tuesday. In aggregate, foreign funds offloaded RM714m net of purchases, in the open market (i.e excluding off-market deals) last week.
- It was a case of foreign attrition every single day last week. On Monday, foreigners sold lightly ahead of the holiday on Tuesday. The real bearish intent was borne out when the market reopened on Wednesday when foreign funds offloaded RM274.5m, the 51st time that the daily outflow exceeded the RM200m mark. Selling continued on Thursday, albeit moderately, but the attrition turned intense on Friday, as foreign investors sold RM321.5m, the 16th highest in a day and the 52nd time it exceeded RM200m in 2015.
- For 2015, last week's sales increased the cumulative net foreign outflow to RM18.2b, compared with the RM6.9b outflow for the entire 2014.
- General foreign activity in the market continued to dwindle except for lumpy trades. Last week, foreign participation rate (i.e average daily gross volume) remained below the RM1b mark for the third consecutive week at RM894m. The average was RM847m the week before.
- On Monday and Thursday, the foreign participation rate was only RM578m and RM708m respectively. However, on Wednesday and Friday, the gross volume spiked to RM1.2m and RM1.1m respectively. The big swings in trading activity suggest lumpy trades.
- Meanwhile, local institutions supported the market, mopping up RM608m on still active RM2.2b participation rate.
- The retail market was still vibrant last week. Despite the retracement in the prices of small caps, retail players mopped up RM106.1m, the highest in seven weeks. This reflects plenty of bargain hunting activities. Trading was relatively active with participation rate at RM885m.



**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 2	1689.6	1630.0	59.6	5286.0	4746.9	539.1	2559.9	3158.6	-598.7	-135.1
OCT 9	2028.9	2216.5	-187.6	6904.7	7500.5	-595.8	3767.0	2983.6	783.4	187.7
OCT 16	1638.6	1656.0	-17.4	4813.4	5207.7	-394.3	2969.2	2557.5	411.7	98.9
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	-163.0

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

## FUND FLOW REPORT

### D. TOP 100 STOCKS: MONEY FLOW <sup>2</sup>

#### TOP 10 NET MONEY INFLOWS

- For the second consecutive weeks, Tenaga Nasional registered the highest net money inflow of RM9.53m last week. Accordingly, its share price outperformed the market benchmark as it recorded a smaller -0.46% weekly drop. In comparison, the FBM KLCI dropped -1.59% during the week under review. But it is also notable that net money inflow amidst retreating share price indicates buy on weakness (BOW) stance among some investors.
- Axiata came in second with RM7.51m net inflow and its share price outperformed the market benchmark as it recorded a smaller -0.97% week-on-week loss. As mentioned earlier, net money inflow amidst retreating share price may indicate BOW stance among some investors.
- Lafarge recorded the third highest net money inflow of RM4.10m and its share price slightly outperformed the market benchmark with a -1.41% loss during the review week which also indicates a BOW stance among some investors.

#### TOP 10 NET MONEY OUTFLOWS

- Digi.com saw the largest net money outflow of -RM6.60m during the review week. Accordingly, its stock price underperformed the FBM KLCI as it ended the week lower by -2.12% against a smaller -1.59% retreat in the market benchmark.
- Westports came in second last week with a net outflow of -RM4.87m. However, its share price outperformed the market benchmark with a 0.93% weekly gain. It is notable that net money outflow amidst advancing share price indicates sell on strength (SOS) stance among some investors. The company recently reported lower 3QFY15 earnings at RM130.0m due to doubling of tax expenses from a year ago.
- MISC registered the third largest net money outflow at -RM3.40m in the review week. Nevertheless, its share price outperformed the broader market as it registered a relatively smaller -0.76% weekly loss. The company recently denied speculation of offshore assets injection into Bumi Armada.

Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 14 November 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	
TNB	9.53	15.73	-0.46	BOW
AXIATA	7.51	1.42	-0.97	BOW
LAFARGE	4.10	0.10	-1.41	BOW
HLEONG BANK	3.88	-3.28	-1.28	BOW
YTL CORP	3.31	1.79	-3.31	BOW
BUMI ARMADA	2.92	-1.59	-1.51	BOW
IHH HEALTH	2.78	-2.69	1.08	-
TIME DOTCOM	2.75	-0.37	1.90	-
MALAKOFF	2.42	-1.72	-4.07	BOW
SIME DARBY	2.41	-4.51	-3.72	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	
DIGI.COM	-6.60	-3.96	-2.12	-
WESTPORTS	-4.87	-2.23	0.93	SOS
MISC	-3.40	0.89	-0.76	-
PETRO CHEM	-2.65	-1.32	-0.30	-
GENTING M'SIA	-2.41	1.09	-2.05	-
AMMB HLDGS.	-1.92	-4.24	-2.94	-
AIRASIA	-1.75	-5.19	-2.78	-
MAYBANK	-1.70	-17.67	-0.60	-
KULIM	-1.65	-0.79	0.78	SOS
GENTING	-1.20	1.99	-6.15	-

Source: Bloomberg, MIDFR;

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

<sup>2</sup> 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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