

FUND FLOW REPORT

Week Ended
November 27, 2015

Foreign Flow Meter (M'sia)



Tide

(decline)
LOW



Current

(maintain)
MODERATE

- Risk aversion rose last week, especially towards emerging market assets, in the aftermath of the downing of the Russian jet and fresh concerns over China.
- After a show of resilience in the week following the Paris attack, equity markets came under strain as the November month approached its close. Emerging markets as a whole bore the brunt of the weakness.
- On Friday, China's CSI300 lost -5.4% after Chinese brokerages disclosed that they are under regulatory probes. That capped a forgettable week for emerging markets.
- Nevertheless, the tide out of Asian equity receded significantly last week despite rising risk aversion.
- On Bursa, foreign investors turned net buyers, albeit marginally, riding on the positive sentiment towards the Ringgit. However, the November month is set to record a deficit in the flow of foreign liquidity, reversing the inflow in October.
- The Ringgit was the best performing Asian and emerging market currency last week, gaining 0.75%, but was the worst performer on Friday. It rose to as high as RM4.1873 in the aftermath of 1MDB's Edra Energy announcement. The appreciation of the Ringgit was noteworthy as Brent crude oil was mainly rangebound at the depressed USD44-47pb level in the last 10 ten days.
- After a strong start to the month of November, the momentum appears to be fizzling out as we approach the end of the month. As of Friday, the FBMKLCI's gain for the month had dwindled to only 1% while that for FBM70 had shrunk to 1.1%. Monday, which is the last trading day of the month, is unlikely to make the numbers look prettier.
- Trading crosses over to the month of December on Tuesday. We note that December is a historically good month. The FBM KLCI had recorded positive gains in 12 out of the last 14 last month of the year.

30 November 2015 | Strategy - Weekly Fund Flow

LOW TIDE DESPITE RISING RISK AVERSION

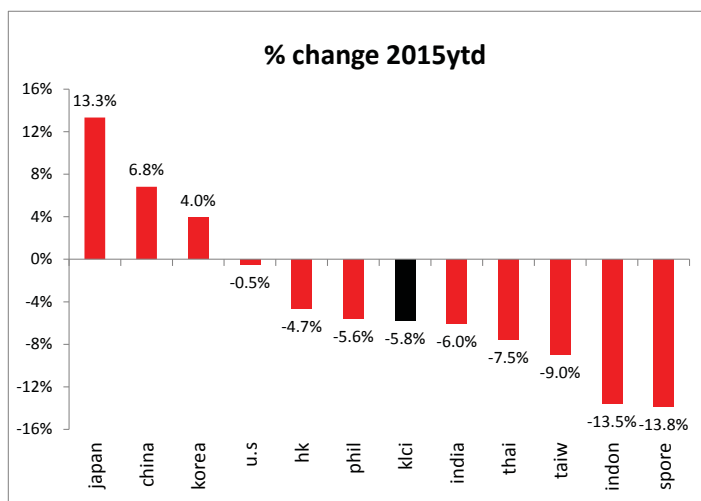
A. MARKET SNAPSHOT

- Risk aversion rose last week, especially towards emerging market assets, in the aftermath of the downing of the Russian jet and fresh concerns over China.
- After a show of resilience in the week following the Paris attack, equity markets came under strain as the November month approached its close. Emerging markets as a whole bore the brunt of the weakness. The Turkey-Russia tension triggered an escalation of risk aversion towards emerging market assets as investors worry over retaliation by Russia. The Turkish lira was the worst performer among emerging market currencies last week, losing >3% against the greenback. On Friday, China's CSI300 lost -5.4% after Chinese brokerages disclosed that they are under regulatory probes. That capped a forgettable week for emerging markets.
- For the week, the CSI300 fell 5.8%. CITIC Securities and Guosen admitted that they were under investigation by CSRC for suspected misconduct. The share prices of both companies hit limit-down (10%) on Friday. Haitong Securities A and H-shares were suspended from trading on Friday. Haitong, which is one of China's largest brokers is also under investigation.
- In addition to revelations that brokerages were being investigated for violating rules, official data showed that cumulative industrial profits for the first 10 months of 2015 fell 2.0%yoy, a deterioration from the cumulative data for the first 9 months.
- The weakness in China spilled over to the Hong Kong and Taiwan markets where the Hang Seng and Taiex lost -3% and -0.8% respectively. However Korea's KOSPI rose 2%, the best performer last week. Meanwhile the momentum of the bellweather Dow Jones and S&P500 was flat last week as investors shifted focus to this Friday's unemployment data.
- The Ringgit was the best performing emerging market currency last week, gaining 0.75%, but was the worst performer on Friday. It rose to as high as RM4.1873 in the aftermath of the announcement that 1MDB is selling its power assets to China General Nuclear Corporation and in the process reducing its debt significantly. The appreciation of the Ringgit was relatively remarkable as oil price had been depressed with the Brent crude oil mainly rangebound between USD44-47pb in the last 10 ten days. It was last traded at USD44.86pb on Friday.
- The KLCI rose 1.25% last week, its best in seven weeks.

Performance of major markets		
Weekly % change	Week before	Last week
Korea KOSPI	0.84	1.97
DAX	3.84	1.56
KLCI	0.18	1.25
India Sensex	1.01	1.00
FTSE	3.54	0.64
CAC	2.14	0.39
S&P500	3.27	0.04
Nikkei 225	1.44	0.02
Jakarta JCI	1.98	-0.02
Phil Comp	0.51	-0.08
Dow Jones	3.35	-0.14
Taiwan Taiex	1.63	-0.79
Straits Times	-0.27	-2.01
Thai SET	0.82	-2.20
Hang Seng	1.60	-3.02
China CSI300	0.75	-5.76

Source: Bloomberg

Major Asian indices (2015)

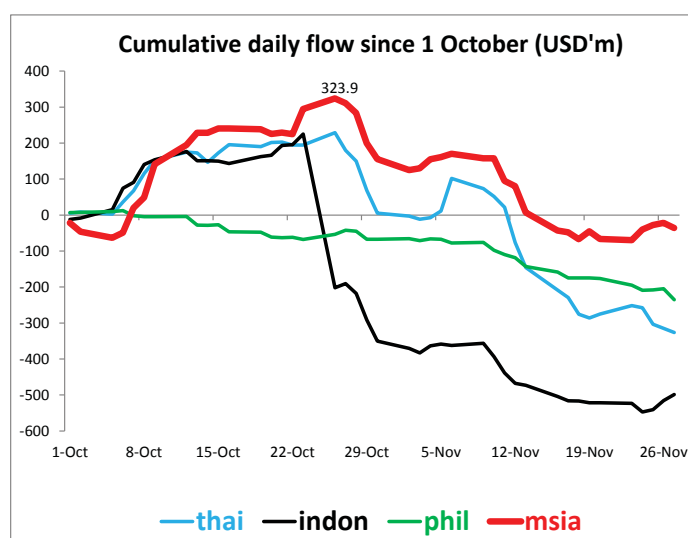
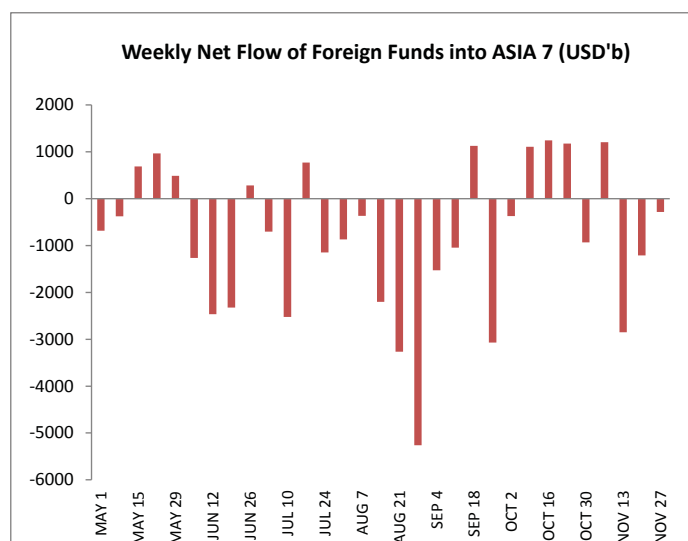


Source: Bloomberg. All in local currency.

FUND FLOW REPORT

B. TRACKING MONEY FLOW - ASIA ¹

- The tide out of Asian equity receded significantly last week despite rising risk aversion.
- Based on provisional data from the respective exchanges, investors classified as “foreign” sold only USD285m net in the 7 Asian stock markets that we track (TIPs + India, Taiwan, Korea and Malaysia). The amount was significantly lower than the average of USD2b a week offloaded in the preceding fortnight.
- Prices rose on the Korean Exchange as the KOSPI regained the 2,000-point level and was the best performer last week. Foreign funds took advantage of the price rise to continue their exit from Korean stocks. The net sale amount of USD334m was the sixth deficit in the last seven weeks. Since 1 Jun, foreign funds had yanked out about USD9b from Korean equity.
- Korea is engaging MSCI to state its case for an upgrade to the MSCI’s advanced market status, according to the Financial Services Commission. An advanced market status will reduce the market’s volatility. Apparently, one requirement of the MSCI is for the currency to be traded 24-hour. The Korean won is currently traded in the onshore market against the greenback and yuan for only six hours on weekdays.
- In Taiwan, foreign funds bought back listed equity after selling for two consecutive weeks. Taiwan’s weighting in the MSCI Emerging Markets Index will be lowered 0.43%-point to 11.91%, the ninth consecutive quarter in which Taiwan’s weighting in the index will be cut. MSCI also decided to reduce Taiwan’s weighting in the MSCI All-Country Asia ex-Japan Index by 0.6%-point to 13.93%. The changes will take effect on 30 November.
- In Southeast Asia, foreign funds continued to exit Thailand and Philippines but re-entered Indonesia for the first time in five weeks. In Jakarta, share prices had been on a rising trend before profit taking took hold on Friday. Sentiment has been buoyed by corporate actions, such as Medco Energi Internasional’s reported 76% stake buy in a unit of Newmont Mining Corp. The IPO market is also coming back to life as only 14 companies have been listed thus far this year, way below the 32 targeted by the Jakarta Exchange.



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.

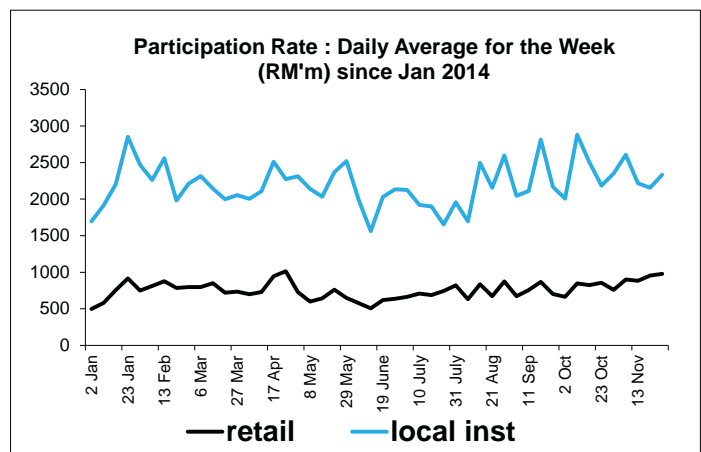
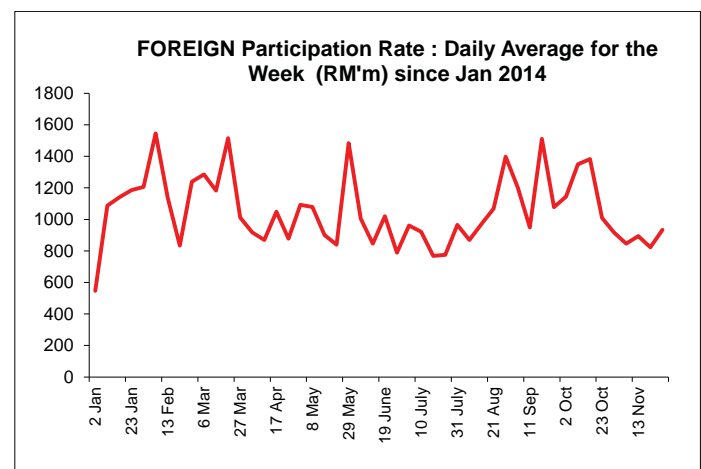
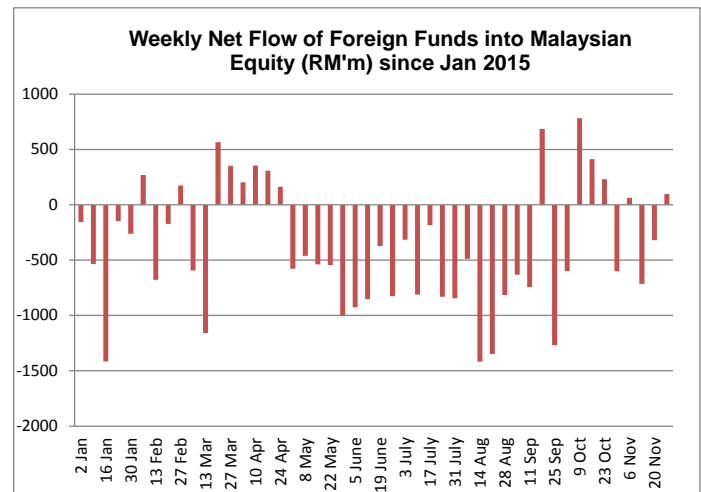
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
OCT 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	-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	-121.4	234.7	23.1	-285.3

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

C. TRACKING MONEY FLOW - MALAYSIA

- On Bursa, foreign investors turned net buyers, albeit marginally, riding on the positive sentiment towards the Ringgit which was the best performing Asian and Emerging Market currency last week.
- Foreign funds purchased RM96.3m, net of sales, in the open market (i.e excluding off-market deals) last week, after offloading a total of RM1b in the preceding fortnight.
- There was residual foreign selling on Monday, following the attrition in the week before. However, foreign investors bought back relatively strongly on Tuesday, and the buying continued on Wednesday and Thursday. Unfortunately, concerns over Emerging Markets on Friday took its toll on the local bourse which succumbed to a RM60m foreign attrition.
- For 2015, last week's small surplus reduced the cumulative net foreign outflow to RM18.4b, compared with the RM6.9b outflow for the entire 2014. Foreign presence in the local equity market is currently very low. We estimate the overhang of foreign liquidity for money that came in since early 2010 to be less than RM10b, at only RM9.5b.
- Despite some optimism in the first and last week of November, the month is set to record a deficit in the flow of foreign liquidity. With one trading day left, the cumulative foreign fund outflow in November (until Friday) was RM843m. This reversed the RM622m inflow in October.
- Foreign participation rate (average daily gross trade) rose to RM933m, the highest in five weeks.
- Local institutions sold RM46.5m net on RM2.33b participation rate.
- We wrote last week about some degree of edginess in the retail market. As it turned out, the market for small cap stocks came under the weather last week, with the FBM Smallcap Index falling -1.3% on Wednesday and -0.5% on Friday. We expect the bearishness to continue this week as retail selling picked up pace last week. Retailers offloaded RM50m last week on heightened participation as we believe many are rushing to the exit door. Participation spiked to RM980m, the second highest in 2015. Expect a roller coaster ride for small cap stocks this week!



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 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	-163.3
NOV 20	2386.1	2388.0	-1.9	5550.4	5228.4	322.0	1898.3	2218.4	-320.1	-73.3
NOV 27	2423.8	2473.6	-49.8	5813.6	5860.1	-46.5	2381.1	2284.8	96.3	23.1

* 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 RM37.40m last week. However, its share price underperformed the market benchmark as it recorded only a 0.88% weekly rise. In comparison, the FBM KLCI advanced 1.25% during the week under review.
- Tenaga Nasional came in second with RM19.80m net inflow and its share price outperformed the market benchmark as it recorded a 3.66% week-on-week gain. The market reacted favorably to the news that TNB had lost the bidding for Edra Global Energy which was won by China General Nuclear (CGN).
- CIMB Holdings recorded the third highest net money inflow of RM19.55m but its share price underperformed the market benchmark with a -0.22% decline during the review week. It must be highlighted that net money inflow amidst retreating share price indicates buy on weakness (BOW) stance among some investors. In the 3QFY15 results, the bank posted its highest net interest income in seven quarters.

TOP 10 NET MONEY OUTFLOWS

- Digi.com saw the largest net money outflow of -RM10.94m during the review week. Accordingly, its stock price underperformed the FBM KLCI as it ended the week higher by only 0.39% against a bigger 1.25% gain in the market benchmark. Moreover, it is notable that net money outflow amidst advancing share price indicates sell on strength (SOS) stance among some investors. In its report on Malaysia's telcos released in prior week, Fitch Ratings expects heightened rivalry in the mobile space going forward.
- Petronas Chemicals came in second last week with a net outflow of -RM3.69m but its share price slightly outperformed the market benchmark with a 1.82% weekly gain which may indicate SOS stance among some investors.
- Genting registered the third largest net money outflow at -RM3.32m in the review week. Accordingly, its share price underperformed the broader market as it registered merely 0.70% weekly gain which may also indicate SOS stance among some investors.

Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 29 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	
PUBLIC BANK	37.40	-5.38	0.88	-
TNB	19.80	16.46	3.66	-
CIMB	19.55	-0.47	-0.22	BOW
IHH HEALTH	9.87	12.94	-2.13	BOW
SIME DARBY	8.00	2.74	0.50	-
KL KEPONG	6.35	0.29	0.80	-
IOI CORP	6.18	1.02	6.60	-
KOSSAN	5.58	4.21	-9.89	BOW
PETRO GAS	3.66	6.56	0.79	-
DIALOG	3.47	0.70	0.00	-

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	-10.94	22.37	0.39	SOS
PETRO CHEM	-3.69	7.50	1.82	SOS
GENTING	-3.32	9.85	0.70	SOS
AXIATA	-2.81	-5.59	-0.32	-
TOP GLOVE	-2.07	-0.85	-2.91	-
KULIM	-1.98	-1.46	-0.76	-
UMW O&G	-1.46	-0.20	5.13	SOS
IJM COR	-1.43	0.90	3.94	SOS
QL RES	-1.29	0.02	2.14	SOS
AIRASIA	-1.17	-1.98	-4.32	-

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.

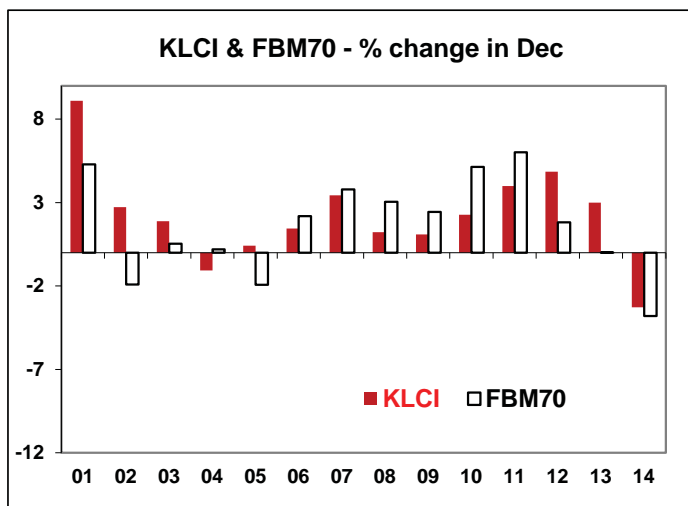
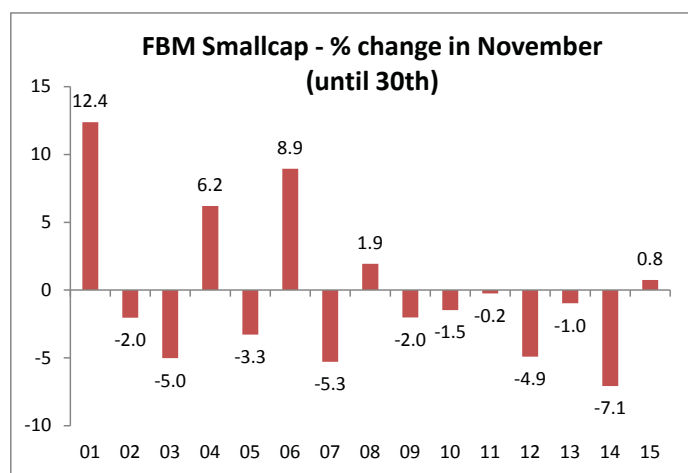
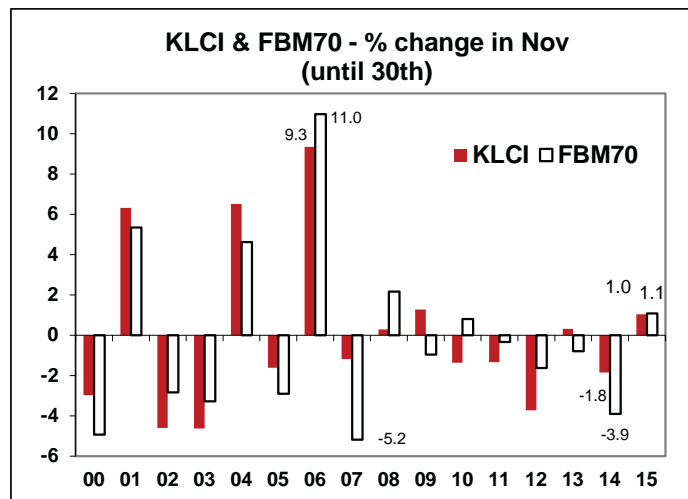
How is money flow calculated? When a trade is performed, its price is compared to the price of the previous trade (the first trade of the day is compared to the previous day's close). If the prices differ, either upticks or downticks, the value of the trade (price multiplied by number of shares) is added to or subtracted from the money flow respectively.

Source: Bloomberg, MIDFR

E. THE WEEK AHEAD

END OF 3Q15 EARNINGS REPORTING SEASON AS DECEMBER BECKONS

- After a strong start to the month of November, the momentum appears to be fizzling out as we approach the end of the month. As of Friday, the FBMKLCI's gain for the month had dwindled to only 1% while that for FBM70 had shrunk to 1.1% (see chart). Monday, which is the last trading day of the month, is unlikely to make the numbers look prettier.
- Small caps are also showing an anti-climax. The FBM Smallcap index progressed by as much as 2.1% in the first 6 trading days of November, before easing to only 0.8% by last Friday (see chart).
- Trading crosses over to the month of December on Tuesday. We note that December is a historically good month. The FBM KLCI had recorded positive gains in 12 out of the last 14 last month of the year. Last year was an outlier as crude oil price (Brent) tumbled 18.3% during the month.
- The ongoing results season shall officially end on Monday. Nonetheless, it is safe to conclude that we have witnessed quite an encouraging improvement among the FBM KLCI constituents with regard to the ratio of outperformer against underperformer. Recall that in 2QCY15 there were only 4 outperformers against 9 underperformers among FBM KLCI constituents while the ratio stood at a measly 0:10 in the earlier 1QCY15 period. Based on our provisional assessment, the ongoing 3QCY15 season would fare comparatively better than the previous ones as there are 5 outperformers against 7 underperformers thus far with 29 out of 30 results released.
- In gist, while earnings had incessantly disappointed both ours and consensus expectations during the past 6 consecutive result seasons, however, the latest reporting season seems pointing towards the beginning of the end to the prolonged drought in earnings performance.
- Apart from the above, we reckon Malaysia's export figures in October scheduled for release next week would also attract market attention. A survey conducted by Bloomberg points to a healthy 8.9%yoy growth which is higher than 8.8%yoy recorded in the prior month. On this score, it is notable that consensus had consistently underestimated the actual on-year growth number during the past five months.
- Externally, US unemployment rate in November is expected to remain at 5.0%. However, if the actual figure turned out to be smaller than expected, it will only reinforce the prevailing view that the US Fed shall raise the overnight rate during its next meeting in mid-December.



3Q15 Earnings: Tracking the performance of KLCI Stocks

	Outperformer	Underperformer
3QCY15*	5	7
2QCY15	4	9
1QCY15	0	10

Note: *provisional

DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (23878-X). It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein

This document may not be reproduced, distributed or published in any form or for any purpose.



MIDF RESEARCH is part of
MIDF Amanah Investment Bank Berhad (23878 - X)
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Business Address:
11 & 12 th Floor, Menara MIDF,
82, Jalan Raja Chulan, 50200
Kuala Lumpur.
Tel: 2173 8888
Fax: 2173 8380