

FUND FLOW REPORT

(Week ended 23 June 2023)

Further rate hikes and slowing economy stoke fears

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Further rate hikes and slowing economy stoke fears

A. MARKET SNAPSHOT

- The healthy run by global markets over the past weeks screeched to a halt as concerns over further rate hikes and a slowing global economy weighed on sentiments again, sending markets into a sea of red last week.
- Testifying before the Senate Banking Committee, Federal Reserve chairman Jerome Powell defended the “prudent” June rate pause, adding that the Fed has “a little further to go with rate hikes”. Recall that the latest dot plot showed that Fed officials supported two more quarter-point hikes this year.
- Compounding the weak sentiments were further tightenings by the Bank of England and the Norges Bank. The former raised its interest rates by 50bps to 5.0%, the highest level since 2008 and the largest rate increase since Feb-23. In Norway, the central bank also raised rates by 50bps to 3.75%, also the highest since 2008 and indicated another hike in Aug-23.
- Out of the 20 major indices that we track globally, only the Ho Chi Minh VSE and FBM KLCI posted weekly gains of +1.27% and +0.16% respectively. The worst performers last week were the Hang Seng Index at -5.74%, Thailand’s SET at -3.45% and the DAX 40 at -3.23%.
- The People’s Bank of China (PBOC) slashed its interest rates for the 1-year and 5-year loan prime rate (LPR) to 3.55% and 4.20% respectively. This followed its decision from the previous week when the central bank lowered its seven-day reverse repurchase rate and the one-year medium term loan facility by 10bps. The easing of monetary policy was seen as move to bolster China’s economic recovery after recent releases pointed to weaker-than-expected growth in economic activities in May-23.
- Headline CPI inflation in the United Kingdom (UK) remained unchanged at +8.7%yoy in May-23, similar to the 13-month low recorded in Apr-23. This may indicate that inflation remained sticky and not easing as fast as expected as the market projected a moderation to +8.4%yoy. Components which registered higher inflation during the month was air travel (+31.4%yoy), recreational & cultural goods & services (+6.7%yoy) and prices of used cars (+3.9%yoy).
- Taiwan’s export orders fell for the ninth consecutive month by -17.6%yoy in May-23 (Apr-23: -18.1%yoy), on the back of large reduction in demand for mineral products (39%yoy), chemicals (-35.6%yoy) and plastic & rubbers (-33.7%yoy). Moreover, orders for basic metals and textile products decreased by -25.2%yoy and -25.1%yoy, respectively.
- Inflation in the Eurozone declined for the second consecutive month to +6.1%yoy in May-23 (Apr-23: +7.0%yoy) as energy prices fell by -1.8%yoy (Apr-23: +2.3%yoy). Meanwhile, the increases in prices of food, including alcohol and tobacco slowed to +12.5%yoy (Apr: +13.5%yoy). Core inflation also decelerated further to +5.3%yoy (Apr-23: +5.6%yoy), attributable to slower inflation in transport (+0.1%yoy; Apr-23: +3.1%yoy) and utilities (+4.1%yoy; Apr-23: +4.8%yoy).
- The unemployment rate in Hong Kong remained at 3% in May-23. Though the reading is behind expectations of 2.8%, an encouraging job market data which continued to show healthy job growth was backed by the

Table 1 Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Ho Chi Minh VSE	1,129.38	1.27
FBM KLCI	1,390.89	0.16
TAIEX	17,202.40	-0.50
Sensex	62,979.37	-0.64
JCI	6,639.73	-0.88
S&P 500	4,348.33	-1.39
Nasdaq	13,492.52	-1.44
Dow Jones	33,727.43	-1.67
PSEi	6,393.55	-1.76
ASX 200	7,099.23	-2.10
Straits Times	3,191.60	-2.10
KOSPI	2,570.10	-2.12
FTSE 100	7,461.87	-2.37
Shenzhen CSI 300	3,864.03	-2.51
Nikkei 225	32,781.54	-2.74
Stoxx Europe 600	453.14	-2.93
CAC 40	7,163.42	-3.05
DAX 40	15,829.94	-3.23
SET	1,505.52	-3.45
Hang Seng	18,889.97	-5.74

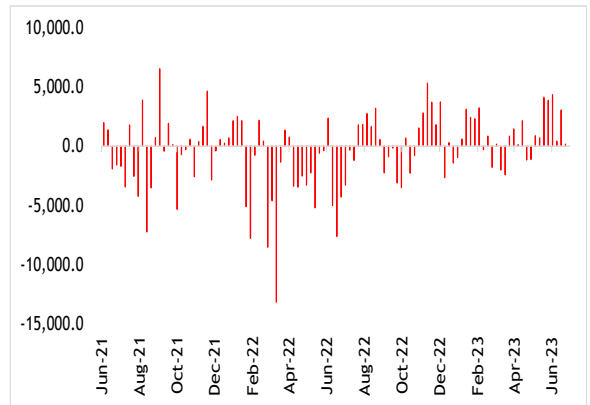
Source: Bloomberg

rebounding economy, driven by rising domestic spending and tourism activity after the border's reopening.

- Malaysia's headline inflation eased to a one year low of +2.8%yoy in May-23. Non-food inflation inched up marginally by +1.3%yoy while food inflation softened to a one-year low at +5.9%yoy. The moderation of inflation among others was due to high base effect. Nevertheless, elevated global commodity prices, high food prices and firming domestic demand were among factors holding up inflationary pressure in Malaysia. Core inflation rate remained sticky, lingering above +3.5%yoy. We opine that the steady domestic demand and sticky core inflation may lead to another 25bps hike by Bank Negara in 2HCY23.
- Meanwhile, Malaysia's total trade rose to RM223.8b in May-23 (Apr-23: RM197.8b), though this was -2.0%yoy lower than May-22. Both exports and imports registered strong monthly increases of +13.7%mom and +12.6%mom respectively. Following the relatively sharper rise in exports, trade surplus rose to RM15.4b (Apr-23: RM12.6b), remaining below average monthly surplus of RM20.8b recorded during the post-pandemic recovery i.e. since Jun-20. With a relatively lower trade surplus, we opine that this could limit net exports' contribution to economic growth in 2QCY23.
- The Ringgit depreciated against the US dollar by -1.38% to close at USDMYR4.6783 on Friday. The Brent crude oil price dipped -13.24% to USD73.85 per barrel, while the crude palm oil price declined -3.29% to RM3,620 per tonne.

Chart 1

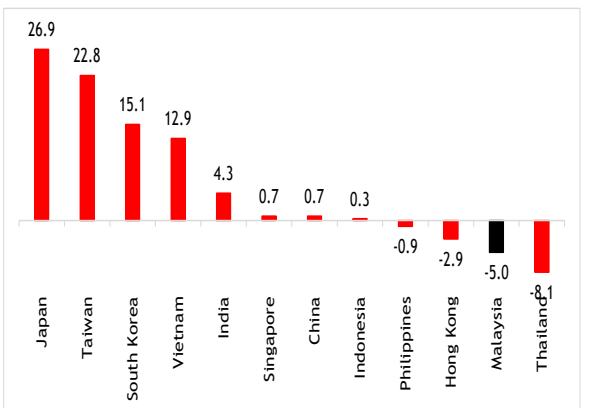
Net Foreign Fund Flows into Equities in 8 Asian Markets Since Jun-21 (USD'm)



Sources: Bloomberg & MIDFR

Chart 2

YTD Performance of Asian Benchmark Indices (%)



Sources: Bloomberg & MIDFR

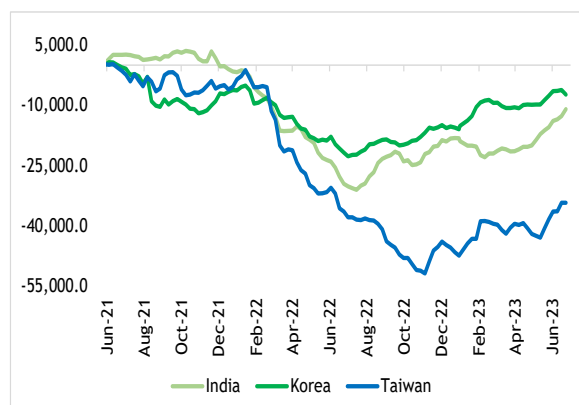
B. TRACKING MONEY FLOW - ASIA

- There was a pullback of foreign investor funds from Asian equities last week, with India being the sole country recording net inflows, out of the eight exchanges that we track. The net inflow into India was sufficient to offset the net outflows of the other seven exchanges, resulting in a total net inflow of USD146.0m last week.
- India received a net foreign inflow of USD1.74b last week, its ninth consecutive week of gains. Fitch Ratings raised its FY24 GDP forecast for India to 6.3% from 6%, attributable to the country's robust growth in the first quarter and strong near-term momentum. Meanwhile, India and the US have also agreed to end six trade disputes at the WTO and India would also remove the retaliatory customs duties on 28 American products, in a move that will improve trade between the nations. Year-to-date, India has received USD7.28b of net foreign inflows.
- South Korea recorded the highest net foreign outflow last week at -USD1.21b, breaking its five-week streak of net inflows as foreign investors net sold every day. This was the highest net outflow since the week ended June 10, 2022. The pessimism may have been a spill over from Wall Street, after the Nasdaq Composite Index posted a decline of -2.12%, its first decline in two months. Year-to-date, South Korea is the second-best performing country that we track, with USD8.61b of net foreign inflows.
- Foreign investors continue to dispose Thai equities for the second consecutive week, net selling -USD140.7m. They net bought USD41.3m on Tuesday but were net sellers for the rest of the week. The Stock Exchange of Thailand (SET) is planning to tighten its listing rules amidst excessive volatility in certain stocks and an accounting scandal that led to a bond default. Delta Electronics (Thailand) for example, lost close to USD8.0b in market cap on Tuesday when the bourse placed curbs on trading

after it failed to provide explanations for its sharp rally. Thailand is the worst performing market we track this year, recording a net foreign outflow of -USD3.14b.

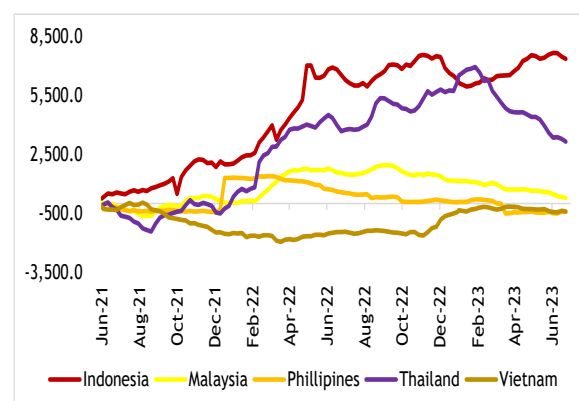
- The net selling by foreign investors in Indonesia extended into its third week at -USD115.9m as they offloaded shares every day of the week. Bank Indonesia maintain its benchmark seven-day reverse repurchase rate at 5.75%, as per expectations. Indonesia’s core inflation stood below 3% in the past three months, which may suggest slowing demand on the back of weaker retail sales and manufacturing activities. Year-to-date, Indonesia has received a net foreign inflow of USD1.08b.
- Foreign investors turned net sellers again in Vietnam at -USD39.2m last week after briefly turning net buyers the week prior. They net bought USD1.6m on Wednesday and net sold for the rest of the week. The State Bank of Vietnam slashed its key interest rates by 50bps to bolster the country’s softening economy. The country is currently ongoing a power shortage crisis, which has seen a number of factories suspending their operations. Year-to-date, foreign investors are still net buyers of Vietnamese equities at USD1.9m.
- After five weeks of net inflows into Taiwan, foreigners net sold -USD23.6m last week in a shortened three-day trading week in conjunction with the Dragon Boat Festival holidays on Thursday and Friday. The Taiwan Research Institute recently slashed its 2023 GDP forecast from 2.51% to 1.45% due to weak global demand and a slowdown in domestic investment. It also warned of threats of recession. Taiwan has been the best performing market we track this year, with a year-to-date net foreign inflow of USD13.21b, driven by a surge in interest on artificial intelligence.
- The Philippines posted a net foreign outflow of -USD14.8m last week, as compared to a net inflow of USD99.9m the week before. The central bank kept its interest rate unchanged at 6.25% for the second consecutive meeting and said that it could afford a third pause, barring any surprise from the Fed. Governor Felipe Medalla said a rate cut was unlikely in the near future. Foreign investors have net sold -USD492.6m of equities year-to-date.

Chart 3 Net Foreign Fund Flows into North Asia and India Since Jun-21 (USD'm)



Sources: Bloomberg & MIDFR

Chart 4 Net Foreign Fund Flows into Southeast Asia Since Jun-21 (USD'm)



Sources: Bloomberg & MIDFR

Table 2 Weekly Net Foreign Fund Flows into Equity by Market (USD'm)

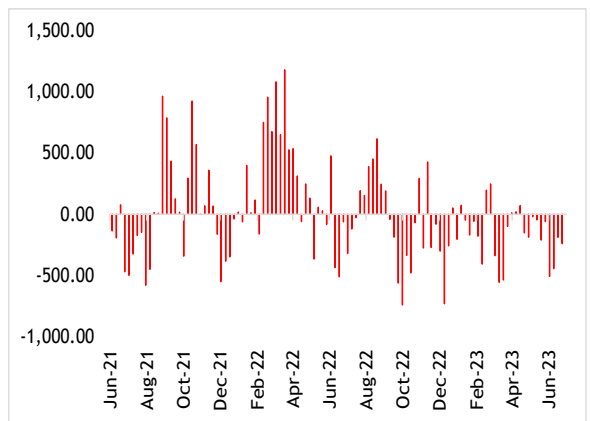
Week Ended	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
26-May	769.9	146.0	1,066.5	-12.8	42.8	2,279.2	-351.8	-101.0	3,838.9
2-Jun	1,574.7	92.7	1,184.7	-110.0	-77.2	1,955.8	-248.5	-50.5	4,321.7
9-Jun	399.7	-13.9	68.3	-96.2	-8.4	56.2	24.1	-20.5	409.2
16-Jun	804.4	-175.8	241.2	-41.0	99.9	2,121.5	-85.4	72.8	3,037.6
23-Jun	1,737.2	-115.9	-1,205.5	-51.5	-14.8	-23.6	-140.7	-39.2	146.0

Source: Respective stock exchange statistics as reported on Bloomberg. These figures are subject to revisions.

C. TRACKING MONEY FLOW - MALAYSIA

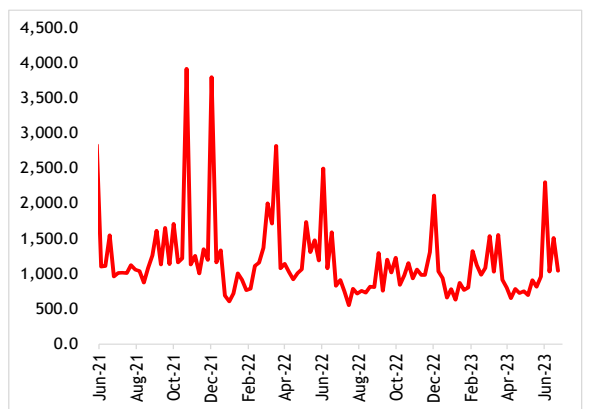
- The net selling by foreign investors has extended into its 10th consecutive week as they net sold -RM240.0m last week. This is the longest streak of net selling by foreigners this year. Over the past 10 weeks, the net foreign outflow from Bursa Malaysia was -RM2.06b.
- Foreigners net sold every day last week and they have been net selling for nine consecutive trading days. They net sold -RM19.9m on Monday, -RM91.0m on Tuesday, -RM17.7m on Wednesday, -RM15.2m on Thursday and -RM96.2m on Friday, tracking the weak sentiments on Wall Street.
- Top three sectors that saw net foreign inflows last week were Property (RM14.5m), Financial Services (RM14.1m) and Technology (RM11.5m). Sectors with the most outflows were Consumer Products & Services (-RM92.2m), Energy (-RM47.2m) and Industrials (-RM34.5m). Year-to-date, foreigners have net sold Malaysian equities for 19 out of 25 weeks, totalling -RM3.83b. This makes Malaysia the second worst performing market in terms of foreign fund flows, in comparison to the eight exchanges that we track.
- Local institutional investors continued to net buy for the fourth straight week at RM250.3m. They net bought every day, at RM31.8m on Monday, RM67.1m on Tuesday, RM34.4m on Wednesday, RM23.1m on Thursday and RM94.0m on Friday. In contrast to foreign investors, local institutions have been net buyers for 19 out of 25 weeks, with a total amount of RM3.45b.
- It was a mixed trading week for local retailers that ended with a net selling of -RM10.3m. They net bought RM23.9 on Tuesday and RM2.3m on Friday while they net sold -RM11.9 on Monday, -RM16.7m on Wednesday and -RM7.9m on Thursday. Year-to-date, retailers have been net buyers for 13 out of 25 weeks with a total of RM381.6m.
- In terms of participation, there was a decline in average daily trading volume (ADTV) across the board among retail investors (-10.3%), local institutions (-19.6%) and foreign investors (-31.0%).

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since Jun-21 (RM'm)



Sources: Bursa Malaysia & MIDFR

Chart 6 Daily Average of Foreign Participation in Bursa Malaysia for the Week (RM'm)



Sources: Bursa Malaysia & MIDFR

Table 3 Bursa Malaysia: Weekly Market Participation (RM'm)

Week Ended	Local Retail			Local Institution			Foreign			*Net (USD'm)
	Bought	Sold	Net	Bought	Sold	Net	Bought	Sold	Net	
26-May	2,425.1	2,334.0	91.1	4,257.7	4,290.0	-32.4	2,374.0	2,432.8	-58.7	-12.8
2-Jun	2,770.8	2,637.2	133.6	4,633.2	4,260.3	372.9	5,500.5	6,007.0	-506.5	-110.0
9-Jun	1,896.4	1,786.2	110.2	3,017.3	2,683.6	333.7	1,838.1	2,281.9	-443.8	-96.2
16-Jun	2,671.1	2,562.8	108.3	4,142.0	4,060.8	81.2	3,677.9	3,867.3	-189.4	-41.0
23-Jun	2,341.7	2,352.0	-10.3	3,423.3	3,173.0	250.3	2,484.6	2,724.6	-240.0	-51.5

Source: Daily statistics provided by Bursa Malaysia. *Estimated by MIDFR based on the prevailing exchange rates.

D. NET INFLOWS AND OUTFLOWS BY STOCK
Table 4 Top 10 Stocks with Inflows and Outflows for the Week by Investor Class (RM'm)

LOCAL RETAIL		LOCAL INSTITUTION		FOREIGN	
Top 10 Stocks with Weekly Net Inflows					
Company	Value	Company	Value	Company	Value
Pertama Digital	22.9	CIMB Group Holdings	71.8	Malayan Banking	79.3
Top Glove Corp	15.3	Public Bank	44.5	Gamuda	18.6
IJM Corp	13.8	Tenaga Nasional	42.7	KPJ Healthcare	13.0
Genting Malaysia	13.3	Press Metal Aluminium Kuala Lumpur Kepong	21.2	VS Industry	12.9
Bumi Armada	13.2	Axiata	19.9	Hong Leong Bank	12.4
Hong Leong Capital	12.1	AMMB Holdings	18.8	Heineken Malaysia	12.2
RHB Bank	11.2	Pentamaster	18.6	RGB International	11.5
Petronas Chemicals Group	10.3	Telekom Malaysia	11.3	Tanco Holdings	10.8
United Plantations	7.0	Inari Ametron	11.0	Sunview Group	8.5
Astro Malaysia Holdings	6.7		10.5	My E.G. Services	7.4
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
Tanco Holdings	-34.5	Malayan Banking	-49.1	Public Bank	-65.3
Tenaga Nasional	-21.2	RHB Bank	-19.4	Genting	-29.9
Genetec Technology	-20.9	IJM Corp	-15.8	Genting Malaysia	-27.4
CIMB Group Holdings	-20.5	KPJ Healthcare	-15.2	Top Glove Corp	-26.3
Malayan Banking	-19.7	Hong Leong Bank	-11.6	Bumi Armada	-24.7
RGB International	-16.0	United Plantations	-9.3	Press Metal Aluminium	-23.7
Widad Group	-11.7	Hartalega Holdings	-8.7	Tenaga Nasional	-23.2
Nationgate Holdings	-8.9	Gamuda	-8.7	Axiata	-21.7
Sunview Group	-7.9	YTL Corp	-8.0	Petronas Chemicals Group	-20.8
VS Industry	-7.8	Carlsberg Brewery Malaysia	-6.6	Pertama Digital	-19.5

Appendix: Foreign Shareholdings of the Companies Under Our Coverage as at May-23 (%)

Company	%	MoM %	Company (cont'd)	%	MoM %	Company (cont'd)	%	MoM %
Automotive			Nestlé	82.6	-0.1	TSH Resources	19.5	-2.0
Bermaz Auto	17.2	0.0	Padini	10.3	0.0	Port & Shipping		
MBM Resources	2.3	-14.8	QL Resources	10.2	-1.0	MISC	9.1	0.0
Tan Chong	10.6	0.0	Rhong Khen International	62.3	0.0	Suria Capital	6.1	0.0
UMW Holdings	5.3	1.9	Spritzer	18.0	-1.1	Westports	27.7	0.4
Aviation			Gloves			Property		
Capital A	19.3	2.1	Hartalega	16.4	-6.3	Eco World	2.6	-91.0
Malaysia Airports	22.0	5.3	Kossan	10.5	-0.9	Glomac	4.1	-2.4
Banking			Top Glove	32.6	-0.9	IOI Property	3.7	0.0
Affin Bank	26.5	0.4	Healthcare			Mah Sing	14.7	-2.0
Alliance Bank	20.2	-1.9	IHH Healthcare	49.8	0.2	S P Setia	6.3	3.3
AMMB Holdings	39.7	-0.5	KPJ Healthcare	7.9	3.9	Sunway	5.6	-3.4
Bank Islam	1.5	-11.8	Pharmaniaga	0.3	-50.0	UEM Sunrise	5.4	-1.8
CIMB Group	29.4	-1.3	Logistics			UOA Development	3.8	-2.6
Hong Leong Bank	10.9	-1.8	CJ Century	57.6	0.0	REITs		
Hong Leong Financial	32.3	-0.3	Swift Haulage	13.3	3.9	Al-'Aqar Healthcare	0.7	0.0
Malayan Banking	17.7	1.1	Tasco	65.7	0.0	Axis REIT	15.2	-0.7
Public Bank	26.8	-0.7	Media			IGB REIT	4.1	-16.3
RHB Bank	16.2	-3.0	Astro	26.8	-27.0	KLCCP Stapled	0.8	-11.1
Building Materials			Media Prima	20.8	-1.0	Pavilion REIT	33.8	-0.3
Malayan Cement	2.8	0.0	Non-bank Financials			Sunway REIT	7.4	-1.3
Conglomerate			Bursa Malaysia	15.5	0.6	Technology		
YTL Corp	19.0	3.8	AEON Credit	70.7	-0.1	D & O Green Tech	35.4	0.3
Construction			Oil & Gas			Datasonic	5.7	-1.7
Cahaya Mata Sarawak	8.0	-3.6	Bumi Armada	18.8	-2.6	Globetronics	1.7	-37.0
Gabungan AQRS	2.3	4.5	Deleum	3.9	0.0	Inari Amertron	18.1	1.7
Gamuda	19.3	0.5	Dialog	20.1	0.0	MY E.G. Services	12.8	14.3
IJM Corp	12.3	7.9	Gas Malaysia	19.5	0.0	Unisem	1.9	-5.0
KKB Engineering	0.3	0.0	MMHE	10.3	-1.0	Telecommunication		
MRCB	8.2	-4.7	Petronas Chemicals	9.7	0.0	Axiata	10.8	-0.9
Muhibbah Engineering	15.9	-5.9	Petronas Dagangan	7.5	0.0	CelcomDigi	60.0	0.5
Pintaras Jaya	0.4	0.0	Petronas Gas	9.2	-1.1	Maxis	7.2	1.4
Sunway Construction	1.3	-7.1	Plantation			Telekom Malaysia	12.2	2.5
WCT Holdings	5.9	-1.7	FGV	4.2	0.0	Utilities		
Consumer			Genting Plantations	5.1	0.0	Ranhill Utilities	32.1	0.0
AEON Co.	54.6	0.4	IOI Corp	11.1	0.0	Tenaga Nasional	12.1	-0.8
Asia File	5.5	-1.8	KL Kepong	13.0	0.0	YTL Power	5.2	8.3
Fraser & Neave	61.1	-0.2	PPB Group	21.1	-0.5			
Hup Seng	1.9	0.0	Sarawak Plantation	2.8	-3.4			
Leong Hup	12.3	0.0	Sime Darby Plantation	9.7	-2.0			
MSM Malaysia	1.3	-23.5	Ta Ann	13.6	0.7			

Source: Dibots (estimated from the latest half yearly filings by PLC to Bursa Malaysia and calculated by the demography movement daily).

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