

# FUND FLOW REPORT

(Week ended 9 June 2023)

*A Rate Pause by the Fed?*

12 JUNE 2023 | Strategy - Weekly Fund Flow

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- Major markets ended higher ahead of a much-anticipated week, which will see the Federal Open Market Committee (FOMC) convene for a meeting again to decide on the interest rates. The market is currently expecting for a rate pause by the Fed.
- The CME FedWatch Tool showed a 70.1% probability of a rate pause in the meeting on Wednesday and a 29.9% probability of a 25bps hike.
- Expectations of a rate pause and optimism surround artificial intelligence (AI) continued to lift indices on Wall Street. The S&P 500 added +0.39% for the week to 4,298.86 points, the highest since May-22. The Dow Jones Industrial Average gained +0.34% to 33,876.78 points while the tech-heavy Nasdaq Composite Index grew +0.14% to 13,259.14 points.
- Out of the 20 major indices that we track globally, 12 recorded gains for the week while eight others inched lower. The Nikkei 225 took the lead with a +2.35% gain, followed by the Hang Seng Index (+2.32%) and Thailand's SET (+1.56%). At the bottom of the list of decliners were the CAC 40 (-0.79%), CSI 300 (-0.65%) and the DAX 40 (-0.63%). The FBM KLCI ended the week lower by -0.38% to 1,376.08 points.
- China's exports dipped -7.5%yoy in May-23, worse than the market estimates of -0.4%yoy. This can be attributable to the slower global demand, especially from developed markets. Outbound shipments to the US plunged by -18.2%yoy while that to the EU fell by -7%yoy.
- The Eurozone has slipped into a recession, following revised data showing a -0.1% GDP contraction in 1QCY23 on the back of the rising cost of living which pressured consumer spending. Meanwhile, European Central Bank (ECB) president Christine Lagarde hinted at another interest rate hike as inflation pressures remain strong.
- Germany's exports rose +1.5%yoy in May-23, its softest pace in more than two years. The upside surprise was mainly due to non-EU overseas sales, where exports to the US and Asian countries grew +4.7%mom (Apr-23: -10.6%mom) and +2.6%mom (Apr-23: -6.6%mom) respectively. Moving forward, we foresee external demand from Asia to pick-up steadily going into 2HCY23, anchored by China.
- The Bank of Canada surprised markets with a 25bps rate hike after pausing for four months. This brings the country's overnight rate to a 22-year high of 4.75%.
- The Reserve Bank of Australia raised its interest rates by another 25bps, bringing its total rate hike to 400bps since May-22. This was against market expectations of a pause as the central bank continued tightening on the bank of persistent inflationary pressure. Although inflationary pressure eased marginally, price pressures are still at elevated levels.
- The industrial production index (IPI) by value in the Philippines expanded at a faster rate by +10.7%yoy in Apr-23 (Mar-23: +6%yoy), the highest in three months. This is the 25th consecutive month of positive growth in factory output, attributable to the manufacture of food products (+19.7%yoy), beverages (+5.2%), basic metals (+23%yoy), coke and refined petroleum products (+12.7%yoy) and transport

**Table 1** Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Nikkei 225	32,265.17	2.35
Hang Seng	19,389.95	2.32
SET	1,555.11	1.56
KOSPI	2,641.16	1.53
Ho Chi Minh VSE	1,107.53	1.53
TAIEX	16,886.40	1.07
JCI	6,694.02	0.92
Straits Times	3,186.97	0.65
S&P 500	4,298.86	0.39
Dow Jones	33,876.78	0.34
Nasdaq	13,259.14	0.14
Sensex	62,625.63	0.13
PSEi	6,507.15	-0.07
ASX 200	7,122.51	-0.32
<b>FBM KLCI</b>	<b>1,376.08</b>	<b>-0.38</b>
Stoxx Europe 600	460.01	-0.46
FTSE 100	7,562.36	-0.59
DAX 40	15,949.84	-0.63
Shenzhen CSI 300	3,836.70	-0.65
CAC 40	7,213.14	-0.79

Source: Bloomberg

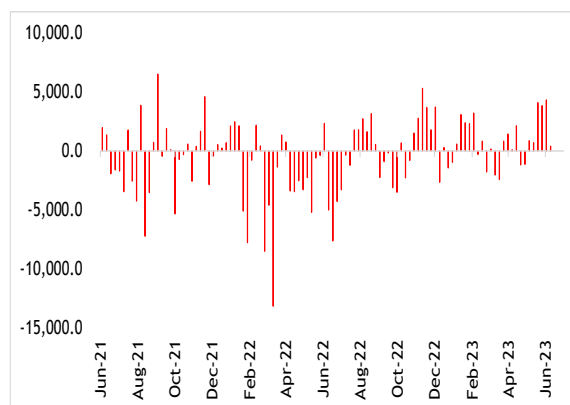
equipment (+35.8%yoy).

- Employment in Malaysia grew +2.8%yoy in 4MCY23 (4MCY22: +3%yoy) while the average jobless rate stood at 3.5% (4MCY22: 4.1%). Labour force and employment continued expanding +2%yoy and +2.5%yoy, respectively, supported by upbeat domestic economic momentum and expansionary external front.
- Meanwhile, Malaysia recorded its first IPI decline in 20 months, falling by -3.3%yoy in Apr-23 (Mar-23: +3.2%yoy) on the back of contractions in all major sectors. Manufacturing sales fell -2%yoy, the first decline in almost three years due to the reduction in sales of consumer electronics, computers, electronic components, rubber gloves and motor vehicles.
- The Ringgit depreciated against the US dollar by -0.81% to close at USDMYR4.6137 on Friday. The Brent crude oil price dipped -12.14% to USD74.79 per barrel, while the crude palm oil price declined -0.38% to RM3,366 per tonne.

## B. TRACKING MONEY FLOW - ASIA

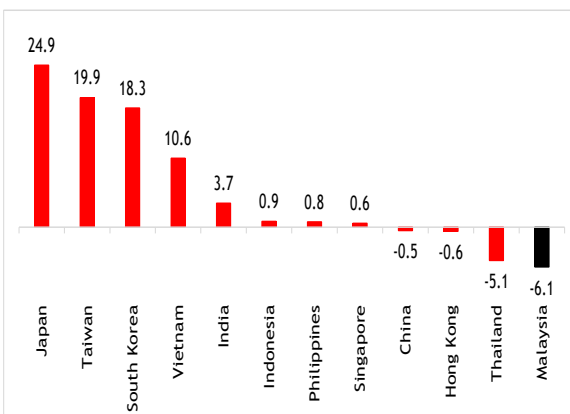
- The week ended with yet another net foreign fund inflow into Asian equities, lifting the net buying streak to six weeks. Based on the provisional aggregate data for the eight exchanges that we track, investors classified as “foreigners” net bought USD409.2m worth of Asian equities during the week, which was only 9.5% of the amount recorded in the previous week at USD4.32b. This was mainly due to moderated net buying activities in India, South Korea and Taiwan after three strong weeks of net inflows.
- India emerged as the top gainer last week at USD399.7m, marking the seventh consecutive week of net inflows. The last time India recorded such a streak was on the week ended Dec 2, 2022. The Reserve Bank of India (RBI) held its key lending rate unchanged at 6.5%. The central bank hinted that monetary conditions will remain tight for some time. Foreign investors have been actively buying Indian equities amidst the country’s healthy growth rates and as they shy away from China’s uneven post-pandemic recovery. Year-to-date, India has received a net foreign fund inflow of USD4.74b.
- South Korea recorded its fourth week of net inflow at USD68.3m. The nation has been enjoying strong net inflows on the back of optimism on chipmakers as interest in AI surged following the launch of ChatGPT last year. The South Korean government has pledged its support for the chip sector amidst the ongoing tension between the US and China and planned to expand its research and development, strengthen smaller players and legal protection for chip technology and also to set up a chip testing facility. Year-to-date, there has been a net foreign fund inflow of USD9.58b into the country.
- Taiwan, the best performing market among those that we tracked this year, received only USD56.2m of net inflows last week, as compared to USD1.96b in the week before. Advancers for the week were semiconductor players Taiwan Semiconductor Manufacturing Co (TSMC) and ASE Technology, laptop manufacturer Quanta Computer and motherboard manufacturer Gigabyte Technology. While investors remain optimistic on Taiwan, premised on its strong semiconductor industry, this may have been negated by the latest export figures for May-23, which fell -14.1%yoy (Apr-23: -13.3%yoy), a decline for the ninth

**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 (%)

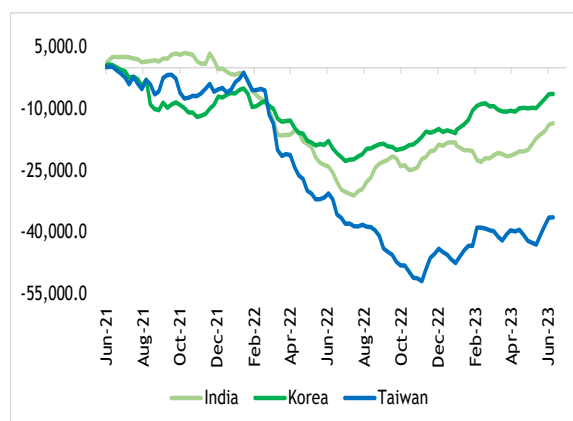


Sources: Bloomberg & MIDFR

consecutive month. Exports of electronic components declined -9.9%yoy while semiconductors fell -8.0%yoy. Year-to-date, foreign investors have net bought USD11.11b of equities in Taiwan.

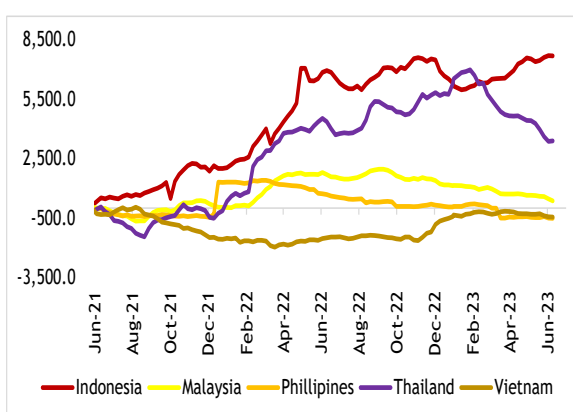
- After seven weeks of net outflows amidst political uncertainties, foreign investors began to ease up on Thailand again as they net bought USD24.1m of equities. The kingdom recorded a headline inflation of 0.53% in May-23, its lowest in 21 months. While there was a +3.99% rise in prices of certain food and non-alcoholic beverages, other goods fell -1.83% on the back of lower diesel and petrol prices. The Trade Policy and Strategy Office (TPSO) expects inflation to continue falling in Jun-23. Year-to-date, foreign investors have net sold -USD2.91b of Thai equities.
- The Philippines posted its second straight week of net foreign funds outflow at -USD8.4m, which moderated from -USD77.2m the week prior. The central bank will be lowering the reserve requirement of large banks by 250 bps to 9.5% by the end of Jun-22. Digital bank and thrift banks will see the rates slashed by 200 bps and 100 bps to 6% and 2% respectively, in a move to release more money into the financial system. A total of -USD577.7m of foreign funds have left the country year-to-date.
- Foreigners turned net sellers in Indonesia after being net buyers for three consecutive weeks. They net sold -USD13.9m last week. The country is expected to face a dry spell due to the impact of El Nino, which could affect the plantation industry due to the impact on irrigation and forest fires. Year-to-date, a total of USD1.37b of foreign funds have entered the country.
- Vietnam continued to see net selling activities among foreign investors for the third consecutive week. A total of -USD20.5m was net sold last week. The country is currently ongoing a power shortage crisis, which has led to rolling power cuts that were often unannounced, affecting its industrial parks, which has seen an influx of manufacturers over the past year. Foreigners have net sold -USD31.7m worth of equities in Vietnam 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)

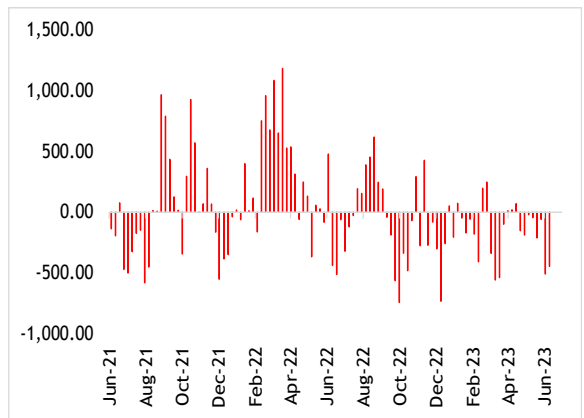
Week Ended	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
12-May	1,502.7	-139.6	-30.6	-10.3	-12.4	-469.6	-138.3	-6.2	695.7
19-May	946.9	60.3	1,101.5	-46.8	4.2	2,316.3	-311.5	33.4	4,104.3
26-May	769.9	146.0	1,066.5	-12.8	42.8	2,279.2	-351.8	-101.0	3,838.9
2-Jun	1,574.7	92.7	1,184.7	-110.0	-77.2	1,955.8	-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

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

C. TRACKING MONEY FLOW - MALAYSIA

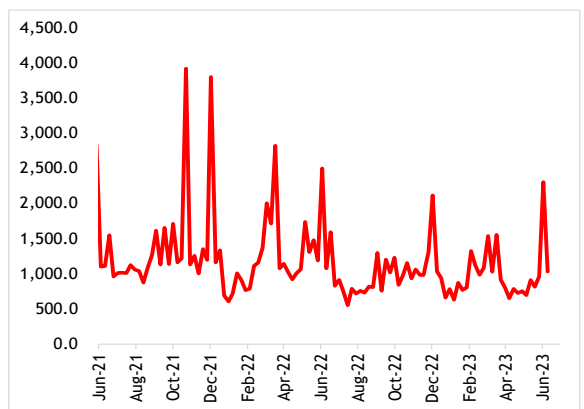
- It was a shortened trading week on Bursa Malaysia in conjunction with the Yang di-Pertuan Agong’s Birthday celebration on Monday. Foreign investors continued to net sell Malaysian equities for the eighth consecutive week at -RM443.8m last week. This frequency of weekly net selling was last seen in May-21, which may have been exacerbated by the weak Apr-23 IPI numbers as mentioned above.
- Similar to the week before, foreigners net sold every day last week and they have been net selling for nine consecutive trading days. They net sold -RM99.1m on Tuesday, -RM98.2m on Wednesday, -RM159.9m on Thursday and -RM86.7m on Friday.
- Top three sectors that saw net foreign inflows last week were Transportation & Logistics (RM37.0m), Construction (RM12.2m) and Technology (RM0.3m). Sectors with the most outflows were Financial Services (-RM102.5m), Consumer Products & Services (-RM78.2m) and Industrials (-RM65.3m). Year-to-date, foreigners have net sold Malaysian equities for 17 out of 23 weeks, totalling -RM3.40b.
- Local institutional investors remained net buyers of Malaysian stocks with a total of RM333.7m. They net bought every day, the bulk of it on Thursday and Friday at RM151.0m and RM100.0m respectively. Year-to-date, they have been net buyers for 17 of 23 weeks with a total of RM3.12b.
- Meanwhile, local retailers continued their net buying activities for the third consecutive week at RM110.2m. They only net sold -RM13.3m on Friday but were net buyers for the other trading days. Year-to-date, retailers have been net buyers for 12 out of 23 weeks with a total of RM283.6m.
- In terms of participation, there was a decline in average daily trading volume (ADTV) across the board among retail investors (-14.9%), local institutions (-19.9%) and foreign investors (-55.2%).

**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	
12-May	2,462.6	2,466.2	-3.6	4,044.2	3,994.3	49.9	2,248.7	2,295.0	-46.4	-10.3
19-May	2,274.8	2,419.4	-144.6	3,972.4	3,616.8	355.6	1,928.5	2,139.5	-211.0	-46.8
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

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	
<b>Top 10 Stocks with Weekly Net Inflows</b>					
Company	Value	Company	Value	Company	Value
Bumi Armada	33.7	CIMB Group	68.6	Malayan Banking	65.3
Genting	23.2	Hong Leong Bank	46.2	YTL Corp	25.4
Tenaga Nasional	17.2	Tenaga Nasional	45.0	Malaysia Airports	14.0
RHB Bank	12.5	Hartalega	29.8	MISC	12.9
Dagang Nexchange	10.7	Petronas Chemicals	27.3	My E.G. Services	12.4
Public Bank	10.4	Kuala Lumpur Kemping	19.1	United Plantations	11.3
Affin Bank	9.0	Radium	16.9	Westports	9.3
Hap Seng Consolidated	7.6	Press Metal Aluminium	16.9	Frontken	8.9
Opcom Holdings	6.9	PPB Group	16.1	Southern Score Builders	8.7
Bank Islam Malaysia	6.2	Time dotCom	15.0	YTL Power International	7.7
<b>Top 10 Stocks with Net Outflows</b>					
Company	Value	Company	Value	Company	Value
Genetec Technology	-22.0	Malayan Banking	-72.8	Tenaga Nasional	-71.6
Tanco Holdings	-12.7	APB Resources	-46.7	Bumi Armada	-49.6
YTL Corp	-12.4	Genting	-18.0	CIMB Group	-49.1
Radium Development	-12.3	United Plantations	-15.8	Hong Leong Bank	-48.0
Chin Hin Group	-11.0	My E.G. Services	-15.3	Petronas Chemicals	-35.3
Southern Score Builders	-8.9	Malaysia Airports	-13.4	Hartalega	-31.6
RGB International	-7.7	MISC	-12.7	RHB Bank	-28.9
Boustead	-7.4	Bumi Armada	-11.9	Press Metal Aluminium	-21.9
Boustead Plantations	-5.1	Affin Bank	-10.1	Genting	-20.4
SMRT Holdings	-4.2	Bank Islam Malaysia	-10.0	Public Bank	-17.2

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

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

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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