

FUND FLOW REPORT

(Week ended 28 July 2023)

Markets look at ending of rate hikes cycle

31 JULY 2023 | Strategy - Weekly Fund Flow

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MARKETS LOOK AT ENDING OF RATE HIKES CYCLE

A. MARKET SNAPSHOT

- The Federal Reserve went on another 25bps hike, raising its fed funds rate (FFR) to 5.25%-5.50%, its highest in 22 years, a move which was widely anticipated, and the market is now expecting the Fed to be nearing the end of its rate hikes cycle.
- Though the Fed is keeping its policy direction open as the central bank still has a “long way to go” on inflation, Fed Chair Jerome Powell explained that the Fed staff’s forecast is no longer looking at the US economy experiencing a recession this year.
- Meanwhile, the US GDP grew faster than expected by +2.4%qoq on annualised basis (1QCY23: +2%qoq) which was underpinned mainly by the sustained rise in private consumption and positive turnaround in investment activities.
- It was another week of positive performance across the globe amidst the optimism, with 17 out of the 20 markets that we track advancing during the week while the remaining declined. Among the top performers were the CSI 300 (+4.47%), the Hang Seng Index (+4.41%) and the Straits Times Index (+2.83%). The only decliners last week were the Sensex (-0.79%), the PSEi (-0.34%) and South Korea’s Kospi (-0.06%). The FBM KLIC saw a +2.61% increase last week to 1,450.35 points.
- Like the Fed, the European Central Bank (ECB) raised rates by a quarter of a percentage point to 3.75%. While also suggesting that it would keep its options open in upcoming meetings, the ECB also hinted of a pause in its tightening.
- Retail sales in the UK shrunk -1.0%yoy in Jun-23 (May-23: -2.3%yoy), the smallest decline in 15 months due to the slower fall in sales of automotive fuel at -1.8%yoy (May-23: -6.2%yoy). The improvement in retail sales comes with the recent indication of steeper-than-expected moderation in CPI inflation.
- Japan’s headline inflation accelerated marginally to +3.3%yoy in Jun-23 (May-23: 3.2%yoy). The smaller-than-expected inflation reading was due to deceleration in inflation for food (+8.6%yoy), housing (+1.1%) and furniture & household utensils (+8.6%yoy).
- Hong Kong’s exports declined at a slower rate of -11.4%yoy in Jun-23 (May-23: -15.6%yoy). Despite marking the 14th consecutive month of contraction, the decline in Jun-23 was not as sharp as market expectations of -24.2%yoy. By sector, the downward trend of outbound shipment was dragged by continued drop in sales for non-metallic mineral manufacture (-24.5%yoy), office machines & automatic data processing machines (-23.5%yoy), and professional scientific & controlling instruments and apparatus (-17.3%yoy).
- South Korea’s Composite Consumer Sentiment Index (CCSI) climbed to 103.2 in Jul-23 (Jun-23: 100.7), the highest reading since Apr-22. On the broader economy, South Koreans indicated more optimistic view about current and future domestic economic conditions.
- In Singapore, its industrial production contracted at a slower pace of -4.9%yoy in Jun-23 (May-23: -10.5%yoy), marking the ninth consecutive month of decline. The improvement was underpinned by electronics output which contracted at a much softer pace of -2.9%yoy (May-23: -23.7%yoy) mainly due to the rebound in output of semiconductors (+3.1%yoy; May-23: -27.7%yoy).

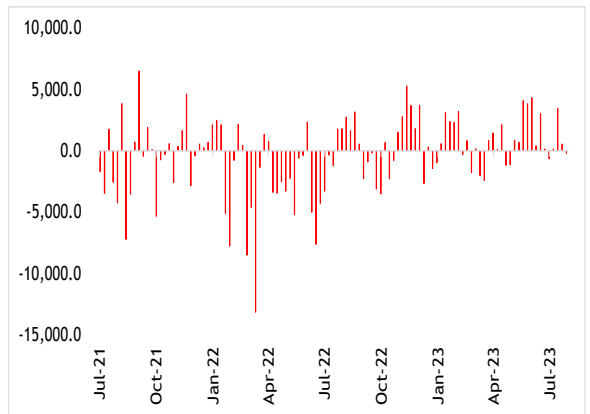
Table 1 Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Shenzhen CSI 300	3,992.74	4.47
Hang Seng	19,916.56	4.41
Straits Times	3,371.17	2.83
FBM KLIC	1,450.35	2.61
Nasdaq	14,316.66	2.02
Ho Chi Minh VSE	1,207.67	1.84
DAX 40	16,469.75	1.81
TAIEX	17,292.93	1.54
Nikkei 225	32,759.23	1.41
ASX 200	7,403.65	1.23
Stoxx Europe 600	470.78	1.16
S&P 500	4,582.23	1.01
SET	1,543.27	0.92
Dow Jones	35,459.29	0.66
CAC 40	7,476.47	0.59
FTSE 100	7,694.27	0.40
JCI	6,900.23	0.28
KOSPI	2,608.32	-0.06
PSEi	6,625.26	-0.34
Sensex	66,160.20	-0.79

Source: Bloomberg

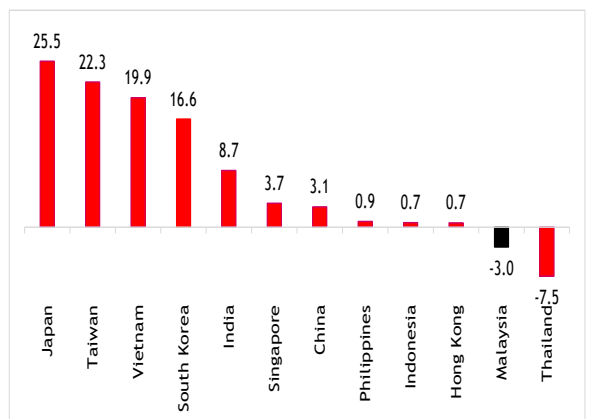
- Malaysia’s headline inflation moderated to +2.4%yoy in Jun-23, the slowest rate since Apr-22. The moderation of inflation among others, was due to high base effects. Nevertheless, elevated global commodity prices, high food prices and firming domestic demand were among factors holding up the inflationary pressure in the country. Core inflation remained sticky, lingering above +3%yoy (2022: +3%).
- The country’s leading index (LI) posted its softest decline in three months at -1.1% in May-23 (Apr-23: -2.7%yoy). The continued contraction can be attributable to the sluggishness in real imports of semiconductors and real imports of other basic precious and other non-ferrous metals. The improved CI suggests positive growth will be sustained in the 2QCY23.
- Meanwhile, Malaysia’s PPI recorded a fifth straight month of deflation in Jun-23, falling by -4.8%yoy (May-23: -4.6%yoy), the fastest decline in more than three years. This was underpinned by continued declines in PPI for agriculture, forestry & fishery (-20.7%yoy); mining & quarrying (-16.6%yoy), and manufacturing (-1.8%yoy).
- The Ringgit appreciated against the US dollar by -0.17% to close at USD/RM4.5550 on Friday. The Brent crude oil price declined -0.15% to USD84.99 per barrel while the crude palm oil declined -0.72% to RM4,006.00 per tonne.

Chart 1 Net Foreign Fund Flows into Equities in 8 Asian Markets Since Jul-21 (USD'm)



Sources: Bloomberg & MIDFR

Chart 2 YTD Performance of Asian Benchmark Indices (%)



Sources: Bloomberg & MIDFR

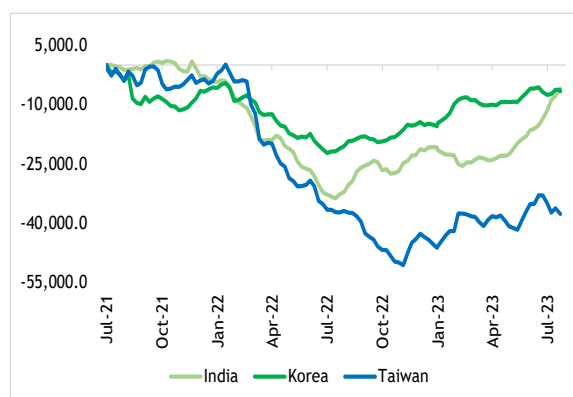
B. TRACKING MONEY FLOW - ASIA

- After three consecutive weeks of net foreign fund inflows, foreign investors took a breather last week, net selling -USD191.7m worth of equities from the eight Asian markets that we track.
- India continued to lead the foreign fund inflows, registering USD191.3m last week, marking its 14th consecutive week of net inflows, though at a much-moderated pace as compared to north of USD1b to USD2b of weekly net inflows in the past five weeks as investors remained cautious prior to the FOMC meeting. Nonetheless, optimism remains in the country which is viewed as a beneficiary of the “China Plus One” strategy. Year-to-date, India is the best performing market with USD14.82b of net foreign fund inflows.
- Malaysia saw the second highest net foreign inflow last week at USD140.3m which we will explore further in the next section.
- Foreign investors continued their net buying stance in Indonesia for the fifth consecutive week at USD66.5m. Bank Indonesia maintained its policy rates for the sixth consecutive review as it expects the current 5.75% benchmark seven-day repurchase rate to be sufficient to ensure inflation remained within target this year. There has been a net foreign inflow of USD1.42b into Indonesia year-to-date.
- In Vietnam, foreign investors net bought for the second consecutive week at USD33.5m. Despite worries that the country might not meet its growth target this year and as the government continues to urge the central bank to reduce rates to spur business activities, we believe investors continue to look at Vietnam as a beneficiary of firms diversifying away from China. US Treasury Secretary Janet Yellen visited Vietnam recently, labelling the country as a key partner in the effort to reduce the dependence on China with the

expansion of the manufacturing activities in the US and its trusted partners. Year-to-date, foreign investors are net sellers at -USD52.7m.

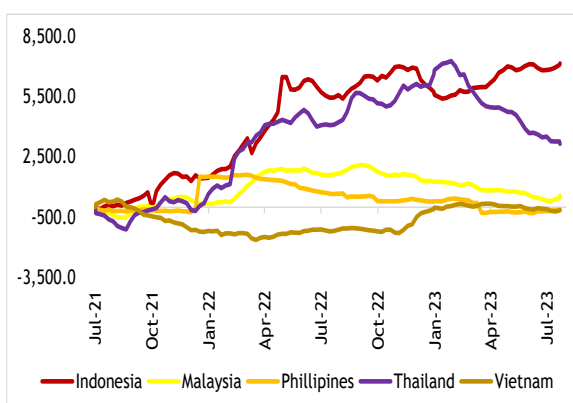
- Foreign investors net bought equities in the Philippines for the third straight week at USD5.5m. In the country's aggressive move to promote the country to foreign investors, President Ferdinand Marcos Jr. pledged to improve the ease of doing businesses and to push for structural tax reforms. Meanwhile, Marcos' visit to Malaysia last week also scheduled a meeting in October to ink several MoUs, on efforts to enhance the halal industry, Islamic banking and food security, among others. There has been a net foreign outflow of -USD403.9m from the Philippines year-to-date.
- South Korea had the highest net foreign fund outflow last week at -USD316.5m, its second consecutive week in the red. The country's export figures are expected to decline further in Jul-23 on the back of weak demand from China on top of weak exports to the US. Meanwhile, Statistics Korea recorded a -1.0% decline in the country's factory output, due to drops in production of automobile and petroleum. Year-to-date, the country still recorded a net foreign inflow of USD8.84b, making it the second-best market that we track.
- Taiwan saw a net foreign outflow of -USD187.7m in the second week of net selling by foreign investors, though at a much-moderated amount as compared to -USD1.24b a week ago. While Taiwan's GDP rebounded to +1.45%yoy in 2QCY23 (1QCY23: -2.87%yoy), investors remain cautious over its semiconductor industry as Taiwan Semiconductor Manufacturing Co (TSMC) slashed its full year sales guidance by 10% while United Microelectronics Corp (UMC) cited uncertain demand in 3QCY23. Taiwan is the third best performing market year-to-date with a net foreign inflow of USD8.53b.
- The protracting political uncertainties in Thailand which is still without a Prime Minister since May-23, among other factors, led to a net foreign outflow of -USD124.5m, its fourth consecutive week of net outflows. A Parliamentary vote to elect the Prime Minister last Thursday was postponed, even after two failed attempts by Move Forward Party leader Pita Limjaroenrat to secure enough support. Further weighing on sentiments was the cut in the Finance Ministry's growth outlook from 3.6% to 3.5%, with

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



Sources: Bloomberg & MIDFR

Chart 4 Net Foreign Fund Flows into Southeast Asia Since Jul-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
30-Jun	2,010.1	12.8	-669.5	-77.1	25.3	-1,963.7	34.0	-14.8	-642.9
7-Jul	2,673.4	41.8	191.7	-54.5	-7.4	-2,398.7	-228.2	-78.8	139.3
14-Jul	1,059.5	78.9	1,088.9	126.0	47.3	1,108.0	-14.7	-43.2	3,450.7
21-Jul	1,601.5	140.6	-71.9	39.3	18.0	-1,240.1	-0.5	48.8	535.7
28-Jul	191.3	66.5	-316.5	140.3	5.5	-187.7	-124.5	33.5	-191.7

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

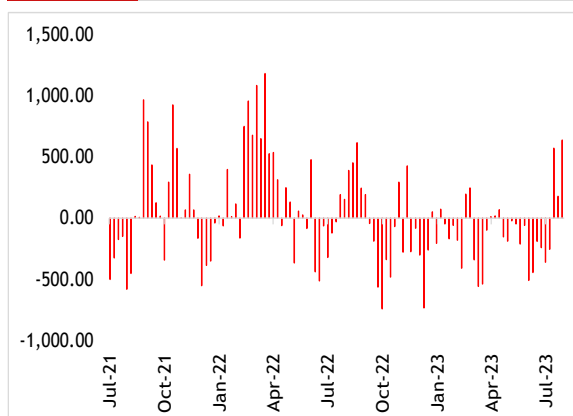
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exports expected to contract -0.8% this year. Thailand is the worst performing market to date with -USD3.47b of net foreign outflows.

C. TRACKING MONEY FLOW - MALAYSIA

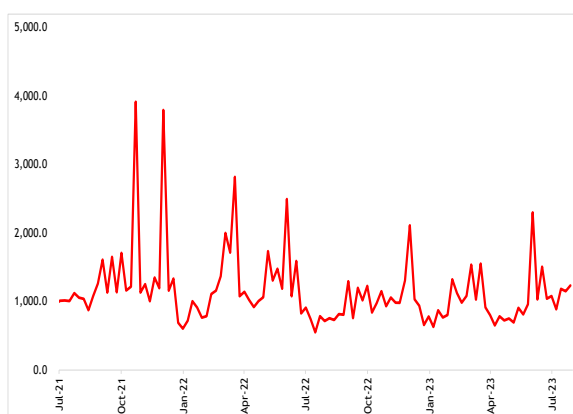
- Foreign investors net bought equities on Bursa Malaysia for the third consecutive week at RM637.8m, the highest since more than a year ago when they net bought RM1.18b during the week ended 18 March, 2022.
- They net sold -RM18.6m on Monday but were net buyers for the rest of the week. The highest net inflow came in on Friday with RM181.4m. Between Tuesday till Friday, net inflows from foreign investors were more than RM100m each day, and averaged RM164.1m daily.
- The top three sectors which saw net inflows by foreign investors last week were Utilities (RM253.4m), Plantation (RM127.8m) and Financial Services (RM86.3m). There were only three sectors with net outflows last week namely REITs (-RM22.6m), Industrial Products and Services (-RM22.4m) and Telecommunications and Media (-RM8.0m). Year-to-date, foreign investors have net sold -RM3.06b.
- In contrast to the foreign investors, local institutions only net bought on Monday at RM54.0m but were net sellers for the rest of the week. This is their third consecutive week of net selling at -RM403.9m, the highest since the week ended 19 August, 2022 at -RM675.9m. Year-to-date, local institutions have net bought RM3.13b.
- Like the local institutions, local retailers also net sold for the third consecutive week at -RM233.7m. They net sold every day at -RM35.4m on Monday, -RM63.8m on Tuesday, -RM54.3m on Wednesday, -RM56.3m on Thursday and -RM24.0m on Friday. They have net sold -RM67.9m year-to-date.
- In terms of participation, there was an increase in average daily trading volume (ADTV) across the board. It was 2.5% higher among retail investors whereas for local institutions and foreign investors, both categories saw a 7.3% increase in ADTV.

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since Jul-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	
30-Jun	1,879.9	1,798.3	81.6	2,584.3	2,306.0	278.3	1,981.0	2,340.9	-359.9	-77.1
7-Jul	2,299.0	2,245.8	53.2	3,256.9	3,055.9	200.9	2,090.2	2,344.3	-254.1	-54.5
14-Jul	2,592.2	2,855.1	-262.9	3,709.6	4,017.6	-308.0	3,249.4	2,678.5	570.9	126.0
21-Jul	2,282.6	2,370.2	-87.7	3,582.4	3,673.8	-91.3	2,390.7	2,211.7	179.0	39.3
28-Jul	2,863.2	3,097.0	-233.7	4,665.5	5,069.5	-403.9	3,405.5	2,767.7	637.8	140.3

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
Classita Holdings	12.8	CIMB Group Holdings	181.9	Tenaga Nasional	253.7
Malaysian Resources Corp	10.8	Petronas Chemicals Group	38.0	Malayan Banking	108.2
CTOS Digital	9.7	Telekom Malaysia	33.8	Kuala Lumpur Kepong	77.0
Hap Seng Consolidated	8.1	YTL Corp	15.9	Public Bank	60.6
DXN Holdings	7.9	Axiata	14.9	Malaysia Airports Holdings	32.9
Sunview Group	7.9	Time Dotcom	13.7	Gamuda	28.3
Hong Seng Consolidated	7.5	Frontken Corp	10.6	Press Metal Aluminium	26.0
Dufu Technology Corp	6.9	Public Bank	8.4	RHB Bank	24.0
Bumi Armada	6.2	Datasonic Group	8.4	Sime Darby Plantation	23.1
Daythree Digital	5.9	Hibiscus Petroleum	8.1	Maxis	23.0
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
Tenaga Nasional	-63.7	Tenaga Nasional	-171.2	CIMB Group Holdings	-146.5
Malayan Banking	-55.5	Kuala Lumpur Kepong	-77.8	Petronas Chemicals Group	-19.3
Public Bank	-36.9	Malayan Banking	-45.2	Telekom Malaysia	-18.9
CIMB Group Holdings	-21.6	Malaysia Airports Holdings	-33.3	Westports Holdings	-15.2
Petronas Chemicals Group	-16.1	YTL Power International	-32.0	Bumi Armada	-15.2
AirAsia X	-13.2	Gamuda	-31.2	Axiata	-13.9
Pertama Digital	-9.9	Maxis	-26.3	Hap Seng Consolidated	-13.9
Ekovest	-7.2	Sime Darby Plantation	-22.2	YTL Corp	-13.3
Press Metal Aluminium	-6.9	S P Setia	-15.9	Malaysian Resources Corp	-12.3
Globetronics Technology	-6.7	IOI Corp	-13.5	Pavilion REIT	-9.3

Source: Dibots (based on the data provided by Bursa Malaysia).

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

Company	%	MoM %	Company (cont'd)	%	MoM %	Company (cont'd)	%	MoM %
Automotive			Nestlé	82.6	0.0	TSH Resources	18.9	-3.1
Bermaz Auto	17.1	-0.6	Padini	9.8	-4.9	Port & Shipping		
MBM Resources	2.3	0.0	QL Resources	10.0	-2.0	MISC	9.2	1.1
Tan Chong	10.6	0.0	Rhong Khen International	62.3	0.0	Suria Capital	6.1	0.0
UMW Holdings	5.4	1.9	Spritzer	17.7	-1.7	Westports	28.4	2.5
Aviation			Gloves			Property		
Capital A	19.7	2.1	Hartalega	15.9	-3.0	Eco World	28.9	1011.5
Malaysia Airports	22.4	1.8	Kossan	10.8	2.9	Glomac	4.1	0.0
Banking			Top Glove	31.9	-2.1	IOI Property	3.7	0.0
Affin Bank	26.5	0.0	Healthcare			Mah Sing	14.7	0.0
Alliance Bank	19.9	-1.5	IHH Healthcare	49.8	0.0	S P Setia	6.5	3.2
AMMB Holdings	39.5	-0.5	KPJ Healthcare	8.4	6.3	Sunway	5.5	-1.8
Bank Islam	1.2	-20.0	Pharmaniaga	0.4	33.3	UEM Sunrise	5.5	1.9
CIMB Group	29.1	-1.0	Logistics			UOA Development	3.8	0.0
Hong Leong Bank	10.7	-1.8	CJ Century	57.8	0.3	REITs		
Hong Leong Financial	32.3	0.0	Swift Haulage	13.4	0.8	Al-'Aqar Healthcare	0.6	-14.3
Malayan Banking	17.9	1.1	Tasco	65.8	0.2	Axis REIT	15.2	0.0
Public Bank	26.4	-1.5	Media			IGB REIT	3.9	-4.9
RHB Bank	16.0	-1.2	Astro	36.9	37.7	KLCCP Stapled	0.8	0.0
Building Materials			Media Prima	20.6	-1.0	Pavilion REIT	33.6	-0.6
Malayan Cement	2.8	0.0	Non-bank Financials			Sunway REIT	7.3	-1.4
Conglomerate			Bursa Malaysia	15.6	0.6	Technology		
YTL Corp	19.9	4.7	AEON Credit	70.4	-0.4	D & O Green Tech	35.2	-0.6
Construction			Oil & Gas			Datasonic	5.9	3.5
Cahaya Mata Sarawak	7.6	-5.0	Bumi Armada	15.8	-16.0	Globetronics	1.4	-17.6
Gabungan AQRS	2.4	4.3	Deleum	3.9	0.0	Inari Amertron	17.8	-1.7
Gamuda	20.2	4.7	Dialog	20.0	-0.5	MY E.G. Services	15.4	20.3
IJM Corp	11.6	-5.7	Gas Malaysia	18.7	-4.1	Unisem	2.0	5.3
KKB Engineering	0.3	0.0	MMHE	9.9	-3.9	Telecommunication		
MRCB	7.8	-4.9	Petronas Chemicals	9.4	-3.1	Axiata	10.4	-3.7
Muhibbah Engineering	15.5	-2.5	Petronas Dagangan	7.5	0.0	CelcomDigi	60.0	0.0
Pintaras Jaya	0.4	0.0	Petronas Gas	9.2	0.0	Maxis	7.2	0.0
Sunway Construction	1.1	-15.4	Plantation			Telekom Malaysia	12.1	-0.8
WCT Holdings	5.9	0.0	FGV	4.2	0.0	Utilities		
Consumer			Genting Plantations	5.1	0.0	Ranhill Utilities	31.9	-0.6
AEON Co.	54.7	0.2	IOI Corp	11.0	-0.9	Tenaga Nasional	12.2	0.8
Asia File	3.7	-32.7	KL Kepong	12.8	-1.5	YTL Power	5.6	7.7
Fraser & Neave	61.2	0.2	PPB Group	21.0	-0.5			
Hup Seng	1.9	0.0	Sarawak Plantation	2.8	0.0			
Leong Hup	10.5	-14.6	Sime Darby Plantation	9.6	-1.0			
MSM Malaysia	1.7	30.8	Ta Ann	13.7	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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