

FUND FLOW REPORT

(Week ended 7 July 2023)

Fed rate hike concerns returned

10 JULY 2023 | Strategy - Weekly Fund Flow

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FED RATE HIKE CONCERNS RETURNED
A. MARKET SNAPSHOT

- The release of stronger-than-expected wage figures raised concerns that the Federal Reserve (Fed) might have a basis to resume interest rate hikes later this month.
- The U.S. non-farm payrolls rose by +209,000 in Jun-23, marking the smallest gain since Dec-20. Despite this being the lowest number of jobs added in two and a half years, the labour market conditions remained tight, as indicated by the strong wage growth. Average hourly earnings increased by +4.4%yoy in Jun-23.
- Only 4 out of the 20 major indices that we track recorded gains last week. This was led by Vietnam's Ho Chi Minh VSE (+1.60%), India's Sensex (+0.87) and Indonesia's JCI (+0.82%). Meanwhile, the FBM KLCI rose marginally by +0.07%.
- The U.S. trade deficit were narrower by -7.3% to USD69.0b in May-23 (Apr-23: USD74.4b), reflecting a decline in imports of goods to the lowest level since late CY21 as higher borrowing costs dampened domestic demand.
- The Institute for Supply Management's (ISM) manufacturing Purchasing Managers' Index (PMI) declined to 46.0 in Jun-23 (May-23: 46.9), marking the lowest level since May-20. The reading, which is worse-than-expected, suggests demand for merchandise remains weak.
- Britain's manufacturing sector experienced a sharper decline in Jun-23, with the S&P Global/CIPS UK Manufacturing Purchasing Managers' Index falling to 46.5 (May-23: 47.1). This is the lowest recorded reading for this year and marked the eleventh consecutive month where the reading has remained below the threshold of 50.
- China's services activity in Jun-23 expanded at the slowest pace in five months due to weakening demand, according to the Caixin/S&P Global services PMI, which dropped to 53.9 (May-23: 57.1).
- The Reserve Bank of Australia (RBA) maintained its cash rate at 4.1% - the highest level in 11 years. The rates were increased by a total of 400 basis points since May-22, but the RBA decided to keep it unchanged at the July-23 policy meeting, stating the need for additional time to evaluate the impact of previous hikes.
- Bank Negara Malaysia (BNM) has kept the overnight policy rate (OPR) unchanged at 3.0% after raising it by 25 basis points following its Monetary Policy Committee (MPC) meeting in May-23.
- The Ringgit's performance against the US dollar was unchanged, closing at USDMYR4.6665 on Friday. The Brent crude oil price declined by -7.81% to USD78.47 per barrel, while the crude palm oil price rose by +1.58% to RM3,849 per tonne.

Table 1 Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Ho Chi Minh VSE	1,138.07	1.60
Sensex	65,280.45	0.87
JCI	6,716.46	0.82
FBM KLCI	1,377.67	0.07
Shenzhen CSI 300	3,825.70	-0.44
SET	1,490.51	-0.84
Nasdaq	13,660.72	-0.92
S&P 500	4,398.95	-1.16
PSEi	6,379.03	-1.38
KOSPI	2,526.71	-1.47
TAIEX	16,664.21	-1.49
Dow Jones	33,734.88	-1.96
Straits Times	3,139.47	-2.07
ASX 200	7,042.27	-2.24
Nikkei 225	32,388.42	-2.41
Hang Seng	18,365.70	-2.91
Stoxx Europe 600	447.65	-3.09
DAX 40	15,603.40	-3.37
FTSE 100	7,256.94	-3.65
CAC 40	7,111.88	-3.89

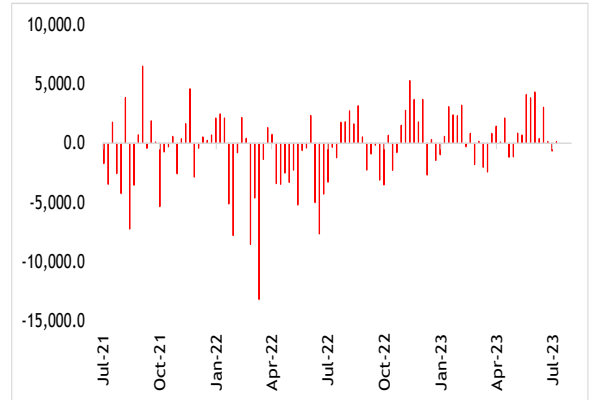
Source: Bloomberg

B. TRACKING MONEY FLOW - ASIA

- Foreign investors turned to net buyers of Asian equities again, driven by the inflows received by India. Based on the provisional aggregate data for the eight exchanges that we track, foreign investors net bought equities amounting to USD139.3m. Apart from India, only Korea and Indonesia recorded inflows last week.
- India continued to register the highest net foreign inflows last week at USD2.67b. India’s manufacturing sector saw a moderation last month from its peak in May-23 but remained in growth territory as new work orders expanded sharply. The S&P Global India Manufacturing PMI fell to 57.8 in Jun-23 (May-23: 58.7), but it still represents the second-fastest expansion for this year. Year-to-date, foreign investors have been net buyers of Indian equities at a rate of USD11.97b.
- Foreigners turned net buyers of South Korean equities to the tune of USD191.7m after net selling for the past two consecutive weeks. Based on the Bank of Korea’s preliminary data, the country’s current account swung to a USD1.93b surplus in May-23 (Apr-23: -USD790.0m) due to a consecutive surplus in the goods account and a reduction in the service account loss. Foreign investors have been net buyers of South Korean equities thus far this year, with inflows amounting to USD8.14b.
- Indonesia was the only other country that recorded inflows last week, which amounted to USD41.8m. Indonesia’s inflation rate eased to +3.52% in Jun-23 (May: +4.0%), settling within the central bank’s targeted range for the second consecutive month. The recorded figure is the lowest since Apr-22, likely attributed to the Bank of Indonesia’s series of interest rates hikes totalling 225 basis points between Aug-22 and Jan-23. Year-to-date, foreign investors have net bought USD1.13b worth of Indonesian equities.
- Taiwan continued to record the highest net foreign outflows last week at a rate of -USD2.40b. Taiwan’s exports plunged by over -20% in Jun-23, marking the tenth consecutive monthly decline as global end-user demand remained sluggish. Data from the Ministry of Finance revealed a -23.4% drop in exports to USD32.32b, with the electronics component industry recording a -21.3% decline in outbound sales. Year-to-date, Taiwan has gained a sum of USD8.85b in net foreign inflows.
- Foreign investors turned net sellers of Thai equities again at a rate of -USD228.2m. Earlier in the week, the Bank of Thailand announced that the country’s household debt had risen to USD455.0b in 1QCY23 or amounting to 90.6% of the nation’s gross domestic product (GDP). This represents a further decline from the 87.0% recorded in 4QCY22. Year-to-date, foreigners have net sold -USD3.34b worth of Thai equities.
- A total of -USD78.8m have left the Vietnamese equity market last week, marking its third consecutive week of recording net foreign outflows. Vietnam’s manufacturing sector continued to decline for the fourth consecutive month in Jun-23, as indicated by the S&P Global Vietnam Manufacturing PMI reading of 46.2 (May-23: 45.3). Year-to-date, foreign investors have net sold equities amounting to -USD91.7m in the country.

Chart 1

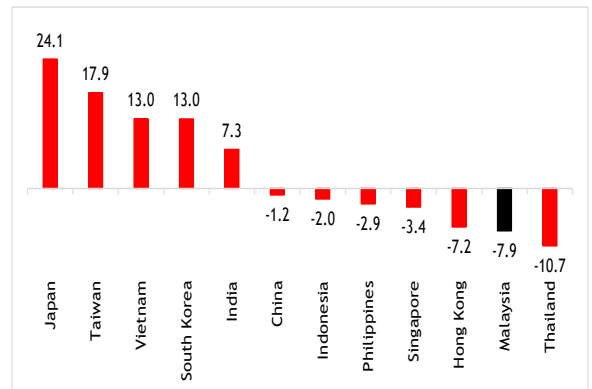
Net Foreign Fund Flows into Equities in 8 Asian Markets Since Jul-21 (USD'm)



Sources: Bloomberg & MIDFR

Chart 2

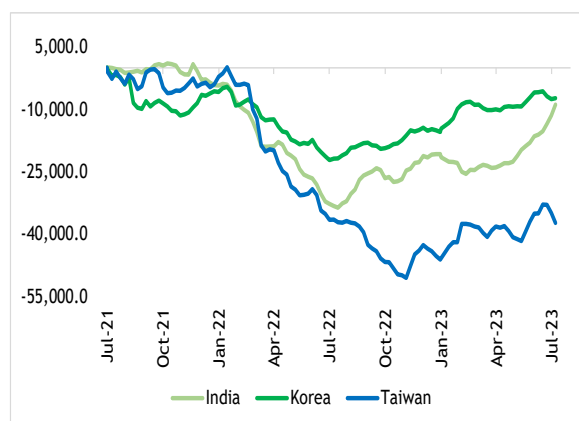
YTD Performance of Asian Benchmark Indices (%)



Sources: Bloomberg & MIDFR

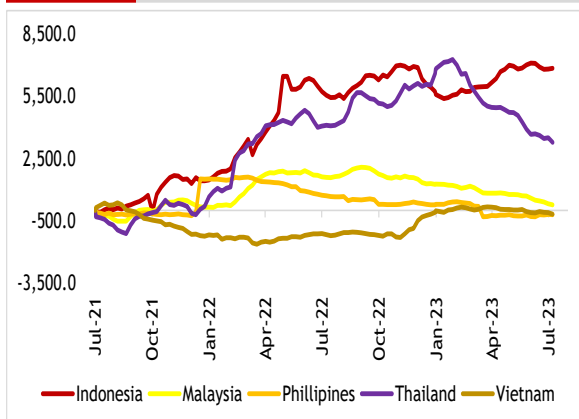
- Foreign investors turned net sellers in the Philippines as the country recorded outflows of -USD7.4m. The country's consumer price index (CPI) increased by +5.4%yoy in Jun-23, the slowest pace since Apr-22. However, the Bangko Sentral ng Pilipinas (BSP) stated that inflation risks skewed towards the upside due to the potential impact of El Nino and wage hikes. A total of -USD474.7m have left the country's equity market since the start of the year.

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)

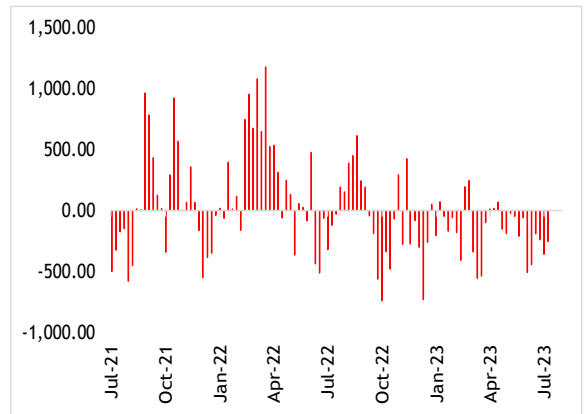
Week Ended	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
9-Jun	399.7	-13.9	68.3	-96.2	-8.4	56.2	24.1	-20.5	409.2
16-Jun	804.4	-175.8	241.2	-41.0	99.9	2,121.5	-85.4	72.8	3,037.6
23-Jun	1,737.2	-115.9	-1,205.5	-51.5	-14.8	-23.6	-140.7	-39.2	146.0
30-Jun	2,010.1	12.8	-669.5	-77.1	25.3	-1,963.7	34.0	-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

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

C. TRACKING MONEY FLOW - MALAYSIA

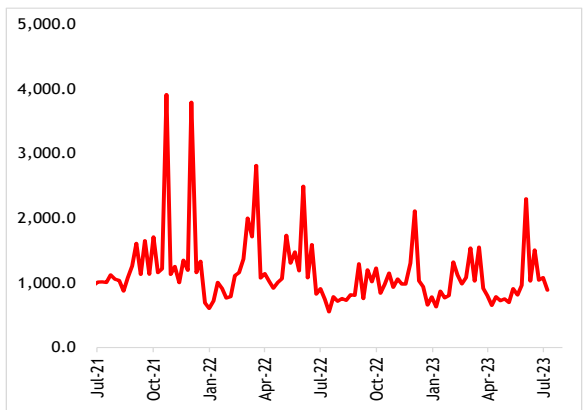
- Foreign investors continued their net selling streak on Bursa Malaysia for the twelfth consecutive week, with net foreign outflows reaching -RM254.1m. On Monday, net foreign inflows of RM83.0m were observed, with foreign investors showing interest in stocks such as Public Bank (RM28.4m), Maybank (RM16.0m) and Gamuda (RM15.2m).
- Foreigners have been sellers for 21 out of 27 weeks this year, with a total net foreign outflow of -RM4.45b.
- The only two sectors that posted net foreign inflows last week were Plantation (RM23.5m) and Construction (RM22.4m), while the top three sectors that recorded net foreign outflows were Financial Services (-RM75.9m), Consumer Products & Services (-RM51.2m) and Industrial Products & Services (-RM50.3m).
- Local institutional investors remained net buyers for the sixth consecutive week at a rate of RM200.9m. Following BNM’s decision to maintain the OPR at 3.0% on Thursday, Friday witnessed the highest inflows (RM160.6m) from this investor class. Year-to-date, they have been net buyers of domestic equities for 21 out of 27 weeks, with a total net inflow of RM3.93b.
- Local retailers remained net buyers for the second consecutive week, after net buying RM53.2m worth of domestic equities last week. Year-to-date, local retailers have been buyers for 15 out of 27 weeks. The total net buying year-to-date amounted to RM516.3m.
- In terms of participation, there was a decrease in average daily trading volume (ADTV) by foreign investors (-17.9%) and retail investors (-1.2%), but an increase among local institutional investors (+3.3%).

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	
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
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

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
My E.G. Services	23.8	RHB Bank	42.3	Tenaga Nasional	28.4
Farm Fresh	14.6	Hong Leong Bank	29.6	Kuala Lumpur Kepong	22.6
SKP Resources	8.2	Petronas Gas	24.5	Gamuda	18.4
Artroniq	8.0	Inari Amertron	20.6	Capital A	17.9
Petronas Chemicals	6.7	IHH Healthcare	20.0	Farm Fresh	15.1
Astro	6.6	Widad Group	20.0	SFP Tech Holdings	12.6
Dagang Nexchange	6.6	Frontken Corp.	18.8	Malaysia Building Society	11.8
Mr DIY Group	5.3	Top Glove Corp.	18.5	RGB International	11.3
AirAsia X	5.3	PPB Group	18.1	Press Metal	9.2
Public Bank	5.3	YTL Corp.	15.4	Natongate Holdings	7.6
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
Natongate Holdings	-12.8	Farm Fresh	-38.2	RHB Bank	-49.3
Malaysia Building Society	-7.4	Tenaga Nasional	-26.0	Hong Leong Bank	-30.1
BTM Resources	-7.2	Kuala Lumpur Kepong	-21.4	Petronas Gas	-23.7
Naim Holdings	-6.5	Gamuda	-18.9	Petronas Chemicals	-23.4
Samaiden Group	-6.4	Capital A	-14.6	My E.G. Services	-20.9
SFP Tech Holdings	-6.3	Astro	-14.0	IHH Healthcare	-20.5
YTL Corp.	-6.0	YTL Power Int.	-9.5	SKP Resources	-17.9
Pentamaster Corp.	-5.5	SFP Tech Holdings	-9.4	PPB Group	-17.4
Solarvest Holdings	-5.2	United Plantations	-8.1	Gas Malaysia	-15.0
SMRT Holdings	-5.2	Berjaya Foods	-6.7	Top Glove Corp.	-14.0

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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