

FUND FLOW REPORT

(Week ended 22 September 2023)

Interest rate concerns spook markets

25 SEPTEMBER 2023 | Strategy - Weekly Fund Flow

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INTEREST RATE CONCERNS SPOOK MARKETS
A. MARKET SNAPSHOT

- The Federal Open Market Committee kept its rates unchanged as expected last week but their hawkish tone on that rates will remain elevated for longer raised uneasiness among investors.
- The Federal Reserve's updated quarterly projections point towards one more rate hike by the year end while 2024 will see rates being kept tighter than previously expected.
- Concern over the interest rates took its toll on the markets, which saw 17 out of the 20 indices we track posting weekly declines. The only three advancers were the CSI 300 (+0.81%), Jakarta Composite Index (+0.49%) and Philippines' PSEi (+0.57%). The most significant decliners were the Nasdaq Composite Index (-3.62%), KOSPI (-3.58%) and TAIEX (-3.41%).
- The FOMC however, upgraded its economic projections of a +2.1% growth (Jun-23 forecast: +1.0%) in the United States economy this year before moderating to +1.5% in 2024.
- Meanwhile, the People's Bank of China (PBOC) kept both its 1-year Loan Prime Rate and 5-year Loan Prime Rate steady at 3.45% and 4.20%, respectively, in its Sep-23 decision, in line with market expectations. The decision arrived as the economy showed signs of a faster recovery in Aug-23. Overall, we foresee more stimulus to be rolled out to accelerate the economic recovery, although PBOC might be more reserved in cutting the interest rates given the weak yuan
- Headline inflation in the Euro zone moderated to +5.2%yoy in Aug-23 (Jul-23: +5.3%yoy), the slowest price increase in 19 months. Energy prices declined for the fourth consecutive month at -3.3%yoy (Jul-23: -6.1%yoy) while the pace of increase in food prices moderated to the lowest in 15 months at +10.3%yoy (Jul-23: +11.6%yoy).
- In the United Kingdom, the Bank of England kept rates unchanged for the first time since Dec-21 in a tight poll among policy makers at 5-4 favouring a pause. Governor Andrew Bailey however, said rates would be increased again if inflationary pressure persists.
- China's industrial production rose stronger than expected a +4.5%yoy in Aug-23 (Jul-23: +3.7%yoy). Manufacturing output rose +5.4%yoy (Jul-23: +3.9%yoy), the fastest in four months with stronger output in high-tech manufacturing (Aug-23: +2.9%yoy; Jul-23: +0.7%yoy). Mining and quarrying output also advanced stronger at +2.3%yoy (Jul-23: +1.3%yoy), while production and distribution of electricity, gas and water slowed to +0.2%yoy (+4.1%yoy).
- Singapore's non-oil domestic exports (NODX) shrank -20.1%yoy in Aug-23 (Jul-23: -20.3%yoy), the 11th consecutive month of contraction. Exports of E&E continued to remain sluggish as exports of electronic products fell for the 13th consecutive month at -21.1%yoy (Jul-23: -26.1%yoy) while non-electronic products contracted faster at -19.9%yoy (Jul-23: -18.5%yoy).
- Malaysia's total trade continued to fall in Aug-23, registering a faster decline of -19.8%yoy (Jul-23: -14.5%yoy), mainly due to a high base effect. Exports registered the sixth straight month of decline by

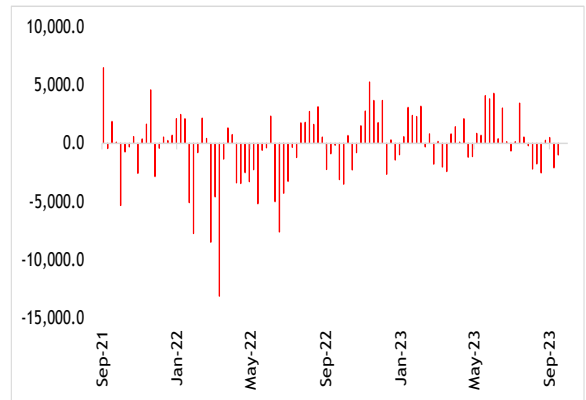
Table 1	Weekly Performance of Global Benchmark Indices (%)	
Index	Last Price	Change (%)
Shenzhen CSI 300	3,738.93	0.81
JCI	7,016.84	0.49
PSEi	6,142.79	0.27
FTSE 100	7,683.91	-0.36
FBM KLCI	1,450.23	-0.60
Hang Seng	18,057.45	-0.69
SET	1,522.59	-1.26
Stoxx Europe 600	453.26	-1.88
Dow Jones	33,963.84	-1.89
DAX 40	15,557.29	-2.12
Straits Times	3,204.82	-2.31
CAC 40	7,184.82	-2.63
Sensex	66,009.15	-2.70
Ho Chi Minh VSE	1,193.05	-2.80
ASX 200	7,068.84	-2.89
S&P 500	4,320.06	-2.93
Nikkei 225	32,402.41	-3.37
TAIEX	16,344.48	-3.41
KOSPI	2,508.13	-3.58
Nasdaq	13,211.81	-3.62

Source: Bloomberg

-18.6%yoy in Aug-23 (Jul-23: -13.0%yoy) where slightly more than 75% of the decline can be attributable to the lower exports of E&E, crude and refined petroleum products and palm oil-based products.

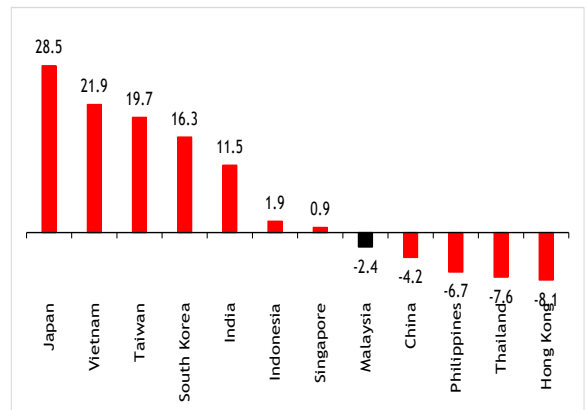
- The country’s headline inflation stabilised at +2.0%yoy in Aug-23, marking a two-year low and in line with market expectations. Non-food inflation rate inched up slightly to +1.0%yoy while food inflation softened to 16-month low at +4.1%yoy. The moderation of inflation among others was due to high base effects. Core inflation rate moderated below +3.0% level at +2.5%yoy but it was still above pre-pandemic average of +1.7%.
- The Ringgit depreciated against the US dollar by -0.13% to close at RM4.6892 on Friday. The Brent crude oil price rose by +9.57% to USD93.27 per barrel while the crude palm oil price declined by -3.89% to RM3,681.00 per tonne.

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



Sources: Bloomberg & MIDFR

Chart 2 YTD Performance of Asian Benchmark Indices (%)



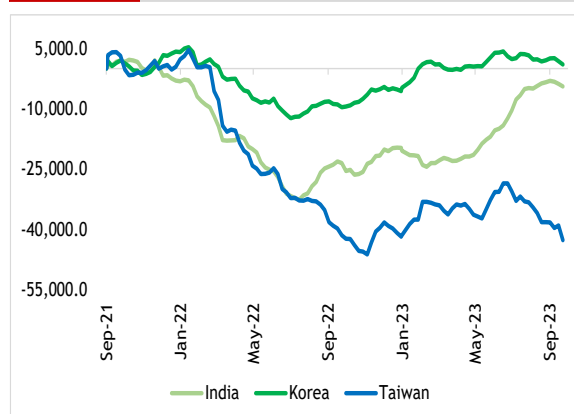
Sources: Bloomberg & MIDFR

B. TRACKING MONEY FLOW - ASIA

- Foreign investors continued to dispose equities in Asia for the third consecutive week at -USD5.13b, the highest net outflow seen in 66 weeks. Apart from net inflows into Malaysia and Indonesia, foreign investors net sold in the six other countries that we track.
- Indonesia recorded a net foreign fund inflow of USD110.6m last week, ending six straight weeks of net outflows. Foreign investors only net sold -USD9.4m on Thursday but were net buyers for the rest of the week. The country’s parliament committee has approved the government’s USD216b budget for 2024 to support the country’s economic growth. Meanwhile, Bank Indonesia retained its seven-day reverse repurchase rate at 5.75% in line with expectations as inflation remained within target and as the central bank continues to focus on ensuring the rupiah remains stable. There has been a net outflow of -USD126.4m from Indonesia year-to-date.
- After briefly turning net buyers for only a week, foreign investors made a huge disposal of Taiwanese equities last week at -USD3.62b, the highest weekly net outflow in more than a year since the week ended June 17, 2022. Foreign investors net sold every day, with the heaviest outflow seen on Thursday at -USD1.14b following the Fed’s pause and hawkish tone, which saw tech stocks across the globe taking hit. On a year-to-date basis, foreign investors have net sold -USD870.0m of equities in Taiwan.
- South Korea was the second hardest hit last week with a net foreign fund outflow of -USD789.6m, the second consecutive week of outflow. Like Taiwan, it also saw foreign investors net selling every day. Other than the Fed’s hawkish outlook, uncertainties over the chip sector also persists as the waiver for Samsung Electronics and SK Hynix to import chip-making equipment from the US into their production facilities in China expires in October. South Korea is the only country other than India to record a net foreign inflow year-to-date, amounting to USD6.62b.
- Foreign investors continued to net sell equities in India for the third straight week at -USD648.4m. They net bought USD36.2m on Monday before markets closed on Tuesday for the Ganesh Chaturthi holiday. Foreigners then net sold from Wednesday to Friday, with the heaviest outflow seen on Thursday at -USD369.4m, triggered by the Fed’s outlook. India is the best performing country we track this year, with a year-to-date net inflow of USD15.66b.

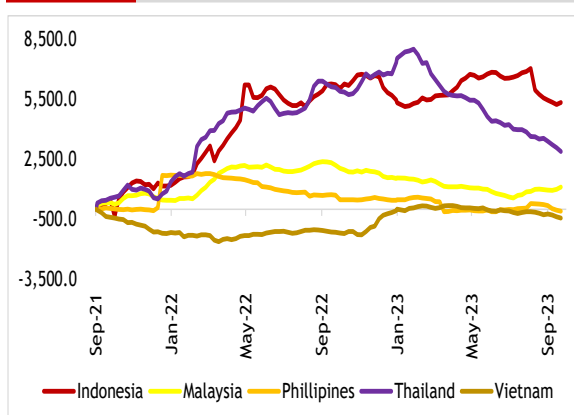
- In Thailand, the net foreign fund outflow extended into its fourth week at -USD184.4m. They net bought USD17.6m on Thursday but were net sellers for the rest of the week. Reports have surfaced that the new government is planning to borrow USD66.4b to support its new policies, stimulus spending and also for a digital wallet handout of USD15.5b to stimulate its economy. Thailand is the worst performing country that we track this year, with a year-to-date net outflow of -USD4.44b.
- For the third consecutive week, Vietnam registered a net outflow of -USD67.9m, resulting from net selling activities from foreign investors every day. Investors continue to be wary over Vietnam's prospects, which has been affected by rising inflation, weak exports and slower factory activities. Year-to-date, foreign investors have net sold -USD370.5m.
- The Philippines registered its longest net selling streak of seven weeks after seeing a net foreign outflow of -USD47.0m last week. It was also among the countries that saw net selling activities every day. Bangko Sentral ng Pilipinas kept its target rate unchanged at 6.25% but governor Eli Remolona hinted at more than one rate hikes starting Nov-23 as it monitors the potential rises in power and transport costs, which may push inflation further. There has been a net foreign outflow of -USD552.7m from the Philippines year-to-date.

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



Sources: Bloomberg & MIDFR

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



Sources: Bloomberg & MIDFR

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

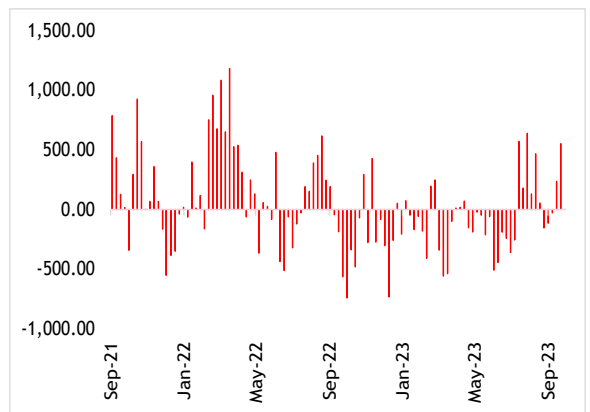
Week Ended	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
25-Aug	278.4	-176.7	291.7	-32.9	-30.0	-33.7	34.3	-75.4	255.7
1-Sep	342.6	-105.4	496.1	-24.5	-43.0	-53.8	-150.0	38.6	500.6
8-Sep	-230.2	-104.7	18.8	-6.0	-163.5	-1,390.9	-161.2	-54.1	-2,091.8
15-Sep	-495.4	-118.4	-728.7	50.2	-77.4	631.9	-156.5	-89.3	-983.6
22-Sep	-648.4	110.6	-789.6	117.4	-47.0	-3,621.7	-184.4	-67.9	-5,131.0

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

C. TRACKING MONEY FLOW - MALAYSIA

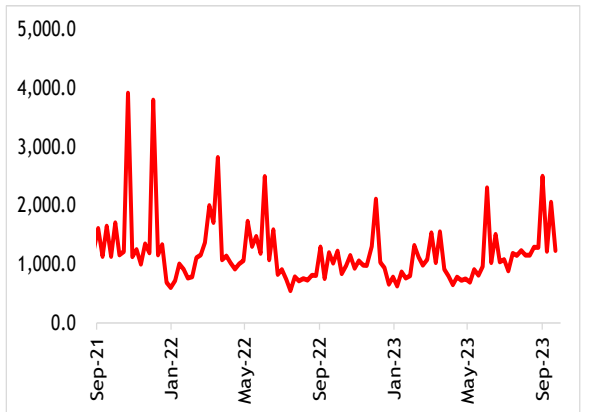
- Foreign investors continued to net buy on Bursa Malaysia at RM550.9m last week, which was 2.3x higher than the week prior. It was the highest net foreign inflow over the past eight weeks. They were net buyers every day last week registering net purchases of over RM100m daily except on Thursday when the amount moderated to RM48.7m after the Fed’s second skip of the year.
- The top three sectors that posted the highest net foreign inflows were Utilities (RM197.0m), Transportation & Logistics (RM110.1m) and Consumer Products & Services (RM72.8m). Meanwhile, the only three sectors with net foreign outflows were Industrial Products & Services (-RM38.6m), Healthcare (-RM37.5m) and Telecommunication & Media (-RM8.4m). Year-to-date, foreign investors have been net sellers, amounting to RM1.92b.
- Local institutions maintained their net selling stance last week at -RM472.5m, which was the highest since a year ago during the week ended Aug 19, 2022 when they net sold -RM675.9m. They have been net sellers every day of the week, with a net selling streak of eight days. Year-to-date, local institutions have been net buyers totalling RM2.68b.
- Local retailers continued to net sell for the 11th straight week after disposing -RM78.4m net last week. The net selling trend has not been seen in recent years. They net bought RM22.3m on Thursday but were net sellers for the rest of the week. Year-to-date, retailers have net sold -RM765.7m.
- In terms of participation, there was a decrease in average daily trading volume (ADTV) among foreign investors by -39.9% last week while local retailers and local institutions saw increase of 16.0% and 14.0% respectively.

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since Sep-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	
25-Aug	2,903.9	3,027.9	-124.0	4,668.8	4,391.4	277.3	3,138.7	3,292.1	-153.4	-32.9
1-Sep	3,245.3	3,323.1	-77.8	5,346.8	5,155.5	191.3	4,940.8	5,054.3	-113.5	-24.5
8-Sep	2,996.8	3,029.7	-33.0	4,733.0	4,672.4	60.6	3,040.5	3,068.2	-27.7	-6.0
15-Sep	2,574.0	2,677.7	-103.7	4,184.3	4,315.8	-131.5	5,264.0	5,028.9	235.1	50.2
22-Sep	3,006.5	3,084.9	-78.4	4,608.3	5,080.7	-472.5	3,367.3	2,816.4	550.9	117.4

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

D. NET INFLOWS AND OUTFLOWS BY STOCK (WEEK ENDED 22 SEPTEMBER 2023)
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
Top Glove Corp.	25.6	Nestle (Malaysia)	63.2	YTL Power Int.	87.8
RHB Bank	20.7	My E.G. Services	41.3	Public Bank	71.0
Malaysian Resources	10.1	Petronas Chemicals	27.7	Malaysia Airports	61.1
YTL Corp.	7.8	Press Metal	24.2	Petronas Dagangan	55.0
Hextar Industries	6.1	UEM Sunrise	22.6	MISC	52.7
KL Kepong	5.9	Mah Sing Group	22.2	Tenaga Nasional	45.6
Sapura Energy	5.7	Bursa Malaysia	21.4	Petronas Gas	44.4
Gamuda	4.5	Inari Amertron	19.7	Bermaz Auto	35.1
Malayan Cement	4.4	Telekom Malaysia	11.6	Malayan Banking	30.8
PMB Technology	4.3	Hartalega Holdings	11.4	YTL Corp.	24.3
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
Tenaga Nasional	-27.8	YTL Power Int.	-100.2	Nestle (Malaysia)	-60.6
Public Bank	-24.6	Malaysia Airports	-62.5	Top Glove Corp.	-22.7
My E.G. Services	-23.4	Petronas Dagangan	-51.9	Petronas Chemicals	-22.5
Mah Sing Group	-21.6	MISC	-51.4	Bursa Malaysia	-21.8
Tanco Holdings	-16.9	Petronas Gas	-41.0	Press Metal	-21.8
Capital A	-9.6	YTL Corp.	-38.2	My E.G. Services	-18.4
Hap Seng Cons.	-8.2	Bermaz Auto	-33.0	Inari Amertron	-15.8
Cypark Resources	-7.6	Public Bank	-23.3	Hartalega Holdings	-12.6
S P Setia	-7.3	RHB Bank	-23.0	Malaysian Resources	-12.4
Boustead Plantations	-7.0	Yinson Holdings	-21.3	British American Tobacco	-9.7

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

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

Company	%	MoM %	Company (cont'd)	%	MoM %	Company (cont'd)	%	MoM %
Automotive			Nestlé	82.5	-0.1	TSH Resources	18.9	0.5
Bermaz Auto	14.0	-7.3	Padini	9.3	-1.1	Port & Shipping		
MBM Resources	3.1	24.0	QL Resources	9.5	-2.1	MISC	9.0	0.0
Tan Chong	10.6	0.0	Rhong Khen International	62.3	0.2	Suria Capital	5.8	-1.7
UMW Holdings	7.1	26.8	Spritzer	17.0	-1.2	Westports	27.8	-1.1
Aviation			Gloves			Property		
Capital A	19.7	-5.3	Hartalega	15.2	-3.2	Eco World	29.1	0.0
Malaysia Airports	24.2	1.7	Kossan	10.2	0.0	Glomac	4.2	2.4
Banking			Top Glove	29.2	-5.8	IOI Property	4.2	7.7
Affin Bank	26.4	-0.4	Healthcare			Mah Sing	16.2	1.9
Alliance Bank	20.3	1.0	IHH Healthcare	49.7	-0.2	S P Setia	11.6	46.8
AMMB Holdings	39.1	-0.8	KPJ Healthcare	8.1	-2.4	Sunway	4.8	-12.7
Bank Islam	0.7	-36.4	Pharmaniaga	0.6	20.0	UEM Sunrise	8.9	34.8
CIMB Group	28.6	-0.7	Logistics			UOA Development	3.8	2.7
Hong Leong Bank	10.5	-0.9	CJ Century	57.9	0.0	REITs		
Hong Leong Financial	32.2	0.0	Swift Haulage	13.5	0.0	Al-'Aqar Healthcare	0.6	0.0
Malayan Banking	18.5	1.6	Tasco	65.9	-0.3	Axis REIT	15.1	-0.7
Public Bank	26.7	0.4	Media			IGB REIT	3.7	-2.6
RHB Bank	16.1	0.6	Astro	37.7	0.0	KLCCP Stapled	0.8	0.0
Building Materials			Media Prima	20.5	-0.5	Pavilion REIT	33.1	-0.3
Malayan Cement	3.2	18.5	Non-bank Financials			Sunway REIT	5.9	-11.9
Conglomerate			Bursa Malaysia	15.9	0.0	Technology		
YTL Corp	20.0	0.5	AEON Credit	69.0	-1.6	D & O Green Tech	34.9	-0.3
Construction			Oil & Gas			Datasonic	6.6	6.5
Cahaya Mata Sarawak	7.4	-6.3	Bumi Armada	13.8	-8.6	Globetronics	3.5	12.9
Gabungan AQRS	1.7	-22.7	Deleum	4.0	2.6	Inari Amertron	19.6	1.0
Gamuda	21.2	0.5	Dialog	19.6	-2.0	MY E.G. Services	14.9	0.7
IJM Corp	12.5	1.6	Gas Malaysia	18.1	0.6	Unisem	2.3	-8.0
KKB Engineering	0.3	0.0	MMHE	8.8	-3.3	Telecommunication		
MRCB	7.5	5.6	Petronas Chemicals	8.9	-3.3	Axiata	10.1	-1.0
Muhibbah Engineering	14.7	-3.9	Petronas Dagangan	7.3	-2.7	CelcomDigi	60.0	0.0
Pintaras Jaya	0.1	-75.0	Petronas Gas	9.2	0.0	Maxis	7.6	1.3
Sunway Construction	1.6	33.3	Plantation			Telekom Malaysia	11.5	-0.9
WCT Holdings	6.6	11.9	FGV	4.1	0.0	Utilities		
Consumer			Genting Plantations	5.0	-5.7	Ranhill Utilities	32.3	0.9
AEON Co.	54.6	-0.4	IOI Corp	11.3	2.7	Tenaga Nasional	13.2	0.8
Asia File	3.6	0.0	KL Kepong	14.0	2.2	YTL Power	7.3	14.1
Fraser & Neave	61.1	0.0	PPB Group	20.8	0.5			
Hup Seng	1.8	-5.3	Sarawak Plantation	2.7	0.0			
Leong Hup	10.6	1.0	Sime Darby Plantation	9.9	1.0			
MSM Malaysia	1.7	-5.6	Ta Ann	14.4	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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