

FUND FLOW REPORT

(Week ended 15 December 2023)

Fed's dovish tone lifts markets

18 DECEMBER 2023 | Strategy - Weekly Fund Flow

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FED'S DOVISH TONE LIFTS MARKETS
A. MARKET SNAPSHOT

- Most markets experienced a rally following the expected decision by the Federal Reserve (Fed) to leave interest rates unchanged on Wednesday. Chair Jerome Powell mentioned that the historic tightening of monetary policy was likely over, and discussions on potential cuts in borrowing costs were on the horizon. Stronger-than-expected Nov-23 retail sales data, coupled with recent milder inflation readings, fuelled hopes that the Fed could achieve a soft landing.
- U.S. retail sales increased by +0.3% in Nov-23, signaling a strong start to the holiday shopping season and likely supporting a moderate economic growth path for the quarter. Retail sales, primarily consisting of goods and not adjusted for inflation, have seen a slowdown from earlier in the year due to increased borrowing costs.
- Unexpectedly, U.S. producer prices remained unchanged in Nov-23, following a revised -0.4% decline in Oct-23. This was driven by a decrease in the cost of energy products, which offset higher food prices, indicating a continued moderation of inflation at the factory level. Meanwhile, consumer prices unexpectedly increased slightly by +0.1% in Nov-23, following no change in Oct-23.
- Among the 20 monitored indices, 17 recorded gains for the week. The top performers were the Philippines PSEi (+3.91%), Australia's ASX 200 (+3.44%), and Dow Jones (+2.92%). Vietnam's Ho Chi Minh VSE (-1.97%), China's Shenzhen CSI 300 (-1.70%), and Germany's DAX 40 (-0.05%) were the only decliners. The FBM KLCI added +1.42% to end at 1,462.45.
- The European Central Bank (ECB) maintained borrowing costs, keeping the benchmark deposit rate at a record high of 4.0%. The ECB also cautioned that the battle against inflation is ongoing, dampening investor expectations for early rate cuts next year.
- The U.K. economy contracted more than anticipated in Oct-23, with a -0.3% decline in gross domestic product (GDP), attributed to elevated borrowing costs and adverse weather conditions. This downturn, following a +0.2% gain in Sep-23, marks the first drop since Jul-23, setting the stage for another quarter of expected stagnation extending through CY24.
- The likelihood of a Eurozone recession increased as private-sector activity deteriorated. S&P Global's purchasing managers' index (PMI) contracted for a seventh consecutive month in Dec-23, dropping to 47.0, as readings for both manufacturing and services indicated a downturn.
- China's central bank increased liquidity injection but maintained the interest rate unchanged when renewing maturing medium-term policy loans on Friday, aligning with market expectations. The People's Bank of China (PBOC) announced that it would keep the rate on USD203.97b worth of 1-year medium-term lending facility loans to certain financial institutions steady at 2.50%.
- Japan's wholesale inflation decelerated significantly in Nov-23, driven by declines in fuel and commodity prices, indicating a reduction in cost-push pressure. The corporate goods price index (CGPI), measuring prices charged between companies for goods and services, increased by +0.3%yoy in Nov-23 (Oct-23:

Table 1 Weekly Performance of Global Benchmark Indices (%)		
Index	Last Price	Change (%)
PSEi	6,478.44	3.91
ASX 200	7,442.69	3.44
Dow Jones	37,305.16	2.92
Nasdaq	14,813.92	2.85
Hang Seng	16,792.19	2.80
S&P 500	4,719.19	2.49
Sensex	71,483.75	2.37
Nikkei 225	32,970.55	2.05
KOSPI	2,563.56	1.82
TAIEX	17,673.87	1.67
FBM KLCI	1,462.45	1.42
CAC 40	7,596.91	0.93
Stoxx Europe 600	476.61	0.92
SET	1,391.03	0.73
JCI	7,190.99	0.44
FTSE 100	7,576.36	0.29
Straits Times	3,116.51	0.19
DAX 40	16,751.44	-0.05
Shenzhen CSI 300	3,341.55	-1.70
Ho Chi Minh VSE	1,102.30	-1.97

Source: Bloomberg

+0.9%yoy).

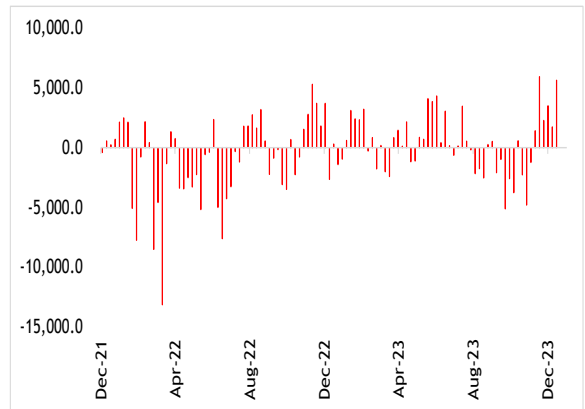
- The Ringgit depreciated against the US Dollar by -0.11% to close at RM4.6698 on Friday. The Brent crude oil price declined -10.07% to USD76.55 per barrel while the crude palm oil price declined by -1.54% to RM3,711.00 per tonne.

B. TRACKING MONEY FLOW - ASIA

- Foreign funds have flowed into Asia for the sixth straight week, with foreign investors purchasing a net total of USD5.63b in equities across the eight markets in our tracking. The only countries experiencing outflows were the Philippines and Vietnam.
- Foreign investors resumed as net buyers of Taiwanese equities, acquiring USD2.17b after a brief period of net selling the previous week. The peak daily inflow, totalling USD1.04b, occurred on Thursday. This followed a unanimous decision by the central bank to maintain the interest rate at 1.875%, unchanged since Mar-23, extending the pause in its current round of tightening initiated in Mar-22.
- India experienced the second-highest net foreign inflow last week, reaching USD1.95b, marking its third consecutive week of positive inflows. India’s CPI-based inflation rose to a three-month high of +5.55% in Nov-23 (Oct-23: 4.87%), driven by increased onion prices. Despite this, the figure remains at the lower end of analysts’ forecasts, and core inflation is at a 44-month low of +4.1%, offering relief to the Reserve Bank of India (RBI).
- South Korea recorded its sixth consecutive week of net foreign inflow, totalling USD1.20b. The South Korean economy is on a gradual recovery path, primarily due to a rebound in the manufacturing sector, particularly in semiconductors. This is the second instance in the Green Book, the government’s monthly economic assessment report, where a recovery has been noted. Nov-23 witnessed a consecutive monthly export growth of +7.5%, driven by increased demand for semiconductors.
- Foreign investors became net buyers in Indonesia, amounting to USD272.8m, reversing a brief period of net selling in the previous week. Inflows were observed only on Thursday and Friday, following the Fed’s decision to maintain interest rates on Wednesday, ending a seven-day streak of outflows. Indonesia’s trade surplus contracted to USD2.41b in Nov-23 as imports exceeded expectations, while exports continued their downward trend, declining by -8.56%yoy to USD22.0b.
- After three weeks of net foreign outflows, foreign investors returned to the Thai equity market, purchasing USD155.1m last week. The market was closed on Monday due to the public holiday for Constitution Day. Similarly, inflows were only observed towards the end of the week following the Fed’s decision to keep interest rates unchanged. In other news, the World Bank has revised Thailand’s growth outlook to +2.5% for CY23 (from +3.4%) and +3.2% for CY24 (from +3.5%).
- Vietnam was one of the two countries experiencing outflows last week, with -USD143.6m, marking the sixth consecutive week of such outflows. The Asian Development Bank (ADB) has revised its growth forecast for Vietnam this year to +5.2% from +5.8%, according to the Asian Development Outlook December 2023. The outlook projects Vietnam’s growth to remain at +6.0% in CY24.

Chart 1

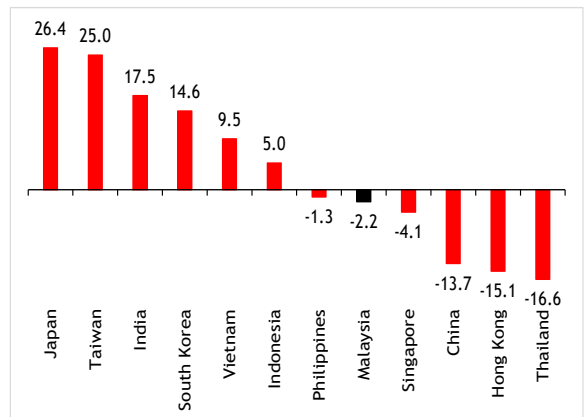
Net Foreign Fund Flows into Equity in 8 Asian Markets Since Dec-21 (USD'm)



Sources: Bloomberg & MIDFR

Chart 2

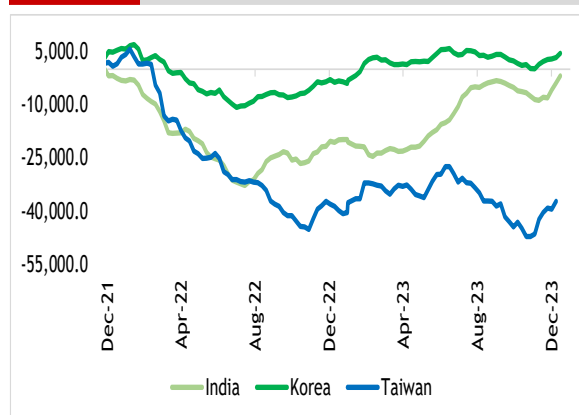
YTD Performance of Asian Benchmark Indices (%)



Sources: Bloomberg & MIDFR

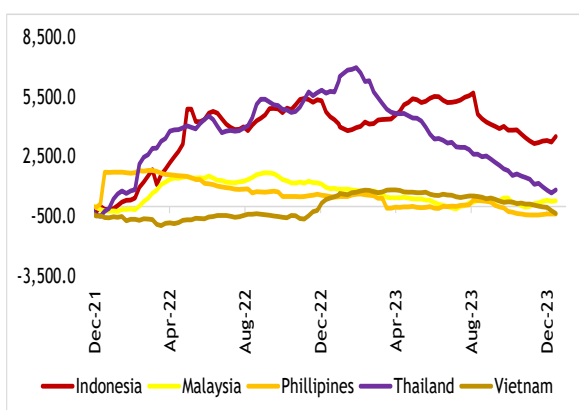
- Foreign funds exited the Philippines last week, amounting to -USD1.3m, following three consecutive weeks of net inflows. The Philippines kept its benchmark interest rate steady at 6.50% for the second consecutive meeting on Thursday, citing a slowdown in inflation approaching the central bank’s target. Governor Eli Remolona emphasised caution, deeming an easing move “premature” due to potential price risks, including those associated with the ongoing El Nino weather phenomenon expected to persist through 1HCY24, potentially impacting food costs.

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



Sources: Bloomberg & MIDFR

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



Sources: Bloomberg & MIDFR

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

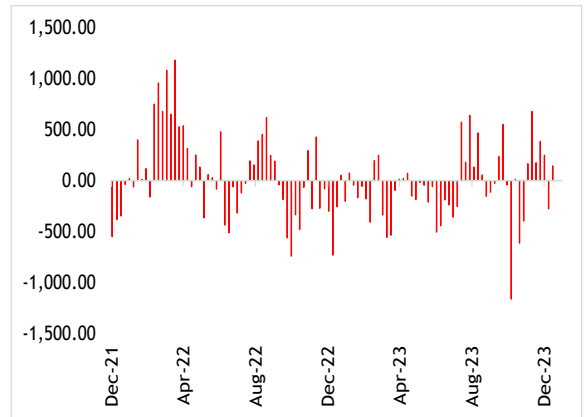
Period	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
MTD (Dec-23)	5,126.1	203.0	1,392.8	-4.5	25.0	1,892.7	12.3	-319.2	8,328.2
1Q23	-3,200.4	445.4	5,469.6	-421.8	-518.3	7,970.2	-1,645.6	252.6	8,351.8
2Q23	12,492.0	644.8	2,474.7	-506.4	51.0	3,277.1	-1,461.2	-265.5	16,706.5
3Q23	5,382.2	-1,399.9	-1,635.9	488.1	-261.9	-13,427.4	-1,419.8	-331.9	-12,606.4
QTD (4Q23)	3,256.0	-323.5	2,152.4	-132.6	-127.2	5,644.6	-966.6	-590.0	8,913.1
YTD	17,929.9	-633.2	8,460.8	-572.7	-856.4	3,464.5	-5,493.2	-934.8	21,364.9

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

C. TRACKING MONEY FLOW - MALAYSIA

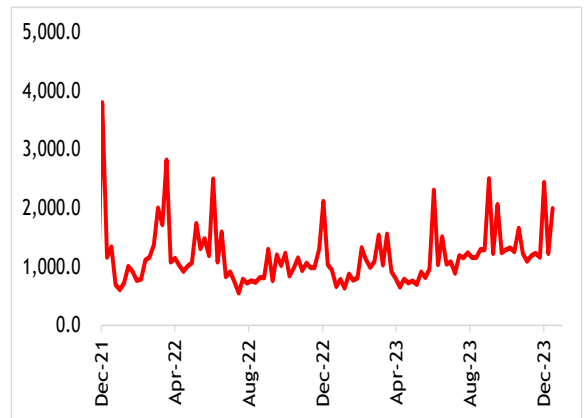
- Foreign investors became net buyers of domestic equities at RM143.4m after briefly net selling the week prior. Net foreign inflows into Bursa Malaysia began on Thursday following the Fed’s decision to maintain interest rates.
- They net bought RM125.3m on Thursday and RM190.2m on Friday, overturning their net selling amount of -RM172.0m from Monday to Wednesday.
- The top three sectors with net foreign inflows last week were Utilities (RM91.2m), Healthcare (RM65.9m) and Technology (RM33.5m). Meanwhile, the top three sectors with net foreign outflows were Financial Services (-RM66.8m), Industrial Products & Services (-RM21.2m) and Energy (-RM19.2m).
- Local institutions continued as net buyers for the second consecutive week, with a reduced pace at RM82.0m, compared to the previous week’s RM194.0m.
- They were net buying sectors such as Plantation (RM58.6m), Healthcare (RM55.1m) and Financial Services (RM51.0m).
- Local retailers shifted to net sellers of domestic equities, amounting to -RM225.5m, following two weeks of net buying.
- In terms of participation, there were increases in average daily trading volume (ADTV) across the board - local retailers (+22.7%), local institutions (+31.9%), and foreign investors (+62.8%).

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since Dec-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: Market Participation (RM'b)

Period	Local Retail			Local Institution			Foreign			*Net (USD'b)
	Bought	Sold	Net	Bought	Sold	Net	Bought	Sold	Net	
MTD (Dec-23)	6.37	6.49	-0.11	10.16	10.02	0.13	8.83	8.85	-0.02	-0.00
1Q23	36.28	36.19	0.09	62.10	60.32	1.77	30.28	32.15	-1.87	-0.42
2Q23	29.03	28.65	0.37	46.57	44.61	1.96	29.49	31.81	-2.33	-0.51
3Q23	34.89	35.98	-1.09	54.18	55.32	-1.14	42.77	40.54	2.23	0.49
QTD (4Q23)	29.89	30.26	-0.37	46.34	45.32	1.02	38.46	39.11	-0.65	-0.13
YTD	130.09	131.08	-0.99	209.19	205.58	3.61	140.99	143.61	-2.62	-0.57

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 15 DECEMBER 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
YTL Power International	16.3	Public Bank	168.9	CIMB Group Holdings	157.3
Malayan Banking	13.0	RHB Bank	77.8	YTL Corp	131.5
Sime Darby Property	10.5	Nestle (Malaysia)	73.3	Top Glove Corp	77.8
YNH Property	8.9	Hartalega Holdings	37.0	QL Resources	53.1
Guan Chong	7.4	Gamuda	33.0	Sime Darby Property	40.4
VS Industry	6.9	Inari Ametron	32.3	Genting	40.2
Alliance Bank Malaysia Iskandar Waterfront City	5.6	PPB Group	30.8	Sime Darby	36.0
Mr DIY Group (M)	5.5	Bermaz Auto	28.4	My E.G. Services	28.0
RHB Bank	5.2	United Plantations	23.2	Petronas Gas	25.5
	5.0	Time Dotcom	23.0	Malaysia Airports Holdings	24.1
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
Top Glove Corp	-51.1	CIMB Group Holdings	-152.9	Public Bank	-140.0
YTL Corp	-29.4	YTL Corp	-76.1	RHB Bank	-83.7
Genting	-24.0	Malayan Banking	-66.6	Nestle (Malaysia)	-73.2
Public Bank	-22.5	Sime Darby Property	-56.1	YTL Power International	-36.8
Boustead Plantations	-22.3	QL Resources	-44.1	Tenaga Nasional	-32.5
Hartalega Holdings	-21.1	Sime Darby	-32.1	Inari Ametron	-31.7
United Plantations	-18.4	Malaysia Airports Holdings	-19.9	PPB Group	-24.9
Gamuda	-16.1	My E.G. Services	-18.6	Bermaz Auto	-22.9
Genting Malaysia	-15.3	Petronas Gas	-17.9	Time Dotcom	-16.4
My E.G. Services	-14.8	CelcomDigi	-16.8	Nationgate Holdings	-15.5

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

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

Company	%	YTD %	Company (cont'd)	%	YTD %	Company (cont'd)	%	YTD %
Automotive			Padini	8.6	-9.5	Suria Capital	5.8	-7.9
Bermaz Auto	14.8	-6.9	QL Resources	9.4	-7.8	Westports Holdings	27.1	-1.5
MBM Resources	1.9	11.8	Rhong Khen International	62.2	0.0	Property		
Tan Chong	10.6	-1.9	Spritzer	14.9	-19.5	Eco World	29.3	1072.0
UMW Holdings	6.7	21.8	Gloves			Glomac	4.2	0.0
Aviation			Hartalega	15.4	-18.1	IOI Properties	4.6	21.1
Capital A	15.7	-14.7	Kossan	10.9	-5.2	Mah Sing	19.0	33.8
Malaysia Airports	25.2	27.9	Top Glove	28.7	-11.7	Matrix Concepts	10.7	-
Banking			Healthcare			S P Setia	14.3	130.6
Affin Bank	26.2	-0.4	IHH Healthcare	49.5	-0.6	Sunway	5.0	-3.8
Alliance Bank	19.7	-10.0	KPJ Healthcare	9.8	66.1	UOA Development	3.6	-5.3
AMMB Holdings	39.0	-2.3	Pharmaniaga	0.4	-66.7	REITs		
Bank Islam	0.6	-70.0	Logistics			Al-'Aqar Healthcare	0.6	50.0
CIMB Group	29.9	-1.0	CJ Century	57.8	0.7	Axis REIT	15.2	-5.0
Hong Leong Bank	10.3	-7.2	Swift Haulage	13.0	0.0	IGB REIT	3.7	-22.9
Hong Leong Financial	31.3	-3.7	Tasco	66.2	0.5	KLCCP Stapled	0.7	-22.2
Malayan Banking	18.7	4.5	Non-bank Financials			Pavilion REIT	32.9	-3.2
Public Bank	26.8	-3.2	Bursa Malaysia	14.4	-8.9	Sunway REIT	4.8	-37.7
RHB Bank	14.9	-13.4	AEON Credit	68.7	-2.4	Solar EPCC		
Building Materials			Oil & Gas			Pekat	1.2	-
Cahaya Mata Sarawak	7.4	-15.9	Bumi Armada	13.2	-21.4	Samaiden	11.3	-
Malayan Cement	4.5	60.7	Deleum	4.2	40.0	Sunview	11.0	-
Conglomerate			Dialog	19.6	-5.8	Technology		
YTL Corporation	23.2	29.6	Gas Malaysia	19.7	-0.5	D & O Green Tech	34.8	-1.7
Construction			MMHE	8.5	-10.5	Datasonic	6.0	1.7
Gamuda	24.4	45.2	Petronas Chemicals	8.8	-15.4	Globetronics	3.7	-7.5
IJM Corp	13.8	17.9	Petronas Dagangan	7.7	1.3	Inari Amertron	20.5	12.0
KKB Engineering	0.3	0.0	Petronas Gas	9.8	4.3	My E.G. Services	13.3	-7.0
MRCB	7.7	-8.3	Plantation			Unisem	2.2	-4.3
Pintaras Jaya	0.0	-100.0	FGV Holdings	4.0	-4.8	Telecommunication		
Sunway Construction	1.9	46.2	Genting Plantations	4.5	-16.7	Axiata	10.0	-9.9
WCT Holdings	6.8	19.3	IOI Corp	11.0	-0.9	CelcomDigi	59.9	0.5
Consumer			KL Kepong	14.1	5.2	Maxis	7.7	10.0
AEON Co.	54.2	-1.1	PPB Group	21.5	0.5	Telekom Malaysia	11.9	-4.0
Asia File	3.6	-37.9	Sarawak Plantation	2.7	17.4	Utilities		
Fraser & Neave	61.3	0.7	Sime Darby Plantation	9.7	-2.0	Ranhill Utilities	11.1	-65.6
Hup Seng Industries	1.9	0.0	Ta Ann	13.7	-2.1	Tenaga Nasional	13.7	10.5
Leong Hup	10.6	-13.1	TSH Resources	19.5	-7.6	YTL Power	11.0	96.4
MSM Malaysia	1.7	-5.6	Port & Shipping					
Nestlé (Malaysia)	82.0	-0.7	MISC	9.6	5.5			

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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