

FUND FLOW REPORT

(Week ended 26 January 2024)

Easing worries on potential recession

29 JANUARY 2024 | Strategy - Weekly Fund Flow

 MIDF Research Team
 research@midf.com.my

EASING WORRIES ON POTENTIAL RECESSION
A. MARKET SNAPSHOT

- The United States economy surprised on the upside, recording a GDP growth of +3.3%qoq in 4QCY23 (3QCY23: +4.9%qoq), significantly faster than market expectations of +2.0%qoq, lifting worries of a potential recession. For the whole of 2023, the US GDP grew +2.5% (2022: +1.9%), led by consumer spending, non-residential fixed investments, government spending, and exports. This was marginally lower than the Federal Reserve's estimations of a +2.6% GDP growth.
- A total of 15 out of 20 global indices that we monitor advanced during the week. Topping the list were the Hang Seng Index (+4.20%), CAC 40 (+3.56%), and Stoxx Europe 600 (+3.11%). Among the top decliners were India's Sensex (-1.37%), Jakarta Composite Index (-1.25%) and Thailand's SET (-1.04%).
- The US labour market saw signs of easing as initial jobless claims for the week ending 20th Jan rose to +214K (previous week: +189K), surpassing market expectations of +200K. We reiterate our expectations for the Fed to keep the interest rate at the current level of 5.25%-5.50% for longer as the US economy remains resilient. However, on signs of easing tightness in the labour market, we continue to foresee the Fed funds rate cut to arrive this year.
- The focus for the week will be the Federal Open Market Committee (FOMC) meeting on 31st Jan, where the current FFR level is expected to be maintained, with a 96.9% probability according to the CME FedWatch Tool.
- The People's Bank of China (PBOC) kept both its 1-year and 5-year Loan Prime Rates (LPRs) unchanged at 3.45% and 4.20% respectively in its policy meeting. China's GDP expanded by +5.2%yoy in 4QCY23 (3QCY23: +4.9%yoy) while the economy grew by +5.2%yoy in 2023, slightly higher than the official target of +5.0%. Domestic demand remained modest as retail sales growth moderated to +7.4%yoy in Dec-23, the softest expansion rate in three months.
- The European Central Bank (ECB) maintained rates at its record high of 4%, with President Christine Lagarde stressing that it was still premature to discuss rate cuts and that upcoming policy decisions will continue to be guided by economic and financial data.
- Retail sales on the United Kingdom contracted -2.4%yoy in Dec-23 (Nov-23: +0.2%yoy), missing market expectations of +1.1%yoy. Excluding automotive fuel, retail trade shrank by -2.1%yoy (Nov-23: +0.5%yoy). Against the previous month, overall retail sales dropped by -3.2%mom (Nov-23: +1.4%mom), which was the largest decline since Jan-21. The weakening trends of retail sales are in line with the rise of the unemployment rate at a two-year high of 4.2% since Jun-23 and pressured by the 15-year high-interest rate levels set by the Bank of England.
- Taiwan's industrial production contracted by -4.0%yoy in Dec-23, the steepest decline in three months. Manufacturing output shrank by -4.2%yoy (Nov-23: -2.2%yoy) as the output growth of E&E continued to slump. Against the previous month, industrial production came in lower by -1.9%mom (Nov-23: -0.2%mom).
- In another release, retail sales registered the softest growth since Feb-22 at +1.1%yoy. On a month-on-month basis, retail sales contracted by -1.0%mom, the first contraction in four months. Although still in the negative region, the IPI trend has been on a single-digit rate since Sep-23. Judging from external trade performance, the IPI should rebound into expansion in 1QCY24 following a turnaround in export growth.

Table 1 Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Hang Seng	15,952.23	4.20
CAC 40	7,634.14	3.56
Stoxx Europe 600	483.84	3.11
PSEi	6,686.09	2.81
DAX 40	16,961.39	2.45
FTSE 100	7,635.09	2.32
Shenzhen CSI 300	3,333.82	1.96
ASX 200	7,555.36	1.81
TAIEX	17,995.03	1.77
FBM KLCI	1,506.28	1.34
S&P 500	4,890.97	1.06
Nasdaq	15,455.36	0.94
Dow Jones	38,109.43	0.65
KOSPI	2,478.56	0.24
Straits Times	3,159.53	0.23
Ho Chi Minh VSE	1,175.67	-0.49
Nikkei 225	35,751.07	-0.59
SET	1,368.15	-1.04
JCI	7,137.09	-1.25
Sensex	70,700.67	-1.37

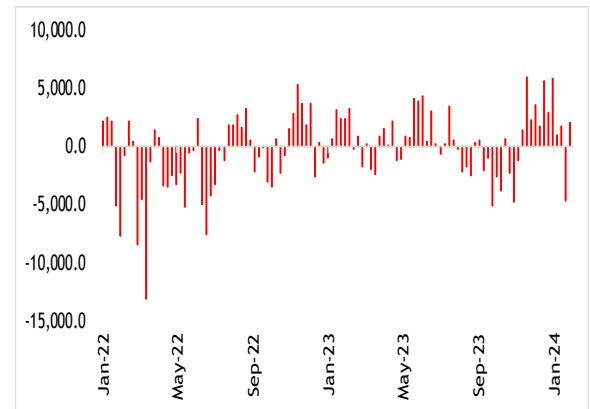
Source: Bloomberg

- Advanced estimates showed that Malaysia’s economy grew faster at a modest pace of +3.4%yoy in 4QCY23 (3QCY23: +3.3%yoy). This brings the 2023 GDP growth to +3.8% (2022: +8.7%), which is lower than our estimate of +4.2% following a larger drag from weak global trade and manufacturing activities. We forecast the 2024 GDP to strengthen to +4.7% in 2024, anchored by the continued rise in domestic spending.
- The Ringgit depreciated against the US Dollar by -0.24% to close at RM4.7300 on Friday. The Brent crude oil price declined -1.84% to USD83.55 per barrel while the crude palm oil price rose +1.98% to RM4,017.00 per tonne.

B. TRACKING MONEY FLOW - ASIA

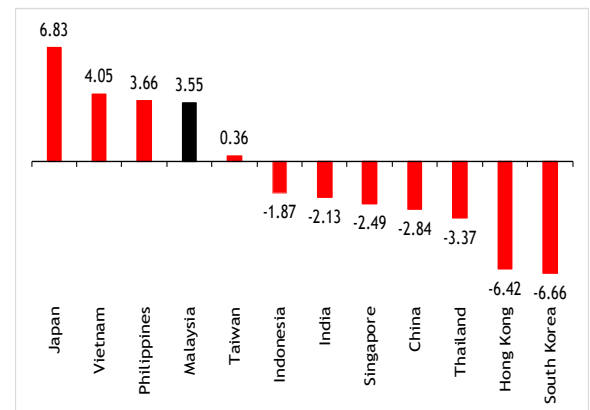
- Foreign investors reversed their position in Asian equities, switching from a brief net selling of -USD4.70b the previous week to net buying at USD2.06b across the eight markets we monitor. Most of the inflow came from Taiwan, with India, Thailand, and Indonesia being the only countries experiencing net foreign outflows last week.
- Foreign investors re-entered the Taiwanese market, purchasing equities worth USD3.10b, marking the highest amount since mid-November 2023. The Chung-Hua Institution for Economic Research (CIER), a prominent Taiwanese think tank, has increased its 2024 GDP growth forecast for Taiwan to +3.10%. This adjustment, up by +0.07% from its Oct-23 estimate of +3.03%, is attributed in part to a rebound in private investment. The CIER anticipates a notable rebound, forecasting a +1.34% growth in private investment for Taiwan in 2024, following an estimated -8.41% decline in 2023.
- Similarly, foreign investors have resumed net purchases of South Korean equities, totaling USD610.6m, following a brief period of net selling amounting to -USD430.2m the week prior. South Korea’s economy maintained its growth momentum in 4QCY23, matching the pace of the previous quarter, with official advance estimates revealing a +0.6%qoq increase in GDP on a seasonally adjusted basis. The better-than-expected performance was largely attributed to a recovery in exports, which expanded by +2.6%, while imports increased by +1.0%, contributing to a net growth of +0.8%, according to the Bank of Korea (BoK).
- Vietnam sustained net foreign inflows for the second consecutive week, totaling USD36.5m. Prime Minister Pham Minh Chinh and the Vietnamese delegation concluded a European tour, attending the World Economic Forum in Davos and visiting Hungary and Romania. Vietnam and the European countries agreed to strengthen the cooperation, with Vietnam serving as a bridge to ASEAN, and both sides committed to fully implementing the EU-Viet Nam Free Trade Agreement (EVFTA) and advancing the EU-Viet Nam Investment Protection Agreement (EVIPA).
- In the Philippines, there was a foreign funds inflow of USD14.2m, reversing the brief net selling of -USD8.9m observed the week before. The Philippines’ economic growth accelerated in 4QCY23, despite the aggressive rate hikes implemented by the central bank. The Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona Jr. mentioned that the country’s GDP growth in 4QCY23 rose from +5.9% in 3QCY23 and +4.3% in 2QCY23. The Philippine Statistics Authority is scheduled to reveal the full economic performance on January 31. The BSP has been the most assertive central bank in the region, raising key policy rates by +450 basis points since May-22 to curb inflation and stabilise the peso.
- India experienced the highest outflow last week at -USD1.41b, marking the third consecutive week of outflows.

Chart 1 Net Foreign Fund Flows into Equity in 8 Asian Markets Since Jan-22 (USD'm)



Sources: Bloomberg & MIDFR

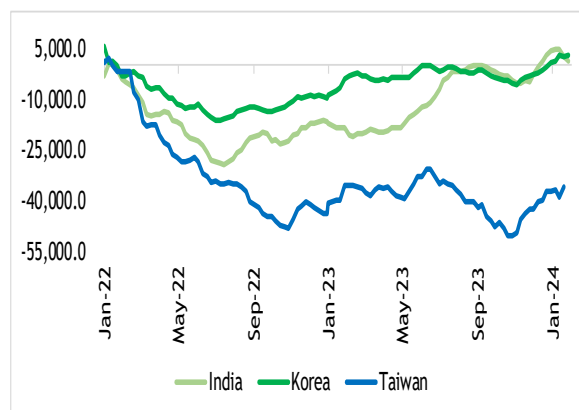
Chart 2 YTD Performance of Asian Benchmark Indices (%)



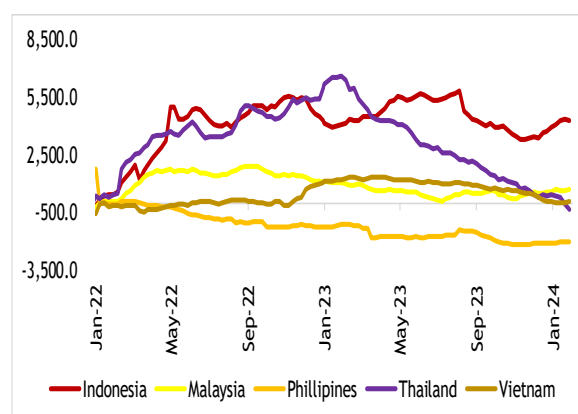
Sources: Bloomberg & MIDFR

India had a shortened trading week as stock markets remained closed on Monday for the inauguration of the Ram Temple in Ayodhya and on Friday in conjunction with Republic Day.

- Thailand has witnessed net foreign outflows for four consecutive weeks, with a recorded outflow of -USD320.1m last week. Thai Prime Minister Srettha Thavisin stated on Wednesday that he perceives the country's economy to be in crisis and announced plans for additional stimulus measures, including a USD14.3b handout program targeting 50 million Thais, as the government reduced its 2024 growth projections to +2.8% from the earlier forecast of +3.2% due to weakened exports and foreign tourist arrivals.
- Indonesia's six-week streak of net foreign inflows ended as foreign investors sold -USD33.8m last week. Foreigners net bought USD94.4m on Wednesday but were net sellers for the rest of the week. Presidential candidate Prabowo Subianto is leading pre-election surveys for the presidency, but reports have surfaced on brewing political uncertainties as several ministers such as the Finance, Foreign Affairs and Public Works and Housing Ministers were said to be considering resignations ahead of the election on Feb 14th. This is due to the support by outgoing President Joko Widodo towards Prabowo, who is the chairman of the Gerindra Party, which opposes Widodo's Indonesian Democratic Party of Struggle.

Chart 3 Net Foreign Fund Flows into North Asia and India Since Jan-22 (USD'm)


Sources: Bloomberg & MIDFR

Chart 4 Net Foreign Fund Flows into Southeast Asia Since Jan-22 (USD'm)


Sources: Bloomberg & MIDFR

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

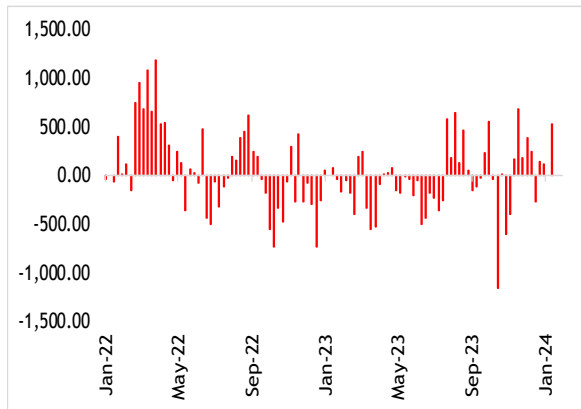
Period	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
MTD (Jan-24)	-2,975.3	372.9	1,986.3	135.6	77.1	1,264.6	-808.0	2.2	55.4
QTD (1Q24)	-2,975.3	372.9	1,986.3	135.6	77.1	1,264.6	-808.0	2.2	55.4
2Q23	12,492.0	644.8	2,474.7	-506.4	51.0	3,277.1	-1,461.2	-265.5	16,706.5
3Q23	5,382.2	-1,399.9	-1,635.9	488.1	-261.9	-13,427.4	-1,419.8	-331.9	-12,606.4
4Q23	6,069.0	-43.6	4,396.8	-72.7	-134.1	9,113.0	-980.6	-681.3	17,666.5
2023	20,742.9	-353.3	10,705.2	-512.7	-863.3	6,932.9	-5,507.1	-1,026.1	30,118.4

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

C. TRACKING MONEY FLOW - MALAYSIA

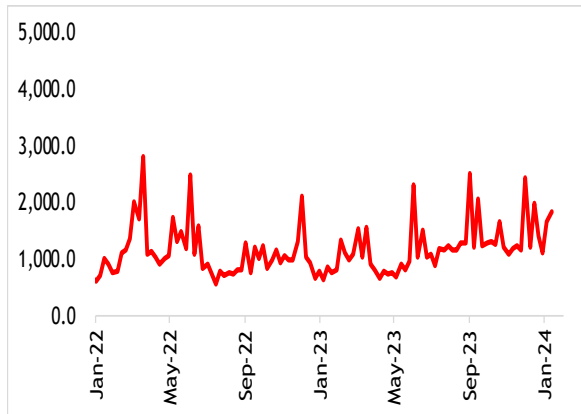
- Foreign investors returned as net buyers of Bursa Malaysia, contributing to a net foreign inflow of RM267.7m. It was a shortened trading week in conjunction with the Thaipusam holiday on Thursday. They only net sold -RM66.6m on Tuesday but were net buyers for the rest of the week.
- As expected, Bank Negara Malaysia (BNM) kept its overnight policy rate (OPR) unchanged in its first Monetary Policy Committee (MPC) Meeting of 2024 at 3.00%. We expect the central bank to remain status quo on its monetary policy stance throughout 2024, to ensure a sustainable growth momentum for Malaysia’s economy.
- The top three sectors with the highest net foreign inflows were Financial Services (RM112.2m), Utilities (RM97.3m), and Property (RM86.6m), while the top three sectors with the highest net foreign outflows were Consumer Products & Services (-RM39.6m), Industrial Products & Services (-RM38.0m), and Healthcare (-RM21.2m).
- Local institutions turned net sellers for the week, after disposing -RM167.1m worth of equities. They only net bought RM21.0m on Tuesday but were net sellers for the rest of the week.
- Local retailers were still on a net selling spree, net selling -of RM100.6m last week. This is their fourth consecutive week of net selling. Like local institutions, they only net bought on Tuesday at RM45.6m but we net sellers for the entire week.
- In terms of participation, there was an increase in average daily trading volume (ADTV) among local institutions and foreign investors by +3.3% and +2.5% respectively while local retailers recorded a decrease of -14.6%.

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since Jan-22 (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 (Jan-24)	15.36	16.00	-0.64	26.22	26.21	0.01	16.76	16.12	0.63	0.14
QTD (1Q24)	15.36	16.00	-0.64	26.22	26.21	0.01	16.76	16.12	0.63	0.14
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
4Q23	35.65	36.00	-0.35	56.14	55.42	0.72	44.33	44.71	-0.38	-0.07
2023	135.85	136.82	-0.97	218.98	215.67	3.31	146.87	149.21	-2.34	-0.51

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 26 JANUARY 2024)
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
YNH Property	51.7	RHB Bank	76.0	Malayan Banking	117.9
Rapid Synergy	49.1	Tenaga Nasional	51.1	YTL Power Int.	79.7
Widad Group	29.5	Fraser & Neave	42.9	Malaysian Resources	62.1
Sarawak Consolidated Capital A	16.3	Malaysia Airports	37.2	CIMB Group Holdings	55.8
Dialog	11.2	Press Metal	35.8	IJM Corp.	50.5
SAM Engineering & Equipment	11.0	Sunway	31.7	S P Setia	38.0
United Plantations	9.9	IHH Healthcare	25.5	Sime Darby	35.8
Eastern & Oriental Iskandar Waterfront City	9.4	KJTS	24.4	YTL Corp.	33.2
	9.3	Hong Leong Bank	22.5	IOI Properties Group	29.3
	7.0	Bermaz Auto	21.5	Telekom Malaysia	28.7
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
YTL Power Int.	-48.5	Malayan Banking	-98.3	RHB Bank	-54.8
Malaysian Resources Corp.	-43.3	IJM Corp.	-68.3	Fraser & Neave	-42.8
YTL Corp.	-42.8	S P Setia	-38.3	Sunway	-41.6
Tenaga Nasional	-22.5	YTL Power Int.	-34.9	Press Metal	-40.8
CIMB Group Holdings	-21.4	Sime Darby	-32.4	Malaysia Airports	-36.1
Mah Sing Group	-19.0	IOI Properties Group	-31.2	Tenaga Nasional	-28.1
Public Bank	-15.4	MISC	-27.3	IHH Healthcare	-25.4
KJTS Group	-13.6	CIMB Group Holdings	-25.7	Tanco Holdings	-21.9
MSM Malaysia Holdings Kinergy Advancement	-13.6	Petronas Chemicals	-21.0	Dialog	-18.2
	-13.0	Telekom Malaysia	-18.2	Hong Leong Bank	-18.2

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

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

Company	%	YTD %	Company (cont'd)	%	YTD %	Company (cont'd)	%	YTD %
Automotive			Padini	8.3	-12.6	Suria Capital	5.7	-9.5
Bermaz Auto	12.4	-22.0	QL Resources	9.7	-4.9	Westports Holdings	27.1	-1.5
MBM Resources	0.8	-52.9	Rhong Khen International	62.3	0.2	Property		
Tan Chong	10.6	-1.9	Spritzer	14.3	-22.7	Eco World	29.3	1072.0
UMW Holdings	5.6	1.8	Gloves			Glomac	4.1	-2.4
Aviation			Hartalega	15.1	-19.7	IOI Properties	4.7	23.7
Capital A	15.0	-18.5	Kossan	10.8	-6.1	Mah Sing	18.7	31.7
Malaysia Airports	25.8	31.0	Top Glove	29.1	-10.5	Matrix Concepts	10.6	-
Banking			Healthcare			S P Setia	14.3	130.6
Affin Bank	26.1	-0.8	IHH Healthcare	49.5	-0.6	Sunway	5.4	3.8
Alliance Bank	19.6	-10.5	KPJ Healthcare	10.1	71.2	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	31.1	3.0	CJ Century	57.9	0.9	Axis REIT	15.3	-4.4
Hong Leong Bank	10.4	-6.3	Swift Haulage	13.2	1.5	IGB REIT	3.6	-25.0
Hong Leong Financial	31.1	-4.3	Tasco	66.2	0.5	KLCCP Stapled	0.7	-22.2
Malayan Banking	19.2	7.3	Non-bank Financials			Pavilion REIT	33.0	-2.9
Public Bank	27.1	-2.2	Bursa Malaysia	14.3	-9.5	Sunway REIT	4.7	-39.0
RHB Bank	14.7	-14.5	AEON Credit	68.3	-3.0	Solar EPCC		
Building Materials			Oil & Gas			Pekat	1.2	-
Cahaya Mata Sarawak	7.0	-20.5	Bumi Armada	13.0	-22.6	Samaiden	11.4	-
Malayan Cement	4.9	75.0	Deleum	4.2	40.0	Sunview	9.7	-
Conglomerate			Dialog	19.3	-7.2	Technology		
YTL Corporation	24.5	36.9	Gas Malaysia	20.2	2.0	D & O Green Tech	35.3	-0.3
Construction			MMHE	8.3	-12.6	Datasonic	6.0	1.7
Gamuda	24.8	47.6	Petronas Chemicals	8.7	-16.3	Globetronics	2.8	-30.0
IJM Corp	14.3	22.2	Petronas Dagangan	7.4	-2.6	Inari Amertron	19.8	8.2
KKB Engineering	0.3	0.0	Petronas Gas	10.0	6.4	My E.G. Services	13.8	-3.5
MRCB	8.0	-4.8	Plantation			Unisem	2.2	-4.3
Pintaras Jaya	0.2	-60.0	FGV Holdings	4.0	-4.8	Telecommunication		
Sunway Construction	1.8	38.5	Genting Plantations	4.7	-13.0	Axiata	10.1	-9.0
WCT Holdings	6.8	19.3	IOI Corp	10.9	-1.8	CelcomDigi	60.0	0.7
Consumer			KL Kepong	14.0	4.5	Maxis	7.8	11.4
AEON Co.	54.1	-1.3	PPB Group	21.2	-0.9	Telekom Malaysia	11.9	-4.0
Asia File	3.6	-37.9	Sarawak Plantation	2.6	13.0	Utilities		
Fraser & Neave	61.3	0.7	Sime Darby Plantation	9.7	-2.0	Ranhill Utilities	11.4	-64.7
Hup Seng Industries	1.9	0.0	Ta Ann	13.7	-2.1	Tenaga Nasional	13.5	8.9
Leong Hup	10.4	-14.8	TSH Resources	19.4	-8.1	YTL Power	11.0	96.4
MSM Malaysia	2.0	11.1	Port & Shipping					
Nestlé (Malaysia)	82.2	-0.5	MISC	9.4	3.3			

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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Business Address:
11th Floor, Menara MIDF,
82, Jalan Raja Chulan, 50200
Kuala Lumpur.
Tel: 2173 8888
Fax: 2173 8380