

FUND FLOW REPORT

(Week ended 23 February 2024)

No rush for rate cuts

26 FEBRUARY 2024 | Strategy - Weekly Fund Flow
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NO RUSH FOR RATE CUTS
A. MARKET SNAPSHOT

- Policymakers have expressed concerns about the risks of premature interest rate cuts and emphasised uncertainty regarding the duration of maintaining a restrictive monetary policy stance to achieve the Federal Reserve’s (Fed) +2.0% inflation target. This was stated in the minutes of the Jan-24 Federal Open Market Committee (FOMC) meeting released last Wednesday.
- New York Fed President John Williams, also serving as vice chair of the FOMC, indicates that the U.S. central bank is poised to cut interest rates “later this year”, despite stronger-than-expected inflation and labour market data in Jan-24. The upcoming U.S. core personal consumption expenditures (CPE) reading on Thursday will offer additional insight into the persistent inflation trend.
- Initial applications for U.S. unemployment benefits dropped to its lowest level in a month last week, highlighting ongoing strength in the labour market despite notable job cuts seen at large companies. According to Labour Department data released on Thursday, initial claims decreased by -12,000 to 201,000 in the week ending February 17. This latest data, reflecting filings near record lows, reinforces other reports indicating the labour market’s resilience despite elevated interest rates.
- Nevertheless, despite this, last week saw 16 out of the 20 major indices we track posted gains for the week, with top performers being the CSI 300 (+3.71%), the CAC 40 (+2.56%) and the Hang Seng Index (+2.36%). Conversely, notable decliners included Singapore’s Straits Times (-1.15%), the Jakarta Composite Index (-0.55%), and the ASX 200 (-0.19%).
- In Europe, preliminary PMI data compiled by S&P Global rose to 48.9 in Feb-24 from 47.9 in Jan-24, suggesting signs of recovery though still in the contraction mode.
- Bank of England (BOE) Governor Andrew Bailey stated that policymakers may support an interest-rate cut even if inflation has not reached its +2.0% target. He noted on Tuesday to Parliament’s Treasury Committee that market expectations for rate reductions this year are reasonable, downplaying concerns about the U.K. entering a recession. Investors are currently forecasting the first-rate reduction in Aug-24, with expectations for three quarter-point cuts in CY24.
- The German government now anticipates a +0.2% economic growth this year, down from the earlier projection of +1.3%. This adjustment, approved by the Cabinet, reflects factors such as weak global demand, geopolitical uncertainty, and persistent high inflation. In CY23, Europe’s largest economy contracted by -0.3%, and it is widely anticipated to enter another technical recession in 1Q24.
- China unexpectedly reduced the benchmark reference rate for mortgages during the monthly fixing last Tuesday to boost credit demand and rejuvenate the property market. Improved net interest margins for commercial banks, resulting from recent deposit rate cuts and reductions to bank reserves, have enabled lenders to lower borrowing costs to bolster the economy. The five-year loan prime rate (LPR) was decreased by 25 basis points to 3.95% from the previous 4.20%, while the one-year LPR remained

Table 1 Weekly Performance of Global Benchmark Indices (%)		
Index	Last Price	Change (%)
Shenzhen CSI 300	3,489.74	3.71
CAC 40	7,966.68	2.56
Hang Seng	16,725.86	2.36
DAX 40	17,419.33	1.76
S&P 500	5,088.80	1.66
Nikkei 225	39,098.68	1.59
TAIEX	18,889.19	1.52
Nasdaq	15,996.82	1.40
Dow Jones	39,131.53	1.30
Stoxx Europe 600	497.25	1.15
FBM KLCI	1,549.11	1.01
Sensex	73,142.80	0.99
SET	1,398.14	0.86
KOSPI	2,667.70	0.72
PSEi	6,913.21	0.58
Ho Chi Minh VSE	1,212.00	0.19
FTSE 100	7,706.28	-0.07
ASX 200	7,643.59	-0.19
JCI	7,295.10	-0.55
Straits Times	3,184.91	-1.15

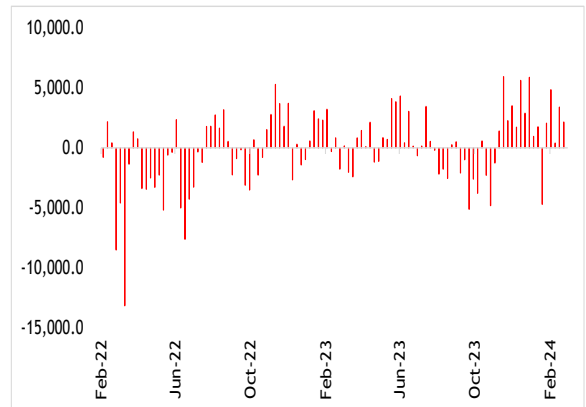
Source: Bloomberg

steady at 3.45%.

- A crucial measure of Japan’s manufacturing activity has declined to its lowest level in over three years, posing a cautionary signal to the Bank of Japan (BOJ) as it considers moving away from its highly stimulative policies. According to S&P Global, the au Jibun Bank purchasing managers index (PMI) for the manufacturing sector dropped to 47.2 in Feb-24, marking the lowest since Aug-20 and the ninth consecutive month below the critical threshold of 50. The composite reading decreased to 50.3, while services fell to 52.5.
- The Ministry of Investment, Trade, and Industry (MITI) reported that in Jan-24, exports increased by +8.7%yoy to RM122.43b, while imports rose by +18.8%yoy to RM112.3b, marking the highest monthly value ever recorded for Jan-24. Export growth was driven by higher shipments of petroleum products, machinery, equipment and parts, iron and steel products, and manufactures of metal. Compared to Dec-23, trade, exports, and imports grew by +4.3%mom, +3.4%mom, and +5.3%mom respectively, while trade surplus decreased by -13.8%mom.
- The Ringgit appreciated against the US Dollar by +0.04% to close at RM4.7773 on Friday. The Brent crude oil price declined -4.11% to USD81.62 per barrel. The crude palm oil price rose by +1.16% to RM3,853.00 per tonne.

Chart 1

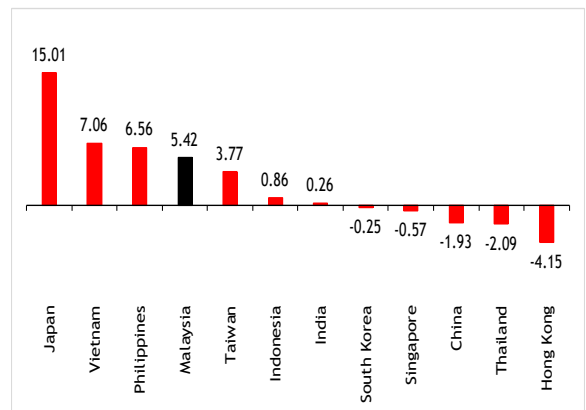
Net Foreign Fund Flows into Equity in 8 Asian Markets Since Feb-22 (USD'm)



Sources: Bloomberg & MIDFR

Chart 2

YTD Performance of Asian Benchmark Indices (%)



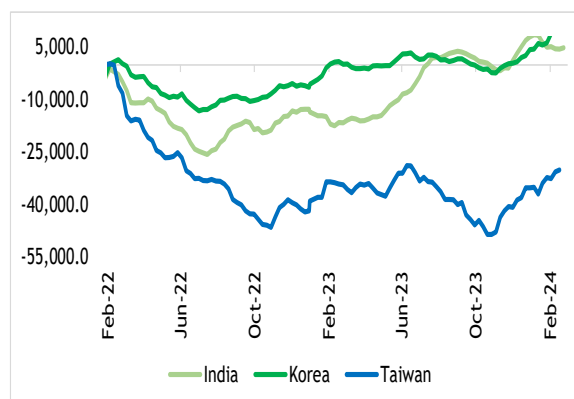
Sources: Bloomberg & MIDFR

B. TRACKING MONEY FLOW - ASIA

- Foreign investors continue to channel funds into Asia last week, bringing the streak of net foreign inflows to its fifth consecutive week. They net bought USD2.16b in the eight countries that we tracked, just 36.4% lower than the week before. Only Vietnam recorded a net outflow last week.
- South Korea topped the list with the highest net foreign fund inflow last week at USD740.7m, its fifth consecutive week of net inflow. Bank of Korea (BoK) maintained its rates at 3.50% as expected. Governor Rhee Chang-yong said there was little likelihood for rate cuts to happen in the first half of 2024 as inflation, although cooling, is still above the central bank’s target of 2%.
- Foreign investors net bought equities in Taiwan for the second consecutive week at USD567.2m. There was a strong interest in chip-related stocks following Nvidia’s quarterly revenue forecast, estimating a three-fold surge, beating expectations.
- Foreign funds returned to India again at an amount of USD404.0m net, after two weeks of net outflows. The Reserve Bank of India expected inflation in the country to stabilise and edge down but it did not rule out the renewed pressures from cereals and proteins. Retail inflation in India was at a three-month low of 5.1% in Jan-24, down from 5.69% in Dec-23.
- Thailand also recorded a net foreign inflow, amounting to USD249.0m, which came after two weeks of net outflows. Prime Minister Srettha Thavisin has requested to central bank to hold an unscheduled Monetary Policy Committee (MPC) meeting urgently to slash interest rates, reiterating that the economy is in crisis, referring to the latest GDP data that showed an expansion of +1.7% in 4QCY23, weaker than the median forecasts by economists at +2.6%.

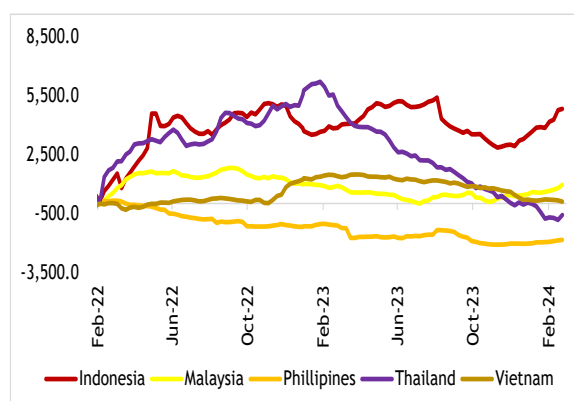
- In Indonesia, foreign investors continued to net buy for the fourth consecutive week at USD65.5m. Bank Indonesia kept its benchmark interest rate unchanged at 6.00% for the fourth consecutive month, as expected. Governor Perry Warjiyo said the rupiah is expected to remain stable and appreciate further, backed by the central bank's continued sale of rupiah and dollar securities to bring in inflows.
- The Philippines also witnessed a net foreign inflow last week, totalling USD30.1m, marking its fifth consecutive week of such inflows. It was also the only country other than Malaysia to record net foreign inflows every day last week. In its latest monetary policy report after keeping rates steady at 6.50%, Bangko Sentral ng Pilipinas (BSP) said it expected the economy to remain intact over the medium term, but the GDP may settle below the Development Budget Coordination Committee's target of 6.5% to 7.5%.
- Vietnam saw -USD59.5m of foreign funds leaving the country net in its fourth consecutive week of net outflows. This was double the amount recorded in the week prior at -USD29.6m. It was reported that Vietnam's export-import turnover hit USD1.41b during the Lunar New Year holiday, which saw the country earning USD730m from exports while spending USD680m on imports. Since 1 January 2024 up to 14 February 2024, the total export-import value totalled USD82.56b, an increase of 17.1% from the same period last year. Out of these, exports were USD43.83b while imports were USD38.73b.

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



Sources: Bloomberg & MIDFR

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



Sources: Bloomberg & MIDFR

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

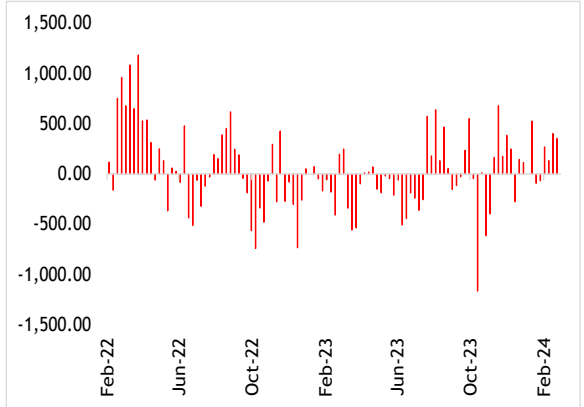
Period	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
Feb-24	-50.9	814.4	5,363.3	340.5	118.3	3,666.3	246.3	-109.1	10,389.1
1Q23	-3,200.4	445.4	5,469.6	-421.8	-518.3	7,970.2	-1,645.6	252.6	8,351.8
2Q23	12,492.0	644.8	2,474.7	-506.4	51.0	3,277.1	-1,461.2	-265.5	16,706.5
3Q23	5,382.2	-1,399.9	-1,635.9	488.1	-261.9	-13,427.4	-1,419.8	-331.9	-12,606.4
4Q23	6,069.0	-43.6	4,396.8	-72.7	-134.1	9,113.0	-980.6	-681.3	17,666.5
YTD-24	-3,147.4	1,348.6	7,616.9	485.6	198.0	5,081.9	-623.7	-102.3	10,857.7

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

C. TRACKING MONEY FLOW - MALAYSIA

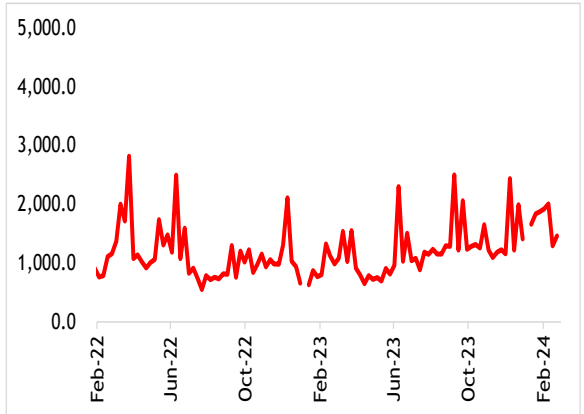
- Foreign investors continued to net buy equities on Bursa Malaysia, with a net inflow of RM786.1m, marking the fifth consecutive week of net purchases. This 2.2 times higher than the net inflow amount of RM352.9m the week before.
- Similar to the previous week, foreign investors net bought every day. The net buying streak has gone on for 16 consecutive trading days, something not seen since Feb-22. The highest net inflow came on Tuesday at RM413.8m, the day the ringgit fell to its all-time low since 1998.
- The sectors with the highest net foreign inflows were Financial Services (RM287.2m), Utilities (RM235.8m), and Energy (RM76.9m), while the sectors with the highest net foreign outflows were REITs (-RM18.6m), Plantation (-RM12.4m), and Construction (-RM4.4m).
- As opposed to foreign investors, local institutions continued their trend of net selling domestic equities for the fifth consecutive week, totalling -RM596.6m, 2.1 times higher than the week before at -RM277.5m.
- For the third consecutive week, local retailers stuck to their pattern of net selling domestic equities, with total sales reaching -RM189.6m net last week.
- In terms of participation, there were increases in average daily trading volume (ADTV) across all investor classes. Local retailers saw an increase of +29.9% while local institutions and foreign investors saw increases of +26.6% and +21.6% respectively.

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since Feb-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	
Feb-24	7.04	7.39	-0.36	15.01	16.28	-1.27	12.54	10.92	1.63	0.34
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
4Q23	35.65	36.00	-0.35	56.14	55.42	0.72	44.33	44.71	-0.38	-0.07
YTD-24	24.30	25.32	-1.02	44.90	46.18	-1.28	32.21	29.90	2.30	0.49

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 16 FEBRUARY 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
Ekovest	22.6	Tenaga Nasional	76.4	YTL Power International	139.0
RHB Bank	20.4	Dialog	68.8	Malayan Banking	110.7
Genting	16.4	Genting Malaysia	27.6	Public Bank	99.7
Heineken Malaysia	12.4	Kuala Lumpur Kepong Press Metal Aluminium	21.8	YTL Corp	96.1
My E.G. Services	12.3		21.2	Sime Darby	93.2
Oriental Holdings	9.2	Inari Amertron	18.6	RHB Bank	50.4
Dagang Nexchange	8.8	Sunway	14.3	Petronas Gas	47.4
Capital A	8.5	Bursa Malaysia	13.5	MISC	42.5
RGB International	7.2	Axiata	13.4	IHH Healthcare	40.4
Kinergy Advancement	5.9	UEM Sunrise	13.1	Dayang Enterprise Holdings	38.9
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
YTL Corp	-61.7	Malayan Banking	-110.1	Tenaga Nasional	-44.7
YTL Power International	-47.7	Sime Darby	-84.4	Ekovest	-30.0
Dialog	-46.8	RHB Bank	-77.8	Kuala Lumpur Kepong	-22.4
Tenaga Nasional	-37.6	Public Bank	-58.1	Inari Amertron	-21.1
Public Bank	-31.7	Petronas Gas	-48.8	Press Metal Aluminium	-20.7
Genting Malaysia	-24.8	MISC	-44.8	Heineken Malaysia	-17.5
Malayan Cement	-16.8	IHH Healthcare	-42.3	UEM Sunrise	-14.8
Inari Amertron	-9.0	Telekom Malaysia	-29.8	Genting	-12.1
Eastern & Oriental	-8.6	IJM Corp	-29.6	My E.G. Services	-11.2
Master Tec Group	-8.1	YTL Power International	-29.0	United Plantations	-10.7

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

Appendix: Foreign Shareholdings of the Companies Under Our Coverage as at Jan-24 (%)

Company	%	YTD %	Company (cont'd)	%	YTD %	Company (cont'd)	%	YTD %
Automotive			Padini	6.6	-0.2	Suria Capital	5.6	-0.02
Bermaz Auto	11.5	-0.1	QL Resources	9.5	-0.02	Westports Holdings	27.0	0.0
MBM Resources	2.2	1.8	Rhong Khen International	62.3	0.0	Property		
Tan Chong	10.6	0.0	Spritzer	14.1	-0.01	Eco World	29.6	0.01
UMW Holdings	3.4	-0.4	Gloves			Glomac	4.1	0.0
Aviation			Hartalega	15.0	-0.01	IOI Properties	5.3	0.1
Capital A	14.2	-0.1	Kossan	12.2	0.1	Mah Sing	19.7	0.1
Malaysia Airports	24.4	-0.1	Top Glove	29.2	0.0	Matrix Concepts	10.8	0.02
Banking			Healthcare			S P Setia	16.4	0.1
Affin Bank	26.7	0.02	IHH Healthcare	49.6	0.0	Sunway	5.5	0.02
Alliance Bank	19.8	0.01	KPJ Healthcare	9.8	-0.03	UOA Development	3.5	-0.03
AMMB Holdings	38.9	0.0	Pharmaniaga	0.3	-0.3	REITs		
Bank Islam	0.6	0.0	Logistics			Al-'Aqar Healthcare	0.5	-0.2
CIMB Group	31.2	0.0	CJ Century	58.1	0.0	Axis REIT	15.3	0.0
Hong Leong Bank	10.4	0.0	Swift Haulage	12.6	-0.05	IGB REIT	3.0	-0.2
Hong Leong Financial	30.9	-0.01	Tasco	66.7	0.01	KLCCP Stapled	0.5	-0.3
Malayan Banking	19.5	0.02	Non-bank Financials			Pavilion REIT	32.8	-0.01
Public Bank	27.2	0.0	Bursa Malaysia	15.0	0.05	Sunway REIT	4.7	0.0
RHB Bank	14.3	-0.03	AEON Credit	68.3	0.0	Solar EPCC		
Building Materials			Oil & Gas			Pekat	1.8	0.5
Cahaya Mata Sarawak	6.9	-0.01	Bumi Armada	14.2	0.1	Samaiden	11.4	0.0
Malayan Cement	5.2	0.1	Deleum	3.8	-0.1	Sunview	7.9	-0.2
Conglomerate			Dialog	18.7	-0.03	Technology		
YTL Corporation	24.8	0.01	Gas Malaysia	19.9	-0.01	D & O Green Tech	35.6	0.01
Construction			MMHE	8.3	0.0	Datasonic	6.0	0.0
Gamuda	25.8	0.04	Petronas Chemicals	8.7	0.0	Globetronics	2.1	-0.3
IJM Corp	16.1	0.1	Petronas Dagangan	7.2	-0.03	Inari Amertron	19.2	-0.03
KKB Engineering	0.4	0.3	Petronas Gas	10.0	0.0	My E.G. Services	12.3	-0.1
MRCB	11.4	0.4	Plantation			Unisem	2.2	0.0
Pintaras Jaya	0.2	0.0	FGV Holdings	3.8	-0.1	Telecommunication		
Sunway Construction	1.7	-0.1	Genting Plantations	5.7	0.2	Axiata	10.2	0.01
WCT Holdings	7.1	0.04	IOI Corp	11.0	0.01	CelcomDigi	59.9	0.0
Consumer			KL Kepong	13.9	-0.01	Maxis	7.8	0.0
AEON Co.	53.9	0.0	PPB Group	21.0	-0.01	Telekom Malaysia	12.3	0.03
Asia File	3.6	0.0	Sarawak Plantation	2.7	0.04	Utilities		
Fraser & Neave	61.0	0.0	Sime Darby Plantation	9.7	0.0	Ranhill Utilities	13.5	0.2
Hup Seng Industries	2.0	0.1	Ta Ann	13.6	-0.01	Tenaga Nasional	13.3	-0.01
Leong Hup	9.2	-0.1	TSH Resources	19.2	-0.01	YTL Power	12.9	0.2
MSM Malaysia	2.6	0.3	Port & Shipping					
Nestlé (Malaysia)	81.9	0.0	MISC	9.6	0.02			

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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