

FUND FLOW REPORT

(Week ended 14 June 2024)

*Fed keeps rate unchanged, signals one cut instead
for 2024*

18 JUNE 2024 | Strategy - Weekly Fund Flow

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FED KEEPS RATE UNCHANGED, SIGNALS ONE CUT INSTEAD FOR 2024
A. MARKET SNAPSHOT

- The Federal Open Market Committee (FOMC) kept the fed funds rate (FFR) unchanged at the existing range of 5.25-5.50% in its meeting on Wednesday, in line with the market consensus as the inflation rate in the United States remained above the 2% target.
- There was a significant shift in terms of the anticipated rate cuts this year as the FOMC raised its 2024 outlook for the FFR to 5.1% (Mar-24 projection: 4.6%), signalling only one rate cut from three to four rate cuts previously. They have also revised higher the outlook for inflation, projecting the headline and core PCE inflation to reach +2.6% (Mar-24 projection: +2.4%) and +2.8% (Mar-24 projection: +2.6%) respectively this year.
- The CME FedWatch Tool shows an 89.7% probability that rates will remain status quo in the Jul-24 meeting and a 56.3% probability of a 25bps cut in the Sep-24 meeting.
- Nonfarm payrolls surged by +272K in May-24 (Apr-24: +165K), surpassing market expectations of +185K. Private payrolls (share: 85.3% of total employment) rose stronger by +229K (Apr-24: +158K). Notably, private service providers expanded their workforce by +204K, the fastest growth in a year, with all sub-sectors except the information sector increasing their hiring.
- Producer price inflation in the US decelerated to +2.2%yoy in May-24 (Apr-24: +2.3%yoy) against market expectations for a faster rise of +2.5%yoy. Core PPI, excluding food and energy, also dipped to +2.3%yoy (Apr-24: +2.4%yoy). Service production costs increased slower at +2.6%yoy (Apr-24: +2.8%yoy).
- Most markets declined last week, with 14 out of the 20 indices we monitor in the red. Topping the list were Nasdaq (+3.24%), Taiwan's TAIEX (+2.96%) and the S&P 500 (+1.58%). The top three decliners were the CAC 40 (-6.23%), DAX 40 (-2.99%) and the Stoxx Europe 600 (-2.39%).
- Japan's GDP registered a softer contraction than initially estimated in 1QCY24, with an annualised decline of -1.8%qoq (preliminary estimate: -2.0%qoq), and not as steep as -1.9%qoq expected by market expectations. Domestic demand contracted by -0.1%qoq (preliminary estimate: -0.2%qoq) as gross fixed capital spending was revised upward to no change (prelim. estimate: -0.3%qoq).
- Indonesia's retail sales contracted by -2.7%yoy in Apr-24, a sharp deterioration from a +9.3%yoy expansion in Mar-24. Sales of motor vehicle parts (Apr-24: +6.5%yoy; Mar-24: +17.3%yoy) and automotive fuels (Apr-24: +3.3%yoy; Mar-24: +7.1%yoy) were the exceptions, as all other components of the index declined.
- Malaysia's IPI growth accelerated faster at +6.1%yoy in Apr-24 (Mar-24: +2.4%yoy), driven by increased output in the mining (+10%yoy) and manufacturing (+4.9%yoy) industries. We maintain our projection that Malaysia's IPI will grow stronger at +3.7% this year (2023: +1.1%) as companies will increase production in view of growing demand from both domestic and external front.
- Malaysia's labour market remained steady and stable as unemployment rate stayed at post-pandemic low of 3.3% in Apr-24. Labour force and employment rose steadily by +1.7%yoy and +1.9%yoy respectively. We expect the labour market to strengthen further in 2024, backed by steady upbeat momentum in the

Table 1	Weekly Performance of Global Benchmark Indices (%)	
Index	Last Price	Change (%)
Nasdaq	17,688.88	3.24
TAIEX	22,504.72	2.96
S&P 500	5,431.60	1.58
KOSPI	2,758.42	1.31
Sensex	76,992.77	0.39
Nikkei 225	38,814.56	0.34
Dow Jones	38,589.16	-0.54
Ho Chi Minh VSE	1,279.91	-0.60
FBM KLCI	1,607.32	-0.65
Shenzhen CSI 300	3,541.53	-0.91
Straits Times	3,297.55	-1.00
FTSE 100	8,146.86	-1.19
ASX 200	7,724.26	-1.73
SET	1,306.56	-1.96
PSEi	6,383.70	-2.07
Hang Seng	17,941.78	-2.31
JCI	6,734.83	-2.36
Stoxx Europe 600	511.05	-2.39
DAX 40	18,002.02	-2.99
CAC 40	7,503.27	-6.23

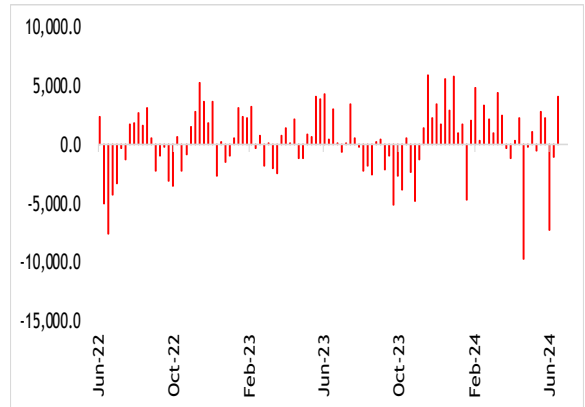
Source: Bloomberg

domestic economy and further recovery in external trade.

- Malaysia’s consumer demand remained steady as overall domestic trade expanded by +6.6%yoy in Apr-24, the fastest pace since Sep-23. Among the upside factors were motor vehicle sales which jumped by +18.1%yoy, the highest rate in 6-month. Sales of retail and wholesale trade rose by +5.5%yoy and +4.8%yoy respectively.
- The Ringgit depreciated against the US Dollar by -0.61% to close at RM4.7207 on Friday. The Brent crude oil price rose +3.77% to USD82.62 per barrel while the crude palm oil price declined -1.16% to RM3,928.00 per tonne.

Chart 1

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



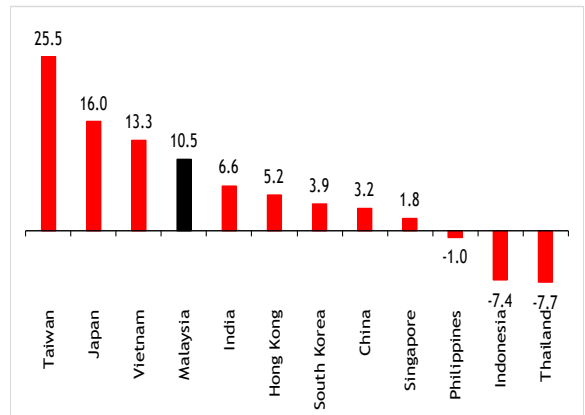
Sources: Bloomberg & MIDFR

B. TRACKING MONEY FLOW - ASIA

- Foreign investors came back to Asia last week following two weeks of selling, buying equities valued at USD4.10b across the eight markets we monitor. All countries except Thailand, Vietnam, and the Philippines experienced a net inflow of foreign funds.
- For the second consecutive week, South Korea recorded the highest net foreign inflow at USD1.62b. South Korea’s labour market in May-24 exhibited a slowdown, with employment growth reaching its lowest rate in over three years. This subdued performance, characterised by an increase of +80,000 new jobs compared to +261,000 the previous month, marks the smallest rise since early CY21. Despite these developments, the unemployment rate held steady at a relatively low 2.8%.
- Foreign investors re-entered the Taiwanese equity market, purchasing USD1.45b worth of equities after two weeks of net selling. The Central Bank of the Republic of China (Taiwan) announced an upward revision of Taiwan’s GDP forecast for CY24 to +3.77%, up from an earlier estimate of +3.22% projected in Mar-24. The central bank attributed this adjustment to the advantage of increasing global demand for emerging technologies, particularly in artificial intelligence development. However, due to a high comparison base from last year, the GDP growth in 2HCY24 is anticipated to be slower than in 1HCY24.
- Similarly, after experiencing two weeks of net foreign outflows, India saw a return of foreign funds amounting to USD1.41b. This occurred despite India’s wholesale price inflation rising for the third consecutive month, reaching a 15-month high of +2.61%. This increase was largely driven by a significant surge in food prices, contrasting with the recent decline in retail inflation. The sharp rise in wholesale inflation, particularly in food articles, which climbed to a 10-month high of +9.82% in May-24 from +7.74% in Apr-24, raises concerns about future price pressures and poses potential challenges for the Reserve Bank of India (RBI)’s monetary policy stance.
- In Indonesia, foreigners resumed buying equities after 11 weeks of selling, purchasing a total of USD74.3m. Governor Perry Warjiyo stated on Friday that Bank Indonesia (BI) intervened in the foreign exchange market to support the rupiah, pledging to employ monetary measures to stabilise the currency following its decline to levels not seen in over four years against the USD. In Apr-24, BI announced an unexpected increase in interest rates in response to a significant depreciation of the rupiah.

Chart 2

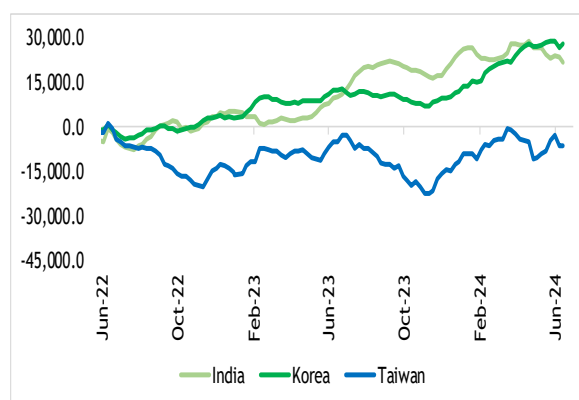
YTD Performance of Asian Benchmark Indices (%)



Sources: Bloomberg & MIDFR

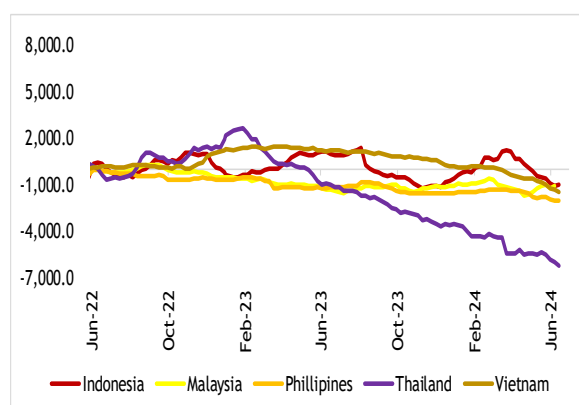
- Thailand experienced its fourth consecutive week of net foreign outflows, totalling -USD255.6m last week. The central bank kept its key interest rate unchanged for the fourth consecutive meeting on Wednesday, as anticipated, despite government appeals to lower borrowing costs to stimulate economic recovery. The Monetary Policy Committee of the Bank of Thailand (BOT) voted 6-1 to maintain the one-day repurchase rate at 2.50%. One committee member advocated for a reduction of 25 basis points.
- Foreigners continued their net selling streak in Vietnam for the 15th consecutive week, amounting to -USD217.1m last week. Vietnam’s exports to major markets saw a +15.0%yoy increase in 5MCY24. The textile and garment sector year-to-date reached USD12.8b, reflecting a +7.4%yoy increase. The footwear and handbag sector achieved nearly USD7.9b in exports, marking a +7.3%yoy increase. Meanwhile, exports of wood and wood products reached USD4.9b, showing a robust growth of over +25.0%yoy.
- In the Philippines, foreign investors sold equities worth -USD21.9m, marking the fourth consecutive week of net outflows. The International Monetary Fund (IMF) revised its forecast for the Philippine economy, projecting a growth of +6.0% this year, which is slightly lower than its Apr-24’s estimate of +6.2%. However, this growth rate indicates an improvement from the +5.5% expansion observed in CY23. The IMF’s latest figure is at the lower end of the Philippine government’s target range of +6.0% to +7.0% for CY24. The IMF maintained its forecast of +6.2% growth for CY25.

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



Sources: Bloomberg & MIDFR

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



Sources: Bloomberg & MIDFR

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

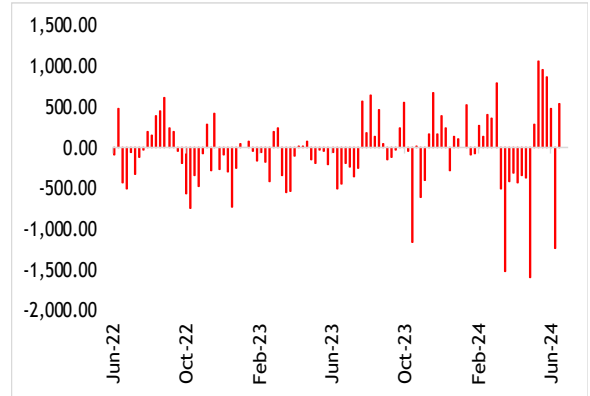
Period	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
Jun-24	-362.7	-69.7	2,690.9	156.9	-57.5	1,385.8	-421.0	-278.4	3,044.2
1Q24	1,329.4	1,685.7	12,188.7	-186.8	162.6	4,729.4	-1,933.4	-561.9	17,413.7
2Q24	-4,461.7	-2,090.7	3,808.9	183.8	-643.3	-734.1	-768.3	-1,130.9	-5,836.4
2Q23	12,492.0	644.8	2,474.7	-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

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

C. TRACKING MONEY FLOW - MALAYSIA

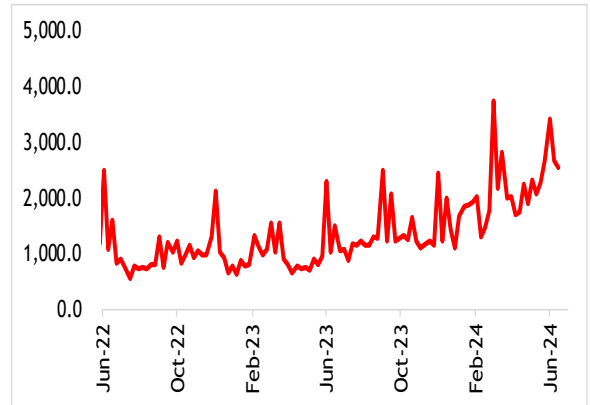
- Foreign investors continued to inject funds into Bursa Malaysia for the second consecutive week, with net purchases totalling RM202.4m last week. They recorded net buying amounts of RM10.7m on Monday, RM135.1m on Tuesday and RM197.4m on Thursday. They net sold -RM82.7m on Wednesday and -RM58.1m on Friday.
- The sectors which recorded the highest net foreign inflows last week were Utilities (RM240.8m), Industrial Products and Services (RM142.8m), and Technology (RM100.8m) while the sectors with the highest net foreign outflows were Financial Services (-RM330.9m), Plantation (-RM126.2m), and Telecommunication & Media (-RM77.2m).
- Local institutions continued their trend of net selling for two consecutive weeks, though at a reduced amount of -RM25.9m, representing a -91% decrease compared to the previous week. Although there were three days with net buying, the two net selling days on Tuesday and Thursday, totalling -RM129.1m, were enough to offset the net bought amount.
- Local retailers consistently sold off domestic equities for two consecutive weeks, totalling -RM176.5m, with selling occurring every day except Wednesday (RM29.1m) and Friday (RM37.5m).
- Regarding participation, retail investors experienced an increase in average daily trading volume (ADTV) by +26.9%, local institutions by +14.1%, whereas foreign investors saw a decline of -4.8%.

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since Jun-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	
Jun-24	8.84	9.25	-0.42	17.00	17.32	-0.32	12.02	11.28	0.74	0.16
1Q24	38.14	39.45	-1.31	76.23	74.05	2.18	61.41	62.28	-0.88	-0.19
2Q24	38.80	41.04	-2.25	81.43	80.03	1.40	58.52	57.67	0.85	0.18
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

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 14 JUN 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
Genting Malaysia	63.6	YTL Power International	83.6	Tenaga Nasional	337.3
Public Bank	31.4	Public Bank	74.7	Press Metal Aluminium	82.2
RHB Bank	17.8	Malayan Banking	71.8	Mah Sing Group	73.6
ViTrox Corp	16.3	Kuala Lumpur Kepong	62.6	MISC	53.2
Petronas Dagangan	13.1	YTL Corp	55.6	IJM Corp	43.6
Dagang Nexchange	11.5	CIMB Group Holdings	54.0	Frontken Corp	38.1
Heineken Malaysia	11.0	Inari Amertron	51.9	Cahaya Mata Sarawak	33.3
Sime Darby	10.0	JCY International	39.5	IHH Healthcare	30.4
SNS Network Technology	9.7	Petronas Chemicals Group	29.9	Sime Darby	28.5
Petronas Chemicals Group	8.9	KPJ Healthcare	27.6	Mr DIY Group (M)	26.8
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
Inari Amertron	-49.6	Tenaga Nasional	-302.7	Public Bank	-124.3
Notion VTec	-30.2	Press Metal Aluminium	-66.5	Malayan Banking	-84.6
Tenaga Nasional	-30.2	IJM Corp	-57.7	Kuala Lumpur Kepong	-69.8
JCY International	-27.9	Genting Malaysia	-52.6	CIMB Group Holdings	-61.0
YTL Power International	-26.6	MISC	-52.2	YTL Corp	-55.6
Cahaya Mata Sarawak	-26.5	Mah Sing Group	-49.5	YTL Power International	-54.8
Gamuda	-22.9	Sime Darby	-33.4	ViTrox Corp	-49.7
Mr DIY Group (M)	-22.8	Malaysia Airports Holdings	-32.7	Telekom Malaysia	-48.0
Sunway	-20.7	IHH Healthcare	-32.5	RHB Bank	-47.8
Nationgate Holdings	-18.0	Bermaz Auto	-28.7	Petronas Chemicals Group	-41.2

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

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

Company	%	YTD %	Company (cont'd)	%	YTD %	Company (cont'd)	%	YTD %
Automotive			Padini	5.4	0.0	MISC	11.3	0.1
Bermaz Auto	8.8	0.1	QL Resources	8.1	0.0	Suria Capital	5.4	0.0
MBM Resources	2.1	0.2	Rhong Khen International	62.3	0.0	Westports Holdings	27.4	0.0
Tan Chong	10.3	-0.01	Spritzer	13.8	0.0	Property		
Aviation			Gloves			Eco World	7.9	0.1
Capital A	14.2	0.0	Hartalega	15.9	0.09	Glomac	3.6	-0.1
Malaysia Airports	27.3	0.1	Kossan Rubber	12.6	0.05	IOI Properties	8.4	0.1
Banking			Top Glove	30.2	0.04	Mah Sing	30.0	0.1
Affin Bank	26.9	0.0	Healthcare			Matrix Concepts	7.5	-0.1
Alliance Bank	20.3	0.0	IHH Healthcare	50.0	0.00	S P Setia	19.6	0.0
AMMB Holdings	28.0	0.0	KPJ Healthcare	9.2	-0.09	Sunway	5.2	0.0
Bank Islam	1.9	0.1	Pharmaniaga	0.4	0.00	UOA Development	3.3	0.0
CIMB Group	30.9	0.0	Logistics			REITs		
Hong Leong Bank	10.2	-0.01	CJ Century	57.9	0.0	Al-'Aqar Healthcare	0.7	0.0
Hong Leong Financial	30.4	0.0	Swift Haulage	6.3	0.0	Axis REIT	14.0	0.0
Malayan Banking	19.5	-0.02	Tasco	67.1	0.0	IGB REIT	2.5	0.0
Public Bank	25.7	-0.02	Non-bank Financials			KLCCP Stapled	0.1	-0.7
RHB Bank	12.3	0.0	Bursa Malaysia	16.3	0.2	Pavilion REIT	32.7	0.0
Building Materials			AEON Credit	68.2	0.0	Sunway REIT	4.3	-0.1
Cahaya Mata Sarawak	9.3	0.31	Oil & Gas			Solar EPCC		
Malayan Cement	8.6	0.6	Bumi Armada	15.1	0.0	Pekat	1.1	0.4
Conglomerate			Deleum	4.2	-0.1	Samaiden	13.2	0.1
YTL Corporation	25.2	-0.02	Dialog	16.1	0.0	Sunview	6.7	-0.1
Construction			Gas Malaysia	19.5	0.0	Technology		
Gamuda	26.1	0.0	MMHE	8.3	0.0	D & O Green Tech	35.6	0.0
IJM Corp	18.6	0.0	Petronas Chemicals	8.2	0.0	Datasonic	9.7	0.7
KKB Engineering	0.6	0.0	Petronas Dagangan	6.5	0.0	Globetronics	2.4	7.0
MRCB	11.2	-0.1	Petronas Gas	10.2	0.0	Inari Amertron	19.1	0.11
Pintaras Jaya	0.2	0.0	Plantation			My E.G. Services	14.3	0.2
Sunway Construction	1.6	-0.2	FGV Holdings	3.7	0.0	Unisem	2.7	0.08
WCT Holdings	11.2	0.67	Genting Plantations	6.3	0.0	Telecommunication		
Consumer			IOI Corp	10.0	-0.1	Axiata	11.2	0.0
AEON Co.	57.5	0.08	KL Kepong	11.0	-0.1	CelcomDigi	59.8	0.0
Asia File	3.5	0.0	PPB Group	19.5	0.0	Maxis	7.9	0.0
Fraser & Neave	61.3	0.01	Sarawak Plantation	2.6	0.0	Telekom Malaysia	13.3	0.0
Hup Seng Industries	2.4	0.3	Sime Darby Plantation	9.5	0.0	Utilities		
Leong Hup	5.1	-0.3	Ta Ann	12.5	0.0	Ranhill Utilities	14.8	0.1
MSM Malaysia	5.2	0.2	TSH Resources	19.1	0.0	Tenaga Nasional	15.6	0.1
Nestlé (Malaysia)	81.3	0.0	Port & Shipping			YTL Power	13.2	0.0

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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