

FUND FLOW REPORT

(Week ended 17 May 2024)

Cooling inflation in view

20 MAY 2024 | Strategy - Weekly Fund Flow

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COOLING INFLATION IN VIEW
A. MARKET SNAPSHOT

- In Apr-24, US producer prices exceeded expectations, rising by +0.5%mom, primarily fuelled by the services sector. Compared to the same period last year, this was the most significant increase since Apr-23. However, the key components influencing the Federal Reserve's (Fed) preferred inflation gauge showed more subdued growth. The US core consumer price index (CPI) rose by +0.3%mom, while on a year-on-year basis, it increased by +3.6%. This marks the first cooling in six months, suggesting that price pressures are gradually easing. This trend supports the Fed's intention to consider interest rate cuts later in the year.
- However, multiple Fed officials have expressed the view that the central bank should maintain higher borrowing costs for an extended period, waiting for clearer signs of inflation easing. Cleveland Fed President Loretta Mester, New York Fed President John Williams, and Richmond Fed President Thomas Barkin, speaking individually on Thursday, emphasised the possibility that it could take more time for inflation to reach the Fed's +2.0% target.
- Major markets demonstrated positive momentum, with 16 out of the 20 indices we monitor showing gains. Notable performers included Indonesia's JCI (+3.22%), Hong Kong's Hang Seng (+3.11%), and Taiwan's TAIEX (+2.65%). On the flip side, the weakest performers were France's CAC 40(-0.63%), Germany's DAX 40 (-0.36%), and the FTSE 100 (-0.16%).
- Industrial production in the US remained stagnant in Apr-24, primarily due to a decline in factory output. Production across factories, mines, and utilities showed no change compared to a downwardly revised +0.1% increase in the previous month. Manufacturing output decreased by -0.3% (Mar-24: +0.2%), mainly attributed to a decline in motor-vehicle production. Excluding automobiles, factory output only slightly decreased by -0.1%. The mining sector experienced a decline, primarily driven by a slump in coal mining, while output at utilities witnessed an uptick.
- The British Office for National Statistics reported that regular wages, excluding bonuses, increased by +0.6%yoy in 1QCY24. This growth exceeded expectations. However, other indicators hint at a cooling labour market, reducing some of the inflationary pressure. This situation keeps the Bank of England (BOE) vigilant regarding the timing of potential interest rate cuts.
- According to data from the National Bureau of Statistics (NBS), China experienced a +6.7%yoy in industrial output in Apr-24 (Mar-24: +4.5%yoy), surpassing expectations. This was supported by an improvement in external demand. However, retail sales only increased by +2.3%, marking the slowest growth since Dec-22 (Mar-24: +3.1%) and falling significantly short of the forecasted +3.8% rise. At the same time, the People's Bank of China (PBOC) announced that it would maintain the rate of USD17.28n in one-year medium-term lending facility (MLF) loans to certain financial institutions at 2.50%.
- Japan's gross domestic product (GDP) contracted at an annualised rate of -2.0% in 1QCY24, a steeper decline than the -1.2% contraction forecast by economists. This reflects reduced spending by both consumers and companies, highlighting the delicate state of the recovery. Private consumption and capital spending both declined, while net exports also contributed to the slowdown in growth.

Table 1 Weekly Performance of Global Benchmark Indices (%)

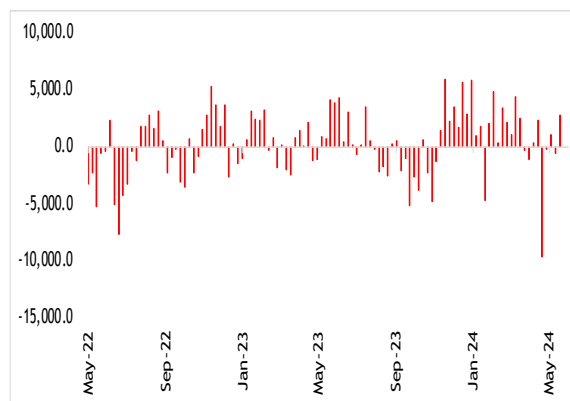
Index	Last Price	Change (%)
JCI	7,317.24	3.22
Hang Seng	19,553.61	3.11
TAIEX	21,258.47	2.65
Ho Chi Minh VSE	1,273.11	2.28
Nasdaq	16,685.97	2.11
Sensex	73,917.03	1.72
PSEi	6,618.69	1.64
S&P 500	5,303.27	1.54
Nikkei 225	38,787.38	1.46
Dow Jones	40,003.59	1.24
FBM KLCI	1,616.62	1.00
ASX 200	7,814.37	0.84
SET	1,382.68	0.79
Straits Times	3,313.48	0.69
Stoxx Europe 600	522.94	0.42
Shenzhen CSI 300	3,677.97	0.32
KOSPI	2,724.62	-0.11
FTSE 100	8,420.26	-0.16
DAX 40	18,704.42	-0.36
CAC 40	8,167.50	-0.63

Source: Bloomberg

FUND FLOW REPORT

- Malaysia's economic expansion outpaced expectations, with a +4.2%yoy growth recorded in the 1QCY24. This acceleration was driven by increased household spending, heightened investment activities, and an uptick in tourist arrivals. Additionally, on a seasonally adjusted basis, GDP saw a +1.4%qoq increase.
- In 1QCY24, Malaysia's current account balance surplus saw a significant increase to RM16.2b, representing 3.5% of the GDP. This surge was primarily driven by gains in the income and goods accounts. However, Malaysia experienced a net outflow of RM18.7b in its financial account, largely due to portfolio and direct investment.
- The Ringgit appreciated against the US Dollar by +1.10% to close at RM4.6877 on Friday. The Brent crude oil price rose by +1.44% to USD83.98 per barrel while the crude palm oil price was up by +2.39% to RM3,892.00 per tonne.

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

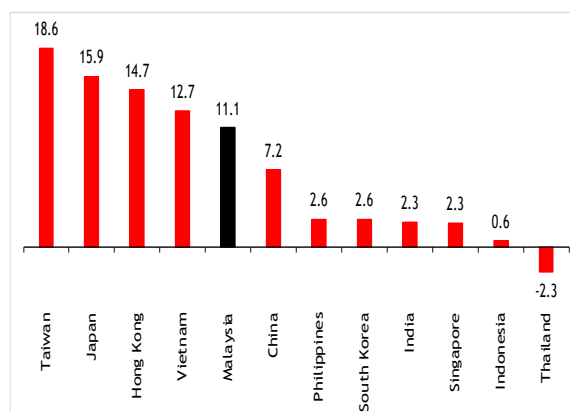


Sources: Bloomberg & MIDFR

B. TRACKING MONEY FLOW - ASIA

- Foreign investors re-entered the Asian equities market as net buyers based on the eight markets under our observation at USD2.79b, with a notable focus on Taiwan. Notably, only three countries recorded net foreign outflows last week: India, Indonesia, and Vietnam.
- Taiwan led the group of countries with net foreign inflows last week, marking its fourth consecutive week of receiving inflows amounting to USD3.69b, the highest recorded since the middle of Nov-23. MSCI Inc., a global index provider, raised Taiwan's weighting in the MSCI All-Country Asia ex-Japan Index from 19.92% to 19.95%. Similarly, the country's share in the MSCI All-Country World Index was raised from 1.73% to 1.74%. Conversely, its representation in the MSCI Emerging Markets Index, closely tracked by foreign institutional investors, was reduced from 17.09% to 17.07%.
- South Korea experienced a net foreign inflow of USD232.4m, marking its third consecutive week of such inflows. The market was closed on Wednesday in observance of Buddha's birthday. In its biannual economic forecast, the Korea Development Institute (KD) - a state-run think tank - predicts that the economy will expand by +2.6% in CY24, compared to the previous projection of +2.2% (CY23: +1.4%). Meanwhile, consumer inflation is forecasted to decrease to +2.6% in CY24, slightly higher than the earlier projection of +2.5% (CY23: +3.6%).
- After two weeks of net selling, foreigners re-entered the Thai equities market, purchasing USD143.1m worth of equities last week. Finance Minister Pichai Chunhavajira and Bank of Thailand Governor Sethaput Suthiwartnarueput convened for a closed-door meeting on Thursday to reconcile their disparities regarding monetary and fiscal policies. Chunhavajira reaffirmed the government's recognition of the central bank's autonomy in setting interest rates. Nonetheless, he urged the central bank to enhance credit accessibility for households and small and medium-sized enterprises (SMEs).
- In the Philippines, foreign investors resumed their role as net buyers last week, purchasing USD50.5m. This marked the end of their 7-day streak of being net sellers. Bangko Sentral ng Pilipinas (BSP) hinted at the possibility of cutting interest rates as early as Aug-24, encouraged by recent inflation and growth figures. This comes after maintaining its key policy rate unchanged for the fifth consecutive meeting at 6.50%. While the central bank lowered its risk-adjusted inflation forecast for this year to +3.8% from +4.0%, it slightly raised the projection for the following year to +3.7% from +3.5%.
- For the fifth consecutive week, net foreign outflows persisted in the Indian equities market, with a total of

Chart 2 YTD Performance of Asian Benchmark Indices (%)

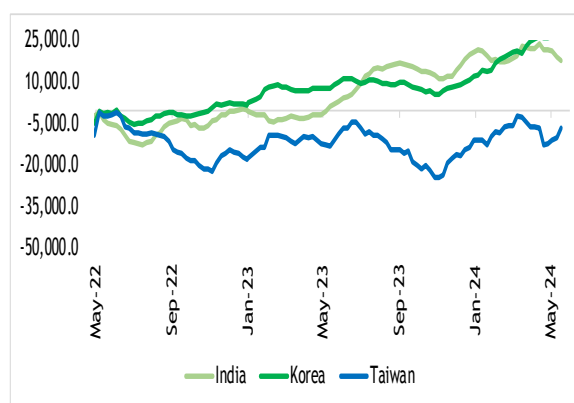


Sources: Bloomberg & MIDFR

-USD1.34b exiting. India's persistent inflation and the looming risk of increased food prices are likely to prompt the central bank to maintain its current stance for a longer period, with economists revising their projections for interest rate cuts to a later timeframe within the year. Consumer prices surged by +4.83%yoy in Apr-24. The Reserve Bank of India (RBI) has kept its benchmark interest rate steady at 6.5% for over a year due to inflation persistently hovering above its +4.0% target.

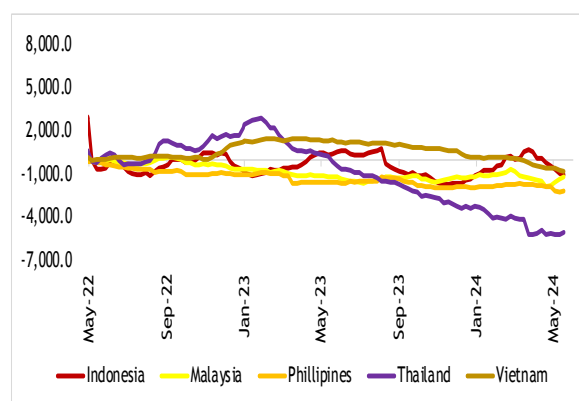
- Indonesia experienced a net foreign outflow of -USD94.5m, marking the eighth consecutive week of such outflows. Data from Statistics Indonesia (BPS) revealed that the country's exports decreased by -13.0%mom in Apr-24 but showed a year-on-year increase of +1.72%. The decline was primarily attributed to reduced shipments of manufacturing products, with palm oil (CPO), also experiencing a more than -10.0%mom drop. Meanwhile, overall imports decreased by -10.58% in Apr-24 but rose by +4.64%yoy.
- Vietnam's streak of recording net foreign outflows extended into the eleventh consecutive week, with an outflow -USD84.4m recorded last week. The Viet Nam Institute for Economics and Policy Research (VEPR) has projected that the Vietnamese economy will grow at a rate of +5.6% to 6.0% in CY24. While there are signs of recovery in the economy, it lacks a solid foundation. Key growth drivers such as exports, foreign direct investments (FDIs), and industrial production are on the rise; however, domestic demand remains sluggish, and businesses continue to encounter numerous challenges.

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



Sources: Bloomberg & MIDFR

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



Sources: Bloomberg & MIDFR

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

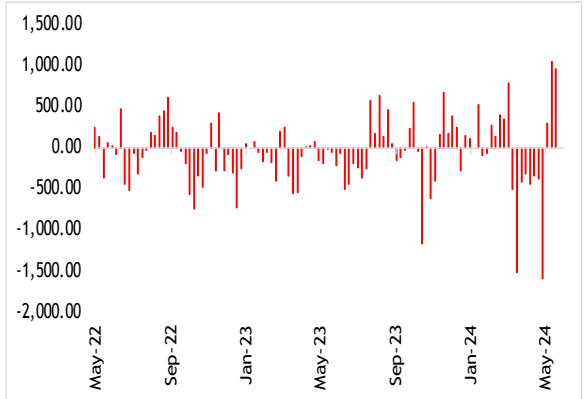
Period	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
MTD	-3,382.4	-629.1	1,240.8	477.2	-26.8	4,568.4	-0.8	-220.4	2,026.9
1Q24	1,329.4	1,685.7	12,188.7	-186.8	162.6	4,729.4	-1,933.4	-561.9	17,413.7
1Q23	-3,200.4	445.4	5,469.6	-421.8	-518.3	7,970.2	-1,645.6	252.6	8,351.8
2Q23	12,492.0	644.8	2,474.7	-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

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

C. TRACKING MONEY FLOW - MALAYSIA

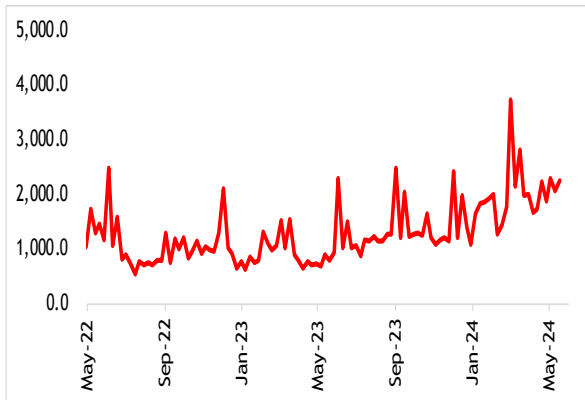
- Foreign investors remained net buyers on Bursa Malaysia for the fourth consecutive week, with a total of RM873.9m. This has overturned the year-to-date foreign outflows, into a net inflow of RM4.9m.
- The sustained interest in our domestic market may stem from economic optimism, as recent data revealed a +4.2%yoy rise in GDP for the 1QCY24 period. This exceeded both the +3.9% growth forecast by a Reuters poll and the advance estimates released by the government.
- Foreign funds were net buyers in Malaysia throughout last week, with the highest being on Wednesday with a net inflow of RM299.98m. This was a start of strong net buying by foreign funds as subsequent days saw a net inflow of more than RM100m every day (Thursday: RM269.2m, Friday: RM184.3m).
- The sectors with the highest net foreign inflows were Transportation & Logistics (RM223.6m), Utilities (RM189.1m), and Healthcare (RM183.3m), while the only sectors with net foreign outflows were Plantation (-RM64.7m) and Construction (-RM6.7m).
- Local institutions continued their net selling streak for the third week in a row, with a total of -RM379.7m.
- For the tenth week in a row, local retailers persisted in divesting domestic equities, amounting to a total of -RM494.1m.
- In terms of participation, average daily trading volume (ADTV) increased for local retailers (+27.1%), local institutions (+18.0%), and foreign investors (+8.5%).

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since May-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	9.40	10.16	-0.76	19.47	20.97	-1.50	14.00	11.75	2.25	0.48
1Q24	38.14	39.45	-1.31	76.23	74.05	2.18	61.41	62.28	-0.88	-0.19
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

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 17 MAY 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
Malaysia Airports	37.3	Malayan Banking	175.1	Malaysia Airports	170.7
RHB Bank	25.7	Top Glove Corp.	113.8	Hartalega Holdings	120.6
Ajinomoto (Malaysia)	9.6	KL Kepong	50.4	CIMB Group Holdings	114.7
Careplus Group	8.7	IHH Healthcare	34.1	Top Glove Corp.	112.8
Revenue Group	7.6	Hartalega Holdings	33.8	YTL Power Int.	83.8
S P Setia	7.6	Kossan Rubber	32.0	Tenaga Nasional	60.0
Public Bank	7.0	Sime Darby Property	27.1	Telekom Malaysia	50.6
AME Elite Consortium	6.9	Nestle (Malaysia)	22.1	MISC	45.1
Theta Edge	6.9	Mah Sing Group	20.3	YTL Corp.	40.7
Hibiscus Petroleum	6.8	Genetec Technology	18.4	Sime Darby	39.2
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
Top Glove Corp.	-146.1	Malaysia Airports	-170.3	Malayan Banking	-160.6
Hartalega Holdings	-90.6	CIMB Group Holdings	-113.9	KL Kepong	-51.5
My E.G. Services	-37.9	YTL Power Int.	-86.7	Genting	-48.2
Mr D.I.Y. Group	-30.7	IOI Properties	-57.2	IHH Healthcare	-35.2
Mah Sing Group	-28.6	Telekom Malaysia	-56.6	Sime Darby Property	-31.4
Tenaga Nasional	-24.4	Bursa Malaysia	-47.3	Sunway	-24.3
Kossan Rubber	-19.7	MISC	-45.5	Nestle (Malaysia)	-20.5
Malaysia Building Society	-19.1	YTL Corp.	-44.2	CelcomDigi	-18.4
PA Resources	-18.1	Sime Darby	-43.7	Hibiscus Petroleum	-15.9
Guan Chong	-17.1	Press Metal	-34.3	RHB Bank	-14.2

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	-0.3	MISC	10.5	0.1
Bermaz Auto	8.1	-0.3	QL Resources	8.0	-0.2	Suria Capital	5.4	-0.1
MBM Resources	1.7	1.1	Rhong Khen International	62.3	0.0	Westports Holdings	27.3	0.01
Tan Chong	10.4	-0.02	Spritzer	13.7	-0.04	Property		
Aviation			Gloves			Eco World	7.4	-0.7
Capital A	13.8	-0.1	Hartalega	14.6	-0.03	Glomac	3.8	-0.1
Malaysia Airports	24.4	-0.1	Kossan Rubber	12.0	0.1	IOI Properties	7.4	0.6
Banking			Top Glove	28.9	-0.01	Mah Sing	26.9	0.4
Affin Bank	26.9	0.03	Healthcare			Matrix Concepts	8.7	-0.2
Alliance Bank	20.4	0.04	IHH Healthcare	49.9	0.01	S P Setia	18.7	0.3
AMMB Holdings	28.0	-0.3	KPJ Healthcare	10.1	0.0	Sunway	5.1	-0.1
Bank Islam	1.8	2.0	Pharmaniaga	0.4	0.0	UOA Development	3.4	-0.1
CIMB Group	30.8	-0.01	Logistics			REITs		
Hong Leong Bank	10.3	-0.01	CJ Century	57.9	0.0	Al-'Aqar Healthcare	0.7	0.2
Hong Leong Financial	30.5	-0.02	Swift Haulage	6.5	-0.5	Axis REIT	14.5	-0.1
Malayan Banking	19.9	0.04	Tasco	66.7	0.01	IGB REIT	2.5	-0.3
Public Bank	26.1	-0.04	Non-bank Financials			KLCCP Stapled	0.3	-0.6
RHB Bank	12.9	-0.1	Bursa Malaysia	15.5	0.1	Pavilion REIT	32.1	-0.03
Building Materials			AEON Credit	68.3	0.0	Sunway REIT	4.6	-0.02
Cahaya Mata Sarawak	7.1	0.01	Oil & Gas			Solar EPCC		
Malayan Cement	5.3	0.1	Bumi Armada	15.6	0.2	Pekat	0.8	-0.3
Conglomerate			Deleum	4.5	0.1	Samaiden	12.1	0.1
YTL Corporation	25.7	0.05	Dialog	16.4	-0.2	Sunview	7.6	-0.2
Construction			Gas Malaysia	19.4	-0.04	Technology		
Gamuda	26.1	0.1	MMHE	8.3	0.0	D & O Green Tech	35.6	0.01
IJM Corp	18.3	0.3	Petronas Chemicals	8.3	-0.05	Datasonic	5.7	-0.1
KKB Engineering	0.6	1.0	Petronas Dagangan	6.8	-0.1	Globetronics	0.3	-0.9
MRCB	13.0	0.6	Petronas Gas	10.3	0.03	Inari Amertron	17.2	-0.1
Pintaras Jaya	0.2	0.0	Plantation			My E.G. Services	11.9	-0.1
Sunway Construction	2.0	0.1	FGV Holdings	3.7	-0.1	Unisem	2.5	0.1
WCT Holdings	6.7	-0.01	Genting Plantations	6.2	0.3	Telecommunication		
Consumer			IOI Corp	10.6	-0.03	Axiata	11.0	0.1
AEON Co.	53.3	-0.01	KL Kepong	12.3	-0.1	CelcomDigi	60.0	0.0
Asia File	3.6	0.0	PPB Group	20.0	-0.1	Maxis	7.9	0.01
Fraser & Neave	60.5	-0.01	Sarawak Plantation	2.6	0.0	Telekom Malaysia	13.2	0.1
Hup Seng Industries	1.9	0.0	Sime Darby Plantation	9.5	-0.02	Utilities		
Leong Hup	7.2	-0.3	Ta Ann	13.0	-0.1	Ranhill Utilities	13.6	0.2
MSM Malaysia	4.2	1.1	TSH Resources	18.6	-0.04	Tenaga Nasional	14.2	0.1
Nestlé (Malaysia)	81.6	-0.01	Port & Shipping			YTL Power	13.5	0.2

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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