

FUND FLOW REPORT

Week Ended
March 25, 2016

Foreign Flow Meter (M'sia)



Tide

HIGH



Current

HIGH

- Global equities came a bit under the weather after 5 weeks in the proverbial sun. Risk appetite was dampened by the Fed's hawkish tone and the Brussels attack, ahead of the long Good Friday weekend.
- The price of Brent crude oil was relatively resilient, declining only 1.8% to USD40.44pb.
- The Ringgit appreciated by 0.4% to RM4.04 against the greenback. It broke below the psychological threshold of RM4 against the greenback on Tuesday but the advance proved to be transient after an FOMC voting member urged his fellow members to consider a rate hike in April.
- The flow of global money to Asia slowed down last week as the current was disrupted by market closures due to Good Friday. Money flow was more evenly spread across the region and no longer skewed towards the north Asian markets of Taiwan and Korea.
- A bit vulnerable now is Thailand where attrition has continued for the second consecutive week although the amount was still marginal. Reflecting this, the Thai Baht was the second worst performing East Asian currency last week behind the Yen.
- The KLCI recorded a loss of 0.7%, closed at 1703.79. It appeared resilient at the 1700 level.
- Foreign buying momentum of Bursa-listed stocks remained strong last week, which extended the current run to four consecutive weeks. For the third week running, the amount of net foreign purchase had exceeded RM1b.
- Foreigners bought listed equities amounted to RM1.37b last week. For the month until March 25, cumulative net foreign purchases already amounted to RM5.0b. That was the highest since April 2013, the month before the General Election, when an estimated RM5.17b of international portfolio capital made its way to stocks listed on Bursa.

28 March 2016 | Strategy - Weekly Fund Flow

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EQUITIES PAUSE, BUT A *GOOD* WEEK NEVERTHELESS

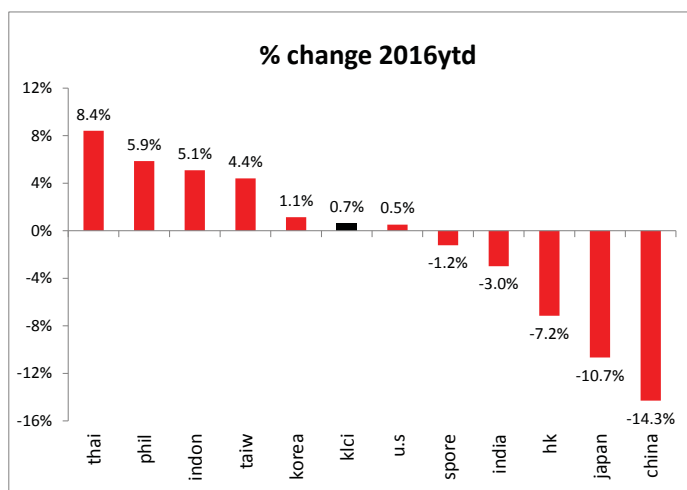
A. MARKET SNAPSHOT

- Global equities came a bit under the weather after 5 weeks in the proverbial sun. Risk appetite was dampened as Fed's policymakers delivered their hawkish views early in the week. The Brussels terror attack heightened risk aversion among investors, as there was some flight to safety. The long Good Friday weekend also kept many investors at bay.
- Most indices ended the week in the redzone with the best performer, Nikkei 225 managing only a 1.7% gain. China's CSI300 was stable after the strong gains the week before. China Securities Finance Corp., the state-agency providing loans to brokerages for margin trading, reinstated its offer of short-term loans with interest rates cut to as low as 3%. CSI300 surged 2.4% on the day it was announced. However, the gain, was offset by weak earnings announcements. PetroChina reported a 67% drop in its 2015 earnings and pledged a 5% cut in its current year capex. 2015 profit at Jiangxi Copper Co., China's largest metal producer, fell 78%.
- The price of Brent crude oil was resilient, declining only 1.8% to USD40.44pb for the week. It appeared to hit a bottleneck in its recovery early last week, hovering around USD40-42pb. This was arguably the result of a mix of good and bad news. For the week ended 18 March, US oil rig count, according to Baker Hughes, reversed its three-month consecutive weekly decline by adding 1 rig. In contrast, crude inventory in Cushing, Oklahoma fell for the first time in seven weeks.
- On Wednesday, data showed that US oil inventories rose by 9.4mb, overshooting consensus forecast of 3.5m. Market was concerned that the rebound in oil price would induce higher US production. Brent price subsequently dipped below USD40pb but rebounded to above USD40pb in response to Baker Hughes' newly released data of a 15 reduction in US oil rigs last week.
- The Ringgit appreciated by 0.4% to RM4.04 against the greenback. Deriving the momentum from an elevated oil price, the Ringgit once broke below the psychological threshold of RM4 against the greenback on Tuesday. However, the Fed of St. Louis President James Bullard, a FOMC voting member, on Wednesday urged his fellow members to consider a rate hike in their April meeting. The dovish sentiment shared by market participants diminished. The Ringgit again retreated to above RM4 against the greenback.
- The KLCI recorded a loss of 0.7%, closed at 1703.79. It appeared resilient at the 1700 level.

Performance of major markets

Weekly % change	Week before	Last week
Nikkei 225	-1.26	1.66
India Sensex	0.95	1.54
Thai SET	-0.75	0.97
China CSI300	5.09	0.82
Phil Comp	2.93	0.73
Korea KOSPI	1.05	-0.42
Dow Jones	2.26	-0.49
S&P500	1.35	-0.67
KLCI	1.17	-0.73
DAX	1.22	-1.00
Jakarta JCI	1.49	-1.20
Taiwan TaieX	1.20	-1.20
FTSE	0.81	-1.34
Hang Seng	2.34	-1.58
Straits Times	2.76	-2.04
CAC	-0.67	-2.98

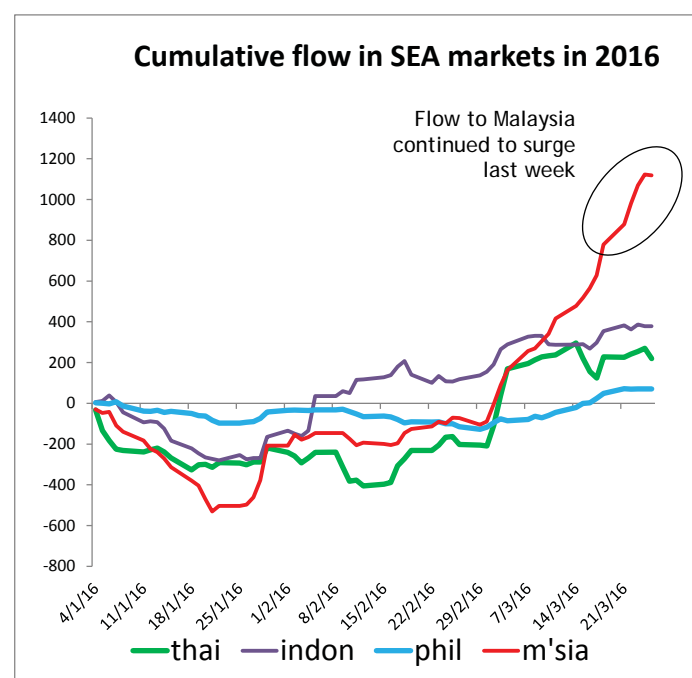
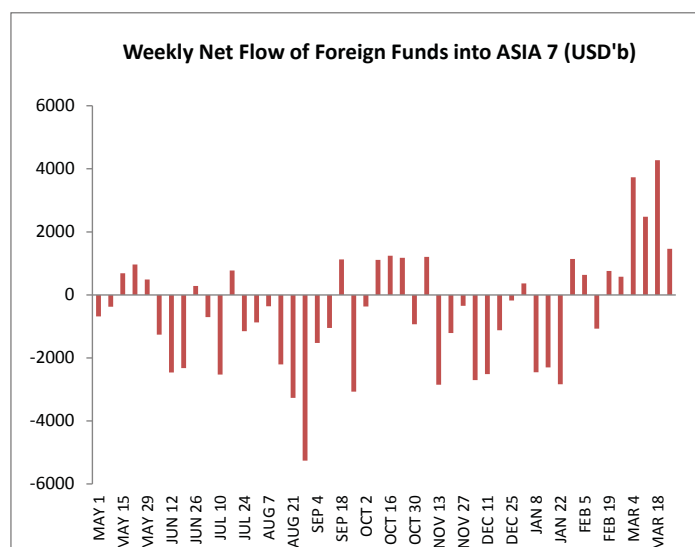
Source: Bloomberg



FUND FLOW REPORT

B. TRACKING MONEY FLOW - ASIA ¹

- The flow of global money to Asia slowed down last week as the current was disrupted by market closures due to Good Friday. The exchanges in India and Philippines were closed on Thursday and Friday while that in Jakarta was closed on Friday.
- Based on provisional data from the respective exchanges, the amount purchased last week by investors classified as "foreign" amounted to USD1.46b in the seven Asian markets that we track. It was a drop from RM4.27b the week before.
- Money flow was more evenly spread across the region and no longer skewed towards the north Asian markets of Taiwan and Korea.
- The biggest beneficiary was still Taiwan, but the amount of foreign purchase dropped to USD438m, the second lowest in a week this year. In the preceding three weeks, the average purchase amount was USD1.3b. Taiwan central bank cut its benchmark rate at the third straight meeting by 12.5 basis points to 1.5%, indicating challenging days. Taiwan's IPI dropped 3.65%yoy in February, while export orders fell by 7.4%yoy.
- Korea reported foreign purchase amounted to USD257m, a sharp drop from the massive USD1.21b the week before. The Korean market had been partly buoyed by a successful Samsung Galaxy 7 launch. Sales in China broke the 10-million mark in preorder figures. However, the euphoria was dampened by the Fed's hawkish tone on Monday and the Brussels terror attack.
- We warned last week of an abrupt halt in money flow to Thailand. The attrition continued for the second consecutive week although the amount was still marginal at -USD8.6m. Reflecting this, the Thai Baht was the second worst performing East Asian currency last week behind the Japanese Yen, falling -1.33%. The Bank of Thailand kept its key interest rate unchanged at 1.5% for a seventh straight meeting. It revised downwards its 2016 GDP growth forecast from 3.5% to 3.1%, and exports from 0% to -2%.
- Foreign purchase of Indonesian stocks was marginal last week, amounting to only USD23.2m. Indonesian government anticipated 2016 tax revenue shortfall to be 190 trillion Rupiah, and planned to revise its budget by June with a cut in operational spending.



¹ Based on 7 Asian markets, for which fund flow data is publicly available. These are our proxy for Asia: TIPs (Thailand, Indonesia, Philippines), Korea, Taiwan, India and Malaysia.

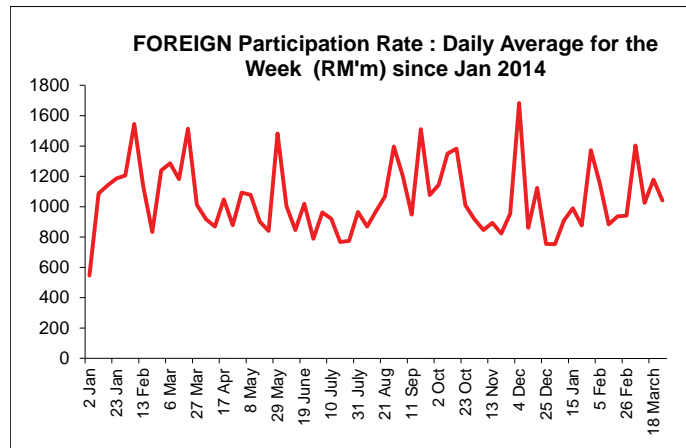
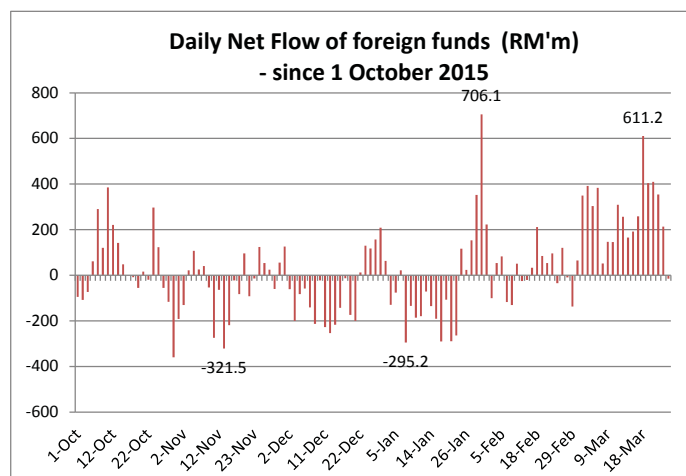
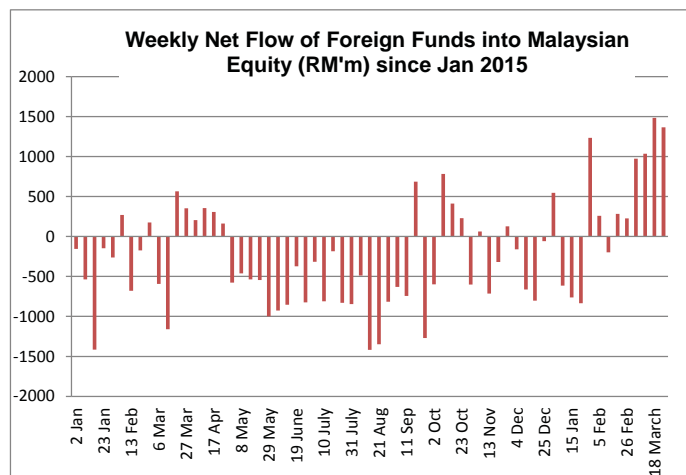
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
FEB 12	-548.2	-163.9	81.8	-34.3	-357.8	0.0	-47.8	-1070.1
FEB 19	91.3	173.7	23.1	-24.5	-232.6	660.6	67.6	759.2
FEB 26	177.4	29.6	-22.3	-24.3	-238.7	600.4	53.5	575.7
MAR 4	1118.9	370.8	171.1	29.7	742.1	1060.3	235.3	3728.2
MAR 11	639.6	68.7	-1.8	39.9	489.0	993.5	252.8	2481.8
MAR 18	1212.8	-9.3	67.4	93.4	711.1	1834.7	363.3	4273.3
MAR 25	257.3	-8.6	23.2	22.7	392.4	438.0	339.7	1464.8

Source: Respective exchange statistics reported on Bloomberg. Bursa Malaysia. These figures are subject to revisions.

C. TRACKING MONEY FLOW - MALAYSIA

- Foreign buying momentum of Bursa-listed stocks remained strong last week, which extended the current run to four consecutive weeks. This was despite the long weekend for many bourses around the world, which were closed and many international fund managers were away for Good Friday.
- For the third week running, the amount of net foreign purchase had exceeded RM1b. Foreigners bought listed equities amounted to RM1.37b, compared with the RM1.48b acquired in the preceding week. This is estimated based on transactions in the open market and excluded off market deals.
- Foreign investors were net buyers from Monday to Thursday, stretching the buying to 18 consecutive days. The net purchase amount exceeded RM400m on Monday and Tuesday, but receded thereafter. On Friday, the flow reversed abruptly as foreigners turned net sellers. However the net outflow was marginal, only -RM15m, with gross trade amounted to only RM255m.
- We note that the impact of Good Friday on trading activity on Bursa has always been significant. In 2014 and 2015, gross foreign trade on Bursa on Good Friday was only RM346m and RM351m respectively, dropping >60% compared with that the day before. Last Friday was no exception as foreign investors effectively withdrew to the sideline.
- For the month until March 25, cumulative net foreign purchases already amounted to RM5.0b. That was the highest since April 2013, the month before the General Election, when an estimated RM5.17b of international portfolio capital made its way to stocks listed on Bursa. Meanwhile, last week's foreign purchases boosted the cumulative year-to-date net inflow to RM4.45b, compared with -RM19.5b net outflow for the whole of 2015.
- Last week's foreign participation rate dropped 12% mainly due to the 72% drop on Friday. The average daily value of shares traded remained above RM1b for the 4th consecutive week at RM1.04b.
- Retail investors finally turned net buyers, the first time in four weeks. But participation was still low.



BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	NET (USD)*
FEB 12	643.8	616.3	27.5	2172.4	2002.8	169.6	1227.2	1424.3	-197.1	-47.8
FEB 19	1429.5	1486.0	-56.5	4852.5	5079.3	-226.8	2482.0	2198.7	283.3	67.6
FEB 26	1600.7	1503.8	96.9	4694.8	5017.0	-322.2	2465.5	2240.2	225.3	53.5
MAR 4	1483.2	1635.7	-152.5	5162.9	5982.6	-819.7	3996.7	3024.5	972.2	235.3
MAR 11	1636.9	1657.1	-20.2	5270.6	6286.4	-1015.8	3081.3	2045.3	1036.0	252.8
MAR 18	1607.6	1702.1	-94.5	5007.9	6396.6	-1388.7	3687.2	2204.0	1483.2	363.3
MAR 25	1695.6	1667.8	27.8	5421.0	6815.3	-1394.3	3286.5	1920.0	1366.5	339.7

* Estimate by MIDF Research based on prevailing exchange rate. Source: Bursa's preliminary data

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