

FUND FLOW REPORT

Week Ended May 13, 2016	Foreign Flow Meter (M'sia)	
	 Tide	HIGH
	 Current	HIGH

- Global equity markets were range-bound last week amid tepid trading.
- A clear exception was Philippines equity where the PSEi advanced 6.4%, its second best performance so far this year as the market enjoyed post-election buoyance.
- Brent crude oil price held fort, advancing 5.4% to USD47.83pb.
- The Ringgit declined marginally by -0.7% to RM4.0310 against the greenback.
- Global liquidity continued to pull out from Asia last week. A significant movement was attributable to the changes in country and stock weightings in the MSCI indices announced last week to take effect on 1 June.
- Thailand and the Philippines appear to be the beneficiaries of the MSCI re-weighting exercise, as evidenced by strong foreign buying on Friday.
- The KLCI fell by -1.3% to 1628.26points, with most of the loss coming on Friday. MSCI reduced the weightage for Malaysian stocks to 3.09% from 3.43% from 1 June. The worst hit were Maybank, CIMB, Sime, PetChem and UMW.
- Foreign selling on Bursa continued for the third consecutive week and surged to its highest level this year.
- The net amount offloaded by foreign investors spiked to -RM1,004m from -RM623m the week prior, the highest since September 2015 and the first time it exceeded the RM1b mark since August last year.
- As of Friday, foreign investors had been selling in 12 out of 13 straight days.
- Still, foreign investors had been net buyers on Bursa in 2016, buying an estimated +RM4.35b as of Friday, down from a peak of +RM6.47b.

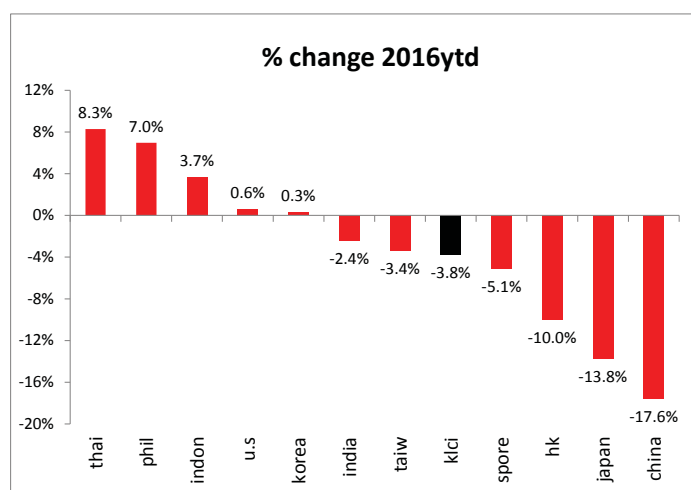
THE TIDE IS UNCOMFORTABLY HIGH

A. MARKET SNAPSHOT

- Global equity markets were range-bound last week amid tepid trading.
- A clear exception was Philippines equity where the PSEi advanced 6.4%, which was its second best performance so far this year. Market was upbeat by the election result, especially on the newly-elected President Rodrigo Duterte's campaign promises, which included the eradication of crime and corruption.
- The Brent crude oil price advanced by 5.4% to USD47.83pb. It started the week on a weak note, with an intraday retreat of -6.0% on Monday. Market uncertainty seemingly heightened after Ali al-Naimi by Khalid Al-Falih, the oil veteran and one of the industry's most influential leaders for 20 years was replaced as the Saudi Arabian oil minister. Brent pared its loss later in response to supply disruptions due to militant attacks in Nigeria and wildfires in Canada, which were estimated to eliminate a supply of 1.4mbpd. Market arguably discovered its catalyst of the week as the US crude inventory unexpectedly fell by -3.41mb. Brent subsequently surged to its 2-week-high at >USD47pb on Wednesday night.
- The CSI300 Index declined by -1.8% to 3074.94points. Selling pressure was high on Monday's opening following the Sunday's exports data release indicating a -1.8%yoy decline in dollar term. Market sentiment was further suppressed with the front-page publication of an anonymous "authoritative" person's interview by the government mouthpiece the People's Daily. The interview emphasized the danger of high leverage and guided market to expect a L-shaped growth pattern. Similar pieces had been published before the heavy sell-offs last summer and early this year. Market was seemingly being cautious in their trading following this, culminating in a sideways movement for China market for the rest of the week.
- The Ringgit declined marginally by -0.7% to RM4.03 against the greenback, with crude oil prices continued to hold bearing on its strength. The Ringgit depreciated by -1.3% to RM4.057 on Tuesday morning ensuing the weakening Brent price. It, however, reversed the downtrend and pared its loss of the week with the recovery in the oil price.
- Meanwhile, KLCI fell by -1.3% to 1628.26points, with most of the loss coming on Friday as a result of rebalancing activities subsequent to changes in the MSCI weightings. MSCI reduced the weightage for Malaysian stocks to 3.09% from 3.43% from 1 June. The worst hit were Maybank, CIMB, Sime, PetChem and UMW.

Performance of major markets		
Weekly % change	Week before	Last week
Phil Comp	-2.34	6.36
Nikkei 225	-3.36	1.90
India Sensex	-1.48	1.03
DAX	-1.68	0.84
CAC	-2.88	0.44
Thai SET	-0.99	0.29
FTSE	-1.86	0.21
Straits Times	-3.79	0.15
Korea KOSPI	-0.87	-0.49
S&P500	-0.40	-0.51
Taiwan Taiex	-2.76	-1.14
Dow Jones	-0.19	-1.16
Jakarta JCI	-0.33	-1.26
KLCI	-1.40	-1.28
China CSI300	-0.84	-1.77
Hang Seng	-4.54	-1.94

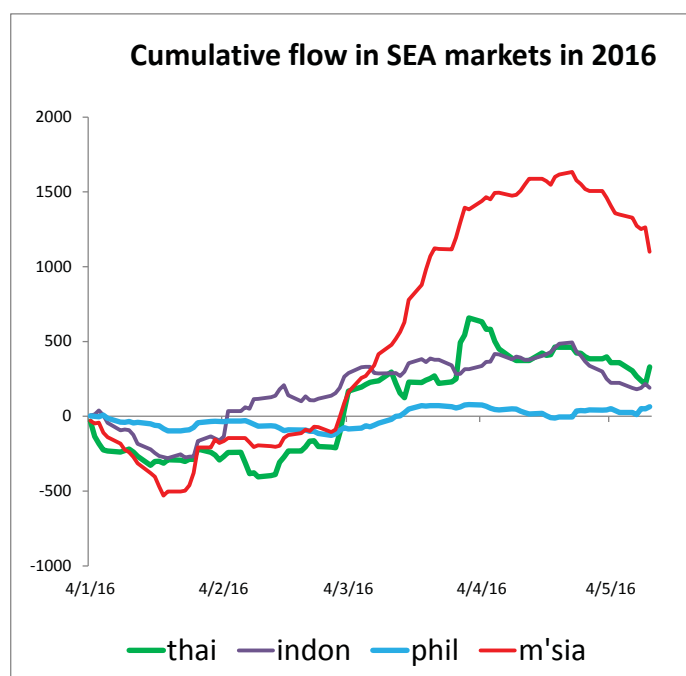
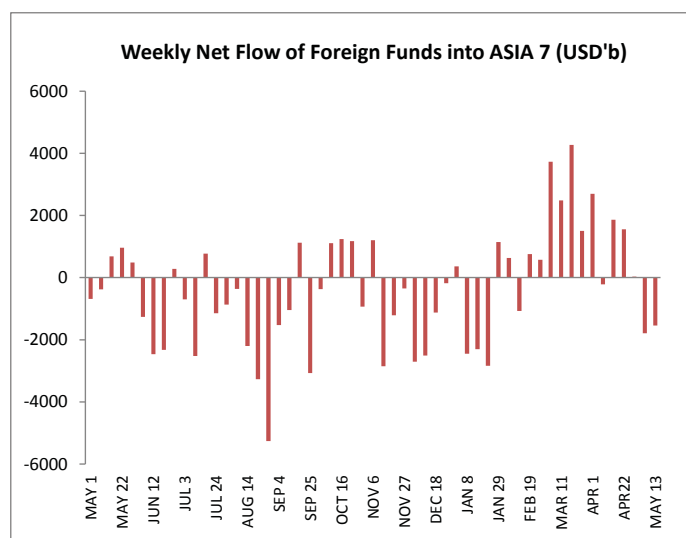
Source: Bloomberg



FUND FLOW REPORT

B. TRACKING MONEY FLOW - ASIA ¹

- Global liquidity continued to pull out from Asia last week.
- Based on provisional data from the respective exchanges in seven Asian markets that we track, investors classified as “foreign” offloaded equities amounted to -USD1.44b.
- A significant movement of international fund was attributable to the changes in country and stock weightings in the MSCI indices announced last week to take effect on 1 June.
- The Philippines bourse was closed on Monday due to the presidential election. The market was seemingly relieved by a peaceful election day as foreigners increased their exposure to Philippines stocks by USD39m. The purchase was still marginal as market is waiting for further clarification by the new President on his economic policies.
- The outflow from Taiwan continued to be severe for the second consecutive week as foreigners dumped -USD1.1b last week. The decline in Taiwan exports narrowed to single-digit of -6.5%yoy in April, but the outlook remained suppressed as China’s trade data came out weaker than expected. Apart from that, political tension with China has risen in the run-up to the inauguration of the new President Tsai Ing-wen. Market arguably feared possible economic leverage by China on Taiwan to have the President conceded to the “one-China” idea. TSMC remained a main selling target amid the tumbling share price of Apple Inc., its main customer, to the two-year low. Investors also offloaded holdings on Formosa Petrochemical after its decision to hold its petrol selling prices unchanged amid the rising crude price.
- Korea finally succumbed to foreign selling after 6 weeks of buying as foreigners offloaded -USD132m. There was heavy attrition on Monday amid 4 straight days of won depreciation. Foreign selling was also heavy on Friday as the Bank of Korea decided to hold its benchmark rate at 1.5%. Investors offloaded Samsung Electronics’ shares amid a survey predicting a concession of market share to its Chinese rivals this year, apart from the negative sentiment spillover from Apple Inc.
- Foreign money flow to Thailand remained in the deficit for the third consecutive week, but there was heavy buying on Friday, the 4th highest this year. Thailand and the Philippines appear to be the beneficiaries of the MSCI re-weighting exercise.
- Foreigners sold -USD32m in Indonesia last week, with most of the selling occurring on Monday and Friday.



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.

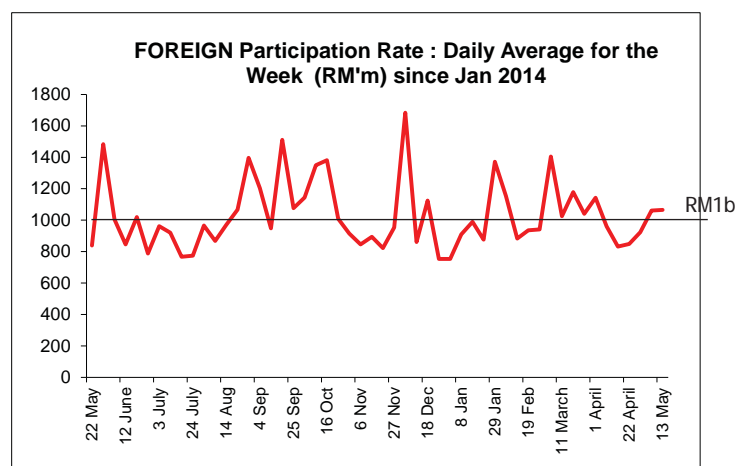
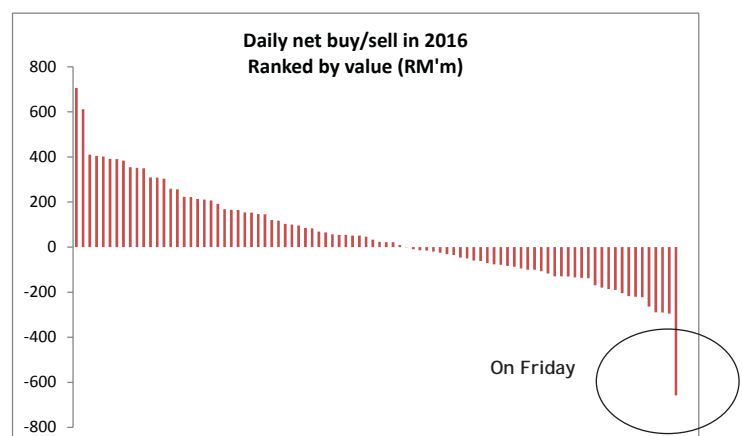
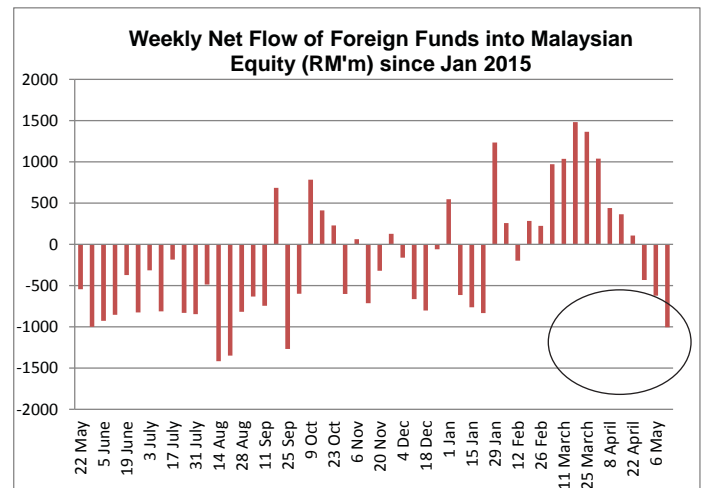
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
APR 1	-81.0	437.7	-62.3	7.1	1342.6	788.7	264.0	2696.9
APR 8	343.5	-207.5	97.7	-35.1	-161.4	-369.4	112.5	-219.7
APR 15	724.3	-78.0	-34.8	-27.4	199.4	983.5	93.2	1860.1
APR 22	625.8	89.8	106.8	-20.4	326.0	397.6	27.4	1552.9
APR 29	258.8	-77.8	-147.6	47.2	220.8	-156.2	-110.0	35.2
MAY 6	168.8	-26.4	-114.5	-16.5	-85.7	-1558.3	-156.4	-1789.0
MAY 13	-132.1	-28.1	-31.9	39.1	61.1	-1098.1	-248.9	-1439.0

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

C. TRACKING MONEY FLOW - MALAYSIA

- Foreign selling on Bursa continued for the third consecutive week and surged to its highest level this year.
- The net amount offloaded by foreign investors spiked to -RM1,004m from -RM623m the week prior, the highest since September 2015 and the first time it exceeded the RM1b mark since August last year. This is estimated based on transactions in the open market which excluded off market deals.
- Foreigners were net sellers every single day last week. As of Friday, foreign investors had been selling in 12 out of 13 straight days.
- We note that the weekly total was exaggerated by heavy selling on Tuesday and Friday. Attrition was actually soft on Monday and Wednesday. Indeed foreigners turned marginal buyer on Thursday after 11 days of selling. It was on Tuesday that the amount sold surged to -RM222.2m, the sixth highest this year. The killer blow came last Friday when foreigners dumped -RM657.6m, the highest attrition in a single day since 28 August 2013, when -RM901.2m exited local equity.
- Last week's foreign withdrawal reduced the cumulative net foreign inflow into shares listed on Bursa to an estimated +RM4.35b, down from a peak of +RM6.47b. The amount is still modest relative to the -RM19.5b and -RM6.9b net outflow in 2015 and 2014 respectively.
- Despite heavy selling, foreign participation rate rose by only 0.5% last week. It was still elevated though as the average daily value of shares traded amounted to RM1.07b, from RM1.06b the week before. Foreign participation rate had averaged >RM1b for 2 straight weeks now. On Friday, total foreign trade surged to RM1.69b, the highest in 30 days.
- Local institutions supported the market, mopping up RM903.8m, as participation rate surged to RM2.3b, the fifth highest this year.
- Retail buyers acquired RM100.2m on yet moderate participation rate of RM676m. However, we note that retail buyers came alive on Friday, mopping up RM112.6m, the highest in a day since 1 Dec 2014.



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)*
APR 1	1419.4	1521.7	-102.3	5275.9	6213.8	-937.9	3377.1	2336.9	1040.2	264.0
APR 8	1415.4	1485.9	-70.5	5565.1	5934.3	-369.2	2619.8	2180.1	439.7	112.5
APR 15	1436.8	1444.8	-8.0	4949.6	5306.0	-356.4	2264.8	1900.4	364.4	93.2
APR 22	1557.2	1559.6	-2.1	5523.4	5628.0	-104.6	2177.4	2070.4	107.0	27.4
APR 29	1921.7	1646.0	275.7	6228.0	6072.9	155.1	2094.1	2524.9	-430.8	-110.0
MAY 6	1237.4	1152.7	84.7	4265.2	3727.2	538.0	1810.0	2432.7	-622.7	-156.4
MAY 13	1741.1	1640.9	100.2	6202.2	5298.4	903.8	2162.8	3166.8	-1004.0	-248.9

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

FUND FLOW REPORT

D. TOP 100 STOCKS: MONEY FLOW ²

TOP 10 NET MONEY INFLOWS

- KL Kepong registered the highest net money inflow of RM18.16m last week. Accordingly, its share price outperformed the market benchmark in spite of a slight -0.52% weekly decline. In comparison, the FBM KLCI dropped by -1.28% during the week under review. In this regard, it is notable that net money inflow amidst retreating share price may indicate buy on weakness (BOW) stance among some investors.
- Public Bank came in second with RM14.80m net inflow. Likewise, its share price outperformed the market benchmark with a 0.42% weekly rise. The stock attracted buying interest arguably pursuant to the recent MSCI index rebalancing announcement which saw higher weightage for Public Bank.
- MISC recorded the third highest net money inflow of RM14.01m. Nonetheless, its share price severely underperformed as it tumbled -10.79% during the review week. Therefore, we perceive a BOW stance on this stock among some investors. In related news, the company recently announced it has entered into an SPA with Swift Logistics to dispose its logistics arm, MISC Integrated Logistics, for RM257.2m.

TOP 10 NET MONEY OUTFLOWS

- Westports saw the largest net money outflow of -RM7.98m during the review week. However, its stock price slightly outperformed the FBM KLCI as it ended the week marginally higher by 0.24% against a -1.28% decline in the market benchmark. Nonetheless, it is notable that net money outflow amidst advancing share price indicates sell on strength (SOS) stance among some investor.
- Hong Leong Financial came in second last week with a net outflow of -RM2.28m. Its share price however outperformed the market benchmark with a 0.67% weekly gain which may indicate SOS stance among some investor.
- Kulim Malaysia registered the third largest net money outflow at -RM2.00m in the review week. Nevertheless, its share price too outperformed the market benchmark with a 0.25% weekly rise. Therefore, we perceive a SOS stance on this stock among some investors. In related news, the company is expected to be delisted in 3Q this year.

Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 13 May 2016 among the largest 100 market capitalized stocks on Bursa Malaysia.

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
KL KEPONG	18.16	1.50	-0.52	BOW
PUBLIC BANK	14.80	8.10	0.42	-
MISC	14.01	-2.19	-10.79	BOW
TNB	9.24	11.57	-0.99	BOW
IOI CORP	9.17	-1.18	-3.95	BOW
AIRASIA	8.22	1.34	6.93	-
CIMB	7.38	-5.69	-5.58	BOW
GENTING	6.80	-2.17	1.29	-
PPB GROUP	6.64	-1.34	-0.76	BOW
PETRO CHEM	5.79	-2.49	-3.28	BOW

Source: Bloomberg, MIDFR;

Note: BOW - Buy on weakness, SOS - Sell on strength (Bloomberg defined)

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
WESTPORTS	-7.98	-0.42	0.24	SOS
HLEONG FIN	-2.28	-0.11	0.67	SOS
KULIM	-2.00	-3.01	0.25	SOS
LITRAK	-1.96	2.55	4.51	SOS
PRESS METAL	-1.11	0.14	-0.32	-
AMMB	-0.86	-0.62	-2.43	-
KAREX	-0.84	-0.17	-3.31	-
BURSA	-0.75	-0.06	2.25	SOS
YTL POWER	-0.69	-0.12	0.00	-
SHANGRI-LA	-0.64	-1.91	2.00	SOS

Source: Bloomberg, MIDFR;

Note: BOW - Buy on weakness, SOS - Sell on strength (Bloomberg defined)



² Money flow indicates whether a particular stock is being more heavily purchased or sold. Money flow generally confirms price trend. As price rises, money flow is usually positive, vice versa. A divergence may portend a reversal in price trend. A rising stock price with a negative money flow can indicate a future price correction, vice versa.

How is money flow calculated? When a trade is performed, its price is compared to the price of the previous trade (the first trade of the day is compared to the previous day's close). If the prices differ, either upticks or downticks, the value of the trade (price multiplied by number of shares) is added to or subtracted from the money flow respectively.

Source: Bloomberg, MIDFR

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