

FUND FLOW REPORT

Week Ended
April 8, 2016

Foreign Flow Meter (M'sia)



Tide

MODERATE
(receding)



Current

MODERATE
(receding)

- It was an uninspiring week for global equities. Most markets closed the week in the redzone, but there was no extreme outlier.
- The price of crude oil rebounded strongly. Brent crude oil price added 8.5% last week. It recovered from the week's low of USD32.27p to close at USD41.94pb.
- The Ringgit opened trading for the week on a positive note but succumbed to selling pressure after oil price slid below USD38pb. However, it rallied on Friday, climbing from a low of RM3.9525 to end the day at RM3.9015. It was the best performing currency on Friday
- The KLCI registered a marginal gain of 0.46% to close at 1717.59 points, and is now up 1.5%ytd.
- Global liquidity flow to Asia took a pause after seven straight weeks of inflow. There was heavy outflow from Taiwan and Thailand, the latter likely due to the 3-day market break starting Wednesday due to the Songkran festival.
- After five consecutive weeks of high tide, foreign liquidity flow on Bursa receded last week. Nevertheless, net foreign purchase still extended to eight straight weeks, the longest since the 11-week stretch in April-June 2014.
- Net foreign purchase on Bursa fell below RM1b, after surpassing that level for four weeks running. Foreigners bought listed equities amounted to RM439.4m, compared with an average of RM1.23b a week in the preceding four weeks
- Last week's foreign purchases boosted the cumulative year-to-date net inflow to RM5.93b, still relatively low compared with the -RM19.5b net outflow for the whole of 2015.
- Foreign investors also purchased RM11.5b of Ringgit debt securities in March. Combined with an estimated RM6.1b foreign purchases of equity, the total external portfolio capital which entered the local bond and equity market was RM17.6b in March, the highest since April 2011.

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THE TIDE IS RECEDING

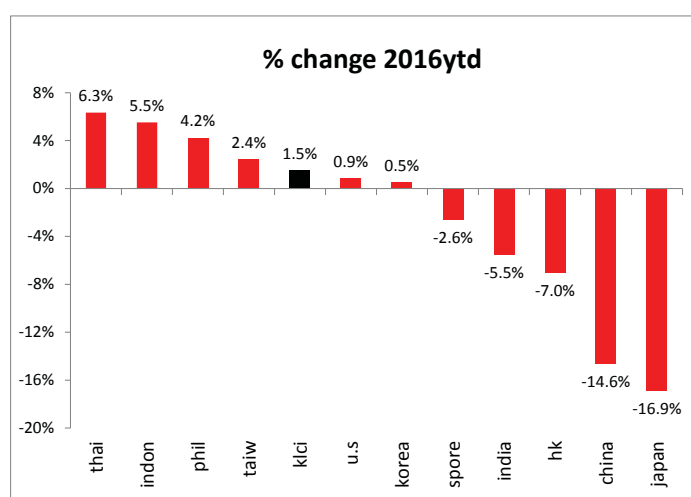
A. MARKET SNAPSHOT

- It was an uninspiring week for global equities. Most markets closed the week in the redzone, but there was no extreme outlier.
- The release of FOMC's March minutes confirmed the market's conviction that the Fed would remain patient in their rate adjustment. However, it provided little support to the world market as investors had arguably priced in the dovish stance in the prior week after Yellen's speech.
- China market was closed on Monday for holiday; CSI300 Index opened on Tuesday and registered a daily advance of 1.3%. Market seemed to respond positively to the imminent pilot program of a 1-trillion-yuan debt-to-equity swap for banks. Nevertheless, uncertainties continued to linger as several state-owned companies defaulted on their debts during the week. Market sentiment was slightly improved by the release of China's Foreign Exchange Reserves data indicating an unexpected increase of USD10.2b in March, the first increase since October last year. The downward pressure on equities due to capital outflows appeared to ease. CSI300 ended the week with a retreat of -1.1%.
- The price of crude oil rebounded strongly. Brent crude oil price added 8.5% last week. It recovered from the week's low of USD32.27p to close at USD41.94pb. Early in the week, the market was fragile after Saudi's Deputy Crown Prince Mohammed bin Salman's comment that Saudi's participation in the freeze agreement was conditional on Iran's which caused Brent to dip to its 1-month low. Market, however, rebounded afterward following Kuwait's assurance on clinching an agreement even without Iran's commitment. The recovery was then further buttressed by EIA's latest US inventory data, which showed a 4.9mb decline rather than the forecasted 3.3m increase, marking its first fall in seven weeks. Bullish sentiment arguably resurfaced, lifting the Brent price to >USD40pb once again.
- The Ringgit opened trading for the week on a positive note but succumbed to selling pressure after oil price slid below USD38pb. However, it rallied on Friday, climbing from a low of RM3.9525 to end the day at RM3.9015. It was the best performing currency in Asia on Friday but still not enough to claw the weekly performance out of the redzone.
- Meanwhile, the KLCI registered a marginal gain of 0.46% to close at 1717.59 points.

Performance of major markets

Weekly % change	Week before	Last week
FTSE	0.65	0.95
KLCI	0.40	0.46
Jakarta JCI	0.33	0.07
Phil Comp	-1.56	0.03
Korea KOSPI	-0.52	-0.08
Straits Times	-1.01	-0.36
CAC	-0.17	-0.44
Hang Seng	0.75	-0.63
China CSI300	0.75	-1.12
Dow Jones	1.58	-1.21
S&P500	1.81	-1.21
Taiwan Taiex	-0.54	-1.34
DAX	-0.58	-1.76
Nikkei 225	-4.93	-2.12
Thai SET	0.43	-2.22
India Sensex	-0.27	-2.36

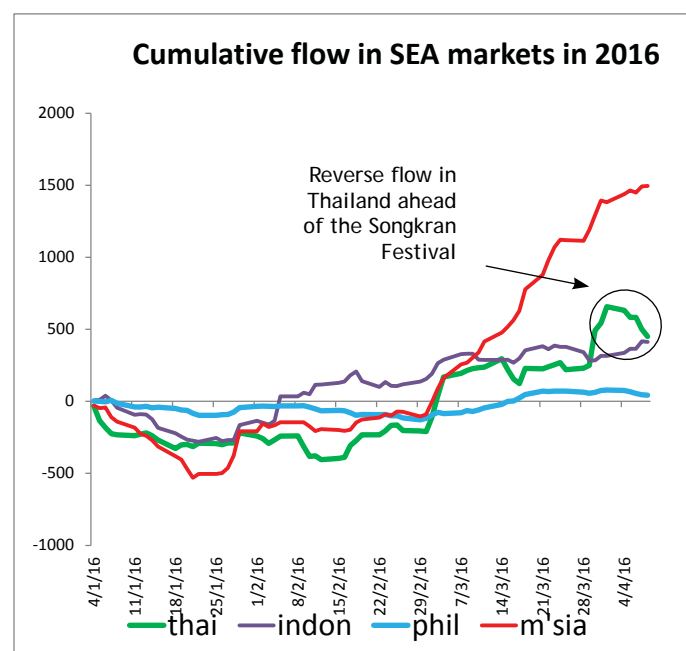
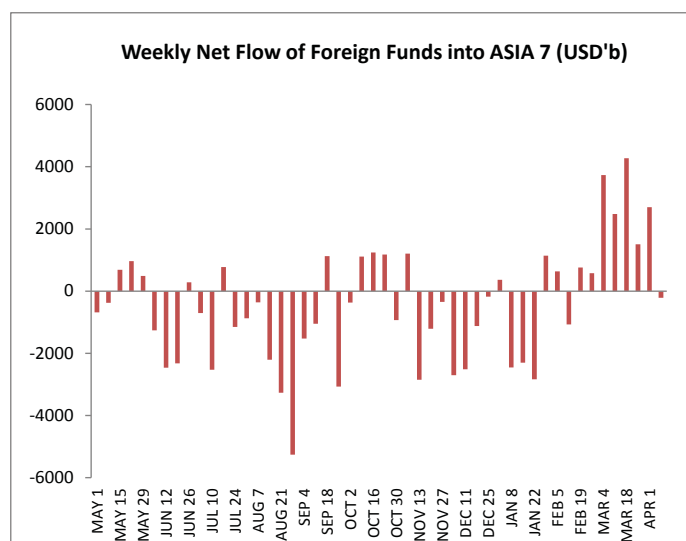
Source: Bloomberg



FUND FLOW REPORT

B. TRACKING MONEY FLOW - ASIA ¹

- Fatigue hit liquidity flow to Asia. After seven straight weeks of inflow, global money reversed direction last week.
- Based on provisional data from the respective exchanges in seven Asian markets that we track, investors classified as “foreign” sold equities amounted to USD0.21b. It was marginal considering the fact that in the seven weeks before, cumulative purchase grossed a whopping USD16b.
- The biggest reorientation of trend appears to be unravelling in North Asia. Taiwan took a surprise turn last week, recording its first net outflow in 10 weeks. It was ominous when the market reopened on Wednesday after a two-day holiday, as foreign investors offloaded -USD208m on the day, the highest since January. Formosa Petrochemical Corp. emerged as the key selling target after its announcement to cut its selling price for gasoline and diesel. In addition, Taiwan’s higher-than-expected inflation in March raised market’s concern on the central bank’s ability on conducting further easing to support the sluggish economy.
- Meanwhile, Korea shifted back into the radar screen, attracting USD344m of foreign money into equity. There was heavy attrition on Tuesday, but it turned out to be transient. The Korean market was partly buoyed by a rebound from Korea’s largest steelmaker POSCO, which benefited from an elevated iron ore price and its strategy to focus on high value products. At the macro-level, Korea’s forex reserve rose USD4b in March, the first increase in four months, arguably signaling a stabilizing financial condition.
- Foreign funds appear to be clearing their position in Thailand ahead of the Songkran Festival which close the Thai exchange for 3 days from Wednesday to Friday. Foreign funds offloaded -USD208m, after mopping up a relatively massive USD438m the week prior. Financial stocks, particularly Siam Commercial Bank and Kasikornbank PCL, were vulnerable. Profit margin was expected to be squeezed with Thailand’s four largest banks cutting their minimum lending rate by 15-25 basis points.
- There was moderate buying in Jakarta while foreigners sold Philippine stocks for the first time in 6 weeks.
- India was one of the favoured markets in Asia since early March, but foreigners started selling last week.



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.

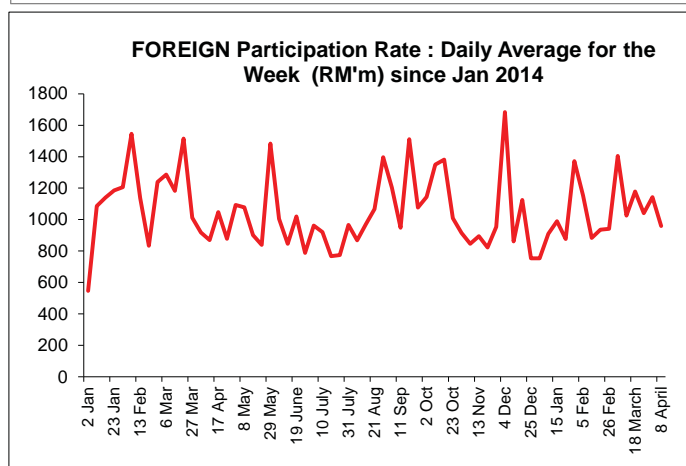
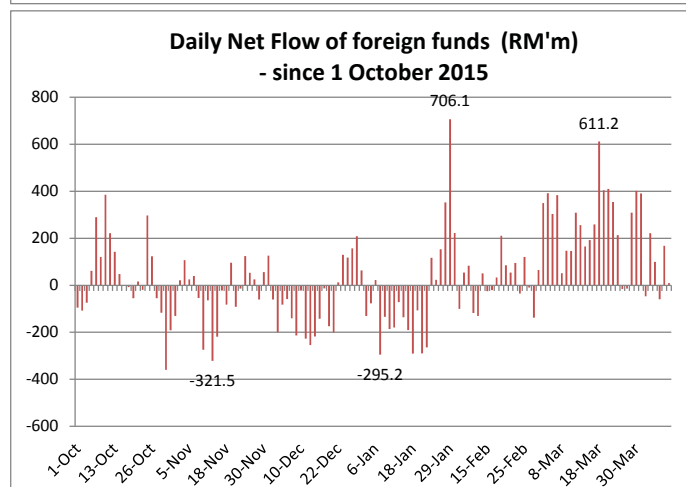
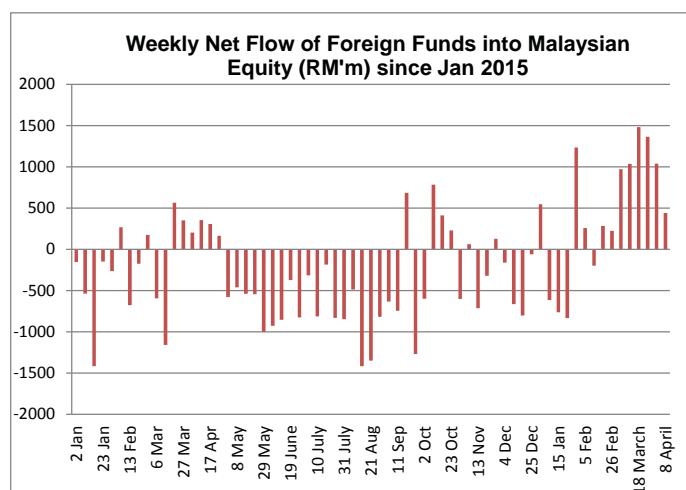
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
FEB 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	-8.1	23.2	22.7	551.9	316.1	339.6	1502.6
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	-156.5	-369.4	112.5	-214.8

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

C. TRACKING MONEY FLOW - MALAYSIA

- After five consecutive weeks of high tide, foreign liquidity flow on Bursa receded last week. Nevertheless, net foreign purchase still extended to eight straight weeks, the longest since the 11-week stretch in April-June 2014.
- Net foreign purchase on Bursa fell below RM1b, after surpassing that level for four weeks running. Foreigners bought listed equities amounted to RM439.4m, compared with an average of RM1.23b a week in the preceding four weeks. This is estimated based on transactions in the open market and excluded off market deals.
- The buying was still strong on Monday, as foreigners mopped up RM222m, the 20th day this year that net foreign purchase had exceeded RM200m. However, foreign appetite for Malaysian stocks tapered significantly thereafter, although there was a strong comeback on Thursday, which turned out to be transient.
- Last week's foreign purchases boosted the cumulative year-to-date net inflow to RM5.93b, still relatively low compared with the -RM19.5b net outflow for the whole of 2015.
- Foreign participation rate fell -16%. The average daily value of shares traded fell below RM1b for the first time in six weeks at RM960m.
- Local funds continued to sell amid foreign buying, offloading -RM369m last week, or -RM5.6b cumulatively during the year-to-date. Participation remained elevated, with average volume at RM2.3b, the sixth straight week that the number had exceeded RM2b. The retail market remained soft as retailers continued to sell. Participation rate was thin, staying below RM600m for the second straight week at RM580m.
- Last week's BNM data also showed that foreign investors purchased RM11.5b of Ringgit debt securities in March. Combined with an estimated RM6.1b foreign purchases of equity, the total external portfolio capital which entered the local bond and equity market was RM17.6b in March, the highest since April 2011.


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 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	1695.8	1667.6	28.2	5421.2	6815.3	-1394.1	3286.2	1920.3	1365.9	339.6
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

* 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

- Tenaga Nasional registered the highest net money inflow of RM20.68m last week. Accordingly, its share price outperformed the market benchmark with a 3.60% weekly rise. In comparison, the FBM KLCI advanced by mere 0.46% during the week under review. Recently, MARC affirmed TNB's AAA ratings "to reflect the high likelihood of government support for the company given its critical role as the country's principal energy provider".
- AirAsia came in second with RM14.89m net inflow. Likewise, its share price outperformed the market benchmark with a 3.28% week-on-week gain. In related news, the company seen bullish response to its private placement proposal.
- Petronas Chemicals recorded the third highest net money inflow of RM7.01m. However, its share price outperformed the market benchmark as it ended -0.30% lower during the review week. In this regard, it is notable that net money inflow amidst retreating share price may indicate buy on weakness (BOW) stance among some investors.

TOP 10 NET MONEY OUTFLOWS

- Public Bank saw the largest net money outflow of -RM50.44m during the review week. Nonetheless, its stock price outperformed the FBM KLCI as it ended the week higher by 2.24% against a smaller 0.46% gain in the market benchmark. On this score, it is notable that net money outflow amidst advancing share price indicates sell on strength (SOS) stance among some investor.
- Telekom Malaysia came in second last week with a net outflow of -RM6.86m. However, its share price too outperformed the market benchmark as it recorded a 1.67% weekly gain which may indicate SOS stance among some investors. The company announced it shall soon launch its mobility service.
- SapuraKencana Petroleum registered the third largest net money outflow at -RM6.72m in the review week. Accordingly, its share price underperformed the market benchmark with a -3.70% weekly loss.



Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 10 April 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	
TNB	20.68	-1.76	3.60	-
AIRASIA	14.89	3.42	3.28	-
PETRO CHEM	7.01	2.94	-0.30	BOW
KL KEPONG	4.54	-4.18	0.08	-
YTL CORP	3.99	1.39	3.75	-
KPJ HEALTH	3.88	-0.25	1.18	-
IHH HEALTH	3.15	-0.74	1.67	-
AMMB	2.87	2.02	-4.14	BOW
MISC	2.57	-1.24	0.00	-
PETRO DAGANG	2.01	0.45	-1.00	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	
PUBLIC BANK	-50.44	14.90	2.24	SOS
TM	-6.86	-6.59	1.67	SOS
SAPURAKEN	-6.72	-0.22	-3.70	-
GAMUDA	-5.59	-0.45	2.47	SOS
TOP GLOVE	-5.59	-0.81	6.83	SOS
MAYBANK	-4.19	0.32	1.56	SOS
BURSA M'SIA	-4.06	0.16	-1.02	-
MAHB	-2.78	-1.59	-4.74	-
WESTPORTS	-2.68	0.74	1.92	SOS
IJM CORP	-2.58	-8.10	1.68	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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