

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 16 DECEMBER 2019 WEEK ENDED 13 DECEMBER 2019

- Major global equity markets ended in the green zone last week amidst positive development from the U.S-China trade negotiations.
- Brent crude oil price ended 1.3% higher for the week at USD65.22pb, the highest close in almost three months. Support mainly came from the progress in resolving the U.S.-China trade dispute and Britain's general election result which appeared to lift two clouds that have been hanging over investor risk appetite.
- After three consecutive weeks of exiting Asian markets, offshore funds made a strong comeback last week. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as "foreign" accumulated RM1.71b net last week, compared to -USD262.2m net disposed in the preceding week.
- There was a slowdown in net selling activity amongst foreign investors last week. Based on data from Bursa, international investors sold -RM367.1m net of local equities last week, extending the foreign net selling spree to six weeks .
- The FBM KLCI ended the week in the black for the second week, gaining 0.2% to settle at 1,571.42 points. Likewise, the Ringgit appreciated by 0.6% against the greenback to reach USD/MYR4.1345 during the week, the strongest point since early November 2019.

16 December 2019 | Strategy - Weekly Fund Flow

Adam M Rahim

TRADE OPTIMISM BRINGS BACK INVESTORS TO ASIA**A. MARKET SNAPSHOT**

- Major global equity markets ended in the green zone last week amidst positive development from the U.S-China trade negotiations.
- On the monetary policy front, The Fed maintained its policy rate at 1.5-1.75% during its last FOMC meeting for the year. The economic growth in the U.S is predicted to continue moderating in 2020 amidst domestic political instability with presidential elections being held in late by end of 2020. Looking at macro indicators, there are possibilities that President Trump will remain in office given that the jobless rate hit a historic low and inflationary pressure stayed below 2.0%. In addition, confidence in federal policies improved following the positive trend of the IBD/TIPP Economic Optimism Index after President Trump took over as President in 2017.
- Over in China, the nation's consumer price index came in at 4.5% in November 2019, its fastest pace in almost eight years. The pick up in consumer prices was driven the by African swine fever epidemic, causing prices of its staple meat to more than doubled. With China's herd down by about 40%, authorities last week launched a plan to restore production to pre-swine fever levels by 2021. The crisis had also sent prices of beef, lamb and eggs up as consumers switch to other sources of protein.
- Economic confidence in Germany and Eurozone rebounded strongly after seven-straight months of negative territory since May-19. Based on macro fundamentals, the Eurozone economy remains weak despite low inflationary pressure and better unemployment rate. Headline CPI hovers within 1%-1.5% range while jobless rate is slightly higher at 7.5% compared to the lowest on record at 7.3%. The rebound in economic confidence may also came from ECB's efforts to continue with its QE program. Hence, we may expect recovery in domestic demand in the region particularly via household spending and private investment. Moving forward, on the external front, year 2020 will likely remain weak amid domestic political instability, heighten global trade tension and USA presidential elections. IMF forecasts Eurozone and Germany to grow by 1.4% and 1.2% in 2020 respectively.
- Brent crude oil price ended 1.3% higher for the week at USD65.22pb, the highest close in almost three months. Support mainly came from the progress in resolving the U.S.-China trade dispute and Britain's general election result which appeared to lift two clouds that have been hanging over investors' risk appetite. Thus far in 2019, Brent crude oil price has rallied 21% underpinned by efforts by the OPEC and allies including Russia to curb production.

Table 1 Weekly performance of major indices		
Weekly % change	Week before	Last week
Hang Seng	0.58	4.49
Korea KOSPI	-0.29	4.25
Nikkei	0.26	2.86
Taiwan TAIEX	1.05	2.74
China CSI 300	1.93	1.69
FTSE 100	-1.45	1.57
India SENSEX	-0.85	1.40
Phil PCOMP	0.81	0.97
Thai SET	-1.99	0.96
DAX	-0.53	0.88
CAC 40	-0.56	0.80
S&P 500	0.16	0.73
FSSTI Index	0.02	0.61
Dow Jones	-0.13	0.43
KLCI	0.43	0.17
Jakarta JCI	2.91	0.17

Source: Bloomberg

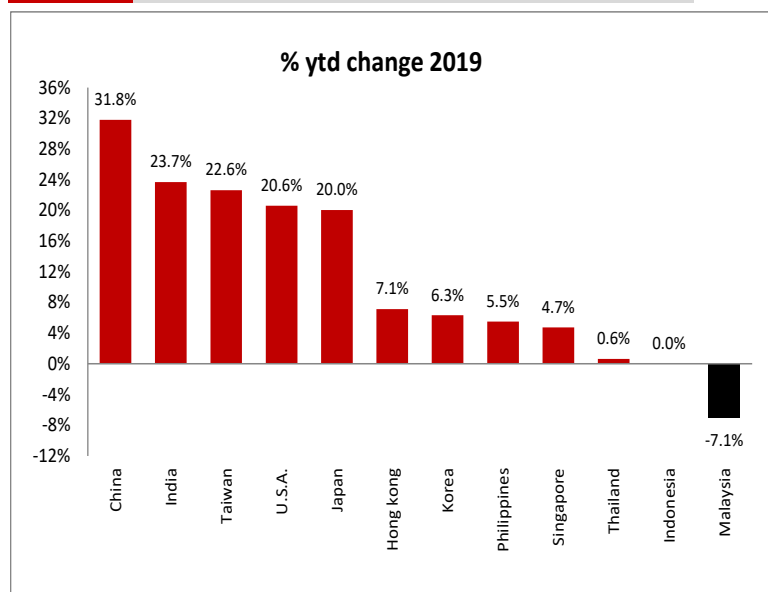
FUND FLOW REPORT

- The FBM KLCI ended the week in the black for the second week, gaining 0.2% to settle at 1,571.42 points. Likewise, the Ringgit appreciated by 0.6% against the greenback to reach USD/MYR4.1345 during the week, the strongest point since early November 2019.

B. TRACKING MONEY FLOW - ASIA¹

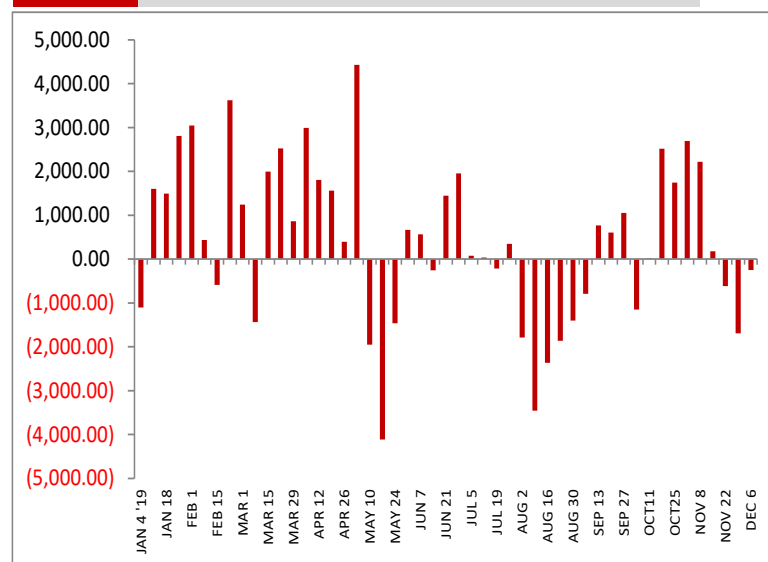
- After three consecutive weeks of exiting Asian markets, offshore funds made a strong comeback last week. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as “foreign” accumulated RM1.71b net last week, compared to -USD262.2m net disposed in the preceding week.
- South Korea experienced its first weekly foreign net inflow of USD911.5m after four uninterrupted weeks of foreign net attrition. Tuesday was the only day during the week which saw a foreign net outflow of -USD37.7m following overnight Wall Street cues and uncertain view of the progress in China U.S Trade negotiations as a Dec 15 deadline for new US tariffs on Chinese goods approaches. Meanwhile, the level of foreign net buying was elevated on both Thursday and Friday at above USD400m net. The local bourse took cue of the heavy foreign net inflow to settle more than 1.0% higher on both days after media reports said US President Donald Trump has agreed to a partial China-US trade deal, including lower US tariffs in exchange for China buying of US farm products. On a year-to-date basis, international investors have so far bought USD130.2m net of local equities in South Korea, the smallest foreign net inflow amongst the seven Asian markets we monitor.
- Foreign investors entered Taiwan at a tune of USD1.07b net, marking the second straight week of foreign net inflow. Similar to South Korea, Tuesday was the only day which had a foreign net outflow, snapping the six-day foreign net buying in the island nation. Meanwhile, international investors were net buyers at an increasing level from USD127.6m on Wednesday to USD548.4m on Friday. The spike in foreign net buying on Friday was partly attributable to the relieved feeling from President Trump’s The spike in foreign net buying on Friday was partly attributable to the renewed optimism on U.S china trade deal while Boris Johnson gained a crushing election victory clearing the way for the Brexit legislation.

Chart 1 YTD performance of major markets



Source: Bloomberg

Chart 2 Weekly Net Flow of Foreign Funds into 7 Asian Markets since Jan 2019 (USD'm)

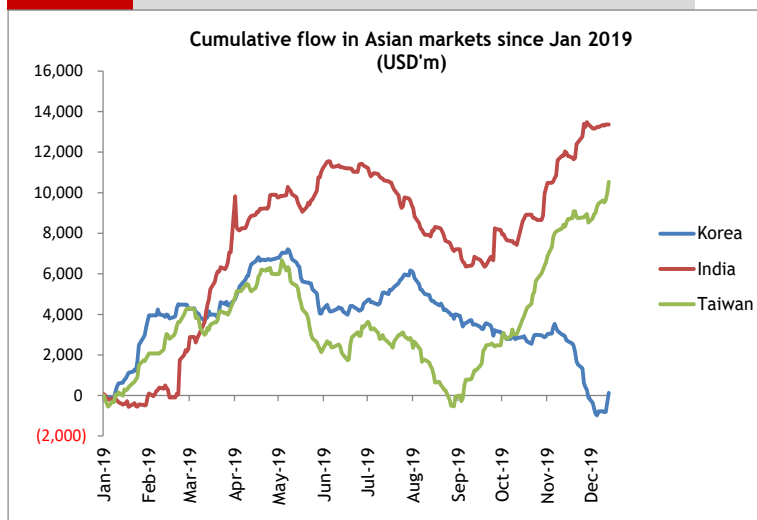


Source: Bloomberg, Bursa Malaysia, MIDFR

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.

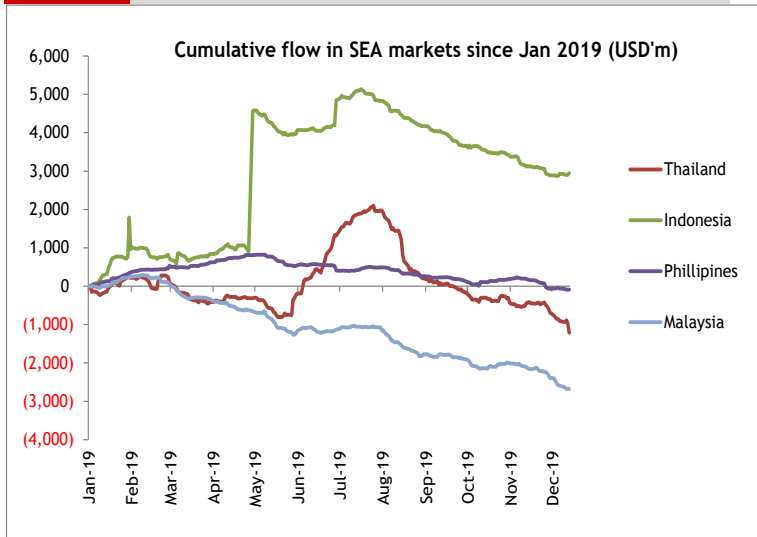
- In emerging South East Asian markets that we monitor, more than half recorded a foreign net outflow during the week.
- In Bangkok, the pace at which foreign investors were disposing local equities inched higher to reach -USD304.9m net during the four-day trading week. As markets reopened on Wednesday from the Constitution Day holiday, foreign funds snapped up USD45.0m net of local equities. However, the international investors turned net buyers on the next day until the week ended with Friday recording the highest foreign net outflow of -USD250.3m amidst concerns that Bangkok Bank's USD2.7b takeover of a mid-sized Indonesian lender may hardly offer any synergy.
- In Manila, offshore funds sold -USD28.0m net of local equities last week. Foreign net selling occurred on every day of the week except on Friday which saw a foreign net inflow of USD6.1m. Foreign net outflow on the other hand was the highest on Tuesday at -USD11.1m. From the monetary policy front, the central bank of the Philippines on Thursday kept interest rates unchanged for the second consecutive meeting amidst higher government spending and string domestic demand.
- In Jakarta, offshore funds bought USD15.0m net of local equities last week, less than half of what was acquired in the preceding week. Foreign net buying occurred on Thursday and Friday. Friday recorded the highest foreign net inflow during the week at USD36.7m net, lifting the JCI index 0.9% higher to settle at 6,197.3 points, a level not seen since early November 2019. Amongst the four ASEAN markets we monitor, Indonesia has the highest year-to-date foreign net outflow of USD2.95b. Looking at Indonesia's consumer sector, the growth in Indonesia's retail sales surged to 3.6%yoy in October 2019, the fastest in five months driven by increased sales of food and auto parts.

Chart 3 Net Flow of Foreign Funds into Taiwan, Korea and India since Jan 2019 (USD'm)



Source: Bloomberg, MIDFR

Chart 4 Net Flow of Foreign Funds into South East Asia Emerging Markets since Jan 2019 (USD'm)



Source: Bloomberg, Bursa Malaysia, MIDFR

Table 2 Weekly Net Flow Of Foreign Fund Into Equity By Market (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
OCT 25	324.8	143.2	23.1	28.9	-257.3	1,410.7	72.2	1,745.6
NOV 1	38.5	-216.1	-123.4	27.6	1,820.6	1,130.9	13.2	2,691.3
NOV 8	151.5	-78.5	-183.1	12.0	1,120.6	1,252.3	-57.2	2,217.5
NOV 15	-503.4	104.0	-64.6	-47.9	210.4	574.2	-98.4	174.2
NOV 22	-1,155.6	-34.6	-40.2	63.4	680.5	43.4	-44.8	-614.7
NOV 29	-1,625.9	-212.0	-189.4	-159.3	883.2	-210.2	-182.3	-1,695.8
DEC 6	-681.5	-222.4	37.0	8.7	-138.2	934.3	-200.0	-262.2
DEC 13	911.5	-304.9	15.0	-28.0	131.6	1,070.2	-88.3	1,707.1

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

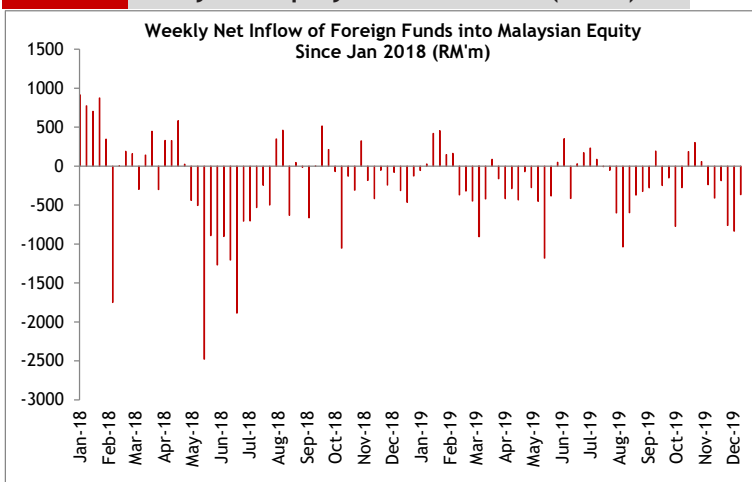
FUND FLOW REPORT

C. TRACKING MONEY FLOW - MALAYSIA

- There was a slowdown in net selling activity amongst foreign investors last week. Based on data from Bursa, international investors sold -RM367.1m net of local equities last week, extending the foreign net selling spree to six weeks.
- Bursa had a bumpy start to the week as foreign investors took out -RM131.3m net of local equities on Monday. Optimism on strong U.S jobs report on the preceding Friday was outweighed by weak export figures of China.
- Foreign net selling inched lower on Tuesday to reach -RM123.4m net as investors appear reluctant to place bets ahead of the Dec. 15 deadline for the U.S. to place more tariffs on China.
- Offshore investors continued to lower their selling activity to -RM112.2m as the Trump administration and House of Democrats reached a deal that would move the U.S-Mexico-Canada agreement forward.
- International funds made a modest return to Bursa on Thursday at a tune of RM39.7m net, snapping the 16-day foreign net selling streak. The local stock barometer followed suit to see its first gain in four days after the U.S Fed left its key benchmark rate unchanged through 2020 amidst a solid economic outlook.
- The foreign net inflow was however short-lived as foreign funds sold -RM40.0m net on Friday. This was despite news that President Trump agreed to a limited trade agreement with Beijing that will roll back existing tariffs on Chinese goods, effectively averting the new waves of tariff scheduled on 15 December 2019.
- December has so far seen a foreign net outflow of -RM1.20b. Meanwhile the year-to-date foreign net outflow from Malaysia as of last Friday has reached -RM11.13b, only RM561.0m short of last year's total foreign net outflow of -RM11.69b.
- In terms of participation, foreign investors saw the sharpest increase in average daily traded value (ADTV) amongst the other investor groups, gaining 49.4% to reach RM1.08b.

Chart 5

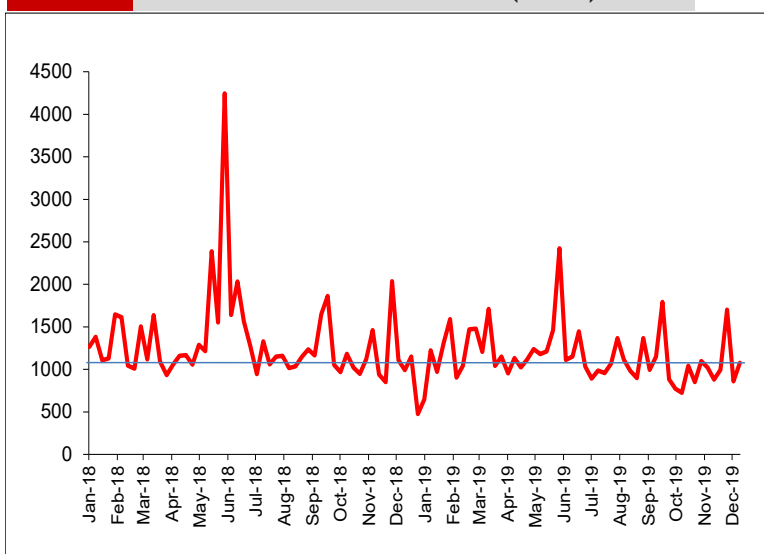
Weekly Net Flow of Foreign Funds into Malaysian Equity since Jan 2018 (RM'm)



Source: Bursa Malaysia statistics, MIDFR

Chart 6

Foreign Participation on Bursa: Daily Average for the Week since Jan 2018 (RM'm)



Source: Bursa Malaysia statistics, MIDFR

Table 3 BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			NET (USD)*
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	
NOV 8	2,351.3	2,312.5	38.7	5,092.3	4,893.8	198.5	2,432.8	2,670.0	-237.2	-57.3
NOV 15	2,144.0	2,055.4	88.6	4,420.3	4,100.3	320.0	1,999.4	2,408.0	-408.5	-98.4
NOV 22	2,502.7	2,454.3	48.4	4,285.2	4,146.4	138.8	2,394.2	2,581.3	-187.2	-44.8
NOV 29	2,544.5	2,401.8	142.7	4,785.8	4,167.3	618.5	3,871.5	4,632.7	-761.2	-182.3
DEC 6	2,222.6	2,146.4	76.2	4,137.6	3,379.1	758.5	1,735.1	2,569.8	-834.6	-200.0
DEC 13	2,579.4	2,511.5	67.9	4,376.2	4,077.0	299.2	2,510.8	2,877.9	-367.1	-88.3

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

D. MONEY FLOW² AMONG BURSA'S TOP 100 CAPITALIZED STOCKS: WEEK ENDED 13 DECEMBER
TOP 10 NET MONEY INFLOWS

- Tenaga Nasional Berhad registered the highest net money inflow of RM14.12m last week. Its share price declined -1.79% for the week, underperforming the local bourse which had a 0.17% weekly gain. Nonetheless, it is notable that net money inflow amidst retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- MISC Berhad recorded the second highest net money inflow of RM13.22m. Its share price was unchanged for the week.
- CIMB Group Holdings Berhad saw the third highest net money inflow of RM10.20m. Its share price was 0.96% higher during the week, outperforming the local bourse which was 0.17% higher.

TOP 10 NET MONEY OUTFLOWS


- Malaysia Airports Holdings Berhad saw the largest net money outflow of -RM8.75m last week. Its stock price was -7.36% higher for the week, substantially underperforming vis-à-vis the FBM KLCI which advanced 0.17% during the review week.
- FGV Holdings Berhad recorded the second largest net money outflow -RM3.86m during the week under review. Its share price was 6.82% higher during the week, outperforming the market benchmark which had a 0.17% weekly gain. It is notable that the net money outflow amidst advancing share price may indicate a sell on strength (SOS) stance among some investors.
- Yinson Holdings Berhad registered the third largest net money outflow of -RM3.07m in the review week. Its share price was -0.31% lower during the week under review, underperforming the local benchmark which was 0.17% higher for the week. 

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TNB	14.12	3.18	-1.79	BOW
MISC BHD	13.22	-0.54	0.00	-
CIMB	10.20	7.22	0.96	-
GENTING PLTN	5.00	0.07	0.00	-
HEINEKEN	4.81	-0.11	1.00	-
DIALOG GROUP	3.92	1.25	-0.29	BOW
KL KEPONG	2.80	-12.67	2.24	-
GENTING BHD	0.12	-4.38	0.69	-
PETGAS	2.03	-0.12	7.22	-
DRB-HICOM BHD	1.33	1.15	-0.43	BOW

Source: Bloomberg, MIDFR;

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

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
MAHB	-8.75	7.06	-7.36	-
FGV	-3.86	-2.19	6.82	SOS
YINSON	-3.07	0.02	-0.31	-
RHB BANK	-2.28	-0.74	-0.89	-
ECO WORLD	-1.84	-0.09	14.73	SOS
PETCHEM	-3.70	1.11	1.41	SOS
VELESTO	-1.79	-0.15	1.33	SOS
BUMI ARMADA	-1.44	-0.87	-1.05	-
GENT MSIA	-1.49	-0.72	0.95	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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