

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 29 OCTOBER 2019 WEEK ENDED 25 OCTOBER 2019

- Majority of equity markets worldwide were in the black last week amidst some surprises in corporate earnings in the U.S.
- Brent crude oil price ended 4.4% higher for the week after settling at USD62.02pb, the biggest weekly gain in five weeks. The sentiment was upheld by the fall in U.S. crude stockpiles for the first time in six weeks, while a critical North Sea oil pipeline was briefly shut on Thursday. Other additional factors which influenced the oil price was the signs of progress in the U.S-China trade talks. The U.S. and China seem to be on the glide path to a possible signing of phase one of a trade deal in Chile next month.
- Asian markets had a cheerful week as international funds continued pouring into Asian equities for the second week. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as “foreign” mopped up USD1.81b net last week, compared to USD2.52b in the preceding week.
- Offshore investors continued to make their way to Bursa for the second week. Based on data from Bursa, foreign investors acquired RM302.4m net of local equities last week, compared to RM184.6m net in the preceding week.
- The FBM KLCI’s weekly gain was short-lived as it ended 0.1% lower for the week after settling at 1,570.0 points on Friday. Meanwhile, the Ringgit marginally appreciated by 0.1% against the greenback to reach USD/MYR4.1845 during the week.

29 October 2019 | Strategy - Weekly Fund Flow

Adam M Rahim

FOREIGN INVESTORS UPPED THE ANTE ON BURSA

A. MARKET SNAPSHOT

- Majority of equity markets worldwide were in the black last week amidst some surprises in corporate earnings in the U.S.
- On Wall Street, Tesla in the limelight surprised investors by posting a profitable third quarter results. Shares of Tesla rose nearly 21% to USD307.12 after hours on the unexpected news, crossing USD300 for the first time since March 1 after record deliveries and cost cuts. It was an important breakthrough for Tesla and redemption for Musk who had to step down as chairman after a series of scandals and investor doubts about Tesla's ability to withstand competition from larger, better capitalized global rivals.
- Hong Kong headline inflation rate slowed from a three-year high of 3.5%yoy in August 2019 to a four-month low of 3.2%yoy. Housing inflation which has the largest weight (34%) of the overall CPI basket went down to a six-month low of 3.3%yoy. Likewise, food and transport inflation eased to 6%yoy and 2.1%yoy respectively. Similar to the headline figure, inflation which excluded the effects of all government's one-off relief measures came in at 3.2%yoy. Despite the latest downtick, inflation still remains above 3% and is likely to stay elevated moving forward mainly due to the ongoing anti-extradition bill protest. Also affected by the demonstration is the labour market. Seasonally adjusted unemployment rate stood at 1.5-year high of 2.9% in September 2019.
- In Europe, the Confederation of British Industry (CBI) found through its survey that British manufacturers expect the most widespread drop-off in orders for a decade in the coming three months due to the slowdown of the global economy and Brexit uncertainty. According to the CBI, quarterly expected orders balance dropped to -10 in October 2019 from +10 in July, a level not seen since April 2009 amidst a steep decline in overseas orders. Britain is due to leave the European Union by 31 October 2019 but if the bloc offers the extension up to end of January 2020, the British Prime Minister is obliged to accept, making way for an early general election.
- Brent crude oil price ended 4.4% higher for the week, settling at USD62.02pb, the biggest weekly gain in five weeks. The sentiment was upheld by the fall in U.S. crude stockpiles for the first time in six weeks, while a critical North Sea oil pipeline was briefly shut on Thursday. Other additional factors which influenced the oil price was the signs of progress in the U.S-China trade talks. The U.S. and China seem to be on the glide path to a possible signing of phase one of a trade deal in Chile next month.

Table 1 Weekly performance of major indices

Weekly % change	Week before	Last week
FTSE 100	-1.33	2.43
FSSTI Index	0.01	2.29
DAX	0.97	2.07
CAC 40	-0.52	1.52
Nikkei	3.18	1.37
Korea KOSPI	0.79	1.32
S&P 500	0.54	1.22
Taiwan TAIEX	2.67	1.04
Jakarta JCI	1.41	0.98
China CSI 300	-1.08	0.71
Dow Jones	-0.17	0.70
Phil PCOMP	0.45	0.47
KLCI	0.92	-0.07
Hang Seng	1.56	-0.20
India SENSEX	3.07	-0.61
Thai SET	0.33	-2.34

Source: Bloomberg

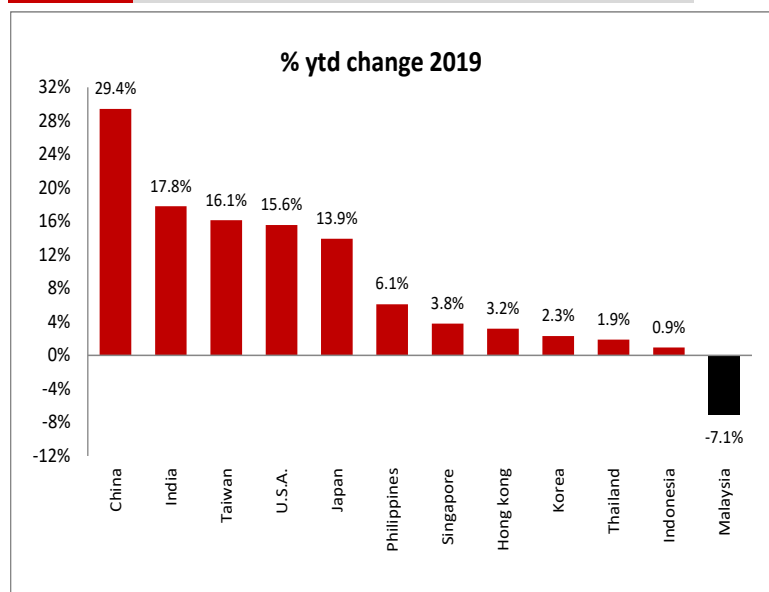
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- The FBM KLCI's weekly gain was short-lived as it ended 0.1% lower for the week after settling at 1,570.0 points on Friday. Meanwhile, the Ringgit marginally appreciated by 0.1% against the greenback to reach USD/MYR4.1845 during the week.

B. TRACKING MONEY FLOW - ASIA¹

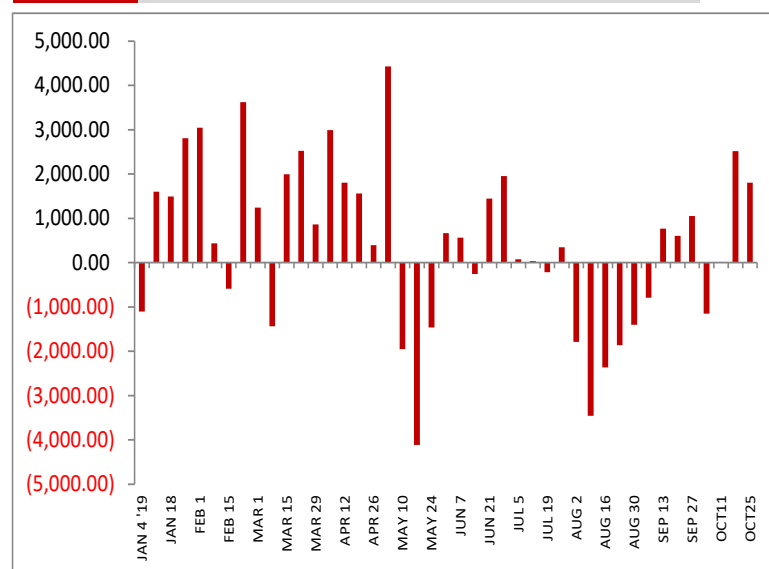
- Asian markets had a cheerful week as international funds continued pouring into Asian equities for the second week. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as "foreign" mopped up USD1.81b net last week, compared to USD2.52b in the preceding week.
- International funds entered Korea at a tune of USD324.8m last week, the highest foreign net inflow in 13 weeks. Foreign investors were net buyers on three days during the week. Tuesday and Wednesday both recorded a high foreign net inflow above USD200m, underpinned by some optimism regarding the U.S-China trade discussions. Korea has so far seen a foreign net inflow of USD3.0b in 2019, the fourth largest amongst the seven Asian markets we cover. On the macroeconomic front, South Korea's September 2019 export volume fell 2.1%yoy, extending a downward trend for five straight months since May.
- Taiwan retained its crown as beneficiary of the largest foreign net inflow during the week as international funds bought USD1.41b net of local equities. In fact, this was the largest weekly foreign net inflow so far this year. This also brings Taiwan's foreign net buying spree to the eighth week, just one week short of longest buying streak since late January to March 2016. International funds bought local equities on every single day of the week, stretching the daily buying spree to 10 days. Foreign funds accumulated the most on Thursday at USD554.9m net, coinciding with the Taiex's 0.7% advance to reach 11,320.1 points, a level not observed since March 1990. Thursday's rally was partially attributable to the rise in Tesla suppliers in Taipei such as Hota Industrial jumped as much as 5.6% following Tesla's unexpected quarterly profit.

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)

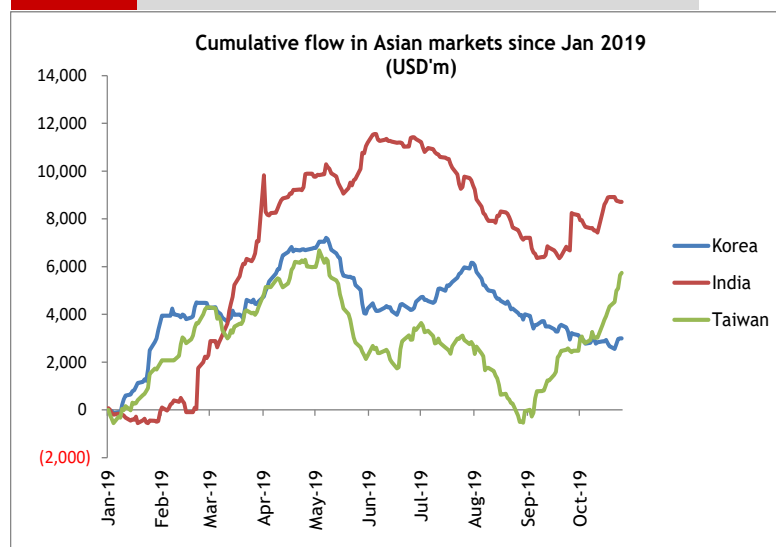


Source: Bloomberg, Bursa Malaysia, MIDFR

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.

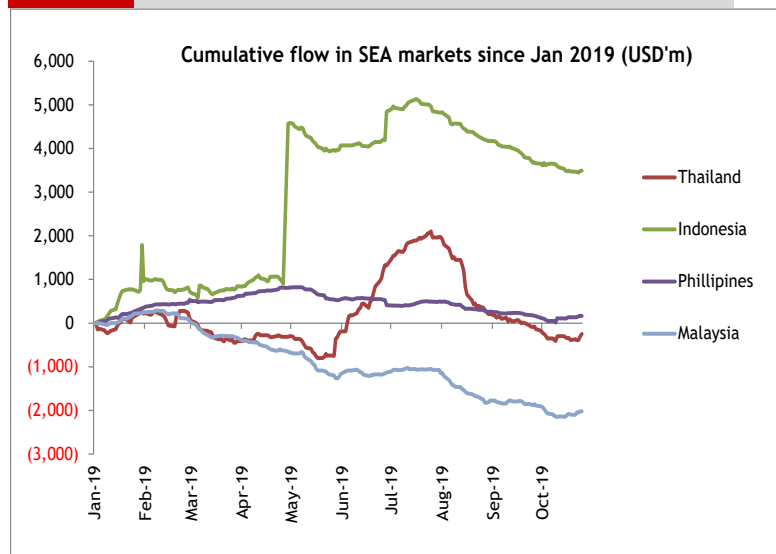
- In emerging South East Asian markets that we monitor, foreign net buying was across the board.
- In Bangkok, foreign investors snapped up USD143.0m net of local equities during the four-day trading week, the largest weekly foreign net inflow in 15 weeks. International funds bought the most during the week on Thursday at USD93.4m net after oil jumped overnight and positive earnings of some companies such as Tesla to Sands China buoyed investor sentiment.
- In Manila, foreign investors remained net buyers for the third week after buying USD29.0m of local equities last week. Foreign net buying peaked on Wednesday at USD22.3m despite setback on Brexit which could delay the United Kingdom's leave from the European Union on 31 October 2019. It is also notable that the Philippines recorded a year-to-date foreign net inflow of USD163.9m, the lowest amongst the four ASEAN markets.
- After 14 straight weeks of foreign net selling, international investors finally made a return to Jakarta as they accumulated USD23.1m net of local equities last week. Despite experiencing foreign net selling for the first three days of the week, this was offset by Thursday's heavy foreign net buying of USD43.0m net. The local stock barometer took cue of the active buying activity to settle 1.3% higher at 6,339.6 points. On Thursday, Indonesia's central bank cut its key interest rate for a fourth straight month to spur the economy amid a deteriorating outlook for global growth. The latest round of easing comes after the International Monetary Fund revised down its forecast for global growth and cut its 2019 projection for Indonesia to 5% from 5.2% in July.

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
SEP 6	-439.4	-113.0	-126.3	-38.6	-845.4	838.5	-66.3	-790.3
SEP 13	-67.4	-57.6	-47.2	8.0	432.1	452.3	46.0	766.1
SEP 20	63.7	-37.2	-206.7	-33.7	-357.4	1,232.8	-59.7	601.7
SEP 27	-383.5	-136.4	-133.8	-37.4	1,767.6	8.6	-36.1	1,049.0
OCT 4	-406.9	-216.3	-14.5	-112.8	-539.1	325.0	-184.0	-1,148.6
OCT 11	58.6	53.2	-79.1	60.2	-239.1	225.4	-65.9	13.3
OCT 18	-159.7	-92.4	-95.6	27.2	1,489.6	1,303.8	44.1	2,517.0
OCT 25	324.8	143.0	23.1	29.0	-199.8	1,410.6	72.2	1,803.0

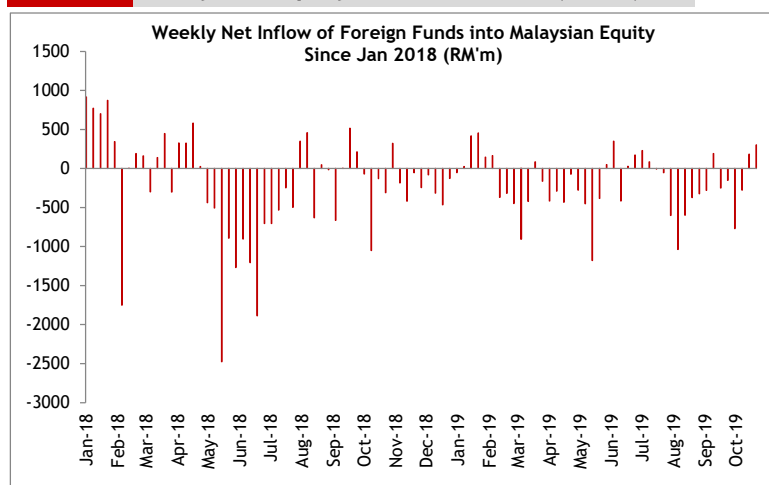
2,510.3 Source: Respective exchange statistics reported on Bloomberg, Bursa Malaysia. These figures are subject to revisions.

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C. TRACKING MONEY FLOW - MALAYSIA

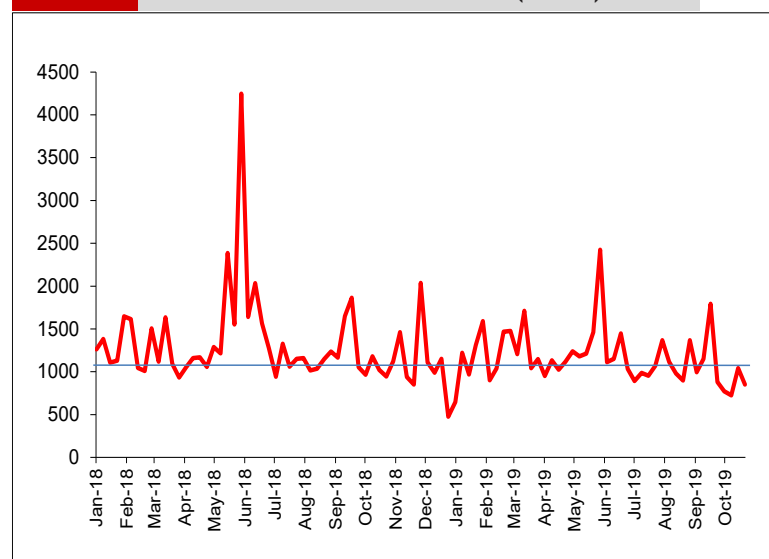
- Offshore investors continued to make their way to Bursa for the second week. Based on data from Bursa, foreign investors acquired RM302.4m net of local equities last week, compared to RM184.6m net in the preceding week.
- Bursa started the week on a rather sluggish note as international funds disposed -RM23.7m net of local equities on Monday as hopes of further stimulus measures from China were trimmed by China's move of keeping its benchmark lending rate unchanged.
- Tables were turned on Tuesday as foreign funds acquired RM217.6m net of local equities, the largest in a day since early June 2019. The local bourse followed suit to settle at 1,574.1 points on the same day, the highest close during the week. Positive vibes were sparked by indications from China that negotiations over an initial trade deal are progressing, raising the possibility that both nations' leaders could sign an agreement at a meeting next month in Chile.
- The level of foreign net buying declined substantially to RM1.7m on Wednesday as British lawmakers rejected the government's proposed timetable for passing legislation to ratify its deal to exit the European Union, putting the October 31 deadline in doubt.
- Nevertheless, foreign investors significantly increased their exposure on stocks listed on Bursa later on Thursday shown by a foreign net inflow of RM117.0m. Risk-on sentiment was bolstered by the potential amicable resolution to the growing palm oil trade tensions between India and Malaysia.
- International funds turned net sellers on Friday ahead of the long weekend albeit at a measurable pace of only -RM10.3m.
- With three trading days left in October 2019, foreign funds have sold -RM488.0m net of local equities during the month. On a year-to-date basis, the foreign net outflow from Malaysia stands at -RM8.39b.
- In terms of participation, foreign investors saw the largest decline in average daily traded value (ADTV) of 18.2% to reach below the RM1b mark.

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)	
SEP 20	1,588.4	1,486.2	102.1	3,515.4	3,368.2	147.2	3,462.6	3,711.9	-249.3	-59.7
SEP 27	1,667.2	1,643.1	24.1	3,722.7	3,596.0	126.7	2,130.6	2,281.4	-150.9	-36.1
OCT 4	1,747.4	1,640.9	106.5	3,974.6	3,310.4	664.2	1,545.3	2,316.1	-770.8	-184.0
OCT 11	2,067.2	2,004.7	62.5	4,103.4	3,889.3	214.1	1,676.0	1,952.5	-276.6	-66.0
OCT 18	2,592.6	2,523.1	69.5	4,624.8	4,879.0	-254.1	2,697.7	2,513.1	184.6	44.1
OCT 25	2,281.4	2,262.9	18.5	3,787.9	4,108.7	-320.9	2,281.5	1,979.1	302.4	72.2

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 25 OCTOBER
TOP 10 NET MONEY INFLOWS

- Petronas Chemicals Group Berhad registered the highest net money inflow of RM9.34m last week. Its share price declined -5.06% for the week, underperforming the local bourse which had a -0.1% weekly loss. It is notable that net money inflow amidst retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- Telekom Malaysia Berhad recorded the second highest net money inflow of RM5.82m. Its share price ended 1.64% higher for the week, outperforming the benchmark which was -0.1% lower during the week under review.
- Genting Berhad saw the third highest net money inflow of RM5.06m. Its share price was little changed during the week ended 0.64% higher during the week under review, outperforming the local bourse which was -0.1% lower.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg) Last Week	Remark
	Last Week	Prev Week		
PECHEM	9.34	4.03	-5.06	BOW
TELEKOM	5.82	2.16	1.64	-
GENTING	5.06	0.76	0.64	-
DIALOG	4.53	-7.95	0.71	-
GENTING	4.36	0.89	-1.00	BOW
MY EG SERVICES	4.22	0.44	3.82	-
MAYBANK	4.13	1.56	-0.59	BOW
HONG LEONG	3.49	-1.66	-0.24	BOW
TNB	2.85	4.40	0.81	-
CIMB GROUP	2.76	-1.06	-0.10	BOW

Source: Bloomberg, MIDFR;

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

TOP 10 NET MONEY OUTFLOWS


- Cahya Mata Sarawak Berhad saw the largest net money outflow of -RM8.06m last week. Its stock price was -0.36% lower for the week, underperforming vis-à-vis the FBM KLCI which was -0.1% lower during the review week.
- Inari Amertron Berhad recorded the second largest net money outflow -RM7.05m during the week under review. Its share price was 0.47% higher during the week, outperforming the market benchmark which had a -0.1% weekly loss. It is notable that the net money outflow amidst advancing share price may indicate a sell on strength (SOS) stance among some investors.
- Bumi Armada Berhad registered the third largest net money outflow of -RM6.04m in the review week. Its share price was -2.11% lower for the week, underperforming the local benchmark which was -0.1% lower for the week. 

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg) Last Week	Remark
	Last Week	Prev Week		
CMSB	-8.06	0.07	-0.36	-
INARI	-7.05	-1.77	0.47	SOS
BUMI ARMADA	-6.04	0.66	-2.11	-
GENTING PLT	-5.23	-0.21	-8.00	-
MISC BHD	-2.33	-16.68	-3.64	-
BURSA	-2.13	1.69	3.17	SOS
PUBLIC BANK	-1.79	2.71	-0.58	-
IHH	-1.69	-1.11	-2.10	-
SDH	-1.26	1.29	10.61	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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