

FUND FLOW REPORT

Week Ended April 1, 2016	Foreign Flow Meter (M'sia)	
	 Tide	HIGH
	 Current	HIGH

- It was another week of mixed performance for global equities. With oil price consolidating, and the Fed lacking conviction in moving forward, the market is in need of a lead.
- Fed's Chair Janet Yellen on Wednesday signaled that she is in no rush to tighten monetary policy saying that the Fed must "proceed cautiously". It reduced the probability that rates will rise in the first half of the year.
- U.S nonfarm payroll for March increased by 215,000, higher than expected, with unemployment rate at 5%. The strong numbers are a relief for the economy which has been slowing lately. Yet, the market does not believe it has any bearing on the Fed's decision.
- Market sentiment last week was more adversely affected by the seemingly stalled oil price recovery. Brent crude oil price declined by 4.4% to USD38.67pb for the week.
- Despite the consolidating crude oil price, the Ringgit rallied 3.8% against the greenback and was last quoted at USD3.8905, its strongest level since August 5 last year. The Ringgit stayed convincingly below the RM4 mark last week, on strong external portfolio inflow. It has now appreciated 10.4% in the year to date, regaining some of the 18.6% loss in value in 2015.
- There was some pickup in global money flow to Asia last week, but the overall numbers still reflect some disruption caused by the Easter break. The direction of money flow has shifted in the last two weeks, being more weighted towards Emerging SEA and India, as opposed to that towards Taiwan and Korea.
- Foreign buying momentum of stocks listed on Bursa remained strong last week, which extended the current run to five consecutive weeks. For the fourth consecutive week, the amount of net foreign purchase had exceeded RM1b.
- For March, cumulative net foreign purchases amounted to RM6.1b, higher than that in April 2013. March 2016 was one of the highest months on record for money flow into listed equity.

4 April 2016 | Strategy - Weekly Fund Flow

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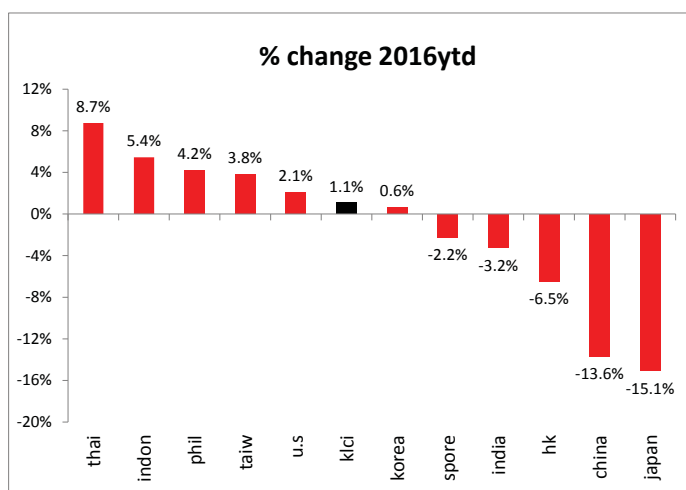
WEEK FOUR OF HIGH TIDE

A. MARKET SNAPSHOT

- It was another week of mixed performance for global equities. With oil price consolidating, and the Fed lacking conviction over the intensity of its policy approach, the market is in dire need of a lead.
- Fed's Chair Janet Yellen on Wednesday signalled that she is in no rush to tighten monetary policy saying that the Fed must "proceed cautiously". It reduced the probability that rates will rise in the first half of the year. On Friday, the Labour Department reported that nonfarm payrolls for March had increased by 215,000, higher than the 205,000 expected in a Reuters consensus. Unemployment rate edged up to 5%. The strong employment numbers is a relief for the economy which has been slowing lately. However, it may not have much of a bearing on the Fed's interest rate decision as the labour market is already safely in a comfortable zone.
- Wall Street had a positive Friday and closed the week with the Dow Jones and S&P500 rebounding 1.58% and 1.81% respectively. The indices have recorded positive gains in 6 out of the last 7 weeks. They were also the best performers in our leaderboard.
- Market sentiment last week was more adversely affected by the seemingly stalled oil price recovery. Brent crude oil price declined by 4.4% to USD38.67pb for the week. The recent rally appeared to have lost its momentum as the price retreated to below USD40pb. Yellen's dovish speech provided a boost earlier but it had a transient effect. Meanwhile, the EIA released its data showing that the US crude inventories rose by 2.3m, lower than the consensus forecast of 3m.
- China was a non-factor last week as the CSI300 advanced by only 0.75%. The index registered a 2% loss for the first two days of the week. On Friday, data released show China's manufacturing PMI rebounding to 50.2 in March, the first expansion since July 2015.
- Despite the consolidating crude oil price, the Ringgit rallied 3.8% against the greenback and was last quoted at USD3.8905, its strongest level since August 5 last year. The Ringgit stayed convincingly below the RM4 mark last week, on strong external portfolio inflow. It has now appreciated 10.4% in the year to date, regaining some of the 18.6% loss in value in 2015.
- The KLCI managed to close the week in the greenzone, adding 0.4% despite a challenging Friday. The KLCI's performance is capped by local funds offloading their position. It is up only 1.1%ytd, compared with 8.7%ytd and 5.4%ytd for the SET and JCI.

Performance of major markets		
Weekly % change	Week before	Last week
S&P500	-0.67	1.81
Dow Jones	-0.49	1.58
Hang Seng	-1.58	0.75
China CSI300	0.82	0.75
FTSE	-1.34	0.65
Thai SET	0.85	0.43
KLCI	-0.73	0.40
Jakarta JCI	-1.20	0.33
CAC	-2.98	-0.17
India Sensex	1.54	-0.27
Korea KOSPI	-0.42	-0.52
Taiwan Taiex	-1.20	-0.54
DAX	-1.00	-0.58
Straits Times	-2.04	-1.01
Phil Comp	0.73	-1.56
Nikkei 225	1.66	-4.93

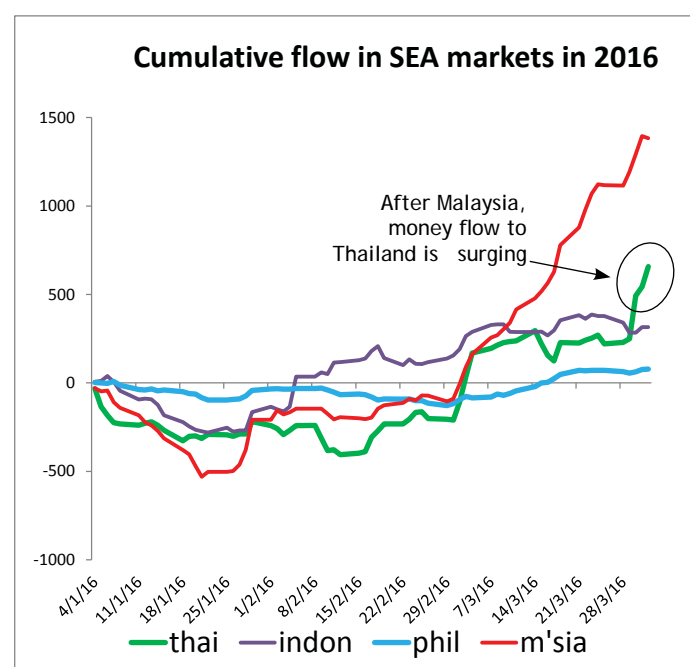
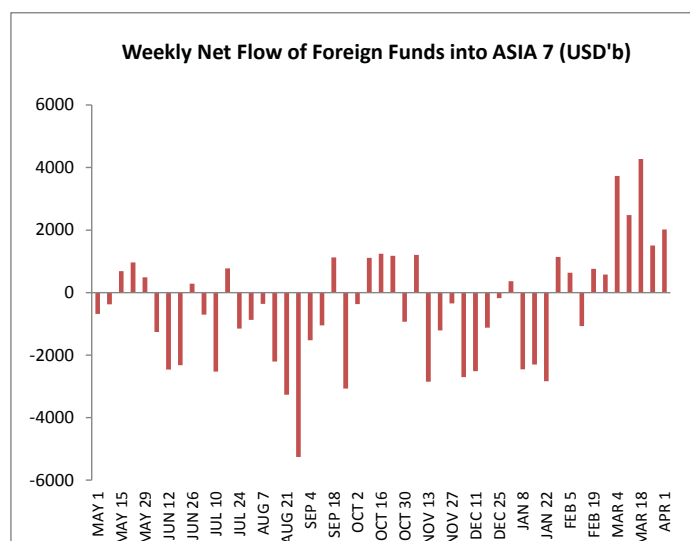
Source: Bloomberg



FUND FLOW REPORT

B. TRACKING MONEY FLOW - ASIA ¹

- There was some pickup in global money flow to Asia last week, but the overall numbers still reflect some disruption in the rate of flow caused by the Easter break.
- Based on provisional data from the respective exchanges in seven Asian markets that we track, the amount purchased last week by investors classified as “foreign” amounted to USD2.0b. It was USD1.50b the week before.
- The direction of money flow has shifted in the last two weeks. It was more weighted towards Emerging SEA and India, as opposed to that towards Taiwan and Korea.
- Taiwan was still a net beneficiary last week, hauling USD789m of foreign capital, its 9th straight week of surplus. There was optimism towards the economy after the manufacturing PMI bounced back to >50 at 51.1 in March, after dipping to 49.4 in February. Foreigners chased TSMC, whose market valuation reached NT\$4.18t on Wednesday, a record high in the history of the Taiwan Stock Exchange. TSMC signed an agreement with the Nanjing City Government to invest USD3b in an advanced wafer manufacturing facility in China.
- In contrast, Korea was the biggest loser, recording a net foreign sale of -USD81m, the first weekly outflow in seven weeks. There was heavy foreign attrition on Thursday and Friday. Statistics show Korea’s exports remaining persistently low in March, falling for the 15th consecutive month, a record-breaking losing streak. Prior to that Bank of Korea (BoK) warned that Korea 2016 GDP growth is poised to undershoot its January forecast of 3%. The BoK has not endeared itself to many investors by refusing to cut interest rates, which have been kept steady for 9 months in a row, despite evidences showing the economy is faltering.
- The biggest winner last week appears to be Thailand, as foreign interests returned in a massive way after two weeks of seeming indifference. The SET reported USD438m foreign purchase last week, the highest since July 2011. Thailand recorded a record high current account surplus of USD7.4b in February. The tourism sector is booming with >3m tourist arrivals in February, +16%yoy. Last week the government introduced measures to boost Songkran tourism.



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.

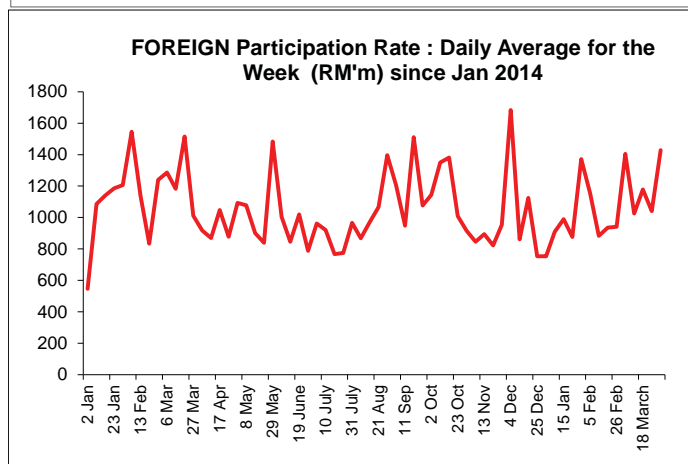
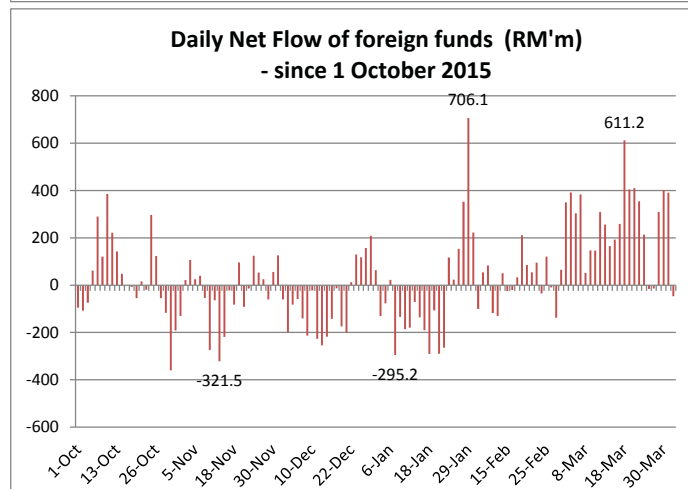
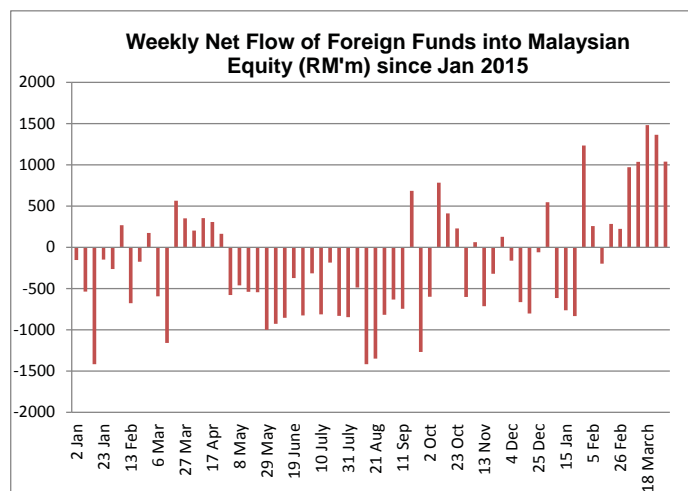
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
FEB 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	-8.1	23.2	22.7	551.9	316.1	339.6	1502.6
APR 1	-81.0	437.7	-62.3	7.1	662.8	788.7	264.5	2017.5

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

C. TRACKING MONEY FLOW - MALAYSIA

- Foreign buying momentum of stocks listed on Bursa remained strong last week, which extended the current run to five consecutive weeks.
- For the fourth consecutive week, the amount of net foreign purchase had exceeded RM1b. Foreigners bought listed equities amounted to RM1.04b, compared with RM1.37b acquired in the preceding week. This is estimated based on transactions in the open market and excluded off market deals.
- Foreign investors returned strongly to the local mart after laying low on Good Friday and Easter Monday. The net amount bought on Tuesday-Thursday exceeded RM300m per day, even hitting RM401m on Wednesday, the fifth highest in a day this year.
- However, foreign investors turned net sellers on Friday, likely rattled by the -2.3% decline in Brent crude price on the day. Sentiment across the region was also weak on Friday. Nevertheless, the amount sold on Friday was small, only -RM46.4m.
- For the month of March, cumulative net foreign purchases amounted to RM6.1b. That even exceeded the cumulative inflow in April 2013, the month prior to the General Election, when foreign investors bought an estimated RM5.2b. We believe March 2016 was one of the highest months on record for foreign money inflow into listed equity in Malaysia.
- Meanwhile, last week's foreign purchases boosted the cumulative year-to-date net inflow to RM5.5b, still relatively low compared with the -RM19.5b net outflow for the whole of 2015. Foreign shareholding on Bursa Malaysia now is estimated to be around 23%, up from a 4½-year low of 21.8% recorded at the end of December. Foreign shareholding was 25.2% at end-May 2013, the highest since the 97-98 Asian Financial Crisis.
- Foreign participation rate rebounded 10%. The average daily value of shares traded remained above RM1b for the 5th consecutive week at RM1.14b.
- The retail market remained soft as retailers reverted to selling. Participation rate was miserable, dropping below RM600m for the first time in 6 weeks at RM588m. 



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 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	1695.8	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	264.5

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

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